

2024 YEAR-END OMAHA INDUSTRIAL MARKET REPORT

INVESTORS
REALTY INC.

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MARKET SNAPSHOT



108.8 MILLION SF
INVENTORY



3.2%
VACANCY RATE



\$8.20 PSF
AVG ASKING RENT



3.7 MILLION SF
UNDER CONSTRUCTION



1.57 MILLION SF
DELIVERIES

OVERVIEW

As we reflect on 2024, Omaha's industrial market continues to demonstrate resilience and growth. While new construction has dominated the headlines in recent years, we're shifting focus in this year's report to explore sales trends from 2020 to 2024. Rising construction costs and low inventory levels have fueled the value of well-maintained existing properties, and the numbers tell an interesting story.

	0-10,000	10,001-25,000	25,001-50,000	50,001-100,000	100,000+
2020	\$82.27 (33)	\$68.74 (32)	\$72.95 (9)	\$54.02 (3)	\$8.91 (1)
2021	\$111.52 (32)	\$75.69 (50)	\$67.64 (14)	\$66.98 (7)	\$74.09 (5)
2022	\$114.06 (32)	\$106.81 (44)	\$85.69 (9)	\$85.37 (3)	\$182.74 (6)
2023	\$111.21 (33)	\$121.66 (25)	\$102.26 (6)	\$81.12 (2)	\$263.59 (3)
2024	\$136.94 (37)	\$121.09 (32)	\$106.49 (6)	\$81.30 (5)	\$68.54 (5)

To better understand these trends, we categorized properties by size and analyzed average sales prices. Here's what we found:

Small Properties (0-10,000 SF)

This segment has shown steady appreciation, with prices per square foot climbing from \$82.27/SF in 2020 to \$136.94/SF in 2024, a 66% increase. Transaction volumes remained stable, ticking up slightly from 33 sales in 2020 to 37 in 2024. This reflects robust demand, likely from local businesses and smaller investors.

Medium-Sized Properties (10,001-25,000 SF)

Medium-sized buildings experienced the strongest price growth, rising 76% from \$68.74/SF in 2020 to \$121.09/SF in 2024. Sales activity peaked in 2021 with 50 transactions but tapered off to 32 by 2024, most likely due to limited inventory.

Larger Mid-Sized Properties (25,001-50,000 SF)

Prices in this range increased by 46%, from \$72.95/SF in 2020 to \$106.49/SF in 2024. However, transaction volumes declined, dropping from 9 sales in 2020 to just 6 in 2024. This suggests a more selective market for these properties. Note that the 2023 figures are heavily skewed by two large investment transactions: a Syngenta Sale/Leaseback on Gibson Drive in South Omaha and the sale of the Amazon build-to-suit on N 72nd and I-680.



Large Properties (50,001-100,000 SF)

Properties in this size range saw a 50% increase in price per square foot, from \$54.02/SF in 2020 to \$81.30/SF in 2024. Yet, sales activity remained subdued, fluctuating between 2 and 7 transactions annually. This reflects the challenges of matching larger buildings with buyer needs, despite rising valuations.

Very Large Properties (100,000+ SF)

The largest properties experienced significant pricing variability, with averages surging to \$263.59/SF in 2023 before settling at \$68.54/SF in 2024. Sales volumes remained low, ranging from 1 to 6 transactions per year. These swings are driven by a handful of high-value deals that skew the averages.

Key Takeaways

It's an exciting time to own industrial properties in Omaha. Across all size ranges, values have grown significantly, reflecting a market driven by strong demand and increasing replacement costs. Many property owners are discovering they have more equity than they realized. If you're curious about your building's value, we'd love to have a conversation.

Omaha's industrial market continues to evolve, and we're here to help you navigate the opportunities ahead. For a deeper dive into these trends and their implications, feel free to reach out to us.

