TRENDS IMPACTING THE RETAIL INDUSTRY

2024: Caution Prevails

Inflation…

Construction Costs…

E-Commerce)

Interest Rates…

Theft/Organized Crime…

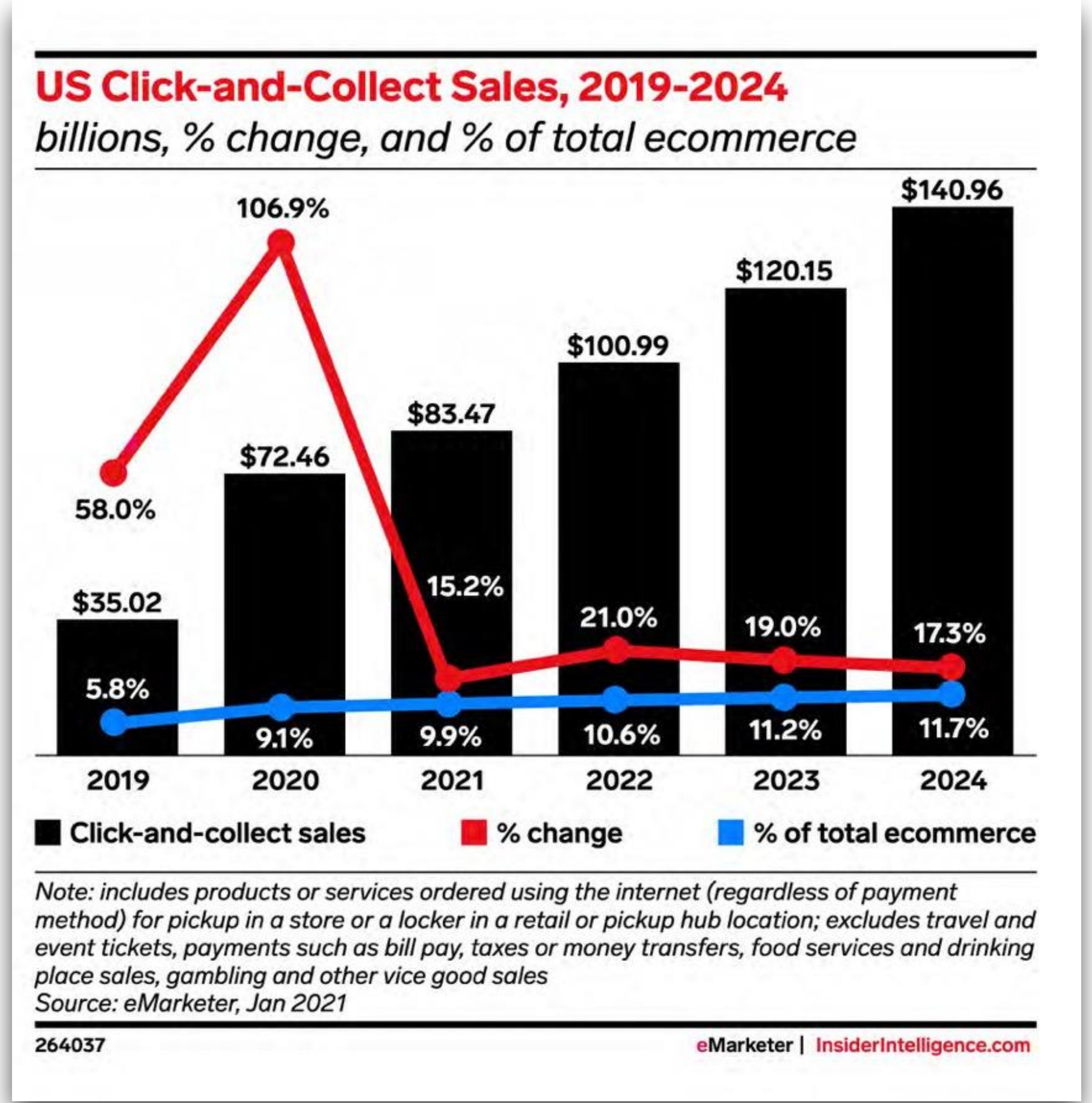
Retail Trends

Total Ecommerce Sales

Ecommerce does not necessarily mean loss for brick-and mortar.

Ecommerce sales have been driven by a surge in click-and-collect, specifically curbside pickup (Buy-Online, Pick-Up).

Click-and-Collect ecommerce experiences a growth explosion since the onset of the pandemic. However, these transactions still require customers to travel to Brick-and-Mortar!



