



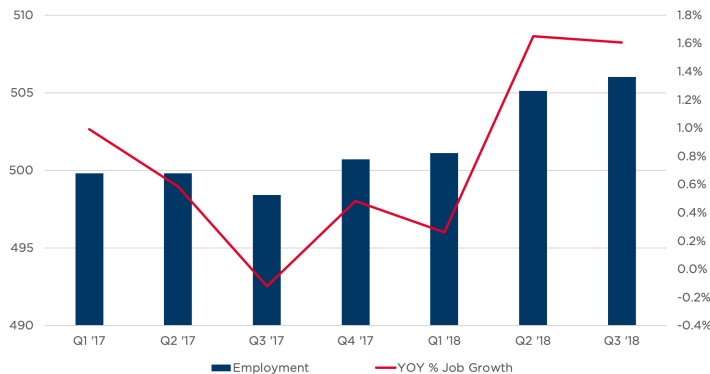
## OMAHA, NE

### EMPLOYMENT & UNEMPLOYMENT TRENDS

The Omaha unemployment rate remained unchanged from 2.9% in second quarter 2018 but decreased by 10 basis points year-over-year. The state of **Nebraska has one of the lowest unemployment rates** in the nation at 2.8%, and much lower than the Midwest regional rate of 3.7%, and national rate of 3.9%. Low unemployment rates signal a tight labor market and is often accompanied by slow employment growth. However, Omaha employment growth is keeping pace with the growing economy. Multiple businesses in the industrial and technology sectors have recently entered or expanded within the market and are the biggest drivers behind job growth. Payments company, i2c opened an office this year, hiring 300 employees. Approximately 8,700 non-farm jobs were created year-over-year and the Chamber already has plans to create another 10,000 jobs in the next ten years.

### OMAHA JOB GROWTH TRENDS

EMPLOYMENT IN THOUSANDS & JOB GROWTH (%)



Source: Moody's Analytics

### JOB GROWTH & UNEMPLOYMENT RATE

**+1.8**  
% YOY

Average Q3 employment increased by 8,700 jobs.

**-10**  
BPS YOY

Average Q3 unemployment rate decreased to 2.9%.

### ECONOMIC EXPANSION

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



Government officials and business leaders have teamed up on the **\$290-million Riverfront Revitalization project**. It will include a Farnam Street boardwalk that reaches the Missouri River, parks, lawns for events and performances, walking areas, a modern play area, an ice rink and a water plaza. It will straddle the river on both the Omaha and Council Bluff sides and is expected to be a destination location for people within a 300-mile radius, raise property values, attract new business, increase the need for new construction and promote job growth.



**MetLife** recently announced that they are bringing **more than 150 new jobs** to the market, which will drive growth in multiple market sectors. The positions range from entry-level customer service to management and offers opportunities for professional growth. The company will operate out of a 40,000-square-foot space in the Gavilon building at 13th and Dodge Street.



**Sojern**, a leading travel tech company recently expanded their presence in Omaha, occupying 40,000 square feet of new office development in the West Dodge Corridor. The space includes 190 workstations for current employees and leaves additional space that allows for **a total of 325 employees**, which the company hopes to reach within the next five years.

### MULTIFAMILY TRENDS

The vacancy rate was unchanged quarter-over-quarter, remaining at 4.1% at the close of third quarter 2018. The rate is projected to increase by 80 bps, reaching 4.9% before year-end. This increase can be attributed to new construction coming online, slowly outpacing demand. The rising rents at new construction properties will continue to drive rent increases in the overall market.

**+2.3**  
% YOY

Average effective rent increased to \$891.

