

FIGURES | OMAHA INDUSTRIAL | Q3 2024

Vacancy in the Omaha market remains below 3% for the eleventh straight quarter

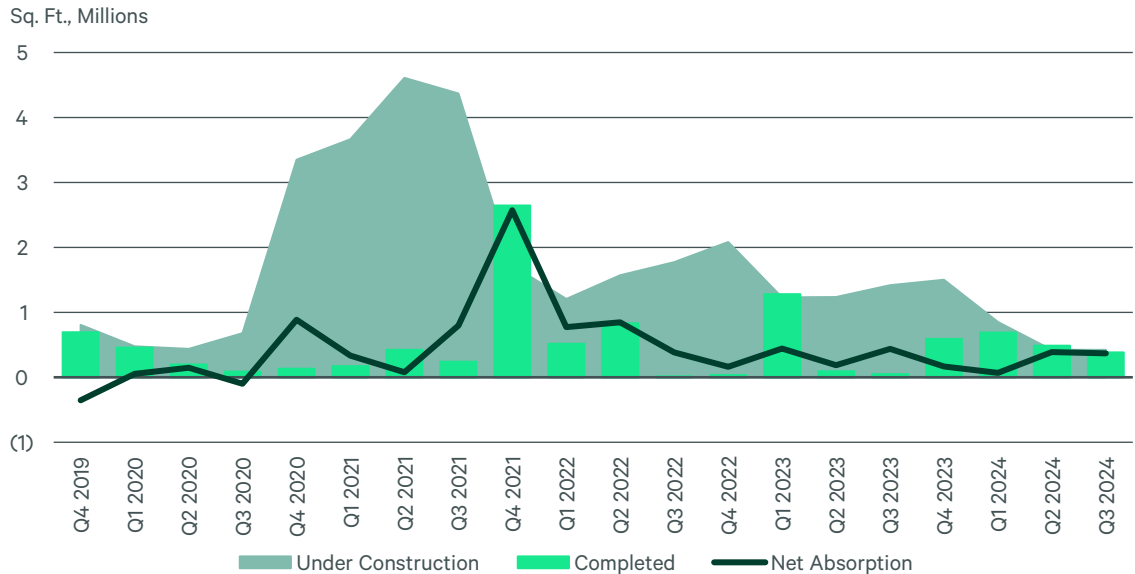


Note: Arrows indicate change from previous quarter.

Market Summary

- Vacancy remained at 2.7% in the third quarter. Vacancy remains lower than 3% for the eleventh straight quarter and is 20 basis points lower than five years ago.
- The market absorbed 366,998 sq. ft. this quarter. By submarket, the Sarpy West submarket continues to be the most active with 172,103 square feet of absorption, followed by the Southeast and South Central submarkets with 126,847 and 104,423 square feet of absorption, respectively.
- Three properties, totaling 383,573 sq. ft. were delivered to the market this quarter. Most of this space, 361,973 square feet, are located in the Sarpy West submarket, with the remaining 21,600 square feet located in the Northwest submarket. Over 36%, or 139,173 square feet, of this space delivered pre-leased.
- Average asking rents increased by nine cents, or 1.2%, to \$7.40 per square foot on a triple net basis from \$7.31 in the previous quarter, and are three cents or 0.4% higher than one year ago.
- Four additional industrial properties totaling over 423,790 sq. ft. are under construction. 53.1% of this space is pre-leased.

