

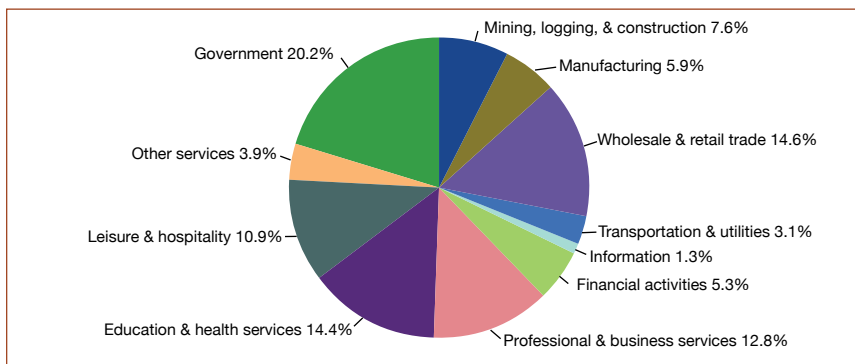
Economic Conditions

The Oklahoma City HMA economy depends heavily on the government sector, which comprised 127,400 jobs, or more than one-fifth of all nonfarm payrolls in the HMA, during the 12 months ending March 2016 (Figure 1). The State of Oklahoma is the largest employer in the HMA, with 46,900 workers (Table 2). The second largest employer is Tinker AFB, which employs 24,100 (15,500 civilians and 8,600 active-duty military personnel) and has an economic impact on the HMA of more than \$3 billion annually (U.S. Department of Defense). The third largest employer is OU, with a combined 16,900 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 on the

HMA of \$2.19 billion (*The University of Oklahoma Community Impact Report 2016*).

The economy of the HMA expanded throughout most of the 2000s, with job growth occurring every year except during periods coinciding with national economic downturns. From 2001 through 2004, nonfarm payrolls in the HMA increased by an average of only 700 jobs, or 0.1 percent, annually, partly because of the national economic recession that occurred during 2001. Economic expansion was considerable from 2005 through 2006, when nonfarm payrolls increased by an average of 10,900 jobs, or 2.0 percent, annually, led by strong gains in the mining, logging, and construction sector, which increased by an average of 3,300 jobs, or 9.7 percent, annually. Increased production stemming from oil and natural gas price increases contributed to an average increase of more than 1,900 jobs, or 18.6 percent, annually in the oil and natural gas industry, which accounted for 56 percent of the mining, logging, and construction sector gains. During the same period, the construction subsector grew by an average of 1,500 jobs, or 6.0 percent, annually, partly because of the numerous revitalization projects in the city of Oklahoma City funded by Metropolitan Area Projects (MAPS), an economic development initiative passed by Oklahoma City voters. Revitalization efforts, totaling more than \$1.5 billion, included the construction of a minor league baseball stadium, sports arena, and pedestrian canal. Developers also completed 10 residential developments, with approximately 2,200 units, in the downtown area. From 2007 through 2008, the HMA economy continued to grow, albeit moderately, with average

Figure 1. Current Nonfarm Payroll Jobs in the Oklahoma City HMA, by Sector



Note: Based on 12-month averages through March 2016.

Source: U.S. Bureau of Labor Statistics

Table 2. Major Employers in the Oklahoma City HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
State of Oklahoma	Government	46,900
Tinker Air Force Base	Government	24,100
The University of Oklahoma	Government	16,900
Federal Aviation Administration	Government	6,500
INTEGRIS Health	Education & health services	6,000
Hobby Lobby Stores, Inc.	Wholesale & retail trade	5,100
Mercy Health System	Education & health services	4,300
OGE Energy Corp.	Transportation & utilities	3,400
SSM Health	Education & health services	3,000
Norman Regional Health System	Education & health services	2,700

Notes: Excludes local school districts. Data include military personnel, who generally are not included in nonfarm payroll survey data.

Sources: Greater Oklahoma City Partnership; U.S. Department of Defense; employers

