

HUD PD&R Housing Market Profiles

Omaha-Council Bluffs, Nebraska-Iowa



Quick Facts About Omaha-Council Bluffs

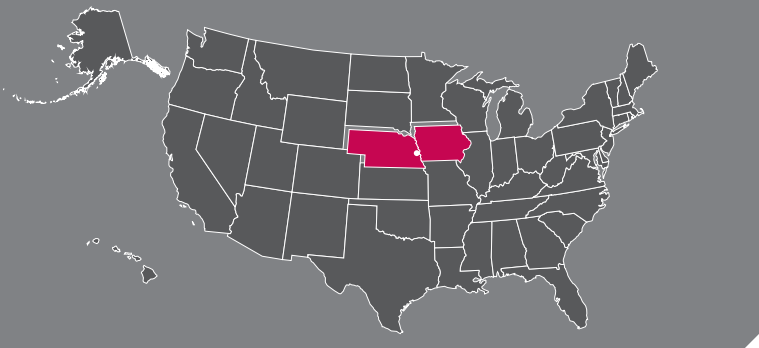
- Current sales market conditions: slightly soft.
- Current apartment market conditions: tight.
- The metropolitan area is the headquarters location for five Fortune 500 companies—ConAgra Foods, Inc., Union Pacific Corporation, Kiewit Corporation, Berkshire Hathaway, and Mutual of Omaha.

By Sam Young | As of September 1, 2013

Overview

The Omaha-Council Bluffs metropolitan area, which spans the Missouri River on the Iowa-Nebraska border, is a regional distribution hub and center for financial, professional, and healthcare services. The metropolitan area consists of Cass, Douglas, Sarpy, Saunders, and Washington Counties in Nebraska and Harrison, Mills, and Pottawattamie Counties in Iowa.

- The estimated population in the metropolitan area is 896,100. Net natural change (resident births minus resident deaths) has constituted nearly 80 percent of population growth in the metropolitan area since 2010.
- The population grew by an average of 10,850, or 1.3 percent, annually from mid-2004 through mid-2010, but population growth has slowed to an average of 8,800 people, or 1.0 percent, a year since mid-2010.
- Net in-migration has slowed from an average of 3,325 people annually from mid-2004 through mid-2010 to an average of 1,650 people annually since 2010, when economic growth in the metropolitan area began to lag that of the nation.



The mining, logging, and construction sector led nonfarm payroll growth in the Omaha-Council Bluffs area.

	3 Months Ending		Year-Over-Year Change	
	August 2012 (thousands)	August 2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	470.5	476.0	5.5	1.2
Goods-producing sectors	53.2	55.2	2.0	3.8
Mining, logging, and construction	21.8	23.5	1.7	7.8
Manufacturing	31.4	31.7	0.3	1.0
Service-providing sectors	417.3	420.8	3.5	0.8
Wholesale and retail trade	67.3	67.8	0.5	0.7
Transportation and utilities	26.5	26.6	0.1	0.4
Information	11.3	11.3	0.0	0.0
Financial activities	41.7	41.8	0.1	0.2
Professional and business services	67.2	67.5	0.3	0.4
Education and health services	72.9	74.1	1.2	1.6
Leisure and hospitality	48.0	49.6	1.6	3.3
Other services	17.6	17.1	-0.5	-2.8
Government	64.8	64.9	0.1	0.2
	(percent)	(percent)		
Unemployment rate	4.5	4.5		

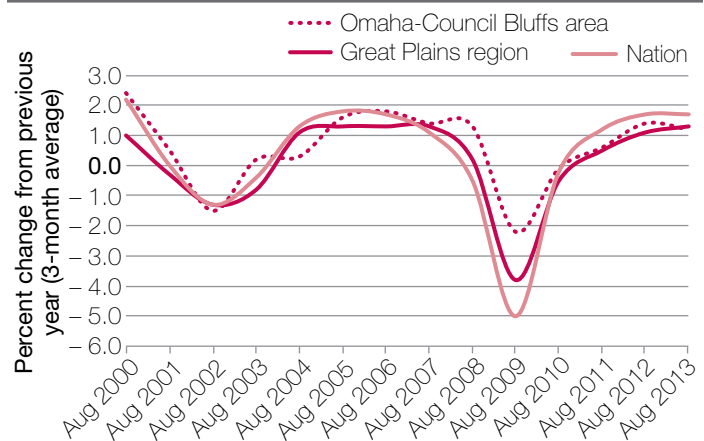
Note: Numbers may not add to totals because of rounding.
Source: U.S. Bureau of Labor Statistics

