

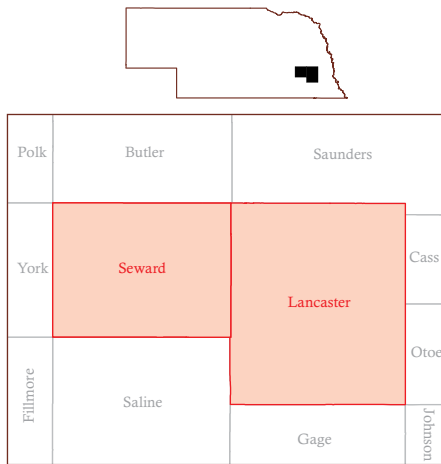
# Lincoln, Nebraska



U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of October 1, 2016



## Housing Market Area



The Lincoln Housing Market Area (HMA) is coterminous with the Lincoln, NE Metropolitan Statistical Area (MSA). The HMA comprises Lancaster and Seward Counties in southeast Nebraska, 50 miles southwest of Omaha, Nebraska. Approximately 80 percent of the HMA is farmland; farmers generated more than \$486 million in grain and livestock production in 2012 (U.S. Department of Agriculture; most recent data available). The high-tech industry is growing in the HMA to form part of the locally named Silicon Prairie and includes the headquarters of Hudl, the fastest-growing company in Nebraska (National Public Radio, 2015). The city of Lincoln is the state capital and the location of the University of Nebraska–Lincoln (UNL).

## Summary

### Economy

Nonfarm payrolls in the Lincoln HMA have increased steadily since 2011 after relatively mild declines in 2009 and 2010. During the 12 months ending September 2016, nonfarm payrolls totaled 187,400 jobs, increasing by 2,600 jobs, or 1.4 percent, up from an increase of 1,200 jobs, or 0.7 percent, during the previous 12-month period. Nonfarm payrolls are expected to increase moderately at an average of 1.0 percent a year during the 3-year forecast period.

### Sales Market

Sales housing market conditions in the HMA are tight, with an estimated 0.9-percent vacancy rate, down from 1.8 percent in 2010. During the next 3 years, demand is estimated for 3,225 new homes, and it is expected to decrease slightly from the first through the third year of the forecast period. The 360 homes under construction in the HMA and a portion of the estimated 3,150 other vacant units that may reenter the market will satisfy some of the forecast demand (Table 1).

### Rental Market

The current rental housing market in the HMA is balanced, with an estimated vacancy rate of 6.5 percent,

down from 7.7 in 2010, when conditions were soft. Since 2010, increased net in-migration to the HMA and decreased conversion of sales units to rental use contributed to an improvement in the rental market. During the forecast period, demand is expected for 1,975 new market-rate rental units; the 1,425 rental units currently under construction will meet most of the demand (Table 1).

**Table 1. Housing Demand in the Lincoln HMA During the Forecast Period**

|                    | Lincoln HMA |              |
|--------------------|-------------|--------------|
|                    | Sales Units | Rental Units |
| Total demand       | 3,225       | 1,975        |
| Under construction | 360         | 1,425        |

*Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of October 1, 2016. A portion of the estimated 3,150 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is October 1, 2016, to October 1, 2019.*

*Source: Estimates by analyst*

## Market Details

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# Economic Conditions

After job losses in 2009 and 2010, the Lincoln HMA has added jobs each year since 2011. During the 12 months ending September 2016, nonfarm payrolls increased

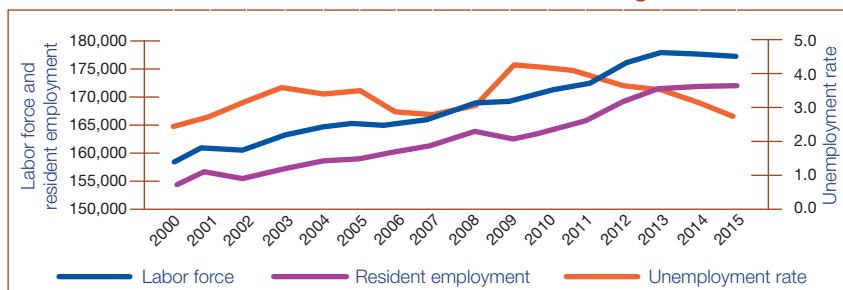
**Table 2. 12-Month Average Nonfarm Payroll Jobs in the Lincoln HMA, by Sector**

|                                  | 12 Months Ending |                | Absolute Change | Percent Change |
|----------------------------------|------------------|----------------|-----------------|----------------|
|                                  | September 2015   | September 2016 |                 |                |
| Total nonfarm payroll jobs       | 184,800          | 187,400        | 2,600           | 1.4            |
| Goods-producing sectors          | 22,100           | 22,600         | 500             | 2.3            |
| Mining, logging, & construction  | 8,300            | 8,800          | 500             | 6.0            |
| Manufacturing                    | 13,800           | 13,800         | 0               | 0.0            |
| Service-providing sectors        | 162,700          | 164,800        | 2,100           | 1.3            |
| Wholesale & retail trade         | 23,600           | 23,100         | -500            | -2.1           |
| Transportation & utilities       | 10,900           | 10,900         | 0               | 0.0            |
| Information                      | 2,500            | 2,600          | 100             | 4.0            |
| Financial activities             | 14,400           | 14,700         | 300             | 2.1            |
| Professional & business services | 19,200           | 19,900         | 700             | 3.6            |
| Education & health services      | 27,700           | 28,300         | 600             | 2.2            |
| Leisure & hospitality            | 17,700           | 18,000         | 300             | 1.7            |
| Other services                   | 7,100            | 7,100          | 0               | 0.0            |
| Government                       | 39,700           | 40,300         | 600             | 1.5            |

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through September 2015 and September 2016.

