



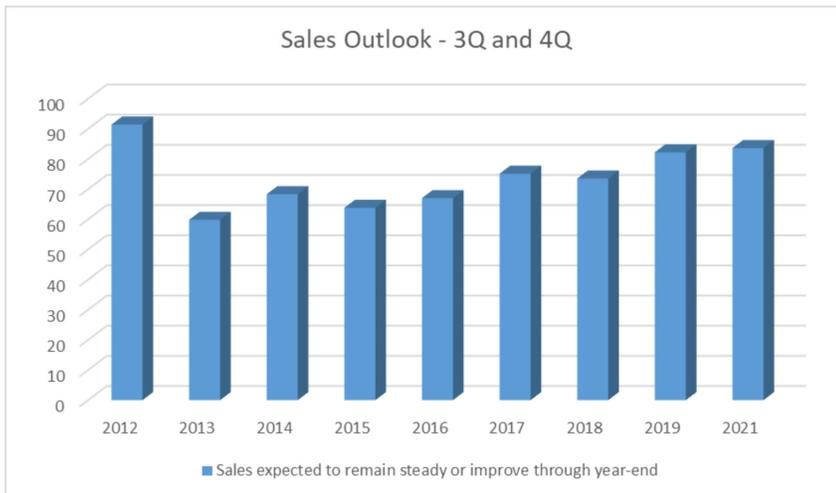
RESEARCH RESULTS

Brick-and-Mortar Store Managers Say Things are Looking Up

Brick-and-mortar store managers say things are looking up and report positive expectations for the second half of 2021. The Levin Management Corporation (LMC) Mid-Year Retail Sentiment Survey explored year-to-date performance and outlook, hiring, technology usage and more among tenants in the firm's 120-property, 16 million-square-foot leasing and management portfolio.

STORE PERFORMANCE

- ➔ Nearly 65% of survey participants are optimistic their sales will improve further this year – the highest percentage in the LMC mid-year survey's decade-long history.
- ➔ More than half (51.2%) of those respondents believe their sales will grow to meet or exceed pre-pandemic levels in 2021.
- ➔ 19% anticipate sales will remain steady during the coming months.
- ➔ The combined "improve/remain steady" response percentage is more than 10 points above the survey's trailing average (calculated from 2012-2019; the survey was not conducted in 2020).



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 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.

Levin Management, which operates approximately 120 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 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.

LABOR AND HIRING

- ➔ Just over 70% of LMC respondents are currently hiring.
- ➔ Nearly 80% of that group indicates it has become harder to find qualified job candidates in the current environment.

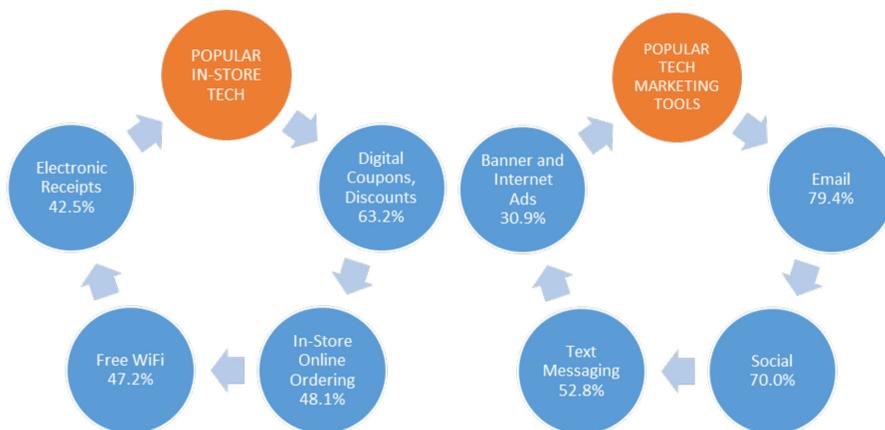
RESEARCH RESULTS

PERFORMANCE AND OUTLOOK COMMENTARY

Clearly, business is moving closer to normal, and tenants feel this trajectory will continue. The LMC survey's street-level sentiment findings are supported by industry groups like the [National Retail Federation](#), which in June adjusted its 2021 forecast to reflect significantly better-than-expected sales growth. Further, another [key study](#) shows brick-and-mortar will continue to capture a healthy share of consumer spending. However, the inability to hire could curb progress to a degree. The industry will be watching this closely – particularly moving into the fall and toward the critical holiday shopping season.

A NOTE ON TECHNOLOGY

- ➔ More than 70% of LMC survey respondents offer an online option for purchasing goods, scheduling appointments for services or placing orders for pick-up.
- ➔ This data point has grown steadily since LMC began tracking it in 2017, when less than half of respondents offered this convenience.
- ➔ Among LMC tenants that leverage technology for in-store customer service, the four most popular tools include digital coupons, discounts and/or loyalty points; in-store, online ordering with free shipping for out-of-stock items; free Wi-Fi; and e-receipts.
- ➔ The three most popular tech-centered marketing tools for tenants that leverage technology for marketing include email, social media/social marketing and text messaging.
- ➔ 57.8% of LMC survey participants indicated their company is actively employing technology to analyze customer and/or sales data for the purpose of merchandising, creating services and menu options, planning in-store events, or creating individualized special offers.



