

Omaha 2024 Market Forecast

MARKET SNAPSHOT



AVERAGE RENT

\$1,143 4Q 2023
\$1,192 4Q 2024



2024 RENT CHANGE

4.3%



OCCUPANCY RATE

95.7% 4Q 2023
95.5% 4Q 2024



2024 OCCUPANCY CHANGE

-20 BASIS POINTS



EMPLOYMENT*

508.4K 2023
511.9K 2024



UNEMPLOYMENT RATE**

2.3% 2023
2.6% 2024

* Please note that these employment figures have been adjusted for seasonal variations and are based on Moody's Analytics forecast as of January 1, 2024.

** Please note that these unemployment rates are estimates that have not been adjusted for seasonal variations, and they are derived from Moody's Analytics forecast as of January 1, 2024.

KEY TAKEAWAYS

- Omaha's population growth, surpassing many major Midwest markets and the national average with a 1.0% increase from 2022 to 2023, signals a robust demographic trend that yields a promising future for its multifamily market.
- With a manageable construction pipeline representing only 2.6% of existing inventory and balanced development across submarkets, Omaha's multifamily market is well-positioned for sustainable growth and stability into 2024.
- Rent growth in Omaha is expected to moderate in early 2024, followed by a steady increase to 4.2% by year-end.
- Despite a dip in 2023 sales, Omaha's multifamily market is poised for growth in 2024, buoyed by a robust economic outlook and potential interest rate stabilization, presenting promising investment opportunities.

Supply & Demand

2024 FULL YEAR FORECAST

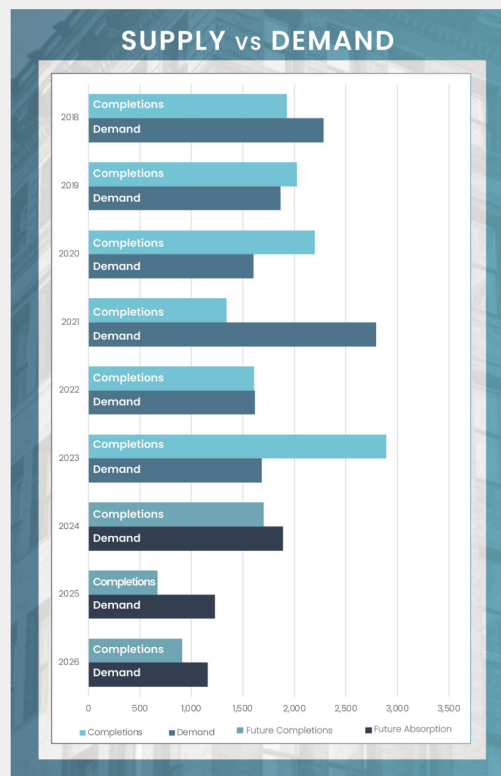


1,888 Units
FORECASTED ABSORPTION



1,701 Units
FORECASTED NEW SUPPLY

Annual Demand Vs Completions



Demand / Occupancy Outlook

As we enter 2024, Omaha's apartment market appears to be on the upswing following a record setting year in 2023 with regards to new supply which saw the delivery of 2,900 units. The forecast predicts a resurgence in demand alongside a significant decrease in new supply, with this year's completions expected to drop by over 41% from last year. This shift is likely to contribute to a stabilization of occupancy rates, with occupancy holding steady at its current rate for much of the year. Supporting Omaha's multifamily market are several positive factors, particularly its population growth which outpaces many major Midwest markets and the national average. Over the past year, Omaha's population grew by 1.0% or 9,600 people, compared to the U.S. average of 0.4%. Omaha's demographic trends, coupled with the expected adjustments in supply and demand dynamics, suggests a healthy future for Omaha's multifamily market.

New Supply Outlook

In 2023, Omaha's multifamily market saw a significant surge in new unit deliveries, totaling 2,890 units, which notably surpassed the 10-year market average of around 1,750 units. Despite this uptick, the city's construction pipeline for new units remains within a manageable scope. The current proportion of the existing inventory under construction is only 2.6%, considerably lower than the national average of about 4.7%. The development of new multifamily units is well distributed across Omaha's 15 submarkets, ensuring a balanced growth across the city. This is evidenced by the fact that 10 of Omaha's 15 submarkets have 100 or more units currently under construction.

Given the recent slowdown in new project starts in Omaha, it's expected that the completion rate of new units will decrease sharply by the end of 2024. This anticipated reduction in new supply is set to pave the way for a rise in occupancy rates and an acceleration in rent growth throughout 2025. However, these positive outcomes are contingent on the broader economic environment. The multifamily market's robust performance in 2025 hinges on the economy avoiding a recession and managing a 'soft landing,' a scenario where the economy slows down just enough to curb inflation without triggering a significant downturn. If these economic conditions are met, Omaha's multifamily market is poised for a period of growth and stability.

