

What's Next in 2026?

Commercial Real Estate Market Forecast

Mike Goman, Principal



THE CCIM INSTITUTE
Advancing the Commercial Real Estate Profession

Welcome + Introduction



R. Michael Goman - Principal, CRX, CLS, CSM
Goman+York

- 40 years+ experience in the commercial real estate industry, public & private
- Advisor to state & quasi-state agencies, municipalities, investors, developers
- Large-scale, complex economic development & commercial real estate projects
- Focuses on market & financial feasibility
- Frequent speaker on industry issues
- Licensed Broker: AZ, CT, FL, MA, NC, NY, VA

“The only projects that actually get built are those that make financial sense.”



Industry Involvement + Recognition



- 2021 Realtor of the Year
- Chair, Commercial Council
- Gov't Relations Committee



- Distinguished Service Award
- Master Developer Designation
- Faculty Member, Univ. of Shopping Centers
- Former Gov't Relations Chair US Northeast Region
- Former CT State Director



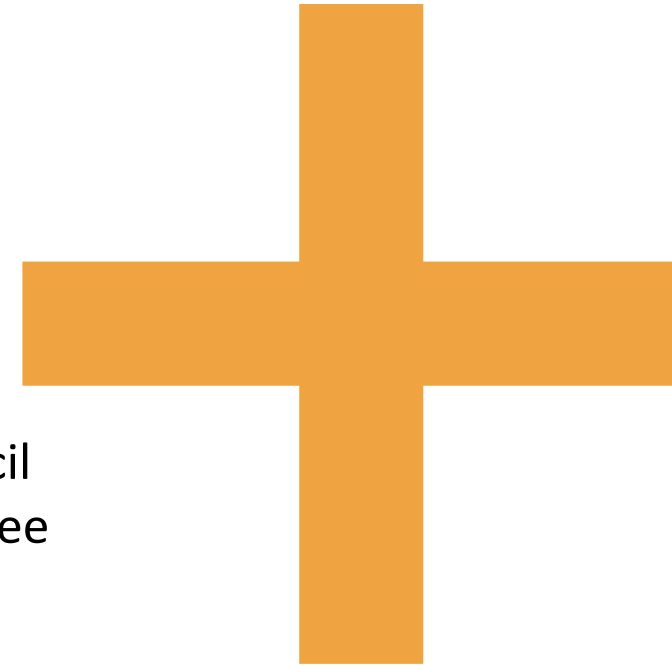
Executive Committee of the Board



Past Counselor



➤ Former Co-Director



Member:



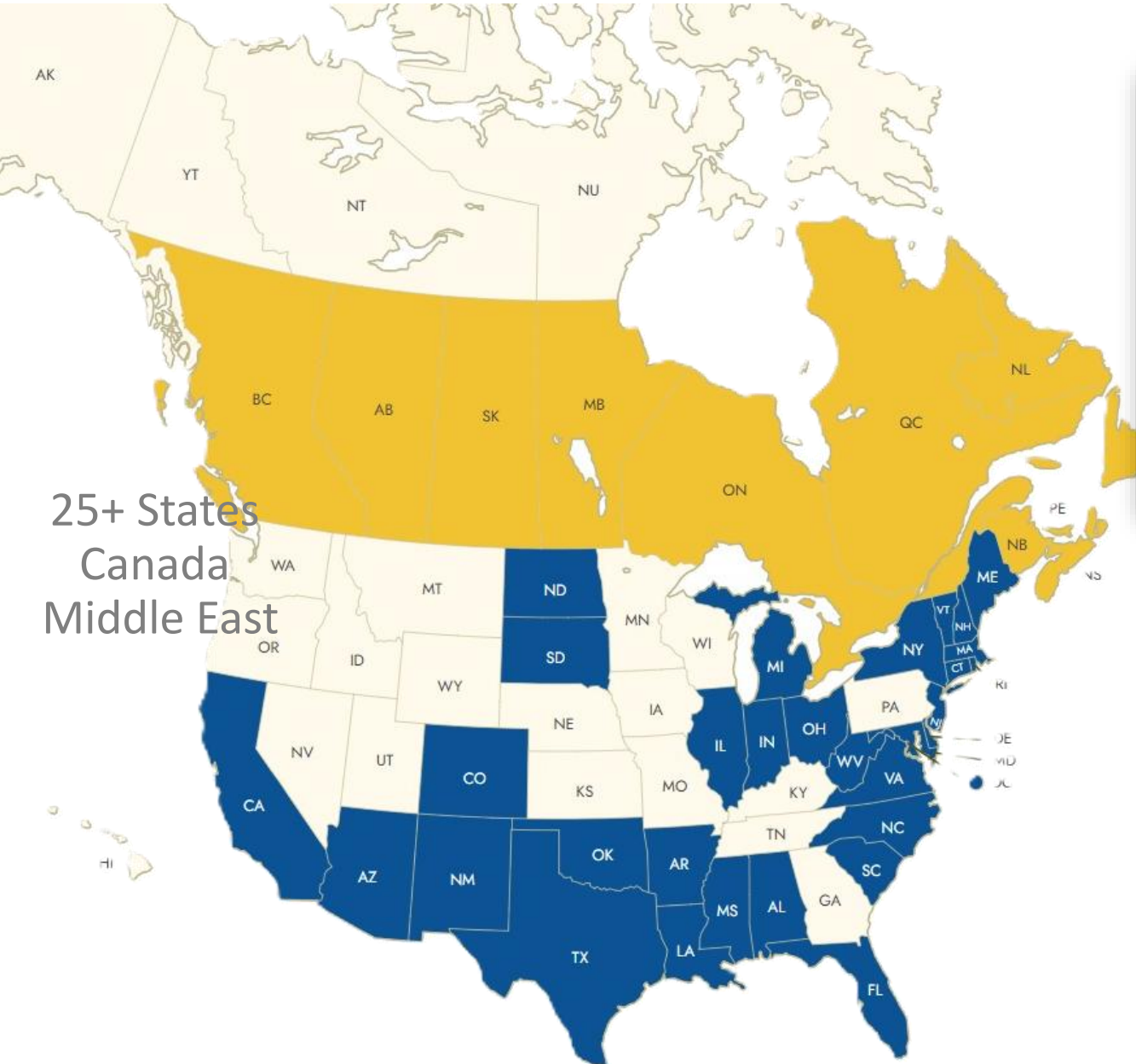
Public Policy Committee



WHERE THE FUTURE IS BUILT

CRE Experience + Advisory

\$4+ Billion Value
50+ million SF



25+ States
Canada
Middle East



20+ hotels
1M+ SF Industrial
2M+ SF Office

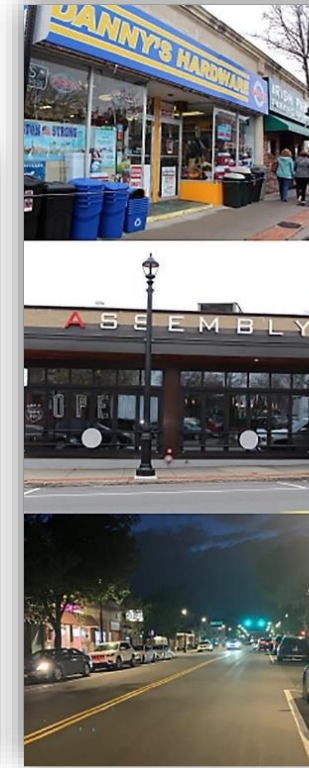
150+ retail projects
5,000+ apartment units



CRE Experience + Advisory

Clients

Municipalities
Government Agencies
Quasi Government Agencies
Institutions
Lenders
Equity Investors
Developers



Rapid Recovery Plan

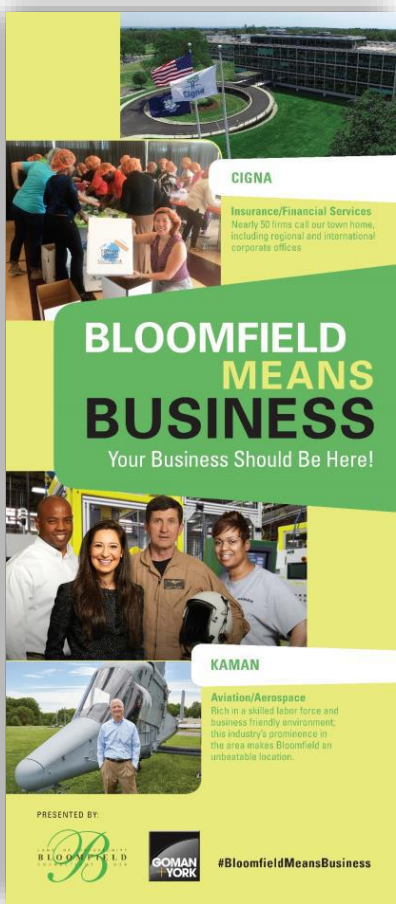
2021

North Quincy



Services

Feasibility Studies – market, financial
Fiscal & Economic Impact Studies
Town Planning & Economic Development Support:
Redevelopments (strategic plans, development agreements)
Town Center Master Plans
Regulatory Updates



