

# MARKETBEAT

## Omaha

Industrial Q1 2017



### OMAHA INDUSTRIAL

#### Economic Indicators

	Q1 16	Q1 17	12-Month Forecast
Omaha Employment	495k	499k	▲
Omaha Unemployment	3.2%	3.3%	▼
U.S. Unemployment	4.9%	4.8%	■

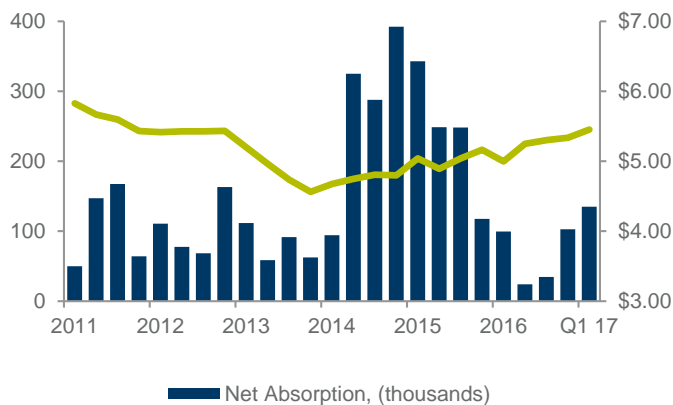
#### Market Indicators (Overall, All Property Types)

	Q1 16	Q1 17	12-Month Forecast
Vacancy	3.5%	3.1%	▲
Net Absorption (SF)	-18k	111k	▲
Under Construction (SF)	599k	1.1M	▲
Average Asking Rent*	\$5.16	\$5.63	▲

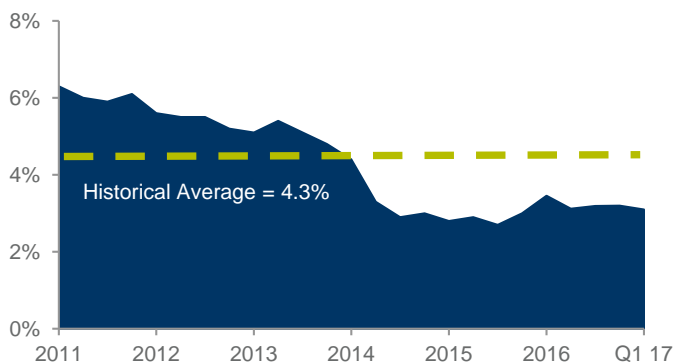
\*Rental rates reflect net asking \$psf/year

#### Overall Net Absorption/Overall Asking Rent

##### 4-QTR TRAILING AVERAGE



#### Overall Vacancy



### Economy

For the second year in a row, Site Selection magazine announced that The Greater Omaha Area has received top ranking for corporate growth among metro areas with populations of 200,000 to 1 million. The State of Nebraska also won the Governor's Cup in Site Selection's per capita contest with 101 projects per 1 million population. In 2016, Greater Omaha received more than \$612 million in new capital investments.

Nebraska's annual average unemployment rate continues to be one of the lowest in the nation at 3.2%. Several industry sectors showed healthy employment gains and the state gained approximately 13,000 non-farm jobs, an increase of 1.3% since Q1 2016. University of Nebraska's Bureau of Business Research shows the State's economic growth is predicted to improve significantly in the second half of 2017 surging to 1.97% (a top rating of 2.5% indicates rapid growth), up from -0.92% reported in December 2016.

### Market Overview

The Omaha industrial market concluded Q1 2017 with 111,443 square feet (SF) of positive absorption and an overall market vacancy rate of 3.1%. Rental rates have increased approximately 6.2%, year-over-year, to \$5.64 per square foot (PSF) NNN. Vacant owner/user buildings sales are eclipsing \$100 PSF as interested buyers outpace available inventory.

### Construction and Facebook

Construction deliveries totaled 88,356 SF for Q1 2017. Currently, there is nearly 1.1 million SF under construction, all of which is being driven by owner/users. Over 50% of the new construction is taking place in the Sarpy West Submarket. There is currently no pure speculative construction coming out of the ground. Three separate developers announced they will be delivering 500,000 SF of speculative construction with delivery anticipated during Q1 and Q2 2018. Facebook publicly announced and began construction of a 900,000-SF data center along the extremely active HWY 50/HWY 370 corridor. Facebook will join Yahoo, Fidelity, Cabela's, Travelers, and Google, among others, with operating data centers in the Omaha market.

### Outlook

Rental rates will continue to increase. Vacancy rates will remain the consistent until the speculative construction comes online. The velocity of the market will remain vigorous.

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CUSHMAN & WAKEFIELD

LUND COMPANY

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	255	9,533,456	103,827	5.3%	N/A	N/A	\$4.30	N/A	\$3.88	N/A
Northwest	189	4,177,544	6,120	0.8%	69,431	N/A	\$7.39	N/A	\$7.09	N/A
Sarpy East	57	1,857,255	12,000	4.1%	N/A	160,000	N/A	N/A	N/A	N/A
Sarpy West	386	13,616,424	N/A	4.0%	123,272	758,073	\$6.11	\$5.95	\$6.44	\$5.91
South Central	559	18,722,303	54,353	2.6%	17,379	9,600	\$5.40	N/A	\$5.74	\$4.81
Southeast	228	6,949,351	N/A	2.9%	-52,542	N/A	\$3.72	N/A	\$3.75	N/A
Southwest	258	8,017,064	25,091	2.2%	-46,097	N/A	\$6.22	\$4.25	\$7.22	N/A
Council Bluffs	140	5,325,791	2,000	2.0%	N/A	171,000	\$5.70	N/A	\$5.51	\$4.00
<b>OMAHA TOTALS</b>	<b>2,072</b>	<b>68,199,188</b>	<b>203,391</b>	<b>3.1%</b>	<b>111,443</b>	<b>1,098,673</b>	<b>\$5.63</b>	<b>\$4.85</b>	<b>\$5.64</b>	<b>\$5.28</b>

\*Rental rates reflect asking \$psf/year

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

### Key Lease Transactions Q1 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
11651 S 154 <sup>th</sup>	115,560	HyVee	Lease	Sarpy West
10288 S 134 <sup>th</sup>	65,000	New Star Sourcing & Service	Lease	Sarpy West
701 N 108 <sup>th</sup> Circle	58,000	Tosca	Lease	Northwest

### Key Sales Transactions Q1 2017

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
7009 S 108 <sup>th</sup> St	81,398	McKesson Corp / N/A	\$3,900,000 / \$48	Sarpy West
5532 Center Street	33,197	Douglas Turner / Pyramid Roofing	\$1,550,000 / \$47	South Central
14320 Industrial Road	11,891	Swift / Setlak	\$1,295,000 / \$109	Southwest

The Lund Company  
450 Regency Parkway,  
Suite 200  
Omaha, NE 68114  
[cushmanwakefield.com](http://cushmanwakefield.com)

For more information, contact:  
Denny Sciscoe  
Sr. Associate – Industrial Specialist  
Tel: +1 402 548 4051  
[dsciscoe@lundco.com](mailto:dsciscoe@lundco.com)

#### About Cushman & Wakefield

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