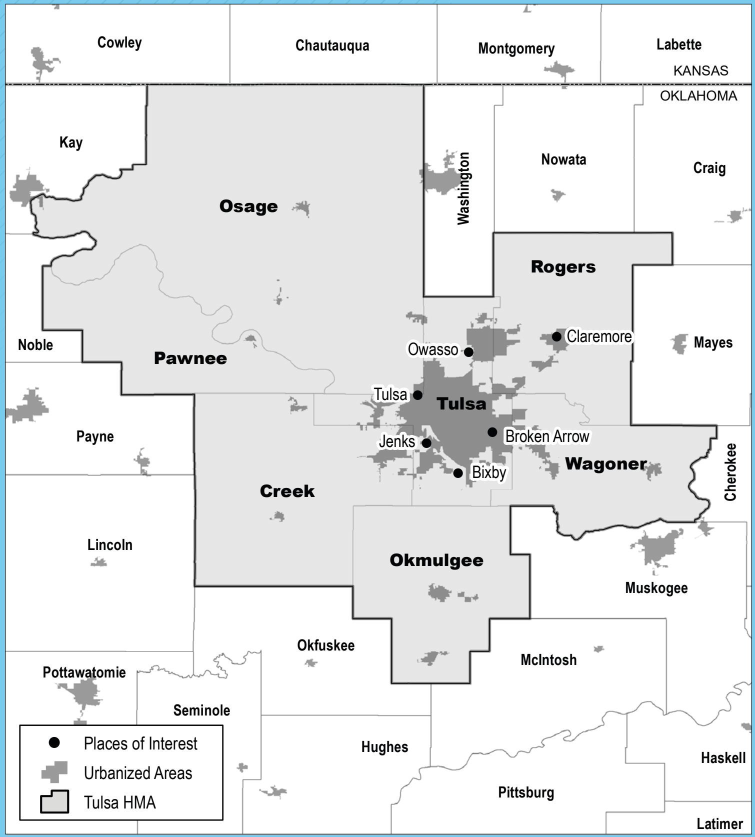
COMPREHENSIVE HOUSING MARKET ANALYSIS

Tulsa, Oklahoma

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of April 1, 2019



Executive Summary

Housing Market Area Description

The Tulsa Housing Market Area (HMA), coterminous with the Tulsa, OK Metropolitan Statistical Area (MSA), includes Creek, Okmulgee, Osage, Pawnee, Rogers, Tulsa, and Wagoner Counties and is located at the foothills of the Ozark Mountains in northeastern Oklahoma. Once known as "the oil capital of the world," the HMA remains a significant hub for the oil and gas industry; although the economy has become more diversified during the past two decades, partly because of the increased presence of the healthcare- and aerospace-related industries.

The current population is estimated at 995,400.

Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's Market-at-a-Glance tool.
Additional data for the HMA can be found in this report's supplemental tables.
For information on HUD-supported activity in this area, see the Community Assessment Reporting Tool.

Market Qualifiers

Economy

Stable: with 4,700 jobs added during the 12 months ending March 2019.

During the 12 months ending March 2019, nonfarm payrolls increased by 4,700 jobs, or 1.0 percent, to 455,200 jobs, compared with a 1.2-percent increase the previous year. Job growth during the 12 months ending March 2019 was greatest in the manufacturing sector and the mining, logging, and construction sector. During the next 3 years, nonfarm payrolls are expected to increase an average of 0.7 percent annually.

Sales Market

Balanced: with new and existing home sales increasing 4 percent during the 12 months ending March 2019.

Sales housing market conditions were balanced as of April 1, 2019 compared with soft conditions in April 2010. The current sales vacancy rate is estimated at 1.8 percent, down from 2.3 percent in 2010. During the 12 months ending March 2019, new and existing home sales increased by 710, or 4 percent, to 19,750 homes. Demand for 5,750 new homes is forecast during the next 3 years. Demand is expected to increase slightly in the second and third years of the forecast period because of greater anticipated net in-migration. The 760 homes currently under construction will satisfy some of the demand during the forecast period.

Rental Market

Slightly soft: but improving, with the average apartment vacancy rate decreasing 1.2 percentage points and the average apartment rent increasing 2 percent in the year ending March 2019.

Rental market conditions were slightly soft as of April 1, 2019, compared with soft conditions in April 2010. The rental vacancy rate is currently an estimated 8.5 percent, down from 11.0 percent in April 2010. During the first quarter of 2019, the average apartment vacancy rate was 5.2 percent, down from 6.4 percent a year earlier, and the average apartment rent was $706, representing an increase of 2 percent from a year earlier. During the forecast period, demand is estimated for 2,250 new rental units. The 1,925 units currently under construction are expected to meet demand during the first 2 years of the forecast period.

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3-Year Housing Demand Forecast

		Sales Units	Rental Units
Tulsa HMA	Total Demand	5,750	2,250
	Under Construction	760	1,925

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, 2019. The forecast period is April 1, 2019, to April 1, 2022.
Source: Estimates by the analyst

Economic Conditions

Largest sector: Education and Health Services

The economy of the HMA has expanded during all but 1 year since 2011, with nonfarm payrolls surpassing the prerecession high in 2015.

Primary Local Economic Factors

The energy industry has a strong economic impact on the HMA, accounting for 18 percent of nonfarm payrolls, 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). The HMA economy also benefits from activities related to the healthcare and aerospace industries, which currently account for a combined 25 percent of all nonfarm payrolls and have a combined annual economic impact of $11.1 billion on the HMA (Tulsa Regional Chamber). Three of the five largest employers in the HMA—Saint Francis Health System, St. John Health System, and Hillcrest HealthCare System—are in the education and health services sector, with a combined 22,000 employees (Table 1). The education and health services sector, with 71,600 jobs during the 12 months ending March 2019, was the largest job sector, accounting for 16 percent of nonfarm payrolls (Figure 1). The impact of the aerospace industry spans multiple job sectors in the HMA, including manufacturing, wholesale and retail trade, and transportation and utilities. American Airlines, Inc., which is in the manufacturing sector, is the fourth largest employer in the HMA with 5,200 employees performing jet engine, brake, and wheel overhauling work on aircraft owned by American Airlines, Inc. as well as other airline companies.

