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Brick & Mortar Retail in Turmoil: The Fault of Online Shopping?

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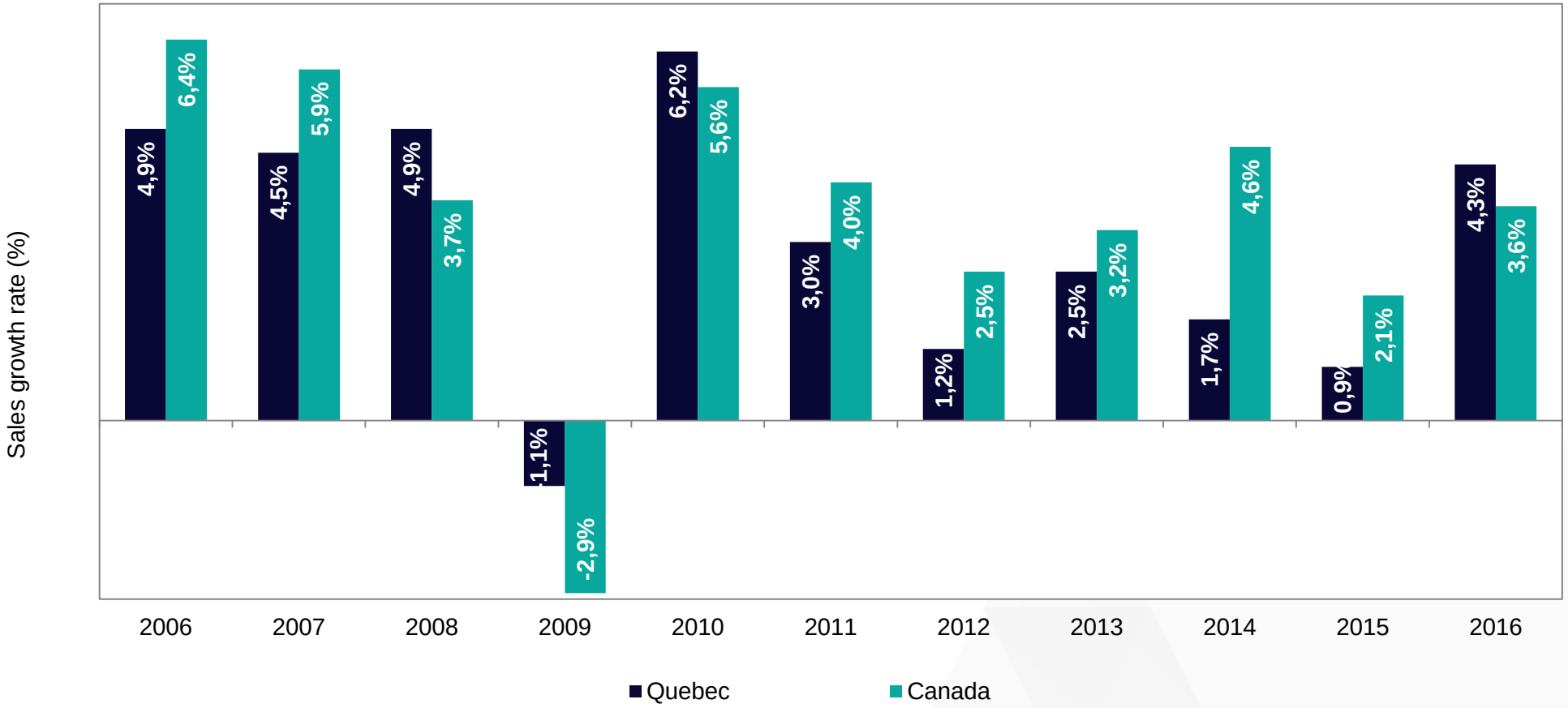
Altus Analytics
SOFTWARE | DATA | CONNECTIVITY

Altus Group

Evolution of Total Retail Sales in Canada



Source : Stat Can, CANSIM, board 080-0020 (December 2016: Altus Group estimate)

