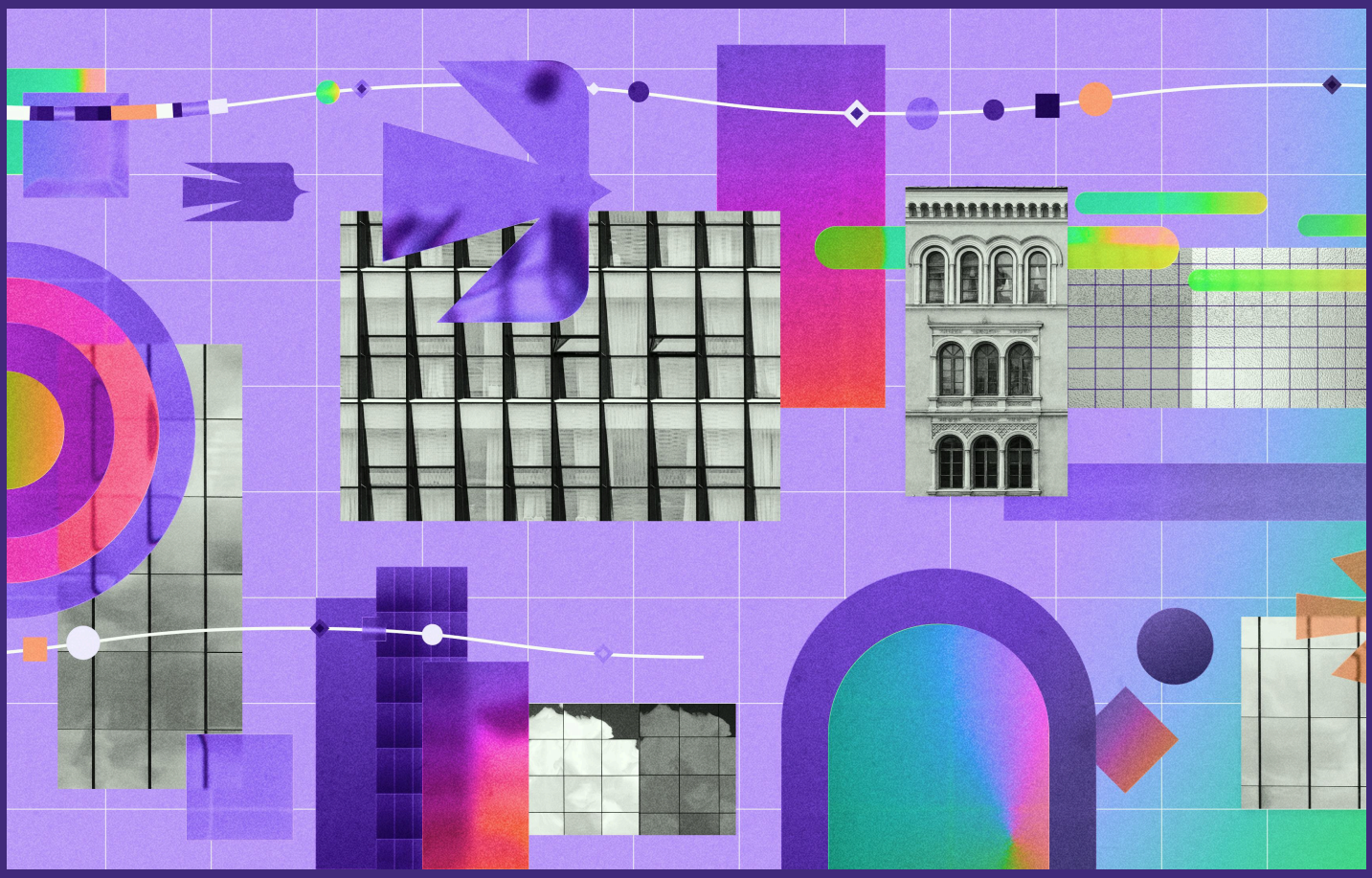
2026 CRE *Outlook*: A Differentiated Landscape

