



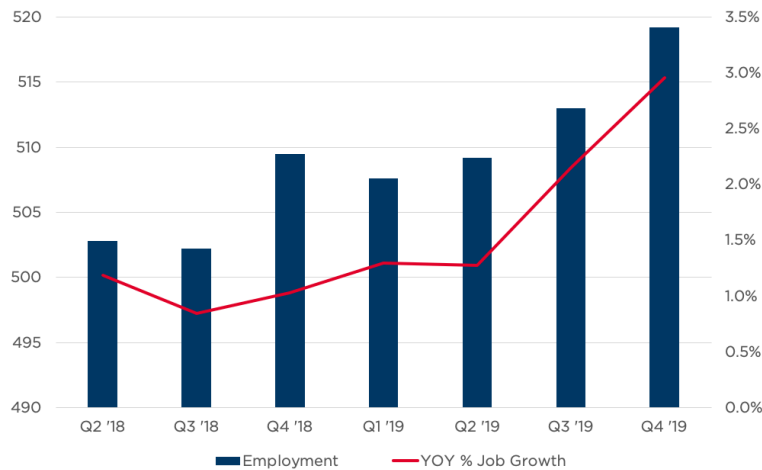
## OMAHA, NE

### EMPLOYMENT & UNEMPLOYMENT TRENDS

Economic conditions in the Omaha MSA remained positive during the fourth quarter of 2019, as nonfarm payroll growth continued to trend upward. The local economy created nearly **15,000 jobs** year over year (YOY), ending in the last quarter of the 2019. Though job creation was positive, the area unemployment rate increased by 20 basis points (bps), YOY, and currently sits at 3.0%. The slight uptick in the jobless rate can be attributed to labor force growth slightly outpacing the number of individuals employed. Omaha's median household income rose to \$68,900 at year-end, an increase of 2.2% since the fourth quarter of 2018. The local median household income is 4.9% higher than the national average, which is \$65,700.

### OMAHA JOB GROWTH TRENDS

EMPLOYMENT IN THOUSANDS & JOB GROWTH (%)



Source: Moody's Analytics

### JOB GROWTH & UNEMPLOYMENT RATE

**+3.0**

%YOY

Average Q4 **employment** increased by 14,900 jobs.

**+20**

BPS YOY

Average Q4 **unemployment** rate increased to 3.0%.

**+3.7**

% YOY

Average **effective rent** increased to \$920.

**-66**

BPS YOY

**Vacancy** decreased to 3.6%.

### ECONOMIC EXPANSION

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

- ✓ **Valmont Industries** will build its new headquarters on six acres at the new Heartwood Preserve site. The new \$50 million headquarters is approximately 50% larger than their current building, located in First National Business Park. The new three-story development will total approximately 150,000 square feet (sf) and will house **450-500 employees**, up from the 110 employees at the current location. Valmont's new headquarters is projected to open in early 2021.
- ✓ Ralston's City Council has approved a master plan that will transform a section of the city into a trendy new district. **The project dubbed the "Hinge"** has a target area that stretches from the arena, the area near 72nd & Q Street, and into the city's downtown. Project plans include creating an appealing entrance into the city, while the downtown undergoes a major redevelopment. Changing the character of the area is expected to attract people from the arena into the downtown area. Though subject to change, the current plan includes **460 housing units, 1,000 new residents and 160,000 sf of commercial space**. The total development is estimated to cost between \$40 million and \$50 million.

