

3Q25

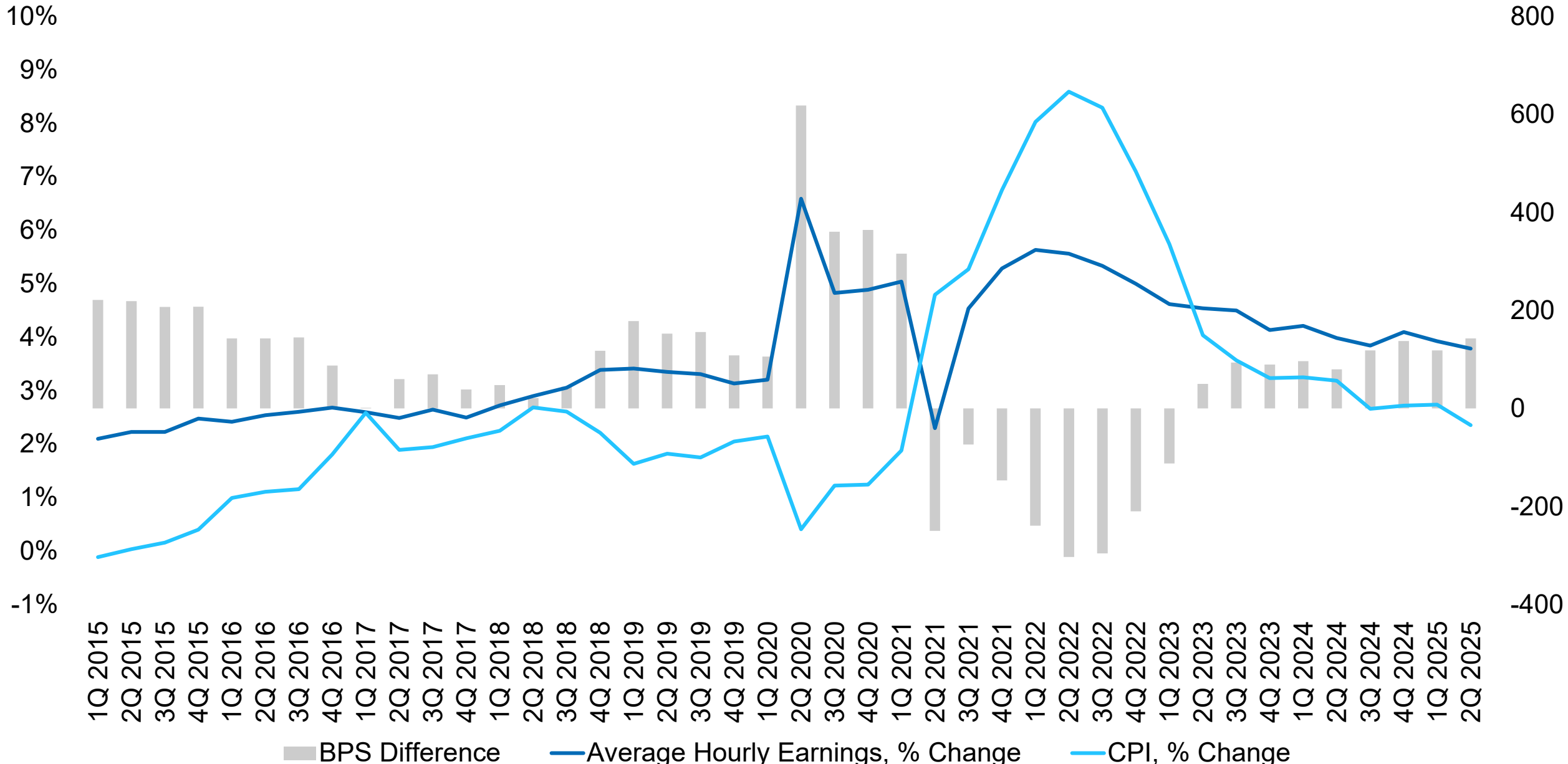
U.S. Retail Market: Conditions & Trends



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Consumers Solid: Wage growth has increased spread over CPI growth

