

POST-PANDEMIC RETAIL ERA

Road To Recovery

January 14, 2021



Nick A. Egelanian
Founder & President



Department Store Era And 3,000 American Regional Malls



Killed By...

JCPenney

Sears

NORDSTROM

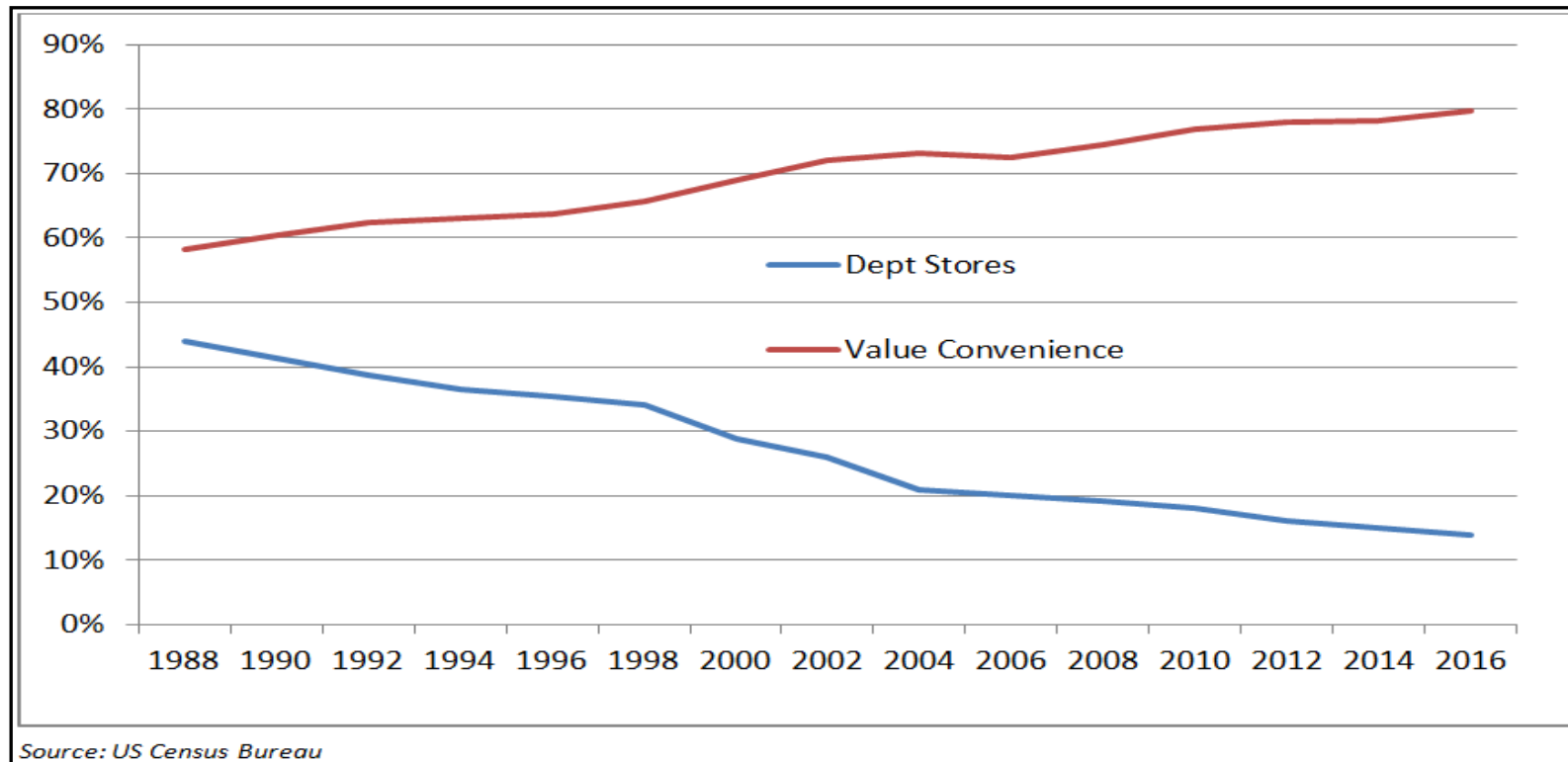
Department Store Deconstruction And “Big Box” Retail



