

FIGURES | OMAHA INDUSTRIAL | Q1 2025

# Vacancy in the Omaha market fell to 2.1% and has been under 3% for thirteen quarters



Note: Arrows indicate change from previous quarter.

SUMMARY

Vacancy in the Omaha industrial market fell 70 basis points to 2.1% in the first quarter of 2025, from 2.8% in the fourth quarter of 2024. Vacancy is 50 basis points lower than one year ago and is below 3% for the thirteenth quarter in a row.

The market absorbed over 640,000 square feet in the first quarter of 2025, which is 80% of total net absorption of 809,599 square feet for all of 2024.

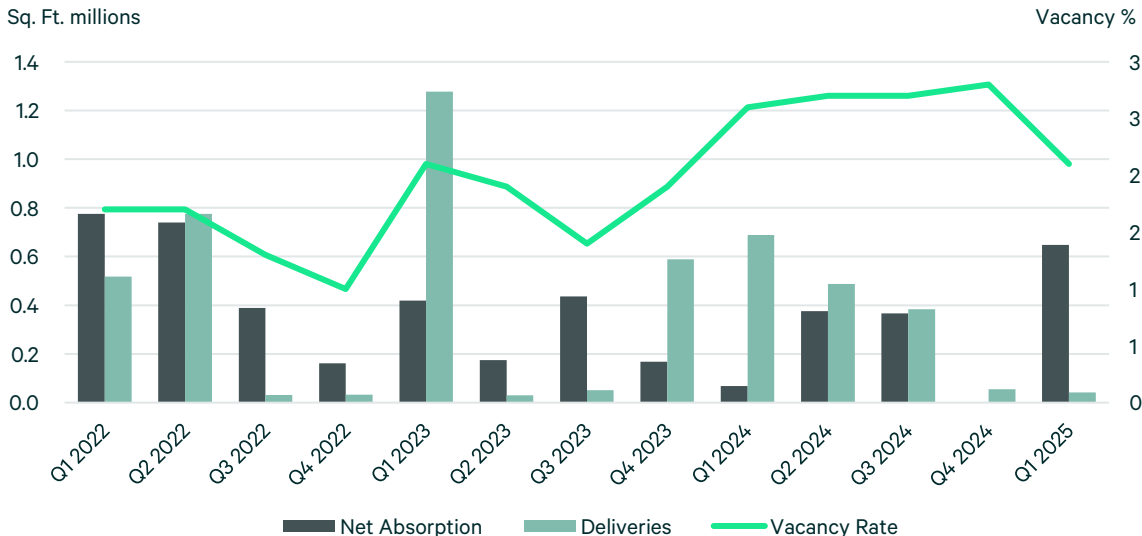
One property, a 41,990 square foot flex building in Gretna, delivered to the market this quarter.

An additional nine properties totaling 684,677 square feet are under construction, which is only 42.7% of the post-Covid peak of over 1.6 million square feet under construction in the fourth quarter of 2022.

The amount of available sublease space fell by 86,608 square feet and now stands at only 0.4% of the total industrial inventory in the Omaha market.

Average asking rents are now \$7.25 per square foot on a triple net basis.

FIGURE 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2025

### Availability Rate

While vacancy is down in the market, the amount of available industrial space ticked up in the market for the first quarter of 2025. The overall availability rate is up 90 basis points to 4.2% in the first quarter from 3.3% in the fourth quarter of 2024. Availability is 300 basis points higher than the post-Covid low of 1.2% in the fourth quarter of 2022.

- An additional 468,677 square feet of available space in the Omaha Works Industrial building near 120<sup>th</sup> and L Streets was added to the market but is not yet vacant.
- Blue Buffalo Pet Food Company plans to vacate their 370,000 square foot warehouse in Bellevue later this year and are marketing that space for lease.

These availabilities indicate a possible future increase in vacancy if the available spaces aren't leased prior to the spaces becoming vacant.

The amount of available sublease space now stands at only 0.4% of the total industrial inventory in the Omaha market.

