

Q2 2023 US retail market fundamentals



Inventory

11,947 MSF



Q2 net absorption

10.8 MSF



Under construction

62.0 MSF



Total vacancy

4.2%



Average market rent (psf)

\$24.23



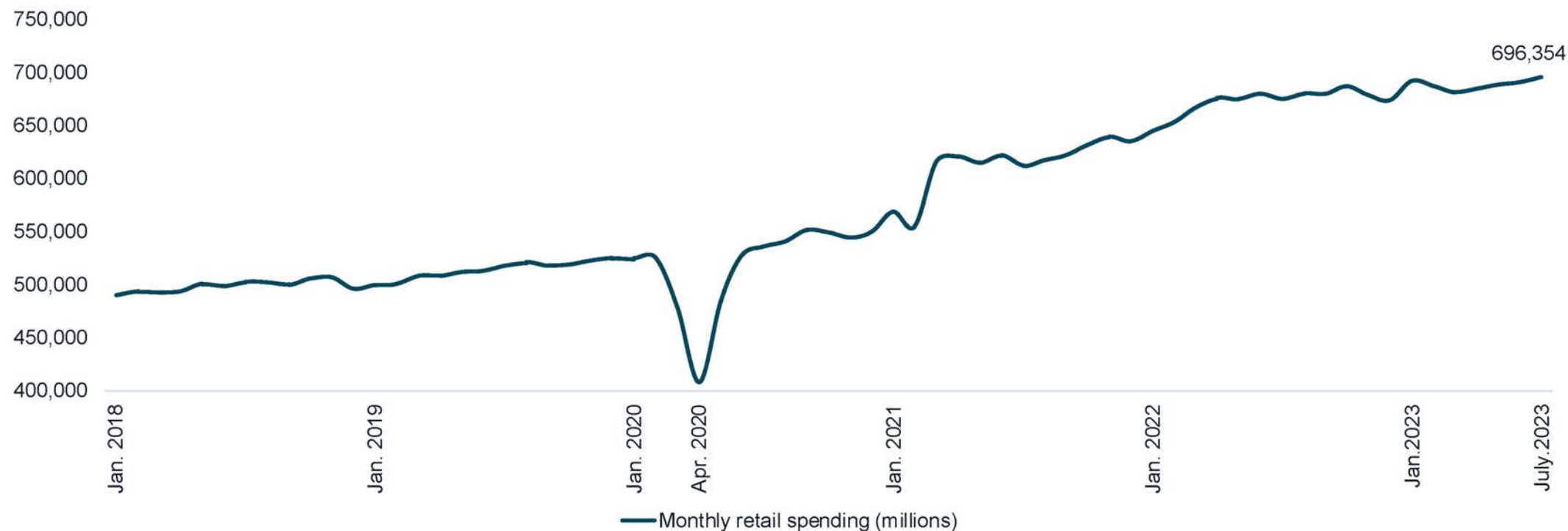
Q2 deliveries

8.8 m.s.f.

Sales rise as consumers remain resilient despite inflation

Retail sales rise 0.7% month-over-month from June and are up 3.2% year-over-year in July

