

# 3Q 2022 OFFICE MARKET REPORT

INVESTORS  
REALTY INC.

## MARKET SNAPSHOT



**45,221,372 SF**  
INVENTORY



**7.54%**  
VACANCY RATE



**\$23.60 PSF**  
AVG ASKING RENT



**413,298 SF**  
UNDER CONSTRUCTION



**15,740 SF**  
DELIVERIES

## TRENDS/HIGHLIGHTS

- » Absorption was positive this quarter (+78,658 SF) after two consecutive quarters of negative absorption to start the year (-263,088 SF in Q1 & Q2 combined). Q3's positive absorption was largely due to the Northwest, South Central and Suburban West Dodge submarkets combining for a total of +138,838 absorption.
- » Central Dodge, Downtown, Midtown, and Miracle Hills Submarkets have had two consecutive quarters of negative absorption (total of -250,807 SF), which is atypical as these core office submarkets are usually some of the stronger performers.
- » The vacancy rate continues to decrease. At the end of Q3 the vacancy rate is 7.54% compared to 8.53% last quarter (Q2) and a year ago Q3 2021 when it was 9.30%. Note that this vacancy rate does not account for 865,971 SF of available sublease space on the market, due to the fact that rent is still being collected on that space. The vacancy rate does not take into account a significant amount of "ghost space" which is leased but not occupied nor offered for sublease.
- » The market continues to see no new construction and we don't expect that to change with interest rates rising, construction costs remaining high, and uncertainty of workplace strategies/working from home.

## 3Q 2022 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	97	3,444,539	332,644	9,167	341,811	9.90%	(23,319)	\$23.38
Downtown	133	10,085,172	534,161	1,148	535,309	5.30%	(23,336)	\$28.87
Midtown	217	6,344,821	422,237	2,158	424,395	6.70%	(29,767)	\$30.83
Miracle Hills	28	1,124,423	134,288	173,534	307,822	27.40%	(4,909)	\$22.98
Northeast	78	910,807	79,691	0	79,691	8.70%	5,907	\$17.45
Northwest	156	2,879,221	303,557	21,234	324,791	11.30%	26,983	\$19.44
Old Mill	64	2,234,180	146,938	3,678	150,616	6.70%	(7,796)	\$20.43
Regency	25	1,207,445	67,789	0	67,789	5.60%	13,165	\$26.35
South Central	225	3,357,916	252,378	24,752	277,130	8.30%	44,820	\$17.05
Southeast	197	2,589,071	104,009	0	104,009	4.00%	15,274	\$18.24
Southwest	272	5,499,180	218,492	49,017	267,509	4.90%	(5,399)	\$21.27
Suburban West Dodge	113	5,544,597	443,757	85,682	529,439	9.50%	67,035	\$25.93
<b>Omaha Market</b>	<b>1,605</b>	<b>45,221,372</b>	<b>3,039,941</b>	<b>370,370</b>	<b>3,410,311</b>	<b>7.54%</b>	<b>78,658</b>	<b>\$23.60</b>

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