

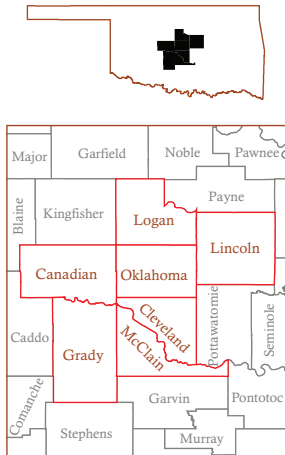


Oklahoma City, Oklahoma

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of October 1, 2009



Housing Market Area



The Oklahoma City, Oklahoma Housing Market Area (HMA) is coterminous with the Oklahoma City Metropolitan Statistical Area and comprises Canadian, Cleveland, Grady, Lincoln, Logan, McClain, and Oklahoma Counties in central Oklahoma. The HMA includes the state capital of Oklahoma City, The University of Oklahoma (OU), and Tinker Air Force Base (TAFB), all of which have contributed to the economic stability and growth of the area.

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Summary

Economy

In the Oklahoma City HMA, economic expansion that had continued since 2003 moderated during the past year. During the 12 months ending September 2009, nonfarm employment decreased by an average of 2,500 jobs, or 0.4 percent, to 572,000 jobs compared with an increase of 1.6 percent during the same period the previous year. During the 3-year forecast period, nonfarm employment is expected to increase by an average of less than 1.0 percent annually.

Sales Market

Sales housing market conditions in the HMA were moderately soft during the 12 months ending September 2009, with the sales vacancy rate currently estimated at 2.1 percent. For the 12 months ending September 2009, home sales declined almost 13 percent compared with sales during the previous 12 months, and the average sales price decreased more than 3 percent to \$149,500. Demand for 11,400 new sales housing units is forecast for the next 3 years (see Table 1). Since 2000, the other vacant housing supply has increased by more than 13,000 units to an estimated 32,000. A portion of these units will likely reenter the sales

market and satisfy some of the demand during the forecast period.

Rental Market

Conditions in the HMA rental housing market remained soft during the 12 months ending September 2009 and were unchanged from a year earlier. The current rental vacancy rate is estimated at 10 percent. Excess new and converted housing supply and moderate household and employment growth are the primary reasons for the continued soft rental market conditions. During the forecast period, rental units under construction and in the pipeline are expected to satisfy demand (see Table 1).

Table 1. Housing Demand in the Oklahoma City HMA, 3-Year Forecast, October 1, 2009 to October 1, 2012

	Oklahoma City HMA	
	Sales Units	Rental Units
Total Demand	11,400	0
Under Construction	600	600

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of October 1, 2009. A portion of the estimated 32,000 other vacant units in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Economic Conditions

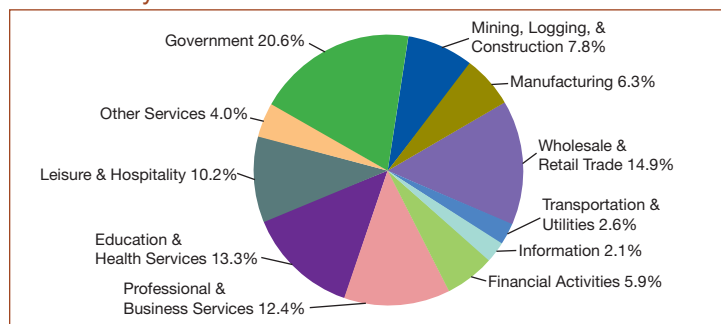
As home to the state capital, the Oklahoma City HMA economy is heavily dependent on the government sector, which accounts for about one-fifth, or 117,600, of all nonfarm jobs in the HMA (see Figure 1). The State of Oklahoma is the leading employer with more than 38,000 workers, according to the Greater Oklahoma City Chamber (see Table 2). The second leading employer in the HMA is TAFB. According to the U.S. Department of Defense, TAFB has 12,500 civilian employees and 8,500 permanent military personnel. The annual payroll at TAFB is approximately \$1.2 billion. The third leading employer is OU, with a combined 10,200 full-time employees at its main campus in Norman and its Health Sciences Center near downtown Oklahoma City, according to OU's Institutional Research and Reporting.

