

'26

RETAIL

*National Investment
Forecast*



TO OUR VALUED CLIENTS

The retail real estate outlook remains positive. Of course, uncertainty about the economy and future growth is creating headwinds, as is the shuttering of some well-known brands. In many ways, though, that is just background noise. Development of retail space remains limited, and many concepts are expanding their footprint. Vacancy rates have stayed range-bound near record lows, and rents continue to rise. For investors, cap rates remain relatively stable, and interest rates are inching down. This combination of positive demand in a modest new supply climate and the opportunity to generate positive leverage in many cases will continue to support retail real estate investment in 2026.

Questions about the impact of tariffs and consumer finances continue to raise concerns that consumption could soften, but on balance, household finances are solid. Total savings are at a record high, and debt as a percentage of income remains low. Wages continue to outpace inflation, and although job creation has weakened, it remains positive. Taken together, these factors will continue to support retail real estate performance through the coming year, barring a major black swan event.

To help commercial real estate investors as they consider the variety of opportunities found across the country, Marcus & Millichap presents the 2026 Retail National Investment Forecast. Our investment and financing professionals look forward to helping you achieve your investment goals.

Thank you and here's to your continued success,



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Developed by Marcus & Millichap Research Services.

Additional contributions were made by Marcus & Millichap investment brokerage professionals nationwide.



EXECUTIVE SUMMARY

NATIONAL RETAIL INDEX (NRI)

- Several southeastern markets stand out in the 2026 rankings as years of robust in-migration and household formation have supported notable demand for retail space. The top five metros will all record occupancy levels, job creation, and household formation in the top third of ranked metros and are in either the Carolinas or Florida.
- Other Sun Belt metros rank slightly lower amid some new supply pressure. Meanwhile, several major East and West Coast markets benefit from low and stable vacancy even amid softer population growth, with some key gateway metros beginning to see some material improvement after challenges in prior years.

NATIONAL ECONOMY

- Consumer spending held firm in 2025, with retail sales rising 4 percent year-over-year despite new tariffs and elevated uncertainty. Wage growth continued to outpace inflation, supporting household budgets. Yet, consumers became more bifurcated, with the top 20 percent of earners driving a record 60 percent of personal outlays. As more retailers plan to pass on tariff costs, middle- and lower-income budgets may tighten further.
- Early 2026 should get a lift from larger tax refunds, with the average refund projected to rise about 18 percent from 2025. Total outlays may approach \$517 billion, the largest total since 2017. Later in the year, inflation may ease as well, if tariffs hold near current levels, supporting broader spending.

NATIONAL RETAIL OVERVIEW

- The retail sector — like consumers — exhibited resiliency in 2025. After a rise in the nation's inventory of vacant retail space in the first half, demand promptly corrected course. With overall vacancy on par with the prior 10-year average, the outlook for 2026 is optimistic.
- While planned and unplanned store closures will certainly occur, many other companies are plotting growth. The smallest annual delivery slate on record will direct many retailers to backfill vacant existing space. Less exposed to tariffs, service-based tenants may lead leasing velocity this year.

CAPITAL MARKETS

- While a change in leadership creates some uncertainty about near-term monetary policy, the Federal Reserve's rate cuts in 2024 and 2025 have already created a more accommodative borrowing environment. This should help facilitate what is anticipated to be a more liquid year for capital markets. As more lenders become active, competition could lower borrowing costs for investors, boosting transaction activity.
- CMBS lenders, banks, and investor-driven capital sources have all become more active in financing retail property investment sales. CMBS originators tend to favor shopping center transactions, where capital infusions are larger. Banks are the most common lenders for unanchored assets. While individual terms vary, underwriting standards remain firm, prompting borrowers seeking higher LTVs to consider debt funds.

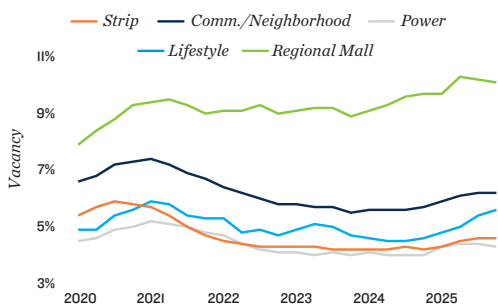
INVESTMENT OUTLOOK

- Overall deal flow rose by 22 percent in 2025, as retail trading accounted for more than one-third of all primary commercial real estate sales activity. Moving forward, private investors will continue to compete for smaller multi-tenant listings. For institutions, well-located shopping centers, especially those with high-credit anchor chains and long-term leases, should remain attractive options. Overall, the buyer pool will remain diverse.

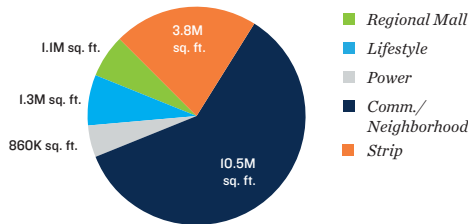
SINGLE-TENANT OUTLOOK

- The single-tenant segment enters 2026 on historically solid footing, with vacancy holding in the 4 percent band. Conditions are favorable for property owners across many metros. The disparity between vacancy in the nation's least and most vacant major markets was less than half that of the multi-tenant segment. Convenience store, quick-service, and supermarket vacancy remains scant, offsetting historically high drug and department store availability.
- The number of single-tenant transactions recorded last year was the third-highest on record, surpassing every annual total prior to 2021. Activity among private investors was largely responsible, with many using 1031 exchanges.

Centers Enter 2026 on Varied Footing



Multi-Tenant Pipeline Composition



Share of Active Pipeline
(Approximately 17.5 Million Sq. Ft.)*

55%

Pipeline Share in Arizona,
California, Florida, or Texas

Top Tenants and New Leases

SQ. FT.		NEW LEASES	
Crunch Fitness	2M	Dollar Tree	70+
Burlington	1.4M	Crunch Fitness	50+
Spencer Gifts	1.2M	Verizon	50+
Planet Fitness	1M	Burlington	45+
Dollar Tree	858K	Spencer Gifts	45+
Target	840K	Planet Fitness	45+
Aldi	719K	Five Below	40+
EoS Fitness	683K	H&R Block	35+
Goodwill	561K	Goodwill	35+
Ollie's Bargain	546K	Jersey Mike's Subs	35+
Ross Stores	544K	Chipotle	30+

Note: Data reflects only new direct and sublet leases executed in 2025

* Active pipeline as of mid-January 2026

Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; Health & Fitness Association

Multi-Tenant Properties Face Varying Degrees of Near-Term Challenges

Centers minimally impacted by new supply during trying period. For the past 11 years, multi-tenant vacancy has hovered in the mid-5 to high-6 percent range — a testament to the sector's ability to withstand rounds of store closures. Vacancy, however, rose 50 basis points last year despite positive second-half absorption, with preliminary data from the first quarter of 2026 pointing to further upward movement. Fortunately, new supply pressure is minimal. Removing projects in Arizona, California, Florida, and Texas, only 8 million square feet was underway at the start of 2026, including active pipelines for 30 major markets.

PROPERTY TYPE NUANCES

- **Strip Centers:** Benefiting from a sizable tenant base, the property type was the only multi-tenant segment to record positive, albeit slight, net absorption last year — with vacancy resting 70 basis points below the prior 10-year average.
- **Community-Neighborhood Centers:** Net relinquishment exceeded 16 million square feet in 2025 as these shopping centers were most exposed to the rise in store closures. Still, vacancy is on par with the subsector's long-term mean.
- **Power Centers:** At 4.2 percent, these properties entered 2026 with the lowest collective vacancy rate among multi-tenant types. Net space relinquishment in 2025, however, totaled nearly 3.5 million square feet.
- **Lifestyle Centers:** Vacancy remained in the 4 to 5 percent range for a 12th consecutive year during 2025, despite the property type recording the largest year-over-year increase — 100 basis points — among shopping centers.
- **Regional Malls:** The segment entered 2026 with vacancy 210 basis points above its prior 10-year mean, which is weighing on average asking rent.

Expansion-Minded Tenants Backfilling Spaces

New leasing activity reflects a more budget-conscious consumer. The wave of store closures that occurred across shopping centers over the past two years has expanded brick-and-mortar options for companies intent on growing their physical retail footprint in 2026. Of late, off-price retailers, including Burlington, Goodwill, Ollie's Bargain Outlet, and Ross, have been among the most active backfillers of larger-format space, with Wayfair also establishing a physical presence via large-scale immersive stores. As budget tightening among lower- and mid-income households continues in 2026, additional expansions by these and similar retailers may materialize, aiding shopping centers with recent vacancies.

Gyms diversify shopping centers' tenant mix. U.S. consumers are dedicating more of their income to fitness, with plans to spend a collective \$60 billion on exercise-related expenses in 2026. As such, gyms are in growth mode. Last year, Crunch Fitness, Planet Fitness, EoS Fitness, and VASA Fitness inked new leases for a collective 4.2 million square feet of multi-tenant space — primarily 20,000- to 50,000-square-foot spaces at community and neighborhood centers.

Vacancy Resilience, Growing Populations, Development Barriers are Key Themes in 2026 NRI

Metros in the Carolinas, Florida, and Texas rank favorably. Markets across the Southeast stand out in this year's Index. Years of robust in-migration and household formation have supported notable demand for retail space in the region. These same factors will benefit the leading metros in 2026 as each of the top five markets will record occupancy levels, job creation, and household formation metrics in the top third of ranked geographies. Leading growth rates in property revenues and employment amid sub-4 percent vacancy place Charlotte (#1) at the front. Other markets, such as Nashville (#7), San Antonio (#9), and Orlando (#10) rank slightly lower due to new supply pressure, even with robust demographics. While retail construction activity is modest in most markets, existing properties in Austin (#12), Phoenix (#13), and Dallas-Fort Worth (#17) may face competition from upcoming deliveries. Meanwhile, Northern New Jersey (#14), Boston (#15), and Orange County (#16) benefit from low and stable vacancy even amid softer population growth, given these metros' difficult development environments and local spending power.

Forward progress anticipated in several major markets. San Francisco (#25) lands at the Index midpoint, characterized by high, but improving, vacancy in a land-constrained setting. Among other gateway metros, Chicago (#23) and New York City (#24) sit just above the Bay Area leader due to tighter vacancy. Washington, D.C., (#39) and Los Angeles (#43) rank lower on the 2026 NRI due, in part, to softer labor markets that will limit upward momentum in total retail spending. Nearby smaller markets, including San Diego (#44) and Baltimore (#48), fall into a lower echelon of the Index, given relatively high vacancy levels that will inch up further before 2027, constraining revenue growth. In what may be a more subdued hiring environment nationwide, metros lacking net in-migration – including Milwaukee (#47) and Cincinnati (#49) – are at the lower end of the Index despite year-over-year improvements in retail space demand.

Index Methodology

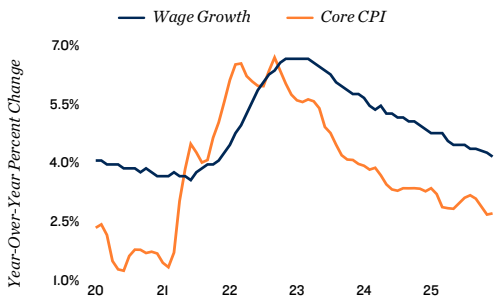
The NRI¹ ranks 50 major markets on a group of 12-month, forward-looking economic indicators and supply-and-demand variables. Metros are ranked based on their cumulative weighted-average scores across indicators, including projected job growth, vacancy, construction, retail sales, rent, and household formation. Weighing the incremental change over the next year, the Index is designed to show relative supply-and-demand market conditions and is not an order of investor preferences.

Users of the Index are cautioned to keep several important points in mind. First, the NRI is not designed to predict the performance of individual investments. A carefully chosen property in a bottom-ranked market could easily outperform a poor choice in a higher-ranked market. Second, the NRI is a snapshot of a one-year horizon. A market encountering difficulties in the near term may provide excellent long-term prospects, and vice versa. Third, a market's ranking may fall from one year to the next, even if its fundamentals are improving. The NRI is an ordinal Index, and differences in rankings should be interpreted carefully. A top-ranked market is not necessarily twice as good as the second-ranked market, nor is it 10 times better than the 10th-ranked market. Finally, the NRI does not factor in extreme weather-related risks.

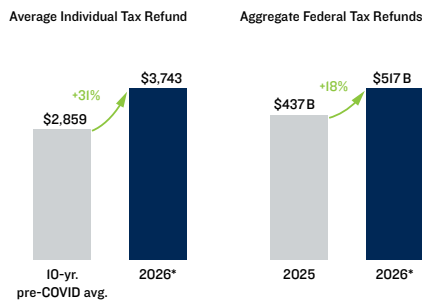
RANK	MARKET
1	Charlotte
2	Raleigh
3	Fort Lauderdale
4	Charleston
5	West Palm Beach
6	Tampa-St. Petersburg
7	Nashville
8	Miami-Dade
9	San Antonio
10	Orlando
11	Columbus
12	Austin
13	Phoenix
14	Northern New Jersey
15	Boston
16	Orange County
17	Dallas-Fort Worth
18	Salt Lake City
19	Louisville
20	Jacksonville
21	Indianapolis
22	Denver
23	Chicago
24	New York City
25	San Francisco
26	Houston
27	Cleveland
28	Las Vegas
29	New Haven-Fairfield County
30	Atlanta
31	Minneapolis-St. Paul
32	San Jose
33	Philadelphia
34	Pittsburgh
35	Kansas City
36	St. Louis
37	Detroit
38	Seattle-Tacoma
39	Washington, D.C.
40	Riverside-San Bernardino
41	Sacramento
42	Portland
43	Los Angeles
44	San Diego
45	Tucson
46	Oakland
47	Milwaukee
48	Baltimore
49	Cincinnati
50	Memphis

¹ See National Retail Index Note on page 64.

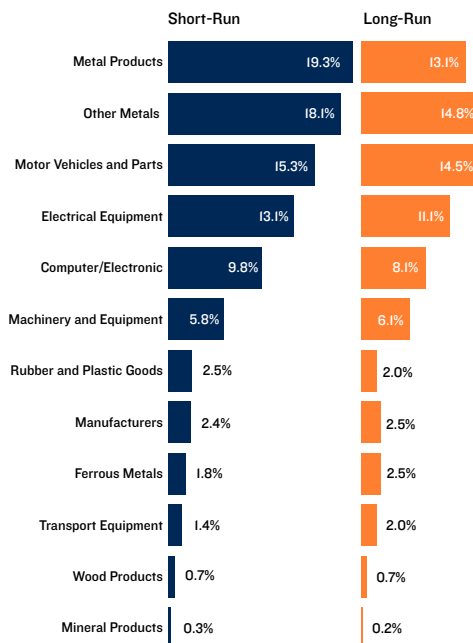
Real Wage Growth Remains Positive



Higher Refunds Support Retail Demand



Long-Run Tariff Impacts Fall as Markets Adjust



Estimated percent change in U.S. prices vs. no-tariff baseline. ** Short-run: pre-substitution. Long-run: post-substitution.

* Estimates and figures from IRS, Wells Fargo

** Estimates based on tariffs in effect as of Feb. 21, 2026. Assumes tariffs enacted under Sec. 122 expire after 150 days.

Tax Refunds and Softer Inflation Outlook
Build Support for Spending, Despite Tariff Pressures

Split consumer reinforces category divergence. Consumer spending held firm in 2025, with retail sales rising 4 percent year-over-year as the economy avoided widespread layoffs, despite new tariffs and elevated uncertainty. Wage growth continued to outpace inflation, supporting household budgets. Yet, consumers became more bifurcated, with the top 20 percent of earners driving a record 60 percent of personal outlays. As more retailers plan to pass on tariff costs, middle- and lower-income budgets may tighten further. Discretionary, tariff-exposed products like apparel and appliances could see softer demand as consumers favor daily needs and value goods, including used merchandise, which ranked among the fastest-growing retail segments in 2025. Meanwhile, higher-income households should maintain steadier spending in categories such as personal care and full-service dining. Early 2026 should also get a lift from larger tax refunds, with the average refund projected to rise about 18 percent from 2025 and total outlays near \$517 billion, the largest total since 2017. Later in the year, inflation may ease if tariffs hold near current levels, supporting broader spending.

Tariffs push tenants toward leaner operations. With the effective U.S. tariff rate near 14 percent in early 2026, retailers are expected to stay focused on cost efficiency by shortening supply chains, narrowing product lines, and concentrating openings in proven trade areas. Sourcing should keep shifting away from tariff-heavy countries, such as China, toward Mexico and other nearby markets, while select durable-goods sellers pursue onshoring, including efforts by IKEA and GE Appliances to expand U.S. production. Some corporate owners may also divest weaker product types and pursue mergers that improve scale and sharpen value positioning. Meanwhile, select retailers may gain an edge from the rollback of the \$800 “de minimis” rule, which reduces the price advantage of low-cost direct shipping and improves competitive conditions for brick-and-mortar value retailers. This should most benefit companies that can source domestic or duty-paid inventory, while other firms less exposed to tariffs, such as restaurants and service providers, are also likely to prove more resilient in 2026.

2026 NATIONAL ECONOMIC OUTLOOK

- **Affluent renters bolster storefront leasing.** As elevated homeownership barriers keep higher earners in rentals longer, ground-floor storefronts in apartment buildings offer retailers a built-in customer base. With new space scarce amid high build-out costs, tenants should continue to favor existing locations, where vacancy has held below 2 percent versus roughly 6 percent for office storefronts.
- **Childcare tax credits support service retail expansion.** With tariffs and e-commerce pressuring some goods retailers, service tenants are expected to face better conditions. An enhanced Child and Dependent Care Tax Credit may channel more spending toward family services, supporting expansion among early learning operators such as Kiddie Academy, which plans to open over 30 schools in 2026.
- **Personal expression lifts niche retail.** Consumers are directing discretionary income to low-priced items that reflect their interests and fandom, including character merchandise, trading cards, and collectibles. This is driving growth in the hobby, toy, and gift categories and supporting retailers such as Miniso and CardVault.

Another Year of Restrained Vacancy Movement on Tap, Despite the Potential for Unforeseen Challenges

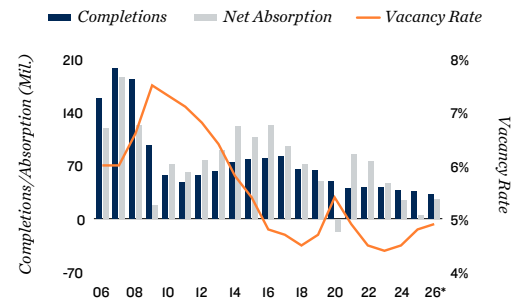
Retail overcomes hurdles. Faced with a historic wave of store closures and tariff-driven inflationary pressure, the retail sector — like consumers — exhibited resiliency in 2025. After the nation’s inventory of vacant retail space grew by nearly 9 million square feet during the first half, demand promptly corrected course. Supported by an encouraging fourth quarter, retailers absorbed a net of 15.5 million square feet during the final six months of last year, an improvement that translated to positive, albeit slight, annual net absorption. With overall vacancy on par with the prior 10-year average and the disparity between store closures and openings expected to be less pronounced in 2026, the outlook for the retail sector is optimistic. Still, notable planned and unplanned closures should be expected that will affect certain property owners, as evidenced by the early-year shuttering of Amazon Fresh and Eddie Bauer stores, along with 300-plus Wendy’s locations. Fortunately, companies are plotting growth, highlighted by Bob’s Discount, Aldi, Tractor Supply, and a list of experiential, off-price and quick-service retailers. Many will expand by occupying existing properties, as the smallest annual delivery slate on record limits new options for retailers, especially those without build-to-suit projects underway. Together, these dynamics will allow overall supply and demand to align during 2026. Still, fragmented performance will be visible, with vacancy ranging from 1 to 10 percent depending on property type.

Performance of other sectors supplements demand. The nation’s count of occupied apartments rose by more than 375,000 units last year, with office-using tenants absorbing a seven-year-high volume of space. This greater residential density and increased office usage are poised to aid foot traffic across many markets’ prominent retail corridors in 2026. The positive effects of these dynamics on retail patronage may be most apparent in major market CBDs. Across these downtowns, a collective 35 million square feet of office space was absorbed last year — the largest annual total on record — with the number of occupied apartments climbing by 50,000. Similar conditions may be noted across CBDs in 2026, as more than one-third of major metros are projected to record declines in overall apartment and office vacancy this year.

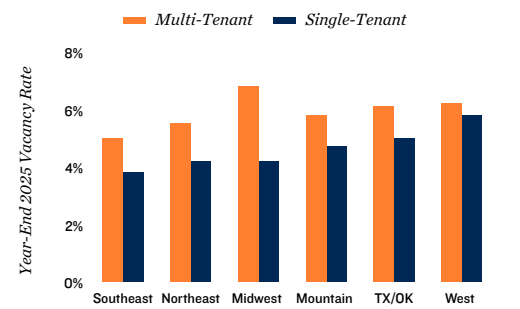
2026 NATIONAL RETAIL OUTLOOK

- **Count of smaller tenants poised to expand.** A record number of high-propensity business applications — those highly likely to become businesses with payroll — were filed last year. If traditional retail and service-related company formations increase in 2026, leasing activity could improve across strip centers and other properties with smaller storefronts suitable for new businesses.
- **Healthcare construction benefits nearby retail.** At least 15 health systems unveiled or advanced hospital projects worth \$1 billion or more last year. These and other expansions underway will support healthcare hiring across many major metros, a boon for retail foot traffic in areas proximate to new patient towers and campuses.
- **Insulated retailers drive velocity.** Less exposed to tariff- and e-commerce-driven pressures, service-based tenants may drive a larger share of leasing this year. Health providers, specialists, animal hospitals, and tutoring operations will aid shopping center owners, with these tenants having inked 1,000-plus new leases last year.

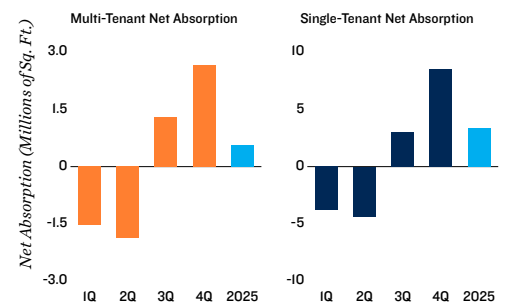
Supply and Demand



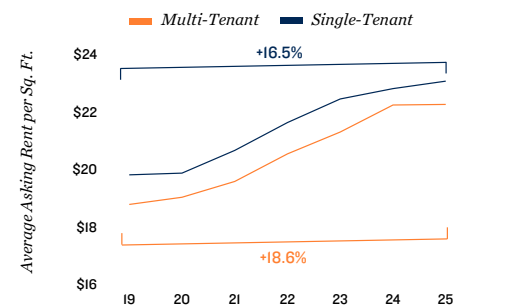
Southeast Stands Out for Retail Demand



Absorption Positive Despite Store Closures

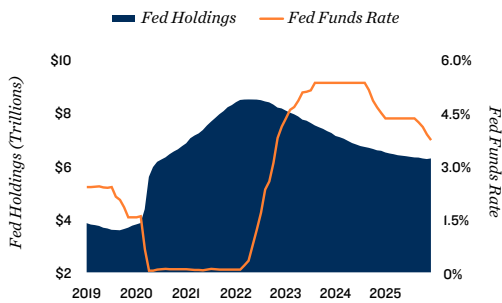


Marketed Rents at Historic Marks



*Forecast

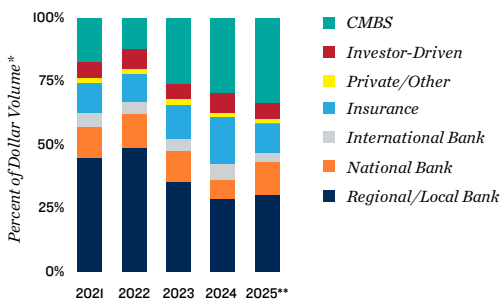
Federal Funds Rate Lower Entering 2026



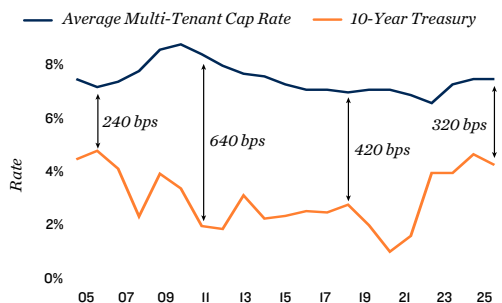
Treasury Yield Trends



Retail Lender Composition



Yield Margin Makes a Modest Return



Financing Conditions Increasingly Support Investment Sales for Many Types of Retail

Lending outlook positive amid Fed transition. While a change in leadership creates some uncertainty about near-term monetary policy, the Federal Reserve’s rate cuts in 2024 and 2025 have already created a more accommodative borrowing environment. This should help facilitate what is anticipated to be a more liquid year for capital markets. The Mortgage Bankers Association expects total commercial mortgage origination volume to increase nearly 25 percent in 2026, compared to last year. As more lenders become active, competition could drive borrowing costs even lower for investors, paving the way for increased acquisition activity, including for retail assets. Resilient consumer spending and property performance through the headwinds of 2025 provides optimism among lenders. This is especially true for grocery-anchored or necessity-oriented retail, as well as properties in areas experiencing increased residential density or office attendance.

Major capital sources becoming more active. After a subdued period from 2020 to 2022, CMBS issuance has increased. After falling to 12 percent in 2022, the share of retail acquisition lending from CMBS sources rose to 34 percent in 2025, exceeding the average for 2015-2019. Regional and local banks have also become more active over that same period, representing a similar 30 percent share last year, up from 25 percent in the pre-pandemic period. CMBS originators tend to favor shopping center transactions, where capital infusions are often larger. At the same time, local and regional banks are the most common sources for unanchored properties and single-tenant assets. Amid greater capital availability, underwriting standards remain firm, with international banks, CMBS providers, and life insurance companies requiring loan-to-value ratios below 60 percent. Borrowers seeking higher LTVs instead turn to national and regional banks and investor-driven sources. Of course, the exact terms vary based on the property’s condition, the borrower’s experience, and their relationship with the lender.

2026 CAPITAL MARKETS OUTLOOK

- **Retail delinquency measured so far.** Distress in the retail sector remains below previous peaks and other property types, comprising about 18 percent of the outstanding balance as measured by Real Capital Analytics. While some lenders may look to turn over troubled holdings this year, future distress indicators are moderate. CMBS loan delinquency for retail assets excluding malls was 3.9 percent at year-end, less than half the pandemic high and the second-lowest rate among the primary commercial property types, behind the industrial sector.
- **Retail asset sales may benefit from greater DST activity.** Delaware Statutory Trusts are becoming a more popular way for investors to transition from management-intensive assets to a more passive-income structure. Investors shifting into DSTs can also use a 1031 exchange to defer tax. Demand for DSTs, tax deferments, and passive management are expected to increase in the near term as the population ages. As much as \$100 trillion in wealth may transfer in the U.S. over the next two decades. Single-tenant net-lease retail assets are common 1031 exchange targets for private investors and could also attract DST sponsors for similar reasons.

* Sales \$2.5 million and greater

** Estimate

Favorable Supply-Demand Outlook, Diversity of Listings Support Various Execution Strategies

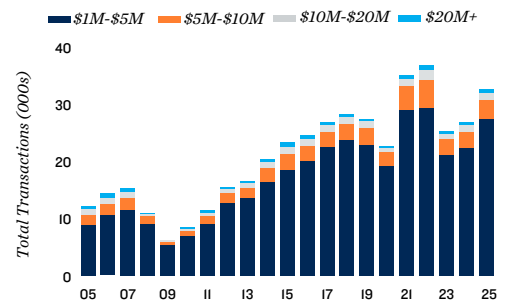
Private and institutional investors support investment climate. Consumer resilience, a trio of interest rate reductions, and greater pricing clarity drove a notable increase in retail investment activity across property and market types last year. Overall deal flow rose by 22 percent in 2025, accounting for more than one-third of all primary commercial real estate sales activity. A more pronounced increase in trading between \$1 million and \$5 million was noted, reflecting an active marketplace for single-tenant net-leased properties and smaller multi-tenant listings, including strip centers. Moving forward, private investors will continue to compete for these assets after this cohort of buyers increased their total dollar volume by nearly 20 percent last year. Institutional-related acquisition volume may also improve after more than tripling last year. For these investors, including closed-end funds targeting North American retail, well-located shopping centers, especially those with high-credit anchor chains and long-term leases in place, should remain attractive options. Across the aforementioned property types, pricing and cap rates will vary significantly, driven by specific assets, location, tenant base, and in-place leases. These will support a diverse buyer pool.

Current conditions shape decisions. Record asking rent and rising construction costs may be a call to action for certain investors in 2026. Tenants seeking greater control over their bottom line may acquire the property they occupy or the shopping center they anchor, especially if available below replacement cost. Regional supermarkets have been active of late, highlighted by Publix’s acquisition of six shopping centers in January. Concurrently, investors targeting newer-built properties may face more competition as a pullback in retail deliveries reduces the number of such listings. Many of these trades will involve net-leased quick-service properties built within the past five years. These assets will trade at a premium, averaging \$1,400 per square foot last year, with buyers accepting below-average cap rates in exchange for less management-intensive ownership and a steady income stream.

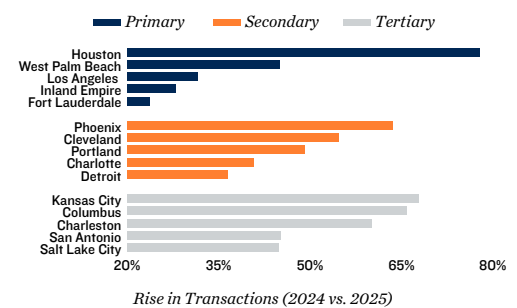
2026 INVESTMENT OUTLOOK

- **Standouts in rental and office leasing garner attention.** Dallas-Fort Worth, Phoenix, Atlanta, New York, Austin, and Charlotte each ranked among the nation’s top 10 markets for apartment and office absorption last year. In 2026, multifamily demand and office usage are again projected to improve across these major metros, potentially heightening competition for assets in their prominent retail corridors.
- **Certain investors undeterred by properties’ baggage.** Trades involving vacant buildings and those with occupancy issues accounted for at least 5 percent of deal flow last year, with many acquired at a discount due to their associated risk. Should backfilling activity improve in 2026, challenged neighborhood and community centers, along with dark restaurants, could draw a broader buyer pool.
- **College towns prove appealing.** Postsecondary enrollment rose by 1.0 percent in fall 2025 to 19.4 million students. With overall enrollment at record levels across many universities, investor demand for nearby retail properties could improve.

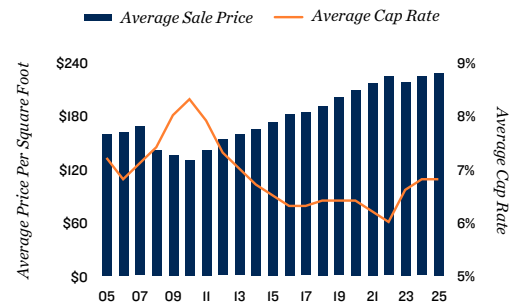
Investment Activity Showing Recovery



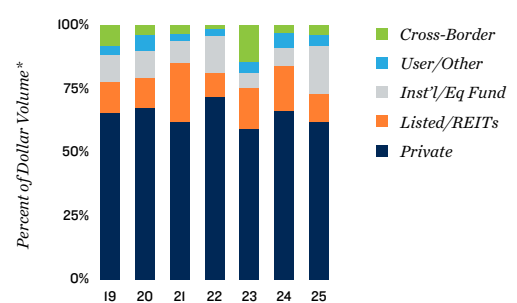
Gains Recorded Across Market Types



Sales Trends

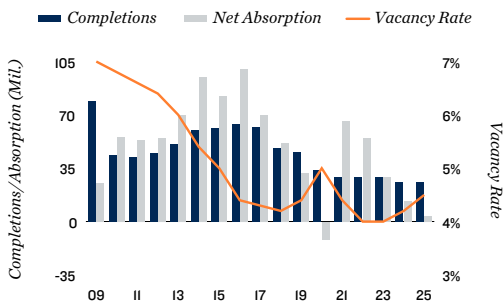


Retail Buyer Composition

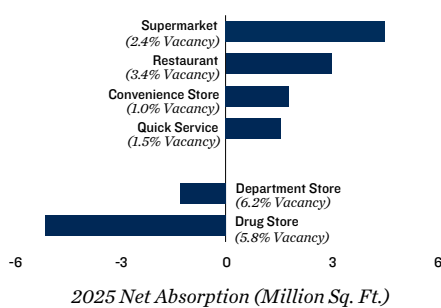


*Sales \$2.5 million and greater

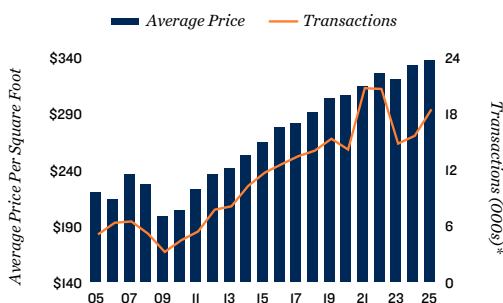
Supply and Demand



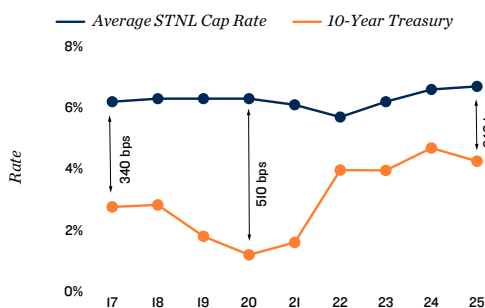
Demand Metrics Vary by Property Type



STNL Price & Sales Trends



Yield Spread Widens Moderately



Sector's Ability to Weather Recent Headwinds Has Positive Implications for Property Performance

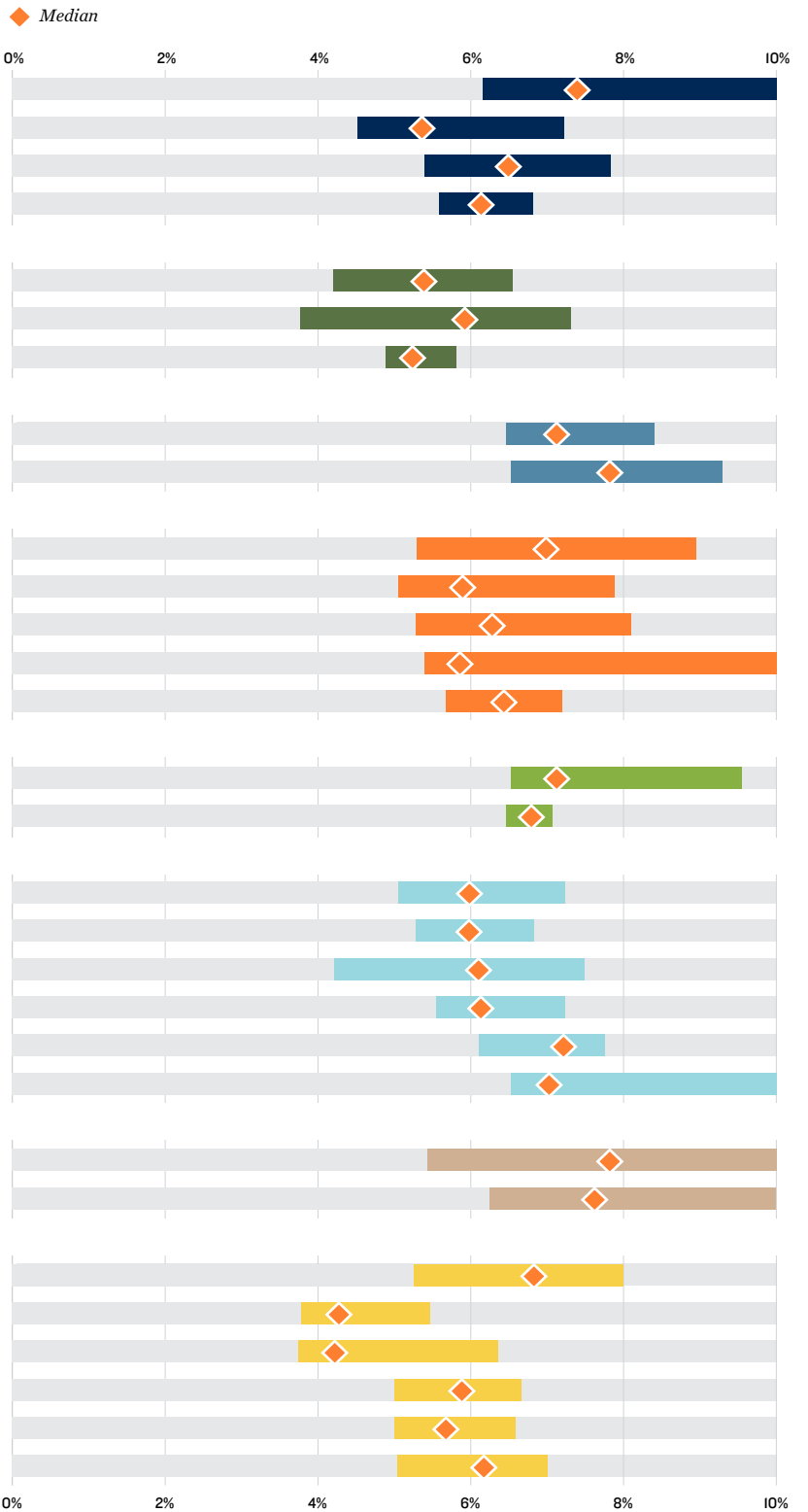
Single-tenant segment enters 2026 on historically solid footing. While the first half of 2025 recorded net relinquishment, an anomaly for the sector outside of the pandemic, tenant demand has since returned to form. Led by grocers and restaurants, retailers absorbed 11.5 million square feet over the final two quarters of last year, leasing activity that preserved a vacancy rate in the 4 percent band. Conditions are favorable for property owners across many metros. As of late 2025, the disparity between vacancy in the nation's least and most vacant major markets stood at 500 basis points, compared to a 1,230-basis-point gap in the multi-tenant sector. At the property level, convenience store, quick-service, and supermarket vacancy remains scant, offsetting historically high drug store and department store vacancy. Fortunately, pressure from new supply will be minimal across major single-tenant property types in 2026. With a more pronounced construction pullback this year and the store closure/openings disparity narrowing, supply-demand dynamics should better align, aiding tenant retention and backfilling efforts.

