



By Brian Farrell

2021 RETAIL MARKET REPORT

Climbing to a rate of 7% in late 2021, the U.S. inflation rate is the highest it has been since 1982. The biggest driver of the increase is gas prices, followed by homes, food and cars.

Pressures such as pandemic-induced supply constraints, increased energy costs, labor shortages and increasing consumer demand have all contributed to this historic inflation. The Fed also announced they would do what is necessary to contain it, including increasing interest rates in 2022. That kind of statement sticks in the minds of investors and developers when deciding when to pull the trigger on new projects.

Despite the pressures and increased costs, consumers are still spending. Omaha's retail sector has shown resilience. Consumers are returning to stores as vaccination rates increase and operations have normalized. Sales have returned to pre-pandemic levels or better. The number of retailers filing for bankruptcies has declined to a five-year low, while openings are currently on pace to exceed closures for the first time since 2016.

Omaha's low cost of living, a tight labor market, and wage growth have provided consumers with disposable income. As consumers have returned to stores, so too have investors. According to CoStar's 2021 Omaha Retail Market Report, the combination of confidence in the retail sector and low interest rates has resulted in \$404 million of retail property sales recorded over the trailing 12 months, an all-time high for the metro. While investors continue to heavily target single-tenant, net-lease deals with credit tenants, the market has recently experienced an uptick in multi-tenant retail assets. And we are seeing cap rates falling in many sectors, including retail.

This activity has kept our retail team busy, but it is worth noting that what is keeping us busy has changed over time. Speculative construction of



multi-tenant retail strip centers in Omaha seems nonexistent. The combination of increased ground cost, increased construction cost and much of the tenancy in small shop retail being local has put the rents out of reach. Much of the new construction we are seeing is owner-operator driven. Much of the sale activity is in the ground and investment sale arena. And much of the leasing is being done on a pre-lease/build-to-suit basis, or absorption of existing inventory.

Many of the buildings that, for a decade, have had problematic vacancy, are being pushed to 100% occupancy. This upward trend is helping bolster and increase retail rents of existing product. We speculate much of this is driven simply by the increased cost of anything new. In many cases, the cost to rent in new construction buildings is almost double that of existing buildings. The cost of interior finishing has increased dramatically – as much as 30% or more – so there is a fight to find space with existing finishes.

As a retail team, we are cautiously optimistic. In times like these, we always look to the past to indicate the future. New highs have begun to feel like a regular occurrence. Many of the prices we are seeing are breaking the boundaries of what we thought was achievable. While this is good for business, the market is also taking on the appearance of overheated markets we have seen crumble in the past. We, of course, hope this is not the case!

For additional details on the retail market, please [click here](#)

SALES & LEASING

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MANAGEMENT TEAM

Tim Langan, President
Kathy Quigley, CPA, Controller

2021 OFFICE MARKET REPORT

OMAHA'S OFFICE MARKET IS STARTING TO RECOVER

After being down by about 30% in 2020, Omaha's office market saw more total lease transactions in 2021 for more total space than in any year since our firm has tracked it, 281 transactions for nearly 1.8 million square feet. In addition to leasing activity, net absorption was positive 310,391 sq. ft., and Omaha's overall vacancy rate contracted slightly to 9.1% over the year. In turn, year-over-year market rent growth reached its highest point since pre-COVID-19.

LEASE TRANSACTIONS IN 2021

SIZE (SF)	# OF TRANSACTIONS	TOTAL SQUARE FOOTAGE
1,000-2,499	134	214,112
2,500-4,999	76	266,626
5,000-9,999	34	228,292
10,000-19,999	20	278,001
20,000-49,999	12	403,116
50,000 and above	5	383,352
BUILDING CLASS		
Class A	42	359,552
Class B	187	1,296,938
Class C	52	117,009

It seems fair to describe the market as stable as we are not seeing large swings in space availability and pricing, but we continue to see office users choosing to wait and see on decisions affecting demands for office space. Most of the numbers are trending the right way, albeit slowly, but Omaha's

vacancy rate is more than 300 basis points higher than seen in many years before the pandemic, and we finished 2022 with 324,398 sq. ft. of sublease space available, more than we have tracked historically.

Office sales activity was strong in 2021, with total sales volume roughly matching pre-COVID-19 levels. Businesses faced with the prospect of coming out of pocket for significant tenant improvements or the ever-increasing cost of new construction are looking at purchasing an existing building as their best solution.

