2022 RETAIL

NATIONAL
INVESTMENT
FORECAST

Marcus & Millichap

TO OUR VALUED CLIENTS

According to the news headlines, numerous pundits thought COVID-19 would finally usher in the "Retail Apocalypse," but as we push toward the third year of the pandemic, retail real estate is still here. Yes, the health crisis had an impact on the sector and many retail-centric businesses paid a heavy toll, but the pandemic also accelerated evolutionary trends that will help retail real estate grow and continue to deliver strong returns for investors.

Core retail sales have grown at a record pace through the pandemic. Many believe this is solely an online phenomenon, but physical store-based retail sales now stand more than 13 percent higher than they were in 2019 before the pandemic. In addition, the pandemic forced traditional retail businesses to innovate. Investment into web-based sales by traditional retailers accelerated, the ability to buy products online then pick them up at stores proliferated, drive-thru services expanded and ultimately these adaptations will help brick and mortar retailers compete in the ever-evolving, highly competitive consumer market.

The nascent recovery of the retail market has already captured the attention of retail real estate investors. Fundamentals like absorption, vacancy rates and rent growth are all moving in the right direction, while asset prices have risen and cap rates for many retail subsectors have trended lower. Necessity and grocery-anchored centers, together with numerous single-tenant retail concepts, remain in favor with the investment community, delivering healthy returns. As new waves of COVID-19 could undoubtedly emerge, advancements in health science, as well as retail-based customer engagement, will help the sector prosper.

To help commercial real estate investors adapt to and capitalize on the unprecedented health crisis-driven economic and investment climate, Marcus & Millichap presents the 2022 National Retail Investment Forecast. As always, our investment brokerage and financing specialists across the U.S. and Canada are at your disposal, providing street-level investment guidance to empower your decisions.

Thank you and here's to your continued success,

DANIEL M. TAUB
Senior Vice President/National Director
Retail Division

JOHN CHANG
Senior Vice President/National Director
Research Services Division

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Developed by Marcus & Millichap Research Services. Additional contributions were made by Marcus & Millichap investment brokerage professionals nationwide.

National Retail Index (NRI)

- New household formations and the spending power they generate are driving factors in the Index rankings for 2022. Austin's appeal as a relocation destination is supporting one of the fastest paces of retail sales growth in the nation, earning the market the top spot.
- Markets falling into the lower third of the Index face challenges inverse to the dynamics benefiting the top-ranked metros, including ample construction and modest household growth. These metros are nevertheless recording above-average levels of retail sales growth.

National Economy

- After the health-crisis-induced downturn in 2020 and subsequent, reopening-driven resurgence, the economy is set to grow further in 2022. These economic gains are being driven by robust consumer spending, facilitated by savings accumulated during lockdowns.
- The main economic challenge ahead will be producers' ability to keep pace with consumer demand. Shortages stemming from disrupted supply chains are pushing prices up for both raw materials and finished goods, leading to multidecade-high inflation. Clearing the logistics blockages and backlogs will take time, prolonging the inflationary pressure.
- A tight labor market also complicates the outlook. Although the year began with sub-4 percent unemployment, there is a surplus of job openings relative to the number of people actively looking for work. This shortage is driving wages higher, but some workplace health concerns linger.

National Retail Overview

- Despite lingering health challenges, the retail outlook is improving. Even when accounting for inflation, consumers are spending more now than they did before the pandemic, driving a need for retail space. More stores opened than closed last year, helping erase more than half of the vacancy increase from 2020. Vacancy is projected to more or less realign with the pre-pandemic measure this year.
- Necessity retailers, value stores and restaurants with drive-thrus will continue to perform well, while other, more buffeted concepts are poised for a comeback. Improving leisure travel and anticipated office returns will boost foot traffic in commercial hubs and tourist destinations.
- Keeping up with consumer demand may be the limiting factor to growth this year. Inventories are still strained by intermittent production and port shutdowns, while more service-oriented retailers are facing staff shortages and unexpected absences.

Capital Markets

- The Federal Reserve's main focus this year will be combating inflation without derailing economic growth. The central bank has already begun unwinding the quantitative easing measures put in place during the health crisis and is set to raise the Federal Funds rate multiple times in 2022.
- While most retailers have generally reopened, foregone rental income and lingering health/logistical disruptions keep lenders and investors cautious. Property performance, and by relation lender confidence, varies widely depending on a range of asset-specific features.
- Financing for ground-up retail construction is limited. Projects must have a high percentage of the space already pre-leased, ideally to regionally or nationally known tenants. Mixed-use projects where the retail space joins a residential component are preferred.

Investment Outlook

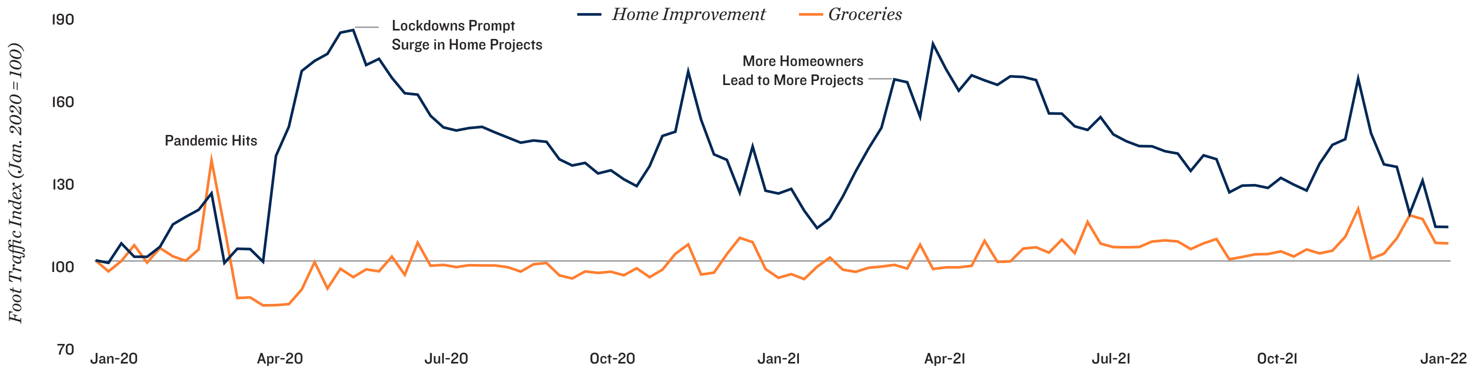
- Improving property fundamentals have pulled more investors off the sidelines following elevated uncertainty in 2020. A record number of retail properties changed hands in 2021, recovering from a relatively moderate drop in 2020.
- Compared to 2019, markets adding households at a rapid clip, including Nashville, Phoenix and Miami-Dade, recorded increased sales activity, while some investors took steps back from metros with strict COVID-19 protocols in place.
- Early in the health crisis, many investors anticipated a wave of distress mirroring what occurred during the 2008 global financial crisis. While retail assets are not out of the woods yet, the overall prevalence of distress is unlikely to climb to the highs recorded following the Great Recession.

Coronavirus Altered Shopping Patterns

Some Stores Benefiting While Others Continue to Lag

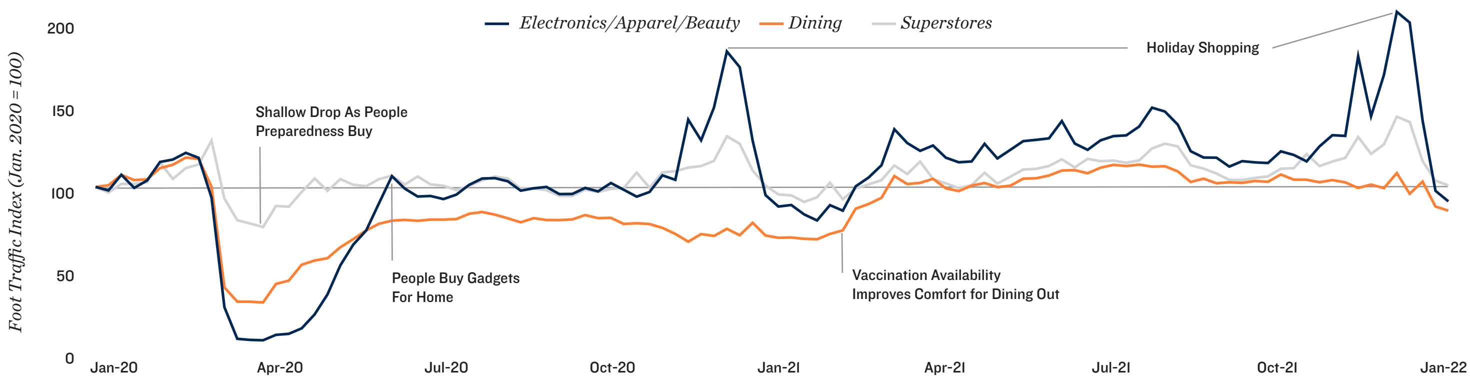
Lockdowns Drive Trips to Home Improvement Stores & Grocers

Consumers Focus on Domestic Activities



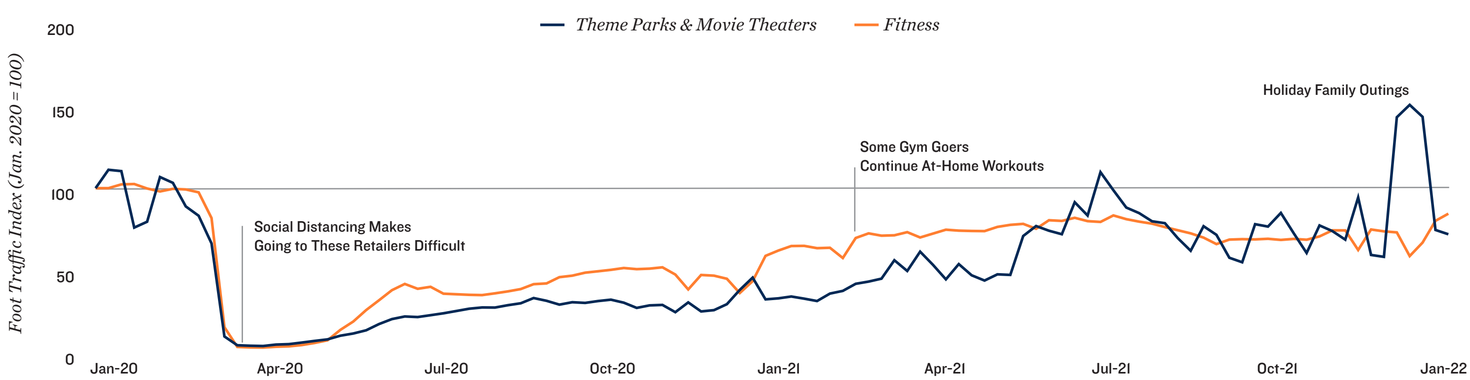
Multiple Retail Concepts Recover to Pre-Pandemic Levels

Shoppers' Comfort in Traditional Excursions Returns



Social Experiences Still Challenged

Close Personal Interactions Remain a Hurdle for Some



U.S. Retail Index

Markets Popular with Residential Relocation Lead in 2022 NRI; Even Lower-Ranked Metros Observing Favorable Sales Growth

Southwest, northwest and southeast markets dominate NRI this year. New household formations and the spending power they generate are driving factors in the U.S. Retail Index for 2022. Austin's growing appeal as a relocation destination for both companies and individuals is fostering the creation of new employment opportunities and households. This is translating into one of the fastest paces of retail sales growth in the nation this year, placing the market squarely at the top of the ranking. West Palm Beach (#4), Charlotte (#5) and Phoenix (#8) are not far behind in their paces of household formation, creating demand for local retail services and placing these metros in the Top 10 of the NRI. Las Vegas (#7) and Orlando (#9) are adding households at even faster rates than Austin, but face ample new supply pressure this year. Other markets leading in the Index for 2022 include Seattle-Tacoma (#3), where consumer spending is more than 40 percent above pre-pandemic levels, and Tampa-St. Petersburg (#6), where the employment base has grown 6 percent since 2019. Another market observing robust household formations and by relation rapid retail spending growth is Raleigh. The metro is kept at the 18th spot this year largely due to substantial construction activity.

Metros with comparatively softer demographics earn lower rankings. Moving past the top 10, a variety of factors are at play in this year's rankings. Few completions will help Louisville (#13) post the tightest vacancy rate of all ranked metros this year. The addition of over 225,000 workers since 2019 positions Dallas-Fort Worth at 16. Orange County (#21) benefits from a light 2022 development pipeline, as does San Jose (#24) and Detroit (#28). While San Francisco (#31) retailers have been hard hit by the pandemic, the market is poised for a strong surge of employment this year. Markets falling into the lowest third of the Index face challenges inverse to the dynamics benefiting the top-ranked metros. Ample construction clouds the outlooks for Chicago (#38), Columbus (#39), Sacramento (#40) and New York (#46). Relative to other locations, San Diego (#42) and Los Angeles (#43) have not witnessed as robust retail sales gains. Sub-1 percent rates of household formation also translate into slower sales growth projections for Pittsburgh (#44) and Cleveland (#45) that are nevertheless above historical norms.

Index Methodology

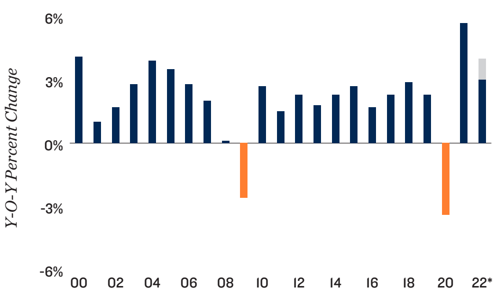
The NRI ranks 46 major markets on a collection of 12-month, forward-looking economic indicators and supply-and-demand variables. Markets are ranked based on their cumulative weighted average scores for various indicators, including projected job growth, vacancy, construction, housing affordability, rents, historical price appreciation and cap rate trends. Weighing the history, forecasts and incremental change over the next year, the Index is designed to show relative supply-and-demand conditions at the market level.

Users of the Index are cautioned to keep several important points in mind. First, the NRI is not designed to predict the performance of individual investments. A carefully chosen property in a bottom-ranked market could easily outperform a poor choice in a higher-ranked market. Second, the NRI is a snapshot of a one-year horizon. A market encountering difficulties in the near term may provide excellent long-term prospects, and vice versa. Third, the NRI is an ordinal Index, and differences in rankings should be carefully interpreted. A top-ranked market is not necessarily twice as good as the second-ranked market, nor is it 10 times better than the 10th-ranked market.

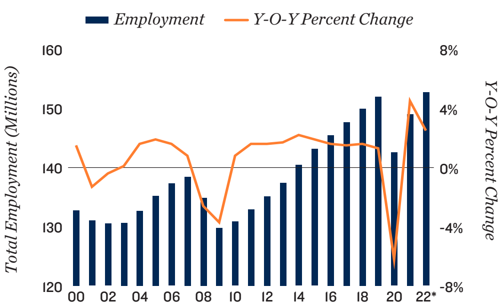
Market	Rank
Austin	1
Salt Lake City	2
Seattle-Tacoma	3
West Palm Beach	4
Charlotte	5
Tampa-St. Petersburg	6
Las Vegas	7
Phoenix	8
Orlando	9
Fort Lauderdale	10
Nashville	11
Miami-Dade	12
Louisville	13
Portland	14
Atlanta	15
Dallas-Fort Worth	16
Houston	17
Raleigh	18
Indianapolis	19
Minneapolis-St. Paul	20
Orange County	21
Denver	22
Kansas City	23
San Jose	24
San Antonio	25
Milwaukee	26
Philadelphia	27
Detroit	28
Northern New Jersey	29
Riverside-San Bernardino	30
San Francisco	31
New Haven-Fairfield County	32
Cincinnati	33
Baltimore	34
Washington, D.C.	35
Boston	36
St. Louis	37
Chicago	38
Columbus	39
Sacramento	40
Oakland	41
San Diego	42
Los Angeles	43
Pittsburgh	44
Cleveland	45
New York	46

[1] *See National Retail Index Note on page 60*

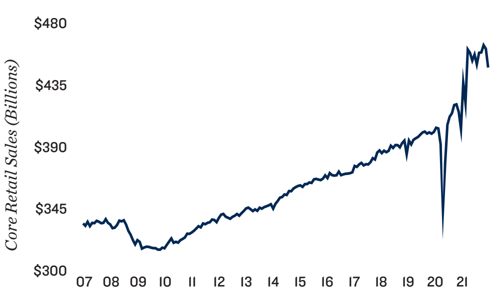
GDP Growth Trends



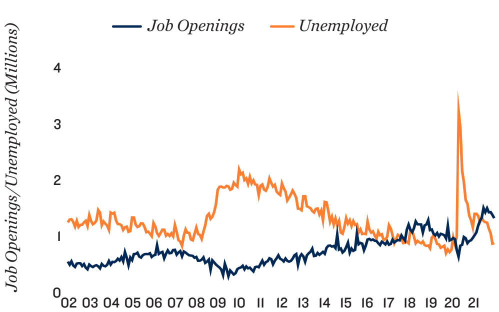
Employment Trends



Inflation-Adjusted Retail Sales



Retail/Wholesale Labor Shortage



*Forecast

Strong Consumer Outlays Bolster Economic Outlook; Tight Labor Market, Supply Hurdles Present Headwinds

Accumulated savings powering economy through 2022 as inflation concerns remain. After the health-crisis-induced downturn in 2020 and subsequent, reopening-driven resurgence, the economy is set to grow further in 2022. These economic gains are being driven by robust consumer spending. Total retail sales are up more than 19 percent from pre-pandemic levels as substantial federal stimulus, falling unemployment and ascending home prices bolster households' bank accounts. Money market funds and savings deposits have accumulated more than $5 trillion at an aggregate level since February 2020, underscoring the potential spending power that accrued while lockdowns and travel restrictions constrained consumers' options. Unwinding some of those funds should help U.S. GDP grow by between 3 percent and 4 percent this year. The main economic challenge ahead will be producers' ability to keep pace with consumer demand. Shortages stemming from disrupted supply chains are pushing prices up for both raw materials and finished goods, leading to multidecade-high inflation. Clearing the logistics blockages and backlogs will take time, prolonging the inflationary pressure. As prices continue to climb, they will begin to constrain consumer activity.

Tight jobs market complicates labor outlook. Another challenging shortage this year is one of labor. Employers have recovered more than 80 percent of the 22 million jobs lost in spring 2020, but further progress will be hampered by the tight jobs market. This year began with an unemployment rate under 4 percent, a rarely broached threshold. Yet, there is a surplus of job openings relative to the number of people actively looking for work. This dynamic is being partly driven by a drop in labor participation relative to before the health crisis, as some employees retired or left the labor force for family care responsibilities and other reasons. The labor shortage is especially acute for bars, restaurants and numerous retailers. Companies such as Costco, Starbucks, Target and Walmart raised their hourly pay last year to help attract new hires, but elevated health concerns continue to keep some people away from these high-contact positions. While vaccinations and other treatments have lowered some COVID-19 risks, future variants of the virus could arise and prompt renewed caution.

2022 National Economic Outlook

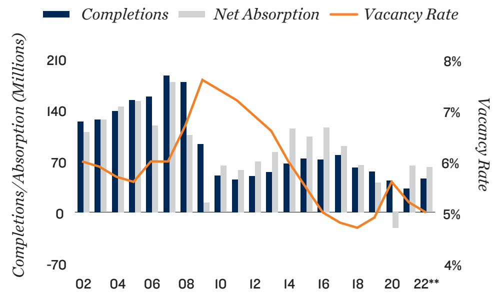
- **Health crisis continues to affect availability of goods and services in 2022.** The rise of new virus variants imposes risks on supply chains, especially those dependent on production and shipping facilities in China, where a strict zero-COVID-19 policy can suspend activity. In the U.S., sick employees are quarantining at home, leaving businesses short staffed. These disruptions will continue to apply inflation pressure this year.
- **Infrastructure investment a long-term economic boon.** Funds allocated by the Infrastructure Investment and Jobs Act will begin to be applied this year. While improving the nation's transportation, utilities and information infrastructure will take time, the long-term economic benefits are notable. The public aid is also likely to spark private investment, especially in previously underconsidered areas.
- **Demographics shift more economic activity to Southern states.** Households continue to move to the Sunbelt, driven predominantly by the aging of baby boomers and millennials into retirement and prime adulthood, respectively. Texas, North Carolina, Florida and Arizona are popular destinations, with Dallas-Fort Worth likely to welcome the most new residents on a net basis in 2022. Businesses are following, creating new job opportunities, in turn fostering more incentive to relocate.

Ascending Consumer Demand Bolsters 2022 Retail Outlook, Provided Labor and Supply Needs Are Met

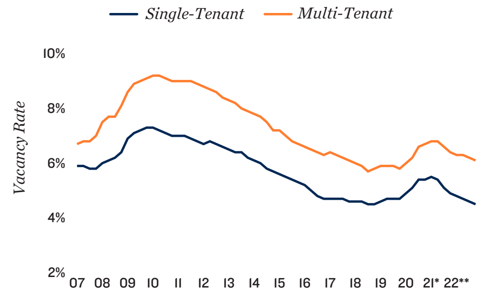
Retail sector largely well-positioned in 2022. Despite lingering health crisis challenges, the retail outlook is improving. Even when accounting for inflation, consumers are spending more now than they did before the pandemic, fueled by accumulated savings and appreciating equity in houses and similar assets. This behavior has had a direct impact on retailers' space needs. More stores opened than closed last year, ending a six-year net contraction and erasing more than half of the vacancy increase recorded in 2020. While rising prices will tighten some spending habits in the months ahead, vacancy is projected to more or less realign with the pre-pandemic level this year. Necessity retailers, value stores and restaurants with drive-thrus will continue to perform well, while other, more buffeted concepts are poised for a comeback. Leisure travel has substantially improved since 2020, benefiting retailers who depend on tourist dollars. Many workers are also anticipated to return to offices later this year, which would boost foot traffic at stores and restaurants in urban centers and office hubs. Sit-down dining and other experiential concepts are also welcoming more customers as more coronavirus treatments help temper the severity of the virus, although the future of the health crisis is uncertain and still poses risks for the sector.

Keeping up with consumer demand may be the limiting factor this year. Many retailers are set to capture abundant consumer demand this year, provided they can keep products on the shelf and staff on payroll. Late-arriving holiday inventory could sit on store shelves longer in the early part of this year, although future infections could lead to new production shutdowns and port closures abroad. More service-oriented retailers, including bars, restaurants and experiential offerings, face similar challenges with staffing. Not only are establishments having difficulty hiring, they are also contending with unexpected absences when employees fall ill. As such, businesses that could otherwise welcome numerous customers may not have goods to sell or personnel to provide service. These disruptions also impose other costs on retailers beyond lost revenue. Supply shortages lead to bolstered safety stocks, incurring storage fees, while a competitive labor market prompts wage increases. While these factors are expected to moderate over the course of the year, they may ultimately cause retailers to change their space needs. New virus variants could also emerge and reassert constraints.

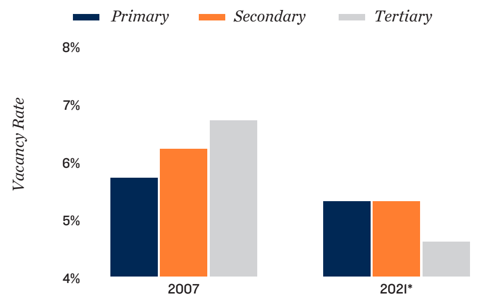
Supply and Demand



Vacancy Rate Trends



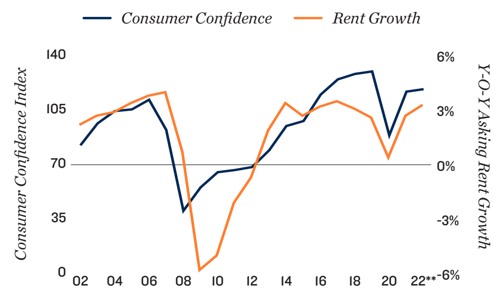
Vacancy Rate by Market Type



2022 National Retail Outlook

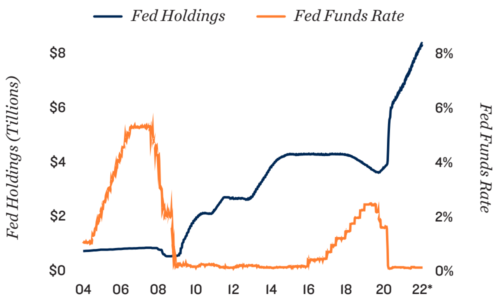
- **Hybrid retail advantages continue in 2022.** Omnichannel options that gained prominence during lockdowns, such as buy online and pick up in-store/curbside or deliver same day continue to provide value today. In addition to faster delivery, physical stores also better facilitate returns. Omnichannel retailers will continue to embrace these advantages, possibly refocusing some space toward fulfillment operations.
- **Spectral retail space in demand for delivery operations.** Ghost kitchens and dark stores, which exist exclusively to fill online orders, comprise another retail concept that gained popularity during the pandemic. Delivery providers such as GoPuff are signing retail leases in order to package and send out groceries, pharmaceuticals and other necessities. Class B and C retail spaces in secondary urban corridors could benefit from this trend.
- **Retailers facing fewer short-term growth headwinds in smaller metros.** Less severe outbreaks as well as minimal construction and favorable demographics benefit retail properties in tertiary markets. This category collectively reported tighter vacancy and greater rent growth than larger metros in 2021, a trend that should continue in 2022.

Consumer Confidence Improving

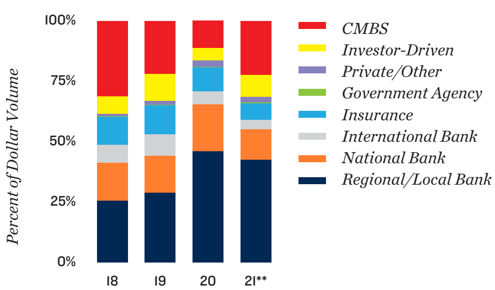


* Estimate
** Forecast

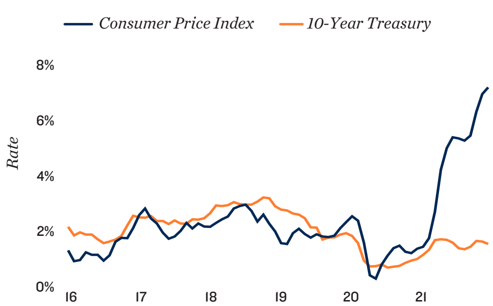
Accommodative Monetary Policy



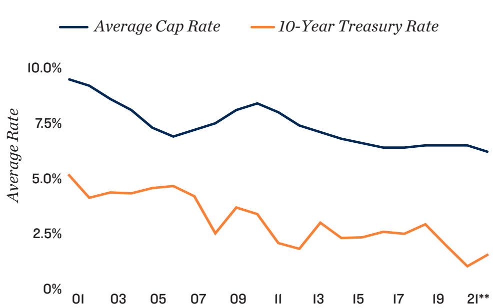
Retail Lender Composition



Inflation Could Pressure Interest Rates



Retail Cap Rate vs. Treasury



* Through January 26
** Estimate

Fed Takes Action to Temper Inflation; Wide Range of Retail Performance Spurs Lender Considerations

Fed redirects policies to curb inflation. The Federal Reserve's main focus this year will be combating inflation without derailing economic growth. The Federal Open Market Committee (FOMC) anticipated rising prices following global production shutdowns and port closures in 2020 and adjusted policies to permit a period of above-target inflation. Prices climbed more quickly last year than expected, however, prompting an end to the Fed's accommodative monetary policy. Entering 2022, the central bank had already begun unwinding the quantitative easing measures put in place during the health crisis. These bond-buying programs are set to conclude in March, at which point the federal funds rate will almost certainly be raised off the zero lower bound by at least 25 basis points. Multiple rate hikes are expected to follow within the year. The central bank may also begin reducing its balance sheet, in an additional measure of quantitative tightening. These plans are subject to change, especially if the FOMC overestimates the current strength of the economy and growth stalls. The uncertain nature of the health crisis may also lead to unforeseen hurdles that prompt changes in Fed policy.

No one-size-fits-all approach to retail lending. While most retailers have generally reopened, foregone rental income and lingering health/logistical disruptions keep lenders and investors cautious. The retail sector can never be painted with a broad brush, but that is especially true today, with property performance varying widely depending on a range of asset-specific features. Where an asset is located as well as the strength of its tenants are important factors lenders are considering. Properties located closer to residential rather than commercial hubs are looked at more favorably, as are assets occupied by tenants that proved their resiliency during the height of pandemic lockdowns. Single-tenant properties net leased to high credit grade tenants such as national drug store chains as well as grocery-anchored shopping centers are garnering more attention. Properties in commercial districts or secondary/tertiary neighborhoods will bear more consideration. A borrower's ability to demonstrate minimally interrupted rent collections is a distinguishing factor. Local and regional banks continue to be the most active lenders, followed by CMBS sources, which are more active now following a steep drawback in 2020. Bridge lending is available for transactions with shorter terms.

2022 Capital Markets Outlook

- **Capital restrained for retail development.** Financing from well-established lenders is limited for ground-up retail construction. Projects must have a high percentage of the space already pre-leased, ideally to regionally or nationally known tenants. Mixed-use projects are preferred, where the retail space joins a residential component. Bridge financing may be available for smaller projects that do not fit this criteria.
- **Retail returns offer compelling margin.** While retail cap rates are compressing and the 10-year Treasury has climbed up from its 2020 lows, investors can still obtain strong levered yields. The average retail cap rate nationally is in the low-6 percent range, extending from 6 percent for single-tenant assets to near 7 percent for multi-tenant properties. This margin offers both near and long-term favorable return potential.
- **Loan delinquency still elevated at start of year.** Outstanding CMBS loans on retail assets had a delinquency rate above 8 percent at the end of last year, compared to a 6.5 percent average from 2015 through 2019. While down from a pandemic high of 12.6 percent, the elevated rate underscores how hard-hit retailers are still catching up on financial obligations. Delinquency is higher among regional malls. When excluding that property category, the retail delinquency rate is under 6 percent.

Transaction Activity Climbs Above Pre-2020 Levels; Investors Show More Interest in Sunbelt Metros

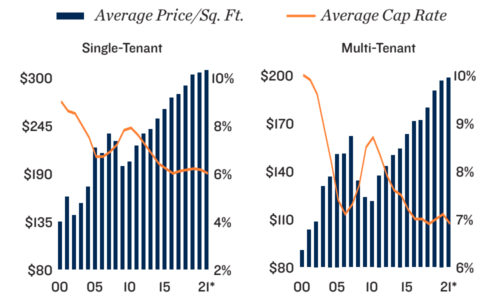
Investor demand returns to pre-pandemic levels. Improving property fundamentals have pulled more investors off the sidelines following elevated uncertainty in 2020. A record number of retail properties changed hands in 2021, recovering from a relatively moderate 10 percent drop in sales activity in 2020 and well surpassing totals from 2018 or 2019. The added transactions came predominantly from private buyers and smaller investor groups targeting assets priced under $20 million. These investors favored single-tenant properties. Compared to sales made in 2015 through 2019, drug and convenience stores, fast food establishments, and mixed-use storefronts captured a larger proportion of all trades in 2021. In a sign of optimism, traditional storefronts gained ground last year as well. Institutions have become more active since the onset of the health crisis but have yet to fully return to pre-pandemic volumes. The shopping centers that often fall into the higher price range of these buyers can carry additional vacancy risk. While investment demand is improving across both single- and multi-tenant transactions, pricing pressure remains negligible. The overall average sale price improved a modest 2.8 percent year over year in 2021 to $214 per square foot. This rise is below the 4.8 percent average recorded over the preceding decade.

Demographics and cost play large role with investors' decision-making. At a broad level, the distribution of transactions among primary, secondary and tertiary markets has remained about the same through the health crisis. At a metro-by-metro level, however, trends are emerging. When comparing trades made in 2019 versus 2021, markets such as Nashville, Phoenix, Tampa-St. Petersburg and Miami-Dade saw activity increase by more than 30 percent. These markets are adding new households at rapid clips, expanding the demand for local retailers. At the same time, some investors took steps back from markets with strict COVID-19 protocols and tempered population growth, including the Bay Area, New York and Washington, D.C. These metros also feature high entry costs. Cleveland and Columbus have sale prices below those well-established gateway metros, and recorded similar lifts in buyer interest as some Sunbelt metros. While not a massive swing, temperate weather, comparatively high cap rates and robust population growth will continue to draw investors to the southern swath of the United States.

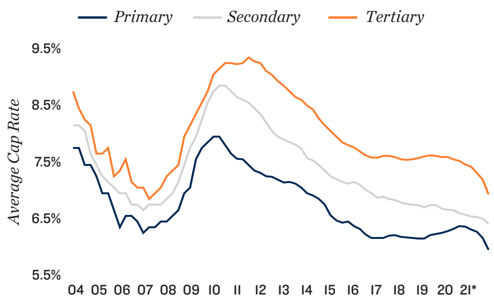
2022 Investment Outlook

- **Suburban properties gain slight favor.** The more disruptive influence of the health crisis on the ability to live and work in dense urban areas, including shopping, has influenced investors' decision-making. A smaller proportion of properties in central business districts changed hands in 2021 compared to the five years preceding the health crisis. That dynamic may change this year as more workers return to offices.
- **Distress less prevalent than during financial crisis.** Early in the health crisis, many investors anticipated a wave of distress mirroring what occurred during the 2008 global financial crisis. Six quarters later, only about 1 percent of commercial real estate transactions are for distressed assets, compared to about 7 percent at the same point in that previous downturn. While retail assets are not out of the woods yet, the overall prevalence of distress is unlikely to climb to the highs marked during the Great Recession.
- **Less-utilized stock set for re-imagining.** Following a shakeup in the sector accelerated by the health crisis, more investors look to underutilized assets that could be repositioned to attract tenants that are performing well in the current environment. Older assets may also be considered for redevelopment opportunities.

