



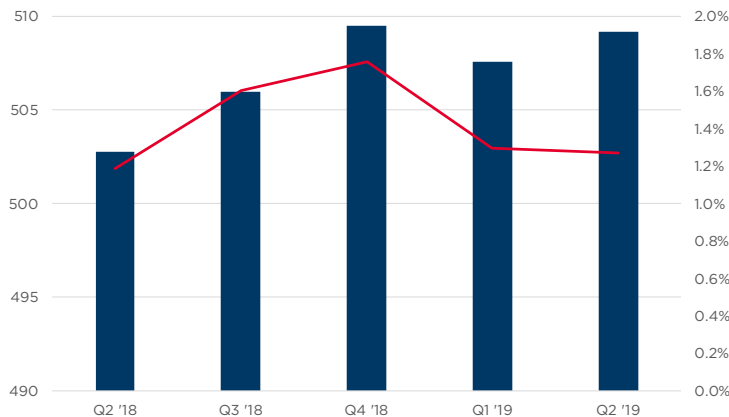
OMAHA, NE

EMPLOYMENT & UNEMPLOYMENT TRENDS

According to the Bureau of Labor of Statistics data from the second quarter of 2019, 5,800 jobs were created in the Omaha MSA year over year (YOY). The local unemployment rate remained unchanged during the same time frame at 2.9%, but 70 basis points (bps) below the national average of 3.6%. The Mining, Logging and Construction sector supports nearly 55,000 jobs in the metropolitan area and added 1,400 new positions over the past year. A substantial portion of the job growth stems from the construction component in this sector. Omaha's ever-changing development scene has driven significant growth in construction employment, as positions are created to keep up with improvements being made throughout city.

OMAHA JOB GROWTH TRENDS

EMPLOYMENT IN THOUSANDS & JOB GROWTH (%)



Source: Moody's Analytics

JOB GROWTH & UNEMPLOYMENT RATE

+1.2
%YOY

Average Q2 employment increased by 5,800 jobs.

-0

BPS YOY

Average Q2 unemployment rate was unchanged at 2.9%.

+2.0

% YOY

Average effective rent increased to \$906.

-81

BPS YOY

Vacancy decreased to 3.8%.

ECONOMIC EXPANSION

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

- ✓ After nearly two years of construction, the first phase of **Facebook's** data center opened in June. **100 employees currently work at the new data center, and more than 1,000 construction workers are busy building out the rest of the campus.** Construction is expected to continue into 2023 and the development will consist of six buildings, covering more than 2.5 million square feet (sf). Once the campus is fully built-out, it will **employ approximately 200 people.** Facebook estimates its total investment will be more than \$1 billion.
- ✓ A proposed **62-acre entertainment district** on the horizon in Papillion is expected to boost Sarpy County revenue. Plans for **the development dubbed "Generations" calls for bars, restaurants and retail, and will be home to many local hangouts.** Anchored by Werner Park, the district will be located along the 370-corridor where new construction and development projects are booming. Officials are hopeful that the concept of combining a day at the ballpark with dining and drinking will appeal to sports fans, and Generations will become an entertainment destination.

MULTIFAMILY TRENDS

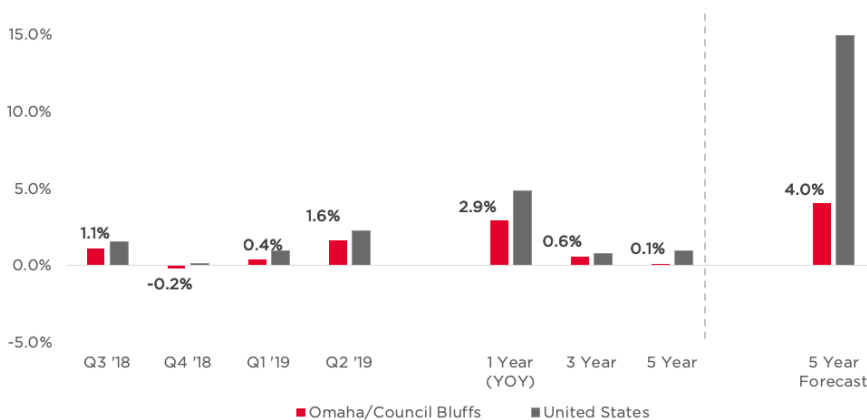
Performance in the multifamily market remained healthy through the second half of 2019. The YOY vacancy declined by 81 bps, resting at 3.8 % at the close of second quarter. While apartment rental activity throughout the entire metro is strong, the ongoing revitalization taking place downtown has captured the attention of renters, making this submarket the hotspot of the city. Vacant land near the urban core is scarce, so developers have shifted their focus to building conversions versus building new construction from the ground up, transforming old buildings into trendy living space.



