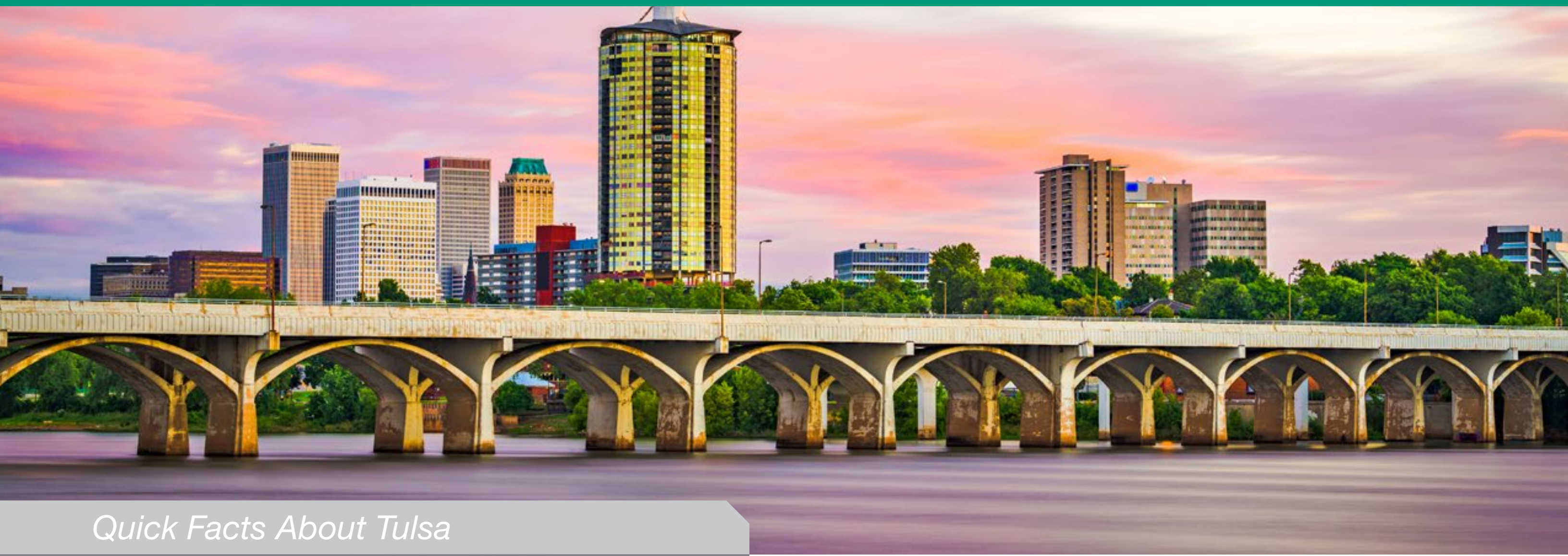
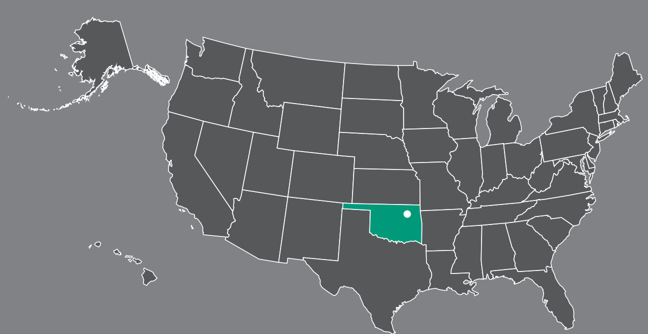
HUD PD&R **Housing Market Profiles**

Tulsa, Oklahoma



Quick Facts About Tulsa

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



By Randall Goodnight | As of June 1, 2019

Overview

The Tulsa, OK Metropolitan Statistical Area (hereafter, the Tulsa metropolitan area) consists of seven counties in northeastern Oklahoma—Creek, Okmulgee, Osage, Pawnee, Rogers, Tulsa, and Wagoner—and includes the principal city of Tulsa. The metropolitan area is home to Gathering Place, which was rated the Best New Attraction in the nation in 2019 (*USA Today*). Gathering Place, a 100-acre waterfront park along the Arkansas River, 3 miles south of downtown Tulsa, opened in September 2018. The metropolitan area was rated the fifth best metropolitan area with a population between 200,000 and 1.0 million for new and expanded corporate investment in 2019 by *Site Selection Magazine*.

