

HUD PD&R Housing Market Profiles

Omaha-Council Bluffs, Nebraska-Iowa

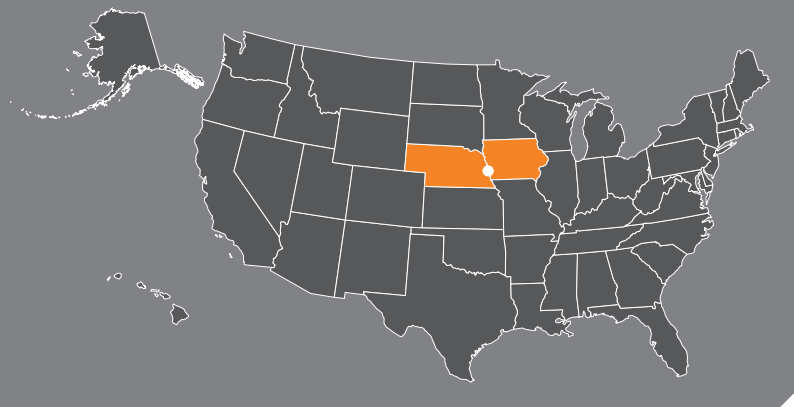


Quick Facts About Omaha

Omaha, Nebraska

By Heather Jones | As of July 1, 2023

- **Current sales market conditions: slightly tight but easing**
- **Current apartment market conditions: slightly tight**
- **The Omaha metropolitan area is a regional destination for healthcare services, which has contributed to the education and health services sector being the largest in the metropolitan area. Three of the four largest employers—CHI Health, Nebraska Medical Center, and the Methodist Health System—provide healthcare services.**



Overview

The Missouri River bisects the Omaha-Council Bluffs Metropolitan Statistical Area (hereafter, Omaha metropolitan area), which consists of Cass, Douglas, Sarpy, Saunders, and Washington Counties in Nebraska and Harrison, Mills, and Pottawattamie Counties in Iowa. As the largest metropolitan area in both Nebraska and Iowa, the metropolitan area serves as a regional hub for education, healthcare, financial services, and tourism. In addition, Offutt Air Force Base (AFB) in Sarpy County, Nebraska, provides stability to the metropolitan area economy, employing an estimated 10,475 people. The city of Omaha is the largest city in Nebraska and the county seat of Douglas County.

- As of July 1, 2023, the estimated population of the metropolitan area is 984,100, up by an average of 5,350, or 0.6 percent, annually since 2019. By comparison, population growth averaged 10,550 people, or 1.1 percent, a year from 2015 to 2019 (U.S. Census Bureau population estimates as of July 1 and estimates by the analyst).
- Net in-migration has averaged 870 people a year since 2019, down from the average of 4,300 people annually from 2015 to 2019. Net natural change has averaged

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4,775 annually since 2019, down from the average of 6,225 a year from 2015 to 2019. The decrease in net natural change is partially due to increased deaths since 2020 related to the COVID-19 pandemic.

- Approximately 60 percent of the total population of the metropolitan area lives in Douglas County, which is home

to the city of Omaha. From 2010 to 2022, the population of Douglas County grew an average of 1.2 percent annually. It is the most populous county in the state of Nebraska and represents more than one-quarter of the population of the state.

Economic Conditions

Economic conditions in the Omaha metropolitan area are improving from the March and April 2020 recession, and nonfarm payrolls have recently exceeded levels before the onset of the COVID-19 pandemic. During the second quarter of 2023, nonfarm payrolls were 800 jobs, or 0.2 percent, above the average number of jobs during the second quarter of 2019, the most recent comparable period before the pandemic. By comparison, nonfarm payrolls for the nation fully recovered from the 2020 recession in the second quarter of 2022 and, as of the second quarter of 2023, were 3.4 percent above the number of payrolls during the second quarter of 2019. From 2016 through 2019, nonfarm payroll growth in the metropolitan area averaged 3,600 jobs, or 0.7 percent, annually before falling by 22,300 jobs, or 4.4 percent, during 2020.

