

Capital Trends

US Retail

July 2021

7.5% YOY price change

\$3.1b Transaction volume

34% YOY volume change

The sale of retail properties was up at a double-digit rate in July, but even with what would usually be impressive growth, volume was muted relative to normal trends. This muted volume also put the growth rate for retail property sales below the triple-digit rates seen in the three preceding months.

The triple-digit growth rate for retail property sales in prior months was somewhat easy to achieve. Those three months happened to be the three worst months for the retail property market in 2020, when all market participants were panicked trying to understand what the pandemic meant for the economy and consumer behavior.

From July forward, all year-over-year comparisons will be against periods where there was not as much panic underway. Growth in retail property sales moving forward can only hit triple-digit rates if investors suddenly become excited about the investment prospects for the sector.

Given the state of cap rates for retail properties relative to other sectors, there is no sign of such a potential burst of investor excitement for retail properties. Retail property cap rates averaged 6.5% in July. This level was 60 bps and 150 bps higher than those for the industrial and apartment sectors, respectively. That extra yield on offer for retail properties was simply not enough to draw additional capital into the sector.

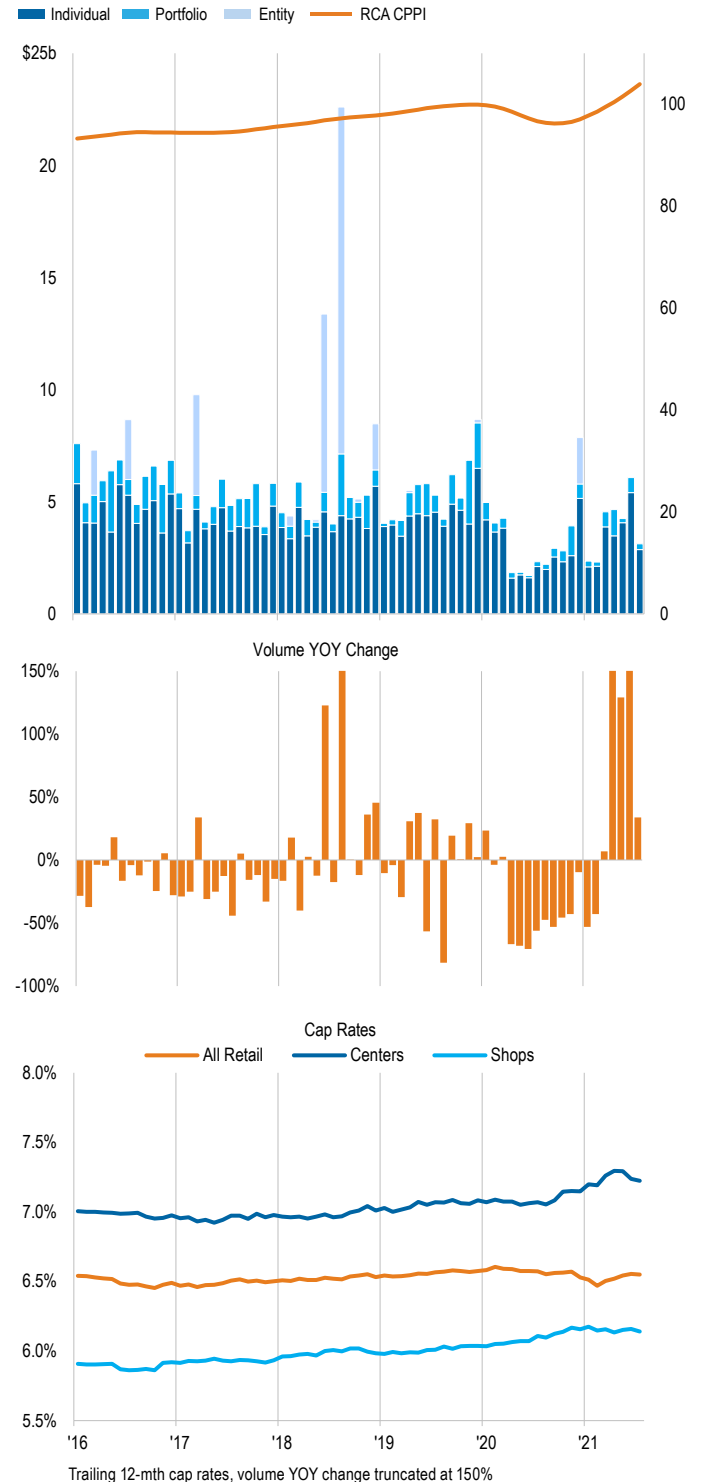
Deal volume in July was muted relative to long-term trends for this time of year. Sale activity averaged \$4.9b in July on average since 2005. The \$3.1b in sales this year stood 36% below this long-run average.

