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**Newsletter Archives**

## **Brown's Rants**

**Week Ending February 26th, 2022**

### **Ukraine Crisis Overshadows Everything**

Within the span of just a few days, Russia's invasion of Ukraine has overshadowed virtually all other news. As this is a highly fluid situation, it is difficult to create analyses that may not be outdated within days, if not hours. However, I am going to try to point out some likely economic impacts.

In economics, a black swan event is defined as an unpredictable event that is beyond what is normally expected of a situation and has potentially severe consequences. Certainly, there are some potentially severe consequences at stake in this case. But I am not sure you could call this an unpredictable event. Russia first invaded Ukraine in 2014, when it annexed Crimea and has been saber rattling in the region before and since that event.

One thing that is critical to note is that the global sanctions that were imposed on Russia in 2014 had a significant impact. In the year prior to those sanctions (2013) Russian economic output was at just under \$2.3 trillion. By 2015, it had fallen to approximately \$1.4 trillion. As of 2021, those numbers had rebounded slightly to \$1.6 trillion, but this places Russia as 11<sup>th</sup> in the world for economic output. To put things in perspective, the United States' GDP during the same time was just under \$23 trillion. In fact, the state of California's GDP was roughly \$3.4 trillion—more than double that of Russia's.

The potential impact of the current wave of sanctions will have an impact. They are far more widespread and potentially disruptive than the measures enacted in 2014. These include shutting the government and banks out of global financial markets, freezing the assets of Russia's oligarchs and restricting technology imports. Enough so that reports have already [emerged of Russian billionaires calling for peace](#)—a type of public criticism of policy that simply has not happened within Russia's ruling elite under Putin.

Whether they are enough to spur a backlash that would force Putin to change course is another story. Except for Germany's decision to halt the Nord Stream 2 pipeline, the sanctions have avoided choking off the export of Russian fuel. The European Union received more than 25% of its oil from Russia and about 40% of its natural gas. The energy sector drives more than a third of Russia's national budget, but sanctions here would be deeply damaging to both sides. Regardless, the price of Brent Crude shot up

above the \$100 mark late last week (first time since 2014) and [Goldman Sachs analysts say that only demand destruction will keep this price from hitting \\$115 per barrel within the next month.](#)

This means that even without energy sanctions in place, gas is about to get a lot more expensive. If sanctions were expanded to include oil or were the Russians to retaliate to current sanctions by cutting off Europe (though it would hurt them more than the E.U.), there is an outside potential for a 1970s style fuel crisis, with Europe facing the worst of it. But pricing would be impacted everywhere as the E.U. would seek out alternate sourcing.

Likewise, food costs are going to creep up. Russia is the world's largest exporter of wheat (the Middle East is its biggest consumer), while Ukraine is the world's fifth largest exporter. Together, they account for roughly 25% of the world's wheat. While the U.S., Canada, and France (numbers 2, 3 and 4) are likely to pick up some of this slack, the price of bread, pasta and other wheat-based goods is already climbing (futures were up over 5% in weekend trading and this is likely just the beginning).

Of course, there are countless different scenarios that could play out over the next few hours, days and weeks that could change the trajectory of this crisis. But the rise in energy and food pricing are already givens and beginning to happen. Unfortunately, there is probably one other given already in the mix and that is a humanitarian crisis.

Most military analysts see little to no chance of the Ukrainian military being able to defeat Russian forces in a conventional war. That said, [current US intelligence reports from the region indicate that the fierceness of Ukrainian resistance has taken Putin's military by surprise and slowed their progress.](#) Regardless, the likely question here is whether those forces can hold out days or weeks. But if Putin's plan had been to topple the democratically elected Zelensky government and replace it with a puppet government, it is increasingly looking like the Kremlin may have grossly miscalculated. From [breweries that have ditched making beer for Molotov cocktails](#) to reports of the [Ukrainian government distributing guns to its citizens](#), the makings of a major and prolonged insurgency are in place.

There are some excellent analyses of what that could mean. [A Ukrainian insurgency could drain Russia's resources and will](#), writes Tom Mockaitis in The Hill. In his article, [The Coming Ukrainian Insurgency](#), published in Foreign Affairs on 2/25, Douglas London in Foreign Affairs argues, "many a great power has waged war against a weaker one, only to get bogged down as a result of its failure to have a well-considered end game. This lack of foresight has been especially palpable in troubled occupations. It was one thing for the United States to invade Vietnam in 1965, Afghanistan in 2001, and Iraq in 2003; likewise for the Soviet Union to enter Afghanistan in 1979. It was an altogether more difficult task to persevere in those countries in the face of stubborn insurgencies."