By Placer Research Feb 28, 2026

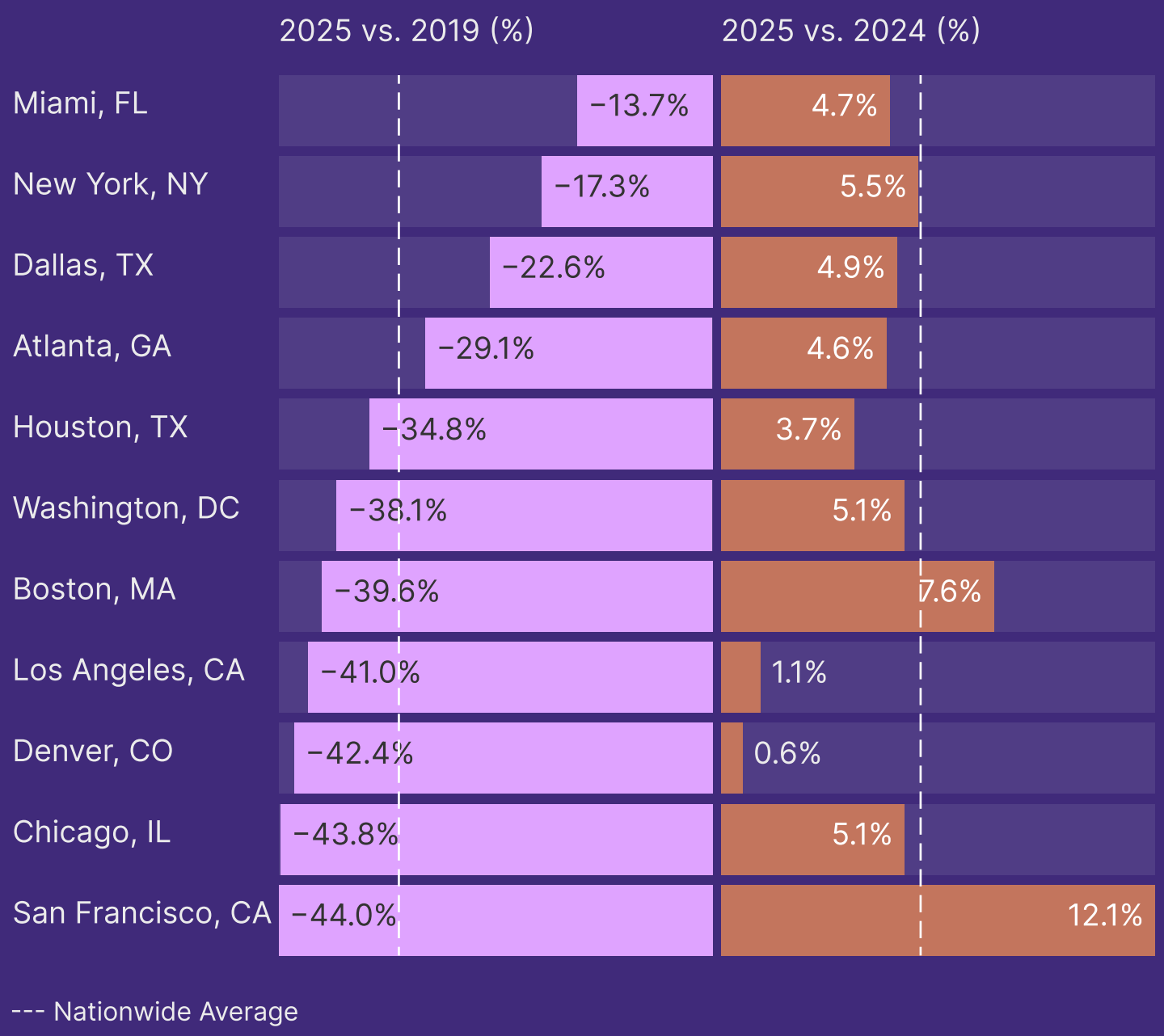
Commercial real estate in 2026 is defined by a deep differentiation across markets and asset types. Office recovery trajectories vary meaningfully by metro, retail performance reflects format-specific resilience, and domestic migration patterns continue to influence long-term demand fundamentals.



Return to Office Patterns

Higher-income metros continue to trail 2019 benchmarks but are driving the strongest recent gains, signaling a potential inflection in office utilization trends.

Office Visits by Market



−13.7%	12.1%

Miami had the smallest visit gap compared to pre-COVID, **San Francisco** led in YoY office traffic trends

Major Insights

- Sunbelt markets along with New York, NY are closest to pre-pandemic office visit levels, while many coastal gateway and tech-heavy markets trail 2019 benchmarks.
- Many of the metros still furthest below pre-pandemic levels are now posting the strongest year-over-year gains.