Approximately 25,400 students are enrolled full time at OU's main campus and Health Sciences Center. According to the OU Community Impact Report 2008, OU has an annual payroll of nearly \$800 million annually.

Throughout the 1990s and most of the 2000s, the economy of the HMA expanded, with job growth occurring every year except during periods correlated with national economic downturns. Economic growth was especially strong between 2004 and 2007. During this period, nonfarm employment increased by an average of 9,800 jobs, or 1.8 percent, annually, led by strong gains in the mining, logging, and construction sector, which increased by 2,600 jobs, or 7.6 percent, annually. More than 60 percent of the gains occurred in the oil and gas industry. Sharp price increases for oil and natural gas resulted in an average increase of more than 1,700 jobs, or 17.7 percent, annually. Job growth in the construction subsector occurred at an average of 1,275 jobs, or 4 percent, annually, partly due to numerous revitalization-related projects near the downtown Oklahoma City area. Revitalization efforts totaling more than \$1.5 billion included the construction of a new minor league baseball field, four hotels, a sports arena, three museums, and a pedestrian canal. A total of 10 residential developments, with approximately 2,200 units, were also completed in the downtown area during this period.

During the 12-month period ending September 2009, nonfarm employment decreased by an average of 2,500 jobs, or 0.4 percent, compared with a 1.6-percent gain during the same period in 2008 (see Table 3).

Figure 1. Current Employment in the Oklahoma City HMA, by Sector



Note: Based on 12-month averages through September 2009.

Source: U.S. Bureau of Labor Statistics

Table 2. Major Employers in the Oklahoma City HMA

Name of Employer	Employment Sector	Number of Employees
State of Oklahoma	Government	38,000
Tinker Air Force Base	Government	12,500
The University of Oklahoma	Government	10,200
INTEGRIS Health, Inc.	Education & Health Services	9,200
Federal Aviation Administration	Government	6,500
OGE Energy Corp.	Mining, Logging, & Construction	3,400
AT&T	Professional & Business Services	3,000
Chesapeake Energy Corporation	Mining, Logging, & Construction	3,000
Mercy Health System of Oklahoma	Education & Health Services	2,750
Devon Energy Corporation	Mining, Logging, & Construction	2,600

Source: Greater Oklahoma City Chamber

The professional and business services sector lost more jobs than any other sector, declining by an average of 4,600 jobs, or 6.1 percent, compared with a 2.3-percent increase a year earlier. Decreased hiring in the employment services subsector and widespread job losses in the business support services subsector contributed to the decline. Declining employment during the past year resulted in an increase in the unemployment rate from an average of 3.6 percent a year earlier to a current 12-month average rate of 5.4 percent. See Figure 2 and Table DP-1 for trends in the labor

force, resident employment, and unemployment rate since 1990.

Partly offsetting job losses in the HMA during the past year were gains in the government, leisure and hospitality, and mining, logging, and construction sectors. Stemming primarily from numerous tribally owned casino and hotel expansions, employment in the government sector increased by an average of 1,500 jobs, or 1.3 percent, during the 12-month period ending September 2009, compared with a 0.6-percent gain a year earlier. The leisure and hospitality sector added 1,400 jobs, or 2.5 percent, due in part to an increase in staffing at new venues in and around downtown Oklahoma City. Renovations totaling \$120 million are currently under way at the Ford Center to accommodate the newly acquired National Basketball Association team, the Oklahoma City Thunder. The tourism industry in the HMA supported 33,700 jobs and generated \$2.5 billion in revenues in 2008, increasing by an average of 7.5 percent annually since 2006, according to the Oklahoma Tourism and Recreation Department. Increased hiring also occurred in the mining, logging, and construction sector during the 12 months ending September 2009, gaining an average of 1,200 jobs, or 2.8 percent, compared with a gain of

