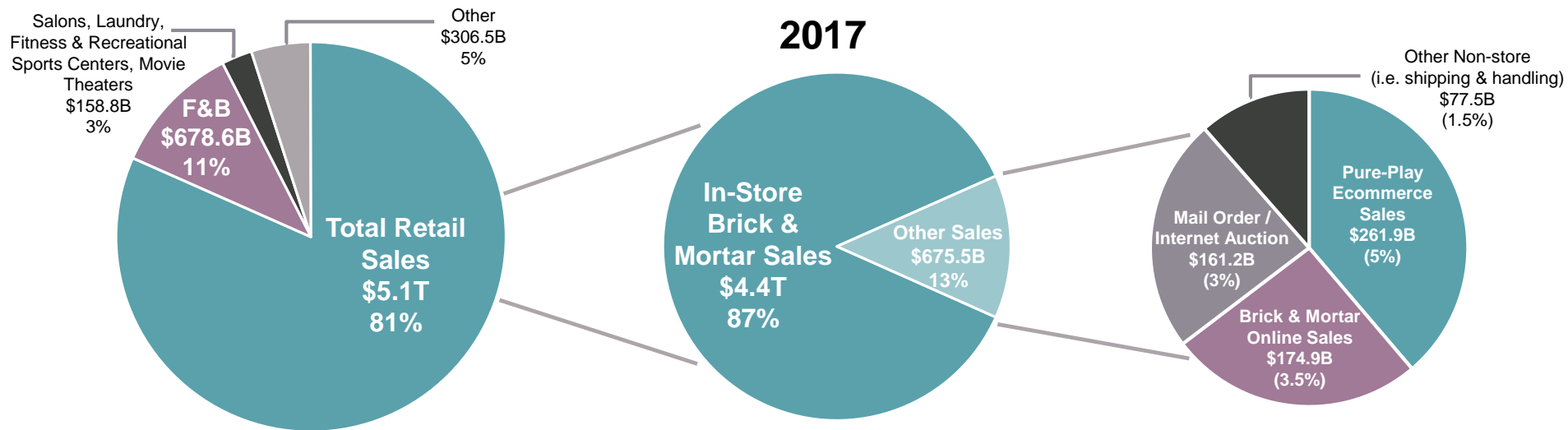




Commercial Association of REALTORS® Wisconsin

Tom McGee
President & CEO
ICSC

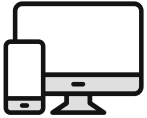
Retail real estate is becoming consumer real estate



	In-Store Brick & Mortar Retail Sales	Food & Beverage	Pure-Play E-commerce
2017 Sales (in billions)	\$4,393.1	\$678.6	\$261.9
Growth since 2013	\$409.2	\$135.3	\$125.3
% Growth	10.3%	24.9%	91.8%

Major global trends impacting our industry

Technology



Omnichannel



E-Commerce



Customer Engagement



Demographics



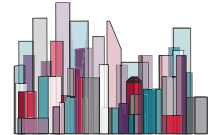
Baby Boomers



Millennials



Urban Density



Consumer



Personalization



Experience



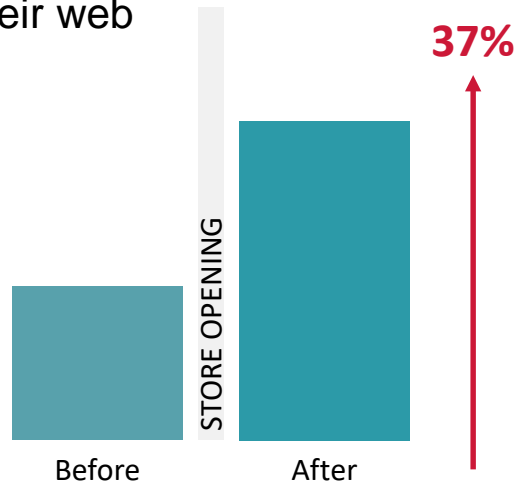
Value



The Halo Effect: how bricks impact clicks

Opening a physical store increases traffic to that retailer's website

Brands enjoy a 37% bump in their web traffic.



Closing stores causes a drop in the share of web traffic.

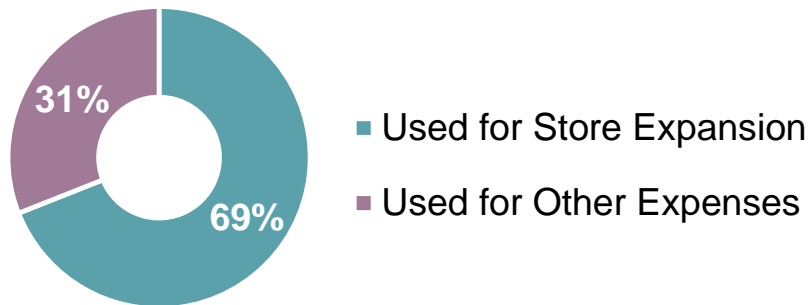


Omnichannel is coming to life

Nearly 75% of multi-channel retailers are more profitable than their pureplay counterparts

Stated Purpose for Most Recent VC Funding Round

Survey of VC-backed “evolved pureplay” retailers



UNTUCKit

Actual Stores

2016	2017
5	25

Planned

2022
100

amazon



Walmart



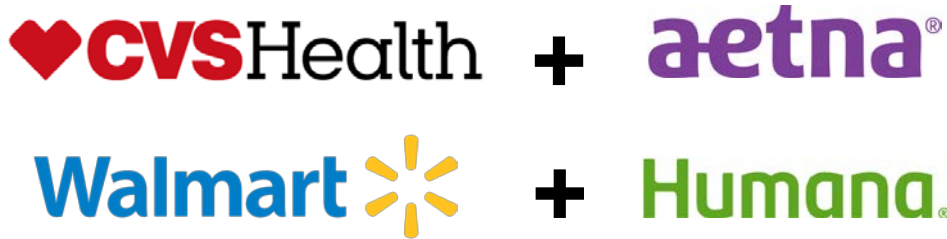
Healthcare is colliding with retail




The average out-of-pocket spend on medical care has increased **102%** since 2007



