



Retail Market Report & Outlook

Q4 2025

The retail market maintained relative stability in 2025, with demand primarily concentrated in grocery-anchored centers and select single-tenant net lease assets. Despite a decrease in interest rates during the second half of the year, transaction volume did not experience a significant uptick, as many investors continued to exercise patience and wait for the right opportunities. Overall, the sector demonstrated resilience, with top-tier assets attracting attention while broader market activity remained subdued.

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Mr. Miller serves as Managing Director and National Practice Lead of Retail Valuation at Partner Valuation Advisors. He has over a decade of experience appraising commercial real estate across all 50 states and internationally, with deep expertise in retail, office, automotive, and industrial assets. He was named a Retail Influencer by GlobeSt.com and is frequently sought out for his expertise in evolving retail trends. He has led valuation efforts for some of the most prominent properties in the U.S.

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Key Trends

Grocery-Anchored Centers Dominate Demand



Three major trends defined the retail landscape in 2025. First, the continued strength of grocery-anchored centers reaffirmed their position as a cornerstone of retail investment strategies. These assets have proven resilient to economic fluctuations, benefiting from essential consumer spending patterns and long-term leases with creditworthy tenants.

Second, investor appetite for certain single-tenant retailers, notably Walgreens, declined as market participants reassessed risk profiles amid shifting consumer behaviors and operational challenges.

Finally, regional mall listings surged, signaling a wave of potential closures and redevelopment opportunities in early 2026. The second half of the year amplified these dynamics. While grocery-anchored demand remained robust, the growing inventory of regional malls highlighted structural weaknesses in traditional retail formats.

This divergence between high-performing and struggling asset classes underscores the importance of strategic asset selection and adaptability in investor portfolios.

“...grocery-anchored centers reaffirmed their position as a cornerstone of retail investment strategies.”



Top 10 U.S. Cities for Retail Investment

City	Pop. Growth	Absorption	Transactions
1. HOUSTON, TX	1.26%	2,002,904 SF	1,730
2. DALLAS, TX	1.08%	2,639,565 SF	2,002
3. PHOENIX, AZ	1.19%	2,311,491 SF	834
4. AUSTIN, TX	1.68%	1,663,286 SF	442
5. CHARLOTTE, NC	1.46%	665,783 SF	738
6. ORLANDO, FL	1.25%	307,213 SF	619
7. SAN ANTONIO, TX	0.88%	846,741 SF	755
8. RALEIGH, NC	1.51%	480,831 SF	509
9. COLUMBUS, OH	0.97%	499,476 SF	276
10. LAKELAND, FL	1.70%	142,802 SF	218

Source: Population Growth, Absorption & Transaction Data: CoStar
City Rankings & Analysis: Partner Valuation Advisors



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Transaction Pulse

Flat Volume Despite Rate Cuts



Transaction activity in the second half of 2025 was relatively flat, reflecting a cautious investment climate despite favorable interest rate movements. Large institutional investors, including pension funds and REITs, maintained strong interest in grocery-anchored centers, reinforcing their status as defensive plays in a market characterized by uncertainty.

However, broader transaction volume remained subdued, with no significant cap rate compression or pricing shifts observed. While top-tier assets attracted multiple offers, sellers' pricing expectations continued to limit deal flow, creating a disconnect between bid and ask levels.

This environment suggests that liquidity remains concentrated in high-quality assets, while secondary and tertiary properties face prolonged marketing periods and potential valuation adjustments. The lack of notable pricing movement further indicates that investors are prioritizing stability over aggressive growth strategies.

Top Retail Transactions of 2025

PROPERTY	ADDRESS	SALE PRICE	PRICE/SF
NorthPark Center †	8687 N Central Expy Dallas, TX	\$570,000,000	\$500
Brickell City Centre †	701 S Miami Ave Miami, FL	\$512,625,001	\$1,367
Crabtree Mall Part of 5 Property Sale	4325 Glenwood Ave Raleigh, NC	\$290,000,000	\$258
529 Broadway	529 Broadway New York, NY	\$213,000,000	\$4,019
The Abbey* Part of 4 Property Sale	19505 Biscayne Blvd Miami, FL	\$131,000,000	\$598
Watertown Mall* Part of 2 Property Sale	550 Arsenal St Watertown, MA	\$97,843,943	\$398
4-Mall Regional Mall Portfolio (Allocated) ††	Multiple locations KY, CO, FL, MT	\$178,900,000	\$133
The Apple Store	815 Boylston St Boston, MA	\$88,000,000	\$5,496
CityPlace Doral Retail	8300 NW 36th St Doral, FL	\$87,500,000	\$372

