

## Shopping Center Leasing Hits Fastest Pace In 2 Decades

By Ciara Long

It's taking less and less time to execute leases in shopping centers across the U.S., as demand for retail space has risen after years of limited construction.

On average, it takes owners just eight and a half months to find a tenant to fill newly available shopping center space, which is the lowest average in roughly two decades, according to CoStar data.

Demand for retail space has been strong coming out of the pandemic, with vacancy at all-time lows. Rents have been rising as well, and in some cases, tenants have been agreeing to larger rent escalations and have worked to secure space before it even becomes available, according to CoStar.

Backfilling space has also been faster than average. As much as 80% of space in shopping centers across the U.S. is leasing up in six months or less after first becoming available, according to CoStar.

Almost half of all spaces in shopping centers managed to land tenants within three months. Within just nine months of becoming available, 98% of space is getting snapped up — the fastest on record, CoStar reported.

Examples include Aldi, which signed for a space in an open-air shopping center that was previously occupied by Big Lots, where owner Brixmor Property Group hiked rent by 50% between leases.

Some of the closures of big-name stores like Rite Aid and Bed Bath & Beyond have helped landlords fill space with more attractive retail tenants, major retail owners said earlier this year.

Restaurants are also adding to demand for retail space, with openings rising 6% nationally over the past year.

But even with strong demand for retail space as customers keep spending, consumer confidence has been wobbling in recent months.

National retail landlords, including Simon Property Group, have acknowledged in recent earnings calls that potential decreases in customer demand could eat into retail landlords' revenues.

"We are not immune to the macro environment. If it ultimately led to less consumer spending and more retail client stress, we're not immune to it," CEO David Simon said on an earnings call last month. "Frankly, it's realistic to assume we may go through a reasonable slowdown here coming up."