



# RESEARCH RESULTS

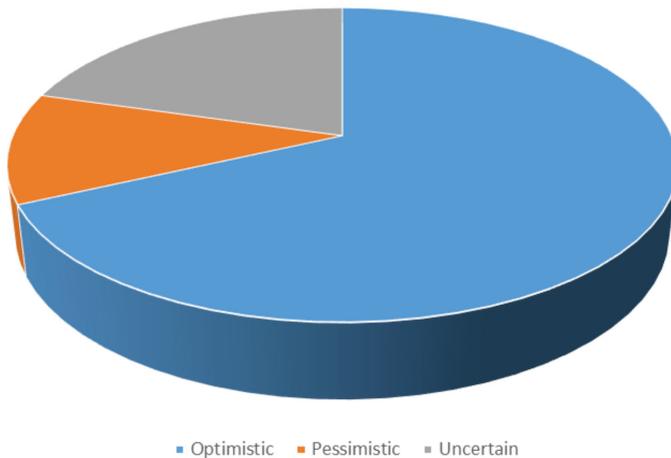
## Annual January Survey Shows Positive Outlook for 2016

The latest Levin poll of retail store managers, despite being conducted at the outset of significant stock market volatility, shows a generally positive outlook for 2016. Tenants within the firm's portfolio also weighed in on 2015 performance, hiring trends, marketing, growth plans and e-commerce related adaptations.

### EXPECTATIONS

- ➔ 68.1 percent of survey respondents said they are optimistic about the coming year.
- ➔ 11.4 percent expressed pessimism.
- ➔ 20.5 percent expressed indecision in gauging what 2016 will bring.

2016 Expectations



### EXPECTATIONS COMMENTARY

Retail is at a transitional point in time. Factors like positive job growth, low gas pricing and the housing market uptick are working in the industry's favor. There also exists a growing synergy between in-store and online purchasing that is benefiting bricks-and-mortar. Other industry sources are predicting respectable performance for 2016 as well. [Kiplinger](#) anticipates retail will grow approximately 4 percent this year. [Trading Economics](#) expects 3.6 percent growth.

Levin Management's Retail Store Manager Sentiment Survey gauges the strength of the American economy from a street-level perspective.

Managers of retail stores regularly interact with the consumers who drive the industry. These managers also are responsible for meeting the sales goals set for their stores. This daily frontline experience gives them a unique outlook on the true state of retail.

Levin Management, which operates approximately 95 shopping centers across a broad range of markets in five key states, surveys the store managers of its 1,100+ tenants three times annually, gathering information on current sales and traffic numbers, and on manager sentiment about the next half year.

The surveys also ask timely questions about hiring patterns, the evolving impact of ecommerce, key events and other socio-economic factors that may be influencing performance.

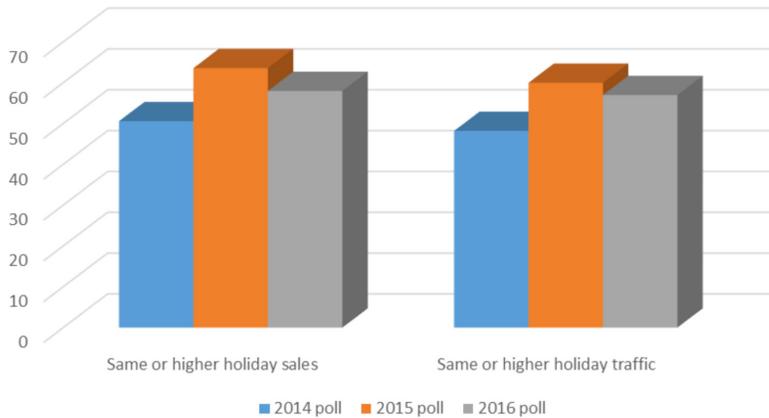
# RESEARCH RESULTS

At the same time, the unseasonably warm fall and early winter, and what has become a longer – and therefore more diluted – holiday shopping season impacted sales for some retailers. As such, it makes sense that Levin tenants are expressing some remaining uncertainty.

