



Phillips Edison Reveals Top Retail Shopping Center Trends of 2019

May 20, 2019

The company's National Accounts and Emerging Trends team provides industry insight at ICSC's RECon in Las Vegas

CINCINNATI--(BUSINESS WIRE)-- Phillips Edison & Company ("PECO" or the "Company"), an internally-managed real estate investment trust ("REIT") and one of the nation's largest owners and operators of grocery-anchored shopping centers, released today its industry insights on trending themes as part of ICSC's RECon event in Las Vegas.

The insights were produced by PECO's National Accounts and Emerging Trends team, which consists of a group of highly specialized leasing professionals that tracks over 400 accounts and actively engages with 150 growing retailers. This team travels the country meeting with brands to learn how they are evolving to identify creative ways that PECO can advance their real estate objectives. In the process, the team closely tracks and documents developing trends across different retail categories including grocery, restaurant, fitness, health and beauty, medical, entertainment, and discount.

This deliberate information gathering approach has proved extremely beneficial to PECO since the team was formed in 2016. In addition to collecting a copious amount of data that is constantly informing the Company's leasing strategies as well as how, where and when it chooses to deploy capital, the team's efforts have resulted in new and stronger relationships with a wide range of innovative retailers that are redefining the retail landscape and customer experiences. These activities are driving strong leasing momentum, putting the National Accounts Team on pace to execute more than 100 new leases in 2019 – up 35 percent year-over-year – and resulting in more than \$6 million in annualized base rent, according to Mike Conway, Vice President of National Accounts & Retail Partnerships at PECO.

As part of its ongoing research and conversations, PECO finds that many brands are prioritizing convenience as well as introducing smaller store formats to drive engagement and satisfaction. These decisions have been heavily informed by data collected by retailers related to shopping patterns. For instance, consumers continue to show a preference for curbside pick-up, mobile check-out, same-day delivery and personal point-of-sale systems that make the process of shopping in-store faster and more efficient. Moreover, decisions to launch smaller store concepts are in part predicated on providing shoppers with a greater level of convenience in a more intimate setting. This trend is also a response to increasing urbanization as more people are choosing to live in cities.

Commenting on retailers' growing use of data, PECO's Director of National Accounts - East Ryan Mitzel stated, "There is no question that data is king. Retailers have more resources than ever to efficiently gather and analyze information that helps them better tailor their offerings to their consumers. This information is also being leveraged during the site selection process to help brands determine precisely where they need to be – down to the hard corner."

What follows is an overview of the emerging trends that are sweeping the retail landscape, and the brands that are leading the charge:

- **Convenience is King.** Convenience continues to trend with grocers implementing a counter-intuitive movement to get customers in and out quickly. Walmart announced it would allow customers to return items to concierge employees at the front of their stores rather than waiting in lengthy return lines. Grocer Stop & Shop has implemented a mobile-checkout feature to 23 Chicago-area stores, which allows customers to completely skip the checkout and any human interaction. Kroger is also merging tech with convenience, "rolling out" autonomous delivery vehicles. The grocer is launching the fleet in the Houston market and plans to aggressively expand the concept by the end of the year.
- **Small is the New Black.** Several major retailers and larger-format concepts are testing a decreased footprint. Aldi UK has implemented "Aldi Local" in London, which totals 6,500 square feet. Although the company insists the new store does not indicate a push into the convenience store sector, it could signal an expansion of the smaller store format. Another concept on the small-scale "fore-front" is golf entertainment venue Topgolf, which is opening small-format locations to help the brand "swing" into small and midsize markets. Finally, Whole Foods is not delivering its "whole" package at its new store dubbed "Daily Market" in the Chelsea neighborhood of Manhattan. The store is dedicated to grab-and-go food and travel items, and includes self-checkouts for the extra-busy New Yorker.
- **Healthy Living = Healthy Retail.** Brands focused on providing health and wellness services that were traditionally located in office buildings – such as dental practices, physical therapy providers and medical imaging centers – are relocating to or expanding into grocery-anchored shopping centers. These properties represent a natural fit for the expanding medical retail category as health and wellness continues to factor heavily into consumer spending decisions. By locating in necessity-based shopping centers, medical retailers benefit from high levels of foot traffic while consumers gain more convenient access to the necessary services they provide. PECO has executed leases with ATI Physical Therapy, Benchmark Physical Therapy, SimonMed, America's Best Eyeglasses, Pacific Dental and StretchLab, among others, and the company anticipates that 15 to 20 percent of the leases it executes in 2019 will be medical-related – a significant

increase over previous years. PECO also notes that the CBD retail industry, which touts cannabidiol's potentially positive health effects such as reducing anxiety and alleviating headaches, has seen a meteoric rise to prominence as major specialty retailers have spread across the country and CBD-related products have made their way onto the shelves of established retailers including CVS, Walgreen's and Ulta.

Ashley Casey, PECO's Director of National Accounts – West, stated, "While the so-called 'retail apocalypse' has failed to fully materialize, what has proven to be true is that we're in the midst of an exciting retail evolution, as retailers who fail to evolve are dying and making room for more creative, innovative concepts to take their places. As we noted last year, we continue to see growth in the number of internet-based retailers opening physical locations – including Casper, Warby Parker, Peloton and Untuckit – which we believe validates the brick-and-mortar model."

For more insight from the Emerging Trends team, visit Phillips Edison's booth (S233 Q Street, South Hall) this week at RECon in Las Vegas and connect with the Company on [Instagram](#), [Twitter](#) and [LinkedIn](#). Also, listen to [Retail Intel](#), a podcast series hosted by Mike Conway.

About Phillips Edison & Company

Phillips Edison & Company, Inc. ("PECO"), an internally-managed REIT, is one of the nation's largest owners and operators of grocery-anchored shopping centers. PECO's diversified portfolio of well-occupied neighborhood shopping centers features a mix of national and regional retailers selling necessity-based goods and services in fundamentally strong markets throughout the United States. Through its vertically-integrated operating platform, the company manages a portfolio of 338 properties, including 300 wholly-owned properties comprising approximately 34.1 million square feet across 32 states (as of March 31, 2019). PECO has generated strong operating results over its 27+ year history and has partnered with leading institutional commercial real estate investors including TPG Real Estate and The Northwestern Mutual Life Insurance Company. The Company remains exclusively focused on creating great grocery-anchored shopping experiences and improving the communities it serves one center at a time. For more information, please visit www.phillipsedison.com.

View source version on [businesswire.com](https://www.businesswire.com/news/home/20190520005109/en/): <https://www.businesswire.com/news/home/20190520005109/en/>

Media:

Cherilyn Megill
Phillips Edison & Company
801-415-4373
cmegill@phillipsedison.com

Megan Kivlehan
ICR
646-677-1807
pecopr@icrinc.com

Source: Phillips Edison & Company, Inc.