



RESEARCH RESULTS

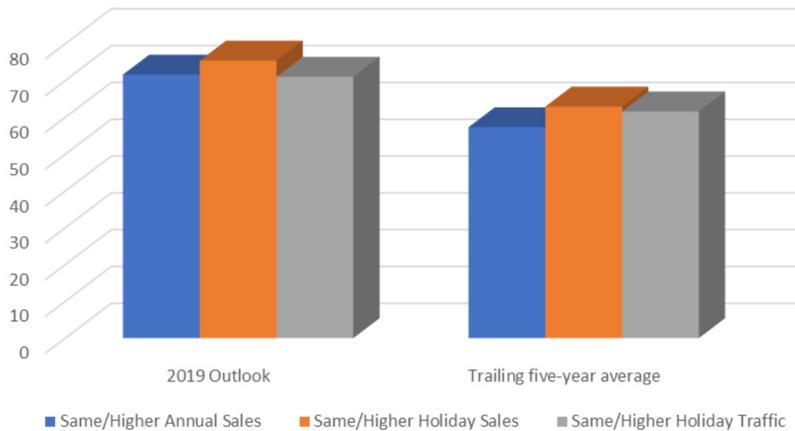
Levin Management Retail Outlook Survey Records Multiple Key Metrics at Historic Highs

With multiple key metrics recording double-digit improvements over trailing averages, Levin Management Corporation's (LMC's) 2019 Retail Sentiment Outlook survey shows positive trending for shopping center tenants. The commercial real estate services firm reports anticipation of good things to come for retailers and the shopping center industry in 2019, based on the results of its annual January poll of store managers within its 105-property, 15-million-square-foot portfolio.

STORE PERFORMANCE

- ➔ 75.4 percent of survey participants reported 2018 holiday sales at or above 2017 levels, while shopper traffic met or exceeded 2017 levels for 71.0 percent. These statistics compare to trailing five-year averages of 62.9 and 61.6 percent, respectively.
- ➔ 71.6 percent said their 2018 annual sales reached the same or a higher level year-over-year. This compares to a trailing five-year average of 57.3 percent.

Store Performance



STORE PERFORMANCE COMMENTARY

A strong holiday season capped a year of solid performance for LMC survey participants. Based on the firm's own Pre-Holiday Retail Sentiment Survey and other industry reports, the positive results come as no surprise. However, the dramatic jumps exceeded expectations. In fact, the same/higher annual sales percentage is the strongest in this survey's eight-year history. A healthy economy and improving consumer confidence helped spur the retail industry in 2018. However, year-end stock market volatility may have influenced what would have been an even stronger performance for the sector. LMC anticipates that 2019 will be another healthy year for retail, however the pace of growth may moderate.

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 105 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.

RESEARCH RESULTS

OUTLOOK AND EXPANSION

- ➔ 68.3 percent of survey respondents feel optimistic about their stores' performance in the coming year.
- ➔ 27.7 percent say their companies expect to open additional locations in the coming months.

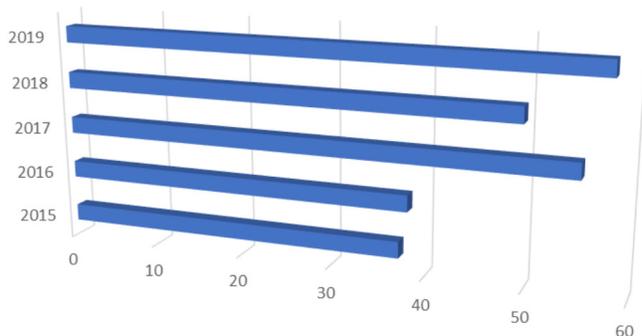
OUTLOOK AND EXPANSION COMMENTARY

Survey participants conveyed a strong sense of optimism in this year's Outlook survey. And the fact that more than one quarter of respondents' organizations plan to grow their brick-and-mortar presence is another positive sign of retail progress and profitability.

AN EVOLVING INDUSTRY

- ➔ 57.9 percent of Outlook survey respondents indicated their company has adapted its business model in response to the growth of e-commerce. That percentage – another new high – is up more than 20 percent since 2015, when LMC first asked its tenants whether they were making e-commerce-related changes.
- ➔ 63.3 percent of LMC survey respondents who have adapted their business models have increased training and focus on customer service.
- ➔ 50.0+ percent of respondents who have made adaptations have:
 - o Increased use of technology-centered tools to assist customers in-store,
 - o Increased use of technology-centered marketing tools to reach customers outside the store, and
 - o Increased in-store services and incentives.
- ➔ 68.2 percent of respondents who have adapted their business models said they are seeing the benefits in terms of sales and in-store traffic. That's the largest percentage recorded to date and compares to a three-year trailing average of 48.9 percent.

