

LIVE WEEKLY WEBINAR SERIES

CURRENT COVID-19 IMPACT ON U.S. RETAIL

Part 1

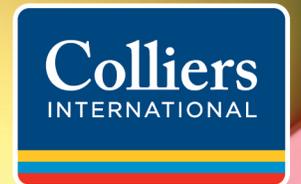
Wednesday | March 25, 2020



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The views, information and opinions expressed during the Webinar Series are solely those of the individual speakers involved and do not necessarily represent those of Colliers International and its employees.



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IMPACT OF COVID-19 ON RETAIL AND CONSUMERS

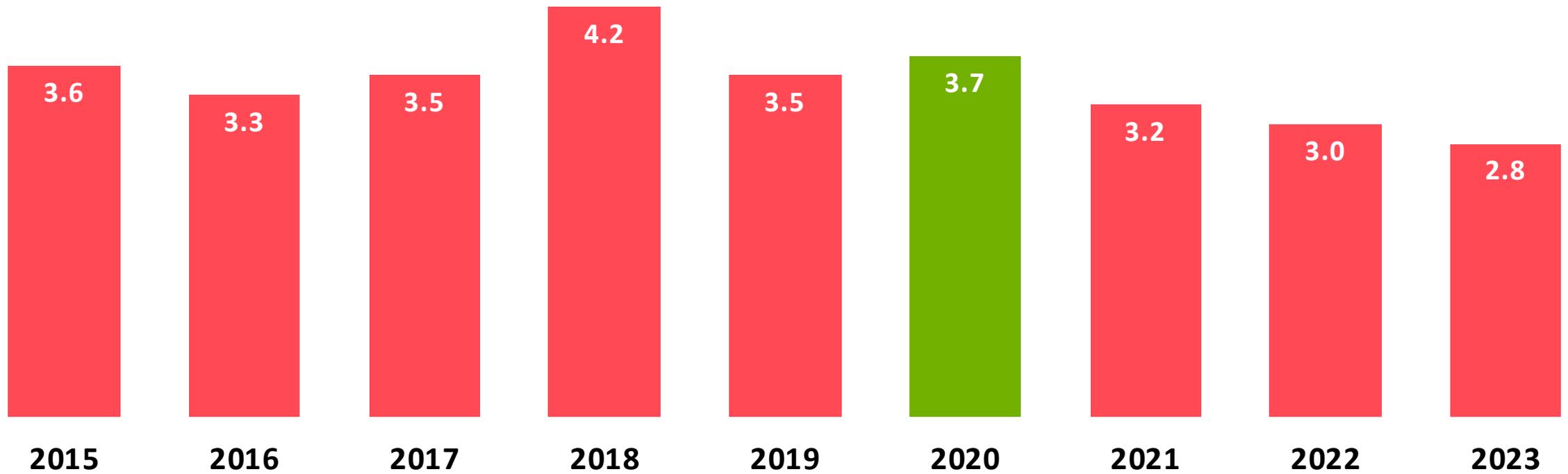
NEIL SAUNDERS

MARCH 2020



RETAIL SALES GROWTH (BEFORE COVID-19)

