



RESEARCH RESULTS

Shopping Center Tenants Weigh in on Store Performance and Technology Trends

Levin Management Corporation's (LMC's) annual Mid-Year Retail Sentiment Survey, gauging year-to-date store performance and checking in on the latest technology trends, reveals that the first half of 2018 was a healthy period for shopping center tenants. In fact, the June poll generated the strongest numbers in its seven-year history.

SALES AND TRAFFIC

- ➔ 71.0 percent of survey respondents report sales at or above the same level as last year (compared to a trailing six-year average of 54.2 percent).
- ➔ 64.0 percent report shopper traffic at the same or a higher level year-over-year (compared to a 52.8 percent trailing average).

Mid-Year Sales Comparisons



SALES AND TRAFFIC COMMENTARY

It comes as no surprise that this robust start to the year has retailers confident about the coming months. Nearly three-quarters [73.5 percent] of mid-year survey participants expect July to December performance to match or exceed the first half of the year.

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 100 shopping centers across a broad range of markets in six 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.

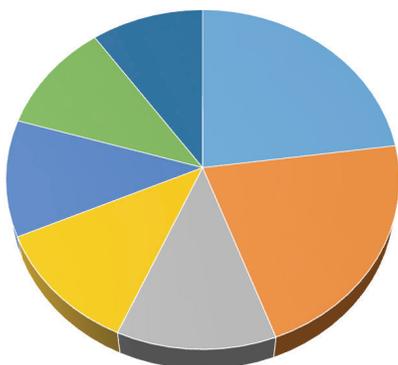
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TECHNOLOGY: SCOPE AND DIVERSITY

LMC's mid-year survey results reflect forward movement in the ways tenants are responding to e-commerce influences, and leveraging tech advancements to serve and engage customers.

- ➔ 68.0 percent of survey participants noted they currently offer an online option for purchasing goods, scheduling appointments for services or placing orders for pick-up (up from 49.8 percent in last year's poll).
- ➔ 51.8 percent of respondents reported that e-commerce has prompted their companies to adapt their business model in some way – or ways.
 - 72.7 percent – of respondents who have made adaptations – have increased training and focus on customer service.
 - 68.0 percent have added in-store services and/or incentives.
 - 39.1 percent have added in-store pickup and returns options for purchases made online.
 - 37.5 percent have altered their store prototype (i.e. smaller store size or increased focus on showrooming).
 - 35.2 percent have incorporated “experience” draws such as demonstrations, classes, performances or other in-store events.
 - 33.6 percent have increased coordination between online and bricks-and-mortar operations.
 - 31.3 percent have adjusted store inventory (i.e. fewer in-stock SKUs, larger quantities of popular items).
- ➔ 60.1 percent reported measurable positive results from their e-commerce-influenced adaptations (compared to a trailing three-year average of 47.2 percent).

Business Model Adaptations



- Increased Training
- Added In-Store Services
- In-Store Pickup/Return
- Altered Prototype
- Experience Draws
- Increased Coordination
- Adjusted Inventory



Levin's Portfolio

The company's 100-property, 14 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, Connecticut, 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.

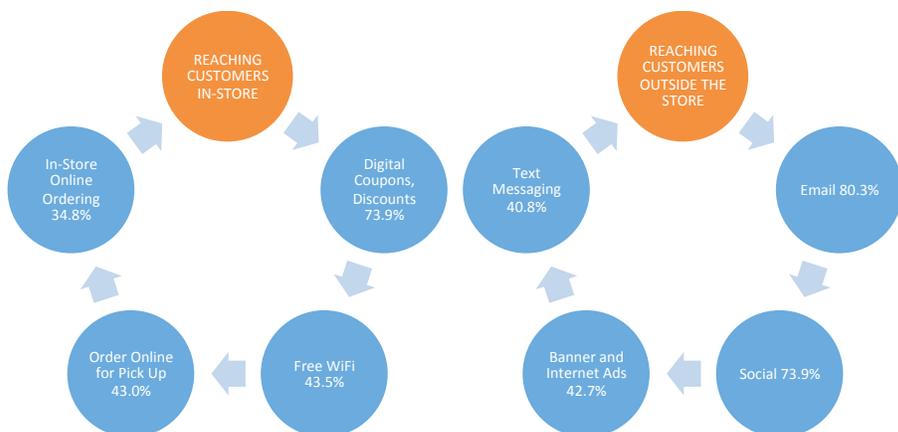
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Retailers continue to leverage technology in marketing – offering incentives and conveniences for shoppers, both in-store and externally, according to the LMC survey.

- ➔ The top four on-site tools for respondents that embrace tech-based marketing include:
 - Digital coupons, discounts and/or loyalty points (73.9 percent)
 - Free Wi-Fi (43.5 percent)
 - The option to pre-order items online/pick up in store (43.0 percent)
 - In-store, online ordering with free shipping for out-of-stock items: (34.8 percent)

- ➔ The top four external tech-based marketing tools include:
 - Email (80.3 percent)
 - Social media/social marketing (73.9 percent)
 - Banner ads or other internet advertising (42.7 percent)
 - Text messaging (40.8 percent)

- ➔ Among respondents who employ social media and social marketing:
 - 91.2 percent use Facebook and 55.1 percent use Instagram, making them the most popular social media platforms.
 - 43.5 percent are enhancing their social media presence with paid options, such as Facebook sponsored content or ads.
 - Among social marketing platforms, Yelp is the most popular, used by 65.1 percent.



