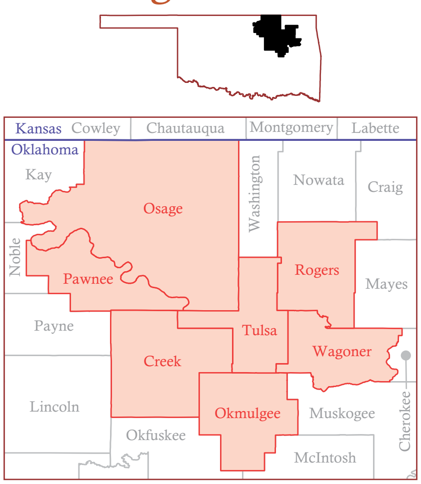
Tulsa, Oklahoma

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of August 1, 2016

PD&R

Housing Market Area



The Tulsa Housing Market Area (HMA), coterminous with the Tulsa, OK Metropolitan Statistical Area, comprises seven counties—Creek, Okmulgee, Osage, Pawnee, Rogers, Tulsa, and Wagoner Counties—at the foothills of the Ozark Mountains in northeastern Oklahoma and includes the principal city of Tulsa. Once known as "the oil capital of the world," the HMA remains dependent on the oil and gas industry but now has a more diversified economy, partly because of the increased presence of healthcare- and aerospace-related industries.

Market Details

Summary

Economy

During the 12 months ending July 2016, nonfarm payrolls decreased by an average of 200 jobs, or less than 0.1 percent, to 444,900 jobs, representing the first year-over-year decline in 12-month average nonfarm payrolls in the Tulsa HMA since July 2011. Job losses during the 12 months ending July 2016 were greatest in sectors impacted by a struggling oil and gas industry. During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 3,700 jobs, or 0.8 percent, annually. 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 August 1, 2016, compared with soft conditions in April 2010. The current sales vacancy rate is estimated at 2.0 percent, down from 2.3 percent in 2010. Demand for 7,200 new homes is forecast during the next 3 years (Table 1). The 900 homes currently under construction and a portion of the estimated 23,500 other vacant housing units that may reenter the sales market will satisfy some of the demand during the forecast period.

Rental Market

Current rental housing market conditions are balanced in the HMA compared with soft conditions in 2010. As of August 1, 2016, the rental vacancy rate was an estimated 8.1 percent, down from 11.0 percent in April 2010. During the forecast period, demand is estimated for 4,975 new market-rate rental units (Table 1). The 2,700 units currently under construction will meet a portion of the demand.

Table 1. Housing Demand in the Tulsa HMA During the Forecast Period

	Tulsa HMA	
	Sales Units	Rental Units
Total demand	7,200	4,975
Under construction	900	2,700

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of August 1, 2016. A portion of the estimated 23,500 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is August 1, 2016, to August 1, 2019.

Source: Estimates by analyst

Economic Conditions

The Tulsa HMA economy benefits from activities related to the healthcare and aerospace industries. These industries account for a combined 111,000 jobs, or one-fourth of all nonfarm payrolls, and an annual economic impact on the HMA of $14.0 billion (2016 reports sponsored by Tulsa Regional Chamber of Commerce). Saint Francis Health System, St. John Health System, and Hillcrest HealthCare System are three of the five largest employers in the HMA and employ a combined 20,400 people (Table 2). The education and health services sector, with 70,300 jobs during the 12 months ending July 2016, was the largest job sector, accounting for 15.8 percent of total nonfarm payrolls (Figure 1). American Airlines Group Inc. and Spirit AeroSystems, Inc., are the fourth and eighth largest employers, respectively, with a combined 7,900 employees.

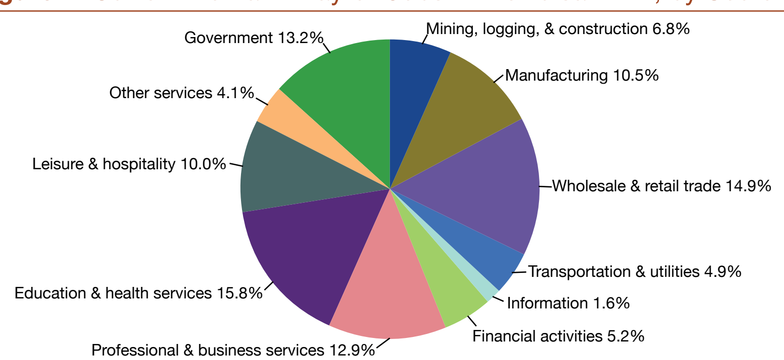
Table 2. Major Employers in the Tulsa HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Saint Francis Health System	Education & health services	8,400
Wal-Mart Stores, Inc.	Wholesale & retail trade	8,000
St. John Health System	Education & health services	7,000
American Airlines Group Inc.	Manufacturing	6,300
Hillcrest HealthCare System	Education & health services	5,000
BOK Financial Corporation	Financial activities	3,000
Reasor LLC	Wholesale & retail trade	3,000
Spirit AeroSystems, Inc.	Manufacturing	1,600
ONEOK, Inc.	Mining, logging, & construction	1,500
QuikTrip Corporation	Wholesale & retail trade	1,500

Note: Excludes local school districts.

