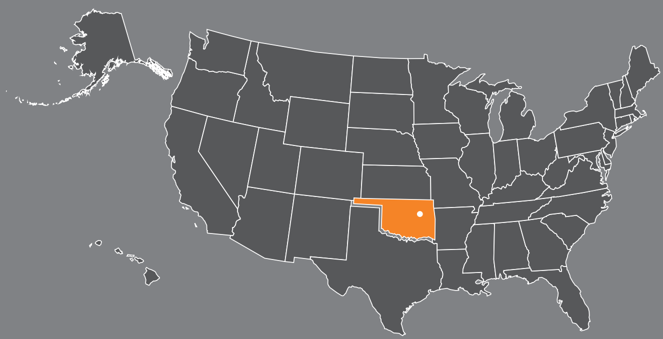
# HUD PD&R **Housing Market Profiles**

## Tulsa, Oklahoma

*Quick Facts About Tulsa*

- **Current sales market conditions: slightly soft.**
- **Current apartment market conditions: balanced.**
- **Formerly known as the "Oil Capital of the World," the Tulsa metropolitan area now has a more diversified economy, with combined payrolls in industries related to aerospace, health care, and energy accounting for more than one-half of all private-sector jobs (Tulsa Regional Chamber).**



By Randall Goodnight | As of May 1, 2014

## Overview

The Tulsa, OK Metropolitan Statistical Area (hereafter, metropolitan area) comprises seven counties—Creek, Okmulgee, Osage, Pawnee, Rogers, Tulsa, and Wagoner—in northeastern Oklahoma. Rent-Path, Inc., recently rated the metropolitan area as having the most affordable apartments in the nation, based on the metropolitan area's relatively low rents and cost of living. *Forbes* magazine rated the metropolitan area as the best place for young entrepreneurs, based on the low cost of living and average income of the metropolitan area.

- As of May 1, 2014, the estimated population of the metropolitan area was 969,100.
- Since 2010, the population has increased annually by an average of 7,750, or 0.8 percent, compared with an average annual increase of 11,900, or 1.3 percent, from 2006 through 2009.
- Net in-migration has accounted for about 45 percent of population growth since 2010 compared with 55 percent of population growth from 2006 through 2009.
- Approximately 65 percent of the population in the metropolitan area resides in Tulsa County, and population growth in Tulsa County has accounted for 81 percent of the population increase in the metropolitan area since 2010.

## Strong gains in several sectors contributed to overall job growth in the Tulsa area.

| | 3 Months Ending | | Year-Over-Year Change | |
|---|---|---|---|---|
| | April 2013 (thousands) | April 2014 (thousands) | Absolute (thousands) | Percent |
| Total nonfarm payrolls | 427.7 | 434.9 | 7.2 | 1.7 |
| Goods-producing sectors | 78.6 | 80.4 | 1.8 | 2.3 |
| Mining, logging, and construction | 28.1 | 29.2 | 1.1 | 3.9 |
| Manufacturing | 50.6 | 51.2 | 0.6 | 1.2 |
| Service-providing sectors | 349.0 | 354.5 | 5.5 | 1.6 |
| Wholesale and retail trade | 60.9 | 63.6 | 2.7 | 4.4 |
| Transportation and utilities | 20.3 | 20.5 | 0.2 | 1.0 |
| Information | 7.8 | 7.5 | – 0.3 | – 3.8 |
| Financial activities | 22.6 | 23.0 | 0.4 | 1.8 |
| Professional and business services | 56.6 | 56.8 | 0.2 | 0.4 |
| Education and health services | 68.0 | 67.4 | – 0.6 | – 0.9 |
| Leisure and hospitality | 38.2 | 40.3 | 2.1 | 5.5 |
| Other services | 16.7 | 16.6 | – 0.1 | – 0.6 |
| Government | 57.9 | 58.8 | 0.9 | 1.6 |
| | (percent) | (percent) | | |
| Unemployment rate | 5.5 | 5.0 | | |

Note: Numbers may not add to totals because of rounding.
Source: U.S. Bureau of Labor Statistics

# Economic Conditions

The Tulsa metropolitan area economy continues to grow but has yet to fully recover from job losses that occurred during 2009 and 2010, when nonfarm payrolls declined by an average of 13,600 jobs, or 3.1 percent, annually as a result of the national economic downturn.