Retail spending rises

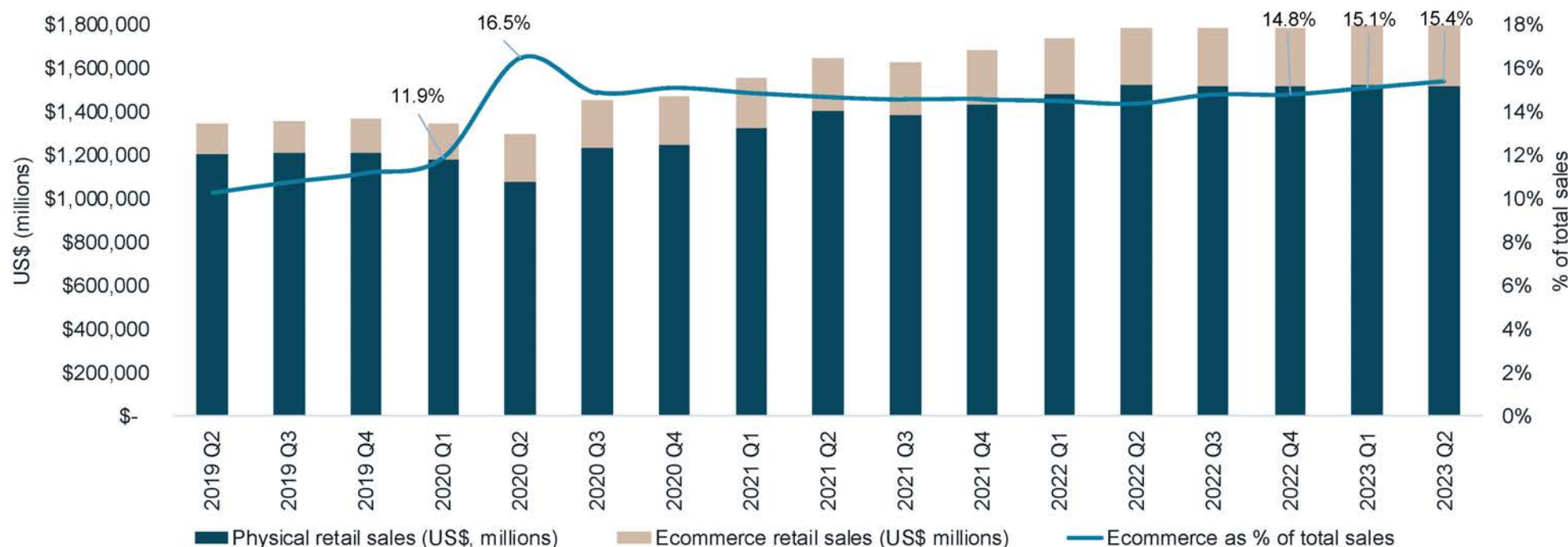


Source: US Census, adjusted sales

E-commerce growth slow down continues in 2023 after normalizing in 2021

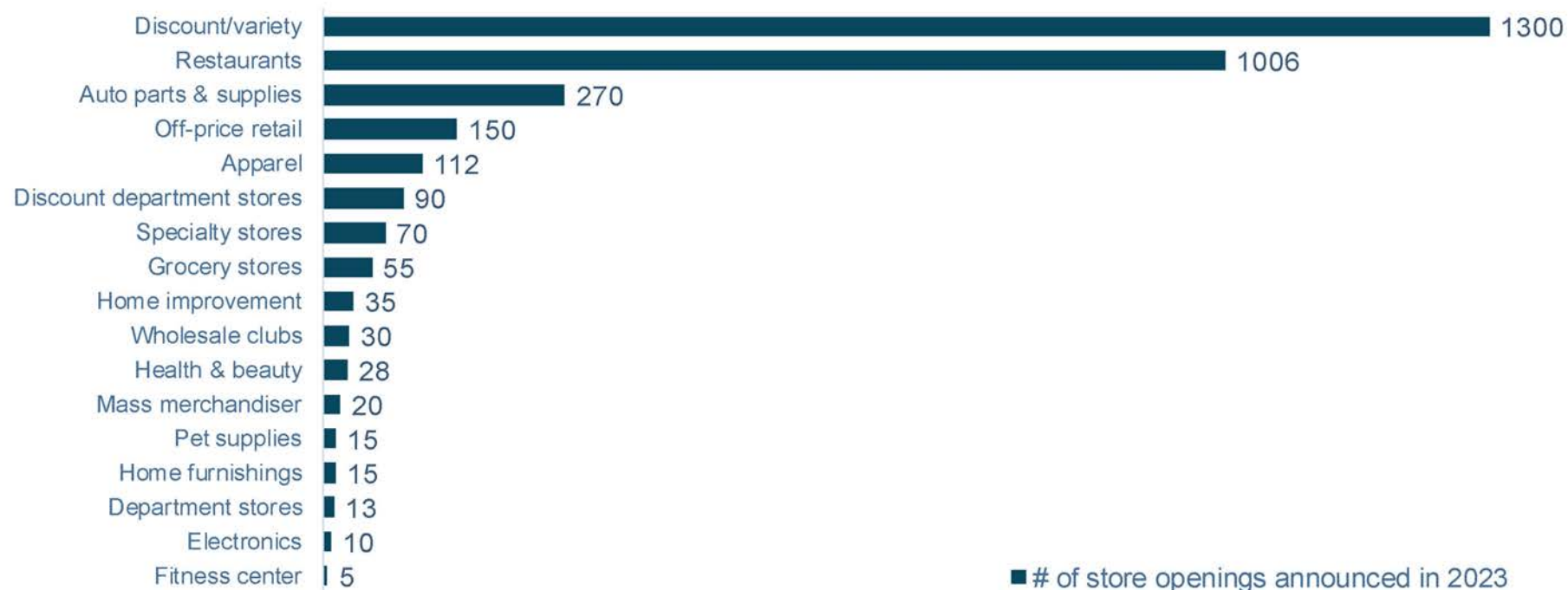
E-commerce sales rise 2.1% quarter-over-quarter and 7.5% year-over-year

