

# 2026 U.S. Retail Market Outlook

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**NEWMARK**





# 2026 U.S. Retail Market Outlook: Resiliency Remains the Key Descriptor



STABLE

## Net Absorption

The worst of bankruptcies which forced store closures in 1Q25 and 2Q25 are over. Net absorption is likely to remain low to slightly negative in 2026 as retailers continue to shed underperforming stores.



STABLE

## Lease Volume

Lease volume may increase due to new development coming to market, but retail occupiers will remain strategic regarding expansion, by selecting only the best locations and centers.



STABLE

## Availability

Availability will be stable. Closures in well-located centers are quickly being backfilled. Class B malls will maintain the momentum which began in the second half of 2025.



DOWN

## Deliveries

With construction starts falling for the last decade, deliveries of new retail spaces and centers are expected to reach historic lows in 2026.



STABLE

## Asking Rents

Asking rents could ease, as effective rents see a rise. New spaces are demanding higher rents, but the growing amount of older, obsolete space on the market will pull the average market rent down.



UP

## Construction Pipeline

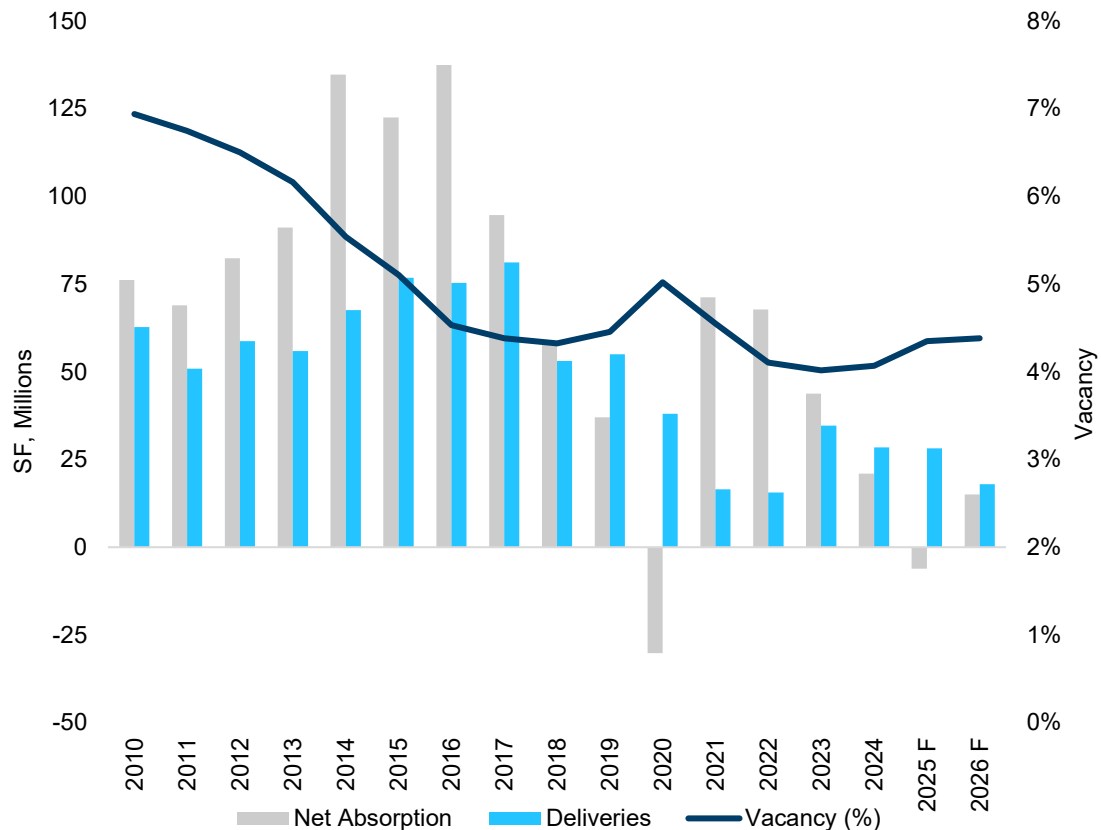
The retail development pipeline hit long-time lows in 2024 and 2025. Construction starts are expected to rise, although redevelopment projects will represent much of this activity.

