retail strategies

Dynamic Trends in the Current and Future **Retail Environment**

Is Retail Economic Development?

Sampling of

Average Sales per Unit

Annual Average Earnings per location

Chick-fil-A	$9.4 million
Raising Cane's Chicken Fingers	$5.4 million
Whataburger	$3.7 million
McDonald's	$3.6 million
Panda Express Chinese Kitchen	$2.3 million
Dutch Bros Coffee	$1.9 million
Taco Bell	$1.9 million
Starbucks	$1.7 million
Domino's	$1.3 million
Dunkin'	$1.2 million

Retail Outlook & Trends

U.S. Retail Economy Trends

SOURCE: JLL Retail Outlook, Jones LaSalle IP, INC.

Q3 2024

U.S. retail economy trends

Inflation

2.4% ↓

Consumer price index growth fell to 2.4% above year-ago levels in September – although this was 0.2% higher than the previous month. The downward pressure on inflation growth in recent months has led to interest rate cuts by the Fed. Continued cuts could spell relief for consumers.

Consumer sentiment

70.5 pts ↑

Consumer sentiment (University of Michigan index) inched up for the third consecutive month, thanks to modest improvement in buying conditions for durable goods. The upcoming election results will play a significant role in consumer expectations going forward.

Quarterly retail sales

0.4% ↑

Retail sales rose once again in September from the previous month and inched up slightly by 1.7% year-over-year. Back-to-school categories like apparel and general merchandise stores continue to see meaningful gains. Retail sales gains should remain positive as we head into holiday season.

Retail Fundamentals

SOURCE: JLL Retail Outlook, Jones LaSalle IP, INC.

Q3 2024

Retail fundamental statistics Q3 2024

Fundamentals	General retail	Mall	Power center	Neighborhood center	Strip center	Other	All
Inventory SF	6,636,827,197	905,255,017	792,093,206	2,979,386,823	712,985,723	93,061,913	12,134,808,761
Vacancy rate	2.5%	8.7%	4.2%	5.9%	4.7%	4.8%	4.1%
Net absorption SF	4,229,450	195,080	489,982	120,733	**(325,464)**	**(95,703)**	4,542,978
Net delivered SF	4,318,132	**(83,272)**	128,907	580,326	440,313		5,398,880
Under construction SF	30,511,840	3,176,658	935,483	6,701,435	3,494,048	570,497	46,748,180
Market asking rent/SF	$24.29	$34.18	$27.03	$24.63	$23.19	$30.14	$25.37
Market asking rent growth Q/Q	0.0%	0.4%	0.6%	0.6%	0.4%	0.6%	0.3%
Market asking rent growth Y/Y	1.7%	2.4%	3.2%	3.4%	2.8%	2.7%	2.3%

Source: CoStar - National index markets

Retail Fundamentals Snapshot

SOURCE: JLL Retail Outlook, Jones LaSalle IP, INC.

Q3 2024

1

Demand

Competition for prime space escalates as availability remains minimal. Tenants are snatching up available space in record time – with average months to lease dropping to new low of 8.5 months.

2

Rents

Landlords are wielding much greater pricing power, often holding firm in rent negotiations. Markets in the South and Southwest continue to see some of the strongest rent gains, propelled by consumption-driven demand and population growth.

3

Supply

Construction starts are at a record low, and availability is 210 basis points below its historical average of 6.8%. There is no immediate hope for relief as higher construction and financing costs are dissuading developers from green-lighting new projects.

4

Capital markets

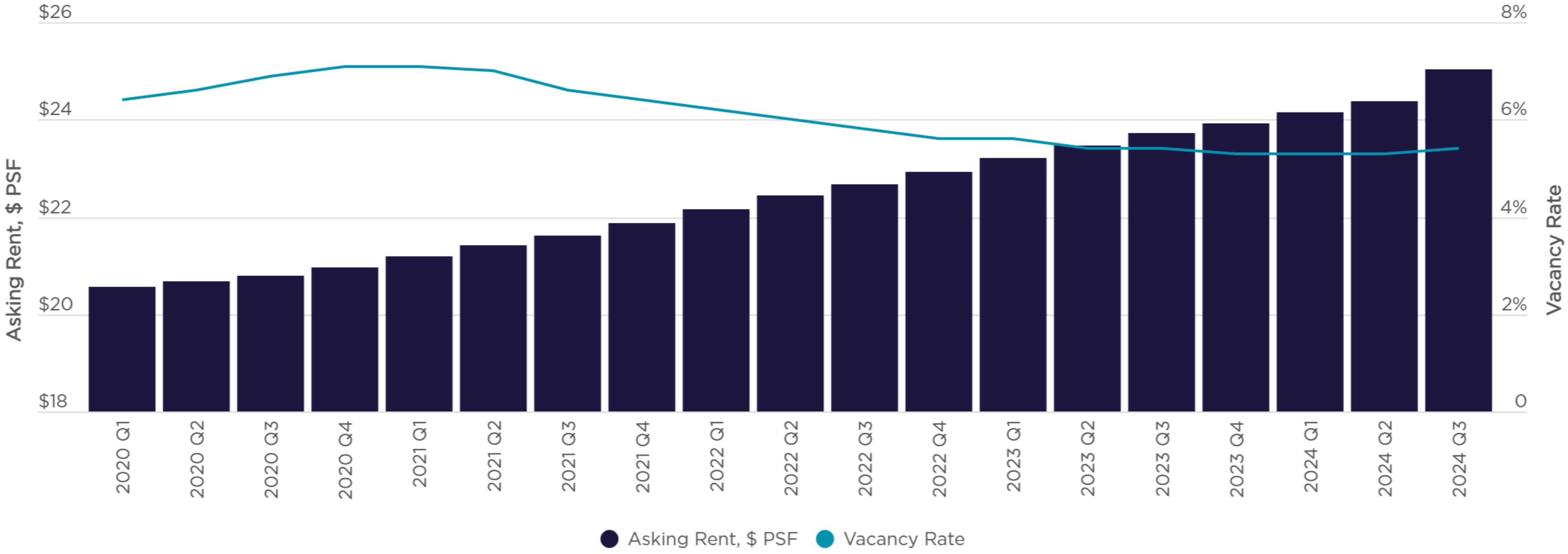
National retail transactions faced challenges in the first half of the year, driven by the combination of high debt costs and uncertainty surrounding monetary policy.

($25.03/ft)

Overall Vacancy and Asking Rent

SOURCE: Cushman & Wakefield Research

Q3 2024



Source: Cushman & Wakefield Research

Retail Sales

Holiday Spending

Consumer spending on the winter holidays is expected to reach a record $902 per person on average across gifts, food, decorations and other seasonal items, according to the National Retail Federation's latest consumer survey.

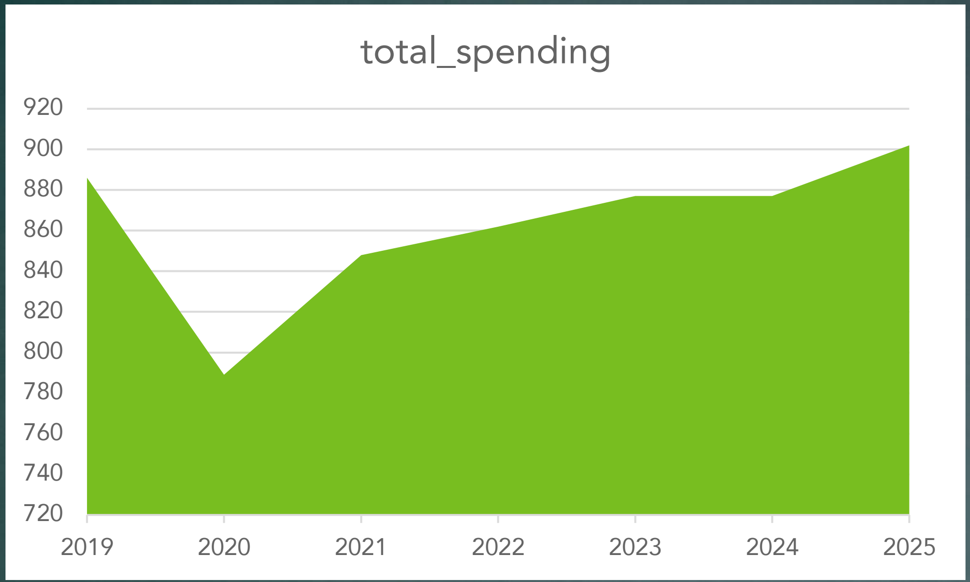
The amount is about $25 per person more than last year's figure and $16 higher than the previous record set in 2019.