Economic Conditions

After payroll declines in 2009 and 2010, job growth in the Omaha-Council Bluffs metropolitan area resumed in 2011, and the economy continued to recover during the most recent 3-month period.

- Nonfarm payrolls for the 3 months ending August 2013 increased by 5,500 jobs, or 1.2 percent, from the same period a year earlier, to approximately 476,000 jobs.
- The mining, logging, and construction and the leisure and hospitality sectors, which increased by 1,700 and 1,600 jobs, or 7.8 and 3.3 percent, respectively, led nonfarm payroll gains.
- Payrolls in the education and health services sector, the largest employment sector in the metropolitan area, grew by 1,200 jobs, or 1.6 percent, from a year ago. This sector increased during the national recession, by an average of 1,325 jobs, or 2.0 percent, annually from 2008 through 2012.
- The unemployment rate during the 3 months ending August 2013 averaged 4.5 percent, unchanged from a year earlier and slightly more than the 4.2-percent Nebraska statewide average.

Nonfarm payrolls in the Omaha-Council Bluffs area and the Great Plains region have lagged national growth since 2010.



Note: Nonfarm payroll jobs.
Source: U.S. Bureau of Labor Statistics

Largest employers in the Omaha-Council Bluffs area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Offutt Air Force Base	Government	10,200
Alegent Creighton Health	Education and health services	9,000
Methodist Health Systems	Education and health services	5,500

Note: Excludes local school districts.
Source: Greater Omaha Economic Development Partnership

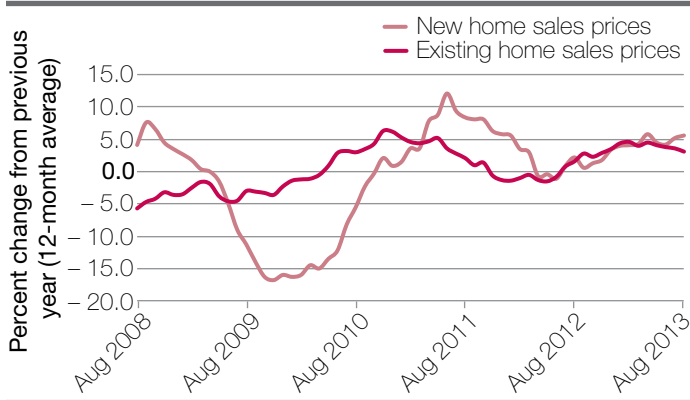


Sales Market Conditions

Despite recent improvements, the sales housing market in the Omaha-Council Bluffs metropolitan area remains slightly soft, partially because of decreased net in-migration. During the 12 months ending August 2013, existing home sales (including single-family homes, townhomes, and condominiums) increased 8.1 percent from the previous 12 months to approximately 9,725 homes sold (Omaha Area Board of REALTORS®). During the same period, the average existing home sales price increased 3.1 percent to \$164,800.

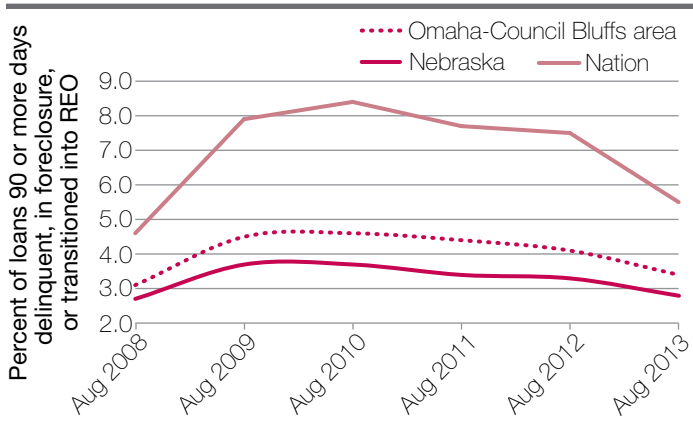
- By comparison, from 2008 through 2010, existing home sales averaged 7,600 annually, and the average sales price was \$152,000.

