

# State of U.S. & Colorado Retail Market

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Q3 2024



# Summary



+3.9M

NET ABSORPTION  
Q3 2024



4.7%

RETAIL AVAILABILITY  
Q3 2024



+2.5%

Y-O-Y RENT GROWTH  
Q3 2024

**The overall retail availability rate remained unchanged**, despite retail store closures and a decrease in net absorption. Low levels of new construction kept the availability rate stable. Rising construction and borrowing costs have significantly curtailed new development, with completions dropping by 49% quarter-over-quarter.

**Sunbelt markets continue to thrive** as three markets in Texas made the top 10 list for net absorption. These gains in Texas are fueled by population growth and strong leasing activity in street retail and power centers. Additionally, retailers are capitalizing on the region's favorable business environment, increased consumer spending, and a growing demand for a mix of experiential and essential retail.

**The U.S. consumer remains resilient** due to a combination of factors, including a strong labor market, wage growth outpacing inflation, and accumulated savings from the pandemic era, stubbornly high prices are weighing on spending, consumers remain optimistic and continue to prioritize spending on essential items to navigate these economic headwinds.





# The Consumer

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1



69%

OF BOOMERS & GEN X  
BUY GIFT CARDS

72%

OF GEN Z  
BUY CLOTHING

45%

OF MILLENNIALS  
BUY HEALTH & BEAUTY ITEMS

25%

OF MILLENNIALS  
BUY TICKETS

22%

OF MILLENNIALS  
BUY EXPERIENCES

# 2024 Holiday Buying Habits By Generation

## SHIFTS IN SEASONAL SHOPPING

**29% of Gen Z, 41% of millennials and 38% of Gen X** plan to start holiday shopping before October.

**42% of boomers** prefer to wait until November or December.

Retailers are thinking beyond just Black Friday and Cyber Monday, considering that significant portions of the population are shopping earlier to take advantage of discounts, avoid crowds and shipping delays.

## GIFT INSPIRATION

**29% of Gen Z** and **26% of millennials** will look for gift ideas on social media.

**44% of millennials** will rely on video reviews and product demos.

**49% of Gen X and boomers** plan to visit physical stores to evaluate products in person.

## WHERE CONSUMERS SHOP

**47% of consumers** said they will shop in store.

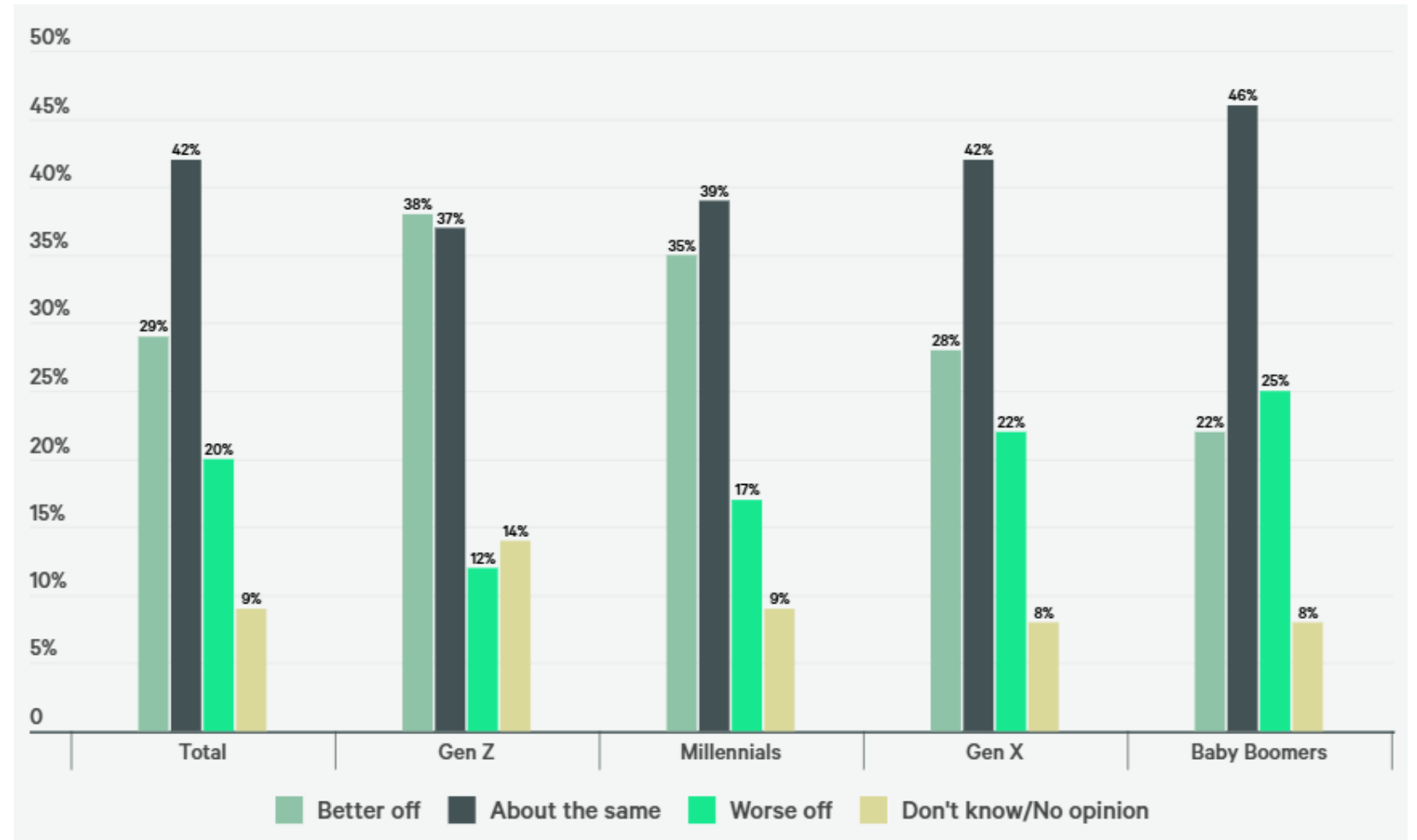
**36% of Gen Z, 31% of millennials and 29% of Gen X** will shop online using a mobile device, compared to **17% of boomers**.

**33% of Boomers** prefer online shopping via desktop or laptop.

**(Growing percentage shop online pick up in store or shop in store and buy online)**

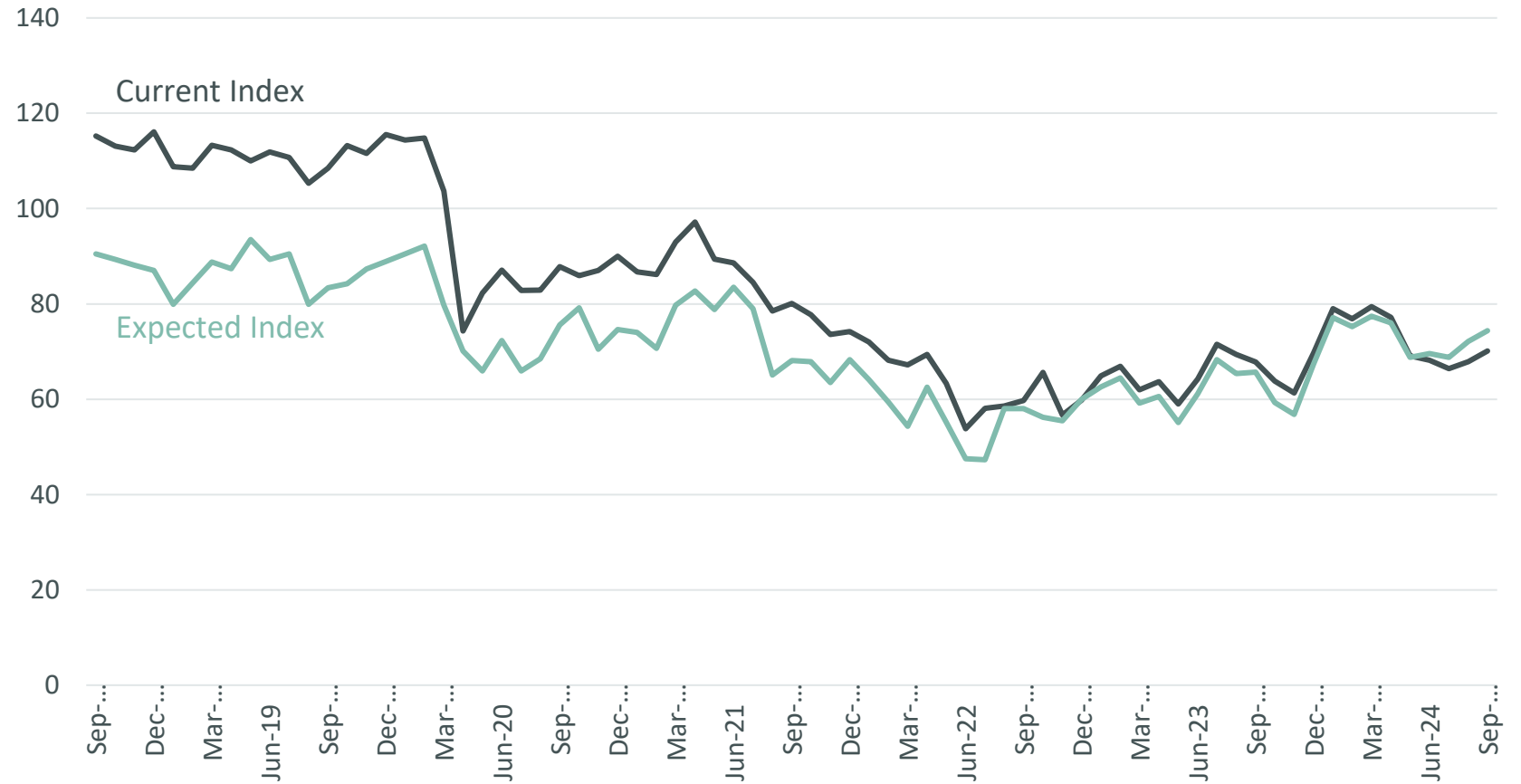
## Gen Z, Millennials Most Optimistic Regarding Spending in 2025

### Household Spending Expectations One Year From Now by Generation



Consumer sentiment lifted for the 3<sup>rd</sup> consecutive month in the U.S. and reached 70.5, largely due to falling interest rates.

