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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.

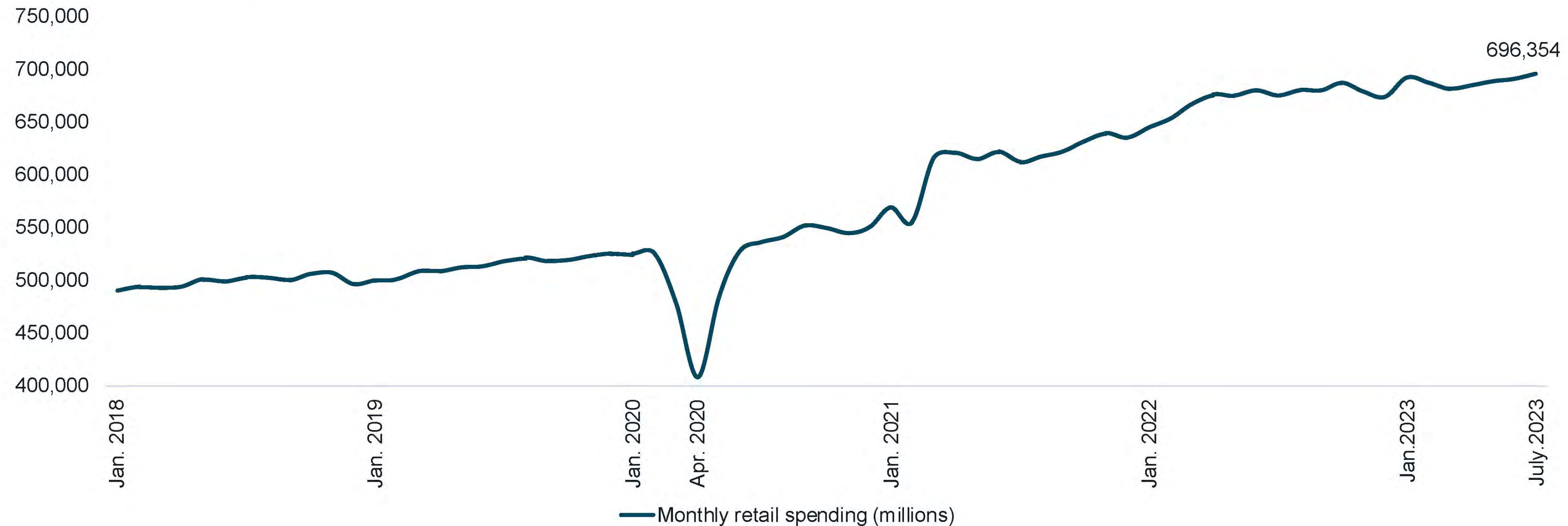
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Sales rise as consumers remain resilient despite inflation

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

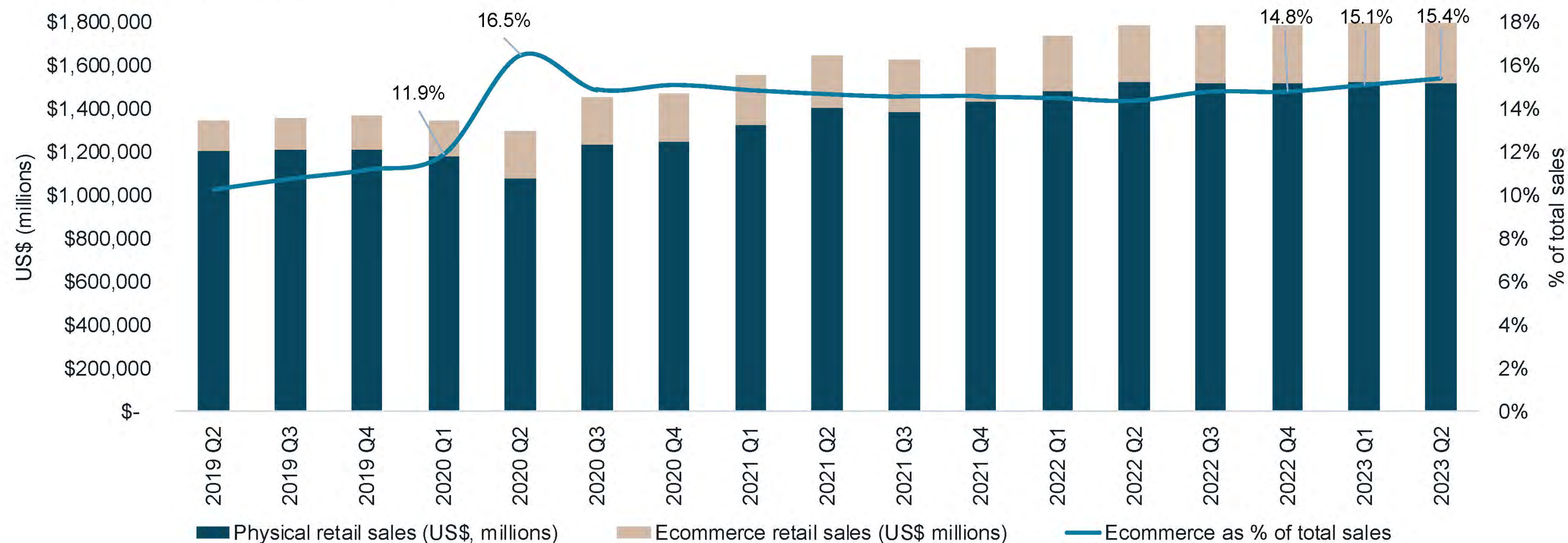
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E-commerce growth slow down continues in 2023 after normalizing in 2021