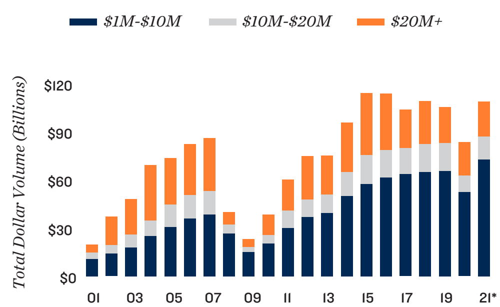
Price vs. Cap Rate



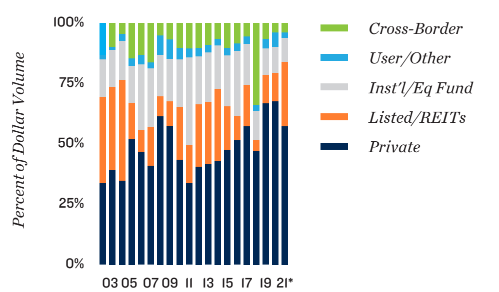
Retail Cap Rates by Market Type



Retail Sales Volume



Retail Buyer Composition



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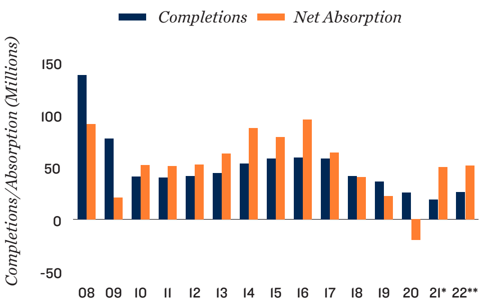
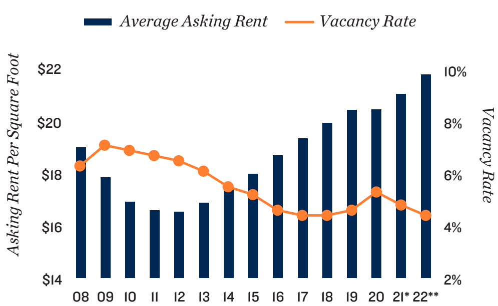
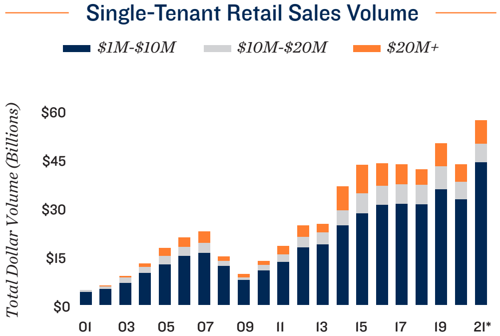
Single-Tenant Supply and Demand



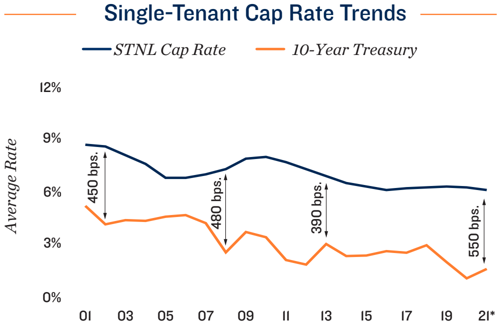
Single-Tenant Vacancy & Rent Trends



Single-Tenant Retail Sales Volume



Single-Tenant Cap Rate Trends



Resilient Retailers Set to Overcome Potential Hurdles; Rising Interest Rates Could Put Pressure on Yields

Net-leased sector faces mix of tailwinds and headwinds. Reopened stores and robust consumption bode well for single-tenant retailers this year, although some challenges remain. A shortage of supplies coming in at higher prices may erode consumer demand as 2022 progresses and the possibility of future virus variants could reintroduce some pandemic shopping behavior. The impact would vary by retailer. Auto parts vendors are benefiting from a widespread shift to longer vehicle ownership, a structural trend that was exacerbated by pandemic-driven shortages of new cars. Fast food restaurants have generally recovered in-house dining but could leverage drive-thru options again if needed. Chains such as Wendy's and Jack-in-the-Box are resuming new store openings this year. These and other fast casual dining restaurants nevertheless face a persistent labor shortage, including Denny's, which lacks the workforce necessary to sustain its staple 24/7 level of service in many locations. Overall though, the single-tenant, net-leased sector is poised to report improving property fundamentals this year. Construction remains restrained, while more companies are resuming expansion plans, backfilling spaces and supporting accelerating asking rent growth.

Investors double down on proven concepts. Sales velocity for single-tenant assets is climbing more readily than multi-tenant properties. Investors are maintaining focus on tenants that demonstrated resilience during lockdowns, including auto part stores, necessity retailers and fast casual restaurants. Inflation concerns put an emphasis on businesses that can leverage scale to provide better value for customers. Planet Fitness is one example, excelling where smaller gyms have failed due in part to lower membership rates. Risk-averse institutions and REITs are targeting assets with high credit grade tenants and long lease terms, utilizing their lower borrowing costs to close trades at compressed cap rates. The national single-tenant average is now pushing below 6 percent. Competition from larger investors is pushing private buyers in the $3 million and under tranche to consider buildings occupied by noncredit tenants who weathered the downturn. The higher yields associated with these properties could become more appealing as interest rates rise this year. Contracting margins in the face of a rapid interest rate climb could lead to price adjustments on some listings.

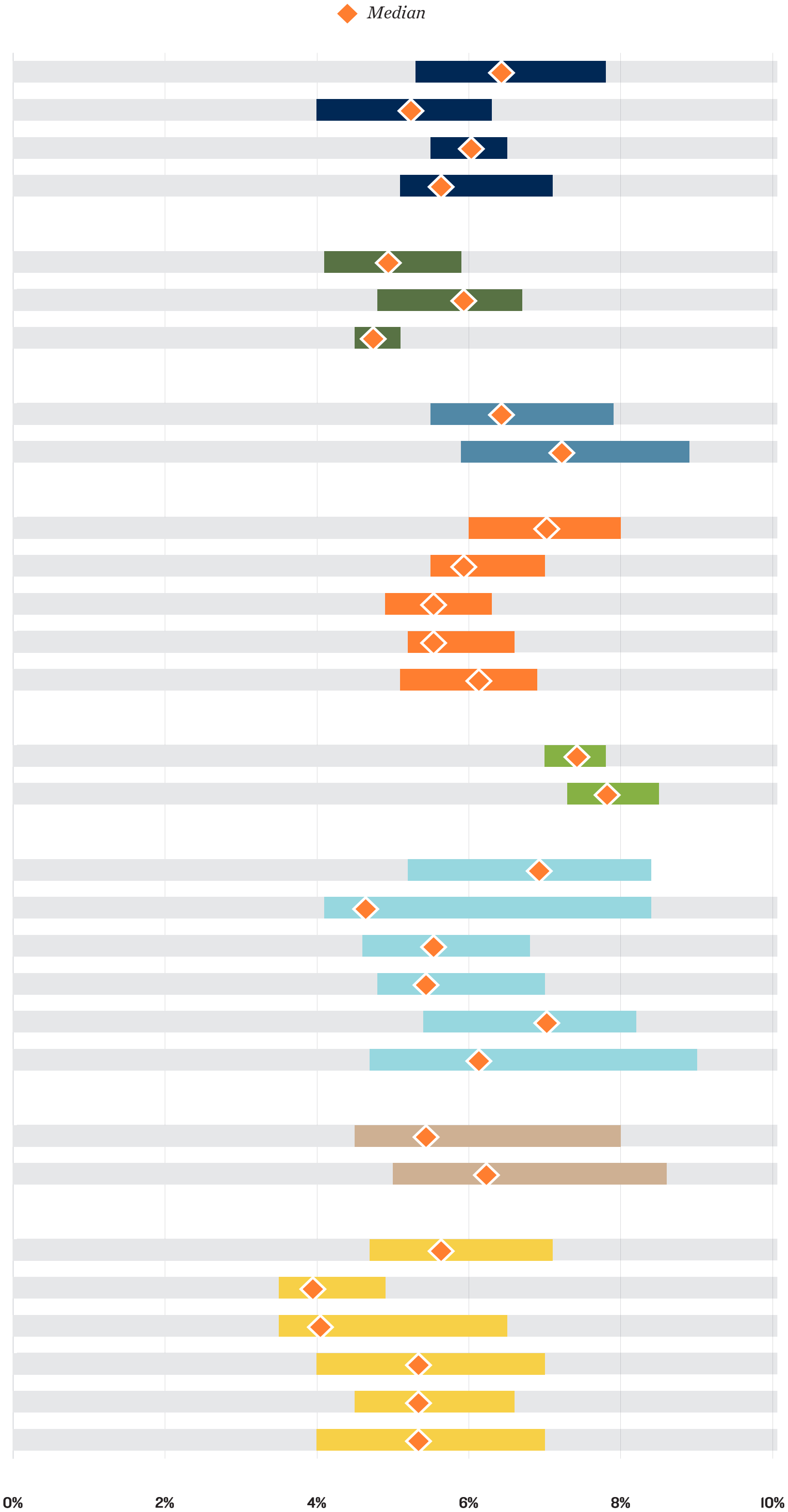
Health Retail Evolution Carries Investment Implications

Drug stores pursue primary care ambitions. Healthcare providers have been entering the retail sector with increasing frequency for years, with the rise of urgent health care centers. The pandemic has similarly forced drug stores such as CVS and Walgreens to deploy more clinical service offerings. So far that has predominantly taken the form of supplying COVID-19 tests and vaccinations, but both of these major brands are committing to multi-year plans to transition many of their stores away from the traditional pharmacist model to include primary care sites. This capital investment comes with plans to close stores, creating competition among investors for the contracting pool of assets occupied by these historically stable tenants. There is also some risk that post-pandemic, customers will transition back to earlier healthcare habits. That may be the perspective of Rite Aid, which is focusing on expanding its traditional pharmacist business.

** Estimate*
*** Forecast*
Sources: Marcus & Millichap Research Services; Federal Reserve; Real Capital Analytics; Moody's Analytics

Brand	Locations*
Auto Parts	
Advance Auto Parts	6,286
AutoZone	6,785
Caliber Collision	1,411
O'Reilly Auto Parts	5,762
Convenience Stores	
7-Eleven	9,519
Circle K	11,197
Wawa	934
Dollar Stores	
Dollar General	17,915
Dollar Tree/Family Dollar	15,966
Fast Casual Restaurants	
Applebee's	3,439
Bloomin' Brands	1,170
Chili's	1,650
Darden Restaurants	1,852
Red Lobster	672
Fitness Centers	
LA Fitness	709
Planet Fitness	2,193
Grocery & General Retail	
Kroger	2,726
Aldi	2,097
Safeway	2,278
Sherwin-Williams	4,824
Verizon Wireless	6,480
Walmart	10,566
Pharmacies	
CVS	9,955
Walgreens	8,973
Quick Service Restaurants	
Burger King	15,481
Chick-fil-A	2,598
McDonald's	14,888
Starbucks	16,826
Wendy's	6,891
Yum! Brands	18,366

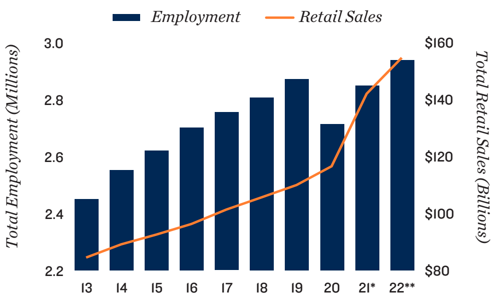
Closed STNL Cap Rate Range by Brand



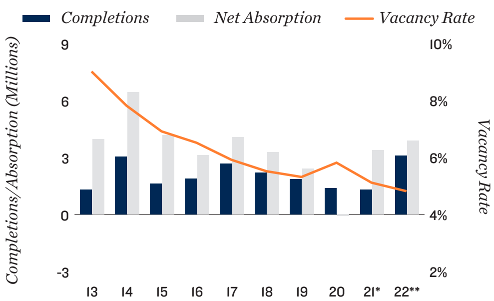
** Number of locations in the United States and Canada*
Cap rates shown above are representative of transactions that closed in the trailing 12 months ended 2Q 2021.
Actual yields will vary by locations, tenant, lease terms and other considerations.
Locations sourced from CreditNtell for public companies and company websites for private companies.

Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; Moody's Analytics; RealPage, Inc.; U.S. Census Bureau

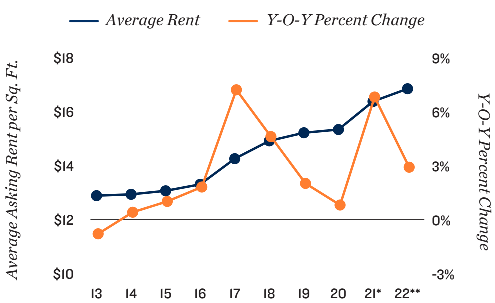
Economic Trends



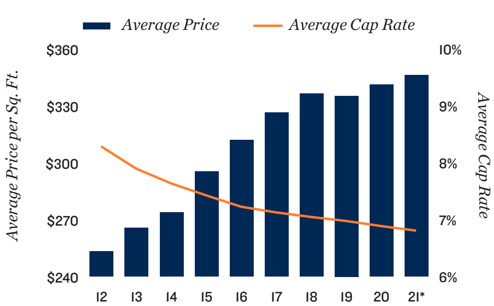
Supply and Demand



Rent Trends



Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Atlanta Retail Fully Recovers from Health Crisis; Strong Performance Anticipated Again in 2022

Demographic tailwinds propel retail market. Atlanta's retail scene has already recovered from the impact of the health crisis as sufficient stimulus and an influx in population boosted local businesses' prospects. Most of the metro's recent store closures were likely inevitable and the timeline was accelerated due to the pandemic; many other retailers, however, stepped in to fill the void. Some big-box space will be repurposed in the coming year, with industrial conversion playing a sizable role. Last mile distribution will be a favorite redesignation as online sales in the metro stay strong. Meanwhile, construction accelerates this year as several neighborhood and community centers are completed. Little impact from the increase in stock is anticipated, due to high pre-leasing levels. Nearly 80 percent of all the retail space coming out of the ground at the beginning of the year had leasing commitments. The anchored centers, largely in areas with an increase of rooftops, will attract in-line tenants quickly. Statewide, new business applications are up approximately 100 percent from pre-COVID-19 levels.

Investors chase yields in northern neighborhoods. The rapid increase in households in Atlanta, which soared by more than 42,000 last year and will repeat that performance in 2022, is attracting both retailers and buyers. Investors from the Northeast and California are bringing capital into the area, often outbidding local buyers. The expectations gap generated by the global heath crisis has created a disconnect between out-of-state buyers and sellers. Heavy discounting failed to emerge despite the early prognosis for retailers. Single-tenant properties in Atlanta remain in strong demand and trade at an average first-year return in the low-6 percent range, the lowest level in approximately 20 years. Buyers focused on multi-tenant assets can find deals at an average cap rate in the mid-7 percent area, a station it has held since 2019. As the Fed plans to raise rates this year, the low side of yields have likely been achieved.

2022 Market Forecast

NRI Rank 15 — Multiple years of improving vacancy and rent growth propel Atlanta within the top 15 places in 2022's NRI.

Employment up 3.1% — Payrolls grow strongly this year as 89,000 spots are created, down from 130,000 jobs in 2021.

Construction 3,100,000 sq. ft. — Builders expand inventory 1 percent in 2022 as the pace of development increases. Most of the space has existing tenant agreements in place and will not disrupt operations.

Vacancy down 30 bps — Availability continues to tighten this year as the rate declines to 4.8 percent. Last year, vacancy dipped 70 basis points, erasing all pandemic-related losses.

Rent up 2.9% — The pace of rent gains returns to sustainable levels in 2022 as the average asking rate climbs to $16.82 per square foot. In 2021, marketed rent jumped 6.8 percent.

Investment — Out-of-state investors will be attracted to the considerable demographic advantages in the Atlanta metro as they focus on neighborhoods with elevated household growth in suburbs.

Single-Tenant Firing on All Cylinders Amid Economic Headway, Multi-Tenant to Play Catch-up in 2022

Multitude of tailwinds signal fruitful outlook. Building off a resilient economic performance in which the metro job total surpassed the pre-pandemic peak by August of last year, Austin is positioned to sustain momentum in 2022. The leisure and hospitality headcount is approaching the 2019 measure, with the swift pace of population growth helping businesses find workers. Meanwhile, new tech and financial firms are entering the metro, creating higher-wage positions and boosting spending. By year-end, the median household income in Austin is expected to exceed $87,000, a 10-plus percent premium over all three other major Texas markets. Many retailers are cognizant of these positive trends and are seeking space across the metro, with a particular preference for floorplans in fast-growing south and east suburbs. The retail landscape is uneven, with single-tenant vacancy falling below the 4 percent threshold for the first time since 2018, while multi-tenant availability remains 100 basis points above the pre-health crisis level. The variance in demand is impacting asking rates, as single-tenant rent has been climbing at a pace twice as fast as the trailing five-year average, while the mean multi-tenant rent has weakened.

Assets lower on the risk spectrum are favored, influencing sales metrics. Investors in Austin are prioritizing single-tenant properties and smaller centers with strong tenant rosters. This shift away from higher-risk assets altered the composition of trades, leading to a 7 percent lift in the average multi-tenant sale price as the mean cap rate fell to 6.3 percent. Multi-tenant trades occur most often in South, East and Central Austin, with sub-50,000-square-foot shopping centers comprising the bulk of deal flow. Meanwhile, the 3 percent rise in the mean single-tenant sale price and 20-basis-point cap rate retreat last year was largely driven by performance and buyer demand. Submarkets with notable year-over-year jumps in single-tenant trading in 2021 included Hays County, South and Southwest Austin. Minimum returns in these areas can dip into the low-4 percent band.

2022 Market Forecast

NRI Rank 1 — Nation leading vacancy reductions in the already tight Austin retail market leads the metro to the top spot in the Index.

Employment up 5.6% — The addition of 66,000 roles this year pushes the total approximately 113,000 jobs higher than the pre-pandemic peak.

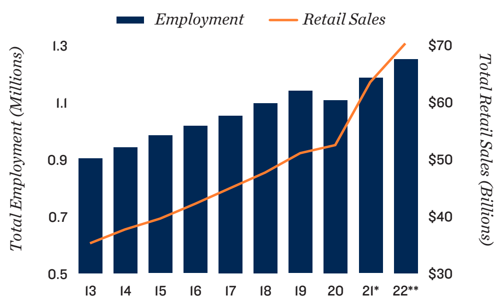
Construction 575,000 sq. ft. — Builders slow the pace of arrivals considerably in 2022, with inventory scheduled to grow by the smallest amount since 2011. No submarket will add more than 100,000 square feet.

Vacancy down 60 bps — Sustained momentum in single-tenant and a more substantial multi-tenant rebound facilitates a vacancy decline to 3.4 percent, nearly on par with last year's 80-basis-point contraction.

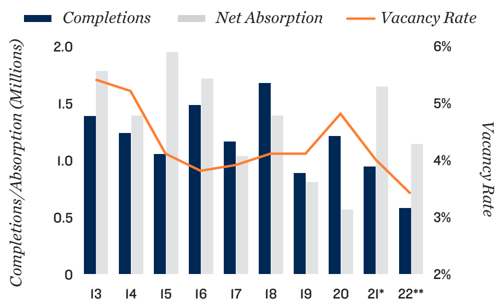
Rent up 3.5% — As vacancy falls to the lowest rate in more than a decade, tenants will compete for available space, allowing the average asking rent to climb to $23.50 per square foot at year-end.

Investment — Buyers expand their risk tolerance as conditions improve. Double-digit, multi-tenant vacancy in north suburbs like Georgetown and Round Rock could prompt listings with upside.

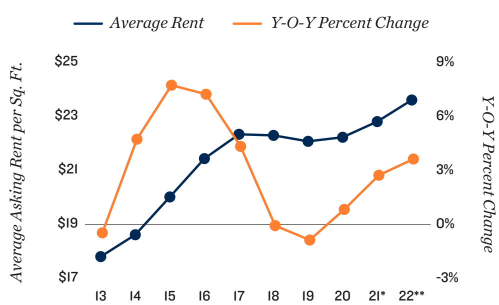
Economic Trends



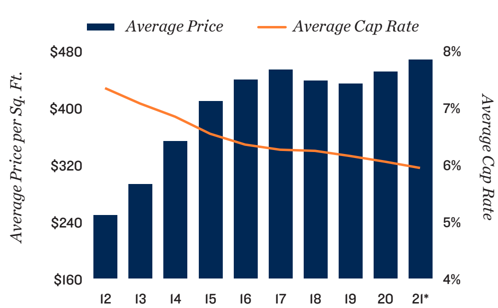
Supply and Demand



Rent Trends



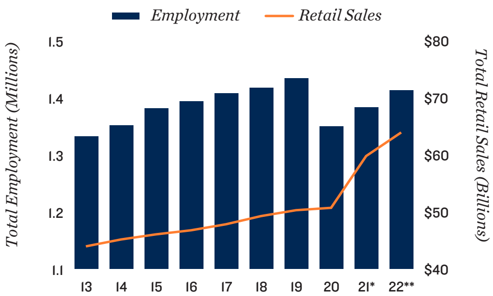
Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Economic Trends



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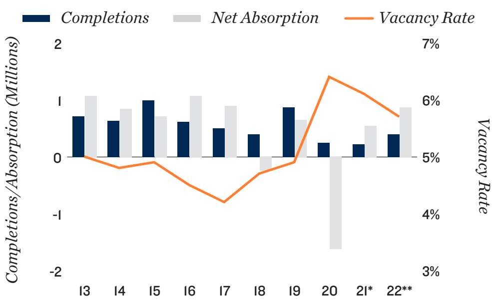

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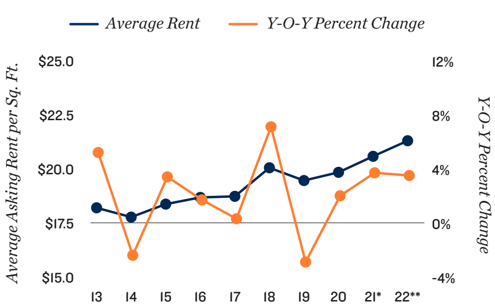
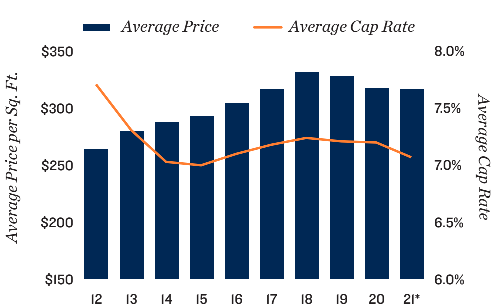


Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Elevated Tenant and Investor Demand Provide an Optimistic Outlook for Baltimore's Retail Sector

Leasing activity rises to pre-pandemic levels. Net absorption in Baltimore returned to positive territory in 2021, allowing vacancy to decline on an annual basis for the first time since 2017. Grocers and home decor retailers were the most active among tenants that have been leasing larger spaces in the market. Amazon Fresh and Global Food each committed to at least 40,000 square feet, both marking their entry into the metro. Additionally, At Home agreed to occupy 86,000 square feet of space, which was the second-largest retail lease signed in the past three years. Barring any additional setbacks from COVID-19 variants, retail fundamentals will continue to tighten in 2022. The return of more employees to offices this year will heighten foot traffic, aiding retailers reliant on midweek patronage. Furthermore, supply pressure will be minimal as completions remain below the historic average, with nearly two-thirds of the space slated for delivery already pre-leased. Incoming supply without tenants in tow should be well received, as the bulk of deliveries are in Baltimore City East, where vacancy is the lowest in the metro.

Regionally low pricing ignites deal flow in the suburbs. Lower entry costs relative to other major East Coast markets are stimulating investor interest in Baltimore's retail sector. Transaction velocity has surged in recent quarters, with the number of deals reaching a 20-year high in 2021. This momentum will likely continue as retail fundamentals are projected to tighten further in 2022. Single-tenant, net-leased properties remain highly sought after, accounting for roughly 60 percent of all deals in the metro last year. Investors targeting these assets are active in Baltimore County suburbs east of Interstate 695, where properties trade at an average price of $250 per square foot with first-year returns in the mid-6 percent span. Buyers are targeting community centers as well, due to their strong performance throughout the pandemic, and are most active in the Harford County, Route 1-BWI Area and Southern Anne Arundel submarkets.

2022 Market Forecast

NRI Rank 34 — Receding vacancy cannot overcome slow employment growth, resulting in Baltimore falling outside the top 30 of the Index.

Employment up 2.2% — Employment growth nearly mirrors last year's rate with the addition of 30,000 jobs in 2022.

Construction 400,000 sq. ft. — Development accelerates this year following the completion of 225,000 square feet in 2021. Despite the uptick in activity, deliveries will remain below the trailing five-year average.

Vacancy down 40 bps — Elevated demand for retail space, coupled with limited supply pressure, allows vacancy to contract for the second consecutive year. The rate will fall to 5.7 percent in 2022.

Rent up 3.5% — Contracting vacancy is driving rent growth. The average asking rate will climb to $21.27 per square foot this year, building off the 3.7 percent increase recorded in 2021.

Investment — There is potential for deal flow to accelerate in Downtown Baltimore, as limited availability and increased midweek foot traffic heighten investor interest in the urban core.

Metro Sees Record Investment Activity; Boston Fundamentals Maintain Pace of Recovery

Signs point to solid year for retail metrics in Greater Boston. After weathering the worst of the health crisis, Boston's retail sector maintained an optimistic outlook entering the year. Hiring velocity is expected to continue at an above-national rate through 2022, though a protracted recovery is expected before the market reaches pre-pandemic levels of employment. Still, the metro's prominent life sciences sector will support highly-skilled job creation, providing a boost to discretionary spending and consumer demand. These increases will enable retail sales volume in 2022 to eclipse the pre-pandemic dollar mark by roughly 27 percent. Additional reasons for optimism exist as Boston entered this year with the third-lowest availability rate and a light construction pipeline. The sparse volume of supply additions slated for near-term completion will steer most expanding retailers to existing properties, placing downward pressure on metro vacancy, which should end this year 20 basis points below the trailing 10-year average.

Investors eye assets in northern Essex County and coastal New Hampshire. A combination of pent-up investment demand and positive forward-looking conditions contributed to record deal flow in 2021, elevating both multi-tenant and single-tenant sales activity. The metro's far northeast, which has also seen a consistent increase in multifamily deals over the preceding half decade, observed the most noticeable uptick in retail property deals as investors look away from the CBD for lower-cost properties. Here, the Rockingham County and Lawrence/Andover submarkets registered historically high numbers of transactions. Rockingham deals typically draw investors operating in the sub-$10 million tranche pursuing single-tenant and smaller mixed-use, multi-tenant options on New Hampshire's coast. In Lawrence/Andover, mixed retail-residential and retail-office opportunities under 10,000 square feet often trade for under $2 million, and command cap rates from the 6 percent to low-7 percent range.

2022 Market Forecast

NRI Rank 36 — Boston's tame rent growth and slow household formation cause the metro to land in the bottom third of this year's ranking.

Employment up 2.9% — Boston's employment recovery continues at an above-national pace, with firms adding 80,000 new positions this year.

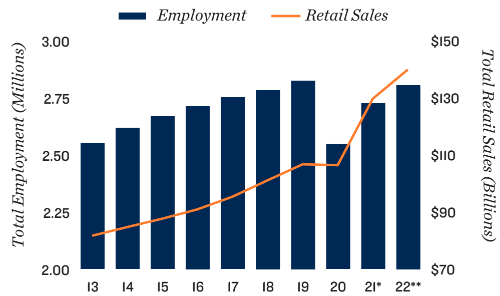
Construction 800,000 sq. ft. — The metro's total retail square footage expands by just 0.3 percent in 2022, the slowest rate of growth observed in at least the past 15 years.

Vacancy down 10 bps — Minimal stock expansion and continuing economic recovery push vacancy down to 3.2 percent as net absorption surpasses 1 million square feet for the second year in a row.

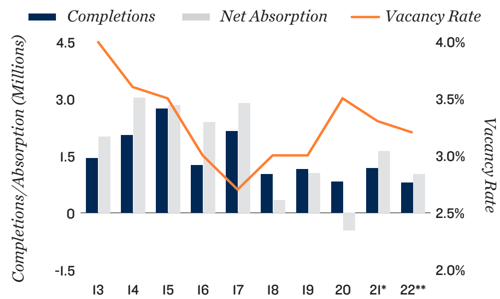
Rent up 2.4% — After rising by more than 2.0 percent last year, the average asking rent climbs to $21.60 per square foot amid steady demand for retail space and low vacancy.

Investment — Due to surprisingly robust sales performance during lockdown, multi-tenant assets with non-essential anchors may see lower than expected upward yield pressure from extant COVID fears.

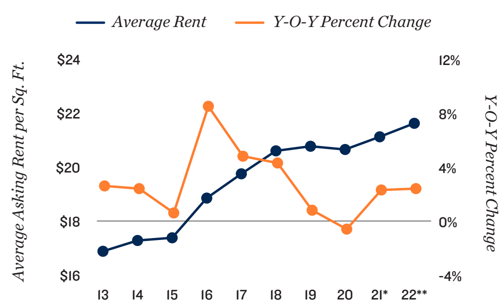
Economic Trends



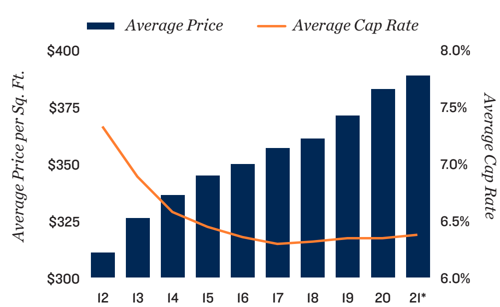
Supply and Demand



Rent Trends



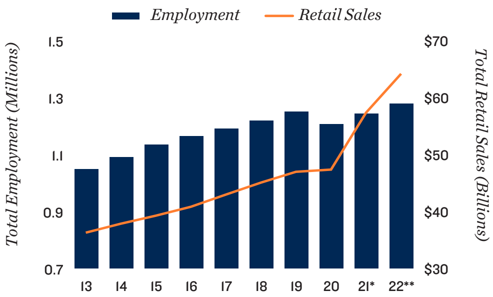
Sales Trends



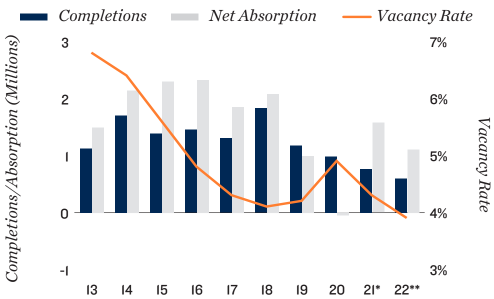
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

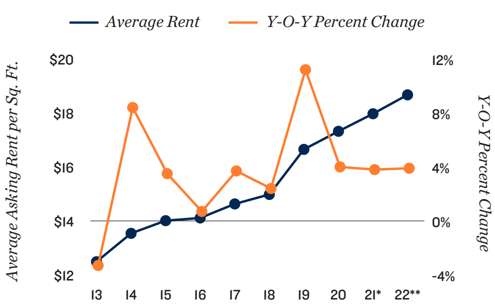
Economic Trends



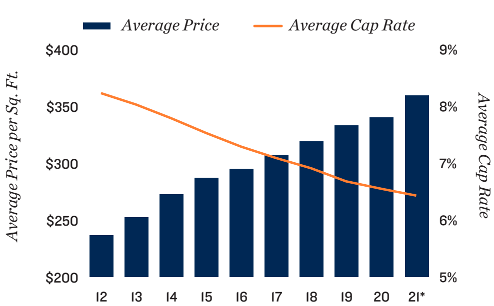
Supply and Demand



Rent Trends



Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Corporate Arrivals Boost Household Income, Stimulating Retailer Expansion in the Queen City

Span of above-average population and retail sales growth continues. A healthy stream of arriving corporations that provide high-income opportunities for residents is bolstering Charlotte's retail outlook. Lucrative banking, fintech and technology jobs are being created by arrivals like Credit Karma and Robinhood, which together plan on hiring nearly 1,000 people by the end of this year. This job creation will draw more well-educated individuals to the region, bolstering household formation and consumer spending power. These factors will allow the metro to record substantial retail sales growth in 2022, with the expected increase trailing only Raleigh among major metros. Together, these circumstances will foster retailer expansions, supporting a rate of recovery that exceeds the nation as a whole and extending a stretch of positive absorption that dates back to fall 2020. Additionally, supply additions in the metro will moderate for a fourth consecutive year, leading the market to end 2022 with a vacancy rate beneath the 2019 level.

Investors undeterred by skyrocketing prices. Sales prices here have grown at nearly twice the national rate in the last decade, compressing cap rates nearly 200 basis points in the same time period, down to the mid-6 percent range. Due to rising incomes and population growth, however, 2021 registered the largest sales volume in at least four years. Investors are seeking out below-average entry costs in rapidly growing sections of the metro. The most targeted exterior submarkets are York and Iredell counties. In the latter locale, both single-tenant and multi-tenant assets trade at mid-7 percent to mid-8 percent cap rates. East and southeastern suburbs within Charlotte proper are also attracting buyers. Here, entry costs are at or above the market average of $360 per square foot. Single-tenant assets record cap rates in the low-5 percent range, with community and neighborhood center yields around 100 basis points higher. Well-leased properties with anchor tenants inked to mid or long-term leases account for most of the shopping center trades.

2022 Market Forecast

NRI Rank 5 — In-migration is fueling household formation and bolstering retail sales, supporting a high NRI rank for Charlotte.

Employment up 2.8% — Payrolls grow by 35,000 jobs this year as the metro charges beyond the pre-pandemic peak by more than 25,000 positions.

Construction 600,000 sq. ft. — Development will plunge to its lowest level since at least 2007 as construction costs spike. This year and last year have the two smallest quantities of additions in that time frame.

Vacancy down 40 bps — Net absorption outpaces completions by more than 500,000 square feet this year, lowering the metro's vacancy rate to 3.9 percent by year-end.

Rent up 3.9% — In line with last year's 3.8 percent increase in asking rents, the marketed rate will reach $18.65 per square foot in 2022. This represents the ninth consecutive year of positive growth.

Investment — While single-tenant, net-leased properties have been sought after by risk-averse investors, the retail recovery in 2022 will tighten the gap between these assets and shopping centers.

Chicagoland Extends Recovery After Economic Shock; Prominent CBD Retailers Expand into Outer Submarkets

Retailers spread into suburbs; core assets stable ahead of return to work. While Chicago retailers faced significant hurdles in the aftermath of COVID-19 lockdowns, a substantial rebound occurred in recent months. This year and last will each record net absorption of more than 2 million square feet, the largest year-end figures since 2017. A shift to teleworking as a result of the pandemic have enticed retailers to expand into the northern suburbs, like with the downtown restaurant Le Colonial's extension into Lake Forest. This has led to lower suburban availability than in 2019, whereas vacancy in central districts rose mildly in the year following the pandemic onset. Since last summer's Phase 5 reopening however, North Michigan Avenue and Fulton Market have posted notable positive absorption, even before workday foot traffic returns. These submarkets will benefit from large employers calling workers back into nearby offices. These trends are positive, but vacancy contraction may be limited by ramped-up construction, as the volume of deliveries doubles year-over-year.

Suburban offerings drive volume. Despite the stability of inner-city fundamentals, investors favor areas outside the core. Uncertainty about COVID-19 variants is likely a factor in both the targeting of suburban assets and overall sales volume still being well below pre-pandemic norms. High incomes in North Side Chicago and the suburbs to the north have made these locales frequent targets for buyers. Locales closer to the core see more strip center and power center trades than more distant areas; single-tenant assets, however, transact frequently across the metro. The southern and western suburbs see similar trends regarding asset type, and prices lower than those in the north bring investors here. Cap rates for multi-tenant transactions have recently risen to the low-8 percent range, while single-tenant properties have seen yields stabilize in the mid-6 percent zone. Grocery-anchored centers and restaurant chains draw the most buy-side interest.

2022 Market Forecast

NRI Rank 38 — Chicago is relegated to the 38th spot in the NRI, due to low levels of household formation and lagging retail sales growth.

Employment up 3.6% — The metro is expected to add 164,000 new roles. At this pace, the market will reach the pre-pandemic job count high in 2023.

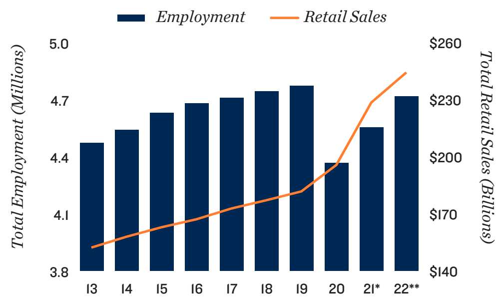
Construction 1,800,000 sq. ft. — Arrivals fall nearly 900,000 square feet below the past decade average. One project is the Big Deahl — a mixed-use complex near Goose Island with 95,000 square feet of retail space.