Lease terms play a decisive role in cap rates. The number of single-tenant transactions recorded last year was the third-highest on record, surpassing every annual total prior to 2021. Activity among private buyers was largely responsible for the 18 percent year-over-year increase in deal flow, as trades below \$5 million accounted for nearly 90 percent of sales velocity. Many of these investors used 1031 exchanges to trade into less management-intensive, net-leased properties. Moving forward, more well-priced single-tenant listings may pencil if further drops in the 10-Year Treasury occur. A premium should continue to be placed on properties occupied by top-tier, credit-grade tenants with in-place leases longer than 10 years. These assets should trade at cap rates below the market average as they carry less vacancy risk and greater income certainty. In contrast, properties with leases expiring in less than five years should command notably higher yields to account for rollover risk.

2026 SINGLE-TENANT OUTLOOK

- **Least vacant markets well positioned.** Areas of limited single-tenant availability are evident nationwide. However, the Southeast and Midwest rank as the top-performing regions. Highlighted by Raleigh and Charlotte, eight major Southeast markets entered this year with sub-4 percent vacancy and in-migration aiding future retailer demand. Elsewhere, six Midwest metros began 2026 with vacancy below 4 percent. A second straight year of nominal supply growth across these markets should steer expanding retailers to existing spaces, aiding new leasing velocity.
- **Standout fundamentals attract net-lease investors to dining options.** Spending at restaurants and bars rose 5.6 percent last year when compared to 2024. Low-3 percent vacancy, record asking rent, and an extended stretch of positive net absorption also reflect the segment's relative strength entering 2026. As such, well-located restaurants net-leased to national brands will draw interest from investors seeking lower perceived risk and income security, despite the limitations these agreements can place on rent adjustments.

Closed STNL Cap Rate Range by Brand



* Number of locations globally, cap rate range derived from U.S. transactions.

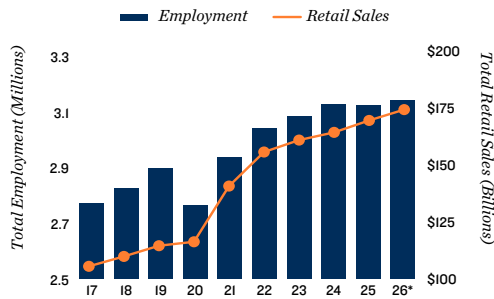
Cap rates are representative of transactions closed in the trailing 12 months ended 4Q 2025. Actual yields will vary by locations, tenant, lease terms and other considerations. Sales for \$1M+

Locations sourced from RetailStat for public companies and company websites for private companies.

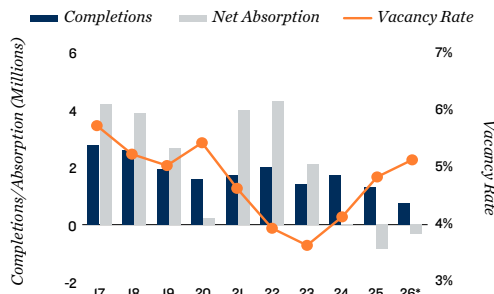
ATLANTA

Market Pressures and New Growth Catalysts Define the Metro's 2026 Outlook

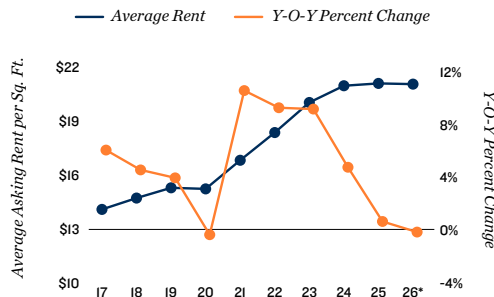
Economic Trends



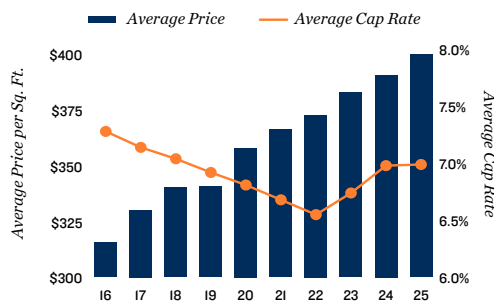
Supply and Demand



Rent Trends



Sales Trends



Suburban nodes show strength amid uneven performance. While net absorption is forecast to be negative for a second consecutive year, improving tourism in 2025 and regional inflation holding near 1 percent entering 2026 provide some support. Additionally, continued gains in the metro's labor market and another strong — though moderating — year of net in-migration may help limit further deterioration. Northeastern Atlanta near Buford and Gainesville may see another year of elevated demand following last year's near-record absorption of more than 500,000 square feet. Ongoing suburban population expansion and limited incoming supply reinforce this outlook. Similarly, the Georgia 400 submarket, encompassing Alpharetta and Cumming, may continue to post sub-4 percent vacancy in 2026, supported by higher household income levels. Conversely, the urban core recorded a triple-digit rise in vacancy last year, though a largely pre-leased supply pipeline may help improve conditions in 2026.

Broad demand drivers attract capital. Out-of-state investors pulled back last year, while the average price per unit rose approximately 2.3 percent — among the sharpest increases by any primary market. Meanwhile, transaction velocity remained stable, rising only marginally, buoyed by an increase in deals closed by local investors. Looking ahead, buyers may increasingly target listings near Hartsfield-Jackson International Airport, as several nearby nodes recorded some of the strongest multifamily vacancy declines among U.S. submarkets in 2025. In addition, the recent decision to move forward with Forge Atlanta — one of the metro's largest mixed-use projects on record — should spur capital deployment in Central Atlanta. As a result, the area may offer a more favorable risk profile over time.

2026 MARKET FORECAST

NRI RANK 30 *Limited inventory expansion is not enough to offset a rise in vacancy, supporting a ranking in the second half.*

+0.5% **EMPLOYMENT:** Following the 2025 labor market contraction, Atlanta will welcome about 17,000 new positions this year. Only six other metros are expected to record greater increases.

730,000 sq. ft. **CONSTRUCTION:** For the first time since at least 2007, Atlanta's incoming supply pipeline will be less than 1 million square feet. Inventory will expand by only roughly 0.2 percent.

+30 bps **VACANCY:** Although continued net relinquishment will raise the metrowide vacancy rate to 5.1 percent, it will remain below the 2015-2019 average by approximately 70 basis points.

-0.2% **RENT:** The supply-demand imbalance is projected to modestly compress the average asking rent to roughly \$20.97 per square foot, ending five years of gains.

INVESTMENT: *The west Metropolitan submarket, covering Haralson, Carroll, Heard, Paulding, and Douglas counties, has held sub-3 percent single-tenant vacancy since 2021, stability likely to draw investor focus.*

* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics





Robust Tenant Demand and Competitive Pricing Positive Signs as Capital Targets Suburbs

Suburban growth nodes emerge. Austin’s multi-tenant vacancy fell below single-tenant for the first time in a decade last year, supported by limited deliveries. This trend should hold through early 2026. Multi-tenant vacancies may climb over single-tenant again, however, as new projects enter the market. Momentum should persist in supply-constrained submarkets where recent vacancies leased within five months. Tenants are showing interest in space near Interstate 35 and the west side, where high income and transit access drive foot traffic. Austin is still expected to rank among the top 10 major markets for retail sales growth in 2026, even as job growth slows. Urban properties are likely to build on 2025 performance, with the CBD at sub-3 percent vacancy and above-market rent. Meanwhile, emerging nodes like Hays County and Pflugerville offer upside tied to housing development and migration.

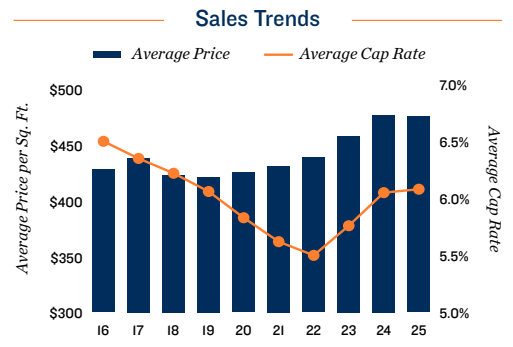
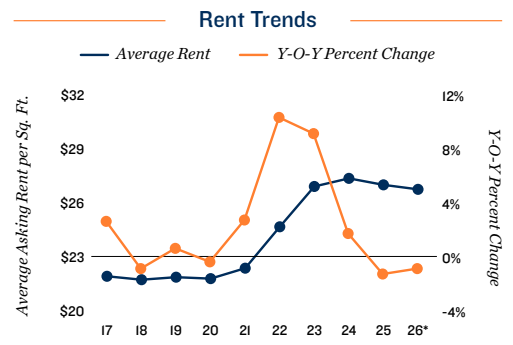
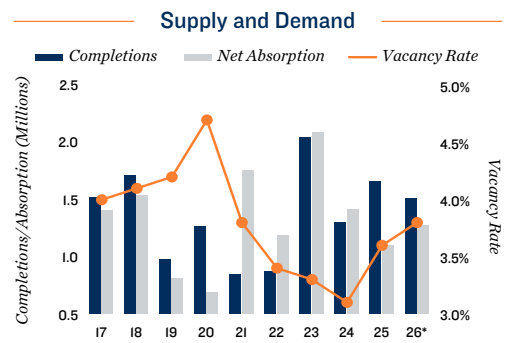
Volume and composition of non-CBD trades signal widening investor confidence. Austin’s average sale price per square foot continued to increase in 2025, signaling sustained competition for retail assets. Transaction activity has edged higher for multi- and single-tenant properties, reflecting greater liquidity, but underwriting discipline will be critical as competition intensifies. Georgetown leads in capital deployment, while Hays County presents yield opportunities with lower average pricing and strong economic tailwinds, particularly for single-tenant properties favored in the area. Multi-tenant vacancy falling near 4 percent in Cedar Park last year helped attract \$114 million across four projects, including a significant transaction with international capital from a global investment group. This influx of institutional and cross-border investment signals confidence in suburban growth nodes.

2026 MARKET FORECAST

NRI RANK 12 *Strong household growth and tight vacancy keep Austin in the top 15 despite a relatively higher level of completions.*

- +0.9%**  **EMPLOYMENT:** The metro will add 13,000 new roles, up from the previous year. Austin’s projected job creation for 2026 ranks 15th among major markets.
- 1,500,000 sq. ft.**  **CONSTRUCTION:** The current pipeline will expand the metro’s inventory by 1.5 percent in 2026, with Georgetown and Cedar Park accounting for over half of the incoming inventory.
- +20 bps**  **VACANCY:** Deliveries this year will exceed 1 million square feet for the fourth consecutive year and will stand out nationally, pushing vacancy up to 3.8 percent by year-end.
- 0.9%**  **RENT:** While net absorption will surpass 1.2 million square feet for the second year in a row, it will not outpace new supply, which will inch the average asking rent down to \$26.70 per square foot.

INVESTMENT: *Investors seeking to capitalize on population growth may look to Hays County, between San Antonio and Austin, where the multi-tenant vacancy rate was below 1 percent despite record new supply.*



* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

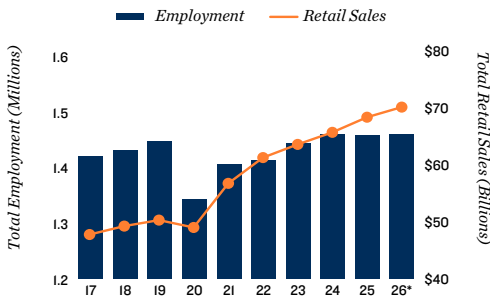
BALTIMORE

Limited Incoming Supply Offers Support as Select Submarkets Attract Capital

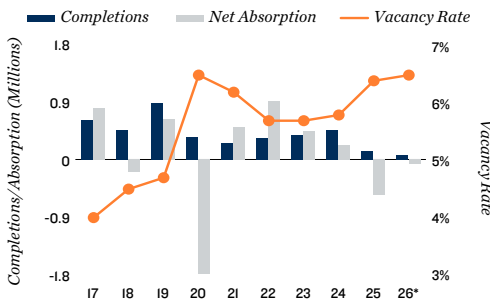
Despite near-term pressure, tailwinds emerge. Development continues to subside in Baltimore, with this year's expected total marking the lowest level since at least 2007. However, a contraction in gross metro product and below-average population growth are expected to keep net absorption negative, lifting vacancy to a comparatively high level among major U.S. metros. While the 2026 outlook remains measured, several large-scale initiatives may provide a more constructive backdrop, particularly in the core. The Harborplace redevelopment and Downtown RISE initiatives should enhance foot traffic and corridor quality, supporting underlying retail demand in Downtown Baltimore, which recorded one of the largest vacancy increases last year. Several suburban submarkets posted triple-digit multifamily vacancy declines, including East Baltimore County and Ellicott City-Eldridge, supporting near-term retail performance.

Wider submarket participation suggests optimism. Deal flow in 2025 declined by about 10 percent year-over-year as single-tenant trades remained the focus of investors. The trend reflects relatively tighter single-tenant conditions despite recent softening, while multi-tenant vacancy rose 70 basis points to the low-8 percent band in 2025. Meanwhile, broader geographic participation in transaction activity across submarkets suggests improving price discovery, which may help support more balanced trading in 2026. Baltimore City East may continue to attract capital, given below-average vacancy around 3.4 percent last year. Elsewhere, the Route 2 Corridor could draw heightened investor interest after closing the year with the metro's strongest net absorption and posting one of the nation's steepest multi-tenant vacancy declines in 2025, at approximately 170 basis points.

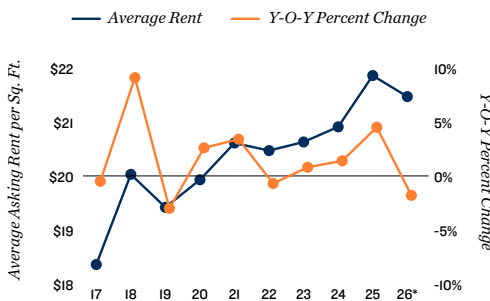
Economic Trends



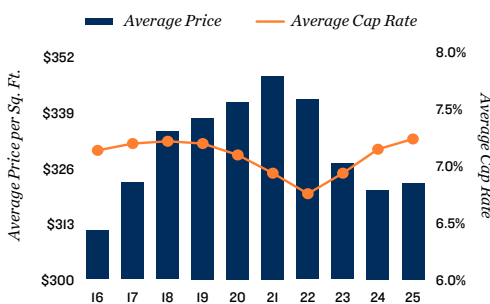
Supply and Demand



Rent Trends



Sales Trends



2026 MARKET FORECAST

NRI RANK 48 *High vacancy relative to the national level alongside shrinking revenue will restrain Baltimore's ranking this year.*

+0.2% **EMPLOYMENT:** Following 2025's employment losses, Baltimore will welcome approximately 2,500 jobs on net in 2026. Education and health care should remain core drivers.

75,000 sq. ft. **CONSTRUCTION:** Incoming deliveries will expand inventory by roughly 0.1 percent, among the lowest rates nationally. Southern Anne Arundel County is expected to receive the most supply.

+10 bps **VACANCY:** With net absorption forecast to rank eighth-lowest nationally, vacancy will rise to 6.5 percent, a level matched in 2020 and exceeded only in 2009 over the past two decades.

-1.8% **RENT:** Rising vacancy will contribute to a decrease in the mean marketed rate, falling to \$21.46 per square foot by year's end — the largest decline among major U.S. markets this year.

INVESTMENT: *Baltimore's vacant property tax, beginning in 2026, raises taxes on vacant properties, potentially creating discounted acquisition opportunities for value-add investors, while increasing carrying costs.*

* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics





Multi-Tenant Strength Adds Stabilizing Anchor, Particularly in the Urban Core

Market conditions remain tight despite slower population growth. As the metro with the highest median household income among major Northeast markets, Boston is well positioned to record sustained consumer spending, with higher-income households continuing to account for a disproportionate share of retail demand nationally. As a result, retail vacancy should remain among the lowest in the country, although softer employment and population growth could temper tenant expansion even as supply pressures remain limited. The northern suburbs are expected to maintain sub-3 percent vacancy rates this year amid minimal development. The urban core should follow a similar trajectory, supported by steady leasing momentum last year. Notable bright spots include Back Bay, where new luxury watch boutiques and Boston’s first Google Store have opened, and the Seaport District, where experiential concepts, such as an F1 Arcade, continue to move-in, supported by steady foot traffic.

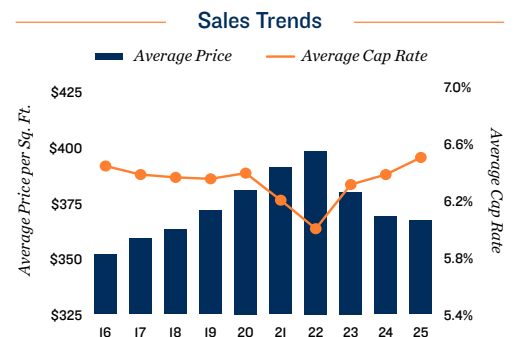
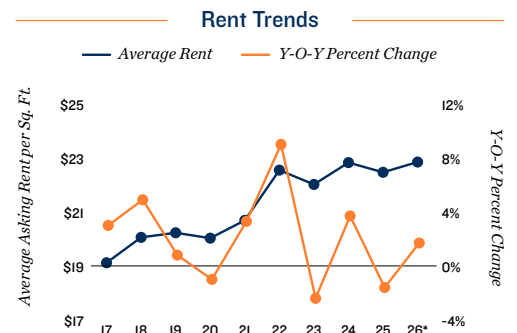
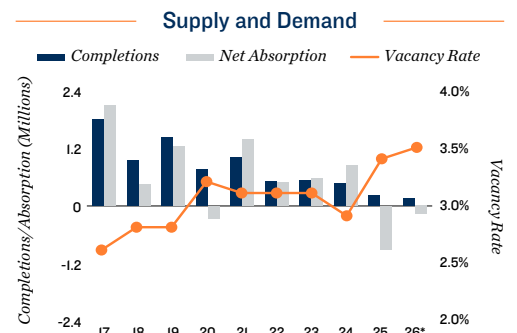
Well-positioned properties drive transaction activity as cap rates stabilize. Although multi-tenant retail assets typically trade at higher cap rates than single-tenant properties nationwide – a pattern historically observed in Boston – recent data point to narrowing spreads, with average multi-tenant cap rates hovering around 6.5 percent. Transaction velocity for multi-tenant assets also outpaced that of single-tenant properties last year, particularly in the urban core and first-ring suburbs. Together, these trends suggest that well-located, income-stable retail assets remain favored by investors amid broader economic uncertainty. Owner-users are also expected to stay active this year, supported by a relatively low average price per square foot that has declined for three consecutive years and may be nearing an inflection point.

2026 MARKET FORECAST

NRI RANK 15 *One of the lowest supply additions and vacancy rates in the country keeps Boston in the top 15 of the rankings.*

- 0.1%**  **EMPLOYMENT:** Boston is projected to shed roughly 2,000 jobs on net this year, marking a third consecutive year of job losses – the metro’s first such stretch since 2003.
- 165,000 sq. ft.**  **CONSTRUCTION:** Supply pressure should remain low for another year, with space deliveries totaling only about 10 percent of the city’s historical annual average.
- +10 bps**  **VACANCY:** After a 50-basis-point increase last year and another modest uptick in 2026, the vacancy rate is projected to reach 3.5 percent, remaining among the six lowest major U.S. markets.
- +1.7%**  **RENT:** A limited supply pipeline and improving demand in certain segments should continue to support rent growth. The average asking rent is projected to reach \$22.83 per square foot by December.

INVESTMENT: *Downtown zoning reform favoring residential uses may enhance foot traffic, creating opportunities for investors to target retail assets near transit nodes positioned to benefit from residential infill.*

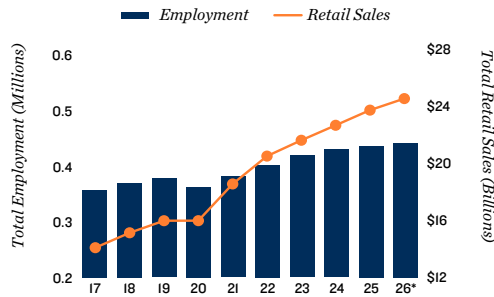


* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

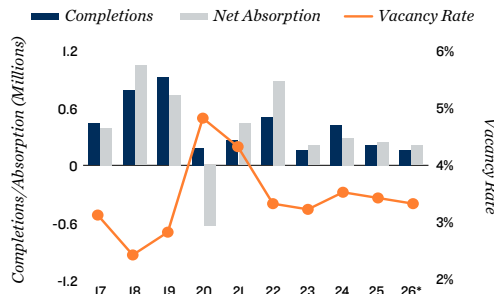
CHARLESTON

Demographic Tailwinds Bolster Investor Confidence While Certain Areas Outperform

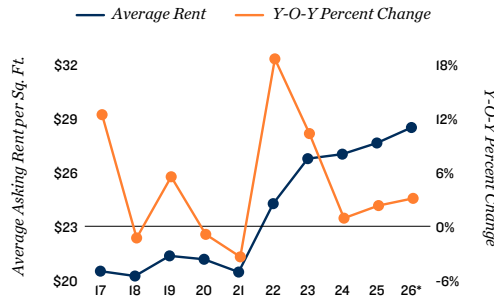
Economic Trends



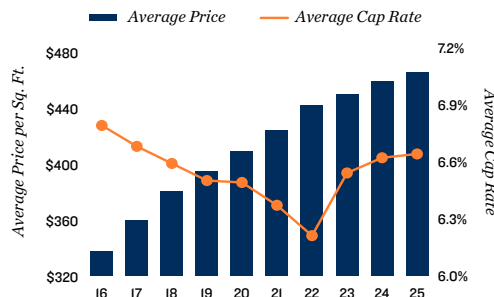
Supply and Demand



Rent Trends



Sales Trends



Limited new supply and stable demand maintain tight conditions. Charleston’s retail market enters 2026 with a vacancy rate that remains among the lowest in major markets. Annual net absorption last year nearly matched the prior two years, despite slightly weaker leasing activity in single-tenant properties, primarily those over 10,000 square feet. This trend may persist in the near term, as lease signings in late 2025 trailed those in the same period in 2024, with only a handful of leases signed above 10,000 square feet. Geographically, focused demand in the CBD continues to be illustrated by asking rents priced more than 70 percent above the metro average. Well-located properties along key transportation routes in suburban pockets such as Summerville, Goose Creek, and West Ashley will likely continue to post positive net absorption in the coming year. Metrowide, the narrowest construction pipeline since at least 2007 is expected to keep conditions exceptionally tight.

Key areas drive accelerating trading. One of the fastest-growing populations among major markets, along with rising tourism spending in recent years, continues to buoy interest from both in-state and out-of-state investors. Transaction activity in 2025 was among the metro’s highest on record. Pre-2000-built assets in suburban nodes that capture a disproportionate share of population growth – such as Dorchester County, Mount Pleasant, and areas around West Ashley – are likely to continue to see elevated transaction velocity. While population growth is slowing in the North Charleston area, Boeing’s ongoing \$1 billion expansion of its 787 Dreamliner operations is expected to create more than 1,000 new jobs over the coming years, potentially attracting increased investor interest.

2026 MARKET FORECAST

NRI RANK 4 *Relatively low and declining vacancy, paired with strong employment growth, leads the metro to a top-5 ranking in 2026.*

+1.1% **EMPLOYMENT:** While Charleston’s forecasted employment growth ranks among the fastest across major markets in 2026, it still slightly lags the metro’s trailing decade-long annual average.

160,000 sq. ft. **CONSTRUCTION:** This year’s delivery slate is expected to match 2023, representing the metro’s slowest growth since at least 2007, as total inventory expands by just 0.4 percent.

-10 bps **VACANCY:** Charleston’s vacancy rate declines modestly to 3.3 percent by year-end, in line with its trailing-decade average and still well below the national 5.2 percent benchmark.

+3.1% **RENT:** Tightening vacancy contributes to rent growth that ranks fifth-fastest among major markets. By December, the rate is expected to reach \$28.46 per square foot.

INVESTMENT: *Commuter traffic and single-tenant vacancy near 2 percent are poised to continue attracting investment in pockets northeast of Sangaree, where sub-10,000-square-foot properties are commonly trading.*

* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Decelerating Deliveries Help Tighten Vacancy, Strengthening Investor Appeal in Select Submarkets

Big-box, single-tenant demand stands out. Charlotte headed into 2026 with accelerating net absorption while maintaining one of the 10 lowest vacancy rates among major markets. This momentum has primarily been driven by big-box, single-tenant move-ins, most of which involved supermarkets like Publix, Harris Teeter, and Lowes Foods. Fitness concepts also contributed notably. At the same time, smaller-format, single-tenant leasing velocity has slowed modestly, with discount retailers still accounting for a large share of recent activity. Multi-tenant properties also head into the new year with muted net absorption after an extended stretch of strong demand from 2020 through 2024. However, a narrowing development pipeline constituting an overwhelming share of build-to-suits with scant multi-tenant formats is expected to bring some relief to this segment of the market in the coming year.

Investment appeal strengthens in key areas. Growth in the average price per square foot accelerated in 2025 after posting the two slowest years of appreciation since the period immediately following the financial crisis. Transaction activity followed a similar trajectory, with velocity improving in the second half of the year after a subdued start. This momentum could extend into 2026 as metrowide vacancy trends modestly improve. Select western outlying counties, including York, Gaston, and Cleveland, where vacancy rates remained under 4 percent as of early 2026, are likely to attract heightened investor interest. Pockets along the Interstate 485 corridor in South and Southwest Charlotte, as well as areas north of Matthews in Southeast Charlotte, may also draw capital from investors targeting sub-\$5 million deals, supported by improving small-footprint leasing activity following a period of declining net absorption.

2026 MARKET FORECAST

NRI RANK | *Rapid revenue and employment growth combine with low vacancy to put Charlotte at the very top of this year's Index.*

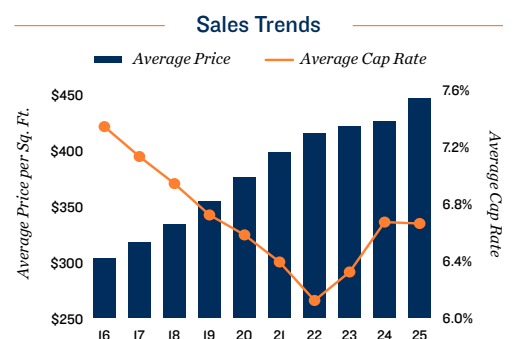
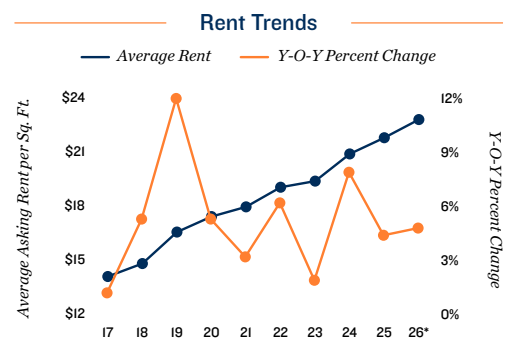
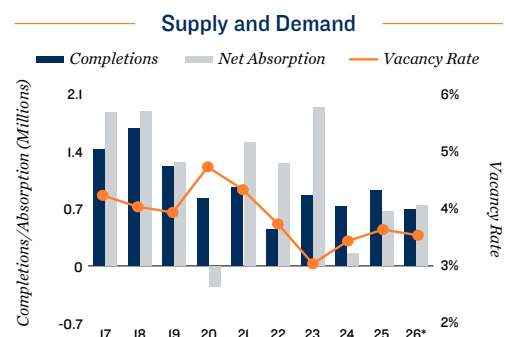
+1.7% **EMPLOYMENT:** Total employment, up nearly 15 percent over the past five years, is expected to expand at a slower rate in 2026. Still, the pace of growth will rank among the five fastest major markets.

690,000 sq. ft. **CONSTRUCTION:** The metro's development pipeline is expected to shrink modestly in the coming year, as inventory is forecast to expand by 0.5 percent, less than half the long-term annual average.

-10 bps **VACANCY:** Slowing construction and strengthening net absorption combine to bring vacancy down modestly to 3.5 percent by year-end, 40 basis points below the metro's trailing 10-year mean.

+4.7% **RENT:** Tight availability supports accelerating growth in asking rent, expected to rank as the fastest among major markets in 2026. The rate will reach \$22.70 per square foot come year-end.

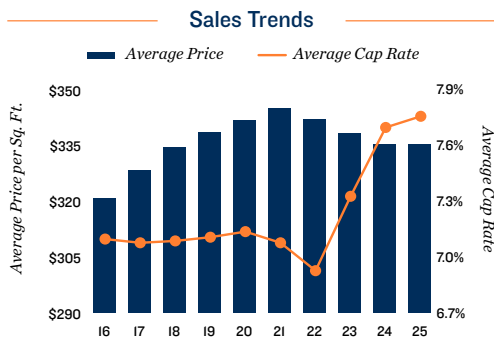
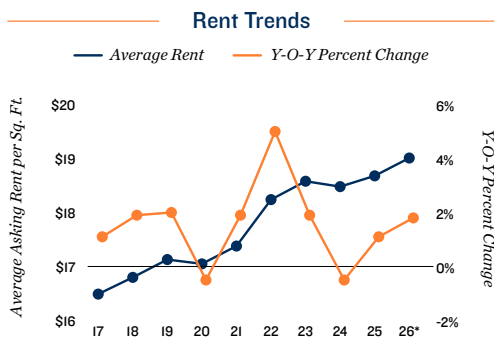
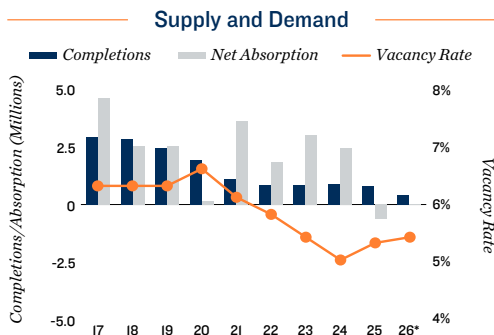
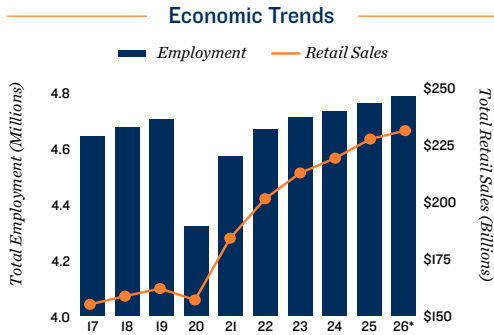
INVESTMENT: *The NoDa area could see improving demand in the coming years as a notable concentration of multifamily development delivers, potentially supporting increased investor interest in nearby retail assets.*



* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

CHICAGO

Strong Neighborhood Retail, Small-Format Leasing Prompt Shift in Investment Strategy



Rising food-service demand underscores local retail resilience. Following large move-outs in the first half of 2025, improving net absorption later in the year points to firming retail conditions. Store closures have clustered in big-box and power-center-heavy suburbs, such as Oak Brook, South Cook County, and the Lake Cook corridor, pushing vacancy near 6 percent. Meanwhile, vacancy has generally held under 5 percent in more residential nodes. These areas may continue to outperform amid steady demand from necessity and service tenants, including fast-food and restaurant users, whose leasing activity rose to multiyear highs in 2025. Within Chicago proper, performance remains split. Office- and tourism-dependent districts such as the Loop and Magnificent Mile posted retail vacancy above 10 percent, while conditions have stayed tighter in mixed-use areas such as Fulton Market and River North. The opening of Bally’s \$1.7 billion casino in River West in late 2026 could reinforce this divergence.

Strip centers anchor selective investment. Sales activity rose modestly last year, driven by an upswing among private investors targeting smaller-format assets. Acquisitions of strip centers neared record highs and should continue to attract investors as daily-needs and service-oriented tenants helped keep segment vacancy near 5 percent. Far southwest suburbs near Chicago’s city limits, such as Oak Lawn, may sustain stronger momentum as buyers seek lower entry costs. Illinois’ decision to opt out of federal bonus depreciation could also enhance the relative appeal of assets along the Indiana border, where stronger leasing in 2025 held local vacancy below 5 percent. At the same time, grocery-anchored sales increased across the metro late last year, signaling a renewed institutional bid and setting the stage for broader participation in 2026.

2026 MARKET FORECAST

NRI RANK 23 *Chicago ranks near the middle of the Index as limited construction activity is offset by tepid population growth.*

+0.5% **EMPLOYMENT:** Employment gains are set to cool modestly, with 25,000 net new positions added. Job growth is expected to outpace the national average, likely led by healthcare hiring.

400,000 sq. ft. **CONSTRUCTION:** Deliveries will drop sharply in 2026, to less than half the past five-year average. Nearly 90 percent of completions are pre-leased, clustered in the south and southwest.

+10 bps **VACANCY:** After reaching an all-time low in 2024, vacancy will edge higher for a second straight year. At 5.4 percent, the metro’s rate would still sit 140 basis points below its long-run average.

+1.8% **RENT:** A more moderate pace of vacancy expansion supports slightly stronger rent growth as overall conditions remain tight, bringing the metro’s average asking rate to \$19.00 per square foot.

