

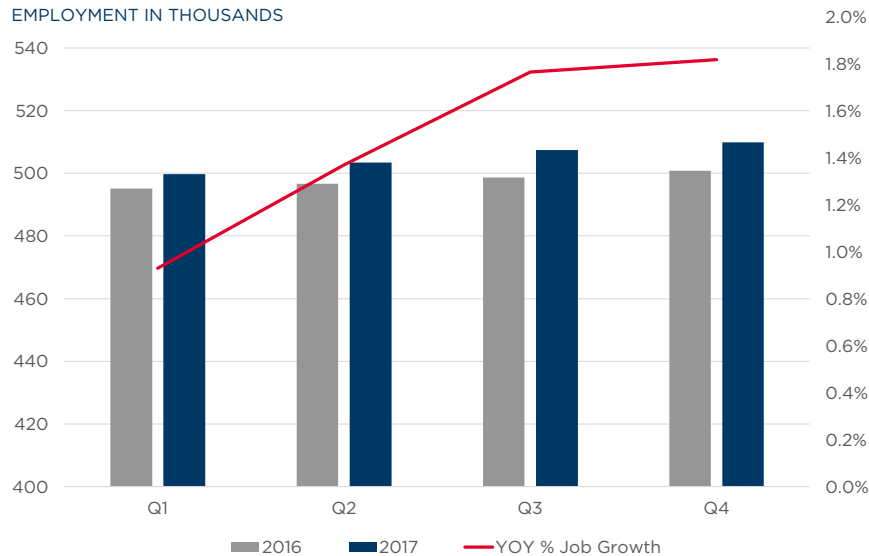


OMAHA - COUNCIL BLUFFS

EMPLOYMENT & UNEMPLOYMENT TRENDS

The Omaha-Council Bluffs Metro added approximately 9,100 new jobs from fourth quarter 2016 to fourth quarter 2017. The major job producers as of December 2017 are Professional & Business Services and Education & Health Services. Omaha's unemployment rate is very low at 2.7% - 140 basis points below that of the nation - indicating that the metro is experiencing a tight labor market.

OMAHA JOB GROWTH TRENDS



Source: U.S. Bureau of Labor Statistics (BLS)

JOB GROWTH & UNEMPLOYMENT RATE

+1.82
% YOY

Average Q4 employment increased by 9,100 jobs.

-70
BPS YOY

Average Q4 unemployment decreased to 2.7%.

+2.4
% YOY

Average effective rent increased to \$895.

+.8
BPS YOY

Vacancy increased to an average of 4.1%.

ECONOMIC EXPANSION

The following are metro area expansion announcements as of fourth quarter 2017:



Kiewit Corp.'s new headquarters will anchor a key two-block stretch of north downtown Omaha, linking TD Ameritrade Park and other developments to the east with Creighton University to the west. Kiewit's plan calls for a building with **165,000 to 185,000 square feet** at a cost estimated between **\$49.5 million and \$60.2 million** plus an **adjacent garage to hold 600 to 650 vehicles** at a cost between **\$13.2 million and \$16.3 million**. The project could be delivered as early as 2020.



Conagra Brands' hired Hines, the Houston-based company to develop their downtown campus. The plan consists of a **\$500 million** proposal to bring office tenants, apartment, condo dwellers, shoppers and diners to an area east of 10th Street long isolated from the rest of downtown. There is potential for the city to help with financing, as it has with other big redevelopment projects. This project will connect the Old Market with the Riverfront.



Bluestone Development has purchased another chunk of midtown Omaha with an eye toward building a **158-unit apartment community** near Saddle Creek Road and Pacific Streets. This urban infill project is right in line with Bluestone's past projects. If Bluestone receives necessary approvals, construction would start in spring or summer of 2018.

