

RETAIL RESEARCH

The State of the U.S. Mall Market

Return of Malls to Investment Prominence

Annual Conference Of State Tax Court Judges – Cambridge, MA

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NEWMARK

EXECUTIVE SUMMARY

Malls Went From Left for Dead to Top Performer

~900

Malls still operating;
~200 closed since
2008

Wall Street Journal, Sept 14, 2026

2.9%

Class A mall
availability, 3Q26

Newmark Research, CoStar

+17%

Simon new-lease
starting base rent
YoY, 2Q26

Simon Property Group

+5.0%

Indoor mall visits YoY,
August 2026

Placer.ai, Sept 11, 2026

+13%

Mall values YoY,
highest of 10 CRE
sectors

Green Street, Aug 2026

WHAT IS DRIVING IT

- **Limited supply.** Obsolete malls keep closing, pushing tenants into fewer centers.
- **Tenant demand is near decade highs.** Leasing volume and retention are strong.
- **Landlords are gaining pricing power.** Rents are rising while concessions shrink.
- **Shoppers are coming back.** Visits, time spent and sales are all up, led by Class A.

DEFINITIONS

What Defines a Class A Mall from Class B and others?

Class A

Top-Performing mall in a market, with the highest sales per sq. ft., very low vacancy with swift backfills and high retention rates.

Class A

Strong tenant mix of fast-growing nationals, luxury retail, often a high-end anchor such as Saks.

Class A

Often in high-growth markets, surrounded by development of other property types such as multifamily and hotel.

Class A

High traffic, well-maintained, "destination" -type retail centers. "Instagrammable." Experiential.

Class A

Updated with latest tech such as mobile wayfinding. Core assets. Strong management teams needed.

Class B

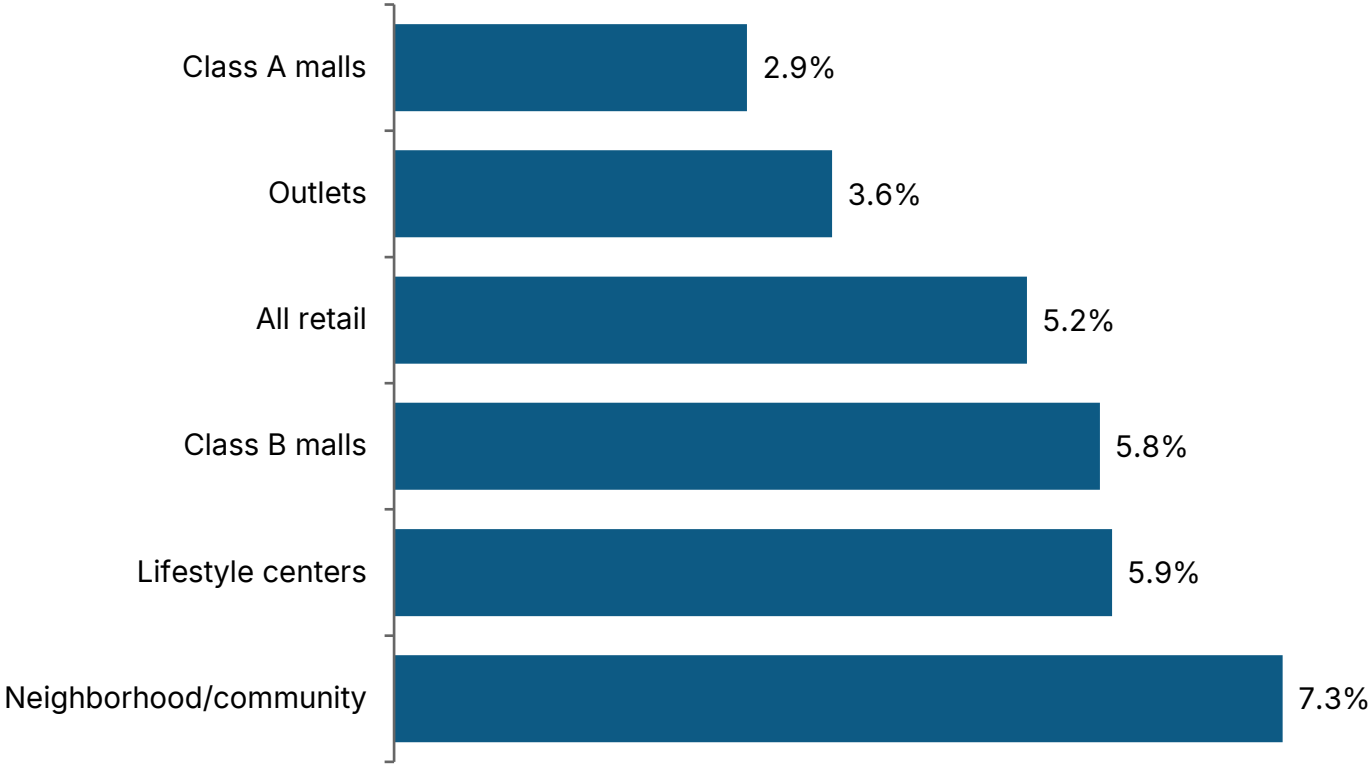
- **Still Performing.** Solid sales and traffic, but coming from mid-tier retailers and anchors, such as JC Penney and Kohls, with some strong locals. Some REIT ownership, but often private/local.
- **Candidates for Reimagining?** Land often valuable, some developers looking at them as having potential for mixed-use development, as sites are still viable. Often just the case of being the second-best mall in a strong trade area, which could be boosted by new development, or backfilling anchors with experiential.

