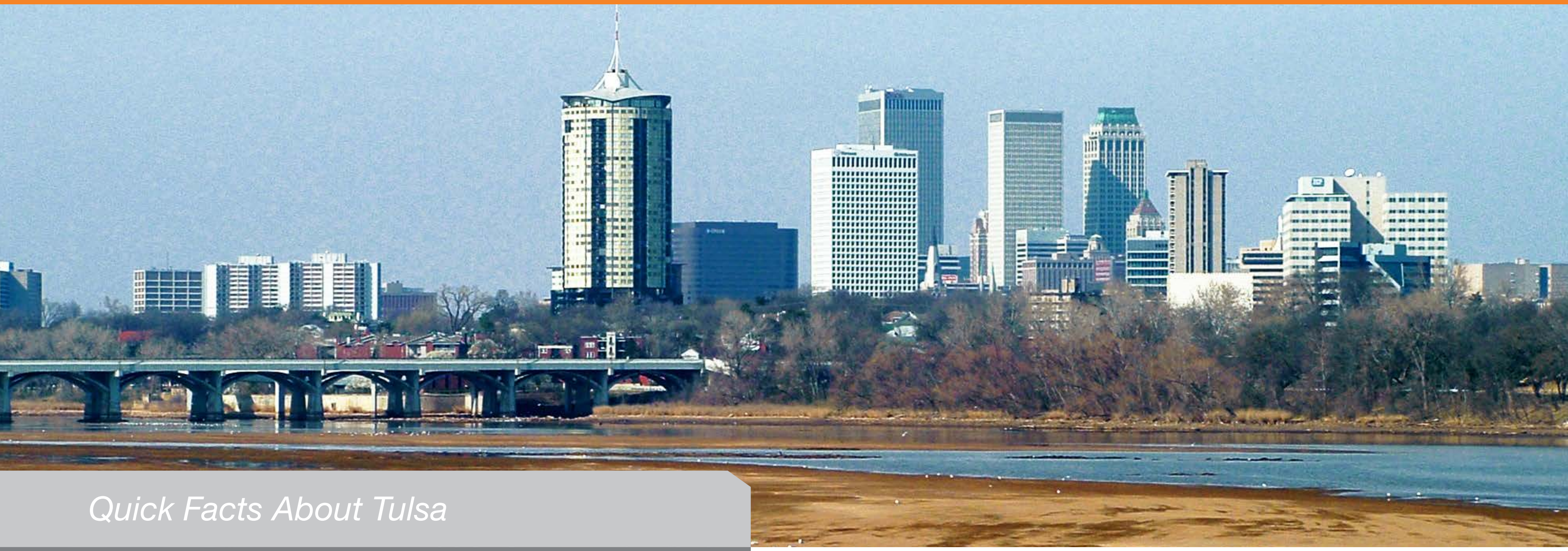
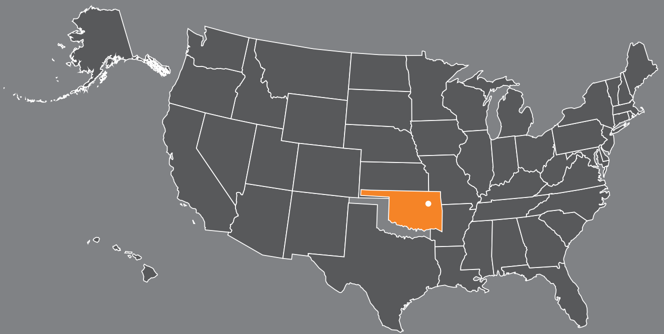
# HUD PD&R Housing Market Profiles

## Tulsa, Oklahoma



### Quick Facts About Tulsa

- **Current sales market conditions: slightly tight.**
- **Current apartment market conditions: balanced.**
- **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, 2016

## Overview

The Tulsa, OK Metropolitan Statistical Area (hereafter, the Tulsa metropolitan area) comprises seven counties in northeastern Oklahoma—Creek, Okmulgee, Osage, Pawnee, Rogers, Tulsa, and Wagoner—and includes the principal city of Tulsa. The metropolitan area was recently rated the most budget-friendly metropolitan area in the nation (ApartmentGuide.com). The metropolitan area was also rated the ninth best area in the nation for Hispanic entrepreneurs (WalletHub.com) based on its Hispanic business-friendliness and Hispanic purchasing power.