Vacancy down 10 bps — Vacancy lowers to 6.3 percent as strong absorption figures outweigh deliveries. This brings the metro further beneath the pre-COVID-19 rate of 6.5 percent.

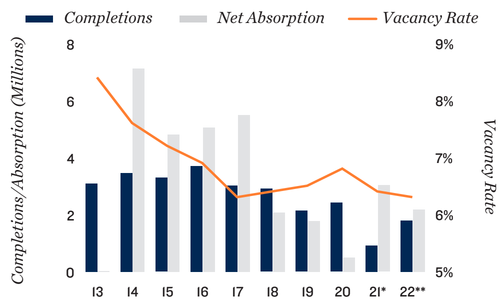
Rent up 2.5% — The average asking rent climbs to $18.55 per square foot by end of year. This pace is 40 basis points ahead of last year's advance and 80 basis points above the five-year trailing average.

Investment — Trades in the core are rare, but investors have partially returned to North Michigan Avenue, Goose Island and River North, a trend likely to continue as workday foot traffic returns.

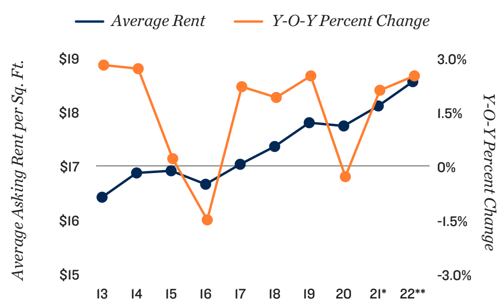
Economic Trends



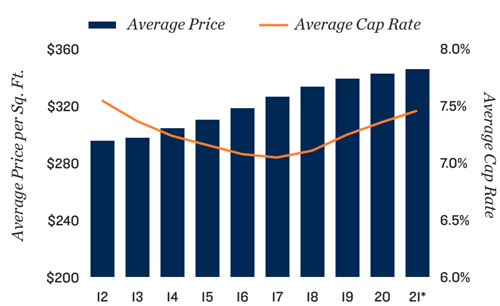
Supply and Demand



Rent Trends



Sales Trends

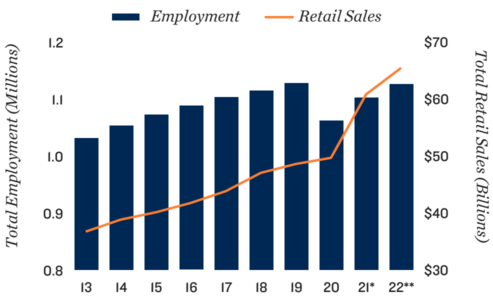


* Estimate; ** Forecast

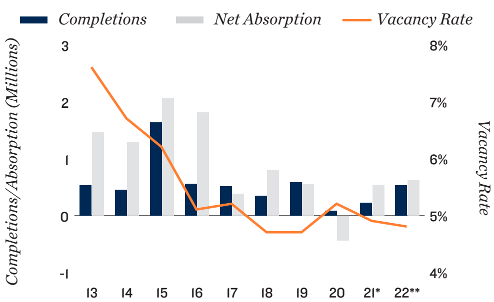
Sources: CoStar Group, Inc.; Real Capital Analytics

High-Paying Job Creation Tightens Employment Gap; Reuse Plays Highlight in Retail Sector's Transformation

Economic Trends



Supply and Demand



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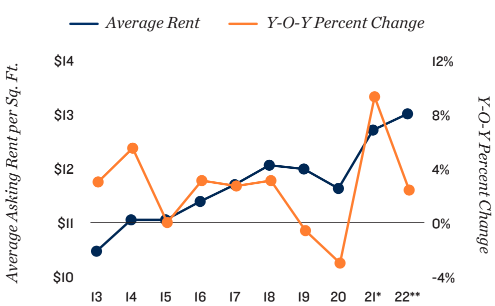
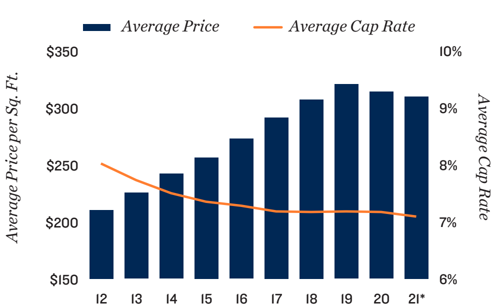


Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Cincinnati leads Ohio markets in job gains as redevelopment tightens vacancy. The metro's professional and business services sector has already surpassed a full recovery and is expected to carry overall job creation this year. Growth in higher-income job segments will bolster discretionary spending, pushing retail sales to a projected 28 percent above 2019's volume. This should result in an enhanced need for retail space among vendors at a time when removals are altering the sector's property stock. The metro's substantial demolition and conversion activity will counterbalance an uptick in construction this year, significantly reducing the impact of retail space coming online. Nearly 1 million square feet of space was taken off the market in the second half of 2021, including the 130,000-square-foot Skytop Pavilion demolished in favor of a multifamily development. The approved redevelopment of the Tri-County Mall will remove an additional 1.3 million square feet, as the property will be converted into a mixed-use lifestyle center, featuring a heavily reduced amount of retail space.

Buyers pursue lifestyle centers, smaller deals as larger properties are taken offline. As retail conditions improved in 2021, Greater Cincinnati reported upward-trending buyer activity as deal flow returned to pre-health crisis levels. Last year saw a greater proportion of private buyers participating in the market, with many pursuing single-tenant net-leased deals. These investors usually sought out high-credit national tenants that proved resilient to pandemic shocks. As many older multi-tenant properties were taken offline, several large trades involving lifestyle centers occurred. Multi-tenant assets with more vintage may face competition from the newer developments in the pipeline, which typically cater more heavily to experiential retail. Despite the large amount of stock taken off the market, positive multi-tenant absorption throughout last year shows demand for multi-tenant space that will likely attract elevated bidding activity going forward.

2022 Market Forecast

NRI Rank 33 — Among Ohio markets, Cincinnati receives the highest spot in the Index, due to comparatively stronger job creation.

Employment up 2.2% — Area employers add 24,000 positions, bringing Cincinnati's job count within 0.5 percent of the pre-pandemic total.

Construction 535,000 sq. ft. — New additions exceed the trailing five-year average by over 185,000 square feet, helping replace the high amount of inventory converted to other uses.

Vacancy down 10 bps — Continuing economic recovery drives demand for retail space, resulting in moderate vacancy compression. Space availability will end 2022 at 4.8 percent.

Rent up 2.4% — After surging 9.3 percent in 2021, rent growth slows to a more sustainable upward pace. Asking rents are projected to reach an average of $13.00 per square foot by the end of this year.

Investment — Bidding competition for shopping centers may escalate this year, as multi-tenant vacancy is historically tight and underperforming properties are candidates for redevelopment.

Preleasing Activity Shows Demand For Quality Space; High-Credit Tenants Drawing Buyer Focus

Elevated consumer spending and a relaxed pipeline bolster fundamentals. Cleveland reported steady growth in retail sales since the third quarter of 2020, and is expected to maintain a stable upward trajectory throughout this year. While sales volume has moved above pre-pandemic totals, the metro's job sector is projected to undergo a more prolonged recovery. Employment totals will end this year roughly 40,000 positions short of levels immediately prior to the health crisis. In addition, responses toward the emergence of new COVID-19 strains may alter hiring velocity, particularly among retailers located near the urban core that rely on commuter foot traffic. While challenges remain, muted development activity will benefit the market's currently vacant stock. After finalizing a record-low volume of retail square footage last year, builders are projected to maintain a restrained construction schedule, with few speculative deliveries slated for 2022. Cleveland boasts the highest pre-leasing rates among major Ohio metros, with tenants committed to 98 percent of projects in the current pipeline at the beginning of this year. Additionally, the metro enters the year with vacancy at 4.9 percent, well below the long-term average.

Buyers pursue suburban options to the northeast and west. Investment activity improved last year as investors reacted positively to Cleveland's retail sector weathering the health crisis. Near-record dollar volume was driven largely by REIT acquisitions and several large multi-tenant exchanges. Multiple deals involving power centers occurred in western Cuyahoga County, where out-of-state buyers pursued properties anchored by several national brands. Transactions involving private investors picked up dramatically in the Northeast submarket. Here, single-tenant asking rent growth has consistently outpaced the metro average. Assets with high-credit occupants in this area typically trade for $1 million to $2 million, with yields in the high-4 percent to 6 percent range, though multi-tenant options are dealt for higher yields. For example, neighborhood centers lacking grocery anchors trade with rates in the 8 percent to 9 percent tranche.

2022 Market Forecast

NRI Rank 45 — Lagging hiring results in limited retail sales expansion, driving Cleveland to capture one of the lowest places in 2022's NRI.

Employment up 1.6% — Cleveland's job recovery continues as area companies expand staff counts with 16,000 new positions by year-end.

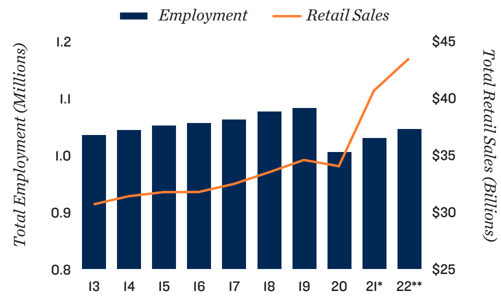
Construction 605,000 sq. ft. — Despite growth accelerating from last year's low of 110,000 square feet, finalized space in 2022 is projected to remain 240,000 square feet under the trailing five-year average.

Vacancy down 20 bps — A moderate delivery schedule combined with rising retail demand results in downward-trending vacancy. The metro ends 2022 with just 4.7 percent of space unoccupied.

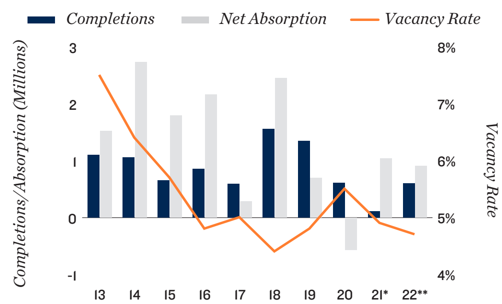
Rent up 2.8% — Tight vacancy and stable retail sales performance drive Cleveland's rent recovery. Asking rents reach an average of $11.10 per square foot in 2022, just under the pre-health crisis high.

Investment — The emergence of new COVID-19 strains may discourage some bidding for buildings with non-essential tenants, creating upside potential for long-term investors.

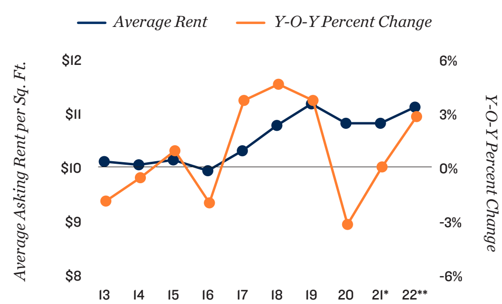
Economic Trends



Supply and Demand



Rent Trends



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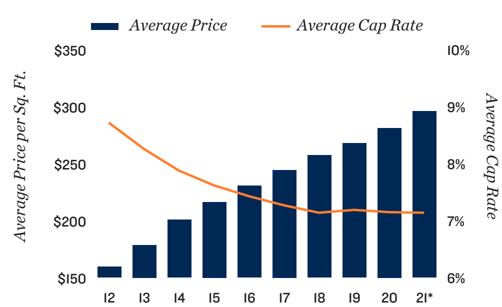
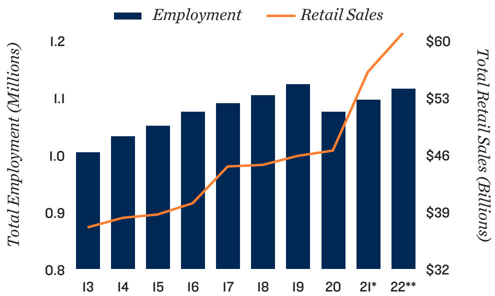


* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Economic Trends



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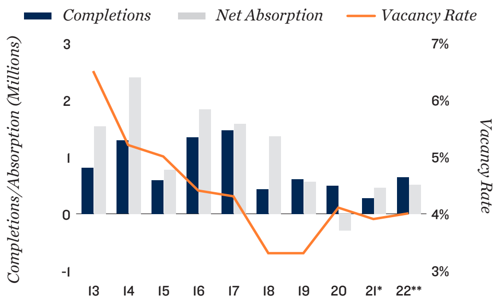

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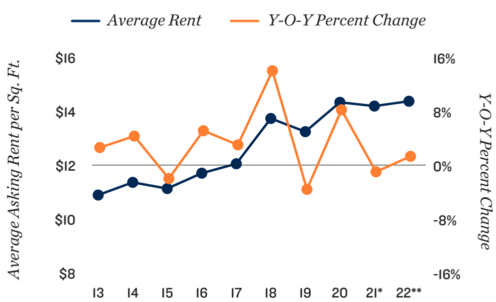
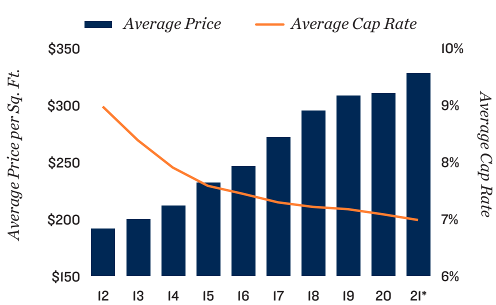


Sales Trends



*Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Higher Paying Jobs and Students Stoke Retail Recovery; Rallying Investment Market Benefits Smaller Assets

Enthusiastic customers and area academics give businesses a boost. Columbus' recovery outlook remains optimistic as important retail fundamentals are expected to improve during 2022. Despite concerns over the spread of COVID-19 variants, Ohio State University (OSU) has announced plans to maintain on-campus classes, stabilizing the surrounding retail market. Additionally, the metro's job count should end the year near pre-health crisis levels, supported by corporate hiring. Employers including Square, BARK, Inc., Upstart and NetJets have all committed to bolstering payrolls in 2022, with Nationwide, Cardinal Health and other locally based Fortune 500 companies potentially expanding staffs. Together, the strength of these primary demand drivers will lift retail sales volume. Entering this year, consumer spending already exceeded pre-pandemic levels, with this year's retail sales volume projected to surpass the 2019 total by more than 30 percent. This increase has the potential to encourage vendor expansions at a time when inventory expands by a modest 0.6 percent.

Smaller-scale opportunities spearhead investment recovery. Deal flow accelerated back to typical market levels last year after slowing during the initial quarters of the health crisis. Buyers of single-tenant assets occupied by high-credit tenants are among the metro's most active. These investors are seeking national brands with proven pandemic resiliency, reaching deals on established restaurant and pharmacy chains. On the multi-tenant side, newer strip centers are being targeted, a trend which should continue throughout this year. Assets of this designation are trading at high-5 to low-6 percent yields. Grocery-anchored community centers are also favored, causing cap rates to compress over 100 basis points during the current recovery cycle. Centers with credit-worthy anchors will continue to maintain buyer interest, including those with a number of underperforming smaller tenants.

2022 Market Forecast

NRI Rank 39 — Columbus grabs a spot near the bottom of the Index, due to rising vacancy and a very mild asking rent climb.

Employment up 1.7% — Firms add 19,000 positions in 2022, pushing the metro's employment count to within 0.7 percent of the pre-pandemic peak.

Construction 640,000 sq. ft. — After developers finalized a low of 270,000 square feet in 2021, new projects are expected to grow the metro's existing inventory at a rate in line with the trailing five-year average.

Vacancy up 10 bps — OSU and area corporate expansions allow for consistent demand amid tight vacancy, though availability sees a slight bump to 4 percent.

Rent up 1.3% — Asking rents resume growth after a 1 percent decline in 2021. The metro average will reach a new high of $14.35 per square foot by year end.

Investment — Limited development may persuade investors to target older properties with proven local tenants, as opportunities for capital placement in newer stock diminishes.

Suburbs Capture Outsized Share of Population Boom; New Consumers Intrigue Tenants and Investors

Retailers are keen on the growth trajectory of northern suburbs. The metro's population is projected to rise by more than 550,000 people over the next five years, an expansion trajectory three times as fast as the national pace. The suburbs, particularly those in the northern portion of the metro, are poised to sustain growth as many homeowners and renters seek out neighborhoods that are less congested than the urban core and closer to their preferred school districts. The Far North Dallas submarket, which encompasses suburbs outside of Interstate 635 like McKinney, Garland and Richardson, has been the top-performing retail area in recent periods. Many tenants are eager to lease space in these fast-growing areas as the demand for goods and services will increase in conjunction with the local resident count. Grocery chain H-E-B will advance its expansion into Dallas by moving into a 75,000-square-foot space in McKinney in 2023. Experiential retailers are committing to the submarket as well, highlighted by Life Time Fitness' plans to occupy a 190,000-square-foot floorplan south of Addison this year.

Risk-averse buyers pivot to single-tenant, but centers in select suburbs draw offers. Variations in multi-tenant property performance between submarkets are influencing investment decisions. More than one-fourth of multi-tenant trades last year were assets located in Far North Dallas, as buyers are following household creation trends and retail metrics. Here, investors favor strip centers and grocery-anchored community centers, which often have entry costs above the Metroplex average of $321 per square foot and cap rates below the market mean of 6.7 percent. Meanwhile, single-tenant had an overall resilient showing during the pandemic. These typically low-risk assets receive an outsized share of attention during periods of uncertainty. Far North Dallas is the most coveted, but many buyers look elsewhere amid stiff competition. Tenant credit and property specifics like drive-thrus are highly regarded by investors throughout the market.

2022 Market Forecast

NRI Rank 16 — Outstanding in-migration and household formation help Dallas-Fort Worth grab a spot in the top 20 of the 2022 NRI.

Employment up 4.0% — The employment total increases by 157,000 positions in 2022, a growth rate that exceeds the trailing 10-year average.

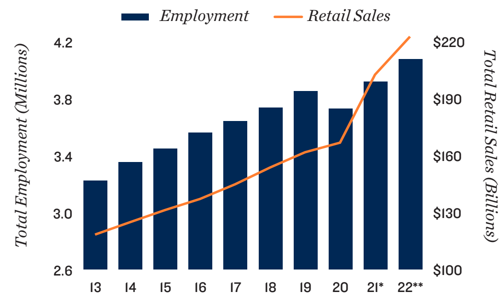
Construction 2,900,000 sq. ft. — Builders finalize roughly the same amount of space as in each of the past three years. North Central Dallas, Far North Dallas and Suburban Fort Worth combine for over half of the new supply.

Vacancy down 50 bps — Net absorption surpasses 2021's lofty measure by 500,000 square feet, bringing the two-year count to 8.6 million square feet absorbed. This drops retail vacancy to 5.8 percent.

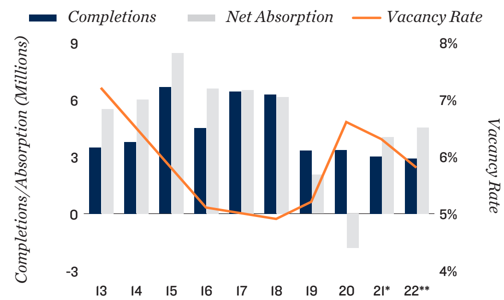
Rent up 2.3% — Stronger tenant demand and a declining vacancy rate underpin rent growth in 2022. Available space on the market will command an average asking rate of $17.60 per square foot.

Investment — Vacancy in Central Dallas is still the tightest in the market, despite lower foot traffic, as some office personnel work remote. More buyers could target the core amid suburban competition.

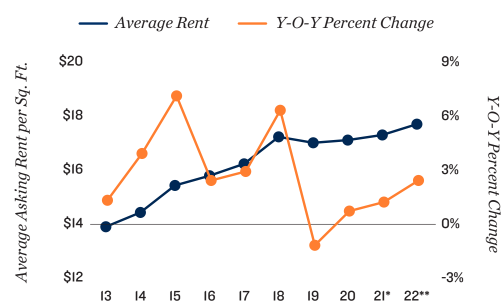
Economic Trends



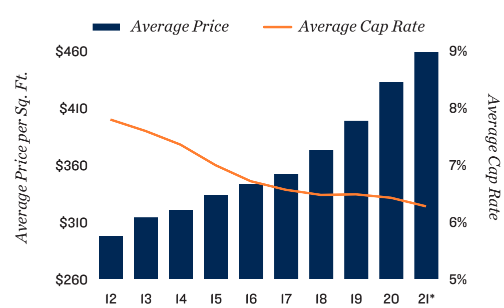
Supply and Demand



Rent Trends



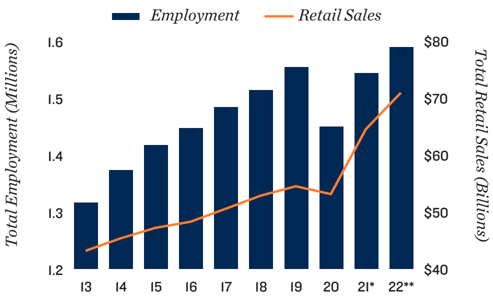
Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Economic Trends



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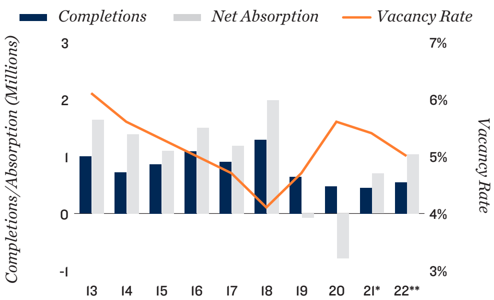

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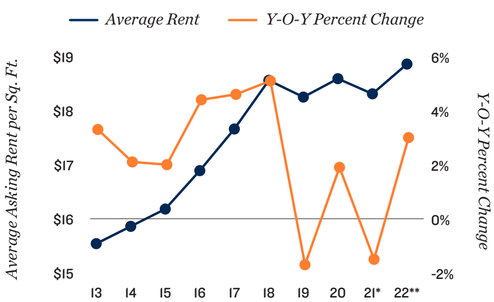
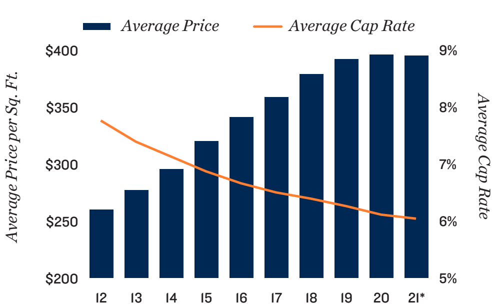


Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Suburban Shops Thrive on Population Growth and Rising Incomes; Office-Heavy Areas Turn Corner

Return of foot traffic mitigates past losses in hard-hit locales. Retail properties in the Mile High City took substantial vacancy and rent hits at the onset of the health crisis. Since capacity restrictions were lifted in late spring of last year, positive absorption has returned to the metro and asking rents have climbed in most suburban areas. The southeastern and northeastern portions of the market have led the recovery, supported by strong population gains stemming from high-income job growth. Elsewhere, areas including Cherry Creek and the CBD have yet to exhibit notable improvement, pulling down the overall performance of the retail sector. These submarkets have seen rents drop by more than 10 percent and vacancy rise by more than 100 basis points since the start of 2020. Still, reasons for optimism exist in these locales, as both corridors are major office nodes. The expected return of in-person activities this year, both professional and leisurely, will positively impact these submarkets and improve overall market averages.

Investors follow consumption into growing suburbs. Entering this year, deal flow has returned to 2019 levels, highlighted by out-of-state buyer activity increasing. These buyers and local private investors have ramped up acquisitions in West Denver, where last year's transaction total surpassed the tally from the prior 24-month span. Here, neighborhood and community centers are in high demand, namely properties anchored by supermarkets or sporting goods stores that have benefited from the metro's high growth rate and prominence of outdoor activities. These assets are trading at mid-5 percent cap rates. First-year yields for similar properties can climb up to 200 basis points above this in more outlying areas like Wheat Ridge. Elsewhere, single-tenant buildings steer transaction velocity in Central, South and Southeast Denver, due to an uptick in retailer demand for available space in these locales. Assets along and proximate to Colfax Avenue are highly desirable, as the throughfare represents a central location in the metro.

2022 Market Forecast

NRI Rank 22 — Downward vacancy movement and noteworthy retail sales growth help Denver secure a top 25 position in the 2022 NRI.

Employment up 2.9% — The gain of 45,000 jobs enables Denver's year-end worker count to surpass the pre-pandemic peak by nearly 32,000 positions.

Construction 550,000 sq. ft. — Builders will add 100,000 more square feet of retail space than they did last year. This total is still 200,000 square feet below the trailing five-year average.

Vacancy down 40 bps — Net absorption will almost double new deliveries as it exceeds 1 million square feet for the first time since 2018, compressing vacancy to 5.0 percent.

Rent up 3.0% — The average asking rent climbs to $18.85 per square foot in 2022, driven by improving fundametels in the CBD, Cherry Creek and other submarkets reliant on midweek foot traffic.

Investment — Trades will likely continue escalating in the growing communities of Southeast Denver, as several high-income employers have recently expanded into suburbs like Lone Tree.

Retail Sector Poised to Fully Recover from Pandemic; Compelling Returns Attract Out-Of-State Capital

Limited development aids retail fundamentals. The injection of government stimulus provided residents with excess savings, while strong performance in the housing and stock markets improved consumer sentiment, contributing to a surge in retail sales last year. Home goods, fitness and discount retailers have been active in leasing space across the metro, which helped boost net absorption to the highest annual total since 2016, and contract vacancy to within 20 basis points of the market's pre-pandemic rate entering 2022. This momentum is expected to continue into this year as the declining rate of store closures, coupled with elevated leasing activity, should keep demand robust in future quarters. Additionally, employment and household income growth are projected to outpace the national average, supporting a further rise in retail spending. Property fundamentals are improving at a time when development activity remains well below the historic average. Only 340,000 square feet is scheduled to deliver this year, with most of this space already pre-leased. The diminished pipeline will allow metrowide vacancy to fall to a 15-year low and asking rents to reach a cycle high in 2022.

Attractive yields expand the metro's buyer pool. The potential for high first-year returns, relative to other major metros, is stimulating sales activity in Detroit. Out-of-state investors, particularly from California and Texas, were active in the market, helping lift transaction velocity back to pre-pandemic levels in 2021. Investors are focusing on locales with a strong residential component. Properties in West Wayne County are highly sought after, due to the large population in the submarket, while assets in Macomb County are generating buyer interest, due to sustained population growth over the past few years. Deal flow was also strong in Downtown Detroit, where vacancy is the lowest in the metro. Investors are targeting single-tenant, net-leased assets to mitigate risk, with cap rates averaging in the low-7 percent span. Buyers are also interested in grocery-anchored neighborhood centers, generating yields in the 6 percent to 7 percent range.

2022 Market Forecast

NRI Rank 28 — Soft household formations offset muted construction, and climbing rents to place Detroit near the middle of the Index.

Employment up 3.0% — Employers will add 58,000 workers to payrolls in 2022, building on the 112,000 positions added last year.

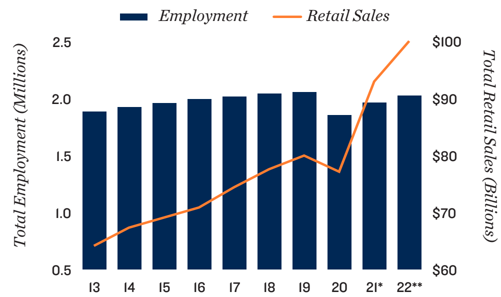
Construction 340,000 sq. ft. — Annual deliveries fall short of 1 million square feet for the third consecutive year. Developers will expand the metro's retail inventory by 0.2 percent in 2022.

Vacancy down 30 bps — Limited development and elevated leasing activity allow vacancy to decline for the second straight year. The rate will fall to 5.6 percent by year-end, following a 60-basis-point drop last year.

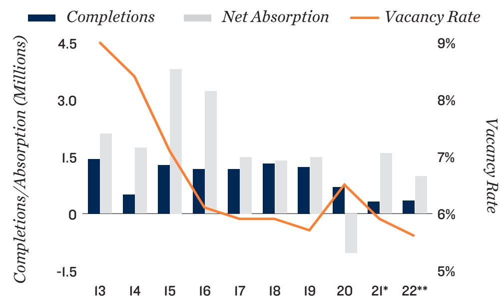
Rent up 4.1% — The pace of rent growth accelerates this year, with the average asking rate rising to $15.10 per square foot by year-end. In 2021, a 0.8 percent increase was registered.

Investment — Community centers should draw heightened buyer interest this year. The closing of many malls will prompt tenants to move into these assets, making them more desirable to investors.

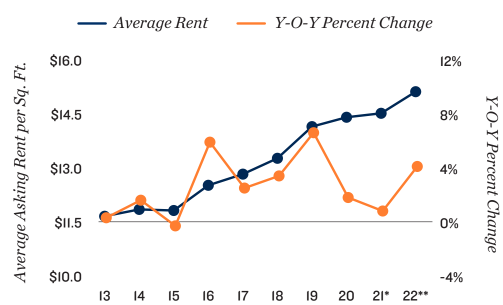
Economic Trends



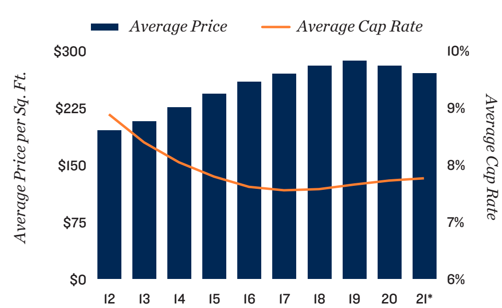
Supply and Demand



Rent Trends



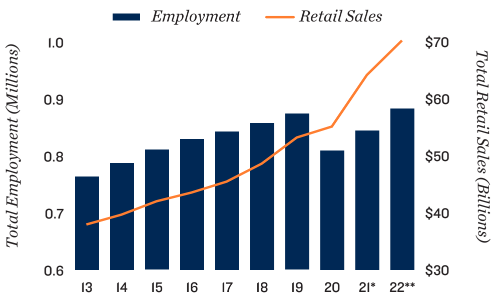
Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Economic Trends



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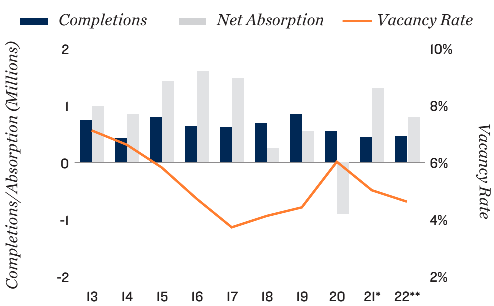

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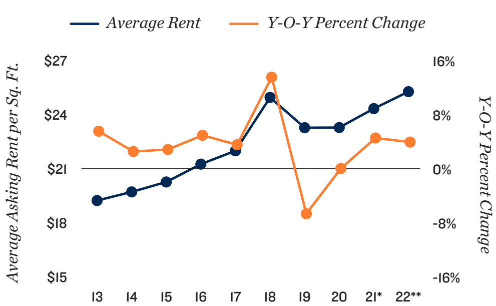

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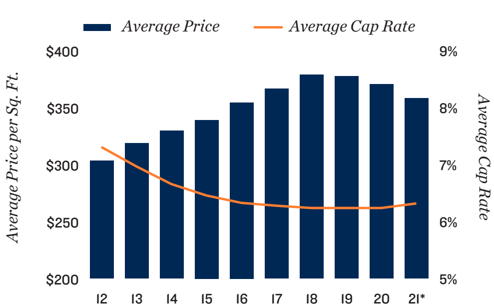


** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Broward County Awaits Greater Performance With Stronger Return of Tourism; Outside Investors Active

Fort Lauderdale aims to keep pace with other parts of South Florida. The road to achieving pre-pandemic retail fundamentals will accelerate in Broward County. Another year of strong economic and employment growth should aid property performance. Entering the year, nine of the 11 major employment sectors were still underwater, but most will reach pre-pandemic levels, supporting retailers. Namely, the professional and business services, as well as the leisure and hospitality sector, should outperform. Tourism is still below pre-recession levels as visitors arrive to the state via automobile and generally opt for locations further north. When airline travel resumes in earnest, spending by visitors will propel retail space demand. Additional sailings by cruise ships out of Port Everglades will increase visitor counts to the metro. Business conventions will also play a significant role in improving the market's retail fortunes, as a $1.1 billion expansion of the Greater Fort Lauderdale/Broward County Convention Center gets underway, unpinning the long-term outlook.

Investors widen search parameters in Broward County. Sales velocity surged last year as both private buyers and institutions moved quickly to acquire local assets. Access to inexpensive capital encouraged some of the retail sectors' largest players to accelerate portfolio expansion, leading to multi-tenant deal flow above $10 million to nearly triple last year. Overall multi-tenant sales nearly doubled, and the average cap rate remained in the high-6 percent range, relatively unchanged since 2015. Single-tenant activity will remain strong again in 2022, particularly early as pressure on interest rates mounts. Last year, the average cap rate ticked up just 10 basis points to 5.9 percent. Many of the acquisitions in the single-tenant market will come from Northeast buyers executing a 1031 Exchange out of multifamily properties in their home markets, though some California investors are active as well. Local owners will chase yields in secondary submarkets.

2022 Market Forecast

NRI Rank	10	Tightening vacancy amid fast in-migration brings Fort Lauderdale into the top 10 in 2022's NRI.
Employment up 4.6%		Job growth accelerates this year as 39,000 positions are generated, outpacing the 4.3 percent gain in 2021.
Construction 450,000 sq. ft.		Following the delivery of 430,000 square feet, builders will expand stock a tepid 0.5 percent by year-end. Slightly more than half the space underway is pre-leased.
Vacancy down 40 bps		Vacancy declines to 4.6 percent in 2022, 10 basis points below the rate prior to the downturn. After peaking at the end of 2020, availability fell 100 basis points last year.
Rent up 3.9%		Tightening conditions will facilitate a rent hike to $25.23 per square foot by the fourth quarter. Operators lifted the average marketed rate 4.5 percent in 2020.
Investment		As investors seek higher yields in the wake of rising interest rates, smaller strip centers will increase in popularity, particularly ones with a drive-thru tenant.

Outer-Ring Suburbs Draw Major Commitments; Highest Multi-Tenant Returns in Texas Could Buttress Deal Flow

Net absorption to reach five-year high as expansionary trends attract tenants. Houston's expedited pace of in-migration, population gains and household formation are helping boost consumer spending across the metro. Retail sales in the market are projected to climb by 10 percent in 2022, outpacing the national rate of growth. These trends make the metro an attractive destination for retailers broadening their national footprint, while many local businesses are also expanding their presence. Over the next two years, Target will occupy two additional spaces, totaling 280,000 square feet in Katy and New Caney. Grocery chain H-E-B will also absorb 100,000 square feet in Manvel in 2022 as it enlarges operations throughout the state. Several other leasing commitments for spaces between 10,000 square feet and 40,000 square feet have been inked recently in fast-growing suburbs adjacent to the Outer Loop and state Highway 6. Stronger leasing activity will facilitate the net absorption of more than 5 million square feet in 2022, a threshold last met in 2017.