Current Conditions—Nonfarm Payrolls

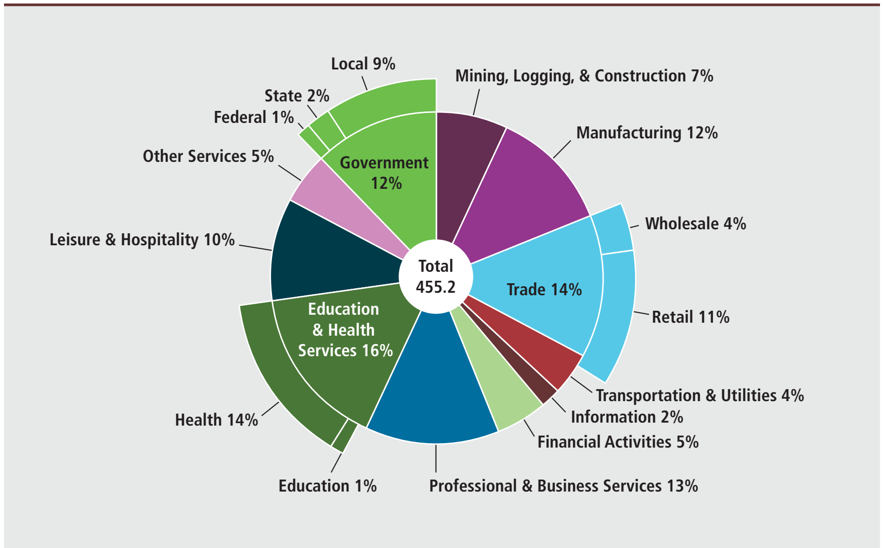
Nonfarm payrolls have been increasing since 2017. During the 12 months ending March 2019, nonfarm payrolls rose by 4,700 jobs, or 1.0 percent, to 455,200, compared with an increase of 1.2 percent during the previous 12 months (Table 2). Job growth was greatest during the 12 months ending March

Table 1. Major Employers in the Tulsa HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Saint Francis Health System	Education & Health Services	10,000
Walmart Inc.	Wholesale & Retail Trade	8,500
St. John Health System	Education & Health Services	7,000
American Airlines, Inc.	Manufacturing	5,200
Hillcrest HealthCare System	Education & Health Services	5,000
BOK Financial Corporation	Financial Activities	4,900
Cherokee Nation Entertainment, LLC.	Leisure & Hospitality	4,000
Macy's, Inc.	Transportation & Utilities	3,500
Reasor's, LLC	Wholesale & Retail Trade	2,500
ONEOK, Inc.	Mining, Logging, & Construction	2,500

Note: Excludes local school districts.
Source: Local chambers of commerce and employers

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



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. The current date is April 1, 2019.
Source: U.S. Bureau of Labor Statistics

Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Tulsa HMA, by Sector

	12 Months Ending March 2018	12 Months Ending March 2019	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	450.4	455.2	4.7	1.0
Goods-Producing Sectors	82.3	86.8	4.5	5.4
Mining, Logging, & Construction	29.9	32.1	2.2	7.4
Manufacturing	52.5	54.7	2.3	4.3
Service-Providing Sectors	368.1	368.4	0.3	0.1
Wholesale & Retail Trade	65.1	64.9	-0.1	-0.2
Transportation & Utilities	18.3	19.7	1.3	7.3
Information	7.2	7.0	-0.2	-2.4
Financial Activities	23.2	23.3	0.1	0.3
Professional & Business Services	60.2	59.2	-1.0	-1.7
Education & Health Services	71.3	71.6	0.4	0.5
Leisure & Hospitality	44.7	45.3	0.7	1.5
Other Services	20.3	21.0	0.7	3.4
Government	58.0	56.5	-1.5	-2.6

Notes: Based on 12-month averages through March 2018 and March 2019. Numbers may not add to totals due to rounding.
Source: U.S. Bureau of Labor Statistics

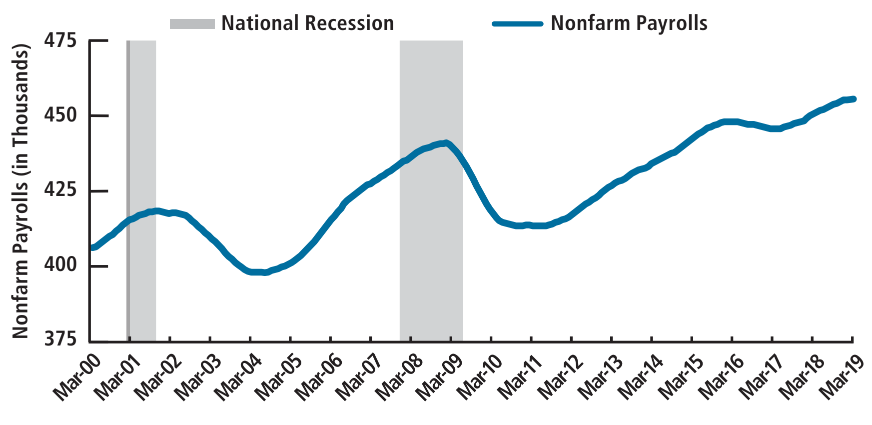
2019 in the manufacturing sector and the mining, logging, and construction sector, which increased by 2,300 and 2,200 jobs, or 4.3 and 7.4 percent, to 54,700 and 32,100 jobs, respectively. Expansions at 14 manufacturing facilities, which added a combined 1,100 jobs, contributed significantly to the gains in the sector (Tulsa Regional Chamber). Gains in the mining, logging, and construction sector were concentrated in the construction subsector, which increased by 1,700, or 7.2 percent, to 25,100 jobs. Approximately 43 new commercial construction projects, with a combined construction cost of $228.0 million, began during the 12 months ending March 2019, which contributed to gains in the construction subsector (Dodge Data & Analytics LLC.). Construction at the Sofidel Group tissue manufacturing facility, south of the city of Claremore in Rogers County, began in April 2018 and currently supports 500 construction jobs (State of Oklahoma, Office of the Governor). Job growth was also strong in the transportation and utilities sector, which added 1,300 jobs, or 7.3 percent, to 19,700 jobs, partly because of increased hiring at Macy's, Inc. fulfillment center in the city of Owasso. During the past year, the facility increased its workforce by 1,000, or 40 percent, to 3,500 employees (Owasso Chamber of Commerce). Increased activity at Tulsa International Airport, which is located in the northern part of Tulsa in Tulsa County, also contributed to gains in the transportation and utilities sector. Cargo activity increased 12.3 percent in 2018, and passenger activity increased 6.4 percent, to 3.15 million passengers, the most passengers since 2008 (Tulsa Airports Improvement Trust).

Economic Periods of Significance

2005 through 2008

Nonfarm payrolls in the HMA increased by an average of 10,000 jobs, or 2.4 percent, annually from 2005 through 2008 (Figure 2). During this period, job gains occurred in all but two job sectors. The professional and business services sector, which increased by an average of 2,400 jobs, or 4.3 percent, annually, led job growth. U.S. Cellular, which created 800 jobs when it opened a new customer care center in 2006, contributed to gains in this sector. Payrolls in the mining, logging, and construction sector and the manufacturing sector increased by an average of 1,600 and 1,500 jobs, or 6.2 and 2.7 percent, annually and respectively during the period. Several projects funded by Vision 2025, an $800 million economic development initiative passed by Tulsa County voters, contributed to significant gains in the construction subsector, which added an average 900 jobs, or 4.4 percent, annually. The mining and logging subsector increased and added an average of 700 jobs, or 13.1 percent, during the period because of widespread expansions stemming from a 20-percent average annual increase in the price of oil (U.S. Department of Energy). Gains in the price of oil also contributed to job growth in the manufacturing sector as the mining and oil and gas field machinery manufacturing industry increased by an average of 280 jobs, or 14.9 percent, annually (Quarterly Census of Employment and Wages [QCEW]).