- As of June 1, 2016, the estimated population of the metropolitan area is 987,400.
- Since 2010, the population has increased by an average of 8,100, or 0.8 percent, annually compared with an average annual increase of 7,800, or 0.9 percent, during the 2000s.
- Net in-migration has accounted for about 48 percent of population growth since 2010 compared with 34 percent during the 2000s.
- Approximately two-thirds of the population in the metropolitan area resides in Tulsa County, and population growth in Tulsa County has accounted for four-fifths of the population increase in the metropolitan area since 2010.

In the Tulsa area, job growth occurred in 8 of 11 sectors, with job losses in several sectors affected by the recent downturn in the oil industry.

| | 3 Months Ending | | Year-Over-Year Change | |
|---|---|---|---|---|
| | May 2015 (thousands) | May 2016 (thousands) | Absolute (thousands) | Percent |
| Total nonfarm payrolls | 446.4 | 446.0 | – 0.4 | – 0.1 |
| Goods-producing sectors | 80.7 | 75.9 | – 4.8 | – 5.9 |
| Mining, logging, and construction | 29.7 | 30.3 | 0.6 | 2.0 |
| Manufacturing | 51.0 | 45.6 | – 5.4 | – 10.6 |
| Service-providing sectors | 365.7 | 370.1 | 4.4 | 1.2 |
| Wholesale and retail trade | 65.7 | 66.1 | 0.4 | 0.6 |
| Transportation and utilities | 21.3 | 21.6 | 0.3 | 1.4 |
| Information | 7.1 | 7.0 | – 0.1 | – 1.4 |
| Financial activities | 23.0 | 23.2 | 0.2 | 0.9 |
| Professional and business services | 59.5 | 57.0 | – 2.5 | – 4.2 |
| Education and health services | 68.9 | 70.4 | 1.5 | 2.2 |
| Leisure and hospitality | 42.5 | 46.2 | 3.7 | 8.7 |
| Other services | 18.1 | 18.1 | 0.0 | 0.0 |
| Government | 59.6 | 60.5 | 0.9 | 1.5 |
| | (percent) | (percent) | | |
| Unemployment rate | 4.1 | 4.6 | | |

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

# Economic Conditions

The economy of the Tulsa metropolitan area grew from 2011 through 2015, with job growth averaging 1.5 percent annually during the period. Payrolls have declined recently, however, primarily because of job losses in sectors strongly related to the gas and oil industry.

During the 3 months ending May 2016—

- Nonfarm payrolls decreased by 400 jobs, or 0.1 percent, from a year earlier to an average of 446,000 jobs.
- Relatively low oil prices, which began dropping sharply in the fall of 2014, contributed to declines in several sectors, including the manufacturing and the professional and business services sectors, which decreased by 5,400 and 2,500 jobs, or 10.6 percent and 4.2 percent, respectively.
- The mining, logging, and construction sector gained 600 jobs, or 2.0 percent, to 30,300. The construction subsector increased by 1,500 jobs, or 6.6 percent, to 24,100, but the mining and logging subsector decreased by 900 jobs, or 12.7 percent, to 6,200.
- Increased hiring occurred in the leisure and hospitality sector, which gained 3,700 jobs, or 8.7 percent, from a year earlier to reach 46,200 jobs.

