

OMAHA | OFFICE

Fourth Quarter 2019

Accelerating success.



Omaha Office Market Sets a Record for Low Vacancy

At the end of the second quarter of 2019, Colliers International | Omaha declared that a record low vacancy rate of 6.7 percent occurred for the Omaha office market. Last quarter, the vacancy rate rose 30 basis points to 7.0 percent. Since then, the Omaha office market absorbed over 200,000 square feet, bringing the vacancy rate to yet another low vacancy rate of 6.3 percent. This vacancy rate is 140 basis points lower than in the fourth quarter of 2018 and 240 basis points lower than the fourth quarter of 2017. While the national fourth quarter figures aren't yet out, Colliers International reported that the vacancy rate for the entire national office market was 11.4 percent in the third quarter of 2019. Omaha's vacancy rate is currently 510 basis points lower than vacancy reported in the third quarter. Omaha's office market had a stellar year, absorbing over 370,000 square feet in 2019. This level of activity represents 120,000 square feet more than the ten-year annual average of 250,000 square feet. Omaha's business climate is typically more conservative than other markets, with little speculative building taking place that isn't significantly pre-leased. The construction pipeline currently has over 1.5 million square feet of office space underway. This is due to the low vacancy rate and the fact that only 226,799 square feet of newly constructed property has been recently delivered to the market.

By submarket, Midtown, Miracle Hills, Suburban West Dodge, Southwest and Downtown are all performing at better than market vacancy rates. The Midtown submarket continues to be a popular central office location for businesses looking for access to many amenities and a dense population. Right at Home, an elder in-home care company has already outgrown their space in Aksarben Village and will move in to a much larger space in a newly constructed property that will deliver in the first quarter of 2020. Miracle Hills

Market Indicators

Relative to prior period	Q4 2019	Q1 2020*	CBD Q4 2019	Suburban Q4 2019
VACANCY	↓	↓	↓	↓
NET ABSORPTION	↑	↑	↑	↑
CONSTRUCTION	↑	↔	↔	↑

Note: Construction is the change in square footage Under Construction.
* Projected

continues to be a hot-spot for office users looking for good access to West Dodge Road and the interstate, but with more moderate asking rents. Suburban West Dodge continues to be the most active office submarket in Omaha with 40 percent of the office market construction pipeline occurring in this submarket. Both Valmont Industries and Carson Group are building office buildings in Heartwood Preserve, the mixed-use development underway on the site of the former Boys Town Farm on the southwest corner of 144th Street and West Dodge Road. Two office properties are under construction in the West Dodge Hills development located on the southwest corner of 180th Street and West Dodge Road; Cizek Construction's 115,000-square-foot building and Broadmoor Development's 31,704-square-foot building. Baxter Auto will occupy a portion of 86,000-square-foot under construction in the West Dodge Pointe development located on the northwest corner of 168th Street and West Dodge Road. California Pointe, a 90,000-square-foot Class A office property is currently under construction in the Bank of the West Business Park. The Southwest submarket is home to the Sterling Ridge mixed-use development located at the southeast corner of 132nd and Pacific Streets. This will be the future home of LinkedIn and the new headquarters for Centris Federal Credit Union. LinkedIn will occupy a 200,000-square-foot Class A building in 2021. Centris' building will be approximately 115,000 square feet with occupancy in the first quarter of 2021. Downtown Omaha continues to perform with two new office projects currently under construction. Kiewit Corporation is building a 165,000-square-foot headquarters in the north Downtown area, while a

speculative 72,000-square-foot building is underway in the Capital District.

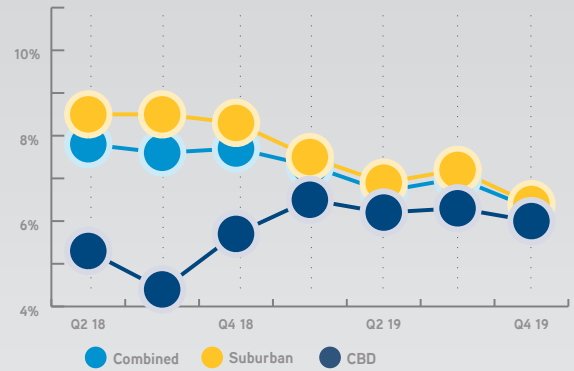
By class, Class A properties continue to outperform the market with a 5.3 percent vacancy rate. Over 150,000 square feet of Class A space was absorbed in 2019. Class A properties represent over 1.2 million square feet of the properties in the above referenced construction pipeline. Class B properties are performing at a 5.8 percent vacancy rate. The majority of 2019 absorption occurred in this property class with over 220,000 square feet absorbed in 2019. Class C properties have a much higher than market vacancy rate of 12.8 percent and negative absorption of 10,000 square feet for the year.

