

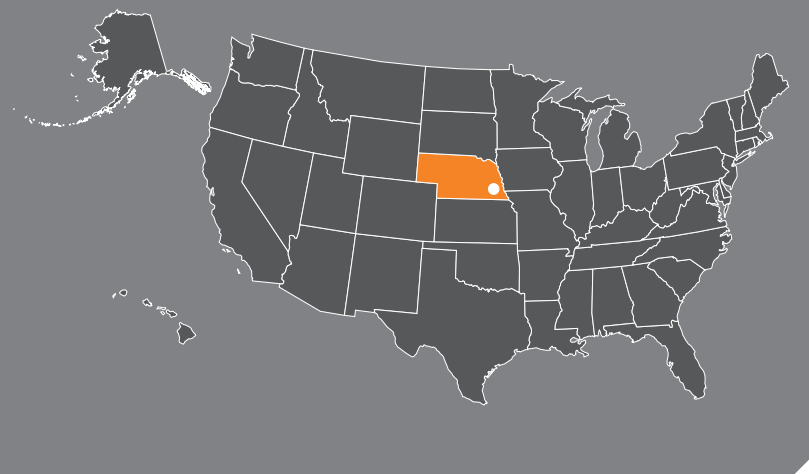
# HUD PD&R Housing Market Profiles

## Lincoln, Nebraska



### Quick Facts About Lincoln

- Current sales market conditions: tight
- Current apartment market conditions: tight
- The city of Lincoln is a thriving college town, home to the University of Nebraska-Lincoln (UNL). Tickets for the Cornhuskers college football team have sold out for over 50 years (huskers.com).



By Heather Jones | As of June 1, 2022

### Overview

The Lincoln Metropolitan Statistical Area (hereafter, Lincoln metropolitan area) is defined as Lancaster and Seaward Counties in southeast Nebraska, 50 miles southwest of Omaha, Nebraska. The city of Lincoln is the state capital, and state government employees, including those at UNL, accounted for nearly 12 percent of all nonfarm payrolls in the metropolitan area during the 3 months ending May 2022. The approximately 25,100 students enrolled at UNL, the largest university in the state, play a significant role in the community, impacting the economy and creating housing demand. UNL contributed \$1.2 billion in economic impact in 2021 to the state of Nebraska (Tripp Umbach) and has 1,700 faculty members.

- As of June 1, 2022, the estimated population of the Lincoln metropolitan area is 346,300, up by an average of 3,175 people, or 0.9 percent, annually since 2018. By comparison, population growth averaged 3,575 people, or 1.1 percent, each year from 2015 to 2018 (Census Bureau population estimates as of July 1 and estimates by the analyst).

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- Net in-migration has averaged 1,675 people a year since 2018, down slightly from an average of 1,775 people annually from 2015 to 2018. Much of this decrease can be attributed to lower migration during the COVID-19 pandemic, with net in-migration of 630 people between July 2020 and July 2021.
- Net natural change has averaged 1,500 annually since 2018, down from the average of 1,800 a year from 2015 to 2018, and is partially due to the increasing deaths related to COVID-19, with net natural change of 970 people between July 2020 and July 2021.

## Economic Conditions

Economic conditions in the Lincoln metropolitan area are improving after the sharp decline in jobs during the pandemic-related recession in March and April 2020, but nonfarm payrolls during the 3 months ending May 2022 remain below the prepandemic high that occurred during the 3 months ending February 2020. Four sectors have fully recovered from the recession, with the strongest recovery in the mining, logging, and construction sector, which averaged 10,400 jobs during the 3 months ending May 2022, up from 9,100 jobs during the 3 months ending May 2019. Seven sectors have yet to surpass prepandemic highs, including the leisure and hospitality sector, which averaged 17,700 jobs during the 3 months ending May 2022, 9.2 percent below the average of 19,500 jobs during the 3 months ending May 2019. Before the COVID-19 pandemic, nonfarm payrolls in the Lincoln metropolitan area grew an average of 1.7 percent annually from 2011 through 2019.