Source: Local chambers of commerce and employers

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



Note: Based on 12-month averages through July 2016.
Source: U.S. Bureau of Labor Statistics

Since 2000, job growth in the HMA has mostly fluctuated with the national business cycle. Economic expansion was strong in the HMA from 2005 through 2007, when payrolls increased by an average of 11,500 jobs, or 2.8 percent, annually. During this period, the professional and business services sector, which increased by an average of 2,900 jobs, or 5.2 percent, annually, led job growth. Contributing to gains in the professional and business services sector was the opening in 2006 of a new customer care center by U.S. Cellular, which resulted in 800 new jobs. From 2005 through 2007, payrolls in the manufacturing and the education and health services sectors increased by respective averages of 1,800 and 1,700 jobs, or 3.7 and 2.8 percent, annually. Contributing to gains in the education and health services sector were numerous hospital expansions throughout the HMA. Cancer Treatment Centers of America and Saint Francis Health System expanded their facilities near the city of Broken Arrow, resulting in more than 400 new jobs combined. Several projects funded by Vision 2025, an $800 million economic development initiative passed by Tulsa County voters, contributed to widespread gains in the construction subsector, which averaged 800 jobs, or 4.1 percent, annually from 2005 through 2007. During the same period, the mining and logging subsector recorded an average annual gain of 800 jobs, or 15.0 percent, because of widespread expansions stemming from a 20-percent average annual increase in the price of oil (U.S. Department of Energy).

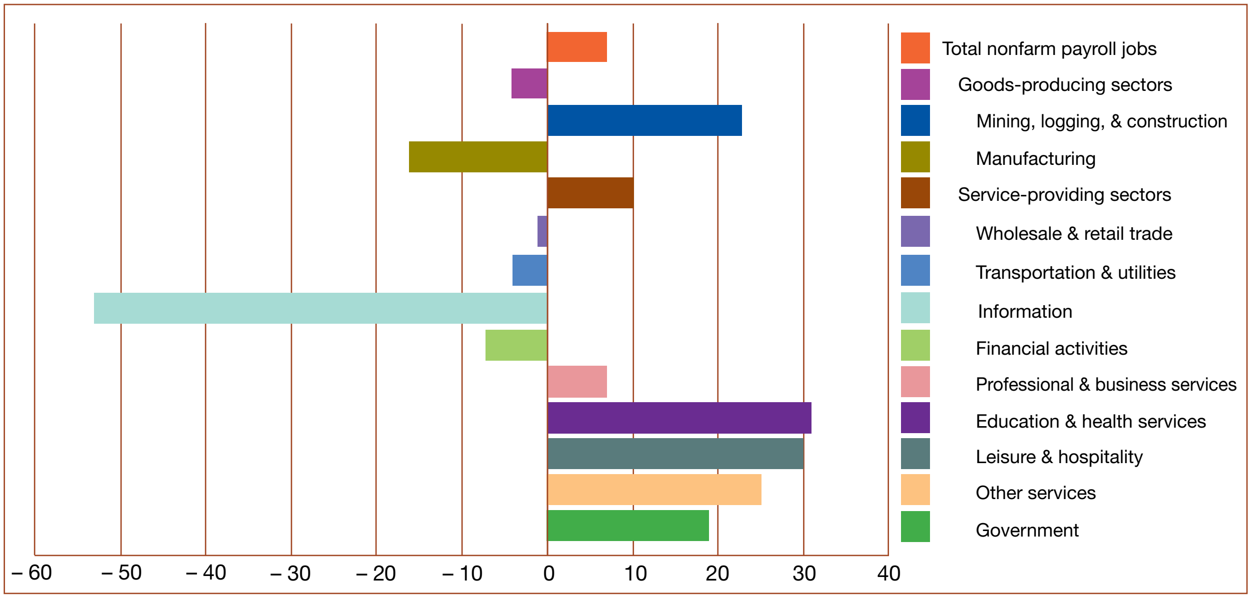
Economic expansion in the HMA slowed by 2008, and conditions worsened during 2009 and 2010 because of the effects of the national recession.

From 2009 through 2010, nonfarm payrolls decreased by an average of 13,600 jobs, or 3.1 percent, annually. Similar to national trends, job losses in the HMA were greatest in the manufacturing sector, which declined by an average of 4,800 jobs, or 9.4 percent, annually. Job losses were also significant in the professional and business services sector, which declined by an average of 4,200 jobs, or 6.9 percent, annually because of widespread layoffs. Partially offsetting the overall job losses were gains in the education and health services sector, which added an average of 1,000 jobs, or 1.6 percent, annually. The education and health services sector, both in the HMA and the nation, was the only private job sector to increase during this period.