Smart investors/developers are pursuing value-add, redevelopment opportunities

- New speculative construction is is still slow
- Increased land costs, increased construction costs, inflation and increased interest rates have strapped new construction projects across all markets
- Look for developers to aggressively pursue incentive assistance to lessen risk

Single-tenant retail development

- Less risk
- pre-leased
- quantified construction cost
- Land cost is the variable

Retail service center development

- 10,000 - 15,000 sq. ft.
- Large % pre-leased
- Drive-thru end-caps
- Unanchored

Redevelopment

- Well-located
- Good visibility & parking
- Strong demographics
- Under-utilized asset
- Vacancies
- Upgrade tenant mix

Redeveloping Good Sites

<ins>Highest & Best Use Focus</ins>

- Analyze well-located sites and identify those not serving their highest-and-best-uses - then target improved uses
- Consider site/lot assemblage opportunities
- Assemblage takes time and persistence

RESTAURANT TRENDS

Most restaurants are shrinking their footprints and focusing on pick-up, drive-thru lanes and digital ordering

- Moving away from inside dining
- Covid Effect

Restaurant formats are shrinking

- Allows for more potential locations; flexibility
- Lesser Initial Investment
- Requires fewer workers
- Limited or no outdoor seating
- Emphasizes walk-up, drive-thru's, patio seating, and takeout platforms

QSR's & Fast Casual Restaurants: Smaller market opportunity

Digital ordering is here to stay

- As much as 60% total restaurant sales (Chipotle) come from the company's website, their app, third party apps
- Walk-up window, patio seating, and drive thru lane
- Location flexibility
- Smaller footprint
- Smaller investment

Chipotlane Digital Kitchen

Jamie Grill-Goodman Editor in Chief | RIS/Retail Info Systems 12/21

Drive -Thru's spur growth & competitive advantage

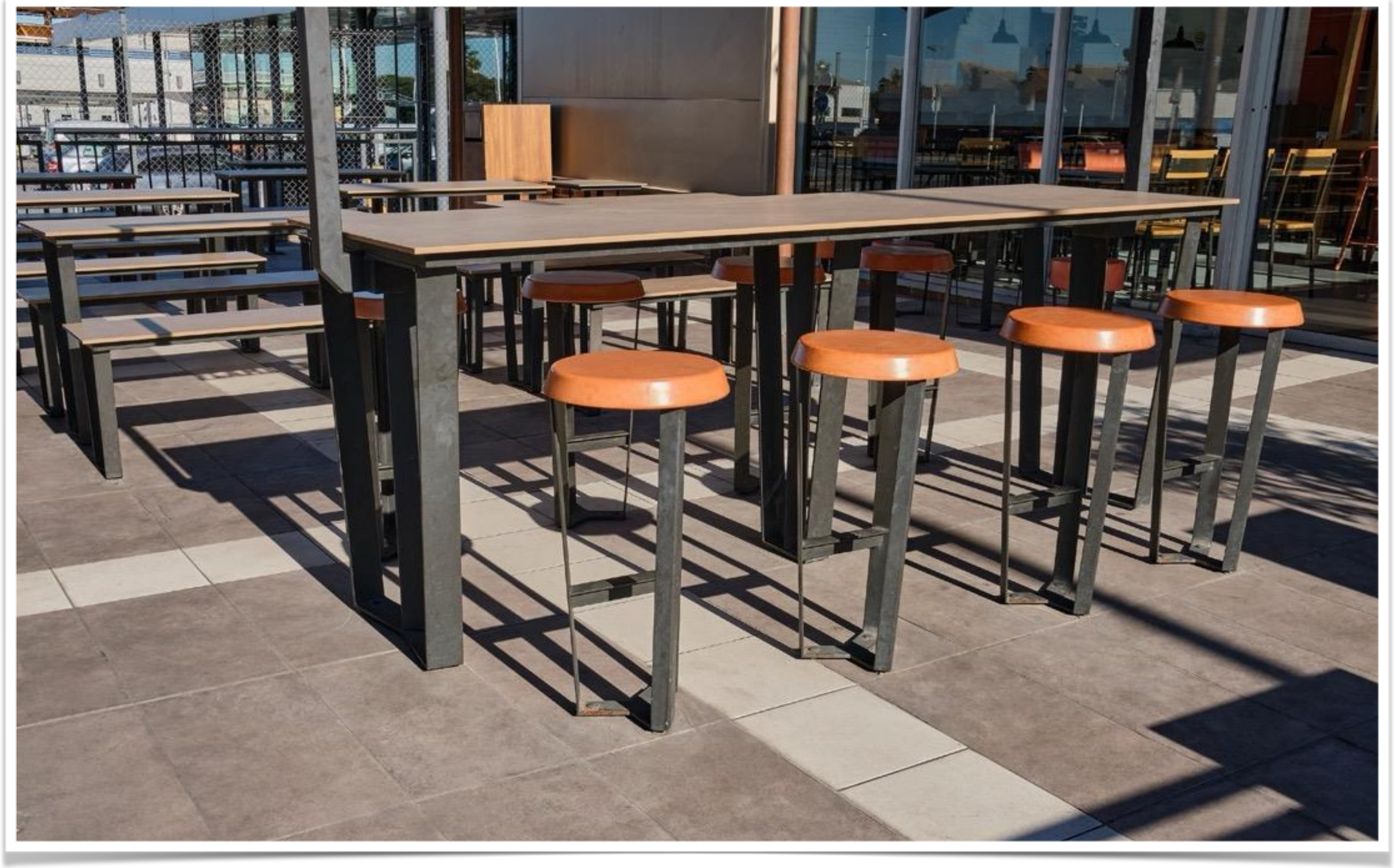
- Applebee's wants to be more like McDonald's than Olive Garden
- The lines between casual dining and QSRs are continuing to blur