Wages vs. Inflation, in Year-over-Year % Growth and BPS Spread



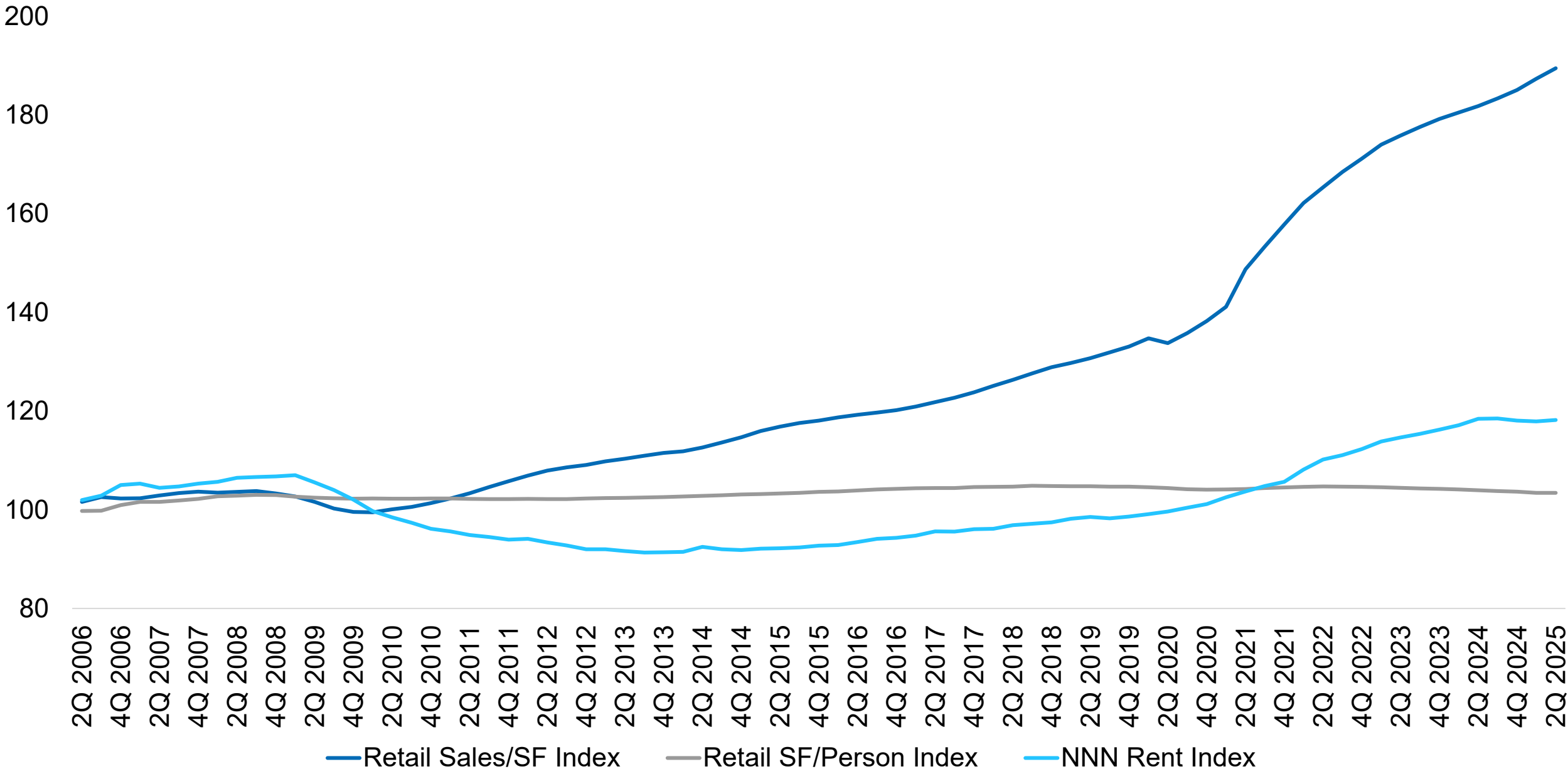
Based on the Consumer Price Index for All Urban Consumers: All Items, and the Average Hourly Earnings of All Private Employees CPI for 2Q 2025 is based on an average of year-over-year growth for April and May. Source: U.S. Bureau of Labor Statistics, July 2025.

Consumers remain solid according to hard data. However, we're yet to see full impacts of tariffs, with the 2025 Holiday Shopping Season shaping up to be a prime indicator.