Single-tenant fervor escalates prices; high multi-tenant yields stimulate activity. Robust buyer demand for single-tenant assets, particularly those with strong credit tenants, necessity-based retailers and drive-thrus is spearheading trading velocity. Competition between out-of-state and local investors is applying upward pressure to sale prices, with the average single-tenant entry cost jumping 8 percent last year to $535 per square foot. These types of assets change hands most often in the Southeast, North and Northwest submarkets, where cap rates fall in the mid-3 percent to mid-5 percent range. Multi-tenant sentiment is less enthusiastic, though investors are scouring the metro for stabilized centers amid impressive growth trends. Additionally, the average multi-tenant cap rate in Houston is 7.7 percent, at least 80 basis points above any other major Texas market, luring private buyers chasing higher yields. As multi-tenant vacancy realigns with the pre-pandemic level in 2022, many investors will ramp up their acquisition plans.

2022 Market Forecast

NRI Rank 17 — Improving fundamentals aid Houston's ranking, but a vacancy rate above the national level keeps it outside the top 15.

Employment up 3.1% — Firms in Houston add 95,500 personnel in 2022, producing a headcount that exceeds the pre-pandemic peak by 0.3 percent.

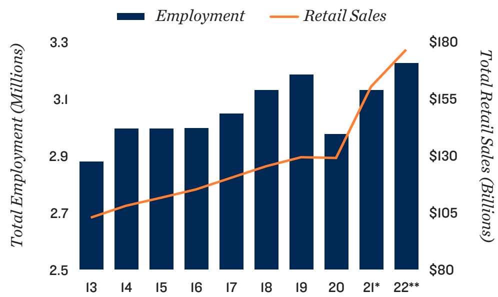
Construction 4,000,000 sq. ft. — Metro stock rises by 1.1 percent as builders finalize roughly 800,000 square feet less than the trailing decade average. Entering this year, about half of the space was pre-leased.

Vacancy down 40 bps — Augmenting the 30-basis-point decline registered in 2021, metro vacancy falls to 5.8 percent. This will be the sixth time in 10 years that availability dips on an annual basis.

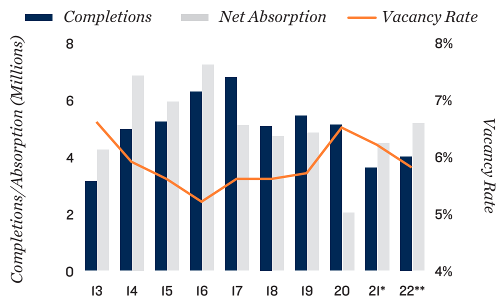
Rent up 3.2% — Yearly rent growth in Houston has been above 2 percent in every period since 2016, a trend that will persist into 2022. The average asking rent moves up to $19.45 per square foot this year.

Investment — The outward extension of Houston has buyers widening their searches. Assets in suburbs like Richmond, Rosenberg, Tomball and Spring warrant attention as they attract new households.

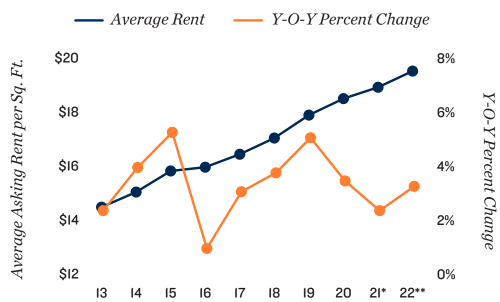
Economic Trends



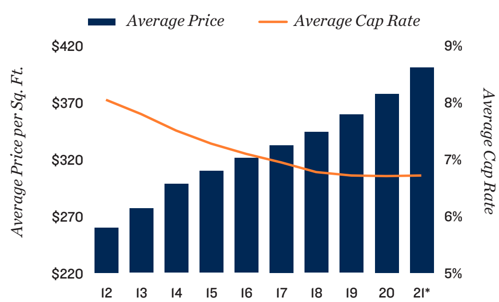
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

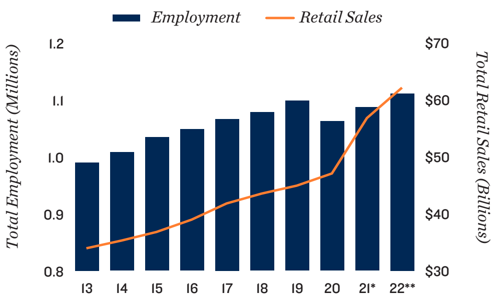
Sources: CoStar Group, Inc.; Real Capital Analytics

Favorable Macro Trends Boost Indianapolis' Outlook; Investors Search For Safety Amid Sales Volume Lift

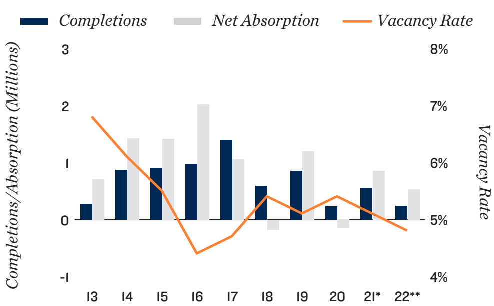
Mild construction clears the path for continued improvement. Indianapolis is set to close 2022 with more staff on payrolls than its pre-pandemic figure; retail employment, however, has already surpassed its February 2020 high by more than 3,000 positions. This divergence is due to a comparatively strong retail performance during the pandemic, aided by an unemployment rate near the lowest of all major United States metros entering this year. Retailers absorbed over 850,000 square feet last year, compressing metrowide vacancy to 5.1 percent, equaling the 2019 rate. Powered by these trends, retail sales growth is projected to land above the national pace in the coming year, pointing toward additional demand by retailers. At the same time, rising construction costs and limited remaining lots in the core and neighborhoods to its north have led developers to pull back considerably. This will be just the second time in the last nine years with a scheduled completion volume below 500,000 square feet. The small pipeline, with few speculative projects, should benefit existing properties.

Lower-risk assets draw strongest interest amid period of record-breaking volume. The metro has seen deal flow hold up well since the health crisis began, deviating from national trends with regard to trading volume following the pandemic's start. Limited closures and the expansionary behaviors of retailers in the metro likely played a role in stable investor confidence during that period. East County has seen the most transactions of late, with the majority of these being single-tenant assets occupied by pandemic-resilient tenants, such as Dollar General, Wendy's and Walgreens. Cap rates on these trades are in the mid-to-high 5 percent range. The submarkets near the north side of Interstate 465 see sizable deal flow, due to the nearby affluent suburbs. Single-tenant buildings here record yields roughly 50 basis points higher than similar trades in the east. The multi-tenant assets that have changed hands are spread across the metro, but often involve strip centers. First-year yields are in the mid-7 percent area, but swing up to 150 basis points based on tenant roster.

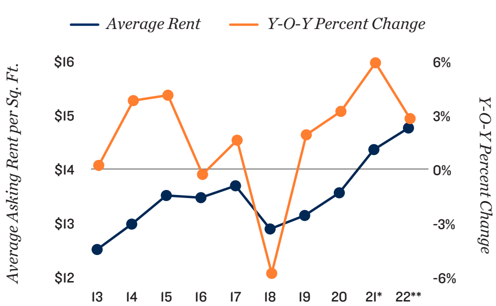
Economic Trends



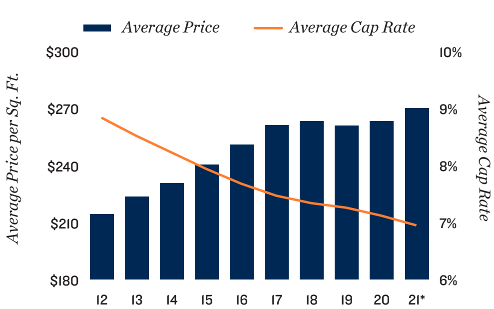
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

2022 Market Forecast

NRI Rank 19 — Indianapolis grabs the 19th spot this year, aided by muted construction and solid retail sales growth.

Employment up 2.3% — The metro will add 24,500 jobs before the end of the year. This tally is an advancement from the 20,000 roles added in 2021.

Construction 240,000 sq. ft. — Developers ease deliveries in 2022 compared to the more than 500,000 square feet added last year, as well as the five-year trailing average of nearly 750,000 square feet finalized.

Vacancy down 30 bps — Strong tenant demand amid mild development will allow a drop in the vacancy rate to 4.8 percent by year-end. This decrease matches the 30-basis-point reduction logged last year.

Rent up 2.8% — After climbing nearly 6 percent last year, the average asking rent reaches $14.75 per square foot in 2022. This is a slower pace than last year, but above the last decade's annual average.

Investment — While the East County submarket is already heavily targeted, investment activity could increase as the city pledged to spend $3.5 million on improvements as its next "lift Indy" neighborhood.

Job Creation and Residential Expansion in Johnson County Elicit Vendor Expansions and Buyer Activity

Metro vacancy poised to reach 15-year low. Kansas City's retail sector enters 2022 on solid footing, following a 12-month span when sparse supply additions coincided with a notable improvement in leasing activity. The resulting net absorption of 1.5 million square feet last year lowered metro vacancy 110 basis points below its trailing 10-year average. Vendor demand has been most pronounced in the Kansas portion of the market, highlighted by activity in Wyandotte and Johnson counties. The latter locale represents the epicenter of apartment development and higher-paying job creation in the metro, which is facilitating retailer expansions, specifically in Overland Park and cities adjacent. Recent office leases by TreviPay, Industrial Accessories and Optiv, alongside the potential establishment of a NetPMD headquarters this year, indicate an imminent boost in well-paying jobs. The increase in consumer spending and retailer demand that is likely to follow could compress vacancy in Johnson County during 2022, a boon for Kansas City's overall retail availability, as the area is home to one-fourth of the market's inventory.

Single-tenant trades account for larger slice of overall deal flow. A minimal development pipeline, historically low vacancy and expectations for higher-paying job growth are attracting investors to Kansas City retail listings. Over the past year, the metro registered a noteworthy improvement in single-tenant sales, many of which involved net-leased assets or properties that were part of larger portfolio transactions. Closings in Johnson and Jackson counties are accounting for the bulk of deal flow, with single-tenant investors most active in Overland Park, Olathe and cities proximate to Interstate 70. Across these locales, minimum returns for dining establishments hover in the low-5 percent band. Both counties also attract multi-tenant buyers, including out-of-state investors focused on post-2000 built neighborhood and power centers. Dependent on location, tenant roster and lease terms, these assets trade at low-5 percent to high-7 percent cap rates.

2022 Market Forecast

NRI Rank 23 — Kansas City ranks near the middle of the Index, as slower household creation overshadows accelerating rent growth.

Employment up 2.7% — Employers add 30,000 positions in 2022, pushing the year-end headcount more than 2 percent above the pre-pandemic mark.

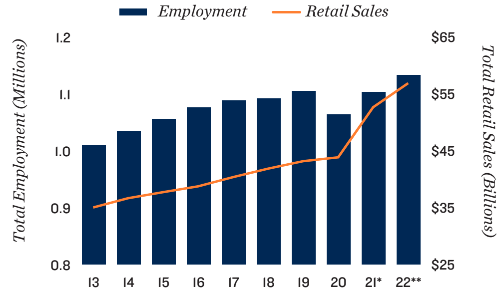
Construction 590,000 sq. ft. — Supply additions increase on an annual basis during 2022; delivery volume, however, trails the prior 10-year average by nearly 400,000 square feet, as inventory rises by just 0.4 percent.

Vacancy down 20 bps — Net absorption exceeds completions for a second consecutive year, compressing year-end vacancy to 5.5 percent. In 2021, the metro registered a 90-basis-point decline.

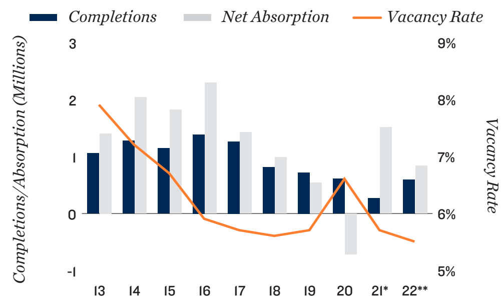
Rent up 3.8% — Historically low vacancy supports an eighth straight year of positive rent growth that pushes Kansas City's average marketed rate up to a record $13.80 per square foot.

Investment — Industrial growth north of the Missouri River bolsters spending at nearby restaurants, fast-food eateries and multi-tenant centers, drawing more buyers to local listings.

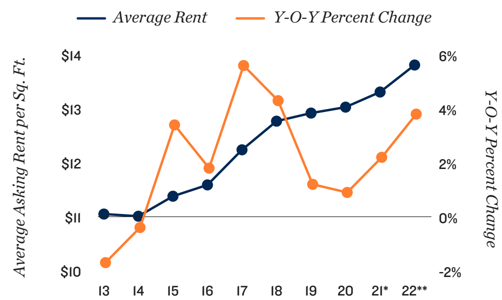
Economic Trends



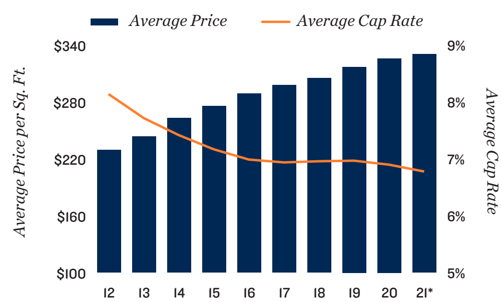
Supply and Demand



Rent Trends



Sales Trends

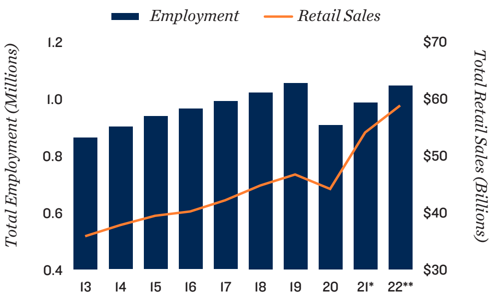


* Estimate; ** Forecast

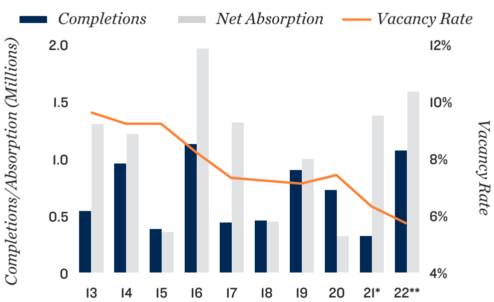
Sources: CoStar Group, Inc.; Real Capital Analytics

Visitor Volume Rebound and Continued In-Migration Lift Consumer Spending; Outside Buyers Bet on Vegas Retail

Economic Trends



Supply and Demand



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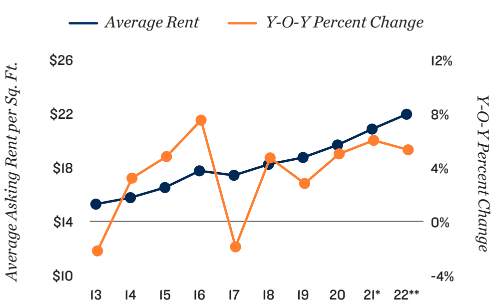
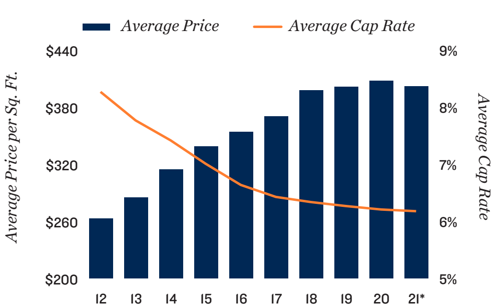


Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Positive absorption persists during health crisis. Despite fluctuations in tourism and a lack of conventions, Las Vegas' retail sector has performed exceptionally well throughout the pandemic, aided by robust population growth. From the second quarter of 2020 through the end of last year, more than 2 million square feet of space was absorbed metrowide, supporting vacancy compression of 130 basis points and a 10 percent gain in the average asking rent. Moving forward, the outlook for local retail is bright, as suggested by in-migration projections, recent tourism data and the return of large-scale events. Spanning October through November of 2021, a combined 6.5 million people visited the metro, with major conventions, including RECON and SEMA, held late last year. While virus uncertainty may scale back attendance at large gatherings in the near term, most events are not being canceled, evident by the World of Concrete and Consumer Electronics Show, both occurring in early 2022. As the broader economy continues to rebound, retail demand is slated to further improve, reducing vacancy to its lowest point since 2007.

Standout fundamentals garner additional out-of-state interest. The metro is poised to record increased competition for available retail listings, while single and multi-tenant vacancy rates remain historically tight and local rent growth exceeds that of most West Coast and Mountain markets. The combination of these fundamentals and stable cap rates will also further diversify the metro's already wide-ranging buyer pool, which includes many California-based investors. Restaurants and fast-food establishments with triple-net leases in place will draw significant interest, especially in Spring Valley and neighboring Sovana, where the bulk of the metro's multifamily pipeline is concentrated. Additionally, smaller neighborhood and strip centers along major throughfares are drawing interest throughout the metro, with sub-$300 per square foot pricing and cap rates in the low-6 percent to low-7 percent range still available.

2022 Market Forecast

NRI Rank 7 — Las Vegas' high level of in-migration is aiding a sharp vacancy retreat, giving it a top 10 spot in this year's Index.

Employment up 6.1% — Job creation in the leisure and hospitality sector plays a significant role in the metro, adding 60,000 total positions in 2022.

Construction 1,070,000 sq. ft. — Delivery volume exceeds 1 million square feet for the first time in six years, growing inventory by 1.1 percent. Projects in Southeast Las Vegas account for 40 percent of the space completed.

Vacancy down 60 bps — After falling 110 basis points last year, vacancy compresses further in 2022, to 5.7 percent, as retail demand once again outpaces supply additions.

Rent up 5.3% — Supported by tight vacancy, the metro's average asking rent rises by at least 5 percent for a third consecutive year, reaching $21.90 per square foot.

Investment — Industrial growth in North Las Vegas and Henderson's population expansion have the potential to boost local retail sales, driving buyer demand for shopping centers in both submarkets.

Resurgence of Longstanding Demand Drivers Lift Los Angeles' Retail Outlook and Boost Transaction Velocity

Major submarkets record positive leasing momentum. Despite entering the year with above-average retail vacancy and one of the nation's highest unemployment rates, Los Angeles County vendors and property owners have reasons for optimism. In 2021, retailers absorbed nearly 1.4 million square feet metrowide amid some of the most stringent COVID-19 mandates in the nation. Recent momentum was highlighted by positive annual absorption in the San Fernando Valley, South Bay and Greater Downtown Los Angeles, local regions that together account for half the market's inventory. Further improvements in consumer spending are anticipated in these locales, as well as tech-heavy West Los Angeles. Retail sales should rise here as employees return to offices, companies grow their staff and tourism rebounds. Necessity and experiential retailers motivated to expand will comb through the county's existing stock during a period of minimal inventory expansion, supporting a second straight year of moderate vacancy compression.

County remains top market for retail trading. Sales activity advanced by 20 percent on a year-over-year basis in 2021, with the nearly $5.7 billion in sales volume representing the highest tally among major U.S. markets. This performance reflects investors' renewed confidence in Los Angeles' long-term outlook, a sentiment that will only strengthen as retail fundamentals and the overall economy improve. Home to robust housing demand and some of the lowest retail vacancy in the metro, the San Fernando Valley is a target for single-tenant buyers. Here, dining establishments and smaller multi-use properties, with a mix of retail and office or residential, trade at 3 percent to high-4 percent cap rates. Similar assets are also coveted in Mid-Wilshire and West Los Angeles, where first-year returns fall into the 2 percent band. Elsewhere, lower price points and above-average yields are luring investors to strip and neighborhood centers in the San Gabriel Valley, where listings below $300 per square foot and returns above 6 percent are available.

2022 Market Forecast

NRI Rank 43 — Elevated vacancy keeps Los Angeles near the bottom of the ranking, despite strong employment gains this year.

Employment up 4.6% — Employers add 200,000 positions in 2022; the metro's year-end job count, however, trails the pre-pandemic mark by 1 percent.

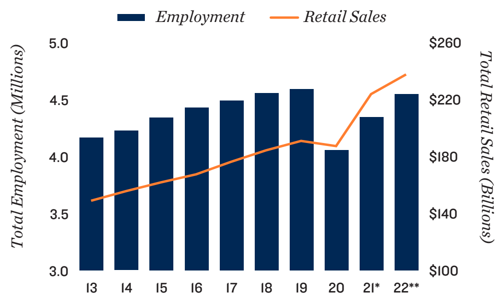
Construction 1,370,000 sq. ft. — Retail inventory increases by less than 1 percent on an annual basis for the 14th straight year. Approximately 45 percent of this year's supply additions are in West Los Angeles.

Vacancy down 20 bps — Retailers absorb 2 million square feet in 2022, lowering vacancy to 5.5 percent. Still, availability in the metro is 40 basis points above the rate recorded at the end of 2019.

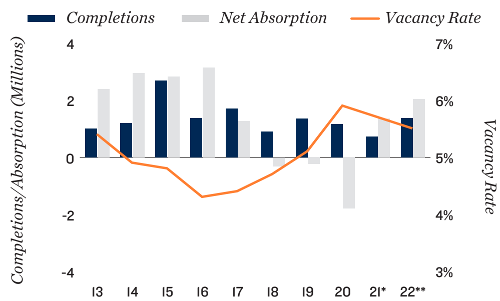
Rent up 2.5% — An improvement in vendor demand allows the pace of rent growth to accelerate beyond last year's 1.9 percent gain, lifting the mean marketed rate to $32.20 per square foot.

Investment — Candidates for repurposing or demolition account for a larger percentage of deal flow, as robust industrial and multifamily demand fuel competition for redevelopment opportunities.

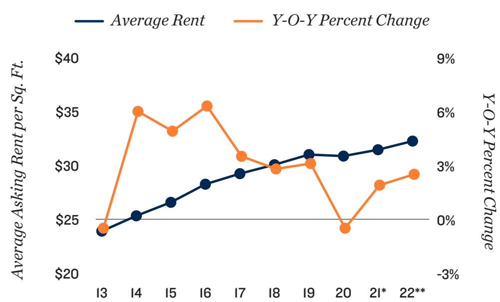
Economic Trends



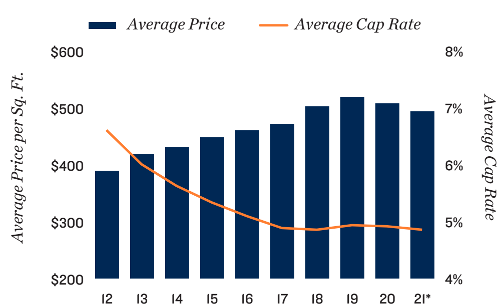
Supply and Demand



Rent Trends



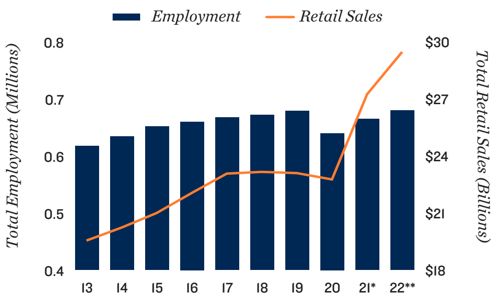
Sales Trends



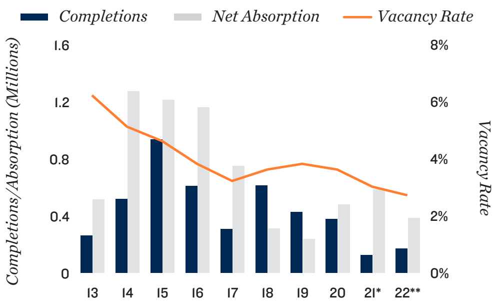
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

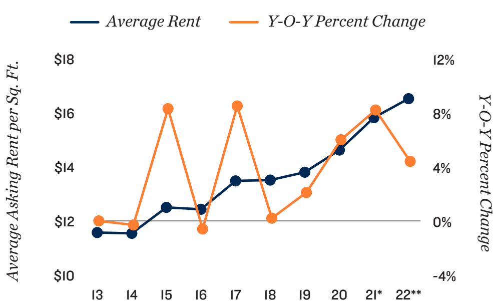
Economic Trends



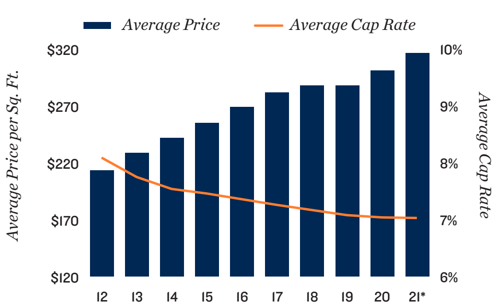
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Resilient Economy To Benefit From Broader Recovery; CBD-Adjacent Assets Draw Interest

Pent-up consumer demand driving fundamentals to historic levels. While the national retail sector has experienced widespread hurdles since the onset of the pandemic, Louisville has been largely unaffected, partially due to less stringent capacity restrictions and minimal construction activity. Entering this year, the metro boasted a vacancy rate 80 basis points below the 2019 figure, with the average asking rent up 14 percent over the past two-year stretch. Just five of the metro's 24 submarkets entered 2022 with a vacancy rate that exceeded their year-end 2019 recording, with three of those areas still reporting sub-4 percent availability. Hiring in the metro is increasing at a speed exceeding the 2019 rate, producing a metrowide headcount within 0.5 percent of the pre-pandemic peak by the end of this year. Recovering hiring trends will lead to more foot traffic in office hubs like South Central, aiding recovery in the metro's few lagging locales. These positive trends should continue, as the projects scheduled to open this year are not sizable enough to affect existing properties, leading to the lowest retail vacancy rate of all major metros here.

High yields and comparatively low entry costs keep investment market liquid. Retail assets in Louisville have similar cap rates to other regional metros like Cincinnati and Indianapolis, but lower entry costs. This creates an environment where more private investors can participate. Deal flow is highest in downtown-adjacent South Central and Old Louisville, with single-tenant assets making up the vast majority of transactions. Cap rates on these deals hover between mid-5 percent and low-7 percent, with sales prices most commonly below $5 million. Sales activity is also accelerating in the St. Matthews submarket, due to strong performance and retailer demand, resulting in a sub-2 percent vacancy rate here. Last year saw more trades in this locale than were recorded in 2019 and 2020 combined. Buildings occupied by national chain restaurants and local eateries on Bardstown Road have garnered much of the interest within this submarket.

2022 Market Forecast

NRI Rank 13 — Housing the lowest vacancy rate in the nation amid tame development gives Louisville a spot inside the top 15 of the Index.

Employment up 2.3% — A total of 15,000 new jobs will be added to payrolls in 2022, down from the 22,000 positions gained last year.

Construction 170,000 sq. ft. — About 45,000 more square feet will be delivered this year compared to 2021. Still, completions volume remains well below the annual market tallies from the last decade.

Vacancy down 30 bps — Net absorption will land roughly 200,000 square feet below what was recorded last year; this year's total, however, still roughly doubles deliveries, tightening vacancy to 2.7 percent.

Rent up 4.4% — The average asking rent reaches $16.50 per square foot this year. This will be the third straight year of at least 4 percent growth and the sixth consecutive year of increase.

Investment — Revitalization efforts in South Clark County are catalyzing buyer interest as retail investors look to benefit from the addition of new mixed-use office and multifamily projects.

Thriving Retail Market Attracts Tenants and Capital from Across the Nation to South Florida

Miami enters 2022 ahead of pre-pandemic conditions. The local retail market has improved well beyond the baseline set prior to the global health crisis. Since the first quarter of 2020, retail sales are up more than 27 percent, while occupancy and rents have surpassed previous highs. Overall employment will breach the pre-recession threshold this year, as some of the key sectors in the local economy open more broadly. Although tourism to Florida has nearly returned to pre-pandemic levels, the number of international travelers to Miami remains more than 50 percent below the 2019 rate. These travelers, many from Latin America, are key to the leisure and hospitality employment sector, which represents approximately 70 percent of all jobs still unrecouped due to the pandemic. In the meantime, Miami will remain a favorite among domestic travelers, though some car travelers are not making the longer journey to the tip of Florida. Developers have responded to strong demand with several projects underway; nearly 90 percent of the space coming out of the ground, however, has existing leasing commitments.

Relaxed pandemic restrictions propel strong investment climate. Buyers have remained active in Miami after a minor slump at the onset of the global health crisis. The relative openness of the market has provided investors with more clarity on the direction of the economy and property performance. As a result, multi-tenant deal flow accelerated last year and has the potential for additional gains in 2022. Despite this, average cap rates in the mid-5 percent range could present some resistance if out-of-state investors look farther north in search of yields. Single-tenant assets, meanwhile, will remain popular with capital from across the nation in the coming months. The average first-year return for these properties is in the mid-5 percent range, roughly where they have been since 2014. The popularity of restaurants should remain robust relative to other markets, due to the lack of restrictions prevalent elsewhere.

2022 Market Forecast

NRI Rank 12 — A swift pace of rent growth, tight retail vacancy and an expanding employment count spearhead Miami's high ranking.

Employment up 4.7% — Miami will regain pre-recession employment levels as 56,000 jobs are created this year.

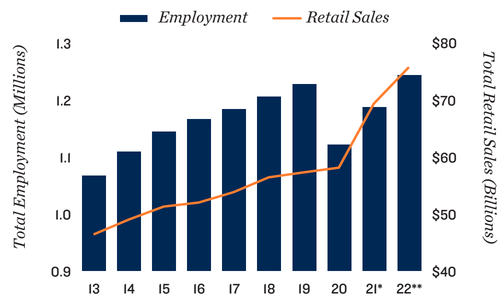
Construction 2,200,000 sq. ft. — Stock increases 1.9 percent in 2022, up from a 0.5 percent rise last year when 550,000 square feet came online. The pipeline is waning and deliveries should subside as the year progresses.

Vacancy down 20 bps — The vacancy rate will dip to 3.8 percent by the end of the year, well below the 4.4 percent measure at the beginning of the global health crisis.

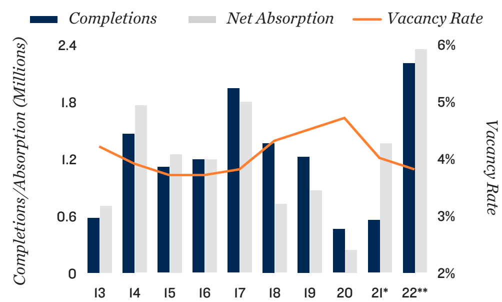
Rent up 4.1% — Following a 5.0 percent increase last year, the average asking rent is projected to climb aggressively again in 2022 to $37.38 per square foot.

Investment — International and out-of-state capital will remain the primary drivers of price exploration in 2022, though Florida investors will play an active role in suburbs or assets with local tenants.

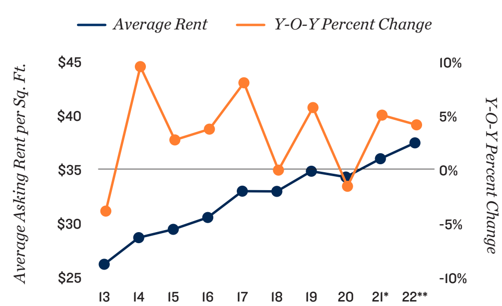
Economic Trends



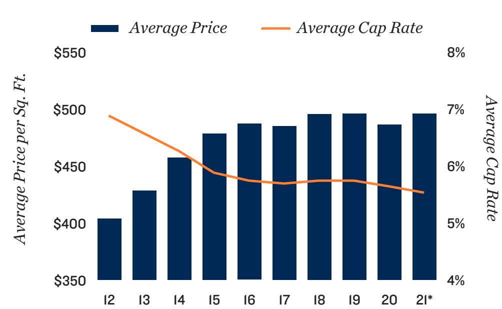
Supply and Demand



Rent Trends



Sales Trends



** Estimate; ** Forecast*

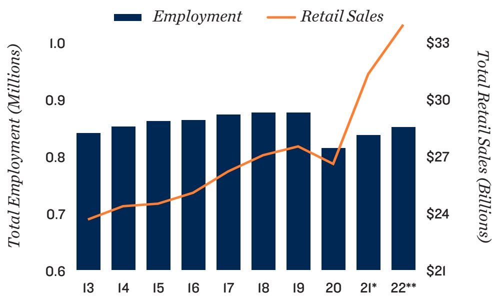
Sources: CoStar Group, Inc.; Real Capital Analytics

Racine and Washington Counties Pilot Retail Rebound; Lingering Headwinds Downtown Will Soon Fade

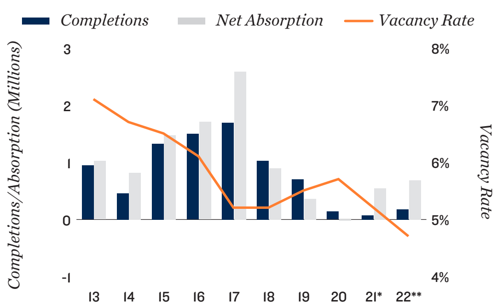
Leisurely development pace funnels tenants to existing properties. Builders in Milwaukee will finalize fewer than 200,000 square feet for the third straight year in 2022, with stock expanding by just 0.4 percent since the start of 2020. By comparison, inventory grew by an average of 1.3 percent per year from 2015-2019. This drastic slowdown stopped availability from rising too extensively during the pinnacle of pandemic-induced lockdowns. Minimal construction is also accelerating vacancy compression as the recovery progresses, with tenants backfilling vacated spaces amid a lack of new floorplans to choose from. This has been most evident in Racine and Washington counties. Vacancy is down at least 90 basis points relative to each submarket's 2020 peak, and average asking rents jumped more than 10 percent relative to both counties' pandemic-era lows. On the other end of the spectrum, marketed rents plummeted downtown amid rising availability. This should, nevertheless, be a short-term setback for the area, as a broader return to offices will likely replenish foot traffic and tenant demand. Longer term, new hotels near the Deer District and revitalization projects, like the Harbor District, present tailwinds.

Nation's lowest entry cost pulls frugal buyers to Milwaukee. Retail assets change hands with an average sale price just short of $250 per square foot, representing the lowest entry cost among all major markets in the United States. Investors in neighboring Illinois and Minnesota deploy capital across the state border, as Milwaukee retail properties trade at a 15 percent-plus discount on average to both Chicago and Minneapolis-St. Paul. Modest prices are not enough to facilitate deal flow, as many buyers take into consideration local retail metrics and demographic trends. Diminishing availability and rising rents in Washington County have stimulated higher transaction velocity relative to past periods. Buyers here are homed in on affluent suburbs like Germantown and West Bend, focusing on triple-net fast food and convenience stores of older vintage.

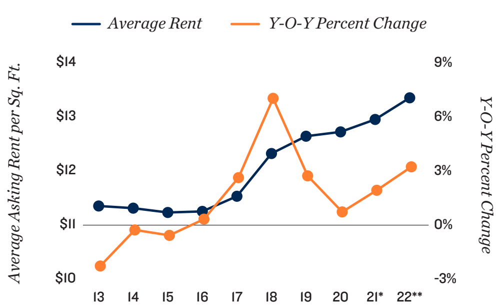
Economic Trends



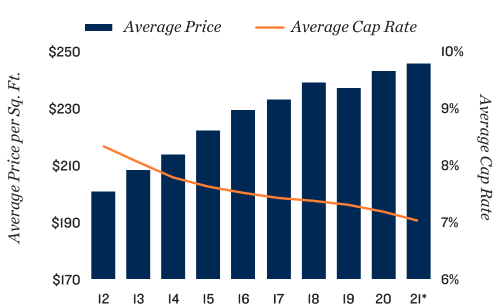
Supply and Demand



Rent Trends



Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

2022 Market Forecast

NRI Rank 26 — Tightening availability gives Milwaukee a boost in the Index, but weaker job growth keeps it outside the top 25.

