



*Retail*

*United States | 2018*

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E-commerce retailers  
plan 850 physical stores  
in the next 5 years

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*Retail Research Point of View*

## E-commerce Retailers Plan 850 Physical Stores in the Next 5 Years

*point of view*

### How e-commerce brands get physical

Digital-native brands are expanding their presence into brick-and-mortar stores across the county, with plans of 850 stores in the pipeline over the next five years.

The mattress retailer Casper will open 200 stores within three years. Adore Me, the women's intimates company, announced up to 300 additional stores in five years. Allbirds, the wool sneaker company, opened a 4,800-square-foot New York flagship in SoHo, with plans for more stores in four cities in the next year. The clicks-to-bricks retailers' expansion plans demonstrate the value these brands place on having a physical presence with which to engage shoppers.

In the 2016 report *From Screens to Stores*, JLL defined the four phases of clicks-to-bricks expansion, from testing a single pop-up store to rolling out a full-scale national expansion. In this new report, we revisit the topic to find that more e-commerce players than ever are leasing physical space.

JLL compiled details of the histories and expansion plans of more than 100 of the top digital retailers to evaluate their strategies. We found that New York remains the top city for both pop-ups and first permanent locations; however, other marquee markets like Los Angeles and San Francisco are also popular choices.



### New York is the top city for digital-native brands' brick-and-mortar expansion

More than half of clicks-to-bricks retailers opened their first pop-up locations in New York City, and more than a third opened a first permanent location there too.



Image Source: Shutterstock

#### Top cities for first pop-up locations:

1. New York City (59.5%)
2. Los Angeles (16.2%)
3. Toronto (5.4%)

#### Top cities for first permanent location:

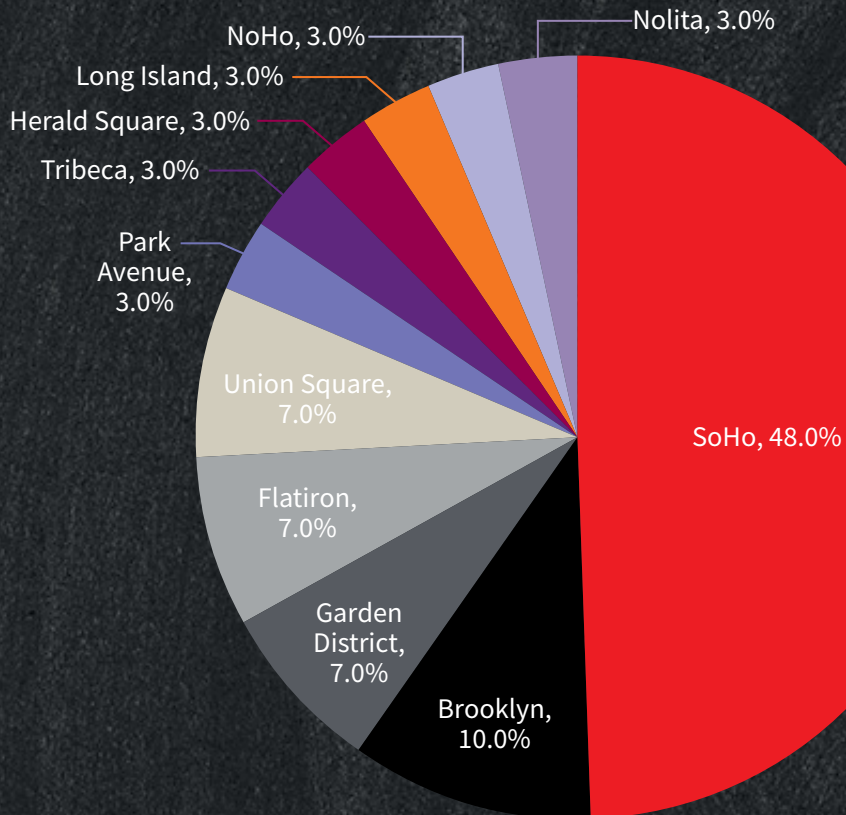
1. New York City (41.3%)
2. Los Angeles (12.0%) and San Francisco (12.0%)
3. Chicago (5.3%)

Nearly 62 percent of permanent clicks-to-bricks stores have opened in the same city where they opened their first pop-up shop. Popular cities to debut a pop-up and then subsequently locate a permanent store are New York and Los Angeles. Other cities include Detroit, Chicago, Washington, DC and San Francisco.



### SoHo is pop-up central in New York

Almost half of clicks-to-bricks retailers in New York chose SoHo for a first pop-up. Despite overall rising vacancies in SoHo, the prime urban corridor remains the destination for online retailers to test new concepts and to woo new and existing customers. These retailers typically choose storefronts off Broadway, where it's easier to find smaller footprints but still benefit from ample foot traffic.