"We are competing directly with quick-serve restaurants and fast casual."

John Cywinaki, Applebee's Brand President

Restaurants are requiring landlords to add more outside patio space

- Hedge against another shutdown
- Allowed restaurants to re-open sooner
- Some say important to mental/emotional health
- Increases in seating capacity means more revenue possible up to 30%



RETAILTAINMENT/EATERTAINMENT

Retailtainment:

Retailtainment is the combination of retail and entertainment. It implies different methods and techniques that provide customers with a unique experience without focusing on receiving payments. Brands evoke emotions and senses in customers to drive their interest.

Puttshack

Chicken N Pickle®

PUNCH BOWL SOCIAL

Retail Trends

Many brands have plans to add attentional brick-and-mortar locations over the next few years.

- At Home
- Burlington
- DSW
- Marshalls
- TJ Maxx
- Ross
- Old Navy
- Dd Discounts
- AutoZone
- O'Reilly's Auto Parts
- Academy
- CosMc's
- Take 5 Oil Change
- Hobby Lobby
- Michaels
- Costco
- Dollar General
- Dollar Tree
- Family Dollar
- Five Below
- Target
- Best Buy
- Scheel's
- H-E-B
- Aldi
- Save A Lot
- Trader Joe's
- Harbor Freight
- Tractor Supply Company
- Texas Roadhouse
- Shake Shack
- Raising Cane's Chicken
- Sonic
- Starbucks
- Portillo's
- Murdoch's

RETAIL RECRUITMENT STRATEGIES

Retail Recruitment Strategies

Successful retailing has become a science - not an art.

Study what the national brands
do right. They don't make many site location mistakes.

New store locations must check all the boxes.

- ❑ Retail Trade Area Population
    - Ethnicity
    - Age
    - Disposable Income Education Attainment
    - Daytime Population – Location
- ❑ Store Size Parking Signage
- ❑ Vehicular/Pedestrian Traffic
- ❑ Occupancy Cost (cheap rent not always best)

Jersey Mike's

SITE CRITERIA

BLAZE FAST-FIRE'D PIZZA, a new concept in fast-casual dining, serves artisanal quality, custom-built pizzas at freakishly fast speeds, all at a very affordable price.

DEMO GUIDELINES

	3-Mile
Population	45,000+
Daytime Population	10,000+
Median income	$50,000+
Age	25-54
Traffic Count (VPD)	25,000+

SEEKING SITES

- Nationwide
- 2,000 - 2,500 SF
- Outdoor Seating Preferred

PREFERRED CO-TENANTS

- Dominant grocer in market
- Office supply and convenience users
- Full price retailers
- Other quick casual and high end QSR users a plus.