Class C

- **"Dying Mall."** No or low-demand markets. Low foot traffic, non-performing national retailers. Some local shops on low or percentage rents. Will be the first place that nationals look to close underperforming stores when cutting back store footprints. Local/private ownership, or owned by holding companies (Kohan, Namdar).
- **Redevelopment Potential.** Can have potential for razing and redevelopment as another format or property type.

Class A Mall Space Is Among the Scarcest in Multi-Tenant Retail

Availability rate by retail format, 3Q26



Source: Newmark Research, CoStar, 3Q 2026 (quarter-to-date). Buildings 20,000 SF and larger.

~200

Malls closed since 2008. About 900 are still operating in the U.S., which has pushed more tenants into fewer malls and left landlords with the upper hand.

Too tight

Space is now so scarce that Simon says more store closures could work to its advantage, opening boxes it can re-lease at higher rents.

Source: Green Street via the Wall Street Journal (Sept 14, 2026); Simon 2Q26 results as summarized in The Retail Script.

Class A Is Nearly Full; Class B Is Tightening Too

Mall availability rate by class



Source: Newmark Research, CoStar, 3Q 2026 (quarter-to-date). Malls 20,000 SF and larger.

3Q26 SNAPSHOT

Class	Availability	Vacancy
Class A	2.9%	5.8%
Class B	5.8%	8.3%
Class B and Lower	7.7%	10.1%

Vacancy runs above availability because some vacant space (dark anchors, redevelopment holds) is not being marketed. Availability is the better gauge of space a tenant can actually lease.

