

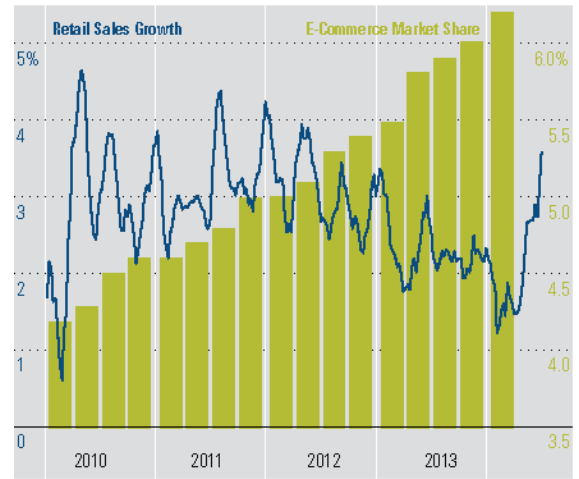
Shopping Center Sales Fall as E-Commerce Grows

- ▶ The rebound that brick-and-mortar retailers enjoyed in the second quarter is most likely a seasonal rebound from the tough winter weather suffered by many areas during the first quarter.
- ▶ Longer term, brick-and-mortar retailers will likely continue to lose market share to web-based retailers, which tend to have lower cost structures and can compete more effectively on price.

The secular trend in shopping center retail sales has been faltering for some time. Recent weather and e-commerce trends are two factors that can explain this general decline. E-commerce has been growing as a percentage of all retail sales, as more and more consumers are shopping online.

Though year-over-year growth in same-store sales has been showing lower highs and lower lows since 2012, weekly sales growth has generally fallen in the 2%–4% range. After poor weather conditions in the first quarter of 2014, sales growth fell below that range, approaching 1%. However, brick-and-mortar retailers appear to have finally found a way to attract more customers into their stores. Mall retail sales saw rapidly accelerating growth in the second quarter, reaching 4.6% on a year-over-year, 5-week average basis.

Shopping Center Versus E-Commerce Sales



Source: Census Bureau, International Council of Shopping Centers.

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