

## **Retailers remain active in hunt for new space**

*Search activity highlights still strong demand for new store locations*

By Brandon Svec

CoStar Analytics

September 28, 2025 | 7:25 P.M.

Despite retailers' concerns over tariffs, a cooling labor market and rising occupancy costs, demand for store space remains robust. A clear indicator of this resilience is search activity on LoopNet, the commercial real estate listing marketplace that continues to show strong engagement from retailers actively seeking new locations.

The search data on CoStar's LoopNet aligns closely with leasing activity, strongly suggesting that retail expansion plans are still very much in motion despite economic headwinds. In the first half of 2025, retail space searches on the platform reached nearly 40 million, a record high and a 6% increase year-over-year.

This surge in online search activity has translated into over 105 million square feet of signed leases during the same period. While slightly below peak levels, this pace remains well above historical averages, underscoring the continued momentum in retail leasing.

A deeper look into retail search behavior reveals a clear preference for smaller spaces. Retailers are overwhelmingly targeting compact footprints, as nearly 80% of search activity over the past year looked for spaces under 5,000 square feet.

This shift aligns with leasing data and is largely being driven by such retail categories as food and beverage, personal services and wellness, all of which thrive in smaller, more flexible formats. These sectors are not only expanding but also adapting to consumer preferences for convenience and localized experiences, making smaller-format retail space a strategic priority.

Geographically, the biggest increase in search activity is concentrated in dense urban centers with increasing populations and limited retail availability. These markets offer a compelling mix of foot traffic, demographic diversity and spending power, making them prime targets for expansion. The U.S. retail availability rate is currently near historic lows at just 4.6%, nearly a full percentage point below the 10-year average. This space scarcity is fueling competition and driving tenant urgency in high-demand areas.

San Francisco led the way in year-over-year growth in search activity. The city was hit hard during the pandemic but has started to see positive momentum building, with the latest LoopNet search activity underscoring the rebound.

Other markets that have seen a significant jump in retail space search activity include Cleveland, Washington, DC, Oklahoma City, Austin, Texas, New York and East Bay/Oakland, California. Each of these markets recorded increased trailing 12-month search activity of at least 10% relative to the year prior.

Taken together, these trends paint a picture of a retail sector that is evolving but not retreating. Retailers are recalibrating their expansion strategies to navigate economic challenges, but they remain committed to physical expansion.

LoopNet's search data provides a valuable lens into this activity, revealing not only where tenants are looking but also what types of spaces they're prioritizing. As digital platforms continue to shape the leasing landscape, search behavior will remain a critical metric for gauging market health and peering into future demand.