

THE MIDWEST'S REAL ESTATE SOURCE

# HEARTLAND REAL ESTATE BUSINESS™

## 2006 BROKER & DEVELOPER OUTLOOK

### Omaha

A series of state business incentives has the potential to make 2006 a banner year for real estate development in Omaha. The “Nebraska Advantage” program improves tax incentives, exempts manufacturing equipment from taxation and increases funding for employee training.

Some companies are already taking advantage of the incentives. PayPal announced it will build a 125,000-square-foot office next to its existing facility in La Vista, increasing local employment to 2,000. Cargill, which already has \$1 billion invested in a complex north of Omaha, plans a 110 million-gallon-per-year ethanol plant.

In 2005, Lockheed Martin started construction on a 90,000-square-foot office building for 300 employees, while Northrop Grumman completed a 110,000-square-foot building just a few blocks away. Pacific Life Insurance has leased 60,000 square feet downtown for 250 employees. After a couple years of vacancy north of 20 percent (35 percent downtown), the overall office vacancy rate is now below 15 percent.

Downtown Omaha's multi-billion-dollar expansion continues: in 2006, downtown will add more than 500 condominium units, three hotels, several restaurants and a state-of-the-art performance venue for Saddlecreek Records.

Retail remains the hottest sector in Omaha. In 2004, developers added 2 million square feet of retail space, double the annual average. Construction is not quite as hot in 2005, but 2006 could be a record year. Projects planned for 2006 include two in Papillion: Shadow Lake Town Center, a 1 million-square-foot center anchored by Best Buy, Bed Bath & Beyond, and Hy-Vee; and Market Pointe, a 600,000-square-foot center anchored by Wal-Mart, Lowe's Home Improvement Warehouse and Kohl's.

One of the most exciting developments, which ultimately could contain close to 1 million square feet, is Southport in La Vista. Cabela's will build a 125,000-square-foot store there in 2006. Three hotels are set to open in Southport, including Embassy Suites, Residence Inn and Courtyard by Marriott, which together will add 600 new guestrooms.

Several developments will be added on three major corridors in west Omaha. On West Center Road, retail construction will extend west past 192nd Street. On West Dodge Road, development will continue near the popular lifestyle center, Village Pointe. Along West Maple Road, the Shoppes at Thomsen Mile will open in 2006 adjacent to a Wal-Mart at 168th Street. Even historically underserved parts of



Jeff Beals  
Vice President of Operations  
Coldwell Banker Commercial  
World Group

Omaha are benefiting from new retail development. An example is the Long School Marketplace, a suburban-style strip recently completed on Omaha's near north side.

During the last year, 25 national retailers and 30 restaurants entered the Omaha market for the first time. More will arrive in 2006, including California Pizza Kitchen, Bonefish Grill, Coach and J.Crew.

— Jeff Beals, vice president of operations, Coldwell Banker Commercial World Group