

\$71,500

Median HH Income

YoY Chg



12-Mo. Forecast



0.9%

Population Growth



3.3%

Unemployment Rate



Source: BLS, BOC, Moody's Analytics
Data Source: Costar

U.S. ECONOMIC INDICATORS Q4 2020

-2.5%

GDP Growth

YoY Chg



12-Mo. Forecast



-4.7%

Consumer Spending Growth



5.3%

Retail Sales Growth



2020Q4 data are based on latest available data.
Growth rates are year-over-year

ECONOMY: Local Economy Continues To Move Forward

Omaha's economy continues to fare better than most. According to the Bureau of Labor and Statistics the local unemployment rate dropped to 3.3% by year-end, making it one of the lowest in the nation. The local unemployment rate is 340 basis points (bps), below the nation's average of 6.7%. Omaha's median household income increased by 60 bps year-over-year (YOY) and is up 660 bps from the national average at \$67,100. As seen through past economic downturns, Omaha is resilient and quickly finds the path to economic recovery.

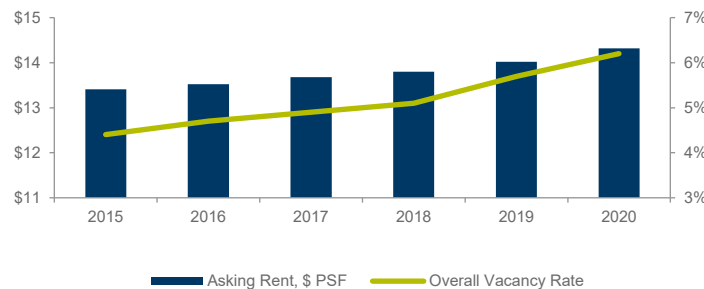
SUPPLY AND DEMAND: Fourth Quarter Yields Positive Absorption

Net absorption in the Omaha retail market went into the green for the first time in 2020, posting 78,872 square feet (sf) of positive absorption in the fourth quarter. However, negative absorption was recorded in each of the first three quarters, for a total of 109,555 sf of negative absorption year-to-date. Retail leasing activity was steady throughout 2020, but sluggish in comparison to 2019. There were 272 new retail deals inked throughout 2020, totaling 824,071 sf. The amount of square footage leased in 2020, is down by nearly 27%, from the 1.1-million square feet (msf) leased through 2019. The YOY vacancy rate increased by 50 bps during the same time frame, sitting at 6.2%. Though the sector is certainly seeing disruption caused by Covid-19, the true impact isn't always reflected in the current numbers. As seen through previous economic storms, Omaha landlords and developers, adapt quickly. From repurposing properties, to backfilling with non-traditional tenants, the overall health of Omaha's retail market remains positive. Construction completions added more than 385,000 sf to the retail inventory in 2020. Though vacant space in new construction contributed to the vacancy rate increase, nearly 80% of the space was spoken for before delivery. An additional 250,000 sf of new retail space is currently in the construction pipeline, with pre-leasing totaling nearly 60%.

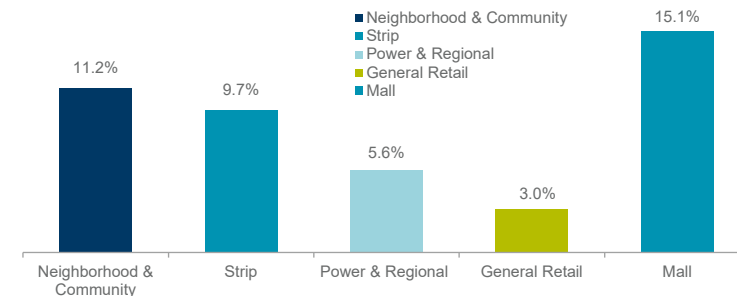
PRICING: Local Retail Rents Unaffected

Through the pandemic the retail sector has taken one of the hardest hits in the U.S. As a result, most markets around the nation are seeing declining retail rents, some experiencing historical lows. Yet, local average-asking rents increased for the fifth consecutive year, averaging \$14.32 per square foot (psf) triple net, at the close of 2020. Rent growth was up by 2.1% YOY, from \$14.02 psf in 2019 and increased by \$0.91 psf over the last five years. Power Centers currently fetch the highest rents, and average \$16.55 psf, while the submarket with the highest rents can be found in the West Dodge Corridor.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE





