

Q3 RETAIL MARKET REPORT

Source: Co-Star Retail Market Report

As with all sectors, COVID is the biggest story of the year. During the second quarter, we saw a historic drop in retail sales. Retailers, restaurants, and their landlords were helped greatly by the government's Paycheck Protection Program (PPP), which kept many people afloat. During the third quarter, as quarantine restrictions started to lift across the country and the economy was flooded with \$1.4 trillion, retail sales returned strongly to almost pre-COVID levels. Though the spike in cases continues across the country, many states have slowed or even went backwards with their reopening – and without government intervention, consumer spending could likely slow during the remainder of the year.

Damage has been done to the retail market, with numerous retail bankruptcies announced during the third quarter. Many retailers will be liquidated, though it's important to note that many of the bankruptcies are merely to provide protection while businesses navigate the crisis. Vacancy has ticked up in the Omaha market and overall nation wide.

Gyms, theaters, and full-service restaurants have been greatly impacted and likely will continue to feel the pain until the crisis passes. Gym visits across the country are down 67% with both Gold's Gym and 24 Hour Fitness filing bankruptcy. Major film studios have limited movie releases, meaning theaters that are able to stay open are only able to show older movies. In some areas of the country, theaters are not allowed to open at all. Traffic at full-service restaurants has declined by 38%, though Applebee's, Chili's, and Olive Garden have fared better than a concept like The Cheesecake Factory.

The story is not all bad news though. Well-positioned tenants have been able to go after spaces that may have not been previously available. Drive-thrus are in high demand, as one area of the economy that overachieved was restaurants with drive-thrus. Landlords have not yet seen a lot of downward pressure on rents. They have seen prospective tenants ask for additional free rent at the beginning of the lease and pandemic clauses.

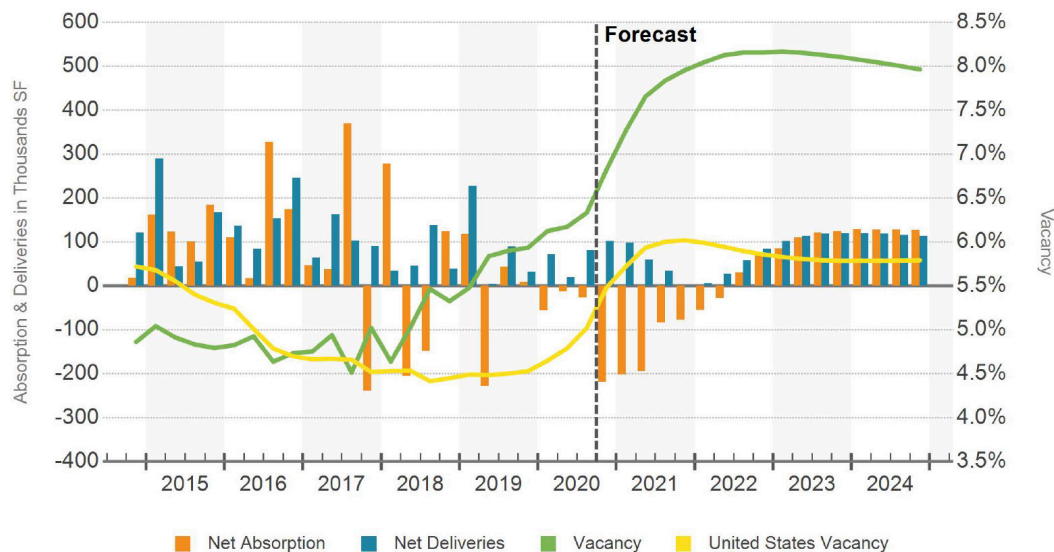
The data used to write reports like these are not always in real time and can run as much as a quarter behind. We feel important to note what OMNE Partners' retail team has seen during the 2nd & 3rd quarters. What we have seen is dramatically better than what the data and media might lead us to believe. The team completed over 40,000 SF of leases at one shopping center between 3 tenants during the 3rd quarter. Three restaurant leases have been completed during that time – all without a drive-thru. Of course, this only represents a small portion of our business and the overall market, but we do believe that as anecdotal evidence, it gives us reason for a positive outlook on the future beyond COVID and the retail market.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Malls	5,275,235	15.6%	\$14.47	8.0%	0	0	0
Power Center	4,959,822	5.0%	\$16.48	5.6%	7,135	0	0
Neighborhood Center	12,526,961	11.2%	\$13.68	11.4%	(15,118)	0	45,027
Strip Center	4,469,049	9.1%	\$13.17	9.8%	18,342	0	12,200
General Retail	36,978,037	3.4%	\$14.35	3.4%	(40,322)	0	249,854
Other	428,771	0%	\$16.13	0%	0	0	0
Market	64,637,875	6.4%	\$14.32	5.9%	(29,963)	0	307,081