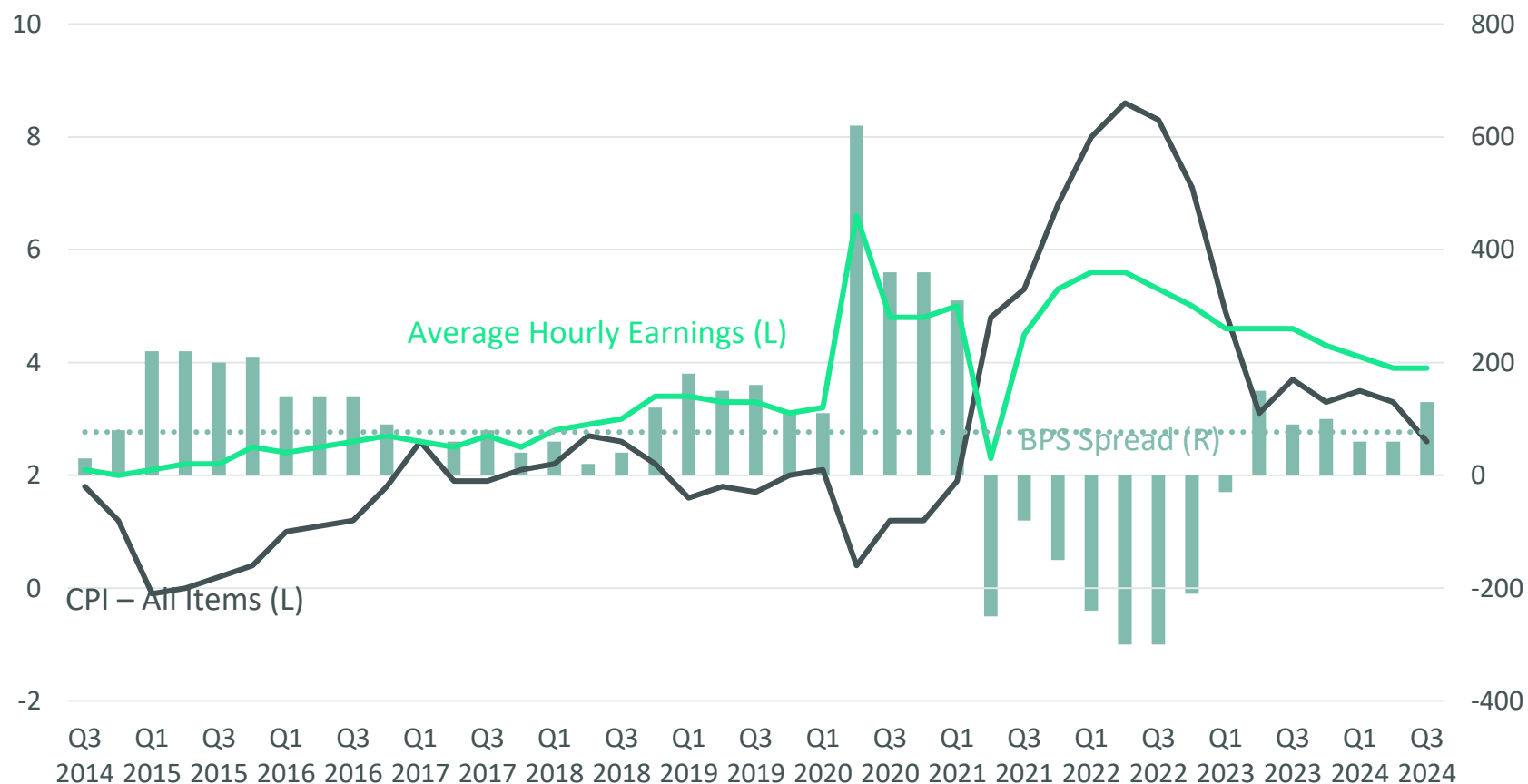
## U.S. Consumer Sentiment Index Monthly



Source: University of Michigan, September 2024.

Wage growth has outpaced inflation for six consecutive quarters; one of the many factors keeping retail sales afloat.

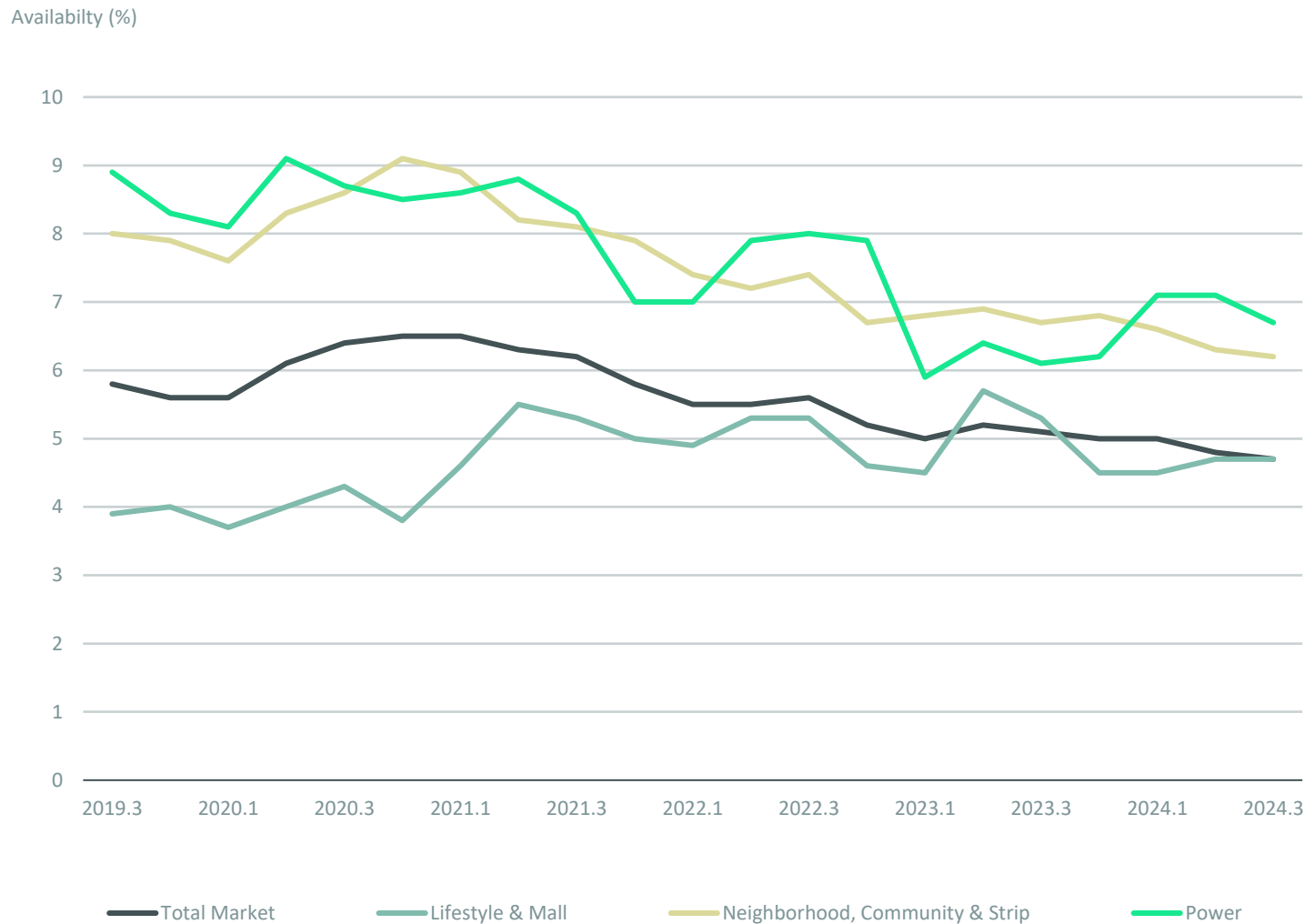
Average Hourly Earnings vs. CPI (All Items in U.S. City Average)  
In % Growth, Year-over-Year and BPS Spread



Source: St. Louis FRED, Q3 2024.