Annual growth in total US retail sales



THE THREE DISRUPTIONS

Factors that disrupted retail



Consumer behavior



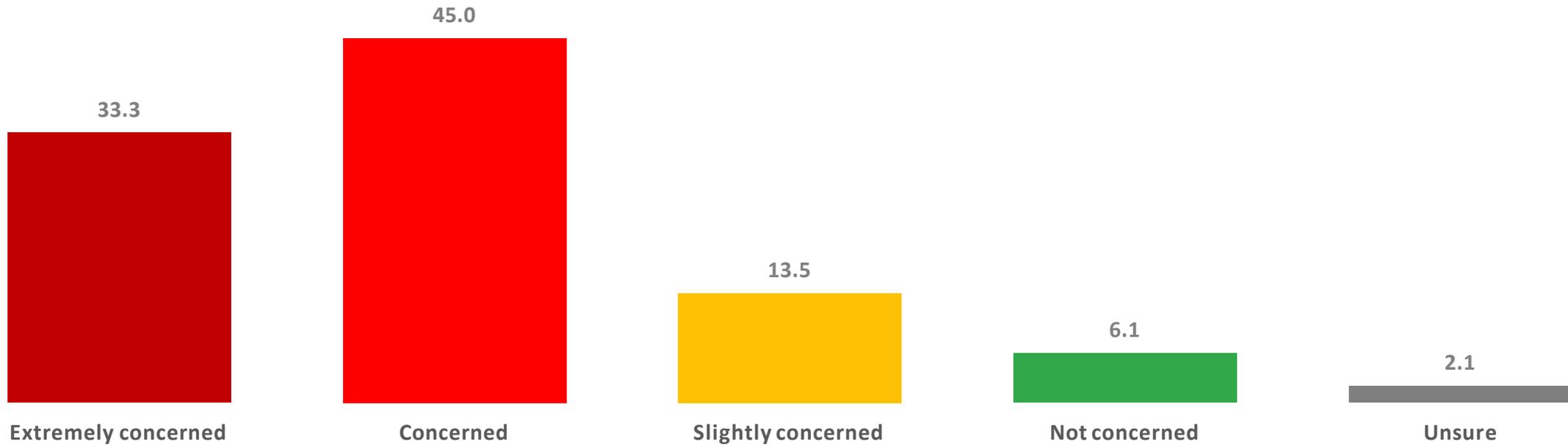
Store closures



Retailer reactions

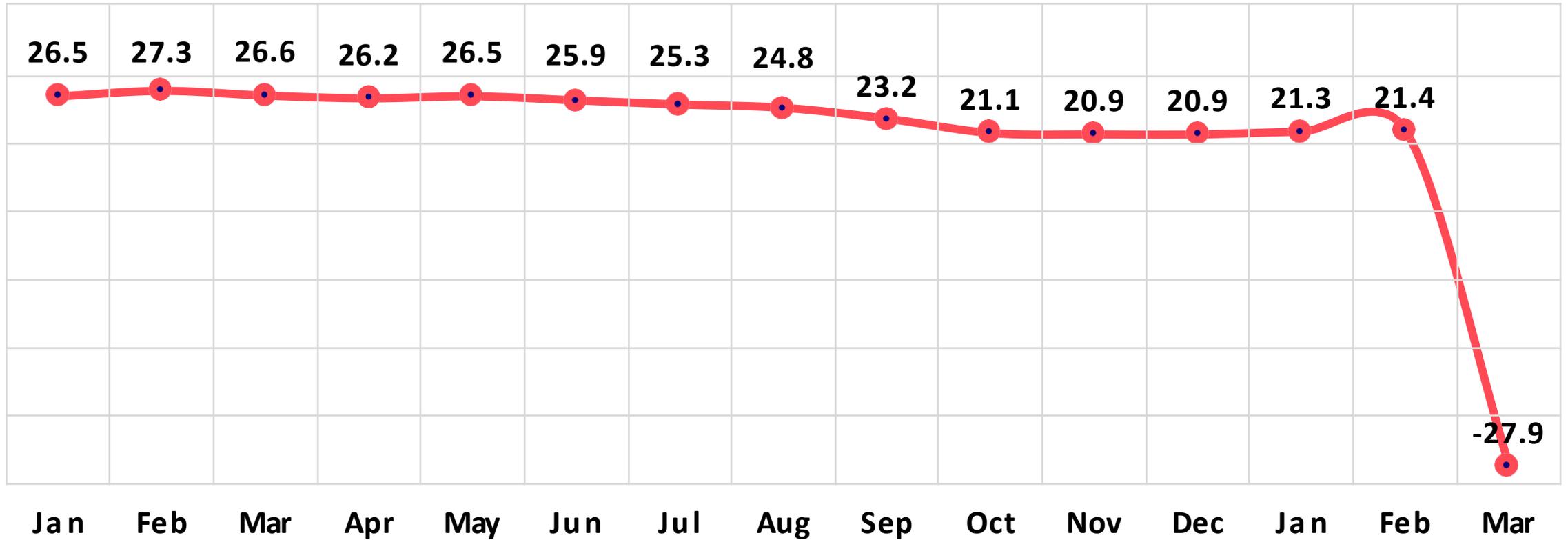
CONSUMER CONCERN

How concerned are you about the coronavirus?