- ➔ Tenants are using technology to their advantage at an increasing rate and in a variety of manners.
 - 44.4 percent of LMC survey respondents who employ tech-based marketing say they have increased their volume in 2018.
 - 64.7 percent are using the information being captured via technology outlets to enhance and personalize shopper experiences.

TECHNOLOGY COMMENTARY

The latest findings are highly encouraging, pointing to increased connections between traditional and online retailing. Personal touch and human interaction will always distinguish physical store retail from online shopping, and the retailers that recognize this will be best positioned to compete moving forward. Notably, retailers are getting to know their clients' habits and preferences, and are applying this insight to enhance and personalize their shopping experiences. In that sense, data is driving retail strategy, presenting one more way that technology is helping companies better serve customers and ensure future success.



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.

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SURVEY QUESTIONS & TABULATIONS OF RESPONSES

The survey asked respondents to compare year-to-date sales and traffic to last year at mid-year.

- 33.2% reported higher sales.
- 37.8% reported sales at the same level.
- 29.0% reported lower sales.

- 30.1% reported higher traffic.
- 33.9% reported traffic at the same level.
- 36.0% reported lower traffic.

The survey asked participants how they feel their store/service will perform during the second half of 2018.

- 53.1% are optimistic that sales will improve.
- 20.4% anticipate sales about the same as the first half.
- 14.7% are concerned that sales will decrease.
- 11.8% are not sure.

The survey asked participants whether their company offers an online (e-commerce) option for purchasing goods, scheduling appointments for services or placing orders for pick-up.

- 68.0% replied "yes."
- 32.0% replied "no."

The survey asked participants whether their company actively employs technology to analyze customer and/or sales data for the purpose of merchandising, creating services/menu options, planning in-store events or creating individualized special offers.

- 64.7% replied "yes."
- 18.5% replied "no."
- 16.9% replied "I'm not sure."

The survey asked respondents whether the growth of e-commerce prompted their companies to adapt their business models.

- 51.8% indicated their companies have made adaptations.
- 22.6% indicated their companies have not made adaptations.
- 25.7% are not sure whether their companies have made adaptations.

The survey asked respondents (who have adapted) which adaptations they made.

- 68.0% added in-store services and/or incentives.
- 72.7% increased training and focus on customer service.
- 35.2% added "experience" draws such as demonstrations, classes, performances or other in-store events.
- 37.5% altered store prototype (i.e. smaller store size or increased focus on showrooming).
- 31.3% altered store inventory (i.e. fewer in-stock SKUs, larger quantities of popular items).
- 39.1% added in-store pickup and returns option for purchases made online.
- 33.6% increased coordination between online and bricks-and-mortar operations.

SURVEY QUESTIONS & TABULATIONS OF RESPONSES (continued)

The survey asked whether those that have adapted have seen benefits in terms of increased sales and/or in-store traffic.

- 60.1% replied "yes."
- 15.5% replied "no."
- 24.3% replied "I'm not sure."

The survey asked participants (whose companies are using technology-centered marketing tools) which tools they incorporate in-store to provide incentives or conveniences for customers.

- 73.9% offer digital coupons, discounts and/or loyalty points.
- 43.0% offer an option to pre-order items online/pick up in store.
- 34.8% offer in-store, online ordering (with free shipping) for out-of-stock items.
- 22.7% offer mobile scanners enabling employees to check stock-room inventory and nearby stores for items.
- 15.5% offer sales floor price-check scanners.
- 43.5% offer free Wi-Fi.
- 5.3% offer scan-as-you-shop or other rapid-payment option.
- 5.8% offer self check-out.
- 33.3% offer electronic receipts.

The survey asked participants (who use technology-centered marketing tools) which tools they use to reach customers outside their location.

- 80.3% use email.
- 40.8% use text messaging.
- 11.9% use SEO optimization.
- 22.5% use Google AdWords.
- 42.7% use banner ads or other Internet advertising.
- 73.9% use social media/social marketing.

The survey asked respondents (whose companies actively use technology tools in their marketing efforts) how their amount of technology-centered marketing for 2018 compares to last year.

- 44.4% said the amount is higher.
- 49.5% said the amount is the same.
- 6.0% said the amount is lower.

The survey asked participants whether they plan to adopt any new technology-based marketing tools this year.

- 30.5% replied "yes."
- 16.8% replied "no."
- 52.7% replied "I'm not sure."

The survey asked participants who use social media in their marketing mix which social media outlets they are using.

- 91.1% use Facebook.
- 4.2% use Foursquare.

SURVEY QUESTIONS & TABULATIONS OF RESPONSES (continued)

- 33.6% use Google+.
- 55.1% use Instagram.
- 10.7% use Pinterest.
- 17.8% use Snapchat.
- 33.2% use Twitter.
- 13.1% use You Tube.

The survey asked participants who use social media in their marketing mix whether they are enhancing their social media presence with paid options (like Facebook sponsored content or ads).

- 43.5% are using paid options.
- 56.5% are not using paid options.

The survey asked participants who use social marketing in their marketing mix which social marketing outlets they are using.

- 28.3% use Groupon/Living Social.
- 15.1% use Waze or other GPS programs.
- 65.1% use Yelp.

PLEASE NOTE: Not all survey participants answered every question.