

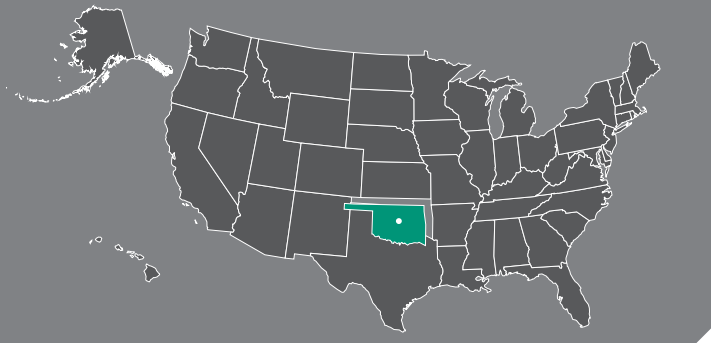
HUD PD&R Housing Market Profiles

Oklahoma City, Oklahoma



Quick Facts About Oklahoma City

- **Current sales market conditions: tight.**
- **Current apartment market conditions: balanced.**
- **The Oklahoma City metropolitan area is home to Tinker Air Force Base, the University of Oklahoma (OU), and the state capital, which have a combined economic impact on the metropolitan area of more than \$10 billion annually (the Greater Oklahoma City Partnership, State Chamber of Oklahoma, and OU).**



By Randall Goodnight | As of January 1, 2016

Overview

The Oklahoma City, OK Metropolitan Statistical Area (hereafter, the Oklahoma City metropolitan area) in central Oklahoma includes Canadian, Cleveland, Grady, Lincoln, Logan, McClain, and Oklahoma Counties. The metropolitan area was named 1 of the 14 best places in America to visit in 2016 by *USA Today*. The numerous recreation, sports, and entertainment venues in the metropolitan area contributed to the ranking. The metropolitan area was also rated the best city in which to start a business in 2015 by Entrepreneur Media, Inc., because of the relatively low cost of living and strong “small business-lending environment” of the metropolitan area.

- As of January 1, 2016, the estimated population of the metropolitan area is 1.36 million, representing an average increase of 18,250, or 1.4 percent, annually since 2010.
- During the 2000s, the population increased an average of 1.4 percent annually, peaking at an average annual increase of 1.6 percent from 2005 to 2008.
- Net in-migration has accounted for 56 percent of population growth in the metropolitan area since 2010 compared with 50 percent during the 2000s.
- Oklahoma County, the predominant county, is home to more than one-half of the metropolitan area population and has accounted for more than one-half of population growth in the metropolitan area since 2010.



Increased hiring occurred in most job sectors in the Oklahoma City area, with the strongest job growth in the leisure and hospitality sector.

	3 Months Ending		Year-Over-Year Change	
	December 2014 (thousands)	December 2015 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	627.7	637.9	10.2	1.6
Goods-producing sectors	87.2	86.2	- 1.0	- 1.1
Mining, logging, and construction	49.5	48.3	- 1.2	- 2.4
Manufacturing	37.7	37.9	0.2	0.5
Service-providing sectors	540.5	551.8	11.3	2.1
Wholesale and retail trade	94.8	96.4	1.6	1.7
Transportation and utilities	16.7	16.7	0.0	0.0
Information	8.3	8.4	0.1	1.2
Financial activities	33.2	33.2	0.0	0.0
Professional and business services	81.5	83.9	2.4	2.9
Education and health services	90.2	90.4	0.2	0.2
Leisure and hospitality	64.5	69.5	5.0	7.8
Other services	22.8	22.6	- 0.2	- 0.9
Government	128.5	130.7	2.2	1.7
	(percent)	(percent)		
Unemployment rate	3.5	3.5		

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

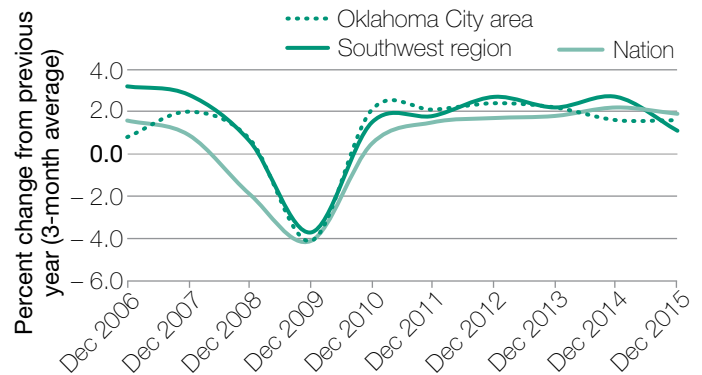
Economic Conditions

Nonfarm payroll jobs in the Oklahoma City metropolitan area have increased to record-high levels, with an average increase of more than 2.0 percent annually since 2010; however, payroll growth slowed during the fourth quarter of 2015.

