

# OMAHA | OFFICE

## First Quarter 2020

Accelerating success.

## Substantial Activity While Uncertainty Sits On The Horizon

After experiencing record low vacancy, the Omaha office market vacancy rate ticked up 60 basis points to 6.9 percent from 6.3 percent in the fourth quarter of 2019. There was much activity in the market, including the delivery of over 200,000 square feet, but ultimately there was over 50,000 square feet of negative absorption for the Omaha market primarily due to the closure of Hayneedle.com offices.

On the positive side, Securities America moved into 66,528 square feet of expansion space adding to their already existing 85,000-square-foot building in the Southport area. Right at Home moved into 33,847 square feet in a newly constructed building in Aksarben Village, more than doubling their space previously occupied in another Aksarben Village building. Ultimus Fund Solutions moved into over 27,000 square feet in Elkhorn near 204th Street and West Maple Road. Encor, a developmental disability service provider, opened a 10,996-square-foot office near 114th Street and West Dodge Road.

The biggest driver of negative absorption for the quarter was the closure of Hayneedle.com offices in Omaha. Hayneedle.com was purchased by Jet.com in 2016. Jet.com was then acquired by Walmart. Hayneedle.com announced in January that they will begin consolidation with Walmart.com and close their Omaha offices. The company vacated over 73,000 square feet near 90th Street and West Dodge Road and over 30,000 square feet near 144th Street and Chandler Road. Intrado, formerly West Corporation, downsized by 52,200 square feet in the Miracle Hills area. ProfitStars, a financial software company, closed their office near 114th and Blondo Streets.

By submarket, Downtown, Midtown and Suburban West Dodge continue to perform under market vacancy with 5.5, 4.9 and 5.9 percent vacancy rates respectively compared to 6.9 percent for the market. By class, Class A and B continue to perform under market

### Market Indicators

Relative to prior period	Q1 2020	Q2 2020*	CBD Q1 2020	Suburban Q1 2020
VACANCY	↑	↔	↓	↑
NET ABSORPTION	↓	↔	↑	↓
CONSTRUCTION	↑	↔	↔	↑

Note: Construction is the change in square footage Under Construction.  
\* Projected

vacancy with 5.6 and 6.7 percent vacancy rates respectively.

The low vacancy rate has resulted in increased demand for new office space in the market, resulting in 1.7 million square feet of office space under construction. Most of this space is either build-to-suit or pre-leased. The biggest project under construction is Heartwood Preserve, southwest of 144th Street and West Dodge Road, with three build-to-suit projects under way. Applied Underwriters are building a 260,000-square-foot office that will provide them with additional space from their current 150,000 square feet occupied in the Old Mill area. Valmont Industries is building a 150,000-square-foot property that will provide them with more space than they currently occupy in the First National Bank Business Park northeast of 144th Street and West Dodge Road. Carson Group is building a 120,000-square-foot office, which will replace spaces occupied in both Bank of the West and North Park Business Parks.

The second largest office project under construction is Sterling Ridge, located southeast of 132nd and Pacific Streets. LinkedIn is building a 200,000-square-foot office building, bringing their Omaha employees under one roof. They currently occupy space in multiple buildings in the 90th and Dodge Street area. Centris Federal Credit Union will occupy a 115,000-square-foot office that will house their Omaha headquarters employees.

West Dodge Hills, located southwest of 180th Street and West Dodge Road, has two multi-tenant office properties under construction. Broadmoor Development is building a 31,704-square-foot property

and Cizek Development is building a 115,000-square-foot office.

The first property in Fountain Ridge, an office park southeast of 192nd Street and West Dodge Road, is now under way. This property will be 180,000 square feet and is a multi-tenant speculative office building.

Kiewit, an Omaha based Fortune 500 construction company, is building their new 165,000-square-foot headquarters in the North Downtown area. This property will replace their current headquarters located in Omaha's Blackstone District.

Farm Credit Services of America is building a 115,000-square-foot property near 120th and Q Streets. Additionally, there are another seven office properties totaling over 300,000 square feet under construction.

