

## OUTLOOK RETAIL SENTIMENT SURVEY

/ BRICK-AND-MORTAR RETAILERS ARE LARGELY OPTIMISTIC ABOUT WHAT MAY COME IN 2023, BOLSTERED BY:

/ **Strong 2022 performance**

/ **Advantages of brick-and-mortar**

/ **Easing labor pains**

Ongoing uncertainty tied to inflation and economic headwinds

# / STRONG PERFORMANCE AND A HISTORIC HIGH

Brick-and-mortar retail had an impressive year, and store managers are optimistic about 2023. The highest percentage of respondents in Outlook Survey history reported that 2022 sales matched or exceeded the prior year.

**76.5%** met or exceeded prior-year sales performance

**69.9%** are optimistic about performance in 2023

**28.1%** anticipate opening additional locations this year

Beyond the survey metrics, open-air shopping centers along main retail corridors in the Northeast have fewer vacant storefronts and an array of new brands side-by-side with established favorites.

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# / THE BRICK-AND-MORTAR ADVANTAGE

Amid ongoing conversation around the growth of ecommerce, physical retail is displaying resiliency. Survey participants rated brick-and-mortar's advantages over online retail. The top two answers are no surprise.

- #1 / Customer service & support**
- #2 / The social experience of in-person shopping**

Nearly 40% of respondents say their companies have recently adapted – or have plans to adapt – their business model to support competitive advantage. Of those:

**78.5%** increased training and focus on customer experience

**52.3%** introduced new or updated loyalty or incentive programs

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## / EASING LABOR PAINS

Following the retail industry's well-documented, pandemic-era labor shortages – which peaked at 1.32M job openings nationwide in mid-2021 – staffing concerns are easing.

**23%** anticipate labor availability will affect them in the coming year

**48.3%** ↓ are in hiring mode, compared to **62.6%** last year

**56.3%** ↓ say it is harder to find qualified candidates, compared to **70.9%** last year

This drop tracks with US Bureau of Labor Statistics data, which recorded monthly job openings under 1M through most of 2022.

# / 2023 PERFORMANCE DRIVERS

Top three drivers likely to impact  
performance in 2023

**68.1%** The economy/consumer confidence

**62%** Inflation/rising prices

**36.1%** Supply chain/inventory availability

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## / A NOTE ON INFLATION

# 81.2%

/ of survey participants have raised prices due to inflation, yet 49.4% said they have increased less than 10%

Of those who have implemented a hike:

**34.7%** / expect to raise prices further

**50.5%** / are not sure if inflation will necessitate further hikes

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# / TAKEAWAYS

Today's changeable retail climate – with its related anticipations and uncertainties – can be felt throughout the business community. Yet while a sluggish economy could slow retail sales growth, and inflation-strapped consumers may feel the pinch on their spending power, this industry is well positioned to enjoy continued progress in 2023.



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# / ABOUT THE SURVEY

Levin Management Corporation's (LMC) Retail 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 are also 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.

LMC, which operates approximately 125 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.

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.

In addition to the Outlook poll, the surveys are traditionally conducted in May, exploring technology trends and mid-year sales performance, and in October/November, gauging expectations and plans for the holiday season.

## About Us

For more than 70 years, LMC serves as a trusted single-source commercial real estate services provider for institutional and private owners, maintaining a diversified portfolio in the Northeast and Mid-Atlantic states. All LMC clients, and each property in its portfolio, benefit from the firm's experience, relationships and fully integrated approach – from leasing, to development and renovations, to property operations, marketing and more. [Levinmgt.com](http://Levinmgt.com)

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