

Features

ICSC Las Vegas Preview: 'Frictional Leasing' Reshapes Hunt for Prime Retail Space

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LAS VEGAS—As the retail real estate industry prepares to descend at ICSC Las Vegas 2026 next week, one theme is already emerging from conversations with brokers, landlords and retail advisors: competition for premier storefronts has become so intense that brands are no longer waiting for vacancies to appear.

Instead, they are actively trying to create them by taking a proactive approach.

According to Charlie Koniver, partner at Odyssey Retail Advisors, the industry is witnessing the rise of what he calls "frictional leasing," a trend that reflects just how constrained the high street retail market has become across North America.

"We're seeing a rise in what we call frictional leasing, where brands are actively pursuing space that isn't technically available," Koniver tells GlobeSt.com.

"Instead of waiting for vacancies, tenants are targeting occupied storefronts and working with landlords to negotiate early exits or structure subleases to gain access to the right locations."

The trend underscores the fierce competition for flagship retail space in premier corridors, where post-pandemic leasing momentum has dramatically tightened availability. Retailers eager to secure high-profile locations are increasingly forced to pursue unconventional deal structures simply to gain entry into the market.

Koniver said the pressure is especially acute in globally recognized luxury and high-traffic shopping districts, including Fifth Avenue in Manhattan and Rodeo Drive in Beverly Hills.

"In markets like Fifth Avenue, where availability is at historic lows and rents are among the highest globally, as well as corridors like SoHo, Madison Avenue, and Rodeo Drive, demand continues to outpace supply," he said.

The imbalance between supply and demand is not only driving rents higher but also fundamentally changing how transactions are negotiated. For brands seeking flagship positioning, securing space increasingly requires aggressive outreach, flexibility and creative structuring.

Industry executives heading into ICSC are expected to focus heavily on the broader implications of constrained supply, particularly as retailers continue expanding despite limited new development. While some availability could emerge from isolated store closures later this year, Koniver believes the overall landscape will remain exceptionally tight.

"Availability will likely remain tight given limited new development and long-term lease structures," he said. "While there may be some incremental supply from isolated closures, it won't materially change the landscape."

That reality is expected to keep "frictional leasing" at the center of high street retail conversations throughout the remainder of 2026.

"As a result, frictional leasing will continue to define how deals get done," Koniver said, "with brands needing to be more proactive, creative, and flexible to secure space in the right markets."

For attendees heading to Las Vegas next week, the message is clear: in today's premier retail corridors, the battle for space is no longer about waiting for opportunity — it's about manufacturing it.

Check back with GlobeSt.com for more as we lead up to the event and check out the stories below you might have missed.