

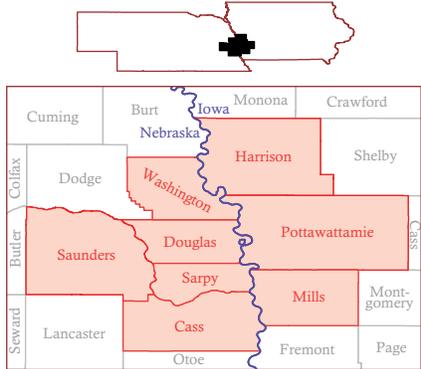


Omaha-Council Bluffs, Nebraska-Iowa

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of April 1, 2017



Housing Market Area



The Omaha-Council Bluffs Housing Market Area (hereafter, the Omaha HMA) is coterminous with the Omaha-Council Bluffs, NE-IA Metropolitan Statistical Area. The HMA consists of eight counties: Cass, Douglas, Sarpy, Saunders, and Washington Counties in Nebraska and Harrison, Mills, and Pottawattamie Counties in Iowa. The HMA is the location of four Fortune 500 company headquarters—Berkshire Hathaway, Inc., Kiewit Corporation, Mutual of Omaha Insurance Company, and Union Pacific Corporation. The College World Series has been played annually in the city of Omaha since 1950, and the city of Omaha has hosted the U.S. Olympic swimming trials since 2008.

Market Details

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Summary

Economy

Economic conditions remain positive in the Omaha HMA as nonfarm payrolls expanded continuously for more than 6 years. The unemployment rate in the HMA averaged 3.3 percent during the 12 months ending March 2017, down from a peak of 5.1 percent during 2010. During the 12 months ending March 2017, nonfarm payrolls totaled 498,800, an increase of 4,900, or 1.0 percent, from the previous 12 months. Nonfarm payrolls are expected to increase an average of 1.0 percent annually during the 3-year forecast period. Table DP-1 at the end of this report provides additional employment data.

Sales Market

Sales housing market conditions are currently slightly tight in the HMA. The current owner vacancy rate is estimated at 1.0 percent, down from 1.9 percent during April 2010. During the next 3 years, demand is estimated for 10,050 new homes (Table 1). The 640 homes currently under construction and a portion of the 10,500 other

vacant housing units that may reenter the housing market will satisfy part of this demand.

Rental Market

The rental housing market in the HMA is currently balanced with a rental vacancy rate estimated at 7.8 percent, down from 10.1 percent during April 2010. During the forecast period, demand is estimated for 4,575 new market-rate rental units (Table 1). The 1,700 units currently under construction will satisfy a portion of that demand.

Table 1. Housing Demand in the Omaha-Council Bluffs HMA During the Forecast Period

	Omaha-Council Bluffs HMA	
	Sales Units	Rental Units
Total demand	10,050	4,575
Under construction	640	1,700

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of April 1, 2017. A portion of the estimated 10,500 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is April 1, 2017, to April 1, 2020.

Source: Estimates by analyst

Economic Conditions

The city of Omaha was founded in 1854 along the Missouri River. Its location in the middle of the country helped its development as a transportation hub. The first trans-continental railroad began westward construction from the city of Omaha in 1863. The Union Pacific Railroad was formed to operate this system and is still an integral part of the local economy. With railroad developments in the 19th century and the area's large agricultural businesses, the Union Stockyards of Omaha became a driving force in the local economy through much of the 20th century. By the 1950s, the Union Stockyards of Omaha were the largest livestock market and meat-packing center in the United States. In 1957, it was estimated that one-half of the city of Omaha's workforce worked in industries related to the stockyards. The stockyards closed in 1999, but food production still provides a base to the local economy that is slow to contract in economic downturns. Toward the end of the 20th century, the Omaha HMA started to develop as a center for information technology and telecommunications firms, due in part to communication networks developed to serve U.S. Strategic Command (STRATCOM) at Offutt Air Force Base (AFB).

The HMA has experienced two periods of jobs losses and has not had year-over-year job growth of more than 2.0 percent since 2000. Nonfarm payrolls in the HMA during 2001 expanded by 2,200 jobs, or 0.5 percent, from the previous year in what would be the most recent year of continuous job growth that began in 1990. During 2002, the economy of the HMA contracted as nonfarm payrolls declined by 5,900 jobs, or 1.3 percent, from 2001, a result of impacts from the national

