

YoY Chg 12-Mo. Forecast

3.7%
Vacancy Rate



-439K
Net Absorption, SF



\$6.46
Asking Rent, PSF



Overall, Net Asking Rent
Data Source: Costar

ECONOMIC INDICATORS Q2 2021

YoY Chg 12-Mo. Forecast

493K
Omaha Employment



3.0%
Omaha Unemployment Rate



5.9%
U.S. Unemployment Rate



Source: BLS

ECONOMY OVERVIEW: Statewide Economic Growth Expected In Last Half of 2021

According to the University of Nebraska-Lincoln, Nebraska's leading economic indicator rose to 2.33% in May, marking the eighth-consecutive monthly increase. The rapid increase in the indicator suggests that Nebraska will see strong economic growth in the last half of the year. Since the second quarter of 2020, nearly 30,000 jobs have been regained and 493,000 people are employed in the Omaha market. The local unemployment rate dropped to 3.0% in the second quarter of 2021 and is expected to hit pre-pandemic levels early next year. Recovery is predicted to be strongest in jobs that experienced the most loss such as the leisure, hospitality and in state/local government.

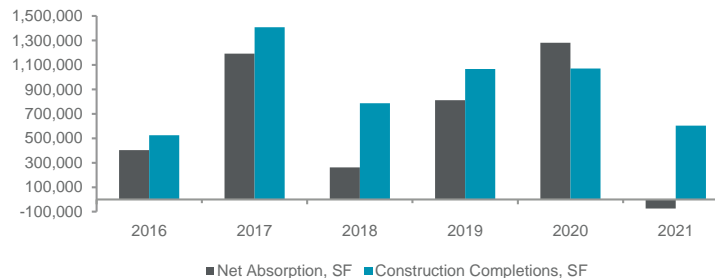
SUPPLY AND DEMAND: Industrial Market Expected To End Year On A High Note

Omaha's industrial market has shown remarkable resilience through the pandemic. Unlike other commercial real estate sectors, very few industrial tenants in the area have gone out of business. In fact, the industrial market is experiencing a substantial amount of growth. In the second quarter of 2021 the market saw -439,233 square feet (sf) absorption, for a total of -73,961 sf of absorption year-to-date (YTD). However, the negative absorption is not the result of declining market health. It can be attributed to vacant space in new development coming online, as the market is currently seeing a construction boom. Just over 600,000 sf of new industrial space was delivered in the first half of 2021, and the inventory has grown by 3.1 million square feet (msf) year-over-year (YOY). Most of the negative absorption posted in the second quarter, stems from a 300,000-sf speculative (spec) building delivering vacant in the Sarpy West submarket. More than 4.2 msf of industrial space is currently in the construction pipeline, with 2.9 msf of the space slated for delivery by year-end. Approximately 87% of the new inventory is pre-leased and puts the Omaha industrial market in a position to finish the year off strong.

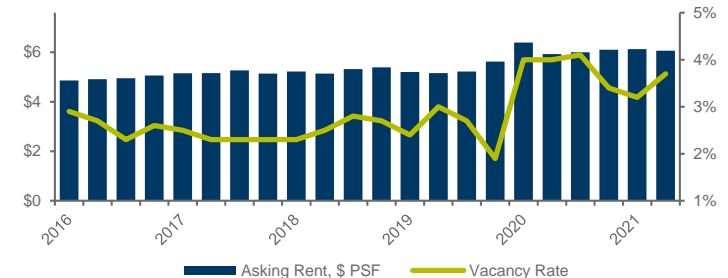
PRICING: Occupants Willing To Pay Premium Rents

Area asking rents are up by \$0.13 per square foot (psf) YOY, reaching \$6.46 psf in the first half of 2021. Less than 4.0% of the industrial inventory is vacant and existing supply options for the high-end space tenants are looking for is limited and often only available in new construction. Tenants are more willing to pay premium rents to secure space, which is fueling rent growth.

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)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)	OVERALL WEIGHTED AVG NET RENT (TOTAL)
Council Bluffs	2,957,203	95,034	3.2%	-16,000	-16,000	12,000	0	N/A	N/A	N/A
Downtown Council Bluffs	3,530,672	57,388	1.6%	-26,256	-57,388	0	0	N/A	\$5.52	\$5.52
E Cass County	443,130	20,000	4.5%	0	0	0	0	N/A	N/A	N/A
E Mills County	72,150	0	0.0%	0	0	0	0	N/A	N/A	N/A
E Pottawattamie County	1,485,386	0	0.0%	0	0	0	0	N/A	N/A	N/A
Harrison County	364,938	0	0.0%	0	0	0	0	N/A	N/A	N/A
Northeast Omaha	11,188,409	231,910	2.1%	-2,923	105,278	0	0	N/A	\$7.18	\$7.18
Northwest Omaha	7,230,973	352,888	4.9%	-28,767	32,972	217,617	0	\$8.48	\$8.20	\$8.39
Sarpy East	2,263,458	63,157	2.8%	-5,409	39,464	0	0	N/A	N/A	N/A
Sarpy West	18,519,773	804,925	4.3%	-211,375	-52,527	3,092,956	424,982	\$8.91	\$6.48	\$6.96
Saunders County	790,185	12,732	1.6%	-4,823	-2,859	0	0	N/A	\$7.62	\$7.62
South Central Omaha	21,691,854	1,262,303	5.8%	-54,919	-17,479	0	0	\$8.42	\$5.35	\$5.82
Southeast Omaha	9,218,406	155,839	1.7%	-12,629	-16,629	0	0	\$4.45	\$5.94	\$5.33
Southwest Omaha	9,446,060	296,813	3.1%	-60,868	-66,529	0	0	\$8.92	\$8.02	\$8.77
W Cass County	406,487	46,600	11.5%	-9,600	-9,600	0	0	N/A	N/A	N/A
W Mills County	467,633	0	0.0%	0	0	0	0	N/A	N/A	N/A
W Pottawattamie County	3,476,775	20,616	0.6%	0	0	0	0	N/A	N/A	N/A
Washington County	1,639,850	79,414	4.8%	-5,664	-12,664	930,000	0	N/A	\$3.50	\$3.50
OMAHA TOTALS	95,193,342	3,499,619	3.7%	-439,233	-73,961	4,252,573	424,982	\$8.49	\$5.87	\$6.46

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

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

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
14616 Gold Coast Rd	Sarpy West	TOMY Inc	195,000	New Lease
14472 Gold Coast Rd	Sarpy West	Mission Foods	87,500	New Lease
13576 Cornhusker Rd	Sarpy West	Scooters	83,700	New Lease

*Renewals included in leasing statistics

KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
8951 S 126 th St	Sarpy West	126 La Vista, LLC/Omaha Warehouse, LLC	40,500	\$3,430,000/\$85
2216 S 20 th St	Southeast Omaha	Allied Oil & Tire Company/MTRE-Omaha, NE, LLC	40,460	\$1,406,250/\$35
7820 L St	South Central Omaha	WM Grace Co, LLC/Pete & John Simons	38,900	\$3,373,500/\$87

DENNY SCISCOE

Director of Industrial Services

+1 402 548 4051/denny.sciscoe@lundco.com

MISTY BELSHA

Business Analyst

+1 660 287 1135/misty.belsha@lundco.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

©2021 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

lundco.com