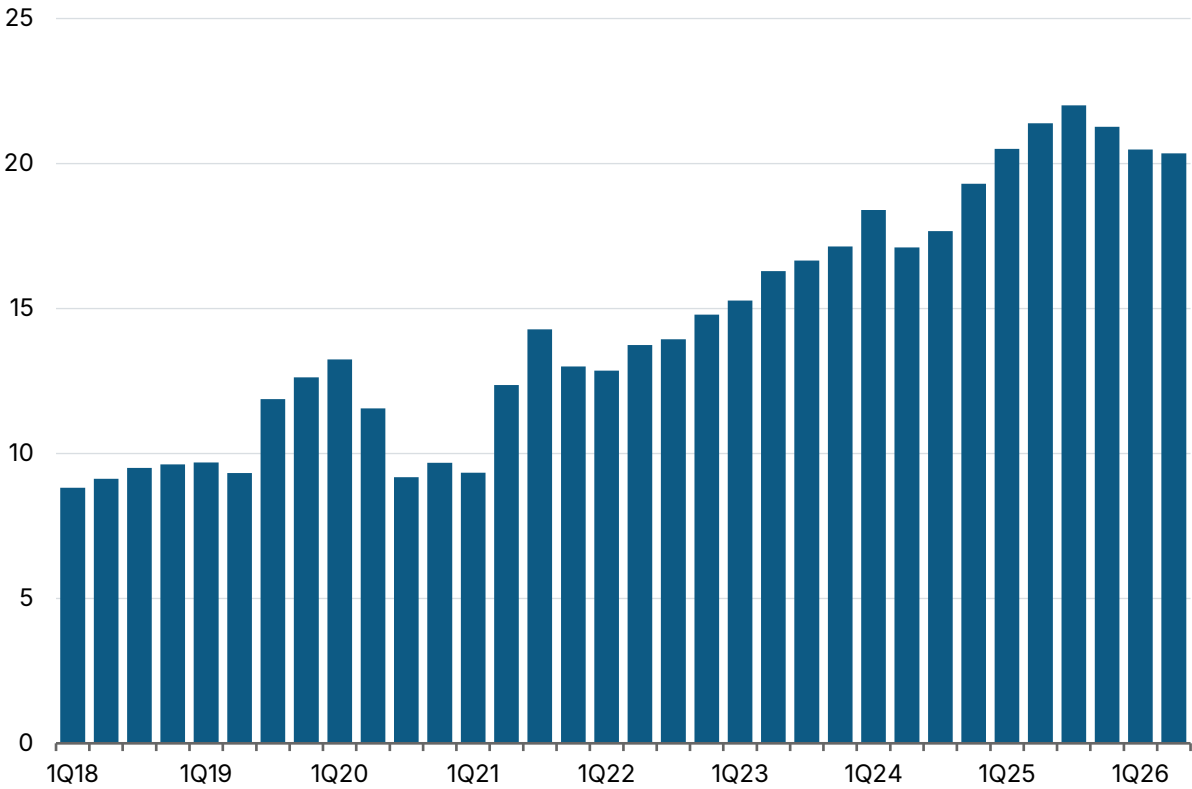
CLASS B IS RECOVERING

- **Availability** down from 8.6% at the 3Q21 peak to 5.8%.
- **Net absorption** +2.3M SF in 3Q26.
- **CBL mall occupancy** 88.3%, up from 86.2% a year earlier (2Q26).

Source: Newmark Research, CoStar, 3Q 2026; CBL 2Q26 results as summarized in The Retail Script.

Mall Fundamentals Have Moved Past 2019

Mall REIT trailing 12-month leasing volume (M SF)



Source: Green Street Mall Sector Update (Aug 26, 2026). Estimated new and renewal lease SF.

THEN VS. NOW

Metric	Pre-pandemic	Now
Class A availability	3.3%	2.9%
Class B availability	6.4%	5.8%
Class A vacancy	2.6%	5.8%
Class B vacancy	5.1%	8.3%
Mall REIT occupancy	94.7%	96.0%
TTM leasing volume	12.6M SF	20.3M SF
'A' mall M-RevPAF (2019 = 100)	100	106.8

Pre-pandemic: 4Q19 (availability, vacancy, leasing volume), 2019 (occupancy, M-RevPAF). Now: 3Q26 (availability, vacancy), 2Q26 (occupancy, leasing volume), 2025 (M-RevPAF). M-RevPAF is the Green Street measure of rent per available foot.

- **Availability is below 2019, vacancy is above it:** dark anchor boxes and redevelopment holds sit vacant but are not marketed.
- **Not fully healed:** Simon's full-time occupancy is still 170 bps below 4Q19; temporary tenants fill ~8.6% of space.

Source: Newmark Research, CoStar, 3Q 2026; Green Street Mall Sector Update (Aug 26, 2026).

Tenant Demand Is Running Near Decade Highs

Volume and retention

>87% of Simon's 2026 lease expirations retained;
already working 2027 and 2028

- **Simon 2Q26:** 1,200+ leases / 4.8M SF. New-lease volume +20% YoY, about 28% of total.
- **Simon 2025:** 4,600+ leases / 17M SF, over 30% new.
- **Macerich:** 7.1M SF leased in 2025 (+85% vs. 2024). About 90% of 2026 expirations committed. 300 bps ahead of its five-year leasing goals (2Q26).

