

COMPREHENSIVE HOUSING MARKET ANALYSIS

Omaha-Council Bluffs, Nebraska-Iowa

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of August 1, 2019



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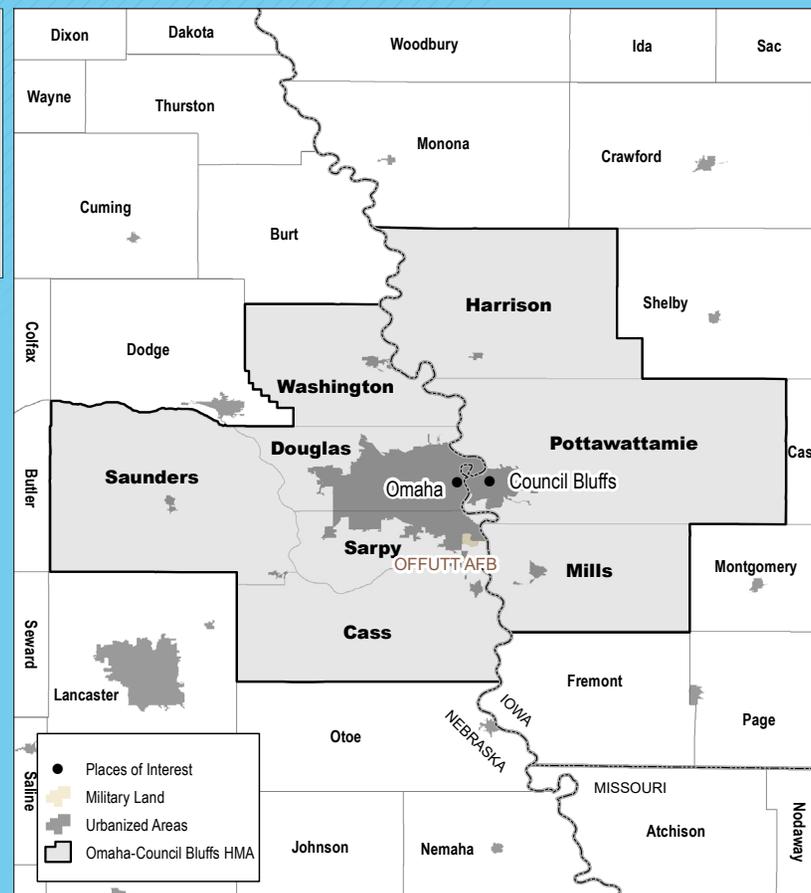


Executive Summary

Housing Market Area Description

The Omaha-Council Bluffs Housing Market Area (HMA), coterminous with the metropolitan statistical area (MSA) of the same name, is bisected by the Missouri River and consists of Cass, Douglas, Sarpy, Saunders, and Washington Counties in Nebraska and Harrison, Mills, and Pottawattamie Counties in Iowa. As the largest MSA in both Nebraska and Iowa, the HMA serves as a regional hub for education and healthcare services, financial services, and tourism.

The population of the HMA is currently estimated at 953,600 people.



Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's [Market-at-a-Glance tool](#). Additional data for the HMA can be found in this report's [supplemental tables](#). For information on HUD-supported activity in this area, see the [Community Assessment Reporting Tool](#).



Market Qualifiers

Economy



Strengthening: Nonfarm payrolls increased by 5,800 jobs, or 1.2 percent during the 12 months ending July 2019, triple the rate of growth during the previous 12 months.

The economy of the Omaha-Council Bluffs HMA sustained moderate job growth from 2011 through 2016, averaging a gain of 1.3 percent a year, but growth weakened to an average of 0.5 percent annually from 2017 through 2018. The recent acceleration in job growth is mainly attributable to the addition of 4,000 service-providing jobs during the 12 months ending July 2019 compared with zero net gain during the previous 12 months. Goods-producing sectors during the current 12 months accounted for 1,800 new jobs, the same level of job growth during the 12 months ending July 2018. The unemployment rate averaged 2.9 percent during the past 12 months, unchanged from a year ago. During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 1.4 percent annually.

Sales Market



Tight: Home sales declined during the past 12 months while sales price growth continued for the ninth consecutive year.

Sales housing market conditions in the HMA are currently tight. A low level of for-sale inventory has resulted in a decrease in the number of home sales during the past 12 months while putting upward pressure on sales prices. During the 12 months ending July 2019, 20,600 new and existing homes sold, down 8 percent from a year ago, and the average new and existing home sales price increased 6 percent to \$202,100 (CoreLogic, Inc., with adjustments by the analyst). During the next 3 years, demand is expected for 9,650 new homes. The estimated 990 homes currently under construction will satisfy part of the forecast demand.

Rental Market



Balanced: The rental market has an estimated overall vacancy rate of 6.7 percent, down from 10.1 percent in 2010.

Rental housing market conditions in the HMA are balanced, and the apartment market is slightly tight. The apartment vacancy rate has remained below 5 percent since 2015 while asking rents have increased at an average rate of 3 percent annually. As of the second quarter of 2019, the apartment vacancy rate was 4.0 percent, and the average asking rent was \$911 (RealPage, Inc.). During the 3-year forecast period, demand is expected for 5,575 new rental units. The 3,175 units currently under construction will satisfy all the demand in the first year of the forecast period and part of the second year.

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3-Year Housing Demand Forecast

	Sales Units	Rental Units
Omaha-Council Bluffs HMA	Total Demand	9,650
	Under Construction	990

Notes: Total demand represents the estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of August 1, 2019. The forecast period is August 1, 2019, to August 1, 2022.
Source: Estimates by the analyst



Economic Conditions

Largest sector: Education and Health Services

Four of the largest employers in the HMA are healthcare providers, three of which are privately operated and included in the education and health services sector: Nebraska Medical Center, CHI Health, and the Methodist Health System with 9,666, 8,368, and 5,043 employees, respectively (Table 1).

Table 1. Major Employers in the Omaha-Council Bluffs HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Offutt Air Force Base	Government	16,750
Nebraska Medical Center	Education & Health Services	9,666
University of Nebraska Medical Center	Government	9,000
CHI Health	Education & Health Services	8,368
The Methodist Health System	Education & Health Services	5,043
Hy-Vee, Inc.	Wholesale & Retail Trade	4,295
Walmart Inc.	Wholesale & Retail Trade	4,082
Union Pacific Railroad	Transportation & Utilities	3,500
Mutual of Omaha	Financial Activities	3,235
Valmont Industries, Inc.	Manufacturing	3,160

Notes: Excludes local school districts. The Offutt Air Force Base employee total includes 7,975 active-duty service members that are not included in nonfarm payroll totals.

