



a JLL retail research point of view

2016 Holiday Forecast

Retail Survey

2016 Holiday Forecast

Our surveys revealed generational divides in holiday budgets, top shopping destinations and influencers



Want to predict the overall growth in holiday sales? It's not rocket science. Total holiday sales figures generally grow or shrink in line with the U.S. economy as a whole. Just as the U.S. GDP has shown slow steady growth, so too have holiday sales grown since the end of the recession. Last year's holiday sales grew by 3.2 percent and we expect this year's growth to be between 3.5 and 4.0 percent. But while we have a good sense of what to expect in terms of overall sales, many questions around shopper and retailer behaviour remain. Our holiday forecast this year is unique. It is a combination of findings of two surveys: one of shoppers and the other of retail store managers. By merging the expectations of both buyer and seller, we hope to gain a more complete understanding of holiday shopping habits.

- Our survey revealed a split in shopping habits between Millennials and Gen Xers in one camp and Boomers and Over 70s in the other. The younger cohorts show a larger preference for discount department stores and online shopping, citing "low prices" as their biggest influencer. The older groups prefer traditional department stores and claim "quality" as their biggest influencer.
- Shoppers and retailers displayed an expectation gap around the holiday season. 68.0 percent of shoppers said the holiday season starts on Black Friday, but only 37.2 percent of retailers agree.



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Millennials shop like Gen Xers, Boomers shop like Over 70s

Shopping destination preferences appeared to be split into two camps, with Millennials and Gen Xers in one group and Boomers and Over 70s in the other. The younger group showed a stronger preference for discount department stores (like Walmart and Target), online stores and apparel stores. The older generations prefer traditional department stores (like JCPenney and Macy's), discount department stores and apparel stores.

For all generations, the most widely cited shopping stops are bricks-and-mortar destinations.



Where will you shop for holiday gifts?

Millennials	Gen X	Baby Boomers	Over 70
Discount Department Stores (74.4%)	Discount Department Stores (72.9%)	Department Stores (60.3%)	Department Stores (70.0%)
Apparel Stores (60.9%)	Online (64.1%)	Discount Department Stores (60.0%)	Apparel Stores (52.1%)
Online (58.8%)	Apparel Stores (59.7%)	Apparel Stores (56.5%)	Discount Department Stores (48.7%)
Department Stores (46.6%)	Department Stores (50.3%)	Online (53.7%)	Online (45.6%)
Accessory Stores (37.6%)	Accessory Stores (34.8%)	Supermarkets (32.0%)	Supermarkets (38.9%)

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Younger shoppers want low prices, older shoppers want quality

We asked shoppers to rank the importance of six factors that influence where they shop: low prices, availability of discounts and coupons, quality of goods, wide selection, great customer service, and proximity and convenience.

Over 60.0 percent of Millennials and Gen Xers ranked “low prices” as one of the top three most important influencers of where they shop. Considering the fact that these are the two groups that most favor discount department stores, this should come as no surprise. More than 50.0 percent of Baby Boomers and Over 70s each ranked “quality” as one of the top three influencing factors.

	Millennials	Gen X	Baby Boomers	Over 70
1	Low Prices (61.1%)	Low Prices (65%)	Quality (55.4%)	Quality (53.7%)
2	Quality (42.8%)	Quality (45.2%)	Low Prices (49.6%)	Wide Selection (49.1%)
3	Discount & Coupons (35.0%)	Discount & Coupons (38.1%)	Discount & Coupons (36.7%)	Low Prices (43.4%)

Millennials devote less money to holiday spending

Millennials are budgeting less than other generational groups. 30.8 percent of Millennials will spend \$250 or less for the holidays, whereas only 10.7 percent of Baby Boomers are budgeting such a small amount. As more Millennials form families and mature in their careers, we expect their budgets to grow in pace.

