

# MARKETBEAT

# Omaha

Industrial Q2 2019



CUSHMAN & WAKEFIELD

LUND COMPANY

## OMAHA INDUSTRIAL

### Economic Indicators

	Q2 18	Q2 19	12-Month Forecast
Omaha employment	503k	509k	▲
Omaha unemployment rate	2.9%	2.9%	▼
U.S. unemployment rate	3.9%	3.6%	▼

\*Q2 19 data based on the latest available data.

Source: BLS, Moody's Analytics, Cushman & Wakefield Research

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

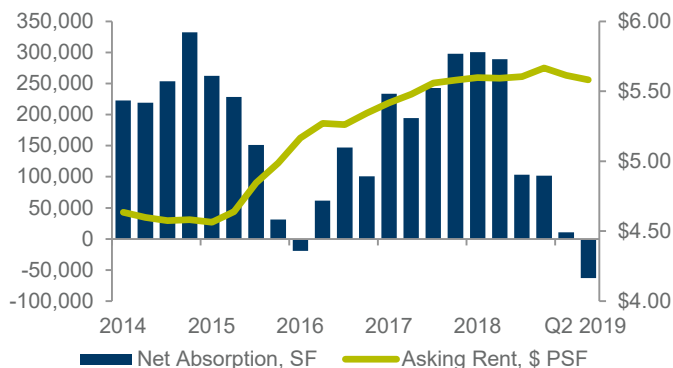
	Q2 18	Q2 19	12-Month Forecast
Vacancy	2.5%	3.1%	▲
Net Absorption (sf)	92k	-200k	■
Under Construction (sf)	1.3M	1.3M	▲
Average Asking Rent*	\$5.54	\$5.41	■

\*Historical data differences due to change in data set

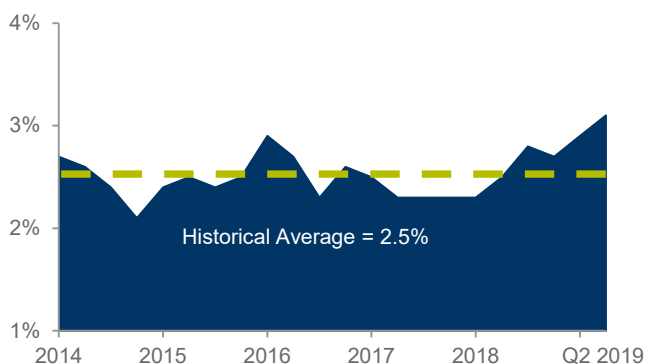
\*\*Rental rates reflect net asking \$psf/year

### Overall Net Absorption/Overall Asking Rent

#### 4-QTR TRAILING AVERAGE



### Overall Vacancy



## Economy

The Omaha job market continued to record employment growth, adding 5,800 jobs (+1.2%) year-over-year (YOY) in the second quarter of 2019. The unemployment rate remained at 2.9%, unchanged from the second quarter of 2018. Nebraska's unemployment rate remained below 3.0% for 26 consecutive quarters, but that streak came to an end in May when the state's unemployment rate reached 3.0%. Trade disputes between the U.S. and China, fading effects of stimulus measures and technological advances are all contributors to the slowdown in the industrial sector. While the use of robots and automation have improved business operations, it has also curbed manufacturing job growth. According to the Bureau of Labor and Statistics, the Omaha MSA lost 1,500 manufacturing jobs YOY.

## Market Overview

Omaha's industrial market posted negative absorption for the second time in 2019, recording just over -200,000 square feet (sf) of absorption in the second quarter. The vacancy rate increased by 60 basis points (bps) YOY, reaching 3.1%. This is the first time the vacancy rate has reached or exceeded the 3.0% mark since the third quarter of 2013, when it was 3.2%. Net asking rents declined by 234 bps YOY, averaging \$5.41 per square foot (psf), but were unchanged from the first quarter. Five new buildings totaling more than 106,000 sf were delivered in the second quarter of the year and 91,000 sf of the space was occupied upon completion. Nearly 70% of the new leases signed during the quarter were in the South Central and Southwest submarkets, with 14 new deals inked for each. The largest occupier for the quarter was Gordmans Distribution Center taking 165,000 sf in the Sarpy West submarket. The largest move-out also occurred in the Sarpy West submarket, with Shopko vacating 535,000 sf of industrial space.

## Outlook

The structural shift from manufacturing to services is creating waves in the industrial economy. Business operations must be efficient to meet rising consumer demand and that often means relying on modern technology. Companies that fail to adapt will get left behind, while others that embrace the change will advance. Through the remainder of the year and into 2020, we will see a fluctuation in vacancy, absorption and rental rates, as the industrial sector works through growing pains. Despite the deceleration in the manufacturing division, other highly productive sectors will continue to drive local economic growth.

