

National Retail Update

June 2023

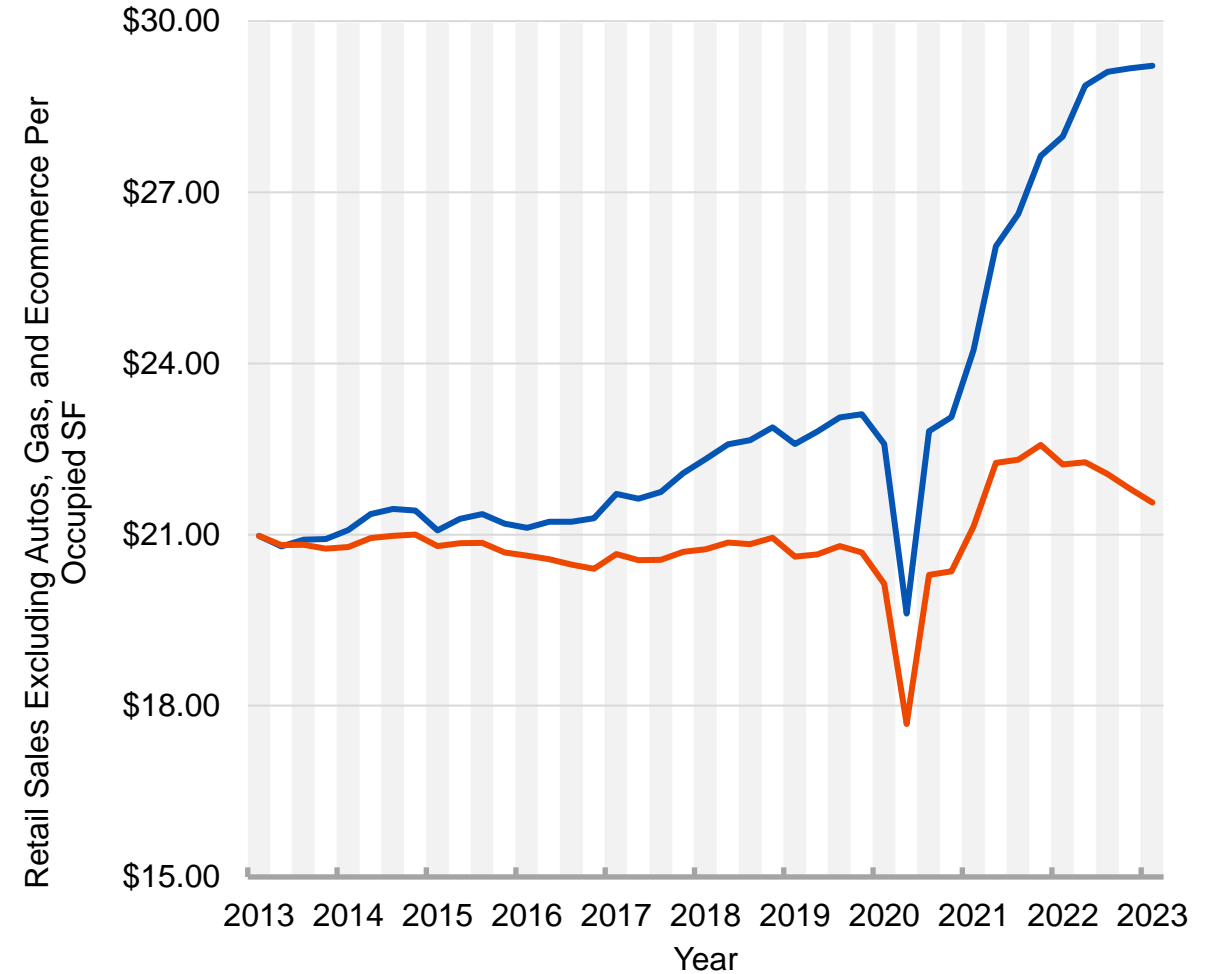
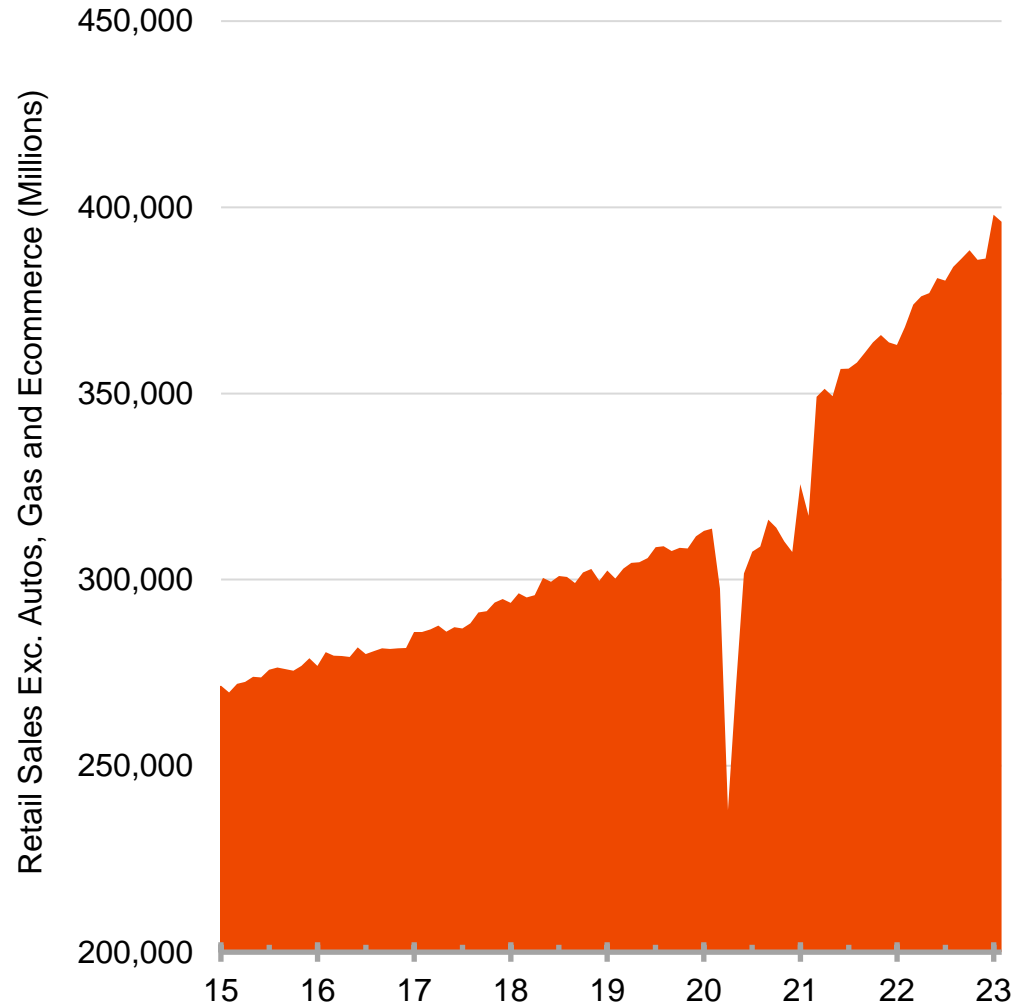


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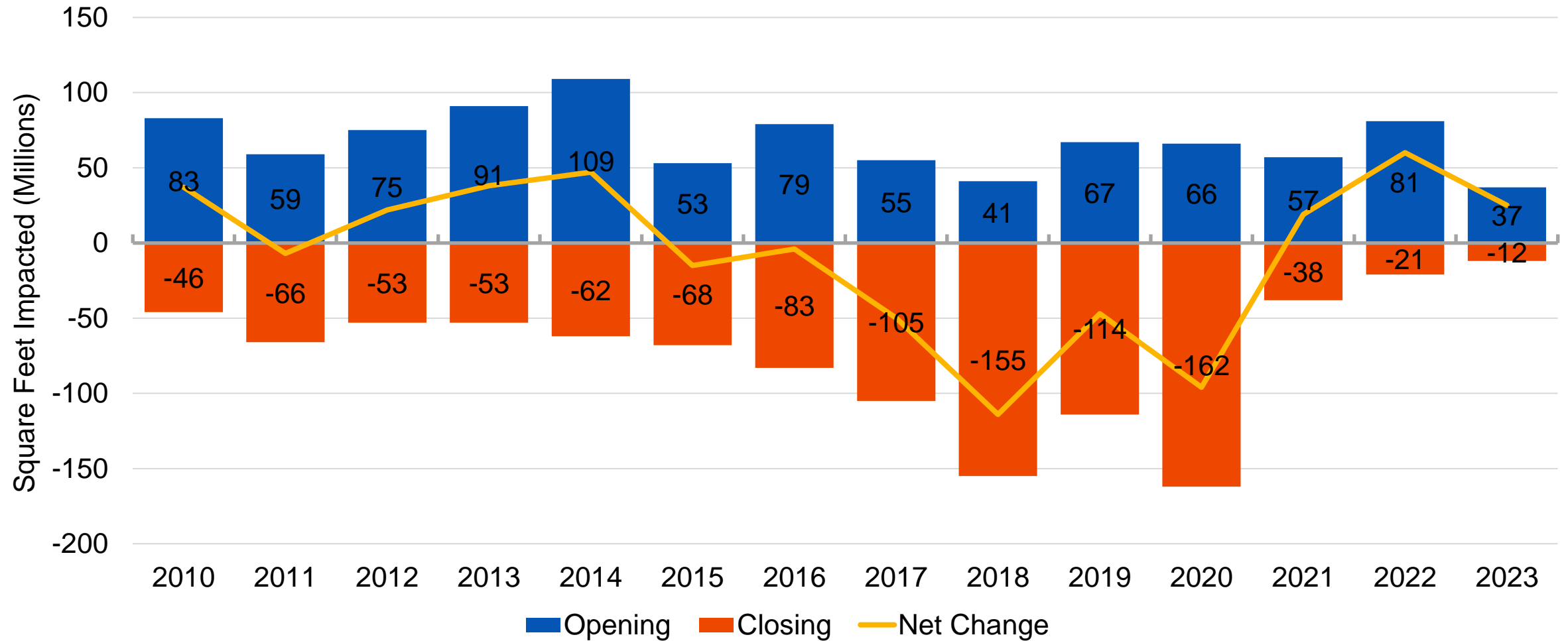