INVESTMENT: *Uline’s new headquarters, planned to house up to 1,300 corporate employees, alongside Eli Lilly’s \$3 billion expansion, may draw investors to Kenosha County, where retail vacancy remains below 4 percent.*

* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics





Well-Occupied Core, Steady Pricing, High Yields Position the Metro for an Active Year

Selective new supply and downtown catalysts drive momentum. After a year of negative net absorption and declines in average asking rent, Cincinnati looks to post a moderate recovery. Downtown’s multi-tenant segment still stands out as one of the metro’s lowest-vacancy and highest-rent areas. Despite a slight increase in vacancies in 2025, its limited construction pipeline, accounting for less than 1 percent of new supply, could position the submarket for improvement. Momentum should build as the Duke Energy Convention Center renovation boosts visitor traffic. Similarly, a major mixed-use development near TQL Stadium, now under final zoning approval, adds longer-term exposure beyond 2026. Low availability in the metro’s outlying submarkets also supports the outlook, with Butler County achieving one of the lowest single-tenant vacancy rates after a meaningful second-half 2025 drop, followed by Northern Kentucky despite a nearly 120 basis-point increase in vacancy.

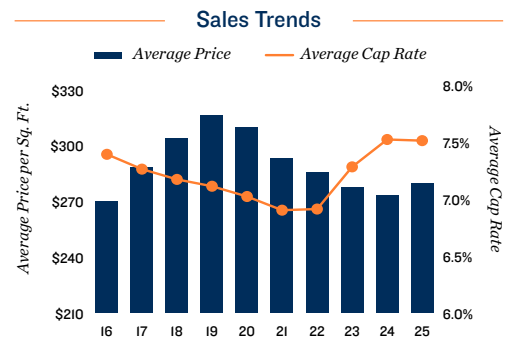
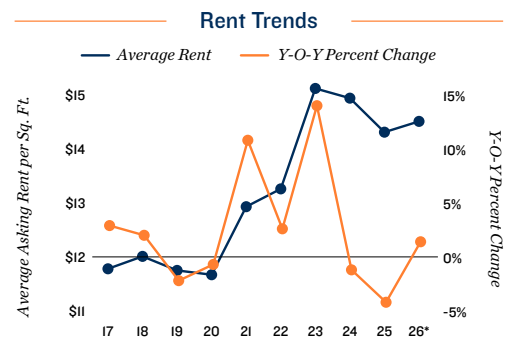
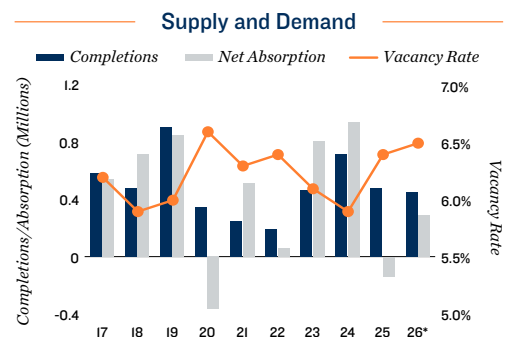
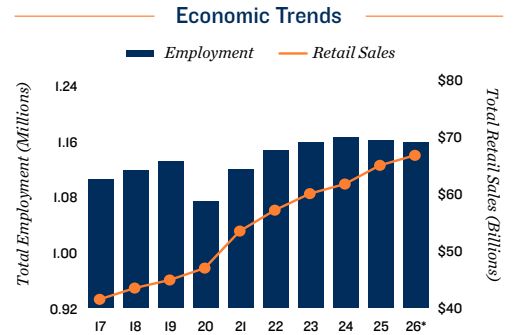
Attractive pricing lifts deal flow, especially for single-tenant assets. Transaction terms on average remained stable in 2025. Cincinnati continues to rank among the lowest-priced major metros, with high cap rates, particularly given its comparatively low asking rents. These factors helped lift trading activity by 33 percent last year, largely driven by Butler County and Northern Kentucky, and signs point to additional capital being raised for single-tenant acquisitions this year. Upward rent momentum in Northern Kentucky could boost investor confidence here, with recent trades highlighting the appeal of airport- and highway-adjacent assets with quick access to downtown. For buyers targeting multi-tenant assets, Butler County showed growth in average asking rents, with restaurants being the most actively traded property type.

2026 MARKET FORECAST

NRI RANK 49 *High vacancy and weak employment and household growth rank Cincinnati lower among major metros.*

- 0.2%**  **EMPLOYMENT:** Headwinds experienced late in 2025 will carry over. While second-half job gains could cut the losses, they will not offset them, resulting in the metro losing a net of 2,000 roles.
- 450,000 sq. ft.**  **CONSTRUCTION:** Although lower than in 2024 and 2025, deliveries will remain above the five-year average. Butler County is set to receive most of the new supply.
- +10 bps**  **VACANCY:** Improving demand will not outpace new supply, pushing the metro’s vacancy to 6.5 percent by year-end, its highest level since 2020.
- +1.4%**  **RENT:** The metro’s average asking rent growth accelerates modestly in 2026, reaching \$14.50 per square foot and continuing to rank among the lowest markets nationally.

INVESTMENT: *The \$500 million Covington Central Riverfront project in Northern Kentucky will deliver mixed-use and premium residential development, supporting higher retail foot traffic.*



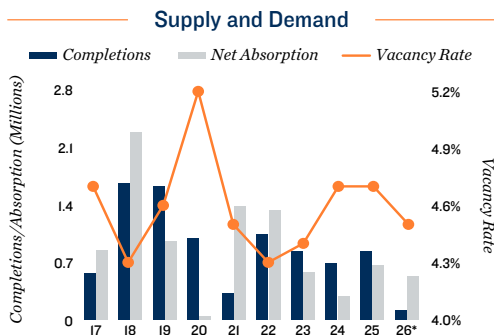
* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

CLEVELAND

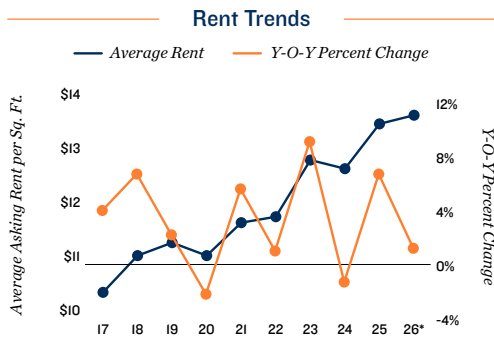
As Deal Liquidity Strengthens, Income Gains Support New Retail Space Demand



Multiple offsetting forces net out to an optimistic outlook. Despite ongoing trade uncertainty and tariff-related cost pressures, the metro’s vacancy rate is projected to decline amid historically slow inventory expansion. Household income growth above 4 percent annually – one of the fastest paces nationally – and a 2.8 percent increase in Ohio’s minimum wage should bolster consumer spending capacity. However, a projected 0.4 percent population decline driven by net out-migration may strain momentum in retail sales and temper retailer expansion. These dynamics are expected to partially influence net absorption, pushing demand growth below its prior 10-year mean, though it will remain positive. Localized support may stem from last year’s strong apartment fundamentals, particularly in University Circle, Downtown Cleveland, and Medina County, where both apartment demand and retail vacancy trends have moved favorably heading into 2026.



Diverging rent trends shape 2026 investment. Transaction velocity surged last year, with deal flow rising roughly 60 percent, the second-largest gain among Midwestern metros behind Columbus. At the same time, the average price per square foot increased about 1.2 percent year-over-year, reaching roughly \$309 at the close of 2025. In 2026, improving single-tenant demand and asking rent growth – among the strongest nationally last year at roughly 7 percent – are likely to influence investment activity. Single-tenant asking rents now exceed those of multi-tenant assets, a divergence that may further skew investor interest toward single-tenant properties. However, higher cap rates and lower entry costs for multi-tenant assets, alongside slightly stronger price gains last year, may draw yield-oriented investors to this segment in 2026.



2026 MARKET FORECAST

NRI RANK 27 *Declining vacancy together with limited supply pressure battle population loss, placing this year’s rank near the middle.*

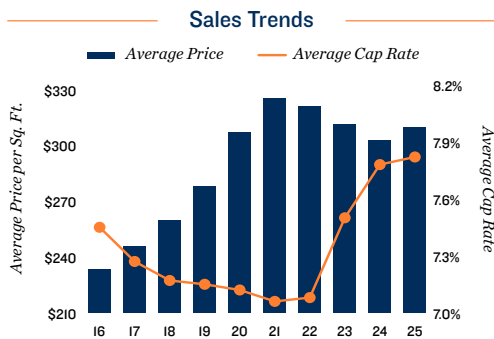
+0.5% **EMPLOYMENT:** Labor market gains are projected to nearly double last year’s tally, with about 5,500 jobs added on net, placing the metro near the midpoint among Midwestern peers.

120,000 sq. ft. **CONSTRUCTION:** Inventory will expand at a record slow pace of only 0.1 percent, as only four other major U.S. metros will welcome fewer supply additions than Cleveland this year.

-20 bps **VACANCY:** As Cleveland has not recorded a net annual space relinquishment since at least 2007, vacancy will ease to about 4.5 percent, the steepest decline among Midwest metros.

+1.2% **RENT:** Cleveland’s average asking rent in 2026 is projected to increase modestly to \$13.40 per square foot, supported by limited supply pressure and tightening vacancy.

INVESTMENT: *Medina County placed in the top 10 percent nationally for vacancy compression last year, potentially attracting increased investor attention, particularly among buyers focused on steady cash flow.*



* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics





Low Vacancy and Attractive Yields Reinforce Retail Investment Across the Metro

Population growth helps limit available space. As Ohio’s capital and most populous city, Columbus continues to record the fastest population growth among major Midwestern metros, supporting sustained demand for retail space. Vacancy should hover near 4.5 percent this year, about 200 basis points below the metro’s historical average. Space-demand growth is concentrated on the north side, where North Columbus and Delaware County posted vacancy rates of nearly 2.5 percent in 2025, the lowest among major submarkets in the metro. North Columbus remains an established growth corridor, while Delaware County, the state’s fastest-growing county, is projected to increase in population by about 50 percent by 2050. In contrast, properties in Columbus West, particularly older multi-tenant centers, may continue to face elevated vacancy as backfilling remains challenging amid a nationwide struggle for aging retail stock.

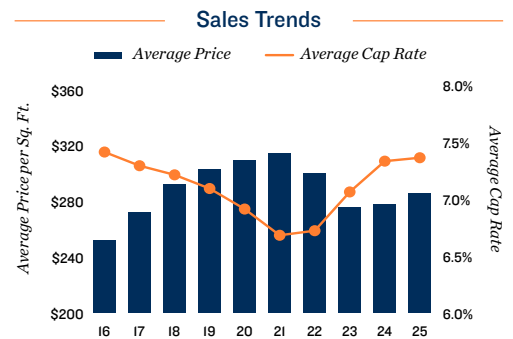
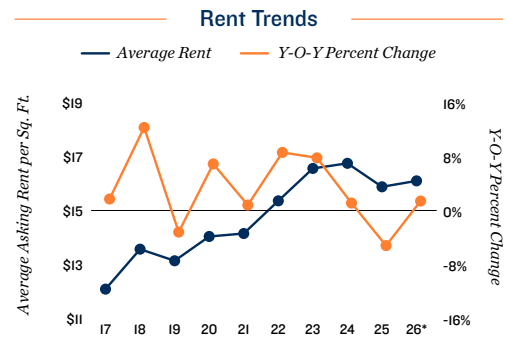
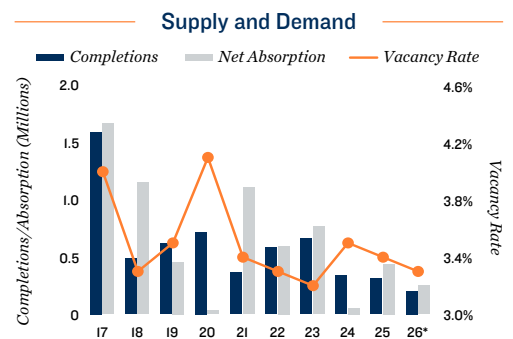
Investors target assets with stable tenant demand. Steady leasing activity from grocery stores and junior-box anchors should support investor interest in multi-tenant retail properties this year. The average cap rate for the property type last year still ranked among the five highest nationwide, reinforcing Columbus’ appeal to yield-focused investors. Additionally, transaction velocity for both multi- and single-tenant properties nearly doubled in 2025. Market momentum was further reflected in the notable increase in properties trading above \$10 million, reaching roughly twice the prior annual peak, as private buyers transacted at higher price points while institutional capital pulled back. Within the single-tenant segment, sales growth has been fastest among fast-food restaurants and auto repair properties, highlighting demand for durable cash-flow assets.

2026 MARKET FORECAST

NRI RANK || *Steady job growth and a vacancy rate well below the historic average will place Columbus in the top 15 of the rankings.*

- +0.7%**  **EMPLOYMENT:** Columbus’ workforce is expected to grow by 8,000 positions this year, the most among major Ohio markets, placing the metro in the top quartile nationally for growth rate.
- 200,000 sq. ft.**  **CONSTRUCTION:** Deliveries will remain limited, reaching the lowest level since at least 2007, with total inventory rising by 0.2 percent. About 20 percent of this year’s deliveries are multi-tenant.
- 10 bps**  **VACANCY:** With minimal construction, net absorption is projected to outpace new space additions again, pushing the metrowide vacancy rate down slightly to 3.3 percent.
- +1.4%**  **RENT:** After declining in 2025, average asking rent is set to climb modestly this year to \$16.08 per square foot. The metric remains the highest among major Ohio markets.

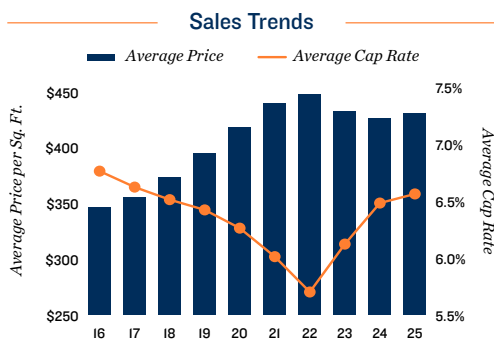
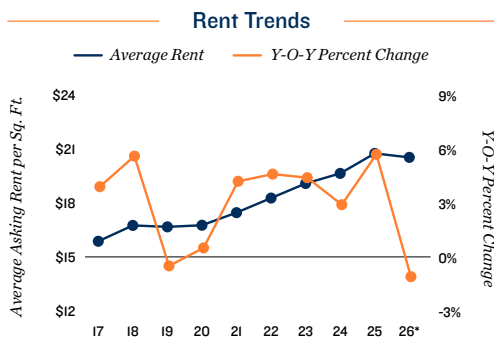
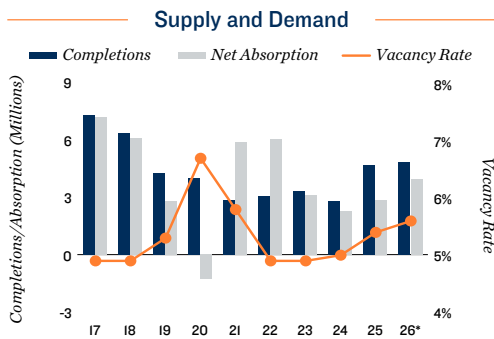
INVESTMENT: *Relative housing affordability and rising consumer demand are driving increased retail sales activity in Newark-Heath, positioning the area as an attractive option for investors seeking lower entry costs.*



* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

DALLAS-FORT WORTH

Increasing Absorption and Accelerated Trading Position Metro as Nation's Most Liquid Retail Market



Performance diverges as supply concentrates in select areas. Submarkets posting the strongest fundamentals were those that avoided most of 2025's large supply wave, including inner North and Southeast Dallas. Multi-tenant vacancies declined in inner North Dallas, while Southeast Dallas saw most of its improvement in single-tenant assets. Together, these areas accounted for just under 3 percent of last year's deliveries, a trend expected to continue in 2026 as construction remains limited in these two submarkets. Suburban Fort Worth recorded low vacancies across both segments, supported by net in-migration and high household incomes. Other areas set to receive the bulk of 2026 supply, such as Collin County and the Mid-Cities, posted higher vacancies in 2025. However, these submarkets still benefit from favorable demographic trends, including some of the metro's strongest net in-migration, high-income households, and increased office demand tied to corporate relocations.

Multi-tenant trades accelerate. Transaction activity climbed year-over-year in 2025, reinforcing the metro's position among the nation's most active and liquid markets. The trends observed last year are informative of 2026 as well. In 2025 the average price per square foot increased to \$430, while cap rates inched higher, signaling steady cash-flow gains. Central Fort Worth led single-tenant trades at lower price points, while Collin County and surrounding growth corridors captured a significant share of multi-tenant sales, supported by rapid development and strong in migration. The Mid-Cities also recorded notable activity, driven largely by Arlington, which remains a cost-effective entry point for buyers across single- and multi-tenant properties, thanks to its strategic positioning between Fort Worth and Dallas.

2026 MARKET FORECAST

NRI RANK 17 *With one of the largest inventories, higher vacancy, completions, and household growth rank the metroplex in the top 20.*

- +0.8%** **EMPLOYMENT:** The metro is projected to add 35,000 jobs this year. After posting its lowest annual job gain in five years in 2025, this represents the largest increase among major metros in 2026.
- 4,800,000 sq. ft.** **CONSTRUCTION:** Completions hit an eight-year high, leading major metros in construction, expanding inventory by 1.3 percent, with most new supply concentrated in Collin County.
- +20 bps** **VACANCY:** Despite posting the strongest net absorption among major metros, demand will not keep pace with new supply, nudging vacancy up to 5.6 percent, the highest rate for the metro since 2021.
- 1.1%** **RENT:** Despite strong demand, an increasing vacancy rate will reduce the average asking rent for the first time since 2019, bringing the metric to \$20.50 by year-end.

INVESTMENT: *Frisco plans to welcome the grand opening of the \$500 million Universal Kids Resort, which could generate spillover demand for local retail along major routes in Collin County.*

* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics





Regionally Low Recent Development Limits Vacancy Expansion and Supports Rent Growth

Demographic tailwinds moderate, as does construction. Population growth in Denver has cooled from its rapid pace during the 2010s. The metro is projected to expand by 0.5 percent this year after averaging 1.6 percent annually, well above the national rate. Hiring has similarly cooled, while a slowdown in local retail sales growth last year detracted from tenant expansion goals. These dynamics contributed to notable net space relinquishment in 2025, driven by suburban big-box move-outs such as Macy’s and Party City, alongside ongoing weakness downtown. That said, Denver’s retail inventory has increased by just 4.3 percent over the past decade, the lowest among major Rocky Mountain metros. The limited presence of newer product and a constrained development pipeline should help buffer a metrowide vacancy increase and keep it on par with the national rate, even as softer leasing activity emerged in the second half of 2025. Broader economic uncertainty may carry that pressure into this year.

Private buyers remain active as transactions pick up. Metrowide sales activity rose 40 percent year-over-year in 2025, with transactions above \$20 million increasing by a similar proportion, indicating renewed interest in larger deals in a market historically dominated by smaller, private trades. At the submarket level, Central Denver recorded the largest year-over-year increase in vacancy among suburban submarkets last year and also posted the fastest pickup in transaction velocity, largely driven by institutional dispositions and owner-user acquisitions. Additionally, while the urban core continues to contend with vacancy above 10 percent entering 2026, investor interest could gradually return as city-led revitalization efforts aimed at increasing foot traffic move forward, including the ongoing renovation of the 16th Street Mall.

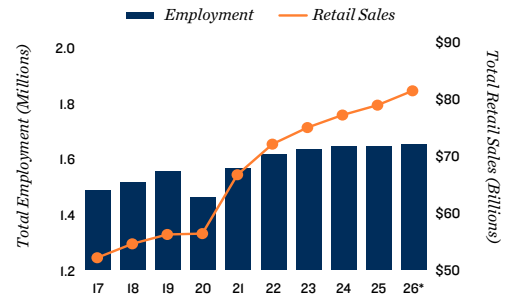
2026 MARKET FORECAST

NRI RANK 22 *Steady rent growth will partially offset anticipated vacancy upticks, garnering Denver a top-half placement.*

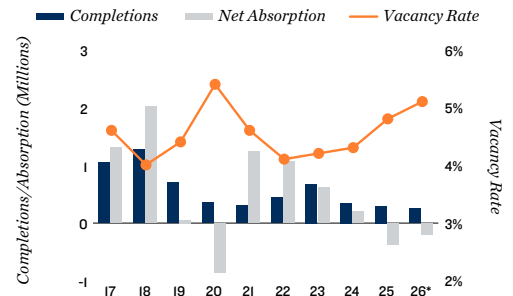
- +0.4%**  **EMPLOYMENT:** Job growth is expected to improve this year, with 7,000 positions added following last year’s 900-job gain. Even so, growth remains below the metro’s long-term average of 1.9 percent.
- 250,000 sq. ft.**  **CONSTRUCTION:** Deliveries will remain limited and in line with last year’s levels, with more than 80 percent of this year’s completions pre-leased as of early 2026.
- +30 bps**  **VACANCY:** A second consecutive year of net space relinquishment is anticipated, pushing the retail vacancy rate up to 5.1 percent, 10 basis points above the national rate.
- +2.4%**  **RENT:** Strong rent growth in the southern portion of the metro should continue to support metrowide gains. The average asking rent is projected to reach \$21.81 per square foot by December.

INVESTMENT: *Convenience store trades tripled in 2025, with many clustered near Interstates 70 and 25, where planned infrastructure investment could support performance and draw investors.*

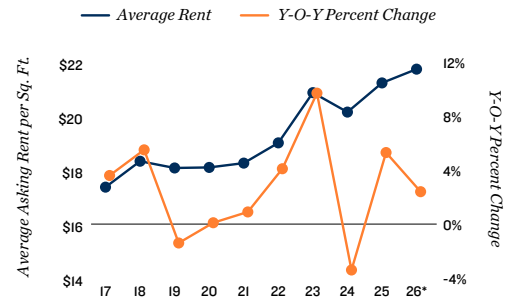
Economic Trends



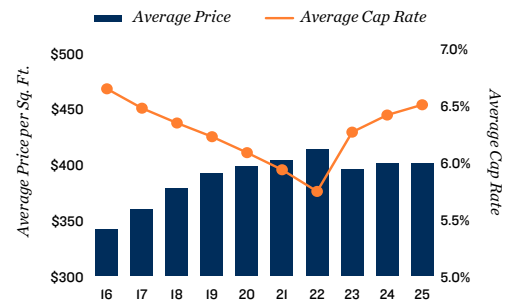
Supply and Demand



Rent Trends



Sales Trends

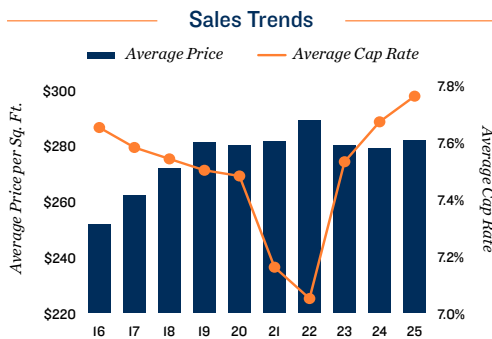
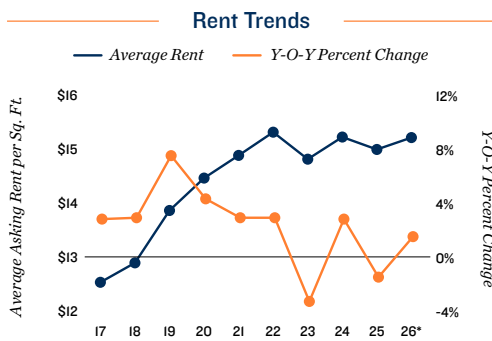
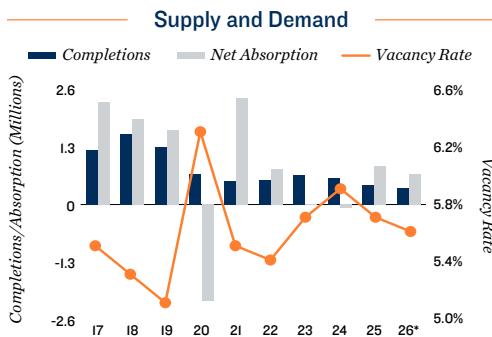
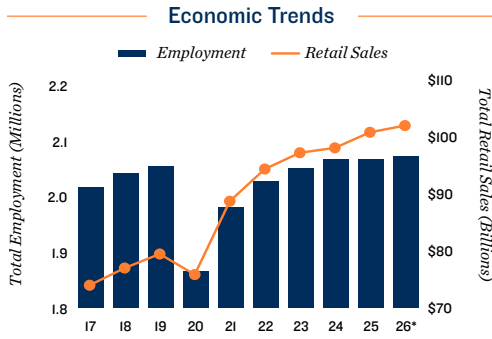


* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

DETROIT

Demand Strengthening for Smaller-Format Stores as Demographic Trends Remain a Headwind



Net absorption rapidly improving. Detroit retail continues to navigate a challenging environment in 2026, as population growth ranked among the slowest of major U.S. markets last year. At the same time, some tenants hesitated to sign leases due to declining consumer confidence and a relatively price-sensitive consumer base. That last trait is exacerbated by the metro’s low median household income and consumer prices growing faster than incomes since at least 2020. While these underlying factors remain headwinds, the metro enters 2026 on the back of rapidly improving net absorption in late 2025. This is in part due to backfilling of big-box spaces, which faced elevated relinquishments through the first half of 2025. However, smaller-format spaces are also seeing stronger leasing activity. Much of this momentum is concentrated in single-tenant spaces and community and strip centers, while lifestyle, neighborhood, and power centers continue to face weaker demand entering 2026.

Elevated sales activity driven by smaller assets. Despite weakening fundamentals through the first half of 2025, investor interest remained steadfast. Transaction velocity accelerated notably across deals that penciled for under \$20 million. Multi-tenant properties registered a 30 percent-plus increase compared to 2024, though the segment’s vacancy remaining 180 basis points above its 2015-2019 average bears consideration. Meanwhile, sub-10,000-square-foot storefronts, restaurants, and fast-food concepts hold favorable positioning across the metro, accounting for much of the late-2025 demand growth. Macomb County and Downriver submarkets may stand out to investors targeting these assets, where single-tenant vacancy remained near 5 percent and asking-rent growth exceeded the metro average last year.

2026 MARKET FORECAST

NRI RANK 37 *High vacancy, limited household formation, and slow sales growth contribute to Detroit’s lower-15 ranking this year.*

- +0.2%** **EMPLOYMENT:** Detroit’s employment base is expected to increase by 5,000 positions in 2026, representing an improvement following a roughly 200-job gain in 2025.
- 370,000 sq. ft.** **CONSTRUCTION:** The development pipeline decelerates slightly in 2026, as total inventory is forecast to expand by 0.2 percent. This pace will remain in line with the trailing five-year annual average.
- 10 bps** **VACANCY:** After recording its first annual vacancy decline since 2022 last year, the metro’s rate is projected to edge down to 5.6 percent in 2026, still 40 basis points above the national benchmark.
- +1.5%** **RENT:** The metro’s average asking rent growth is expected to modestly accelerate in 2026. By year-end, the rate is forecast to reach \$15.20 per square foot, the eighth-lowest among major markets.

INVESTMENT: *With an average cap rate ranking among the five highest of major metros, Detroit is poised to continue attracting out-of-state investment, particularly from states such as Florida and Ohio, in 2026.*

* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Scarce Available Big-Box Space Reinforces Suburban Retail Fundamentals and Aids Investment Activity

Suburban retail outperforms as large-format space taken up. Entering 2026, the metro’s retail landscape is split between tightening suburban nodes and continued urban turnover. In Plantation and Northwest Broward, local vacancy declined by over 130 basis points in 2025, ranking among the five largest drops among U.S. submarkets with at least 10 million square feet of inventory. Notably, vacancy at properties over 50,000 square feet fell below those of smaller buildings, to around 3 percent, reflecting grocery and fitness tenants competing for a shrinking pool of big-box space. Smaller-format leasing has also remained active in outlying suburbs, supported by quick-service retailers like Raising Cane’s. By contrast, downtown Fort Lauderdale, Pompano Beach, and Hollywood saw continued tenant move-outs last year, with Downtown Fort Lauderdale’s rate climbing above 8 percent. Nevertheless, minimal new supply should help limit further vacancy expansion, while Equinox’s first local lease-in indicates longer-term confidence in an increasingly affluent, experience-oriented consumer base.

Shopping center investment gains momentum. Sales activity strengthened in late 2025 as institutions ramped up shopping center acquisitions, particularly grocery-anchored assets. Plantation, Northwest Broward, and Pompano Beach recorded capital inflows approaching all-time highs late last year, as investors were attracted by tightening large-block vacancy and constrained construction pipelines. These dynamics should help sustain institutional interest in 2026, even as overall buying activity remains selective. Private investment may continue to hold firm, with fast-food and restaurant properties likely to remain attractive, supported by the metro position as one of the nation’s fastest-growing food and accommodations employment sectors.

2026 MARKET FORECAST

NRI RANK 3 *Fort Lauderdale ranks in the top five as slowing construction helps vacancy tighten amid ongoing household formation.*

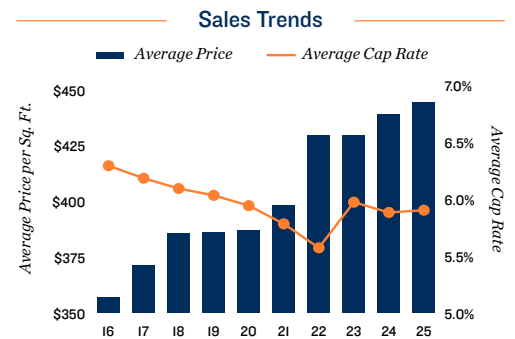
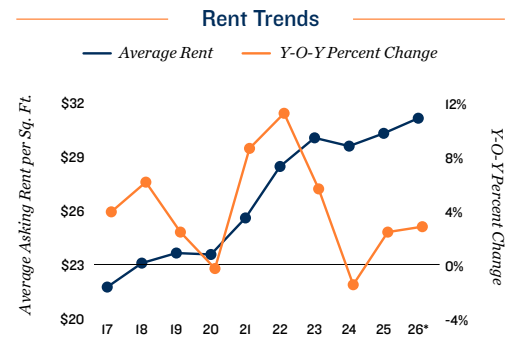
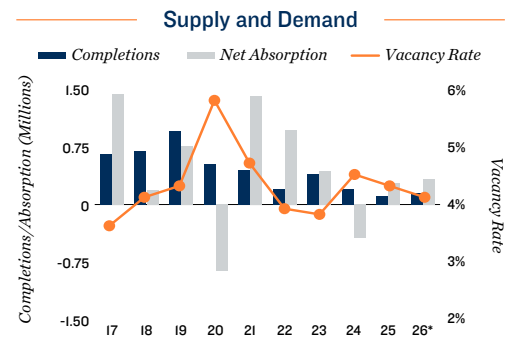
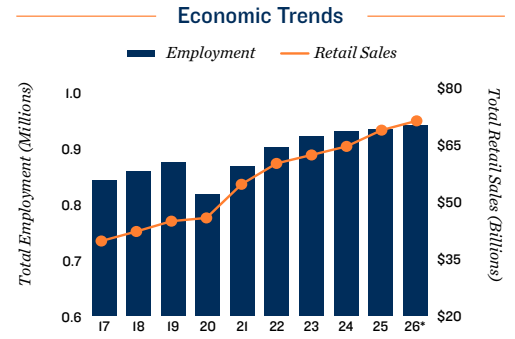
+0.7% **EMPLOYMENT:** The metro’s workforce grows by 7,000 roles. Food services hiring may continue to outpace the retail trade sector as goods retailers stay cautious amid tariff-driven cost uncertainty.

150,000 sq. ft. **CONSTRUCTION:** Completions in 2026 are expected to align with last year’s record-low delivery slate. Inventory growth of 0.2 percent will be less than half the past decade’s average of 0.5 percent.

-20 bps **VACANCY:** Limited new supply should allow vacancy to trend lower despite modest leasing activity. At 4.1 percent, the metro’s rate will sit 30 basis points below its prior 10-year average.

+2.8% **RENT:** Tightening vacancy is expected to support a gradual improvement in rent growth. The average asking rate reaches \$31.10 per square foot, standing roughly 30 percent above the 2020 level.

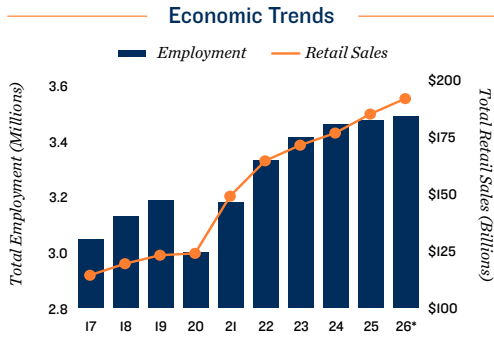
INVESTMENT: *The 2025 groundbreaking of a 170-acre, \$1 billion-plus mixed-use project to create a true downtown in Coconut Creek could draw additional investors by deepening the area’s consumer base.*



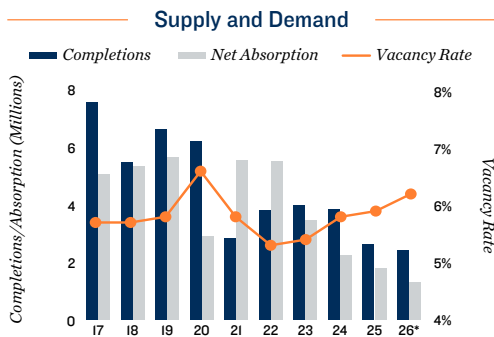
* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

HOUSTON

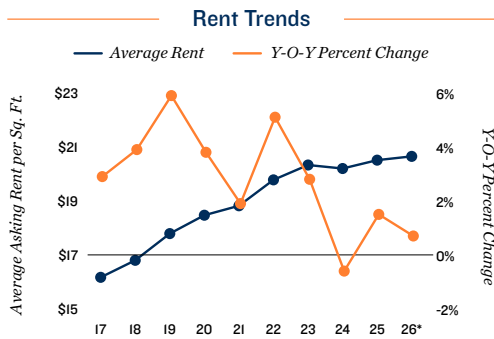
Tightening Multi-Tenant Vacancy Attracts Institutions, Fueling Nation-Leading Investment Growth



Shopping centers show resilience in more selective environment. Vacancy pressure is expected to moderate in Houston in 2026 as bankruptcy-driven closures slow, with multi-tenant properties likely to anchor performance. In north, northwest, and southwest Houston, shopping center vacancy held flat or declined last year even as single-tenant availability increased, reflecting grocery, fitness, and experiential tenants clustering in high-traffic centers. Supply dynamics have reinforced this trend, with only about 35 percent of delivered space since 2020 being multi-tenant product. Leasing volume also held near the metro’s past-decade average in 2025, totaling more than 9 million square feet and signaling durable tenant demand that is likely to support further tightening, particularly in higher-income trade areas. Less-affluent neighborhoods in the east and south have lagged, but several large-format backfills slated for 2026 should support absorption and point to sustained tenant confidence.



Large deals signal a cyclical turning point. For the first time, Houston led all major markets in retail trades above \$10 million after posting the nation’s fastest rise in overall sales activity in 2025. Higher going-in cap rates than in other major Texas metros are helping more deals pencil, while catalysts such as Eli Lilly’s planned \$6.5 billion manufacturing campus underpin long-term population growth. Affluent western and northern suburbs should remain key targets, particularly near Katy, where retail vacancy has held near 5 percent. Grocery-anchored centers will likely draw interest, though large investors have increasingly acquired portfolios of smaller strip centers. This broader liquidity pool may create opportunities for private buyers to execute value-add strategies that position these centers for sale to institutional bidders.



