

# MARKETBEAT

# Omaha

Industrial Q3 2016



## OMAHA INDUSTRIAL

### Economic Indicators

	Q3 15	Q3 16	12-Month Forecast
Omaha Employment	492k	499k	▲
Omaha Unemployment	3.2%	3.3%	■
U.S. Unemployment	5.2%	4.9%	▼

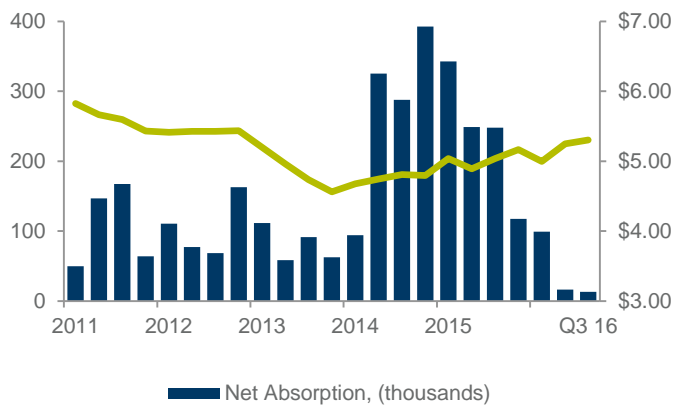
### Market Indicators (Overall, All Property Types)

	Q3 15	Q3 16	12-Month Forecast
Vacancy	2.7%	3.2%	▲
Net Absorption (sf)	100k	88k	▲
Under Construction (sf)	606k	1.0M	▲
Average Asking Rent*	\$5.34	\$5.55	▲

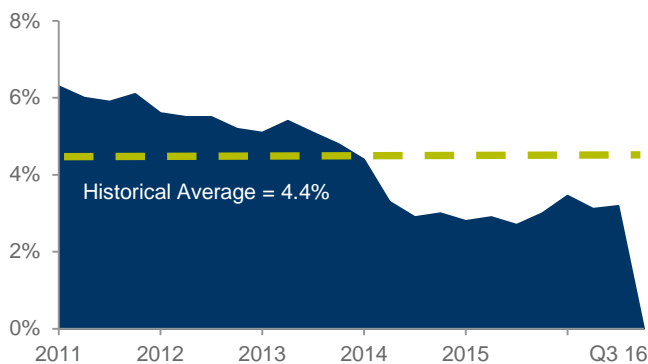
\*Rental rates reflect net asking \$psf/year

### Overall Net Absorption/Overall Asking Rent

#### 4-QTR TRAILING AVERAGE



### Overall Vacancy



## Economy

Nebraska's total labor force is up slightly from Q3 2015. The annual average unemployment rate for the state continues to report one of the lowest in the nation at 3.1%. Overall job growth continues to be positive including a slight rebound in manufacturing jobs, although still lagging behind national trends. Net taxable retail sales have returned to typical long-term growth patterns. Merchandise exports and imports, specifically agricultural crop and livestock are up 3.3% from last year. Nebraska's per capita income is slightly above the national average and the cost of living remains well below the national average, one of the best in the nation. Modest economic growth is expected in 2017.

## Market Overview

The Omaha industrial market concluded Q3 2016 with 88,000 square feet (SF) of positive absorption and an overall industrial market vacancy rate of 3.2%. The year-over-year average asking rental rate increased 5.1% to \$5.55 per square foot (PSF). The market is buzzing with owner/users looking to purchase and sale prices are record-breaking with multiple transactions with both asking and sales prices over \$100 PSF. Properties that make it to the market have multiple offers within one to two days. Leasing activity seems to be lagging compared to sale transactions, but remains positive overall.

## Construction

Over 175,000 SF of new industrial product was delivered in Q3 2016. There is currently over one million square feet currently under construction including a 247,000-sf build-to-suit for Oxbow Animal Health and a 280,000-sf building that will be occupied by Thrasher Basement Systems.

## Outlook

The outlook is positive with rental rates, land and building prices increasing. New development built on a speculative basis is increasing and RFP's are active on the these properties. Leasing should be strong enough on this first wave of construction to support the next wave of speculative developments. Approximately 450,000 SF of new industrial product is expected to be completed next quarter.



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