CONSUMER SENTIMENT

How people feel their finances will change (index, better minus worse)



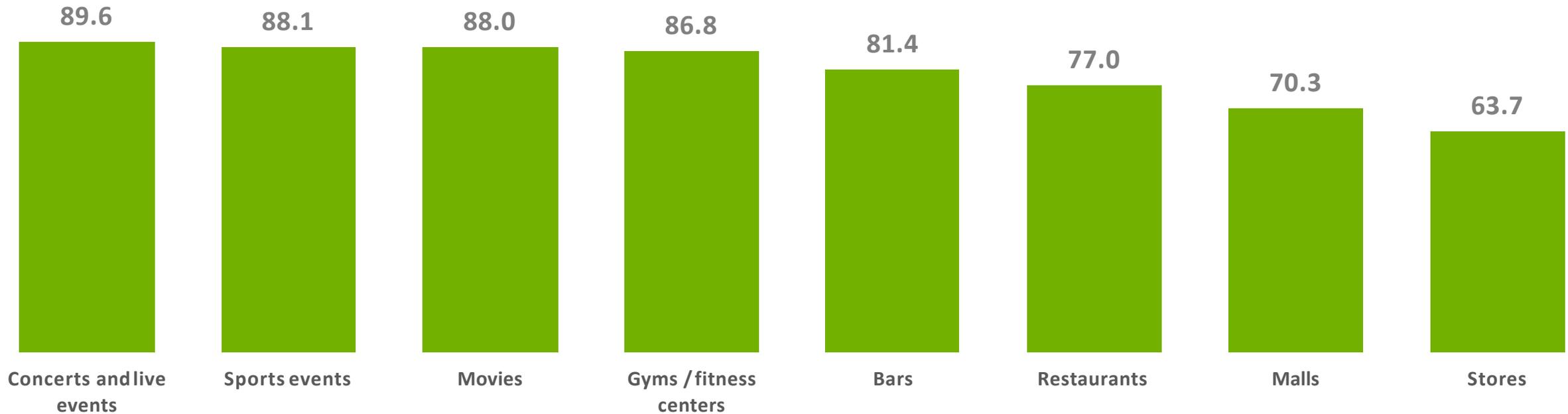
CONSUMER ACTIONS

What general actions, if any, have you taken in relation to coronavirus?

Action	March 9 th , %	March 23 rd , %
Traveling less	26.1	83.7
Eating out less	13.7	80.5
Visiting the mall less	12.3	72.5
Visiting shops less	10.1	67.5
Staying in more	27.3	61.3
Stocking up on essentials	46.5	60.1

CONSUMER ACTIONS

Which of the following locations are you currently trying to avoid?



