

Second Half 2024 Market Report



Image: MURAL, a mixed-use development project under construction by White Lotus Group (Photo Courtesy of RONCO Construction)

Individual Members of:



OVERALL MARKET Second Half 2024

HIGHLIGHTS

The Lincoln commercial real estate market experienced growth in the second half of 2024, driven by an influx of talent, affordability, and low unemployment.

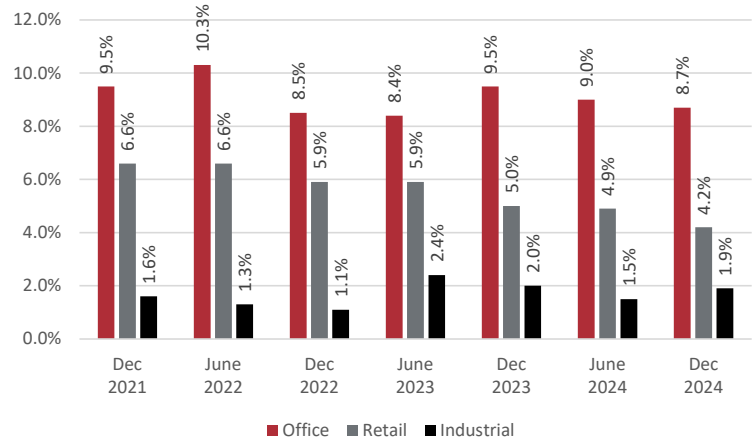
The office market remained stable, experiencing positive net absorption and a slight decline in vacancy to 8.7%. Steady demand, coupled with a growing interest in adaptive reuse projects, positions the sector for continued expansion.

The retail market demonstrated resilience, maintaining historically low vacancies at 4.2%, while rental rates continued to rise. National and local retailers actively secured new deals, with demand outpacing supply. Looking ahead, service and experiential retail concepts may fuel further growth.

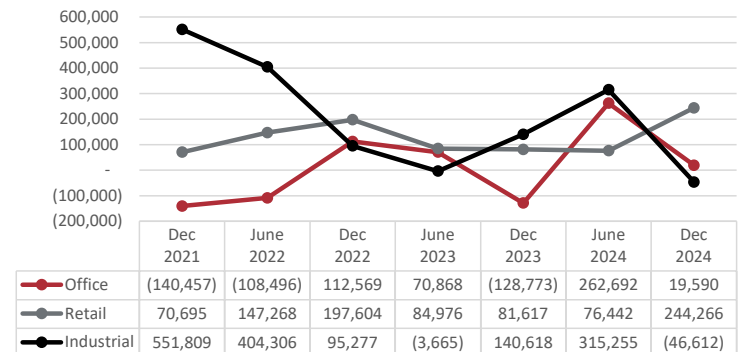
In contrast, the industrial market showed signs of slowing, with a net absorption loss and a modest vacancy increase to 1.9%. Despite this, asking rental rates rose due to strong demand, tight inventory, and rising construction costs. A key development in the pipeline is Google's \$600 million data center project, signaling confidence in the market. However, to sustain long-term growth, additional industrial development will be essential to meet increasing demand.

As Lincoln continues to attract investment and business expansion, strategic development across all sectors will be critical to maintaining momentum and meeting evolving market needs.

Overall Market Historical Vacancy



Overall Market Historical Net Absorption (Square Feet for Six Months Ending)



LINCOLN, NE MSA DEMOGRAPHICS

POPULATION
343,620

HOUSEHOLDS
144,767

MEDIAN AGE
35.1

MEDIAN HH INCOME
\$71,163

UNEMPLOYMENT RATE
2.8%*

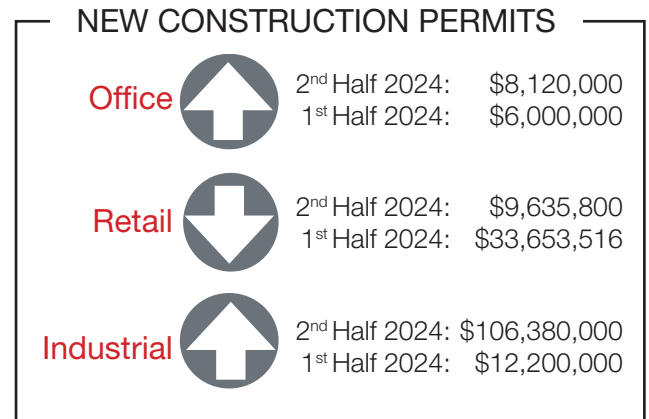
Sources:
Nebraska Department of Labor
www.censusreporter.org
*December 2024

CONSTRUCTION ACTIVITY

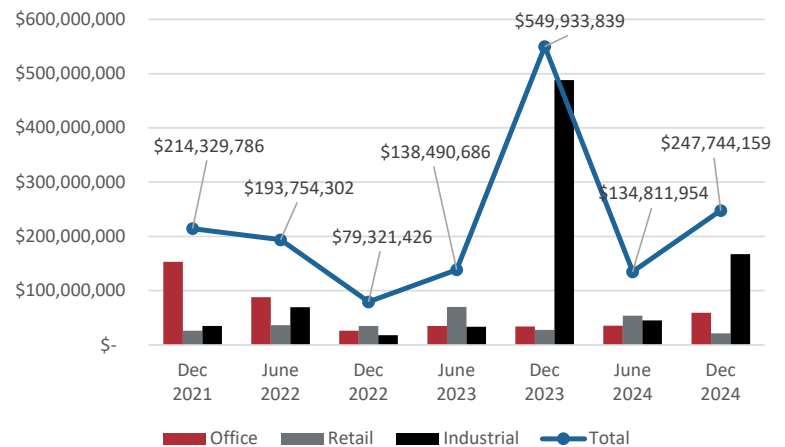
The Lincoln market saw new construction activity and positive occupancy growth for most property sectors despite elevated construction costs and increasing economic uncertainty.