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

Quarterly retail e-commerce Sales

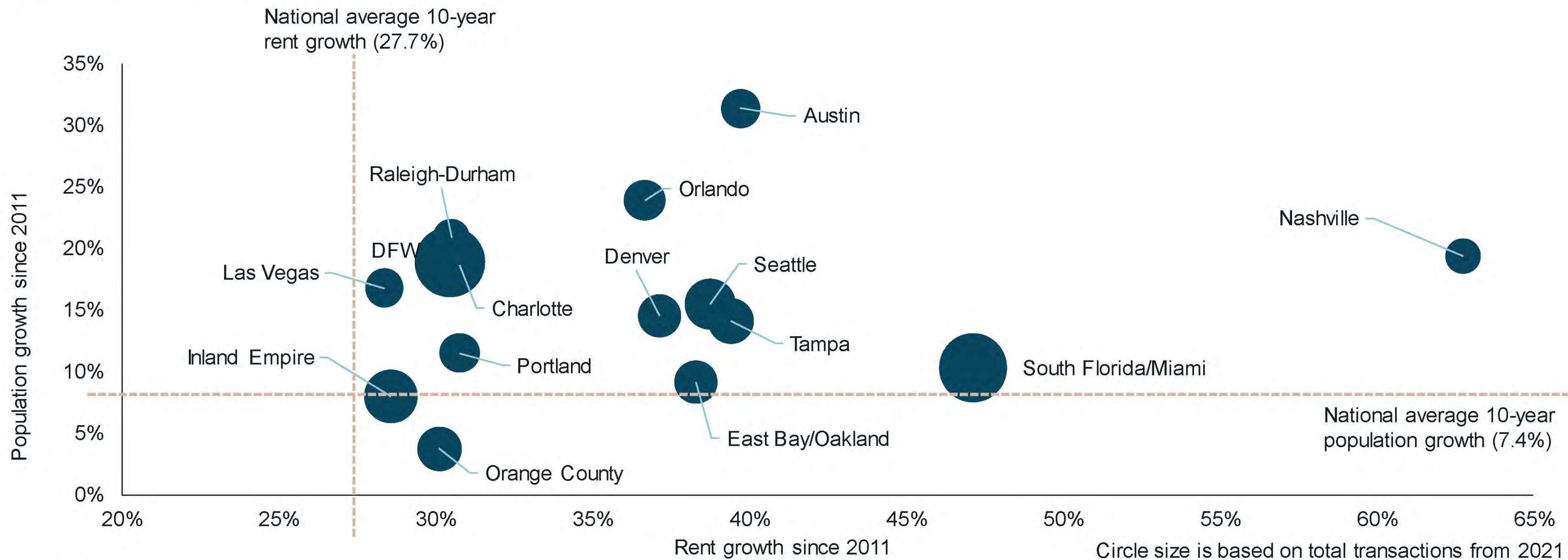


Source: US Census, JLL

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Retail rent growth tied to Population growth

