

DATA DISPATCH

A truly bleak Black Friday for brick-and-mortar retail locations

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Market Intelligence

The biggest holiday shopping weekend of the year was marked by dramatic highs and lows in 2020, and retail landlords drew the short end of the stick.

While e-commerce players had their best sales day ever on Cyber Monday, as marketers dub the Monday after Thanksgiving, retail property owners watched foot traffic practically disintegrate on Black Friday, three days before, according to an S&P Global Market Intelligence analysis of data from AirSage, which tracks consumer movements using real-time mobile signals, GPS and other location data. Typically a festival of excess at U.S. shopping centers, Black Friday was a much quieter affair this year, as the pandemic and ongoing health concerns thinned the crowds.

All real estate investment trust-owned retail property types showed a drastic decline in foot traffic on Black Friday compared to 2019 figures, but some properties were quieter than others, the data showed. Enclosed regional malls saw more dramatic drops in traffic than shopping centers, and outlet centers fared worse than both of them — a surprising result given consumer preference for generally safer open-air shopping through the pandemic.

On average, foot traffic at REIT-owned shopping centers declined a projected 51.9% year over year, while traffic at regional malls showed a 71.7% decline and outlet centers showed a 75.1% decline.

Ross Prindle, global head of the real estate advisory group at Duff & Phelps, attributed the traffic declines at outlet centers to their general remoteness and status as so-called destination retail locations.

"Outlet centers tend to be off the beaten path," Prindle said in an interview. "As you get into the lower-performing or off-the-beaten-path locations, those in this type of environment don't come back as the ones that have entertainment venues and are better located."

Tanger Factory Outlet Centers Inc.'s properties experienced a projected 76.4% decline in foot traffic — the largest year-over-year decline of any REIT.

Surprisingly, regional mall landlords at the higher end of the quality spectrum — whose properties are thought to be more resilient in down cycles — experienced larger projected foot traffic fall-offs than those at the lower end of it. Taubman Centers Inc., Simon Property Group Inc. and Brookfield Property REIT Inc., perhaps the three highest quality names in the space, saw declines of 74.8%, 74.0% and 70.5%, respectively.

Among shopping center REITs, SITE Centers Corp., RPT Realty and Retail Properties of America Inc., in that order, saw the most dramatic projected declines in foot traffic — all more than 60%.

Omni-channel shopping trend

The pandemic has accelerated the adoption of so-called omni-channel retailing and forced even those consumers who preferred in-store shopping to expand their horizons and be more flexible. The days of pure offline shopping may be over, JP Suarez, Walmart's international chief administrative officer, said Dec. 9 at an International Council of Shopping Centers virtual conference.

"The idea that you're just an online or offline shopper is just gone," Suarez said. "You're an omni shopper now. You're going to see customers shopping multiple ways, so long as you make it easy and convenient and accessible."

Faced with the prospect of weaker foot traffic at storefronts because of the pandemic, retailers developed new Black Friday sales strategies, including lengthening holiday sales periods to a full week or month. Many retailers also extended in-store holiday sales to their respective online platforms.

Prindle said the recovery of brick-and-mortar locations will be lopsided even after an effective vaccine is distributed and consumers feel safe visiting storefronts again.

"Foot traffic is down everywhere," he said, "but the expectation is that the foot traffic is going to come back in your premium locations much quicker than the class B and C locations."

Chart Watch

Projected YOY change in Black Friday foot traffic by REIT property type (%)



Data compiled Dec. 7, 2020.

Represents year-over-year change in total foot traffic at the REIT's shopping center, power center, regional mall and outlet center properties, including staff, tenants and customers.

Foot traffic change projected by AirSage, which collects and analyzes real-time mobile signals, GPS and other location data to track movement patterns.

Includes properties owned by Acadia Realty Trust, Brixmor Property Group Inc., Brookfield Property REIT Inc., Cedar Realty Trust Inc., Federal Realty Investment Trust, Kimco Realty Corp., Kite Realty Group Trust, Macerich Co., Pennsylvania REIT, Regency Centers Corp., Retail Opportunity Investments Corp., Retail Properties of America Inc., Retail Value Inc., RPT Realty, Saul Centers Inc., Simon Property Group Inc., SITE Centers Corp., Tanger Factory Outlet Centers Inc., Taubman Centers Inc., Urban Edge Properties, Urstadt Biddle Properties Inc., Washington Prime Group Inc., Weingarten Realty Investors, Wheeler Real Estate Investment Trust Inc. and Whitestone REIT.