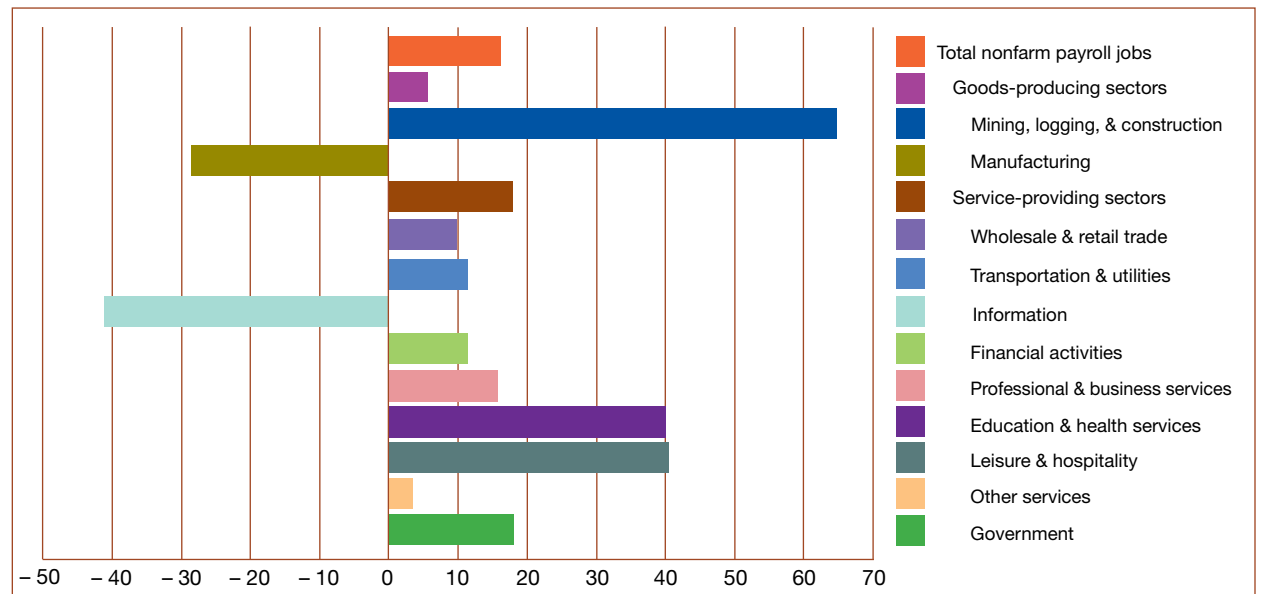
annual payroll gains of 7,700 jobs, or 1.3 percent. The education and health services sector, which increased by 2,700 jobs, or 3.5 percent, annually, led job growth during this period. The mining, logging, and construction sector was the second leading growth sector, increasing by an average of 2,300 jobs, or 5.6 percent, annually.

The effects of the national economic recession, which began in December 2007 and ended in June 2009, did not reach the HMA until 2009. From 2009 through 2010, nonfarm payrolls in the HMA decreased by an average of 8,800 jobs, or 1.5 percent, annually. Job losses were greatest in the manufacturing and the professional and business services sectors, which decreased by an average of 3,000 and 2,200 jobs, or 8.5 and 2.8 percent, annually, respectively. Widespread layoffs in the manufacturing and the professional and business services sectors during this period reflected national trends in these sectors, which declined an average of 7.3 and 2.9 percent annually, respectively. Approximately one-fourth of job losses in the professional and business services sector both in the HMA and nationwide occurred in the temporary help services industry. Average annual gains of 1,800 jobs, or 1.5 percent, in the government sector partially offset overall losses during this period, primarily because of increased hiring in the federal and local government subsectors. The federal government subsector increased by an average of 1,200 jobs, or 4.6 percent, annually, partly because of expansions at the Federal Aviation Administration's Mike Monroney Aeronautical Center. The local government subsector gained an average of 500 jobs, or 1.0 percent, annually. Contributing to increased employment in this subsector

was the opening of the Riverwind Hotel at the Riverwind Casino in the city of Norman by the Choctaw Nation of Oklahoma tribe, resulting in 400 new jobs.

The HMA economy began to expand again in earnest in 2011 and, by mid-2012, surpassed prerecession payroll levels. From 2011 through 2014, nonfarm payrolls increased by an average of 13,200 jobs, or 2.3 percent, annually, to 619,600 jobs, with gains in nearly every sector. The mining, logging, and construction and the wholesale and retail trade sectors led gains with average annual increases of 2,400 jobs, or 5.6 and 2.9 percent, respectively. Continued strong demand for oil during most of this period contributed to gains in the mining and logging subsector, which increased by an average of 1,600 jobs, or 9.8 percent, annually. The leisure and hospitality sector gained an average of 2,100 jobs, or 3.4 percent, annually, to reach 65,900 jobs. The popularity of the National Basketball Association team, the Oklahoma City Thunder, contributed to gains in the leisure and hospitality sector. Oklahoma City Thunder home games had a local economic impact of more than \$60 million annually during this period (City of Oklahoma City data). Figure 2 shows sector growth in the HMA from 2000 to the current date.

During the 12 months ending March 2016, nonfarm payrolls in the HMA increased by 7,800 jobs, or 1.3 percent, to 631,300 jobs, compared with an increase of 2.1 percent during the same period a year earlier. Leading job growth during this period was the leisure and hospitality sector, which increased by 2,400 jobs, or 3.6 percent, to 68,700 jobs (Table 3), compared with a 2.4-percent increase

Figure 2. Sector Growth in the Oklahoma City HMA, Percentage Change, 2000 to Current

Note: Current is based on 12-month averages through March 2016.

Source: U.S. Bureau of Labor Statistics

Table 3. 12-Month Average Nonfarm Payroll Jobs in the Oklahoma City HMA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	March 2015	March 2016		
Total nonfarm payroll jobs	623,500	631,300	7,800	1.3
Goods-producing sectors	87,700	85,000	-2,700	-3.1
Mining, logging, & construction	49,800	48,000	-1,800	-3.6
Manufacturing	37,900	37,000	-900	-2.4
Service-providing sectors	535,800	546,200	10,400	1.9
Wholesale & retail trade	90,900	92,200	1,300	1.4
Transportation & utilities	19,200	19,700	500	2.6
Information	8,100	8,100	0	0.0
Financial activities	33,300	33,500	200	0.6
Professional & business services	79,500	80,600	1,100	1.4
Education & health services	89,300	91,100	1,800	2.0
Leisure & hospitality	66,300	68,700	2,400	3.6
Other services	24,100	24,800	700	2.9
Government	125,200	127,400	2,200	1.8

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through March 2015 and March 2016.