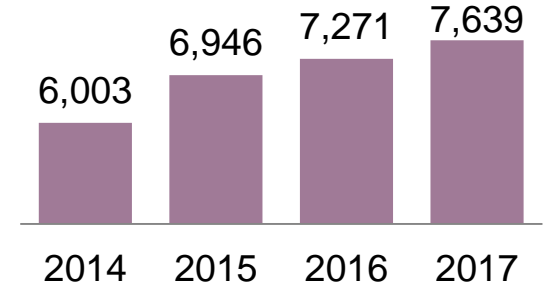
4 in 10 patients would change physicians for a more convenient location



National Health Expenditure

2015  **2022**
\$3.2T \$5.0T

of Urgent Care Centers in the US



Generational Cohorts



Generation “Alpha”
Born 2016-2018; Ages 0-2*



Generation Z
Born 1997-2015; Ages 3-21*



Millennials
Born 1981-1996; Ages 22-37*



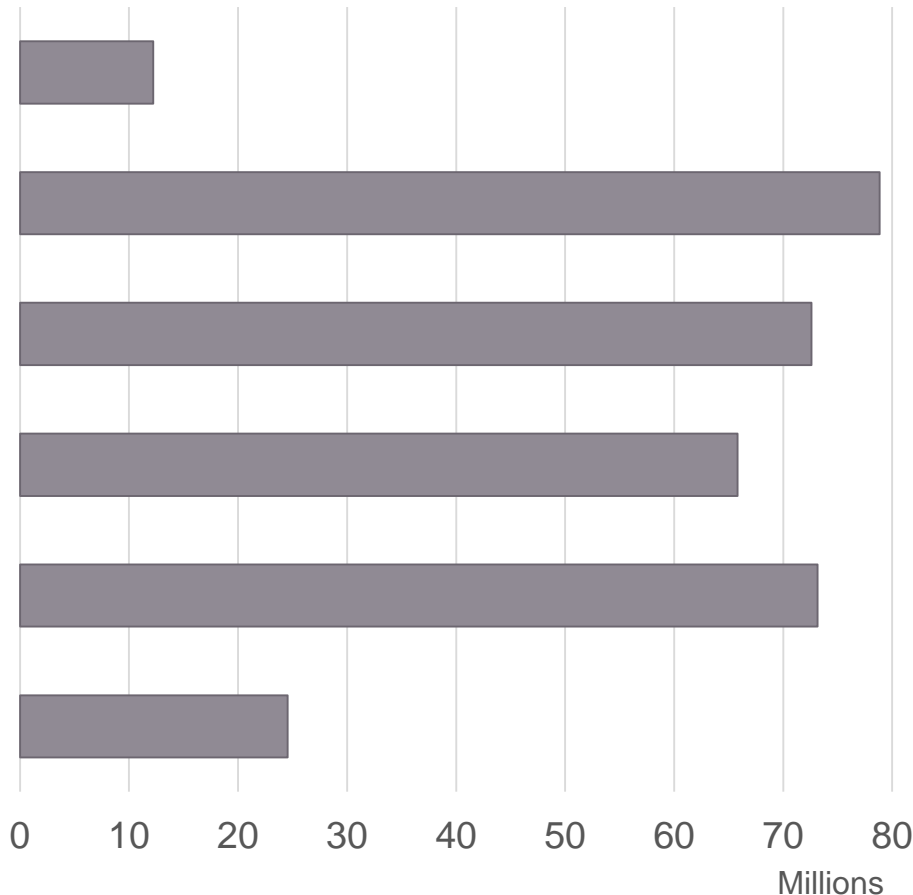
Generation X
Born 1965-1980; Ages 38-53*



Baby Boomers
Born 1946-1964; Ages 54-72*



- **Silent Generation**
- Born 1928-1945; Ages 73-90*

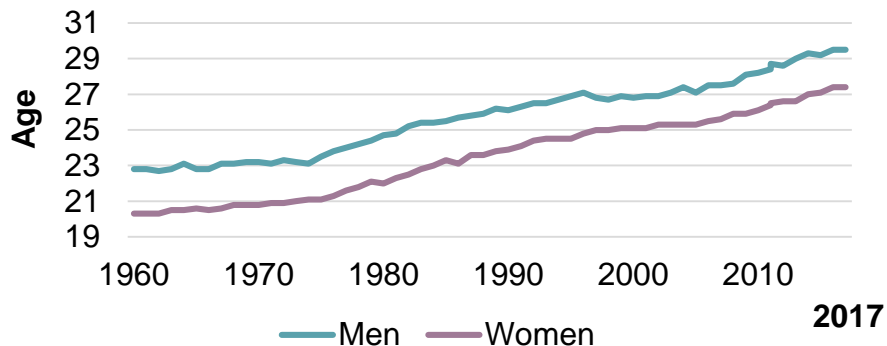


*Ages in 2018

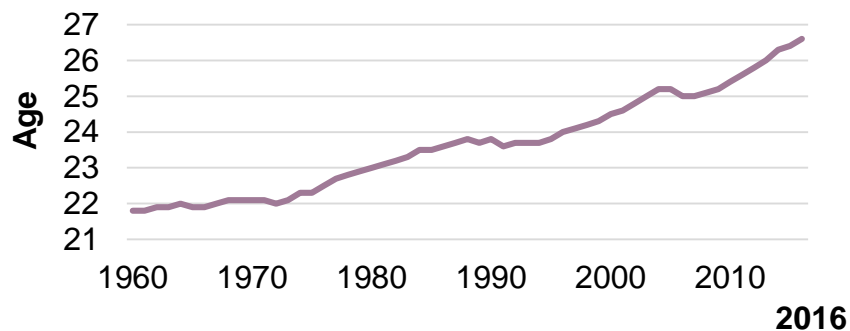
Sources: Pew Research Center; Kasasa; ICSC Research