New office construction starts, while up for the second half of 2024, have been declining year-over-year since 2021, as companies sorted out remote and hybrid work environments. Retail construction slowed further in the second half of 2024, as new building permits dropped to \$9.6 million. Given construction starts remained low, more retail tenants have chosen to backfill empty space or renovate their existing space. The Google data center project dominated the new industrial building permits with permits totaling over \$106 million for ancillary buildings and a cooling facility on the site. Industrial alterations were up as industrial users chose to add on or alter existing buildings due to limited newer options.

- A new single-story, 9,000 SF office building is planned with 6,000 SF built out for medical offices (\$2.63 Mil)
- Nebraska State Patrol Crime Lab is undergoing a \$26 Mil expansion plan to double its size. Project is expected to be completed by fall 2026.
- 1345 Old Cheney is undergoing a remodel (\$1.5 Mil)
- Madonna Rehabilitation Hospital is continuing further interior renovations for its patient care area is (\$8.5 Mil)
- A \$6 Mil alteration is underway for Nelnet at its 13th & O St location, as the company plans to bring more employees back into the office.
- JetSplash is building a new car wash at 635 N 27th St (\$1 Mil)
- McDonald's purchased a former Sonic location at 8401 Holdrege, with plans to build a new store (\$2.89 Mil)
- Total Wine is completing tenant finish for the remaining space at 6400 O St (\$1.2 Mil)
- Le Quartier Baking Co. is renovating space at 6800 P St for bakery production space (\$1.5 Mil)
- Duncan Aviation is expanding its engine shop (\$20.7 Mil) and altering its paint hanger (\$23.35 Mil)
- Dillon Self Storage is adding a third building to the self storage development (\$1.5 Mil)
- Zoetis filed for a \$7 Mil permit to add to its 601 W. Cornhusker Hwy location
- Bauer Underground is upgrading its warehouse at 701 NW 27th St (\$2 Mil)
- RU Nuts plans an addition to its warehouse at 134 Harwood Ct (\$996,000)



Historical Building Permit Value by Permit Type (Dollars for Six Months Ending)



BUILDING PERMITS BY BUILDING TYPE

OFFICE

	# of Permits	Value
New Construction	5	\$8,120,000
Alteration to existing	67	\$51,242,490
TOTAL	72	\$59,362,490

RETAIL

	# of Permits	Value
New Construction	8	\$9,635,800
Alteration to existing	58	\$11,486,549
TOTAL	66	\$21,122,349

INDUSTRIAL

	# of Permits	Value
New Construction	4	\$106,380,000
Alteration to existing	33	\$60,879,320
TOTAL	37	\$167,259,320

OFFICE Second Half 2024

HIGHLIGHTS

Office demand in the Lincoln market stayed positive and experienced positive, albeit slower, net absorption. In addition, fewer construction completions helped the overall office vacancy rate decline slightly to 8.7% in the second half of 2024. Net absorption had been positive throughout 2024 and eased off the negative net absorption witnessed a year ago of 128,000 square feet. The Southeast submarket led all submarkets with 44,710 square feet of net absorption in the second half.

The overall average asking rent for the office sector rose to \$19.85 per square foot, up from \$19.71 in the first half. The Southeast submarket continued to lead with the highest asking rent, averaging \$23.12 per square foot, which was an increase from \$22.46 in the first half of 2024.

The office market saw four office buildings totaling 23,300 square feet come online with only one as speculative. Owner-built office projects is common for new construction in the Lincoln office market. For example, the Nebraska Council of School Administrators built a 10,200 square foot, two-story building in downtown Lincoln and took occupancy in the second half of the year.

Largely vacant office buildings are presenting opportunities for conversions. A 56,000 square foot building near downtown at 1800 O St, was mostly a vacant office building when it was purchased by CityLight Lincoln Church in late 2023. The church is currently in the process of remodeling it. The Federal Trust office building, a historic 64,000 square foot downtown office building, was purchased by a local investment group with plans to convert part of the vacant floors to a mixed use, and condo off other floors for office users in the market to own. Nebraska Hospital Association purchased four floors to relocate its office to in late 2025.

With a stable workforce and companies continuing a back to the office trend, the Lincoln office market is well-positioned for continued modest growth in the foreseeable future.

“We are optimistic about the office market as we march in to 2025, and we are prepared to navigate, find solutions, and get creative for our clients space needs.”