Occupancy & Rent Trends

RENT VS OWN MONTHLY PAYMENT



\$2,074

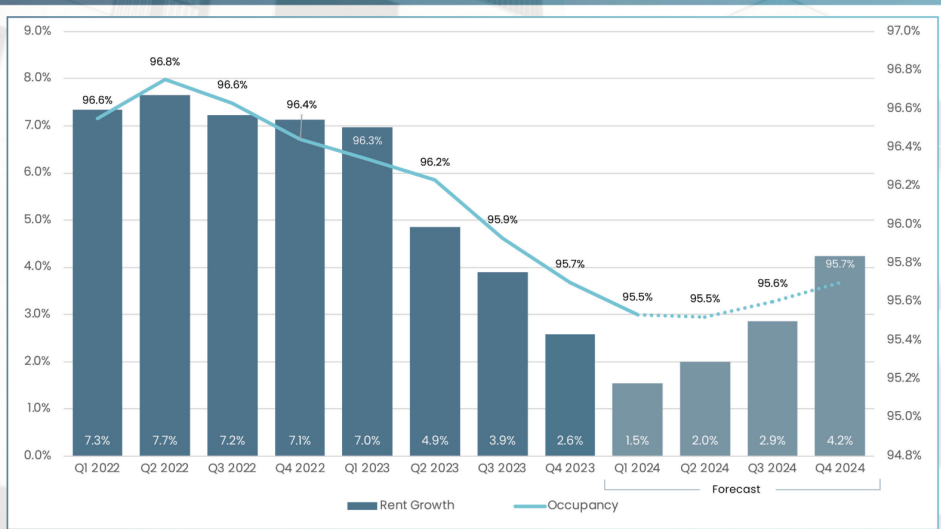
Average Monthly Mortgage Payment



\$1,143

Average Monthly Rent

RENT vs OCCUPANCY



2024 RENT TRENDS OUTLOOK

As we look into 2024, a moderation in rent growth is expected, with projections indicating a slowdown to below 2.0% in the first quarter. This trend aligns with seasonal patterns, where the colder winter months typically see reduced activity in leasing offices. However, as the warmer spring and summer leasing seasons begin in April, a steady climb in rent growth is anticipated, with a year-over-year increase expected to reach 4.2% by the end of 2024. Submarket performances are predicted to closely align with this overall market average.

The Ralston submarket, home to 5,537 units and with no new units currently under construction, is forecasted to lead in rent growth among Omaha's submarkets, with an expected annual increase of 4.8% by the last quarter of 2024. Downtown Omaha is projected to closely follow the overall market trend with a growth rate of 4.3%. The Elkhorn submarket, despite facing the challenges of increased supply due to recent developments, is still expected to achieve a commendable annual rent increase of 3.6%. This indicates a healthy and resilient rental market in Omaha, capable of sustaining growth even amid varying supply dynamics across different submarkets.

Submarket Rent & Occupancy

Submarket	Q4 2023 Stabilized Occupancy	Q4 2024 Stabilized Occupancy (f)	Annual Occupancy Change (2024/2023)	Q4 2023 Average Monthly Rent	Q4 2024 Average Monthly Rent (f)	Annual Rent Change (2024/2023)
Ralston	96.0%	95.8%	-0.2%	\$988	\$1,035	4.8%
Cass County	93.7%	93.0%	-0.7%	\$1,045	\$1,094	4.7%
Central Omaha	95.9%	95.7%	-0.2%	\$1,069	\$1,118	4.6%
Bellevue	95.5%	95.5%	0.0%	\$1,190	\$1,242	4.4%
Midtown Omaha	95.2%	95.2%	0.0%	\$1,101	\$1,149	4.4%
Washington County	98.4%	98.4%	0.0%	\$905	\$944	4.3%
Millard	97.0%	97.0%	0.0%	\$1,215	\$1,267	4.3%
Downtown Omaha	95.3%	95.1%	-0.2%	\$1,302	\$1,358	4.3%
West Omaha	96.9%	96.8%	-0.1%	\$1,091	\$1,138	4.3%
Council Bluffs	95.6%	95.4%	-0.3%	\$1,054	\$1,098	4.2%
Northwest Omaha	95.9%	95.7%	-0.2%	\$1,231	\$1,282	4.2%
North Omaha	93.1%	93.0%	-0.1%	\$885	\$921	4.1%
Papillion La Vista	95.8%	95.6%	-0.2%	\$1,226	\$1,276	4.1%
Elkhorn	97.0%	97.0%	0.0%	\$1,368	\$1,417	3.6%
Gretna	96.6%	96.3%	-0.3%	\$1,193	\$1,234	3.5%
Market	95.7%	95.7%	0.0%	\$1,143	\$1,192	4.3%