COMMODITY RETAIL

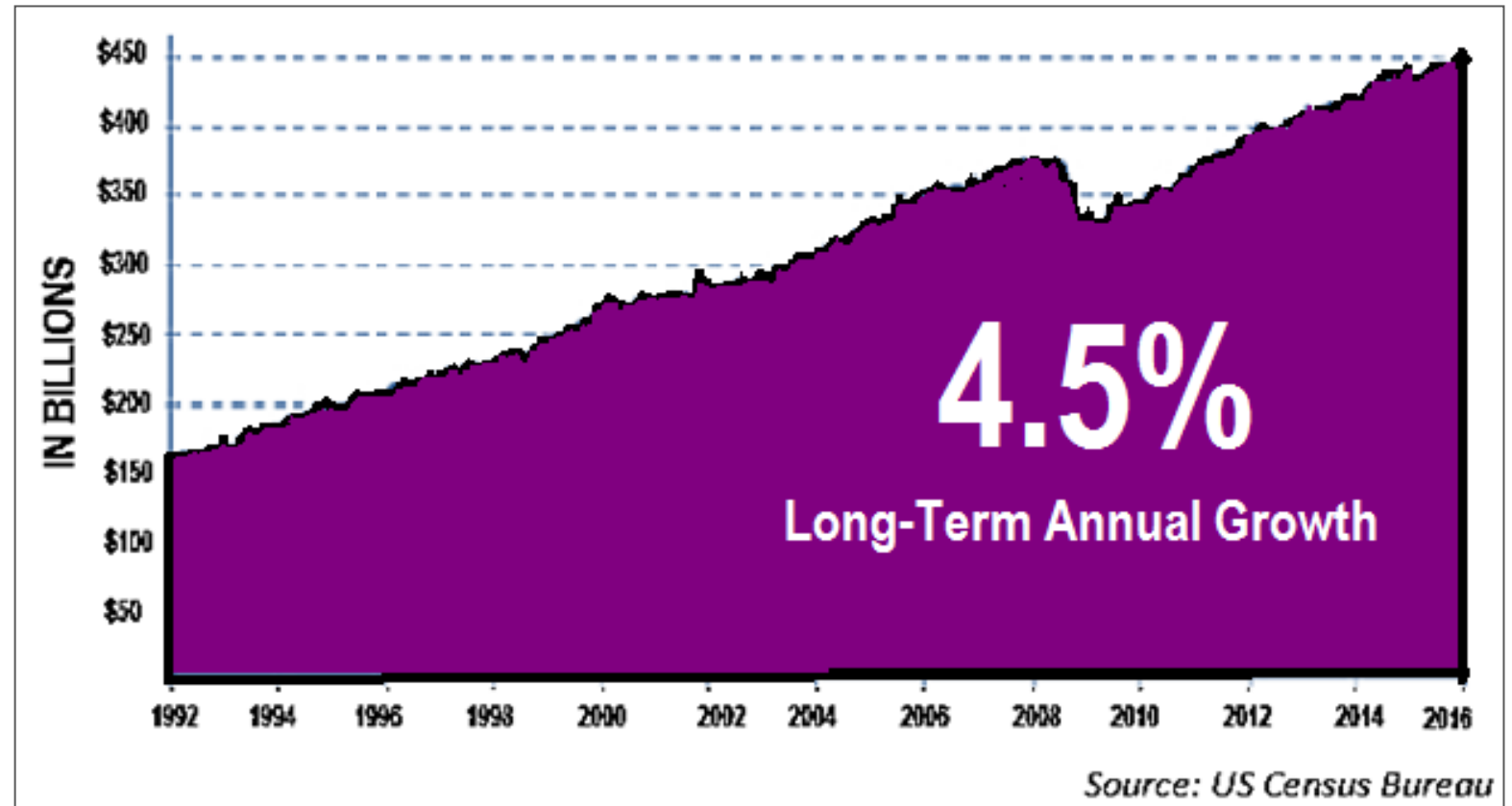


FOUR DECADE Market Share Shift: “Big Box” Retailers Vs. Department Stores



U.S. Retail Sales Growth Rate

**ANNUAL
U.S. RETAIL
SALES:
\$5.35
TRILLION**

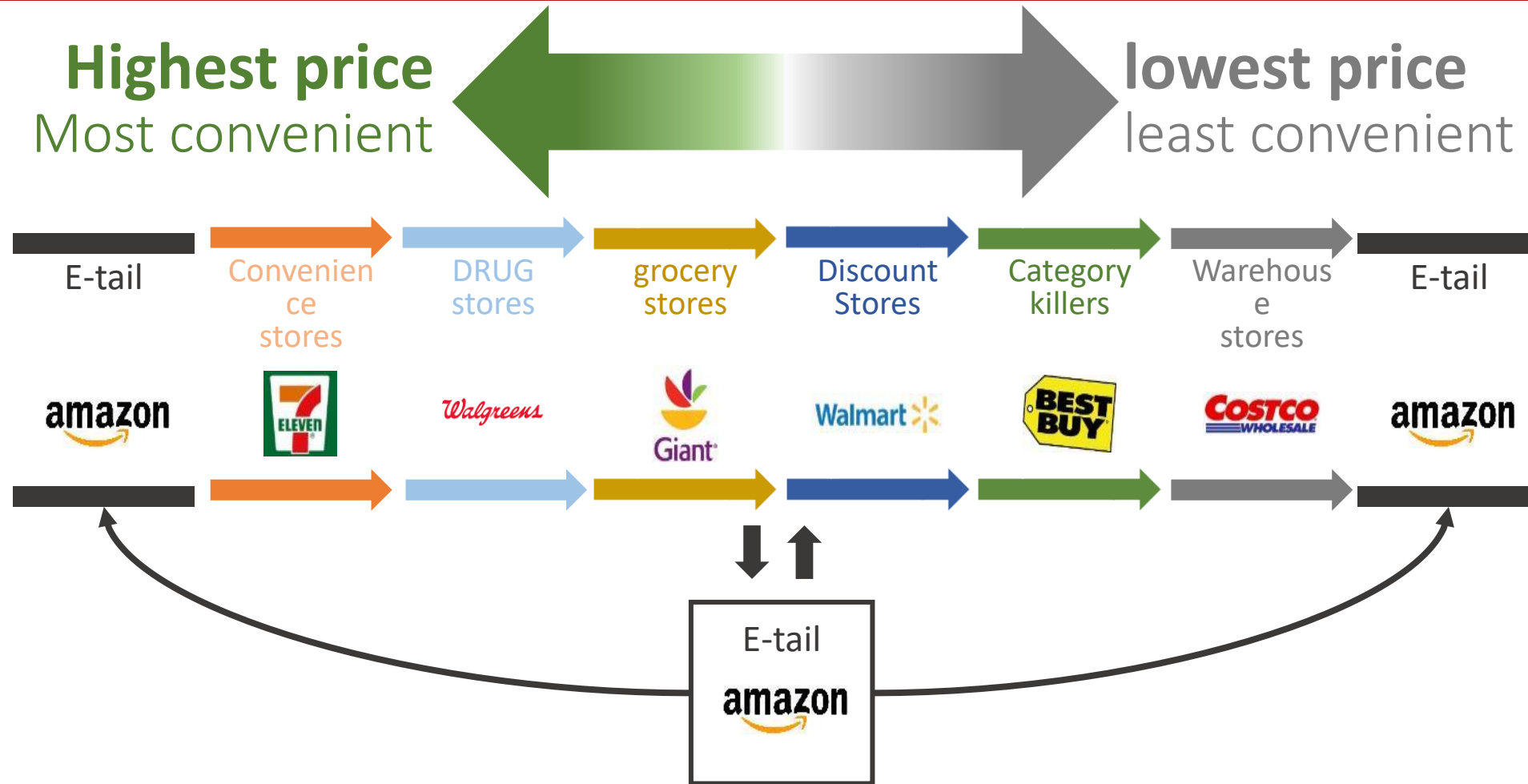


21st Century Retail Alignment

Two SEPARATE Retail Industries



COMMODITY RETAIL: PRICE VS. CONVENIENCE EQUATION



SPECIALTY RETAIL

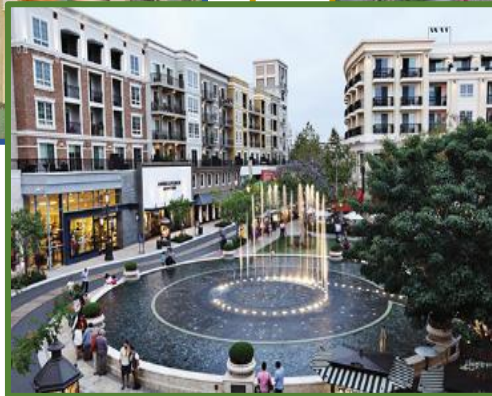
TRADITIONAL
MALLS

OUTLET
CENTERS

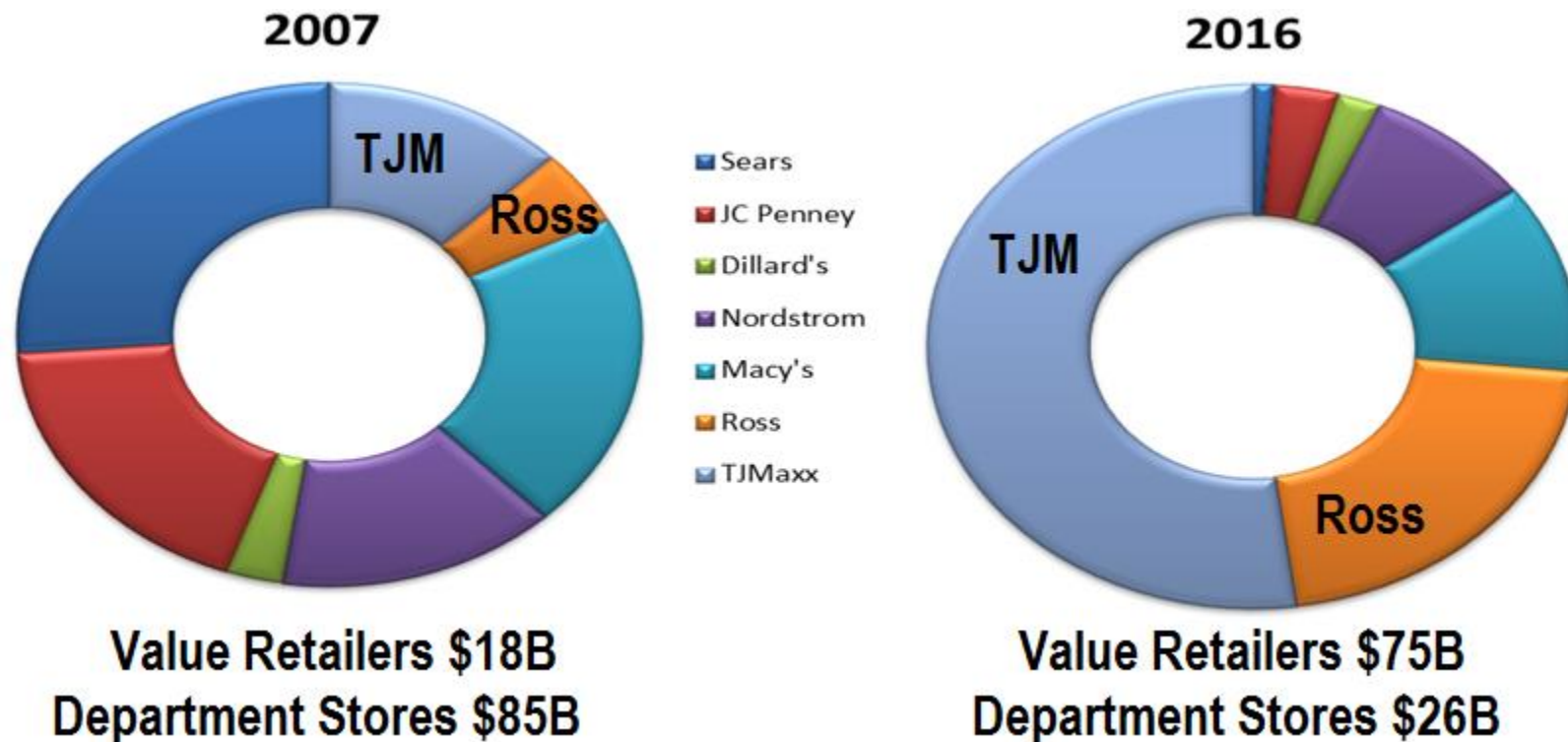
THEMED CENTERS
& ATTRACTIONS

MIXED-USE &
OPEN-AIR
CENTERS

HIGH STREETS



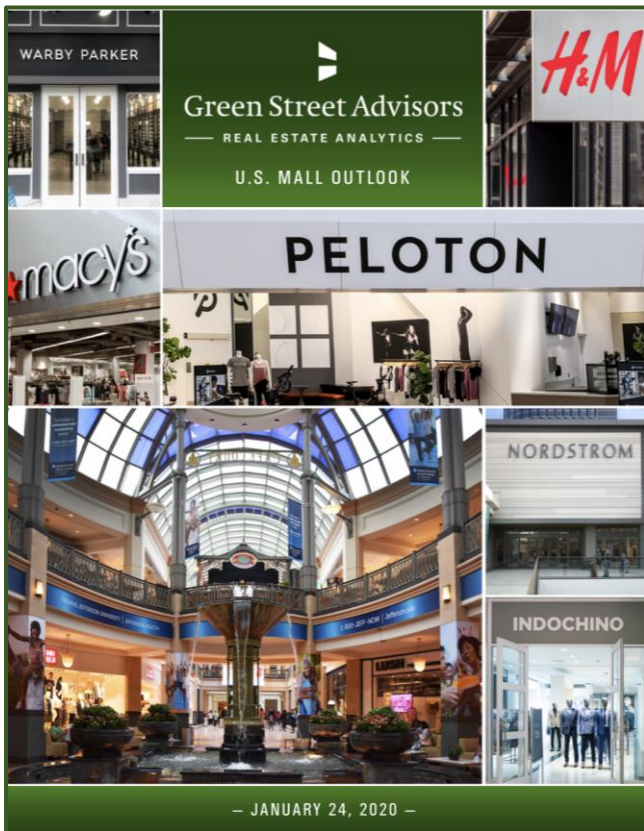
Commodity Retailers Vs. Department Store Market Cap (\$B)