Michael Ball
Vice President, Sales & Leasing

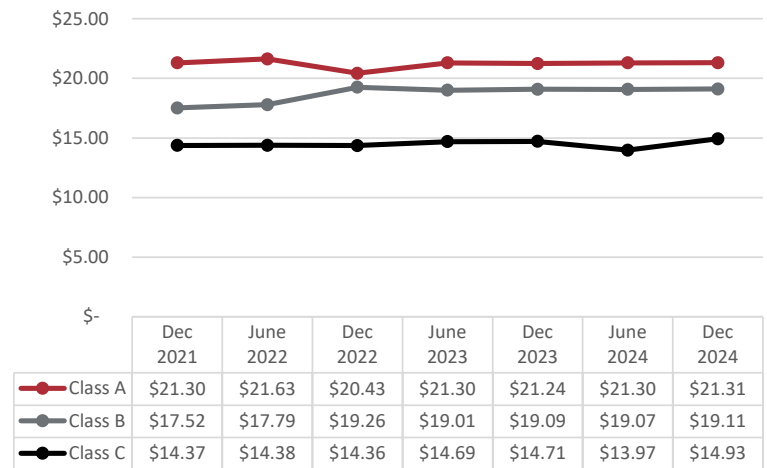
OFFICE FUNDAMENTALS

Vacancy  2nd Half 2024: 8.7%
1st Half 2024: 9.0%

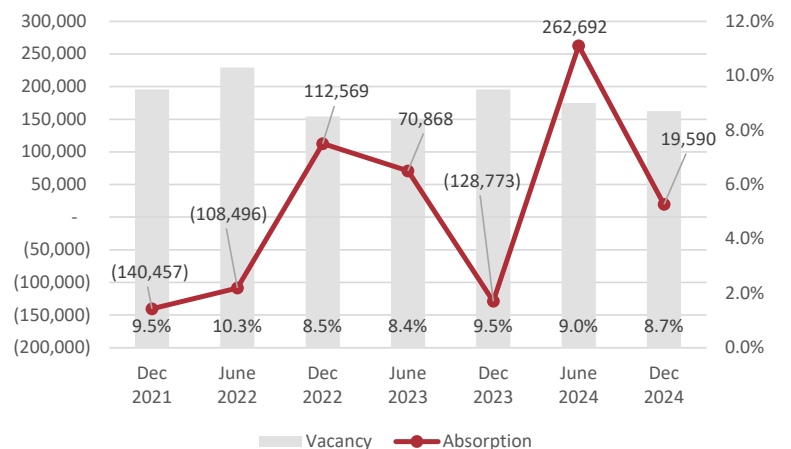
Net Absorption  2nd Half 2024: 19,590 SF
1st Half 2024: 262,692 SF

Average Asking Rate  2nd Half 2024: \$19.85
1st Half 2024: \$19.71

Historical Asking Rental Rates



Historical Net Absorption & Vacancy



Submarket Statistics	Number of Buildings	Total Rentable (SF)	Total Available (SF)	Total Vacancy (%)	Net Absorption (SF)	Average Asking Rate (\$/SF/YR) Full Gross
CBD						
Class A	22	1,464,447	166,531	11.4%	(1,584)	\$20.05
Class B	97	2,129,653	452,262	21.2%	19,955	\$18.20
Class C	18	171,737	4,326	2.5%	18,261	\$14.66
CBD Subtotal	137	3,765,837	623,119	16.5%	36,632	\$18.68
Northeast						
Class A	7	217,001	6,879	3.2%	3,087	\$21.00
Class B	111	1,271,823	116,467	9.2%	(11,303)	\$16.83
Class C	43	353,416	12,617	3.6%	9,473	\$14.61
Northeast Subtotal	161	1,842,240	135,963	7.4%	1,257	\$16.55
Northwest						
Class A	14	1,063,966	175,587	16.5%	-	\$20.63
Class B	50	802,949	50,631	6.3%	(49,674)	\$20.00
Class C	13	119,851	-	0.0%	-	N/A
Northwest Subtotal	77	1,986,766	226,218	11.4%	(49,674)	\$20.54
Southeast						
Class A	24	950,666	72,940	7.7%	-	\$27.50
Class B	484	4,877,209	228,609	4.7%	44,405	\$21.75
Class C	20	114,410	2,100	1.8%	305	\$17.19
Southeast Subtotal	528	5,942,285	303,649	5.1%	44,710	\$23.12
Southwest						
Class A	7	359,318	6,966	1.9%	-	\$20.00
Class B	144	1,511,509	49,998	3.3%	(3,341)	\$19.85
Class C	23	135,600	3,326	2.5%	(9,994)	\$16.94
Southwest Subtotal	174	2,006,427	60,290	3.0%	(13,335)	\$19.71
Market Total	1077	15,543,555	1,349,239	8.7%	19,590	\$19.85

NOTABLE TRANSACTIONS					
SALE	Size	Price	Price/SF	Submarket	
134 S 13th St*	64,174	\$2,700,000	\$42	CBD	
1919 S 40th St	1,281	\$186,500	\$146	SE	
5000 N 26th St*	35,125	\$9,000,000	\$256	NW	
LEASE	Size	Tenant	Lease Type	Submarket	
330 S 21st St*	13,377	Don't Panic Labs	New	CBD	
Center on N 1221 N St*	14,951	Worker's Compensation Court	Renewal	CBD	
Park One 2900 S 70th St*	29,552	Midwest Holdings, Inc.	Expansion/Renewal	SE	

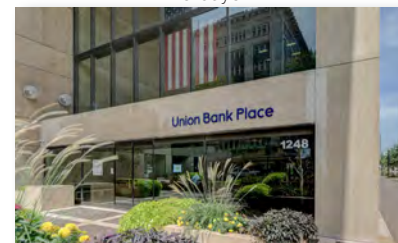
*Indicates Transaction Represented by NAI FMA Realty



LEASED: Galliant NE, LLC leased 4,980 SF at 5340 South St. Tim Dombos & Jared Froehlich represented the tenant, while Mike Ball represented the landlord.



