

The Financial Picture

Another factor that makes Rouse a good target is that the company is doing extremely well financially. In the midst of a depression economy, the Rouse Company 82 Annual Report documents a year of record sales and profits, and an unrestrained optimism about the company's future. Rouse sales were spectacular. Revenues last year reached \$163,587,000, an increase of 16% from the 1981 sales of \$140,547,000. "Excluding new projects and expansions, sales in the company's centers increased by more than 4% in 1982, compared to approximately 1 percent for the country's mass merchants and major department store chains." says the report.

The growth in Rouse Company profits surpassed their increase in sales. Last year their profits increased 56%, from \$5.158 million in 81 to \$8.077 million last year. Shareholders equity increased over \$75 million, and the value of a share of stock grew by \$4.50.

Profits from the retail center's operations grew by about 20% in the past year. This money came from rents, the tenants' share of the common expenses, and the center's share of the tenants profits. All this amounted to over \$24.5 million in 1982.

The demand for space in Rouse Centers is fierce. In Baltimore, there were 2000 applications for 20 or 30 slots. The Annual Report states that because sales have been so strong, demand for space so high, (occupancy over the last ten years has ranged between 96 and 98 percent), rents last year increased by over \$7 per square foot.

James Rouse

The Rouse Company was founded by James W. Rouse, who is still the Chairman of the Board. Rouse is one of Baltimore's most renowned liberal Democrats, and has a reputation for dedication to the revival of the inner cities. He chaired Marylanders for Fair and Honest Elections, the group that beat National Conservative Political Action Committee in their top priority race to defeat Maryland Congressman Paul Sarbanes. In this effort, he was joined by former HUD Under-secretary Bob Embry, Jackie Robinson, and Milton Eisenhower (the President's son). I have heard that Rouse is a member of Reagan's Task Force on Private Sector Initiatives (not confirmed).

Rouse's commitment to the inner city is exemplified by his work with the Enterprise Foundation, another of his creations. It is a non-profit foundation established to help the poor keep their houses safe from gentrification and blight. The effort is funded (Rouse hoped to raise \$15 million a year) by Mott, Ford, ARCO, Rouse himself and other foundations.

Enterprise Foundation buys rundown buildings, renovates them with the help of volunteer labor, and rents them out to the tenants with a guarantee that they will not be evicted as long as they live there.

In DC, the Enterprise Foundation has set up Jubilee Housing to actually do the work. Jubilee owns about 400 units in the Adams-Morgan section of the city. They also run a bakery, health center, and a fund for tenants' emergencies. Jubilee like operations exist in Louisville, Denver, Oakland, Ca, and Pittsburgh, and Rouse hopes to move the idea in other cities.