Figure 1: Under Construction, Completed and Net Absorption



Source: CBRE Research Q3 2024

Market Statistics

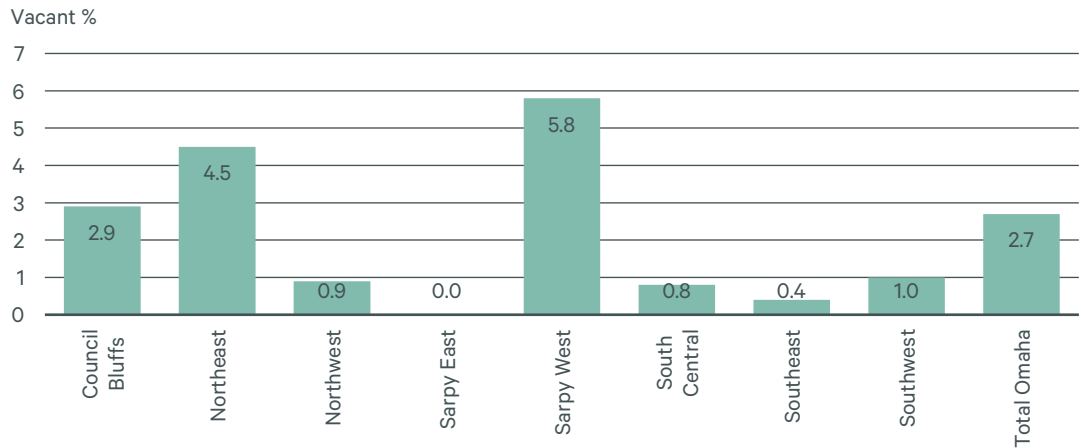
Net Absorption

Over 360,000 square feet were absorbed in the Omaha industrial market this quarter, bringing year-to-date absorption to 833,010 square feet. The largest move-in was DataShield Corporation’s purchase of the 156,000 square foot Behlen building northwest of 108th Street and E Circle. Johnson Brothers, a wine, beer and spirits distributor, leased 136,797 square feet in the Springfield Commerce industrial park near 144th Street and Platteview Road. Woodhouse Nissan, Inc. leased 54,400 square feet near 36th and Martha Streets. One Ocean Network Express leased 27,560 square feet in Council Bluffs.

Construction

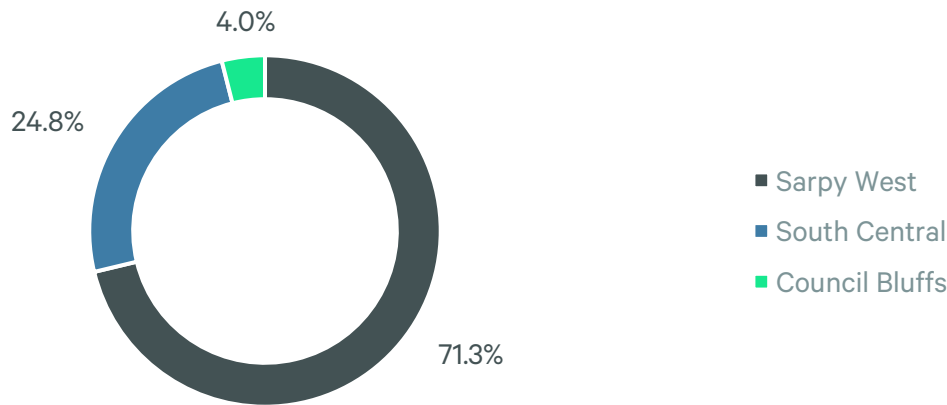
Two build-to-suit properties, LovelySkin’s 75,973 square foot warehouse and Forest Green Lawn Care’s 21,600 square foot warehouse, delivered to the market this quarter. One speculative property, R&R Commerce Park South Warehouse III, a 286,000 square foot property delivered with 41,600 square feet pre-leased to Midwest Pickleball Club. Three speculative properties totaling 318,790 square feet are under construction in the market, with 37.7% preleased. A fourth property, a 105,000 square foot warehouse is under construction and will be home to Food bank of the Heartland.

Figure 2: Vacancy Rate by Submarket



Source: CBRE Research, Q3 2024

Figure 3: Under Construction Square Footage by Submarket



Source: CBRE Research, Q3 2024

Figure 4: Key Transactions

Tenant/Buyer	Address	City	Submarket	Type	Size (SF)
OLP Council Bluffs IA LLC	2441 River Rd	Council Bluffs	Council Bluffs	Sale	299,520
DataShield Corporation	3838 S 108 th St	Omaha	South Central	Sale	170,485
Johnson Brothers	14850 Rodina St	Springfield	Sarpy West	Lease	136,797
Interstates	14910 Gold Coast Rd	Omaha	Sarpy West	Lease	109,720
Rotella's	15640 Sunburst Dr	Papillion	Sarpy West	Lease	103,285