Occupancy and backfills

~96% mall REIT occupancy (Simon, Macerich, Tanger)
vs. a ~94% historical average

- **Backfills:** about 1M SF of bankruptcy space (mostly Saks OFF Fifth) returned to Simon in 2Q26. Rent on those boxes is expected to go from ~\$18M to ~\$44M once re-leased by 2027.
- **Signed-not-open pipelines:** Simon 310 bps. Macerich \$30M (2026), \$40 to 45M (2027), \$45 to 50M (2028).
- **Watch lists are short:** The Children's Place is the main outlier (Green Street).

Source: Simon and Macerich results as summarized in The Retail Script (Aug 17 and Aug 24, 2026); Green Street Mall Sector Update (Aug 26, 2026).

Landlords Have the Leverage

Metric	Simon	Macerich	CBL (Class B proxy)
Lease spreads	New-lease starting base rent +17% YoY (2Q26)	Blended 5.9% (3Q25); 6.7% (FY25)	Blended +8.8%; new-lease +35% (2Q26)
Concessions	Tenant improvements - 12% YoY (2Q26)	n/a	n/a
Base minimum rent	+5.2% (1Q26); +4.7% to \$60.97/SF (4Q25)	n/a	n/a
Occupancy cost	12.7%	n/a	n/a

Open-air comparison: Urban Edge new-lease spreads +13%, renewals +10% (2Q26). n/a = not reported in the source summaries.

Source: company results as summarized in The Retail Script.

WHAT IT MEANS

- Starting rents are rising while tenant allowances shrink, and landlords aren't offering options as frequently.
- Tenants are pushing to open faster and are trying to negotiate longer leases.
- Strong spreads are not limited to Class A.
- The value-add lease-up runway is shrinking because there is little vacant Class A space left to fill.

The Shopper Is Back, and Staying Longer

AUGUST 2026 VISITS YOY AND DWELL TIME

+6.6%

Open-air visits

Dwell time 68.3 min,
from 65.3

+5.0%

**Indoor mall visits,
best of 2026**

Dwell time 75.3 min,
from 72.1

-2.7%

Outlet visits

Dwell time 73.2 min,
from 72.8

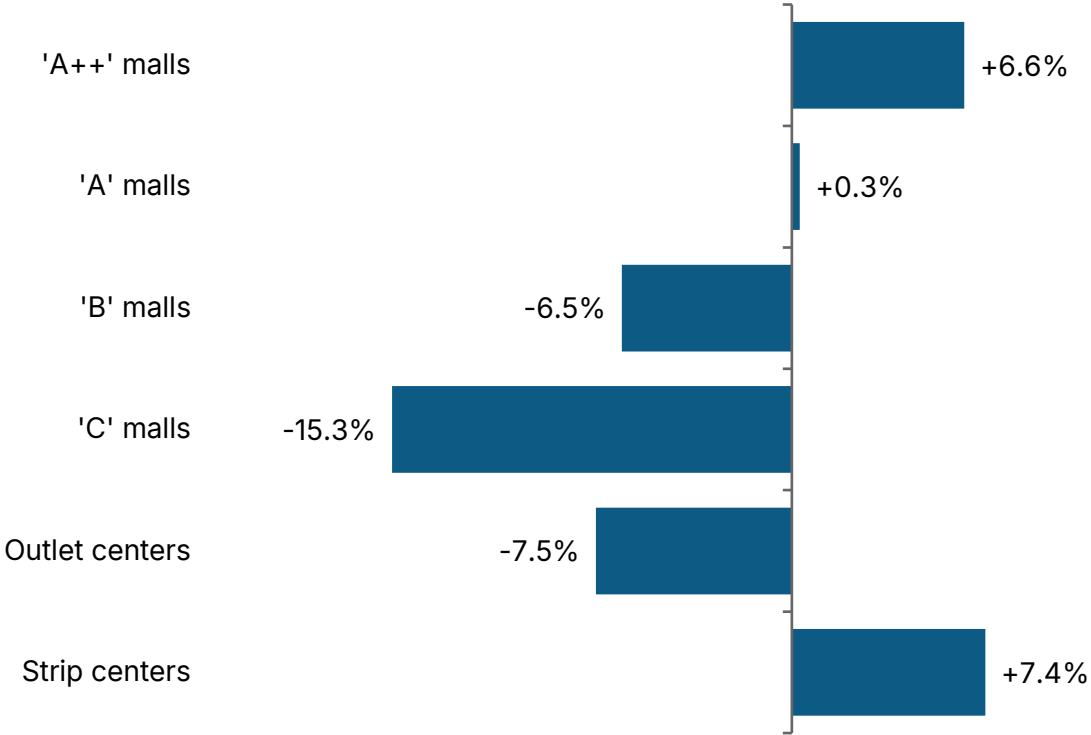
- **Why visits run longer:** events, dining and placemaking, plus shoppers consolidating trips (Placer.ai).
- **K-shaped consumer:** overall sentiment is soft, but upper-income households, the core Class A shopper, are buoyed by stock gains (Green Street).

