



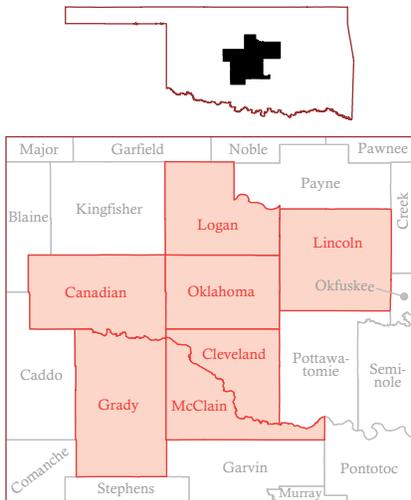
Oklahoma City, Oklahoma

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of April 1, 2014



Summary

Housing Market Area



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

Market Details

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Economy

Nonfarm payrolls in the Oklahoma City HMA are at record high levels. During the 12 months ending March 2014, nonfarm payrolls totaled 610,900 jobs, increasing by 13,500 jobs, or 2.3 percent, from a year earlier. During the 3-year forecast period, nonfarm employment is expected to increase an average of 2.1 percent annually. The three largest employers in the HMA are the state government of Oklahoma, OU, and Tinker AFB, which combined account for nearly 12 percent of all nonfarm payroll jobs. Table DP-1, at the end of this report, provides additional employment data.

Sales Market

Sales housing market conditions in the HMA were balanced as of April 1, 2014, with the sales vacancy rate estimated at 1.5 percent, down from 2.2 percent in April 2010. Demand is forecast for 21,200 new homes during the next 3 years (Table 1). The 500 homes currently under construction and a portion of the estimated 20,000 other vacant housing units that will likely reenter the sales market will satisfy some of the demand during the forecast period.

Rental Market

Rental housing market conditions are currently slightly soft but improving in the HMA. As of April 1, 2014, the rental vacancy rate was an estimated 7.3 percent, down from 10.4 percent in April 2010. During the forecast period, demand is estimated for 8,225 new market-rate rental units (Table 1). The 1,000 units currently under construction will meet a portion of the demand.

Table 1. Housing Demand in the Oklahoma City HMA During the 3-Year Forecast Period

	Oklahoma City HMA	
	Sales Units	Rental Units
Total demand	21,200	8,225
Under construction	500	1,000

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of April 1, 2014. A portion of the estimated 20,000 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is April 1, 2014, to April 1, 2017. Source: Estimates by analyst

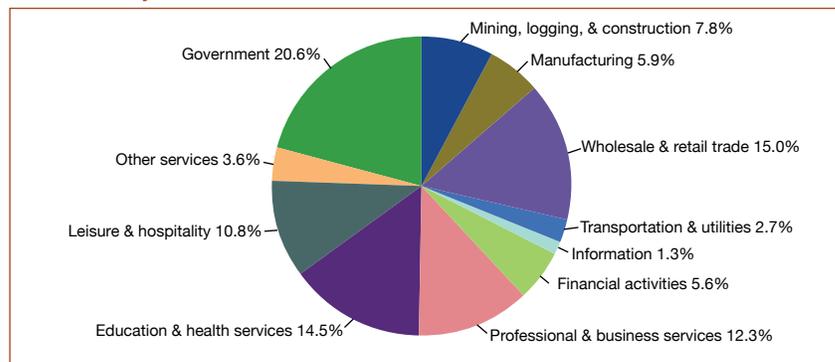
Economic Conditions

The Oklahoma City HMA economy depends heavily on the government sector, which comprised 125,700 jobs, or about 21 percent of all nonfarm payrolls in the HMA, during the 12 months ending March 2014 (Figure 1). The state government of Oklahoma is the largest employer in the HMA, with 42,400 workers (Table 2). The second largest employer is OU, with a combined 16,100 full-time employees at its main campus in Norman and its Health Sciences Center near downtown Oklahoma City. OU has an annual economic impact on the HMA of nearly \$2 billion (University of Oklahoma Community Impact Report 2014). The third largest employer is Tinker AFB, which employs 14,500 civilians and 8,600 permanent military personnel and

which has an economic impact on the HMA of more than \$3 billion annually (U.S. Department of Defense).

The economy of the HMA expanded throughout most of the 2000s, with job growth occurring every year except during periods coinciding with national economic downturns. From 2000 through 2004, nonfarm jobs in the HMA increased by only 670, or 0.1 percent, annually, partly the result of the national economic recession that occurred during 2001. Economic expansion was considerable during 2005 and 2006, when nonfarm payrolls increased by an average of nearly 11,000 jobs, or 2.0 percent, annually, led by strong gains in the mining, logging, and construction sector, which increased by an average of 3,300 jobs, or 9.7 percent, annually. Increased production stemming from price increases resulted in an average increase of more than 1,850 jobs, or 18.6 percent, annually in the oil and gas industry, which accounted for nearly 60 percent of the mining, logging, and construction sector gains. During the same period, the construction subsector grew by an average of 1,450 jobs, or 6.0 percent, annually, partly because of the numerous revitalization projects near downtown Oklahoma City. Revitalization efforts, totaling more than \$1.5 billion, included the construction of a minor league baseball stadium, sports arena, and pedestrian canal. Developers also completed 10 residential developments, with approximately 2,200 units, in the downtown area. During 2007 and 2008, the HMA economy continued to grow, albeit moderately, with average annual payroll gains of 7,775 jobs, or 1.4 percent. The education and health services sector, which increased by 2,700, or 3.5 percent, annually, led job growth.