# Asking Rents & Availability

## Availability by Center Type

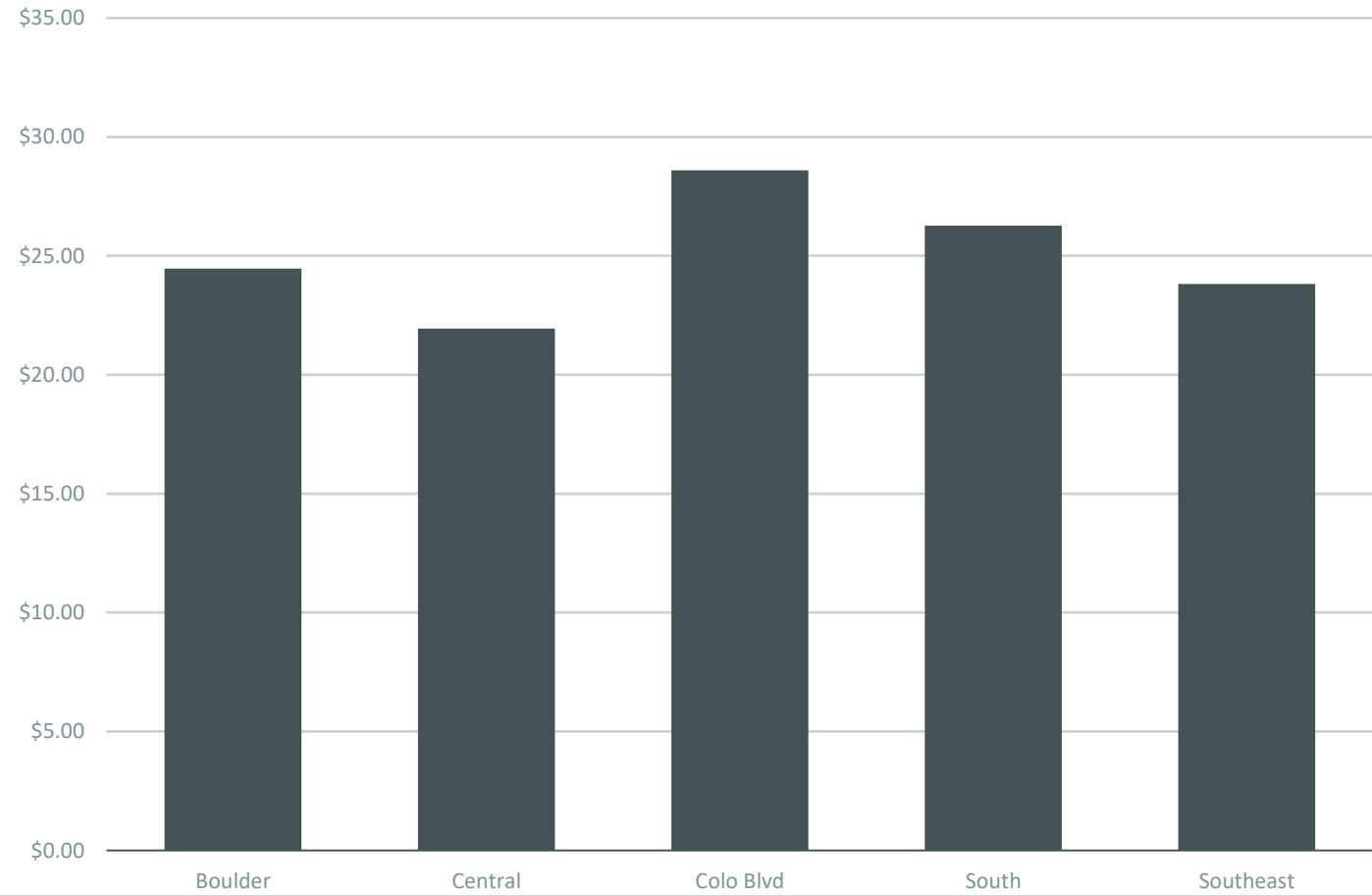




# Asking Rents & Availability

## Top 5 Submarket by Net Rent

\$ / Sq. Ft.



# Economic Overview

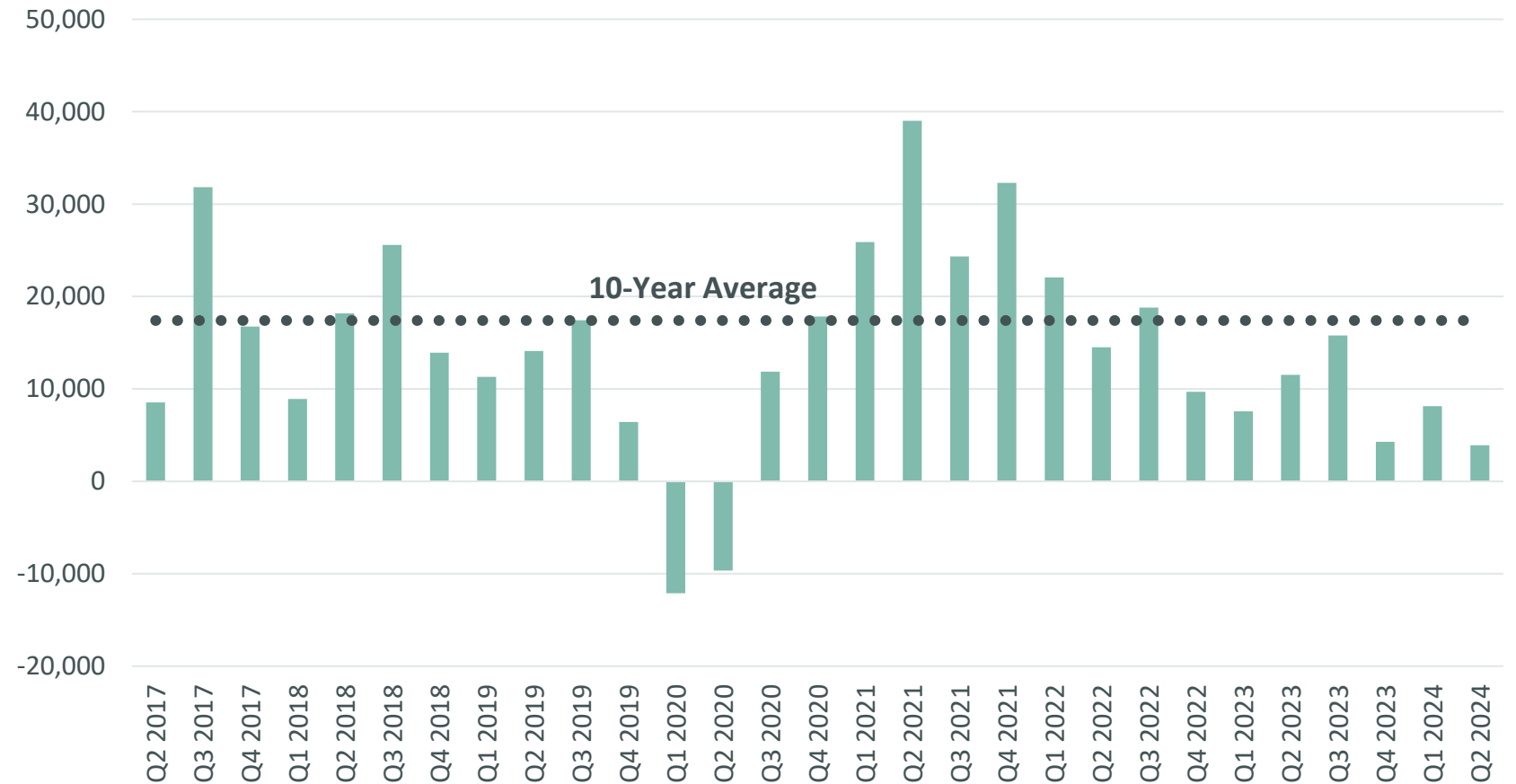
## Total Population & Net Migration





Net absorption fell by 43% year-over-year in Q3 2024 and remains well-below the 10-year average.

Retail Space Absorption  
In Millions of SF, by Asset Class

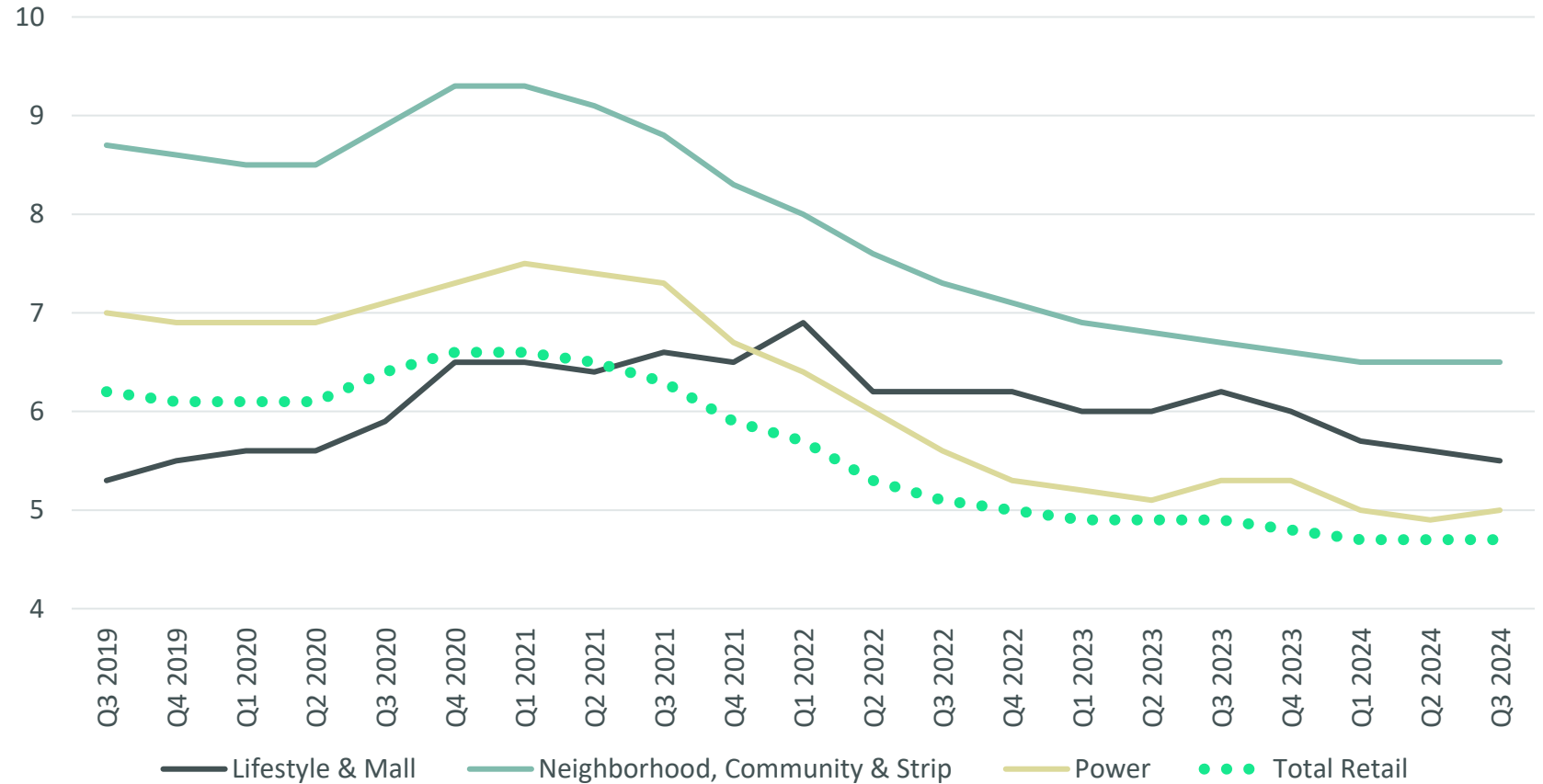


Source: CBRE Econometrics Advisors, Q3 2024.

