



*Achieve
Ambitions*

The State of U.S. Retail

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Retailers saw their best holiday season in 6 years



- Holiday sales are up 5.1 percent since last year
- Black Friday sales rose by ~9.0%
- Apparel sales grew 7.9% percent (best growth rate since 2010) and home improvement spending increased by 9%
- Online shopping was up 19.1%



Source: ICSC, Mastercard SpendingPulse

2018 holiday shopping indicates a shift to online and mobile



- A little less than half of holiday shoppers said they would buy most gifts online
- Top 5 retailers where consumers planned to shop were:
 - Amazon (22.1%)
 - Walmart (15.8%)
 - Target (12.3%)
 - Macy's (4.3%)
 - Best Buy (4.1%)

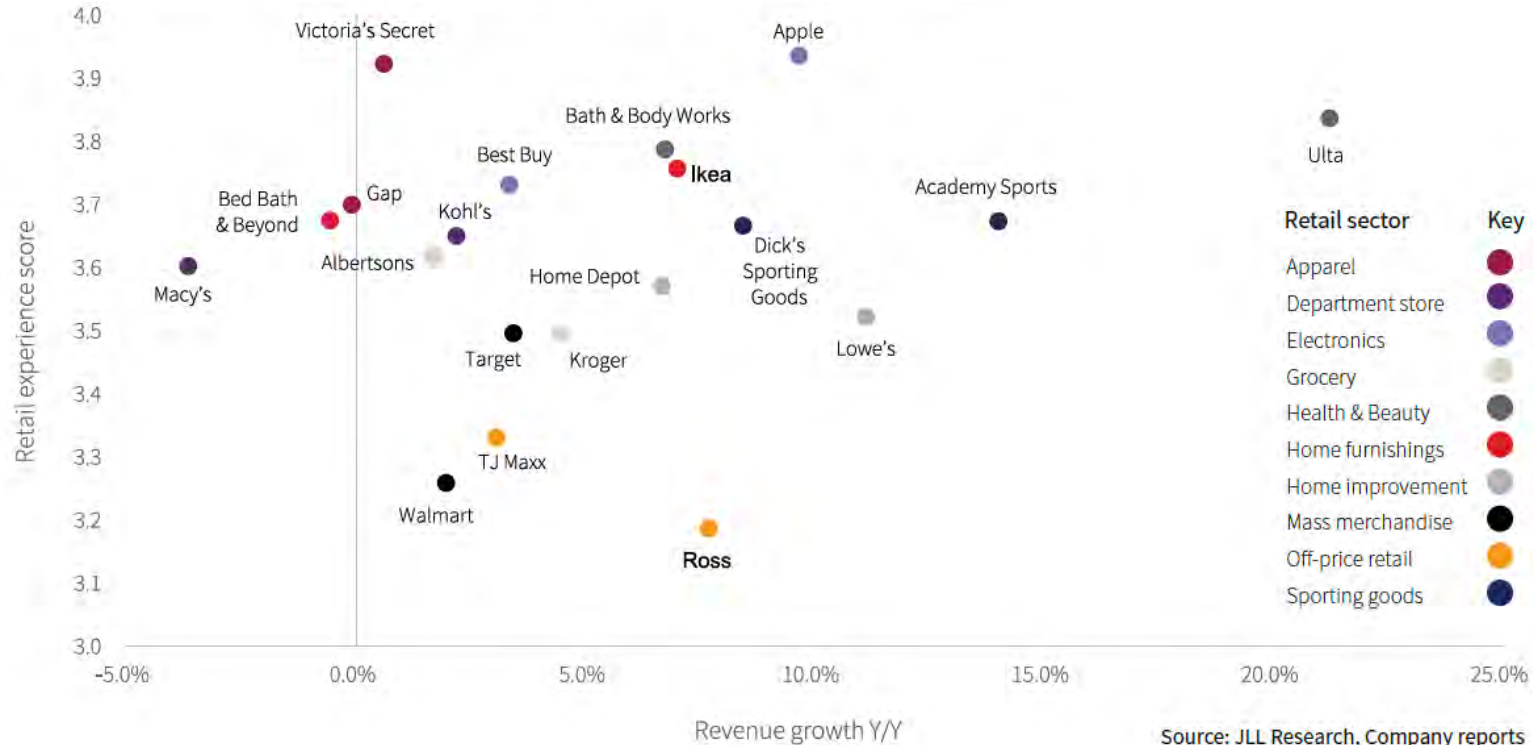
How will you use mobile?	2018	2017
Order online	50.3%	22.2%
Look for deals, coupons or lowest prices	39.1%	21.9%
Look at product reviews	34.5%	19.1%
Get gift ideas/holiday inspiration	30.0%	14.1%
Check store inventory	21.9%	14.0%
Make a payment inside store	9.7%	6.6%
N/A	7.4%	2.1%