While the last few years we have seen a boom in new construction, 2021 was more the year of "deliveries." At the end of 2020, there was 1,100,000 sq. ft. under construction and much of that was in its final stages of completion. That led to the notable deliveries in 2021 including LinkedIn at 132nd and Pacific St. (200,000 sq. ft.), the Carson Wealth buildings at 144th and West Dodge Rd. (120,000 sq. ft.), Valmont Headquarters at 144th and West Dodge Rd. (130,000 sq. ft.), Centris Headquarters at 132nd and Pacific St. (115,000 sq. ft.), and the Waterford Building at 192nd and West Dodge Rd. (180,000 sq. ft.).

In contrast, at the end of 2021, there was only 353,000 sq. ft. under construction between two buildings: Applied Underwriters and Union Bank & Trust, both located in Heartwood Preserve. We see this continuing in 2022 as many companies are still working remotely, creating less demand. We are optimistic this will change as more employers bring their employees back to the office and eventually upgrade their space, although we believe this return to the office will occur slowly over a few years.

Employers will also be rethinking how they promote their work opportunities to potential employees, and flexibility along with new office space construction will be major components of the future employment conversation.

To view the full Omaha Year-End Office Report, please click [here](#)

OMAHA MARKET SNAPSHOT OF SALES COMPS 2017 TO 2021



By Ryan Kuehl,
CCIM

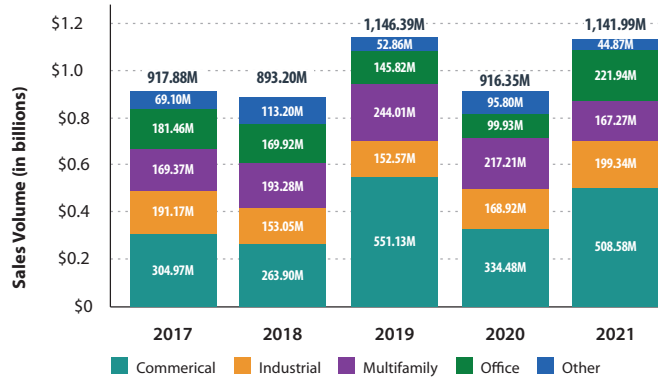
Investors Realty tracks commercial real estate sales greater than \$500,000. The following graphs highlight a few of the existing market trends we are seeing in the greater Omaha area. Overall, the amount of capital being invested in Omaha has increased since 2016 across the board. The number of building and land transactions has slightly decreased, but we are seeing larger transactions taking place.

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OMAHA SALES COMPS

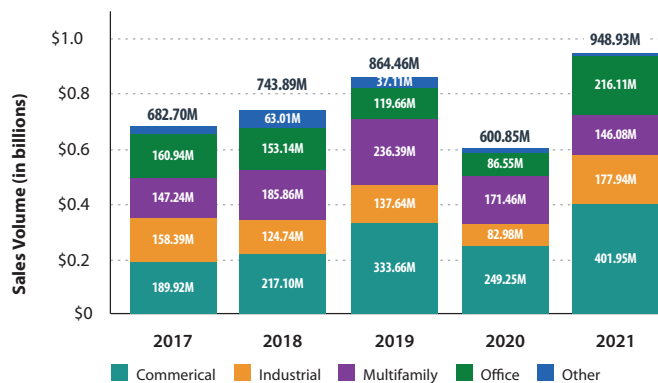
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TOTAL SALES Including Land



- Total Sales Volume increased 24.6% in 2021 compared to 2020, with over \$1.14 billion in total sales. A significant increase in Commercial/Retail and Office building sales volume was the primary reason for these figures.
- Office, Industrial and Commercial/Retail all saw significant increases from 2020 to 2021.
- There was a significant decrease in Multifamily sales volume due to a lack of product available for sale. The "Other" category represents special use buildings, including churches and sports facilities, which along with Multifamily, was the only additional category that saw a decline in total sales volume.