recession that were felt locally. The transportation and utilities and the professional and business services sectors led job losses during 2002, with each declining by 2,200 jobs, or 7.3 and 3.6 percent, respectively. The job losses in the HMA lasted only 1 year compared with a 2-year decline nationally. Nonfarm payrolls expanded for the next 6 years by an average of 5,000, or 1.1 percent, annually and, by 2008, totaled 471,000. The education and health services sector led job growth during these years, increasing by an average of 1,800, or 2.9 percent, annually, as the HMA began to develop into a regional medical center. During 2009 and 2010, as the national economy was in a prolonged downturn, nonfarm payrolls declined by 5,900, or 1.3 percent, annually. During these 2 years, 8 of the 11 employment sectors recorded job losses, with the largest losses in the mining, logging, and construction sector, which declined by an average of 2,400, or 9.8 percent, annually. In 2011, the local and national economies began to recover. From 2011 through 2015, nonfarm payrolls grew by an average of 6,700, or 1.4 percent, annually, with the professional and business services sector leading job gains, which increased by an average of 2,000, or 3.0 percent, annually.

Economic conditions in the HMA remain positive, with more than 6 consecutive years of job gains. Since the start of the most recent expansion, nonfarm payrolls increased by an average of 6,300, or 1.3 percent, annually. The rate of nonfarm payroll growth has begun to slow slightly. During the 12 months ending March 2017, nonfarm payrolls increased by 4,900, or 1.0 percent, from the previous 12 months (Table 2). The unemployment rate in the HMA is currently

Table 2. 12-Month Average Nonfarm Payroll Jobs in the Omaha-Council Bluffs HMA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	March 2016	March 2017		
Total nonfarm payroll jobs	493,900	498,800	4,900	1.0
Goods-producing sectors	58,500	59,200	700	1.2
Mining, logging, & construction	25,800	26,600	800	3.1
Manufacturing	32,700	32,600	-100	-0.3
Service-providing sectors	435,300	439,600	4,300	1.0
Wholesale & retail trade	70,500	71,600	1,100	1.6
Transportation & utilities	27,300	25,900	-1,400	-5.1
Information	11,700	11,900	200	1.7
Financial activities	42,600	43,500	900	2.1
Professional & business services	73,700	74,400	700	0.9
Education & health services	77,200	79,800	2,600	3.4
Leisure & hospitality	48,500	48,500	0	0.0
Other services	17,800	17,700	-100	-0.6
Government	66,000	66,300	300	0.5

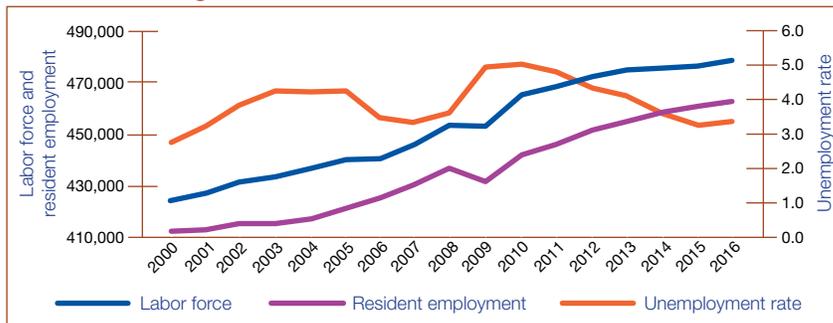
Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through March 2016 and March 2017.

Source: U.S. Bureau of Labor Statistics

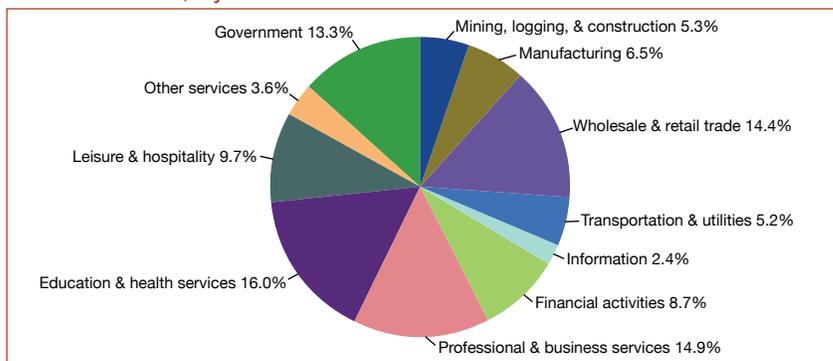
3.3 percent, which is unchanged from the previous 12 months, but down from 5.1 percent during 2010.

Figure 1 shows trends in the labor

force, resident employment, and the unemployment rate in the HMA from 2000 through 2016.

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Omaha-Council Bluffs HMA, 2000 Through 2016

Source: U.S. Bureau of Labor Statistics

Figure 2. Current Nonfarm Payroll Jobs in the Omaha-Council Bluffs HMA, by Sector

Note: Based on 12-month averages through March 2017.

