



The Cushman & Wakefield | The Lund Company Medical Office Report is produced annually for the benefit of owners, investors, owner-occupants, and tenants of medical office buildings throughout the metropolitan Omaha, NE area. Inventory as referenced in the Report includes traditional medical office buildings, owner-occupied community clinics, ambulatory surgery centers and specialized outpatient treatment facilities. If a property caters to both office and medical uses, at least one-half of the building must be occupied by medical users to be included in the inventory.

The report is prepared by Richard Secor, Jr., Cushman & Wakefield | The Lund Company, a 43-year veteran of the commercial real estate industry and a member of Cushman & Wakefield's Healthcare Advisory Group. The Advisory Group is a national platform of real estate professionals with a focus on the sales, leasing, valuation, management, and financing of healthcare properties around the United States, including medical office, assisted living, skilled nursing, and hospital facilities.

Although the national trend has been to label medical office buildings as "medical outpatient buildings" to further separate the classification of medical buildings from standard office buildings, the author of this report has chosen to retain the reference to the product type as "medical office buildings"



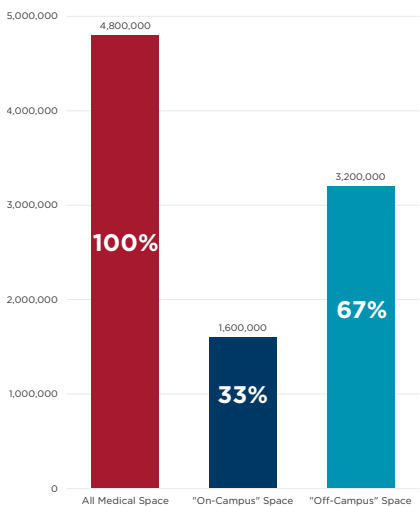
SPACE AVAILABILITY

Current Medical Office Building ("MOB") Statistics

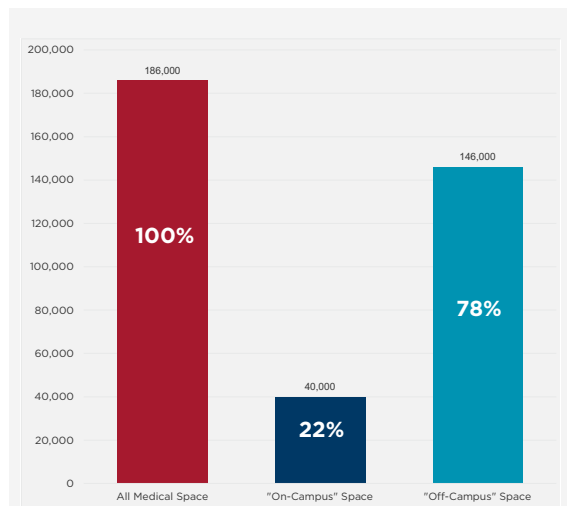
Among the 167 buildings included in the survey, there is approximately 4.8 million square feet (MSF) of MOB inventory in the metropolitan area. Available space reflects approximately 186K SF or approximately 3.9% of all medical space. In contrast, nationwide, the average medical office space vacancy is approximately 8.0%. By comparison, the national average vacancy rate for medical office properties is approximately 8.0%, underscoring the continued strength of Omaha's MOB market.

Approximately one-third or 1.6 MSF of total MOB space reflects "on-campus" space, square footage located on hospital campuses; while the remaining two-third or 3.2M SF, "off-campus" space. Space availability in each category is 40K SF (2.5%) and 146K SF (4.6%), respectfully.

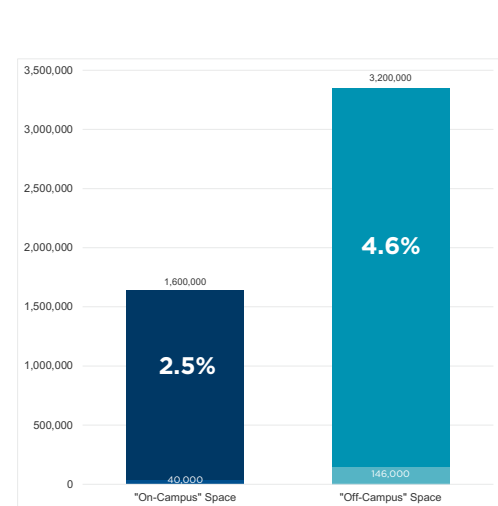
It is important to note that several hospitals continue to categorize some of their current vacant space in their on-campus MOBs as "unavailable" as they are reserving it either for temporary relocation space to accommodate displaced medical operations due to construction activity, or are reserving such space for long-term use.