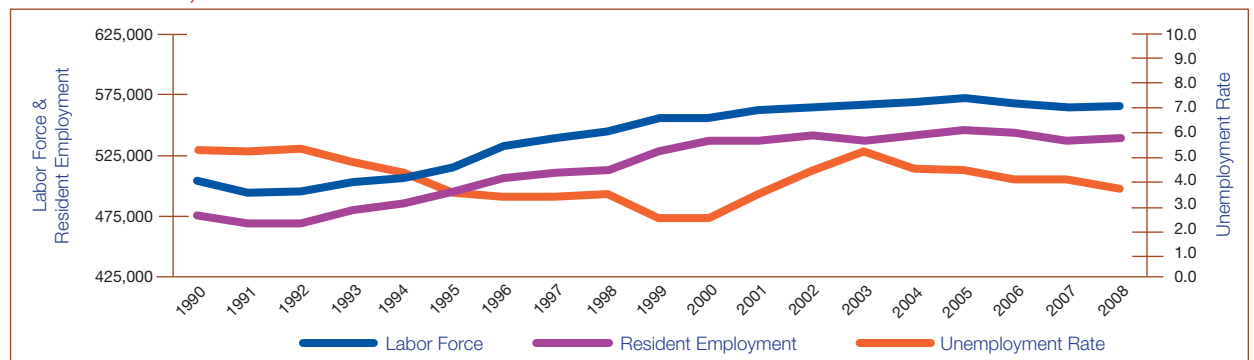
Table 3. 12-Month Average Employment in the Oklahoma City HMA, by Sector

	12 Months Ending September 2008	12 Months Ending September 2009	Percent Change
Total Nonfarm Employment	574,500	572,000	- 0.4
Goods Producing	80,300	80,400	0.1
Mining, Logging, & Construction	43,200	44,400	2.8
Manufacturing	37,100	36,000	- 3.0
Service Providing	494,200	491,700	- 0.5
Wholesale & Retail Trade	85,300	85,200	- 0.1
Transportation & Utilities	15,400	14,800	- 3.9
Information	12,600	12,300	- 2.4
Financial Activities	34,100	33,600	- 1.5
Professional & Business Services	75,500	70,900	- 6.1
Education & Health Services	74,900	76,000	1.5
Leisure & Hospitality	56,800	58,200	2.5
Other Services	23,400	23,100	- 1.3
Government	116,100	117,600	1.3

Notes: Based on 12-month averages through September 2008 and September 2009. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

Figure 2. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Oklahoma City HMA, 1990 to 2008