Source: U.S. Bureau of Labor Statistics

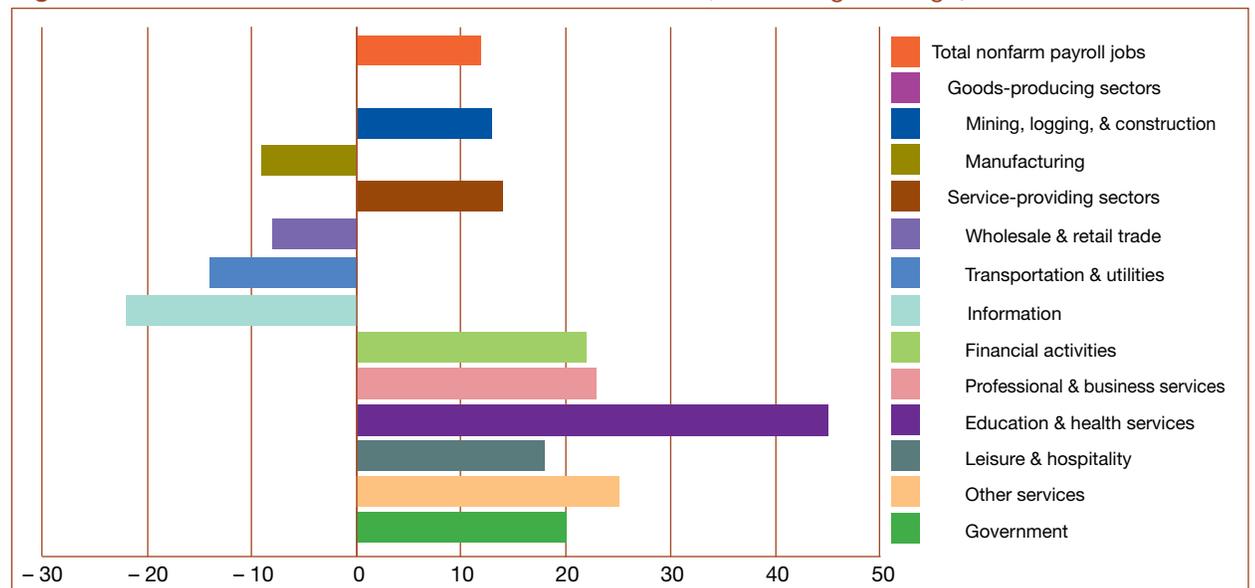
The education and health services sector is the largest employment sector in the HMA, with nearly 16 percent of all nonfarm payroll jobs (Figure 2). The HMA is a regional medical center for many rural areas across Nebraska and Iowa, and three of the five largest employers in the HMA are in this sector (Table 3). Several recent expansions occurred in this sector during the past year that contributed to increased employment, including the \$90 million expansion at The Methodist Health System that added 15 new operating rooms and the opening of the new \$93 million Madonna Rehabilitation Hospital. During the 12 months ending March 2017, the education and health services sector led job gains, increasing by 2,600 jobs, or 3.4 percent, from the previous 12 months. This increase continues a trend of strong growth in this sector, which, since 2000, has been the fastest growing sector in the HMA (Figure 3).

Table 3. Major Employers in the Omaha-Council Bluffs HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Offutt Air Force Base	Government	15,000+
CHI Health	Education & health services	7,500–14,999
Methodist Health System	Education & health services	5,000–7,499
Nebraska Medicine	Education & health services	5,000–7,499
First Data Corp	Professional & business services	2,500–4,999
Mutual of Omaha Insurance Company	Financial activities	2,500–4,999
PayPal Holdings Inc.	Financial activities	2,500–4,999
Union Pacific Corporation	Transportation & utilities	2,500–4,999
University of Nebraska Medical Center	Government	2,500–4,999
West Corp	Professional & business services	2,500–4,999

Notes: Excludes local school districts. Data include military personnel, who generally are not included in nonfarm payroll survey data.

Sources: Offutt Air Force Base; Greater Omaha Economic Development Partnership

Figure 3. Sector Growth in the Omaha-Council Bluffs HMA, Percentage Change, 2000 to Current

Notes: Current is based on 12-month averages through March 2017. During this period, payrolls in the goods-producing sectors showed no net change.