During the second quarter of 2023—

- Nonfarm payroll jobs averaged 509,900, representing an increase of 9,400 jobs, or 1.9 percent, from the second

quarter of 2022. The unemployment rate averaged 2.3 percent, down from 2.4 percent a year ago and below the recent peak of 7.7 percent during the same period in 2020. Increases in resident employment outpaced growth in the labor force, contributing to the declining unemployment rate.

- Eight of the 11 nonfarm payroll sectors added jobs in the metropolitan area and the fastest growth by percentage increase was in the other services sector, which expanded by 1,300 jobs, or 7.1 percent, from the previous year. The education and health services sector rose by 3,900 jobs, or 4.9 percent, the largest absolute increase. This sector is the largest in the metropolitan area, accounting for 16 percent of the nonfarm payroll jobs.
- The mining, logging, and construction sector rose by 1,300 jobs, or 4.1 percent, with much of the increase within the construction subsector. Growth in commercial construction, including the construction of healthcare facilities, largely

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Nonfarm payroll growth occurred in 8 of the 11 employment sectors in the Omaha metropolitan area during the 3 months ending June 2023.

	3 Months Ending		Year-Over-Year Change	
	June 2022 (Thousands)	June 2023 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	500.5	509.9	9.4	1.9
Goods-Producing Sectors	66.4	68.1	1.7	2.6
Mining, Logging, & Construction	31.6	32.9	1.3	4.1
Manufacturing	34.8	35.2	0.4	1.1
Service-Providing Sectors	434.1	441.8	7.7	1.8
Wholesale & Retail Trade	67.9	68.8	0.9	1.3
Transportation & Utilities	24.4	24.8	0.4	1.6
Information	10.3	10.1	-0.2	-1.9
Financial Activities	42.8	41.3	-1.5	-3.5
Professional & Business Services	72.5	71.3	-1.2	-1.7
Education & Health Services	79.7	83.6	3.9	4.9
Leisure & Hospitality	51.7	54.1	2.4	4.6
Other Services	18.3	19.6	1.3	7.1
Government	66.6	68.2	1.6	2.4
Unemployment Rate	2.4%	2.3%		

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

Source: U.S. Bureau of Labor Statistics



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contributed to this increase. The 103,000-square-foot Behavioral Health & Wellness Center is under construction at the Children's Hospital & Medical Center in Omaha. The \$89 million project is scheduled to open in spring 2025.

- Tourism to the metropolitan area supports the leisure and hospitality sector, which had the third largest increase during the second quarter of 2023, rising by 2,400 jobs, or 4.6 percent. During 2021, the city of Omaha accommodated 12.7 million visitors, who combined spent almost \$1.3 billion (Tourism Economics, an Oxford Economics Company).

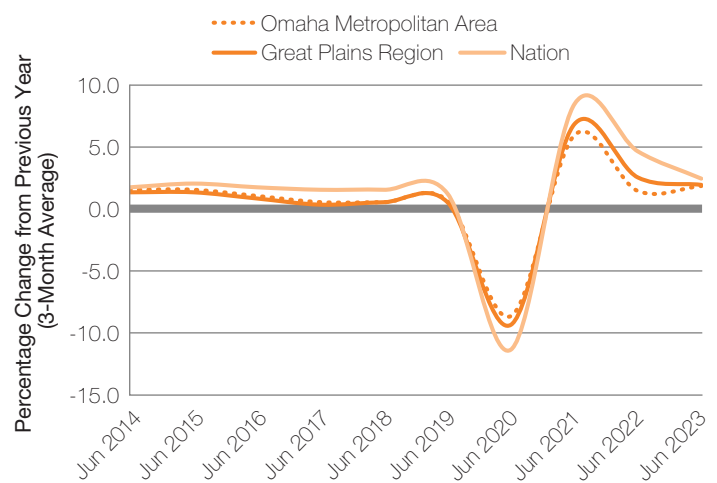
The metropolitan area is nationally known as a financial center, partly because of the presence of several large companies in the financial activities sector, including Berkshire Hathaway Inc., Mutual of Omaha Insurance Company (both headquartered in the metropolitan area), Aflac Incorporated, and Pacific Life Insurance Company. The financial activities sector accounts for 8 percent of nonfarm payrolls. Mutual of Omaha is currently expanding its headquarters in downtown Omaha, building a larger office that will accommodate additional hiring as the company expands. Some areas within the financial activities sector have been shrinking in recent months because jobs related to the mortgage industry are decreasing as rising interest rates slow financial transactions. The financial activities services sector fell by 1,500 jobs, or 3.5 percent, to 41,300 jobs from the second quarter of 2022 to the second quarter of 2023. From 2015 through 2018, the number of jobs in the sector increased an average of 1.7 percent a year, then decreased an average of 1.4 percent a year from 2019 through 2022.