Business Model Adaptations



■ Percentage of respondents who have made e-commerce inspired shifts (2015/2016 represent mid-year survey data)



Levin's Portfolio

The company's 105-property, 15 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.

RESEARCH RESULTS

AN EVOLVING INDUSTRY COMMENTARY

Retail – a sector that must constantly evolve to survive and thrive – is embracing change in an increasingly digital world. Personal touch cannot be replicated in an online environment, and physical store retailers are working to leverage that advantage. Tenants are using multiple, diverse tools and techniques to distinguish their brands, and it is working.

INDUSTRY DRIVERS

LMC asked tenants what driver they feel will have the biggest impact on their retail business in 2019.

- ➔ 2.9 percent selected the economy/consumer confidence.
- ➔ 20.8 percent cited shifting consumer expectations and shopping patterns.
- ➔ 16.3 percent chose e-commerce growth.
- ➔ 9.8 percent selected evolving technologies.

2019 Top Drivers



INDUSTRY DRIVERS COMMENTARY

Many respondents see strong opportunities for prosperity in 2019, particularly in the areas of increased traffic and the engagement of new customers, a continued forward-moving economy, and the introduction of new product lines and services. Undoubtedly, the way people are shopping – and what they expect from their shopping experiences – is changing. Today’s “connected” consumer really wants it all, and LMC is encouraged by how its retailers are responding to that – serving as a reflection of this industry’s resiliency and potential.

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 2018 holiday season sales and traffic to the 2017 holiday season.

- 36.0% reported higher 2018 holiday sales.
- 39.4% reported the same 2018 holiday sales.
- 24.6% reported lower 2018 holiday sales.

- 33.2% reported higher 2018 holiday traffic.
- 37.8% reported the same 2018 holiday traffic.
- 29.0% reported lower 2018 holiday traffic.

The survey asked participants how their 2018 holiday sales measured up to expectations.

- 15.0% indicated holiday sales exceeded expectations.
- 50.8% indicated holiday sales met expectations.
- 34.2% indicated holiday sales were below expectations.

The survey asked participants to compare total annual sales for 2018 to total sales for 2017.

- 38.1% reported higher 2018 sales.
- 33.5% reported the same 2018 sales.
- 28.4% reported lower 2018 sales.

The survey asked respondents how they feel their stores will perform in 2019.

- 68.3% are optimistic.
- 8.1% are pessimistic.
- 23.6% are not sure or have no opinion.

The survey asked respondents whether their companies anticipate opening additional stores in 2019.

- 27.7% responded "yes."
- 36.5% responded "no."
- 35.8% responded "not sure."

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

- 57.9% responded "yes."
- 19.3% responded "no."
- 22.8% responded "don't know."

Of those that replied "yes"

- 53.2% have added in-store services and/or incentives.
- 63.3% have increased training and focus on customer service.
- 20.3% have added "experience" draws such as demonstrations, classes, performances or other in-store events.

SURVEY QUESTIONS & TABULATIONS OF RESPONSES (continued)

57.6%	have increased use of technology-centered marketing tools in-store (including but not limited to digital coupons, discounts and/or loyalty points; price-check scanners; free Wi-Fi; scan-as-you-shop or other rapid-payment option; self check-out, electronic receipts).
53.2%	have increased use of technology-centered marketing tools to reach customers outside the store (including but not limited to email, text messaging, SEO optimization, Google AdWords, banner ads or other Internet advertising, social media/social marketing).
7.0%	have altered store prototype (i.e. smaller store size or increased focus on showrooming).
28.5%	have altered store inventory (i.e. fewer in-stock SKUs, larger quantities of popular items).
32.3%	have added in-store pickup and returns option for purchases made online.
35.4%	have added in-store, online ordering (with free shipping) for out-of-stock items.
27.2%	have increased coordination between online and bricks-and-mortar operations.

The survey asked whether those that have adapted in response to e-commerce have seen a benefit in terms of sales and/or in-store traffic.

68.2%	responded “yes.”
14.2%	responded “no.”
17.6%	responded “don’t know.”

The survey asked what driver participants’ feel will have the biggest impact on their retail business in 2019.

42.9%	chose the economy/consumer confidence.
20.8%	chose shifting consumer expectations and shopping patterns.
16.3%	chose e-commerce growth.
9.8%	chose evolving technologies.

The survey asked respondents what they see as the biggest opportunity for their business growth/prosperity in 2019. This open-ended question brought multiple answers in the broad categories of:

- increased traffic and the engagement/service of new customers.
- the forward-moving economy.
- the introduction of new product lines and services.
- benefits associated with e-commerce and online/bricks-and-mortar integration.
- digital marketing.

PLEASE NOTE: Not all survey participants answered every question.