

# 2024 YEAR-END OFFICE MARKET REPORT

INVESTORS  
REALTY INC.

## MARKET SNAPSHOT



**45,947,679 SF**  
INVENTORY



**7.99%**  
VACANCY RATE



**\$24.17 PSF**  
AVG ASKING RENT



**1,245,205 SF**  
UNDER CONSTRUCTION



**262,035 SF**  
DELIVERIES

## OVERVIEW

Omaha's office market suffered through a stagnant market until the last three months of 2024 at which time sales and leasing activity began to gain momentum. Due to the slow start many of the 2024 metrics are worse than 2023.

The only positive metric of 2024 was a decrease in the amount of sublease space on the market. The vacancy rate increased, the absorption was negative, and there were less buildings under construction.

### 2024 SUMMARY

- » The office market as a whole took a step back in 2024 due to inflation, interest rates, and the uncertainty surrounding an election year.
- » Leasing transactions outpaced sales. This is the 2nd year in a row.
- » Office vacancy increased across the overall market.
- » Offices sales volume decreased whether the sale was for an owner-user or an investment buyer.
- » Absorption was negative 238,335 square feet.
- » New construction starts were few.



## THEMES FROM 2024 EXPECTED TO CONTINUE IN 2025

### Employers want their employees back in the office.

In 2024, employers wanted a minimum of three days per week in the office but received notable pushback from employees.

- » At the end of 2024, national employers continued to push for employees to come back to the office as Nebraska's Governor did.
- » If the pendulum of power swings to the employers favor in 2025 we will see more businesses requiring their employees to work in the office.

### Businesses are decreasing their office footprints and upgrading the quality of their space to attract employees back to the office.

- » In 2024, this thread continued with mixed levels of success.
- » Towards the end of 2024 tenants, a minority, were in growth mode adding to their office footprint.
- » We expected to see more increasing footprints and continued upgrading of space in 2025 as quality space is still abundant.

### New construction starts are well behind previous years, due to increased construction costs and higher interest rates.

- » Land sales increased toward the end of 2024 for owner users looking to build their own smaller office buildings.
- » We believe this is a positive sign for 2025 and expect the trend to continue.



The lack of new construction will benefit older class A and class B office properties.

- » This will continue to ring true throughout 2025.

### Sublease space is still a pain point for landlords with vacant space as the sublease terms are difficult competition.

- » Sublease space decreased by 50% in 2024 but there is still plenty of sublease space available, mostly its larger spaces.

Ghost space remains prevalent in the market, with at least two significant properties in Omaha being quietly marketed for sale or lease, but their availability is not reflected in the office statistics.

- » This continues into 2025.

Activity during the last quarter of 2024, makes our team hopeful the office market is making a comeback. We believe more employers will require their employees will return to the office and that Omaha's office market will improve.

## VACANCY

The Omaha office market experienced a slight setback in 2024, with the overall vacancy rate rising from 7.1% in Q4 2023 to 8.0% in Q4 2024—the highest year-end vacancy rate since 2021. While this increase is notable, we remain optimistic that the ongoing "return to office" trend will help drive future vacancy declines.

As seen in previous years, six of the twelve submarkets reported vacancy rates at or below the overall market rate of 8.0%. Leading the way, Midtown boasts the lowest vacancy at 4.2%, followed by South Central (4.9%), Old Mill (5.7%), Downtown (6.9%), Regency (7.6%), and Southwest (7.9%). Suburban West Dodge, after showing steady improvement in recent years, took a step back. The submarket had reduced vacancy from a peak of 11.1% in Q4 2022 to 8.2% in Q4 2023, only to rise again to 9.7% in Q4 2024. However, with no new speculative construction on the horizon, we anticipate that second-generation spaces will continue to be absorbed, stabilizing the submarket in the coming years.

The remaining six submarkets recorded vacancy rates above the 8.0% average. The Northwest submarket remains the highest at 15.8%, though this marks an improvement from 17.4% in 2023. Central Dodge follows at 12.8%, up from 11.2% the previous year. Miracle Hills stands at 11.1%, while Suburban West Dodge, Southeast, and Northeast posted vacancies of 9.7%, 8.7%, and 8.3%, respectively.