*\*\*Arrows indicate YoY change*

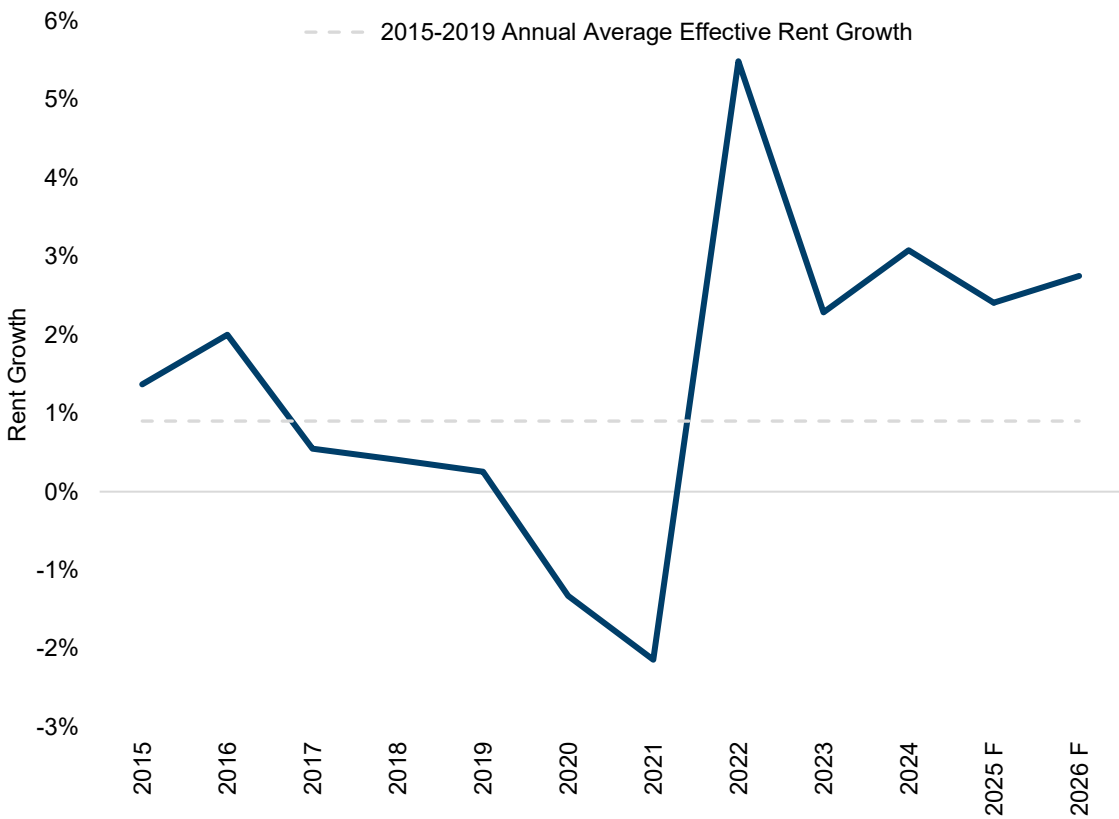
# Retail Market Fundamentals Forecasts

Retail assets continue to withstand what would normally be challenging market conditions, with retail bankruptcies and historically low consumer sentiment as primary factors. However, the U.S. market continues to benefit from the very low share of new supply, which has averaged around 0.5% annually since 2010. Prime space remains in demand—and backfills of prime space occur quickly. Retail REITs have been enjoying record-high levels of occupancy, strong lease pipelines and rising tenant sales. We expect occupancy to remain stable throughout 2026, even if economic conditions turn for the worse. Although lower than in recent years, effective rent growth is expected to remain well above the 2015–2019 average, buoyed by retailers paying premiums for top centers and tempered by excess supply at subprime centers where occupiers hold more leverage.

**U.S. Retail Deliveries, Net Absorption and Vacancy Forecast**



**U.S. Retail Rent Growth and Forecast**



Source: Newmark Research, CoStar, Green Street, as of 2025 Q3. Note: Rent growth reflects top 50 retail markets.

# Macro Trends Impacting the U.S. Retail Market in 2026 and Beyond

## Look to Younger Generations for Spending Growth

Boomers and Gen X are guarded about their future economic situation, while those aged 18-34 show a higher level of confidence about their current situation and where they are headed, along with a rapidly growing net worth.

**Bottom Line:** Expect a retail spending boost in 2026, as younger generations begin to take a larger slice of the consumer pie.

## Tariff Policy Is an Obstacle, Not a Wall

Retailers are performing a balancing act with tariffs, comprised of equal parts restructuring supply chains, absorbing some higher costs and passing others onto their customers.

**Bottom Line:** This will remain a chaotic ballet through 2026. The most agile retailers or those with the most dedicated customers will emerge as winners, and retailers lacking a strong identity will be left behind.

## Expanding Retail Occupiers Are Aggressive

The retail market remains flooded with space inadequate for modern retailers which lingers on the market. Closures in prime centers located in strong trade areas are being backfilled immediately.

**Bottom Line:** The lack of new construction has given landlords the advantage in growth markets. This trend will remain intact through 2026 and beyond.

## Landlords Remain in the Driver's Seat

Occupancy remains near all-time highs, while availability remains low. Retail absorbed the space left by the mass closures experienced in the first half of 2025. Absorption turned positive in the second half of the year.

**Bottom Line:** Any thoughts of the retail market shifting from being landlord favorable to occupier favorable are dissolving. 2026 will see a market just as tight as 2024, when record lows in availability were recorded.

## Investors Like Strong Retail Fundamentals

Investor activity gained momentum throughout 2025, especially for big-ticket assets trading at \$100 million or higher. REITs and institutional capital have been noticeably active.

**Bottom Line:** Narrative from investors remains positive, and Newmark interviews suggest most investors are in acquisition mode. This will elevate investment volume in 2026.

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