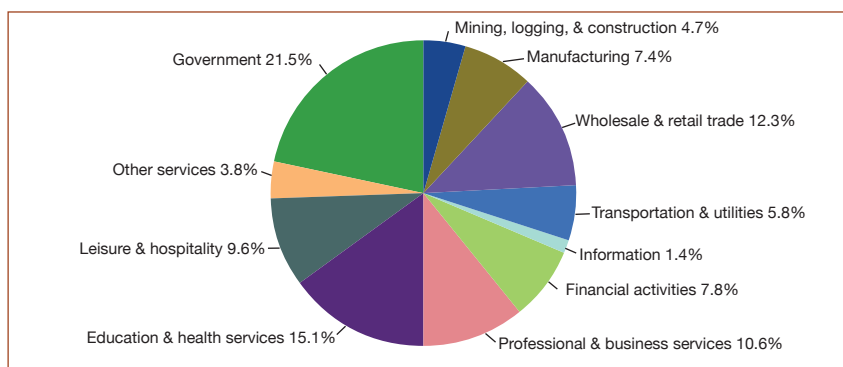
Source: U.S. Bureau of Labor Statistics

**Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Lincoln HMA, 2000 Through 2015**



Source: U.S. Bureau of Labor Statistics

**Figure 2. Current Nonfarm Payroll Jobs in the Lincoln HMA, by Sector**



Note: Based on 12-month averages through September 2016.

Source: U.S. Bureau of Labor Statistics

by 2,600 jobs, or 1.4 percent, to an all-time high of 187,400 (Table 2). During the period, the professional and business services, education and health services, and government sectors led job gains, increasing by 700, 600, and 600 jobs, or 3.6, 2.2, and 1.5 percent, respectively, from the previous 12-month period. Notable gains also occurred in the mining, logging, and construction sector, which expanded by 500 jobs, or 6.0 percent, partly because of the greater number of construction jobs needed to complete the \$238 million Antelope Valley Project earlier in 2016. The purpose of the project was to provide neighborhood revitalization, new roadways, and flood control along Antelope Creek within the central business district of downtown Lincoln.

As the economy continued improving at a steady pace and more people joined the labor force, the average unemployment rate increased slightly to 2.8 percent during the 12 months ending September 2016, compared with 2.6 percent during the previous 12-month period. Despite the increase, the unemployment rate in the HMA is less than the 3.3- and 4.9-percent averages for the nearby Omaha-Council Bluffs, NE MSA and the nation, respectively. During September 2016, the unemployment rate in the HMA was the 21st lowest of the 387 MSAs in the nation compared with the 6th lowest a year earlier (Bureau of Labor Statistics). Figure 1 shows trends in the labor force, resident employment, and the unemployment rate from 2000 through 2015.

The government sector is the largest nonfarm payroll sector in the HMA, accounting for nearly 22 percent of total nonfarm payrolls, or 40,300 jobs, during the 12 months ending September 2016 (Figure 2). More than

one-half of all jobs in the government sector are in the state government subsector. The State of Nebraska is the largest employer in the HMA, with 9,000 employees, a figure that excludes employment in state higher education institutions (Table 3). UNL, with enrollment of 25,900 students (UNL data, 2016), is the second largest employer in the HMA, with approximately 6,350 employees. In 2014, the annual economic impact of UNL on the state of Nebraska was estimated at \$3.9 billion (Tripp Umbach Economic Impact, 2016). Since

then, UNL has continued to expand. UNL and private research companies partnered to open the first phase of the \$212 million Nebraska Innovation Campus (NIC) in October 2015. The NIC includes the UNL Food Science and Technology Department, which focuses on agricultural biotechnology and other life science research. Private companies focused on nutritional health research are also in the NIC, contributing to job growth in the education and health services sector.

Jobs in the education and health services sector have increased faster than any other sector since 2000 (Figure 3), and the sector was the only one to add jobs every year from 2000 through 2010. As a result, the sector became the second largest in 2004 compared with the fourth largest in 2000. Saint Elizabeth Regional Medical Center and Madonna Rehabilitation Hospital account for 2,300, and 1,500 jobs, respectively, and are among the 10 largest employers in the HMA. Seven private universities, with enrollment totaling about 7,000,