Source: JLL Research

Value + experience

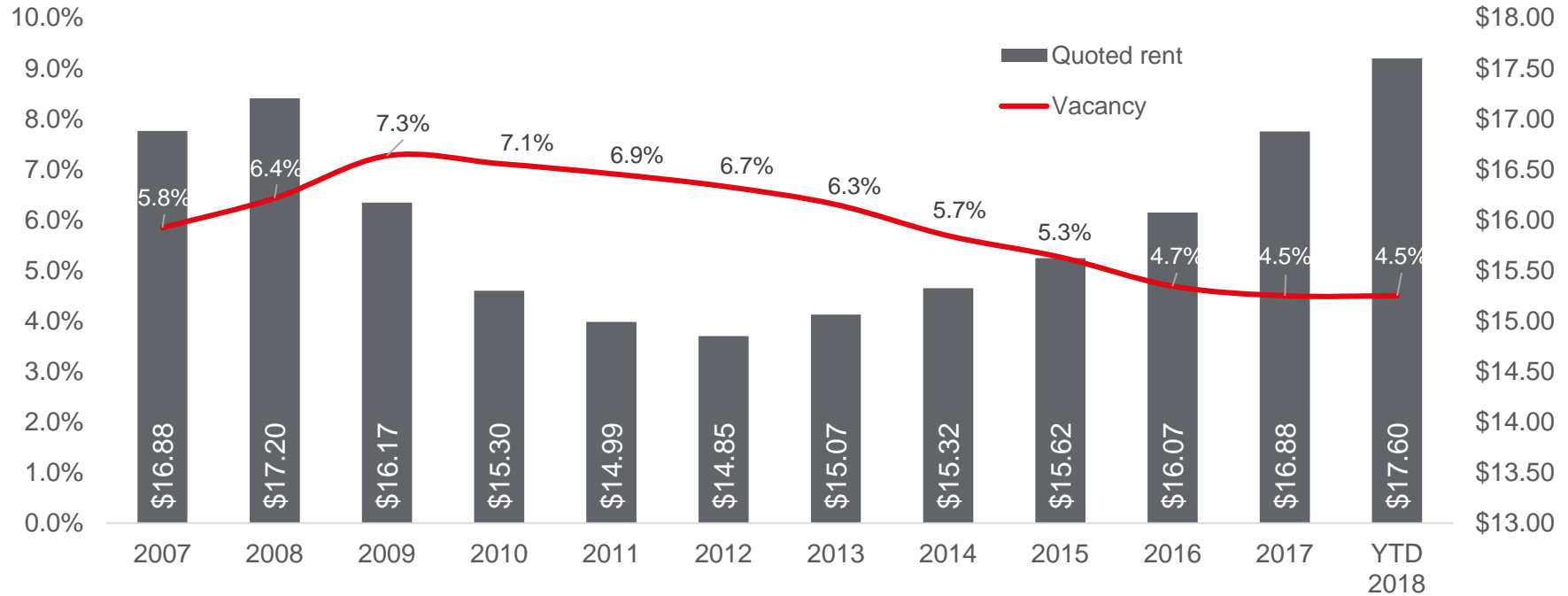


Value retailers see revenue growth despite lower experience scores



Source: JLL Research, Company reports

