

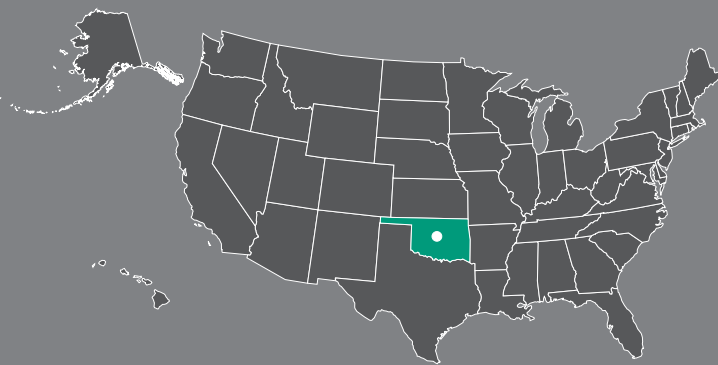
HUD PD&R Housing Market Profiles

Oklahoma City, Oklahoma



Quick Facts About Oklahoma City

- Current sales market conditions: slightly tight
- Current apartment market conditions: slightly soft
- The Oklahoma City metropolitan area is home to Tinker Air Force Base (AFB), the University of Oklahoma (OU), and the state capital, which have a combined economic impact on the metropolitan area of more than \$8.7 billion annually (Greater Oklahoma City Chamber, U.S. Department of Defense, and University of Oklahoma).



By Randall Goodnight | As of February 1, 2021

Overview

The Oklahoma City metropolitan area in central Oklahoma includes Canadian, Cleveland, Grady, Lincoln, Logan, McClain, and Oklahoma Counties. The metropolitan area was ranked the 16th most affordable place to live in 2020 by Kiplinger.com. Local economic factors, the median home value, and median household income contributed to the ranking. The metropolitan area was ranked 15th in the *MovieMaker Magazine* “Best Places to Live and Work as a Movie Maker 2020” list, based on factors including the State of Oklahoma Film Enhancement Rebate Program and the talent and work ethic of local film industry workers.

- As of February 1, 2020, the estimated population of the metropolitan area was 1.43 million, representing an average increase of 16,350, or 1.2 percent, annually since 2010 (Census Bureau and estimates by the analyst).
- Net in-migration has accounted for 58 percent of population growth in the metropolitan area since 2010, compared with 50 percent during the 2000s.
- With 797,400 residents, Oklahoma County was the most populous county in 2019, accounting for 57 percent of the population of the metropolitan area in 2019.

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- The population of Oklahoma County increased an average of 8,525, or 1.1 percent, annually from 2010 to 2019; that increase represented 51 percent of the population growth in the metropolitan area.
- The population of Canadian County, the westernmost county in the metropolitan area, grew at the fastest rate of any

county in the Oklahoma City metropolitan area; from 2010 to 2019, the county population increased an average of 2.7 percent, or 3,550, annually.

Economic Conditions

The economy of the Oklahoma City metropolitan area has weakened considerably since the onset of COVID-19, which the World Health Organization declared a global pandemic on March 11, 2020. Beginning in late March 2020, countermeasures taken by local municipalities in the metropolitan area to slow the spread of COVID-19 contributed to widespread layoffs. During the months of March and April 2020, nonfarm payrolls decreased by a combined 70,300 jobs, or 10.6 percent, compared with February 2020 nonfarm payrolls. Many restrictions on business operations have since been lifted in the metropolitan area—allowing most businesses to reopen—and that contributed to an increase of 30,200 jobs during the months of May 2020 through January 2021, compared with April 2020 nonfarm payrolls. This increase represents a recovery of 43 percent of the jobs lost during March and April 2020.

