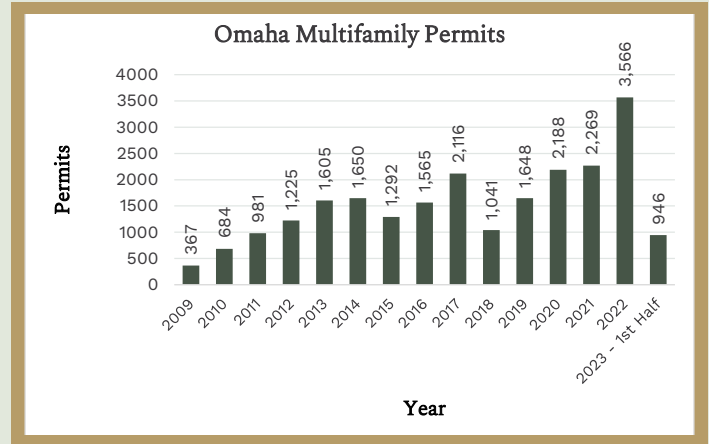
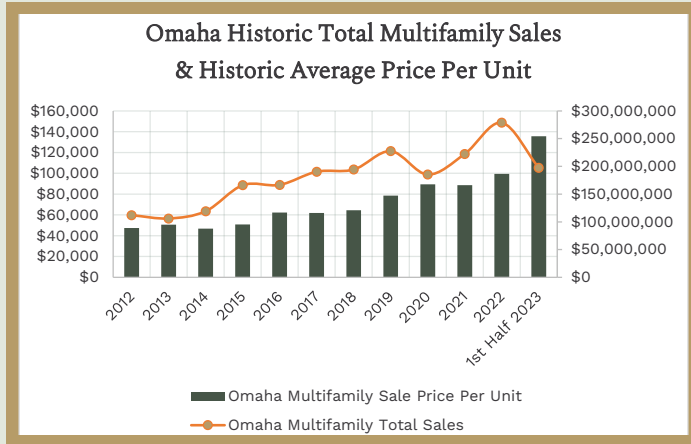


# Multifamily Market Report

## Omaha, Nebraska | Summer 2023



\*Permit Data Provided by The Omaha Chamber of Commerce

## 1Q23 & 2Q23 RECAP

To say we are in interesting times is an understatement.

Let's start with rent growth: The market has experienced rent growth of 4.9% over the past twelve months. This growth is primarily driven by the construction of new apartment complexes, which has pushed the average rent to \$1,150 per month. Compared to other markets, Omaha stands out with the highest rent growth among the 50 largest multifamily markets. In the past three years, Omaha's rents have increased by 18.6%, according to Costar data. Omaha has a rent-to-income ratio of 17.0%, which is the second lowest among the top 50 markets in the country. Only Oklahoma City has a slightly lower ratio at 16.9%.

In other news, construction costs and interest rates continue to stay high, which has caused building permits and sales transactions to drop drastically.

## DEVELOPMENT PIPELINE

Per the Omaha Chamber of Commerce, in the first half of 2023, there were 946 multifamily building permits issued. This is a drastic drop in permits issued from (approximately 3,500) in 2022. Talking with developers, this trend seems to continue as most see the risk of new development not worth the reward (lack of returns due to cost and rates).

There are still many projects in the works and on their way to completion. Over 3,000 units are expected to be delivered in Omaha in 2023.

## PRICES & SALES

Sometimes, the data only tells part of the story. The average sale price per unit in Omaha is \$135,693, which is up significantly from the previous year's record of \$99,410. However, this increase is attributed to the sale of one noteworthy transaction: The Vantage portfolio. If you exclude this sale, the average sale price drops to \$100,805. This is consistent with the actual story, which is the market has finally peaked. Sales prices have not dropped (which many buyers are waiting for), but they are no longer going up.

