

FIGURES | U.S. RETAIL | Q3 2025

Retail Fundamentals Stabilize as Demand Grows



Note: Arrows indicate change from previous quarter.

*Determined by CBRE Econometric Advisors using repeat rent and building-level interpolation methodology.

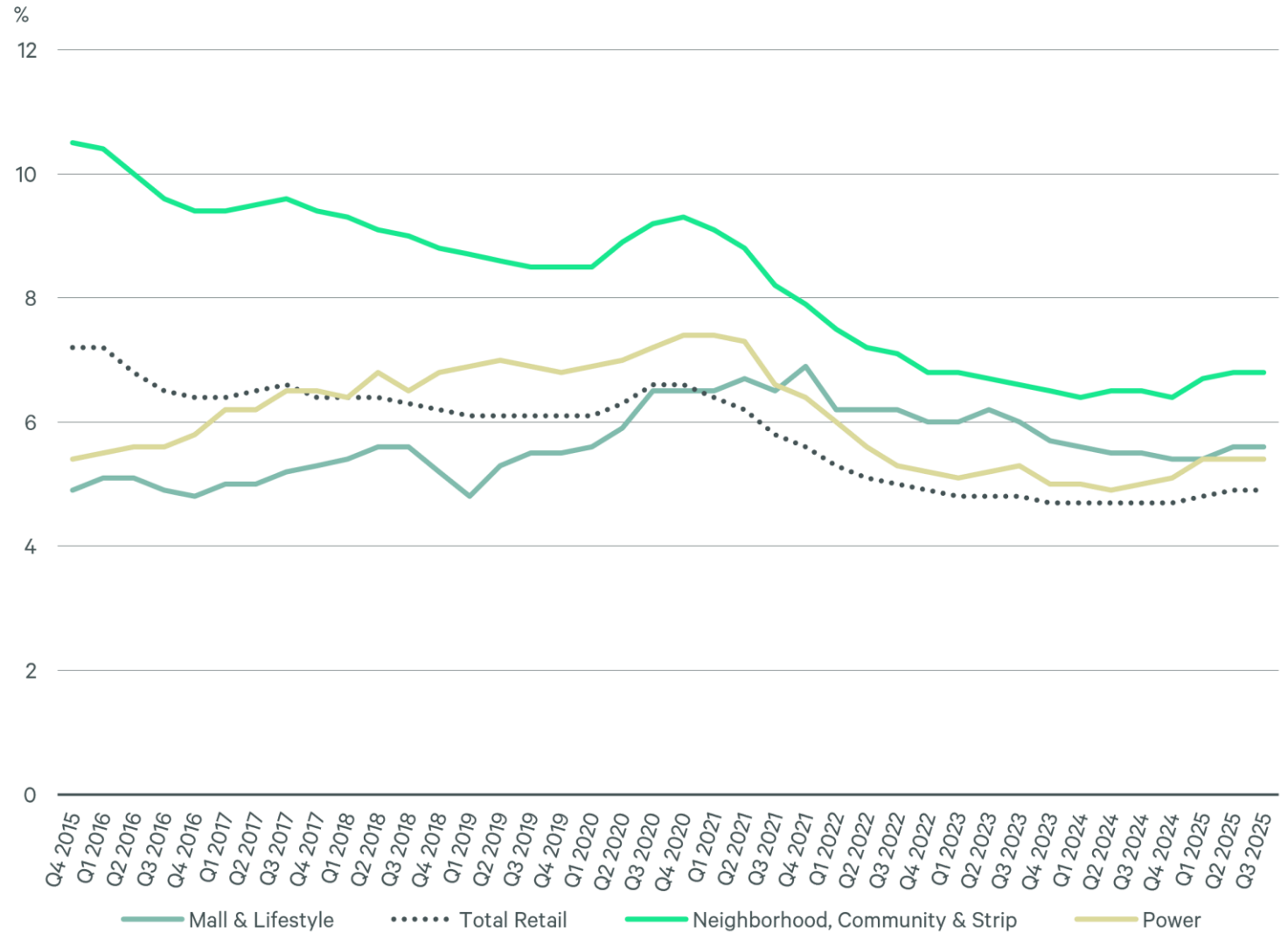
Executive Summary

- Retail real estate fundamentals stabilized in Q3 after softening earlier this year. The overall availability rate remained at 4.9% as store openings and expansions offset space returned from closures and consolidations.
- Net absorption turned positive for the first time this year at 1.8 million sq. ft. amid renewed demand. Year-to-date absorption remained negative, as earlier store closures and consolidations continued to offset recent occupancy gains.
- Construction completions increased to 5.1 million sq. ft. in Q3, bringing the year-to-date total to 13.8 million sq. ft. Most projects began before financing costs increased and were supported by early tenant commitments. Speculative starts remained limited as developers prioritized well-located, necessity-based projects.
- Average asking rent increased by 0.4% quarter-over-quarter and 1.8% year-over-year to \$24.92 per sq. ft., as owners prioritized occupancy and tenant retention in a discriminating retailer environment.