Some Closures in the Canadian Retail Landscape

AÉROPOSTALE

JACOB

FUTURE SHOP

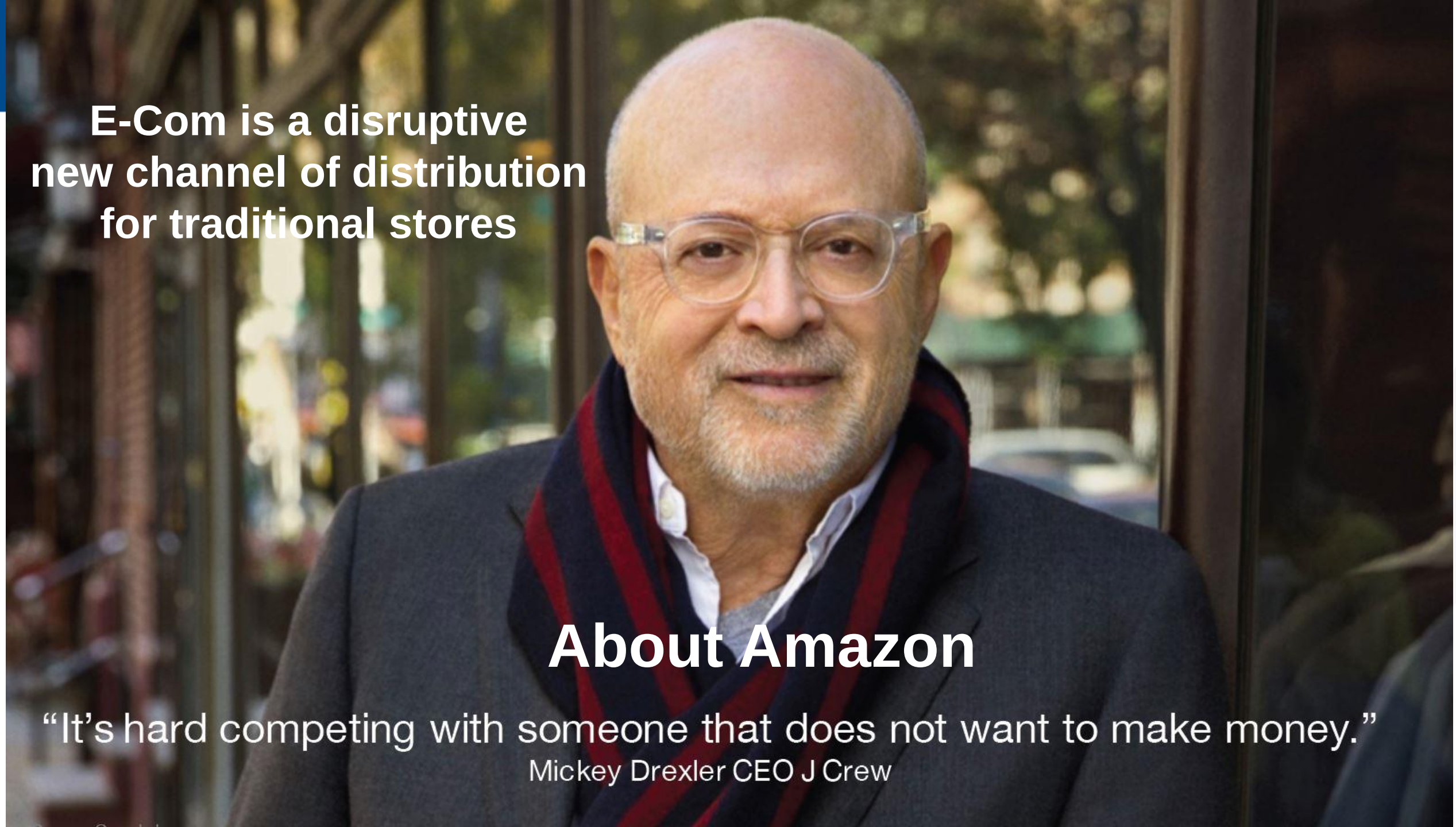
hmv

MEXX

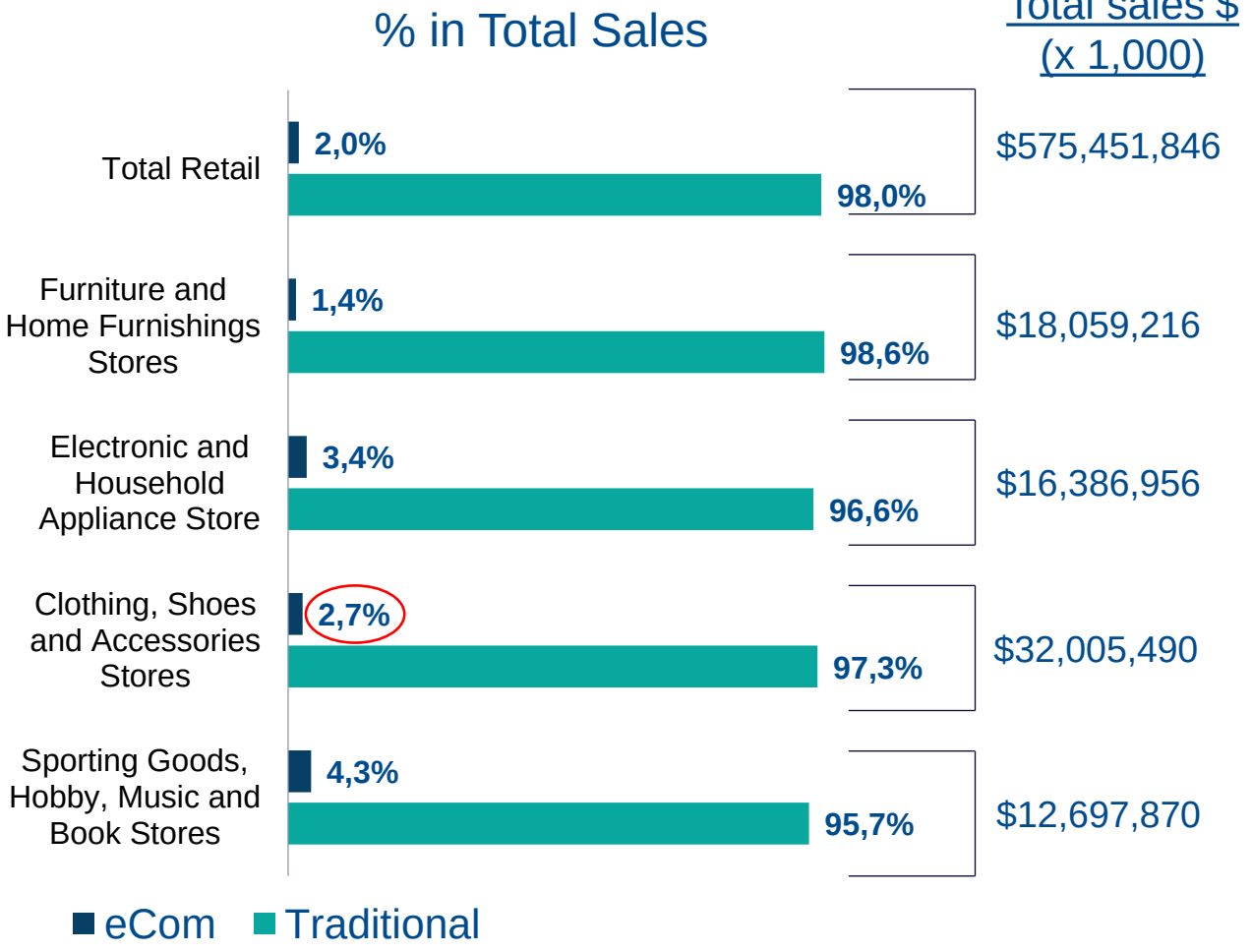
SEARS

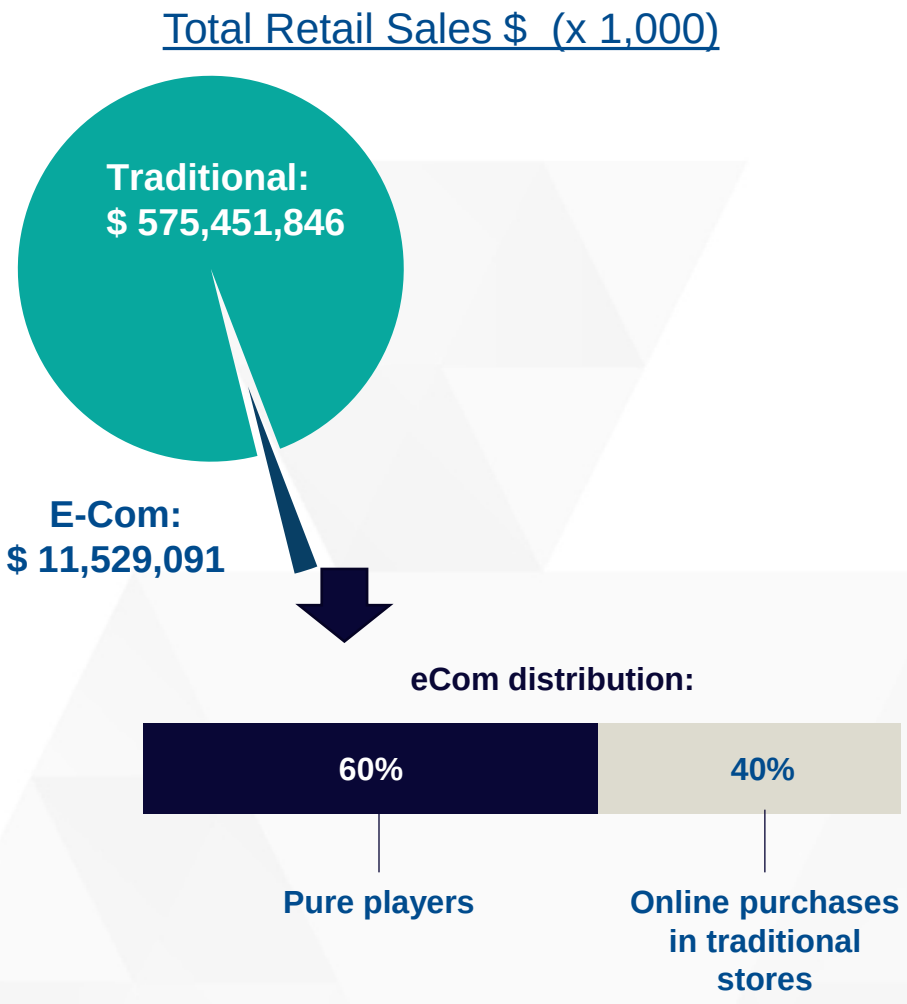
SONY

Most retail analysts as well as the media blame **online shopping** for these bankruptcies


E-Com is a disruptive new channel of distribution for traditional stores
About Amazon
“It’s hard competing with someone that does not want to make money.”
Mickey Drexler CEO J Crew

E-Com Actual Market Share in Canada 2015





Source : Stat Can, CANSIM

AltusAnalytics

E-Com explain only a part of the traditional stores distress

What are the other factors?

The Slowdown Factors on the Demand Side in Quebec

Population aging

Stagnation of income

Rising household debt

Stagnation of purchase power

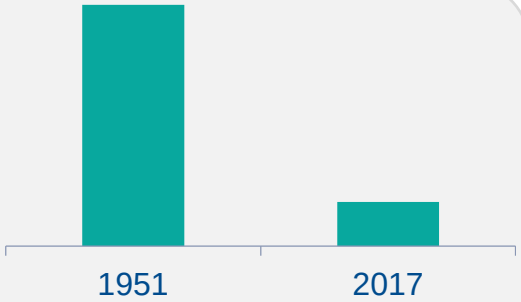
Necessary trade-offs

What About the Supply Side?

What about Retailers Relevance?

In 1951, there were 548 hat stores within the Province of Quebec:

1 for 7,400 persons



Today only 29 are left:

1 for 277,000 persons

But some saw new opportunities

What about Department Stores?

