

THE MALL DEVOLVES

MARCH 2017



Once the symbol of a thriving retail sector, the mall is now characterized by declining traffic, store closures, and vacancies filled by non-traditional anchors.

TAKING THE ESCALATOR DOWN

From anchor store closures to a shift towards online spending, several factors are pressing traditional malls to find new ways to keep up with consumers' changing shopping habits.

750
ANCHOR STORES CLOSED
SINCE 2013

Source: Fortune

20% of total store base closed from the 5 largest names—Macy's, JCPenney, Kohl's, Dillard's, and Sears—adversely impacted smaller specialty retailers who depend on anchor-driven foot traffic

▼ **9%**
FOOT TRAFFIC IN MALLS
2016

Source: Fung
Global Retail Tech

HIGH VOLUME
OF RETAIL SPACE
PER CONSUMER:

Source: International
Council of
Shopping Centers

24 SQ. FT.
United States

15 SQ. FT.
Canada

10 SQ. FT.
Australia

5 SQ. FT.
United Kingdom

15%
U.S. MALLS AT RISK
OF CLOSING OVER
THE NEXT DECADE

**A-CLASS MALLS
PERFORMING WELL**

Represent just 20%
of U.S. malls, but
generate 72% of
total mall sales

CHANNEL SURFING

While online sales cannibalize some brick-and-mortar sales, retailers find the need to keep a physical presence to remain relevant to consumers.

Source: AT&Kearney

95%
OF RETAIL SALES
Come from retailers with a physical presence

▲ **5X E-COMMERCE SALES**

When a physical store
opens in the area

▼ **E-COMMERCE SALES**

When a physical store
closes in the area

2X
MORE PURCHASES

Multi-Channel Consumers **VS.** Single-Channel Consumers

E-COMMERCE REPRESENTS:

12%
TOTAL RETAIL SALES
(excluding gas and auto)

20%
TOTAL MALL
RETAILER SALES

GRAND OPENINGS IN CLOSED PLACES

Malls have replaced traditional anchors with unique tenants to inject new life into mall real estate.

Source: Wall Street Journal

▲ **19–22%**
NON-RESTAURANT AND
NON-RETAIL TENANTS
SINCE 2012

TRADITIONAL DEPARTMENT STORES REPLACED WITH NEW TENANTS

Replacement tenants include: Primark, H&M, Target, Forever 21, along with grocery stores, restaurants, and gyms

11% REPLACED
By Simon Property Group, Inc.

15% REPLACED
By GGP

**B-CLASS MALLS
OR LESS
PERFORMING
POORLY**

Represent 80%
of U.S. malls, but
only generate 28%
of total mall sales

Source: Fung
Global Retail Tech

WHICH WAY IS THE TRAFFIC HEADED?

While online shopping continues to increase as a percentage of overall retail sales, retailers are working to find balance between right-sizing their store base and maintaining profitability. With traditional anchors continuing to close stores, new businesses—from gyms to car dealerships—are emerging to fill the void.

TO LEARN MORE, DOWNLOAD GA'S RETAIL MONITOR AT
GREATAMERICAN.COM/RIGHTONTHEMONEY