Representative Assignments

Large, Complex CRE Projects

- RFP's, RFQ's
- Development Agreements
- Public Participation, e.g.: TIF, CEA's

Stalled or Failed Projects

- Market or Functional Obsolescence
- Financially Troubled

Eminent Domain

- Blight - Obsolescence
- Economic Development
- Public Purpose

Contentious Land-Use Issues

- Community Education/Engagement

300+ Banks & Credit Unions

250+ Municipalities, Universities, NFP's, State/Quasi-State



CRE Industry Overview

Overview

Last 5 years – Many Headwinds

- Office space utilization declined
 - Remote working
- Interest rates doubled
- Mall traffic decline
- Inflation
- Lending/investing criteria & activity tightened
- Availability of building materials
- Construction costs increased
- Tariff Impact
- Economy slowed – recessionary trough



Overview by Industry Sector - Office

Office

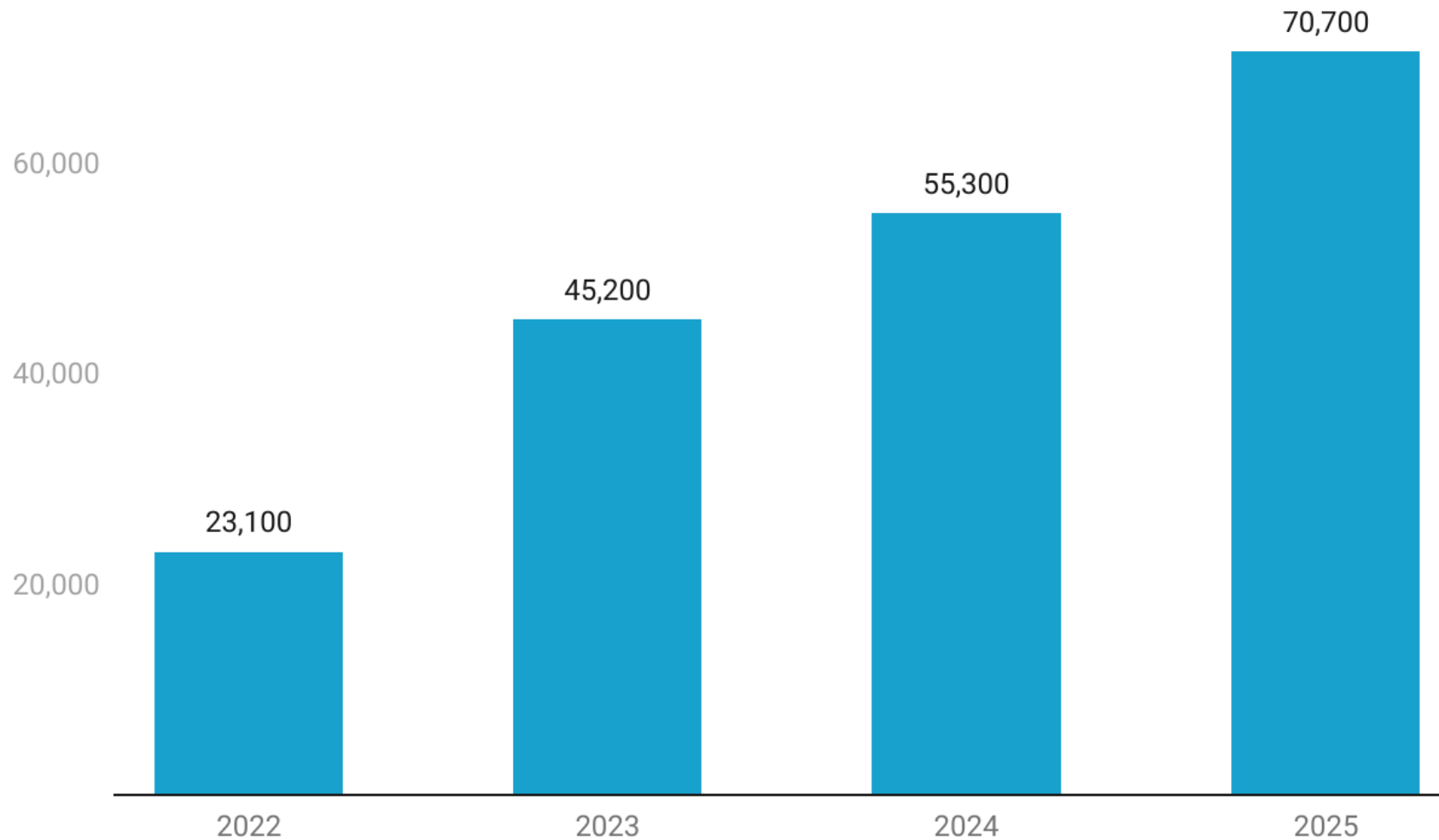
- National Vacancy +/- **20%**
 - Avg Since 90's +/- 12%
- Hartford Region +/- 22%
 - Hartford CBD +/- **35%**
- Positive Leasing momentum
 - Manhattan represents 14.6% of leasing volume in 2025
- Tenants continue to prefer prime/class A buildings
- Asking & Taking Rent spreads continue to stay around 10%
- TI allowances continue to limit effective rent growth for Class B/C buildings

MARKET FUNDAMENTALS		
	YOY Chg	Outlook*
20.7% Vacancy Rate	▲	▲
-4.3M Net Absorption, SF	▲	▲
\$38.32 Asking Rent, PSF	■	▼
0.0% Rent Growth, YOY	▼	▼
22.5M Under Construction	▼	▼

(Overall, All Property Classes)

Overview by Industry Sector - Office

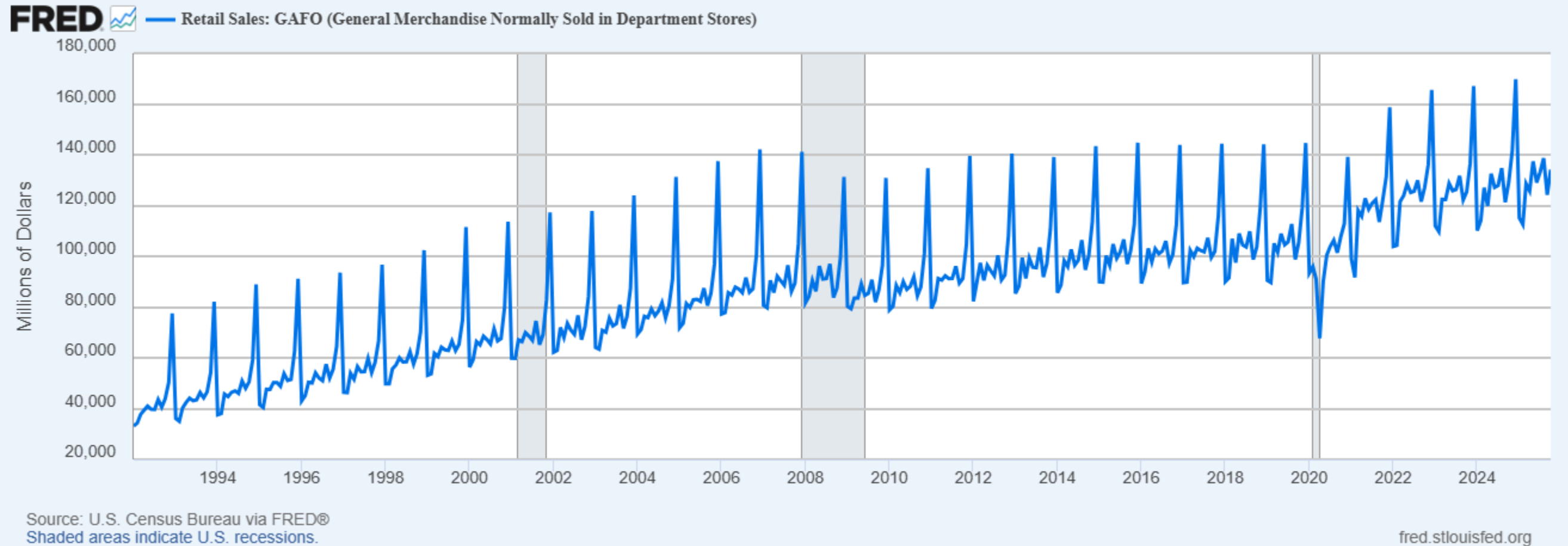
Office-to-Apartment Conversions Break Record After Record



The data shows future apartments from office conversions for each particular year. Data subject to change.