### Asking Rent

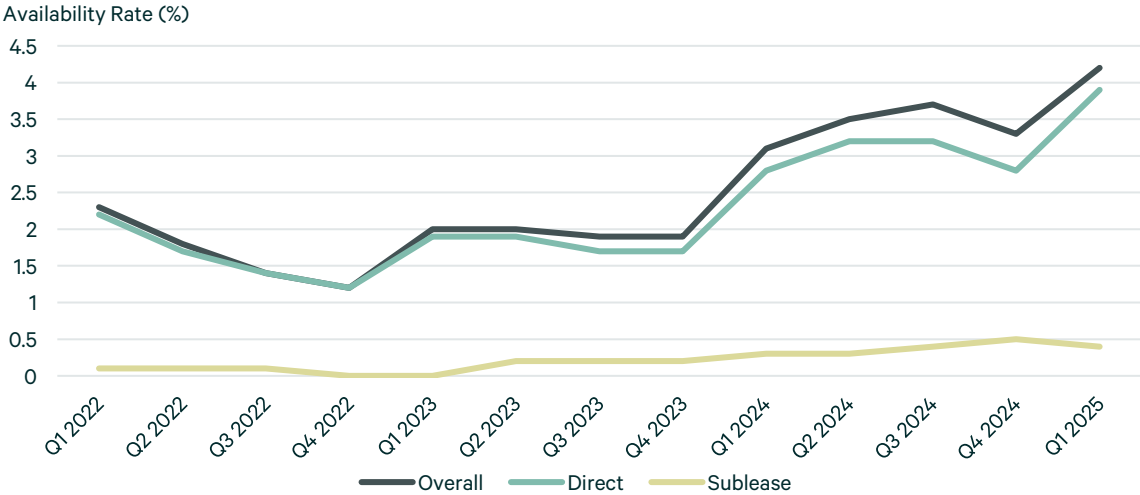
Even with limited inventory, the average asking rent has remained relatively flat in the Omaha industrial market. The average asking rent in the market is \$7.25 per square foot on a triple net basis, which is only \$0.18, or 2.5%, higher than three years ago.

By submarket, Council Bluffs leads the market with an average asking rent of \$11.81 per square foot while the Sarpy East submarket shows the lowest average asking rent of \$5.99 per square foot.

By property subtype, flex properties command the highest average asking rent with \$10.51 per square foot while manufacturing properties show the lowest average asking rent with \$6.47 per square foot.

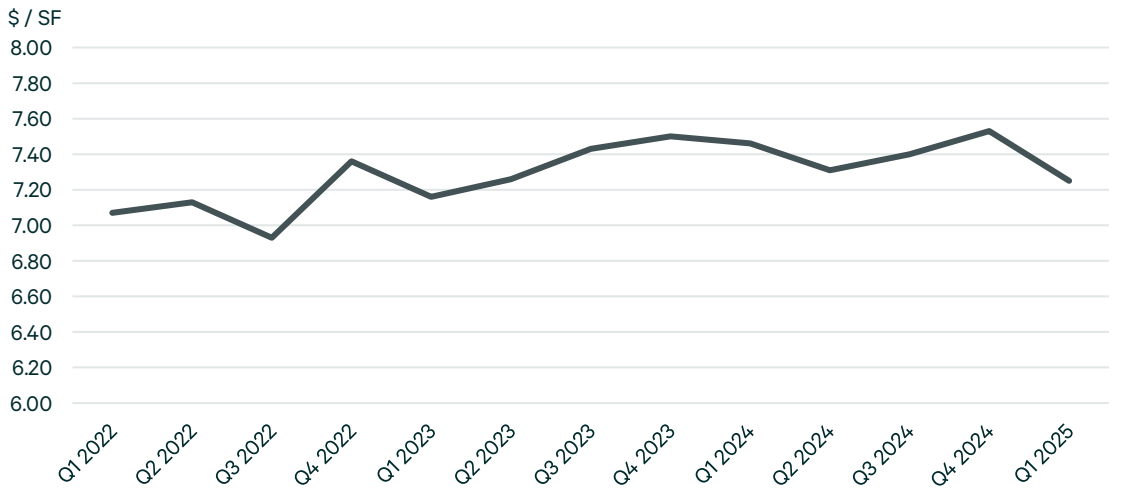
On average, properties under 100,000 square feet in size command a higher average asking rent, \$8.50 per square foot. While the largest properties have an average asking rent of only \$6.50 per square foot.

FIGURE 2: Availability Rates



Source: CBRE Research, Q1 2025

FIGURE 3: Avg. Direct Asking Rate (NNN/YR)



Source: CBRE Research, Q1 2025

## Net Absorption

After experiencing flat absorption in the previous quarter, net absorption was 647,636 square feet in the Omaha industrial market for the current quarter. This figure represents 80% of total net absorption of 809,599 square feet for all of 2024.

