
Adapting to Changes in the Retail Landscape

Lena Geraghty, Director of Innovation & Sustainability

September 21, 2023 | 1:00 pm | League of California Cities



Overview

Analyzing the post-pandemic retail economy nationwide, the report found that **changes in central business districts have been profound**, due in part to the rates of in-office work in certain geographies, and that **recoveries have been uneven**.

Retail Sectors Examined



Motor Vehicle
and Parts Dealers



Food and
Beverage Stores



Sporting Goods,
Hobby, Book and
Music Stores



Furniture and
Home Furnishings
Stores



Health and Personal
Care Stores



General
Merchandise Stores



Electronics and
Appliances Stores



Gasoline
Stations



Miscellaneous
Store Retailers



Building Material
and Garden
Equipment and
Supplies Dealers



Clothing and
Clothing
Accessories Stores



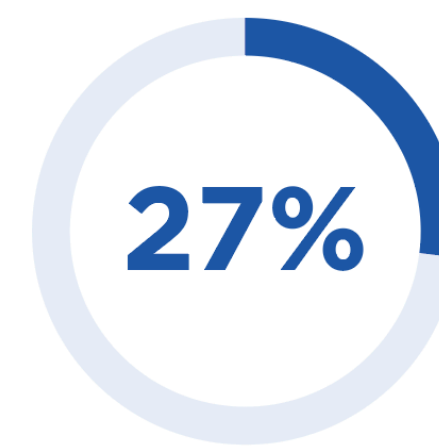
Non-store
Retailers

What Changed?

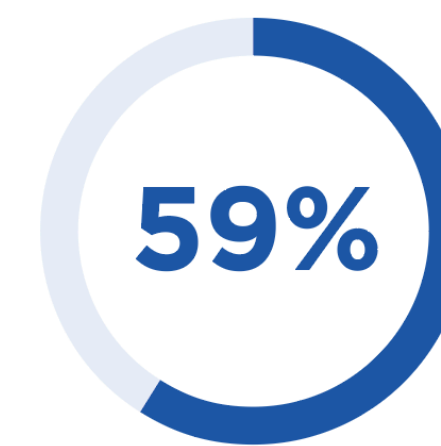
- During the pandemic, cities, towns and villages focused on emergency relief and moving to remote work arrangements.
- Rates of in-office work are the highest they have been since the start of the pandemic but are still lower than pre-pandemic; hybrid work arrangements have become more common.

★ *Having taken on new roles during the pandemic, now local leaders should rethink the best ways to support their communities.*

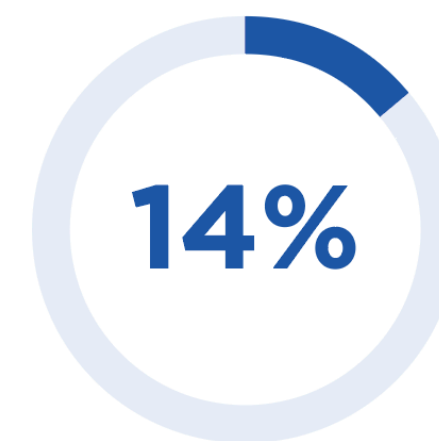
In January 2023, among full-time employees:



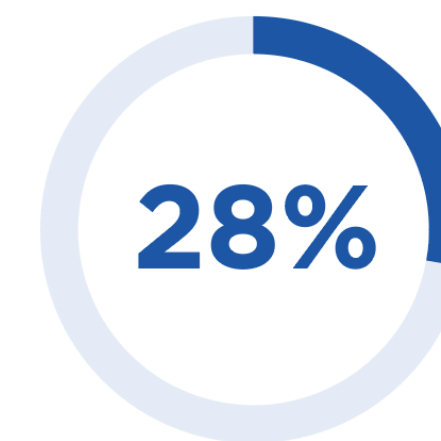
of paid full days
worked from home



are full-time
onsite



of full-time employees
are **fully remote**

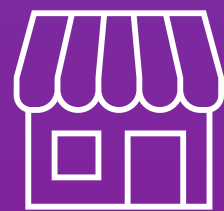


are in a **hybrid**
arrangement

Today's Retail Landscape



Retail space vacancy rates **returned** to 2019 levels



Number of physical retail establishments have **exceeded** 2019 levels



Some cities experiencing **net loss** of physical business/growth in vacant retail space