While volume remains low relative to long-term trends, retail property prices are rising. The RCA CPPI for retail properties was up 7.5% YOY in July. This pace is a far cry from the declines seen a year earlier but it does lag other property sectors in the here and now, with the RCA CPPI US National All-Property Index up 11.8% YOY in July.







Transaction Volume Summary

	July '21		YTD '21	
	Vol (\$b)	YOY	Vol (\$b)	YOY
Retail Total	3.1	34%	27.3	30%
Centers	2.1	98%	14.3	32%
Shops	1.0	-19%	13.0	28%
Single Asset	2.9	36%	23.9	28%
Portfolio	0.2	17%	3.4	47%

Monthly Transaction Volume & Pricing




Market Table *Retail*

Retail Transactions Reported Closed		Centers				Shops				All Retail			
		Volume		Price		Volume		Price		Volume		Price	
YTD through July '21		\$m	# Props	\$/sf	Avg Cap Rate	\$m	# Props	\$/sf	Avg Cap Rate	\$m	# Props	\$/sf	Avg Cap Rate
Mid-Atlantic 	Baltimore	63.6	5	230		35.5	5	210		99.0	10	222	6.7%
	DC	56.2	2	183		50.4	7	1,002		106.6	9	298	
	DC MD burbs	58.4	6	128		64.6	7	300	6.4%	123.0	13	199	6.2%
	DC VA burbs	111.4	8	146	6.5%	69.1	9	368	7.0%	180.5	17	188	6.7%
	Philadelphia	117.8	15	155		38.2	8	280	5.9%	156.0	23	183	6.1%
	Pittsburgh	27.6	4	74		37.1	7	474		64.7	11	144	6.6%
	Richmond/Norfolk	104.8	14	99		63.9	11	255	6.5%	168.7	25	129	6.5%
	Tertiary Mid-Atlantic	376.3	32	94	7.1%	224.0	50	138	6.8%	600.3	82	106	6.9%
	Total	916.1	86	112	6.8%	582.8	104	220	6.5%	1,498.9	190	139	6.6%
Midwest 	Chicago	457.0	38	125	9.1%	497.6	85	237	6.4%	954.6	123	166	7.0%
	Cincinnati	161.5	17	76	9.3%	41.7	10	150	7.0%	203.2	27	101	8.4%
	Cleveland	211.6	8	111	7.2%	19.6	5	409		231.2	13	118	6.6%
	Columbus	6.9	1			101.0	18	238		107.8	19	255	
	Detroit	35.9	4	33	7.1%	65.5	11	242	5.6%	101.3	15	72	6.4%
	Indianapolis	31.8	8	143	8.8%	43.3	12	226		75.0	20	157	7.9%
	Kansas City	73.9	9	82		68.2	8	193	6.1%	142.1	17	116	6.1%
	Minneapolis	137.4	21	130		180.9	28	155	6.7%	318.3	49	143	6.7%
	St Louis	93.2	10	88		56.2	12	288		149.4	22	108	7.6%
	Tertiary Midwest	742.1	95	69	8.5%	1,128.8	227	137	6.4%	1,870.9	322	97	7.2%
Total	1,951.0	211	87	8.5%	2,248.5	440	165	6.4%	4,199.6	651	115	7.1%	
Northeast 	Boston	355.2	18	241	6.5%	348.8	36	419	5.9%	704.0	54	288	6.0%
	Hartford	52.7	3	87		87.8	4	254	6.7%	140.4	7	128	6.7%
	Long Island	94.8	4	202		54.8	6	191	4.7%	149.6	10	194	5.3%
	Manhattan	196.5	2	1,772		508.7	50	1,311		705.2	52	1,428	
	No NJ	209.7	16	260		277.3	50	341	6.5%	487.1	66	292	6.5%
	NYC Boroughs	5.0	1		4.9%	500.8	91	568	4.8%	505.8	92	550	4.9%
	Stamford					24.3	6	272		24.3	6	272	
