

Q2 2021

# U.S. RETAIL FIGURES



## Q2 2021 U.S. RETAIL FIGURES | EXECUTIVE SUMMARY

### RETAIL RECOVERY CONTINUES

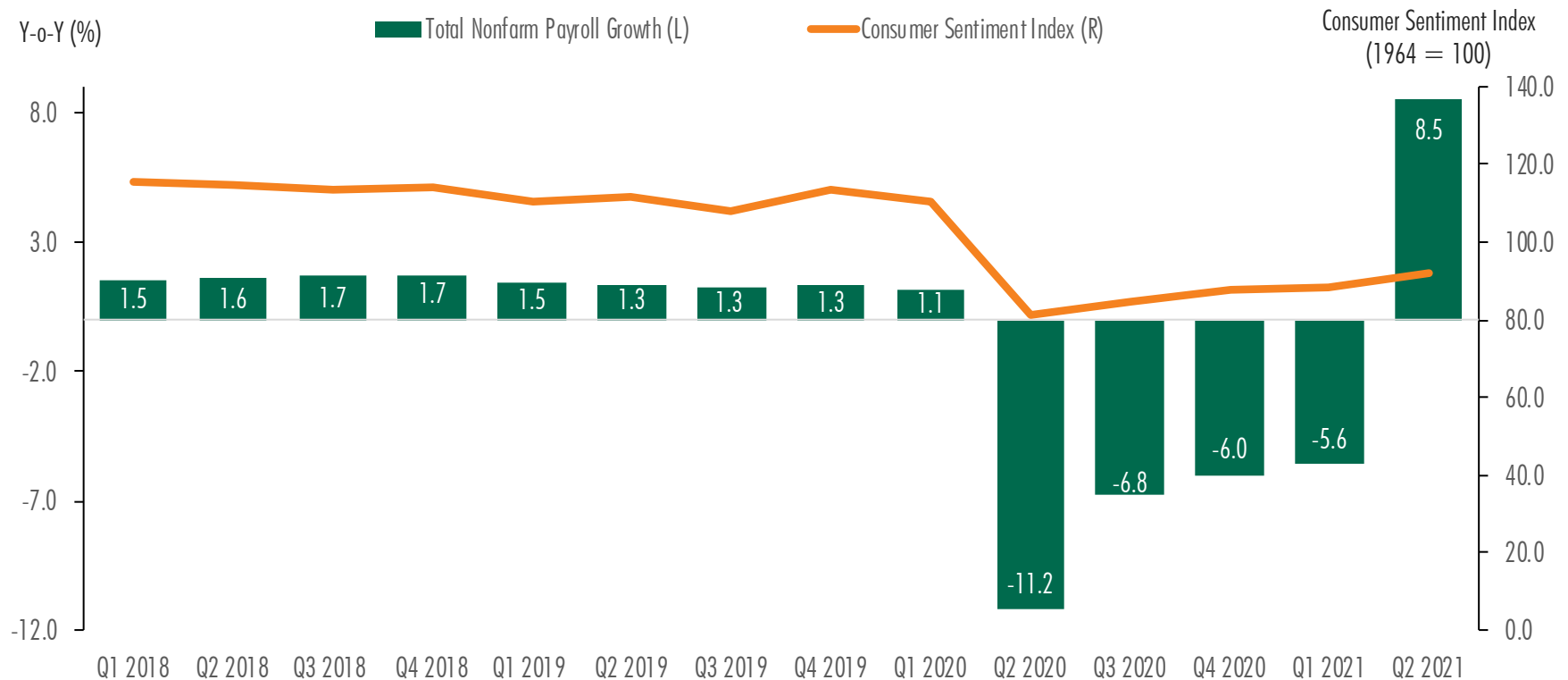


Arrows indicate change from previous quarter.  
\*EA Asking Rent is a proprietary net asking rent model produced by CBRE Econometric Advisors that best represents the change in rent.