SPACE REQUIREMENTS

- 200 AMP 120/208 three phase or 120/208 single phase electrical service to panel box in the store
- One ton of HVAC per 150 square feet
- Service, including meter, to the premises
- Fire protection to code
- Two ADA bathrooms, ideally located to Jersey Mike's plans
- Grease interceptor or trap, as per local code

LOCATION TYPES

- First ring suburban centers - strong mix of office and residential population, heavy destination and convenience retail. Large regional draw
- Second ring suburban centers - heaviest residential density, some daytime, heavy concentration of convenience retail
- Second ring urban - dense urban neighborhoods, strong residential and office population, street front and shopping center locations
- Urban/CBD - heaviest concentration of office population, some residential population a plus. Street front locations

LOCATION CRITERIA

- 1200-1800 square feet
- 20' minimum frontage
- 12 parking spots per 1000 square feet, 15 minimum
- Jersey Mike's standard sign to max size per code. For end cap locations,
- two signs preferred
- Outside seating strongly preferred, shared space is acceptable
- Shared pads or outparcels and end-caps preferred; in-line with good visibility from the street is acceptable
- Full turn access from both main and side arteries
- Dominant grocer in market, office supply and convenience users, full price retailers, other quick casual and high end QSR users a plus

Retail Trends

ZAXBY'S

Traffic - 20,000+ AADT

Trade Area - 30,000 +

Min. Average HH Income - $45,000

Lot Size - .80 - 1.25 Acres

Building Footprint - 2,400 - 3,900 SF

Seating Capacity - 50 - 90 seats

Parking Required - 40+ spaces

Preferred Sites - Corner lots, shopping center pads, & interstate

Zoning - freestanding with drive-thru window and allowance of adequate signage

DUNKIN' DONUTS

Traffic - 20,000+ AADT

11 Mile Population - 70,000

Median HH Income - $55,000-$70,000

Building Footprint - 1,500 - 1,800 SF

Seating Capacity - 18+ seats

Preferred Sites - Free standing, end cap, and inline. Must be on AM side of the road with strong visibility

Zoning - Easy ingress and egress with no obstruction to signage that may impact customer reaction time

FIREHOUSE SUBS

FOUNDED BY FIREMEN™

3 Mile Total Population - 25,000

3 Mile Workforce - 12,000

3 Mile Median Income - $35,000

Building Footprint - 1,400+ SF

Frontage Minimum - 20 FT

Parking Required - 35 spaces

Preferred Sites - Street Exposure, end cap preferred

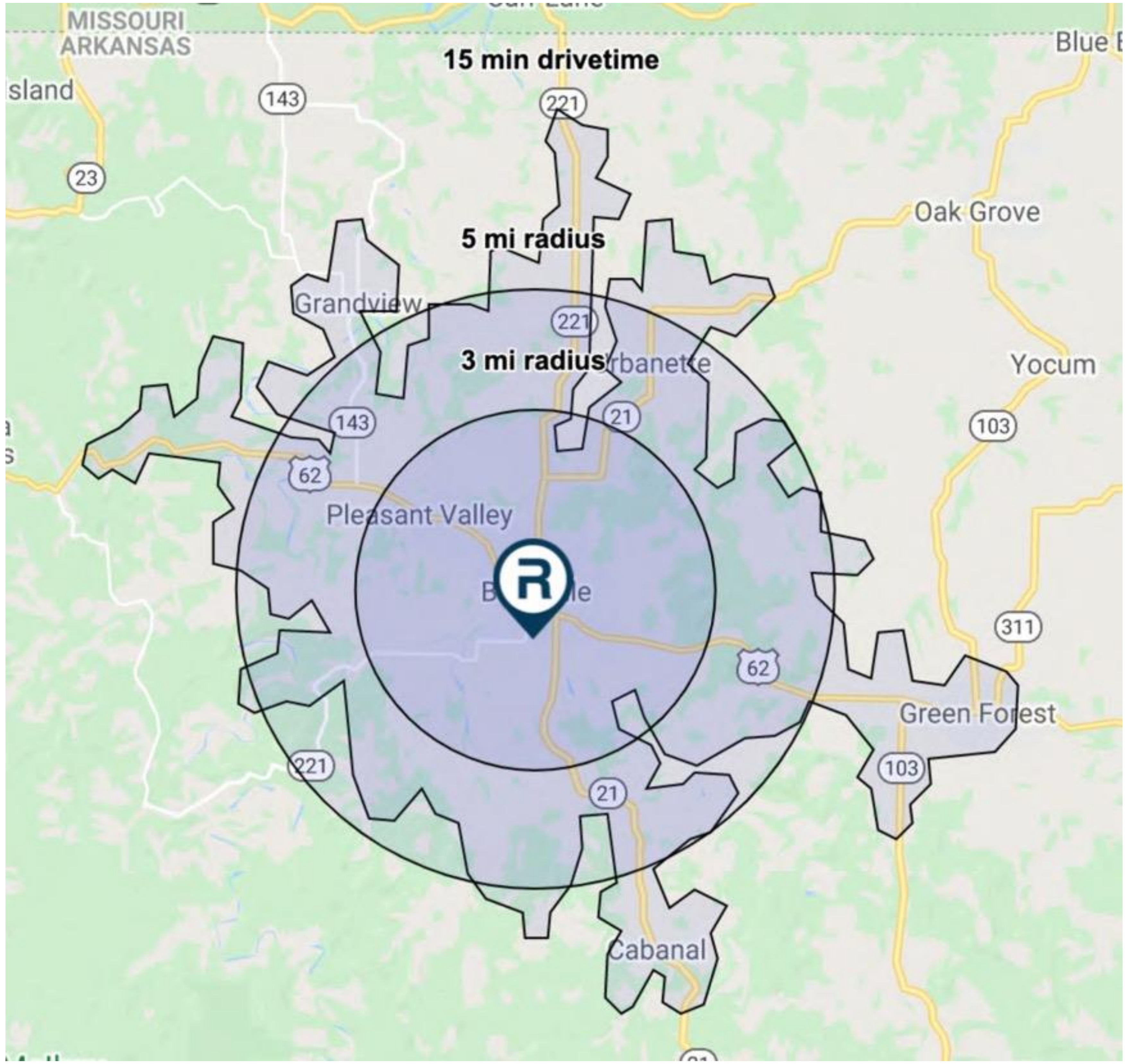
Desired Co-Tenants - Grocery/ Supermarket, Fast Casual, Movies, Hospitals