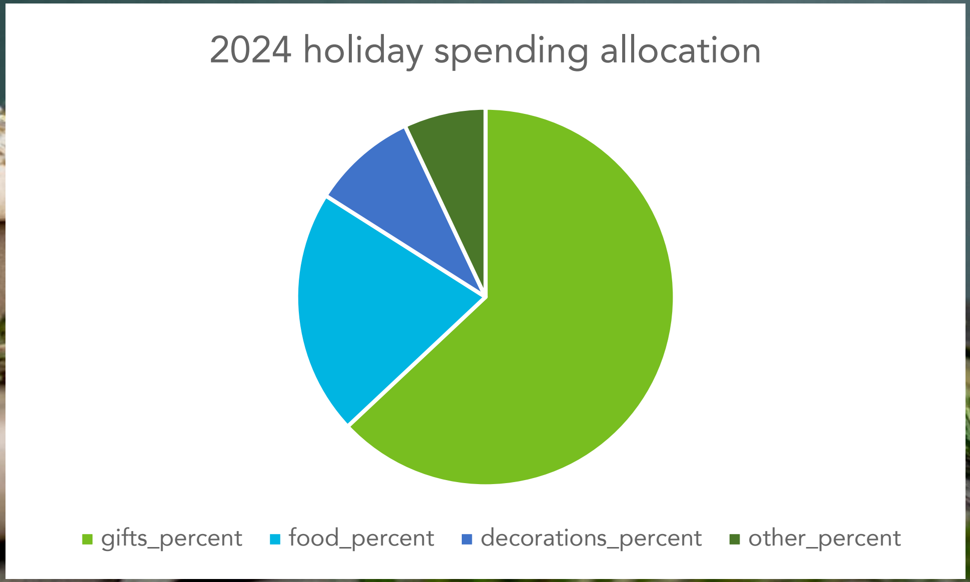
2024

Record-Breaking Spending

$902
per person

+$25
per person



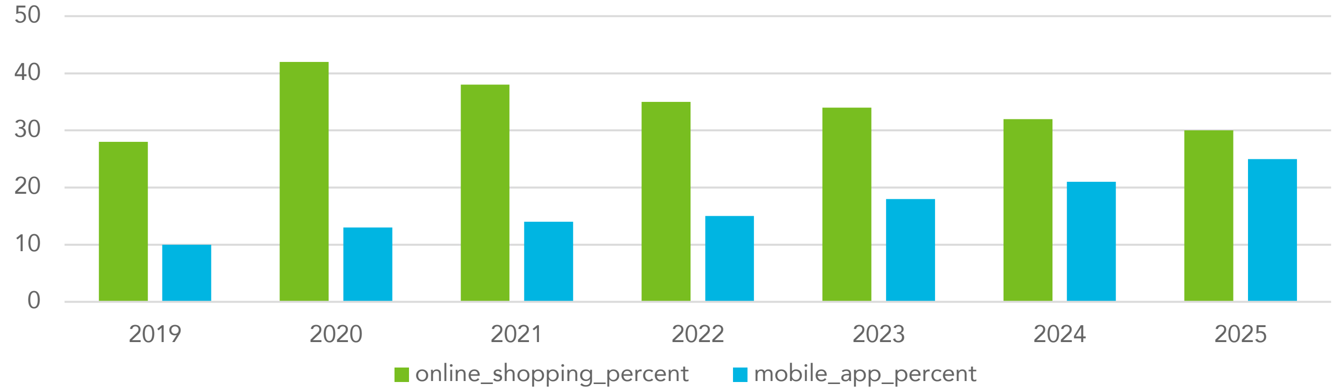


Trends

Holiday Retail

4%	Retail Sales Growth
10%	Last 5 Days Holiday Spending
7%	Online Retail Sales Growth
3%	In-Store Sales Growth
46%	Department stores shopping
22%	Younger shoppers planned to shop at thrift stores and resale shop

Mobile online shopping increase



Trends

Holiday Debt

Mastercard SpendingPulse™

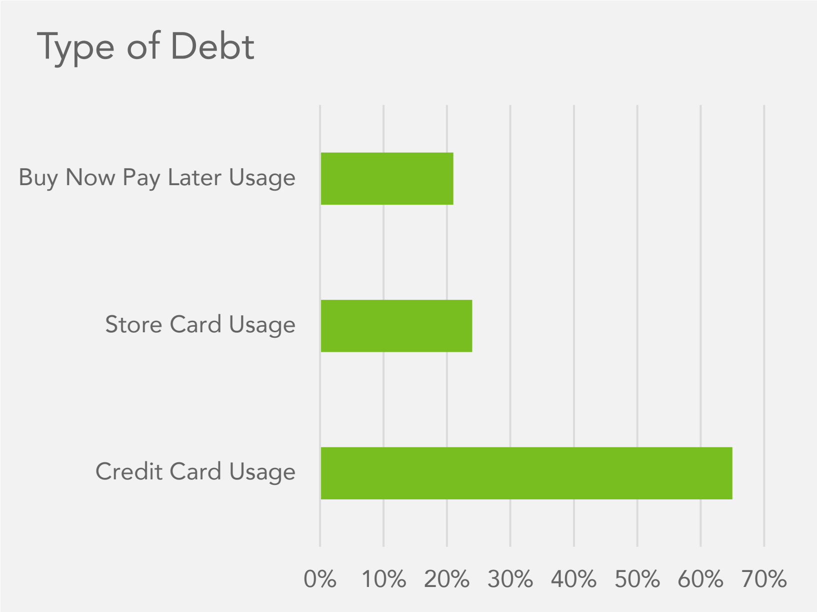
U.S. Holiday Retail Sales
November 1 – December 24

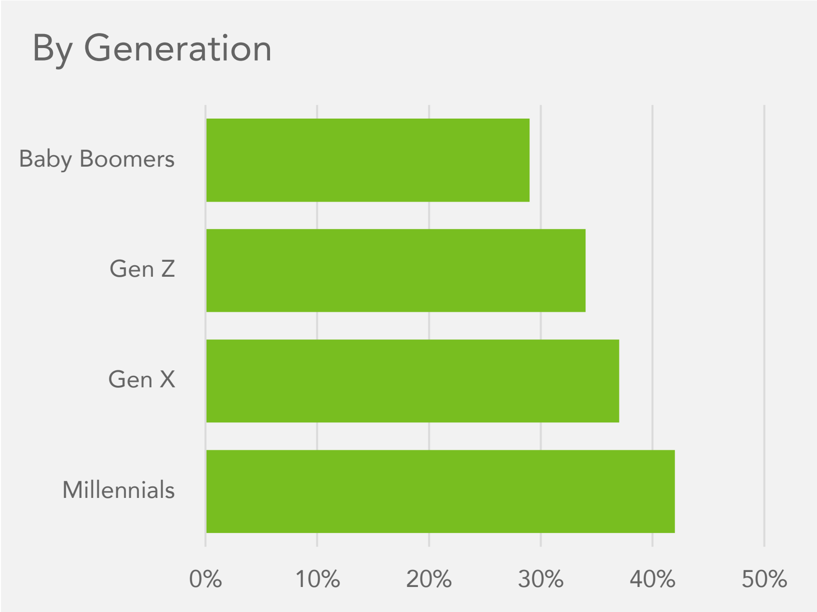
	2024 vs. 2023
Total retail (ex. auto)	3.8%
Online (ex. auto)	6.7%
In-store (ex. auto)	2.9%
Apparel	3.6%
Apparel – Online	6.7%
Apparel – In-store	0.2%
Electronics	3.7%
Jewelry	4.0%
Department stores	1.6%
Restaurants	6.3%

Source: Mastercard SpendingPulse measures in-store and online retail sales, representing all payment types and is not adjusted for inflation. Final spending growth figures may differ nominally following the close of the month.

