

*UNO-CBA Real Estate Research Report*  
*February 1, 2014*

## **Omaha Single-Family Housing Price Appreciation (2000-2014)**

\*\*\*An earlier version of this report (1/30/2014) included some incorrect 2011-2014 appreciation statistics\*\*\*

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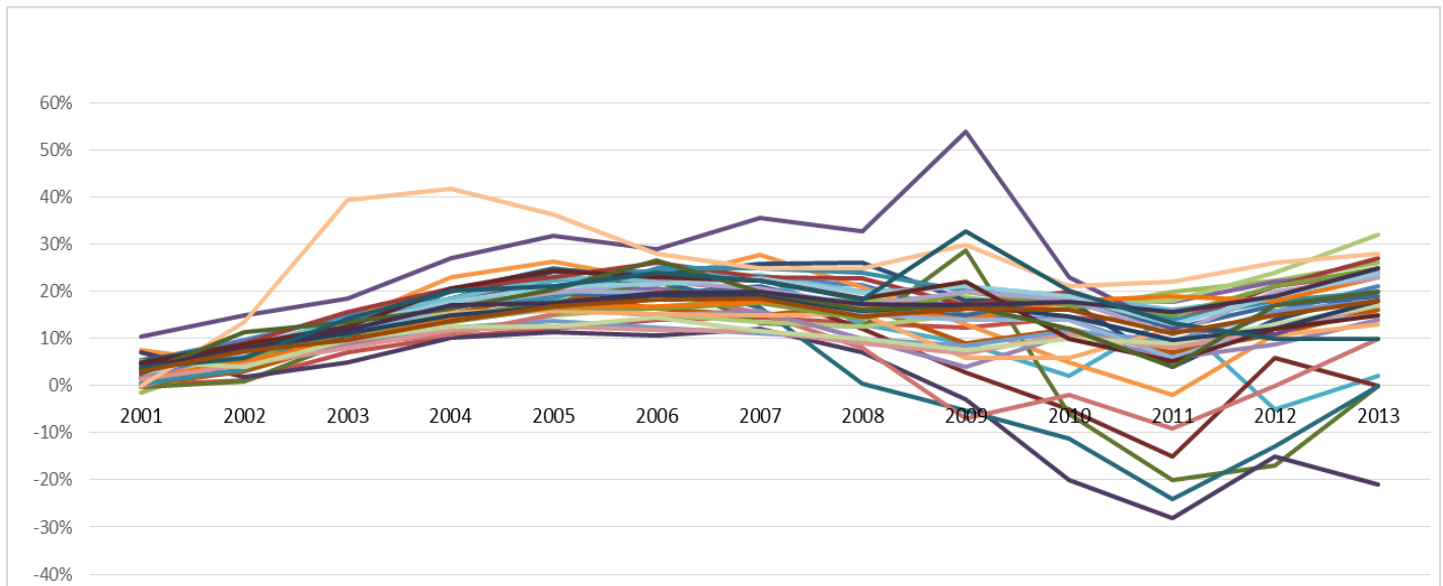
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### **Existing Single-Family Housing Price Appreciation by Year Across 36 Omaha Zip Codes**



### **Acknowledgements:**

*This Research was made possible with funding support from the UNO College of Business Administration and the Baright Foundation. All opinions expressed in the report as well as any potential errors or omissions are the sole responsibility of the author*

## **Executive Summary**

Omaha area existing single-family housing price appreciation has been estimated from the year 2000 through to the end of 2013. The study excluded new housing construction, condominiums, rural acreage properties and extremely low and high valued properties.

For the second year in a row, the housing price recovery after the market crash of 2008 continued with a positive 4.5% price increase in 2013 versus 6.5% over the previous year (2011 through 2012). Therefore, current (January 2014) average existing home prices are at the approximately the same level as they were before the 2008 housing market decline (i.e. Omaha housing values have recovered from the crash).

