



YoY Chg 12-Mo. Forecast

11.8%

Vacancy Rate



134K

Net Absorption, SF



\$26.94

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2022

YoY Chg 12-Mo. Forecast

502.4k

Omaha Employment



2.3%

Omaha Unemployment Rate



3.7%

U.S. Unemployment Rate



Source: BLS

ECONOMY

The Omaha unemployment rate was 2.3% at the close of Q3 2022, declining by 70 basis points (bps) year-over-year (YOY). Local unemployment remains well below the U.S. average of 3.7%. During the same period, approximately 10,000 jobs have been added to the local market, bringing the current employment number to 502,400. Though the U.S. labor market is experiencing positive-growth, the tug of war between the Federal Reserve and inflation has caused some economic concern. Several factors, including increased government spending and an imbalance between supply and demand, have caused inflation to soar. The U.S. inflation rate is running near its highest levels in forty years and is currently hovering around 8.3%, which is much higher than the long-term national average of 3.26%. The Federal Reserve recently implemented its third consecutive, 0.75 percentage point increase in 2022, in an attempt to curb rising inflation and cool the economy.

MARKET OVERVIEW

Omaha's office market recorded 133,923 square feet (sf) of positive absorption in the third quarter of 2022. A total of 413,275 sf of space has been absorbed year-to-date (YTD), which is the largest amount of positive absorption the market has seen since 2018. In previous years, a sizable portion of absorption came from tenants taking occupancy in new construction. However, in 2022 only two new buildings have been delivered, totaling less than 20,000 sf. Developers in the market have been careful not to overbuild as the local economy recovers from the pandemic. As a result, vacancy in Omaha's office market declined by 540 bps YOY and was recorded at 11.8% at the end of Q3 2022. The Suburban West Dodge submarket experienced the largest amount of absorption, as tenants occupied 83,998 sf in Q3, and a total of 149,500 sf of space throughout 2022. The Midtown submarket comes in second, recording 102,789 sf of positive absorption YTD. There is one office property currently under construction, totaling 92,698 sf. The Class A office building is located in the Suburban Wet Dodge submarket and will be home to Union Bank & Trust, upon completion. The building is slated for delivery by year-end and is approximately 27% pre-leased.

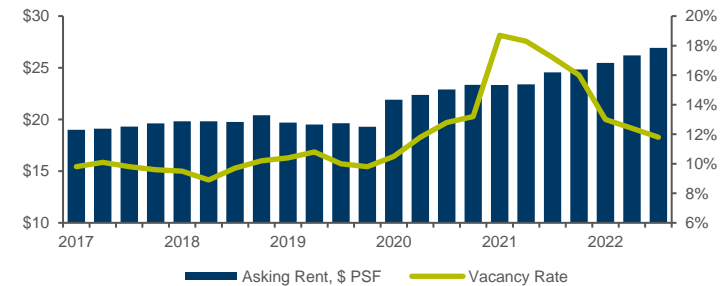
PRICING

Average asking rents continue to inch upward, reaching \$26.94 per square feet (psf) in the third quarter of 2022. This is a substantial increase from the previous year, as the rent average in Q3 2021 was \$2.38 psf lower. Class A office properties continue to retrieve the highest asking rents, at \$32.36 psf. However, class A rent averages in Suburban submarkets (\$32.65 psf) have surpassed rent averages in the Central Business District (CBD) Submarket (\$31.01).

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	1,913,298	9,167	288,948	15.6%	-8,509	-3,313	53,173	0	\$26.54	\$29.00
Downtown Omaha	3,857,074	0	289,699	7.5%	-18,162	20,725	50,895	0	\$30.80	\$31.01
Midtown Omaha	2,363,210	2,158	289,163	12.3%	60,350	102,789	143,392	0	\$32.55	\$34.49
Miracle Hills	734,500	24,984	111,475	18.6%	-8,539	40,715	135,515	0	\$24.85	N/A
Northeast Omaha	60,962	0	19,863	32.6%	0	0	14,191	0	\$21.50	N/A
Northwest Omaha	1,671,703	21,234	242,775	15.8%	18,362	27,416	124,428	0	\$20.03	\$30.25
Old Mill	1,225,285	3,678	144,778	12.1%	-7,796	-882	107,956	0	\$22.40	N/A
Regency	748,920	0	67,789	9.1%	6,294	15,763	58,131	0	\$24.31	\$31.66
South Central	1,150,344	24,752	149,064	15.1%	7,899	-26,586	44,532	0	\$21.49	N/A
Southeast Omaha	603,397	0	89,692	14.9%	11,374	67,943	114,054	0	\$22.77	\$27.25
Southwest Omaha	2,549,964	44,978	138,172	7.2%	-11,348	19,205	72,412	0	\$22.68	\$31.62
Suburban West Dodge	3,443,581	47,659	383,125	12.5%	83,998	149,500	113,506	92,698	\$32.41	\$32.86
OMAHA TOTALS	20,322,238	178,610	2,214,543	11.8%	133,923	413,275	1,032,185	92,698	\$26.94	\$32.36

*Rental rates reflect full service asking

**Data Source: Costar

KEY LEASE TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
3200 Samson Way	Southeast	Northrop Grumman	101,378	Renewal
13810 FNB Pkwy	Suburban West Dodge	Cassling Diagnostic Imaging, Inc	45,685	New Lease
2525 N 117 th Ave	Northwest	HorsePower Brands	35,430	New Lease
11808 Miracle Hills Dr	Miracle Hills	Leidos, Inc	26,919	New Lease
8008 W Dodge Rd	Central Dodge	Sono Bello	14,600	New Lease

*Renewals included in leasing statistics

KEY UNDER CONSTRUCTION PROPERTIES Q3 2022

PROPERTY	SUBMARKET	KEY TENANT	SF	TYPE
14400 Davenport St	Suburban West Dodge	Union Bank & Trust	92,698	BTS

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