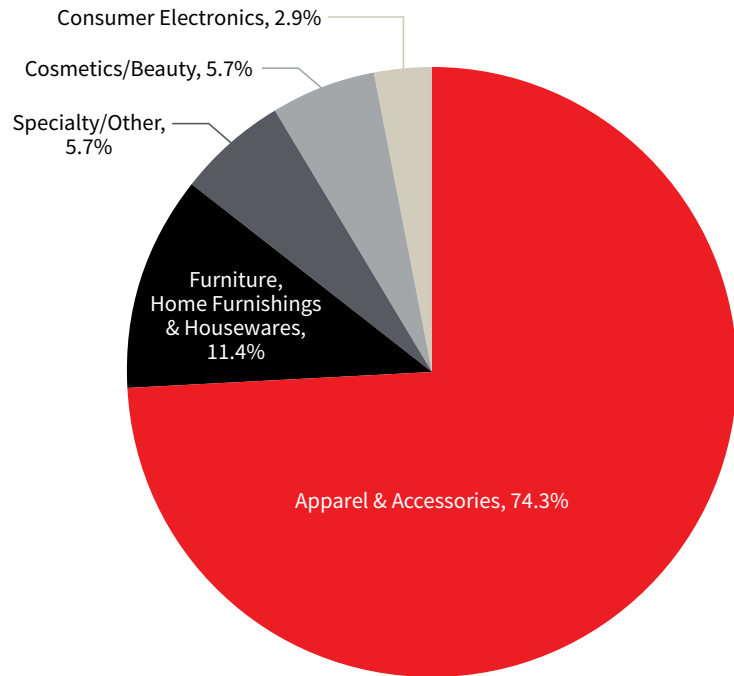


Warby Parker was one of the first clicks-to-bricks retailers to open in SoHo, on Greene Street back in 2013. Warby has since expanded to over 75 physical stores across the country. Notable retailers that have opened permanent locations in SoHo include UNTUCKit, BaubleBar, Indochino and Glossier.

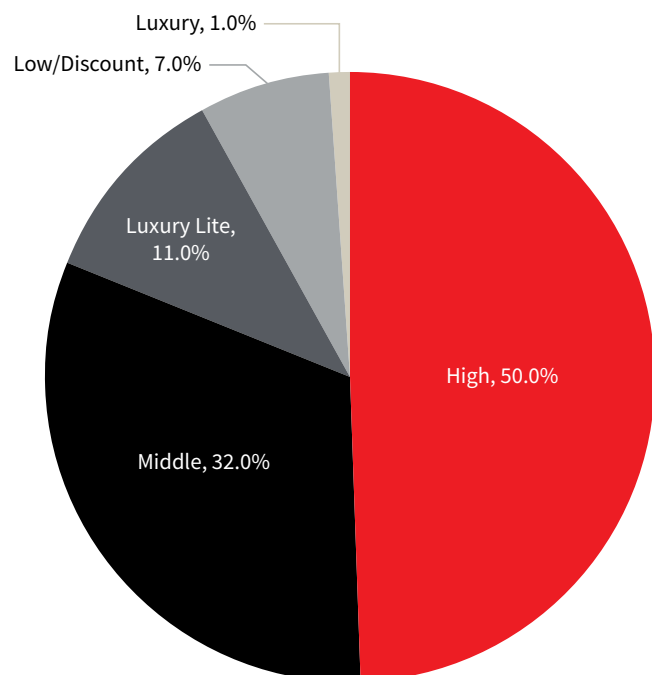


**Most clicks-to-bricks retailers sell apparel and accessories**

A total of 74.3 percent of clicks-to-bricks retailers are apparel and accessory brands like Bonobos, UNTUCKit and BaubleBar.