During the 3 months ending December 2015—

- Nonfarm payrolls increased by 10,200 jobs, or 1.6 percent, from a year earlier to an average of 637,900 jobs compared with an average increase of 2.2 percent annually during the previous 4 years.
- The leisure and hospitality sector led job growth, increasing by 5,000 jobs, or 7.8 percent, from the same 3-month period a year earlier.
- The government sector is the largest sector in the metropolitan area, comprising 130,700 jobs, or approximately one-fifth of total nonfarm jobs.
- The prolonged decrease in oil and natural gas prices contributed to a decline in the mining and logging subsector of 3,000 jobs, or 14.4 percent, to 18,000 compared with the number of jobs a year earlier, representing the second greatest number of jobs lost in this subsector of all metropolitan areas nationally.

Job growth in the Oklahoma City area slowed during the past 2 years compared with relatively strong gains during the previous 4 years.



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

Largest employers in the Oklahoma City area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
State of Oklahoma	Government	46,900
Tinker Air Force Base	Government	26,000
University of Oklahoma	Government	16,900

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

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The three largest employers in the metropolitan area—the State of Oklahoma, Tinker Air Force Base (AFB), and the University of Oklahoma—account for more than one-tenth of employment in the metropolitan area and, as large, government-sector employers, provide a degree of stability to the metropolitan area economy. The popularity of the National Basketball Association team, the Oklahoma City Thunder, and several new recreation venues throughout the metropolitan area contributed to gains in the leisure and hospitality

sector. Oklahoma City Thunder home games have a local economic impact of more than \$1.5 million per game (city of Oklahoma City data). Residents and visitors were also drawn to numerous outdoor recreation and adventure venues that were opened in 2015 by RIVERSPORT Adventures, a nonprofit organization sponsored by private and public funds. RIVERSPORT Adventures offers activities such as canoeing, kayaking, rock wall climbing, and zip rides.

Sales Market Conditions

The sales housing market in the Oklahoma City metropolitan area is currently tight, with an estimated vacancy rate of 1.8 percent compared with the rate of 2.2 percent recorded in April 2010. The inventory of homes for sale represented a 3.5-month supply in December 2015, up from a 3.1-month supply a year earlier but down from a 6.5-month supply in 2010 (CoreLogic, Inc.). An expanding economy and the easing of home mortgage-lending standards contributed to improved home sales market conditions compared with conditions in 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 compared with 3 percent during both 2009 and 2010 (Metrostudy, A Hanley Wood Company). New and existing home sales (including single-family homes, townhomes and condominiums) decreased an estimated 4 percent from a year earlier, to 30,300 homes sold during 2015, and the average price increased 7 percent, to \$165,200 (CoreLogic, Inc., with adjustments by the analyst). By comparison, from 2011 through 2014, the total number of new and existing home sales increased an average of 10 percent annually, and the average home sales price

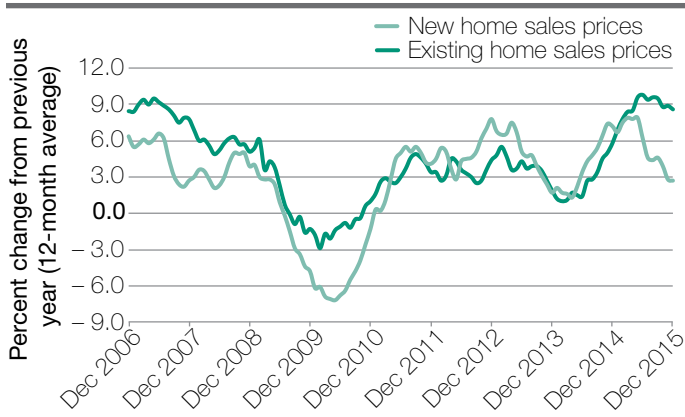
increased an average of 5 percent annually. The decline in home sales during 2015 was partly because of a slight decrease in demand stemming from slower economic growth.

During 2015—

- The average price for new homes increased by \$6,500, or 3 percent, to \$249,900 compared with the average price a year earlier, and existing homes sold for an average price of \$151,400, up by \$12,000, or 9 percent.
- Nonowner-occupied home sales, an indicator of investment home purchases, accounted for 10 percent of home sales, unchanged from a year earlier but up significantly from 5 percent in 2010.
- Real estate owned (REO) and short sales comprised a combined 2,275 homes, down by 360, or 14 percent, from a year earlier, and the average price for REO and short sales was unchanged at about \$103,700.
- The share of seriously delinquent loans (90 or more days delinquent or in foreclosure) and REO properties was 3.3 percent compared with 4.1 percent a year earlier and a peak-level 8.6 percent in 2010.

