

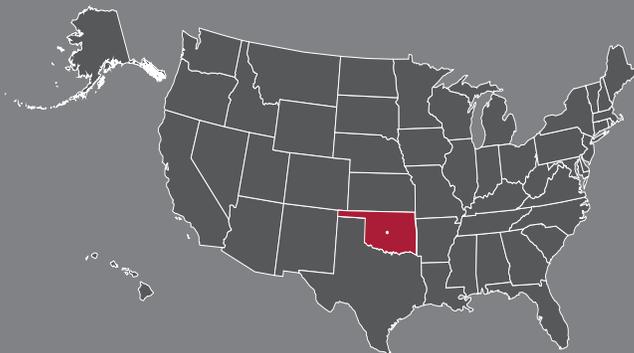
# HUD PD&R Housing Market Profiles

## Oklahoma City, Oklahoma



### Quick Facts About Oklahoma City

- **Current sales market conditions: balanced**
- **Current apartment market conditions: 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 \$10.0 billion annually (Greater Oklahoma City Chamber, U.S. Department of Defense, and University of Oklahoma).**



By [Randall Goodnight](#) | As of October 1, 2018

### Overview

The Oklahoma City metropolitan area in central Oklahoma includes Canadian, Cleveland, Grady, Lincoln, Logan, McClain, and Oklahoma Counties. The metropolitan area was named second of "The Best Cities for First-Time Homebuyers" in 2018 by SmartAsset. Local economic factors, mortgage stability, and home price affordability contributed to the ranking. The metropolitan area was also rated the best city to start a business in 2015 by WalletHub based on factors including business environment, ease of access to resources, and low business costs.

- As of October 1, 2018, the estimated population of the metropolitan area was 1.40 million, representing an average increase of 17,500, or 1.3 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 2008 to 2010.
- Net in-migration accounted for 56 percent of population growth in the metropolitan area since 2010, compared with 50 percent during the 2000s.
- Oklahoma County is home to 57 percent of the metropolitan area population; since 2010, 53 percent of the population growth in the metropolitan area occurred in Oklahoma County.



Increased hiring occurred in most job sectors in the Oklahoma City area, with the strongest job growth in the mining, logging, and construction sector.

	3 Months Ending		Year-Over-Year Change	
	September 2017 (Thousands)	September 2018 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	634.4	651.8	17.4	2.7%
Goods-Producing Sectors	82.1	87.3	5.2	6.3%
Mining, Logging, & Construction	48.5	52.5	4.0	8.2%
Manufacturing	33.6	34.8	1.2	3.6%
Service-Providing Sectors	552.3	564.5	12.2	2.2%
Wholesale & Retail Trade	90.4	90.7	0.3	0.3%
Transportation & Utilities	21.0	21.8	0.8	3.8%
Information	7.5	7.2	-0.3	-4.0%
Financial Activities	33.5	33.4	-0.1	-0.3%
Professional & Business Services	83.0	86.3	3.3	4.0%
Education & Health Services	91.7	93.8	2.1	2.3%
Leisure & Hospitality	72.6	76.5	3.9	5.4%
Other Services	28.1	29.0	0.9	3.2%
Government	124.5	125.8	1.3	1.0%
	<b>(Percent)</b>	<b>(Percent)</b>		
Unemployment Rate	3.8%	3.1%		

Source: U.S. Bureau of Labor Statistics

## Economic Conditions

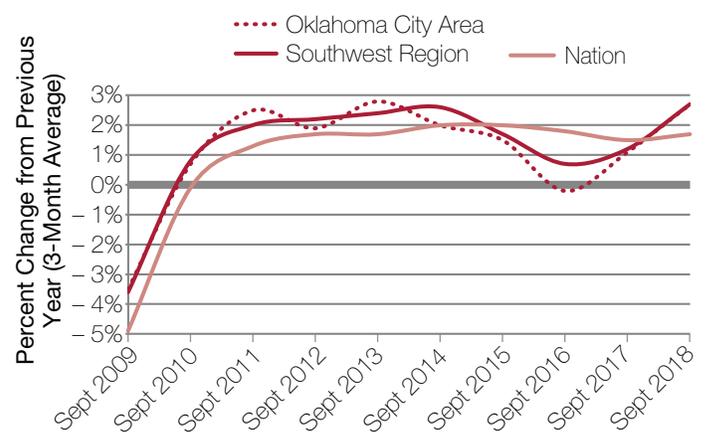
Nonfarm payrolls in the Oklahoma City metropolitan area have increased to record-high levels. Nonfarm jobs increased during the 3 months ending September 2018 by 17,400 jobs, or 2.7 percent, from a year earlier to an average of 651,800 jobs. By comparison, nonfarm payrolls increased an average of 2.1 percent annually from 2011 through 2015, before declining 0.1 percent during 2016. Job losses during 2016 occurred mostly in energy-related job sectors that were adversely impacted by significant declines in oil prices during the same period.