Key Takeaway for CRE Professionals

- Leasing velocity may accelerate in coastal markets – particularly in high-quality assets – even if full recovery remains distant. The expansion of AI-driven firms and innovation-focused employers could support incremental demand in these ecosystems, reinforcing a bifurcation between top-tier buildings and the broader office inventory.

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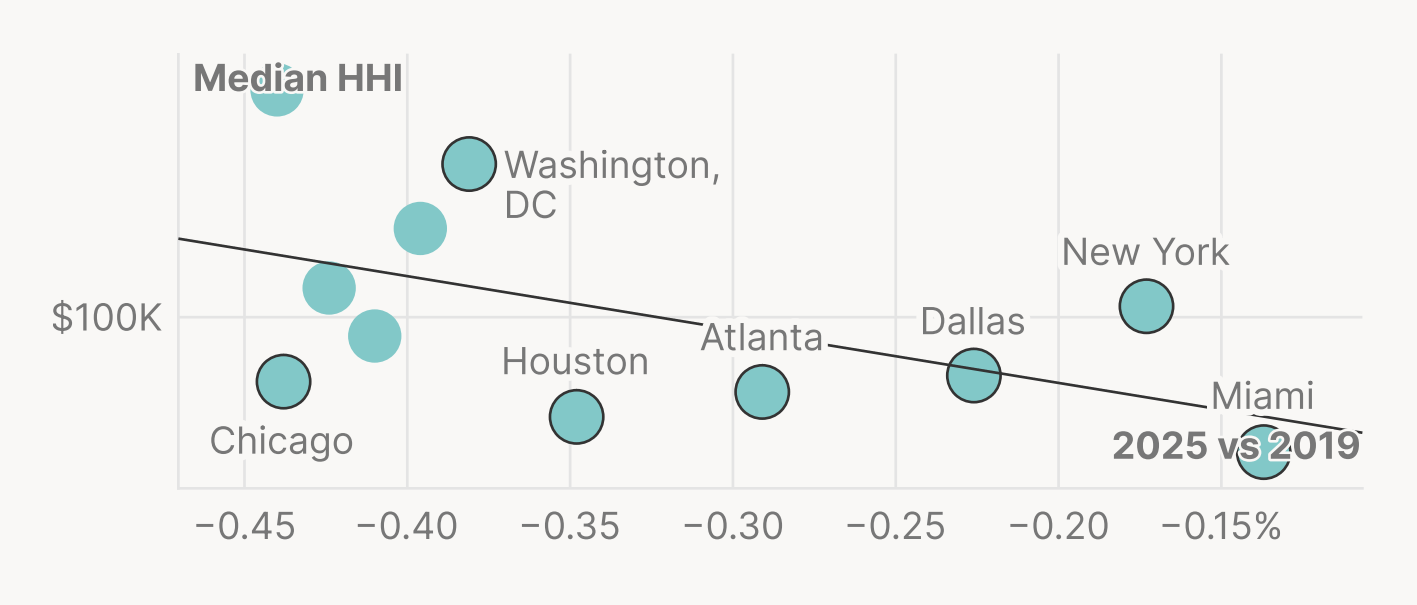
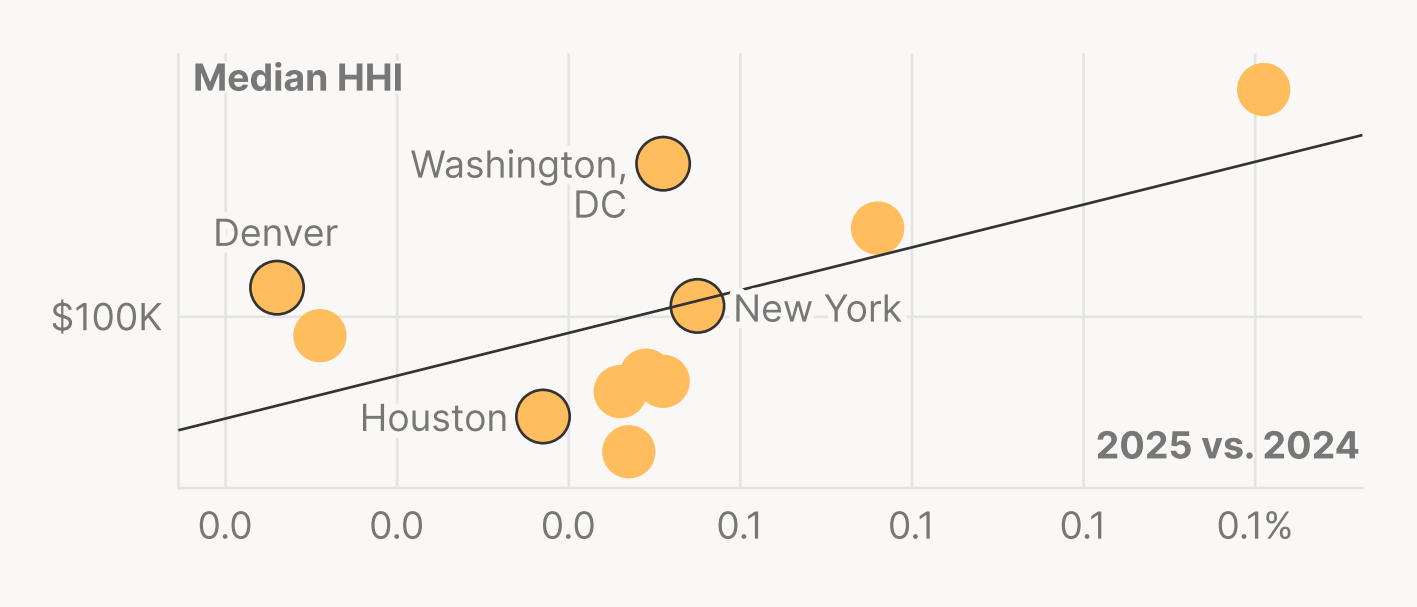




