

OMAHA INDUSTRIAL

Economic Indicators

	Q4 15	Q4 16	12-Month Forecast
Omaha Employment	495k	500k	▲
Omaha Unemployment	3.2%	3.5%	■
U.S. Unemployment	5.0%	4.8%	▼

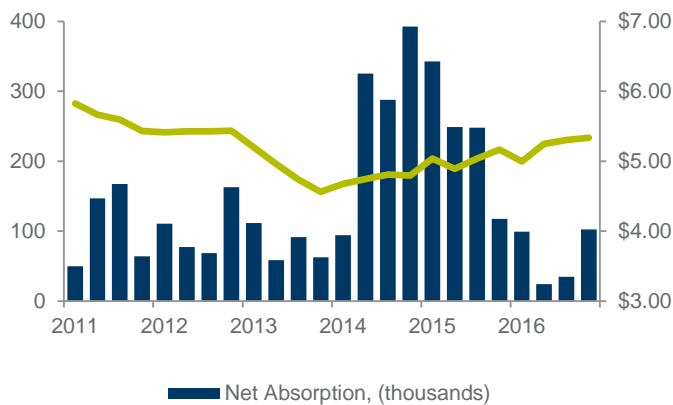
Market Indicators (Overall, All Property Types)

	Q4 15	Q4 16	12-Month Forecast
Vacancy	3.0%	3.2%	▲
Net Absorption (sf)	-67k	205k	▲
Under Construction (sf)	678k	913k	▲
Average Asking Rent*	\$5.28	\$5.41	▲

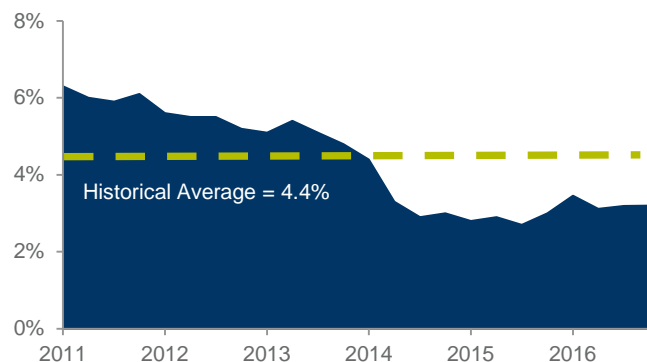
*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent

4-QTR TRAILING AVERAGE



Overall Vacancy



Economy

Nebraska's fourth quarter employment is expected to grow about 1% annually, but wage and salary income is forecasted to increase by more than 4%. The annual average unemployment rate for the state continues to be one of the lowest in the nation at 3.4%. The tight labor market and low farm prices may prove to hinder the state's economic growth as stated in a recent forecast of The University of Nebraska's Bureau of Business Research, who updates their forecasts twice yearly, predicting the state's economic growth three years into the future. The report also states that the construction industry is noted to be the fastest growing sector in the region helping to boost growth with the anticipated infrastructure spending proposed by the President. Overall, the state's economic growth is expected to be moderate in the coming years.

Market Overview

The Omaha industrial market concluded Q4 2016 with 204,651 square feet (SF) of positive absorption and an overall industrial market vacancy rate of 3.2%. Absorption totaled 410,472 SF of positive absorption over the past twelve months. Rental rates and land prices continue to record sharp increases. Most notably, multiple sales over the period, report land prices have increased approximately 80% in 2016. The market is flooded with owner/users looking to purchase buildings between 5,000 SF and 10,000 SF. On-market times are very short and asking prices are well over \$100 per square foot (PSF).

Construction and Data Centers

Construction deliveries totaled 873,368 SF in 2016 and another 913,356 SF of projects currently under construction. Data Centers remain very active, including a prominent social media company submitting a preliminary plat for multiple data center buildings, totaling approximately 2,440,000 SF along the extremely active HWY 50 / HWY 370 corridor.

Outlook

The overall outlook is positive with rental rates, land and building prices continuing to increase. Land prices should stabilize around \$4.50 PSF, creating the new norm. Owner/user projects will continue at a vigorous pace, but speculative development will lag behind reflecting the conservative nature of market investors.

MARKETBEAT

Omaha

Industrial Q4 2016



SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	YTD USER SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL WEIGHTED AVG. NET RENT (TOTAL MARKET)	OVERALL WEIGHTED AVG. NET RENT (MF)	OVERALL WEIGHTED AVG. NET RENT (OS)	OVERALL WEIGHTED AVG. NET RENT (W/D)
Northeast	257	9,553,067	159,181	5.3%	-170,059	N/A	\$4.36	N/A	\$3.81	N/A
Northwest	188	4,160,180	0	2.5%	-34,546	N/A	\$5.26	N/A	\$5.33	\$4.85
Sarpy East	57	1,857,255	49,144	4.1%	-9,000	N/A	\$5.95	N/A	\$5.03	N/A
Sarpy West	382	13,484,395	80,269	4.2%	370,945	813,356	\$6.02	\$5.44	\$6.55	\$6.03
South Central	560	18,752,028	20,840	2.6%	-103,029	N/A	\$5.27	N/A	\$5.45	\$4.75
Southeast	228	6,949,292	73,604	2.2%	-5,216	N/A	\$3.95	N/A	\$3.94	\$4.05
Southwest	258	8,209,929	69,449	2.7%	146,797	N/A	\$5.73	\$4.25	\$7.20	N/A
Council Bluffs	140	5,325,791	33,670	2.0%	214,580	100,000	\$5.70	N/A	\$5.51	\$4.00
OMAHA TOTALS	2,070	68,291,937	486,157	3.2%	410,472	913,356	\$5.44	\$5.05	\$5.41	\$5.15

*Rental rates reflect asking \$psf/year

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

Key Lease Transactions Q4 2016

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
11651 South 154 th	35,080	Bridgestone Tire	Lease	Sarpy West
11351 South 145 th St.	30,000	DSI Drywall	Lease	Sarpy West
4119 South 67 th St.	21,320	CJ's Custom Cabinets	Lease	South Central

Key Sales Transactions Q4 2016

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
14063 Cornhusker Road	125,000	Warner Enterprises/Hockenbergs Equip.	\$9,400,000 / \$75	Sarpy West
13619 Industrial Road	54,420	Diesel Power Equip/Lyman Richie	\$3,400,000 / \$62	Southwest
13306 Portal	30,068	Champion Omaha Realty/McNeil Portal	\$2,220,000 / \$74	Sarpy West

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