Quarterly retail e-commerce Sales



QSRs and fast casual restaurants dominate opening announcements this year

Store openings announced in 2023

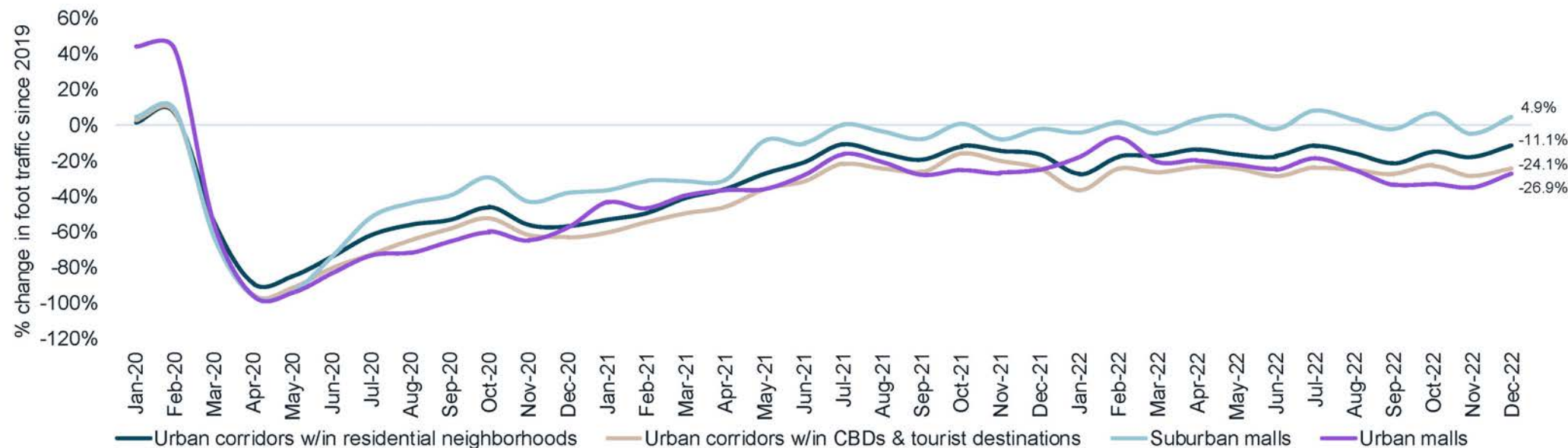


Source: PNC CreditIntell, JLL, 2022

Suburban shopping center foot traffic is back at 2019 levels

Urban destinations still lag

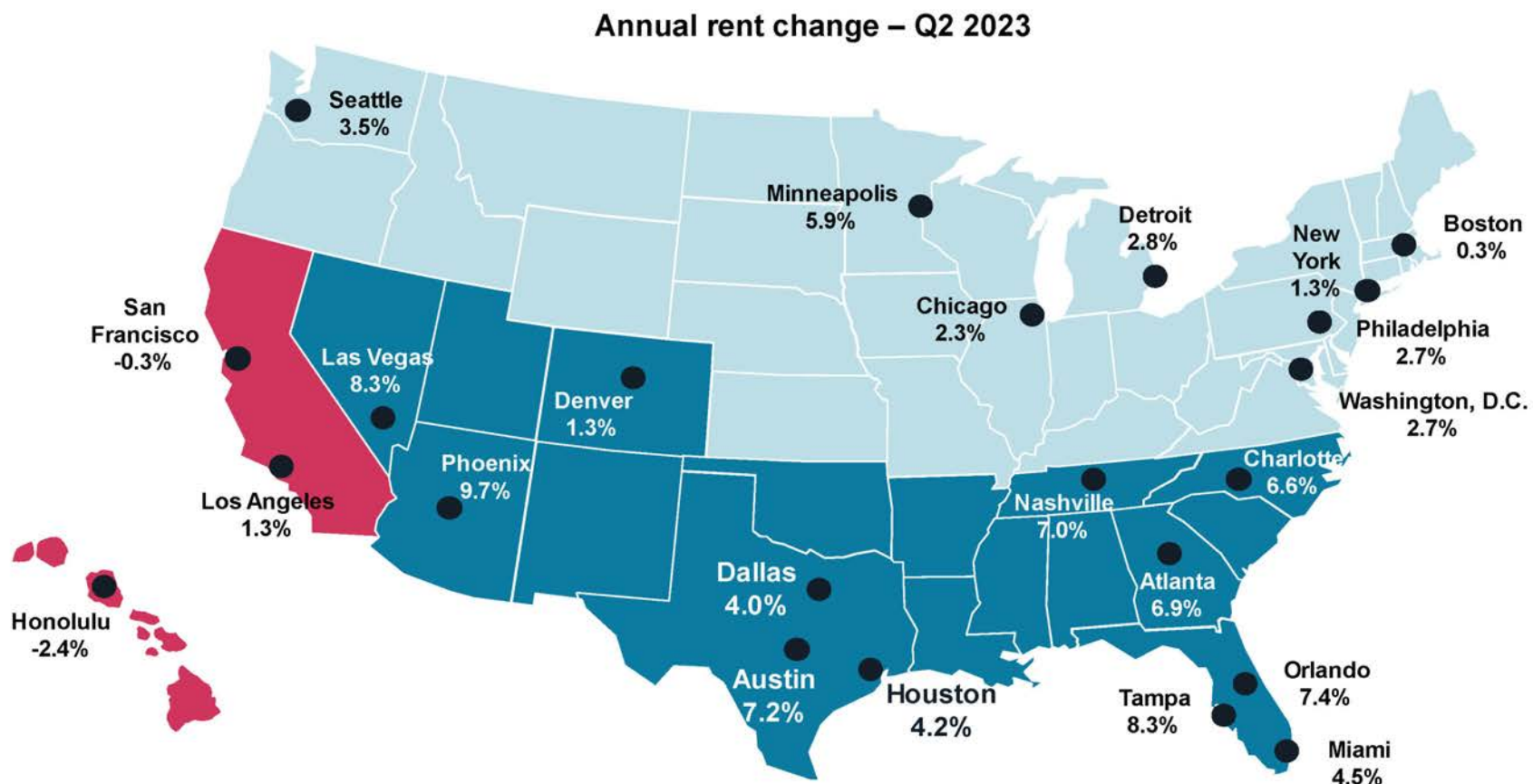
Suburban shopping center foot traffic is back to pre-pandemic levels



Source: JLL, Placer.ai

The malls included in this analysis represent the best-in-class malls from the JLL tracked markets where prime urban corridors are located. Tracked markets include Boston, New York City, Washington DC, Miami, Chicago, Los Angeles, San Francisco

