

## Emerging Retail Trends Driving Demand for Shopping Centers



### Service-Oriented Retail Continues Expanding

Well-positioned retail centers are experiencing renewed investor demand, rising occupancy, and increasing competition for quality space.

One of the most notable changes in today's retail landscape is the continued growth of service-oriented tenants. Wellness concepts, fitness operators, med spas, healthcare providers, and experiential businesses are increasingly occupying spaces once dominated by more traditional retailers. Consumers are placing greater emphasis on convenience, personal services, and lifestyle-oriented experiences, creating strong demand for neighborhood and community shopping centers that support these uses.

This shift is particularly evident in small-format retail space, where service-oriented tenants now account for a growing share of retail leasing activity nationwide, representing more than half of all retail leasing activity in 2025 for the first time. Wellness and personal care concepts continue expanding rapidly in affluent suburban and urban markets as consumer spending habits evolve toward experience and self-care. Med spa leasing activity across several major US markets grew from approximately 143,000 square feet in 2008 to more than 360,000 square feet by 2024, reflecting broader growth in wellness-focused retail and personal care spending.

### Grocery-Anchored Centers Remain Highly Competitive

Grocery-anchored and open-air shopping centers remain among the most sought-after retail property types for investors. Strong tenant demand, limited new construction, and steady consumer traffic have created favorable conditions for retail owners and developers. Retail vacancies remain historically low in many markets, with national retail vacancy projected to remain below approximately 4.4% throughout 2026 despite broader economic uncertainty.

## **Emerging Retail Trends Driving Demand for Shopping Centers**

Investment demand has accelerated significantly, with retail-focused investment funds raising approximately \$4.5 billion in 2025, marking the strongest fundraising environment for the sector in more than a decade. Institutional capital, private investors, and retail-focused funds have re-entered the sector aggressively, targeting stable retail assets with long-term income potential. Grocery-anchored centers, neighborhood retail properties, and service-oriented retail projects continue to attract heightened attention due to their resilience and ability to adapt to changing consumer preferences.

Limited available inventory has also intensified competition for quality retail assets. Average shopping center sale pricing increased from approximately \$125 per square foot in 2024 to more than \$142 per square foot in 2025, driven largely by strong investor demand and a shortage of available properties in high-growth markets.

### **Population Growth Continues Supporting Sun Belt Retail**

Another important trend shaping the retail market is the growing importance of location quality and demographics. Retailers and service providers are increasingly focused on suburban trade areas with strong population growth and daily traffic patterns. Markets throughout the Sun Belt, including Florida, continue to benefit from migration trends and expanding consumer bases that support both retail leasing activity and long-term investment demand. Tampa-St. Petersburg, Florida was recently identified among the nation's fastest-growing consumer retail markets entering 2026. Expanding population bases, household formation, and continued in-migration throughout the region are supporting demand for both necessity-based and service-oriented retail uses.

Despite economic uncertainty and elevated financing costs, retail fundamentals remain relatively strong compared to other commercial property sectors. Years of limited development have kept new supply constrained, helping existing centers maintain occupancy and pricing power. In many cases, redevelopment and repositioning of existing centers have become more viable than large-scale ground-up retail construction.

### **Retail Continues Evolving Beyond Traditional Storefronts**

As the retail sector continues to evolve, successful shopping centers are increasingly defined by their ability to provide daily necessity, convenience, services, and experiential value to surrounding communities. The modern retail environment is no longer centered solely on traditional storefront merchandising, but rather on creating destinations that align with changing consumer lifestyles and spending habits.

At NAI Realvest, we continue to monitor evolving retail and investment trends throughout Central Florida and across national markets. Understanding how tenant demand, demographic shifts, and capital flows are influencing retail real estate remains critical for investors, landlords, tenants, and developers navigating today's commercial real estate landscape.