



ICSC's Industry Update

March 2021

Coronavirus Consumer Survey

General Sentiment

35%

Believe the economy is better than it was a month ago

57%

Believe the economy will improve in the next 12 months

73%

Agree businesses should be open in their state

A majority would support another lockdown, but look forward to returning to stores in a safe way

68%

Would support another lockdown if there was a significant rise in COVID-19 cases in their state

48%

Are currently engaged in a normal level of out-of-home activity

82%

Fully expect businesses to maintain health & safety precautions after people are vaccinated

46%

Would increase spending on retail goods or @ restaurants if and when they receive stimulus payments

What consumers are doing

36%

Shopped/browsed inside a physical store for non-essential goods

35%

Dined indoors @ a restaurant, bar or other eating place

29%

Shopped inside a mall

Even after being fully vaccinated, many want to continue with safety habits adopted during the pandemic

85%

Wear a mask in public places

85%

Social distance or stay at least 6 feet away from people

81%

Avoid crowded places or large gatherings

71%

Only get together indoors with people living in the same home

Industry Leader Survey

A survey of CRE companies and retailers provided insight around operations during the pandemic and outlook for the future

During the pandemic



73%

of small retailers implemented a click-and-collect option



88%

of shopping centers are being used to fulfill online orders



99%

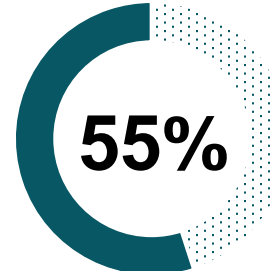
of retailers reported their stores fulfilled online orders to some degree

Outlook & safety



60%

of CRE leaders expect a return to pre-pandemic levels by the end of the year



55%

of retailers expect a return to pre-pandemic levels by the end of the year



80%

of small CRE firms are likely to continue the use of plexiglass barriers

Sales Composition

Excluding gas, automotive, and F&B spend, total retail sales grew 20.7% from 2016 through 2020

Key Stats

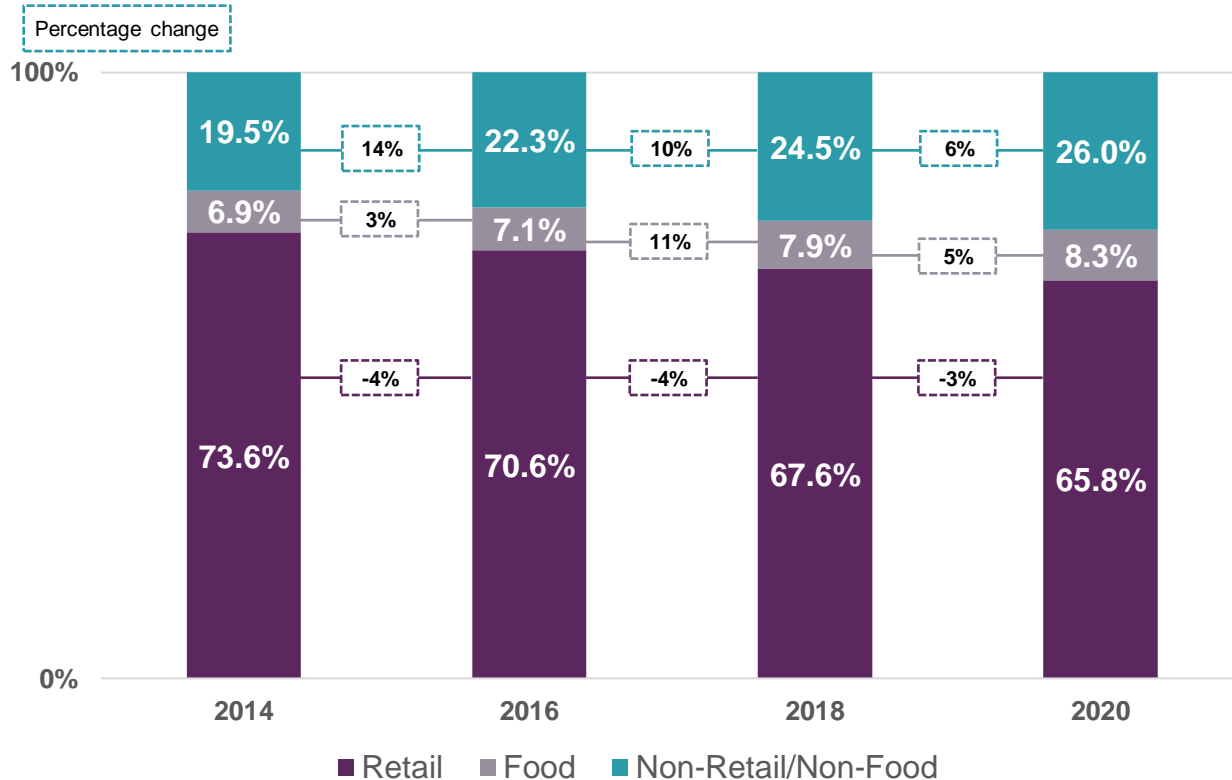
- In 2020, F&B sales declined 19.5% vs 2019 figures, but had increased by 16.5% over the previous 4 years
- Home improvement stores saw significant gains of 14% YoY
- Pure play e-commerce grew by \$86.6B or 24.2% in 2020, and accounted for 7.9% of total retail under scenario 1 vs 11.2% of total retail under scenario 3



