



OPENING TIMES  
MON 8:00am - 5:30pm  
TUE 8:00am - 5:00pm  
WED 8:00am - 5:00pm  
THU 8:00am - 5:00pm  
FRI 8:00am - 4:00pm  
SAT 8:00am - 4:00pm  
SUN 8:00am - 5:30pm

Coffee

ESPRESSO		ESPRESSO	
AMERICANO	2.00 2.40	KAKAO	
CAPPUCCINO	2.80 3.50	KAKAO MIT	
ESPRESSO MACCHIATO	2.00 2.20	CHAI LATTE	
LATTE	2.40	EXTRA SAHM	
FLAT WHITE	3.20	EXTRA SHOT	
MILCHKAFFEE	3.80	EXTRA / SOU	
ESPRESSO	3.00	HOT CHOCO	

COMMERCIAL REAL ESTATE

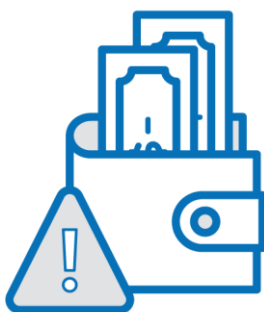
# U.S. MARKET | Retail

Q4 2024

# THE VIEW FROM HERE



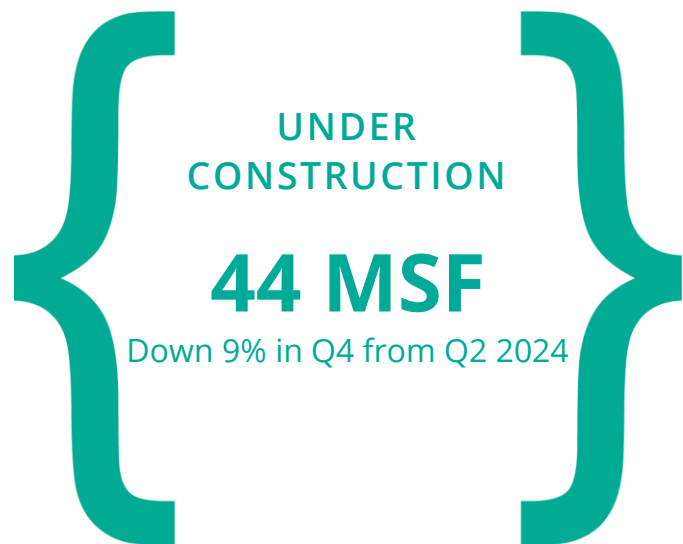
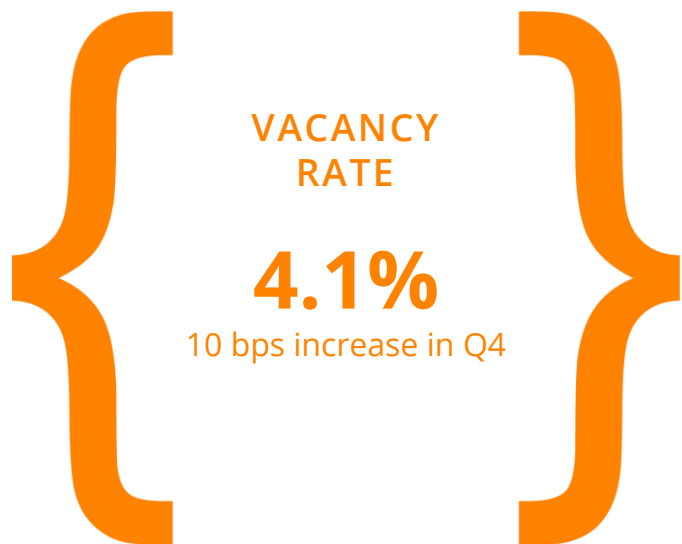
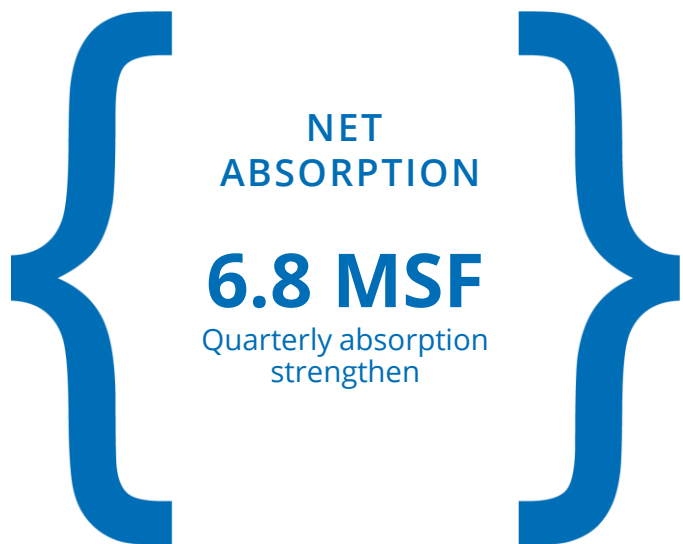

Despite an increase in mid-sized retailers closing, they are backfilled quickly as demand is elevated.



Consumer spending is showing mixed signals. While spending increased in Q4 2024, shoppers are wary of elevated inflation and the potential impact of tariffs.



