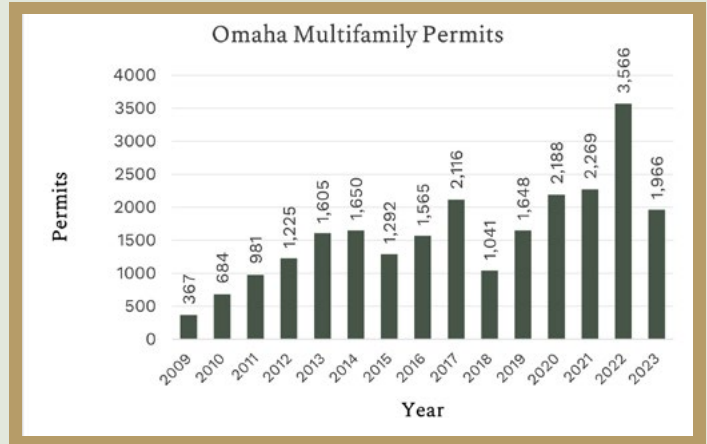
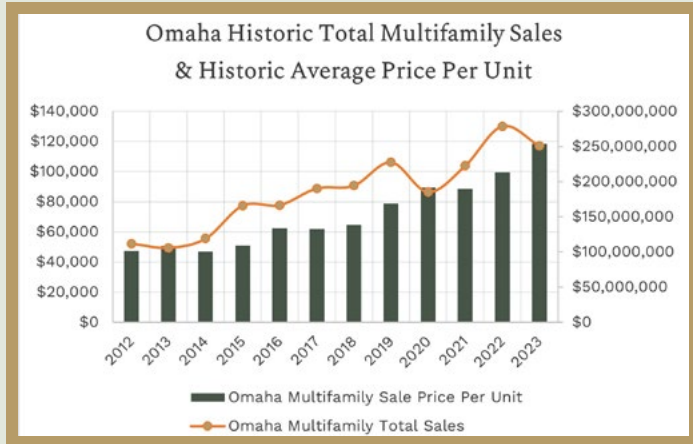


# Multifamily Market Report

## Omaha, Nebraska | 2023 Recap



\*Permit Data Provided by The Omaha Chamber of Commerce

## A LOOK BACK AT 2023

Omaha multifamily prices did not drop as many buyers expected, but there was a drop in 2023. From our database and conversations with appraisers, we believe cap rates are approximately 6% and 7.5% depending on the asset class. The year was dominated by high interest rates. Local lenders quoted deals as high as 8%, and they still hover above 7% today. Completed transactions were largely due to buyers putting down nearly 40% + of the purchase price, as opposed to the traditional 20% we have seen in years past. This environment led to a lack of traditional deals, 1031 exchanges and, active syndication groups. Omaha’s vacancy rate rose to 6.5%, and annual rent growth saw a 2.5% increase. Leaving many skeptical about how much rent growth will continue to increase. This makes managing expenses and having efficient operations more important than ever. Some notable increases on the balance sheet were increased assessor valuations from 2020 to 2023 (which will impact 2024 property tax payments) and insurance. Property insurance has not only become more difficult to procure but has nearly doubled in cost.

## DEVELOPMENT PIPELINE

2,560 new units were delivered in 2023, and the development pipeline remains strong for 2024 (but with a slowdown to follow). 2023 saw 1,966 multifamily permits issued through November according to the Omaha Chamber of Commerce. Oak’s internal data reveals 2,568 units under construction, set to be delivered in 2024. Urban areas have 1,292 units under construction, while suburban landscapes have 1,861 units under construction in 2024. However, 2025 anticipates only including an additional 585 units, with more projects expected to be announced and added to the total. The recent history of construction and permits positions Omaha for continued growth and opportunities in its real estate sector.

## PRICES & SALES

Omaha’s multifamily market showcases intriguing nuances. The average sale price per unit during the second half of 2023 was \$80,696, which brings the annual average to \$118,469. Despite the modest volume of completed transactions (only 13, the lowest since 2014), the market saw sales over \$10M, including notable transactions like Parkwood Terrace at \$16,800,000 (126 units) and the distressed Fireside at \$12,000,000 (180 units). This interplay of numbers may suggest a market peak and future recalibration, offering challenges and opportunities for investors navigating Omaha’s multifamily landscape.

## A LOOK INTO 2024

Despite the challenges faced in 2023, buyers are still seeking opportunities in the Omaha market. The single-family market remains tight (a factor that historically benefits the multifamily market), and we have seen little distress amongst owners and developers. Omaha's resilience, coupled with continued population growth and investments flowing from East to West, reinforces its status as a promising market. The development pipeline will provide another round of new product for tenants to choose from. Continued rent growth will be the major data point to watch as we settle into 2024.

## 3Q23 & 4Q23 TRANSACTIONS

Complex	Address	Price	Sale Date	Year Built	SF	Units	Price per Unit	Price PSF
Deer Park	317 North Avenue, Council Bluffs	\$9,000,000	7/6/23	2000	76,000	76	\$118,421	\$118.42
Fireside	8214 Wilson Drive	\$12,000,000	7/19/23	1972	144,700	180	\$66,667	\$82.93
California Apartments	4609 California Street	\$981,500	7/15/23	1965	10,788	12	\$81,792	\$90.98
345 S 78th Street	345 S 78th Street	\$1,150,000	8/15/23	2004	14,273	12	\$95,833	\$80.57
4723 & 4730 Cass Street	4723 & 4730 Cass Street	\$2,150,000	8/10/23	1950	27,912	32	\$67,188	\$77.03
Continental House	4310-4334 S 25th Street	\$2,600,000	8/28/23	1966	37,225	55	\$47,273	\$69.85
4644-4648 Cuming Street	4648 Cuming Street	\$1,360,000	8/31/23	1963	11,592	24	\$56,667	\$117.32
Parkwood Terrace	9205 Western Avenue	\$16,800,000	9/29/23	1992	190,621	126	\$133,333	\$88.13
1012 S 24th Street	1012 S 24th Street	\$2,500,000	10/10/23	1910/1989	37,690	32	\$78,125	\$66.33
The Heights	649 Parkwild Drive, CB	\$7,900,000	10/26/23	1997	100,000	96	\$82,292	\$79.00
116-128 N 37th Street	116-128 N 37th Street	\$1,575,000	10/13/23	1964	19,806	23	\$68,478	\$79.52
Grace Plaza Apartments	2005 Florence Boulevard	\$1,680,000	12/10/23	1992	21,228	24	\$70,000	\$79.14
Blondo Plaza	8002 Blondo Street	\$2,805,000	12/29/23	1965	24,944	47	\$59,681	\$112.45
<b>Total</b>		<b>\$53,501,500</b>			<b>640,779</b>	<b>663</b>	<b>\$80,696</b>	<b>\$83.49</b>

\*Highlighted are Oak Investment Real Estate Transactions

Blondo Plaza Apartments



Linden Court Apartments



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