Retail Recruitment Strategies

Accurate Retail Trade Area Determination is the most important thing you can do.
It's the foundation of any retail strategy.

The retail trade area is the longest distance consumers are willing to travel to purchase retail goods and services. Its size depends on the variety of retail goods/services offered in the community and proximity to competing retail in nearby communities.

Traditional trade area determination methodologies:
-Neighborhood/city limits/county boundaries
-Radial
-Drivetime



Retail Recruitment Strategies

The Retail Trade Area Demographic Profile allows you to understand your consumers and their unique attributes:

- Population
- Race Classification
- Median Age
- Education
- Income Levels

Primary Retail Trade Area • Demographic Profile

Clarksville, Arkansas

DESCRIPTION	DATA	%
Population		
2025 Projection	37,938	
2020 Estimate	37,195	
2010 Census	36,395	
2000 Census	33,887	
Growth 2020 - 2025		2.00%
Growth 2010 - 2020		2.20%
Growth 2000 - 2010		7.40%
2020 Est. Population by Single-Classification Race	37,195	
White Alone	31,522	84.75%
Black or African American Alone	675	1.82%
Amer. Indian and Alaska Native Alone	369	0.99%
Asian Alone	846	2.28%
Native Hawaiian and Other Pacific Island Alone	22	0.06%
Some Other Race Alone	2,778	7.47%
Two or More Races	982	2.64%
2020 Est. Population by Hispanic or Latino Origin	37,195	
Not Hispanic or Latino	32,656	87.80%
Hispanic or Latino	4,538	12.20%
Mexican	3,922	86.43%
Puerto Rican	66	1.45%
Cuban	65	1.43%
All Other Hispanic or Latino	486	10.71%
2020 Est. Hisp. or Latino Pop by Single-Class. Race	4,538	
White Alone	1,479	32.59%
Black or African American Alone	46	1.01%
American Indian and Alaska Native Alone	29	0.64%
Asian Alone	0	0.00%
Native Hawaiian and Other Pacific Islander Alone	2	0.04%
Some Other Race Alone	2,759	60.80%
Two or More Races	223	4.91%
2020 Est. Pop by Race, Asian Alone, by Category	846	
Chinese, except Taiwanese	53	6.27%
Filipino	42	4.97%
Japanese	21	2.48%
Asian Indian	10	1.18%
Korean	0	0.00%
Vietnamese	71	8.39%
Cambodian	0	0.00%
Hmong	56	6.62%
Laotian	214	25.30%
Thai	0	0.00%
All Other Asian Races Including 2+ Category	379	44.80%