Figure 1. Current Nonfarm Payroll Jobs in the Oklahoma City HMA, by Sector



Note: Based on 12-month averages through March 2014.

Source: U.S. Bureau of Labor Statistics

Table 2. Major Employers in the Oklahoma City HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
State of Oklahoma	Government	42,400
University of Oklahoma	Government	16,100
Tinker Air Force Base (AFB)	Government	14,500
Federal Aviation Administration	Government	7,500
INTEGRIS Health	Education & health services	6,000
Chesapeake Energy Corporation	Mining, logging, & construction	4,000
Mercy Health System	Education & health services	3,450
OGE Energy Corp.	Mining, logging, & construction	3,450
Devon Energy Corporation	Mining, logging, & construction	3,100
AT&T	Information	3,000

Notes: Excludes local school districts. Number of employees at Tinker AFB excludes military personnel.

Sources: Greater Oklahoma City Chamber; University of Oklahoma; U.S. Department of Defense

The mining, logging, and construction sector was the second leading growth sector, increasing by 2,250, or 5.6 percent.

The effects of the national economic recession, which began in December 2007 and ended in June 2009, did not reach the Oklahoma City HMA until 2009. During 2009 and 2010, nonfarm payrolls in the HMA decreased by an average of 8,750 jobs, or 1.5 percent, annually. Average annual gains of 1,750 jobs, or 1.5 percent, in the government sector partially offset overall losses during this period, primarily because of increased hiring in the federal and local government subsectors. The federal government subsector increased by an average of 1,200 jobs, or 4.6 percent, annually, in part because of expansions at the Federal Aviation Administration's Mike Monroney Aeronautical Center. The local government subsector gained an average of 500 jobs, or 1.0 percent, annually, mostly as a result of numerous expansions at tribe-owned casinos. The education and health services sector increased by 500 jobs, or 0.6 percent, annually as a result of numerous hospital expansions. Payrolls increased in the leisure and hospitality sector by an average of 250 jobs, or 0.4 percent, as a result of new venues in and around downtown Oklahoma City. These venues included the newly renovated Chesapeake Energy Arena, home of the National Basketball Association team, the Oklahoma City Thunder, which began its inaugural season in the city in the fall of 2008.

The HMA economy began to expand again in 2011 and by mid-2012 surpassed prerecession payroll levels. During 2011 and 2012, nonfarm payrolls increased by an average of 13,650 jobs,

or 2.4 percent, annually to 594,200 jobs, with gains in nearly every sector. The mining, logging, and construction sector led gains with an average annual increase of 3,300 jobs, or 8.0 percent. Continued strong demand for oil and gas contributed to gains in the mining and logging subsector, which increased by an average of 2,650 jobs, or 17.1 percent, annually. The wholesale and retail trade sector increased by an average of 2,500 jobs, or 3.0 percent, annually, with gains in the wholesale trade subsector accounting for more than one-half of this increase. The manufacturing sector gained an average of 2,050 jobs, a 6.4-percent increase, annually, in part because of widespread growth in the aerospace and the oil and gas equipment manufacturing industries. Increased hiring by companies manufacturing pumps and compressors used at oil and gas well sites resulted in an average gain of nearly 300 jobs, or 20.0 percent, annually in the pump and compressor manufacturing industry.

The HMA economy continues to grow at a high rate. During the 12 months ending March 2014, nonfarm payrolls increased by an average of 13,500, or 2.3 percent, to a record high of 610,900 jobs. The leisure and hospitality sector led job growth, increasing by 3,600 jobs, or 5.8 percent, to 65,900 (Table 3). The increased popularity of the Thunder team contributed to gains in this sector. Thunder home games had an economic impact on the HMA of more than \$1.5 million per game during the 2013 season, up from \$1.2 million a year earlier (Oklahoma City government). The economic impact of the Thunder has totaled more than \$50 million annually since 2010. Employment in the wholesale and retail trade sector increased by 3,400 jobs, or 3.9 percent, to 91,400, with the retail trade subsector

Table 3. 12-Month Average Nonfarm Payroll Jobs in the Oklahoma City HMA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	March 2013	March 2014		
Total nonfarm payroll jobs	597,400	610,900	13,500	2.3
Goods-producing sectors	82,100	84,100	2,000	2.4
Mining, logging, & construction	46,600	47,800	1,200	2.6
Manufacturing	35,500	36,200	700	2.0
Service-providing sectors	515,400	526,800	11,400	2.2
Wholesale & retail trade	88,000	91,400	3,400	3.9
Transportation & utilities	15,800	16,300	500	3.2
Information	8,400	8,100	-300	-3.6
Financial activities	33,800	34,400	600	1.8
Professional & business services	74,900	74,900	0	0.0
Education & health services	87,000	88,500	1,500	1.7
Leisure & hospitality	62,300	65,900	3,600	5.8
Other services	22,100	21,700	-400	-1.8
Government	123,000	125,700	2,700	2.2

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through March 2013 and March 2014.