Nonfarm payrolls in the metropolitan area reached a pre-Great Recession peak level of 584,300 jobs during 2008, before declining 2.8 percent during 2009 because of the housing crisis and impacts of the Great Recession. Economic conditions in the metropolitan area began to stabilize during 2010, with payrolls declining only 0.2 percent. The metropolitan area economy began to expand again in 2011 and, by mid-2012, surpassed prerecession payroll levels. Nonfarm payrolls increased an average of 2.1 percent annually from 2011 through 2015; they then declined 0.1 percent during 2016, mostly in energy-related job sectors that were adversely impacted by declines in oil prices during the same period. Job growth occurred at an average of 9,800 jobs, or 1.5 percent, annually from 2017 through 2019. Contributing to job growth during the period were gains in the professional and business services

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Nonfarm payrolls decreased significantly in the Oklahoma City metropolitan area during the 3 months ending January 2021, with job losses occurring in all but two sectors.

	3 Months Ending		Year-Over-Year Change	
	January 2020 (Thousands)	January 2021 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	667.2	629.0	-38.2	-5.7
Goods-Producing Sectors	81.9	71.2	-10.7	-13.1
Mining, Logging, & Construction	47.7	38.4	-9.3	-19.5
Manufacturing	34.2	32.9	-1.3	-3.8
Service-Providing Sectors	585.3	557.8	-27.5	-4.7
Wholesale & Retail Trade	92.2	89.5	-2.7	-2.9
Transportation & Utilities	29.3	30.0	0.7	2.4
Information	7.0	5.7	-1.3	-18.6
Financial Activities	34.0	34.1	0.1	0.3
Professional & Business Services	88.3	80.0	-8.3	-9.4
Education & Health Services	98.7	97.8	-0.9	-0.9
Leisure & Hospitality	74.1	66.6	-7.5	-10.1
Other Services	28.7	27.4	-1.3	-4.5
Government	133.0	126.7	-6.3	-4.7
Unemployment Rate	2.9%	5.1%		

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



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sector, which increased by an average of 2,800, or 3.4 percent, annually. Nearly 40 percent of the gain in the sector occurred in the employment services industry, which increased by 1,100, or 8.1 percent, annually.

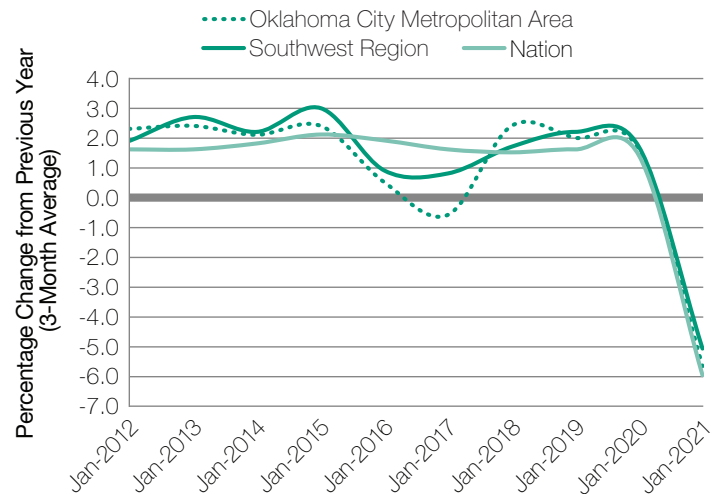
During the 3 months ending January 2021 —