- **Gen Z:** 21% of the U.S. population. 84% of young affluents define luxury as an "incredible in-store experience," which helps to illustrate the importance of brick and mortar retail for younger consumers (Newmark).
- **Macerich:** Gen Z shoppers "over-index on visiting physical stores and spending on goods, food and experiences."

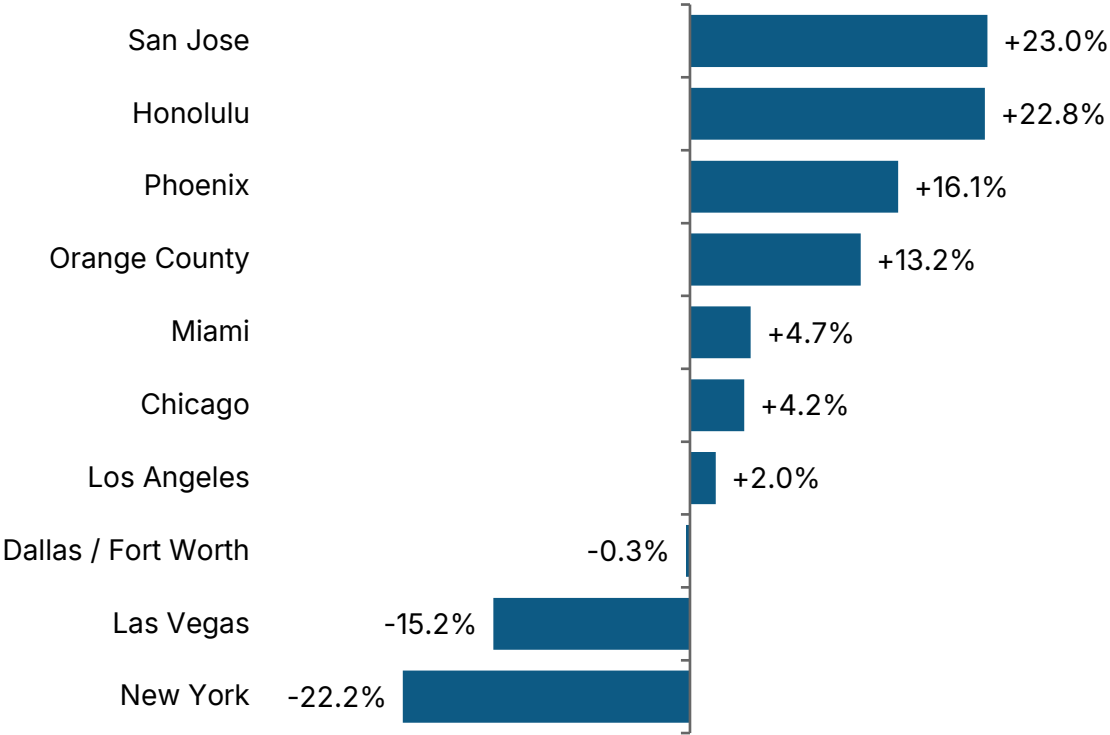
Source: Placer.ai Mall Index (Sept 11, 2026); Green Street Mall Sector Update (Aug 26, 2026); Newmark Research, Luxury Retail: Meet Gen Z; Macerich 2Q26 results.