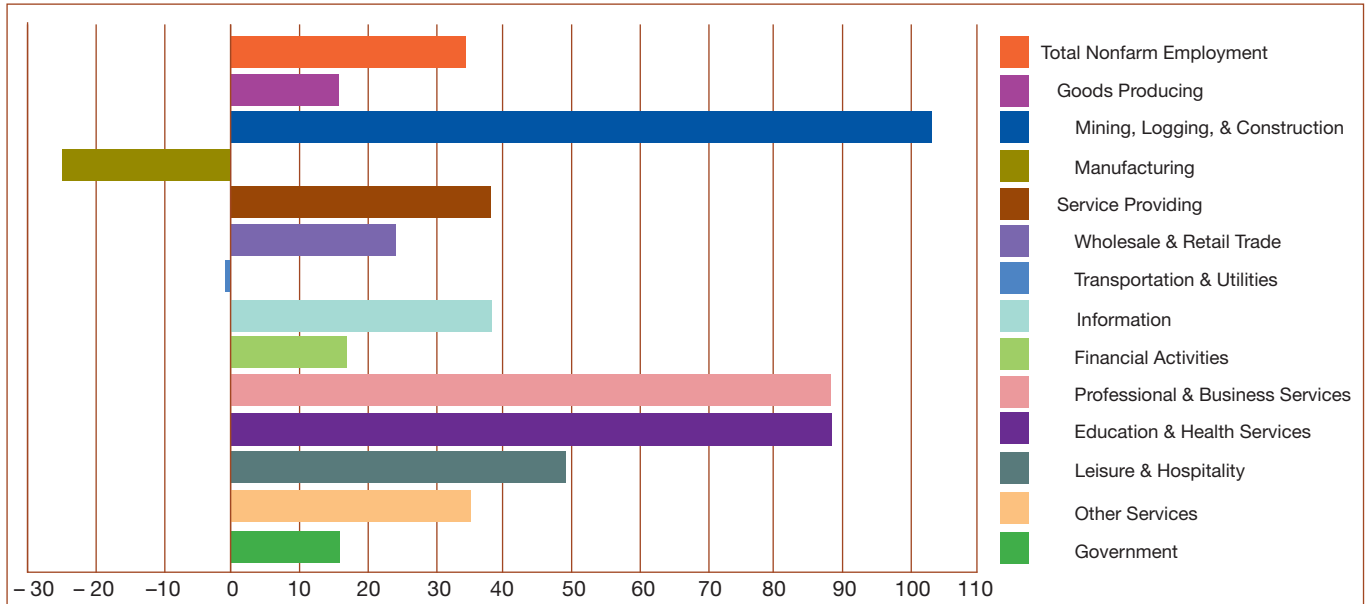
Source: U.S. Bureau of Labor Statistics

7 percent during the same period a year earlier. An average gain of 1,100 jobs, or 7 percent, occurred in the mining and logging subsector, while a significant decline in single-family homebuilding caused the construction subsector to moderate to an increase of 100 jobs, or 0.3 percent, down from a 4.4-percent increase the previous year. Figure 3 illustrates the growth in each sector since 1990.

During the forecast period, the number of nonfarm jobs is expected to grow slowly with an average increase of less than 1 percent annually. Hiring is expected to occur as a result of construction at the new headquarters

of Devon Energy Corporation, the 50-story Devon Tower in downtown Oklahoma City. According to an economic impact study sponsored by Oklahoma City, more than 12,000 new construction jobs are anticipated during the development stage of the tower, which began in October 2009 and is expected to be completed in 2013. Costs to build the tower and surrounding infrastructure are projected to total more than \$900 million. Construction for additional revitalization efforts totaling nearly \$800 million, including a new convention center and streetcar system, is expected to begin in the spring of 2010 and be completed by 2017.

Figure 3. Sector Growth in the Oklahoma City HMA, Percentage Change, 1990 to Current



Note: Current is based on 12-month averages through September 2009.

Source: U.S. Bureau of Labor Statistics

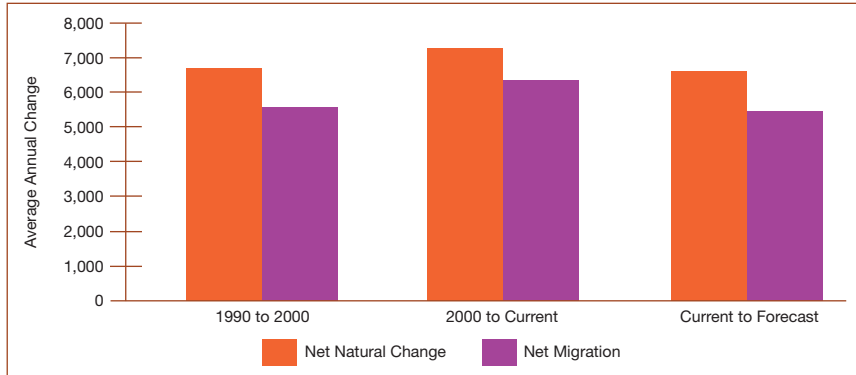
Population and Households

The current population of the Oklahoma City HMA is an estimated 1.2 million, an average increase of 13,550, or 1.2 percent, annually since 2000. During this period, nearly one-half of the population

growth was due to net in-migration, stemming mostly from job growth. The population growth was greatest in Oklahoma and Cleveland Counties, with average annual increases of 5,600 and 4,000, or 0.7 and 1.5 percent, respectively. Oklahoma City, with an estimated population of 560,000, is the most populous city in Oklahoma; approximately 83 percent of the Oklahoma City population is located in Oklahoma County and the remainder is in Canadian and Cleveland Counties. In Cleveland County, the city of Norman, with an estimated population of 110,000, is the second largest city in the HMA; it houses the main campus of OU. Figure 4 shows components of population change in the HMA from 1990 to the forecast date.

