

# A New Era of Opportunity for Main Streets

**April 18, 2019**

**TOM FIDLER**

*Executive Vice President & Principal*

**MACKENZIE RETAIL, LLC**

2328 W. Joppa Road, Suite 200

Lutherville, Maryland 21093

410.821.8585

[www.mackenziecommercial.com](http://www.mackenziecommercial.com)





# Store closings 2015-2018



BCBGMAXAZRIA

THE LIMITED



GYMBOREE



JCPenney

American Apparel

FOOD LION



VITAMIN  
WORLD

*charming*  
charlie

**(R)** RadioShack bebe J.CREW

GameStop

*Wet Seal*

sears

rue21

Abercrombie & Fitch

TEAVANA

PERFUMANIA

hhgregg

STAPLES



LOFT

GUESS

TRUE RELIGION



# Retail space per capita: The Comparison

## The Facts

1. Over 1.39M retail establishments in the U.S.
2. Total of 16.12B square feet of retail space
3. U.S. ranks 5<sup>th</sup> in consumer discretionary spending

<u>India</u>	<u>Mexico</u>	<u>UK</u>	<u>Canada</u>	<u>Australia</u>	<u>U.S.</u>
2.0pp	1.5pp	23pp	13pp	6.5pp	28.5
8.6pp					