By submarket, the Sarpy West submarket lead the way with 380,150 square feet, followed by the Northeast submarket with 211,522 square feet of net absorption. Two submarkets, South Central and Sarpy East, experienced negative absorption of 7,112 and 2,035 square feet, respectively.

By property type, warehouse/distribution properties experienced the most absorption, posting 558,612 square feet of net absorption.

By size, 329,494 square feet were absorbed in buildings 200,000-299,000 square feet in size. 234,670 square feet were absorbed in buildings 100,000-199,000 square feet in size.

The largest move-in for the quarter was OTR Engineered Solutions occupancy of 153,000 square feet in a new property near Eppley Airfield.

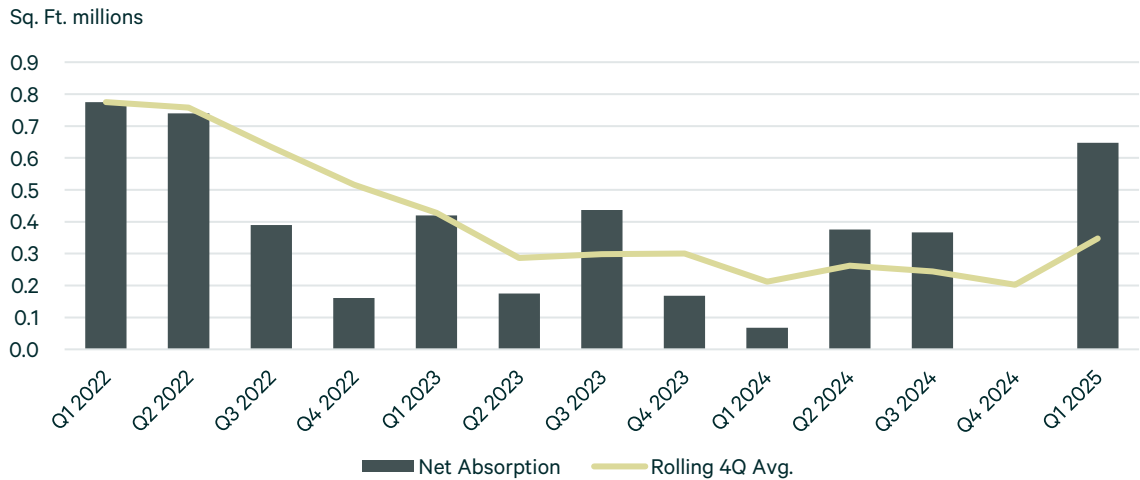
## Construction Activity

One industrial property was completed and delivered to the market this quarter; a 41,990 square foot flex building in the Buffalo Creek development in Gretna, near 192<sup>nd</sup> Street and Platteview Road.

Nine industrial properties totaling 684,677 square feet are under construction in the Omaha industrial market, with 82.9% of this space pre-leased. 78.8% of the under construction space is located in the Sarpy West submarket. Projects underway in the market include:

- Infinity Industrial building, 156<sup>th</sup> & Schram Rd, 260,000 square feet
- Food Bank of the Heartland, 84<sup>th</sup> & L St, 105,000 square feet
- Peterbilt of Omaha, I-80 & Hwy 370, 70,000 square feet
- Premier Volleyball Training Facility, 192<sup>nd</sup> & Hwy 370, 68,882 square feet
- Industrial Park, 144<sup>th</sup> & Chandler Rd, 58,800 square feet
- Midstates Utility Trailer Sales, 144<sup>th</sup> & Prairie Corners Rd, 47,500 square feet
- McNeil Industrial Headquarters, 220<sup>th</sup> & Fairview Rd, 34,495 square feet

FIGURE 4: Net Absorption Trend



Source: CBRE Research, Q1 2025

FIGURE 5: Construction Activity



Source: CBRE Research, Q1 2025

## Leasing Activity

During the first quarter of 2025 28 leases, totaling over 340,000 square feet of industrial space, was leased including renewals. The average lease size was 12,176 square feet.

The largest lease for the quarter was GXO Logistics’ renewal of 80,000 square feet at 14544 Gold Coast Rd, R&R Commerce Park Warehouse II. The second largest lease was Rotella’s Italian Bakery’s expansion into 77,538 square feet at 15640 Sunburst Dr, the first building in Infinity Industrial Center located near 156<sup>th</sup> Street and Schram Road.