Sources: Moody's Analytics; Offutt Air Force Base

Primary Local Economic Factors

Tourism is an important industry in the HMA. The city of Omaha has hosted the annual NCAA College World Series (CWS) since 1950. A 2016 study done by the University of Nebraska found the event brought in an estimated \$70 million over the 2-week period, up from \$64 million in 2015. CWS is estimated to attract upwards of 360,000 visitors annually, creating more than 800 full-time jobs. The HMA has also hosted the U.S. Olympic swimming trials since 2008 and will continue to host for the upcoming 2020 Olympics. In 2016, the 8-day event

had nearly 200,000 attendees, up from 167,000 in 2012 (*Omaha World-Herald*) with an estimated economic impact of \$74 million (The Omaha Convention and Visitors Bureau). The Henry Doorly Aquarium and Zoo is the most popular tourist attraction in Nebraska, with over 2 million visitors annually and an economic impact of \$267 million in the city of Omaha in 2016 (visitomaha.com).

Over the past decade, the HMA developed as a location for financial technology (fintech) firms, with companies such as PayPal Holdings Inc., First Data Corporation, and TD Ameritrade Holding Corporation, establishing a significant presence in the HMA. Fintech leverages new technology to improve and automate the delivery and use of financial services, such as online banking and mobile lending applications. The HMA is nationally recognized because of its many major entities in the financial activities sector, including four of the six Fortune 500 companies that call the HMA home: Berkshire Hathaway, Inc., Mutual of Omaha Insurance Company (both headquartered in the HMA), Aflac Incorporated, and Pacific Life Insurance Company.

The presence of Offutt Air Force Base (AFB) in Sarpy County, Nebraska provides stability to the HMA economy, employing an estimated 16,750 people. This figure includes 7,975 active-duty service members that are not included in nonfarm payrolls. Offutt AFB is home to STRATCOM headquarters and in fiscal year (FY) 2017, had an estimated economic impact of \$1.57 billion on the local economy (Offutt AFB, FY 2017 economic impact study).

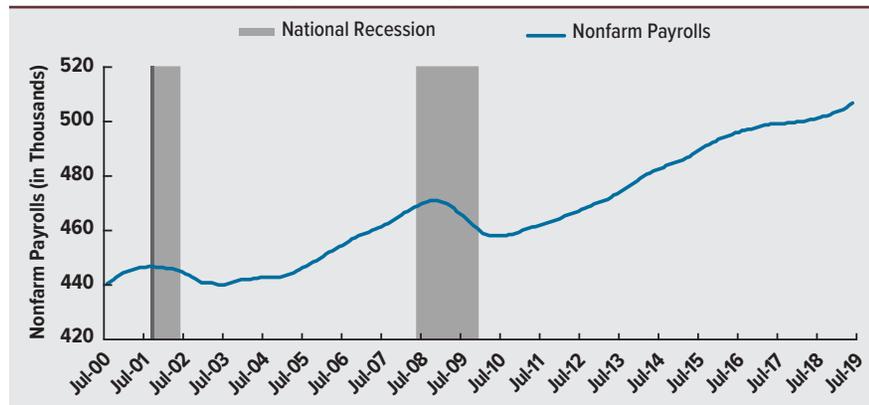
Nonfarm Payroll Trends—Overview

Since 2000, the economy of the HMA has tracked closely with that of the nation but with smaller contractions and slower expansions. During the dot.com recession, payrolls in the HMA declined in 2002 by 1.3 percent, compared with the nation that lost jobs at an average annual rate of 0.7 percent from 2002 through 2003. The economic recovery that followed in the HMA started slow, averaging payroll growth of 0.2 percent annually through 2004 and then accelerated to 1.5 percent until the onset of the Great Recession in 2009. Economic recovery and expansion on the national level averaged job growth of 1.4 percent a year from 2004 through 2007. Job losses at the national level



started in 2008 and took 1 year to manifest in the HMA. From 2009 through 2010, the HMA lost jobs at an average annual rate of 1.3 percent, compared with the national rate of 2.5 percent. Figure 1 shows nonfarm payroll growth trends in the HMA since 2000.

Figure 1. 12-Month Average Nonfarm Payrolls in the Omaha-Council Bluffs HMA



Note: 12-month moving average.

Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

The economy of the Omaha-Council Bluffs HMA has improved since the Great Recession and has added jobs every year since 2011, but the rate of job growth has been moderate to weak. The HMA gained jobs at an average annual rate of 1.3 percent from 2011 through 2016—compared with the national average of 1.7 percent—and in 2013 recovered the number of jobs lost during the recession. Payroll growth in the metropolitan area weakened to an average of 0.5 percent annually from 2017 through 2018, while the national rate declined only slightly during the same period to 1.6 percent.

Current Conditions—Nonfarm Payrolls

During the 12 months ending July 2019, nonfarm payrolls in the HMA increased by 5,800 jobs, or 1.2 percent, to 506,700 jobs (Table 2), a significant improvement from the previous 12 months when payrolls increased by 1,800 jobs, or 0.4 percent. Job growth occurred in 8 of the 11 payroll sectors during

the past 12 months, with the largest gains in the mining, logging, and construction sector. The mining, logging, and construction sector added 2,200 jobs, or 7.9 percent, because numerous construction projects are under way, some of which are detailed below. The professional and business services, government, and financial activities sectors all added at least 1,000 jobs during the period as well. Job losses were greatest in the wholesale and retail trade sector which lost 1,100 jobs, or 1.5 percent, mainly attributable to big-box retailers closing due to ongoing and increased e-commerce competition. Most of the 400 jobs lost in the manufacturing sector occurred in the food processing industry which is facing higher input costs and uncertainty related to trade policies. By comparison, manufacturing sector payrolls increased by 900 jobs, or 2.9 percent, during the previous 12 months.

Table 2. Nonfarm Payroll Jobs (1,000s) in the Omaha-Council Bluffs HMA, by Sector

	12 Months Ending July 2018	12 Months Ending July 2019	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	500.9	506.7	5.8	1.2
Goods-Producing Sectors	61.7	63.5	1.8	2.8
Mining, Logging, & Construction	27.9	30.1	2.2	7.9
Manufacturing	33.8	33.4	-0.4	-1.3
Service-Providing Sectors	439.2	443.3	4.0	0.9
Wholesale & Retail Trade	70.8	69.8	-1.1	-1.5
Transportation & Utilities	25.7	26.2	0.5	2.1
Information	11.4	11.0	-0.4	-3.5
Financial Activities	44.5	45.4	1.0	2.1
Professional & Business Services	71.8	73.6	1.7	2.4
Education & Health Services	80.6	80.9	0.3	0.3
Leisure & Hospitality	50.2	51.0	0.8	1.5
Other Services	17.9	18.1	0.2	1.0
Government	66.3	67.4	1.1	1.6

Notes: Based on 12-month averages through July 2018 and July 2019. Numbers may not add to totals due to rounding. Data are in thousands.