Employment up 1.7% — Milwaukee faces a shortfall of 44,000 roles to realign with the pre-pandemic high. That gap shrinks by one-third in 2022.

Construction 180,000 sq. ft. — Following the completion of just 75,000 square feet in 2021, builders lift the annual total by 105,000 square feet this year. Multi-tenant construction has halted to a near standstill.

Vacancy down 50 bps — Metro vacancy subsides to 4.7 percent as net absorption registers four times as large as completions. This will be the lowest year-end rate dating back to the financial crisis.

Rent up 3.1% — Mild competition from new construction allows operators of existing spaces to leverage tenant demand into rent growth. The average marketed rate climbs to $13.30 per square foot.

Investment — Waukesha County assets remain attractive long-term prospects, though the submarket's vacancy rate notched a seven-year high, possibly persuading more owners to list in 2022.

Market Availability is the Tightest in the Upper Midwest; Residential Growth in Suburbs Cultivates Investment

Multifaceted momentum to drive vacancy below pre-pandemic mark. Metro fundamentals have improved substantially, and the enhancement has been widespread. Last year, 13 of the 17 largest submarkets posted vacancy declines. Of that grouping, more than half of the locations registered moderations in availability, exceeding 50 basis points. Marketwide, multi-tenant vacancy realigned with the 2019 measure and single-tenant availability approached the 3 percent threshold. A scant pipeline will reduce pressure from new supply and allow headway to carry into this year. Expected completions in 2022 will bring the running two-year total to 525,000 square feet added, an inventory expansion smaller than 0.5 percent. As such, many retailers are opting to lease existing spaces, exemplified by a 133,000-square-foot planned move-in by Schneiderman's Furniture in June at a former Sears near Coon Rapids. Tenants' willingness to backfill vacant space contributes to Minneapolis-St. Paul's stake as the tightest market in the region. The year-end vacancy rate is projected to be at least 100 basis points below Milwaukee and more than 200 basis points under Chicago and Detroit.

Buyers reassess landscape as household formation trends shift. During the health crisis, multifamily metrics indicated that living preferences in the Twin Cities are recalibrating. The suburbs are garnering a larger share of rental demand relative to prior periods, while single-family housing construction is also operative in these corridors. New residents in outlying areas and the consumer spending they generate boost the outlook of retail assets in adjacent neighborhoods. Many investors are cognizant of these trends and are adjusting their search criteria. South of Minneapolis, buyers are deploying capital in places like Burnsville, Eagan and Eden Prairie. Here, investors accept single-tenant yields in the mid-5 percent to mid-6 percent band. Sub-50,000-square-foot shopping centers trade in these suburbs as well, with cap rates up to 200 basis points higher obtainable.

2022 Market Forecast

NRI Rank 20 — The 20th spot in the 2022 Index goes to the Twin Cities, amid limited availability and tame construction.

Employment up 2.8% — The jobs recovery pushes forward as firms add 55,000 staff this year. Still, the count will be 46,000 roles short of the prior peak.

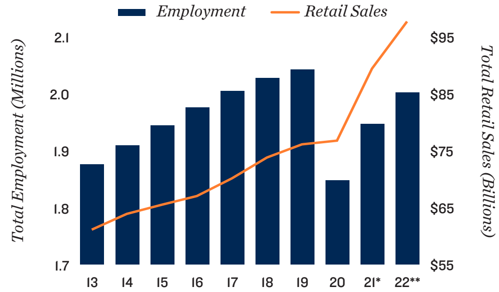
Construction 375,000 sq. ft. — Developers finalize fewer than 400,000 square feet for the second straight year. This is a notable divergence, following more than 700,000 square feet added each year from 2011-2020.

Vacancy down 30 bps — Net absorption trails the 2021 total by one-third, yet is the second-highest measure since 2017. This drops vacancy to 3.4 percent, within 50 basis points of the past-decade trough.

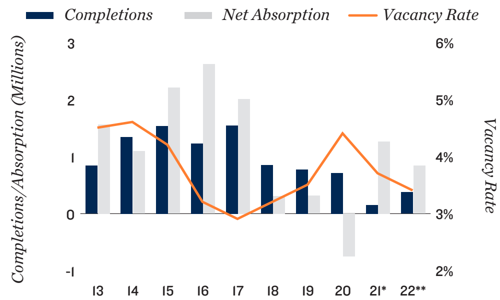
Rent up 3.3% — Annual rent growth has been above 2 percent in each of the past three years, a trend that will be sustained in 2022 as the average asking rent reaches $17.05 per square foot.

Investment — Northwest expansion in Wright and Sherburne counties could accelerate in the coming decade. Opportunistic buyers are paying more attention to suburbs like Elk River and Big Lake.

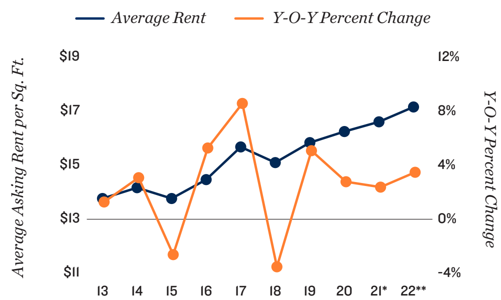
Economic Trends



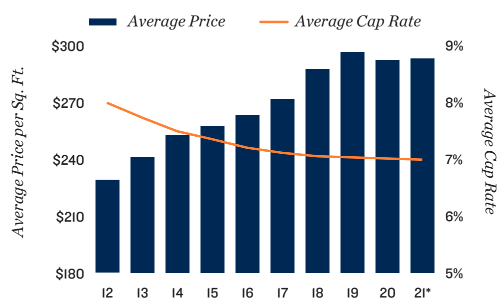
Supply and Demand



Rent Trends

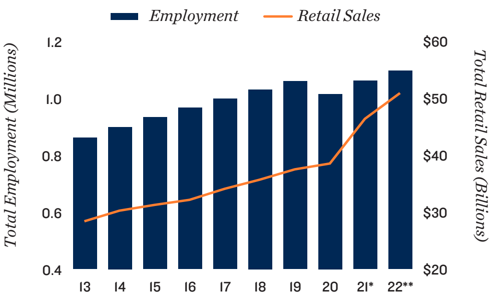


Sales Trends

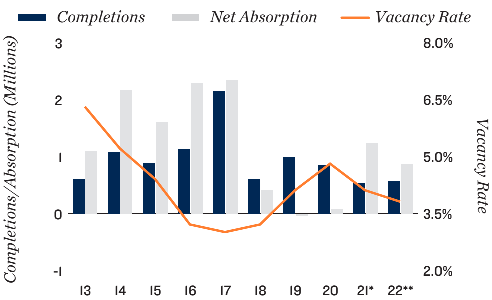


* Estimate; ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

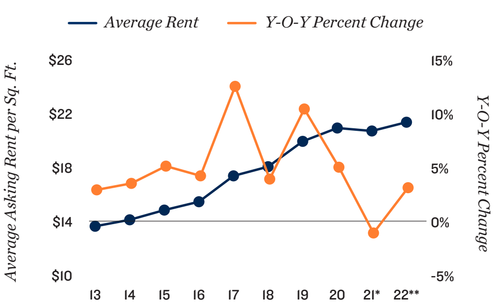
Economic Trends



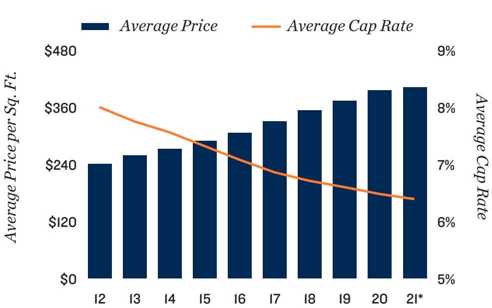
Supply and Demand



Rent Trends



Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Rapid In-Migration and Swelling Household Incomes Drive Music City's Outstanding Retail Outlook

Robust job growth amid minimal construction boosts absorption. Nashville has been one of the most resilient metros in the nation, evidenced by vacancy staying below 5 percent throughout the health crisis. Construction is at one of its lowest levels in the past decade, and much of what is scheduled to arrive has a tenant roster secured, furthering downward pressure on availability. At the same time, the metro has seen multiple outdated centers become repurposed, removing this square footage from the market's retail inventory. Meanwhile, large tech firms like Amazon and Oracle have committed to growing their payrolls in the city. Wage growth tied to the tech sector, coupled with robust in-migration trends, creates a favorable environment for retailers and overall leasing activity. The metro has recently recorded larger leases from grocery stores like Whole Foods, with other essential chains expanding their footprints. Additional signings from gyms and restaurants that were debilitated by capacity limits earlier in the pandemic indicate the long-term confidence many vendors have in the metro's demand drivers.

Investors flock to affluent submarkets. Sales volume has been largely unaffected by the pandemic, with the metro seeing a greater volume of trades in 2020 than 2019. This trend escalated in 2021 as deal flow climbed and per-square-foot pricing rose faster than the national pace. The southern suburbs along Interstates 65 and 24 remain highly sought after, as communities along these freeways provide retailers with high-income consumer pools and access to growing populations. Premium pricing in cities like Franklin have led some investors to target older industrial spaces for redevelopment into mixed-use assets containing retail space. At the same time, rising wages across the metro have increased investor interest in centrally-located suburban assets, namely those with retenanting potential. In the CBD, older multi-tenant properties are being targeted based on proximity to major employers and entertainment hubs.

2022 Market Forecast

NRI Rank 11 — Solid fundamental and demographic improvements lift Nashville to the 11th place in this year's NRI ranking.

Employment up 3.3% — Job recovery in the metro's crucial leisure and hospitality industry will help add 35,000 roles as tourism returns in 2022.

Construction 575,000 sq. ft. — Developers will complete more retail space than they did last year. At just 0.5 percent of all inventory, additions will likely not threaten the performance of existing stock.

Vacancy down 30 bps — Rapid population growth will facilitate retailer expansions, contracting vacancy to 3.8 percent at year-end. This makes Nashville one of 10 major metros with sub-4 percent availability.

Rent up 3.1% — Asking rents will return to a positive growth trajectory in 2022 after declining last year, advancing the average marketed rate to $21.30 per square foot.

Investment — Pricing in North Nashville is well below market average, even as the city debates potential public redevelopment projects in the submarket. Discounted pricing could be a buying opportunity.

Slowing Construction Stimulates Fundamentals; Buyers Gain Some Clarity on Signs of Recovery

Retail sector benefits from uptick in physical shopping and restrained pipeline. Consumers came out in force during 2021 to spend money saved during the previous year's lockdowns, pushing retail sales volume past 2019 levels. Flourishing in-store retail activity should generate demand for square footage, though the ongoing labor shortage may create headwinds for companies looking to expand operations. Hiring velocity is projected to continue at a rate above the historical metro average, but employment will end this year 13,000 positions under pre-health crisis levels. This year's delivery volume will tick up from the previous span's record low of 77,000 square feet, though 2022's construction pipeline remains conservative when compared to post-2008 norms. Preleasing rates approaching 70 percent on space under construction will further restrain upward pressure on vacancy and mitigate competition for existing inventory. Despite headwinds presented by emerging COVID-19 variants, fundamentals are normalizing, and the market offers upside potential as the current health crisis improves.

Investment activity heightening, aided by improving demand drivers. Robust consumer spending has lifted investor sentiment, with last year's transaction velocity nearly equivalent to 2019 levels, following a pandemic-induced contraction in trading during 2020. Deal flow increased in Fairfield County, highlighted by numerous transactions of smaller single-tenant assets. Sales of nationally-branded gas stations in the $1 million to $3 million price range ticked up, as buyers responded to increased travel demand in the wake of loosening lockdown restrictions. In New Haven County, single-tenant properties with triple-net leases typically change hands with yields from the low-5 percent to mid-6 percent range. This region also offers a number of community centers in the sub-$10 million price tranche. Pharmacy-anchored assets of this type have been observed trading at cap rates in the high-7 percent range.

2022 Market Forecast

NRI Rank 32 — The 32nd spot in the 2022 Index goes to New Haven-Fairfield County, largely the result of subpar household formation.

Employment up 2.4% — Hiring velocity slows after a 2021 surge, though employers still bolster this year's staff counts with 18,000 new positions.

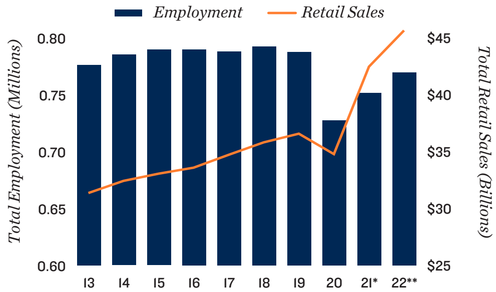
Construction 245,000 sq. ft. — Newly finalized retail space remains below the trailing five-year annual average, with 2022's deliveries comprising less than 0.3 percent of the metro's existing stock.

Vacancy down 20 bps — Limited supply pressure and elevated tenant demand results in a second consecutive year of vacancy compression. Availability reaches 4.5 percent, just above 2019 levels.

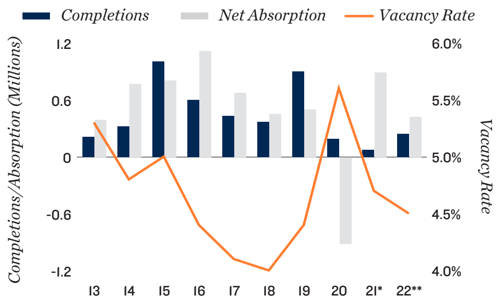
Rent up 3.1% — After maintaining consistent positive growth during the health crisis, asking rents continue to see gains in 2022, reaching an average of $23.50 per square foot.

Investment — If subsequent COVID-19 waves prompt some shoppers to avoid physical visits, multi-tenant properties anchored by essential businesses may gain additional upward pricing momentum.

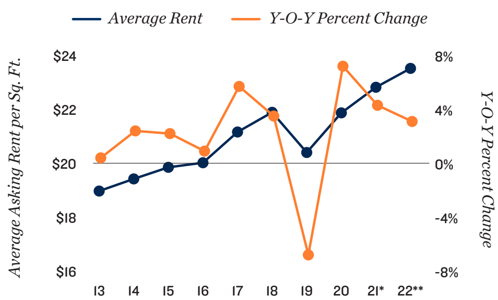
Economic Trends



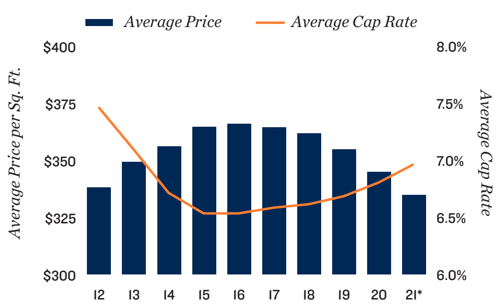
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

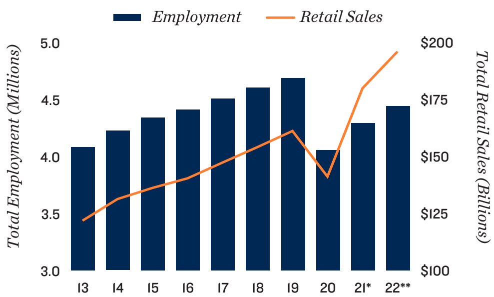
Sources: CoStar Group, Inc.; Real Capital Analytics

Retail Properties Benefit from Returning Foot Traffic; Mixed-Use Provides Hedge Against Uncertainty

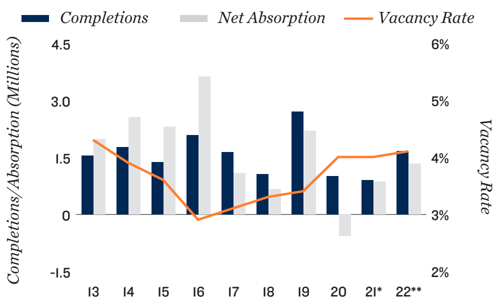
Outer boroughs near recovery, with commercial districts well on the way. Amid questions over economic reopening, retail recovery continues across the five boroughs. Despite the emergence of COVID-19 variants, gaps between current foot traffic and pre-pandemic activity have consistently narrowed, and consumer spending will end this year over 20 percent above 2019 levels. Asking rents in the city's outer boroughs are approaching full recovery, with Queens and Staten Island reporting all-time highs for single-tenant assets in 2021. As most office workers remain on remote schedules, subdued commuter traffic leaves retail fundamentals in core Manhattan and Brooklyn submarkets further from pre-pandemic peaks. Despite this, robust leasing activity in January of this year is generating record-asking rents for office space in Midtown South, signaling tenant confidence in a large-scale return to workplaces in the near to mid-term. As large firms commit to bring employees back to Manhattan and Brooklyn, rising commuter activity will put significant positive momentum on retail asking rents in these office-heavy districts.

New York's mixed-use inventory gives retail investors unique opportunities. The city's retail investment market is moving forward from its pandemic slump. Trading velocity increased in 2021's latter half, as new COVID-19 strains did little to discourage investment activity. Sales trends have been bifurcated between different asset classes. The outer boroughs saw a multi-year high in single-tenant deal flow, led by a sharp rise in transactions in Queens, where retail markets are less dependent on commuter traffic than nearby boroughs. Investors willing to deal with a tougher regulatory environment also leaned on the city's multifamily sector when looking for mixed-use properties. In Manhattan, where the largest gaps still exist between current and pre-pandemic retail fundamentals, mixed-use retail-residential options change hands with yields in the low-4 to 5 percent range, roughly 100 basis points under the current market average.

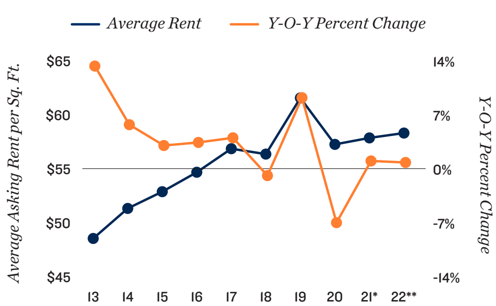
Economic Trends



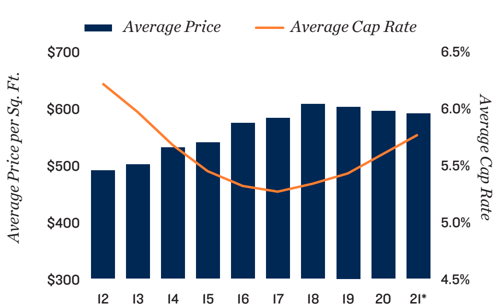
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

2022 Market Forecast

NRI Rank 46 — New York faces a longer recovery timeline after a significant pandemic impact, resulting in the last place NRI ranking.

Employment up 3.5% — Employers will bolster staff counts with 150,000 new positions, but the city remains over 280,000 jobs short of previous highs.

Construction 1,660,000 sq. ft. — After developers finalized just under 900,000 square feet in 2021, retail space is projected to expand at a rate on par with the historical average.

Vacancy up 10 bps — While net absorption surpasses 1 million square feet for the first time since the onset of the health crisis, market availability ticks up to 4.1 percent.

Rent up 0.8% — Asking rents rise to an average of $58.25 per square foot, supported by an improvement in retail demand. Still, the year-end mean trails the heights achieved prior to the health crisis.

Investment — Retail properties in submarkets impacted by ongoing remote work schedules may see sudden upward pricing pressure when large employers fully commit to returning to offices.

Deliberate Development Bolsters Property Performance; Investors Stick With Proven Tenants

Muted supply growth benefits long-restrained revenue growth. While Northern New Jersey's job recovery is making headway, a substantial gap remains between employment growth projections and the pre-pandemic total; metro incomes, however, are still some of the nation's highest, fueling large amounts of discretionary spending. Despite subdued workforce expansion, retail sales surged last year and are expected to stay elevated throughout 2022. In addition to heightened consumer purchases, fundamentals are backstopped by the record-low amount of space delivered in 2021. While higher, this year's construction pipeline is still conservative, as developers remain vigilant of the risks of oversupply. A leaner pipeline may be particularly beneficial, as the long-term growth of asking rents in Northern New Jersey has been more subdued, in comparison to nearby markets. Despite this, one of this year's largest community centers delivers to Union County, where the average asking rent for multi-tenant assets has remained near $20 per square foot since the onset of the financial crisis.

With some aspects of recovery incomplete, investors are drawn to small suburban assets. After slowing due to the health crisis, sales of multi-tenant assets in 2021 remained far under levels reported in prior years, mostly due to a sharp drop in mixed-use trades along the Hudson Waterfront. Deal flow in the subsector slowed to a third of the pre-pandemic rate, as multifamily renter demand was highly impacted by the health crisis. As health conditions improve and CBDs become more attractive for renters, increased bidding for these assets will likely occur. On the single-tenant side, sales velocity returned to pre-pandemic norms. Transactions involving high-credit occupants are providing investors with yields in the mid-5 percent to 6 percent range, though national food service brands are observing returns in the mid-4 percent or even high-3 percent zone. These brands' ability to adapt to previous lockdown circumstances has affirmed the bondlike nature of these investments, and they should withstand negative pressure from potential COVID-19 variants.

2022 Market Forecast

NRI Rank 29 — Northern New Jersey achieves the highest ranking among the tri-state metros in the Index, as development is relatively tame.

Employment up 2.4% — While the metro adds 50,000 jobs in 2022, it will end the year roughly 90,000 positions short of pre-pandemic employment.

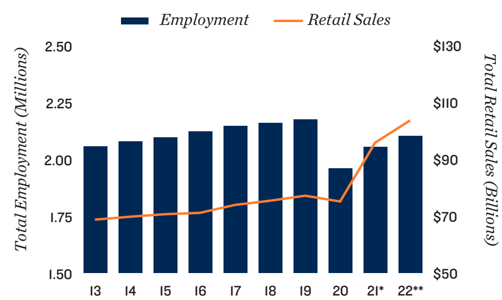
Construction 515,000 sq. ft. — After growing by just 260,000 square feet in 2021, inventory is projected to expand at an increased rate in 2022. Still, delivery volume trails the prior five-year average by 360,000 square feet.

Vacancy down 10 bps — Growing retail demand, in concert with this year's sluggish delivery pace, results in another year of vacancy compression. Availability declines to 4.3 percent.

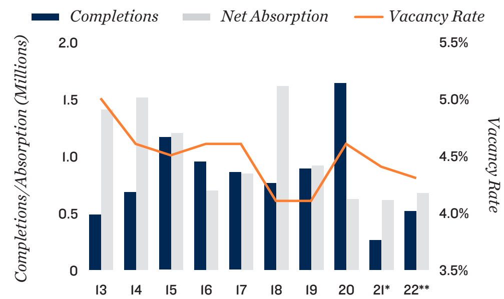
Rent up 3.1% — The average rent gain tapers from last year's 5 percent increase, but asking rents maintain upward momentum in response to space demand, reaching an average of $26.20 per square foot.

Investment — Potential legislation surrounding an effective multifamily rent cap in New York may push some buyers west of the Hudson, increasing bidding for mixed-use properties.

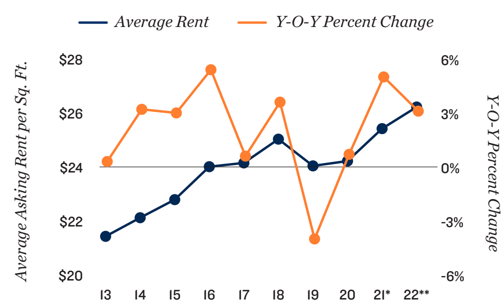
Economic Trends



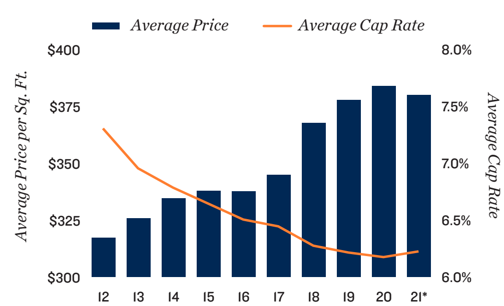
Supply and Demand



Rent Trends



Sales Trends

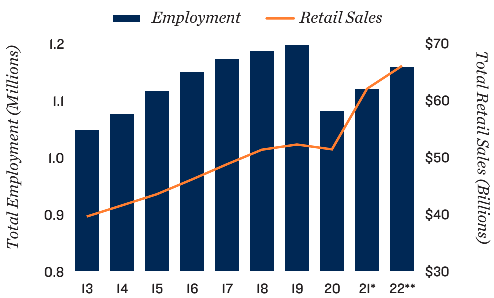


* Estimate; ** Forecast

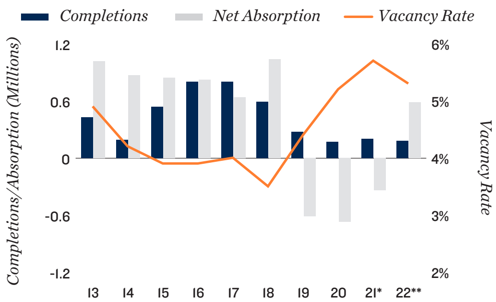
Sources: CoStar Group, Inc.; Real Capital Analytics

Bay Area's Highest Returns Attract Investors as East Bay Retail Market Retains Momentum

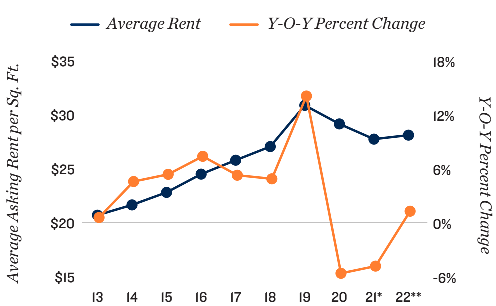
Economic Trends



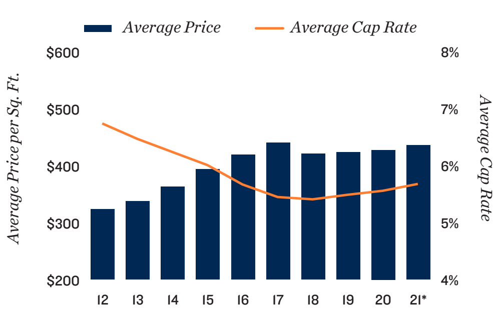
Supply and Demand



Rent Trends



Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Retail fundamentals continue gradual recovery. The bottom of the market occurred in the middle of last year and improved during each of the last two quarters. Those gains will be furthered in 2022 as economic prospects increase. Absolute job growth is expected to nearly keep pace with 2021. While vacancy is declining and should finish the year 70 basis points below the recessionary peak, there is a limitation to tightening. Moveouts by big-box tenants will be challenging to backfill and likely need to be repurposed. During the 18-month span including 2020 and the first half of 2021, nearly 1.5 million square feet of single-tenant space was returned to the market. Meanwhile, multi-tenant properties absorbed approximately 200,000 square feet. The Interstate 80 Corridor, where vacancy is near 10 percent, faces the highest hurdle filling empty single-tenant space. Fortunately, nearly all new space demand will be funneled into existing vacancies, as only a handful of pre-leased properties will be completed metrowide this year.

Divide between single and multi-tenant investments narrows. Buyers will remain active in the single-tenant area where there is price clarity. These assets still trade at a discount to those in the rest of the Bay Area, even when occupied by a national credit tenant. The bondlike nature of net-leased properties buttressed investor confidence following the initial shock of the health crisis, though some retrenching occurred as buyers shifted focus to storefronts. Going into 2022, a broader range of assets are expected to change hands due to cap rates in the high-5 percent area, 100 basis points above adjacent markets. In the multi-tenant sector, sales velocity remains significantly below pre-recession levels, as buyers take a risk-averse position and owners with performing properties are hesitant to list. These positions could loosen as the year progresses, as upward pressure on the cost of capital mounts, encouraging more aggressiveness. First-year returns are in the mid-5 percent area at the beginning of the year.

2022 Market Forecast

NRI Rank 41 — Despite vacancy compression, Oakland is recording comparatively less-impressive retail sales growth, earning a lower rank.

Employment up 3.4% — Employment gains remain brisk this year, as 38,000 spots are created, down from 38,800 in 2021.

Construction 180,000 sq. ft. — Stock will only increase by 0.2 percent in 2022, and most of that space has leasing commitments. Developers added a paltry 200,000 square feet last year.

Vacancy down 40 bps — Vacancy continues the downward trend that began in the middle of last year, falling to 5.3 percent. The rate will remain 80 basis points above the level in the first quarter of 2020.

Rent up 1.3% — Reversing a two-year trend of declining asking rents, the mean marketed rate will tick up to $28.08 per square foot. In 2021, the average rate retreated 4.8 percent.

Investment — Buyers will search for more assets in east Contra Costa County, where many of the metro's new homes have been constructed, complementing activity in the Interstate 880 Corridor.

Orange County Ranks Among West Coast's Tightest Markets; Investors React to Minuscule Pipeline

Tourism and discretionary spending poised to improve. Orange County's retail sector has proved resilient during the health crisis, having navigated convention cancellations, amusement park closures and a significant reduction of in-office operations. Entering 2022, vacancy was just 50 basis points above its pre-pandemic mark and 70 basis points below the average rate registered across the other nine major West Coast markets. Moving forward, vendors can expect an increase in retail sales as tourism recovers. Both Disney's D23 Expo and the National Association of Music Merchants convention will return to Anaheim during the second half of 2022, with theme parks expected to operate at full capacity this year. Additionally, the number of traditional office-using professionals is projected to reach a record mark, pushing the median annual household income near $100,000. Together, these demand drivers will cultivate retailer expansions at a time when inventory grows by less than 0.1 percent. Steered toward the metro's existing stock, growing vendors will support positive absorption that lowers vacancy below the metro's trailing five-year average.

Regional buyers strike as county's economy recovers. Quarterly transaction velocity was strong throughout last year in Southern California's highest-priced market for retail investment. Confident in Orange County's collection of long-term demand drivers, single-tenant buyers are acquiring dining establishments in North and Central County cities, including Anaheim and Santa Ana. Here, restaurants are trading at cap rates in the mid-4 percent to high-5 percent range, with pricing below $500 per square foot scarce. Investor demand for pre-1990s-built strip centers and midsize shopping centers is more widespread, with the latter property type providing buyers the opportunity to deploy more than $10 million per acquisition. Currently, first-year yields for neighborhood centers with high-credit tenants are falling into the mid-3 percent to low-4 percent band.

2022 Market Forecast

NRI Rank 21 — Orange County benefits from muted building, giving it a spot just outside the top 20, the highest rank of any California metro.

Employment up 4.0% — After adding 100,000 positions last year, Orange County employers create another 65,000 jobs in 2022.

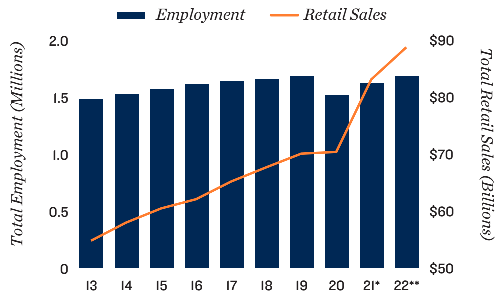
Construction 80,000 sq. ft. — For a third straight year, less than 100,000 square feet is delivered across the metro. The expansion of a neighborhood center in Garden Grove accounts for the bulk of supply additions.

Vacancy down 40 bps — Improving retailer demand and sparse completions translate to the net absorption of nearly 570,000 square feet in 2022, lowering availability to 4.3 percent.

Rent up 2.7% — The pace of rent growth in 2022 mirrors last year, when a 2.8 percent gain was registered. The steady rate of increase lifts the metro's average marketed rent to $32.00 per square foot.

Investment — The ongoing construction of the OC Streetcar from Garden Grove to Santa Ana has the potential to increase investor interest in retail properties proximate to Santa Ana Boulevard.

Economic Trends



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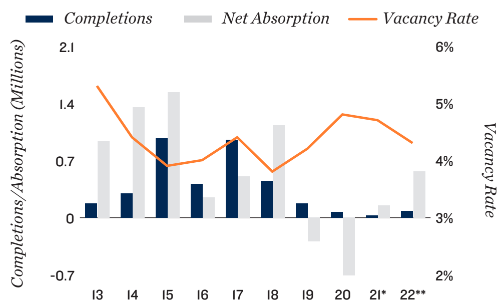

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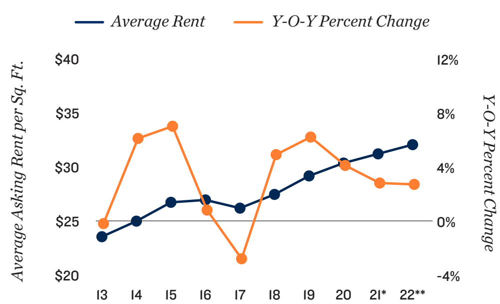
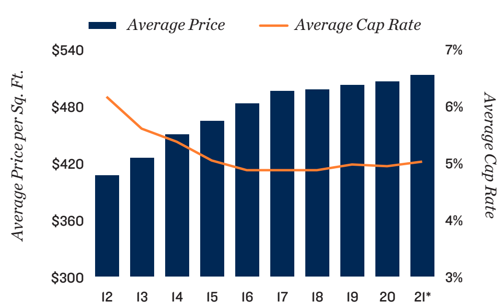


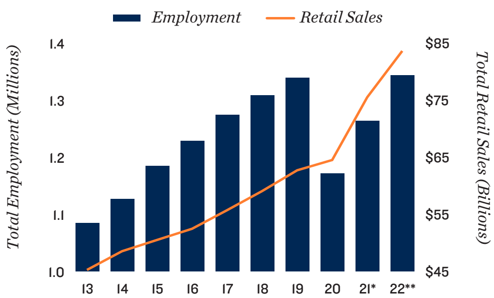
Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Economic Trends



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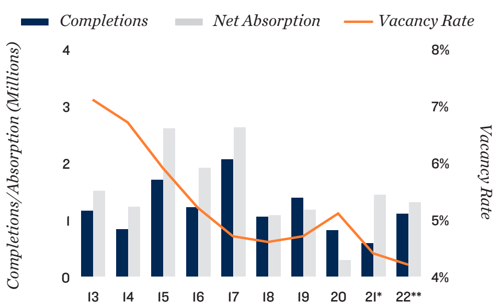

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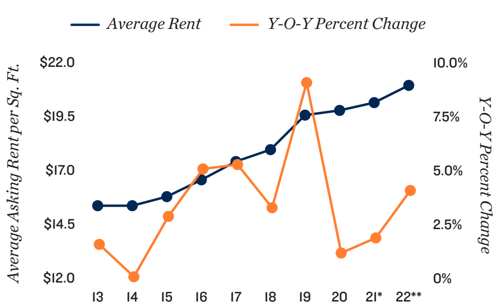

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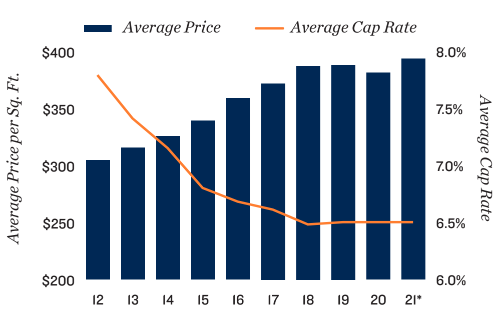


** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Vigorous Employment and Population Gains Bolster Retail Spending; Vacancy Retreats to 15-Year Low

Demographic growth fuels retail demand. Orlando's retail fundamentals have fully recovered from the health crisis as robust in-migration and employment growth helped offset steep drops in foreign tourism. Retailers absorbed more than 1.4 million square feet of space in 2021, lowering metrowide vacancy to a 15-year low and lifting the average asking rent to a cyclical high. Several factors indicate the market will sustain this positive performance in 2022. Orlando's rate of employment growth is expected to lead the nation, with the local population slated to elevate by 52,000 residents. Additionally, international travel will likely increase as pentup demand is released. Favorable demographic trends and increased levels of tourism support a further rise in consumer spending, encouraging retailer expansions that will drive demand for available space. Although construction activity is expected to rise, the majority of the pipeline is pre-leased heading into this year. This will require space-seeking vendors to browse the metro's limited vacant stock, promoting additional vacancy compression and rent gains throughout this year.

