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REAL ESTATE

Nuveen Real Estate Retail Strategies

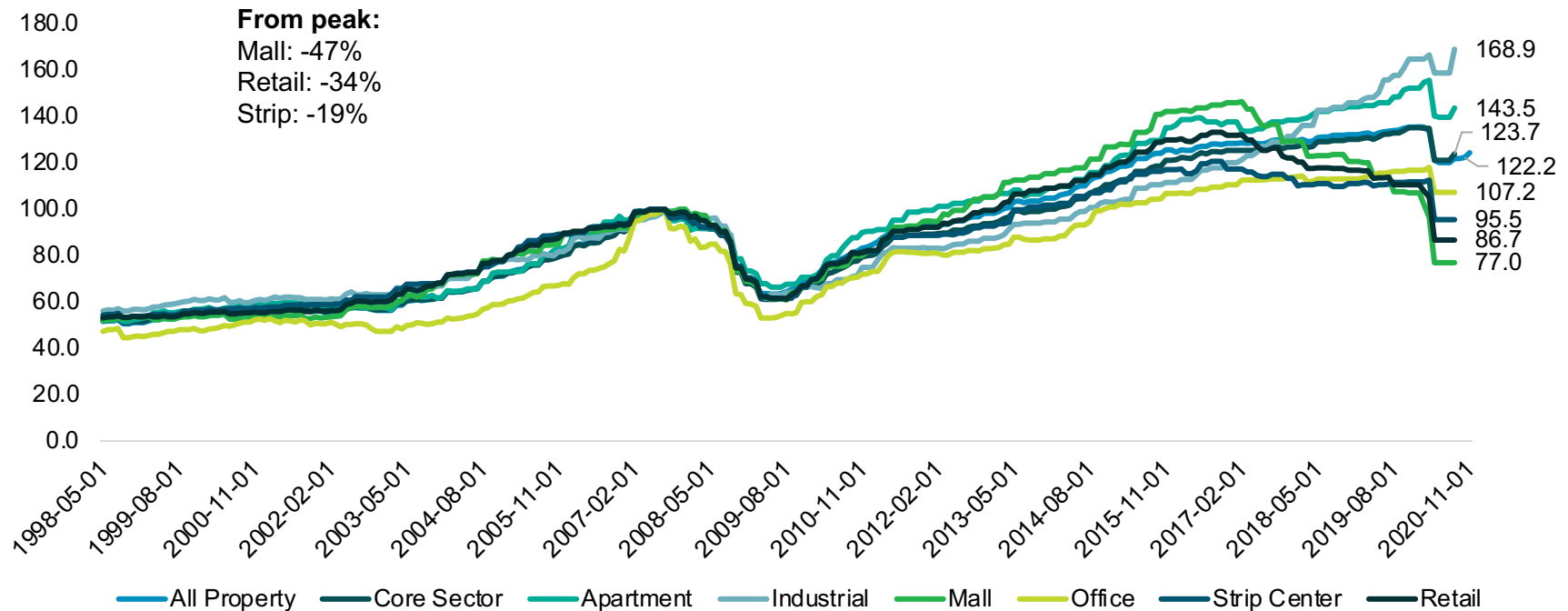
December 2020



Falling retail prices will create buying opportunities

Prices for retail properties are falling given negative effects of COVID-19, representing a contrarian play once commercial prices reach their trough

Green Street commercial property price index (CPPI)



