



Office 23Q2

Key Takeaways

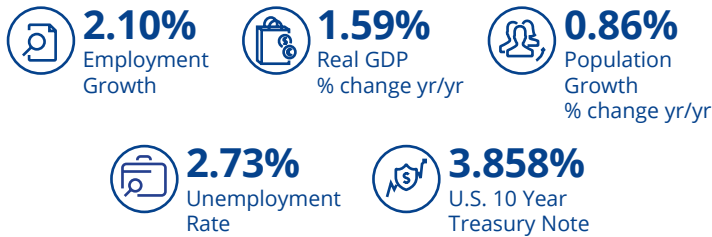
- 1.35 million square feet under construction
- Over 80,000 square feet of positive net absorption
- Vacancy rate down 110 basis points year-over-year
- Fed Prime Rate up from 4.75% in 2022 to 8.25% in 2023



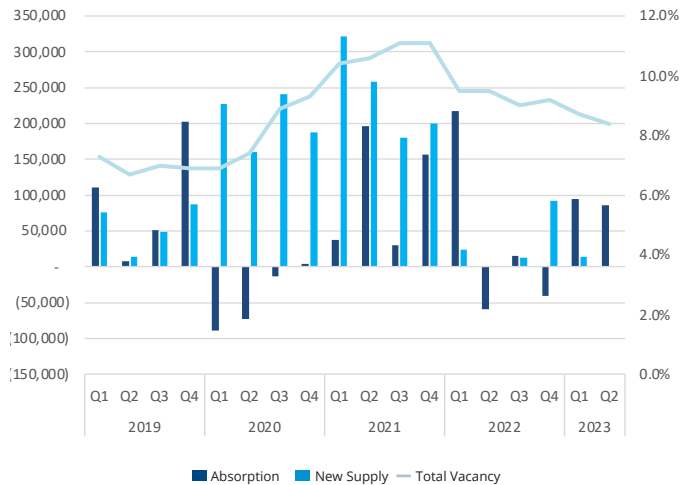
Omaha Market Continues to See Growth and Lower Vacancies

Despite prevailing trends across the U.S., Omaha has continued to demonstrate its resilience by experiencing positive absorption of over 86,000 square feet of office space and having more than 1.35 million square feet of office space currently under construction.

Market Indicators



Market Graph



The vacancy rate has dropped 110 basis points from year over year.

Historic Comparison (in Thousands of SF)

	22Q2	23Q1	23Q2
Total Inventory	34,725.5	35,231.5	35,474.7
New Supply	0.0	14.5	0.0
Net Absorption	(59.6)	94.6	86.1
Overall Vacancy	9.5%	8.7%	8.2%
Under Construction	405.4	1,356.9	1,356.9
Overall Asking Lease Rates (FSG)	\$26.53	\$26.74	\$25.84

Recent Transactions



Sale
1450 & 1550 Mike Fahey &
808 North 15th Street
Downtown
\$111,650,245



Sale
12312 Port Grace &
7700 Eastport Parkway
South Central
\$32,400,000



Lease
18010-18020 Burt Street
Suburban West Dodge
101,283 SF



Lease
1919 Aksarben Drive
Midtown
58,532 SF

Omaha Metro Sees Continued Growth and Success

Despite prevailing trends across the U.S., Omaha has continued to demonstrate its resilience by experiencing positive absorption of over 86,000 square feet of office space and having more than 1.35 million square feet of office space currently under construction. In contrast, the office sector across the U.S. continues to face significant vacancies and negative absorption. In June 2023 there was a notable decline in reported inflation, resulting in its lowest annual rate in over two years. This decrease can be attributed to a combination of slower increases in costs and favorable comparisons to a period when prices were skyrocketing to levels not seen in more than four decades.

The office vacancy rate declined to 8.2 percent, which is down 130 basis points from the prior year vacancy rate of 9.5 percent. This is 820 basis points, or half, under the national office vacancy rate of 16.4 percent based on the second quarter of 2023 U.S. Colliers Office Report.

The biggest move-in occurred at 910 North 96th Street, where American National Bank moved into a space of 48,405 square feet. Highline Warren settled into the Rail & Commerce Building at 950 South 10th Street. Deloitte, the world's largest professional services network in terms of revenue and workforce, expanded its presence in the Capitol District and is the first professional service company to call the Capitol District home. As one of the Big Four accounting firms, Deloitte now occupies the entire third floor of the Capitol District Building. Kiewit Corporation, the Fortune 500 construction company based in Omaha, has confirmed its relocation to the former PayPal complex in La Vista. At least four divisions or groups of Kiewit Corporation are moving from their current location on I Street, close to 120th and L, to the two spacious buildings previously owned and occupied by PayPal near I-80 and Giles.

