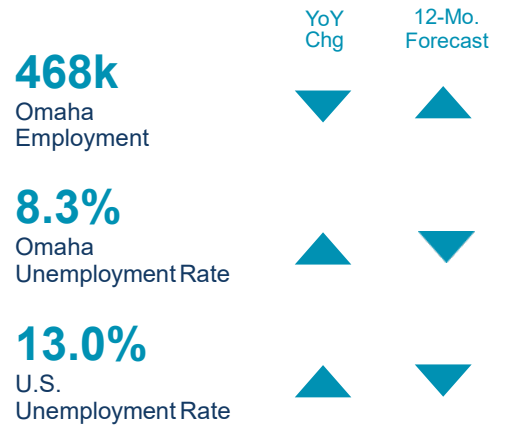


Data Source: Costar
Data Set includes all competitive office buildings in the market, excluding medical & owner-user properties.

ECONOMIC INDICATORS Q2 2020



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

ECONOMIC OVERVIEW: Economic uncertainty

The coronavirus pandemic continues to wreak havoc around the world. Social distancing, self-isolation, school closures and travel restrictions have led to a reduced workforce across all economic sectors, leaving many people without a job. United States employment is down by nearly 17-million jobs since the second quarter of 2019. The national unemployment rate is up by 940 basis-points (bps), from the 3.6% unemployment rate reported in the second quarter of 2019. Though Omaha is certainly experiencing the effects of the pandemic, the metro is faring better than most. Local employment has decreased by approximately 38,000 jobs, while the area unemployment rate rose by 520 bps. Omaha's unemployment rate currently sits at 8.3%, compared to the national average of 13.0%. Additionally, the Bureau of Economic Analysis (BEA) reported last week 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](#).

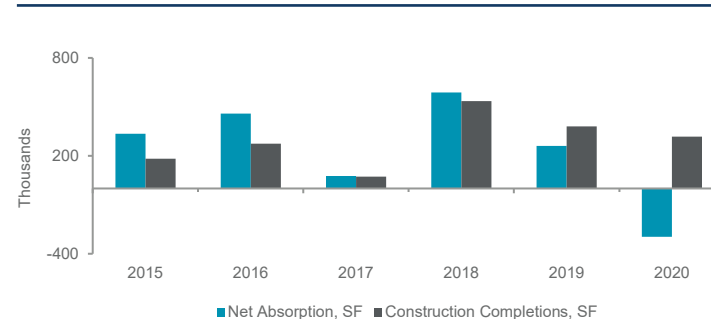
SUPPLY AND DEMAND: Absorption declines, while vacancy remains stable

Omaha's office market experienced its second quarter of negative absorption for the year, after recording -219,000 square feet (sf) of negative net absorption in the second quarter. Tenant moves within the market played a part in the negative activity that is seen in the absorption numbers, but vacant space in newly delivered speculative buildings has been a big contributor as well. More than 250,000 sf of speculative space was added to the office inventory in the first half of 2020, and 72% of that new space remains vacant. The year-over-year (YOY) vacancy rate rose to 11.5%. Travelex Insurance Services was the largest single occupier for the quarter, taking 20,000 sf of Class B office space in the Central Dodge submarket. The largest vacancy that came online this quarter, stemmed from Alorica vacating 91,000 sf of Class B office space in the Midtown submarket.

PRICING: Omaha office rents continue to climb

Office rents in the Omaha market continue to trend upward, reaching an average full-service gross rate of \$23.15 per-square-foot (psf) at the close of the second quarter. Asking rents in new construction and redevelopment of prime assets have reached new heights, especially in Class A properties. Class A office rent across the market currently averages \$29.06 psf, while Class A space in the Omaha CBD fetches an average of \$29.46 psf, versus Class A suburban rates that average \$28.94 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 LEASING ACTIVITY (SF)**	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Central Dodge	1,930,903	85,069	188,517	14.2%	-2,675	14,726	0	\$27.17	\$27.18
Downtown Omaha	3,777,057	2,840	284,451	7.6%	-61,279	42,361	0	\$22.66	\$29.46
Midtown	2,392,838	0	312,258	13.0%	-82,611	21,976	0	\$25.95	\$29.93
Miracle Hills	745,021	0	109,426	14.7%	-29,929	12,283	0	\$24.63	\$29.96
Northeast	43,640	0	43,640	100.0%	0	520	0	\$21.25	N/A
Northwest	1,666,846	0	163,271	9.8%	3,719	39,715	0	\$17.91	\$30.00
Old Mill	1,229,867	63,020	144,634	16.9%	-6,749	11,807	0	\$21.62	N/A
Regency	746,715	0	76,507	10.2%	12,192	26,284	0	\$26.41	\$32.98
South Central	1,122,783	8,512	134,034	12.7%	2,299	14,990	0	\$16.84	N/A
Southeast	494,486	0	80,512	16.3%	-1,492	14,602	0	\$19.71	N/A
Southwest	2,416,901	0	269,087	11.1%	-30,955	55,196	335,150	\$16.13	N/A
Suburban West Dodge	2,649,619	32,360	185,419	9.1%	-21,880	10,268	721,897	\$27.86	\$25.25
OMAHA TOTALS	19,216,676	191,801	1,991,756	11.5%	-219,360	264,728	1,057,047	\$23.15	\$29.06

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1001-1005 Fort Crook Rd N	Southeast	Douglas County School District	93,342	New Lease
10825 Farnam Dr	Old Mill	The Knot Worldwide	25,178	New Lease
810 N 96 th St	Central Dodge	Travelex Insurance Services	19,876	New Lease
802-810 S 169 th St	Suburban West Dodge	DMSI	10,285	Sublease

KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	SPECULATIVE / BTS	SF	OWNER / DEVELOPER
6700 Mercy Rd	Midtown	Speculative	107,987	Zone 5 Lot 1, LLC/Magnum Development
1100 Capitol Ave	Downtown	Speculative	72,000	Offices at TCD, LLC/Shamrock Development
12325 Port Grace Blvd	South Central	BTS	66,528	Lund Southport 14, LLC/Hausmann Construction
16909 Marcy St	Suburban West Dodge	Speculative	40,000	Century Development, LLC/Darland Construction

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