Source: U.S. Bureau of Labor Statistics

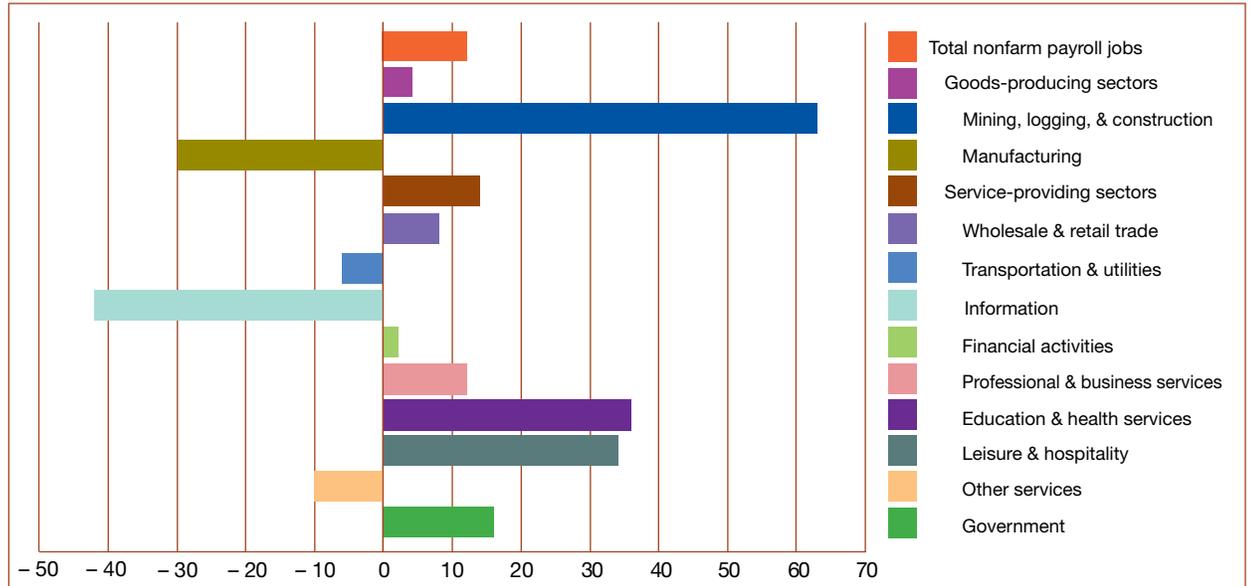
accounting for 56 percent of growth. The government sector increased by 2,700 jobs, or 2.2 percent, to 125,700. The state and local government subsectors increased by 1,100 and 2,300 jobs, or 2.6 and 4.4 percent, respectively, whereas federal government subsector jobs declined by 700 jobs, or 2.5 percent. Gains in the local government subsector were mostly because of increased hiring by several municipalities, including the city of Oklahoma City, in response to population growth and significant improvements in municipal revenue. Sales tax revenues increased 4 percent during 2013 in the city of Oklahoma City and are expected to increase an average of more than 3 percent annually through 2018 (Oklahoma City government).

Job growth in the Oklahoma City HMA continued in several key sectors associated with the energy industry during the 12 months ending March 2014 but at a lower rate compared with gains a year earlier. The mining and logging subsector increased by only 100 jobs, or 0.1 percent, compared with a gain of 2,300 jobs, or 13.0 percent, a year

earlier, reflecting a trend that occurred in more than one-half of states nationally. Job growth also slowed in the manufacturing sector, which increased by 700 jobs, or 2.0 percent, during the 12 months ending March 2014 compared with a gain of 1,900 jobs, or 5.6 percent, a year earlier. Employment was unchanged in the professional and business services sector compared with a gain of 400 jobs, or 0.5 percent, a year earlier. Figure 2 illustrates nonfarm payroll sector growth from 2000 to the current date.

Reflecting the relatively stable economy of the HMA during the past decade, unemployment rates were lower than national rates. From 2000 through 2008, the average annual unemployment rate in the HMA was 4.1 percent compared with the 5.1-percent rate nationally. During 2009 and 2010, the HMA unemployment rate increased to an average of 6.4 percent annually, an increase of 2.3 percentage points from the 2000-to-2008 period. By comparison, the national unemployment rate increased 4.3 percentage points, to 9.4 percent, during the same period.