By submarket, the Sarpy West submarket experienced 213,378 square feet, or 62.6%, of total leasing activity for the quarter. The southeast submarket experienced the least amount of leasing activity for the quarter.

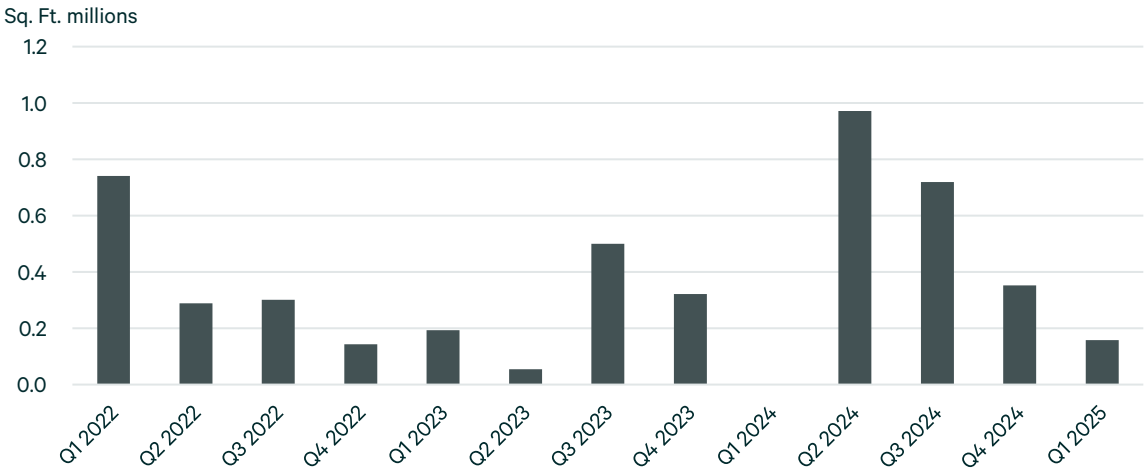
169,638 square feet of leasing activity was new leasing, 80,144 square feet was renewal space and 77,538 square feet was expansion space. Only 27,850 square feet of leasing activity was sublease space.

FIGURE 6: Leasing Activity by Submarket – Leases 50,000 sq. ft. and up



Source: CBRE Research, Q1 2025

FIGURE 6: Leasing Activity Trend – Leases 50,000 sq. ft. and up



Source: CBRE Research, Q1 2025

FIGURE 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
GXO Logistics	80,000	Renewal	14544 Gold Coast Rd	Sarpy West
Rotella's	77,538	New Lease	15640 Sunburst Dr	Sarpy West
Insulation Distributors	25,000	New Lease	13593 Giles Rd	Sarpy West
Kline Electric	24,850	New Lease	9301-9321 J St	South Central
Automated Drive Sys	18,750	New Lease	13205 Centennial Rd	Sarpy West
Midwest Medical Transport	13,072	New Lease	6101 S 118th St	South Central
Highway Signing	8,040	New Lease	3319 Nebraska Ave	Council Bluffs
Elemental Scientific	8,000	New Lease	6500-6542 N 91st Plz	Northwest
Forman Ford	6,800	New Lease	4427 S 139th St	Southwest
Champion Sport Karate	6,090	New Lease	11446 Valley Ridge Dr	Sarpy West

Source: CBRE Research, Q1 2025

Market Statistics by Size

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Under 100,000 sq. ft.	46,353,429	1.8	2.9	2.4	0.5	8.50	67,074	67,074	41,990	319,677
100,000-199,999 sq. ft.	12,330,775	1.8	2.0	1.9	0.0	6.78	234,670	234,670	0	105,000
200,000-299,999 sq. ft.	12,435,538	2.9	3.6	3.0	0.6	7.41	329,494	329,494	0	260,000
300,000-499,999 sq. ft.	6,461,215	6.3	12.0	12.0	0.0	6.50	0	0	0	0
500,000-749,999 sq. ft.	4,256,417	0.0	0.0	0.0	0.0	-	0	0	0	0
750,000 sq. ft.	4,407,684	0.0	18.9	18.9	0.0	6.50	16,398	16,398	0	0
<b>Total</b>	<b>86,245,058</b>	<b>2.1</b>	<b>4.2</b>	<b>3.9</b>	<b>0.4</b>	<b>7.25</b>	<b>647,636</b>	<b>647,636</b>	<b>41,990</b>	<b>684,677</b>