During the 3 months ending September 2018—

- The mining, logging and construction sector led job growth, increasing by 4,000 jobs, or 8.2 percent, from a year earlier, to 52,500.
- Job growth was strong in the leisure and hospitality sector, up by 3,900, or 5.4 percent, to 76,500.
- The government sector was the largest sector in the metropolitan area, comprising 125,800 jobs, or nearly one-fifth of total nonfarm jobs; the government sector has been the largest job sector in the metropolitan area since 1990 (oldest available data).
- The average unemployment rate was 3.1 percent, down from 3.8 percent a year earlier.

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Job growth in the Oklahoma City area has been strong recently, with year-over-year increases of 2.0 percent or greater each month during 2018.



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	47,300
Tinker Air Force Base	Government	27,000
University of Oklahoma	Government	17,700

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

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



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The three largest employers in the metropolitan area—the State of Oklahoma, Tinker AFB, and OU—account for 13 percent of employment (excluding military personnel) in the metropolitan area and, as large government-sector employers, provide a degree of economic stability. Recent increases in oil prices contributed to payroll gains in the mining and logging subsector of 2,100 jobs, or 10.8 percent, to 21,300 jobs during the 3 months ending September 2018 compared with a year earlier. The construction subsector increased by 1,900 jobs, or 6.7 percent, partly because of numerous revitalization projects in the city of Oklahoma City funded by Metropolitan Area Projects, an economic development initiative passed by Oklahoma City voters, including a \$288-million Downtown Convention Center

in downtown Oklahoma City. The popularity of the National Basketball Association team, the Oklahoma City Thunder, and several new recreation venues throughout the metropolitan area contributed to an increase in jobs in the leisure and hospitality sector. Twelve new hotels, with a combined 1,200 rooms, were completed during the 12 months ending September 2018, partly in response to a growing tourism industry (CBRE Group, Inc.). More than 17,000 hotel rooms are currently in the metropolitan area, of which 2,800 are in downtown Oklahoma City, up from 1,400 in the downtown area in 2008, the year the Oklahoma City Thunder began its inaugural season (Oklahoma City Convention and Visitors Bureau).

## Sales Market Conditions

The sales housing market in the Oklahoma City metropolitan area is currently balanced, with an estimated vacancy rate of 1.9 percent, compared with the rate of 2.2 percent in April 2010, when conditions were soft. The inventory of homes for sale represented a 3.2-month supply in August 2018, down from a 3.4-month supply a year earlier and from a 5.4-month supply in 2010 (CoreLogic, Inc.). An expanding economy and the easing of home lending standards contributed to improved home sales market conditions compared with 2010. In September 2018, 2.1 percent of home loans in the metropolitan area were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status, the lowest percentage since

September 2002 (CoreLogic, Inc.). The percentage was also down from 2.4 percent in September 2017 and a peak of 5.1 percent in January 2010. New and existing home sales, including single-family homes, townhomes, and condominiums, increased by 3,225, or 12 percent, to 30,800 homes sold during the 12 months ending September 2018 compared with a year earlier, and the average price increased by \$3,550, or 2 percent, to \$190,500 (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). New and existing home sales increased an average of 6 percent annually from 2012 through 2014, before slowing to an average annual increase of 2 percent from 2015 through 2016 because of job losses during part of that period.

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**New home sales prices in the Oklahoma City area have increased or remained unchanged since September 2017, and the average sales price for an existing home has not declined since August 2010.**



Note: Includes single-family homes, townhomes, and condominiums. Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

**New home sales in the Oklahoma City area have increased during the past few months, following year-over-year declines each month for nearly 3 years, whereas existing home sales have increased since the spring of 2018.**



Note: Includes single-family homes, townhomes, and condominiums. Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst



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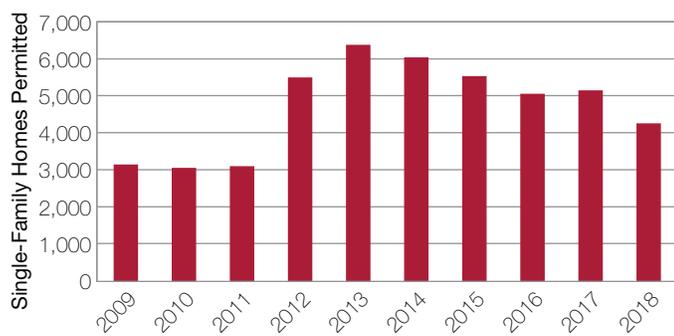
During the 12 months ending September 2018—

