



Retail

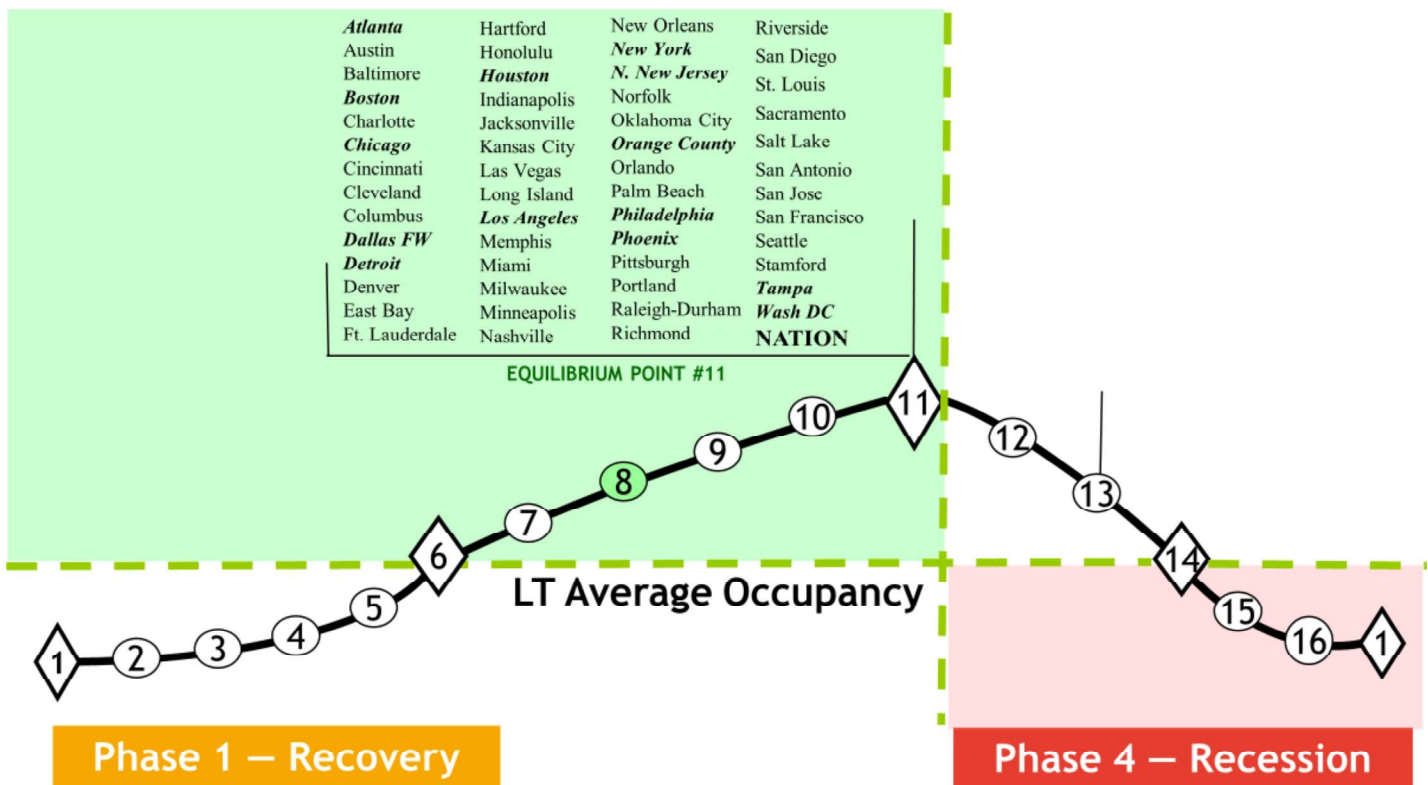
Retail occupancies increased **0.1%** in 4Q23 and were up **0.3%** year-over-year, improving the all-time peak occupancy level for retail. 95 million SF were leased in 2023 and only 49 million SF delivered, providing a very positive demand / supply ratio. There have been 3 years of demand growth with low speculative supply, as over 80% of new construction was pre-leased. The top demand came from experience-retail, food, beverage, discount, and off-price sectors. Higher interest rates and labor costs have kept retail expansion at conservative growth levels. National average retail asking rents were up **0.5%** for the quarter and were up **3.0%** year-over-year.

Retail Market Cycle Analysis

4th Quarter, 2023

Phase 2 – Expansion

Phase 3 – Hypersupply



Source: Mueller, 2024

Note: The 14-largest retail markets make up 50% of the total square footage of retail space we monitor. Thus, the 14-largest retail markets are in ***bold italic*** type to help distinguish how the weighted national average is affected.

Markets that have moved since the previous quarter are now shown with a + or - symbol next to the market name and the number of positions the market has moved is also shown, i.e., +1, +2 or -1, -2. Markets do not always go through smooth forward-cycle movements and can regress or move backward in their cycle position when occupancy levels reverse their usual direction. This can happen when the marginal rate of change in demand increases (or declines) faster than originally estimated or if supply growth is stronger (or weaker) than originally estimated.