DIGEST

INVESTORS REALTYING.

JUNE 2016

CAPITOL DISTRICT ON PACE FOR SUMMER 2017 OPENING



SALES &

John Dickerson, CPM Lee Ehlers, CCIM Brian Farrell Steve Farrell, CCIM, SIOR Ember Grummons, CCIM John Heine, CCIM, ID. Jerry Heinrichs, CCIM Jerry Huber, CCIM Tim Kerrigan, CCIM, SIOR Brian Kuehl Ryan Kuehl Mike Moylan, CCIM R.J. Neary, CCIM, SIOR J.P. Raynor, JD Patrick S. Regan Mike Rensch Clint Seemann Kevin J. Stratman Jeanette Weber, CPM Ryan Zabrowski, CCIM, SIOR

PROPERTY MANAGEMENT

Stephanie Chevalier Carla Chin, CPM Bev Ellis, CPM Laura Hansen, NALP, CAM Nicole Morrison Jeni Sadler, CPM Sydney Weller

SHARED

Correen Harrell, CFO Tim Langan, COO Excitement is growing in downtown Omaha as progress continues on The Capitol District at 10th and Capitol Avenue. Construction of the \$205 million mixed-use development is well under way, and the two square city block entertainment district is beginning to take shape. The Capitol District is on schedule to open in the summer of 2017.

Investors Realty's own Mike Moylan, CCIM, principal of Shamrock
Development, is the developer of the project. Mike and his team have been working on the Capitol District since Shamrock was awarded the project by the City of Omaha in 2011. Mike has brought multiple partners together and is lending his urban mixed-use development expertise to the project. We are all excited to see his hard work come to fruition.

The Capitol District will be a vibrant dining and entertainment destination surrounding a plaza area reminiscent of a town square. The plaza will include an open space for visitors to relax and enjoy outdoor activities such as concerts, dining and community-wide events.

Housed at the forefront of the Capitol District will be a 12-story, 333-room highrise Marriott Hotel managed by Marcus Hotels & Resorts. The west end of the district will be anchored by a 12-story, 218-unit luxury apartment community. In addition, the district will include 90,000 square feet of entertainment, retail, and office space and a 525-stall public parking garage. The hotel and apartment buildings, designed by Omaha-based

Leo A. Daly, will have distinctly contemporary features with a nod to Midwestern architecture in order to fit with Omaha's urban aesthetic.

The Capitol District's location and planned density will position it to become an entertainment district to the entire metropolitan region. The tenant mix and multiple intended uses are designed to draw from the Omaha area as well as attract visitors from metro areas within a three-hour drive. The Capitol District will serve both businesses and individuals, blending entertainment and dining with easy access, and serving as a link between North and South Downtown.

To date, over 30,000 construction worker hours have been logged building the Capitol District's hotel. For a live look at the construction site, please visit workzonecam.com/projects/shamrock/capitaldistrict/workzonecam

We believe the Capitol District will continue to boost economic growth in Omaha and will help lead the way in continuing to attract and retain young talent to our city.

Shamrock Development is a recognized leader in growth and development in the Omaha community. Celebrating its 20th

year in business, Shamrock is a company with a long-standing commitment to Downtown Omaha and its residents.

Shamrock has successfully executed complex development projects involving both "from the ground up" construction and substantial renovation projects such as the 1501 Building, the 1000 Dodge Building, The Paxton and the Barker Building.



LEGISLATIVE REPORT 2016



THE NEBRASKA ASSOCIATION
OF COMMERCIAL PROPERTY
OWNERS (NACPO)
INTRODUCES, MONITORS,
SUPPORTS AND/OR OPPOSES
LEGISLATION WHICH HAS AN
IMPACT ON THE COMMERCIAL
REAL ESTATE INDUSTRY.

The 104th Legislature, Second Session of the Unicameral, adjourned Wednesday, April 20, 2016. NACPO was involved in discussion on a number of issues during this session.

