

MARKETBEAT

Omaha

Industrial Q3 2017



OMAHA INDUSTRIAL

Economic Indicators

	Q3 16	Q3 17	12-Month Forecast
Omaha Employment	499k	507k	▲
Omaha Unemployment	3.4%	2.9%	▼
U.S. Unemployment	4.9%	4.4%	▼

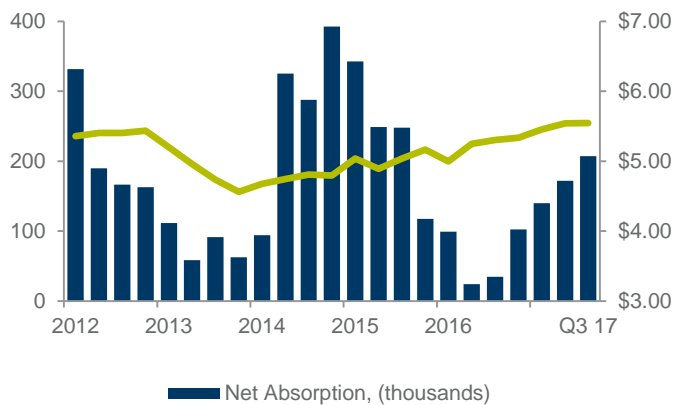
Market Indicators (Overall, All Property Types)

	Q3 16	Q3 17	12-Month Forecast
Vacancy	3.2%	3.6%	▲
Net Absorption (SF)	142k	283k	▲
Under Construction (SF)	1.0M	1.0M	▲
Average Asking Rent*	\$5.55	\$5.57	▲

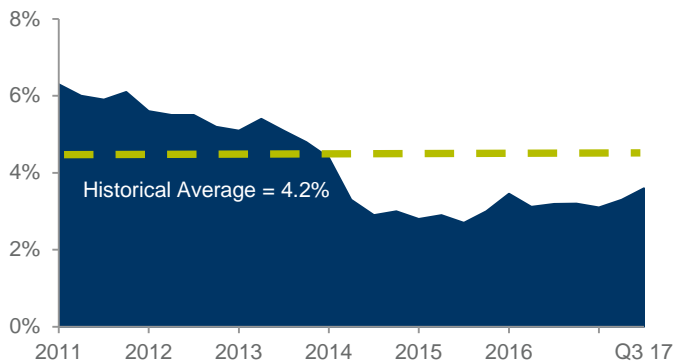
*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent

4-QTR TRAILING AVERAGE



Overall Vacancy



Economy

Omaha has made the Bureau of Labor Statistics' list of the top 25 metros in the nation for the fastest job growth rate at 1.22% for the first half of 2017. The national average stood at 0.7%. Nebraska's overall job growth was also ranked fourth in the nation, with Omaha's metro job growth increasing 1.8%. Since the first quarter, Omaha's unemployment rate has continued to decrease to a historical low of 2.9% while the U.S. average unemployment rate reported 4.4%.

Nebraska's agriculture and manufacturing leaders are keeping a close pulse on the NAFTA overhaul being proposed as the trade agreement has been very beneficial for the State.

According to data released by the Census Bureau, Nebraska ranked 22nd in median household income, which falls along the national average of \$59,000 annually.

Market Overview

The Omaha industrial market concluded Q3 2017 with positive absorption and an overall market vacancy rate of 3.6%. The positive absorption was attributable to new construction owner/user or build-to-suit completions. Rental rates and sale prices continued to increase, with the average rental rate of \$5.57 per square foot NNN. This is Omaha's sixth consecutive quarter of positive absorption with a year-to-date absorption of 624,854 square feet and trending to reach 1.0 million square feet (msf) by the end of the year.

Market Highlights

Construction deliveries totaled 1.1 msf in 2017. There was also over 1.0 msf under construction with a healthy 50/50 mix of speculative construction and owner/user construction. Land is extremely limited, but recent land transactions and wastewater agreements should provide much needed opportunities for end users and developers. The I-80 Commerce Park consists of 140 acres of well-located industrial ground which, once graded, will be entitled and ready for construction. Most growth has occurred in Sarpy County. Development is sprawling south but has been at a standstill due to no wastewater agreement in place. Some Sarpy County cities united together and created an inter-local agency to oversee construction of the wastewater system which will expand sewer and open up development.

Outlook

Outlook has been consistent and the market is not expected to slow down. Rental rates and land prices will keep climbing. Local developers and investors will continue to acquire and develop land. It is anticipated that some national developers and investors will step in and create competition in Omaha which historically is a strong localized market.

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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)	YTD CNSTR COMPLETIONS	OVERALL WEIGHTED AVG. NET RENT (TOTAL MARKET)	OVERALL WEIGHTED AVG. NET RENT (OS)	OVERALL WEIGHTED AVG. NET RENT (W/D)
Northeast	254	9,579,336	117,302	6.5%	-118,266	N/A	N/A	\$4.50	\$4.23	N/A
Northwest	189	4,177,544	88,857	3.9%	22,455	N/A	N/A	\$5.64	\$6.37	N/A
Sarpy East	58	2,017,255	12,000	4.4%	157,763	N/A	160,000	\$5.00	\$3.55	N/A
Sarpy West	393	14,135,296	146,468	3.0%	769,295	790,355	820,736	\$5.73	\$6.39	\$4.96
South Central	560	18,608,027	178,244	3.6%	-130,546	9,600	N/A	\$5.44	\$5.63	\$4.87
Southeast	228	6,969,051	22,250	3.0%	-54,522	N/A	N/A	\$5.17	\$5.34	N/A
Southwest	257	8,032,499	25,091	2.1%	-43,440	15,000	N/A	\$6.18	\$6.43	N/A
Council Bluffs	141	5,369,291	7,212	2.3%	22,115	206,000	120,000	\$6.19	\$5.41	N/A
OMAHA TOTALS	2,080	68,888,299	597,424	3.6%	624,854	1,020,955	1,100,736	\$5.57	\$5.66	\$4.90

*Rental rates reflect asking \$psf/year

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

Key Lease Transactions Q3 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
11902 S. 150 th Street	247,000	Oxbow Animal Health	BTS	Sarpy West
12900 I Street	77,279	Kardia Logistics	Lease	Southwest
9121 S 126 th Street	42,361	Chep Container & Pooling	Lease	Sarpy West

Key Sales Transactions Q3 2017

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
10601 S. 15 th Street	370,000	Ablah Enterprises / AIC Ventures	\$19,399,100 / \$52	Sarpy East
13333 Lynam Drive	78,204	Waldinger / Nuts & Bolts	\$6,500,316 / \$83	Sarpy West
10500 Saap Bros Drive	68,264	MRKS LLC / Scooters Coffee	\$4,949,822 / \$73	Sarpy West

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