

# HUD PD&R Housing Market Profiles

## Omaha-Council Bluffs, Nebraska-Iowa

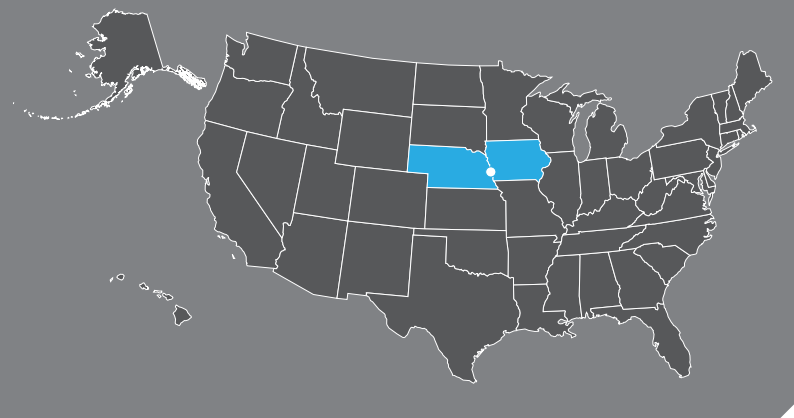


### Quick Facts About Omaha-Council Bluffs

Omaha, Nebraska

By Steve Walker | As of December 1, 2021

- Current sales market conditions: tight
- Current apartment market conditions: slightly tight
- The Omaha metropolitan area is the location of the headquarters to four Fortune 500 companies: Berkshire Hathaway Inc., a full-service brokerage company; Kiewit Corporation, one of the world's largest construction companies; Mutual of Omaha Insurance Company, an insurance and finance firm; and Union Pacific Corporation, a railroad operator serving 23 states.



### Overview

The Omaha-Council Bluffs Metropolitan Statistical Area (hereafter, Omaha metropolitan area) is the largest metropolitan area in both Nebraska and Iowa and is bisected by the Missouri River. The Omaha metropolitan area consists of Cass, Douglas, Sarpy, Saunders, and Washington Counties in eastern Nebraska, and Harrison, Mills, and Pottawattamie Counties in western Iowa. The metropolitan area is also home to Offutt Air Force Base (AFB), which had a \$2.9 billion economic impact, with 6,775 military employees and 3,950 civilian employees in 2020 (Offutt AFB, FY2020 Economic Impact Statement). The city of Omaha is the second largest city on the Missouri River, the largest city in Nebraska, and the county seat of Douglas County. The metropolitan area is a significant population center in both Nebraska and Iowa and serves as a regional hub for education, healthcare, and tourism.

- As of December 1, 2021, the population of the Omaha metropolitan area is estimated at 987,800. The population has increased by an average of 10,500, or 1.1 percent, annually since 2010.
- Population growth averaged 10,450 people, or 1.2 percent, annually from 2010 to 2015. Net in-migration accounted

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for 3,750 people annually, or 36 percent of the growth, whereas net natural change (resident births minus resident deaths) accounted for 6,700 people annually, or 64 percent (Census Bureau population estimates as of July 1). Since 2015, population growth has averaged 10,500 people, or 1.1 percent, annually. Net in-migration accounted for 4,400 people, or 42 percent of the growth, whereas net natural change accounted for 6,100 people annually, or 58 percent (current estimates by the analyst).

- Individuals aged 60 years and older represent an increasing share of the population in the Omaha metropolitan area. This

age cohort increased from 18 percent of the population in 2010 to 20 percent of the total population in 2019 (American Community Survey [ACS] 1-year data). The 40–59-age cohort declined the most during this period, from 26 percent in 2010 to 24 percent in 2019.

- Douglas County accounted for 82 percent of population growth in the metropolitan area from 2010 to 2019, followed by Sarpy County, with 17 percent, and Cass, Saunders, and Walker Counties, with 1 percent each. The populations in Harrison, Mills, and Pottawattamie Counties each declined during this period.