Source: RentCafe analysis of Yardi Matrix data • Created with Datawrapper

Overview by Industry Sector - Retail



Notes:

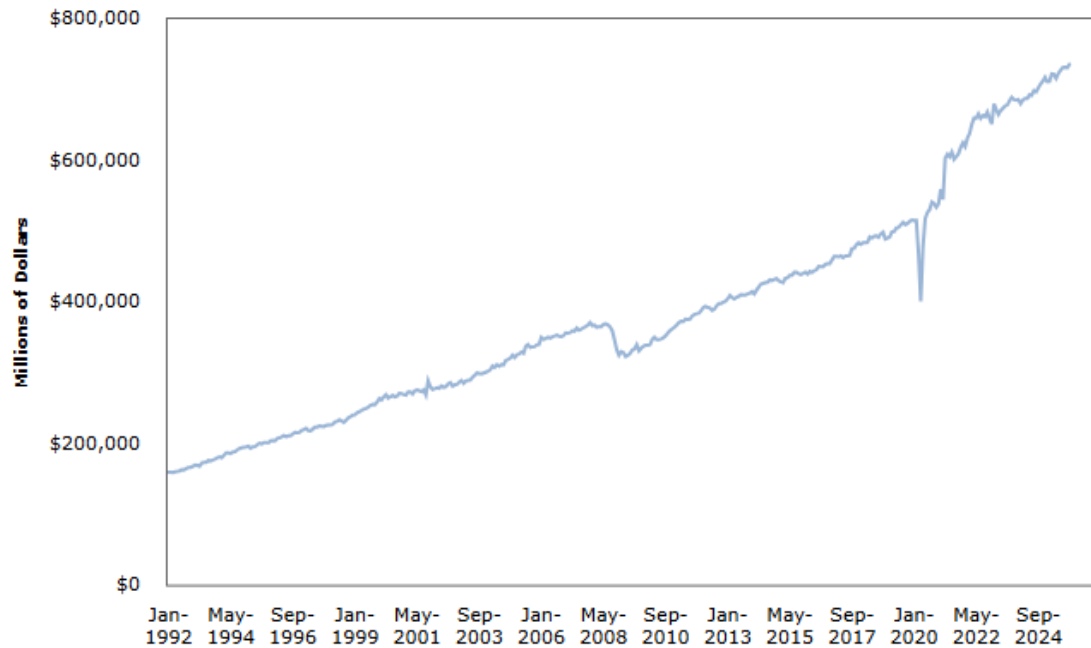
GAFO represents sales at stores that sell merchandise normally sold in department stores. GAFO includes the following kinds of retail businesses: General merchandise stores (NAICS 452); Clothing and clothing accessories stores (NAICS 448); Furniture and home furnishings stores (NAICS 442); Electronics and appliance stores (NAICS 443); Sporting goods, hobby, book, and music stores (NAICS 451); Office supplies, stationery, and gift stores (NAICS 4532).

Overview by Industry Sector - Retail

Source: Advance Monthly Sales for Retail and Food Services
 NAICS 44X72: Retail Trade and Food Services: U.S. Total
 Jan-1992 to Dec-2026



Seasonally Adjusted Sales - Monthly



Data Extracted on: January 20, 2026 (1:48 pm) EST

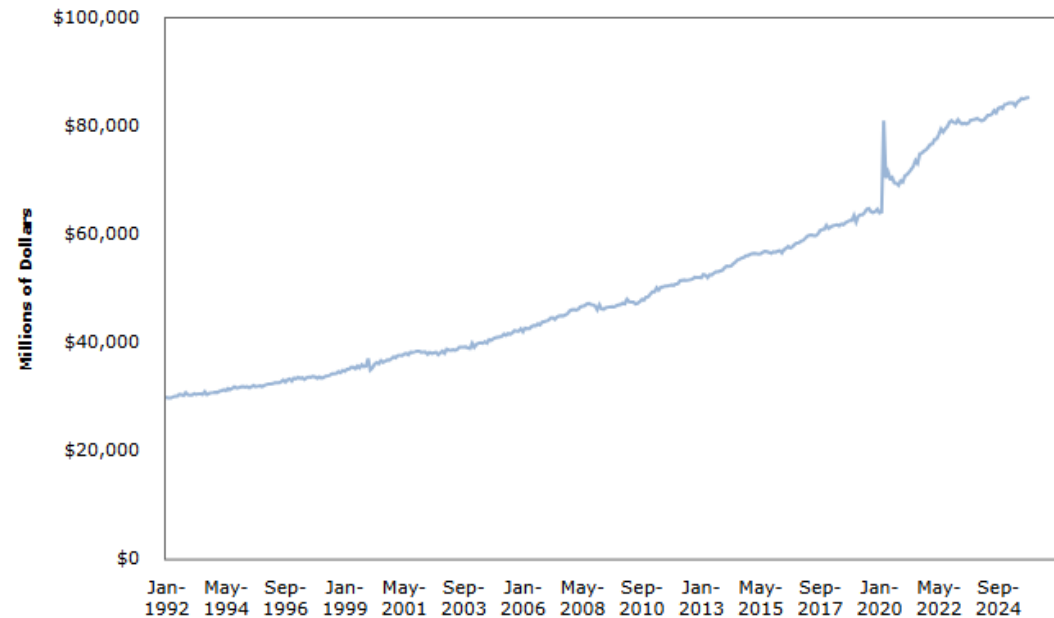
These data are subject to sampling and nonsampling error. For more information see https://www.census.gov/retail/marts/how_surveys_are_collected.html



Source: Advance Monthly Sales for Retail and Food Services
 NAICS 445: Food and Beverage Stores: U.S. Total
 Jan-1992 to Dec-2026



Seasonally Adjusted Sales - Monthly



Data Extracted on: January 20, 2026 (1:53 pm) EST

These data are subject to sampling and nonsampling error. For more information see https://www.census.gov/retail/marts/how_surveys_are_collected.html



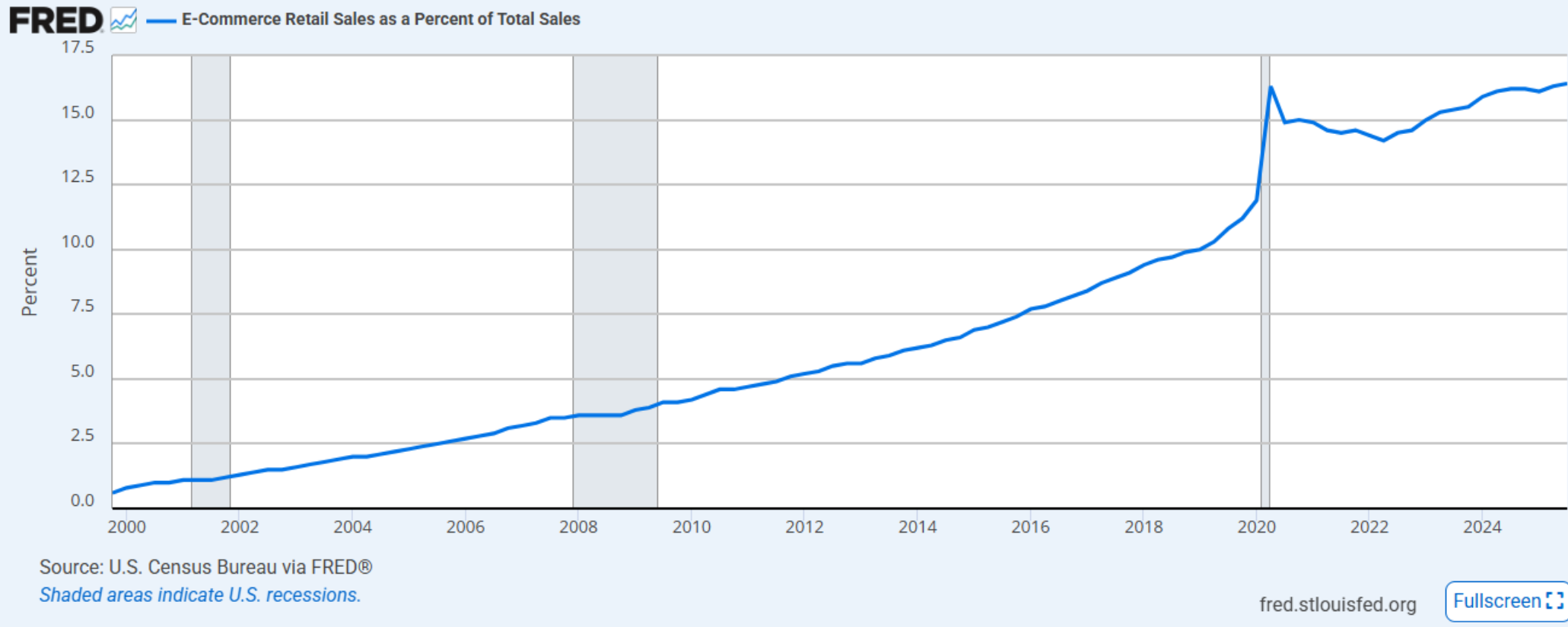
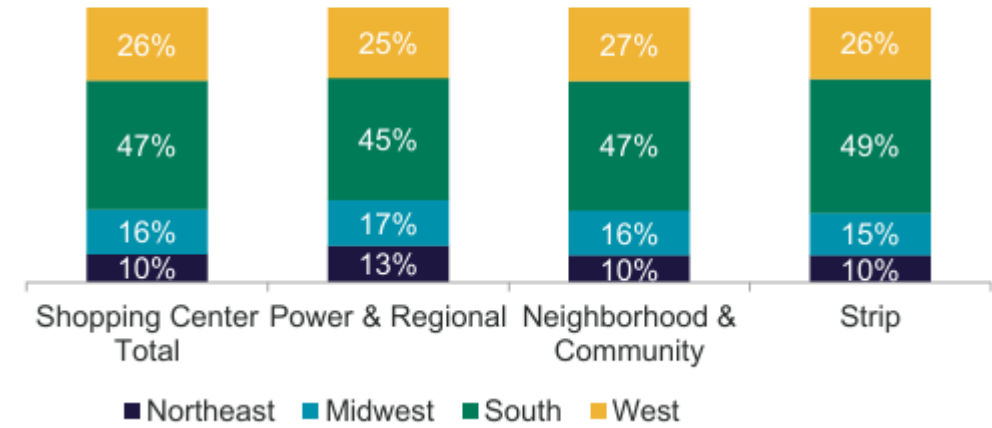
GAFO represents sales at stores that sell merchandise normally sold in department stores. GAFO includes the following kinds of retail businesses: General merchandise stores (NAICS 452); Clothing and clothing accessories stores (NAICS 448); Furniture and home furnishings stores (NAICS 442); Electronics and appliance stores (NAICS 443); Sporting goods, hobby, book, and music stores (NAICS 451); Office supplies, stationery, and gift stores (NAICS 4532).