TOP 20 LEASE TRANSACTIONS 2024

SUBMARKET	TENANT	SIZE (SF)
Northeast Omaha	OTR Engineered Solutions	153,000
<i>Sarpy West</i>	<i>Johnson Brothers*</i>	<i>136,797</i>
Sarpy West	Wesco	109,413
<i>Sarpy West</i>	<i>Interstates*</i>	<i>109,270</i>
Sarpy West	Rotellas	103,285
Sarpy West	Bunzl Distribution	80,814
Downtown Council Bluffs	Lanter Delivery Systems	79,117
Sarpy West	Union Pacific Railroad	73,483
Sarpy West	Cannonball Express	69,120
<i>Sarpy West</i>	<i>Premier Nebraska Volleyball*</i>	<i>68,882</i>
<i>Southeast Omaha</i>	<i>Woodhouse Nissan*</i>	<i>54,400</i>
Sarpy West	Conductix-Wampfler	54,080
Northeast Omaha	Pacific Engineering	49,000
Sarpy West	Midwest Pickleball Club	41,600
South Central Omaha	Heating & Cooling Supply Co	26,240
Southwest Omaha	Ace Pickleball Club	32,670
<i>Northeast Omaha</i>	<i>Pomp's Tire Services*</i>	<i>32,536</i>
<i>South Central Omaha</i>	<i>Engineered Production Equipment*</i>	<i>26,092</i>
<i>South Central Omaha</i>	<i>Option 3 Material Handling*</i>	<i>25,757</i>
South Central Omaha	Estes	25,376

**Denotes an Investors Realty, Inc. transaction*

ABSORPTION

The Omaha industrial market recorded a net absorption of 605,766 SF in 2024, reflecting a decline compared to the previous five years. Despite this, the market demonstrated resilience and sustained positive absorption. The decrease is largely attributed to the significant impact of Facebook’s Data Center, which absorbed 2 million SF in 2023. Historically, net absorption has shown robust performance with 1.46 million SF in 2020, 3.86 million SF in 2021, 3.61 million SF in 2022, and 2.81 million SF in 2023. Looking ahead, 2025 is projected to return to absorption levels comparable to the strong years of 2021-2023.

Key players contributing to 2024 absorption include 5902 N 9th Street (202,000 SF), 14850 Rodina Street (125,277 SF of the 205,917 SF available), 11950 S 153rd Street (109,413 SF of the 151,840 SF available), 15640 Sunburst Drive (103,285 SF of the 260,000 SF available), and 11921 S 156th Street (80,814 SF of the 286,306 SF available). These projects showcase ongoing demand for industrial space and highlight the market’s continued growth potential.

Looking ahead, 2026 may bring notable shifts to the industrial market with the expected impact of the Kellogg’s facility closure, which could add approximately 900,000 SF to market availability. This influx of manufacturing space may present both challenges and opportunities, depending on the pace of reabsorption and evolving tenant demands.

CONSTRUCTION

Industrial construction activity in Omaha has moderated in 2024, with 3.75 million SF currently under construction. This represents a notable decrease compared to the last five years, which saw annual construction levels of 5.4 million SF in 2020, 4.2 million SF in 2021, 4.1 million SF in



2022, and 5.16 million SF in 2023. The slowdown over the past 12 months may reflect caution stemming from rising interest rates and economic uncertainty.

Despite the reduced volume, 3.6 million SF under construction is preleased to two users, Meta Data Center Expansion and Omaha Google Data Center, underscoring sustained demand for industrial space. Key submarkets driving activity include Sarpy West and Northwest Omaha, areas that continue to attract significant investment.