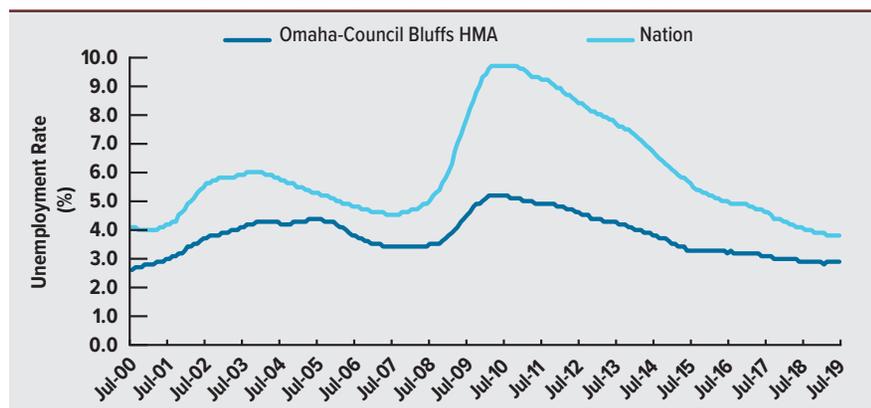
Source: U.S. Bureau of Labor Statistics



Current Conditions—Unemployment

The unemployment rate, which peaked at 5.1 percent in 2010, averaged 2.9 percent during the 12 months ending July 2019, unchanged from a year earlier. For comparison, the national unemployment rate peaked at 9.7 percent in 2010 and averaged 3.8 percent during the most recent 12-month period, down from 4.1 percent a year ago. Figure 2 shows trends in the unemployment rate from 2000 to the current date.

Figure 2. 12-Month Average Unemployment Rate in the Omaha-Council Bluffs HMA and the Nation



Source: U.S. Bureau of Labor Statistics

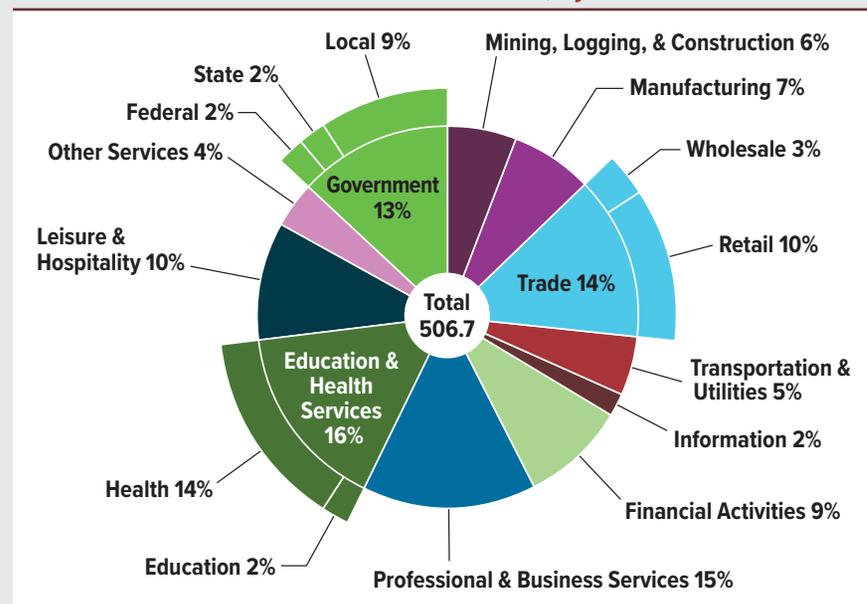
Economic Sectors of Significance

Education and Health Services

The Omaha-Council Bluffs HMA is the largest economic and population center in both Nebraska and Iowa, making it a regional destination for healthcare services. The education and health services sector is the largest sector in the economy, accounting for 80,900 jobs, or 16 percent of all nonfarm payrolls in the HMA (Figure 3). During the 12 months ending July 2019, sector payrolls increased by 300 jobs, or 0.3 percent, compared with a gain of 500 jobs, or 0.6 percent, during the previous 12-month period. CHI Health, one of the largest

employers in the HMA, opened a new 39,000-square-foot clinic in the city of Council Bluffs in May 2019, creating approximately 50 new jobs. The education and health services sector is the only sector in the HMA to have added jobs each year since 2000, mainly because of relatively steady population growth, which helped to insulate the broader economy from the larger fluctuations seen at the national level. As the population continues to grow and age, so will the demand for healthcare, contributing to increased hiring in the sector during the forecast period and beyond. The Hubbard Center for Children, a nine-story, state-of-the-art clinical facility is currently under construction on the main campus of Children’s Hospital and Medical Center in the city of Omaha, and is expected to open in 2021 with the potential to add hundreds of more jobs.

Figure 3. Share of Nonfarm Payroll Jobs in the Omaha-Council Bluffs HMA, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding.
Source: U.S. Bureau of Labor Statistics



Financial Activities

The financial activities sector constitutes 9 percent of all payroll jobs in the HMA compared with the national average of 6 percent. During the 12 months ending July 2019, the financial activities sector added 1,000 jobs or 2.1 percent, the same number of jobs added during the 12 months ending July 2018. California-based fintech company, i2c Inc., opened an office in the HMA in mid-2018 and has hired a staff of 300, contributing to the recent job gains. The sector has proven resilient, partly due to the stability provided by the four Fortune 500 companies that call the HMA home, increasing by an average of 500 jobs, or 1.2 percent from 2001 through 2017. During the period, the sector had only 3 scattered years of job losses despite heavy and prolonged declines on a national scale during the two recessions. The University of Nebraska and Creighton University, both in the city of Omaha, recognize the growing potential in the fintech industry and have recently created fintech degree programs to help increase the intellectual capital of the HMA, which will help entice more companies in the industry to expand and locate there.

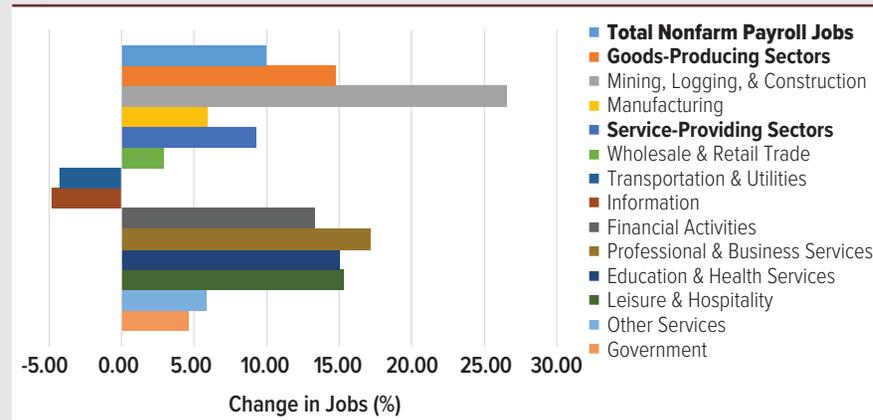
Leisure and Hospitality

The strong tourism industry in the HMA contributes mainly to leisure and hospitality sector payrolls. During the 12 months ending July 2019, leisure and hospitality sector payrolls increased by 800 jobs or 1.5 percent. By comparison, payrolls in the sector increased by 400 jobs, or 0.7 percent, during the 12 months ending July 2018. Job losses in the sector were relatively limited during both recessions, with only 3 years of job losses since 2000. The sector added an average of 500 jobs, or 1.2 percent annually from 2001 through 2017. There are several ongoing projects in the metropolitan area that have the potential to positively impact job growth in the sector, including the \$300 million Riverfront Revitalization project in the cities of Omaha and Council Bluffs. This project aims to improve the waterfront with parks, retail, and restaurants on both sides of the Missouri River. Another ongoing project is a new indoor/outdoor music venue in the city of La Vista that is part of a \$200 million city center redevelopment project. Respective completion dates for the revitalization project and the redevelopment project are 2024 and 2021. Additionally, the HMA will have a franchise of the United Soccer League that will begin playing at Werner Park in March 2020.