2026 MARKET FORECAST

NRI RANK 26 *Supply growth keeps vacancy under pressure despite strong population gains, placing Houston near the middle.*

+0.5% **EMPLOYMENT:** A net of 17,000 jobs will be created in 2026, likely led by the healthcare sector. Retail trade and food services also posted job growth last year, reflecting ongoing retailer expansion.

2,400,000 sq. ft. **CONSTRUCTION:** Completions in 2026 are expected to mirror last year’s near-record-low delivery slate, totaling less than half the past 10-year average, with inventory growth of just 0.6 percent.

+30 bps **VACANCY:** Amid a still-cautious leasing backdrop, the metro’s vacancy rate edges up to 6.2 percent, the highest level since 2021, but remains 10 basis points below the long-run average.

+0.7% **RENT:** Rent growth will remain minimal for a third straight year. The average asking rate will inch up to \$20.63 per square foot, roughly in line with San Antonio and Dallas-Fort Worth.

INVESTMENT: *The planned 2026 opening of Texas A&M’s \$200 million Space Institute could attract investors near Baybrook, where Dick’s Sporting Goods recently signed the submarket’s largest retail lease since 2021.*

* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Manufacturing, R&D Projects Anchor a Positive Outlook as Private and Institutional Capital Flows Rise

Economic expansion supports retail. While metrowide vacancy will inch up this year, it will still be lower than at any point between 2007 and 2021. Employment opportunities should keep drawing new residents in 2026 even as foreign inflows slow, with net in-migration projected at about 12,000, the Midwest’s second-highest tally. In this context, Boone and Hendricks entered the year with a near-1 percent vacancy rate, though a sizable supply pipeline may put modest pressure on the rate in 2026. Even so, major business investments such as Project Falcon, the Hyster-Yale facility, and Eli Lilly’s large-scale manufacturing projects should bolster consumer spending and keep conditions relatively tight. Elsewhere, in northeast and south Marion County, triple-digit increases in vacancies in 2025, along with elevated lease expirations slated for 2026, pose a risk to local demand. Even so, Indianapolis’ continued status as one of the Midwest’s fastest-growing economies should support the metro’s retail fundamentals.

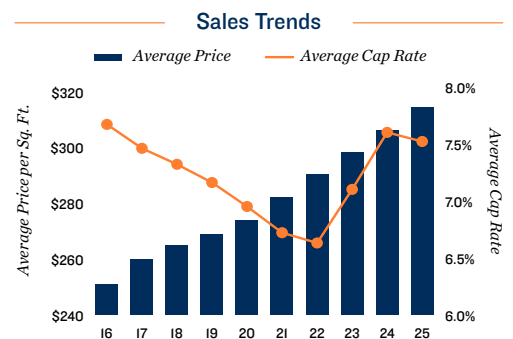
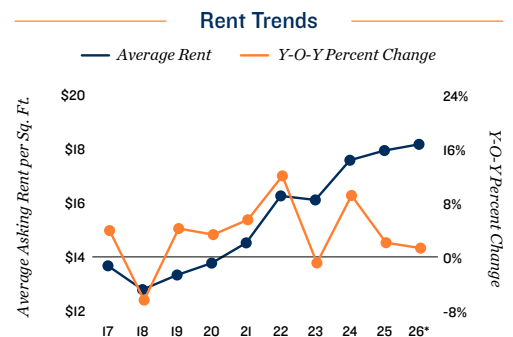
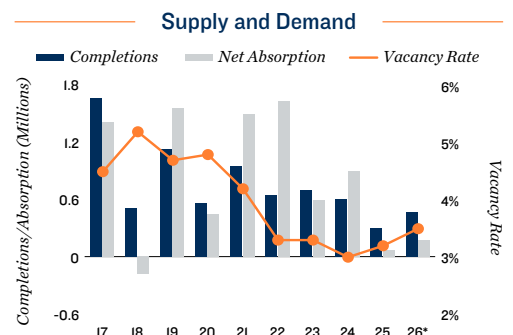
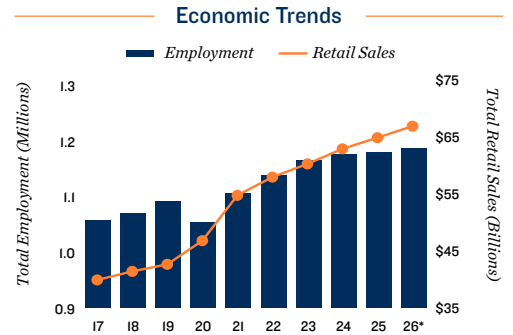
Private capital activity sets the stage for institutional deployment. In 2025, Indianapolis posted the eighth-largest price-per-square-foot increase among major U.S. metros, at about 2.7 percent. Transaction velocity also increased, with nearly all deals closing below \$10 million as local investors became slightly more active than in prior years. Meanwhile, institutional fundraising rose roughly 20 percent nationwide in 2025, positioning Indianapolis to potentially attract larger-scale capital in 2026. This outlook is supported by local multi-tenant vacancy declining 270 basis points – the largest drop among major markets – and nationally competitive yields at 7.5 percent in 2025. For private investors, renewed institutional participation may improve market liquidity, bolstering pricing stability and exit optionality.

2026 MARKET FORECAST

NRI RANK 21 *Low, albeit rising, vacancy and strong employment growth continue to bolster the metro’s ranking, placing it in the upper half.*

- +0.7%** **EMPLOYMENT:** The addition of 8,000 positions will align with Columbus for the third most in the Midwest this year, while the metro’s job growth rate will sit just outside the top 10 nationally.
- 465,000 sq. ft.** **CONSTRUCTION:** Inventory is projected to expand by roughly 0.4 percent – among the fastest rates in the Midwest – yet it remains about half the pace of the metro’s trailing 10-year average.
- +30 bps** **VACANCY:** As supply pressure marginally increases, so will vacancy, with the rate shifting up slightly to 3.5 percent. Still, the metro will record one of the tightest vacancy levels nationally.
- +1.3%** **RENT:** Though net absorption remains muted compared to its 2015-2019 mean, it will still increase year-over-year. As a result, the average asking rent will lift marginally to \$18.15 per square foot.

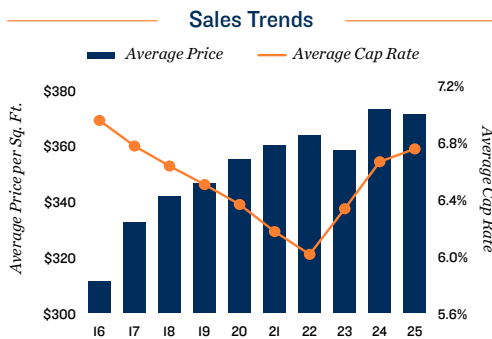
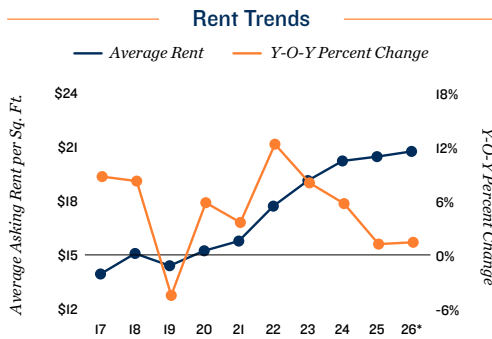
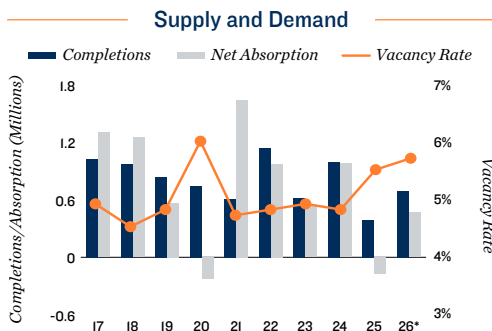
INVESTMENT: *Indiana is expanding the exemption threshold for business personal property taxes, reducing tax burdens for small and midsized businesses. That may improve retail cash flow and leasing appeal.*



* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

JACKSONVILLE

Underlying Demographic, Economic Tailwinds Bolster Retail Amid Select Segment Weakness



Higher-quality spaces outperform. Jacksonville retail continues to benefit from growth in both population and annual gross metro product that rank among the top 10 major markets. Net absorption in 2025, however, lagged behind prior years. Much of this weakness stemmed from relinquishments across older properties, as tenants increasingly prefer newer spaces. While this trend will likely weigh on overall net absorption in 2026, gradual improvement is expected ahead amid a modest uptick in big-box leasing activity in late 2025, largely driven by discount retailers and supermarkets. Performance also remains geographically uneven across the metro. Areas like St. John’s County and the beaches maintain vacancy rates below 3 percent, while demand rebounded sharply in the Southside in late 2025. Conversely, weaker population growth is likely to persist, weighing on demand in Mandarin and Downtown, particularly among multi-tenant properties.

Certain submarkets to see the bulk of trading activity. Transaction velocity in Jacksonville slightly outpaced its trailing five-year annual average last year. Activity in submarkets such as Northeast, Northwest, and Downtown Jacksonville may stay tempered in 2026 as leasing activity remains subdued. In contrast, sustained space demand and an average asking rent that has roughly doubled over the past decade should keep St. Johns County the most transacted submarket in the metro. Restaurants, fast-food concepts, and storefronts on the Southside may also continue a trend of increased trading, given improving leasing activity in recent quarters. Investors seeking smaller capital commitments may increasingly target the Riverside-Westwood corridor, where sub-5,000-square-foot properties are posting strengthening net absorption.

2026 MARKET FORECAST

NRI RANK 20 *Strong household formation and a large delivery slate place Jacksonville in the top half, but lowest among Florida markets.*

- +0.5%** **EMPLOYMENT:** Jacksonville’s employment base expands by just 4,000 positions in 2026, marking the metro’s fifth consecutive year of decelerating job growth.
- 690,000 sq. ft.** **CONSTRUCTION:** Deliveries accelerate in 2026, expanding inventory by 0.8 percent — among the five fastest rates across major markets, though still slightly below the metro’s long-term average.
- +20 bps** **VACANCY:** Elevated completions and tempered demand are expected to pressure the metro’s vacancy, with the rate reaching 5.7 percent by year-end, representing its highest level since 2020.
- +1.4%** **RENT:** A second straight year of rising vacancy leads to a fourth consecutive year of decelerating asking-rent growth. The average is forecast to reach \$20.72 per square foot by year-end.

INVESTMENT: *While all other shopping center types noted slowing or negative net absorption in 2025, community centers have posted steadily positive quarterly figures since 2024, potentially attracting investment ahead.*

* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Renewed Net Absorption, Trading Surge Lift Outlook, Despite Diverging Submarket Performance

Moderate rebound ahead, although some submarkets may lag. After a year of negative net absorption in 2025, Kansas City is positioned for a gradual recovery in 2026. North of the River was resilient last year, combining a single-tenant 3.1 percent vacancy rate with 9.3 percent rent growth and strategic access via Interstates 35 and 435. The new 16,000-capacity Morton Amphitheater, set to open in 2026, should increase event-driven traffic in the area and tenant demand for nearby pad sites. Multi-tenant performance is mixed, with South Johnson County posting negative net absorption last year; however, a strong employment base points to a modest recovery ahead. Although Midtown experienced a sharp rise in vacancy last year, the recent KC Streetcar’s connectivity to the University of Missouri-Kansas City, employment centers, and entertainment districts positions the corridor for renewed demand in 2026.

Pricing recovery and public momentum signal market strength. Average pricing ended a four-year downward trend in 2025, rising to about \$308 per square foot, signaling renewed confidence. Even with this lift, pricing remained among the lowest in major metros and was paired with an average cap rate in the high-7 percent band, which could compress slightly as competition intensifies. These factors contributed to trading growing by 60 percent in 2025 as REITs capitalized on this arbitrage. Portfolio trades from public REITs and other institutions represented over half of 2025 capital deployment, targeting post-1995 assets, a trend likely to persist as investors favor modern layouts and efficiency. Private investors may continue to target East Jackson and North Johnson County, where most properties under 10,000 square feet traded, with trading in North Johnson County growing by over 70 percent in 2025.

2026 MARKET FORECAST

NRI RANK 35 *Despite above-average employment growth, a revenue setback places Kansas City among the lower half of the Index.*

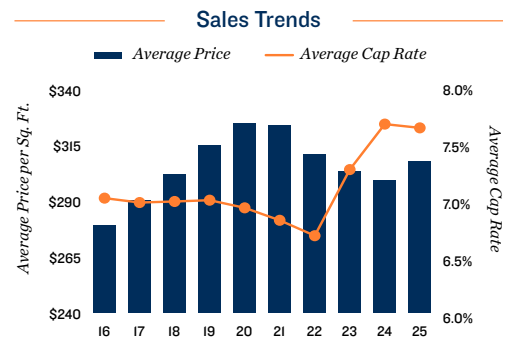
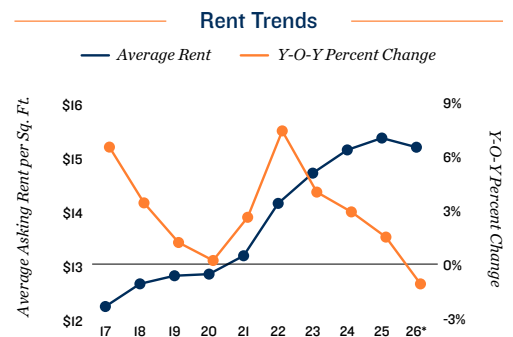
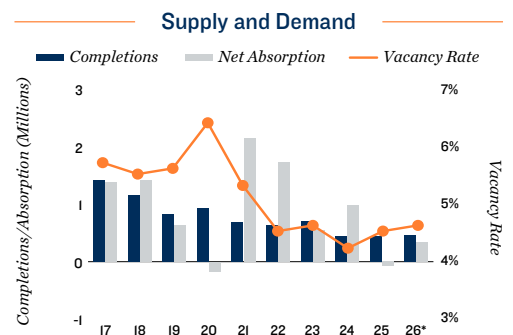
+0.6% **EMPLOYMENT:** Kansas City’s job base is stabilizing after last year’s pullback, adding 7,000 new roles. However, office-using sectors continue to shrink, pointing to a slower recovery.

460,000 sq. ft. **CONSTRUCTION:** Inventory will increase moderately by 0.3 percent. Johnson County will account for the largest share of completions, comprising nearly 40 percent of deliveries.

+10 bps **VACANCY:** Although net absorption improves compared to last year, demand will not offset the increase in inventory, resulting in the vacancy rate inching higher to 4.6 percent.

-1.1% **RENT:** After rent growth stalled last year, weak demand nudges the average asking rent down slightly to \$15.20 per square foot, keeping it on the lower end of Midwest markets.

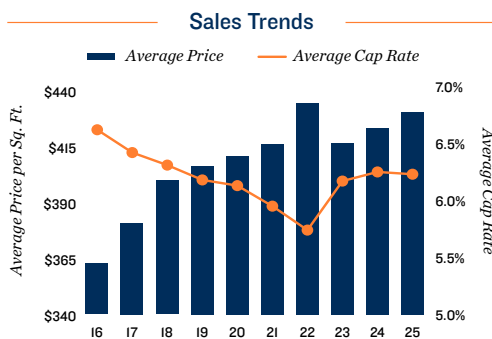
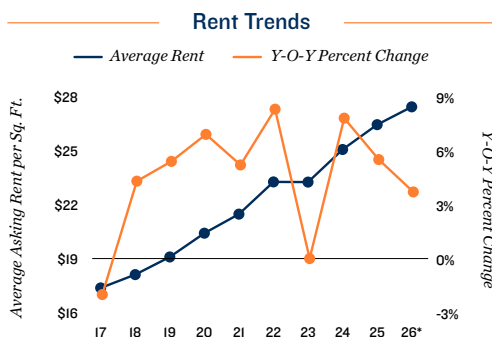
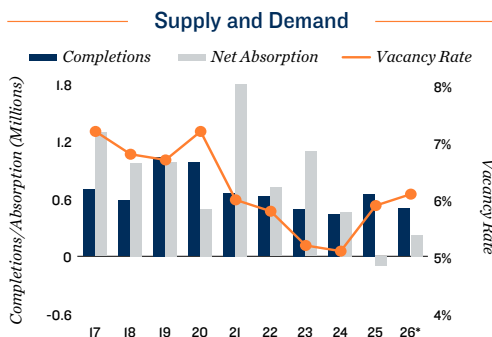
INVESTMENT: *The Kansas City Chiefs plan to move their stadium to Wyandotte County in 2031. The stadium will be built near existing entertainment venues, which should increase foot traffic and investor interest.*



* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

LAS VEGAS

Growing Populations North and South of Core, Along With Resort Resilience, Brighten Outlook



Retailers overcome tourism fluctuations on back of household growth. Despite hotel bookings falling 8 percent in 2025, vacancy among Resort Corridor retail properties decreased by a market-leading 110 basis points to end the year at 4.8 percent. An anticipated 15 percent boost to trade show attendance at the renovated Las Vegas Convention Center also bodes well for local retail in 2026. Operations are even tighter in many residential submarkets, with availability at or below 3 percent entering this year in northwest and southwest Las Vegas. Ongoing population growth and residential development aid foot traffic here, while demand for space in north and northeast Las Vegas may improve in the long term from planned industrial construction and job creation at the Apex Industrial Park. Availability also remains limited across bars, restaurants, and convenience stores, as well as among specialized vendors such as auto repair shops. As such, both single- and multi-tenant vacancy rates will remain more than 100 basis points below their historical averages this year, even if they rise modestly.

Central and expansion areas benefiting from investor interest. Liquidity continued to improve last year, led by a roughly 25 percent increase in local multi-tenant trades. Single-tenant sales also increased, with segment velocity exceeding the annual average during 2014-2019. Greater overall competition has supported a modest increase in the average sale price since 2023, although this has also flattened the mean cap rate. While this may limit margins, many investors continue to enter the sector via 1031 exchange. The areas west of Interstate 15 and southwest of Harry Reid International Airport remain the most active for trades. At the same time, potential drivers of population growth in outer submarkets may draw investors to these smaller retail neighborhoods.

2026 MARKET FORECAST

NRI RANK 28 *A pace of household formation ranking among the top 10 markets nationally supports a near-middle position on the NRI.*

- +0.3%** **EMPLOYMENT:** While a general slowdown in metro-area construction nullified overall job growth last year, employers are expected to add a net 3,000 new roles across industries in 2026.
- 500,000 sq. ft.** **CONSTRUCTION:** Approximately 150,000 fewer square feet will be completed this year than last, with most completions slated near Eastland Heights and Sovana.
- +20 bps** **VACANCY:** Reduced supply pressure for single-tenant properties will help overall vacancy advance by only a quarter of last year's margin to a metrowide rate of 6.1 percent by December.
- +3.7%** **RENT:** Vacancy above 7 percent among multi-tenant properties will weigh on asking rent growth, keeping the average across tenancy types from climbing much above \$27.40 per square foot in 2026.

INVESTMENT: *Convenience stores traded more frequently last year. The more necessity-based nature of the stores, combined with sub-2 percent vacancy, could sustain this dynamic in 2026.*

* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Cautious Optimism Surrounds Local Retail Market After Encouraging Close of Last Year

Shopping center leasing a bright spot. Following three consecutive years of vacancy increase, Los Angeles’ retail sector enters 2026 with historically high availability. This, along with another round of store closures, including 10 Amazon Fresh locations, will create a challenging near-term stretch for certain property types. Still, there is reason to be optimistic. Across shopping centers, tenants absorbed 620,000 square feet of space during the second half of 2025, an indication that experiential retailers, supermarkets, and off-price stores are backfilling a share of big-box spaces vacated over the past two years. Single-tenant demand, meanwhile, returned to positive territory during the final three months of last year, following seven quarters of negative net absorption. Still, a combined 24 million square feet of multi- and single-tenant space sits vacant across the county. Fortunately, pressure from new supply will be nominal as inventory expands by just 0.1 percent, with deliveries scant in Greater Downtown Los Angeles and West Los Angeles — areas with elevated local vacancy.

Investors undeterred by vacancy movement. Despite its issues, Los Angeles’ deal flow increased 32 percent last year, the third-largest rise among major primary metros. Private investors with knowledge of the metro’s many neighborhoods were active, resulting in a more pronounced increase in trades between \$1 million and \$10 million. In 2026, many buyers may acquire net-leased restaurants and quick-service assets, often via 1031 exchange, after each property type noted positive absorption and vacancy compression last year. Multi-tenant trading, meanwhile, should primarily involve strip centers and neighborhood-community centers along major thoroughfares, with 7 percent-plus cap rates available for properties with vacancy issues.

2026 MARKET FORECAST

NRI RANK 43 *One of the nation’s highest vacancy rates and below average local retail sales growth translate to a lower ranking in 2026.*

+0.2% **EMPLOYMENT:** The county is projected to recoup nearly all of the 10,300 positions lost last year, with healthcare-related hiring and moderate gains in certain blue-collar sectors driving growth.

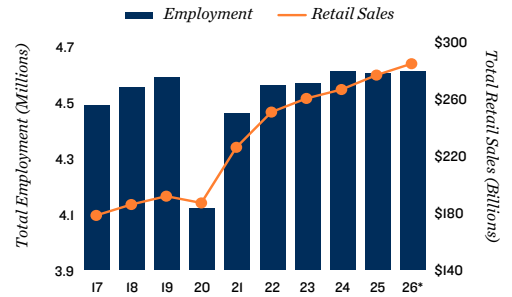
510,000 sq. ft. **CONSTRUCTION:** Delivery volume increases on an annual basis; however, inventory growth is nominal. Nearly 80 percent of 2026 supply additions are in the South Bay and the San Gabriel Valley.

+30 bps **VACANCY:** Local vacancy rises for a fourth straight year as store closures continue to impact fundamentals. At 6.9 percent, the metro’s year-end mark is 160 basis points above the prior 10-year mean.

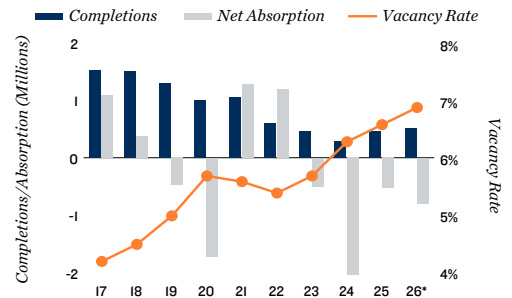
-0.5% **RENT:** The average asking rent changes little amid a period of historically high vacancy. This brings Los Angeles’ year-end mark to \$32.66 per square foot, roughly \$2 below Orange County.

INVESTMENT: *San Gabriel Valley retail is supported by some of the metro’s lowest apartment and office vacancy, which is driving investor interest in net-leased assets and necessity-anchored centers.*

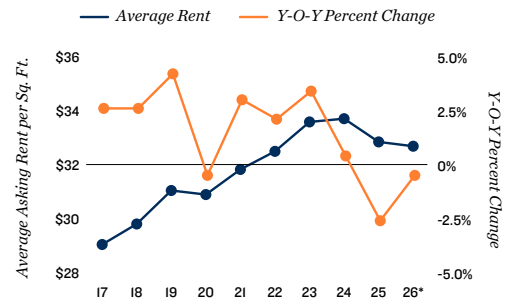
Economic Trends



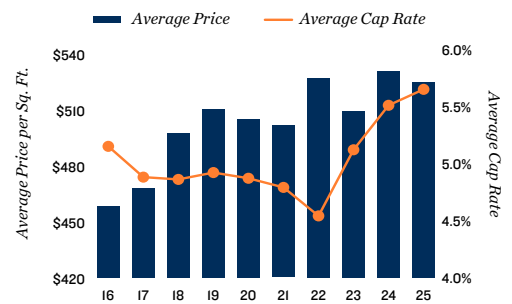
Supply and Demand



Rent Trends



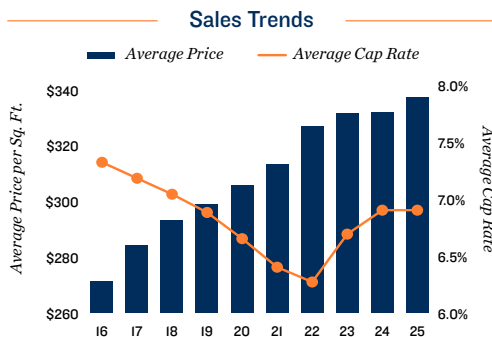
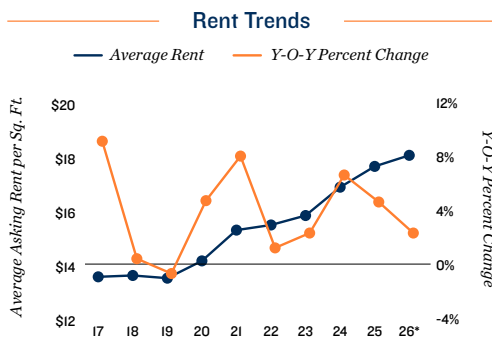
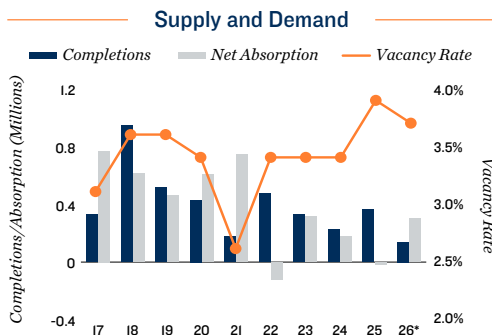
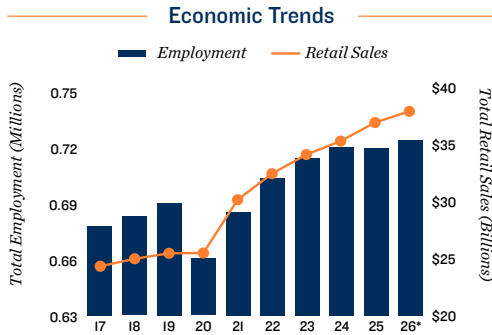
Sales Trends



* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

LOUISVILLE

Supply Constraints and Active Backfilling Set the Stage for Greater Capital Deployment



Anchor leasing holds firm as shop-space demand growth slows. Louisville entered 2026 with vacancy still among the lowest in the nation, even as move-outs created pockets of big-box availability. However, large-format leasing held near its past decade average in 2025, with about 10 leases over 20,000 square feet signed, which should help absorb turnover. Limited construction will keep tenants focused on existing centers, such as Publix’s planned backfill of a former Neighborhood Walmart. Meanwhile, smaller-format leasing has cooled, as tight vacancy limits expansion options and discretionary, goods-oriented tenants adopt a more selective stance. A backdrop of modest job growth is likely to keep demand tilted toward daily-needs and service retail, highlighted by Wawa’s plan for six locations across the metro. Leasing should remain most durable in higher-income areas with strong regional access, led by the Inner East End toward St. Matthews and the Interstate 65 Corridor in South Clark County.

Reliable income and tight supply draw core capital. Retail trades above \$20 million neared record levels last year as institutions sought Louisville’s relatively stable fundamentals and attractive yields. Grocery- and discount-anchored centers led activity, reflecting demand for durable cash flows. Newer assets should remain favored, as vacancy held below 3 percent for centers built after 1990 while exceeding 8 percent at older properties. This gap may also support value-add plays focused on tenant improvements and targeted upgrades. While private investors have been more selective, sales rose across infill areas like Downtown New Albany and the Bardstown Road Corridor near the Highlands. Limited new supply has kept vacancy under 2 percent in these nodes, where steady foot traffic supports food, beverage, and service demand.

2026 MARKET FORECAST

NRI RANK 19 *Louisville ranks among the top 20 markets as limited new supply sustains tight vacancy despite modest household formation.*

- +0.6%** **EMPLOYMENT:** After the metro lost jobs last year, hiring is expected to improve modestly, with the addition of 4,000 roles. At 0.6 percent, job growth will be about half of the long-run average.
- 140,000 sq. ft.** **CONSTRUCTION:** Completions in 2026 will total about one-third of the past decade’s average and sit near record lows. Most new supply is concentrated southeast of the Interstate 265 loop.
- 20 bps** **VACANCY:** Minimal supply pressure helps vacancy edge down to 3.7 percent. This would mark the 10th-lowest vacancy rate among major U.S. markets and align with the prior 10-year average.
- +2.3%** **RENT:** Tightening vacancy lifts the metro’s average asking rate to \$18.10 per square foot. This places rents roughly 27 percent above 2020 levels, aligning with the fastest growth in the Midwest.

INVESTMENT: *Yum! Brands’ decision to relocate 550 employees from its suburban campus to Downtown Louisville is expected to reinforce weekday foot traffic and support nearby retail and investment activity.*

* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Investor Competition Strengthens Pricing Momentum as Select Submarkets Hold Firm

Suburban occupancy and major developments signal growth. South Memphis saw meaningful tightening, with single-tenant vacancy contracting by more than 300 basis points, while Germantown, though experiencing some vacancy increases, continues to command the metro’s highest rents and maintain relatively low availability. In East Memphis, the Oak Court Mall redevelopment plans, which would include multifamily housing, a convention center, shops, a car showroom, and more, should increase foot traffic in the area as the redevelopment is adjacent to Route 72. With Germantown, East Memphis, and Cordova capturing only a small share of new supply in 2026, these high-income areas are positioned to remain competitive. Additional momentum is expected beyond 2026 as the multiphase Neural Nexus project progresses downtown across from AutoZone Park. This project is set to deliver more than 1.7 million square feet of space, including an innovation center, retail, multifamily units, and a hotel.

Rising activity and strong corridors sustain momentum. Trading rose by about 34 percent in 2025, supported by a nearly 44 percent jump in single-tenant transactions. This helped inch the average sale price up to \$290 per square foot, now within \$30 of Memphis’s pre-COVID peak. Liquidity is likely to remain elevated through 2026, especially for single-tenant assets, where vacancy has held near 4 percent versus over 6 percent at multi-tenant properties. While private investors still dominate the buyer pool, competition may increase as REITs continue expanding their single-tenant footprint. Germantown led the metro in dollar volume, driven by institutional buyers and a portfolio sale. Downtown and Southeast Memphis are high-traffic corridors, with deep inventories of both single and multi-tenant assets, supporting greater deal flow.

2026 MARKET FORECAST

NRI RANK 50

A decline in average asking rent, paired with modest job losses, places Memphis at the end of the Index.

-0.2%



EMPLOYMENT: A decrease in employment toward the end of 2025 will likely carry into 2026. However, improved hiring later in the year is expected to limit net job losses to about 1,000.

300,000 sq. ft.



CONSTRUCTION: Completions are expected to realign with the ten-year average. The inventory growth rate will rise to 0.4 percent, with most deliveries concentrated in northeast Memphis.

+20 bps



VACANCY: As tenant demand will not offset retail space expansion, this year will see a slight rise in vacancy, bringing the metric to 5.0 percent by year-end.

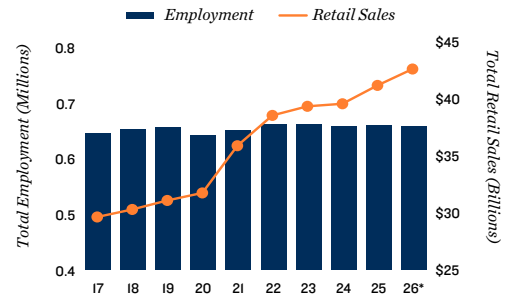
-1.7%



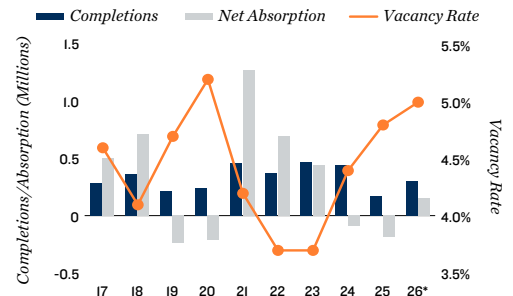
RENT: Loosening conditions will lower the average asking rent to \$13.70 per square foot, keeping Memphis one of the most cost-efficient major metros for tenants.

INVESTMENT: *The \$100-million-plus Liberty Park mixed-use development introduces sticky, recurring foot traffic near sports entertainment, positioning surrounding retail for more consistent spending and tenant demand.*

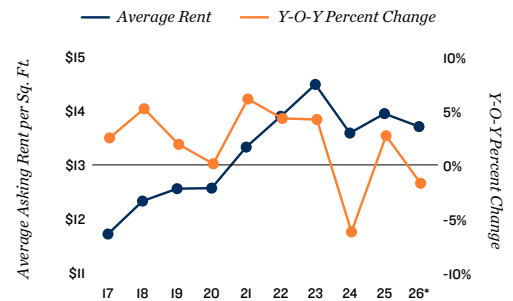
Economic Trends



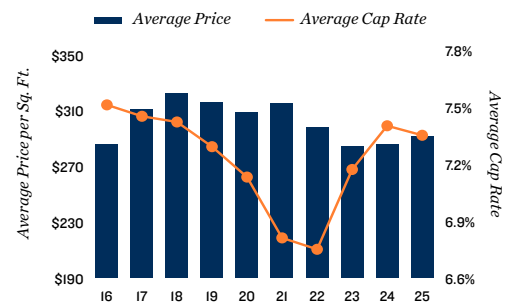
Supply and Demand



Rent Trends



Sales Trends

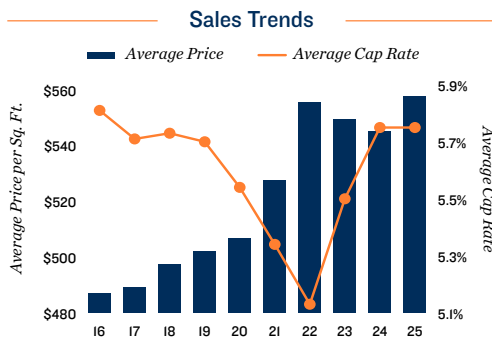
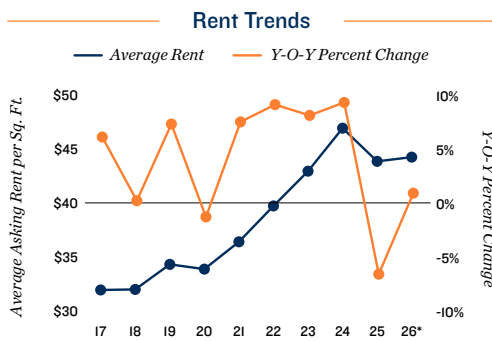
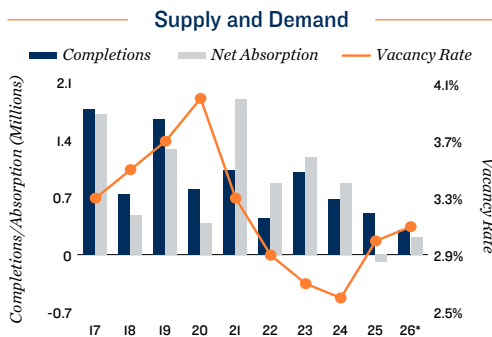
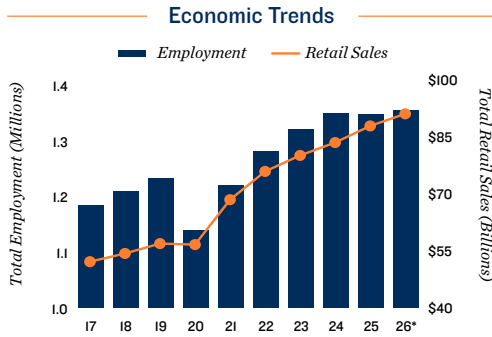


* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

MIAMI-DADE

Demand Drivers Support Optimistic Outlook for One of Nation's Least Vacant Markets



High-income earners support tight vacancy. Over the past four years, vacancy has hovered in the high-2 to low-3 percent range, with strong income growth fueling consumer spending. While some headwinds to visitation may dampen retail sales growth in 2026, major events such as the FIFA World Cup and World Baseball Classic should provide a meaningful boost on key dates. However, decelerating population growth and below-average employment gains may modestly pressure the metrowide vacancy rate. The city of Miami, including downtown, posted triple-digit basis-point vacancy increases in 2025, entering 2026 above 5 percent. Even so, local demand drivers — Miami Freedom Park in Miami City and new office deliveries such as the MSC Group headquarters and the well-leased 830 Brickell tower in the CBD — should help sustain retail demand. Conversely, Aventura posted one of the largest vacancy declines among Florida submarkets last year, driven by strong multi-tenant leasing in the second half, with the node's high-income base supporting continued performance into 2026.

