

# Office Snapshot Q4 2015

Omaha



## OMAHA OFFICE

### Economic Indicators

	Q4 14	Q4 15	12-Month Forecast
Omaha Employment	487k	494K	▼
Omaha Unemployment	3.4%	2.9%	▲
U.S. Unemployment	5.7%	5.0%	▼

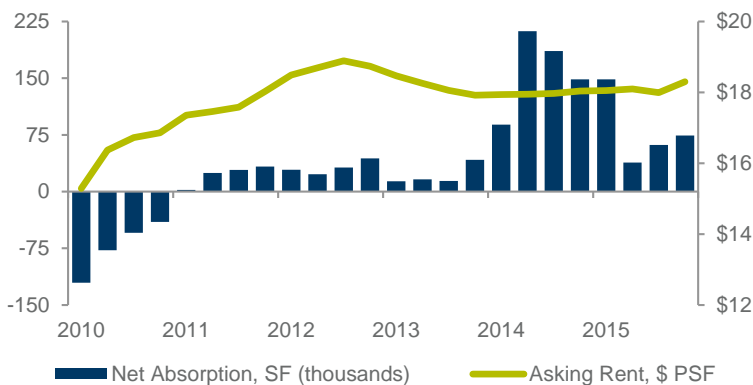
### Market Indicators (Overall, All Classes)

	2014	2015	12-Month Forecast
Vacancy	12.1%	12.7%	▼
Net Absorption (sf)	594k	297k	▲
Under Construction (sf)	100k	359k	■
Average Asking Rent*	\$18.17	\$19.40	▲

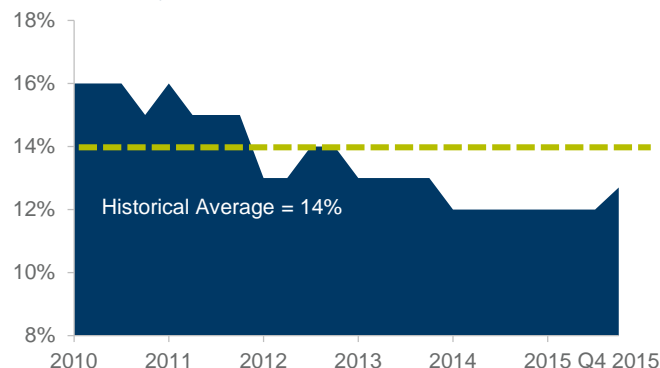
\*Rental rates reflect gross asking \$psf/year

### Overall Net Absorption/Asking Rent

#### 4Q TRAILING AVERAGE



### Overall Vacancy



## Economy

As predicted, the much-anticipated increase in the Fed's interest rate was implemented in the December meeting. Uncertainty remains as many U.S. economists believe the rates will continue to increase upon the happening of each of the next several meetings of the Federal Reserve. Despite a securities market that closed the year down over 1,000 points from the 2014 close, the Consumer Confidence Index climbed slightly each month of Q4 2015. According to many labor experts, the U.S. unemployment rate has seemingly "bottomed out" at 5%, down from 5.7% at the beginning of 2015. Nebraska remains among the country's lowest rates at 2.9%.

## Big Stories, Big Moves in 2015

Of all the real estate-related stories in 2015, none were bigger than ConAgra moving their headquarters from Omaha to Chicago. The question for Omaha's commercial real estate market remains, "What will happen with the campus?" While there is no shortage of opinions, there is consensus that the remaining campus presents opportunity for something exciting. ConAgra led the headlines, but there were several other significant happenings within the market this year. Among them, the completion of Pacific Life's 106,000-square foot (sf) Aksarben Village building, and the announcement by Green Plains, Inc. about moving their corporate headquarters to Aksarben. Green Plains, Inc. will be moving mid-2016 into a 54,000-sf building that had been planned as the future headquarters of Omaha's Tetrad Corp.

In 2015, the market absorbed nearly 300,000 sf. Despite some ups and downs over the course of 2015, the vacancy overall rate ended about where it started at 12.7%. Class A overall vacancy is up significantly from 3.7% reported first quarter to 5.7% at year-end largely due to the newly-available, former Pacific Life space at 1200 Landmark in the Downtown Submarket.