Overall, the Omaha office market has demonstrated resilience in the post-COVID era. With the national shift toward in-office work continuing, we anticipate a positive trajectory for 2025 and beyond.



## ABSORPTION

Absorption measures the net change in occupied space over a given period, typically expressed in square feet. Historically, Omaha's pre-pandemic annual absorption averaged approximately 250,000 square feet. However, 2024 marked a notable shift in this trend. After 17 consecutive quarters of positive absorption dating back to Q3 2019, Omaha experienced a sharp reversal, posting negative absorption of 105,100 square feet in Q4 2024 and a cumulative negative absorption of 238,335 square feet for the year.

Several Key factors contributed to this decline:

- » The post-pandemic evolution of office utilization, with hybrid work models continuing to reshape space demand.
- » Tenants rightsizing their footprints or consolidating operations into fewer locations as leases expire.
- » A reduction in the average size of new leases signed compared to pre-pandemic norms.

Despite the overall downturn, certain submarkets performed well in 2024. Midtown led absorption gains with 117,332 square feet, driven by key transactions such as North End Teleservices (27,723 sq. ft.), Unison (25,732 sq. ft.), and KPMG (15,867 sq. ft.). The Northwest submarket followed with 54,764 square feet of positive absorption, supported by notable leases from Omaha Christian Academy (29,007 sq. ft.), Explore the Evans Experience (23,684 sq. ft.), Rock Medical Group (19,598 sq. ft.), and D.R. Horton (18,000 sq. ft.).

Conversely, the Southwest submarket recorded the steepest decline, with negative absorption of 203,606 square feet. The most significant contributor was Kiewit's move-out from 12720 I Street, vacating 134,456 square feet, leaving a substantial block of space on the market.

While the annual negative absorption of -238,335 square feet represents the largest decline in recent years—well below historical averages—there are reasons for optimism. Early activity in 2025 indicates a more dynamic market, suggesting a potential rebound in the year ahead.

## CONSTRUCTION

In 2024, Omaha saw 262,035 SF of new office space delivered, a slight increase from 2023's 243,306 SF but still significantly below the historical five-year average of 512,518 SF. This continued slowdown reflects developers' caution amid high construction costs, elevated interest rates, and ongoing uncertainty surrounding office space demand.

Notable deliveries included 1501 Mike Fahey Street in the Builder's District, a 119,335 SF hybrid timber office and retail project developed by Noddle Companies, and 7171 Mercy Road, the new 120,000 SF Community Alliance headquarters. Both projects added high-quality office space to the market.

New construction starts in 2024 totaled 185,205 SF, reflecting selective yet continued

investment. A major project is Olsson's 116,000 SF, four-story office building in The Row at Heartwood Preserve, accounting for 63% of new starts. Breaking ground in fall 2024, the building will house Olsson on the second and third floors, with retail at street level and the fourth floor available for lease to an office tenant. Expected to be completed by summer 2026, the project highlights a growing focus on mixed-use developments in suburban Omaha.

Another notable new construction project is a 14,000 SF office building at 16161 Cass Street, owned by Braces Omaha and Burchfiel Dental, who will also occupy space in the building. The project is expected to be completed in May 2025.



A significant portion of the 1,245,205 SF of office space currently under construction is driven by two major corporate headquarters projects:

- » Mutual of Omaha's 800,000 SF Downtown Tower – This 44-story, 677-foot skyscraper will be Omaha's tallest building, reinforcing the city's vision for a dynamic urban core alongside The RiverFront revitalization and the planned streetcar project. As of late 2024, it had reached 290 feet, with the steel framework set to become visible in 2025. Completion remains on track for 2026, with employees expected to move in shortly thereafter.
- » Applied Underwriters' 260,000 SF Headquarters – Heartwood Preserve – This five-story campus, started in 2019, faced 2020-2021 delays but regained momentum in 2022. Now back on track, it is set for completion in late 2025. The design eliminates above-ground parking, integrating seamlessly into the West Omaha landscape as a modern corporate headquarters.