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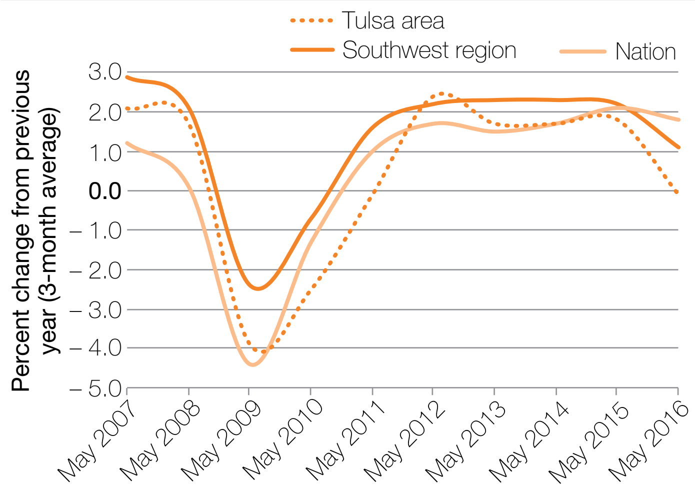
Payrolls in the Tulsa area had increased for several years before declining during the most recent 12 months.




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

Largest employers in the Tulsa area

| Name of Employer | Nonfarm Payroll Sector | Number of Employees |
|---|---|---|
| Saint Francis Health System | Education and health services | 8,400 |
| Wal-Mart Stores, Inc. | Wholesale and retail trade | 7,900 |
| St. John Health System | Education and health services | 7,000 |

Note: Excludes local school districts.
Source: Local chambers of commerce and employers

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The metropolitan area economy is expected to benefit from increased hiring in several sectors because of ongoing expansions scheduled to be complete during the next 2 years. In the city of Jenks, south of the city of Tulsa, an expansion is under way and expected to be complete in early 2017 at the River Spirit Casino Resort. The $329 million expansion includes a 483-room, 27-story hotel, a convention center, a theater, and a restaurant. When complete, the additions are expected to result in 800 new jobs. In the town of Catoosa, east of the city of Tulsa, construction of the $80 million Cherokee Outlets shopping center is expected to be complete by late 2017, resulting in 1,000 new jobs. Construction of the $350 million, 100-acre recreational park, A Gathering Place for Tulsa, near downtown Tulsa is currently under way and expected to be complete in 2017. The project, donated to the City of Tulsa River Parks Authority by the nonprofit George Kaiser Family Foundation, is expected to draw nearly 1 million visitors annually. The park will include numerous playgrounds and nature trails in addition to a lodge, boathouse, and cultural museum.

# Sales Market Conditions

The sales housing market in the Tulsa metropolitan area is currently slightly tight, with an estimated vacancy rate of 2.1 percent compared with the rate of 2.3 percent in April 2010. The inventory of homes for sale represented a 4.0-month supply in May 2016, up from 3.5 months a year earlier but down from a 7.0-month supply in 2010 (CoreLogic, Inc.). The easing of home mortgage-lending standards and, until recently, an expanding economy contributed to improved sales market conditions compared with conditions in 2010. Adjustable-rate mortgages, which can be used as a tool to qualify more borrowers, accounted for 8 percent of home loans in the metropolitan area during the 12 months ending May 2016 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) increased 2 percent from a year earlier, to 19,050 homes sold during the 12 months ending May 2016, but the average price decreased 1 percent, to $170,500 (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). By comparison, from 2011 through 2014, new and existing home sales increased an average of 8 percent annually, and the average home sales price increased an average of 2 percent annually. Moderating home sales and a decline in home sales prices during the 12 months ending May 2016 were partly because of decreased demand stemming from recent job declines.