STORE CLOSURES

Store closure metrics



Total number of stores closed
Current numbers; number of units

186,796

Proportion of all stores: 43.8%



Total floorspace closed
Current numbers; square feet

3,463m

Proportion of all space: 39.8%



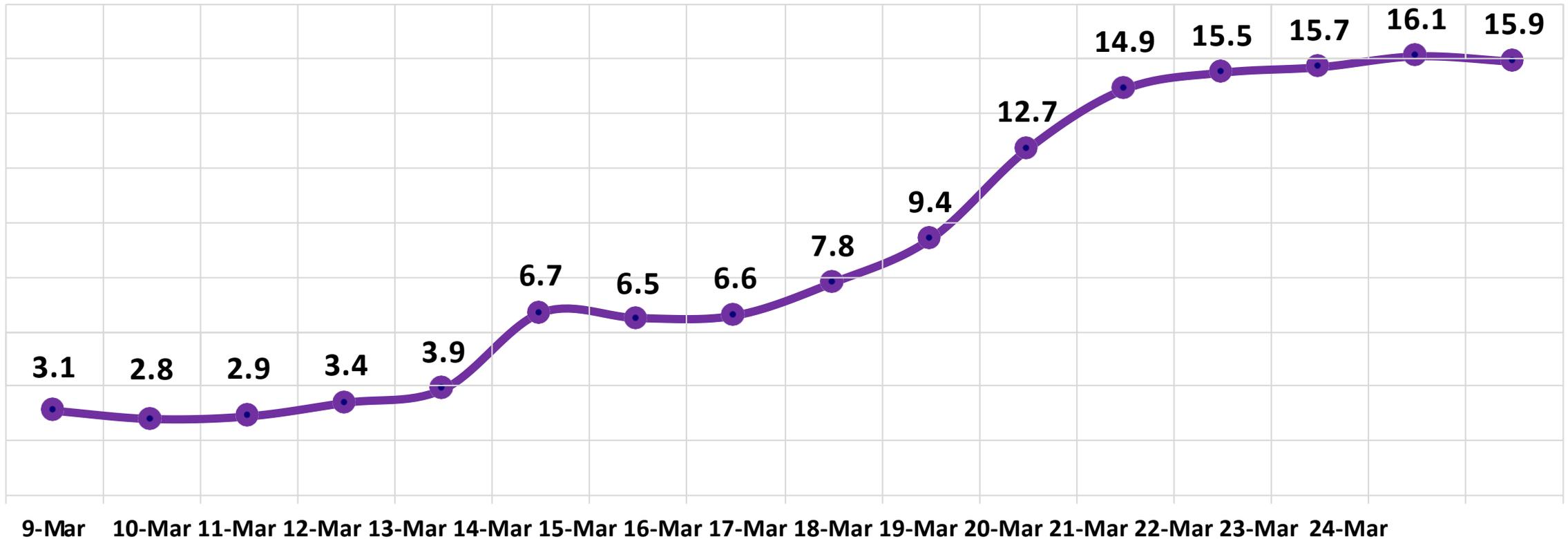
Combined sales for closed stores
Sales in March 2019, \$

\$123.7bn

Store sales: \$101.9bn
Online sales: \$21.8bn

ONLINE TRANSFER

% of store sales that have been transferred to online



RETAILER REACTIONS

Extent and rate of discounts offered in apparel (March)