- The population of the metropolitan area is estimated at 995,500 as of June 1, 2019, representing an average increase of 6,325, or 0.7 percent, annually since April 2010, of which 37 percent was from net in-migration.
- The population increased an average annual 0.9 percent from April 2010 to July 2016, before slowing to an average of 0.2 percent annually since 2016.

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- Approximately two-thirds of the population in the metropolitan area resides in Tulsa County, and population growth in Tulsa County accounted for 82 percent of the population increase in the metropolitan area from 2010 to 2018.
- The fastest growing cities in the metropolitan area from 2010 to 2018 were the suburban cities of Jenks, Bixby, and Owasso, where population growth averaged 4.5, 3.8, and 3.4 percent annually, respectively.

Economic Conditions

The economy of the Tulsa metropolitan area grew from 2011 through 2015 with nonfarm payrolls increasing by an average of 1.5 percent annually before declining in 2016 because of job losses in sectors strongly related to the gas and oil industry. The local economy recovered from the economic downturn in 2016, but nonfarm payrolls have increased at a slower pace since 2017 compared with gains during the early 2010s.

During the 3 months ending May 2019—

- Nonfarm payrolls increased by 1,300 jobs, or 0.3 percent, from a year earlier to an average of 455,000 jobs.
- Job growth was strong in the transportation and utilities sector, which added 1,600 jobs, or 8.8 percent, to 19,800, partly because of increased activity at Tulsa International Airport, where passenger activity increased 6.4 percent in 2018 to 3.15 million passengers, the greatest number of passengers since 2008 (Tulsa Airports Improvement Trust).

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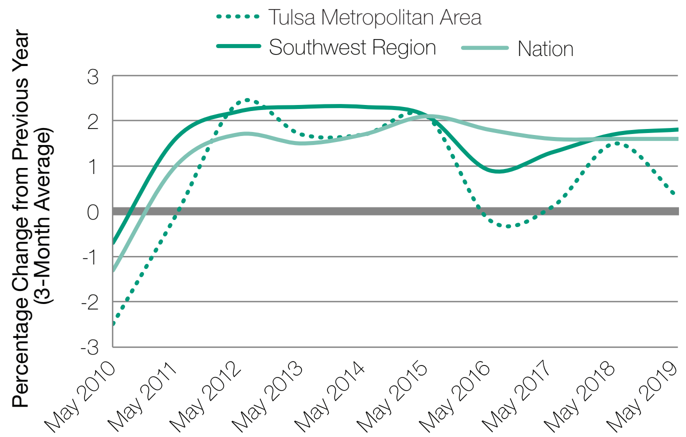
Nonfarm payrolls continue to increase in the Tulsa metropolitan area, but job growth has slowed recently compared with gains in the spring of 2018.



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

Job sector growth was strong in the Tulsa metropolitan area in the transportation and utilities sector and the mining, logging, and construction sector.