## SALE AND TRAFFIC

- ➔ 52.7 percent of survey respondents reported their 2015 sales were at the same level or higher than 2014. This percentage is up from 51.7 percent and 49.4 percent reporting same/higher sales in Levin's January 2015 and 2014 polls, respectively.
- ➔ 58.0 percent reported 2015 holiday sales at the same level or higher than 2014. This compares to 63.6 percent and 50.6 percent reporting same/higher holiday sales in Levin's January 2015 and 2014 polls, respectively.
- ➔ 57.0 percent reported that shopper traffic was at the same or higher level than during the 2014 holiday season. This compares to 60.0 percent and 48.2 reporting same/higher holiday traffic in Levin's January 2015 and 2014 polls, respectively.

Holiday Sales and Traffic



## SALES AND TRAFFIC COMMENTARY

The U.S. Department of Commerce announced in January that 2015 retail sales were up only 2.1 from 2014 (for context, 2014 sales were up 3.9 percent over 2013). And the [National Retail Federation](#) reported moderate 2015 holiday season sales growth of 3.0 percent, down from its forecasted growth of 3.7 percent. Still, the Levin survey showed positive – albeit modest – momentum in both year-over-year and holiday sales.

The Levin findings also indicate the 2015 holiday shopping season was good for the majority of Levin survey participants. While same/higher sales and traffic percentages were slightly lower than the January 2015 poll, they were



### Levin's Portfolio

The company's 95-property, 13 million-square-foot shopping center portfolio includes neighborhood, community, lifestyle and power centers, enclosed malls, downtown stores and mixed-use projects. Properties are located in New Jersey, New York, Pennsylvania, Massachusetts, Virginia and North Carolina. Retailers based there include small local retailers to large national chains, personal service providers, as well as restaurants and, at mixed use properties, government and professional offices.

### About Levin Management:

Founded by a shopping center pioneer in 1952, Levin Management has evolved into one of America's leading retail real estate services firms, offering clients the widest possible range of services needed to successfully operate any retail venue. Services include Leasing, Property Management, Financial Management and Reporting, Lease Administration, Construction Services/Management, and Marketing.

Levin has earned a long list of coveted awards. During the past few years alone, the firm has been included in *National Real Estate Investor's* Top Retail Managers, *Commercial Property Executive's* Top Property Managers and Top U.S. Real Estate Companies, *Chain Store Age's* America's Top Redevelopers, *Mid Atlantic Real Estate Journal's* "Best of," *NJBiz's* Top Commercial Real Estate Developers and Top Property Management Companies, and New Jersey Business' Top 10 Real Estate Developers.

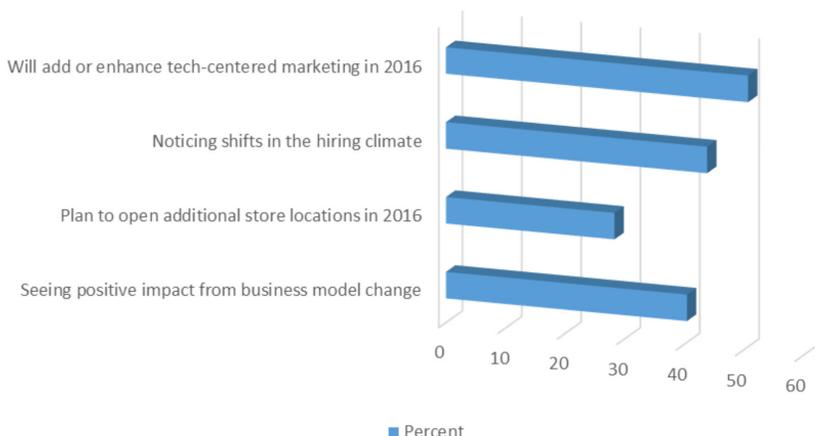
# RESEARCH RESULTS

higher than the January 2014 poll. Industry reports, like [RetailNext's Retail Performance Pulse](#), reflect the strength of bricks-and-mortar retail during the holidays. In fact, the [International Council of Shopping Centers' Holiday Consumer Purchasing Trends Study](#) revealed that 91 percent of consumers shopped in physical stores during the 2015 season.

