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WHY COMMERCIAL DEBT, EQUITY ARRANGERS ARE EXCITED FOR 2026

Though wide-ranging, numerous factors are coming together and being validated in real time to boost deal volume in the new year.

By Taylor Williams

Olympic rings, Great Lakes, stages of grief, military branches and factors that point to a more robust landscape in the world of commercial debt and equity placement in 2026 — they all come in fives.

Unlike the other items in that set, however, there is room for debate as to what those five capital markets factors actually are. But according to sources, they are, in no particular order of importance:

- Rising investment sales volume, which allows for better pricing and risk assessment in the equity markets
- No shortage of deals in need of recapitalization
- Strong liquidity and competitive spreads in the debt markets

- Short-term stability in the 10-year Treasury yield

- Resilient acclimation to a new geopolitical environment

Combined, these market forces form the basis of a larger perspective that is defined by optimism — and that optimism is rooted in both qualitative observations and quantitative analysis. And so far, the expectations of at least one major industry research and advocacy organization appear to be in line with the observations of individuals interviewed for this story.

In early February, the Mortgage Bankers Association (MBA) released its 2026 Commercial Real Estate Finance Forecast report, which projected that total commercial and multifam-



Selig Enterprises recently refinanced 1105 West Peachtree, a 31-story office tower in Midtown Atlanta anchored by Google, with a \$245 million CMBS loan.

ily originations would total \$805 billion in 2026, representing a 27 percent year-over-year increase. The MBA also reports that the multifamily sector, which still accounts for a disproportionate share of commercial lending, is

expected to have a 2026 loan origination volume of about \$399 billion versus the estimated \$330 billion in 2025, a 20.8 percent increase.

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South Lake is a \$1.3 billion grocery-anchored, mixed-use development in Bowie, Md., that will total 1,600 residences, 600,000 square feet of retail and Liberty Sports Park.

METHODICAL GROWTH

The Mid-Atlantic, one of the nation's most consistently healthy retail markets, is seeing a selective approach to growth in 2026.

By Abby Cox

Retail real estate across the Mid-Atlantic is having a moment — but it's a disciplined one. As fundamentals remain healthy in Virginia, Maryland and Washington, D.C., the region is seeing a notably more selective approach to retail growth. Years of limited new development, zoning constraints and rising construction costs have tightened

supply, pushing owners, investors and municipalities to be far more intentional about what gets built — and where.

Sources interviewed for this article point to the sustained demand for well-located shopping centers, such as those anchored by strong tenants,

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METHODICAL GROWTH

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Pictured is CarMax Park, the Richmond Flying Squirrels' future Minor League Baseball stadium that will anchor the Diamond District.

daily-needs retailers and dense surrounding populations.

"Retail today is about durability," states Mike Castellitto, chief operating officer of Broad Reach Retail Partners. "Assets that serve essential, repeat-use visitors continue to outperform and attract both tenants and investors."

Shifting consumer preferences in Virginia

From Washington, D.C.'s dense suburban corridors to fast-growing secondary markets, Virginia's retail real estate landscape remains one of the Mid-Atlantic's steadiest performers.

The Commonwealth's strongest retail fundamentals are often seen in Northern Virginia and select regional hubs like metro Philadelphia, Virginia Beach and Richmond, where household income growth and population density create robust demand.

Jim Ashby, senior vice president of the Retail Services Group at Cushman & Wakefield | Thalhimer, states that greater Richmond is experiencing stable growth. The area has approximately 81 million square feet of total retail inventory.

"Limited supply is leading to a lot of demand, which is parlaying into new retail development projects being built," says Ashby.

The Diamond District, a \$2.4 billion mixed-use redevelopment project in Richmond, is transforming 67 acres of industrial land into a new, walkable neighborhood. The Richmond Flying Squirrels' new Minor League Baseball stadium, CarMax Park, anchors the destination, which will also feature 2,800 residential units, 195,000 square

feet of retail space, more than 1 million square feet of office space and a 180-room hotel.

Ashby says that the one issue facing the Richmond market is its success, which allows landlords to get a little more aggressive on rents. Asking rents are currently ranging from \$42 to \$55 per square foot in the Richmond market.

"We used to see anywhere from 2 to 3 percent for annual escalations on rent, and now many of the REITs I work with are pushing 3.5 to 4 percent," says Ashby. "There are some retailers that, unfortunately, are hamstrung in that they have nowhere to go and nowhere to relocate, so the landlords have the upper hand."

