U.S. Retail Construction Activity Holding Near Post-Pandemic Lows

July 14, 2026

ARLINGTON, Va.--(BUSINESS WIRE)--Jul. 14, 2026-- U.S. retail construction activity remained relatively steady in the second quarter of 2026, according to data 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/20260714711924/en/

Retail construction hovering near multi-decade low

In Q2 2026, roughly 72.1 million square feet of retail space was under construction in the U.S., up 0.9% year over year and below the 10-year average of roughly 78.9 million square feet.

“The limited amount of construction activity reflects a development environment that remains difficult to pencil in most markets,” said Brandon Svec, national director of retail analytics at CoStar Group. "The sharp rise in land prices, construction costs and interest rates over the past several years has pushed required rents well above prevailing market levels for many retail formats. Even in markets with strong population growth and leasing demand, achieving returns that justify ground-up construction remains challenging. Beyond cost pressures, developers remain cautious following years of heightened supply risk awareness, while retailers continue to favor measured, capital-disciplined expansion strategies.”

New retail construction remains heavily concentrated in 15 markets, which account for nearly 47% of the national pipeline. Among those markets, Dallas, Houston, and Austin collectively comprise 21% of the U.S. pipeline (or 15 million square feet).

Other large pipelines are found across the Sun Belt and select fast-growing markets: Phoenix, Las Vegas, Chicago, Charlotte, Atlanta, Miami and Denver.

Read the full analysis 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; Homes.com, the fastest-growing residential real estate marketplace; and Domain, one of Australia’s leading property marketplaces. 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 131 million average monthly unique visitors in the first quarter of 2026, 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.

View source version on businesswire.com: https://www.businesswire.com/news/home/20260714711924/en/

News Media Contacts
Haley Luther
Senior Communications Manager
(216) 278-0627
hluther@costar.com

Source: CoStar Group