

# MARKETBEAT

# Omaha

Industrial Q2 2017



## OMAHA INDUSTRIAL

### Economic Indicators

	Q2 16	Q2 17	12-Month Forecast
Omaha Employment	497k	504k	▲
Omaha Unemployment	3.3%	3.0%	▼
U.S. Unemployment	4.9%	4.4%	■

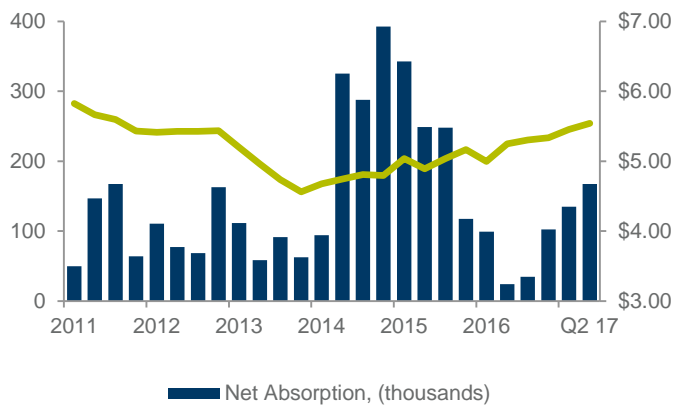
### Market Indicators (Overall, All Property Types)

	Q2 16	Q2 17	12-Month Forecast
Vacancy	3.1%	3.3%	▲
Net Absorption (SF)	82k	211k	▲
Under Construction (SF)	599k	1.0M	▲
Average Asking Rent*	\$5.22	\$5.57	▲

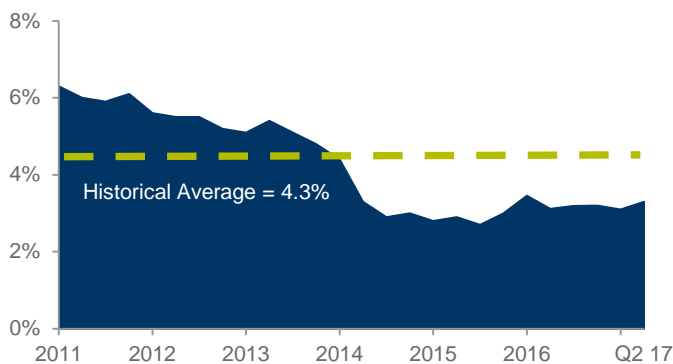
\*Rental rates reflect net asking \$psf/year

### Overall Net Absorption/Overall Asking Rent

#### 4-QTR TRAILING AVERAGE



### Overall Vacancy



## Economy

The Midwest economic indicator hit its highest level in more than six years in June, signaling growth for the seventh straight month. Nebraska's unemployment rate reached its lowest point since March 2015, at 2.9%. In addition, statewide employment reached its highest level on record for non-farm jobs. The 13-year ban on U.S. beef in China has been lifted. This change paves the way for Nebraska to be able to export its top commodity to the world's biggest country. Nebraska's economy should benefit significantly as Nebraska has about an 18% share of the total U.S. beef exports, worth about \$1.1 billion.

## Market Overview

The Omaha industrial market concluded Q2 2017 with 211,393 square feet (sf) of positive absorption and an overall market vacancy rate of 3.3%. Rental rates and sale prices continue to increase.

## Speculative Construction & Land on the Horizon

Construction deliveries totaled 222,000 sf for Q2 2017. Currently, there is nearly 1 million sf under construction, all of which is being driven by owner/users. Just on the horizon, though, are two separate speculative developers getting ready to start grading and constructing 434,000 sf with asking rents of \$5.75 per square foot (psf) NNN. All of the speculative construction is taking place in the Sarpy West Submarket with expected deliveries in Q2 2018. Cushman & Wakefield | The Lund Company represents one of the developers and is responding to RFP's totaling 225,000 sf before the developer even breaks ground. A third developer purchased 140 acres worth of industrial land and will be developing the land to sell off tracts which vary in size. The asking price for this land will be between \$4.50 psf and \$6.50 psf. There are other institutional and local developers trying to tie up land in order to compete with the demand.

## Outlook

The market continues to see owner-user prices for vacant industrial inventory skyrocket, eclipsing the \$100 psf mark in multiple deals. Rental rates and land prices continue to increase. New Class A speculative developments will fill up quickly and anticipate a few more developers gaining confidence to construct speculatively. The market will continue report record deals and velocity.

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CUSHMAN & WAKEFIELD

LUND COMPANY

SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	YTD USER SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL WEIGHTED AVG. NET RENT (TOTAL MARKET)	OVERALL WEIGHTED AVG. NET RENT (MF)	OVERALL WEIGHTED AVG. NET RENT (OS)	OVERALL WEIGHTED AVG. NET RENT (W/D)
Northeast	253	9,460,136	117,302	5.2%	15,780	0	\$4.50	N/A	\$4.16	N/A
Northwest	189	4,177,544	82,835	0.7%	157,287	0	\$6.25	N/A	\$6.75	N/A
Sarpy East	58	2,017,255	12,000	4.3%	160,000	0	N/A	N/A	N/A	N/A
Sarpy West	387	13,635,616	N/A	4.0%	155,780	782,095	\$5.82	\$5.95	\$6.13	\$5.52
South Central	560	18,608,126	128,888	3.2%	-75,702	9,600	\$5.45	N/A	\$5.76	\$4.87
Southeast	228	6,962,567	11,700	2.1%	3,238	0	\$4.79	N/A	\$4.91	N/A
Southwest	257	8,028,554	25,091	2.9%	-107,974	15,000	\$5.56	\$4.25	\$6.58	\$4.75
Council Bluffs	141	5,345,791	2,000	2.1%	17,115	206,000	\$6.24	N/A	\$5.50	N/A
<b>OMAHA TOTALS</b>	<b>2,073</b>	<b>68,235,589</b>	<b>379,816</b>	<b>3.3%</b>	<b>325,524</b>	<b>1,012,695</b>	<b>\$5.57</b>	<b>\$4.85</b>	<b>\$5.68</b>	<b>\$5.20</b>

\*Rental rates reflect asking \$psf/year

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

### Key Lease Transactions Q2 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
4340 S. 140 <sup>th</sup> Street, Omaha	94,788	El Dorado Packaging, Inc	Sale Leaseback NNN	Southwest Omaha Industrial
13205 Lynam Drive, Omaha	90,000	Ferguson Enterprises	Direct NNN	Sarpy West industrial
1209 N 31 <sup>st</sup> Ave, Council Bluffs	89,500	Diamond Marketing Solutions	Renewal & Expansion NNN	Council Bluffs Industrial

### Key Sales Transactions Q2 2017

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
4340 S. 140 <sup>th</sup> Street, Omaha	94,788	El Dorado Shipping Sack Manufacturing, Inc. / STORE Master Funding XV, LLC	\$5,561,296 / \$59	Southwest Omaha Industrial
5401 F Street, Omaha	46,600	Rivercity Real Estate Co / Justman Brush Company	\$2,860,000 / \$61	South Central Omaha Industrial
12005 Centennial Road, La Vista	24,208	Haleda, LLC / Kage Properties, LLC	\$2,500,000 / \$103	Sarpy West Industrial

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#### About Cushman & Wakefield

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