

SUPPORTING GREATNESS.  
DEVELOPING OPPORTUNITIES.



Daniel Martin  
Manager, Retail-Commercial  
dmartin@locationgeorgia.com  
706.580.5017  
www.LocationGeorgia.com

# GEORGIA RETAIL REPORT

NOVEMBER 2023

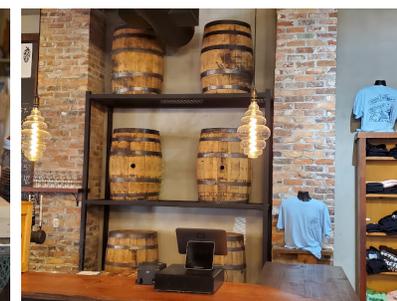
Your Guide to Retail Development

## Who's Merging, Expanding, Repurposing, or Closing?

It's remarkable to see the evolution in the retail landscape over the past 19 years since my first ICSC Southeast Conference. While logos and retailers have changed, relationships remain constant.

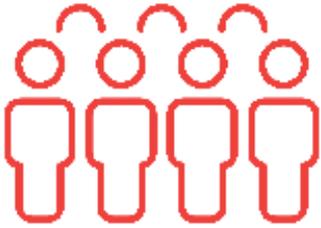
Landlords report consistently low vacancy rates at retail properties. Retailers are now engaging in more dialogue with landlords, emphasizing the importance of a sense of place and customer experience in shopping centers. Quick-service restaurants are reviewing their space needs, and many are redesigning their layout for efficiency, focusing on drive-thru, carry-out, and third-party delivery providers. While some stores like Bed Bath & Beyond are closing, others such as O'Reilly Automotive are expanding, and Aldi is acquiring Winn-Dixie. National sit-down restaurants are still doing deals, but not at the same rate as 10 years ago. In contrast, fast-casual restaurants are seeking new locations at a much faster pace.

Each of you in our ECG Communities are part of our Retail Development Team! We can assist your community with retail maps, leakage and void reports, market analyses, conceptual designs, and other technical assistance to further market your community.



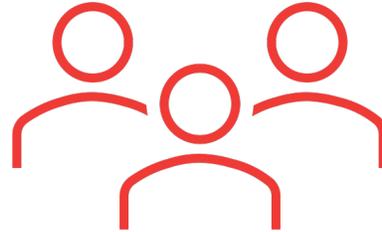


## Georgia Retail Impact



**1.36M**

Jobs Supported by Retail



**1.01M**

Direct Retail Employment



**64.8K**

Retail Establishments



**\$109.3B**

Total GDP Impact



**\$62.2B**

Direct Impact on GDP



**\$35.2B**

Direct Labor Income

*JobsEQ 2023*



## Georgia Retail Real Estate Summary

CoStar November 2023

### Availability

Vacant SF	21.8M	↑
Sublet SF	1.3M	↑
Available SF Total	26.9M	↑
Occupancy Rate	81.0%	↓
Availability Rate	23.0%	↑
Percent Leased Rate	82.8%	↓
Available Asking Rent/SF	\$24.23	↓

### Sales Past Year

Asking Price Per SF	\$114	↑
Sale to Asking Price Differential	-10.6%	↓
Sales Volume	\$1.1B	↓
Properties Sold	154	↓
Months to Sale	12.1	↑
For Sale Listings	151	↑
Total for Sale SF	2.9M	↑

### Inventory

Existing Buildings	2,507	↑
Under Construction Avg SF	71K	↓
12 Mo Demolished SF	0	◆
12 Mo Occupancy % at Delivery	17.8%	↑
12 Mo Construction Starts SF	1.8M	↓
12 Mo Delivered SF	4.7M	↓
12 Mo Avg Delivered SF	107K	↓

### Demand

12 Mo Net Absorption % of Inventory	-2.0%	↓
12 Mo Leased SF	5M	↓
Months on Market	9.4	↓
Months to Lease	7.8	↓
Months Vacant	8.2	↓
24 Mo Lease Renewal Rate	35.7%	
Population Growth 5 Yrs	2.5%	



## The Rise of The Gen Z

ICSC February 2023

Gen Z is a generation of contrasts. While they're the first group in history to grow up entirely with digital and mobile technology at their fingertips, they continue to play a vital role in the revival of physical stores – highlighting the draw of gathering, shopping, and dining with friends in person.