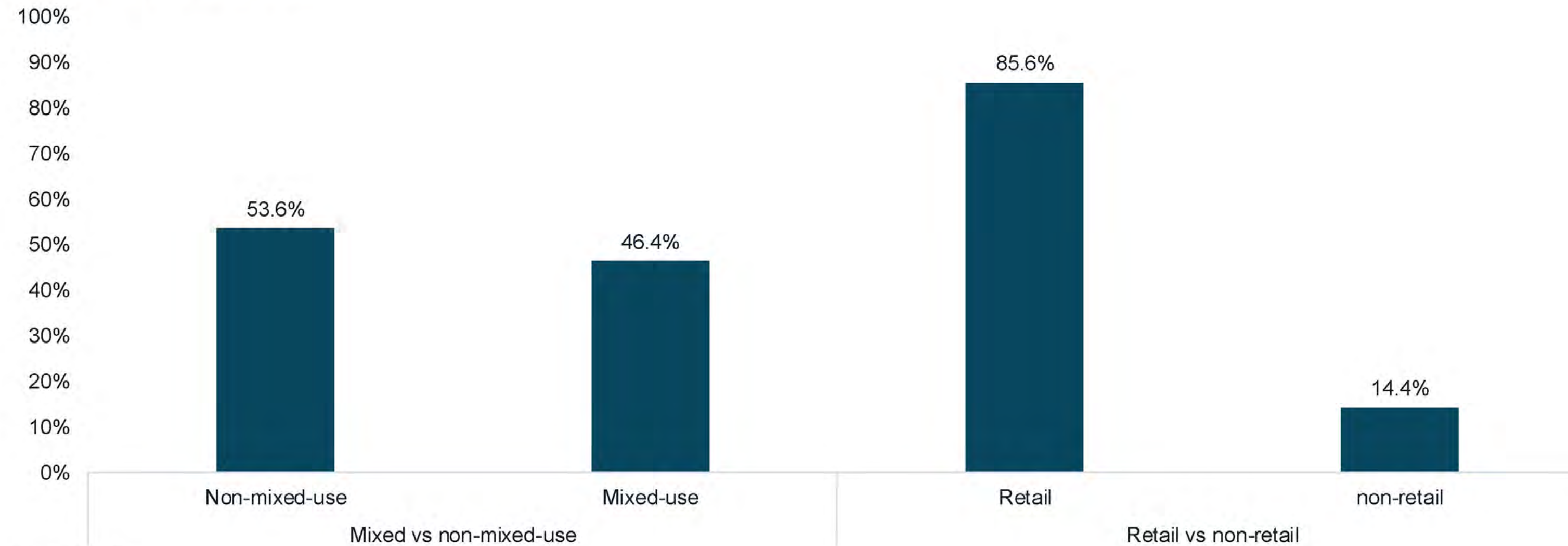
Top 15 markets by rent growth



Source: JLL, CoStar

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

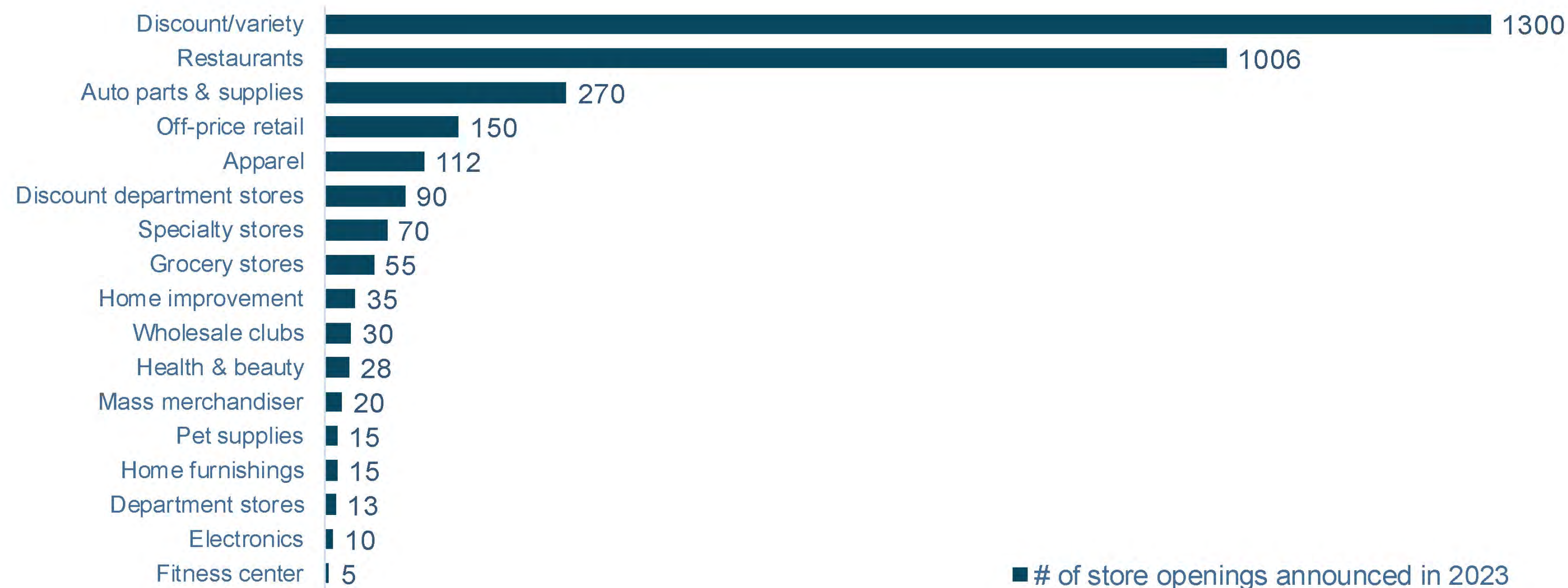
**Note: sample includes 153 mall redevelopments and is not an exhaustive list of U.S. mall redevelopments

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QSRs and fast casual restaurants dominate opening announcements this year