DESCRIPTION	DATA	%
2020 Est. Population by Ancestry	37,195	
Arab	3	0.01%
Czech	62	0.17%
Danish	61	0.16%
Dutch	298	0.80%
English	2,501	6.72%
French (except Basque)	415	1.12%
French Canadian	64	0.17%
German	4,007	10.77%
Greek	10	0.03%
Hungarian	60	0.16%
Irish	3,254	8.75%
Italian	308	0.83%
Lithuanian	25	0.07%
United States or American	5,467	14.70%
Norwegian	133	0.36%
Polish	192	0.52%
Portuguese	21	0.06%
Russian	14	0.04%
Scottish	399	1.07%
Scotch-Irish	394	1.06%
Slovak	21	0.06%
Subsaharan African	48	0.13%
Swedish	86	0.23%
Swiss	49	0.13%
Ukrainian	2	0.01%
Welsh	90	0.24%
West Indian (except Hisp. groups)	30	0.08%
Other ancestries	7,834	21.06%
Ancestry Unclassified	11,345	30.50%
2020 Est. Pop Age 5+ by Language Spoken At Home		
Speak Only English at Home	30,397	87.46%
Speak Asian/Pacific Island Language at Home	1,076	3.10%
Speak IndoEuropean Language at Home	186	0.54%
Speak Spanish at Home	3,043	8.76%
Speak Other Language at Home	53	0.15%

- Sell your community using the retail trade area population and not the community population. It opens you to more opportunities.
- Must *"look between the lines"* to determine what new businesses may be a fit

Retail Recruitment Strategies

Primary Retail Trade Area • Retail Demand Outlook

Flossmoor, Illinois

NAICS	DESCRIPTION	2024 DEMAND	2029 DEMAND	GROWTH	CAGR (%)*
451	Sporting goods, hobby, musical instrument, and book stores	$27,849,826	$30,133,517	$2,283,691	1.59%
4511	Sporting goods, hobby, and musical instrument stores	$21,119,840	$23,320,406	$2,200,566	2.00%
45111	Sporting goods stores	$14,996,462	$16,894,086	$1,897,624	2.41%
45112	Hobby, toy, and game stores	$4,170,732	$4,495,827	$325,094	1.51%
45113	Sewing, needlework, and piece goods stores	$1,069,762	$1,021,969	-$47,792	-0.91%
45114	Musical instrument and supplies stores	$882,885	$908,524	$25,639	0.57%
4512	Book stores and news dealers	$6,729,986	$6,813,110	$83,125	0.25%
452	General merchandise stores	$149,818,170	$159,160,700	$9,342,529	1.22%
4522	Department stores	$12,805,047	$12,688,817	-$116,230	-0.18%
4523	Other general merchandise stores	$137,013,124	$146,471,883	$9,458,759	1.34%
453	Miscellaneous store retailers	$23,336,288	$24,622,261	$1,285,973	1.08%
4531	Florists	$1,142,913	$1,244,724	$101,811	1.72%
4532	Office supplies, stationery, and gift stores	$3,985,384	$4,274,765	$289,381	1.41%
45321	Office supplies and stationery stores	$1,703,947	$1,816,001	$112,054	1.28%
45322	Gift, novelty, and souvenir stores	$2,281,437	$2,458,764	$177,327	1.51%
4533	Used merchandise stores	$2,749,921	$2,805,386	$55,465	0.40%
4539	Other miscellaneous store retailers	$15,458,071	$16,297,387	$839,316	1.06%
45391	Pet and pet supplies stores	$5,738,838	$6,209,326	$470,488	1.59%
45399	All other miscellaneous store retailers	$9,719,233	$10,088,061	$368,828	0.75%
454	Non-store retailers	$225,032,348	$238,643,162	$13,610,814	1.18%
722	Food services and drinking places	$144,174,622	$158,610,853	$14,436,232	1.93%
7223	Special food services	$11,898,125	$13,067,112	$1,168,987	1.89%
7224	Drinking places (alcoholic beverages)	$8,593,219	$9,463,957	$870,738	1.95%
7225	Restaurants and other eating places	$123,683,278	$136,079,784	$12,396,506	1.93%
722511	Full-service restaurants	$67,556,725	$74,347,935	$6,791,210	1.93%
722513	Limited-service restaurants	$47,577,217	$52,335,533	$4,758,315	1.92%
722514	Cafeterias, grill buffets, and buffets	$1,208,821	$1,329,832	$121,011	1.93%
722515	Snack and nonalcoholic beverage bars	$7,340,515	$8,066,485	$725,970	1.90%