The HMA economy began to recover during 2011 but did not reach prerecession payroll levels until early 2015. During 2011, payrolls increased by 2,000 jobs, or 0.5 percent. Job growth was greatest in the manufacturing sector, which increased by 2,700 jobs, or 6.2 percent. Gains were, in part, because of widespread expansions in the aerospace industry, including an expansion in north Tulsa at the American Airlines Group maintenance and engine overhaul facility, which resulted in 500 new jobs. From 2012 through 2015, nonfarm payrolls increased by an average of 7,600 jobs, or 1.8 percent, annually, with gains occurring in nearly every sector. Leading job growth during this period was the leisure and hospitality sector, which increased by 1,500 jobs, or 3.9 percent, annually. Numerous new hotel and casino expansions contributed to gains in this sector. During this period, hotel demand in the HMA increased an average of 4 percent annually (STR, Inc.). Payroll growth was also strong in the wholesale and retail trade sector, which increased by 1,400 jobs, or 2.2 percent, annually. Contributing to gains in this sector were several retail franchises entering the HMA retail market, including Sprouts Farmers Market, Inc., an organic and natural food grocery store chain, which opened two stores, resulting in a combined 200 new jobs. Figure 2 illustrates nonfarm payroll sector growth from 2000 to the current date.

During the 12 months ending July 2016, nonfarm payrolls decreased by an average of 200 jobs, or less than 0.1 percent, to 444,900 jobs, representing the first year-over-year decline in 12-month average employment in the HMA since July 2011. The decline in employment during the 12 months ending July 2016 was primarily in sectors impacted by the recent prolonged decrease in oil prices, which are currently at less than $50 per barrel, or about one-half the price recorded as of November 2014 (U.S. Department of Energy). The energy industry in the HMA accounts for approximately 80,000 jobs, or nearly one-fifth of all jobs, across multiple job sectors and subsectors, including the mining and logging subsector and the manufacturing and the professional and business services sectors (Tulsa Regional Chamber of Commerce). Employment declines were greatest during the 12 months ending July 2016 in the manufacturing sector, which decreased by an average of 4,900 jobs, or 9.5 percent, to 46,700 jobs (Table 3). Contributing to losses in this sector were widespread layoffs by firms in the oil and gas equipment manufacturing industry, including D&L Oil Tools, which decreased by approximately 130 workers. Job losses

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



Note: Current is based on 12-month averages through July 2016.
Source: U.S. Bureau of Labor Statistics

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

	12 Months Ending		Absolute Change	Percent Change
	July 2015	July 2016		
Total nonfarm payroll jobs	445,100	444,900	– 200	0.0
Goods-producing sectors	81,600	77,000	– 4,600	– 5.6
Mining, logging, & construction	30,000	30,300	300	1.0
Manufacturing	51,600	46,700	– 4,900	– 9.5
Service-providing sectors	363,500	367,900	4,400	1.2
Wholesale & retail trade	65,800	66,300	500	0.8
Transportation & utilities	21,400	21,700	300	1.4
Information	7,100	7,000	– 100	– 1.4
Financial activities	23,000	23,300	300	1.3
Professional & business services	59,400	57,600	– 1,800	– 3.0
Education & health services	69,000	70,300	1,300	1.9
Leisure & hospitality	41,700	44,600	2,900	7.0
Other services	18,000	18,100	100	0.6
Government	58,200	58,900	700	1.2

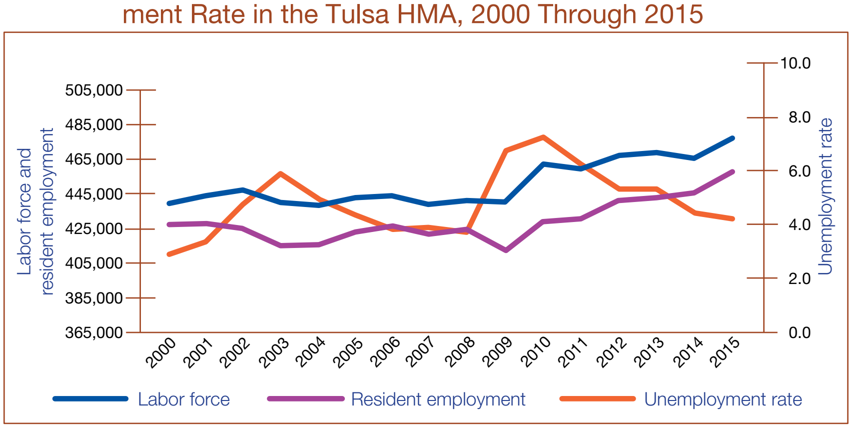
Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through July 2015 and July 2016.
Source: U.S. Bureau of Labor Statistics

also occurred in the professional and business services sector, which declined by an average of 1,800 jobs, or 3.0 percent, to 57,600, because of widespread layoffs of corporate and back-office personnel at energy-related firms, including Helmerich & Payne, Inc., where 500 workers were laid off at its corporate headquarters. A decline in the number of jobs in the mining and logging subsector also occurred, decreasing by an average of 1,000 jobs, or 13.3 percent, to 6,500 jobs. Job declines were partly offset by increased hiring in the leisure and hospitality sector, which gained 2,900 jobs, or 7.0 percent, to 44,600 jobs, from a year earlier. Contributing to job growth in this sector was the opening of Margaritaville Casino & Restaurant at River Spirit Casino Resort in the summer of 2016 in south Tulsa, resulting in 1,000 new jobs. Gains also occurred during the 12 months ending July 2016 in the education and health services sector, which increased by 1,300 jobs, or 1.9 percent, to 70,300 jobs, because of numerous hospital expansions throughout the HMA. The construction subsector increased by 1,300 jobs, or 5.8 percent, to 23,800 jobs, reflecting numerous ongoing construction projects, including the $350 million, 100-acre recreational park, A Gathering Place for Tulsa, located near downtown Tulsa, which resulted in 400 jobs. In total, construction began at more than 40 large-scale construction projects during the 12 months ending July 2016 in the HMA for a combined estimated cost of $1.10 billion (McGraw-Hill Construction Pipeline database).