Vacancies remain flat despite closures

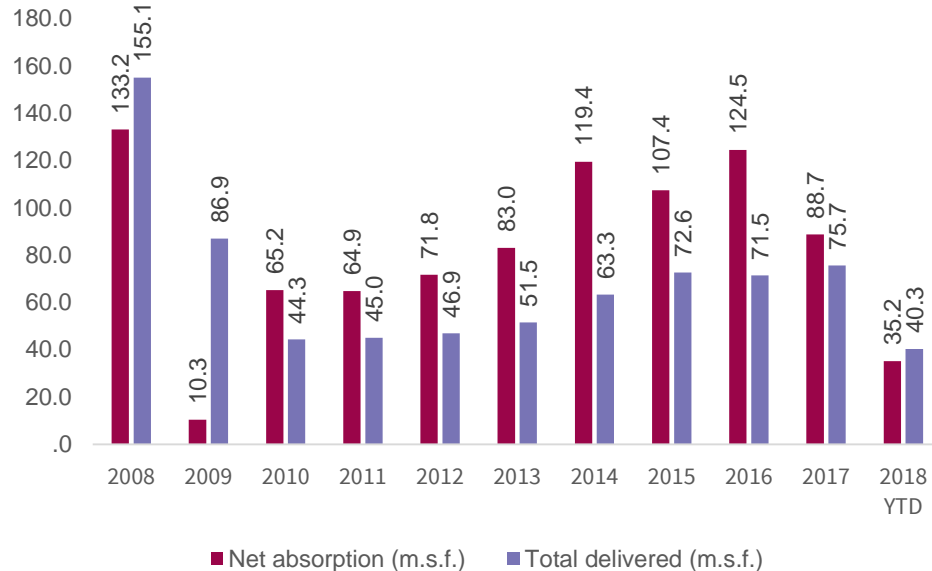


Source: JLL Research, Q3 2018

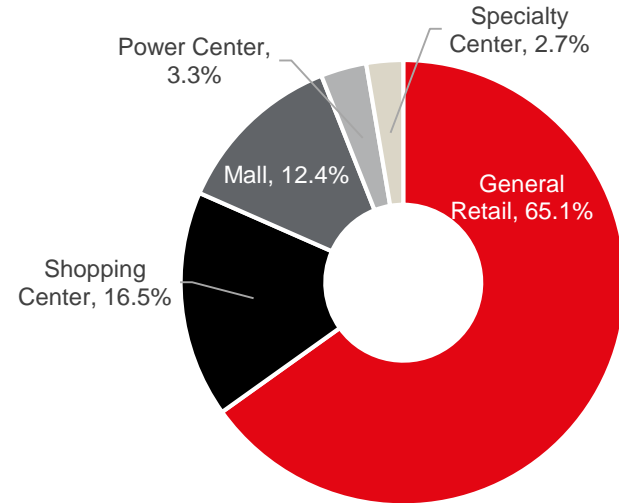
Construction remains limited and focused on mixed-use and urban projects