- Total retail sales increased by 31% year-over-year in Q2 due to an improving economy and strong consumer demand.
- The overall retail availability rate fell by 30 basis points (bps) quarter-over-quarter to 6.2%. Availability rates continue to vary widely by market, with suburban and secondary markets outperforming urban cores.
- Total retail net absorption remained positive for the third consecutive quarter, reflecting continued demand recovery from the COVID pandemic.
- Retail completions increased by 48% quarter-over-quarter to 7.1 million sq. ft. in Q2 but were down by 10% from a year ago.
- Average retail asking rent increased by 20 bps quarter-over-quarter and 10 bps year-over-year to \$20.86 per sq. ft.

**FIGURE 1**

## CONSUMER FUNDAMENTALS CONTINUE TO IMPROVE

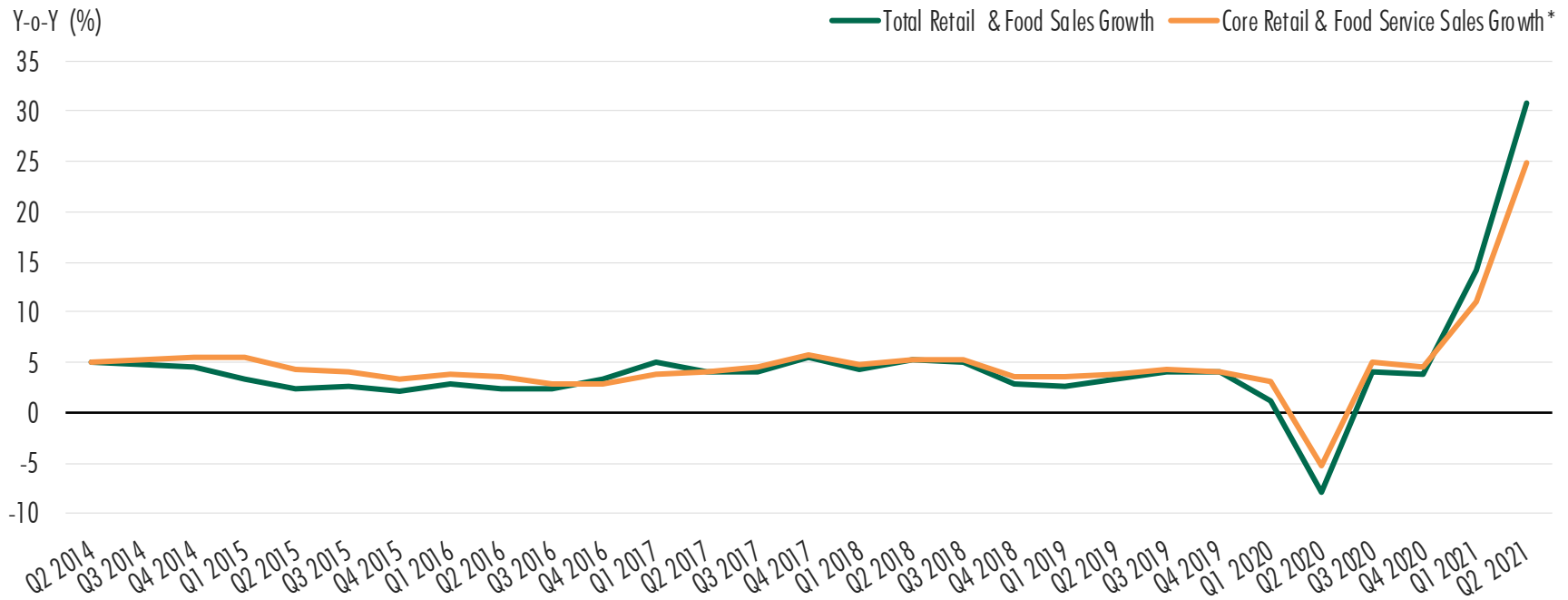


Source: University of Michigan, FRED, Q2 2021.