Annual U.S. Retail Sales as of January, 2020

\$545 Billion	Walmart 
\$153 Billion	
\$142 (\$98) Billion	amazon 
\$49.5 Billion	ALL DEPARTMENT STORES
\$14.5 Billion	

Projected Department Store Closures



- Department stores currently account for ~30% of mall square footage; Sears and JCP are ~10% alone
- Green Street expects roughly half of all mall-based department stores to close over the next five years
- Losing an anchor results in a sizable cap-ex burden and could potentially trigger co-tenancy clauses

 **MARKETS BUSINESS INVESTING TECH POLITICS CNBC TV**

RETAIL

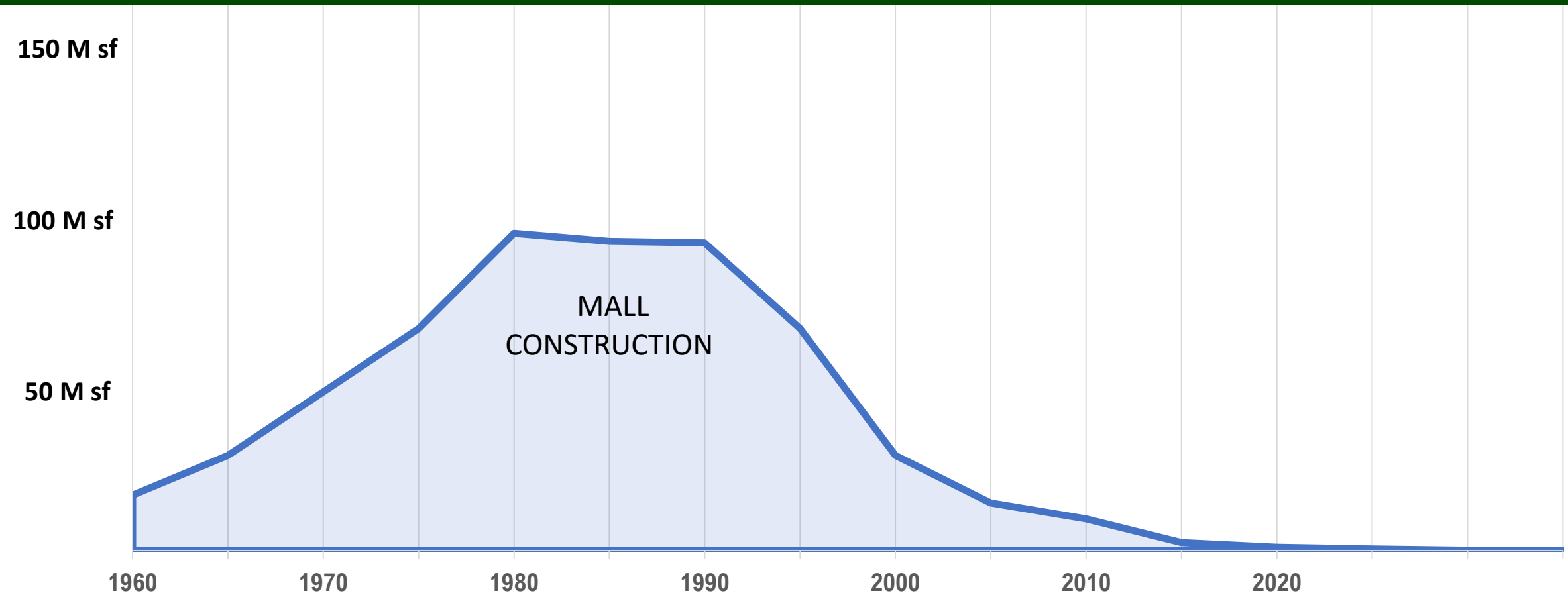
Over 50% of department stores in malls predicted to close by 2021, real estate services firm says

