



Quarterly Update 4th Qtr. 2009

Dear Fellow Lincoln Business Colleague:

NAI FMA Realty is proud to be a part of the commercial real estate happenings in Lincoln and the surrounding area. This Quarterly Update is sent to you as a resource on recent events within the community and to provide you up-to-date information in the real estate industry.

~The Associates of NAI FMA Realty

Recent Transactions

The Fourth Quarter included the following activity for NAI FMA Realty and the Lincoln market. Some of the completed transactions include:

- **DuTeau Investment Corp.** purchased two parcels of land totaling over an acre at 27th Street and Grainger Parkway. George Hancock assisted DuTeau. Sally DeLair represented one of the sellers, Stoneledge Village LLC, and Richard Meginnis represented the second seller First State Bank.
- **The Hog Pit BBQ** is a new restaurant at Northridge Shopping Center on 14th & Superior Street. Marc Snow represented the landlord, Enterprise Company.
- **Vitali Lapko** leased a 40,000 sq. ft. warehouse at 1421 Kingbird Lane with the assistance of Sally DeLair and Marc Snow. Richard Meginnis represented the landlord Cannonball Express.
- **JHHZ Law Firm and Jeffrey, Frieauf, & Love CPA's** leased the office space at 5640 S. 84th Street. Tom Graf represented the landlord, Knutson Company LLC.
- **Family Health Services, Inc.**, based out of Tecumseh, opened a new Lincoln office at 630 N. Cotner Blvd. with the assistance of Sally DeLair. Chris Vasek and Marc Snow represented the landlord.
- **General Casualty Insurance** has relocated to office space in the West Gate Bank Center near 56th Street and Old Cheney Road. Richard Meginnis assisted General Casualty.
- **Cheney Ridge Family Medical Clinic** has opened at 3540 Village Drive. Tom Graf represented Dr. Bertolini, with the opening of his new practice.

NAI FMA Realty 2nd Half Market Report 2009



NAI FMA Realty has just released the Lincoln Market Report for the 2nd Half 2009. This report is intended to provide you with a current and comprehensive view of local area market conditions. We trust you will find our observations to be accurate and informative. For a copy of the report, visit our website at www.naifmarealty.com or contact Diana Schilf at 402-441-5803.

Challenges Facing Midwest CBD Markets

As 2009 closed, several Midwest CBD office markets experienced increases in their vacancy rate by as much as 3-4 percent as companies downsized or consolidated. For example, the St. Louis market reported a year-end vacancy rate of 18.2%, Chicago at 13.4% and Minneapolis at 17.2% (*Source: Heartland Real Estate Business Feb 2010 publication*). The Lincoln CBD mimicked this trend with a 3.5% increase to a year-end total of 10.6%. Despite Lincoln's lower vacancy rate, the CBD still faces several challenges.

Lincoln's CBD consists of 3.8 million square feet of which 76% is Class B buildings. The Class A buildings should continue to get the highest rates and keep the larger credit tenants. However, tenants in the market might choose to lease lower class buildings for cheaper rates than the prestige and amenities that goes along with leasing in Class A buildings. Class B product is expected to have a tough start to 2010 as a large office user vacates an older high rise, leaving an additional 70,000 square feet available. The total vacant square feet in Class B product is close to 390,000 square feet.

The greatest challenge facing the CBD is the lack of job growth that would normally stimulate existing tenant expansion or new businesses to move downtown. The lack of demand forces many downtown buildings to compete amongst each other on price and concessions to attract the scarce new tenants out looking for space. Tenants whose lease is set to expire can benefit from the current market conditions by finding more aggressive deals and more options. Landlords are forced to offer more concessions and/or shorter terms to retain current tenants or attract new ones.

The good news for Lincoln is that it is in much better shape than most markets. During the last year, a couple notable deals have been announced with Assurity Life building and Farmers Mutual planning to build their new corporate headquarters in or near downtown, which will bring more employment into the area.

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Committed to Lincoln.
Connected to the World.

OFFICE FOR LEASE



100 N. 56th Street
Up to 27,000 Sq. Ft.
\$15.75/Sq.Ft. Gross
Excellent visibility
Customize your office
Sally DeLair 441-5822
George Hancock 441-5810

RETAIL FOR LEASE



6440 O Street.
2,330 Sq. Ft.
\$13.50/ Sq. Ft. NNN
Highly visible retail center on O
Street next to Westfield Gate-
way Shopping Center
John Hyland 441-5834
Richard Meginnis 441-5828

INDUSTRIAL FOR SALE OR LEASE



1060 N. 33rd Street
2,250 - 65,000 Sq. Ft.
\$3.50 - \$4.75/Sq. Ft. NNN
Central location with
Ample parking
John Hyland 441-5834
Chris Vasek 441-5822

LAND FOR SALE

7231-7251 Plaza Court
4.87 Acres
\$4.25/Sq. Ft.
Fast growing area on NW
corner of 84th & Hwy. 2.
Can divide into 1.76 Acres or
3.11 Acres.
Zoned for office use.
Mike Ball 441-5807
Richard Meginnis 441-5828