Market Statistics by Product Type

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Distribution / Logistics	54,722,071	2.5	4.1	3.8	0.3	7.10	558,612	558,612	0	365,000
Manufacturing	21,083,437	0.9	5.0	4.5	0.6	6.47	56,921	56,921	0	34,495
R&D / Flex	7,534,274	3.3	4.1	4.0	0.1	10.51	54,571	54,571	41,990	216,300
Other Industrial	2,905,276	1.4	1.5	1.5	0.0	7.36	(22,468)	(22,468)	0	68,882
<b>Total</b>	<b>86,245,058</b>	<b>2.1</b>	<b>4.2</b>	<b>3.9</b>	<b>0.4</b>	<b>7.25</b>	<b>647,636</b>	<b>647,636</b>	<b>41,990</b>	<b>684,677</b>

Market Statistics by Submarket

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Council Bluffs	6,642,128	2.1	3.5	0.8	2.6	11.81	7,500	7,500	0	0
Northeast	10,718,160	2.5	4.5	4.4	0.2	6.62	211,522	211,522	0	0
Northwest	6,645,241	0.6	1.2	1.1	0.1	9.16	15,661	15,661	0	30,000
Sarpy East	1,886,744	0.1	20.2	20.2	0.0	5.99	(2,035)	(2,035)	0	0
Sarpy West	23,035,952	4.4	4.6	4.6	0.0	7.68	380,150	380,150	41,990	539,677
South Central	20,358,396	1.4	1.9	1.6	0.3	8.96	(7,112)	(7,112)	0	105,000
Southeast	8,170,898	0.2	1.1	1.1	0.0	8.0	7,816	7,816	0	0
Southwest	8,787,539	0.8	10.6	10.3	0.3	6.62	34,134	34,134	0	10,000
Total	86,245,058	2.1	4.2	3.9	0.4	7.25	647,636	647,636	41,990	684,677

# Economic Summary

## National

Policy speculation and announcements are now the key drivers of macro expectations and financial markets. The reality of material trade conflicts this year is now paired with realized softer economic data. Some of this could be due to firms taking a ‘wait-and-see’ approach as they digest changing trade policy. Consumer sentiment has declined noticeably, albeit much more than actual spending. Consequently, CBRE has revised its GDP growth outlook for this year down to just below 2%.

Despite policy uncertainty, credit markets are more accommodative, with tighter spreads and more issuance compared to a few quarters ago. More fluid credit markets have yet to translate into stronger sales volume, as many institutional owners and reams of dry powder capital remain on the sidelines. The continuation of accretive credit trends and eventual deployment of dry powder will depend on the impact of new policies. Should they prove more inflationary, this would erode recent capital markets progress. If not, and macro impacts are limited, this could give the Fed a green light for further cuts and help unlock monies waiting on the sidelines.

## Local

Omaha has been making positive headlines over the past few months. Most notably, the Omaha metro area population officially reached 1,000,000 in 2024, according to the United States Census Bureau. The Omaha metro achieved this milestone by experiencing its biggest one-year gain in population this century. Additionally, upward revisions in population estimates for previous years were made. Omaha is now the 55<sup>th</sup>-largest U.S. metro area, rising two spots. During the same period, the state of Nebraska exceeded 2,000,000 people. The 1,000,000-person mark is important because some national chain businesses use that figure as a threshold when considering markets for expansion.

Site Selection magazine published their 2025 Workforce Guide and included content from CBRE’s 2024 Scoring Tech Talent publication, which names Omaha as the seventh emerging tech talent market in North America. Rankings were determined using several data points including tech employment, 5-year tech growth, tech wages, software developer wages and

## Local (cont.)

tech talent degree graduates. Site Selection magazine featured state programs, such as Intern Nebraska and the Nebraska Tech Collaborative, that help increase the state’s tech talent. Additionally, the University of Nebraska Omaha created the first-ever AI degree in Nebraska.

Upwind named Omaha the number eight emerging cybersecurity market in the U.S., using year-over-year employment and wage growth for information security jobs.