Store openings announced in 2023

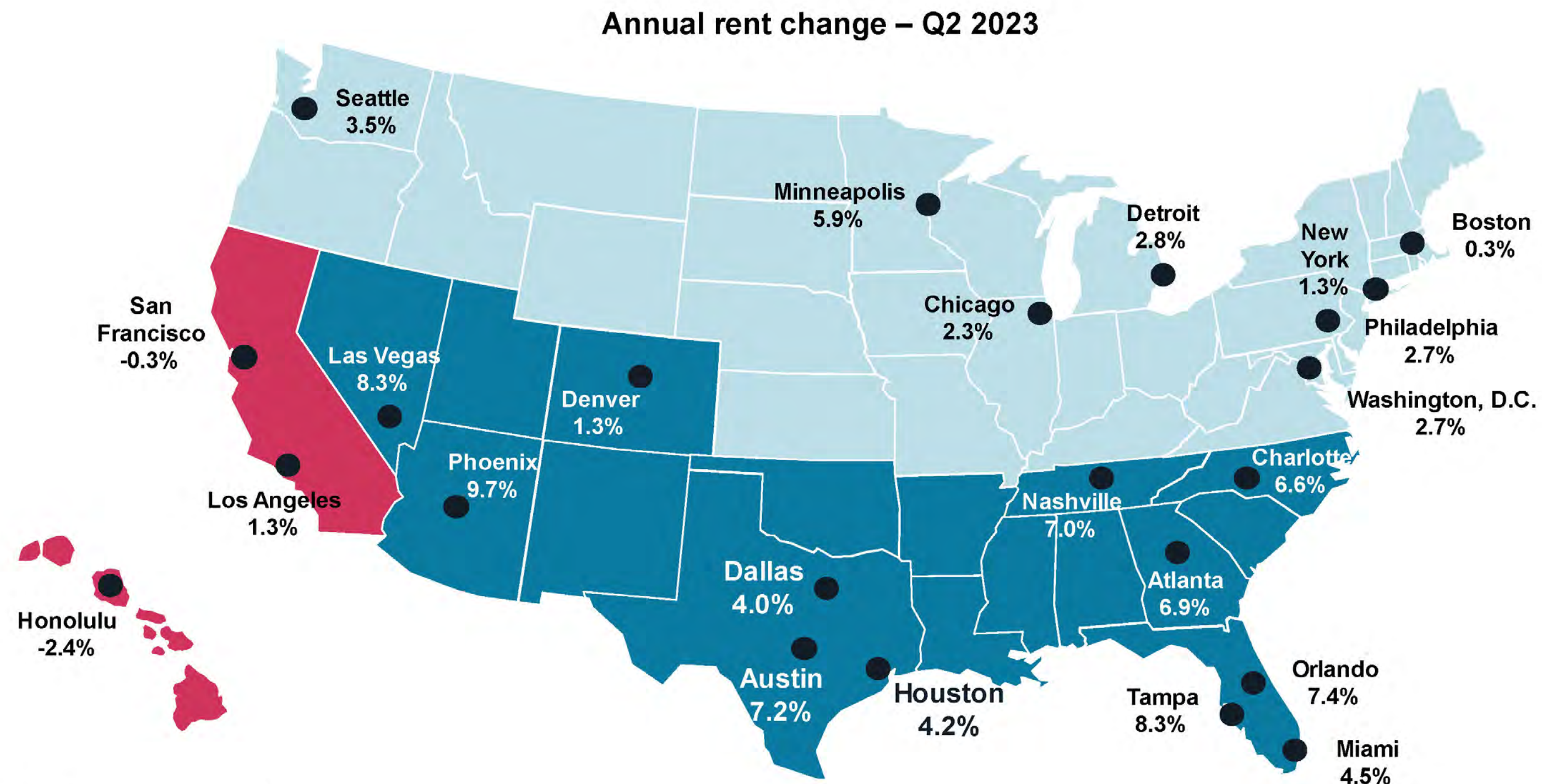


Source: PNC CreditIntell, JLL, 2022

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Sunbelt sees higher rent growth