During the 3 months ending April 2014—

- Nonfarm payrolls increased by 7,200 jobs, or 1.7 percent, from a year earlier to an average of 434,900 jobs after increasing by an average of 8,650 jobs, or 2.1 percent, annually during the same period the previous 2 years.
- The wholesale and retail trade and the leisure and hospitality sectors led job growth, increasing by 2,700 and 2,100 jobs, or 4.4 and 5.5 percent, respectively, from the same 3-month period a year earlier.
- The largest sector in the metropolitan area is the education and health services sector, with 67,400 jobs, representing a decrease of 600 jobs, or 0.9 percent, from a year earlier.
- The unemployment rate decreased to an average of 5.0 percent from 5.5 percent during the same 3-month period a year earlier.

New business development and expansions are currently under way in the metropolitan area. Macy's, Inc., in the retail trade subsector, broke ground in April 2014 on its new $180 million fulfillment center in Tulsa County. The new facility is expected to open in the spring of 2015 and employ 1,500 people. In 2013, Verizon

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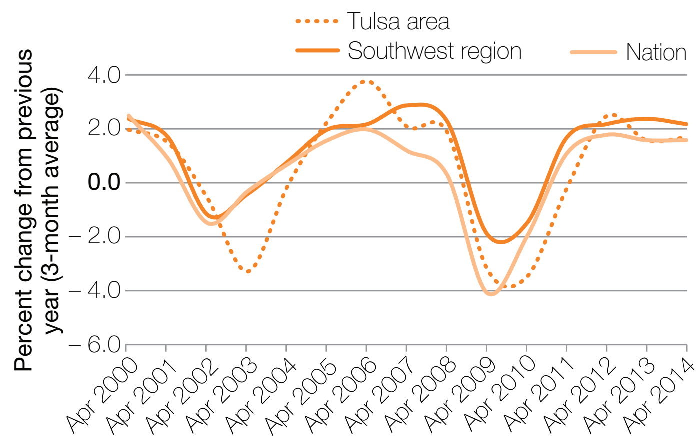
## Job growth has occurred in the Tulsa area in every month since July 2011.




Note: Nonfarm payroll jobs.
Source: U.S. Bureau of Labor Statistics

## Largest employers in the Tulsa area

| Name of Employer | Nonfarm Payroll Sector | Number of Employees |
|---|---|---|
| Saint Francis Health System | Education and health services | 7,500 |
| Wal-Mart Stores, Inc. | Wholesale and retail trade | 7,500 |
| St. John Health System | Education and health services | 7,500 |

Note: Excludes local school districts.
Source: Employers

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Communications Inc. announced plans to open a finance operation center in the metropolitan area in 2014. Hiring is currently under way for positions at the finance operation center, which is expected to staff 500 employees when complete. Several ongoing hospital expansions by Saint Francis Health System, the largest employer in the metropolitan area, are expected to result in 250 new jobs in the education and health services sector by December 2014 as well.

# Sales Market Conditions

The sales housing market in the Tulsa metropolitan area is slightly soft, with a vacancy rate of 2.0 percent compared with the rate of 2.3 percent recorded in April 2010. During the 12 months ending March 2014, existing home sales (including single-family homes, townhomes, and condominiums) totaled nearly 16,550, an increase of 580 homes, or nearly 4 percent, from the same 12-month period a year earlier (CoreLogic, Inc.). The average sales price of an existing home increased to $145,600, up $1,850, or more than 1 percent, from a year earlier. New home sales totaled 1,975, up by 340 homes, or 21 percent, from the same 12-month period a year earlier. The average new home sales price was $237,600, up $7,800, or more than 3 percent, from a year earlier.

- As of April 2014, the unsold inventory of new and existing homes totaled 4,550, down more than 7 percent from a year ago and down more than 25 percent from April 2010 (Yahoo!-Zillow Real Estate Network).
- An estimated 14 percent of total home sales were distressed sales during the 12 months ending March 2014, down from nearly 15 percent a year earlier (CoreLogic, Inc.).

