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& Finance Conference

March 30 - April 1

2016

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City of the Future

March 31, 2016

City of the Future

Moderator: Stephen Theriot, CFO, Vornado Realty Trust

Panelists: Eamonn Kelly, Chief Strategy Officer, Deloitte Consulting LLP

Anita Kramer, SVP, Center for Capital Markets & Real Estate,
Urban Land Institute

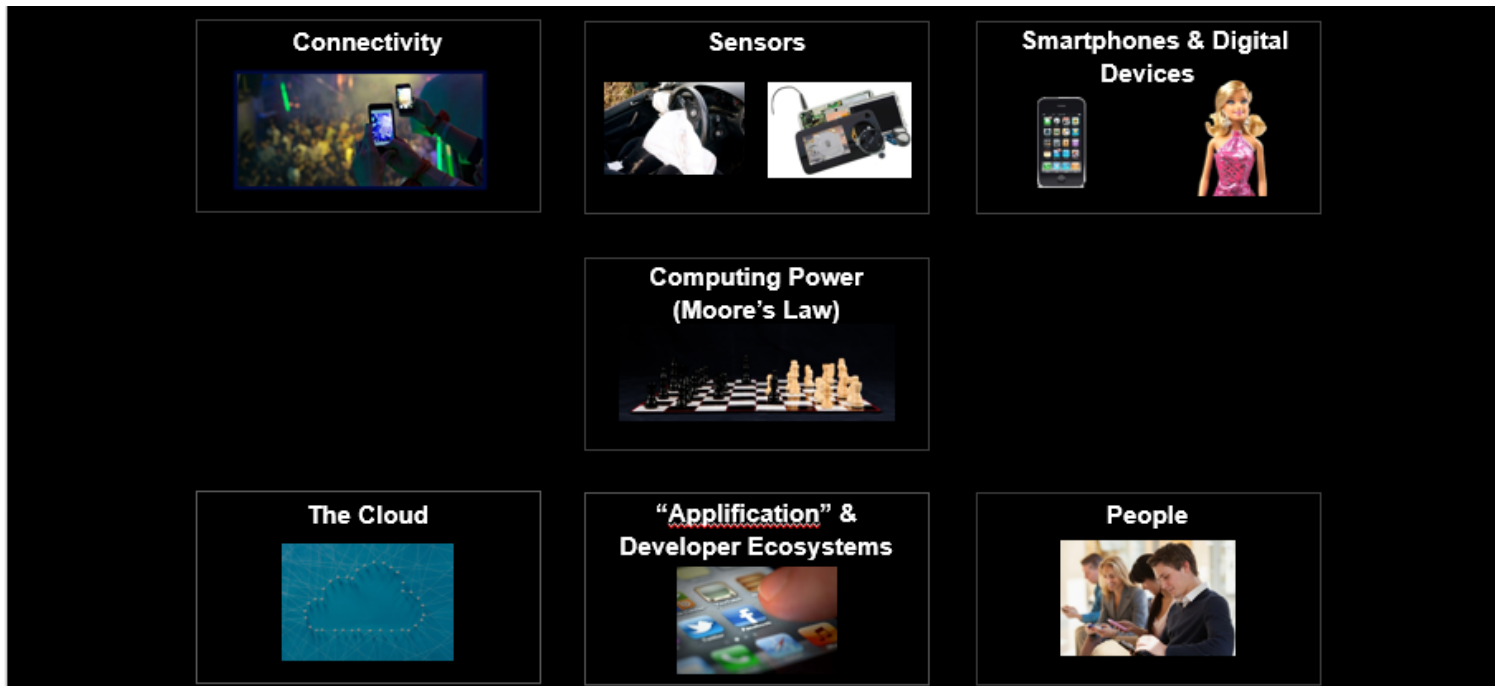
Jesse Tron, VP-Communications, International Council of
Shopping Centers