Overall availability was unchanged at 4.7% in Q3 2024.

Availability in neighborhood, community and strip centers has fallen by 210 bps over the last five years.

Retail Space Availability  
By % Available and Format

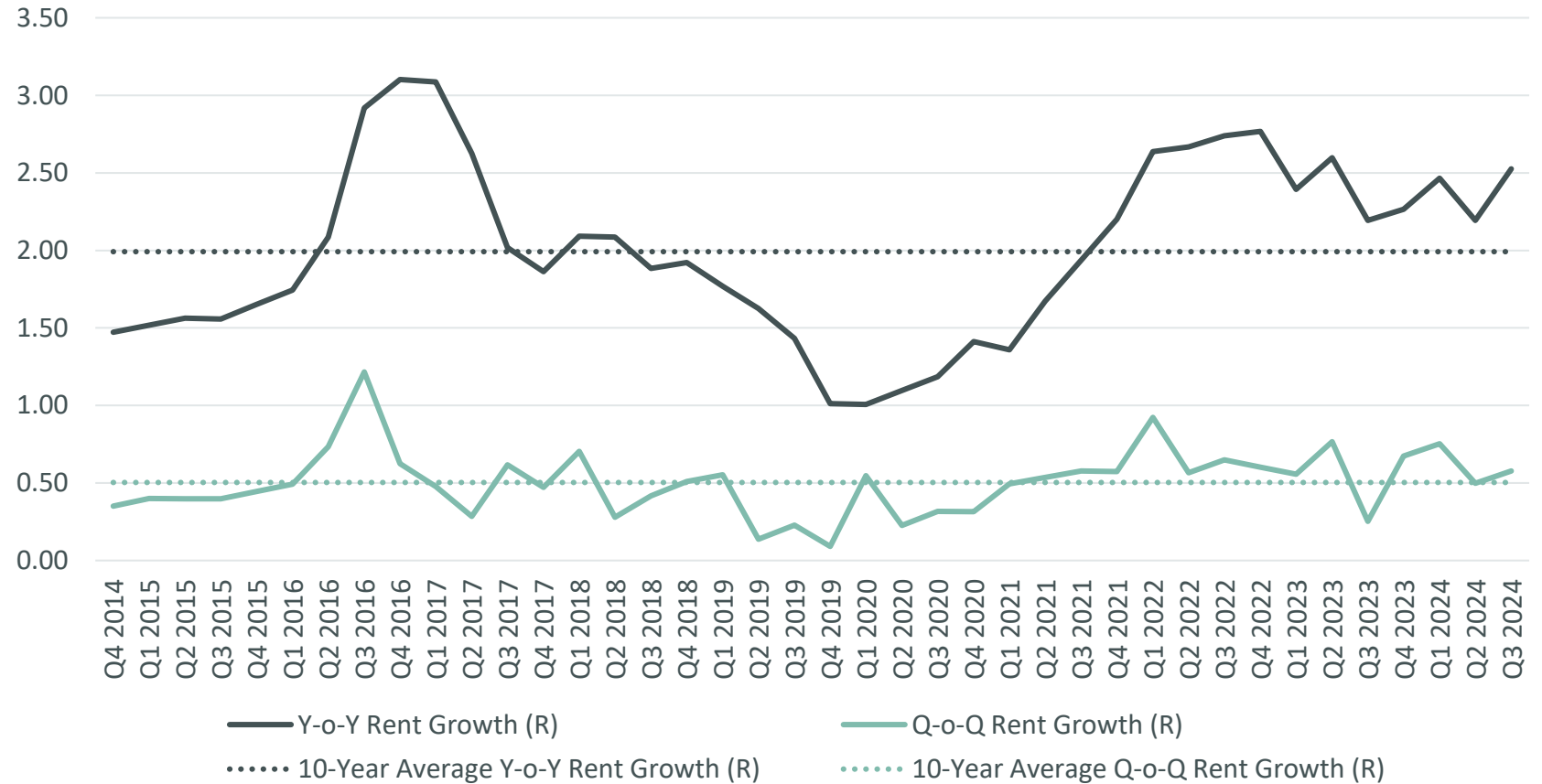


Source: CBRE Econometrics Advisors, Q3 2024.



Both quarter-over-quarter and year-over-year asking rent growth inched up in Q3 2024, as landlords continue to take advantage of low vacancy to drive up rents.

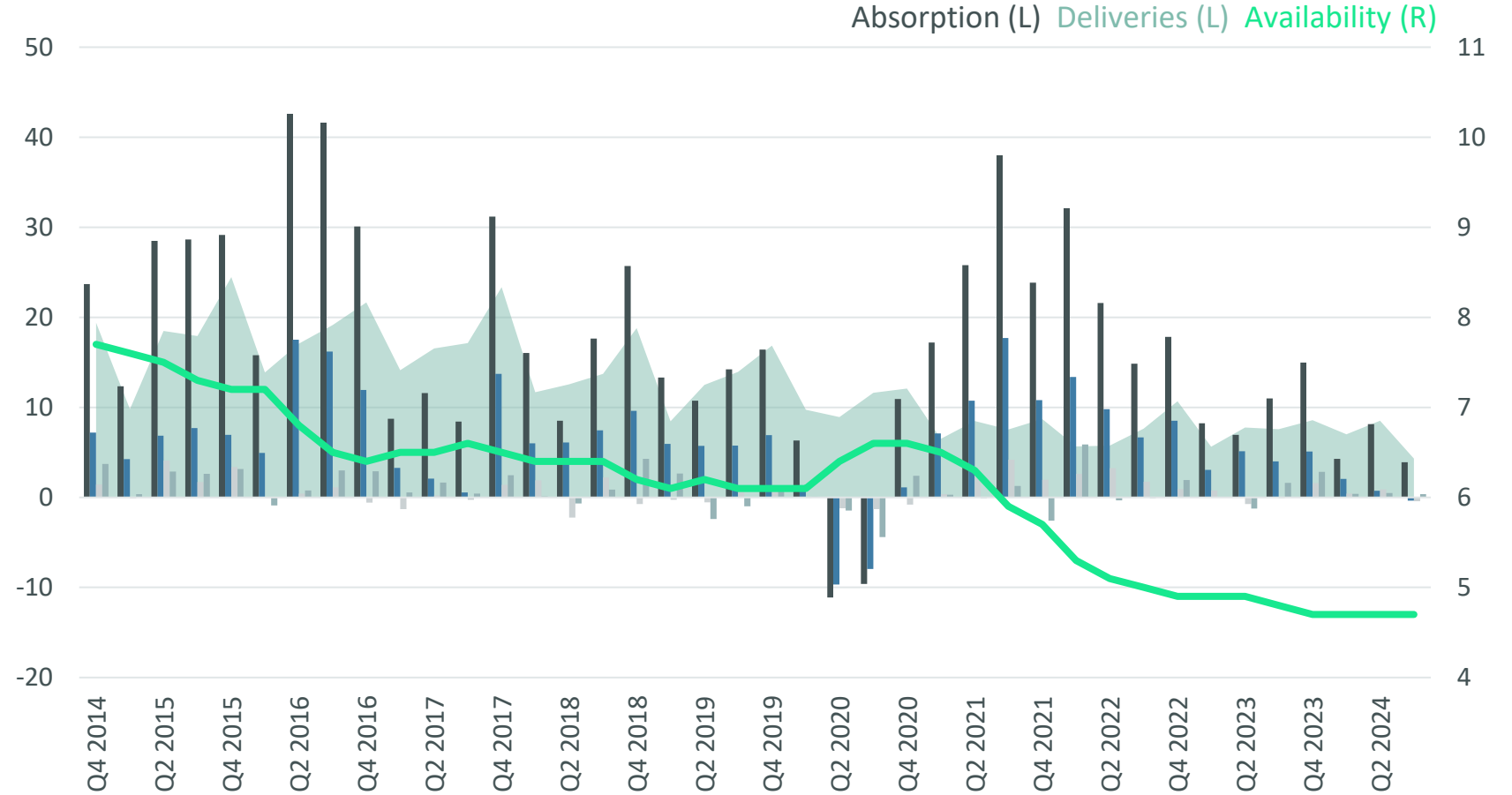
Retail Asking Rents and Asking Rent Growth  
By \$/SF and % Change Year-over-Year



Source: CBRE Econometrics Advisors, Q3 2024.

Although absorption has fallen below new supply, availability remains at a 15-year low.