	3 Months Ending		Year-Over-Year Change	
	May 2018 (Thousands)	May 2019 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	453.7	455.0	1.3	0.3
Goods-Producing Sectors	84.9	87.2	2.3	2.7
Mining, Logging, & Construction	30.9	32.4	1.5	4.9
Manufacturing	54.0	54.8	0.8	1.5
Service-Providing Sectors	368.8	367.7	-1.1	-0.3
Wholesale & Retail Trade	64.7	64.8	0.1	0.2
Transportation & Utilities	18.2	19.8	1.6	8.8
Information	7.1	6.9	-0.2	-2.8
Financial Activities	23.3	23.2	-0.1	-0.4
Professional & Business Services	59.4	58.1	-1.3	-2.2
Education & Health Services	71.5	71.8	0.3	0.4
Leisure & Hospitality	45.2	45.1	-0.1	-0.2
Other Services	20.7	21.0	0.3	1.4
Government	58.6	57.0	-1.6	-2.7
	(Percent)	(Percent)		
Unemployment Rate	3.6%	3.1%		

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

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- The commencement of 43 new commercial construction projects, with a combined construction cost of an estimated $230.0 million, contributed to jobs in the mining, logging, and construction sector, which increased by 1,500, or 4.9 percent, to 32,400 jobs (McGraw-Hill Construction Pipeline database).
- The manufacturing sector increased by 800 jobs, or 1.5 percent, to 54,800. Contributing to gains in the sector were expansions at 14 manufacturing facilities, which added a combined 1,100 jobs (Tulsa Regional Chamber).

The metropolitan area economy is expected to benefit from increased hiring in several job sectors because of expansions scheduled to be completed during the next 2 years. The Sofidel Group tissue paper manufacturing facility will be operational as early as 2020 and employ a staff of 300. Greenheck Group, an equipment manufacturer, is also expected to open a facility in Tulsa in 2020, which will create an estimated 600 jobs. A new Amazon.com, Inc. fulfillment center, slated for completion near the Tulsa International Airport in north Tulsa in late 2019, will contribute to job growth in the transportation and utilities sector (City of Tulsa, Office of the Mayor). The facility is expected to employ 1,500 full-time workers once completed.

Largest Employers in the Tulsa Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Saint Francis Health System	Education & Health Services	10,000
Walmart Inc.	Wholesale & Retail Trade	8,500
St. John Health System	Education & Health Services	7,000

Note: Excludes local school districts.
Sources: Local chambers of commerce; local employers

Sales Market Conditions

The sales housing market in the Tulsa metropolitan area is currently balanced, with an estimated vacancy rate of 1.8 percent, compared with the rate of 2.3 percent in April 2010. The inventory of homes for sale represented a 4.2-month supply in May 2019, down from 6.0 months a year earlier and from a peak level 12.3-month supply in 2011 (Greater Tulsa Association of Realtors®). The easing of home mortgage-lending standards and an expanded local economy contributed to improved sales market conditions compared with 2010. Adjustable-rate mortgages, which can be used as a tool to qualify more borrowers, accounted for 7 percent of home loans in the metropolitan area during the 12 months ending April 2019, compared with 3 percent in 2010 (Metrostudy, A Hanley Wood Company). New and existing home sales (including single-family homes, townhomes, and condominiums) during the 12 months ending April 2019 totaled 19,550 homes sold, unchanged from a year earlier, and the average price was also unchanged at $185,600 (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). By comparison, home sales declined 2 percent during the 12 months ending April 2018, and the average home sales price increased an average of 6 percent. The relatively unchanged home sales and average home price during the 12 months ending April 2019 compared with the previous year were partly because of slow job growth during the same period.

During the 12 months ending April 2019—

- New home sales decreased 7 percent to 1,750, and the average price for a new home was unchanged at $273,800.
- Regular resale home sales increased 3 percent to 16,400 homes, and the average price for a regular resale home was $181,600, unchanged from a year earlier.
- Distressed sales (real estate owned, or REO, and short sales) accounted for 8 percent of existing home sales, down from 10 percent a year earlier and from a peak level of 24 percent in 2011.
- As of April 2019, 1.7 percent of home loans in the metropolitan area were seriously delinquent (90 or more days delinquent or in foreclosure) or in REO status, down from 2.2 percent a year earlier (CoreLogic, Inc.).

