CoStar Maintains U.S. Retail Projections Through 2026

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ARLINGTON, Va.--(BUSINESS WIRE)--Nov. 13, 2025--

U.S. retail projections have not changed materially compared to July, according to a revised forecast from CoStar, the leading global provider of online real estate marketplaces, information and analytics in the property markets.

This press release features multimedia. View the full release here: https://www.businesswire.com/news/home/20251113738261/en/

Minimal supply additions support balanced fundamentals

Following positive demand and a slowdown in store closures during the third quarter of 2025, the near-term U.S. retail outlook remains unchanged from the previous forecast, which projected a rise in vacancy rates through the first half of 2026, peaking under 4.4% in the latter half of the year.

Though receding, store closures are expected to remain elevated over the coming quarters, with net absorption forecasted to average 3.8 million square feet per quarter in 2026, well below the prior five-year average of 9.8 million.

“The U.S. retail market entered the final quarter of 2025 on firmer footing, following a turbulent first half marked by elevated store closures and negative net absorption,” said Brandon Svec, national director of retail analytics at CoStar Group. "Retailers vacated 3% less space than in the third quarter, and the pace of move-outs moderated as bankruptcy-driven closures tapered. Those demand drivers combined with near-historically low level of space availability, steady backfill demand, and new minimal supply are expected to limit the magnitude of vacancy expansion.”

When looking at retail construction starts, those figures have fallen to multi-decade lows amid sharply rising costs. With a significant gap between market rents and the rents required to support new development persisting, construction activity is expected to remain subdued for the foreseeable future.

“The current forecast carries both upside and downside risks, though the balance currently tilts towards the downside,” said Svec. “Significant uncertainty remains around the impact of tariffs on an already fragile consumer. While suppliers and retailers have largely absorbed these costs to date, many have signaled that price increases are imminent. With consumers already showing some signs of spending fatigue, tariff-related price hikes could further strain household budgets and dampen discretionary spending.”

The full forecast can be found here.

For more information about the company and its products and services, please visit costargroup.com.

About CoStar Group

CoStar Group (NASDAQ: CSGP) is a global leader in commercial real estate information, analytics, online marketplaces, and 3D digital twin technology. Founded in 1986, CoStar Group is dedicated to digitizing the world’s real estate, empowering all people to discover properties, insights, and connections that improve their businesses and lives.

CoStar Group’s major brands include CoStar, a leading global provider of commercial real estate data, analytics, and news; LoopNet, the most trafficked commercial real estate marketplace; Apartments.com, the leading platform for apartment rentals; and Homes.com, the fastest-growing residential real estate marketplace. CoStar Group’s industry-leading brands also include Matterport, a leading spatial data company whose platform turns buildings into data to make every space more valuable and accessible, STR, a global leader in hospitality data and benchmarking, Ten-X, an online platform for commercial real estate auctions and negotiated bids and OnTheMarket, a leading residential property portal in the United Kingdom.

CoStar Group’s websites attracted over 143 million average monthly unique visitors in the third quarter of 2025, serving clients around the world. Headquartered in Arlington, Virginia, CoStar Group is committed to transforming the real estate industry through innovative technology and comprehensive market intelligence. From time to time, we plan to utilize our corporate website as a channel of distribution for material company information. For more information, visit CoStarGroup.com.

This news release includes "forward-looking statements" including, without limitation, statements regarding CoStar's expectations or beliefs regarding the future. These statements are based upon current beliefs and are subject to many risks and uncertainties that could cause actual results to differ materially from these statements. The following factors, among others, could cause or contribute to such differences: the risk that forecasted U.S. retail net absorption levels and construction projections are not influenced by general economic conditions as expected. More information about potential factors that could cause results to differ materially from those anticipated in the forward-looking statements include, but are not limited to, those stated in CoStar’s filings from time to time with the Securities and Exchange Commission, including in CoStar’s Annual Report on Form 10-K for the year ended December 31, 2024 and Forms 10-Q for the quarterly periods ended March 31, 2025, June 30, 2025, and September 30, 2025, each of which is filed with the SEC, including in the “Risk Factors” section of those filings, as well as CoStar’s other filings with the SEC available at the SEC’s website (www.sec.gov). All forward-looking statements are based on information available to CoStar on the date hereof, and CoStar assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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