## Outlook

Despite the fact that the numbers from 2015 look a lot like those from 2014 (and 2013 for that matter), there were some notable happenings that color our 2016 outlook. At the conclusion of 2015, a number of planned developments broke ground. To a significant degree, those projects have been leased to nearly 100% prior to completion. Developers and investors should take comfort in the fact that the demand remains and will for the foreseeable future.

## MARKETBEAT

## Office Snapshot Q4 2015

Omaha



CUSHMAN &amp; WAKEFIELD

LUND COMPANY

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (ALL CLASSES)*	OVERALL AVERAGE ASKING RENT (CLASS A)*
Southwest	1,355,564	N/A	121,919	9.2%	2,440	21,832	59,955	63,967	\$18.98	\$26.04
South Central	2,423,434	N/A	637,909	26.3%	(9,702)	(98,733)	89,579	N/A	\$18.10	\$15.01
Northwest	1,662,219	N/A	293,097	17.6%	19,333	72,681	104,099	N/A	\$16.65	N/A
Central West Dodge	2,407,907	8,723	155,876	6.7%	(22,417)	(12,913)	74,304	N/A	\$19.78	\$26.08
Old Mill	1,197,393	N/A	167,312	14.0%	(36,217)	(8,932)	72,549	N/A	\$18.21	N/A
Regency	1,023,144	1,184	73,241	7.3%	2,033	806	17,354	N/A	\$21.79	\$33.25
Midtown	2,043,648	1,439	144,992	7.2%	107,327	77,107	123,842	151,350	\$15.95	\$30.24
Downtown	4,841,639	9,653	487,527	10.1%	(47,258)	90,149	116,048	22,600	\$20.71	\$21.85
Southeast	1,027,883	N/A	485,082	47.2%	825	(3,231)	1,280	N/A	\$15.39	N/A
Northeast	179,116	N/A	21,774	12.2%	(162)	(179)	3,239	N/A	N/A	N/A
Suburban West Dodge	2,334,847	N/A	65,441	3.1%	62,263	117,937	99,189	121,016	\$18.61	\$28.75
Miracle Hills	773,728	N/A	22,337	3.3%	2,500	37,878	38,955	N/A	\$20.05	\$20.50
<b>OMAHA TOTALS</b>	<b>21,270,522</b>	<b>20,999</b>	<b>2,676,507</b>	<b>12.7%</b>	<b>80,965</b>	<b>294,402</b>	<b>800,393</b>	<b>358,933</b>	<b>\$19.40</b>	<b>\$21.85</b>

\*Rental rates reflect gross asking \$psf/year

SUMMARY BY CLASS	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	AVERAGE ASKING RENT OVERALL*	AVERAGE ASKING RENT DIRECT*
Class A	6,738,550	9,653	374,478	5.7%	77,185	82,293	121,396	358,933	\$21.85	\$21.85
Class B	10,884,928	11,346	1,506,497	13.9%	14,026	179,861	589,109	N/A	\$15.99	\$15.99
Class C	3,647,044	N/A	795,532	22.0%	(10,246)	32,248	89,888	N/A	\$11.68	\$11.68

## Key Lease Transactions 2015

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
Omaha World Herald Building	69,054	National Indemnity	Lease	Downtown
1811 Aksarben Drive	53,970	Green Plains, Inc.	Lease	Midtown
North Park 1	27,112	Fusion Medical Staffing	Lease	Northwest

## Key Sales Transactions 2015

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
1125 S 103rd	130,286	CFO2 Omaha, LLC / EW11-PELC-JV One Pacific, LLC	\$33,900,000 / \$260	Regency
829 Farnam Street	129,026	Omaha Real Estate Investment Partnership II / ConAgra Foods Packaged Foods	\$45,255,000 / \$351	Downtown
908 ConAgra Drive	129,026	CAGR, LLC / ConAgra Foods Packaged Foods	\$29,500,000 / \$229	Downtown

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