- Nonfarm payrolls declined by an average of 38,200 jobs, or 5.7 percent, to 629,000 jobs, compared with a 1.6-percent increase during the same period a year earlier.
- Although nonfarm payrolls declined in nearly every sector, losses were greatest in the mining, logging, and construction sector; that sector decreased by 9,300 jobs, or 19.5 percent, to 38,400.
- About 82 percent of the decrease in the mining, logging, and construction sector occurred in the mining and logging subsector, which declined by 7,700 jobs, or 49.7 percent, to 7,800. Contributing to the decline in this subsector were widespread layoffs at energy-related companies partly because of decreased travel nationally, which consequently diminished the demand for oil.
- Payroll losses were also significant in the professional and business services sector, which declined by 8,300 jobs, or 9.4 percent, to 80,000. Contributing to the decrease in the sector were layoffs of a combined 1,100 employees at the corporate offices of Hertz Global Holdings, Inc. and Chesapeake Energy Corporation. Both companies filed for Chapter 11 bankruptcy in 2020, partly because of a significant decline in travel nationally during the pandemic, which adversely impacted demand for their respective products.
- Nonfarm payroll declines were also significant in the leisure and hospitality sector, which decreased by 7,500, or 10.1 percent, to 66,600. Widespread layoffs stemming from countermeasures implemented to slow the spread of COVID-19 contributed to the decline.
- Job growth occurred in only two job sectors—the transportation and utilities and the financial activities sectors—increasing by 700 and 100 jobs, or 2.4 and 0.3 percent, respectively. Contributing to gains in the transportation and utilities sector were several distribution center expansions by Walmart Inc. and Amazon.com, Inc. in response to increased e-commerce.
- The average unemployment rate increased to 5.1 percent, compared with 2.9 percent a year earlier.

The Oklahoma City metropolitan area economy depends heavily on the government sector—the largest sector in the area, with 126,700 jobs during the 3 months ending January 2021, or one-fifth of all nonfarm payrolls. The State of Oklahoma is the

largest employer in the metropolitan area, with 47,300 workers. The second largest employer is Tinker AFB, which employs 26,000 (18,100 civilians and 7,900 active-duty military personnel) and has an economic impact on the metropolitan area of more than \$4.8 billion annually (U.S. Department of Defense). Tinker AFB is the largest single-site employer in the state of Oklahoma (Greater Oklahoma City Chamber). The third largest employer is OU, with a combined 11,000 full-time employees at the main campus in Norman and at the Health Sciences Center near downtown Oklahoma City. OU has an annual economic impact of \$2.4 billion and accounts for a combined 47,500 direct and indirect jobs in the metropolitan area (University of Oklahoma). Excluding military personnel at Tinker AFB, the three largest employers account for a combined 60 percent of jobs in the government sector and 12 percent of nonfarm payrolls overall.

The number of jobs declined in the Oklahoma City metropolitan area at a slightly slower pace than the nation but at a faster pace than the Southwest region during the 3 months ending January 2021.



Source: U.S. Bureau of Labor Statistics

Largest Employers in the Oklahoma City Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
State of Oklahoma	Government	47,300
Tinker Air Force Base	Government	26,000
University of Oklahoma	Government	11,000

Notes: Excludes local school districts. Data for Tinker Air Force Base include military personnel, who are generally not included in nonfarm payroll survey data. Sources: Greater Oklahoma City Chamber; U.S. Department of Defense; University of Oklahoma

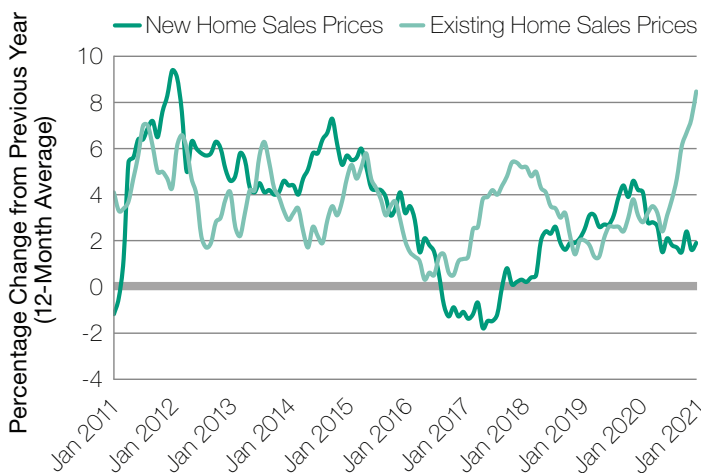


Sales Market Conditions

Sales housing market conditions are slightly tight in the Oklahoma City metropolitan area. The estimated sales vacancy rate is currently 1.4 percent, down from 2.2 percent as of April 1, 2010, when conditions were soft. The relatively tighter home sales market conditions compared with 2010 have been partly because of a decrease in the unsold home inventory available for sale. The inventory of unsold homes in January 2021 was 4,725, down 37 percent from a year earlier and down 47 percent compared with 2010 (Zillow Group). The decrease in the inventory of homes for sale during the past year reflects a large number of existing homes for sale being taken off the market during the COVID-19 pandemic.