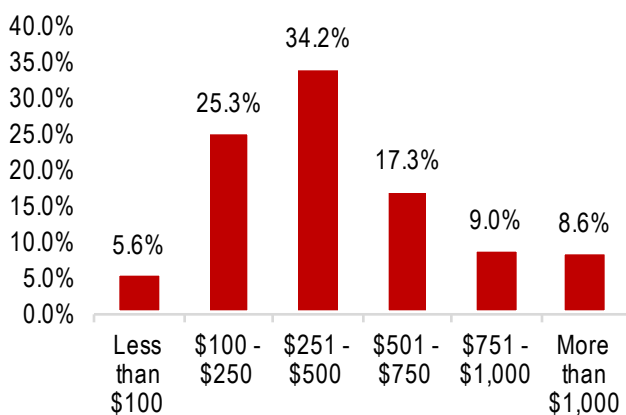


28.3%
of shoppers will budget
\$251 - \$500

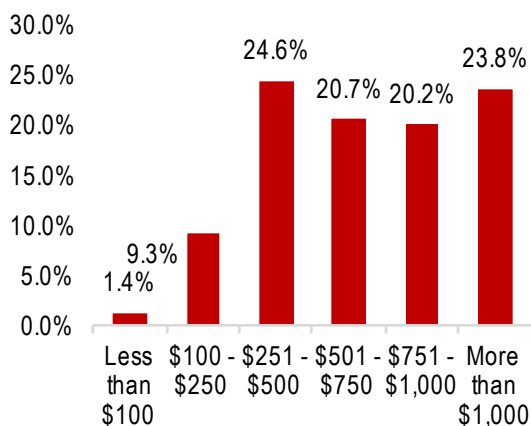
34.5%
of shoppers will budget
more than \$750

28.3 percent of shoppers will budget between \$251 and \$500 and 34.5 percent will budget more than \$750. Retailers can still expect big spending from some customers. 19.5 percent of Gen Xers and 23.8 percent of Baby Boomers will spend more than \$1,000 this season.

Millennial's holiday budget



Baby Boomer's holiday budgets





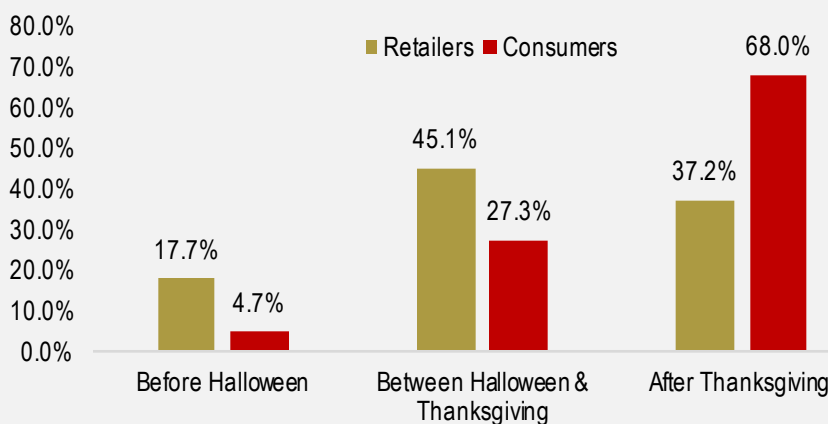
Shoppers and retailers have a holiday expectation gap

The holiday season starts too soon! So goes the objections to “Christmas creep” that have been an annual complaint since at least the 1980s. Our survey quantified that expectation gap between retailers and consumers.

- 68.0 percent of shoppers consider the day after Thanksgiving to be the start of the holiday season
- Only 37.2 percent of retailers agree, with most retailers saying the holidays start after Halloween



What time of year do you consider the start of the holiday season?