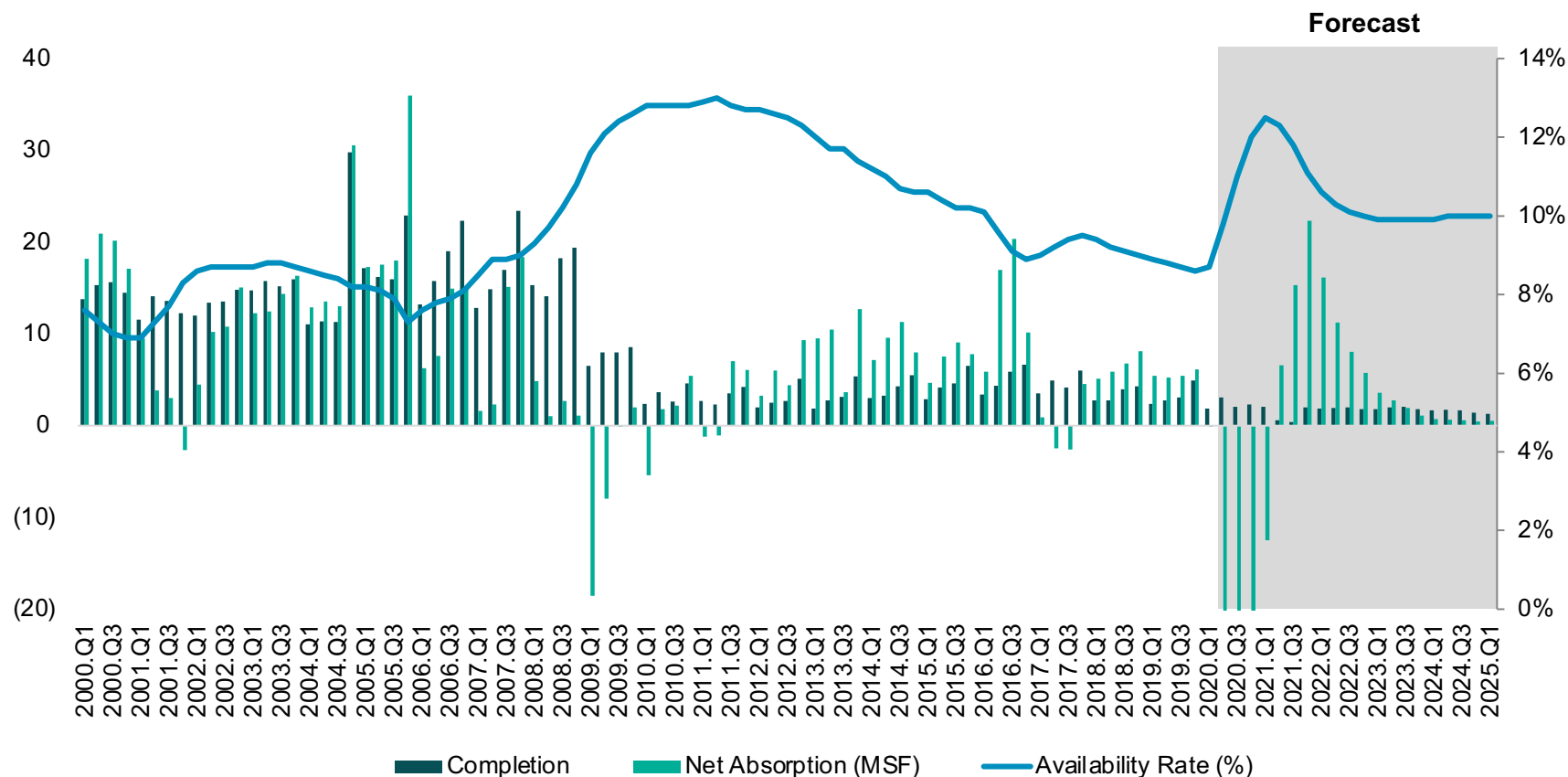
Compared to the three other sectors at or near their peaks, retail represents a relative value opportunity

Source: Green Street Advisors, 30 Nov 2020

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Structural disruption in retail sector

CBRE-EA anticipates a major increase in the availability rate due to the pandemic, which is forecasted to peak at 12.7% in Q3 of 2021. As such, they anticipate demand to trend positive in Q4 of 2021.

