

1Q 2021 OFFICE MARKET REPORT

INVESTORS
REALTY INC.

MARKET SNAPSHOT



44,418,009 SF
INVENTORY



9.80%
VACANCY RATE



\$20.32 PSF
AVG ASKING RENT



957,296 SF
UNDER CONSTRUCTION



330,000 SF
DELIVERIES

TRENDS/HIGHLIGHTS

- » Inventory - The Omaha Office Market has experienced exponential growth. The inventory has increased by 1.65M square feet from 42,764,759 SF in 2020 Q1 to 44,418,009 SF in Q1 2021 due primarily to deliveries of new construction.
- » With the increased inventory has come increased vacancy as not all newly constructed buildings were 100% pre-leased. Due to vacancy in newly constructed buildings and tenants vacating or downsizing their footprint in existing buildings, the vacancy has increased by 1.38M square feet from 2,519,348 SF in Q1 2020 to 3,903,977 SF in Q1 2021.
- » The vacancy percentage rate in Q1 2020 was 6.53% compared to 9.8% in Q1 2021. This is the highest vacancy rate since Q2 2007 when it was also 9.8%.
- » Absorption - Although vacancy has increased, surprisingly there was positive absorption of 24,799 SF in Q1 2021 compared to a negative absorption of 57,703 SF in Q1 2020.
- » Deal velocity is still below pre-pandemic levels. Tenants 5,000 SF and under are the most active in the market and tend to focus on buildings with existing improvements in place due to the increased cost of construction. Activity amongst 20,000+ SF tenants remains slow.
- » Supply chain disruptions, construction material costs, and labor shortages are impacting new construction and tenant improvement costs and are further curtailing leasing velocity.

1Q 2021 SUMMARY

SUBMARKETS	INVENTORY (BUILDINGS)	INVENTORY (SF)	VACANT SF DIRECT	VACANT SF SUBLEASE	VACANT SF TOTAL	TOTAL VACANCY RATE	NET ABSORPTION (SF)	AVERAGE ASKING RENTAL RATE (PSF)
Central Dodge	100	3,453,093	390,362	23,144	413,506	12.00%	8,575	\$23.42
Downtown	136	10,229,222	585,774	15,355	601,129	5.90%	210,154	\$21.45
Midtown	218	6,449,863	576,098	3,067	579,165	9.00%	(178,378)	\$23.31
Miracle Hills	27	1,097,256	154,923	0	154,923	14.10%	34,120	\$23.60
Northeast	75	809,536	83,791	0	83,791	10.40%	885	\$12.00
Northwest	155	2,856,885	334,907	51,478	386,385	13.50%	(83,912)	\$16.85
Old Mill	65	2,238,685	133,246	21,725	154,971	6.90%	8,987	\$20.09
Regency	24	1,309,798	77,143	20,833	97,976	7.50%	7,060	\$26.17
South Central	225	3,343,295	279,234	0	279,234	8.40%	(52,577)	\$17.21
Southeast	199	2,584,790	363,190	0	363,190	14.10%	3,817	\$17.54
Southwest	267	5,297,446	371,742	12,942	384,684	7.30%	53,080	\$17.15
Suburban West Dodge	108	4,748,140	340,622	64,401	405,023	8.50%	12,988	\$25.09
Omaha Market	1,599	44,418,009	3,691,032	212,945	3,903,977	9.80%	24,799	\$20.32

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