



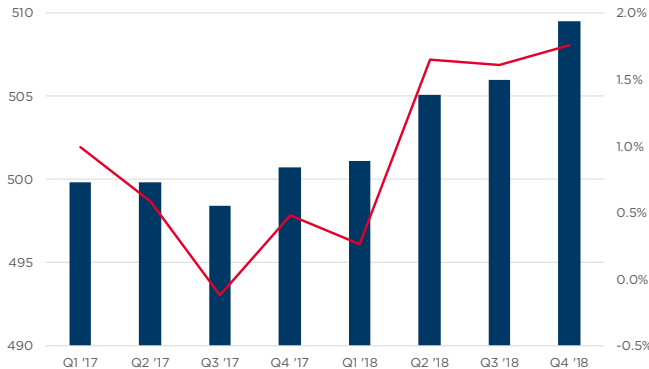
OMAHA, NE

EMPLOYMENT & UNEMPLOYMENT TRENDS

The Omaha MSA unemployment rate decreased by 20 basis points (bps) year over year (YOY), dropping to 2.8% at the end of December. Nebraska's unemployment rate is in line with the regional rate of 2.8% and has one of the lowest rates in the Midwest. Nebraska ties with Minnesota for third place and behind North Dakota, coming in second at 2.7% and Iowa takes first place with the lowest jobless rate in the Midwest, at 2.4%. Non-farm job creation totaled 8,800 YOY, and the number of people employed in the metro reached 509,500. Heading into 2019, Nebraska's overall labor market is well positioned to remain strong and is driven by employment gains primarily in Omaha's suburbs and surrounding areas. The metropolitan area is expected to hit the one million population mark by 2025.

OMAHA JOB GROWTH TRENDS

EMPLOYMENT IN THOUSANDS & JOB GROWTH (%)



Source: Moody's Analytics

JOB GROWTH & UNEMPLOYMENT RATE

+1.8
%YOY

Average Q4 employment increased by 8,800 jobs.

-20
BPS YOY

Average Q4 unemployment rate decreased to 2.8%.

ECONOMIC EXPANSION

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

- ✓ **Costco Wholesale Poultry's** \$275 million-dollar project is expected to boost the region's economy in several ways. To develop a raw-material supply chain, Costco is assisting farmers within 100-mile radius to invest in and build chicken houses, providing upfront capital of \$120 to \$240 thousand dollars to new growers and extending 15-year purchase contracts. The new plant is also expected to **create approximately 800 jobs**. According to Nebraska Governor, Pete Ricketts, the project's economic impact on the state is expected to be \$1.2 billion per year.
- ✓ **Omaha Box Company** will be expanding to a brand new \$45-million facility in 2019. Booming business created the need for a building that is more efficient, had higher ceilings to accommodate new state-of-the-art equipment that is needed to keep up with demand, and with room for growth. The new 335,000 sf facility provides the additional space needed to keep up with greater demands that are driven by the e-commerce boom. **The number of employees is projected to reach 130** within the next five years.
- ✓ **LinkedIn** will move into 200,000 sf of new office space in the Sterling Ridge development once construction is complete. The new Omaha office will be the company's sixth-largest globally in terms of space, allowing them to **expand their workforce to 1,000 people**, by 2021.

MULTIFAMILY TRENDS

Omaha's YOY effective rent increased by 300 bps, compared to a national rent growth increase of 467 bps during the same timeframe. Overall market vacancy has been stable, remaining under 5% for 15 consecutive quarters. The YOY vacancy remained unchanged, ending the year at 4.2%, below the national rate of 4.5% at year end.

+3.0
% YOY

Average effective rent increased to \$892.