From Demographics to Psychographics

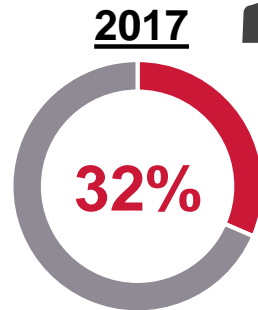
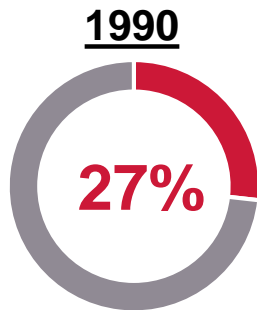
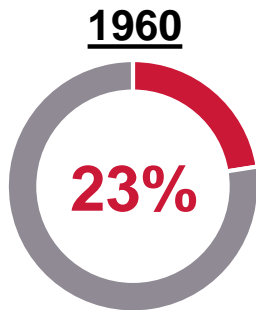
Median Age at First Marriage



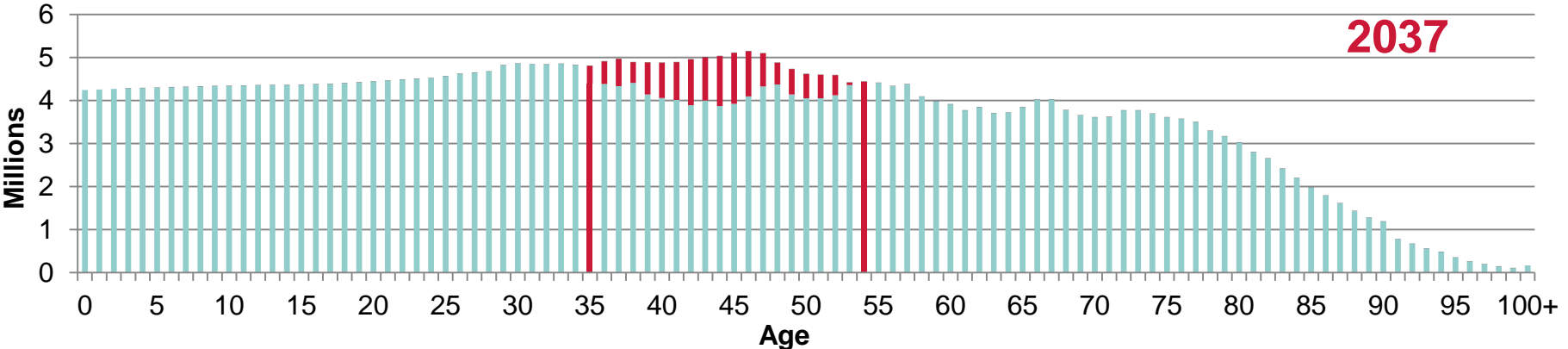
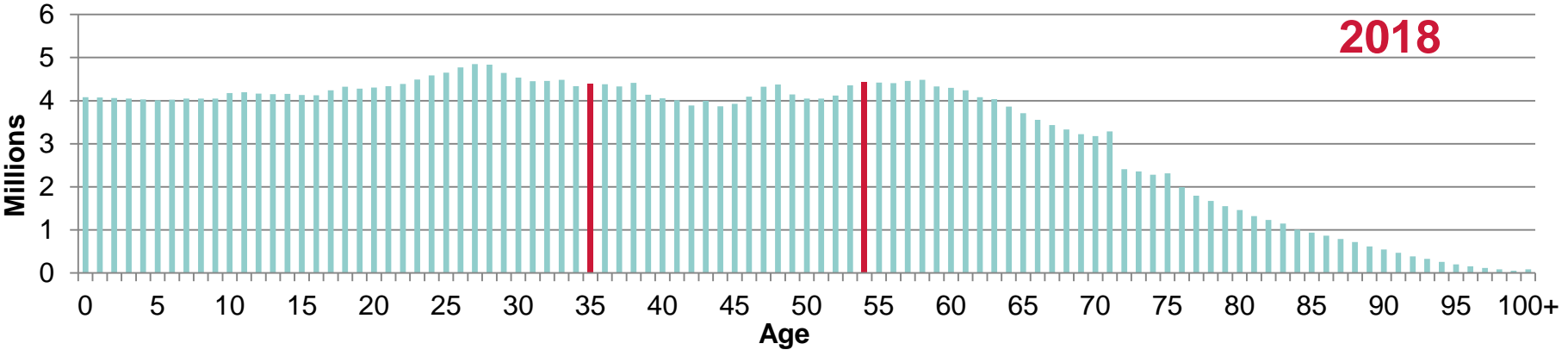
Median Age at First Child