Trading concentrated in pockets of high-density. The city of Miami was the focal point of deal flow in 2025. With local vacancy entering 2026 above the metro norm, investors may continue to pursue assets ripe for repositioning. Across Biscayne Bay, Miami Beach also recorded a notable increase in deal flow, even as elevated rents and tenant turnover kept vacancy above 5 percent. The submarket's affluent consumer base may support increased foot traffic over time that directs investors to assets along Lincoln Road. Elsewhere, the Medley-Hialeah submarket posted the nation's second-lowest vacancy rate in 2025 among submarkets with more than 10 million square feet of inventory, positioning listings in this area to attract investor interest in 2026.

2026 MARKET FORECAST

NRI RANK 8 *Persistently low vacancy and a highly affluent consumer base support the metro's placement in the top 10 nationally.*

+0.5% **EMPLOYMENT:** Miami-Dade will add roughly 7,000 positions in 2026, its ninth-lowest total since at least 1991. Nonetheless, its growth rate will still outpace the national average of 0.2 percent.

300,000 sq. ft. **CONSTRUCTION:** The metro's supply pipeline will moderate this year, expanding at 0.2 percent and tying with Fort Lauderdale for the slowest pace of growth among major Florida metros.

+10 bps **VACANCY:** Incoming supply will outpace net absorption, resulting in a slight increase in vacancy. While the local rate rises to 3.1 percent, it ranks as the third-lowest among major markets.

+0.9% **RENT:** Tight vacancy and improving, though below-average, demand growth should modestly push the average asking rent up to \$44.19 per square foot, following last year's contraction.

INVESTMENT: *Effective late last year, Florida HB 7031 reduces tenant occupancy costs by eliminating commercial real estate lease taxes, aiding tenant stability and cash flow for local property owners.*

* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Availability Remains Relatively Range-Bound as New Investment Momentum Takes Shape

Income growth provides an incremental tailwind. A limited supply pipeline and tight vacancy below the national level support a positive but measured outlook for Milwaukee’s retail sector in 2026. However, near-zero population growth and a net decline in employment may cap upside momentum, particularly for tenant demand, which entered the year unevenly. Net absorption turned negative in 2025 for only the second time since 2008. Demand is forecast to grow this year, although by less than its historical average. Select experiential projects, including Landmark Credit Union Live, a new 4,500-plus-seat indoor concert venue, should bolster foot traffic, particularly downtown, and support local fundamentals after a 70-basis-point vacancy increase last year. Median household income growth is projected to exceed 4 percent in 2026, among the fastest nationally. That increase should support retail spending, help limit vacancy expansion, and reinforce leasing stability.

Capital deployment accelerates. Across commercial real estate property types in Milwaukee last year, the retail sector recorded the largest year-over-year increase in transaction velocity, rising by more than 30 percent, as both single- and multi-tenant deal flow improved in 2025. However, activity in multi-tenant assets accelerated more sharply, partially due to yield-driven investors. Strip centers drove much of the increase, while neighborhood centers saw comparatively lower trading volumes. This divergence suggests that investors favor less capital-intensive retail formats that offer structural insulation from e-commerce pressures and face limited new supply. Net-leased assets attracted slightly less investor demand than in prior years, though relatively low vacancy should keep the segment compelling.

2026 MARKET FORECAST

NRI RANK 47 *Despite income growth and vacancy outperforming the national mark, employment headwinds weigh on the metro’s ranking.*

- 1.1% ▼

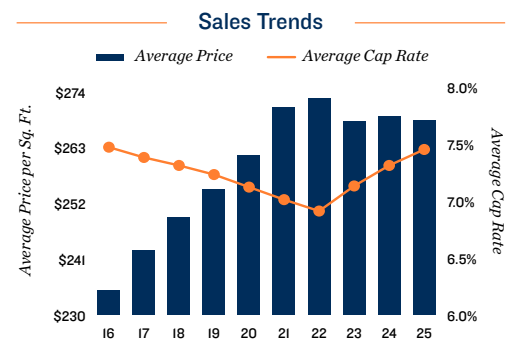
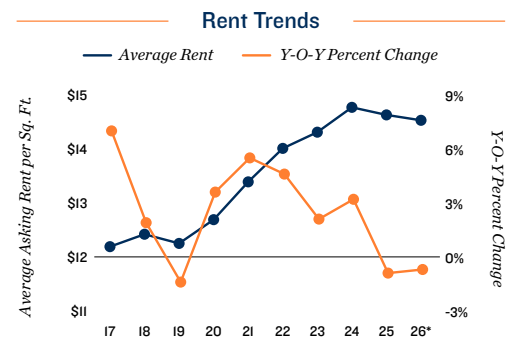
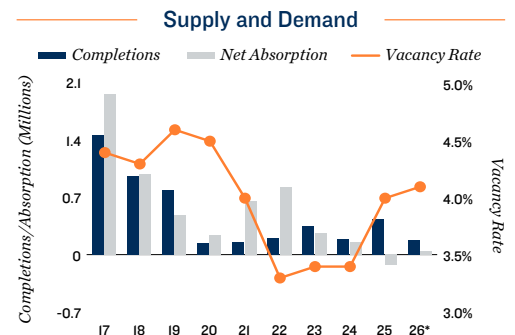
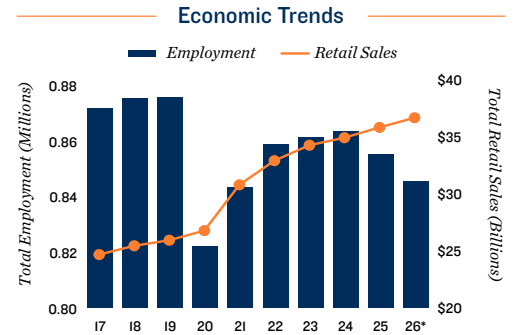
EMPLOYMENT: Milwaukee’s labor market will record a net loss of 9,500 positions in 2026. Even so, the education and healthcare sectors are expected to remain relatively bright spots this year.
- 172,000 ▼

CONSTRUCTION: Supply pressure is expected to ease after a six-year high in completions in 2025. Inventory will expand by 0.2 percent, tying the average pace for major Midwestern metros.
- +10 bps ▲

VACANCY: Vacancy will edge up to 4.1 percent despite the slowdown in Milwaukee’s delivery schedule. Nonetheless, this rate will remain among the lowest in major U.S. markets.
- 0.7% ▼

RENT: The average asking rent is expected to soften amid a measured level of net absorption, declining to \$14.52 per square foot this year.

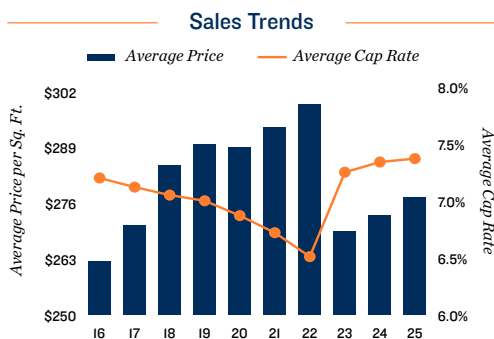
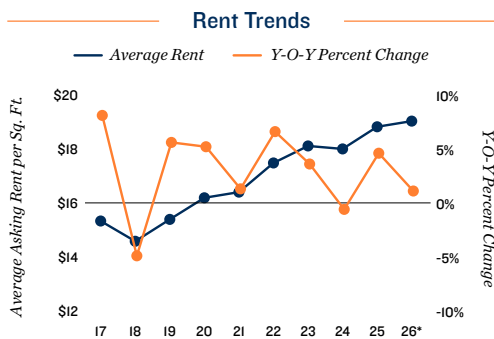
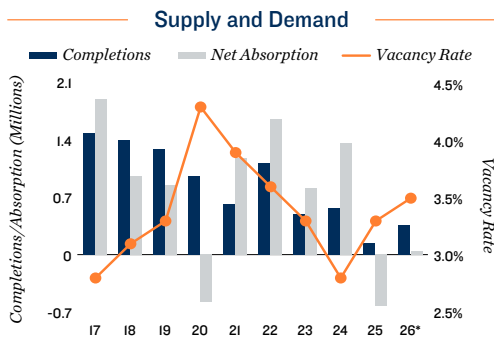
INVESTMENT: *Multifamily vacancy fell by over 100 basis points in West Allis last year, a trend that may underpin incremental retail demand and reinforce investor interest in surrounding areas.*



* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

MINNEAPOLIS-ST. PAUL

Net Absorption Improves as Single-Tenant Assets Maintain Among Nation's Lowest Vacancy



Rising income levels may offset growing financial distress. Tenant demand in Minneapolis-St. Paul is expected to return to positive levels in 2026 after 2025's record year of negative net absorption. Rising minimum wages, alongside continued household income growth, could benefit consumer demand; however, rising statewide credit card delinquency in 2025 indicates that not all budgets are balanced. Slowing employment growth and sharply lower net migration also signal potential near-term pressure on retail spending. At the submarket level, Maple Grove entered the year with vacancy below 1 percent and is expected to remain tight. A triple-digit basis-point decline in local multifamily vacancy reflects a denser residential base that should support consumer spending. Sizable increases in occupied apartments since 2019 may also reinforce retail demand across Eden Prairie, Apple Valley, and Wright County. In urban areas, Minneapolis' core may remain better positioned in 2026, with vacancy entering the year near 2 percent, while a 120-basis-point increase has lifted central St. Paul's rate to around 4.5 percent, outpacing the metro level for the past six straight years.

Private investors lead the market. Deal flow rose modestly in 2025, driven by a tripling in convenience store sales year-over-year, with segment vacancy near 1 percent. Looking ahead, out-of-state buyers could become more active, drawn by Minneapolis' comparatively high yields and low entry costs, which entered 2026 as the second-lowest among major U.S. metros at approximately \$277 per square foot. Investor interest in single-tenant assets may also continue to build, following the third-strongest year of deal flow in over two decades, supported by segment rent growth above 4 percent — ranking 11th nationally — and the second-lowest vacancy among major U.S. metros.

2026 MARKET FORECAST

NRI RANK 31 *Vacancy lower than over 40 other metros is offset by limited employment gains, keeping the metro out of the top 25.*

+0.1% **EMPLOYMENT:** Minneapolis-St. Paul is forecast to gain approximately 3,000 jobs on net this year. Health care and local government stand out as sources of relative strength.

360,000 sq. ft. **CONSTRUCTION:** Completions in 2026 mark a fourth straight year below the 1 million square-foot threshold, with nearly half of deliveries concentrated in Wright County.

+20 bps **VACANCY:** Though vacancy will rise for the second year in a row, this year's rate of 3.5 percent is still expected to keep Minneapolis-St. Paul among the 10 least-vacant major U.S. metros.

+1.1% **RENT:** The average asking rent will increase modestly to \$19.01 per square foot, supported by minimal but positive net absorption. Rent growth will narrowly exceed the historical average.

INVESTMENT: *St. Paul's Traditional Neighborhood (T) District zoning amendments support denser mixed-use corridors, walkability, and storefront visibility, which may enhance demand among retail investors.*

* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics





Investment Builds in Outlying Areas, as Growing Residential Base Supports Downtown Retailers

Downtown growth extends south as first-ring suburbs soften. Retailer bankruptcies drove a bifurcation in Nashville’s retail market last year, with vacancy at properties over 50,000 square feet rising above 6 percent, while smaller buildings remained near 2 percent. Inner-ring suburbs such as Madison and Antioch have faced the most pressure, while vacancy in faster-growing outer areas like Franklin and Murfreesboro held below 4 percent. With limited construction, well-located space is expected to be steadily backfilled, though closer-in suburbs may lag as tenants remain hesitant to lease larger floor plans. Meanwhile, retail vacancy in the urban core dropped below 5 percent last year after record net apartment absorption of more than 4,000 units helped strengthen daily foot traffic. Just south of downtown, Wedgewood-Houston continues to evolve from an industrial district into a higher-end commercial hub, underscored by Hermès opening its first Nashville boutique there and signaling growing tenant interest in locations with consistent pedestrian flow and street-level activity.

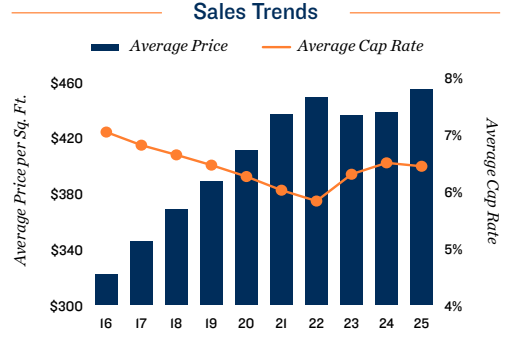
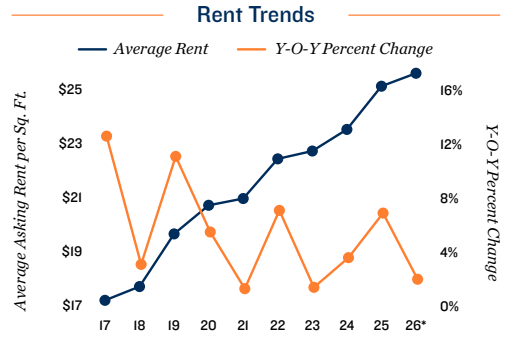
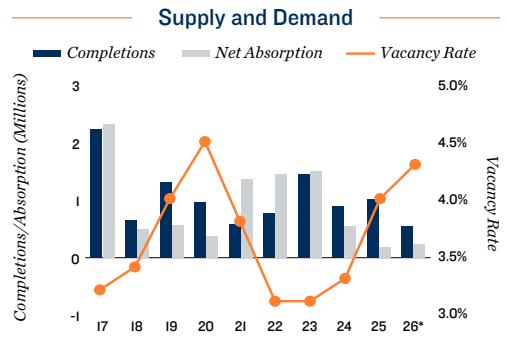
Southeastern nodes post record sales. Buyers and sellers appear increasingly aligned after Nashville recorded one of the largest increases in its average price per square foot among major markets last year. Transactions above \$10 million also hit an all-time high, reflecting the metro’s ability to attract larger capital flows. With single-tenant vacancy near 3 percent versus more than 6 percent at multi-tenant buildings, net-leased assets are likely to remain favored. A deepening industrial base may continue to draw investors southeast into cities such as Smyrna and Murfreesboro, where sales activity approached record highs last year. FedEx’s plan to build a \$190 million distribution center with 200 full-time jobs in Murfreesboro should reinforce that momentum.

2026 MARKET FORECAST

NRI RANK 7 *Sustained hiring will drive up retail sales and place Nashville in the top 10 despite one of the faster supply growth rates.*

- +1.3%**  **EMPLOYMENT:** Hiring will strengthen, with roughly 16,000 new roles created. The metro may continue to see broad-based gains after healthcare, office-using, and retail sectors added jobs last year.
- 550,000 sq. ft.**  **CONSTRUCTION:** Deliveries in 2026 will reach only about half of last year’s total, nearing all-time lows, with project openings concentrated in outlying northeast and southeast suburbs.
- +30 bps**  **VACANCY:** Vacancy rises for a third straight year, though minimal completions should limit the increase. At 4.3 percent, the metro’s rate will stand 70 basis points above its past decade average.
- +1.9%**  **RENT:** Vacancy holding below the national rate will reinforce rent levels. The average asking rate inches up to \$25.56 per square foot, standing roughly 24 percent above the 2020 level.

INVESTMENT: *Clarksville could attract investors as LG Chem’s \$3.2 billion cathode plant begins production in 2026, creating over 850 jobs, while record retail leasing in Montgomery County signals growing tenant demand.*



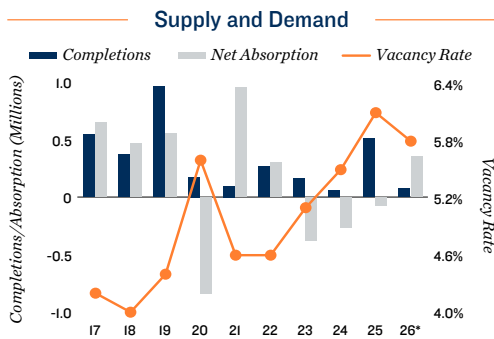
* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

NEW HAVEN-FAIRFIELD COUNTY

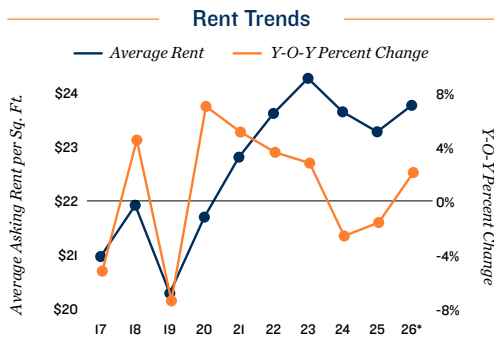
Daily-Needs Demand Underpins Swift Backfilling as Legacy Retailers Test Smaller Footprints



Faster re-tenanting lifts outlook. Retail vacancy in New Haven and Fairfield counties rose in 2025 amid several anchor tenant departures, though move-outs were concentrated in outer, secondary nodes such as Meriden. Despite topping 4 percent, Fairfield County’s vacancy remained well below the roughly 7 percent level recorded in New Haven County, reflecting its deeper, more affluent consumer base. Backfilling activity in Fairfield County also proved more resilient, with two roughly 50,000-square-foot Stop & Shop locations re-leased to new grocery tenants in late 2025. At the same time, tenant demand broadened modestly across the market as traditional retailers expanded through smaller formats, including recent openings by Barnes & Noble and Ashley Furniture, alongside Best Buy’s planned 20,000-square-foot store in Waterbury. Ongoing backfilling activity and a more moderate pace of move-outs should allow vacancy to decline slightly in 2026, particularly as the development pipeline remains thin.



Credit anchors strengthen neighborhood retail appeal. Transaction activity remained measured in 2025, with private buyers continuing to dominate sales. Investment concentrated in residential nodes such as North Haven and Wilton, a pattern likely to continue as buyers prioritize assets tied to daily needs over discretionary spending. Buyer interest may build along U.S. Route 1 near Darien, as the city’s first office building exceeding 100,000 square feet opens in 2026 as Phase I of a mixed-use project. With Wegmans and Target opening new stores nearby in 2025, the corridor is positioned to capture increased retail traffic, reinforcing local small-shop fundamentals. Meanwhile, institutional capital began re-entering the market late last year, focused on assets anchored by high-credit tenants, signaling firmer investor sentiment.



2026 MARKET FORECAST

NRI RANK 29 *Vacancy still above the national level and subdued population gains keeps the market just outside the top half of the Index.*

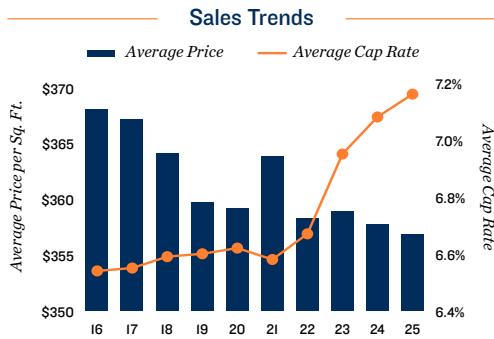
+0.4% **EMPLOYMENT:** Job growth stays limited in 2026, with a net gain near 3,000 roles. A growing office-using sector should sustain the region’s higher-income consumer base, led by Fairfield County.

75,000 sq. ft. **CONSTRUCTION:** After several build-to-suit projects lifted completions last year, deliveries will return to 2024 levels and remain roughly 80 percent below the past decade’s average.

-30 bps **VACANCY:** Following three years of increases, vacancy is expected to ease as move-outs moderate and supply growth remains limited. The market’s rate is forecast to reach 5.8 percent by year-end.

+2.1% **RENT:** Both counties recorded asking-rent declines last year, though tightening vacancy should help rents firm up going forward. The market’s average rent will rise to \$23.76 per square foot.

INVESTMENT: *West Haven is repositioning its shoreline with higher-capacity dining and event venues while pursuing a grocery anchor, which could support steadier foot traffic and improve the area’s investment appeal.*



* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Retail Recovery Diverges by Borough As Capital Flows Approach Peak Levels

Space absorption poised to improve after a slow year. Brooklyn, Queens, and the Bronx recorded net retail space relinquishment last year, driven largely by bankruptcy-related store closures among big-box tenants. While demand growth in Manhattan remained more resilient, the area of strength is mainly Downtown, as multi-tenant properties in Midtown and Uptown continued to contend with elevated vacancy in late 2025. That said, space demand for urban, small-box retail should continue to outperform, particularly in supply-constrained, high-foot-traffic, and tourism-oriented districts such as SoHo and Union Square. With New York City posting positive net in-migration since 2023 and job creation above most metros, especially in higher-paying sectors, net tenant move-ins should remain, allowing for steady backfilling amid a limited development pipeline as zoning priorities continue to favor multifamily uses.

Transactions grow as yields rise. As one of only four primary U.S. markets to avoid a year-over-year decline in the average price per square foot in any of the past three years, New York City saw the mean retail cap rate expand to 6.3 percent last year. That was the highest level in the metro since 2011. Yield expansion has been accompanied by stronger income growth, with average asking rents rising by 10 percent since 2023, outpacing the national rate. In addition, transaction velocity increased by 50 percent year-over-year in 2025, approaching peak activity levels seen in 2015 and 2022, as private investors continue to drive most trades. Even so, transactions above \$20 million doubled last year, signaling a renewed presence of institutional capital targeting higher yields in a comparatively low-risk market. These dynamics should continue to attract capital to New York City amid nationwide economic uncertainty.

2026 MARKET FORECAST

NRI RANK 24 *Limited supply pressure and strong rent growth continue to define the market, placing it in the top half of the rankings.*

+0.4% **EMPLOYMENT:** Job growth in New York City is expected to slow this year, with payrolls expanding by 19,000 positions – the lowest annual gain since 2010, excluding 2020.

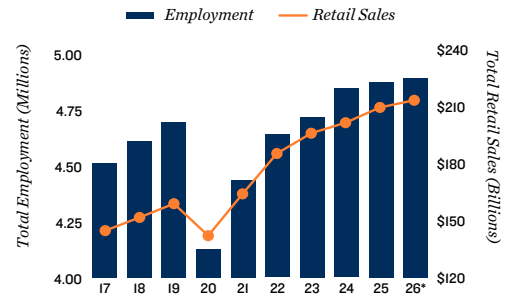
300,000 sq. ft. **CONSTRUCTION:** Development will remain highly constrained in 2026, with deliveries adding just 0.1 percent to the total inventory, the second-lowest annual total since at least 2007.

+10 bps **VACANCY:** Elevated vacancies among big-box and department store formats could weigh on net absorption, pushing the metro-wide retail vacancy rate up to 4.4 percent by year-end.

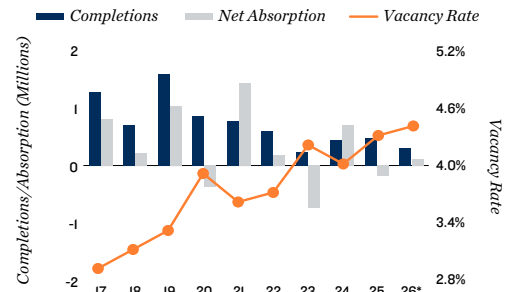
+2.3% **RENT:** Limited supply growth amid improving net absorption should continue to support rent growth. At \$60.63 per square foot, the average asking rent remains the highest among all U.S. markets.

INVESTMENT: *Investors seeking lower entry points and cash flow tied more directly to daily needs may target Staten Island, where vacancy declined and sales activity increased more than in other boroughs last year.*

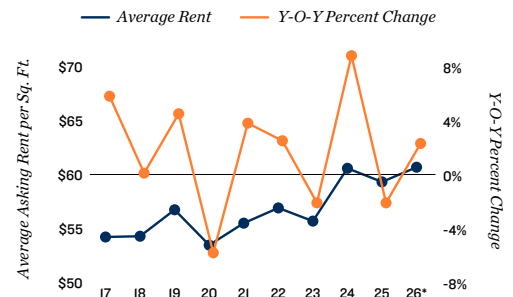
Economic Trends



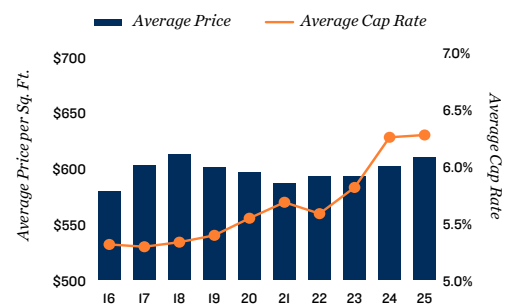
Supply and Demand



Rent Trends



Sales Trends



* Forecast

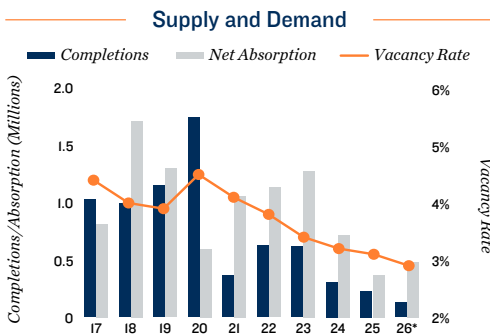
Sources: CoStar Group, Inc.; Real Capital Analytics

NORTHERN NEW JERSEY

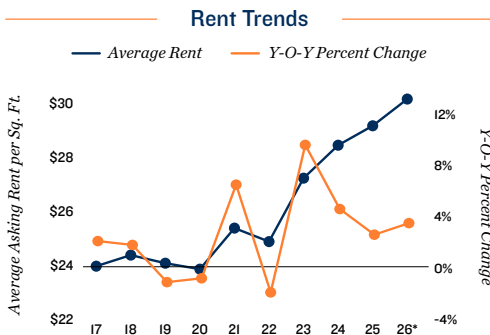
Transfer Tax Shifts Capital Flows Despite Registering Nation's Tightest Retail Vacancy



Service-led backfilling sustains low vacancy. Northern New Jersey was the only major Northeast market where retail vacancy declined in 2025, as the metro avoided widespread store closures and added little new supply. That backdrop allowed the market to overtake Boston and New York City for the lowest vacancy in the region, near 3 percent, with counties such as Essex posting rates near record lows. In the suburbs, areas with higher availability continue to backfill legacy space, such as Blu Alehouse replacing a former Olive Garden. Urban leasing has also become more service- and experience-driven, with fitness concepts expanding in late 2025 and Audible debuting a 15,000-square-foot community events space in downtown Newark. Minimal deliveries and service-oriented leasing should keep conditions tight in 2026. Tenants are likely to remain most active where rooftop growth is strongest, such as Jersey City and South Hudson, while the more established Gold Coast may face slower leasing velocity.



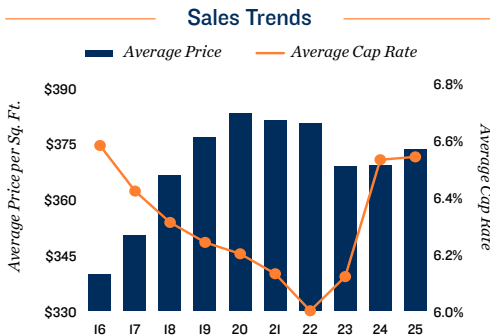
Tax hike could steer investors toward smaller core assets. After the graduated transfer tax was adopted last July, investment activity in Northern New Jersey fell to 2020-era lows in the third quarter as investors reassessed pricing. Sales subsequently rebounded in the fourth quarter, though this likely reflected the November 15 transition deadline, which accelerated closings and drove record capital into areas such as Morris County. Tight retail fundamentals are still expected to draw investors in 2026, with buyers likely favoring lower-basis opportunities and durable income streams, while deal flow holds up best in prime corridors. Listings in Downtown Newark may remain attractive, as an estimated \$2 billion in resident spending occurred outside city limits in 2024, suggesting potential untapped retail demand in the metro's core.



2026 MARKET FORECAST

NRI RANK 14 *The lowest vacancy among major markets places Northern New Jersey in the top 15 despite modest population gains.*

- +0.5%** **EMPLOYMENT:** A modest 5,000 roles are added this year amid rightsizing in sectors like manufacturing and logistics. Education and health services are likely to remain the key drivers of hiring.
- 130,000 sq. ft.** **CONSTRUCTION:** Deliveries are set to fall again in 2026, reaching a new low and running roughly 80 percent below the past decade's average. Openings are clustered in Union and Morris counties.
- 20 bps** **VACANCY:** The market's vacancy is projected to edge lower for a sixth straight year, setting a new all-time low of 2.9 percent. That rate would also mark the lowest among all major U.S. markets.
- +3.4%** **RENT:** The average asking rent increases to \$30.11 per square foot. Resting roughly 20 percent above 2022 levels, this growth would rank as the second-fastest rise among major metros over that span.



INVESTMENT: *The metro's average multi-tenant asking rent has risen faster than most major Northeast markets since 2022, which could spur strip center acquisitions aimed at re-tenanting space at higher rents.*

* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics





Downtown Anchored By Steady Foot Traffic as Investment Activity Picks Up Locally

Impact limited from elevated deliveries. Each year since 2023, the Oakland metro has welcomed more retail space deliveries than San Francisco and San Jose combined, and this trend will carry into 2026. However, more than 80 percent of the space opening in 2026 was pre-leased as of January. Looking ahead, leasing is expected to remain relatively flat, as smaller footprints — particularly restaurants and gyms — continue to serve as the primary source of stability, while big-box signings over 50,000 square feet remain rare. At the submarket level, the Berkeley-Richmond corridor is expected to maintain vacancy above 10 percent. At the same time, Downtown Oakland remains the least vacant submarket in the metro, with a sub-5 percent rate entering 2026. The urban core’s relatively low vacancy reflects its role as the East Bay’s primary transit and residential hub, where BART-driven foot traffic and small-format retail support steadier absorption than in other, more office-dependent downtowns.

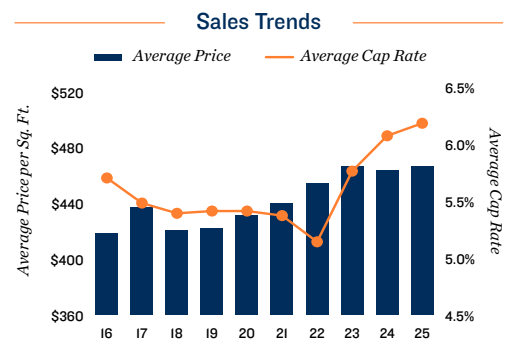
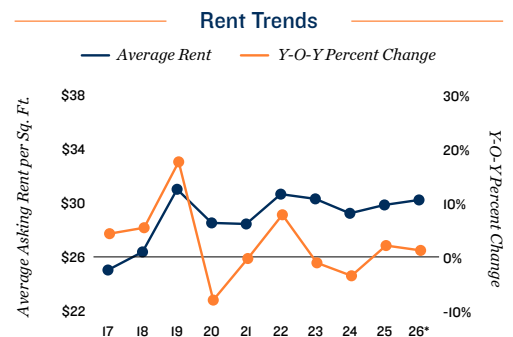
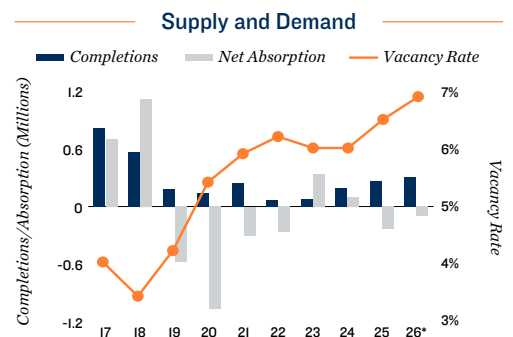
Private investor activity supported by high yields. Oakland’s transaction velocity increased 10 percent in 2025, mainly driven by gains in the sub-\$10 million tranche. At 6.2 percent last year, Oakland’s average cap rate remains the highest among all major metros on the California Coast. Given the market’s comparatively older property stock, investors pursuing value-add and repositioning strategies could continue to gravitate toward the East Bay in search of higher yields. Trading activity was especially active in Downtown Oakland and along the Interstate 680 Corridor last year. As downtown vacancy continues to decline, investor interest should remain. Meanwhile, the Walnut Creek-Dublin area, a growth node with comparatively lower entry barriers than core Bay Area submarkets, is well positioned for additional activity this year.

2026 MARKET FORECAST

NRI RANK 46 *Elevated vacancy and a slow recovery in the employment market will weigh on the metro’s ranking this year.*

- 0.5%**  **EMPLOYMENT:** In line with regional trends, Oakland is expected to record another year of net job losses, shedding roughly 6,000 positions. Even so, this represents a modest improvement from 2025.
- 310,000 sq. ft.**  **CONSTRUCTION:** The metro is set to post its largest annual delivery slate since 2018, though more than 75 percent of the total is concentrated in a single property, The Plaza at Gale Ranch.
- +40 bps**  **VACANCY:** Net space relinquishment is projected to continue this year, but at a substantially slower pace. As a result, the metrowide vacancy rate is forecast to reach 6.9 percent by year-end.
- +1.2%**  **RENT:** The average asking rent is expected to grow modestly this year. At \$30.18 per square foot, the rate is approaching the prior peak of \$30.97 recorded in 2019.

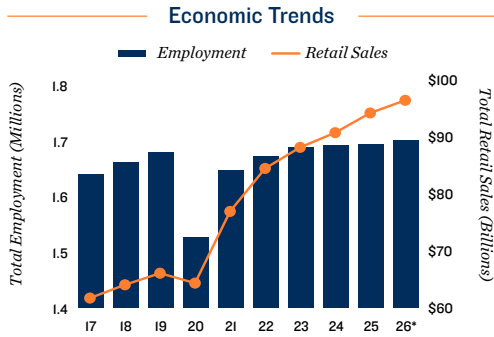
INVESTMENT: *Investors seeking stable cash flow could target Fremont and Hayward, where multi-tenant assets along I-880 posted the largest vacancy declines last year and remain among the least vacant metrowide.*



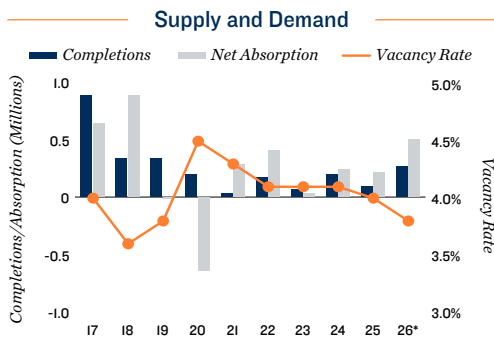
* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

ORANGE COUNTY

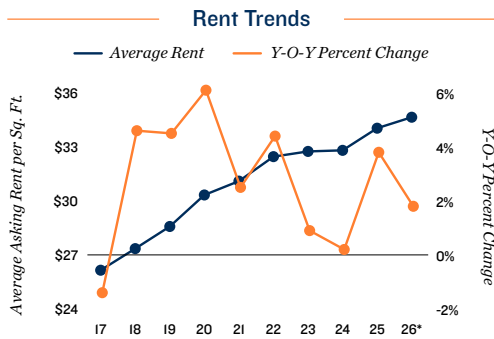
Core County Submarkets Capture Stronger Tenant Demand as Transaction Volume Recovers



Cost-effective nodes lead as demographics shift. Orange County continued to outperform its peers, as it was the only major Southern California metro where retail vacancy declined in 2025. Established infill areas with lower rents, such as Santa Ana and Anaheim, saw stronger leasing, driven by grocery, fitness, and experiential tenants. This helped vacancy decline or remain flat in the north, west, and central parts of the county, led by a 180-basis-point drop to under 4 percent in the Santa Ana-Orange area. Despite population declines due to limited housing supply, affluent residents displacing lower-income households should support higher-value retailers, such as Sprouts moving into a former 99 Cents Only Store. Meanwhile, southern suburbs with more big-box space saw power center vacancy rise 140 basis points to over 9 percent amid large move-outs. By contrast, vacancy among neighborhood centers fell 70 basis points to under 6 percent, as necessity uses and small-shop demand limit availability.