Source: U.S. Bureau of Labor Statistics

a year earlier. Local sports teams and several new recreation venues throughout the HMA contributed to gains in this sector. The government sector increased by 2,200 jobs, or 1.8 percent, up from a 0.5-percent increase a year earlier. Contributing to gains in this sector was an increase of nearly 1,000 aircraft maintenance personnel at Tinker AFB to accommodate increased workload assigned

to the base. Hiring of the additional personnel began in November 2015 and was completed in February 2016; positions were offered at annual salaries ranging from \$36,000 to \$47,000 (Tinker AFB Oklahoma City Air Logistics Complex). By comparison, the average per capita income in the HMA is approximately \$27,000 (2010–2014 American Community Survey).

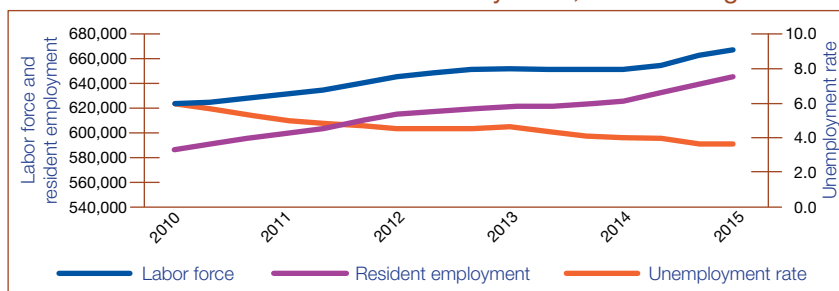
Partly offsetting nonfarm payroll gains during the 12 months ending March 2016 was a significant decline in the mining and logging subsector, which decreased by 3,000 jobs, or 14.1 percent, because of widespread layoffs stemming from a sharp drop in oil prices that began in the fall of 2014. Contributing to declines in the mining and logging subsector were layoffs at several energy-related companies, including a combined total of more than 1,400 personnel at Chesapeake Energy Corporation, Devon Energy Corporation, and SandRidge Energy, Inc.

Since 2000, the relatively stable economy of the HMA has contributed to lower unemployment rates compared with national rates. From 2000 through 2008, the average annual unemployment rate in the HMA was 4.0 percent compared with the 5.1-percent national rate. From 2009 through 2010, the unemployment rate of the HMA increased as a result of the national economic recession, to 5.9 percent, an increase of 1.9 percentage points from the average during the 2000-to-2008 period. By comparison, the national unemployment rate increased 4.5 percentage points, to 9.6 percent, during the same period. From 2011 through 2014, the average unemployment rate in the HMA declined to a rate of 4.0

percent compared with a national rate of 6.2 percent. During the 12 months ending March 2016, the average unemployment rate in the HMA was 3.7 percent compared with 3.8 percent a year earlier, whereas, at the national level, the average unemployment rate was 5.1 percent, down from 5.9 percent. Figure 3 shows trends in the labor force, resident employment, and the unemployment rate in the HMA from 2010 through 2015.

During the 3-year forecast period, nonfarm payrolls in the HMA are estimated to increase by an average of 1.0 percent annually, a slower pace than the current level of growth. Job gains are expected to be strongest during the first year of the forecast period, with an estimated 1.1-percent increase. Payroll increases are expected to taper slightly to 0.9 percent by the third year. Gains are anticipated in most job sectors, with the strongest job growth projected in the leisure and hospitality sector and the construction subsector. Expected to contribute to gains in the leisure and hospitality sector is the opening of RIVERSPORT Rapids, a \$45.20 million whitewater rafting and kayaking center, in May 2016. The opening of RIVERSPORT Rapids is expected to result in 230 new jobs, and the venture is projected to have an economic impact of \$28.80 million on the HMA annually (Greater Oklahoma City Chamber). Several construction projects are expected to begin near the downtown area and contribute to job growth in the construction subsector. Construction, totaling more than \$750 million, is expected to begin on several MAPS-sponsored projects, including a new convention center, streetcar transit system, several wellness centers, and improvements on the state fairgrounds. Job declines

Figure 3. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Oklahoma City HMA, 2000 Through 2015



Source: U.S. Bureau of Labor Statistics

in the mining and logging subsector are expected to continue in the HMA until oil prices increase to a level that will support sustained increases in oil production. A decrease in jobs is

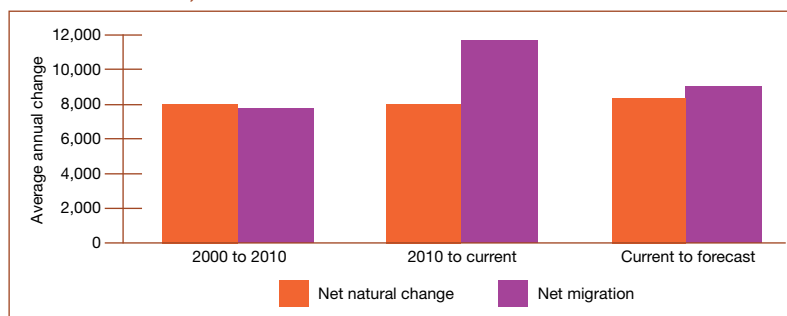
also expected in the state and local government job subsectors because of budget cuts stemming from the impacts of decreased oil and natural gas production on tax revenues.

