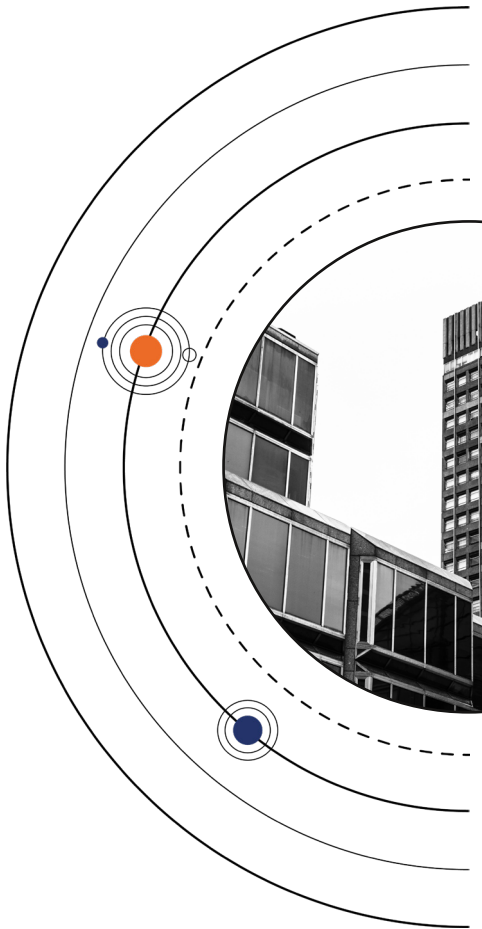




State of the Market Report

RETAIL | 2025

National Overview



NATIONAL OVERVIEW: MORE LIVES THAN A CAT

Predictions of the Retail sector's saturation and impending stagnation are far from new, and they all haven't aged well. After contractions in the previous two years, Commercial Retail prices roared back in 2024, suggesting that prices may have over-corrected in the face of rising interest rates.

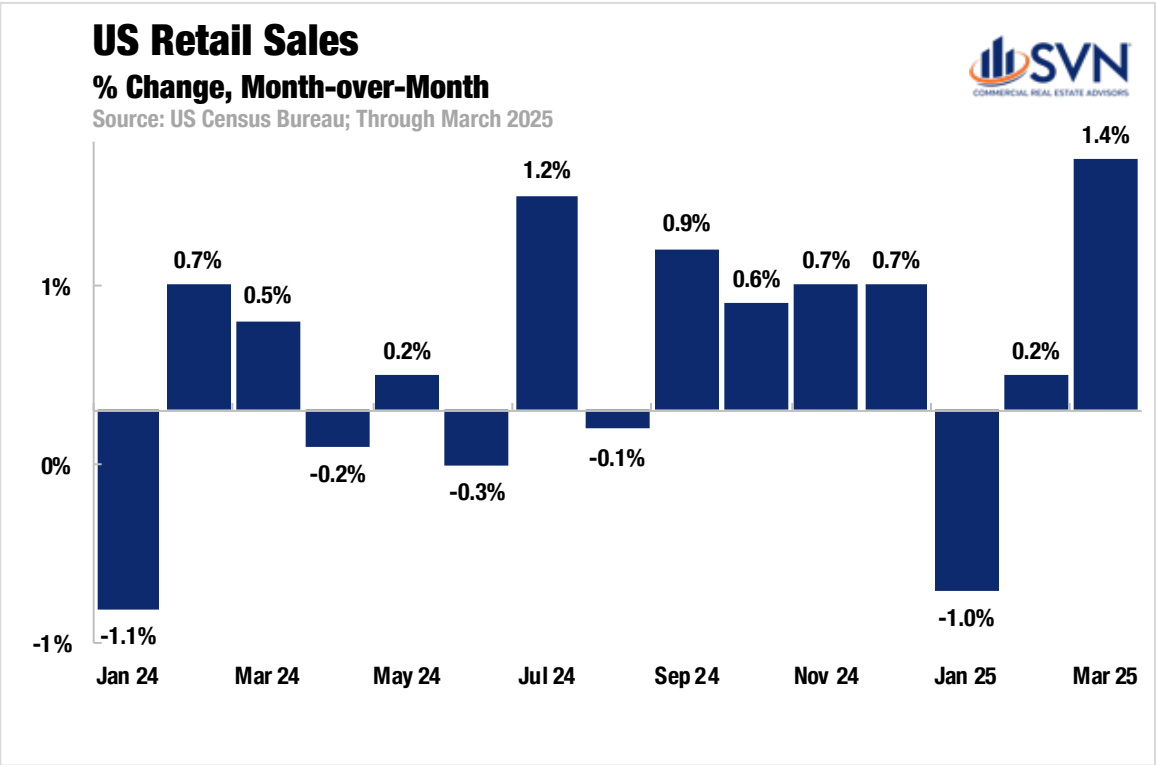
The success of open-air Retail in the post-pandemic years helps illustrate this hypothesis. According to a report by the [Financial Times](#) utilizing data from CoStar, the vacancy rate at open-air US malls stands at just 6.2%, the lowest in at least two decades.