60% Stressed About Holiday Debt

44% Planned to Take on Debt





Retail Trends

- Customer Experience
- Continued Omnichannel Integration
- Smaller Footprints
- Conscious Customers
- Focus on Secondary and Tertiary Markets
- Health and Wellness Retail Growth
- Adaptations for Aging Populations
- Loyalty

2025

Retail Trends

Quiz

What is the largest consumer demographic group?

- Generation Z
- Millennials
- Generation X
- Baby Boomers

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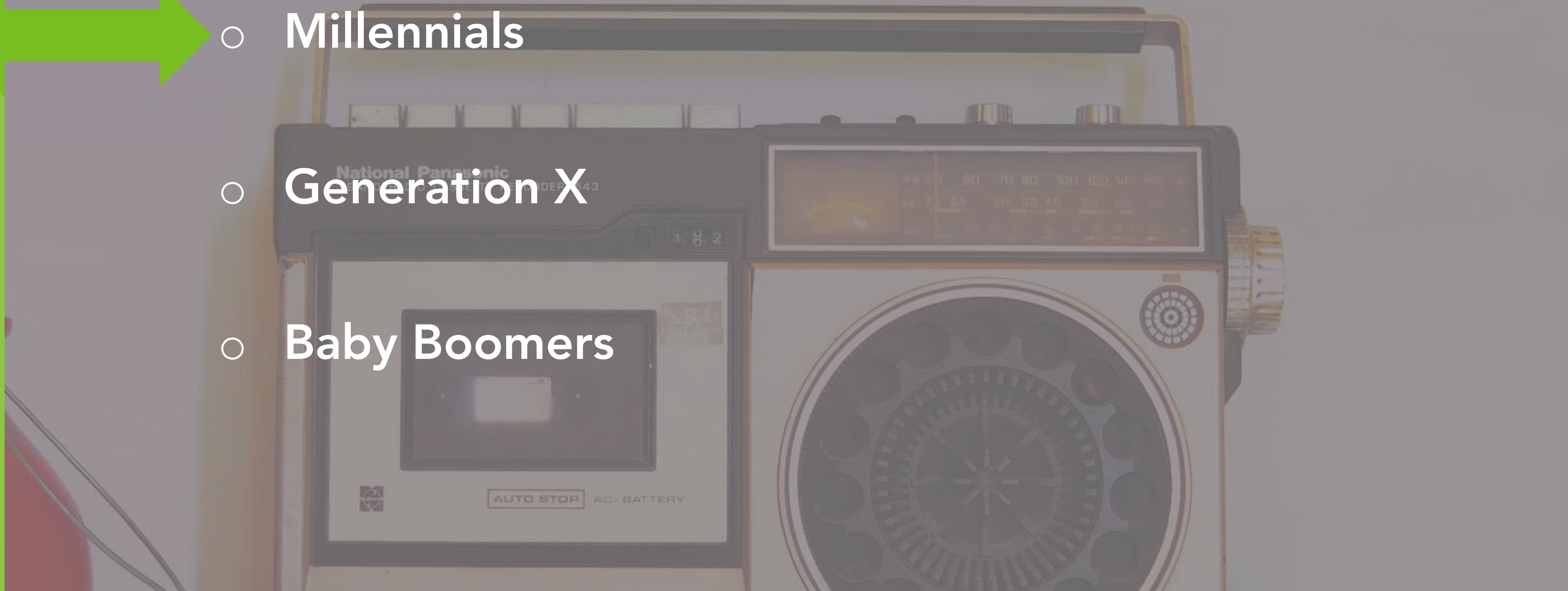
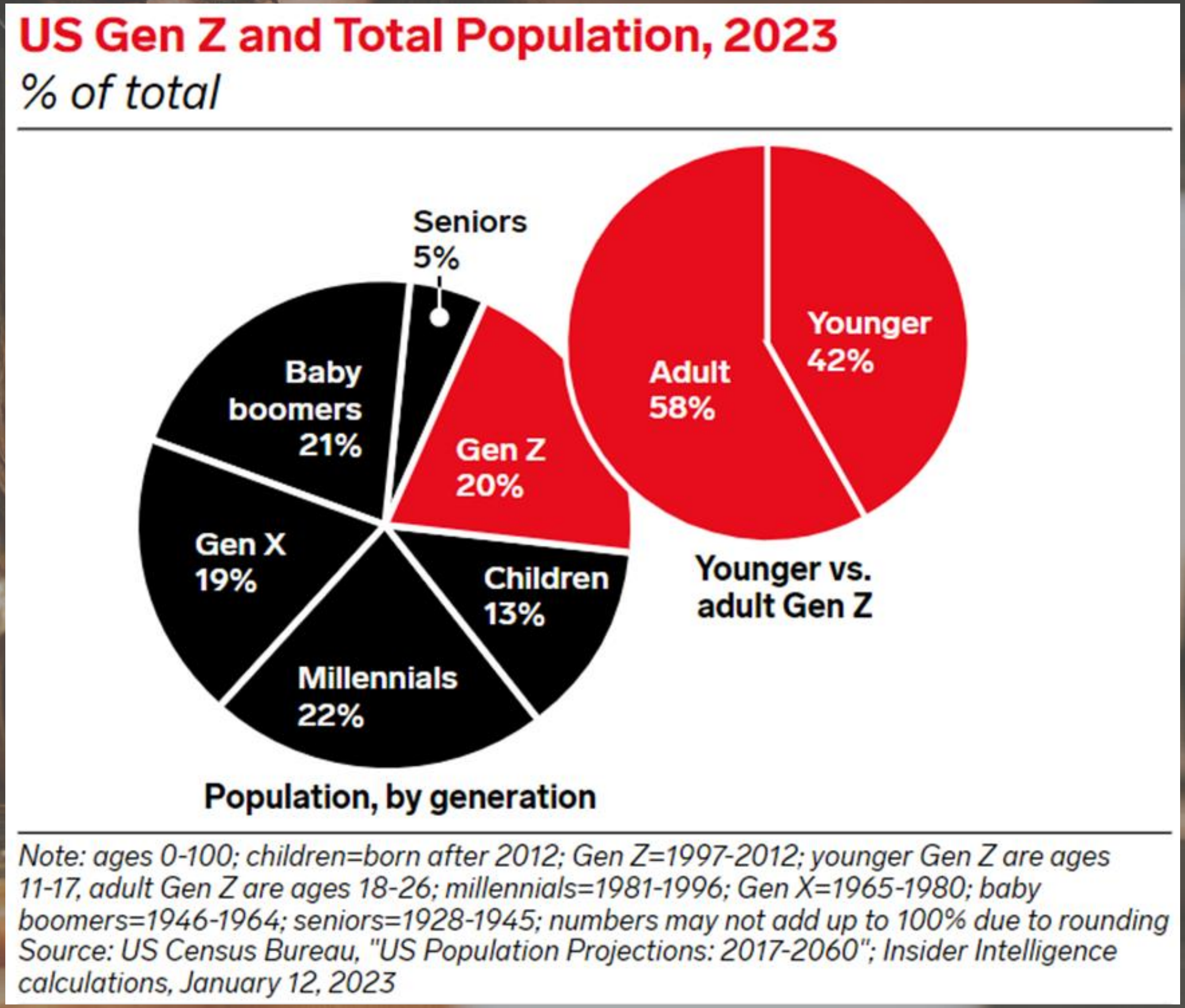


The Future Consumer & The Modern Employee



2023 Illinois
Marketplace Statistics

70% of shopping center tenants are small businesses

Illinois Annual Statistic	2022	2023	US 2023
Marketplaces	4,401	4,403	114,593
Marketplace Tenants	76,862	78,179	1.9 mil.
Occupancy Rate	94.40%	95.10%	95.90%
Jobs	1.2 mil.	1.2 mil.	32.2 mil.
Share of Total Jobs	14.80%	14.80%	14.90%
Sales	$353.4 bil.	$364 bil.	$8.7 tril.
Share of GDP	34.50%	33.60%	31.80%
State Sales Taxes	$22.1 bil.	$22.8 bil.	$492.6 bil.
Property Taxes	$1.4 bil.	$1.5 bil.	$31.1 bil.
Construction/Redevelopment Spending	$1 bil.	$1 bil.	$34.1 bil.