SOLD: Nebraska Interpretative Services, LLC purchased a 2,375 SF office condo at 6201 S 58th St. Tim Dombos represented the buyer.



LEASED: HDR Engineering, Inc. expanded into a total of 8,900 SF at Union Bank Place, 1248 O St. Tom Graf & Richard Meginnis represented the landlord.



RENEWED: Complete Endocrinology renewed 12,065 SF at 3901 Pine Lake Rd. Mike Ball & Richard Meginnis assisted the landlord.



LEASED: The White Cane Foundation leased 3,969 SF at 6400 Cornhusker Hwy. Richard Meginnis & Tim Dombos represented the tenant, and Jared Froehlich represented the landlord.

RETAIL Second Half 2024

HIGHLIGHTS

While the retail market continues to face challenges and negative headlines, the Lincoln retail market demonstrated strong performance in the second half of 2024, with 244,000 square feet of absorption, contributing to a total of 320,000 square feet of net positive absorption for 2024. The largest moves this half were the opening of Burlington Stores and Sierra Trading Post, occupying over 90,000 square feet at 6400 O St in a former Sears building connected to Gateway Mall.

The retail vacancy rate further declined, from 4.9% in the first half to 4.2% to end the second half of 2024, placing it at a historic low since NAI FMA began tracking vacancies in 2008, emphasizing the strong demand in the Lincoln retail sector. Average asking rental rates have increased to \$14.32 per square foot, up from \$13.55 in the first half.

Five properties were completed this half, totaling nearly 102,000 square feet of new space. B Street Collision Center opened its second Lincoln location, a 36,000 square foot center, with other locations in Omaha, Kansas and Wisconsin. Warhorse Casino unveiled its newly completed casino addition of 43,900 square feet. Taco Inn opened its fifth restaurant in the Southeast submarket. Additionally, a car lot and a new Fat Dogs Travel Center were completed in the Northwest submarket.

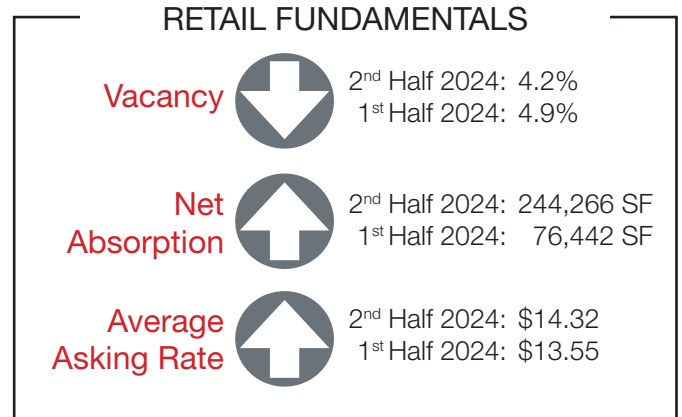
Several retail properties to note are currently under construction across Lincoln's submarkets. In the Northeast submarket, an Omaha-based real estate firm is developing North Star Crossing, a large new shopping retail development near 27th & Folkways Blvd. Construction has kicked off with an announcement of a Casey's General Store and a Chick-fil-A restaurant. The Glynoaks development in Southeast Lincoln has its fifth building under construction, a smaller retail center with part of it pre-leased.

Lincoln's retail market continues to show remarkable growth and strength, with strong absorption rates and historic low vacancies. The outlook for 2025, promises continued momentum for Lincoln's retail landscape.

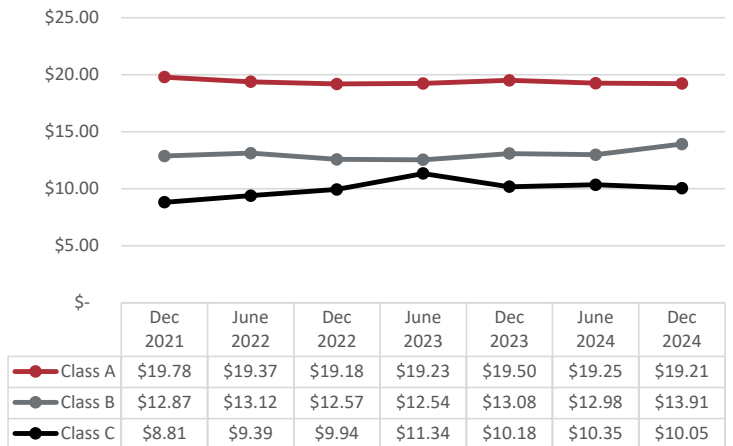
“Despite retailers making headlines for bankruptcies in 2024, big box stores continue plans for new locations. Opportunity is on the horizon in the form of potential rate cuts and new experience-based shopping.”