Percent of 18-34 Year-Olds Living At Home



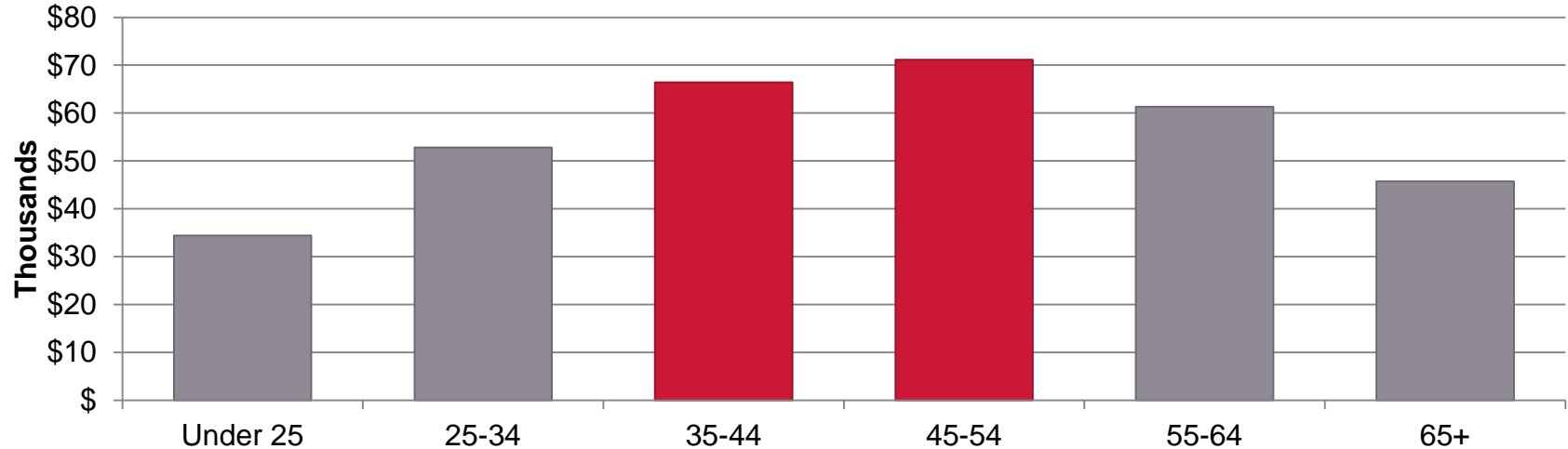
Restocking Prime Consumers



Sources: U.S. Census Bureau; ICSC Research

Restocking Prime Consumers

Average Annual Expenditures, 2016



In 2016, 35-54 year-olds accounted for 42% of the annual aggregate expenditures while only accounting for 26% of the population.

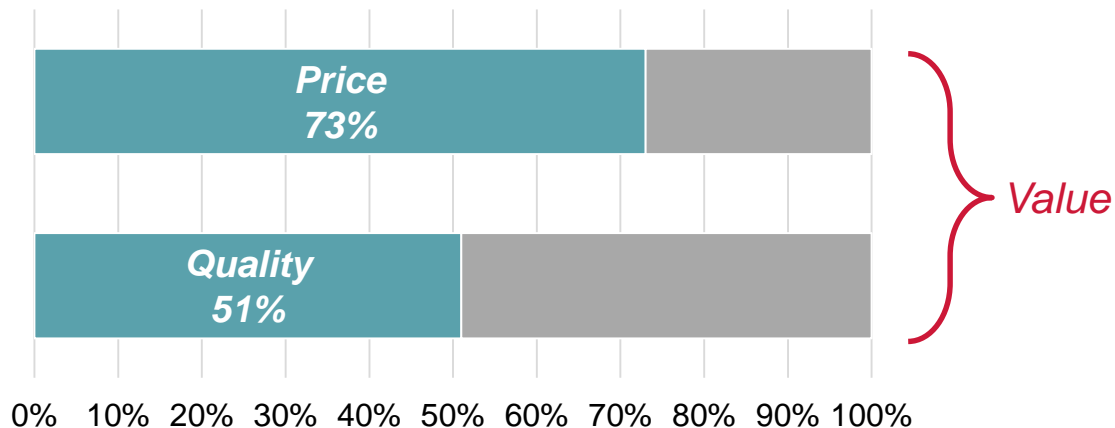
Convenience, **Value** and Experience



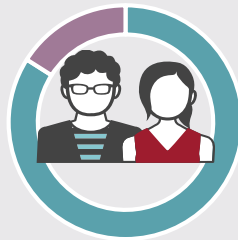
Mobile Device Use In Store:

- Compare prices (**53%**)
- Get digital coupons to use in store (**39%**)

What factors influence Gen Z purchases?



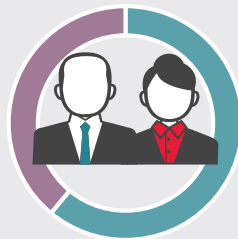
Conducted Research Online
Before Shopping