**Table 3. Major Employers in the Lincoln HMA**

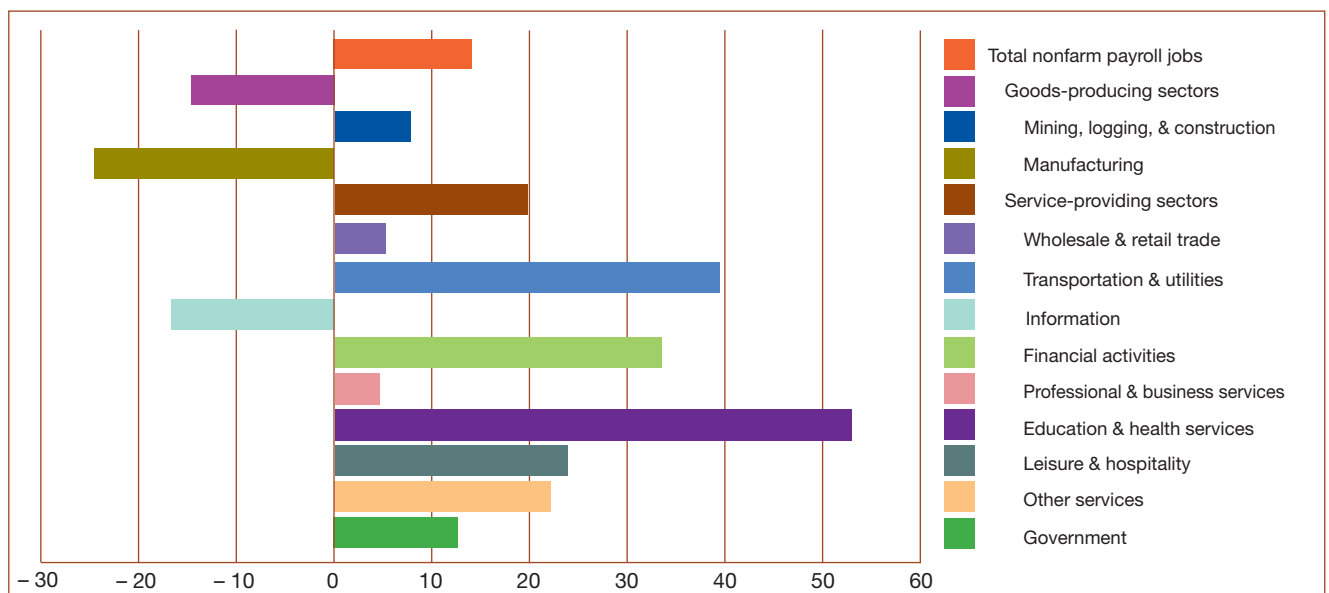
| Name of Employer                        | Nonfarm Payroll Sector           | Number of Employees |
|---|----------------------------------|---------------------|
| State of Nebraska                       | Government                       | 9,000               |
| University of Nebraska–Lincoln          | Government                       | 6,350               |
| Bryan Health                            | Government                       | 3,500               |
| U.S. Government                         | Government                       | 3,350               |
| City of Lincoln                         | Government                       | 2,600               |
| Saint Elizabeth Regional Medical Center | Education & health services      | 2,300               |
| Burlington Northern Railroad            | Transportation & utilities       | 2,000               |
| Madonna Rehabilitation Hospital         | Education & health services      | 1,500               |
| Duncan Aviation Inc.                    | Manufacturing                    | 1,325               |
| State Farm Insurance                    | Professional & business services | NA                  |

NA = data not available.

Notes: Excludes local school districts. State of Nebraska employment figures exclude the University of Nebraska-Lincoln.

Source: City of Lincoln Comprehensive Annual Financial Report, 2016

**Figure 3. Sector Growth in the Lincoln HMA, Percentage Change, 2000 to Current**



Note: Current is based on 12-month averages through September 2016.

Source: U.S. Bureau of Labor Statistics

also support this sector; the largest are Concordia University Nebraska and Nebraska Wesleyan University.

Since 2000, the economy of the HMA has been partially insulated from expansions and contractions of the national economy because of steady job growth in the government and education and health services sectors. As a result of the national economic recession of 2001, the HMA economy lost an average of 1,000 jobs, or 0.6 percent, annually from 2002 through 2003, when nonfarm payrolls for the nation contracted 0.7 percent. From 2002 through 2003, an average 1,100 manufacturing jobs, or 5.8 percent annually, were lost partly because Textron, Inc., eliminated 400 jobs when it moved production to Georgia and North Carolina. The education and health services sector added 1,200 jobs, or 6.0 percent, annually, and the government sector lost only 200 jobs, or 0.5 percent, annually. Net job loss in the government sector was relatively low because job declines of 100 and 500, or 1.7 and 2.5 percent annually, in the federal and state government subsectors, respectively, were offset by an increase of 400 jobs, or 2.6 percent annually, in the local government subsector.

From 2004 through 2007, the HMA added an average 2,100 jobs, or 1.3 percent, annually. More than 60 percent of overall job growth occurred in the professional and business services and the education and health services sectors, up by 700 and 600 jobs, or 3.9 and 2.7 percent, respectively, a year. The economy in the HMA continued to add jobs during 2008, albeit at a slower pace, adding 1,600 jobs, or 0.9 percent. The Great Recession, which began in December 2007 and ended in June 2009, had a shorter and lesser

impact on the HMA than it did on the nation as a whole. From 2009 through 2010, nonfarm payroll loss in the HMA averaged 1,300 jobs, or only 0.8 percent, annually, compared with an average decline of 2.5 percent annually for the nation. The manufacturing and the professional and business services sectors lost the most jobs in the HMA, declining by an average of 1,200 and 800 jobs, or 8.0 and 4.3 percent, respectively each year. The education and health services and the government sectors were two of three sectors that added jobs during the period, increasing by 1,100 and 300 jobs, or 4.4 and 0.8 percent, respectively each year.