Large investors reengage as restaurant trades pick up. Deal flow rose in 2025 as institutions returned, with sales over \$10 million increasing 60 percent year-over-year. These buyers favored daily-needs centers south of Irvine along Interstate 5, supported by affluent consumers and limited development, with only about 100,000 square feet of retail space delivered since 2019. Private investors stayed more active in Santa Ana and Anaheim, where restaurant trades strengthened. California’s 2024 minimum wage increase to \$20 an hour for large fast-food chains has pressured some national brands. Nevertheless, this may have helped restaurant leasing hit multiyear highs in 2025, as independent operators and lower-labor concepts strengthened their competitive position. New state laws making outdoor dining permanent should also support patronage.



2026 MARKET FORECAST

NRI RANK 16 *Low vacancy that continues to tighten will put Orange County in the top half of the rankings despite soft retail sales growth.*

+0.4% **EMPLOYMENT:** While about half the past-decade annual average, the creation of 7,500 jobs improves over last year and ties with San Diego for the fastest growth rate among major California metros.

265,000 sq. ft. **CONSTRUCTION:** Deliveries are forecast to reach the highest total since 2019, though they remain in line with the prior 10-year norm. Completions will concentrate near Santa Ana and Anaheim.

-20 bps **VACANCY:** Nearly 80 percent of new supply is pre-leased and focused on small pad sites, limiting supply pressure and helping vacancy fall to 3.8 percent, the lowest rate on the West Coast.

+1.8% **RENT:** Tight vacancy should keep asking rents trending upward, lifting the metro average to \$34.62 per square foot. This mean exceeds that of Los Angeles and ranks as the nation’s fifth-highest.

INVESTMENT: *Orange County posted the second-strongest healthcare job growth last year among major U.S. markets, rising 6 percent year-over-year, which should support retail demand near key medical corridors.*

* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Rapid Population Growth Continues Boosting Select Counties as Supply Remains Limited

Leasing skews toward quality spaces. Following a first half marked by weakening net absorption, Orlando’s retail market enters 2026 with renewed positive momentum. As the metro’s vacancy rate remains 140 basis points below its long-term average, last year’s deceleration largely reflects ongoing tenant preference for a limited supply of new, well-located available spaces. As such, leasing activity may remain positive but measured in 2026 as the construction pipeline thins notably, with over 70 percent of incoming space already accounted for as of January, highlighted by a community center over 400,000 square feet and anchored by Target in Lake Nona. Limited availability is more notable in several submarkets. Southern outlying suburbs and Osceola County remain exceptionally well positioned, with vacancy near 2 percent late last year and Osceola ranking as Florida’s second-fastest-growing county by population since 2020. Lake County also stands out as one of Florida’s fastest-growing counties by population, with rapid growth in asking rent and vacancy near 4 percent heading into 2026.

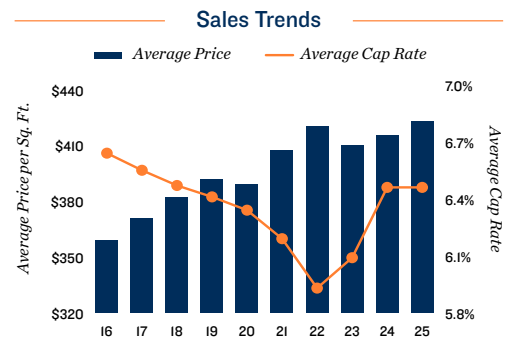
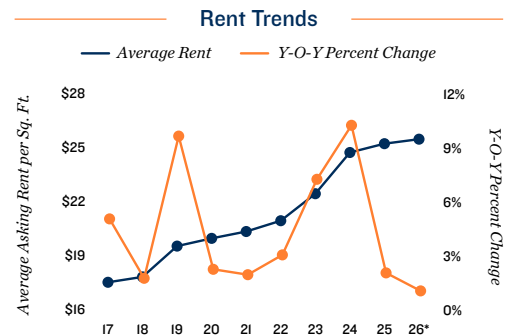
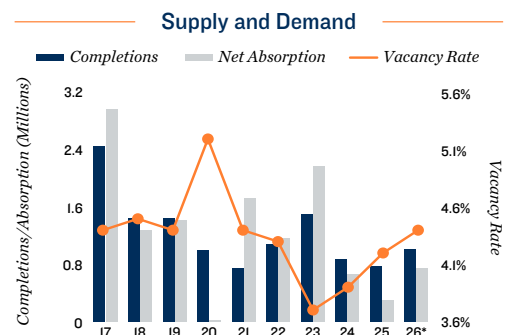
Western corridor appeal increases. Population growth over the past four years, ranking second among major metros, continues to buoy investor interest. While power and neighborhood centers may continue facing demand-side pressure, strip centers have continued to outperform. The western corridor spanning Sky Lake-Pine Hills-Winter Garden may see heightened investor appeal for these assets, given a sharply declining multi-tenant vacancy rate in 2025. Single-tenant vacancy near 4 percent here may further attract buyers seeking smaller storefronts, restaurants, and fast-food concepts. The aforementioned areas of high population growth are also likely to continue accounting for a sizable share of metro investment across tenancy types.

2026 MARKET FORECAST

NRI RANK 10 *Strong sales growth and robust household formation help push Orlando into the top 10 markets of this year’s ranking.*

- +0.4%** **EMPLOYMENT:** Employment growth nearly matches last year’s level as the metro welcomes 6,500 new roles. This pace remains well below the trailing decade’s 2.6 percent annual average.
- 1,010,000 sq. ft.** **CONSTRUCTION:** Total inventory is expected to grow by 0.8 percent in 2026, in line with the trailing half-decade average, keeping Orlando among the six fastest-growing major markets.
- +20 bps** **VACANCY:** The metro’s vacancy continues to rise at a pace similar to that of the past two years. Still, at 4.4 percent come year-end, the rate remains 40 basis points below its 2015-2019 average.
- +1.0%** **RENT:** While asking-rent growth cools slightly in 2026, the metro will remain among the 10 fastest-growing major markets over the trailing five years, with rents reaching \$25.40 per square foot.

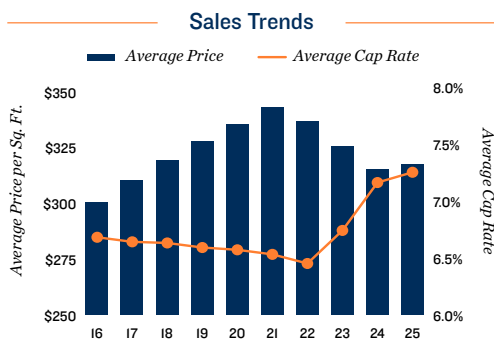
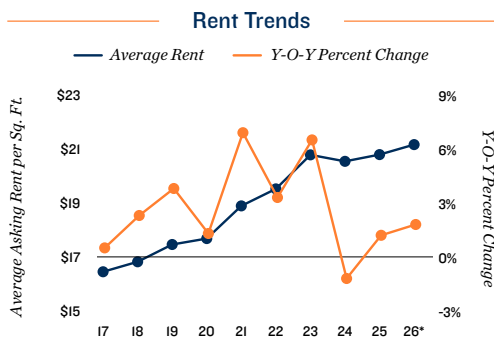
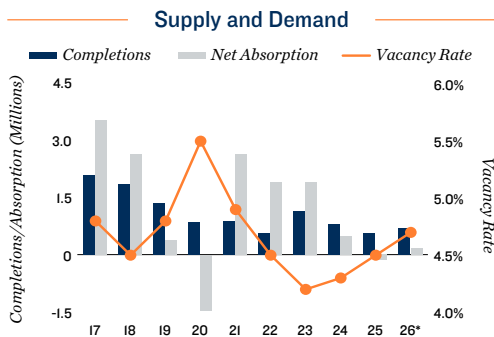
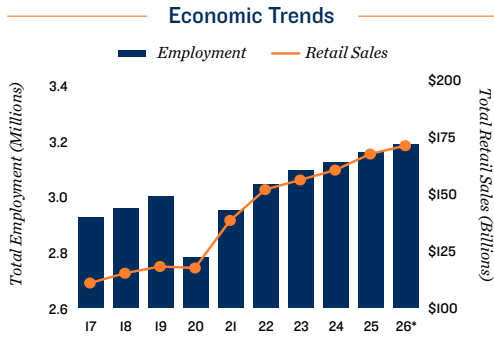
INVESTMENT: *Long-term appeal for single-tenant properties in Kissimmee may rise as segment vacancy holds near 4 percent, supported by sustained population growth and proximity to the region’s tourism corridor.*



* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

PHILADELPHIA

Healthcare Orientation Offers Stabilizing Force as Transaction Market Returns to Familiar Levels



Well-established retail settings sustaining momentum. A national leader in job creation last year, Philadelphia’s growing medical and white-collar labor force continues to benefit local retailers. Many of the metro’s prominent retail corridors continue to observe increased tenant demand, with vacancy in East Center City, in particular, dropping below 2 percent in 2025. This aligns with greater residential density, as the number of occupied apartments in the central business district has increased by more than 30 percent since 2019. Retail vacancy was also under 3 percent last year in established suburban retail hubs such as King of Prussia, as well as across North, West, and Southwest Philadelphia. Even so, the market is not immune to headwinds. Demand for multi-tenant space declined last year amid move-outs by Party City, JoAnn Fabrics, and Forever 21. Fewer local store closures are expected this year, and grocers such as Aldi, Lidl, and BJ’s Wholesale Club are planning to open stores.

Favorable labor market dynamics keeping investors engaged. Transaction activity improved more than 15 percent in 2025 to exceed the total trade count from any year before 2021. The city of Philadelphia and its Pennsylvania suburbs, including Bucks and Delaware counties, remain the most targeted areas. Resilience in the healthcare sector continues to support the outlook for retail assets near medical centers here and in nearby residential areas. While local investors drive overall sales velocity, out-of-state buyers, particularly from New York, Maryland, and California, are also active in the market, including for mixed-use residential assets in submarkets such as South Philadelphia. An average cap rate in the low-7 percent band last year suggests possible yield arbitrage with major metros in those states.

2026 MARKET FORECAST

NRI RANK 33 *Comparatively robust hiring offsets subdued population growth to place the metro in the middle third of the 2026 NRI.*

+0.8% **EMPLOYMENT:** Comprising a fifth of the labor force, the metro’s healthcare sector is expected to again drive a hiring level in 2026 that stands out among markets nationally, with 26,000 jobs added.

700,000 sq. ft. **CONSTRUCTION:** While up more than 100,000 square feet from 2025, this year’s deliveries will still only represent 0.2 percent of existing inventory, broadly in line with the past six years.

+20 bps **VACANCY:** Local vacancy will inch up to 4.7 percent, yet the measure is still 40 basis points below the market’s long-term average. Vacancy remains comparatively lower for single-tenant properties.

+1.8% **RENT:** The average asking rent will reach \$21.14 per square foot in 2026, as sub-3 percent vacancy in several key neighborhoods sustains competition for available quality space.

INVESTMENT: *The new \$2.6 billion patient tower at Children’s Hospital of Philadelphia, due in 2028, will support local healthcare hiring, likely benefiting retail foot traffic and investor interest in West Philadelphia.*

* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Retailers, Investors Follow Suburban Household Formation as Older Stock Works Through Turnover

Low vacancy positions growing nodes for new supply. Well-leased deliveries and resilient backfilling marked Phoenix as just one of eight major markets where vacancy declined last year. Key growth corridors continued to outperform as retailers followed rooftops and repeat-trip spending. Vacancy in Buckeye, Goodyear, Gilbert, and Queen Creek dropped below 3 percent last year and dipped under 1 percent in select nodes, reflecting tight conditions that should keep deliveries here well received. Leasing by necessity- and convenience-oriented retailers is expected to sustain low availability in these areas, highlighted by ALDI’s plan to open 10 Phoenix-area stores in 2026. In contrast, vacancy pressures have been greater in older areas such as Mesa and Glendale, and outlying nodes like Casa Grande, where anchor turnover drove rates above 6 percent. Even so, limited construction in these areas is likely to contain further vacancy expansion and support gradual backfilling as owners reposition recently vacated space.

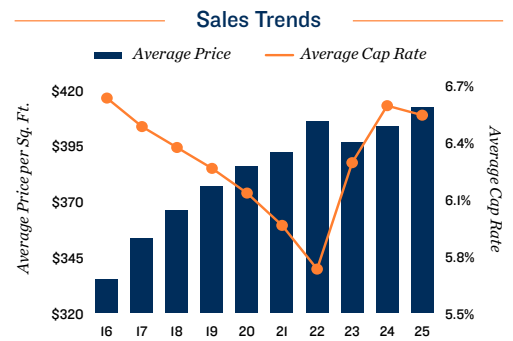
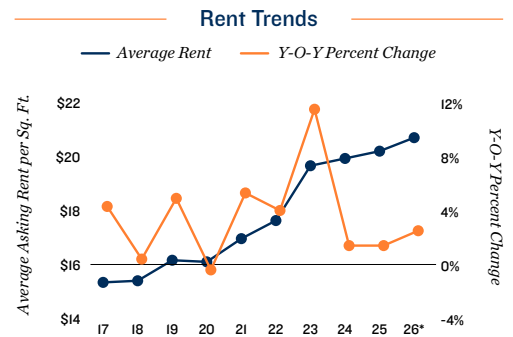
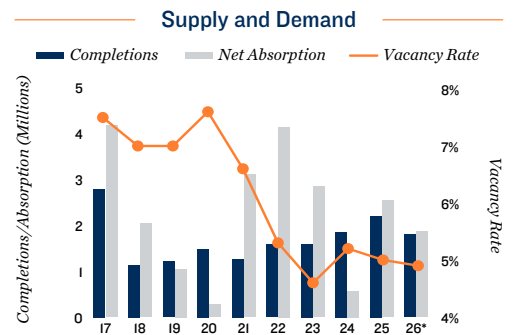
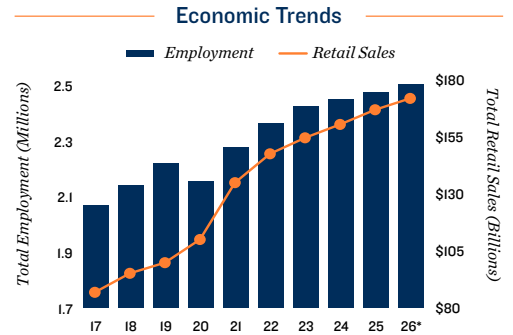
Capital targets expanding suburbs. Sales velocity strengthened in late 2025 as private buyers stayed active and institutions returned selectively, with investment focused on daily-needs retail along high-traffic corridors. In North Phoenix, the Deer Valley area should remain a key target, supported by TSMC’s ongoing expansion and by December zoning changes that enable additional industrial capacity and thousands of new homes. Limited retail supply growth further adds to the area’s appeal, as North Phoenix has accounted for just 5 percent of metro completions over the past five years. Net-lease investors seeking lower entry costs may favor West Phoenix, particularly along Interstate 10, where single-tenant vacancy under 2 percent ranks as the lowest among Western U.S. submarkets with at least 10 million square feet of inventory.

2026 MARKET FORECAST

NRI RANK 13 *Phoenix ranks among the top 15 as strong household formation drives steady retail leasing that helps ease vacancy pressures.*

- +1.2%** **EMPLOYMENT:** Employment gains are expected to pick up from last year, with about 29,000 jobs created. Ongoing growth in office-using sectors should continue to lift household income profiles.
- 1,800,000 sq. ft.** **CONSTRUCTION:** Completions in 2026 will edge lower, though remain slightly above the past decade average. Nearly 80 percent of the pipeline is pre-leased, as most projects are build-to-suit.
- 10 bps** **VACANCY:** Well-leased new supply and fewer planned big-box store closures are expected to help vacancy ease to 4.9 percent, standing 150 basis points below the past-decade average.
- +2.5%** **RENT:** After avoiding rent declines over the past two years, the metro will rank among the top 10 major markets for rent growth in 2026, with the average asking rate reaching \$20.68 per square foot.

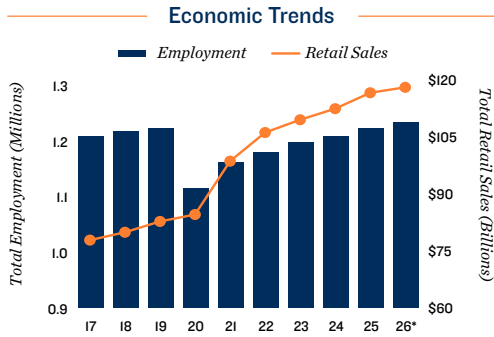
INVESTMENT: *In Laveen, two proposed shopping center projects with major entertainment components could lift destination-driven visits and draw investors to nearby retail assets, supported by vacancy near 2 percent.*



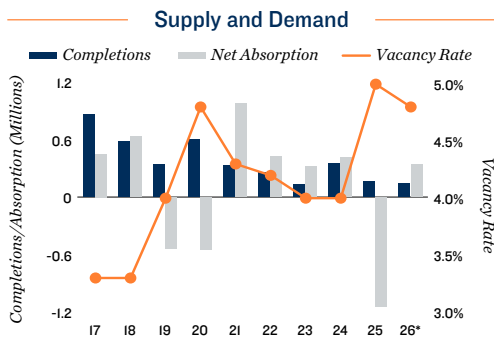
* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

PITTSBURGH

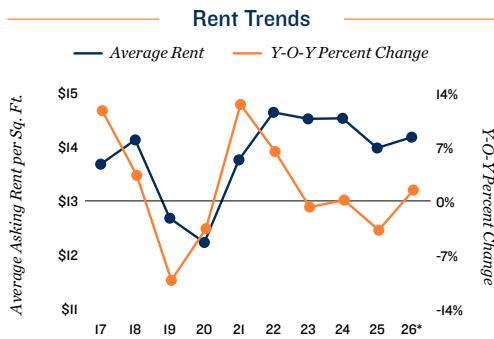
Pivoting Demand and Pricing Adjustments Drive Dollar-Volume Surge and Attractive Yields



The metro faces headwinds amid signs of recovery. In 2025, a wave of major retailer closures and bankruptcies swept through the region. Since demand began to recover toward the end of 2025, net absorption is expected to end 2026 in positive territory, holding vacancy from a further increase. Washington County remained the least-vacant submarket, and the only area to maintain a rate below 3 percent. The county should continue its recovery, given minimal construction in the pipeline. Parkway East, the greater downtown, and the north hills may see stronger improvements, despite vacancy increases exceeding 100 basis points, as these areas accounted for the most leasing activity toward the end of 2025. However, Pittsburgh has lost approximately 27,000 residents since 2020, concentrated among ages 20-34, a demographic with a growing preference for in-store shopping.

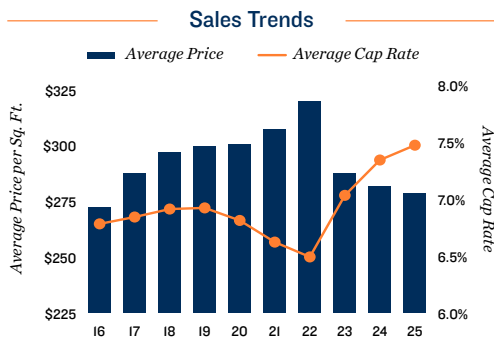


Investment accelerates amid favorable pricing. Pittsburgh retains one of the lowest average sale prices among major metros, continuing a three-year decline heading into 2026, with one of the highest average cap rates. As such, Pittsburgh is positioned to maintain buyer interest, especially among yield-oriented capital. This pricing advantage drove larger property acquisitions, with a nearly 60 percent surge in dollar volume, largely due to a roughly 90 percent spike in single-tenant asset volume and a 40 percent rise in multi-tenant transactions. Park Way East should remain the most-traded submarket, fueled by single-tenant trading and its strategic location near downtown, Oakland, and affluent neighborhoods. The south hills captured the most capital deployment as the leading destination for multi-tenant assets, supported by a large supply of this property type.



2026 MARKET FORECAST

NRI RANK 34 *Despite lower vacancy and fewer completions, weak sales and household growth give the metro a second-half ranking.*



- +0.8%** **EMPLOYMENT:** Despite the broader employment downturn in 2025, the metro remained stable and is projected to gain 10,000 jobs through 2026, exceeding the 2014-2019 mean.
- 140,000 sq. ft.** **CONSTRUCTION:** Following a year of muted deliveries, the market will again experience a nationally low volume of completions in 2026, accounting for just 0.1 percent of inventory metrowide.
- 20 bps** **VACANCY:** After a wave of negative net absorption drove vacancy up 100 basis points in 2025, demand is improving enough to edge the rate down to 4.8 percent by year-end 2026.
- +1.4%** **RENT:** With a minor contraction in vacancies, the average asking rent will inch up to \$14.17 per square foot by year-end, though still representing a decline since 2022's year-end figure.

INVESTMENT: *The \$700m-plus mixed-use Esplanade development, which broke ground at the end of 2025, should boost foot traffic downtown, especially along the Ohio River near entertainment venues.*

* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics





Consumer Spending Bolsters Retail Performance North and South of Core Amid Improving Capital Flows

Demand rising, despite headwinds. This year’s supply pipeline will be the largest since 2016, putting upward pressure on vacancy. Even so, Portland is projected to post a nearly 4 percent gain in retail sales in 2026, barring an unexpected shock to the economy, supporting modest improvement in tenant demand. Clark County, particularly Vancouver, is likely to be a focal point of this momentum, as above-average multi-family net absorption in 2025 signals an expanding residential base that may bolster local space demand. Meanwhile, the Interstate 5 Corridor is positioned for continued vacancy compression. As one of only two submarkets to record a decline in vacancy last year, it benefits from proximity to emerging employment centers and higher-income households – trends expected to drive leasing demand in 2026. The CBD faces a more challenging outlook, entering the year with vacancy up roughly 120 basis points, compounded by elevated office vacancy. Even so, rising downtown foot traffic in 2025 suggests the core may see a gradual improvement in net absorption.

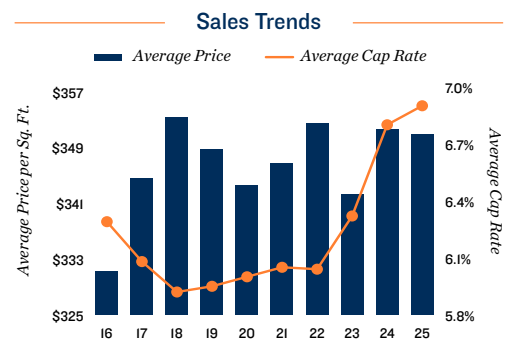
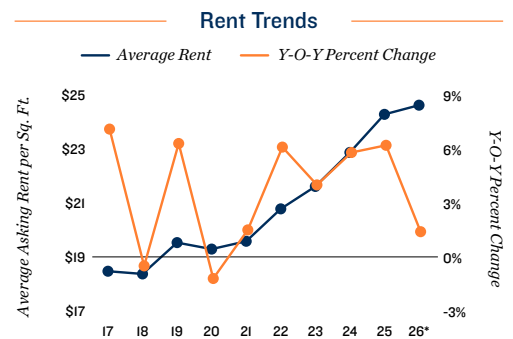
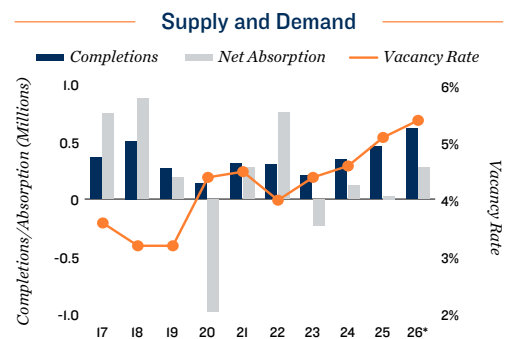
Deal flow increased for both multi- and single-tenant assets. Transaction velocity rose nearly 50 percent last year – the third-steepest increase among secondary metros – as out-of-state investors capitalized on Portland’s relatively low West Coast pricing. Looking ahead, buyers may continue to favor single-tenant assets due to the segment’s comparatively lower vacancy. However, softer tenant demand last year suggests investor interest in this category could moderate. Meanwhile, multi-tenant deal flow increased nearly 60 percent last year, ending just below the 2015-2019 average. While space demand in this segment rose in 2025, move-ins were primarily concentrated in the I-5 Corridor, indicating uneven underlying demand metrowide.

2026 MARKET FORECAST

NRI RANK 42 *Strong retail sales growth relative to other metros provides optimism, though rising vacancy weighs on this year’s ranking.*

- 0.4%**  **EMPLOYMENT:** The metro is forecast to lose approximately 5,000 jobs in 2026, one of the larger declines nationally. Even so, health care is expected to remain a source of employment growth.
- 610,000 sq. ft.**  **CONSTRUCTION:** Portland’s inventory is projected to grow by 0.7 percent – one of the fastest rates among major U.S. markets – marking the fourth consecutive year of rising completions.
- +30 bps**  **VACANCY:** Despite strong retail sales growth prompting tenant move-ins, incoming supply is expected to exceed net absorption, lifting vacancy to 5.4 percent, its highest level since mid-2013.
- +1.4%**  **RENT:** The mean asking rent will continue to expand for a sixth straight year, albeit at a slower pace than in 2022-2025, supported by demand at a four-year high, reaching \$24.60 per square foot.

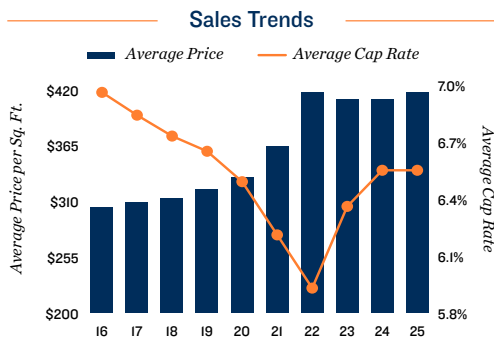
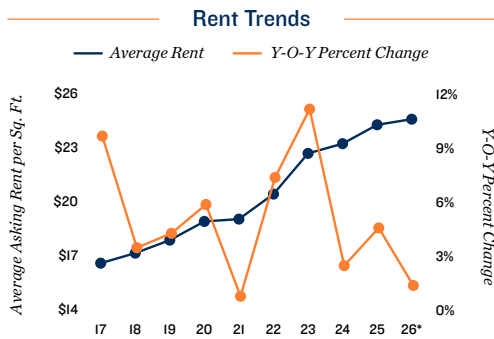
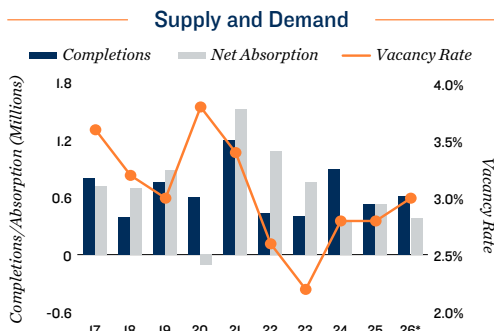
INVESTMENT: *Pending Portland’s Central City Code Amendments, greater mixed-use density in the core could drive more consistent foot traffic, improving retail prospects and supporting local investor interest.*



* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

RALEIGH

Faster Multi-Tenant Backfilling Draws Investors; Domestic In-Migration Anchors Consumer Demand



Lower international inflows shift Triangle spending. The market’s retail vacancy held flat in 2025, though performance will likely remain split. Single-tenant vacancy rose to 2.5 percent last year, while multi-tenant vacancy posted the third largest drop among major U.S. markets, falling 70 basis points to 3.2 percent. Small-shop demand and flexible terms should keep multi-tenant space backfilling faster than single-tenant boxes that need heavier build-outs. Consumer spending in Raleigh-Cary may also hold up better than in Durham-Chapel Hill amid reduced immigration. About 35 percent of recent migration to the former area was international, about half that of the latter area, and the lowest share in the Sun Belt. This should keep fast-growing suburbs tight, where vacancy fell under 3 percent in Johnston County and East and West Wake counties last year. Big-box nodes like North Hills and Durham County have seen more move-outs, yet late-2025 leasing in North Raleigh from experiential and furniture tenants signals firmer demand aligned with a growing family and young-professional base.

Multi-tenant trades surge, with Johnston County leading. Sales activity rose in 2025 as investors leaned into multi-tenant assets, with trading more than doubling year-over-year as buyers sought stronger income potential and a diversified tenant base. Johnston County emerged as the most active submarket on record, with local transaction activity hitting an all-time high. The area’s outlook remains supported by industrial growth, led by Novo Nordisk’s \$4.1 billion build-out in Clayton. Nearby East Wake County also posted near-record sales last year, reinforced by Johnston and East Wake leading the metro in multi-tenant vacancy compression, with declines of over 200 basis points, fueling demand for strip centers and in-line shops.

2026 MARKET FORECAST

NRI RANK 2 *One of the nation’s lowest vacancy rates, paired with employment gains that drive retail sales, places the market second.*

+0.8% **EMPLOYMENT:** The market will maintain a top-10 pace of job growth in 2026, adding 9,000 new roles. Healthcare and white-collar sectors are likely to lead net employment gains.

605,000 sq. ft. **CONSTRUCTION:** Deliveries rise from 2025 but remain below the prior 10-year average. A 100,000-square-foot-plus Target, a pickleball club, and a Life Time Fitness account for most new supply.

+20 bps **VACANCY:** Modest leasing activity and an uptick in completions push vacancy up slightly. At 3.0 percent, the metro’s rate will still rank second lowest among major U.S. markets.

+1.3% **RENT:** Rent growth will remain minimal in 2026, with the average asking rent reaching \$24.51 per square foot. Multi-tenant asking rent growth may continue to outpace single-tenant.

INVESTMENT: *Late-2025 zoning changes permit existing Research Triangle Park sites to add residential, hospitality, and retail uses, shifting the district beyond a single-use office park and supporting retail investment.*

* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Performance Divide Between Property Types Widened by Upcoming Store Closures

Multi-tenant properties continue to outperform. The Inland Empire’s retail market faces a challenging near-term environment marked by a disconnect between tenancy-type demand. Steadier leasing held multi-tenant vacancy in the mid-6 percent range in 2025, more than 100 basis points below its long-term average. Single-tenant vacancy, however, has risen rapidly over the past two years, pushing the rate to 7.4 percent, the highest level among major U.S. markets heading into 2026. Softness has been most pronounced across properties ranging from 10,000 to 30,000 square feet, driven in part by store closures stemming from national retailer downsizing and bankruptcies. These pressures are likely to persist in the coming year. Macy’s and Walgreens have announced multiyear store-closure programs through 2026, which could result in additional move-outs locally. Among submarkets, Rancho Cucamonga-Ontario and San Bernardino proper are best positioned, while Moreno Valley and the Coachella Valley each entered this year with some of the metro’s highest vacancy rates.

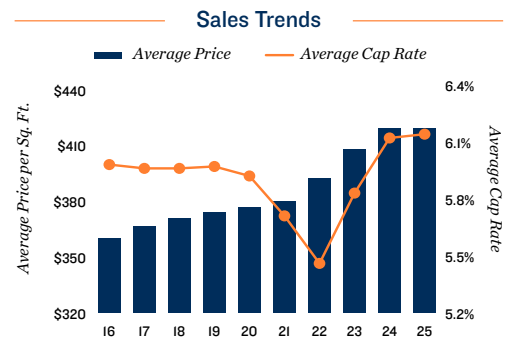
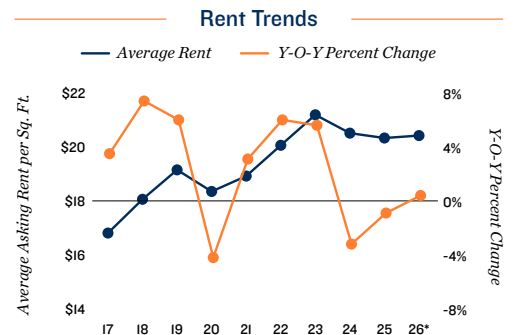
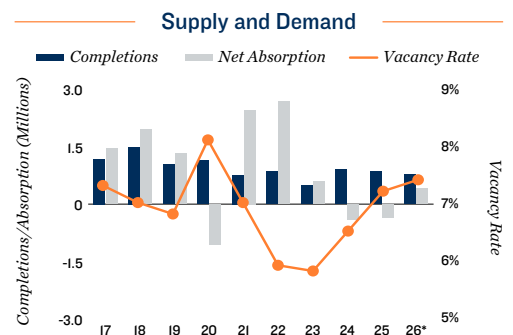
Smaller-format spaces attract investment appeal. Investors remain focused on the Inland Empire’s regional differentiation. The metro is the only one in Southern California to record five straight years of average sale price growth, and the only California market expecting near-term positive net migration. Competition for single-tenant net-leased assets, most of which pencil below \$5 million, may intensify as smaller-format retail properties have experienced less vacancy pressure than big-box space. Restaurant and fast-food concepts should stand out, with vacancy near 4 percent across the segments entering 2026. Marketwide, investor interest in shopping centers should also remain visible, given the sector’s relative outperformance.

2026 MARKET FORECAST

NRI RANK 40 *The market ranks in the lower quarter of this year’s Index, largely due to high vacancy amid ongoing deliveries.*

- +0.3%** **EMPLOYMENT:** This year’s employment growth remains well below the trailing decade’s 2.2 percent annual average, as just 6,000 jobs are created. Still, this marks an improvement over last year.
- 770,000 sq. ft.** **CONSTRUCTION:** The development pipeline is expected to contract modestly in 2026, with total inventory expanding by 0.5 percent – in line with the trailing five-year annual average.
- +20 bps** **VACANCY:** While the metro’s vacancy is forecast to rise for a third consecutive year in 2026, the pace of increase is expected to moderate, bringing the rate to 7.4 percent by year-end.
- +0.4%** **RENT:** Rising vacancy continues to weigh on the metro’s average asking rate, shifting the year-end figure to \$20.40 per square foot, down more than 5 percent from its early-2024 peak.

INVESTMENT: *Sub-10,000-square-foot retail properties in Riverside, San Bernardino, and Ontario cities head into 2026 with a vacancy rate near historic lows, likely further sustaining investor interest.*



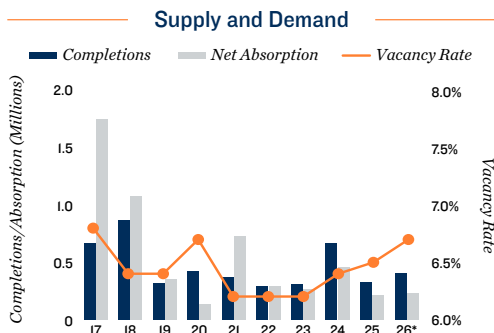
* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

SACRAMENTO

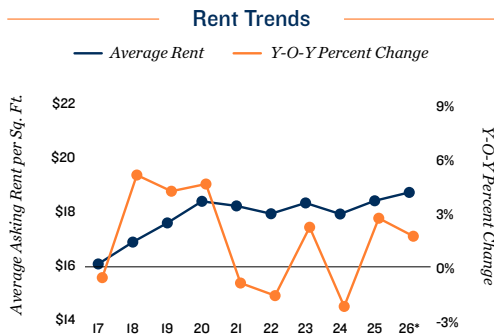
Regionally Leading Resident Inflows Accelerate Consumer Spending, Sustains Investor Engagement



Return-to-office policies poised to support downtown retail. While Sacramento’s metrowide retail vacancy rate has not posted a year-over-year decline since 2021 – leaving the metro with the fifth highest vacancy level among major U.S. markets entering 2026 – early signs of stabilization are emerging. The California state government’s return-to-office mandate requiring at least four days per week on-site is scheduled to take effect in the second half of the year. If implemented as planned, this should provide a meaningful boost to downtown foot traffic, supporting retail absorption that remained tepid last year. At the same time, Sacramento continues to benefit from steady population growth, in contrast to trends in many coastal California markets. More than 80 percent of this year’s retail deliveries are already pre-leased and largely concentrated in big-box projects such as a Costco in Roseville and a Whole Foods in Elk Grove. That means incremental supply pressure will remain limited, setting the stage for near-term improvement in retail fundamentals across the metro.

