

Industrial Snapshot 2Q 2016

Omaha



CUSHMAN & WAKEFIELD

LUND COMPANY

OMAHA INDUSTRIAL

Economic Indicators

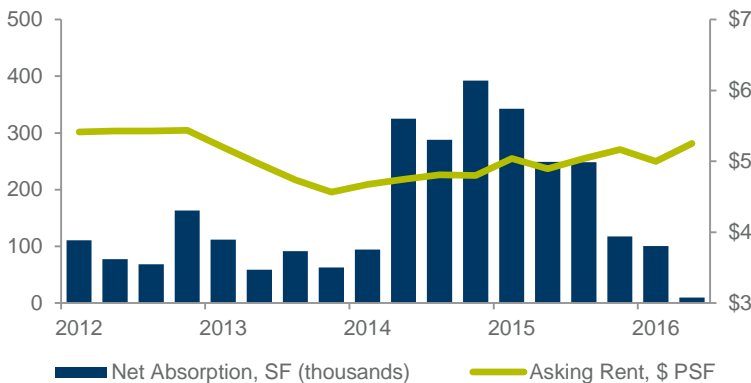
	2Q 15	2Q 16	12-Month Forecast
Omaha Employment	491k	497k	▲
Omaha Unemployment	3.1%	3.2%	▬
U.S. Unemployment	5.4%	4.9%	▼

Market Indicators (Overall, All Product Types)

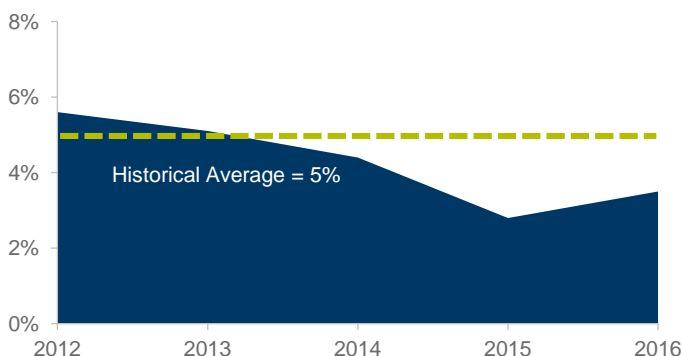
	2Q 15	2Q 16	12-Month Forecast
Vacancy	2.9%	3.1%	▲
Net Absorption (sf)	383k	21k	▲
Under Construction (sf)	527k	599k	▲
Average Asking Rent*	\$4.21	\$5.22	▲

*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Asking Rent 4Q TRAILING AVERAGE



Overall Vacancy



Economy

The second quarter of every year usually provides a positive boost in the arm for Omaha's local economy with great events such as the annual Berkshire shareholders' meeting, College World Series, and the Olympic Swim Trials. These events generate millions of dollars for the local economy. Nebraska's unemployment rate remained at 3% which is the third lowest in the region. There was strong employment increase in the areas of education, health, leisure, and hospitality but contrary to popular belief manufacturing and agriculture trended downward with low commodity prices thus lowering farm income and property values. Nebraska has a 70.1% labor participation rate which is fourth highest in the country. Additionally, job growth and wages are above national averages.

Market Overview

The Omaha industrial market concluded the second quarter of 2016 with positive absorption and an overall vacancy rate of 3.1%. As a result of low vacancies, asking rental rates continue to increase especially with new construction deliveries. The average rental rate overall for industrial is \$5.22 per square foot (PSF). New construction deals are asking north of \$5.25 PSF and typically achieving \$6.00 PSF NNN. The demand is greatest in Sarpy County – which is one of the nation's fastest growing housing markets as a result of having all the fundamentals: population growth, business-friendly cities and affordability.

Construction

Low supply and increasing rental rates are setting the stage for continued new development. There is over 0.5 million square feet currently under construction that will be delivered by year-end 2016. Many additional projects are slated to break ground this year. The construction sector in Nebraska is predicted to be the fastest growing economy sector through 2018.

Outlook

The Omaha industrial market is trending positive, with industrial land and building values increasing. Rental rates continue to increase thus supporting the addition of speculative construction on the horizon. Leasing activity remains strong with new construction leading the charge.

Industrial Snapshot 2Q 2016

Omaha



CUSHMAN & WAKEFIELD

LUND COMPANY

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 (W/D)
Northeast	9,616,099	74,323	65,101	6.1%	(181,622)	0	\$3.99	N/A	\$3.53	N/A
Sarpy East	1,857,255	N/A	41,844	4.1%	(9,000)	0	\$5.95	N/A	\$5.03	N/A
Sarpy West	13,042,475	283,463	58,709	2.1%	292,866	372,719	\$5.79	N/A	\$6.24	\$5.65
Southwest	8,224,729	93,520	N/A	4.5%	(26,050)	10,000	\$5.27	\$3.95	\$6.48	\$4.58
Southeast	6,974,372	23,657	10,200	2.5%	116	0	\$4.18	N/A	\$4.00	\$4.05
Council Bluffs	5,145,791	1,200	33,670	3.0%	1,200	200,000	\$5.27	N/A	\$5.43	\$4.00
South Central	18,822,255	264,763	11,880	2.5%	(76,226)	0	\$5.14	N/A	\$5.45	\$4.26
Northwest	4,060,737	39,499	N/A	1.0%	4,924	16,123	\$7.12	N/A	\$2.41	N/A
Pottawattamie County	888,935	N/A	N/A	N/A	N/A	0	N/A	N/A	N/A	N/A
Washington County	5,760	N/A	N/A	N/A	N/A	0	N/A	N/A	N/A	N/A
OMAHA TOTALS	68,638,408	780,425	221,404	3.1%	6,208	598,842	\$5.22	\$3.95	\$5.30	\$4.81

*Rental rates reflect asking \$psf/year

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

Key Lease Transactions 2Q 2016

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET
9995 I Street	73,400	Outlook Nebraska	Office Service/Flex	South Central
13205 Centennial Road	21,000	Ingersoll Rand	Office Service/Flex	Sarpy West
4320 S 102 nd	16,603	GP Industries, Inc.	Warehouse/Distribution	South Central

Key Sales Transactions 2Q 2016

PROPERTY	SF	SELLER / BUYER	PROPERTY TYPE	PRICE / \$PSF	SUBMARKET
8951 S 126 th	40,500	Sortino/126 LaVista, LLC	Warehouse/Distribution	\$3,150,000 / \$78	Sarpy West
11511 Cary Street	54,011	Rolling Frito-Lay/Horowitz	Warehouse/Distribution	\$3,450,000 / \$64	Sarpy West