TOTAL BUILDING SALES VOLUME

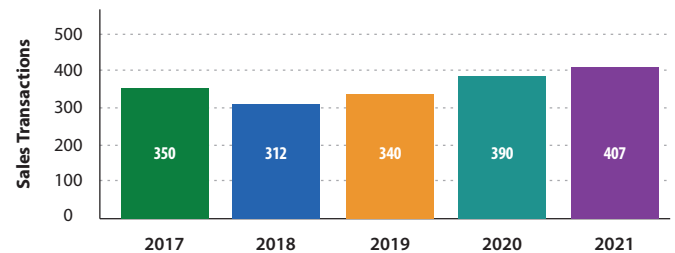


- Multifamily building sales volume has decreased 15% percent from 2020 to 2021. Multifamily sales are the lowest total sales since before 2017, again, due to a lack of available inventory.
- Commercial sales volume increased 161% in 2021. This increase is due to low interest rates and high demand for investment product.
- Industrial Sales have steadily increased from 2017 to 2019 but took a dip in 2020. 2021 was a record year, according to

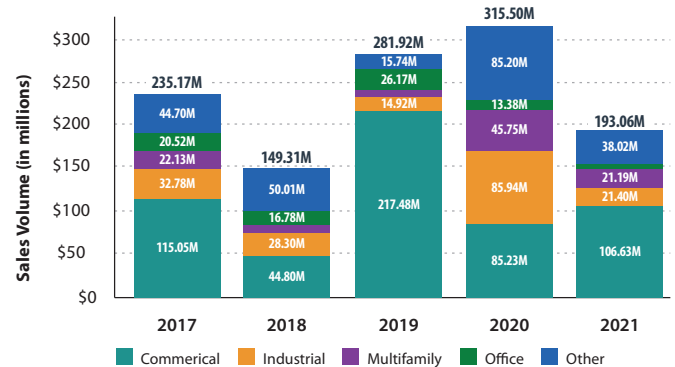
Investors Realty data, with a 214% increase compared to 2020 and the highest total since we started tracking our data in 2000. With 74 recorded sales, both the number of transactions and total sales volume are significantly above previous record years.

- Office Sale Transactions in 2021 saw the most significant increase at 250% compared to 2020. There has been a steady decline in total office sales volume since a high in 2015 with \$223 million in sales to 2020 with \$86 million in sales. While sales volume was significantly higher in 2021, the total number of office transactions has remained steady between 2015 and 2021 at 40 to 58. 2021 saw 51 total transactions, which indicates these are larger deals taking place in the market. As noted in our 2021 Office Market Report, businesses are finding that purchasing an existing building is a better solution over making significant tenant improvements or the ever-increasing cost of new construction.

TOTAL NUMBER OF BUILDING SALES TRANSACTIONS



LAND TRANSACTIONS



- Total Land sales volume took a significant dive in 2021 compared to 2020, with a 61% decrease.
- Other, Multifamily, and Industrial all saw significant decreases in 2021 from 2020.
- Commercial/Retail land sales rose over 24% in 2021.
- Office land sales saw only \$5.8 million in sales as existing buildings became available for investors and users.
- A lull in land sales may be a result of a very robust market in 2020 and 2021. New building starts are down while the new product coming to market gets absorbed. An increase in existing buildings available hurt total sales volume for land.

NEED A FACILITIES MANAGER?

The most fun part of our job at Investors Realty is problem solving. We get to solve problems every day in every department, and there is nothing more satisfying than coming up with a solution that saves time, money and potential pitfalls for our clients.

One solution we are particularly proud of is the addition of Facilities Management services to help clients maintain a clean, high-performing workplace, whether they are a building tenant or an owner-operator.

Facilities Management at Investors Realty was born from a problem. A client who had multiple locations in Omaha – some owned, some leased – needed to consolidate its facilities workforce but did not want to compromise service to its many locations. In short, the client needed to keep its real estate operating at a high level but lacked the staffing to get it done.



As a solution to the problem, we offered the client access to our maintenance dispatching platform, created a service plan for each location, and assigned a Facilities Manager to oversee service and repairs at each site.

In the end, the client improved the level of service to its employees by providing a proven system and adding the Investors Realty Facilities and Maintenance staff as an extension of the existing workforce. It was a win/win for both parties.

Do you need help with your facilities services so you can focus on your core business? Let us take care of the leaks, breaks and vendor contracts. We do it every day.