Sales prices for new and existing homes in the Omaha-Council Bluffs area have increased moderately since 2012.



Note: Includes single-family homes, townhomes, and condominiums. Source: Omaha Area Board of REALTORS®

The delinquency rate in the Omaha-Council Bluffs area was low.

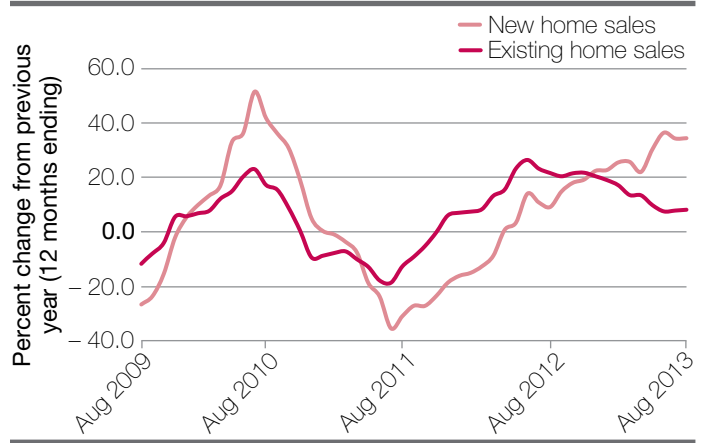


REO = Real Estate Owned. Source: LPS Applied Analytics

- During the 12 months ending August 2013, new single-family home sales increased more than 34 percent from a year earlier to 1,200 homes sold, and the average new home sales price increased 5.6 percent to \$277,100.
- The 1,200 new homes sold were more than the average of 1,000 sold annually from 2008 through 2011, and the average new home sale price was 7 percent more than the average price of \$258,600 during the same period.
- In August 2013, 3.4 percent of home loans in the metropolitan area were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) status, down from 4.1 percent a year earlier and less than the 5.5-percent national rate (LPS Applied Analytics).

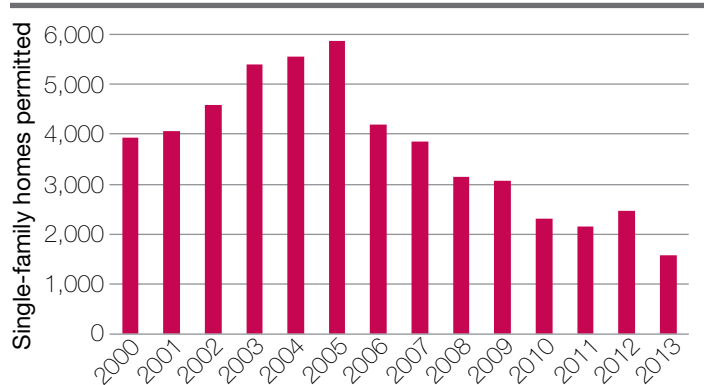
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Home sales have increased steadily in the Omaha-Council Bluffs area since 2011, but the rate of increase in existing homes has slowed.



Note: Includes single-family homes, townhomes, and condominiums. Source: Omaha Area Board of REALTORS®

Single-family home construction in the Omaha-Council Bluffs area has increased since 2011 but remained less than in the peak years.



Note: Includes preliminary data from January 2013 through August 2013. Source: U.S. Census Bureau, Building Permits Survey



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Single-family home construction in the Omaha-Council Bluffs metropolitan area increased during the past 2 years in response to improving sales market conditions.