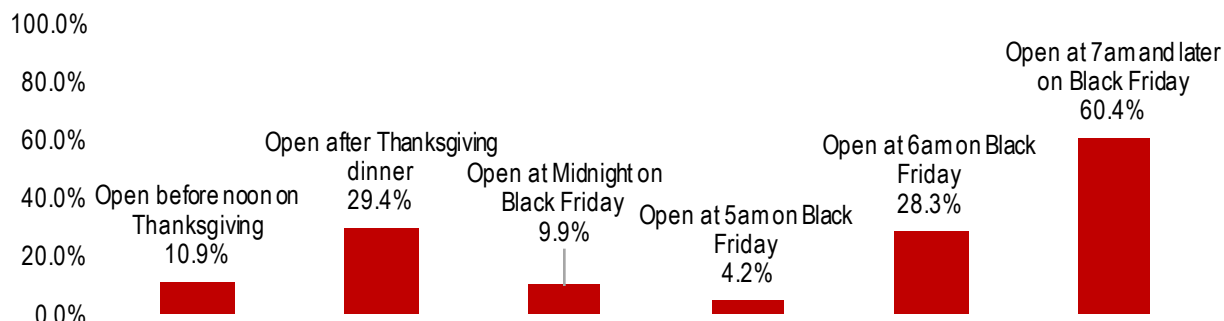


Over 50 percent closed for Thanksgiving

REI, Dillard's, Nordstrom, the Mall of America and others have made headlines with announcements that they will remain closed on Thanksgiving. 54.2 percent of retailers in our survey will also be closed on Thanksgiving Day.



What are your Thanksgiving weekend store hours?



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Electronic offers get shoppers in the door

Retailers will make a variety of offers to entice holiday shoppers. 60.0 percent of retailers will offer email or text message discounts this year. 42.5 percent are giving away a gift with a purchase.



What items will you offer during this holiday season?



Does your store offer the same holiday deals online that it does in-store?



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More in-store experiences

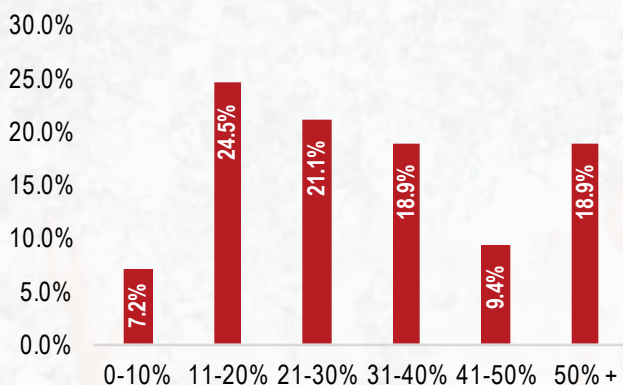
Special in-store events can bolster holiday traffic. Some retailers will have a visiting Santa or live music. One store in our survey will bring in authors for a book reading and another will provide makeup tutorials. Our survey indicates that this trend is growing. More retailers will attract shoppers through in-store experiences compared to last year, with responses in that category 5.1 points higher.

Holiday season crucial to most retailers

Holiday sales play a big role in many retailers' success. This year, 56.5 percent of retailers expect to generate up to 20.0 percent of total holiday sales over the Thanksgiving/Black Friday weekend. 45.7 percent of retailers reported that they anticipate generating between 11.0 and 30.0 percent of their annual sales during the holiday season.



What percentage of total annual sales do you expect to generate during the entire holiday season?



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Retailers expect same or growing foot traffic

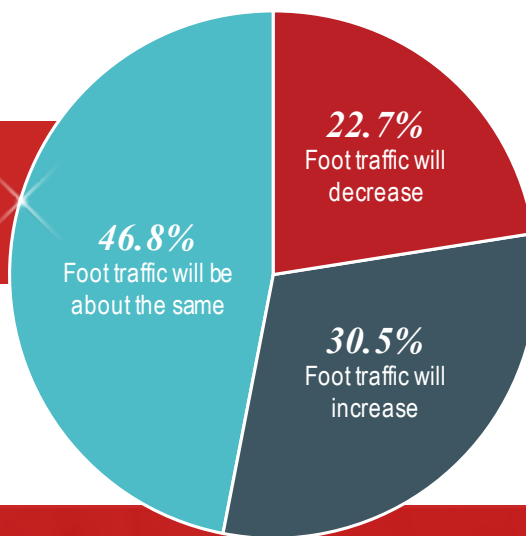
77.3 percent of retailers expect shopper foot traffic to stay the same or increase over last year.