Best Practices

SITE AVAILABLE | PRIME ANCHOR SPACE
±32,000 SQFT | GASTONIA, NORTH CAROLINA 28052

Cox Road = 30,500 AADT
Interstate 85= 125,000 AADT

2019 Radial Demographics	1-mile	3-mile	5-mile
Population	3,455	46,377	71,937
Households	1,332	19,291	42,161
5-year Growth	1.1%	1.4%	1.5%
Median Age	45.3	39.2	38.9
Ave HH Income	$79,376	$64,369	$67,648

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TRAFFIC COUNTS
N. Navarro St. - 25,000 AADT

PROPERTY INFORMATION

- Adjacent to existing Academy/Kohl's shopping center and in close proximity to Sam's Club, Walmart, Lowes, and many other national retailers and restaurants

DEMOGRAPHICS (based on 2022 data)

Variable	Retail Trade Area
2022 Population	205,404
Average HH Income	$83,335
Median Age	37.8

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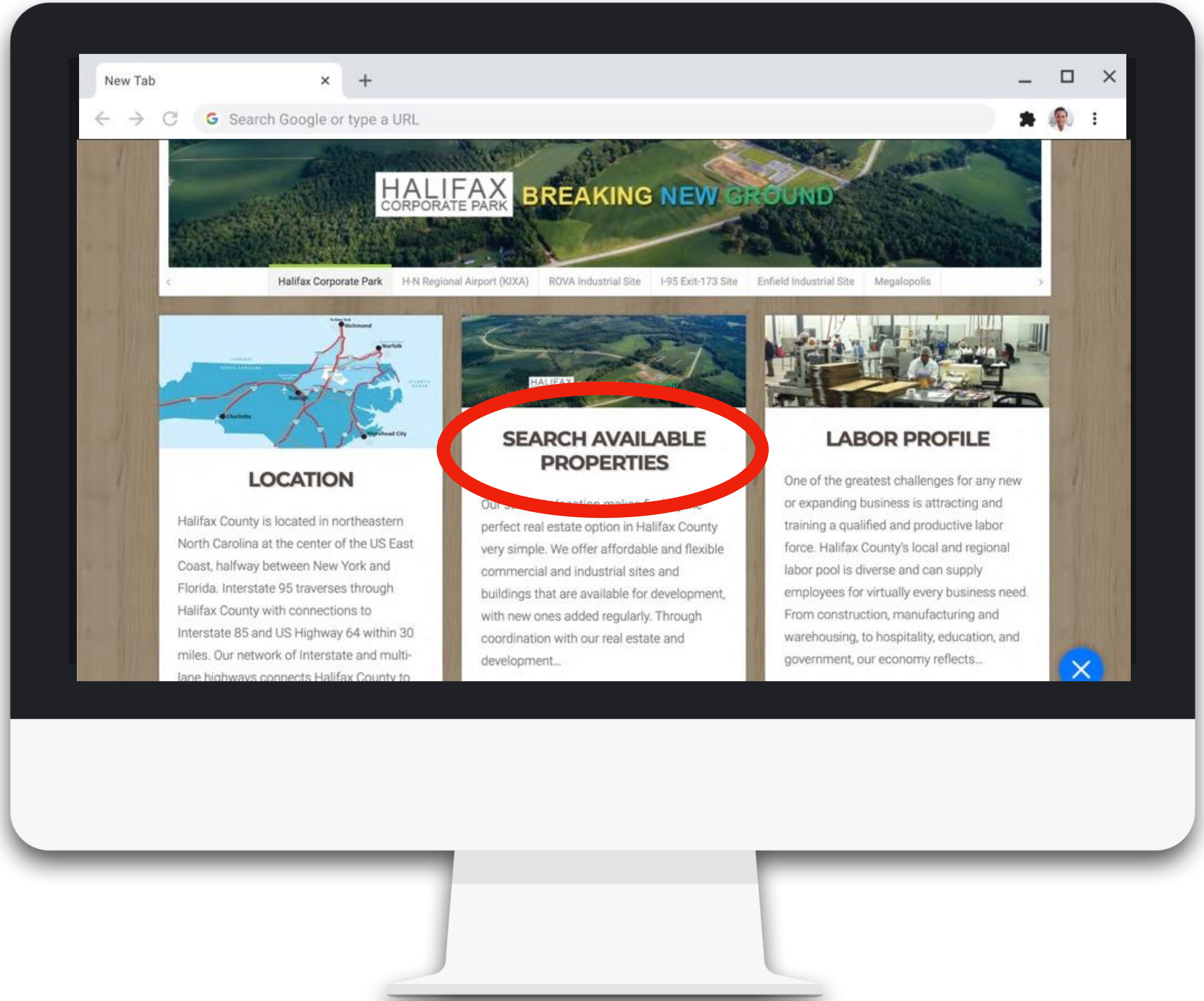
The information contained herein was obtained from sources believed to be reliable; however, The Retail Coach, makes no guarantees, warranties, or representations as to the completeness or accuracy thereof. The presentation of this property is submitted subject to errors, omissions, change of price or conditions, prior sale or lease, or withdrawal without notice.