Two newly constructed buildings were delivered to the Omaha office market in the fourth quarter; a 65,000-square-foot property near 204th Street and West Maple Road and a 22,000-square-foot property in the Southport Area. OCI Insurance and Financial Services absorbed over 44,000 square feet in the Indian Creek property and Inspro, Inc. moved into the entire property in Southport.

According to Colliers International, the national office market also has record low vacancy rates with 86 percent of local markets recording positive absorption. In addition, office market construction activity in the United States is at record levels. There are currently over 150 million square feet of office space under construction in the United States. Even so, Colliers International states, "barring a marked drop in demand, we don't anticipate a supply/demand imbalance at the national level. Any supply concerns remain localized and submarket specific."

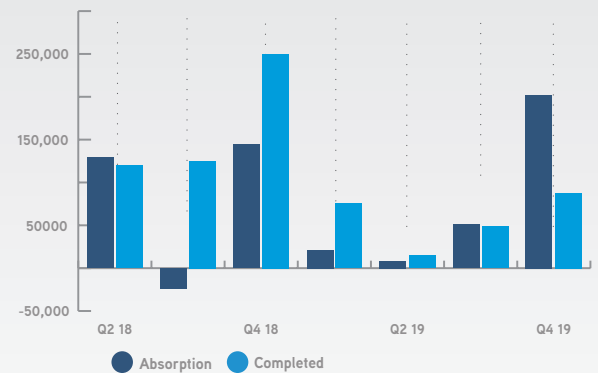
In conclusion, both the local and national office markets continue to perform well with a limited amount of headwind in the near future. With Charles Schwab's previously announced acquisition of TD Ameritrade, there are some unknowns as to how that acquisition affects the Omaha office market. Nationally, the economy is booming with no indication that the upward trend will cease. However, historically, national elections provide for a temporary pause in the decision-making process as executives and business owners wait for the guidance that comes after an election. All that being said, Colliers International expects for the Omaha office market to continue to outperform the ten year average for 2020.

Vacancy Rates



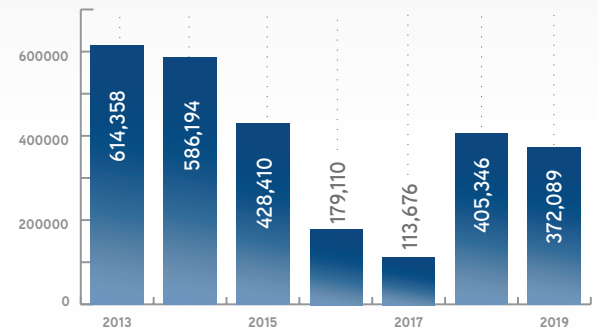
Quarterly Absorption

(in Thousands)



Annual Absorption

(in Thousands)



Recent Transactions - LEASE AND SALE ACTIVITY (*COLLIERS | OMAHA INVOLVED IN TRANSACTION)

Lessee/Buyer	Lessor/Seller	Property	Size SF/Sale Price
NPC I, II, III, II A, III A, III B LLC	California Red LLC	13616 California Street	\$8,717,286
Safe Harbour Eat-XXXIII LLC	8801 Building Inc	10730 Pacific Street	\$4,125,000
14703 Wright St LLC	CF Wright Street, LLC	14703 Wright Street	\$3,476,000
Bozell & Jacobs, LLC *	2215 Harney Street, LLC	2215 Harney Street	28,230 SF
Hurrdat, LLC *	Charles C Myers Family LP II	11218 John Galt Boulevard	12,880 SF

Market Overview

Omaha - Office Overview *(Includes owner-occupied buildings but not medical-use buildings. See complete data standards on last page.)*