Source: U.S. Bureau of Labor Statistics

The HMA is known worldwide as a location for many major entities in the financial activities sector. Berkshire Hathaway, the nation's largest investment holding company, and First National Bank of Omaha, the largest privately held bank holding company in the nation, are both headquartered in the city of Omaha. The HMA also has a history as a major center in the insurance industry with more than 30 insurance companies headquartered in the HMA, including Mutual of Omaha Insurance Company. Recently, the HMA developed as a location for

financial transaction processing firms, with companies such as PayPal Holdings Inc., First Data Corp, and TD AMERITRADE, Inc., establishing a significant presence in the HMA. During the 12 months ending March 2017, nonfarm payrolls in the financial activities sector expanded by 900 jobs, or 2.1 percent, due to many small to midsize expansions at several local firms.

The government sector is the fourth largest employment sector in the HMA, with 66,300 nonfarm payroll

jobs. This sector increased by 300 jobs, or 0.5 percent, during the 12 months ending March 2017, compared with payrolls during the previous 12 months. Offutt AFB, in Sarpy County, immediately south of the city of Omaha, is the largest employer in the HMA with more than 15,000 employees. This number includes 5,600 active-duty members of the Air Force that are not included in the nonfarm payroll totals. Offutt AFB is home to STRATCOM headquarters and, in fiscal year (FY) 2016, had an estimated economic impact of \$1.7 billion on the local economy (Financial Management Analysis Flight of the 55th Comptroller Squadron, FY 2016 economic impact study). Part of this economic impact during FY 2016 was due to the more than \$170 million in construction spending on the base. One of the major projects currently ongoing at the base is the construction of the new STRATCOM headquarters building, a \$1.2 billion strategic command center that broke ground in October 2012.

The mining, logging, and construction sector had the second largest percentage increase in nonfarm payrolls during the 12 months ending March 2017, increasing 3.1 percent, or by 800 jobs.

In addition to ongoing construction at Offutt AFB, CHI Health is building a new \$140 million hospital that is scheduled for completion by mid-2017, and the Children's Hospital and Medical Center recently broke ground on a new 10-story, \$450 million hospital, contributing to an increased number of construction jobs.

Economic conditions during the short-term forecast should remain positive with slow but steady growth in the HMA. During the 3-year forecast period, nonfarm payrolls are expected to expand by an average of 1.0 percent annually. Growth in the construction subsector should remain strong as the previously discussed Children's Hospital and Medical Center and the new STRATCOM headquarters continue construction. In addition, Facebook recently announced they will build a new data center in Sarpy County, Nebraska. The data center will consist of two 450,000-square-foot buildings. This project is expected to create 1,000 construction jobs and 100 permanent jobs when completed in 2020. Growth is also likely to continue in the education and health services sector with the completion of CHI Health's new hospital.

Population and Households

The Omaha HMA is the largest metropolitan area in the state of Nebraska, with a population currently estimated at 931,000 people, an average increase of 9,375, or 1.1 percent, annually since 2010. During the same time period, net in-migration averaged 2,600 people a year and accounted for nearly 28 percent of all

population growth. Since 2000, the growth rates for population have been relatively stable, with few large swings between years in the rate of growth. Between 2000 and 2010, the population of the HMA increased by an average of 9,825, or 1.2 percent, annually, with net in-migration averaging 2,725 annually and accounting for nearly

28 percent of all population growth. Figure 4 shows the components of population change from 2000 through the 3-year forecast period.

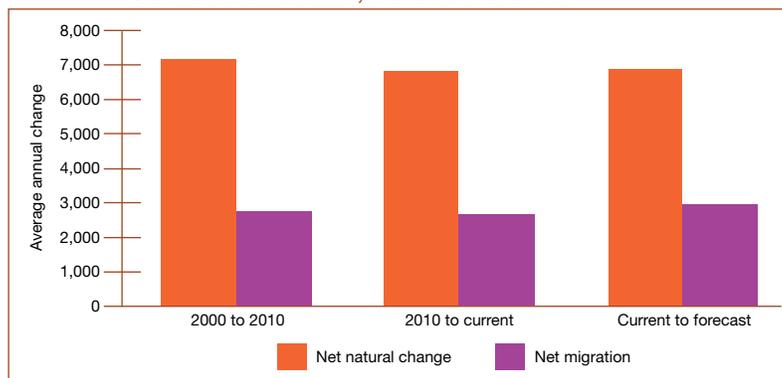
Though the rate of population growth across the HMA has remained fairly stable since 2000, significant variations still exist in the population growth patterns throughout the HMA. From April 2010 through 2016, net in-migration to the Nebraska counties of the HMA averaged 3,150 people annually. The Iowa counties in the HMA had net out-migration that averaged 340 people annually (U.S. Census Bureau population estimates as of July 1). During the same time period, international in-migration to the HMA averaged slightly less than 1,975 people annually and accounted for nearly 63 percent of total in-migration to the HMA. Most of the international in-migration was concentrated in the Nebraska counties of the HMA, as international in-migration to the Iowa counties in the HMA averaged only 45 people annually. Most of the international in-migration to the HMA was to Douglas County, the location of the city of Omaha. International in-migration to Douglas County averaged 1,500 people per year