Population and Households

The current population of the Oklahoma City HMA is an estimated 1.37 million, an average increase of 19,850, or 1.5 percent, annually since April 2010. During this period, net in-migration accounted for approximately 60 percent of the population growth. Migration into the HMA primarily stemmed from a growing economy and relatively low unemployment rate, which drew residents to the HMA. The most populous counties of the HMA are Oklahoma and Cleveland Counties, with an estimated 786,000 and 277,000 residents, respectively, comprising approximately 78 percent of the HMA population. The city of Oklahoma City, with an estimated population of 640,000, is the most populous city in the state. Approximately 75 percent of the population of the city of Oklahoma City is in Oklahoma County, and the remainder

is in Canadian County to the west and Cleveland County to the south. With an estimated 125,000 residents, the city of Norman, located in Cleveland County, is the second most populous city in the HMA and third most populous in the state behind the cities of Oklahoma City and Tulsa. Since April 2010, the populations in Oklahoma and Cleveland Counties have increased at average annual rates of 1.5 and 1.4 percent, respectively, compared with an average increase of 1.8 percent annually in the remaining counties. The population of Canadian County, the third most populous in the HMA, grew an average of 2.6 percent annually, with growth primarily in residential communities in the city of Oklahoma City and suburban areas just west of the Oklahoma County line. Figure 4 shows components of population change in the HMA from 2000 to the forecast date.

Figure 4. Components of Population Change in the Oklahoma City HMA, 2000 to Forecast



Notes: The current date is April 1, 2016. The forecast date is April 1, 2019.
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

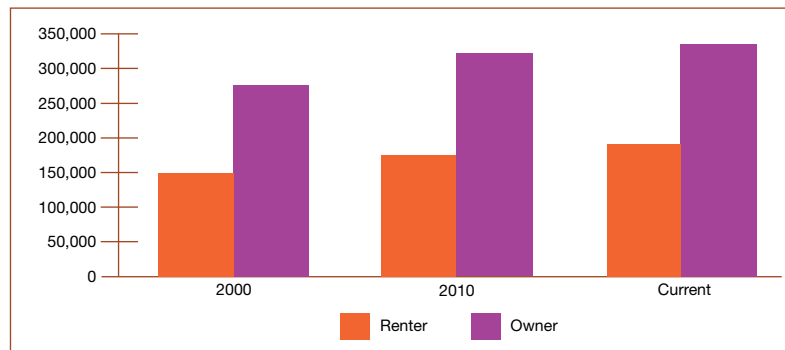
During the 2000s, the population growth in the HMA was greatest from July 1, 2008, through July 1, 2010, when the population increased by an average of 20,650, or 1.7 percent, annually (U.S. Census Bureau population estimates as of July 1). During this period, net in-migration accounted for approximately 57 percent of the population growth, or 11,850 people annually, despite the significant decline in nonfarm

payrolls during the same period. Jobseekers were drawn to the HMA during this period because of its relatively low unemployment rate compared with national unemployment rates. The 16 universities located in the HMA also attracted students, contributing to an average annual enrollment increase of 3,500, or 3.2 percent, during the 2000s. Enrollment increases at HMA universities have significantly slowed since 2010, however, partly because of increased job opportunities both in the HMA and abroad. During 2015, the combined enrollment of universities in the HMA increased an average of less than 0.3 percent compared with enrollment a year earlier.

During the 3-year forecast period, the population of the HMA is expected to increase by an average of 17,350, or 1.2 percent, annually, a pace slower than the population growth since 2010. Moderate job growth will continue to attract people to the HMA, resulting in net in-migration estimated at an average of more than 8,950 people annually during the forecast period.

The current number of households in the Oklahoma City HMA is an estimated 532,500, representing an average increase of 7,150 households, or 1.4 percent, annually since April 2010. During the 2000s, the number of households increased by an average of 6,000, or 1.3 percent, annually. Since 2010, renter household growth has comprised 57 percent of total household growth compared with 37 percent during the 2000s. Contributing to the increased portion of new renter households during the past 6 years were tightened mortgage lending standards and an increased propensity to rent. Job losses during 2010 and economic recovery from 2011 through mid-2012 also contributed to changes in the portion of new renter household formation since April 2010. Renter households currently account for an estimated 37 percent of all households in the HMA, the highest percentage since 1950. Figure 5 shows the number of households in the HMA, by tenure, from 2000 to the current period. During the forecast period, household growth in the HMA is expected to slow to an average of 6,325 households, or 1.2 percent, annually (Figure 6).

