Tulsa, Oklahoma

The Tulsa metropolitan area consists of seven counties in northeastern Oklahoma and includes the principal city of Tulsa. As of April 1, 2009, the population of the metropolitan area is estimated to be 922,000. During the past year, the population increased by 1 percent, or 9,200, with net in-migration accounting for approximately one-third of the total growth. In comparison, the population grew by an average of 10,200, or 1.2 percent, annually between 2005 and 2008. Tulsa County, with more than 600,000 people, accounts for almost two-thirds of the population of the entire metropolitan area. With a population of more than 400,000, the city of Tulsa is the second largest city in Oklahoma behind Oklahoma City.

Once known as “the oil capital of the world,” the metropolitan area now has a much more diversified economy, partly because of an increased presence of aerospace-related industries. American Airlines is the leading employer in the metropolitan area, with more than 7,000 workers, and is one of more than 300 firms providing 32,000 aerospace-related jobs in the metropolitan area. Aerospace-related activities generate an estimated annual economic impact on the metropolitan area of $3.3 billion, according to the Tulsa Metro Chamber. Other leading employers in the metropolitan area include Saint Francis Health System, with 6,900 employees, and St. John Health System, with approximately 6,500 employees.

The metropolitan area economy has expanded every year since 2005, although the pace of growth slowed during the past year. During the 12 months ending February 2009, nonfarm employment averaged 435,100 jobs, up 5,800, or 1.3 percent, compared with the number of nonfarm jobs recorded during the same period a year ago. During the 12-month periods ending February of each year between 2005 and 2008, nonfarm employment increased by an annual average of 2.7 percent. Although employment increased in almost every sector during the past 12 months, gains were greatest in the construction, manufacturing, and education and health services sectors. Several publicly funded projects throughout Tulsa County contributed to a 4.5-percent increase in construction employment, or 1,000 additional jobs. In September 2008, the BOK Center, a 19,200-seat arena, was completed at a cost of $196 million. During the past 12 months, employers in the manufacturing sector added 900 jobs, or 1.7 percent, due partly to 500 new jobs resulting from facility renovations at Spirit AeroSystems, Inc., an aerospace-related manufacturer. During the same period, expansions at several medical facilities caused the education and health services sector to grow by 800 jobs, or 1.4 percent. During the 12 months ending February 2009, the average unemployment rate was 4.2 percent, up from 4 percent during the same period a year ago.

Conditions in the metropolitan area home sales market are currently somewhat soft compared with the balanced conditions that existed a year ago. According to the Greater Tulsa Association of REALTORS®, during the 12 months ending February 2009, the number of new and existing home sales decreased by 1,950, or 15 percent, to 10,900 homes sold compared with the number sold during the previous 12-month period. Sales posted during the most recent 12-month period were 33 percent lower than the record 16,300 homes sold during the 12-month period ending August 2006. The primary reason for sales volume decline during the past year was tighter lending standards. During the 12 months ending February 2009, the inventory of unsold homes increased by an average of 350 homes, or 4 percent, to 8,425 compared with the inventory during the same period a year earlier and the average sales price increased by $4,600, or 3 percent, to $158,800. In response to the slower pace of sales, single-family home construction, as measured by the number of single-family building permits issued, decreased by 1,700, or 39 percent, to 2,650 homes. Between 2005 and 2007, an average of nearly 4,800 single-family homes were permitted annually. An estimated 400 single-family homes are currently under construction, down from an estimated 840 under construction a year ago.

Multifamily construction, as measured by the number of units permitted, totaled 1,025 units during the 12 months ending February 2009, up from 450 units permitted during the same period a year ago. Between 2005 and 2007, an average of 570 units a year were permitted. Nearly all multifamily units permitted during the most recent 12-month period were for rental apartments. An estimated 700 apartments are currently under construction and expected to be completed this year. In addition, approximately 1,000 units are in the pipeline in the metropolitan area and expected to come on line during the next 3 years. Several warehouse and hotel conversions are also under way or in the pipeline and will result in more than 300 additional rental units in the downtown Tulsa area during the next 3 years. The $30 million conversion of the Mayo Building into...
the Mayo 420 began in September 2008 and is expected to be completed in early 2010. The project includes 67 loft apartments with rents starting at $700. The 18-story Mayo Hotel, another downtown conversion project, is also under way. When it is completed in late 2009, the estimated $40 million rehabilitation will include 100 hotel rooms and 72 loft apartments with reasonably priced rents averaging about $1 per square foot; the smallest units are about 730 square feet.

The metropolitan area rental housing market remained somewhat soft as of March 2009, although conditions improved slightly compared with those recorded a year ago. The improvement is primarily attributed to stable demand for rental housing stemming from population and employment growth and to reduced competition from the sales housing market. According to Reis, Inc., the first quarter 2009 apartment vacancy rate was 8.3 percent, down slightly from 8.5 percent during the same quarter in 2008. During the first quarter of 2009, the average rent increased by 3.6 percent to $580 while the percentage of complexes offering concessions remained unchanged at about 25 percent compared with same period a year ago. Typical rental concessions include 1 month’s free rent on new 12-month leases.