

# Property Sector Focus: Grocery-Anchored Retail

The retail real estate market features a diverse range of property types, offering investment opportunities ranging from large regional malls, to freestanding single tenant properties, to shopping centers containing multiple tenants. Among these, grocery-anchored retail properties have gained a prominent position in institutional portfolios. Open air grocery-anchored retail properties, also known as neighborhood centers, refer to retail properties that feature a supermarket or grocery store as the anchor tenant. These properties generally provide space to a mix of other complementary necessity-based tenants such as fast-casual restaurants, pharmacies, banking and other service-based businesses. The grocery anchor plays a crucial role in attracting foot traffic and generating sales for the surrounding destination retailers.

Grocery-anchored retail is considered a form of “necessity retail” because grocery stores are essential businesses that provide basic food and household products that people need in their daily lives. Regardless of economic conditions or market fluctuations, people will always need to buy staple goods to meet their essential needs. As a result, grocery-anchored retail centers are often seen as resilient and stable investments in the broader real estate market.

## Key Features of Grocery-Anchored Retail Centers

### **ANCHOR TENANT**

The grocery store serves as the primary tenant and draws in regular customers due to the essential nature of grocery shopping. It acts as a traffic generator and enhances the overall attractiveness of the retail center.

### **FOOT TRAFFIC AND CUSTOMER BASE**

Grocery-anchored retail centers benefit from a steady flow of consumers who visit regularly to purchase food and other essentials. This consistent foot traffic provides exposure and potential customers for the other tenants in the center.

### **STABILITY AND RESILIENCE**

We consider grocery-anchored retail a more resilient sector due to the long-term leases of the anchor and consistent consumer demand for essential items. In challenging economic times, people continue buying necessities, even in today’s online shopping economy.

### **CONVENIENCE**

Grocery-anchored retail centers often offer the convenience of one-stop shopping. Customers can fulfill multiple needs in a single visit, combining grocery shopping with other retail, dining, or service experiences.

### **STRATEGICALLY LOCATED**

Grocery-anchored retail centers are typically situated in densely populated or growing residential areas to cater to the local

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community's needs. These locations increase the convenience factor and provide a captive customer base.

## **TENANT MIX AND SYNERGY**

The success of grocery-anchored retail centers relies on the selection of additional tenants that complement the anchor. This mix can include specialty retailers, restaurants, gyms, medical clinics, and other businesses that cater to the local demographic, creating a synergistic environment.

## A Compelling Investment Opportunity

Open air grocery-anchored retail properties have become a mainstay sector for JLLIPT as core real estate investors. The combination of prime locations, stability, diverse tenant mix, and performance across economic cycles make these properties highly desirable to the fund. Additionally, we've observed their resilience and consistent demand which further contributes to their attractiveness in our view. As investors seek stable returns and long-term income potential, we believe open air grocery-anchored centers present a compelling investment opportunity within the retail real estate market for a number of reasons.

## **PERFORMANCE IN ECONOMIC DOWNTURNS**

Open air grocery-anchored retail properties have historically low vacancies even during seasons of downturn, such as the pandemic<sup>1</sup>. The demand for everyday products remains constant, even in uncertain times, making these properties less susceptible to the volatility that affects discretionary shopping centers. Additionally, the anchor tenant often signs long-term leases, ensuring consistent rental income.

## **RESILIENCE AGAINST E-COMMERCE**

Contrary to concerns about e-commerce's impact on physical retail, grocery-anchored properties have shown limited vulnerability. Online grocery shopping has been slower to gain traction due to logistical challenges and consumer preference for selecting groceries themselves. The physical presence of a grocery store along with those stores' investment in their own "click and pick" services, have allowed them to compete favorably with both in-person and e-commerce consumer preferences.

## **CONSISTENT DEMAND**

Grocery-anchored properties enjoy the benefits of anchored tenancy, generating a consistent stream of visitors. Grocery stores are a necessity, resulting in a consistent demand across economic cycles. Investors value this stability and we view grocery-anchored properties as a defensive asset compared to other types of retail properties.

## **RISK-RETURN PROFILE**

We believe the stability offered by open air grocery-anchored retail properties, combined with the potential for long-term steady income, makes them an attractive investment. Core investors may be drawn to the relative stability of rental income, the potential for capital appreciation, and the ability to diversify their portfolios within the retail real estate sector.

