



Omaha
Retail
21Q1

Key Takeaways

- Over 84,000 square feet of positive absorption
- No new square feet delivered
- Over 240,000 square feet under construction
- Trend of temporary leases



The Pandemic Created Opportunity

The pandemic has created an opportunity, at least in the short term, to fill large vacant retail spaces with medical users operating COVID-19 vaccine clinics.

Market Indicators



4.2%
Unemployment Rate



4.4%
GDP - Quarterly % change yr/yr

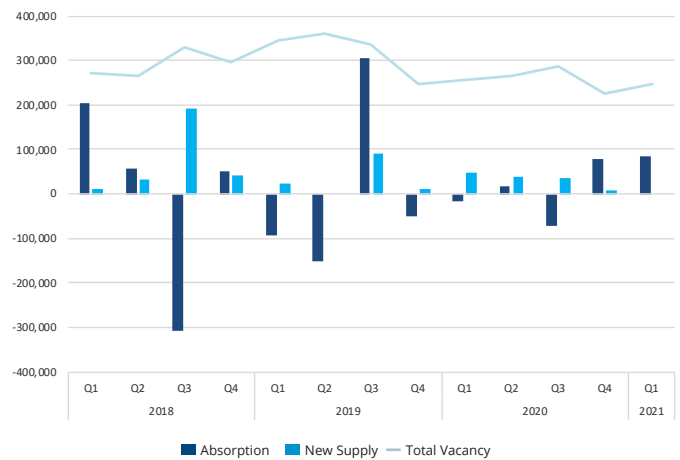


1.745%
U.S. 10 Year Treasury Note

Historic Comparison

	20Q1	20Q4	21Q1
Total Inventory (in Thousands of SF)	33,409.0	33,300.7	33,269.4
New Supply (in Thousands of SF)	55.4	6.5	0.0
Net Absorption (in Thousands of SF)	11.2	76.8	84.5
Overall Vacancy	8.1%	7.8%	8.1%
Under Construction (in Thousands of SF)	38.1	198.7	240.5
Overall Asking Lease Rates (NNN)	\$12.37	\$13.02	\$13.02

Market Graph



Vacancy is 30 basis points lower than three years ago, absorption is positive for the second quarter in a row and zero new construction was delivered to the market in the first quarter of 2021.

Recent Transactions



Sale
2717 S 108th St
Central | \$1.1M



Lease
1120 Howard St
Downtown | 5,802 SF



Lease
11773 S Hwy 6, Gretna
Southwest | 4,040 SF

Covid-19 Clinics Help Fill Large Retail Spaces in First Quarter of 2021

The Omaha retail market ended the first quarter of 2021 with a vacancy rate of 8.1 percent which is up slightly from 7.8 percent at the end of 2020. While 84,500 square feet of retail space was absorbed in the first quarter, much of this space is temporary in nature. Average asking rental rates remained flat at \$13.02 per square foot on a triple net basis.

As changes in retail habits continue to change and more consumers move toward online shopping, both the local and national retail markets have seen some creative, non-traditional uses occupying former retail vacancies.

The pandemic has created an opportunity, at least in the short term, to fill large vacant retail spaces with medical users operating COVID-19 vaccine clinics. The Douglas County Health department occupied 80,000 square feet in the Stockyards Plaza shopping center near 36th and L Streets. Methodist Health Systems moved into 40,000 square feet in the Miracle Hills Square Shopping Center near 114th Street and West Dodge Road. This trend is happening nationally too. According to the Chicago Tribune, there are now temporary vaccine clinics in three former Kmart properties, a former ToysRUs, a former Sam's Club, a former Carson's department store and former Dress Barn/Gordmans spaces in a shopping center in the Chicago metro area. These former big box spaces are situated in densely populated areas with ample parking, making them ideal locations for these clinics. However, their temporary nature has Landlords uncertain about what will happen with these spaces after the pandemic. According to Victor Calanog, head of commercial real estate economics at Moody's Analytics, "The retailers that are expanding today, like Dollar Stores and specialty retailers, typically want much smaller spaces than those left by shrinking big-box chains and department stores." After these vaccination clinics leave former retail spaces, investors will likely return to dividing big-box retail spaces into multiple smaller "junior anchor" spaces or repurposing these spaces for non-traditional users such as churches and self-storage.

Additional absorption took place in the Omaha retail market including Thrift World taking over a former 23,612-square-foot furniture store in Council Bluffs and Bonafide Dog Academy

moving into the former 15,000-square-foot Pump-it-Up facility at 72nd and Pacific Streets. A total of sixteen deals between 2,000 and 10,000 square feet and another eighteen deals below 2,000 square feet were completed in the first quarter of 2021.