Figure 2. Sector Growth in the Oklahoma City HMA, Percentage Change, 2000 to Current



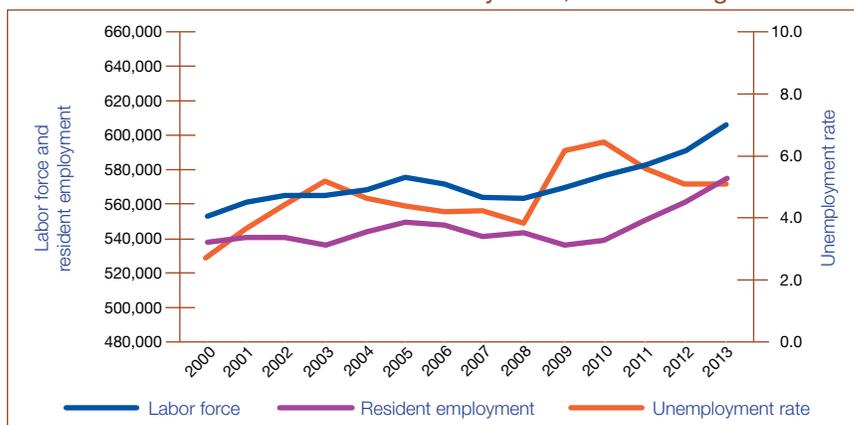
Note: Current is based on 12-month averages through March 2014.
Source: U.S. Bureau of Labor Statistics

During 2011 and 2012, the average unemployment rates of the HMA were 5.5 and 5.0 percent, respectively, and the national rates were 8.9 and 8.1 percent, respectively. During the 12 months ending March 2014, the average unemployment rate in the HMA was 5.1 percent compared with 5.0 percent a year earlier. By comparison, the national average unemployment rate during the 12 months ending March 2014 was 7.1 percent, down from 7.9 percent a year earlier. Figure 3 shows trends in the labor force,

resident employment, and the unemployment rate in the HMA from 2000 through 2013.

During the 3-year forecast period, the HMA economy is expected to continue expanding. Nonfarm payrolls are expected to increase an average of 2.1 percent annually. Job growth is expected to be strongest during the first year, with an estimated 2.2-percent increase. Payroll increases are expected to taper slightly to 2.0 percent by the third year because of continued moderating growth in sectors associated with the energy industry. Although gains are expected in nearly every sector, job growth is projected to be greatest in the leisure and hospitality sector and in the retail trade and local government subsectors. Chisholm Creek, a large-scale, mixed-use development planned in north Oklahoma City, is expected to contribute to increased hiring in several sectors during the forecast period. Chisholm Creek will include homes, retail and office space, a 2,000-seat music venue, and

Figure 3. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Oklahoma City HMA, 2000 Through 2013



Source: U.S. Bureau of Labor Statistics

a hospital. Cabela's, Inc., recently announced plans to construct a new outdoor supply and sporting goods retail store at Chisholm Creek beginning in 2014. The store is expected to be complete by December 2015 and

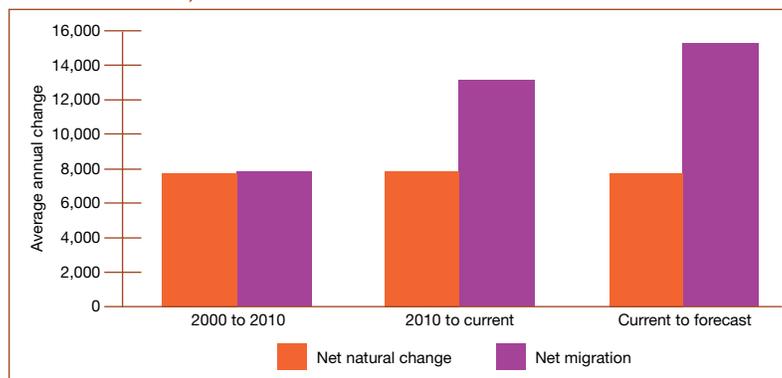
have approximately 180 employees. Construction began in October 2013 at the St. Anthony Healthplex, also at Chisholm Creek. The five-story hospital is expected to be complete by January 2015.

Population and Households

The current population of the Oklahoma City HMA is an estimated 1.34 million, an average increase of 21,000, or 1.6 percent, annually since 2010. During this period, net in-migration of 13,000 people has accounted for 62 percent of the population growth and was mostly the result of strong job growth in the HMA. The most populous counties of the HMA are Oklahoma and Cleveland Counties, with estimated populations of 760,000 and 273,000, respectively. Together, the populations of Oklahoma and Cleveland Counties comprise an estimated 77 percent of the HMA population. The city of Oklahoma City, with an estimated population of 620,000, is the most populous city in Oklahoma; approximately 75 percent of the population of the city of Oklahoma City

is in Oklahoma County, and the remainder is primarily in Canadian and Cleveland Counties. With an estimated 120,000 residents, the city of Norman, in Cleveland County, is the second most populous city in the HMA and third most populous in the state. Since April 2010, the populations of Oklahoma and Cleveland Counties have increased at average annual rates of 1.5 and 1.6 percent, respectively, compared with an average increase of 1.7 percent annually in the remaining counties. The population of Canadian County, the third most populous in the HMA, has grown an average of 2.7 percent annually to an estimated 128,700, with growth occurring primarily in suburban areas immediately west of Oklahoma County. Figure 4 shows the components of population change in the HMA from 2000 to the forecast date.

