

Industrial Q4 2020

YoY Chg 12-Mo. Forecast

3.4%
Vacancy Rate



984K
Net Absorption, SF



\$6.50
Asking Rent, PSF



Overall, Net Asking Rent
Data Source: Costar

ECONOMIC INDICATORS Q4 2020

YoY Chg 12-Mo. Forecast

495K
Omaha Employment



3.3%
Omaha Unemployment Rate



6.7%
U.S. Unemployment Rate



Source: BLS, Moody's Analytics
2020Q4 data are based on the latest available data.

ECONOMY OVERVIEW: Energetic Industrial Market Stimulates Economic Growth

As many markets are still facing an economic fallout caused by Covid-19, Omaha's economy has already begun to rebound. According to the Bureau of Labor and Statistics, Nebraska has the lowest jobless rate in the U.S at 3.1%, compared to the national average at 6.7%. Omaha's unemployment rate was recorded at 3.4% in November of 2020, with non-farm employment sitting at 495,000. Job creation is up 6.4%, or 30,000 jobs, since hitting its lowest point during the pandemic, in April of 2020. Though the Omaha economy is well diversified, the industrial market is one of the strongest commercial real estate sectors and continues to drive growth in the local economy. E-commerce giant, Amazon, is expected to bring 1,000 new jobs to the area once construction is complete on its massive warehouse in 2021.

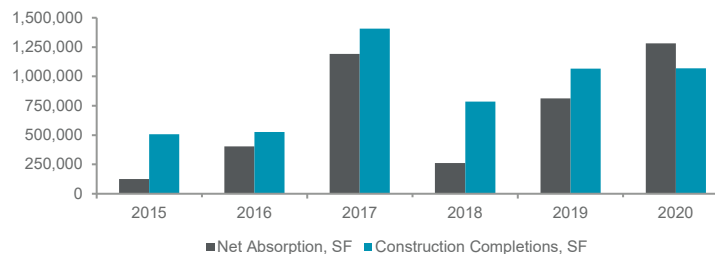
SUPPLY AND DEMAND: Omaha Industrial Market Fueled By Pandemic

Omaha's industrial market ended the year with a bang, recording the largest single quarter of positive absorption in seven years, at 984,000 square feet (sf). This brought the year-to-date (YTD) total to nearly 1.3 million square feet (msf). Manufacturing space saw the highest demand in the fourth quarter of 2020, posting just over 630,000 sf of positive absorption. Hormel Foods occupied the largest portion of manufacturing space, moving into 535,000 sf at Shopko's former location in Sarpy County. The overall vacancy rate was 3.4% at year-end, down by 60 basis points (bps) from the first quarter in 2020. Despite mass disruption caused by Covid-19, the industrial market fared better than most other commercial real estate sectors and developers continue to move forward. A surge in online shopping due to the pandemic and expanded factory production have contributed to increased developer confidence in the local industrial market. More than one million square feet (msf) of new industrial product was delivered throughout the year, and nearly 90% of the space has already been filled. Speculative space accounted for 48% of the new industrial inventory, and 78% of the new spec space was occupied before year-end. The industrial market closed the year with a record-setting amount of construction underway, at 3.2 msf. Amazon's new vertical warehouse is the largest project in the pipeline and will total more than 2 msf, making it the largest industrial building in the market.