Overview by Industry Sector - Retail

Last 5 years – Changes

- Impact of eCommerce
- Consumer Behavior

LEASING ACTIVITY BY REGION & TYPE % OF TOTAL Q3 2025



Overview by Industry Sector

Retail

- 2/3 of economic activity
- '24 vs '23 retail sales: +2.78%, 2023 – 2030 CAGR: 3.19%
- Holiday Season '22: +5.3%, '23: 5.2%, '24: 3.8% '25: 4.2%
- E-commerce +/-16% of total retail sales, projected to grow to +18% 2026
- Consumer Confidence: lowest since 2014
- “A” malls saw significant increase in YOY traffic
- Historically low vacancy rates in non-mall retail
- Recent bifurcation on Value: income levels
- Retail centers starting to rebound
- Inflation took a toll - US consumer traded down
 - never underestimate the US consumer
 - Retail store closures up 70%

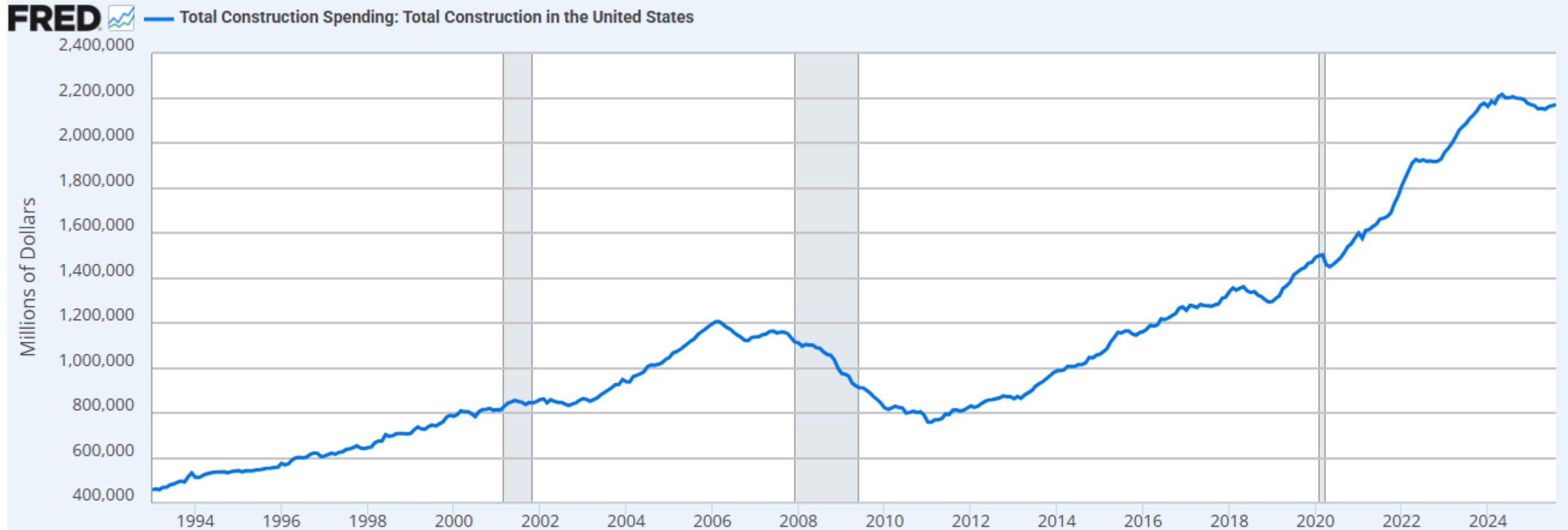
MARKET FUNDAMENTALS		
	YOY Chg	Outlook*
5.8% Vacancy Rate	▲	▲
323,000 Net Absorption, SF	▲	▲
\$25.01 Asking Rent, PSF	▲	▼
11.7M Under Construction	▼	▼

Overview by Industry Sector

Food and Beverage

- Similar to 2024
- +/-90,000 closed permanently – closings declining to historic norms
- Local/casual dining hit the hardest
 - Casual: older concepts
 - Independents: low liquidity
- Downward pressure on pricing – “value meals”
- Staffing shortages, increased costs
- Reduced operating hours
- Strong growth of some (not all) national chains in growth markets

Overview by Industry Sector - Construction



Source: U.S. Census Bureau via FRED®

Shaded areas indicate U.S. recessions.

fred.stlouisfed.org

Fullscreen

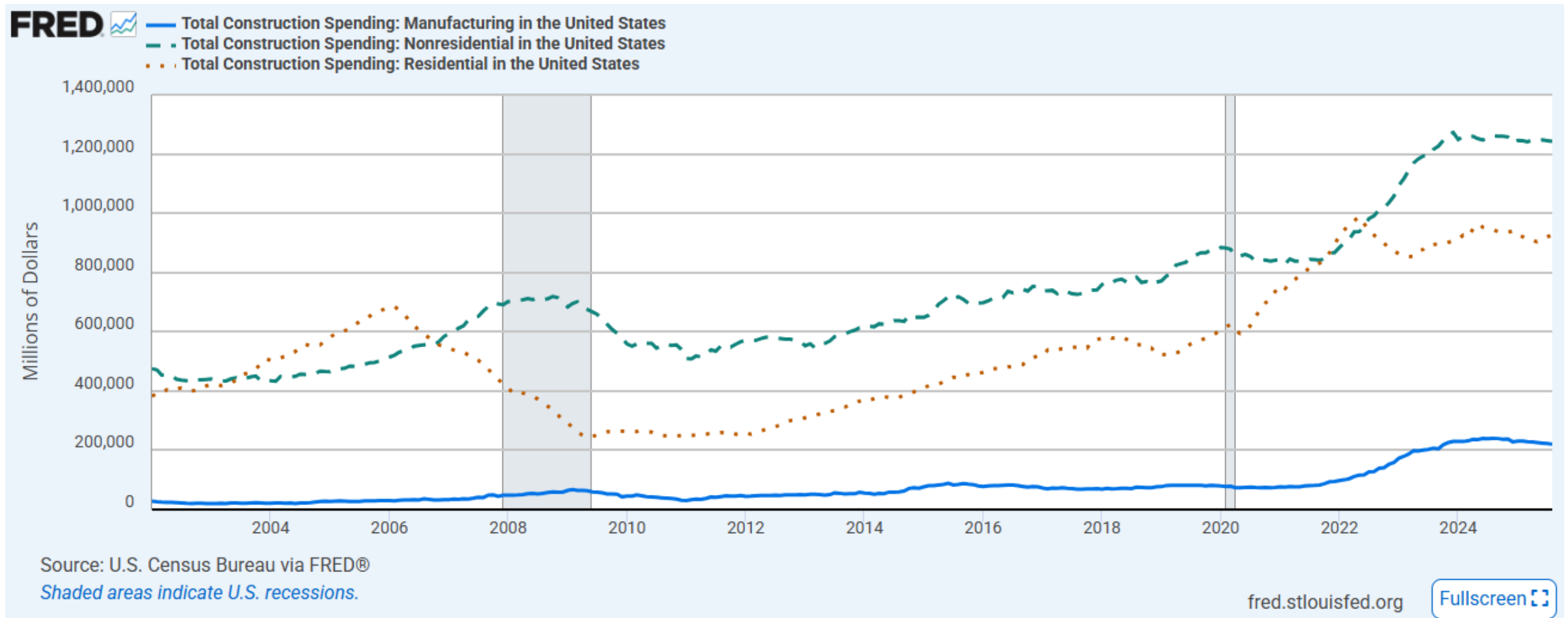
Target population

Construction work done each month on new structures or improvements to existing structures for private and public sectors (in 50 states and the District of Columbia).