Figure 1

Retail availability stabilizes

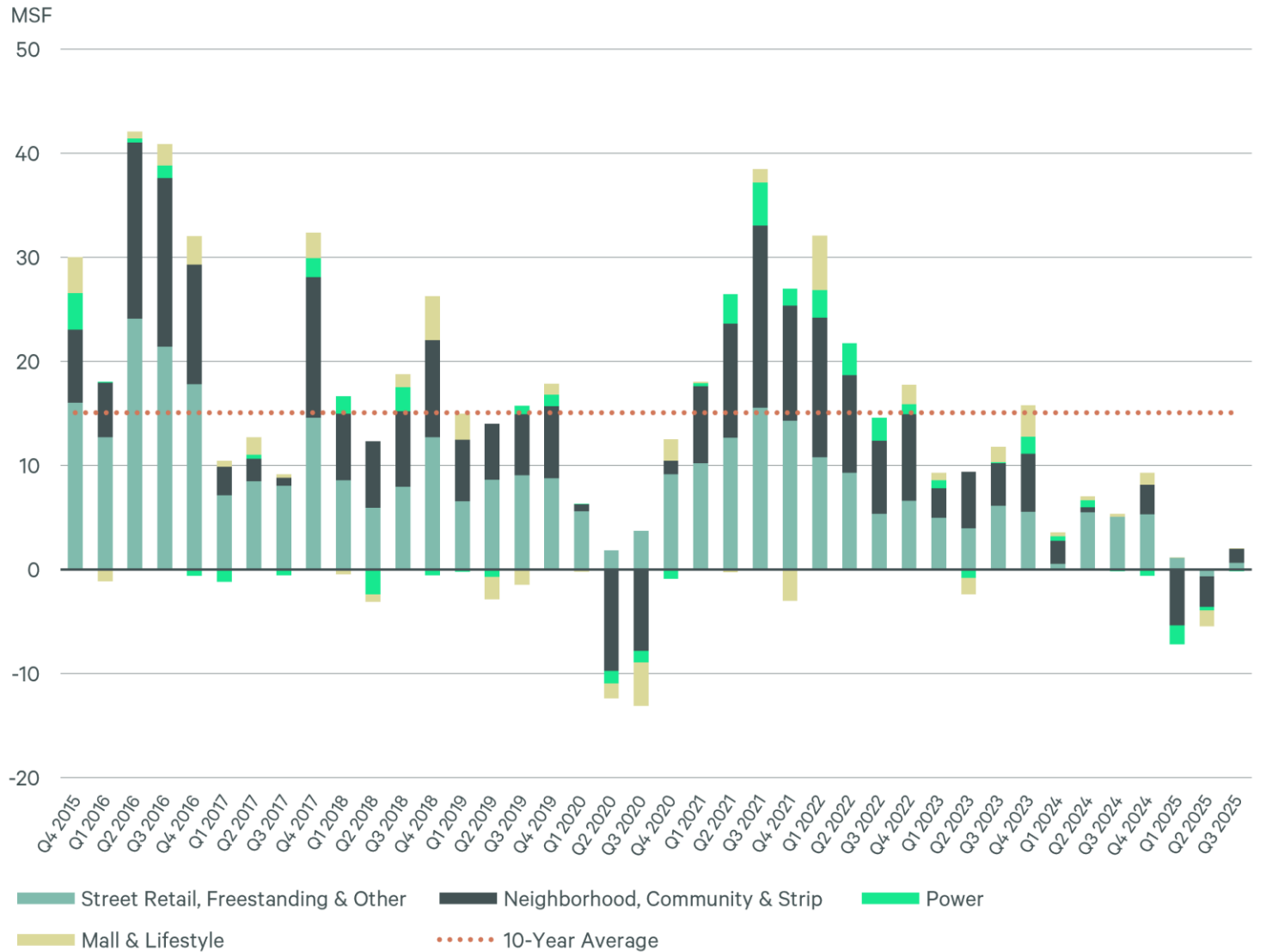
- The retail availability rate remained at 4.9% in Q3 as new occupancies offset space returned to market. Most retailers are maintaining their footprints rather than consolidating.
- Availability rates were unchanged across all major retail formats as the market stabilized and demand grew for well-located centers. Malls & lifestyle centers held at 5.6% availability, neighborhood, community & strip centers at 6.8% and power centers at 5.4%.



Source: CBRE Econometric Advisors, Q3 2025.