- Driven by the vaccine rollout, consumer sentiment and nonfarm payrolls reached their highest levels since the peak of the pandemic in Q2 2020.
- Nonfarm payroll growth increased by nearly 9% in Q2, the highest year-over-year increase since Q1 1951.

**FIGURE 2**

## TOTAL RETAIL SALES GROWTH ACCELERATES



Note: Sales figures are seasonally adjusted.

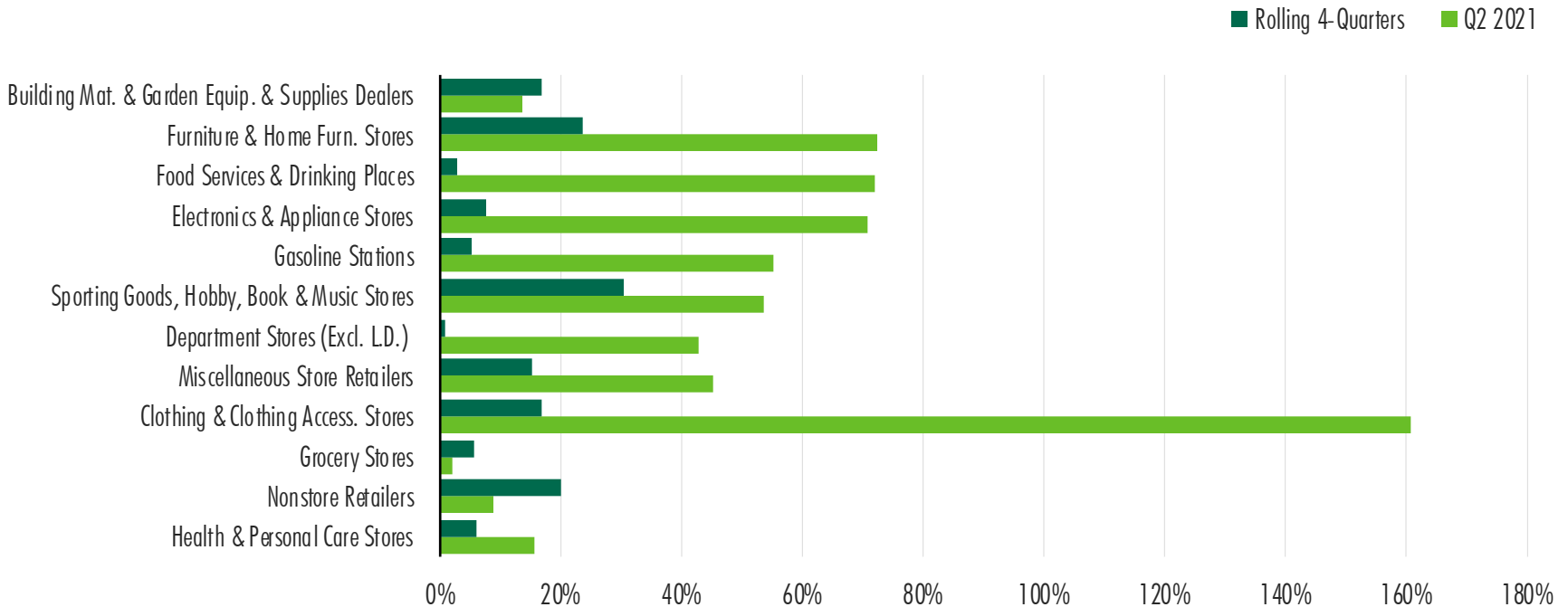
\*Core Retail & Food Service Sales excludes gasoline stations and motor vehicle & parts dealers.

Source: U.S. Census Bureau, Q2 2021.

- Total retail sales in Q2 grew by 31% year-over-year to \$1.87 trillion.
- Core retail sales (excluding gasoline stations and motor vehicle & parts dealers) grew by 24%.

