

YoY Chg 12-Mo. Forecast

6.6%

Vacancy Rate



8

Net Absorption, units



\$927

Effective Rent / Unit



(Historical data differences due to change of data provider from Axiometrics to Costar)

ECONOMIC INDICATORS Q4 2020

YoY Chg 12-Mo. Forecast

495k

Omaha Employment



3.3%

Omaha Unemployment Rate



1.3%

Omaha Household Growth Rate



*Source: BLS, BOC, Moody's Analytics
2020Q4 data are based on latest available data.*

**Historical data differences due to change of data provider from Axiometrics to Costar.*

ECONOMIC OVERVIEW: On The Road Back

Omaha's resilient economy continues to hold strong through the ongoing COVID-19 pandemic. Though employment is down by 16,400 positions year-over-year (YOY), the market reclaimed many of the losses by 2020 year-end. Total employment rose by 6.4%, adding 30,000 positions since reaching its lowest point during the pandemic in April of 2020. The Nebraska state unemployment rate was the lowest in the U.S. at 3.1% in November, 360 basis points (bps) lower than the national average of 6.7%. Local employment recovery has begun in several industries with the most prominent being the Financial Activities industry, which has been shielded in part due to employees being able to work from home. By August, all jobs lost in this industry were fully recovered. At year-end, employment surpassed pre-pandemic levels, and YOY job growth was up 3.6%. Several companies including well-known tenants, Securities America and Farm Credit Services, expanded throughout the year, supporting workforce growth.

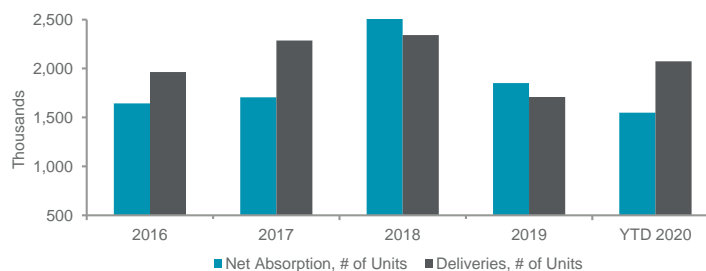
SUPPLY AND DEMAND: Apartment Demand Keeps Pace with New Construction

Despite disruption caused by the COVID-19 pandemic, multifamily developer confidence remains high, as new development continued to rise throughout 2020. Approximately 2,100 new apartment units were delivered throughout the year, compared to the 1,700 new units that delivered in 2019. Due to a combination of vacancies in newly delivered projects and construction completions outpacing absorption (1,553 units), the local vacancy rate increased by 40 bps YOY, ending at 6.6%. The Downtown submarket saw the largest number of completions in 2020, adding 564 dwellings to their inventory. Despite a steady amount of new product, occupancy remains healthy, hovering around 93%. Land is scarce in the downtown area, so developers have gotten creative; converting buildings to apartments has become increasingly popular. Large project completions in the downtown submarket include The Bank Expansion Apartments, Dahlman Flats and The Traveler Apartments. Another 1,650 rentals are currently in the construction pipeline, with 87% slated for completion in 2021. The majority of new construction is rising in the Papillion/La Vista submarket, with 526 units currently underway.

PRICING: Rent Growth Persists & Multifamily Investments Sales Heat Up

Effective rent increased by 1.3% YOY, averaging \$927 per unit at the close of fourth quarter 2020. The Northwest and Elkhorn submarkets fetched the highest asking rents in the market, with units averaging \$1,108 to \$1,093 per month. Newly delivered properties in 2020 achieved an average effective rent of \$1,209 per unit, compared to an average of \$1,205 per unit for 2019 deliveries. Investment sales volume totaled \$52.5 million in Q4 2020 for a total of \$146 million in 2020 (1,617 units) or an average of \$90,000 per door. The most noteworthy deal of the year is the sale of Steeplechase on Maple. The 314-unit property was purchased by Birge & Held Asset Management for \$39 million.

NET ABSORPTION / DELIVERIES



OVERALL VACANCY & EFFECTIVE RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (UNITS)	YTD DELIVERIES (UNITS)	YTD% INVENTORY GROWTH	UNDER CONSTR (UNITS)	YTD NET ABSORPTION (UNITS)	VACANCY RATE	YOY VACANCY RATE CHANGE	AVG EFFECTIVE RENT / UNIT	AVG EFFECTIVE RENT PSF	YOY % EFFECTIVE RENT GROWTH
Bellevue	7,650	204	2.7%	48	130	8.5%	0.8%	\$849	\$0.94	2.1%
Cass County	322	0	0.0%	0	2	6.9%	-0.8%	\$636	\$0.96	2.5%
Central Omaha	10,488	557	5.3%	262	265	6.9%	2.6%	\$960	\$1.04	0.2%
Council Bluffs	4,990	0	0.0%	0	116	6.4%	-2.3%	\$861	\$0.99	1.1%
Downtown Omaha	15,782	564	3.6%	30	446	7.9%	0.4%	\$925	\$1.17	1.6%
Elkhorn	4,294	36	0.8%	77	226	6.3%	-4.5%	\$1,093	\$1.15	1.0%
Gretna	1,861	0	0.0%	168	-63	5.6%	3.3%	\$897	\$0.99	2.8%
Harrison County	175	0	0.0%	0	-1	4.9%	0.2%	\$459	\$0.70	1.3%
Millard	3,335	0	0.0%	0	13	2.7%	-0.4%	\$981	\$1.06	1.6%
Mills County	172	0	0.0%	0	0	4.3%	0.0%	\$503	\$0.62	1.4%
North Omaha	8,880	152	1.7%	0	-35	8.4%	2.0%	\$810	\$0.91	0.9%
Northwest Omaha	6,449	80	1.2%	84	174	6.6%	-1.6%	\$1,108	\$1.06	\$4.0%
Papillion/La Vista	7,320	275	3.8%	526	222	6.6%	0.6%	\$987	\$1.07	0.5%
Pottawattamie County	70	0	0.0%	0	0	4.1%	0.3%	\$649	\$1.00	0.9%
Ralston	5,729	0	0.0%	0	-8	4.4%	0.1%	\$803	\$0.89	1.9%
Saunders County	250	0	0.0%	0	-2	4.4%	0.4%	\$699	\$0.88	1.4%
South Omaha	1,726	44	2.5%	0	45	1.6%	-0.1%	\$622	\$0.82	1.1%
Springfield	94	0	0.0%	0	0	5.3%	0.4%	N/A	N/A	N/A
Washington County	617	0	0.0%	0	5	3.3%	-0.7%	\$705	\$0.84	\$2.1%
West Omaha	7,223	162	2.2%	451	18	5.4%	1.9%	\$924	\$0.99	0.7%
Omaha MSA Totals	87,427	2,074	2.4%	1,646	1,553	6.6%	0.4%	\$927	\$1.03	1.3%

Source: Cushman & Wakefield Research, CoStar

KEY SALES TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	SELLER / BUYER	UNITS	PRICE / \$ UNIT
14949 Manderson Plz	Northwest	Redwood Capital Group / Birge & Held Asset Management	314	\$39M / \$124K
720 Valley View Dr	Council Bluffs	CBV, LP / VVE 2020	258	\$30M / \$117K
The Apex at Twin Creek	Papillion/La Vista	Trailside Apartments, LLC, Trailside Property LP	240	\$29M / \$121K

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