## MARKETING, HIRING, EXPANSION AND E-COMMERCE

- ➔ 50.9 percent of Levin survey respondents said they will add or enhance their marketing efforts involving technology – such as mobile apps, social media, email and text messaging – in 2016.
- ➔ 44.0 percent are noticing some shifts in the hiring climate as the unemployment rate continues to trend downward – most prominently in the areas of applications by fewer qualified job candidates and increased demand for higher starting salaries.
- ➔ 28.4 percent indicated plans for their company to open additional locations this year.
- ➔ Approximately half indicated their company has changed its business model in response to the growth of e-commerce. The most popular adaptations include enhanced in-store services and incentives, added in-store pickup and returns option for purchases made online, and generally increased collaboration between online and bricks-and-mortar operations.
- ➔ 40.6 percent of those that have made business model changes have seen a positive impact on sales.

Plans and Observations



## METHODOLOGY:

Survey questionnaires are distributed electronically and by hand to the store managers at properties operated by Levin Management. Neither the properties nor the stores are identified in any way on the survey forms. The results are tabulated online by Levin's marketing department.

## CONTACT INFORMATION:

Melissa Sievwright  
Vice President, Marketing  
Email: [msiewwright@levinmgt.com](mailto:msiewwright@levinmgt.com)  
Phone: 800-488-0768, ext. 275  
Website: [LEVINMGT.com](http://LEVINMGT.com)  
[twitter.com/LevinMgt](https://twitter.com/LevinMgt)

# RESEARCH RESULTS

## MARKETING, HIRING, EXPANSION AND E-COMMERCE COMMENTARY

Increasing demand for technology-driven, omni-channel retailing will play a big role in 2016, and it appears that Levin tenants are gearing up accordingly. The U.S. unemployment inched down to 5.0 percent at year-end 2015, and if this trending continues it will likely have a growing impact on retail hiring. When it comes to store expansions, Levin anticipates that smaller footprints will be the norm as retailers continue to right-size and make shifts to incorporate e-commerce into their operations.



# SURVEY QUESTIONS & TABULATIONS OF RESPONSES

The survey asked respondents to compare 2015 holiday sales to 2014 holiday sales.

32.5% reported higher sales.

25.5% reported the same level of sales.

42.0% reported lower sales.

The survey asked how shopper traffic during the 2015 holiday season compared to 2014.

29.3% reported higher traffic.

27.7% reported the same level of traffic

43.1% reported lower traffic.

The survey asked respondents to compare total sales for 2015 to total sales for 2014.

34.6% reported higher sales.

18.1% reported the same level of sales.

47.3% reported lower sales.

The survey asked how respondents feel their stores will perform in 2016.

68.1% are optimistic about anticipated performance.

11.4% are pessimistic about anticipated performance.

20.5% are not sure or have no opinion.

The survey asked whether store managers will be adding or enhancing marketing efforts involving technology (mobile apps, social media, email, text message marketing, etc.) in 2016.

50.9% will.

16.8% will not.

32.2% are not sure

The survey asked if the respondents' companies are actively using technology – mobile apps, social media, email, texting, etc. – in their marketing efforts.

44.0% are seeing changes such as (ranked from most popular):

- Applications by fewer qualified job candidates

- Demand for higher starting salaries

- The need to offer additional incentives (i.e. new or larger employee discounts, enhanced benefits packages, etc.)

56.0% are not seeing changes in the hiring climate.

The survey asked respondents whether their companies anticipate opening additional stores in 2016.

28.4% are.

37.3% are not.

34.3% are not sure.

The survey asked respondents whether their companies have adapted their business models in response to the growth of e-commerce.

50% Approximately half\* have adapted with changes such as (ranked from most popular):

- Added in-store services and/or incentives.

- Added in-store pickup and returns option for purchases made online.

- Increased collaboration between online and bricks-and-mortar operations.

- Altered store inventory (i.e. fewer in-stock SKUs, larger quantities of popular items, etc.).

- Added in-store experiences (i.e. entertainment, classes, art exhibits, etc.).

- Altered store prototype (i.e. smaller store size or increased focus on showrooming, etc.).

**\*Exact percentage data not available**

The survey asked respondents who answered "yes" to the adaptation question whether they have seen a benefit in terms of sales and/or in-store traffic.

40.6% have.

26.8% have not.

32.6% don't know.

**PLEASE NOTE: Not all survey participants answered every question.**