PUBLISHED WED, APR 29 2020•1:14 PM EDT | UPDATED WED, APR 29 2020•5:04 PM EDT

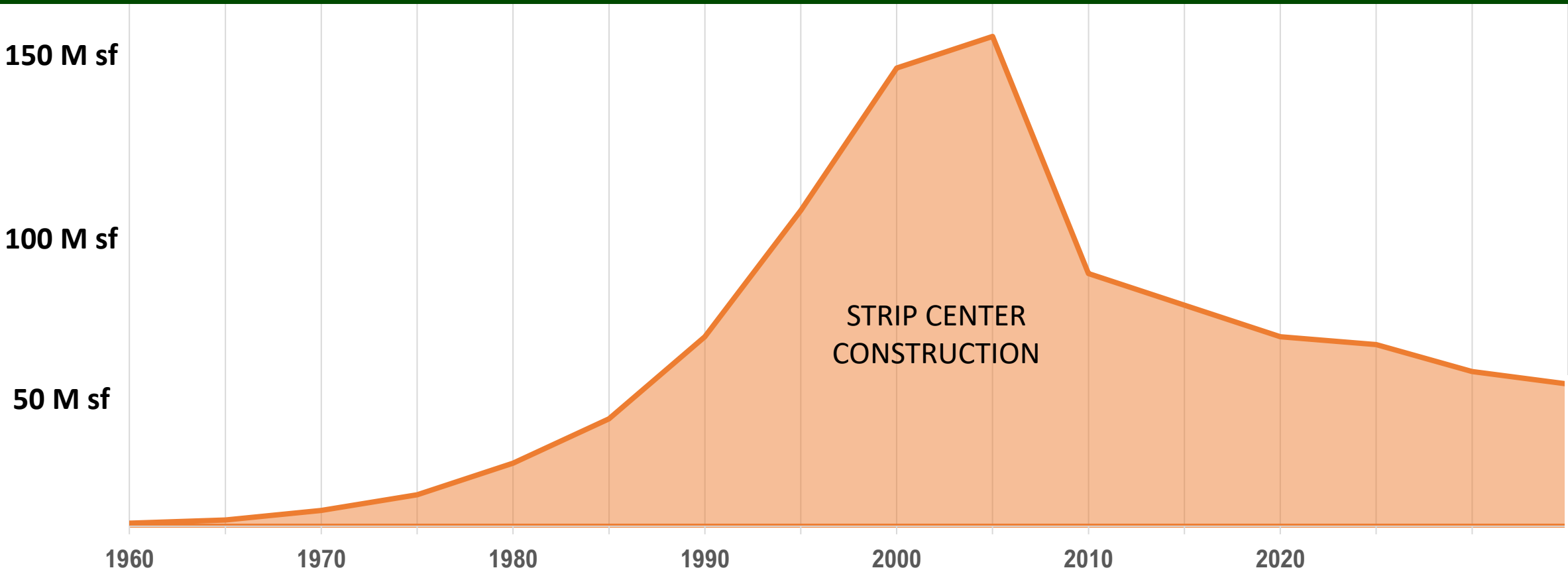
 **Lauren Thomas**
@LAURENTHOMAS

SHARE    

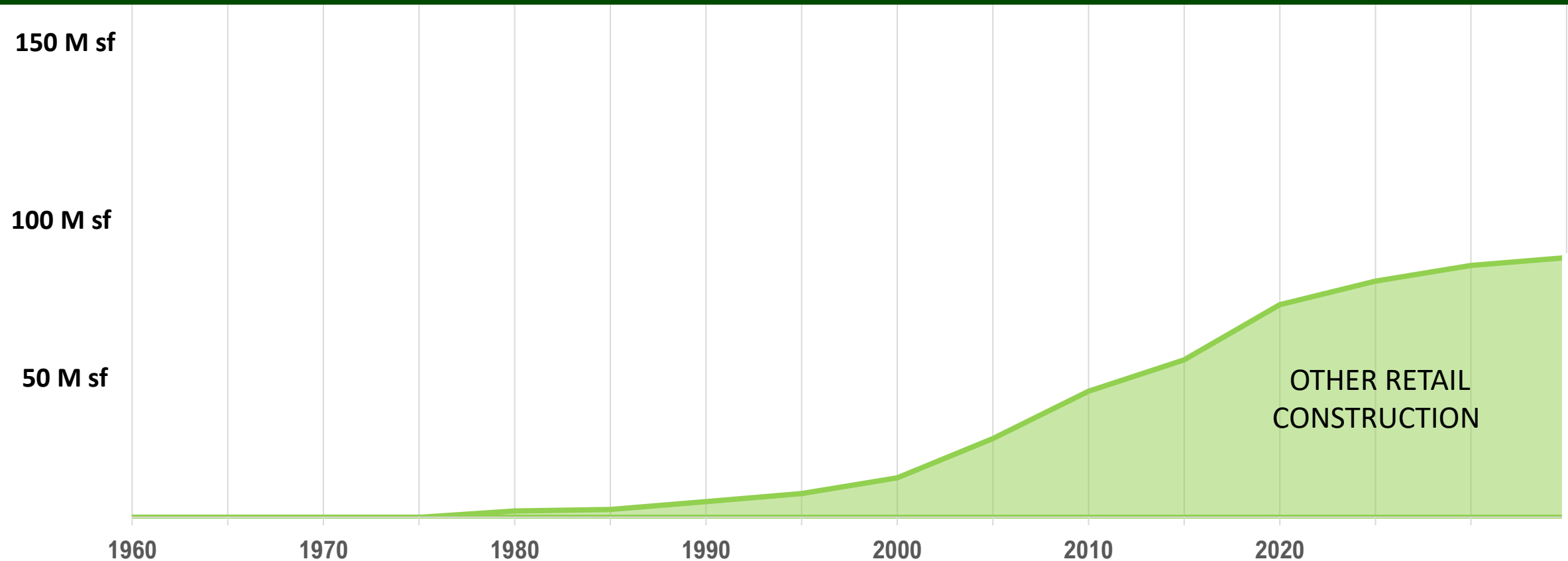
Retail Construction In A Mature Market (Regional Mall Construction)



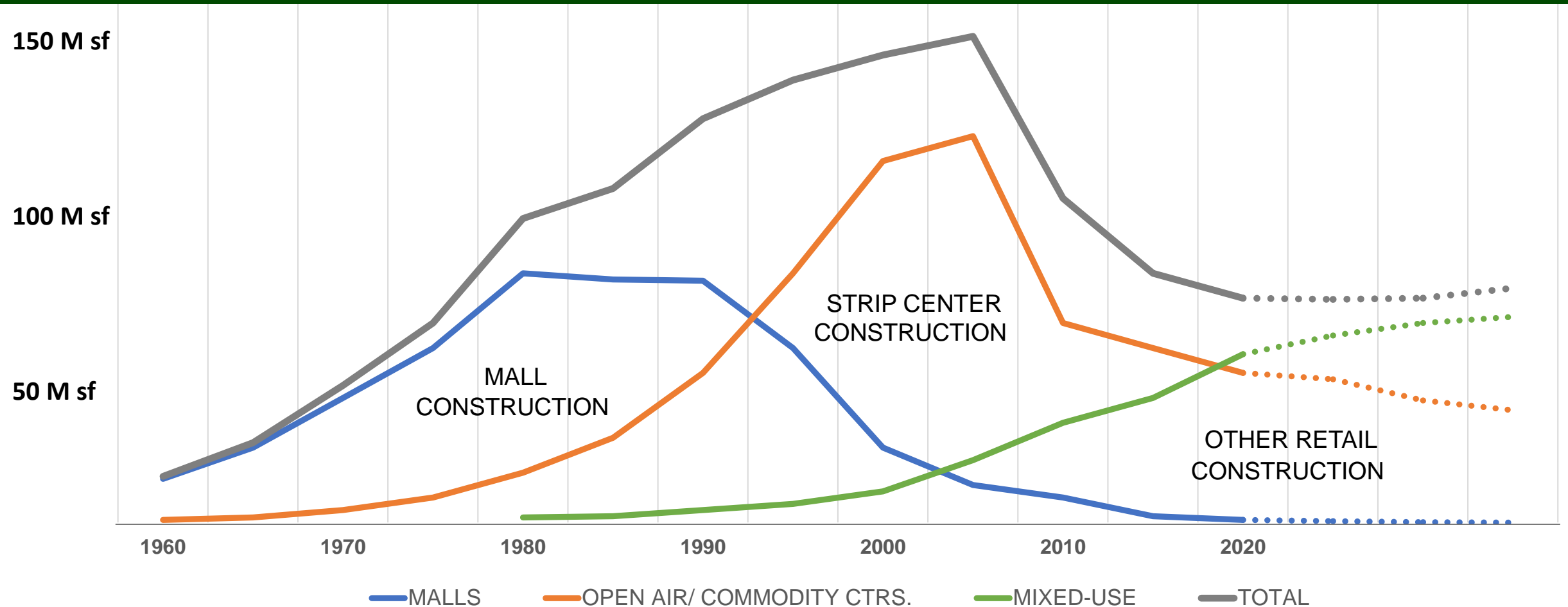
Retail Construction In A Mature Market (Strip Center Construction)



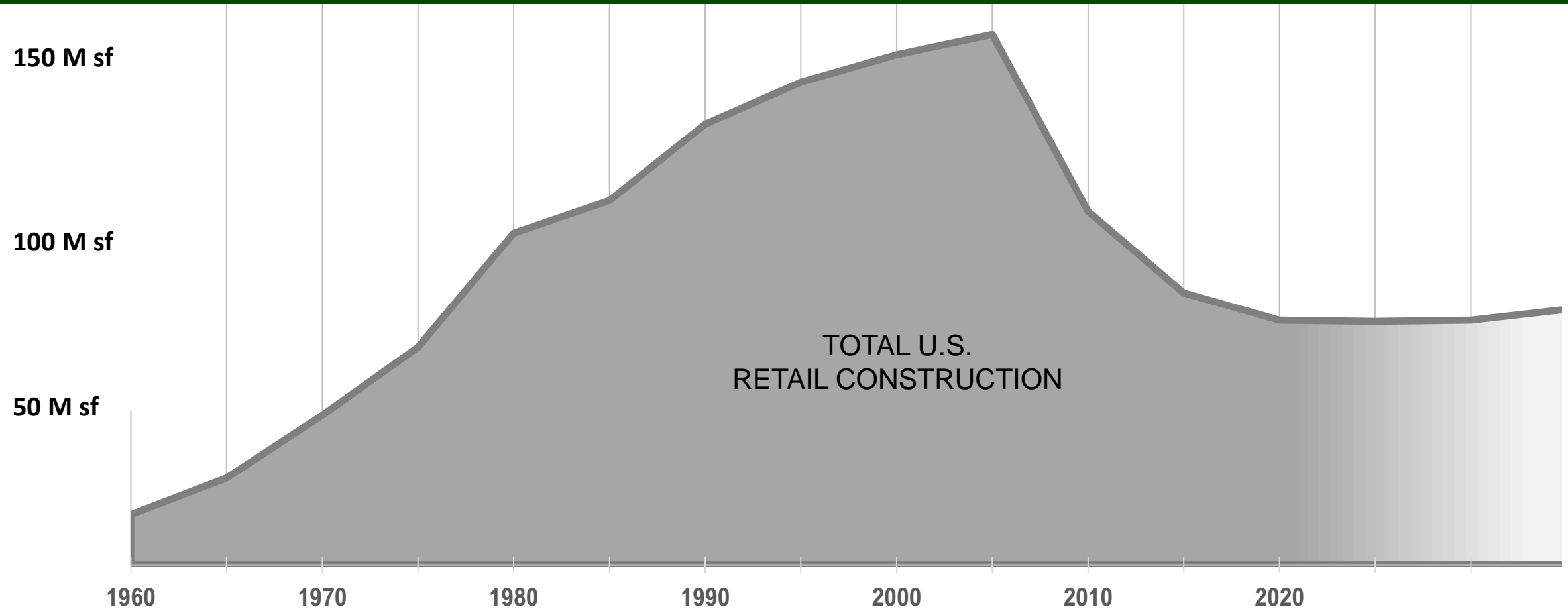
Retail Construction In A Mature Market (Mixed-Use and Other Retail Construction)