Tumbling foot traffic at indoor malls during and after the pandemic made some analysts fear that e-commerce could cannibalize brick-and-mortar retail. However, although foot traffic never quite bounced back to the same levels as before COVID, data suggests that consumers continue to value in-person shopping. According to [Visa's 2024 holiday spending activity tracking](#), physical stores accounted for 77% of all holiday sales.

While online shopping has undoubtedly carved out its market share in the past few years, these data suggest that physical Retail remains in a dominant position — though operators must continue to innovate to reach the modern consumer.

Retail sales have also had a stronger showing in recent quarters following more irregular growth during the first three quarters of 2024. According to the US Census Bureau, retail sales grew by 1.4% month-over-month in March — its largest since January 2023 — and has expanded in six of the past seven months.

Nonetheless, retail operators and investors in the sector will be keen to keep an eye on consumer sentiment and spending activity in the coming months as Americans digest the implications of proposed tariffs and potentially adjust their activity.

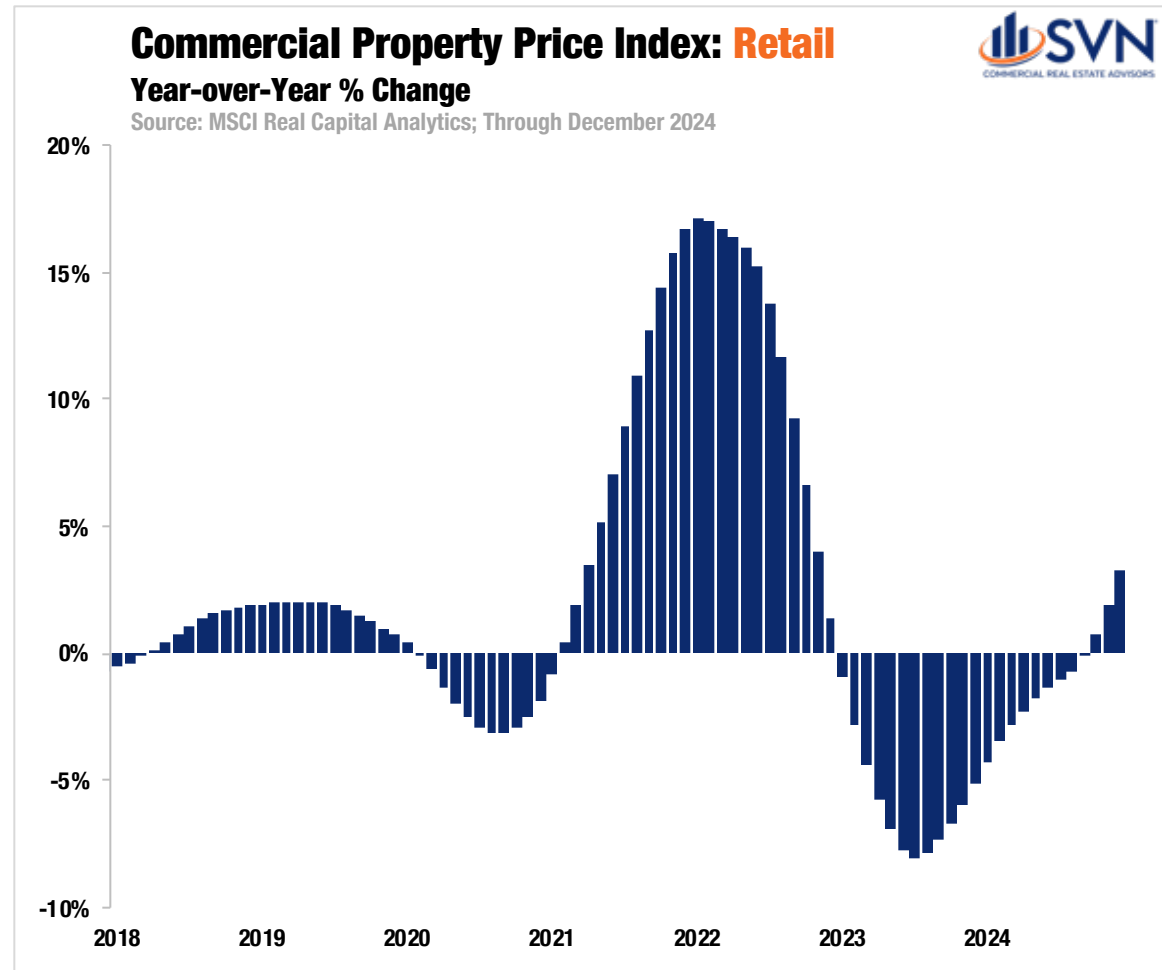


According to data from the University of Michigan, US consumer sentiment plummeted in April to its lowest level since June 2022 and has contracted by more than 30% since the beginning of 2025. Growing concerns about the trade war and elevated economic uncertainty, two forces that have reached a crescendo in early April, are driving the decline in sentiment.

Pricing

According to MSCI Real Capital Analytics' CPPI, the Retail sector had the most robust year for pricing trends in 2024 of any major property type. On average, retail asset valuations grew by 3.2% in 2024. Industrial was the only other sector to join Retail on the positive side of growth, as the Apartment and Office sectors both posted annual price declines.

Impressively, pricing momentum for the retail sector built throughout the year. Prices started to grow month-over-month in May, and the monthly growth rate accelerated every subsequent month. In December, Retail asset prices grew 1.1% from a month earlier. If prices were to grow at that monthly pace all year, the annual growth rate would stand at 13.4%.