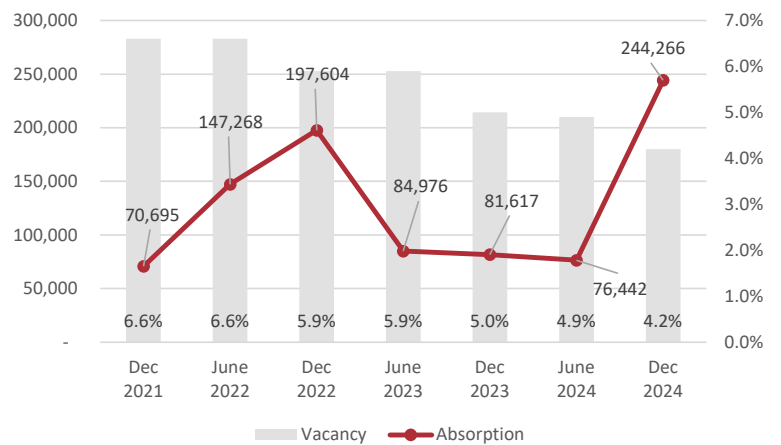
Tim Dornbos
Commercial Advisor



Historical Asking Rental Rates



Historical Net Absorption & Vacancy



Submarket Statistics	Number of Buildings	Total Rentable (SF)	Total Available (SF)	Total Vacancy (%)	Net Absorption (SF)	Average Asking Rate (\$/SF/YR) NNN
CBD						
Class A	19	320,933	73,579	22.9%	(4,799)	\$18.51
Class B	132	1,097,319	166,971	15.2%	30,839	\$14.27
Class C	71	428,381	24,465	5.7%	(3,230)	\$12.12
CBD Subtotal	222	1,846,633	265,015	14.4%	22,810	\$15.15
Northeast						
Class A	6	66,387	18,232	27.5%	(5,075)	\$16.66
Class B	439	6,568,800	318,890	4.9%	153,932	\$13.92
Class C	129	680,212	18,876	2.8%	(13,932)	\$9.96
Northeast Subtotal	574	7,315,399	355,998	4.9%	134,925	\$13.82
Northwest						
Class A	8	320,277	3,971	1.2%	-	\$17.00
Class B	191	1,901,518	40,171	2.1%	26,545	\$12.34
Class C	81	453,748	-	0.0%	-	N/A
Northwest Subtotal	280	2,675,543	44,142	1.6%	26,545	\$12.75
Southeast						
Class A	20	899,576	16,897	1.9%	812	\$23.47
Class B	389	5,595,689	149,611	2.7%	(2,181)	\$14.80
Class C	65	314,779	1,920	0.6%	1,350	\$11.25
Southeast Subtotal	474	6,810,044	168,428	2.5%	(19)	\$15.90
Southwest						
Class A	13	400,465	2,820	0.7%	5,725	\$18.97
Class B	183	1,915,492	73,701	3.8%	49,600	\$12.14
Class C	99	684,599	2,362	0.3%	4,680	\$6.96
Southwest Subtotal	295	3,000,556	78,883	2.6%	60,005	\$11.42
Market Total	1845	21,648,175	912,466	4.2%	244,266	\$14.32



LEASED: Le Quartier Baking Co. leased 3,848 SF at 5500 S 56th St to open a new location. Sally DeLair and Marc Hausmann represented the tenant.



SOLD: 1039 P St sold to NGRE 1039, LLC for \$700,000. Tom Graf & Mike Ball represented the seller.



LEASED: Andy Widman worked with Green Line Nutrition to negotiate a lease for 1,310 SF in Clocktower Shopping Center, located at 6891 A St.



RENEWED: Ole's Boot & Shoe Repair renewed 1,854 SF at 1265 S Cotner Blvd. Jared Froehlich and Sally DeLair represented the landlord.



LEASED: Jim Daws Trucking, LLC leased 1,600 SF at 201 Capitol Beach Blvd. Marc Hausmann represented the landlord.

NOTABLE TRANSACTIONS

SALE	Size	Price	Price/SF	Submarket
2550 Superior St	13,576	\$2,000,000	\$147	NW
5040 N 27th St	24,892	\$3,900,000	\$157	NE
5940 Havelock Ave*	3,186	\$538,000	\$169	NE
LEASE	Size	Tenant	Lease Type	Submarket
Edgewood Shopping Center 5500 S 56th St*	3,848	Le Quartier Baking Co.	New	SE
Crossroads Pavilion 233 N 48th St*	16,000	ArchWell	New	NE
6400 O St	90,000	Burlington Stores & Sierra Trading Post	New	NE

*Indicates Transaction Represented by NAI FMA Realty

INDUSTRIAL Second Half 2024

HIGHLIGHTS

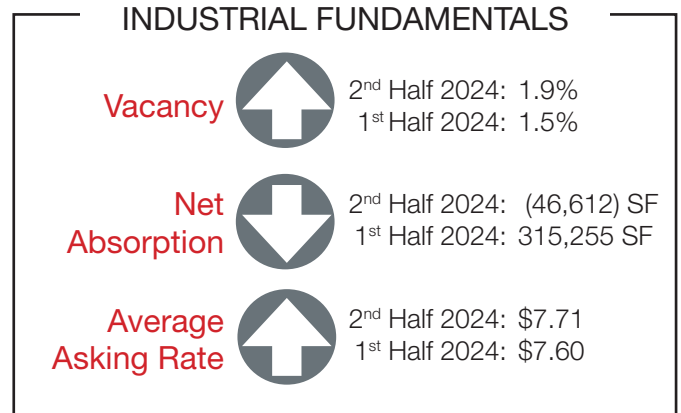
The Lincoln industrial market lost some momentum in the second half 2024, recording a negative net absorption of 46,612 SF – in contrast to the strong performance it experienced during the first half, with 315,255 SF of positive net absorption.