In response, retailers continue to devise ways to wrestle customers away from their competitors, such as holding prices firm or offering early promotions.

Retail Space Productivity: Sales per square foot remain well above rent growth, indicating that retail rents have room for increases

Index For Retail Sales Per Square Foot, Retail Square Feet Per Person, and Asking Rent Growth



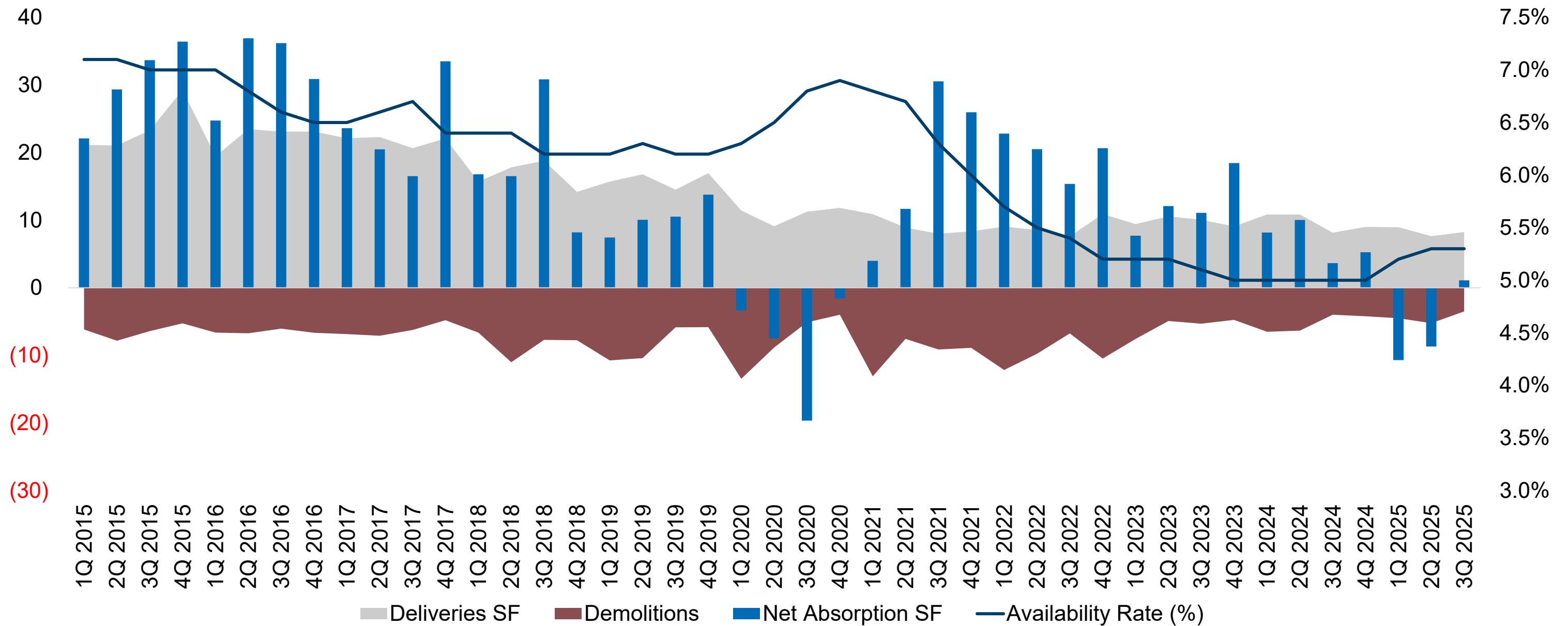
2006 = 100 for all measures. Considers all retail properties 20,000 sq. ft. and higher and uses the figure of retail sales and food services, minus auto, auto parts, and gas. Source: CoStar, St. Louis FRED, 2Q 2025.

The productivity of retail space continues to rise, with sales per SF up 45% compared to 2019, outpacing inflation by more than 20 percentage points.

This growth has also exceeded the pace of asking rent increases, suggesting room for further rent growth.