Retail Construction In A Mature Market (Declining For The First Time In 60 Years)



Retail Construction In A Mature Market (Declining For The First Time In 60 Years)



eCommerce Share of U.S. Retail: 1st Quarter 2020– 10.7% Now 16.0%

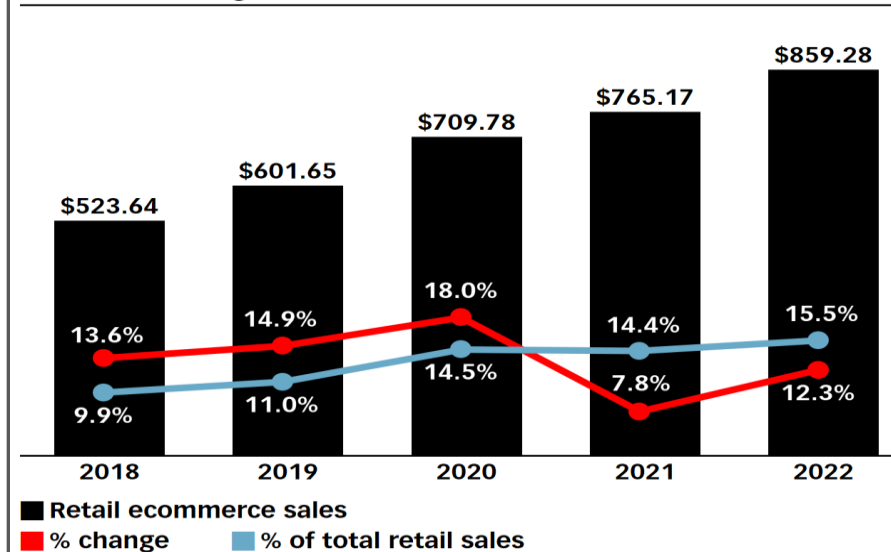
U.S. E-COMMERCE FACTS

eCommerce Represented **11.0%** Of U.S. Retail Sales As Of Q1 2020.

U.S. eCommerce Sales Grew By **14.9%** In 2019 To \$605 Billion

Amazon Accounts For Approximately **WHAT %** of U.S Retail Sales?

Retail Ecommerce Sales in the US, 2018-2022
billions, % change and % of total retail sales



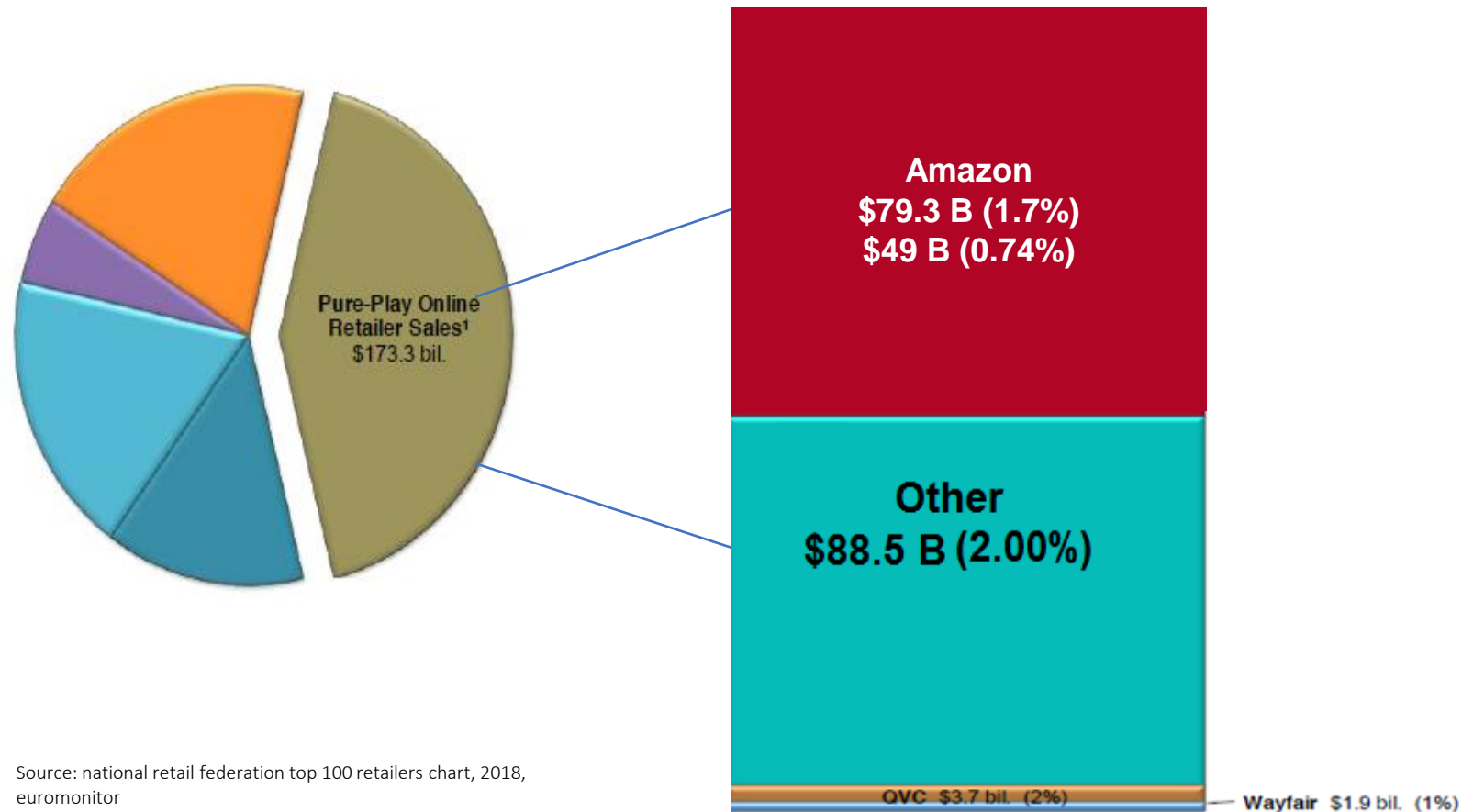
Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes or money transfers, food services and drinking place sales, gambling and other vice goods sales
Source: eMarketer, May 2020