From 2011 through 2015, nonfarm payrolls in the HMA increased by an average of 2,600 jobs, or 1.5 percent, annually. Significant job growth occurred in the leisure and hospitality sector, increasing by 400 jobs, or 2.4 percent, partly because of the Pinnacle Bank Arena, a \$179 million project that was completed in September 2013, which is part of the more expansive \$344 million West Haymarket District development. In addition, the seven-story, 108-room Hyatt Place Lincoln/Downtown-Haymarket hotel opened in April 2014; total jobs added are not known. The government sector added an average of 300 jobs, or 0.8 percent, annually from 2011 through 2015, and the manufacturing sector added jobs for the first time since 2006, up an average 300 jobs, or 2.0 percent, annually. Expansions in the sector included a 19,000-square-foot Zoetis, Inc. pharmaceutical manufacturing plant, which added 30 positions in August 2015. From 2011 through 2015, job growth in the education and health services sector averaged only 200, or 0.7 percent annually. Growth

in the sector varied through the period, with job losses in 2011, 2014 and 2015, tempering strong growth from 2012 through 2013 that averaged 1,000 jobs, or 3.7 a year.

During the 3-year forecast period, economic expansion is expected to slow and return to normal growth levels in the HMA, with nonfarm payroll growth averaging 1.0 percent, or 1,800 jobs, a year. Among planned expansions is Hudl, a Lincoln-based company founded in 2006, which offers technological tools for coaches and athletes to review game footage. When the company opens its new headquarters building in the fall of 2017 in the Haymarket District, 300 jobs will be added, with an expected

\$140 million annual economic impact (Hudl, 2015). In addition, Sandhills Publishing, an information processing company, broke ground on Cyber Center, a 42,000-square-foot office building in the city of Lincoln, during the fall of 2016. Cyber Center will add 240 jobs when construction is complete in late 2017. In the manufacturing sector, Zoetis, Inc., is expected to add 15 jobs to its existing staff of 650, when the company's second expansion, estimated at \$60 million and 30,000 square feet, is complete in November 2016. Growth is also expected at the NIC, when an 80,000-square-foot building of the second phase is complete in the spring of 2018; job numbers have not been announced.

## Population and Households

The population of the Lincoln HMA is estimated at 328,300 as of October 1, 2016, an average annual increase of 4,025 since 2010. The amount of farmland in the HMA has resulted in a concentration of population and housing in the city of Lincoln, whose 277,300 residents account for approximately 84 percent of the HMA population (2015 American Community Survey [ACS] 1-year data).

Overall, population growth has remained relatively stable since 2000, with economic conditions and changes in student enrollment—mainly at UNL—influencing in-migration. Approximately 80 percent of students come from outside the HMA (UNL, Office of Institutional Research, 2016–2017). Overall, in-migration to the HMA has

mainly occurred from neighboring counties in eastern Nebraska, including Douglas and Sarpy Counties (Internal Revenue Service migration data), which make up part of the Omaha-Council Bluffs, NE MSA. Periods of slower net in-migration to the HMA generally occur when economic conditions in the Omaha-Council Bluffs, NE MSA are relatively stronger.

From 2000 to 2001, a period of job growth, net in-migration averaged 1,400 people, and population growth averaged 3,550 people, or 1.3 percent, annually. Net in-migration to the HMA increased from 2001 to 2003 to 1,825 people annually, and population growth averaged 3,975, or 1.5 percent, a year because of an increase in migrants from the Omaha-Council

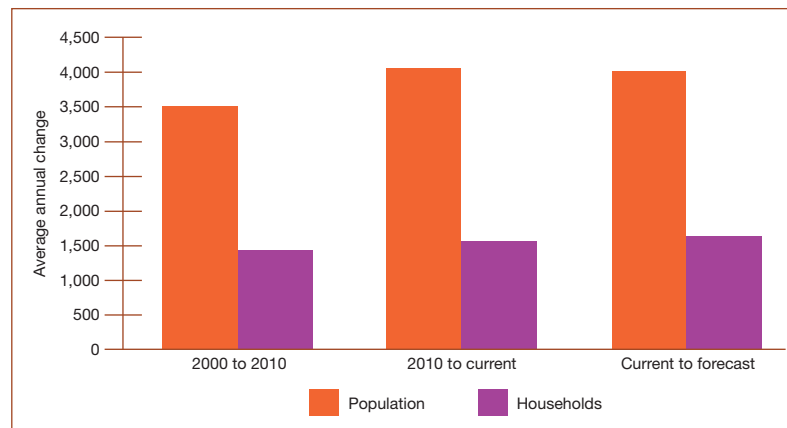
Bluffs, NE MSA, where job losses during 2002 were more severe compared with the HMA. From 2003 to 2004, however, net in-migration averaged 180 people, and population growth slowed to an average 2,575 people, or 0.9 percent, because of a decline in university enrollment by 600 students, or 2.6 percent, annually, despite improving economic conditions in the HMA. When employment conditions strengthened further from 2004 to 2008, net in-migration rose to an average of 1,175 people, and population growth averaged 3,625, or 1.3 percent, annually. Population growth slowed again as the economy contracted during the late 2000s. From 2008 to 2010, net

in-migration slowed to an average of 850 people, annually, and population growth averaged 3,375 people, or 1.1 percent, annually. Since 2010, net in-migration increased to an average of 1,850 people annually, and the population rose by 4,025, or 1.3 percent, annually. Part of the increase of in-migration was from greater enrollment at UNL, which has risen since 2010 by an average of 300 students annually, up from an average of 200 students a year from 2000 to 2009. Increased population growth since 2010 also resulted from greater in-migration as the economy began to strengthen and as payrolls accelerated.