The most significant vacant space is located at the Waterford Building, situated at 18881 West Dodge Road. Fusion Medical Staffing has secured a lease for a majority of that space, specifically 115,545 square feet, and they are anticipated to move in during the third quarter of 2023. Additionally, Object Partners, a company specializing in custom software solutions, has recently occupied 7,632 square feet within the Waterford Building. As a result, there is only slightly over 25,000 square feet of available space remaining out of the total 180,000 square feet in the building. The second largest vacancy is located at the Farnam Executive Center, positioned at 10810 Farnam Drive, encompassing 92,242 square feet. Currently, this specific location is witnessing significant interest and activity.

In the second quarter of 2023, the weighted average asking rent for office space in the Omaha market experienced a decline of \$0.90 per square foot, settling at \$25.84 per square foot on a full-service gross basis. This is compared to the first quarter of 2023 when the average rent was \$26.74 per square

foot. Among the various submarkets, the Suburban West Dodge Submarket remains the leader in terms of the highest asking rent, standing at an average of \$31.50 per square foot on a full-service gross basis.

Currently, there are ongoing construction projects for office spaces totaling 1,350,000 square feet, with approximately 90 percent of the construction falling under the Class A category. Of this Class A space, over 91 percent has been pre-leased with 107,943 square feet remaining available for lease. These Class A spaces are specifically designed to cater to the modern workplace requirements and encourage employees to return to the office. Tenants are actively seeking new buildings that offer additional amenities and foster collaborative work environments with flexible designs. Notably, Mutual of Omaha's new headquarters building, situated at 15th and Farnam Street, has recently commenced construction, and will become the tallest building in Omaha upon completion, boasting a total area of 800,000 square feet. Additionally, Applied Underwriters is still in the process of constructing their 260,000 square foot headquarters near 144th and Pacific Streets in the Heartwood Preserve area, where several new Class A office buildings can also be found. The completion of Applied Underwriters' headquarters is expected in late 2023.

Downtown Omaha remains in a phase of remarkable growth, as approximately 71 percent of the ongoing office projects are concentrated in this area. One of the notable recent achievements is the completion of the Brickline development, a project valued at \$100 million, which held its ribbon-cutting ceremony this quarter. This mixed-use development comprises 379 apartment units, as well as retail and office spaces. Adding to the downtown landscape, the newly renovated downtown library has opened its doors at 1401 Jones Street, after undergoing extensive renovations. Another significant addition is the Steelhouse Omaha, a concert venue located at 1101 Dodge Street, which opened this quarter with an investment of \$104.1 million. Additionally, plans have been unveiled for the proposed Civic Square, a 9-acre site encompassing the former location of the Civic Auditorium. The envisioned development would include a grocery store and various retailers, spanning the area from 17th to 19th Streets and Chicago Street to Capitol Avenue. Progress continues for the Omaha streetcar project, as the Omaha Streetcar Authority has passed a resolution to engage a private company with expertise in streetcar operations. This move aims to assist the city in the successful implementation of its streetcar system.

The Omaha economy has consistently shown remarkable strength, demonstrating its resilience even during challenging economic periods. Historical data highlights Omaha's ability to outperform many other markets during difficult times. Notably, the Men's College Baseball World Series has provided a significant boost in Omaha's economy. The Series achieved an all-time attendance record with an astonishing 392,946 fans attending the 16-game event, generating an annual revenue of nearly \$90 million for the city. The average per-game attendance for this year's series reached an impressive 24,559 spectators. Moreover, the Omaha metro area is continuing a path of sustained growth, further solidifying its positive