T11037

www.eMarketer.com

RETAIL SALES DISTRIBUTION

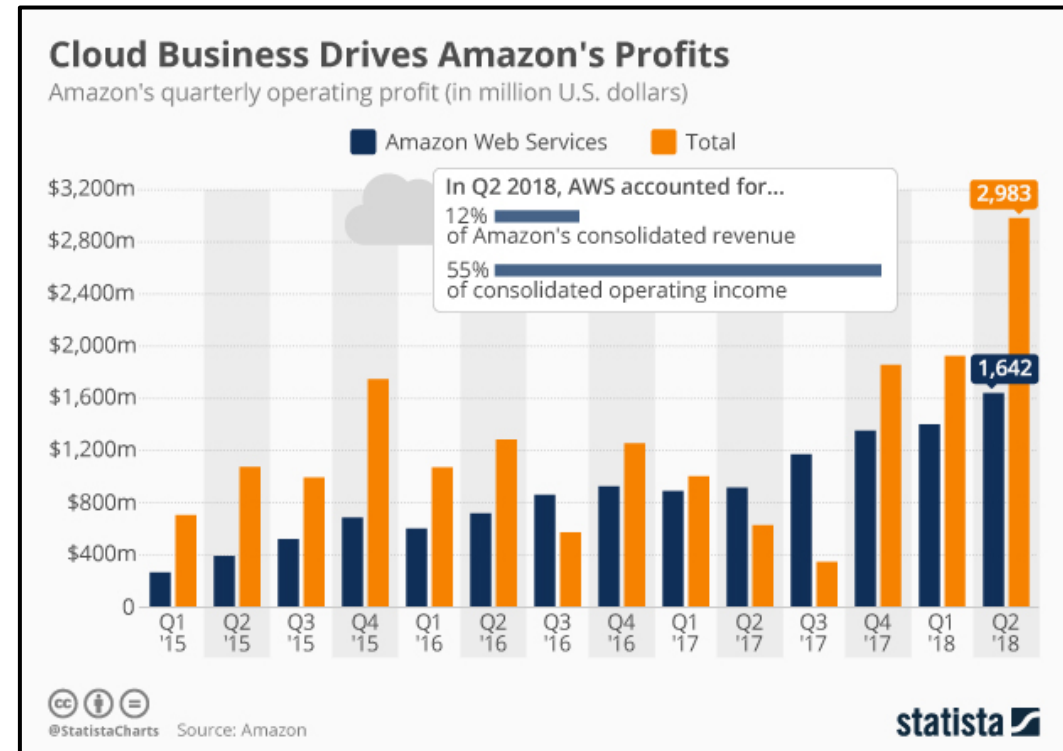
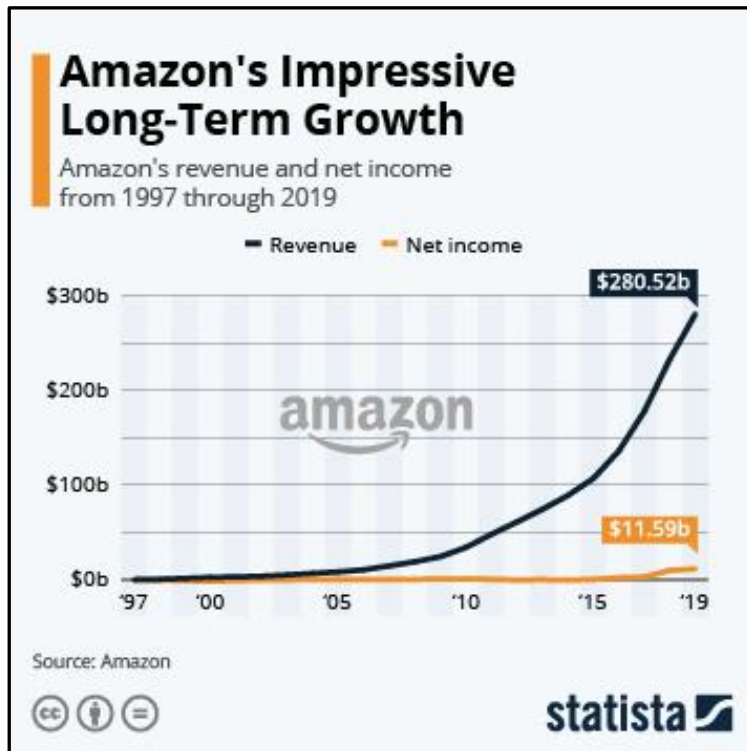
2018 Pure –Play Online Retailer Sales And Percent of Total Pure-Play E-Commerce Sales



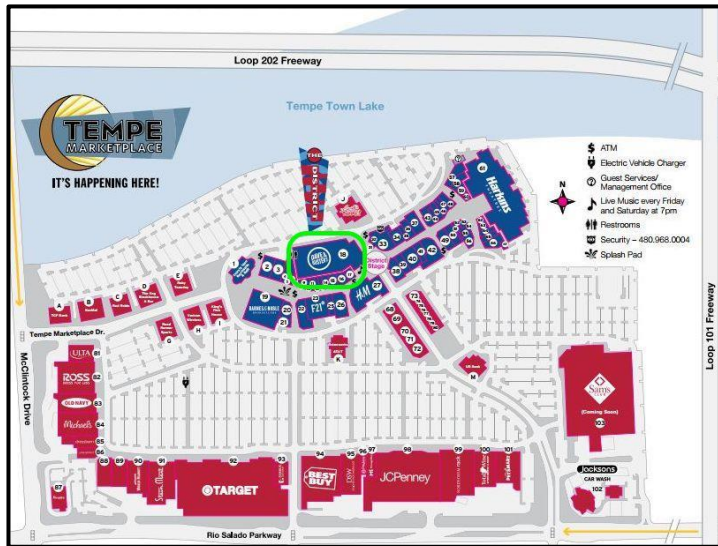
Source: national retail federation top 100 retailers chart, 2018,
euromonitor

Is E-Commerce Profitable?

Amazon Retail Sales Vs. Overall Sales & Segment Profit



POST-PANDEMIC RETAIL DRIVERS



Tempe Marketplace



Tempe Marketplace



Westfield Century City

A. Commodity Retail Maturity: Now Mature, Stable, Low Growth Industry



B. Discount And Fast Fashion

**CHEAP
FASHION**



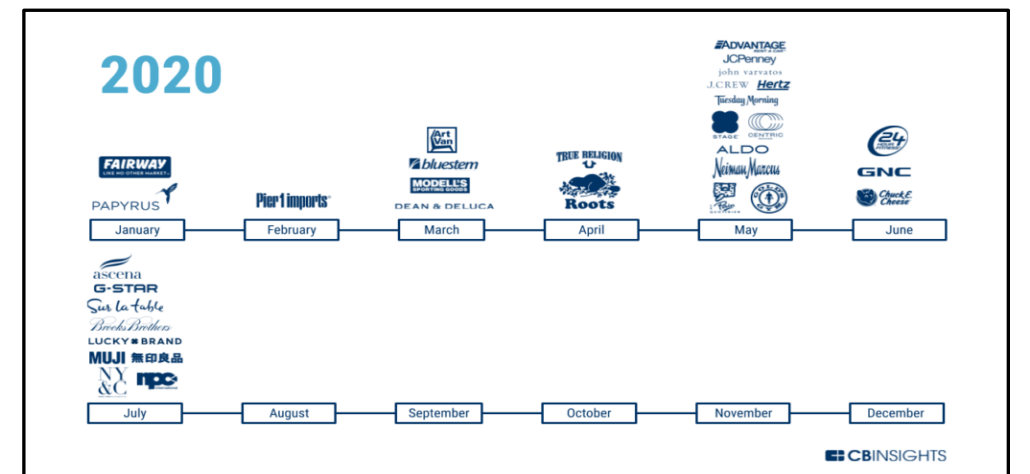
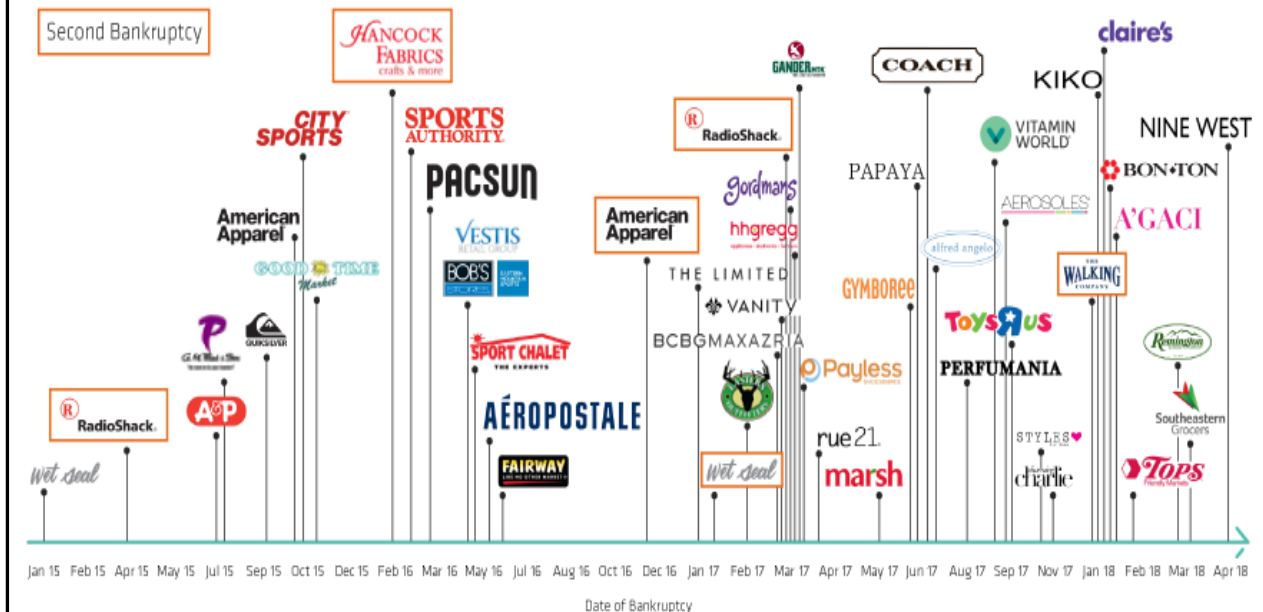
FAST FASHION