Market Inventory SF
Omaha, Nebraska



Market Available SF
Omaha, Nebraska



Campus Available SF
Omaha, Nebraska

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INVESTMENT ACTIVITY & PRICING

Local Investment Activity & Pricing

A private investment group has acquired the Essentials Natural Family Health building, 2705 & 2723 South 87th Street, for \$1.6M. Excluding the lower level, the building sold for \$252 PSF (including the lower level, \$143 PSF).

The MOB located at 8019 Cass Street has sold for \$2,205,000 (\$219 PSF). Approximately two-thirds of the 10.1K SF building was occupied by Methodist Health System at the time of sale.

A private investment group has acquired the Augusta Medical building, 12728 Augusta Avenue. The two-story 11.5K SF building sold for \$1,486,000 (\$129 PSF). The building was fully occupied at the time of sale.

An investment group has bought the recently constructed VA Outpatient Clinic, 1330 Jersey Street, Papillion, NE. The single-story 25,080 SF building sold for \$11,100,000 (\$443 PSF). The reported cap rate was 7.41%.

A successor to Midwest Minor Medical, an urgent and other medical services care provider, has acquired the facility located at 14104 S Street. The sale price was \$987,500 or \$320 PSF (\$208 PSF, including the lower level).

National Investment Activity & Pricing

Medical Office Buildings are still considered a favored asset class among all commercial real estate sectors given the strong demand for office space due principally to an aging population needing healthcare services. By 2030, all baby boomers will be older than 65, representing 20.0% of the U.S. population. This 65-and-older age segment is expected to live longer than ever before, which will undoubtedly result in a rise in healthcare related services. As a result, there remains a strong appetite for “cycle-resilient” real estate investment that medical and healthcare real estate offers. The industry has more favorable occupancy than in any other real estate sector, 93.0%. In contrast the general office market is 80.0%. Investors are moreover attracted to the “retailization”

of healthcare, a location emphasis of MOBs in affluent suburban markets that are closer to the patients and to the creditworthiness of tenants. These two attributes continue to drive premium pricing for off-campus medical buildings.

Investors are now considering a broader range of healthcare users and tenant types, including behavioral health.

Although telehealth has enjoyed a recent surge in popularity, the widespread adoption and use has not substantially altered demand for medical office space. Telemedicine is a great supplement, but not a replacement for traditional medical practice. Physicians will still require medical office space to perform traditional office visits.

Buyer profile continues to transition from a market once dominated by institutional and Public/REIT buyers, currently representing 21.0% of all buyers, to one with non-traditional private equity and private investors (62.0%). The balance of the investor pool for medical office buildings is users (17.0%).

Sale transaction volume continues to be down due to limited product availability mainly driven by seller high price “hangover” expectations (unwillingness to sell relative to current market conditions), and cost of debt financing. For some larger institutions to grow their portfolio, mergers with or acquisitions of competitors are an opportunistic way to expand.

Nationally, capitalization rates have remained stable for On Campus Class “A” (5.9%) and Class “B” (7.6%) product. There’s been a slight decline for Off Campus Class “A” (6.1%) and Class “B” (8.25%) buildings.

Despite the cost of financing, the demand for medical office buildings is expected to remain strong as additional capital rotates from the more volatile office/retail/hospitality sectors to medical office.

“Nationally, Class A and Class B on-campus and off-campus capitalization rates have principally remained unchanged versus a year ago.”

Development Trends

Nationally, regionally, and locally, today's projects are focused primarily on behavioral health, outpatient surgery and imaging technology replacement. Many cancer, cardiology and imaging procedures are moving to outpatient facilities. These opportunities avoid hospital visits and provide patients with efficient and high-quality care at more affordable prices. While new project development is preferred in most user cases, renovations provide advantages in speed to market and lower costs compared to new construction translating to lower rent for medical users.

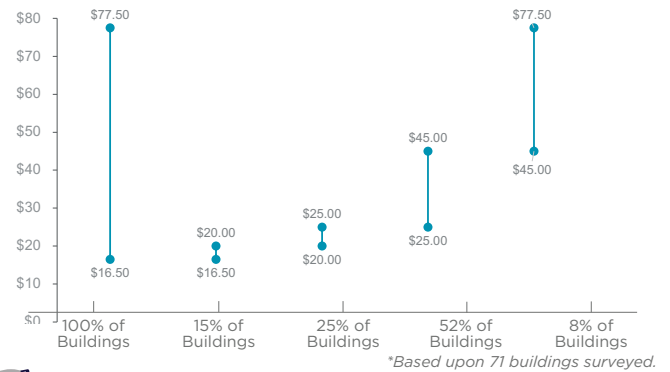
Sites must be close to where the patient works and lives and be visible, accessible, have abundant parking and be close to retail, dining, and other service amenities. New buildings have more advanced mechanical systems, better filtration and humidity levels and patient flow, and ability to quickly adapt to another pandemic with renovations or add-ons with expansion in mind. Interior space design today is patient centric with proper wayfinding access with welcoming environments that prioritize patient comfort, including abundant natural light, soft color palettes and soundproof patient rooms.