Figure 2 Net absorption rebounds

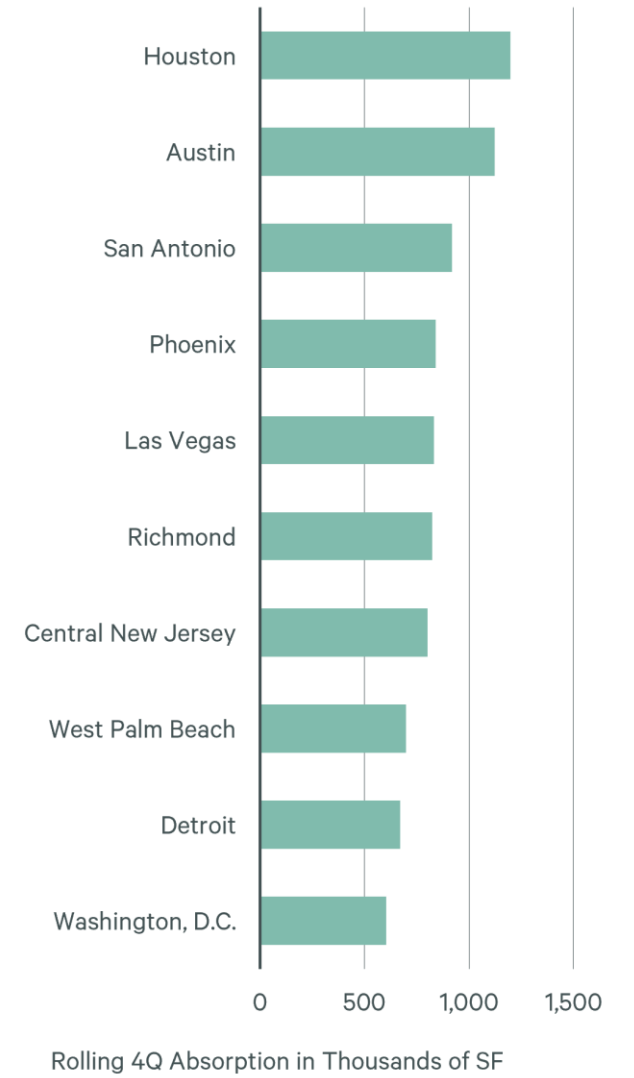
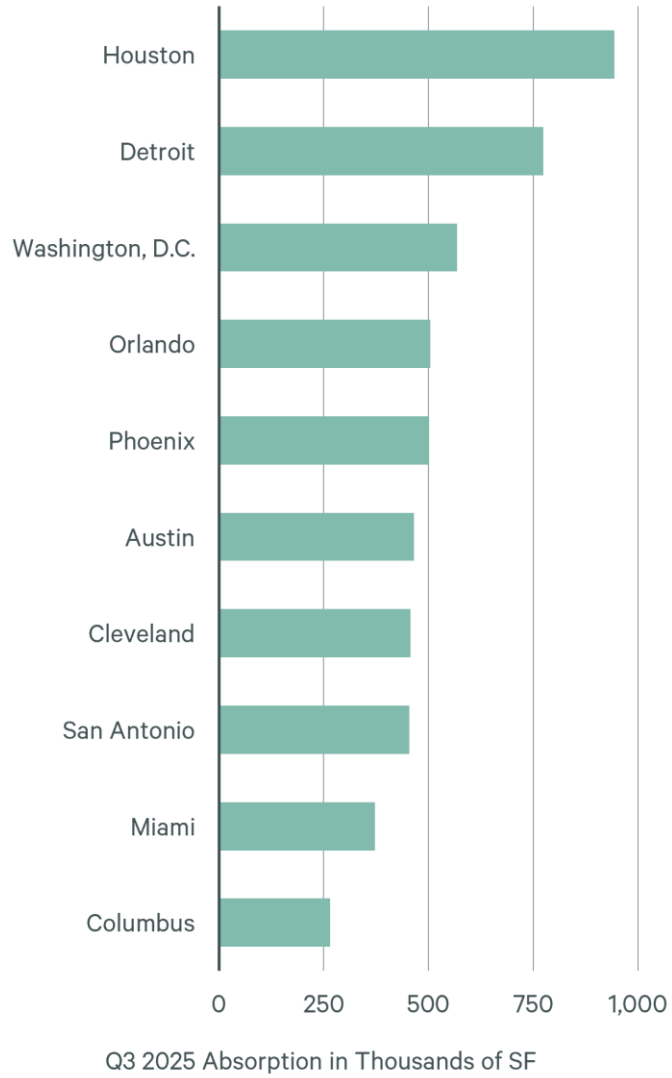
- Net absorption of 1.8 million sq. ft. in Q3 marked the first quarter of positive demand this year, driven by store openings and expansions.
- Despite this, year-to-date absorption totaled negative 9.6 million sq. ft. due to the large amount of space returned in the first half of the year.
- With most markets posting modest net absorption in Q3, the national total was well below the 10-year quarterly average of 15.1 million sq. ft. due to a more cautious expansion environment.



Source: CBRE Econometric Advisors, Q3 2025.

Figure 3 Top 10 markets for net absorption

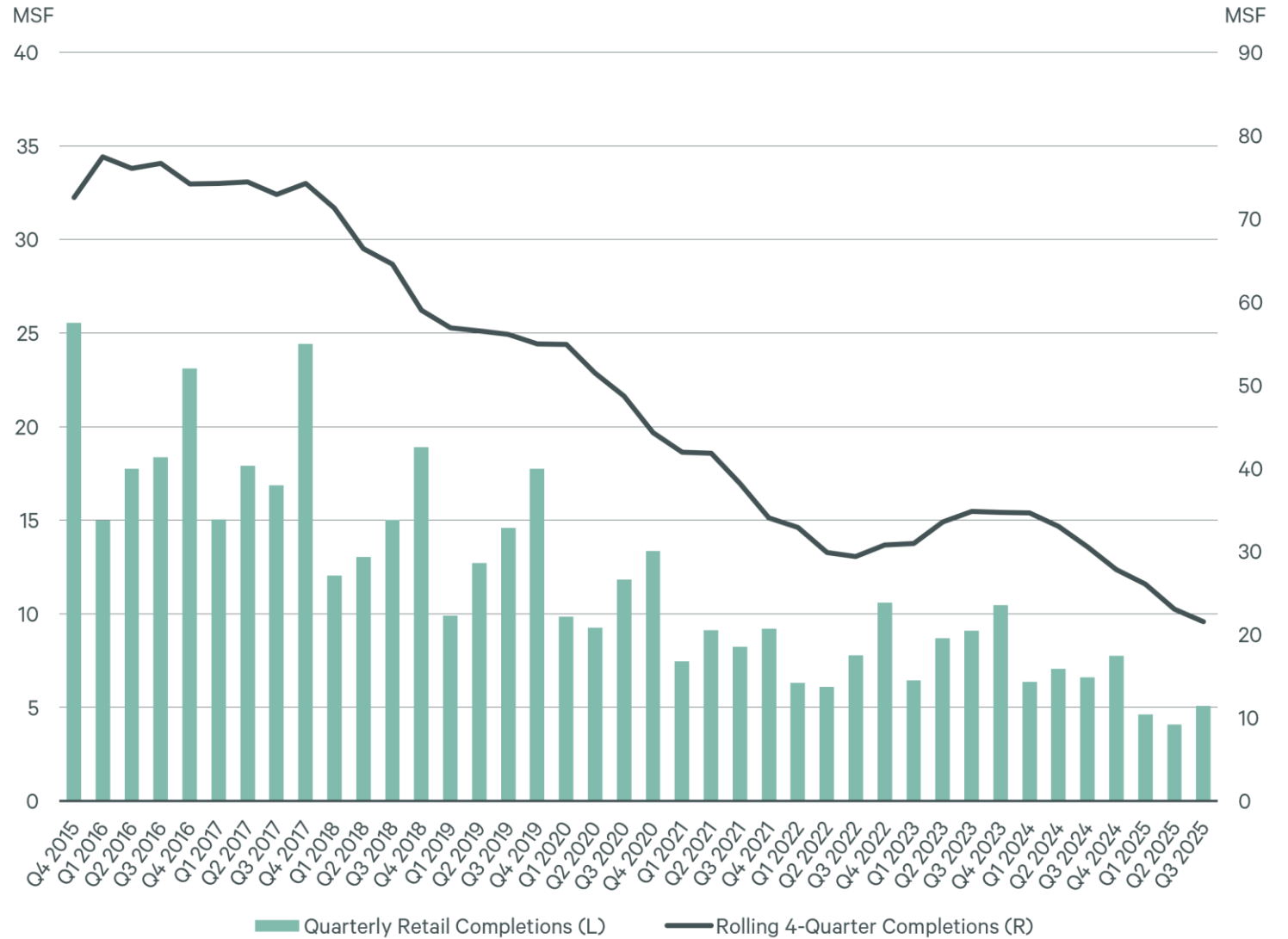
- Houston led the nation in net absorption in Q3 with 944,000 sq. ft., followed by Detroit with 774,000 and Washington, D.C. with 568,000.
- On a rolling-four-quarter basis, Houston led with 1.2 million sq. ft., followed by Austin with 1.1 million and San Antonio with 918,000. Texas markets' sustained growth is the result of in-migration and new residential development, as well as demand from a strong base of grocery, service and discount retailers.
- Strong net absorption in Texas, the Midwest and Southeast underscores lasting demand in population-growth corridors.