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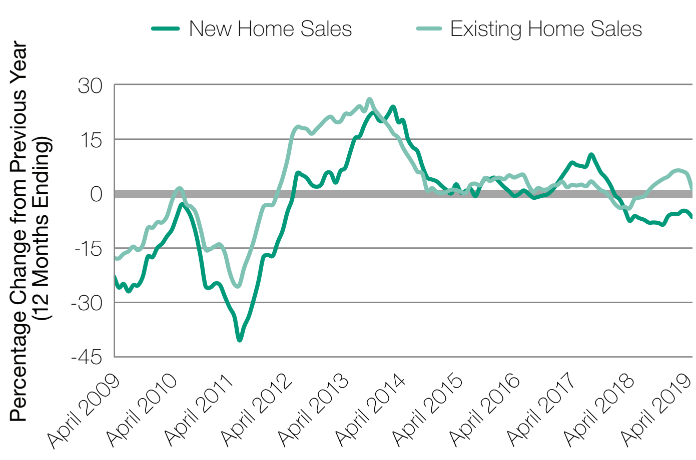
New home sales in the Tulsa metropolitan area have declined year over year since December 2017, but existing home sales have increased the past several months.



Note: New and existing home sales include single-family homes, townhomes, and condominiums.
Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

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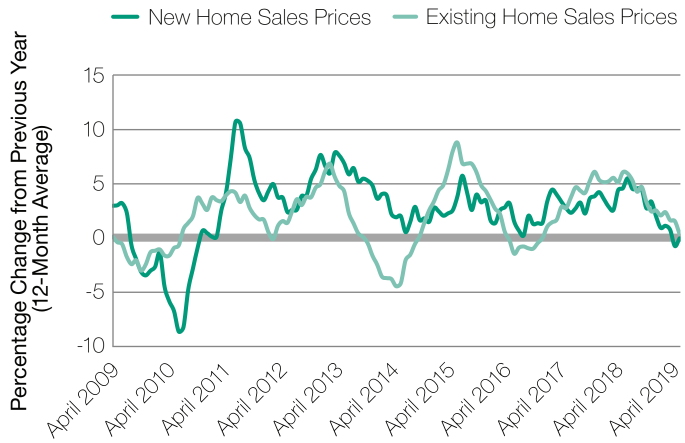
Decreased new home sales and slow job growth in the Tulsa metropolitan area contributed to a decrease in single-family homebuilding activity during the 12 months ending May 2019, as measured by the number of homes permitted.

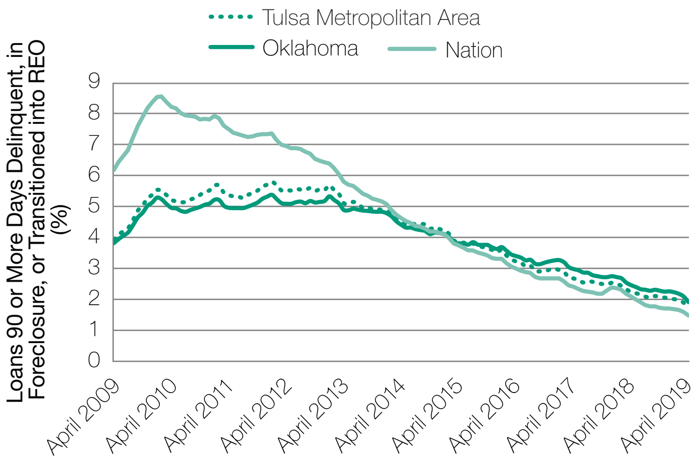
- During the 12 months ending May 2019, the number of single-family homes permitted totaled 2,925, down 3 percent compared with a year earlier. Single-family homebuilding was stable from 2013 through 2017, averaging 3,025 permits annually with an average annual increase of 1 percent from 2014 through 2017.
- During the 12 months ending May 2019, single-family homebuilding activity in the suburban cities of Broken Arrow and Owasso accounted for a combined 43 percent of homebuilding activity in the metropolitan area.
- Construction is currently under way at the Crossing at Battle Creek residential community in Broken Arrow. Since opening in 2016, 112 new three- and four-bedroom homes, ranging in size from 1,200 to 2,600 square feet, have sold for an average price of $169,100. Approximately 290 home sites remain available for construction.
- In Owasso, construction is underway at Quailbrook Estates. Approximately 30 new three- and four-bedroom homes, ranging in size from 1,700 to 3,075 square feet, have sold for an average price of $319,700 since opening in 2016. All home sites at Quailbrook Estates are one half-acre in size, and amenities at the development include a stocked fishing pond for residents. About 50 home sites are available for construction at the development.