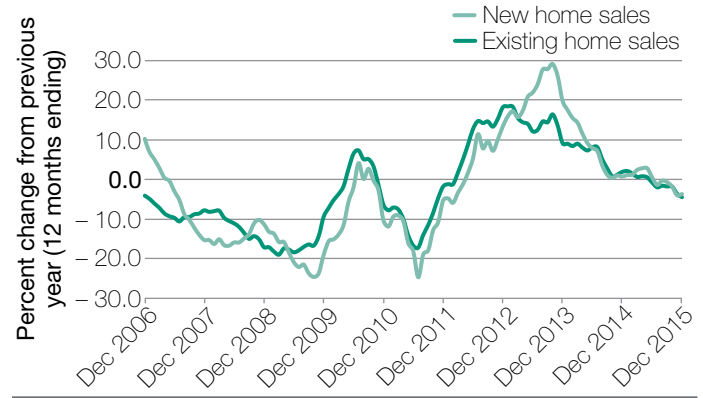
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New home sales prices in the Oklahoma City area have increased since January 2011, and the average sales price for an existing home has increased since November 2010.



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

New and existing home sales in the Oklahoma City area have declined since mid-2015.



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

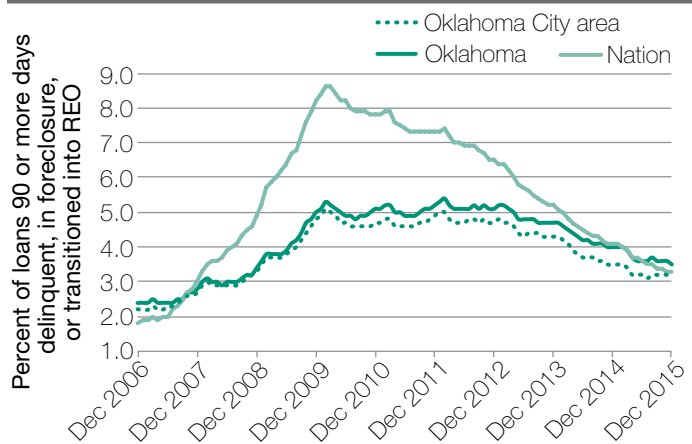


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Decreased home sales and increased unsold inventory in the Oklahoma City metropolitan area during 2015 contributed to a decrease in single-family homebuilding activity, as measured by the number of homes permitted.

- During 2015, single-family home permitting decreased by 470, or 7 percent, to 5,850 homes compared with a 10-percent decrease during 2014 and an average annual 30-percent increase from 2011 through 2013.

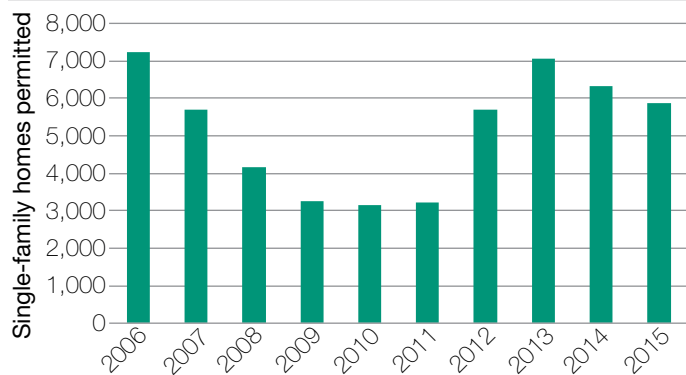
The share of seriously delinquent loans and REO properties in the Oklahoma City area was below the rates in Oklahoma and the nation.



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

- Since 2010, single-family home construction peaked during 2013 at 7,050 homes permitted, of which nearly one-fourth were to replace a portion of the more than 1,600 homes destroyed during a tornado outbreak that occurred in late May 2013.
- Construction is under way at the Valencia residential community in Edmond, in Oklahoma County, where 105 new homes sold during 2015 for an average price of \$205,000. Approximately 50 new three- and four-bedroom homes at Valencia, ranging in size from 1,200 to 2,200 square feet, are currently offered at prices ranging from \$164,600 to \$322,600.

Single-family permitting activity in the Oklahoma City area has slowed during the past 2 years.