**FIGURE 3**

## Y-O-Y RETAIL SALES GROWTH BY CATEGORY

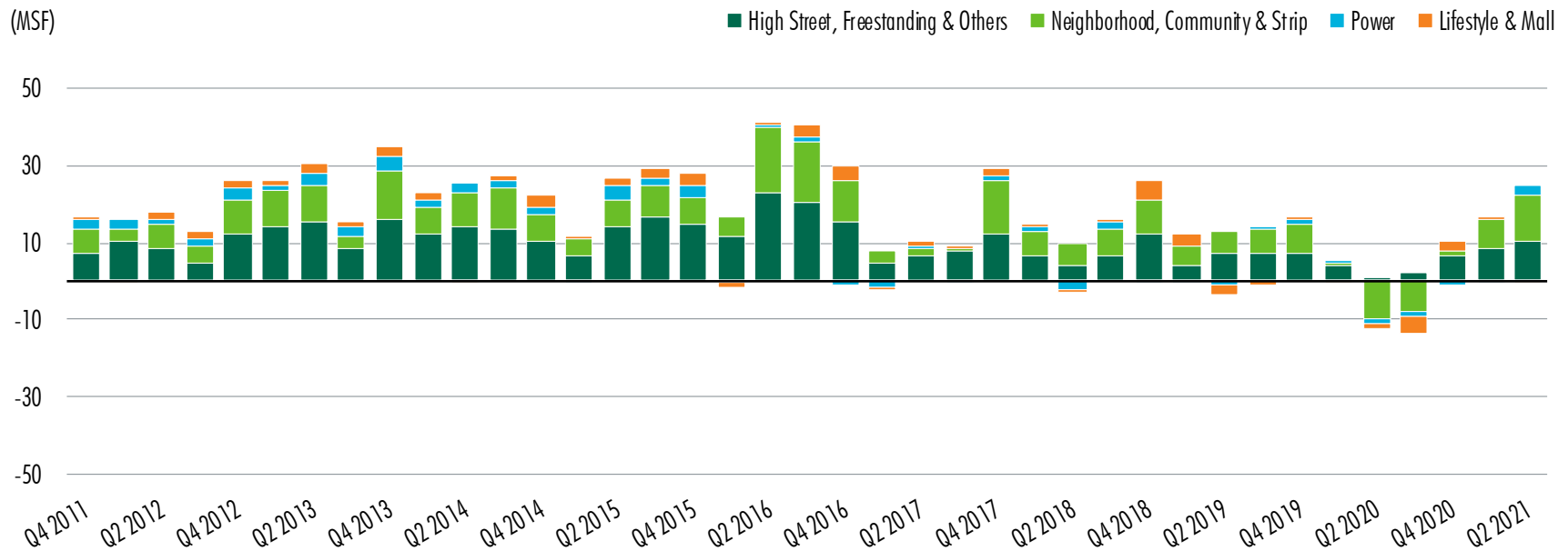


Source: U.S. Census Bureau, Q2 2021.

- For the first time since Q2 2011, all retail categories recorded year-over-year sales growth.
- Clothing & Clothing Accessory stores posted the largest yearly gain in Q2 of 161%.
- Nonstore retailers and grocery store sales growth slowed after experiencing record growth in Q2 2020 due to stay-at-home restrictions and panic buying.
- Sales growth is expected to remain robust in Q3, driven by a strong back-to-school season as students return to in-person learning for the first time in a year and by another round of child tax credit checks.