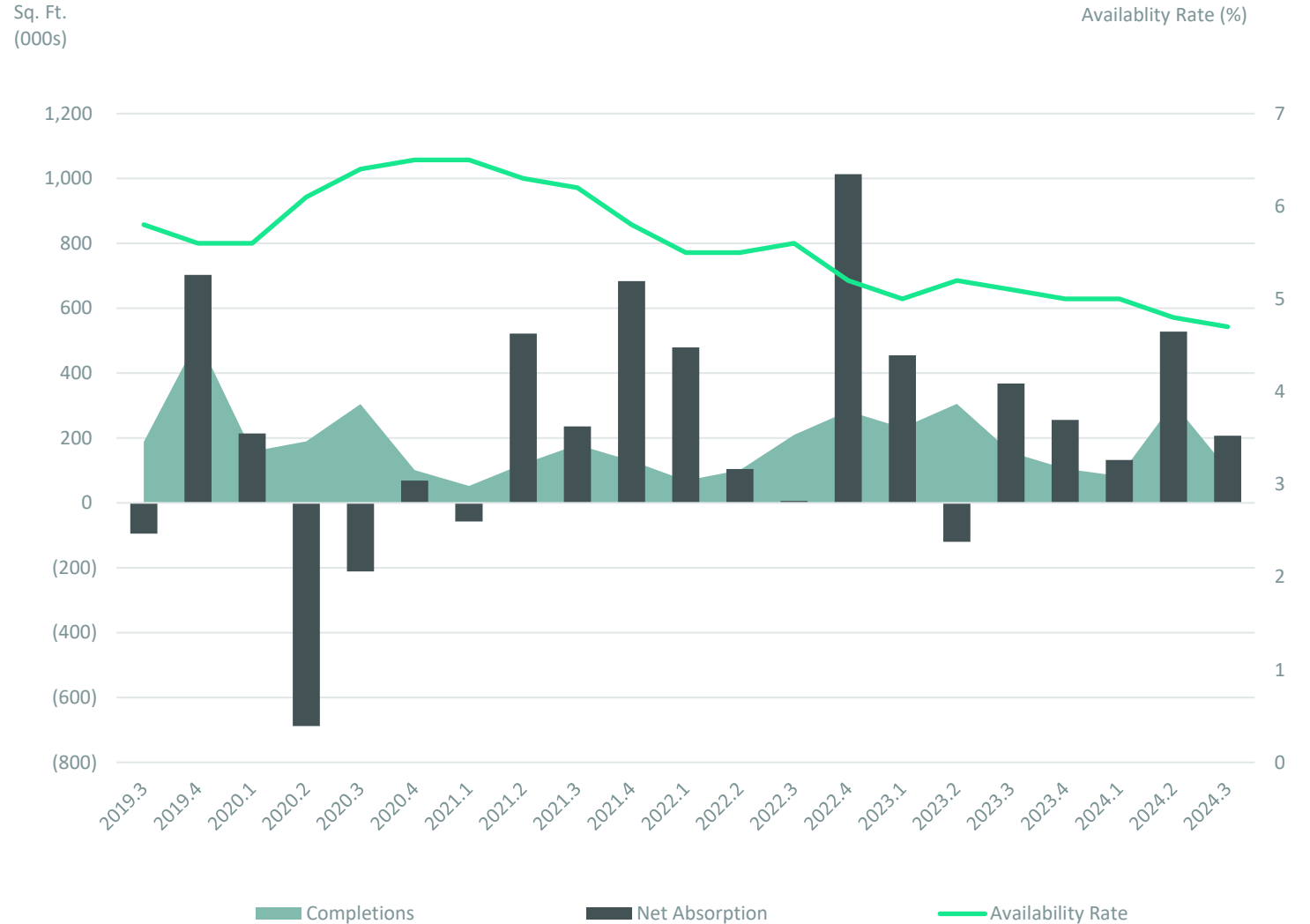
Retail Space Absorption, Deliveries, and Availability  
Quarterly, In Millions of SF, and Availability by %



Source: CBRE Econometrics Advisors, Q3 2024.

Deliveries near an all time low. Impacts the availability rate and absorption.

## Completions, Net Absorption, and Availability Rate



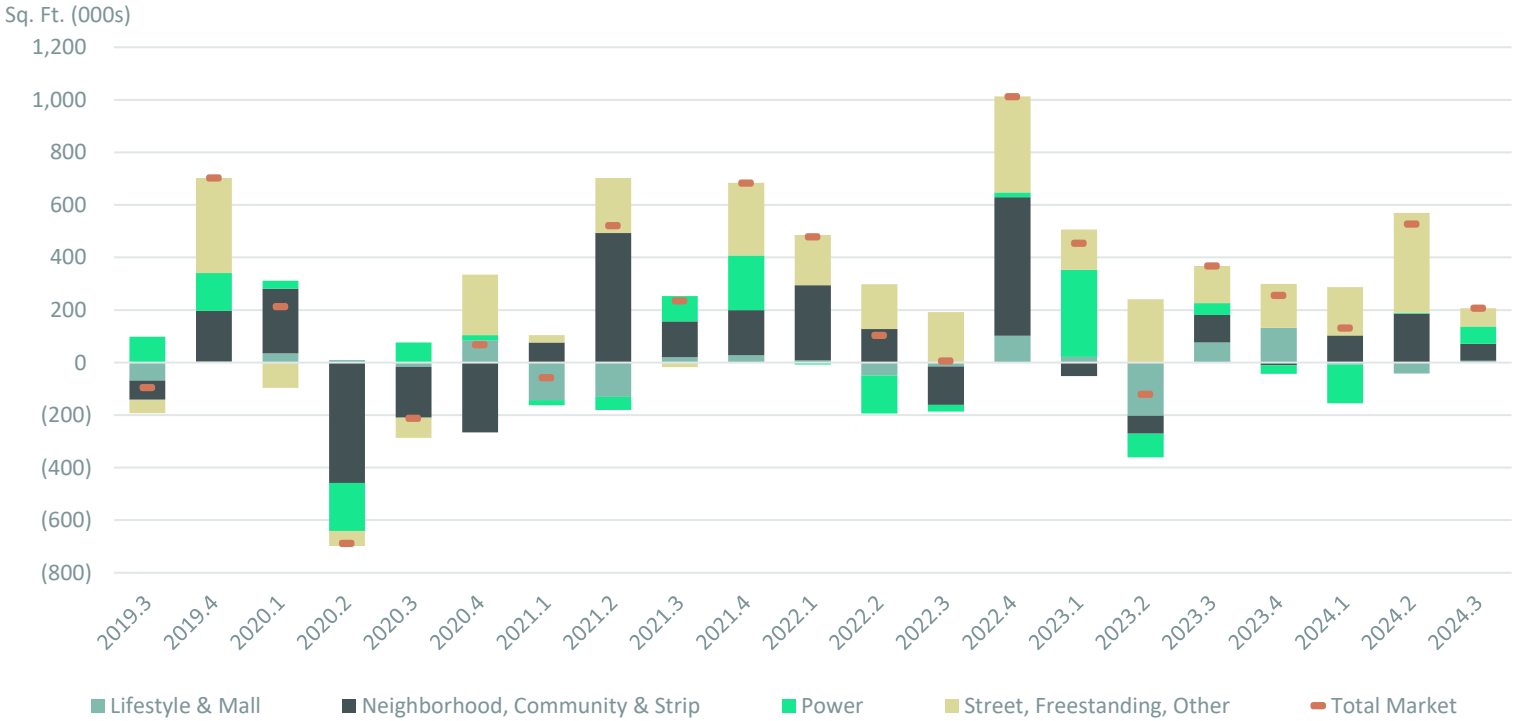
# Market Overview

## Market Statistics by Product Type

Source: CBRE Econometric Advisors, Q3 2024.

Market	Inventory (SF, 000s)	Availability Rate (%)	Net Absorption (SF 000s)	Completions (SF 000s)	Net Rent
Lifestyle & Mall	16,500	4.7	7	-	\$37.52
Neighborhood, Community & Strip	66,192	6.2	65	-	\$19.56
Power	16,648	6.7	65	-	\$10.47
Street, Freestanding, Other	61,727	2.6	70	103	-
Total Market	161,067	4.7	207	103	\$20.01

## Net Absorption by Center Type



# Market Overview

Market Statistics by Submarket

Market	Inventory (SF 000s)	Availability Rate (%)	Net Absorption (SF 000s)	Completions (SF 000s)	Net Rent
Total Market	161,067	4.7	207	103	\$20.01
Aurora	12,802	3.6	(55)	-	\$18.14
Boulder	11,778	6.3	(3)	-	\$24.47
Central	20,271	5.7	-	-	\$21.94
Colo Blvd	5,105	3.4	11	-	\$28.60
Northeast	14,749	3.7	(45)	-	\$19.83
Northwest	26,726	5.0	91	-	\$16.80
Outlying Denver	664	4.4	(12)	-	
South	26,197	4.0	204	20	\$26.27
Southeast	11,242	3.5	(19)	4	\$23.82
Southwest	12,027	6.6	99	74	\$18.03
West	19,506	4.9	(64)	5	\$16.36