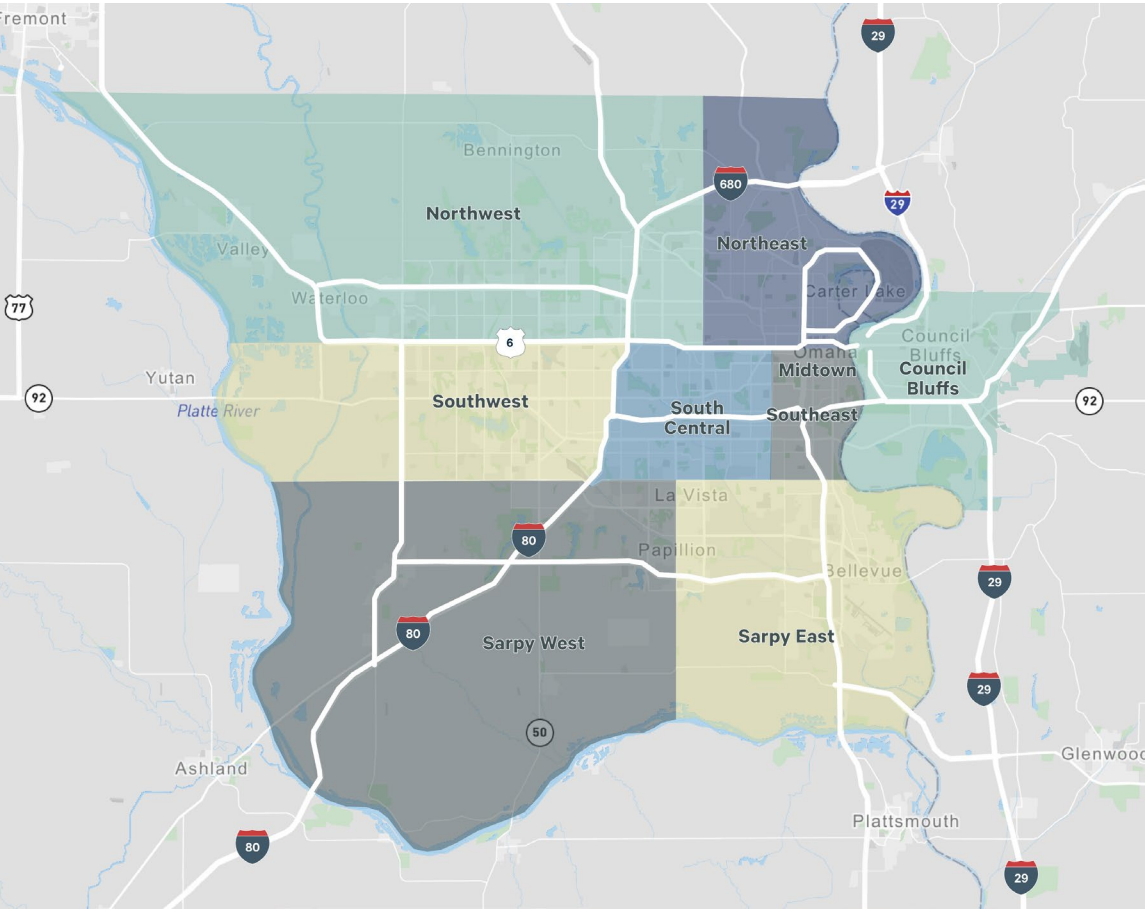
Omaha also made housing news this quarter:

- Rentcafe named Omaha the sixteenth U.S. market for office-to-apartment conversions, with 1,294 units in the office-to-apartment construction pipeline and 1,528 units including all building type conversions.
- Costar named Omaha the number one U.S. market for annual multifamily rent growth, with 3.6% rent growth as of mid-March. Over the past three years, Omaha’s average annual rent growth of 4.6% is over twice the U.S. average of 2.1%. Even so, Omaha still boasts a low rent-to-income ratio of 19.9%.
- U.S. News & World Report named Omaha the number one hottest U.S. housing market. The publication touts Omaha’s positive job growth, robust economic development activities, a lower unemployment rate versus the overall U.S. and a reduced cost of living.

## In Conclusion

- Vacancy remains below 3% for the thirteenth-straight quarter in the Omaha Industrial market.
- Healthy absorption of approximately 650,000 square feet took place in the first quarter of 2025 in the local market.
- Approximately 685,000 square feet of industrial space is under construction in the local market.

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

Survey Criteria

Includes all competitive industrial buildings 10,000 sq. ft. and greater in size in the Omaha metropolitan area. Buildings under construction includes buildings which have begun development beyond initial site work.

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