## Economic Conditions

The economy of the Omaha metropolitan area is recovering after a short, but severe, recession early in 2020 caused by public health measures put in place to slow the spread of COVID-19. Job recovery occurred during the past year as restrictions on businesses were gradually lifted, and people returned to work. Economic conditions in the metropolitan area are currently recovering, following the sharp jobs decline during the recession in March and April 2020 when nonfarm payrolls in the metropolitan area declined by 45,300 jobs, or 9.0 percent. In November 2021, the Omaha metropolitan area regained all of the jobs lost (monthly data, not seasonally adjusted). Nonfarm payrolls increased to an average of 500,900 jobs during the 3 months ending November 2021, an increase of 13,000 jobs, or 2.7 percent, from the 3 months ending November 2020. Nonfarm payrolls in Nebraska grew at a similar rate, increasing 2.9 percent, whereas nonfarm payrolls

in the nation grew at a much faster pace, increasing 4.1 percent. Job growth was relatively faster for the nation as a whole, partly because the effect of the COVID-19 pandemic on job counts was more severe nationwide compared with the Omaha metropolitan area.

During the 3 months ending November 2021 —

- The largest payroll gains in numeric and percentage terms occurred in the leisure and hospitality sector, which added 5,600 jobs, or 12.7 percent, compared with a year ago, to 49,700 jobs; despite these gains, sector payrolls remain 4.6 percent below levels during the 3 months ending November 2019, before the pandemic.
- The wholesale and retail trade sector added 1,800 jobs, or 2.7 percent, compared with a year earlier, as shoppers

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### In the Omaha metropolitan area, 10 out of 11 sectors gained jobs during the 3 months ending November 2021.

	3 Months Ending		Year-Over-Year Change	
	November 2020 (Thousands)	November 2021 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	487.9	500.9	13.0	2.7
Goods-Producing Sectors	63.8	64.1	0.3	0.5
Mining, Logging, & Construction	30.6	30.7	0.1	0.3
Manufacturing	33.1	33.4	0.3	0.9
Service-Providing Sectors	424.2	436.7	12.5	2.9
Wholesale & Retail Trade	67.7	69.5	1.8	2.7
Transportation & Utilities	25.2	25.9	0.7	2.8
Information	9.6	9.9	0.3	3.1
Financial Activities	45.3	43.9	-1.4	-3.1
Professional & Business Services	70.1	72.9	2.8	4.0
Education & Health Services	78.7	80.1	1.4	1.8
Leisure & Hospitality	44.1	49.7	5.6	12.7
Other Services	17.8	18.7	0.9	5.1
Government	65.7	66.2	0.5	0.8
<b>Unemployment Rate</b>	3.7%	1.6%		

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

Source: U.S. Bureau of Labor Statistics



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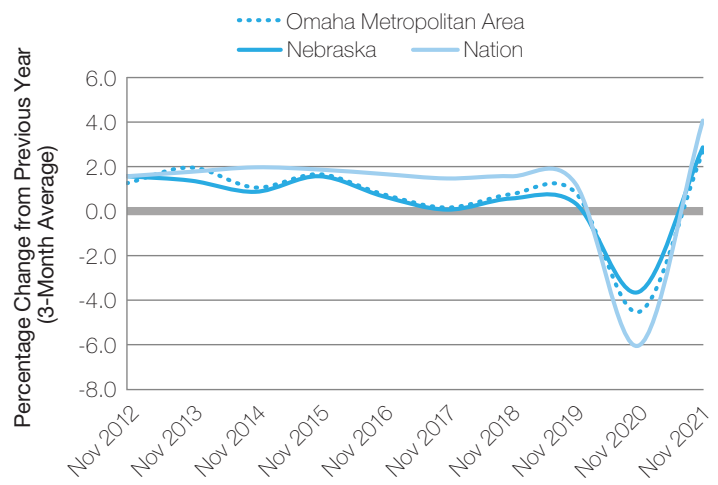
began to visit stores again after a period of hesitancy because of concerns about the spread of COVID-19.

- The education and health services sector added 1,400 jobs, or 1.8 percent, compared with the 3 months ending November 2020. The education and health services sector is the largest sector in the metropolitan area, accounting for approximately 16 percent of all nonfarm payrolls.
- The unemployment rate in the metropolitan area decreased to 1.6 percent from 3.7 percent a year earlier. By comparison, the unemployment rate for the nation averaged 3.7 percent, down from 6.5 percent a year earlier.