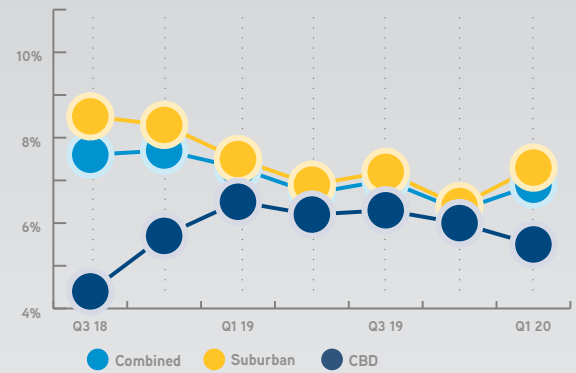
Nationally, Colliers International reports that the U.S. office market vacancy rate held steady at 11.4 percent in the fourth quarter, which remains an all-time low.

#### A NOTE REGARDING COVID-19 FROM COLLIERS INTERNATIONAL

As Colliers publishes this report, the U.S. and the world at large are facing a tremendous challenge, the scale of which is unprecedented in recent history. The spread of the novel coronavirus (COVID-19) is significantly altering day-to-day life, impacting society, the economy and, by extension, commercial real estate. The extent, length and severity of this pandemic is unknown and continues to evolve at a rapid pace. The scale of the impact and its timing varies between locations. To better understand trends and emerging adjustments, please subscribe to Colliers' [COVID-19 Knowledge Leader page](#) for resources and recent updates.

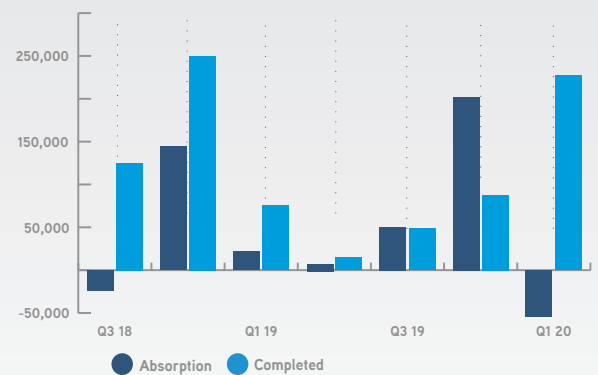
Locally, it remains to be seen how COVID-19 will affect the Omaha market. Many projects are already under way and activity in the first quarter was "running on all cylinders." The business community in Omaha is traditionally very conservative and does not overbuild. As with other uncertain economic events, Omaha tends to weather these events better than larger, coastal areas and the U.S. as a whole. Colliers International expects this to be the case while navigating the affects of COVID-19 on the local market.

### Vacancy Rates



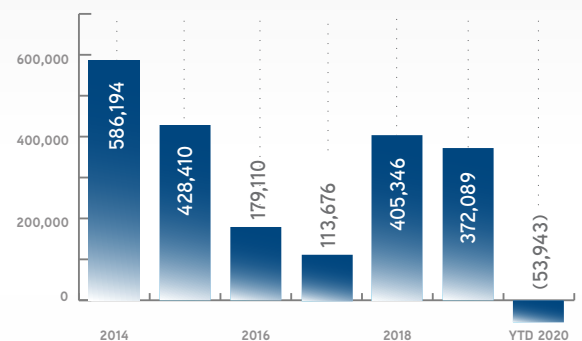
### Quarterly Absorption

(in Thousands)



### Annual Absorption

(in Thousands)



### Recent Transactions - LEASE AND SALE ACTIVITY (\*COLLIERS | OMAHA INVOLVED IN TRANSACTION)

Lessee/Buyer	Lessor/Seller	Property	Size SF/Sale Price
Noddle VP1 LLC	WVP Medical Building LLC	Village Pointe Cancer Center	\$40,000,000
HNLR Omaha Holdings LLC	Omaha Headquarters Venture Dst	10826 & 10842 Farnam Drive	\$15,500,000
Heiskell Properties	RFW Properties LLC	16945 & 17055 Frances Street	\$7,200,000
CF 9805 Q Street LLC	Reservations Center LLC	9805 Q Street	\$6,597,000
IAT Insurance Group, Inc.	SR Office E LLC	12801 Pierce Street	20,415 SF