As of January 2021, 4.3 percent of home loans were seriously delinquent (90 or more days delinquent or in foreclosure) or in real estate owned (REO) status, up from 1.7 percent a year earlier but below the 5.0-percent peak rate in January 2012 (CoreLogic, Inc.). The percentage of seriously delinquent mortgages and REO properties increased significantly as weakened economic conditions during the COVID-19 pandemic made it more difficult for many homeowners to stay current on their mortgage payments. As of January 2021, 8,700 home loans, or 5.2 percent, were in forbearance. Home loans that were 90 or more days delinquent increased 319 percent in January 2021 compared with a year earlier, while the number of home loans that were in foreclosure and in REO status were down 38 and 55 percent, respectively. The number of loans in foreclosure or in REO status decreased partly because of a national moratorium on foreclosures for federally backed

Year-over-year existing home price growth in the Oklahoma City metropolitan area was at a record pace in January 2021, and new home prices have increased since the fall of 2017.

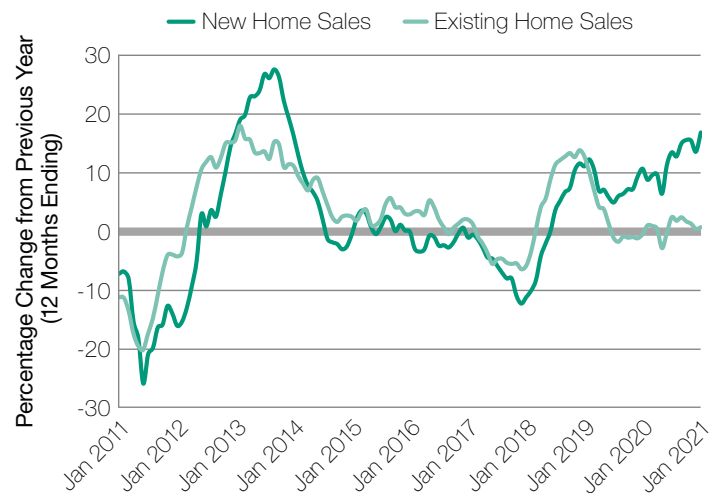


Note: Includes single-family homes, townhomes, and condominiums. Source: Zonda, with adjustments by the analyst

mortgages that has been in place since the spring of 2020. During the 12 months ending January 2021, new and existing home sales (including single-family homes, townhomes, and condominiums) totaled 32,500, an increase of 980, or 3 percent, from a year earlier (Zonda, with adjustments by the analyst).

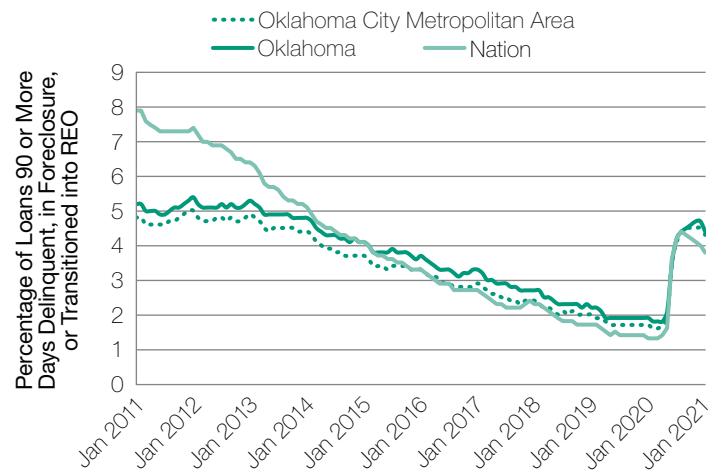
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New home sales in the Oklahoma City metropolitan area have increased year-over-year every month since June 2018, and existing home sales have increased since July 2020.