LOCAL RENTAL RATES

Of reported rents of 71 buildings, representing 43.0% of total buildings surveyed, local on-campus MOB full-service rental rates range from \$18.50 to \$31.00 PSF with off-campus \$16.50 to \$77.50 PSF. The significantly lower rate range, particularly in the off-campus sector, reflects older MOB's, containing available space that probably will not be used as medical office space again because of location, size, or condition. The higher rate range, particularly those that exceed \$35.00 PSF reflects newer specialty medical space. The highest rents reported are two micro hospitals added to the survey three years ago. Local rental rates have generally followed national rental rate increases of 2-3%/year.

“Local rental rates have generally followed national rental rate increases of 2-3%/year.”

Full Service Rent PSF Omaha, Nebraska



COMPLETED PROJECTS

- Construction has been completed on the **Medical Professional Building, 16161 Cass Street**. The single-story 14K SF building contains Exclusively Eyecare, Braces Omaha and Burchfield Dental.
- A new **Methodist Physicians Clinic** has opened at **4932 South 202nd Avenue**. The facility known as “North Streams” contains 14K SF and offers family medicine, urgent care, imaging services, including x-ray, ultrasound, and mammography, as well as Women’s Health Services that support patients across the lifespan from family planning and pregnancy care to menopause management and overall women’s wellness.
- **The \$110M Children’s Nebraska Behavioral Health & Wellness Center, 8501 West Dodge Road, has opened.** The 106K SF Facility provides mental health services to children, teens, and young adults. The building includes 38 inpatient beds with the ability to expand to 48 beds. In addition to hospitalization, Children’s Nebraska is providing additional services including Behavioral Health Emergency Assessment, a Pediatric Mental Health Urgent Care Center, a Pediatric Primary Care Clinic, an Out-patient Eating Disorder Center, and a Partial Hospitalization Program to provide daily support to former inpatient youths.

- **OrthoNebraska** has finished its 27K SF addition to its Gretna facility, **3415 South 205th Street**. The expansion area contains four operating rooms and four treatment rooms for minor procedures and MRIs.



PROJECTS UNDER CONSTRUCTION

- Construction is near completion at **OrthoNebraska's** clinic at **17701 Manderson Street**. The two-story 37K SF facility will have 20 exam rooms, 2 x-ray rooms, and space for physical therapy and athletic performance. The clinic will also provide “walk-in” services for patients.
- **OneWorld Community Health Centers** is constructing a fourth building on its Livestock Exchange Campus, **4920 South 30th Street**. Set to open late 2026, the 29K SF facility will house a health care workforce training center, expanded behavioral health service and a child development center among other resources.
- The **Douglas County Department of Corrections** is adding a mental health wing on the north side of the existing jail located at **710 South 17th Street**. The \$34M, 80-bed facility will provide treatment and care for incarcerated individuals with mental illness. Completion is scheduled for late 2026.
- **Douglas County** has broken ground for a new two-story **Community Mental Health Center, SEC 42nd & Pacific Streets**. The \$22M project is being funded from monies received through the American Rescue Plan Act. Completion is slated for December 2026. The facility will include two inpatient units and support services as well as administrative offices and an outpatient clinic that will serve about 1,000 people per year through an array of outpatient services, including day treatment, medication management and an onsite pharmacy. As planned, there will be eight beds in psychiatric intensive care and 10 in the general acute care psychiatric unit.
- **Nebraska Medicine** is scheduled to open its newest 14K SF primary care clinic, **15675 Hanover Falls Drive**, in March. In addition to primary care, the facility will provide urgent care services.
- Construction continues for the **Campus Operations & Research Excellence (CORE)**, one of two major projects between **Nebraska Medicine (“NM”)** and the **University of Nebraska Medical Center (“UNMC”)**, along the westside of Saddle Creek Road and more specifically, **4455 Farnam Street**. The six-story 180K SF administrative tower, to be



Children's Nebraska Behavioral Health & Wellness Center

complete with a parking garage, is located on the southwest corner of Farnam Street and Saddle Creek Road. The building will house critical functions for the University Medical Center, such as providing workspace and collaboration for clinical faculty as well as serving as the administrative headquarters for many university and health care system functions. The project is scheduled to be completed in Spring 2026.