Best Practices

Have information readily available for site selectors online, many of who are just now returning to travel.

Updated site inventory is a major asset for those looking for property information!



The Product you are Selling is Your City

Know Your City

- Population, growth and how retailers are performing
- Track average annual sales of retailers
- Identify which retailers are succeeding, struggling and failing

Sales Taxes Drive Success

Your city's success is about maximizing sales taxes

- Provide reasons for people to leave their homes; your competition is the internet

Bricks and Mortar Matter

- Create gathering places with patios, open fields and community features

Sales Taxes Drive Success

- Ensure your city looks and feels appealing to visitors and residents

Safety First

Homelessness and Crime Affect Retail Success

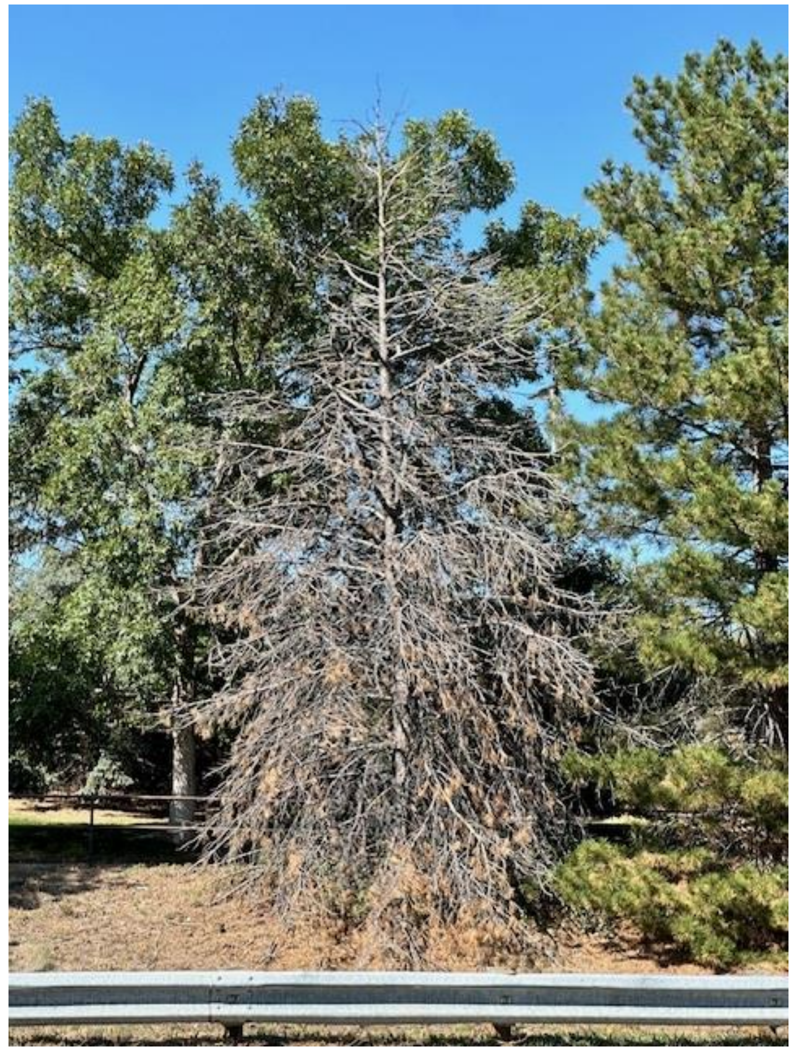
- Customers and employees must feel safe at all times
- Safety concerns can cause retailers to leave, impacting sales taxes.

Invest in Your City's Image

- Update tenant signage; it enhances their business and local pride
- Investing in architecture upgrades can be life-changing for cities and landlords.

Invest in Your City's Image

- Remove negative impressions from your city
- Improve landscaping, sidewalks and curbs



Politics Over Location

- Are you open for business?
- How quickly can you get a retailer operational? Track entitlement processes and timeframes annually to ensure efficiency.
- A broken process or Council will drive retailers away.