84%
Millennials



77%
Gen X

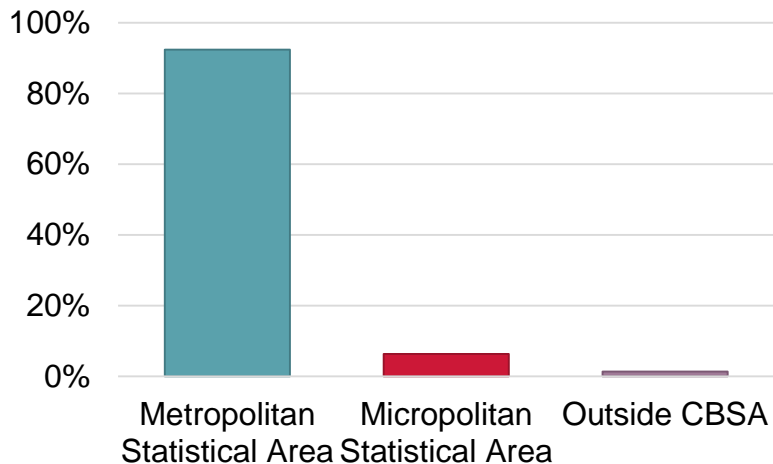


61%
Baby
Boomers

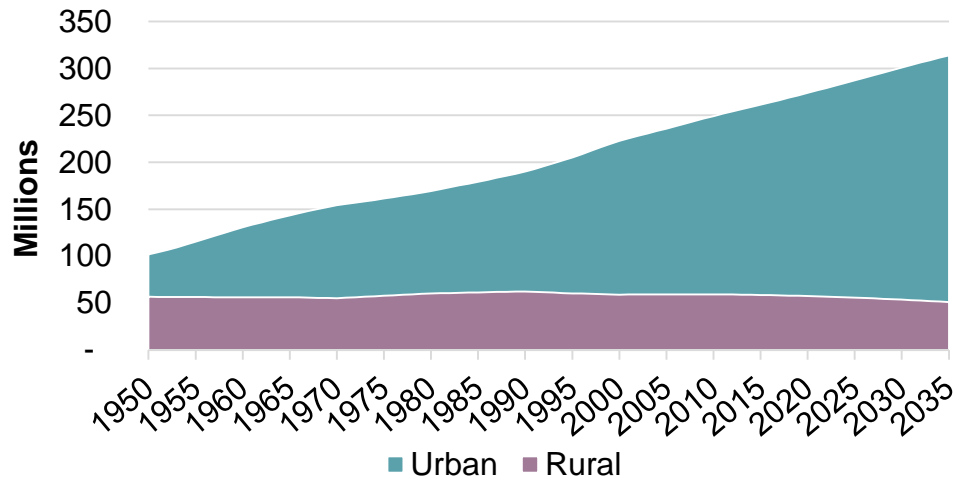
Urbanization



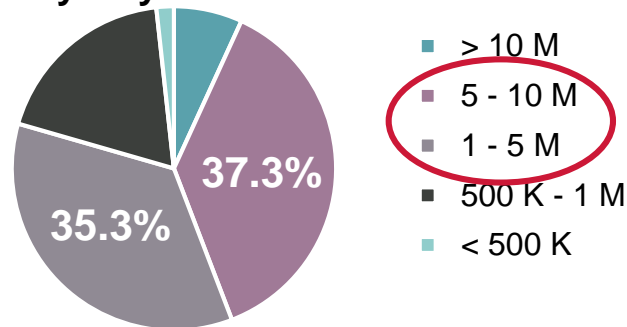
Share of U.S. Population Growth by Area: 2000-2010