The leisure and hospitality sector accounts for approximately 10 percent of all nonfarm payroll jobs in the metropolitan area. The sector, which relies heavily on tourism, contracted during 2020 because of countermeasures implemented to slow the spread of COVID-19. The city of Omaha has played host to the National Collegiate Athletic Association (NCAA) Men's College World Series (CWS) since 1950. The value of the CWS to the Omaha economy has grown considerably. A study conducted by Creighton University found that the event had an economic impact of \$88.3 million on the metropolitan area and supported 1,100 year-round jobs in 2019, up from \$63.7 million and 777 jobs in 2014. The CWS, which attracted approximately 332,000 visitors in 2019, has the greatest impact on bars, restaurants, hotels, recreation, and entertainment establishments. For bars and restaurants alone, the 2019 CWS contributed \$6.5 million in wages.

Several ongoing projects in the metropolitan area have the potential to positively impact job growth in the leisure and hospitality sector. The \$300 million Riverfront Revitalization project, spanning the cities of both Omaha and Council Bluffs, is a redevelopment of the waterfront area with parks, retail businesses, and restaurants on both sides of the Missouri River; it is expected to be complete in 2024. The Crossroads is a mixed-used development being built on the site of the former Crossroads Mall that closed in 2008, and it is also slated to be

During the 3 months ending November 2021, nonfarm payrolls in the Omaha metropolitan area grew at a slower rate than the nation and the state of Nebraska.



Source: U.S. Bureau of Labor Statistics

### Largest Employers in the Omaha Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Offutt Air Force Base	Government	10,725
Nebraska Medicine	Education & Health Services	9,500
CHI Health	Education & Health Services	9,000

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

Source: Omaha Chamber of Commerce

complete in 2024. The proposed 40-acre development will include 1.5 million square feet of newly built retail businesses, restaurants, entertainment venues, offices, apartments, and condominiums. Heartwood Preserve, currently under construction, is a 500-acre mixed-use development in the city of Omaha that will include retail space, restaurants, office space, condominiums, apartments, senior apartments, parks, and open space upon completion.

## Sales Market Conditions

The sales housing market in the Omaha metropolitan area is currently tight, with an estimated vacancy rate of 1.0 percent, down from 1.9 percent in 2010 when the market was soft. In conjunction with strong population and economic growth before the pandemic, a limited supply of for-sale inventory contributed to the decline in the vacancy rate. The sales market remained relatively strong through the brief economic downturn in 2020; however, there was an uptick in the share of mortgages that were seriously delinquent (90 or more days delinquent or in foreclosure) or in real estate owned (REO) status. The share

of mortgages that were seriously delinquent or in REO status increased from 1.0 percent in November 2019 to 2.9 percent in November 2020 (CoreLogic, Inc.). Since then, the rate has declined to 1.5 percent in the metropolitan area as of November 2021, equal to the rate for Nebraska, but below the 2.1-percent rate for the nation.

During the 12 months ending November 2021 —

- New home sales totaled 2,450, down 5 percent from the 2,575 sales a year ago (CoreLogic, Inc.). The recent

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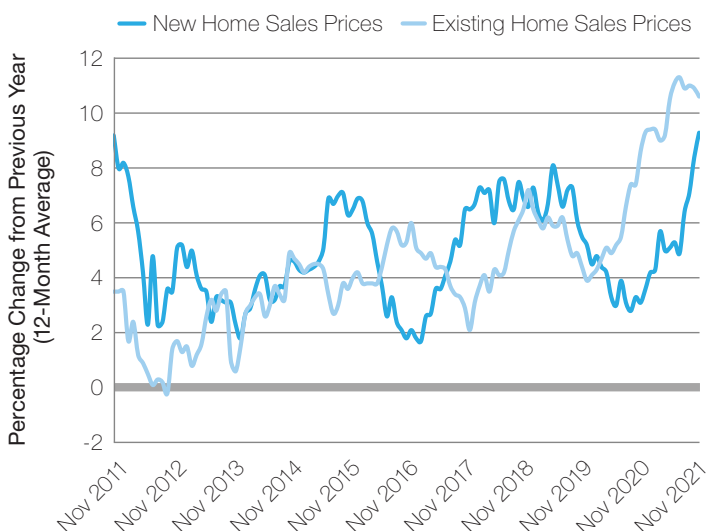
decrease—caused largely by supply-chain issues—ended a 2-year period of increasing sales. New home sales accounted for 10 percent of all home sales in the metropolitan area during the past 12 months.