As job growth moderates during the next 3 years, the population of the HMA is expected to increase by an average of 3,975 or 1.2 percent, annually (Figure 4), reflecting a slowing of net in-migration during the second and third years. The population is estimated to reach 340,200 by the end of the 3-year forecast period. Figure 5 shows the components of population change in the HMA from 2000 to the forecast date.

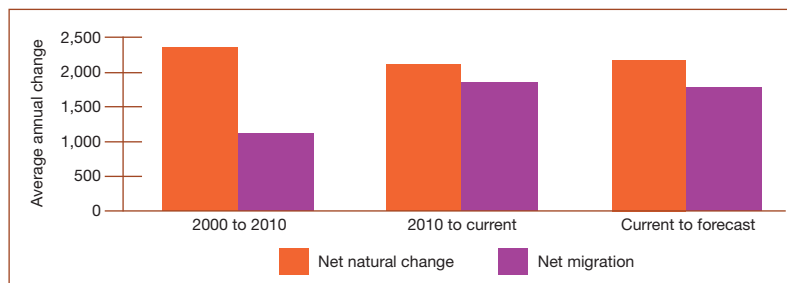
The current number of households in the HMA is estimated at 129,450, an average increase of 1,500, or 1.2 percent, annually since 2010, slightly more than the average of 1,450, or 1.3 percent, annually during the 2000s. As with the population, household growth has been concentrated in the city of Lincoln since 2010. During this period, renter households have accounted for 56 percent of the household growth in the HMA and the number of renter households has increased an average of 1.8 percent annually, whereas owner household growth has averaged only 0.9 percent annually (Figure 6).

**Figure 4. Population and Household Growth in the Lincoln HMA, 2000 to Forecast**

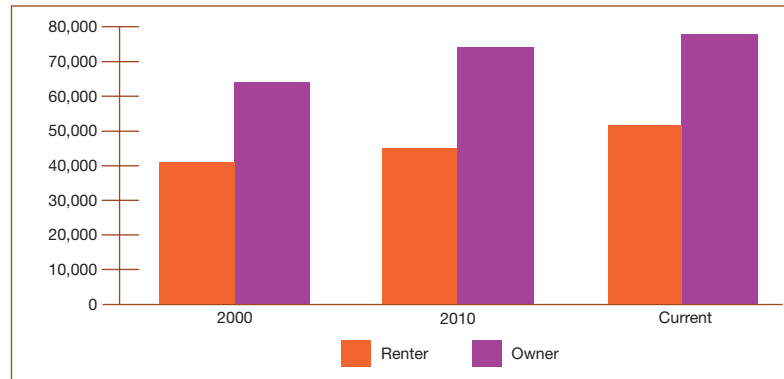


Notes: The current date is October 1, 2016. The forecast date is October 1, 2019. Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

**Figure 5. Components of Population Change in the Lincoln HMA, 2000 to Forecast**



Notes: The current date is October 1, 2016. The forecast date is October 1, 2019. Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

**Figure 6. Number of Households by Tenure in the Lincoln HMA, 2000 to Current**

Note: The current date is October 1, 2016.

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

During the forecast period, the number of households in the HMA is expected to increase by an average of 1,575, or 1.2 percent, annually, resulting in 134,200 households. The proportion of renter households is expected to increase slightly by the end of the forecast period. Student household growth is expected to remain steady and account for nearly 10 percent of renter household growth.

## Housing Market Trends

### Sales Market

The Lincoln HMA sales housing market is tight, with stable job growth, net in-migration, and relatively low levels of home construction since the mid-2000s contributing to the absorption of much of the available inventory. The current estimated sales vacancy rate is 0.9 percent, down from 1.8 percent in 2010. The inventory of homes for sale declined to an average of 910 homes during the third quarter of 2016, compared with an average 1,575 homes in 2010, and down from a peak of 2,075 homes for sale during 2007 (Midlands Realtors® Association of Lincoln). The number of months homes remained on the market declined to an average 1.4 months during 2015 (the most recent data available) compared with 2.6 months in 2010 and a peak of 3.6 months in 2008. Although the sales market has recovered from the housing crisis of the late 2000s, the homeownership rate declined to 60.5

percent from 61.8 percent in 2010 (Table DP-1 at the end of this report).

The HMA sales market was strongest from 2003 through 2005, when an average of 7,550 new and existing single-family homes, townhomes, and condominiums sold annually (CoreLogic, Inc., with adjustments by the analyst). By 2006, the sales market began to soften, and an average of 5,750 homes sold annually from 2006 through 2008, a 24-percent decrease from the average number of homes sold during 2003 through 2005. A reduction in regular resales and new home sales by 24 and 42 percent, respectively, contributed to the overall decline. The number of homes sold decreased further from 2009 through 2011, when total home sales averaged 4,900 a year, 15 percent less than the average from 2006 through 2008. The entire loss in sales resulted from 16- and 36-percent

declines in regular resales and new home sales, respectively. Real estate owned (REO) home sales increased 42 percent and accounted for 7 percent of existing home sales from 2009 through 2011. After the Great Recession, in 2012, the sales market began to recover, partly because of economic improvements that began in 2011. From 2012 through 2015, total home sales averaged 6,450 a year, or 32 percent, more than the average number of homes sold each year from 2009 through 2011, but less than the peak levels of the early-to-mid-2000s. Nearly the entire gain resulted from a 39-percent increase in regular resales, which offset a 30-percent reduction in REO sales; the percentage of REO to existing home sales declined from 8 percent in 2011 to 2 percent in 2015. During the 12 months ending September 2016, total home sales fell 3 percent, to 6,700, compared with sales during the previous 12-month period, partly because of a reduction in regular resales and new home sales, which were down 1 and 7 percent, respectively. During the same period, REO home sales remained unchanged, and the percentage of existing home sales that were REO homes was 2 percent.