Retail Sales Efficiency Remains Well Above Trend



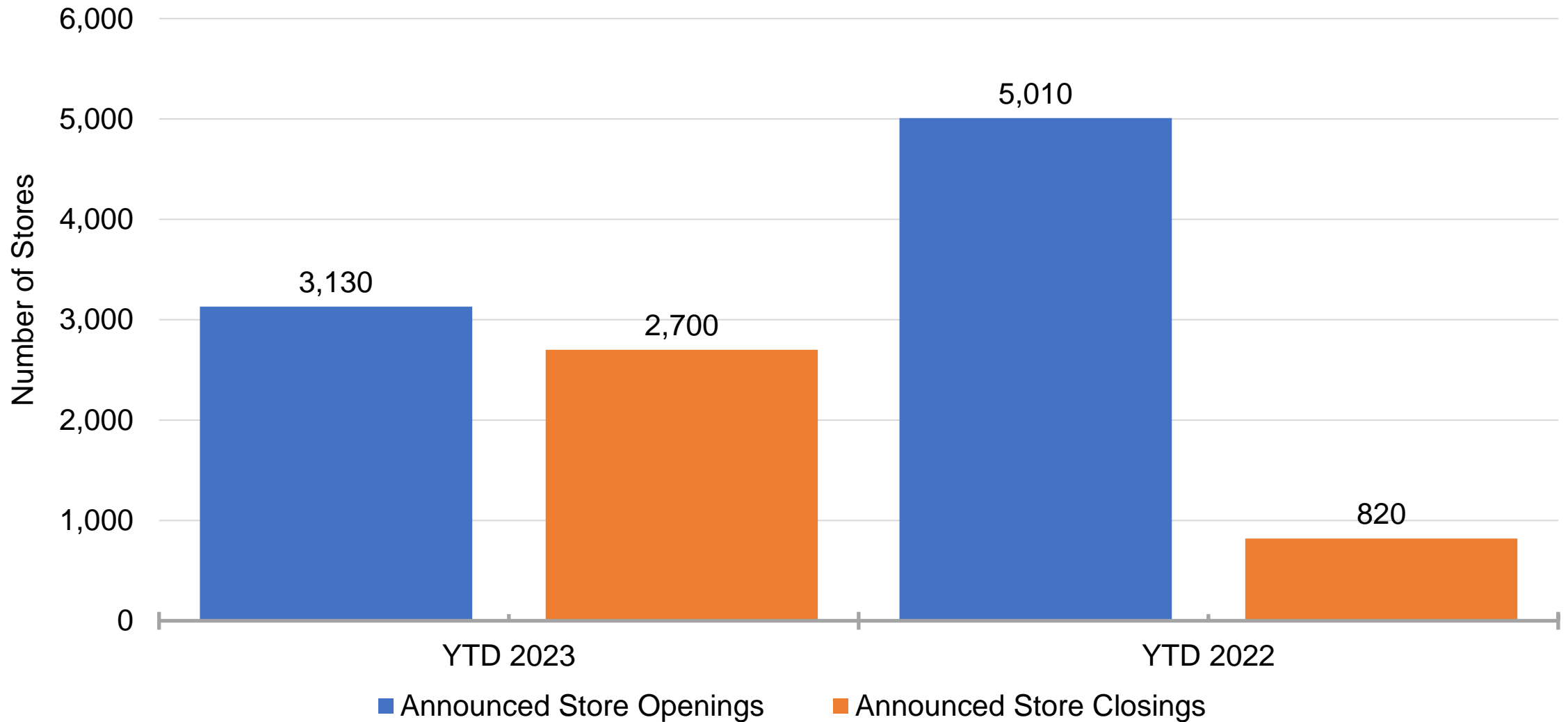
Source: Census Bureau, CoStar, May 2023

Reduction in store closures a main driver of tighter space market



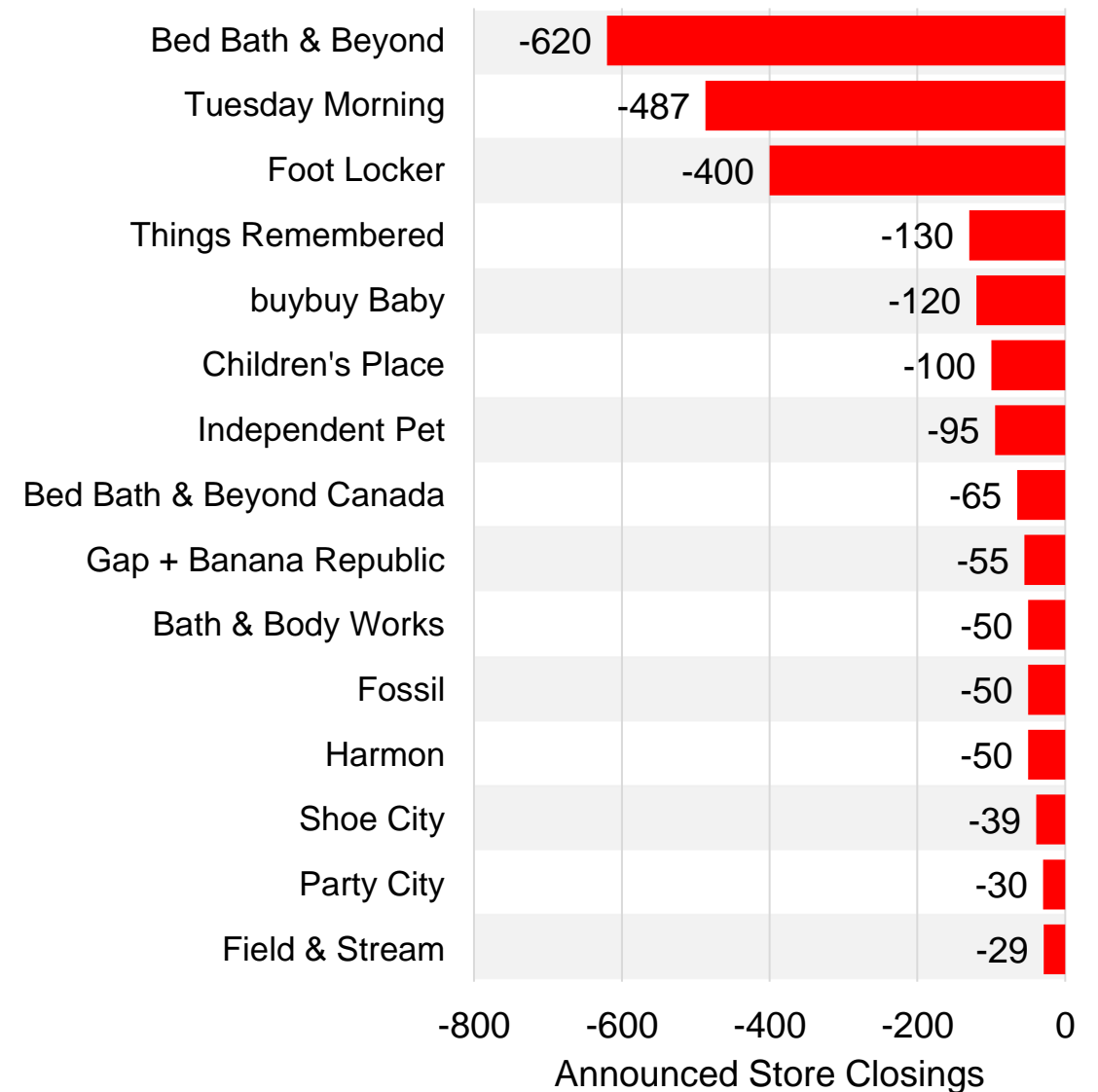
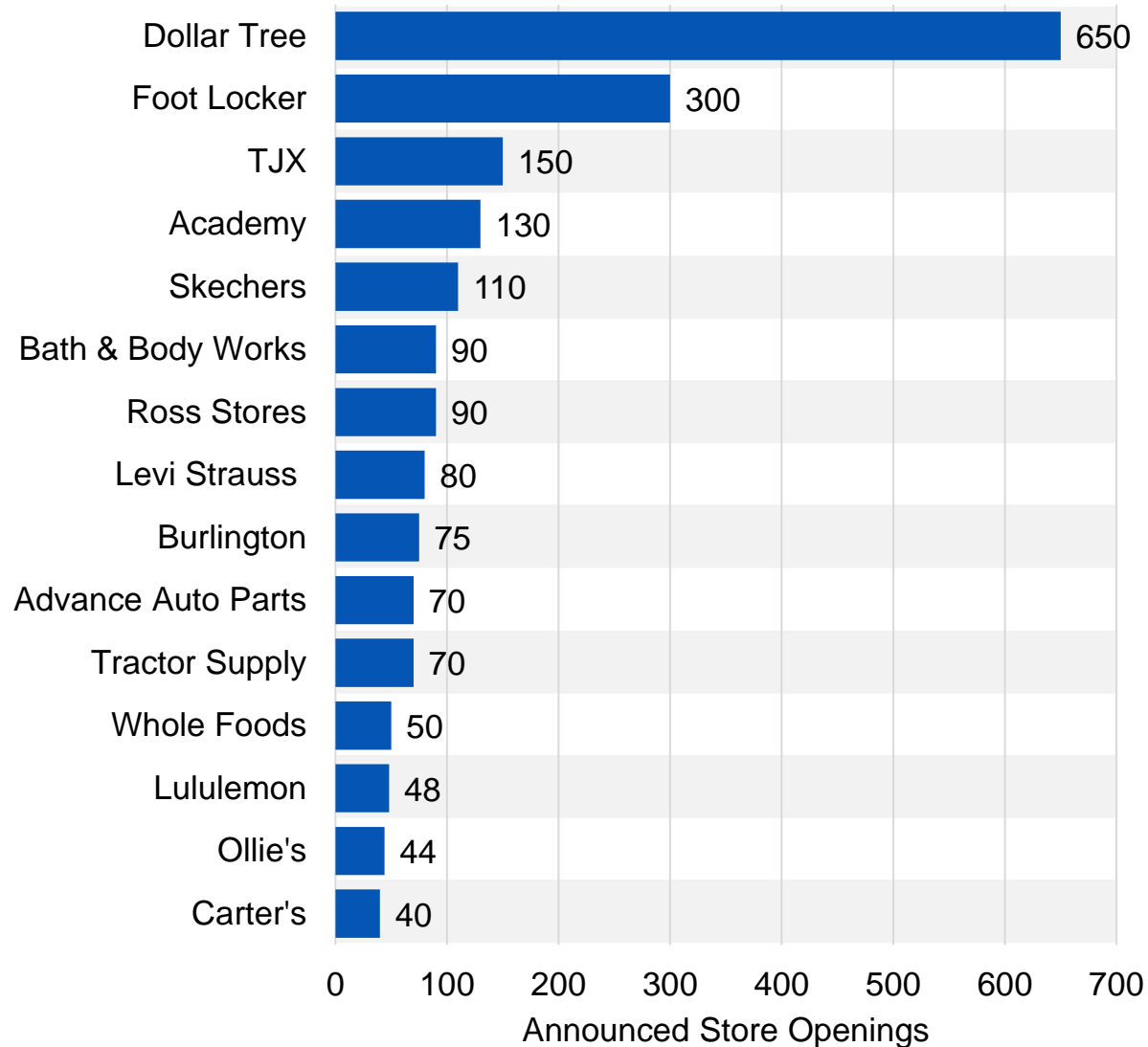
Source: CoStar Advisory Services, End of Q1-23

Announced Store Openings Exceeding Announced Closures



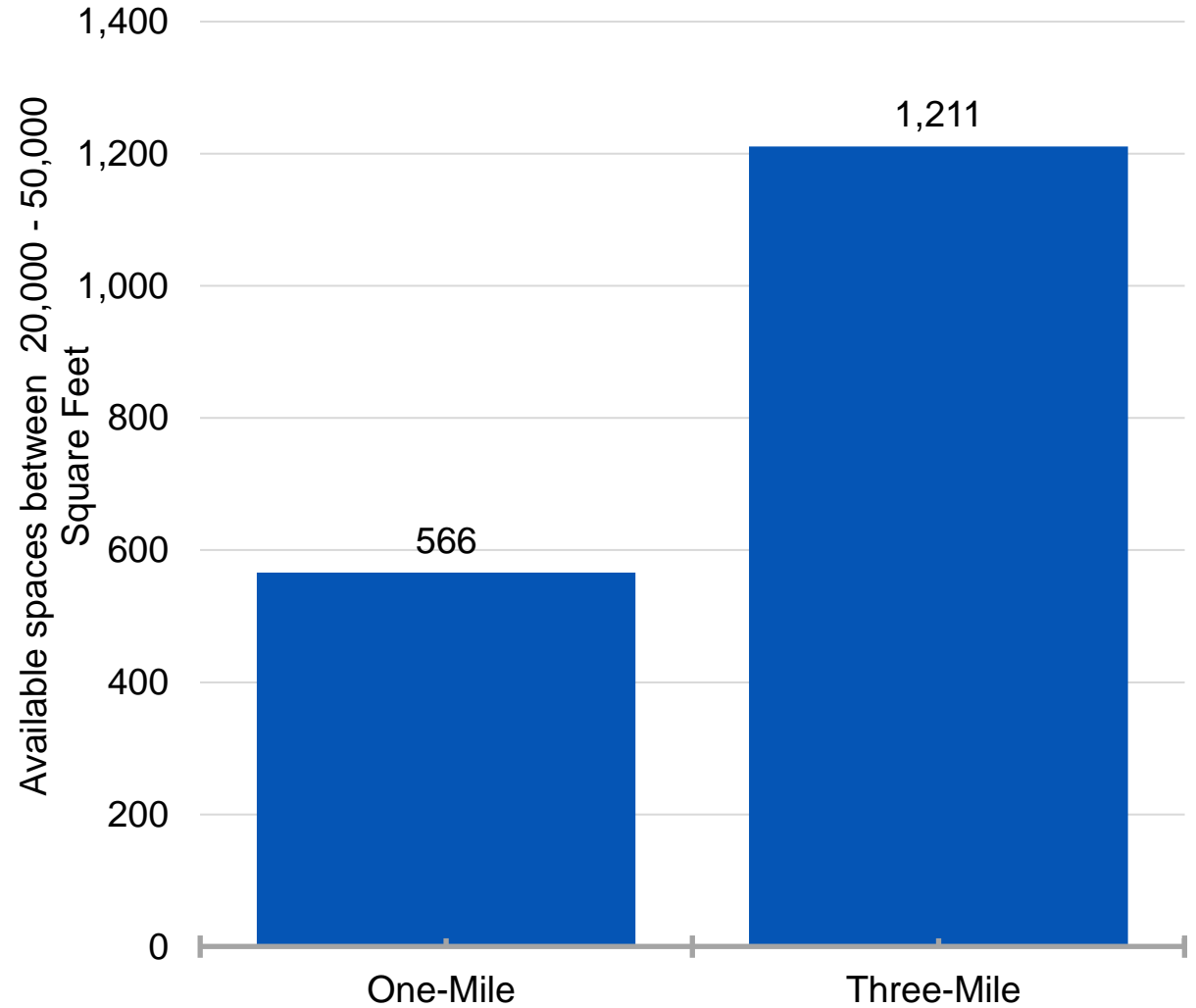
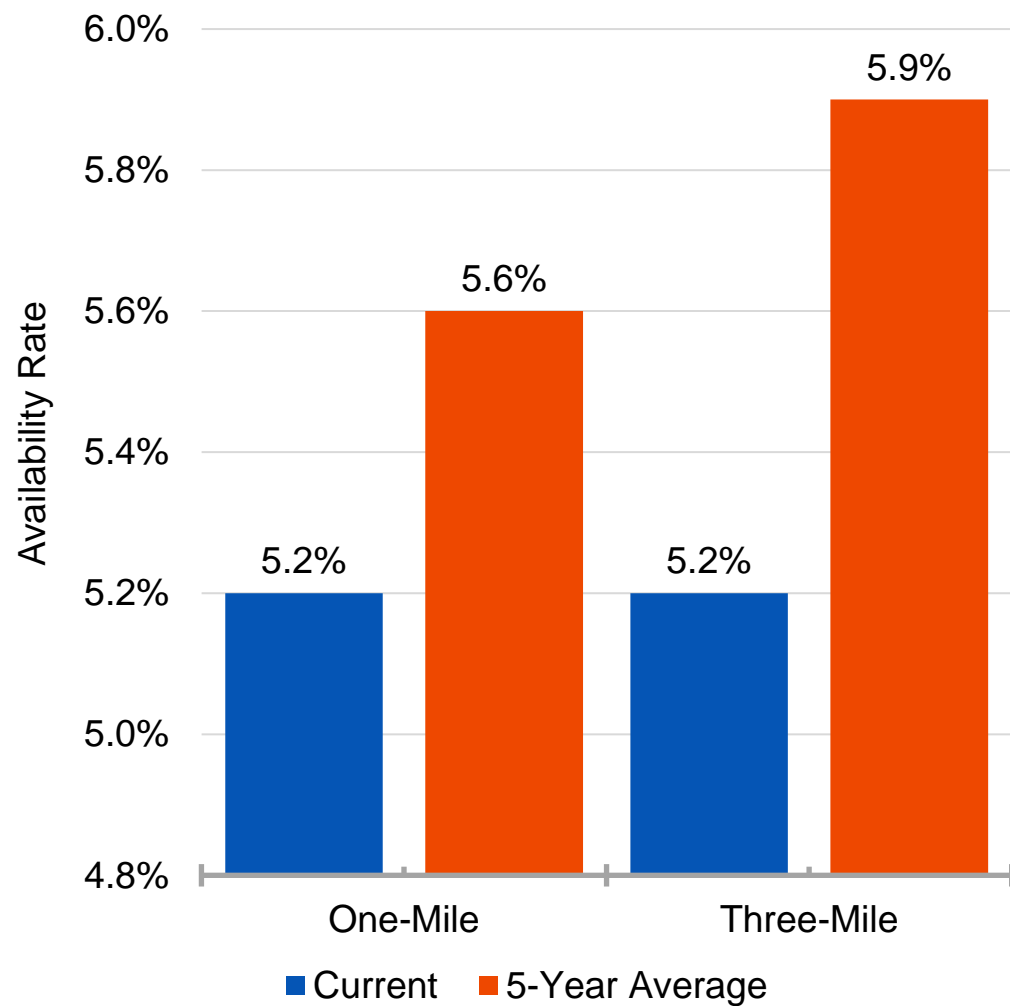
Source: Daily on Retail
As of: May 30, 2023