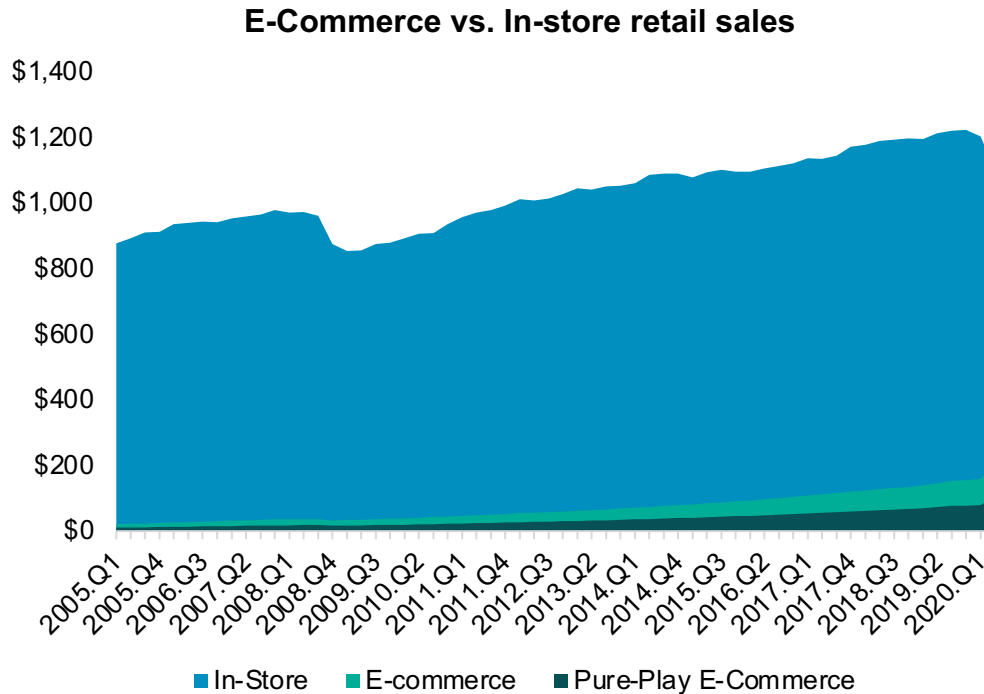


Source: CBRE-EA, 30 Sep 2020

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Structural disruption in retail sector (cont.)

While e-commerce sales have seen a recent jump due to the effects of COVID-19, we anticipate in-store sales to maintain a dominant market position in years to come.