and accounted for nearly 48 percent of all international in-migration to the HMA. Although domestic in-migration to the HMA was positive between April 2010 and 2016, and averaged nearly 840 people annually, the Iowa counties in the HMA had domestic net out-migration that averaged more than 380 people per year. Sarpy County, which is immediately south of Douglas County and home to Offutt AFB, had the largest amount of domestic in-migration, averaging nearly 1,100 people annually moving into the county. Domestic in-migration to Sarpy County was more than 10 times the rate of domestic in-migration to any other county in the HMA.

Currently, an estimated 360,700 households are in the HMA, an average increase of 3,750, or 1.1 percent, annually since 2010. The homeownership rate in the HMA is currently estimated at 65.1 percent, down from 66.8 percent during April 2010 as more than 56 percent of all net household formations are renter households. By comparison, from 2000 to 2010, the homeownership rate in the HMA declined very slightly from 66.9 to 66.8 percent, as slightly less than 51 percent of all new households formed during this time were renter households. During this decade, the number of households increased by an average of 4,000, or 1.3 percent, annually. Figure 5 shows the number of households by tenure in the HMA.

During the next 3 years, the population of the HMA is expected to grow by an average of 9,675 people, or 1.0 percent, annually. Household growth is also expected to continue during the next 3 years at an average annual rate of 1.1 percent. The majority of the population and household growth

Figure 4. Components of Population Change in the Omaha-Council Bluffs HMA, 2000 to Forecast



Notes: The current date is April 1, 2017. The forecast date is April 1, 2020.

Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

during the next 3 years is likely to occur in Douglas and Sarpy Counties in the state of Nebraska. Figure 6

shows the population and household growth in the HMA from 2000 to the forecast date.

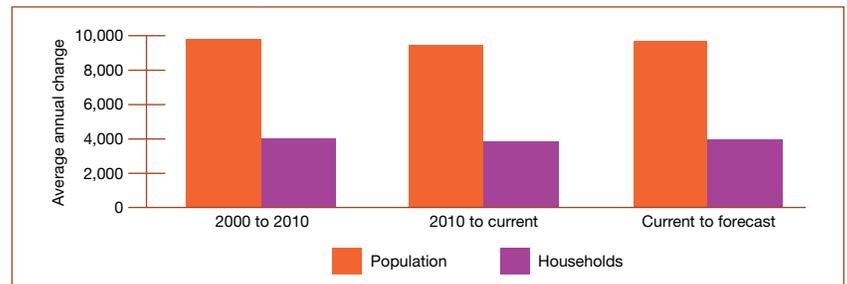
Figure 5. Number of Households by Tenure in the Omaha-Council Bluffs HMA, 2000 to Current



Note: The current date is April 1, 2017.

Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

Figure 6. Population and Household Growth in the Omaha-Council Bluffs HMA, 2000 to Forecast



Notes: The current date is April 1, 2017. The forecast date is April 1, 2020.

Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Housing Market Trends

Sales Market

The sales housing market in the Omaha HMA is currently slightly tight with an owner vacancy rate of 1.0 percent, which is down from 1.9 percent during April 2010. During March 2017, 1,900 homes were listed for sale, which was down by 100, or 5 percent, from March 2016 (Omaha Area Board of Realtors). The average listing stayed on the market for 31 days in March 2017, down from 44 days during March 2016. In March 2017, 1.5 percent of home loans in

the HMA were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status, down from 1.9 percent a year earlier (CoreLogic, Inc.). The percentage of seriously delinquent loans and REO properties in both the HMA and the nation peaked in January 2010 at 4.1 and 8.6 percent, respectively.

New home sales (which include single-family, townhomes, and condominiums) in the HMA increased during

Housing Market Trends

Sales Market *Continued*

the 12 months ending March 2017 by 100 sales, or nearly 5 percent, to 2,225 home sales (Metrostudy, a Hanley Wood Company). The average sales price of a new home was \$295,900, an increase of \$10,200, or nearly 4 percent, from the previous 12 months. The increase in new home sales continues the trend that began after sales bottomed out during 2012 at 1,475. Since the start of 2013, new home sales have increased by an average of 175 sales, or more than 10 percent, annually. Even with the recent steady increases in new home sales, the current level of sales is well below the average of 4,325 new home sales annually during 2005 and 2006. Beginning in 2007, new home sales began to decline as the national housing crisis impacted the HMA. From 2007 through 2012, new home sales declined by an average of 475 sales, or more than 16 percent, annually. A decline in average sales prices began along with the decline in sales, but prices began to recover sooner than sales. In 2006, the average sales price of a new home was \$204,700, and the price declined for the next 3 years to \$188,500 in 2009, an average decline of \$5,400, or nearly 3 percent, annually. In 2010, the average sales price of a new home began to recover and, by 2015, was up to \$283,900, an increase of \$15,900, or more than 7 percent, annually.