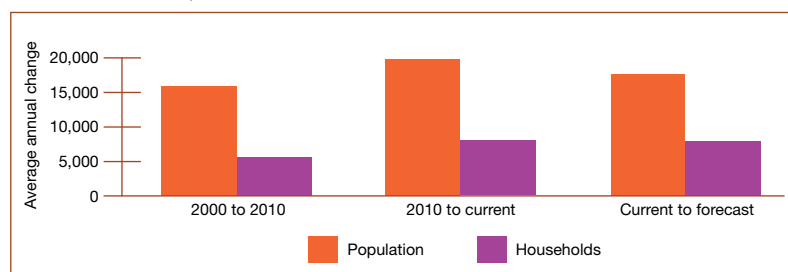
Figure 5. Number of Households by Tenure in the Oklahoma City HMA, 2000 to Current



Notes: The current date is April 1, 2016.

Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

Figure 6. Population and Household Growth in the Oklahoma City HMA, 2000 to Forecast



Notes: The current date is April 1, 2016. The forecast date is April 1, 2019.

Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Housing Market Trends

Sales Market

Sales housing market conditions in the Oklahoma City HMA are tight, with an average sales vacancy rate estimated at 1.6 percent as of April 1, 2016, down from 2.2 percent in April 2010. Despite current tight conditions, the market has begun to improve. The inventory of homes for sale represented a 4-month supply in March 2016, up from a 3-month supply a year earlier but down from a 7-month supply in 2010 (CoreLogic, Inc.). Contributing to the improved sales market conditions were increased rates of job and population growth. The adverse effects of the national housing crisis were not as evident in the HMA as in the nation as a whole. A diversified economy and lower unemployment rates, relatively stable average home sales prices, and lower foreclosure rates compared with the corresponding national conditions contributed to a relatively stable home sales market. In March 2016, 3.1 percent of home loans in the HMA were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status, down from 3.4 percent a year earlier and from 4.9 percent in April 2010 (CoreLogic, Inc.). The percentage of seriously delinquent and REO mortgages peaked in January 2010 in both the HMA and the nation, at 5.1 and 8.6 percent, respectively. The percentage of underwater mortgages, which comprised only 5 percent of total home loans in the HMA during 2015 compared with 9 percent at the national level, also reflects the relatively stable home sales market in the HMA.

During the 12 months ending March 2016, new and existing home sales

(including single-family homes, townhomes, and condominiums) decreased in the HMA from a year earlier by 1,275, or 4 percent, to 30,550 homes sold, and the average price increased by more than \$8,650, or 5 percent, to \$166,200 (CoreLogic, Inc., with adjustments by the analyst). The recent decline in home sales was partly because of a slight decrease in home sales demand stemming from slower economic growth during the same period. New home sales totaled 4,250, down by 230 homes, or 5 percent, from the same 12-month period a year earlier. The average new home sales price was \$250,100, up \$3,850, or 2 percent, from a year earlier. Regular resale home sales totaled 24,050, a decrease of 770 homes, or 3 percent, from the same 12-month period a year earlier. The average sales price of regular resale homes increased to \$157,100, up by \$10,150, or 7 percent, from a year earlier. Also contributing to the overall decline in the number of homes sold were declines in distressed sales (REO sales and short sales). REO home sales declined by 180, or 11 percent, to 1,500 homes sold, and short sales decreased by 100, or 12 percent, to 700 homes sold. The average price for REO homes was \$92,400, down by \$2,775, or 3 percent, and the average price for short sale homes increased by \$7,700, or 6 percent, to \$132,000. Distressed sales in the HMA accounted for 7 percent of all home sales, down from 8 percent a year earlier and from a peak level of 11 percent in the summer of 2011. By comparison, distressed sales comprised 11 percent of total sales at the national level during the 12 months ending March 2016, down from 13

Housing Market Trends

Sales Market *Continued*

percent a year earlier and a peak level of 27 percent in the summer of 2011. Absentee-owner sales, which are primarily investment or second-home purchases, comprised 22 percent of total sales in the HMA during the 12 months ending March 2016, down from a peak level of 23 percent a year earlier (Metrostudy, A Hanley Wood Company). By comparison, 28 percent of home sales consisted of absentee-owner sales at the national level, down from 29 percent a year earlier and from a peak level of 31 percent in 2013.

Since 2000, new and existing home sales in the HMA were greatest from 2004 through 2006, averaging 38,750 annually. From 2007 through 2011, however, home sales declined by an average of 2,725, or 9 percent, annually, to 23,600 homes sold, reflecting tighter mortgage lending standards, the national recession, and the economic downturn in the HMA. New and existing home sales increased significantly from 2012 through 2014 because of strong job and population growth. A decrease in the average mortgage rate in the HMA from 7.24 percent in 2012 to 5.22 percent in 2014 also contributed to increased sales. During this period, home sales increased by an average of 2,650, or 10 percent, annually, to 31,550 homes sold. New and existing home sales prices have increased nearly every year since 2000, averaging an increase of \$5,550, or nearly 5 percent, annually. The only year in which the average sales price declined was 2009, reflecting increased sales of lower priced homes stemming from the first-time homebuyer tax credit.