Mining, Logging, and Construction

Since economic recovery began in 2010, the mining, logging, and construction sector has increased by almost 27 percent, the largest increase of any sector during the period (Figure 4), despite continued job losses in the sector through 2011. During the past 12 months, numerous ongoing and large-scale construction projects contributed to the gain of 2,200 jobs, or 7.9 percent, in the sector. By comparison, sector payrolls increased by 900 jobs, or 3.2 percent, during the previous 12 months. One of the larger projects under way is the \$205 million Capitol District in downtown Omaha. The final phase is currently under construction which includes a three-story, 47,000-square-foot office building with ground-floor retail. Another example is Heartwood Preserve, which is a 500-acre development in the city of Omaha that will be anchored by a new Applied Underwriters (an affiliate of Berkshire Hathaway, Inc.) campus covering 50 acres with a 260,000-square-foot office building in the first phase. Further development plans include 80 acres of green space, more office parks, restaurants, hotels, apartments, single-family homes, townhomes, and a music venue.

Figure 4. Sector Growth in the Omaha-Council Bluffs HMA, 2010 to Current



Note: The current date is August 1, 2019.
Source: U.S. Bureau of Labor Statistics



Employment Forecast

During the next 3 years, nonfarm payroll growth is anticipated to strengthen, increasing by an average of 1.4 percent annually. In addition to the growth and developments already mentioned above, the professional and business services sector is expected to continue adding jobs during the forecast, with more than one-fourth of the job gains occurring in the professional, scientific, and technical services industry. Despite the information sector having nearly 5 percent fewer

jobs than in 2010, growth is expected during the forecast period. LinkedIn has an expansion under way that will house 1,000 employees on completion in 2021, up from the current employee count of 450. Furthermore, Facebook has a data center currently under construction that will employ 100 workers when complete in 2020, and Google announced a \$13 billion investment in data centers across the country, including two new centers in the HMA.



Population and Households

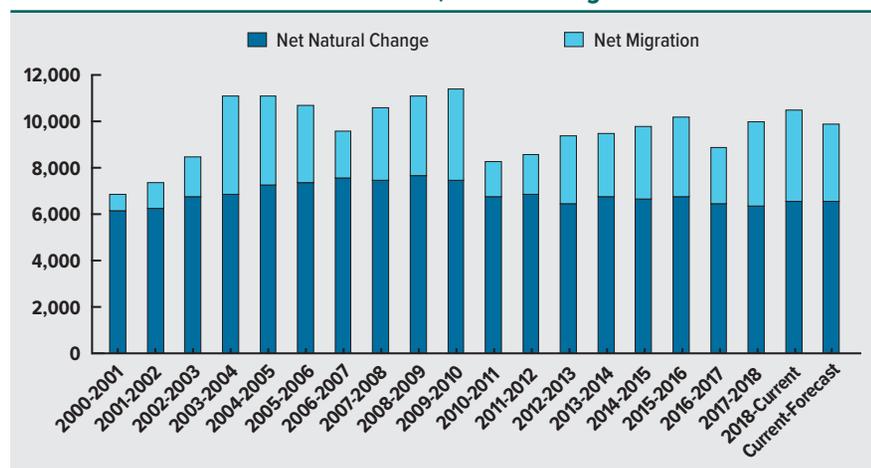
Current population: 953,600

Population growth in the HMA has been relatively stable since 2000, with net in-migration accounting for 29 percent of the growth.

Population Trends

The relatively mild economic reaction to the past two recessions has contributed to generally stable population growth in the HMA since 2000 (Figure 5). As of August 1, 2019, the population of the Omaha-Council Bluffs HMA was estimated at 953,600 people, increasing by an average of 9,450 people, or 1.0 percent, since 2010, and nearly 30 percent of the growth was attributable to net in-migration. By comparison, the population increased by an average of 9,825 people, or 1.2 percent a year from 2000 to 2010, with 28 percent of the growth occurring from net in-migration.

Figure 5. Components of Population Change in the Omaha-Council Bluffs HMA, 2000 Through the Forecast



Notes: Net natural change and net migration totals are average annual totals over the time period. The forecast period is from the current date (August 1, 2019), to August 1, 2022. Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

Population growth west of the Missouri River has accounted for nearly all growth in the HMA since 2000. Approximately 87 percent of the HMA population reside in the Nebraska counties of the HMA, where the population increased by an average of 9,375 people, or 1.2 percent annually from 2010 to 2018, similar to the rate of growth from 2000 to 2010 (U.S. Census Bureau population estimates as of July 1). The Iowa portion of the HMA accounts for 13 percent of the total population. From 2010 to 2018, the population of the Iowa counties was unchanged, compared with an average annual increase of 520 people, or 0.4 percent from 2000 to 2010.

Douglas and Sarpy Counties in Nebraska and Pottawattamie County in Iowa are the three most populous counties in the HMA, accounting for 60, 20, and 10 percent of the HMA population, respectively. In Douglas County, on the western bank of the Missouri River and home to the city of Omaha, the population increased by an average of 6,025 people, or 1.1 percent annually from 2010 to 2018, similar to the rate of growth during the previous decade, to 566,800 people. From 2000 to 2010, Douglas County captured approximately 25 percent of all net in-migration to the HMA, but that share increased to close to 50 percent from 2010 to 2018. The strongest population growth from 2010 to 2018, in percentage terms, occurred in Sarpy County, home to Offutt AFB and where several suburban cities have expanded, although the current rate of growth is one-half that from 2000 to 2010. From 2010 to 2018, the population in Sarpy County increased by an average of 3,100 people, or 1.8 percent a year, to 184,450 people. Approximately 67 percent of net in-migration to the HMA from 2000 to 2010 went to Sarpy County, but that dropped to near 50 percent from 2010 to 2018. Pottawattamie County, with 93,550 people in 2018, was virtually unchanged since 2010. From 2000 to 2010, the population of Pottawattamie County increased by an average of 550 people, or 0.6 percent annually.