Unemployment rates have been lower in the HMA than in the nation throughout most of the period since 2000. From 2000 through 2008, the average annual unemployment rate was 4.2 percent in the HMA compared with 5.1 percent in the nation. During 2009 and 2010, the HMA average unemployment rate rose to 7.1 percent compared with a national rate of 9.6 percent. From 2011 through 2015, the average unemployment rate of the HMA declined to 5.1 percent. By comparison, the national unemployment rate averaged 7.2 percent during the same period. During the 12 months ending July 2016, the HMA average unemployment rate was 4.5 percent, up from 4.2 percent a year earlier, in part, because of recent layoffs among employers in the energy-related industries. During the same period, the national average unemployment rate was 5.0 percent, down from 5.6 percent a year earlier. Figure 3 shows trends in the labor force, resident employment, and the unemployment rates in the HMA from 2000 through 2015.

During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 0.8 percent annually, to 456,000 jobs. Job growth is not expected during the first year of the forecast period, but employment is expected to increase during the second and third years. Job growth is expected to continue to be strong in the construction subsector. The construction of nearly 100 projects at a combined cost of about $760 million is expected to commence during the forecast period in the HMA. An additional 1,000 jobs are also expected to be created in the wholesale and retail trade sector after construction of the $80 million Cherokee Outlets is complete in 2017. Job declines in the mining and logging subsector and the professional and business services and the manufacturing sectors are expected to continue until oil prices increase to a level that will support sustained increases in oil production.

Figure 3. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Tulsa HMA, 2000 Through 2015

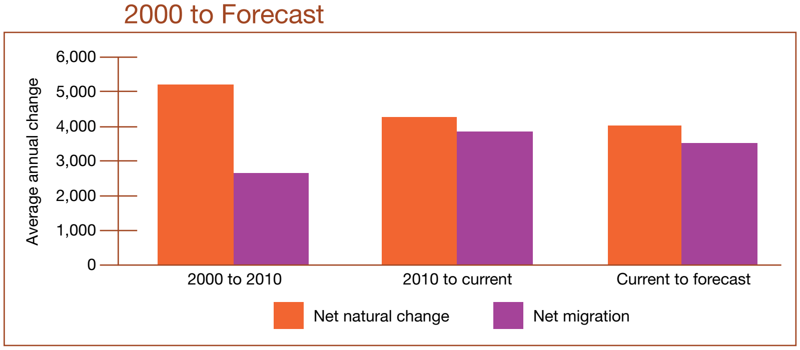


Source: U.S. Bureau of Labor Statistics

Population and Households

The current population of the Tulsa HMA is estimated at 988,500, representing an average increase of 8,050, or 0.8 percent, annually since 2010, primarily because of an expanding economy in the HMA throughout most of the period. Net in-migration accounted for nearly one-half of population growth during this period (Figure 4). The most populous county in the HMA is Tulsa County, with an estimated population of 643,000, or 65 percent of the HMA population. Since 2010, an estimated 82 percent of the HMA population growth has occurred in Tulsa County. Rogers and Wagoner Counties comprise 9 and 8 percent of the HMA population, respectively, and have accounted for a combined 17 percent of the HMA population growth since 2010. The combined estimated populations of the remaining four counties currently represent approximately 18 percent of the population of the HMA and only 1 percent of population growth since 2010. Tulsa, with an estimated population of 405,500, is the most populous city in the HMA and the second most populous city in Oklahoma, behind the state capital of Oklahoma City. The city of Tulsa is located in three counties—Osage County, Tulsa County, and Wagoner County. Broken Arrow, a bedroom community in Tulsa and Wagoner Counties, is the second most populous city in the HMA, with an estimated 108,000 residents. Owasso, just north of the city of Tulsa, is the third most populous city in the HMA, with an estimated population of 36,000. Owasso also had the fastest growth rate among cities in the HMA since 2010, with an estimated average increase of 3.5 percent annually, reflecting increased hiring stemming from numerous expansions near Owasso in north Tulsa. Population growth was also strong in Broken Arrow, averaging 1,450 people, or 1.4 percent, annually since 2010.

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



Notes: The current date is August 1, 2016. The forecast date is August 1, 2019.