CRE Fundamentals: Supply is balanced as the demolition of obsolete retail space has kept availability tight

Historical Deliveries, Demolitions, Net Absorption, in Millions of SF and Availability Rate (%) for Retail CRE

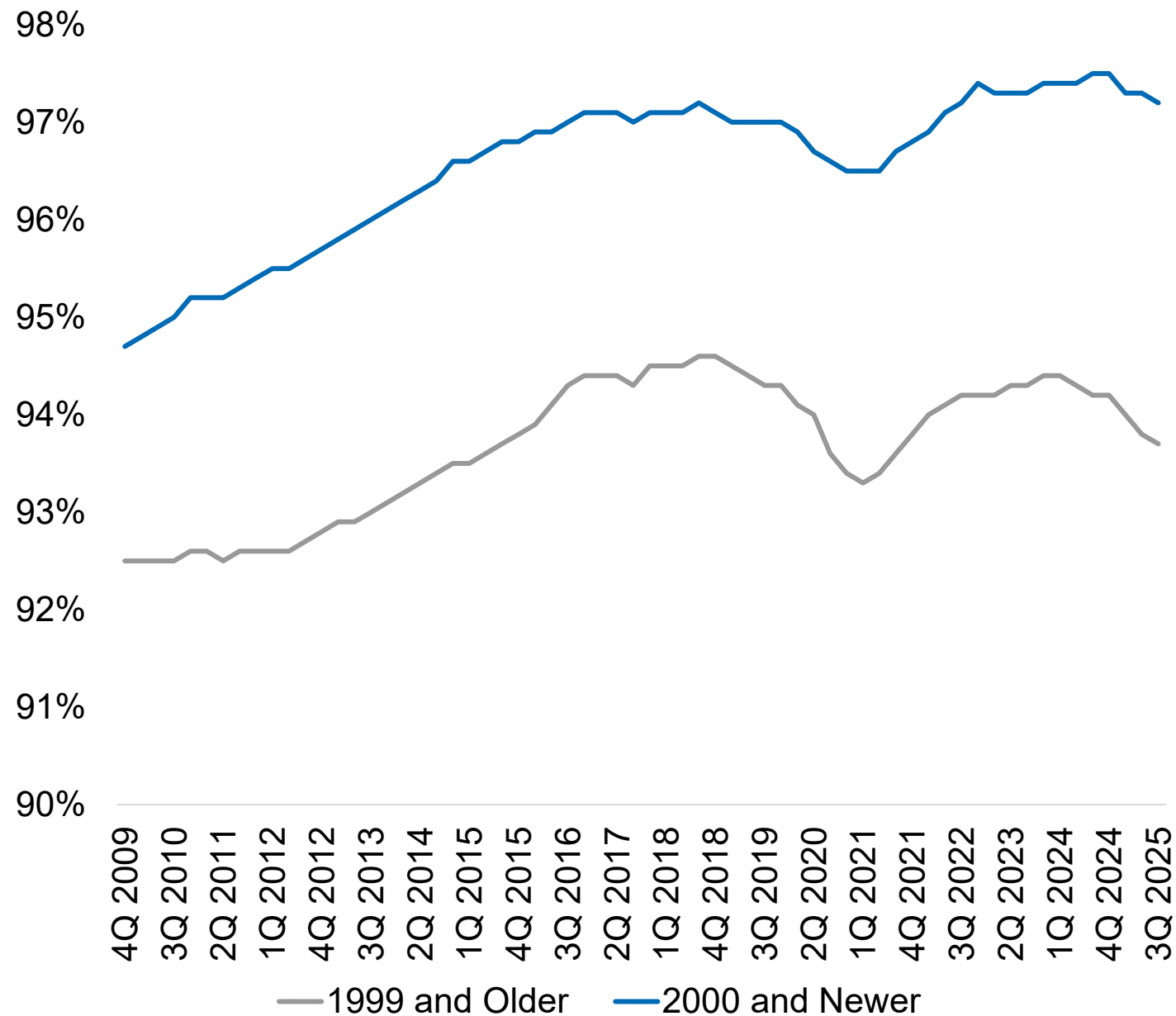


Deliveries and absorption are in millions of sq. ft. Considers all retail properties 20,000 sq. ft. and higher.
Source: CoStar, 3Q 2025.