Figure 2. 12-Month Average Nonfarm Payrolls in the Tulsa HMA



Note: 12-month moving average.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

2009 through 2010

The Great Recession, which occurred nationally from December 2007 through June 2009, contributed to an economic downturn in the HMA from 2009 through 2010, when nonfarm payrolls decreased by an average of 13,600 jobs, or 3.1 percent, annually. By comparison, nonfarm payrolls declined an average annual rate of 2.5 percent nationally. Job losses in the HMA were greatest in the manufacturing sector, which declined by an average of 4,900 jobs, or 8.6 percent, annually, reflecting national trends where the manufacturing sector declined an average of 7.3 percent annually. Job losses were also significant in the professional and business services sector, which declined by an average of 4,200, 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. Several hospitals expanded during this period in response to the growing HMA population, contributing to gains in the education and health services sector. From 2009 through 2010, the education and health services sector was the only private sector to expand both in the HMA and nationally.

2011 through 2015

The economy of the HMA began to recover during 2011, and in 2015, the number of jobs surpassed the prerecession high, which occurred in 2008. From 2011 through 2015, nonfarm payrolls increased by an average of 6,800, or 1.6 percent, annually. Job growth was greatest in the leisure and hospitality sector, which gained an average of 1,300, or 3.4 percent, annually. Numerous new hotel and casino expansions contributed to gains in this sector, and hotel demand in the HMA increased an average of 4 percent annually (STR, Inc.). Payroll growth was also strong in the manufacturing sector and the wholesale and retail trade sector, which increased by averages of 1,100 and 1,100 jobs, or 2.2 and 1.7 percent, annually and respectively. Gains in the manufacturing sector were due, in part, to widespread job growth in the aerospace industry, including a 2011 expansion at American Airlines, Inc.'s facility in the northern part of Tulsa, which resulted in 500 new jobs. Several retail franchises entered the HMA during the period, which contributed to job growth in the wholesale and retail trade sector. Sprouts Farmers Market, an organic and natural food grocery store chain, created 200 new jobs while opening multiple locations in the HMA during the period.

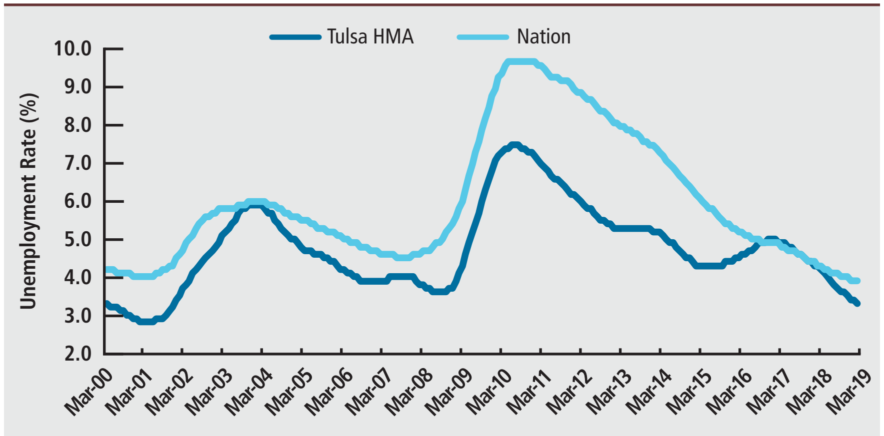
2016

Nonfarm payrolls in the HMA decreased during 2016 by 1,700 jobs, or 0.4 percent, to 446,000. The decline was primarily in the sectors impacted by a prolonged decrease in oil prices, which declined from $107 per barrel in July 2014, to $26 per barrel by February 2016 (U.S. Department of Energy). Employment declines were greatest during 2016 in the manufacturing sector, which decreased by an average of 3,800 jobs, or 6.8 percent. Contributing to losses in this sector were widespread layoffs by firms in the mining and oil and gas field machinery manufacturing industry, which decreased by 830 jobs, or 24.8 percent (QCEW). Job losses also occurred in the mining and logging subsector, which declined by 900 jobs, or 12.7 percent. The professional and business services sector declined by 800 jobs or 1.3 percent, partly because of layoffs of corporate personnel at energy-related firms, including Helmerich & Payne, Inc., where 500 workers were laid off. Job declines were partly offset by increased hiring in the leisure and hospitality sector, which gained 1,100 jobs, or 2.6 percent, due in part to the opening of River Spirit Casino Resort in the southern portion of Tulsa, which created 1,000 new jobs.

Unemployment Trends

From 2000 through 2008, the average annual unemployment rate was 4.2 percent in the HMA compared with 5.1 percent nationally (Figure 3). From 2009 through 2010, the average unemployment rate in the HMA rose to 7.3 percent, compared with the national rate of 9.6 percent. The unemployment rate in the HMA subsequently declined during each of the next 5 years, to 4.4 percent in 2015, when the national unemployment rate was 5.3 percent. During 2016, the HMA unemployment rate increased to 5.0 percent, reflecting job losses, compared with the national rate of 4.9 percent. During the 12 months ending March 2019, the unemployment rate in the HMA was 3.3 percent, down from 4.3 percent a year earlier, compared with the national rate declining to 3.8 percent from 4.2 percent.

Figure 3. 12-Month Average Unemployment Rate in the Tulsa HMA and the Nation



Source: U.S. Bureau of Labor Statistics

Employment Forecast

During the forecast period, nonfarm payrolls are expected to increase an average of 0.7 percent annually. Job growth is expected to increase each year of the forecast period with strong growth expected to continue in the manufacturing sector and the transportation and utilities sector. Several manufacturers are expected to open or expand operations in the HMA during the forecast period. The Sofidel Group tissue paper manufacturing facility will be operational as early as 2020 and employ a staff of 300. Greenheck Group, an equipment manufacturer, is also expected to open a facility in Tulsa in 2020, which will create as many as 600 jobs. A new Amazon fulfillment center, which is slated to be completed near the Tulsa International Airport in the northern part of Tulsa in late 2019 will contribute to job growth in the transportation and utilities sector (City of Tulsa, Office of the Mayor). The facility is expected to employ 1,500 full-time workers.

Population and Households

Current Population: 995,400

Since 2010, the population growth of the HMA has slowed compared with the 2000s.

The population of the HMA is estimated at 995,400 as of April 1, 2019 (Table 3). The current population represents an average increase of 6,450, or 0.7 percent, annually since April 2010. During the period, net in-migration accounted for 38 percent of the total population growth (Figure 4).

