

FUTURE 2021 TRENDS FACING RESTAURANTS, RETAIL CENTERS, AND MEDICAL CLINICS

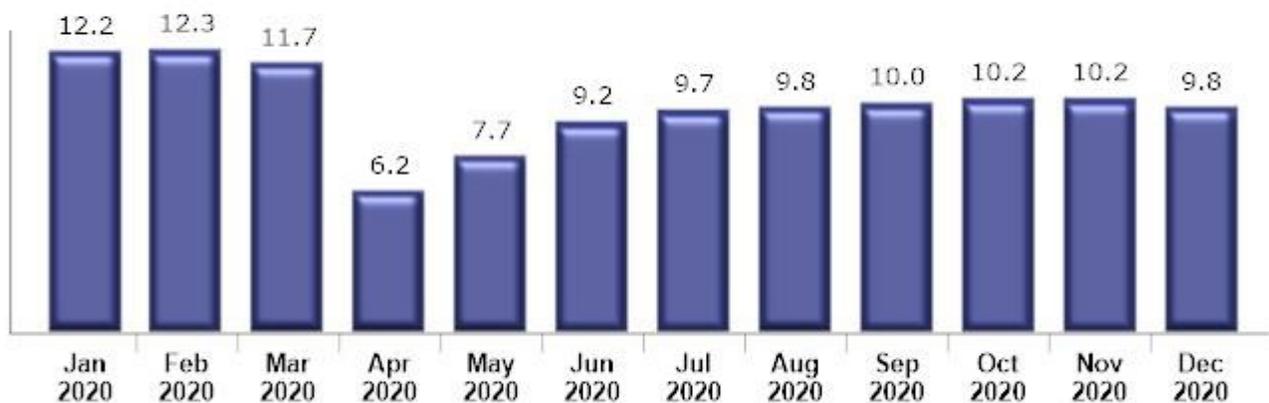
After such an unusual year, business owners are wondering what to expect in order to prepare for the new year. Below are some insights into trends stemming from 2020 and rolling into 2021 that business owners should keep in mind to prepare for the new year.

Restaurants:

It is no secret that the events of 2020 have been absolutely devastating for restaurants. The National Restaurant Association reports that the restaurant industry finished the year providing 2.5 million jobs less than the amount of jobs provided in the beginning of the year. Starting at 12.3 million jobs, the year finished with only 9.8 million restaurant jobs, showing a decline of 20%. The Association also points out that restaurants were undoubtedly hit the hardest compared to any other industry. The industry with the next closest amount of job losses is the professional-and-business-services sector which lost nearly 3x less jobs than the restaurant industry.

Number of Jobs at Eating and Drinking Places

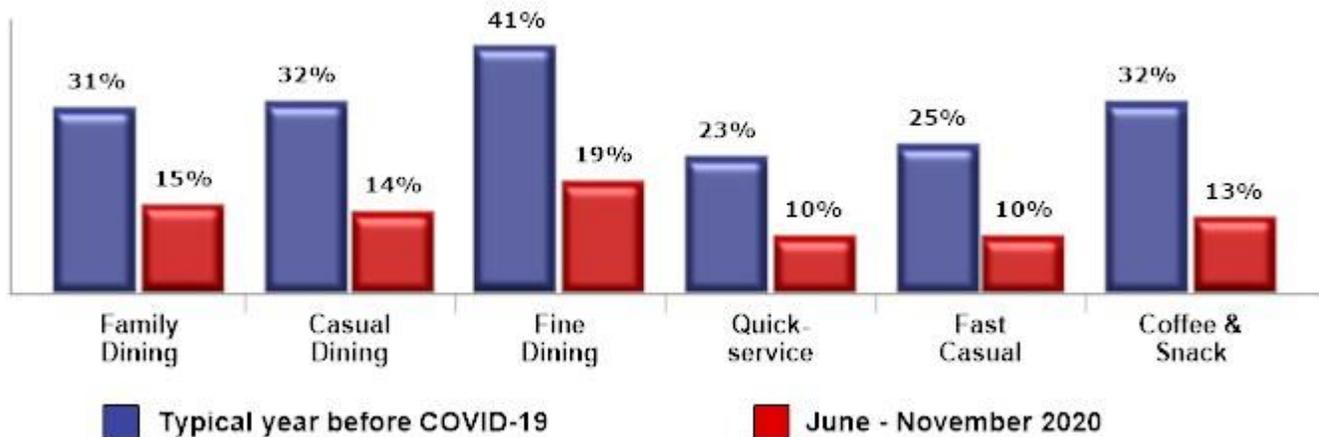
(millions)



Source: Bureau of Labor Statistics; figures are seasonally-adjusted and preliminary

Additionally, a decrease in travel and tourism has also had enormous costs for the restaurant industry. Before COVID-19, travelers accounted for 31% of family dining restaurants. From March to November visitors and travelers at family dining restaurants only accounted for 15% of sales. The same type of decline amongst travelers is true for all categories of restaurants across the board, most drastically amongst fine dining restaurants where traveler sales decreased from 41% to 19%.

Percent of sales that came from travelers and visitors



Source: National Restaurant Association, survey of 6,000 restaurant operators conducted 11/17 - 11/30, 2020

Although these numbers are dire, there remains a silver lining. With COVID-19 vaccines becoming more widely available, economists are predicting a surge in consumer demand to arise in 2021. Bloomberg reports that Wall Street banks are expecting the global economy to expand as much as 6.4% in 2021. Additionally, Business Wire reports that an easing of restrictions due to increased vaccinations will lead to an outpour of “pent up” consumer demand, resulting in a boost to service and entertainment industries. Although this is good news for restaurants, it should also be seen as a warning to them to prepare for an incoming surge of demand. Restaurants are going to need to prepare their staff as best as possible to handle a large volume of customers. Also, with the approaching return of indoor dining, restaurant owners should make sure their restaurant interiors are still functional and ready to be filled with people.

Retail:

Retail Rent collections started falling towards the end of November. Although retail rent collections were starting to come back after falling the staggering amount of 35% at the start of pandemic, they began climbing back up until November. Now Globe St.com is reporting that they are starting to fall again. This report also shows that rent collections remain steady for national retailers while the drop in revenue comes primarily from regional retailers. While larger national retailers have the capital to pay rent, many regional retailers are losing the ability to pay rent with a loss in revenue from the recent increases in COVID-19 related restrictions across the country. As less tenants have been able to make rent, rent prices have also fallen given the decrease in demand.

Surprisingly, Globe St. reports that the vast increase in online sales has unexpectedly highlighted the importance of retail spaces. While online shopping will continue to become more and more prominent, retail stores are expected to transform into a hybrid model. This would entail retail stores selling as usual, but also suiting up to provide online shoppers with a convenient location to facilitate returns and pickup online orders.



More and more retail stores are expected to provide online shoppers return and pickup services.

Medical:

Another development resulting from the COVID-19 pandemic is the rising interest in medtail centers. Medtail clinics—another name for medical clinics located in a retail location, are becoming more and more prominent with the increased need for patients to receive treatment conveniently. With the increasing demand for medical attention, patients are looking for medical centers with shorter wait times that are located in a closer proximity to where they live. While traditional retail stores are facing increased competition and challenges with online shoppers, medical retail stores are in as high of demand as ever.

Although the times have created many never-before-seen challenges for business owners, there remains reason for optimism for those that are able to pivot and adapt to them.