Overview by Industry Sector - Construction

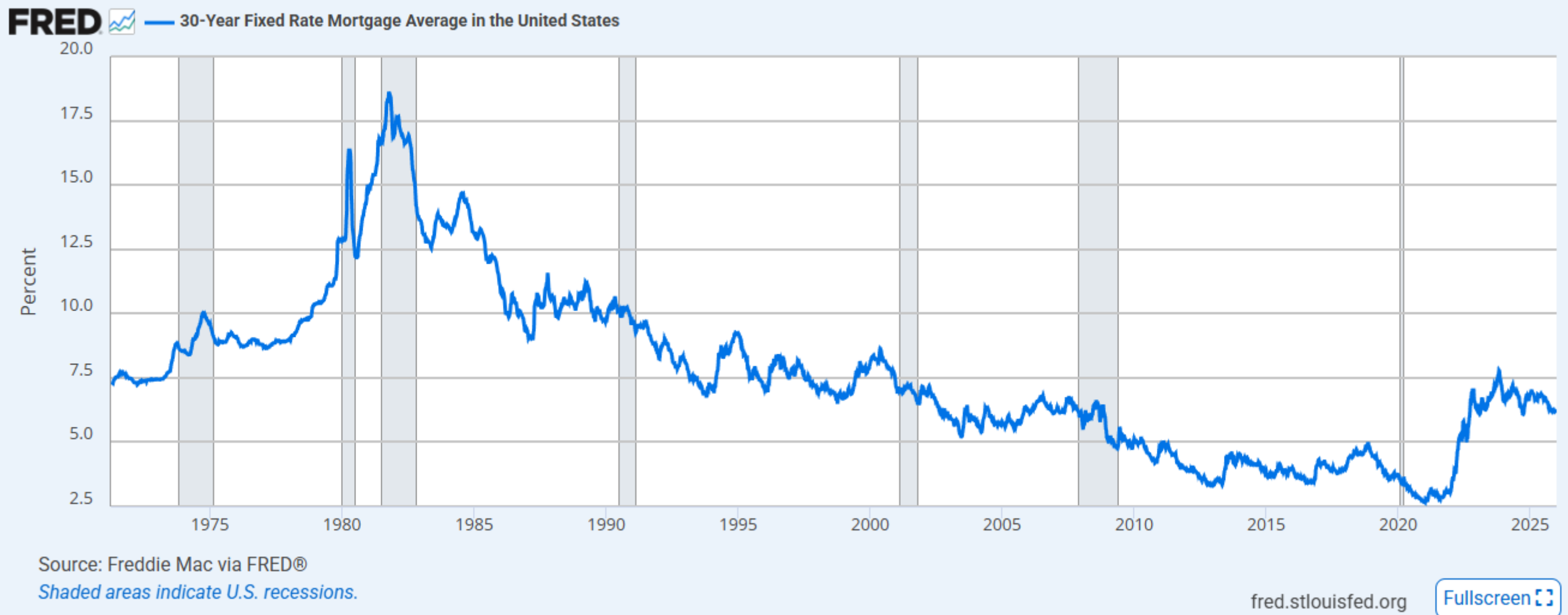
Last 5 years – Increases now leveling & decreasing

- Manufacturing vs. Nonresidential vs. Residential



Overview by Industry Sector - Residential

Single Family Residential Mortgage Rate – Nationally

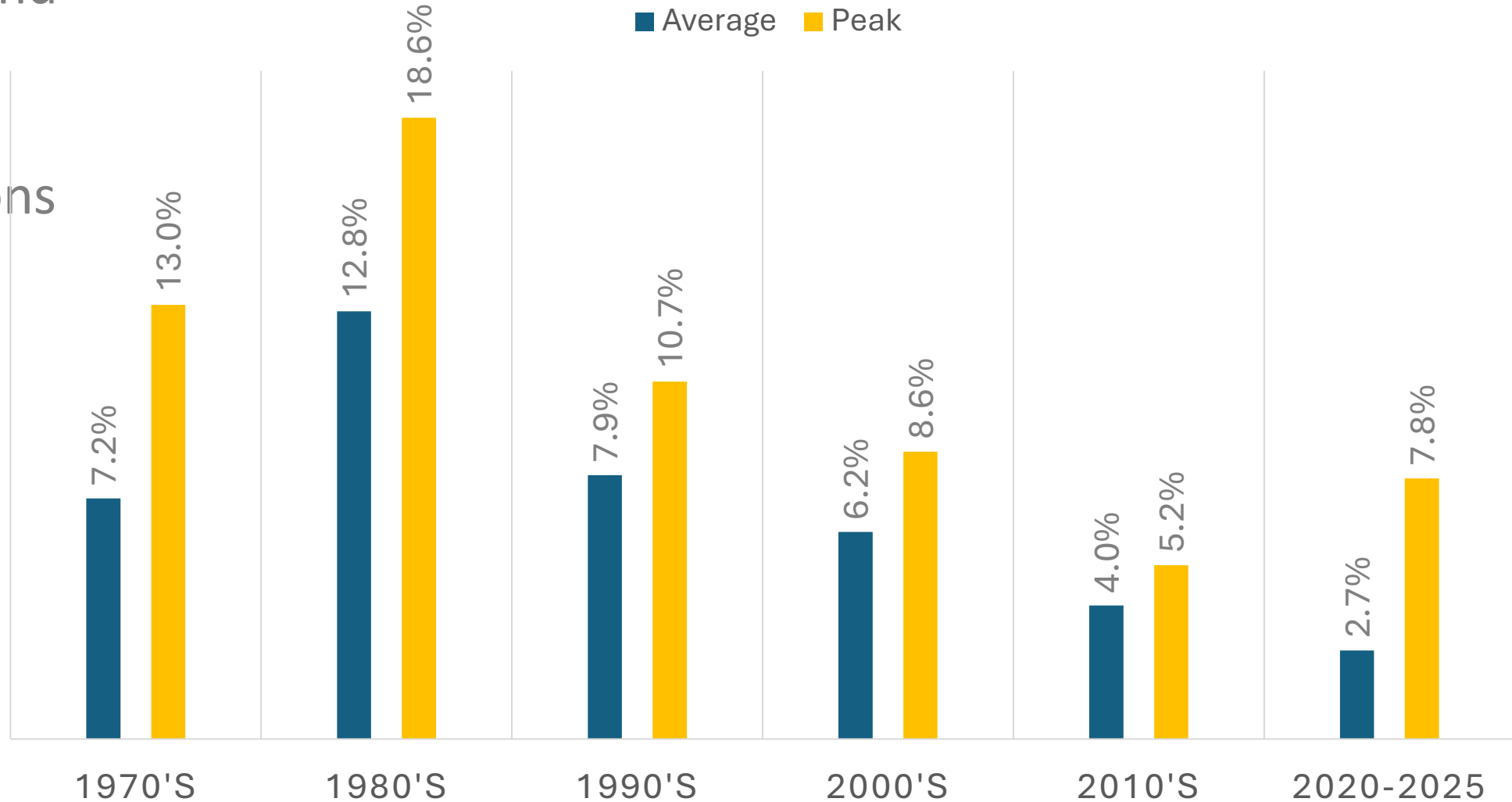


Overview by Industry Sector - Residential

Single Family Residential - Overall

- Increasing demand
- Tight supply
- Higher prices
- Fewer transactions
- Interest rates:
Q4'25: 6.3%(low)

AVERAGE MORTGAGE RATES



Overview by Industry Sector - Residential

Single Family Residential - CT

- 2025 Sales: -1.3%
(4,757 transactions)
- 2025 Median Price: +5.8%
(\$418,000)
- Interest Rates: \pm 6.5% average
- Average Days to Sell: 30

Condos - CT

- 2025 Sales: + 4.5%
(673 transactions)
- 2025 Median Price: -3.4%
(\$285,000)
- Interest Rates: \pm 6.5% average
- Average Days to Sell: 31

Overall - CT

- Buyer Demand remains strong
- Inventory remains limited
- Affordability struggles continued
- Well priced homes move quickly