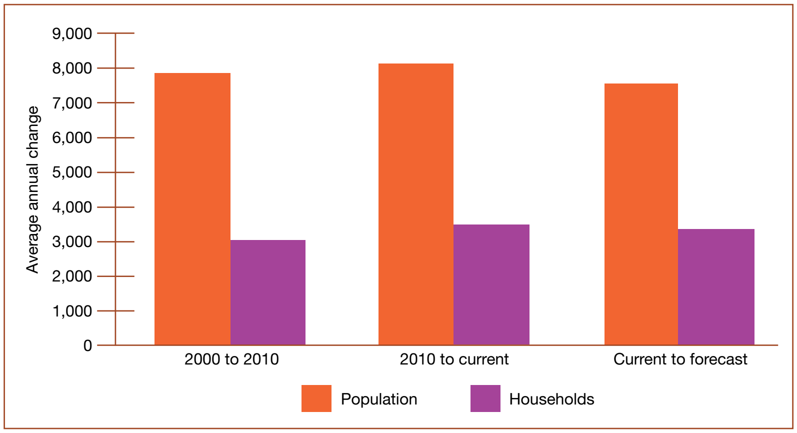
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

During the 2000s, the HMA population increased by an average of 7,800, or 0.9 percent, annually, with about one-third of the population growth the result of net in-migration. Population growth in the HMA was strong from 2005 to 2008, when the population increased by an average of 11,200, or 1.3 percent, annually, because of strong job growth during the same period (U.S. Census Bureau population estimates, as of July 1). The population growth was also strong from 2008 to 2010, when the population increased by an average of 11,750, or 1.3 percent, annually. During this period, net in-migration accounted for more than one-half of the population growth, averaging 6,225 people annually, despite significant job losses in the HMA. Jobseekers were drawn to the HMA during this period because of its relatively low unemployment rate compared with the rates in other areas of the nation. Students were also drawn to universities in the HMA; enrollment grew an average of 5 percent, or by 1,600 students, annually during 2009 and 2010 compared with an average annual growth of less than 1 percent during the previous 5 years and since

2010. During the 3-year forecast period, the population is expected to increase by an average of 7,500, or 0.8 percent, annually.

The current number of households in the Tulsa HMA is an estimated 388,600, representing an average annual increase of 3,400 households, or 0.9 percent, since April 2010, a slightly faster pace than the rate of population growth during the same period. Contributing to the relatively faster rate was an increase in the number of households with a householder age 65 years or older, which increased an average of 2.7 percent annually from 2010 to 2015 (2015 American Community Survey [ACS] 1-year data). Increased new household formation of young adults also contributed to the relatively faster rate. Households in the HMA with a householder under the age of 25 increased an average of 2.3 percent annually from 2010 to 2015 compared with a national average decrease of 2.0 percent annually. Since April 2010, owner household growth has slowed to only 25 percent of total household growth, in part because of an increased propensity to rent. During the 2000s, the number of households increased by an average of 3,000, or 0.9 percent, annually, of which nearly 60 percent were owner households. During the forecast period, the number of households in the HMA is expected to increase by an average of 3,325, or 0.9 percent, annually (Figure 5). Figure 6 shows the number of households in the HMA by tenure since 2000.

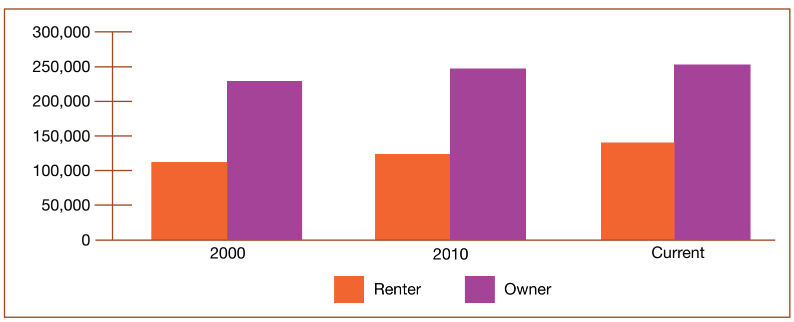
Figure 5. Population and Household Growth in the Tulsa HMA, 2000 to Forecast



Notes: The current date is August 1, 2016. The forecast date is August 1, 2019.

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

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



Note: The current date is August 1, 2016.

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

Housing Market Trends

Sales Market

Current sales housing market conditions in the Tulsa HMA are balanced compared with soft conditions in April 2010. The current sales vacancy rate is estimated at 2.0 percent, down from 2.3 percent in April 2010. As of July 2016, the unsold inventory in the HMA totaled 4,350 homes, down 23 percent from 2010 and 35 percent from the peak level, which occurred

August 2011 (CoreLogic, Inc.). The inventory of homes for sale represented a 4.3-month supply in July 2016, unchanged from a year earlier but down from a 6.0-month supply in 2010 and a peak-level 9.0-month supply in August 2011. Contributing to the improved sales market conditions was population growth and, until recently, an expanding economy. Lower home mortgage rates have also contributed to improved sales market conditions since 2010. The average mortgage rate for a 30-year, fixed-rate mortgage was 3.5 percent in July 2016, down from 5.0 percent in 2010 (Freddie Mac). Also, adjustable-rate mortgages, which can be used as a tool to qualify more borrowers, accounted for 7.7 percent of home loans in the HMA during the 12 months ending July 2016, unchanged from a year earlier but up from 2.8 percent in 2010 (Metrostudy, A Hanley Wood Company). In June 2016, 3.2 percent of home loans in the HMA were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status, down from 3.8 percent a year earlier and from 5.2 percent in April 2010 (CoreLogic, Inc.). The percentage of seriously delinquent and REO mortgages peaked in January 2012 in the HMA, at 5.4 percent (CoreLogic, Inc.). The percentage of underwater mortgages in June 2016 was 4.9 percent of total home loans in the HMA, unchanged from a year earlier, but down from 7.0 percent in April 2010 and from a peak level of 11.4 percent in December 2011.