Population Trends

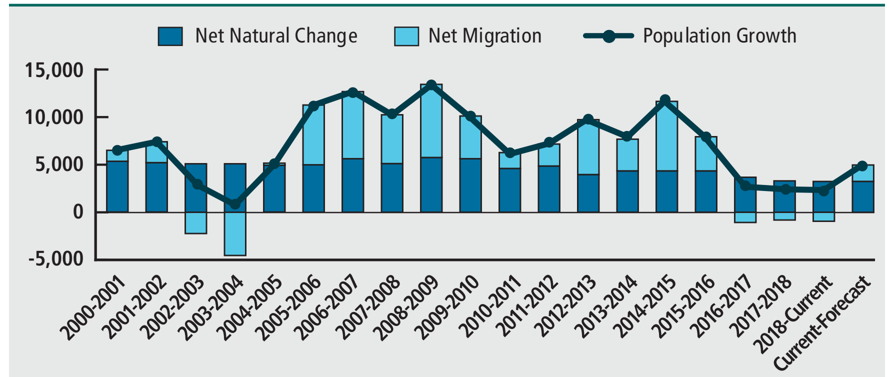
During the 2000s, the HMA population increased by an average of 7,800 people, or 0.9 percent, annually, with average annual net in-migration of 2,625, or 34 percent of the population growth (Census Bureau decennial census counts). Population growth in the HMA averaged 11,200 people, or 1.3 percent, annually from 2005 to 2008 because of strong job growth (Census Bureau population estimates as of July 1). During the period, net in-migration accounted for 54 percent of the population growth. Population growth continued from 2008 to 2010, when the population increased by an average of 11,950, or 1.3 percent, annually. During the period, net in-migration accounted for 53 percent of the population growth, averaging 6,375 people annually. Although the HMA lost jobs during the period, the impact of the recession was relatively mild, and jobseekers were drawn to the HMA because of its relatively low unemployment rate compared with the rates in other areas of the nation. From 2010 to 2016, the population of the HMA increased by an average of 8,275, or 0.9 percent, annually, with net in-migration accounting for 48 percent of growth primarily because of an expanding economy in the HMA. The economic downturn in the HMA in 2016 and the relatively mild economic expansion since 2017 have contributed to net out-migration and slowed population growth. Since 2016, population growth has slowed to an average of only 2,250, or 0.2 percent, annually, with net out-migration occurring an average of 1,050 annually. Student enrollment has increased by less than 1 percent annually since 2010.

Table 3. Tulsa HMA Population and Household Quick Facts

		2010	Current	Forecast
Population Quick Facts	**Population**	937,478	995,400	1,010,000
	Average Annual Change	7,800	6,450	4,825
	Percentage Change	0.9	0.7	0.5
		2010	**Current**	**Forecast**
Household Quick Facts	**Households**	367,091	390,600	396,800
	Average Annual Change	3,000	2,600	2,050
	Percentage Change	0.9	0.7	0.5

Notes: Average annual changes and percentage changes are based on averages from 2000–2010, 2010 to current, and current to forecast. The current date is April 1, 2019. The forecast date is April 1, 2022.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

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

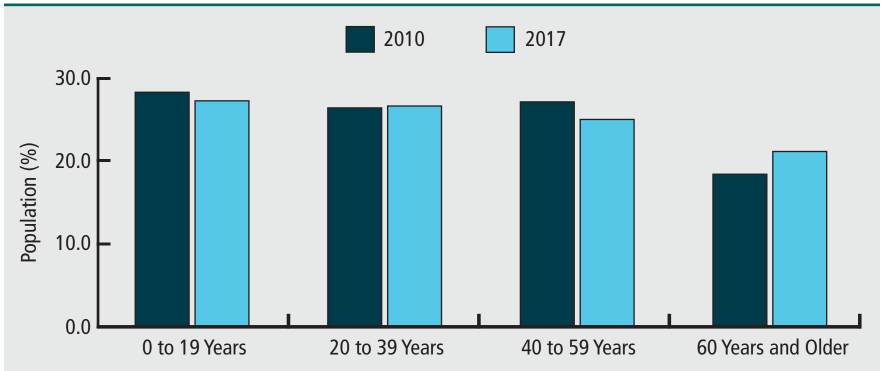


Notes: Net natural change and net migration totals are average annual totals over the time period. The current date is April 1, 2019. The forecast date is April 1, 2022.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

Age Cohort Trends

The age cohort of 60 and older has accounted for a greater proportion of the change in population in the HMA since 2010 than during the 2000s, reflecting national trends (Figure 5). From April 2010 to July 2017, the population of residents in the HMA aged 60 and older increased by an average of 5,150, or 2.8 percent, annually to 209,100, representing 70 percent of the total change in population (Census Bureau decennial census counts and Census Bureau population estimates as of July 1). By comparison, residents aged 60 and older accounted for only 44 percent of the change in population in the HMA during the 2000s. Because of the relatively large increase in residents aged 60 and older from 2010 to 2017, the 60 and older age cohort accounted for 21 percent of the population of the HMA in 2017, compared with 18 percent in 2010. Similarly, the age cohort of 60 years and older accounted for 22 percent of the population nationally in 2017, compared with 18 percent in 2010. The increasing percentage of 60 and older population in the HMA has notably impacted the rate of net natural increase (resident births minus resident deaths), which slowed from a peak level of 5,575 in 2009, to 3,550 in 2017.

Figure 5. Population by Age in the Tulsa HMA



Source: U.S. Census Bureau decennial census count, population estimates as of July 1

Population by Geography

As of July 2018, Tulsa County was the most populous county in the HMA, with 65 percent of the HMA population (Census Bureau population estimates as of July 1). Tulsa County also accounted for 82 percent of the population growth from April 2010 to July 2018 (U.S. Census Bureau decennial census counts, population estimates as of July 1). Rogers and Wagoner Counties comprised 9 and 8 percent of the HMA population in 2018, respectively, and accounted for the remainder of the HMA population growth combined from 2010 to 2018.

The combined population of the remaining four counties has been virtually flat since 2010 and represented approximately 18 percent of the HMA population in 2018. The city of Tulsa, with a population of 400,700 as of 2018, is the most populous city in the HMA. The city of Broken Arrow is the second most populous city, with 109,200 residents. The fastest growing cities in the HMA from 2010 to 2018 were Jenks, Bixby, and Owasso, where population growth averaged 4.5, 3.8, and 3.4 percent annually, respectively. The city of Owasso, north of Tulsa, is the third most populous city in the HMA, with 36,700 residents, while Bixby and Jenks, both located south of Tulsa, are the fourth and fifth most populous cities, with populations of 27,500 and 23,400, respectively. Contributing to strong population growth in these cities were numerous new single-family home subdivisions, which drew homebuyers. Growth in Owasso was also due to numerous business expansions in Owasso and the northern portion of Tulsa. Population growth was also strong in Broken Arrow, averaging 1,425, or 1.4 percent, annually.

Household Growth Trends

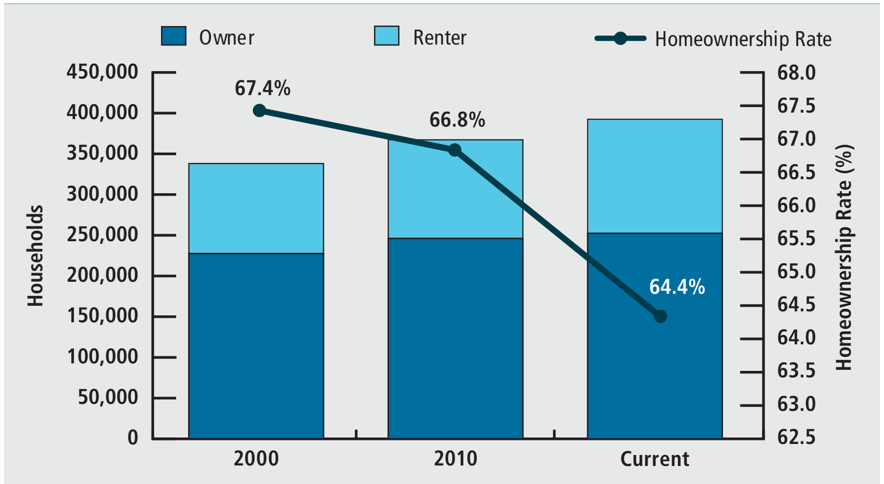
Household growth in the HMA has generally mirrored population growth since 2000. The number of households in the HMA is currently an estimated 390,600, representing an average annual increase of 2,600 households, or 0.7 percent, since April 2010. By comparison, the number of households increased an average of 0.9 percent annually during the 2000s.

