

# BusinessWeek

THE EMPLOYMENT FACTOR June 18, 2009, 5:00PM EST

## Omaha: Businesses Touch Down in 'Flyover Country'

The inexpensive Midwest city has held steady through the economic storm, and businesses are finding it has more to offer than stability

Local residents joke about the real estate market in Omaha. "We didn't get invited to the party," they say, "and we don't have a hangover." The proof: Prices slipped less than 1% in Nebraska's biggest city last year, compared with an 18% drop for the U.S.

Now Omaha looks poised to trump the U.S. on the upside. While responsible lending practices and a dearth of speculation have supported the market in recent years, jobs will make all the difference in the future. Unemployment in Omaha hovers around 4%, less than half the national average. Last year Omaha added 2,700 new jobs as the U.S. lost 3 million. The continued strong prospects for job growth in Omaha means prices should rise faster than the U.S. average. The outlook is similar for Sioux Falls, S.D., and the Dallas-Fort Worth region, where unemployment also remains low.

The strength of those markets stands in stark contrast to Detroit and Cleveland, where prices have tanked 44% and 22%, respectively, from their peaks. And the cities' high unemployment could depress housing prices for a while. Cleveland's jobless rate tops 9%, and Detroit's is 13%.

Meanwhile, high-tech companies are flocking to the Omaha area, which boasts an abundance of land and power, an extensive fiber-optic network, and a favorable tax regime. Yahoo! ([YHOO](#)) is opening a customer care center. Google ([GOOG](#)) just set up operations across the river in Council Bluffs, Iowa. Joseph W. Farrelly, chief information officer of Interpublic Group ([IPG](#)), says the advertising company will save 25% on salary and real estate by consolidating its global data centers in Omaha. "Omaha's sort of a diamond in the Midwest," he says. "You think it's going to be cornfields. But it's progressive."

Ash El Difrawi relocated to Omaha from Chicago last year to take a job as chief marketing officer at NetShops, an online retailer founded in 2002. At first, 42-year-old El Difrawi, a former consultant at McKinsey and executive at Google, was reluctant to move, but he changed his mind after discovering the vitality of the business community. El Difrawi and his wife, Amy, settled on the historic Midtown area. Last summer they paid \$345,000 for a 3,000-square-foot Tudor home. Their new Midtown neighbor, Berkshire Hathaway's ([BRK.A](#)) Warren Buffett, bought years ago, paying \$31,500 for a house that's worth at least 20 times that now. "I'm banking on the area holding its value," says El Difrawi, sounding more like the legendary investor.

### OMAHA, NEBRASKA

Employment is up and home prices stable as high-tech companies flock to Warren Buffett's city

### POPULATION

822,549

**2007 MEDIAN HOME PRICE**

\$138,930

**2008 MEDIAN HOME PRICE**

\$138,000

Numbers reflect metropolitan area; Data: Fiserv

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