Figure 4. Components of Population Change in the Oklahoma City HMA, 2000 to Forecast



Notes: The current date is April 1, 2014. The forecast date is April 1, 2017.
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

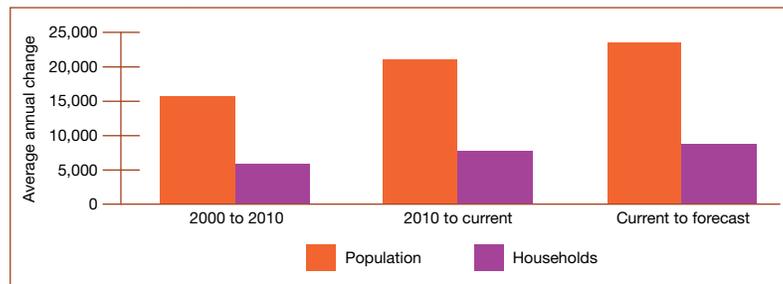
During the 2000s, population growth was greatest in the HMA from 2008 through 2010, when the population increased by an average of 20,600, or 1.7 percent, annually. Net in-migration of 11,950 people annually accounted for approximately 58 percent of the population increase, despite a decline in nonfarm payroll jobs during the same period. By comparison, the population increased by an average of 14,500, or 1.3 percent, annually from 2000

through 2007. During this period, net in-migration of 6,900 people annually comprised 48 percent of the population growth. Jobseekers were drawn to the HMA during this period because of its relatively low unemployment rate compared with unemployment rates nationally. Students also were drawn to the many universities in the HMA, contributing to an average annual enrollment increase of 3,500, or 3.2 percent. By comparison, enrollment at HMA universities increased an average of 0.3 percent annually from 2003 through 2007. During the 3-year forecast period, the population of the HMA is expected to increase by an average of 23,350,

or 1.7 percent, annually (Figure 5). Job growth will continue to attract people to the HMA, resulting in net in-migration estimated at an average of more than 15,000 people annually, or 64 percent of expected population growth, during the forecast period.

The number of households in the HMA is currently estimated to be 520,700, representing an average increase of 7,750 households, or 1.5 percent, annually since 2010. During the 2000s, the number of households increased at a slightly lower rate of 1.3 percent, or 6,000 households, annually. Since April 2010, owner household growth has comprised 51 percent of household growth compared with 63 percent from 2000 to 2010. Tighter mortgage lending standards and an increased propensity to rent contributed to the decreased portion of new owner households during the past 4 years. Job losses during 2010 and economic recovery from 2011 through mid-2012 has also contributed to changes in new owner household formation since 2010. Figure 6 shows the number of households in the HMA by tenure since 2000. During the forecast period, the number of households in the HMA is expected to increase by an average of 8,825, or nearly 1.7 percent, annually (Figure 5). Job growth and improved home sales housing market conditions during the next 3 years are expected to result in an increase in the homeownership rate in the HMA. During the forecast period, owner households are expected to account for 58 percent of total new household formation in the HMA.

Figure 5. Population and Household Growth in the Oklahoma City HMA, 2000 to Forecast



*Notes: The current date is April 1, 2014. The forecast date is April 1, 2017.
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst*

Figure 6. Number of Households by Tenure in the Oklahoma City HMA, 2000 to Current



*Note: The current date is April 1, 2014.
Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst*

Housing Market Trends

Sales Market

Sales housing market conditions in the Oklahoma City HMA are balanced, with an average sales vacancy rate estimated at 1.5 percent as of April 1, 2014, down from 2.2 percent in April 2010. As of April 1, 2014, the unsold inventory in the HMA totaled 4,850 homes, down nearly 16 percent from a year earlier and down 43 percent from 2010 (Yahoo!-Zillow Real Estate Network). Strong job growth and consequent net in-migration contributed to improved sales market conditions during the same period. The adverse effects of the national housing crisis were not as evident in the HMA as in the nation as a whole. A growing economy, lower unemployment rates, relatively stable average home sales prices, and lower foreclosure rates compared with the corresponding national conditions contributed to a relatively stable sales market in the HMA.

During the 12 months ending February 2014 (the best representative data available), new and existing home sales (including single-family homes, townhomes, and condominiums) increased by nearly 1,700, or 6 percent, to 29,900 in the HMA compared with sales a year earlier, and the average price increased by more than \$6,900, or nearly 5 percent, to \$154,100 (CoreLogic, Inc.). New home sales totaled 4,350, up by 520 homes, or 14 percent, from a year earlier. The average new home sales price was \$228,000, up \$2,550, or 1 percent, during the same period. Existing home sales increased by 1,150, or nearly 5 percent, to 25,500 compared with sales a year earlier, and the average price for an existing home increased \$6,650, or 5 percent, to \$141,400. Since 2000, new and existing home sales in the HMA were greatest from 2004

through 2006, averaging 39,000 annually. From 2007 through 2011, however, home sales declined by an average of 2,950, or 9 percent, annually, reflecting tighter mortgage lending standards, the national recession, and the economic downturn in the HMA. New and existing home sales prices have increased nearly every year since 2000, averaging an increase of \$5,550, or nearly 5 percent, annually. The only year in which the average sales price declined was during 2009, reflecting increased sales of lower priced homes stemming from the first-time home-buyer tax credit.

