



2024 National Market Report - Retail

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Market Overview

As of this year, rent growth in the Dallas, Texas retail market has reached a record high of \$20.65 per square foot. This increase is accompanied by a notable uptick in demand for retail space, driven by persistently low vacancy rates, which have led to demand consistently outpacing supply. The market is currently navigating rising construction costs, while shifts in consumer spending habits have impacted specific sectors within the retail landscape of Dallas. Overall, the market is evolving, creating opportunities that align with emerging demographic trends and changing consumer preferences.

US Retail Economic Trends

Consumer price index growth fell to 3% above year-ago levels in June, which is a 0.1% decline from the previous month. Retail sales were flat in June from the previous month and inched up slightly by 2.3% YoY. Competition for prime retail spaces increases as availability remains minimal. Tenants are taking up available space in record time with average months to lease dropping to a low of 8.5 months. Landlords are also wielding greater pricing power, allowing them to hold firms in rent negotiations. In addition, construction starts are at a record low with overall availability at 210 basis points below its historical average of 6.8%.

Retail Fundamental Statistics Q2 2024

Fundamentals	General retail	Mall	Power center	Neighborhood center	Strip center	Other	All
Inventory SF	6,641,528,800	900,926,159	790,605,486	2,978,004,347	709,719,312	93,322,258	12,128,844,998
Vacancy rate	2.5%	8.7%	4.3%	5.9%	4.6%	4.9%	4.1%
Net absorption SF	6,650,042	(746,400)	1,196,841	(29,665)	593,738	(701)	7,702,288
Net delivered SF	5,481,658	(262,777)	643,417	455,002	424,222	180,000	6,962,297
Under construction SF	34,400,128	2,837,295	935,295	6,693,358	3,228,828	825,001	50,301,820
Market asking rent/SF	\$24.14	\$33.67	\$26.72	\$24.19	\$23.00	\$29.37	\$25.02
Market asking rent growth Q/Q	0.1%	0.4%	0.7%	0.7%	0.5%	0.6%	0.3%
Market asking rent growth Y/Y	2.1%	2.4%	3.3%	3.5%	3.0%	2.6%	2.6%

Lack of Construction

Nationwide construction for the retail asset class has slowed heavily over the past few years. This can be seen in the record low 10msf of construction last year and 6.4msf so far this year.

DFW Vacancy Rates

Vacancy rates in the DFW area have continued to decline as we move further past the pandemic. The vacancy rates as of Q2 2024 sit at 4.6%, which is lower than the national average of 5.3%. These are the lowest vacancy rates that have been seen in this asset class in around 20 years according to GlobeSt.

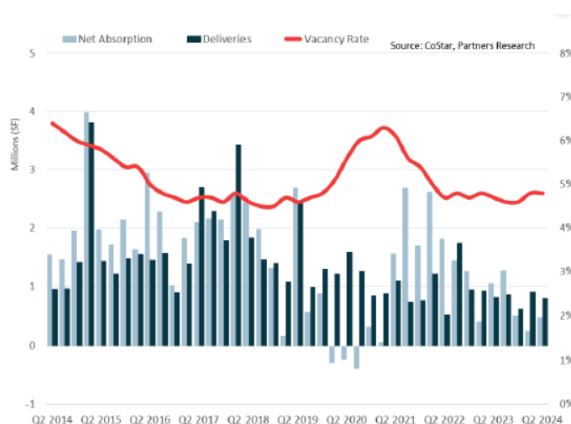
Rent Growth and Availability

As of Q2 2024, retail space available for lease has decreased almost 200 million square feet from its pandemic high in 2020, and more than 400 million square feet since its high after the Great Recession. As a result, over 80% of retail spaces listed over the last year have been leased within six months. The average time from space listing to lease execution is faster than it has been in two decades.

Concluding Summary:

Demand for prime retail space has surged, with tenants securing leases in an average of just 8.5 months, reflecting intense competition amid minimal availability. Landlords are leveraging their stronger pricing power, particularly in the South and Southwest, where rent increases are fueled by consumption and population growth. Construction availability sits 210 basis points below the historical average of 6.8%. The capital markets have faced significant hurdles, as high debt costs and monetary policy uncertainty have impacted national retail transactions in the first half of the year. However, retail was buoyed by a **2.4% increase in real personal consumption**. Overall, the retail market is characterized by a tight supply (supply-constrained for the first time in history), strong demand, and shifting economic pressures.

SPACE DEMAND / DELIVERIES



Rents continue to rise as availability plummets