Households by Tenure

Tightened mortgage lending standards and an increased propensity to rent contributed to strong renter household growth in the HMA in the early and mid-2010s, although strengthening economic conditions have contributed to a recent increase in homeownership. Renter household growth has comprised 73 percent of all household growth since 2010, compared with only 40 percent during the 2000s. Renter households currently account for an estimated 35.6 percent of all households in the HMA, compared with 33.2 and 32.6 percent in 2010 and 2000, respectively (Figure 6). Though the homeownership rate in the HMA remains below the 2010 rate, it has increased by an estimated 0.2

percentage point annually since 2016, partly because of increased confidence in the home sales market. The Realtor® Confidence Index for single-family homes, a national measure of housing market strength, is currently at 66, compared with only about 20 in the fall of 2010 (National Association of Realtors®). The significant growth in households with householders aged 60 and older, which are more likely to own than other age cohorts, has also contributed to the recent increase in homeownership. From 2010 to 2017, the percentage of households in the HMA with householders aged 60 and older increased from 30 in 2010, to 34 percent in 2017 (American Community Survey [ACS] 1-year data). In 2017, the homeownership rate of households with householders aged 60 and older was 78.6 percent, compared with 57.8 percent for all other households. Tulsa County, which includes most of the highly urbanized parts of the HMA, accounted for 77 percent of all renter households in the HMA in 2017 and had a homeownership rate of only 59.0 percent, compared with a combined average of 76.3 percent for the remaining counties.

Figure 6. Households by Tenure and Homeownership Rate in the Tulsa HMA



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

Forecast

During the forecast period, the population of the HMA is expected to increase by an average of 4,825, or 0.5 percent, annually. Net in-migration is expected to increase during the second and third years as the economy expands at a slightly faster pace compared with the first year. The number of households in the HMA is expected to increase by an average of 2,050, or 0.5 percent, annually during the forecast period, a similar pace to population growth. Reflecting the recent trend of rising homeownership, owner households are expected to account for 64 percent of new household formation in the HMA during the next 3 years.

Home Sales Market Conditions

Market Conditions: Balanced

Strengthening economic conditions, population growth, and increased access to credit have contributed to improved sales market conditions in the HMA compared with those in 2010.

Current Conditions

Sales housing market conditions in the Tulsa HMA are currently balanced compared with soft conditions in April 2010. The sales vacancy rate is currently estimated at 1.8 percent, down from 2.3 percent in April 2010 (Table 4). As of March 2019, the unsold inventory in the HMA totaled 3,750 homes, down 5 percent from a year earlier, 34 percent below the level in April 2010 and 44 percent less than the peak level in August 2011 (CoreLogic, Inc.). The inventory of homes for sale represented a 3.3-month supply in March 2019, down from 3.6 months a year ago and well below both the 6.0-month supply in 2010 and the peak level of a 9.0-month supply in August 2011. Since 2010, the sales market in the HMA has benefited from job gains and population growth, particularly by residents 60 years and older, as well as increased access to credit. The average mortgage rate nationally for a 30-year, fixed-rate mortgage was 4.1 percent in March 2019, down from 5.0 percent in 2010 (Freddie Mac). In addition, adjustable-rate mortgages, which can be used as a tool to qualify more borrowers, accounted for 6.8 percent of home loans in the HMA during the 12 months ending March 2019, up from 2.8 percent in 2010 (Metrostudy, A Hanley Wood Company).

Current Home Sales and Prices

During the 12 months ending March 2019, new and existing home sales (including single-family homes, townhomes, and condominiums) increased by 710, or 4 percent, to 19,750 homes sold in the HMA compared with a year earlier (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). Existing home sales, which increased 5 percent, accounted for all of the gain. New home sales declined 6 percent during the period (Figure 7). The average price for new and existing homes in the HMA increased by $840, or less than 1 percent, to $188,200 during the 12 months ending March 2019, compared with an increase of 4 percent during the previous year. The average price for existing homes increased 1 percent to $179,200 during the most recent 12 months, while the average price for new homes was largely unchanged at $272,100. Homes priced from $101,000 to $200,000 accounted for the greatest share of total home sales in the HMA during the past year (Figure 8).

Table 4. Home Sales Quick Facts in the Tulsa HMA

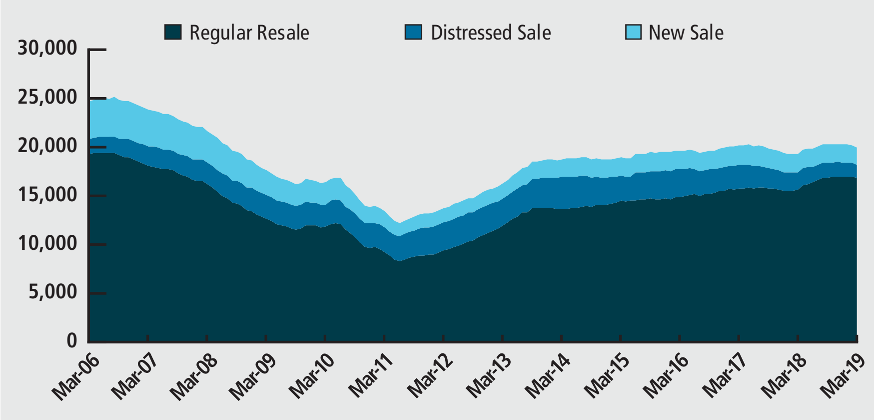
		Tulsa HMA	Nation
Home Sales Quick Facts	Vacancy Rate	1.8%	NA
	Months of Inventory	3.3	3.0
	Total Home Sales	19,750	5,417,000
	1-Year Change	4%	-3%
	New Home Sales Price	$272,100	$409,000
	1-Year Change	0%	0%
	Existing Home Sales Price	$179,200	$309,900
	1-Year Change	1%	3%
	Mortgage Delinquency Rate	1.9%	1.6%

NA = data not available.
Notes: Vacancy rate is as of the current date (April 1, 2019); home sales and prices are for the 12 months ending March 2019; and months of inventory and mortgage delinquency data are as of March 2019.
Sources: Vacancy rates—estimates by the analyst; sales prices—Metrostudy, A Hanley Wood Company; inventory and delinquency rates—CoreLogic, Inc.