The Legislature took a major step this session in reworking the Learning Community, an elected council focused on improving educational outcomes, with the passage of LB 1067. This bill repeals the common levy that was to go into effect during the 2017-18 school year and returns district boundary decisions to the individual school districts instead of the Learning Community.

Multiple bills affecting tax increment financing (TIF) were introduced this session. NACPO's opposition helped prevent measures from being enacted that would have allowed counties and school districts to approve TIF projects, or even put projects on the ballot for voter input (LB 719 and LB 1042). One TIF measure that was passed by the Legislature was LB 1059, which requires a business, when applying for local economic incentives, to disclose whether it also intends to qualify for

Nebraska Advantage Act incentives. Due to opposition from the business community, a requirement to estimate the amount of those incentives was amended out of the bill.

Encouraging development, the legislature adopted a state affordable housing tax credit with the passage of LB 884. The credit mirrors the federal tax credit for investments in affordable housing and will be awarded beginning in 2018 through the Nebraska Investment Finance Authority.

Two bills were passed that are beneficial to landlords and property managers. LB 221 allows a landlord to evict a dangerous tenant after five days' notice, and applies to both residential and commercial properties. This bill also provides for disposition of personal property upon a tenant's death. LB 1075 increases the threshold for the value of left-behind tenant personal property from \$1,000 to \$2,000, whereby landlords must sell the property at a public sale.

- John Dickerson, CPM, President of NACPO





402-330-8000

INVESTORS REALTY BROKERS RECOGNIZED BY COSTAR AND CCIM

COSTAR AWARDED A TOTAL OF 20 TOP BROKER **AWARDS IN OUR MARKET** IN 2015, AND TEN OF THOSE AWARDS WERE **GIVEN TO INDIVIDUALS** FROM INVESTORS REALTY

CoStar[~] **POWER BROKER**

2015 Top Broker Award

2015 was another great year for Investors Realty in terms of industry and performance awards. CoStar awarded a total of 20 top broker awards in our market in 2015, and ten of those awards were given to individuals from Investors Realty:

TOP OFFICE LEASING BROKERS





CCIM. SIOR

J.P. Raynor

TOP RETAIL LEASING BROKERS





TOP INDUSTRIAL LEASING BROKERS









Lee Ehlers

TOP SALES BROKERS





Ember Grummons John Heine



2015 Top Firm Award

The firm as a whole was recognized with CoStar Power Firm Awards and was named both Top Sales Firm and Top Leasing Firm.

Additionally, brokers from Investors Realty took home three of the five available 2015 BIG **Deal Awards** from CCIM Chapter 12 as well as four honorable mentions. The details of each awarded transaction are noted below.



CCIM Institute cial Real Estate's Global Standard for Professional Achievement

CCIM BIG Deals - 2015



John Heine, CCIM, JD was awarded the Multifamily BIG **Deal** for representing a buyer in the \$16,282,500 sale of 210 S 16th Street & 1705 Douglas Street to Tab Capital.



Tim Kerrigan, CCIM, SIOR was awarded the Industrial BIG Deal for representing a seller in the \$7,099,120 sale of 145 acres near 14506 Schram Road.





Ryan Zabrowski, CCIM, SIOR and R.J. Neary, **CCIM, SIOR** were awarded the **Office BIG Deal** for representing the buyer and

seller in the \$5,400,000 sale of 11807 & 11825 Q Street to Project Harmony.



Ember Grummons. CCIM received a **BIG Deal Honorable Mention** for representing Integris Ventures-Acquisitions in its \$17,164,215 purchase of 115,495 square feet of

retail space at 400 N 48th Street in Lincoln.



Jerry Heinrichs, CCIM received a **BIG Deal Honorable Mention** for representing RH Land Management in its \$4,000,000 purchase of retail buildings at 4922-64 Dodge Street

that totaled 37,000 square feet.



Tim Kerrigan, CCIM, SIOR received two **BIG Deal Honorable Mentions**. The first is for representing the seller in the \$4,575,000 sale of 51 acres to XTL Cold Storage at 24th &

Veterans Memorial Drive in Council Bluffs. The second is for representing Northwestern Mutual Life Insurance as a tenant during its renewal of 23,400 square feet of office space at 9300 Underwood Avenue, a deal that was worth \$4,882,761.