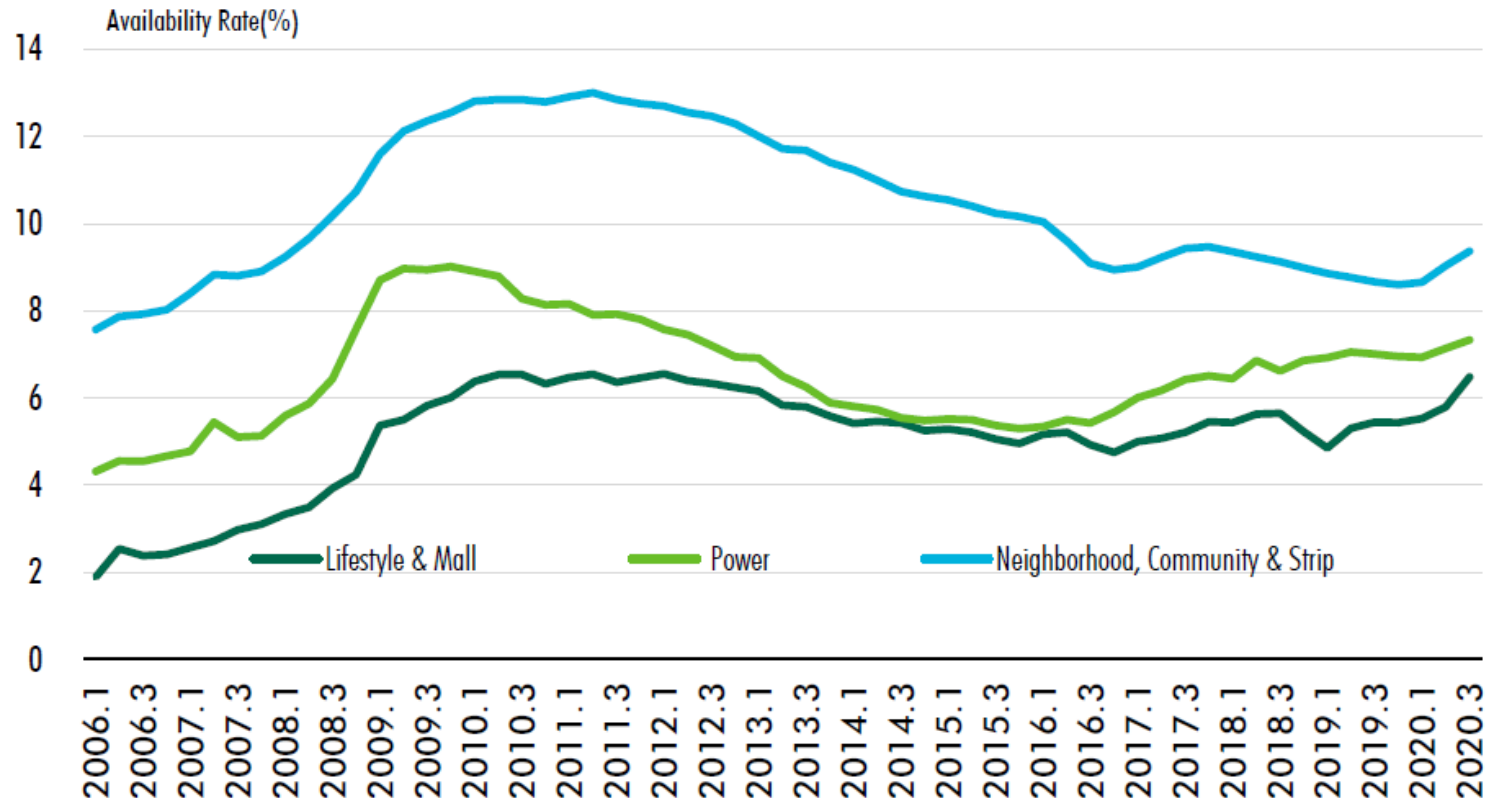
- Almost **90%** of retail sales still occur in-store
- An estimated **50%** of e-commerce sales go to brick-and-mortar retailers
- Around **5%** of total retail sales go to 'pure-play' e-commerce
- **'Pure-play' digital retailers continue to struggle to achieve profitability**

Source: CBRE-EA, 30 Jun 2020

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Retail Availability Rates

Total retail availability rates increased from 6.4% in Q2 to 6.6% in Q3, up 40bps year over year. Lifestyle center and mall properties have seen the largest increase Y-o-Y, (104bps), while power centers have seen the lowest increase in availability likely due to a lack of small shop space.



Source: CBRE-EA, Q3 2020.

