



## VIDEO

## Expanding Discount and Off-Price Retailers Drive Leasing

A Look at the Year's Top 10 Retailers That Leased the Most New Space in 2022



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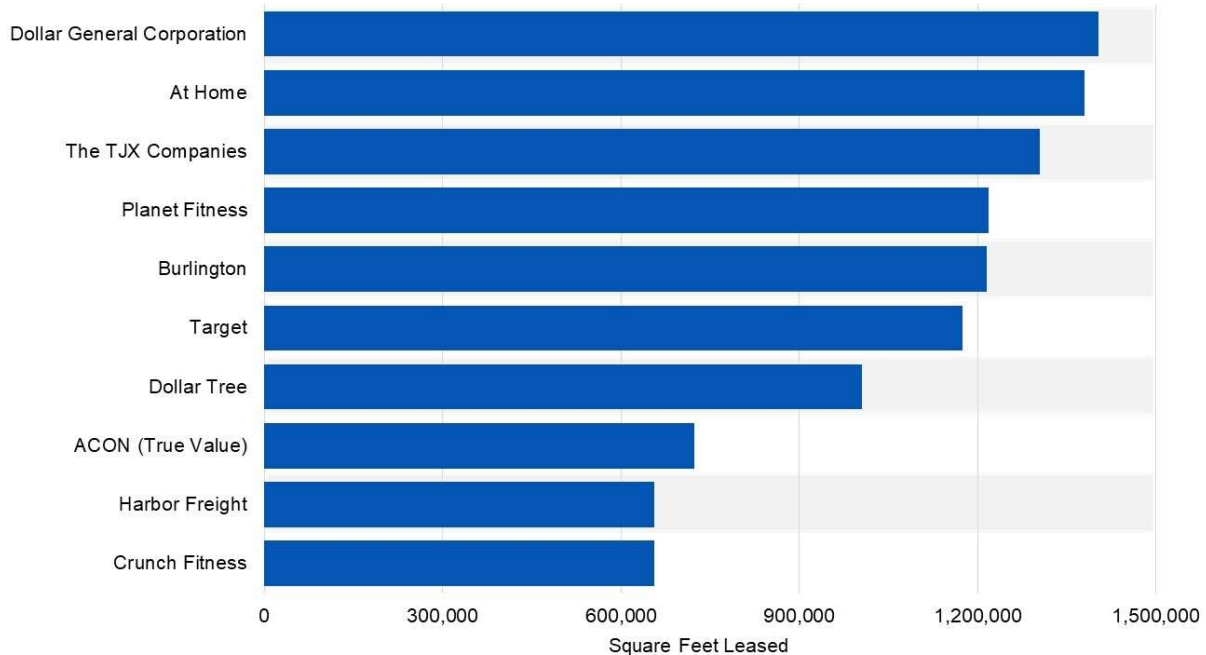
CoStar Analytics

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Despite inflationary pressures and growing concerns of an impending recession, retail tenants leased more than 250 million square feet in new leases across the U.S. in 2022. The activity was driven by tenants across an array of sectors, including food and beverage, experiential, discount, off-price and home goods and improvement.

Of the 10 tenants that signed for the most new space in 2022, excluding renewals, three were in the home goods or improvement sectors, while there were two tenants each from the discount, off-price apparel and fitness sectors.

## Retailers Signing for Most New Space in 2022



Source: CoStar, March 2023



Leading the new lease activity in 2022 was discounter Dollar General, which signed for over 1.4 million square feet during the year. Supported by the rapid growth of its new pOpshelf brand, Dollar General should remain at, or near the top of the list again in 2023 based on their recently announced plans [calling for 1,050 store openings this year](#).

Discount stores appear well positioned for further growth in the year ahead, as consumers continue to seek out value to minimize inflationary pressures. The other discounter to make the top 10 for new leasing in 2022, Dollar Tree, is also expanding rapidly across the country. Building upon a boost in profitability resulting from price increases and a shift towards higher-cost merchandise, Dollar Tree is planning to open 650 new stores in 2023.

Similarly, TJ Maxx and Burlington, both of which made the top five for new retail leasing activity in 2022 are also expected to capitalize on the pivot on the part of consumers to value shopping. With their inventory levels now back to full strength, both TJ Maxx and Burlington are eyeing continued expansion in the year ahead. TJ Maxx recently announced plans for 150 new stores while Burlington plans to open 75 net new stores in 2023.

Another retail sector that saw significant growth in 2022 was home goods and improvement, which accounted for three of the top 10 lessees during the year. Leading the charge was At Home, which signed for nearly 1.4 million square feet of space, second most of all tenants in the country. Also making the top 10 were hardware and tool retailers True Value and Harbor Freight Tools, both of which accounted for over 650,000 square feet of leased space during the year.

Both the home goods and home improvement sectors benefited from the strong housing market during the pandemic. However, with home sales decelerating on the back of deteriorating affordability and limited for-sale supply, housing-dependent retail sectors are starting to soften. Consumer appetite for housing goods will bear watching in the year ahead, as a more considerable downshift in retailer sales could weigh on near-term expansion plans.