Although home sales declined during the 12 months ending September 2016, the average total home sales price rose 5 percent, to \$174,200, representing the fourth consecutive year that home prices increased and reaching a new peak. The increase in prices partly resulted from no change in the share of REO home sales, which are priced 26 and 51 percent, less than the price of regular resales and new home sales, respectively, and low levels of housing inventory. The current sales price is 14 percent more than the average price of \$153,100

in 2008, the previous peak, and 22 percent more than the average price of \$143,300 in 2011, when sales prices were lowest. From 2009 through 2011, when the sales market was weak, sales prices fell an average of 2 percent annually partly because of an increase in the share of REO home sales, which were priced 22 and 42 percent, respectively, less than regular resales and new home sales during the period.

The effects of the national housing crisis were moderate in the HMA compared with the nation. During January 2010, when the rate of home loans that were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into REO status peaked nationally at 9.2 percent, the peak rate in the HMA was 2.7 percent, unchanged from November 2009 (CoreLogic, Inc.). Since 2011, the rate of seriously delinquent loans and REO properties in the HMA has decreased more slowly than in the nation because the rate has been one of the lowest in the nation since 2000. In September 2016, 1.1 percent of mortgage loans in the HMA were seriously delinquent or had transitioned into REO status, down from 1.4 percent a year earlier. By comparison, the national percentage of seriously delinquent loans and REO properties in September 2016 was 2.6 percent, down from 3.4 percent a year earlier.

Homebuilding activity, as measured by the number of single-family homes permitted, has increased in the HMA since 2012, but remains at low levels compared with the early-to-mid 2000s (Figure 7). Since 2000, single-family homebuilding activity peaked from 2003 through 2004, when an average of 2,100 homes were



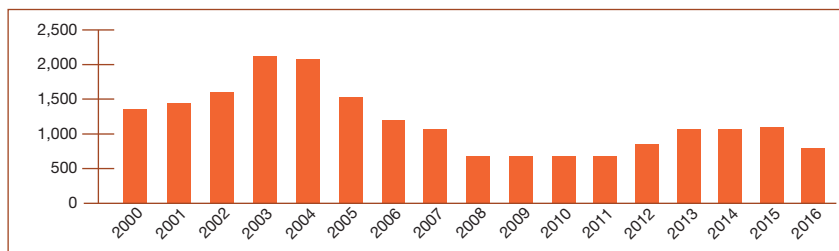
permitted annually, then declined each subsequent year to 1,075 homes in 2007. From 2008 through 2011, the number of homes permitted declined further, to an average of 670 homes annually, in response to the local economic contraction. From 2012 through 2015, single-family home construction increased to an average of 1,025 homes annually, to satisfy demand as economic conditions improved and existing home inventory declined. During the 12 months ending September 2016, permits were issued for 1,025 homes, compared

with 1,000 homes permitted during the same period a year earlier (preliminary data).

Single-family construction activity in the HMA is mostly characterized by infill and custom home construction. Since 2000, more than 83 percent of all single-family home construction has occurred in the city of Lincoln. In south Lincoln, construction includes Wilderness Hills, which at buildout will have 673 single-family homes, with starting prices ranging from \$165,000 to \$215,000, for 1,650- to 2,150-square-foot single-family homes, respectively. Additional development includes the Web 4th Addition in the city of Seward, with plans for 25 homes at buildout. Approximately 5 homes have sold, 2 are under construction, and 20 lots are available for construction; prices start at \$300,000 for a 1,600-square-foot home and \$415,000 for a 2,500-square-foot home.

During the next 3 years, demand is estimated for 3,225 new homes in the HMA (Table 1). Demand is expected to slow each year as economic growth moderates. The 360 homes currently under construction will meet a portion of demand during the first year. In addition, some of the estimated 3,150 other vacant units in the HMA may return to the sales market and satisfy a portion of the demand. Table 4 shows estimated demand by price range.

**Figure 7.** Single-Family Homes Permitted in the Lincoln HMA, 2000 to Current



Notes: Includes townhomes. Current includes data through September 2016.  
 Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

**Table 4.** Estimated Demand for New Market-Rate Sales Housing in the Lincoln HMA During the Forecast Period

| Price Range (\$) |            | Units of Demand | Percent of Total |
|------------------|------------|-----------------|------------------|
| From             | To         |                 |                  |
| 103,500          | 159,999    | 320             | 10.0             |
| 160,000          | 249,999    | 1,125           | 35.0             |
| 250,000          | 299,999    | 1,275           | 40.0             |
| 300,000          | 349,999    | 320             | 10.0             |
| 350,000          | and higher | 160             | 5.0              |

Notes: The 360 homes currently under construction and a portion of the estimated 3,150 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is October 1, 2016, to October 1, 2019.