Economic drivers lure investors to Orlando. An expanding economy, coupled with strong population growth and robust tourism, has made Orlando's retail sector a highly attractive option for investors. Tight vacancy is enticing new buyers to the market, increasing competition for available properties. Investors targeting single-tenant assets are active in Osceola, Lake and south Orange counties, where vacancy rates are among the lowest in the metro. Drug stores as well as fast food and discount retailers are garnering the most interest, with first-year returns averaging in the mid-5 percent range. Many buyers are also focusing on multi-tenant assets in the West Colonial and Orlando Central Park submarkets. Entry costs here usually fall below the metro average of $274 per square foot, with cap rates averaging in the low-7 percent span. Further vacancy compression will boost competition for listings in 2022 as the metro's buyer pool continues to expand.

2022 Market Forecast

NRI Rank — 9 — Orlando grabs a top 10 spot in this year's NRI, as robust job gains and household formation benefit retail metrics.

Employment up 6.3% — Employment growth exceeds 6 percent for the second consecutive year, with firms adding 80,000 jobs in 2022.

Construction 1,100,000 sq. ft. — Construction activity nearly doubles on an annual basis, as developers expand the metro's inventory by 0.9 percent. Last year, 585,000 square feet of space was finalized.

Vacancy down 20 bps — Robust leasing activity allows metrowide vacancy to contract for the second straight year. The rate will fall to 4.2 percent, following the 70-basis-point drop registered in 2021.

Rent up 4.0% — Rent growth will accelerate from last year, when asking rents increased by nearly 2.0 percent. The average marketed rate is projected to reach $20.85 per square foot in 2022.

Investment — Increased international travel and domestic tourism will likely boost retail sales in the Tourist Corridor over the next year, driving buyer demand for properties in this submarket.

Retail Fundamentals Continue to Improve in the City of Brotherly Love, Diversifying the Metro's Buyer Pool

Excess savings bolster consumer buying power. Reduced spending on services during the onset of the pandemic, coupled with three rounds of government stimulus, bolstered local consumers' savings, stimulating a 21 percent jump in retail sales over the past year. Demand for available space elevated as a result, with vendors absorbing over 1.4 million square feet of space in 2021, contracting availability within 50 basis points of the metro's pre-recession rate. Fundamentals will continue to improve in 2022, albeit at a slower pace than last year. Many life science firms, including Century Therapeutics, The Wistar Institute, Spark Therapeutics and WuXi AppTec, have expansion plans underway that will create a plethora of high-paying jobs. This will support a rise in the median household income and provide a boost to consumer spending power, which in turn may elevate space demand across the metro. Although a rise in deliveries is projected for this year, net absorption is expected to outpace completions, promoting additional rent growth and vacancy compression throughout this year.

Top-performing suburban assets garner investor interest. Following a brief slowdown in investment activity due to complications stemming from the health crisis, transaction velocity accelerated in 2021, nearing pre-pandemic levels of deal flow. Low entry costs relative to other major United States markets is luring out-of-state investors from California, New York and Texas to the metro, expanding the local buyer pool. Robust leasing activity in Northeast Philadelphia, Lower Bucks County and Delaware County is heightening investor interest in these submarkets. Single-tenant assets occupied by creditworthy vendors are highly sought after by risk-averse buyers, with first-year returns averaging in the low-5 percent span. Multi-tenant assets anchored by necessity-based retailers are also being targeted, due to their resiliency throughout the pandemic. Average cap rates for these properties generally fall in the mid-6 percent range.

2022 Market Forecast

NRI Rank 27 — A slow economic rebound from the pandemic is aided by solid rent growth, giving Philadelphia the 27th rank in the Index.

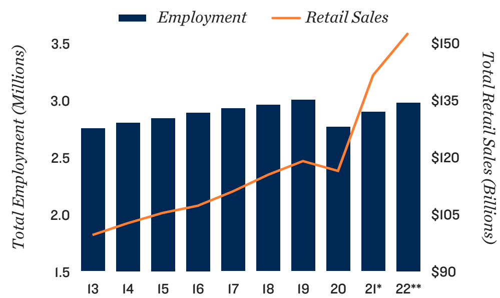
Employment up 2.8% — Firms will add 82,000 jobs this year; total employment, however, remains 1.5 percent below the pre-pandemic peak.

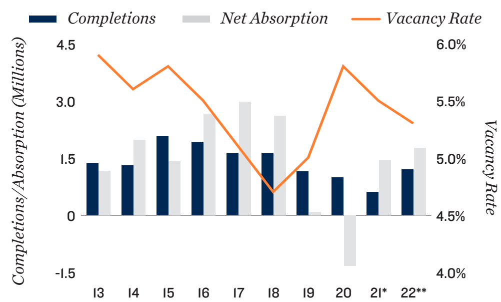
Construction 1,200,000 sq. ft. — Construction activity nearly doubles last year's pace when 615,000 square feet delivered. Developers will expand the metro's retail inventory by 0.4 percent this year.

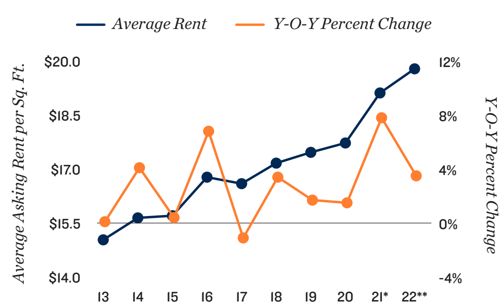
Vacancy down 20 bps — Despite an uptick in development, net absorption outpaces deliveries this year, compressing vacancy to 5.3 percent. In 2021, a 30-basis-point dip was recorded.

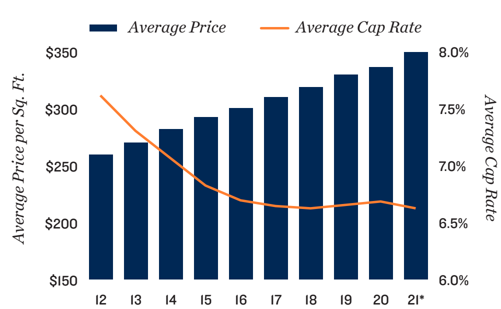
Rent up 3.5% — Rent growth will ease after 2021's jump of 7.8 percent. Still, tightening vacancy will promote further rent growth this year, with the average asking rate reaching $19.77 per square foot.

Investment — Recovering business travel and an increase of firms returning to the office should notably improve weekday foot traffic in Center City, drumming up bidding activity for CBD assets.





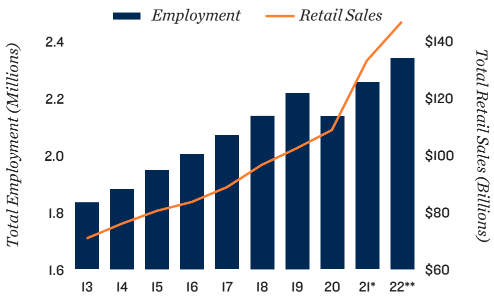




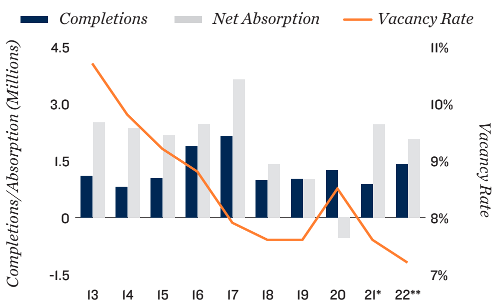
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

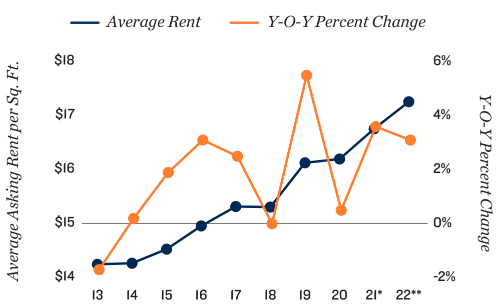
Economic Trends



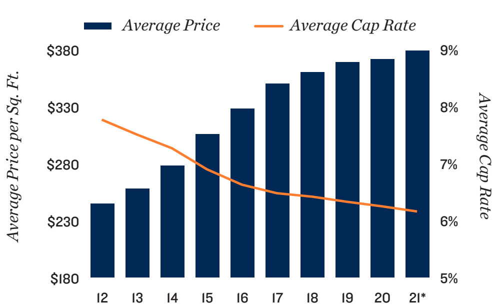
Supply and Demand



Rent Trends



Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Clouds of Uncertainty Clear, Revealing a Glowing Long-Term Outlook that Elevates Investor Activity

Job gains and new residents a boon for consumption. Retail metrics have soundly improved after enduring some turbulence, and momentum will spill into 2022. Net absorption is expected to surpass 2 million square feet for the second straight year, dropping vacancy to the lowest year-end mark since 2007. Several factors are driving the uptick in space demand by retailers. Metro employment exceeded the 2019 peak by August of last year, spearheading consumers' ability to spend. At the same time, some seasonal residents have returned after staying put in 2020 and tourism is progressing. In the long term, the metro's swift expansion aids the outlook. Through the end of this decade, the household count is projected to grow by nearly three times the national pace. A larger resident base translates to higher levels of spending, encouraging retailers to enter or enlarge their market presence. Experiential tenants, one of the more impacted segments during the pandemic, inked several 2022 commitments, including Urban Air in Gilbert and EōS Fitness in Queen Creek. Traditional retailers are leasing as well, with Dick's Sporting Goods and Sportsman's Warehouse moving into facilities late last year.

Uneven rebound impacts investment decisions. The recovery differs across market areas and retail segments, prompting many investors to adjust their strategies. Multi-tenant asking rents dipped last year, due mostly to sluggish demand in large malls amid low foot traffic. Meanwhile, single-tenant rates grew in 2021 as necessity retailers and drive-thru-capable shops thrived. As a result, single-tenant buildings accounted for roughly 60 percent of deals completed through the third quarter of last year, compared to a nearly even split in 2019. Despite the shift, average sale prices rose in both segments. The East Valley and Scottsdale submarkets generate the most buyer interest across retail asset types, and also had steep vacancy declines last year. Single-tenant cap rates here fall between 4 percent and 6 percent, and multi-tenant returns are in the 6 percent to mid-7 percent band.

2022 Market Forecast

NRI Rank 8 — Vacancy reduction, retail sales expansion and robust household creation combine to give Phoenix a top 10 ranking this year.

Employment up 3.8% — Metro employers enlarge the headcount by 85,000 personnel in 2022, the second-largest annual gain across the past 15 years.

Construction 1,400,000 sq. ft. — Stock grows by 0.7 percent as delivery volume exceeds 1 million square feet for the third time in four years. Nearly half of the new space is in East Valley locales like Chandler and Gilbert.

Vacancy down 40 bps — The overall vacancy rate retreats to 7.2 percent in 2022, down 10 basis points from the past-decade low set in September 2018. Single-tenant availability could dip near 6.0 percent.

Rent up 3.0% — Availability drops to a 15-plus year low as demand strengthens, setting the stage for rent growth. The average marketed rate climbs to $17.20 per square foot, up 6.6 percent from 2020.

Investment — Downtown Phoenix could attract more investment after vacancy fell to the lowest rate since 2007. Fast food and restaurants here often command entry costs above $500 per square foot.

Retail Sector Reaches Recovery Inflection Point; Out-Of-State Buyers Supporting Subdued Trading

First signs of positive absorption emerge. The second half of 2021 provided the first significant glimpse of recovery for the Steel City's retail sector, as businesses began filling vacant stock. This leasing activity pushed quarterly net absorption above 100,000 square feet for the first time since 2018. While large retailers like JCPenney have reduced their footprints in the metro, others like Dick's Sporting Goods and Dollar Tree have steadily increased their presence. At the same time, local health retailer GNC was able to avoid significant closures, even after filing for bankruptcy last year. Developers sharply cut down on projects in 2021, as a result of these headwinds. Even with an acceleration in 2022, less space will be delivered than the trailing five-year average of 400,000 square feet. Even though the market will remain well below pre-pandemic performance at the end of this year, the growing presence of STEM, especially robotics, employers is an additional positive trend, as they provide a path toward future high-paying job creation for a metro traditionally known for its lower-wage employment sectors.

Westmoreland County leads in trading volume by a large margin. The number of properties changing hands has yet to return to pre-pandemic levels, with 2021 marginally outpacing 2020 in terms of sales volume. Notably, a significant number of multi and single-tenant buildings traded recently, a deviation from national trends. Among submarkets, Westmoreland County is recording the most deal flow, driven by discounted pricing and a diverse mix of retail listings. Single-tenant assets here have been targeted by out-of-state investors, with cap rates recorded near 7 percent on average and mean sales prices usually well below the metro average of $290 per square foot. Regional buyers have also been active elsewhere in the metro, due to entry costs being lower here than in larger coastal cities, and both Philadelphia and Cleveland. A substantial portion of last year's sales volume can be attributed to this kind of buyer.

2022 Market Forecast

NRI Rank 44 — Sluggish employment growth and a comparatively moderate retail sales expansion contribute to Pittsburgh's lower spot.

Employment up 1.9% — Adding 22,000 roles this year keeps the metro below its prior peak, as leisure and hospitality jobs have yet to fully return.

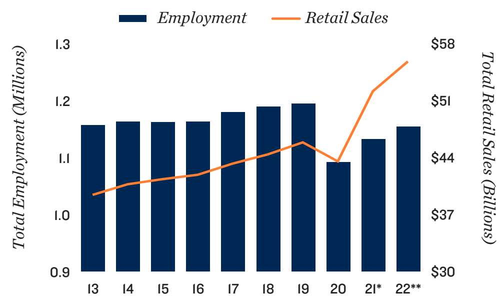
Construction 360,000 sq. ft. — Developers will escalate deliveries in 2022, as more than three times as much space enters the market relative to last year's total. Still, this volume trails pre-pandemic completion levels.

Vacancy down 20 bps — Positive absorption returns to the metro for the first time since 2018 as firms begin to refill vacated space. This activity will induce a small drop in the vacancy rate to 5.1 percent.

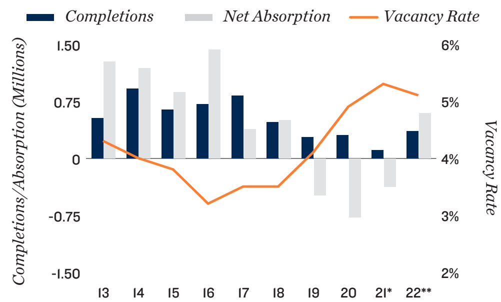
Rent up 3.0% — The average effective rent will climb to $13.80 per square foot, building on a near-12 percent gain last year. This is still roughly 2.2 percent below the recent high established in 2018.

Investment — The eventual full reopening of businesses and colleges in the CBD and Oakland submarkets should boost foot traffic and retail performance, lifting buyer sentiment in these locations.

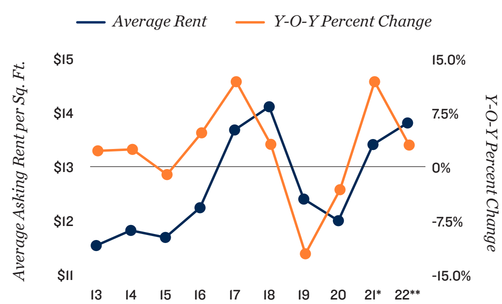
Economic Trends



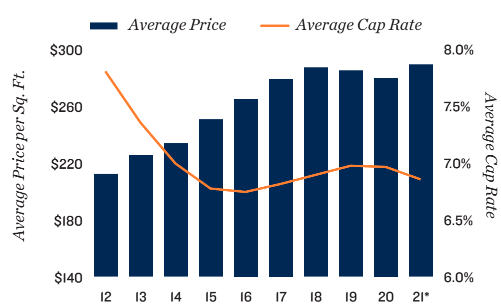
Supply and Demand



Rent Trends



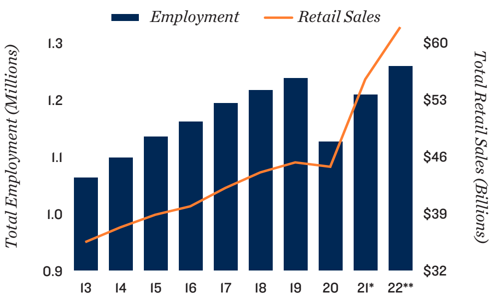
Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Economic Trends



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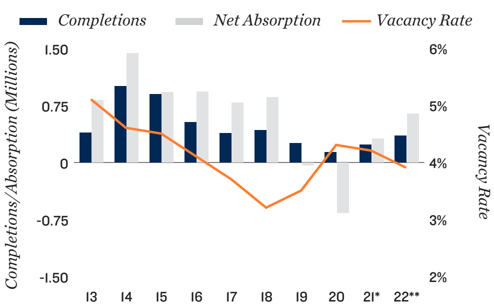

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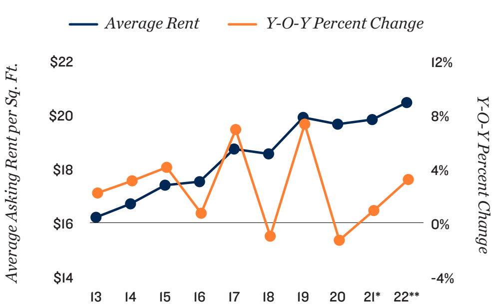

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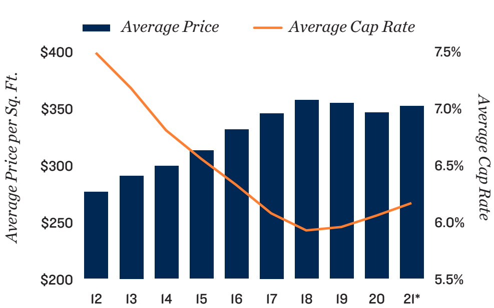


** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

In-Migration Trends Underpin Retail Demand; Attractive Pricing and Upside Potential Capture Investor Interest

Influx of new residents provides retail spending boost. Oregon rescinded nearly all COVID-19 restrictions placed on businesses last June, which drove demand for more in-person activities. In response, leasing velocity accelerated in the suburbs, lifting annual net absorption to positive territory for the first time since 2018. The strong performance during the second half of 2021 provides optimism for Portland's retail sector heading into this year. Affordability in the region is attracting residents from more expensive West Coast metros and employment growth continues to outpace the national average, further bolstering the metro's consumer base and spending power. Additionally, CBD foot traffic should increase as more firms return to the office and business travel continues to rebound. This could potentially elevate leasing activity downtown, where vacancy is the highest in the metro. Furthermore, only 350,000 square feet of retail space is scheduled to deliver this year. Limited development metrowide will steer expanding retailers to existing inventory, promoting further vacancy compression this year.

Regionally low pricing entices out-of-market interest. Favorable migration trends and tightening market conditions are lifting investor confidence in Portland's retail sector. Low entry costs and attractive yields relative to coastal California markets and Seattle are drawing out-of-market interest to the metro, expanding the local buyer pool and increasing competition for retail assets. Investors are targeting drug stores and discount retailers, due to their resilient performance throughout the health crisis. These assets are changing hands most often in Northeast and Southeast Portland, where vacancy rates are low and property listings are more frequent. Buyers are also actively pursuing multi-tenant properties with secure tenant rosters. Neighborhood and strip centers are garnering interest in Clark County, as the submarket's consistent population growth spearheads upside potential. Assets here trade with cap rates averaging in the mid-6 percent range.

2022 Market Forecast

NRI Rank 14 — A retail sales surge amid solid household formation helps Portland place just inside the top 15 on this year's list.

Employment up 4.1% — Total employment exceeds the metro's pre-pandemic peak with the addition of 50,000 jobs in 2022.

Construction 350,000 sq. ft. — Construction activity remains moderate, as developers deliver less than 500,000 square feet for the sixth consecutive year. New supply will increase inventory by just 0.3 percent.

Vacancy down 30 bps — Net absorption nearly doubles supply additions this year, compressing the metro's vacancy rate to 3.9 percent. In 2021, a 10-basis-point dip was recorded.

Rent up 3.2% — Improving space demand and little pressure from new supply allows the average asking rent to reach $20.43 per square foot in 2022. Last year, a 0.9 percent increase was registered.

Investment — Robust population growth in Eastside Portland and Clark County will continue to promote retailer expansion, making assets in these submarkets even more attractive to investors.

Sound Fundamentals Brighten Long-Term Outlook; Investors Target High-Quality Assets Across the Metro

Retail sales to grow at nation-leading pace. The metro has been one of the fastest growing in the last decade, driven by corporate arrivals and prominent high-level academic institutions. This expansion continues in 2022 as the Triangle is expected to gain 26,000 citizens in net migration, spearheaded by high-wage employers like Google, Apple and Fidelity. These factors and a nearly 3 percent increase to the metro's median household income contribute to anticipated retail sales growth of nearly 13 percent year over year in 2022, a figure larger than what is expected in any other major market. Beyond this, 28 percent of the population falls in the 25- to 44-year-old cohort, which correlates with family formation, an additional positive for retail spending. Builders and vendors are responding, with roughly 1 million square feet of space slated for finalization this year, nearly 90 percent of which is pre-leased. Strong demand for newly built space and the recent repurposing of older malls into mixed-use assets are positioned to steer expanding retailers to a smaller inventory of available space, supporting tight conditions in 2022.

Investors key in on lower-risk properties. Locally active buyers are following national trends by increasing interest in single-tenant assets with credit-worthy retailers like Walgreens, CVS and Publix. Cap rates are reporting near 6 percent for single-tenant assets on average; returns, however, can be up to 150 basis points lower for assets occupied by tenants with outstanding credit. West Wake County, mainly Cary, remains the most liquid single-tenant submarket in the metro, supported by vacancy compression and average asking rents exceeding pre-pandemic values. Risk-averse behavior by investors has extended into multi-tenant trades as well, evidenced by the frequency of well-leased and grocery-anchored shopping center transactions. Multi-tenant, first-year yields land roughly 100 basis points higher than their single-tenant counterparts, with North Raleigh and West Wake County being the most targeted locales.

2022 Market Forecast

NRI Rank 18 — Raleigh claims a top 20 ranking, as excellent retail sales are offset by a substantial construction pipeline.

Employment up 2.8% — Employers will add 28,000 jobs in 2022, with many being high-income tech and cloud computing roles.

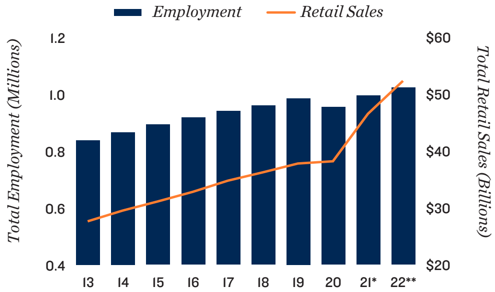
Construction 950,000 sq. ft. — Completions in 2022 will be lower than last year's total of 1 million square feet; annual delivery volume, however, is roughly 120,000 square feet above the five-year trailing average.

Vacancy down 10 bps — Despite a sizable construction pipeline, strong pre-leasing and an improvement in retailer demand near employment hubs will help cut metrowide vacancy to 3.5 percent.

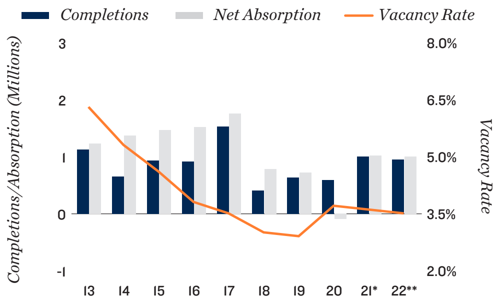
Rent up 2.4% — The average marketed asking rent will climb to $19.20 per square foot, as new projects are opened and filled. This growth more than erases last year's 0.2 percent decrease.

Investment — Investors willing to take on more risk are targeting both single and multi-tenant assets in North Raleigh. These assets trade well below the market average pricing of $337 per square foot.

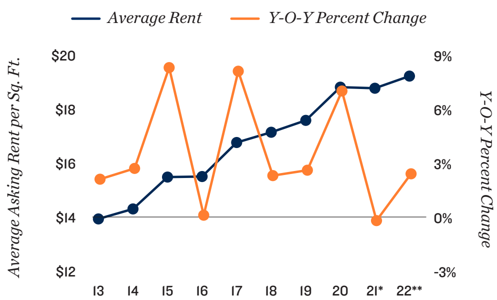
Economic Trends



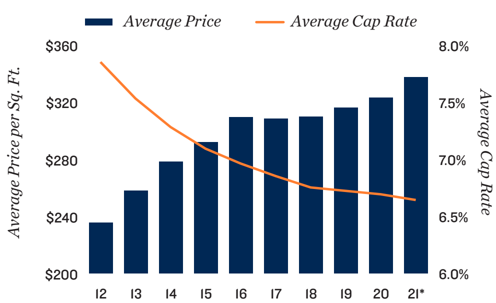
Supply and Demand



Rent Trends



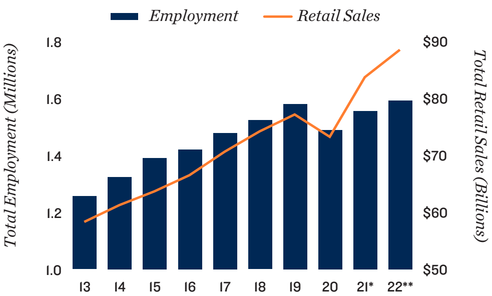
Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Economic Trends



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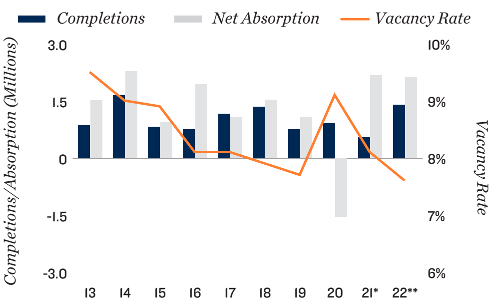
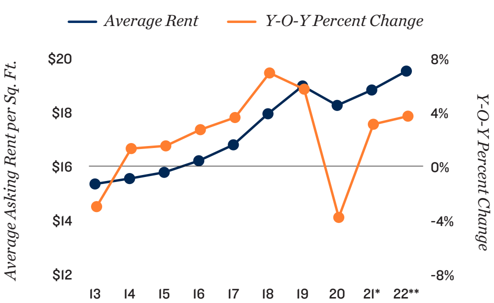
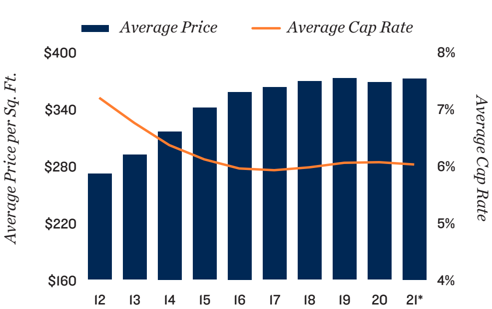


Rent Trends



Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Robust Population Expansion and Record Headcounts Elicit Heightened Demand for Inland Empire Retail

Region leads state in leasing velocity. Population growth in Riverside-San Bernardino substantially outstripped all other major California markets last year, boosting local consumer spending and motivating necessity-based merchants to expand. During the 12-month window, vacancy fell by 100 basis points on net absorption of nearly 2.2 million square feet, while availability rose or was unchanged across every other market statewide. Moving forward, the Inland Empire's lower cost of living, as well as expanding industrial and health sectors, will continue to draw new residents to the region, with the local populace expected to expand by more than 200,000 residents over the next five years. This projected growth represents the elixir for positive, near-term leasing momentum, as the region historically attracts only a moderate volume of tourists. Discount stores and home goods related vendors are positioned to lead the way, evidenced by Crazy Boss Big Discount Store, At Home, and Floor & Decor all recently committing to big-box space. Additional midsize and large-scale leases during a year of sub-1 percent inventory growth have the potential to lower vacancy to its tightest rate since 2007.

Growth prospects entice buyers. Sales activity improved significantly last year with deal flow evenly distributed between Riverside and San Bernardino counties, an indication of buyers' overall confidence in the region's retail fundamentals. Investors from throughout California are pursuing listings at a time when upside potential abounds. Entering 2022, the metro's average asking rent trailed its prior peak by more than 10 percent. At the same time, single and multi-tenant vacancy rates are either below or comparable to their long-term averages. The lack of construction activity in San Bernardino County is attracting buyers to single-tenant assets in the area. Here, minimum returns fall into the high-3 percent to low-4 percent band. Elsewhere, South Riverside County is attracting multi-tenant investors as the submarket has been a standout locale for rent growth.

2022 Market Forecast

NRI Rank 30 — Riverside-San Bernardino grabs the final spot in the top 30, due to tightening vacancy and rising asking rents.

Employment up 2.4% — Metro employers add 37,000 jobs in 2022, supporting a pace of job creation nearly on par with the national rate of increase.

Construction 1,400,000 sq. ft. — Delivery volume in 2022 exceeds the prior five-year average by 450,000 square feet. Oak Valley Town Center in Calimesa accounts for 40 percent of this year's supply additions.

Vacancy down 50 bps — Encouraged by robust population forecasts, retailers absorb more than 2 million square feet of space for a second straight year, lowering vacancy to 7.6 percent.

Rent up 3.7% — Tightening conditions enable the pace of rent growth to surpass last year's 3.1 percent increase, elevating the Inland Empire's average asking rate to $19.50 per square foot.

Investment — Industrial and residential growth in the Mojave River Valley off Interstate 15 has the potential to draw more investors to single-tenant assets and shopping centers in cities like Victorville.

Sacramento's Retail Sector Stands Above Many California Metros; Affluent Submarkets Warrant Investment

Population gains and diversified hiring fortify retailers' confidence. Sacramento's retail sector has proved to be more insulated from the impacts of the health crisis than other California markets. Entering this year, metro vacancy was just 10 basis points above the year-end 2019 mark, whereas availability in the state's seven other major markets was on average 100 basis points higher than pre-pandemic readings. Sacramento's strong rate of household formation last year and projections for similar near-term growth have motivated a collection of necessity-based retailers and gyms to recently enter or expand in local submarkets off Interstate 80 experiencing population growth. Expectations for steady job creation in both the public and private sectors this year have the potential to spark additional vendor growth, with most prospective tenants assessing existing floorplans amid a dearth of construction activity. Despite the potential effects of COVID-19 variants and inflation on retailers and consumer spending, positive demographic demand drivers will reduce vacancy to a three-year low and support positive rent growth in 2022.

Retail investors gravitate to higher-cost rental markets. Encouraged by some of the lowest price points in the state and local fundamentals that match pre-pandemic metrics, private investors supported a steady rate of quarterly deal flow in Sacramento throughout last year. Properties of various vintages are garnering buyer interest, with the metro's more affluent submarkets recording the most activity. Home to above-average asking rents, extremely tight multifamily vacancy and higher-earning households, Roseville, Folsom and South Sacramento are registering a comparable mix of older and post-2000-built single and multi-tenant transactions. Dependent on locale, tenant base and lease terms, first-year returns for smaller neighborhood and strip centers can range anywhere from 5 percent to high-7 percent, with single-tenant properties built within the past five years typically trading in the 4 percent range.

2022 Market Forecast

NRI Rank 40 — Sacramento holds a spot near the bottom of the 2022 NRI, due to below-par retail sales growth and high availability.

Employment up 2.9% — Metro employers add 29,000 roles this year, supporting a pace of growth that exceeds the national trajectory.

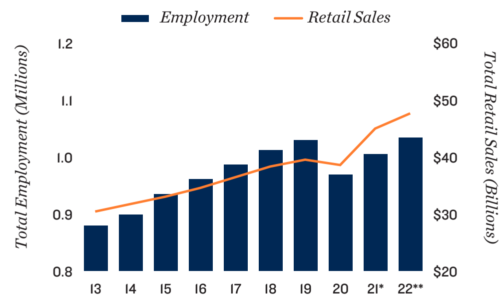
Construction 200,000 sq. ft. — Development is muted for a fourth straight year, as supply additions expand inventory by just 0.2 percent. A 50,000-square-foot property in Woodland is the largest upcoming completion.

Vacancy down 10 bps — A second consecutive year of positive absorption lowers vacancy to 6.5 percent, a rate 250 basis points below Sacramento's trailing 10-year average.

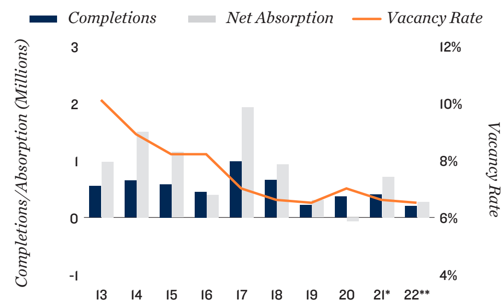
Rent up 3.0% — Vacancy returns to a level last recorded in 2019, allowing the average marketed rent to reach $18.75 per square foot. This year-end rate trails the prior peak by roughly 20 percent.

Investment — The arrival of a sizable Kubota Tractor Corporation facility and Sky River Casino are poised to increase retail spending in Elk Grove, heightening investor interest in local listings.