# FIGURE 4

## TOTAL RETAIL NET ABSORPTION REMAINS POSITIVE

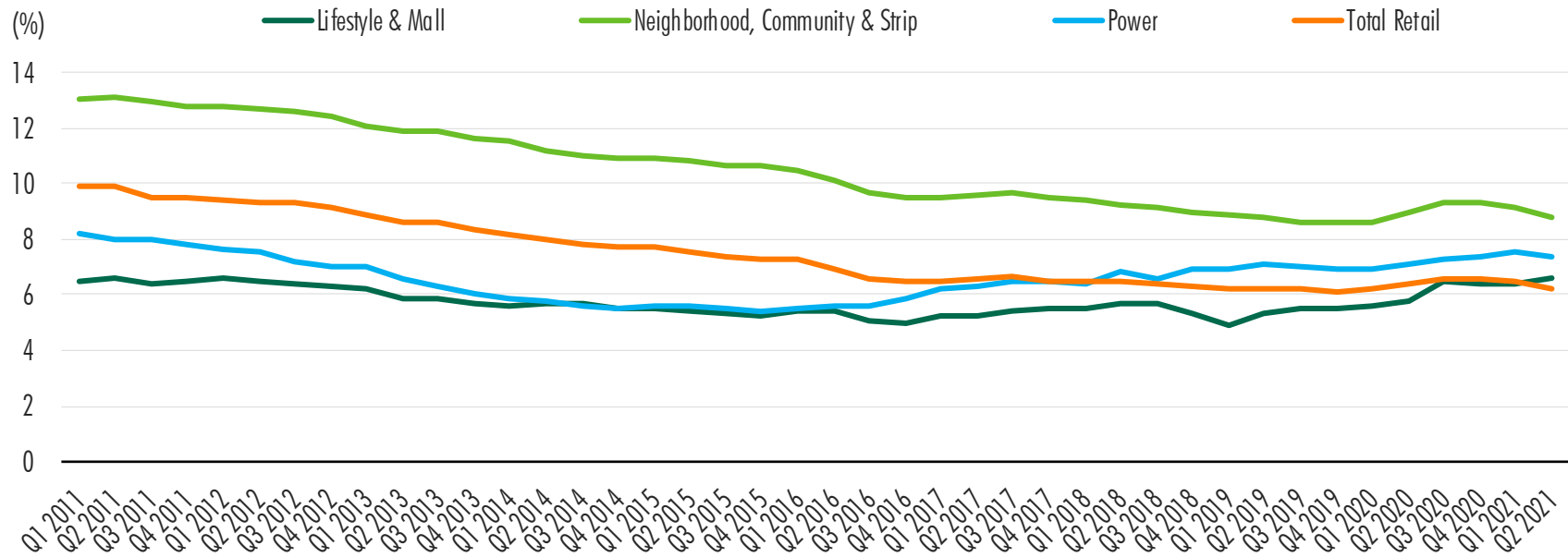


Source: CBRE Econometric Advisors, Q2 2021.

- Total retail net absorption remained positive for the third consecutive quarter, reflecting continued demand recovery from the COVID pandemic.
- The neighborhood, community & strip center segment had the highest amount of net absorption at more than 11 million sq. ft. Increased demand for open-air centers has resulted from retailers' omnichannel strategies and consumers' health concerns.
- The lifestyle & mall segment posted negative net absorption of 47,000 sq. ft., reflecting the continued headwinds faced by the enclosed-mall industry.