High-Income Cities Lag Pre-Pandemic Levels – But Lead the 2025 Comeback

Major Insights

- Higher-income metros show deeper structural gaps vs 2019, perhaps due to their higher concentration of hybrid-eligible workers – yet those same metros are driving the strongest YoY recovery in 2025.
- Accelerating growth in 2025 suggests that shifting employer policies, workplace enhancements, or broader labor dynamics may be beginning to drive increased in-office activity.

Key Takeaway for CRE Professionals

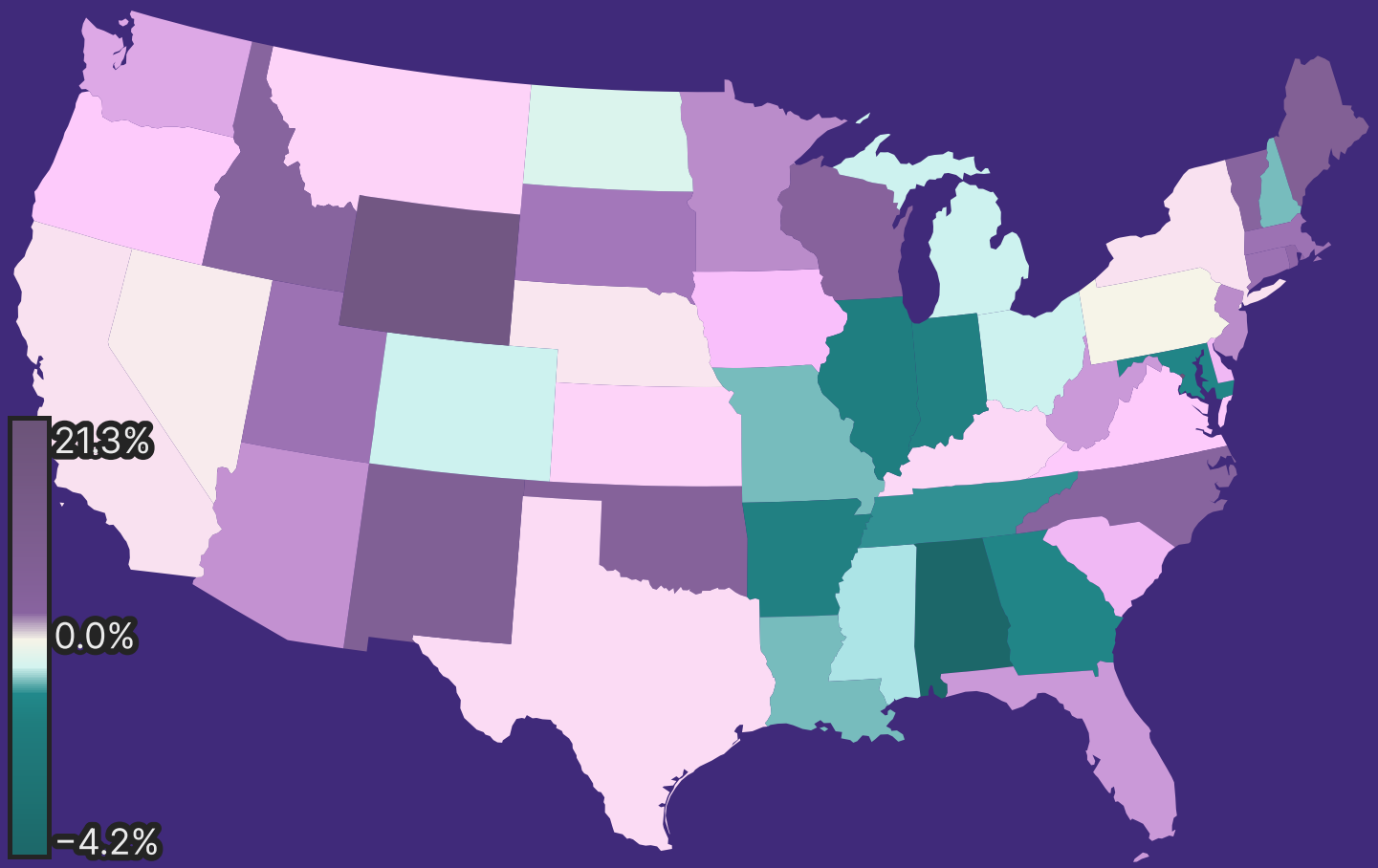
- Office performance in higher-income markets will increasingly depend on workplace quality and policy alignment. Assets that support premium amenities, modern design, and tenants implementing clear in-office expectations are likely to influence sustained office visits and leasing velocity in these metros.

Shopping Center Patterns

Retail traffic is broadly improving across states, though performance varies by region and format.