Disruptive Technology & Innovation

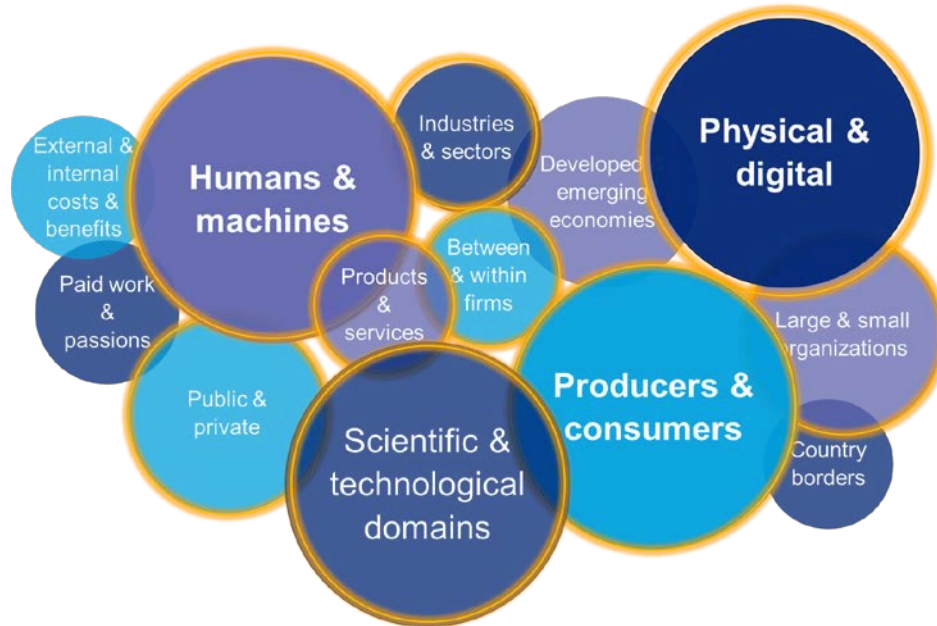
TECHNOLOGY ACCELERATION: A PROFOUND SYSTEMIC SHIFT



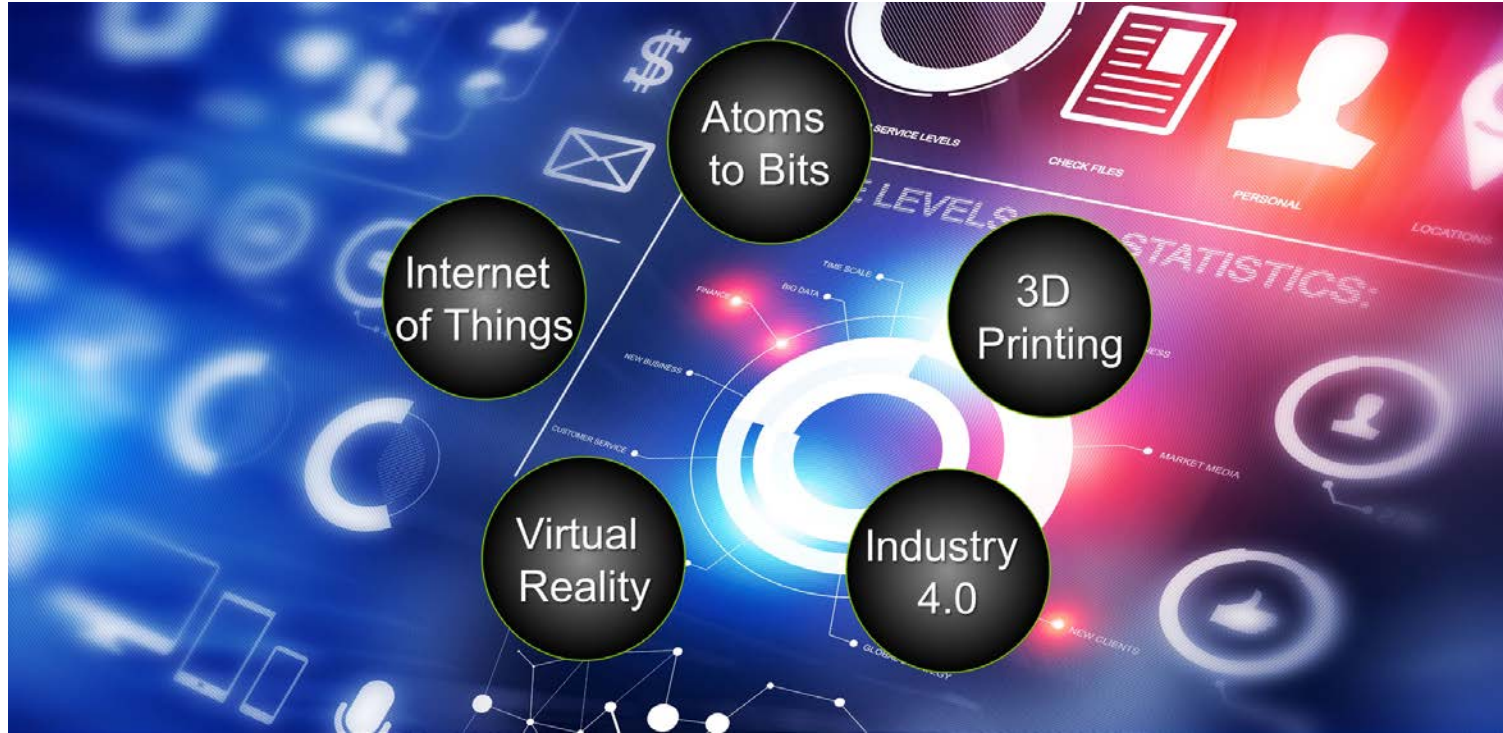
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SO WHAT? - BLURRING BOUNDARIES THAT MATTER!