Number of products discounted

2019: 21.4%

2020: 42.8%

+21.4 % points

Average depth of discount

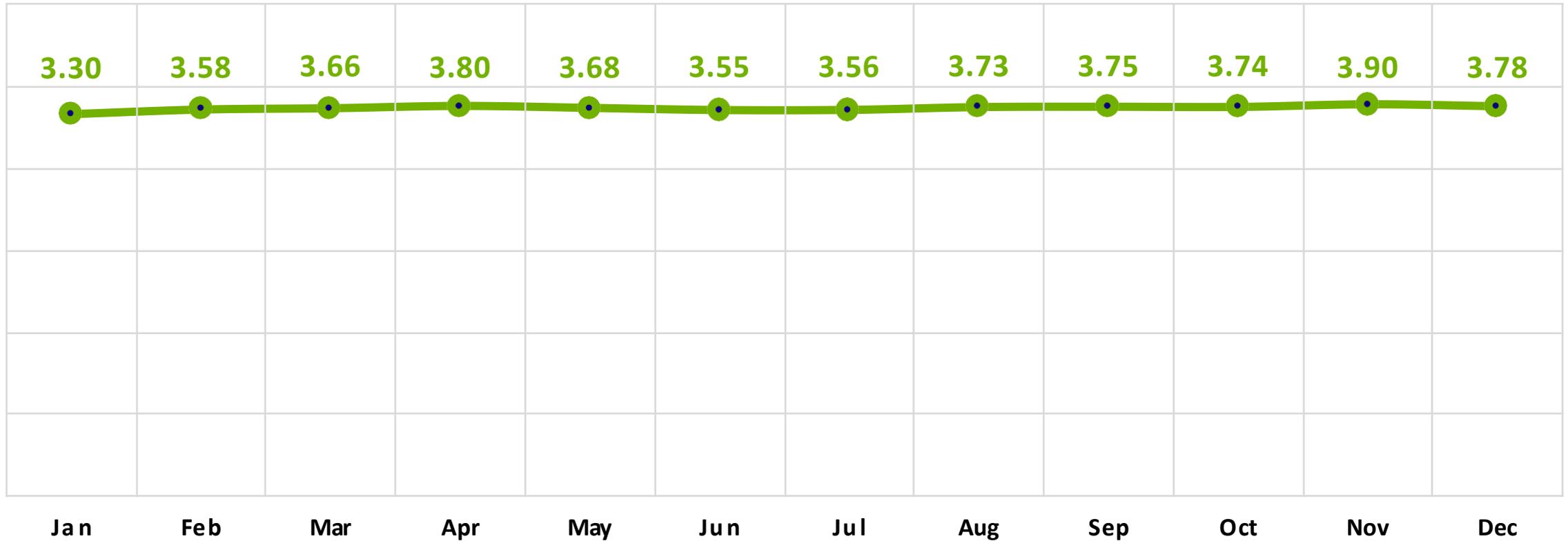
2019: 18.3%

2020: 29.4%

+11.1 % points

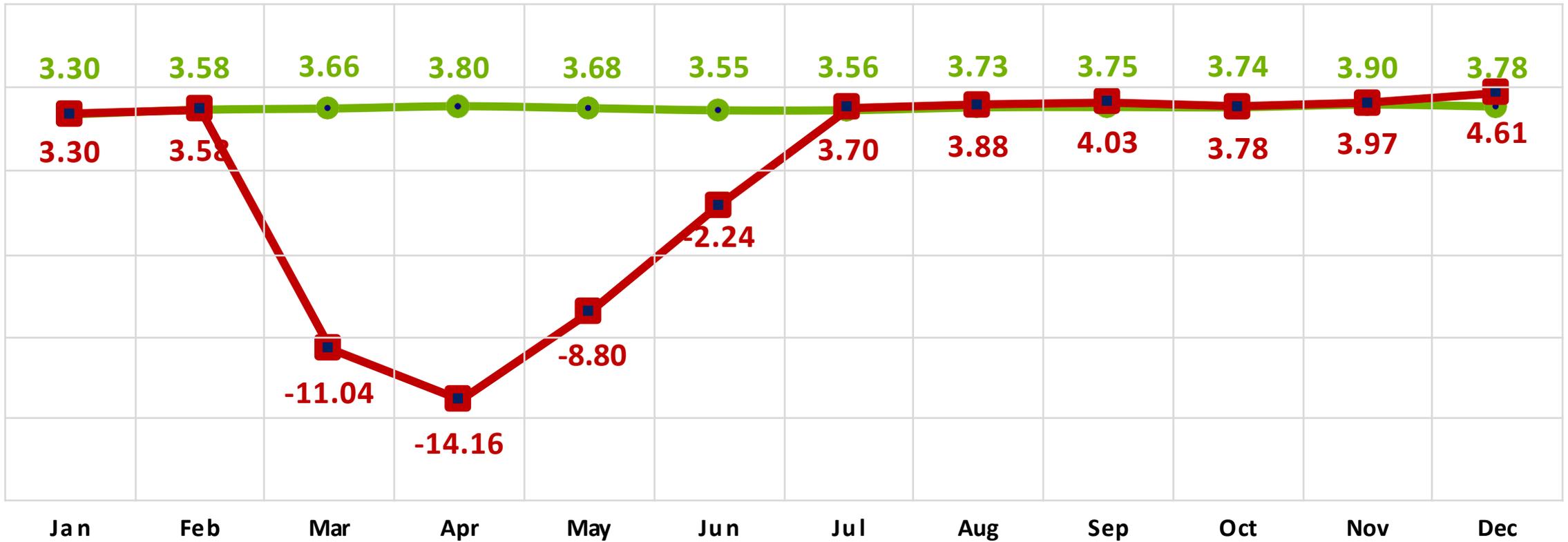
THE IMPACT

Monthly retail sales growth (%)