Population growth in the HMA was strongest from 2005 through 2008, with the population increasing by an average of 16,500, or 1.4 percent, annually, reflecting improved economic conditions following the economic downturn early in the decade. The population growth peaked at about 18,800 people in 2006. The current economic downturn is expected to cause a moderation of population growth in the HMA during the next 3 years; growth is expected to average 12,000 people, or 1 percent, annually. Since 2000, the number of households in the HMA has increased by an average of 4,375, or 1.0 percent, annually to a total of 471,300 households. Figure 5 shows the number of households by tenure. During the forecast period, the number of households in the HMA is expected to increase by an average of 4,475, or nearly 1 percent, annually, as illustrated in Figure 6.

Figure 4. Components of Population Change in the Oklahoma City HMA, 1990 to Forecast



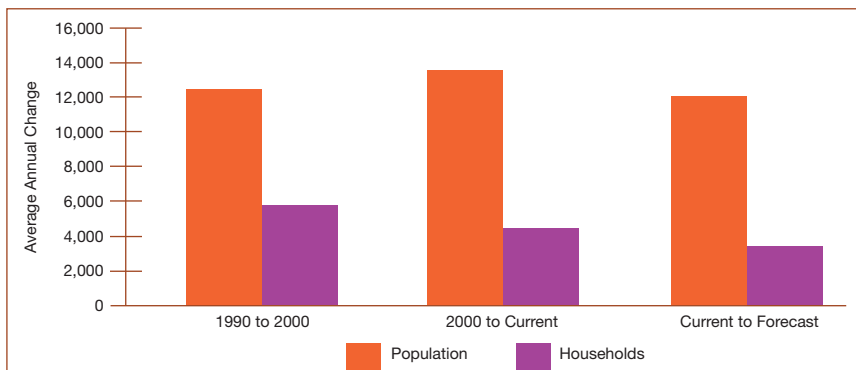
Sources: 1990 and 2000—1990 Census and 2000 Census; current and forecast—estimates by analyst

Figure 5. Number of Households by Tenure in the Oklahoma City HMA, 1990 to Current



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

Figure 6. Population and Household Growth in the Oklahoma City HMA, 1990 to Forecast



Sources: 1990 and 2000—1990 Census and 2000 Census; current and forecast—estimates by analyst

Housing Market Trends

Sales Market

Sales housing market conditions in the Oklahoma City HMA are currently moderately soft, unchanged from a year earlier. Stricter lending standards and moderating economic conditions were the primary reasons for the decline in home sales during the past 2 years. According to the OKC Metro Association of REALTORS®, during the 12 months ending September 2009, new and existing home sales decreased by 2,250, or 13 percent, to 15,200 homes compared with home sales during the same period a year earlier. This total was also 27 percent lower than the record 20,900 homes sold during the 12-month period ending June 2006, when job growth averaged 2.4 percent.