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ACCOUNTING RULES HAVE CHANGED!

> WILL LEASE TERMS?



After nearly ten years of discussion between the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB), in February 2016, the FASB issued an update intended to improve financial reporting about leasing transactions.

This update will affect companies and organizations that lease real estate and are required to provide audited financial statements. The new regulations will require organizations to recognize leases longer than 12 months on the balance sheet as an asset and liability as opposed to an operating expense. The Update becomes effective on December 15, 2018, for public companies and December 15, 2019, for all other organizations requiring audited statements.

These new rules affect a number of business and financial ratios that lenders and investors currently use to evaluate risk, strength and the profitability of various companies and organizations.

Companies are now trying to figure out the impact of these changes and how to best structure leases going forward to provide good economic practices with practices that may reduce the impact to the balance sheet. Below is a brief summary of some of the changes and their potential impact.

Leases will be capitalized over their initial terms, so the longer the lease, the greater the asset value and the liability. This may encourage some tenants to negotiate for shorter initial terms with the ability to extend the lease.

2 Options to renew may also have to be capitalized as part of the initial term if it can be demonstrated that it is likely to be exercised. Using "First Opportunity to Lease" clauses may be preferred.

3 Only base rent is capitalized. Operating costs, taxes and utilities are not. This will encourage tenants to negotiate triple net leases where the tenant pays for its share of these costs.

Fixed increases in rent (e.g. a specific dollar amount or percentage increase) will be required to be capitalized, but CPI increases are not, so using CPI may be preferred by tenants going forward.

5 Termination options, if it can be demonstrated that they are likely to be exercised, may limit the amount capitalized through the cancellation date.

6 Cash payments received from the landlord (e.g. tenant improvement allowance) reduce the amount capitalized. Landlord constructed finish is not a cash payment and does not have the same effect. If the tenant has the ability to fund or finance the improvements more cost effectively than the landlord, it may make sense for the tenant to pay for improvements in exchange for cheaper base rent or free rent.

This update is still new and companies and their accounting partners are only just beginning to figure out the impact of these new regulations. If you have any questions regarding the update, please contact your IRI representative.

WHAT WE'VE DONE LATELY

LAND

SOLD

4.09 acres of commercial land at 168th & West Center Rd. to **OrthoWest** 3.54 acres industrial land at 118th & Olive St. to **Stepper-ettes**

1.45 acres industrial land at 105th & Chandler Rd., La Vista to **Parker8, LLC**

1.2 acres of office land at 210th & Cumberland Dr. to **Edward Stone**

1.14 acres of commercial land at 204th & Gate Dancer St. to **Century Development**

1 acre of office land at 172nd & Oak Dr. to Dr. Rios

.51 acres of commercial land at 167th & West Maple Rd. to Whispering Ridge Family

.43 acres industrial land at 83rd & Blondo St. to **Ecoterra Landscaping**

BUILDINGS

SOLD

65,101 sq. ft. industrial building at East Hartman Ave. & Abbott Dr. to **PPP Lot 4 LLC** 54,780 sq. ft. industrial building at 68th & Q St. to **Builder's Supply Company, Inc.** 52,736 sq. ft. industrial building at 11th & Seward St. to **Future Forward, LLC**

48,712 sq. ft. shopping center at 96th & Giles Rd. to **ECP Properties Acquisition, LLC** 35,523 sq. ft. of commercial building at 27th & Douglas St. to **Kountze Memorial Lutheran**

Church Endowment Fund

34,560 sq. ft. industrial space at 108th & E St. to **Van Meter** 30,281 sq. ft. of office space at 117th & Blondo St. to **Conifer**

26,642 sq. ft. industrial building at 135th & Portal Dr. to an undisclosed buyer

25,248 sq. ft. of office building at 118th & Q St. to **Project Harmony**

17,813 sq. ft. of commercial building at 16th & Galvin Rd.,Bellevue, to **Main St Properties LLC**