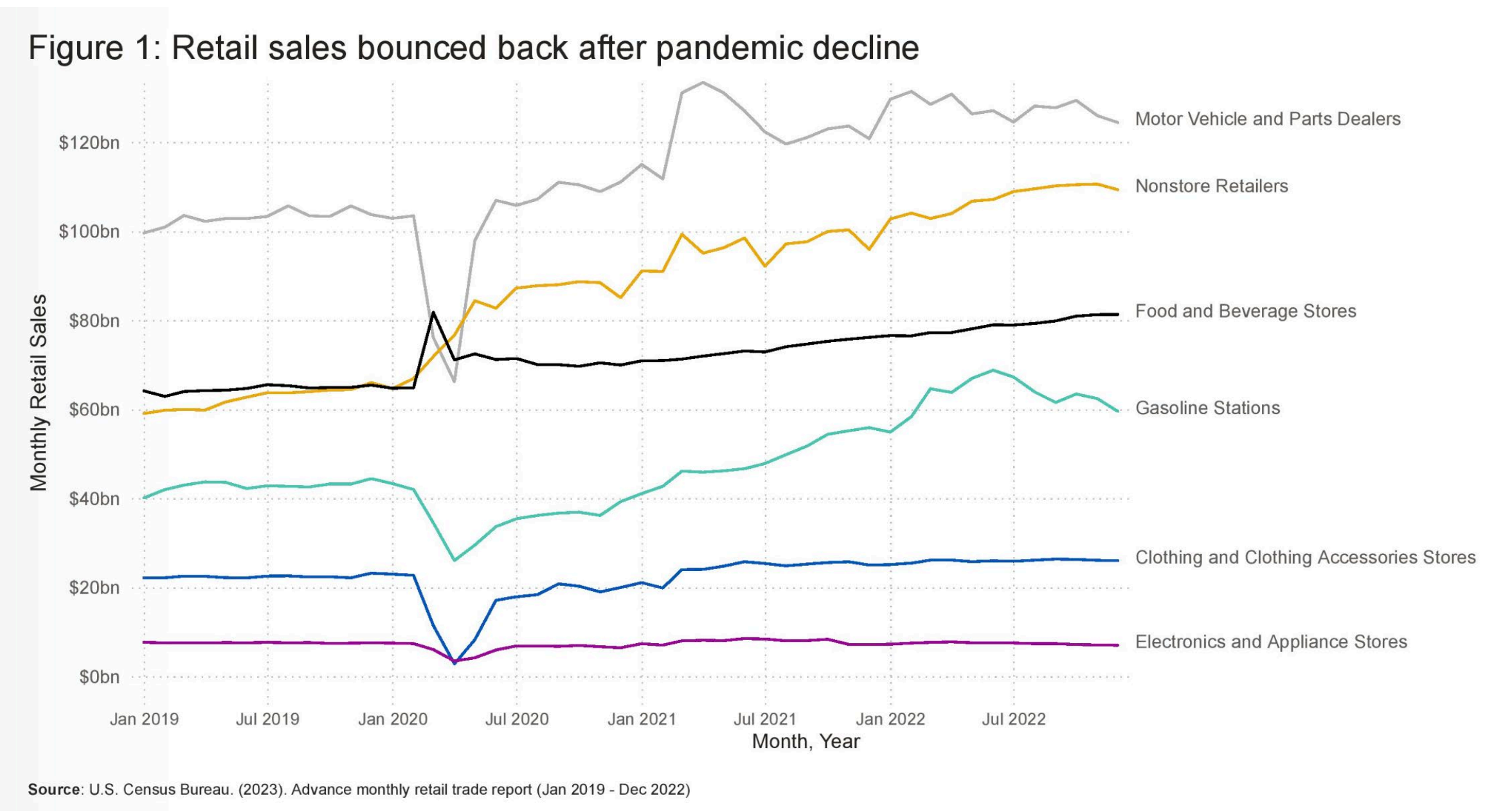
Prevalence of hybrid work contributes to decline in office occupancy rates

★ *Economic development will center around improving the quality of life – encouraging well-balanced, livable neighborhoods.*

Uneven Growth

The growth in the retail market post-pandemic has not been equitably distributed between subsectors — and growth is slower in BIPOC and low-income communities.