## JLL Income Property Trust Strategy

Because of these characteristics, JLL Income Property Trust views the grocery-anchored retail sector as an essential part of a diversified real estate strategy, providing a defensive position in our portfolio. We target investments in grocery-anchored shopping centers located within densely populated residential areas anchored by the dominant grocer in the area.

In constructing our retail sector allocation, we utilize a proprietary research methodology and scoring system known as STARS — the Supermarket Trade Area Rating System — developed by our advisor, LaSalle Investment Management. This proprietary research tool provides detailed data analysis to our acquisitions and portfolio management teams, including:

- A ranking of 40,000+ grocery-anchored centers to target the best trade areas
- Scores based on:
  - Demographic data
  - Median household income

<sup>1</sup> Source: LaSalle analysis of vacancy, market value, and same-store NOI Growth data from NCREIF; NAREIT; Bloomberg. Data through Q4 2025 Latest as of 28 January 2026.

- Population density
- Competition

To supplement our analysis, we overlay the STARS score with mobile location data to analyze real time foot traffic and demographics of visitors to a retail center. This mobile data helps to:

- Benchmark visits to a center based on number of visits, visits per square foot, and visits per residents in the trade area
- Define the trade area based on overnight location of phones
- Explore demographic and income characteristics based on the trade area
- Compare traffic to spaces within the center
- Offer custom analysis based on asset-specific situations

To learn more about JLL Income Property Trust’s current allocation to grocery-anchored retail investments, view the portfolio.

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#### **SUMMARY OF RISK FACTORS**

You should read the prospectus carefully for a description of the risks associated with an investment in JLL Income Property Trust (“JLLIPT”). Some of these risks include but are not limited to the following:

- Since there is no public trading market for shares of our common stock, repurchases of shares by us after a one-year minimum holding period will likely be the only way to dispose of your shares. After a required one-year holding period, JLLIPT limits the amount of shares that may be repurchased under our repurchase plan to approximately 5% of our net asset value (NAV) per quarter and 20% of our NAV per annum. Because our assets will consist primarily of properties that generally cannot be readily liquidated, JLLIPT may not have sufficient liquid resources to satisfy repurchase requests. Further, our board of directors may modify or suspend our repurchase plan if it deems such action to be in the best interest of our stockholders. As a result, our shares have limited liquidity and at times may be illiquid.
- The purchase and redemption price for shares of our common stock will be based on the NAV of each class of common stock and will not be based on any public trading market. Because valuation of properties is inherently subjective, our NAV may not accurately reflect the actual price at which our assets could be liquidated on any given day.
- JLLIPT is dependent on our advisor to conduct our operations. JLLIPT will pay substantial fees to our advisor, which increases your risk of loss. JLLIPT has a history of operating losses and cannot assure you that JLLIPT will achieve profitability. Our advisor will face conflicts of interest as a result of, among other things, time constraints, allocation of investment opportunities, and the fact that the fees it will receive for services rendered to us will be based on our NAV, which it is responsible for calculating.
- The amount of distributions JLLIPT makes is uncertain and there is no assurance that future distributions will be made. JLLIPT may pay distributions from sources other than cash flow from operations, including, without limitation, the sale of assets, borrowings, return of capital, offering proceeds and advances of the deferral of fees and expense reimbursements. Our use of leverage increases the risk of your investment. If JLLIPT fails to maintain our status as a REIT, and no relief provisions apply, JLLIPT would be subject to serious adverse tax consequences that would cause a significant reduction in our cash available for distribution to our stockholders and potentially have a negative impact on our NAV.
- While JLLIPT’s investment strategy is to invest in stabilized real estate properties diversified by sector with a focus on providing current income to investors, an investment in JLLIPT is not an investment in fixed income. Fixed income has material differences from an investment in a non-traded REIT, including those related to vehicle structure, investment objectives and restrictions, risks, fluctuation of principal, safety, guarantees or insurance, fees and expenses, liquidity and tax treatment.
- Investing in real estate assets involves certain risks, including but not limited to: tenants’ inability to pay rent; increases in interest rates and lack of availability of financing; tenant turnover and vacancies; and changes in supply of or demand for similar properties in a given market.
- You should carefully review the “Risk Factors” section of our prospectus for a discussion of the risks and uncertainties that we believe are material to our business, operating results, prospects and financial condition. Except as otherwise required by federal securities laws, we do not undertake to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.
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