- The average price for new homes increased 3 percent to \$261,200, compared with a year earlier, and existing homes sold for an average price of \$180,000, up 2 percent.
- New home sales increased 4 percent to 3,825, and existing home sales increased 13 percent to 26,950.
- New home sales were particularly strong in suburban areas north of the city of Oklahoma City, where 290 new homes were sold, up 30 percent compared with a year earlier.
- Absentee-owner sales, which are primarily investment or second-home purchases, comprised a peak of 23 percent of total sales in the metropolitan area, up from 20 percent a year earlier.
- REO sales and short sales comprised a combined 1,800 homes, down 20 percent compared with a year earlier, and regular resale home sales increased 16 percent to 25,150.

Increased new and existing home sales and a growing economy in the Oklahoma City metropolitan area during the 12 months ending September 2018 contributed to an increase in single-family homebuilding activity, as measured by the number of homes permitted.

- During the 12 months ending September 2018, single-family home permitting activity increased 7 percent to 5,450 homes, compared with a 1-percent decrease a year earlier (preliminary data). From 2014 through 2016, the number of single-family homes permitted decreased an average of 7 percent annually.
- Single-family home construction peaked during 2013, with more than 6,350 homes permitted, of which more than

**Single-family permitting activity in the Oklahoma City area increased slightly in 2017 after declining 3 consecutive years.**

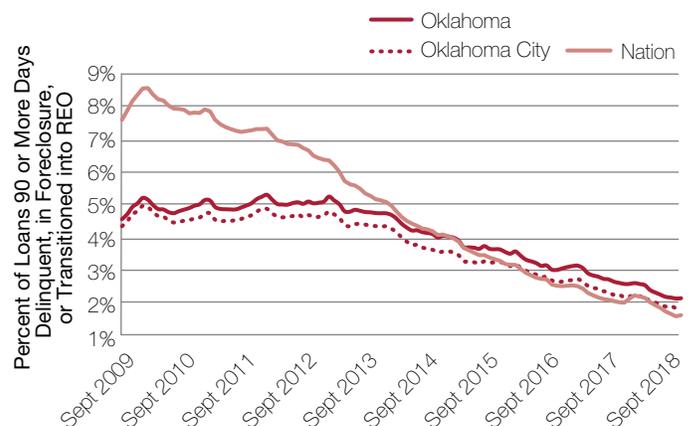


Notes: Includes preliminary data from January 2018 through September 2018. Source: U.S. Census Bureau, Building Permits Survey

25 percent were to replace approximately 1,600 homes destroyed during a tornado outbreak that occurred in late May 2013.

- In the city of Edmond, north of Oklahoma City, construction is currently under way at the Council Ridge residential community. During the 12 months ending September 2018, 40 new three- and four-bedroom homes, ranging in size from 1,500 to 1,950 square feet, sold for an average price of \$227,200. Of the 150 home sites platted at Council Ridge, approximately 25 residential lots remain available for construction.
- Also in Edmond, construction is under way at the Covell Valley residential community. Since the community opened in January 2016, 48 three- and four-bedroom homes, ranging in size from 1,950 to 2,550 square feet, have sold for an average price of \$352,500. Approximately 30 home sites remain available for construction at Covell Valley.
- In the city of Yukon, west of Oklahoma City in Canadian County, construction is under way at the Frisco Ridge residential community. Prices at Frisco Ridge range from \$216,100 to \$292,900 for three- and four-bedroom homes, ranging in size from 1,625 to 2,300 square feet. Approximately 40 new homes have sold at Frisco Ridge for an average price of \$267,600 since construction began in late 2017, and nearly 50 home sites of the 90 planned remain available for construction.

**The share of seriously delinquent loans and REO properties in the Oklahoma City area was below the rate in Oklahoma but was greater than the nation.**



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



## Apartment Market Conditions

Apartment market conditions in the Oklahoma City metropolitan area are currently soft, with an average vacancy rate of 7.0 percent during the third quarter of 2018, unchanged from a year earlier but down from a peak of 10.2 percent during the second quarter of 2010 (Reis, Inc.). The addition of an estimated 2,100 new apartment units since the fall of 2016 has contributed to average apartment vacancy rates of 7.0 percent or greater each quarter since the first quarter of 2017.

