

### Developing Trends

- Utilizing omnichannel approaches**, both Ulta Beauty and Dick's Sporting Goods recently announced strong sales growth and expansions. Ulta Beauty is planning 100 new locations over the coming year, highlighting strong demand at health and personal care outlets. Category sales rose 6.1 percent over the past year. Meanwhile, Dick's Sporting Goods announced plans for 43 new stores this year, along with nine Golf Galaxy and eight Field & Stream locations. Sales in the sporting goods category rose 4.6 percent during the last year.
- Grocery chains, anchors in local neighborhood centers**, are aiming to open more than 280 locations this year, indicating vigorous grocery demand in local communities. As a result, retail vacancy has fallen to the lowest level in 16 years, ending 2016 at 5.5 percent. Vacancy is forecast to fall an additional 40 basis points this year. Midwestern grocer Meijer is also experimenting with an omnichannel approach, offering home delivery in six states to bolster sales amid competition from e-commerce.

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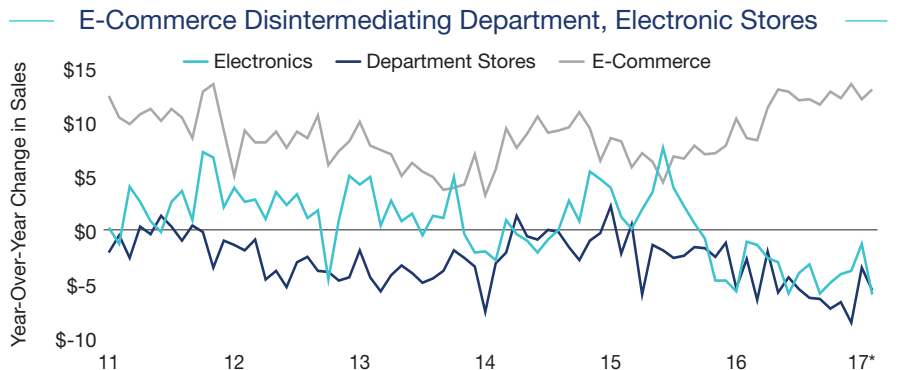


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## Retail Sales Boosted by Three Significant Trends; Some Retail Components Falling Behind

**Retail sales remained elevated in February**, with core retail sales vaulting 4.4 percent over the past year, driven by three significant trends. Consistent job growth has added 2.4 million workers over the past year, wage growth is averaging 2.3 percent annually and consumer confidence remains near decade highs, fostering a strong retail consumption environment that will support retail center performance.

**Sturdy retail gains outshined weakness** in the department and electronic store segments, where sales fell 5.6 percent and 6.0 percent over the past year, respectively. Weakness among mall-based department stores led to store closures from Sears, Macy's and J.C. Penney, along with the bankruptcy of Hhgregg. These headlines obscure positive performance in local community retail establishments.

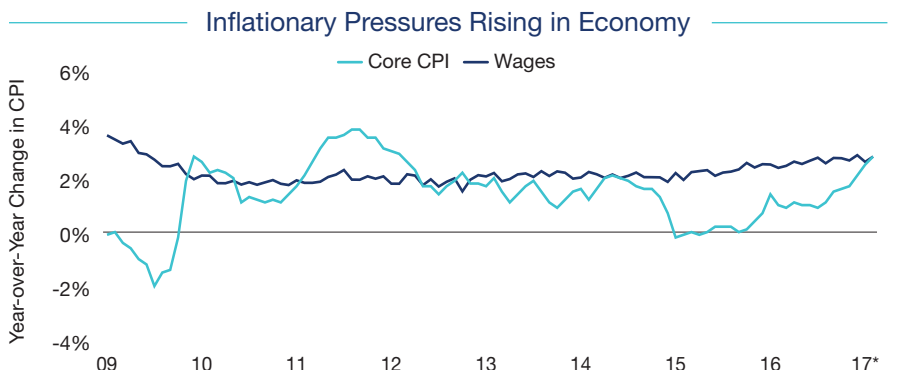


**4.4%**

Core Retail Sales  
Y-O-Y\*

**2.8%**

Inflation/CPI  
Y-O-Y\*



\* Forecast

Sources: Marcus & Millichap Research Services; U.S. Census Bureau; National Retail Federation