

MARKETBEAT RETAIL SNAPSHOT

OMAHA, NE

A Cushman & Wakefield Research Publication

Q2 2015



ECONOMIC OVERVIEW

Omaha's unemployment rate lowered from Q1 2015 at 3.1% to 2.6% in Q2. Omaha consistently performs better than the national average – currently at 5.5%. Consumer confidence in the Midwest attributes to a

strong and ever expanding local economy, making this low unemployment rate an unlikely issue at this time. The Omaha retail market experienced positive absorption to improve an already very low vacancy rate. Year-to-date vacancy rate across all retail is 7.0% - a record low, down from 8.1% at the end of 2014. The Omaha retail market experienced positive absorption of approximately 69,000 square feet (sf) in Q2 2015.

RETAIL MARKET OVERVIEW

This positive absorption was mainly due to the sale of a 10,000-sf strip center to StoneBridge Christian Church for single tenant repurposing. Sterling Ridge also obtained mixed uses totaling approximately 9,700 sf in the Southwest submarket. The South Central submarket contributed to this positive absorption with Backwoods and Portal Lan Arcade. Long School Marketplace added a call center of over 9,000 sf and Victoria's Secret opened a new 8,000-sf location at Village Pointe on the West Dodge Corridor. A few notable vacancies created by Infinity Wellness, Da Vita, Ingredient, School Supplies, and Dollar General to name a few kept absorption from achieving an even higher rate.

Power Centers reported the lowest vacancy rate this quarter at 0.7% across the various types of real estate. The rest of the market also remains healthy at 8% to 10%. The large positive net absorption this quarter was mainly in convenience/strip centers with neighborhood centers posting negative absorption. Overall, the Omaha retail segments and submarkets continue to show stability.

Landlords are still recording good rent increases in comparison to Q4 2014 at \$12.86 per square foot (psf), with a very slight decrease in weighted average asking rental rates - decreasing by \$0.07 psf from Q1 2015 to Q2 2015 rate of \$13.12 psf.

OUTLOOK

We expect continued positive absorption and rental rates to remain flat or increase slightly as we look toward year-end 2015. Of the approximate 3 million square feet vacant, over 65% of that is attributed to Community and Neighborhood Centers located in North and South Central, Sarpy West and Council Bluffs Submarkets. Future leasing activity will come from local operators and small regional users for the above mentioned centers.

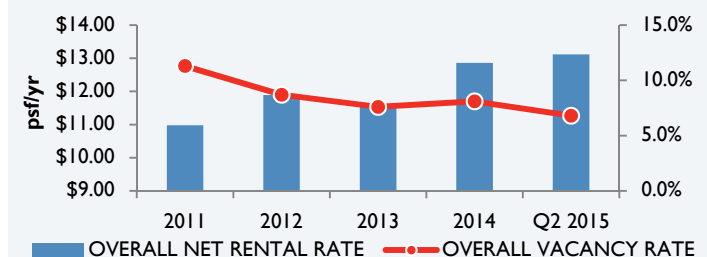
Developers are continuing to build small strip centers throughout the city on major West Omaha corridors to provide additional inventory affecting the South Central, West Dodge Corridor and Northwest submarkets. Small fitness and health food concepts are still aggressively entering the market. Franchisee driven businesses, chiropractic and fast casual food retailers are still growing. Notable big-box user Ross Dress for Less is entering the market with the potential for three to five locations.

ECONOMIC INDICATORS

NATIONAL	2014	2015F	2016F
GDP Growth	2.4%	2.4%	3.0%
CPI Growth	1.6%	0.4%	2.7%
Consumer Spending Growth	2.5%	3.4%	3.8%
Retail Sales Growth	3.8%	2.8%	5.6%
REGIONAL	2014	2015F	2016F
Household Income	\$56,371	\$57,525	\$58,845
Population Growth	1.0%	0.9%	1.0%
Unemployment	3.7%	3.0%	3.0%

Source: Moody's Analytics

OVERALL RENTAL VS. VACANCY RATES



Source: Xceligent