Sunbelt sees higher rent growth

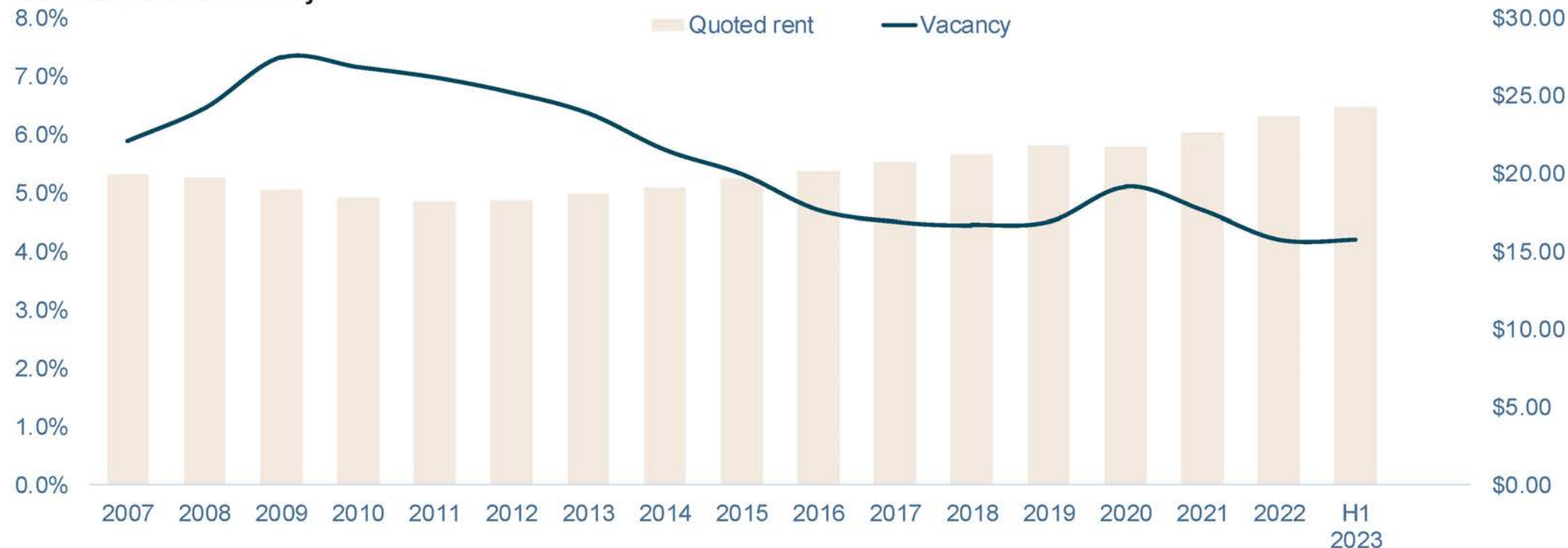


Source: JLL, CoStar

Vacancy rents show improvement from 2020

Strong absorption throughout 2021 and 2022 pushes vacancy down to 4.2%, returning to pre-pandemic level, and deliveries remain relatively low which has helped vacancy rates from rising sharply.