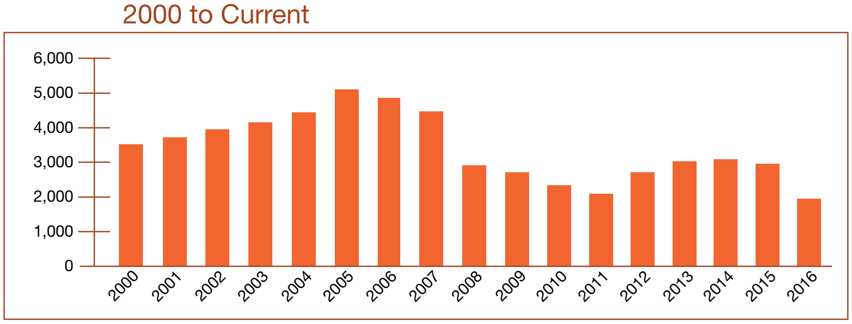
Overall home sales and home sales prices were relatively unchanged in the HMA during the most recent 12 months despite movement among the components. During the 12 months ending June 2016, new and existing home sales (including single-family homes, townhomes, and condominiums) increased by 300, or 2 percent, to 19,400 homes sold in the HMA compared with sales a year earlier, and the average home sales price decreased by $1,000, or 1 percent, to $163,500 (CoreLogic, Inc., with adjustments by the analyst). New home sales totaled 1,925, down by 80 homes sold, or 4 percent, from a year earlier, and the average new home sales price was $251,300, up by $6,000, or 2 percent, during the same period. Regular resale home sales (excluding REO and short sales) increased by 450, or 3 percent, to 15,300 homes sold, and regular resale homes sold at an average home sales price of $162,400, unchanged from a year earlier. Short sales declined by 110, or 16 percent, to 570 homes sold. The average sales price for a short sale home was $127,600, up by $2,600, or 2 percent, from a year earlier. REO sales increased in the HMA by 60, or 4 percent, to 1,600 homes sold, but the average price decreased by $12,350, or 13 percent, to $80,900, contributing to the slight decrease in the average price for new and existing homes overall.

Since 2000, new and existing home sales in Tulsa County have accounted for two-thirds of home sales in the HMA, and home sales in the remaining six counties accounted for only one-third of the total number of homes sold. Home sales in the HMA were greatest from 2005 through 2007, averaging 25,550 homes sold annually. Strong job and population growth contributed to record-high sales during this period. From 2008 through 2010, however, home sales declined by an average of 3,000 homes sold, or 14 percent, annually, reflecting tighter mortgage-lending standards, effects of the national recession, and, by 2009, the economic downturn in the HMA. The economic recovery, which began in 2011, contributed to an average increase in home sales of 6 percent annually from 2011 through 2014. New and existing home sales prices increased each year during the 2001-through-2008 period, averaging $5,300, or 5 percent, annually, to $141,000. Decreased home sales demand during 2009 and 2010 resulted in virtually no change in the average home sales price during the period. From 2011 through 2014, the average home sales price increased by $4,575, or 3 percent, annually because of increased sales demand stemming from a recovering HMA economy.

Single-family homebuilding activity, as measured by the number of single-family homes permitted, totaled 2,975 homes permitted in the HMA during the 12 months ending July 2016, unchanged compared with the number permitted a year earlier (preliminary data; local sources). Since 2000, single-family homebuilding activity in the HMA has occurred at the rate of approximately 68 percent in Tulsa County; 12 percent in both Rogers and Wagoner Counties, for a combined 24 percent; and a combined 8 percent in Creek, Okmulgee, Osage, and Pawnee Counties. Single-family homebuilding activity in the HMA peaked from 2005 through 2007, when an average of 4,800 homes were permitted annually. Relaxed mortgage lending standards combined with job and population growth, which resulted in increased demand, were the primary reasons for increased homebuilding. During this period, adjustable-rate mortgages accounted for nearly 20 percent of all home mortgages in the HMA (Metrostudy, A Hanley Wood Company). Single-family home construction declined each year from 2008 through 2011. During 2008, single-family permitting decreased by 1,600 homes, or 36 percent, mostly because of a slowing local economy, decreased confidence in the home sales market, and tighter lending standards stemming from the national housing crisis and recession. From 2009 through 2011, the number of permits declined by an average of 280, or 11 percent, annually, reflecting tighter lending standards and significant job losses in the HMA during 2009 and 2010. A stronger pace in economic recovery in the HMA and increased confidence in the home sales market among homebuyers contributed to an increase in homebuilding from 2012 through 2014 by an average of 340 homes permitted, or 14 percent, annually. Figure 7 shows the number of single-family homes permitted in the HMA from 2000 to 2016.