Source: CBRE Econometric Advisors, Q3 2025.

Figure 4
Retail completions edge higher
but remain below long-term norms

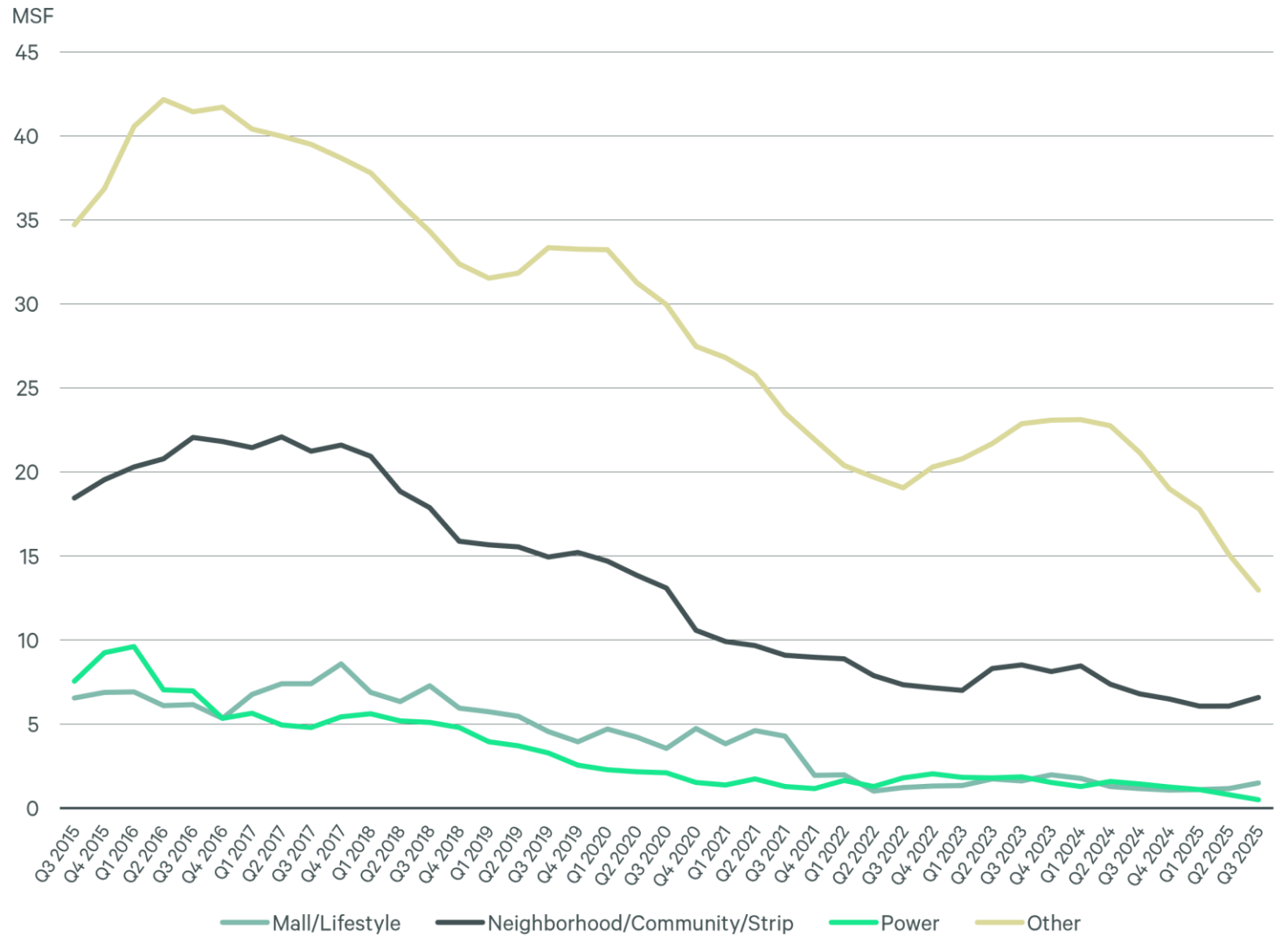
- Construction completions totaled 5.1 million sq. ft. in Q3 and 13.8 million sq. ft. year-to-date. Despite a modest quarter-over-quarter increase, overall construction activity is well below the 10-year quarterly average of 11.8 million sq. ft.
- Rolling-four-quarter retail completions fell to 21.6 million sq. ft. in Q3 from 23.1 million sq. ft. in Q2, as developers focused on modernizing existing centers amid evolving consumer preferences.
- New completions are meeting steady demand in certain growth markets, particularly in the Sun Belt and Southeast where population and income growth are attracting development.



