

MARKETBEAT INDUSTRIAL SNAPSHOT



OMAHA, NE

A Cushman & Wakefield Research Publication

Q1 2015



ECONOMIC OVERVIEW

Unemployment in Nebraska remains low and declined from 3.7% at the end of 2014 to 3.1% at the end of Q1 2015, nearly one-half the national average of 5.5%. According to a Gallup study, the Nebraska job market is the third best in the Country. Nebraska's Leading Economic Indicator rose for the fourth consecutive month in March 2015, up 0.8%, which suggests the state's economy will continue to grow steadily in 2015. The elevated dollar value will put pressure on crop prices and the manufacturing associated with agriculture, indicative of solid growth.

LAND AVAILABILITY, NEW DEVELOPMENT

The Omaha industrial market concluded Q1 2015 with 112,947 square feet (sf) of positive absorption. The overall vacancy rate decreased 0.3 percentage point from year-end 2014 to 2.7% - a new all-time low. Local municipalities are close to reaching an agreement on a sewer land swap that would add just over 800 acres of well-located industrial ground to the inventory. The majority of this land is already under contract pending sewer approval. Multiple large-scale industrial projects will begin to break ground as a result of the sewer land swap. The majority of these projects are owner/user driven but will also result in an increase in speculative construction. Prosper Omaha created a five-year economic development campaign to help acquire shovel-ready industrial ground in hopes to stay competitive in business recruitment. The goal was to raise \$23 million in funds, which they were successful in doing. The last significant industrial park was developed in 2006 so the market is poised for another successful industrial development.

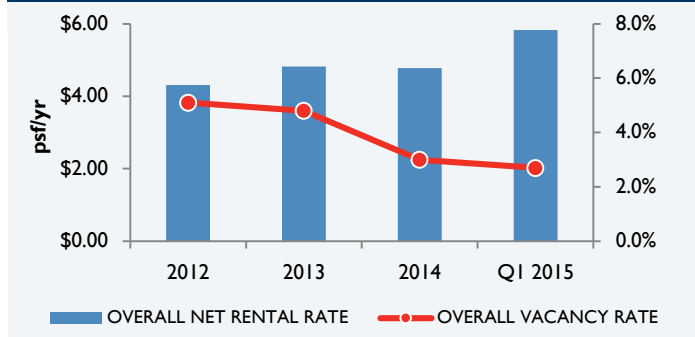
OUTLOOK

The Omaha industrial market will continue to report rent increases as a result of low vacancy rates and new construction is expected in 2015. We would expect continued acquisition of large land tracts by developers and users spurring a significant increase in construction activity. Local municipalities are working diligently to provide the necessary infrastructure, zoning, and incentives to keep pace with the demand for industrial ground.

STATS ON THE GO

	Q1 2014	Q1 2015	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	4.4%	2.7%	-1.7 pp	▲
Direct Asking Rents (psf/yr)	\$4.86	\$5.83	20.0%	▲
YTD Leasing Activity (sf)	459,853	196,050	-57.4%	▲

OVERALL RENTAL VS. VACANCY RATES



LEASING ACTIVITY