During the 3 months ending May 2022—

- Nonfarm payrolls averaged 189,800 in the metropolitan area, an increase of 3,400 jobs, or 1.8 percent, compared with the same period a year ago, but 1.6 percent below the

average of 192,900 jobs during the 3 months ending May 2019, before the COVID-19 pandemic. By comparison, nonfarm payrolls rose 4.5 percent nationally during the past year and were 0.4 percent above the average during the 3 months ending May 2019.

- Nine of the 11 nonfarm payroll sectors added jobs in the Lincoln metropolitan area, with the fastest growth in the leisure and hospitality sector, which expanded by 1,600 jobs, or 9.9 percent, from the previous year. The strong gains in this sector, the hardest hit during the COVID-19 recession, were partially due to the continued relaxing of measures implemented to slow the spread of the disease.
- The mining, logging, and construction sector rose 4.0 percent, with the increase occurring entirely within the construction subsector. Commercial and residential construction has increased in the Lincoln metropolitan area, including new speculative warehouse space, additional healthcare facilities, new student housing, and multifamily units.

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### All but two payroll sectors added jobs in the Lincoln metropolitan area during the 3 months ending May 2022.

	3 Months Ending		Year-Over-Year Change	
	May 2021 (Thousands)	May 2022 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	186.4	189.8	3.4	1.8
Goods-Producing Sectors	23.4	24.0	0.6	2.6
Mining, Logging, & Construction	10.0	10.4	0.4	4.0
Manufacturing	13.4	13.6	0.2	1.5
Service-Providing Sectors	163.0	165.8	2.8	1.7
Wholesale & Retail Trade	22.0	22.6	0.6	2.7
Transportation & Utilities	10.3	10.7	0.4	3.9
Information	3.3	3.4	0.1	3.0
Financial Activities	11.6	10.9	-0.7	-6.0
Professional & Business Services	21.0	21.3	0.3	1.4
Education & Health Services	30.6	31.1	0.5	1.6
Leisure & Hospitality	16.1	17.7	1.6	9.9
Other Services	6.9	7.1	0.2	2.9
Government	41.2	41.0	-0.2	-0.5
<b>Unemployment Rate</b>	2.6%	1.9%		

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics

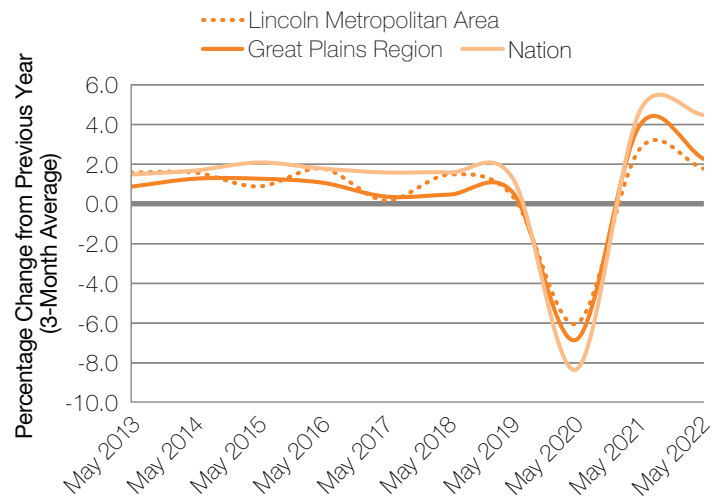


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- The financial activities sector fell 6.0 percent as financial institutions, including U.S. Bancorp, Cornhusker Bank, and CIT Group, closed branches in the metropolitan area. Changing consumer banking behavior was cited as the reason for the closures of the two Cornhusker branches (atmmarketplace.com).
- The government sector, the largest sector in the metropolitan area, fell by 200 jobs, or 0.5 percent, to 41,000 jobs. The decrease was entirely in the local government subsector, which had difficulty filling open positions in the Lincoln metropolitan area.
- The unemployment rate averaged 1.9 percent, down from 2.6 percent a year ago and less than half of the 6.6-percent rate during the same period in 2020. Strong gains in resident employment outpaced growth in the labor force, contributing to the declining unemployment rate.