Le bon Marché in Paris 1887

No concept is eternal

SEARS closing

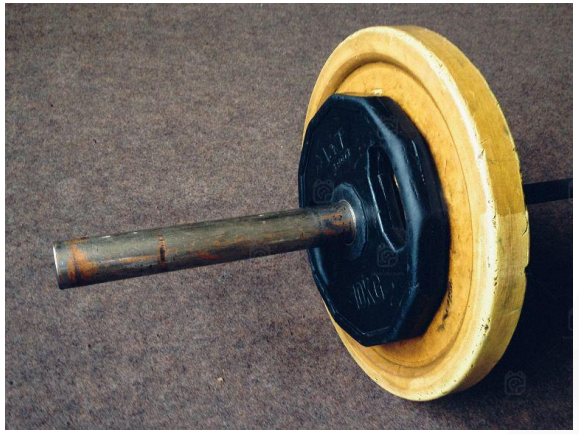
JCPenney closing

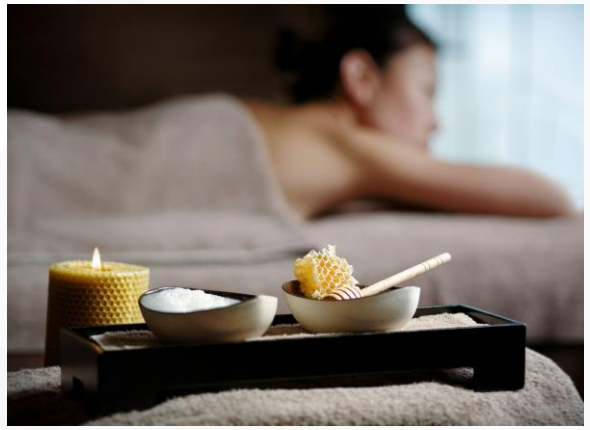
macy's closing

Toward an Economy of Services

Evolution of the number of stores within the Province of Quebec

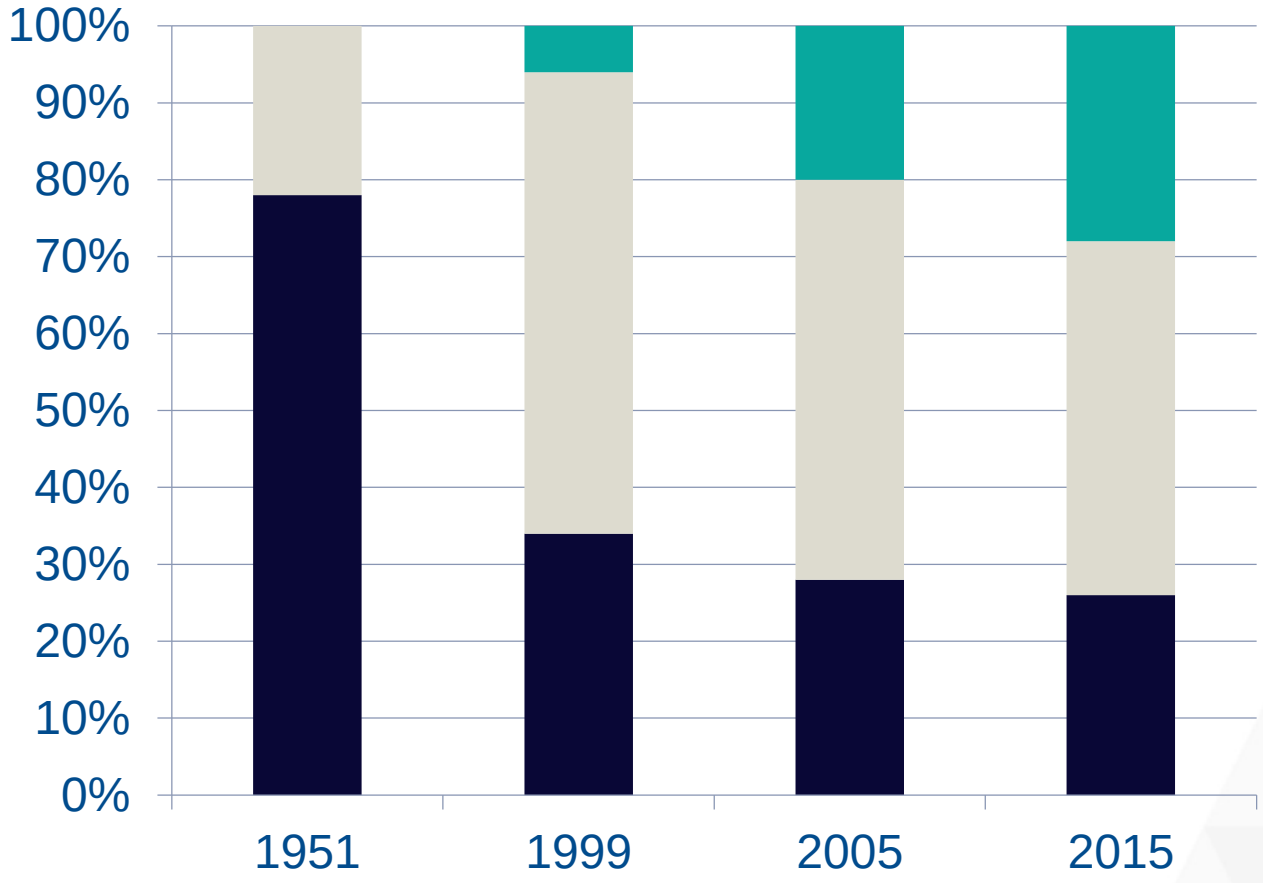
	1951	2017
Restaurants	2,801	20,059
Gyms	12	802
Spas	0	247





Retail: A History of Concentration

Evolution of fashion store market shares in Canada by type



TJX in Canada

	2007	2017
Winners & Marshalls Sales	$1,320,000,000	$2,932,000,000
Number of Stores	184	312
Total Sq.Ft.	4,012,000	6,936,000
Productivity per Sq.Ft.	$331	$422
Market Shares	**5%**	**9%**

And **no** online sales !

Retailers are Now in the Driver's Seat

Retailers that are traffic generators or exclusive can request lower rents from SC owners.

Retailers in difficulties threaten SC owners to vacate if they do not obtain lower rents.