Retail supply & demand

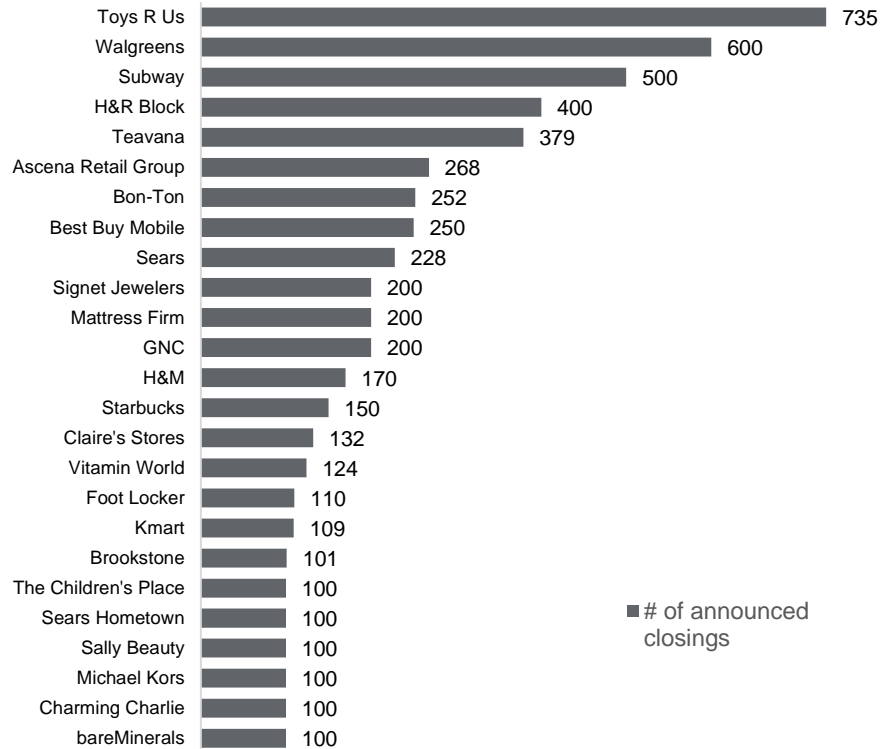


Percent of retail product under construction, Q3 2018



Source: JLL Research, Q3 2018

But what about all the closures?



■ # of announced closings

Retail categories contracting in the next year

- Bookstores
 - Electronics stores
 - Office supplies
 - Mid-priced apparel
 - Mid-priced grocery – especially unionized
 - Casual dining – older, struggling concepts
 - Stationery/Gift shops
- Replaceable by internet
- Mid-range retailers
- Other

Source: PNC, Coresight, JLL Research, Q3 2018



Off-price retail and home furnishing stores rush to fill vacant department store space