However, as observed in prior years, a single city-wide housing value appreciation estimate does not fully explain Omaha housing price dynamics. For example, from 2012 to 2014, price appreciation ranged from negative 6% to plus 17% across 36 different Zip Codes. Again, price appreciation was highest among higher value homes, and lowest in areas with: relatively high levels of sub-prime lending and related foreclosures, with relatively higher crime rates, and with lower performing schools (all of which closely mirror national trends).

On a more positive note, many areas of Omaha which suffered steep price declines during the housing market crash of 2008, had some of the highest relative levels of price appreciation rebound in the last two years. And, some areas which appeared to be missing out on the initial price recovery from 2011 to the end of 2012, posted positive yet modest price increases this last year. Therefore, even though the housing recovery in Omaha impacted higher valued homes more quickly and at a greater magnitude, that lower valued homes in some (but not all) of the more dis-advantaged areas of Omaha are now finally catching up in terms of price recovery.

## **Methods and Data Source Utilized**

A ‘mass appraisal’ multiple regression model was used to estimate statistically robust estimates of housing price appreciation from 2000 to present. The utilized non-linear multivariate regression model involved specifying the log of adjusted sale prices to be function of detailed (address specific) structural housing and neighborhood level characteristics over time. The model specification has been peer reviewed by mass appraisal experts and published in national real estate journals and compares favorably against both more simplistic and more complex appreciation estimation approaches (both average house price changes and repeat-sale indices).

This study relied on housing transaction data recorded by the multiple listing service of the Omaha Area Board of Realtors: This incorporates 107,000 ‘arms-length’ housing sales over the 2000 through 2014 period. Data only included sales in the Omaha market defined as the non-rural areas of Douglas, Sarpy and Washington Counties. New housing construction and condominium sales were excluded along with: sales of less than \$20,000 or more than \$535,000, rural acreage sales (greater than 1 acre in size), and statistical outlier sales measured by extreme house sizes/price which resulted in a final usable dataset of 82,000 sales.

## **Results**

Price appreciation estimates for existing single-family housing are reported over three time periods: the last two years (2011-2014); this last year (2012-2014); and the last 7 years (2006-2014). The table reports results Omaha-wide and for both ten 10 Omaha Zip Codes with the highest rates for 2011-2014 appreciation, and the ten Zip Codes with the lowest appreciation rates over these last two years. The companion figure shows appreciation rates for the top and bottom 2 performing Zip Codes over the entire 2000 to 2014 period. A prior version of this report included erroneous 2011-14 appreciation rates that have been corrected here.

When interpreting Zip Code level housing appreciation estimates it is important to realize that residential housing stock (home types and prices) is not always constant (i.e. homogenous) across Zip Codes. And, one must carefully evaluate both short and long term price appreciation to fully understand price dynamics within a Zip Code. For example: several of the Zip Codes with the lowest price appreciation the last two years (2011-14) had very high and above average price. Conversely, some most of Zip Codes that had the highest price appreciation the last two years overall from 2005 to present had negative price appreciation.

#### Existing Housing Price Appreciation across the Omaha Metro (2006-2014)

	2011-14	2012 - 14	2006- 2014
<b>Metro-Wide</b>	<b>11%</b>	<b>4.5%</b>	<b>-0.5%</b>
<b>Lowest 10 Zip Codes</b>			
68104	-13%	7%	-22%
68157	-3%	0%	-14%
68124	1%	2%	-2%
68133	4%	5%	6%
68131	6%	7%	-11%
68142	6%	2%	0%
68028	6%	4%	9%
68046	6%	2%	3%
68164	7%	6%	3%
<b>Highest 10 Zip Codes</b>			
68118	14%	8%	7%
68128	14%	6%	1%
68005	14%	5%	3%
68107	15%	-6%	-23%
68106	16%	3%	-7%
68152	16%	-6%	-32%
68105	18%	5%	-6%
68117	19%	10%	-10%
68108	20%	17%	-22%
68112	24%	13%	-22%