Source: CBRE Econometric Advisors, Q3 2025.

Figure 5 Construction completions by retail property type

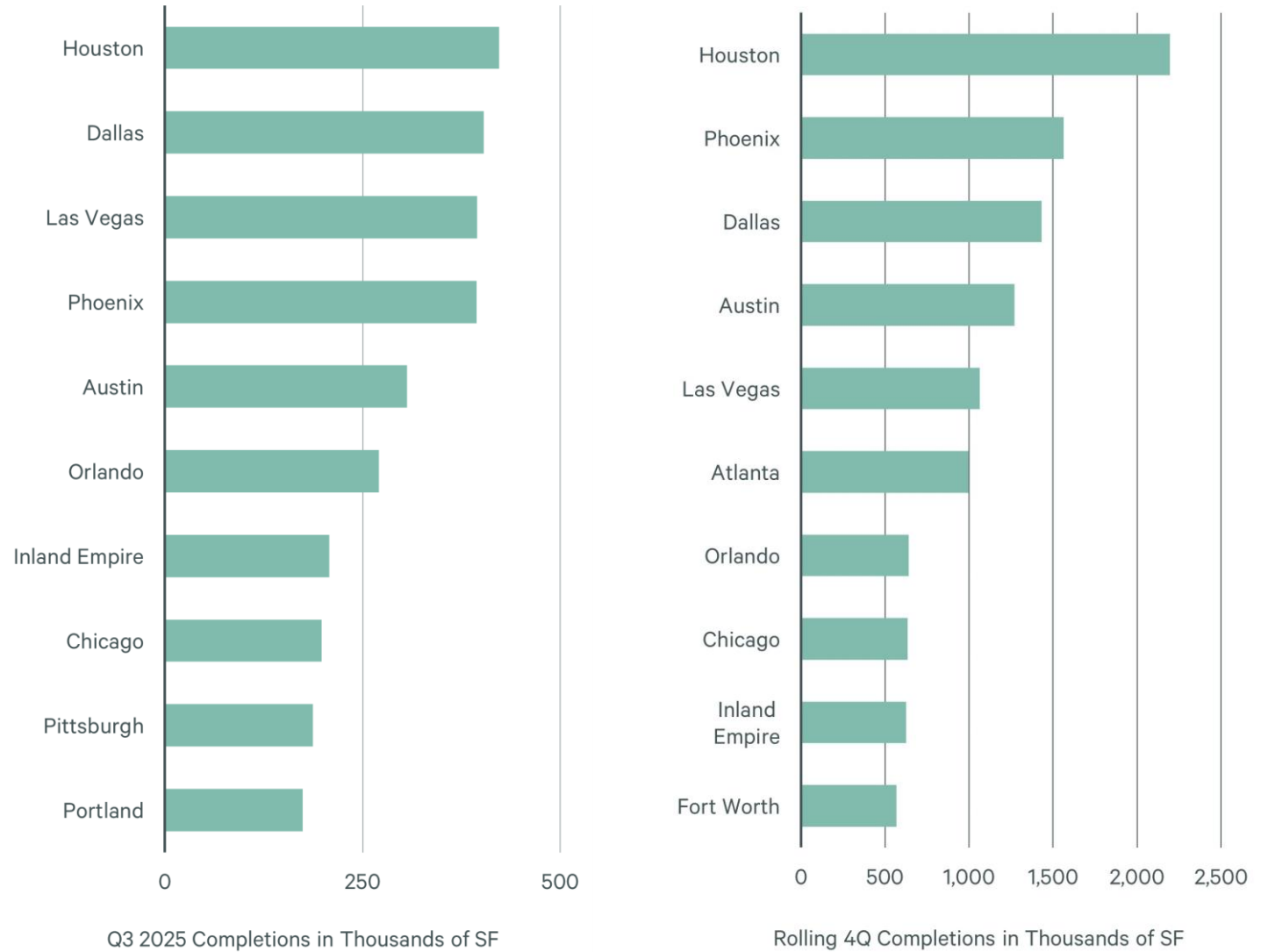
- Construction completions remained subdued across all retail property types in Q3.
- Rolling-four-quarter construction completions of malls & lifestyle centers were 37% of their 10-year quarterly average.
- Rolling-four-quarter completions of new single-tenant properties totaling 13.0 million sq. ft. were 50% of their 10-year quarterly average.



Source: CBRE Econometric Advisors, Q3 2025.

