

# OMAHA

## Retail Q2 2022

CUSHMAN & WAKEFIELD

LUND COMPANY

**\$76,000**

Median HH Income

YoY Chg



12-Mo. Forecast



**0.8%**

Population Growth



**2.2%**

Unemployment Rate



Source: BLS, BOC, Moody's Analytics

Data Source: Costar

### U.S. ECONOMIC INDICATORS Q2 2022

**2.5%**

GDP Growth

YoY Chg



12-Mo. Forecast



**9.8%**

Consumer Spending Growth



**8.7%**

Retail Sales Growth



2022Q2 data are based on latest available data.

Growth rates are year-over-year

### ECONOMY:

Omaha's unemployment rate decreased by 90 basis points (bps) year-over-year (YOY), dropping to 2.2% in the second quarter of 2022. According to the Bureau of Labor and Statistics, Nebraska has the second lowest unemployment rate in the US at 1.9%, following closely behind Minnesota at 1.8%. The Omaha market added 11,400 non-farm jobs over a twelve-month period, ending in June of 2022. The US is experiencing the highest inflation in forty years and the price of nearly everything has increased. The Federal Reserve is working to curb inflation and in June raised the benchmark federal funds interest rate by three-quarters of a percentage point, which was the greatest increase since 1994. Though growth has slowed, the Omaha market is still seeing economic improvement. Local job creation is up, unemployment is down, and the median household income continues to rise.

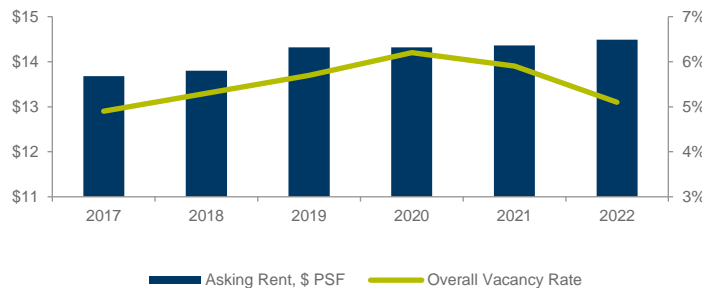
### SUPPLY AND DEMAND:

The US retail sector took one of the biggest hits during the height of the pandemic, with every market across the globe feeling the impact. Consumer shopping habits seemingly changed overnight, and uncertainty surrounded the future of brick and mortar. Omaha's retail market is experiencing growth in nearly every aspect, and concerns of physical retail dying off has been put to rest. While many retailers that previously had only physical locations adapted by rolling out additional options such as online shopping and curbside pickup, retail construction remains steady, signaling developer confidence. Five buildings were delivered in the second quarter, increasing the retail inventory by 65,540 square feet (sf), though only 6,375 sf of that space remains vacant. Another 267,137 sf of retail space is currently in the construction pipeline. The Omaha retail market recorded its fifth consecutive quarter of positive absorption, posting 88,658 sf of absorption in the second quarter of 2022. A total of 257,451 sf of retail space has been absorbed year-to-date (YTD). Overall vacancy hit a five-year low, dropping to 5.1% in the second quarter. Vacancy declined by 80 bps YOY and has declined by 110 bps since the peak of COVID-19 in 2020. The largest single occupant for the quarter was Fareway Grocery taking 21,000 sf of newly delivered space in the Southwest Omaha submarket.

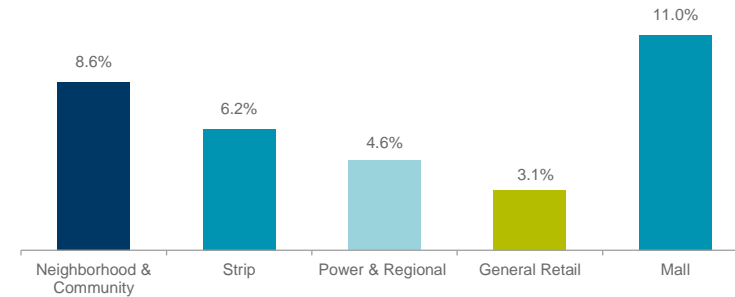
### PRICING:

Local asking rents continue to trend upward, increasing by 90 bps YOY, closing the first half of 2022 at \$14.49 per square feet (psf). Malls currently have the highest rents in the market, averaging \$17.97 psf, with power centers coming in second at \$17.52 psf. Rising construction material, labor wages, insurance, etc. will continue to drive asking rents, into the foreseeable future.

