



Economic Update: The State of Brick & Mortar Retail

January 24, 2018
USCM Winter Meeting

“Shopping for the Truth”



Store vacancies are creating
ghost towns.

FALSE
▽

“Shopping for the Truth”



Shopping center occupancy rates
stand at a full 93.2%.

TRUE

Source: National Council of Real Estate Investment Fiduciaries

“Shopping for the Truth”



Online shopping is now far more popular than in-store shopping.

FALSE
▽

“Shopping for the Truth”



Physical retail stores generate
90.7% of all retail sales.

TRUE

Source: U.S. Census Bureau; ICSC Research

Brick and mortar retailers continue to drive holiday sales



Total sales estimated to be at least ~\$680B, 95% were by retailers with a physical presence



90% of shoppers made purchases at a physical store



Shoppers spent an average of \$842 on gifts and holiday-related items, an 18% increase over 2016



90% of click-and-collect shoppers made an additional in-store purchase



42% of shoppers dined and 27% saw a movie while visiting shopping centers over the holiday season

“Shopping for the Truth”



Shopping centers are not a major contributor to the US economy.

FALSE ✓

“Shopping for the Truth”



Retail real estate-related employment equals almost 34 million US jobs, which is more than 1 in 6 jobs in the country.

TRUE

Source: ICSC Research; Bureau of Economic Analysis; Bureau of Labor Statistics

How do shopping centers impact the U.S. economy?

SHOPPING CENTERS DRIVE U.S. GDP

The retail real estate industry's total GDP impact was \$3.8 trillion, accounting for 20.3% of U.S. GDP in 2016.



SHOPPING CENTERS ARE A CRITICAL REVENUE SOURCE FOR COMMUNITIES

- Local Property Taxes: \$27.8 billion annually.
- State and Local Sales Taxes: \$167.3 billion annually.



SHOPPING CENTERS ARE MAJOR EMPLOYERS



Retail real estate-related employment equals almost 34 million U.S. jobs (more than 1 in 6 jobs in the U.S.).

SHOPPING CENTER JOBS ARE MORE THAN JUST RETAIL



22% of shopping center tenants are non-retail (e.g. health care, education) and 45% of retail occupations are unrelated to sales. Many pay wages well above the national average.

How do shopping centers impact the U.S. economy?

BRICK-AND-MORTAR RETAIL IS STILL KING

90.7% of all sales are generated by retailers with physical establishments – just 4% come from online-only retailers.



SHOPPING CENTERS = ECONOMIC DEVELOPMENT

\$74.1 billion spent annually in the construction of retail creates \$101.6 billion in total economic activity for industries and labor up and down the supply chain.



SHOPPING CENTERS ARE BIG BUSINESS

ICSC members represent 15% of the Fortune 100 and are the largest employers in 25 states.



SHOPPING CENTERS ARE SMALL BUSINESS



88% of U.S. shopping centers are neighborhood/community centers. Almost half of these are occupied by locally-owned businesses.

SHOPPING CENTERS ARE VALUABLE U.S. ASSETS

The current value of shopping center real estate in the U.S. is \$1.3 trillion.





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