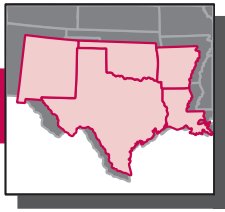


Housing Market Profile



Southwest • HUD Region VI

Oklahoma City, Oklahoma

The Oklahoma City metropolitan area, which comprises seven counties in central Oklahoma, includes Oklahoma City, the state capital; Tinker Air Force Base (AFB); and the University of Oklahoma (OU). As of October 1, 2012, the population was an estimated 1.3 million, representing an average annual increase of 17,800, or 1.4 percent, since April 2010, which is down from the average annual growth rate of 1.6 percent recorded during the previous 3 years. The metropolitan area includes the cities of Oklahoma City, Norman, and Edmond, with estimated populations as of October 1, 2012, of 602,000, 115,000, and 84,600, respectively. Students are drawn to the 16 public universities in the metropolitan area, and the strong local economy and low unemployment rate attract jobseekers.

During the 12 months ending August 2012, nonfarm payrolls reached a record-high 579,500 jobs, increasing by 13,000, or 2.3 percent, compared with the gain of 2.0 percent recorded a year earlier. By contrast, from 2008 through 2010, nonfarm payrolls decreased by an average of 8,800 jobs, or 1.5 percent, annually. During the 12 months ending August 2012, the wholesale and retail trade sector led job growth, increasing by 4,300 jobs, or 5.1 percent, to 88,100, with the retail trade subsector accounting for nearly 80 percent of these gains. The professional and business services sector added 3,800 jobs, a 5.3-percent increase to 76,500, in part because of gains in the local aerospace industry, including 400 new engineering positions at The Boeing Company. Reflecting price increases in the oil and natural gas industry, the mining and logging subsector gained 2,200 jobs, a 13.8-percent increase to 18,300. The manufacturing sector reached 34,000 jobs, up by 2,000, or 6.4 percent, reflecting increased durable goods production catering to the growing oil and natural gas industry. During the 12 months ending August 2012, the unemployment rate averaged 5.2 percent, down from 5.8 percent a year earlier. The unemployment rate increased from 3.8 percent in 2008 to 6.5 percent by 2010 as a result of the national economic downturn.

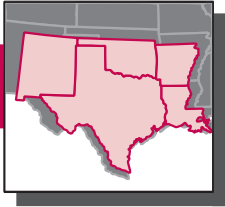
The government sector, with a total of 118,000 jobs during the 12 months ending August 2012, accounted for more than one-fifth of all nonfarm jobs in the metropolitan area. The State of Oklahoma is the largest employer, with 42,100 workers, followed by OU, with 16,500 full-time employees. According to the OU Community Impact Report 2012, OU has an annual economic impact on the

metropolitan area of nearly \$1.8 billion. Tinker AFB, with 12,500 civilian employees and 8,600 permanent military personnel, is the third largest employer. According to the U.S. Department of Defense, Tinker AFB generates a local economic impact of nearly \$3 billion annually.

Home sales market conditions in the Oklahoma City metropolitan area are currently slightly soft but improving. The estimated vacancy rate is 2.0 percent compared with the rate of 2.2 percent as of April 2010. During the 12 months ending September 2012, new and existing home sales increased by an estimated 2,600, or 19 percent, to 16,600 homes sold compared with the number sold a year ago, and the average price increased by \$4,000, or 3 percent, to \$164,000, based on data from the OKC Metropolitan Association of REALTORS®. Home sales are still more than 10 percent below the peak level of 18,500 homes sold during 2006 through 2008. During the 12 months ending September 2012, reflecting improving sales market conditions, the unsold inventory declined to a 7-month supply compared with the 10-month supply of a year earlier. According to LPS Applied Analytics, as of August 2012, 5.3 percent of home loans in the metropolitan area were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), up slightly from 4.9 percent a year earlier.

Builders responded to gains in home sales in the metropolitan area by increasing homebuilding activity, as measured by the number of single-family building permits issued. Based on preliminary data, home construction increased by 1,650, or 55 percent, to 4,625 homes permitted during the 12 months ending August 2012 compared with the 3,000 homes permitted a year earlier, the fewest recorded since 1991. Permitting peaked during the 2003-through-2006 period at an average of 7,400 homes annually. Construction is currently under way at several residential developments throughout the metropolitan area. In Edmond, construction began in July 2012 on 78 townhomes at the Porches at Arbor Creek. Homes in this development, which range in size from 1,200 to 1,400 square feet, are priced between \$169,500 and \$205,500. Construction at the Park Place residential community, 4 miles north of the OU campus in Norman, is also under way. More than 130 new homes, ranging in size from 1,800 to 2,100 square feet, have sold at Park Place at an average price of \$165,000; approximately 100 lots remain available for sale.

Rental market conditions in the Oklahoma City metropolitan area have tightened but remain slightly soft. As of October 1, 2012, the overall rental vacancy rate was



an estimated 8.0 percent compared with the rate of 10.4 percent in April 2010. According to Reis, Inc., the apartment vacancy rate was 6.3 percent during the second quarter of 2012 compared with the rates of 7.5 percent and 10.2 percent recorded during the same periods in 2011 and 2010, respectively. The average apartment rent increased during the second quarter of 2012 to \$580, up 3 percent compared with the rent a year earlier. Continued population and household growth and an increased preference for renting resulted in greater demand for rental units. Tight mortgage lending standards contributed to the recent preference shift. The rental housing market is significantly influenced by the 16 universities in the metropolitan area. Approximately 70,400, or 88 percent, of the 80,000 students enrolled reside in the local housing market. In Norman, the average apartment vacancy rate is an estimated 3 percent in the neighborhoods surrounding OU's main campus.

Multifamily construction activity, as measured by the number of units permitted, was unchanged during the 12 months ending August 2012 at about 900 units compared with the number permitted a year earlier, based on preliminary data and according to local sources. Multifamily construction activity has historically fluctuated in the area, ranging from 660 units permitted in 2008 to 1,625 units permitted in 2004. Approximately 700 units are currently under construction in the metropolitan area, including 244 units at The Grove at Norman, near the OU main campus in Norman. Construction began at the project in the spring of 2012 and is expected to be complete by the spring of 2013. In downtown Oklahoma City, construction of the 4-story, 228-unit LEVEL Urban Apartments finished in August 2012. The project was 100 percent leased up at the opening, with rents ranging from \$850 to \$1,160 for one-bedroom units and from \$1,270 to \$1,520 for two-bedroom units.