Source: Estimates by analyst

## Rental Market

The rental market in the Lincoln HMA is currently balanced, with an overall rental vacancy rate (which includes single-family homes, mobile homes, and other rental units) estimated at 6.5 percent compared with 7.7 percent in 2010 (Figure 8). Improving economic conditions,

increased net in-migration to the HMA, and decreased conversion of sales units to rental use contributed to the decline, although record levels of apartment construction since 2014 have kept the rate relatively high. Single-family homes represented 31 percent of all occupied rental units in

the HMA in 2015 (2015 ACS 1-year data), down from 33 percent in 2010 (2010 ACS 1-year data), partly because of tightening sales market conditions that reduced the number of single-family homes for rental use. More than one-half of the rental housing in the HMA in 2015, or 53 percent of all occupied rental units, were in structures of five or more units (2015 ACS 1-year data), up from 51 percent in 2010 (2010 ACS 1-year data).

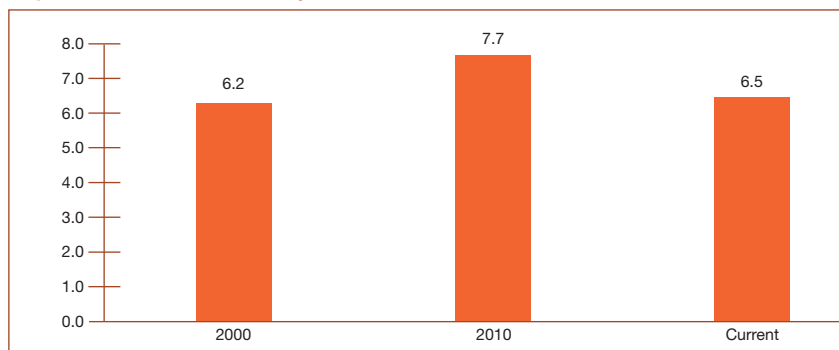
Apartment market conditions were tight in 2010 and have since become balanced because of high levels of apartment construction that began in 2014. The apartment vacancy rate, which excludes student-oriented apartments, was 5.3 percent during the third quarter of 2016 compared with 4.5 percent during the third quarter in 2015 (Reis, Inc.). In 2010, the apartment vacancy rate was 2.8 percent. Tight apartment market

conditions in 2010 resulted from low levels of apartment construction and an increase in renter households from more stringent mortgage lending standards that impeded potential homebuyers from purchasing homes. By 2014, the vacancy rate declined to 2.0 percent, in response to a surge in net in-migration from 2013 to 2014 associated with the economic recovery. Beginning in 2014, builders responded to tight apartment market conditions with increased multifamily construction. In 2015, after apartment completions increased, the apartment vacancy rate was 5.4 percent.

The average rent for an apartment in the HMA during the third quarter of 2016 was \$787, an increase of \$21, or 3 percent, from a year earlier. In 2010, the average rent was \$671 and increased by an average of \$17, or 3 percent, a year to \$740 in 2014. Rents continued increasing from 2014 through 2015 by \$37, or 5 percent, because newly completed units that commanded higher rents pushed average rents upward.

Multifamily construction activity in the HMA, as measured by the number of units permitted, was generally low during the 2000s, has been increasing since 2010, and has been at record levels since 2014 (Figure 9). From 2000 through 2004, multifamily permitting averaged 430 units annually, but slowed to an average 190 units a year from 2005 through 2009. From 2010 through 2012, the number of multifamily units permitted rose to an average 380 annually, with builders responding to increased demand for rental housing. Multifamily permitting increased further to 540 units in 2013 and 940 units in 2014, before reaching an all-time high of 1,450 in 2015. During the 12 months ending September

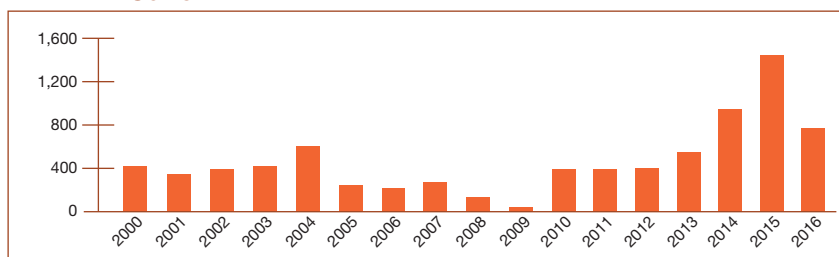
**Figure 8.** Rental Vacancy Rates in the Lincoln HMA, 2000 to Current



Note: The current date is October 1, 2016.

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

**Figure 9.** Multifamily Units Permitted in the Lincoln HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through September 2016.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

2016, approximately 1,100 multifamily units were permitted compared with 1,625 units during the previous 12 months (preliminary data).

In addition to tight apartment market conditions, part of the increase in multifamily construction since 2014 has been in response to UNL announcing an initiative to increase student enrollment to 30,000 by 2020 (UNL data, 2014). Approximately 700 student-oriented housing units have been developed in the HMA since 2014, accounting for 22 percent of all multifamily construction since then. During this time, student apartment developments in the HMA have been concentrated in the Haymarket District of downtown Lincoln, approximately one mile from the UNL campus. Recently completed student developments include the 8N Lofts and Aspen Heights, which opened in September 2016 with 172 and 182 units, or 624 and 632 beds, respectively. Rents at 8N Lofts start at \$1,079 for one-bedroom units and \$509 per bedroom in two- through five-bedroom units. Rents at Aspen Heights start at \$694 per bedroom, in two-through four-bedroom units. In addition, the 199-unit Latitude Apartments, a 573-bed complex that was completed in 2015, has rents that start at \$1,209 for studio units and \$729 per bedroom in four-bedroom units. In addition, on-campus housing at UNL is expected to increase by a net of 109 beds when the new East Campus dormitory is complete by the fall of 2017. The 370-bed dormitory

will replace 261 beds at the Burr and Fedde residence halls. The East Campus residence hall will include an estimated 134 beds in apartment-style units and 238 beds in traditional-style dormitories. Approximately 9,500 combined dormitory beds currently meet on-campus student housing demand for UNL and several private universities in the HMA, including Concordia University of Nebraska, Nebraska Wesleyan University, and Union College. The remaining estimated 23,500 students who live off campus occupy an estimated 7,850 rental units, or approximately 15 percent of renter-occupied housing in the HMA.