During the 12 months ending May 2016—

- The average price for new homes increased by $4,900, or 1 percent, to $255,800 compared with the average price a year earlier, and existing homes sold for an average price of $161,500, down by $2,800, or 1 percent.
- New home sales decreased 1 percent, to 1,800 homes, and existing home sales totaled 17,250, an increase of 2 percent compared with a year earlier.
- Real estate owned (REO) and short sales comprised a combined 2,750 homes, up by 260, or 10 percent, from a year earlier, but the average price for REO and short sales was down by $580, or 1 percent, to $106,200.

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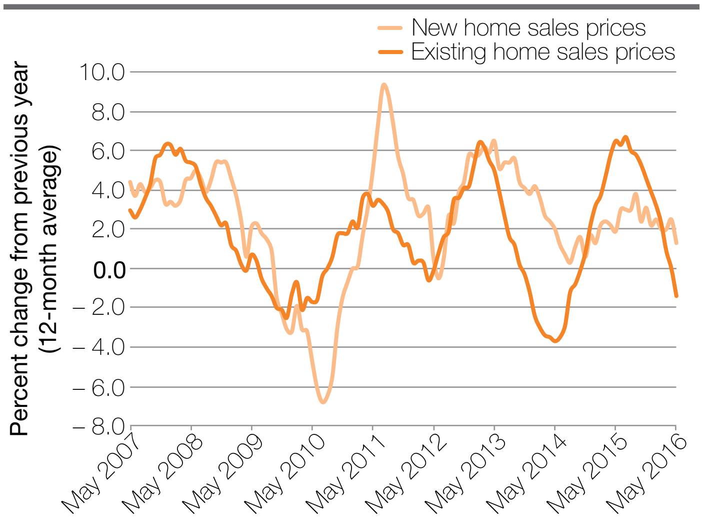
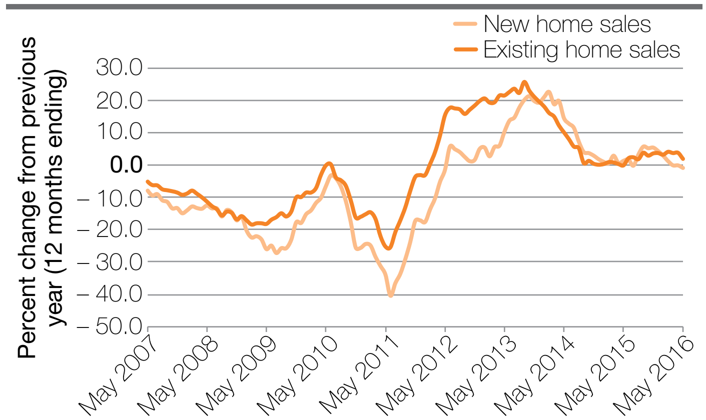
## Existing home sales prices in the Tulsa area recently decreased for the first time since the fall of 2014, but new home sales prices have increased since the summer of 2012.




Note: Includes single-family homes, townhomes, and condominiums.
Source: Metrostudy, A Hanley Wood Company

## New home sales in the Tulsa area declined recently, but existing home sales have increased every month since the summer of 2015.




Note: Includes single-family homes, townhomes, and condominiums.
Source: Metrostudy, A Hanley Wood Company

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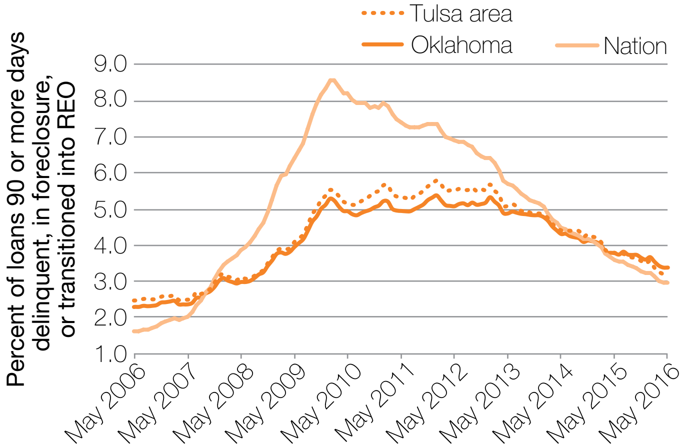
- The share of seriously delinquent loans (90 or more days delinquent or in foreclosure) and REO properties was 3.2 percent compared with 3.8 percent a year earlier and a peak level of 5.8 percent in January 2012.