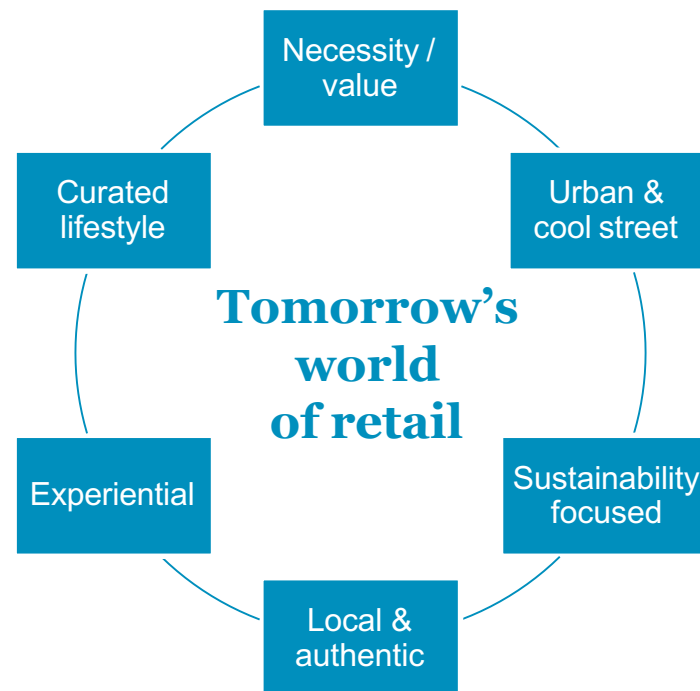
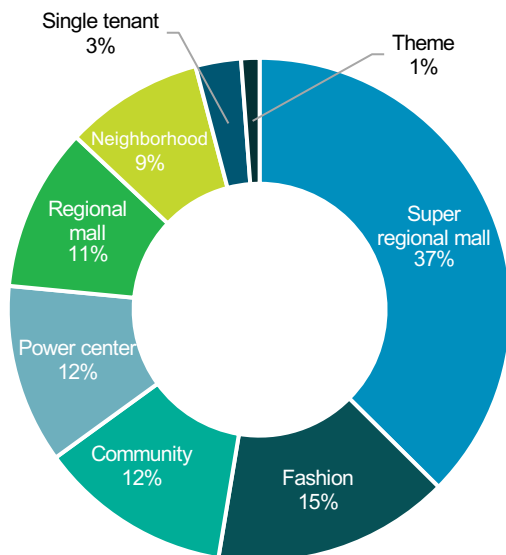
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Redefining tomorrow's world of retail

The retail held in the ODCE universe is based on legacy assets and legacy formats...

...the Retail of tomorrow's world focuses on location and engagement rather than traditional formats.

**NPI-ODCE retail property subtypes
(% of total retail market value)**



Source: NCREIF, 30 Sep 2019

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Partnership with Fifth Wall to drive innovation

TIAA recently completed an investment in Fifth Wall's Retail Fund, a venture capital strategy focused on the future of retail:

- Helping digitally native brands build out the bricks-and-mortar side of their omnichannel businesses
- Identifying new use cases for retail - ghost kitchens, fulfilment, flex office, healthcare
- Understanding how to best position assets to benefit from technology trends across different retail categories



Digitally native brands

WARBY PARKER



FOXTROT

UNTUCKit

Retail-as-a-Service



b8ta

Neighborhood
Goods

New use cases



kitchen united

ParkJockey

one medical



Fillogic

INDUSTRIOUS

Grocery evolution

instacart

SHOPGATE

robonart

grabango™

This partnership enables us to stay at the cutting edge of real estate innovation and shape the future of retail during a time of structural change

Source: Nuveen Real Estate, 2020

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Nuveen Real Estate leverages relationships with winning retailers across formats

Curated
Lifestyle

Necessity
Retail

Value
Retail

High Barrier-
to-Entry/
Mixed-Use

Omni-Channel/
Frictionless
Retail

Experiential
Retail

Digitally
Native Brands

RH
RESTORATION HARDWARE

Publix

COSTCO
WHOLESALE

HYATT®

Microsoft

KINGS

WARBY PARKER

SEPHORA

Walgreens

Walmart

Hilton

Jet

KidZania®

EVERLANE

EQUINOX

Wegmans

five BELOW

AVALON

MORPHE

DAVE & BUSTERS

BONOBOS

bluemercury®
makeup • skincare • spa

ALDI

ROSS®

ARCHSTONE

TARGET®

STARBUCKS RESERVE®
ROASTERY

Casper

MUJI
無印良品

CVS
pharmacy®

TJ-maxx®

convene™

amazon go

LIFETIME
FITNESS

FABLETICS

Orangetheory®
FITNESS

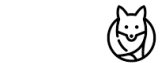
H-E-B

NORDSTROM
rack

INDUSTRIOUS



SAMSUNG



FOXTROT

WHOLE
FOODS
MARKET

THE HOME
DEPOT®

UNI
QLO



GREYSTAR®

amazon books

SHOWCASE
CINEMA DE LUX

UNTUCKit

Madewell

MAIN EVENT
ENTERTAINMENT

EAT.
BOWL.
PLAY.