2023 Illinois
Congressional District Statistics

Congressional District	Marketplaces	Marketplace Tenants	Jobs	Sales Taxes	Property Taxes
1	269	3,618	56,203	$1.1 bil.	$69.2 mil.
2	264	3,774	58,630	$1.1 bil.	$72.2 mil.
3	245	4,075	63,299	$1.2 bil.	$78 mil.
4	212	4,125	64,083	$1.2 bil.	$78.9 mil.
5	335	7,302	113,442	$2.1 bil.	$139.7 mil.
6	472	5,581	86,696	$1.6 bil.	$106.8 mil.
7	148	5,274	81,936	$1.5 bil.	$100.9 mil.
8	401	5,162	80,198	$1.5 bil.	$98.8 mil.
9	359	4,980	70,667	$1.3 bil.	$87 mil.
10	318	4,549	65,121	$1.2 bil.	$121.6 mil.
11	324	4,844	75,255	$1.4 bil.	$92.7 mil.
12	272	2,994	46,515	$871 mil.	$57.3 mil.
13	277	5,734	89,083	$1.7 bil.	$109.7 mil.
14	257	4,059	63,055	$1.2 bil.	$77.7 mil.
15	76	2,713	42,140	$789 mil.	$51.9 mil.
16	138	4,056	63,015	$1.2 bil.	$77.6 mil.
17	236	5,341	82,979	$1.6 bil.	$102.2 mil.

Retail's Impact

Average Wages

Job	Hourly	Annual
First-line supervisors/managers of retail sales workers	$22.61	$47,020
Customer service representatives	$15.22	$31,660
Retail salespersons	$14.81	$30,800
Stock clerks and order fillers	$13.79	$28,690
Cashiers	$12.38	$25,740

Source: **Statista**

$

Illinois retail employees make an average of **$822 per week**

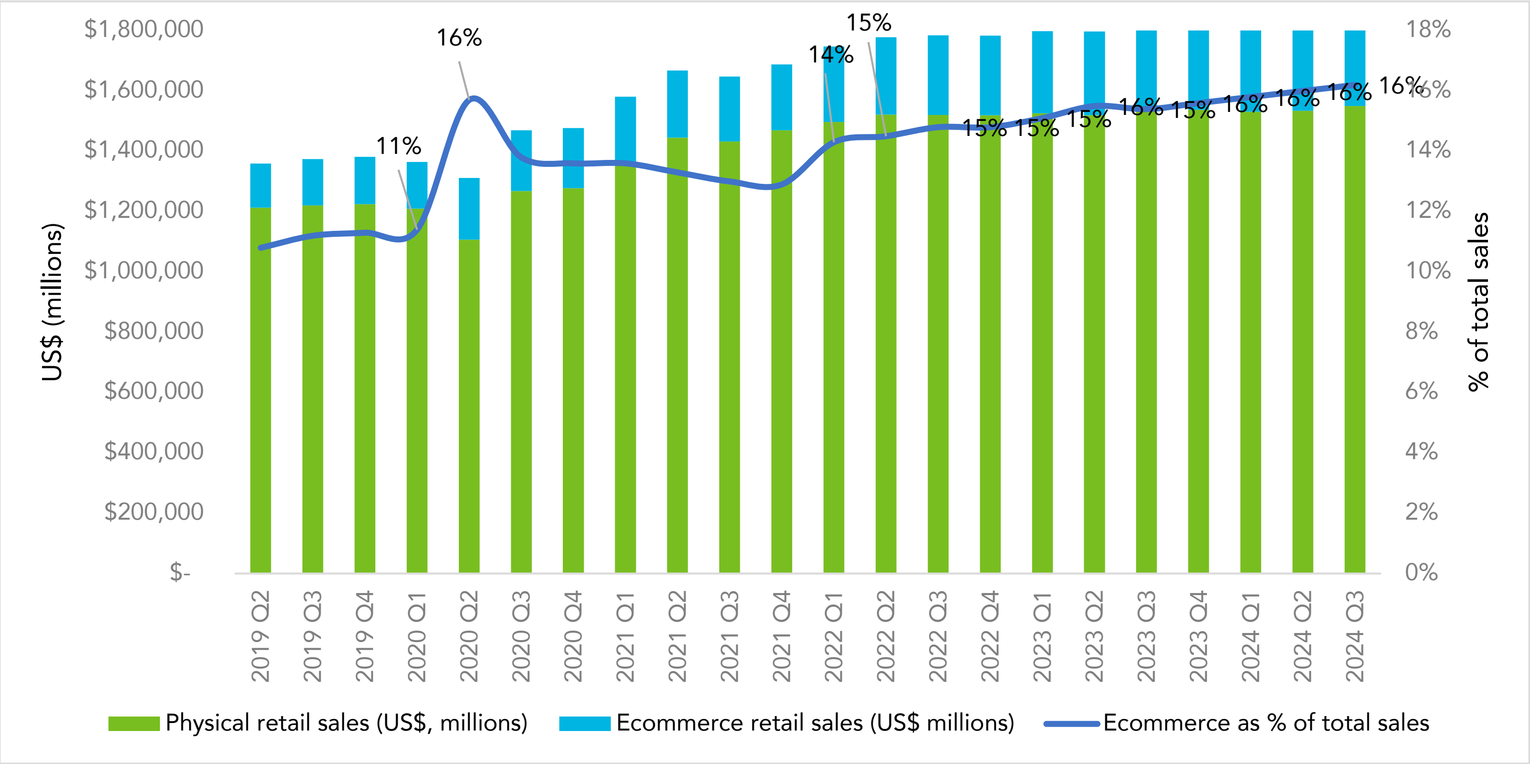
Source: Capital One

Where are we going?

Trends

E-Commerce

Online sales have increased dramatically with the advent of new technology. However, e-commerce is still a relatively small portion of all retail sales, capturing 16.4% of sales in 2022. More importantly, we need to recognize the trend and be aware of retailer reactions.



Nothing but Growth Ahead for E-Commerce

United States Census Bureau

Retail Trends

Quiz

_______________ is the practice of combining a Brick and Mortar and online presence to create a seamless shopping experience.

A. Physical Transformation

B. Omni-Channeling

C. Market Maximization

Retail Trends

Quiz

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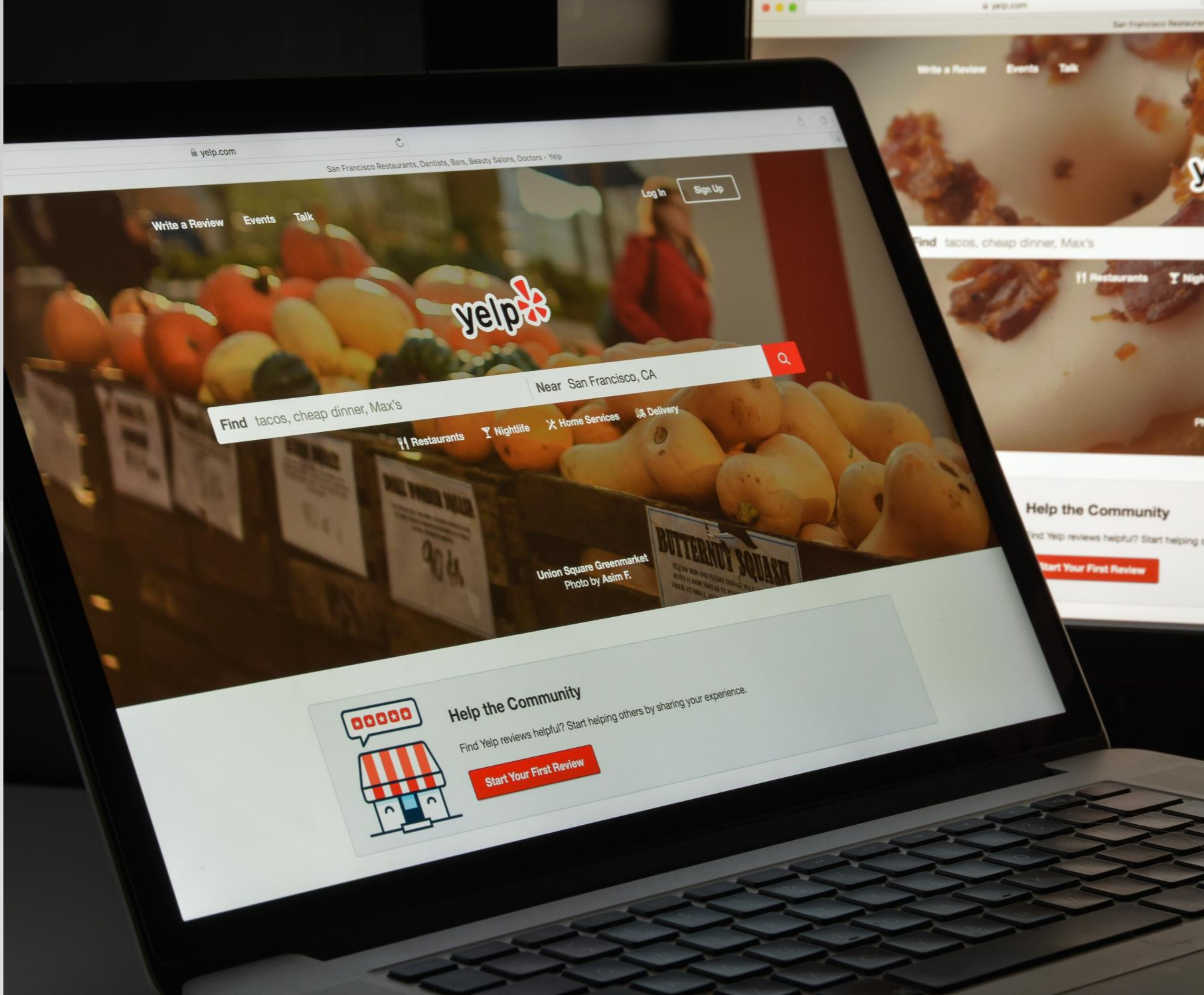
Omnichannel