THE IMPACT

Revised monthly retail sales growth (%)



THE IMPACT

Totaling the impact

Sales down by \$111.8 billion over Mar, Apr, May of 2019

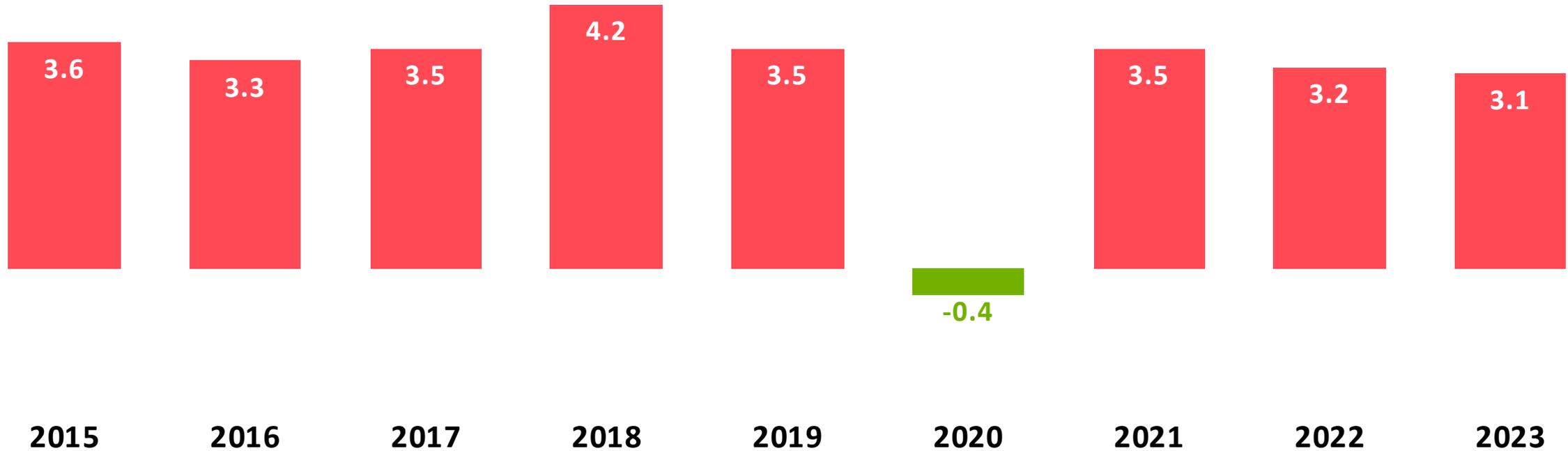
Total 2020 sales down by \$16.7 billion over 2019