Existing home sales reached a new all-time peak during the 12 months ending March 2017, with sales totaling 17,900, an increase of 200 sales, or slightly more than 1 percent, from the previous 12 months. The average sales price of an existing home was \$180,500, an increase of \$8,000, or nearly 5 percent, from the previous 12 months. Existing home sales have steadily increased since 2010 when

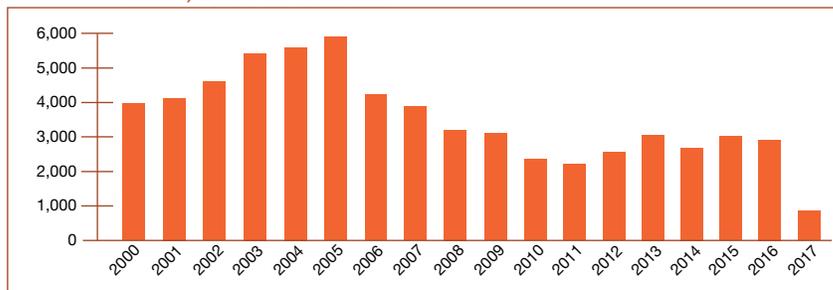
existing home sales totaled 11,800. By the end of 2015, existing home sales totaled 17,600, an average increase of 1,150, or more than 8 percent, annually. The current level of existing home sales is above the previous peak number of sales of 16,300 in 2005. Starting in 2006, existing home sales declined for 3 consecutive years by an average of 1,600 sales, or 11 percent, annually to 11,500 sales during 2008. In 2009, in conjunction with a spike in population growth, existing home sales increased by 1,500, or 13 percent, to 13,000, before declining again in 2010. Another factor for the increase in existing home sales during 2009 was the decline in prices during this year. From 2005 through 2007, the average sales price of an existing home was \$158,700, which then declined by an average of \$6,450, or more than 4 percent, annually, to \$145,800 during 2009 as the number of distressed sales increased, putting downward pressure on prices. Since 2010, the average sales price of an existing home has increased steadily and, by 2015, was up to \$171,800, an average increase of \$4,350, or nearly 3 percent, annually.

New home construction, as measured by the number of single-family homes permitted, totaled 3,000 during the 12 months ending March 2017, an increase of 50 homes, or 2 percent, from the previous 12 months (preliminary data). New home construction increased from the low levels of production during the most recent economic downturn but is still not approaching prerecession levels. During 2000, single-family home construction totaled 3,925 homes and increased for the next 5 years by an average of 390 homes, or 8 percent, annually, before peaking during 2005 at 5,875 single-family homes

permitted. Following this peak, new home construction declined as the national housing crisis impacted the HMA. Single-family home construction declined for 6 consecutive years by an average of 620 homes, or 15 percent, annually, to only 2,150 single-family homes permitted in 2011. In 2012, production began to increase again and, by 2013, 3,050 single-family homes were permitted in the HMA, an average annual increase of 440, or 19 percent, annually from 2011. In 2014, single-family permitting declined by 400 homes, or 13 percent, from 2013, to 2,650. This 1-year decline in single-family homebuilding is partly due to

a steep decline in farm incomes in Nebraska and Iowa, which declined by 22 and 37 percent, respectively, due to a more than 30-percent decline in the price of corn and wheat from 2013 (USDA economic research data). The declining farm incomes may have dampened consumer spending in the HMA without directly impacting nonfarm payrolls during 2014. During 2015, single-family homebuilding rebounded with 2,975 single-family homes permitted, an increase of 330, or 13 percent, from 2014. Figure 7 shows the number of single-family homes permitted annually in the HMA from 2000 through the current date.

Figure 7. Single-Family Homes Permitted in the Omaha-Council Bluffs HMA, 2000 to Current



Notes: Includes townhomes. Current includes data through March 2017.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Omaha-Council Bluffs HMA During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
110,000	149,999	300	3.0
150,000	199,999	1,700	17.0
200,000	249,999	2,100	21.0
250,000	299,999	2,600	26.0
300,000	349,999	1,800	18.0
350,000	399,999	900	9.0
400,000	499,999	500	5.0
500,000	and higher	100	1.0

Notes: The 640 homes currently under construction and a portion of the estimated 10,500 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is April 1, 2017, to April 1, 2020.