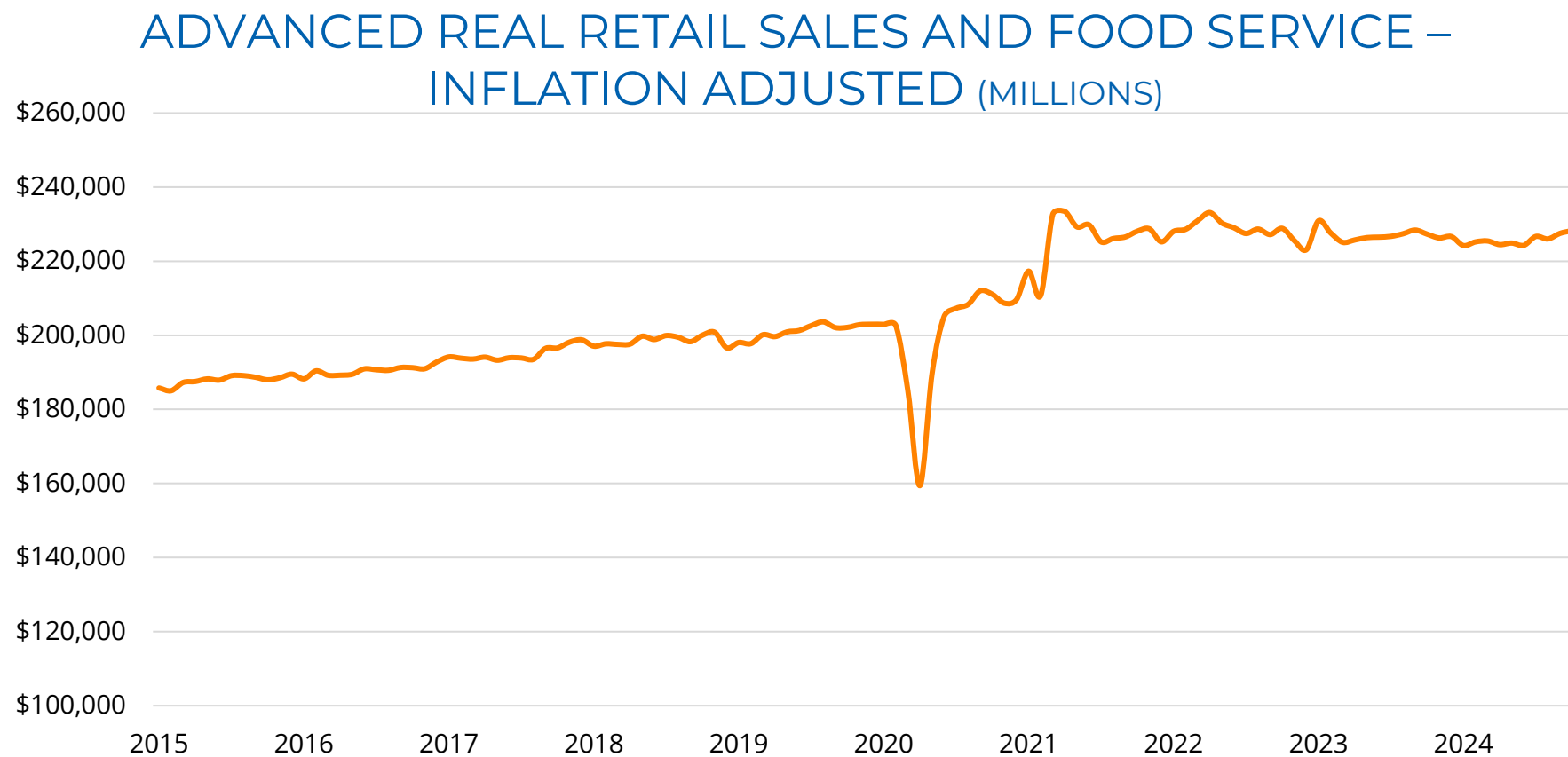
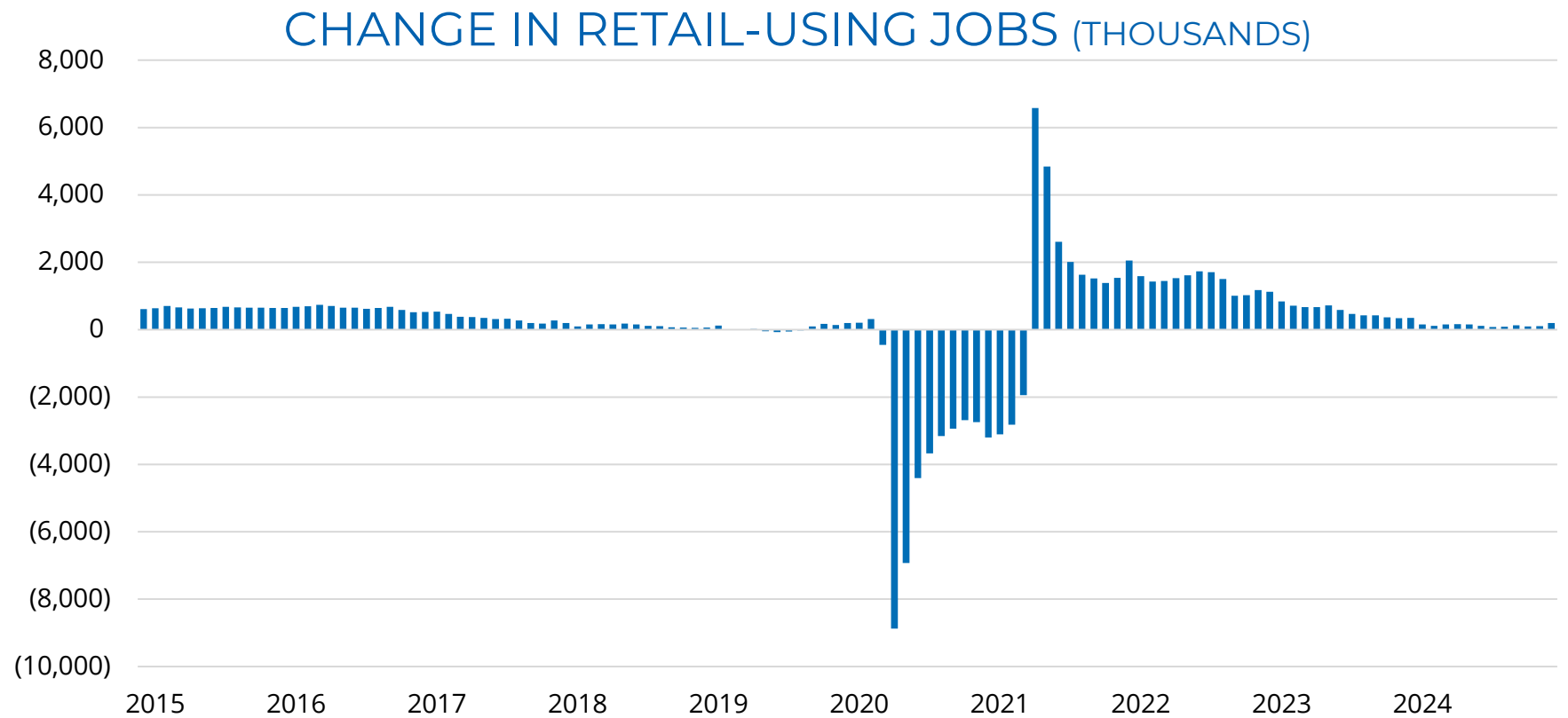
Policy changes will test the resiliency of retail in 2025 as tariff implementation and tax changes are likely to impact consumers and the market overall.



## ECONOMIC HIGHLIGHTS

- Retail-using employment reached 29.6 million in Q4 2024 and is 0.7% higher from the previous year.
- Employment growth has returned to pre-pandemic levels as interest rates has helped slow economic growth to enter a soft landing.
- Real retail sales totaled \$226.8 billion in December 2024, which is an 1.2% increase YoY when adjusted for inflation. In the last three months of 2024 retail spending increased by at least 1% YoY, the longest streak since 2021.
- Spending increased as consumers acclimated to post-pandemic pricing levels. It also reflects successful efforts by retailers offering discounts on select goods.
- Consumer debt increased to \$18 trillion in Q4; a 3% rise YoY. Credit card debt increased at a slower rate from previous quarters; up by 7.3% YoY from \$1.14 trillion to \$1.21 trillion. Credit card debt in the last two quarters increased by single-digits, the first time since Q4 2021.
- CPI growth was 2.9% in December. After seeing inflation decrease for much of 2024, it increased the last three months of the year from a low of 2.4% in September.
- The University of Michigan Survey of Consumer Sentiment reported that consumer sentiment was 74 in December 2024, up from 68.2 in June 2024.
- Consumer sentiment has increased for five consecutive months as the economy improved. However, consumers do not feel that they are thriving; sentiment is currently about midway between the all-time low reached in June 2022 and pre-pandemic readings.

