



YoY Chg 12-Mo. Forecast

14.9%
Vacancy Rate



-198k
Net Absorption, SF



\$23.34
Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2021

YoY Chg 12-Mo. Forecast

490k
Omaha Employment



3.5%
Omaha Unemployment Rate



6.0%
U.S. Unemployment Rate



Source: BLS

ECONOMY OR SUPPLY: Omaha Job Growth To Continue

According to the Bureau of Labor and Statistics, the Omaha economy has already regained more than 60% of the jobs that were lost due to the COVID-19 pandemic, and nonfarm employment is presently at 490,000. The local unemployment rate has decreased rapidly since peaking in April of 2020 at 10.1% and remains one of the lowest in the United States, recorded at 3.5% in the first quarter of 2021. Expect to see continued job growth in the market, as many companies have announced expansions or additional locations. Amazon and the University of Nebraska Medical Center are the two most noteworthy tenants, with expansions on the horizon. Amazon is opening a multi-story warehouse that is expected to create 1,000 jobs, while UNMC's "Project NEXt" is expected to create 41,000 construction jobs, and 8,700 permanent jobs. Amazon is slated to make an annual economic impact of \$204 million, while UNMC is projected to make an impact of \$1.9 billion during construction, and \$1.3 billion annually after opening.

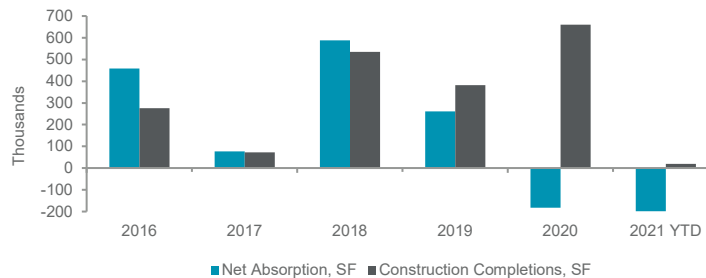
SUPPLY OR DEMAND: Relocation To New Construction Contributes to Negative Absorption

The Omaha office market continues to show strength and positive market health, despite seeing some negative absorption and vacancy increase in the first quarter of 2021. A flurry of construction activity is happening throughout Omaha and is a major contributor to the negative absorption that the market has experienced. Much of the new vacancy coming online isn't from tenants leaving the market. Instead, tenants are thriving and need to relocate in order to expand, often moving into new construction. The office market experienced -198,000 square feet (sf) of negative absorption in the first quarter of 2021, most of which stems from a single tenant move. Kiewit vacated two locations for a combined total of nearly 170,000 sf and relocated to their new 195,000 sf headquarters at 1550 Mike Fahey Street. Kiewit's former headquarters at 36th and Farnam is undergoing a complete modernization and the owners are aiming to attract an anchor tenant that would be new to Omaha, as well as other business tenants. More than 600,000 sf of new office product has been delivered year-over-year (YOY) and while the brunt of it was pre-leased before completion, vacant space in speculative deliveries has contributed to an uptick in the vacancy rate, which currently sits at 14.9%.

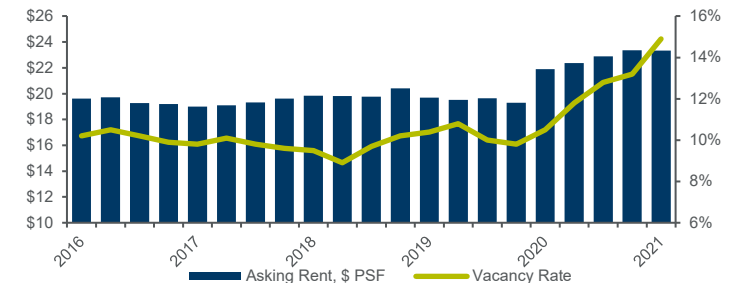
PRICING: Unphased Rent Growth

The COVID-19 pandemic touched nearly every aspect of the economy, yet office asking rent growth remains unphased. At the close of the first quarter in 2020 Omaha's average asking rate was \$21.91 per square foot (psf), compared to the first quarter of 2021 where the average asking rate was recorded at \$23.34 psf, for a total YOY increase of \$1.43 psf. New Class A buildings fetch the highest rents in the market and are driving rent growth. Current Class A rents average \$29.45 psf, for a YOY increase of \$0.96 psf.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