INVESTORS REALTY NEW LISTINGS



17817 BURKE STREET 12.03 AC

- Located just south of 180th & W. Dodge Road and just west of Village Pointe Shopping Center
- Join Core Bank, Madonna Rehabilitation Hospital, Berkshire Hathaway Home Services, Hilton Garden Inn & Home 2 Suites by Hilton, and many other retailers and offices



3555 S 140TH STREET 26,300-92,114 SF

- Former movie theater now available
- Possible to demise into 3 separate spaces
- Mixed Use zoning Ideal for gymnastics, fitness, cheer, or sport courts use
- Tall ceilings, 2nd floor viewing areas possible
- Ample parking



9810 M STREET 56,416 SF

- Priced below replacement cost
- Building and monument signage; ability to add drive-in doors
- Well-maintained, professionally managed property
- High parking ratio with ability for additional parking to the south via cross easement



9918 S 148TH STREET 17,638 SF

- Recently renovated building, updates include: new windows, LED warehouse lights, paving, updated roofs
- Great access to I-80, five minutes from the booming Hwy 50 corridor
- Above-standard lot size, potential for up to 2.4 AC of outdoor storage
- Located in the highly-desired Sarpy West Submarket



FEATURED TRANSACTION

BLUE CROSS & BLUE SHIELD OF NEBRASKA DOWNSIZE CREATES IDEAL SOLUTION FOR OPPD

Like many businesses navigating the impact of the COVID-19 pandemic on their workforce, Blue Cross & Blue Shield of Nebraska decided to switch to a hybrid office model and allow their employees to work from home part of the time. This shift in policy created an opportunity to multi-tenant Blue Cross Centre, Blue Cross' corporate headquarters located in Aksarben Village, for the first time in the building's history. In early December 2021, Blue Cross selected JP Raynor, Tim Kerrigan and Ryan Kuehl of

Investors Realty to market the three-floor, 88,000 sq. ft. of space that Blue Cross made available. There are few opportunities for large blocks of space in an iconic building like Blue Cross Centre. This building provides a first floor full of amenities such as meeting rooms of various sizes, a coffee and snack shop, a cafeteria with indoor and outdoor seating, plus all of the amenities Aksarben Village offers including walkable restaurants, shops, gyms, salons, a park, and entertainment.



Over the past several years, Ryan Zabrowski, Tim Kerrigan and Ryan Kuehl have been working with OPPD on various projects, including their solar power initiatives, natural gas power generation and office headquarter needs. When the Blue Cross Centre opportunity became available, it was clear that the space being vacated by Blue Cross was an excellent fit for OPPD's needs. OPPD and Blue Cross moved expediently to secure the space with a sublease on terms mutually beneficial for both. We were proud to help both of our clients find an ideal solution to meet their needs.

A FEW OF OUR LATEST DEALS

MARCH 2022

DEALS

LAND



FORT CROOK & FAIRVIEW ROAD 62.18 acres
BUYER Zapo, LLC
AGENTS Lee Ehlers, CCIM & Kevin Stratman, CCIM, SIOR



LAND

- SALE** 66.8 AC at 180th & Highway 370 to **McCune Development LLC**
- SALE** 62.18 AC at Fort Crook & Fairview Road to **Zapo, LLC**
- SALE** 6.7 AC at 120th & I Street to **PSG Properties - All About Storage**
- SALE** 1.92 AC at 119th & West Center Road to **D and J Olson LLC**
- SALE** 1.36 AC at Valley, NE to **Valley Dental Building Holdings LLC**
- SALE** 1.24 AC at I-80 & Highway 370 to **Hodges Enterprises # 17a, LLC**
- SALE** 0.97 AC at 134th & Centech Road to **Abante Marketing**
- SALE** 0.92 AC at 210th & Schram Road to **CPM Eats LLC**

COMMERCIAL



174TH & WEST MAPLE ROAD 7,331 SF
LESSEE Advanced House Plans
AGENTS Brian Kuehl & Clint Seemann



