



The State of Commercial Real Estate – Retail

Andrews Myers sponsored the Houston Business Journal's (HBJ) webinar on The State of Commercial Real Estate – Retail on July 22, 2021. The guest speaker was Anjee Solanki, National Retail Director for Colliers. Ms. Solanki provided insight into the recent trends in the retail market in light of the COVID-19 pandemic. She also forecasted what the industry can expect for the future of retail real estate.

Key takeaways from the webinar:

- The U.S. Retail Market saw a total retail year-over-year growth by about 20%, with foodservice, gas stations, and automotive seeing the most growth.
- E-commerce sales hit a record of 16% of total retail sales in Q2 of 2020, though it will likely cut back. Statistics show that only 13% of total retail sales in Q1 of 2021 were conducted online.
- As for where consumers shop, the urban market has seen the most change in physical retail spend in 2020 with a **drop** of approximately 7.4%. Comparatively, the suburban market saw a 1.7% drop in physical retail spend in 2020. Ms. Solanki noted that the suburban market has become quite competitive and remarked that government assistance and landlord cooperation mitigated an entire collapse of this market.
- Malls are redefining their use and bringing in tenants that are more non-traditional. Instead of shoe stores and jewelry kiosks, you are seeing more medical/healthcare (i.e. dental offices and optometrists) and electric vehicle dealers.
- Various retail markets are projected to grow, such as:
 - **Austin, Texas** is seeing construction growth, growing workforce, and continued growth as a tech hotspot.
 - **Denver, Colorado** has a low cost of living, younger workforce, and an emergent tech market.
 - **Charlotte, North Carolina** is growing its population with a popular in-migration designation, and it's attracting financing and tech companies.

In Houston, Ms. Solanki noted that there is a lack of availability for big box retail. Less than 16% of retail space for lease in Houston is greater than 20,000 square feet. Additionally, there is a muted retail supply as construction has cut back over the past year. On the upside, Houston is forecasted to receive 21 million square feet of new retail space over the next five years.

In her concluding remarks, Ms. Solanki commented that while the retail market has experienced significant change due to COVID-19, the “retail market is not gone, it’s just reinventing itself.”

The full recorded presentation of the webinar will be available soon.

For more information, please contact [Mahek Bhojani](#).