*\*U.S. market experienced the largest store closure count in history.*





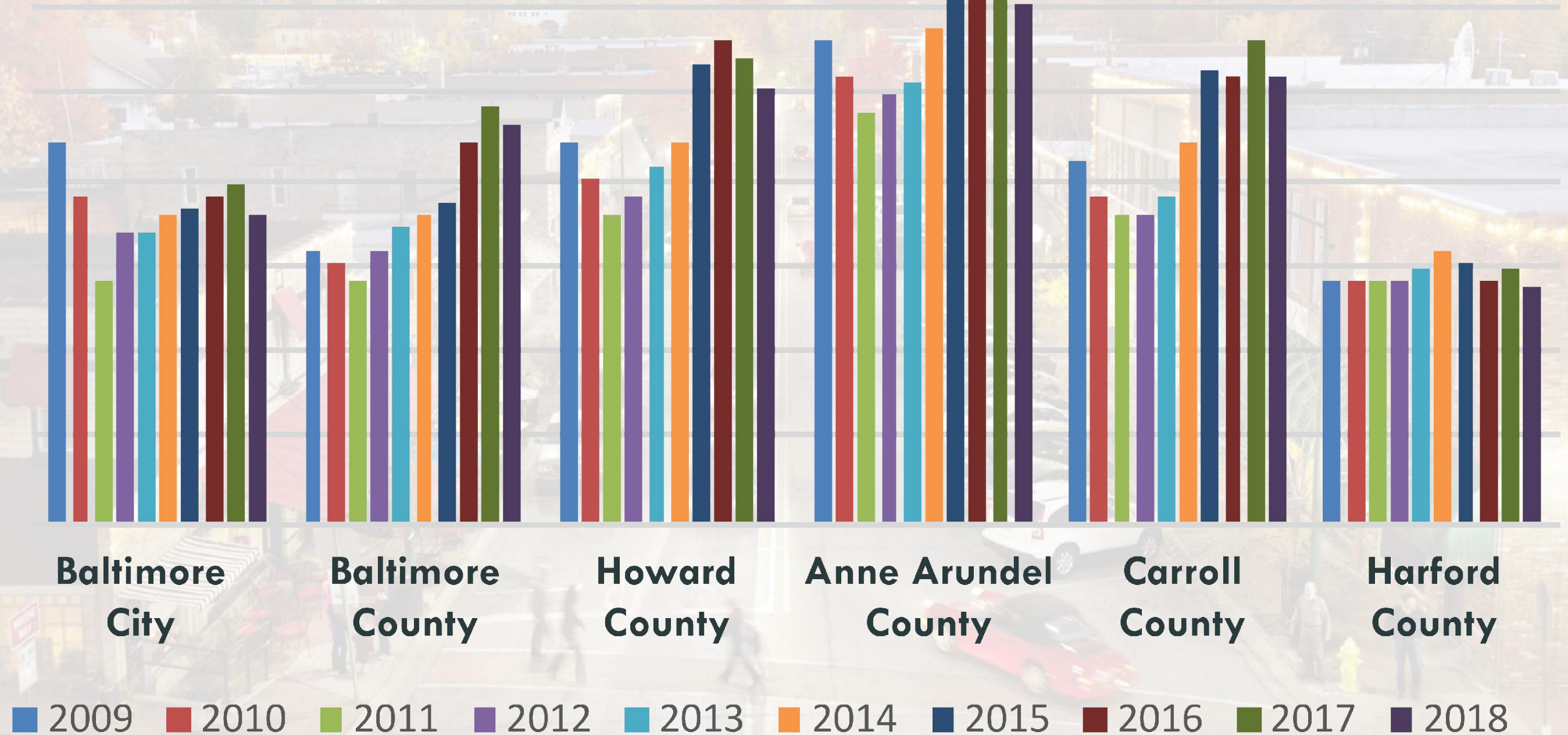
# Baltimore DMA retail market

## The Numbers:

- Approximately 34.8 million square feet of core “retail” space
  - Baltimore City
  - Baltimore County
  - Howard County
  - Anne Arundel County
  - Carroll County
  - Harford County

