

Industrial Snapshot Q4 2015

Omaha



CUSHMAN & WAKEFIELD

LUND COMPANY

OMAHA INDUSTRIAL

Economic Indicators

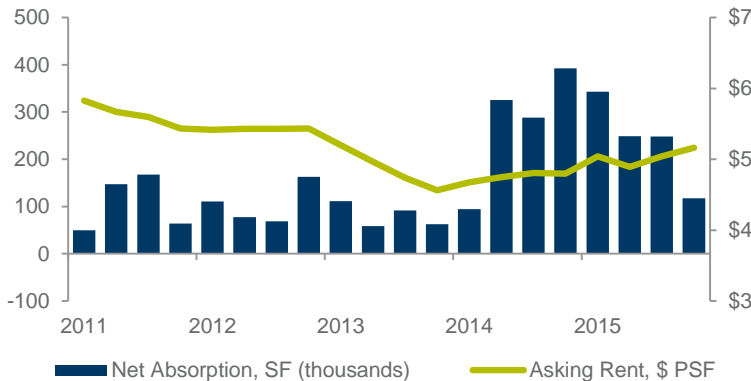
	2014	2015	12-Month Forecast
Omaha Employment	487k	494k	▼
Omaha Unemployment	3.4%	2.9%	▲
U.S. Unemployment	5.7%	5.0%	▲

Market Indicators (Overall, All Product Types)

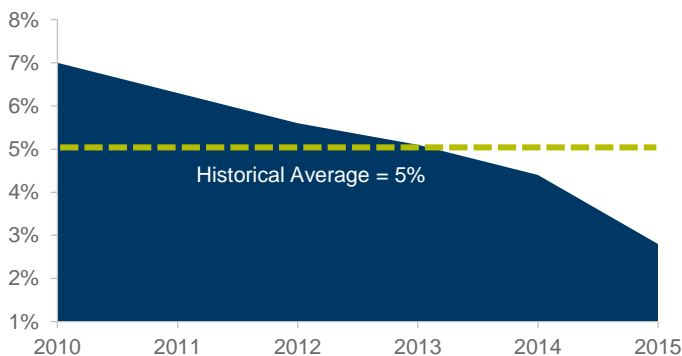
	2014	2015	12-Month Forecast
Vacancy	3.0%	3.0%	▲
Net Absorption (sf)	1.6M	471k	▲
Under Construction (sf)	474k	678k	▲
Average Asking Rent*	\$4.78	\$5.28	▲

*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Asking Rent 4Q TRAILING AVERAGE



Overall Vacancy



Economy

Nebraska's Leading Economic Indicator (LEI-N) fell slightly by 0.12% in December suggesting the economy is still expected to remain strong throughout the first half of 2016. Nebraska's unemployment rate is 2.9% which is second in the nation behind North Dakota (2.7%). The slight decline of the LEI-N followed significant increases in both October and November. The strength of the dollar rose in December thus reducing the competitiveness of Nebraska exporters in manufacturing and agriculture. The Fed increased the interest rate at the December meeting for the first time in nearly a decade. The rate increase was expected and a testament to the strength of our economy.

Market Overview

Although the Omaha industrial market concluded Q4 2015 with 67,000 square feet (sf) of negative absorption, the overall year ended with 470,568 sf of positive absorption and a 3.0% vacancy rate. The average asking rents increased 10.5% from Q4 2014 to \$5.28 per square foot (psf). This increased rent growth is supporting the development of new construction projects.

There is currently 678,170 sf of industrial buildings under construction and the build-to-suit and speculative mix is 50/50. Over 450,000 sf of industrial developments were delivered in 2015, and the majority were built on a build-to-suit basis.

The speculative development appetite is heating up. Several large corporate headquarter projects are in the pipeline for 2016. The competition for high-quality assets remains very tight. The prices for both investment and owner/user are new market highs with almost each transaction.

Outlook

The Omaha industrial market will continue to be strong. Rental rates will remain steady enough to support speculative construction. Industrial land will keep increasing in value, leading to continual premiums for owners and tenants. We should see these trends through 2016.

MARKETBEAT

Industrial Snapshot Q4 2015

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 (WD)
Northeast	9,235,401	58,484	97,182	5.3%	48,397	0	\$4.00	N/A	\$3.45	N/A
Sarpy East	1,857,255	8,544	N/A	4.4%	(66,962)	0	N/A	N/A	\$0.00	N/A
Sarpy West	12,789,082	299,514	18,880	3.4%	292,131	562,047	\$5.89	N/A	\$7.63	\$5.51
Southwest	8,290,798	168,877	85,131	3.1%	85,096	0	\$5.29	\$3.95	\$6.77	\$4.50
Southeast	6,985,310	42,643	4,200	2.7%	196,957	0	\$4.21	N/A	\$4.08	\$4.05
Council Bluffs	6,161,905	40,500	66,455	2.5%	(32,410)	100,000	\$5.31	N/A	\$5.67	\$4.00
South Central	18,749,061	174,710	65,858	2.2%	(55,194)	0	\$4.71	N/A	\$4.86	\$4.40
Northwest	4,068,697	36,482	15,556	1.1%	2,553	16,123	\$6.99	N/A	\$7.52	N/A
Pottawattamie County	235,302	0	N/A	0.0%	0	0	N/A	N/A	N/A	N/A
OMAHA TOTALS	68,372,811	829,754	353,262	3.0%	470,568	678,170	\$5.28	\$3.95	\$5.82	\$4.77

*Rental rates reflect asking \$psf/year

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

Key Lease Transactions 2015

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET
4320 S. 94 th	69,629	Ford Storage & Moving Co.	Office Service	South Central
10203 Crown Point	63,780	Keebler	Office Service	Northwest
900 Avenue H	58,900	Ford Storage	Warehouse	Council Bluffs
14242 C Cir.	44,240	Sleepy Eye	Warehouse	Southwest

Key Sales Transactions 2015

PROPERTY	SF	SELLER / BUYER	PROPERTY TYPE	PRICE / \$PSF	SUBMARKET
13333 Lyman Dr.	78,204	Glass Contractors Inc. / Bell Ave. Properties, Inc.	Office Service	\$5,750,000 / \$74	Sarpy West
3502 S 11 th	23,510	Spirit FE / KW Oma	Warehouse/Distribution	\$3,877,759 / \$165	Council Bluffs
Centennial Building	50,711	Unknown / Walnut Acres	Office Service	\$3,337,000 / \$66	Sarpy West

The Lund Company
450 Regency Parkway, Suite 220
Omaha, NE 68114-3764
www.cushmanwakefield.com

For more information, contact:
Denny Sciscoe, Sr. Associate
Tel: +1 402 548 4061
dsciscoe@lundco.com

Cushman & Wakefield is a global leader in commercial real estate services, helping clients transform the way people work, shop, and live. The firm's 43,000 employees in more than 60 countries provide deep local and global insights that create significant value for occupiers and investors around the world. Cushman & Wakefield is among the largest commercial real estate services firms in the world with revenues of \$5 billion across core services of agency leasing, asset services, capital markets, facilities services (branded C&W Services), global occupier services, investment management (branded DTZ Investors), tenant representation and valuations & advisory. To learn more, visit www.cushmanwakefield.com or follow @Cushwake on Twitter.
Copyright © 2016 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources considered to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy. Alliance firms are independently owned and operated.