Overview by Industry Sector - Residential

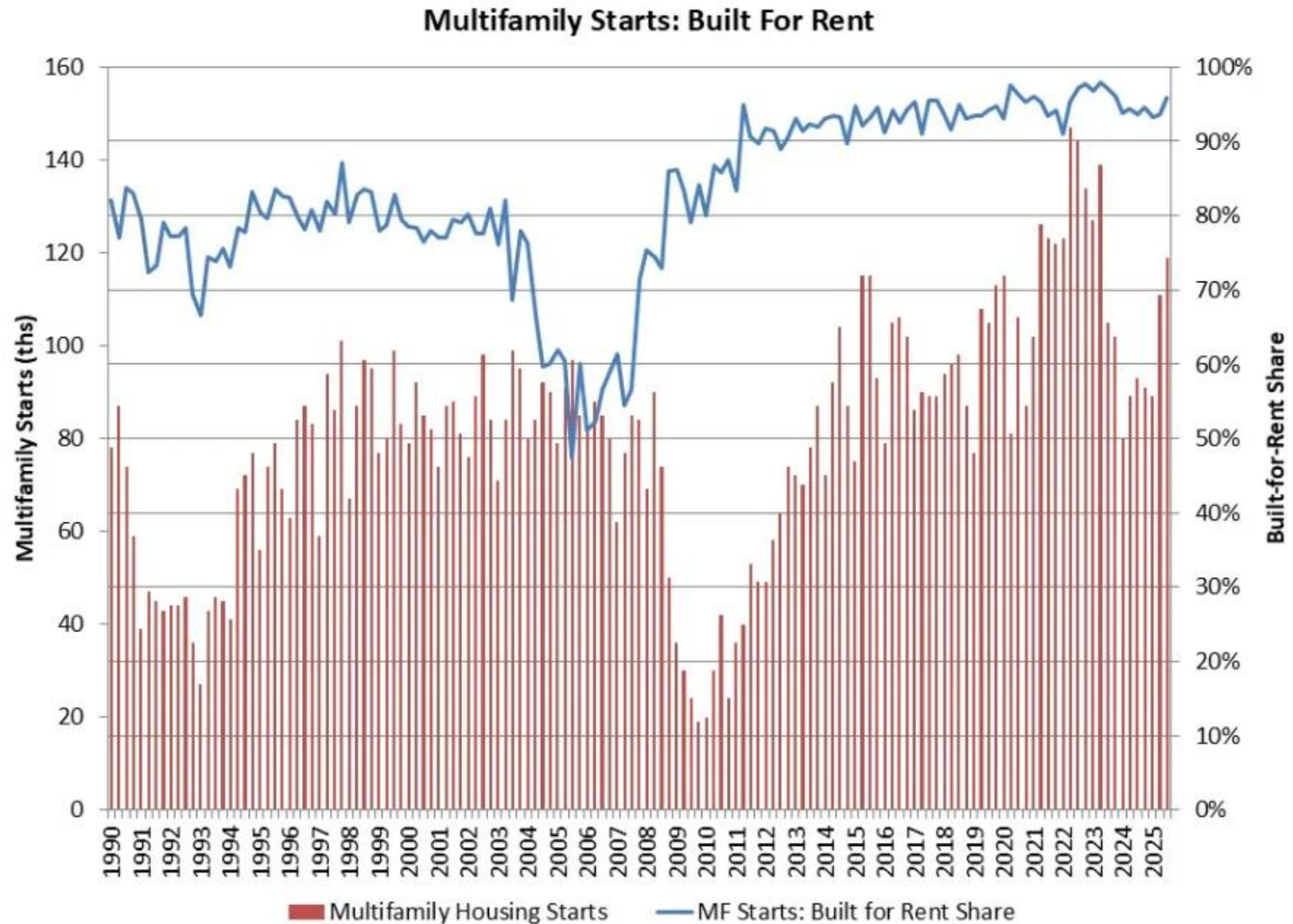
Multi-Family – Overall & CT

- Apartments:
 - Record supply matched by record demand
 - Record # U.S. in 2025 - +/-500k new units
- Drivers:
 - Urbanization: job growth
 - Population growth
 - Affordability: cheaper to rent than own
 - Preferences: mobility, maintenance, “city life”
 - Public Policy – focus on density, generate CBD activity

CT Remains one of the most competitive residential markets in the US

Overview by Industry Sector - Residential

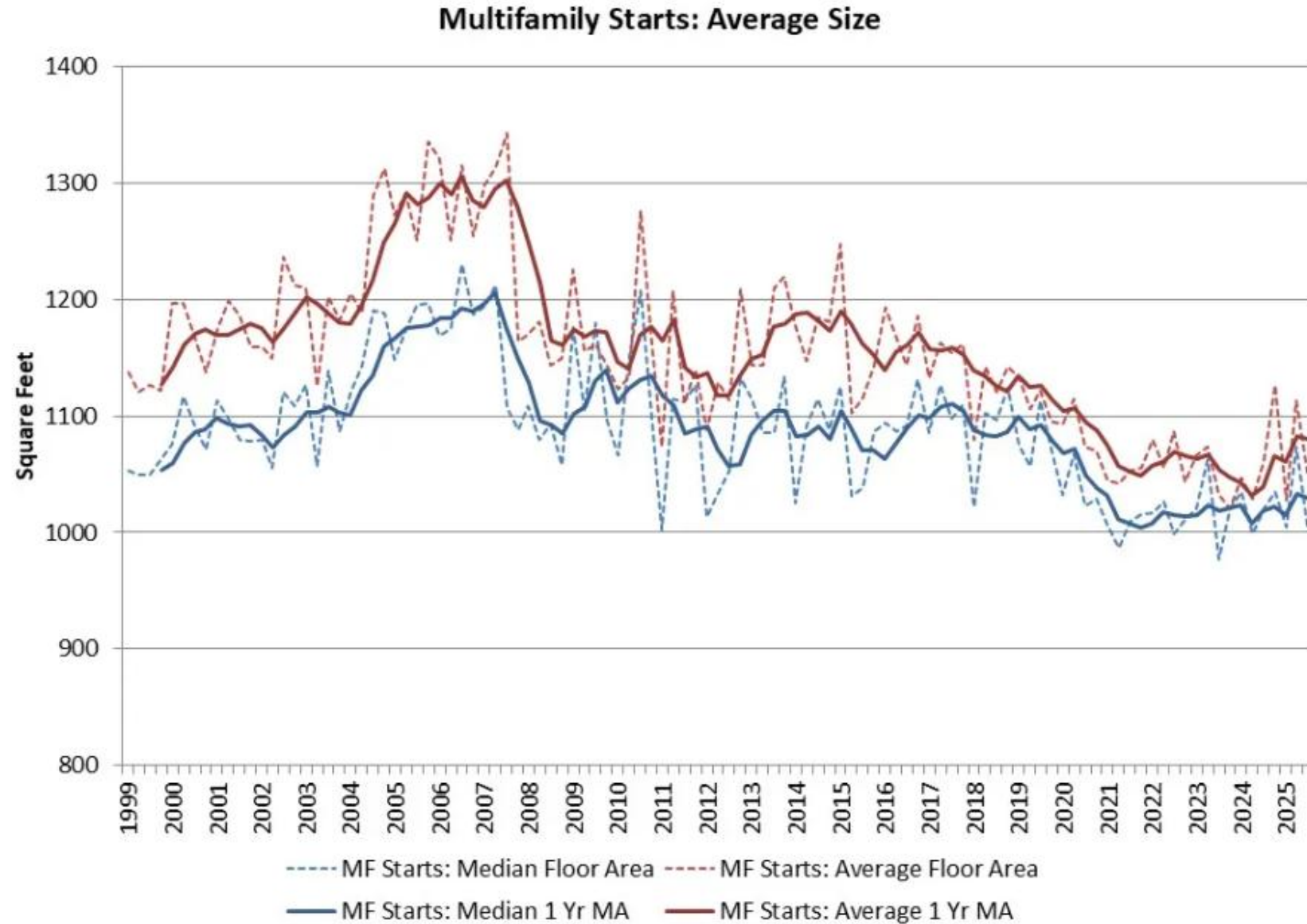
Multi-Family –
Overall
(National
Association of
Home Builders)



Source: Census Bureau; NAHB

Overview by Industry Sector - Residential

Multi-Family – Overall
(National Association of Home Builders)



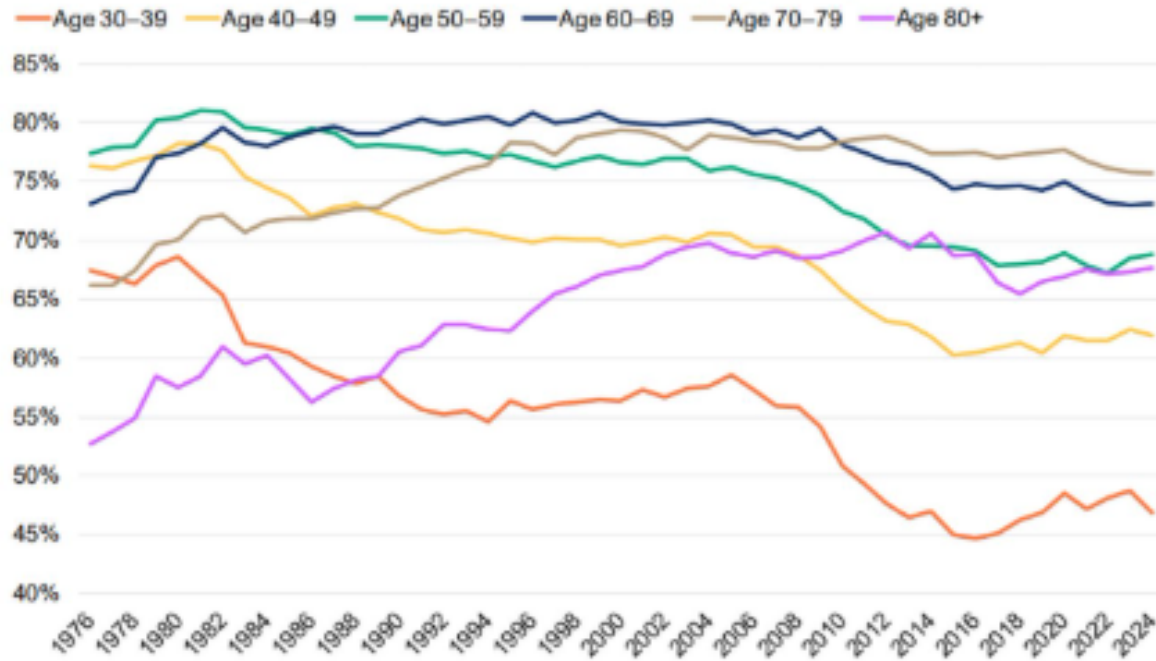
Source: Census Bureau; NAHB

Overview by Industry Sector

Multi-Family

30-Somethings are Increasingly Renting ... Even Prior to Rate Spike

Share of US Adults Age 30+ That Own Their Home, by Age Group



Homeownership percentages on this page are measured as the age group's population that owns or co-owns their home. The more traditional homeownership rate counts owner-occupied homes as a share of all households.
Sources: John Burns Research and Consulting, LLC, tabulations of U.S. Census Bureau (Data: 2024, Pub: Sep-26)