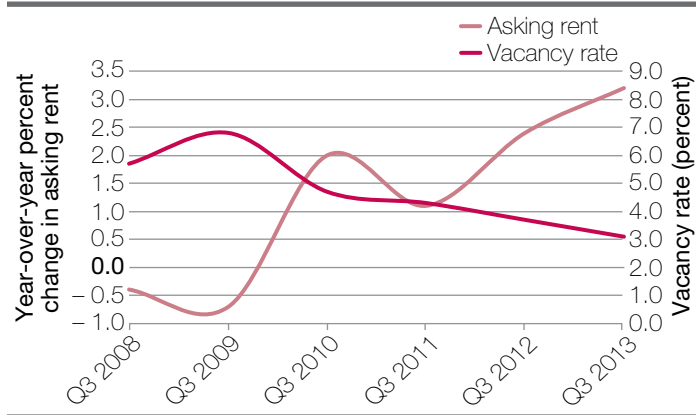
- The number of single-family homes authorized by permits increased by 150 homes, or 24 percent, from a year earlier, to 780 homes permitted during the 3 months ending August 2013.

Apartment Market Conditions

The apartment market in the Omaha-Council Bluffs metropolitan area is currently tight.

- The apartment vacancy rate during the third quarter of 2013 was 3.1 percent, down from 3.7 percent during the same period a year earlier (Reis, Inc.).
- Reflecting the decline in vacancy rates, the year-over-year expansion in apartment asking rent increased from 2.4 percent in the third quarter of 2012 to 3.2 percent in the third quarter of 2013.
- Many older existing single-family homes continued to shift from sales to rentals, contributing to less rent growth in the metropolitan area.
- Asking rents in the metropolitan area averaged approximately \$650, \$810, and \$1,020 for one-, two-, and three-bedroom units, respectively.

Market rents increased and vacancy rates decreased in the Omaha-Council Bluffs area after 2009.



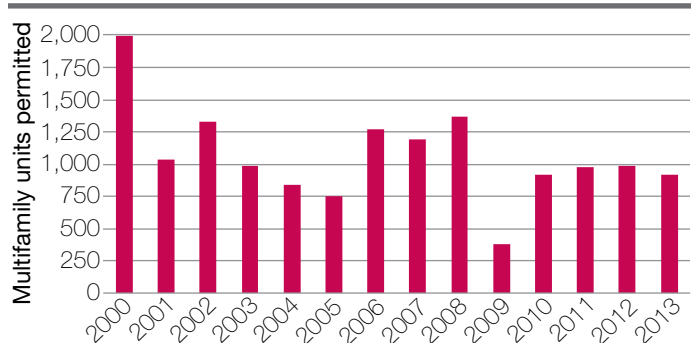
Source: Reis, Inc.

- The current permitting level is more than 15 percent less than the average annual permitting of 3,375 homes reported from 2007 through 2009, and it is much less than the average annual permitting of 5,250 homes reported from 2003 through 2006.
- Developments under construction include the Falling Waters subdivision in Omaha, with homes ranging in size from two to four bedrooms and in price from \$200,000 to \$400,000.

Builders increased apartment production in response to increased demand as households continued to shift from owning to renting.

- During the 3 months ending August 2013, approximately 460 apartment units were permitted in the Omaha-Council Bluffs metropolitan area, an increase of 140 units, or 42 percent, from the same period a year earlier.
- An average of 1,200 multifamily units were permitted annually from 2000 through 2008, before building activity declined to average 750 units permitted annually from 2009 through 2011, in response to slowing net in-migration.
- Approximately 730 apartment units are currently under construction in the metropolitan area, and more than 580 units are in various stages of planning.
- Current developments under way in the metropolitan area include the 216-unit Elk Hills Apartments, which is expected to be complete in mid-2014 and to offer rents averaging \$775 for one-bedroom units, \$900 for two-bedroom units, and \$990 for three-bedroom units.

Multifamily construction in the Omaha-Council Bluffs area increased from a recent low in 2009.



Note: Includes preliminary data from January 2013 through August 2013.
Source: U.S. Census Bureau, Building Permits Survey

