



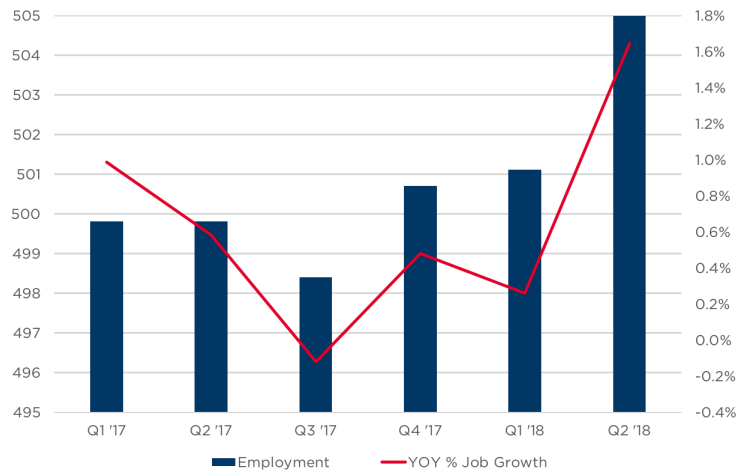
## OMAHA, NE

### EMPLOYMENT & UNEMPLOYMENT TRENDS

Job creation in the Omaha MSA totaled 5,300 year-over-year, **decreasing the unemployment rate to 2.9%**. The state of Nebraska's unemployment rate reached a record low of 2.8% in early 2018 and remains unchanged. According to the Bureau of Labor and Statistics, **this is the lowest unemployment rate the state has seen since 2007**. The Midwest has added just over 268,000 jobs since second quarter 2017, bringing the unemployment rate down to 3.8%. The overall regional unemployment rate is significantly higher than the Nebraska rate, but is keeping pace with the National rate of 3.8%

### OMAHA JOB GROWTH TRENDS

EMPLOYMENT IN THOUSANDS & JOB GROWTH (%)



Source: Moody's Note: Q2 data is from May

### JOB GROWTH & UNEMPLOYMENT RATE

**+1.7**  
% YOY

Average Q2 **employment** increased by 5,300 jobs.

**-10**  
BPS YOY

Average Q2 **unemployment** rate decreased to 2.9%.

**+3.0**  
% YOY

Average **effective rent** increased to \$896.

**-118**  
BPS YOY

**Vacancy** decreased to an average of 5.0%.

### ECONOMIC EXPANSION

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

- ✓ **Toast**, a Boston software company that specializes in restaurant technology, will soon call Central Park Plaza home. They chose Omaha as their second U.S. location due to the number of established tech companies in the market, and for the noteworthy restaurants. They plan to initially **bring 400 to 500** jobs to the market, that should generate growth in all commercial sectors.
- ✓ **Kiewit** is building its new corporate headquarters in north downtown Omaha. The \$76 million project is expected to have between five and nine stories, totaling up to 185,000 square feet and will be located across from the new Kiewit University, which opened in February 2017. A parking garage will be built, adjacent to the site, and will hold up to 650 vehicles. Construction is scheduled to begin in October and be completed in 2020.
- ✓ **Douglas County** has proposed a new juvenile center downtown. The \$120 million development would include a 10-story tower that would house juvenile judges, courtrooms and other public official offices, and would be connected to the new detention center by a skywalk.

### MULTIFAMILY TRENDS

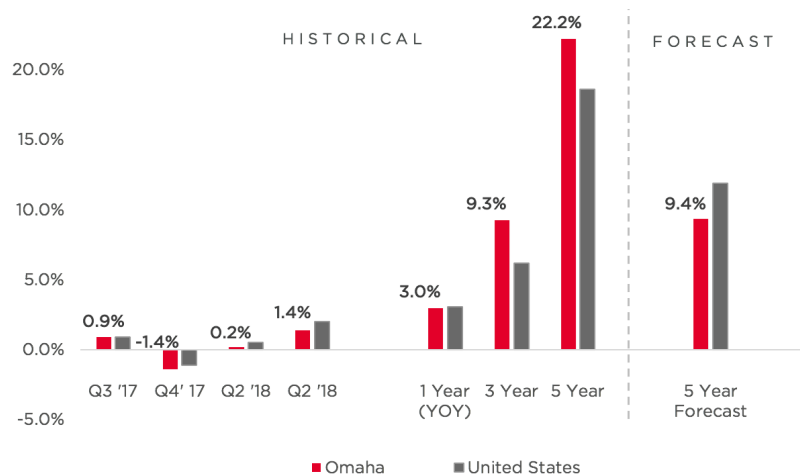
Omaha MSA average effective rent growth totaled 3.0% year-over-year, an **increase of 30 basis points (bps)**. The overall vacancy rate was 5.0% at the close of second quarter, and is expected to increase by 30 basis points, reaching 5.3% by year-end.



## HISTORICAL & FORECASTED METRO RENT GROWTH RATES

Average rents **increased by 3.0% year-over-year**. Apartment availability is limited, as 95% of the multifamily inventory is currently occupied. Though many new multifamily projects are in the construction pipeline, **the rental market is expected to remain tight** as the population grows. Apartment rents currently average \$896 and are projected to increase another 5.0% in the next two years, reaching an average of \$940 in second quarter 2020.

OMAHA/COUNCIL BLUFFS RENT GROWTH RATES



Source: AXIOMetrics

## DEVELOPMENT / INVENTORY

According to AXIOMetrics, multifamily permits total nearly 1,800 year-to-date and will continue to rise in future quarters. **Developers are on a mission to meet community housing needs.** Even with construction activity on the rise, keeping up with demand is a challenge. A substantial amount of new multifamily development is typically pre-leased while still under construction, leaving few rental units up for grabs when the project is complete. Construction on apartment projects, Nico, NoDo and Phase II of Zag Apartments was completed in second quarter 2018, adding another 189 rental units to the market inventory. More than 3,500 residential units are currently under construction, with about 50% of the units expected to be in lease-up by year-end. Several more projects are in proposed or planning stages, and additional 1,800 units are anticipated to be delivered in 2019.

## DEMOGRAPHIC FUNDAMENTALS

**Limited supply is driving rent growth.** Apartment rents are forecast to surge over the next three to five years, around the same time that the population is expected to see a substantial increase. During that same period, the median household income is anticipated to increase by nearly \$11,000 per year. The combination of low vacancy rates, population growth and projected income increases, make the Omaha apartment market especially attractive to investors.

### POPULATION



2000: 767,052  
2010: 865,354  
2017: 928,824  
2022: 974,100

### PERCENT RENTER HOUSEHOLDS



2010: 33.2%  
2017: 34.0%  
2022: 33.4%

### MEDIAN HOUSEHOLD INCOME



2000: \$44,674  
2010: \$55,407  
2017: \$59,185  
2022: \$70,013

## NOTABLE SALES

PROPERTY	YEAR	UNITS	SELLER	BUYER	PPU
<b>CLASS B</b>					
Northridge Apts	2006	108	Private Equity	Undisclosed	\$95,370
<b>CLASS C</b>					
Legacy Crossing	1972	408	Timberland	Vukota	\$60,049
Reserve at the Knolls	1976	246	Bill Kellogg	Prism Real Estate	\$64,634

Halfway through 2018, the cumulative sales volume totaled \$112 million for the Omaha Metro, **nearly reaching the yearly, historic market average.** Year-to-date sales consist of 1,877 apartment units, for an average of \$59,961 per door. Multifamily sales are on course to outpace the 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 and set to close in third quarter. 2018 should be an energetic year, as investors look to stable high-yield markets like Omaha.