	Latest (2024)	Max since 1977	Difference
Age 30-39	47%	69% (1980)	-22%
Age 40-49	62%	78% (1982)	-16%
Age 50-59	69%	81% (1982)	-12%
Age 60-69	73%	81% (1996)	-8%
Age 70-79	76%	79% (2012)	-3%
Age 80+	68%	71% (2014)	-3%



MARKET FUNDAMENTALS

	YOY Chg	Outlook*
9.0% Vacancy Rate	▲	▲
102,600 Net Absorption, Units	▼	▼
\$1,903 Market Rent, Monthly	▲	▲
1.5% Rent Growth, YOY	▲	▲
454,371 Under Construction, Units	▼	▼

(Overall, All Property Classes)

Overview by Industry Sector – Multi-family

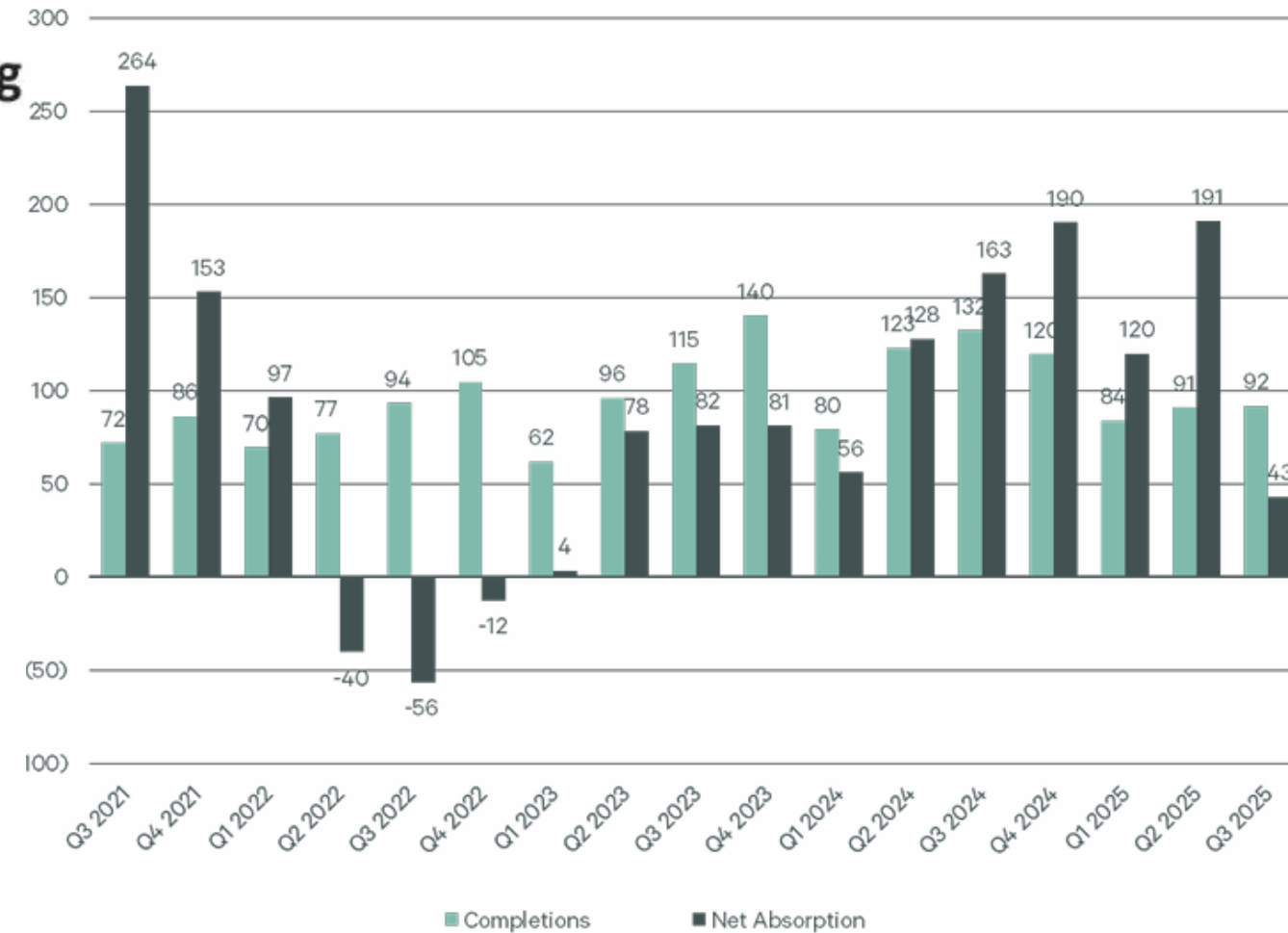
Multi-Family

In High-Supplied Markets, Class C Rents are Plunging

Rank	Market	Class C Rent Change	Supply > U.S. Avg?
1	Denver, CO	-13.9%	YES
2	Naples, FL	-13.5%	YES
3	Austin, TX	-13.3%	YES
4	Fort Myers, FL	-11.8%	YES
5	Myrtle Beach, SC	-11.0%	YES
6	Phoenix, AZ	-10.5%	YES
7	Boulder, CO	-10.4%	YES
8	Asheville, NC	-10.3%	YES
9	Sarasota, FL	-10.0%	YES
10	Fort Walton Beach, FL	-9.9%	YES
11	Colorado Springs, CO	-9.0%	YES
12	Pensacola, FL	-7.3%	YES
13	San Antonio, TX	-7.2%	YES
14	Macon, GA	-6.6%	NO
15	Dallas, TX	-6.5%	YES
16	Salt Lake City, UT	-6.3%	YES
17	Huntsville, AL	-6.3%	YES

Source: JY research, RealPage Market Analytics. U.S. average supply = 2.5% expansion rate. Markets marked "yes" expanding their apartment stock >2.5%.

Units (thousands)



Source: CBRE Research, CBRE Econometric Advisors, Q3 2025.

Overview by Industry Sector – Multi-family

Multi-Family

- Apartments:
 - Tenants: DINKS, SINKS, Empty Nesters
 - Owners: Prioritizing occupancy over rent growth (concessions)
 - Market-specific:
 - New development cooling: no/slow population & job growth
 - Rents & rent growth moderating
 - Interest rates: increased renter demand, increased costs
 - OpEx expense increases outpacing revenue growth
 - Impact of local property taxes

Overview by Industry Sector

Self Storage

- '24 slower than '23, further decline expected in '25
- Rental rates -4% YOY
- High-quality, climate-controlled
- Attractive designs

Warehouse/Logistics

- Surge is tapering off
- Deceleration in new building starts – lowest in a decade
- May be short-lived – new entrants to e-commerce
- \$1B sales = 1 mm sq.ft.
- National vacancy: +/-9%, NE slightly lower
- Market-specific
- Strong investor interest, high transaction volume

Overview by Industry Sector

Data Centers

- Estimated to represent 95% of CapEx growth
- Financing: life cycle, glut/bubble?
- Power & water availability
- Public opposition



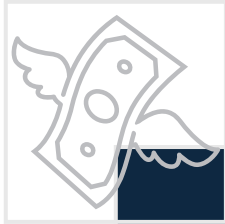
Predictions

Future of CRE + Influences



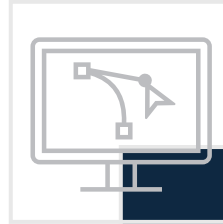
Gen Z & Millennials

- Transformative
- Resourceful
- Sustainability & Community



Fiscal & Monetary Policy

- Risks remain elevated
- Closely monitor
- Global Influences



Technology & Analytics

- Everything is moving at a faster pace
- More complex & unique
- “Data, Data, Data” vs. “Location, Location, Location”