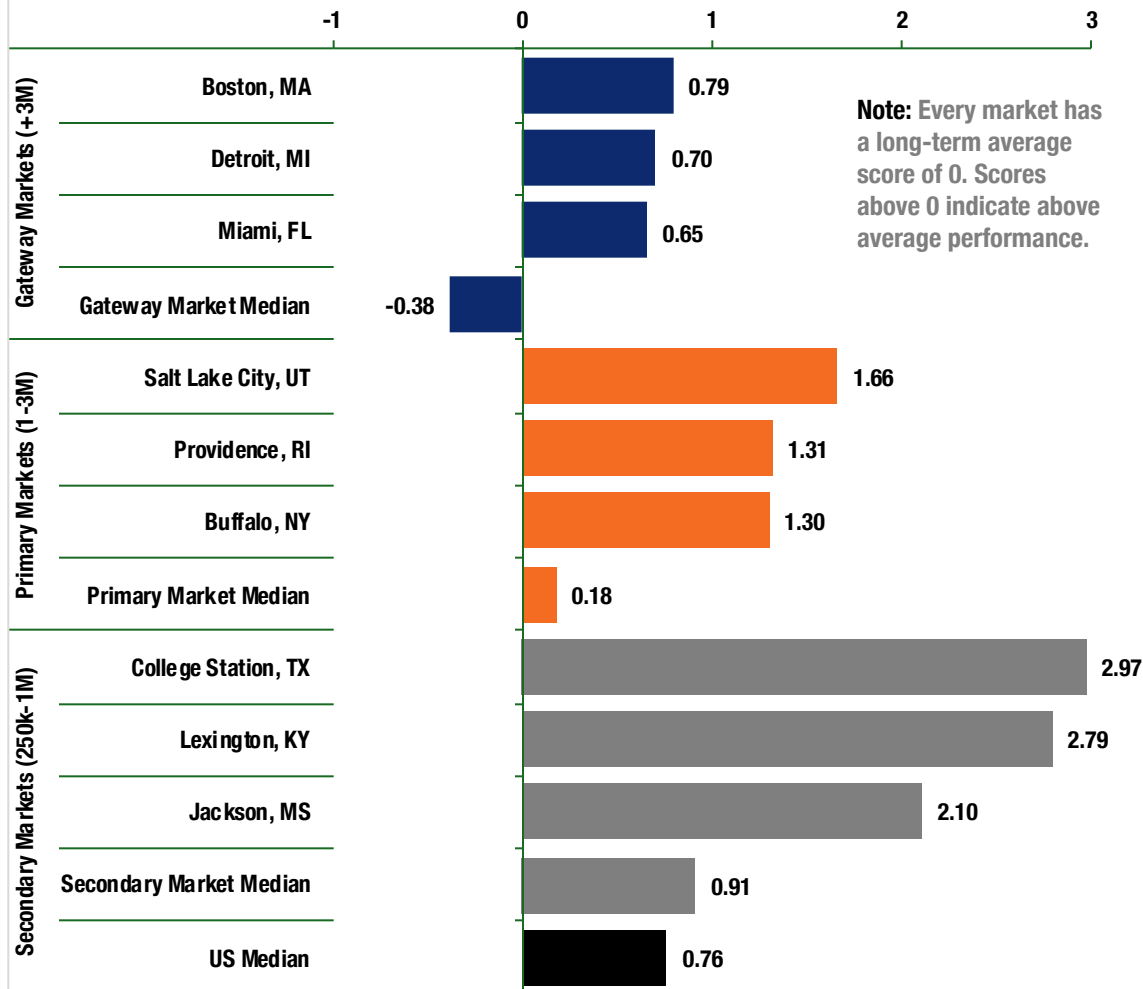
Standout Market Performance

Commercial Real Estate Market Index: Retail Sector



Top Performing Metro Markets

Source: Atlanta Federal Reserve; Through Q3 2024



To identify standout Retail markets in the past year, the SVN Research Team utilized the Atlanta Federal Reserve Bank's Commercial Real Estate Market Index (CREMI). The CREMI provides a holistic view of a CRE sector's performance within every major US metro — incorporating factors such as occupancy rates, net operating incomes, cap rates, asset pricing, absorption, and other local economic conditions.

Gateway Market Standout: Boston

The resurgence of tourism played a key role in Boston's retail strength last year. International and domestic visitor numbers have continued rebounding post-COVID — boosting foot traffic in hospitality-driven retail sectors, including luxury shopping,

dining, and experiential Retail. According to the State Government, Massachusetts welcomed 50.2 million visitors in 2023, growing 5.3% from a year earlier. Early [indications](#) suggest that the expansion trend line extended into 2024.

Despite national economic headwinds, Boston's retail market has benefited from limited new supply and strong demand for well-located retail spaces. Through Q3, [net absorption](#) of retail space was up 71% compared to a year earlier. Similarly, occupancy rates decreased by 0.4% year-over-year to a sparkling 2.2%. Overall, the city's strong job market, anchored by its world-class universities, healthcare institutions, and a growing tech sector, has supported consistent consumer spending.

Major Market Standout: Salt Lake City