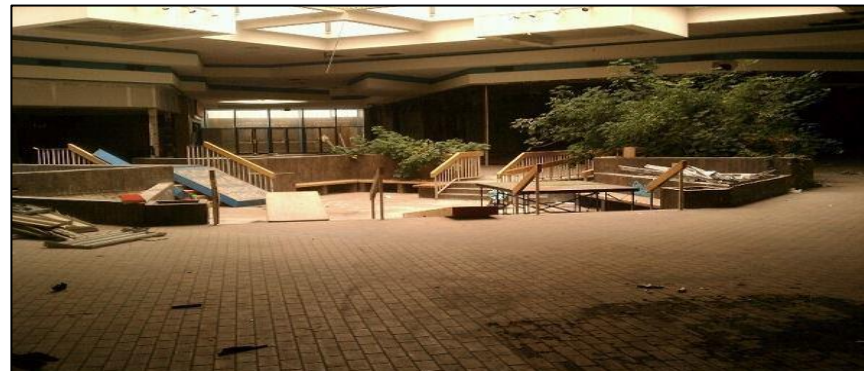
C. Bankruptcies And Landlord Purchases

The Unsuccessful Retail Model

A Timeline of Retail Bankruptcies



D. Accelerating Department Store Obsolescence & Mall Failures



E. Shrinking Retail Footprint: 8.5 Billion SF To 5.0 Billion SF

ENCLOSED MALLS: 1 Billion SF



STRIP CENTERS: 2.5 Billion SF

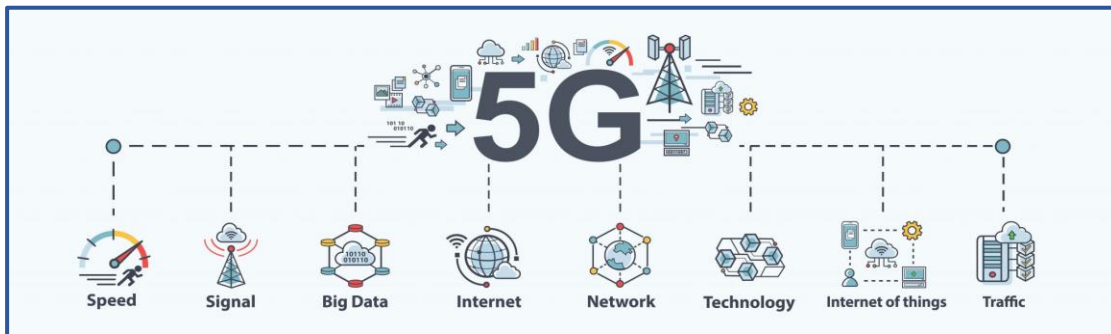


F. The Return Of Entertainment Retail

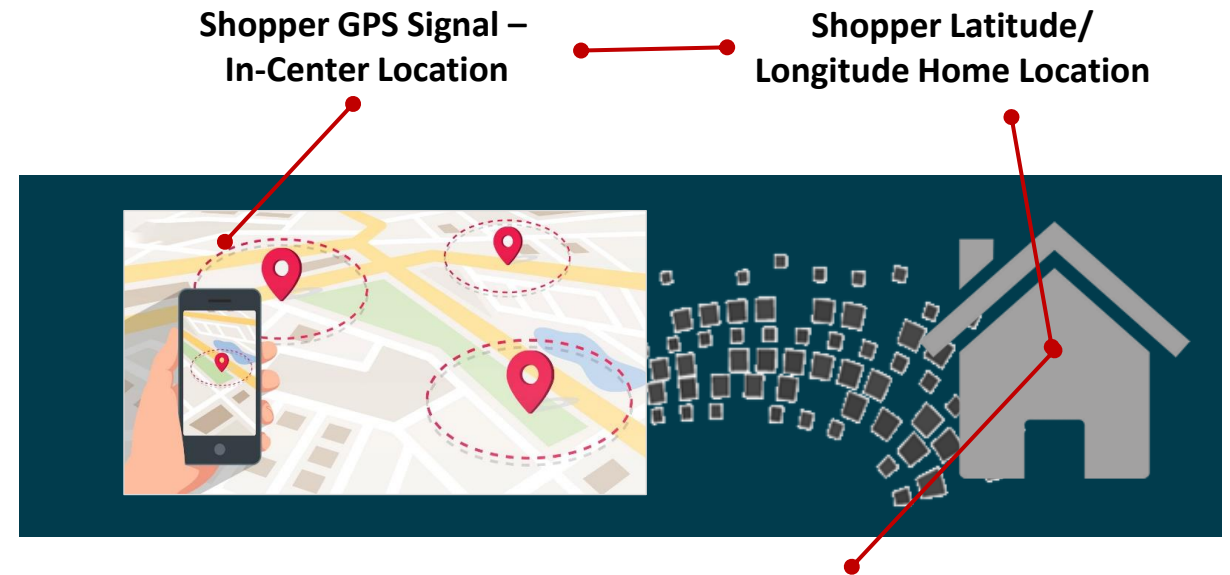


G. Innovation And Technology

5G and AR



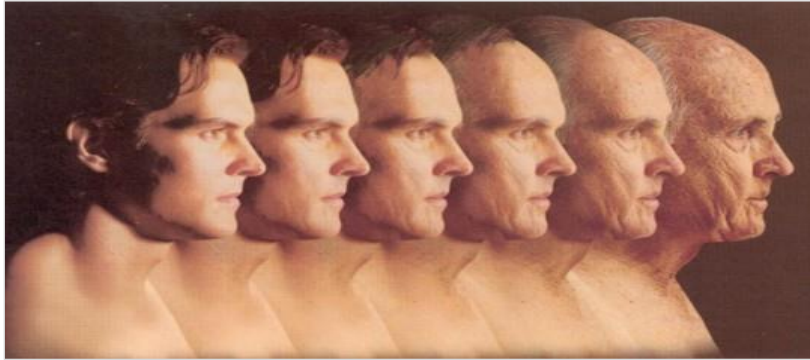
GEO-FENCING




August Partners

**GPS Satellite Trilateration Provides
Highly Accurate In-Center Shopper
Trending Data On A Multi-Year Basis.**

H. Demographics And Consumer Preferences



GENERATION CONCEPTS



Baby boomers



Generation X



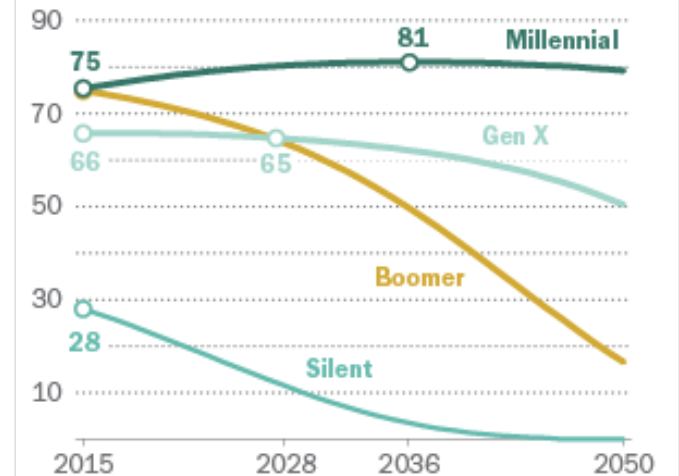
Millenials



Gen Z



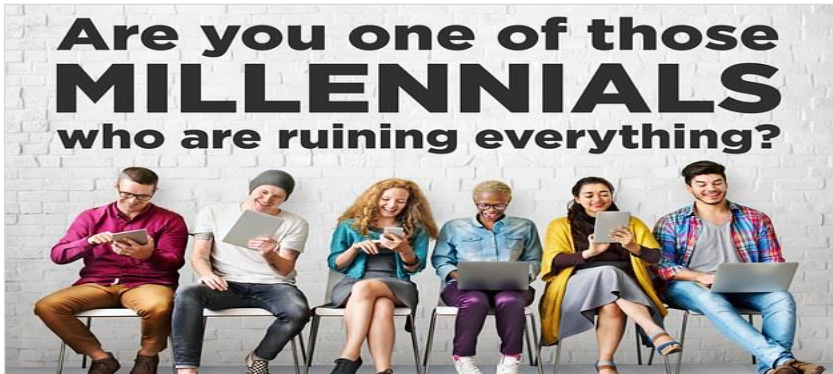
In millions



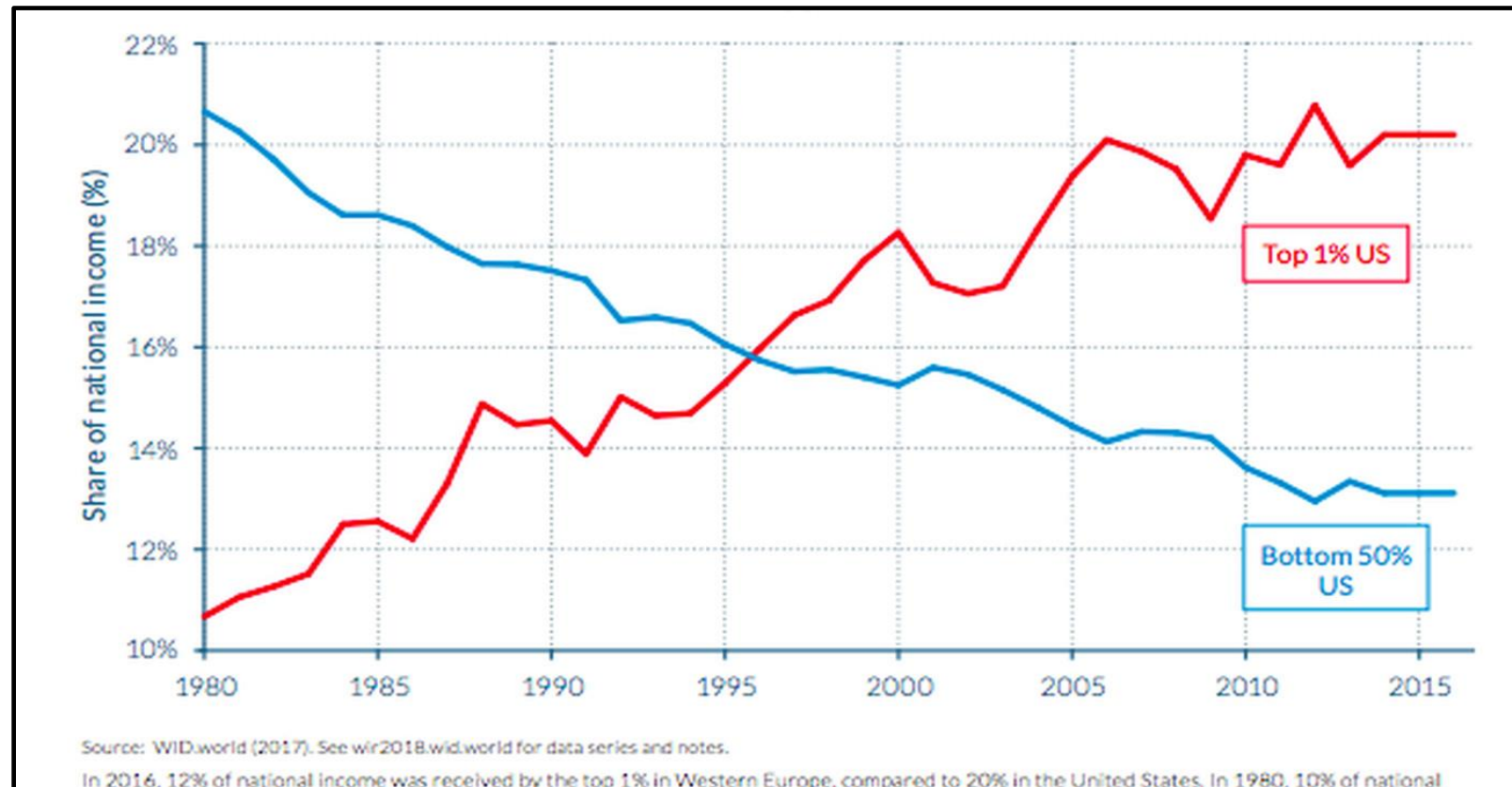
Note: Millennials refers to the population ages 18 to 34 as of 2015.

Source: Pew Research Center tabulations of U.S. Census Bureau population projections released December 2014 and 2015 population estimates

PEW RESEARCH CENTER



I. Income Disparity



J. Transportation Innovation



K. REITS AND CMBS Mortgages