Omaha, NE | 2023 Q2 | Office | Market Statistics

Submarket	Total Inventory SF	Direct Availability Rate	Sublease Availability Rate	Availability Rate	Vacancy Rate	Vacancy Rate Previous	Net Absorption Current	Net Absorption YTD	Under Construction	Deliveries YTD	Avg Direct Asking Rate (FSG)
Central West Dodge	2,670,682	11.9%	0.5%	12.3%	12.0%	14.9%	51,613	41,507	-	-	\$25.37
Council Bluffs	724,662	9.7%	0.0%	9.7%	9.9%	10.1%	1,662	(14,322)	-	-	\$30.67
Downtown	7,952,630	5.7%	0.9%	6.6%	7.7%	7.2%	4,318	280	959,335	-	\$26.98
Midtown	5,118,116	8.1%	0.6%	8.8%	5.6%	5.8%	(1,160)	58,227	120,000	-	\$30.76
Miracle Hills	966,054	18.8%	3.4%	22.2%	14.8%	15.6%	9,213	79,066	-	-	\$27.81
Northeast	220,467	-	-	-	18.2%	18.2%	-	(11,000)	-	-	-
Northwest	2,326,554	18.3%	3.7%	21.9%	13.3%	12.5%	(24,497)	(14,138)	-	-	\$22.16
Old Mill	2,030,471	12.4%	1.4%	13.8%	8.3%	8.8%	(1,872)	1,793	-	-	\$24.17
Regency	1,071,206	10.7%	0.0%	12.8%	7.3%	6.4%	(8,531)	(2,040)	-	-	\$27.30
South Central	2,241,440	7.1%	3.2%	11.5%	5.8%	7.7%	24,887	15,199	-	-	\$21.40
Southeast	1,447,327	12.8%	0.0%	12.8%	7.1%	5.6%	(22,998)	(22,998)	-	-	\$16.45
Southwest	3,945,952	5.4%	1.8%	7.3%	4.8%	5.4%	15,070	26,189	260,000	-	\$24.08
Suburban West Dodge	4,759,136	8.5%	7.8%	16.4%	9.6%	11.3%	38,377	136,569	17,600	14,518	\$31.50
TOTAL	35,474,697	9.0%	2.2%	11.4%	8.2%	8.7%	86,082	294,332	1,356,935	14,518	\$25.84

Building Class by CBD/Suburban Summary

CBD											
A	3,215,771	7.1%	2.2%	9.5%	8.0%	8.8%	67,185	67,362	959,335	-	\$32.83
B	4,124,036	4.9%	0.0%	4.9%	6.9%	4.9%	(74,572)	(72,609)	-	-	\$20.56
C	612,823	3.2%	0.0%	3.2%	11.9%	14.1%	11,705	5,527	-	-	\$22.80
TOTAL	7,952,630	5.7%	0.9%	6.6%	7.7%	7.2%	4,318	280	959,335	-	\$26.98

Suburban											
A	7,261,467	9.2%	4.7%	14.0%	9.8%	10.6%	45,692	177,815	260,000	-	\$33.07
B	17,269,844	11.0%	2.0%	13.4%	8.0%	8.7%	15,364	89,261	137,600	14,518	\$23.84
C	2,990,756	5.6%	0.3%	5.9%	6.8%	7.8%	20,708	26,976	-	-	\$21.48
TOTAL	27,522,067	10.0%	2.6%	12.7%	8.3%	9.1%	81,764	294,052	397,600	14,518	\$25.63

Total											
A	10,477,238	8.6%	4.0%	12.6%	9.3%	10.1%	112,877	245,177	1,219,335	-	\$33.00
B	21,393,880	9.9%	1.6%	11.7%	7.8%	7.9%	(59,208)	16,652	137,600	14,518	\$23.52
C	3,603,579	5.2%	0.2%	5.5%	7.7%	8.9%	32,413	32,503	-	-	\$21.60
TOTAL	35,474,697	9.0%	2.2%	11.4%	8.2%	8.7%	86,082	294,332	1,356,935	14,518	\$25.84

Building Class											
A	10,477,238	8.6%	4.0%	12.6%	9.3%	10.1%	112,877	245,177	1,219,335	-	\$33.00
B	21,393,880	9.9%	1.6%	11.7%	7.8%	7.9%	(59,208)	16,652	137,600	14,518	\$23.52
C	3,603,579	5.2%	0.2%	5.5%	7.7%	8.9%	32,413	32,503	-	-	\$21.60
GRAND TOTAL	35,474,697	9.0%	2.2%	11.4%	8.2%	8.7%	86,082	294,332	1,356,935	14,518	\$25.84

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501 offices in 66 countries on 6 continents

United States: 156

Canada: 45

Latin America: 20

Asia Pacific: 41

ANZ: 58

EMEA: 112



\$4.5B
in revenue



2B
square feet under management



18,000+
professionals and staff

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