

YoY Chg 12-Mo. Forecast

13.2%
Vacancy Rate



14K
Net Absorption, SF



\$23.36
Asking Rent, PSF



(Overall, All Property Classes)

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

ECONOMIC OVERVIEW: LOWEST UNEMPLOYMENT RATE IN THE NATION

According to the Bureau of Labor and Statistics, Nebraska's unemployment dropped to 3.1% in November of 2020, giving the state the lowest unemployment rate in the nation. Of the 97 U.S. markets included in Cushman & Wakefield's quarterly statistics, Omaha had the lowest unemployment rate at 3.3%, and is 340 basis points (bps) below the national average of 6.7%. From fourth quarter 2019 to present, Omaha's median household income also rose by 60 bps to \$71,500, up 660 bps from the national average at \$67,100. Nebraska is on the fast track to recovery and continues to inch closer to its strong, pre-pandemic economic health.

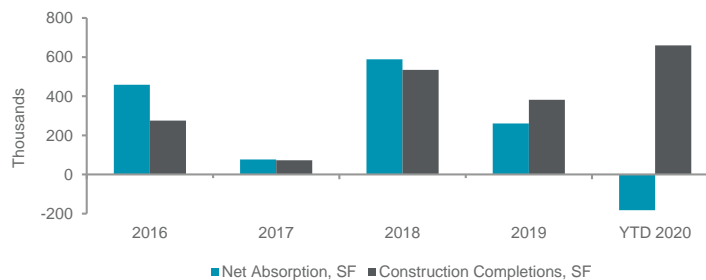
SUPPLY AND/OR DEMAND: MARKET SEES STEADY LEASING ACTIVITY

Omaha's office market saw just over 14,000 square feet (sf) of positive net absorption in the last quarter of 2020, bringing the overall absorption total to negative -182,555 sf year-to-date (YTD). Vacancy increased by 340 bps year-over-year (YOY), from 9.3% in the fourth quarter of 2019 to 13.2% at year-end. Despite the increase, the Omaha office vacancy rate remains below the average in the Midwest region at 15.8% and the national average at 15.5%. Class A office buildings experienced the strongest activity through 2020, recording nearly 430,000 sf of positive absorption YTD. Tenants moving or expanding into the largest blocks of Class A office space this year included DTN, Milliman and Securities America. Though the pandemic has left some empty offices, developers know this is just a pivot in the Omaha market, and continue to meet tenant demand for high-end office space. Just over 575,000 sf of Class A space was delivered in 2020, with speculative development accounting for 74% of the new inventory. Seventy percent of the speculative space was already spoken for by year-end. Of the six office projects currently under construction, four are Class A properties and account for 97% of the office construction. More than half of the Class A space is speculative construction and over 50% has been pre-leased. Though overall net absorption recorded through the year was negative, the market continued to see steady leasing activity. A total of 203 new leases equaling 673,000 sf were inked in 2020, while existing tenants signed renewals for 88,000 sf of office space.

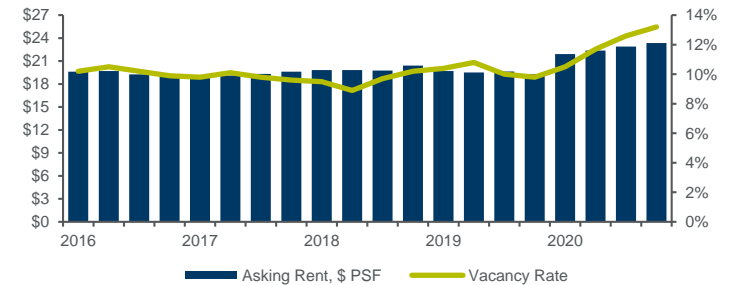
PRICING: OFFICE ASKING RENTS CONTINUE TO CLIMB

Office asking rents continue to trend upward, averaging \$23.36 per square foot (psf) at year-end, up 6.6% from the first quarter in 2020. The Suburban West Dodge submarket has the highest average asking rent at \$28.64 psf. A substantial amount of development is occurring in this submarket, which is fueling the rent increases. Just over 660,000 sf of new office space was delivered in the submarket through 2020 and another 670,000 sf is currently in the construction pipeline. New development has continued to drive rents this year, though the market may see a slight decline if construction slows in 2021.

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	1,911,634	93,069	244,508	17.7%	-55,035	-164,249	72,336	0	\$27.54	\$21.10
Downtown Omaha	3,935,047	28,872	349,688	9.6%	-27,672	-17,635	45,160	0	\$26.55	\$28.81
Midtown	2,397,316	0	282,112	11.8%	-4,991	-69,170	47,365	0	\$23.38	\$31.62
Miracle Hills	745,021	2,930	120,473	16.6%	15,726	-71,291	38,872	0	\$24.93	\$24.83
Northeast	43,640	0	43,640	100.0%	0	0	32,927	0	\$21.25	N/A
Northwest	1,655,646	24,348	209,620	14.1%	-6,849	-60,188	80,468	0	\$17.65	\$30.00
Old Mill	1,229,790	46,765	142,233	15.4%	4,103	8,081	27,700	0	\$21.84	N/A
Regency	746,715	23,509	70,283	12.6%	-23,231	-3,576	44,380	0	\$27.45	\$32.03
South Central	1,122,883	0	142,456	12.7%	-5,026	80,442	48,340	0	\$17.45	N/A
Southeast	603,397	0	163,276	27.1%	-17,317	-22,025	15,322	0	\$19.60	\$23.69
Southwest	2,437,749	9,642	241,429	10.3%	6,372	-64,357	102,266	220,150	\$15.98	N/A
Suburban West Dodge	2,997,493	55,322	329,174	12.8%	127,921	201,413	117,488	450,000	\$28.64	\$28.57
OMAHA TOTALS	19,826,331	284,457	2,338,892	13.2%	14,001	-182,555	672,624	670,150	\$23.36	\$28.99

Data Source: Costar

KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
13660 California St	Suburban West Dodge	Scoular	51,733	Sublease
18205 Capitol Ave	Suburban West Dodge	Milliman	33,710	New Lease
13333 California St	Suburban West Dodge	Frontier Bank	20,228	New Lease
11516 Miracle Hills Rd	Miracle Hills	Colliers International	16,197	New Lease
810 N 96 th St	Central Dodge	CHI At Home Health	13,523	Renewal

*Renewals included in leasing statistics

KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
18205 Capitol Ave	Suburban West Dodge	DTN, Inc	152,280	CBRE Omaha/Cizek Development
6700 Mercy	Midtown	Right At Home	107,987	Magnum Realty/Magnum Realty
13333 California St	Suburban West Dodge	Bridges Trust	90,897	California Pointe, LLC/McNeil Builders
17225 Burt St	Suburban West Dodge	Baxter	86,000	White Lotus Group/White Lotus Group

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