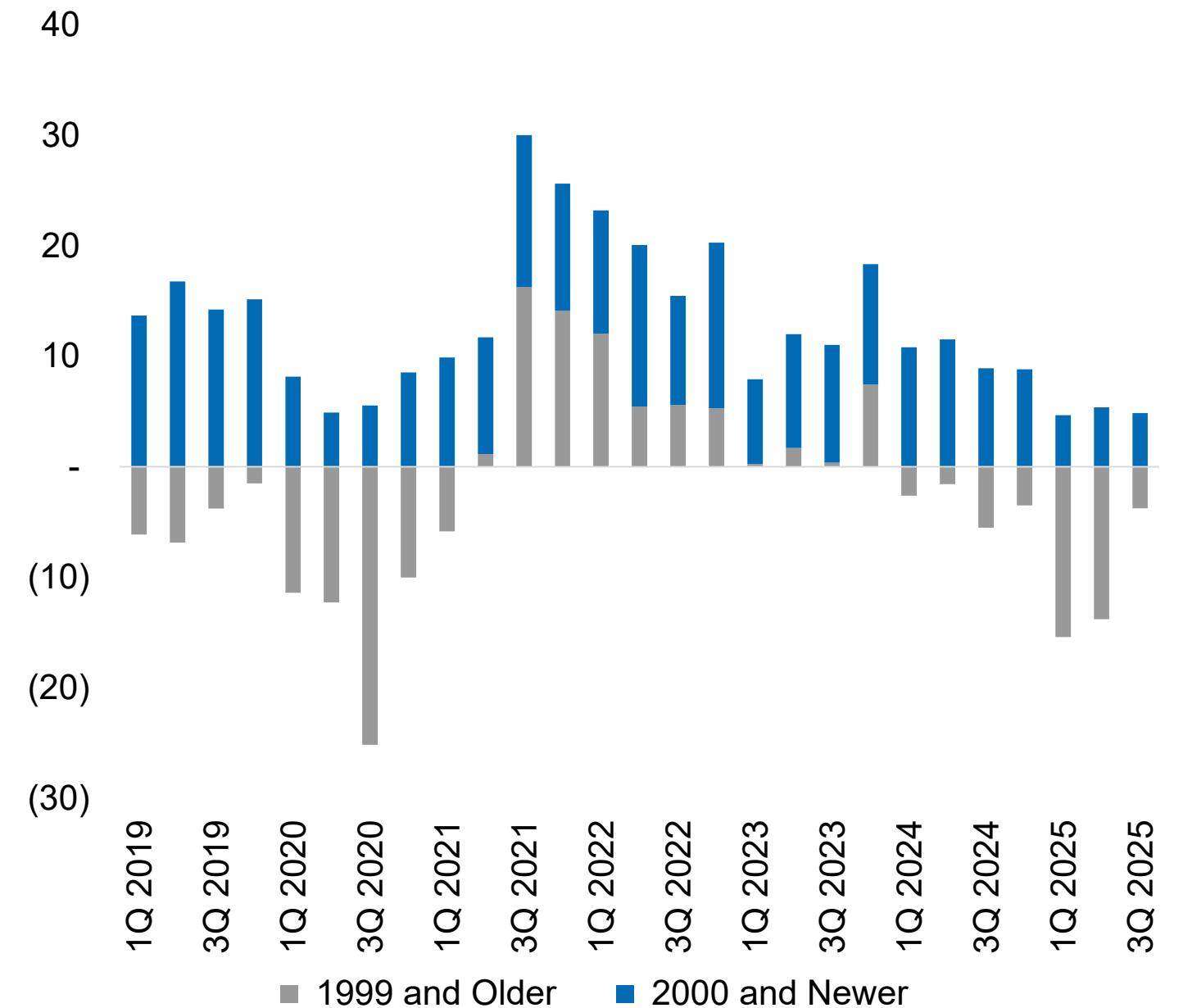
Retail fundamentals are expected to stay steady amid tariff uncertainty, as the retail footprint has been pruned by demolitions of underperforming and obsolete space.

