

### HIGHLIGHTS

- » In the second quarter of 2020 (Q2), the Omaha Office Market reported a negative absorption of 64,267 SF compared to 119,954 SF of negative absorption a year ago in Q2 2019. Although the year 2019 ended with significant positive absorption, unfortunately, the same will not occur in 2020.
  - » The bulk of Q2 2020's negative absorption comes from the Midtown submarket, which had a negative absorption of 96,359 SF, mostly due to Alorica vacating 91,316 SF from the Plaza of the Americas Building located at 7171 Mercy Road.
- » Despite the market experiencing roughly 65,000 SF of negative absorption overall, there were two submarkets that saw a significant amount of positive absorption in Q2, mostly as a result of several smaller transactions.
  - » Southwest: 42,070 SF
  - » Northwest: 37,034 SF
- » The vacancy rate in Q2 (5.9%) is the highest it has been in almost 4 years (Q4 2016 = 6.1%). Just one year ago in Q2 2019, the vacancy rate was only 5.2%.

### COVID-19

The coronavirus pandemic has raised many questions about the future of office space. There are rumors of some Omaha companies utilizing a work-from-home solution beyond the pandemic potentially putting excess space on the market for sublease or for sale. Most employers are certain to return to their offices, but many have extended their work-from-home mandate until the first of the new year (2021). The future outlook may not fully come into focus until we learn COVID's impact over the upcoming winter months.



## OFFICE DATA BY OMAHA SUBMARKET

SUBMARKETS	INVENTORY (BUILDINGS)	INVENTORY (SF)	VACANT SF DIRECT	VACANT SF SUBLET	VACANT SF TOTAL	VACANT PERCENT TOTAL	NET ABSORPTION SF TOTAL	OFFICE GROSS RENT OVERALL
Central Dodge	99	3,442,362	198,535	85,069	283,604	8.20%	(6,268)	\$22.92
Downtown	130	9,782,787	461,290	2,840	464,130	4.70%	(10,968)	\$18.67
Midtown	215	6,334,422	382,236	0	382,236	6.00%	(96,359)	\$23.44
Miracle Hills	27	1,097,256	118,425	0	118,425	10.80%	(31,689)	\$23.55
Northeast	73	748,425	62,196	0	62,196	8.30%	(1,635)	\$12.50
Northwest	149	2,602,696	211,863	0	211,863	8.10%	37,034	\$16.84
Old Mill	65	2,238,742	146,634	63,020	209,654	9.40%	(6,749)	\$19.04
Regency	24	1,309,798	87,751	0	87,751	6.70%	6,746	\$23.21
South Central	225	3,312,948	184,910	8,512	193,422	5.80%	2,621	\$17.34
Southeast	200	2,614,461	153,875	0	153,875	5.90%	(8,884)	\$17.11
Southwest	262	5,037,672	322,931	0	322,931	6.40%	42,070	\$17.67
Suburban West Dodge	102	4,335,538	206,096	37,360	243,456	5.60%	9,814	\$23.44
<b>Omaha Market</b>	<b>1,571</b>	<b>42,857,107</b>	<b>2,536,742</b>	<b>196,801</b>	<b>2,733,543</b>	<b>7.16%</b>	<b>(64,267)</b>	<b>\$19.64</b>

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*Editor's Note: The Investors Realty, Inc. Omaha Office Report is based on data provided by CoStar. This report includes all Omaha office buildings, including medical and owner occupied. Council Bluffs, IA is not included.*