

# MARKETBEAT

## Omaha

Industrial Q1 2018



### OMAHA INDUSTRIAL

#### Economic Indicators

	Q1 17	Q1 18	12-Month Forecast
Local Employment	500k	502k	▲
Local Unemployment	3.3%	3.0%	▼
U.S. Unemployment	4.7%	4.1%	▼

Numbers above are quarterly averages; February data used to represent Q1 2018 for Omaha

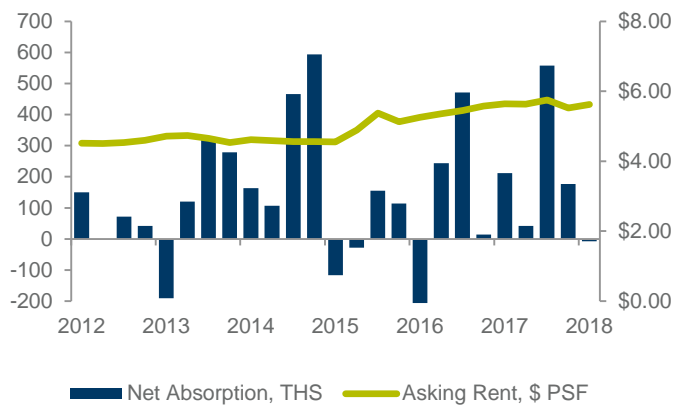
#### Market Indicators (Overall, All Property Types) \*

	Q1 17	Q1 18	12-Month Forecast
Vacancy	2.7%	2.5%	■
Net Absorption (sf)	211.5k	-7.8k	▲
Under Construction (sf)	747k	1.7m	▲
Average Asking Rent**	\$5.64	\$5.62	▲

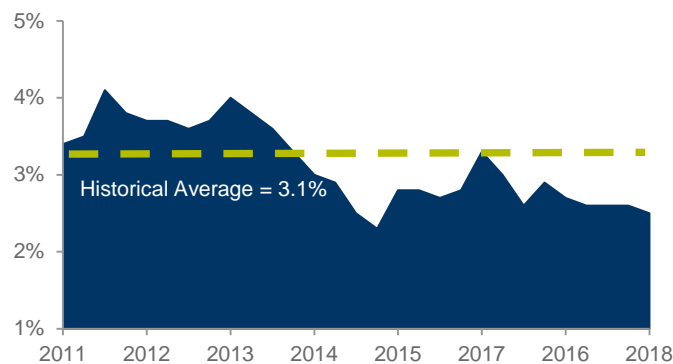
\*Data revisions made after national report was released  
 \*\*Historical data differences due to a change in data providers from Xceligent to Costar  
 \*\*\*Rental rates reflect net asking \$psf/year

#### Overall Net Absorption/Overall Asking Rent

##### 4-QTR TRAILING AVERAGE



#### Overall Vacancy



### Economy

The Omaha MSA economy showed positive momentum in the first quarter of 2018, following a much slower growth period than originally reported. Revisions show the U.S. job market slowing down in late 2017, with 8,000 less jobs created than originally believed. Omaha-Council Bluffs non-farm payroll employment rose by 2,000 year-over-year, causing the unemployment rate to decrease by 30 basis points (bps) during the same period. According to the Bureau of Labor and Statistics, the overall Nebraska unemployment rate is 2.8%, which is relatively lower than the Midwest rate of 3.9% and the 4.1% national average.

### Market Overview

Omaha's industrial market experienced its first quarter of negative activity in two years, closing the first quarter of 2018 with 7,820 square feet (sf) of negative absorption. Year-over-year vacancy rates decreased slightly, to 2.5%, while the vacancy rate decreased by 10 basis points, quarter-over-quarter. Asking rents are down \$0.02 per square foot (psf) from the \$5.64 psf rate posted in the first quarter of 2017. Despite experiencing slower growth this quarter, the industrial market continues to thrive. Owner-user and build-to-suit construction deliveries have driven positive absorption the last couple of years. The slower quarter isn't caused by a decrease in demand, it's a result of tight supply. Only two industrial buildings totaling 33,600 sf were delivered this quarter, with fifty percent of the space leased before completion. The market will see absorption pick back up in upcoming months, as new construction is delivered. Just under 1.7 million square feet of new industrial development is currently underway, with nearly 800,000 sf of space set for delivery before year-end.

