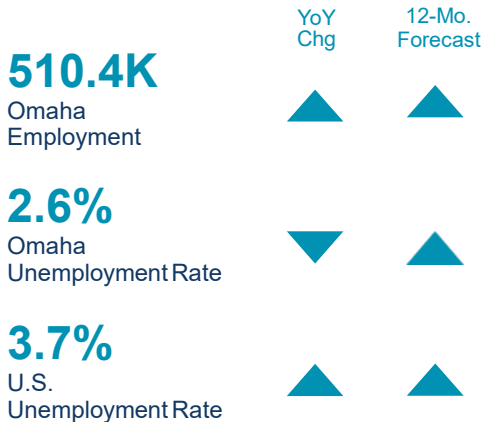


Overall, Net Asking Rent
Data Source: Costar

ECONOMIC INDICATORS Q4 2023



Source: BLS

ECONOMY OVERVIEW:

Heading into 2023, most economists predicted a U.S. recession happening within the year. After battling soaring prices, skyrocketing interest rates, and economic uncertainty, Americans can breathe a sigh of relief. The U.S. economy beat the odds and the forecasted recession has been called off. After peaking at 9.1% in June of 2022, the U.S. inflation rate has slowly declined and is currently sitting at 3.1% for the twelve months ending in November of 2023, compared to the 7.1% inflation rate that was recorded in November of 2022. Federal Reserve Chairman Jerome Powell also hinted at interest rate cuts in 2024, as inflation cools. On the local front, the job market remained strong through recession fears. Omaha employers added 7,400 jobs year-over-year, bringing the local unemployment rate to 2.6% at year-end. Omaha has the second lowest unemployment rate in the Midwest, coming in behind the Madison (WI) market at 2.5%.

SUPPLY AND DEMAND:

Omaha's industrial market recorded 1,165,468 square feet (sf) of absorption in the fourth quarter, for a total of 2.9 million square feet (msf) year-to-date (YTD). Warehouse space saw the greatest demand in 2023, accounting for 63.3% of the total absorption for the year. The largest single occupier for Q4 was Facebook, moving into 970,000 sf of new construction in the Sarpy West submarket. The vacancy rate remained unchanged YOY, closing Q4 at 2.2%. Eight properties were delivered in the last quarter of the year, increasing the total industrial market inventory by 1.9 msf. Of the total space delivered in Q4, 89% was pre-leased, leaving 211,301 sf of new construction still available. Speculative development accounts for 23.1% of the 5.1 msf of product currently under construction.

PRICING:

Omaha industrial asking rents reached \$7.52 per square foot (psf) at year-end, increasing by \$0.45-psf, YOY. Flex properties continue to draw the highest asking rents, averaging \$9.64 psf, while warehouse/distribution properties bring the next highest rents at \$7.00 psf. Manufacturing properties draw the lowest rents, averaging \$6.74 psf. New construction is in high demand and tenants competing for the space, continue to drive rents upward. Owner occupants and tenants signing pre-leases have already claimed 83.3% of the industrial space currently under construction, leaving just 847,043 sf available for lease.

ABSORPTION/ DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	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 (FLX)	OVERALL WEIGHTED AVG NET RENT (W/D)	OVERALL WEIGHTED AVG NET RENT (TOTAL)
Council Bluffs	3,382,986	151,800	4.5%	-90,000	-70,000	0	0	\$4.95	\$9.85	\$7.90
Downtown Council Bluffs	3,974,275	253,329	6.4%	75,911	345,622	0	0	N/A	\$8.07	\$8.07
E Cass County	443,787	20,000	4.5%	0	0	0	0	N/A	N/A	N/A
E Mills County	72,150	0	0.0%	0	0	0	0	N/A	N/A	N/A
E Pottawattamie County	1,491,098	0	0.0%	0	0	0	0	N/A	\$4.00	\$4.00
Harrison County	364,938	0	0.0%	0	0	0	0	N/A	N/A	N/A
Northeast Omaha	11,282,065	321,016	2.8%	5,263	19,599	202,000	150,000	\$8.95	\$6.08	\$6.23
Northwest Omaha	7,918,692	40,669	0.5%	-7,700	84,532	2,230,800	0	N/A	\$13.00	\$13.00
Sarpy East	2,301,500	35,410	1.5%	5,600	30,230	0	0	\$9.95	N/A	\$9.95
Sarpy West	26,491,292	671,356	2.5%	1,161,361	1,717,520	2,640,927	1,750,785	\$11.11	\$7.35	\$7.90
Saunders County	822,850	59,415	7.2%	-1,200	-1,200	0	0	N/A	N/A	N/A
South Central Omaha	21,701,656	312,537	1.4%	16,065	-20,793	0	0	\$9.34	\$6.03	\$7.55
Southeast Omaha	9,450,532	209,898	2.2%	-32,445	-60,414	0	0	N/A	\$5.75	\$6.30
Southwest Omaha	9,509,025	108,483	1.1%	18,900	46,491	0	0	\$9.87	\$11.57	\$10.51
W Cass County	502,351	73,000	14.5%	0	0	0	0	N/A	\$6.95	\$6.95
W Mills County	549,633	0	0.0%	0	0	0	0	N/A	N/A	N/A
W Pottawattamie County	3,553,061	17,600	0.5%	13,713	13,713	0	19,800	\$10.75	N/A	\$10.75
Washington County	2,953,436	125,110	4.2%	0	834,454	0	0	N/A	N/A	N/A
OMAHA TOTALS	106,765,327	2,399,623	2.2%	1,165,468	2,239,754	5,073,727	1,920,585	\$9.64	\$7.00	\$7.52

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

OS = Office Service/Flex W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
13180 Silicon Prairie Plz	Sarpy West	Facebook	970,000	New Lease
2421 River Rd	Downtown Council Bluffs	Kamps	157,207	New Lease
7130 Q St	South Central Omaha	FedEx	89,115	Renewal

*Renewals included in leasing statistics

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KEY CONSTRUCTION COMPLETIONS Q4 2023

PROPERTY	SUBMARKET	SPEC/BTS	SF	OWNER
13180 Silicon Prairie Plz	Sarpy West	BTS	970,000	Raven Northbrook, LLC
14010 Friend Plz	Sarpy West	BTS	670,000	Raven Northbrook, LLC

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