

# MARKETBEAT

# Retail Snapshot Q2 2017

Omaha



## ECONOMIC INDICATORS

### National

	Q2 2016	Q2 2017	12-Month Forecast
GDP Growth	1.3%	2.3%	▲
CPI Growth	1.1%	1.9%	▲
Consumer Spending Growth	2.7%	2.7%	▼
Retail Sales Growth	2.2%	4.0%	■

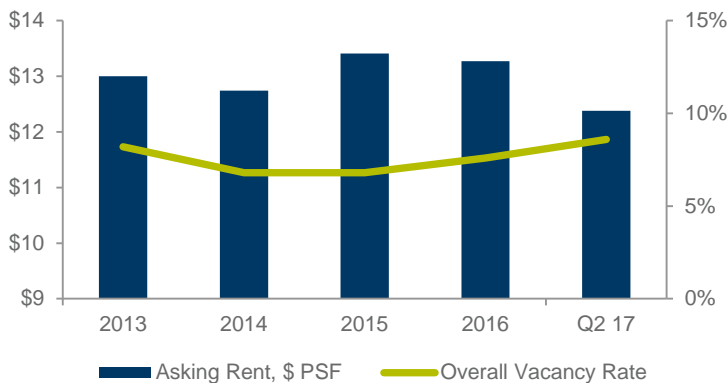
\*Forecast by Cushman & Wakefield. Values represent year-over-year % change.

### Regional

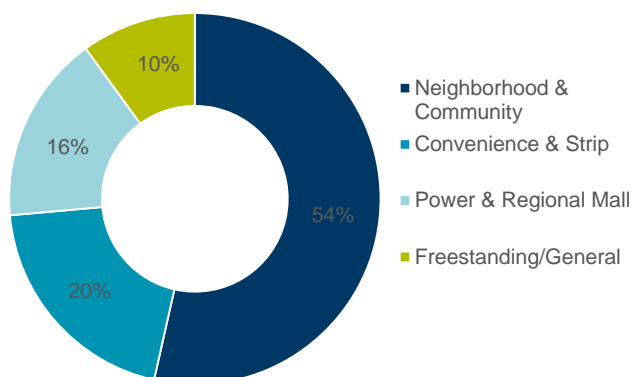
	Q2 2016	Q2 2017	12-Month Forecast
Household Income	\$62,925	\$63,210	▲
Population Growth	1.01%	0.88%	▲
Unemployment	3.3%	3.0%	▼

Source: Moody's Analytics

## Rental Rate vs. Overall Vacancy



## Availability by Type



## Economy

The Omaha economy reported stable conditions with low unemployment (3.0%) and growth in job creation, over 8,100 jobs in the past year. The Omaha retail market absorbed negative 36,373 square feet (sf) in the second quarter of 2017. The vacancy rate slightly increased this quarter to 8.6%, up 0.7 percentage point from this time last year. The nation-wide store closures over the past year has lead to this increase in vacancy.

## Market Overview

This year is proving to be a year of fluctuation for the Omaha retail market. While there are many vacant big and junior boxes, there are also numerous new construction developments that will be delivered this year. The Omaha retail market is fighting to fill these big box stores that continue to come on the market. There were an additional five closures in Q2 2017. Gordmans, an Omaha-based retailer, announced bankruptcy earlier this year and closed four Omaha stores. However, these big boxes are starting to get re-leased though. Ross Dress for Less, a new retailer to Omaha, has already signed two new leases and is known to be actively looking for more locations. As Aldi puts into motion its plan to compete as a top grocer, they've added their seventh store to the market and will be a co-tenant to Ross. Big box landlords have arranged temporary leases with furniture stores while they look for long-term tenants. One of these "pop-up" stores, The Rush Market, has been successful in a vacant grocer along the West Dodge Corridor. They are actively looking for a permanent space.

There are developments under way in Omaha that will change the retail landscape. The most prominent of these is the Capitol District. This will be the first development in Omaha to be classified as an Entertainment District. It will feature 90,000 sf of retail, a Marriott hotel and 200+ apartment units, all centered around a courtyard. Just across the street another development, Capitol Place, will add 28,000 sf of first floor retail and 70+ high-end apartment units above. Further west in the Omaha metro are developments that are quickly leasing up. In the Southwest submarket, Pacific Pointe Village added 15 retail tenants in the last year and 12,052 sf of absorption in Q2 2017 alone.

## Outlook

The Omaha retail market is working to prove that it will bounce back from the nation-wide trend of retail closures. With its continued new development in numerous submarkets of the city, the future of Omaha's retail market looks bright.

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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	70	3,185,321	8.4%	-26,350	-12,548	0	\$17.23
Sarpy East/Bellevue	57	2,148,472	4.8%	-23,251	-13,482	21,785	\$10.66
Southwest	181	8,606,863	8.6%	46,435	139,738	21,280	\$12.22
South Central	106	6,002,658	6.6%	48,195	47,518	23,614	\$14.48
West Dodge Corridor	31	2,133,632	7.8%	-468	-10,671	0	\$11.89
East	83	2,542,757	8.5%	547	-6,487	48,946	\$12.58
Northwest	87	3,154,560	7.6%	-43,148	13,221	0	\$14.02
Council Bluffs	56	3,661,869	10.0%	7,578	10,245	0	\$15.71
North Central	44	2,470,614	17.8%	-45,911	-218,405	0	\$7.02
<b>OMAHA TOTALS</b>	<b>715</b>	<b>33,906,746</b>	<b>8.6%</b>	<b>-36,373</b>	<b>-50,871</b>	<b>115,625</b>	<b>\$12.38</b>

\*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	351	5,319,846	11.2%	45,464	43,429	43,065	\$14.54
Neighborhood/Community Center	157	13,850,249	10.8%	-143,754	5,807	72,560	\$12.85
Freestanding/General (Specialty)	185	8,871,914	3.5%	86,662	-63,979	0	\$7.12
Regional/Power Center	22	5,864,737	9.0%	-24,745	-36,128	0	\$15.59

### Key Lease Transactions Q2 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
Frederick Square – 2910-3020 S 84 <sup>th</sup> St.	35,097	Children's Home Healthcare	New	South Central
885 S 72 <sup>nd</sup> Street	24,486	Aldi	New	South Central
Nebraska Crossing Outlets – 14333 S Hwy 31	24,000	H&M	New	Southwest
885 S 72 <sup>nd</sup> Street	18,482	Ross Dress for Less	New	South Central

### Key Sales Transactions Q2 2017

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
10808 Fort Street	69,912	10808 Fort St Omaha LLC / Cole Credit Property Trust V	\$10,480,000 / \$150	Northwest
7120-7148 Pacific Street	17,444	Broncos Land Co / Kum & Go	\$3,470,000 / \$199	South Central
301 N 175 <sup>th</sup> Street	7,184	Red Development / Todd Schneidewind	\$2,615,000 / \$364	West Dodge Corridor
Gretna Plaza – 216 Enterprise Dr.	6,085	H&W Land Development Co / B Group Investments LLC	\$685,000 / \$113	Southwest

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