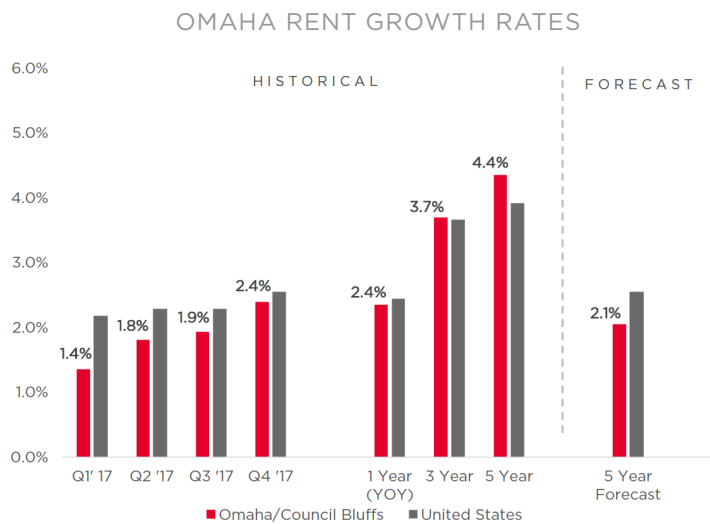
MULTIFAMILY TRENDS

Average effective rent growth year-over-year as of the fourth quarter slowed a bit to 2.4%. Occupancy increased by a nominal amount year-over-year and remained above 95% as of the fourth quarter. Rents are projected to increase by 2.5% over the next 12 months, but occupancy is projected to slip by approximately 130 BPS with a projected 2018 year end occupancy of 94.6%, per AXIOMetrics. This trend is in line with current rent growth trends and anticipated deliveries for 2018 in the market.



HISTORICAL & FORECASTED METRO RENT GROWTH RATES

The one-year historical rent growth for Omaha and Council Bluffs (per fourth quarter 2017 year-over-year data) trailed slightly behind the national average by 9 basis points. The Omaha metro keeps up with its reputation for slow and steady rent growth with 22 consecutive months of positive rent growth, peaking at 3.9% in the first quarter of 2013. AXIOMetrics five-year rent growth projections forecast the Omaha metro at an average annual rate of 2.1%, 50 basis points behind the national projections.



Source: AXIOMetrics

DEVELOPMENT / INVENTORY

There are six notable properties under construction or in lease up competing for tenants in the downtown market, totaling more than 1,000 total new units: **Capital District** (218 units), **The Breakers** (214 units), **Zag Apartments** (193 units), **The Conrad** (153 units), **The Triangle** (134 units), **The Yard** (101 units). Suburban Omaha has fewer but larger projects, with 752 units under construction in two projects. **Andover Pointe** is finishing up Phase II, adding 390 units to the southwest Omaha market near 132nd and Chandler. **The Lumberyard** in Millard is finishing up its 346 units, completing the mixed-use redevelopment project.

DEMOGRAPHIC FUNDAMENTALS

Median household income rose by 24.0% from 2000 to 2010. It is projected to increase by another 19.5% from 2017 to 2021, thereby fueling future rent growth in the market.

POPULATION



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

RENTER OCCUPIED PERCENTAGE



2010: 33.2%
2017: 34.0%
2022: 33.4%

MEDIAN HOUSEHOLD INCOME



2000: \$44,674
2010: \$55,407
2017: \$59,185
2021: \$70,013

Source: Site To Do Business

MULTIFAMILY FORECAST

The following are Cushman & Wakefield's projections for the near term.



RENTS



VACANCY



PIPELINE % GROWTH

Forecast is 12-month outlook

NOTABLE SALES

In November, two suburban Omaha Metro properties sold for a combined \$19.95MM. **Fireside Village** (1970, 180 units) in Ralston NE, and **Chateau Apartments** (1967, 115 units) in Bellevue NE. The properties were marketed as a package but ultimately sold to two separate buyers. Both buyers are out of Denver and have upgrade plans in place. The downtown market saw two sales in November as well, a separate group out of Denver bought both **Kellom Knolls** and **Union Plaza**. **Kellom Knolls** (1982, 132 units) built as a tax credit deal, and located directly across from Creighton University sold for \$7.1MM. **Union Plaza** (1910, 60 units) is a six-story historical mixed-use building that was renovated in the 1980s and sold for \$3.0MM.