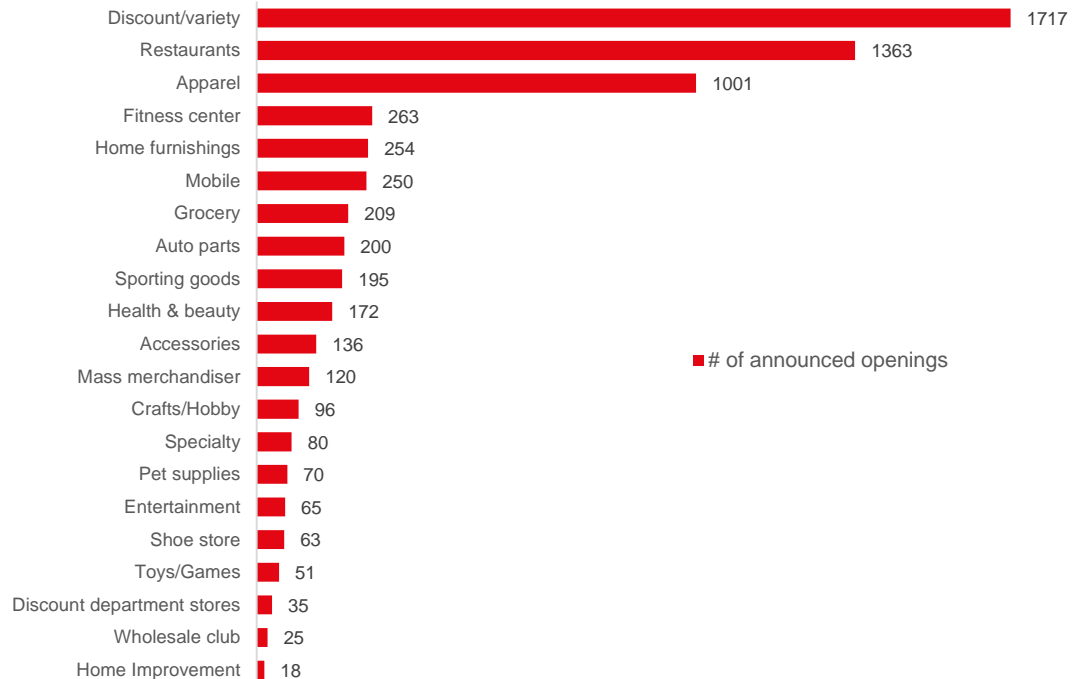
MACY'S	SEARS	JC PENNEY	BON-TON
    	        	   	 

Source: PNC, Coresight, JLL Research, Q3 2018

Discount stores, restaurants, clicks to bricks retailers plan aggressive future openings

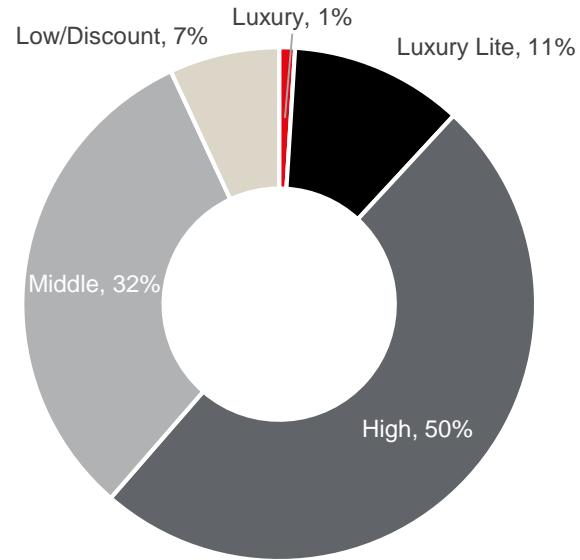
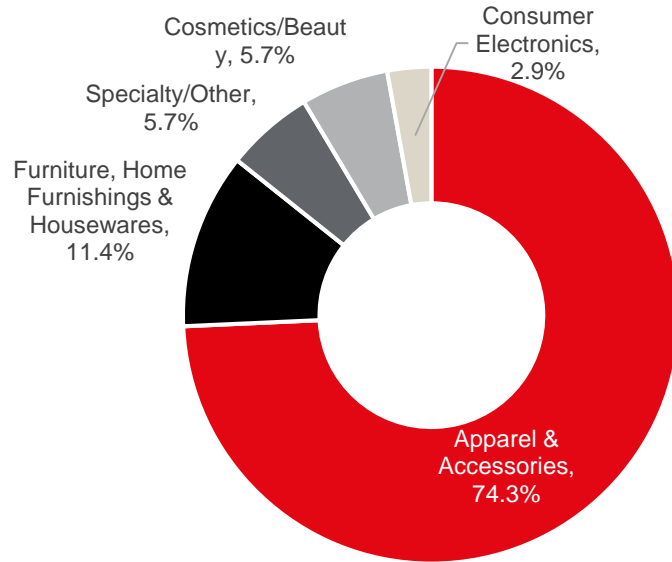


- Vacant spaces – including anchors – continue to be backfilled by groceries, off-price retailers, craft & hobby stores and fitness centers, among others.
- Discount/variety stores, fast food restaurants and apparel retailers top the list of retail categories with announced openings.
- Clicks-to-bricks retailers like Fabletics, Untuckit, and Indochino are aggressively expanding their physical footprint.
- Entertainment tenant, Urban Air Adventure Parks, is doubling its store count to 100 this year and plans to double again to 200 locations next year.