**FIGURE 5**

## TOTAL RETAIL AVAILABILITY CONTINUES TO DECREASE

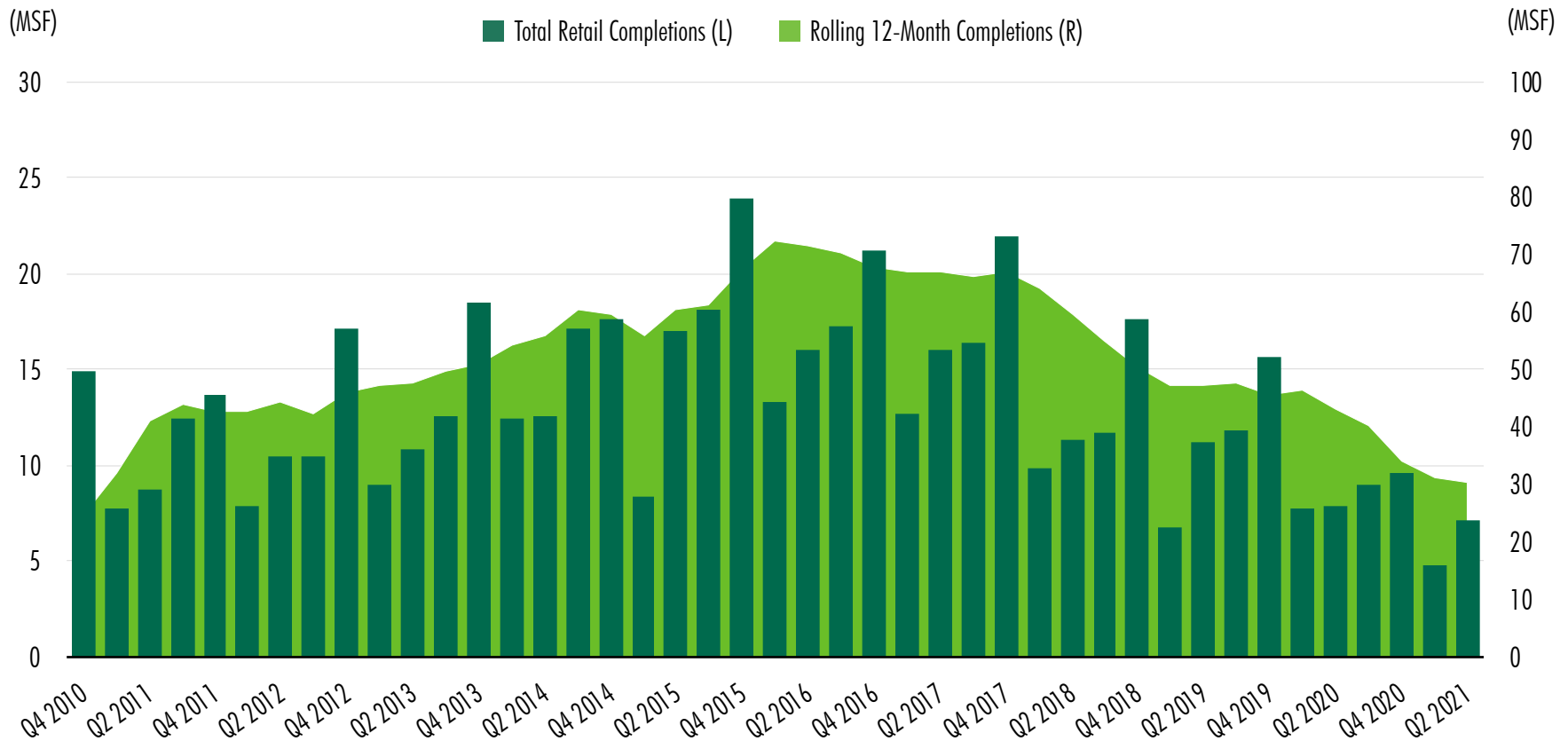


Source: CBRE Econometric Advisors, Q2 2021.

- The total retail availability rate decreased by 30 basis points (bps) quarter-over-quarter to 6.2%. Q2 was the second consecutive quarter that total retail availability decreased, reflecting continued store reopenings driven by the vaccine rollout.
- The neighborhood, community & strip center segment recorded the largest decrease in availability of 30 bps.
- Availability rates continue to vary widely by market. Suburban markets and Tier II cities like Phoenix and Austin continue to outperform higher-density urban cores like New York City and San Francisco.
- The number of direct ground floor availabilities tracked across Manhattan's 16 premier shopping corridors increased to 290 from 275 in Q2, a 5.5% hike and a new high.