The education and health services sector is the second largest in the Lincoln metropolitan area, with 31,100 employees. Employment in this sector decreased slightly during the COVID-19 pandemic and has since resumed the trend of job gains during the previous decade. From the 3 months ending May 2010 to the 3 months ending May 2019, the education and health services sector added an average of 430 jobs, or 1.5 percent, annually, followed by a decline of 4.2 percent between the 3 months ending May 2019 and the 3 months ending May 2020. Since then, the sector has increased at an average annual rate of 2.9 percent, or by 850 jobs, in the 3 months ending May 2022. One of the largest employers in the metropolitan area, Bryan Health, is a not-for-profit healthcare organization operating an acute-care hospital, a college of health sciences, and several outpatient clinics. The Livability website ranked the city of Lincoln eighth on their *Best Cities for Affordable Healthcare* list, with residents

During the COVID-19 pandemic, nonfarm payroll jobs in the Lincoln metropolitan area declined slower than the Great Plains region and the nation.



Source: U.S. Bureau of Labor Statistics

### Largest Employers in the Lincoln Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
State of Nebraska	Government	5,000–7,500
University of Nebraska-Lincoln	Government	2,500–4,999
Bryan Health	Education & Health Services	2,500–4,999

Note: Excludes local school districts.

Source: Lincoln Partnership for Economic Development

spending an average of 12 percent less on healthcare costs each year compared with the nation, citing the high number of healthcare facilities in the area as allowing for more choice in healthcare services for residents.

## Sales Market Conditions

The home sales market in the Lincoln metropolitan area is tight and has been for the past few years, with the median days on the market for homes remaining low at only 6 days in May 2022, up from 5 days in May 2021, compared with 16 days on the market in May 2016 (Redfin, a national real estate brokerage). The sales vacancy rate is currently estimated at 1.3 percent, down from 1.8 percent in 2010. The metropolitan area had a 0.9-month supply of homes for sale during May 2022, unchanged from a year ago but down from the 1.5-months supply during May 2020.

During the 12 months ending April 2022—

- Existing home sales totaled 6,775 homes, a 3-percent decrease from the 12 months ending April 2021. Declining

levels of for-sale inventory and a 16-percent increase in the average sales price of an existing home to \$250,600 contributed to the decline in the number of sales.

- New home sales decreased 5 percent from 930 homes during the 12 months ending April 2021 to 900 homes, and the average new home sales price rose over 19 percent to \$382,600 during the past year.
- As of April 2022, 1.0 percent of home loans in the Lincoln metropolitan area were seriously delinquent (90 or more days delinquent or in foreclosure) or in REO status, down from 1.9 percent in April 2021, above the 0.7-percent rate in April 2020 (CoreLogic, Inc.). The sharp rise in the rate in April 2021 partly reflected an increase in the number

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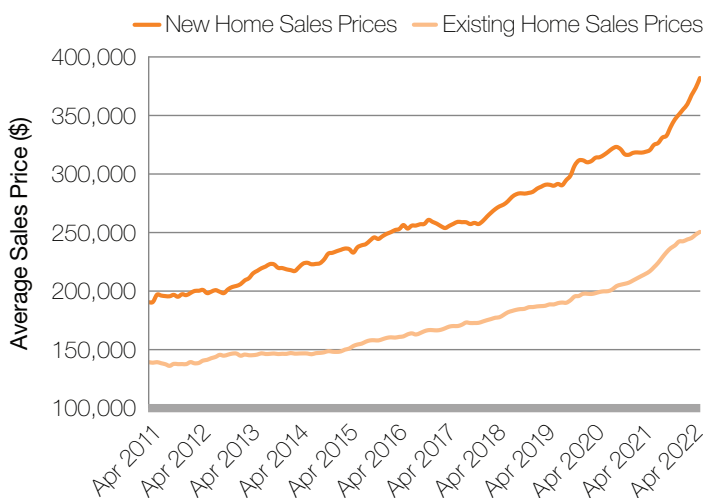