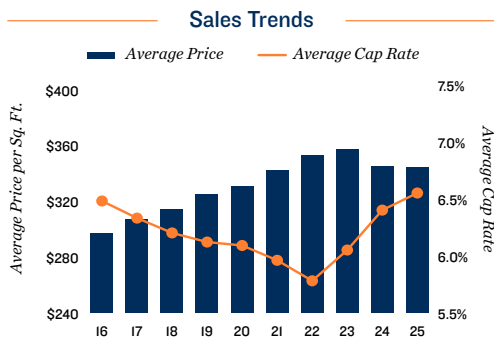


Private buyers continue to dominate investment activity. At 6.5 percent, Sacramento recorded the highest average retail cap rate among major California metros last year, yet pricing remains roughly 30 basis points inside the national average. This yield advantage has drawn in-state capital seeking higher returns and lower entry points than those in Bay Area markets. As a result, more than 80 percent of total dollar volume was driven by private investors and owner-users in 2025. Investor appetite has also shifted toward older retail stock, with transactions involving properties built before 2000 rising by roughly 50 percent year-over-year in 2025, underscoring the metro’s appeal to buyers pursuing value-add and higher-yield strategies.



2026 MARKET FORECAST

NRI RANK 41 *Vacancy expansion and lingering supply pressure place the metro in the lower echelon of the 2026 NRI.*



- 0.2%** **EMPLOYMENT:** The pace of job losses in Sacramento is expected to slow in 2026, with net job losses of 2,000. Sectors showing growth include education, health care, leisure, and hospitality.
- 400,000 sq. ft.** **CONSTRUCTION:** Deliveries this year will be driven primarily by big-box openings, with total completions reaching roughly 80 percent of the metro’s average annual volume over the past decade.
- +20 bps** **VACANCY:** Net absorption is expected to improve in 2026 relative to last year, but remain outpaced by supply additions for a fifth consecutive year, pushing vacancy up to 6.7 percent.
- +1.7%** **RENT:** The average asking rent will continue its upward trajectory this year. By December, the rate is projected to reach \$18.65 per square foot, remaining the lowest among major California metros.

INVESTMENT: *Commuter rail expansions across the metro should drive incremental foot traffic beyond the core, with the opening of the Elk Grove station this year poised to boost the status of nearby retail assets.*

* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics





Migration Momentum Gives Retailers Toolkit Not Available in All Metros, Aiding Investment Outlook

Demographic tailwinds in place. Routinely robust in-migration into Salt Lake City is benefiting retailers and shaping new residential nodes. In some cases developers are pursuing large scale mixed-use projects designed to emulate the residential density, job drivers, and entertainment options of downtown areas. Prominent examples include the planned-300 acre redevelopment of the former Geneva Steel Works known as Utah City as well as Daybreak in South Jordan, which recently completed its first phase. In addition to new retail space envisioned for both areas, access to commuter rail could affect foot traffic across the greater Provo-Orem area, where retail vacancy was already under 4 percent ending 2025. While vacancy is comparatively elevated in the market's traditional downtown, entering 2026 at 5.6 percent, plans are underway to bring in future foot traffic. The Salt Lake Temple will reopen this year, and a more formal entertainment district is being considered for around Delta Center. The apartment construction pipeline here is also the largest in the metro. Ambitions from Intermountain Health for a new hospital campus would only serve as an additional catalyst.

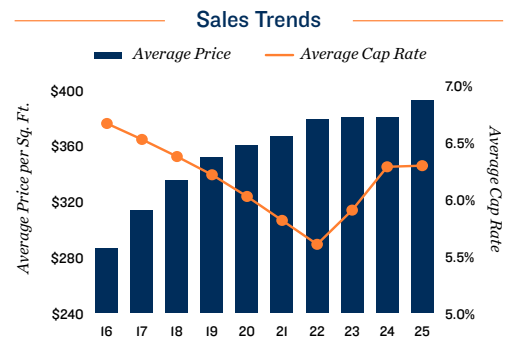
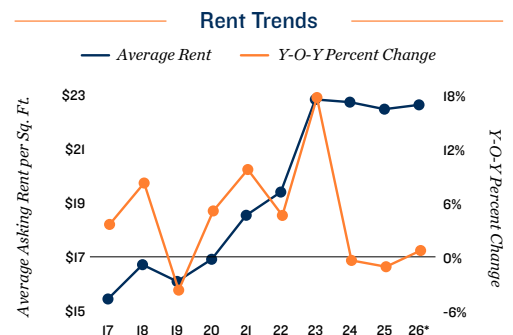
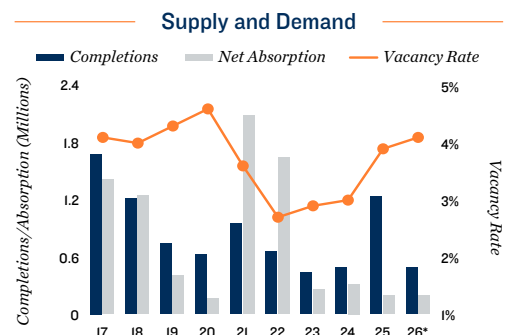
Improved investment momentum appears broad-based. A growing consumer base continues to foster an active retail investment landscape across Davis-Weber, Salt Lake, and Utah counties. Multi-tenant trading reached a three-year high in 2025, reflecting in part the targeting of older strip centers for repositioning from investors focusing on value add strategies. The market for single-tenant assets is also liquid, with buyers interested in net lease assets likely to favor service-related tenants or properties with built in foot traffic. The share of storefronts in residential buildings among total transactions has steadily expanded in recent years.

2026 MARKET FORECAST

NRI RANK 18 *Relatively low vacancy and strong hiring, paired with ongoing household formation, earn the market a top 20 ranking.*

- +0.9%**  **EMPLOYMENT:** Hiring will continue to outpace the national rate this year, with 12,500 jobs created in the market. More roles are expected to be added in white-collar and health professions.
- 485,000 sq. ft.**  **CONSTRUCTION:** Completions will fall below half of the 2025 level and are largely pre-leased. More than half of the deliveries are slated for south Salt Lake or the Provo-Orem area.
- +20 bps**  **VACANCY:** After a 90 basis-point jump last year, the metrowide vacancy rate is expected to inch up to 4.1 percent in 2026. While at a six-year high, the metric remains just below the long-term average.
- +0.7%**  **RENT:** Increasing tenant demand and speculative development coming to market will result in a slightly higher average asking rent this year of \$22.61 per square foot.

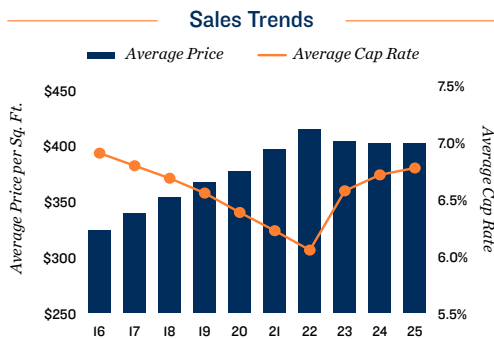
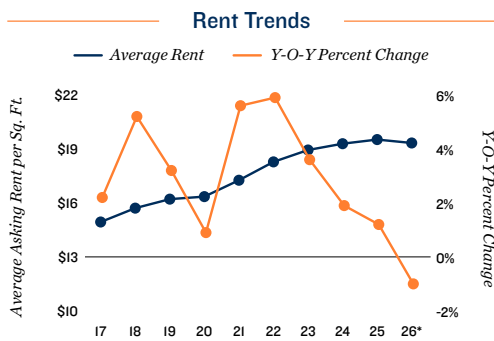
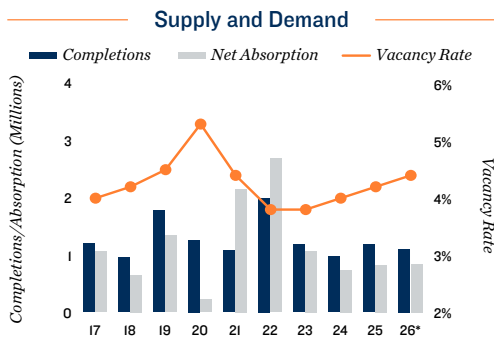
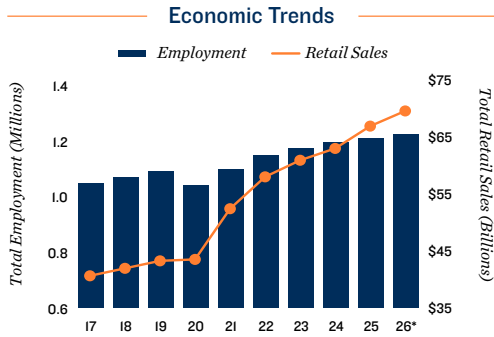
INVESTMENT: *The addition of 11 gates at Salt Lake City International Airport slated to open this fall bodes well for tourism-driven foot traffic in the CBD and Wasatch Mountains, potentially boosting investor interest.*



* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

SAN ANTONIO

Strong Submarket Fundamentals, Stable Pricing Sustain Elevated Transaction Activity



The CBD revitalizes, while select suburbs emerge. Guadalupe County maintained one of the lowest vacancy rates in the metro, with declines across both single- and multi-tenant segments last year. Tenant demand was bolstered by proximity to New Braunfels and the Interstate 35 Corridor, factors that are likely to maintain low vacancy and a mean rent over \$26 per square foot this year. Comal County showcased robust single-tenant fundamentals, with a 90-basis-point vacancy decline and average asking rents exceeding \$20 per square foot, due to expanding suburbs and entertainment options between San Antonio and Austin. However, metrowide vacancy increased due to a large concentration of multi-tenant move-outs, a trend that may continue as additional multi-tenant properties deliver in 2026. For example, CBD vacancy rose 100 basis points last year, yet limited construction should cap further increases. Revitalization efforts, such as Project Marvel with the new Spurs Arena, lift the outlook.

Transaction activity remains elevated amid stable pricing. Although San Antonio saw virtually no change in mean pricing, cap rates inched up by 10 basis points on average, largely due to increased investor appetite for multi-tenant properties. Multi-tenant trading increased by over 60 percent in 2025, with rent growth prospects supporting continued elevated transaction levels in 2026. Northern submarkets emerged as the epicenter of trading activity, with the northwest alone commanding one-third of all transactions due to substantial inventory. At the same time, the northeast returned to historical activity patterns. Additionally, Guadalupe County, with declining vacancies, experienced a notable surge in transactions and is well-positioned for continued elevated trading activity, given its sub-3 percent vacancy rate.

2026 MARKET FORECAST

NRI RANK 9 *Strong employment, sales, and household growth help rank San Antonio as the top major Texas metro.*

- +1.2%** **EMPLOYMENT:** Hiring is set to improve after job creation hit a post-2020 low last year. The metro will welcome 15,000 new roles, still below the trailing five-year average.
- 1,100,000 sq. ft.** **CONSTRUCTION:** Retail supply expansion remains on par with the prior 10-year annual average, with inventory growing by 0.9 percent. The northwest is set to receive the bulk of completions.
- +20 bps** **VACANCY:** Although demand remains relatively strong, it will be insufficient to outpace incoming supply, resulting in the vacancy rate edging higher to 4.4 percent by year-end.
- 1.0%** **RENT:** With the vacancy rate ticking higher, the average asking rent will decrease moderately to \$19.30 per square foot in 2026, largely due to single-tenant rents easing.

INVESTMENT: *The I-35 corridor between San Antonio and Austin captures spillover demand from both metros, as affordability-seeking migration and business expansion support local consumer spending.*

* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Central Neighborhoods Serve as a Stabilizing Force Amid Another Round of Store Closures

Demand apparent in prime corridors. After posting four straight years of positive net absorption, San Diego’s retail sector recorded net relinquishment in 2025. This year, the market will face another wave of store closings, with Amazon Fresh, Best Buy, Macy’s, and Saks Off 5th among the notable shutterings. Shopping centers with move-outs may be best positioned to backfill spaces, as multi-tenant vacancy is below the long-term mean. Single-tenant availability, meanwhile, is at a nearly five-year high, in contrast to scant quick-service and supermarket vacancy. While near-term hurdles await, areas of standout performance will be visible. Central San Diego, which includes downtown, Mission Valley, and popular beach communities, ranks as the least-vacant submarket in California, with more than 30 million square feet of space. With supply pressure minimal here, the submarket’s extended stretch of high-2 to low-4 percent vacancy should continue, preventing a notable shift in metro fundamentals.

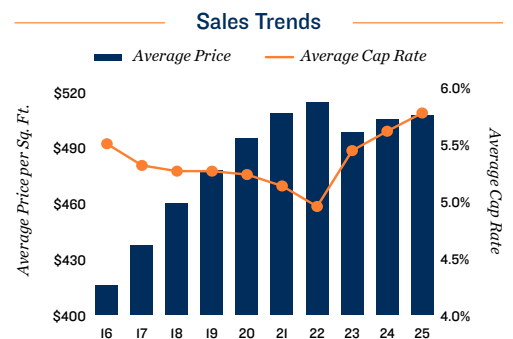
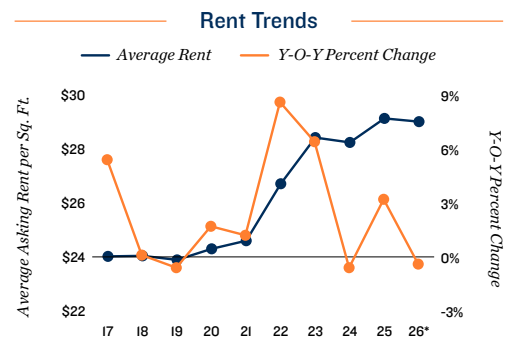
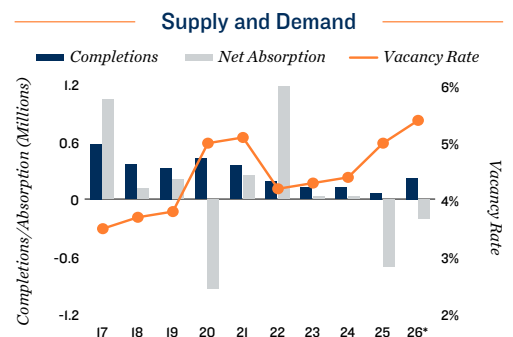
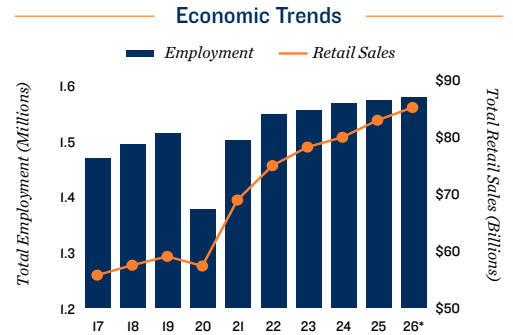
Northern properties account for growing share of trades. San Diego is a top target among private and institutional investors focused on secondary markets, with only Denver, Phoenix, and Tampa noting more transactions last year. In 2026, buyer demand will span property types and price tranches. Limited fast-food and supermarket vacancy will attract net-leased buyers to single-tenant assets, with pricing for the aforementioned listings rarely below \$1,000 per square foot. Meanwhile, community and neighborhood centers available as part of larger portfolios may appeal to institutional investors with extensive backfilling experience. While Central San Diego will remain the epicenter of sales activity, recently encouraging absorption in Oceanside and San Marcos may draw investors to North County listings.

2026 MARKET FORECAST

NRI RANK 44 *The metro records one of the nation’s largest vacancy increases despite minimal new supply, equating to a lower-tier ranking.*

- +0.4%** **EMPLOYMENT:** San Diego records moderate job growth in 2026, creating 6,000 roles. Healthcare-related hiring should continue to drive overall employment growth.
- 220,000 sq. ft.** **CONSTRUCTION:** For a fifth straight year, the metro’s retail inventory expands by less than 0.3 percent. Still, the square footage delivered in 2026 represents a five-year high.
- +40 bps** **VACANCY:** Local vacancy rises moderately to 5.4 percent, despite supply and demand becoming closer aligned. Vacancy in several of San Diego’s largest areas, however, will hover around 4 percent.
- 0.4%** **RENT:** Negative absorption impacts asking rent, with a nominal decline projected for 2026. At \$28.99 per square foot, the average marketed rate is nearly \$6 per square foot below Orange County.

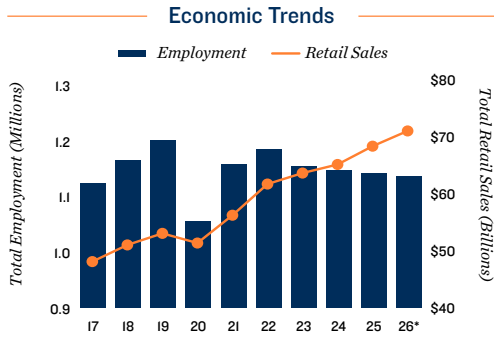
INVESTMENT: *Chula Vista-Imperial Beach noted historic apartment demand last year, with more than 1,000 units absorbed. A larger renter base bodes well for local retail, drawing more investors to South Bay listings.*



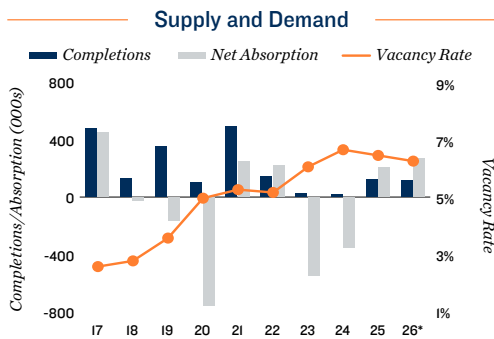
* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

SAN FRANCISCO

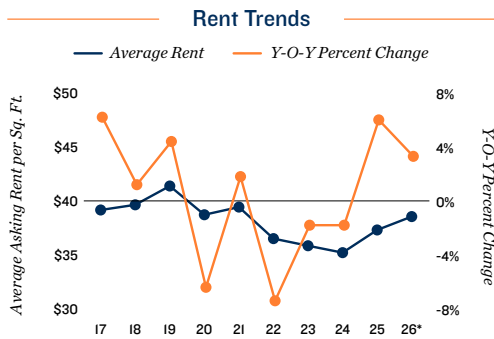
Urban Core Retail Poised for Recovery as Suburban Fundamentals Remain Solid



The CBD continues to benefit from improving foot traffic. Downtown San Francisco has struggled in recent years due to a slow recovery in office utilization, which has reduced daytime foot traffic and strained public safety in the commercial node. However, signs of an inflection point are emerging. The AI boom is helping to lower office vacancy rates, and policy efforts under Mayor Daniel Lurie’s downtown recovery agenda are improving downtown pedestrian activity. Specifically, Lurie’s “Heart of the City” initiative emphasizes public safety, street conditions, and pedestrian infrastructure. Tourist-oriented areas such as Union Square and Fisherman’s Wharf, where retail vacancy remains near or above 10 percent, are likely to benefit most. In contrast, neighborhood corridors, including Fillmore Street and Japantown, have remained more insulated from downtown weakness, positioning themselves for continued improvement in 2026. Retail conditions have also been comparatively stable in San Mateo County, where vacancy has remained in the 5 percent range since 2020.



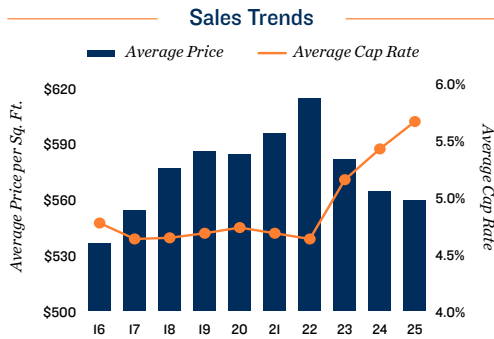
Small, urban properties dominate the market. Limited land availability and high construction costs shape San Francisco’s retail inventory, which consists largely of smaller properties in older urban areas, many within mixed-use developments. This environment emphasizes the role of density, tourism, and neighborhood-level foot traffic on long-term appeal. Transaction activity reflects this profile, with deals priced below \$10 million accounting for more than 90 percent of total transactions last year. Local private investors may become increasingly willing to capitalize on the metro’s still-discounted pricing, targeting resilient retail assets outside the downtown core, where properties traded at a mean below \$500 per square foot last year.



2026 MARKET FORECAST

NRI RANK 25 *An extended vacancy decline and strong rent growth will place the metro in the top half of the rankings this year.*

- 0.4%** **EMPLOYMENT:** San Francisco is projected to lose 4,000 jobs on net this year as gains in construction, education, and health services are offset by softness in other sectors.
- 118,000 sq. ft.** **CONSTRUCTION:** Development remains limited, with more than half of this year’s total represented by the fully pre-leased Discover Station in South San Francisco.
- 20 bps** **VACANCY:** Metrowide vacancy is projected to decline to 6.3 percent by the end of 2026, ranking among the handful of major U.S. metros with a clear decline.
- +3.3%** **RENT:** Low suburban vacancies and recovering downtown activity support one of the fastest rent growth rates nationwide. The average asking rent reaches \$38.50 per square foot by December.



INVESTMENT: *Investors seeking repositioning opportunities at discounted pricing could target oversized legacy retail spaces in the urban core, such as near Union Square, capitalizing on shifting retail market dynamics.*

* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Retail Stability Anchored by Limited Development and a Resilient Local Economy

San Jose remains the least volatile Bay Area market. Unlike San Francisco and Oakland, where vacancy rates will end this year roughly double their 2018 troughs, San Jose has been a relative beacon of stability this cycle. Limited development activity and a local economy anchored by tech employment and higher-income households have helped insulate the market. Despite ongoing reports of tech layoffs, affluent Silicon Valley residents continue to support restaurants, boutiques, and experiential retail. Palo Alto, Santa Clara, Sunnyvale-Cupertino, and Campbell-Los Gatos all entered 2026 with sub-4 percent vacancy rates, the lowest in the metro. While Mountain View-Los Altos and North San Jose saw vacancy upticks last year following big-box move-outs, backfilling prospects for larger spaces are improving. For example, the planned replacement of Best Buy at Santana Row with a luxury fitness concept underscores sustained interest in the adaptive reuse of well-positioned spaces.

Tight vacancy and pricing slow transactions. San Jose was one of only four major markets in which transaction volume declined in 2025, leading the group with a 33 percent drop. This pullback reflects capital-market friction rather than weakening fundamentals. The second-lowest vacancy rate of major California metros aligned with few distressed sales. At the same time, high build-out costs and permitting risk constrained the viability of value-add strategies, tightening underwriting assumptions. As a result, institutional capital grew more cautious, with owner-users and private buyers accounting for more than 90 percent of sales over the past two years. Looking ahead, easing financing costs at the margin should improve price discovery, supporting renewed deal activity, especially as institutional buyers become more active.

2026 MARKET FORECAST

NRI RANK 32 *Low new supply pressure will help mitigate the impact of a slow job market, placing the metro in the mid-tier this year.*

-0.1% **EMPLOYMENT:** San Jose will post another year of modest net job losses, shedding 1,500 roles, as tech hiring remains sluggish amid shifts in employment composition tied to broader AI adoption.

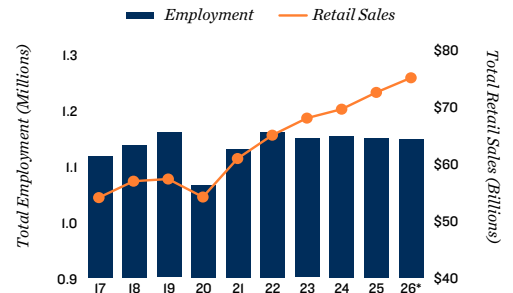
108,000 sq. ft. **CONSTRUCTION:** After a subdued 2025, retail inventory is expected to rise 0.2 percent this year, with future development activity increasingly shifting toward outlying areas such as Morgan Hill.

+10 bps **VACANCY:** The metrowide vacancy rate is forecast to edge up to 4.8 percent by December. The metric has held in the high-4 percent range locally since early 2021.

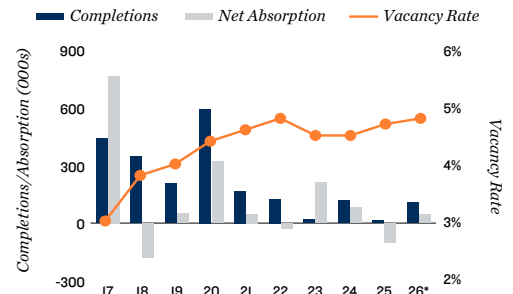
+0.6% **RENT:** Improving net absorption should allow rent growth to resume following a decrease in 2025, with the average asking rent projected to reach \$34.93 per square foot by year-end.

INVESTMENT: *Investors anticipating continued regional growth and spillover may target Morgan Hill-Gilroy, where vacancy compressed sharply last year and entry barriers remain lower than elsewhere in the metro.*

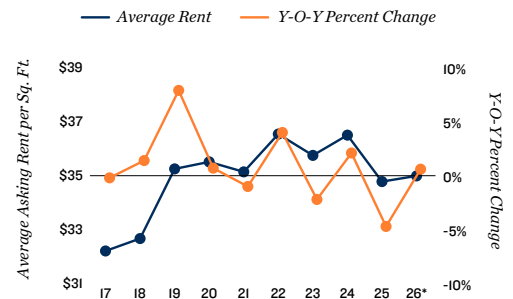
Economic Trends



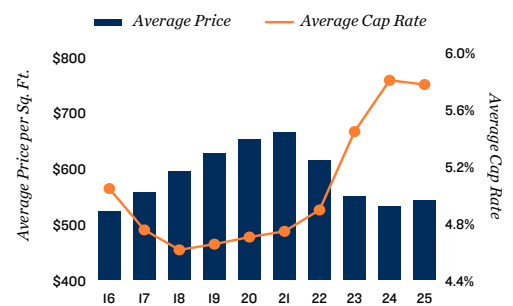
Supply and Demand



Rent Trends



Sales Trends



* Forecast

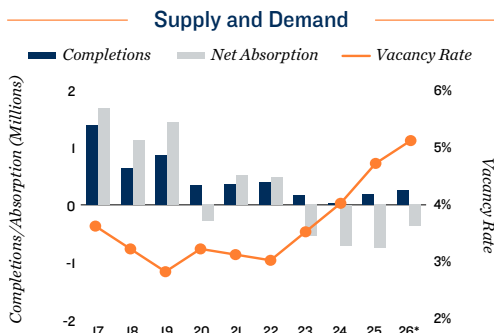
Sources: CoStar Group, Inc.; Real Capital Analytics

SEATTLE-TACOMA

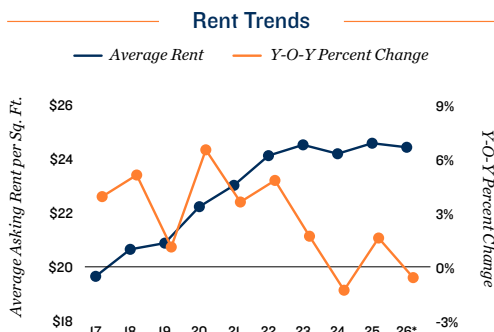
Long-Term Factors Appeal to Expanding Retailers and Investors, Despite Rising Vacancy



Retail sales growth remains strong as big-box relinquishments slow. Seattle’s retail vacancy rate heads into 2026 roughly in line with the national average. Over the past three years, vacancy has risen 170 basis points, the largest increase among major markets during that period. Much of the pressure in 2025 stemmed from financial strain among national big-box retailers, resulting in higher relinquishments. While closures of Amazon Fresh and Amazon Go will place some additional supermarket and small-format space on the market, broader big-box relinquishment appears limited in 2026, with few upcoming closures announced in the metro as of February. At the same time, long-term tailwinds remain intact. The average asking rent remained largely unchanged over the past three years. Population growth has consistently outpaced the national mark, and retail sales gains have ranked among the top four major markets over the same period. Combined, these factors are giving the metro strong positioning as a potential target for expanding retailers.



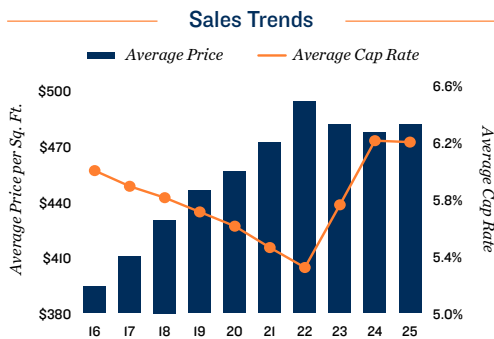
Single-tenant relative strength guides capital. Investors remain focused on the long-term appeal of Seattle retail assets heading into 2026. While transaction velocity among multi-tenant properties ticked up slightly last year, activity remained roughly 30 percent below its 2021 peak. This followed the segment’s largest year-over-year increase in vacancy since 2009, likely tempering some investor interest ahead. In contrast, single-tenant properties recorded their highest annual trade count on record in 2025 amid comparatively limited pressure. Investors targeting sub-\$10 million commitments may remain focused on Tacoma and the Eastside. In both cases, single-tenant vacancy remained near 3 percent in late 2025.



2026 MARKET FORECAST

NRI RANK 38 *Rising vacancy coupled with sluggish revenue growth contribute to Seattle’s lower ranking in this year’s Index.*

- +0.3%** **EMPLOYMENT:** While job growth accelerates modestly this year, ongoing weakness in traditionally office-using, construction, and manufacturing sectors limits net gains to 7,000 positions.
- 250,000 sq. ft.** **CONSTRUCTION:** The development pipeline reaches its highest level since 2022, with total inventory up 0.2 percent, still well below the 0.6 percent annual average during 2015-2019.
- +40 bps** **VACANCY:** A fourth consecutive year of negative net absorption is expected to push vacancy to 5.1 percent by year-end, marking the metro’s highest level since 2013.
- 0.6%** **RENT:** Rising vacancy continues to pressure the average asking rent, which falls to \$24.41 per square foot in 2026, placing five-year growth among the 10 slowest across major markets.



INVESTMENT: *At 3.8 percent in late 2025, multi-tenant vacancy in the North End sits nearly 300 basis points below the metrowide figure, likely supporting continued strong investor demand in the coming year.*

* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Suburban Necessity-Retail Vacancy Stays Low as Capital-Gains Repeal Boosts Investor Confidence

Daily needs anchor suburban retail as legacy districts recalibrate. Sector conditions in 2026 are set to reflect ongoing realignment as the market works through bankruptcy-driven closures and leasing remains necessity- and service-led. Grocery, fitness, and value retailers should continue targeting outer residential nodes, especially higher-income northern suburbs, where vacancy held near all-time lows below 4 percent last year. In contrast, leasing has softened along the Interstate 64 Corridor amid heavy big-box and mall-adjacent retail exposure, though repositioning is underway in more affluent western areas. An experiential concept from Dick's Sporting Goods will replace Nordstrom at the Saint Louis Galleria, while Chesterfield Mall is being turned into a \$2-billion-plus mixed-use district. Visitor spending could add support if momentum holds, after St. Louis led major U.S. markets in hotel booking growth in 2025 and a \$54 million renovation began at The Dome at America's Center to draw larger events.

Firmer pricing and tax reform improve investment prospects. Sales activity rose slightly last year and could gain additional momentum, particularly in Missouri, after the elimination of the individual capital gains tax, cutting state taxes by up to 4.7 percent. The metro's average sale price per square foot has stabilized over the past two years following the nation's largest decline in 2023, creating opportunities to enter at historically attractive pricing. Buyers may continue to favor northern and southern suburban nodes over the I-64 corridor, including St. Charles County, where an \$85 million City Centre Complex featuring a year-round farmers market and recreation uses broke ground. Investment in shopping centers could strengthen as St. Louis holds multi-tenant vacancy near 5 percent, one of the lowest among Midwest metros.

2026 MARKET FORECAST

NRI RANK 36 *St. Louis lands in the lower half of the rankings amid rising vacancy and subdued household formation.*

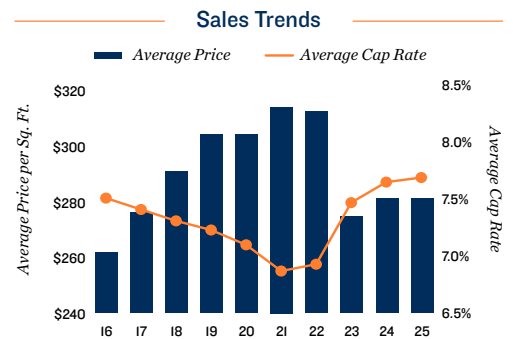
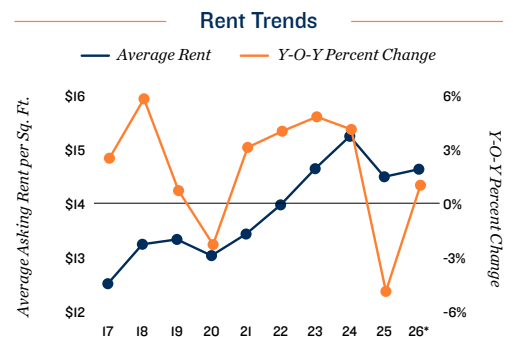
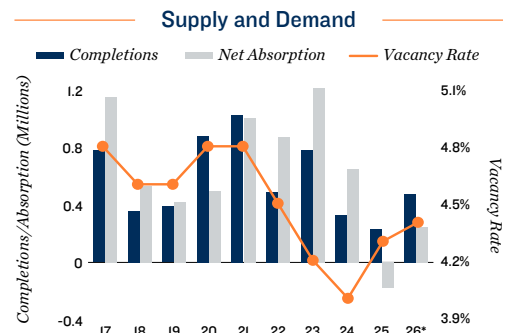
+0.3% **EMPLOYMENT:** The metro will add 4,000 jobs on net as hiring conditions improve modestly. Leisure and hospitality may continue to drive job growth after posting the strongest gains last year.

475,000 sq. ft. **CONSTRUCTION:** Deliveries rise from last year but stay just below the past-decade average, with two Dierbergs grocery stores and a Target accounting for roughly half of the new space.

+10 bps **VACANCY:** Ongoing tenant turnover is expected to push vacancy slightly higher. The metro's vacancy rate will reach 4.4 percent by year-end, roughly matching the prior 10-year average.

+1.0% **RENT:** Asking rent growth is expected to remain limited this year, with the average rate inching up to \$14.62 per square foot, standing near the middle of major Midwest markets.