COMMERCIAL

- LEASE** 19,500 SF in Carroll, IA to **Thrift World**
- LEASE** 7,331 SF at 174th & West Maple Road to **Advanced House Plans**
- SALE** 6,800 SF in Valley, NE to **Antiquity Outdoor Supply**
- LEASE** 4,000 SF at 120th & I Street to **Nebraska Brazilian Jiu-Jitsu**
- LEASE** 3,000 SF at 209th & California Street to **CIShirts**
- LEASE** 2,242 SF at 144th & F Street to **Sidrony Jewelers LLC**
- LEASE** 2,210 SF at 84th & Park Drive to **Affordable Maintenance Solutions, LLC**
- LEASE** 2,187 SF at 144th & F Street to **EFUN Westo, LLC**
- LEASE** 2,131 SF at 155th & West Dodge Road to **Heartland Paws Inc**
- LEASE** 2,030 SF at 84th & F Street to **Selectel Inc**
- LEASE** 1,795 SF at 120th & Blondo Street to **State Farm**
- LEASE** 1,400 SF at 204th & Pacific Street to **B Morton Design LLC**
- LEASE** 1,262 SF at 147th & Eagle Run Drive to **The Exercise Coach**
- LEASE** 1,200 SF at 156th and Fort Street to **Ruby Blue Dance Studio**
- LEASE** 1,243 SF at 179th & Welch Plaza to **Flack Chiropractic**
- LEASE** 1,275 SF at 204th & Pacific Street to **Stretch Labs**

OFFICE



71ST & MERCY ROAD 130,104 SF
BUYER Community Alliance
AGENTS Ryan Kuehl, CCIM & Ryan Zabrowski, CCIM, SIOR, CRE



OFFICE

- SALE** 130,104 SF at 71st & Mercy Road to **Community Alliance**
- LEASE** 87,798 SF at Aksarben Drive & Frances Street to **OPPD**
- SALE** 35,993 SF at Bass Pro Drive & Arena Way in Council Bluffs, IA to **BAT Logistics**
- SALE** 15,000 SF at 84th & Highway 370 to **JJCB LLC**
- LEASE** 12,093 SF at 146th & West Dodge Road to **Nebraska Title Company**
- SALE** 10,000 SF at Park Ave & Woolworth Avenue to **OneWorld Community Health Centers, Inc.**
- LEASE** 9,900 SF at 115th & Burke Street to **LifeLoop**
- LEASE** 7,048 SF at 136th & California Street to **Robert W Baird & Company Inc**
- LEASE** 5,141 SF at 121st & Pacific Street to **Pillar Partners**
- LEASE** 4,945 SF at 120th & Blondo Street to **RenoRun US Inc**
- SALE** 4,507 SF at 148th & F Street to **KVG Appraisers**
- SALE** 3,712 SF at 148th & F Street to **Peak Real Estate, LLC**
- SALE** 2,377 SF at 113th & Davenport Street to **Grace Home Solutions**
- LEASE** 2,143 SF at 43rd & Frances Street to **Justice For Our Neighbors-Nebraska**
- LEASE** 2,000 SF at Golden Gate & Cedardale Road to **Olowolafe Law**
- LEASE** 1,255 SF at 10th & Farnam Street to **Mark D Kratina Law Office**
- SALE** 1,049 SF at 113th & Davenport Street to **Friendly PC**
- LEASE** 475 SF at 43rd & Frances Street to **Johnson Bergmeier Wolf & Cipperley CPAs PC**

INDUSTRIAL



134TH & F STREET 13,500 SF
LESSEE Heartland Steel LLC
AGENT Sydney Weller



INDUSTRIAL

- SALE** 21,400 SF at 49th & F Street to **H2K Enterprises LLC**
- SALE** 14,171 SF at 24th & Martha Street to **Community Real Estate Group LLC**
- LEASE** 13,500 SF at 134th & F Street to **Heartland Steel LLC**
- LEASE** 11,135 SF at 111th & Q Street to **Goodwill Industries Inc**
- SALE** 8,044 SF at 133rd & Industrial Road to **Allens Furniture**
- LEASE** 6,200 SF at Bondesson & Irvington Road to **T1 Technologies Inc**
- LEASE** 6,000 SF at 90th & J Street to **Peers Auto Works**
- LEASE** 2,400 SF at 149th & A Street to **Trucks Plus**
- LEASE** 1,616 SF at 61st & Binney Street to **Bruhn Auto**

INVESTMENT



129TH & WEST MAPLE ROAD 39,991 SF
BUYER AJV Properties LLCs
AGENTS Brian Kuehl & Brian Farrell



INVESTMENT

- SALE** 92,114 SF - former AMC Theater at Oakview Plaza to **Private Investor**
- SALE** 39,991 SF at 129th & West Maple Road to **AJV Properties LLC**
- SALE** 36,686 SF at 84th & Highway 370 to **Malibu Properties LLC**

COMMERCIAL

LEASE



TORREY PINES PLAZA
153rd & W Maple Rd
2,088-4,341 SF

- Former dental space now available
- Former bar space now available with outside patio seating
- End cap space
- Monument signage visible from Maple Street
- Great location for services such as spa, medical, dental, etc.
- Front door parking