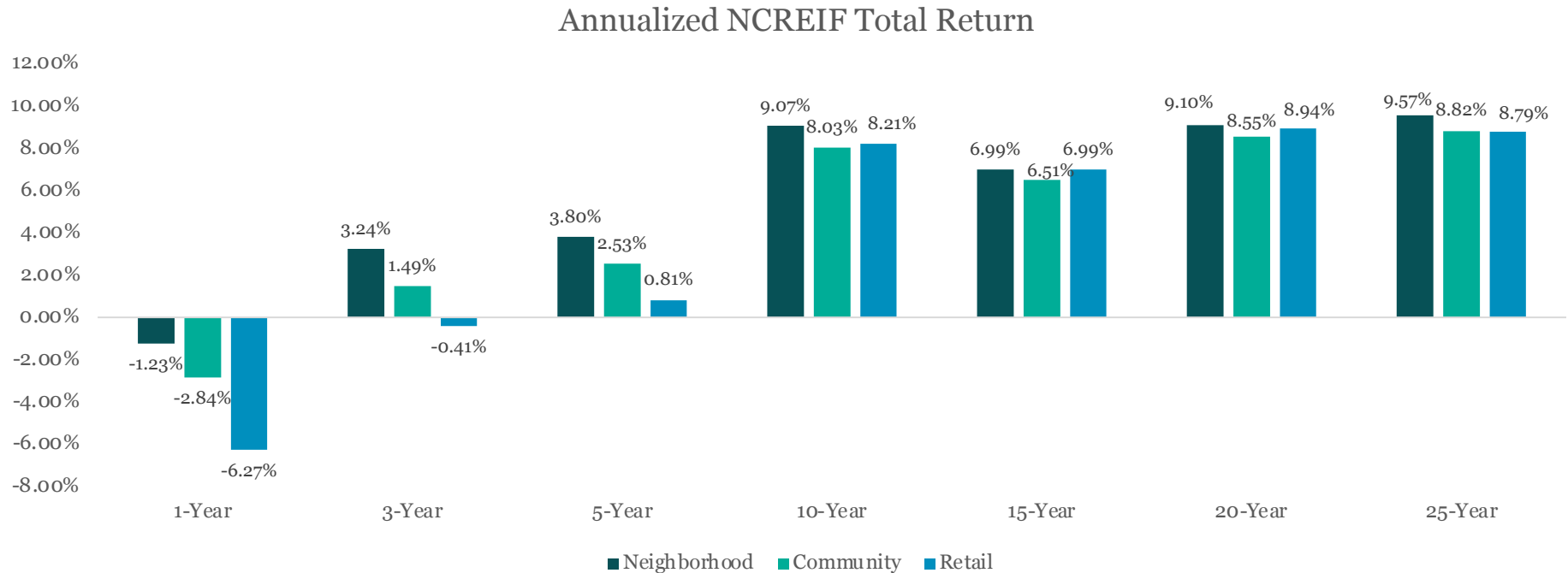
ModCloth

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NCREIF Retail Returns

Neighborhood and community grocery-anchored centers have generally outperformed the retail sector as a whole



Source: NCREIF, Q3 2020.

