

# MARKETBEAT

## Retail Snapshot Q2 2018

Omaha



### ECONOMIC INDICATORS

#### National

	Q2 2017	Q2 2018*	12-Month Forecast**
GDP Growth	2.2%	3.0%	▲
CPI Growth	1.9%	2.8%	▲
Consumer Spending Growth	2.7%	2.5%	▲
Retail Sales Growth	4.3%	5.3%	▲

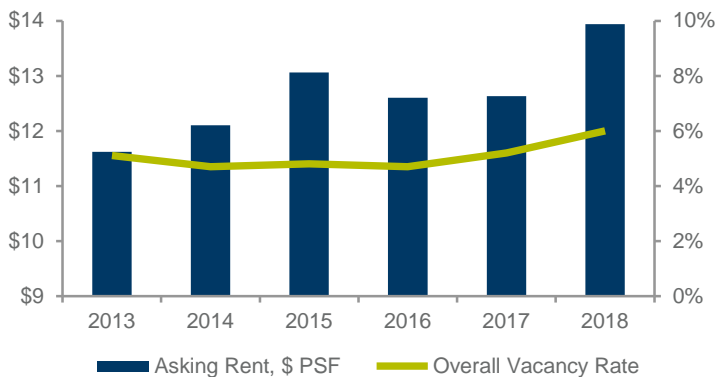
\*Q2 18 Estimates. Values represent year-over-year % change.  
\*\* Forecast by Cushman & Wakefield.

#### Regional

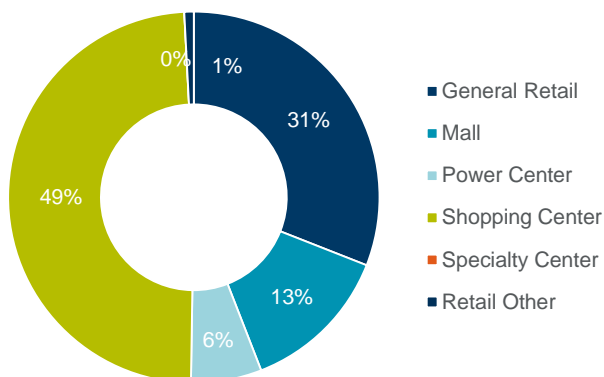
	Q2 2017	Q2 2018	12-Month Forecast
Household Income	\$62,816	\$64,242	▲
Population Growth	933,320	941,960	▲
Unemployment	3.0%	2.9%	▼

Source: Moody's Analytics  
\*Historical data differences due to change of data provider from Xcelligent to Costar

### Rental Rate vs. Overall Vacancy



### Availability by Type



### Economy

The Omaha MSA unemployment rate dropped to 2.9% in the second quarter of 2018, and the local economy added 5,100 jobs year-over-year. The low unemployment rate continues to signal a tight labor market, which brings some concern. Employers face the challenge of filling open positions with a much smaller talent pool to choose from. In an attempt to attract qualified job candidates, they may have to offer more money than in the past. In addition to employers increasing their competitive offering wages, they may have to provide pay increases to existing employees to retain them.

### Market Overview

The Omaha retail market closed the second quarter of 2018 with 44,477 square feet (sf) of positive absorption, for a total of 77,255 sf of absorption year-to-date (ytd). Despite the turbulence caused by the evolution in the retail industry over the last couple of years, growth in the Omaha market remains stable. Nationally, the retail conditions haven't been as favorable. According to REIS, mall vacancies are at their highest since 2011. The largest contributor to the vacancy increase was Toys R Us. The iconic toy retailer filed for bankruptcy in September 2017, with plans to consolidate by closing half of their locations. In March 2018, they announced that they would instead be liquidating all U.S. stores. Each of their 735 locations were vacated by June. The Omaha metro isn't immune to the disruption in the retail industry, but landlords and building owners proactively working to minimize the impact. Multiple big-box retailers such as Shopko, Office Max, Gordmans, Hy-Vee, Younkers, Sears and Toys R Us have announced local store closures from 2017 to 2018. However, repurposing the vacancies and backfilling space with non-traditional users have allowed the market to remain stable. Off-price retailers TJ Maxx, HomeGoods, Burlington Coat Factory, Ross and Sierra Trading have also added new stores, boosting growth in the local economy.

### Outlook

Many retailers have announced liquidation plans and will vacate sizable amounts of space before year-end. The negative absorption from these large blocks of space coming online will likely be offset by occupancy in construction deliveries and new leases. Though absorption is expected to remain positive, the market may see a fluctuation in the vacancy rate as new speculative construction is delivered.

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CUSHMAN & WAKEFIELD

LUND COMPANY

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	71	807,158	3.9%	0	7,360	13,800	\$19.11
Sarpy East	521	7,347,024	5.6%	-21,786	-20,114	665,685	\$13.30
Southwest	645	12,105,785	7.0%	33,471	22,010	41,513	\$13.57
South Central	198	2,277,011	3.8%	5,250	6,758	0	\$10.33
West Dodge Corridor	130	3,107,262	2.2%	-4,075	5,290	0	\$14.31
Downtown Omaha	299	2,814,461	6.6%	65	-19,952	247,769	\$20.09
Northeast	564	2,946,953	2.5%	10,760	7,017	10,000	\$11.46
Southeast	586	3,625,721	5.8%	2,988	17,867	0	\$10.20
Northwest	322	4,418,520	6.1%	14,115	38,634	68,848	\$15.11
Council Bluffs	260	6,184,400	7.2%	-10,838	26,088	0	\$15.13
Downtown Council Bluffs	249	2,000,597	15.2%	-2,602	-74,904	0	\$13.80
Central	638	8,862,822	3.9%	21,443	21,210	28,800	\$14.21
North Central	263	3,329,200	8.5%	-4,314	39,991	0	\$10.54
<b>OMAHA TOTALS</b>	<b>4,746</b>	<b>59,826,914</b>	<b>6.0%</b>	<b>44,477</b>	<b>77,255</b>	<b>1,076,415</b>	<b>\$13.94</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)
General Retail	3,710	31,280,922	3.5%	14,684	4,450	1,048,431	\$15.44
Mall	8	6,155,586	7.3%	0	25,693	0	\$22.10
Power Center	10	4,216,710	5.4%	61,598	96,629	0	\$16.41
Shopping Center	395	17,584,873	10.0%	-14,220	-60,711	27,984	\$0.00
Specialty	1	377,736	0.0%	0	0	0	\$12.57
Retail Other	622	211,087	13.3%	-17,615	11,194	0	\$17.12

### Key Lease Transactions Q2 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
225 N 170 <sup>th</sup> St	24,000	Woodhouse Bentley	New	West Dodge Corridor
12500 K Plaza	22,830	Ross Dress for Less	New	Southwest
13450 W Maple Rd	19,650	Sierra Trading Post	New	Northwest
5101 S 36 <sup>th</sup> St	14,886	Isla del Mar Restaurante	New	Southeast

### Key Sales Transactions Q2 2018

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
12240 L Street	12,655	T L Street Marketplace Pads NE, LLC / Pudami Omaha NE LLC	\$3,775,000 / \$298	Southwest
18111 Q St	13,320	Venteicher George W Etal / J D Heieskell & Co	\$2,200,000 / \$165	Southwest
320-338 N 115th	18,780	Five Pillars Properties LLC / El Jamal Properties LLC	\$950,000 / \$51	West Dodge Corridor
502 W Mission Rd	2,299	Dillion Real Estate Co / Kwik Shop Inc	\$790,000 / \$344	Sarpy East

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