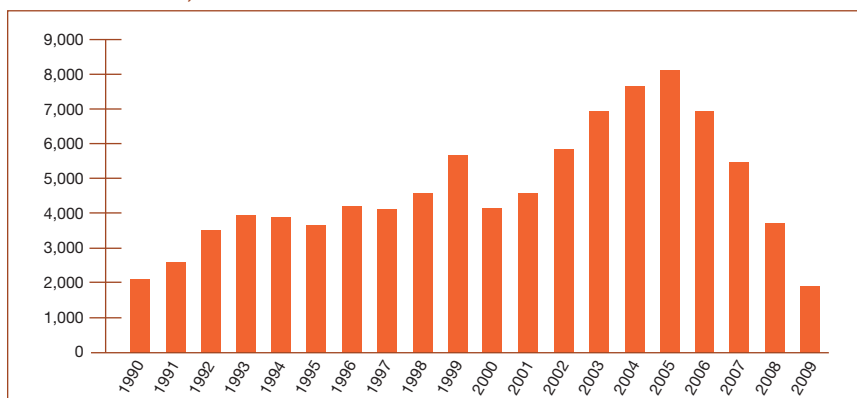
The average sales price during the 12 months ending September 2009 decreased by \$5,100, or 3 percent, to \$149,500. Home prices increased by an average of nearly 5 percent annually between 2006 and 2008. The number of home mortgage payments falling 90 or more days delinquent has increased only moderately during recent months. According to the Federal Reserve Bank of New York, the percentages of all mortgages in each of the seven counties within the HMA that were 90 or more days

delinquent during the second quarter of 2009 ranged from 1.9 to 3.1 percent. These values represent little change compared with delinquencies during the second quarter of 2008. Consequently, foreclosures have not significantly affected the sales market of the HMA.

During the past year, the slower pace of home sales caused single-family homebuilding activity, as measured by the number of building permits issued, to continue to decline. Based on preliminary building permit data, during the 12-month period ending September 2009, single-family home construction declined by 1,275 homes, or 31 percent, to a total of 2,850 homes. During the same period a year earlier, home construction declined by 27 percent compared with construction levels recorded during the previous year. Single-family homebuilding activity peaked between 2004 and 2006, when an average of 7,550 homes were permitted annually. Figure 7 shows the number of single-family building permits issued in the HMA since 1990.

An estimated 600 single-family homes are currently under construction and an estimated 1,000 single-family homes are in the final planning stages and are expected to come on line during the next 2 years. Currently under development in the city of Edmond, located north of Oklahoma City, is Iron Horse Ranch, a gated master-planned community, located on 1,500 acres. When completed, the community will include 12 acres of lighted ponds, walking trails, and a 4,500-square-foot clubhouse. Currently, about 50 of the 60 homes completed have sold, at the average price of approximately \$660,000;

Figure 7. Single-Family Building Permits Issued in the Oklahoma City HMA, 1990 to 2009



Notes: Includes only single-family units. Includes data through September 2009.

Source: U.S. Census Bureau, Building Permits Survey

10 homes are under construction; and approximately 200 additional lots are available. No date has been set for completing the community. In Norman, more than 50 single-family homes are currently under construction and expected to be completed by the spring of 2010. Newly constructed three-bedroom homes in Norman average 1,650 square feet and are priced at an average of \$167,000. More than 100 homes are also under construction at several locations in the south portion of Oklahoma City, with completion expected by the summer of 2010. These single-family homes, promoted by local realtors as starter homes for first-time homebuyers, are priced at an average of \$110,000 and range in size from 900 to 1,400 square feet.

Condominiums currently account for less than 1 percent of owner-occupied homes in the HMA. Since 2000, nearly 1,000 new or converted multifamily homes have become available for sale. Construction began in September 2009 at Loft401 condominiums, located two blocks

from the OU main campus in Norman. Approximately one-fourth of the 35 one- and two-bedroom units have presold. Prices range from \$157,000 for 875-square-foot homes to \$289,000 for 1,675-square-foot penthouses. The project's expected completion date is August 2010.

Demand for 11,400 new homes in the HMA is forecast for the next 3 years. The 1,600 homes under construction or in the pipeline will be sufficient to meet demand for all but 1,200 homes expected to be needed during the first year of the forecast period. During the second and third years of the forecast period, about 3,400 and 5,200 homes, respectively, may need to be built to satisfy demand. Builders should be aware of the estimated 32,000 other vacant homes currently in the inventory. It is likely that a portion of these homes will return to the sales housing market and satisfy some of the forecast demand. Table 4 shows estimated demand for new market-rate sales housing in the HMA by price range.

