

OMAHA METRO AREA

RESEARCH & FORECAST REPORT



Omaha Retail Holding Steady

Omaha's retail vacancy rates have held steady for the third quarter in a row and continue to be at 11.6 percent for the second quarter of 2011. The 11.6 percent figure is still higher than what is necessary for the Omaha market to be healthy, but is 1 percent less than the second quarter of 2010. This 1 percent reduction in the vacancy rate over the last year can be directly attributed to the lack of new construction in the last five quarters. A little over 500,000 square feet of new product has been added over that period of time, which is only a 1.64 percent increase in product for the overall market; substantially less than what would have been added in better economic times. In addition, the product that is being built is substantially, if not 100 percent, pre-leased or committed and avoids the risk of having to find tenants to fill the remaining space. Some examples include the new Hy-Vee at 180th & Pacific, TJ Maxx at Metro Crossing in Council Bluffs, IA and multiple CVS pharmacies throughout the metro area.

There is an expectation that, barring significant absorption, there will be a slight uptick in vacancy rates for the remainder of the year. Three Border's locations in the metro area are expected to become available later this year. These three stores total approximately 76,000 square feet, which is slightly less than the total retail square footage that has been absorbed so far in 2011.

The leasing activity in the market is still limited but has increased compared with 2009 and 2010. The most active tenants in the market are predominately in two categories: 1) pharmacies and 2) food. The pharmacy component is dominated by the CVS roll-out of more than a dozen stores in the metro area. The food component is comprised of a number of restaurant concepts that are new to the area including Cheddar's, Longhorn Steakhouse, Pizza Ranch, and Red Mango among others.

RETAIL INVESTMENT ACTIVITY

There continues to be a limited supply of quality retail investment product available for sale in the Omaha metro area with only two arms-length transactions over \$2 million in the second quarter.

The first sale involved a newer constructed, bank-owned two-story office/retail building that was approximately 50 percent occupied upon sale. After a significant marketing period, the property sold for substantially less than replacement cost (\$83.67 psf) to a local investor.

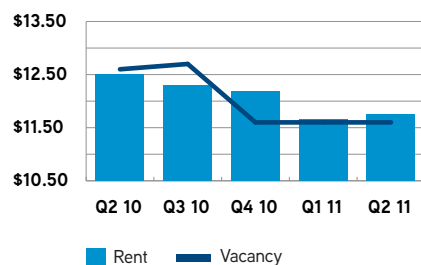
The second sale involved a 13-year-old unanchored, partially occupied retail strip in Sarpy County, that included several occupied outparcels. The \$6.5 million sale involved a local investor divesting one of his real estate assets, out of necessity, to a New Jersey based investment company.

MARKET INDICATORS

| | Q1 11 | Q2 11 |
|----------------|-------|-------|
| VACANCY | — | — |
| NET ABSORPTION | ↑ | ↓ |
| CONSTRUCTION | ↓ | ↓ |
| RENTAL RATE | ↓ | ↑ |

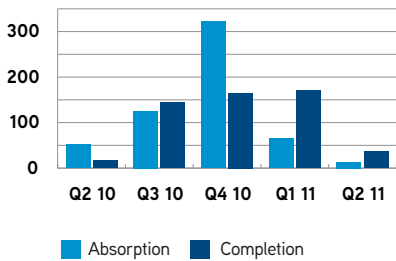
AVERAGE RENT AND VACANCY

(\$/SF/Yr. Triple Net)



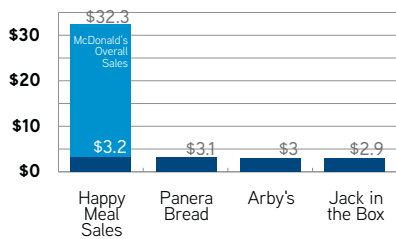
SUPPLY AND DEMAND

(in Thousands of SF)



