

MARKETBEAT

Retail Snapshot Q4 2018

Omaha



ECONOMIC INDICATORS

National

	Q4 17	Q4 18*	12-Month Forecast**
GDP Growth	2.5%	3.3%	▲
CPI Growth	2.1%	2.3%	▲
Consumer Spending Growth	2.7%	2.7%	▲
Retail Sales Growth	5.9%	4.6%	▲

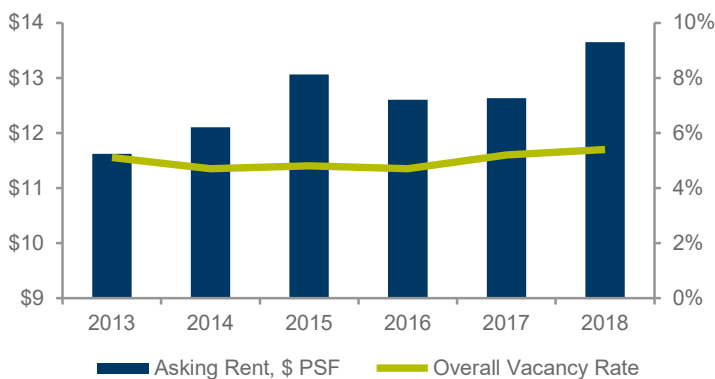
*Q4 18 Estimates. Values represent year-over-year % change.
** Forecast by Cushman & Wakefield.

Regional

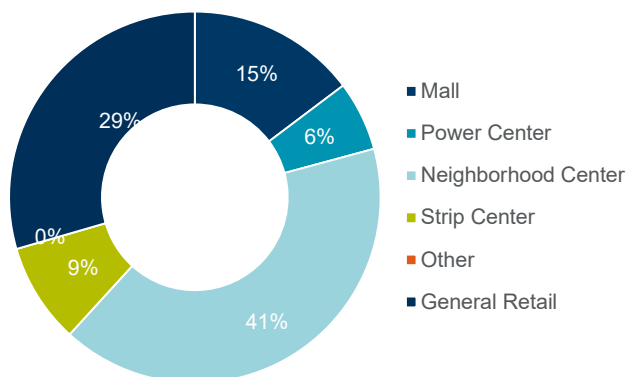
	Q4 17	Q4 18*	12-Month Forecast
Household Income	\$66,939	\$69,194	▲
Population Growth	937,490	945,820	▲
Unemployment	3.0%	2.8%	▼

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 grew by 8,330 people year-over-year (yoy), to a population of 945,820, and is forecasted to reach 985,620 people in the next five years. Overall nonfarm payroll employment is up, and an additional 8,800 positions have been created since fourth quarter 2017. Retail trade employment decreased by 330 basis points (bps) during the same timeframe and may be attributed to contractions in employment at existing retail institutions, or job loss due to business closings. Retail sales were up by 431 bps from last year, recording more than \$20-million in sales in fourth quarter 2018. State revenue officials set a deadline to take effect in early January, that will require larger online retailers to start collecting sales taxes from Nebraska customers. This will level the playing field for brick-and-mortar retailers that have been collecting taxes for years.

Market Overview

While many retailers closed their doors, many others opened, and the Omaha retail market saw success in 2018. The year ended on a positive note, recording 202,187 square feet (sf) of positive absorption for fourth quarter, and 462,109 sf of positive absorption year-to-date (ytd). While several retailers opened new locations in the area, Gordmans announcing a comeback may have been the most surprising. The store closed after filing for bankruptcy and liquidating in 2017. They stunned the community by announcing new ownership and occupying 50,000 sf of space in November. Despite multiple big-box closures throughout the year, the vacancy rate declined by 60 bps yoy, and currently sits at 5.4%. Non-traditional retailers have played a big part in keeping the vacancy rate low, by redeveloping these large blocks of space for occupancy. U-haul absorbed the largest vacancy in the fourth quarter, purchasing the 97,863-sf former Kmart building for owner occupancy.

Outlook

Many retailers are still struggling to keep their head above water, and this topic will continue to make headlines. Sears and Shopko missed the mark, and their fate will soon be decided in 2019. Their public demise may be an eye-opener for other retailers. The world of retail is still evolving, and failing stores are going to have to make some big changes to stay in the game. Those changes will come in the form of updated marketing strategies, adding unique in-store family attractions, rebranding, and modernizing their look both in-store & online.

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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	71	822,621	3.1%	7,830	17,474	16,231	\$18.82
Sarpy East	523	7,230,369	5.3%	-24,228	-46,897	602,051	\$13.44
Southwest	650	12,168,878	4.8%	164,767	387,018	88,271	\$12.72
South Central	198	2,280,926	4.1%	1,662	-8,185	0	\$10.07
West Dodge Corridor	131	3,116,514	3.3%	4,569	-46,937	48,000	\$15.17
Downtown Omaha	306	2,978,333	9.0%	-24,230	-17,227	0	\$19.82
Northeast	568	2,975,262	2.0%	7,067	23,729	0	\$12.76
Southeast	586	3,648,914	5.7%	4,907	25,112	0	\$10.31
Northwest	323	4,377,318	5.5%	29,948	81,929	61,485	\$14.13
Council Bluffs	260	6,286,550	7.1%	476	14,704	0	\$14.90
Downtown Council Bluffs	250	2,004,595	13.6%	34,661	-15,790	0	\$12.94
Central	642	9,189,116	4.5%	-78,340	-57,081	0	\$13.99
North Central	263	3,327,829	5.0%	73,098	104,260	0	\$8.43
OMAHA TOTALS	4,771	60,407,225	5.4%	202,187	462,109	816,038	\$13.65

*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	3,739	31,948,599	3.0%	209,987	297,507	146,432	\$15.46
Mall	92	6,379,628	7.5%	-8,340	-26,166	0	\$21.18
Power Center	126	4,199,046	4.7%	-5,903	85,316	0	\$16.12
Strip Center	317	3,835,865	7.4%	-23,451	-29,195	39,571	\$14.65
Neighborhood Center	480	13,593,468	9.8%	29,894	134,647	630,035	\$14.52
Retail Other	17	450,649	N/A	0	0	0	N/A

Key Lease Transactions Q4 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
10000 California St	84,940	Dick's Sporting Goods	Renewal	Central
14933-14949 Evans Plaza	50,030	Gordmans	New Lease	Northwest
7809-7949 Towne Center Pkwy	36,000	Burlington Coat Factory	New Lease	Sarpy East
3917 W Broadway St	23,612	All Nations Furniture	New Lease	Downtown Council Bluffs

Key Sales Transactions Q4 2018

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
5801-5808 S 144 th St	97,863	Thomas R Green, Jr Family LLC, Matthias D Renner Family LLC & Kenneth J Weber/Amerco Real Estate Company	\$4,500,000/\$46	Southwest
5808 N 90 th St & 9102 Military Rd	76,958	Lerner Military Partnership/CP-RE2 LLC	\$2,600,000/\$34	North Central
17520 & 17602 Wright St	37,250	Legacy Court LLC/Copper Investments LLC & Christie Properties LLC	\$7,375,000/\$197	Southwest
14126 W Center Rd	31,560	Cardinal & Gold IV LLC/Michael P & Anna M Sortino	\$4,064,953/\$128	Southwest

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About Cushman & Wakefield

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