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THE RETAIL MARKET HAS A GREEN LIGHT FOR 2020

WITH A STRONG ECONOMY AND PROGRESS IN DIFFUSING THE TRADE WAR, THE RETAIL MARKET IS TEED-UP FOR A GREAT YEAR.

By **Kelsi Maree Borland**

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The retail market has a green light for growth in 2020. With a strong economy and a progress in diffusing the trade ware with China, the retail market is setting up for a great year. This includes both investment activity and the availability of capital as well as growth for retails that will lead to strong retail absorption and rental rats.

"Probably the best indicator of retail market performance in 2020 is the outlook for the general economy for 2020," **Scott Grossfeld**, partner at **Cox, Castle & Nicholson LLP**, tells

GlobeSt.com. “The good news looking forward is that the foundation and fundamentals for the economy and retail still look strong. Heading into 2020, the stock markets are at all-time highs, consistently setting new records. Unemployment is at record lows. Wages are increasing, interest rates are low and capital is plentiful. Consumer confidence is at reasonably high levels.”

In addition to strong consumer activity, government negotiations in the trade war and the Fed’s interest rate strategy are also positioning the retail market for a strong year. “At its most recent meeting, the Federal Reserve Board announced that it would not increase the Federal rate for borrowing funds and that it was not likely to increase the rate for the immediate future,” says Grossfeld. “The U.S. and China recently entered a Phase 1 deal to resolve the so-called “trade war” and reduce tariffs. These factors point in a very positive direction for the availability of capital for the continuation of retail development and productivity and the availability of disposable income for goods to sustain consumer activity. So long as these fundamentals remain strong, the prognosis for retail should remain good.”

However, there are still challenges in the market. Owners have had to deal with big-box closures and backfilling spaces. “Depending on the commercial product, retail owners have needed to become more creative in choosing replacements for bankrupt tenants and other store closures,” says Grossfeld. “When owners have not been able to fill vacated spaces with theaters, large fitness users, other majors or big box users, we have seen developers begin to re-characterize their projects as mixed-use projects, sometimes incorporating hospitality, office and residential components. This enables the developer to utilize large vacated spaces for hotel, office, co-working and apartment uses.”