Meanwhile, in his Forbes article "[Think Twice About a Ukrainian Insurgency](#)," contributor Mark Cancian writes that commentators should restrain their enthusiasm for the notion of this as an alternative path to repelling the Russians. He lists seven reasons for caution, including the fact that insurgencies take a long time and history tends to record the successful ones because they are the outliers. Regardless, all these analyses ultimately agree that a Ukrainian insurgency would be an extended, bloody conflict with civilians bearing the brunt of the punishment.

As of the morning of 2/28/22, it was reported that over 500,000 Ukrainians had fled their country in

what will surely become a major humanitarian crisis. With a population of roughly 42 million people, it is entirely within the realm of possibility that Europe may be dealing with two million or more refugees just within the next week or two. Keep in mind that before the Syrian Civil War began, that nation's population was 22 million. More than six million were internally displaced and another five million refugees fled the country. Let's hope that events transpire so that the Ukrainian people are spared that level of suffering.

See you next week.

Garrick

# Top 10

## Stories of the Week

[Impact of Russian Invasion on CRE Markets Likely 'Negligible'](#)

Globe Street 2/25

[America's Cost of Defending Freedom in Ukraine: Higher Food and Gas Prices and Increased Risk of Recession](#)

The Conversation 2/24

[Why Putin Didn't Blink in the Face of an Onslaught of Financial Sanctions](#)

Fortune 2/24

[The Russia-Ukraine Conflict Could Impact Gas and Food Prices](#)

Business Insider 2/24

[How Will Global Food Supply Chain be Impacted by Russia-Ukraine Crisis?](#)

Food Institute 2/23

[How the Russia Crisis Hits Energy, from CO2 to Pipelines](#)

Energy Wire 2/23

[Russia's Moves in Ukraine Unsettle Energy Companies and Prices](#)

New York Times 2/23

[Your Delivery Orders are Making Restaurants Mad; How They're Fighting Back](#)

CNN 2/23

[Will Wage Growth Alone Get Workers Back Into the Labor Market? Not Likely...](#)

Federal Reserve Bank of Atlanta 2/23

[Are Stores the Answer to Last Mile Delivery?](#)

Retail Wire 2/22

# Economic Headlines

## Stories of the Week

[GDP for Q1 Revised Downward From 1.3% to 0.6%](#)

Atlanta Federal Reserve Bank 2/25

[Russian Invasion of Ukraine to Push Up Energy, Food Prices](#)

The Food Institute 2/25

[Oil Surges to \\$100 a Barrel After Russian Attack on Ukraine](#)

Business Insider 2/24

[Russia's Invasion of Ukraine Throws Another Wrench Into Supply Chains](#)

Supply Chain Dive 2/24

[Initial Jobless Claims Continue to Decline](#)

The Real Economy Blog 2/24

[US New Home Sales Declined in January](#)

The Real Economy Blog 2/24

[Consumers are Dining Out More but Takeout Continues to Thrive](#)

Business Insider 2/23

[We Really Did Hit Peak Stupid: Elite Wall Street Investors Predict Cataclysmic Shift](#)

Business Insider 2/22

# Property Trends

## Stories of the Week

[Rams Eyeing Former L.A. Shopping Mall Site \(Woodland Hills Promenade\) for Practice Center](#)

Sports Business Journal 2/26

[What Are We Going to do with all the Drug Stores?](#)

San Francisco Business Times 2/25

[These Retail Stores Opened in Charlotte Over the Past Year, Despite CoVid](#)

Charlotte Observer 2/25

[South Florida's Top Mall Embed Entertainment Space to Enhance Customer Experience](#)

South Florida Business Journal 2/25

[Five Mixed-Use Conversions to Watch](#)

ICSC 2/24

[More SoCal Malls Combat Decline of Retail by Adding Housing](#)

ABC7 2/23

[QSR Restaurant Design Changing for Speed, Service](#)

QSR Web 2/22

[How Dallas Became a Top-Tier CRE Market](#)