The overall vacancy rate faced a modest increase, rising from 1.5% in the first half of 2024 to 1.9%. This uptick reflects a highly constrained market with limited new supply, but vacancy levels remain below national averages, highlighting Lincoln’s strong market position.

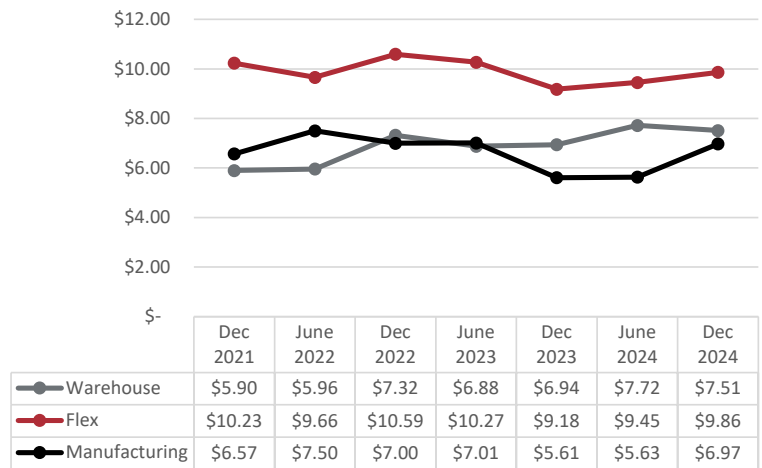
Lincoln's largest industrial project currently under construction is Google's \$600 million data center project – the state's third center - on approximately 580 acres located on a site at Highway 77 and Interstate 80. In the second half, 35,400 SF was delivered to the market, including a new 9,600 SF concrete plant for Ready Mix Concrete completed in the Northeast submarket.

Industrial asking rental rates rose to \$7.71 per square foot, reflecting a 4-6% year-over-year increase. This growth indicates landlord confidence in securing premium rates along with tenants' willingness to pay for functional, well-located properties. Rising rents are being further fueled by constrained supply, sustained demand for modern facilities, and increased construction costs.

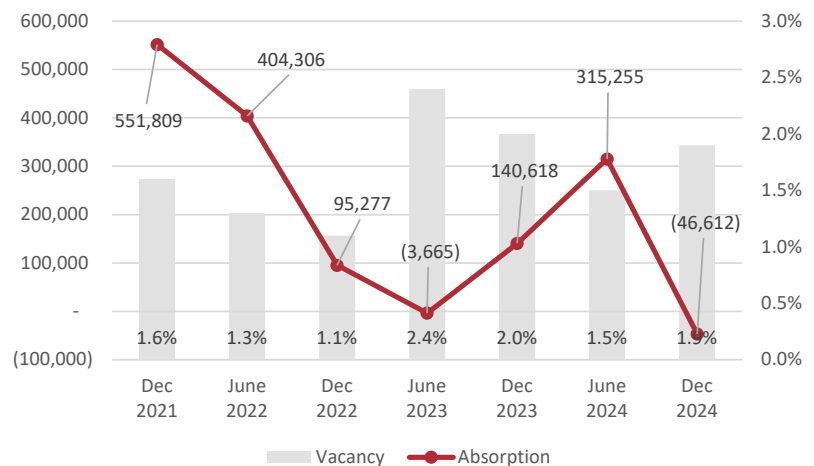
The Lincoln industrial market is poised for growth, however, it hinges on the development of additional space. Balancing demand with new construction will be key to sustaining Lincoln’s healthy market.



Historical Asking Rental Rates



Historical Net Absorption & Vacancy



“After a few years of record-breaking performance, the Industrial asset class has remained strong while finally beginning to stabilize. Supply has increased, transaction volumes have moderated, and values have steadily continued to grow.”



Jared Froehlich, CCIM, SIOR
Commercial Advisor

INDUSTRIAL

Submarket Statistics	Number of Buildings	Total Rentable (SF)	Total Available (SF)	Total Vacancy (%)	Net Absorption (SF)	Average Asking Rate (\$/SF/YR) NNN
CBD						
Warehouse	15	208,466	-	0.0%	-	N/A
Manufacturing	7	315,626	-	0.0%	-	N/A
Flex	1	4,800	-	0.0%	-	N/A
CBD Subtotal	23	528,892	-	0.0%	-	N/A
Northeast						
Warehouse	370	5,750,632	159,482	2.8%	(42,047)	\$6.67
Manufacturing	52	3,871,604	50,200	1.3%	-	\$4.00
Flex	56	884,328	48,654	5.5%	(14,458)	\$7.80
Northeast Subtotal	478	10,506,564	258,336	2.5%	(56,505)	\$6.38
Northwest						
Warehouse	275	6,430,532	99,904	1.6%	10,628	\$5.91
Manufacturing	33	5,361,580	25,810	0.5%	-	\$8.75
Flex	28	726,245	21,273	2.9%	-	\$13.14
Northwest Subtotal	336	12,518,357	146,987	1.2%	10,628	\$7.56
Southeast						
Warehouse	22	147,166	-	0.0%	10,800	N/A
Manufacturing	1	8,829	-	0.0%	-	N/A
Flex	23	184,657	1,200	0.6%	-	\$12.00
Southeast Subtotal	46	340,652	1,200	0.4%	10,800	\$12.00
Southwest						
Warehouse	427	5,550,311	133,763	2.4%	31,504	\$9.26
Manufacturing	24	1,667,645	59,028	3.5%	(55,713)	\$8.73
Flex	73	682,059	14,899	2.2%	12,674	\$11.76
Southwest Subtotal	524	7,900,015	207,690	2.6%	(11,535)	\$9.28
Market Total	1,407	31,794,480	614,213	1.9%	(46,612)	\$7.71



SOLD: Casey Nelson Exteriors purchased its existing 9,200 SF location at 1845 S 1st St for \$1.2 mil (\$130/SF). John Hyland represented the buyer.