Store Opening and Closing Announcements Thus Far in 2023



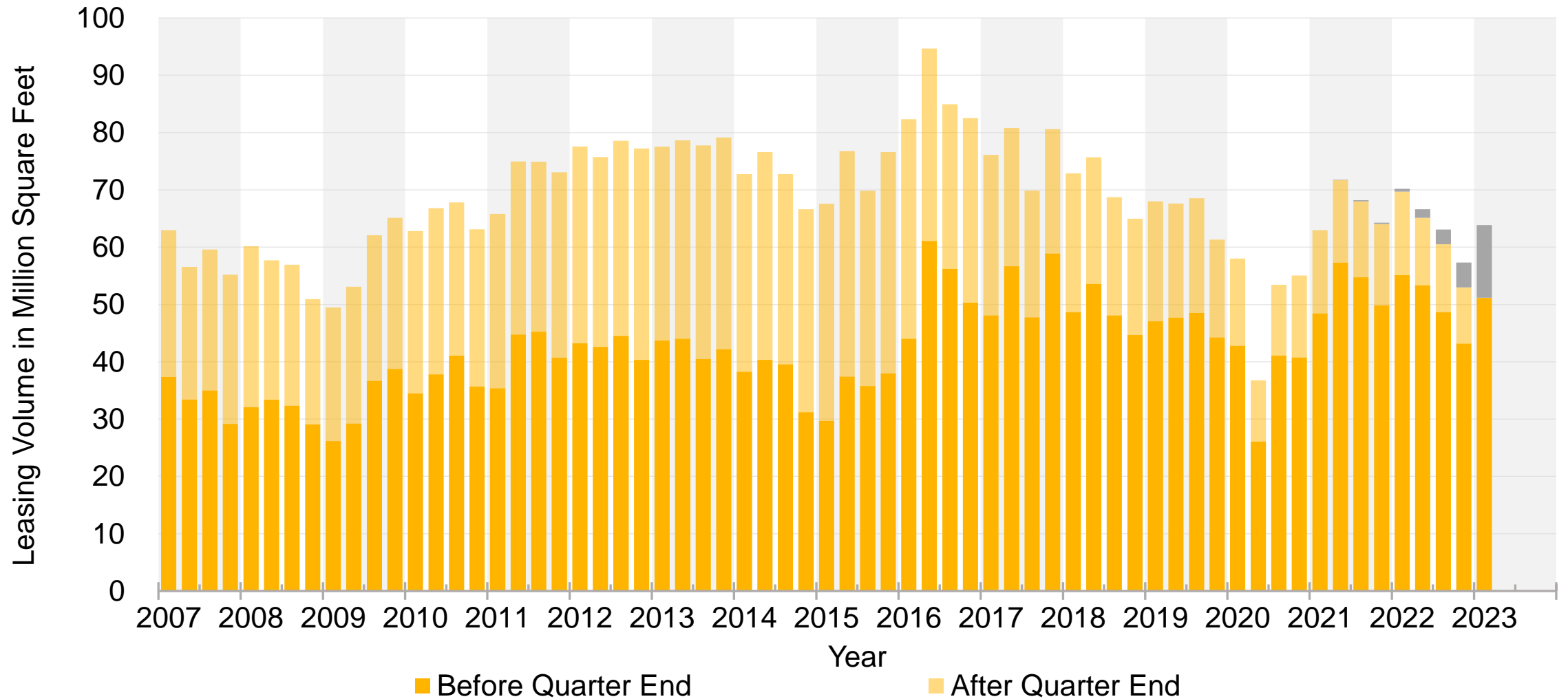
Source: Daily on Retail, April 2023

Availabilities Around Closing Bed Bath & Beyond Locations Are Tight

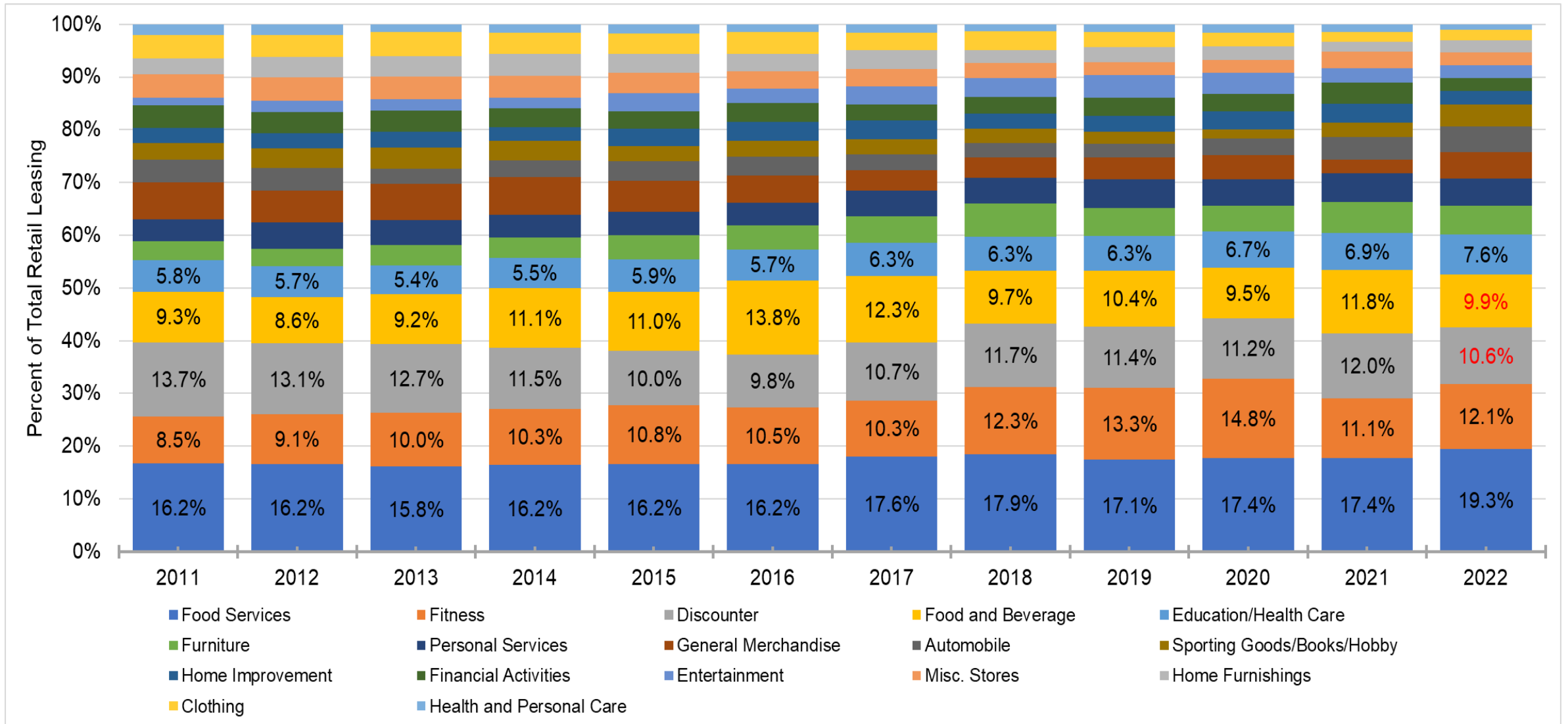


Includes Bed Bath & Beyond and BuyBuy Baby locations already being marketed as available
Source: CoStar, April 2023

Leasing Activity Held Steady in Q1



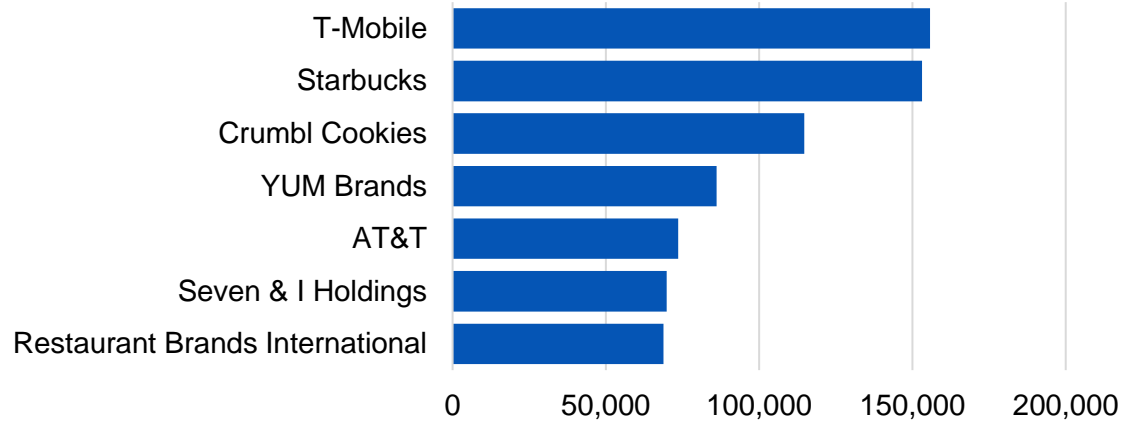
Sectors Driving Retail Leasing Activity



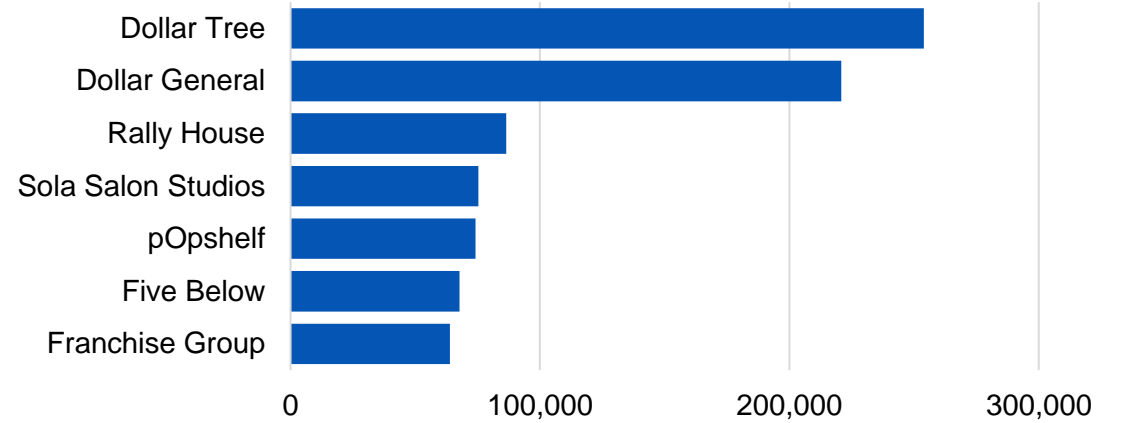
Note: Red Label in 2022 indicates sector leasing was lower than prior 10-year average