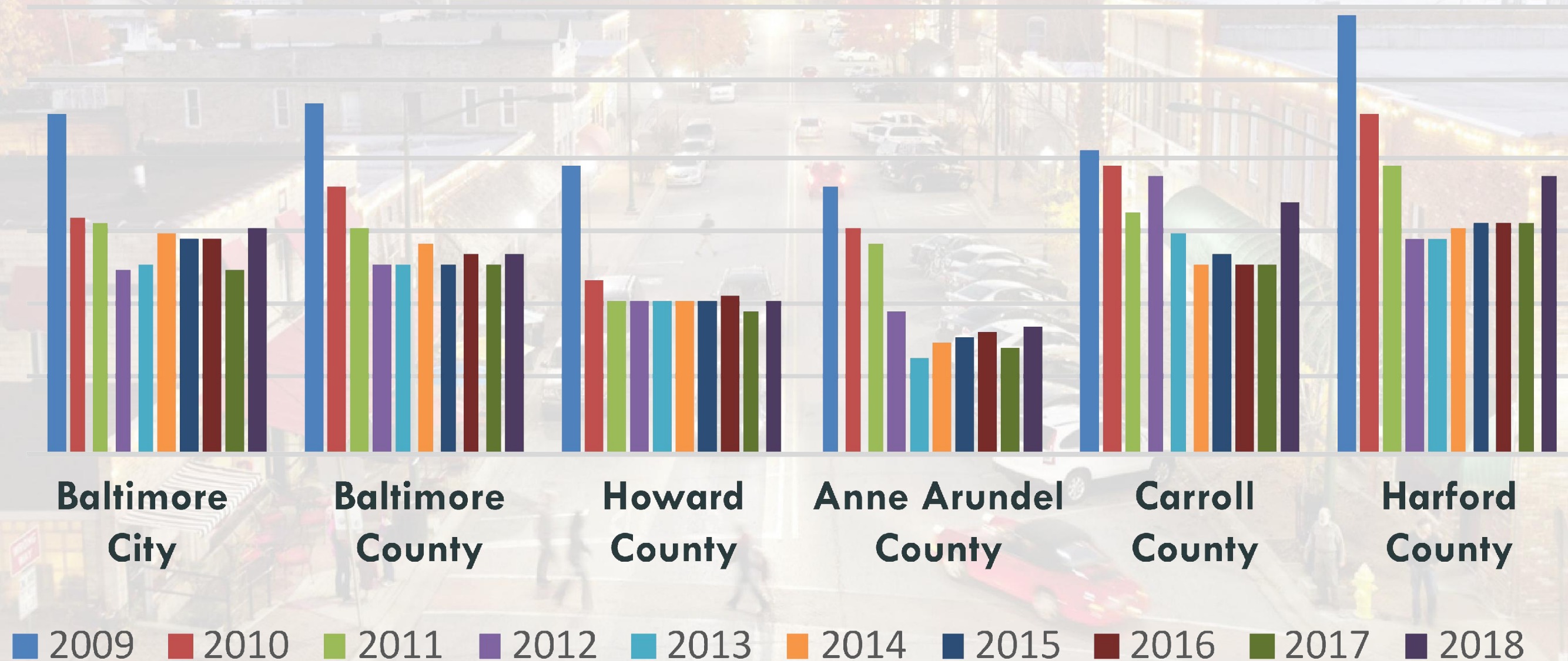


## 2018 rental rates





# 2018 vacancy rates





# National retail — where are we?

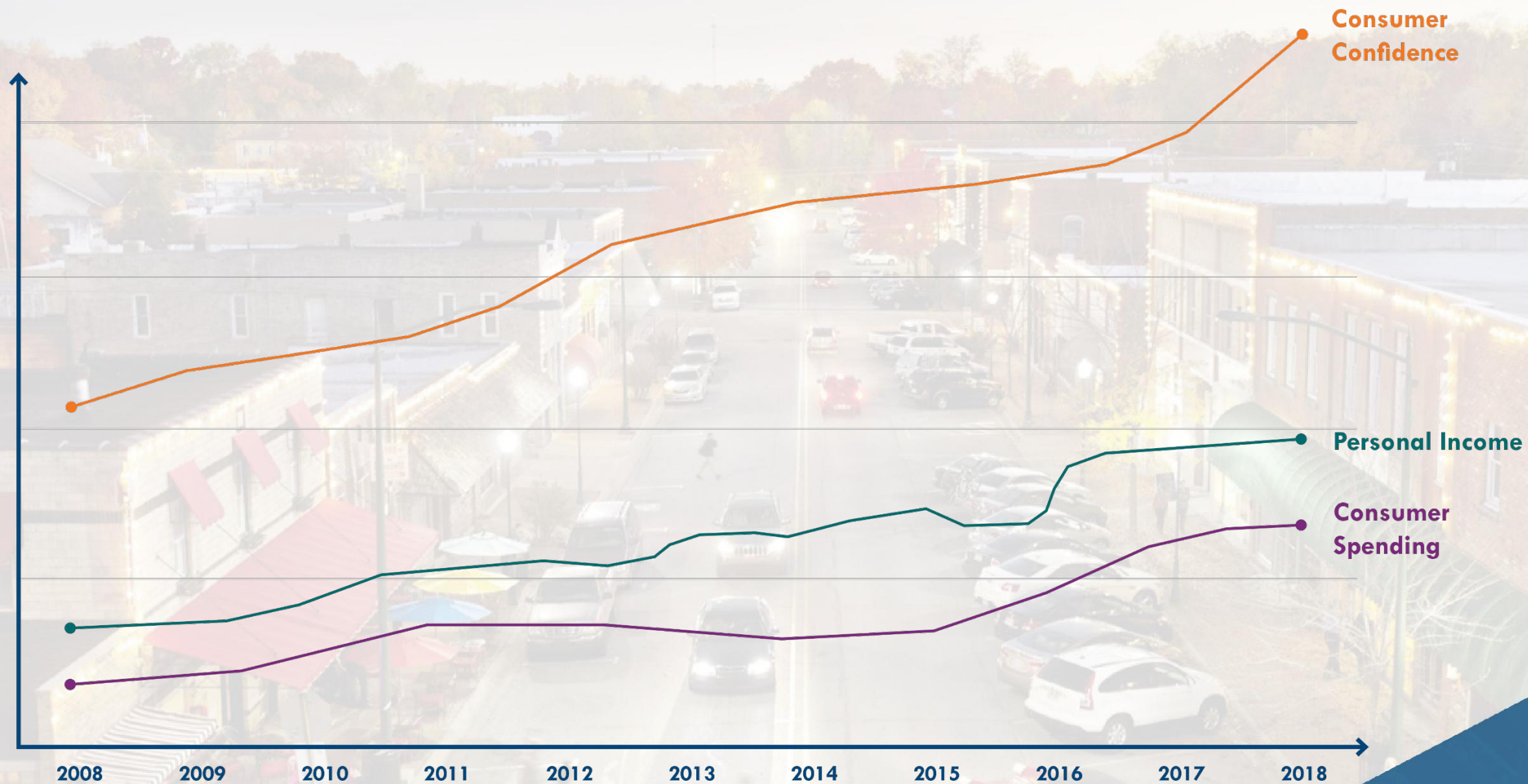
## 2018 Holiday Season

### The Numbers:

- Year end ↑ 4.85%; ↑ 3.00% in December
- Why?
- Cyber Holiday:
  - 44% of every dollar (28% annually)
  - Heavy promotional environment
  - Dramatically reduced prices and lower margins
  - Weak store traffic
  - ***Shops Local !***
  - Impact???
  - **“CLICK AND COLLECT” & “RETURN AND SEND”**









# Who is today's consumer?

## (35%) Baby Boomers (54-74 years old)

- “Me” generation
- Self righteous and self-centered
- 1<sup>st</sup> TV generation
- 1<sup>st</sup> divorce generation
- Very loyal

## (26%) Generation X (39-53 years old)

- “Latch key kids”
- Very individualistic
- Want to save the neighborhood, not the world
- Used a pager
- Loyal to a point

## (19%) Millennials (24-38 years old)

- They schedule everything!
- Have no idea what a pager is
- Huge academic pressure
- Everything digital please
- Do not live to work, prefer relaxed work environment
- No loyalty





# The changing consumer (Family of 4)

Baltimore (DMA)	2000	2005	2013	2014	2015	2016	2017	2018
Income Before Taxes	\$66,913	\$87,527	\$84,330	\$84,490	\$84,425	\$84,520	\$86,319	\$85,512
Homeowner	79%	83%	68%	63%	61%	56%	54%	51%
Male / Female	65/35	52/48	48/52	46/54	46/54	47/53	46/54	46/54
Avg. Annual Retail Expenditures	12%	19%	11%	11.8%	12.2%	12.8%	14.2%	14.9%
Food Away From Home	\$2,894	\$3,886	\$3,918	\$4,020	\$4,220	\$4,385	\$4,218	\$3,984