## HISTORICAL

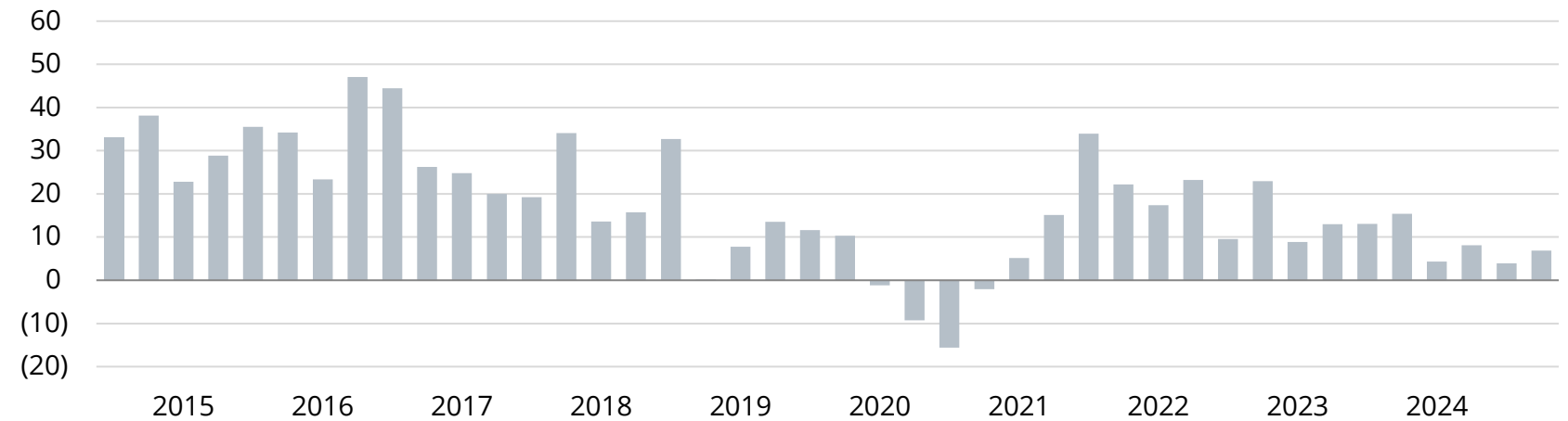


## MARKET HIGHLIGHTS

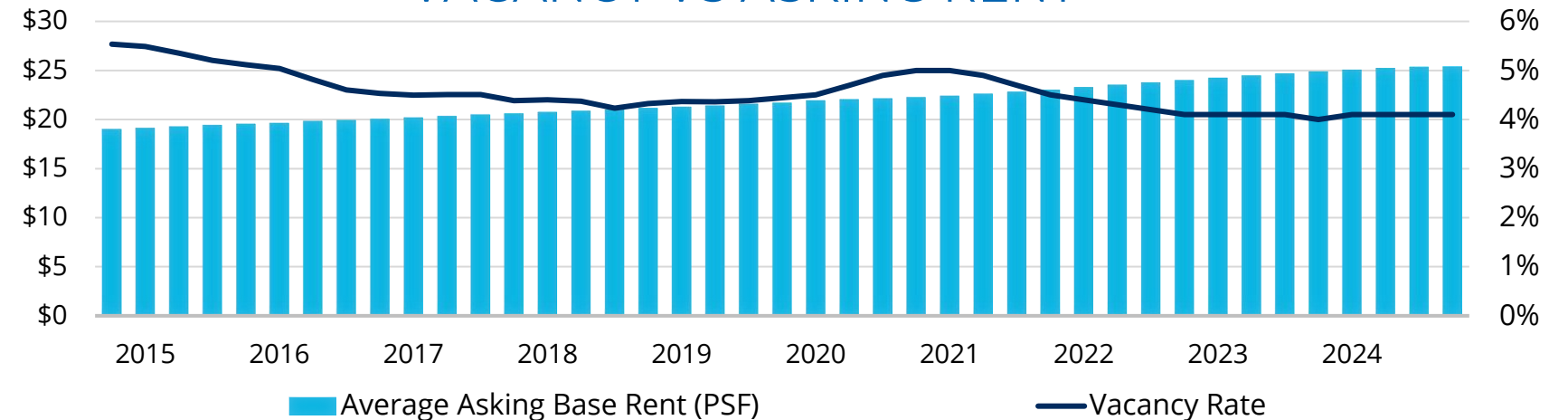
- Net absorption was 6.8 million SF in Q4, marking the 16<sup>th</sup> consecutive quarter of positive net absorption in the U.S. For 2024 net absorption totaled 23.1 million SF, which was significantly lower than 2023's total of 50.2 million SF.
- The vacancy rate slightly increased from the previous year at 4%, up 0.1 percentage points. Vacancy remains relatively stable even with the wave of store closures, such as Party City, that occurred in the last half of 2024. Of note, the vacancy rate does not include first floor retail of commercial buildings, such as office or multifamily. If included, the average vacancy rate would be higher.
- Annual asking rents increased by 2.0% YoY, its smallest increase since Q4 2020. This is the first quarter since Q2 2021 that asking rent growth was below 3%. Rent growth continued to be challenged as demand for space has decreased and space under construction is low.
- Retail deliveries totaled 5.14 million SF in Q4 and a total of 30.2 million SF in 2024. Delivered space decreased by 26% from the previous year again signaling demand is slowing.
- The U.S. had 44.8 million SF under construction in Q4, a decrease of 7.3% from the previous quarter and down 7.3% YoY. Construction continues to decline due to high interest rates, reduced construction loan availability, and high labor and material cost.
- Retail remains one of the better performing asset classes. Even with store closures increasing any newly available space was leased quickly.

## HISTORICAL

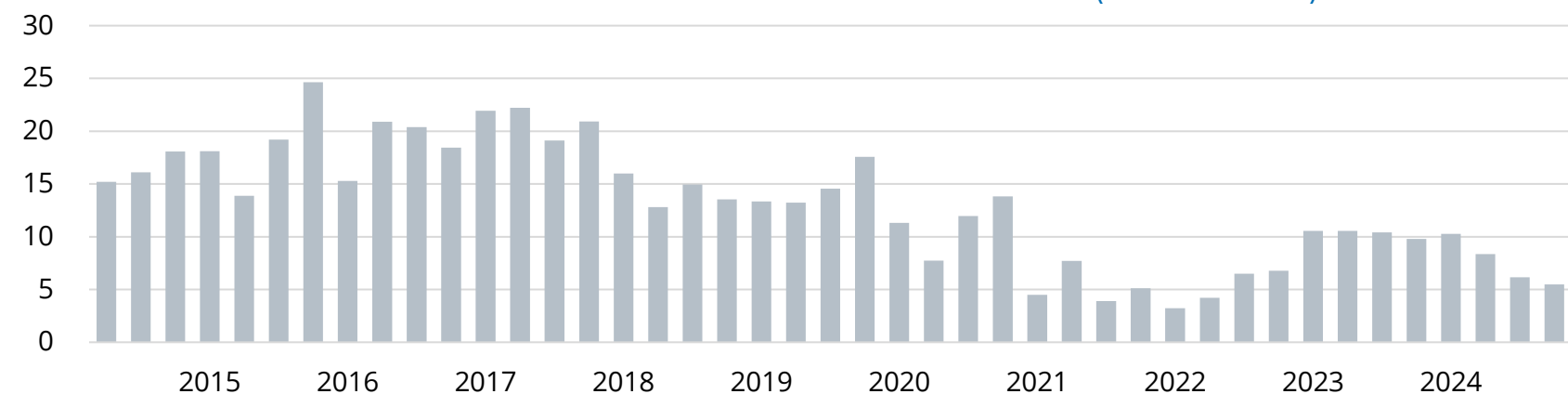
### NET ABSORPTION (MILLION SF)