| SUBMARKET | INVENTORY (SF) | SUBLET VACANT (SF) | DIRECT VACANT (SF) | OVERALL VACANCY RATE | CURRENT QTR OVERALL NET ABSORPTION | YTD OVERALL NET ABSORPTION (SF) | UNDER CNSTR (SF) | OVERALL AVG ASKING RENT (NNN)* |
|-------------------------|-------------------|--------------------|--------------------|----------------------|------------------------------------|---------------------------------|------------------|--------------------------------|
| Central | 8,511,350 | 3,915 | 511,950 | 6.1% | 8,769 | -48,813 | 5,000 | \$14.46 |
| Council Bluffs | 6,274,229 | 0 | 517,273 | 8.2% | 0 | -68,137 | 0 | \$13.15 |
| Downtown Council Bluffs | 1,840,440 | 0 | 70,472 | 3.8% | -1,718 | 26,081 | 0 | \$17.94 |
| Downtown Omaha | 2,625,497 | 0 | 141,985 | 5.4% | -7,825 | -8,393 | 0 | \$16.19 |
| E Cass | 801,316 | 0 | 39,104 | 4.9% | 0 | 3,300 | 0 | \$10.57 |
| E Mills | 151,086 | 0 | 0 | 0.0% | 0 | 0 | 0 | N/A |
| E Pottawattamie | 480,243 | 0 | 0 | 0.0% | 0 | 0 | 0 | N/A |
| Harrison County | 647,722 | 0 | 0 | 0.0% | 15,250 | 61,850 | 0 | \$2.50 |
| North Central | 3,472,395 | 12,983 | 346,435 | 10.4% | -47,208 | -81,694 | 0 | \$9.58 |
| Northeast | 3,037,330 | 0 | 62,296 | 2.1% | 6,760 | -161 | 0 | \$13.35 |
| Northwest | 4,596,105 | 34,370 | 331,093 | 8.0% | -15,386 | -93,427 | 32,270 | \$14.28 |
| Sarpy East | 7,101,987 | 0 | 448,278 | 6.3% | 17,628 | -77,197 | 79,911 | \$13.65 |
| Sarpy West | 1,040,488 | 0 | 28,090 | 2.7% | 53,853 | 119,613 | 26,032 | \$16.59 |
| Saunders | 898,097 | 0 | 17,977 | 2.0% | 0 | -2,137 | 0 | \$3.75 |
| South Central | 2,044,400 | 8,868 | 75,820 | 4.1% | -1,397 | -9,368 | 0 | \$10.44 |
| Southeast | 3,622,875 | 0 | 84,952 | 2.3% | 4,850 | 88,028 | 6,000 | \$9.38 |
| Southwest | 12,099,855 | 87,106 | 971,904 | 8.8% | 41,688 | -64,307 | 54,861 | \$12.63 |
| W Cass | 363,125 | 0 | 1,150 | 0.3% | -1,150 | -1,150 | 0 | N/A |
| W Mills | 520,314 | 0 | 1,936 | 0.4% | 0 | 0 | 0 | N/A |
| W Pottawattamie | 197,707 | 0 | 0 | 0.0% | 0 | 0 | 0 | N/A |
| Washington County | 997,145 | 0 | 37,788 | 3.8% | -832 | 8,724 | 0 | \$10.25 |
| West Dodge Corridor | 3,338,410 | 0 | 161,973 | 4.9% | 2,590 | 37,633 | 44,993 | \$17.85 |
| OMAHA TOTALS | 64,662,116 | 147,242 | 3,850,476 | 6.2% | 75,872 | -109,555 | 249,067 | \$14.32 |

*Rental rates reflect NNN asking \$PSF/Year

KEY LEASE TRANSACTIONS Q4 2020

| PROPERTY | SUBMARKET | TENANT | SF | TYPE |
|-----------------------------|-----------------|-------------------------------------------|--------|-----------|
| 5710 S 144 th St | Southwest Omaha | Nebraska Medicine – Universal Swab Center | 83,940 | New Lease |
| 12155-12411 W Center Rd | Southwest Omaha | St. Vincent De Paul Store | 25,735 | New Lease |
| 413 W Huron St | Harrison County | Perfection Learning | 18,740 | Renewal |

*Renewals included in leasing statistics

KEY SALES TRANSACTIONS Q4 2020

| PROPERTY | SUBMARKET | SELLER / BUYER | SF | PRICE/PSF |
|----------------------------------|---------------|--------------------------------------------------------|---------|--------------|
| 9707 & 9717 Q St | South Central | WFC Applewood Station, LLC/Woodsonia Applewood, LLC | 113,620 | \$10.6M/\$93 |
| 713-721 S 72 nd St | Central Omaha | Newstreet Properties, LLC/Equity Management Group, Inc | 96,657 | \$12.7M/132 |
| 8013-8049 S 83 rd Ave | Sarpy East | Island Capital Group, LLC/City Ventures | 51,497 | \$4.0M/\$78 |

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