Sales Market Conditions

The home sales market in the Omaha metropolitan area is slightly tight but easing, with the inventory of homes for sale increasing from 1.0 month in June 2022 to 1.2 months in June 2023 (Redfin, a national real estate brokerage). By comparison, the months of supply reached a high of 3.5 months in June 2012 and averaged 1.8 months from 2013 through 2020. The sales vacancy rate is currently estimated at 1.5 percent, up from 1.1 percent in 2020 when conditions were tighter. The recent easing of market conditions is partially due to rising mortgage interest rates. The average interest rate for a 30-year, fixed-rate mortgage was 6.7 percent in June 2023, up from 5.5 percent a year earlier (Freddie Mac). During the 12 months ending May 2023, total home sales decreased 26 percent year over year to 18,600 homes sold. Despite falling sales, home price growth continued to increase, with the average home sales price increasing 10 percent from a year earlier to \$288,000 (CoreLogic, Inc., with adjustments by the analyst).

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Job losses during the COVID-19 downturn were less severe in the Omaha metropolitan area than in the Great Plains region and the nation.



Source: U.S. Bureau of Labor Statistics

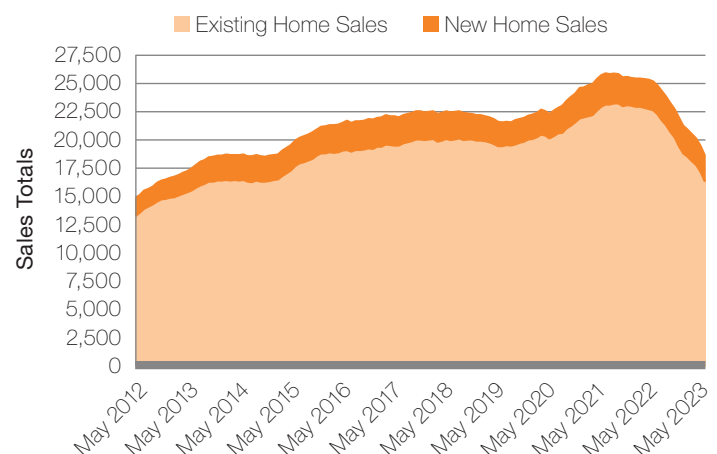
Largest Employers in the Omaha Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Offutt Air Force Base	Government	10,475
CHI Health	Education & Health Services	5,000+
Nebraska Medical Center	Education & Health Services	5,000+

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

Source: Greater Omaha Chamber

Homes sales declined in the Omaha metropolitan area in response to low levels of inventory and rising interest rates.



Note: Includes single-family homes, townhomes, and condominiums.