12,540 sq. ft. industrial building at Crown Point Ave. & Abbott Dr. to **NBG Enterprises, Inc.**

11,930 sq. ft. industrial building at 109th & John Galt Blvd. to **Peter J Fink**

10,165 sq. ft. of office building at 172nd & Oak Dr. to CDM Holdings, LLC

8,200 sq. ft. of office building at 172nd & Oak Dr. to **CDM Holdings, L**

7,959 sq. ft. of office space at 77th & Dodge St. to **MSR Group**

6,264 sq. ft. of office space at 157th West Dodge Rd. to **The Prudential**

Insurance Company of America

6,049 sq. ft. of office space at 168th & Frances St. to **Sojern**

5,835 sq. ft. of office space at 114th & Chicago Circle to **NuTek Salt**

5,200 sq. ft. of commercial space at 135th & Millard Ave. to **Local - Beer, Patio, and Kitchen**

5,077 sq. ft. of office space at 69th & Dodge St. to **FACT**

4,948 sq. ft. of commercial space at 110th West Maple Rd. to PIP Printing

4,800 sq. ft. industrial space at East 35th & Harlan Lewis Rd., Bellevue, to **BTLR Rentals, LLC**

▶ 4,459 sq. ft. of commercial space at 76th & Dodge St. to **Farrells**

4,180 sq. ft. industrial building at 29th & State St. to **Jerry Smith & Rick Edquist**

3,600 sq. ft. of commercial space at 108th & Bedford Ave. to **Taqueria Chango**

3,322 sq. ft. of office space at 116th Arbor St. to **Life Care Counselors**

3,210 sq. ft. industrial space at 110th & Q St. to **Brookside Pharmacy**

3,128 sq. ft. of office space at 171st & West Center Rd. to **Omaha Integrative Care**

3,083 sq. ft. of commercial space at 178th & Pacific St. to **Brain Balance**

3,080 sq. ft. of office building at 50th & Webster St. to **Bella Casa Investments LLC**

2,800 sq. ft. industrial space at 91st & Irvington Rd. to **Monzu Electric**

2,618 sq. ft. of office space at 168th & Frances St. to **Cornerstone Home Lending Inc.**

2,601 sq. ft. of office space at 147th & California St. to Kathleen M. Foster &

James T. Boler, Attorney At Law, PC, LLO

2,500 sq. ft. of office space at 99th & Nicholas St. to **Intech**

2,500 sq. ft. of office space at 131st & West Dodge Rd. to **Lyncstream**

2,478 sq. ft. flex space at 135th & A St. to Youth Futures

2,300 sq. ft. industrial space at 89th & J St. to **Alvarado Upholstery**

2,125 sq. ft. industrial space at 88th & F St. to **Force Equipment**

2,113 sq. ft. of commercial space at 190th & Q St. to Dr. Kristin Reed & Associates, P.C.

2,024 sq. ft. of office space at 135th California St. to **Spencer Fane**

2,002 sq. ft. of commercial space at 120th & Blondo St. to **My Pie Pizza**

2,000 sq. ft. of commercial space at 114th & West Dodge Rd. to **Provision Eye Care**

1,995 sq. ft. of office space at 72nd & Halleck to **Envisions**

1,955 sq. ft. industrial space at 101st & J St. to **Custom Fabricating**

1,690 sq. ft. of commercial space at 83rd & Spring St. to **All Inclusive Catering**

1,500 sq. ft. industrial space at 67th & Grover St. to **Everyday's Remodeler's, Inc.**

1,439 sq. ft. of office space at 69th & Pacific St. to **All Midlands Health Services**

1,232 sq. ft. of office space at 114th & Davenport St. to **Cutthroat Print**

1,125 sq. ft. of commercial space at 114th & West Dodge Rd. to Shine Spray Tan and Waxing

1,068 sq. ft. of office space at 90th 8 West Maple Rd. to **Endeveren Family Medicine**

MIXED-USE DEVELOPMENT PLANNED FOR LA VISTA'S 84TH STREET CORRIDOR



Investors Realty, Inc. brokers J.P. Raynor, J.D., and Jeanette Weber, CPM, are working

with developer City Ventures on the \$175 million redevelopment of La Vista's 84th Street corridor. Located in the heart of La Vista, the La Vista City Centre, will consist of 350 apartments, 100,000 square feet of lofted office space and more than 200,000 square feet of neighborhood retail, dining and entertainment space. In addition, a boutique grocer, hotel and stand alone office building with a picturesque lake view are anticipated. J.P. and Jeanette will be representing the office space at the City Centre.