	Westchester	50.1	3	290		66.1	9	318		116.2	12	305	
	Tertiary Northeast	422.1	29	76	7.2%	463.8	53	139	6.5%	885.9	82	98	6.6%
	Total	1,386.0	76	172	6.0%	2,332.3	305	375	6.0%	3,718.3	381	257	6.0%
Southeast 	Atlanta	825.7	62	133	7.3%	341.9	61	289	6.0%	1,167.6	123	163	6.8%
	Broward	141.9	14	189		69.6	14	196		211.5	28	191	
	Charlotte	179.3	22	144		120.9	29	403	5.8%	300.2	51	197	5.9%
	Jacksonville	144.1	10	259		46.4	10	343		190.6	20	274	6.3%
	Memphis	76.6	9	115	7.7%	47.9	17	264	7.3%	124.5	26	141	7.4%
	Miami	193.8	13	356	5.6%	226.6	31	667	4.9%	420.5	44	490	5.2%
	Nashville	148.5	13	122		104.0	21	270	6.0%	252.5	34	158	6.3%
	Orlando	130.5	14	133	7.2%	215.1	42	327	6.3%	345.6	56	207	6.7%
	Palm Beach	217.8	17	299	6.5%	155.9	21	530		373.7	38	357	6.5%
	Raleigh/Durham	119.2	10	118	7.9%	116.0	22	246	6.4%	235.1	32	160	6.9%
	Tampa	167.1	21	148	5.9%	202.2	40	330	5.1%	369.3	61	209	5.5%
	Tertiary Southeast	1,135.7	160	104	7.8%	1,213.3	279	181	6.3%	2,349.0	439	131	7.0%
	Total	3,480.4	365	134	7.4%	2,889.9	600	250	6.1%	6,370.2	965	169	6.7%
Southwest 	Austin	146.1	17	214	5.9%	132.0	19	238	5.3%	278.1	36	228	5.6%
	Dallas	758.9	64	233	7.0%	369.9	63	307	6.0%	1,128.8	127	252	6.5%
	Denver	232.8	20	178	6.9%	125.7	25	242	5.5%	358.5	45	197	6.3%
	Houston	373.4	49	199	7.1%	242.1	48	252		615.6	97	215	7.0%
	Phoenix	764.8	58	229	7.0%	304.0	58	154	6.2%	1,068.8	116	203	6.5%
	San Antonio	262.8	11	202		52.6	13	602	6.0%	315.4	24	217	6.3%
	Tertiary Southwest	559.2	80	84	7.5%	546.6	108	231	6.1%	1,105.8	188	123	6.7%
	Total	3,098.2	299	168	7.1%	1,772.9	334	217	6.0%	4,871.0	633	182	6.5%
West 	East Bay	147.9	7	119		316.9	31	332	5.9%	464.8	38	199	6.8%
	Inland Empire	177.6	16	212		141.5	30	319	7.3%	319.1	46	249	6.9%
	Las Vegas	267.0	27	207	6.7%	96.2	18	244		363.2	45	216	6.7%
	Los Angeles	598.2	39	278	5.3%	775.6	137	402	5.9%	1,373.8	176	338	5.5%
	Orange Co	276.5	27	290	5.7%	181.5	36	471	4.9%	458.0	63	337	5.2%
	Portland	135.4	11	113		117.2	21	220	6.1%	252.6	32	146	6.8%
	Sacramento	68.8	12	125		164.7	30	213	6.6%	233.5	42	175	6.5%
	Salt Lake City	70.2	11	113		108.3	18	127		178.4	29	121	6.7%
	San Diego	400.5	17	260	5.8%	140.8	28	385	5.7%	541.4	45	281	5.8%
	San Francisco	72.7	3	441		147.7	15	741		220.4	18	600	5.0%
	San Jose	206.2	6	512		131.6	19	497		337.9	25	503	
	Seattle	350.0	21	223	7.8%	135.9	26	177		485.9	47	208	7.3%
Tertiary West	690.1	63	166	7.0%	738.9	148	195	6.5%	1,429.0	211	178	6.8%	
Total	3,460.9	260	209	6.4%	3,197.0	557	289	5.9%	6,657.9	817	239	6.2%	
Total	Total US	14,292.6	1,297	145	7.2%	13,023.3	2,340	250	6.2%	27,315.9	3,637	180	6.6%