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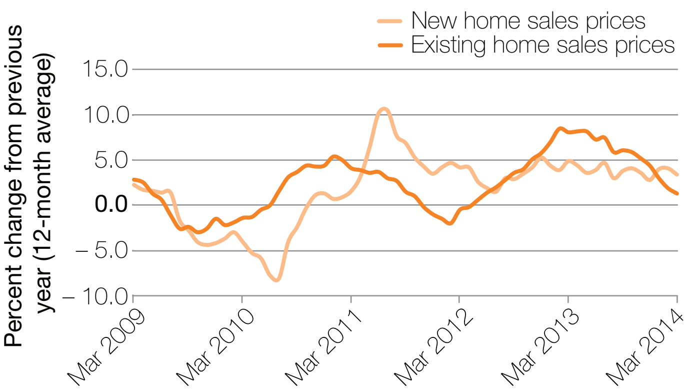
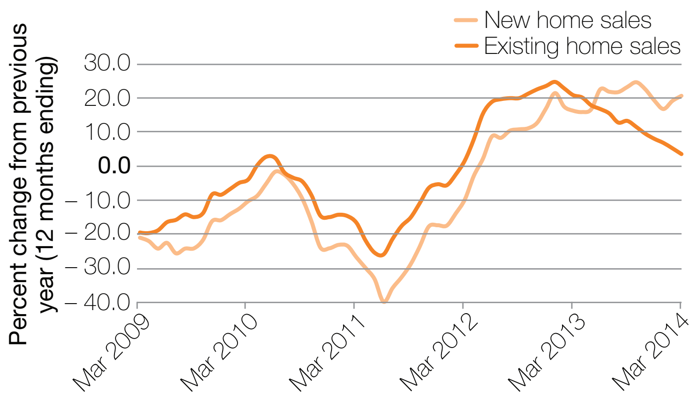
## The average sales price in the Tulsa area has increased in every month since the fall of 2010 for new homes and since the spring of 2012 for existing homes.



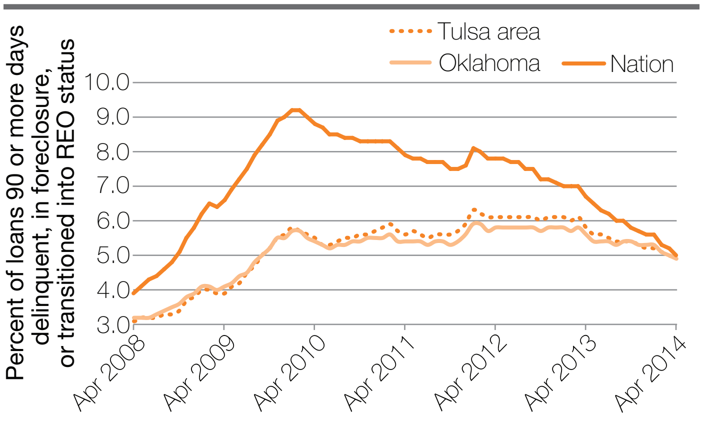

Note: Includes single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc.

## New and existing home sales in the Tulsa area have increased in each month since the spring of 2012.



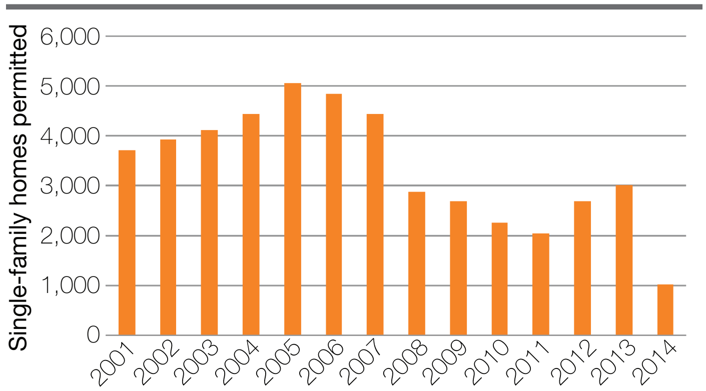

Note: Includes single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc.

## The percentage of distressed mortgages in the Tulsa area was at its lowest level since the fall of 2009.




REO = Real Estate Owned.
Source: Black Knight Financial Services, Inc.

## Tulsa-area single-family permitting was at its highest level since 2007.




Note: Includes preliminary data from January 2014 through April 2014.
Source: U.S. Census Bureau, Building Permits Survey

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- Investment purchases accounted for 16 percent of total home sales during the 12 months ending April 2014, up from 11 percent a year earlier (Metrostudy, A Hanley Wood Company).
- In April 2014, 4.9 percent of mortgage loans in the metropolitan area were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) status, down from 5.8 percent a year earlier and from 5.5 percent in April 2010 (Black Knight Financial Services, Inc.).

Increased new home sales and decreased unsold inventory in the Tulsa metropolitan area led to an increase in single-family homebuilding activity, as measured by the number of homes permitted, during the 12 months ending April 2014.