### VACANCY VS ASKING RENT

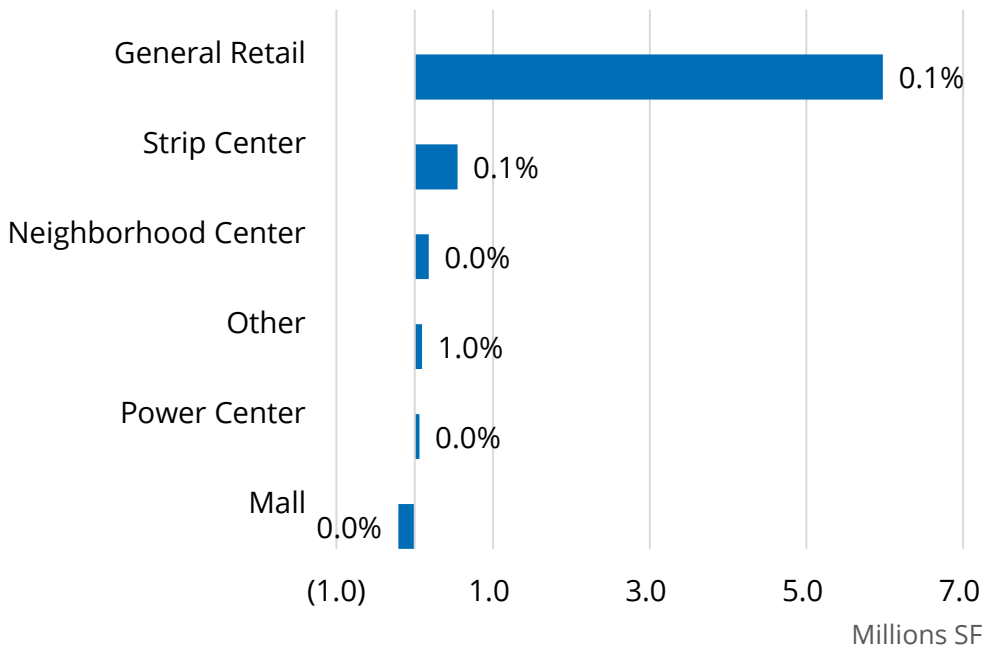


### CONSTRUCTION – DELIVERED (MILLION SF)



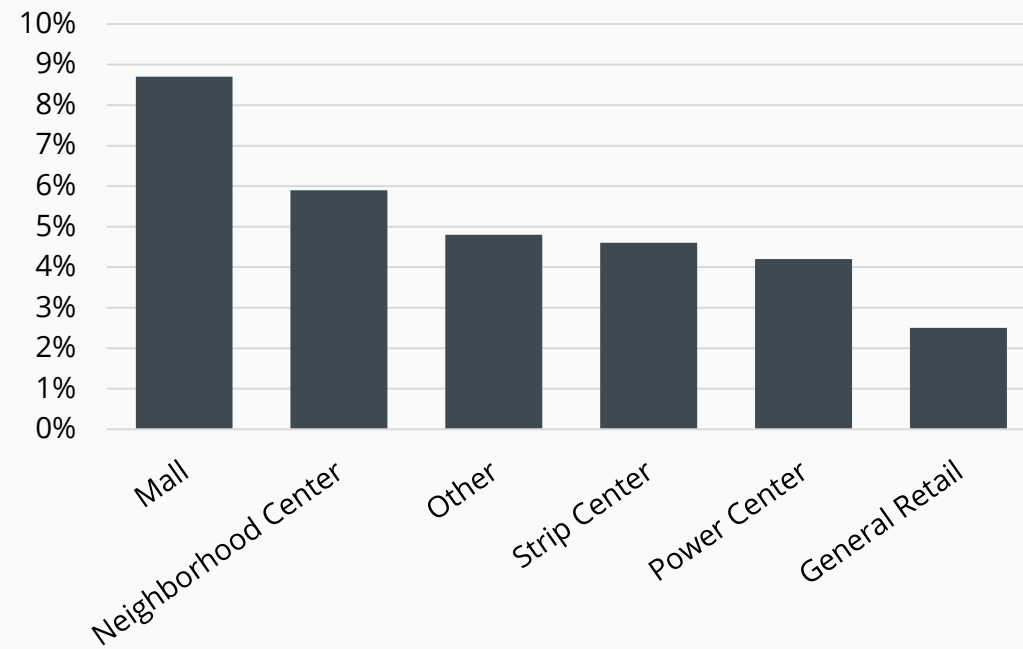
### NET ABSORPTION

Q4 2024 Net Absorption and % of Stock



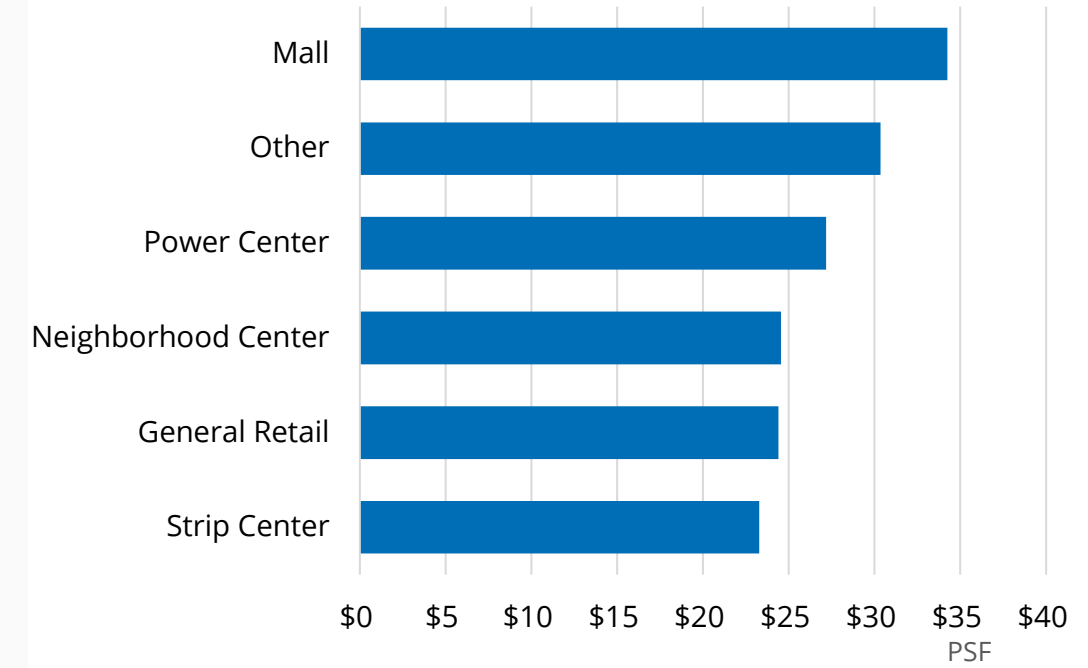
