

Q3 OFFICE MARKET REPORT

Source: Co-Star Office Market Report

Vacancy rates have been steadily increasing since late 2019. COVID has undoubtedly accelerated vacancy and caused added uncertainty in office markets from coast to coast – but there’s another story playing out in Omaha.

Currently, there is nearly 1.5 million SF of Class A office space in various stages of construction. These projects include the new Kiewit HQ downtown, Applied Underwriters, LinkedIn, and Valmont.

Of the 1.5 million SF under construction, 1.2 million SF will be occupied upon completion of construction. The flip side of all the new construction is that nearly all of the newly constructed space is being occupied by tenants moving out of Class B property, which will create nearly 800,000 SF of vacancy coming onto the market.

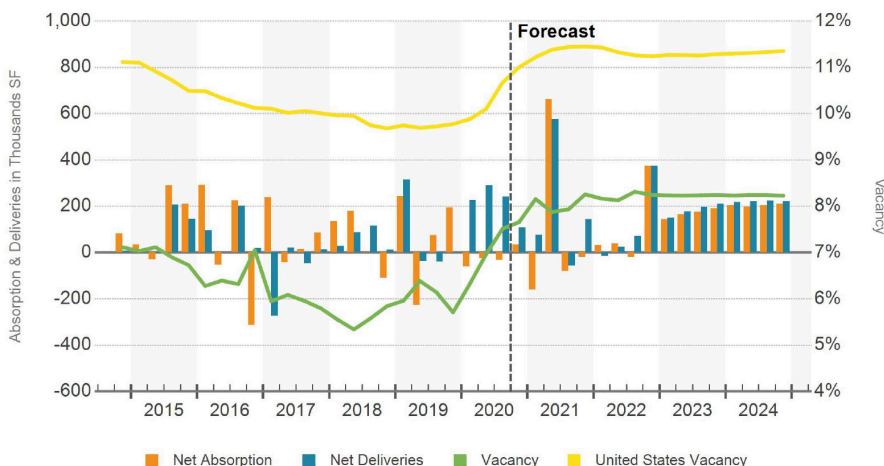
Based upon the velocity that the market absorbs Class B space, this equates to seven of years of supply. Office users can expect to see a 3%-5% jump in Class B vacancy rates. Its silver lining for landlords is that we have yet to experience negative rent growth. OMNE Partners will be keeping a close eye on just how far the pendulum will swing in favor of tenants as the Class B vacancy takes a big jump.

KEY INDICATORS

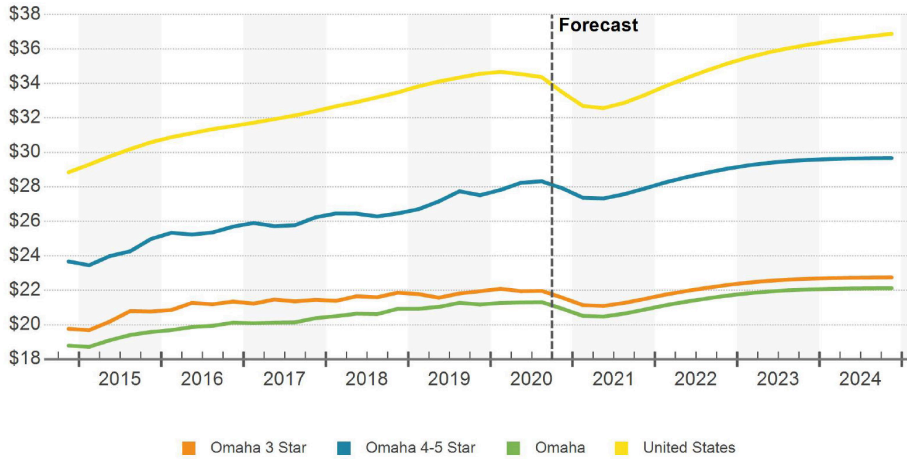
Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	12,341,239	6.0%	\$28.40	8.4%	(54,600)	0	860,000
3 Star	18,095,591	8.8%	\$21.98	12.1%	(64,897)	0	469,217
1 & 2 Star	15,628,724	8.6%	\$14.58	10.0%	(93,875)	0	0
Market	46,065,554	8.0%	\$21.33	10.4%	(213,372)	0	1,329,217

Annual Trends	12-Month	Historical Avg.	Forecast Avg.	Peak	When	Trough	When
Vacancy Change (YOY)	1.9%	8.2%	8.2%	12.2%	2007 Q2	5.3%	2018 Q2
Net Absorption SF	(156 K)	410,701	523,349	1,760,880	2010 Q2	(103,422)	2017 Q3
Deliveries SF	851 K	503,430	892,323	1,391,402	2010 Q2	64,294	2012 Q2
Rent Growth	0.3%	0.7%	0.8%	5.2%	2016 Q1	-4.4%	2011 Q1
Sales Volume	\$209M	\$150.2M	N/A	\$358.5M	2014 Q1	\$11M	2008 Q1

NET ABSORPTION, NET DELIVERIES & VACANCY



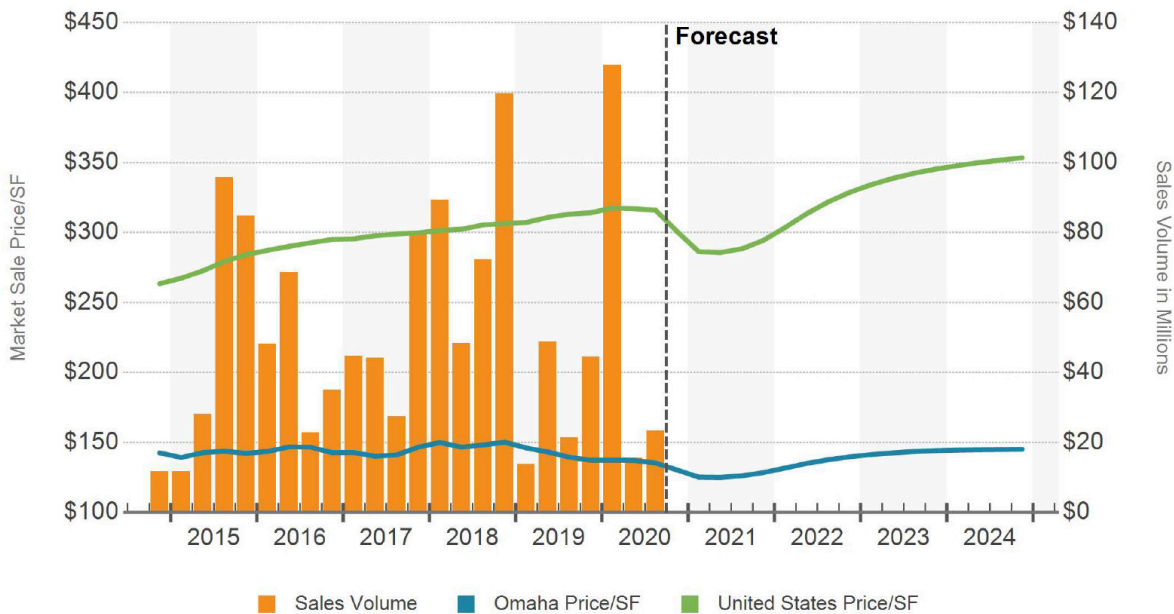
MARKET RENT PER SQUARE FEET



PROPERTIES UNDER CONSTRUCTION

Properties	Square Feet	Percent of Inventory	Released
13	1,329,217	2.9%	78.7%

SALES VOLUME & MARKET SALE PRICE PSF



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