Figure 6 Top 10 markets for construction completions

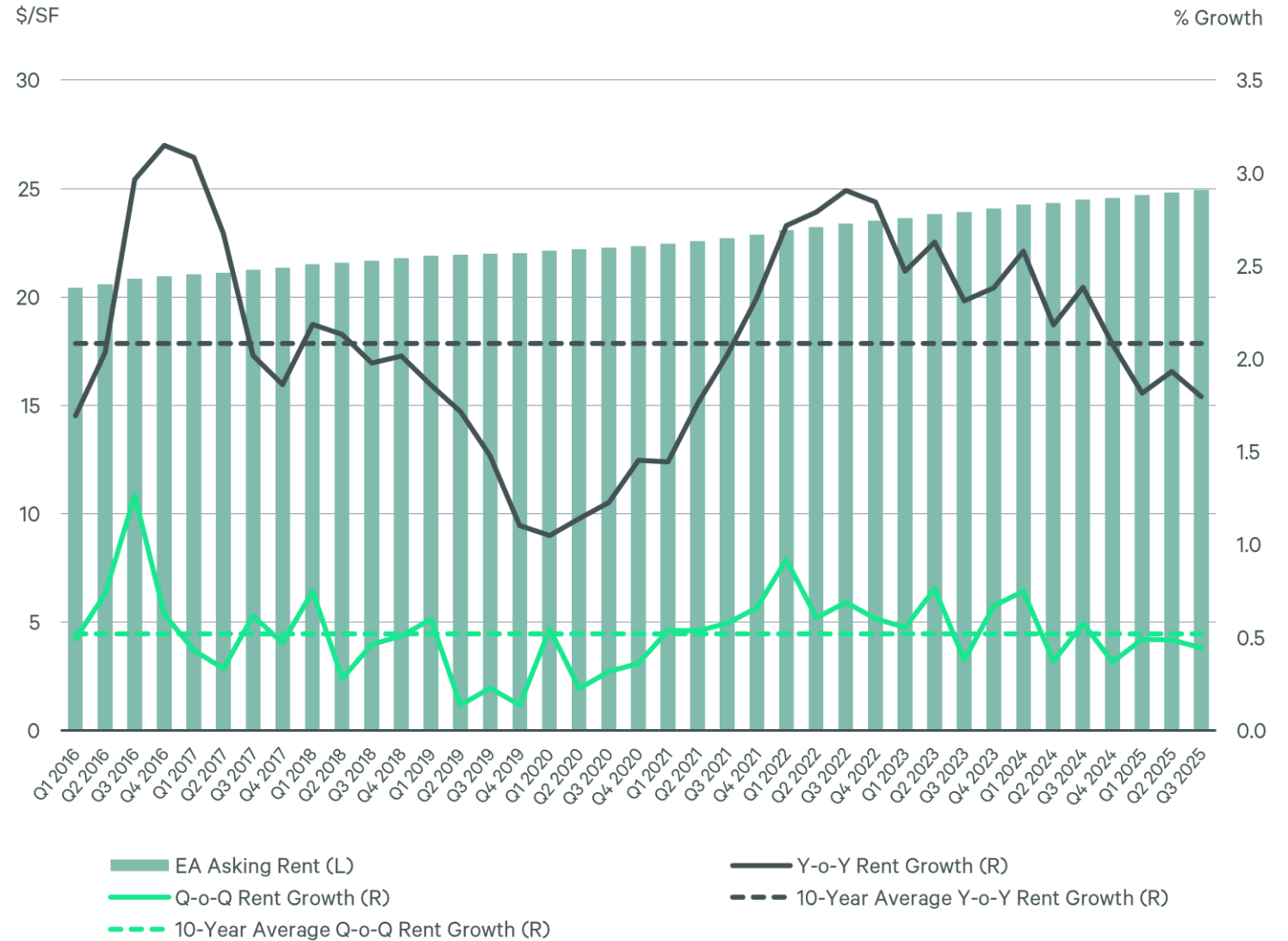
- Houston was the top market for construction completions in Q3 with 423,000 sq. ft., followed by Dallas (403,000 sq. ft) and Las Vegas (395,000 sq. ft.) due to steady population growth and retailer interest in suburban formats. Houston also remained the top market on a rolling-four-quarter basis with 2.2 million sq. ft.
- Construction was most active in states with strong demographic and employment trends. Markets across Texas, the Southeast and West continued to attract tenants seeking newer, efficient space in growing suburban corridors.
- Redevelopment and infill projects are predominant in coastal and gateway markets where land constraints and higher costs limit new construction.