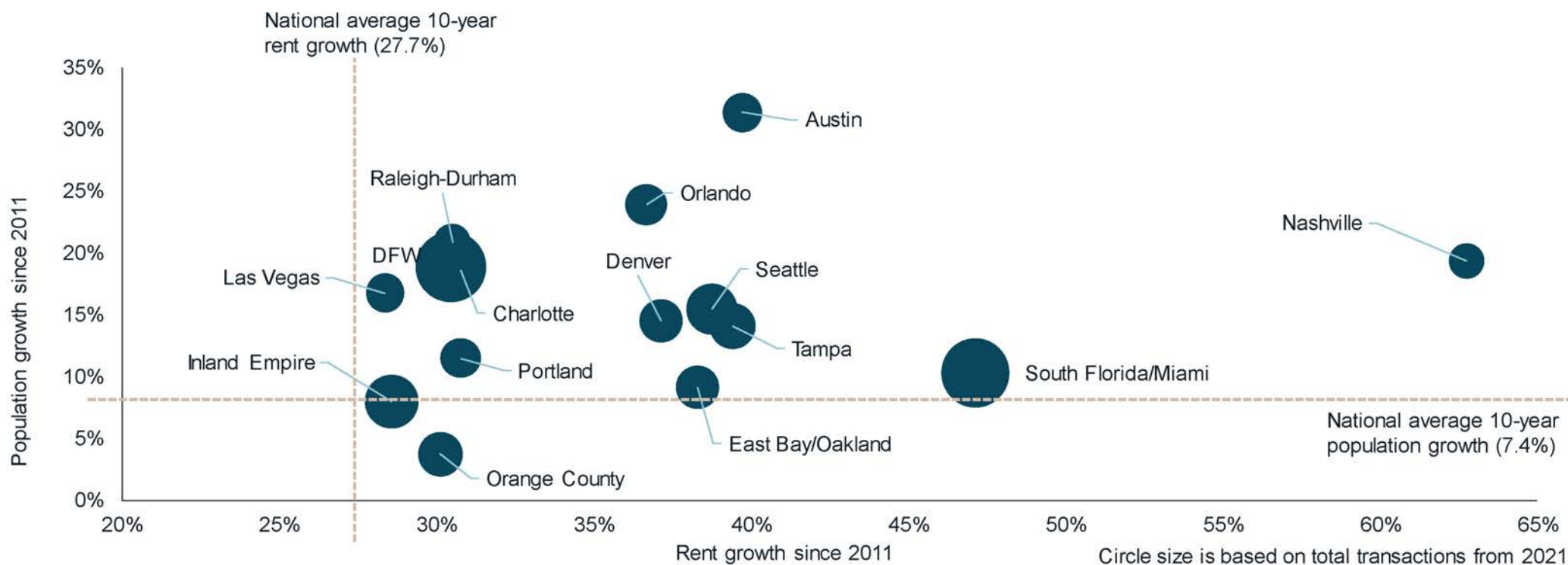
U.S. retail rents & Vacancy



Source: JLL, CoStar

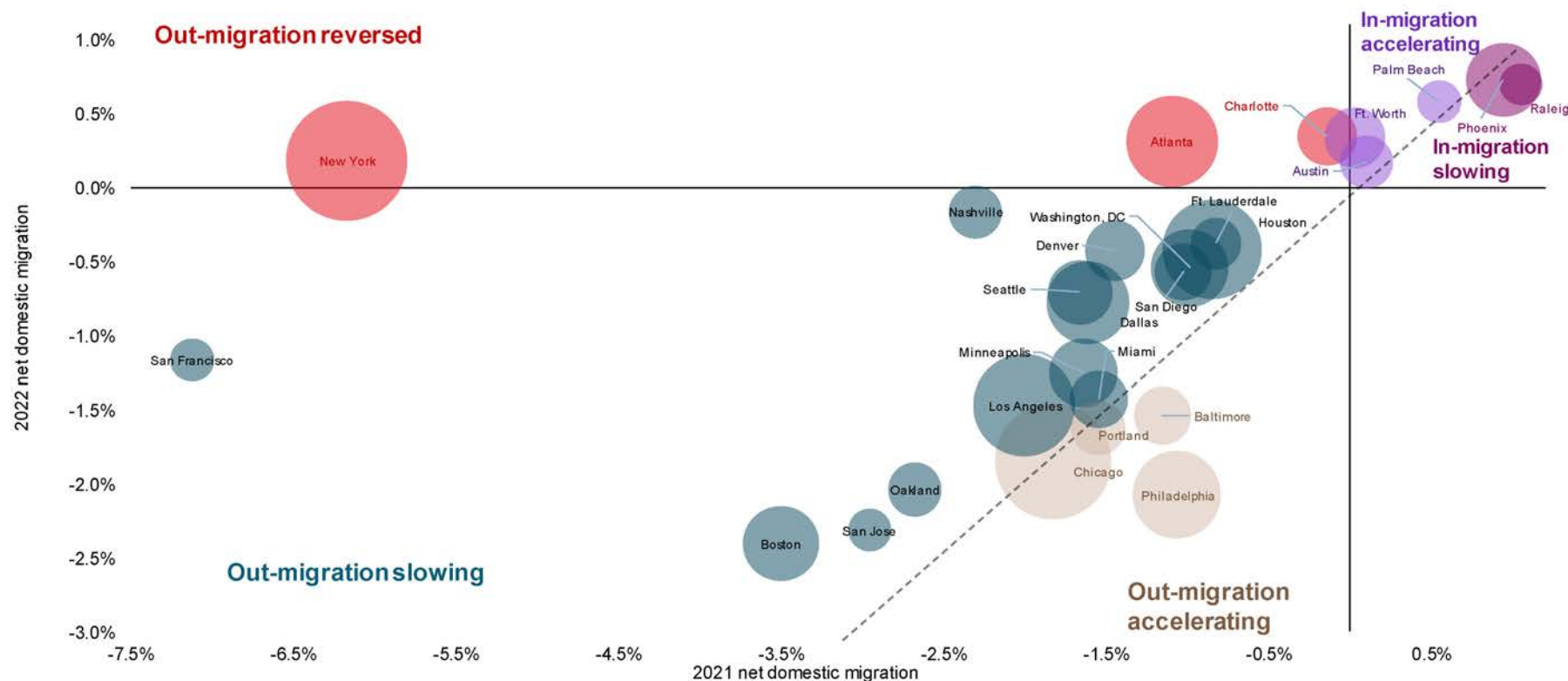
Retail rent growth tied to Population growth