Decreased new home sales and an increased supply of for-sale home inventory in the Tulsa metropolitan area during the 12 months ending May 2016 contributed to a decrease in single-family homebuilding activity, as measured by the number of homes permitted.

- During the 12 months ending May 2016, single-family home permitting decreased by 100, or 3 percent, to 2,875 homes compared with an average annual increase of 14 percent the previous 3 years.

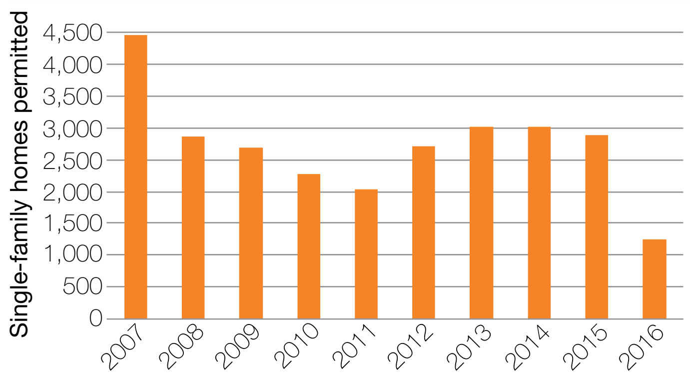
Recent trends in the share of seriously delinquent loans and REO properties in the Tulsa area were similar to those of the state of Oklahoma and the nation.




REO = real estate owned.
Source: CoreLogic, Inc., with adjustments by the analyst

- Single-family home construction in the 2010s peaked during 2013 and 2014 at 3,025 homes permitted each year.
- Construction is currently under way at the Spring Creek of Broken Arrow residential community in the city of Broken Arrow. During the 12 months ending May 2016, 41 new three- and four-bedroom homes, ranging in size from 1,900 to 3,700 square feet, sold for an average price of $295,000. Approximately 80 home sites remain available for construction.
- In the city of Owasso, construction is under way at Carrington Pointe. During the 12 months ending May 2016, 47 three- and four-bedroom homes, ranging in size from 1,600 to 3,000 square feet, sold for an average price of $227,000. Approximately 140 home sites are available for construction at the development.

Single-family home permitting activity in the Tulsa area decreased significantly in 2008 and has since remained well below 2007 levels.




Note: Includes preliminary data from January 2016 through May 2016.
Source: U.S. Census Bureau, Building Permits Survey

# Apartment Market Conditions

Apartment market conditions in the Tulsa metropolitan area are currently balanced, with an average vacancy rate during the first quarter of 2016 of 5.2 percent, up from 5.0 percent a year earlier but well below a high of 9.8 percent during the second quarter of 2010 (Reis, Inc.). Increased renter household growth, stemming from a greater propensity to rent and, until recently, an expanding economy, contributed to the decline in vacancy rates compared with 2010.

During the first quarter of 2016—

- The average apartment rent increased 2.8 percent, to $667, from a year earlier, compared with an average increase of 2.3 percent annually the previous 5 years.
- Apartment vacancy rates ranged from 4.2 percent in the Reis, Inc.-defined market area (hereafter, area) of East-Broken Arrow to 11.7 percent in the Arkansas River-Southwest area; both market areas are in Tulsa County.
- Average apartment rents ranged from $603 in the East-Broken Arrow area to $695 in the Central Tulsa area.
- The average vacancy rate for Class A apartments in the metropolitan area was 7.3 percent, up from 6.1 percent a year earlier, and the average rent for Class A apartments increased 2.6 percent, to $837.