Overall Shopping Center Foot Traffic Increased Across Most States in 2025

Foot Traffic to Shopping Centers by State, 2025 Compared to 2024



16.2%

Wyoming's Massive Surge

-4.2%

Alabama Largest Decline

Major Insights

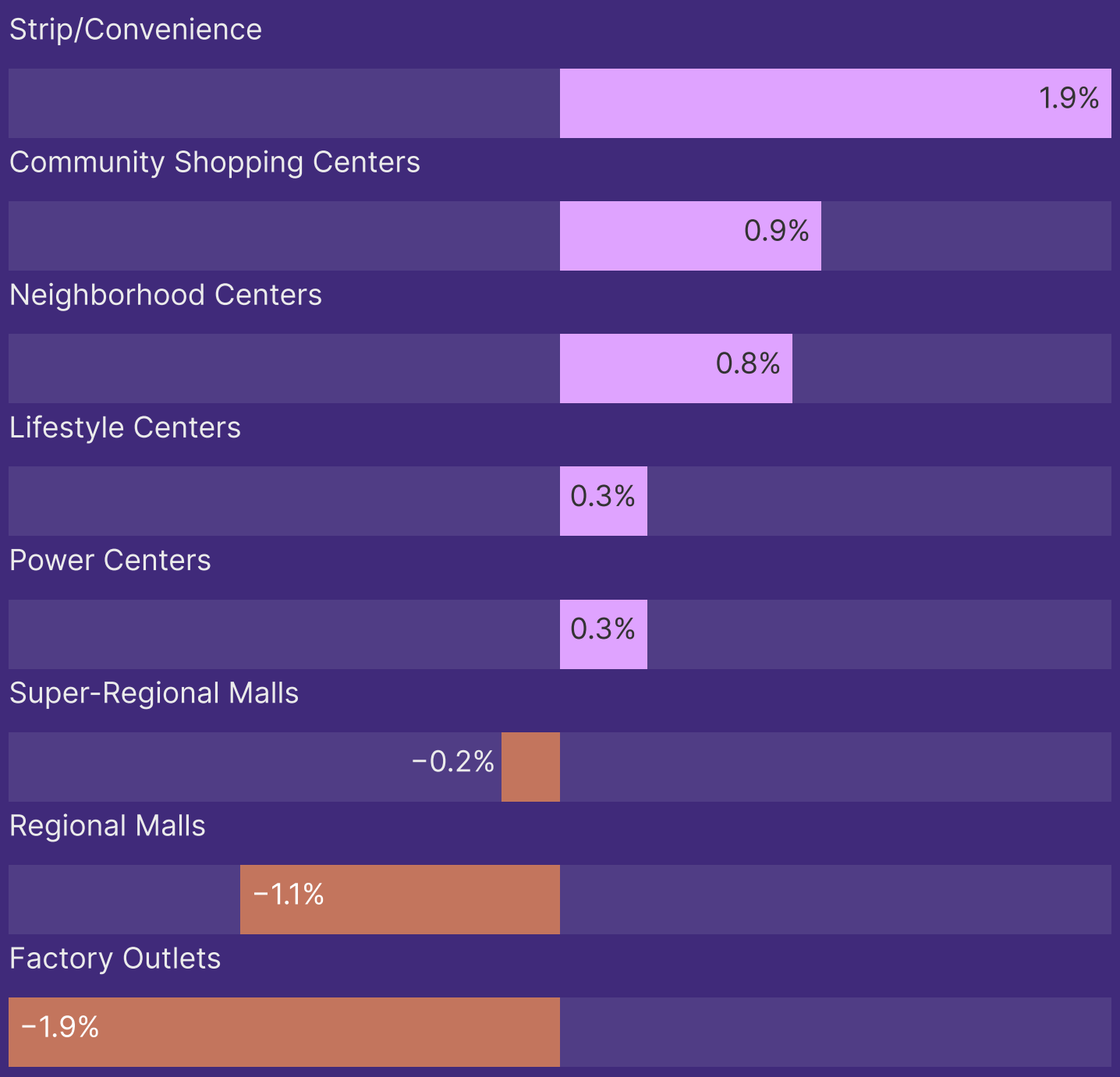
- Retail traffic growth is broad-based, with the majority of states showing year-over-year gains in shopping center traffic in 2025.
- Still, even as many states are posting gains, pockets of softer performance remain – specifically in parts of the Southeast and Midwest.

Key Takeaway for CRE Professionals

- Broad-based traffic gains indicate consumer demand is more durable than anticipated. In growth states, operators can shift from defensive stabilization to capturing upside – pushing rents, upgrading tenant quality, and accelerating leasing while momentum holds. In softer markets, the focus should remain on protecting traffic through strong anchors and necessity-driven tenancy.

Strip Malls Outperformed Other Shopping Center Formats in 2025

Visits to Shopping Centers by Category Group, 2025 Compared to 2024



Major Insights

- Convenience-oriented formats are leading traffic growth, with strip/convenience centers materially outperforming all other shopping center types, and neighborhood and community centers also posting gains. This reinforces the strength of proximity-driven, daily-needs retail.
- Destination retail formats, including regional malls and factory outlets, continue to lag, while super-regional malls were essentially flat. Larger-format, discretionary-driven centers are not capturing the same momentum as convenience-based formats.

Key Takeaway for CRE Professionals

- The data suggests that consumer behavior continues to favor convenience, frequency, and necessity over destination-based shopping. Operators should lean into service-oriented and daily-needs tenancy in strip and neighborhood formats, while mall operators may need to further reposition assets toward experiential, mixed-use, or non-retail uses to stabilize traffic.