# Retailer and Category Trends

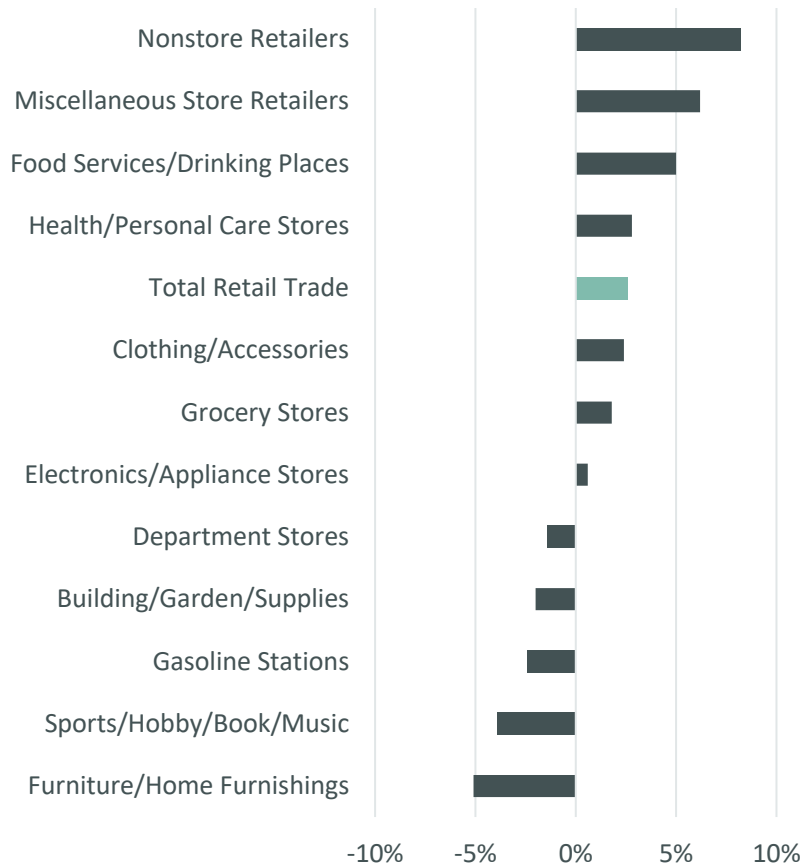
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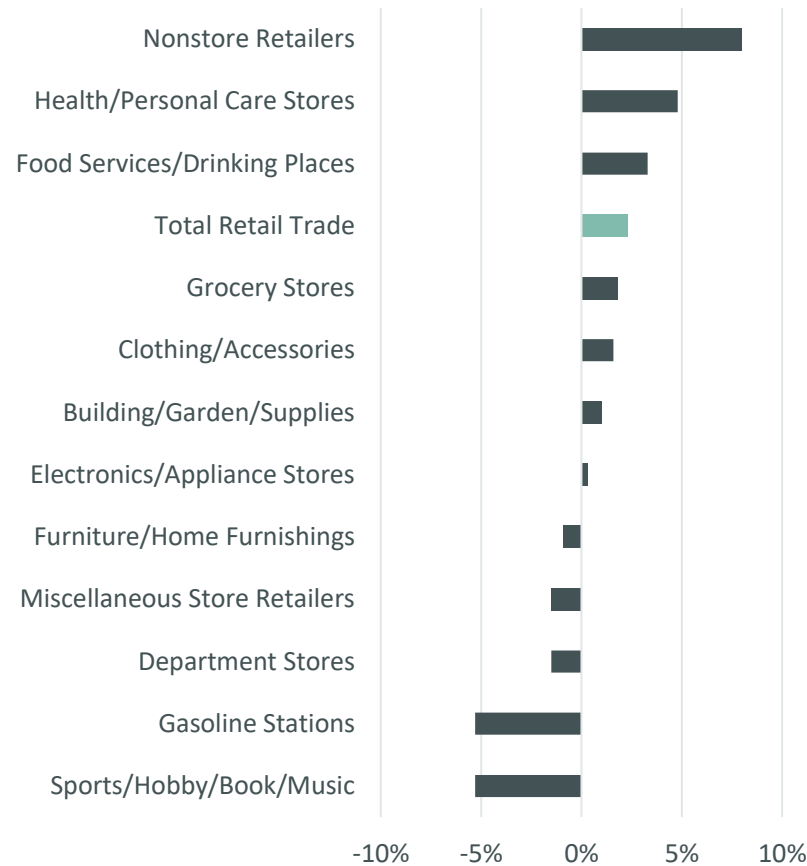


Nonstore retailers posted both the largest Q-o-Q and Y-o-Y growth. Five retail segments contracted Q-o-Q, including department stores, gas stations, and home furnishings.

Retail Sales, Q3 2024  
Year-over-Year % Growth, by Category

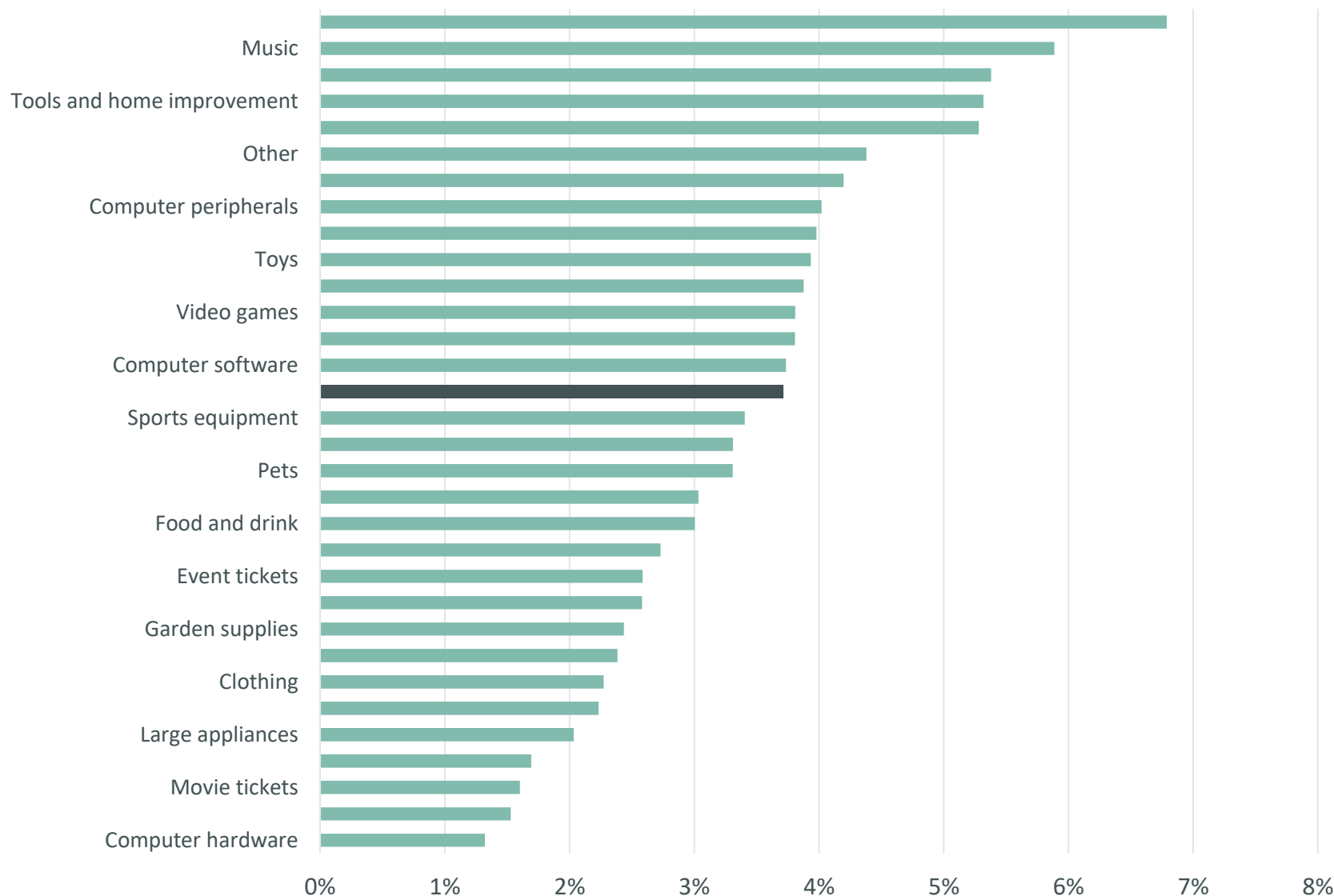


Retail Sales, Q3 2024  
Quarter-over-Quarter % Growth, by Category



Source: U.S. Census Advance Monthly Retail Sales, CBRE Research, Q3 2024.

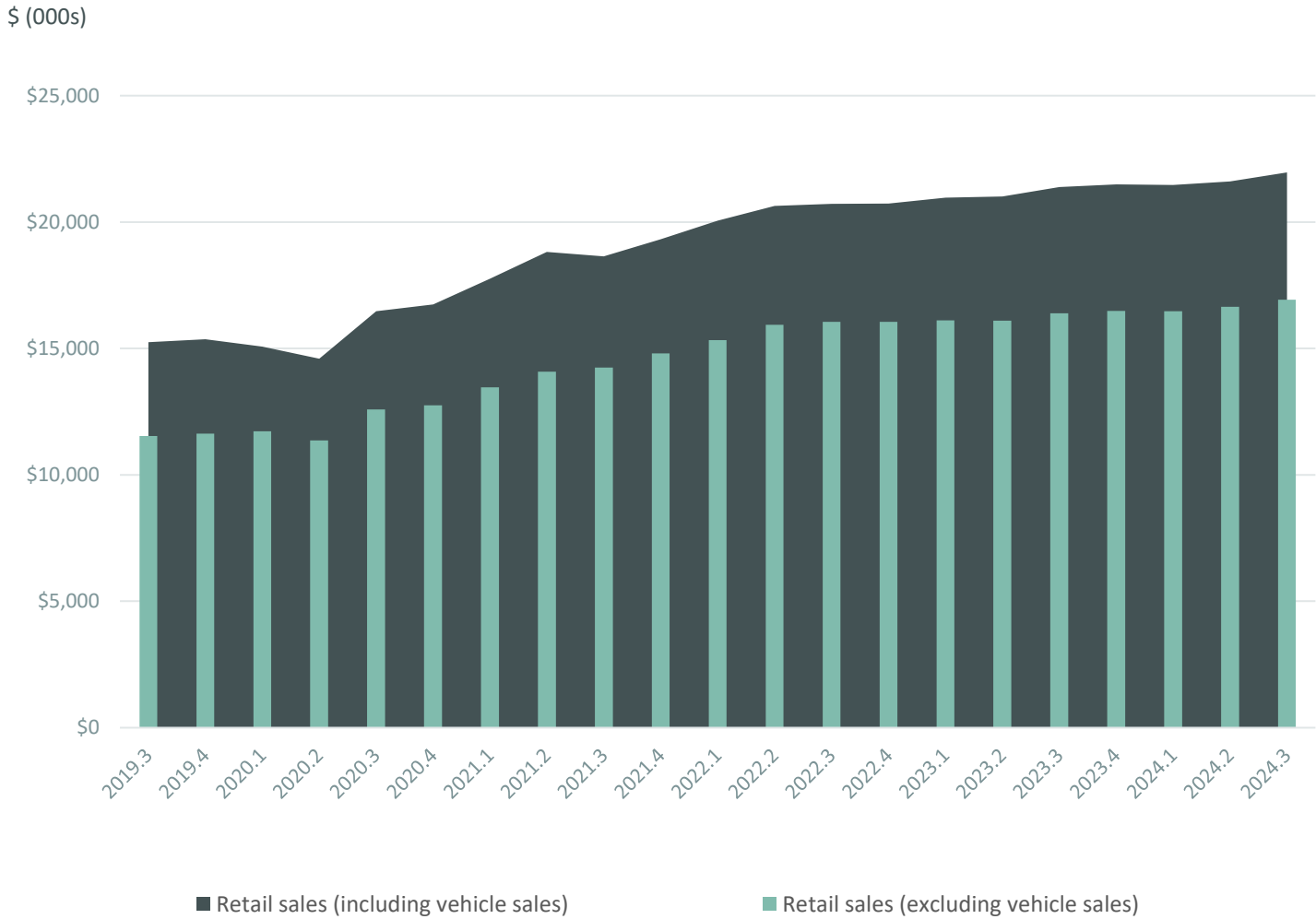
Total retail sales growth projections by category from 2024 to 2029 forecast strong growth from nutraceuticals, music, and DVDs, among others, however average growth is subdued compared to previous forecasts.