Note: Includes single-family homes, townhomes, and condominiums. Source: Zonda, with adjustments by the analyst

The rates of home loans that were 90 or more days delinquent, in foreclosure, or in REO status surged in the Oklahoma City metropolitan area, the state of Oklahoma, and the nation for several months beginning June 2020 but have decreased slightly recently.



REO = real estate owned. Source: CoreLogic, Inc.



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The average home price increased by \$15,750, or 8 percent, to \$214,300, representing the greatest increase since 2007. Contributing to the relatively strong increase in the average home price was the recent decline in unsold inventory, which placed upward pressure on home prices. By comparison, home sales increased 1 percent during the 12 months ending January 2020, and the average home price increased 4 percent.

During the 12 months ending January 2021 —

- New home sales increased 17 percent to 5,175 homes, and the average price for a new home increased 2 percent to \$278,100. New home sales increased during the past year at the fastest pace since 2013.
- Existing home sales, which include regular resales and REO sales, increased 1 percent to 27,300, and the average price for existing homes increased 9 percent to \$201,900, the fastest pace since at least 2006.
- Regular resale home sales increased 3 percent to 26,400 homes, and the average price for a regular resale home was \$203,300, up 8 percent from a year earlier.
- REO sales decreased 38 percent to 930, and the average REO sale price increased 23 percent to \$151,200. REO sales accounted for only 3 percent of existing home sales, down from 6 percent a year earlier and down from the peak level of 17 percent during 2011.
- Absentee-owner home sales, which are primarily investment or second-home purchases, accounted for 21 percent of total home sales, down slightly from 22 percent a year earlier. By comparison, absentee-owner sales accounted for 26 percent of total home sales nationally, down slightly from 27 percent a year earlier.

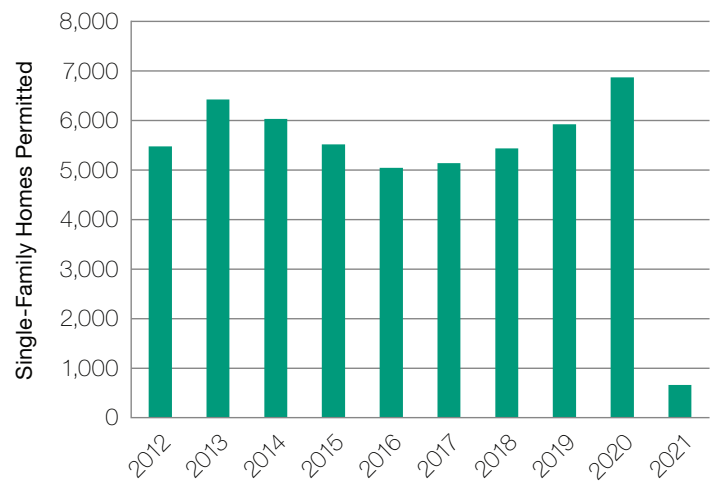
Single-family homebuilding activity, as measured by the number of single-family homes permitted, increased by 1,125, or 19 percent, to 7,050 homes during the 12 months ending January 2021; those numbers are compared with a year earlier as homebuilders responded to a strong increase in new home sales. Approximately 1,800 homes are currently under construction.

- Single-family home construction activity increased 17 percent to 6,425 during 2013, of which 25 percent were to replace approximately 1,600 homes destroyed during a tornado outbreak that occurred in late May 2013.
- From 2014 through 2016, single-family homebuilding activity slowed slightly, declining an average of 8 percent annually to about 5,050 homes permitted partly because fewer

replacement homes were needed. The economic downturn during 2016 also contributed to decreased homebuilding during the period.

