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# In 2009, Retail Real Estate Industry Delivered Lowest Amount of Space in 27 Years

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**CoStar Group Inc.** s *National Retail Market* report reveals that the retail real estate industry delivered 79.5 million square feet of space in 2009 the lowest amount of new construction in CoStar s records, which go back to 1982.

The amount of new space fell throughout the year with the fourth quarter marking a new low point, according to the report. During the fourth quarter 2009, 462 buildings totaling 14,387,904 square feet were completed in the U.S. retail market, compared with 700 buildings with 20,676,093 square feet completed in the third quarter, 730 buildings totaling 18,722,135 square feet in second quarter 2009, and 1,046 buildings totaling 25,741,120 square feet in the first quarter 2009.

As far as new projects are concerned, CoStar s records show that there is currently 37,062,947 square feet of retail space under construction as of the end of the fourth quarter.

The largest projects underway at the end of fourth quarter include Ridge Hill Village Center, a 1,200,000-square-foot retail lifestyle center in the Westchester/South Connecticut market with 73 percent of its space pre-leased, and Riverbend District Phase I, an 800,000-square-foot retail lifestyle center in the Northern New Jersey market that is 0 percent pre-leased.

Total retail inventory in the U.S. market area amounted to 9,200,779,604 square feet in 642,335 buildings and 73,347 centers as of the end of the fourth quarter 2009.

Aside from the construction trends, CoStar reported that the national vacancy rate for retail properties stands at around 7.6 percent, which represents no change from the previous quarter. The vacancy rate was 7.1 percent in the first quarter and 7.4 percent at the end of the second quarter.

On the bright side, retail net absorption was slightly positive in the U.S. in the fourth quarter of 2009, with positive 10,368,004 square feet absorbed, up from 5,946,853 square feet of positive absorption in the third quarter and a vast improvement over the first and second quarters when there was negative absorption of 19,217,925 square feet and 9,913,325 square feet respectively.



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