LEASE



PLACE 72 72nd & Harrison St 1,250-2,400 SF

- Join Tanners, LUV Nails, Blue Dog Aquatics, and many other retailers in this conveniently located shopping center
- Front door parking
- Former fitness space on north end cap now available
- Former dance studio
- Pad-site available for a build to suit

LEASE



DEERFIELD PLACE 136th & Q St 2,400-31,178 SF

- Convenient Millard location
- Easy access to I-80
- Strong demographics and traffic counts
- Ample parking
- Easy access to both Q Street and Millard Avenue

LEASE



THE SCOLAR BUILDING
20th & Dodge St
11,035-30,211 SF

- Former ballroom/event space and fitness space now available
- Located in the historic Scoular office building, featuring 5 floors of office space
- Ample on site parking
- Located 2 blocks from the new street car route

INDUSTRIAL

LEASE



10704-09 S 149TH STREET
10,500 SF

- Small office build-out includes two offices and reception area
- Great building for warehouse & distribution
- Located approximately 3 minutes from I-80 & Highway 50

LAND

COMMERCIAL
LEASE

919 S SADDLE CREEK ROAD 11,566 SF

- Conceptual plan ideal for drive-thru kiosk
- Option for patio, parking, and up to 12 car stacking
- Excellent Midtown location near Blackstone, UNMC, and Midtown Crossing
- Up to approximately 45,000 VPD along Saddle Creek

INDUSTRIAL
SALE

9905 N 109TH AVENUE
8.16 AC

- Five minutes from I-680; Site is flat and ready to build
- Zoned for General Industrial
- Adjacent to new data center and industrial park developments
- All utilities to site

LEASE

**2027 DODGE STREET**

4,782 - 41,321 SF

- Historic charm, detailed woodwork, and ornate ceilings.
- Variety of floor plans in place featuring private offices, open cubicles, kitchenettes, and stunning city views.
- Within 2 blocks of proposed streetcar route, directly south of Central High School and Joslyn Art Museum.

SUBLEASE

**450 REGENCY PARKWAY**

3,198 SF

- Sublease through May 31, 2026
- Move-in ready space
- Furniture available for use throughout the term of the lease
- Covered parking
- Shared conference room
- All amenities in the immediate area
- Minutes from I-680, West Dodge Road, and Pacific Street

LEASE

**SOUTHWESTERN PLAZA #6**

143rd & Hillsdale Cir 7,114 SF

- Great mix of private offices, open space, conference rooms, break room, storage, and garage
- Various amenities in the immediate area including dining and shopping
- Abundant parking
- Park at your front door

LEASE

**NICHOLAS PLAZA** 205th & Nicholas Cir 2,500 SF

- Park at your front door
- Private offices
- Open cube space
- Affordable rate
- Quick access to West Dodge Road
- Dining and shopping amenities in the immediate area
- Well maintained, professionally managed property

LEASE

**MIDLANDS PROFESSIONAL CENTRE** 84th & Hwy 370

2,133-11,751 SF

- New ownership
- Planned upgrades to all common areas to take place soon
- Solid brick construction, many windows and nice landscaping
- All amenities within five minutes including Midlands Hospital, Sarpy County Courthouse, and Shadow Lake Towne Center
- Many retail amenities and services within walking distance
- Prime location with visible signage

LEASE

**4315 FRANCES STREET**

3,218 SF

- Affordable office space in well cared for property
- Located within a quiet midtown neighborhood
- Common area break room amenity
- Interior building renovations underway
- Exterior building renovations to begin Spring 2022
- Future building monument signage available

LEASE

**SOUTHWESTERN PLAZA #9** 143rd & J St 7,980 SF

- Mix of offices and open space
- Great location
- Abundant parking
- Drive in doors available
- All amenities in the immediate area

LEASE

**BURLINGTON PLACE** 10th & Farnam St 1,910 SF

- Heart of downtown Omaha with direct access to the RiverFront Revitalization Project
- Many shops and restaurants are within walking distance
- Across the street from Omaha Convention and Visitors Bureau
- Includes janitorial within the suite 5 nights a week
- Includes all utilities

LEASE

**KEY VILLAGE** 80th & Maple St 1,000 SF

- Hard to find office space in a mixed use building
- Generous parking
- Signage available
- Great natural light