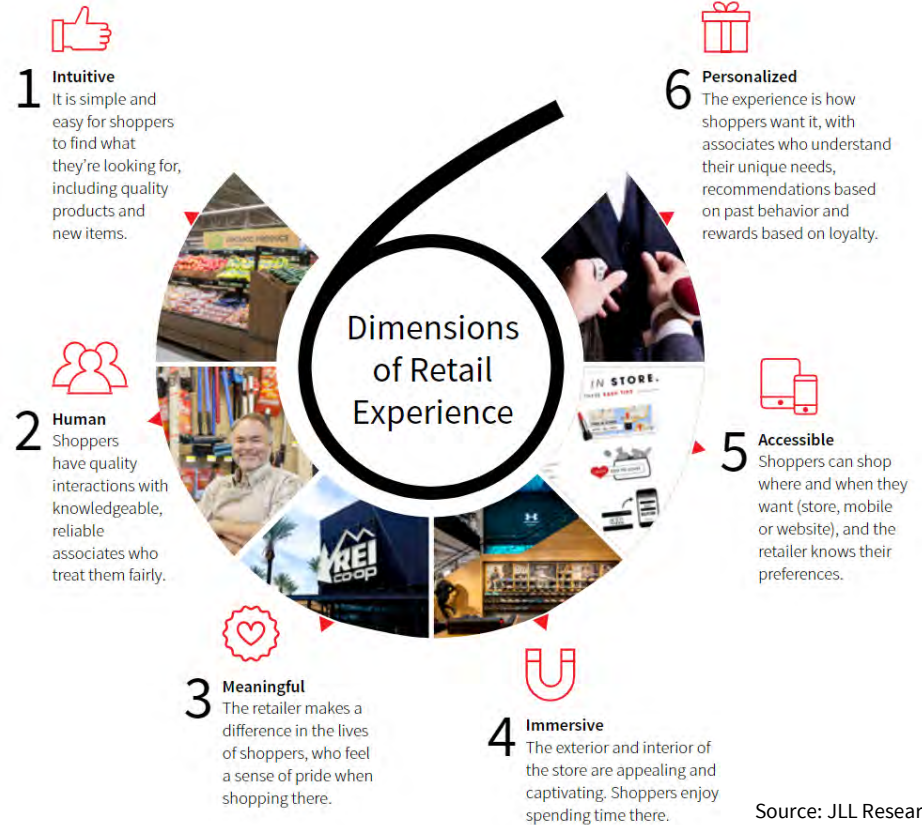


Source: PNC, Coresight, JLL Research, Q3 2018

E-commerce retailers plan 850 physical stores in the next 5 years



Source: JLL Research