Tenants Driving Leasing Activity over Past Year

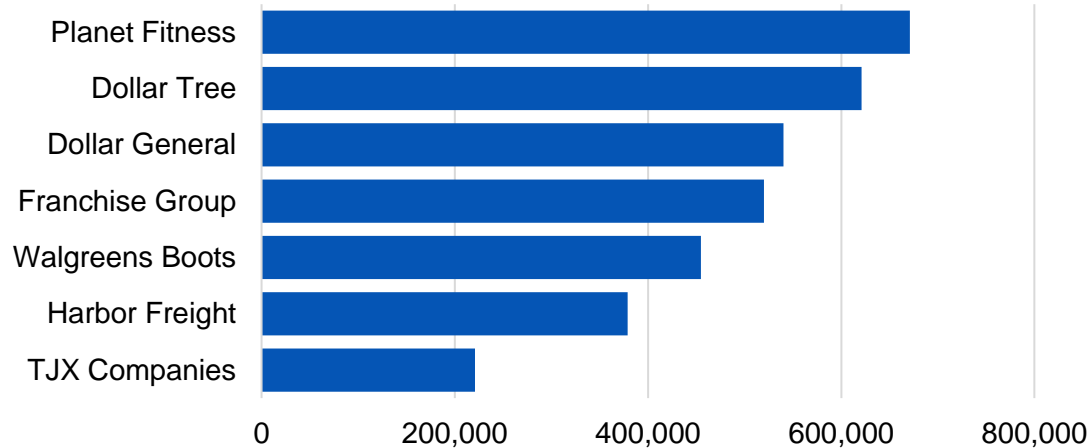
Under 5,000 SF



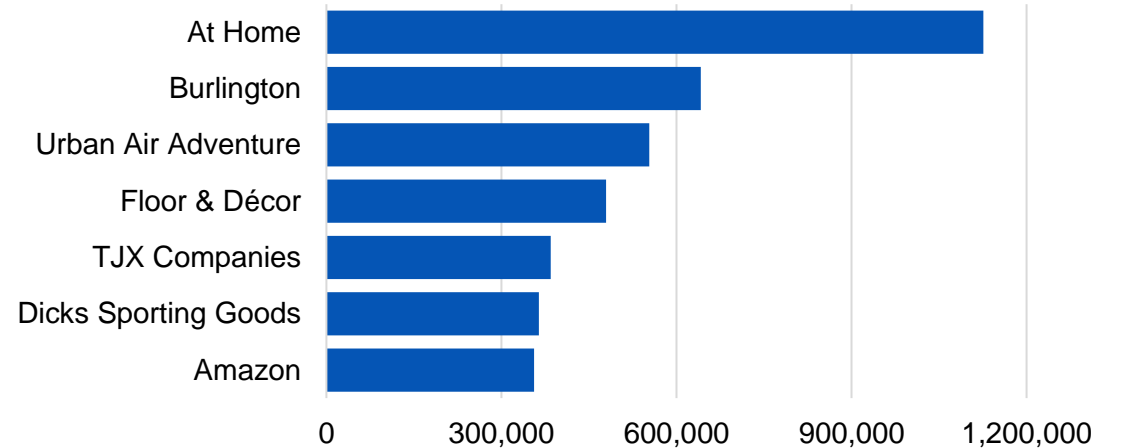
5,001 - 10,000 SF



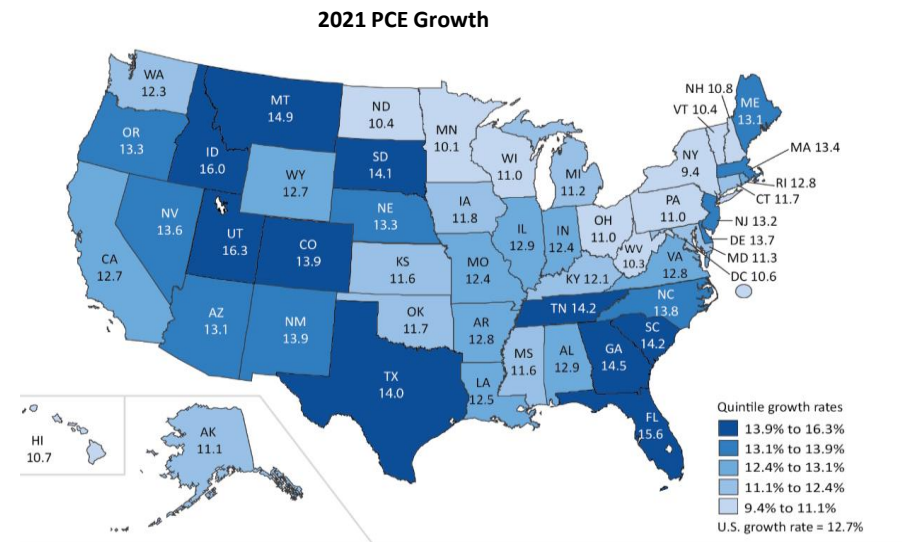
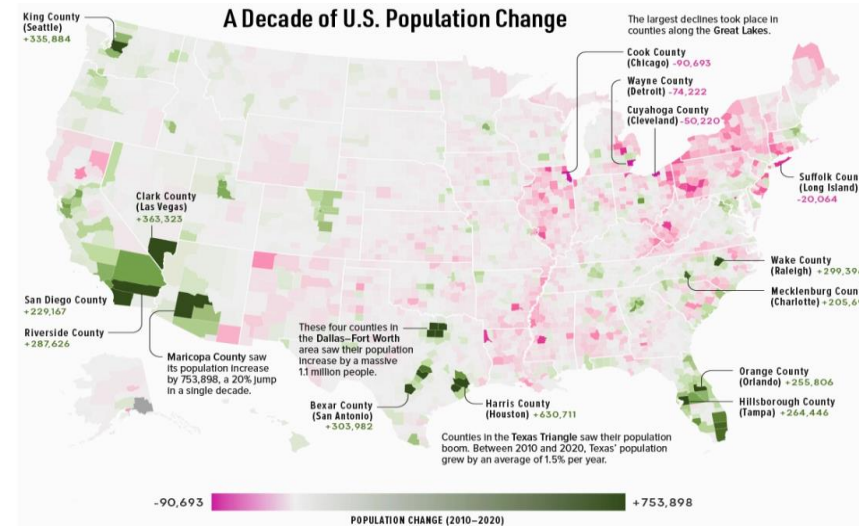
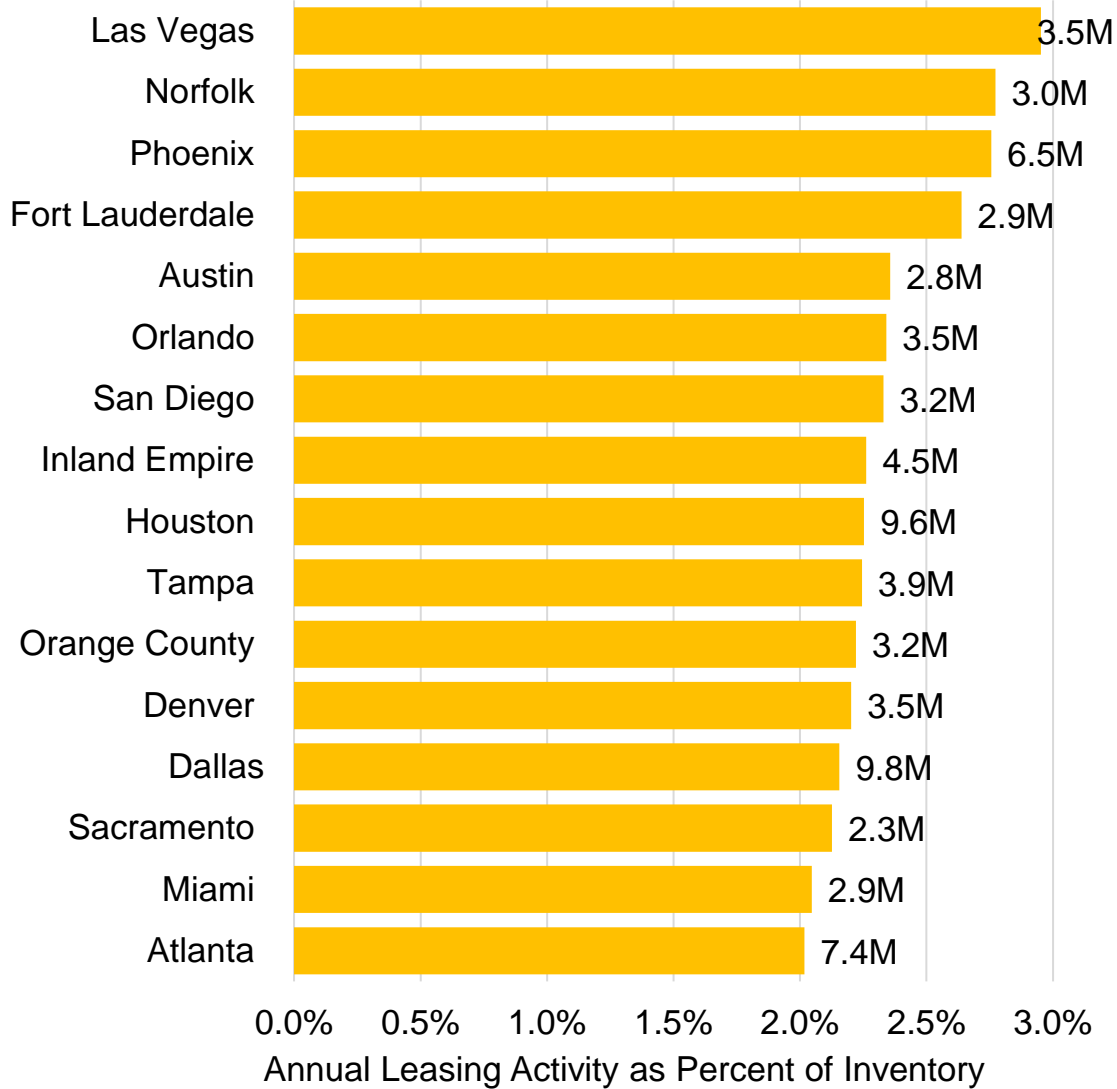
10,001 - 25,000 SF



25,001+ SF

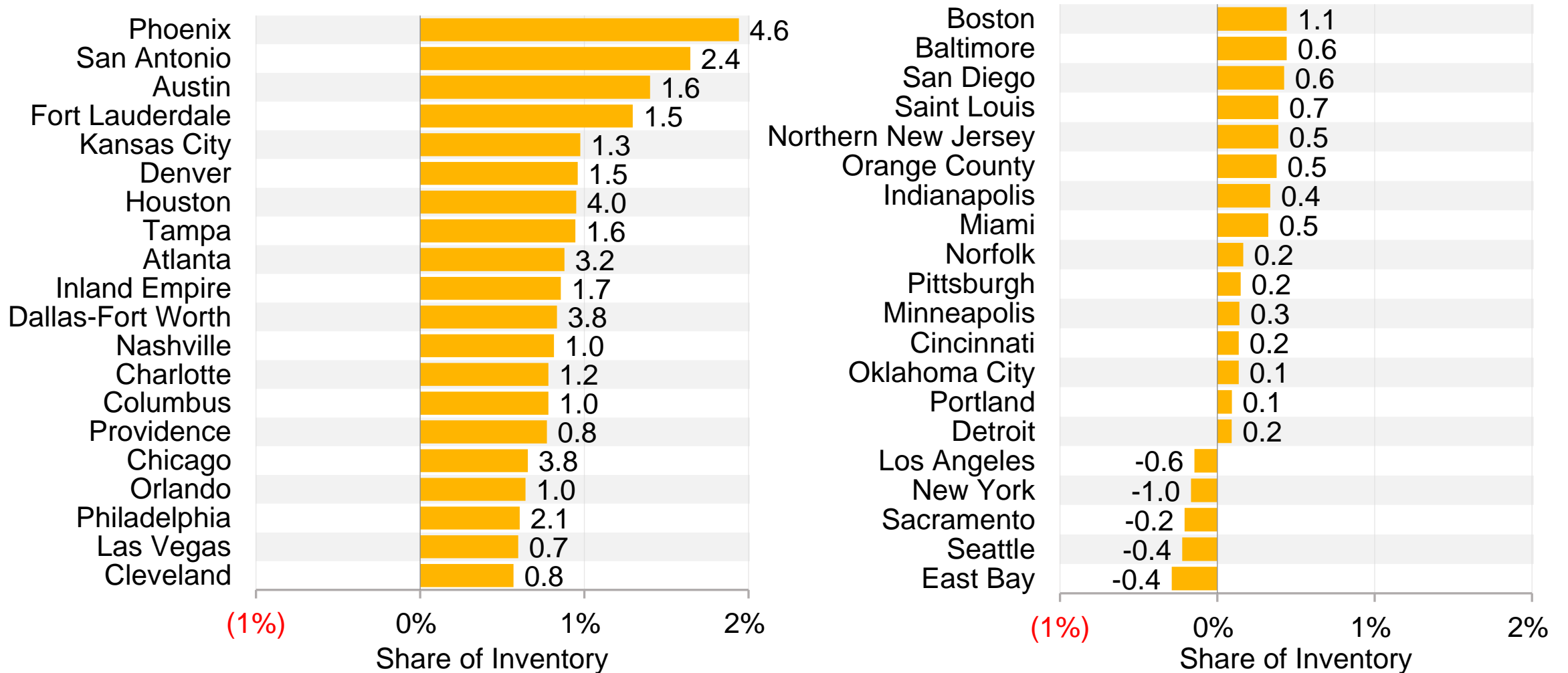


Retail Leasing Following Rooftop and Spending Growth



Bureau of Economic Analysis

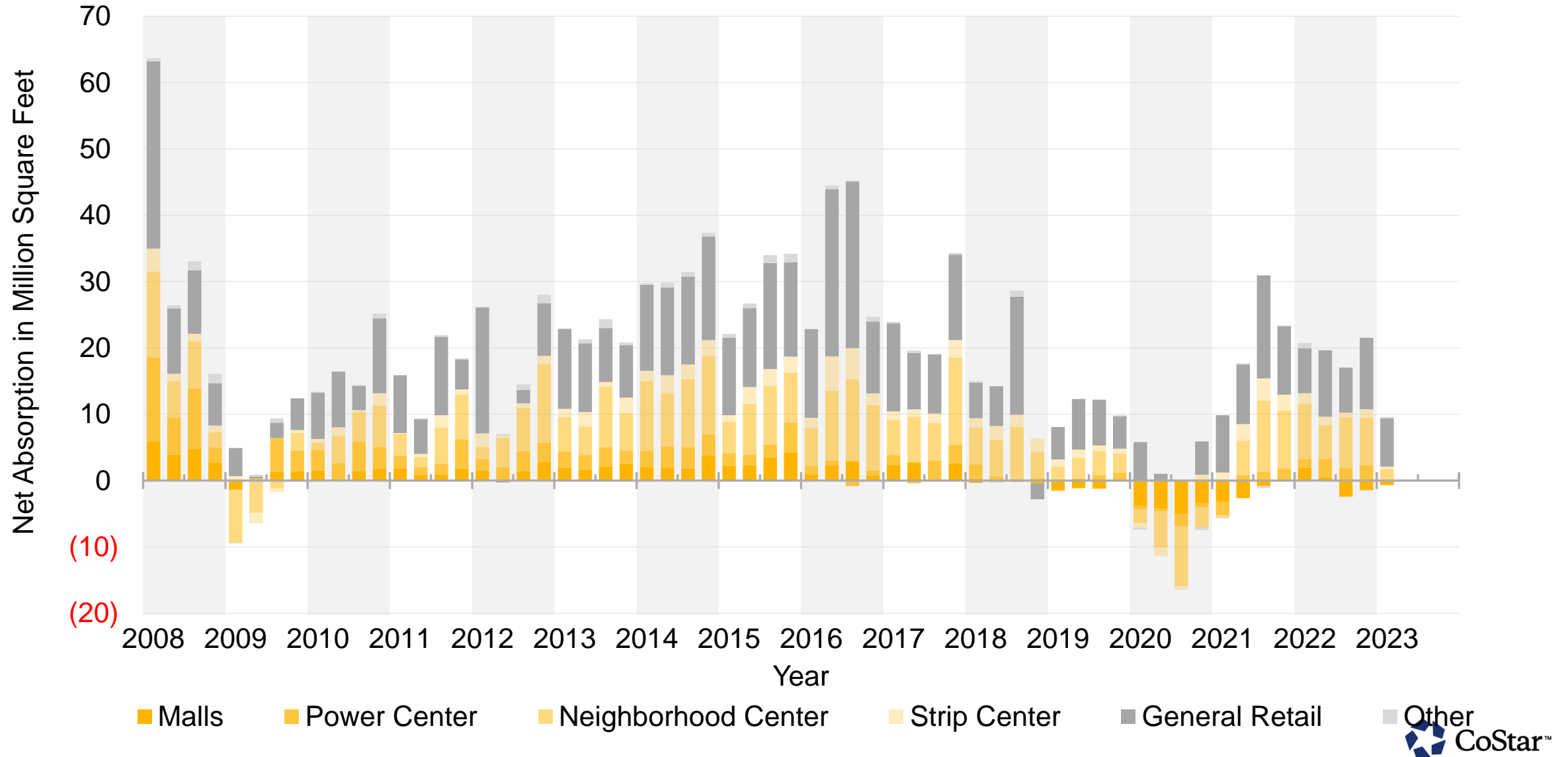
Fast-Growing Southern and Westerns Markets Lead Demand Formation



■ Net Absorption (Last 4 Quarters)

Note: Includes markets with 100 Million+ Square Feet inventory. Labels show Net Absorption in Million Square Feet.