Whole year will shrink by -0.42% over 2019

2020 will be \$162.1 billion below initial forecast

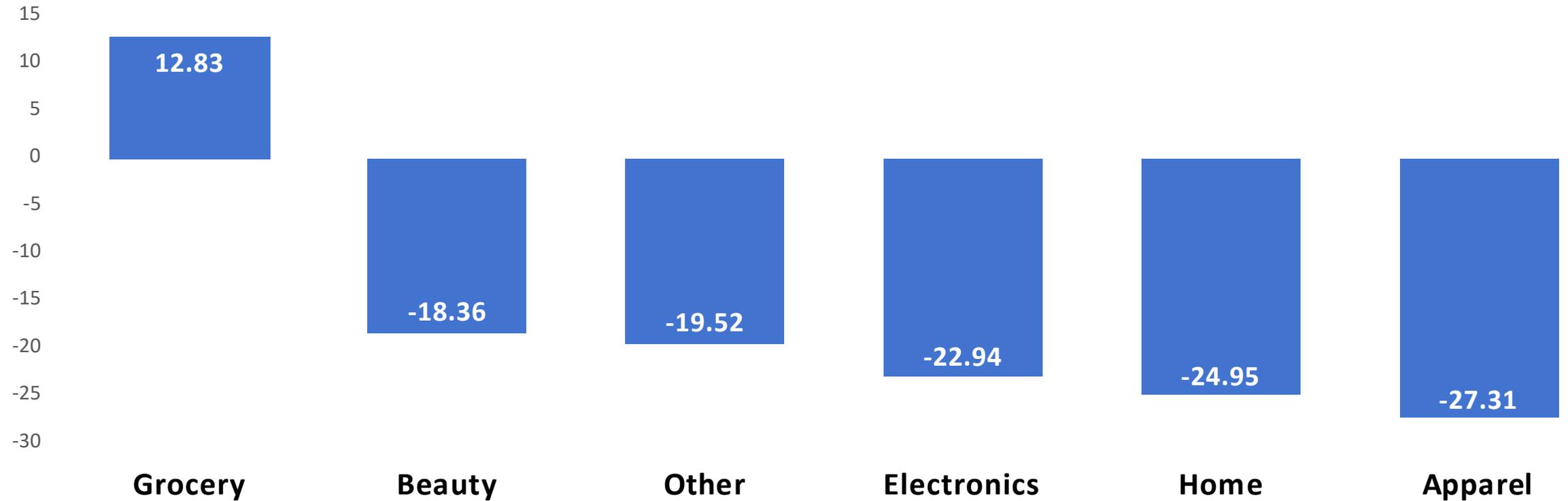
RETAIL SALES GROWTH (AFTER COVID-19)

Annual growth in total US retail sales



SECTOR IMPACT

March 2020 forecast growth (% change over 2019)



SECTOR IMPACT

Full year growth forecasts by sector



Apparel

-4.01%

Prior forecast
+3.16%



Electronics

-3.67%

Prior forecast
+3.33%



Grocery

+5.33%

Prior forecast
+3.51%



Beauty

-1.61%

Prior forecast
+3.95%



Home

-3.64%

Prior forecast
+4.75%



Other

-3.30%

Prior forecast
+2.81%

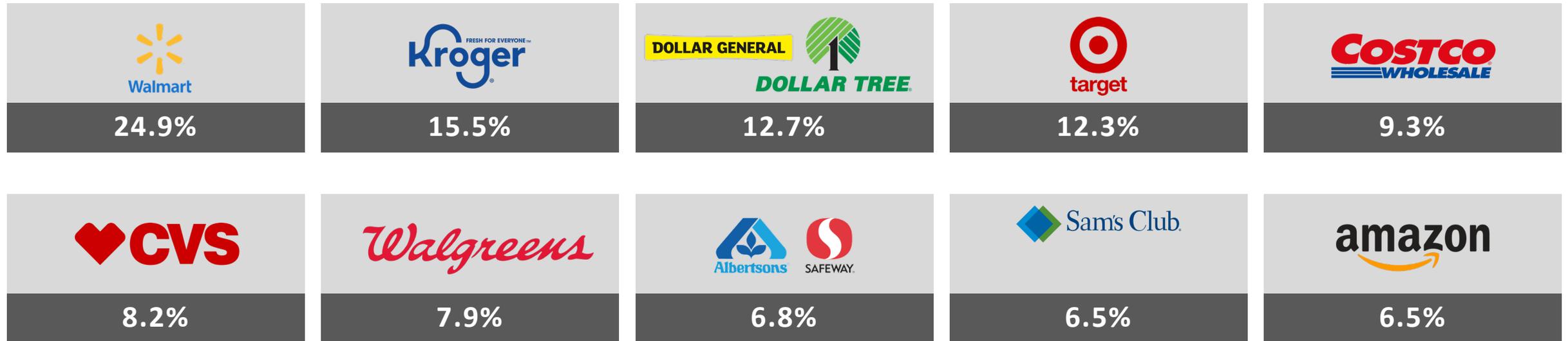
MICRO POCKETS OF SUCCESS

Growth rates for selected categories

Category	Average growth, %	March 1-15 growth %
Baking and cooking accessories	3.4%	5.7%
Fitness and sporting equipment	2.6%	5.6%
Frozen food	1.9%	4.9%
Board games and jigsaws	1.4%	4.2%
Crafting products	2.4%	4.1%
Leisure wear	2.1%	3.8%