Selected Recent Transactions

Property Name Address Location	SF Year Built Notes	Price \$/sf Qualifier	Owner/Buyer Seller Broker
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Mid-Atlantic

Springtown Shopping Center 2643 Shillington Rd West Wyomissing, PA	275,460 1990 Centers	\$29,500,000 \$107 approximate	 Medipower JV Paramount Realty Services from  Brandolini Co by  JLL
Chesterfield Crossing 12420 Hull St Rd Midlothian, VA	79,802 2000 Centers	\$11,000,000 \$138 approximate	 The Premier Investment Companies from  Peterson Cos by  Newmark

Midwest

Cedar Center South 13908-13998 Cedar Rd University Heights, OH	138,891 1950 Centers	\$38,750,000 \$279 confirmed	 First National Realty Partners from  IRC Retail Center - DRA JV Prudential RE Investors by  Cushman & Wakefield
West Allis Center 2625 S 108th St West Allis, WI	264,400 1968 Centers	\$22,500,000 \$85 approximate	 L2 Partners from  GBT Realty

Northeast

Northborough Crossing 9012 Shops Way Northborough, MA	650,000 2011 Centers	\$104,000,000 \$160 confirmed	 RPT Realty from  Regency Centers JV NYSCRF by  Newmark
BJ's - North Dartmouth 460 State Rd Dartmouth, MA	103,680 1989 Shops	\$38,732,000 \$374 confirmed	 Realty Income Corp from  Ladder Capital





Southeast

Barrow Crossing 916 Loganville Hwy Bethlehem, GA	276,000 2009 Centers	\$50,000,000 \$181 confirmed	 Black Creek Group from  VEREIT by  CBRE
St Johns Town Center North 4413 Town Center Pkwy Jacksonville, FL	114,819 2006 Centers	\$44,000,000 \$383 approximate	 Core Investment Management from  American Realty Advisors by  JLL

Southwest

Belmar Center Retail 408 S Teller St Lakewood, CO	747,000 2004 Centers	\$113,000,000 \$151 confirmed	 Bridge33 Capital from  Starwood Capital by  Eastdil Secured
Shops at Legacy North 7300 Dallas Pkwy Plano, TX	237,160 2007 Centers	\$72,500,000 \$306 confirmed	 CTO Realty Growth Inc from  Invesco Real Estate by  CBRE

West

4251 Martingale Way 4251 Martingale Way Newport Beach, CA	58,073 1974 Centers	\$45,000,000 \$775 approximate	 Deba Shyam from  WLA Investments
Orchard Walk East 3318 N Dinuba Blvd Visalia, CA	253,284 2008 Centers	\$31,500,000 \$124 approximate	 JH Real Estate Partners from  Donahue Schriber

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About Capital Trends

Capital Trends reports analyze and interpret trends in the global real estate market using RCA's comprehensive data. US Capital Trends is a monthly edition comprising an overview of the U.S. market and separate reports on the five main property types. Asia Pacific, Europe and Global Capital Trends are published quarterly. Australia Capital Trends was launched in February 2021.

Methodology

Data based on properties and portfolios \$2.5m and greater unless otherwise stated.