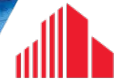


MARKETBEAT

Omaha Office Q3 2017



CUSHMAN &
WAKEFIELD

LUND
COMPANY

OMAHA OFFICE

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%	■

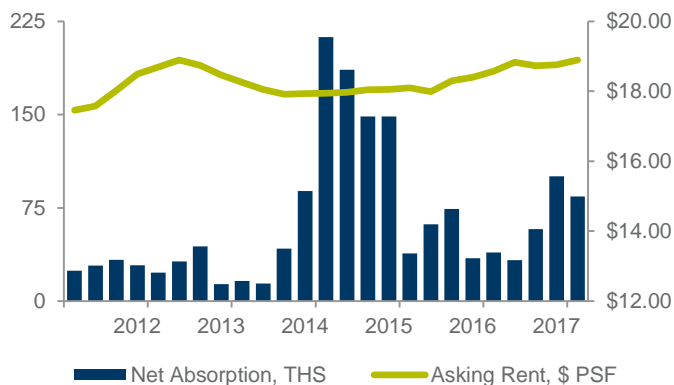
Market Indicators (Overall, All Classes)

	Q3 16	Q3 17	12-Month Forecast
Vacancy	12.0%	10.6%	▼
Net Absorption (SF)	-2k	68k	▼
Under Construction (SF)	290k	551k	▲
Average Asking Rent*	\$18.63	\$19.09	▲

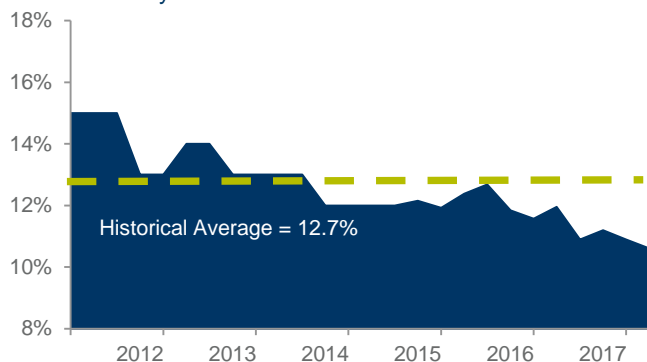
*Rental rates reflect gross asking \$psf/year

Overall Net Absorption/Overall Asking Rent

4-QTR TRAILING AVERAGE



Overall Vacancy



Economy

The Omaha economy remained strong through Q3 with the employment rate down to 2.9% compared to 3.4% in Q3 2016. As interest rates continued to stabilize, there is speculation as to when the next spike in interests will occur. As cap rates continued to compress on the coasts and in Primary markets, Omaha office product is beginning to get the attention of regional and national buyers.

Market Overview

Once again, the Omaha office market reported positive absorption with over 68,000 square feet (sf) in Q3 2017. The year-to-date absorption totaled 226,000 sf. Last quarter's overall office vacancy of 10.9% has since tightened to 10.6%, which will continue its downward trend through year-end. In the second quarter, the Class B office market experienced the highest rate of growth with positive absorption of almost 44,000 sf, lowering vacancy to a mere 10.8%. Class C office space continued to struggle with a positive yet meager absorption of about 2,000 sf.

A master plan was released for the West Farm development which is speculating 2 million sf of new office space. The Boys Town development is the largest infill project in the city in the past 25 years. This plan consists of multi-family apartments, hotels, retail, residential homes and office space. The project's estimated completion is 15+ years.

The most notable sale of the third quarter, The Omaha Tower, was the largest transaction, trading for nearly \$18.8 million. The 182,770-sf building is anchored by Travel and Transport. Kiewit Engineering, a 43,500-sf user, signed the largest third quarter new lease at Aksarban Village, which backfilled a portion of the 70,000-sf Goldman's vacancy.

Outlook

The office market remains strong with positive absorption, increased rental rates and expanding companies. Office users across the board are becoming more dense which is creating parking issues in a majority of office buildings. The new construction planned for the upcoming quarter is a key indicator of a the next major real estate cycle on the forefront.

MARKETBEAT

Omaha Office Q3 2017



SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (ALL CLASSES)*
Midtown	2,147,838	4,040	126,510	6.1%	-23,169	-49,392	126,403	228,218	\$17.69
Southwest	1,488,488	N/A	111,252	7.5%	12,942	6,588	60,876	60,000	\$17.68
South Central	2,509,150	19,503	535,920	22.1%	-12,119	27,838	156,895	67,230	\$18.67
Northwest	1,587,685	N/A	90,293	5.7%	-30,097	19,139	67,918	N/A	\$17.50
Central West Dodge	2,429,019	N/A	225,674	9.3%	1,509	-33,334	178,391	N/A	\$19.41
Old Mill	1,210,228	16,907	170,929	15.5%	24,658	130	61,104	N/A	\$19.42
Regency	1,023,338	N/A	47,263	4.6%	1,529	46,525	90,444	N/A	\$22.25
Northeast	179,116	N/A	24,761	13.8%	-1,391	-2,784	11,581	N/A	N/A
Downtown	4,577,737	51,382	482,025	11.7%	46,165	158,300	102,219	20,000	\$19.30
Southeast	860,298	N/A	217,959	25.3%	39,524	47,743	155,432	N/A	\$15.83
Suburban West Dodge	2,294,330	4,530	48,515	2.3%	21,029	22,079	110,341	176,000	\$18.46
Miracle Hills	740,007	N/A	61,299	8.3%	-12,458	-16,847	16,203	N/A	\$20.61
OMAHA TOTALS	21,047,234	96,362	2,142,400	10.6%	68,122	225,985	1,137,807	551,448	\$19.09

*Rental rates reflect gross asking \$psf/year

	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	DIRECT AVERAGE ASKING RENT*	OVERALL AVERAGE ASKING RENT*
Class A	7,288,460	55,912	515,885	7.9%	22,433	63,805	371,848	551,448	\$21.28	\$21.28
Class B	10,247,416	23,543	1,086,136	10.8%	43,554	198,340	489,724	0	\$18.63	\$18.63
Class C	3,511,358	16,907	540,379	15.9%	2,135	-36,160	276,235	0	\$13.94	\$13.94

Key Lease Transactions Q3 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
1926 S 67 th Street	43,500	Kiewit	Lease	Midtown
18125 Burke Drive	40,000	Sojern	Lease	Suburban West Dodge
4502 Maass Road	24, 228	Nebraska Families Collaborative	Lease	Southeast

Key Sales Transactions Q3 2017

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF
Omaha Tower	182,770	Blue Cross Blue Shield of Nebraska / 2120 Tower, LLC	\$18,750,000 / \$103
Corporate Center West I	157,946	CGCMT 2006-C5 9 Properties Portfolio / Gordman Corporate Center West, LLC	\$11,450,000 / \$72

The Lund Company
450 Regency Parkway,
Suite 200
Omaha, NE 68114
cushmanwakefield.com

For more information, contact:
Connor Lund
Associate – Office Specialist
Tel: +1 402 548 4003
clund@lundco.com

About Cushman & Wakefield

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