

MARKETBEAT

Retail Snapshot 2Q 2016

Omaha



ECONOMIC INDICATORS

National

	2Q 2015	2Q 2016	12-Month Forecast
GDP Growth	2.7%	1.8%*	▲
CPI Growth	0.0%	1.1%	▲
Consumer Spending Growth	3.3%	2.8%*	▲
Retail Sales Growth	2.1%	2.6%	▲

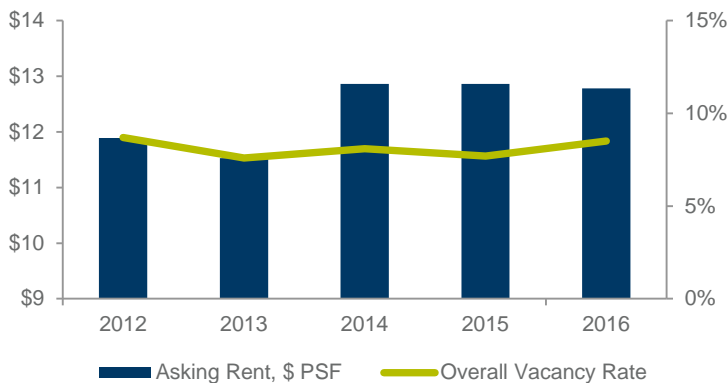
*Based on Moody's baseline estimates

Regional

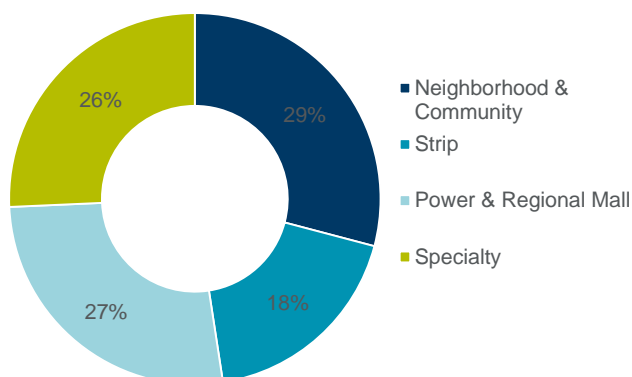
	2Q 2015	2Q 2016	12-Month Forecast
Household Income	\$60,296	\$62,154	▲
Population Growth	1.1%	0.99%	▲
Unemployment	3.1%	3.2%	▼

Source: Moody's Analytics

Rental Rate vs. Overall Vacancy



Availability by Type



Economy

Omaha continues to report its stable nature with lower than the national average unemployment rates. In 2Q 2016, Omaha reported a 3.2% unemployment rate while the United States, as a whole, reported 4.8%. The Omaha market recorded growth in the Northwest and Sarpy West submarkets, with housing, retail and even office contributing to the growth. The Omaha retail market absorbed 109,035 square feet (SF) in 2Q 2016. The vacancy rate is up a bit this year, at 8.5%, and mostly reflects the consolidation of grocers and big-box tenants.

Market Overview

As stated earlier, the Northwest market reported the greatest absorption for the quarter with 100,728 SF. Much of this total was reflected in the completion of the 84,420-SF West Grayhawk development. The development was fully leased prior to completion with tenants including Fresh Thyme, Gordmans and Ulta Beauty. A free-standing bank is also under construction on the site. A 10,000-SF Aldi grocer completed construction along the same corridor, with additional proposed development further west in this same submarket. The Sarpy West market welcomed the construction of a 153,000-SF Costco Superstore. The store will neighbor the recent Southport development. The East submarket is also hot with new development. The Yard is a \$50-million mixed-use project featuring office space, apartments, hotel and 5,339 SF of retail shops, with a projected completion next spring. Nichol Flats, currently under construction, will feature apartments and 5,600 SF of first floor retail. The East/Downtown Omaha market will soon receive a new regional center, The Capitol District. The District will contain 90,000 SF of retail and restaurant space, as well as a Marriott hotel, offices and entertainment space. The center is designed to compliment the nearby arenas and convention center. The Capitol District is expected to be completed in summer of 2017.

Consumer demand for restaurants is reflected by the multiple Chick-fil-As, Raising Canes and Freddy's Frozen Custards that have opened recently in the Omaha metro.

Power Centers continue to have the lowest vacancy, regional centers the highest. The average asking rate has remained between the \$12-\$13 per square foot (PSF) range, with second quarter reporting the average market rent of \$12.78 PSF.

Outlook

Overall the Omaha retail market is thriving. Developers are continuing to build leasable product and Omaha should have positive growth for the remainder of the year.

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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	66	3,384,447	11.1%	(3,088)	17,970	46,119	\$12.86
Sarpy East/Bellevue	56	2,132,072	4.1%	2,852	4,120	21,712	\$10.04
Southwest	169	8,595,383	7.6%	20,748	(48,758)	43,179	\$13.07
South Central	98	5,759,490	6.0%	(20,543)	(41,499)	0	\$12.52
West Dodge Corridor	34	2,194,928	7.4%	1,517	(4,328)	0	\$14.65
East	80	2,492,425	5.6%	2,371	6,316	106,339	\$11.83
Northwest	84	3,160,452	7.4%	100,728	122,318	10,000	\$16.41
Council Bluffs	53	3,613,995	17.9%	150	(45,414)	10,000	\$10.10
North Central	42	2,367,836	9.1%	4,300	(66,352)	0	\$10.43
OMAHA TOTALS	682	33,701,028	8.5%	109,035	(55,627)	237,349	\$12.78

*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	332	5,112,006	9.5%	45,433	118,738	89,298	\$13.01
Neighborhood/Community Center	124	7,620,929	11.8%	84,290	(69,842)	48,051	\$12.37
Community Center (Specialty)	34	6,307,890	11.5%	(35,807)	(97,472)	0	\$13.52
Power Center	178	9,566,708	0.9%	10,000	(15,791)	10,000	\$11.33
Regional Center	14	5,093,495	13.1%	5,119	8,740	90,000	\$18.00

Key Lease Transactions 2Q 2016

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
Brentwood Square	30,255	Thrift World	New	Sarpy West
Kush Plaza	10,000	Sunny Nail and Beauty Supply	New	South Central
8505 Giles Road	7,811	Exclusive Furnishings	New	Sarpy West
Aksarben – 6750 Mercy Road	7,500	Beacon Hills Bar & Grill	New	South Central

Key Sales Transactions 2Q 2016

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
One Val Verde Place (9631-9841 Giles Road)	47,505	Clatterbuck Properties/Ryan Brennan	\$4,896,000 / \$103	Sarpy West
11400 S 72 nd Street	4,108	Xpress Shoppe/Bucks	\$1,575,000 / \$383	Sarpy West
8026 W Dodge Road	3,021	McCarthy Group Florists/ Tom Simmons(BHG Real Estate)	\$875,000 / \$290	South Central
1738 Madison Avenue	2,420	Security National Bank/Scooter's Coffee	\$525,000 / \$217	Council Bluffs

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