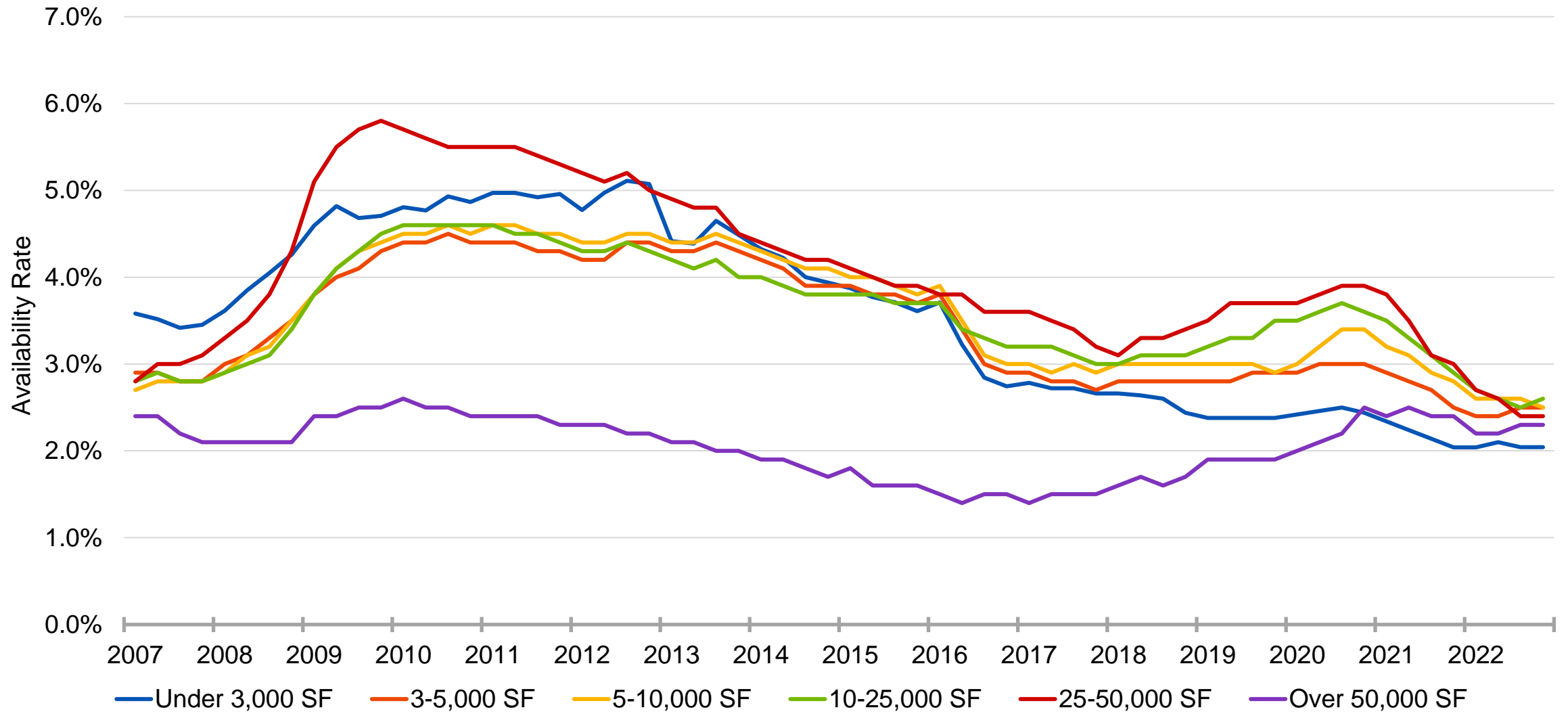
Retail Net Absorption by Center Type



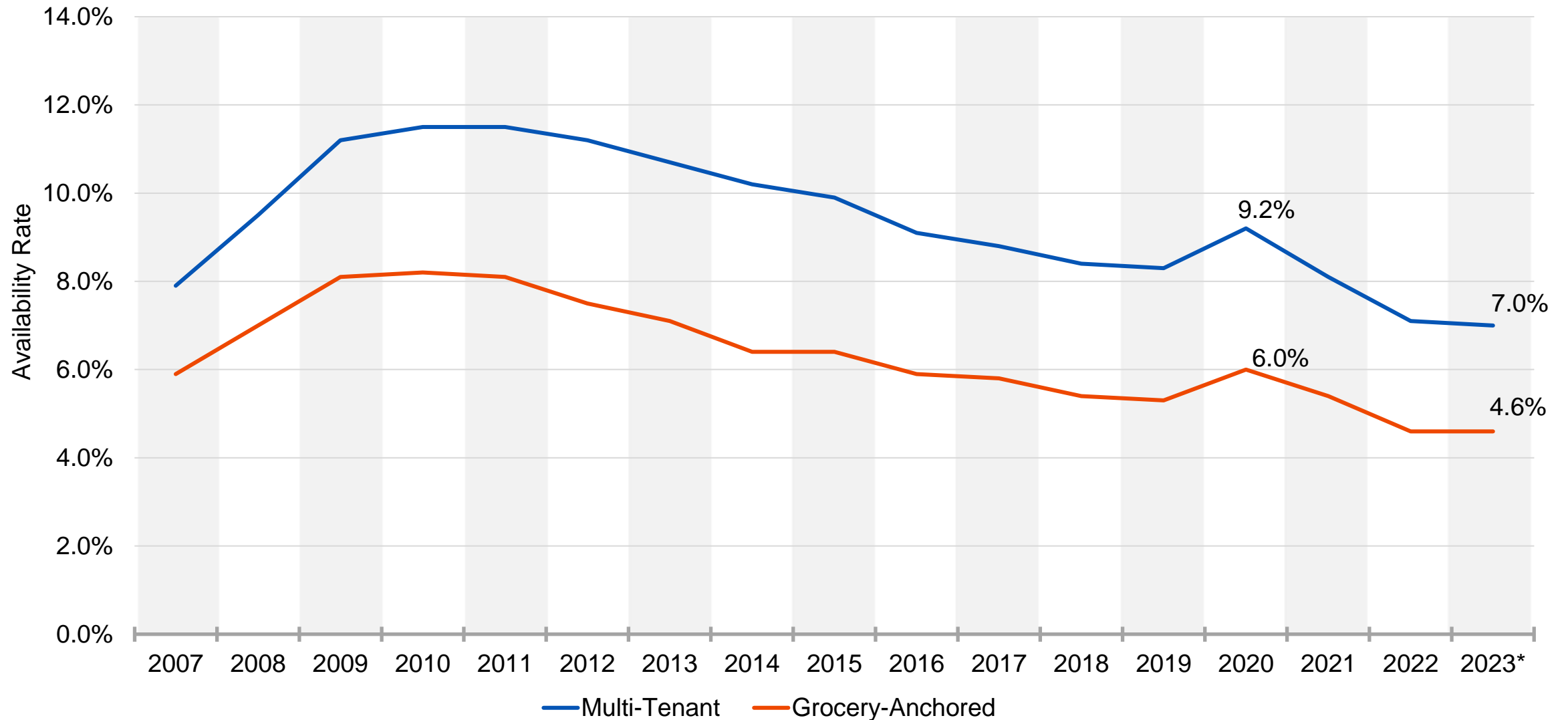
Retail Availability has Compressed to Record Lows



Single-Tenant Availability Tight Across Box Sizes



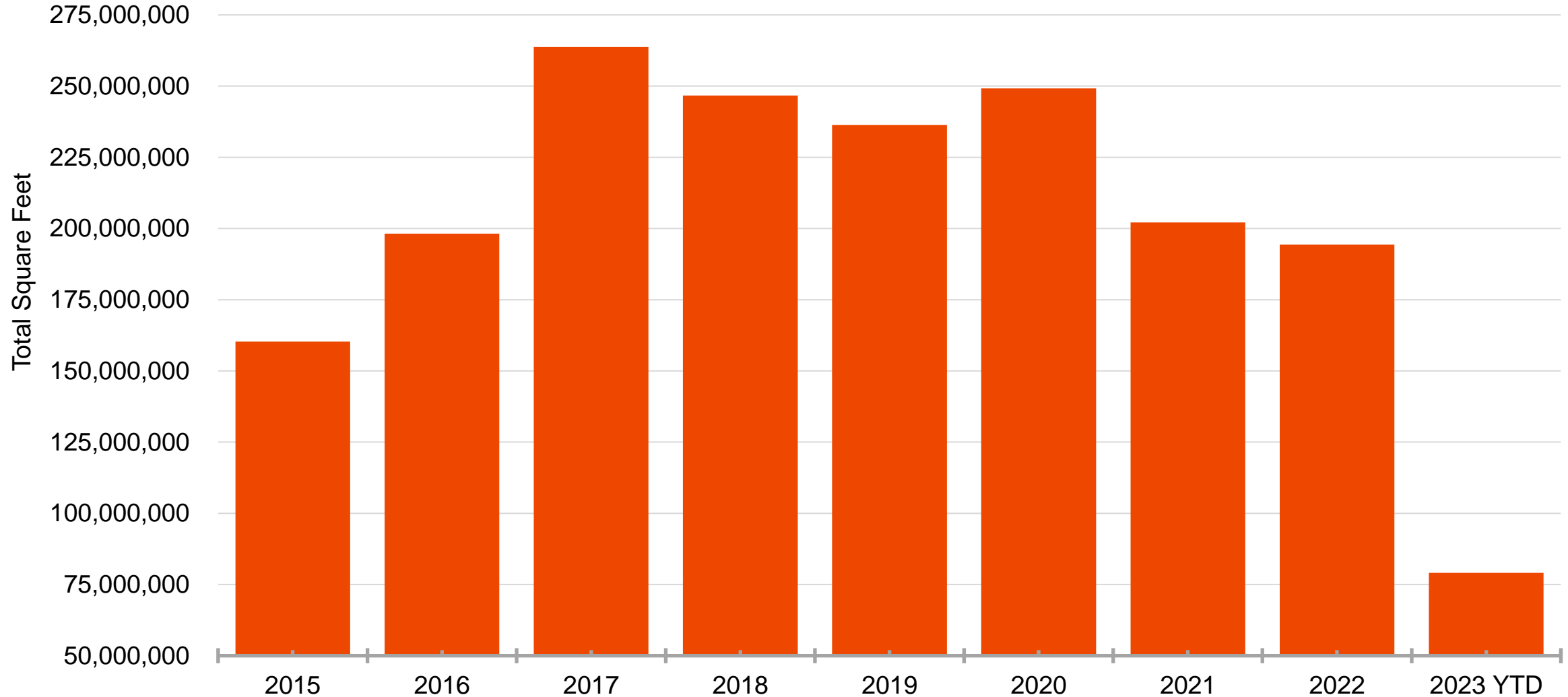
Multi-Tenant Availability Rate Also At Record Low