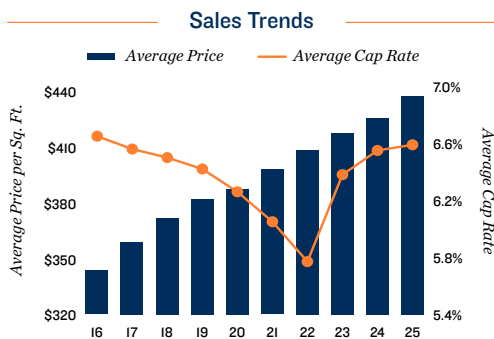
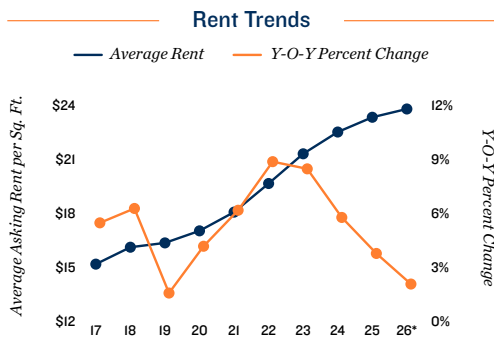
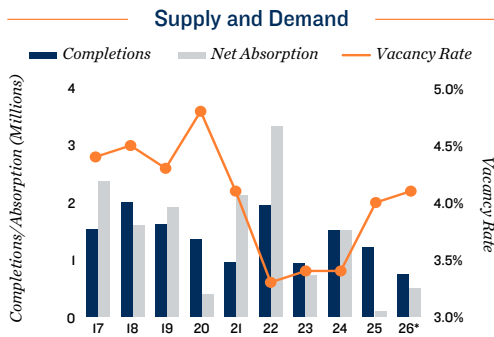
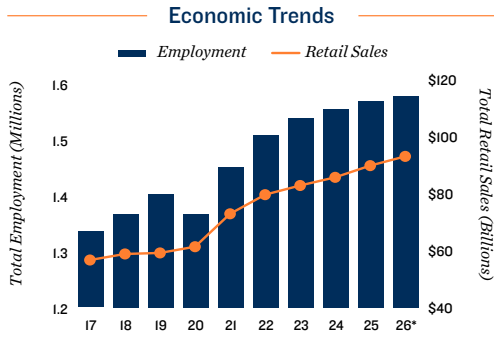
INVESTMENT: *The National Geospatial Agency began moving the first of 3,000 planned workers to its North St. Louis campus in late 2025, supporting weekday retail sales and investor interest nearby.*



* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

TAMPA-ST. PETERSBURG

Historically Limited Construction Keeps Vacancy Tight as Multi-Tenant Trading Accelerates



Demand trends diverge. After several years of outsized demographic momentum, conditions are normalizing in Tampa. Population growth will remain above the national average in 2026, but continues to decelerate. This slowdown has already contributed to the metro recording its weakest year-long stretch of net absorption last year since at least 2007. Meanwhile, performance across tenancy types remains uneven. Persistent relinquishments across neighborhood, community, and strip centers may continue to pressure multi-tenant vacancy. Single-tenant spaces remained among the 10 least vacant markets nationally in late 2025, though performance remains bifurcated by size. Sub-10,000-square-foot properties entered 2026 with sustained positive absorption momentum. In contrast, vacancy among single-tenant spaces exceeding 10,000 square feet rose materially last year. Backfilling largely by fitness and discount retailers, however, has kept the segment’s average months-to-lease near historic lows.

Constrained supply aids investment appeal. Limited availability is expected to remain supportive of investor sentiment amid a sharp slowdown in development. Last year, this tight environment helped drive a nearly 50 percent increase in multi-tenant trading activity. Investors targeting these assets may increasingly look to Central Tampa, where sustained demand has kept segment vacancy third lowest nationally across submarkets with over 4 million square feet of inventory. Some of the metro’s strongest population growth may also continue attracting multi-tenant investors to Pasco and Hernando counties. Meanwhile, investors targeting single-tenant spaces may find discounted valuations near the Interstate 75 Corridor in East Tampa, as average asking rents have declined since late 2024, despite vacancy holding near historic lows.

2026 MARKET FORECAST

NRI RANK 6 *The combination of strong revenue and employment growth gives Tampa a high ranking in this year’s Index.*

- +0.6%** **EMPLOYMENT:** Job growth slows for the fifth consecutive year in 2026, with just 10,000 new positions. Still, the metro’s pace will remain faster than the 0.2 percent national benchmark.
- 735,000 sq. ft.** **CONSTRUCTION:** Tampa’s development pipeline narrows sharply in 2026, as completions translate into inventory growth of just 0.4 percent, marking the metro’s slowest expansion since at least 2007.
- +10 bps** **VACANCY:** Limited completions help temper rising vacancy this year. By year-end, the rate is expected to reach 4.1 percent, still 120 basis points below the metro’s long-term average.
- +2.0%** **RENT:** A third straight year of rising vacancy continues to weigh on average asking rent growth, as the rate edges up to \$23.70 per square foot, nearly matching the national forecast.

INVESTMENT: *Northwest Tampa suburban single-tenant assets may attract investors seeking sub-\$5 million deals, given high-income households and segment vacancy 200 basis points below average.*

* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Largely Filled Development Pipeline Supports Stable Occupancy, Despite Ongoing Headwinds

Demand trends vary by tenancy type. Household income growth ranking in the top quartile of major markets in 2025, coupled with the relative affordability of space, bodes well for Tucson’s retail market ahead. Several headwinds are apparent, however. Employment growth remains among the weakest in the nation, while the metro also enters 2026 with one of the highest vacancy rates among major markets. Nonetheless, upward vacancy pressure appears unlikely in the coming year, as the incoming delivery slate is nearly fully pre-leased as of early 2026, while net absorption rebounded in the second half of last year. This was in part driven by improving demand for sub-10,000-square-foot single-tenant spaces, which had previously faced a wave of relinquishments. Meanwhile, despite increased backfilling from entertainment and fitness concepts and discount retailers, weaker leasing activity among other conventional big-box retailers in late 2025 points to continued pressure on larger multi-tenant space in the coming year.

Caution among some big-box tenants guides investment. Shifting demand dynamics are increasingly reflected in investor sentiment, as single-tenant assets recorded nearly a 50 percent increase in trading last year, while multi-tenant assets declined slightly. Investors targeting multi-tenant properties may remain on the sidelines until tenant demand improves, though pockets northeast of Downtown have shown stronger leasing momentum that could attract selective interest. Meanwhile, rapidly improving single-tenant leasing in the affluent Oro Valley and Catalina Foothills areas is poised to draw attention. The same trend is evident in the Casas Adobes-Park Place Mall area, where sub-\$5 million commitments are frequently traded.

2026 MARKET FORECAST

NRI RANK 45 *Despite positive vacancy momentum, new supply coupled with weak employment growth weigh on Tucson’s rank.*

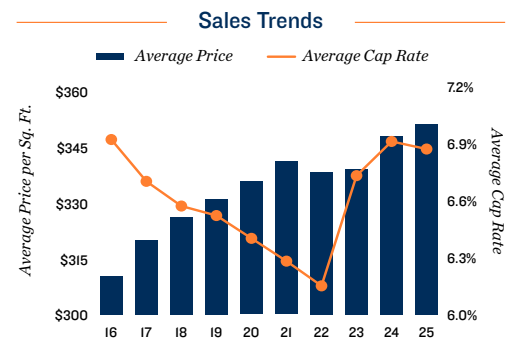
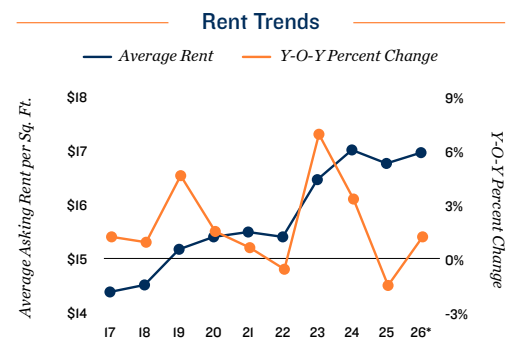
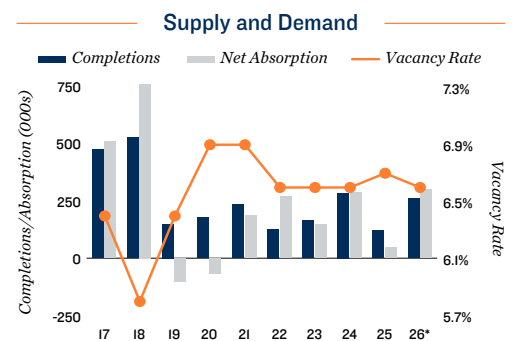
-0.4% **EMPLOYMENT:** Tucson will post a third straight year of declining employment amid weakness across traditionally office-using and government sectors. By year-end, the metro will shed 1,500 roles.

260,000 sq. ft. **CONSTRUCTION:** Completions accelerate in 2026 as the metro’s total inventory is forecast to expand by 0.6 percent. Still, this pace of development matches the trailing decade’s annual average.

-10 bps **VACANCY:** Improving leasing activity outweighs accelerating deliveries, pushing vacancy down to 6.6 percent by year-end, nearly in line with the metro’s long-term average.

+1.2% **RENT:** Following last year’s modest decline in average asking rent, a slight decrease in vacancy supports a return to measured growth, pushing the year-end rate to \$16.95 per square foot.

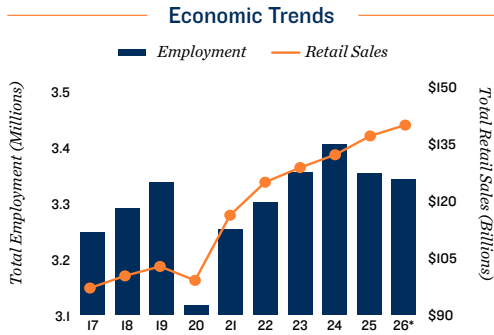
INVESTMENT: *Rio Nuevo-supported reinvestment in 2026 continues to aid downtown fundamentals, with TIF funding reducing risk in hotel, retail, and other placemaking projects, sustaining investor interest nearby.*



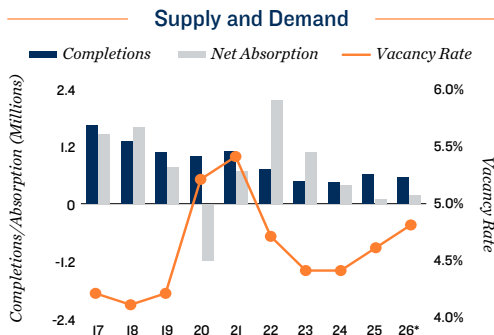
* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

WASHINGTON, D.C.

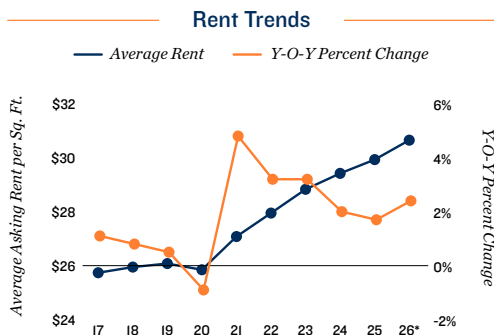
Policy Uncertainty Continues to Impact D.C. Proper, But Suburban Submarkets Performing Well



Bifurcated performance likely to continue. Retail fundamentals in the Virginia suburbs of Washington, D.C., remained resilient last year, with asking rent growth averaging roughly 5 percent annually over the past two years. Arlington and Alexandria have been particularly bright spots. Vacancy and rent growth in suburban Maryland have been weaker but largely steady, supported by population growth that should continue to underpin retail sales in the near term. By contrast, performance within the District of Columbia has lagged. Net absorption has been negative in seven of the past eight quarters, pushing vacancy to a historic high of 6.3 percent entering 2026. Restaurant closures reached a record level in 2025, driven by rising labor costs, softer consumer spending, federal workforce reductions, and weaker tourism. These pressures are likely to persist into 2026, though planned activities such as America250 events could help restore foot traffic and support tenant demand.



Transaction activity gaining traction across the metro. As the metrowide average cap rate expanded by 20 basis points over the past two years across multi-tenant and single-tenant properties, transaction velocity increased across the metro. Within the District, Georgetown-Uptown is likely to lead sales activity after trading nearly doubled in 2025, with the small-format nature of the inventory appealing to investors seeking assets under 50,000 square feet. Elsewhere, properties in outlying cities such as Stafford and Haymarket, Va., and Waldorf, Md., could continue to trade actively, as relative affordability, a necessity-oriented tenant base, and ongoing population growth support buyer interest. Investment appeal in the Dulles Corridor and Alexandria should also hold up, as established suburban locations post resilient fundamentals.



2026 MARKET FORECAST

NRI RANK 39 *A vacancy uptick and struggling job market will place Washington, D.C., in the lower quartile of the 2026 NRI.*

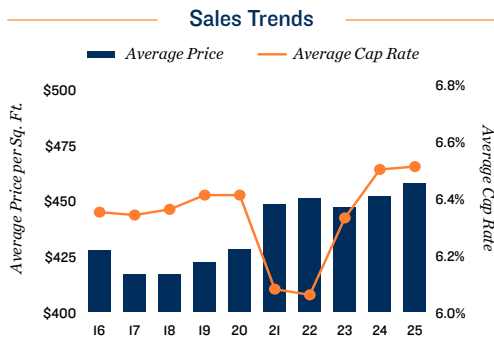
-0.3% **EMPLOYMENT:** Following job losses last year, Washington, D.C., is expected to shed an additional 10,000 positions in 2026, as federal government uncertainty continues to weigh on the labor market.

550,000 sq. ft. **CONSTRUCTION:** Completions should remain in line with the past three years. Supply pressure in D.C. proper will be minimal, as additions are split roughly evenly between Virginia and Maryland.

+20 bps **VACANCY:** Metrowide retail vacancy is projected to tick up to 4.8 percent by December, mirroring last year's increase and remaining near the metro's long-term average.

+2.4% **RENT:** Strong rent growth in Virginia should help offset softness in D.C. proper, supporting the metrowide average asking rent rising to \$30.63 per square foot by the end of this year.

INVESTMENT: *Recent sector volatility has increased transaction activity in convenience store and restaurant assets, a trend that should continue as investors seek stable cash flow and clearer entry points for pricing.*



* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Local Dynamics Vary as Limited Availability Steers Improving Demand to Older Properties

Demand skewing toward multi-tenant properties. Leasing activity is rising heading into 2026, with the metro recording its strongest quarterly net absorption since 2022. Availability remains limited across both multi-tenant and single-tenant properties. Multi-tenant vacancy, in particular, stood at 3.7 percent at year-end, 100 basis points below the segment’s 2015-2019 average. In contrast, the single-tenant vacancy rate of 4.2 percent is just 40 basis points below its pre-pandemic norm. This divide is especially notable in West Palm Beach proper. Multi-tenant vacancy here declined to its lowest point on record late last year, while single tenant noted a 100-basis-point annual jump. Elsewhere, slower population growth in recent years is contributing to weaker leasing across tenancy types in the Jupiter submarket. At the same time, West Lake’s rapid expansion may begin translating into a long-term demand catalyst.

Pre-2000 built properties gain appeal. Transaction velocity is poised to continue accelerating amid tight market conditions in 2026. Despite continued net relinquishments across older community, lifestyle, and power centers, strong leasing momentum in neighborhood centers — the metro’s largest multi-tenant segment by square feet of inventory — is extending to older assets. In densely built-out submarkets such as Boca Raton and Boynton-Lantana, declining vacancy to the mid-2 percent range has steered the notable rebound in tenant demand across both single- and multi-tenant formats toward pre-2000 retail assets, following a prolonged period of metrowide weakness since early 2023. Anticipated vacancy compression in the coming year is likely to reinforce these trends, potentially drawing heightened investor interest toward pre-2000-built properties at slight discounts relative to newer alternatives.

2026 MARKET FORECAST

NRI RANK 5 *West Palm Beach’s 2026 rank is influenced by top-tier sales growth combined with strong household formation.*

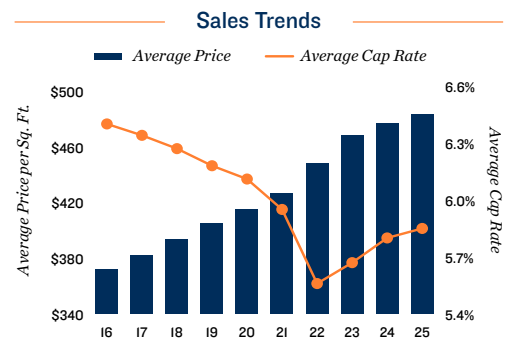
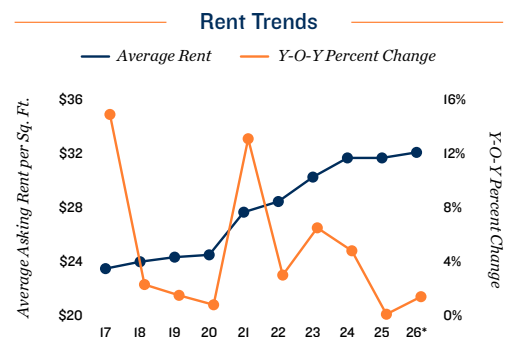
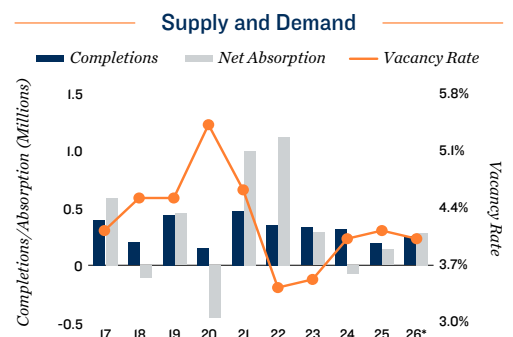
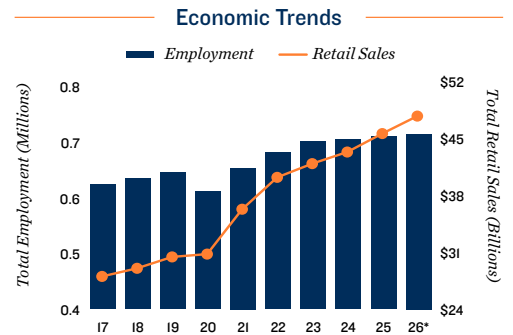
+0.6% **EMPLOYMENT:** West Palm Beach is expected to see decelerating employment growth in 2026, welcoming just 4,000 jobs. That is well below the metro’s long-term average growth rate of 2.1 percent.

250,000 sq. ft. **CONSTRUCTION:** This year’s completions will expand the metro’s total inventory by 0.4 percent, slightly more than in 2025 but still below the trailing 10-year annual average.

-10 bps **VACANCY:** The metro’s vacancy is forecast to edge down to 4.0 percent by year-end, 60 basis points below the average recorded during 2015-2019, mainly due to tighter multi-tenant conditions.

+1.3% **RENT:** Following a year in which the metro’s average asking rent held steady, a second consecutive year of accelerating net absorption pushes the rate up to \$31.97 per square foot in 2026.

INVESTMENT: *Local office vacancy, at its lowest point since 2007, may draw heightened investor interest to North Palm Beach, where single-tenant retail leasing activity rebounded sharply last year.*



* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

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¹ National Retail Index Note: Employment and retail data forecasts for 2026 are based on the most up-to-date information available as of March 2026 and are subject to change.

² Statistical Summary Note: Metro-level employment, vacancy and asking rents are year-end figures and are based on the most up-to-date information available as of March 2026. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Forecasts for employment and retail data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.

Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; Federal Reserve; Health & Fitness Association; Internal Revenue Service; Invest Newark; Minnesota Department of Labor and Industry; Moody's Analytics; National Association of Realtors; Ohio Department of Development; Placer.ai; Preqin; Real Capital Analytics; Restaurant Association Metropolitan Washington; RetailStat; U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics; U.S. Census Bureau; U.S. Department of Housing and Urban Development; Wells Fargo; World Population Review; Yale Budget Lab

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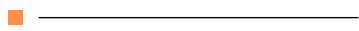
STATISTICAL SUMMARY

MARKET NAME	EMPLOYMENT GROWTH ²				COMPLETIONS (000'S OF SQ. FT.) ²				VACANCY RATE ²				AVERAGE ASKING RENT ²				AVERAGE PRICE PER SQ. FT. ²			MARKET NAME
	2023	2024	2025	2026*	2023	2024	2025	2026*	2023	2024	2025	2026*	2023	2024	2025	2026*	2023	2024	2025	
Atlanta	1.5%	1.3%	-0.0%	0.5%	1,400	1,710	1,290	730	3.6%	4.1%	4.8%	5.1%	\$19.95	\$20.88	\$21.01	\$20.97	\$383	\$391	\$400	Atlanta
Austin	2.7%	1.7%	0.7%	0.9%	2,030	1,300	1,650	1,500	3.3%	3.1%	3.6%	3.8%	\$26.86	\$27.31	\$26.95	\$26.70	\$458	\$477	\$475	Austin
Baltimore	2.2%	1.0%	-0.1%	0.2%	380	450	130	80	5.7%	5.8%	6.4%	6.5%	\$20.62	\$20.90	\$21.85	\$21.46	\$327	\$321	\$322	Baltimore
Boston	1.1%	-0.0%	-0.2%	-0.1%	530	470	230	170	3.1%	2.9%	3.4%	3.5%	\$22.00	\$22.81	\$22.45	\$22.83	\$380	\$369	\$367	Boston
Charleston	4.2%	2.7%	1.5%	1.1%	160	420	210	160	3.2%	3.5%	3.4%	3.3%	\$26.73	\$26.98	\$27.60	\$28.46	\$450	\$459	\$466	Charleston
Charlotte	2.4%	1.5%	2.7%	1.7%	860	720	920	690	3.0%	3.4%	3.6%	3.5%	\$19.28	\$20.79	\$21.69	\$22.70	\$421	\$426	\$447	Charlotte
Chicago	0.9%	0.4%	0.6%	0.5%	860	900	790	400	5.4%	5.0%	5.3%	5.4%	\$18.57	\$18.47	\$18.67	\$19.00	\$338	\$335	\$335	Chicago
Cincinnati	1.0%	0.6%	-0.4%	-0.2%	460	710	480	450	6.1%	5.9%	6.4%	6.5%	\$15.11	\$14.93	\$14.30	\$14.50	\$278	\$273	\$280	Cincinnati
Cleveland	0.5%	-0.2%	0.3%	0.5%	830	690	840	120	4.4%	4.7%	4.7%	4.5%	\$12.57	\$12.41	\$13.24	\$13.40	\$311	\$303	\$310	Cleveland
Columbus	2.0%	0.9%	1.4%	0.7%	660	330	310	200	3.2%	3.5%	3.4%	3.3%	\$16.54	\$16.73	\$15.86	\$16.08	\$276	\$278	\$286	Columbus
Dallas-Fort Worth	2.0%	1.4%	0.3%	0.8%	3,290	2,790	4,690	4,800	4.9%	5.0%	5.4%	5.6%	\$19.05	\$19.61	\$20.72	\$20.50	\$432	\$426	\$430	Dallas-Fort Worth
Denver	1.0%	0.7%	0.1%	0.4%	680	350	300	250	4.2%	4.3%	4.8%	5.1%	\$20.94	\$20.22	\$21.30	\$21.81	\$396	\$401	\$401	Denver
Detroit	1.2%	0.8%	0.0%	0.2%	660	610	450	370	5.7%	5.9%	5.7%	5.6%	\$14.80	\$15.21	\$14.98	\$15.20	\$280	\$279	\$282	Detroit
Fort Lauderdale	2.2%	0.9%	0.5%	0.7%	390	200	110	150	3.8%	4.5%	4.3%	4.1%	\$30.01	\$29.55	\$30.26	\$31.10	\$430	\$439	\$444	Fort Lauderdale
Houston	2.4%	1.3%	0.4%	0.5%	3,970	3,830	2,640	2,400	5.4%	5.8%	5.9%	6.2%	\$20.31	\$20.18	\$20.49	\$20.63	\$363	\$352	\$363	Houston
Indianapolis	2.3%	1.0%	0.2%	0.7%	690	600	300	470	3.3%	3.0%	3.2%	3.5%	\$16.09	\$17.56	\$17.92	\$18.15	\$298	\$306	\$314	Indianapolis
Jacksonville	2.0%	1.6%	0.8%	0.5%	620	990	390	690	4.9%	4.8%	5.5%	5.7%	\$19.10	\$20.19	\$20.43	\$20.72	\$358	\$373	\$371	Jacksonville
Kansas City	1.8%	1.1%	-0.3%	0.6%	710	450	440	460	4.6%	4.2%	4.5%	4.6%	\$14.72	\$15.15	\$15.37	\$15.20	\$303	\$300	\$308	Kansas City
Las Vegas	3.5%	1.4%	-0.8%	0.3%	490	440	650	500	5.2%	5.1%	5.9%	6.1%	\$23.22	\$25.03	\$26.41	\$27.40	\$417	\$424	\$431	Las Vegas
Los Angeles	0.1%	1.0%	-0.2%	0.2%	460	280	460	510	5.7%	6.3%	6.6%	6.9%	\$33.56	\$33.68	\$32.82	\$32.66	\$509	\$531	\$525	Los Angeles
Louisville	1.5%	0.8%	-0.1%	0.6%	330	230	370	140	3.4%	3.4%	3.9%	3.7%	\$15.87	\$16.92	\$17.69	\$18.10	\$332	\$332	\$337	Louisville
Memphis	0.1%	-0.4%	0.1%	-0.2%	460	440	170	300	3.7%	4.4%	4.8%	5.0%	\$14.48	\$13.58	\$13.94	\$13.70	\$284	\$286	\$291	Memphis
Miami-Dade	3.1%	2.1%	-0.1%	0.5%	1,010	670	500	300	2.7%	2.6%	3.0%	3.1%	\$42.89	\$46.87	\$43.80	\$44.19	\$549	\$545	\$558	Miami-Dade
Milwaukee	0.3%	0.2%	-0.9%	-1.1%	350	180	430	170	3.4%	3.4%	4.0%	4.1%	\$14.30	\$14.76	\$14.62	\$14.52	\$268	\$269	\$268	Milwaukee
Minneapolis-St. Paul	1.2%	1.1%	0.5%	0.1%	490	560	140	360	3.3%	2.8%	3.3%	3.5%	\$18.09	\$17.98	\$18.80	\$19.01	\$269	\$273	\$277	Minneapolis-St. Paul
Nashville	2.6%	1.2%	1.2%	1.3%	1,450	900	1,010	550	3.1%	3.3%	4.0%	4.3%	\$22.68	\$23.48	\$25.08	\$25.56	\$436	\$438	\$454	Nashville
New Haven-Fairfield County	1.8%	1.0%	-0.1%	0.4%	160	60	510	80	5.1%	5.5%	6.1%	5.8%	\$24.26	\$23.64	\$23.27	\$23.76	\$359	\$358	\$357	New Haven-Fairfield County
New York City	1.7%	2.7%	0.6%	0.4%	240	440	490	300	4.2%	4.0%	4.3%	4.4%	\$55.64	\$60.53	\$59.27	\$60.63	\$593	\$601	\$610	New York City
Northern New Jersey	2.2%	1.1%	0.6%	0.5%	610	310	230	130	3.4%	3.2%	3.1%	2.9%	\$27.18	\$28.40	\$29.12	\$30.11	\$369	\$369	\$373	Northern New Jersey
Oakland	0.7%	-0.4%	-0.7%	-0.5%	80	190	260	310	6.0%	6.0%	6.5%	6.9%	\$30.26	\$29.19	\$29.81	\$30.18	\$467	\$463	\$466	Oakland
Orange County	0.9%	0.3%	0.1%	0.4%	60	200	90	270	4.1%	4.1%	4.0%	3.8%	\$32.72	\$32.78	\$34.01	\$34.62	\$543	\$535	\$540	Orange County
Orlando	3.0%	2.3%	0.3%	0.4%	1,490	870	780	1,010	3.7%	3.9%	4.2%	4.4%	\$22.37	\$24.66	\$25.15	\$25.40	\$410	\$416	\$423	Orlando
Philadelphia	1.6%	1.0%	1.2%	0.8%	1,130	800	570	700	4.2%	4.3%	4.5%	4.7%	\$20.76	\$20.52	\$20.77	\$21.14	\$326	\$315	\$318	Philadelphia
Phoenix	2.6%	1.1%	0.9%	1.2%	1,590	1,850	2,200	1,800	4.6%	5.2%	5.0%	4.9%	\$19.64	\$19.91	\$20.18	\$20.68	\$396	\$403	\$412	Phoenix
Pittsburgh	1.5%	0.9%	1.1%	0.8%	130	350	160	140	4.0%	4.0%	5.0%	4.8%	\$14.51	\$14.52	\$13.97	\$14.17	\$287	\$282	\$279	Pittsburgh
Portland	0.8%	0.1%	-0.6%	-0.4%	200	340	450	610	4.4%	4.6%	5.1%	5.4%	\$21.59	\$22.85	\$24.26	\$24.60	\$342	\$352	\$351	Portland
Raleigh	3.3%	1.7%	1.6%	0.8%	400	890	530	610	2.2%	2.8%	2.8%	3.0%	\$22.61	\$23.15	\$24.20	\$24.51	\$410	\$411	\$418	Raleigh
Riverside-San Bernardino	1.9%	1.2%	0.0%	0.3%	480	900	850	770	5.8%	6.5%	7.2%	7.4%	\$21.17	\$20.49	\$20.31	\$20.40	\$408	\$419	\$419	Riverside-San Bernardino
Sacramento	1.5%	1.6%	-0.4%	-0.2%	310	660	330	400	6.2%	6.4%	6.5%	6.7%	\$18.26	\$17.85	\$18.34	\$18.65	\$357	\$345	\$344	Sacramento
Salt Lake City	1.8%	1.6%	1.3%	0.9%	440	480	1,230	490	2.9%	3.0%	3.9%	4.1%	\$22.81	\$22.71	\$22.45	\$22.61	\$380	\$380	\$392	Salt Lake City
San Antonio	2.4%	1.6%	1.1%	1.2%	1,180	970	1,180	1,100	3.8%	4.0%	4.2%	4.4%	\$18.91	\$19.26	\$19.49	\$19.30	\$404	\$402	\$402	San Antonio
San Diego	0.4%	0.8%	0.3%	0.4%	120	120	60	220	4.3%	4.4%	5.0%	5.4%	\$28.40	\$28.22	\$29.11	\$28.99	\$498	\$505	\$507	San Diego
San Francisco	-2.6%	-0.6%	-0.6%	-0.4%	30	20	130	120	6.1%	6.7%	6.5%	6.3%	\$35.80	\$35.16	\$37.26	\$38.50	\$581	\$564	\$559	San Francisco
San Jose	-1.0%	0.3%	-0.3%	-0.1%	20	120	10	110	4.5%	4.5%	4.7%	4.8%	\$35.69	\$36.44	\$34.72	\$34.93	\$550	\$532	\$543	San Jose
Seattle-Tacoma	0.5%	1.8%	-0.1%	0.3%	170	20	180	250	3.5%	4.0%	4.7%	5.1%	\$24.50	\$24.17	\$24.56	\$24.41	\$481	\$477	\$481	Seattle-Tacoma
St. Louis	1.1%	0.6%	-0.1%	0.3%	780	330	230	480	4.2%	4.0%	4.3%	4.4%	\$14.63	\$15.23	\$14.48	\$14.62	\$274	\$281	\$281	St. Louis
Tampa-St. Petersburg	2.1%	1.0%	0.9%	0.6%	920	1,510	1,210	740	3.4%	3.4%	4.0%	4.1%	\$21.21	\$22.42	\$23.24	\$23.70	\$418	\$426	\$437	Tampa-St. Petersburg
Tucson	0.5%	-0.3%	-0.5%	-0.4%	160	280	120	260	6.6%	6.6%	6.7%	6.6%	\$16.45	\$17.00	\$16.75	\$16.95	\$339	\$348	\$351	Tucson
Washington, D.C.	1.6%	1.5%	-1.6%	-0.3%	460	460	610	550	4.4%	4.4%	4.6%	4.8%	\$28.81	\$29.40	\$29.91	\$30.63	\$447	\$452	\$458	Washington, D.C.
West Palm Beach	2.9%	0.5%	0.9%	0.6%	330	310	190	250	3.5%	4.0%	4.1%	4.0%	\$30.14	\$31.56	\$31.56	\$31.97	\$468	\$477	\$483	West Palm Beach
United States	1.6%	0.9%	0.1%	0.2%	41,050	37,380	36,480	32,000	4.4%	4.5%	4.8%	5.0%	\$22.11	\$22.61	\$22.81	\$23.08	\$218	\$224	\$228	United States

* Forecast

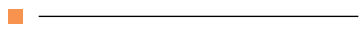
² See Statistical Summary Note on Page 64.

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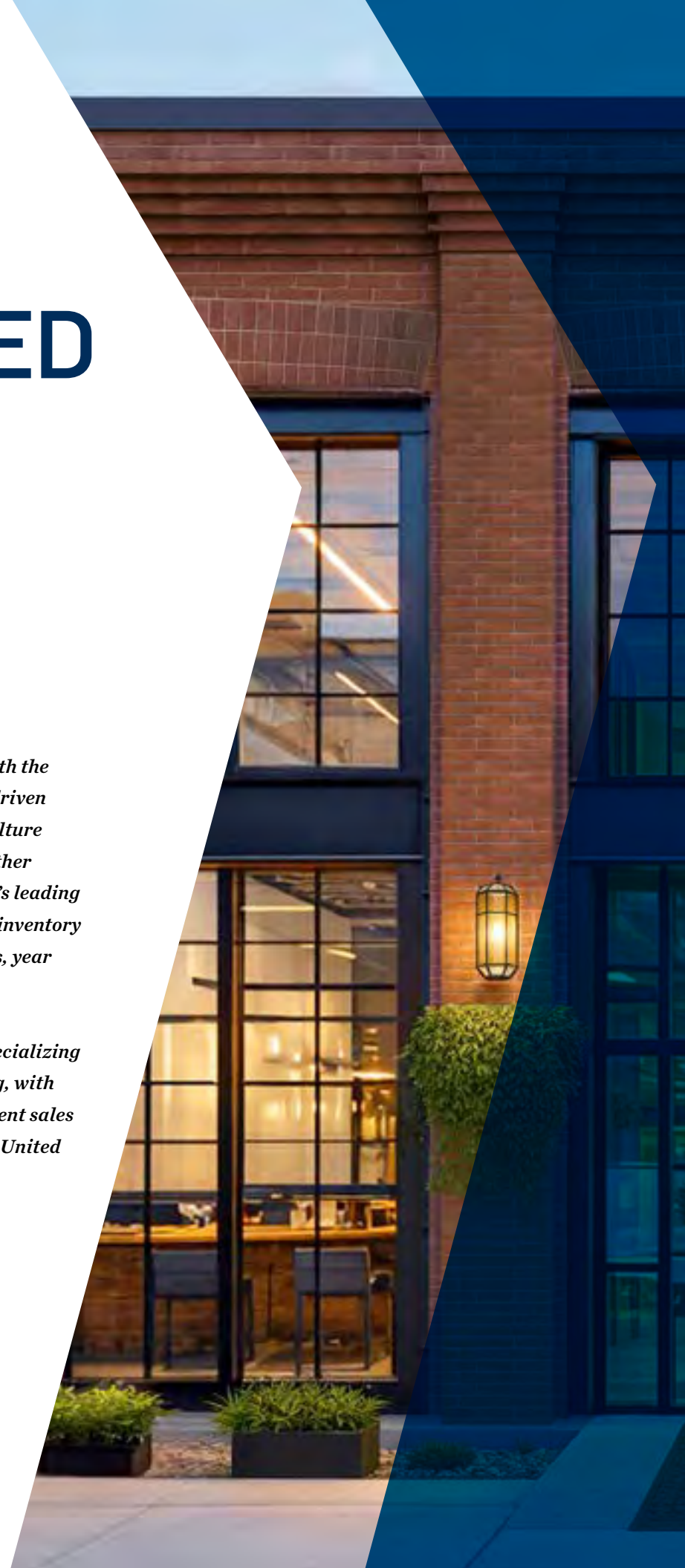


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