



State of the Retail Real Estate Industry

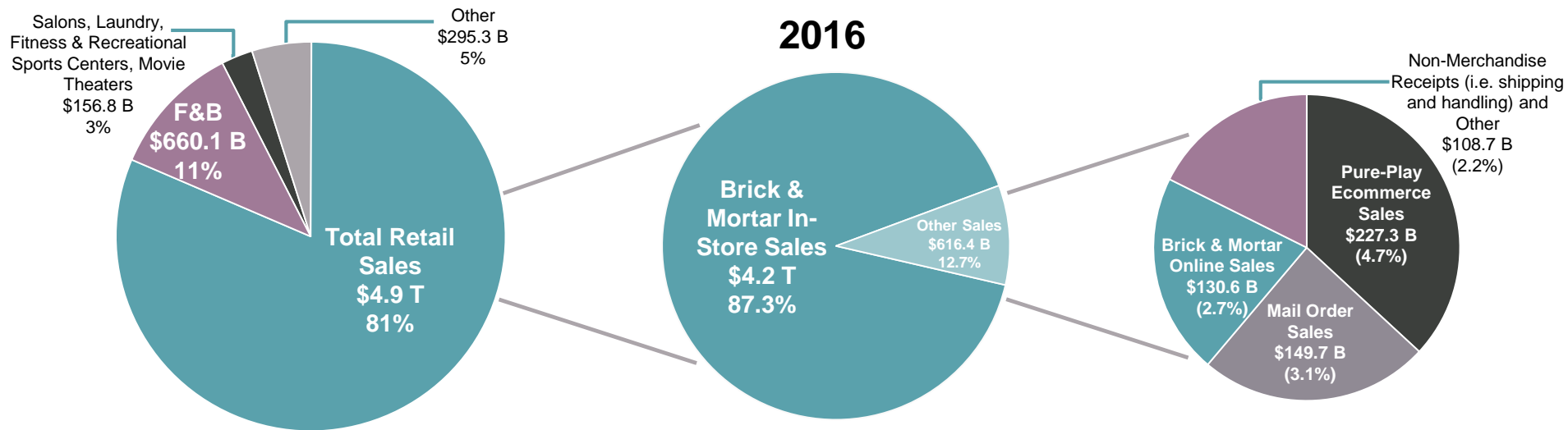
Tom McGee
ICSC President & CEO

Holiday season kicks off with a strong Thanksgiving weekend

- **3.8%** year-over-year growth
- **87%** of shoppers made purchases from retailers with a physical presence
- **74%** of shoppers spent the same or more than in 2016
- **69%** of click-and-collect shoppers made an additional in-store purchase
- **46%** of shoppers dined and **21%** watched a movie while visiting shopping centers over the weekend



Retail real estate is becoming consumer real estate



	Total Brick & Mortar Retail Sales	Food & Beverage	Pure-Play Ecommerce
2016 Sales (in billions)	\$4,377.1	\$660.1	\$227.3
Growth since 2013	\$290.5	\$116.8	\$89.5
% Growth	7.1%	21.5%	64.9%