U.S. Urban & Rural Population Growth

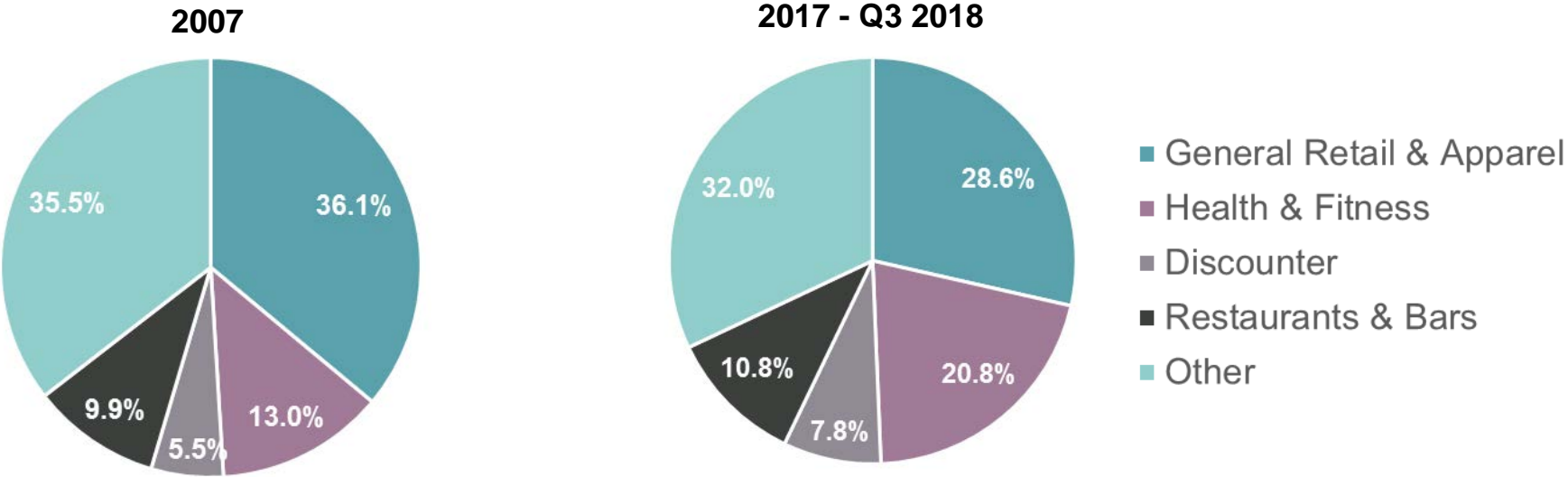


Share of Population Growth by City Size: 2015-2035



Diversification of Uses at Retail Real Estate Properties

Share of Shopping Center GLA Leased by Tenant Type

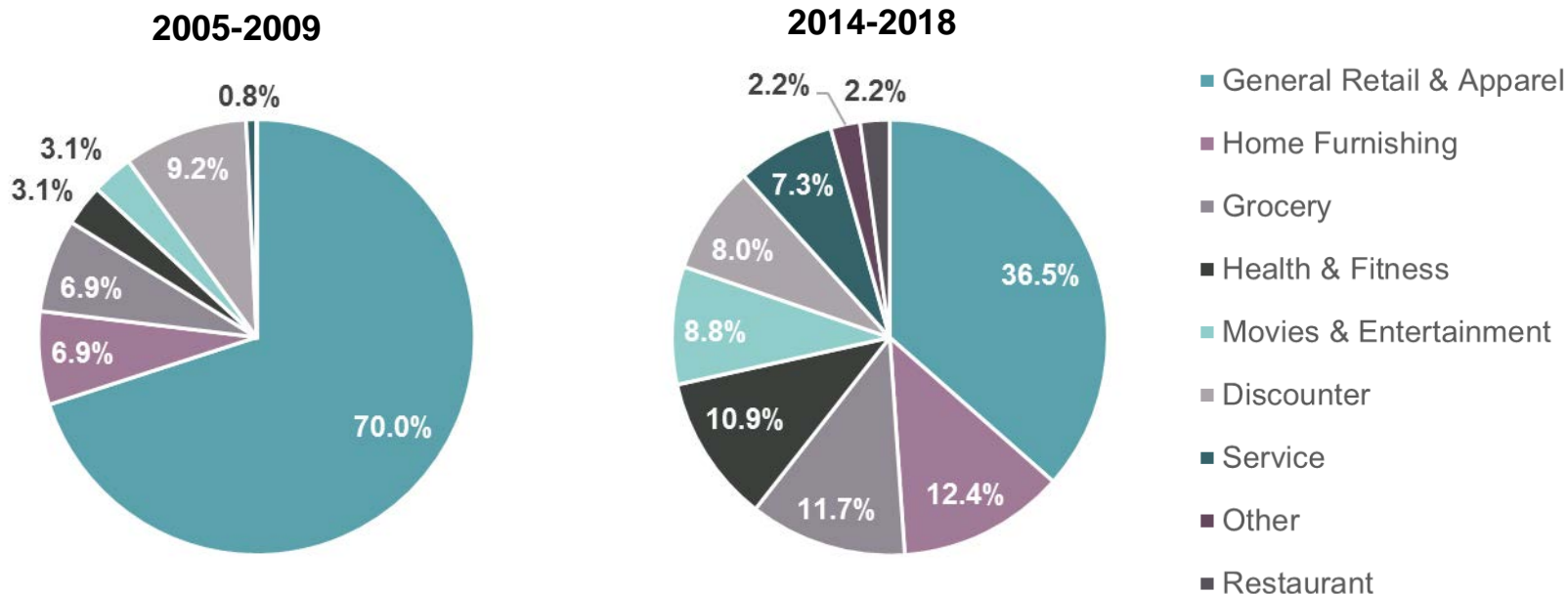


**Greatest changes
between 2007 and 2018**

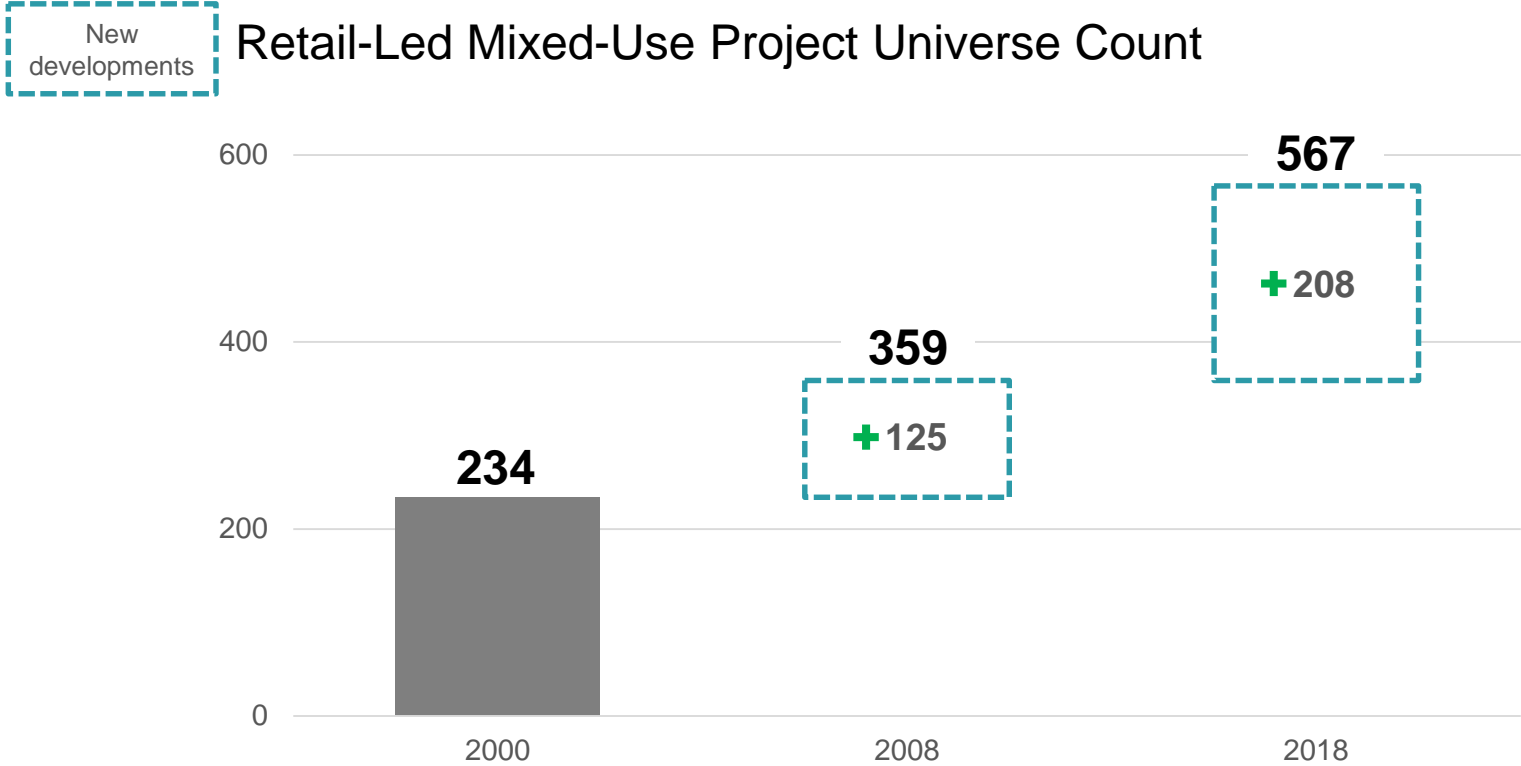
▲ Fitness & Sporting Goods:	+6.6%	▼ Apparel:	-4.0%
Discounters:	+2.2%	General Retail:	-3.5%