**-30**  
BPS YOY

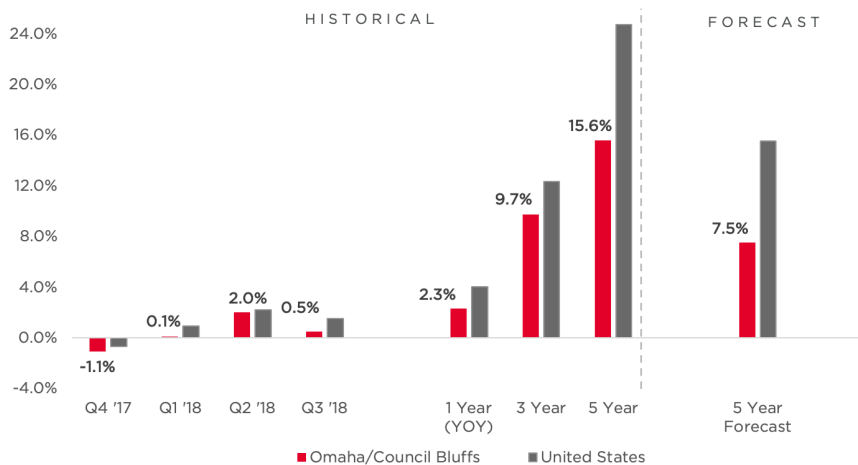
Vacancy decreased to an average of 4.1%.



## HISTORICAL & FORECASTED METRO RENT GROWTH RATES

Apartment rent growth remained positive, averaging \$891 in third quarter 2018. This is a **2.2% increase from third quarter 2017**, when the average rent was \$871. One-bedroom apartments rent for \$850 per month on average, which is an increase of 6.1% from 2017. Key fundamentals such as job creation, population growth, increasing wages and low cost of living, have boosted the multifamily economy over the past few years. While the growth is not rapid, it is solid. New supply will continue to boost market rents, which are expected to increase by 7.5% by the year 2023, reaching \$958 per month.

OMAHA/COUNCIL BLUFFS RENT GROWTH RATES



Source: AXIOMetrics

## DEVELOPMENT / INVENTORY

More than **2,000 units started pre-leasing or entered the lease-up phase this quarter** and another 760 units are slated for delivery by year-end. Favorable economic conditions in the Omaha market have accelerated population growth and will continue to attract new renters to the area. The metropolitan area is **expected to grow another 6.4% by 2023**, hitting the one million population mark. We may see the number of new developments decrease slightly in late 2018 to early 2019, as the market occupancy catches up with demand. During that same timeframe, the occupancy rate will reflect a modest fluctuation, reaching 94.6% by the end of 2019. Developers will be challenged with finding a balance between over-building, and meeting housing demands as the number of renters rise.

## DEMOGRAPHIC FUNDAMENTALS

Due to limited supply, the cost of single-family housing is rising faster than rents. This has caused the number of renters to increase, while homeownership decreases. According to the Nebraska Economist, the **average price of homes has increased more than 30%** over the last five years. Greater Omaha was recently named the #1 up-and-coming tech hotspot, the #1 Best City for College Grads to Start their Careers in 2018, #2 City where renters can afford to live alone and Time magazine's 2017, #3 Most up-and-coming City in America. The national recognition is attracting new talent to the area, primarily Millennials. Members of this generation tend to prefer apartment living, which increases the need for multifamily units and drives rent growth. According to Forbes.com, by 2025 Millennials will make up more than 75% of the U.S. workforce.

### POPULATION



**2000:** 767,052  
**2010:** 865,354  
**2017:** 928,824  
**2022:** 973,014

### 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 - THIRD QUARTER

| PROPERTY         | YEAR | UNITS | SELLER   | BUYER                         | PPU       |
|------------------|------|-------|----------|-------------------------------|-----------|
| <b>CLASS B</b>   |      |       |          |                               |           |
| Southwest Gables | 1994 | 180   | StuartCo | Briar Capital Management, LLC | \$111,667 |

Buyers are still on the lookout for their next great investment. Despite the strong economy and significant demand, investment opportunities are limited. The sale of **Southwest Gables** was the only notable transaction recorded in third quarter 2018. The 180-unit property sold for just over \$20-million. The cumulative sales volume totaled \$190 million year-to-date, or an average of \$70,000 per unit. **Investment activity will increase in fourth quarter**, as several deals are already under contract and expected to close before year-end.