Includes multi-tenant retail centers over 10,000 SF

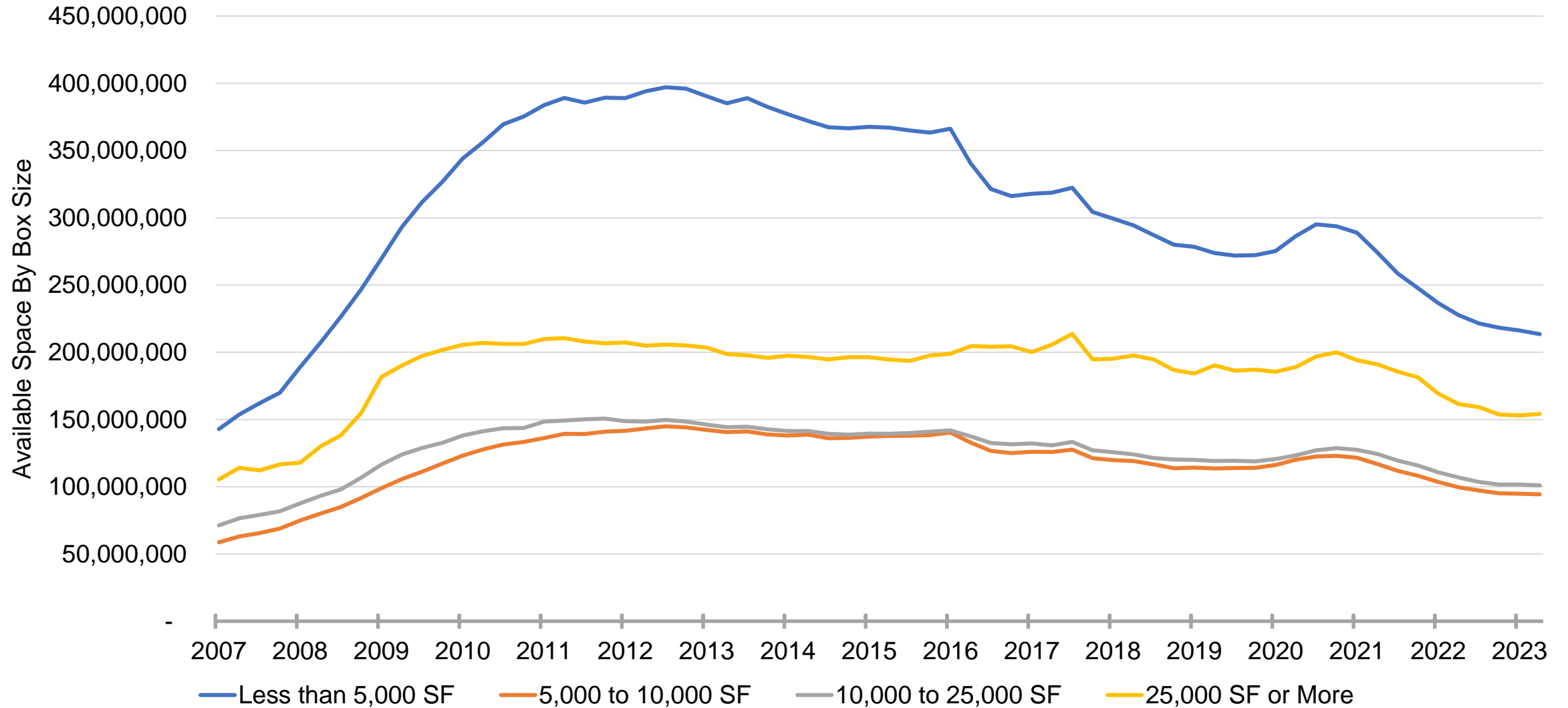
* As of April-23

Multi-Tenant Centers Benefiting Most From Reduced Move Outs

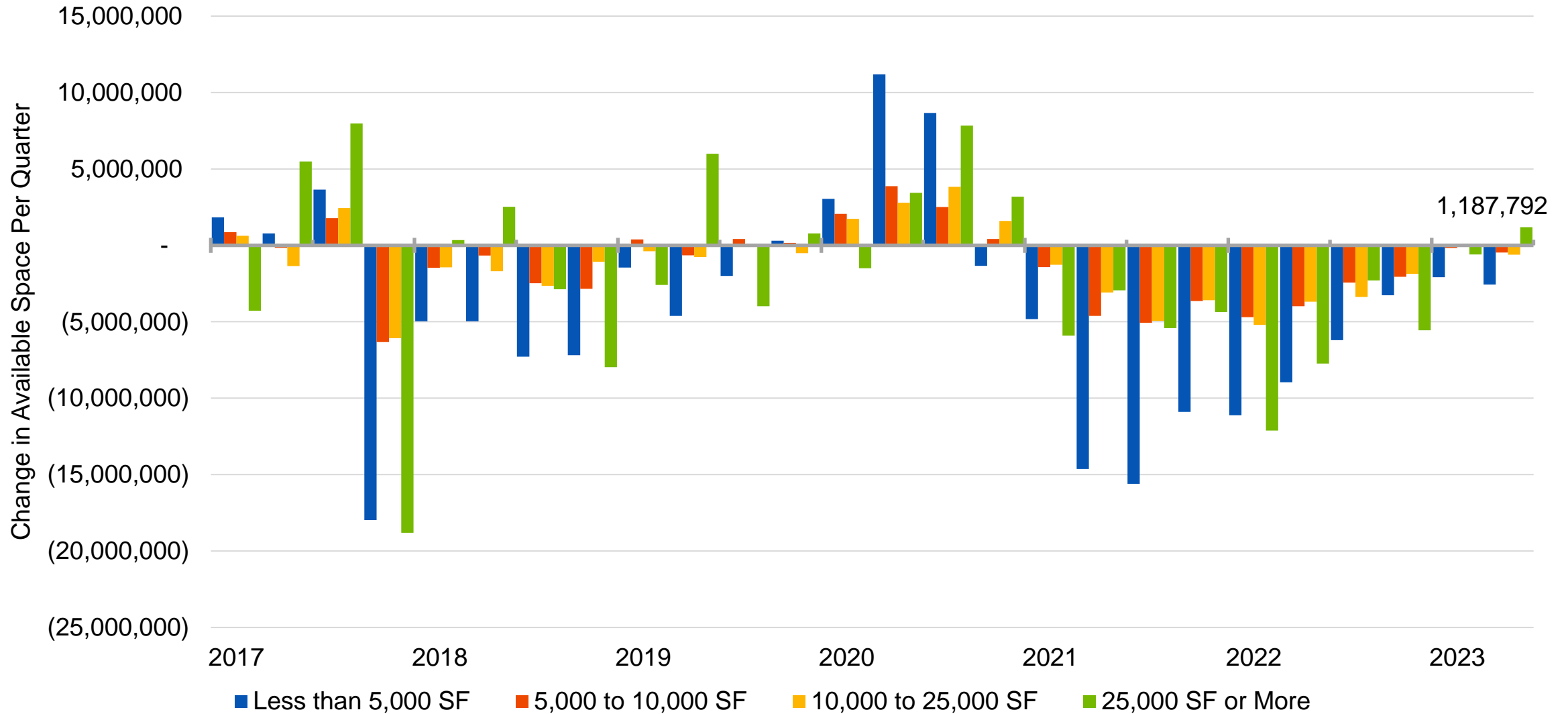


* Includes multi-tenant retail properties over 10k SF
As Of May 15, 2023

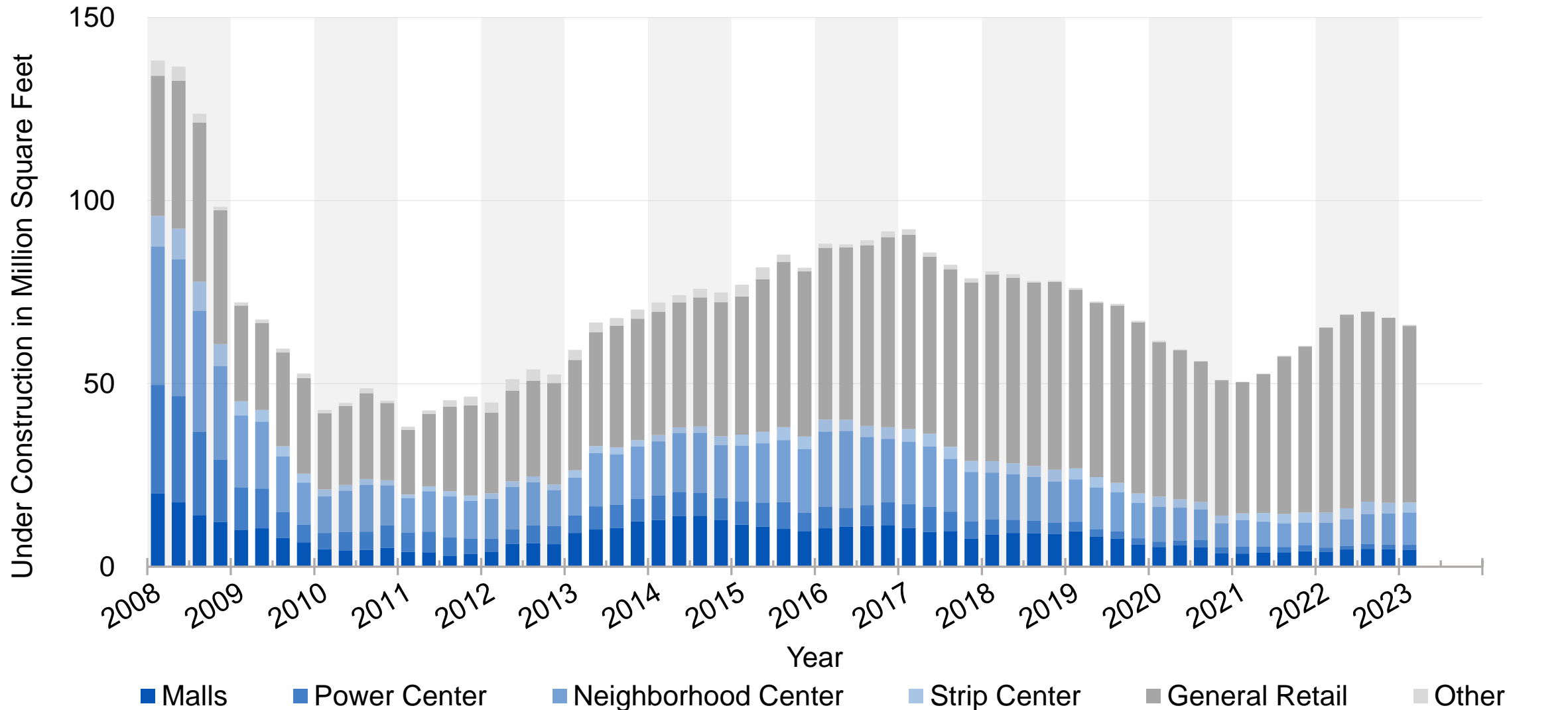
Multi-Tenant Market Tight Across Box Sizes



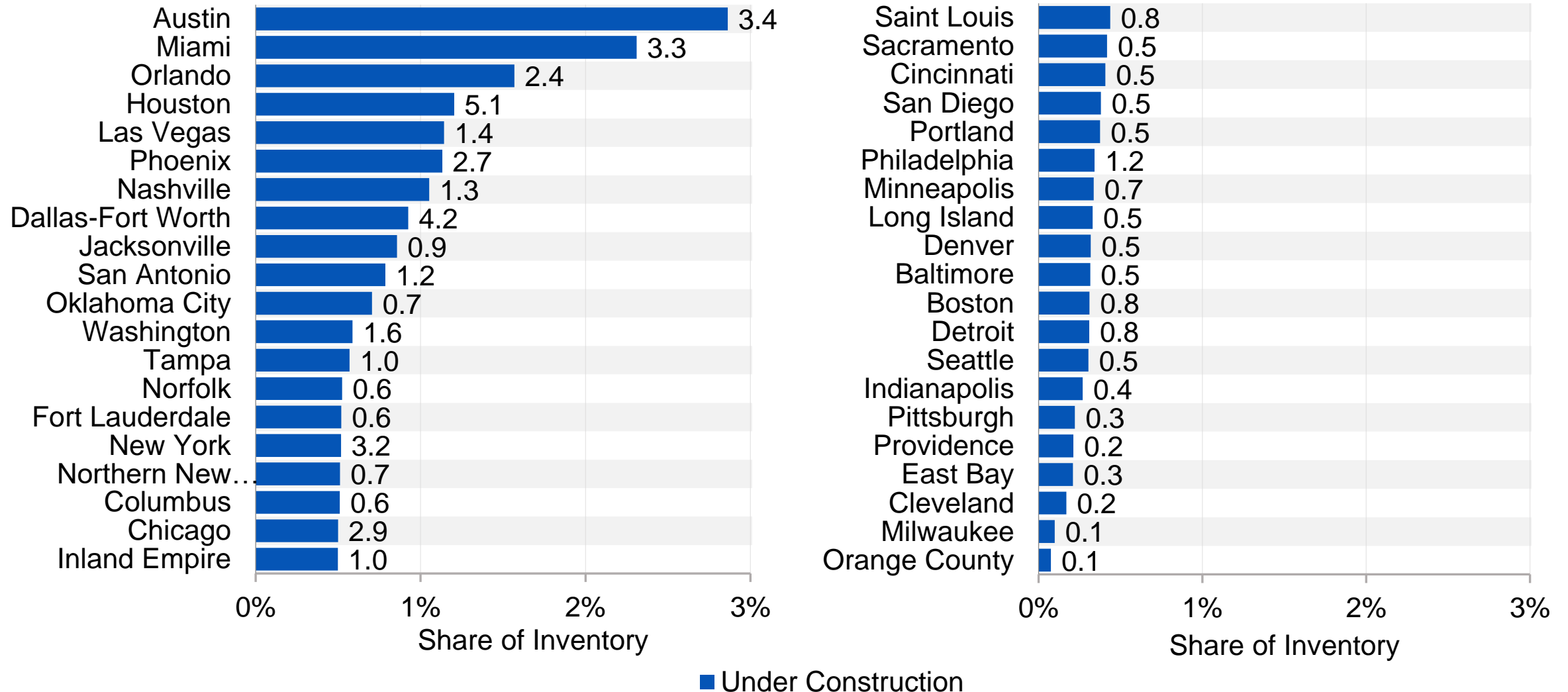
Change in Available Multi-Tenant Space by Box Size



