

## Retail Trends You Need to Know to Stay Ahead



Despite a decade of “retail apocalypse” narratives, physical retail remains resilient. Essential services, grocery-anchored centers, and well-located strip malls continue to post strong occupancy rates. Discount retailers and convenience-driven formats are thriving, particularly in suburban and secondary markets.

Far from being obsolete, brick-and-mortar retail is proving its value as part of an omni-channel ecosystem. Retailers are integrating physical stores with e-commerce, using them as fulfillment hubs, customer service centers, and brand experience destinations. Investors with properties that can accommodate these functions are well positioned to benefit from stable cash flows and tenant longevity.

### Retail Trend 1: Adaptive Reuse Unlocks New Opportunities

One of the most significant retail trends in 2025 is the rise of adaptive reuse. Many traditional retail formats, especially older malls and big-box stores, face challenges in underperforming submarkets. Instead of letting these assets languish, forward-thinking owners are transforming them into new, high demand uses such as medical offices, residential developments, and mixed-use environments.

This shift isn’t just about filling vacancies. Adaptive reuse allows investors to reposition an asset entirely, aligning it with community needs and long-term market demand. A mall re-imagined as a medical complex or a strip center partially converted into residential units can generate steady income streams and attract foot traffic that supports remaining retail tenants. These transformations also make properties more resilient in uncertain economic cycles, since they are no longer tied to a single type of tenant demand.

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### **Retail Trend 2: Experiential Retail Driving Consumer Engagement**

E-commerce continues to grow, but it cannot replicate the power of in-person experiences. Per NAIOP, one of the defining retail trends of 2025 is the prioritization of experience-driven spaces. Consumers are increasingly drawn to retailers that provide social, interactive, and immersive environments, from fitness studios and dining concepts to entertainment venues and artisanal marketplaces.

This shift reflects a broader cultural movement toward community engagement and authenticity. Brands that create spaces where customers can gather, learn, and participate are thriving, while traditional transactional-only retailers are struggling to stand out. For property investors, this trend underscores the importance of assets that can support flexible layouts and diverse tenant categories. Properties that enable experiential tenants to flourish are seeing stronger customer loyalty, higher foot traffic, and greater tenant stability.

### **Retail Trend 3: Smaller Footprints and Pop-Up Flexibility**

Another prominent retail trend is the shift toward smaller, more flexible spaces. Many retailers are rethinking their physical footprints, moving away from sprawling stores to more efficient formats that match evolving consumer demand. Short-term leases, pop-up concepts, and store-within-a-store models are becoming common, allowing retailers to experiment, test markets, and remain agile.

For landlords, this trend requires a new approach to leasing and space management. Instead of focusing exclusively on long-term commitments, owners are embracing shorter leases and modular designs that accommodate tenant turnover without disrupting property performance. This flexibility is not only attracting innovative brands but also ensuring occupancy remains high, even in markets where traditional retail leasing has slowed.

### **Retail Trend 4: Evolving Tenant Mix and Lease Structures**

Tenant mix strategies have evolved significantly, with landlords now aiming to curate a balance of service-based, entertainment, and healthcare tenants alongside traditional retailers. The goal is to create ecosystems that provide consistent traffic and a range of services consumers cannot easily replicate online.

Alongside this shift, lease structures themselves are changing. Percentage rent agreements and turnover-based leases are becoming more common, creating partnerships where landlords share in tenant success. These structures offer greater flexibility in uncertain times and align incentives between owners and tenants. Investors who embrace this collaborative approach are finding it easier to attract quality tenants and sustain long-term occupancy.

### **Retail Trend 5: Supply Constraints Boost Demand for Quality Assets**

Rising construction costs and prolonged development timelines have significantly slowed new retail construction. As a result, existing, well-located assets are more valuable than ever. Supply constraints are driving competition among tenants for premium properties, allowing owners to command stronger lease terms and, in many cases, higher rents.

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For investors, this environment highlights the importance of asset quality. Properties in desirable locations with modern amenities are in high demand, while those that are outdated or poorly located are at risk of being left behind. Owners who invest in maintaining and enhancing their properties are in the best position to capture the benefits of this supply-demand imbalance.

### Retail Trend 6: Macro Factors Still Play a Role

Even as retail adapts in creative ways, macroeconomic conditions remain highly influential. Inflation affects consumer spending patterns, interest rates shape expansion plans, and consumer confidence directly impacts sales and tenant performance. According to the US Census Bureau, retail sales grew 4.8% year-over-year in August 2025, with strong gains in non-store retailers and food services, showing the resilience of physical retail in the broader economic context.

For property investors, staying attuned to these broader forces is essential. Retail trends must be understood not only in isolation but also in the context of the overall economic climate. Properties that can weather economic fluctuations, due to their location, tenant mix, or adaptability, are the ones best positioned for long-term stability.

### Key Strategies for Investors

To capitalize on today's retail trends, investors should consider:

- Targeting experience-driven tenants that thrive in physical spaces.
- Prioritizing location and accessibility, particularly in suburban and secondary markets.
- Exploring adaptive reuse and mixed-use conversions for underperforming assets.
- Embracing flexible lease structures that align with modern tenant needs.
- Diversifying tenant bases to mitigate exposure to specific industries or categories.

### Conclusion

Retail real estate in the US is far from obsolete, but it is evolving. By understanding the trends that emerged in 2025, investors can make informed decisions and position their assets for success in 2026 and beyond. While traditional models face challenges, new opportunities are emerging for those willing to adapt.

At NAI Realvest, we know that retail success requires more than just strong assets. It takes foresight, adaptability, and careful oversight to ensure properties remain competitive.

Contact us to learn how NAI Realvest's property management expertise can help you navigate today's retail trends and maximize long-term performance.