

Industrial Snapshot Q3 2015

Omaha



CUSHMAN & WAKEFIELD

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OMAHA INDUSTRIAL

Economic Indicators

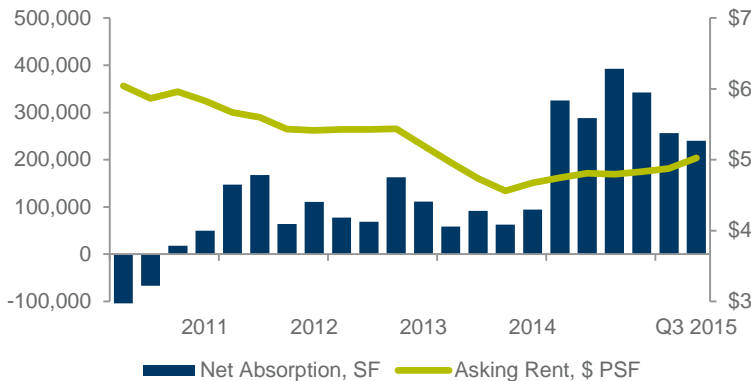
	Q3 14	Q3 15	12-Month Forecast
Omaha Employment	486k	493k	▲
Omaha Unemployment	3.6%	2.8%	▲
U.S. Unemployment	6.1%	5.1%	▲

Market Indicators

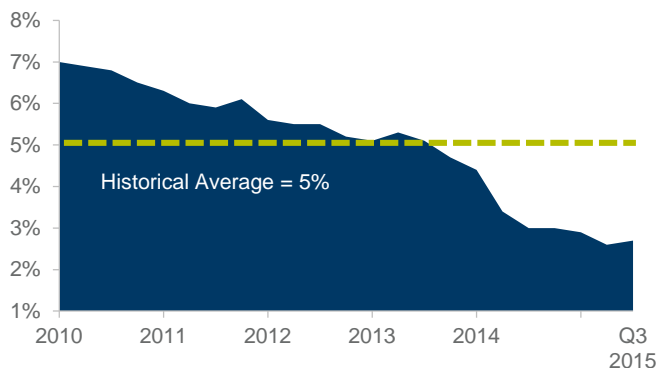
	Q3 14	Q3 15	12-Month Forecast
Overall Vacancy	2.9%	2.7%	▲
Net Absorption	103k	39k	▲
Under Construction	767k	812k	▲
Overall Average Asking Rent	\$4.75	\$5.34	▲

Net Absorption/Asking Rent

4Q TRAILING AVERAGE



Overall Vacancy



Economy

Nebraska's economy is expected to expand through February 2016, according to Nebraska's Leading Economic Indicator which rose for the fifth consecutive month in August. Nebraska's unemployment rate is 2.8% marking the seventh consecutive month that Nebraska has held the nation's lowest unemployment rate. The positive economic indicator reflects the optimism of business regarding sales growth and expectation for employment growth over the next six months. Initial claims for unemployment insurance declined sharply, indicating further strength in the labor market.

Market Overview

The Omaha industrial market concluded Q3 2015 with 39,000 square feet (sf) of positive absorption. The overall vacancy rate of 2.7% is down 0.2 percentage point from Q3 2014. The average asking rents increased 12.4% from Q3 2014 to \$5.34 per square foot (psf). This increased rent growth is supporting the development of new construction projects.

There is currently 800,000 square feet (sf) of industrial buildings under construction with another 290,000 sf of product expected to break ground by the end of the year. Of that 800,000 sf, speculative construction accounts for approximately 350,000 sf. Build-to-suit projects make up the remaining 450,000 sf of construction. A 184,000-sf speculative building is leading the way in the I-80/HWY 370 Industrial Park with another 259,000 sf to be constructed during phase II of the project. Google continues to increase the size of their data center project in Council Bluffs, IA with a 100,00-sf industrial facility. An additional 180,000 sf will be added to the industrial inventory by year-end in addition to the 350,000 sf of completions delivered in the first half of the year.

The appetite for investors and investment properties is extremely high and competition for quality product is fierce. Most quality deals do not make it to the open market and are being sold between a 7%-8% cap rate.

Outlook

The Omaha industrial market continues to be strong. By the end of the year, over one million square feet of product will be under construction with another 500,000 sf already slated for 2016. Land prices and rents will continue to increase as demand outweighs supply.

MARKETBEAT

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SUBMARKET	TOTAL BLDGS	INVENTORY	YTD LEASING ACTIVITY	YTD USER SALES ACTIVITY	OVERALL VACANCY RATE	YTD NET OVERALL ABSORPTION	UNDER CNSTR	YTD CONSTRUCTION COMPLETIONS	DIRECT WEIGHTED AVG. NET RENT (MF)	DIRECT WEIGHTED AVG. NET RENT (OS)	DIRECT WEIGHTED AVG. NET RENT (W/D)
Sarpy West	360	12,569,582	274,656	102,523	1.4%	140,184	617,031	392,044	\$0.00	\$7.44	\$0.00
South Central	559	18,757,684	125,003	46,518	2.1%	(37,958)	57,800	0	\$0.00	\$5.21	\$4.18
Southwest	260	8,265,238	128,920	38,072	3.4%	28,810	27,673	7,200	\$4.67	\$7.50	\$0.00
Council Bluffs	163	6,161,905	44,500	1,440	2.9%	(58,000)	100,000	0	\$0.00	\$4.69	\$0.00
Southeast	234	7,015,060	42,643	0	2.4%	16,752	0	0	\$0.00	\$4.22	\$4.05
Sarpy East	54	1,839,505	-	0	4.1%	(61,106)	9,000	0	\$0.00	\$0.00	\$0.00
Northwest	183	3,977,074	17,149	22,461	1.1%	6,949	0	0	\$0.00	\$5.56	\$0.00
Pottawattamie County	16	235,302	-	8,000	3.2%	0	0	0	\$0.00	\$0.00	\$0.00
Northeast	254	9,528,257	50,215	43,512	5.3%	46,465	0	0	\$0.00	\$4.96	\$0.00
OMAHA TOTALS	2,083	68,349,607	683,086	262,526	2.7%	82,096	811,504	399,244	\$4.67	\$5.53	\$3.94

*Rental rates reflect asking \$psf/year

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

Key Lease Transactions Q3 2015

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET
8802 S 121 st	65,900	Waldinger	Office Service/Flex	Sarpy West
14242 C Circle	44,240	Sleepy Eye LLC	Warehouse/Distribution	Southwest
325 Veterans Memorial Hwy	40,500	Undisclosed	Office Service/Flex	Council Bluffs
134 Building	35,040	Ford Storage	Office Service/Flex	Sarpy West

Key Sales Transactions Q3 2015

PROPERTY	SF	SELLER/BUYER	PROPERTY TYPE	PRICE	SUBMARKET
155 Ida Street	43,326	Ferer & Sons/S & O Properties	Office Service/Flex	\$2,530,000	Northeast
Brook Valley I	30,000	IRET Properties/LSREF4 Bison	Office Service/Flex	\$1,200,000	Sarpy West
10301 S 152 nd Street	26,040	Midlands Dev./Rite Way Inv.	Office Service/Flex	\$2,090,000	Sarpy West

About Cushman & Wakefield

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