



For Immediate Release

2021 Second Quarter Omaha Economic Index[®]

Colliers | Nebraska releases update on Omaha's economic health

Omaha, NE, September 16, 2021 – The Omaha Economic Index[®] hit an index high in the second quarter of 2021 and increased by 14.3 percent from the previous quarter and 19.3 percent from the previous year, as the Omaha metropolitan area recovers from economic effects related to the Covid-19 pandemic. This increase represents the third quarter in a row of an increase in the Omaha Economic Index[®] and, after six straight quarters below the 12.5-year trend line, brings the index back above the trend line.

Several data points experienced index-high levels in the second quarter including existing home sales, average hourly wages, average weekly wages, the house price index, new commercial building permit values and sales tax revenue.

Existing home sales reached over one billion dollars in the second quarter, increasing 99.1 percent from the previous quarter and 30 percent from the previous year. The increase in existing home sales is driven by an increase in the average sale price of existing homes, an increase in the number of existing home listings and a decrease in the number of new construction home listings. The average price for an existing home increased 17.0 percent year-over-year from \$243,494 in the second quarter of 2020 to \$284,800 in the second quarter of 2021. During the same period, the number of listings of existing homes grew by 11.3 percent while the number of new construction home listings fell 42.4 percent. Contributing to the decrease in the number of new construction home listings during the quarter was record high lumber prices in the U.S. of \$1,670.50 per 1,000 board feet (MBF) in May and a shortage of workers. Fewer workers during the Covid-19 crisis led to disruption in the supply chain of many materials, including lumber. Prices of lumber were down to \$621.20 MBF by the end of June and \$477.50 MBF at the writing of this report. On the future supply side, D.R. Horton, the nation's largest home builder, has announced they are entering the Omaha market and plan to build homes in Bellevue, Bennington, Gretna and Papillion, which should help to better meet demand of homebuyers and likely stabilize prices.

Another measure of home prices, the Federal Housing Finance Agency house price index for the Omaha metropolitan area, also hit an index high level of 248.3 and is up 11.8 percent year-over-year and 6.2 percent from the previous quarter.

On the labor front, after taking a dip in the third quarter of 2020, both average hourly earnings and average weekly earnings increased for the third quarter in a row and by one percent year-over-year. Average hourly earnings at the end of the second quarter of 2021 were \$29.72 per hour, up 30 cents from the second quarter of 2020, while average weekly earnings for the quarter were \$1,022.30 which is ten dollars greater than one year ago. Colliers | Omaha expects wages to increase further as some employers in the retail and service industries try to attract employees back to the workplace post-pandemic.

New commercial building permit values were over \$1.1 billion dollars in the second quarter of 2021, which is an index-high and was up over 1,800 percent from the value of \$59.14 million in the second quarter of 2020 and up 80.8 percent from the previous quarter's value of \$643.28 million. The Highway 50 corridor south of Highway 370 in Papillion and Springfield represents the majority of the new commercial building permit activity. This corridor of the metro area has been active in recent years for industrial buildings and data centers. Both Highway 50 and Highway 370 provide good access to Interstate 80, while this corridor provides good access to both Omaha and Lincoln. The largest driver of the increase in the second quarter comes from Facebook, which is building two new data centers in a new development at Highway 50 and Capehart Road called Gemini. The data centers along with an administrative building are valued at \$670 million dollars and are just south of their existing data centers in Papillion's Sarpy County Power Parks East and West. Another quarter-billion-dollar worth of new non-residential permits were filed in Papillion in the second quarter and include large projects such as a new 200,000-square-foot food processing facility near 132nd Street and Highway 370 and a new 320,000-square-foot distribution center southwest of Highway 50 and Highway 370.

Taxable retail sales also hit an index-high level in the second quarter of 2021 and increased 30.1 percent year-over-year and 16.9 percent from the previous quarter, mirroring increased spending at the national level. According to the U.S. Conference Board, "consumer confidence increased in June and was at its highest level since the onset of the pandemic's first surge in March 2020." However, the Delta variant of Covid-19 has emerged this summer resulting in renewed uncertainty. This contributed to a decrease in consumer confidence with the Consumer Confidence Survey falling in August to the lowest level since February. As of August 26th, Pfizer's Covid-19 vaccination has received full approval from the FDA for people over twelve years of age. The rate of vaccination should increase further as those waiting for full approval may now get vaccinated. The CDC is in the process of determining when Americans should get a third booster vaccine shot, which should increase efficacy in those already vaccinated. The remaining piece of the vaccine puzzle is for the vaccine to be approved for children.

In conclusion, the local economy has vastly improved in the past year as more and more people get vaccinated and return to normal activity. According to the Omaha Economic Index[®], the economy of

the Omaha metro area surpassed pre-pandemic levels during the second quarter of 2021, resulting in the new record high. Not surprisingly, Omaha's economic growth mirrors the national economy in several areas including home sales, retail sales, and falling unemployment rates. Colliers | Omaha expects continued improvement in the Omaha Economic Index® in the coming quarters and believes Omaha is well positioned for continued economic growth.

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