NEWS RELEASE

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LEVIN MID-YEAR SURVEY SHOWS CONTINUED CAUTION AMONG RETAILERS
Year-to-Date Hiring, E-Commerce's Positive Impact, Bright Spots in Latest Poll

NORTH PLAINFIELD, N.J., June 24, 2013 – A cooler start to spring and mixed-bag of Memorial Day weekend weather in the Northeast may have contributed to less than expected year-to-date sales and traffic for some retailers within Levin Management's 90-property, 12.5 million-square-foot shopping center portfolio. However, according to the results of the retail real estate services firm's annual mid-year Retail Sentiment Survey, the pace of hiring during the first half of 2013 and the positive impact of e-commerce appear to be heating things up in time for summer.

In the poll of store managers, conducted in late May and early June, only 43.7 percent of respondents reported year-to-date sales at the same or a higher level than last year at this time, and only 39.3 percent said traffic is at the same or a higher level. This is down from 64.2 percent reporting the same or higher year-over-year sales in the 2012 mid-year survey and from 62.9 percent reporting the same or higher year-over-year traffic. Similarly, only 37.5 percent said their Memorial Day sales were the same or higher than last year, dropping from 59.4 percent in the 2012 survey.

These findings counter the U.S. Census Bureau's June 13 report that nationwide retail and food services sales for March through May 2013 were up 3.7 percent year-over-year, and May sales were up 4.3 percent year-over-year. The International Council of Shopping Centers (ICSC) reported that U.S. chain-store sales were 3.2 percent higher in May 2013 as compared to May 2012.

Yet retailer optimism within the Levin sample has waned somewhat:

- 34.5 percent of respondents said they expect sales to improve through the remainder of 2013 (compared to 48.5 percent last year).
- 25.3 percent expect status quo in terms of sales performance (compared to 42.9 percent last year).
- 28.7 percent are concerned that sales will decrease (compared to 8.5 percent last year).
- 11.5 percent are uncertain.

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"Coming off a positive year in 2012, retailers were predicting that 2013 would maintain a strong pace," noted Matthew K. Harding, Levin Management's president. "It looks like performance for many of our survey participants came in below expectations, and they have become more cautious in terms of expectations. The good news is nationwide retail performance has been steady, and with continued improvement in the economy and consumer confidence, retailer optimism is likely to increase in our region through the balance of the year."

HIRING TRENDS POSITIVE

Year-to-date hiring among respondents to the Levin Management survey shows significant improvement over the past few mid-year surveys. Asked whether they have added staff so far in 2013, 33.3 percent of participants responded "yes." This compares to 26.2 percent in the 2012 mid-year survey and 12.6 percent in the 2011 mid-year survey.

These findings mirror national trending. According to the U.S. Department of Labor Statistics, retail trade jobs increased by 27,700 in May 2013 – nearly triple the results in May 2012 when just 9,400 retail jobs were added. The figure is higher than recent past months this year as well: The industry added 19,900 jobs in April 2013 and lost 2,800 jobs in March.

Looking ahead, 27.6 percent of the Levin respondents expect to add staff in the coming months. This number is down from 36.1 percent in the 2012 mid-year survey; the plans to open new stores also dropped to 23.3 percent "yes" from 27.5 percent last year.

"As with sales expectations, 'caution' seems to be the mantra when it comes to hiring and expansion through the second half of 2013," Harding noted. "Still, the improvement in year-to-date hiring percentages is excellent news – both within our sample poll and the national arena."

RETAILERS EMBRACE TECHNOLOGY TO BOOST SALES

The findings of Levin Management's latest Retail Sentiment Survey indicate the industry has embraced mobile marketing; 85.1 percent of respondents reported the use of technology (via mobile apps and social media) to attract customers.

While the opinion on whether the impact of ecommerce on retail sales has increased over the past year is split – with 33.3 percent responding "yes," 36.8 percent responding "no" and 29.9 indicating that they do not know – the Levin mid-year survey showed an interesting shift in perception.

- 45.5 percent of participants reported that Internet sales are having a positive impact on their business (a jump from 26.8 percent last year).
- 11.4 percent reported a negative impact (down slightly from 12.5 percent last year).

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- 43.2 percent reported no impact (a significant drop from 60.6 percent last year).

eMarketer, in its April U.S. Retail Ecommerce: 2013 Forecast and Comparative Estimates report, anticipates that retail ecommerce sales will grow at an average annual rate of 14 percent from 2012 to 2017, and that ecommerce sales will expand from $225.5 billion to $434.2 billion.

“Ecommerce will continue to gain traction,” Harding noted. “Yet stores initially bracing for a negative hit now appear to be increasingly positive about the impact of the Internet. We are seeing more and more retailers using ecommerce as a compliment to their physical stores – and vice versa. They are looking for ways to drive sales to both platforms.”

For example, mobile marketing and social media are being used to draw tech-savvy consumers to stores, and those same stores may be looking at smaller formats. “In this way, retailers can leverage the Internet by stocking core merchandise for customer pickup and offer more extensive selections online to increase sales overall,” Harding added.

Levin’s next Retail Sentiment Survey will be conducted prior to the holiday shopping season, providing updated insight on industry trends and sales performance. “From a leasing standpoint, we have seen strong activity in the Northeast so far in 2013,” Harding said. “Demand from national, local and franchise companies remains healthy across a number of categories – including restaurants, apparel, pet supplies, gyms and personal services tenants, among others. We are bullish about the second half of the year and anticipate that the coming months will bring increased optimism, albeit cautious, among tenants.”

With headquarters in North Plainfield, N.J., Levin Management serves properties ranging from neighborhood, community, lifestyle and power centers, to enclosed malls, downtown stores and mixed-use projects in New Jersey, New York, Pennsylvania, Virginia and North Carolina. Levin Management, which celebrated its 60th year in 2012, offers a full range of services including leasing, property management, accounting, construction management and marketing. The company specializes in repositioning, re-tenanting and renovating retail properties – areas that have become particularly vital for today's institutional, fiduciary and individual property owners.

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