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of loans in forbearance; the economic contraction during the COVID-19 pandemic made it more difficult for some homeowners to stay current on their mortgage payments. The April 2022 rate for the metropolitan area was below the 1.2-percent rate for Nebraska and the 1.5-percent rate for the nation.

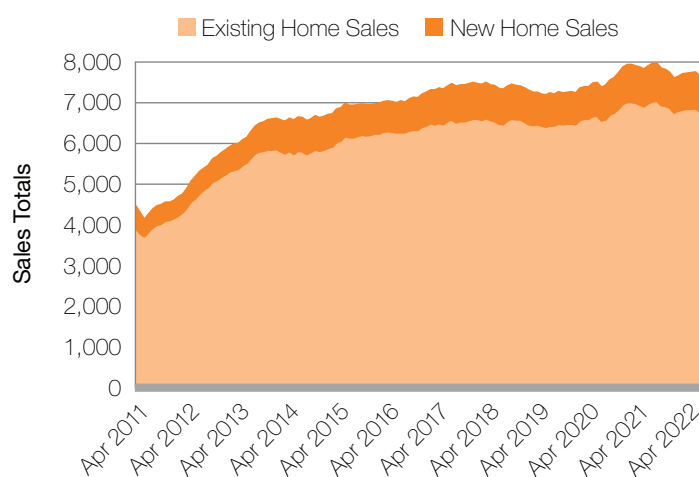
New home sales construction activity, as measured by the number of homes permitted, has been elevated since 2013, coinciding with the recovery from the Great Recession. Sales

Due in part to a decline in for-sale housing, home sales price growth has accelerated in the Lincoln metropolitan area during the past 2 years.



Note: Prices are for single-family homes, townhomes, and condominiums.  
Source: CoreLogic, Inc.

During the past decade, demand for new and existing homes in the Lincoln metropolitan area has risen and was maintained through the COVID-19 pandemic recession.



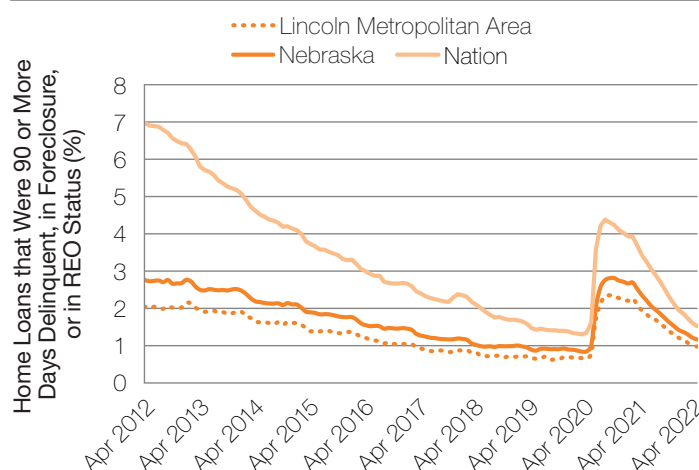
Note: Sales are for single-family homes, townhomes, and condominiums.  
Source: CoreLogic, Inc.

market conditions have tightened since the early 2010s, despite a general trend of increased new home construction. From 2008 through 2012, single-family construction averaged 710 homes permitted annually, a figure which rose to an average of 1,125 homes permitted annually from 2013 through 2019.

- Approximately 1,250 single-family homes were permitted during the 12 months ending April 2022, largely unchanged from a year ago (preliminary data).