- Single-family home permitting increased 2 percent during 2017 before increasing an average of 7 percent annually during 2018 and 2019. Relatively strong new home sales stemming from an expanding local economy contributed to the increase in homebuilding during 2018 and 2019.
- Construction is currently under way at the Bison Creek residential community in the city of Oklahoma City. Three-bedroom single-family homes, ranging in size from 1,150 to 2,150 square feet, are offered at the development, with prices starting in the low \$200,000s. Since opening in 2019, 41 new homes have sold for an average price of \$189,300. An additional 5 homes are currently under construction, and 26 home sites remain available for construction.
- In the city of Edmond, north of the city of Oklahoma City in Oklahoma County, construction is under way at the Twin Silos residential community. Since opening in 2020, 25 new three- and four-bedroom single-family homes have sold for an average price of \$283,400. The Twin Silos residential community has 11 new three- and four-bedroom single-family homes available for sale, ranging in size from 1,700 to 2,700 square feet; prices for those homes start at \$291,600, and approximately 80 home sites remain available for construction.

Single-family home construction activity in the Oklahoma City metropolitan area increased every year from 2017 through 2020.



Note: Includes preliminary data from January 2020 through January 2021. Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst



Apartment Market Conditions

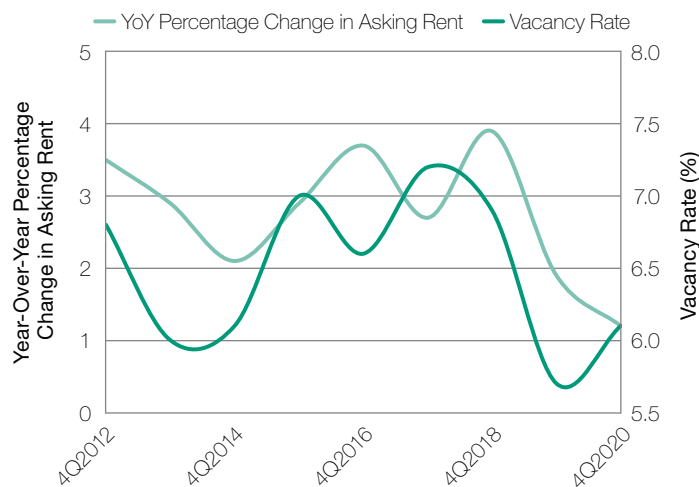
Apartment market conditions are currently slightly soft in the metropolitan area, compared with softer conditions in 2010. During the fourth quarter of 2020, the average apartment vacancy rate was 6.1 percent, up from 5.7 percent a year earlier but down from 8.0 percent during the fourth quarter of 2010 (Moody's Analytics REIS). By comparison, the average apartment vacancy rate was 6.7 percent from 2012 through 2018, with rates ranging from 6.0 percent in 2013 to 7.2 percent in 2017. An increased preference to rent and job growth during most of the years since 2011 contributed to a lower average apartment vacancy rate compared with 2010.

During the fourth quarter of 2020—

- The average apartment rent in the metropolitan area was \$722, an increase of 1 percent, compared with a 2-percent increase a year earlier. By comparison, the average apartment rent increased an average of 3 percent annually from 2012 through 2018.
- The average vacancy rate for class A apartments in the metropolitan area increased to 6.5 percent from 5.9 percent a year earlier, and the average rent was \$872, unchanged from a year earlier.
- The average vacancy rate for class B/C apartments was 5.9 percent, up slightly from 5.7 percent a year earlier, and the average rent for class B/C units increased 2 percent to \$629.
- Apartment vacancy rates in the metropolitan area ranged from 5.1 percent in the Moody's Analytics REIS-defined Edmond market area to 6.9 percent in the West Central Oklahoma City market area. Average apartment rents ranged from \$585 in the West Central Oklahoma City market area to \$878 in the East Central Oklahoma City market area.
- In downtown Oklahoma City, the average apartment vacancy rate was 6.1 percent, and the average rent was \$1,244.