Source: CoreLogic, Inc., with adjustments by the analyst

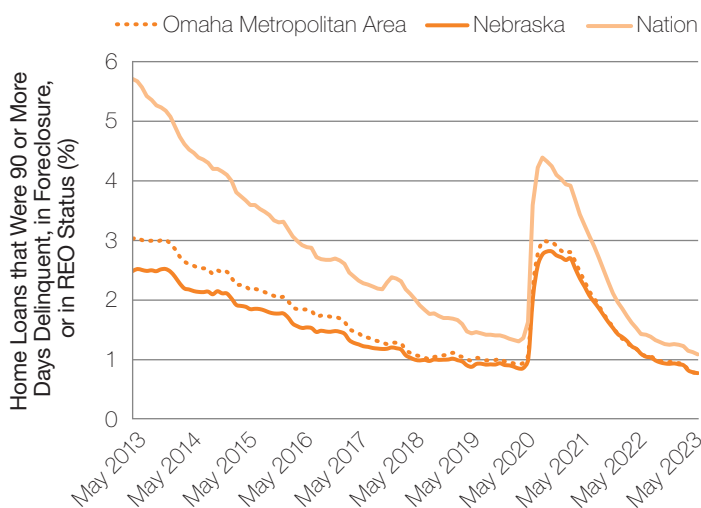
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- During the 12 months ending May 2023, existing home sales totaled 16,300 homes, a 28-percent decrease from the 12 months ending May 2022, partly due to low levels of for-sale inventory. The average sales price of an existing home increased 9 percent year over year to \$265,600.
- New home sales decreased 12 percent from 2,575 homes during the 12 months ending May 2022 to 2,275 homes during the 12 months ending May 2023. The average new home sales price rose 11 percent to \$447,700 during the most recent 12 months.
- The percentage of seriously delinquent mortgages and real estate owned properties in the metropolitan area was 0.8 percent in May 2023, down from 1.1 percent in May 2022 and below the 2.3-percent rate in May 2021 (CoreLogic, Inc.). The May 2023 rate for the metropolitan area was the same as the 0.8-percent rate for Nebraska and below the 1.1-percent rate for the nation.

New single-family home construction activity, as measured by the number of homes permitted, was generally stable during the mid- to late 2010s before increasing in the early 2020s. From 2014 through 2019, single-family construction averaged 2,850 homes permitted annually, a figure that rose 25 percent to an average of 3,575 homes permitted annually from 2020 through 2021. New home construction has slowed during the past year.

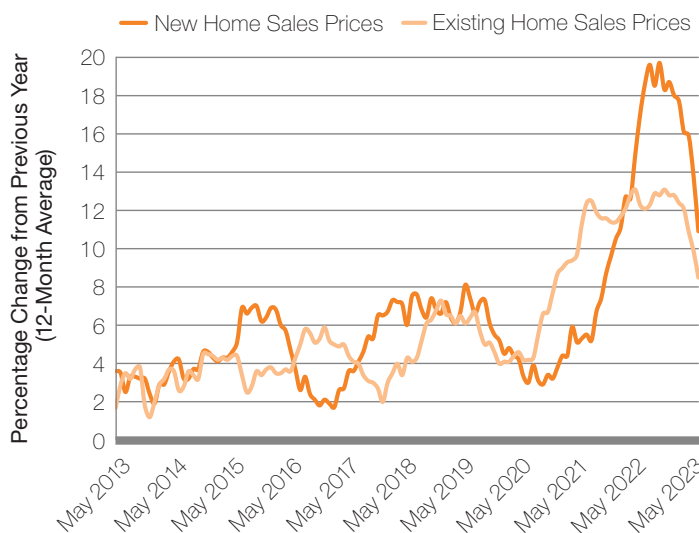
- Approximately 2,375 single-family homes were permitted during the 12 months ending June 2023, down 24 percent

After briefly rising during 2020 and 2021, the percentage of home loans 90 or more days delinquent, in foreclosure, or in REO status in the Omaha metropolitan area has fallen below 2019 levels.



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

New home sales price growth surpassed existing home sales price growth in the Omaha metropolitan area during the 12 months ending May 2023.