- During the 12 months ending April 2014, the number of single-family homes permitted increased by 170, or 6 percent, to 2,950 compared with the number permitted during the same period ending April 2013 (preliminary data).
- Single-family homebuilding activity averaged 2,325 homes permitted annually from 2009 through 2011.
- River's Edge, under construction in south Tulsa County, consists of nearly 150 single-family homes with asking prices ranging from $250,000 to $600,000; to date, 23 homes have sold for an average price of $412,400.

# Apartment Market Conditions

Apartment market conditions in the Tulsa metropolitan area are currently balanced as a result of an expanding economy and increased demand for rental housing.

During the first quarter of 2014—

- The apartment vacancy rate was 5.9 percent, down slightly compared with 6.1 percent a year earlier and with 9.4 percent during the first quarter of 2010 (Reis, Inc.).
- The average asking rent was $620, up 2 percent from the first quarter of 2013. The average asking rents were approximately $550, $700, and $890 for one-, two-, and three-bedroom units, respectively.
- The apartment vacancy rate was lowest in the Reis-defined Central Tulsa market area, at 4.5 percent, down from 5.0 percent a year earlier and from 7.9 percent during the first quarter of 2010.
- The average asking rent in the Central Tulsa area was $635, up more than 1 percent from a year earlier.

Multifamily construction, as measured by the number of multifamily units permitted, declined during the 12 months ending April 2014 by 250 units, or 24 percent, to 770 units compared with the number permitted a year earlier (preliminary data).

- Since 2001, multifamily construction activity has fluctuated, with annual permitting ranging from 250 units during 2004 to more than 1,500 units during 2011.
- Construction was completed at the 286-unit Cascata apartments in the southern part of the city of Tulsa in June 2013, and as of April 2014 the project was 98 percent occupied. Apartment units at Cascata are offered with starting rents ranging from $855 to $1,080 for one-bedroom units and from $980 to $1,250 for two-bedroom units.

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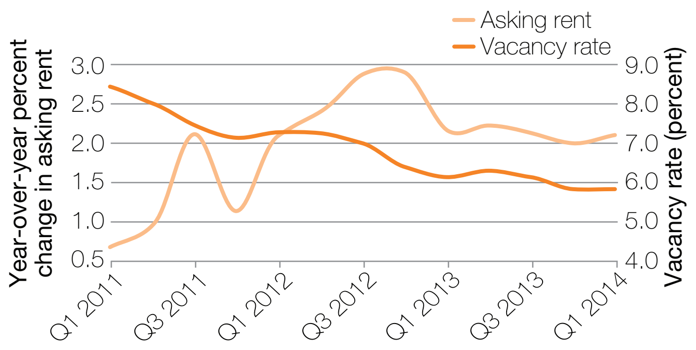
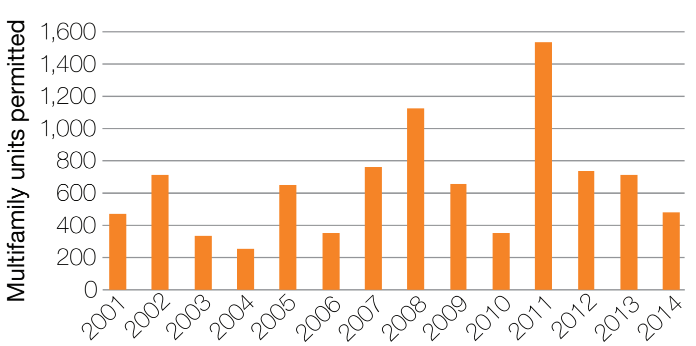
## Rents in the Tulsa area continued to increase, and vacancy rates continued to decline.




Source: Reis, Inc.

## Multifamily permitting in the Tulsa area has fluctuated since 2001 and peaked in 2011.




Note: Includes preliminary data from January 2014 through April 2014.
Source: U.S. Census Bureau, Building Permits Survey

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- Construction began in February 2014 at Cascata Phase II, also in the southern part of the city of Tulsa. This sister project to Cascata, which is slated for completion in February 2015, is expected to include 145 units. Rents at Cascata Phase II are expected to be comparable with those at Cascata.
- Construction is also under way at The Enclave at Brookside Apartments, 4 miles south of downtown Tulsa, which is expected to be complete by September 2014. As of April 2014, 35 of the 240 units planned at the project were occupied, and an additional 50 units were preleased. Units at the four-story, $33 million project are offered at rents ranging from $1,000 to $1,210 for one-bedroom units and from $1,520 to $2,050 for two-bedroom units.