Levin's Portfolio:

The company's 120-property, 16 million-square-foot shopping center portfolio includes neighborhood, community, lifestyle and power centers, downtown stores and mixed-use projects. Properties are located in New Jersey, New York, Pennsylvania, Connecticut and Virginia. 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:

An offshoot of the development firm founded in 1952 by shopping center pioneer Philip Levin, Levin Management has evolved into one of America's leading, third-party 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. Most recently, the firm has been included in GlobeSt./Real Estate Forum's Retail Influencers, Commercial Property Executive's Top Property Managers, Mid Atlantic Real Estate Journal's "Best of," and NJBiz's Top Commercial Real Estate Developers and Top Property Management Companies.

RESEARCH RESULTS

TECHNOLOGY COMMENTARY

LMC has tracked consistent growth over time in how tenants are incorporating technology to service and reach customers. The tools ranked most popular have held steady, but with wider adoption over the past several years. Some – such as e-receipts and text messaging – have gained notable traction, which likely correlates to retailers amassing more contact information. From a business standpoint, it's all about data, and LMC tenants are clearly using it to their advantage.

PANDEMIC FUELS NEW BEST PRACTICES

- ➔ Approximately 85% of survey respondents implemented pandemic-fueled changes in 2020, ranging from added fulfillment options and designated areas for click-and-collect pickups, to shopping appointment times, open-air setups and more.
- ➔ Nearly 58% of those respondents say they plan to maintain some of these changes as permanent operational best practices.

BEST PRACTICES COMMENTARY

Savvy brick-and-mortar tenants have known for years convenience is a top priority for consumers, and the pandemic brought this into laser focus. Flexibility became paramount last year, and retailers adapted in kind. Consumers and businesspeople found new ways of doing things – and some of them work well. Agile retailers will continue to embrace change with their customers' wants and needs in mind.



METHODOLOGY:

Survey questionnaires are distributed electronically and by hand to the store managers at properties operated by Levin Management. The results are tabulated online by Levin's marketing department.

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SURVEY QUESTIONS & TABULATIONS OF RESPONSES

STORE PERFORMANCE

The survey asked respondents whether the lifting of COVID-19 related restrictions has positively impacted sales performance.

- 59.8% responded “yes.”
- 22.8% responded “no.”
- 17.4% responded “I’m not sure.”

Survey participants were asked how they feel their store/service location will perform during the second half of 2021.

- 64.5% are optimistic that sales will improve.
- 19.1% anticipate that sales will hold steady.
- 6.3% are concerned that sales will decrease.
- 10.2% said they are not sure.

Those who answered “optimistic” were asked whether they feel that sales may meet or exceed pre-pandemic levels.

- 51.2% responded “yes.”
- 16.1% responded “no.”
- 32.7% responded “I’m not sure.”

The survey asked whether respondents are currently hiring.

- 70.3% responded “yes.”
- 29.7% responded “no.”

Those who answered “yes” were asked to reflect on labor availability.

- 79.1% indicated it is harder to find qualified job candidates.
- 18.3% indicated finding job candidates is about the same as the past.
- 2.6% indicated it is easier to find job candidates.

The survey asked respondents how their staffing levels compare to last year at this time.

- 18.3% responded “higher.”
- 63.5% responded “same.”
- 18.3% responded “lower.”

TECHNOLOGY

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

- 70.4% replied “yes.”
- 29.6% replied “no.”

SURVEY QUESTIONS & TABULATIONS OF RESPONSES (continued)

The survey asked participants whether their company is actively employing 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.

- 57.8% replied “yes.”
- 20.7% replied “no.”
- 21.5% replied “I’m not sure.”

The survey asked participants – whose companies use technology-centered tools in-store for customer service/convenience – which tools they incorporate.

- 63.2% use digital coupons, discounts and/or loyalty points.
- 48.1% offer in-store, online ordering (with free shipping) for out-of-stock items.
- 47.2% provide free Wi-Fi.
- 3.8% incorporate virtual reality/augmented reality.
- 23.6% have mobile scanners enabling employees to check stock-room inventory and nearby stores for items.
- 16.5% have sales floor price-check scanners.
- 4.2% offer scan-as-you-shop or other rapid-payment option.
- 7.1% offer self check-out.
- 17.5% employ mobile point of sale system.
- 42.5% offer electronic receipts.

The survey asked participants – whose companies use technology-centered marketing tools – which tools they are leveraging.

- 79.4% use email.
- 52.8% use text messaging.
- 14.6% use SEO optimization.
- 20.6% use Google AdWords.
- 30.9% use banner ads or other Internet advertising.
- 70.0% use social media/social marketing.

COVID-19 RESPONSE

The survey asked respondents what pandemic-fueled adaptations their companies implemented during 2020.

- 30.2% added shopping reservations/appointment times.
- 51.8% incorporated additional fulfillment options (such as online ordering for store or curbside pick-up, shipping, or delivery service).
- 24.9% created a designated area for click-and-collect orders (in-store or curbside).
- 9.0% implemented open-air setups (for dining, classes or other activities).
- 16.3% made no modifications.

Respondents were asked whether their companies have maintained any of these adaptations as permanent operational best practices.

- 57.7% replied “yes.”
- 20.1% replied “no.”
- 22.2% replied “I’m not sure.”

PLEASE NOTE: Not all survey participants answered every question.