Source: CBRE Research, Q3 2024

Market Statistics

Figure 5: Overall Market Statistics by Submarket

Submarket	Building Count	Net Rentable Area (Sq. Ft.)	Vacancy Rate (%)	Net Absorption (Sq. Ft.)	Under Construction (Sq. Ft.)	Deliveries (Sq. Ft.)	Avg. NNN Asking Rate (\$/SF)
Council Bluffs	115	6,592,828	2.9	1,600	16,800	0	14.08
Northeast	212	10,672,383	4.5	0	0	0	6.97
Northwest	165	6,641,116	0.9	(33,560)	0	21,600	8.41
Sarpy East	39	1,886,744	0.0	0	0	0	6.75
Sarpy West	441	22,976,032	5.8	172,103	301,990	361,973	7.41
South Central	499	20,362,477	0.8	104,423	105,000	0	9.65
Southeast	183	8,130,730	0.4	126,847	0	0	6.98
Southwest	202	8,777,039	1.0	(4,415)	0	0	6.82
TOTAL OMAHA	1,856	86,039,349	2.7	366,998	423,790	383,573	7.40

Source: CBRE Research, Q3 2024

Figure 6: Overall Market Statistics by Vintage

Year Built	Building Count	Net Rentable Area (Sq. Ft.)	Vacancy Rate (%)	Net Absorption (Sq. Ft.)	Under Construction (Sq. Ft.)	Deliveries (Sq. Ft.)	Avg. NNN Asking Rate (\$/SF)
1949 and older	176	7,874,072	3.6	(30,000)	0	0	7.29
1950 – 1974	518	22,785,222	1.0	(43,176)	0	0	7.66
1975 – 1999	636	26,320,607	1.0	182,231	0	0	7.09
2000 and newer	526	29,059,448	5.4	257,943	423,790	383,573	7.53
TOTAL OMAHA	1,856	86,039,349	2.7	366,998	423,790	383,573	7.40

Source: CBRE Research, Q3 2024

Market Statistics

Figure 7: Overall Market Statistics by Product Type

Submarket	Building Count	Net Rentable Area (Sq. Ft.)	Vacancy Rate (%)	Net Absorption (Sq. Ft.)	Under Construction (Sq. Ft.)	Deliveries (Sq. Ft.)	Avg. NNN Asking Rate (\$/SF)
Cold Storage	12	1,402,300	0.0	0	260,000	0	-
Cross Dock	27	1,013,315	2.6	(25,960)	0	0	-
Distribution/Logistics	1,132	52,173,095	3.5	362,977	121,800	383,573	7.13
Food Processing	16	2,835,749	0.0	0	0	0	-
Heavy Manufacturing	22	4,924,790	0.7	0	0	0	5.95
Light Manufacturing	182	13,322,898	1.5	67,413	0	0	6.67
Other Industrial	135	2,905,276	0.8	0	0	0	7.25
R&D/Flex	330	7,461,926	2.8	(59,032)	41,990	0	10.69
TOTAL OMAHA	1,856	86,039,349	2.7	366,998	423,790	383,573	7.40

Source: CBRE Research, Q3 2024

Economic Summary

National

Soft landings are rare, but recent data suggest that this outcome for the economy is increasingly likely. Business investment is steady and consumer distress is confined to a few vulnerable segments. Discretionary spending, such as travel, is generally on a par with last year although many signs indicate the post-pandemic spending boom is over. The key threat to consumption is a downturn in the labor market, although the recent bump in unemployment appears mainly driven by an increase in participation.

One reason for concern is the decline in the share of private industries that are creating jobs. The labor market has slowed but it is not slumping, and companies are not letting workers go at a particularly high rate.

While many are focused on November’s election, the most consequential policy lever has already been pulled via the FOMC’s 50 bps September cut and signaling another 50 by year-end. This easing of financial conditions combined with continued economic growth should support modest hiring and consumption that precedes tighter commercial space market fundamentals. This backdrop will breathe fresh wind into real estate transactions markets and coincides with other signals that cap rates have peaked and may be starting to fall in some sectors.

Local

Some consider Omaha the amateur sports capital of the United States. Omaha has hosted the NCAA Men’s College World Series since 1950, is host to the Asics Presidents’ Day Classic volleyball tournament and the Triple Crown’s SlumpBuster, the world’s largest youth baseball tournament. Omaha has hosted the first and second rounds of the NCAA men’s basketball tournament, the U.S. Olympic swim trials, the U.S. Olympic curling trials, the NCAA women’s volleyball tournament and championship, the inaugural Pro Volleyball Federation Championship, and several other events.

Several projects have been announced in recent months that have Omaha sports fans excited.

Local (cont.)

