

Industrial Snapshot Q1 2016

Omaha



CUSHMAN & WAKEFIELD

LUND COMPANY

OMAHA INDUSTRIAL

Economic Indicators

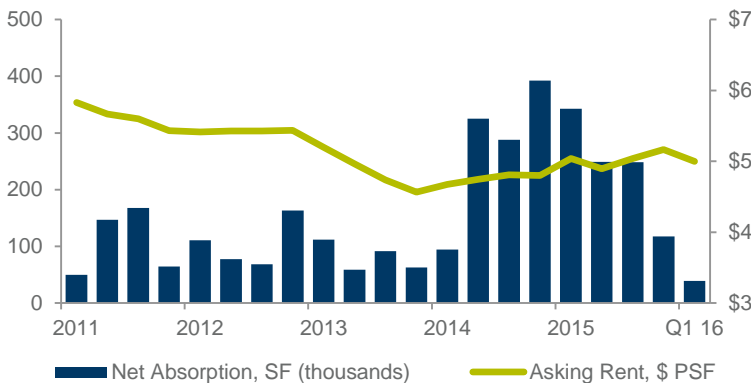
	Q1 2015	Q1 2016	12-Month Forecast
Omaha Employment	489k	497k	▲
Omaha Unemployment	3.2%	3.0%	■
U.S. Unemployment	5.6%	4.9%	▲

Market Indicators (Overall, All Product Types)

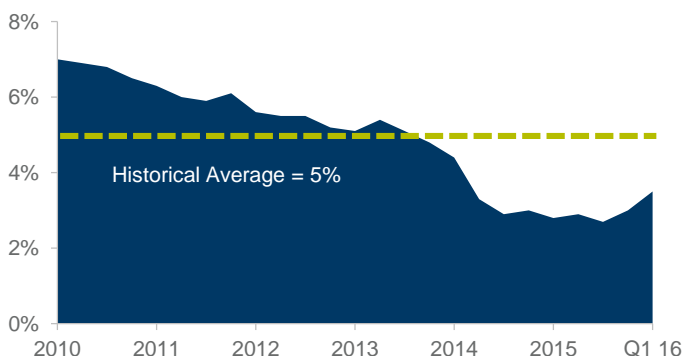
	Q1 2015	Q1 2016	12-Month Forecast
Vacancy	2.8%	3.5%	▲
Net Absorption (sf)	54k	(260k)	▲
Under Construction (sf)	765k	599k	▲
Average Asking Rent*	\$5.83	\$5.16	▲

*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Asking Rent 4Q TRAILING AVERAGE



Overall Vacancy



Economy

The region's manufacturing economy and economic outlook improved during Q1 and the Mid-America Business Conditions Index improved for the third straight month. Even with increased optimism, employment still declined. The region's manufacturers have cut 1.7% of jobs resulting in overall job growth of 0.6% for the region over the past year. In Nebraska, the unemployment rate rose slightly to 3.2%. However, total employment is up and the state still has the third lowest unemployment rate in the nation. Interestingly, consumer confidence in Nebraska remained negative. According to a report by the University of Nebraska-Lincoln's Bureau of Business Research, Nebraska businesses were optimistic and expected strong sales and job growth. Site Selection magazine's Governors' Cup Awards, which recognizes qualifying new and expanded facilities per capita, reported that the Omaha-Council Bluffs metropolitan area ranked No. 1 last year for new and expanded corporate facilities for U.S. cities with populations between 200,000 and 1 million. Nebraska reported 55 new and expanded corporate projects in 2015. Nebraska was also the runner up to the overall winner in the per capita contest.

Market Overview

The Omaha industrial market concluded Q1 2016 with negative absorption and an overall vacancy rate of 3.5%. Asking rents and new construction continue to increase. There is currently 598,842 square feet (sf) of industrial space under construction, with approximately 122,923 sf developed on a build-to-suit basis. The speculative development appetite continues to be strong.

Outlook

The Omaha industrial market remains positive, with industrial land values increasing. Rental rates continue to increase thus supporting new speculative construction. Leasing activity will remain strong and favor speculative development. We should see steady growth in the Omaha marketplace without overbuilding in the marketplace.

MARKETBEAT

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SUBMARKET	INVENTORY (SF)	YTD LEASING ACTIVITY (SF)	YTD USER SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD NET OVERALL ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL WEIGHTED AVG. NET RENT (ALL)	OVERALL WEIGHTED AVG. NET RENT (MF)	OVERALL WEIGHTED AVG. NET RENT (OS)	OVERALL WEIGHTED AVG. NET RENT (WD)
Northeast	9,318,061	18,000	N/A	7.5%	(216,010)	0	\$3.99	N/A	\$3.53	N/A
Sarpy East	1,857,255	N/A	N/A	3.6%	N/A	0	N/A	N/A	N/A	N/A
Sarpy West	12,915,781	46,285	N/A	3.2%	111,256	372,719	\$5.70	N/A	\$6.13	\$5.25
Southwest	8,244,899	50,708	N/A	3.1%	(6,936)	10,000	\$5.39	\$3.95	\$6.58	\$4.50
Southeast	6,989,445	17,657	N/A	2.5%	8,351	0	\$5.74	N/A	\$6.44	\$4.05
Council Bluffs	6,161,905	1,200	N/A	2.5%	1,200	200,000	\$5.29	N/A	\$5.67	\$4.00
South Central	18,756,711	134,221	11,880	3.1%	(176,822)	0	\$4.97	N/A	\$5.30	\$4.36
Northwest	4,085,347	25,754	N/A	0.7%	18,844	16,123	\$7.12	N/A	\$7.12	N/A
Pottawattamie County	235,302	N/A	N/A	0.0%	N/A	0	N/A	N/A	N/A	N/A
OMAHA TOTALS	68,564,706	293,825	11,880	3.5%	(260,117)	598,842	\$5.16	\$3.95	\$5.62	\$4.50

*Rental rates reflect asking \$psf/year

MF = Manufacturing OS = Office Service/Flex WD = Warehouse/Distribution

Key Lease Transactions Q1 2016

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET
6949 S 108 th	57,800	Rotella's	Office Service/Flex	Sarpy West
13251 Lyman Drive	48,000	ABC Supply	Warehouse	Sarpy West
11651 S 154 th	35,040	Blackhawk	Warehouse	Sarpy West
9445-9449 J Street	18,175	O'Reilly Auto Parts	Office Service/Flex	South Central

Key Sales Transactions Q1 2016

PROPERTY	SF	SELLER / BUYER	PROPERTY TYPE	PRICE / \$PSF	SUBMARKET
Hilltop Industrial Park	48,000	Avera Companies	Ming Management, Inc.	\$5,796,000 / \$121	Sarpy West
17716-17720 Storage Road	10,080	SJZ Investments, Inc.	Diva Investments, LLC	\$645,000 / \$64	Sarpy West

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