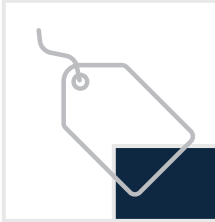


Future of CRE + Influences



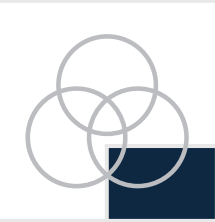
Housing Affordability

- Incremental, Creative Changes
- Public/Private working together
- Balancing Act



Pricing Opportunities

- Banks vs. Private Capital
- Access to people, utilities & transportation
- Global Influences



Back to Basics

- Importance of Asset Management
- Understand & Manage Risk
- Deal Structure & underwriting



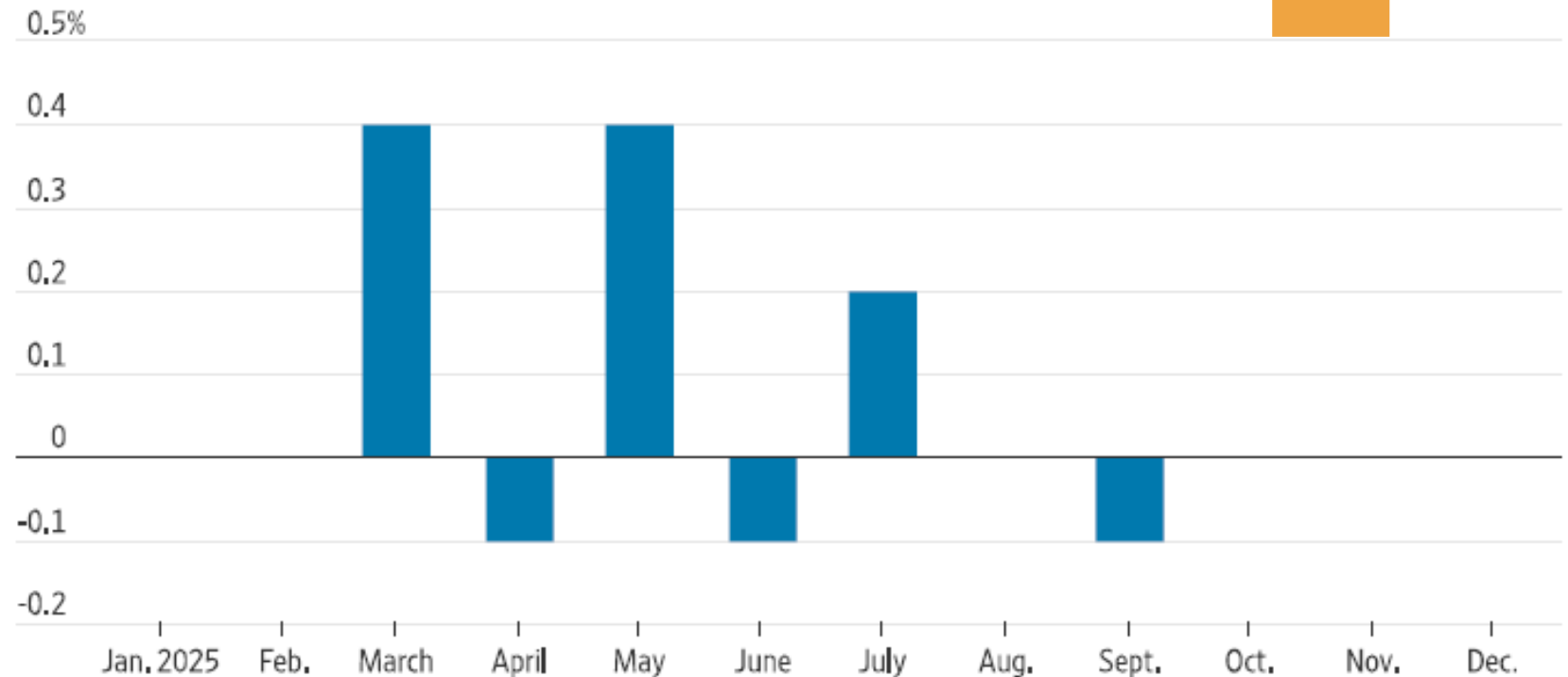
Future of CRE + Influences



Rising Costs –

- Inflation not rising, but not decreasing
- Basic costs of goods, services & higher
- Income growth has stalled
- Fiscal policy impacts

Average Hourly Earnings, Jan.-Dec. 2025



Note: The October and November 2025 data values are not available due to the 2025 lapse in appropriations.

Source: Bureau of Labor Statistics

Reference: WSJ 2026

Future of CRE + Influences

CEOs say these are the key external economic environment challenges to their businesses in 2026

	Global CEOs (%)	US CEOs (%)	Europe CEOs (%)	Asia CEOs (%)
Economic downturn/recession	35.6	34.7	32.5	36.9
Uncertainty	29.3	42.9	24.9	15.1
Tariffs	23.2	29.8	25.7	23.3
Inflation	18.7	13.9	24.3	17.2
Financial market disruptions	13.9	15.5	15.1	15.7
Energy prices	12.9	4.5	14.4	21.3
Interest rates	12.3	13.1	9.9	9.5
Exchange rates	10.9	6.1	5.9	18.8
Corporate tax rates/policy	9.0	4.1	12.5	9.2
Fiscal policy	8.8	6.9	7.6	8.3
Monetary policy	6.1	4.9	3.1	9.3
National debt/deficits	5.6	8.2	8.0	4.3
Food prices	3.8	4.1	7.5	2.8

Source: The Conference Board C-Suite Outlook 2026

Bloomberg



Future of CRE + Influences

CEOs say these are the geopolitical and security risks they expect to have the biggest negative impact on business in 2026

	Global CEOs (%)	US CEOs (%)	Europe CEOs (%)	Asia CEOs (%)
Cyberattacks	46.5	53.9	52.3	38.7
Uncertainty	45.8	49.0	37.5	40.1
Social/civil unrest	28.8	36.2	20.0	25.8
Armed conflict in Middle East	15.9	8.6	14.6	24.2
Armed conflict in Asia-Pacific	14.2	8.6	11.3	25.1
Terrorism	13.8	10.7	10.3	18.3
Armed conflict in Europe	13.6	12.3	33.1	7.8
Armed conflict in North America	6.5	7.0	3.3	8.7
Armed conflict in Africa	3.6	3.3	5.9	3.4
Armed conflict in Central/South America	2.7	2.9	4.4	1.8

Source: The Conference Board C-Suite Outlook 2026

Bloomberg



Future of CRE + Influences

CEOs say these are the social priorities they will champion to grow their businesses in 2026

	Global CEOs (%)	US CEOs (%)	Europe CEOs (%)	Asia CEOs (%)
Economic opportunity	28.9	40.1	26.1	22.3
Education	28.7	30.6	23.8	21.5
Mental health	24.2	23.9	24.5	21.3
Digital inclusion	21.9	14.0	27.6	26.1
Working conditions/worker rights	18.7	11.7	24.5	21.3
Gender equality	16.9	12.6	20.0	20.6
Natural resource management	15.7	12.2	12.6	25.0
Human rights	11.1	8.1	12.7	16.4
Disaster/humanitarian response	10.0	6.3	9.4	16.1
Not a priority	8.4	14.0	5.8	3.5

Source: The Conference Board C-Suite Outlook 2026

Bloomberg



Future of CRE + Influences + CT 2026

- Office
 - New construction at lowest level in 30 years
 - Oversupply – dealing with obsolescence
 - Class A focus - amenities
- Housing – SF & Multifamily
 - Affordability struggle & OpEx shortfalls
 - Government influences – zoning, property taxes
 - Homelessness

Housing is where the jobs go at night!



Future of CRE + Influences + CT 2026

- Retail
 - Consumer sentiment
 - “Shoppertainment”
 - Flexible & Creative Leasing - experiential
 - Rebuilding Trust with Consumers
 - "BBB" - expecting record tax refunds



Future of CRE + Influences

- Industrial/Manufacturing
 - Labor Costs remain an issue
 - Slowing consumer demand – from post-Covid peak
 - Impact of:
 - Automation
 - Changes to supply chain
 - Tariffs



Future of CRE + Influences

- Data Centers
 - Life cycle
 - Availability of utilities
 - Public opposition
 - Potential oversupply



Future of CRE + Influences

- What we're watching:
 - Developer:
 - Track record
 - Financial capacity
 - Managerial capacity
 - Success will stem from creativity & new approaches
 - AI is a tool to complement, not replace human labor
 - GDP growth greater than job growth



Future of CRE + Influences

- What we're watching:
 - National & International tensions & uncertainty
 - Fed moves this year
 - Leadership & membership
 - 2 or 3 reductions in rates
 - 75 to 100 bp reduction, maybe more?
 - Data Analytics - more important than ever
 - Risk Management & Mitigation
 - At the forefront
 - Volatility, uncertainty



Future of CRE + Influences

*While AI is a powerful tool for looking at data,
success will come from the human touch -
analysis, strategic thinking, experience, & adaptivity.*

It's interesting to see how easily we forget the lessons of history



What's Next in 2026?
Commercial Real Estate Market Forecas.

Thanks!
Questions?

Mike Goman, Principal