Population Forecast

Population growth is expected to continue during the 3-year forecast period, with the population reaching 983,300 by August 1, 2022, reflecting average annual growth of 9,900, or 1.0 percent (Table 3). Population growth is likely to continue to be concentrated on the Nebraska side of the HMA and approximately 34 percent of the growth will come from net in-migration.



Table 3. Omaha-Council Bluffs HMA Population and Household Quick Facts

Population Quick Facts	2010	Current	Forecast	
	Population	865,350	953,600	983,300
	Average Annual Change	9,825	9,450	9,900
	Percentage Change	1.2	1.0	1.0

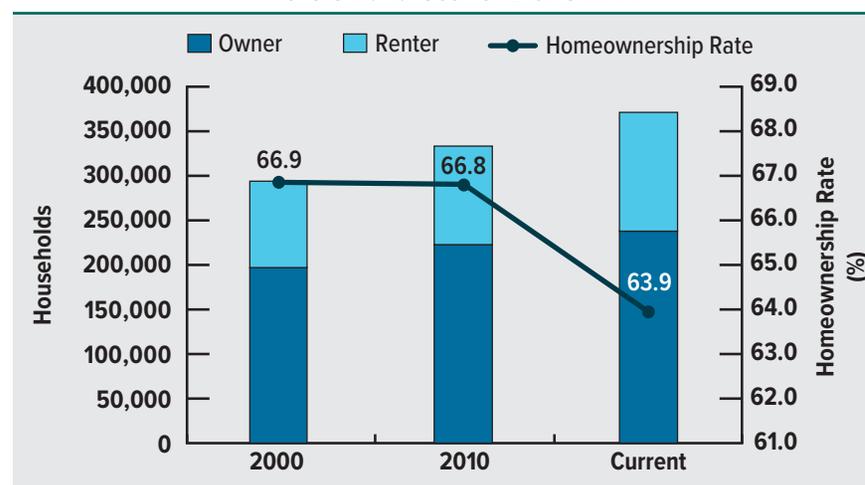
Household Quick Facts	2010	Current	Forecast	
	Households	334,379	371,600	383,200
	Average Annual Change	4,000	4,000	3,875
	Percentage Change	1.3	1.1	1.0

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (August 1, 2019), to August 1, 2022. Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

Household Trends

Currently, an estimated 371,600 households reside in the HMA, reflecting an average increase of 4,000 households, or 1.1 percent annually since 2010. The homeownership rate in the HMA is currently estimated at 63.9 percent, down from 66.8 percent during April 2010 (Figure 6) as nearly 62 percent of all net household formation was renter households. The foreclosure crisis—although not as prolonged or severe in the HMA as it was for the nation—caused a shift in household preferences toward renting. By comparison, from 2000 to 2010, the number of households increased by an average of 4,000 households, or 1.3 percent annually, while the homeownership rate declined very slightly from 66.9 in 2000. Approximately 34 percent of all new households formed during this time were renter households as homeownership was more attainable for a larger group of people.

Figure 6. Households by Tenure and Homeownership Rate in the Omaha-Council Bluffs HMA



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

Household Forecast

As economic conditions strengthen and net in-migration continues, households in the HMA are expected to increase by an average of 3,875, or 1.0 percent annually during the next 3 years, reaching 383,200 by August 1, 2022. An estimated two-thirds of the additional households are expected to be owner households, as household finances and access to credit continue to improve, causing the homeownership rate to rise during the forecast period.

Home Sales Market Conditions

Market Conditions: Tight

In July 2019, a 1.3-month supply of homes was available for sale, down from 1.5 months of supply a year ago, and down substantially from a recent high of 9.4-months' supply in February 2011 (Redfin).

Current Conditions

Sales housing market conditions in the HMA area are currently tight, with an estimated sales vacancy rate of 1.0 percent, down from 1.9 percent in 2010 (Table 4). Limited new home construction, coupled with steady population growth, has contributed to the absorption of the excess inventory created in the late 2000s. Recently, new and existing home sales (hereafter, home sales) have started to decline, although prices continue to increase, which is largely attributable to a shortage of available for-sale inventory. From 2000 through 2009, 94 percent of home sales in the metropolitan area were in the Nebraska

counties of the HMA, but that share dropped to 88 percent from 2010 through 2018 (CoreLogic, Inc., with adjustments by the analyst). The increase in home sales on the Iowa side of the HMA is partly driven by lower sales prices in Pottawattamie County compared with Douglas and Sarpy Counties in Nebraska.

Home Sales

Approximately 20,600 homes sold in the HMA during the 12 months ending July 2019, down 8 percent from the 22,250 homes sold during the previous 12 months (CoreLogic, Inc., with adjustments by the analyst; Figure 7). The current level of home sales is 7 percent greater than the average of 19,200 homes sold annually from 2002 through 2006, before the national housing market collapse, and 36 percent greater than the average of 15,200 home sales annually from 2007 through 2012 because of the housing market crisis. Home sales increased at an average annual rate of 6 percent from 2013 through 2017 but declined 1 percent in 2018 in part due to the shortage of for-sale inventory and tight housing market conditions.

Table 4. Home Sales Quick Facts in the Omaha-Council Bluffs HMA and the Nation

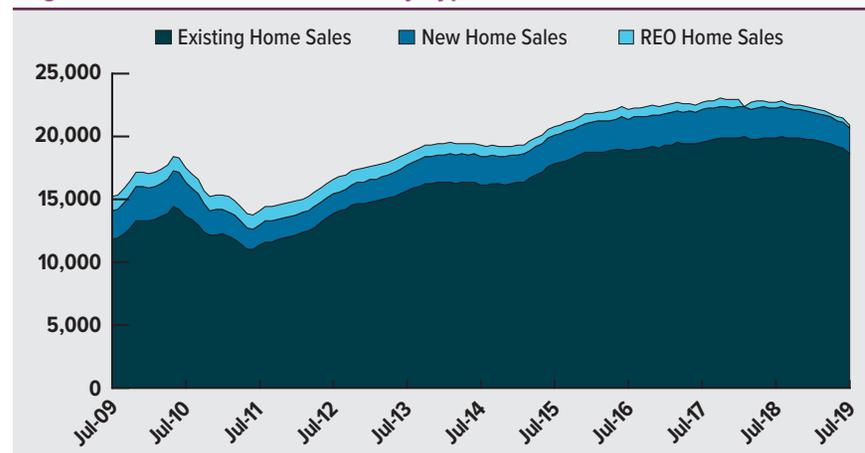
	Omaha-Council Bluffs HMA	Nation
Vacancy Rate	1.0%	NA
Months of Inventory	1.3	2.7
Total Home Sales	20,600	6,271,000
1-Year Change	-8%	-2%
New Home Sales Price	\$322,400	\$380,300
1-Year Change	7%	2%
Existing Home Sales Price	\$188,700	\$291,300
1-Year Change	7%	3%
Mortgage Delinquency Rate	1.0%	1.4%

NA = data not available.