Diversification of Uses at Retail Real Estate Properties

Share of Tenants by Industry Replacing Vacated Anchor Space

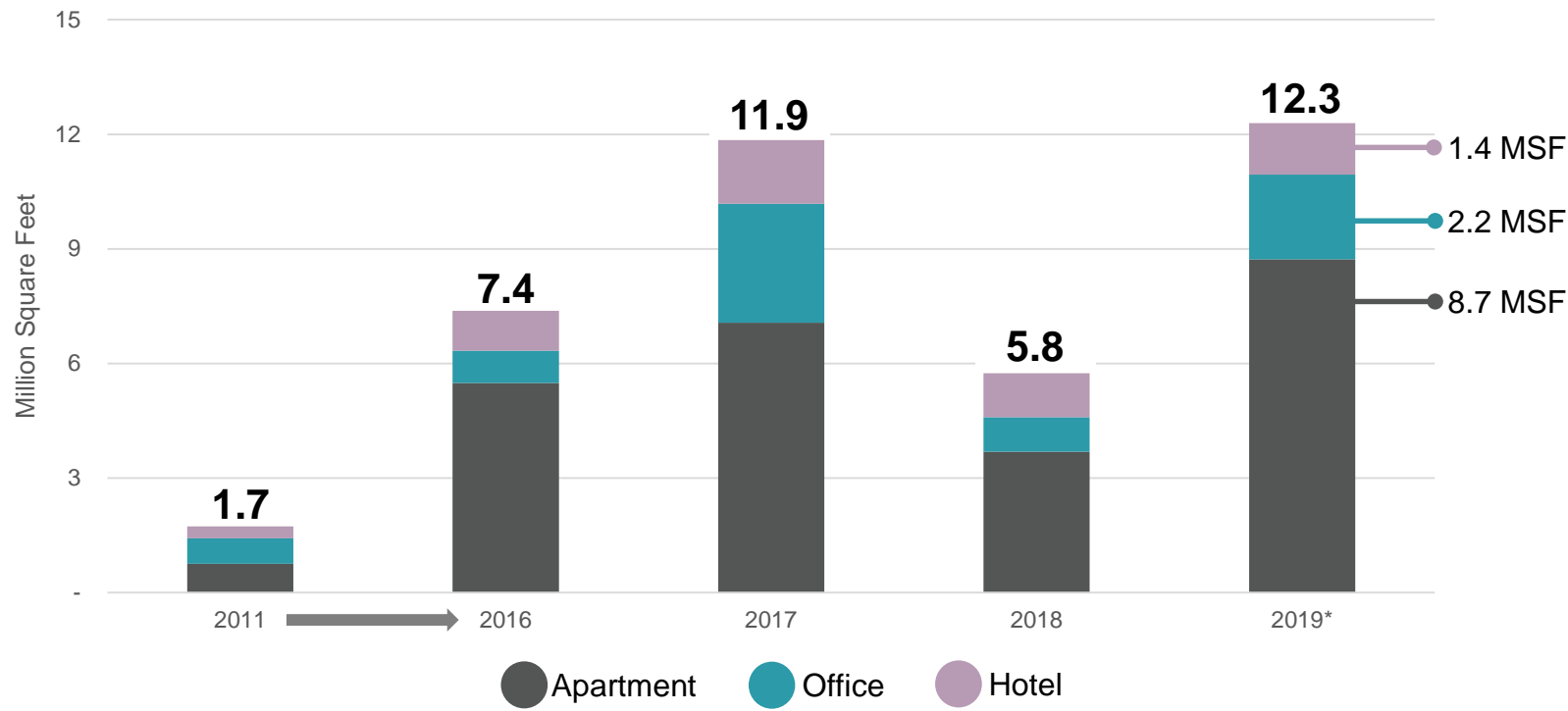


Diversification of CRE Development at Retail Real Estate Sites



Diversification of CRE Development at Retail Real Estate Sites

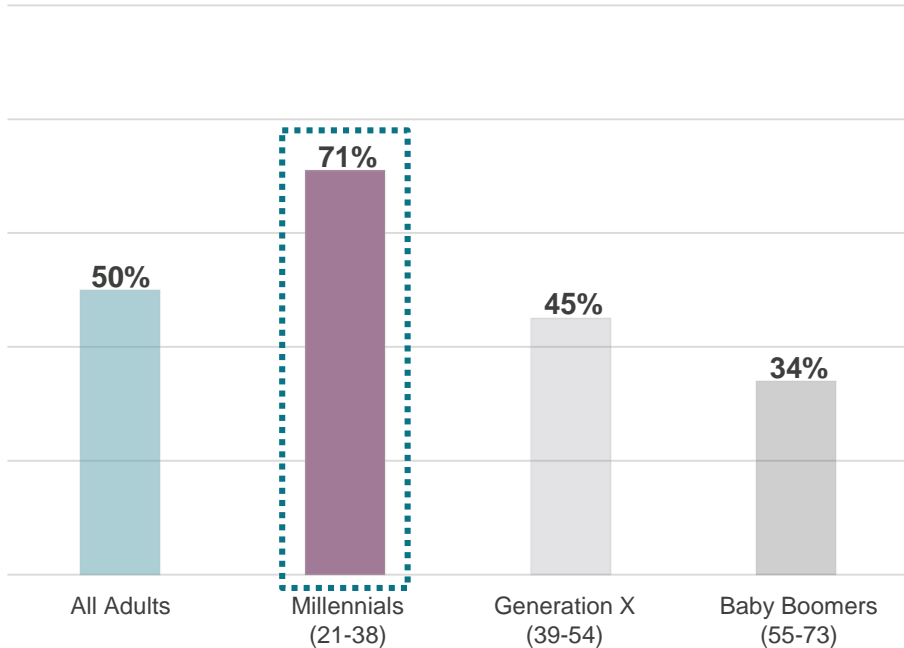
CRE Density On Site Of Retail-Led Mixed-Use Centers