**FIGURE 6**

## TOTAL RETAIL COMPLETIONS INCREASE



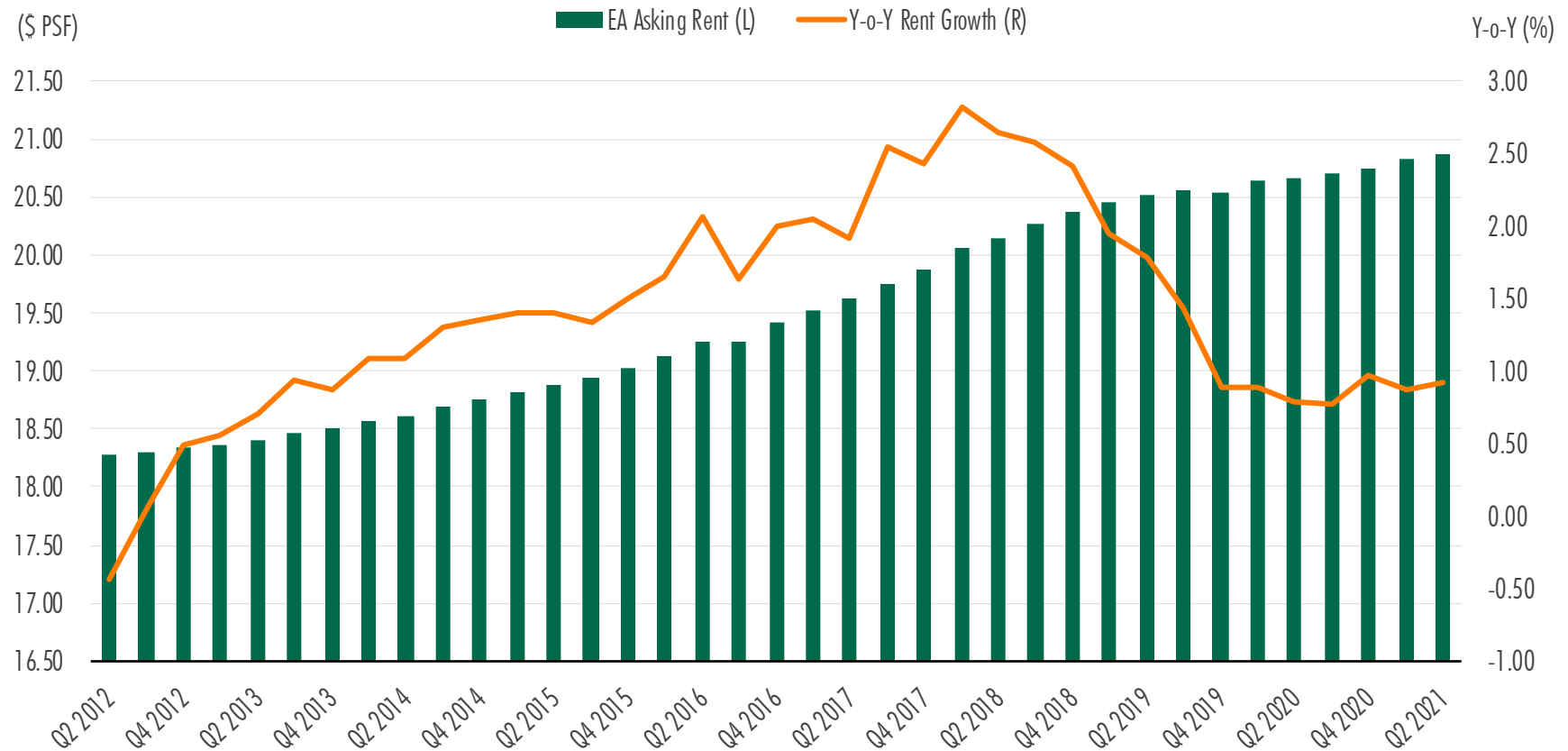
Source: CBRE Econometric Advisors, Q2 2021.

- Total retail completions in Q2 2021 increased on a quarterly basis but remained down 10% from a year ago.
- Houston led all markets with 535,000 sq. ft. of completions in Q2.



**FIGURE 7**

## TOTAL RETAIL RENT GROWTH REMAINS LIMITED



Source: CBRE Econometric Advisors, Q2 2021.

- Q2 total retail rent growth remained limited, increasing 0.2% from Q1 2021.
- The power segment posted the largest year-over-year rent growth of 1.4%, driven by the strong sales of home improvement and off-price retailers that typically occupy this space.



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