Quality Is Winning the Post-Pandemic Rebound

Visits by mall grade and format, 2Q26 vs. 2Q19



'A' mall visits by market, 2Q26 vs. 2Q19

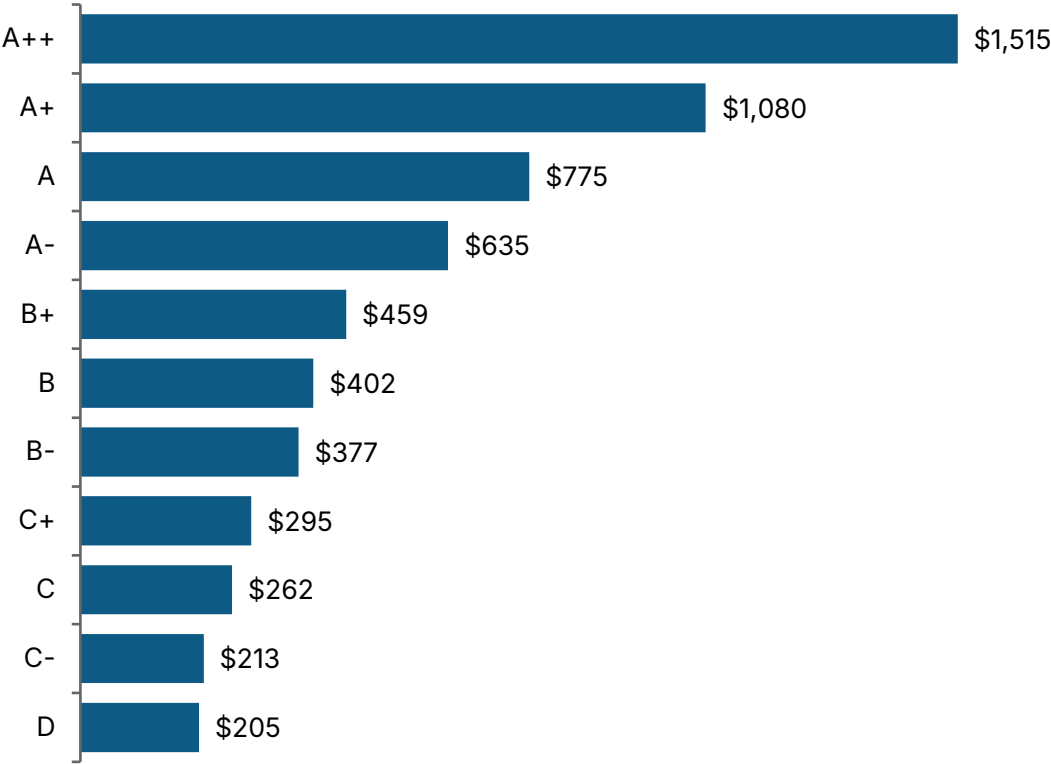


Traffic follows quality: 'A++' malls and strip centers are now above 2019 and 'A' malls are back to 2019 levels, while 'B' and 'C' malls and outlets still trail.

Source: Placer.ai via Green Street Mall Sector Update (Aug 26, 2026).

Quality Is Also Winning Where It Counts Most: Drawing Consumer Dollars

Tenant sales per SF by mall grade



Source: Newmark 2025 Mall Report.