Home Sales Trends

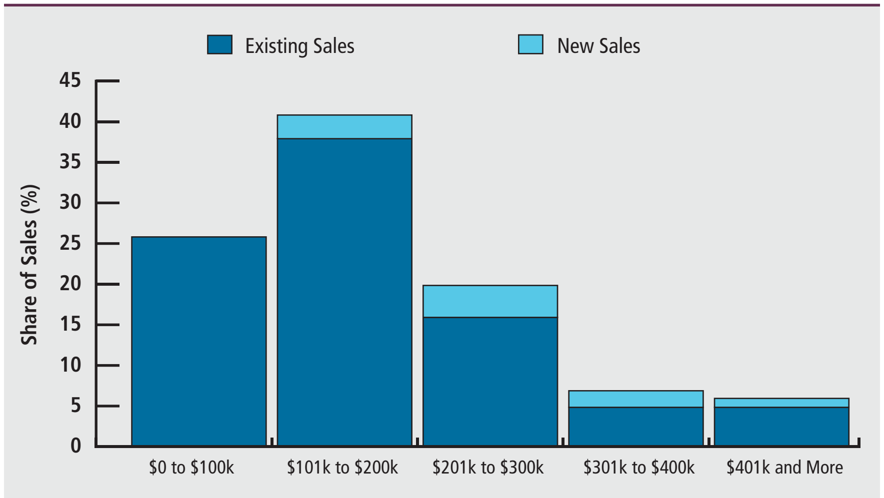
Since 2005, the number of home sales in the HMA was greatest from 2005 through 2006, when an average of 24,050 homes was sold annually. In addition to job gains and population growth, relaxed mortgage lending standards contributed significantly to strong sales during the period, as adjustable-rate mortgages accounted for 21 percent of all home mortgages in the HMA

Figure 7. 12-Month Sales Totals By Type in the Tulsa HMA



Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

Figure 8. Share of Sales by Price Range During the 12 Months Ending March 2019 in the Tulsa HMA



Source: Metrostudy, A Hanley Wood Company

(Metrostudy, A Hanley Wood Company). From 2007 through 2011, home sales declined by an average of 2,250, or 12 percent, annually to 13,000, reflecting tighter mortgage lending standards, the effects of the national recession and by 2009, the economic downturn in the HMA. The economic recovery in the HMA, which began in 2011, contributed to an increase in home sales each year from 2012 through 2016. From 2012 through 2013, the number of home sales increased by an average of 2,750, or 19 percent, annually, compared with an average annual increase of 400, or 2 percent, from 2014 through 2016. Home sales declined slightly during 2017, decreasing by 560, or 3 percent, to 19,100, due in large part to the economic downturn in the HMA during the previous year.

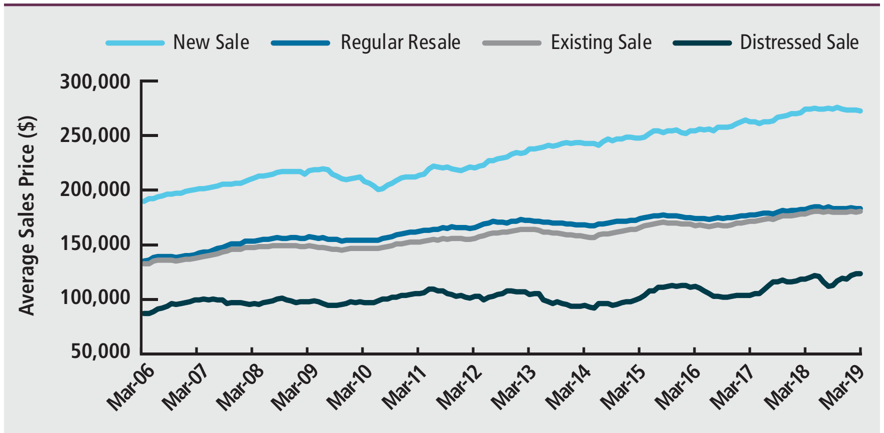
New and Existing Home Sale Price Trends

Despite significant variations in the market conditions during the period, average home prices in the HMA have been relatively stable since 2005, with year-over-year price changes ranging from a decrease of 2 percent in 2009 and 2013 to an increase of 6 percent in 2007. By comparison, national year-over-year average home price changes ranged from a 12-percent decline in 2009, to an increase of 7 percent in 2013. From 2006 through 2008, the average price for a home in the HMA increased by an average of $6,350, or 4 percent, annually, compared with an average annual decrease of 2 percent nationally. A decrease in home sales demand in the HMA stemming from weakening economic conditions resulted in a 2-percent decline in the average home sales price in 2009. The average price for a home increased by an average of $4,975, or 3 percent, annually from 2010 through 2012, before declining 2 percent in 2013. Contributing to the decrease was an 8-percent increase in distressed sales (real estate owned [REO] and short sales), which sold for an average of 45 percent less than regular resales and 62 percent less than new sales (Figure 9). From 2014 through 2017, the average home sales price increased by an average of $4,800, or 3 percent, annually, to $185,800.

Delinquent Mortgages and REO Properties

In March 2019, 1.9 percent of home loans in the Tulsa HMA were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into REO status, down from 2.3 percent a year earlier and less than half the 5.2-percent rate in April 2010 (CoreLogic, Inc.). By comparison, the national

Figure 9. 12-Month Average Sales Price by Type of Sale in the Tulsa HMA



Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

percentage of seriously delinquent and REO mortgages was 1.6 percent, down from 2.2 percent a year earlier and a rate of 8.2 percent in April 2010. The percentage of seriously delinquent and REO mortgages peaked in the HMA in January 2012 at 5.8 percent. Nationally, the percentage of seriously delinquent and REO mortgages peaked in February 2010 at 8.6 percent. The March 2019 rate was the lowest rate since November 2002 in the HMA. The low rate of seriously delinquent and REO mortgages in the HMA, which were below the national average from 2007 through July 2014, contributed to relatively stable home sales market conditions in the HMA.

Sales Construction Activity

Current Sales Construction

Home builders responded to a slight decline in new home sales demand during the 12 months ending March 2019; this resulted in a decrease in sales housing construction activity, as measured by the number of building permits issued for sales housing, including single-family homes, townhomes, and condominiums. Homebuilding activity declined 4 percent to 2,900 in the HMA during the 12 months ending March 2019, compared with the number permitted a year earlier (preliminary data).