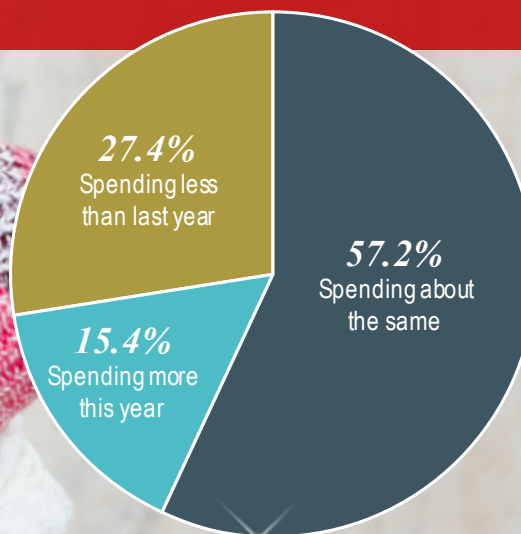
What are your expectations for foot traffic this holiday season?

Most shoppers to spend the same as last year

The majority of shoppers say they will spend about the same this year as last. 15.4 percent say they will spend more and 27.4 percent say they will spend less.



How does your budget compare with last year?



Methodology

JLL surveyed nearly 2,800 shoppers of 31 shopping centers in September 2016. JLL surveyed approximately 300 retail tenants in shopping centers in seventeen states in September and October of 2016. 71.8 percent of retailer respondents were inline retail locations and 16.0 percent were anchor or junior anchor tenants.

Trust our **retail**Intelligence.



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About JLL

JLL (NYSE: JLL) is a professional services and investment management firm offering specialized real estate services to clients seeking increased value by owning, occupying and investing in real estate. With annual fee revenue of \$4.0 billion and gross revenue of \$4.5 billion, JLL has more than 200 corporate offices, operates in 75 countries and has a global workforce of approximately 53,000. On behalf of its clients, the firm provides management and real estate outsourcing services for a property portfolio of 3.0 billion square feet, or 280.0 million square meters, and completed \$99.0 billion in sales, acquisitions and finance transactions in 2013.

Its investment management business, LaSalle Investment Management, has \$50.0 billion of real estate assets under management. JLL is the brand name, and a registered trademark, of Jones Lang LaSalle Incorporated. For further information, visit www.jll.com.

About JLL Research

Jones Lang LaSalle's research team delivers intelligence, analysis and insight through market-leading reports and services that illuminate today's commercial Real estate dynamics and identify tomorrow's challenges and opportunities. Our more than 400 global research professionals track and analyze economic and property trends and forecast future conditions in over 60 countries, producing unrivaled local and global perspectives. Our research and expertise, fueled by real-time information and innovative thinking around the world, creates a competitive advantage for our clients and drives successful strategies and optimal real estate decisions.

About JLL Retail

JLL's retail experts partners with retailers, investors and owner/operators with an extensive team of dedicated experts around the world. They understand the inherent complexities and variability associated with both the retail industry and increasingly complex capital markets. Its specialists are recognized for their independent and expert advice to clients, backed by industry-leading research that delivers maximum value. With leading in-depth knowledge of the local, regional and global market dynamics, JLL aims to truly partner with its clients for the entire lifecycle of an asset or lease. Its experts deliver clients maximum value that support and shape their investment, site selection and brand strategies.

JLL is the largest third party retail property manager in the United States with more than 1,000 centers, totaling 125 million square feet under management. The firm has more than 140 retail brokerage experts spanning more than 30 major markets, representing more than 900 retail clients. In 2015, JLL's Retail Group completed transaction management and portfolio optimization on 1,500+ leases, negotiated 500+ leases for retailers and 1,000+ leases for landlords and completed more than \$2.7 billion of investment sales, dispositions and financing for investors. For more news, videos and research from JLL's Retail Group please visit: www.jllretail.com.

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