



YoY Chg 12-Mo. Forecast

15.7%

Vacancy Rate



155k

Net Absorption, SF



\$24.56

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2021

YoY Chg 12-Mo. Forecast

494k

Omaha Employment



2.7%

Omaha Unemployment Rate



5.2%

U.S. Unemployment Rate



Source: BLS

ECONOMY OR SUPPLY: Employers Get Creative To Battle Labor Shortage

The global labor shortage remains high in 2021, and Nebraska is no exception. The state unemployment rate fell to 2.2% in the third quarter and is currently the lowest in the nation, yet there were more than 50,000 job openings across the state at the end of September. This is the lowest rate Nebraska has seen since it started collecting unemployment data in 1976. Many people left the workforce at the beginning of the pandemic and haven't re-entered. Of the 99 markets included in Cushman & Wakefield's quarterly reporting, the Omaha and Salt Lake City markets are tied for the lowest unemployment rate, at 2.7%. At the height of the pandemic, childcare issues, health concerns and enhanced employment benefits were factors in some people's decision not to seek employment. Officials expected to see a more substantial rise in employment numbers once additional unemployment benefits expired, but that hasn't been the case. In order to attract applicants, employers are getting creative. From offering free training programs for skilled labor positions, to giving hiring bonuses, increasing referral incentives, offering better benefits and being more flexible with employee's personal lives, employers are raising the bar.

SUPPLY OR DEMAND: Omaha Sees Positive Momentum In The Third Quarter

Omaha's office market saw just over 155,000 square feet (sf) of positive absorption in the third quarter of 2021, for a total of 172 sf of positive absorption year-to-date (YTD). Class B office product experienced the highest demand for the quarter, posting nearly 140,000 sf of positive absorption. Flatiron Solutions occupied the largest block of Class B space, taking nearly 59,000 sf, while Omaha National Insurance company came in a close second, moving into 53,000 sf of Class B office space. The overall vacancy rate currently sits at 15.7%, up 290 basis points (bps) year-over-year (YOY). Much of that increase can be attributed to vacant space in new speculative developments coming online. Though vacancy is up from 2020, it has steadily trended downward since the beginning of 2021, decreasing by 190 bps since the close of first quarter. There isn't a lot of speculative construction in the current pipeline, and overall vacancy is expected to decline further. LinkedIn's new office in the Sterling Ridge Office Park is the last project slated for delivery before year-end. The other project currently under construction is a build-to-suit property that will be occupied by Union Bank & Trust upon completion in 2022.

Pricing: Class A Rents Rise To A Record \$31.20 PSF

Marking a 7.2% increase YOY, local office rents reached \$24.56 per square foot (psf) in the third quarter of 2021. While average asking rents increased across all building classes YOY, Class A rent increases continue to be the primary driver in overall rent growth. Class A asking rents increased by 8.8% YOY, reaching \$31.20 psf at the end of the third quarter 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	6,771	266,714	14.3%	103,394	110,059	212,389	0	\$25.67	\$21.10
Downtown Omaha	3,924,407	14,490	405,530	10.7%	-23,993	8,501	69,584	0	\$28.07	\$29.92
Midtown Omaha	2,367,306	0	460,411	19.4%	1,226	-172,299	67,116	0	\$23.03	\$31.99
Miracle Hills	745,021	0	165,121	22.2%	-8,151	1,780	43,943	0	\$25.12	\$24.97
Northeast Omaha	43,640	0	43,640	100.0%	0	0	49,074	0	\$21.50	N/A
Northwest Omaha	1,677,795	70,116	221,895	17.4%	62,178	-74,095	34,078	0	\$18.22	\$30.25
Old Mill	1,229,790	70,972	143,211	17.4%	-9,042	-50,225	38,043	0	\$21.95	N/A
Regency	746,715	4,551	95,535	13.4%	-5,809	-8,401	41,431	0	\$26.29	\$34.61
South Central	1,138,228	0	134,974	11.9%	23,183	22,265	54,664	0	\$18.93	N/A
Southeast Omaha	603,397	0	167,911	27.8%	4,064	7,365	51,631	0	\$20.26	\$23.69
Southwest Omaha	2,465,672	50,690	221,997	11.1%	69,892	-18,874	164,923	200,000	\$19.11	N/A
Suburban West Dodge	3,422,869	64,636	574,293	18.7%	-61,515	174,096	37,789	92,698	\$31.67	32.87
OMAHA TOTALS	20,276,474	282,226	2,901,232	15.7%	155,427	172	864,665	292,698	\$24.56	\$31.20

*Rental rates reflect full service asking

**Data Source: Costar

KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
9394 W Dodge Rd	Central Dodge	Marvel Medical Staffing, LLC	42,600	New Lease
14748-14776 W Center Rd	Southwest	Lovely Skin	13,458	New Lease
9394 W Dodge Rd	Central Dodge	Maids International, Inc	11,752	Renewal

*Renewals included in leasing statistics

KEY CONSTRUCTION COMPLETIONS Q3 2021

PROPERTY	SUBMARKET	SPECULATIVE / BTS	SF	OWNER/DEVELOPER
18881 W Dodge Rd	Suburban West Dodge	BTS	180,000	R&R Realty Group/R&R Realty Group

KEY UNDER CONSTRUCTION PROPERTIES Q3 2021

PROPERTY	SUBMARKET	KEY TENANT	SF	TYPE
130 th & Pacific St	Southwest	LinkedIn	200,000	Speculative
14400 Davenport St	Suburban West Dodge	Union Bank & Trust	92,698	BTS

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