Total retail sales scenarios	(1) Incl: auto, gas; Excl: F&B	(2) Incl: auto; Excl: gas, F&B	(3) Excl: auto, gas, F&B
	4,853	4,430	3,290
	5,053	4,594	3,421
	5,269	4,766	3,574
	5,452	4,951	3,714
	5,642	5,220	3,969

Shopping Center GLA Distribution

Over the last 7 years, the share of GLA in shopping centers devoted to retail shifted significantly towards food and non-retail/non-food business, decreasing retail's share of GLA in shopping centers by 10.6%



Key Stats

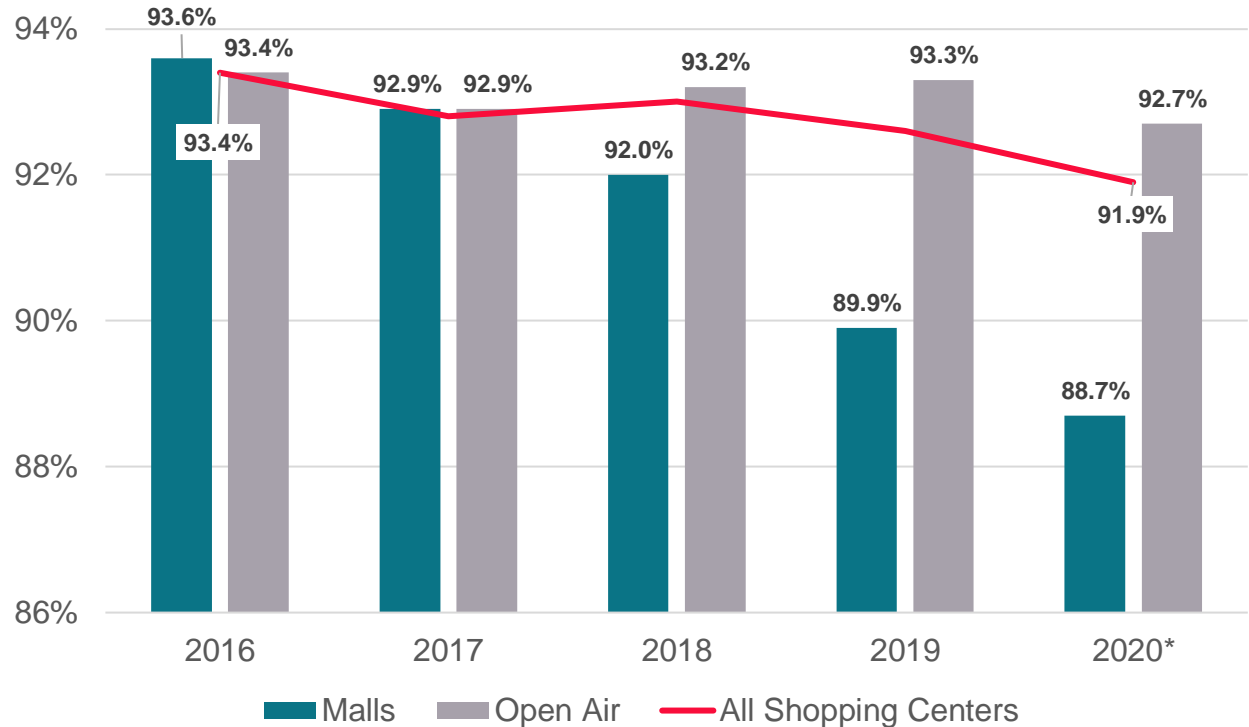
- Despite announced openings and closings, the distribution of GLA may lag based on when businesses shut their physical doors
- Fueled by consumer demand for services, such as health care, the Non-Food/Non-Retail share of GLA in shopping centers increased by 33.3% from 2014 through 2020
- Over the same period, Food grew by 20.2%, however considering the current climate, there may be a significant shift in GLA share distribution in coming years as food establishments have been one of the hardest hit