- The average sales price for a new home was \$364,500, up 9 percent from a year earlier. Low levels of for-sale inventory contributed to rising home sales prices.
- Existing home sales totaled 22,200, up 3 percent from the 21,450 homes sold during the previous 12-month period.
- The average sales price for existing homes was \$228,600, an increase of 11 percent from \$206,700 a year earlier. Sales prices increased significantly due to limited inventory and relatively strong in-migration.

Single-family homebuilding in the metropolitan area—as measured by the number of single-family homes permitted—increased during the 12 months ending November 2021. In the past 3 years, 47 percent of all new home construction in the metropolitan area occurred in Douglas County, followed by 35 percent in Sarpy County—home to Offutt AFB—although Sarpy County has only accounted for 17 percent of the population growth since 2010.

- During the 12 months ending November 2021, the number of single-family homes permitted totaled 3,675, declining by 225 homes, or 6 percent, from the previous 12 months (preliminary data). Approximately 1,400 single-family homes are currently under construction.

Since 2020, the average price of existing homes in the Omaha metropolitan area increased more rapidly than the average new home sales price.

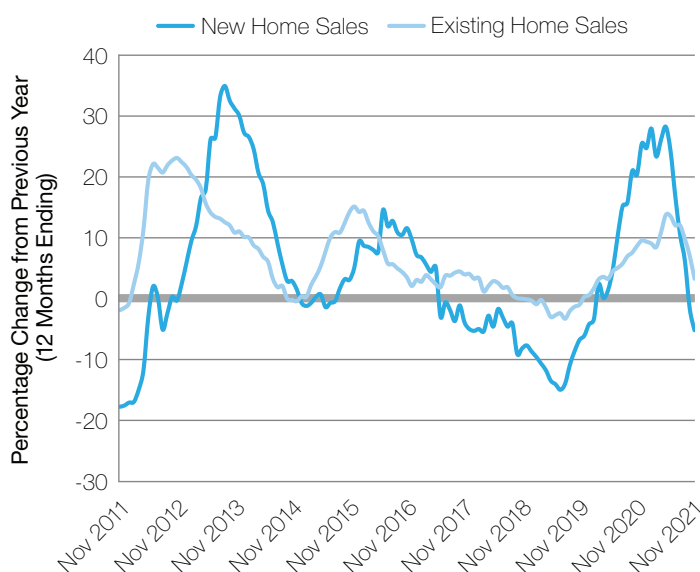


Note: Prices are for single-family homes, townhomes, and condominiums.  
Source: CoreLogic, Inc.

- Single-family construction activity averaged 2,600 homes annually from 2010 through 2015; construction activity then increased to an average of 3,000 homes annually from 2016 through 2020. Homebuilding in the metropolitan area

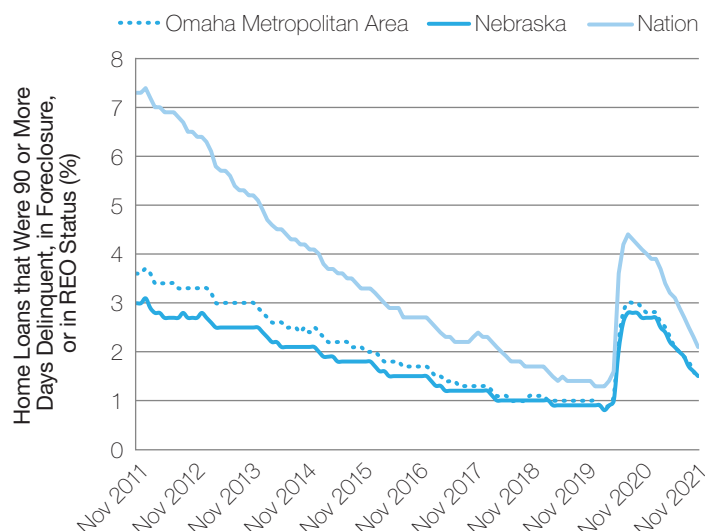
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Home sales growth in the Omaha metropolitan area has slowed since early 2021.