Single-family homebuilding activity, as measured by the number of single-family homes permitted, decreased

by 550 homes, or 9 percent, to 5,425 homes permitted in the Oklahoma City HMA during the 12 months ending March 2016 compared with 5,975 homes permitted a year earlier (preliminary data). A decline in new home sales and a moderating local economy contributed to the decreased homebuilding activity during this period. From 2001 through 2005, single-family homebuilding activity increased every year by an average of 14 percent annually, peaking at 8,475 homes permitted in 2005. Relaxed mortgage lending standards and relatively affordable home prices, combined with job and population growth, were the primary reasons for increased homebuilding during this period. Single-family homebuilding declined an average of 18 percent annually from 2006 through 2010, to 3,150 homes permitted, because of tightening lending standards and, by 2009, a contracting local economy. During 2011, when the local economy was recovering, single-family home construction activity remained relatively stable, with 3,200 homes permitted. Relatively strong job growth, combined with increased confidence in the sales market among homebuyers, resulted in a 97-percent increase in homebuilding activity from 2012 through 2014, to an average of 6,325 homes permitted. Single-family home permitting peaked during this period, at 7,050 homes permitted in 2013, which included approximately 1,200 single-family homes permitted to replace a portion of the approximately 1,600 homes destroyed by tornados during May 2013. In the city of Moore, in Cleveland County, where the tornado damage was greatest, single-family home permitting activity totaled 670 homes during 2013, up nearly 200

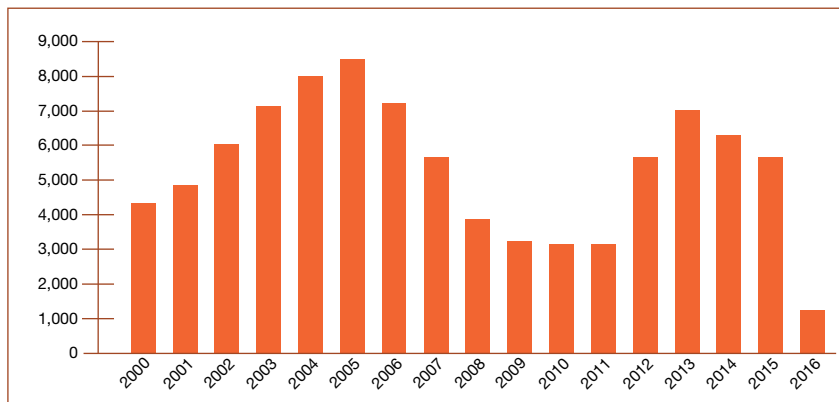
percent from a year earlier. Figure 7 shows the number of single-family homes permitted in the HMA since 2000.

An estimated 1,300 single-family homes are currently under construction in the HMA. In the city of Edmond, located just north of the city of Oklahoma City, construction is continuing at The Grove, a 640-acre master-planned community. Three- and four-bedroom homes, ranging from 1,400 to 2,700 square feet, are offered at The Grove, with prices ranging from \$201,500 to \$350,000. During the 12 months

ending March 2016, 110 new homes sold at The Grove for an average price of \$266,000. Of the 1,300 home sites platted at The Grove, 720 new homes have sold since construction commenced in 2008, and an additional 580 residential lots remain available for construction. In the portion of the city of Oklahoma City located in Canadian County, homes are also under construction at The Orchard at Raywood residential community. Prices offered at The Orchard at Raywood range from \$130,000 to \$193,000 for three- and four-bedroom homes, ranging from 1,150 to 2,100 square feet. A total of 35 new homes sold during the 12 months ending March 2016 at The Orchard at Raywood for an average price of \$152,900. Approximately 100 of the 160 homesites approved by the City of Oklahoma City Planning Commission remain available for construction at The Orchard at Raywood. Construction at this residential community began in 2014.

Demand is expected for 16,300 new homes in the HMA during the next 3 years (Table 1). New home sales demand is expected to be greatest during the first year of the 3-year forecast period and then to diminish, albeit slightly, during the second and third years. The 1,300 homes currently under construction will meet part of the demand during the first year. A portion of the estimated 19,000 other vacant units in the HMA may reenter the sales market and also satisfy some of the forecast demand. Demand is expected to be greatest for homes priced from \$150,000 to \$199,999. Table 4 shows estimated demand for new market-rate sales housing in the HMA by price range.