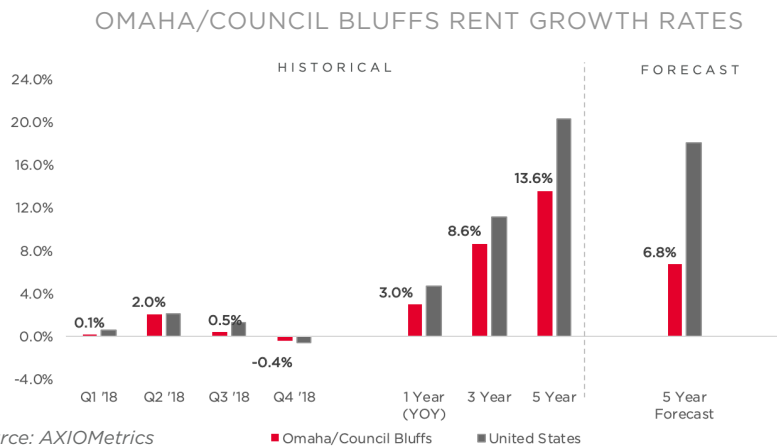
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BPS YOY
Vacancy remained unchanged at 4.2%.



HISTORICAL & FORECASTED METRO RENT GROWTH RATES

As of fourth quarter 2018, average asking rent for an apartment in the Omaha MSA was \$897, which is a 3.1% increase from fourth quarter 2017 when the average rent was \$870. This is below the national average of 3.3%. Average asking rents continue a 14-year climb, increasing by more than 4,000 bps since fourth quarter 2005, when rents averaged \$620. The average effective rent reached \$892 in fourth quarter 2018 and is expected to increase by 168 bps, reaching \$907 by the end of 2019. While historical trends do not reflect giant leaps in rent growth, they tell a story of steady increases and stability. The positive rent growth trend is supported by Omaha's strong underlying economy and is expected to continue in the foreseeable future.



DEVELOPMENT / INVENTORY

The largest construction delivery in the fourth quarter 2018 was a **130-unit complex at The Mansions of Tregaron**. Construction on more than 750 units was completed in 2018, bringing the total number of apartments in the Omaha MSA to 43,977. Another 4,100 units are currently under construction and 80% of the new inventory is slated for completion in 2019. While the majority of new construction can be found in the suburban areas, there are big changes happening in downtown as well. Mixed-use projects are changing the downtown landscape and provide new housing options. Several projects are in the works, but the most significant may be a **\$500-million proposal to redevelop Conagra Campus**, which would be key for urban core redevelopment. Plans include office space, retail, restaurants, a boutique hotel and housing. The first phase calls for a five-story structure containing 375 apartments. The entire redevelopment is expected to span over a 10-year period and could add a total of 900 new residences.

DEMOGRAPHIC FUNDAMENTALS

There are currently 509,500 people employed in the Omaha MSA, and another 13,320 jobs are expected to be created by the end of 2022. Though the growth rate is gradual, the increased labor force will support the multifamily market.

POPULATION



2000: 767,052
2010: 865,354
2018: 945,820
2023: 1,006,765

PERCENT RENTER HOUSEHOLDS



2010: 33.2%
2018: 33.2%
2023: 36.3%

MEDIAN HOUSEHOLD INCOME



2000: \$44,674
2010: \$55,407
2018: \$62,832
2023: \$70,886

INVESTMENT ACTIVITY

Multifamily sales totaled nearly \$29 million dollars in fourth quarter 2018, and \$220 million for the year. Volume remains above historical levels, as the average price per door increased by 90 bps year over year, and by more than 6,000 bps over the last five years, reaching \$68,549 per unit at year end. The most noteworthy transaction recorded in 2018 was the sale of Fairways at Lincoln. The 612-unit property sold for \$54,755,000, or \$89,469 per unit. Cap rates for apartment properties held strong, hovering between 5.0% and 6.0% throughout 2018.

NOTABLE SALES - FOURTH QUARTER

PROPERTY	YEAR	UNITS	SELLER	BUYER	PPU
CLASS B					
Greenhouse Apartments	1979	129	Sentinel Real Estate	BEP Greenhouse, LLC	\$136,434
CLASS C					
Fredricksburg Apartments	1986	173	Bradbury Apartments, LLP	Sterling Apartments, LLP	\$64,568

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