



MARKET AT A GLANCE



OCCUPANCY RATE 95.2%

Down 40 bps since 3Q16



ASKING RENT \$879

Up 1.5% since 3Q16



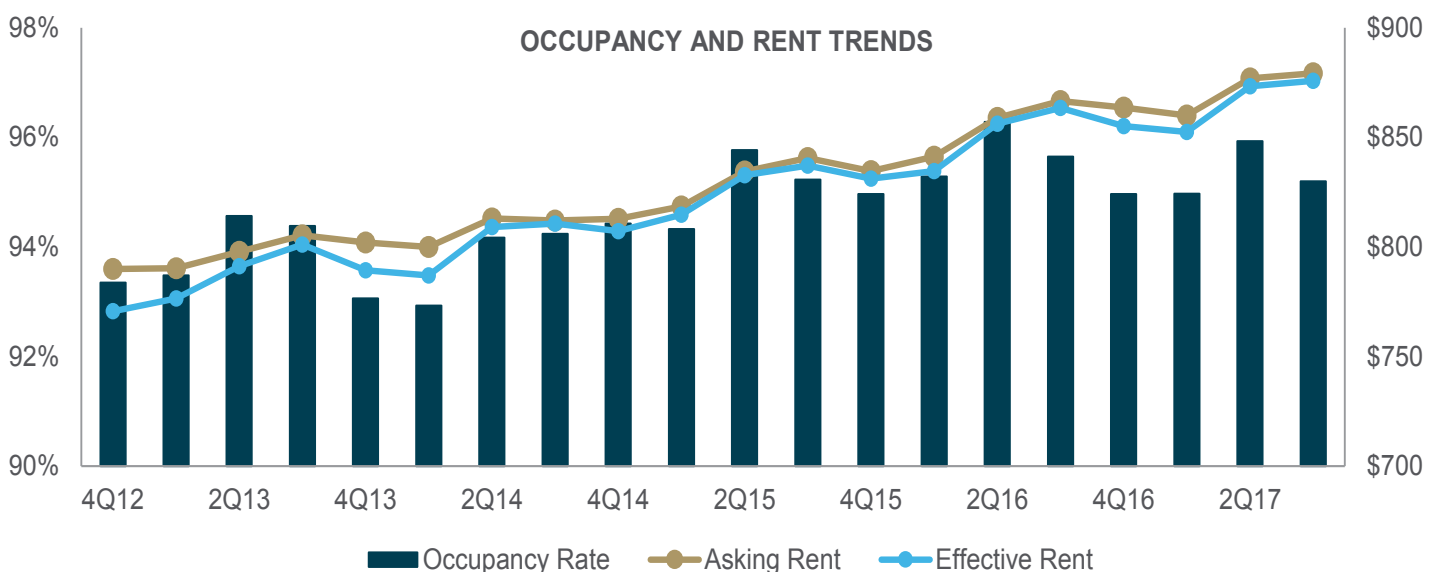
CONCESSIONS 0.4%

Unchanged since 3Q16

OCCUPANCY AND RENT TRENDS

DEVELOPERS WORK TO MEET RENTAL DEMAND, APARTMENT DELIVERIES SOAR

With elevated apartment occupancy in recent years throughout the Omaha metropolitan area, multifamily developers expanded the construction pipeline to lead to an influx of new inventory in the third quarter. Construction completed on 818 units, the highest quarterly deliveries in more than 15 years. While additions were spread throughout Greater Omaha, a metro-high 273 units came online in the South Omaha submarket since mid-2017. Residents were attracted to the new inventory, with the area leading leasing activity at the same time. Even with robust demand, leasing activity trailed inventory growth to cause South Omaha occupancy to dip 10 basis points quarter over quarter to 95.9% in September. The submarket trend was reflected across the metro, where occupancy dropped to 95.2% despite healthy leasing activity. The supply-demand imbalance should taper as only 376 units are scheduled to come online in the final quarter of the year. Even with occupancy lowering, the third quarter rate was 60 basis points higher than the five-year average. Operators capitalized on high demand for rentals by advancing asking rent on average 0.3% from June to \$879 per month in September, while holding average concessions at 0.4% of asking rent.