### RENT / VACANCY RATE



### AVAILABILITY BY PRODUCT TYPE





	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 Omaha	7,695,650	4,800	540,576	7.1%	-14,022	35,444	28,561	\$14.59
Council Bluffs	5,403,926	0	209,775	3.9%	319	-108,684	5,000	\$14.30
Downtown Council Bluffs	1,874,064	0	84,671	4.5%	-5,520	5,210	7,000	\$11.68
Downtown Omaha	2,541,870	0	111,453	4.4%	-6,112	-6,403	0	\$16.23
E Cass County	833,927	0	33,104	4.0%	-5,254	-3,754	0	\$9.61
E Mills County	142,712	0	0	0.0%	0	0	0	N/A
E Pottawattamie County	480,243	0	0	0.0%	0	0	0	N/A
Harrison County	666,803	0	0	0.0%	11,158	15,188	0	N/A
North Central Omaha	3,454,155	12,983	310,530	9.4%	15,078	17,164	0	\$10.28
Northeast Omaha	3,186,947	0	31,254	1.0%	-14	12,762	0	\$15.39
Northwest Omaha	4,764,272	31,920	208,236	5.0%	21,626	73,149	27,796	\$17.11
Sarpy East	7,081,637	0	349,299	4.9%	42,610	43,793	52,942	\$15.97
Sarpy West	1,126,492	0	40,017	3.6%	9,941	40,333	52,000	\$19.28
Saunders County	933,034	0	2,137	0.2%	0	15,840	0	N/A
South Central Omaha	2,041,311	8,868	65,562	3.6%	7,561	4,639	3,000	\$11.07
Southeast Omaha	3,595,463	0	32,069	0.9%	-1,268	27,053	0	\$11.79
Southwest Omaha	12,164,327	95,187	862,162	7.9%	-4,940	58,044	83,838	\$15.35
W Cass County	356,582	0	1,150	0.3%	0	0	4,000	N/A
W Mills County	520,574	0	0	0.0%	0	0	0	N/A
W Pottawattamie County	227,848	0	0	0.0%	10,640	10,640	0	N/A
Washington County	1,047,279	0	44,861	4.3%	7,250	9,605	3,000	\$13.77
West Dodge Corridor	3,402,892	1,600	175,226	5.2%	-395	7,428	0	\$17.19
<b>OMAHA TOTALS</b>	<b>63,542,008</b>	<b>155,358</b>	<b>3,102,082</b>	<b>5.1%</b>	<b>88,658</b>	<b>257,451</b>	<b>267,137</b>	<b>\$14.49</b>

\*Rental rates reflect NNN asking \$PSF/Year

### KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
3201-3505 L St	Southeast Omaha	Goodwill	37,839	New Lease
970 S 72 <sup>nd</sup> St	Central Omaha	Boot Barn	14,639	Renewal
3501 S 84 <sup>th</sup> St	Central Omaha	ArchWell	14,484	New Lease

\*Renewals included in leasing statistics

### KEY SALES TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE/PSF
The Shoppes at Grayhawk	Northwest Omaha	IRC Grayhawk, LLC/Grayhawk SC, LLC et al	227,263	\$23,600,000/\$103
3415 W Broadway	Downtown Council Bluffs	3415 LLC/3401 Broadway LLC	47,000	\$1,364,500/\$29
Shoppes at Southport West	Sarpy West	Southport West Partners et al, LLC/SD Properties, LLC	28,000	\$8,240,000/\$294

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