Major global trends impacting our industry

Technology



Omnichannel



E-Commerce



Customer Engagement



Demographics



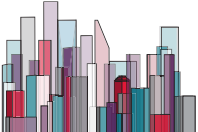
Baby Boomers



Millennials



Urban Density



Consumer



Personalization



Experience



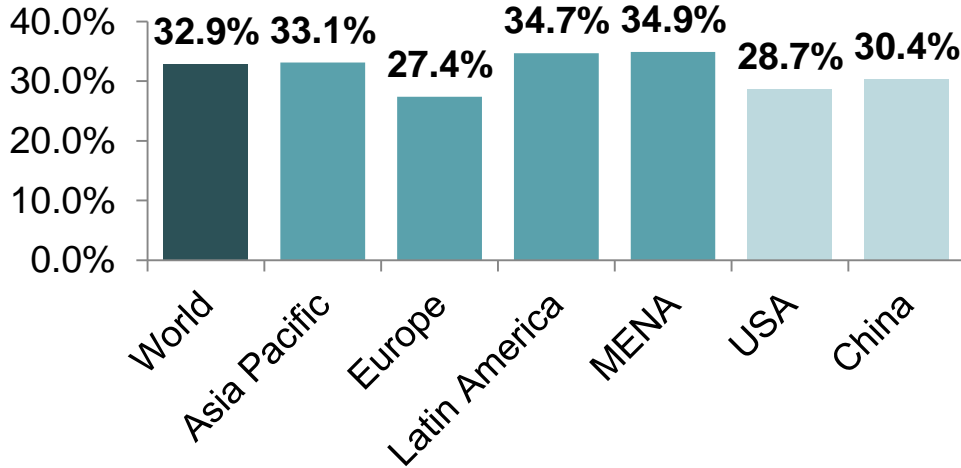
Value



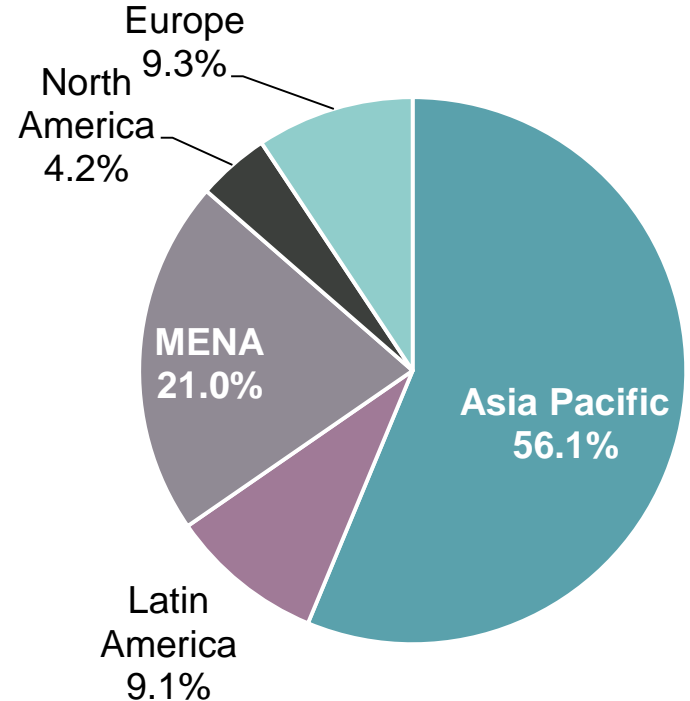
Millennials are having a significant impact on retail

There are 2.4 billion Millennials worldwide

Share of Total Population that are Millennials by Geography



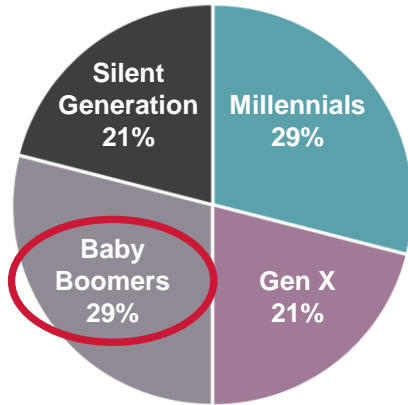
Share of Total Millennial Population by Region



Demographic and macro economic factors are creating unique pressures for retail

2000

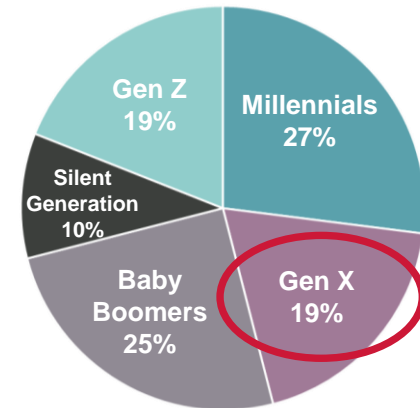
Total Population: 281 Million



Loss of 21M Consumers

2015

Total Population: 321 Million



Inflation

<2%

GDP

2%

Median Household Income

Flat

New Home Sales

Still Below 2007

Existing Home Sales

2007 Levels

The Millennial Consumer

Who they are

Education



Income



Habitation



Marital Status

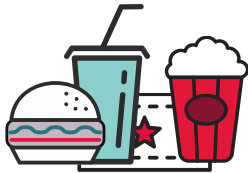


Kids



What drives them

Experience



Personalization /
Authenticity



Technology



Health



Social Good



Impact of Tax Reform on Retail Real Estate

Provisions that were preserved

- Expensing/Limitation to Interest Expense
- 1031 Like-Kind Exchanges

What was impacted

- Pass-Through Provisions
- Carried Interest
- SALT Deduction





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