



Phillips Edison & Company Reveals Retail Trends in Commercial Real Estate for 2025

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CINCINNATI, Dec. 10, 2024 (GLOBE NEWSWIRE) -- Phillips Edison & Company, Inc. (Nasdaq: PECO) ("PECO" or "the Company"), one of the nation's largest owners and operators of high-quality, grocery-anchored neighborhood shopping centers, today released its top anticipated shopping center retail trends for 2025 as part of ICSC New York.

"Commercial real estate, particularly in the retail sector, has proven to be a highly resilient and adaptable industry, even as it navigates the ever-changing terrain of consumer demand and expectations," said President Bob Myers. "We continue to see strong demand from growing retailers for space in grocery-anchored neighborhood shopping centers, pointing to the strength of grocery-anchored and necessity-based goods and services."

Mike Conway, Vice President of National Accounts and Retail Partnerships, and Brian Sheehan, Director of National Accounts, provided key trends that are set to impact retail real estate in 2025 including:

- **Holistic health:** The growing awareness of mental and physical health continues to influence retailers choosing to establish themselves in grocery-anchored neighborhood shopping centers. The expansion of brands like SweatHouz, a rejuvenating experience focused on cold plunging and infrared therapy, and Squeeze Massage, a modern massage concept created by the founders of Drybar offering a personalized and seamless massage experience that emphasizes mental relaxation and physical recovery, are thriving by addressing the growing consumer demand for comprehensive wellness solutions that integrate fitness, recovery and mental health. The expansion of brands like Pacific Dental Services, a company championing the science behind the mouth/body wellness connection and taking a more integrative approach to dental care, is also evident of a holistic approach to wellness.
- **Specialty sweets and treats:** Ironically, the increase in health and wellness goods and services coincides with the increase in specialty sweets and treats, like Dirty Dough Cookies, Swig Drinks and Crumbl Cookies. Even as health and wellness goods and services increase, so too do specialty sweets and treats. In fact, dessert shop openings were up 50% from May 2023 to April 2024 as consumers look for affordable indulgences. Specialty sweets and treats operators often use high-quality, premium ingredients, are highly customizable and rely on artisan craftsmanship. This attracts consumers willing to spend more on products that offer a distinct experience. Also, the products are often visually appealing which makes them highly shareable on social media.
- **The rise in "PetTail":** While medical retail ("Medtail"), quick service restaurants and health and beauty services remain strong, PECO is also seeing increased specialization across certain categories such as pet retail and services ("PetTail"). Growing retailers in this category include Woof Gang Bakery & Grooming, Sploot Veterinary Care and Scenthound. Instead of traveling across town to meet all their pets' needs – from veterinary care and grooming to pet goods and daycare – consumers can now access more products and services closer to home.
- **Throwing out the old playbook:** Large, national retailers are looking for ways to adapt their traditional footprint to meet consumers where they are. They want to be located in suburban grocery-anchored shopping centers. Chipotle, Chick-fil-A, Wingstop and Jersey Mike's are examples of retailers that have been focusing on suburban markets for expansion. National retailers continue to raise their long-term store base-targets in PECO markets because these locations have proven to deliver the same or better store-level economics as traditional locations. In addition, pizza shops are a good example of retailers that are adapting their operations to serve more customers who opt to pick up their orders themselves versus relying on food delivery services that often fall short on speed, quality and accuracy.
- **Grocery's halo effect:** Grocery stores and essential goods and services remain among the most resilient retailers during most economic cycles. In fact, the average American family visits a grocery store 1.6 times per week. Grocers draw consistent daily foot traffic to neighborhood shopping centers, benefitting small shop retailers, including local restaurants and businesses. PECO continues to see steady foot traffic to its centers. PECO is also continuing to successfully enhance the merchandising mix at its centers.
- **Variety in QSR:** Quick service restaurants continue to grow with their fast and efficient service and are ideal for people with busy lifestyles. The industry has adapted well to online ordering and delivery services. In addition, many, like Cava and Sweetgreen, include more balanced options, demonstrating consumers' continuing need for variety in fast casual restaurants and QSR.

These insights were produced by PECO's National Accounts and Emerging Trends team, which consists of a group of highly specialized leasing

professionals who track over 600 accounts and actively engage with over 150 emerging and growing retailers. This team travels the country meeting with retailers and the brokerage community to learn how stores and shoppers are evolving to identify creative ways that PECO can advance their real estate objectives. In addition to managing databases of internal data and insights, the team closely tracks and documents developing trends across retail categories including grocery, restaurants, health and beauty and medical retail. For additional insights, visit PECO's at Booth 2325 at ICSC NEW YORK 2025.

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About Phillips Edison & Company

Phillips Edison & Company, Inc. ("PECO") is one of the nation's largest owners and operators of high-quality, grocery-anchored neighborhood shopping centers. Founded in 1991, PECO has generated strong results through its vertically-integrated operating platform and national footprint of well-occupied shopping centers. PECO's centers feature a mix of national and regional retailers providing necessity-based goods and services in fundamentally strong markets throughout the United States. PECO's top grocery anchors include Kroger, Publix, Albertsons and Ahold Delhaize. As of September 30, 2024, PECO managed 311 shopping centers, including 290 wholly-owned centers comprising 32.9 million square feet across 31 states and 21 shopping centers owned in two institutional joint ventures. PECO is focused on creating great omni-channel, grocery-anchored shopping experiences and improving communities, one neighborhood shopping center at a time.

PECO uses, and intends to continue to use, its Investors website, which can be found at <https://investors.phillipsedison.com>, as a means of disclosing material nonpublic information and for complying with its disclosure obligations under Regulation FD.

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