Multifamily construction activity in the Oklahoma City metropolitan area, as measured by the number of multifamily units permitted, was weak during 2010 and 2011, with annual building activity averaging 630 units annually. From 2012 through 2016, multifamily construction activity was strong, averaging 2,375 units annually, as developers responded to increased apartment demand stemming from a greater preference to rent and job growth from 2012 through 2015. Multifamily construction activity slowed to an average annual 660 units during 2017 and 2018, as builders responded to

Rent growth in the Oklahoma City metropolitan area was relatively moderate during 2019 and 2020, and the average vacancy rate has been above 6.0 percent almost every year since 2012.



4Q = fourth quarter. YoY = year-over-year. Source: Moody's Analytics REIS

an increase in the average apartment vacancy rate in 2017; that increase was mostly because of a large influx of new apartment units being added to the supply.

- Multifamily construction activity totaled an estimated 1,225 units during the 12 months ending January 2021, compared with 870 units permitted a year earlier (preliminary data, with adjustments by the analyst).
- Approximately 1,975 multifamily units are currently under construction in the metropolitan area, most of which are in the city of Oklahoma City.
- The historic 32-story former First National Bank building, in downtown Oklahoma City, is being converted into the \$275 million First National Center, which will include the 193-unit Residences at First National apartments. First National Center will also include a 146-room Autograph Collection hotel. Construction on the development began in July 2018 and is slated to be completed by late 2021. Rents are expected to range from \$1,475 to \$1,625 for 45 studio units, \$1,850 to \$4,000 for 92 one-bedroom units, \$2,650 to \$4,000 for 55 two-bedroom units, and \$4,000 for 1 three-bedroom unit.
- In the southeast portion of the city of Oklahoma City, Liberty Creek Village is currently under construction and expected to be completed in the summer of 2021. The 516-unit

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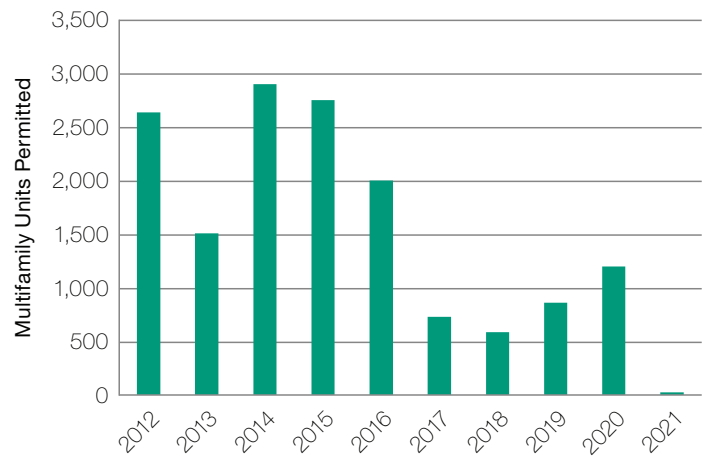


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apartment community is located 3 miles south of Tinker AFB and will offer apartments for rent starting at \$970 for one-bedroom units, \$1,145 for two-bedroom units, and \$1,480 for three-bedroom units.

- Construction began in April 2020 on The Residences at Classen Curve, an apartment community in the city of Oklahoma City, approximately 8 miles north of downtown. The five-story development is expected to be completed by the summer of 2022 and include 326 market-rate units. Amenities at The Residences at Classen Curve will include a coworking lounge and private amenity courtyards for tenants.

Multifamily permitting in the Oklahoma City metropolitan area has been relatively slow since 2017 compared with the previous 5 years.



Note: Includes preliminary data from January 2020 through January 2021.
 Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