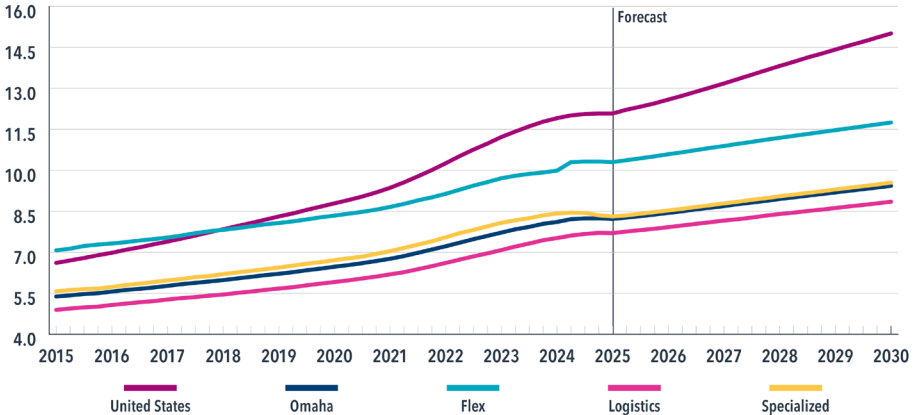
Notable projects currently under construction include the Omaha Google Data Center Campus (2,200,000 SF), the Meta Data Center Expansion (1,400,000 SF), Infinity Industrial Center-Building 1 (260,000 SF) and the Food Bank for the Heartland facility (105,000 SF). While construction has slowed, the focus on preleased developments highlights a measured approach that balances market conditions with tenant needs.

The lack of available Class A warehouse space is expected to prompt developers to propose new construction projects in 2025-2026. This anticipated activity reflects a market poised to address ongoing demand, particularly in Omaha’s most active submarkets, ensuring continued industrial growth in the coming years.

RENTAL RATES

The continued strength of demand and limited inventory remain key drivers of growth in the industrial real estate market. Average asking rental rates have consistently increased over the past five years, highlighting the market’s resilience and upward trajectory. In 2020, the average asking rate was \$6.68/SF, and by 2024, it climbed to \$8.19/SF. This represents a remarkable 23% increase over the past five years, with a 2% rise from 2023 to 2024 alone. These steady gains underscore the sustained demand for industrial space and the impact of tight supply on pricing.

MARKET RENT PER SF



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It's important to note that landlords often keep actual rental rates confidential, as there is no requirement for them to be publicly disclosed or registered. Despite this, average asking rates remain a reliable indicator of market trends. With inventory continuing to lag behind demand, rental rates are expected to remain closely aligned with these asking rates. Additionally, tenant concessions, such as free rent and tenant improvement allowances, have decreased slightly, further reflecting the high demand from tenants in this competitive market.

Submarkets like Sarpy West and Southwest Omaha are leading the way in rent growth, primarily driven by their proximity to population growth and the I-80 corridor. Due to the amount of available land for future construction, these areas are likely to see continued increases in rental rates.

VACANCY RATE

The Omaha industrial market continues demonstrating its resilience and adaptability, even amidst shifting market dynamics. In 2024, the average vacancy rate increased to 3.27%, up from 2.37% in 2023, but still reflects the market's historical stability. Over the past five years, Omaha's industrial vacancy rate has averaged 2.54%, with fluctuations influenced by new construction, speculative developments, and tenant demand. Despite the increase, Omaha's vacancy rate remains significantly below the national industrial average of 6.9%, underscoring the strength and sustained demand in this market. This disparity highlights Omaha's appeal as a strategic hub for industrial operations, with consistently low vacancy rates compared to broader national trends.

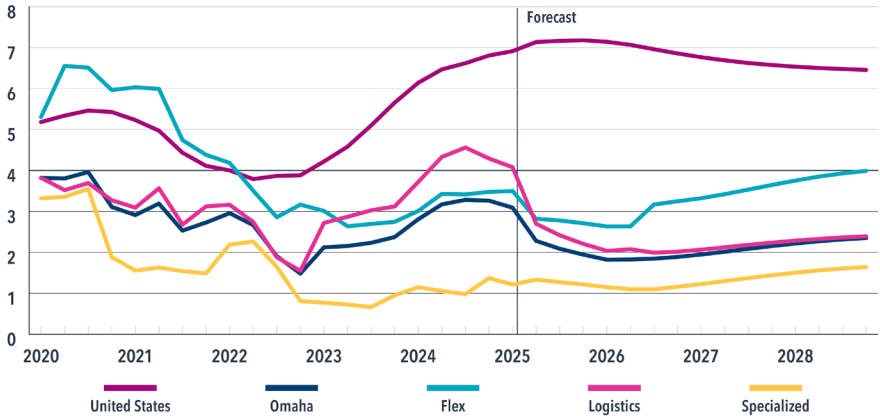
Sarpy West, Omaha's largest industrial submarket with 27.8 million SF of space, recorded a 2024 vacancy rate of 4.8%, an increase from 2.4% in 2023. This rise is largely attributed to ongoing speculative construction, which temporarily increases availability but positions the area for future tenant absorption.