Sales transactions took a hit this year (with only 18 sales of multifamily properties of 12 units or more), but over the last 30 days, we have seen an uptick in sellers reaching out. The smaller deals are still trading at low cap rates, with buyers coming in with more cash down and 1031 monies.

## 3Q23 & 4Q23 OUTLOOK

In summary, the Omaha multifamily real estate market is healthy and experiencing significant change. The belle of the ball is rental rates, with their significant growth. When talking with industry experts, Omaha rents may still have room to grow compared to similar markets. An important statistic to keep an eye on is the vacancy rate: Per CoStar, Omaha is 5.9%, and it has been slowly increasing due to the influx of new supply in the market (expectations are vacancy rates will continue to rise). The counterargument is that Omaha continues to grow, and the supply (low) and demand (high) for housing will continue to be problematic for many years. These people will need somewhere to call home.

It will be interesting to see how the market continues to evolve. Investors and stakeholders in the Omaha market must diligently consider all factors when making decisions.

## 1Q23 & 2Q23 TRANSACTIONS

Complex	Address	Price	Sale Date	Year Built	SF	Units	Price per Unit	Price PSF
Cornerstone Apartments	1101-1111 Harney Street	\$12,000,000	1/3/23	1881/1995	90,655	38	\$315,789	\$132.37
Coventry Vantage	5575 S 106th Court	\$52,500,000	1/5/23	2019	277,073	294	\$178,571	\$189.48
Stonegate Vantage	6610 N 155th Court	\$57,500,000	1/5/23	2017	294,000	294	\$195,578	\$195.58
6043 Ville de Sante Drive (Portfolio Sale)	6043 Ville de Sante Drive	\$907,500	1/17/23	1981	17,299	24	\$37,813	\$52.46
Papio Valley Apartments (Portfolio Sale)	2004 N 81st Court	\$605,000	1/17/23	1988	13,860	16	\$37,813	\$43.65
La Bonne Vie South (Portfolio Sale)	5315 S 94th Court	\$907,500	1/17/23	1981	19,524	24	\$37,813	\$46.48
Monarch Apartments	603 S Washington Street	\$1,100,000	2/3/23	2000	12,096	18	\$61,111	\$90.94
Cimmaron Hills (Portfolio Sale)	9670 Berry Plaza	\$22,050,000	3/14/23	1972	259,584	234	\$94,231	\$84.94
Park West	10901 Jaynes Plaza	\$33,050,000	3/14/23	1997	301,341	276	\$119,746	\$109.68
4858 Taylor Street	4852 Taylor Street	\$950,000	3/20/23	1963	9,072	22	\$43,182	\$104.72
Prime Square (LIHTC Sale)	822 S Main Street	\$6,000,000	3/28/23	2008	108,126	80	\$75,000	\$55.49
1010 S 36th Street Council Bluffs	1010 S 36th Street Council Bluffs	\$900,000	4/4/23	1978	10,413	12	\$75,000	\$86.43
6636 Military Avenue	6636 Military Avenue	\$1,375,000	5/10/23	1957	19,736	23	\$59,783	\$69.67
Lake View	5003 Country Club Circle	\$2,150,000	6/1/23	1972	19,624	30	\$71,667	\$109.56
1016 S 30th Avenue	1016 S 30th Avenue	\$820,000	6/2/23	1963	6,786	12	\$68,333	\$120.84
Cathedral	308 N 40th Street	\$1,800,000	6/9/23	1961	14,596	24	\$75,000	\$123.32
California Court	5005 & 5007 California Court	\$1,282,000	6/15/23	1966, 1968	10,368	12	\$106,833	\$123.65
The Uptowner	35 N 1st Street, Council Bluffs	\$1,400,500	6/29/23	1966	14,727	21	\$66,690	\$95.10
<b>Total 1st Half</b>		<b>\$197,297,500</b>			<b>1,498,880</b>	<b>1,454</b>	<b>\$135,693</b>	<b>\$131.63</b>

\*Highlighted are Oak Investment Real Estate Transactions

Cathedral Apartments



California Court Apartments



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