In March 2014, 4.5 percent of mortgage loans in the HMA were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) status, down from 5.3 percent a year earlier and from 5.2 percent in April 2010 (Black Knight Financial Services, Inc.). By comparison, the national percentage of distressed mortgages in March 2014 was 5.2 percent, down from 7.0 percent a year earlier. The percentage of distressed mortgages peaked in January 2010 in both the HMA and the nation, at 5.5 and 9.2 percent, respectively. The percentage of underwater mortgages, which currently comprise only an estimated 5 percent of total home loans in the HMA compared with approximately 13 percent nationally, also reflects the relatively stable sales market in the HMA (CoreLogic, Inc.). Distressed sales (REO sales and short sales) comprised an estimated 9 percent of total home sales in the HMA during the 12 months ending February 2014, unchanged from a year earlier. By comparison, distressed sales accounted for 17 percent of total sales

nationally, down from 22 percent a year earlier. Distressed sales as a portion of total sales peaked in both in the HMA and the nation during the 12 months ending June 2011, at 11 percent and 28 percent, respectively. Absentee-owner sales, which include primarily investment or second home purchases, comprised 20 percent of total sales in the HMA during the 12 months ending February 2014, up from 16 percent a year earlier and an average of 14 percent from 2005 through 2011 (Metrostudy, A Hanley Wood Company). By comparison, absentee-owner sales accounted for 31 percent of total sales nationally, unchanged from a year earlier.

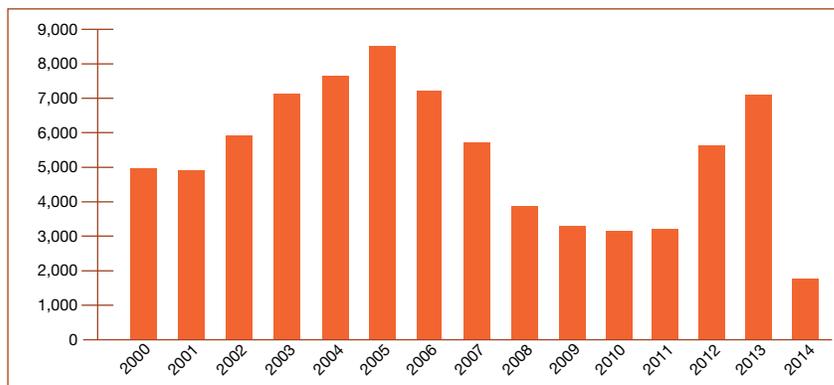
Single-family homebuilding activity, as measured by the number of single-family homes permitted, increased by 1,450, or 26 percent, to an estimated 7,100 homes during the 12 months ending March 2014 compared with the number permitted a year earlier (preliminary data; local sources). Increases in home sales and the average home sales price together with a significant decline in inventory available for sale contributed to the increased homebuilding activity during this period. Also contributing to the increase in single-family home permitting,

nearly 1,200 single-family homes were permitted to replace a portion of the approximately 1,600 homes destroyed by tornados during May 2013. In the city of Moore, where the tornado damage was greatest, single-family home permitting activity totaled approximately 720 homes during the 12 months ending March 2014, up nearly 300 percent from a year earlier.

Since 2000, single-family homebuilding activity peaked from 2004 through 2006, when an average of 7,775 homes were permitted annually. Relaxed mortgage lending standards and relatively affordable home prices, combined with job and population growth, were the primary reasons for increased homebuilding during this period. Single-family home construction declined each year from 2007 through 2010 by an average of 1,025 homes, or 19 percent, annually as a result of tightening lending standards and, by 2009, a contracting local economy. Single-family home construction activity totaled 3,200 homes permitted, an increase of 50 homes, or more than 1 percent, during 2011. Relatively strong job growth and increased confidence in the sales market among homebuyers resulted in homebuilding increasing by 2,350, or 74 percent, to reach 5,550 homes permitted during 2012. Figure 7 shows the number of single-family homes permitted in the Oklahoma City HMA since 2000.

An estimated 500 single-family homes are currently under construction in the HMA. In south Oklahoma City, near Moore, construction is continuing at the Country Place residential community. Three- and four-bedroom homes, ranging in size from 1,775 to 2,200 square feet, are offered at prices ranging from \$201,500 to \$240,700.

Figure 7. Single-Family Homes Permitted in the Oklahoma City HMA, 2000 to 2014



Notes: Includes townhomes. Includes data through March 2014.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

During 2013, 35 new three-bedroom homes, ranging in size from 1,500 to 2,200 square feet, sold at Country Place for an average price of \$202,100. More than 150 home sites remain available at Country Place; no completion date has been set. In west Oklahoma City, in Canadian County, homes are also under construction at the Cedar Ridge at Morgan Creek residential community. Prices offered at Cedar Ridge at Morgan Creek range from \$262,500 to \$362,000 for three- and four-bedroom homes ranging in size from 2,200 to 3,400 square feet. Approximately 30 new three- and four-bedroom homes sold during the 12 months ending March 2014 at this development at an average price of \$269,200. Approximately 170 of the 200 home sites approved by the City of Oklahoma City Planning

Commission remain available for construction at Cedar Ridge at Morgan Creek. No completion date has been set.

