



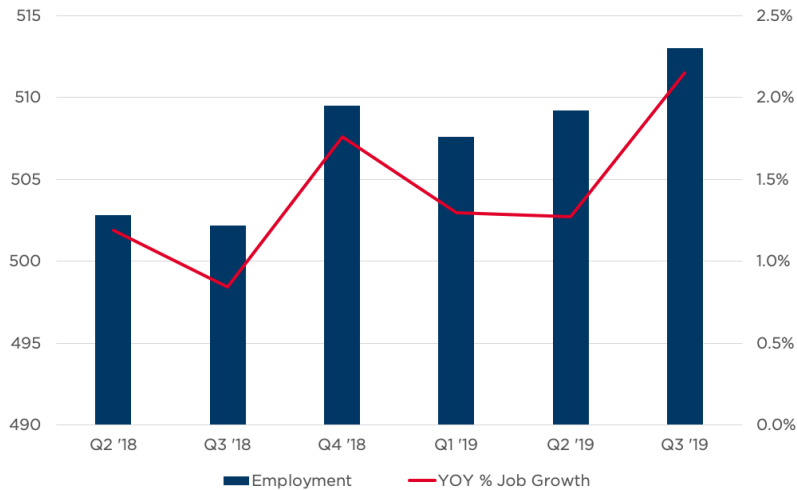
OMAHA, NE

EMPLOYMENT & UNEMPLOYMENT TRENDS

The Omaha MSA **added 10,800 jobs year over year** (YOY) according to third quarter 2019 data released by Moody's Analytics. This job growth represents an increase of 50 basis points (bps), which is the highest level of growth the market has seen since the first quarter of 2018 when it was 2.6%. The market saw a slight uptick in the unemployment rate, reaching 3.0% at the close of third quarter, an increase of 20 bps YOY. The unemployment rate increase can be attributed to the labor force growing slightly faster than the number of people employed.

OMAHA JOB GROWTH TRENDS

EMPLOYMENT IN THOUSANDS & JOB GROWTH (%)



Source: Moody's Analytics

JOB GROWTH & UNEMPLOYMENT RATE

+2.1
%YOY

Average Q3 **employment** increased by 10,800 jobs.

+20
BPS YOY

Average Q3 **unemployment** rate was unchanged at 3.0%.

+3.1
% YOY

Average **effective rent** increased to \$922.

-51
BPS YOY

Vacancy decreased to 3.4%.

ECONOMIC EXPANSION

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

✓ The ground-breaking for the **Avenue One development** kicked off in September. The mixed-use project is located near 192nd and Dodge St and is projected to cost approximately \$1.2 billion. The project will consist of **800,000 square feet (sf) of office space, 700,000 sf of retail, a hotel and 2,000 residential units**. Construction of the development is projected to create more than 7,500 jobs. Once the project is complete, officials expect it to generate **approximately 6,500 jobs**.

✓ **Google** announced plans to build a data center campus in Papillion, Nebraska. The project will expand the workforce and create more than \$500 million in capital investment. Google's new campus will cover **275 acres and could include up to 2.4 million sf** once complete. The company will join a Sarpy County data center community that includes other big-name companies such as Yahoo, Facebook, and Fidelity.

MULTIFAMILY TRENDS

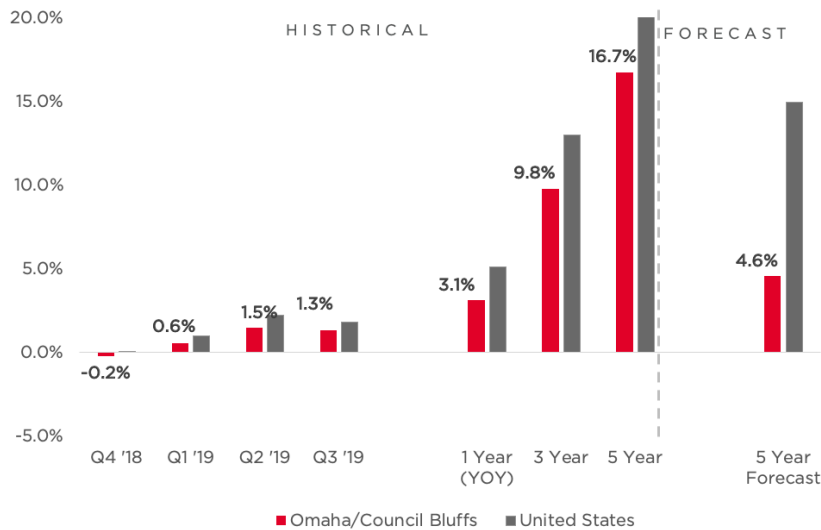
The average effective rent increased by 1.3% quarter over quarter, averaging \$922 per unit in the third quarter of the year. The market's occupancy rate increased by 60 bps from 95.9% in the second quarter of the year to 96.5% in the third quarter and is up from 96.1% a year ago. The area occupancy rate has averaged 94.3% since second quarter of 1996.



HISTORICAL & FORECASTED METRO RENT GROWTH RATES

The Omaha market continues to see consistent rent growth, up 3.1% YOY. However, local rents are increasing slower than national rents, as national growth rate averaged 5.1% during the same timeframe. Area effective rents increased by 9.7% over the last three years, and by 16.7% in the last ten years. Effective rent growth is expected to remain positive into the future and is projected to reach \$1,630 in the third quarter 2023.

OMAHA/COUNCIL BLUFFS RENT GROWTH RATES



Source: AXIOMetrics

DEVELOPMENT / INVENTORY

At the end of third quarter, Omaha had nearly 5,800 rental units under construction, with nearly 2,000 scheduled for completion before year-end. Another 4,500 units are in the planned or proposed stage. Half of those developments are expected to break ground in 2020. The most notable project within the city is Avenue One, which will add an additional 2,000 apartments once all phases of the development are complete. **Ten multifamily developments have been delivered year to date (ytd)**, adding 1,150 new residences to the market inventory. According to AxioMetrics, permits for a total of 1,688 units were issued in the twelve-month period, ending in August 2019.

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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

Multifamily sales totaled \$45 million (781 units) in the third quarter of the year (\$58,000 per door) and cumulative investment sales volume totaled \$110 million YTD (1,487 units). Though multifamily investment opportunities are limited, there were several notable transactions recorded for the quarter. The two largest sales include **Bellevue Hills** and **City View**. CRES Management, LLC purchased the 264-unit Bellevue Hills Apartment Complex from the Vitus Group for \$14.5 million, with a cap rate of 10.6%. At \$11.6 million, the sale of City View apartments was the second largest property to trade hands. Tzadik Management purchased the 224-unit City View Apartments from the Hudson Equities Management Group for \$52,000 per rental.

NOTABLE SALES - THIRD QUARTER

PROPERTY	YEAR	UNITS	SELLER	BUYER	PPU
CLASS C					
Tara Villas on the Green	2008	120	Hogan Development	Metonic Real Estate Services	\$67,500
Bellevue Hills Apartments	1974	264	Vitus Group	CRES Management, LLC	\$54,876
City View Apartments	1953	221	City View Associates, LP	Tzadik City View, LLC	\$52,488

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