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## Uncertainty About Retailers Curtails Mall Deal Activity

Growing concern about the long-term prospects for in-store retail is creating a slowdown in the sale of shopping centers.

Retail property sales in the second quarter of 2017 fell 45.9 percent year-over-year, and first-half sales are 26 percent below 2016, according to preliminary data from Real Capital Analytics. Only \$10.3 billion of retail asset sales were completed in the second quarter—the lowest quarterly total since the first quarter of 2013. Year-to-date through June, \$28.7 billion of retail properties have changed hands, down from \$47.4 billion in 2016 and \$55.2 billion in 2015, according to RCA. Sales declined in several segments of retail, led by lifestyle/power centers, single-tenant and drug stores.

Transaction volume for all of commercial real estate is down this year, falling by about 20 percent to \$177 billion in the first half of 2017, compared to \$221 billion in the first half of 2016 (see chart below). Even so, in the second quarter of 2017, shopping center deal flow fell at a rate greater than any other major asset class, fueled by concerns about the changing face of retail and whether individual tenants will be able to withstand the impact of e-commerce. More than 5,000 store closings have been announced year-to-date, putting the industry on pace to easily surpass the record set during the 2008 recession, when more than 6,000 stores closed.

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