Alliance Sports Development is a \$300 million river-front mixed-use project with a 7,000-seat soccer stadium. This stadium will be home to Union Omaha, Omaha’s professional soccer team currently playing at Werner Park, home of the Omaha Storm Chasers. The stadium is expected to be completed in the spring of 2026. In addition to concentrating on professional soccer, Union Omaha runs a nonprofit organization focusing on youth development. According to the Nebraska Examiner, “This vision seeks to eliminate barriers like the “pay to play” model and provide access to top-level soccer programming. Omaha’s youth will not just have new fields to play on — they will be coached and mentored by professional players, fostering leadership and development opportunities that reach far beyond the game. This is a model that could inspire other cities, making Omaha a leader in inclusive, community-centered youth soccer.”

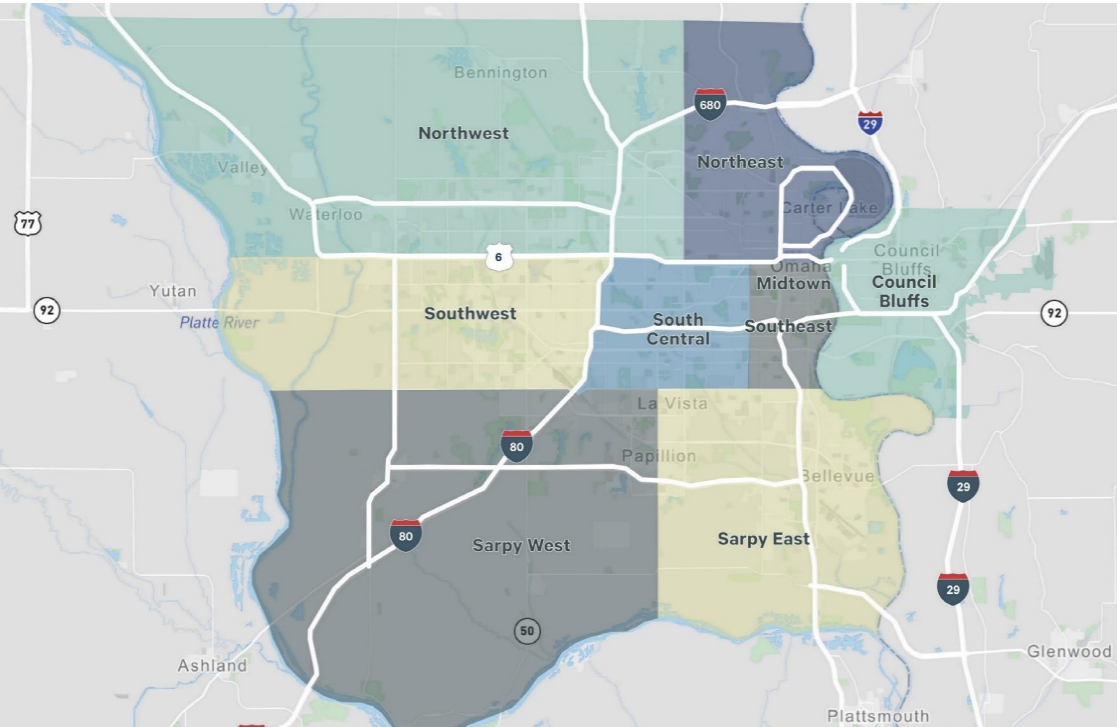
It’s no secret that Nebraskans love volleyball. Two local D1 schools, University of Nebraska and Creighton University, are ranked in the NCAA top ten and two professional teams are located in Omaha, the Omaha Supernovas and League One Volleyball (LOVB) Omaha. The Omaha Supernovas had a successful first season setting attendance records and winning the 2024 championship. The LOVB announced it will break ground on a 66,000 square foot training center at Gretna Landing near 192nd street and highway 370, with plans for completion July 2025.

Youth sports has several new venues as well. The CHI Health Multi-sport Complex Nebraska, a 12-field multisport facility opened in La Vista in the fall of 2022. The first phase of First Interstate Bank SportsPlex in Elkhorn was completed earlier this year with phase two scheduled for completion in 2026. Tranquility Park will have 26 total fields and will be complete in 2027.

In Conclusion

- Vacancy remains under 3% and year-to-date absorption is over 800,000 square feet.
- Under construction space remains conservative with only four properties totaling 423,790 square feet under way in the local market.
- Leasing activity remains active in the local market.

Market Area Overview



Contact

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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.

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.