### MULTIFAMILY TRENDS

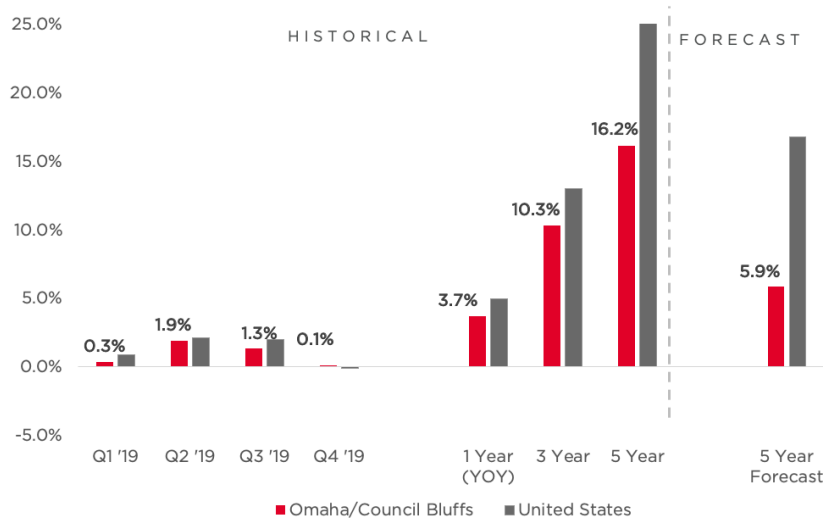
Demand has caught up with supply, causing the vacancy to drop historically low, to 3.6%. This trend cuts across the Omaha market, with vacancies below the 4.0% mark throughout every submarket in the area. As the inventory continues to tighten, effective rents will trend up.



## HISTORICAL & FORECASTED METRO RENT GROWTH RATES

Omaha apartment effective rent growth continues upward, reaching its highest point ever in the fourth quarter of 2019. **The effective rental rate climbed 3.7% YOY, reaching \$920 at year-end.** Current market demographics are in favor of the landlord and are driving rent growth. According to the Greater Omaha Chamber, more than 40% of the population is 24 years old or younger. The prime renter age group is between 20-34 years old, and is the largest generation in the U.S. The population of the 20-34 years of age bracket is expected to continue growing over the next several decades. Area effective rent is projected to increase by 5.87% in the next five years, reaching \$974 by the end of 2024.

OMAHA/COUNCIL BLUFFS RENT GROWTH RATES



Source: AXIOMetrics

## NOTABLE SALES - FOURTH QUARTER

PROPERTY	YEAR	UNITS	SELLER	BUYER	PPU
<b>CLASS A</b>					
<b>Midtown Crossing Apartments</b>	2009	196	East Campus Realty, LLC	Oak Trail, LLC and Invest Omaha, MC, LLC	\$159,052
<b>CLASS C</b>					
<b>Benz Place Apartments</b>	2001	324	Tara Hills, Inc	MRES Torello Holdings, LLC	\$106,944
<b>Huntington Park Apartments</b>	1988	144	NewStreet Properties, LLC	Tab Properties	\$91,319

## 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

Three multifamily property sales were recorded in the fourth quarter, totaling nearly \$79 million. The 664 units included in the sales, brought the quarterly average to \$119,000 per door. Omaha's apartment sector had an exceptional year in 2019, reporting 16 property sales. Sales volume for the year totaled **\$186 million**, or **\$84,000** per unit. This marks five consecutive years of annual investment sales above \$100 million. The multifamily market saw a sales volume increase **of 13.5%** between the last quarter of 2018 and last quarter of 2019. From 2015 to 2019, the total sales volume increased by a generous **62.0%**. Historically positive economic conditions continue to give investors confidence that supports investment growth. Though many sizable sales were recorded through the year, **Midtown Crossing Apartments** fetched the biggest price tag in 2019. The 196-unit investment property sold for \$31.1 million, which translates to \$159,000 per door.

## DEVELOPMENT / INVENTORY

On the supply side, permits for 1,526 units were issued in the twelve-month period ending in November 2019. Throughout the year, nearly 3,000 apartments were delivered, and another 4,200 units were under construction at year-end. The most notable deliveries during the year were **Vantage at Stone Creek** with 295 units and **The Duke of Omaha Apartments** with 283 units. The population will expand at a slightly lower rate in 2020, as Omaha nears full employment. The apartment inventory will continue to grow, but deliveries may come at a slower rate, staying on pace with population growth.