Figure 7. Single-Family Homes Permitted in the Oklahoma City HMA, 2000 to Current



Notes: Includes townhomes. Current includes data through March 2016.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Oklahoma City HMA During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
115,000	149,999	2,775	17.0
150,000	199,999	4,250	26.0
200,000	249,999	3,600	22.0
250,000	299,999	2,450	15.0
300,000	399,999	1,625	10.0
400,000	499,999	820	5.0
500,000	599,999	490	3.0
600,000	and higher	330	2.0

Notes: The 1,300 homes currently under construction and a portion of the estimated 19,000 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is April 1, 2016, to April 1, 2019.
Source: Estimates by analyst

Rental Market

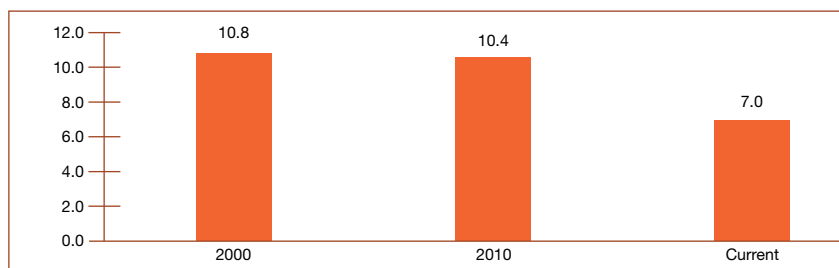
The rental housing market in the Oklahoma City HMA is balanced, with a current overall rental vacancy rate estimated at 7.0 percent. Rental market conditions have improved considerably since April 2010, when the market was soft and the rental vacancy rate was 10.4 percent (Figure 8). The apartment rental market is also balanced, having improved significantly since 2010. The average apartment vacancy rate during the first quarter of 2016 was 5.8 percent, up from 5.3 percent a year earlier, but down from 10.1 percent during the first quarter of 2010 (Reis, Inc.). The average apartment market rent during the first quarter of 2016 increased 3 percent, to \$633, from a year earlier compared with an average increase of 2 percent annually during the previous 5 years. The average apartment vacancy rates during the first quarter of 2016 ranged from 1.8 percent in the Reis, Inc.-defined Norman market area in Cleveland County to 12.3 percent in the West Central Oklahoma City market area. Apartment rents ranged from an average of \$554 in the Midwest City/Del City market area, east of the city of Oklahoma City and near Tinker AFB, to \$770 in the Edmond market area. The average vacancy rate for Class A apartments in the HMA was also 5.8

percent, up from 4.3 percent a year earlier, and the average rent for Class A apartments increased an average of more than 3 percent, to \$772.

Rental market conditions in the HMA were soft during most of the 2000s. Job declines in the HMA from 2001 through 2003 contributed to an increase in the average apartment vacancy rate from 5.9 percent in 2000 to 9.6 percent in 2003. From 2004 through 2009, the average apartment vacancy rate fluctuated from a low annual rate of 8.4 percent in 2005 to a high annual rate of 10.0 percent in 2009. Overbuilding of apartments from 2003 through 2005, combined with strong competition from the home sales market from 2004 through 2006 and then a significant decline in nonfarm payrolls during 2009, contributed to relatively high average apartment vacancy rates during the 2004-to-2009 period. During 2010 and 2011, tight mortgage lending standards, which impeded potential homebuyers from purchasing homes, contributed to improving rental market conditions in the HMA. During this period, the average apartment vacancy rate decreased 3.0 percentage points to a rate of 7.0 percent. Improved rental market conditions since 2012 have been partly the result of increased demand stemming from a growing local economy, which has drawn residents to the HMA. The apartment vacancy rate averaged 5.2 percent in the fourth quarter of 2014, the lowest rate since 1981, before increasing to 5.8 percent during the first quarter of 2016.

Single-family homes currently comprise an estimated 47 percent of the occupied rental units in the HMA compared

Figure 8. Rental Vacancy Rates in the Oklahoma City HMA, 2000 to Current



Note: The current date is April 1, 2016.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

with 43 percent in 2000. By comparison, traditional apartments (5+ unit structures) currently account for 36 percent of occupied rental units, and the remaining 17 percent of occupied rental units consist of other structure types.

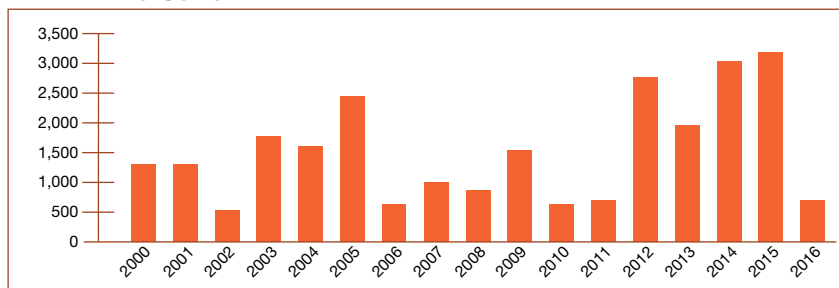
Tinker AFB and the 16 universities in the HMA also significantly influence the rental market. Tinker AFB, in Oklahoma County, provides housing for unmarried military personnel in 14 dormitories containing approximately 950 beds and has about 650 privatized housing units for married military personnel and their families. The remaining military personnel and family members, approximately 7,000 households, reside off base in the surrounding private housing market. Combined, universities in the HMA provide on-campus housing for approximately 13,000 students, or more than 18 percent of the 70,600 students enrolled as of the fall 2015 semester. The remaining students, including approximately 80 percent of the 27,400 students at the OU Norman campus, reside in the local housing market. Student households currently account for about 10 percent of all renter households in the HMA. In the Reis, Inc.-defined Norman market area, where the OU Norman campus is located, rental market conditions are very tight, with an

average apartment vacancy rate of 1.8 percent, down from 2.1 percent a year earlier.