PHYSICAL AND DIGITAL





HUMAN AND MACHINE

A machine learning revolution

Moore's Law
 +
 Data as Feedstock
 +
 Improving Algorithms
 +
 New Collaborators from Multiple Disciplines
 +
 Open Sourcing

=




...and a new age of robotics



VOICE RECOGNITION ▶ TRANSLATION ▶ VISION ▶ DIAGNOSIS ▶ WRITING ▶ EMOTION ▶ MANIPULATION

NEW ECOSYSTEMS

LEARNING



WELLNESS



MOBILITY



FOOD

Multi-platform Retailing

INDUSTRY SNAPSHOT



- ◆ Year-end 2015 property data results showing healthy returns across key metrics including occupancy rates, net operating income, base rents, cap rates and construction value.

- Shopping center **occupancy rates** reached 93.2% at the end of in Q4 2015—the highest level since Q4 2007.



U.S. NET OPERATING INCOME, ALL SHOPPING CENTERS



- **Net operating income (NOI)**, a key indicator of strength, saw healthy year-over-year gains with a 6.4% increase from 2014 in the shopping center sector—and a 26% increase from 2010.

- Shopping center **base rents** rose 6.4% year-over-year in 2015, the fourth consecutive annual gain and a 23.1% increase from five years ago in 2010.