Top-20 U.S. Mall Owners
(bold denotes publicly traded REITs)

	Company Name	Ticker	Malls ⁽¹⁾	Est. Asset Value ⁽¹⁾
1	Simon Property Group	SPG	111	\$41,000
2	Brookfield Properties	BPY	152	\$28,000
3	Unibail-Rodamco-Westfield	URW	50	\$14,000
4	Macerich	MAC	47	\$12,000
5	Taubman Centers	TCO	19	\$7,600
6	Triple Five		1	\$4,100
7	Segerstrom Family		1	\$3,400
8	Calpers		7	\$3,200
9	CBL & Associates	CBL	58	\$3,100
10	JP Morgan Fleming Asset Management		16	\$3,000
11	Pyramid		14	\$2,800
12	Starwood Retail Properties		24	\$2,800
13	Washington Prime Group	WPG	56	\$2,200
14	The Irvine Company		2	\$2,200
15	Pennsylvania REIT	PEI	22	\$2,100
16	Caruso		2	\$2,000
17	The Forbes Company		4	\$1,800
18	O'Connor Capital Partners		16	\$1,500
19	Howard Hughes		5	\$1,300
20	Heitman		8	\$1,200

% of Real Estate Controlled by REITs

Malls	80%
Senior Housing	15%
Self-Storage	15%
Non-Mall Retail	10%
Industrial	5-10%
Lodging	5-10%
Office	5-10%
Apartments	<5%

K. REITS AND CMBS MORTGAGES



L. HISTORIC LAND OPPORTUNITY



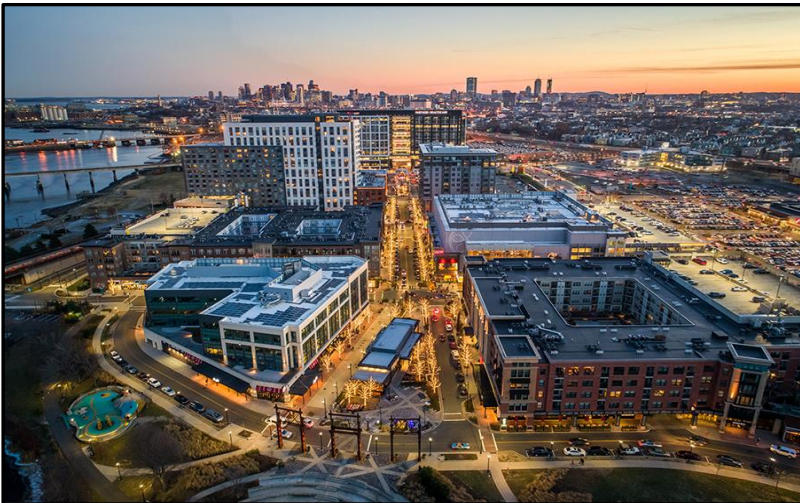
HOUSING



STADIUM DISTRICT



TRANSIT CENTER



MIXED-USE DEVELOPMENT



AVG MALL SITE – 100 ACRES



HOUSING



DISTRIBUTION CENTER

DISCUSSION !!

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