★ *Neighborhood-based organizations and partnerships with hyper-local organizations will be essential partners for cities to achieve consensus-building and reach businesses that are BIPOC-owned or in underserved areas.*



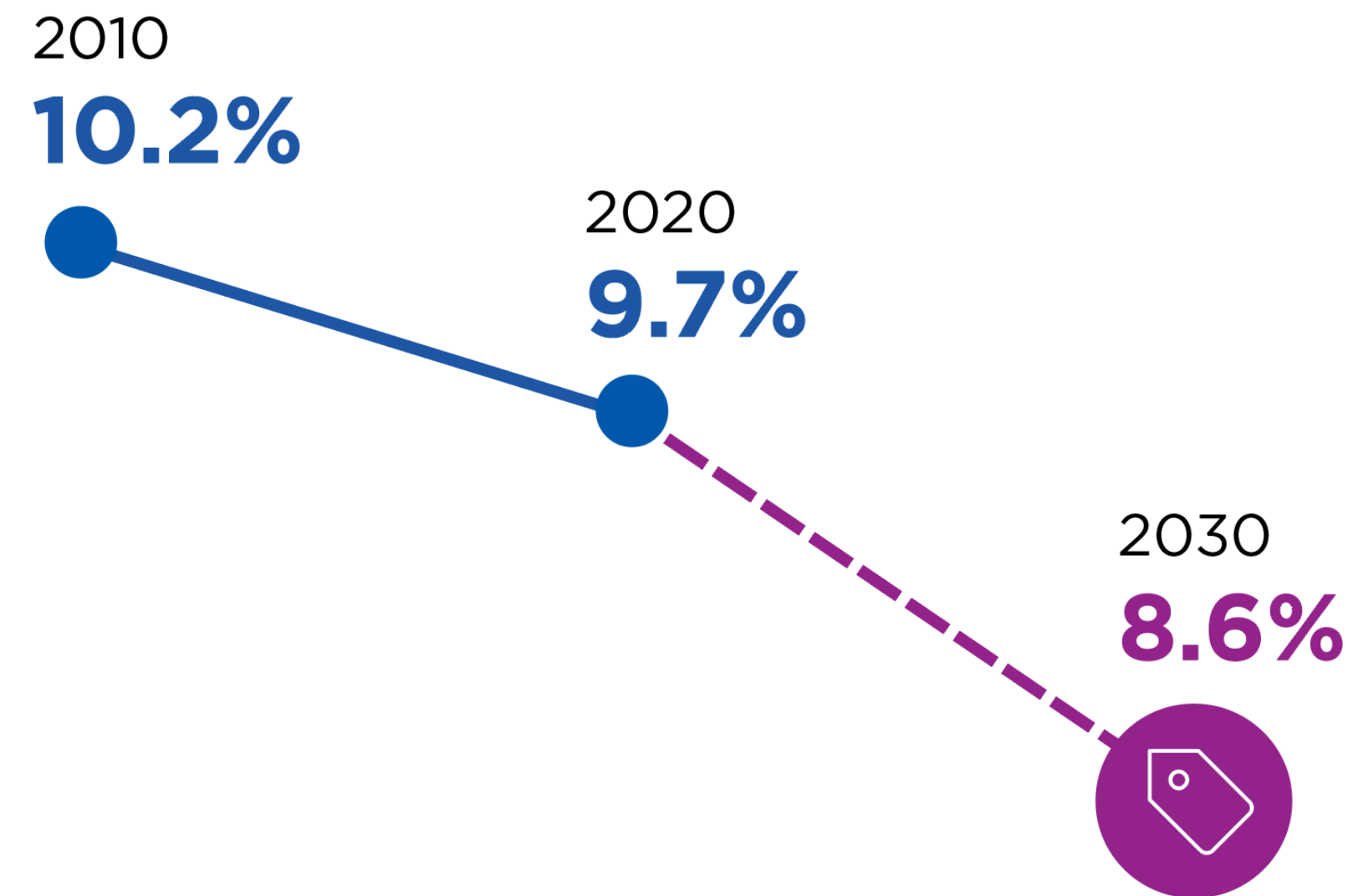
Workforce

Total retail sector employment has rebounded from the impacts of the pandemic, but the recovery of retail employment has lagged the recovery of retail sales. Additionally, shifts toward e-commerce and automation will affect the types and numbers of retail jobs available.

The retail labor force has shrunk, and that trend is expected to continue between 2020 and 2030

Retail trade **actual** percentage of total employment

Retail trade **expected** percentage of total employment



★ ***Cities must consider how to prepare their workforces for these changes and ensure workers are protected and provided with fair wages and benefits.***

Effects of E-Commerce

The rise of e-commerce drives much of the ongoing change in the retail market.

