

MARKETBEAT

Retail Snapshot Q4 2016

Omaha



CUSHMAN & WAKEFIELD

LUND COMPANY

ECONOMIC INDICATORS

National

	Q4 15	Q4 16*	12-Month Forecast*
GDP Growth	1.9%	1.8%	▲
CPI Growth	0.4%	1.6%	▲
Consumer Spending Growth	2.6%	2.8%	▼
Retail Sales Growth	2.0%	4.0%	▲

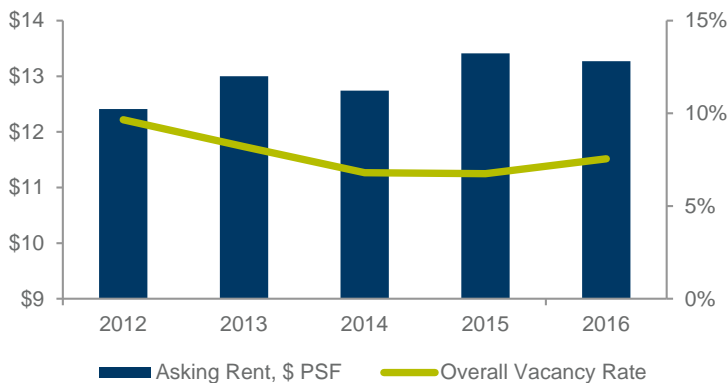
*Forecast by Cushman & Wakefield

Regional

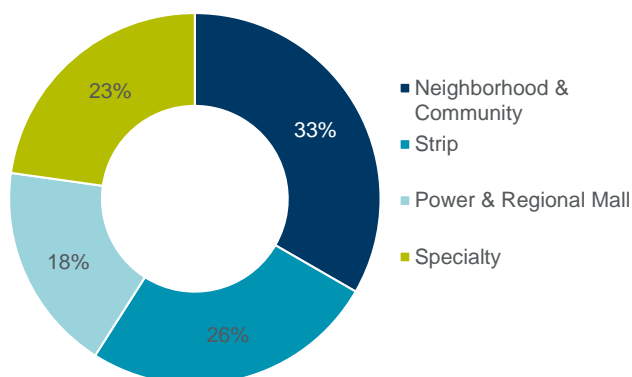
	Q4 15	Q4 16*	12-Month Forecast
Household Income	\$62,042	\$63,738	▲
Population Growth	1.02%	0.89%	▲
Unemployment	3.2%	3.2%	▼

Source: Moody's Analytics

Rental Rate vs. Overall Vacancy



Availability by Type



Economy

The Omaha economy looks ahead to even more growth as the unemployment rate remained low at 3.2%, and the median household income increased to \$63,738. The retail market growth did not come without its challenges, as 2016 reported negative net absorption of 18,867 square feet (SF). The final quarter rebounded nicely reporting a positive net absorption of 123,719 SF.

Market Overview

The Sarpy West submarket made headlines in the fourth quarter with the opening of a 154,000-SF Costco store. This submarket has continued to show its strength not only by the declining vacancy rate, but by also commanding some of the highest average asking rents among submarkets. A multi-sports complex, hotels, and additional retail projects are planned for Sarpy West in 2017.

The increased vacancy rate should come as no surprise. The Omaha market was affected by the national trend of over 4,000 major closures in 2016. National retail closures to hit Omaha included Sports Authority, Kmart, Hancock Fabrics, Office Max and several grocers. Landlords are now faced with the decision to attempt to backfill with another big-box tenant or demise the vacancy into separate bays. Omaha landlords have reported success in demising former big-box stores and grocers to keep up with the trend of "right-sizing" and downsizing.

Outlook

The Omaha retail market will benefit from many developments that are planned and under construction. In 2017, Downtown Omaha will welcome two new mixed-use projects, The Capitol District and The Yard. Several other developments have been discussed for the Downtown and surrounding area. Developers in the Northwest submarket, which has been very active over the last two years, hope to break ground on even more retail and mixed-use projects in the coming year. The West Dodge Corridor announced plans for a mixed-use development with retail space that should prove very attractive to tenants due to location. The Southwest submarket anticipates the largest square footage of retail delivery in 2017, approximately 88,000 SF. The majority of this new construction will be neighborhood and convenience strip centers to keep up with the growing housing and school developments in the area.

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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	3,131,728	7.1%	155,339	208,925	38,713	\$15.36
Sarpy East/Bellevue	57	2,148,472	4.2%	-677	1,754	21,712	\$10.39
Southwest	165	8,571,249	9.1%	-7,809	-177,307	87,948	\$12.33
South Central	105	5,991,695	6.7%	-57,893	-83,749	5,000	\$13.62
West Dodge Corridor	31	2,133,632	7.3%	-3,370	4,502	0	\$13.99
East	82	2,537,418	8.0%	-31,897	-47,947	75,882	\$12.89
Northwest	86	3,140,405	7.3%	-13,536	118,582	19,155	\$15.79
Council Bluffs	55	3,651,975	10.0%	53,716	16,479	9,835	\$14.32
North Central	44	2,470,614	8.7%	29,846	-60,106	0	\$10.87
OMAHA TOTALS	689	33,777,188	7.9%	123,719	-18,867	258,245	\$13.05

*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	394	11,975,673	5.2%	190,982	217,109	102,116	\$13.26
Neighborhood/Community Center	123	7,577,118	12.4%	-84,008	-112,866	75,394	\$12.78
Community Center (Specialty)	33	6,069,541	9.2%	33,488	-85,442	21,500	\$12.69
Power Center	125	3,061,361	3.9%	-22,44	-18,244	9,835	\$14.63
Regional Center	14	5,093,495	8.1%	5,701	-19,424	49,400	\$18.00

Key Lease Transactions 4Q 2016

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
12515 Portside Parkway	154,000	Costco	New	Sarpy West
The Marketplace – Council Bluffs	30,000	VF Outlet	New	Council Bluffs
The Marketplace – Council Bluffs	17,640	Party City	New	Council Bluffs
Plaza Q 36	15,960	H & M Trucking	New	East

Key Sales Transactions 4Q 2016

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
L Street Marketplace	439,542	Tabani Group / Westport Capital	\$23,000,000 / \$52	Southwest
West Grayhawk	93,136	Royce Grayhawk, LLC / Lumax Realty Corp & Tomlin Development Corp	\$20,800,000 / \$223	Northwest
Sorensen Park Plaza	485,279	Kimco / Proton PRC, Ltd	\$6,000,000 / \$12	North Central
Elk Ridge Plaza	20,353	Unknown / Balance Properties, LLC	\$2,165,000 / \$106	Northwest

The Lund Company
450 Regency Parkway,
Suite 200
Omaha, NE 68114-3764
cushmanwakefield.com

For more information, contact:
Holly Jones
Director of Retail Services
Tel: +1 402 548 4038
hjones@lundco.com

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