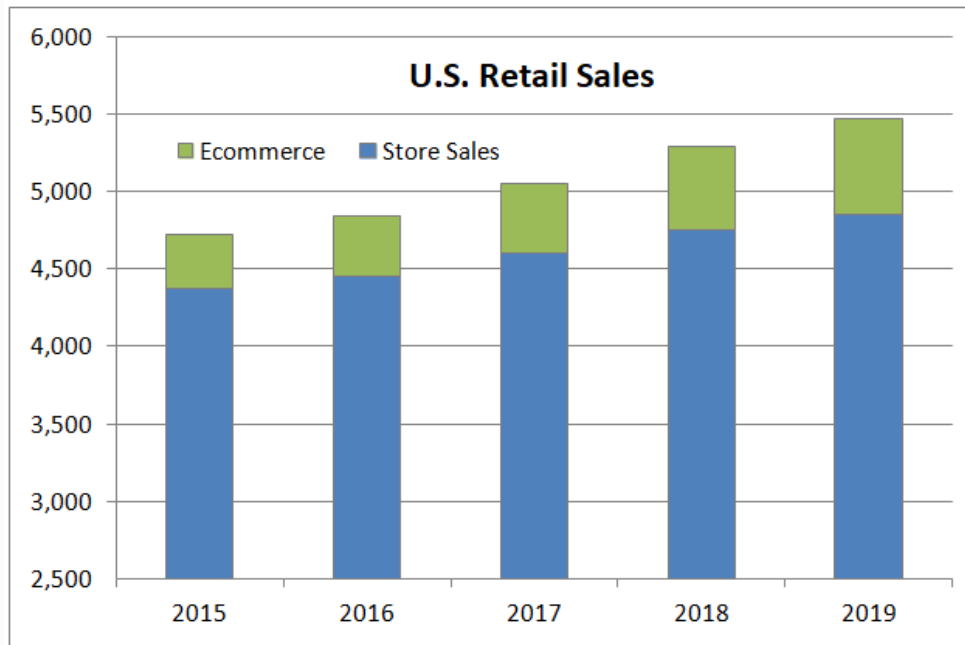


# U.S. Retail Market



Source: U.S. Census Bureau, data in billions

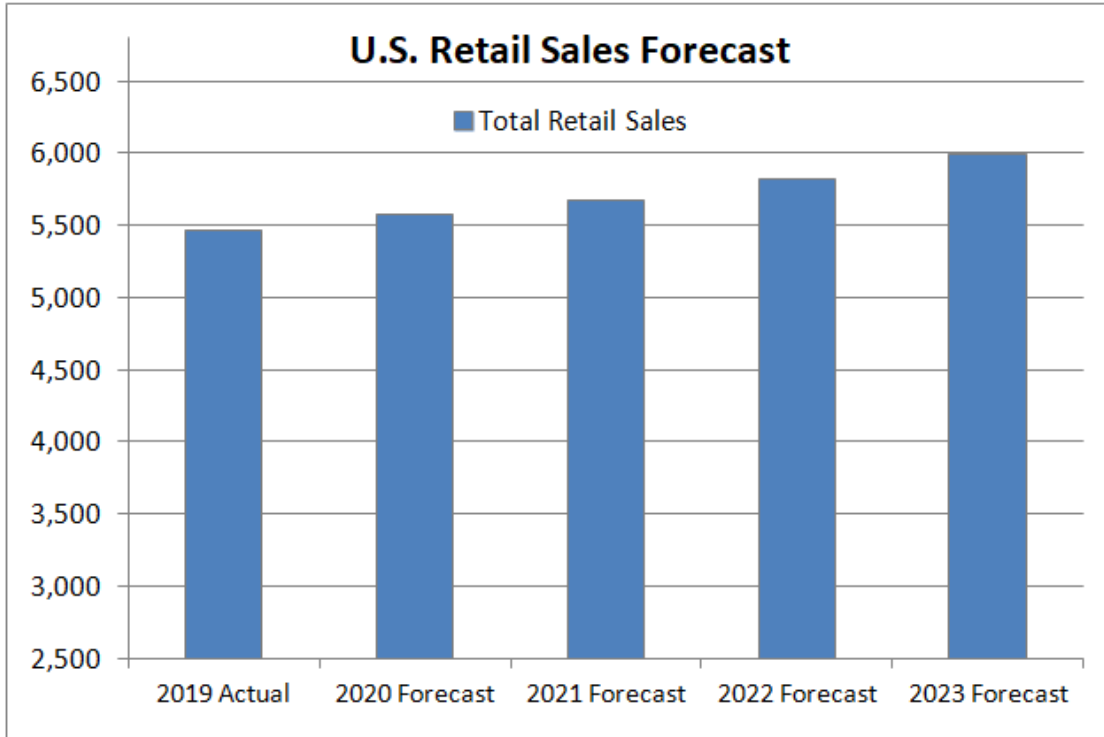
Total retail sales in the United States continued to increase in 2019, but a growing percentage were completed online. Year over year, store sales grew 2.2% while ecommerce sales grew nearly 15%. Although ecommerce remains only 11% of all retail sales, it was less than 5% in 2010. This shift in spending behavior has affected many retailers, namely clothing and department stores. Not only are many of the products offered by these retailers readily accessible online, the youngest generations generally favor "experiences" over "hobby" or "fashion" shopping. In fact, the top 5 retailers to close stores in 2019 were clothing related; these closures represented 50% of all store closures. 2019 was also a peak year of store closures, as shown next.

