

Retailing

QUARTERLY

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Domestic Retail Store Closings At Record Pace

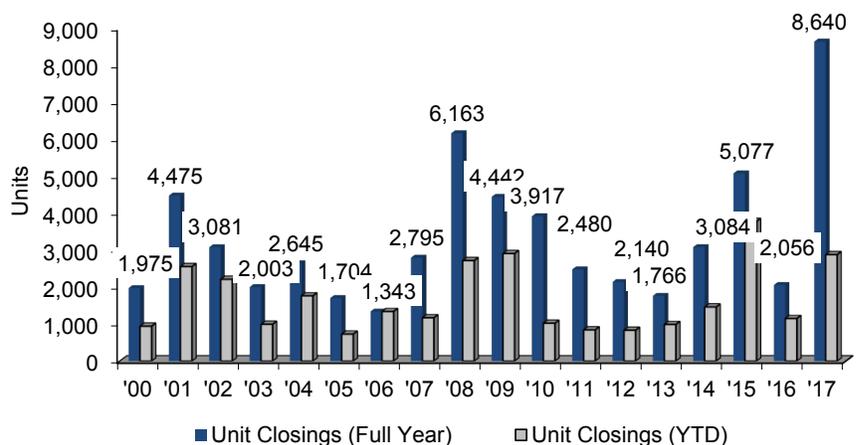
Barely a quarter into 2017, year-to-date retail store closings have already surpassed those of 2008. This suggests that the industry is beginning to adapt to the secular challenge of increasing online penetration and declining four-wall productivity of brick-and-mortar stores.

On a units basis, approximately 2,880 store closings were announced YTD, compared to 1,153 at this time in 2016. Historically, roughly 60% of store closure announcements occur in the first five months of the year. By extrapolating the year-to-date announcements, we estimate that there could be more than 8,640 store closings this year, which will be higher than the historical 2008 peak of approximately 6,200 store closings (data collected since 2000).

On a square footage basis, approximately 49M SF of retail space has closed YTD. Should this pace persist, 2017 total square footage reductions could reach 147M square feet, surpassing the historical peak of 115M in 2001.

For a more detailed analysis on the need for structural change in the retail environment, see our most recent industry note: [The Four Keys for Broadlines Survival: Real Estate Reduction, eCommerce, Speed, Brands.](#)

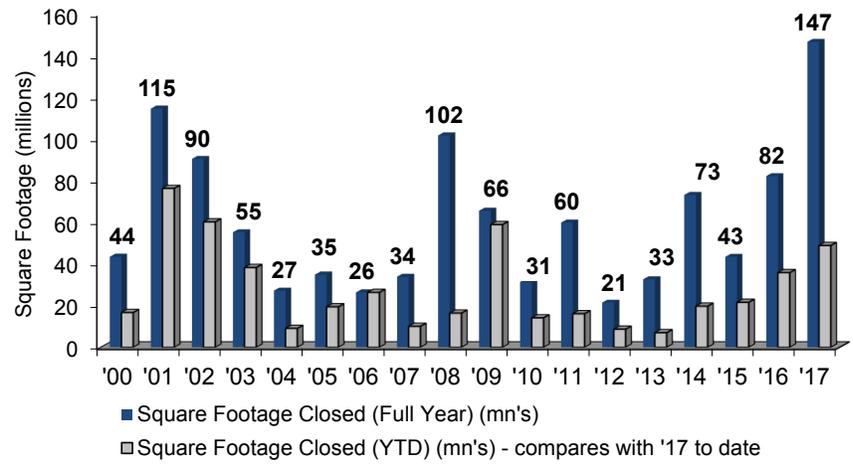
Figure 1: Retail Store Closings By Unit – Only Second To 2015 Store Closures YTD; Could Be The New Highest Closings For Full Year



Source: Company data, News articles, Credit Suisse estimates

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Figure 2: Retail Store Closings by Square Footage (mn) – 2017 Could Be The New Peak With The Current Run Rate



Source: Company data, News articles, Credit Suisse estimates

Companies Mentioned (Price as of 06-Apr-2017)

Acushnet Holdings Corp. (GOLF.N, \$17.21)
Burlington Stores, Inc. (BURL.N, \$93.8)
Coach Inc (COH.N, \$39.34)
Columbia (COLM.OQ, \$57.26)
DSW Inc (DSW.N, \$19.09)
Finish Line Inc (FINL.OQ, \$14.03)
Gildan Activewear Incorporated (GIL.TO, C\$35.4)
Hanesbrands Inc. (HBI.N, \$20.34)
J.C. Penney Company, Inc (JCP.N, \$5.68)
Kohl's Corporation (KSS.N, \$37.51)
L Brands, Inc. (LB.N, \$43.1)
Macy's Inc. (M.N, \$28.82)
Michael Kors (KORS.N, \$36.84)
Nike Inc. (NKE.N, \$54.98)
Nordstrom, Inc. (JWN.N, \$43.44)
Phillips-Van Heusen (PVH.N, \$101.98)
Planet Fitness, Inc. (PLNT.N, \$19.18)
Ralph Lauren (RL.N, \$79.52)
Ross Stores, Inc (ROST.OQ, \$62.53)
The Gap, Inc. (GPS.N, \$22.9)
The TJX Companies, Inc. (TJX.N, \$75.93)
Tiffany & Co (TIF.N, \$92.77)
Under Armour, Inc. (UAA.N, \$19.62)
Urban Outfitters (URBN.OQ, \$22.01)
VF Corporation (VFC.N, \$53.84)
lululemon athletica Inc. (LULU.OQ, \$49.43)

Disclosure Appendix

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