Source: Forrester's US Online Retail Forecast, 2024 To 2029, Q3 2024.

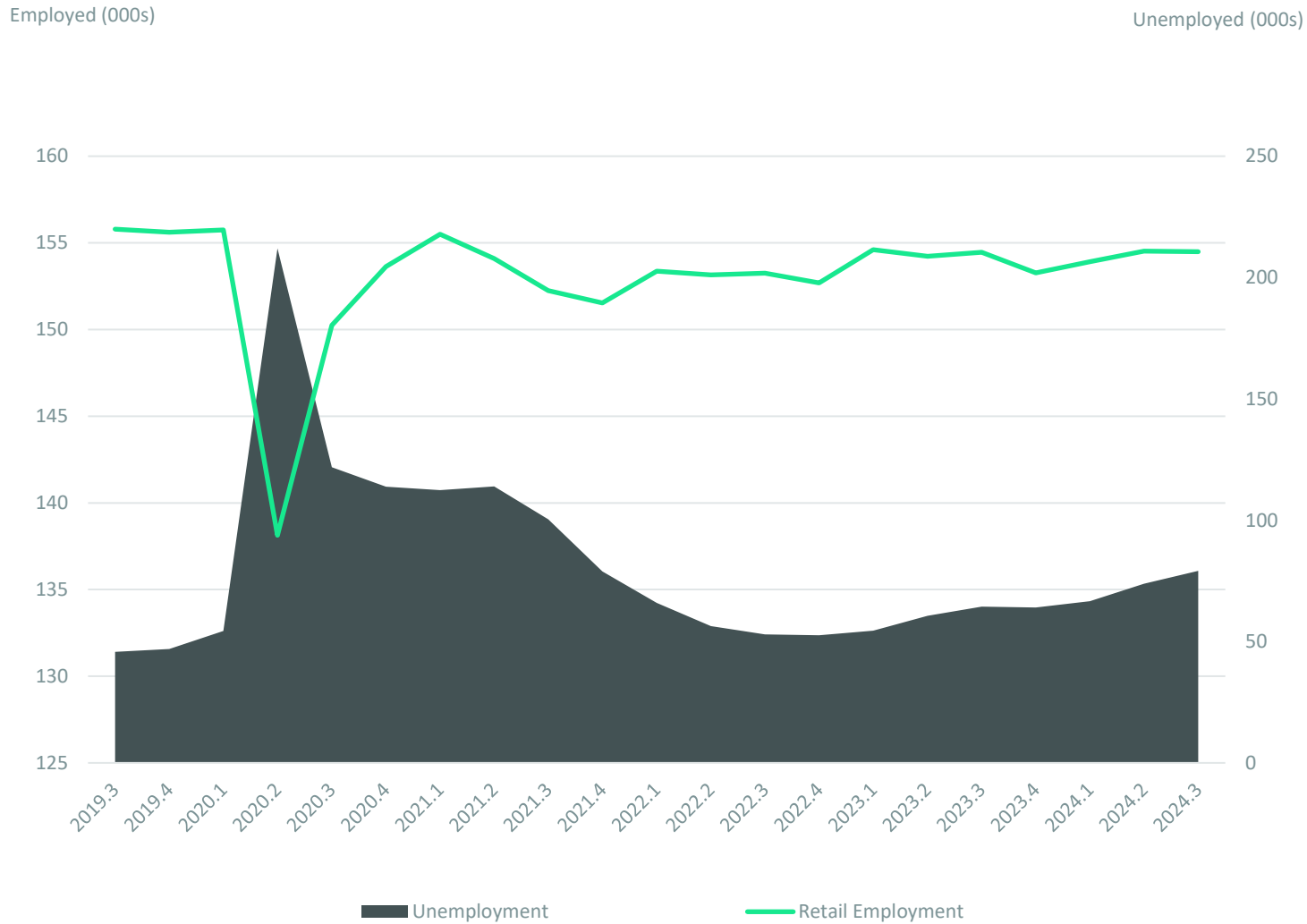
# Economic Overview

## Total Retail Sales



# Economic Overview

## Retail Employment vs. Unemployment





# Geographic Opportunities

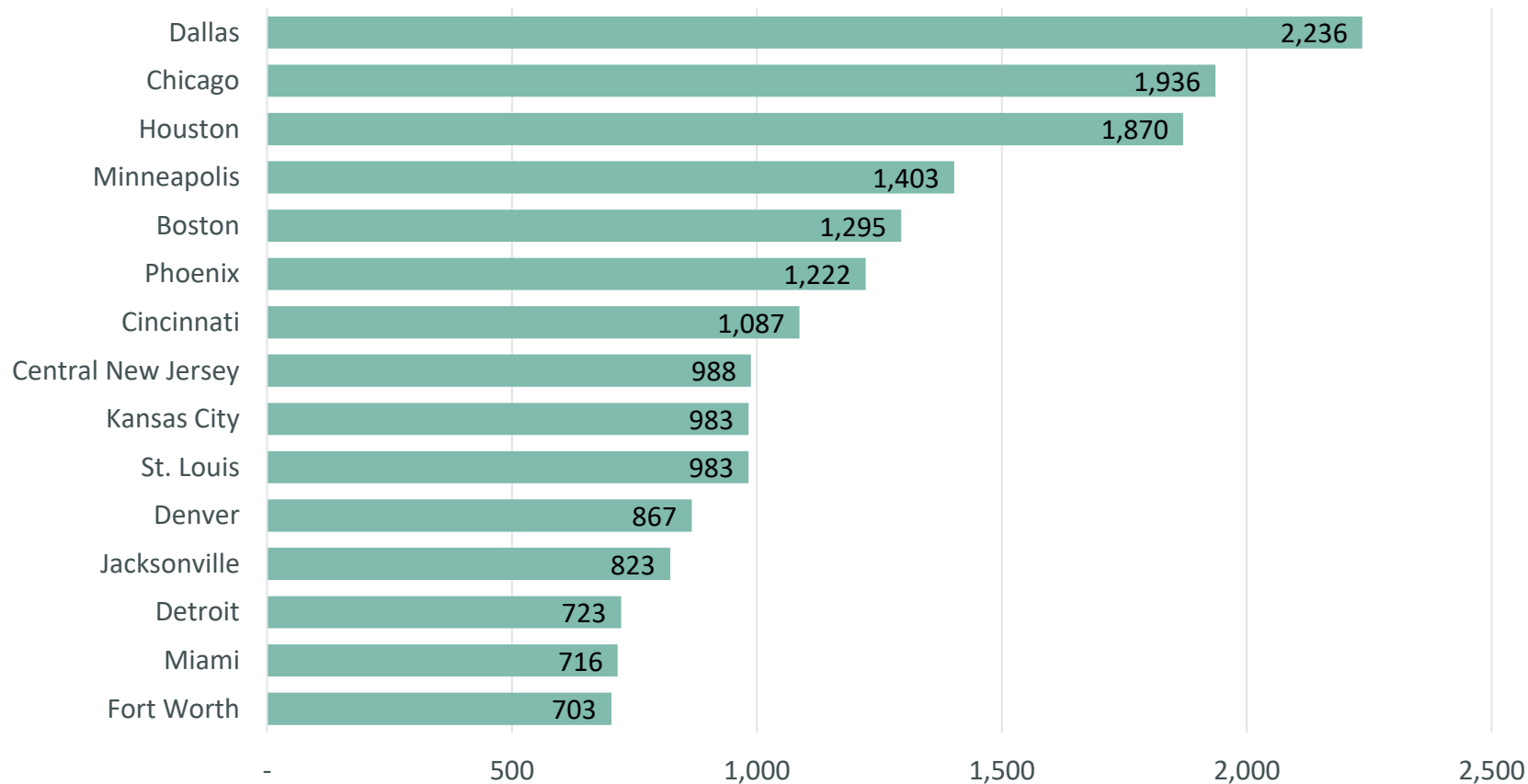
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Texas markets accounted for three of the top fifteen absorption performances YTD in 2024, totaling 4.9 million-SF between Dallas, Houston, and Fort Worth.

