



JUNIORS' APPAREL

CURRENT TRENDS

- Teens are shopping online rather than in malls and department stores with Amazon leading the way.
- The second-hand clothing market gained interest in 2020.
- Several major women's apparel retailers are expanding their offerings, catering to tweens and teens.
- Trends on mobile applications continue to influence juniors who have leaned toward athleisure throughout the pandemic.
- Social media influencers and brand ambassadors continue to drive teens' fashion and beauty spending habits.

PROJECTED VALUES (12-MONTH OUTLOOK)



APPROXIMATE NET RECOVERY ON COST

80-90%

designer

80-100%

value-oriented

90-100+%

private-label designer

SURVEY: COOLEST FASHION BRANDS - 2020

	Gen Z 13 to 18-year-olds	Millennials 19 to 37-year-olds
1	Nike	Nike
2	Vans	Jordan
3	Adidas	Adidas
4	Jordan	Vans
5	Under Armour	Under Armour
6	Supreme	The North Face
7	Converse	Supreme
8	Hot Topic	Converse
9	The North Face	PINK
10	Hollister	Puma
11	PINK	H&M
12	American Eagle	Levi's
13	Forever 21	Forever 21
14	Aeropostale	Fashion Nova
15	UGG	Patagonia

Source: YPulse

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PANDEMIC CHALLENGES AN ALREADY STRUGGLING INDUSTRY: The negative effects of the COVID-19 pandemic hindered the already struggling junior apparel industry in 2020. Following a difficult year of pandemic-induced shutdowns and low foot traffic, numerous junior apparel companies filed for bankruptcy, shuttered or downsized their store base. Tween retailer Justice closed 600 stores in 2020 and announced it would be closing and liquidating its remaining locations in 2021 as part of parent company Ascena Retail Group's Chapter 11 bankruptcy.

Apparel and accessories chain Francesca's filed for Chapter 11 bankruptcy protection in December and plans to sell the business and its remaining 275 brick-and-mortar stores. The company reported a decrease of 29% and 5% in net and comparable sales, respectively, in the second quarter of 2020.

In January, mall-based Express announced plans to close around 100 of its 600 stores by 2022, of which 31 shut down in 2020 with another 35 set to close in 2021. The company also reduced its workforce by 10% as its consolidated net sales decreased 34% in the first quarter of 2020, with consolidated comparable sales down 30%. Comparable retail sales, including both Express stores and e-commerce, decreased 33%.

Other top junior apparel retailers, including Abercrombie & Fitch, American Eagle and H&M, each announced plans to decrease their store footprints to rightsize for reduced demand. These closures are part of a multi-year trend in junior apparel with popular teen destinations Delia's and Limited Too among the first to close their doors in 2015 and 2017, respectively.

According to investment company Piper Sandler's "Taking Stock with Teens" 2020 survey, teen spending hit its lowest level in two decades, representing a drop in spending of about 9% year over year. Spending on apparel accounted for about \$507 per teen in fall 2020, down 11% from fall 2019. Only 33% of teens reported shopping at department stores and specialty retail stores in 2020, down from 36% the year prior, according to the survey. Instead, teens are turning to the second-hand market, and 46% have purchased items second hand from platforms such as Poshmark and The RealReal, while 58% have sold items on a second-hand marketplace.

The intersection between junior's fashion trends and social media influencers continued in 2020. TikTok debuted as the third most used social media platform for teens in the Piper Sandler survey, surpassing Twitter, Facebook and Pinterest. Given the rise in popularity of the platform, the list of teens' favorite influencers and personalities to follow on social media included some new names for 2020, including Charli D'Amelio, the number one creator on TikTok. Among the other

highly influential social media personalities influencing teen fashion and beauty preferences is Kylie Jenner, who has over 200 million followers on Instagram and runs the hugely popular makeup and skincare companies, Kylie Cosmetics and Kylie Skin.

According to the survey, teens also prefer shopping on Amazon, with 54% stating it's their favorite shopping platform. The sluggish state of the junior apparel market leaves room for women's apparel retailers to try and gain market share and reach a new, younger generation of tweens and teens. Fast-fashion company Mango released a new collection in 2020 catering to girls aged 11 to 15.

Additionally, Old Navy and lifestyle brand Popsugar announced a clothing collaboration PSxON in 2020 catered to girls aged 11 to 13. This type of expansion could pave the way for other women's apparel retailers to attract the fickle junior demographic and expand their sales base.

SHIFTING TRENDS TOWARDS ATHLEISURE: The pandemic has shifted junior apparel trends. Many teens are opting for comfort during remote learning and have limited opportunities to attend social events. Speaking to the strength of athletic brands, teens and young adults surveyed from both Gen Z and Millennial generations chose Nike as their favorite apparel retailer with Adidas in third place and Under Armour coming in fifth, according to a YPulse survey "The Fifteen Coolest Clothing Brands of 2020" conducted in March.

Active clothing accounted for 28% of total apparel dollars spent for the 12 months ended May 2020, up 4% from the year before, according to market research company The NPD Group. Sales of active shorts, sweatpants and sports bras were up 3%, 2% and 7%, respectively, in 2020 over 2019 while sales of suits, dress shirts, dress pants and dresses were down more than 50% from March through July 2020 compared with 2019.

Research firms Euromonitor and Coresight Research both predict the athleisure market in the U.S. will grow about 6.5% annually through 2023, while Allied Market Research expects the market's value to reach \$257.1 billion by 2026, representing an increase of over 65% from 2018.

Old Navy, a Gap subsidiary, offered 55% more activewear during the third quarter of 2020 helping to drive overall sales for the brand, which increased 15% over the same period in 2019. Sales for Athleta, Gap's active brand, grew 35% in the third quarter while comparable sales grew 37%, the highest in the brand's history. Although the company plans to close approximately 350 Gap and Banana Republic stores in North America by the end of 2023, Gap, Inc. plans to open 20 to 30 new Athleta stores each year in the U.S. and internationally until it reaches 300 by 2023.

In January 2021, Gap also announced it will be extending sizes in 70% of its Athleta brand collection; offering 1X to 3X, or 18 to 26, in 500 styles, up from 350, by spring 2021. Further expanding its size offerings to be more inclusive, the company plans to offer extended sizes across all Athleta categories by the end of 2022.

The Expert: Becky Goldfarb



Bringing over 15 years of experience in the disposition and valuation of retail and consumer products, Becky Goldfarb oversees all aspects of retail asset valuations. Prior to joining valuations, Becky was responsible for the financial analysis of retail dispositions across all industry sectors. Read her full bio [here](#).



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