REIT TENANT SALES, 2Q26

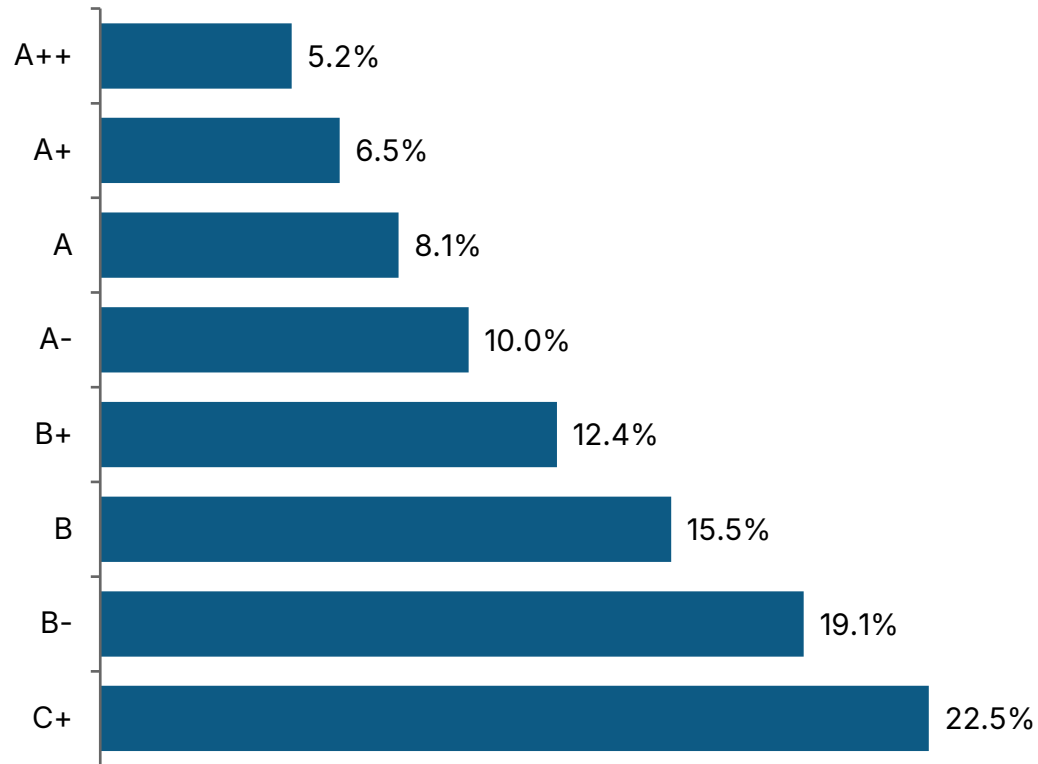
Landlord	Sales per SF	Growth
Macerich (go-forward)	\$954	Record
Simon	\$838	+13.9%
CBL (Class B proxy)	\$455	+2.2%

- **Category mix:** luxury, jewelry and watches, and Gen Z brands are strong; restaurants are trailing (Simon).
- **Standouts:** Scottsdale Fashion Square sales +18% YoY (Macerich).
- **Retail sales YTD 2026:** clothing and accessories +6%, e-commerce +11%, department stores -1% (Green Street).

Source: company 2Q26 results as summarized in The Retail Script; Green Street Mall Sector Update (Aug 26, 2026).

Capital Is Returning to Malls

Nominal cap rates by mall grade



Source: Green Street Mall Sector Update (Aug 26, 2026).

VALUES, DEBT AND BUYERS

- **Values:** +13% YoY and +6% QoQ, now above the 2022 peak, the first CRE sector to get there (Green Street CPPI).
- **Debt:** CMBS is open for high-end malls. Glendale Galleria priced \$400M at ~130 bps.
- **Buyers:** Unibail-Rodamco-Westfield is spending ~\$1B on U.S. partner buyouts; Macerich is buying A- malls at 9% to 11% cap rates.
- **Public markets:** mall REITs beat the Equity REIT index by ~1,900 bps a year over three years. Simon stock hit a record in July 2026; CBL is +48% YTD.

Source: Green Street Mall Sector Update (Aug 26, 2026); Wall Street Journal (Sept 14, 2026).

OUTLOOK

What to Watch

CONTACT

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- 01 Supply keeps shrinking as obsolete malls close, pushing tenants into fewer centers.

- 02 Class A space is nearly full, so rent growth is the lever.

- 03 Class B has a future: well-located centers are recovering as Class A space runs out.

- 04 Risks: a softer middle- and lower-income consumer, and retailer bankruptcies. Watch lists are short today.

- 05 3Q26 REIT earnings are three to four weeks out.