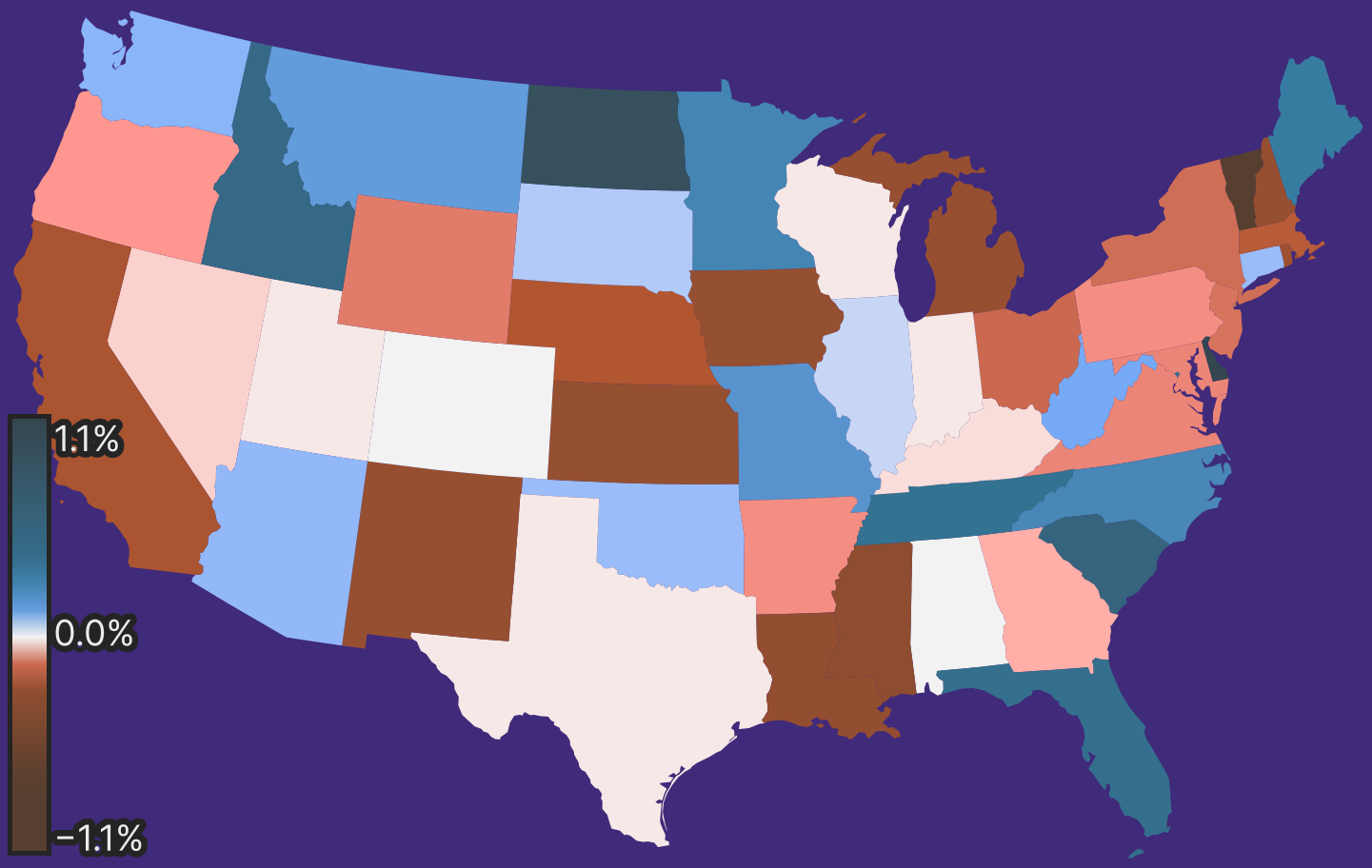
Strip and neighborhood centers lead retail resilience as consumer traffic shifts toward convenience-driven, daily-needs formats over larger regional malls.

Migration Patterns

Domestic migration continues to reshape state-level demand, with gains clustering in select growth corridors.

Domestic Migration Driven Population Gains Cluster in the Southeast and Northern Plains