Accessible, human, immersive, intuitive



Casper

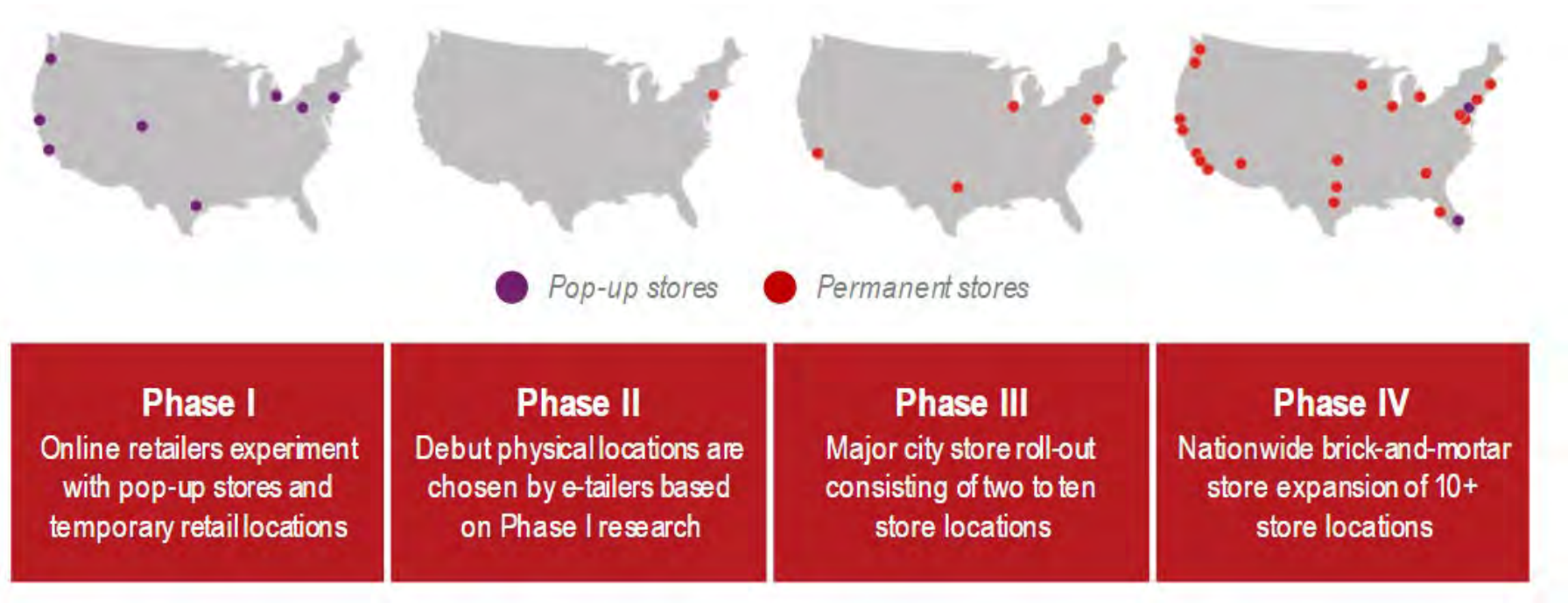


Glossier



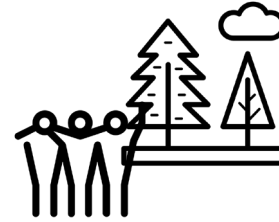
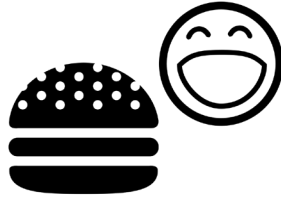
Glossier