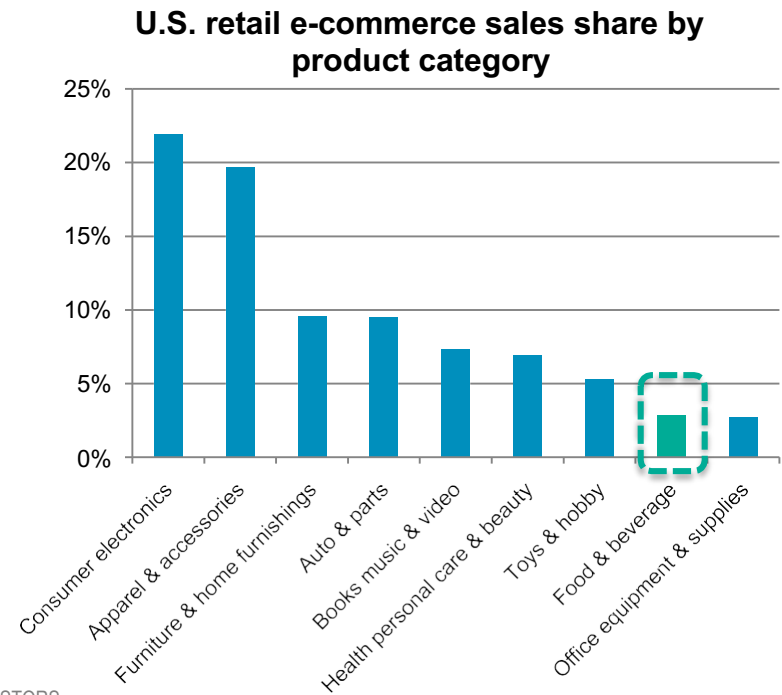
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Opportunity: Grocery-anchored retail

Investment Thesis: Locally-focused necessity retail centers with a grocery anchor and service-oriented shop space represent a resilient, internet resistant subsector that can provide stable income and appreciation over the long-term. This sector has been comparatively insulated from the operational impacts of COVID-19.

- High household income and population density within a 3-5 mile area
- Well-located on the right side of the street ('going home'), with multiple avenues for ingress and egress
- Right amount of small shop GLA with complementary co-tenancies that drive foot traffic (fitness, pharmacy)
- Long-term lease with the dominant regional grocer or one that matches area demographics
- Investments in technology like digital shelving, delivery and roadside pickup to provide convenience

Necessity, grocery-anchored retail is more internet resistant, future proof



Source: Food Marketing Institute (FMI), 'U.S. Grocery Shopper Trends 2018' in partnership with The Hartman Group.

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Opportunity Mixed-Use

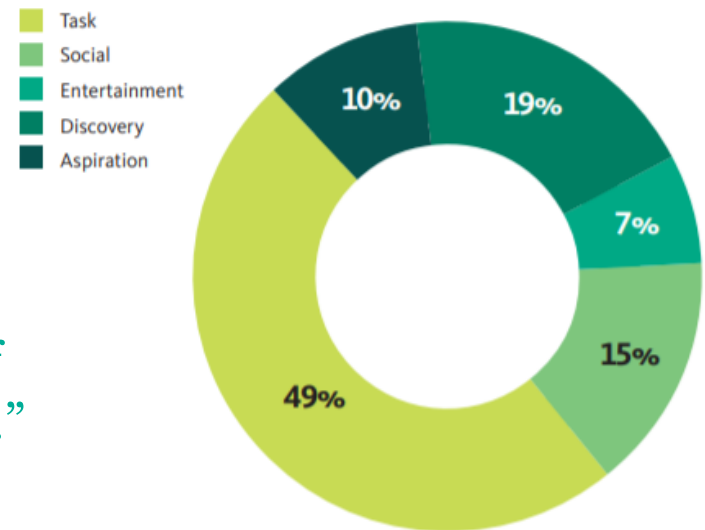
Investment Thesis: The evolution of mixed-use properties is driven by the built environment's need to respond to changing consumer habits, most notably in the integration of consumer's lives and the blurred distinction between “live, work, shop and play”.

Investment Attributes: If executed effectively, the following attributes of mixed-use formats result in more resilient retail, especially as we prepare for a post-pandemic world:

- Intrinsic customer demand
- Walkable community environment
- Smaller format retail spaces
- Integrated uses resulting in higher rent potential
- Diversification of income across multiple uses
- Authenticity through place making

“Single-use spaces are about **convenience**, but that is **only half** of what consumers say they are looking for.”
Gensler Research Institute

Gensler Experience Index
People's Mindset in Retail Spaces



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