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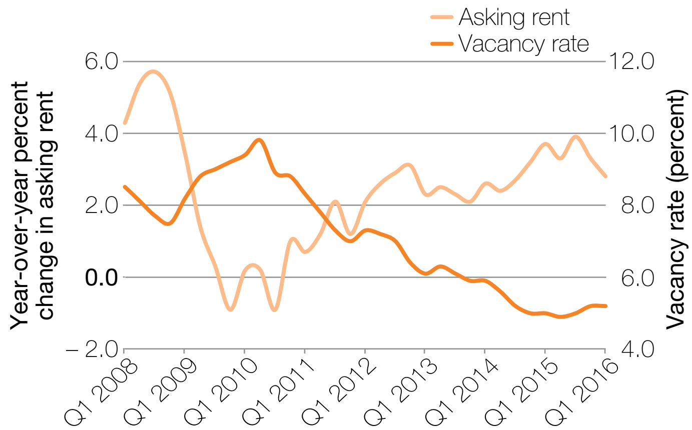
Multifamily construction activity, as measured by the number of units permitted, totaled 1,025 during the 12 months ending May 2016, down 13 percent from a year earlier and representing a 24-percent decrease compared with the average number of units permitted annually from 2011 through 2014.

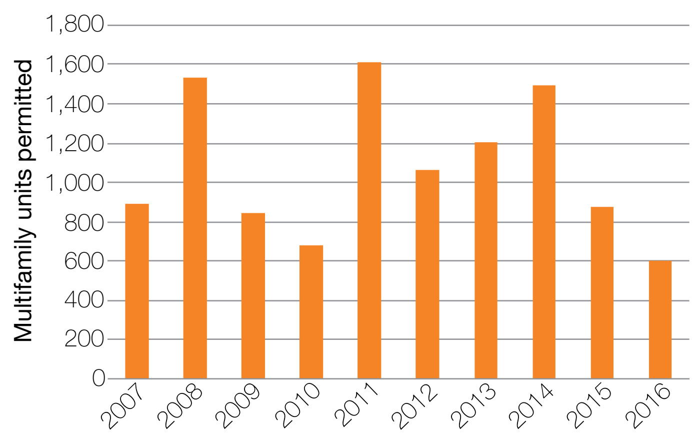
- An estimated 1,225 apartment units are currently under construction in the metropolitan area.
- The Creekside Apartments in Broken Arrow is currently under construction and expected to be complete in the fall of 2016. Proposed rents at the 248-unit development range from $769 to $950 for one-bedroom units and are $999 for two-bedroom units and $1,299 for three-bedroom units.
- The Icon at Broken Arrow, a 236-unit apartment community, is also slated to be complete in the fall of 2016. Proposed rents range from $779 to $969 for one-bedroom units and from $939 to $1,149 for two-bedroom units.
- In downtown Tulsa, The Edge of East Village apartment community is scheduled to be complete in August 2016. The four-story, 161-unit development will offer units at rents ranging from $1,110 to $1,340 for one-bedroom units and from $1,680 to $2,010 for two-bedroom units.
- Also in downtown Tulsa, existing office space is currently being converted into the 93-unit, nine-story, Meridia Apartments. When complete, the building is expected to offer one-, two-, and three-bedroom units with rents starting at $1,099. Some units are expected to be available for occupancy in the summer of 2016, with all renovations expected to be complete by the spring of 2017.

## The average rent in the Tulsa area has increased each quarter since the fourth quarter of 2010, and the vacancy rate remained significantly below the peak level in the second quarter of 2010.




Source: Reis, Inc.

## Multifamily unit permitting activity in the Tulsa area has fluctuated since 2007, with annual permitting ranging from fewer than 700 units in 2010 to more than 1,600 the next year.




Note: Includes preliminary data from January 2016 through May 2016.
Source: U.S. Census Bureau, Building Permits Survey, with adjustments by the analyst