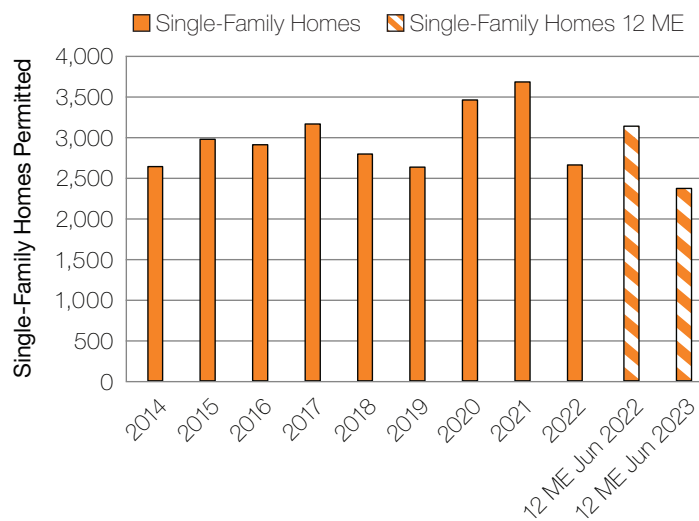
Note: Includes single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc.

from the previous year when 3,125 homes were permitted (preliminary data).

- In the first half of 2023, most single-family home construction occurred in Douglas and Sarpy Counties, accounting for 62 and 26 percent, respectively, of homebuilding in the metropolitan area. Avenue One, a \$1.2 billion mixed-use

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Single-family permitting activity in the Omaha metropolitan area decreased to a relatively low level during the past 12 months.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst



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project on the west side of Omaha that broke ground in 2019, includes 2,000 residential units, 800,000 square feet of office space, and 700,000 square feet of retail.

- Harrison 210 is a new subdivision in the city of Elkhorn, Nebraska, with natural wetlands running along the east side of the neighborhood. The community includes 285 homes and began construction in the spring of 2020. Homes for sale start at \$321,900.

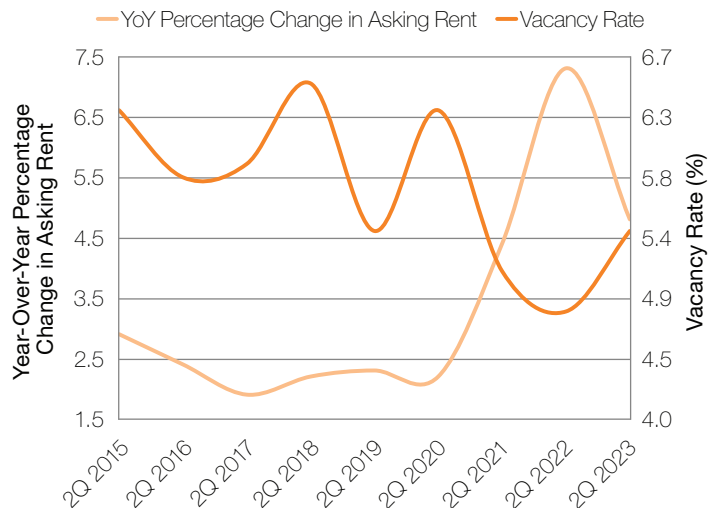
Apartment Market Conditions

Apartment market conditions are slightly tight in the Omaha metropolitan area, easing from a previously tight market because of an increase in the number of units completed in the past year. Approximately 2,700 new apartments entered the market between the second quarters of 2022 and 2023—up from 1,825 units the previous year—contributing to the increased vacancy rate. Of the eight counties in the metropolitan area, Douglas, Sarpy, and Pottawattamie Counties accounted for almost 98 percent of the total apartment inventory.