Source: JLL, CoStar

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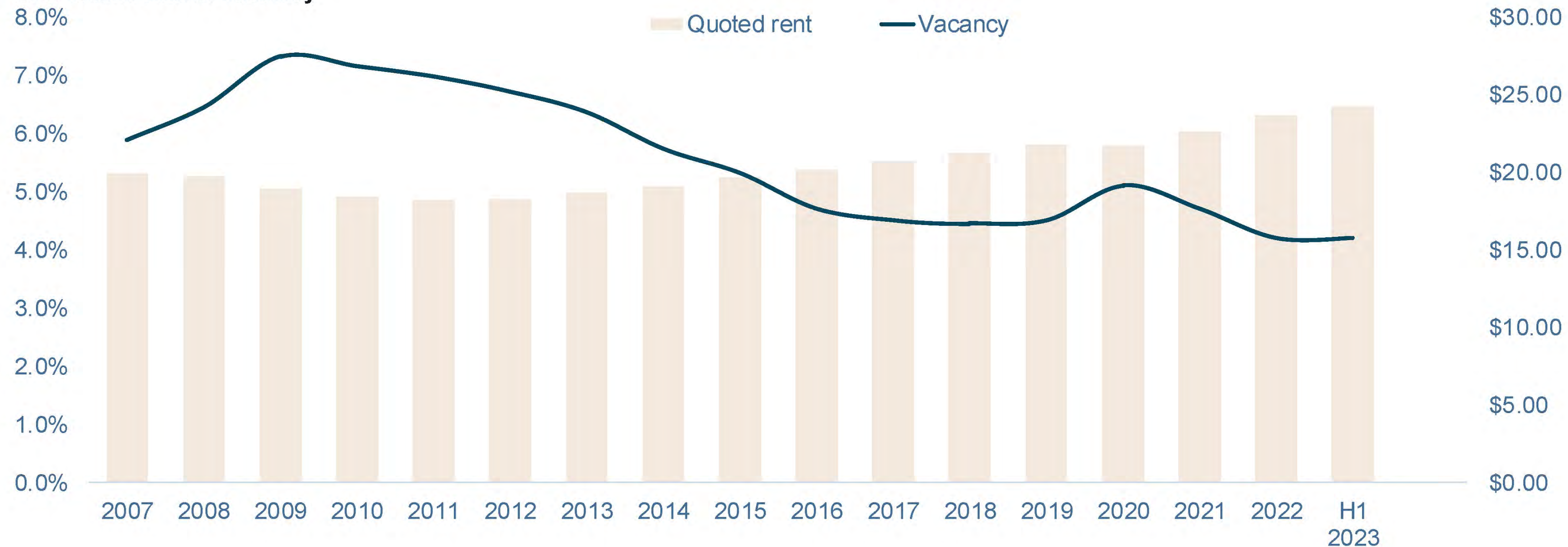
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Vacancy rents show improvement from 2020