LEASED: Gongs Unlimited expanded into an additional 1,425 SF at 5371 N 70th St. Jared Froehlich represented the landlord.



SOLD: Tim Dombos & Marc Hausmann along with NAI NP Dodge represented the seller of a 12,000 SF warehouse at 23280 Mynard Rd in Greenwood, NE.



LEASED: Silverado Sales, Inc. leased 1,250 SF at 3031 W Elgin Ave. Jared Froehlich represented the landlord.



SOLD: Marc Hausmann & Sally DeLair represented the seller of a 7,043 SF warehouse at 13940 Guildford St., Waverly. Sale price was \$700,000.

NOTABLE TRANSACTIONS

SALE	Size	Price	Price/SF	Submarket
1540 Adams St	37,169	\$3,000,000	\$81	NW
1133 Libra Dr	42,320	\$4,550,000	\$108	SW
8240 Cody Dr*	13,888	\$2,075,000	\$149	SW
LEASE	Size	Tenant	Lease Type	Submarket
320 SW 31st St*	5,265	Speidell Monuments	Relocation	NW
4601 N 52nd St	8,360	Undisclosed Tenant	New	NE
3320 Eastpark Cir	8,800	Undisclosed Tenant	New	NE

*Indicates Transaction Represented by NAI FMA Realty

SALES

Second Half 2024

OFFICE

- Due to economic uncertainty and higher interest rates, sales volume slowed down to \$21.5 million in the second half of 2024, versus \$61 million in the first half.
- The largest sale for the second half of 2024 was 5000 N 26th Street, a multi-tenanted medical office building comprised of 35,125 square feet. The property traded from Autumn Ridge LLC to Bryan Medical Center for \$9.0 million or \$256/SF.
- Average office sale prices dipped to \$138/SF.

RETAIL

- Overall, the sales volume in the second half of 2024 dropped to \$24.7 million from \$31 million in the first half of 2024, however, over the 22 transactions, the sales price per square foot average increased to \$219/SF.
- With limited supply of retail space, smaller retailers are increasingly buying their real estate to gain greater control over their location, reduce costs, and potentially generate additional income from property value appreciation.
- Notably, a 24,900 SF Wall-to-Wall Wine store at 5040 N 27th St sold for \$3.9 million or \$157/SF.

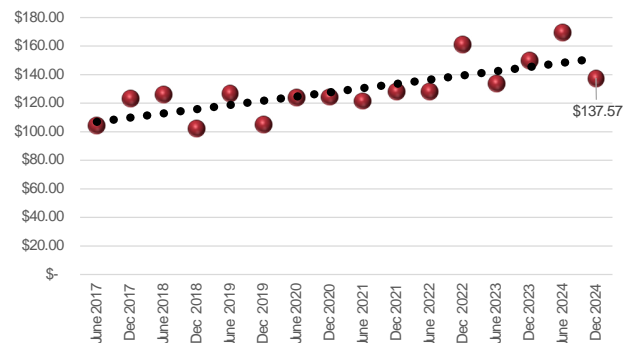
INDUSTRIAL

- Sales activity momentum continued in the second half of 2024, as 237,000 SF traded and totaled over \$24.8 million. The average sale price was down slightly, ending at \$115/SF.
- With a constrained market for spaces above 20,000 SF, industrial users have opted to buy existing buildings and in the second half, 59% of the square feet sold was for facilities larger than 30,000 SF.
- The sale of 1133 Libra Dr to Epp Foundation Repair was Lincoln's largest sale at \$4.55 million or \$108/SF.

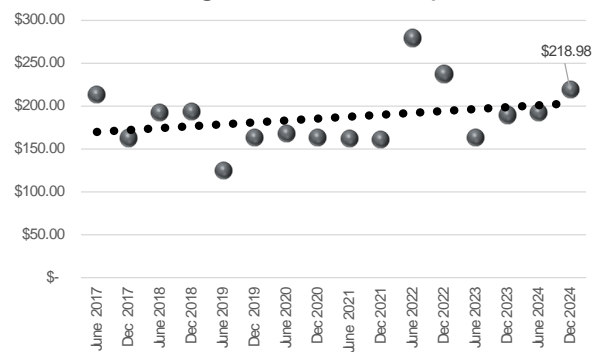
MULTIFAMILY

- Lincoln's multifamily market continues to benefit from a growing population, strong job market, higher mortgage rates, and being tied to the University of Nebraska.
- Transactions in the second half of 2024 were for properties built before 1986 and with less than 40 units. However, strong demand has kept sale prices elevated as the average sales price per unit in the second half of 2024 ended nearly at \$82,000.
- The sale of 1821 Ridgehaven Court, a 40-unit condo development in the Northeast submarket, was the largest property traded at \$3.6 million or \$129/SF.

