

Industrial Q2 2020

YoY Chg 12-Mo. Forecast

2.6%

Vacancy Rate



222K

Net Absorption, SF



\$6.33

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q220

YoY Chg 12-Mo. Forecast

468K

Omaha Employment



8.3%

Omaha Unemployment Rate



13.0%

U.S. Unemployment Rate



Source: BLS, Moody's Analytics
2020Q2 data are based on the latest available data.

ECONOMY OVERVIEW: Nebraska Least Affected

The COVID-19 pandemic has created uncertainty around the world, and nearly every metro in the US is facing an economic slowdown. According to the Bureau of Labor and Statistics, Omaha's unemployment rate rose to 8.3% in the second quarter of 2020 and area employment fell by approximately 38,000 jobs, year-over-year (YOY). Though the pandemic has caused disruption to the Nebraska economy, it pales in comparison to the hit most US states have taken. Nearly 17-million jobs have been lost across the nation, while the unemployment rate has increased by 970 bps YOY, reaching 13.0%. Last week the Bureau of Economic Analysis (BEA) reported that Nebraska's state economy has been the least impacted of all 50 states. The COVID-19 pandemic struck the U.S. in March 2020, late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the U.S. economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access the most recent information specific to COVID [here](#).

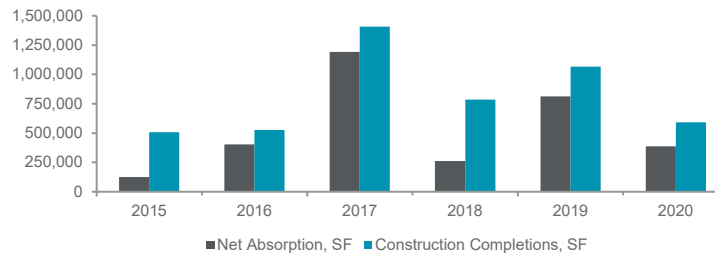
SUPPLY AND DEMAND: Industrial Market Sees Growth Amid Pandemic

Omaha's industrial market continues to see growth, amid the pandemic. Just over 220,000 square-foot (sf) of positive absorption was recorded in the second quarter, and nearly 387,000 sf of industrial space has been absorbed year-to-date. The total vacancy rate decreased by 40 basis-points (bps) YOY, from 3.0% recorded in the second quarter of 2019. The Sarpy West submarket leads the way, posting 240,000 sf of absorption for the year. Walmart's (120,000 sf) lease and MHC Kenworth's (108,000 sf) lease account for the brunt of absorption in the submarket. Industrial market construction continued, and 89,000 sf of space (8,000 sf build-to-suit space and 81,000 sf speculative) was delivered in the second quarter of the year, and another 641,000 sf of industrial space is currently in the construction pipeline.

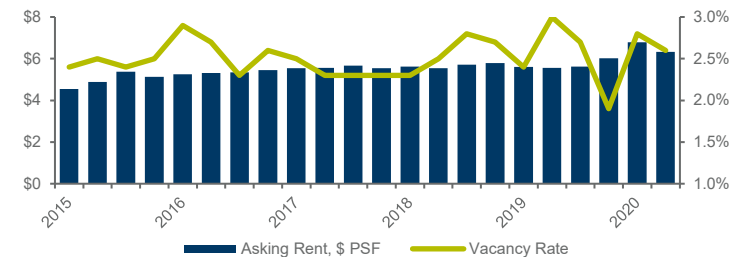
PRICING: Industrial Market Continues To See Rent Gains

Tight market conditions and strong demand continued to drive rent growth into the second quarter of 2020. Omaha's average industrial asking rents increased by 13.9% YOY, up \$0.77 per-square-foot (psf) during the same timeframe. Warehouse/Distribution properties have seen the largest boost, increasing by \$0.39 psf YOY. As a result of states' stay-at-home orders, e-commerce sales have skyrocketed and the demand for warehouse space to store inventory has increased, which will continue to support rent growth.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT OMAHA



Industrial Q2 2020

MARKET STATISTICS

SUBMARKETS	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)	OVERALL WEIGHTED AVG NET RENT (AU)
Sarpy East	2,249,648	83,394	3.7%	-56,677	-56,677	0	0	N/A	N/A	N/A
Sarpy West	17,121,808	616,486	3.6%	69,405	239,510	381,552	89,294	\$8.63	\$6.32	\$6.67
South Central	21,526,304	665,129	3.1%	-30,817	-136,924	36,100	0	\$8.18	\$5.45	\$5.98
Saunders County	733,438	0	0.0%	0	0	0	0	N/A	N/A	N/A
Southeast	9,278,670	73,985	0.8%	203,624	190,556	0	0	\$5.25	\$4.90	\$4.95
Southwest	9,130,524	211,770	2.3%	-10,713	6,818	28,800	0	\$8.36	\$6.35	\$8.01
Council Bluffs	2,934,658	69,526	2.4%	0	13,540	0	0	N/A	\$12.98	\$12.98
Downtown Council Bluffs	3,649,749	32,280	0.9%	17,590	32,207	0	0	N/A	\$4.95	\$4.95
E Cass County	385,698	20,000	5.2%	800	800	0	0	N/A	N/A	N/A
E Mills County	52,799	0	0.0%	0	0	0	0	N/A	N/A	N/A
W Cass County	398,407	48,400	12.1%	5,000	4,600	0	0	\$7.45	N/A	\$7.45
W Mills County	220,382	0	0.0%	0	0	137,500	0	N/A	N/A	N/A
Northeast	11,144,593	182,044	1.6%	-11,110	5,657	0	0	N/A	\$6.00	\$6.00
Northwest	7,228,638	341,556	4.7%	33,287	43,036	56,910	0	\$7.99	\$6.03	\$6.89
E Pottawattamie County	1,312,567	0	0.0%	0	38,600	0	0	N/A	N/A	N/A
Harrison County	239,261	0	0.0%	0	0	0	0	N/A	N/A	N/A
W Pottawattamie County	3,430,638	0	0.0%	0	0	0	0	N/A	N/A	N/A
Washington County	1,604,962	55,630	3.5%	1,500	5,000	0	0	N/A	\$3.50	\$3.50
OMAHA TOTALS	92,642,744	2,400,200	2.6%	221,889	386,723	640,862	89,294	\$8.20	\$5.76	\$6.33

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

OS = Office Service/Flex W/D = Warehouse/Distribution AU = All Uses

KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
4115-4133 S 72 nd St	South Central	Goodwill	91,939	Renewal
10405-10409 I St	South Central	Continental Siding	33,120	New Lease
4526 F St	South Central	Bold Office Solutions, LLC	20,408	Renewal
8918-8958 J St	South Central	Consolidated Supply Company	18,000	New Lease

*Renewals included in leasing statistics

KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
14005-14015 & 14021-14047 Industrial Rd	Southwest	Warehouse Investors, LLC/TKG III Nebraska, LLC	51,838	\$4.0M/\$77
912 Seward St	Northeast	Kiper Engineering and Manufacturing Co/Russell Jeff Reed & Molly Sue Reed	49,564	\$1.3M/\$26
12305 Cary Cir Bldg 1 & 2	Sarpy West	Elite Builders, Inc/American Fence Company	37,500	\$2.1M/\$56

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