As Omaha adapts to shifting office market trends, development remains focused on corporate headquarters and mixed-use projects. While speculative construction is limited, the city continues to prioritize high-quality, purpose-driven office spaces that meet evolving business needs. Moving forward, office growth is expected to follow a measured approach, balancing economic factors with the demand for modern, flexible workspaces.

## SUBLEASE SPACE

In recent years, the Omaha office market has experienced significant shifts in sublease activity, largely driven by evolving workplace strategies post-pandemic. While sublease availability surged to unprecedented levels in 2022, we saw a notable reduction in 2023 that continued even stronger in 2024 as some tenants reclaimed office space amid a gradual return-to-office movement. However, subleasing remains an attractive option for both tenants looking to downsize and those seeking flexible, cost-effective space solutions.

At the end of 2024, Omaha's available sublease space totaled 529,804 SF, marking a 18% year-over-year decrease from 645,207 SF in 2023 and a 35% decrease from the record-high 817,750 SF in 2022. This reduction aligned with a broader trend of companies reassessing their office needs and making long-term occupancy decisions. While some firms embraced a full return to in-office work, hybrid models remain prevalent, sustaining demand for well-located, high-quality sublease opportunities.

Despite the overall decline in sublease availability, certain submarkets remain disproportionately affected. Suburban West Dodge continues to lead in sublease volume, accounting for 30% of all available sublease space. Other notable submarkets with high sublease availability include Central Dodge (89,855 SF), Northwest (81,358 SF), and Southwest (77,371 SF). The concentration of sublease space in these areas reflects both their higher rental rates and the footprint of larger corporate users reevaluating their long-term office strategies.

Looking ahead, "ghost space"—leased but unoccupied offices that have not yet been placed on the sublease market—remains a factor to watch. Many tenants with excess space are still weighing future workplace strategies, and as leases approach expiration, more of this space could transition into sublease or direct vacancy. The long-term impact of these workplace shifts will continue to influence office dynamics in 2025.



## LEASE TRANSACTIONS IN 2023

### 212 DEALS

SIZE (SF)	# OF TRANSACTIONS	TOTAL SQUARE FOOTAGE
1,000-2,499	84	142,422
2,500-4,999	56	196,444
5,000-9,999	49	320,984
10,000-19,999	15	206,009
20,000-49,999	5	138,982
50,000 and above	3	215,918
BUILDING CLASS		
Class A	37	403,081
Class B	133	643,029
Class C	42	174,649

## LEASE TRANSACTIONS IN 2024

### 209 DEALS

SIZE (SF)	# OF TRANSACTIONS	TOTAL SQUARE FOOTAGE
1,000-2,499	99	156,035
2,500-4,999	61	213,526
5,000-9,999	22	148,813
10,000-19,999	19	266,019
20,000-49,999	6	160,445
50,000 and above	2	115,747
BUILDING CLASS		
Class A	47	396,419
Class B	128	558,018
Class C	209	106,148

## NOTABLE SALE TRANSACTIONS IN 2024

PROPERTY	SIZE (SF)	SUBMARKET
Central Park Plaza Portfolio (3 buildings)	518,781	Downtown
Gallup Campus Portfolio (2 buildings)	389,896	Downtown
12809 W Dodge Rd - The McAuley Center	96,231	Suburban West Dodge
331 Village Pointe Plz	84,408	Suburban West Dodge
6829 N 72nd St - Immanuel One Hospital	73,101	Northeast
16940 Lakeside Hills Plz - Lakeside Wellness Center	52,815	Southwest
9910 Maple St	43,479	Northwest
2707 N 108th St - Emerald Pointe	37,860	Northwest
9635 M St	36,616	South Central
401 E Gold Coast Rd - Midlands Two Professional Center	35,068	South Central
<b>4141 N 156th St - MOBA Building</b>	<b>31,162</b>	<b>Northwest</b>
13057 W Center Rd - Montclair Office Condo	30,311	Southwest
<b>330 N 117th St - Oak Hills Professional Center</b>	<b>27,077</b>	<b>Old Mill</b>
16924 Frances St - Orizon Building	25,336	Southwest
<b>4211 S 143rd St - Scantron Building</b>	<b>24,142</b>	<b>Southwest</b>
4928-4944 S 114th St - Form Craft Building	19,500	South Central
7820-7836 Wakeley Plz - Morgan Professional Plaza	14,865	Central Dodge
1301 S 75th St - Berkshire Building	14,820	Midtown