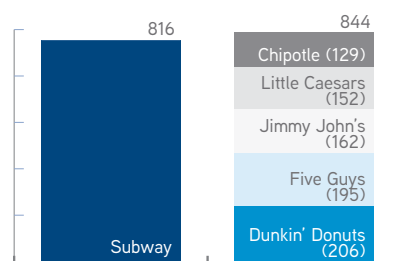
HAPPY MEAL VS. THE WORLD

Overall Sales in Billions (Source: National Restaurant News)



SUBWAY'S EXPLOSION

Unit Growth in 2010 (Source: National Restaurant News)



NATIONAL RETAIL PICTURE

Although anticipated to be much stronger than has actually been the case, national retailers have announced mixed back-to-school sales this season. According to CitiBank Investment Research (CIRA), retailers have been careful to separate back-to-school (k-12) from back-to-college this year. The (k-12) set has shown modest growth, but has been slightly offset by their older counterparts who may be unemployed with less disposable income for electronics. Both categories report much fewer impulse purchases and significantly more pre-shopping and carefully prepared shopping lists.

As would be expected, the summer has provided positive growth for cost conscious retailers such as Costco (+12), Ross Stores (+6), Target (+4.3) and TJX (+4.5). Interestingly, it has also been a strong summer for higher end retailers, not typically associated with back-to school shopping, like Neiman Marcus (+10.1), Saks (+13.75) and Nordstroms (+7.25).

Borders announcement in late July of their plans to liquidate their remaining 399 locations by late September, started waves of speculation in the retail world, not experienced for over a year. Only about 15 percent of existing Borders stores are in large shopping areas, owned by national shopping center companies or institutional investors. The remainder of other Borders could pose leasing problems in areas that still have high vacancy rates and have been unsuccessful in releasing from the wave of closures over the past few years.

IT'S DINNER TIME...

Just as experienced locally in Omaha, there have been some strong performers this summer on

the national restaurant scene as well: BJ's Restaurants (+7.4), Morton's (+7.85), Kona Grill (+8.35) and Chipotle (+11.2).

Although always interesting to monitor the national trends that come and go across chains and categories, it is often tough to beat McDonalds. According to National Restaurant News, McDonalds is once again the top ranked chain, for overall sales, with over \$32,395,000 billion in sales, in just the United States. Actually, the McDonald's Happy Meal for kids (\$3.2 billion) outsells overall sales for Panera Bread (\$3.1 billion), Arby's (\$3.0 billion) and Jack In The Box (\$2.9 billion)!

Another fascinating story is told by the success of Subway, the nations No. 2 ranked chain, by sales volume (\$10.6 billion) and No. 1 ranked in fastest growth in 2010. They opened over 816 new units around the world, almost as many units as Dunkin' Donuts (206 units), Five Guys (195 units), Jimmy Johns (162 units), Little Caesars (152 units) and Chipotle (129 units) combined. According to National Retail News, by the end of 2010, it was the biggest fast food company in the world. Several factors contribute to success of this magnitude, but the explosive growth in the last year is largely due to the phenomenal success of their commitment to the \$5 Footlongs.

The end of Summer and beginning of the fourth quarter will be a significant indicator of what is to come. Holiday sales are anticipated to be on track with those of the 2010, although the recent roller coaster ride of the stock market leaves some retailers unsteady. All eyes are will be on the consumer and their ability to remain confident in the current economy.

