



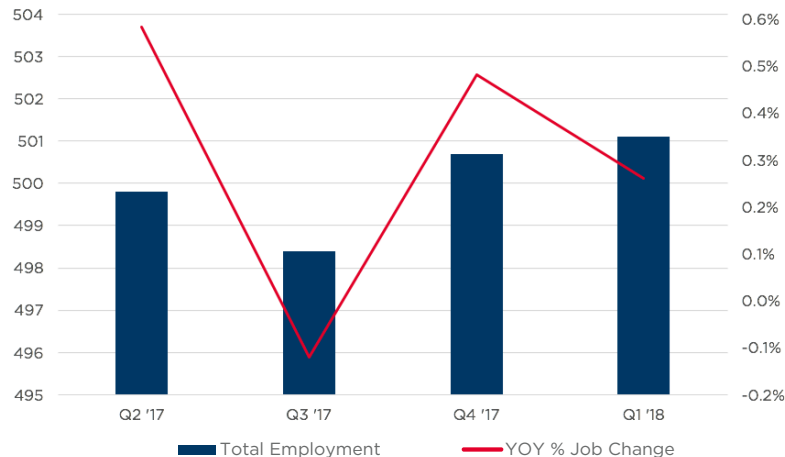
**OMAHA, NE**

**EMPLOYMENT & UNEMPLOYMENT TREND**

The Omaha MSA added approximately **1,300 new jobs** from first quarter 2017 to present, yet the unemployment rate increased by 20 basis points (bps) during the same period. Revisions show the U.S. job market slowing down in late 2017, with 8,000 less jobs created than originally believed. According to the Bureau of Labor and Statistics, the overall **Nebraska unemployment rate is 3.2%**, which is relatively lower than the Midwest rate of 3.9% and the 4.1% national average. The Manufacturing industry led employment gains in the metro by adding 1,500 net jobs year-over-year.

**OMAHA JOB GROWTH TRENDS**

EMPLOYMENT IN THOUSANDS & JOB GROWTH (%)



Source: Moody's Analytics  
Note: Q1 data is an average of January and February

**JOB GROWTH & UNEMPLOYMENT RATE**

**+2.6**

**% YOY**

Average Q1 employment increased by 1,300 jobs.

**+20**

**BPS YOY**

Average Q1 unemployment rate increased to 3.2%.

**+1.8**

**% YOY**

Average effective rent increased to \$870.

**+20**

**BPS YOY**

Vacancy increased to an average of 4.8%.

**ECONOMIC EXPANSION**

The following are commercial developments in the metro that will create jobs and promote further economic expansion:

- ✓ **NuStyle Development** will transform the former Creighton University Hospital building into an upscale apartment complex. The \$108 million, **Atlas Apartments** will consist of more than 700 apartment units when the project is complete and will house a variety of unique luxuries such as a convenience store, restaurant & bar, coffee shop, sandwich shop, and covered bridge connecting to Creighton Campus. The first 145 units are expected to open this spring and are already 30% pre-leased. The development is set for completion in 2019.
- ✓ Downtown Omaha's entertainment district is home to a new mixed-use development, **Capitol Place**. The impressive structure consists of 71 upscale apartment units, divided among five levels, and private residence options on the sixth level. Amenities include a private parking garage, an outdoor deck for tenants and a nearly 30,000 square feet of retail/commercial space on the ground level. Now pre-leasing, apartment units will be ready for occupancy in fall 2018.
- ✓ Developer Jerry Reimer is planning a new multifamily project with more of a neighborhood layout and appeal. What sets the **Prairie Queen** project apart from so many others is that the planned location is in a Papillion cornfield. The \$100 million, privately funded project has been approved by the city and the developer is targeting a 50-acre site near 132nd Street and Lincoln Road. The project calls for more than 500 units, commercial space, swimming pool, greenhouse, community garden trails and sidewalks. Construction on the first phase is projected to begin this spring.