	2017	2018	2019
Store Closures	8,000	5,844	9,300
Store Openings	5,030	4,311	4,454
<b>Net Change</b>	<b>(2,970)</b>	<b>(1,533)</b>	<b>(4,846)</b>

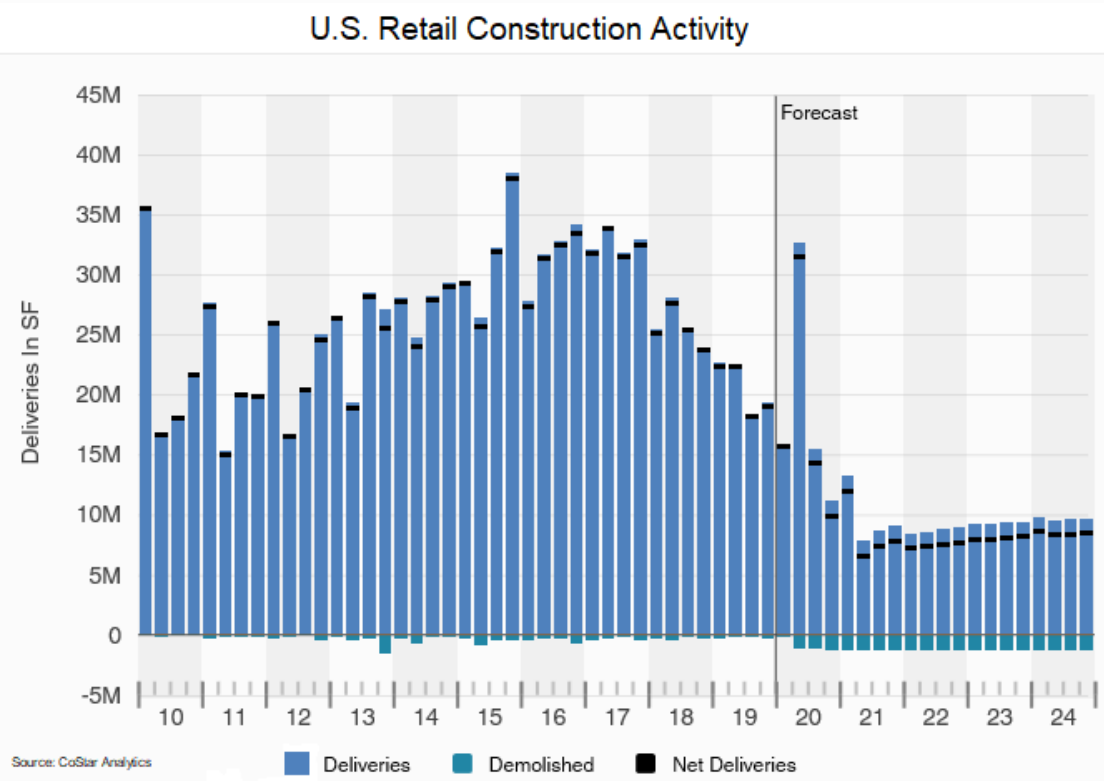
2019 Top Closures	
1 Payless Shoes	2,100
2 Gymboree	800
3 Dressbarn	650
4 Freds	557
5 Charlotte Russe	512

2019 Top Openings	
1 Dollar General	975
2 Dollar Tree	348
3 Family Dollar	202
4 TJX	192
5 Green Growth Brands	178

Despite the recent spike in store closures, the data shows that consumers continue to increase their retail spending (whether in stores or online) with growing demand for retail goods - almost 15,000 new retail stores were opened over the past 3 years and construction of new stores continues. Looking forward, total U.S. Retail Sales are expected to grow to nearly \$6 trillion by 2023. Retail construction is also projected to continue, although at a slower pace than prior years. These trends are illustrated next.



Source: U.S. Census Bureau and Statista, data in billions



Source: CoStar Analytics

■ Deliveries   
 ■ Demolished   
 ■ Net Deliveries

*Although some retailers have struggled in recent years and thousands of stores have closed, it does not appear that the retail real estate market is "failing" as a whole; rather, it is undergoing change and adapting to the spending patterns of today's shoppers. The role of a retail store is no longer defined by its inventory and product mix, instead stores are emerging as a facilitator of customer service and experience.*

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