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

The proportion of seriously delinquent home loans and REO properties in the Omaha metropolitan area rose sharply in mid-2020 following more than 8 years of steady declines.



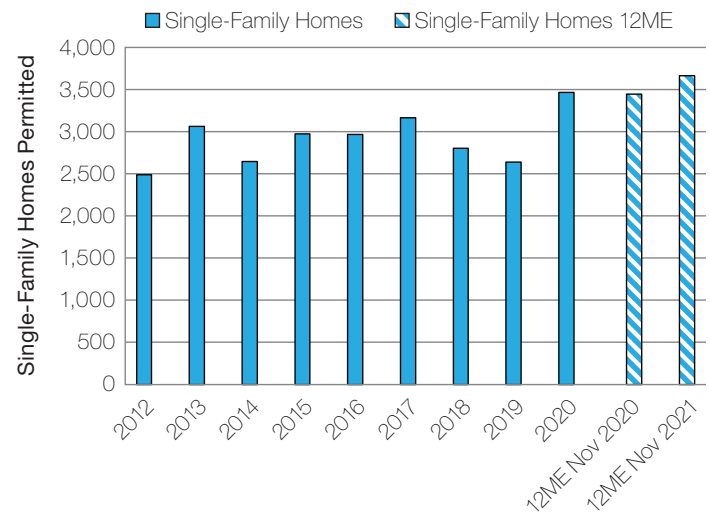
REO = real estate owned.  
Source: CoreLogic, Inc.

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has been relatively steady during this period, with a high of approximately 3,500 homes permitted in 2020.

- Lakeview, a 194-home subdivision which began construction in 2019 in Sarpy County, has 10 lots available, with home prices starting at \$350,000.

Since 2012, single-family home construction has been relatively steady in the Omaha metropolitan area.



12ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–2020 final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

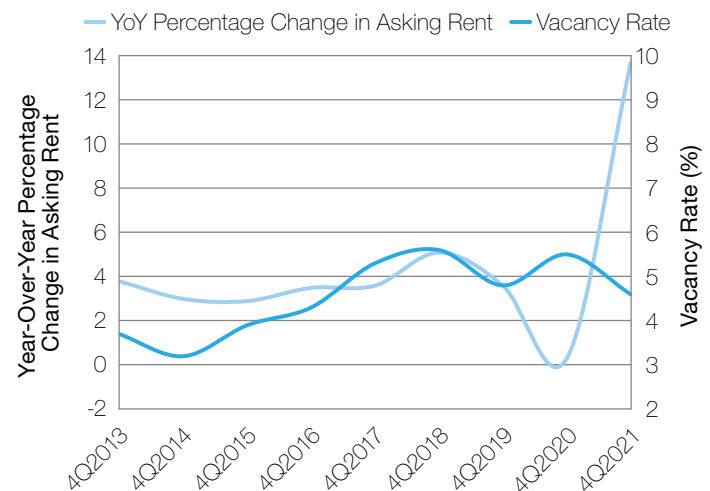
## Apartment Market Conditions

The apartment market in the Omaha metropolitan area is slightly tight compared with balanced conditions a year earlier. During the fourth quarter of 2021, the average apartment vacancy rate was 4.6 percent—down from 5.5 percent during the fourth quarter of 2020 (Moody's Analytics REIS). Strong renter household growth kept the apartment vacancy rate low during the early to mid-2010s. Vacancy rates slowly trended upwards during the mid-to-late 2010s as new units were added to the market. Rising home prices, a reviving economy, and a slowdown in apartment construction during 2020 led to a slightly tight apartment market with rapidly increasing rents.