- The apartment vacancy rate in the metropolitan area was 5.4 percent during the second quarter of 2023, up from 4.8 percent a year earlier (CoStar Group). Builders have responded to low vacancy rates by increasing construction. Apartment construction averaged 3,575 units annually from the second quarter of 2021 through the second quarter of 2023, rising from an average of 3,000 units annually from the second quarter of 2018 through the second quarter of 2020.
- The average rent in the metropolitan area increased to \$1,154 during the second quarter of 2023, a 5-percent increase from a year ago. Previously, the average apartment rent rose 7 percent year over year during the second quarter of 2022, the fastest annual rent growth of any quarter in at least the past 20 years.
- Apartment rents rose an average of 3 percent per year from the second quarter of 2018 through the second quarter of 2021, increasing from an average of 2 percent per year from the second quarter of 2014 through the second quarter of 2017.
- Absorption of units slowed in the second quarter of 2023 when 1,875 units were absorbed, down from 2,050 units a year earlier. By comparison, from the second quarter of 2013 through the second quarter of 2017, an average of 1,325 units were absorbed annually, and absorption increased to an average of 2,300 units each year from 2018 through 2021.

- Harvest Hills, a mixed-income community in the city of Woodbine, Iowa, is under way, with plans for 150 single-family homes. Forty of the homes will be low-income housing and start at \$175,000, using funding from the Iowa Economic Development Authority and the Community Development Block Grant program.

From 2021 through 2022, rent growth reached record levels in the Omaha metropolitan area as the apartment market tightened.



2Q = second quarter. YoY = year-over-year.
Source: CoStar Group

Multifamily construction activity, as measured by the number of multifamily units permitted, has generally been at high levels since 2021, when developers increased the construction of multifamily units. In the past decade, rental households living in larger apartment complexes have become more common. The share of rental households living in multifamily buildings increased from 63 percent in 2010 to 66 percent in 2021 (American Community Survey 1-year estimates).

- During the 12 months ending June 2023, approximately 2,200 multifamily units were permitted in the metropolitan area, down 45 percent from 3,975 units a year ago (preliminary data).
- From 2017 through 2019, multifamily permitting averaged 1,750 units annually. From 2020 through 2022, permitting

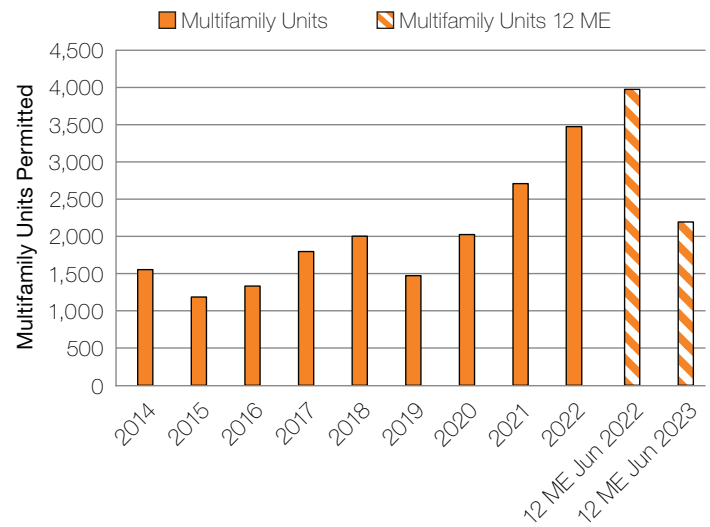
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increased, averaging 2,725 units annually, because builders responded to tightening vacancy rates and increased renter demand.

- The Trails at North Streams is under construction in the Millard neighborhood in Douglas County. The complex will include 300 units and is expected to be complete by October 2023, with expected respective rents of \$1,050, \$1,420, \$1,781, and \$2,011 for studio and one-, two- and three-bedroom units.
- Gold Coast Heights Apartments in Papillion, Sarpy County, is under construction. The complex will include 182 units, with plans for completion in September 2023. Proximity to Offutt AFB makes the complex desirable as additional housing options for military members.

The number of multifamily units permitted in the Omaha metropolitan area has been elevated in recent years compared with earlier in the decade.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Building Permits	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.
Existing Home Sales	Includes resales, short sales, and real estate owned sales.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Change	Resident births minus resident deaths.
Apartment Market/Apartment Vacancy Rate	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.

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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