

MARKETBEAT

Greenville

Retail Q3 2017



ECONOMIC INDICATORS

National	Q3 16	Q3 17	12-Month Forecast
GDP Growth	1.2%	2.2%	▲
CPI Growth	1.1%	2.0%	▲
Consumer Spending Growth	2.8%	2.7%	▼
Retail Sales Growth	2.3%	3.9%	▲

*Forecasted by Cushman & Wakefield. Values represent year-over-year % change.

Regional	Q3 16	Q3 17	12-Month Forecast
Household Income	\$51,022	\$53,223	▲
Population Growth	1%	1%	■
Unemployment	4.1%	3.5%	▼

Market Overview

Grocery, off-price retailers, and convenience stores are the fastest growing core retail segments. No matter what the media may be communicating; retail is not dead. It's changing. According to Dollar General, their store remodels that include fresh produce and other food related concepts, have resulted in sales returns up to four times the standard remodel rate. In general, over 4,000 more stores opened nationally than closed among big chains, and when including small retail, there was a net gain of 10,000 stores. According to Progressive Grocer Magazine, retail sales are up to \$121.6 billion in the first seven months of this year. With the announcement of Nordstrom's California concept "try-on but buy online", it is becoming a realization that a new customer interactive experience is the focus. Simon launched the Facebook Messenger App to enhance the shopping experience. Successful retailers are providing online paired with brick-and-mortar experiences: one is not successful, if not paired with the other.

Outlook

Large eCommerce brands are getting physical with recent large-scale acquisitions. They are successfully rolling-out eCommerce vending, automated checkouts, grocery pick-up, pick-up lockers, and pop-up stores. Not only are voice-activated devices available for purchase at major retail stores, but some eCommerce brands are allowing returns to be processed at these locations as well. They have begun locating some to college campuses purveying books and supplies. This repositioning of retail as eCommerce is causing healthcare to backfill retail centers. That trend is expected to double. Online grocery shopping has a bright future as paired with physical stores. Most shoppers, crossing all age groups, whose families purchase online one to two times a month are still visiting a "store at least once a week." According to *Money Magazine*, customers now spend more on food at restaurants than on supermarket groceries. Rising home prices and limited inventory is becoming a profitable trend for home-improvement retailers. Those retailers are banking that homeowners are deciding to stay put and invest in their current homes. Pop-up stores will continue to grow to test out areas for permanent stores and bring attention to online availability. The future of retail is evolving into what is yet to exist.

Overall Rental Rate vs. Overall Vacancy



Economy

Third quarter 2017 reported more overall positive news for the U.S. and local economies. Employment in Greenville continued to grow and the unemployment rate has leveled off as the market appeared to be at full employment. Nationally, the U.S. reported a loss of jobs in September primarily based on the two hurricanes that hit Texas and Florida. It is expected the employment gains will pick back up in Q4 and interest rates will remain low, although the Federal Government may raise the primary rate at the December meeting.

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