Dallas Innovates 2/21

[San Francisco Food Courts Aren't What They Used to Be. That Might be the Key to Their Survival](#)

SF Gate 2/21

[Aurora's \(CO\) Stanley Marketplace Thrives on Diverse Food, Kid-Friendly Vibes](#)

Denver Post 2/21

[Coventry Mall \(PA\) Mulls Options as Business Model Evolves](#)

Daily Times 2/21

[To Fill Empty Retail Spaces, Landlords Turn to Doctors, Dentists](#)

New York Times 2/21

[Investor Interest in Retail Real Estate Soars](#)

Los Angeles Business Journal 2/21

# Retail Headlines

## Stories of the Week

[Wawa Opens Another NJ Store; 3 More on the Way](#)

NJ.com 2/26

[Nike Moves Away From Foot Locker in Move to DTC](#)

Retail Dive 2/25

[Foot Locker Shifting Vendor Mix: Less Nike, More DTC; Opening More Off-Mall Stores](#)

Chain Store Age 2/25

[Burlington to Open 28K SF Store in Metro Chicago](#)

Shopping Center Business 2/25

[The Backroom: Kohl's Vs. Wall Street](#)

Retail Dive 2/24

[Wayfair Hints at Larger Store Format for 2023](#)

Boston Business Journal 2/24

[Amazon Physical Store Sales Bounce Back from Pandemic Dip](#)

Puget Sound Business Journal 2/24

[ReBag Expands with New Miami Store](#)

Cision 2/24

[Midtown Atlanta to Get GolfTec](#)

What Now Atlanta 2/24

[Aaron's to Acquire Brandsmart](#)

Chain Store Age 2/24

[At Revolve's First Store, Anyone Can be an Influencer](#)

Business of Fashion 2/23

[Retail Apocalypse: Only Four Kmart's Left in the USA](#)

Pittsburgh Post-Gazette 2/23

[Ross to Open Another St. Louis Area Store](#)

St. Louis Business Journal 2/23

[Ollie's Coming to Washington Court House \(OH\)](#)

Record Herald 2/23

[Hobby Lobby Taking Former Toys R Us in Silverdale WA](#)

Kitsap Sun 2/22

[Tom Thumb C-Stores to Rebrand as Cumberland Farms](#)

Chain Store Age 2/22

[Pandora to Open In-Store Shops at Macy's](#)

Chain Store Age 2/22

[Macy's Plans Expanded Rollout of Off-Mall Stores](#)

Costar 2/22

[Bay Area Jewelers Opening Sacramento Mall Locations](#)

Sacramento Business Journal 2/22

[New JOANN Store to Open in Myrtle Beach SC](#)

WMBFNews.com 2/21

[CAMP Opens at Burlington Mall \(MA\)](#)

Boston25News.com 2/21

[Fashion is Betting on the American South](#)

Business of Fashion 2/21

[TireSouth Expands in Atlanta](#)

Modern Tire Dealer 2/21

[What Happened to Authentic Streetwear?](#)

Robin Report 2/21



# Grocery Headlines

## Stories of the Week

[Schnucks Sets Opening for Fourth Mid-Missouri Store](#)

St. Louis Business Journal 2/25

[Whole Foods Opens 'Just Walk Out' Store in DC](#)

TotalRetail 2/23

[Lee's Marketplace Opens in Herriman, UT](#)

ABC4.com 2/23

[Kroger is Making These Major Expansion Moves](#)

Eat This, Not That 2/23

[GrubHub Grows Into Grocery with Buyk](#)

Winsight Grocery Business 2/23

[Amazon Fresh Coming to Elk Grove \(CA\), Sources Say](#)

Sacramento Bee 2/22

[Food Rocket Brings Rapid Delivery to Chicago](#)

Grocery Dive 2/22

[Ranch 99 to Open New Concept Store in San Jose Mall](#)

Eater San Francisco 2/22

[Aldi Announces Opening Date for First Mobile AL Store](#)

Fox10 News 2/22

[Lowe's Foods President Talks New Small Format Store, Innovation and the Charlotte NC Market](#)

Charlotte Business Journal 2/22

[Dom's Kitchen & Market Opens Second Chicago Location; Plans 15 More](#)

Grocery Dive 2/22

[Publix to Open Another Charlotte NC Store](#)

Charlotte Observer 2/22

[Hy-Vee Expanding Into Kentucky; Announces First Louisville Store](#)