Notes: The vacancy rate is as of the current date (August 1, 2019). Home sales and prices are for the 12 months ending July 2019. Months of inventory and mortgage delinquency data are as of July 2019.

Sources: Sales data—CoreLogic, Inc., with adjustments by the analyst; months of inventory—Redfin

Figure 7. 12-Month Sales Totals by Type in the Omaha-Council Bluffs HMA



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



During the most recent 12-month period, home sales declined the most in Douglas County where sales were down 11 percent to 11,950 home sales. Home sales also declined in Sarpy and Pottawattamie Counties by only 2 and 1 percent, respectively, to 4,675 and 1,850 home sales. From 2012 through 2017, home sales in Douglas County increased at an average annual rate of 7 percent, averaging 11,900 home sales a year. During the same period in Sarpy County, which experienced the strongest (in percentage terms) population growth since 2010, home sales averaged 4,275, reflecting an average annual increase of 9 percent. Home sales in Pottawattamie County averaged 1,650 annually during the same period, up an average of 7 percent a year. In 2018, home sales declined 3 and 2 percent in Douglas and Sarpy Counties, respectively, compared with an increase of 5 percent in Pottawattamie County.

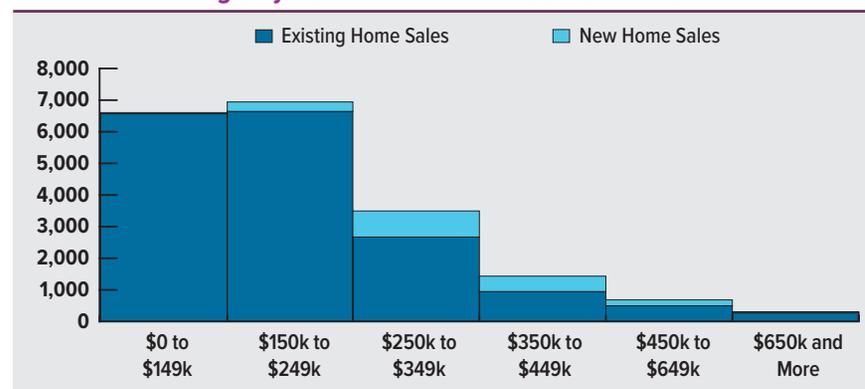
Delinquent Mortgages

In July 2019, 1.0 percent of home loans in the metropolitan area were seriously delinquent or had transitioned into real estate owned (REO) status, and the rate has declined every year since a high of 4.0 percent in January 2009. The current rate is higher than the 0.9-percent rate for Nebraska and lower than the 1.4-percent rate for the nation. For more context, the national rate peaked in January and February of 2010 at 8.6 percent.

Home Sale Prices

Although home sales declined during the past year, the average home sales price was \$202,100, up nearly 6 percent from a year ago, marking the strongest July year-over-year price growth since 2002. The current price is 30 percent greater than the prerecession peak in 2007 of \$155,200 and 40 percent greater than the postrecession trough in 2009 of \$144,600. During the past 12 months, new and existing home sales were greatest among homes priced below \$350,000 (Figure 8). Following 2 years of declines as a result of the Great Recession, the average home sales price increased at an average rate of 3 percent annually from 2010 through 2018.

Figure 8. Share of Sales by Price Range During the 12 Months Ending July 2019 in the Omaha-Council Bluffs HMA



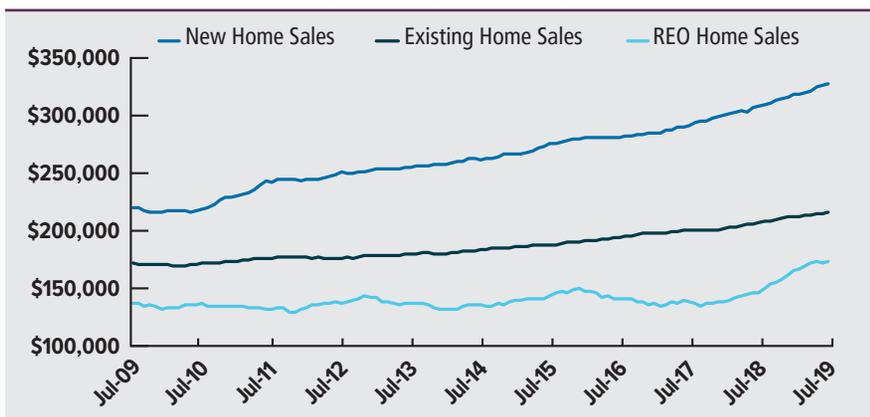
Source: Metrostudy, A Hanley Wood Company

Limited for-sale housing is a major contributor to the decline in home sales in the HMA which has put upward pressure on sales prices. There was a respective 1.3- and 1.0-months' supply of for-sale housing in Douglas and Sarpy Counties in July 2019, and neither county has had a 6-month supply (typically indicative of balanced market conditions) or greater since 2011 (Redfin). In Pottawattamie County there was a 1.8-month supply of for-sale inventory where the months' supply has been less than 6 months since 2015.

During the past 12 months, the highest average home sales price and the largest year-over-year percentage increase among the three counties was in Sarpy County at \$221,600, up 7 percent from a year ago. Despite accounting for only 20 percent of the HMA population, almost 40 percent of the 2,000 new home sales in the HMA were in Sarpy County. Home sales prices in Sarpy County increased at an average annual rate of 5 percent from 2012 through 2018, following an average annual decline of 1 percent for 3 years during the recession. The average home sales price during the 12 months ending July 2019 was \$205,400 in Douglas County, up 6 percent from a year ago. Sales prices declined in Douglas County from 2006 through 2009 at an average annual rate

of 3 percent, and price growth resumed in 2010 at an average annual rate of 3 percent through 2018. The lowest average sales price during the 12 months ending July 2019 was in Pottawattamie County at \$159,200, up 5 percent from a year ago, and 21 percent less than the average for the HMA. Sales price growth averaged 2 percent annually from 2010 through 2018, following 3 years of declines during the housing market crisis. Figure 9 shows the average sales price by type of home sale in the HMA.

