

MARKETBEAT OFFICE SNAPSHOT



OMAHA, NE

A Cushman & Wakefield Research Publication

Q2 2015



ECONOMIC OVERVIEW

Nearly all key economic indicators suggest that the economy is strong. The Consumer Confidence Index rose 10% from May to June. This rise tells us that the general consumer is pleased with the current economic environment in the U.S. In addition, unemployment numbers continue to improve. The national number dipped to 5.5% at the end of June. Nebraska's unemployment figures are now the lowest in the country. Our state improved numbers quarter-over-quarter from 3.1% at the end of Q1 to 2.5% at the end of Q2. Housing starts are up 10% from the beginning of the quarter as well. All of these stats indicate a healthy economy which will likely lead to an interest rate increase. Many sources suggest a rate increase anywhere from 25-50 basis points is coming in September, which will likely lead to an increase in capitalization rates in the real estate investment markets.

NEW PROJECTS

The Omaha market has consistently been absorbing office space year after year and Q2's positive absorption was no different. Vacancy is down to 11.9% from 12.2% at the end of the first quarter. All of this positive activity is leading to new development projects.

New projects are popping up all over town. Tetrad Property Group is under construction with their "Home base" project in Aksarben Village. It is a 70,000-square foot, class A office project with approximately 36,000 square feet (sf) of speculative space for lease. Also, Lanoha Development is under construction on a new build-to-suit project for Children's Hospital. This is another class A project that will be located on 85th and Cass Street. The Advent Building is under construction in the Village Point area (180th and Dodge). Kiewit Construction recently announced plans to have a building built for them on the land that is currently known as "The Yard" on 16th and Cumming. Most significantly, HDR announced plans to relocate their headquarters to 11th and Capital. This will be a nearly 300,000-sf building that will be the first building constructed in nearly a decade having an impact on the Omaha skyline.

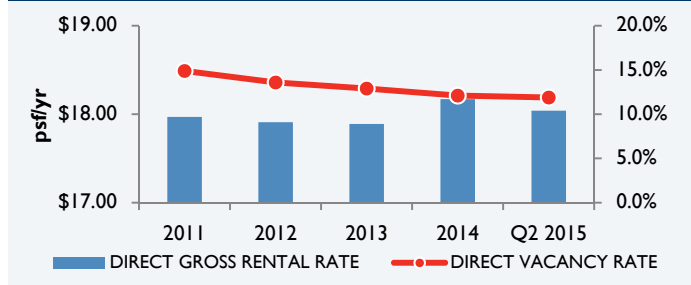
OUTLOOK

The future looks bright in Omaha and developers and landlords in the office market remain optimistic. While the demand seems to be outweighing the supply in many cases, construction costs and a conservative lending environment are limiting factors when contemplating new projects.

STATS ON THE GO

	Q2 2014	Q2 2015	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	11.7%	11.9%	0.2 pp	◀▶
Direct Asking Rents (psf/yr)	\$17.87	\$18.04	0.9%	▲
YTD Leasing Activity (sf)	501,520	364,453	-27.3%	▲

RENTAL VS DIRECT. VACANCY RATES



LEASING ACTIVITY