## **The Variables:** Technology and mobility

**More research now done on Amazon vs Google**

**Customer is more prepared**

**It's not the value, it's the price**

**Customer service! Digital service!**

**Need for it “now”**



# Historical Main Street

## The Numbers:

- 74% of properties are retail
- 26% are commercial office, service, residential
- MD average is 63% and 37%

**•RETAIL IS THE ANCHOR**





# The NEW small business owner:

- The aging Baby Boomer
- Early Retirement at highest level in last 10 years
- Increasing economic wealth and investments
- Highest % of non-franchise new business licenses
- Higher new local business retail taxes paid to the State
- What are the new business opportunities?





# New Main Street trends:

- Boutique food and beverage – craft beer, self wine bars,
- Pets! A \$5.4 B industry
- Records ! Yes, vinyl is back.... The new café' environment
- Home accessories, art, furniture – even self made products
- Gardening
- Designer Boutique and Fashion
- Co-Work space – the local professional





# What does all this mean?

- New opportunity – the stars are aligning
- Common sense approach
- Take an Offensive Approach
- Creative Incentives
- Branding your community, your reach
- Promotions are difference makers
  - Political support and pro-active leadership
  - A YES culture is needed





Please visit our website for  
additional information,  
**[www.mackenziecommercial.com](http://www.mackenziecommercial.com)**



**MACKENZIE**