Source: Estimates by analyst

Some recent developments include the Shadow Glen subdivision in far west Omaha. This development is a 131-home subdivision with prices starting at \$195,000 for a three-bedroom, two-bathroom home. In the city of Papillion, the Southbrook subdivision is currently under construction with home prices ranging from \$275,000 to \$400,000. When built out, this subdivision will have 196 homes.

During the 3-year forecast period, demand is estimated for 10,050 new homes with demand increasing each year. The 640 homes currently under construction will satisfy part of this demand. Homes priced between \$250,000 and \$299,999 will have the greatest amount of demand during the next 3 years, with most of the demand in Douglas and Sarpy Counties (Table 4).

Rental Market

The rental housing market in the Omaha HMA is currently balanced with the overall rental vacancy rate (which includes apartments, single-family homes, mobile homes, and other rental units) at 7.8 percent, down from 10.1 percent during April 2010 (Figure 8). During 2015, approximately 30 percent of all renter households lived in single-family homes, a level that was unchanged from 2010 (2015 and 2010 American Community Survey 1-year data).

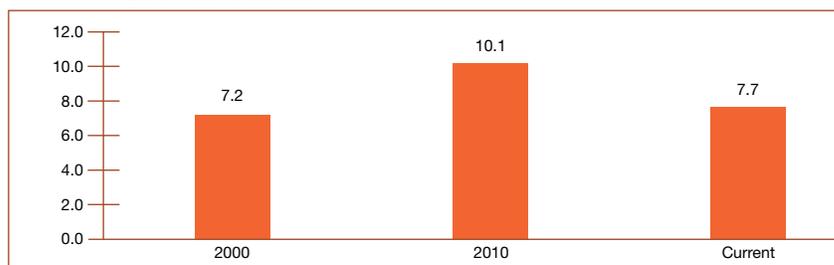
The apartment market is currently balanced with a 4.6-percent vacancy rate during the first quarter of 2017, up from 3.4 percent 1 year earlier (Reis, Inc.), due, in part, to a large number of new units coming on line that have helped to alleviate the previously tight condition. The average rent for an apartment in the HMA is currently \$837, an increase of \$25, or 3 percent, from 1 year earlier. Since 2010, the apartment market in the HMA has performed much better than during the 2000-through-2009 period, as steady economic growth and trends toward renting and urban living helped to keep conditions tight to slightly tight from 2011 through 2016.

In 2000, the apartment vacancy rate was at 4.8 percent, but by 2004, it had increased to 7.1 percent as the

economic downturn in 2002 and subsequent slow recovery limited demand for new rental units. Rent growth was limited during these years, and the average rent increased 1 percent annually, from \$606 in 2000 to \$631 during 2004. From 2005 through 2007, as the expanding economy contributed to increased population growth, the housing market began to absorb some of the excess vacant units, and by the end of 2007, the apartment vacancy rate was down to 5.6 percent. Rent growth was stronger during these years, increasing by an average of \$12, or nearly 2 percent, annually to \$668 during 2007. During the next 2 years, the apartment vacancy rate began to increase as the HMA entered an economic downturn, and by the end of 2009, it rose to 6.8 percent. Even with the increasing vacancy rate, the average rent continued to increase and, by the end of 2009, was up to \$689, an average increase of \$11, or nearly 2 percent, annually since 2007. As the local economy entered its most recent period of expansion, below-average levels of production that allowed absorption of excess vacant units caused a tightening of the apartment market during the next 5 years. The apartment vacancy rate declined to 3.2 percent by the end of 2014, and the average rent rose to \$784, an average increase of \$19, or nearly 3 percent, annually. In 2015, as more units started to come online, the apartment vacancy rate crept up to 3.9 percent, and the average rent rose to \$807, an increase of \$23, or 3 percent, from 2014.