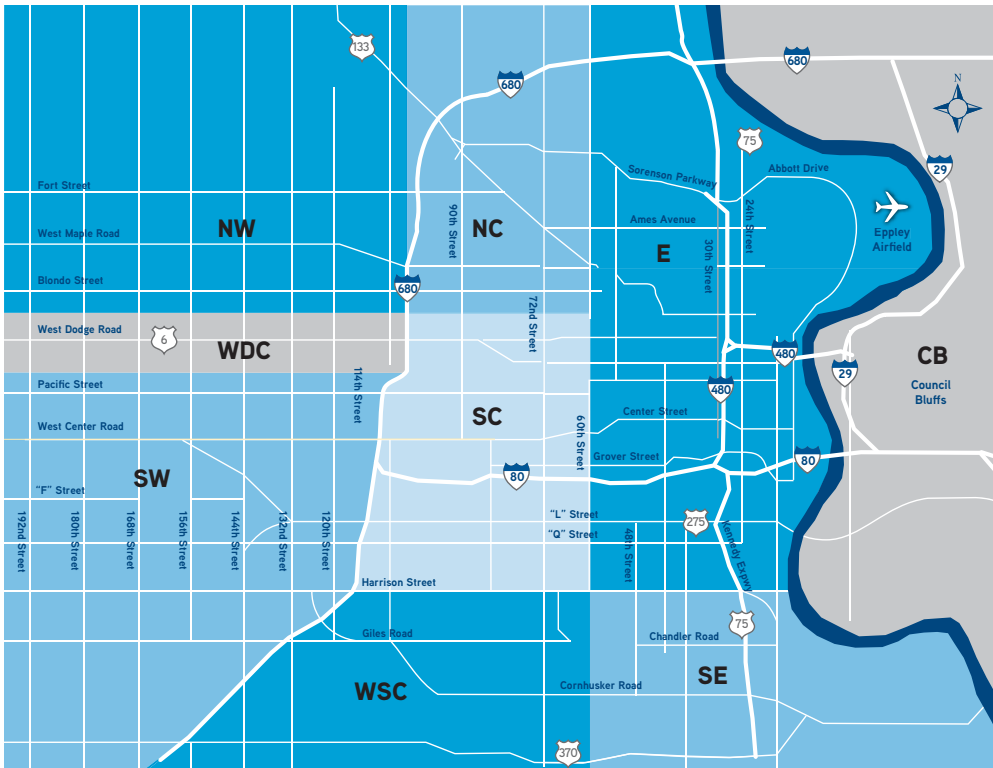
| RECENT TRANSACTIONS | | | |
|------------------------------------|---|--------------------|---------|
| LEASING ACTIVITY | | | |
| LESSEE | LESSOR | PROPERTY | SIZE SF |
| Blockbuster, Inc. | Broadway Plaza, LLC | 1750 West Broadway | 4,800 |
| HPO, Inc./Post & Nickel | Rockbrook Village Shopping Center, Inc. | 11015 Elm Street | 5,062 |
| Ace Furniture & TV, Inc. | Empire Park, LLC/Noddle | 10904 Q Street | 4,210 |
| Alegent Health-Council Bluffs | Broadway Plaza, LLC | 1702 West Broadway | 5,120 |
| Osteo Arthritis Centers of America | Westport Village, LLC | 14440 F Street | 3,245 |