### VACANCY/CONSTRUCTION

Q4 2024 Overall Vacancy Rate

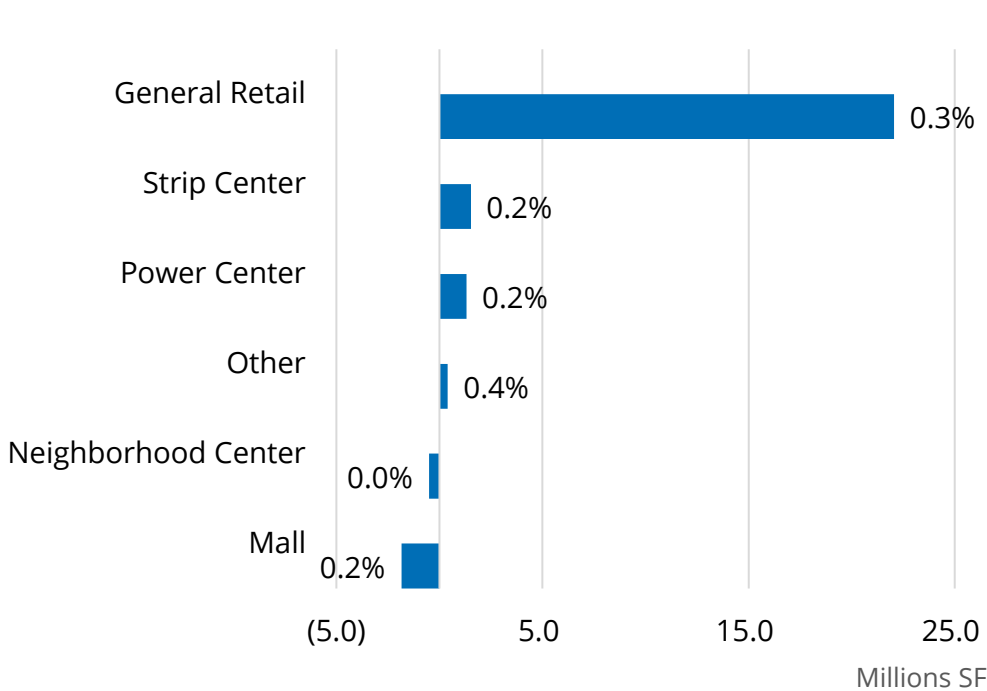


### ASKING RENTS

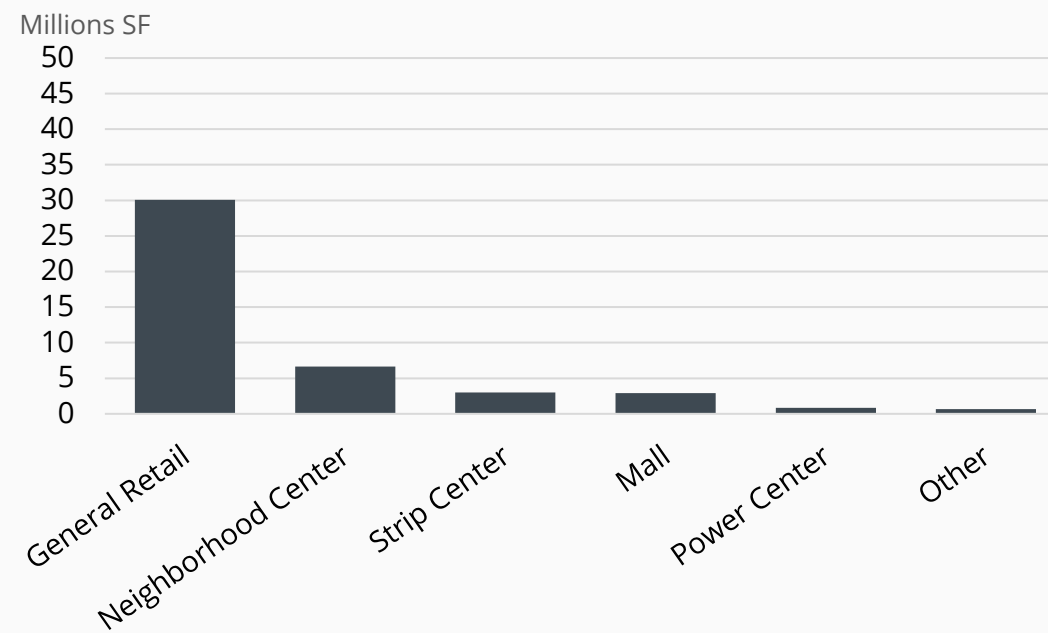
Q4 2024 Market Rent



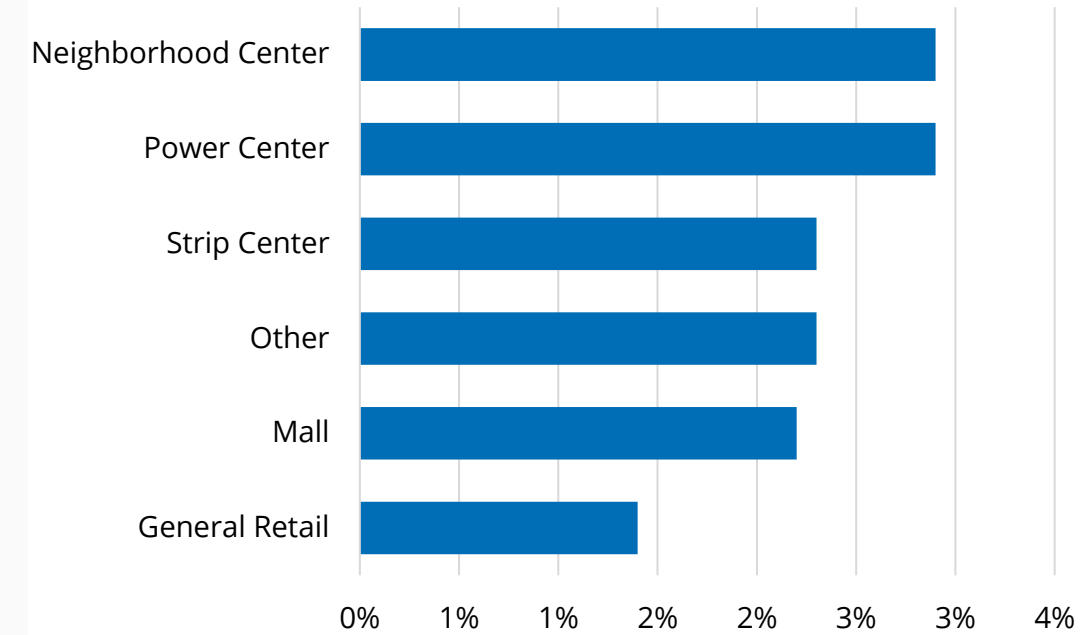
### Trailing 4-Qtr Net Absorption and % of Stock



