



ULI Chicago's "The Front Stoop Series"  
**Open Air Retail in the Age of COVID**  
**May 14, 2020**

Conversation Led By: John Hendrickson, *President – Midwest*, Brixmor Property Group

On May 14<sup>th</sup>, ULI Chicago Members convened for the Front Stoop Series to discuss "Open Air Retail in the Age of COVID". This casual setting gave our members an opportunity to have an open conversation with John Hendrickson, *President – Midwest*, Brixmor Property Group. John's region includes 86 properties totaling 17M square feet of retail space.

John started the conversation by discussing the changes that Brixmor has encountered in the past few months. Following a strong Q1, 67% of Brixmor's tenants are open for business and paying rent, down from 92% prior to COVID-19. While these are undoubtedly extreme circumstances, Brixmor is well above the national average for rent collections and they have decreased their operating expenses by 15% at the property level. John remains optimistic about Brixmor's focus in open air retail that is largely anchored by strong grocery tenants.

Major themes discussed around the future of retail included:

**COVID -19 has Accelerated Change**

- Retailers that were already investing in their online platforms, delivery services, and curb-side pickup have proven to be well positioned against their competition.
- Expect to see micro-fulfillment centers to fulfill online grocery orders.
- Increased demand for quick serve & drive-thru

**Humans Are Social Creatures**

- People want a unique experience. The strongest operators will survive and continue to thrive post COVID-19, while some operators will struggle and fail.
- While it may take time, we will return to restaurants, movie theatres, and experiential retail.

**Retail (Has Been) Changing**

- Major shift to a higher quantity of neighborhood stores that have a smaller footprint.
- Retailers have become more specialized; gyms are a perfect example.
- Demand remains steady for discount goods and essentials; the middle ground will be the most vulnerable.

*Summary written by Kevin Claffy, Commercial Insurance, Real Estate & Construction Specialist, The Provant Group.*