Figure 9. 12-Month Average Sales Price by Type of Sale in the Omaha-Council Bluffs HMA

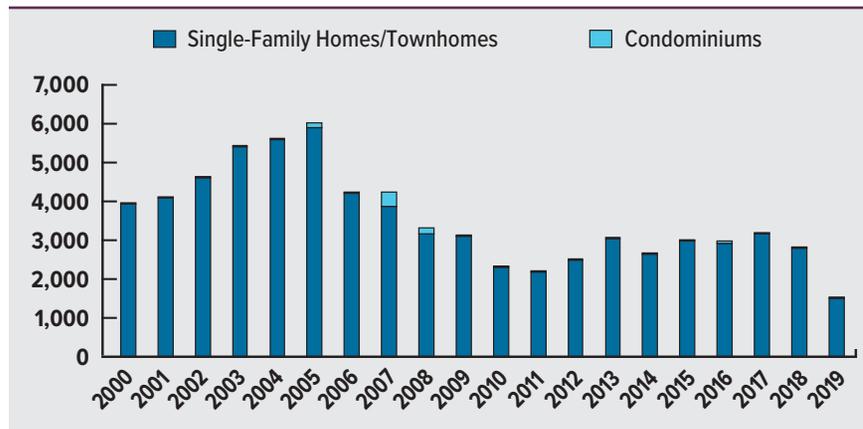


Source: CoreLogic, Inc., with adjustments by the analyst

Sales Permit Activity

Despite ongoing sales price growth, new home construction, as measured by the number of sales units permitted, decreased during the past year. During the 12 months ending July 2019, 2,500 sales units were permitted, down 17 percent from the 3,025 sales units permitted during the 12 months ending July 2018. New home construction increased from the low levels of production during the most recent economic downturn but is still not approaching prerecession levels (Figure 10). In 2000, 3,925 sales units were permitted and permitting activity increased at an average annual rate of 9 percent from 2001 through

Figure 10. Average Annual Sales Permitting Activity in the Omaha-Council Bluffs HMA



Notes: Includes single-family homes, townhomes, and condominiums. Data for 2019 are through July 2019. Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2017—final data, with estimates by the analyst; 2018 and 2019—preliminary data, with estimates by the analyst

2005, to a peak of nearly 6,000 sales units permitted. Subsequently, housing markets began to weaken, and new home construction declined at an average annual rate of 16 percent through 2011, to a low of 2,150 sales units permitted. Since 2011, however, sales permitting activity has been relatively stable, and an average of 2,875 new homes was permitted annually through 2018.

New Construction

Since 2010, 54 percent of all new home construction has occurred in Douglas County, relatively unchanged from 52 percent from 2000 to 2010. Approximately 31 percent of all new home construction in the HMA since 2000 has been in Sarpy County. Although Sarpy County accounts for only 20 percent of the HMA population, it has also grown the fastest of any county in the HMA and is a popular location for new home subdivisions. Year-to-date in 2019, there were nine new home subdivisions in Sarpy County with 20 or more new home sales—the same number of new home sales occurred during this time period at new home subdivisions in Douglas County. Pottawattamie County has captured



5 percent of new home construction since 2010, compared with 7 percent from 2000 to 2010. The new home subdivisions with the most new home sales year-to-date in the HMA are Highland Hills in Douglas County, which reported 65 new home sales with a median sales price of \$285,600, and Whitetail Creek in Sarpy County, with 53 new home sales and a median sales price of \$269,400 (Metrostudy, A Hanley Wood Company).

Forecast

Based on current and anticipated economic growth and the current tight sales market conditions in the HMA, demand is estimated for 9,650 new homes during

the next 3 years, with demand evenly distributed each year of the forecast (Table 5). The 990 homes currently under construction are expected to meet a portion of demand during the first year of the forecast.

Table 5. Demand for New Sales Units in the Omaha-Council Bluffs HMA During the Forecast Period

Sales Units	
Demand	9,650 Units
Under Construction	990 Units

Note: The forecast period is from the current date (August 1, 2019), to August 1, 2022.
Source: Estimates by the analyst



Rental Market Conditions

Market Conditions: Balanced

The overall rental market is currently balanced, with a 6.7-percent vacancy rate compared with 10.1 percent in 2010.

Current Conditions and Recent Trends

The rental housing market in the Omaha HMA is currently balanced with the overall rental vacancy rate estimated at 6.7 percent, down from 10.1 percent during April 2010 when the market was soft (Table 6). Increased rental household growth, spurred by the housing crisis, contributed to declining vacancy rates and rising rents. Approximately 39 percent of renter households in the HMA live in single-family homes, townhomes, and mobile homes, relatively unchanged from 2010

(2010 and 2017 American Community Survey, 1-year data). Approximately 9 percent of renters live in apartment buildings with two to four units, and 53 percent live in larger buildings with five or more units.

Apartment market conditions in the HMA are currently slightly tight, with a 4.0-percent vacancy rate during the second quarter of 2019, compared with 4.1 percent during the second quarter of 2018 (RealPage, Inc.; Figure 11). During the same time, asking rents in the HMA increased 3 percent to \$911 compared with a year ago, faster than the 2-percent annual rent growth from the second quarter of 2014 to the second quarter of 2018. Apartment market conditions have been generally balanced to tight since the early 2000s, despite two recessions. A relatively consistent supply of new units has kept pace with the moderate but steady population growth in the metropolitan area, helping to insulate the market from extreme fluctuations.

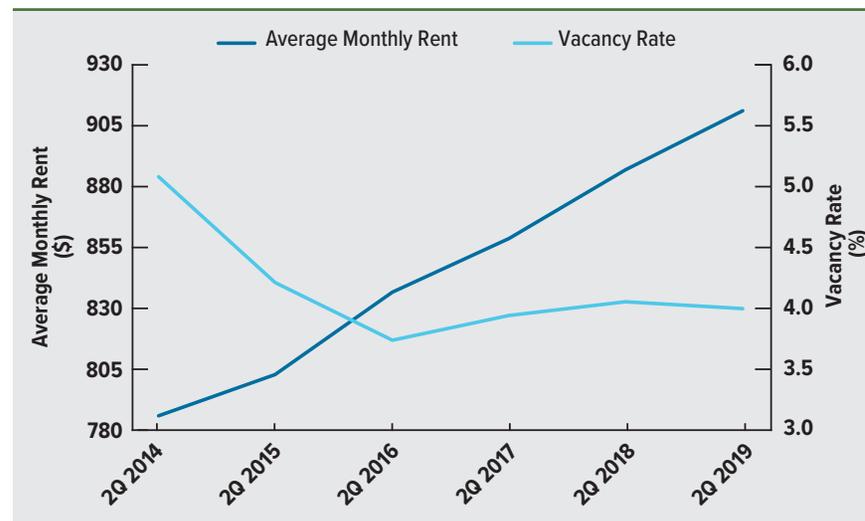
Table 6. Rental and Apartment Market Quick Facts in the Omaha-Council Bluffs HMA

	2010 (%)	2017 (%)
Rental Market Quick Facts		
Rental Vacancy Rate	10.1	6.7
Occupied Rental Units by Structure		
Single-Family Attached & Detached	36	38
Multifamily (2–4 Units)	9	9
Multifamily (5+ Units)	53	53
Other (Including Mobile Homes)	1	1
	Current	YoY Change
Apartment Market Quick Facts		
Apartment Vacancy Rate	4.0%	-0.1
Average Rent	\$911	3%
Studio	\$728	3%
One-Bedroom	\$813	3%
Two-Bedroom	\$992	3%
Three-Bedroom	\$1,184	3%

YoY = year over year.