There is little threat (or relief) coming from new supply

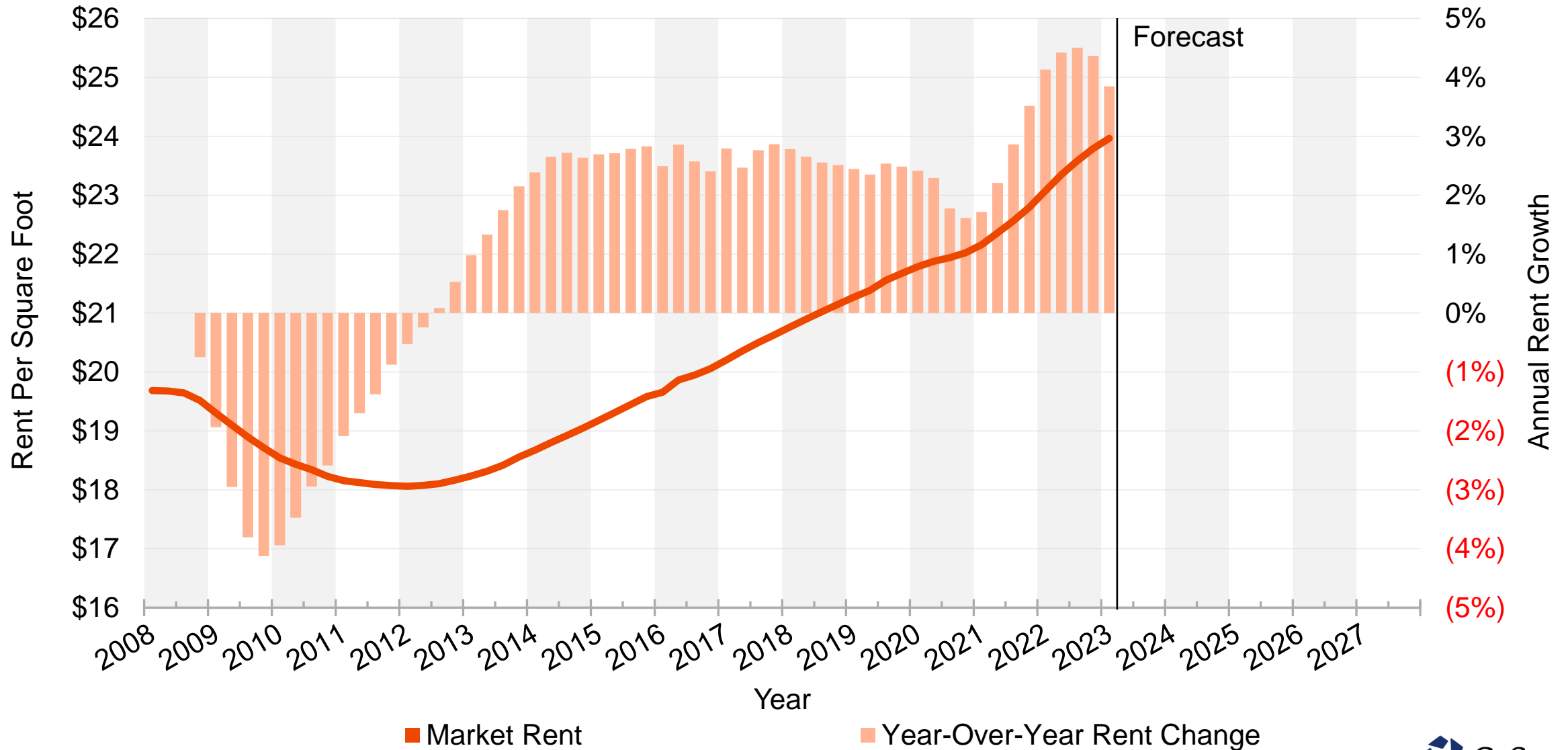


Space Under Construction As Share of Inventory

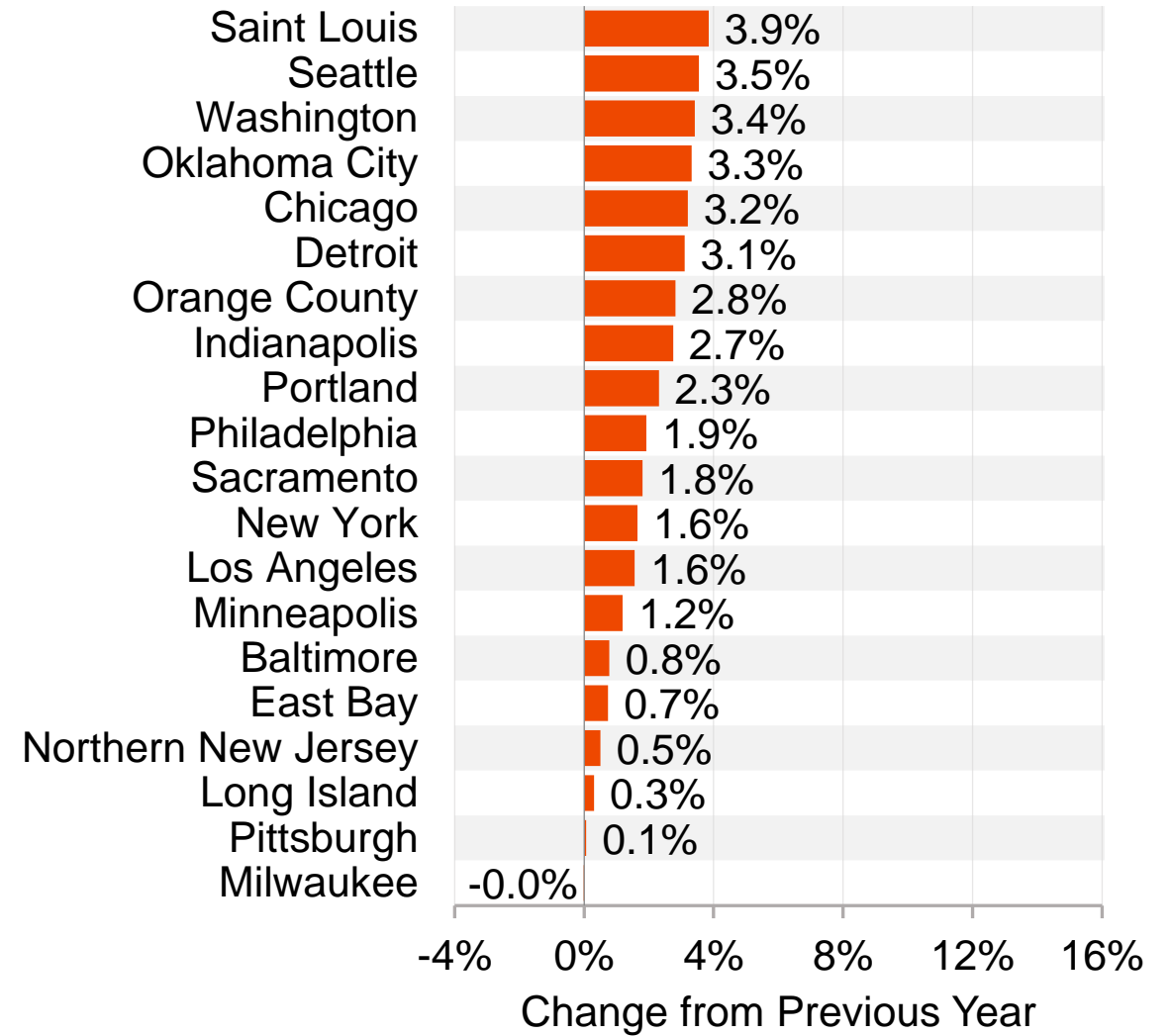
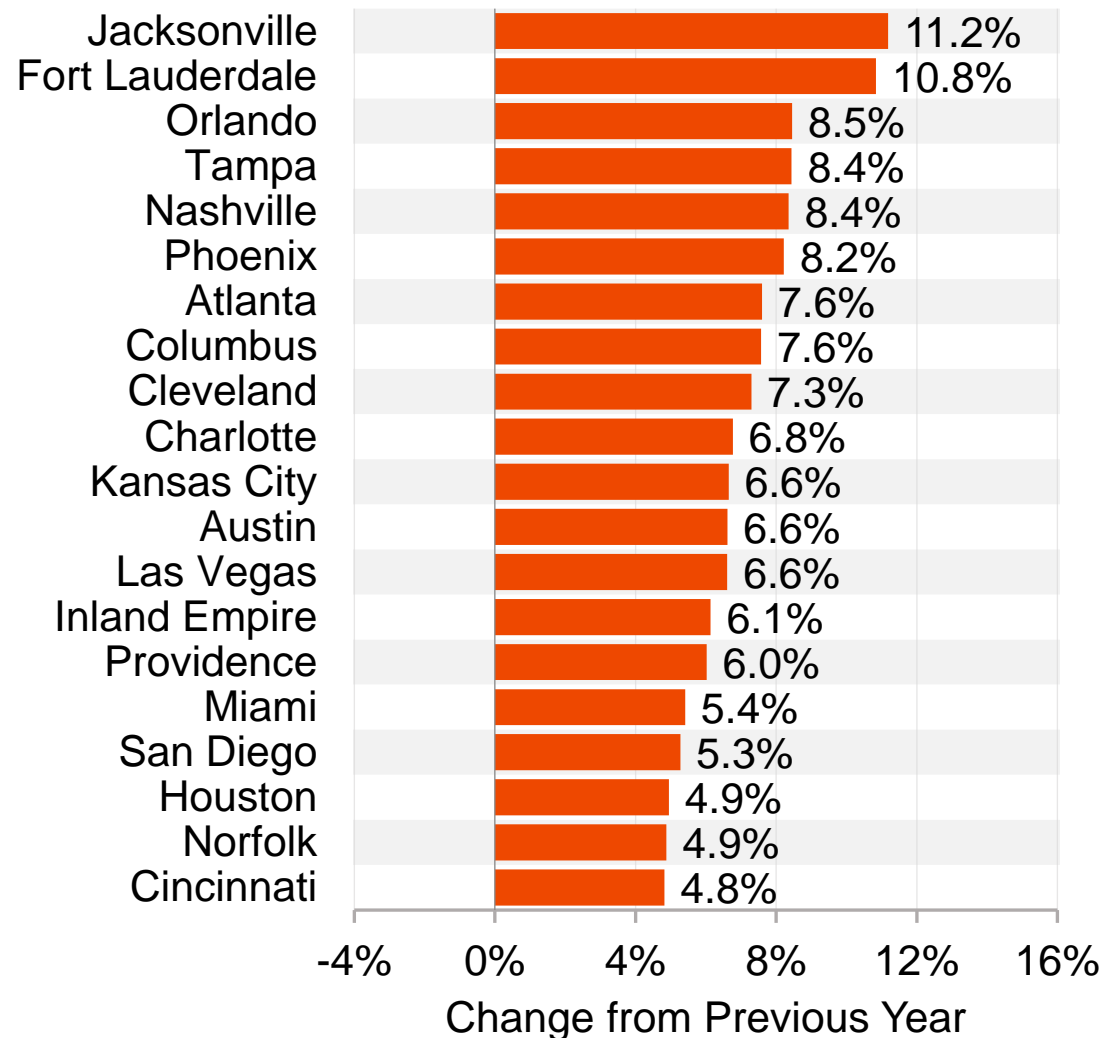


Note: Includes markets with 100 Million+ Square Feet inventory. Labels show Under Construction in Million Square Feet.

Retail Rent Growth Acceleration Moderating



Fast-Growing Southern Markets Pacing Rent Growth

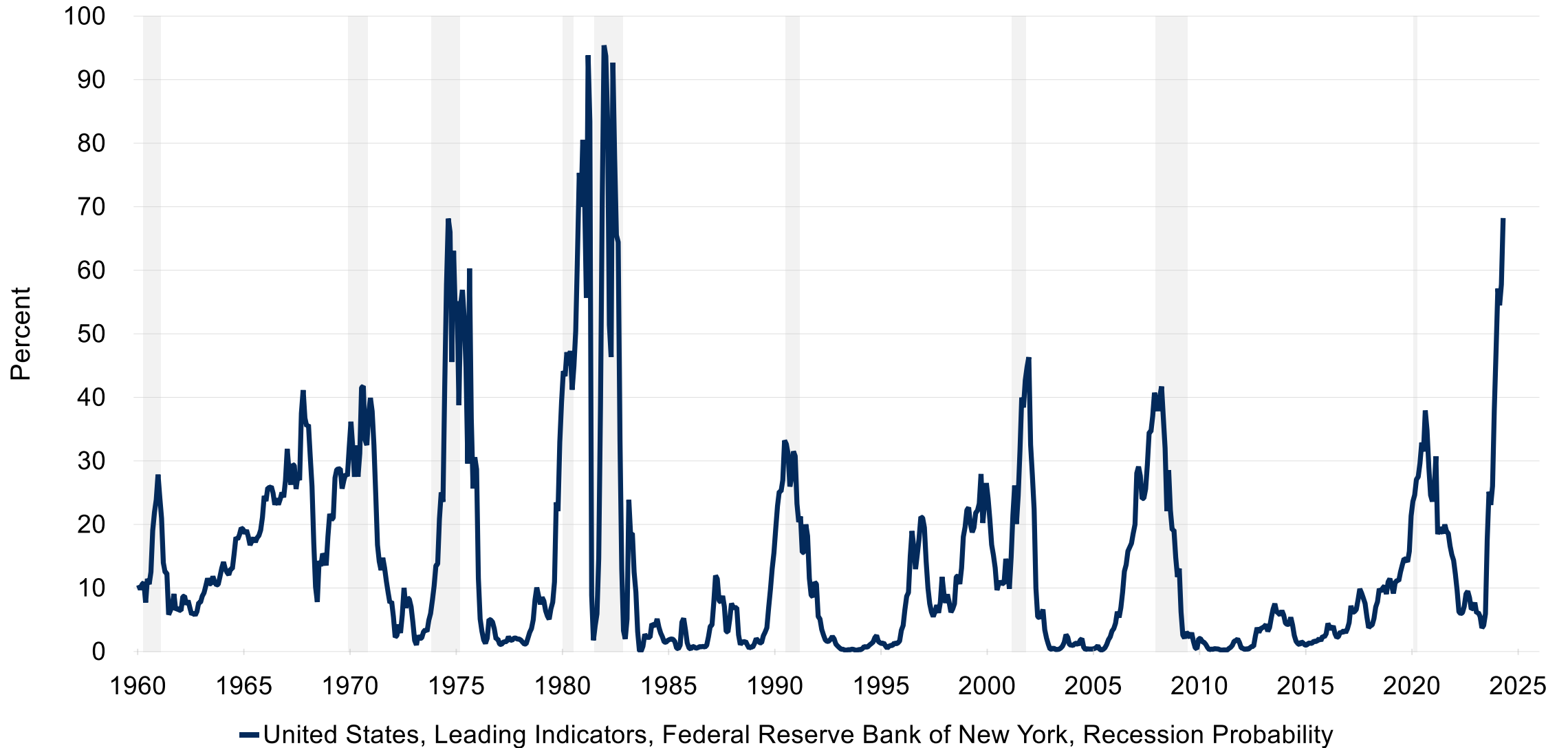


■ Rent Growth

■ Rent Growth

Note: Includes markets with 100 Million+ Square Feet inventory.