Top 15 markets by rent growth



Source: JLL, CoStar

Migration out of urban cores slowed in 2022



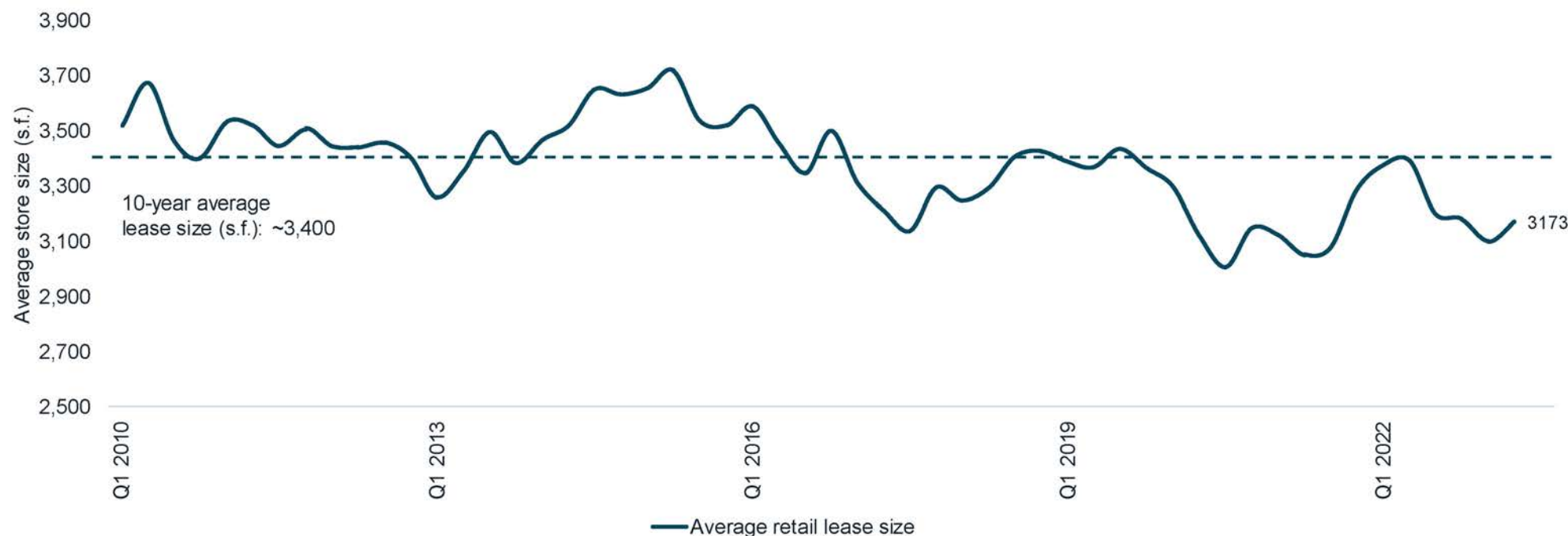
Source: JLL Research, Census Bureau

Note: Data pertains to county-level migration in which urban cores are located. Some counties capture a greater share of surrounding suburban areas: for example, the District of Columbia is solely captured in its own county, and New York County pertains almost solely to Manhattan, but Cook County in Illinois captures Chicago and a small subset of North and Northwest suburban areas. Bubble sizes correlate with size of urban core retail inventory.