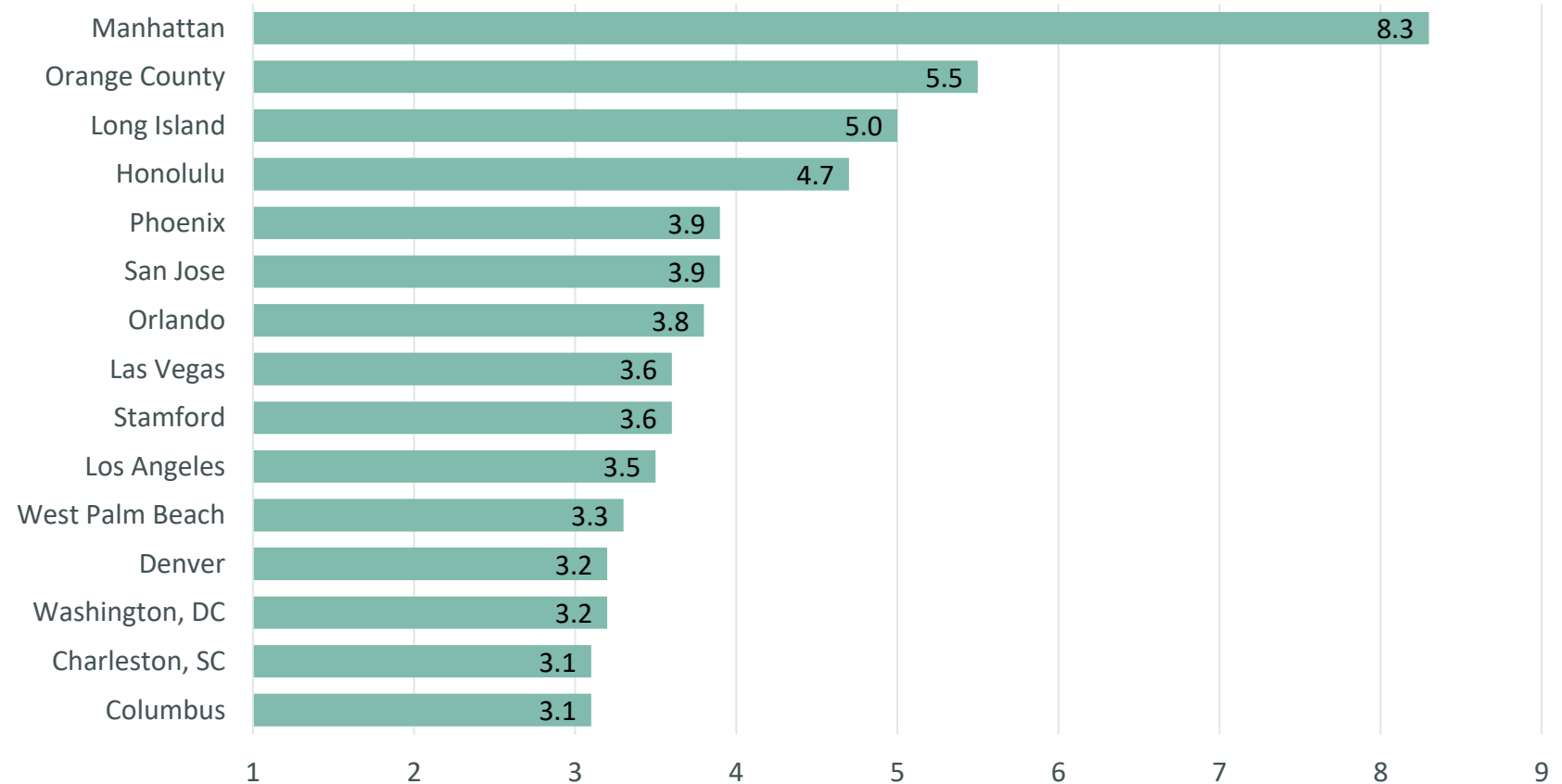
YTD Retail Absorption, Q3 2024, Top 15 U.S. Markets  
In 000s of SF



Source: CBRE Econometrics Advisors, Q3 2024

Manhattan  
continues to lead  
in terms  
of forecasted  
rent growth and  
western markets  
remain strong.

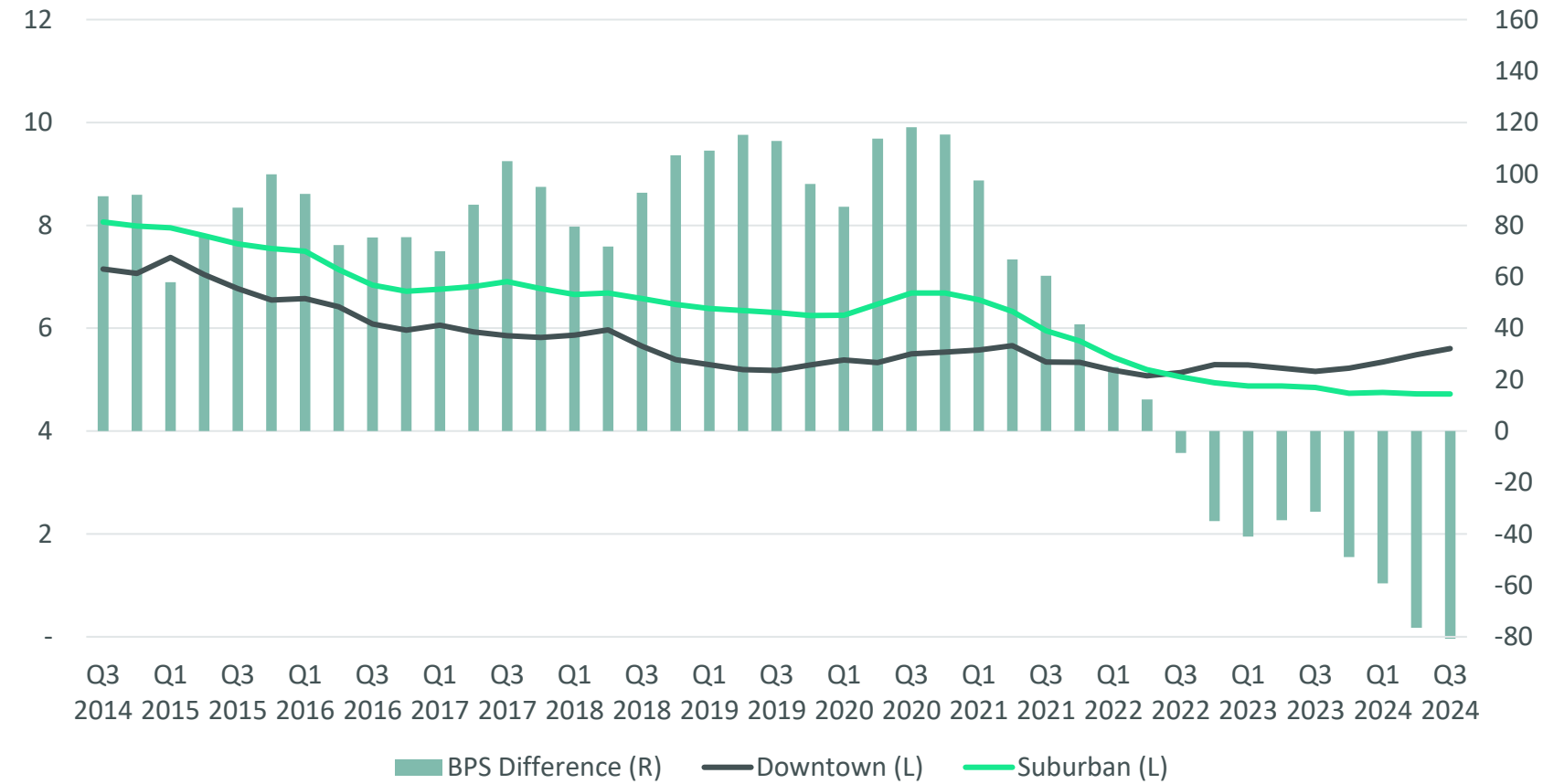
Asking Rent Growth Two-Year Forecast, Top 15 U.S. Markets  
% Growth CAGR, By Market



Source: CBRE Econometrics Advisors, Q3 2024

Availability in suburban submarkets continues to extend its spread over urban submarkets, reflecting retailers' changing expansion strategies.

Retail Availability by Suburban and Urban Submarkets  
Quarterly, by % Availability and BPS Difference



Source: CBRE Econometrics Advisors, Q3 2024.

## Conclusions

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### The Consumer

Consumer sentiment remained cautious as inflationary pressures persisted, though slightly eased from previous quarters. Retail sales adjusted for inflation showed signs of stabilization, as spending held steady despite elevated costs. Wage growth continued to outpace inflation, providing consumers with some relief.

### Real Estate

Retail real estate fundamentals remained resilient. Although leasing activity showed signs of softening as tenants became more cautious amid economic uncertainty. Net absorption decreased but stayed positive, driven by steady demand in prime locations and limited new supply.

### Capital Markets

Overall activity remained subdued as interest rates continued to weigh on investor sentiment. Institutional capital for high-quality retail assets in prime locations increased, however investment volume remained cautious..

### Retailers and Category Trends

Retailers faced a mixed environment in the third quarter with categories like restaurants and grocery showing steady growth as consumers prioritized essentials. Conversely, discretionary categories such as home goods and apparel saw slower sales due to tighter consumer budgets.

### E-commerce

Digital sales remained steady, aligning with pre-pandemic organic levels as online shopping matured into a routine consumer habit. Retailers increasingly integrated digital strategies with physical stores, sing omnichannel approaches like click-and-collect and in-store returns to drive foot traffic and enhance customer convenience.

### Geographic Opportunities

Texas markets continued to lead in net absorption, with Dallas, Houston, and Fort Worth collectively accounting for nearly 5 million square feet year-to-date. High-growth Sunbelt regions, particularly suburban areas, saw strong demand as retailers aligned with migration trends and the increased purchasing power of local populations.