Source: CBRE Econometric Advisors, Q3 2025

Figure 7 Asking rent growth moderates

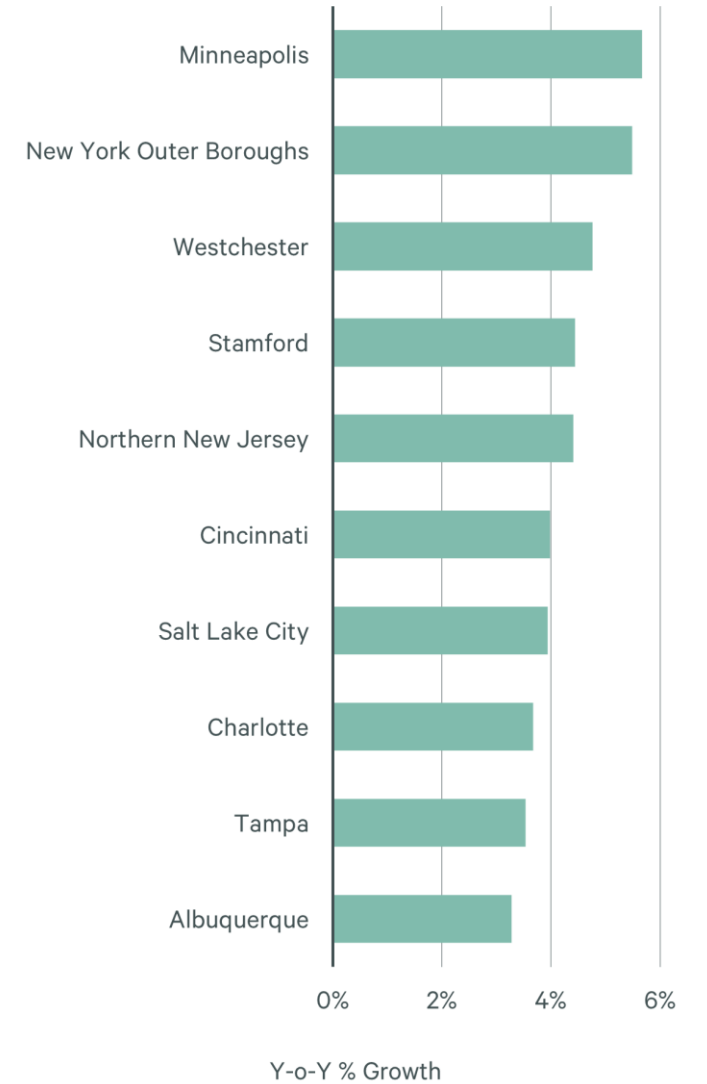
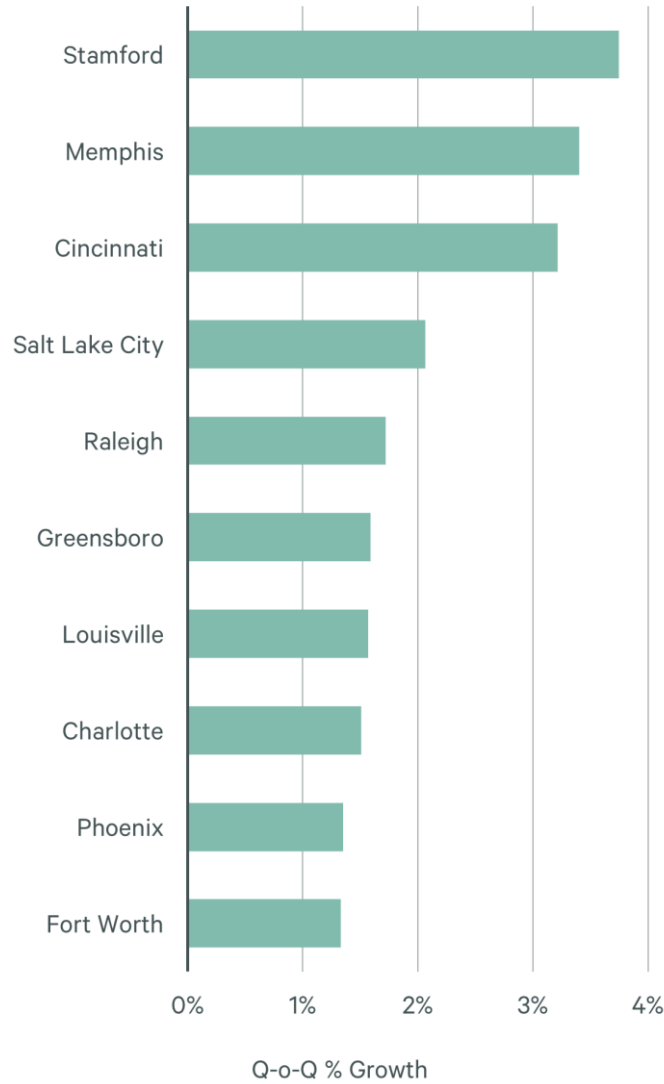
- Average asking rent increased by 0.4% quarter-over-quarter to \$24.92 per sq. ft., moderating from stronger gains in recent years but remaining positive across most major markets.
- Average year-over-year rent growth decreased to 1.8%, slightly below the 10-year average of 2.08%. Owners are showing greater pricing discipline as availability levels stabilize and tenants take longer to commit to new space.



Source: CBRE Econometric Advisors, Q3 2025

Figure 8 Rent growth by market

- Four markets posted quarter-over-quarter rent growth of at least 2%: Stamford, CT (3.7%), Memphis (3.4%), Cincinnati (3.2%) and Salt Lake City (2.1%).
- Six markets posted year-over-year rent growth of more than 4%. Minneapolis led with 5.7%, followed by New York Outer Boroughs (5.5%), Westchester (4.8%), Stamford, CT (4.4%), Northern New Jersey (4.4%) and Cincinnati (4.0%).



Note: Asking rent growth is calculated from neighborhood, community & strip centers.
Source: CBRE Econometric Advisors, Q3 2025.

Figure 9
Market Figures, Q3 2025

Market	Inventory Total (Sq. Ft. x 1000)	Completions (Sq. Ft. x 1000)	Net Absorption (Sq. Ft. x 1000)	Availability Rate (%)	Availability Rate (BPS Change Y-o-Y)	Asking Rent (Net \$/Sq. Ft.)	Asking Rent (% Change, Y-o-Y)
Albuquerque	52,128	29	(40)	3.5	12	17.97	3.3%
Atlanta	356,820	129	(291)	4.0	12	21.92	3.0%
Austin	103,636	306	465	3.8	(20)	27.92	0.9%
Bakersfield	30,423	0	(286)	6.9	97	18.59	-0.5%
Baltimore	127,177	9	(127)	5.9	8	24.87	1.4%
Birmingham	75,904	7	41	3.5	(8)	14.73	2.9%
Boston	273,233	144	(256)	3.7	11	21.16	0.8%
Central New Jersey	168,381	84	(175)	5.0	16	24.28	1.6%
Charleston, SC	42,872	0	(138)	3.1	32	25.54	0.9%
Charlotte	86,428	0	(19)	3.3	(2)	24.87	3.7%
Chicago	438,220	198	141	6.4	(1)	20.72	3.2%
Cincinnati	112,755	24	(316)	4.4	27	15.41	4.0%
Cleveland	119,202	0	457	5.5	(40)	15.02	1.8%
Columbus	109,535	156	265	3.9	(12)	17.79	1.0%
Dallas	253,588	403	132	4.9	3	22.66	1.8%
Denver	161,785	60	(310)	5.0	22	22.99	2.2%
Detroit	266,804	7	774	6.3	(30)	16.70	0.3%
Fort Lauderdale	105,096	63	133	4.2	(9)	31.19	2.0%
Fort Worth	168,016	66	(196)	4.8	15	19.03	2.6%
Fresno	46,718	35	(133)	6.4	34	17.31	1.8%
Greensboro	94,130	80	69	3.6	(4)	15.96	2.5%
Hartford	52,754	0	17	6.4	(2)	17.70	-0.6%
Honolulu	49,272	0	(12)	5.0	(1)	48.25	0.0%
Houston	388,923	423	944	5.6	(16)	21.20	1.0%
Indianapolis	123,809	78	163	3.7	(12)	17.28	2.2%
Inland Empire	179,644	208	16	7.0	11	24.21	0.5%
Jacksonville	81,008	113	(15)	5.1	13	22.02	0.5%
Kansas City	117,868	42	144	4.7	(12)	16.46	3.0%
Las Vegas	113,324	395	241	5.3	9	26.23	1.9%
Long Island	129,362	43	142	5.0	(10)	32.30	0.1%
Los Angeles	380,985	27	(420)	6.3	11	34.27	2.3%
Louisville	79,094	6	24	3.1	(5)	16.19	2.7%
Manhattan	21,203	120	(68)	8.9	80	55.65	-2.9%
Memphis	85,489	0	50	5.7	(8)	15.81	3.3%
Miami	124,057	65	373	3.4	(27)	39.36	2.4%