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Oklahoma City HMA, October 1, 2009 to October 1, 2012

Price Range (\$)		Units of Demand	Percent of Total
From	To		
100,000	124,999	1,250	11.0
125,000	149,999	1,700	14.9
150,000	199,999	2,050	18.0
200,000	249,999	1,950	17.1
250,000	299,999	1,900	16.7
300,000	399,999	1,400	12.3
400,000	499,999	900	7.9
500,000	and higher	250	2.2

Note: A portion of the estimated 32,000 other vacant units in the HMA will likely satisfy some of the forecast sales demand.

Source: Estimates by analyst

Rental Market

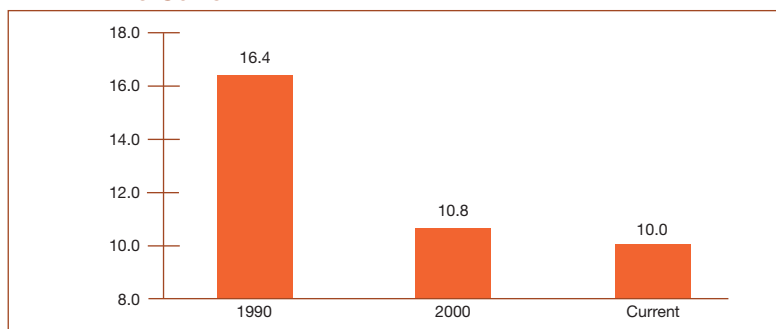
The rental housing market in the Oklahoma City HMA has been soft since the onset of the national economic downturn in the early 2000s. Between 2001 and 2002, according to Reis, Inc., the apartment vacancy rate increased from 6.4 to 9.2 percent. The soft conditions were primarily caused by decreased demand for rental homes due to moderate population and household growth stemming from decreased employment during the economic downturn. From 2002 through 2007, the average apartment vacancy rate was 9 percent. High vacancy rates persisted even during periods of strong economic expansion, partly because of an increased number of households becoming homeowners.

According to Reis, Inc., as of the third quarter of 2009, the apartment vacancy rate was 9.6 percent compared with the 8.1-percent rate recorded during the same period in 2008. Softer conditions during the past year resulted from decreased demand due to slower population and household growth and additional new apartments becoming available. The average rent was unchanged, at

approximately \$545, and the percentage of apartment complexes offering concessions remained unchanged, at approximately 25 percent. Typical rental concessions include 1 month's free rent on new 12-month leases. The rental vacancy rate for all rental homes, including single-family homes, is currently estimated at 10 percent, up from 9.5 percent a year earlier (see Figure 8).

The local rental housing market is influenced significantly by TAFB and the 16 universities in the HMA. TAFB, located in Oklahoma County, provides housing for single military personnel in 11 dormitories (9 U.S. Air Force and 2 U.S. Navy) containing a combined total of 1,360 beds. TAFB also has approximately 700 privatized housing units for married military personnel and families; the remaining personnel and family members, approximately 6,600 households, reside off base in the surrounding private housing market. Currently, the TAFB population consists of 8,600 military personnel and 11,400 family members. Universities in the HMA provide on-campus housing for approximately 9,500 students, or about one-fifth of the 44,000 full-time students enrolled; the remaining students reside in the local housing market, including approximately 15,800, or 68 percent of the full-time students at OU in the Norman area. Reflecting the effect of the student population on the local rental market, the apartment vacancy rate as of the third quarter of 2009 in the neighborhoods surrounding the university was 7.6 percent, or 2-percent less than the HMA overall despite comparable rents.