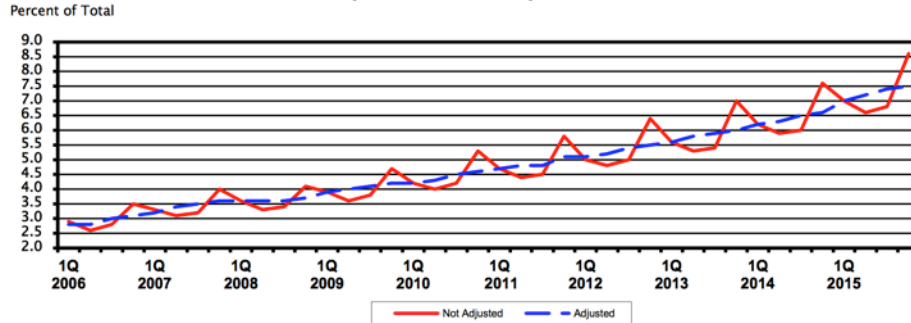


E-COMMERCE

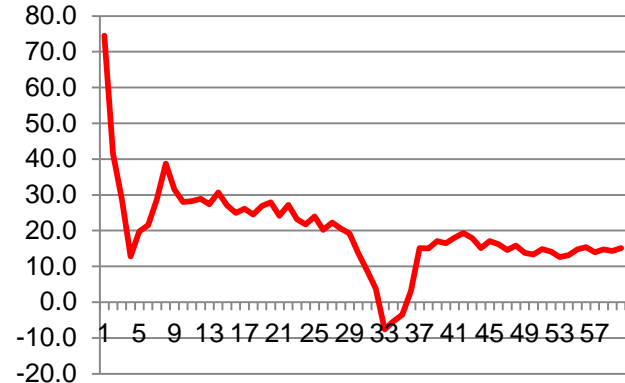


- ◆ While e-commerce sales seem to be rapidly rising, the rate at which e-commerce is growing is actually declining

Estimated Quarterly U.S. Retail E-commerce Sales as a Percent of Total Quarterly Retail Sales:
1st Quarter 2006 – 4th Quarter 2015



E-Commerce Growth Rate

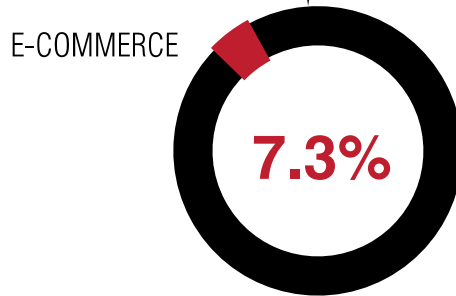


CLICKS VS. BRICKS

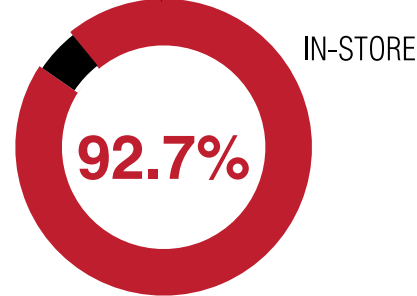


Not quite the battle you might think.

In 2015, online retail sales totaled **\$341.7 billion**, which accounts for **7.3%** of total retail sales.



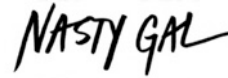
In-store sales totaled **\$4.35 trillion**, which accounts for **92.7%** of total retail sales.



CLICKS TO BRICKS



BAUBLEBAR



JUSTFAB™



RENTHERUNWAY

ATHLETA



AMAZON?!

The future of e-commerce: bricks and mortar

Amazon leads the way into the real world as online real estate - once heralded as the next frontier for retail - becomes crowded and expensive

Amazon to open 2nd physical bookstore, this one in Southern California

TECHNOLOGY

How Amazon Could Reinvent the Brick-and-mortar Store Experience

Amazon bets on universities as its brick-and-mortar expansion continues

amazon books



CLICKS AND BRICKS



RFID Technology at New Balance



Kate Spade



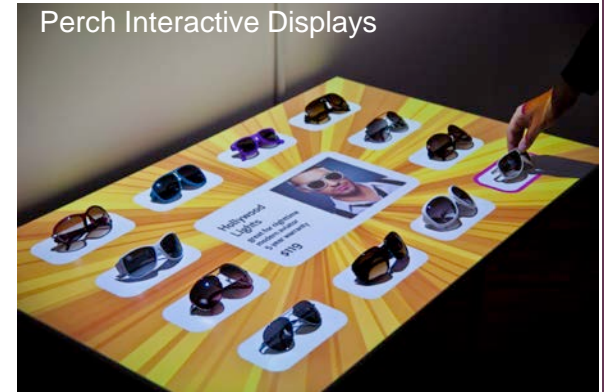
Burberry Regent Street



Rebecca Minkoff



AdiVERSE



Perch Interactive Displays



Lowe's Holoroom

The Chuck Taylor All Star



Sephora Concept Store



Barney's Flagship Ground Floor



The Container Store Wearable



Tommy Hilfiger Samsung VR



Samsung Virtual Reality

EXPERIENTIAL RETAIL



STORY NYC



Nordstrom 3D
Installment



Bonobos Guideshop



TOMS Shoes flagship store, Venice, CA



Brookfield Place



365 by Whole Foods