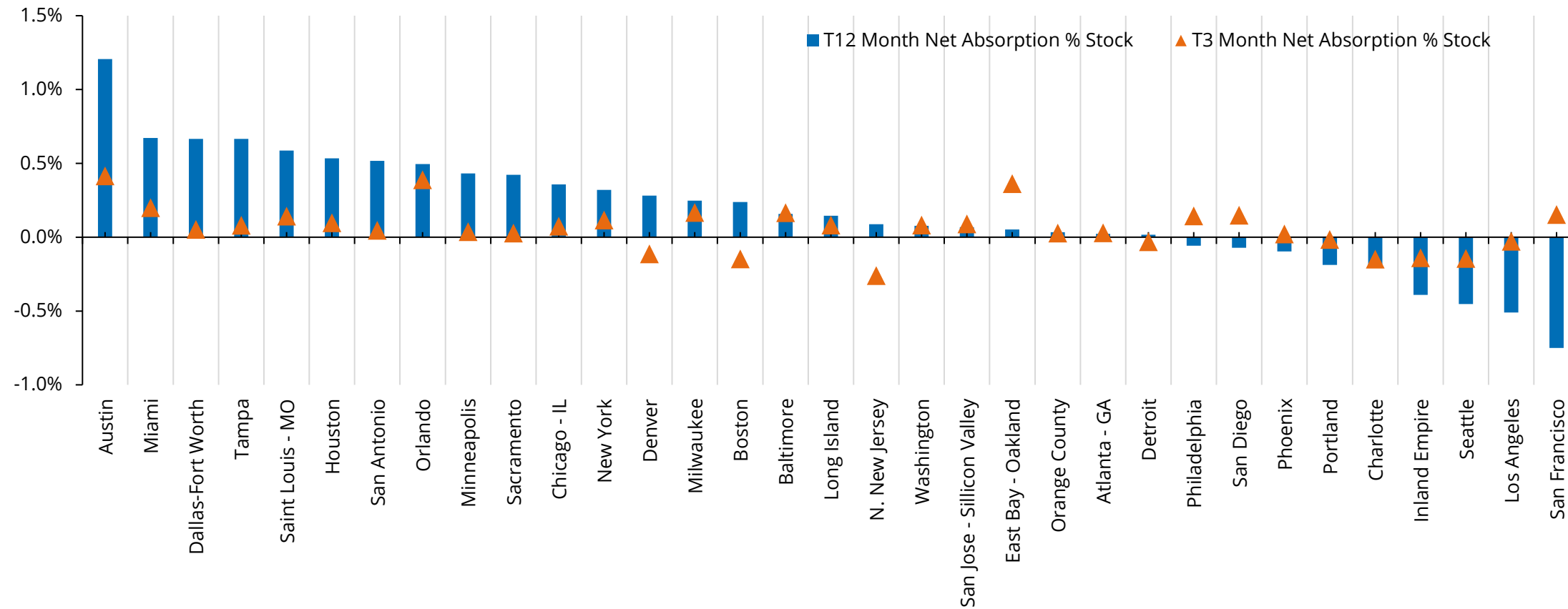
### Q4 2024 Under Construction



### Year-Over-Year Rent Growth

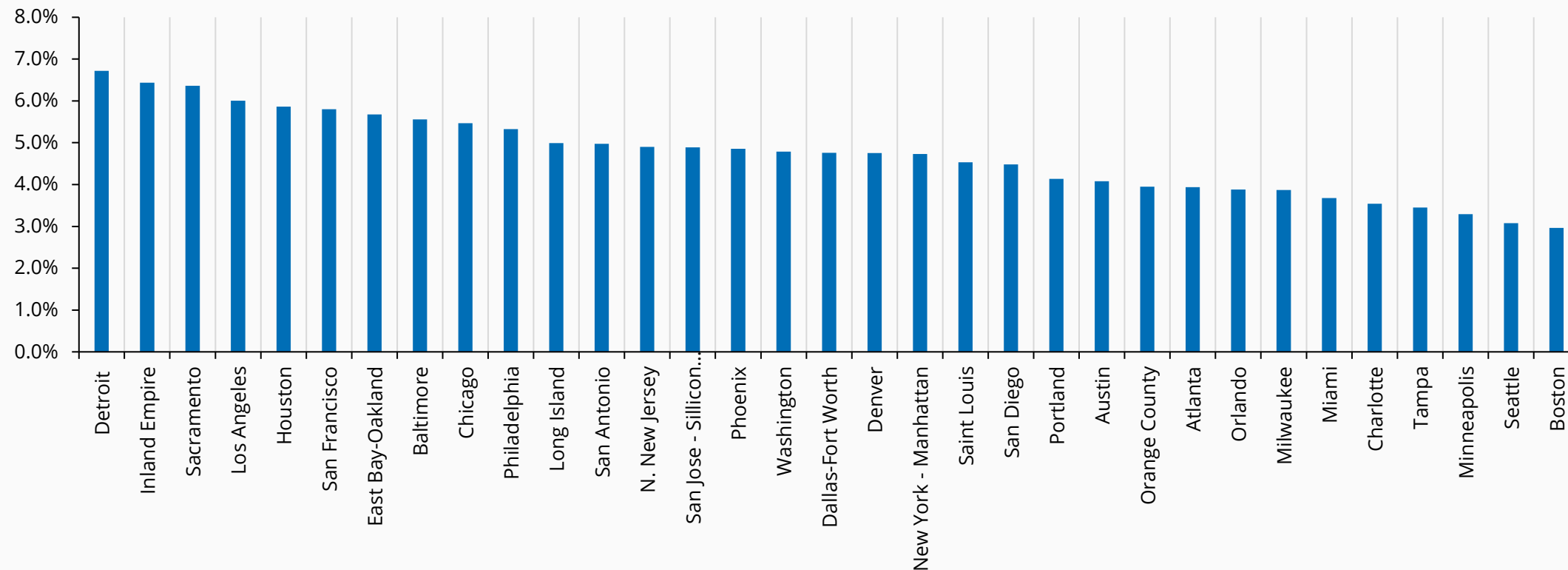


### NET ABSORPTION % STOCK



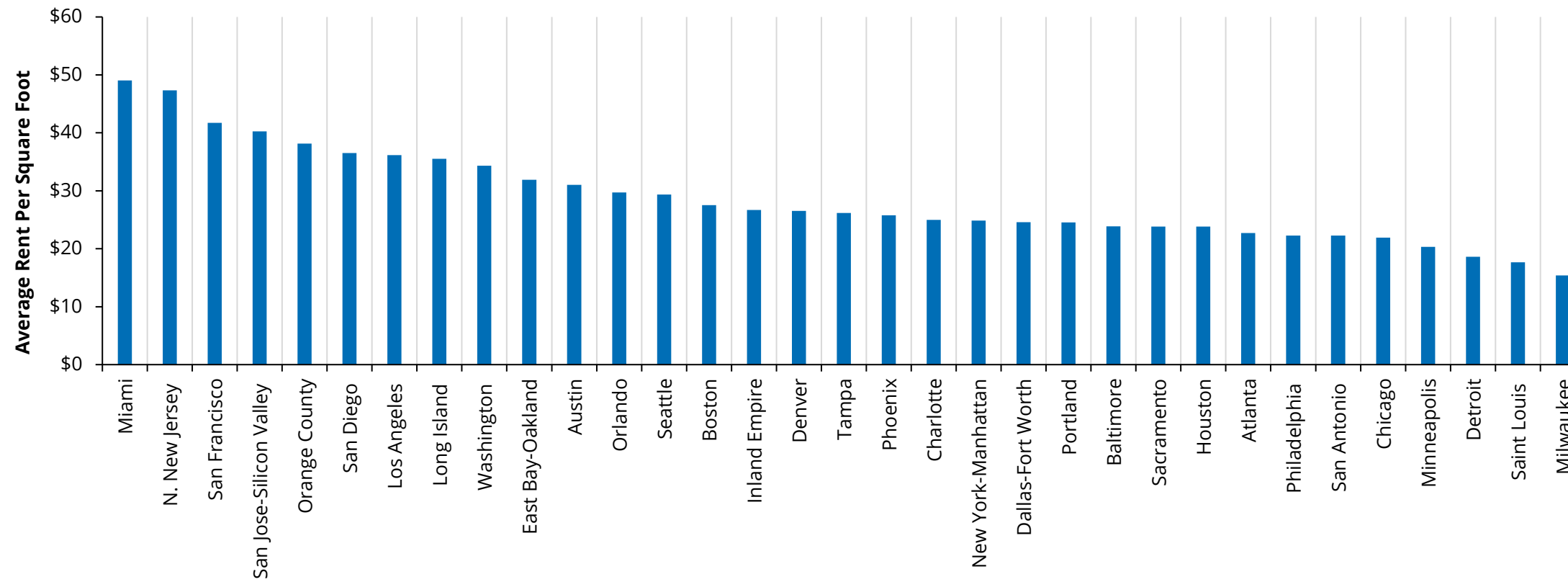
- All but nine of the 33 tracked markets registered positive net absorption as a share of stock over the past 12 months, led by Austin, Miami, and Dallas.
- 73% of tracked markets recorded positive absorption, up from the 67% in Q2 showing increased market activity. Charlotte saw negative net absorption in consecutive quarters for the first time since Q3-Q4 2009.
- Markets where the quarterly net absorption outpaced the 12-month trailing included East Bay - Oakland, San Francisco, and San Diego, showing that retail is potentially recovering in those markets.

### AVAILABILITY % STOCK



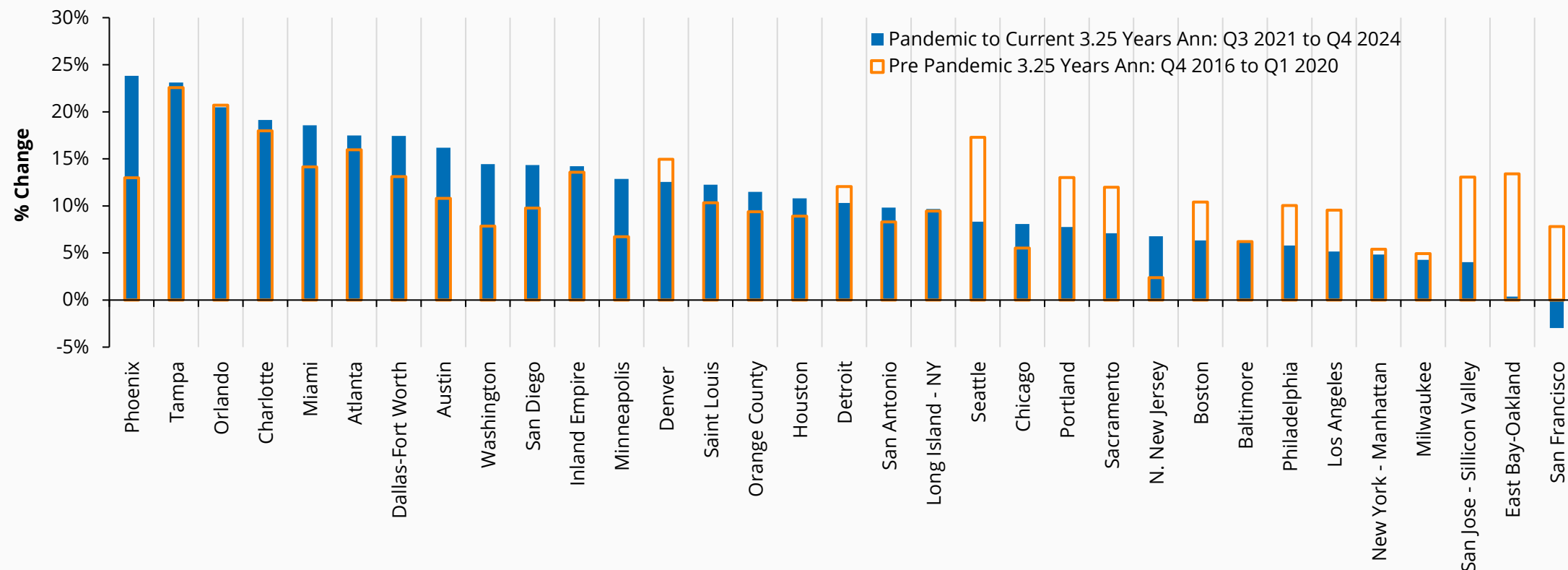
- Availability as a percent of stock can be a potential determinate of softening or tightening within a market.
- As demand is elevated and new supply continued to be in short supply availability rates declined YoY in most markets tracked.
- The most notable YoY decline in availability occurred in St. Louis, Chicago, and Minneapolis, while San Francisco saw the largest increase in availability.
- Regions with the largest availability as a percent of stock include Detroit, Inland Empire, and Sacramento.

### RENTAL RATES



- Rental rates grew in the Sun Belt as tenants fight for limited space in these fast-growing markets as all but one Sun Belt metro had positive net absorption.
- Miami has the most expensive rental rate among the tracked markets, totaling \$49.04/SF, as rental rate growth continues to be consistent. New York and San Francisco continues to see negative rent growth, down 0.4% and 3.3% respectively.
- Phoenix and Washington had the largest increase in rental rates YoY, up 6.3% and 4.74%, respectively.