Market-rate apartments under construction in the HMA include the 147-unit Ashbrook Apartments by Broadmoor in the city of Lincoln, 9 miles southeast from the Haymarket District, with 50 units already completed. Full completion of Ashbrook by Broadmoor is expected in the spring of 2017. Rents will start at \$775 for studio units, \$995 for one-bedroom units, and \$1,195 for two-bedroom units.

During the 3-year forecast period, demand is estimated for 1,975 new rental units in the HMA (Table 1). Similar to the sales market, demand is expected to decrease by the end of the third year because of slower job growth and net in-migration. The 1,425 units currently under construction will satisfy most of the rental housing demand. Table 5 shows estimated demand for new market-rate rental housing in the HMA by rent level and number of bedrooms.

## Housing Market Trends

### Rental Market *Continued*

**Table 5.** Estimated Demand for New Market-Rate Rental Housing in the Lincoln HMA During the Forecast Period

| Zero Bedrooms           |                 | One Bedroom             |                 | Two Bedrooms            |                 | Three or More Bedrooms  |                 |
|-------------------------|-----------------|-------------------------|-----------------|-------------------------|-----------------|-------------------------|-----------------|
| Monthly Gross Rent (\$) | Units of Demand | Monthly Gross Rent (\$) | Units of Demand | Monthly Gross Rent (\$) | Units of Demand | Monthly Gross Rent (\$) | Units of Demand |
| 700 or more             | 200             | 750 to 949              | 330             | 950 to 1,149            | 670             | 1,100 to 1,299          | 260             |
|                         |                 | 950 or more             | 270             | 1,150 to 1,349          | 80              | 1,300 to 1,499          | 100             |
|                         |                 |                         |                 | 1,350 or more           | 40              | 1,500 or more           | 40              |
| <b>Total</b>            | <b>200</b>      | <b>Total</b>            | <b>590</b>      | <b>Total</b>            | <b>790</b>      | <b>Total</b>            | <b>390</b>      |

*Notes: Numbers may not add to totals because of rounding. The 1,425 units currently under construction will likely satisfy some of the estimated demand. The forecast period is October 1, 2016, to October 1, 2019.*

*Source: Estimates by analyst*

## Data Profile

**Table DP-1.** Lincoln HMA Data Profile, 2000 to Current

|                           | 2000    | 2010     | Current  | Average Annual Change (%) |                 |
|---------------------------|---------|----------|----------|---------------------------|-----------------|
|                           |         |          |          | 2000 to 2010              | 2010 to Current |
| Total resident employment | 153,754 | 164,129  | 173,800  | 0.7                       | 1.0             |
| Unemployment rate         | 2.4%    | 4.2%     | 2.8%     |                           |                 |
| Nonfarm payroll jobs      | 164,200 | 172,500  | 187,400  | 0.5                       | 1.5             |
| Total population          | 266,787 | 302,157  | 328,300  | 1.3                       | 1.3             |
| Total households          | 105,200 | 119,639  | 129,450  | 1.3                       | 1.2             |
| Owner households          | 64,321  | 73,977   | 78,300   | 1.4                       | 0.9             |
| Percent owner             | 61.1%   | 61.8%    | 60.5%    |                           |                 |
| Renter households         | 40,879  | 45,662   | 51,150   | 1.1                       | 1.8             |
| Percent renter            | 38.9%   | 38.2%    | 39.5%    |                           |                 |
| Total housing units       | 110,645 | 127,750  | 136,900  | 1.4                       | 1.1             |
| Owner vacancy rate        | 1.3%    | 1.8%     | 0.9%     |                           |                 |
| Rental vacancy rate       | 6.2%    | 7.7%     | 6.5%     |                           |                 |
| Median Family Income      | NA      | \$68,300 | \$71,000 | NA                        | 0.6             |

*NA = data not available.*

*Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through September 2016. Median Family Incomes are for 1999, 2009, and 2015. The current date is October 1, 2016.*

*Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst*

## Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census  
 2010: 4/1/2010—U.S. Decennial Census  
 Current date: 10/1/2016—Analyst’s estimates  
 Forecast period: 10/1/2016–10/1/2019—  
 Analyst’s estimates

The metropolitan statistical area definition 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.

**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.

**Other Vacant Units:** In the U.S. Department of Housing and Urban Development’s (HUD’s) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.

**Building Permits:** Building permits 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.

For additional data pertaining to the housing market for this HMA, go to [huduser.gov/publications/pdf/CMARtables\\_LincolnNE\\_17.pdf](http://huduser.gov/publications/pdf/CMARtables_LincolnNE_17.pdf).

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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.

The factual framework for this analysis follows the guidelines and methods developed by HUD’s Economic and Market Analysis Division. 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.

For additional reports on other market areas, please go to [huduser.gov/portal/ushmc/chma\\_archive.html](http://huduser.gov/portal/ushmc/chma_archive.html).