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Top Takeaways from ICSC Monterey, March 2025

The ICSC Monterey event brought together a mix of retail professionals, investors, and dealmakers from across the region. With approximately 1,000 attendees, the conference served as a solid pulse-check on the current state of the retail real estate market—and where it's heading.

Here are the key takeaways from the event:

- **Optimism is in the air.** The overall mood at the conference was positive and forward-looking. While 2023 and 2024 were marked by uncertainty and caution, most attendees shared the sentiment that 2025 will be a strong year for retail players. Many see opportunities ahead as market fundamentals stabilize and capital becomes more active.
- **Buyers and sellers are more realistic about pricing than before.** Retail investment sales are still down compared to their peak in 2022, but there's a noticeable shift in market expectations, which is helping deals come together more smoothly than in the previous two years. This growing alignment could set the stage for increased transaction volume in the near future.
- **Retail vacancy in core locations is still at historical lows.** Despite broader market headwinds, retail vacancy in core locations remain low. The driving force? A lack of new inventory. With little new development in pipeline across many prime submarkets, existing well-located retail continues to see strong demand from tenants.
- **Lenders are backing retail.** Given the sector's performance and resilience, lenders are offering favorable pricing and loan structure's given the strength of the segment. There is growing confidence with tailwinds in the retail segment as it is one of the top property types being lent on.
- **Capitalization rates on high quality retail properties are holding steady.** Another highlight from the conference, cap rates haven't moved much over the past two to three years. This applies to both single-tenant and multi-tenant properties. With strong investor demand for stabilized retail, even in a shifting interest rate environment, it is clear quality is still king.

All things considered, the ICSC Monterey event made one thing clear: retail is adapting, evolving, and holding its own. With more aligned pricing, strong demand for core locations, and steady investor appetite for high-quality assets, the stage is being set for a more active and optimistic 2025.