Foot traffic not available for all U.S. properties.

Sources: AirSage; S&P Global Market Intelligence

Shopping centers outperform malls on Black Friday

Projected YOY change in Black Friday foot traffic (%)

REIT (ticker)	Primary property focus	Shopping centers					Regional malls and outlet centers		Total
		Shopping centers	Power centers	Shopping centers and power centers	Regional malls	Outlet centers	Regional malls and outlet centers		
Whitestone REIT (WSR)	Shopping center	-19.7	-5.0	-19.6	NA	NA	NA	-19.6	
Retail Opportunity Investments Corp. (ROIC)	Shopping center	-25.9	NA	-25.9	NA	NA	NA	-25.9	
Cedar Realty Trust Inc. (CDR)	Shopping center	-28.2	-14.0	-27.8	NA	NA	NA	-27.8	
Wheeler Real Estate Investment Trust Inc. (WHLR)	Shopping center	-29.3	NA	-29.3	NA	NA	NA	-29.3	
Kite Realty Group Trust (KRG)	Shopping center	-33.4	57.3	-29.3	NA	NA	NA	-29.3	
Saul Centers Inc. (BFS)	Shopping center	-39.7	NA	-39.7	NA	NA	NA	-39.7	
Regency Centers Corp. (REG)	Shopping center	-46.4	-35.6	-46.4	NA	NA	NA	-46.4	
Federal Realty Investment Trust (FRT)	Shopping center	-46.4	-49.7	-46.5	NA	NA	NA	-46.5	
Urstadt Biddle Properties Inc. (UBA)	Shopping center	-47.3	NA	-47.3	NA	NA	NA	-47.3	
Weingarten Realty Investors (WRI)	Shopping center	-48.7	-55.3	-48.9	NA	NA	NA	-48.9	
Retail Value Inc. (RVI)	Shopping center	-52.3	NA	-52.3	NA	NA	NA	-52.3	
Brixmor Property Group Inc. (BRX)	Shopping center	-53.4	-61.8	-53.5	NA	NA	NA	-53.5	
Kimco Realty Corp. (KIM)	Shopping center	-56.9	-61.3	-57.4	-74.4	NA	-74.4	-57.6	
Acadia Realty Trust (AKR)	Shopping center	-61.2	-48.6	-59.3	NA	NA	NA	-58.4	
Urban Edge Properties (UE)	Shopping center	-55.7	NA	-55.7	-73.2	NA	-73.2	-58.6	
Retail Properties of America Inc. (RPA)	Shopping center	59.4	66.1	61.7	59.5	NA	59.5	61.5	

Retail Properties of America Inc. (RPAI)	Shopping center	-56.4	-60.1	-61.7	-60.9	NA	-50.9	-61.9
RPT Realty (RPT)	Shopping center	-68.3	-46.6	-65.0	NA	NA	NA	-65.0
SITE Centers Corp. (SITC)	Shopping center	-65.1	-65.7	-65.3	NA	NA	NA	-65.3
Washington Prime Group Inc. (WPG)	Regional mall	-64.7	NA	-64.7	-70.1	NA	-70.1	-67.8
Pennsylvania REIT (PEI)	Regional mall	NA	-56.2	-56.2	-71.3	-59.2	-70.7	-69.7
Macerich Co. (MAC)	Regional mall	-56.3	-79.6	-66.9	-69.5	-89.6	-70.4	-70.2
Brookfield Property REIT Inc. (BPYU)	Regional mall	-90.1	NA	-90.1	-70.3	NA	-70.3	-70.5
Simon Property Group Inc. (SPG)	Regional mall	-58.2	NA	-58.2	-73.9	-74.7	-74.2	-74.0
Taubman Centers Inc. (TCO)	Regional mall	-78.2	NA	-78.2	-75.5	-68.1	-74.7	-74.8
Tanger Factory Outlet Centers Inc. (SKT)	Outlet center	NA	NA	NA	NA	-76.4	-76.4	-76.4
Total*		-51.9	-60.8	-52.8	-71.7	-75.1	-72.5	-61.8

Data compiled Dec. 7, 2020.

NA = not applicable

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