Notes: The current date is August 1, 2019. Percentages may not add to 100 percent due to rounding. Sources: 2010 and 2017 American Community Survey, 1-year data; RealPage, Inc.

Figure 11. Apartment Rents and Vacancy Rates in the Omaha-Council Bluffs HMA



2Q = second quarter. Source: RealPage, Inc.



Apartment Market Conditions by Geography

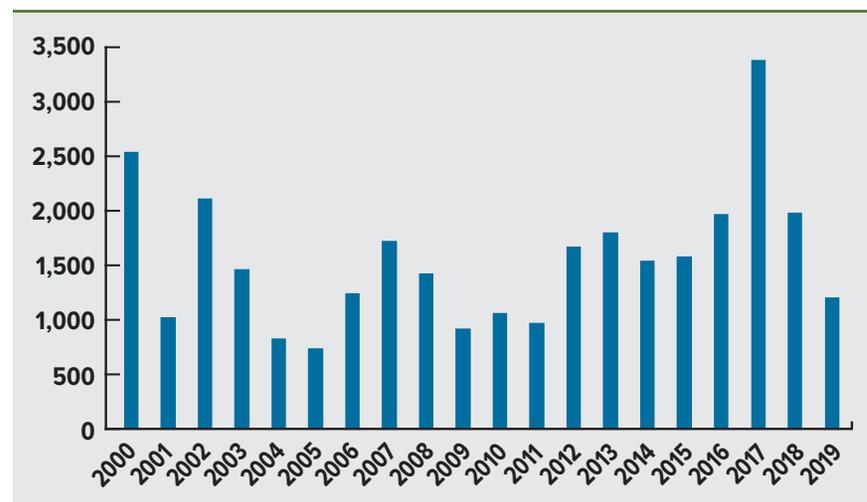
Apartment vacancy rates declined or remained stable in four of the six RealPage, Inc.-defined market areas that encompass the HMA compared with rates during the second quarter of 2018. The Council Bluffs market area recorded the largest decline from 4.9 percent during the second quarter of 2018, to 3.6 percent during the second quarter of 2019, partially because the market area has the lowest rent in the HMA at \$876, but also because of very limited new apartment construction. The lowest vacancy rate in the HMA was in the South Omaha market area at 3.0 percent, unchanged from a year ago. The Central Omaha and West Omaha market areas had the highest rates, both at 4.6 percent, up from 3.2 and 4.4 percent a year ago, respectively. The large jump in the vacancy rate in the Central Omaha market area was due to high levels of apartment construction during the past several years; since the second quarter of 2014, nearly 40 percent of the approximately 11,700 new apartment units built in the HMA area were in the Central Omaha area.

Rent growth occurred in all market areas compared with a year ago. The smallest rent increases occurred in the South Omaha and West Omaha market areas, both reporting 1-percent increases to \$877 and \$955, respectively. The largest increase was 5 percent in the Sarpy County market area to \$905. The highest asking rent was \$974 in the Central Omaha market area, up 3 percent from a year ago. The Central Omaha market area has the highest concentration of new apartments in the HMA contributing to the higher average rent.

Rental Permitting Activity

Apartment construction activity, as measured by the number of rental units permitted in the HMA, totaled an estimated 2,050 units during the 12 months ending July 2019, down 16 percent compared with the 2,450 units permitted a year earlier (preliminary data, with adjustments by the analyst). Much of the decline was the result of the high level of rental units permitted in 2017, part of which is included in the 12 months ending July 2018 (Figure 12).

Figure 12. Average Annual Rental Permitting Activity in the Omaha-Council Bluffs HMA



Notes: Includes apartments and units intended for rental occupancy. Data for 2019 are through July 2019. Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2017—final data, with estimates by the analyst; 2018 and 2019—preliminary data, with estimates by the analyst

In 2000, approximately 2,550 rental units were permitted, but apartment construction activity declined at an average annual rate of 22 percent from 2001 through 2005, to a low of 740 rental units permitted. During this time, sales permitting activity was at record highs as homeownership was easier to obtain through less stringent lending requirements. Apartment construction increased to an average of 1,475 units annually from 2006 through 2008, as sales permit activity slowed and before the onset of the recession. Apartment construction continued during the Great Recession, averaging 990 units annually from 2009 through 2011. Although at a lower level, continued rental unit permitting during the recession contributed to the relative stability of the apartment market as rental household growth far outpaced owner household growth during the period. Since 2011, apartment construction has been relatively stable, averaging 2,000 units annually through 2018.

New Construction

Douglas County captured approximately 60 percent of all apartment construction from 2000 through 2009, and that share increased to more than 80 percent from 2010 through 2018. Sarpy County accounted for 27 percent of apartment construction from 2000 through 2009 but only 17 percent from 2010 through 2018. These construction patterns follow the same trends in population growth among the counties in the HMA during the two periods.

The largest apartment complex to open in the HMA in recent years was Atlas Apartments, an old hospital converted to 732 apartment units in the city of Omaha. The property began leasing the first phase in 2018, and phase two was completed in July 2019 with a current vacancy rate of 6 percent. Rents start at \$875, \$1,030, \$1,850, and \$2,150 for one-, two-, three-, and four-bedroom units, respectively. An example of a newer apartment development in Sarpy County is The Apartments at Lux 96, 258 units built in three phases, which started in 2017 and were completed in May 2019. The property consists of one- and two-bedroom units with rents starting at \$910 and \$1,280, respectively. The current vacancy rate is 7 percent.

Forecast

During the 3-year forecast period, demand is estimated for 5,575 apartments in the HMA (Table 7). Demand is expected to be evenly distributed among all years of the forecast period. The 3,175 units currently under construction will meet a portion of the forecast demand. Approximately 75 percent of the units under construction are in Douglas County, with the remainder in Sarpy County. This development pattern is expected to continue during the forecast period with minimal development in Pottawattamie County.

Table 7. Demand for New Rental Units in the Omaha-Council Bluffs HMA During the Forecast Period

Rental Units	
Demand	5,575 Units
Under Construction	3,175 Units

Note: The forecast period is from the current date (August 1, 2019), to August 1, 2022.
Source: Estimates by the analyst



Terminology Definitions and Notes

A. Definitions

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.
Forecast Period	8/1/2019–8/1/2022—Estimates by the analyst
Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Rental Housing/ Overall Vacancy Rate	Includes apartments and other rental units such as single-family homes, multifamily homes, and mobile homes.
Sales Units/ Rental Units Permitted	Sales and rental units permitted 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.
Seriously Delinquent Mortgages	Mortgages 90+ 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 February 28, 2013.
2.	Urbanized areas are defined using the U.S. Census Bureau’s 2010 Census Urban and Rural Classification and the Urban Area Criteria.

C. Additional Notes

1.	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.
2.	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.
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