Multifamily construction activity, as measured by the number of multifamily units permitted, increased in the Oklahoma City HMA by 100 units, or 3 percent, to 3,150 units permitted during the 12 months ending March 2016 compared with the number permitted a year earlier. Multifamily permitting during this period represents the greatest annual number of multifamily units permitted since 1984, when nearly 7,000 units were permitted. By comparison, from 2012 through 2013, an average of 2,325 units were permitted annually. Increases in occupancy and rent levels, combined with an expanding economy in the HMA, contributed to increased multifamily construction activity during this period. Multifamily construction during the 2000s was strongest from 2003 through 2005, when an average of 1,900 units were permitted annually (Figure 9). By comparison, from 2006 through 2011, multifamily construction activity averaged 850 units annually. Condominium construction has accounted for only 4 percent of multifamily construction overall since 2000. Condominium construction peaked during 2003 and 2004, when an average of 140 units were permitted annually.

Approximately 3,250 multifamily units are currently under construction in the HMA, including 1,150 units near downtown Oklahoma City. Lift, a 339-unit apartment community located 1 mile north of downtown Oklahoma City, is expected to open in the summer of 2016. Rents at Lift will range from \$915 to \$1,080 for studio units, \$1,025 to \$1,540 for one-bedroom units, \$1,400 to \$1,730

Figure 9. Multifamily Units Permitted in the Oklahoma City HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through March 2016.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

for two-bedroom units, and \$2,425 to \$2,610 for three-bedroom units. Construction began at the Terra at University North Park apartment community in Norman in December 2015. Terra at University North Park, located 4 miles from the OU main campus and 16 miles from downtown Oklahoma City, is expected to be complete by the fall of 2017 and to include 303 units. Construction at several off-campus student apartment communities is under way or was recently completed near the OU campus. The Millennium, which includes 200 units with a combined 700 beds, was completed in August 2015. Rents at the Millennium, located less than 1 mile from the OU campus, range from \$530 per bed in

five-bedroom units to \$850 for studio units. University House Norman, also near OU, is currently under construction and expected to be complete by the fall of 2017. When complete, University House Norman is expected to include a combined 917 beds in 388 units. Rent information is not yet available for University House Norman.

During the 3-year forecast period, demand is estimated for 6,875 new market rate rental units (Table 1). The 3,250 units currently under construction will meet a portion of the demand. Rental housing demand is expected to be greatest for one-bedroom units at rents ranging from \$720 to \$919 (Table 5).

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Oklahoma City HMA During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
570 to 769	35	720 to 919	1,550	870 to 1,069	1,025	1,025 to 1,224	50
770 to 969	40	920 to 1,119	760	1,070 to 1,269	890	1,225 to 1,424	120
970 to 1,169	25	1,120 to 1,319	510	1,270 to 1,469	440	1,425 to 1,624	85
1,170 to 1,369	20	1,320 to 1,519	310	1,470 to 1,669	240	1,625 to 1,824	40
1,370 to 1,569	10	1,520 to 1,719	210	1,670 to 1,869	150	1,825 to 2,024	10
1,570 or more	5	1,720 or more	100	1,870 or more	210	2,025 or more	35
Total	140	Total	3,425	Total	2,950	Total	340

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 3,250 units currently under construction will likely satisfy some of the estimated demand. The forecast period is April 1, 2016, to April 1, 2019.

Source: Estimates by analyst

Data Profile

Table DP-1. Oklahoma City HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	537,699	586,949	647,500	0.9	1.9
Unemployment rate	2.7%	5.9%	3.7%		
Nonfarm payroll jobs	544,300	566,800	631,300	0.4	2.1
Total population	1,095,421	1,252,987	1,372,000	1.4	1.5
Total households	429,743	489,654	532,500	1.3	1.4
Owner households	280,010	318,013	336,300	1.3	0.9
Percent owner	65.2%	64.9%	63.2%		
Renter households	149,733	171,641	196,200	1.4	2.3
Percent renter	34.8%	35.1%	36.8%		
Total housing units	472,084	539,077	571,800	1.3	1.0
Owner vacancy rate	2.1%	2.2%	1.6%		
Rental vacancy rate	10.8%	10.4%	7.0%		
Median Family Income	NA	NA	NA	NA	NA

NA = data not available.

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through March 2016. The current date is April 1, 2016.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
2010: 4/1/2010—U.S. Decennial Census
Current date: 4/1/2016—Analyst’s estimates
Forecast period: 4/1/2016–4/1/2019—Analyst’s estimates

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In the U.S. Department of Housing and Urban Development’s (HUD’s) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the

analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_OklahomaCityOK_16.pdf.

Contact Information

Randall Goodnight, Economist
Oklahoma City HUD Regional Office
405–609–8525
randall.goodnight@hud.gov

This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD’s Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to huduser.gov/portal/ushmc/chma_archive.html.