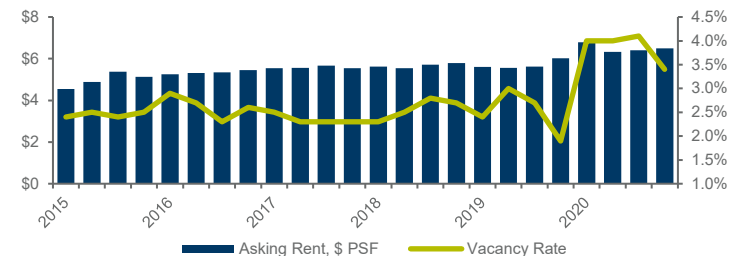
PRICING: eCommerce Spurs Rent Growth

Demand, new construction deliveries and tight supply continue to drive rent growth. At the end of fourth quarter, Omaha asking rents averaged \$6.50 per square foot (psf), an increase of nearly 8% year-over-year (YOY). Over the last five years average asking rents increased by almost 27%, from \$5.13 psf recorded in the fourth quarter of 2015. In wake of the pandemic, e-commerce accelerated. Many retailers moved or elevated operations online, increasing the need for warehouse and manufacturing space. The trend of retailers transitioning to online sales, or increasing their online presence is expected to continue once the pandemic has diminished. As a result, the demand for industrial space will continue to put upward pressure on industrial asking rents.

SPACE DEMAND / 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)	Q4 CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)	OVERALL WEIGHTED AVG NET RENT (TOTAL)
Sarpy East	2,249,648	82,811	3.7%	67	-3,465	0	0	N/A	\$5.25	\$5.25
Sarpy West	17,977,861	452,743	2.5%	682,960	1,245,095	3,084,882	106,891	\$9.18	\$6.33	\$6.67
South Central	21,639,999	1,168,341	5.4%	20,723	-483,680	33,720	0	\$8.29	\$5.55	\$6.16
Saunders County	778,883	9,873	1.3%	658	658	0	0	N/A	\$7.62	\$7.62
Southeast	9,160,875	358,998	3.9%	4,252	143,129	0	0	\$5.25	\$5.39	\$5.37
Southwest	9,174,656	245,357	2.7%	-592	5,031	0	28,800	\$9.02	\$7.35	\$8.88
Council Bluffs	2,957,203	95,034	3.2%	82,566	79,632	0	0	N/A	N/A	N/A
Downtown Council Bluffs	3,549,739	71,748	2.0%	0	-5,139	0	0	N/A	\$4.75	\$4.75
E Cass County	442,950	20,000	4.5%	0	9,200	0	0	N/A	\$6.00	\$6.00
E Mills County	72,150	0	0.0%	0	0	0	0	N/A	N/A	N/A
W Cass County	406,487	46,600	11.5%	3,000	17,100	0	0	\$7.34	N/A	\$7.34
W Mills County	467,633	0	0.0%	137,000	137,000	0	137,000	N/A	N/A	N/A
Northeast	11,146,656	233,707	2.1%	6,200	-42,523	0	0	N/A	\$5.78	\$5.78
Northwest	7,166,819	335,685	4.7%	46,846	95,671	108,137	0	\$9.22	\$6.45	\$7.66
E Pottawattamie County	1,485,386	0	0.0%	0	76,000	0	0	N/A	N/A	N/A
Harrison County	340,938	0	0.0%	0	0	0	0	N/A	N/A	N/A
W Pottawattamie County	3,476,775	0	0.0%	0	0	0	0	N/A	N/A	N/A
Washington County	1,634,186	66,750	4.1%	0	7,600	0	0	N/A	\$3.50	\$3.50
OMAHA TOTALS	94,128,844	3,187,647	3.4%	983,680	1,281,309	3,226,739	272,691	\$8.72	\$5.92	\$6.50

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

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

KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
14301 Chandler Rd	Sarpy West	CSG Systems International	97,242	Renewal
1209 N 31 st Ave	Council Bluffs	FedEx	89,500	Sublease
4500 S 76 th Cir	South Central	Optimal Aquafeed	50,490	New
2675 N 9 th St	Northeast	Express Messenger Systems	30,000	Renewal

*Renewals included in leasing statistics

KEY SALES TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
10905 Harrison St	Sarpy West	Pullen Family Partners/Viking Industrial Painting	17,312	\$1,575,000/\$91
1604Forst St	Northeast	Adams & Schulte, LLC/Coyote Properties, LLC	17,170	\$1,310,040/\$76
4341-4367 S 89 th St	South Central	LV Partnership/Buonafede, LLC	14,259	\$1,313,000/\$92

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