Net Migrated Percent of Population, January to December 2025



1.14%

Delaware's Net Migration Lead

Major Insights

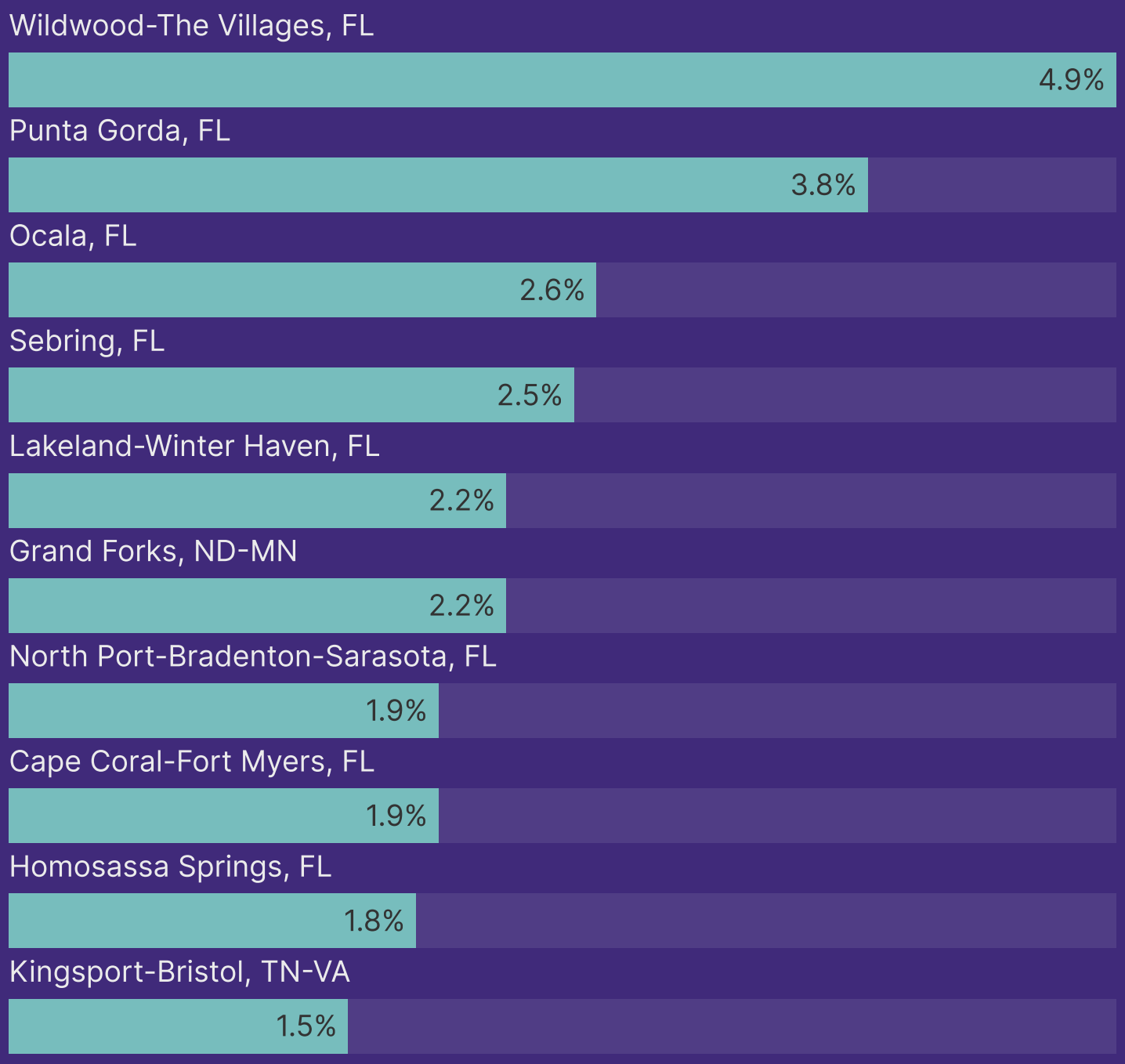
- Domestic migration drove population gains in parts of the Southeast and Northern Plains, while several Western and Northeastern states show flat or negative migration.
- Some previously strong in-migration states in the South and West, including Texas and Utah, are showing softer movement, while other established migration leaders such as Florida and the Carolinas continue to attract net inbound residents.

Key Takeaway for CRE Professionals

- Migration flows are shifting relative to prior years. Operators should temper growth assumptions in states where inflows are slowing and prioritize markets where inbound demand remains strong.

Eight of the Top 10 U.S. Metros for Domestic Migration Growth Are in Florida

Net Migrated Percent of Starting Population, January 2025 to December 2025



Major Insights

- Florida dominates metro-level migration growth, with eight of the top ten U.S. metros for net domestic migration are in Florida.
- The markets with the strongest domestic migration-driven population gains are not major gateway cities but smaller, often retirement- or lifestyle-oriented metros, suggesting that migration-driven demand is increasingly flowing to secondary markets.

Key Takeaway for CRE Professionals

- CRE operators should prioritize expansion, leasing, and site selection in high-growth secondary metros where population inflows can directly translate into retail spending, housing absorption, and service demand.

A new geography of growth is emerging, with high-intent migration clustering in strategic coastal outliers and the Southeast, reshaping local labor market demand.