Note: Includes preliminary data from January 2015 through December 2015.
Source: U.S. Census Bureau, Building Permits Survey, with adjustments by the analyst

Apartment Market Conditions

Apartment market conditions in the Oklahoma City metropolitan area are currently balanced, with an average vacancy rate during the fourth quarter of 2015 of 6.2 percent, up from 5.2 percent a year earlier but down from 10.2 percent during the second quarter of 2010 (Reis, Inc.). The addition of an estimated 2,150 new apartment units during 2015 contributed to the increased apartment vacancy rate during the past year.

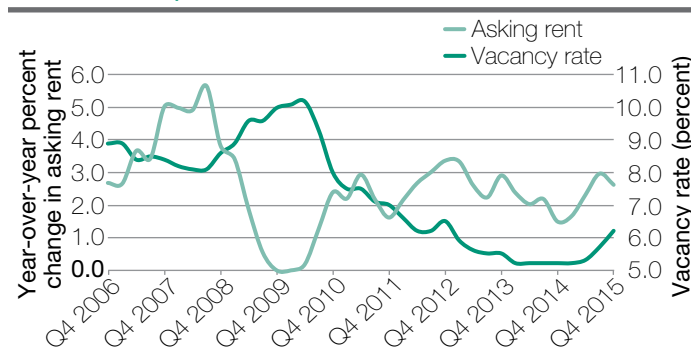
During the fourth quarter of 2015—

- The average apartment rent increased 2.6 percent, to \$626, from a year earlier compared with an average increase of 2.4 percent annually the previous 5 years.
- The apartment vacancy rates ranged from 2.3 percent in the Reis, Inc.-defined Norman market area in Cleveland County, south of the city of Oklahoma City, to 13.1 percent in the western portion of Oklahoma County.
- Average apartment rents ranged from \$548 in the Midwest City/Del City market area, east of the city of Oklahoma City near Tinker AFB, to \$764 in the Edmond market area.

- The average vacancy rate for Class A apartments in the metropolitan area was 5.6 percent, up from 4.1 percent a year earlier, and the average rent for Class A apartments increased an average of 2.3 percent, to \$766.

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Rents in the Oklahoma City area have increased since the third quarter of 2010, and vacancy rates remained well below the peak level reached during the second quarter of 2010.



Source: Reis, Inc.



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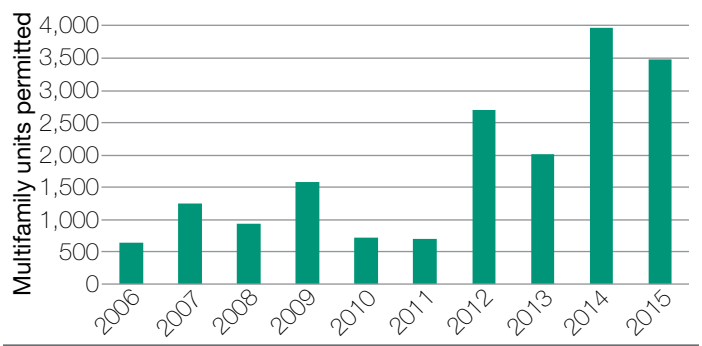
Multifamily construction activity, as measured by the number of units permitted, totaled 3,475 during 2015, down 12 percent from year earlier but more than double the average of 1,525 units permitted annually from 2010 through 2013.

- An estimated 3,900 apartment units are currently under construction in the metropolitan area, including more than 1,600 units in or near the central business district.
- The Lift apartments, a market-rate development on the east side of the central business district in the city of Oklahoma City, is currently under construction and expected to be complete in April 2016. Proposed rents at the 330-unit development range from \$840 to \$1,005 for studio units, \$950 to \$1,540 for one-bedroom units, \$1,325 to \$1,655 for two-bedroom units, and \$2,350 to \$2,535 for three-bedroom units.
- Construction is slated to be complete at The Metropolitan apartments in March 2016. The Metropolitan, one block from The Lift, also comprises 330 units, with proposed rents ranging from \$1,000 to \$1,086 for studio units, \$989 to \$2,450 for one-bedroom units, \$1,325 to \$3,250 for two-bedroom units, and \$2,579 to \$3,250 for three-bedroom units.
- The conversion of two former high schools in the city of Oklahoma City into affordable apartments is currently under way and expected

to be complete in 2018. The developments, sponsored by the Oklahoma Housing Finance Agency, will include a combined 350 units when completed.

- In the city of Norman, the University House student apartment community is currently under construction and expected to be complete by the fall semester of 2017. When complete, University House is expected to include 917 bedrooms for rent in 388 units. Students enrolled at the 16 major universities in the metropolitan area account for more than one-tenth of the total number of renter households.

Multifamily construction activity in the Oklahoma City area has been strong since 2012.



Note: Includes preliminary data from January 2015 through December 2015.
Source: U.S. Census Bureau, Building Permits Survey, with adjustments by the analyst