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

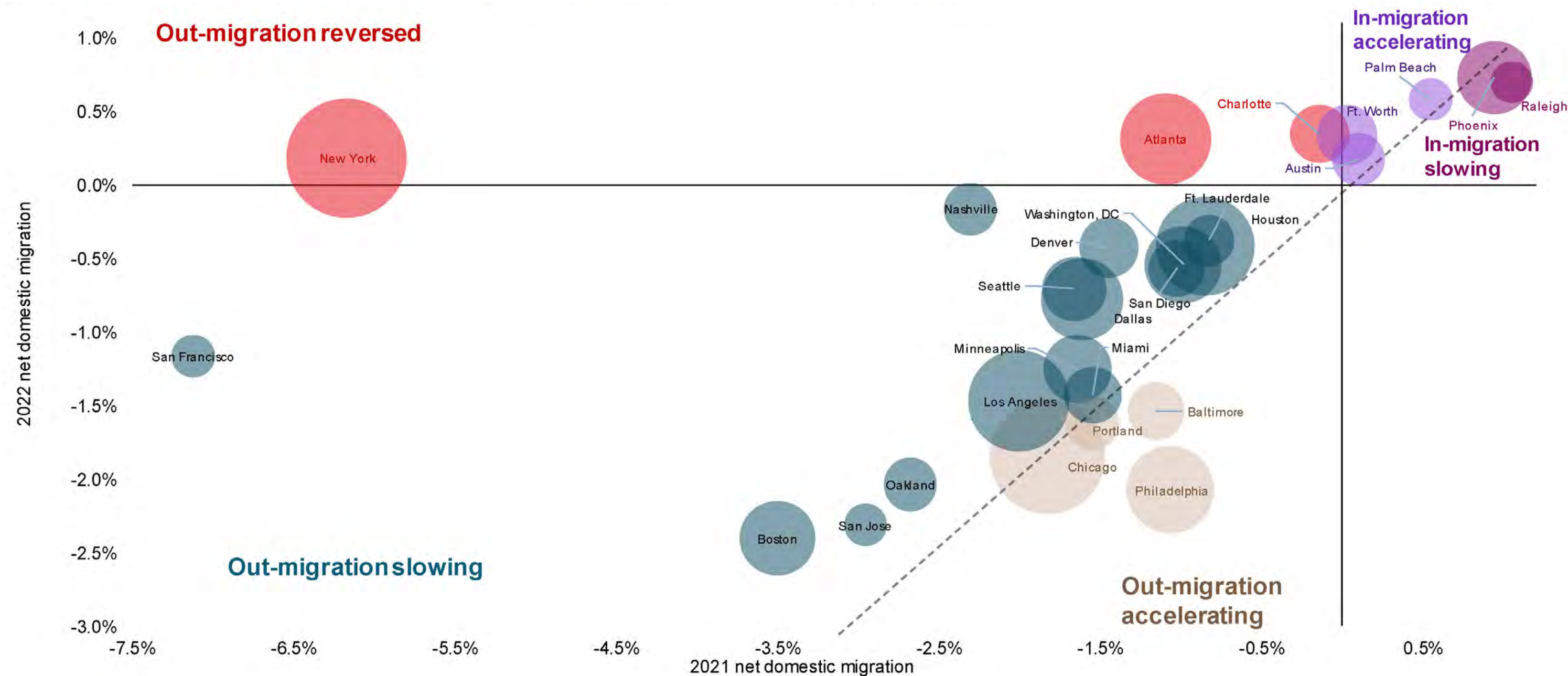


Source: JLL, CoStar

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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.