Submarket Construction Pipeline



80,435

4Q 2023 Unit Inventory



2,057

Number of Units Under Construction



1,662

Number of Units UC Delivering In the Next 4 Quarters

Submarket	Unit Inventory: 4Q 2023	Units Under Construction	% of Existing Inventory UC	% of Total UC	Units UC Delivering In the Next 4 Quarters
Elkhorn	5,421	397	7.3%	19.3%	246
Papillion La Vista	7,202	241	3.3%	11.7%	239
Gretna	2,633	182	6.9%	8.8%	181
West Omaha	7,294	176	2.4%	8.6%	174
Downtown Omaha	6,276	172	2.7%	8.4%	170
Midtown Omaha	11,535	205	1.8%	10.0%	159
Northwest Omaha	6,848	150	2.2%	7.3%	148
Cass County	208	120	57.7%	5.8%	119
Central Omaha	7,215	120	1.7%	5.8%	118
Bellevue	7,000	294	4.2%	14.3%	108
Council Bluffs	3,070	0	0.0%	0.0%	0
Millard	3,615	0	0.0%	0.0%	0
North Omaha	6,192	0	0.0%	0.0%	0
Ralston	5,537	0	0.0%	0.0%	0
Washington County	389	0	0.0%	0.0%	0
Market	80,435	2,057	2.6%	100.0%	1,662

Sales Activity

In 2023, Omaha's multifamily asset market experienced a downturn, with the year concluding on a subdued note as per preliminary data from MSCI. The fourth quarter saw sales volume drop to a low of \$10.4 million, the weakest since 2014, contributing to an annual transaction volume of \$91.7 million across 10 sales, marking a 19% decrease from the previous year. The assets traded were predominantly of lower caliber, indicated by a reduced price per unit compared to 2022. As we look to 2024, the potential stabilization or decrease in interest rates may enhance Omaha's appeal as a multifamily investment destination in the Midwest, offering promising opportunities for savvy investors, particularly with the emergence of more attractively priced deals.

TRANSACTION VOLUME

\$91.7M (p)

2023 Transaction Volume

-19%

Y-O-Y Change

58 YTD

Individual Transaction Count

\$97.5k*

Price Per Unit

-13%

Annual PPU Price Change

* Trailing 4Q average PPU

* Preliminary Data from RCA - Individual transaction \$2.5M +

P=Preliminary

Employment Forecast

EMPLOYMENT SECTOR FORECAST



Forecasted 2024 Employment Sector Growth

Search:

Sector	Employment Change 2023 to 2024	Percent Change
Overall Employment	3,600	0.7%
Manufacturing	200	0.6%
Construction	100	0.3%
Trade, Transport, & Utilities	700	0.7%
Information	100	0.0%
Financial Activities	100	0.5%
Professional & Business Services	(500)	-0.7%
Education & Health Services	1,000	1.2%
Government	500	0.7%
Leisure & Hospitality	1,300	2.4%
Other Services	200	0.5%

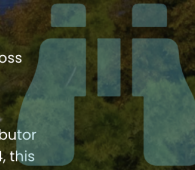
Economic Outlook

The economic forecast for Omaha in 2024 is notably optimistic, reflecting the city's strong and diversified economic foundation. Unlike some of its regional peers, Omaha has demonstrated broad-based growth across various sectors, highlighting the city's economic resilience and diversity. This growth is not reliant on a single industry or a few large companies, which bodes well for its stability and potential for future expansion.

A key driver of Omaha's economic vitality is its robust job creation. The healthcare sector, a significant contributor to the local economy, is home to renowned institutions like the University of Nebraska Medical Center. In 2024, this sector is expected to see substantial growth, adding approximately 1,000 new jobs. This represents the second-largest nominal job increase in the greater Omaha area, surpassed only by the leisure and hospitality sector, which is projected to grow by 1,300 jobs.

Overall, Omaha's economic outlook for 2024 is promising, characterized by diversified growth across key sectors. This economic landscape offers a solid foundation for sustained growth and resilience, positioning Omaha favorably both within the region and beyond.

Sources: Costar; Yard Matrix; BLS; MSC; Moody's Analytics



TO GAIN FURTHER INSIGHTS INTO THE OMAHA MARKET PLEASE REACH OUT TO OUR LOCAL TEAM



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