Salt Lake City's retail sector has performed well in 2024, as the local economy continues to benefit from expansion in the tech, healthcare, and financial services sectors, bringing in new residents and increasing disposable income levels.

Through Q3 2024, annual net absorption exploded in SLC by 129%. Concurrently, retail rents have risen by an average of 9.1%, and occupancy rates have fallen (-0.4%) to an exceptionally tight 2.6%. A key factor in Salt Lake City's retail success is its rapidly growing population, supported by both natural growth and in-migration from higher-cost markets like California. With more households settling in the area, demand for essential Retail — such as grocery-anchored centers and neighborhood services — has remained strong.

Secondary Market Standout: College Station

Consumer demand in College Station continued to march higher in 2024, driven by steady population growth and a thriving student-supported economy. Home to Texas A&M University, College Station benefits from a constant influx of students, faculty, and university staff, creating a reliable base of retail consumers.

In the same vein, [private education employment](#) in the metro has grown by a whopping 21.6% compared to the pre-pandemic peak. The rapidly expanding academic population ensures consistent foot traffic for local businesses, particularly in dining, entertainment, and convenience retail. Beyond the university, College Station has experienced substantial residential and

commercial growth, partly thanks to the metro's relative affordability compared to major Texas metros. Robust immigration trends have boosted local retail spending, leading to down-river success in the College Station retail sector.



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