During the fourth quarter of 2021 —

- Vacancy rates decreased in 3 out of 4 submarkets in the metropolitan area during the past year. The lowest apartment vacancy rate was in the Moody's Analytics REIS-defined North Omaha market area, home of Eppley Airfield, at 3.0 percent, down from 5.0 percent from a year ago. The Sarpy County and Southwest Omaha market areas had the highest rates, at 6.0 and 5.0 percent, respectively; both had vacancy rates of 5.0 percent a year ago. The South Omaha market area had a vacancy rate of 4.0 percent, down from 7.0 percent a year ago.
- The average rent for apartments in the Omaha metropolitan area was \$1,074, an increase of 14 percent from \$945 during the fourth quarter of 2021, after increases averaging approximately 4 percent a year from 2010 through 2019.

Since the fourth quarter of 2020, rents in the Omaha metropolitan area have risen sharply, and the vacancy rate has fallen.



4Q = fourth quarter. YoY = year-over-year.

Source: Moody's Analytics REIS

- By bedroom size, average rents in the Omaha metropolitan area were \$807, \$918, \$1,214, and \$1,503 for studio, one-, two-, and three-bedroom units, representing respective increases of 9, 11, 17, and 11 percent from a year ago.
- Significant rent growth occurred in all market areas compared with a year ago. The largest increase was 15 percent in the

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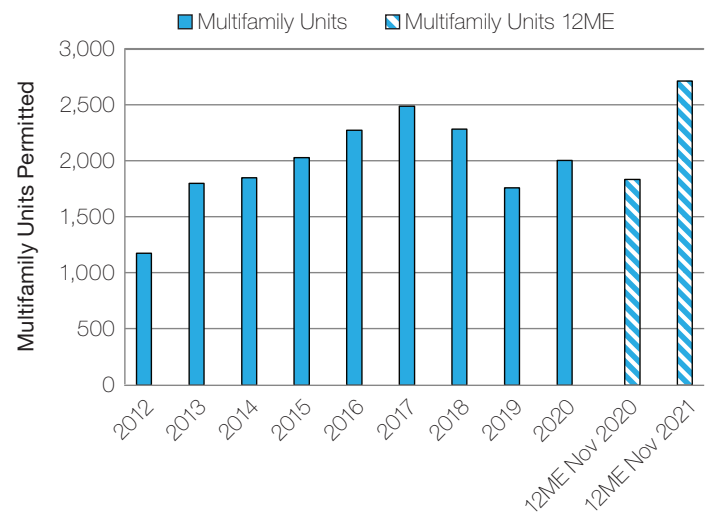
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North Omaha market area, where the average rent rose to \$1,045. The smallest increase occurred in the South Omaha market area, where the average rent rose 11 percent to \$1,085. The remaining two markets, the Sarpy County and Southwest Omaha areas, had increases of 12 and 14 percent, where average rents were \$1,085 and \$1,076, respectively.

After reaching a recent high in 2017, multifamily construction activity, as measured by the number of units permitted, declined through 2019 before picking up again in 2020. To date, 2021 is on track to have the highest number of multifamily units permitted in the past 10 years.

- During the 12 months ending November 2021, 2,725 multifamily units were permitted in the Omaha metropolitan area, up 49 percent from 1,825 units permitted during the 12 months ending November 2020 (preliminary data).
- An average of 2,175 multifamily units were permitted each year from 2016 through 2020, when net in-migration increased in the metropolitan area, higher than an average of only 1,475 units permitted each year from 2010 through 2015.
- An estimated 2,600 multifamily units are currently under construction in the metropolitan area; approximately 65 percent of them are in Douglas County, with approximately 30 percent in Sarpy County and the remaining units in Pottawattamie County.

**In the Omaha metropolitan area, 2021 is on track to have the highest number of multifamily units permitted in the past 10 years.**



12ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–2020 final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

- Completed in June 2021, the Edge 204 apartments is a new 176-unit development in the city of Elkhorn. Asking rents start at \$999, \$1,150, \$1,275, and \$1,650 for studio-, one-, two-, and three-bedroom units, respectively.