Annual Trends	12-Month	Historical Avg.	Forecast Avg.	Peak	When	Trough	When
Vacancy Change (YOY)	0.5%	5.7%	7.9%	7.4%	2007 Q2	4.5%	2017 Q3
Net Absorption SF	(119 K)	573,482	67,840	1,729,776	2008 Q1	(315,943)	2018 Q3
Deliveries SF	296 K	638,487	406,819	1,627,462	2008 Q1	181,504	2011 Q4
Rent Growth	3.1%	0%	0.7%	3.8%	2020 Q2	-3.8%	2010 Q3
Sales Volume	\$234M	\$157.9M	N/A	\$310.1M	2015 Q3	\$57.6M	2009 Q3

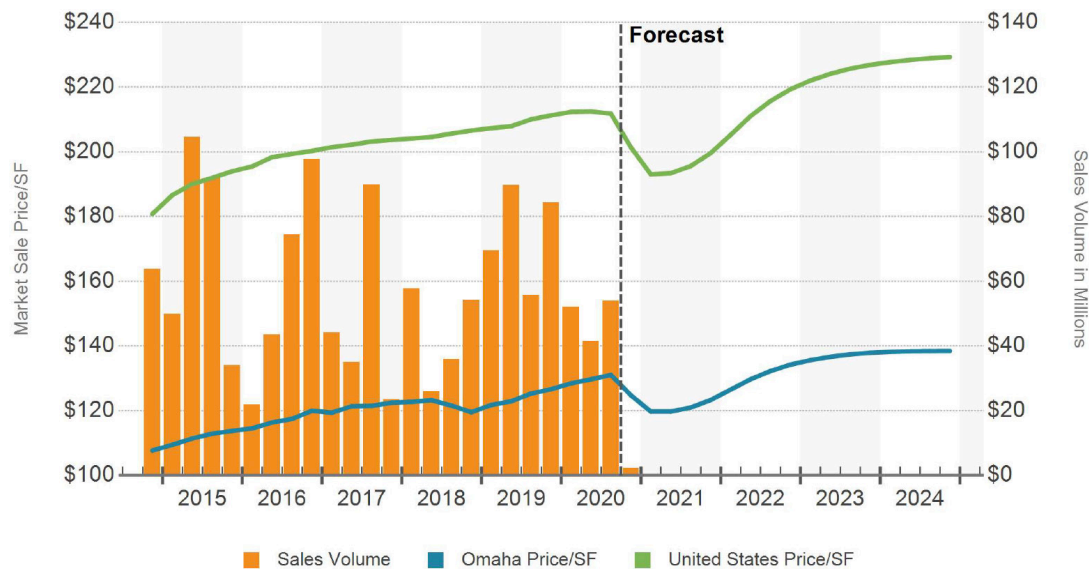
NET ABSORPTION, NET DELIVERIES & VACANCY



PROPERTIES UNDER CONSTRUCTION

Properties	Square Feet	Percent of Inventory	Released
17	307,081	0.5%	74.0%

SALES VOLUME & MARKET SALE PRICE PSF



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