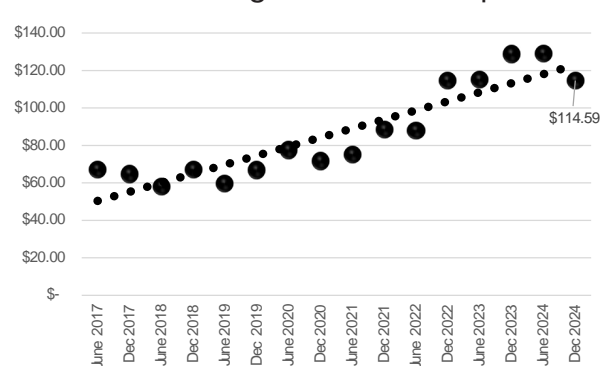
Office Average Sale Price/Square Foot



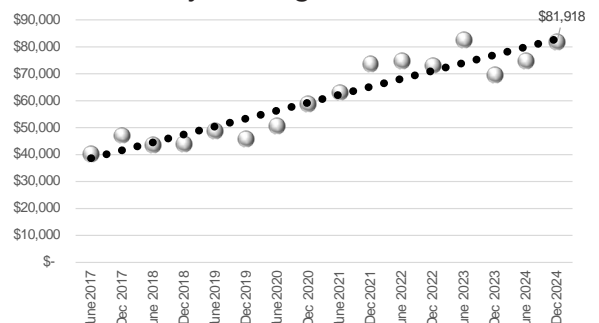
Retail Average Sale Price/Square Foot



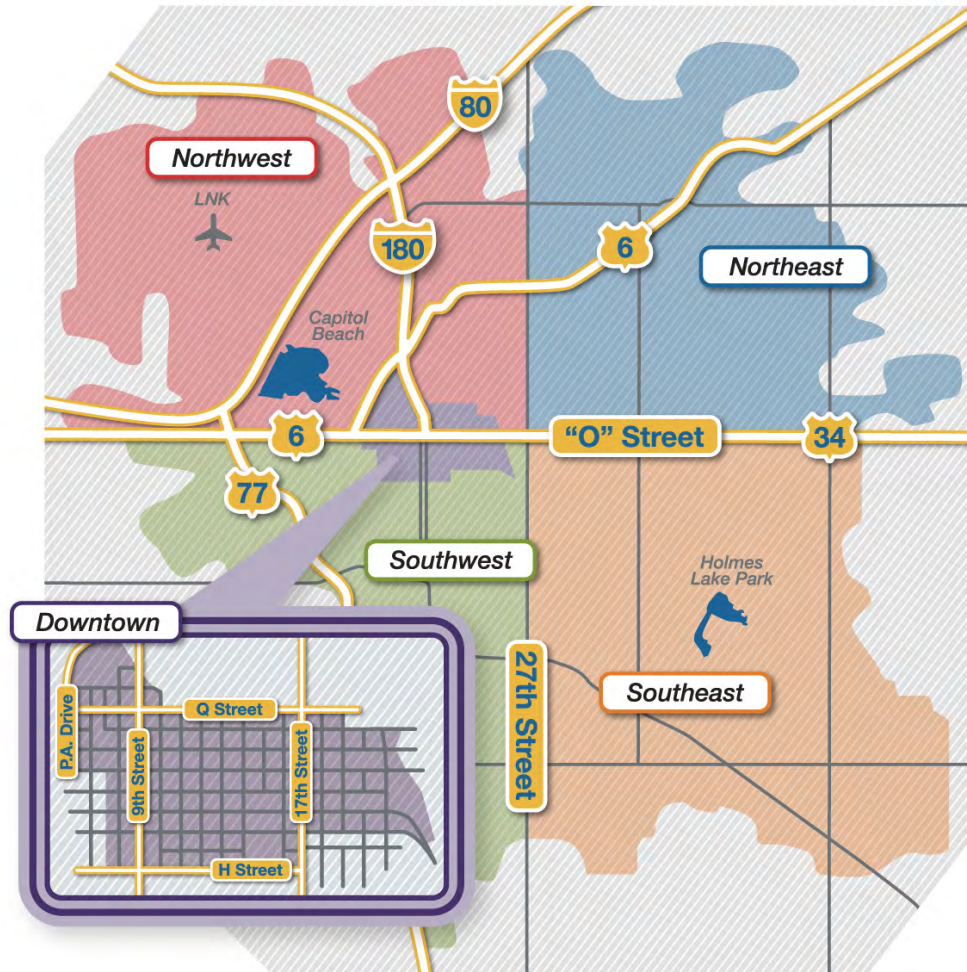
Industrial Average Sale Price/Square Foot



Multi-Family Average Sale Price/Unit



Submarkets



Brokerage Team



Drew Stange
CCIM
CEO & Managing Broker
dstange@naifma.com



Richard Meginnis
SIOR
President
rmeginnis@naifma.com



Michael Ball
V.P., Sales & Leasing
mball@naifma.com



Marc Hausmann
CCIM & SIOR
Associate Broker
mhausmann@naifma.com



Sally DeLair
Commercial Advisor
sdelair@naifma.com



Tim Dornbos
Commercial Advisor
tdornbos@naifma.com



Jared Froehlich
CCIM & SIOR
Commercial Advisor
jfroehlich@naifma.com



Tom Graf
CCIM
Commercial Advisor
tgraf@naifma.com



John Hyland
Commercial Advisor
jhyland@naifma.com



Andy Widman
Commercial Advisor
awidman@naifma.com

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Union Bank Place
1248 O Street Suite 550
Lincoln Nebraska 68508
402.441.5800
naifmarealty.com