



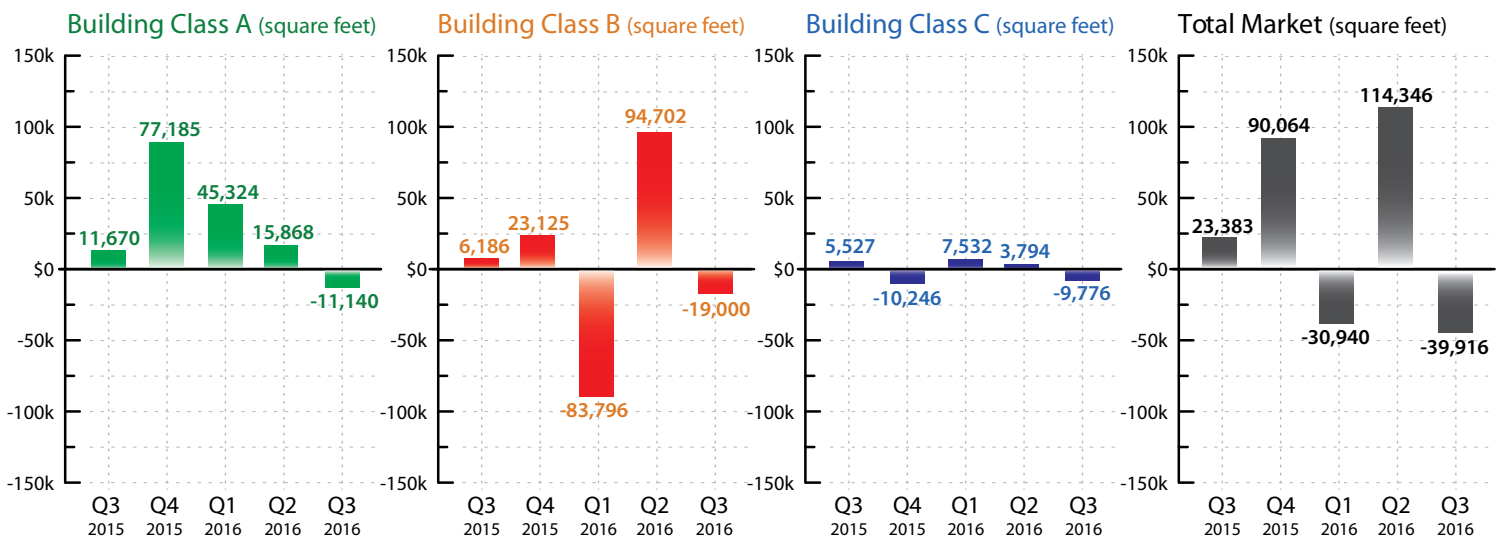
Omaha Office Market Conditions and Trends

By Tim Kerrigan, CCIM, SIOR & J.P. Raynor, JD

Downtown Office Suffers while Suburban Class B Thrives

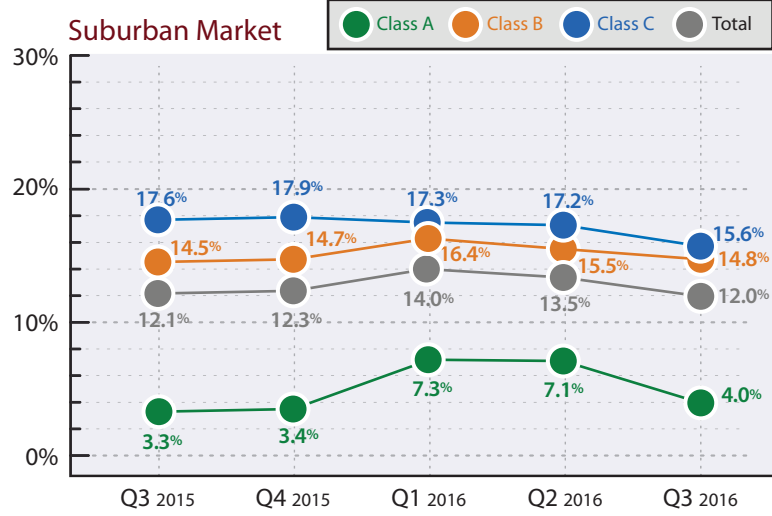
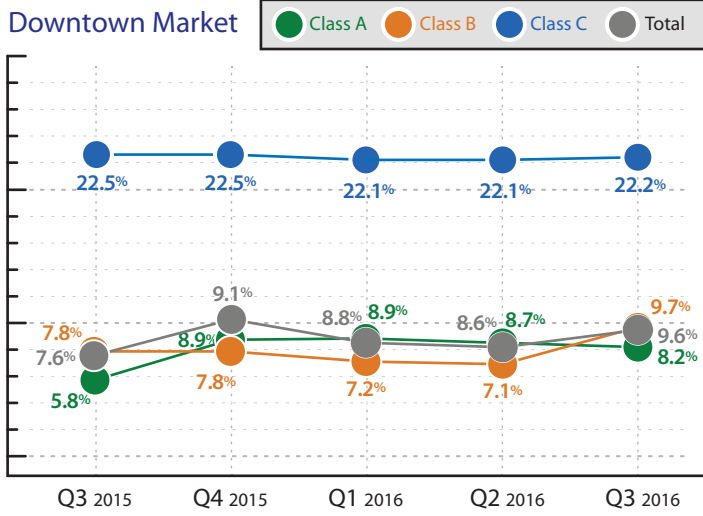
- The Omaha office market experienced negative 39,916 square feet (sf) of net absorption in 3Q 2016, and 14,000 sf of positive net absorption year-to-date.
- ConAgra's 250,000 sq. ft. and Gavilon's 52,823 sq. ft. nearly doubled downtown's vacancy rate from 8.5% to 15.3% in the 3rd quarter.
- Year-over-year average asking rents have climbed slightly from \$18.79 psf in 3Q 2015 to \$19.52 psf in 3Q 2016 and can be attributed to increasing operating expenses. Average operating expenses for Class A buildings are \$10.50 psf, Class B-\$9.25 psf, and Class C-\$6.50 psf.
- North Park leads the way for Suburban Office with 120,000 sq. ft. leased in the 3rd quarter and approximately 230,000 sq. ft. leased in the last 18 months.