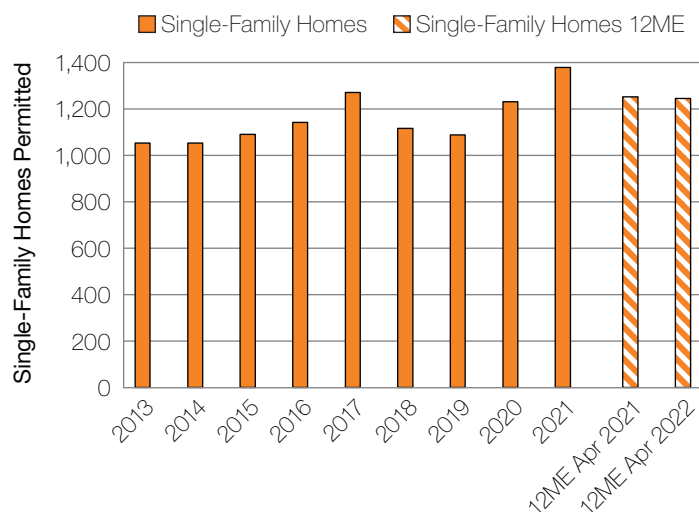
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The percentage of home loans 90 or more days delinquent, in foreclosure, or recently transitioned to REO status decreased in the past year in the Lincoln metropolitan area and remained below the national rate.



REO = real estate owned.  
Source: CoreLogic, Inc.

After a moderate decrease in 2018 and 2019, single-family home construction in the Lincoln metropolitan area increased in 2020 and 2021.



12ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2013–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

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- Following a low of 650 homes permitted in 2010, the number of homes permitted in the Lincoln metropolitan area increased during 9 of the next 11 years, reaching a high in 2021, when 1,375 homes were permitted.
- Almost all the recent development has been concentrated around the city of Lincoln, with new single-family communities being constructed in Lancaster County.

## Apartment Market Conditions

Apartment market conditions are tight in the Lincoln metropolitan area, and relatively strong renter household growth has contributed to rising rents and low vacancy rates since the early-2010s. Most new multifamily construction is concentrated in the downtown Lincoln area, including senior and student apartments. Market conditions have continued to tighten since the mid-2010s, although the number of apartment units entering the market has generally trended upwards.

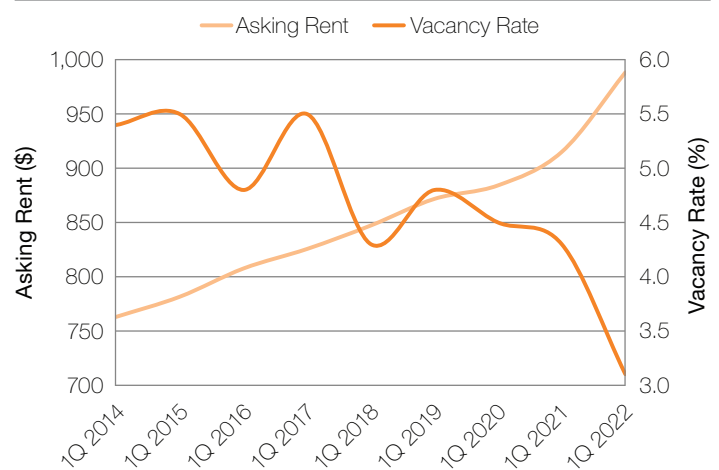
- The apartment vacancy rate in the metropolitan area was 3.1 percent during the first quarter of 2022, down from 4.3 percent a year earlier (CoStar Group). The apartment vacancy rate fluctuated between 5.5 and 6.5 percent from the first quarter of 2009 through the first quarter of 2015, but it has since generally declined.
- The average rent in the metropolitan area increased to \$989 during the first quarter of 2022, an 8-percent increase from a year ago; the fastest annual rent growth of any quarter in at least the past 20 years.
- Apartment rents rose an average of nearly 3 percent per year between the first quarters of 2017 and 2019. In the first quarter of 2020, rent growth rose by slightly more than 1 percent and accelerated in the first quarter of 2021, rising by nearly 4 percent.
- Of the 25,100 students enrolled at the University of Nebraska-Lincoln (UNL), 63 percent, or 15,800 students, live off-campus, making up an estimated 8.5 percent of the total renter households in the Lincoln metropolitan area (*U.S. News & World Report Best Colleges Rankings*). The vacancy rate for apartment units near UNL was 4.7 percent in the second quarter of 2022, representing no change from the previous year (CoStar Group).