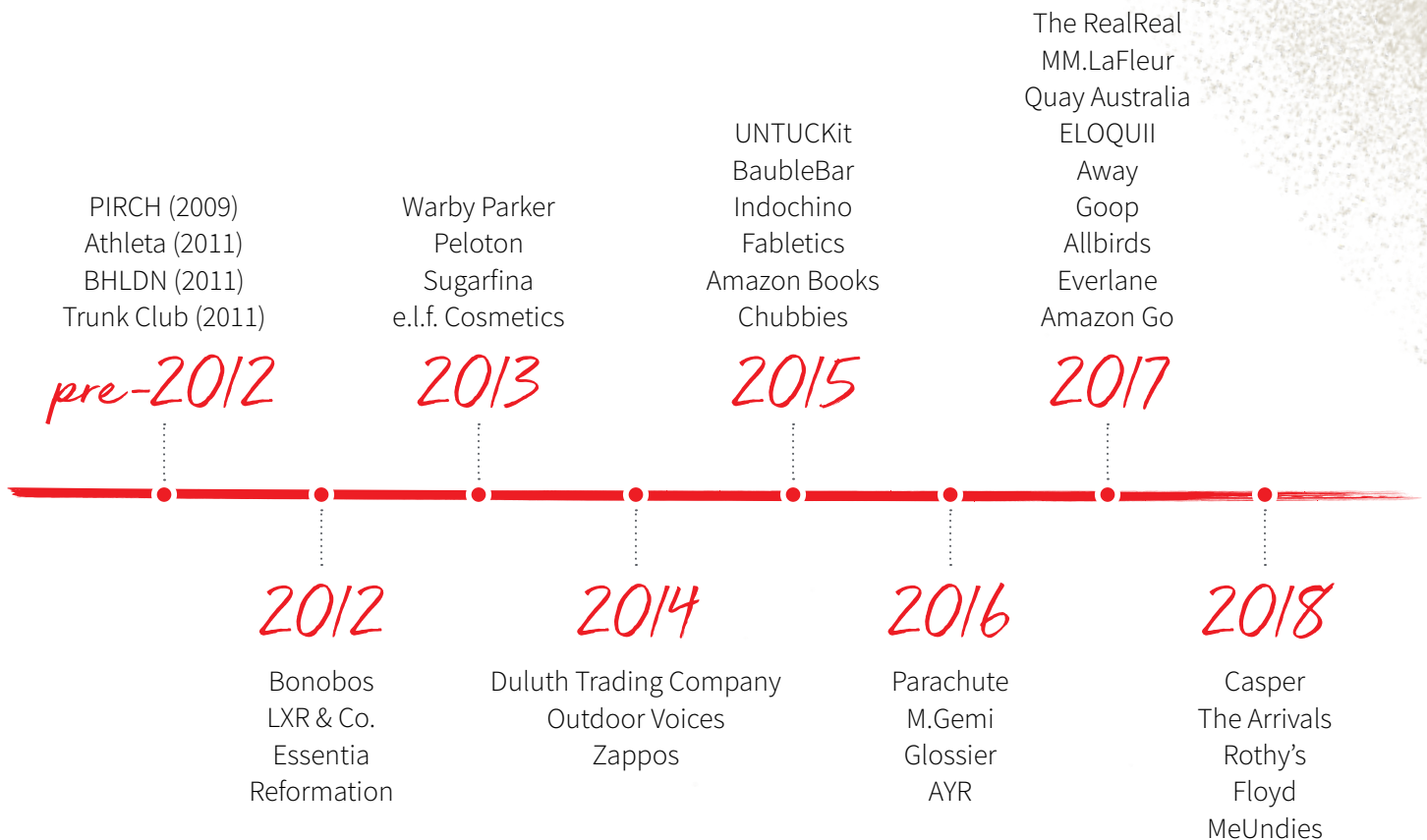
Half of all clicks-to-bricks retailers have high price points, like MM.LaFleur and Peloton, whereas 32.0 percent are midpriced retailers like ModCloth and Chubbies.







The average clicks-to-bricks store size is 2,808 square feet. LXR & Co., a global apparel and accessories retailer, has the smallest average store size with 250 square feet. PIRCH, a furniture and housewares retailer, has the largest average store size with 27,000 square feet.



### A growing list of permanent stores

Last year, 2017, saw the greatest number of clicks-to-bricks retailers. Everlane, Allbirds, Away and MM.LaFleur all opened permanent physical locations last year.

### Showrooms are still a niche

They came of age in the digital era, so it makes sense for clicks-to-bricks retailers to operate on a showroom model—that is, to offer only samples of products for customers to try out and then ship actual purchases to shoppers' homes from a warehouse. Bonobos and Indochino, for example, both operate as menswear showrooms. M.Gemi, the shoe retailer, and Universal Standard, the plus-sized apparel company, operate similarly. But despite the amount of attention that showrooms have garnered, only 15.1 percent of clicks-to-bricks physical stores don't carry any inventory. Of those that operate as showrooms, 69.2 percent are apparel and accessory retailers.

Just 30.8 percent of showrooms are furniture, home furnishings and housewares companies like Casper. The company that ships your mattress in a small blue-striped box opened its first brick-and-mortar location in SoHo in 2018 and already has 16 experience stores across the country in both urban street-front and inline mall locations for customers to test out its products.



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### 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.jll.com](http://www.jll.com).