

MARKETBEAT

Omaha

Retail Q2 2019



CUSHMAN & WAKEFIELD

LUND COMPANY

ECONOMIC INDICATORS

National

	Q2 18	Q2 19	12-Month Forecast
GDP Growth	2.9%	2.6%	▼
CPI Growth	2.7%	1.8%	▲
Consumer Spending Growth	4.7%	4.5%	▼
Retail Sales Growth	5.6%	3.3%	▼

2019 Q2 data is based on latest available data. Growth rates are year-over-year.
Source: BLS, BOC, Moody's Analytics

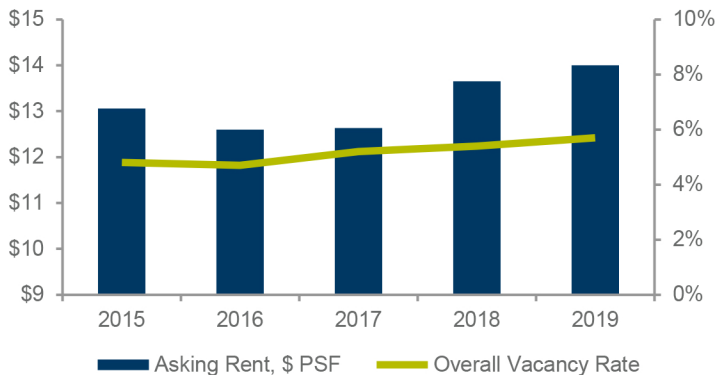
Regional

	Q2 18	Q2 19	12-Month Forecast
Household Income	\$68,100	\$69,200	▲
Population Growth	1.1%	1.0%	▼
Unemployment	2.9%	3.0%	▼

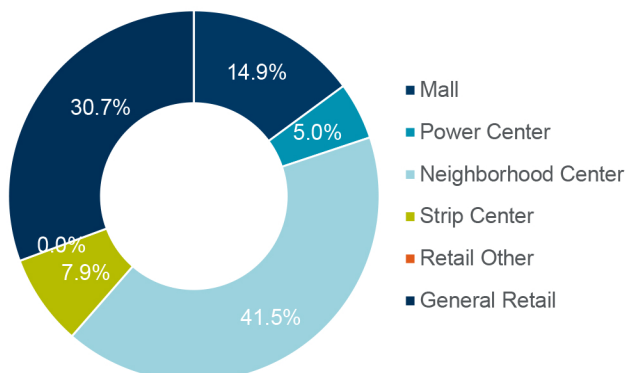
Economy

Job growth in the Omaha MSA increased by 5,800 positions year-over-year (YOY), in the second quarter of 2019. During the same timeframe, the unemployment rate remained unchanged at 2.9%. The US economy is slowing, and the trade war between the US and China is said to be a major factor in the slowdown. GDP growth in the US dipped to 2.6% in the second quarter, down 30 basis points (bps) from the 2.9% that was recorded in second quarter of 2018. Federal Reserve officials and economists have overestimated economic growth, resulting in multiple revisions to forecasts that they've published. Some experts warn of an upcoming recession, while others believe that projection is exaggerated and that a recession is unlikely. While it's evident that the economy has softened, Cushman & Wakefield is forecasting continued slow growth through at least the remainder of the year.

Rental Rate vs. Overall Vacancy



Availability by Type



Market Overview

Omaha's retail market recorded just under 35,000 square feet (sf) of negative absorption in the second quarter of the year, but nearly 100,000 sf of positive absorption year-to-date (YTD). Big name retailers such as Dressbarn, Gap, Victoria's Secret, Francesca's, Gymboree and Charming Charlie are just a few of the chain stores on the list of closures in 2019. Dillard's announced plans to close its clearance store at the Mall of the Bluffs and will vacate a 105,000-sf anchor space in August. Though store closures are a frequent occurrence, the retail sector continues to see slower but positive growth. Overall vacancy in the retail market hit 5.7% in the second quarter, a decline of 30 bps YOY, while average asking rents were recorded at \$14.00 per square foot (psf), an increase of \$.06 psf, during the same period. The industry continues to see success because landlords and developers stay on top of evolving consumer preferences and have made changes such as backfilling retail vacancies with non-traditional tenants, converting retail centers to mixed-use destinations and filling space with entertainment facilities.

Outlook

Look for more retailers to jump on the "click-and-collect" bandwagon that allows customers to order online and then pick goods up at a designated location. Automation will make it easier to meet consumer demand, improve customer experience and increase profit. This shift won't necessarily lead to job losses but will provoke role changes in the retail market.

MARKETBEAT

Retail Snapshot Q2 2019

Omaha

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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	72	809,146	3.3%	0	-3,165	15,686	\$17.42
Sarpy East	524	7,042,748	6.7%	6,049	-2,132	585,000	\$14.08
Southwest	658	12,161,041	6.4%	-44,315	-7,681	86,280	\$14.38
South Central	200	2,376,672	5.7%	-2,462	-48,022	0	\$11.03
West Dodge Corridor	138	3,294,646	5.1%	12,669	151,161	84,674	\$18.04
Downtown Omaha	302	2,933,714	6.8%	8,076	14,787	0	\$14.83
Northeast	567	2,975,775	1.5%	-4,085	-5,804	13,200	\$10.41
Southeast	588	3,696,342	5.4%	0	14,153	0	\$12.38
Northwest	326	4,410,117	5.1%	5,142	22,399	66,695	\$14.68
Council Bluffs	261	6,226,822	7.4%	244	-4,395	0	\$13.54
Downtown Council Bluffs	250	2,002,889	9.7%	0	1,630	0	\$11.53
Central	638	9,140,744	4.9%	-11,813	-35,282	0	\$16.55
North Central	266	3,359,090	5.8%	0	215	0	\$10.42
OMAHA TOTALS	4,790	60,429,746	5.7%	-30,495	97,864	851,535	\$14.00

*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	493	32,012,342	3.5%	15,757	114,785	806,645	\$13.62
Mall	3,739	6,331,631	8.6%	0	-15,600	0	\$15.94
Power Center	98	4,263,484	4.3%	21,395	14,211	0	\$18.08
Strip Center	317	4,175,934	7.0%	-5,887	5,018	16,900	\$12.42
Neighborhood Center	126	13,217,584	11.5%	-61,760	-20,550	27,990	\$13.27
Retail Other	17	428,771	0.0%	0	0	0	\$15.50

Key Lease Transactions Q2 2019

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
608 Fort Crook Rd N	17,594	AutoSource of Omaha	New Lease	Sarpy East
3525 N 147 th St	11,061	Premier Academy Daycare	Renewal	Northwest
4102 S 13 th St	8,160	Patty's Childcare Center, Inc	New Lease	Southeast
15650 W Maple Rd	7,548	Peek-A-Boo Daycare	New Lease	Northwest

Key Sales Transactions Q2 2019

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
13203, 13215-13483 & 13255 W Center Rd	164,321	PDM, Inc/BRF II Baker Square, LLC	\$16,525,000/\$101	Southwest
13780 Millard Ave	64,256	Norma Jane, LLC/Vida Properties, LP	\$4,590,392/\$71	Southwest
4718 N 120 th St	60,900	The Tennis Club, Inc/Maple Athletic Complex, LLC	\$2,325,600/\$38	Northwest
14651 Sprague St	50,340	Realty Income Properties 25, LLC/Genesis Health Club Sprague, LLC	\$14,150,000/\$281	Northwest

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About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value by putting ideas into action for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with 51,000 employees in approximately 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow us via [LinkedIn](#).

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