



YoY Chg 12-Mo. Forecast

12.6%

Vacancy Rate



52K

Net Absorption, SF



\$26.97

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2022

YoY Chg 12-Mo. Forecast

504.9k

Omaha Employment



2.7%

Omaha Unemployment Rate



3.7%

U.S. Unemployment Rate



Source: BLS

ECONOMY

Despite a slowing economy and tight labor market, Omaha continues to see job growth. There were 13,700 non-farm payroll positions added year-over-year (YOY) at the close of 2022. During the same time frame the local unemployment rate decreased by 10 basis points (bps), resting at 2.7% at the end of the fourth quarter. Omaha's jobless rate is still one of the lowest in the nation and is 100 bps below the national average of 3.7%. Omaha's median household income increased by \$3,300 throughout 2022, compared to the national average increase of \$2,800. Despite the wage increases, inflation has most American's feeling a financial pinch, as the cost of living increased in nearly every aspect. As inflation continues to rise, consumers have started tightening the reins on spending, as they've had to devote more of their budget to necessities such as groceries, rent and energy. While some economists are predicting a recession in 2023, others only expect a slowdown and predict inflation will ease.

MARKET OVERVIEW

The year started off strong, as the Omaha office market recorded 286,952 square feet (sf) of positive absorption in the first half of 2022 and tapered off during the second half of the year, recording 74,412 sf of absorption. While the office market continues to see growth, it is at a slower pace. As a result of inflation, the cost to do business has spiked, from rent to energy costs and everything in between. This has caused many tenants to hold off on making big moves such as opening additional locations or even expanding their business at the present time. One building was delivered in the last quarter of 2022, as the new 92,698 sf Union Bank & Trust building was completed. Due to rising material and labor costs new office construction slowed in 2022 as well, and only 112,438 sf of new inventory came online. There is currently 119,335 sf currently under construction, and the SPEC development has been named the Builder's District. The South-Central submarket experienced the largest amount of absorption in the fourth quarter, with 30,921 sf. The majority of that absorption stems from Release, Inc. purchasing and occupying a 24,520-sf building.

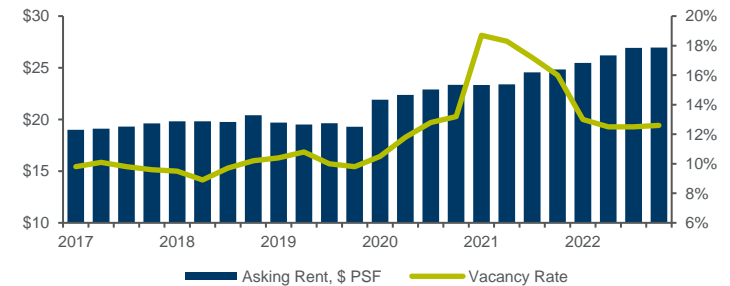
PRICING

Overall asking rent trends reflect substantial YOY change, increasing by \$1.61 per square foot (psf), and ending the last quarter of the year at \$26.97 psf. More than 90% of the new construction built since 2021 is Class A office product, which draws the highest asking rent in the markets and continues to support rent growth. Class A office rent currently averages \$32.13 psf, compared to Class B rents at \$23.71 and Class C rents at \$17.28 psf. Rents in the CBD continue to trend upward and were recorded at \$30.56 psf at the close of 2022, while rents in suburban markets averaged \$26.66 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 OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Central Dodge	1,913,298	9,167	294,328	15.9%	-5,380	-8,693	61,279	0	\$26.51	\$28.55
Downtown Omaha	2,839,932	0	278,902	9.8%	300	21,025	54,737	119,335	\$30.56	\$31.01
Midtown Omaha	2,363,210	2,158	264,532	11.3%	24,631	39,622	170,635	0	\$31.71	\$33.67
Miracle Hills	717,414	24,984	116,957	19.8%	-2,514	35,233	166,013	0	\$26.72	\$27.75
Northeast Omaha	60,962	0	43,640	71.6%	0	0	35,036	0	\$21.50	n/A
Northwest Omaha	1,669,957	13,969	267,366	16.8%	-14,466	16,359	133,908	0	\$20.02	N/A
Old Mill	1,225,285	774	148,838	12.2%	-1,156	-2,038	133,254	0	\$24.17	N/A
Regency	743,542	0	63,555	8.5%	4,234	19,997	64,816	0	\$23.35	\$25.75
South Central	1,148,750	31,827	108,898	12.3%	30,921	6,505	65,654	0	\$21.19	N/A
Southeast Omaha	603,397	0	84,503	14.0%	2,119	73,132	117,405	0	\$22.75	\$27.25
Southwest Omaha	2,554,867	48,540	146,906	7.6%	-12,296	6,909	101,158	0	\$23.45	\$31.62
Suburban West Dodge	3,580,727	51,059	449,768	14.0%	25,400	153,313	226,713	0	\$32.77	\$33.06
OMAHA TOTALS	19,421,341	182,478	2,268,193	12.6%	51,793	361,364	1,330,608	119,335	\$26.97	\$32.13

*Rental rates reflect full service asking

**Data Source: Costar

KEY LEASE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
10805 Old Mill Rd	Old Mill	Applied Underwriters	50,207	Renewal
13815 FNB Parkway	Suburban West dodge	Markel Services	39,205	New Lease
950 S 10 th	Downtown Omaha	Highline Warren	24,535	New Lease
18135 Burke St	Suburban West Dodge	Young, Gregg Automotive Group, Inc	19,400	New Lease

*Renewals included in leasing statistics

KEY UNDER CONSTRUCTION PROPERTIES Q4 2022

PROPERTY	SUBMARKET	BUILDING CLASS	SF	TYPE
1501 Mike Fahey St	Downtown Omaha	A	119,335	SPEC

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