No new retail construction was delivered to the Omaha market in the first quarter of 2021, marking only the second quarter since the first quarter of 2012 to deliver no retail space to the Omaha market. Over 240,000 square feet of retail space is currently under construction. Similar to past years, there are no large big-box or shopping centers under construction. The new construction in the pipeline is comprised of either smaller shopping centers or free-standing retail near developing residential areas and more than 56 percent of it is either build-to-suit or pre-leased. The largest retail project under way is the new mixed-use La Vista City Centre, located near 84th Street and Giles Road. A 66,000-square-foot retail building here is 60 percent pre-leased and a 12,082-square-foot property is 100 percent pre-leased. Another area of the metro seeing robust retail growth is the 204th street corridor north of Elkhorn to south of Gretna. Six retail properties totaling 68,361 square feet are under construction including a speculative 18,750-square-foot strip center on the southeast corner of 204th Street and Blondo Parkway, a 12,200-square-foot strip center in Gretna, a 10,000-square-foot Hy-Vee grocery store and 9,500-square-foot strip center southeast of 204th Street and West Dodge Road, and a 10,000-square-foot restaurant/music venue and 8,161-square-foot strip center near 204th and Pacific Streets. Colliers expects this trend of conservative retail construction to continue with smaller properties meeting the demand of residential areas and as part of mixed-use developments.

In conclusion, nationally and locally, vaccine clinics have created demand for large blocks of space, filling spaces formerly occupied by traditional retailers. Once the need for vaccines subsides, retail property owners will continue to search for non-traditional uses to fill these large spaces.

Omaha, NE | 2021 Q1 | Retail | Market Statistics

Submarket	Total Inventory SF	Direct Availability Rate	Sublease Availability Rate	Availability Rate	Vacancy Rate	Vacancy Rate Previous	Net Absorption Current	Net Absorption YTD	Under Construction	Deliveries YTD	Avg Direct Asking Rate (NNN)
Central	5,739,862	4.3%	0.2%	4.6%	7.5%	7.5%	2,663	2,663	5,000	0	\$14.51
Council Bluffs	3,230,550	5.8%	0.0%	5.8%	6.9%	6.4%	17,585	17,585	5,000	0	\$12.10
Downtown	223,074	10.9%	0.0%	10.9%	7.5%	7.5%	0	0	0	0	\$18.32
North Central	1,932,292	11.2%	2.5%	14.2%	12.3%	11.9%	-8,882	-8,882	0	0	\$9.81
Northeast	1,029,638	0.9%	0.0%	0.9%	1.4%	1.1%	-2,520	-2,520	0	0	\$12.19
Northwest	3,283,669	7.1%	1.0%	8.3%	8.3%	8.1%	3,240	3,240	24,750	0	\$15.62
Sarpy East	4,597,491	6.8%	0.0%	6.8%	7.2%	7.4%	-14,946	-14,946	83,282	0	\$13.07
Sarpy West	595,519	3.2%	0.0%	3.2%	4.7%	4.7%	0	0	21,531	0	\$17.35
South Central	907,368	10.8%	1.0%	11.7%	10.3%	8.8%	-11,729	-11,729	0	0	\$10.78
Southeast	1,013,656	4.3%	0.0%	4.3%	7.8%	7.2%	76,880	76,880	0	0	\$10.92
Southwest	8,540,275	8.6%	0.6%	9.1%	9.8%	9.1%	-23,722	-23,722	49,861	0	\$13.21
West Dodge Corridor	2,176,031	6.8%	0.1%	6.8%	6.6%	6.8%	45,883	45,883	51,093	0	\$18.80
TOTAL	33,269,425	6.8%	0.5%	7.3%	8.1%	7.8%	84,452	84,452	240,517	0	\$13.02

Summary by Subtype

Subtype	Total Inventory SF	Direct Availability Rate	Sublease Availability Rate	Availability Rate	Vacancy Rate	Vacancy Rate Previous	Net Absorption Current	Net Absorption YTD	Under Construction	Deliveries YTD	Avg Direct Asking Rate (NNN)
Free Standing General	9,699,158	4.2%	0.4%	4.6%	3.7%	3.4%	202	202	144,135	0	\$12.41
Neighborhood Community Center	11,156,563	9.6%	0.9%	10.7%	11.1%	10.8%	110,572	110,572	84,182	0	\$12.37
Regional Power Center	8,617,819	4.9%	0.0%	5.0%	8.4%	8.1%	-16,159	-16,159	0	0	\$15.07
Strip Center	3,795,885	9.6%	0.1%	9.9%	9.9%	9.8%	-10,163	-10,163	12,200	0	\$13.08
GRAND TOTAL	33,269,425	6.8%	0.5%	7.3%	8.1%	7.8%	84,452	84,452	240,517	0	\$13.02

FOR MORE INFORMATION
 Melissa Torrez
 Director of Market Research
 Nebraska
 +1 402 763 1744
melissa.torrez@colliers.com

Mike Potthoff
 President, Principal
 Nebraska
 +1 402 763 1751
mike.potthoff@colliers.com

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\$3.3B
in revenue



2B
square feet under management



18,000 +
professionals and staff

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Market Contacts:

Melissa Torrez

Director of Market Research
Nebraska
+1 402 763 1744
melissa.torrez@colliers.com

Mike Potthoff

President, Principal
Nebraska
+1 402 763 1751
mike.potthoff@colliers.com

Contributors:

Kristi Andersen

Senior Associate, Nebraska



11516 Miracle Hills Drive, Suite 400
Omaha, NE 68154
+1 402 345 5866
colliers.com