★ *Cities will need to provide digital support to local businesses to help them adapt to this new reality and the consequential changes to the workforce.*

Figure 3: Initial e-commerce spike during pandemic has evened out with total retail trends

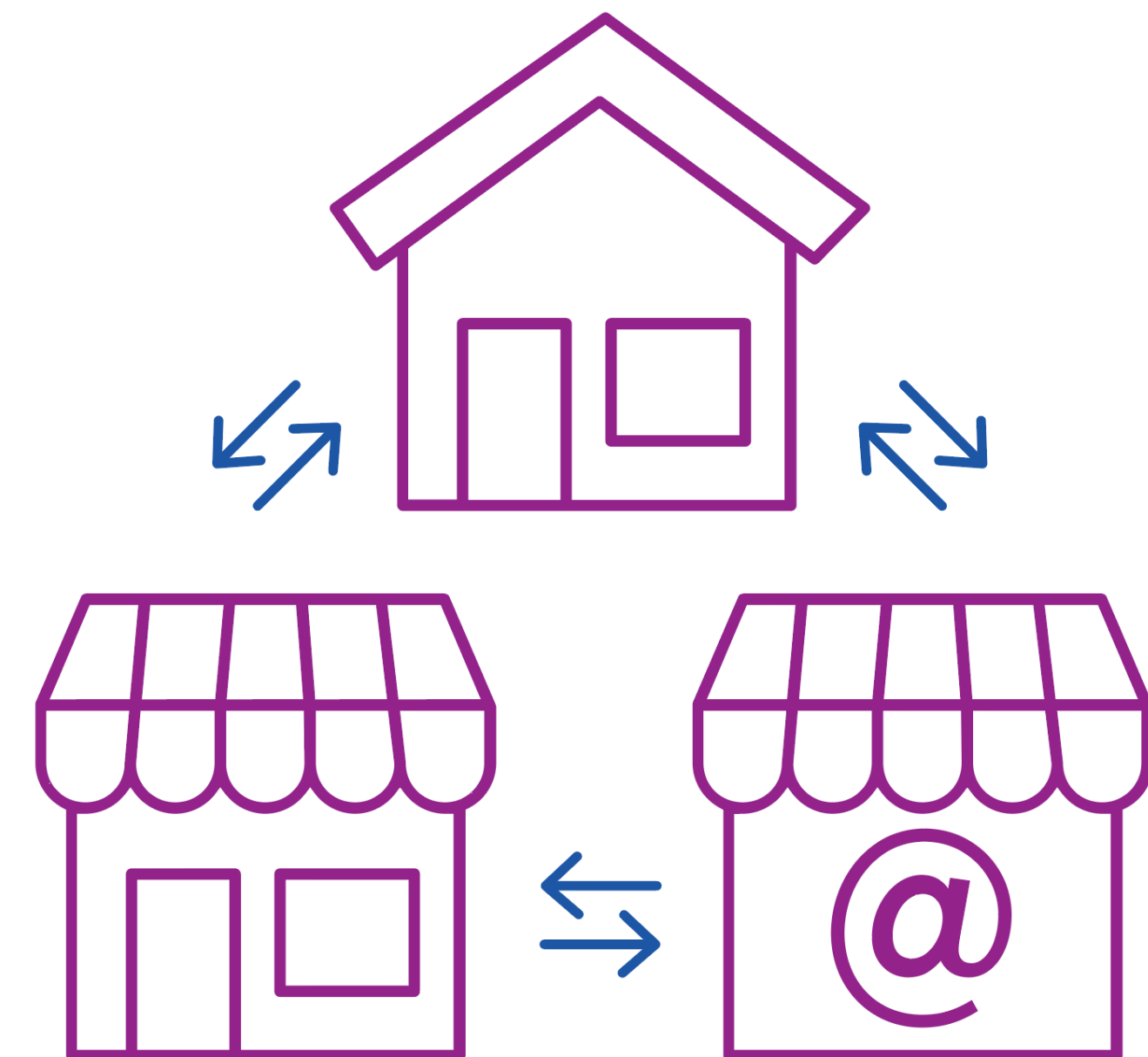


Source: U.S. Census Bureau. (2023). Quarterly Retail E-Commerce Sales Report (Q1 2019 - Q4 2022)

A “Phygital” Approach

With online sales rising, customers are now more likely to utilize multiple means of purchasing in a single transaction: a “**phygital**” approach – where customers may buy online and pick up or return in store.

- ★ *Cities can strengthen retail by connecting small business owners and entrepreneurs with resources that help them capitalize on the digital retail environment as well as enabling pop-ups and markets to develop in-person retail opportunities.*



QUESTIONS? GET IN TOUCH.

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Adapting Main Street for a Changing Retail Landscape

Thursday, September 21, at 1PM (PDT)



Sepi Shyne
Mayor of the City of
West Hollywood



David M. Sander
Vice Mayor for the City of
Rancho Cordova



Brooke Fox
Marketing and
Communications
Consultant for California
Main Street



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July 24, 2023 | 8:30 am | League of California Cities