Submarket	VACANCY			ABSORPTION		CONSTRUCTION			Gross Asking Rent	
	Total	Vacancy	Vacancy	Net Absorption		Construction Deliveries		Under Const	Gross Asking Rent	
	SF	SF	%	Q4	2019 SF	Q4	YTD	SF	Class A	Class B
CENTRAL WEST DODGE	2,569,082	176,444	6.9%	(9,080)	80,678	-	47,480	-	\$22.52	\$22.68
COUNCIL BLUFFS	717,405	77,215	10.8%	10,320	35,913	-	64,224	-	\$31.50	\$23.60
DOWNTOWN	69,465,55	417,246	6.0%	35,672	40,553	-	-	237,000	\$24.75	\$17.80
MIDTOWN	4,880,351	199,003	4.1%	22,968	(64,384)	-	-	117,987	\$26.81	\$23.01
MIRACLE HILLS	908,717	43,079	4.7%	(2,075)	(2)	-	-	-	\$22.00	\$20.45
NORTHEAST	157,041	-	0.0%	-	4,512	-	-	-	-	-
NORTHWEST	2,029,553	217,086	10.7%	98,674	137,782	65,469	65,469	33,888	\$30.00	\$18.69
OLD MILL	2,103,025	186,993	8.9%	651	(38,682)	-	-	-	-	\$19.37
REGENCY	1,135,097	76,537	6.7%	(1,324)	(2,648)	-	-	-	\$33.30	\$25.40
SOUTH CENTRAL	2,135,097	133,665	6.3%	(9,295)	61,214	22,330	38,330	66,528	-	\$16.26
SOUTHEAST	1,640,258	124,862	7.6%	10,194	151	-	-	-	\$16.00	\$17.83
SOUTHWEST	3,479,238	201,201	5.8%	42,214	91,293	-	11,296	462,000	\$31.37	\$17.50
SUBURBAN WEST DODGE	3,332,205	162,289	4.9%	3,104	25709	-	-	633,601	\$29.64	\$29.04
CBD TOTAL	6,946,555	417,246	6.0%	35,672	40,553	-	-	237,000	\$24.75	\$17.80
SUBURBAN TOTAL	25,087,449	1,598,374	6.4%	166,351	331,536	87,799	226,799	1,314,004	\$27.32	\$21.50
GRAND TOTAL	32,034,004	2,015,620	6.3%	202,023	372,089	87,799	226,799	1,314,004	\$26.84	\$20.78

BY CLASS

	Inventory		Vacancy		Net Absorption		Construction Deliveries		Under Const	Available for Sublease	
	SF	SF	%	Q4 SF	YTD	Q4	YTD	SF	CBD	Suburban	
CLASS A	7,800,773	414,516	5.3%	36,468	153,637	162,673	162,673	1,253,412	6,074	28,561	
CLASS B	21,329,316	1,230,211	5.8%	116,748	228,115	64,126	64,126	297,592	2,840	203,314	
CLASS C	2,903,915	390,893	12.8%	48,807	(9,663)	-	-	-	0	5,500	
TOTALS	32,034,004	2,015,620	6.3%	20,203	372,089	87,799	226,799	1,551,004	8,914	237,375	



68 countries

\$3.3

billion in
annual revenue

2.0

billion square feet
under management

17,000

professionals
and staff

\$127

billion in
total transaction value

*All statistics are for 2018, are in U.S. dollars and include affiliates.

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Colliers International North American Data Standards: Single and multi-tenant buildings greater than or equal to 10,000 square feet in size, including owner-occupied buildings are included in the tracked inventory. Office buildings that were built with the intent to house only medical users are not included in the tracked inventory. Office buildings where the government is both 100% owner and occupier are not included in the tracked inventory. Only properties in the Omaha metro area are included. Properties in Cass, Mills, Harrison, Saunders and Washington counties are not included.

About Colliers International

Colliers International (NASDAQ, TSX: CIGI) is a leading global real estate services and investment management company. With operations in 68 countries, our 17,000 enterprising people work collaboratively to provide expert advice and services to maximize the value of property for real estate occupiers, owners and investors. For more than 20 years, our experienced leadership team, owning more than 40% of our equity, have delivered industry-leading investment returns for shareholders. In 2018, corporate revenues were \$2.8 billion (\$3.3 billion including affiliates), with more than \$26 billion of assets under management. With an enterprising culture and significant employee ownership and control, Colliers professionals provide a full range of services to real estate occupiers, owners and investors worldwide. Services include strategic advice and execution for property sales, leasing and finance; global corporate solutions; property, facility and project management; workplace solutions; appraisal, valuation and tax consulting; customized research; and thought leadership consulting.

Colliers professionals think differently, share great ideas and offer thoughtful and innovative advice that help clients accelerate their success. Colliers has been ranked among the top 100 global outsourcing firms by the International Association of Outsourcing Professionals for 13 consecutive years, more than any other real estate services firm. Colliers also has been ranked the top property manager in the world by Commercial Property Executive for two years in a row.

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