Note: Asking rent growth is calculated from neighborhood, community & strip centers.
Source: CBRE Econometric Advisors, Q3 2025.

Figure 9
Market Figures, Q3 2025 (continued)

Market	Inventory Total (Sq. Ft. x 1000)	Completions (Sq. Ft. x 1000)	Net Absorption (Sq. Ft. x 1000)	Availability Rate (%)	Availability Rate (BPS Change Y-o-Y)	Asking Rent (Net \$/Sq. Ft.)	Asking Rent (% Change, Y-o-Y)
Milwaukee	91,075	0	(378)	4.2	45	16.83	2.5%
Minneapolis	170,240	5	(249)	3.7	15	18.65	5.7%
Nashville	108,143	44	(250)	3.1	25	23.34	2.7%
New York City Outer Boroughs	107,519	24	134	5.5	(11)	49.44	5.5%
Northern New Jersey	155,110	78	(248)	5.4	19	27.69	4.4%
Oakland	108,620	29	(374)	6.7	35	31.53	0.7%
Oklahoma City	89,842	0	139	5.1	(21)	14.28	1.1%
Orange County	134,065	34	(57)	4.1	7	37.58	1.5%
Orlando	126,506	271	505	4.1	(24)	26.72	1.8%
Philadelphia	253,264	55	236	5.0	(9)	20.40	1.1%
Phoenix	223,027	394	502	4.6	(7)	23.21	2.0%
Pittsburgh	105,328	187	(230)	6.7	34	17.13	1.4%
Portland	106,711	174	10	4.7	16	24.16	1.2%
Providence	49,096	0	124	3.7	(25)	17.87	-4.0%
Raleigh	94,964	37	(1)	2.6	2	24.25	2.5%
Richmond	73,855	39	(18)	4.1	13	20.56	2.6%
Sacramento	92,804	27	(121)	6.5	13	23.18	2.9%
Salt Lake City	91,669	99	(118)	4.5	22	23.20	3.9%
San Antonio	136,159	94	455	4.3	(24)	20.35	1.3%
San Diego	141,479	28	(240)	5.0	17	33.16	2.9%
San Francisco	50,642	26	76	6.3	(10)	46.10	-3.4%
San Jose	67,818	3	(143)	5.1	21	38.91	0.1%
Seattle	153,834	0	(390)	3.6	23	27.31	-0.5%
St. Louis	118,345	10	(262)	5.7	19	15.54	-2.7%
Stamford	39,664	110	21	5.7	25	31.01	4.4%
Tampa	120,282	9	152	3.4	(13)	23.73	3.5%
Toledo	40,536	0	85	6.4	(22)	13.10	2.3%
Tucson	51,874	39	(159)	6.0	33	18.08	1.1%
Tulsa	63,537	4	5	3.4	(3)	13.63	2.1%
Ventura	39,388	10	(44)	6.8	12	26.58	0.7%
Washington, D.C.	195,878	93	568	4.5	(26)	34.04	-0.3%
West Palm Beach	68,430	173	195	4.0	(8)	31.94	2.4%
Westchester	38,996	0	115	5.6	(28)	35.45	4.8%
Wilmington, DE	32,112	71	9	8.2	10	20.47	-2.2%

Note: Asking rent growth is calculated from neighborhood, community & strip centers.
Source: CBRE Econometric Advisors, Q3 2025.

Contact

James Breeze

Vice President
Global Industrial & Retail Research
james.breeze@cbre.com

Amanda Ortiz

Director
Americas Industrial & Retail Research
amanda.ortiz@cbre.com

David Kelley

Senior Economist
CBRE Econometric Advisors
david.kelley1@cbre.com

Laura Barr

Retail Leader,
Americas Leasing
laura.barr@cbre.com

Todd Caruso

Senior Managing Director
Retail Agency Services, Americas
todd.caruso@cbre.com

Scott Schnuckel

Managing Director
Retail Leasing
scott.schnuckel@cbre.com

© Copyright 2025. All rights reserved. This report has been prepared in good faith, based on CBRE's current anecdotal and evidence based views of the commercial real estate market. Although CBRE believes its views reflect market conditions on the date of this presentation, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE's control. In addition, many of CBRE's views are opinion and/or projections based on CBRE's subjective analyses of current market circumstances. Other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE's current views to later be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change.

Nothing in this report should be construed as an indicator of the future performance of CBRE's securities or of the performance of any other company's securities. You should not purchase or sell securities—of CBRE or any other company—based on the views herein. CBRE disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CBRE as well as against CBRE's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.