During the third quarter of 2018—

- The average apartment rent increased 2.9 percent to \$684 from a year earlier, compared with an average increase of 2.8 percent year-over-year during the same quarter from 2011 through 2016.
- The average apartment vacancy rates among Reis, Inc.-defined market areas in the metropolitan area ranged from 6.1 percent in the Midwest/Del City market area, east of the city of Oklahoma City and near Tinker AFB, to 8.6 percent in the West Central Oklahoma City market area.
- Average apartment rents ranged from \$583 in the West Central Oklahoma City market area to \$829 in the East Central Oklahoma City market area, which includes downtown Oklahoma City.
- The average vacancy rate for Class A apartments in the metropolitan area was 7.2 percent, down from 7.8 percent a year earlier, and the average vacancy rate for Class B/C apartments increased 0.3 percentage point to 6.9 percent.
- The average rents for Class A and B/C apartments increased 2.5 percent and 2.7 percent to \$831 and \$598, respectively.

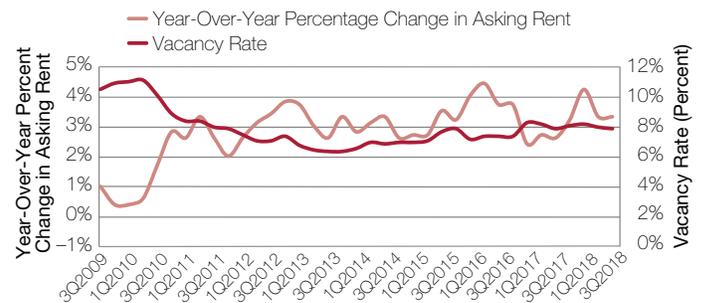
Multifamily construction activity, as measured by the number of multifamily units permitted, decreased in the Oklahoma City metropolitan area by 210 units, or 26 percent, to 590 units permitted during the 12 months ending September 2018, compared with the number permitted a year earlier (preliminary data, with adjustments by the analyst). An average of 2,375 multifamily units were permitted annually from 2012 through 2016, by comparison.

- An estimated 630 apartment units are currently under construction in the metropolitan area, mostly in downtown Oklahoma City.
- Construction is under way on the remaining 200 units of West Village, an apartment community in the Film Row District in downtown Oklahoma City that will have 350 units at buildout. Construction at West Village began in 2017 and is expected to be completed in the spring of 2019. Rents are \$1,150 for studio units and range from \$1,215 to \$1,550 for one-bedroom units, \$1,700 to \$2,800 for two-bedroom units, and \$2,025 to \$2,300 for three-bedroom units.
- The historic 32-story former First National Bank building, also in downtown Oklahoma City, is being converted into the \$230 million First National Center, which will include the 193-unit

Residences at First National apartments. First National Center will also include an Autograph Collection hotel. Construction on the First National Center exterior began in July 2018, and construction is slated to begin in early 2019 on the Residences at First National with the completion of the entire development expected in late 2020. Rents are expected to be \$1,625 for studio units and range from \$1,475 to \$4,000 for one-bedroom units, \$2,650 to \$4,500 for two-bedroom units, and start at \$4,000 for three-bedroom units.

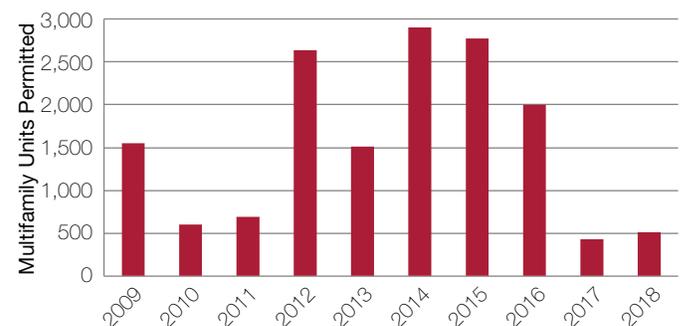
- In the city of Norman, south of Oklahoma City in Cleveland County, the 400-unit Cross on-campus student apartments is currently under construction and nearing completion. Units at Cross are restricted to sophomore, junior, and senior students enrolled at OU. Students enrolled at the 16 major universities in the metropolitan area account for approximately one-tenth of the total number of renter households.

**Rents in the Oklahoma City area have increased since the second quarter of 2010, and vacancy rates have been at or above 7.0 percent since the first quarter of 2017, but remain well below the peak level during the second quarter of 2010.**



Source: Reis, Inc.

**Multifamily construction activity in the Oklahoma City area has slowed significantly since 2017, compared with 2012 through 2016.**



Notes: Includes preliminary data from January 2018 through September 2018. Source: U.S. Census Bureau, Building Permits Survey, with adjustments by the analyst