Source: CoStar Portfolio Strategy

Major “Life Events” Expected in 2019

Shares of Adults Who Anticipate Some Major “Life Event” to Occur in 2019



Major “Life Events” Foreseen in 2019 by Millennials



50%

Changing Jobs



37%

Moving to a new dwelling



26%

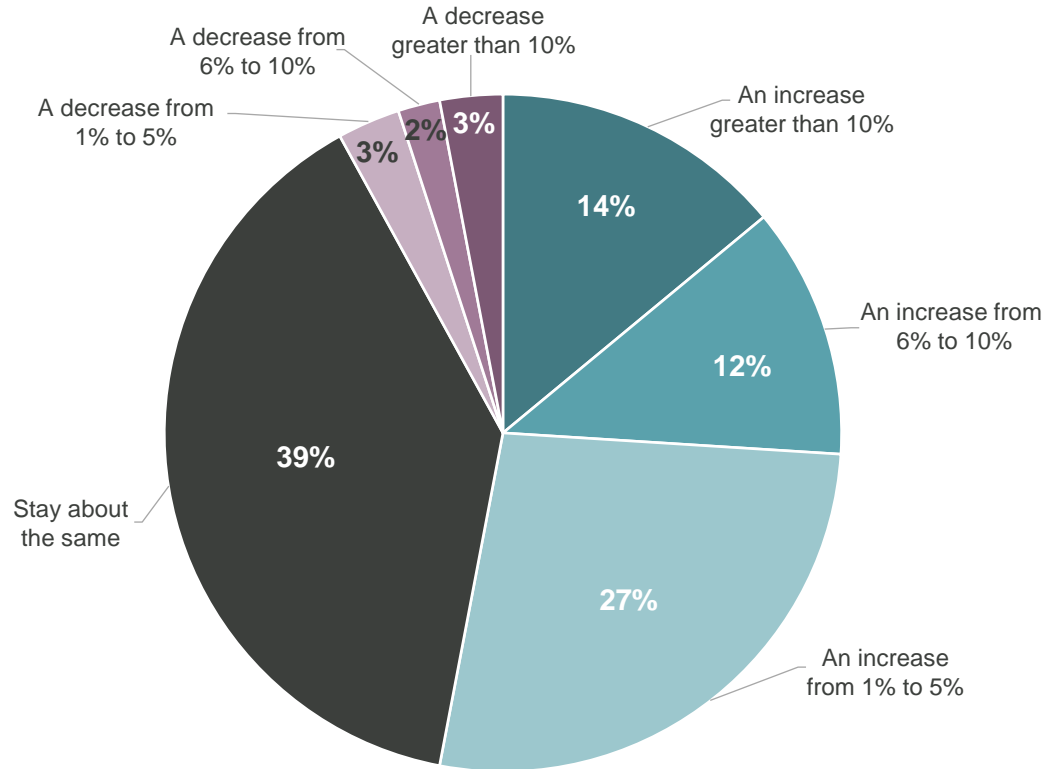
Increasing the number of people in the household



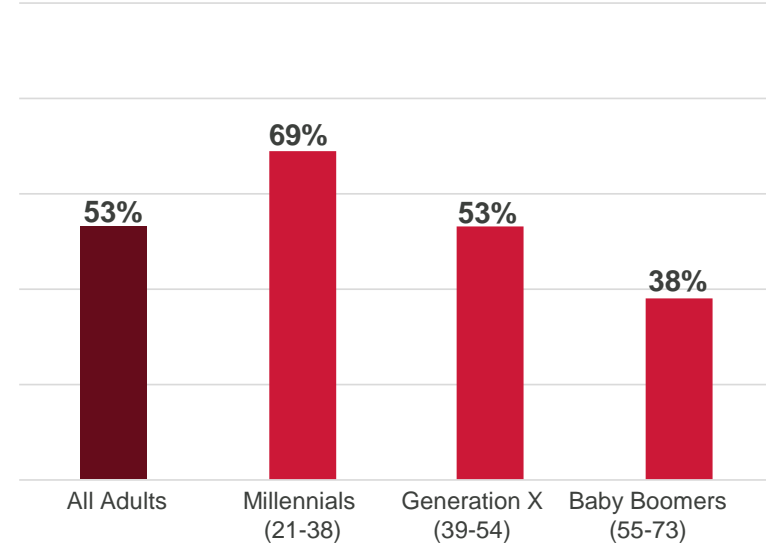
20%

Getting married

Anticipated Change in Total Earnings* for 2019



Shares of Adults Who Anticipate an Earnings Increase in 2019

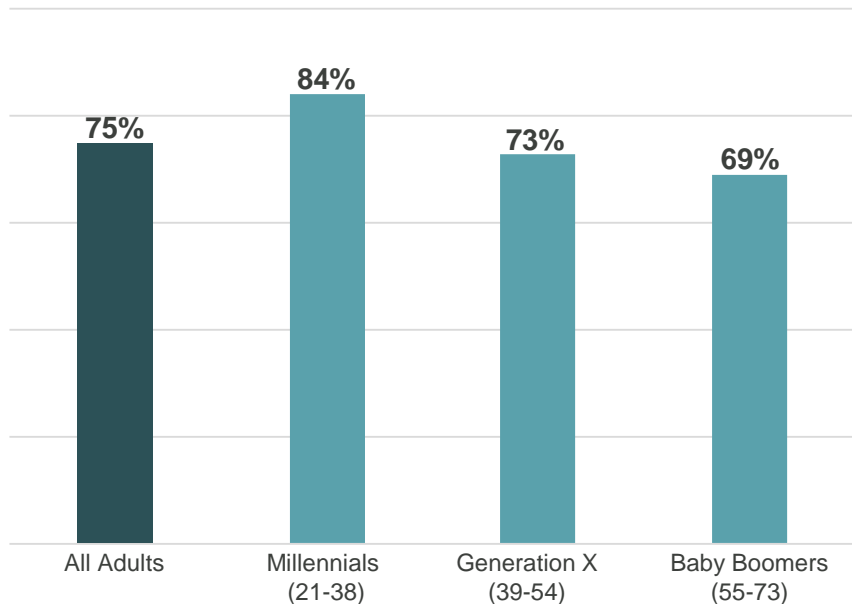


*Includes salary, bonus, commissions, other revenue

Source: ICSC Research "Spending Outlook 2019" Consumer Survey

Expected Big Ticket Purchases in 2019

Shares of Adults Who Anticipate Making Big Ticket Purchases in 2019

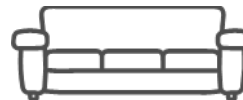


Among Adults Who Anticipate Making Big Ticket Purchases in 2019...



56%

Vacation travel



34%

Home furniture



32%

Electronics



30%

Vehicle



29%

Home improvement or renovation



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