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More Stores Opening Than Closing

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Every time a big retailer like Toys R Us or Orchard Supply decides to close its doors, the pundits make it out to be a sign that retail in general must be in trouble. But did you know that store openings will outpace store closings by a third in 2018? According to a study by global research and advisory firm IHL Group, North American retailers will open 12,663 stores and close 8,828 stores in 2018, for a net increase of 3,835 store locations.

Something else to note about store closings, especially recently: Just 16 retailers represented two-thirds of the total number of store closings. That figure is even higher—74%—in the restaurant sector. “We can’t emphasize enough that the closings have been driven by a handful of retailers, not the entire market,” IHL stated.

The data comes from IHL’s Retail’s Radical Transformation/Real Opportunities report, which reviews 1,485 retail chains with 50 or more locations on net store openings and closings.

The study shows that the face of retail is changing. For instance, grocery stores, drug stores, mass merchants/supercenters and convenience stores are adding a net 2,694 stores in 2018. That’s on top of a net 3,115 new stores in 2017.

However, department stores, specialty softgoods (apparel, shoes) and specialty hardgoods (DIY, electronics, sporting goods, books, furniture) are closing a net 682 stores in 2018. This follows 2,557 net closings in 2017.

To sum up, it’s off-price retailers, dollar stores, grocery and restaurants that are seeing growth, while apparel and department stores are struggling. **GP**