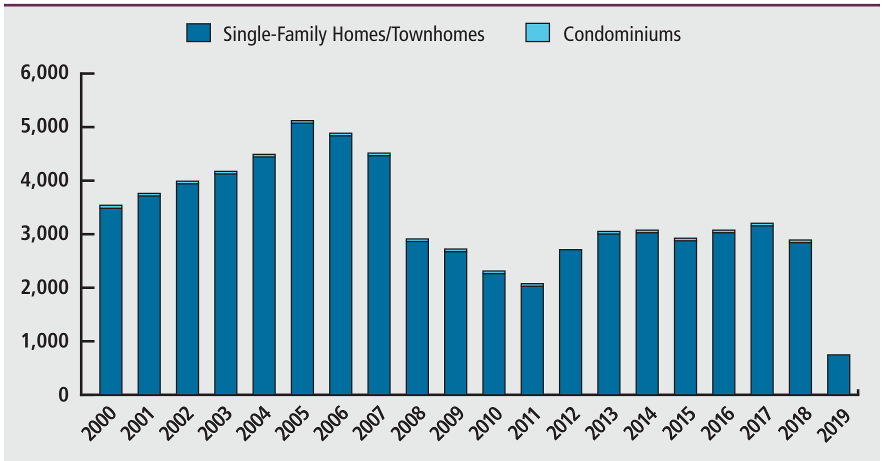
Sales Construction Trends

Homebuilding activity peaked from 2005 through 2006, when an average of 4,950 homes was permitted annually (Figure 10). Relaxed mortgage lending standards, combined with job and population growth, which resulted in increased demand, were the primary reasons for increased homebuilding. Home construction declined each year from 2007 through 2011. During 2007, permit activity decreased by 390, or 8 percent. Home permit activity declined significantly in 2008 when home permits decreased by 1,575, or 35 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, 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 2013 by an average of 500 homes, or 22 percent, annually. Home permit activity fluctuated but was relatively stable from 2014 through 2017, averaging 3,025 permits annually. Only moderate condominium construction has occurred in the HMA since 2000, with an estimated total of 190 condominium units built, representing less than 1 percent of sales construction overall. Condominiums are estimated to comprise less than 1 percent of owner-occupied units in the HMA.

Sales Construction Activity by Geography

Homebuilding activity in the HMA during the 12 months ending March 2019 was mostly concentrated in the cities of Broken Arrow, Tulsa, and Owasso, where a combined 63 percent of homebuilding activity occurred in the HMA. Homebuilding activity in Broken Arrow accounted for 27 percent of homebuilding

Figure 10. Average Annual Sales Permitting Activity in the Tulsa HMA



Note: Includes single-family homes, townhomes, and condominiums.
Sources: U.S. Census Bureau, Building Permits Survey; 2000 to 2017—final data and estimates by the analyst; 2018 to 2019—preliminary data

activity in the HMA, while Tulsa and Owasso each comprised 18 percent of homebuilding activity during the same period. Construction is under way at the Silverleaf residential community in Broken Arrow. Three- and four-bedroom homes, ranging in size from 1,325 to 2,375 square feet, are offered at prices starting at $170,000 at Silverleaf. Since the development opened in 2017, 24 homes have sold for an average price of $188,400. In the southern portion of Tulsa, construction continues at Hyde Park at Tulsa Hills, a gated residential community restricted to householders age 55 and older. Since 2013, 30 two-, three-, and four-bedroom homes have sold at Hyde Park at Tulsa Hills, ranging in size from 1,400 to 2,775 square feet, at prices ranging from $280,000 to $480,000. Approximately 120 home sites remain available for construction. In Owasso, construction is under way at Morrow Place, where approximately 50 home sites remain available for construction. Since June 2018, 37 three-, four-, and five-bedroom homes, ranging in size from 1,500 to 1,850 square feet, have sold at Morrow Place for an average price of $202,700; no completion date has been set.

Forecast

Demand is expected for 5,750 new homes in the HMA during the next 3 years (Table 5). New home sales demand is expected to increase slightly each year of the forecast period partly because of increasing employment and net in-migration during the second and third year. The 760 homes currently under construction will meet part of the demand during the first year. Demand is expected to be concentrated in the Broken Arrow, Owasso, and the southern portion of Tulsa areas.

Table 5. Demand for New Sales Units in the Tulsa HMA During the Forecast Period

	Sales Units
Demand	5,750 Units
Under Construction	760 Units

Note: The forecast period is from the current date (April 1, 2019), to April 1, 2022.
Source: Estimates by the analyst

Rental Market Conditions

Market Conditions: Slightly Soft but Improved

Rental market conditions have improved since 2010 despite a significant increase in the supply of new rental units.

Current Conditions

Rental market conditions in the HMA were slightly soft as of April 1, 2019, compared with soft conditions during April 2010. The overall rental vacancy rate is currently an estimated 8.5 percent, down from 11.0 percent in April 2010 (Table 6). During the first quarter of 2019, the average apartment vacancy rate, excluding units in lease-up, was 5.2 percent, down from 6.4 percent a year earlier, and the average apartment rent was $706, representing an increase of 2 percent from a year earlier (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 approximately 45 percent of the total number of occupied rental units in the HMA (2017 ACS 1-year data). Increased rental demand stemming from job growth during much of the period since 2010, which attracted residents to the HMA, contributed to the decrease in the average rental vacancy rate. An increased propensity to rent and tighter mortgage lending standards during the early 2010s also contributed to improved rental market conditions.

Table 6. Rental and Apartment Market Quick Facts in the Tulsa HMA

Rental Market Quick Facts		2010 (%)	Current (%)
	Rental Vacancy Rate	11.0	8.5
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	45	45
	Multifamily (2–4 units)	12	12
	Multifamily (5+ units)	38	38
	Other (Including Mobile Homes)	5	5

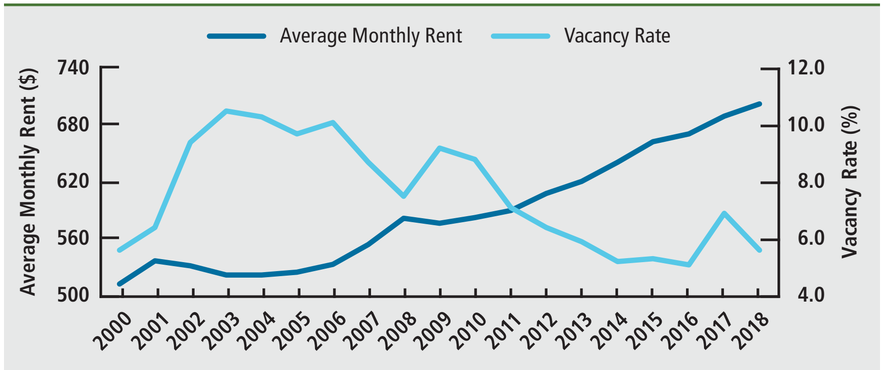
Apartment Market Quick Facts		Current	YoY Change
	Apartment Vacancy Rate	5.2%	-1.2
	Average Rent	$706	2%
	Studio	$487	2%
	One-Bedroom	$630	2%
	Two-Bedroom	$796	2%
	Three-Bedroom	$939	0%

YoY = year-over-year.
Note: The current date is April 1, 2019.
Sources: 2017 American Community Survey, 1-year data; Reis, Inc.

Apartment Vacancy Trends

Apartment vacancy rates were high in the HMA during most of the 2000s (Figure 11). The apartment vacancy rate averaged 10.2 percent from 2003 through 2006, partly because of increasing rates of homeownership, which limited rental demand. From 2007 through 2010, average apartment vacancy rates remained relatively high, ranging from a low of 7.5 percent in 2008 to a high of 9.2 percent in 2009, with an average apartment vacancy rate of 8.6 percent during the 4-year period. The impacts of the Great Recession and consequent economic downturn in the HMA contributed to the high apartment vacancy rates from 2007 through 2010. The average apartment vacancy rate declined each year from 2011 through 2016, reaching 5.1 percent by 2016. Despite rising levels of rental construction, tightened mortgage lending standards limited homeownership during the period, which contributed to strong renter household growth and absorption of inventory. The apartment vacancy rate increased to 6.9 percent in 2017, however, as population growth slowed while 1,550 apartment units entered the market.