Multifamily construction activity, as measured by the number of multifamily units permitted, has generally been at high levels since the mid-2010s. Accelerating net in-migration, including increased enrollment at UNL, which has added 900 students over the past decade, has contributed to the rapid absorption of the new units.

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- Prairie Village North, a new townhome subdivision marketed to seniors in the Lincoln area, is under construction near Mahoney Park and offers 76 homes for sale, and prices start at \$300,000.

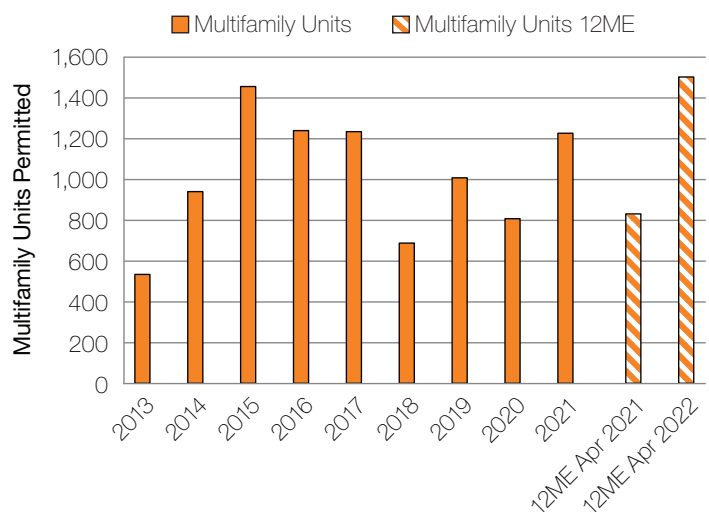
The apartment vacancy rate in the Lincoln metropolitan area declined during the first quarter of 2022, and the average rent increased sharply.



1Q = first quarter. YoY = year-over-year.

Source: CoStar Group

Multifamily construction has generally been at high levels in the Lincoln metropolitan area since the mid-2010s and rose sharply during the most recent 12 months.



12ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2013–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

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- During the 12 months ending April 2022, approximately 1,500 multifamily units were permitted in the metropolitan area, up 81 percent from 830 units a year ago (preliminary data).
- Between 2015 and 2021, an average of 1,100 units were permitted annually. By comparison, an average of 560 units were permitted each year from 2011 through 2014.
- Recent multifamily development has been concentrated in the city of Lincoln, including the 128-unit Tabitha Intergenerational Apartments, a community open to seniors and health science students. The four-story building is set to break ground in the next 30 to 60 days.
- The Gatehouse Rows in Lincoln is under construction, with 98 units that include one-, two-, and three-bedroom apartments. The development will feature an onsite playground, a community room, and a community garden; units will be available starting in the third quarter of 2022.

## Terminology Definitions and Notes

### A. Definitions

<b>Building Permits</b>	Building permits do not necessarily reflect all residential building activity. 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.
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<b>Home Sales/Home Sales Prices</b>	Includes single-family, townhome, and condominium sales.
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<b>Net Natural Change</b>	Resident births minus resident deaths.
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<b>Seriously Delinquent Mortgages</b>	Mortgages 90+ days delinquent or in foreclosure.
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### B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
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