An estimated 900 single-family homes are currently under construction in the HMA. In Broken Arrow, construction continues at the Villas at Spring Creek residential community. Three- and four-bedroom homes, ranging in size from 1,750 to 3,000 square feet, are offered at prices starting at about $211,000; 57 new homes have sold for an average price of $288,300. Approximately 40 home sites remain

Figure 7. Single-Family Homes Permitted in the Tulsa HMA, 2000 to Current



Notes: Includes townhomes. Current includes data through July 2016.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst available for construction at Villas at Spring Creek; no completion date has been set. In Owasso, construction is under way at Carrington Pointe, where approximately 280 home sites are planned. Since 2013, 210 three- and four-bedroom homes, ranging in size from 1,600 to 3,000 square feet, have sold at Carrington Pointe for an average price of $210,100; no completion date has been set.

Demand is expected for 7,200 new homes in the HMA during the next 3 years (Table 1). New home sales demand is expected to increase slightly each year of the 3-year forecast period. The 900 homes currently under construction will meet part of the demand during the first year. A portion of the estimated 23,500 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 $200,000 to $299,999. 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 Tulsa HMA During the Forecast Period

Price Range ($)		Units of Demand	Percent of Total
From	To		
143,000	199,999	1,500	21.0
200,000	299,999	2,075	29.0
300,000	399,999	1,650	23.0
400,000	499,999	1,225	17.0
500,000	599,999	360	5.0
600,000	699,999	220	3.0
700,000	799,999	70	1.0
800,000	and higher	70	1.0

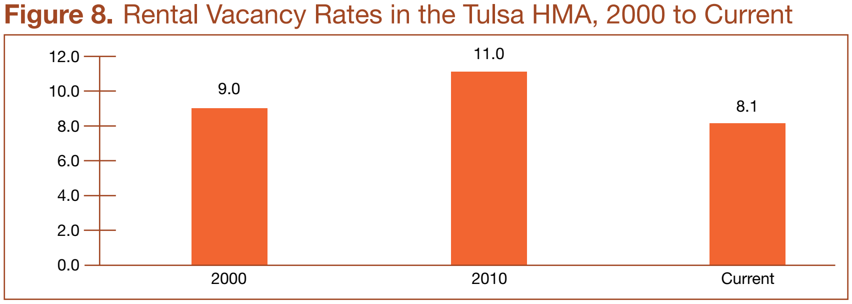
Notes: The 900 homes currently under construction and a portion of the estimated 23,500 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is August 1, 2016, to August 1, 2019.

Source: Estimates by analyst

Rental Market

The current rental housing market in the Tulsa HMA is balanced, with an overall rental vacancy rate estimated at 8.1 percent. Rental market conditions have improved considerably since April 2010, when the rental vacancy rate was 11.0 percent (Figure 8). Similar to the overall rental housing market, the current apartment rental market is balanced and also has improved significantly since 2010. During the second quarter of 2016, the average apartment vacancy rate in the HMA was 5.0 percent, unchanged from a year earlier but down from 9.4 percent during the first quarter of 2010 (Reis, Inc.). The overall rental vacancy rate is typically higher than the apartment vacancy rate in the HMA because of higher vacancy rates in the single-family rental market, which comprises 44 percent of the total number of occupied rental units in the HMA (2015 ACS 1-year data). The average apartment rent was $669 during the second quarter of 2016, up 2 percent compared with the average rent a year earlier. Increased rental demand stemming from, until most recently, a growing local economy that attracted residents to the HMA contributed to the decrease in rental vacancy rates and increase in average apartment rents since 2010. During the second quarter of 2016, apartment vacancy rates ranged from 4.0 percent in the Reis, Inc.-defined East/Broken Arrow submarket, reflecting continued strong

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



Note: The current date is August 1, 2016.

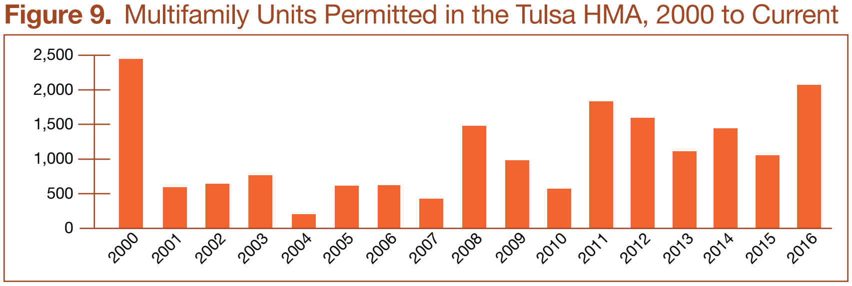
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst population growth in Broken Arrow, to 9.9 percent in the Reis, Inc.-defined Arkansas River Southwest submarket in the southwest portion of the city of Tulsa. Reflecting national trends, apartment market trends in the HMA have differed by asset class, which is an indicator of the physical condition and operating performance of apartment communities. During the second quarter of 2016, the average vacancy rate of Class A apartment communities increased to 6.8 percent compared with 5.8 percent a year earlier, and the average rent increased 2 percent to $838. By comparison, the average vacancy rate at Class B and C apartment communities decreased to 4.1 percent from 4.6 percent a year earlier, and the average rent for Class B and C properties increased 3 percent to $585.