Figure 8. Rental Vacancy Rates in the Oklahoma City HMA, 1990 to Current



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

Housing Market Trends

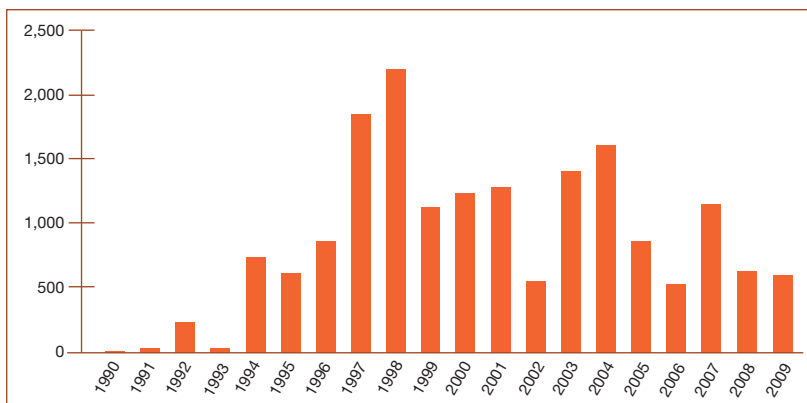
Rental Market *Continued*

Multifamily construction activity, as measured by the number of units permitted, was relatively unchanged in the HMA during the past 12 months. Based on local building permit data, an estimated 630 multifamily rental units were permitted during the 12 months ending September 2009; 640 units were permitted during the same period a year earlier. Between 2000 and 2007, multifamily construction activity averaged 1,075 units annually. Apartments completed during the past year include The Cottages of Norman, a \$28 million, privately

funded development catering to university students and located about 1 mile from the OU main campus in Norman. The project's uncommon design includes approximately 200 units that range from two-bedroom cottages to lodges containing 32 individually leased bedrooms. Rents at The Cottages of Norman range from \$510 a month for a one-bedroom lodge unit to \$730 a month for a two-bedroom cottage. Also completed during the past year was The Village at Quail Springs with 200 apartments near Edmond. The Village of Quail Springs, completed in the spring of 2009, offers units ranging from 800 square feet for one-bedroom apartments to 1,250 square feet for three-bedroom units, with rents ranging from \$660 to \$950 a month. (See Figure 9 for multifamily building permits issued since 1990.)

During the forecast period, the existing inventory of units available for rent, combined with rental units under construction and in the pipeline, is expected to satisfy demand for rental housing in the HMA. The construction of additional rental units at this time will prolong the current soft conditions.

Figure 9. Multifamily Building Permits Issued in the Oklahoma City HMA, 1990 to 2009



Notes: Includes all multifamily units in structures with two or more units. Includes data through September 2009.

Source: U.S. Census Bureau, Building Permits Survey

Data Profile

Table DP-1. Oklahoma City HMA Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Resident Employment	475,337	537,507	541,500	1.2	0.1
Unemployment Rate (%)	5.3	2.7	5.4		
Nonfarm Employment	426,600	535,800	572,000	2.3	0.7
Total Population	971,042	1,095,421	1,224,000	1.2	1.2
Total Households	372,362	429,743	471,300	1.4	1.0
Owner Households	240,886	280,010	316,100	1.5	1.3
Percent Owner (%)	64.7	65.2	67.1		
Renter Households	131,476	149,733	155,200	1.3	0.4
Percent Renter (%)	35.3	34.8	32.9		
Total Housing Units	430,605	472,084	527,425	0.9	1.2
Owner Vacancy Rate (%)	4.2	2.1	2.1		
Rental Vacancy Rate (%)	16.4	10.8	10.0		
Median Family Income	NA	NA	\$58,500		

NA = data not available.

Notes: Employment data represent annual averages for 1990, 2000, and the 12 months through September 2009. Median family incomes are for 1989, 1999, and 2009.

Sources: Estimates by analyst; U.S. Census Bureau; U.S. Department of Housing and Urban Development

Data Definitions and Sources

1990: 4/1/1990—U.S. Decennial Census

2000: 4/1/2000—U.S. Decennial Census

Current date: 10/01/2009—Analyst's estimates

Forecast period:

10/01/2009–10/01/2012—Analyst's estimates

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_OklahomaCityOK_10.pdf.

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This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (HUD) in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to www.huduser.org/publications/econdev/mkt_analysis.html.