OMAHA RETAIL MARKET SUMMARY

| Class | INVENTORY | | DIRECT VACANCY | | SUBLEASE VACANCY | | TOTAL VACANCY | | NET ABSORPTION (SF) | | RENTAL RATE |
|---------------------|------------|-------------------|------------------|--------------|------------------|-------------|------------------|--------------|---------------------|---------------|----------------|
| | # Bldgs | Total (SF) | (SF) | Rate (%) | (SF) | Rate (%) | (SF) | Rate (%) | Q2 | YTD | Avg (\$/SF) |
| OVERALL | | | | | | | | | | | |
| Free-Standing | 112 | 1,896,065 | 87,940 | 4.6% | - | 0.0% | 87,940 | 4.6% | 6,555 | 30,031 | \$10.25 |
| Conv/Strip Center | 299 | 4,281,863 | 671,953 | 15.7% | 12,546 | 0.3% | 684,499 | 16.0% | 22,265 | 39,063 | \$12.29 |
| Neighborhood Center | 118 | 7,584,179 | 933,592 | 12.3% | 25,395 | 0.3% | 958,987 | 12.6% | 26,820 | (21,100) | \$11.84 |
| Community Center | 33 | 6,671,645 | 759,381 | 11.4% | 15,520 | 0.2% | 774,901 | 11.6% | (8,056) | 32,397 | \$12.24 |
| Big Box | 45 | 5,798,460 | 207,359 | 3.6% | - | 0.0% | 207,359 | 3.6% | (25,740) | (25,740) | \$8.28 |
| Regional Center | 8 | 5,309,460 | 816,287 | 15.4% | 207,114 | 3.9% | 1,023,401 | 19.3% | (3,500) | 24,539 | \$13.00 |
| Power Center | 2 | 977,083 | 48,302 | 4.9% | - | 0.0% | 48,302 | 4.9% | (5,137) | (851) | \$12.00 |
| TOTAL | 617 | 32,518,755 | 3,524,814 | 10.8% | 260,575 | 0.8% | 3,785,389 | 11.6% | 13,207 | 78,339 | \$11.76 |