Like other projects under way across the Metro, the La Vista City Centre will have a suburban-urban feel and support a national trend of mixed-use development. In the Metro area and across the country, there is a growing desire by residents, business owners and employees to live and/ or work in a highquality, community



environment with built-in service, dining, shopping and entertainment options.

Additionally, the City of La Vista's repositioning of the Tara Hills Golf Course into a lake with walking trails, an amphitheater and an underpass at 84th Street will make this area a hub of commercial activity and allow tenants to serve all of Sarpy County while maintaining close proximity and ease of access to Omaha. Construction will commence in the fall of 2016.

We are looking forward to showcasing the City Centre's exceptional amenities to potential office tenants.

TUNE 2016 402-330-8000



▶ 7350 WORLD COMMUNICATIONS DR. BUILDING

72nd Street & I-680 *91,600 sq. ft.* 15 minutes from Eppley Airfield. Excellent visibility and immediate access to I-680. Large floor plate consisting of open space, accessibility to windows and a mix of private offices. Full services kitchen/cafeteria with seating for over 200 people. Dining room doubles as a large meeting room. Full exercise room with lockers and showers. Move-in ready, single tenant.



▶ 4862 \$ 96TH STREET 96th & Mockingbird Dr. 4,600-9,215 sq. ft. Standalone brick building ideal for office, retail, or service uses. Buildout consists of a mix of private offices and open space with a drive-in door. Excellent visibility with building signage visible to 96th Street. Excellent owner/user opportunity. Many dining and shopping amenities in immediate area.



HWY. 50 & HWY. 370 76.1 acres Located at the confluence of Highways 50, 370 and I-80. Site served by sewer, water, and all utilities. Nominal topographical change across property.



▶ 86TH & GILES ROAD

2.51 acres Dense population; stable and growing. 84th Street corridor carries heavy traffic and is ripe for renewal. Giles corridor is a Sarpy E-W artery. Retail traffic generators in immediate area.



➤ CENTRAL PARK PLAZA 15th & Douglas St. 488-107,767 sq. ft. Prominent location in the heart of downtown. Old Market and many dining amenities within immediate area. Starbucks and Sullivans Steakhouse located within building. On site management and security. Abundance of windows allowing for great views of downtown Omaha.



HILLSBOROUGH PLAZA 138th & West Maple Rd. 6,656 sq. ft. Full movement signaled access to shopping center, direct visibility to 40,000+ cars per day on West Maple Road, surrounded by Regional and National names and building offers a professional look for your business.



▶ AIRPORT LOTS East Hartman & Abbott Dr. 7.15 - 9.79 acres 7.15 acre parking lot, plus two vacant lots adjacent to Eppley Airport off of Abbott. 10' x 16' guard shack and perimeter fencing. Buyer may purchase parking lot only, or all three lots together.



► AIRPORT LOTS

Southeast Locust & Abbott Dr. 8.53 acres Approximately 8.53 acres of level land fronting on Abbott Drive and located at the intersection of East Locust and Abbott Drive.



▶ 9810-64 M STREET 98th & M St.

3,500 - 42,600 sq. ft. Building and monument signage available. Excellent visibility to L Street. Many dining and shopping amenities in the immediate area. Ability to add drive-in door.



► ONE TEN Q BUSINESS CENTER Roxbury Dr. & Q St. 6,500 sq. ft.

New ownership. New landscaping, sidewalk, and roof. Park at your front door. 21' ceiling height potential. New monument sign along Q Street. Building signage available. Broker has equity.