Retail Occupiers: Tenants seeking space are showing clear preference for newer assets

% Occupancy by Age, U.S. Retail Assets



Net Absorption by Age in Millions of Square Feet

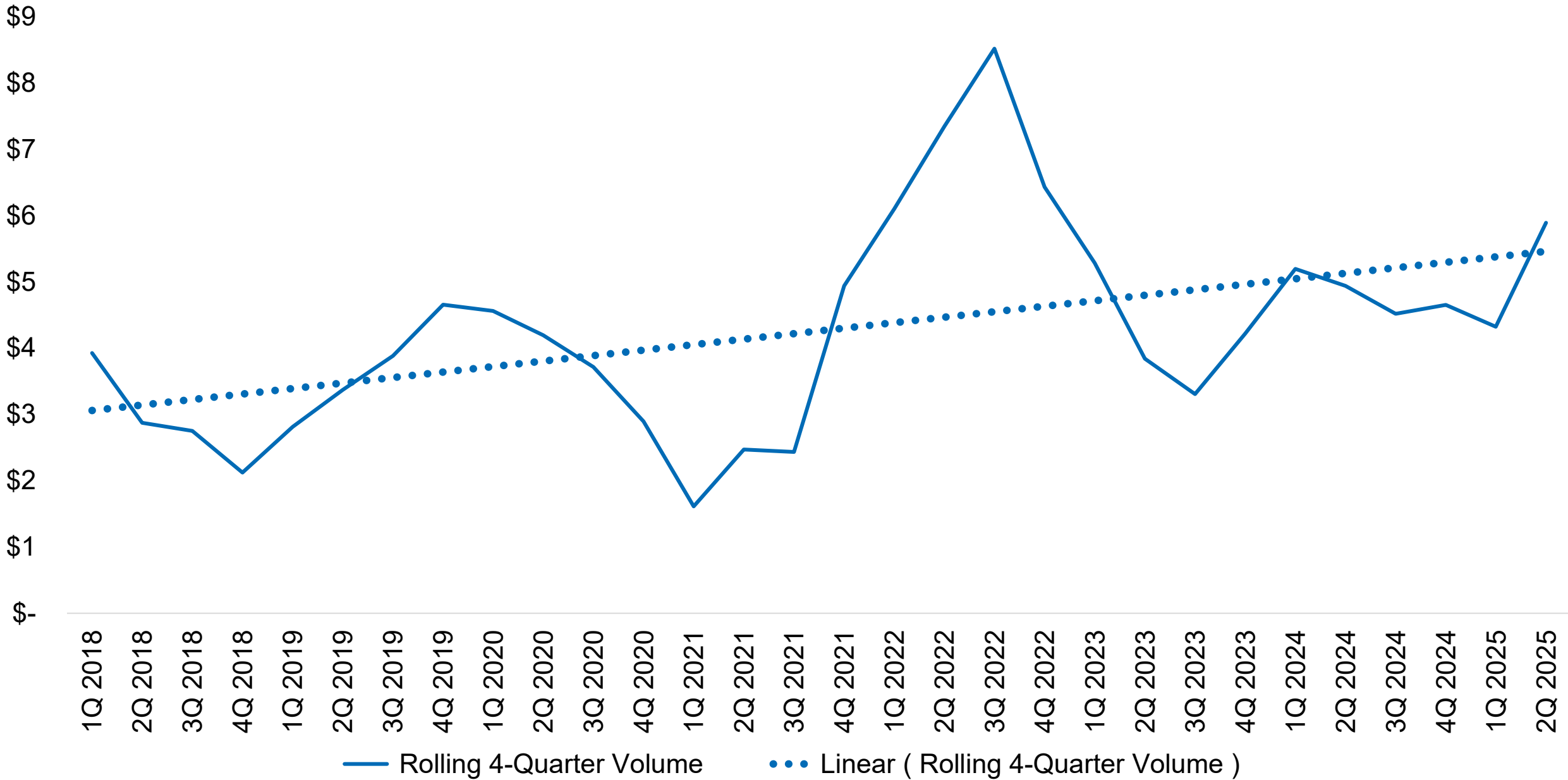


Considers all retail markets with over 50 million sq. ft. of retail inventory.
Source: CoStar, 3Q 2025.

The retail community has been diligent in demolishing and repurposing older, non-competitive assets. Now, it's finally time for new, responsible development and re-development.

Capital Markets: Large single-property retail transactions continue to rise

Cap Rates for Retail CRE, in Billions of \$



Source: MSCI Real Capital Analytics, July 2025.

REITs account for 34% of large-transaction activity in 2025, up from just 12% in 2024.

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