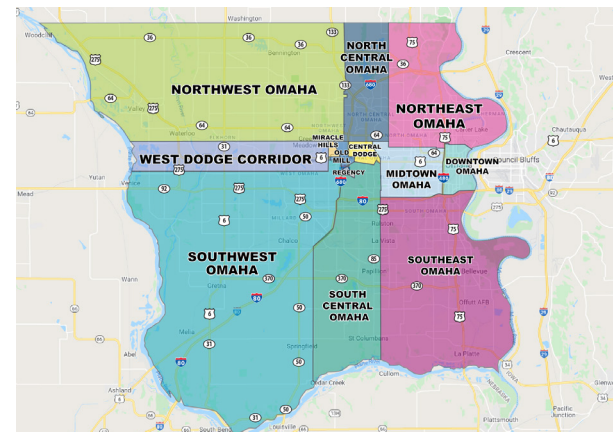
\*Denotes an Investors Realty, Inc. transaction

†Denotes a sublease transaction

## NOTABLE LEASE TRANSACTIONS IN 2024

TENANT	SIZE (SF)	SUBMARKET
Olsson	65,000	Suburban West Dodge
PayPal	50,747	Suburban West Dodge
<b>Northwestern Mutual</b>	<b>29,315</b>	<b>Suburban West Dodge</b>
Omaha Christian Academy	29,007	Northwest
North End Teleservices	27,723	Midtown
Unison	25,732	Midtown
Pattern	24,984	Miracle Hills
Explore The Evans Experience	23,684	Northwest
Rock Medical Group	19,598	Northwest
Avior Wealth Management	18,329	Suburban West Dodge
CDW	18,109	Suburban West Dodge
D.R. Horton	18,000	Northwest
Real Radiology	16,541	Central Dodge
Alegent Creighton Clinic	16,102	Southwest
<b>Detego Health</b>	<b>16,048</b>	<b>Northwest</b>
KPMG	15,867	Midtown

## OMAHA SUBMARKETS



## 2024 END OF YEAR SUMMARY

SUBMARKETS	INVENTORY (BUILDINGS)	INVENTORY (SF)	VACANT SF DIRECT	VACANT SF SUBLEASE	VACANT SF TOTAL	TOTAL VACANCY RATE	YTD NET ABSORPTION (SF)	AVERAGE ASKING RENTAL RATE (PSF)
Central Dodge	96	3,365,228	408,735	20,945	429,680	12.8%	(52,278)	\$24.23
Downtown	135	10,343,454	711,549	-	711,549	7%	(41,713)	\$29.10
Midtown	216	6,658,372	263,995	13,665	277,660	4.2%	142,231	\$25.12
Miracle Hills	27	1,194,613	130,727	1,323	132,050	11.1%	(7,502)	\$23.45
Northeast	79	915,770	75,554	-	75,554	8.3%	(257)	\$24.00
Northwest	160	2,937,449	439,764	23,928	463,692	15.8%	45,574	\$24.37
Old Mill	65	2,195,072	120,695	4,761	125,456	6%	20,529	\$21.62
Regency	26	1,236,484	94,480	-	94,480	7.6%	(19,748)	\$24.13
South Central	225	3,387,753	165,431	635	166,066	4.9%	47,251	\$18.58
Southeast	198	2,611,512	226,004	-	226,004	8.7%	(24,523)	\$15.89
Southwest	283	5,778,905	446,625	9,051	455,676	7.9%	(212,657)	\$21.41
Suburban West Dodge	117	5,323,067	493,732	20,296	514,028	9.7%	(79,009)	\$29.72
<b>Omaha Market</b>	<b>1,627</b>	<b>45,947,679</b>	<b>3,577,291</b>	<b>94,604</b>	<b>3,671,895</b>	<b>7.99%</b>	<b>(182,102)</b>	<b>\$25.14</b>

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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.



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