OMAHA RETAIL SUBMARKET SUMMARY

| Class | INVENTORY | | DIRECT VACANCY | | SUBLEASE VACANCY | | TOTAL VACANCY | | NET ABSORPTION (SF) | | RENTAL RATE |
|----------------------------|------------|------------------|----------------|--------------|------------------|-------------|----------------|--------------|---------------------|-----------------|----------------|
| | # Bldgs | Total (SF) | (SF) | Rate (%) | (SF) | Rate (%) | (SF) | Rate (%) | Q2 | YTD | Avg (\$/SF) |
| Council Bluffs | | | | | | | | | | | |
| Free-Standing | 18 | 304,379 | 11,408 | 3.7% | - | 0.0% | 11,408 | 3.7% | - | (5,200) | \$8.00 |
| Conv/Strip Center | 14 | 198,158 | 16,790 | 8.5% | - | 0.0% | 16,790 | 8.5% | 1,245 | 1,801 | \$11.87 |
| Neighborhood Center | 10 | 670,167 | 100,175 | 14.9% | - | 0.0% | 100,175 | 14.9% | (650) | 9,698 | \$9.94 |
| Community Center | 2 | 624,892 | 19,677 | 3.1% | - | 0.0% | 19,677 | 3.1% | - | 23,613 | \$20.68 |
| Big Box | 6 | 817,893 | - | 0.0% | - | 0.0% | - | 0.0% | - | - | - |
| Regional Center | 2 | 780,843 | 451,410 | 57.8% | - | 0.0% | 451,410 | 57.8% | - | - | \$6.00 |
| TOTAL | 52 | 3,396,332 | 599,460 | 17.7% | - | 0.0% | 599,460 | 17.7% | 595 | 29,912 | \$10.66 |
| East | | | | | | | | | | | |
| Free-Standing | 24 | 388,364 | - | 0.0% | - | 0.0% | - | 0.0% | - | 16,676 | - |
| Conv/Strip Center | 31 | 413,409 | 37,422 | 9.1% | - | 0.0% | 37,422 | 9.1% | 1,150 | 2,205 | \$11.54 |
| Neighborhood Center | 14 | 937,368 | 158,795 | 16.9% | - | 0.0% | 158,795 | 16.9% | 7,104 | (38,522) | \$9.31 |
| Community Center | 1 | 155,042 | 75,081 | 48.4% | - | 0.0% | 75,081 | 48.4% | - | 1,362 | \$8.50 |
| Big Box | 4 | 354,405 | 119,240 | 33.6% | - | 0.0% | 119,240 | 33.6% | - | - | \$8.00 |
| TOTAL | 74 | 2,248,588 | 390,538 | 17.4% | - | 0.0% | 390,538 | 17.4% | 8,254 | (18,279) | \$8.98 |
| North Central | | | | | | | | | | | |
| Free-Standing | 7 | 100,227 | - | 0.0% | - | 0.0% | - | 0.0% | - | - | - |
| Conv/Strip Center | 19 | 229,325 | 36,428 | 15.9% | - | 0.0% | 36,428 | 15.9% | 6,660 | 3,135 | \$11.10 |
| Neighborhood Center | 6 | 524,717 | 21,606 | 4.1% | 5,324 | 1.0% | 26,930 | 5.1% | - | (2,016) | \$7.59 |
| Community Center | 3 | 667,925 | 24,028 | 3.6% | 4,210 | 0.6% | 28,238 | 4.2% | (3,916) | (1,795) | \$15.00 |
| Big Box | 2 | 282,954 | - | 0.0% | - | 0.0% | - | 0.0% | - | - | - |
| Regional Center | 1 | 485,279 | 31,724 | 6.5% | - | 0.0% | 31,724 | 6.5% | - | - | \$15.00 |
| TOTAL | 38 | 2,290,427 | 113,786 | 5.0% | 9,534 | 0.4% | 113,786 | 5.4% | 2,744 | (676) | \$11.58 |
| Northwest | | | | | | | | | | | |
| Free-Standing | 10 | 166,618 | - | 0.0% | - | 0.0% | - | 0.0% | - | - | - |
| Conv/Strip Center | 43 | 659,341 | 140,034 | 21.2% | 6,546 | 1.0% | 146,580 | 22.2% | 6,675 | 8,765 | \$12.57 |
| Neighborhood Center | 12 | 879,338 | 118,657 | 13.5% | - | 0.0% | 118,657 | 13.5% | (693) | (8,077) | \$15.06 |
| Community Center | 4 | 966,594 | 24,409 | 2.5% | - | 0.0% | 24,409 | 2.5% | 1 | (2,497) | \$17.56 |
| Big Box | 5 | 629,737 | 25,740 | 4.1% | - | 0.0% | 25,740 | 4.1% | (25,740) | (25,740) | \$6.00 |
| TOTAL | 74 | 3,301,628 | 308,840 | 9.4% | 6,546 | 0.2% | 315,386 | 9.6% | (19,757) | (27,549) | \$13.40 |
| Sarpy East | | | | | | | | | | | |
| Free-Standing | 8 | 129,167 | - | 0.0% | - | 0.0% | - | 0.0% | - | 12,000 | - |
| Conv/Strip Center | 35 | 475,879 | 59,716 | 12.5% | 6,000 | 1.3% | 65,716 | 13.8% | (1,039) | 331 | \$9.86 |