South Central Omaha, the second-largest submarket with 21.8 million SF, continues to see robust tenant activity despite a slight uptick in its vacancy rate. In 2024, the rate climbed to 2.0%, up from 0.8% in 2023 and 0.7% in 2022. This submarket remains highly sought after due to its strategic location and strong leasing fundamentals. While South Central Omaha features an older inventory compared to Sarpy West, with an average building age of 1963, it remains a highly active submarket.

Looking forward, South Central Omaha's proven demand and prime location are expected to sustain interest from tenants seeking well-situated industrial space. Similarly, Sarpy West's new construction pipeline will likely meet the demands of larger, modern users, ensuring these submarkets continue to play a critical role in Omaha's industrial growth.



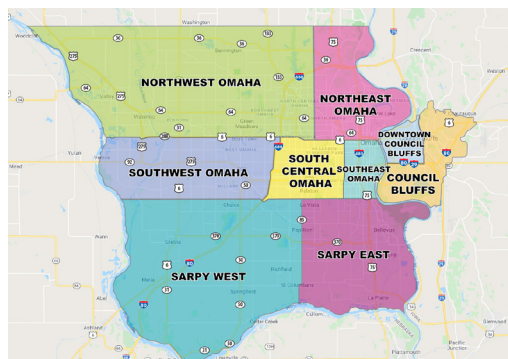
VACANCY RATE



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2024 YEAR-END SUMMARY

SUBMARKETS	INVENTORY (SF)	TOTAL VACANCY (SF)	VACANCY RATE	YEAR OVER YEAR CHANGE IN TOTAL VACANCY RATE (BASIS POINTS)	YTD NET ABSORPTION (SF)	AVERAGE RENTAL ASKING RATES	UNDER CONSTRUCTION
Sarpy West	27,806,851	1,473,763	5.30%	2.9%	443,634	\$8.63	1,441,990
South Central Omaha	21,840,205	436,804	2.00%	1.2%	(260,493)	\$8.25	105,000
Northeast Omaha	11,588,275	521,472	4.50%	1.6%	13,900	\$6.83	-
Southwest Omaha	9,532,480	171,585	1.80%	0.7%	(62,118)	\$8.63	-
Southeast Omaha	9,412,700	357,683	3.80%	-0.6%	57,675	\$7.05	-
Northwest Omaha	8,163,559	89,799	1.10%	0.4%	13,807	\$9.10	2,200,000
Downtown Council Bluffs	3,783,666	52,971	1.40%	-7.3%	277,290	\$8.75	-
Council Bluffs	3,493,421	160,697	4.60%	0.3%	(10,420)	\$9.17	-
Sarpy East	2,392,871	38,286	1.60%	0.1%	51,979	\$7.20	-
Rural Submarkets (9)	10,813,488	206,595	1.91%	-0.3%	63,716	\$8.40	-
Omaha Market	108,827,516	3,509,656	3.2%	-0.2%	588,970	\$8.20	3,746,990



Omaha Submarkets (Map excludes the 9 rural submarkets)

LEASE TRANSACTIONS IN 2024

196 DEALS

SIZE (SF)	# OF TRANSACTIONS
100,000 and above	9
50,000-99,999	7
20,000-49,999	17
10,000-19,999	37
900-9,999	126

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