# MARKETBEAT

# Omaha

Industrial Q2 2019



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 (MF)	OVERALL WEIGHTED AVG. NET RENT (OS)	OVERALL WEIGHTED AVG. NET RENT (W/D)	OVERALL WEIGHTED AVG. NET RENT (ALL USES)
Sarpy East	130	2,242,541	0	1.0%	3,000	0	\$3.25	N/A	N/A	\$3.25
Sarpy West	516	16,245,238	20,100	7.5%	-187,638	655,752	N/A	\$7.31	\$5.26	\$5.28
South Central	700	21,115,975	163,010	2.1%	-32,593	351,436	N/A	\$7.02	\$5.11	\$5.30
Saunders County	26	374,737	0	13.6%	0	0	N/A	N/A	\$3.50	\$3.50
Southeast	369	9,374,925	0	1.1	-52	0	\$3.95	\$12.00	\$4.89	\$5.23
Southwest	297	9,252,027	68,420	3.2%	-5,833	15,000	N/A	\$8.87	\$7.00	\$8.35
Council Bluffs	78	2,898,420	0	2.1%	-43,200	211,000	N/A	N/A	\$5.75	\$5.75
Downtown Council Bluffs	178	3,414,011	12,880	0.2%	1,500	0	N/A	N/A	N/A	N/A
E Cass County	47	373,457	0	5.4%	2,200	0	N/A	N/A	N/A	N/A
E Mills County	7	46,199	0	0.0%	0	0	N/A	N/A	N/A	N/A
W Cass County	14	114,113	0	30.5%	2,550	20,000	N/A	N/A	\$5.50	\$5.50
W Mills County	15	220,382	0	0.0%	0	0	N/A	N/A	N/A	N/A
Northeast	383	11,252,812	0	1.8%	-93,294	0	N/A	\$6.95	\$5.56	\$5.64
Northwest	319	6,557,700	0	4.5%	19,034	57,086	N/A	N/A	\$6.74	\$6.74
E Pottawattamie County	10	1,170,132	0	1.0%	0	0	N/A	N/A	N/A	N/A
Harrison County	8	75,812	0	0.0%	0	0	N/A	N/A	N/A	N/A
W Pottawattamie County	13	3,433,292	0	0.5%	0	0	N/A	N/A	N/A	N/A
Washington County	101	1,551,668	0	0.3%	-5,000	0	N/A	N/A	\$4.25	\$4.25
<b>OMAHA TOTALS</b>	<b>3,211</b>	<b>89,713,441</b>	<b>264,410</b>	<b>3.1%</b>	<b>-339,326</b>	<b>1,310,274</b>	<b>\$3.73</b>	<b>\$8.18</b>	<b>\$5.25</b>	<b>\$5.41</b>

\*Rental rates reflect asking \$psf/year

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	2,568	64,165,396	148,625	3.3%	-414,554	23,346	2,071,097	497,938	338,593	\$5.25
Manufacturing	265	17,620,990	91,845	1.6%	-12,400	0	286,243	546,000	51,530	\$3.73
Office Service/Flex	378	7,927,055	23,940	5.0%	87,628	7,569	387,626	278,935	238,079	\$8.18

## Key Lease Transactions Q2 2019

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
11615 I St	62,150	Undisclosed	New Lease	Southwest
14472 Gold Coast Rd	37,500	Cerfit, Inc	New Lease	Sarpy West
12201 Cary Cir	28,230	City Glass	New Lease	Sarpy West
13529-13541 I Cir	24,000	HotShot Deliveries	New Lease	Southwest

## Key Sales Transactions Q2 2019

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
1901 Howard St & 435 S 20th St	47,872	Redfield & Company/Alrich Holdings, LLC	\$2,550,000/\$53	Southeast
7810-7824 St	45,554	Arjay Builders, Inc/Wholesale Heating & Cooling Supply Co	\$2,400,000/\$53	South Central
15225 Industrial Rd	40,840	American Fence Company/Ahern Rentals, Inc	\$3,300,000/\$81	Southwest
9828 J St	18,877	Industrial Fund of Omaha, LLC/JG Standard, LLC	\$1,775,000/\$94	South Central

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

For more information, contact:  
Denny Sciscio, Director of  
Industrial Services  
Tel: +1 402 548 4051  
[dsciscio@lundco.com](mailto:dsciscio@lundco.com)

Misty Belsha, Business Analyst  
Tel: +1 660 287 1135  
[Misty.Belsha@lundco.com](mailto:Misty.Belsha@lundco.com)

### About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value by putting ideas into action for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with 51,000 employees in approximately 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow us via [LinkedIn](https://www.linkedin.com/company/cushmanwakefield).

©2019 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.