90%

90% of consumers actively research restaurants online before dining

72%

72% specifically utilize a **restaurant's social media**

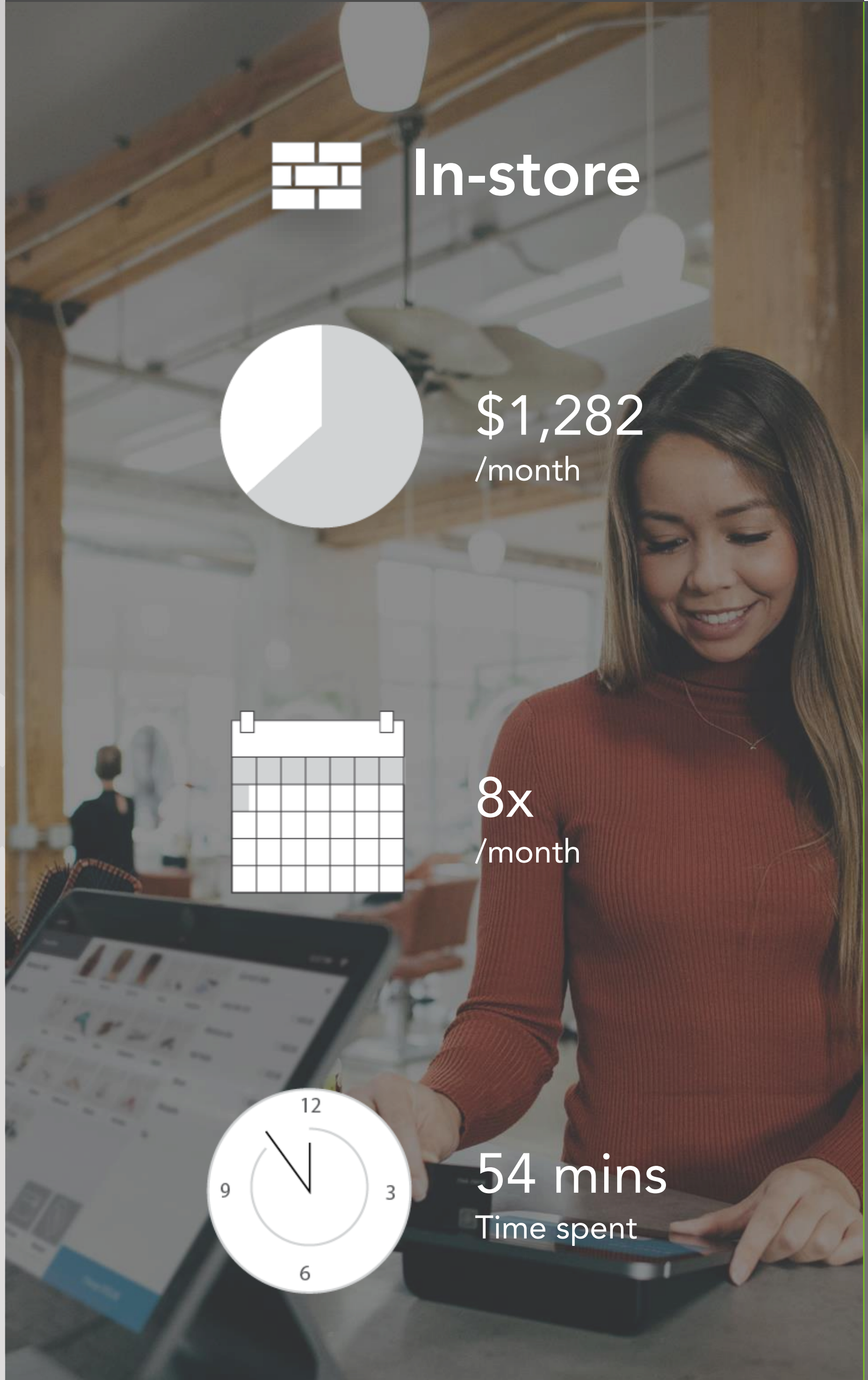


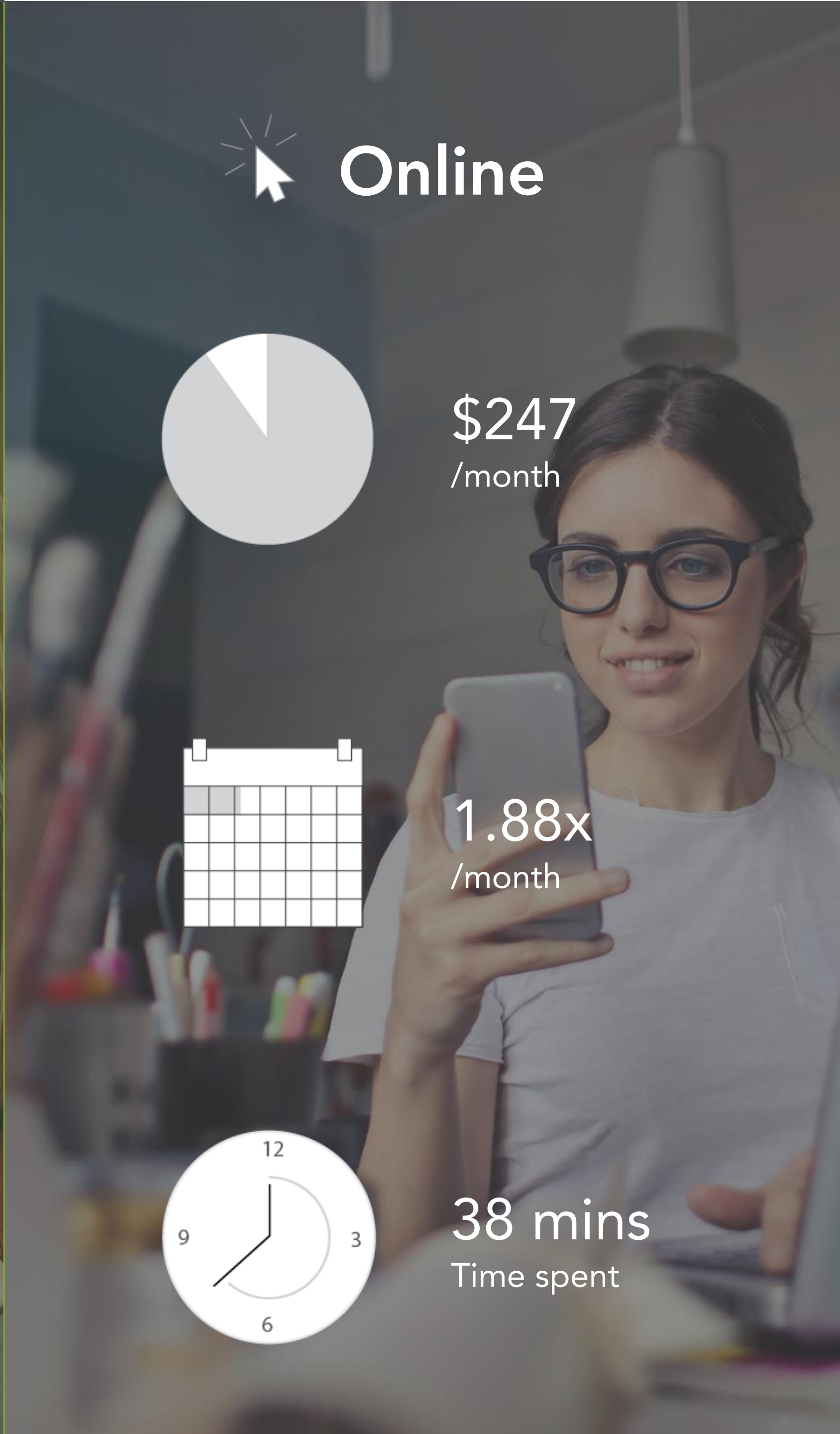
Trends

Consumer Purchasing

54% of consumers prefer to shop in-store

82% want to 'view-and-touch' before they buy





Trends

Openings vs. Closings

December Closures:

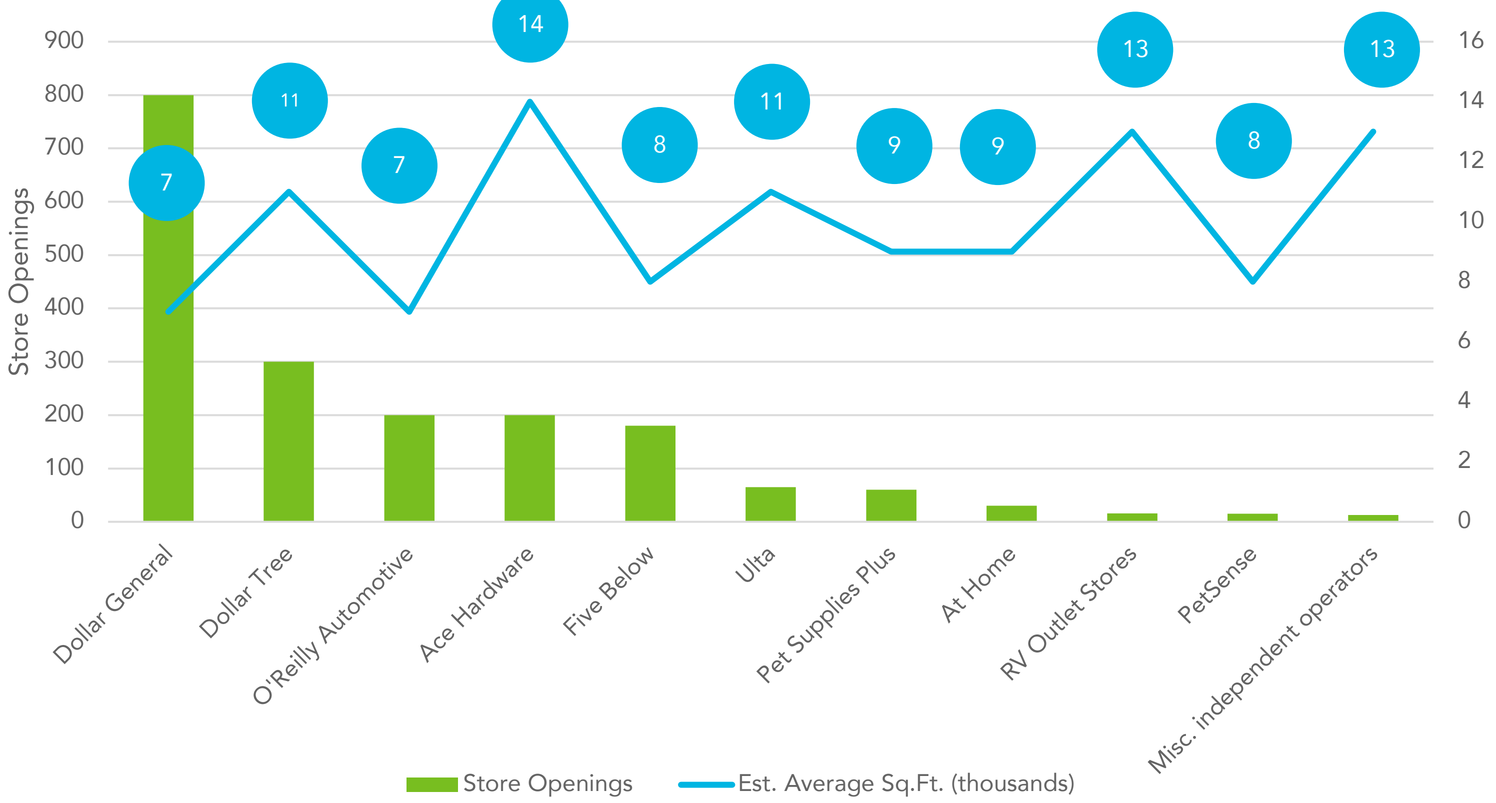
12/21	Party City	700 Stores
12/21	The Container Store	102 stores*
12/30	Big Lots	400 Stores

*remain open during bankruptcy

Major drugstore chains have announced significant store closures:

- Walgreens **1,200** stores
- CVS **900** stores
- Rite Aid **500** stores

'Store Openings', 'Est. Average Sq.Ft. (thousands)' by 'Retailer'