Building activity, as measured by the number of multifamily units permitted, slowed significantly during the past year as the large number of completions during this time helped to

Figure 8. Rental Vacancy Rates in the Omaha-Council Bluffs HMA, 2000 to Current



Note: The current date is April 1, 2017.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

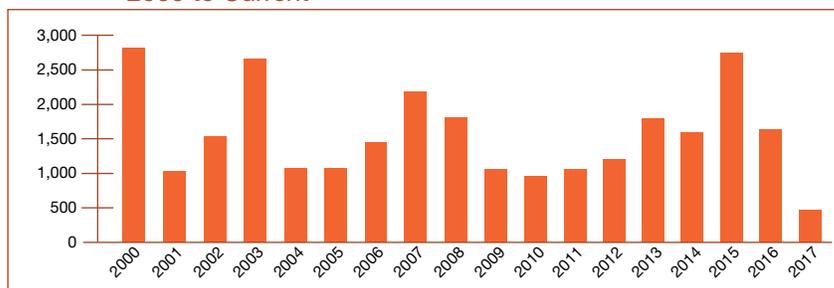
alleviate previously tight conditions. During the 12 months ending March 2017, multifamily building activity totaled 1,450 units permitted, a decline of 1,250, or 46 percent, from the previous 12 months (preliminary data). This large decrease in production is fairly typical of the long-term building trend in the HMA, where huge 1-year upswings in production are followed by steep declines the next year. In the year 2000, 2,825 multifamily were permitted, but in 2001, the number of multifamily units permitted dropped nearly 64 percent to 1,025. Following this decline, production began trending up again and, by 2003, totaled 2,650 multifamily units permitted, an average increase of 800 units, or 60 percent, annually from 2001. During 2004 and 2005, production fell again with an average of 1,075 multifamily units permitted annually during these years. In 2006, multifamily homebuilding began to increase once more and, by 2007, production totaled 2,175, an average increase of 550, or 42 percent, annually since 2005. In 2008, production began to decline once more and, by 2010, only 950 multifamily

units were permitted in the HMA, an average decline of 410, or 24 percent, annually. Following this low point in production during 2010, building activity began to increase once more and, by 2013, 1,800 units were permitted in the HMA, an average increase of 280, or 23 percent, annually. Production dropped off slightly in 2014, with 1,600 units permitted, a decline of 210 units, or 12 percent, from 2013. Figure 9 shows the number of single-family homes permitted annually in the HMA from 2000 through the current date.

Some recently completed apartments include The Highline apartments, a 112-unit development at 2100 Douglas Avenue in the city of Omaha. This property consists of one- and two-bedroom apartments with rents ranging from \$850 to \$1,825. In Sarpy County, the most recent completion is the second phase of the Pavilion at Twin Creek. This property contains 240 one- and two-bedroom units with rents ranging from \$899 to \$1,212 a month.

During the 3-year forecast period, demand is estimated for 4,575 new rental units with demand declining each year as homeownership begins to recover. The 1,700 units currently under construction will satisfy a portion of the demand. Two-bedroom units that range in rent from \$925 to \$1,174 will constitute the largest portion of that demand (Table 5). The city of Omaha and Sarpy County along state highway 370 will need the most new apartments in the HMA.

Figure 9. Multifamily Units Permitted in the Omaha-Council Bluffs HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through March 2017.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Housing Market Trends

Rental Market *Continued*

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Omaha-Council Bluffs HMA During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
700 to 899	120	830 to 1,029	1,300	975 to 1,174	1,325	1,250 to 1,449	190
900 or more	20	1,030 to 1,229	610	1,175 to 1,374	770	1,450 or more	35
		1,230 or more	100	1,375 or more	110		
Total	140	Total	2,025	Total	2,200	Total	230

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 1,700 units currently under construction will likely satisfy some of the estimated demand. The forecast period is April 1, 2017, to April 1, 2020.

Source: Estimates by analyst

Data Profile

Table DP-1. Omaha-Council Bluffs HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	412,174	442,340	462,900	0.7	0.7
Unemployment rate	2.8%	5.1%	3.3%		
Nonfarm payroll jobs	444,500	459,100	498,800	0.3	1.3
Total population	767,041	865,350	931,000	1.2	1.1
Total households	294,502	334,379	360,700	1.3	1.1
Owner households	196,893	223,303	234,800	1.3	0.7
Percent owner	66.9%	66.8%	65.1%		
Renter households	97,609	111,076	125,900	1.3	1.8
Percent renter	33.1%	33.2%	34.9%		
Total housing units	311,540	362,327	384,100	1.5	0.8
Owner vacancy rate	1.1%	1.9%	1.0%		
Rental vacancy rate	7.2%	10.1%	7.8%		
Median Family Income	\$50,821	\$67,291	\$72,800	2.8	1.3

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through March 2017. Median Family Incomes are for 1999, 2009, and 2015. The current date is April 1, 2017.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
 2010: 4/1/2010—U.S. Decennial Census
 Current date: 4/1/2017—Estimates by the analyst
 Forecast period: 4/1/2017–4/1/2020—Estimates
 by the analyst

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits.

As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_Omaha_CouncilBluffsNE_IA_17.pdf.

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to huduser.gov/portal/ushmc/chma_archive.html.