### RENTAL RATE CHANGE: PRE-PANDEMIC vs PRE-PANDEMIC to CURRENT

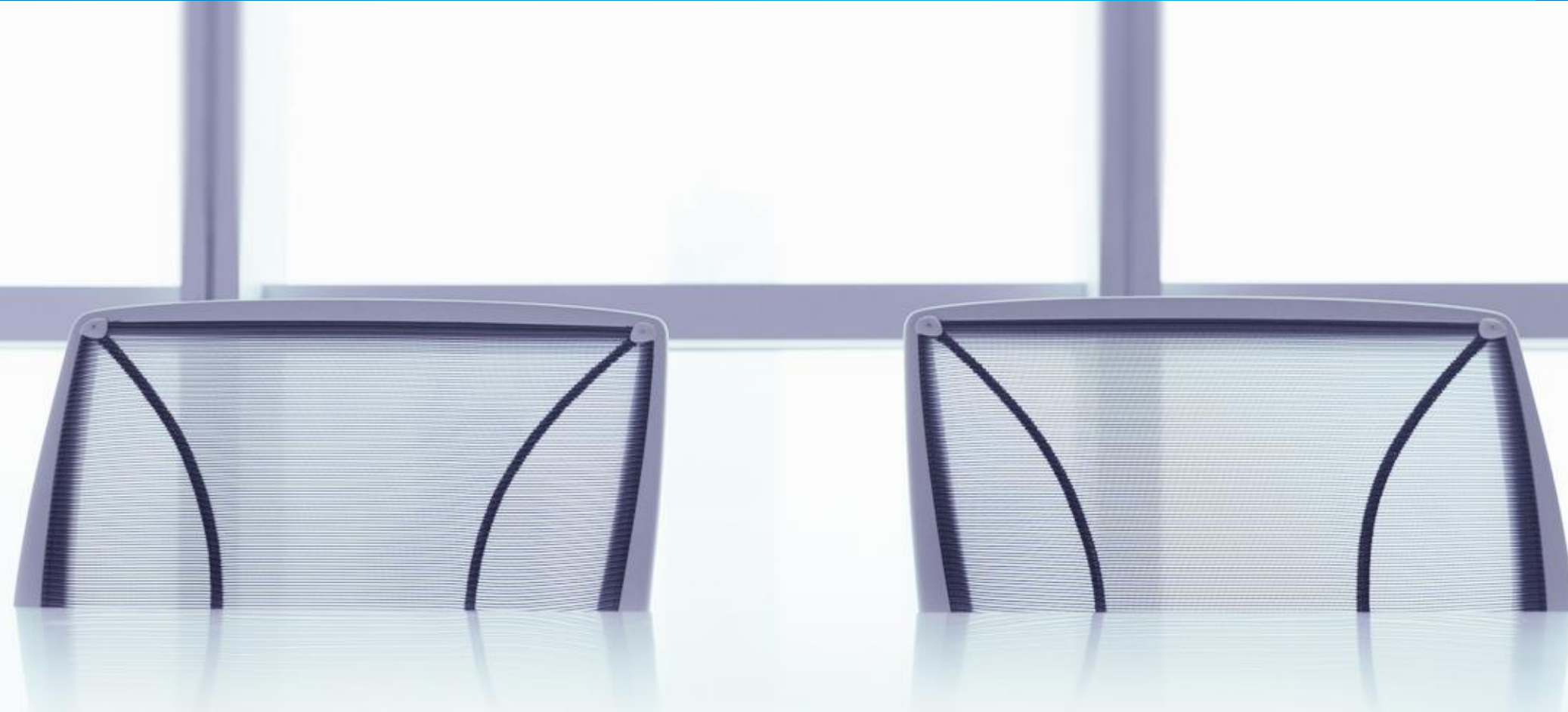


- The highest rental rate growth since the start of the pandemic occurred in the South and Southwest as markets like Phoenix, Tampa and Orlando have seen rents increase by 20% or more.
- Compared with pre-pandemic rental rate growth, markets experiencing the most relative lift were Phoenix, Washington DC, and Minneapolis.
- San Francisco continues to see rental rate growth lag pre-pandemic levels as rent growth is -3% since Q1 2021, compared to 8% growth pre-pandemic.

Market	Inventory SF	Overall Vacancy Rate	Net Absorption	12-Month Net Absorption	Market Rent	Annual Rent Change	Under Construction
Atlanta	377,989,668	3.7%	107,050	87,832	\$22.71	3.5%	608,770
Austin	125,010,554	3.1%	518,176	1,507,477	\$31.01	3.5%	2,176,682
Baltimore	146,217,338	5.2%	241,119	230,636	\$23.85	0.3%	209,683
Boston	253,577,231	2.4%	-373,802	602,771	\$27.54	-0.2%	943,784
Charlotte	153,863,821	3.0%	-229,297	-320,672	\$24.98	4.4%	762,840
Chicago	600,221,220	4.6%	442,939	2,147,209	\$21.93	1.4%	897,678
Dallas-Fort Worth	476,299,932	4.4%	246,798	3,174,068	\$24.57	4.6%	4,689,925
Denver	166,827,896	3.8%	-188,670	468,952	\$26.53	3.5%	188,340
Detroit	265,548,307	5.4%	-81,495	43,512	\$18.60	2.3%	378,369
East Bay-Oakland	125,367,510	5.4%	454,304	64,923	\$31.91	-2.2%	334,186
Houston	447,204,078	5.1%	432,827	2,390,418	\$23.81	1.0%	3,452,933
Inland Empire	203,470,598	6.0%	-284,670	-796,422	\$26.67	2.1%	695,454
Long Island	157,609,128	4.1%	128,089	227,992	\$35.52	2.1%	210,199
Los Angeles	455,355,399	5.7%	-129,672	-2,324,336	\$36.16	-1.1%	1,330,165
Miami	149,845,564	2.6%	297,778	1,006,935	\$49.04	2.6%	983,744
Milwaukee	114,730,758	3.9%	191,656	283,366	\$15.41	-1.6%	104,550
Minneapolis	209,598,052	2.5%	76,819	906,555	\$20.34	3.8%	330,069



Market	Inventory SF	Overall Vacancy Rate	Net Absorption	12-Month Net Absorption	Market Rent	Annual Rent Change	Under Construction
New York-Manhattan	650,307,791	3.8%	757,304	2,080,399	\$47.32	-0.4%	1,775,315
Northern New Jersey	138,467,855	4.0%	-361,357	122,494	\$24.86	3.8%	370,525
Orange County	145,714,985	4.1%	41,123	49,488	\$38.14	3.1%	171,859
Orlando	159,658,715	3.2%	619,909	791,949	\$29.70	3.7%	1,026,218
Philadelphia	348,897,200	4.2%	500,685	-198,768	\$22.29	1.2%	812,620
Phoenix	246,224,646	4.8%	51,999	-238,076	\$25.78	6.3%	2,589,728
Portland	126,516,466	3.9%	-19,934	-237,535	\$24.55	1.0%	529,805
Sacramento	113,091,176	5.8%	31,347	477,704	\$23.83	0.9%	457,674
Saint Louis	178,739,744	4.1%	253,196	1,048,066	\$17.67	2.2%	128,744
San Antonio	153,989,372	3.6%	72,007	796,498	\$22.26	0.4%	995,508
San Diego	140,439,714	4.1%	208,600	-100,632	\$36.51	3.1%	449,913
San Francisco	82,336,471	6.5%	125,733	-617,784	\$41.71	-3.3%	228,235
San Jose-Silicon Valley	80,788,128	4.3%	72,490	55,036	\$40.26	0.7%	260,156
Seattle	182,193,085	3.4%	-262,734	-826,223	\$29.37	0.8%	402,096
Tampa	179,179,228	3.0%	143,783	1,192,243	\$26.16	4.0%	319,000
Washington	273,713,999	4.3%	222,357	210,977	\$34.31	4.7%	1,412,087



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## ABOUT TRANSWESTERN

Four dynamic, integrated companies make up the Transwestern enterprise, giving us the perspective to think broadly, deeply and creatively about commercial real estate. Clients and investors rely on us for expertise that spans institutional and opportunistic investment, development, hospitality, and brokerage and asset services. Our award-winning, collaborative culture empowers team members with resources and independence to work across boundaries in pursuit of innovative solutions, reinforcing a reputation for service excellence that translates to measurable results. Through offices nationwide and alliance partners around the globe, we positively impact the built environment and our communities while fostering a work climate that champions career vitality for all. Learn more at [transwestern.com](https://transwestern.com) and [@Transwestern](https://www.instagram.com/Transwestern).

## RESEARCH METHODOLOGY

The information and analysis in this report is based on a compilation of commercial real estate investing and transactions data from Real Capital Analytics (RCA) on select property types within the United States.