

Net Takeaways



Retailers' Great Opportunity in the Vaccine Rollout

As the Great American Vaccine rollout ramps up, public health officials nationwide are looking to optimize and scale the campaign to distribute and inoculate Americans as quickly as possible. With pharmaceutical companies increasingly driving the number of vaccines available for daily distribution above 1.5 million and towards 2 million, the initial vaccination infrastructure of hospitals, medical clinics, and public health stations is feeling strained. In order to accelerate the mass vaccination of Americans, public health officials have been searching for how to scale to the next stage of this campaign.

One of the more logical solutions to the challenge is the nation's strong network of private pharmacies, led predominantly by CVS and Walgreens. The two national competitors claim roughly 20,000 stores between them, offering a built-in solution to ramping up mass vaccinations across the country.

The Federal Government, through the Centers for Disease Control ("CDC"), recently announced a partnership with 21 national retailers with pharmacies, including CVS, Walgreens, Rite Aid, and Walmart, amongst others. The full scope of how much supply will be provided and how quickly it will be received by these retailers is still in question, with the CDC announcing an initial allocation of 1 million doses. Regardless, the retailers most certainly view their inclusion in the program as a godsend.

National pharmacies stand to reap substantial gains from being nodes of vaccination. With so many Americans desperate to receive their shots, retailers have an opportunity to define themselves with enormous goodwill and mindshare with American customers. Further, the vaccination campaign will be a tremendous uptick in retail foot traffic to many of these pharmacies and retailers. If we assume only 50 million Americans are ultimately vaccinated through these channels and an average of 1.75 trips per patient (the Johnson & Johnson vaccine only requires one shot, and others may do the same), then Americans will be taking an extra 87.5 million trips to these retailers in 2021. That represents an exponential increase in foot traffic compared to anything that has previously been seen. Even modest incremental purchases by consumers will add tremendous revenues to the top lines of many of these companies.

Retail real estate investors should carefully monitor the evolving dynamics of the vaccination rollout and how it could bolster the positioning and performance of their tenants. The results of this rollout could reposition retailers' outlooks for the years ahead and thus, set expectations with Wall Street on the respective company's performance.

Sources:

- Federal Retail Pharmacy Partnership Program for COVID-19 Vaccination FAQs
- See How the Vaccine Rollout Is Going in Your State
- Coronavirus News Roundup: Johnson & Johnson Submits EUA for COVID-19 Vaccine Candidate, Poll Finds Americans Dissatisfied With Vaccine Rollout

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