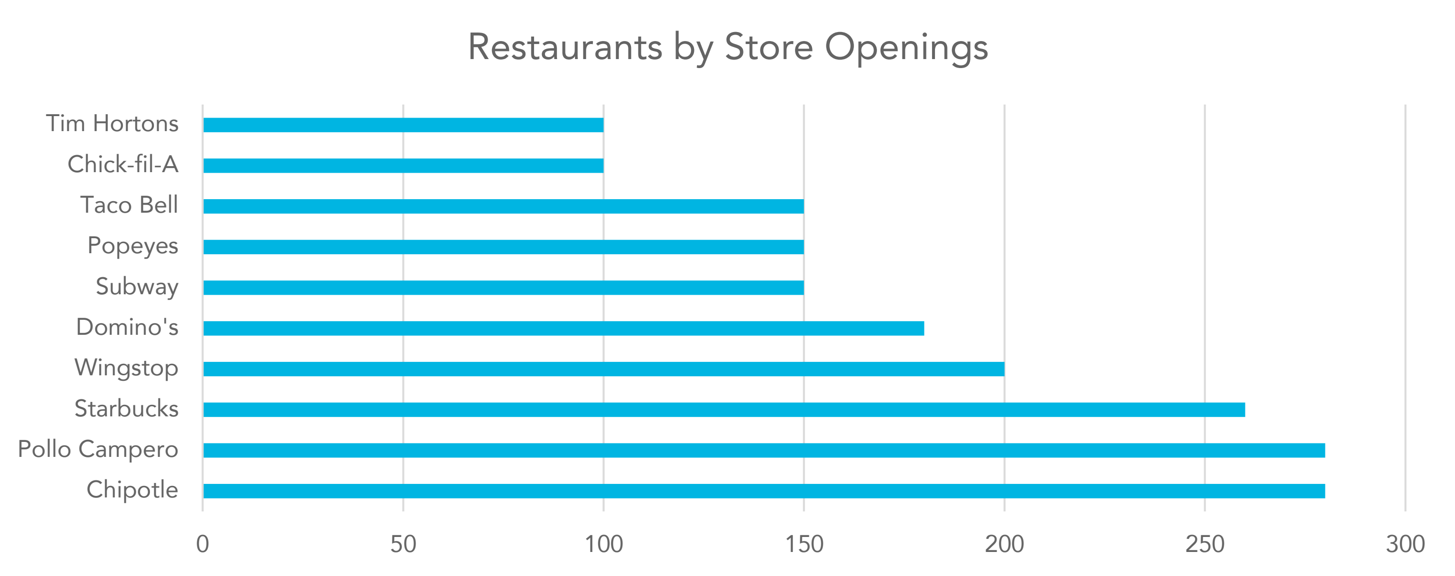


Mergers & Acquisitions

2024

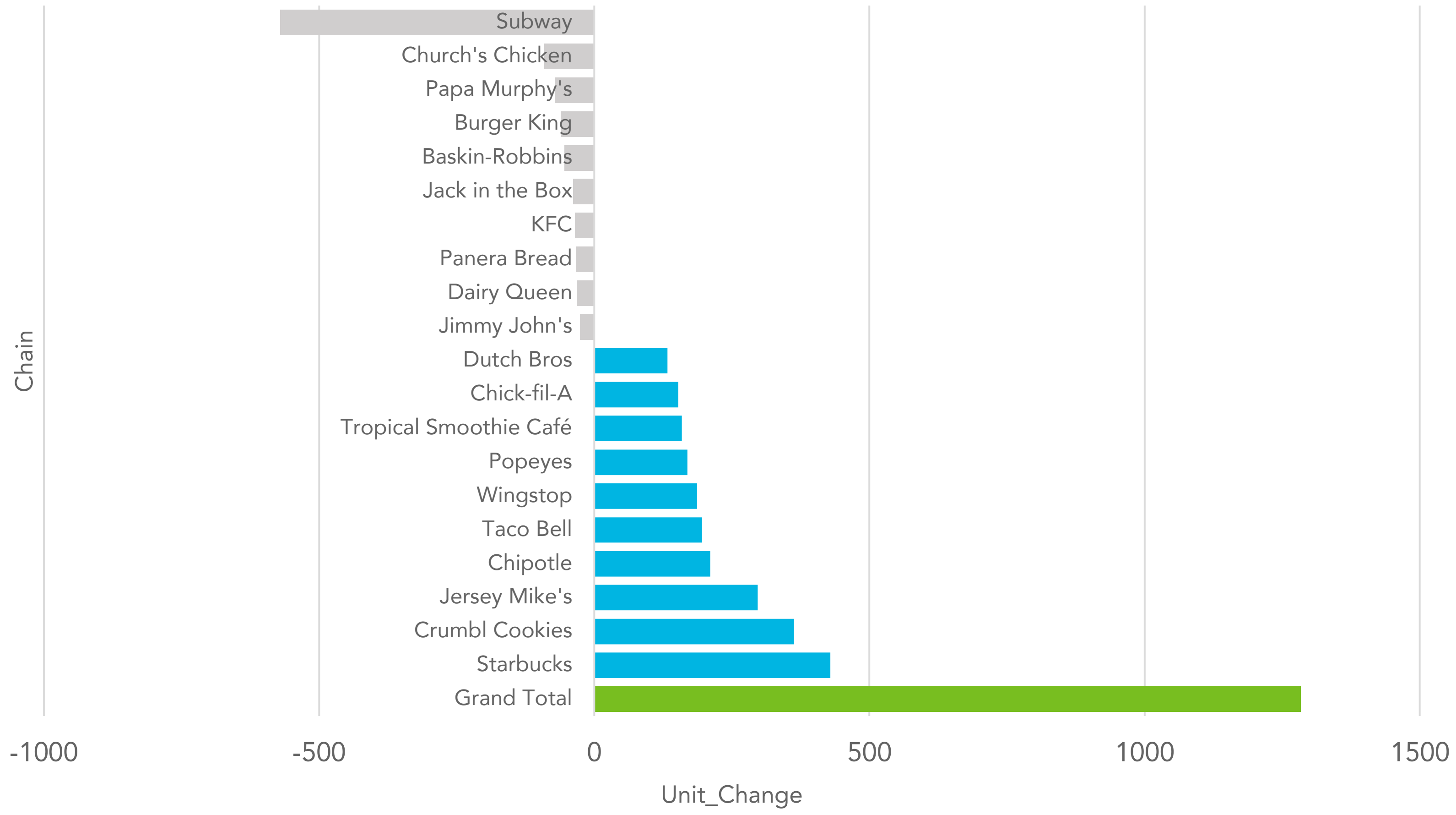
2024

Top 10 Store Openings



QSR trend

Opening and Closing the Most Stores



Chain	Unit Change
Subway	-571
Church's Chicken	-91
Papa Murphy's	-72
Burger King	-61
Baskin-Robbins	-54
Jack in the Box	-38
KFC	-35
Panera Bread	-33
Dairy Queen	-32
Jimmy John's	-26
Dutch Bros	133
Chick-fil-A	153
Tropical Smoothie Cafe	159
Popeyes	169
Wingstop	187
Taco Bell	196
Chipotle	211
Jersey Mike's	297
Crumbl Cookies	363
Starbucks	429
Grand Total	**1284**

SOURCE: QSR 2023 Top 50, chartr

Focus on Tertiary and Rural Markets

	Share of total population, 2015	Share of net growth, 2015–2019	Share of net growth, 2015–2022	Change 2019–2022
Urban	15%	12%	3%	-675,000
Suburban	65%	82%	87%	3,000,000
Rural	20%	6%	10%	675,000

Source: John Burns Research and Consulting LLC, tabulations of U.S. Census Bureau population estimates, 2022 vintage.