Occupancy

Despite announced closings, occupancy rates across all shopping centers held to between 93.4% and 91.9% over the last 5 years.

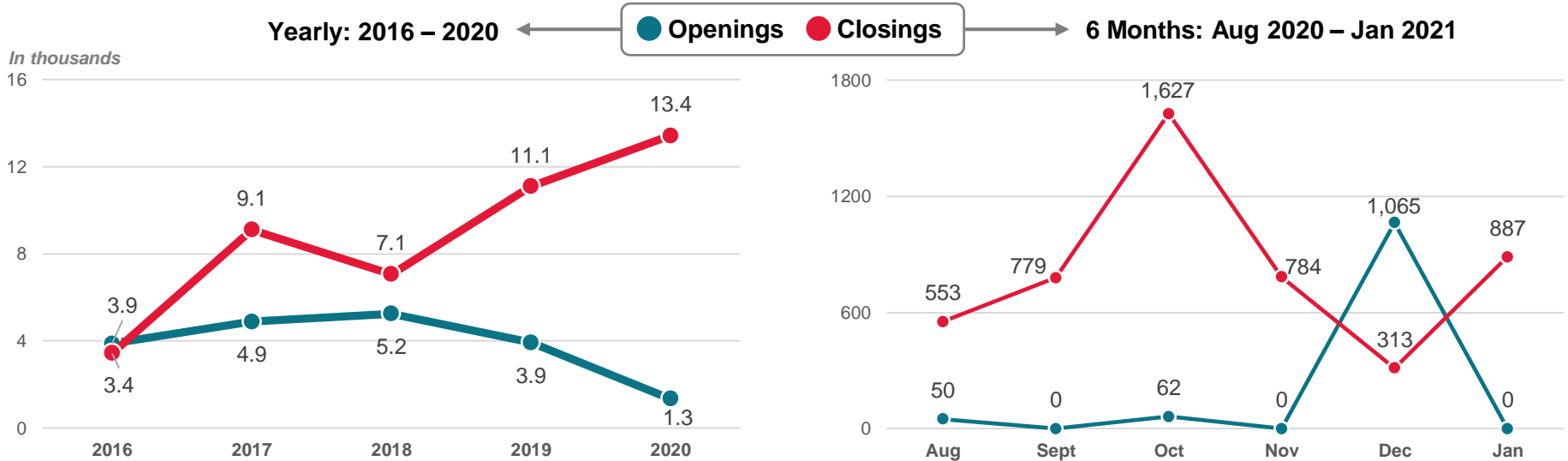
Economic Factor

- Over the last 5 years, mall occupancy has declined 4.9 percentage points
- In 2020, malls experienced a 1.2 percentage point decline
- Likely as a result of the recession in 2008, mall occupancy fell by 1.7 percentage points by the end of 2009 and rose to pre-recession levels in 2013
- For context, in the same 2008 through 2009 period, occupancy in open-air centers dipped by 2.9 percentage points and across all shopping centers by 2.8 percentage points



Announced Openings & Closings

In 2016, announced openings and closings were nearly equal, but the pandemic and widespread economic turmoil mixed with accelerating change in consumer shopping behaviors created a 2020 of record closings.