| Neighborhood Center | 6 | 357,632 | 27,584 | 7.7% | - | 0.0% | 27,584 | 7.7% | (1,250) | (1,250) | \$7.21 |
| Community Center | 4 | 953,122 | 25,464 | 2.7% | - | 0.0% | 25,464 | 2.7% | - | - | \$11.78 |
| Big Box | 1 | 160,680 | - | 0.0% | - | 0.0% | - | 0.0% | - | - | - |
| TOTAL | 54 | 2,076,480 | 112,764 | 5.4% | 6,000 | 0.3% | 118,764 | 5.7% | (2,289) | 11,081 | \$9.64 |
| Sarpy West | | | | | | | | | | | |
| Free-Standing | 9 | 112,246 | 10,500 | 9.4% | - | 0.0% | 10,500 | 9.4% | - | - | - |
| Conv/Strip Center | 26 | 343,692 | 69,600 | 20.3% | - | 0.0% | 69,600 | 20.3% | 9,322 | 3,474 | \$12.97 |
| Neighborhood Center | 7 | 338,077 | 38,090 | 11.3% | - | 0.0% | 38,090 | 11.3% | 1,267 | 3,600 | \$10.41 |
| Community Center | 2 | 462,536 | 274,792 | 59.4% | - | 0.0% | 274,792 | 59.4% | (5738) | 1,734 | \$10.00 |
| Big Box | 4 | 578,226 | - | 0.0% | - | 0.0% | - | 0.0% | - | - | - |
| Regional Center | 1 | 704,923 | 17,077 | 2.4% | - | 0.0% | 17,077 | 2.4% | - | 20,039 | - |
| Power Center | 1 | 470,314 | 1,635 | 0.3% | - | 0.0% | 1,635 | 0.3% | - | - | - |
| TOTAL | 50 | 3,010,014 | 411,694 | 13.7% | - | 0.0% | 411,694 | 13.7% | 4851 | 36,847 | \$11.02 |
| South Central | | | | | | | | | | | |
| Free-Standing | 14 | 305,282 | - | 0.0% | - | 0.0% | - | 0.0% | 6,555 | 6,555 | - |
| Conv/Strip Center | 40 | 667,356 | 111,526 | 16.7% | - | 0.0% | 111,526 | 16.7% | 1,941 | 10,931 | \$12.87 |
| Neighborhood Center | 23 | 1,412,930 | 156,521 | 11.1% | 20,071 | 1.4% | 176,592 | 12.5% | 1,897 | (2,872) | \$13.96 |
| Community Center | 6 | 917,580 | 76,420 | 8.3% | - | 0.0% | 76,420 | 8.3% | 9,085 | 8,535 | \$9.65 |
| Big Box | 7 | 1,112,501 | - | 0.0% | - | 0.0% | - | 0.0% | - | - | - |
| Regional Center | 2 | 1,904,876 | 265,181 | 13.9% | 207,114 | 10.9% | 472,295 | 24.8% | - | - | - |
| TOTAL | 92 | 6,320,525 | 609,648 | 9.6% | 227,185 | 3.6% | 836,833 | 13.2% | 19,460 | 23,149 | \$12.55 |
| Southwest | | | | | | | | | | | |
| Free-Standing | 19 | 339,312 | 66,032 | 19.5% | - | 0.0% | 66,032 | 19.5% | - | - | \$10.50 |
| Conv/Strip Center | 75 | 1,018,100 | 176,117 | 17.3% | - | 0.0% | 176,117 | 17.3% | (5,129) | 3,581 | \$12.66 |
| Neighborhood Center | 31 | 1,775,487 | 249,234 | 14.0% | - | 0.0% | 249,234 | 14.0% | 22,829 | 21,789 | \$12.51 |
| Community Center | 11 | 1,923,954 | 239,510 | 12.4% | 11,310 | 0.6% | 250,820 | 13.0% | (7,488) | 1,445 | \$14.37 |
| Big Box | 14 | 1,541,376 | 62,379 | 4.0% | - | 0.0% | 62,379 | 4.0% | - | - | \$9.75 |
| Regional Center | 1 | 859,302 | 32,000 | 3.7% | - | 0.0% | 32,000 | 3.7% | - | - | - |
| Power Center | 1 | 506,769 | 46,667 | 9.2% | - | 0.0% | 46,667 | 9.2% | (5,137) | (851) | \$13.00 |
| TOTAL | 152 | 7,964,300 | 871,939 | 10.9% | 11,310 | 0.1% | 883,249 | 11.1% | 5,075 | 25,964 | \$12.68 |
| West Dodge Corridor | | | | | | | | | | | |
| Free-Standing | 3 | 50,470 | - | 0.0% | - | 0.0% | - | 0.0% | - | - | - |
| Conv/Strip Center | 16 | 276,603 | 24,320 | 8.8% | - | 0.0% | 24,320 | 8.8% | 1,440 | 4,840 | \$12.69 |
| Neighborhood Center | 9 | 688,463 | 62,930 | 9.1% | - | 0.0% | 62,930 | 9.1% | (3,666) | (3,450) | \$15.33 |
| Big Box | 2 | 320,688 | - | 0.0% | - | 0.0% | - | 0.0% | - | - | - |
| Regional Center | 1 | 574,237 | 18,895 | 3.3% | - | 0.0% | 18,895 | 3.3% | (3,500) | (3,500) | - |
| TOTAL | 31 | 1,910,461 | 106,145 | 5.6% | - | 0.0% | 106,145 | 5.6% | (5,726) | (2,110) | \$14.73 |