▶ BURLINGTON PLACE 10th & Farnam 643 - 5,421 sq. ft. Heart of downtown Omaha with direct access to Heartland of America Park. Many shops and restaurants are within walking distance. Historic building with authentic architecture and



▶ **LEGACY PLACE 172nd & Wright St.** 4,298 sq. ft. Located along West Center Road, directly north of the prominent Legacy neighborhood. All amenities in the immediate area. Owner occupied.



SCAN WITH YOUR MOBILE
PHONE TO VIEW OUR LOOPNET
PROPERTY SEARCH ENGINE.

INVESTORS
REALITY SEE

402-330-8000



▶ MIDLANDS PROFESSIONAL CENTRE
84th & Highway 370 11,702 sq. ft. Visible to
44,700 cars per day. Solid brick construction, many
windows and nice landscaping. All amenities within
five minutes including Midlands Hospital, Sarpy
County Courthouse, and Shadow Lake Towne
Center.



➤ 51ST & HARRISON South 51st & Harrison 5,303 sq. ft. Freestanding building in front of Family Fare Supermarket. Building also for sale at \$340,000



► INFLIGHT BUILDING 31st & St. Mary's Ave. 7,240 sq. ft. Rare owner/user opportunity in highly desirable Midtown area. Extremely visible from St. Mary's & Leavenworth. Abundance of development happening in area.



▶ WESTIN BUILDING 118th & West Center Rd. 3979-3,979 sq. ft. Turnkey bank space with drive-thru lanes and digital monument sign along West Center Road. Minutes from I-680 via West Center, with West Center Road access and visibility. Common area break room.



▶ 9375 BURT STREET 94th & Burt St. 5,000 - 9,916 sq. ft. Well-maintained and managed, owner-occupied building. Has a very efficient office build-out. Provides professional atmosphere for your thriving business.



▶ 9602-28 M STREET 96th & M St. 1,960 sq. ft. Last remaining bay in a high density area. Tenant signage available on three monument signs: L Street, 96th & L intersection, and 96th Street. Large parking area.



➤ ONE MIRACLE HILLS DRIVE 114th & Miracle Hills Dr. 2,930 sq. ft. Golf course view. Reception, seven private offices, conference room, kitchenette and open space.



▶ EMPORIUM PLAZA 16th Ave. & Galvin Rd. 1,163 - 4,797 sq. ft. Great visibility and location across from many national restaurant chains, close proximity to Offutt Air Force Base and Bellevue University, great traffic counts at almost 13,000 cars per day. Many well-established long-term tenants in place offering a good mix.



▶ BELLEVUE PLAZA Harlan Dr. & Galvin Rd. South 2,000 - 13,750 sq. ft. Excellent location just off main thoroughfares in Bellevue. Updated exterior, with easy access at signaled intersection.



▶ PAPILLION PROFESSIONAL PARK 72nd & Halleck St. 1,508-1,797 sq. ft. Central Sarpy County location. Great 72nd Street exposure. Professional atmosphere.



▶ 6101 NORTH 16TH STREET North 16th St. & Arthur C Storz Expressway 39,880 sq. ft. Clean industrial warehouse near Eppley Airfield. Approximately 1,320 square feet of office space. Great owner/user opportunity with dock and drive-In doors. Large parking lot for outside storage or truck parking.



8516 MAPLE STREET 85th & Maple St. 4,650 sq. ft. Well-maintained industrial building located in northwest Omaha. Dock and drive-in doors, mezzanine office area, and three-phase power are just a few features of the building.



▶ 4315 CUMING STREET 43rd & Cuming St. 20,008 sq. ft.
Rare office opportunity in Midtown. Located just east of Saddle
Creek Road on Cuming Street offering great access and visibility.
74 parking stalls; current owner is relocating their business.



► EAGLE RUN PLAZA 132nd & West Maple Rd. 2,042-7,708 sq. ft. Grocery anchored by Walmart.Neighborhood center, two full movement access points, high visibility to 132nd Street with exposure to 52,000 cars per day.