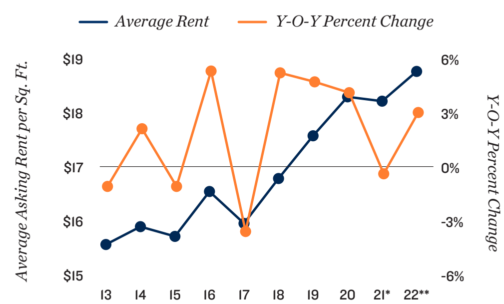
Economic Trends



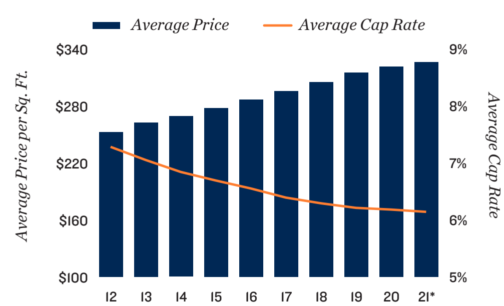
Supply and Demand



Rent Trends



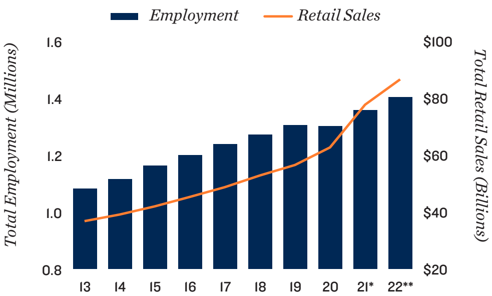
Sales Trends



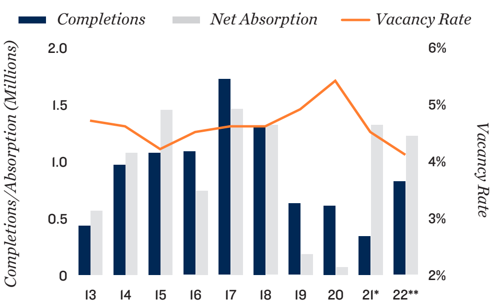
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Economic Trends



Supply and Demand



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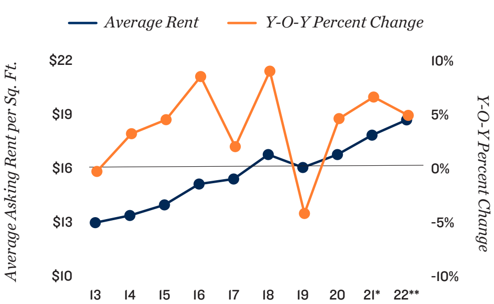

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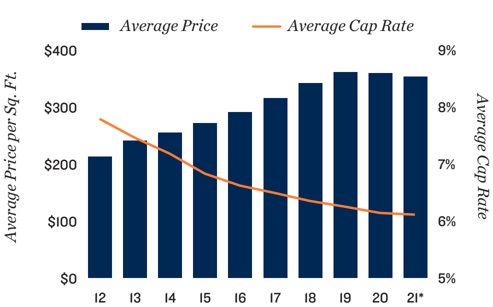


** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Salt Lake City Retail Moves Beyond Recovery Phase; More Outside Investors Venture to the Wasatch Front

Vacancy notably below other Mountain metros. Fueled by standout job creation and strong in-migration, Salt Lake City's retail sector has weathered the health crisis better than most U.S. markets. From the onset of 2020 through 2021, vacancy compressed 40 basis points, and the average asking rent elevated by double digits. During that span, the number of jobs across the Wasatch Front climbed 55,000 positions beyond the pre-pandemic mark, and the local populace rose by 66,000 residents, as the metro's horde of tech and financial employers bolstered headcounts. Recently inked office leases by these firms signal a continued increase in higher-paying job creation that will lift the median household income to nearly $90,000 this year. The boost in earnings bodes well for area retailers as consumers' discretionary incomes are likely to elevate at a time when housing costs remain relatively affordable. Expectations for strong rates of household formation over the next five years will further enhance retailers' confidence and encourage local expansions. Vendors focused on near-term market growth will pick from existing floorplans as 85 percent of the space slated for 2022 delivery was accounted for entering this year.

Regional capital accounts for larger slice of deal flow. Vacancy in Salt Lake City has held in the low-4 percent to low-5 percent range during the past 10 years, a metric that has attracted stability-seeking investors during the health crisis. Bullish near-term projections for population and job growth are poised to further diversify the buyer pool this year, specifically if fluctuations in pricing and cap rates are nominal. Historically low multi-tenant availability and strong rent growth are drawing out-of-state attention to the segment. Neighborhood and strip centers in Salt Lake City proper and southern suburbs are available at 6 percent to 8 percent returns, with maximum pricing around $300 per square foot. Competition for single-tenant assets in the CBD and locales proximate to universities is also robust, with minimum returns in the 4 percent to 5 percent band.

2022 Market Forecast

NRI Rank 2 — Outstanding asking rent trajectory and retail sales growth bolster Salt Lake City to the second spot in the 2022 NRI.

Employment up 3.3% — The metro's headcount will exceed the pre-pandemic total by 100,000 positions at year-end, as 45,000 jobs are added in 2022.

Construction 820,000 sq. ft. — Delivery volume is the highest in the past four years; retail inventory, however, increases by just 0.8 percent, with completions concentrated in Utah County.

Vacancy down 40 bps — Net absorption surpasses the 1 million-square-foot mark for a second straight year, lowering vacancy to 4.1 percent. This rate is 70 basis points below the metro's trailing five-year average.

Rent up 4.8% — Tight vacancy enables the pace of rent growth to mirror last year's gain, lifting the average marketed rate to $18.60 per square foot in 2022.

Investment — Nearly 2,000 apartments are slated for delivery in Central Salt Lake City this year, a circumstance that may heighten retail investment activity near new builds.

Improved Visitor Tally and New Residents in Northeast Suburbs Highlight 2022 Retail Investor Contemplations

Revival of traditional drivers, new tailwinds to help ease vacancy. From an economic standpoint, San Antonio is on solid ground entering this year, with a job count on par with the recording prior to the pandemic. Additionally, the metro's population will grow at a pace more than twice as fast as the national average in 2022. This expansion coincides with homebuilding activity in Comal and Guadalupe counties, where developers are building a cluster of subdivisions and multifamily communities. Consumer spending and leasing velocity in these counties are poised to strengthen as these new dwellings are filled and the inhabitants desire convenient shopping and services. Vacancy in the two submarkets also rests below the market average, so stronger demand should produce rent gains. Meanwhile, retail in the urban core is highly reliant on tourism, with destinations like the River Walk and the Alamo driving foot traffic to nearby shops. Hotel metrics indicate that tourism recovery is underway, as metro room occupancy during the second half of 2021 was only 240 basis points below the same six months in 2019. Positive economic trends and more visitors support the strongest retail absorption in six years during 2022.

Entry costs and yields, still attractive among major Texas metros. Deal flow improved markedly in 2021 after a slowdown at the onset of the health crisis. Strong buyer demand for single-tenant assets pushed the average sale price above $500 per square foot for the first time on record. Nevertheless, average entry costs for single-tenant assets remain more than 5 percent below the other three major Texas markets, while mean cap rates in San Antonio are the highest of the bunch at 6.0 percent. The average multi-tenant sale price also climbed last year, though this was predominantly a result of a flight-to-safety rather than demand-driven. Buyers of both asset types are most active in Northwest San Antonio, as the submarket contains one-third of metro inventory. Within this corridor, many investors are setting their sights outward as suburbs along Loop 1604 expand.

2022 Market Forecast

NRI Rank 25 — San Antonio rounds out the top 25 in the NRI, due to a strong employment rebound and a positive growth outlook.

Employment up 3.4% — The 2022 job gain trails last year's 4.7 percent jump, yet exceeds the trailing-decade average, as 37,000 positions are added.

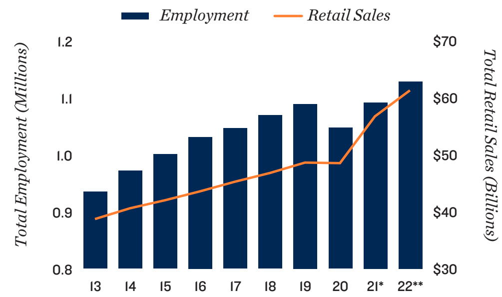
Construction 1,400,000 sq. ft. — Delivery volume practically doubles the 2021 total, though more than 60 percent of new inventory is pre-leased. Northwest San Antonio is the recipient of one-third of the arrivals.

Vacancy down 30 bps — Net absorption of almost 1.7 million square feet outpaces completions and pushes down on availability. The vacancy rate will taper to 5.1 percent, still 40 basis points higher than 2019.

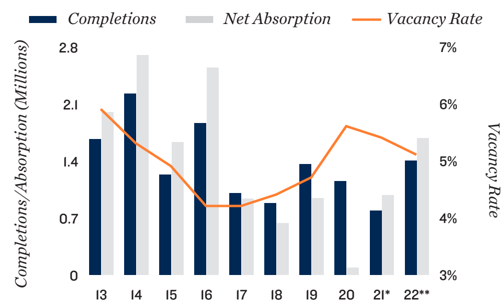
Rent up 3.0% — In line with the average annual gain over the past five years, the mean asking rate climbs to $17.35 per square foot. This mean will be 5.5 percent above the pre-pandemic measure.

Investment — Assets in New Braunfels and Seguin are hot commodities amid rapid household creation. Out-of-state and local investors compete for coveted single-tenant properties and strip centers.

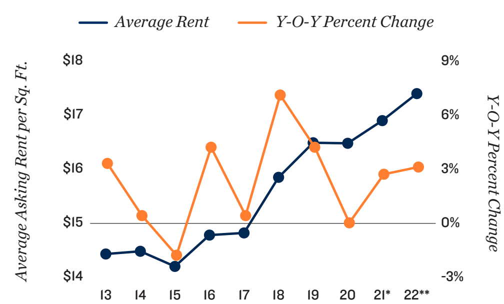
Economic Trends



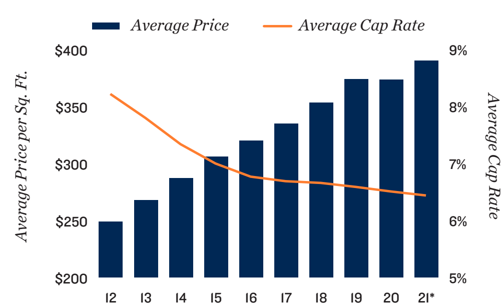
Supply and Demand



Rent Trends



Sales Trends

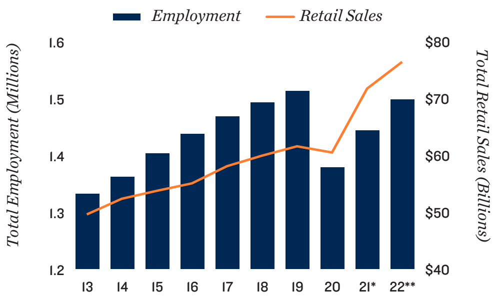


* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Bevy of Demand Drivers Hasten San Diego's Recovery; Buyer Pool Expansion Underway in North County

Economic Trends



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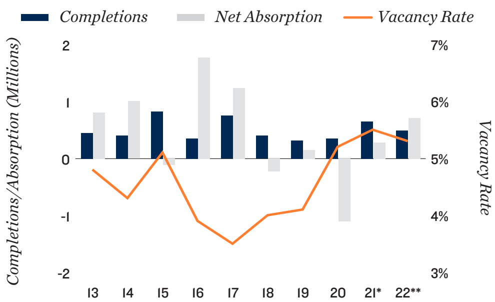
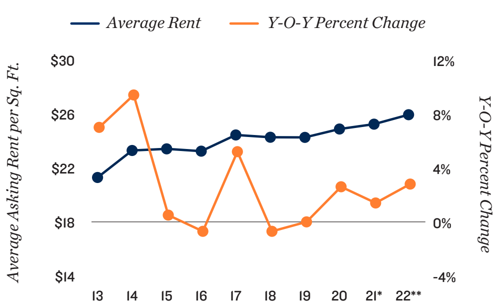
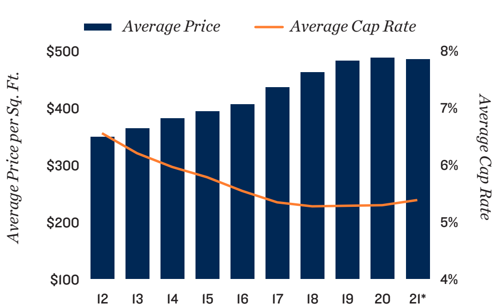


Rent Trends



Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Vacancy compresses for the first time in five years. Positive absorption returned to San Diego's retail sector last year, as did tourism, with summer visitor volumes nearly matching the tally recorded in 2019. These improvements signal the onset of a larger retail recovery that is poised to gain steam this year, thanks to a collection of additional demand drivers. Entering 2022, the metro represented one of the tightest multifamily markets in the nation. Out-of-reach home prices are poised to maintain this standing moving forward, benefiting retailers in submarkets with high concentrations of apartments. Expectations for diverse job creation are also brightening the retail outlook. The projected near-term increase in life science and tech positions will lift the metro's median household income, while an overall boost in hiring supports a strong rate of household formation. Retailers motivated to expand will sift through the county's existing available stock, as apart from 300,000 square feet at the Campus at Horton Plaza in Downtown San Diego, projects slated for delivery this year are largely pre-leased.

Mixed-use assets and northern centers provide upside. Transaction activity spiked in San Diego during the second half of last year, as the metro's collection of improving demand drivers bolstered investor confidence in the long-term performance of its retail sector. Buyers focused on single-tenant assets are targeting submarkets with large millennial populaces or areas that offer some of the lowest multifamily rents in the metro. Properties that feature a mix of residential and retail space are coveted throughout Central San Diego neighborhoods and East County cities proximate to Interstate 8, with these assets trading at 4 percent to high-5 percent returns. Multi-tenant buyers are concentrating on North County cities along the 78 Corridor, an area of population and commercial growth that accounted for most of the larger lease executions over the past year. Here, investors target neighborhood centers at mid-5 percent to low-6 percent yields.

2022 Market Forecast

NRI Rank 42 — San Diego is adding a plethora of jobs, but high vacancy and more moderate asking rent gains limit the metro's ranking.

Employment up 3.8% — The metro's rate of job growth exceeds the national increase for a second consecutive year, as employers add 55,000 positions.

Construction 490,000 sq. ft. — For the fourth time in five years, less than 500,000 square feet of space is finalized throughout the metro. This translates to inventory expansion of just 0.4 percent in 2022.

Vacancy down 20 bps — After rising by 140 basis points over the prior two years, San Diego's vacancy rate compresses to 5.3 percent in 2022 on net absorption of more than 700,000 square feet.

Rent up 2.8% — A reduction in vacancy allows the pace of asking rent growth to double on a year-over-year basis, elevating the metro's average marketed rate to a record mark of $25.90 per square foot.

Investment — Tight apartment vacancy and sparse land availability throughout the metro attract more investors to retail assets positioned for redevelopment into multifamily or mixed-use properties.

Retail to Make a Slow but Clear Comeback this Year; Buyers Target Storefronts in Residential Areas

San Francisco retail market begins to turn corner. After the metro was hard hit by the health crisis, a broader reopening and the return of the retail spending base will support a modest improvement in operations this year. A rapid bounce back is not anticipated, as the pace of businesses returning to offices is relatively pedestrian in the face of the ongoing pandemic. Furthermore, local retailers are highly dependent on tourism, which has not returned in a significant way due to restrictions both in the United States and abroad. Last year, the number of tourists that visited the city was down 39 percent from pre-pandemic levels, and a full recovery in the number of visitors is not expected until 2025. Furthermore, only two-thirds of Californians meet the minimum requirement to visit most retailers in the metro, which is hamstringing local tourism. In the long run, the outlook is much brighter. The density of the metro limits overbuilding at a time when more residential units are added vertically, supporting more shoppers per square foot.

Investors remain optimistic. Despite the metro being impacted more than most from the pandemic, sentiment among retail owners remains positive. Discounting on a large scale has not occurred, and valuations have stabilized for most of the retail inventory. Both single and multi-tenant prices dipped modestly last year, but the decline was less than 2 percent in both property classes. In the city, storefronts under residential units are the most sought-after properties, though a return of office workers will elevate buyer enthusiasm for similar spaces in those towers. The peninsula is also a favored location, as many of the less dense areas were able to recall workers earlier. Entering the year, single-tenant average cap rates were approximately 4.8 percent, slightly higher than the pre-recession low and relatively attractive at current interest rates. Meanwhile, multi-tenant properties saw a 10 basis point rise in the average first-year return last year.

2022 Market Forecast

NRI Rank 31 — San Francisco will record a large job market recovery, but lagging asking rents keep it just outside the top 30 of the Index.

Employment up 5.8% — The metro recovers more of its employment base this year, as 65,500 spots are created, building on 84,900 jobs in 2021.

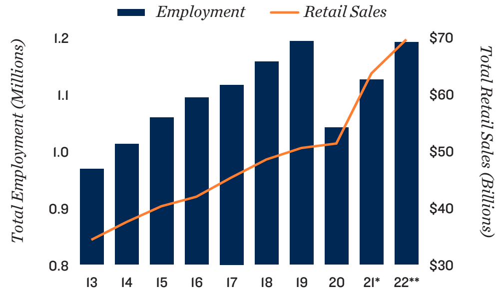
Construction 550,000 sq. ft. — Development will be limited as stock increases by a modest 0.8 percent, slightly above the 0.6 percent rise in inventory last year when 450,000 square feet was completed.

Vacancy down 20 bps — For the first time since 2014, vacancy will decrease on an annual basis, slipping to 5.4 percent. In 2021, the average availability rate climbed 50 basis points.

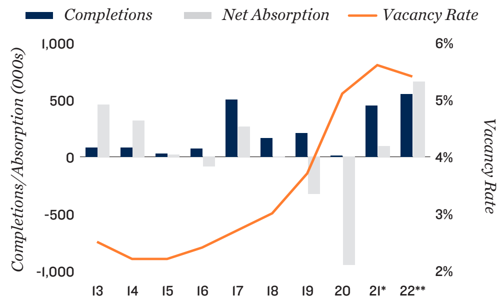
Rent up 1.7% — Following two consecutive years of declines, including a 2.6 percent decrease last year, the average marketed rate is projected to rise to $37.44 per square foot.

Investment — Investment activity should hasten in the first half of this year, as buyers seek to increase their portfolios on the peninsula ahead of an anticipated rise in interest rates.

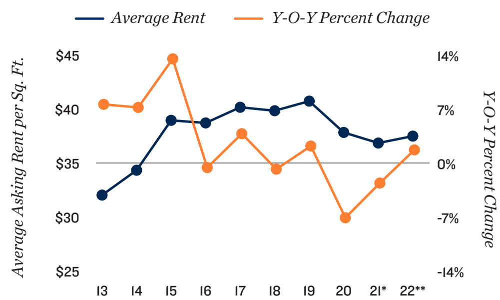
Economic Trends



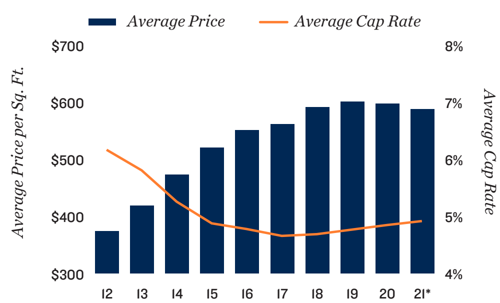
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

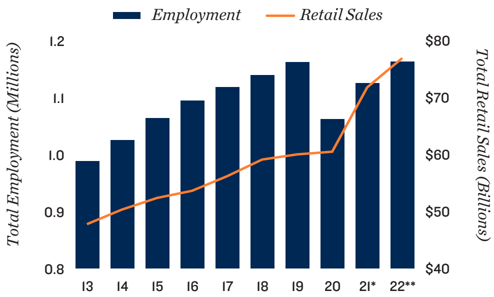
Sources: CoStar Group, Inc.; Real Capital Analytics

Local Economy and Retail Market on Path to Recovery; Return of Tech Workers Presents Potential Tailwinds

Elevated incomes help push retail fundamentals closer to pre-pandemic levels. At $129,800 annually, the median household income in the San Jose market trails only San Francisco entering this year. Although the elevated cost of living in the South Bay erodes some of the spending power among local residents, most households have sufficient discretionary funds to drive retail sales higher. Consumer spending is expected to finish this year at 23 percent above the year-end 2019 level. Achieving that feat partially hinges on the return of employees to offices on a permanent basis. Both Google and Apple, along with many smaller firms headquartered in the South Bay, have indefinitely delayed a return to offices. Regardless, the Silicon Valley giants have shown little impetus to transition away from in-person work, unlike many of their San Francisco counterparts. Furthermore, the spread-out nature of the area is attractive to employees that can work a hybrid model, raising the number of consumers. Combined with low development, both vacancy and rent will improve this year.

Sales market expected to find footing this year. Buyers remained selective in 2021 as the pace of recovery remained cloudy and investors sought opportunities elsewhere. That trend should abate in the coming months as property performance improves and institutional capital searches for opportunities. Creditworthy single-tenant properties remain on top of investors' wish lists, but locally-based buyers are anticipated to shift search criteria to include more franchises and other retailers with a proven track record. Single-tenant cap rates increased modestly in 2021, bucking the national trend. In the high-4 percent area, the mean first-year return entering 2022 is at the highest level since 2018. Multi-tenant sales continue to attract the large institutional and REIT buyers, though smaller players should emerge in the coming months. Local operators may find opportunities targeting strip centers or secondary-anchored centers. The average multi-tenant cap rate is slightly under 5 percent.

Economic Trends



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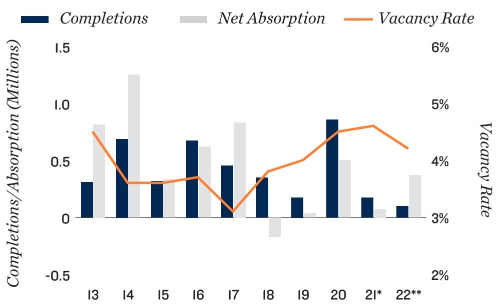
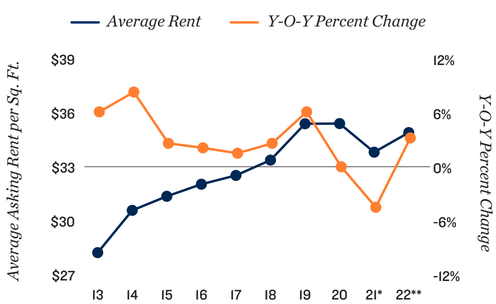
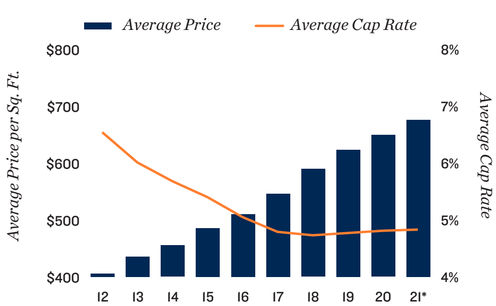


Rent Trends



Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

2022 Market Forecast

NRI Rank 24 — Falling vacancy helps San Jose's ranking, but a measured economic rebound pushes the market outside the top half in 2022.

Employment up 3.4% — With the addition of 38,000 jobs this year, overall employment will surpass the year-end 2019 level.

Construction 100,000 sq. ft. — Just a handful of properties are scheduled to come online in the South Bay, lifting inventory an inconsequential 0.1 percent. Last year, only 175,000 square feet was completed.

Vacancy down 40 bps — Vacancy falls to 4.2 percent this year, a level last achieved during the second quarter of 2020. The availability rate ticked up 10 basis points in 2021 as the retail market began to heal.

Rent up 3.2% — Although the year-end projection of $34.87 per square foot is below the pre-recession level, rent growth in 2022 will cut into the 4.5 percent decline registered last year.

Investment — Buyers with a penchant for risk may begin to target multi-tenant locations with traditionally high foot traffic, in anticipation of a movement toward pre-pandemic conditions.

Robust Population and Employment Growth Bolster Investor and Retailer Confidence in the Puget Sound

Availability nears historic low. Entering this year, vacancy in Seattle-Tacoma was the lowest among all major metros in the United States, and market conditions will continue to improve. Seattle's diverse economy is encouraging robust in-migration to the region, with the metro's population expected to increase by over 48,000 residents in 2022. Furthermore, job growth will outpace the national average this year, lifting total employment above the metro's pre-pandemic peak, and the median household income beyond $95,000 per year. The boost in discretionary earnings, coupled with an expanding consumer base, will likely elevate retail sales, encouraging vendor expansions, which, in turn, will amplify demand for available space. Many of these businesses will browse the metro's limited stock of vacant floor plans, as nearly 90 percent of deliveries slated for this year are pre-leased. Improved space demand and limited supply pressure will stimulate rent growth throughout the year, while preserving tight availability. Metrowide vacancy is expected to fall within 10 basis points of Seattle's 15-year low by the end of 2022.

Compelling returns attract investors to the suburbs. Robust population and employment growth are drawing attention to the region from a wide range of investors, with REITs, institutional and out-of-state capital sources increasing activity over the past year. Improving fundamentals will likely expand the metro's buyer pool of risk-averse investors, creating even more competition for available assets in 2022. Buyers are targeting both single-tenant and multi-tenant properties, due to the small spread in cap rates between these asset types. Elevated price points in Seattle's CBD and Eastside locales will keep investors active in the metro's northern and southern suburbs. Buyers are targeting properties in Pierce and Snohomish counties, due to the onslaught of new residents over the past few years. Assets here generally trade with first-year returns, averaging in the high-5 percent range.

2022 Market Forecast

NRI Rank 3 — A contracting vacancy rate amid substantial employment recovery propels Seattle to the third spot in the 2022 NRI.

Employment up 4.4% — Total employment surpasses the metro's pre-pandemic peak, with the addition of 92,000 jobs this year.

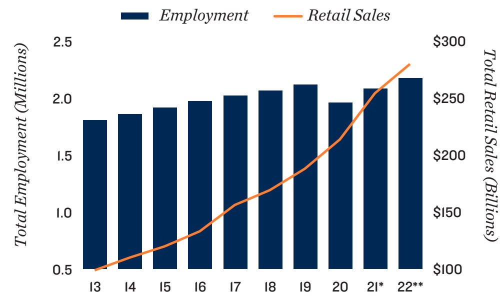
Construction 600,000 sq. ft. — Supply additions increase from last year's pace but remain below the metro's trailing five-year average. In 2021, 360,000 square feet of retail space was delivered.

Vacancy down 20 bps — Availability in Seattle will fall to 2.8 percent by year-end, equaling the metro's pre-pandemic rate. Last year, the vacancy rate held steady at 3.0 percent.

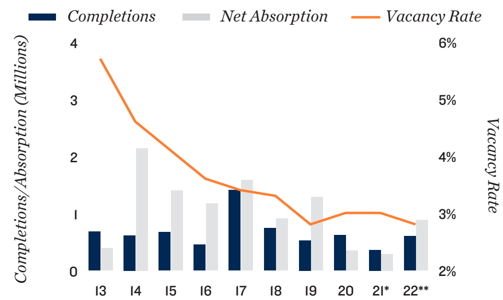
Rent up 4.9% — Healthy space demand and limited availability promote rent growth in 2022, building off last year's 3.7 percent increase. The rate will rise to $24.70 per square foot this year.

Investment — Retail assets in Bellevue and Redmond will likely draw heightened investor interest, as the East Link extension of the metro's light rail nears completion this year.

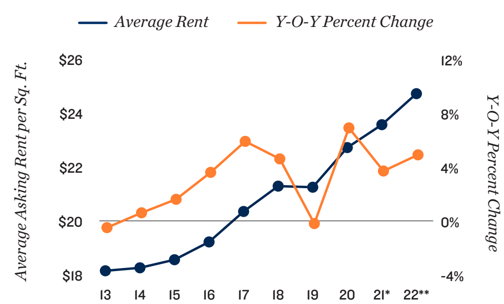
Economic Trends



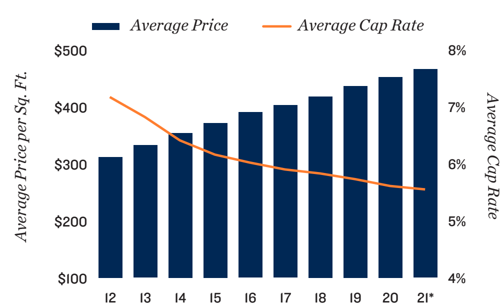
Supply and Demand



Rent Trends



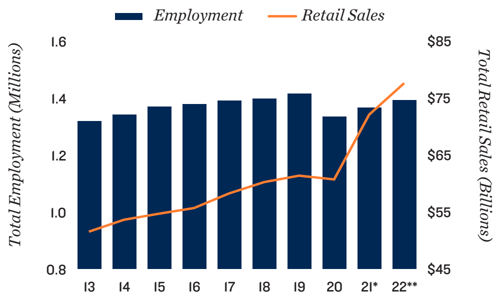
Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Economic Trends



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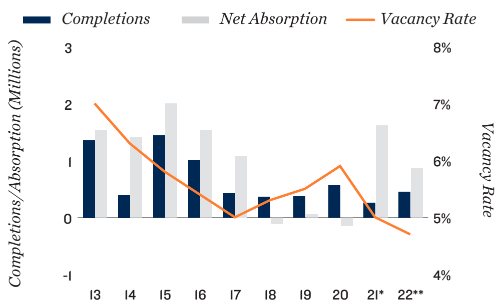

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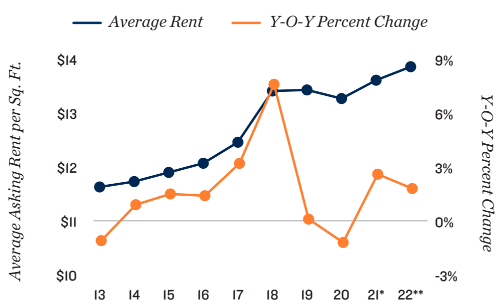

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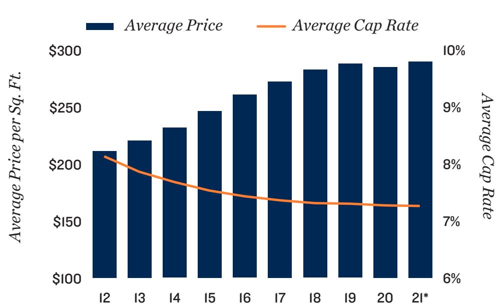


** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Growing Outer Suburbs Spark Investor Interest; Lower-Risk Properties Take Forefront for Buyers

Single-tenant absorption drives metrowide vacancy plunge. The retail market in St. Louis has recovered significantly in the past year, with vacancy tightening nearly 100 basis points in 2021. While both the single and multi-tenant segments recorded vacancy rates near 6 percent at their pandemic-era peaks, single-tenant performance has solely aided the overall figure since. This has been driven by net absorption of more than 1.1 million square feet of single-tenant properties, dropping the segment's availability below 5 percent, while multi-tenant vacancy has remained roughly 100 basis points above the pre-pandemic rate. Mild improvements to demographic trends should further support performance, as the rate of net out-migration has slowed recently to an almost flat annual change. Additionally, household incomes are expected to grow at a rate of 3 percent this year, a tick faster than the national average. This, along with a development pipeline that is more than 90 percent pre-leased, will aid rents and slash vacancy in 2022.

Bidding heats up for single-tenant assets in high-growth pockets. Single-tenant properties have driven the majority of sales activity entering this year, evidenced by almost two-thirds of trades in 2021 involving properties of this type. Single-tenant yields are 160 basis points below multi-tenant returns in St. Louis, compared to the 90-basis-point gap nationally. These trades represent a larger portion of transaction activity in more distant submarkets, with growing western areas like Franklin and St. Charles counties leading the way. Competition for these listings has resulted in cap rates compressing to the mid-5 percent range; returns, however, can reach 150 basis points higher for certain assets. In Illinois, similar trades are reported as the metro expands on the east side, with cap rates around 100 basis points lower than the western suburbs. The city of St. Louis is the only submarket reporting a substantial proportion of multi-tenant assets changing hands, with the majority of these trades occurring in the southern portion of the core.

2022 Market Forecast

NRI Rank 37 — St. Louis finds itself in the bottom half of the ranking, as a result of slow job recovery and below average asking rent growth.

Employment up 1.9% — The creation of 26,000 jobs is an improvement from last year; but total employment still trails the pre-pandemic peak.

Construction 450,000 sq. ft. — Deliveries rise by nearly 200,000 square feet when compared to a mild 2021 total. This should not impact fundamentals greatly, as the majority of new assets are pre-leased.

Vacancy down 30 bps — Coming off more than 1.6 million square feet of net absorption last year, an additional 870,000 square feet will be filled in 2022, contracting the vacancy rate to 4.7 percent.

Rent up 1.8% — The average asking rent reaches $13.85 per square foot in 2022, putting the per-square-foot rate 2.3 percent ahead of the early 2020 high, despite an initial wane following lockdowns.

Investment — Central St. Louis County fundamentals and trading volume have worsened since 2020, potentially creating upside opportunities when employees return to this office-heavy submarket.

Strong Levels of In-Migration and Tourism Underpin Retail Spending, Boosting Investment to Record Levels

Retail demand bolstered by employment and population gains. Robust job growth and elevated levels of tourism boosted consumer spending over the past year, encouraging retailers to enter the region or expand their market presence. As a result, leasing activity returned in force, slicing availability within 20 basis points of the metro's pre-pandemic rate. Moving forward, the outlook for Tampa's retail sector is bright as fundamentals are poised for further improvement this year. The metro remains a top migration destination for residents moving from other markets, supporting a healthy rise in Tampa's population. Additionally, employment growth continues to outpace the national average, contributing to a rise in the median household income and further bolstering consumers' ability to spend. A larger consumer base and increased spending power will encourage additional retailer expansions at a time when construction activity is on pace to slow to a 15-year low. Of the 700,000 square feet of space scheduled to deliver, most was pre-leased at the onset of 2022. This diminished pipeline and strengthening demand for available space will promote further vacancy compression and rent growth throughout the year.

Local deal flow outpaces that of other Florida metros. Strong population and economic growth, coupled with tight market conditions, make Tampa an attractive option for retail investors. Over the past year, transaction velocity soared to a two-decade high, highlighting the confidence investors have in the metro's long-term outlook. Many buyers are active in Pinellas County, due to high levels of tourism and in-migration, coupled with rent growth that outpaces the metro average. Single-tenant, net-leased assets are highly sought after and trade at cap rates that average in the mid-5 percent range. Neighborhood and strip centers are also garnering buyer interest, due to the potential for higher first-year returns. Average cap rates for these assets can range from the low-5 percent to high-8 percent span, depending on the tenant roster.

2022 Market Forecast

NRI Rank 6 — Migration to the market is accelerating, providing a tailwind for retail sales and supporting a top 10 ranking for Tampa.

Employment up 4.5% — Employers will add 64,000 new positions in 2022, nearly matching last year's pace. In 2021, 66,000 jobs were added.

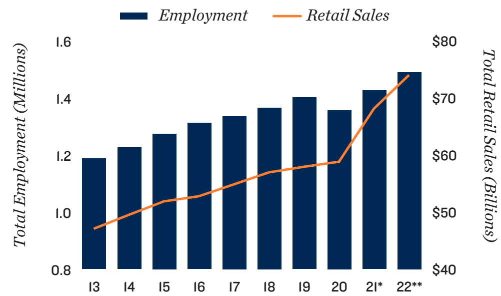
Construction 700,000 sq. ft. — Development activity moderates this year, following the addition of 830,000 square feet in 2021. Completions will increase the metro's retail inventory by 0.4 percent.

Vacancy down 30 bps — Consistent demand allows vacancy to fall to 4.4 percent this year, the lowest year-end rate since 2017. In 2021, a 40-basis-point decrease was registered.

Rent up 5.0% — Average asking rents will increase at the same rate as last year, as market conditions continue to tighten. The rate will reach $18.74 per square foot by year-end.

Investment — The return of many firms to their offices and increased business travel will likely boost retail sales in Central Tampa over the next year, stimulating investor demand for urban assets.