Probability of Recession Over the Next 12 Months



Source: Federal Reserve Bank of New York, 4/2024

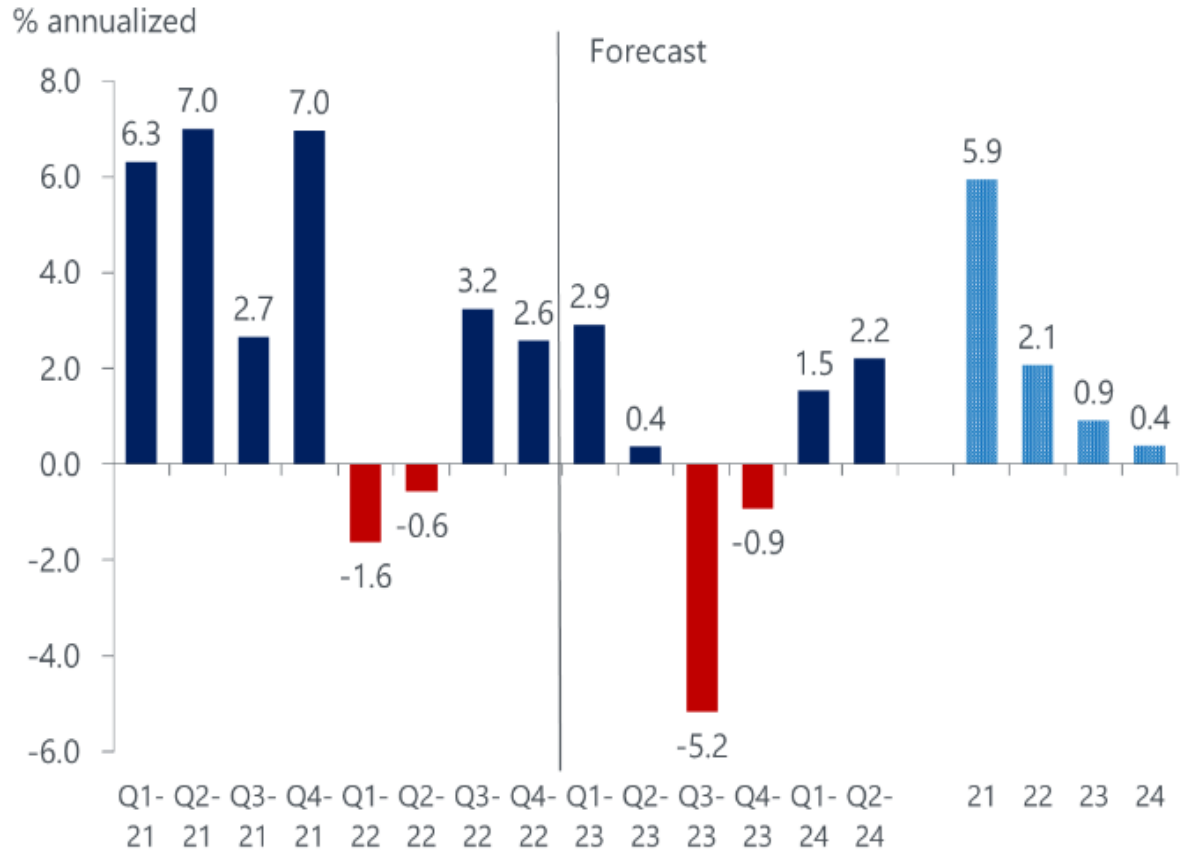
Oxford Consumption and GDP Forecast

US: Real consumer spending



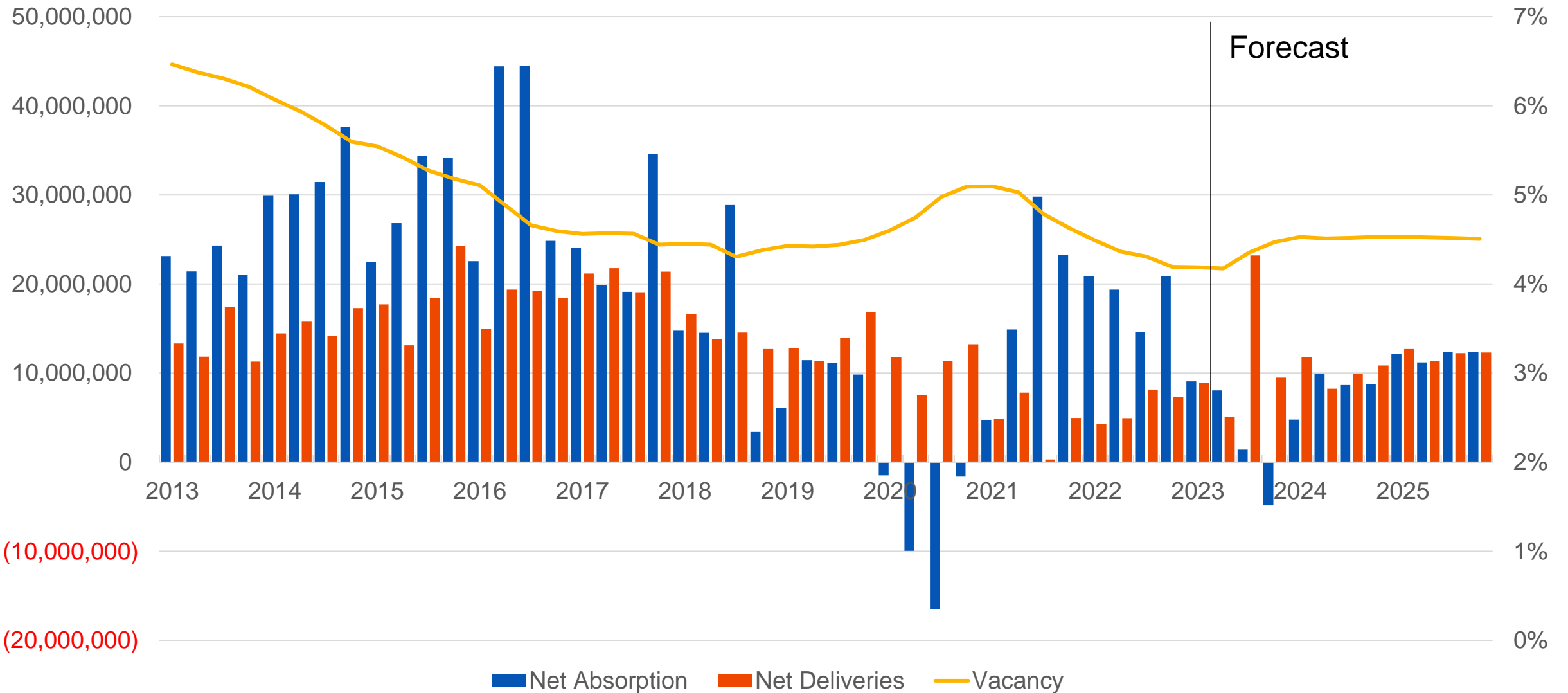
Source: Oxford Economics

US: GDP Forecast



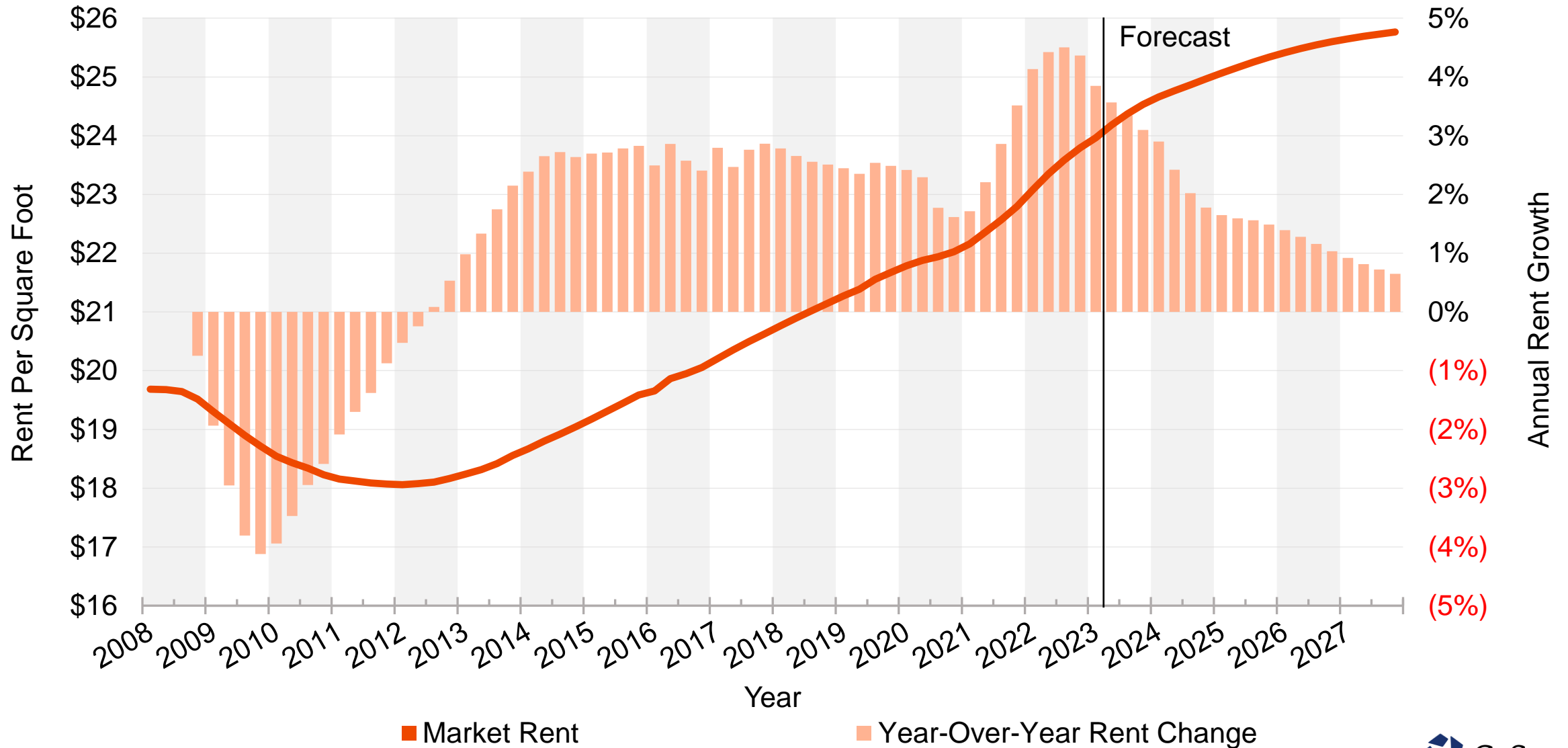
Source: Oxford Economics/Haver Analytics

Retail Fundamentals: Base Case Forecast

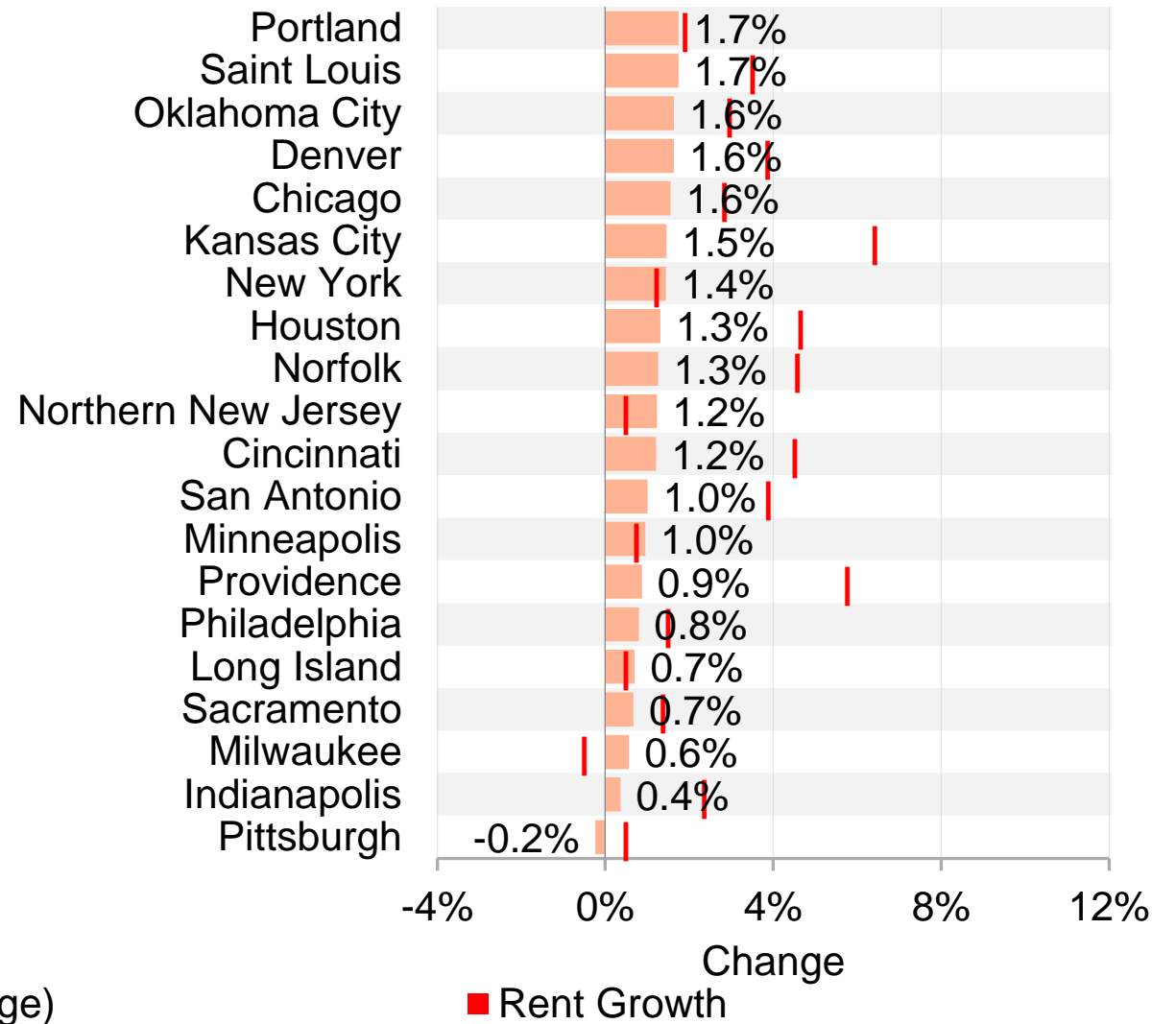
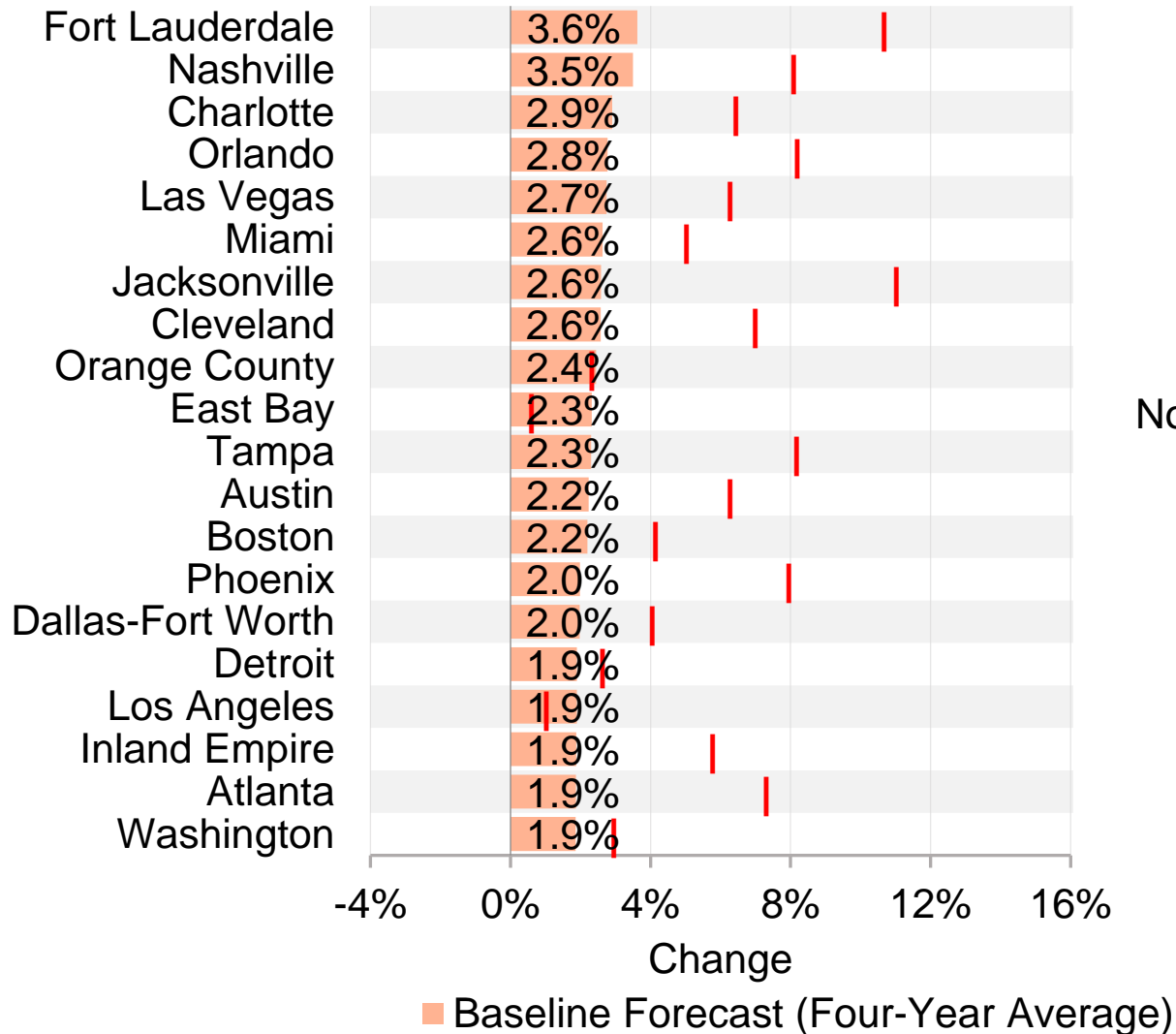


(10,000,000)
(20,000,000)

Retail Rent Growth: Base Case Forecast



Base Case Rent Growth Forecast, by Market



Note: Includes markets with 100 Million+ Square Feet inventory.

Space Market Takeaways

- ▶ Total retail square footage available for lease is at its lowest levels on record resulting in a shortage of desirable space in the right locations.
- ▶ Tightening availability has been driven by both demand and supply side drivers.
- ▶ Demand side drivers include continued steady expansion for many food and beverage, discount, off-price, and experiential tenants coupled with a significant reduction in the amount of space being vacated by tenants.
- ▶ Supply side pressure remains minimal as relatively little retail development activity is underway across the U.S., while the recent increase in construction financing costs should continue to weigh on starts.
- ▶ A lack of available space coupled with minimal supply-side pressure puts the retail market in an advantageous position to withstand the recent wave of bankruptcy and closure announcements.
- ▶ Demand formation and rent growth are forecast to stall over the next year in response to a forecasted recession and resulting pullback in consumption. However, space market fundamentals are still expected to remain in healthy balance for the foreseeable future.