Demand is expected for 21,200 new homes in the HMA during the next 3 years (Table 1). New home sales demand is expected to be greatest during the first year of the 3-year forecast period and to diminish, albeit slightly, during the second and third years. The 500 homes currently under construction will meet part of the demand during the first year. A portion of the estimated 20,000 other vacant units in the HMA may reenter the sales market and satisfy some of the forecast demand. Demand is expected to be greatest for homes priced from \$150,000 to \$199,999. 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 During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
115,000	149,999	3,600	17.0
150,000	199,999	5,500	26.0
200,000	249,999	4,675	22.0
250,000	299,999	3,175	15.0
300,000	399,999	2,125	10.0
400,000	499,999	1,050	5.0
500,000	599,999	640	3.0
600,000	and higher	420	2.0

Notes: The 500 homes currently under construction and a portion of the estimated 20,000 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is April 1, 2014, to April 1, 2017.

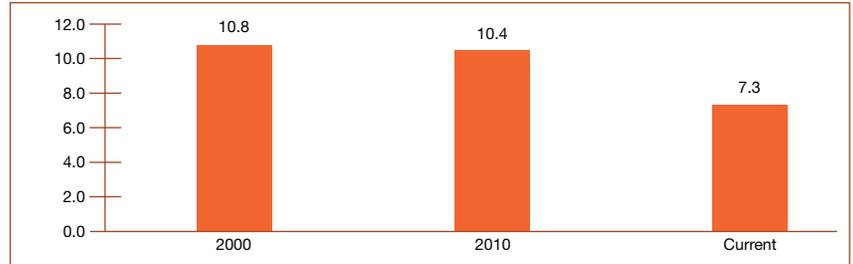
Source: Estimates by analyst

Rental Market

The rental housing market in the Oklahoma City HMA was slightly soft as of April 1, 2014, with an overall rental vacancy rate estimated at 7.3 percent. Rental market conditions have improved considerably since April 2010, when the rental vacancy rate was 10.4 percent (Figure 8). The

apartment rental market is currently balanced and has also improved significantly since 2010. During the first quarter of 2014, the average apartment vacancy rate in the HMA was 5.2 percent, down from 5.9 percent a year earlier and from 10.1 percent during the first quarter of 2010 (Reis, Inc.).

Figure 8. Rental Vacancy Rates in the Oklahoma City HMA, 2000 to Current



Note: The current date is April 1, 2014.

Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

The current average apartment vacancy rate in the HMA represents the lowest rate recorded since 1981. The average apartment rent was \$600 during the fourth quarter of 2013, up slightly more than 2 percent compared with the average rent a year earlier (Reis, Inc.). Improved rental market conditions during the past 2 years were partly the result of increased demand stemming from the stable and growing local economy, which drew residents to the HMA. During 2010 and 2011, tight mortgage lending standards that impeded potential homebuyers from purchasing homes contributed to improving rental market conditions in the HMA, resulting in the average apartment vacancy rate decreasing by 3.1 percentage points to 7.0 percent. Renter households currently account for nearly 36 percent of all households in the HMA, the highest percentage since 1950. Single-family rental units currently comprise an estimated 46 percent of the HMA rental market compared with 43 percent in 2000.

Tinker AFB and the 16 universities in the HMA also significantly influence the rental market. Tinker AFB, in Oklahoma County, provides housing for unmarried military personnel in 14 dormitories containing approximately 950 beds and has approximately 650 privatized housing units for married military personnel and their families.

The remaining personnel and family members, approximately 5,600 households, reside off base in the surrounding private housing market. Combined, universities in the HMA provide on-campus housing for approximately 11,500 students, or about 16 percent of the approximately 72,500 students enrolled as of the fall 2013 semester. The remaining students, including approximately 80 percent of the 27,000 students at OU's Norman campus and 90 percent of the 17,200 students at the University of Central Oklahoma (UCO) in Edmond, reside in the local housing market. Student households currently account for approximately 16 percent of overall renter households in the HMA. In Norman and Edmond, the rental market conditions are slightly tight in the neighborhoods surrounding OU and UCO, with average apartment vacancy rates estimated at 4.0 percent, up from 2.0 percent a year ago in the neighborhoods surrounding each university. Enrollment increases at HMA universities slowed during the past year from an average annual increase of 1.4 percent from 2011 through 2012 to an average increase of 0.2 percent during 2013. The number of full-time students enrolled at the OU Norman campus declined 0.8 percent in the fall of 2013 compared with fall 2012 enrollment (University of Oklahoma Fall 2013 Enrollment Summary Report).

Multifamily construction activity, as measured by the number of multifamily units permitted, increased in the Oklahoma City HMA by 600 units, or 41 percent, to 2,100 units permitted during the 12 months ending March 2014 compared with the number permitted a year earlier. By comparison, from 2006 through 2011, an average of 850 units were permitted annually. Increased occupancy and rent levels, combined with expanding economies in the HMA and nationally, contributed to increased multifamily construction activity beginning in 2012. Annual construction during the 2000s peaked from 2003 through 2005, when an average of 2,150 units were permitted annually (Figure 9). Condominium construction accounted for less than 2 percent of multifamily construction overall during the 12 months ending March 2014 compared with about 1 percent a year earlier. Since 2000, an estimated 770 condominium units have been constructed, representing less than 4 percent of multifamily construction overall. Condominium construction peaked during 2004 and 2005, when an average of 165 units, or 13 percent of total multifamily units, were permitted annually.