HISTORICAL & FORECASTED METRO RENT GROWTH RATES

Omaha's positive rent growth trend continued into the second quarter of 2019. Effective rent for properties delivered within the last twelve months are averaging \$1,171 per unit, or \$1.35 per square foot (psf). As a comparison, effective rents across the metropolitan for both new and existing properties combined, averaged \$909 in the second quarter of 2019. The strong income growth in the metro has supported rent increases. The median household income increased by 25% over a ten-year period, reaching \$69,200 in 2019 and is expected to rise another 11% by 2024. The local median household income is \$4,400 more than the national average of \$64,800.

OMAHA/COUNCIL BLUFFS RENT GROWTH RATES



Source: AXIOMetrics

DEVELOPMENT / INVENTORY

More than 2,100 rental units are scheduled for delivery by the close of 2019, compared to the 2,500 units that were delivered in 2018. The largest completions year-to-date (YTD) include **Vantage at Stone Creek** (295 units), **Muse Apartments** (247 units) and **Broadmoor at Rivers Edge Phase I** (193 units). Strong demand for new development continues to drive construction growth in the multifamily sector. There are 3,200 new apartments currently under construction, with the **Urban Waters** (650 units) and **La Vista City Centre Apartments** (384 units) developments being the most significant.

Scott Koethe, CCIM
Director of Investment Sales
(402) 321 0403 | scott.koethe@lundco.com

Jake Denker
Senior Associate, Investment Sales
(402) 548 4024 | jake.denker@lundco.com

DEMOGRAPHIC FUNDAMENTALS

The Omaha-area population is projected to grow by nearly 52,000 people between 2019 and 2024. Over the same time span, there will be an increase of approximately 3,700 renter-occupied households.

POPULATION



2000: 767,041
2010: 865,350
2019: 960,767
2024: 1,012,598

PERCENT RENTER HOUSEHOLDS



2010: 33.0%
2019: 36.5%
2024: 35.6%

MEDIAN HOUSEHOLD INCOME



2000: \$44,674
2010: \$55,407
2019: \$66,511
2024: \$76,724

INVESTMENT ACTIVITY

Just over \$34 million of multifamily inventory traded hands in the second quarter of 2019, a decrease of nearly 70%, YOY. Cumulative sales volume totaled just under **\$65 million**, or \$92,000 per door, YTD. The decline is tied to supply, rather than demand. Investors are still on the hunt for apartment purchase opportunities, but supply is limited. Capitalization rates for the metro averaged 6.34% in the second quarter. Omaha's strong economy coupled with tight investment supply will drive apartment prices. Lack of investment opportunities will also cause the YOY sales volume to decline.

NOTABLE SALES - SECOND QUARTER

PROPERTY	YEAR	UNITS	SELLER	BUYER	PPU
CLASS B					
Oakwood Trail Apartments	1983	128	Oakwood Trail, LLP	Burlington Oakwood, LLC	\$98,438
Val Verde Apartments	2000	84	Val Verde Apartments, LLC	BEP Val Verde, LLC	\$77,381
CLASS C					
Copperleaf Apartments	1978	87	Copperleaf Partners, LLC	Copperleaf Investments, LLC	\$47,414

Misty Belsha
Business Analyst
(660) 287 1135 | misty.belsha@lundco.com

Cushman & Wakefield / The Lund Company
450 Regency Parkway, Suite 200
Omaha, NE 68114 | www.lundco.com