### Gen Z Most Frequently Shop At

- |   |   |
|---|---|
| <b>48%</b> Discount/off price retailers<br>T.J. Maxx, Marshalls, Kohl's,<br>Walmart, Target, etc.                 | <b>13%</b> Thrift/second-hand<br>The RealReal, ThredUp, etc.    |
| <b>25%</b> Dollar/variety stores<br>Dollar General,<br>Family Dollar, etc.  | <b>11%</b> Peer-to-peer<br>Etsy, Depop, etc.                    |
| <b>24%</b> Specialty retailers<br>Express, Abercrombie,<br>Best Buy, Apple, Sephora,<br>Bath and Body Works, etc. | <b>11%</b> Facebook Marketplace                                 |
| <b>22%</b> Fast fashion retailers<br>Shein, Zara, Uniqlo, H&M, etc.   | <b>9%</b> Upscale/luxury retailers<br>Ralph Lauren, Gucci, etc. |
| <b>21%</b> Department stores<br>Macy's, Dillard's, JCPenney,<br>Bloomingdales, etc.                               |   |



## Repurposing/Expansions/Closings/Mergers

ICSC February 2023



More U.S. tenants are opening stores this year than are closing them. U.S. retailers plan 522 store closures and 1,846 store openings for 2023, according to Coresight Research. Here's a snapshot of some of the retailers looking to expand their footprint in Georgia this year:

**Repurposing Stores:** Many quick service restaurants no longer need their standard, 1 acre + site. Many have transformed their footprint to improve efficiency and cater to drive-thru and third-party carry-out providers. In fact, **Inspire Brands**, who is the parent of Arby's, Sonic, Dunkin, Buffalo Wild Wings, Jimmy Johns, and Baskin Robbins, have repurposed some stores to Sonic/Buffalo Wild Wings to Go combo concepts.



**Expansions:** **O'Reilly Automotive** announced plans to open 360-370 net new stores, **AutoZone** said it would open about 200 stores, and **Advance Auto Parts** announced plans to open 125-150 new stores. **WAWA** plans to open 20 stores in Georgia. **Ollie's Bargain Outlet** will add 40 to 45 new stores this year, on top of its current count of about 400 locations.



**Closings:** **Bed Bath & Beyond** has closed its remaining 360 Bed Bath & Beyond stores and 120 BuyBuy Baby locations. **Tuesday Morning** is planning to close all 487 stores. **Walgreens** recently said it would close about 150 of its 8,800-plus U.S. stores.



**Mergers:** **Kroger and Albertsons** is looking to make a \$24.6 Billion deal, an agreement that will combine two of the largest supermarket operators in the U.S. The deal will create a grocery chain with nearly 5,000 locations



**Acquisitions:** **Aldi - Winn-Dixie - Harvey's** are expected to close the deal in early 2024; Aldi will acquire 400 Winn-Dixie and Harvey's Supermarket grocery stores across the Southeast, which supports its long-term growth strategy.



## Retail Sites Needed!!!

ICSC February 2023



**Alamo Drafthouse Cinema** is looking for sites in the Metro Atlanta market. This unique cinema concept is looking for second-generation movie theatre properties for new locations. In addition to having a scratch kitchen, cocktails, and cold brews, they also enforce a strict no-talking and texting policy. The company is looking for corporate and franchisee sites.



**Factory Connection**, a soft goods retailer, offers Junior, Misses, Plus, Dresses, Young Men's, Accessories, and Shoes, over 25% to 70% below regular retail prices. They have been successful in smaller towns and rural markets, typically seeking out sites 3,600 to 4,000 square feet in strip centers. Ideal sites would be in a trade area population greater than 5,000 and less than 40,000.



**Ellianos Coffee** is poised for growth and expansion and is seeking Retail Sites throughout Georgia. Ideal sites would have a minimum traffic count of 15,000 ADT, an average store size of 800 sq ft., an average lot of 78x150, high visibility, and easy ingress and egress.



**Tim Hortons Coffee** is looking for sites in Metro Atlanta (Norcross, Covington, Monroe, East Point, College Park, Fairburn, Newnan, Acworth, Cartersville, Hampton, and Griffin). Ideal sites would need a 0.7 to 1-acre lot, 1,600 sq ft., traffic count of 20K+, stop light or stop sign, median HH income of \$40K+, and free-standing with drive-thru capability.



**Whataburger**, a regional fast-food chain known for its burgers, is expanding and looking for sites. Ideal sites would have a minimum population of 45,000, a traffic count of 30,000, minimum sq ft., 2,950; maximum sq ft., 4,600 (1-acre min); a free-standing facility with proximity to daily drivers (Walmart, Target, Grocery Stores, etc.)



## Are national sit-down restaurants still doing deals?

ICSC February 2023

Yes, they are, but not necessarily at the pace 10 years ago. Concepts such as Longhorn, Miller's Ale House, and First Watch are still actively doing deals in Georgia, enhancing their respective footprints. However, fast casual restaurants are pursuing new sites much faster.

In addition to value, consumers value their time. The following continue to pursue sites in Georgia. Concepts such as Moe's Southwest Grill, Chipotle, Chicken Salad Chick, Culvers, and IHOP continue to pursue sites in Georgia.





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