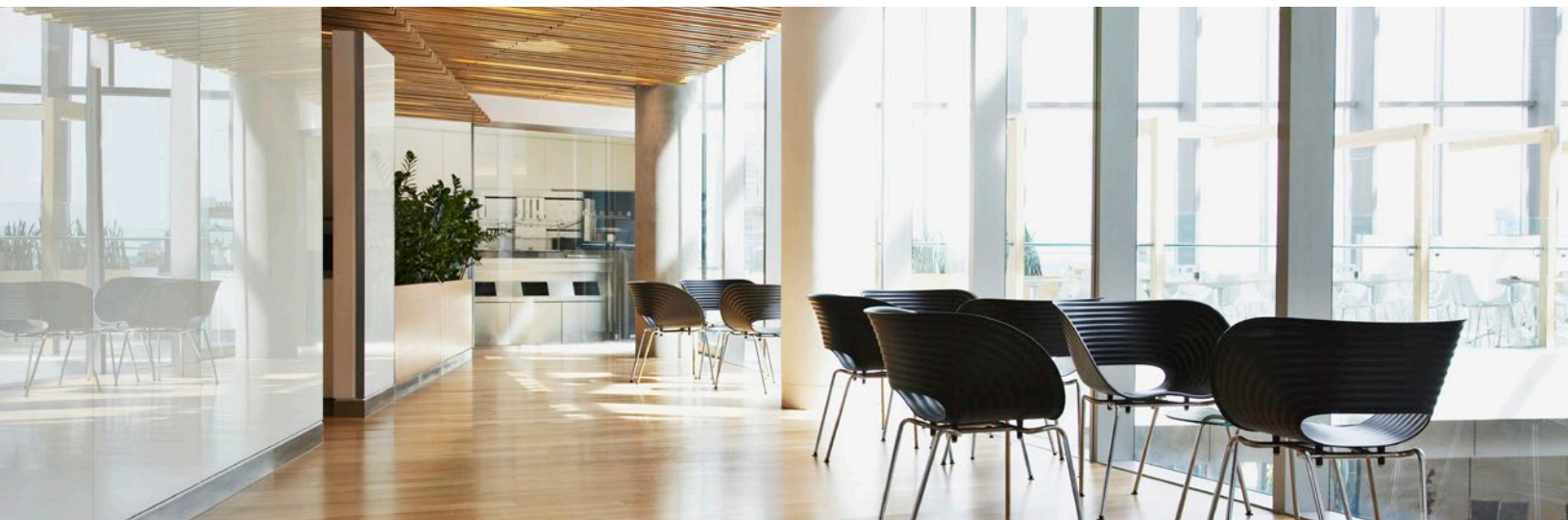
## Market Overview

### Omaha - Office Overview *(Includes owner-occupied buildings but not medical-use buildings. See complete data standards on last page.)*

Submarket	VACANCY			ABSORPTION		CONSTRUCTION			Gross Asking Rent	
	Total	Vacancy	Vacancy	Net Absorption		Construction Deliveries		Under Const	Gross Asking Rent	
	SF	SF	%	Q1	YTD	Q1	YTD	SF	Class A	Class B
CENTRAL WEST DODGE	2,605,698	253,636	9.7%	(80,201)	(80,201)	-	-	-	\$21.10	\$23.89
COUNCIL BLUFFS	717,405	77,215	10.8%	0	0	-	-	-	\$31.50	-
DOWNTOWN	7,346,443	400,861	5.5%	(9,935)	(9,935)	-	-	237,000	\$23.93	\$17.72
MIDTOWN	4,970,967	242,088	4.9%	32,150	32,150	107,987	107,987	-	\$28.07	\$22.97
MIRACLE HILLS	947,829	77,497	8.2%	(26,846)	(26,846)	-	-	-	\$22.55	\$23.73
NORTHEAST	157,041	-	0.0%	0	0	-	-	-	-	-
NORTHWEST	2,044,869	211,542	10.3%	2,139	2,139	12,659	12,659	33,888	\$30.00	\$18.51
OLD MILL	2,110,043	203,047	9.6%	7,251	7,251	-	-	-	-	\$21.78
REGENCY	1,127,547	85,606	7.6%	(12,143)	(12,143)	-	-	-	\$32.80	\$23.75
SOUTH CENTRAL	2,173,331	132,713	6.1%	79,818	79,818	66,528	66,528	-	-	\$20.44
SOUTHEAST	1,630,972	122,032	7.5%	2,830	2,830	-	-	-	\$16.00	\$13.13
SOUTHWEST	3,434,542	241,157	7.0%	(48,197)	(48,197)	-	-	722,000	-	\$15.48
SUBURBAN WEST DODGE	3,363,793	199,153	5.9%	(809)	(809)	40,000	40,000	773,601	\$24.11	\$29.12
<b>CBD TOTAL</b>	<b>7,346,443</b>	<b>400,861</b>	<b>5.5%</b>	<b>(9,935)</b>	<b>(9,935)</b>	<b>-</b>	<b>-</b>	<b>237,000</b>	<b>\$23.93</b>	<b>\$17.72</b>
<b>SUBURBAN TOTAL</b>	<b>25,284,037</b>	<b>1,845,686</b>	<b>7.3%</b>	<b>(44,008)</b>	<b>(44,008)</b>	<b>227,174</b>	<b>227,174</b>	<b>1,529,489</b>	<b>\$26.30</b>	<b>\$20.91</b>
<b>GRAND TOTAL</b>	<b>32,630,480</b>	<b>2,246,547</b>	<b>6.9%</b>	<b>(53,943)</b>	<b>(53,943)</b>	<b>227,174</b>	<b>227,174</b>	<b>1,766,489</b>	<b>\$25.80</b>	<b>\$20.57</b>