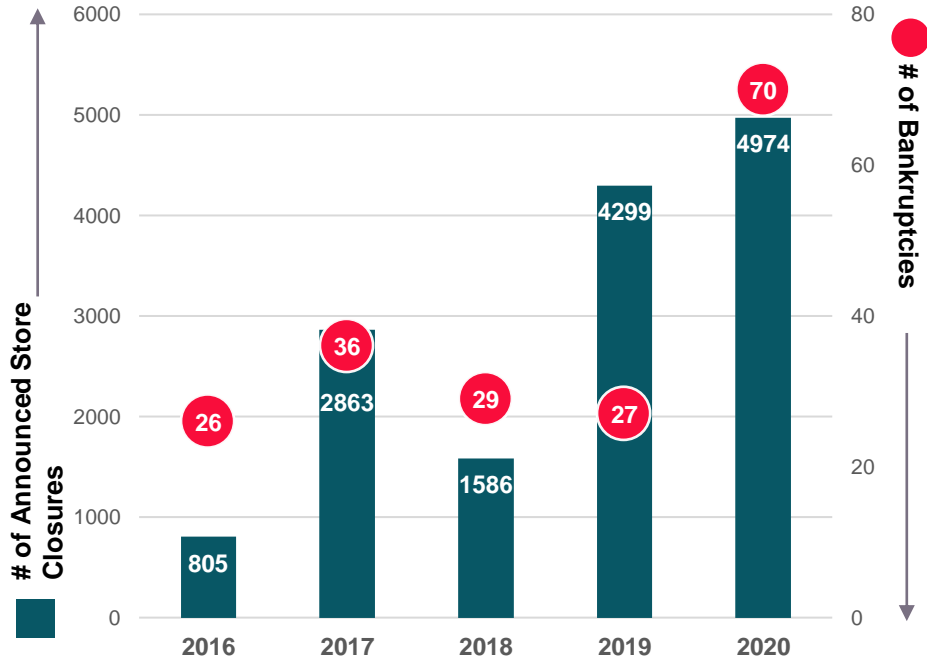
- In 2020, closings outpaced store openings tenfold
- Over the 5 years, average # of closings were more than double the average number of openings each year
- From 2018 through 2019, a total of 11.7k stores closed; 1.7k fewer than were closed in 2020 alone

- Over the 6 month period, total closings was over four times that of openings
- During the period, a total of 1,177 openings were announced, contrasted by 4,943 announced closings
- Despite the sharp increase in announced closings in October, aggregate Q4 2020 closings represented only 20% of total closings in 2020

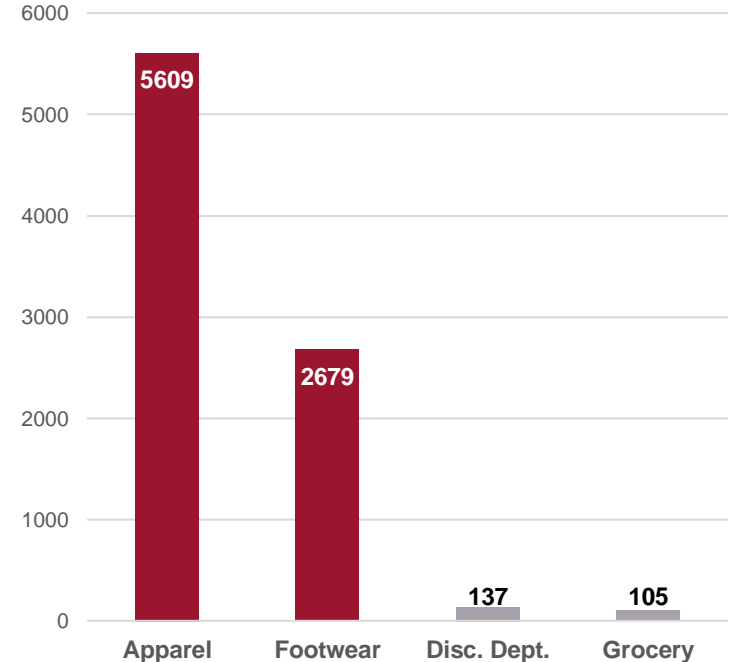
Bankruptcies & Resulting Closures

Not all bankruptcies filed result in store closures as many are filed as a means to restructure debt. However, others do announce and begin the process of store closure quickly as part of realigning operations or going out of business altogether.

Announced Store Closures vs. Number of Bankruptcy Filings



Store Closures: The highs & lows over 5 years





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