Supermarket News 2/22

[Those Promises of Ultrafast Grocery Delivery Services May be Illegal Under New Bill](#)

Eater NY 2/21

# Restaurant News

## Stories of the Week

[Atlanta Food Hall Krog Street Market to Add Retailers, Rebrand as Krog District](#)

Atlanta 2/25

[Weenie Wonder Debuting in Ohio](#)

Fast Casual 2/25

[Shoma Bazaar, New Doral \(FL\) Food Hall, Hopes to Be Local Hangout](#)

Miami Herald 2/24

[This Massive Italian Food Hall in Brickell City Centre is Now Closed for Good](#)

Miami Herald 2/24

[Guy Fieri to Open Phoenix Eatery](#)

Phoenix Business Journal 2/24

[Whataburger Looking to Open First Carolinas Store](#)

WMBF 2/24

[Raising Cane's to Open Three New Bay Area Locations](#)

SF Eater 2/24

[High Street Place, Boston's New Food Hall, Announces Opening Date](#)

Boston Globe 2/23

[Rush Bowls Opens First Location in Louisiana](#)

Restaurant News 2/23

[Juice It Up Opens in Santa Clarita CA](#)

Restaurant News 2/23

[Voodoo Doughnuts Among 21 New Vendors to Open at Denver International Airport](#)

KDVR 2/23

[Zoop Planning Massive Expansion](#)

Fast Casual 2/23

[Kroger Partners with Kitchen United to Bring Ghost Kitchen to Houston](#)

Chain Store Age 2/23

[New Dunkin Stores Come to Helena, Hoover AL](#)

Birmingham Business Journal 2/22

[Upcoming Food Hall, Reno Public Market, Partners with FIRETEN Hospitality](#)

Nevada Business 2/22

[Boise's First Food Hall, The Warehouse, Running Behind Schedule—Looking at Summer Opening](#)

Idaho Statesman 2/22

[Slim Chickens Opens in Bentonville AR](#)

Restaurant News 2/22

[Chancery Market: New Food Hall Coming to Wilmington DE](#)

Delaware Business Times 2/22

[Bay Area Food Hall Chain, Local Kitchens, Opening in Mountain View](#)

Los Altos Town Crier 2/22

[Slim & Husky's Entering Alabama Market](#)

Pizza Marketplace 2/22

[Brooklyn Dumpling Shop Opens in CT](#)

Fast Casual 2/22

[Largest Chevys to Open in Las Vegas](#)

FSR Restaurant 2/22

[Crumbl Cookies Makes Central Arkansas Even Sweeter With 3 New Locations](#)

AR Money and Politics 2/22

[New LAX Food Hall \(Lacrosse, WI\) to Provide Unique Food Options and Opportunities for Aspiring Restaurant Owners](#)

News8000.com 2/21

[Shake Shack with Drive Thru Coming to Richmond VA Next Year](#)

Richmond.com 2/21

[Many Restaurants Face "Extinction" Amid, Covid, Inflation and Staffing Shortages](#)

CBS News 2/21

[Chick Fil-A Hatches in Battle Creek MI](#)

Mlive 2/21

[Rapidly Expanding Filipino Chain Jollibee Has A Cult Following](#)

Business Insider 2/20

# REITs, Landlord & Development

## Stories of the Week

[Walgreens Anchored Center Near Strip Sells for \\$57M](#)

Las Vegas Review Journal 2/26

[Mall REITs: Last Man Standing](#)

Seeking Alpha 2/25

[Fort Steuben \(OH\) Mall Sold](#)

WTOV 2/25

[Kohan Buys NorthTown Mall \(Spokane, WA\) for \\$49M](#)

Yahoo News 2/24

[Retail Lending Makes a Comeback, Bondholders Lose in Attempted Mall Revamp, Namdar Acquires Foreclosed Mall](#)

Costar 2/24

[Details Emerge on SF's New Ikea Mall](#)

SFGate 2/24

[Former Disney Store in SF's Union Square Sells for Major Loss \(\\$11M—Less Than Half of What Sellers Paid in 2017\)](#)

The Real Deal 2/24

[Macerich Sells 50% of Chicago's Mag Mile Mall, The Shops at North Bridge for \\$21M](#)

The Real Deal 2/23

[Wegman's Anchored Providence Town Center Sells for \\$162M](#)