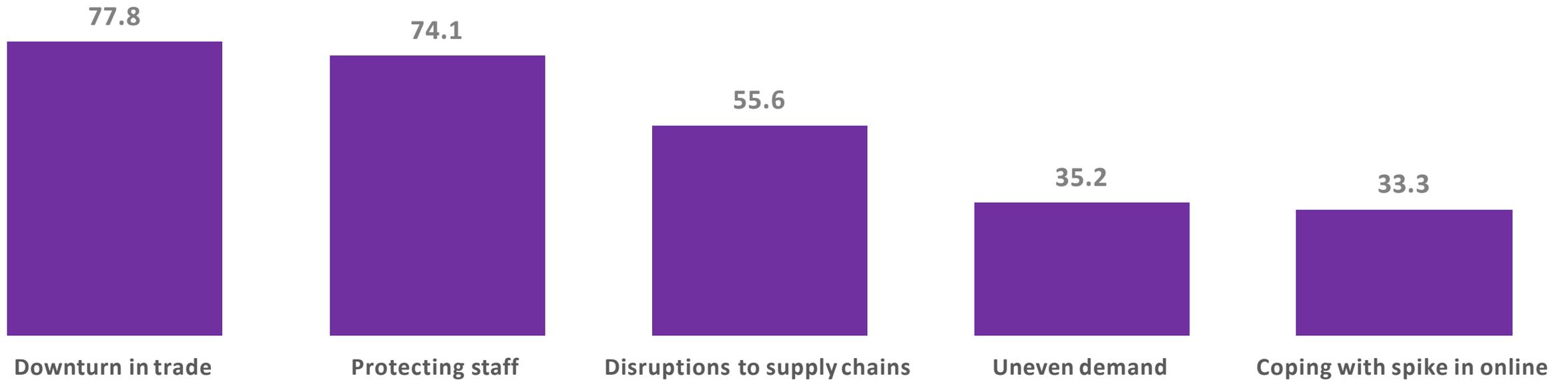
GROCERY AND HOUSEHOLD WINNERS

Where are you stocking up on essentials products?



RETAILER CONCERNS

Percentage of retailers who are concerned about



SUMMARY

Unprecedented disruption and unprecedented decline

Short term event, provided damage doesn't spread

Accelerates current trends and polarization

Medium term casualties and long term shifts

Questions

Q: How has consumer behavior shifted during this crisis?

Q: How can retailers recoup sales?

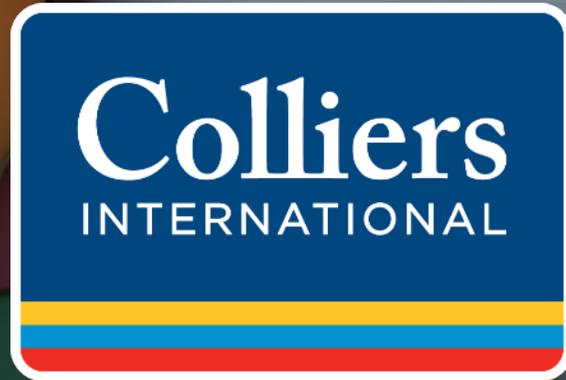
Q: What are you seeing globally in the EMEA and Asia markets related to rent relief requests from retailers?

Q: We are seeing ICSC, National Retail Federation, and the retail industry pushing for government aid; are retailers helping one another – sharing best practices?

Join Us Next Week Part 2 : Wednesday, April 1 | 8:30 AM PT / 11:30 AM ET

COVID-19 Impact on Restaurants Featuring Creditntell

- **How companies are doing everything they can to increase liquidity by drawing down on revolving credit and reduce cash outlays?**
- **How many hourly employees have been furloughed, what will staffing look like post COVID-19?**
- **How are planned store openings managed today, pushing out rent commencement?**
- **How are the most vulnerable in this sector such as, independent, small chains and franchisees navigating with major franchisors?**



THANK YOU

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