512 offices in
61 countries on
6 continents

United States: 125
Canada: 38
Latin America: 18
Asia Pacific: 214
EMEA: 117

- \$1.5 billion in annual revenue
- 979 million square feet under management
- Over 12,500 professionals

**COLLIERS INTERNATIONAL
OMAHA OFFICE**

6464 Center Street, Suite 200
Omaha, NE 68106
TEL +1 402 345 5866
FAX +1 402 345 0422

Cynthia P. Cisar
Vice President, Director of Retail
cindi.cisar@colliers.com

Melissa Torrez
Research Manager
melissa.torrez@colliers.com

OMAHA RETAIL SUBMARKETS

| ABBREVIATION | SUBMARKET |
|--------------|---------------------|
| NW | Northwest |
| NC | North Central |
| E | East |
| CB | Council Bluffs |
| SE | Sarpy East |
| WSC | Sarpy West |
| SW | Southwest |
| WDC | West Dodge Corridor |
| SC | South Central |

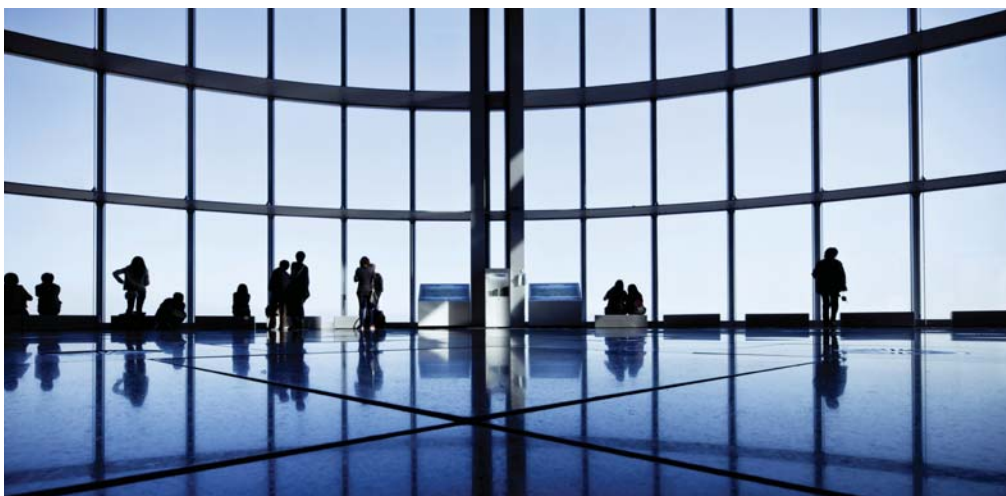
REAL ESTATE IS A LOCATION BUSINESS

That's why we do business where you do business. When you partner with Colliers International professionals, you know you are getting the best local knowledge available, while gaining access to the same quality of local expertise nationally and in 512 markets around the world.

Colliers International is continuously refining its database. The data shown in the historical tables and graphics in this report have been adjusted to take into account these changes in the database.

This report has been prepared by Colliers International for general information only. Information contained herein has been obtained from sources deemed reliable and no representation is made as to the accuracy thereof. Colliers International does not guarantee, warrant or represent that the information contained in this document is correct. Any interested party should undertake their own inquiries as to the accuracy of the information. Colliers International excludes unequivocally all inferred or implied terms, conditions and warranties arising out of this document and excludes all liability for loss and damages arising there from.

This report and other research materials may be found on our website at www.colliers.com.



Accelerating success.