### Outlook

Expect to see positive absorption through the remainder of 2018, as industrial users occupy new construction deliveries. Though absorption will increase, the bulk of new construction will be spoken for before the projects are complete, resulting in little to no change in the overall vacancy rate.

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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 (HT)	OVERALL WEIGHTED AVG. NET RENT (MF)	OVERALL WEIGHTED AVG. NET RENT (OS)	OVERALL WEIGHTED AVG. NET RENT (W/D)
Sarpy East	37	1,775,439	0	1.3%	4,648	0	\$0.00	\$0.00	\$7.20	\$5.58
Sarpy West	335	14,073,560	0	3.4%	10,450	631,262	\$0.00	\$0.00	\$6.38	\$6.23
South Central	494	19,997,970	165,340	3.5%	-49,127	0	\$0.00	\$4.16	\$7.44	\$5.43
Southeast	190	8,185,674	0	1.3%	18,629	0	\$0.00	\$0.00	\$0.00	\$5.00
Southwest	198	8,634,946	16,000	3.5%	-10,783	0	\$0.00	\$0.00	\$0.00	\$5.00
Council Bluffs	104	5,455,297	0	0.6%	14,000	1,050,000	\$0.00	\$0.00	\$0.00	\$4.50
Northeast	215	10,362,045	0	0.9%	-379	0	\$0.00	\$0.00	\$7.46	\$5.81
Northwest	143	6,002,748	17,754	4.0%	4,742	17,000	\$0.00	\$0.00	\$8.70	\$5.00
<b>OMAHA TOTALS</b>	<b>1,716</b>	<b>74,487,679</b>	<b>199,094</b>	<b>2.5%</b>	<b>-7,820</b>	<b>1,698,262</b>	<b>\$0.00</b>	<b>\$4.16</b>	<b>\$7.26</b>	<b>\$5.43</b>

\*Data revisions made after national report was released  
 \*\*Rental rates reflect asking \$psf/year

FLEX = Flex Space HT = High Tech/Flex MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

	TOTAL BLDGS	INVENTORY (SF)	YTD USER SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	UNDER CNSTR (SF)	YTD LEASING ACTIVITY (SF)	OVERALL WEIGHTED AVG. NET RENT
Warehouse/Distribution	1,118	45,446,376	181,340	2.9%	45,591	36,000	1,309,169	481,842	156,156	\$5.37
Manufacturing	215	19,723,155	0	1.4%	-44,000	0	268,403	150,000	86,838	\$3.89
Office Service/Flex	383	9,318,148	17,754	4.3%	-9,411	0	396,543	1,066,420	59,525	\$7.28

### Key Lease Transactions Q1 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
7417 N 101st St	86,838	RD Industries	New Lease	Northwest
12012 Cary Cir	38,000	Luckiest LL	New Lease	Sarpy West
2101 35th St	20,090	XPO Logistics	New Lease	Council Bluffs
1310 S 17 <sup>th</sup> St	14,032	MP Nexlevel	New Lease	Council Bluffs

### Key Sales Transactions Q1 2018

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
7417 N 101 <sup>st</sup> St	86,838	RD Industries, Inc/Tetrad Property Group	\$8,500,000 / \$98	Northwest
Ford Warehouse	151,600	Electrical Engineering & Equipment	\$5,750,000 / \$38	South Central
6824 J St	41,292	Boundless Enterprises, LLC/TC Accommodator 150, LLC	\$2,700,000 / \$65	South Central
12325 Emmet St	17,754	Todd & Carmen Smith/Ford Woodhouse, Inc	\$1,635,000 / \$92	Northwest

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