The average new home sales price in the Tulsa metropolitan area declined in March 2019, the first decrease since the fall of 2010, and the average existing home sales price was unchanged in April 2019, following year-over-year increases since the fall of 2016.



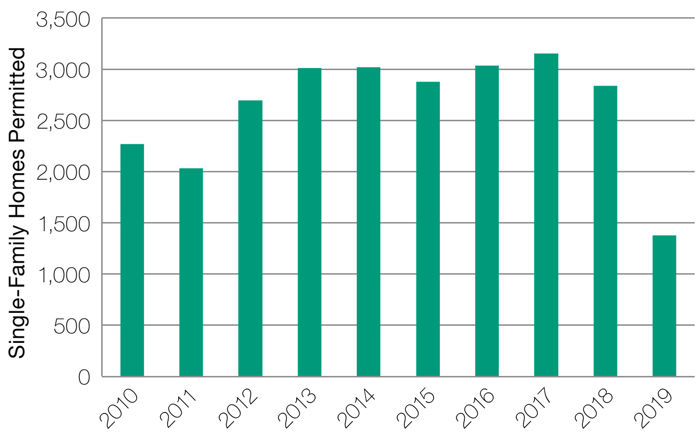
Note: New and existing home sales prices include single-family homes, townhomes, and condominiums.
Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

The share of seriously delinquent loans and REO properties in the Tulsa metropolitan area has been below the rate in Oklahoma since July 2015 but greater than the rate in the nation since September 2014.



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

Single-family permitting activity declined in 2018 in the Tulsa metropolitan area but was well above 2010 and 2011 levels.



Note: Includes preliminary data from January 2019 through May 2019.
Source: U.S. Census Bureau, Building Permits Survey

Apartment Market Conditions

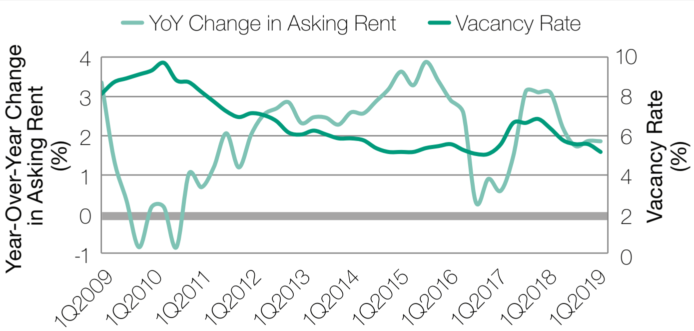
Apartment market conditions are currently slightly soft but improving in the metropolitan area. During the first quarter of 2019, the average apartment vacancy rate, excluding units in lease-up, was 5.2 percent, down from 6.4 percent a year earlier and well below a high of 9.8 percent during the second quarter of 2010 (Reis, Inc.). Job growth through 2015 and tighter mortgage lending standards during the early 2010s contributed to the average apartment vacancy rate declining from a rate of 9.8 percent in the second quarter of 2010 to a rate of 5.1 percent by the fourth quarter of 2016. The apartment vacancy rate increased to 6.9 percent by the fourth quarter of 2017, partly because 1,550 new apartment units were completed and added to the existing apartment supply during the same period.

