Canadian Retail Poised to Lead CRE Rent Growth Through 2028

November 24, 2026

 Shopping mall rents are expected to rise 5% in 2027, as the sector resets rent values following <org value="ACORN:5020510761" idsrc="xmltag.org">Hudson's Bay</org> closures   <location value="LU/us.va.arlton" idsrc="xmltag.org">ARLINGTON, Va.</location>--(BUSINESS WIRE)--Nov. 24, 2026-- Canada’s retail sector is expected to record the strongest rent growth among the four major commercial real estate asset classes through 2028, with shopping mall rents rising 5% in 2027 and 4% in 2028, according to a new forecast from <org value="NASDAQ-NMS:CSGP" idsrc="xmltag.org">CoStar Group</org>, the leading global provider of online real estate marketplaces, information and analytics in the property markets. This press release features multimedia. View the full release here: https://www.businesswire.com/news/home/20261124056278/en/ <img src="https://mms.businesswire.com/media/20261124056278/en/2981584/4/Retail_November2026.jpg" alt="Retail: Supply, Demand and Vacancy"> Retail: <org value="ACORN:5021029686" idsrc="xmltag.org">Supply, Demand</org> and Vacancy   The outlook marks an improvement for Canada’s retail market following the closure of Hudson’s Bay stores in 2025. Shopping mall vacancy jumped from 3% to 8% in the second quarter of 2025, with net absorption falling to negative 4.2 million square feet. Across the retail sector as a whole, vacancy increased from 1.7% to 2.6%.   Despite subdued demand since then, limited new construction has kept the broader retail market relatively tight, with vacancy standing at 2.7% in the third quarter of 2026. As the economy improves and demand strengthens, net absorption is expected to reach approximately 5 million square feet in both 2027 and 2028. This, combined with the continued downward trend in new deliveries, is expected to bring the national retail vacancy rate down to 2.4% by the end of 2028.   “Canada’s retail market has proven resilient despite the Hudson’s Bay closures,” said <person>Mario Lefebvre</person>, chief economist for <location value="LC/ca" idsrc="xmltag.org">Canada</location> at <org value="NASDAQ-NMS:CSGP" idsrc="xmltag.org">CoStar Group</org>. “What was a significant disruption to the mall sector in 2025 is now creating an opportunity for landlords to backfill that space at rents that better reflect today’s market. Combined with very little new retail construction and improving demand, that should put retail in a stronger position for rent growth than any other major commercial property sector over the next two years.”   “Shopping malls could see the biggest swing,” continued Lefebvre. “As former Hudson’s Bay space is absorbed and legacy leases are replaced, we expect mall rent growth to accelerate to 5% in 2027 and remain strong at 4% in 2028.”   About CoStar Group
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space more valuable and accessible; STR, a global leader in hospitality data and benchmarking; Zonda, a leading provider of data, analytics, software, and marketplace solutions for the residential construction industry; Ten-X, an online platform for commercial real estate auctions and negotiated bids; and OnTheMarket, a leading residential property portal in the United Kingdom.   CoStar Group’s websites attracted 121 million average monthly unique visitors in the third quarter of 2026, serving clients around the world. Headquartered in Arlington, Virginia, CoStar Group is committed to transforming the real estate industry through innovative technology and comprehensive market intelligence. From time to time, we plan to utilize our corporate website as a channel of distribution for material company information. For more information, visit CoStarGroup.com. <img alt="" src="https://cts.businesswire.com/ct/CT?id=bwnews&sty=20261124056278r1&sid=acqr8&distro=nx&lang=en" style="width:0;height:0"> View source version on businesswire.com: https://www.businesswire.com/news/home/20261124056278/en/ Media Contact:
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