Economic Trends



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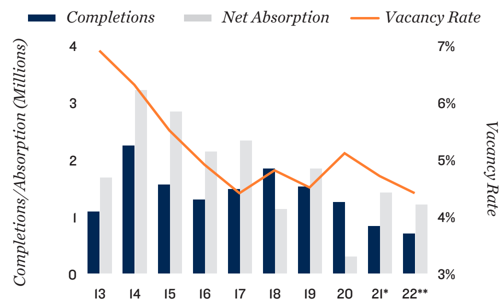
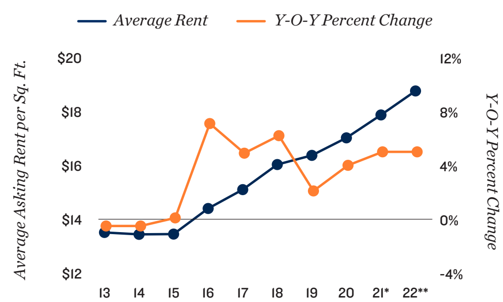
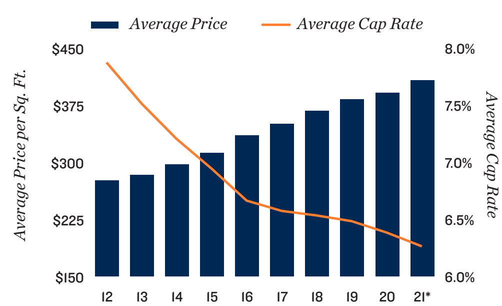


Rent Trends



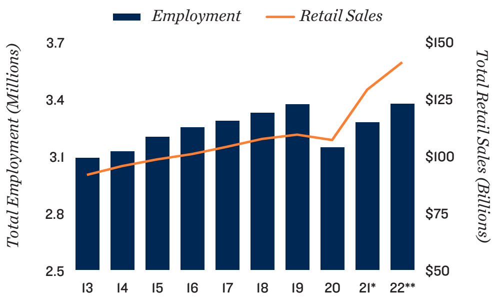
Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Economic Trends



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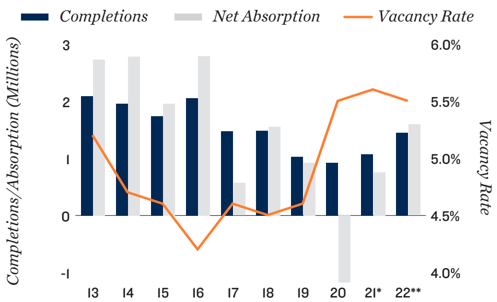

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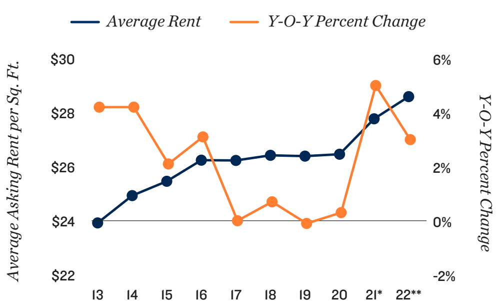

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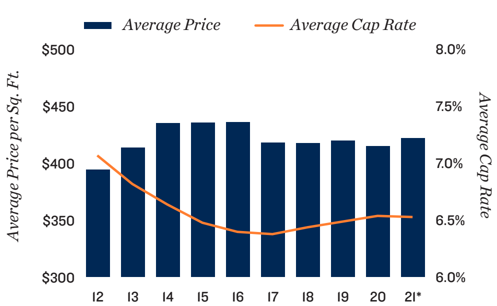


** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Rising Wages Contribute to Increased Disposable Income, Restoring Retailer and Investor Confidence

Consumer spending encourages retailer expansion. Fundamentals steadily improved throughout the final nine months of 2021, providing optimism for the metro's retail sector. Increasing wages and excess savings, due to government stimulus, enhanced consumer spending power, prompting a surge in retail sales. This elevated demand for available space among vendors, with tenants absorbing nearly 1.3 million square feet over the last three quarters of 2021. Several factors indicate this momentum will carry over into 2022. Employers will add nearly 100,000 positions this year, and the metro's plethora of high-paying jobs continue to stimulate in-migration, supporting a further rise in retail spending. Additionally, many firms are planning to return to their offices this year and business travel should continue to rebound. This will notably improve foot traffic and consumer activity, especially in submarkets with a large office inventory like Downtown D.C., Alexandria, Fairfax County and the Dulles Corridor. Although supply additions are expected to increase this year, completions still remain below the region's trailing 10-year average and roughly two-thirds of this space is already pre-leased. Elevated space demand and limited supply pressure will allow for slight vacancy compression this year.

Improving fundamentals prompt a rise in investment activity. Transaction velocity returned to pre-pandemic levels in 2021, as fundamental progression and a low interest rate environment stimulated deal flow for retail assets across the metro. Investors are targeting well-positioned properties in densely populated neighborhoods. Inside the district, retail assets garnering the most interest are in Northwest D.C., particularly in Uptown, Georgetown and Dupont Circle, where asking rents are the most expensive in the metro. Outside of the core, low vacancy rates relative to other submarkets in the region are driving activity in Fairfax County. Meanwhile, robust rent growth in Frederick County and Prince George's County is piquing buyer interest in suburban Maryland.

2022 Market Forecast

NRI Rank 35 — A small reduction in vacancy is not enough for Washington, D.C. to climb above the 35th place in the Index.

Employment up 3.0% — Following the addition of 127,000 positions last year, the metro's employment base will expand by 98,000 jobs in 2022.

Construction 1,450,000 sq. ft. — Deliveries will rise from the 1.1 million square feet completed last year. Developers will expand inventory by 0.6 percent, with the bulk of completions concentrated in Northern Virginia.

Vacancy down 10 bps — Net absorption will slightly outpace supply additions, contracting vacancy to 5.5 percent in 2022. This compression negates the 10-basis-point increase registered last year.

Rent up 3.0% — Tightening availability will support rent growth this year, pushing the average asking rate to $28.57 per square foot. Last year, a 5 percent increase was recorded.

Investment — Phase 2 of the Metrorail's Silver Line opens this year, which will likely boost retail sales and heighten investor interest in the Dulles Corridor submarket.

Sunbelt Demographic Trends Boost Local Economy; Investors Enjoy Elevated South Florida Yields

Palm Beach County retail completes health crisis recovery. The market is building on momentum that began in the middle of last year, and all major indicators should finish 2022 in a stronger position than prior to the pandemic. A combination of stimulus funds and an affluent local population propelled retail sales up nearly 28 percent last year, significantly higher than the national increase. The county has also benefited from a surge in population through the pandemic. Last year, the rate of household formation doubled the national pace and should approach 3.0 percent this year, fueling demand for retailers and jobs. The retail trade sector has already recouped approximately 75 percent of the positions lost during the initial stages of the shutdown, and the final few thousand spots will be recovered this year. On the supply side, less than 1 percent of existing stock is under construction, limiting pressure on existing assets.

Reopening head start drives robust investment activity in county. Attracted by the strong South Florida economy and higher cap rates than those available in Miami, buyers are ramping up asset purchases in the market. As it became clear that retail fundamentals were not going to weaken nearly as much as early projections, and Florida had a head start on an economic recovery, investors poured money into the county. Last year, the number of multi-tenant deals more than tripled, relative to pandemic-hamstrung 2020. The average cap rate for a multi-tenant asset entering the year was 6.7 percent, more than 100 basis points above the level in Miami. Single-tenant properties, meanwhile, attract capital from across the nation as the downleg of a 1031 Exchange. For buildings with creditworthy tenants, assets can change hands near or below 5 percent, though the overall first-year return is 5.7 percent for single-tenant deals. Rising interest rates will put pressure on yields as the year progresses, particularly for high-end purchases.

2022 Market Forecast

NRI Rank 4 — Retail sales expansion buoyed by in-migration gives West Palm Beach the fourth position in this year's NRI.

Employment up 3.3% — Another year of strong employment growth is anticipated as 21,000 positions are generated.

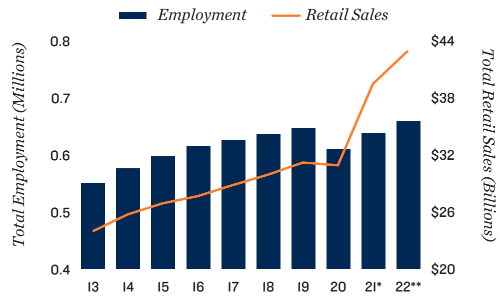
Construction 400,000 sq. ft. — The pace of development eases moderately as stock expands by a modest 0.6 percent this year. Approximately 60 percent of the underway inventory has leasing commitments.

Vacancy down 40 bps — By year-end, the average availability rate will dip to 4.5 percent, 20 basis points below the level at the beginning of the health crisis. In 2021, vacancy dropped 40 basis points.

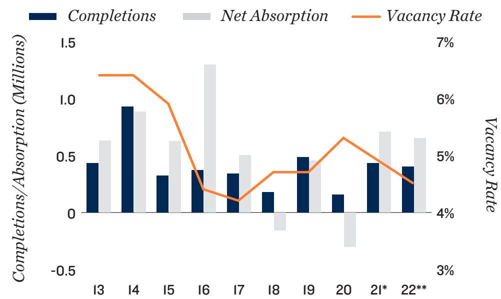
Rent up 4.8% — Following a 5.7 percent surge in 2021, strong rent gains will push the asking rate for available space up to $27.03 per square foot by the end of this year.

Investment — Although international buyers tend to gravitate to Miami, they are increasing their presence in West Palm Beach in search of higher returns.

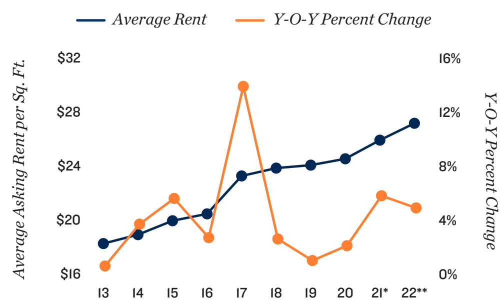
Economic Trends



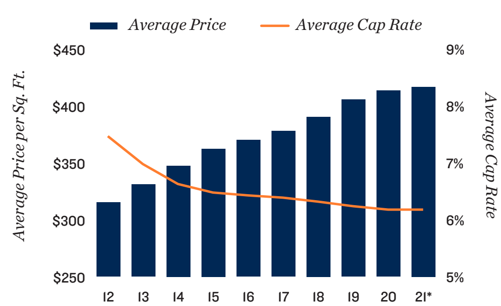
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

United States

Corporate Headquarters
Marcus & Millichap
23975 Park Sorrento
Suite 400
Calabasas, CA 91302
(818) 212-2250
www.MarcusMillichap.com

Atlanta
1100 Abernathy Road, N.E.
Building 500, Suite 600
Atlanta, GA 30328
(678) 808-2700
John M. Leonard

Austin
9600 N. Mopac Expressway
Suite 300
Austin, TX 78759
(512) 338-7800
Bruce Bentley III

Bakersfield
4900 California Avenue
Tower B, Second Floor
Bakersfield, CA 93309
(661) 377-1878
Jim Markel

Baltimore
100 E. Pratt Street, Suite 2114
Baltimore, MD 21202
(443) 703-5000
Brian Hosey

Baton Rouge
10527 Kentshire Court, Suite B
Baton Rouge, LA 70810
(225) 376-6800
Jody McKibben

Birmingham
The Steiner Building
15 Richard Arrington Jr.
Boulevard North, Suite 300
Birmingham, AL 35203
(205) 510-9200
Jody McKibben

Boise
800 W. Main Street, Suite 1460
Boise, ID 83702
(208) 401-9321
Justin Forman

Boston
100 High Street, Suite 1025
Boston, MA 02110
(617) 896-7200
Thomas Shihadeh

Brooklyn
One MetroTech Center, Suite 2001
Brooklyn, NY 11201
(718) 475-4300
John Horowitz

Charleston
151 Meeting Street, Suite 450
Charleston, SC 29401
(843) 952-2222
Benjamin Yelm

Charlotte Uptown
201 S. Tryon Street, Suite 1220
Charlotte, NC 28202
(704) 831-4600
Benjamin Yelm

Chicago Downtown
333 W. Wacker Drive, Suite 200
Chicago, IL 60606
(312) 327-5400
Joseph Powers

Chicago Oak Brook
One Mid-America Plaza, Suite 200
Oakbrook Terrace, IL 60181
(630) 570-2200
Steven D. Weinstock

Cincinnati
600 Vine Street, 10th Floor
Cincinnati, OH 45202
(513) 878-7700
Josh Caruana

Cleveland
Crown Center
5005 Rockside Road, Suite 800
Independence, OH 44131
(216) 264-2000
Grant Fitzgerald

Columbia
1320 Main Street, Suite 300
Columbia, SC 29201
(803) 678-4900
Benjamin Yelm

Columbus
230 West Street, Suite 100
Columbus, OH 43215
(614) 360-9800
Grant Fitzgerald

Dallas
5001 Spring Valley Road, Suite 100W
Dallas, TX 75244
(972) 755-5200
Tim Speck

Dallas Uptown
3131 Turtle Creek Boulevard
Suite 1200
Dallas, TX 75219
(972) 267-0600
Tim Speck

Denver
1225 17th Street, Suite 1800
Denver, CO 80202
(303) 328-2000
Adam A. Lewis

Detroit
2 Towne Square, Suite 450
Southfield, MI 48076
(248) 415-2600
Steven Chaben

Encino
16830 Ventura Boulevard, Suite 100
Encino, CA 91436
(818) 212-2700
Jim Markel

Fort Lauderdale
5900 N. Andrews Avenue, Suite 100
Fort Lauderdale, FL 33309
(954) 245-3400
Ryan Nee

Fort Worth
300 Throckmorton Street, Suite 1500
Fort Worth, TX 76102
(817) 932-6100
Mark R. McCoy

Fresno
6795 N. Palm Avenue, Suite 109
Fresno, CA 93704
(559) 476-5600
Jim Markel

Greensboro
200 Centreport Drive, Suite 160
Greensboro, NC 27409
(336) 450-4600
Benjamin Yelm

Hampton Roads
999 Waterside Drive, Suite 2525
Norfolk, VA 23510
(757) 777-3737
Benjamin Yelm

Houston
3 Riverway, Suite 800
Houston, TX 77056
(713) 452-4200
Ford Noe

Indianapolis
600 E. 96th Street, Suite 500
Indianapolis, IN 46240
(317) 218-5300
Josh Caruana

Inland Empire
3281 E. Guasti Road, Suite 800
Ontario, CA 91761
(909) 456-3400
Adam Christofferson

Iowa
425 Second Street S.E., Suite 610
Cedar Rapids, IA 52401
(319) 333-7743
Todd Lindblom

Jacksonville
5200 Belfort Road, Suite 250
Jacksonville, FL 32256
(904) 672-1400
Justin W. West

Kansas City
7400 College Boulevard, Suite 105
Overland Park, KS 66210
(816) 410-1010
Josh Caruana

Knoxville
1111 Northshore Drive, Suite S-301
Knoxville, TN 37919
(865) 299-6300
Jody McKibben

Las Vegas
9205 W Russell Road, Suite 100
Las Vegas, NV 89148
(702) 215-7100
Justin Forman

Los Angeles
515 S. Flower Street, Suite 500
Los Angeles, CA 90071
(213) 943-1800
Adam Christofferson

Louisville
9300 Shelbyville Road, Suite 1012
Louisville, KY 40222
(502) 329-5900
Josh Caruana

Manhattan
260 Madison Avenue, Fifth Floor
New York, NY 10016
(212) 430-5100
Susan Bands

Memphis
5100 Poplar Avenue, Suite 2505
Memphis, TN 38137
(901) 620-3600
Jody McKibben

Miami
5201 Blue Lagoon Drive, Suite 100
Miami, FL 33126
(786) 522-7000
Ryan Nee

Milwaukee
13890 Bishops Drive, Suite 300
Brookfield, WI 53005
(262) 364-1900
Todd Lindblom

Minneapolis
1350 Lagoon Avenue, Suite 840
Minneapolis, MN 55408
(952) 852-9700
Todd Lindblom

Mobile
208 N. Greeno Road, Suite B-2
Fairhope, AL 36532
(251) 929-7300
Jody McKibben

Nashville
6 Cadillac Drive, Suite 100
Brentwood, TN 37027
(615) 997-2900
Jody McKibben

New Haven
265 Church Street
Suite 210
New Haven, CT 06510
(203) 672-3300
Susan Bands

New Jersey
250 Pehle Avenue, Suite 501
Saddle Brook, NJ 07663
(201) 742-6100
Jim McGuckin

New Mexico
5600 Eubank Boulevard N.E.
Suite 200
Albuquerque, NM 87111
(505) 445-6333
Ryan Sarbinoff

Oakland
555 12th Street, Suite 1750
Oakland, CA 94607
(510) 379-1200
David C. Nelson

Oklahoma City
101 Park Avenue, Suite 1300
Oklahoma City, OK 73102
(405) 446-8238
Jody McKibben

Orange County
19800 MacArthur Boulevard
Suite 150
Irvine, CA 92612
(949) 419-3200
Jonathan Giannola

Orlando
300 S. Orange Avenue, Suite 700
Orlando, FL 32801
(407) 557-3800
Justin W. West

Palm Springs
74-710 Highway 111, Suite 102
Palm Desert, CA 92260
(909) 456-3400
Adam Christofferson

Palo Alto
2626 Hanover Street
Palo Alto, CA 94304
(650) 391-1700
Ramon Kochavi

Philadelphia
2005 Market Street, Suite 1510
Philadelphia, PA 19103
(215) 531-7000
Sean Beuche

Phoenix
2398 E. Camelback Road, Suite 300
Phoenix, AZ 85016
(602) 687-6700
Ryan Sarbinoff

Portland
111 S.W. Fifth Avenue, Suite 1950
Portland, OR 97204
(503) 200-2000
Joel Deis

Raleigh
101 J Morris Commons Lane, Suite 130
Morrisville, NC 27560
(919) 674-1100
Benjamin Yelm

Reno
50 W. Liberty Street, Suite 400
Reno, NV 89501
(775) 348-5200
Daniel A. Kapic

Richmond
4401 Waterfront Drive, Suite 230
Glen Allen, VA 23060
(804) 802-6900
Benjamin Yelm

Sacramento
3741 Douglas Boulevard, Suite 200
Roseville, CA 95661
(916) 724-1400
Daniel A. Kapic

Sacramento Downtown
333 University, Suite 150
Sacramento, CA 95825
(916) 724-1400
Daniel A. Kapic

Salt Lake City
111 S. Main Street, Suite 500
Salt Lake City, UT 84111
(801) 736-2600
Justin Forman

San Antonio
8200 IH-10 W, Suite 603
San Antonio, TX 78230
(210) 343-7800
Bruce Bentley III

San Diego
12544 High Bluff Drive, Suite 100
San Diego, CA 92130
(858) 373-3100
Damon Wyler

San Francisco
750 Battery Street, Fifth Floor
San Francisco, CA 94111
(415) 963-3000
David C. Nelson

Seattle
601 Union Street, Suite 2710
Seattle, WA 98101
(206) 826-5700
Joel Deis

South Bay
880 Apollo Street, Suite 101
El Segundo, CA 90245
(424) 405-3900
Dawson Rinder

St. Louis
7800 Forsyth Boulevard, Suite 710
St. Louis, MO 63105
(314) 889-2500
Josh Caruana

Tampa
201 N. Franklin St., Suite 1100
Tampa, FL 33602
(813) 387-4700
David G. Bradley

Tucson
One South Church, Suite 1262
Tucson, AZ 85701
(520) 202-2900
Ryan Sarbinoff

Tulsa
7633 E. 63rd Place, Suite 300
Tulsa, OK 74133
(918) 294-6300
Jody McKibben

Ventura
2775 N. Ventura Road, Suite 101
Oxnard, CA 93036
(805) 351-7200
Jim Markel

Washington, D.C.
7200 Wisconsin Avenue, Suite 1101
Bethesda, MD 20814
(202) 536-3700
Brian Hosey

West Los Angeles
12100 W. Olympic Boulevard
Suite 350
Los Angeles, CA 90064
(310) 909-5500
Tony Solomon

Westchester
50 Main Street, Suite 925
White Plains, NY 10606
(914) 220-9730
Susan Bands

The Woodlands
1790 Hughes Landing Boulevard
Suite 400
The Woodlands, TX 77380
(832) 442-2800
Ford Noe

Canada

Calgary
602-16 Avenue Northwest
Suite 211
Calgary, Alberta T2M 0J7
(587) 349-1302
John Vorsheck

Edmonton
10175 101 Street, Suite 1820
Edmonton, Alberta T5J 0H3
(587) 756-1600
Michael Heck

Montreal
1000 de la Gauchetiere West
Suite 4230
Montreal, Quebec H3B 4W5
(438) 844-6550
Julien Marois

Ottawa
275 Bank Street, Suite 301
Ottawa, Ontario K2P 2L6
(613) 364-2300
Mark Paterson

Toronto
200 King Street W, Suite 1210
Toronto, Ontario M5H 3T4
(416) 585-4646
Mark Paterson

Vancouver
333 Seymour Street, Suite 1280
Vancouver, British Columbia
V6B 5A6
(604) 638-2121
Michael Heck

Retail & Net Lease Divisions

Daniel Taub | *Senior Vice President, National Director*
(212) 430-5100 | daniel.taub@marcusmillichap.com

Research Team

John Chang | *Senior Vice President, National Director*
Peter Tindall | *Vice President, Director of Research Operations*
Connor Devereux | *Research Engagement Manager*
Stephon Edwards | *Digital Media Coordinator*
Maria Erofeeva | *Graphic Designer*
Luis Flores | *Research Analyst*
Nayomi Garcia | *Copy Editor*
Jessica Henn | *Research Associate*
Steve Hovland | *Senior Analyst, Senior Editor*
Benjamin Kunde | *Research Analyst*
Luke Murphy | *Research Associate*
Chris Ngo | *Data Analyst*
Adam Norbury | *Data Analyst*
Carlos Pietri | *Research Associate*
Erik Pisor | *Research Analyst*
Spencer Ryan | *Senior Data Analyst*
Daniel Spinrad | *Research Associate*
Jacinta Tolinos | *Executive Assistant*
Cody Young | *Senior Market Analyst, Editor*

Contact:

John Chang | *Senior Vice President*
National Director, Research and Advisory Services
4545 East Shea Boulevard, Suite 201
Phoenix, Arizona 85028
(602) 707-9700 | john.chang@marcusmillichap.com

Media Contact:

Gina Relva | *Public Relations Director*
555 12th Street, Suite 1750
Oakland, CA 94607
(925) 953-1716 | gina.relva@marcusmillichap.com

Senior Management Team

Hessam Nadji | *President and Chief Executive Officer*

Richard Matricaria | *Executive Vice President, Chief Operating Officer, Western Division*

J.D. Parker | *Executive Vice President, Chief Operating Officer, Eastern Division*

Evan Denner | *Executive Vice President, Head of Business, MMCC*

Steve DeGennaro | *Executive Vice President, Chief Financial Officer*

Gregory A. LaBerge | *Senior Vice President, Chief Administrative Officer*

Adam Christofferson | *Senior Vice President, Division Manager*

Michael L. Glass | *Senior Vice President, Division Manager*

Tim Speck | *Senior Vice President, Division Manager*

John Vorsheck | *Senior Vice President, Division Manager*

[1] National Retail Index Note: Employment and retail data forecasts for 2022 are based on the most up-to-date information available as of February 2022 and are subject to change.

[2] Statistical Summary Note: Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of February 2022. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Forecasts for employment and retail data are made during the first quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guaranty regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.

Sources: Marcus & Millichap Research Services; Marcus & Millichap/NREI Investor Survey; American Health Care Association; Apple; Austin Chamber of Commerce; Blue Yonder; Centers for Disease Control and Prevention; Centers for Medicare & Medicaid Services; CIA World Factbook; CoStar Group, Inc.; Creditintell; Economy.com; Employment and Training Administration; Experian; Federal Reserve; Freddie Mac; Gensler; Global Business Travel Association; Kastle Systems; Las Vegas Convention and Visitors Authority; Google Community Mobility Reports; Harvard Joint Centers for Housing Studies; John Burns Real Estate Consulting; major U.S. port authorities; McKinsey & Company; Moody's Analytics; Mortgage Bankers Association; National Association of Realtors; National Center for Assisted Living; National Center for Health Statistics; National Restaurant Association; Nareit; New York Times; NIC Map® Data and Analysis Service (www.nicmap.org); NMHC; Oxford Economics; Philips; Placer.ai; Primary Care Collective; Real Capital Analytics; RealPage, Inc.; San Diego Toursim Authority; Small Business Administration; Standard & Poor's; STR, Inc.; The Conference Board; The Larry A. Green Center; Thomasnet; Trepp; U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics; U.S. Bureau of Transportation Statistics; U.S. Census Bureau; U.S. Department of Education; U.S. Department of Labor: U.S. Transport Security Administration; U.S. Travel Association; Yardi Matrix

2022 U.S. Retail Investment Forecast

Market Name	Employment Growth[2]				Completions (000's of Sq. Ft.)[2]				Vacancy Rate[2]				Average Asking Rent[2]				Average Price per Sq. Ft.[2]			Market Name
	2019	2020	2021	2022**	2019	2020	2021*	2022**	2019	2020	2021*	2022**	2019	2020	2021*	2022**	2019	2020	2021*	
Atlanta	2.3%	-5.5%	5.0%	3.1%	1,870	1,390	1,300	3,100	5.3%	5.8%	5.1%	4.8%	$15.19	$15.31	$16.35	$16.82	$335	$341	$346	Atlanta
Austin	4.0%	-2.9%	7.0%	5.6%	880	1,210	940	575	4.1%	4.8%	4.0%	3.4%	$21.97	$22.12	$22.70	$23.50	$433	$450	$467	Austin
Baltimore	1.1%	-5.9%	2.5%	2.2%	870	250	225	400	4.9%	6.4%	6.1%	5.7%	$19.43	$19.81	$20.55	$21.27	$328	$318	$316	Baltimore
Boston	1.5%	-9.8%	7.0%	2.9%	1,150	820	1,180	800	3.0%	3.5%	3.3%	3.2%	$20.75	$20.63	$21.10	$21.60	$371	$383	$389	Boston
Charlotte	2.5%	-3.4%	3.1%	2.8%	1,180	990	770	600	4.2%	4.9%	4.3%	3.9%	$16.63	$17.30	$17.95	$18.65	$333	$340	$359	Charlotte
Chicago	0.6%	-8.5%	4.3%	3.6%	2,140	2,420	920	1,800	6.5%	6.8%	6.4%	6.3%	$17.79	$17.73	$18.10	$18.55	$339	$342	$345	Chicago
Cincinnati	1.2%	-5.8%	3.8%	2.2%	580	80	225	535	4.7%	5.2%	4.9%	4.8%	$11.98	$11.62	$12.70	$13.00	$320	$314	$310	Cincinnati
Cleveland	0.5%	-7.1%	2.5%	1.6%	1,340	610	110	605	4.8%	5.5%	4.9%	4.7%	$11.16	$10.80	$10.80	$11.10	$268	$281	$296	Cleveland
Columbus	1.8%	-4.3%	2.0%	1.7%	610	490	270	640	3.3%	4.1%	3.9%	4.0%	$13.22	$14.31	$14.17	$14.35	$308	$310	$328	Columbus
Dallas-Fort Worth	3.1%	-3.2%	5.1%	4.0%	3,310	3,350	3,000	2,900	5.2%	6.6%	6.3%	5.8%	$16.91	$17.01	$17.20	$17.60	$399	$432	$458	Dallas-Fort Worth
Denver	2.6%	-6.7%	6.5%	2.9%	650	470	450	550	4.7%	5.6%	5.4%	5.0%	$18.24	$18.58	$18.30	$18.85	$392	$396	$395	Denver
Detroit	0.5%	-9.7%	6.0%	3.0%	1,230	690	315	340	5.7%	6.5%	5.9%	5.6%	$14.13	$14.39	$14.50	$15.10	$286	$280	$270	Detroit
Fort Lauderdale	1.9%	-7.4%	4.3%	4.6%	850	550	430	450	4.4%	6.0%	5.0%	4.6%	$23.23	$23.24	$24.29	$25.23	$378	$370	$358	Fort Lauderdale
Houston	1.7%	-6.6%	5.2%	3.1%	5,430	5,120	3,600	4,000	5.7%	6.5%	6.2%	5.8%	$17.82	$18.43	$18.85	$19.45	$359	$377	$400	Houston
Indianapolis	1.9%	-3.3%	2.3%	2.3%	850	230	560	240	5.1%	5.4%	5.1%	4.8%	$13.13	$13.55	$14.35	$14.75	$261	$263	$270	Indianapolis
Kansas City	1.2%	-3.7%	3.7%	2.7%	720	610	270	590	5.7%	6.6%	5.7%	5.5%	$12.91	$13.02	$13.30	$13.80	$317	$326	$330	Kansas City
Las Vegas	3.3%	-14.0%	8.7%	6.1%	900	720	320	1,070	7.1%	7.4%	6.3%	5.7%	$18.69	$19.62	$20.80	$21.90	$401	$407	$402	Las Vegas
Los Angeles	0.8%	-11.6%	7.1%	4.6%	1,360	1,160	720	1,370	5.1%	5.9%	5.7%	5.5%	$30.95	$30.81	$31.40	$32.20	$519	$508	$493	Los Angeles
Louisville	1.0%	-5.7%	3.8%	2.3%	430	380	125	170	3.8%	3.6%	3.0%	2.7%	$13.78	$14.60	$15.80	$16.50	$288	$301	$316	Louisville
Miami-Dade	1.8%	-8.6%	5.9%	4.7%	1,220	460	550	2,200	4.5%	4.7%	4.0%	3.8%	$34.75	$34.21	$35.91	$37.38	$496	$486	$496	Miami-Dade
Milwaukee	-0.0%	-7.1%	2.8%	1.7%	700	140	75	180	5.5%	5.7%	5.2%	4.7%	$12.59	$12.67	$12.90	$13.30	$237	$243	$245	Milwaukee
Minneapolis-St. Paul	0.7%	-9.5%	5.4%	2.8%	780	710	150	375	3.5%	4.4%	3.7%	3.4%	$15.73	$16.14	$16.50	$17.05	$297	$292	$293	Minneapolis-St. Paul
Nashville	2.8%	-4.2%	4.6%	3.3%	990	850	540	575	4.1%	4.8%	4.1%	3.8%	$19.88	$20.87	$20.65	$21.30	$373	$395	$402	Nashville
New Haven-Fairfield County	-0.6%	-7.6%	3.3%	2.4%	900	190	77	245	4.4%	5.6%	4.7%	4.5%	$20.38	$21.85	$22.80	$23.50	$355	$345	$335	New Haven-Fairfield County
New York City	1.8%	-13.5%	5.8%	3.5%	2,710	1,010	895	1,660	3.4%	4.0%	4.0%	4.1%	$61.50	$57.20	$57.80	$58.25	$602	$595	$590	New York City
Northern New Jersey	0.7%	-9.8%	4.7%	2.4%	890	1,640	260	515	4.1%	4.6%	4.4%	4.3%	$24.02	$24.20	$25.40	$26.20	$378	$384	$380	Northern New Jersey
Oakland	0.9%	-9.7%	3.6%	3.4%	280	170	200	180	4.4%	5.2%	5.7%	5.3%	$30.84	$29.12	$27.71	$28.08	$423	$427	$435	Oakland
Orange County	1.1%	-10.0%	7.0%	4.0%	170	70	30	80	4.2%	4.8%	4.7%	4.3%	$29.11	$30.30	$31.15	$32.00	$502	$506	$512	Orange County
Orlando	2.3%	-12.5%	7.8%	6.3%	1,380	810	585	1,100	4.7%	5.1%	4.4%	4.2%	$19.47	$19.69	$20.05	$20.85	$388	$381	$394	Orlando
Philadelphia	1.5%	-7.9%	4.7%	2.8%	1,150	990	615	1,200	5.0%	5.8%	5.5%	5.3%	$17.45	$17.71	$19.10	$19.77	$330	$336	$349	Philadelphia
Phoenix	3.7%	-3.7%	5.6%	3.8%	1,020	1,240	870	1,400	7.6%	8.5%	7.6%	7.2%	$16.07	$16.14	$16.70	$17.20	$369	$371	$379	Phoenix
Pittsburgh	0.4%	-8.6%	3.7%	1.9%	280	310	110	360	4.1%	4.9%	5.3%	5.1%	$12.39	$11.99	$13.40	$13.80	$285	$280	$289	Pittsburgh
Portland	1.7%	-8.9%	7.3%	4.1%	250	130	235	350	3.5%	4.3%	4.2%	3.9%	$19.88	$19.63	$19.80	$20.43	$354	$346	$351	Portland
Raleigh	2.6%	-3.1%	4.2%	2.8%	630	590	1,000	950	2.9%	3.7%	3.6%	3.5%	$17.56	$18.79	$18.75	$19.20	$316	$323	$338	Raleigh
Riverside-San Bernardino	3.7%	-5.7%	4.4%	2.4%	750	920	550	1,400	7.7%	9.1%	8.1%	7.6%	$18.95	$18.23	$18.80	$19.50	$372	$368	$372	Riverside-San Bernardino
Sacramento	1.7%	-5.9%	3.7%	2.9%	220	360	400	200	6.5%	7.0%	6.6%	6.5%	$17.56	$18.28	$18.20	$18.75	$315	$321	$326	Sacramento
Salt Lake City	2.5%	-0.2%	4.3%	3.3%	630	610	340	820	4.9%	5.4%	4.5%	4.1%	$15.95	$16.67	$17.75	$18.60	$361	$359	$353	Salt Lake City
San Antonio	1.9%	-3.8%	4.2%	3.4%	1,360	1,150	790	1,400	4.7%	5.6%	5.4%	5.1%	$16.44	$16.43	$16.85	$17.35	$374	$373	$390	San Antonio
San Diego	1.3%	-8.8%	4.7%	3.8%	320	350	650	490	4.1%	5.2%	5.5%	5.3%	$24.22	$24.84	$25.20	$25.90	$482	$487	$485	San Diego
San Francisco	3.1%	-12.7%	8.2%	5.8%	210	10	450	550	3.7%	5.1%	5.6%	5.4%	$40.68	$37.78	$36.80	$37.44	$601	$598	$588	San Francisco
San Jose	2.0%	-8.6%	5.9%	3.4%	180	860	175	100	4.0%	4.5%	4.6%	4.2%	$35.36	$35.37	$33.78	$34.87	$623	$649	$676	San Jose
Seattle-Tacoma	2.6%	-7.4%	6.1%	4.4%	530	620	360	600	2.8%	3.0%	3.0%	2.8%	$21.23	$22.70	$23.55	$24.70	$436	$452	$466	Seattle-Tacoma
St. Louis	1.2%	-5.7%	2.4%	1.9%	370	570	260	450	5.5%	5.9%	5.0%	4.7%	$13.42	$13.26	$13.60	$13.85	$288	$285	$289	St. Louis
Tampa-St. Petersburg	2.6%	-3.2%	5.1%	4.5%	1,530	1,250	830	700	4.5%	5.1%	4.7%	4.4%	$16.35	$17.00	$17.85	$18.74	$382	$391	$407	Tampa-St. Petersburg
Washington, D.C.	1.4%	-6.7%	4.2%	3.0%	1,030	920	1,075	1,450	4.6%	5.5%	5.6%	5.5%	$26.37	$26.44	$27.75	$28.57	$419	$415	$422	Washington, D.C.
West Palm Beach	1.6%	-5.6%	4.5%	3.3%	480	160	430	400	4.7%	5.3%	4.9%	4.5%	$23.93	$24.40	$25.78	$27.03	$405	$413	$417	West Palm Beach
United States	1.3%	-6.2%	4.5%	2.5%	55,350	43,380	32,000	46,000	4.9%	5.6%	5.2%	5.0%	$19.96	$20.04	$20.59	$21.26	$200	$202	$204	United States

** Estimate ** Forecast [2] See Statistical Summary Note on Page 60.*

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DANIEL TAUB
Senior Vice President, National Director
Retail and Net Lease Divisions
daniel.taub@marcusmillichap.com

EVAN DENNER
Executive Vice President, Head of Business
Marcus & Millichap Capital Corporation
evan.denner@marcusmillichap.com

JOHN CHANG
Senior Vice President, National Director
Marcus & Millichap Research Services
john.chang@marcusmillichap.com

Offices Throughout the United States and Canada

Research Services
4545 E. Shea Boulevard • Phoenix, AZ 85028 • 602.707.9700