Figure 11. Apartment Rents and Vacancy Rates in the Tulsa HMA



Source: Reis, Inc.

Apartment Rent Trends

The average apartment rent in the HMA has increased during much of the past two decades. The average rent increased an average of 1 percent annually from 2004 through 2006, partly because of economic recovery that began in 2005. Rent growth surged from 2007 through 2008, increasing an average of 4 percent annually, the greatest increase during any 2-year period since 2000. Job growth and net in-migration combined with moderate new apartment completions contributed to the strong rent growth during this period. In 2009, the average apartment rent declined 1 percent, partly because of a significant number of job losses and an additional 1,250 apartment units being completed and added to existing supply, which placed downward pressure on asking rents. From 2010 through 2018, apartment rent growth averaged 2 percent annually, with increases fluctuating from an average of 1 percent annually from 2010 through 2011 to an average of 3 percent annually from 2012 through 2015. The average apartment rent increased an average of 2 percent annually from 2016 through 2018.

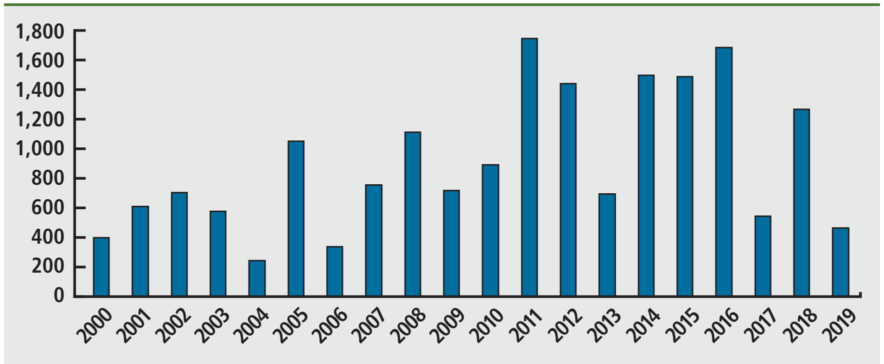
Apartment Trends by Geography

During the first quarter of 2019, the lowest average apartment vacancy rate in the HMA was 4.3 percent in the Reis, Inc.-defined South market area, which includes most of the southern portion of the city of Tulsa. This area also comprises 56 percent of surveyed apartment units in the HMA. The Central area, which includes the central portion of Tulsa, including the downtown area, had the highest vacancy rate at 7.3 percent. Contributing to the relatively high average apartment vacancy rate in the Central area was the completion of 330 new apartment units, which were added to existing supply from 2016 through 2017. The average vacancy rate decreased in all areas in the HMA during the first quarter of 2019 compared with a year earlier, except for the East/Broken Arrow area, which was unchanged at 5.3 percent, despite an additional 1,000 apartment units being completed and added to the supply. The East/Broken Arrow area includes the city of Broken Arrow and eastern portions of the city of Tulsa. The greatest decline in the average vacancy rate was in the Central area, which decreased 3.5 percentage points. Average rents during the first quarter of 2019 ranged from $653 in the North area, which includes Owasso and the northern portion of Tulsa, to $796 in the Central area. The average rent increased 3 percent in the first quarter of 2019 in the North area compared with a year ago, while the remaining areas each increased 2 percent during the same period.

Rental Construction Trends

Rental construction activity in the Tulsa HMA, as measured by the number of rental units permitted, totaled 920 units permitted during the 12 months ending March 2019, compared with 1,250 units permitted a year earlier (preliminary data, with adjustments by the analyst). Rental construction activity during the 2000s fluctuated significantly, averaging 650 annually and ranging from 240 units in 2004, to 1,100 in 2008 (Figure 12). Rental construction activity from 2010 through 2016 averaged 1,350 annually, or more than twice the average annual rental construction during the 2000s. Increased demand stemming from job growth and net in-migration during most of the period from 2010 through 2016, combined with an increase in preference to rent during the early- and mid-2010s, contributed to the relatively strong rental construction during this period. Rental construction activity slowed to 540 units in 2017 in response to an increase in the average apartment vacancy rate during the same period. Rental construction increased to 1,275 units in 2018, partly because of a decline in the average apartment vacancy rate and an expanding economy.

Figure 12. Average Annual Rental Permitting Activity in the Tulsa HMA



Note: Includes apartments and units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2000 to 2017—final data and estimates by the analyst; 2018 to 2019—preliminary data and estimates by the analyst

Rental Construction Activity by Geography

Since 2000, rental housing projects in the cities of Tulsa and Broken Arrow have accounted for 50 and 22 percent of rental construction in the HMA, respectively. A combined 17 percent of rental construction activity has occurred in the cities of Owasso, Bixby, and Jenks, and the remaining areas of the HMA accounted for 11 percent. Rental construction activity in the HMA is currently concentrated in Tulsa, Broken Arrow, and Bixby, where 87 percent of ongoing rental construction activity is occurring. Conversions of several warehouse, office, and hotel buildings into apartments are also underway in downtown Tulsa. A 69-unit apartment community, 111 Lofts, is currently being converted from formerly office space in the Art Deco District in downtown Tulsa. Completion of the 10-story development is expected in the summer of 2019. Asking rents at 111 Lofts range from $895 for studio units, $1,020 to $1,624 for one-bedroom units, $1,924 to $2,070 for two-bedroom units, and $4,000 for three-bedroom units. In Broken Arrow, construction began in November 2018 on the 337-unit Cottages at Cedar Ridge apartment community. The development is expected to include one-, two-, and three-bedroom units once completed in early 2020. Rent information is not yet available for Cottages at Cedar Ridge. The 286-unit Residences at Boardwalk apartments in Bixby is under construction and slated for completion in the summer of 2019. Units are offered at rents ranging from $826 to $1,470 for one-bedroom units, $1,490 to $1,650 for two-bedroom units, and $2,079 for three-bedroom units.

Forecast

During the forecast period, demand is estimated for 2,250 new market-rate rental units in the HMA (Table 7). Demand is expected to increase slightly in the second and third years of the forecast period because of greater net in-migration. The 1,925 units currently under construction are expected to satisfy demand during the first 2 years of the forecast period.

Table 7. Demand for New Rental Units in the Tulsa HMA During the Forecast Period

	Rental Units
Demand	2,250 Units
Under Construction	1,925 Units

Note: The forecast period is April 1, 2019, to April 1, 2022.
Source: Estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.
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.
Forecast Period	4/1/2019–4/1/2022—Estimates by the analyst
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Distressed Sales	Short sales and real estate owned (REO) sales.

Other Vacant Units	In this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), 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.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.
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.

B. Notes on Geography

1.	The metropolitan statistical area definition noted 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.
2.	Urbanized areas are defined using the U.S. Census Bureau's 2010 Census Urban and Rural Classification and the Urban Area Criteria.
3.	The census tracts referenced in this report are from the 2010 Census.

C. Additional Notes

1.	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.
2.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. 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.
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Contact Information

Randall Goodnight, Economist
Oklahoma City HUD Regional Office
405–609–8525
randall.goodnight@hud.gov