Big Box Reversal

Smaller Footprint

sweetgreen

Washington, DC
650 SF

SHAKE SHACK

New York, NY
>30 SF

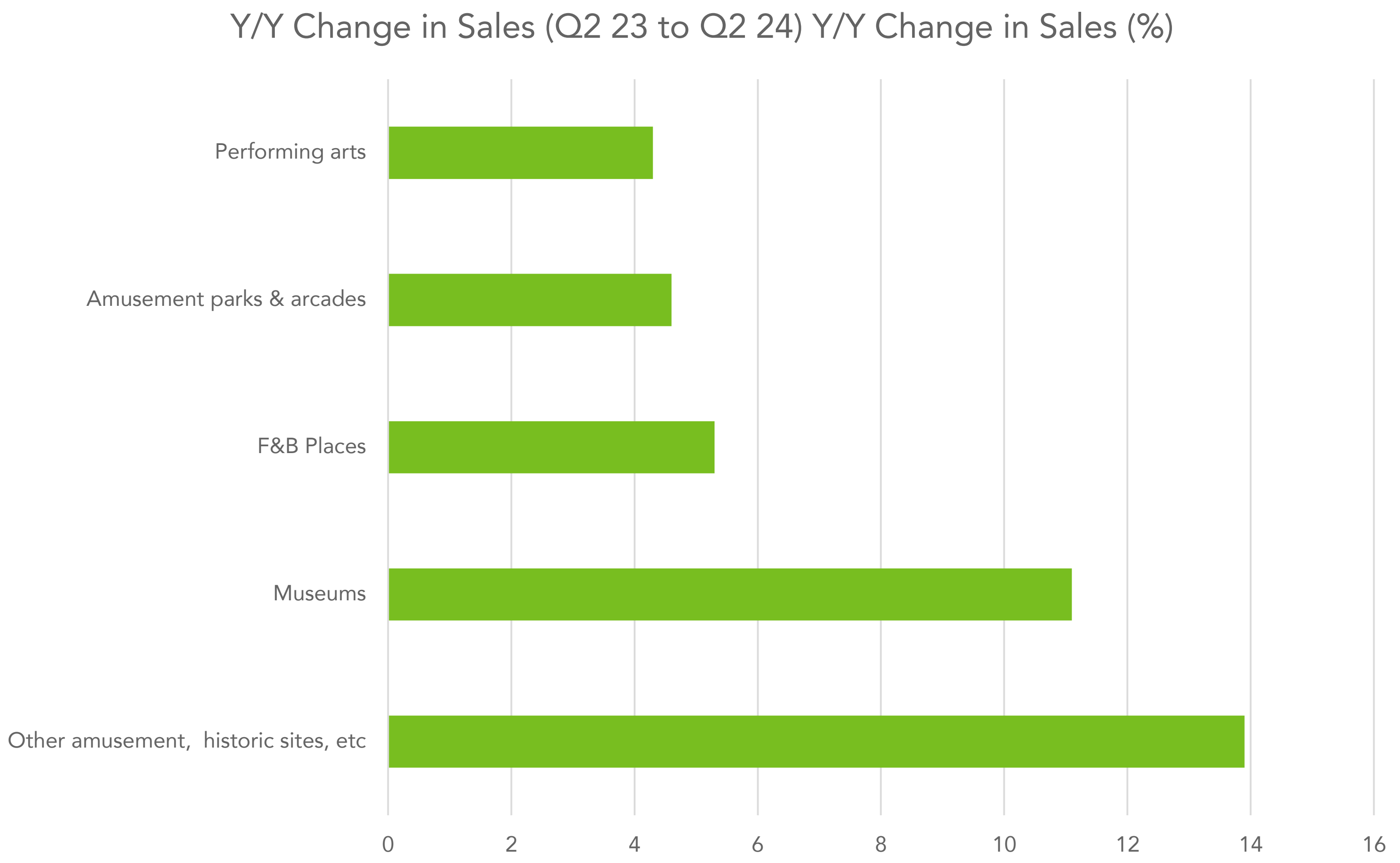
Seattle, WA
1,000 SF

Denver, CO
1,000 SF

Charleston, IL
620 SF

Headlines

Spending on experiences sees continued growth



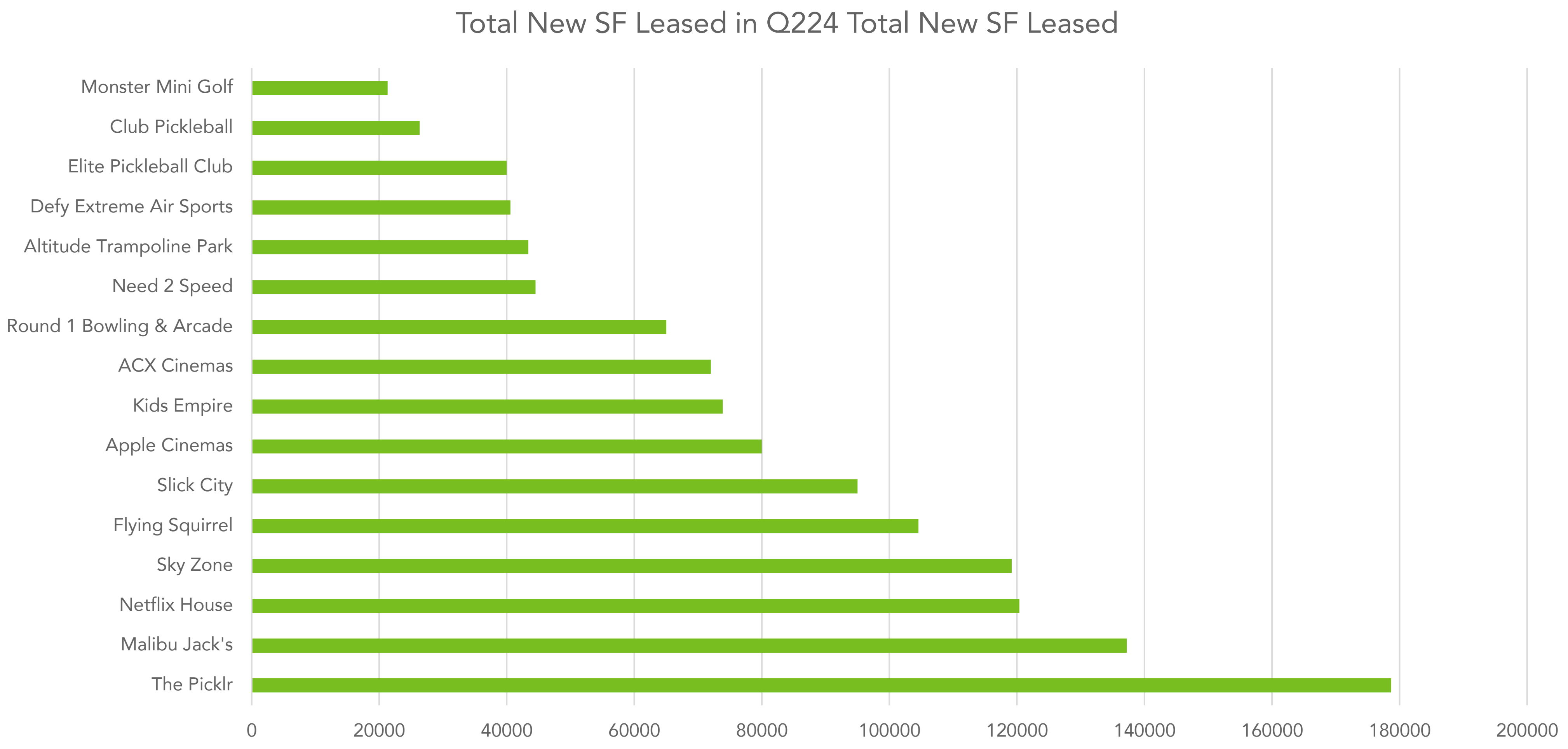
Consumer spending on entertainment saw year-over-year growth in the second quarter. This underscores the trend we have been seeing of consumers moving away from goods spending to service spending.

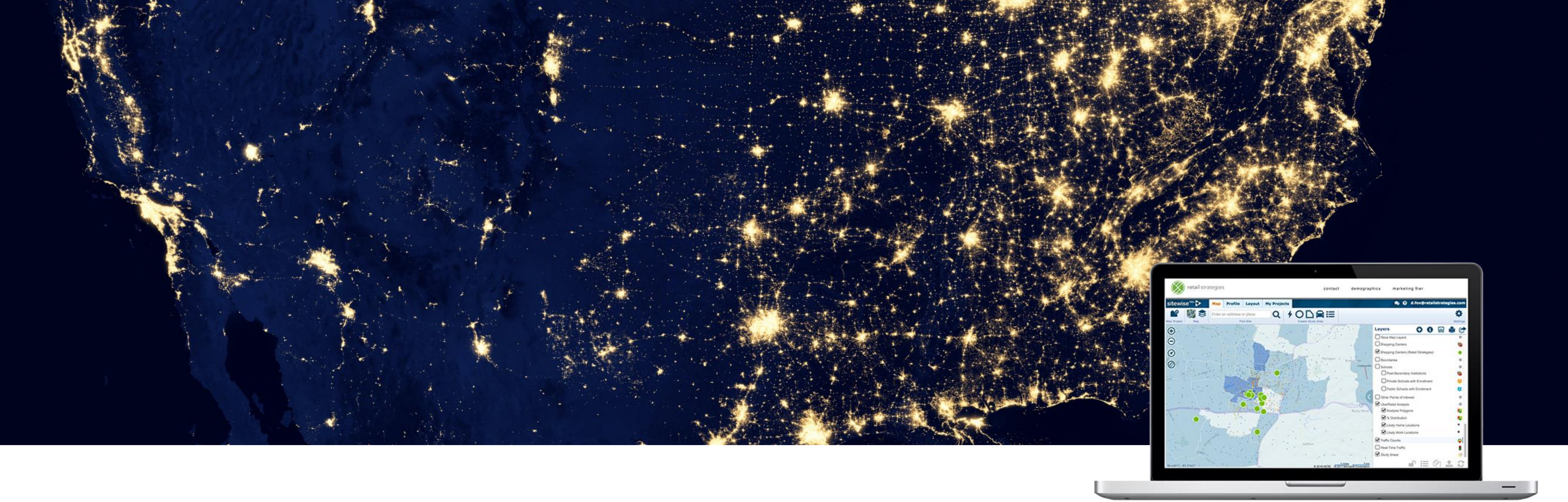
Museums, food & beverage, amusement parks and performing arts all saw notable gains.

However, the catch-all category, other amusement, which includes golf, fitness and bowling saw the highest increase from last year.

Headlines

Experiential tenants ink new deals





Data & Analytics

- Customized Trade Area
- GAP Analysis
- Peer Analysis
- Prospects & Site Criteria

Market Your Community

- Leverage Data
- Validate Demand
- Build Relationships
- Inventory Properties
- Be the Local Expert
- Made Consistent Outreach
- Tell Your Story

retail strategies

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