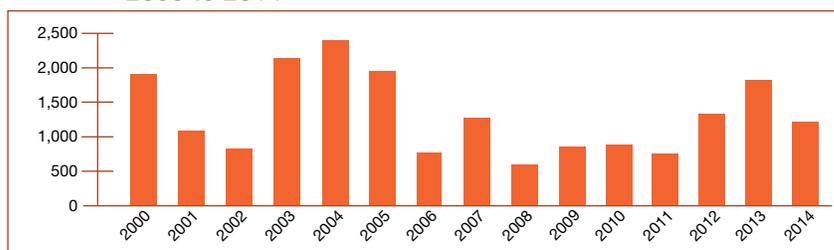
Approximately 1,000 units are currently under construction in the HMA, and an additional 2,300 units are in the final planning stages and expected to be complete during the 3-year forecast

period. The Edge at Midtown, a mixed-use development under construction near downtown Oklahoma City, is expected to add 250 apartment units by the fall of 2014. Proposed rents range from \$925 to \$1,000 for one-bedroom units, range from \$1,265 to \$1,525 for two-bedroom units, and are \$1,650 for three-bedroom units. The Icon at Norman, under construction in north Norman near Moore, is expected to be complete in 2014. Proposed rents at the 264-unit development range from \$829 to \$949 for one-bedroom units and from \$889 to \$1,099 for two-bedroom units.

Several off-campus student apartment developments were completed recently or are under construction near OU in Norman. The 600-bed, 245-unit The Grove Norman was completed in 2013. Rents at The Grove Norman start at \$570 per bedroom. In addition, four off-campus apartments comprising a combined 635 units and 2,085 beds are under construction or in the final planning stages and expected to be complete during the forecast period. Construction on The Avenue at Norman began in January 2014 and is expected to be complete by the fall of 2014. Rents at the 895-bed, 314-unit project will range from \$485 per bedroom in five-bedroom units to \$800 for a one-bedroom apartment. The Millennium, which will include about 200 units with 700 beds, is in the final planning phase. Construction at the five-story development is expected to begin in the summer of 2014 and to be complete in the fall of 2015.

During the forecast period, demand is estimated for 8,225 new market-rate rental housing units (Table 1), primarily during the second and third years. Rental housing demand is expected

Figure 9. Multifamily Units Permitted in the Oklahoma City HMA, 2000 to 2014



Notes: Excludes townhomes. Includes data through March 2014.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Housing Market Trends

Rental Market *Continued*

to be greatest for one-bedroom units at rents ranging from \$700 to \$899 (Table 5). The units currently under construction and those units in the

planning stages that will come on the market during the next 3 years will meet a portion of the forecast demand.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Oklahoma City HMA During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
550 to 749	60	700 to 899	1,850	850 to 1,049	1,250	1,000 to 1,199	50
750 to 949	75	900 to 1,099	900	1,050 to 1,249	1,050	1,200 to 1,399	120
950 to 1,149	50	1,100 to 1,299	620	1,250 to 1,449	530	1,400 to 1,599	80
1,150 to 1,349	35	1,300 to 1,499	370	1,450 to 1,649	280	1,600 to 1,799	40
1,350 or more	20	1,500 to 1,699	250	1,650 to 1,849	180	1,800 to 1,999	10
		1,700 or more	120	1,850 or more	250	2,000 or more	35
Total	250	Total	4,125	Total	3,525	Total	330

Notes: Numbers may not add to totals because of rounding. The 1,000 units currently under construction will likely satisfy some of the estimated demand. The forecast period is April 1, 2014, to April 1, 2017.

Source: Estimates by analyst

Data Profile

Table DP-1. Oklahoma City HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	537,507	533,504	577,300	-0.1	2.5
Unemployment rate	2.7%	6.6%	5.1%		
Nonfarm payroll jobs	544,300	566,900	610,900	0.4	2.3
Total population	1,095,421	1,252,987	1,337,000	1.4	1.6
Total households	429,743	489,654	520,700	1.3	1.5
Owner households	280,010	318,013	333,800	1.3	1.2
Percent owner	65.2%	64.9%	64.1%		
Renter households	149,733	171,641	186,900	1.4	2.2
Percent renter	34.8%	35.1%	35.9%		
Total housing units	472,084	539,077	560,600	1.3	1.0
Owner vacancy rate	2.1%	2.2%	1.5%		
Rental vacancy rate	10.8%	10.4%	7.3%		

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through March 2014. The current date is April 1, 2014.

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

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
2010: 4/1/2010—U.S. Decennial Census
Current date: 4/1/2014—Analyst’s estimates
Forecast period: 4/1/2014–4/1/2017—Analyst’s estimates

The Oklahoma City, OK Metropolitan Statistical Area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

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.

Other Vacant Units: In the U.S. Department of Housing and Urban Development’s (HUD’s) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits.

As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to http://www.huduser.org/publications/pdf/CMARtables_OklahomaCityOK_14.pdf.

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This analysis has been prepared for the assistance and guidance of 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/portal/ushmc/chma_archive.html.