

## HVS Market Pulse: Downtown Omaha, NE

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### Local Economy and Redevelopment Projects

A major revitalization period commenced in Omaha's Downtown Central Business District approximately 15–20 years ago when several high-profile projects were completed. Between 2002 and 2005, development projects included the construction of the First National Bank Tower (both the city's and the state's tallest building), the CHI Health Center, the Gallup Riverfront Campus, the Union Pacific Center, and the Holland Performing Arts Center.



Source: Visit Omaha

Another wave of redevelopment has hit the shores of the Missouri River in recent years, and several major projects are either currently under construction or expected to break ground in the next several years. In 2017, Shamrock Development led the team that constructed the \$200-million Capitol District, which includes apartment living, retail establishments, restaurants, and a 333-room Marriott hotel. The final office portion of the project is slated to be completed by mid-year 2020. In the wake of the relocation of ConAgra's headquarters to Chicago, a \$500-million redevelopment plan for the former riverfront campus has been proposed; ConAgra selected Hines to lead the project, River Crossing, which will include office and retail space, residential components, and potentially a new hotel. Additionally, Kiewit Building Group was hired to oversee the \$290-million redevelopment of the Riverfront and the Gene Leahy Mall. The Gene Leahy Mall temporarily closed in March 2019 to begin redevelopment work; the mall will be raised to street level to allow for a 65,000-square-foot lawn and performance pavilion, a dog park, play areas, and space for food trucks.

Immediately north of the CBD neighborhood, Kiewit is planning to build its new global headquarters in an area dubbed the Builder's District. Relocating from its current offices near 35th and Farnam Streets, the new, 200,000-square-foot headquarters will be located at 15th and Mike Fahey Streets and should be completed in 2021. The Builders District, which encompasses the equivalent of about twelve city blocks, is envisioned to feature new office buildings and a significant number of new apartment buildings between TD Ameritrade Park and Creighton University.

In addition to the aforementioned projects by Kiewit, Hines, and Shamrock, there are several available spaces downtown for future projects. The previous Omaha Civic Center was demolished in 2016, leaving a roughly ten-acre site available for development near 17th and Capitol Streets, and a roughly two-acre vacant site is available for development at 14th and Dodge Streets.

### Summary

The landscape of Downtown Omaha continues to evolve as new construction projects within the commercial, hotel, residential, and public sectors move forward.

1 Comments

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## Downtown Hotel Landscape

The landscape of the hotel market in Downtown Omaha is evolving relatively rapidly in response to the ongoing development. Of the roughly 3,500 hotel rooms that in the submarket, approximately 1,000 of these rooms have opened within the last six years, representing a more than 38% increase in available guestrooms during that time.

## Highlights of New Development

- The Peregrine, a Curio Collection by Hilton project is currently under construction and expected to open with 90 rooms later in 2019
- The Lund Company is redeveloping part of the 15-story Landmark Building into a 120-room, upscale, boutique hotel
- Hawkeye Hotels has proposed the development of a 105-room Moxy by Marriott in Old Market
- A potential 90-room Hotel Indigo has been proposed for development within the historic Logan Building along Dodge Street
- New hotel projects have also been proposed within the Hines Riverfront redevelopment site, as well as the Lot B redevelopment site, just west of the CHI Health Center

Upscale, full- and select-service hotels have been the dominate hotel players in this market in recent years. Large chain hotels have supported and benefited from Downtown Omaha's business entities, the proximity to the city's airport, and local entertainment options, including the CHI Health Center Omaha convention center and arena. Many of the newer proposed projects in the market are aiming to fit into the lifestyle-oriented, boutique niche, which will start to edge into the higher-priced luxury segment. Products will include soft brands such as Hilton's Curio Collection and Marriott's Autograph Collection, as well as other "boutique" upscale brands that are typically higher priced. With few existing hotel products in this segment, these hotel developers are looking to fill a void in the market. The ongoing investment into Downtown Omaha's overall landscape is expected to continue to bolster this submarket's hospitality sector, despite some concerns about the growing supply levels.

HVS continues to regularly consult in this city, with our HVS Consulting & Valuation Omaha office led by **Sara Olson, MAI**, who is ready to assist you on any consulting need you may have. **Eric Guerrero** with **HVS Brokerage** can also discuss any Omaha asset you may be considering selling in 2019.

### About **Sara E. Olson, MAI**



Sara Olson, MAI is a Senior Vice President and oversees **HVS Omaha**, overseeing portfolios, major consulting assignments, valuations, market studies and feasibility studies for our valued clients. Sara earned her bachelor's degree in Hotel, Restaurant, and Tourism Management and a minor in Real Estate from the University of Denver. Her prior hospitality-related experience includes front-line work and sales-focused internships at full-service hotels in Colorado and Nebraska. Contact Sara at +1 (402) 690-0407 or [\[email protected\]](#).