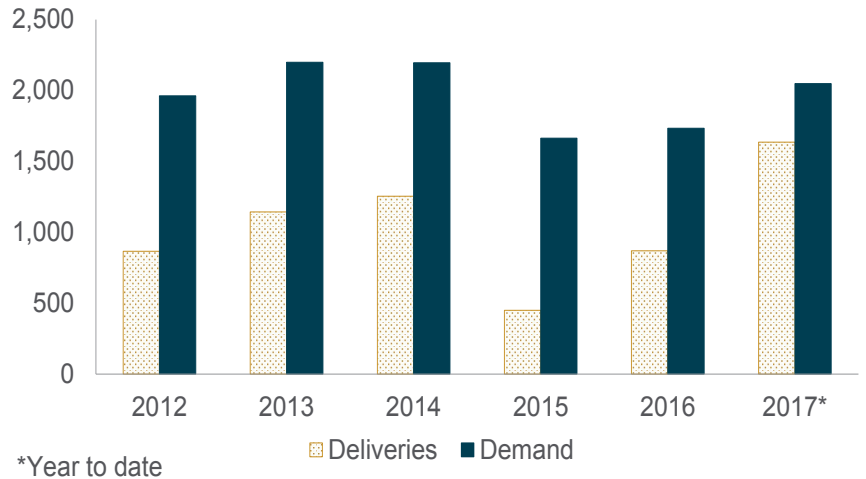
DELIVERIES AND DEMAND



DELIVERIES 1,636
Units YTD



NET ABSORPTION 2,049
Units YTD



ECONOMIC TRENDS

2016 **UNEMPLOYMENT*** 2017
3.4% **-50 BPS CHANGE** 2.9%

2016 **EMPLOYMENT*** 2017
497.0k **2.0% CHANGE** 506.8k

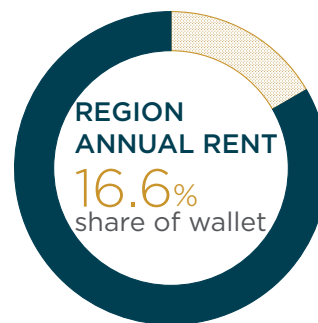
2016 **EXISTING SFH SALES**** 2017
17.3k **-7.5% CHANGE** 16.0k

2016 **MEDIAN SFH PRICE**** 2017
\$170.9k **2.3% CHANGE** \$174.9k

2016 **10-YEAR TREASURY**** 2017
1.63% **60 BPS CHANGE** 2.20%

*August; **September

Rising payrolls in Greater Omaha underpinned healthy apartment demand as total nonfarm employment expanded 2.0% annually through August 2017, up from 0.6% growth during the preceding year. The upswing pushed the local increase higher than the national average expansion of 1.4% since August 2016. The education and health services sector was a significant contributor to the rise in Omaha headcounts, with organizations creating 2,100 positions. A net of 9,800 jobs were added metrowide in the 12-month period through August 2017. At the same time, additions to the trade, transportation, and utilities sector totaled 1,700 new workers, supported by Gordmans, which filled 90 positions at their distribution center in August. Employers in the leisure and hospitality industry contributed 1,200 new positions, expanding 2.4%. Part of the additions came with the opening of the 333-room Omaha Marriott Downtown at the Capitol District in July, recruiting 150 personnel. Metrowide job growth was tamped down by the 0.5% contraction in the government segment, with 300 jobs eliminated.



SUBMARKET BREAKDOWN

| SUBMARKET NAME | OCCUPANCY | | AVG RENT INCREASE | | AVG RENT | | NET ABSORPTION | | DELIVERED UNITS | |
|----------------------|--------------|--------------|-------------------|-------------|--------------|--------------|----------------|--------------|-----------------|--------------|
| | 3Q16 | 3Q17 | 3Q16 | 3Q17 | 3Q16 | 3Q17 | 3Q17 | ANNUAL | 3Q17 | ANNUAL |
| Douglas County/Other | 98.0% | 94.9% | -1.0% | -4.5% | \$1,055 | \$1,008 | -7 | -5 | 0 | 107 |
| North Omaha | 95.8% | 95.8% | 8.1% | -0.2% | \$816 | \$814 | 160 | 359 | 227 | 368 |
| Pottawattamie County | 94.8% | 95.6% | - | 2.5% | \$870 | \$892 | -21 | 49 | 0 | 0 |
| Sarpy County | 95.5% | 94.9% | 3.4% | -0.2% | \$891 | \$890 | 13 | 248 | 102 | 331 |
| South Omaha | 96.6% | 95.9% | -9.1% | 1.2% | \$898 | \$909 | 244 | 325 | 273 | 504 |
| Southwest Suburban | 95.3% | 95.8% | 9.4% | 2.6% | \$818 | \$839 | 146 | 657 | 216 | 608 |
| Washington County | 96.7% | 96.8% | - | 2.9% | \$792 | \$814 | -11 | 1 | 0 | 0 |
| TOTALS | 95.6% | 95.2% | 3.1% | 1.5% | \$867 | \$879 | 525 | 1,634 | 818 | 1,918 |



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