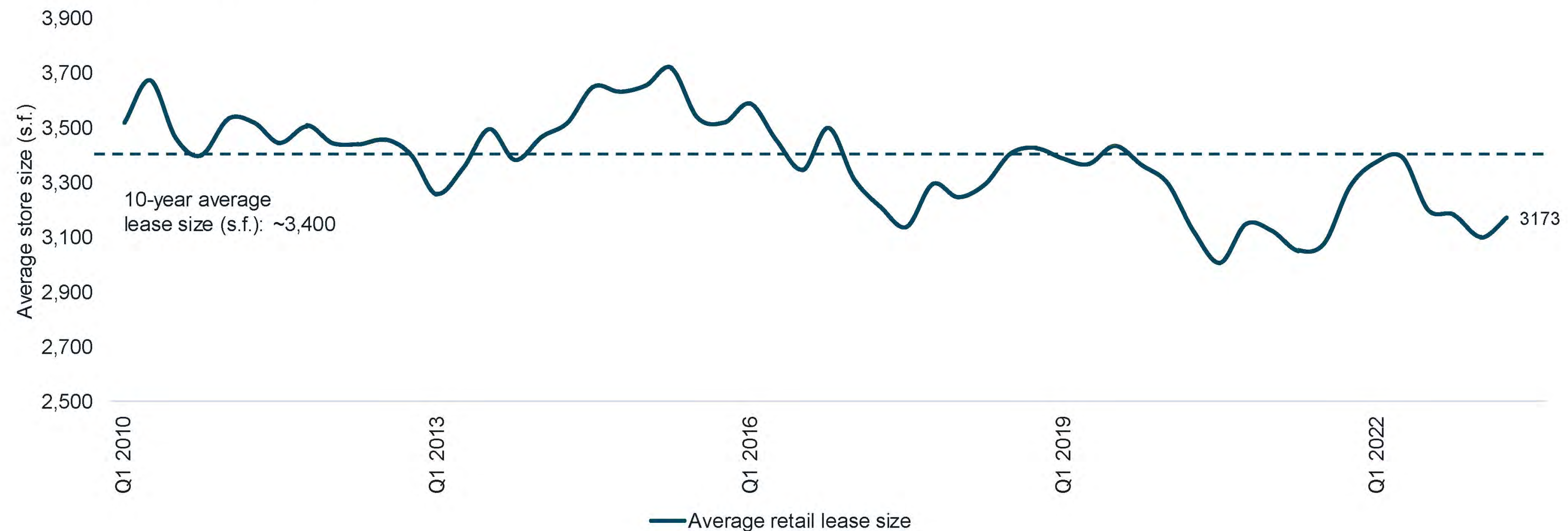
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Average retail lease size remains below 10-year average

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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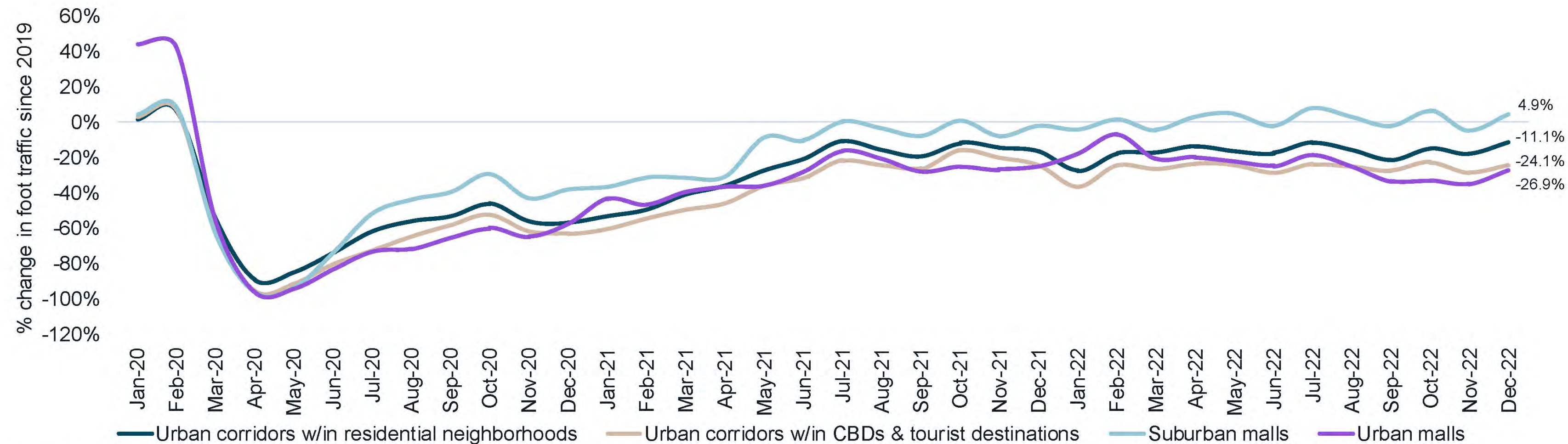
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Suburban shopping center foot traffic is back at 2019 levels

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