Omaha Market Quarterly Net Absorption, Increase or Decrease in Square Footage Leased

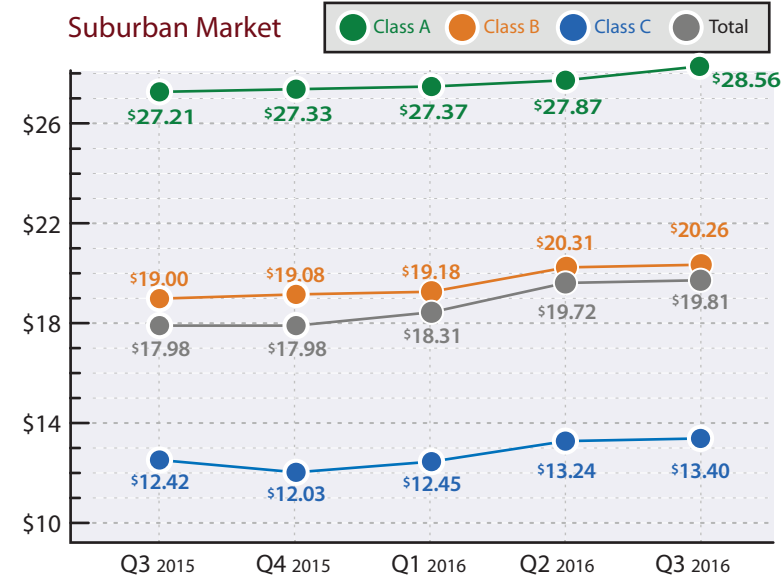
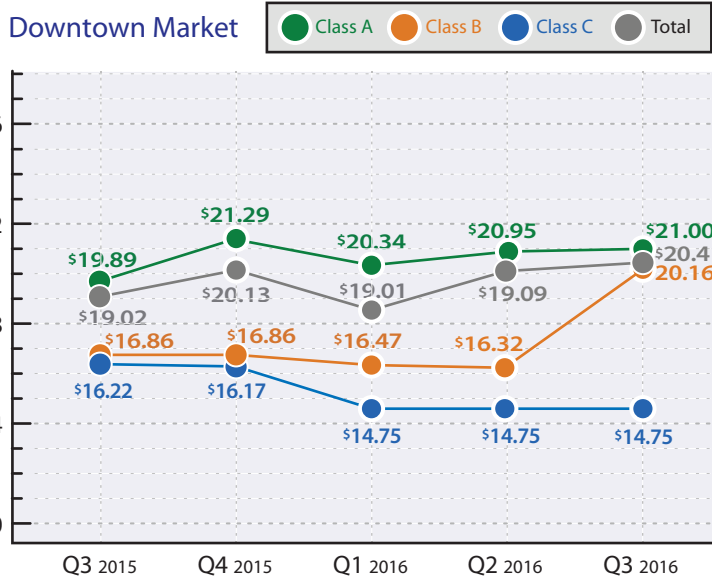


Market Conditions and Trends

Omaha Downtown and Suburban Vacancy Rates by Building Class



Rental Asking Rates for Downtown and Suburban Markets FSG Weighted Rate psf by Building Class



Notable Transactions of Q3 2016

| Company (Tenant/Buyer) | Transaction Type | Size (SF) | Submarket Area |
|--|------------------|-----------|---------------------|
| Wisconsin Physicians Service Insurance | Lease | 67,148 | Northwest |
| Northstar Financial | Lease | 60,000 | Northwest |
| Centene Management Company | Lease | 33,574 | Northwest |
| Election Systems & Software | Lease | 25,937 | South Central |
| Ellie Mae, Inc | Lease | 20,083 | Suburban West Dodge |