

MARKETBEAT

Retail Snapshot Q4 2015

Omaha



ECONOMIC INDICATORS

National

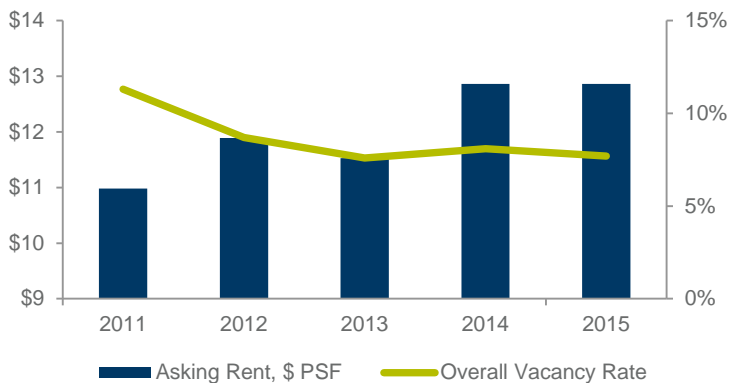
	2014	2015	12-Month Forecast
GDP Growth	2.4%	2.4%	▼
CPI Growth	1.6%	0.1%	▲
Consumer Spending Growth	2.7%	3.1%	▲
Retail Sales Growth	3.9%	2.2%	▲

Regional

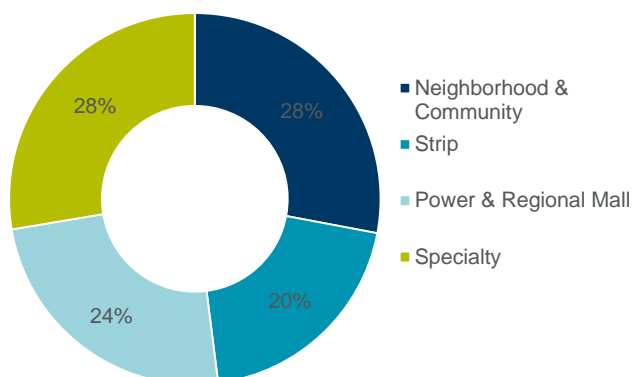
	2014	2015	12-Month Forecast
Household Income	\$57,527	\$60,568	▼
Population Growth	1.0%	1.0%	▲
Unemployment	3.0%	3.0%	■

Source: Moody's Analytics

Rental Rate vs. Overall Vacancy



Availability by Type



Economy

Omaha's unemployment rate for Q4 2015 is 2.8% down slightly from 3.1% reported in Q4 2014. Omaha consistently performs better than the national average – currently at 5.0%. The Midwest continues to exhibit high local growth and consumer confidence with low gas prices and stronger wage growth. The local economy has been flourishing with new construction on the rise over previous years. The Omaha retail market experienced positive absorption of approximately 64,000 square feet (sf) in 2015. Q4 2015 vacancy rates across all retail is down marginally at 7.7% from the reported 8.0% at the end of Q4 2014.

Market Overview

The positive absorption was mainly due to the tenancy of Fresh Thyme (38,000 sf) in the Southwest submarket. Galleria Shopping Center in the same submarket expanded by obtaining an out lot building totaling approximately 15,600 sf, leased to a bank and a hair salon-suites concept. Sarpy County submarket added to this absorption number with new construction of a 10,800-sf building occupied by Boot Barn and a 14,600-sf vacancy re-tenanted by Southridge Church. The new Pacific Life building in the South Central submarket added 14,500 sf of retail to its lower level and construction was completed at the Shoppes at West Village Pointe, adding another 12,400 sf of mixed-use tenants to the West Dodge Corridor submarket. A few vacancies kept absorption from reaching an even higher rate as two No Frills grocer locations closed.

Power Centers reported the lowest vacancy rate of 0.6% across the various types of real estate. The rest of the retail types showed 9% to 12% vacancy rates, which did not change much from Q3 2015. The largest absorption year-to-date was in convenience/strip and power centers, with regional centers reporting negative absorption that is consistent with the national trends of "right sizing". Overall, the Omaha retail segments and submarkets remain stable year to date 2015.

Landlords are recording slightly lower weighted average rental rates in comparison to Q4 2014 – decreasing by \$0.33 per square foot (psf) to \$12.86 psf.

Outlook

Overall the Omaha Retail Market is healthy. Developers are continuing to build convenient/strip centers to accommodate the tenants looking for smaller square footages. i.e. healthy food concepts, service operators, fast casual dining, fitness and non-traditional office users. Power Centers thrive and seldom have vacancy indicating a stable market. Omaha looks to continued positive growth in the 2016 retail market.

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SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL CURRENT NET ABSORPTION (SF)	OVERALL YTD NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (NNN)
Sarpy West	64	3,361,907	11.2%	30,590	40,305	60,400	\$10.29
Sarpy East/Bellevue	57	2,144,743	4.4%	581	14,154	7,400	\$11.08
Southwest	164	8,438,552	6.0%	20,512	51,017	45,297	\$14.25
South Central	97	5,784,044	4.9%	35,659	200,298	21,979	\$13.88
West Dodge Corridor	33	2,162,885	7.3%	19,912	20,895	0	\$12.37
East	81	2,498,475	5.9%	(57,825)	(30,222)	0	\$12.05
Northwest	76	3,118,644	7.9%	12,141	51,371	195,880	\$13.23
Council Bluffs	55	3,628,985	16.8%	6,613	207,590	17,980	\$12.59
North Central	41	2,354,209	6.2%	2,944	103	0	\$11.09
OMAHA TOTALS	668	33,492,444	7.6%	71,127	555,511	348,936	\$12.88

*Rental rates reflect gross asking \$psf/year

MARKET SEGMENT	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL CURRENT NET ABSORPTION (SF)	OVERALL YTD NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (NNN)
Conv/Strip Center	320	4,973,207	9.9%	101,880	274,533	210,716	\$13.44
Neighborhood/Community Center	123	7,652,930	9.6%	(65,754)	38,447	84,240	\$13.69
Community Center (Specialty)	34	6,300,433	10.1%	20,877	75,084	6,000	\$15.63
Power Center	177	9,472,379	0.6%	10,800	195,853	47,980	\$10.83
Regional Center	14	5,093,495	12.8%	3,324	(28,406)	0	\$18.00

Key Lease Transactions 2015

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
Heritage Plaza – 115-335 N 76 th Street	40,460	Best Buy	New	South Central
Baker Square – 13215-13483 W Center Rd	38,194	Fresh Thyme	New	Southwest
Brentwood Square – 8000 S 84 th Street	23,500	Planet Fitness	New	Sarpy West
Applewood Centre – 9707-9751 Q Street	19,125	Hand Me Ups	New	South Central

Key Sales Transactions 2015

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
Lowe's – 8707 S 71 st Plaza	256,116	Spirit MT Papillion NE LLC / Ireit Papillion Market Pointe LLC	\$27,400,000 / \$107	Sarpy West
Whispering Ridge – 16959-17035 Evans Plaza	69,543	KRG Omaha Whispering Ridge LLC/RE Income Omaha Whispering Ridge LLC	\$15,802,933 / \$227	Northwest
Brandeis Building – 210 S 16 th Street	346,277	Wintergreen Real Estate Holding / SRE TAB Brandeis LLC	\$15,000,000 / \$43	East
One Pacific Place – 10305-10387 Pacific Street	91,537	Spirit Mt Omaha NE LLC / BR RCP One Pacific Place LLC	\$14,875,000 / \$163	South Central

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