Four phases of clicks-to-bricks expansion

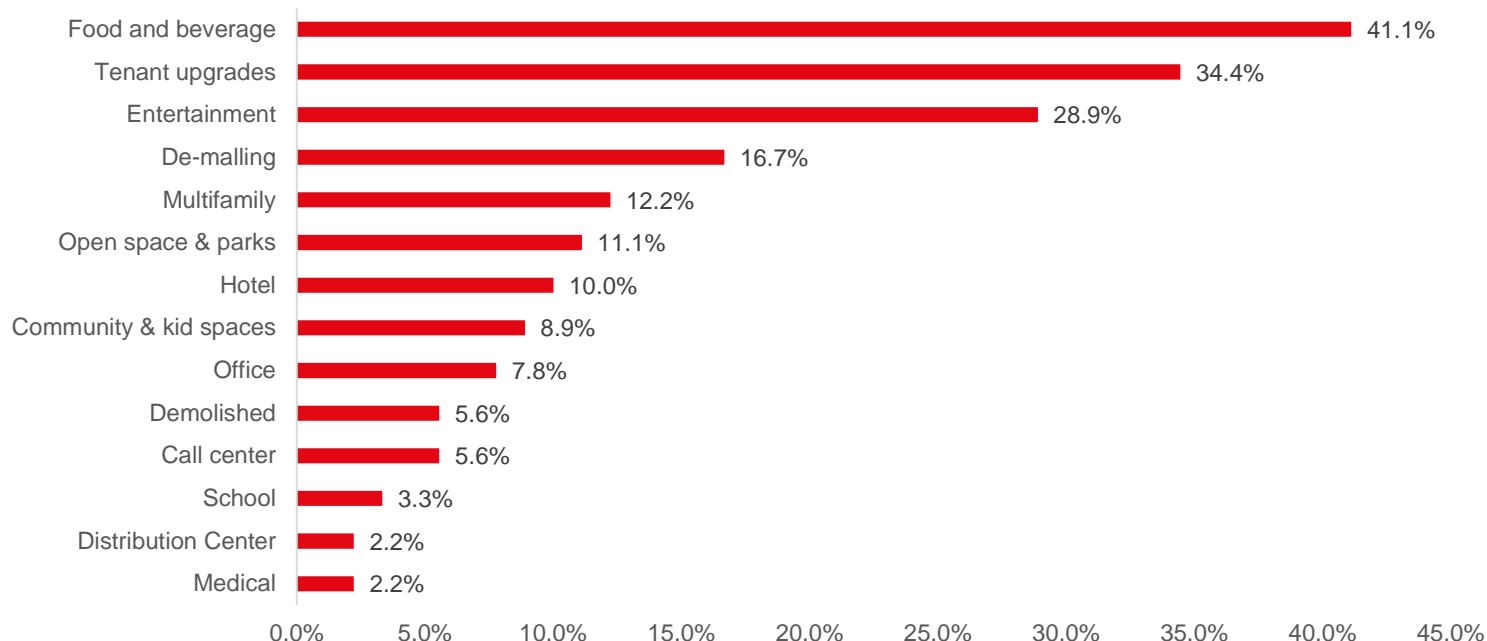


Source: JLL Research

Most major mall renovations fall into four categories



Upgrading food and beverage is the top renovation strategy



Percent of renovated and redeveloped malls since 2014 that are in the process of or have already underwent significant renovations

Source: JLL Research

More retail isn't always the answer



Austin Community College, Austin, TX



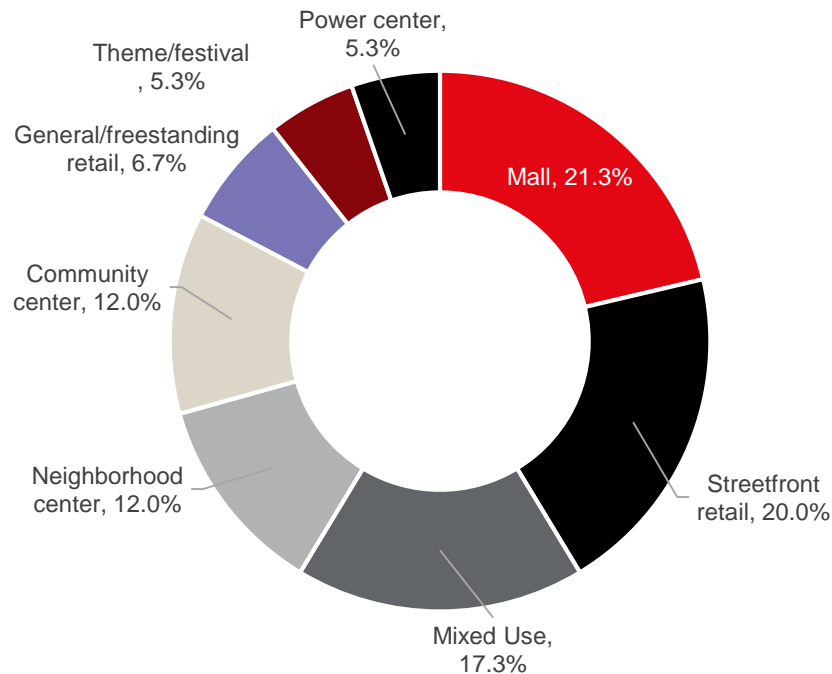
The Amazing Brentwood, Vancouver, BC

Can co-working work at the mall?



	Retail Launchpad	Telework Hub	Business Booster	Creative Coalition
Per person, monthly fee*	\$404	\$359	\$255	\$192
Avg. household income (3-mile)	\$129,862	\$96,616	\$105,916	\$96,338
Walkability score	99	70	72	78

Where retail coworking spaces are located



Source: JLL Research

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Thank you

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