Pottstown Mercury 2/23

[A Tenant Pledges to Buy His Failing Upstate NY Mall \(Great Northern Mall—Syracuse\)](#)

Chain Store Age 2/23

[Sprouts Anchored Center in Metro Atlanta Sells for \\$40.5M](#)

Shopping Center Business 2/21

[Brauvin Sells 91 Property Net Lease Portfolio for \\$185M](#)

Shopping Center Business 2/21

[Sahara Development Divests of The Gateway on The Strip Shopping Center for \\$57M](#)

Shopping Center Business 2/21

[13 CVS Properties Sell for \\$90M](#)

Shopping Center Business 2/21

# eCommerce / Omnichannel / Retail Tech

Stories of the Week

[The Incoming Metaverse](#)

The Robin Report 2/25

[Meet the Newest Addition to the Metaverse: NFT Food Halls](#)

Nation's Restaurant News 2/24

[Lowe's Partners with Instacart to Pilot One Hour Delivery](#)

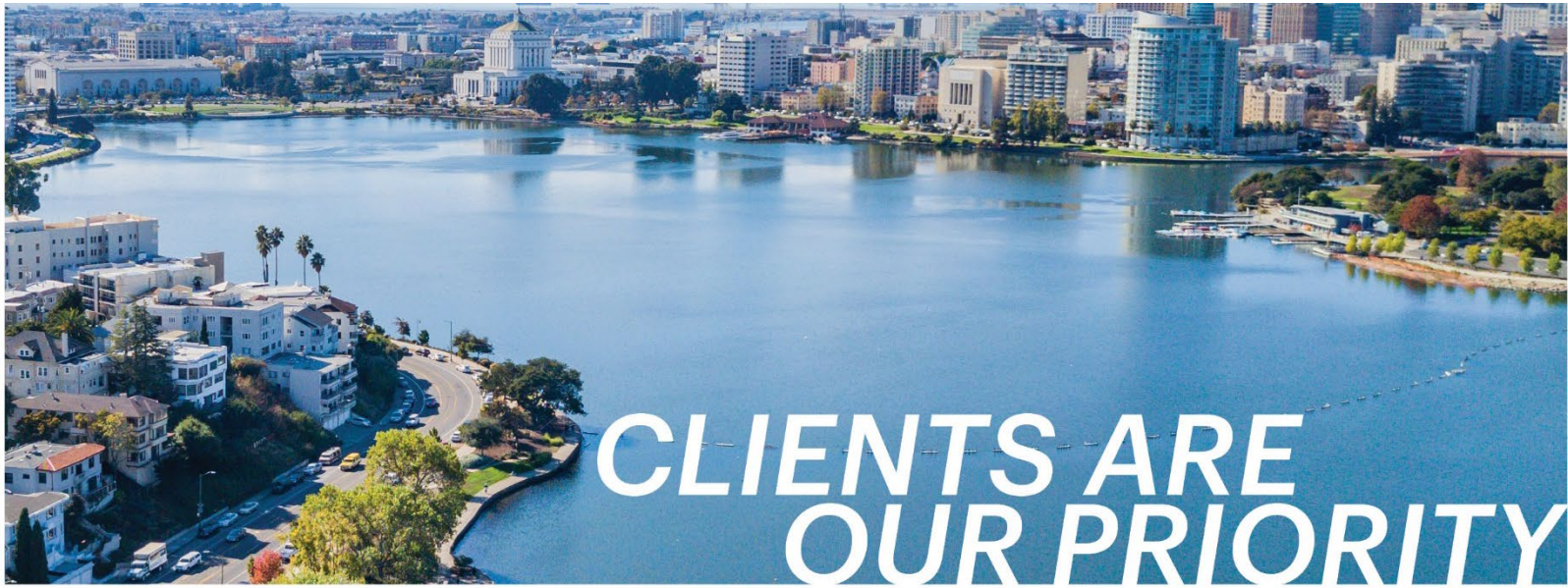
Chain Store Age 2/23

[Macy's Declines to Spin Off eCommerce Unit Citing High Execution Risk](#)

Retail Touch Points 2/22

[Other World Retail: Ignore the Metaverse at Your Own Peril](#)

The Robin Report 2/20



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## SERVICES

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- ✓ Property Management
- ✓ Consulting
- ✓ Build Out Management
- ✓ Development Services

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