- **Noddle Companies** have begun site work on its 31-acre mixed use development, **192nd & Lincoln Road**, just north of Highway 370 in Gretna. A 125K SF Nebraska Medicine MOB (A/K/A **The Nebraska Medicine Gretna Landing Health Center**) will be the anchor. The \$88M facility will provide primary care, imaging and laboratory services, procedure rooms and advanced urgent care. Additional services may include orthopedics and sports medicine, neurology and outpatient physical and occupational therapy. The building delivery is planned for late 2027. In addition to the MOB, there will be an additional 60K SF office building, 65 SF of retail space and approximately 300 residences complementing the development in the future. Total project costs will be approximately \$200M.
- **CHI** is converting the former Wellness Center at Lakeside, **168th & West Center Road** vicinity, to an expanding orthopedic practice that will include 20 orthopedic surgeons and related medical support for comprehensive clinic and outpatient rehabilitation services. **CHI Orthopedic Center at Lakeside** will be operational in the two-story, 49.5K SF facility, Summer 2026.
- **Boys Town National Research Hospital** is undergoing major expansion of its **NEC 144th & Pacific** campus. Two, four-story wings are being added to the existing one-story building. The 254K SF addition includes 131K SF of additional hospital space for acute care, imaging and inpatient rooms and 123K SF of dedicated research labs and clinics. The Ryan Family Foundation is a major donor in the \$300M expansion. Construction completion is planned mid to late 2027.
- **Bryan Health** has announced it is partnering with the Midwest Independent Physicians Private Practice Association (MIPPA) for construction of an outpatient health care campus at the **SWC 204th & West Center Road**. Named the **Bryan Elkhorn Campus**, the 14.6-acre parcel will consist of two medical office buildings, one 76K SF, the other 41K SF. Both MIPPA and Bryan Health will have a large presence at the campus offering a variety of outpatient services, including primary care, specialty care, diagnostic imaging, laboratory services and outpatient surgery. MIPPA will operate an urgent care facility. In addition, Nebraska Cancer Specialists has committed to a 10K SF office at the campus. Services will include medical oncology and hematology, infusion therapy, on-site laboratory and pharmacy, genetic counseling, survivorship programs, nutrition services and mental health support. Goldenrod Companies is the development partner of the Project. Site work has begun, and the Project is scheduled to come online in 2027.



Boys Town National Research Hospital



ANNOUNCEMENTS

- The Nebraska Board of Regents has approved the construction of the core and shell (\$1.22B) allowing the **University of Nebraska Medical Center (UNMC)** to proceed with its new \$2.19B academic medical center, the largest project in university history. The project named **Project Health** (“Building the Healthiest Nebraska”) will provide modern spaces where UNMC faculty can train the next generation of health care providers. The Med Center has a goal of increasing learning by 20-25% to meet the needs of rural and urban areas, by expanding the number of health care providers it educates, including adding about 100 new physician residency positions by 2030. The planned ultramodern facility will allow the university to fulfill its three-part mission of education, clinical research and patient care. The new facility will replace several of the existing health center buildings on the Med Center Campus, now 50-75 years old, that have nearly \$1.5B in deferred maintenance. Approximately 800K SF of existing space, including the Clarkson Hospital Tower, will be replaced with 1.3M SF of new space. It will serve as the primary inpatient hospital for Nebraska Medicine, creating more than 550 beds. The new facility will reduce operating costs, create more efficient and effective care, and provide education program expansion.
- The identified area on campus is the former Munroe-Meyer Institute location, **SEC Saddle Creek Road and Farnam Street**, containing approximately 7.5 acres. The new facility will comprise 17 floors. Project Health is the first phase of a broader vision called **Project NExT**. That phase will include a federal all-hazards response facility, that will include a host of programs focused on providing education and training as well as support for research and surge capacity in the event of pandemics and natural disasters. The project is a partnership between **UNMC and Nebraska Medicine**. Nebraska Legislature has approved \$300M in contingency funding, provided those resources are matched by \$1.3B in private donations and Federal Government funding. The City of Omaha has pledged \$93M toward the project. Omaha is one of five pilot sites for the United States to develop a federal program to bolster the Nation’s disaster response capacity.
- **R & R Realty** is preleasing **Cascade, 193rd & HWS Cleveland Blvd**, a planned two-story, 32K SF, MOB.
- A replacement **Omaha VA hospital** project has been added to the list of the U.S. Department of Veterans Affairs Five-Year Development Plan. This is the first of many steps that will help spur the replacement of the current 75-year-old hospital. It is uncertain if the facility will be constructed on the same site, 42nd & Center Street. UNMC has offered to provide a location on its campus.
- **Aviva Vision and Wellness** will be occupying the majority of its planned two-story, 15K SF, MOB to be built at **19303 & South HWS Cleveland Boulevard**.



Project Health Campus, Core and Innovation Hub Campus