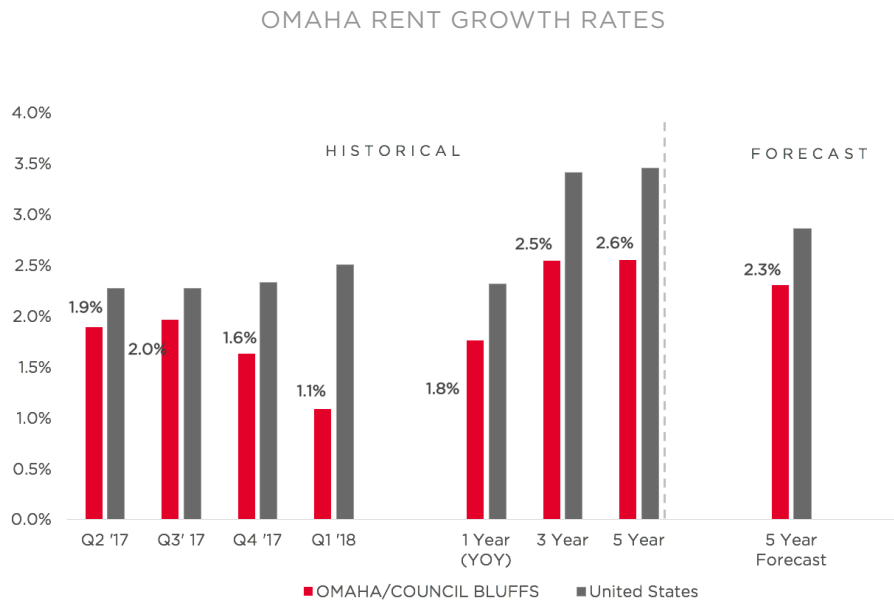
**MULTIFAMILY TRENDS**

The metro's average effective rent growth rate was 1.8% year-over-year, an **increase of 20 basis points (bps)**. The metro's vacancy rate is projected to increase nominally to 5.2% at year-end.



## HISTORICAL & FORECASTED METRO RENT GROWTH RATES

Effective rents **improved by 2.3% year-over-year** in the Omaha MSA, recording an average of \$870 in the first quarter of the year. Historical market trends tell a story of **strong and steady rent growth** in the multifamily sector. Effective rents have improved by 11% since first quarter 2015 and 23% since first quarter 2013. Despite the ongoing growth, local effective rents are still relatively lower than the \$1,276 national average. Rental rates are expected to improve by 1.9% over the next twelve months, and by 2.0% annually over the next five years.



Source: AXIOMetrics

## DEVELOPMENT / INVENTORY

As anticipated, **new construction growth may have peaked in 2016**. According to Moody's Analytics, multifamily permits totaled 1,896 units in 2017 and are estimated to reach only 1,500 units in 2018. Commercial and construction activity remains strong. Multifamily supply is not projected to keep pace with population increases, which is driving demand in the housing market. The market should start to see these changes in 2019, followed by rent increases as the housing market tightens.

## DEMOGRAPHIC FUNDAMENTALS

Job growth will drive increases in population, which is estimated to reach one million between 2023 and 2024. Commuter numbers are low, with nearly 95% of the workforce also residing in the metro.

<b>POPULATION</b>		<b>2000:</b> 767,052 <b>2010:</b> 865,354 <b>2017:</b> 941,500 <b>2022:</b> 974,100
<b>PERCENT RENTER HOUSEHOLDS</b>		<b>2010:</b> 33.2% <b>2017:</b> 32.7% <b>2022:</b> 33.4%
<b>MEDIAN HOUSEHOLD INCOME</b>		<b>2000:</b> \$44,674 <b>2010:</b> \$55,407 <b>2017:</b> \$64,400 <b>2022:</b> \$69,800

## NOTABLE SALES

PROPERTY	YEAR	UNITS	SELLER	BUYER	PPU
<b>CLASS B</b>					
<b>Fairways at Lincoln</b>	2007	612	The Connor Group	Atlantic-Pacific Companies	\$89,460
<b>CLASS C</b>					
<b>Grandridge Apartments</b>	1974	470	Reed Properties	Monarch Investment	Undisclosed

One quarter of the way into 2018, the metro's cumulative multifamily sales volume of \$105 million **has already exceeded the ten-year historic market average**. Year-to-date sales activity consists of 1,483 apartment units with an average of \$71,006 per unit. Multifamily sales are on course to outpace the record 2017 transaction volume of \$175.8 million and 2,698 units. The Omaha Metro pipeline is full of pending deals, with an additional 1,000+/- units under contract that are set to close in the second quarter of 2018. This should be an energetic year, as investors look to stable high-yield tertiary markets like Lincoln and Omaha.