* Q4 2025 Transaction

Source: CoStar

† Partial interest transfer

†† Portfolio transaction representing total purchase price and total owned SF transfer

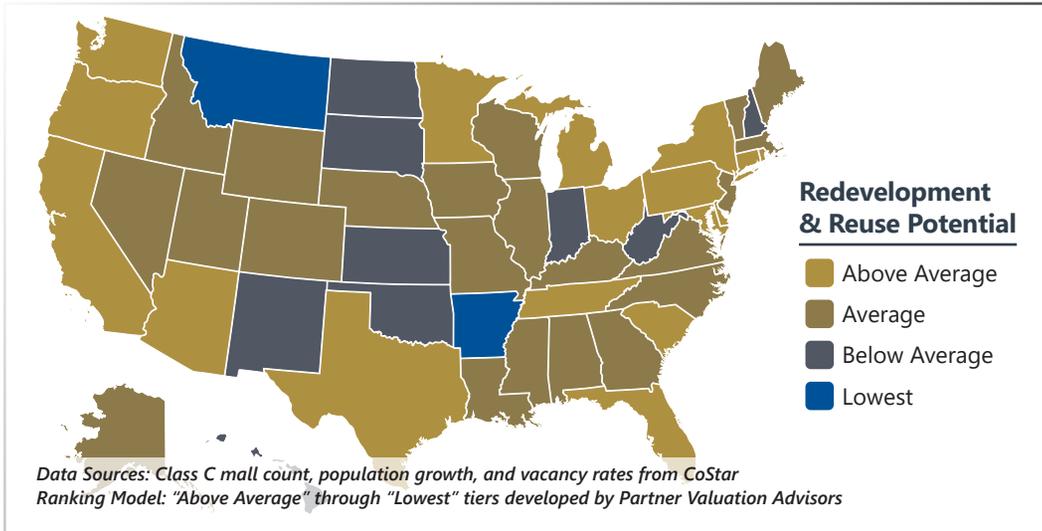
Retail Transactions Q1 2023 - Q4 2025



Source: CoStar

2026 Outlook

Redevelopment and Adaptive Reuse Gain Momentum



Opportunities in 2026 will increasingly revolve around creative reuse, land re-entitlement, and nontraditional demand drivers. Value-add strategies aimed at converting vacant retail space into alternative uses, including entertainment, fitness, experiential retail, and, in select markets, future data center development, are gaining traction as investors reassess highest-and-best-use scenarios.

The outlook for the retail sector in 2026 is shaped by a combination of structural challenges and selective opportunities. The U.S. retail landscape remains oversupplied, and this imbalance will continue to pressure under performing assets, particularly Class C regional malls. These properties face mounting risks from declining foot traffic, tenant bankruptcies and continued non-bankruptcy related store closures, and shifting consumer behaviors, which are accelerating the need for redevelopment strategies. However, the economics of repositioning remain complex, as many sellers maintain pricing expectations that are misaligned with current market realities, creating a disconnect that limits transaction velocity.

Conversely, top-tier assets, especially grocery-anchored centers and some high-street retail, are expected to retain their status as the most desirable investments. These properties offer defensive characteristics, including stable cash flows and tenant resilience, which align with investor priorities in an environment of cautious capital deployment. Institutional investors such as pension funds and REITs are likely to continue targeting these assets aggressively, reinforcing a bifurcated market dynamic where quality commands premium pricing.

Recent transactions underscore this shift. Deals such as the \$160 million sale of Merrifield Garden Center in Manassas, Virginia highlight how well-located retail assets in key data center markets are being acquired with long-term redevelopment opportunities in mind. While these strategies present compelling upside, execution risk remains elevated, and success will depend on careful market analysis, zoning considerations, and disciplined capital planning.

Overall, 2026 will be a year of strategic repositioning rather than broad-based recovery. Investors who can navigate pricing dislocations, identify adaptive reuse opportunities, and maintain discipline in asset selection will be best positioned to capitalize on a retail market that rewards creativity and resilience.

Partner Valuation Advisors is a trusted industry leader in retail asset valuation.

In 2025 alone, Partner advised on more than 1,400 retail projects totaling over \$17 billion in value, delivering one of the industry's deepest perspectives on retail equity and debt transaction trends—perspective that enhances the accuracy and credibility of our valuations.

For more information,
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