Average retail lease size remains below 10-year average

Demand for smaller stores is being driven by the resurgence in restaurants: QSRs like Taco Bell, KFC and Starbucks are all actively expanding

Retailers eye smaller stores

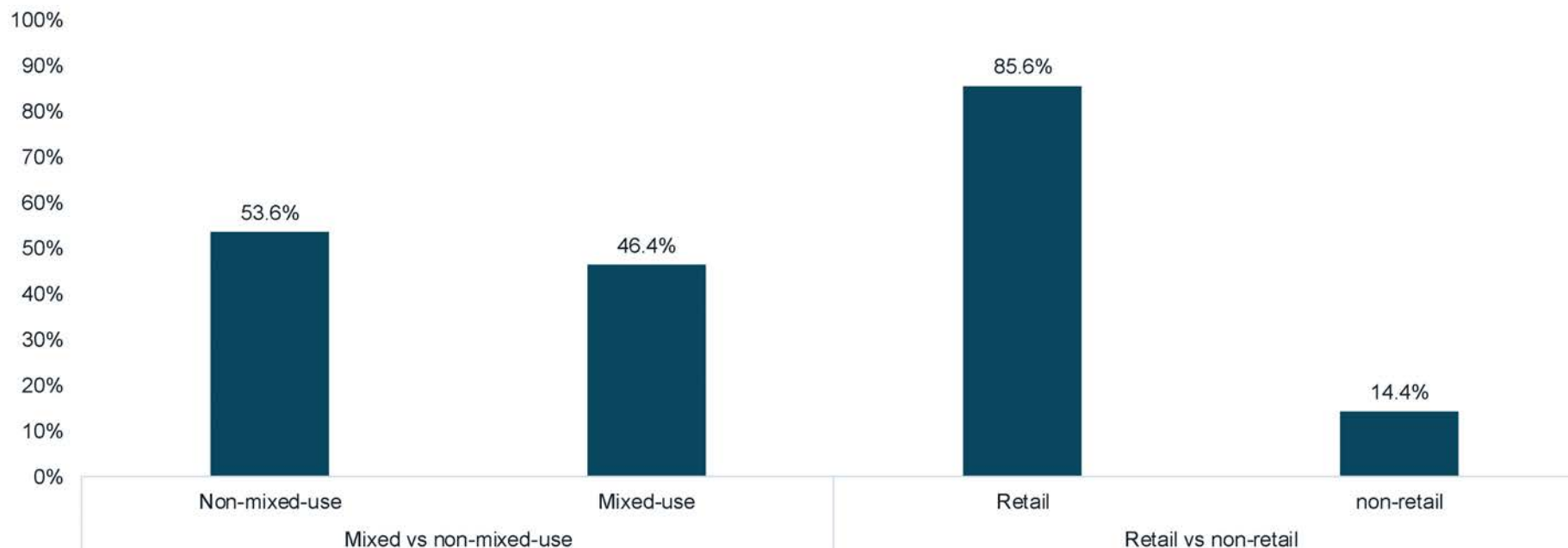


Source: JLL, 2022

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46% of U.S. mall redevelopments are mixed-use* and most retain retail use

Mixed-use and retail use



Source: JLL, 2022

*Mixed-use refers to 3 or more uses

**Note: sample includes 153 mall redevelopments and is not an exhaustive list of U.S. mall redevelopments