Retail vacancy in Virginia broadly remains below the national average, which is currently holding around 5 percent, according to research from CBRE. Specifically, Cushman & Wakefield reports that retail vacancy across key Virginia submarkets stayed tight in the third quarter of 2025, as Hampton Roads posted a vacancy rate near 3.9 percent, while Richmond's retail vacancy hovered around 4.4 percent. Neighborhood and small-format retail have held even tighter compared to large-format big-box spaces.

In today's market, Virginia's retail landscape has consistently reflected the broader national shift from traditional retail to necessity-based and experiential uses. But while retail centers are progressively incorporating consumer preferences that cannot be replicated online, it's no secret that high construction, financing and operating costs are significantly disrupting new retail real estate development and accelerating a shift toward rede-

velopment.

Midtown 64 is a major mixed-use redevelopment underway in Henrico County, just outside downtown Richmond. Spearheaded by Greenberg Gibbons, the \$500 million project is a repositioning of the former Genworth Financial campus that spans 46 acres and consists of 130,000 square feet of retail and restaurant space, as well as 1,000 apartments, 194 townhomes, up to 300,000 square feet of office space and a 226-room dual-branded hotel. The first components of Midtown 64 are expected to open in early 2028.

Rising interest rates have made financing ground-up projects more expensive and riskier, while higher costs for labor, materials and permitting have squeezed project margins and made it harder for developers to achieve acceptable returns.

Nathan Shor, senior vice president of S.L. Nusbaum Realty Co., recounts that the shortage of quality sites, site development costs and construction costs are making some projects pencil at nearly 25 percent higher rents than they can potentially sustain for the long run; therefore, many developers are focusing on grocery-anchored, open-air mixed-use centers rather than speculative, large-format retail projects.

"In the case of grocery, the increase is directly related to the nature or concept of the grocer, with Trader Joe's-, Wegmans-, Whole Foods Market- and Publix-anchored centers leading the pack," says Gerald Divaris, chairman and CEO of Divaris Real Estate.

Notable examples include developments like the Wegmans-anchored West Broad Marketplace, a nearly 400,000-square-foot power center in

Short Pump, roughly 10 miles west of downtown Richmond, which mixes convenience with experiential offerings. Completed in 2017, the center is home to a mix of tenants including T.J. Maxx, Cabela's, Michaels, Verizon, Visionworks, Mattress Firm and Conte's Bike Shop. As of mid-2025 reporting, the center's overall occupancy rate was in the high 90s range.

Main Street Homes is developing another mixed-use, grocery-anchored development named Cosby Village, which is situated on the western outskirts of Richmond in Chesterfield County. With a Publix grocery store at the heart of the property, the 68-acre project is being designed as a live-work-play community that blends residential, retail, restaurant and office uses.

Divaris adds that hospitality, entertainment and soft goods retailers are also expanding, and brands such as Bed Bath & Beyond, Toys "R" Us and Barnes & Noble have refreshed their concepts and added to the overall demand for space.

Similarly to Divaris' experience, Ashby of Thalhimer highlights the expansion of Publix and Trader Joe's, as well as the introduction of Sprouts Farmers Market, to the Richmond region.

Active leasing in Virginia has often included specialty fitness tenants like Bar Method, Pure Barre, Club Pilates and the Jennifer Aniston-backed Pvolve brand, as well as pet-related concepts like urgent veterinary clinics and high-end grooming salons. The TJX Cos. and restaurant groups like Sweet Green, Chopt and Shake Shack are also gaining traction.

On the more boutique front, new eateries in Richmond's Forest Hill neighborhood include Lafayette Tavern, Thai Boat, The Brooklyn, Big Bamboo Asian + Teq Bar, DreamHaus, Sub Rosa's reopening and Väsen Brewing Co. + Kobop.

"I do think Richmond is becoming a 'foodie' town. We've got some really great restaurateurs, who, over the years, have accumulated 10 to 15 restaurants each. As a result of their success, we're seeing a lot of regional concepts looking in the market," says Ashby.

Ashby says many national landlords choose Richmond because of its proximity to the nation's capital, its relatively healthy retail market, low vacancy and opportunity for rent growth.

"The cost of living here is very affordable, and there is a lot of demand for investors to be in the Richmond market; that's going to continue given all the variables we have going for us with great employment, and good transportation systems, hospitals and universities."

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