- During the first quarter of 2019, the average apartment rent increased 2 percent to $706 compared with a year earlier. By comparison, rents increased an average of 2 percent annually from 2010 through 2018.
- The average rent during the first quarter of 2019 was $487 for studio units, $630 for one-bedroom units, $796 for two-bedroom units, and $939 for three-bedroom units.
- Average rents during the first quarter of 2019 ranged from $653 in the Reis, Inc.-defined North market area, which includes Owasso and the northern portion of the city of Tulsa, to $796 in the Central area, which includes the downtown Tulsa area. The average rent increased 3 percent in the North area, and the remaining areas each increased 2 percent.
- Apartment vacancy rates ranged from 4.3 percent in the South area, which includes most of the southern portion of the city of Tulsa, to 7.3 percent in the Central area. The average apartment vacancy rate declined year-over-year in all areas of the metropolitan area except the East/Broken Arrow area, which includes Broken Arrow and the eastern portion of the city of Tulsa.

Multifamily construction activity in the Tulsa metropolitan area, as measured by the number of multifamily units permitted, totaled an estimated 920 units permitted during the 12 months ending May 2019, compared with 1,250 units permitted a year earlier (preliminary data, with adjustments by the analyst). Multifamily construction activity averaged 1,425 annually from 2011 through 2016. Multifamily construction slowed to about 540 units in 2017 as builders responded to a significant influx of new apartment units and consequent increase in the average apartment vacancy rate during the same period.

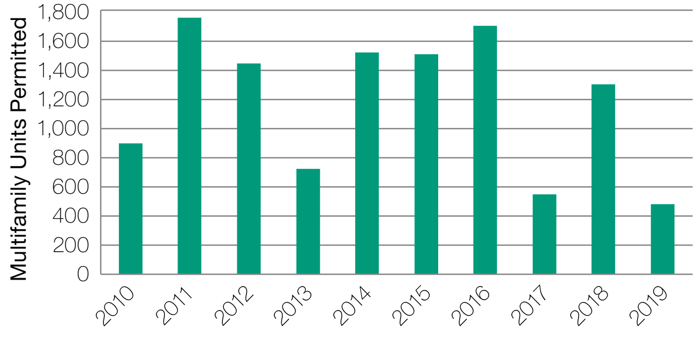
- An estimated 1,925 apartment units are currently under construction in the metropolitan area, concentrated primarily in the cities of Tulsa, Broken Arrow, and Bixby, where a combined 87 percent of ongoing apartment construction activity is underway.
- Several conversions of warehouse, office, and hotel buildings into apartments are underway in downtown Tulsa, including 111 Lofts, a 69-unit apartment community being converted from former office space in the Art Deco District. Asking rents at the 10-story development, which is expected to be completed this year, range from $895 for studio units, $1,020 to $1,624 for one-bedroom units, $1,924 to $2,070 for two-bedroom units, and $4,000 for three-bedroom units.
- In the city of Broken Arrow, construction began in November 2018 on the 337-unit Cottages at Cedar Ridge apartment community. The development is expected to include one-, two-, and three-bedroom units once completed in early 2020. Rent information is not yet available for Cottages at Cedar Ridge.
- The 286-unit Residences at Boardwalk apartments in the city of Bixby is under construction and slated for completion in late 2019. Asking rents at the development range from $826 to $1,470 for one-bedroom units, $1,490 to $1,650 for two-bedroom units, and $2,079 for three-bedroom units.

The average apartment vacancy rate in the Tulsa metropolitan area has been below 7.0 percent since the third quarter of 2011, and the average market rent has increased year over year every quarter since the fourth quarter of 2010.



1Q = first quarter. YoY = year-over-year.
Source: Reis, Inc.

Multifamily permitting activity in the Tulsa metropolitan area has slowed since 2017 compared with relatively strong activity from 2014 through 2016.



Note: Includes preliminary data from January 2019 through May 2019.
Source: U.S. Census Bureau, Building Permits Survey, with adjustments by the analyst