| SUBMARKET | INVENTORY (SF) | SUBLET VACANT (SF) | DIRECT VACANT (SF) | OVERALL VACANCY RATE | CURRENT QTR OVERALL NET ABSORPTION | YTD OVERALL ABSORPTION (SF) | YTD LEASING ACTIVITY (SF) | UNDER CNSTR (SF) | OVERALL AVG ASKING RENT (ALL CLASSES)* | OVERALL AVG ASKING RENT (CLASS A)* |
|---------------------|-------------------|--------------------|--------------------|----------------------|------------------------------------|-----------------------------|---------------------------|------------------|--|------------------------------------|
| Central Dodge | 1,911,634 | 23,144 | 372,252 | 20.7% | 14,294 | 14,294 | 17,054 | 0 | \$26.96 | \$21.10 |
| Downtown Omaha | 3,909,939 | 15,355 | 388,804 | 10.3% | 6,799 | 6,799 | 47,991 | 0 | \$27.33 | \$29.92 |
| Midtown Omaha | 2,397,316 | 0 | 461,900 | 19.3% | -173,788 | -173,788 | 22,922 | 0 | \$22.56 | \$31.67 |
| Miracle Hills | 745,021 | 0 | 149,444 | 20.1% | 17,457 | 17,457 | 19,087 | 0 | \$25.16 | \$24.87 |
| Northeast Omaha | 43,640 | 0 | 43,640 | 100.0% | 0 | 0 | 885 | 0 | \$21.50 | N/A |
| Northwest Omaha | 1,666,499 | 51,478 | 247,825 | 18.0% | -76,635 | -76,635 | 41,473 | 11,296 | \$17.74 | \$30.25 |
| Old Mill | 1,229,790 | 21,725 | 125,796 | 12.0% | 16,437 | 16,437 | 6,942 | 0 | \$21.88 | N/A |
| Regency | 746,715 | 20,833 | 71,345 | 12.3% | 1,614 | 1,614 | 30,764 | 0 | \$25.65 | \$32.08 |
| South Central | 1,124,879 | 0 | 165,454 | 14.7% | -19,762 | -19,762 | 12,631 | 0 | \$17.88 | N/A |
| Southeast Omaha | 603,397 | 0 | 158,744 | 26.3% | 4,532 | 4,532 | 0 | 0 | \$19.63 | \$23.69 |
| Southwest Omaha | 2,419,167 | 12,642 | 248,380 | 10.8% | -457 | -457 | 13,729 | 200,000 | \$17.00 | N/A |
| Suburban West Dodge | 3,002,676 | 55,322 | 314,988 | 12.3% | 11,366 | 11,366 | 69,935 | 450,000 | \$28.92 | \$29.14 |
| OMAHA TOTALS | 19,800,673 | 200,499 | 2,748,572 | 14.9% | -198,143 | -198,143 | 283,413 | 661,296 | \$23.34 | \$29.45 |

*Rental rates reflect full service asking

**Data Source: Costar

KEY LEASE TRANSACTIONS Q1 2021

| PROPERTY | SUBMARKET | TENANT | RSF | TYPE |
|------------------------------|-----------|---------------------------------|--------|-----------|
| 7300 World Communications Dr | | General Services Administration | 61,250 | New Lease |
| 2525 N 117 th Ave | | Nebraska Total Care | 32,984 | Renewal |
| 15950 W Dodge Rd | | Axos Clearing | 23,898 | New Lease |

*Renewals included in leasing statistics

KEY SALES TRANSACTIONS Q1 2021

| PROPERTY | SUBMARKET | SELLER / BUYER | SF | PRICE/\$ PSF |
|------------------------------|-----------|--|--------|-------------------|
| 2637 S 158 th Plz | Southwest | Lyman-Richey Corporation/JSWZ Co., LLC | 26,364 | \$3,150,614/\$119 |
| 11507 S 42 nd St | Southeast | JeJ Partnership/Capehart Square, LLC | 12,077 | \$1,450,000/\$120 |
| 14606 Wright St | Southwest | 20/20 Building Partners, LLC/MGM146, LLC | 9,752 | \$1,164,500/\$119 |

KEY CONSTRUCTION COMPLETIONS Q1 2021

| PROPERTY | SUBMARKET | SPECULATIVE / BTS | SF | Owner/Developer |
|-----------------------------|-----------|-------------------|--------|--------------------------------|
| 3839 S 148 th St | Southwest | Speculative | 11,136 | Altech Plaza II, LLC/Ted Grace |
| 3901 S 147 th St | Southwest | Speculative | 9,014 | Altech Plaza II, LLC/Ted Grace |

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