### BY CLASS

	Inventory		Vacancy		Net Absorption		Construction Deliveries		Under Const	Available for Sublease	
	SF	SF	%	Q1 SF	YTD	Q1	YTD	SF	CBD	Suburban	
CLASS A	7,556,947	419,792	5.6%	48,991	48,991	107,987	107,987	1,518,897	0	21,571	
CLASS B	22,147,458	1,478,516	6.7%	(101,071)	(101,071)	119,187	119,187	247,592	2,840	247,838	
CLASS C	2,926,075	348,239	11.9%	(1,863)	(1,863)	-	-	-	0	15,785	
<b>TOTALS</b>	<b>32,630,480</b>	<b>2,246,547</b>	<b>6.9%</b>	<b>(53,943)</b>	<b>(53,943)</b>	<b>227,174</b>	<b>227,174</b>	<b>1,766,489</b>	<b>2,840</b>	<b>285,194</b>	



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# 68 countries

## \$3.3

billion in  
annual revenue

## 2.0

billion square feet  
under management

## 17,000

professionals  
and staff

## \$127

billion in  
total transaction value

\*All statistics are for 2018, are in U.S. dollars and include affiliates.

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### MARKET CONTACT:

Melissa Torrez  
Director of Market Research | Omaha  
+1 402 763 1744  
melissa.torrez@colliers.com

### CONTRIBUTORS:

Mike Potthoff | President, Principal  
Adam Marek | Vice President

### CONTACT US:

Colliers International | Omaha  
6464 Center Street, Suite 200  
Omaha, Nebraska | USA

+1 402 345 5866



*Colliers International North American Data Standards: Single and multi-tenant buildings greater than or equal to 10,000 square feet in size, including owner-occupied buildings are included in the tracked inventory. Office buildings that were built with the intent to house only medical users are not included in the tracked inventory. Office buildings where the government is both 100% owner and occupier are not included in the tracked inventory. Only properties in the Omaha metro area are included. Properties in Cass, Mills, Harrison, Saunders and Washington counties are not included.*

## About Colliers International

Colliers International (NASDAQ, TSX: CIGI) is a leading global real estate services and investment management company. With operations in 68 countries, our 17,000 enterprising people work collaboratively to provide expert advice and services to maximize the value of property for real estate occupiers, owners and investors. For more than 20 years, our experienced leadership team, owning more than 40% of our equity, have delivered industry-leading investment returns for shareholders. In 2018, corporate revenues were \$2.8 billion (\$3.3 billion including affiliates), with more than \$26 billion of assets under management. With an enterprising culture and significant employee ownership and control, Colliers professionals provide a full range of services to real estate occupiers, owners and investors worldwide. Services include strategic advice and execution for property sales, leasing and finance; global corporate solutions; property, facility and project management; workplace solutions; appraisal, valuation and tax consulting; customized research; and thought leadership consulting.

Colliers professionals think differently, share great ideas and offer thoughtful and innovative advice that help clients accelerate their success. Colliers has been ranked among the top 100 global outsourcing firms by the International Association of Outsourcing Professionals for 13 consecutive years, more than any other real estate services firm. Colliers also has been ranked the top property manager in the world by Commercial Property Executive for two years in a row.

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Accelerating success.