The HMA apartment market was soft during most of the 2000s. During 2002, the apartment vacancy rate increased to 9.4 percent from 6.4 percent a year earlier. The soft conditions were primarily caused by a slowdown in the HMA economy. The apartment vacancy rate averaged 10.0 percent from 2002 through 2007, when high vacancy rates persisted even during periods of strong economic expansion, in part because of increased demand for sales housing and correspondingly weak rental demand. Nearly every year from 2008 through 2014, average apartment vacancy rates decreased and average rents increased. The HMA rental market benefits from approximately 20,000 full-time students enrolled at universities in the HMA. The University of Tulsa and Rogers State University main campuses, in Tulsa and Claremore, are the most populous universities, with enrollments of 4,700 and 4,100, respectively. Combined, universities in the HMA provide on-campus housing for approximately 5,600 students. Enrollment at HMA universities has been relatively stable since 2011, with an average increase of less than 1 percent annually. Student households account for an estimated 4 percent of the total number of renter households in the HMA.

Multifamily construction activity, as measured by the number of multifamily units permitted, totaled 2,450 units permitted in the HMA during the 12 months ending July 2016 compared with 1,450 units permitted a year earlier (preliminary data; local resources). By comparison, from 2011 through 2014, an average of 1,475 units were permitted annually. Annual construction from 2000 through 2010 fluctuated significantly, averaging 840 annually, and ranging from 192 units in 2004 to 2,427 in 2000 (Figure 9). Virtually no condominium construction occurred during the 12 months ending July 2016. Since 2000, an estimated total of only 90 condominium units have been constructed in the HMA, representing less than 1 percent of multifamily construction overall. Condominiums also comprise less than an estimated 1 percent of owner-occupied units in the HMA.

Approximately 2,700 multifamily apartment units are currently under construction in the HMA and are expected to be complete during the 3-year forecast period. The 236-unit

Figure 9. Multifamily Units Permitted in the Tulsa HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through July 2016.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Icon at Broken Arrow apartment development, under construction in Broken Arrow, is slated for completion in the summer of 2017. Approximately 50 units are completed at Icon at Broken Arrow and are offered at rents ranging from $779 to $829 for one-bedroom units and from $939 to $1,149 for two-bedroom units. Conversions of several warehouse, office, and hotel buildings into apartments are also under way in downtown Tulsa. The Meridia, a 93-unit apartment community, is currently being converted from former office space in the Oil Capital Historic District in downtown Tulsa. Completion of the nine-story development is expected to be complete by December 2016. Asking rents at the Meridia range from $1,199 to $1,399 for one-bedroom units and from $2,399 to $2,599 for two-bedroom units. Three-bedroom units are offered at rents starting at $2,499.

During the forecast period, demand for new market-rate rental housing in the HMA is estimated at 4,975 units, with rental demand increasing slightly during each year of the 3-year period (Table 1). Rental housing demand is expected to be greatest for one-bedroom units at rents ranging from $750 to $949 (Table 5). The 2,700 units currently under construction and an additional 400 planned units expected to begin construction imminently are likely to satisfy demand during the first 2 years of the forecast period.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Tulsa 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
650 to 849	75	750 to 949	1,300	900 to 1,099	700	1,100 to 1,299	75
850 to 1,049	35	950 to 1,149	650	1,100 to 1,299	700	1,300 to 1,499	100
1,050 to 1,249	20	1,150 to 1,349	390	1,300 to 1,499	400	1,500 to 1,699	50
1,250 or more	15	1,350 or more	260	1,500 or more	200	1,700 or more	25
Total	150	Total	2,575	Total	2,000	Total	250

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 2,700 units currently under construction will likely satisfy some of the estimated demand. The forecast period is August 1, 2016, to August 1, 2019.

Source: Estimates by analyst

Data Profile

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

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total resident employment	427,532	429,286	456,100	0.0	1.1
Unemployment rate	2.9%	7.3%	4.5%		
Nonfarm payroll jobs	415,200	413,400	444,900	0.0	1.3
Total population	859,532	937,478	988,500	0.9	0.8
Total households	337,215	367,091	388,600	0.9	0.9
Owner households	227,392	245,181	250,600	0.8	0.3
Percent owner	67.4%	66.8%	64.5%		
Renter households	109,823	121,910	138,000	1.0	2.0
Percent renter	32.6%	33.2%	35.5%		
Total housing units	366,195	409,820	429,400	1.1	0.7
Owner vacancy rate	1.7%	2.3%	2.0%		
Rental vacancy rate	9.0%	11.0%	8.1%		
Median Family Income	$43,700	$57,600	$61,400	2.8	1.1

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through July 2016. Median Family Incomes are for 1999, 2009, and 2015. The current date is August 1, 2016.

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: 8/1/2016—Analyst's estimates
Forecast period: 8/1/2016–8/1/2019—Analyst's estimates

The 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 huduser.gov/publications/pdf/CMARtables_TulsaOK_16.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 huduser.gov/portal/ushmc/chma_archive.html.