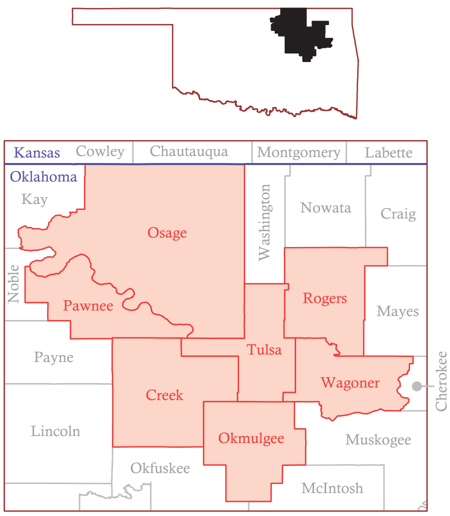
C O M P R E H E N S I V E   H O U S I N G   M A R K E T   A N A L Y S I S

Tulsa, Oklahoma

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of April 1, 2015

PD&R

Housing Market Area



The Tulsa Housing Market Area (HMA), coterminous with the Tulsa, OK Metropolitan Statistical Area, comprises seven counties in northeastern Oklahoma and includes the principal city of Tulsa. Once known as “the oil capital of the world,” the HMA now has a much more diversified economy, partly because of the increased presence of aerospace-related industries.

Summary

Economy

Nonfarm payrolls in the Tulsa HMA are at record-high levels. During the 12 months ending March 2015, nonfarm payrolls totaled 441,600 jobs, which indicates an increase of 7,500 jobs, or 1.7 percent, from a year earlier, with job growth occurring in nearly every employment sector. During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 1.6 percent annually. The local economy is diverse, with the 10 largest employers spread across 6 different nonfarm payroll sectors. Table DP-1, at the end of this report, provides additional employment data.

Sales Market

Sales housing market conditions in the HMA were balanced as of April 1, 2015, with the sales vacancy rate estimated at 2.1 percent, down from 2.3 percent in April 2010. Demand for 6,650 new homes is forecast during the next 3 years (Table 1). The 550 homes currently under construction and a portion of the estimated 23,900 other vacant housing units that may reenter the sales market will satisfy some of the demand during the forecast period.

Rental Market

Rental housing market conditions are currently balanced in the HMA compared with soft conditions in 2010. As of April 1, 2015, the rental vacancy rate was an estimated 8.0 percent, down from 11.0 percent in April 2010. During the forecast period, demand is estimated for 4,875 new market-rate rental units (Table 1). The 1,350 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	6,650	4,875
Under construction	550	1,350

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, 2015. A portion of the estimated 23,900 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is April 1, 2015, to April 1, 2018.

Source: Estimates by analyst

Market Details

Economic Conditions

The Tulsa HMA economy benefits greatly from activities related to the healthcare and aerospace industries. In 2014, these industries accounted for a combined 112,000 jobs, or more than one-fourth of all private-sector nonfarm payrolls in the HMA (studies sponsored by the Tulsa Regional Chamber). The annual economic impact of the healthcare industry on the HMA economy was an estimated $7.3 billion for 2014. Saint Francis Health System, St. John Health System, and Hillcrest Health System are three of the five largest employers in the HMA and employ a combined 20,300 people (Table 2). The education and health services sector, with 69,000 jobs during the 12 months ending March 2015, was the largest job sector, accounting for 15.6 percent of total nonfarm payrolls (Figure 1). Aerospace-related activities in the HMA are distributed across several nonfarm payroll sectors and accounted for more than 46,000 jobs during 2014. The aerospace industry had an annual economic impact of $3.8 billion on the HMA economy in 2014 (Tulsa Regional Chamber). American Airlines Group Inc., Spirit AeroSystems, Inc., and The NORDAM Group, Inc., are the fourth, seventh, and eighth largest employers, respectively, with a combined 11,450 employees. Another key job sector in the HMA is the wholesale and retail trade sector, with 64,700 jobs during the 12 months ending March 2015. Wal-Mart Stores, Inc., is the second largest employer in the HMA, with 7,900 employees. The professional and business services sector is the third largest job sector in the HMA, with 59,000 jobs.

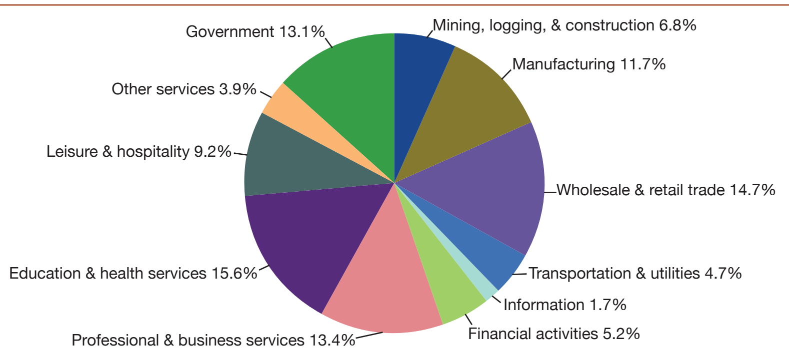
Since 2000, job growth in the Tulsa HMA has fluctuated with the national business cycle. Economic expansion was particularly strong in the HMA during the 2005-through-2007 period, when payrolls increased by an average of 11,550 jobs, or 2.8 percent, annually. Job growth during this period was led by the professional and business services sector, which increased by an average of 2,950 jobs, or 5.2 percent, annually. Contributing to gains in the professional and business services sector was the opening of a new customer care center by U.S. Cellular in 2006, which resulted in 800 new jobs. During the 2005-through-2007 period, payrolls in the education and health services sector increased by an average of 1,675 jobs, or 2.8 percent, annually, partly because of hospital expansions throughout the HMA. Cancer Treatment Centers of America and Saint Francis Health System expanded their facilities near the city of Broken Arrow during 2005 and 2007, respectively,

Table 2. Major Employers in the Tulsa HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Saint Francis Health System	Education & health services	8,000
Wal-Mart Stores, Inc.	Wholesale & retail trade	7,900
St. John Health System	Education & health services	7,100
American Airlines Group Inc.	Manufacturing	6,250
Hillcrest Health System	Education & health services	5,200
BOK Financial Corporation	Financial activities	4,750
Spirit AeroSystems, Inc.	Manufacturing	2,700
The NORDAM Group, Inc.	Manufacturing	2,500
ONEOK, Inc.	Mining, logging, & construction	1,800
ONE Gas, Inc.	Mining, logging, & construction	1,300

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 March 2015.
Source: U.S. Bureau of Labor Statistics

resulting in the creation of 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 during the 2005-through-2007 period in the construction subsector, averaging 830 jobs, or 4.3 percent, annually. During the same period, the mining and logging subsector recorded an average annual gain of 770 jobs, or 15.0 percent, because of widespread expansions stemming from a significant increase in the price of oil during the same period. The price of crude oil increased by an average of 20 percent annually during this period (U.S. Department of Energy).

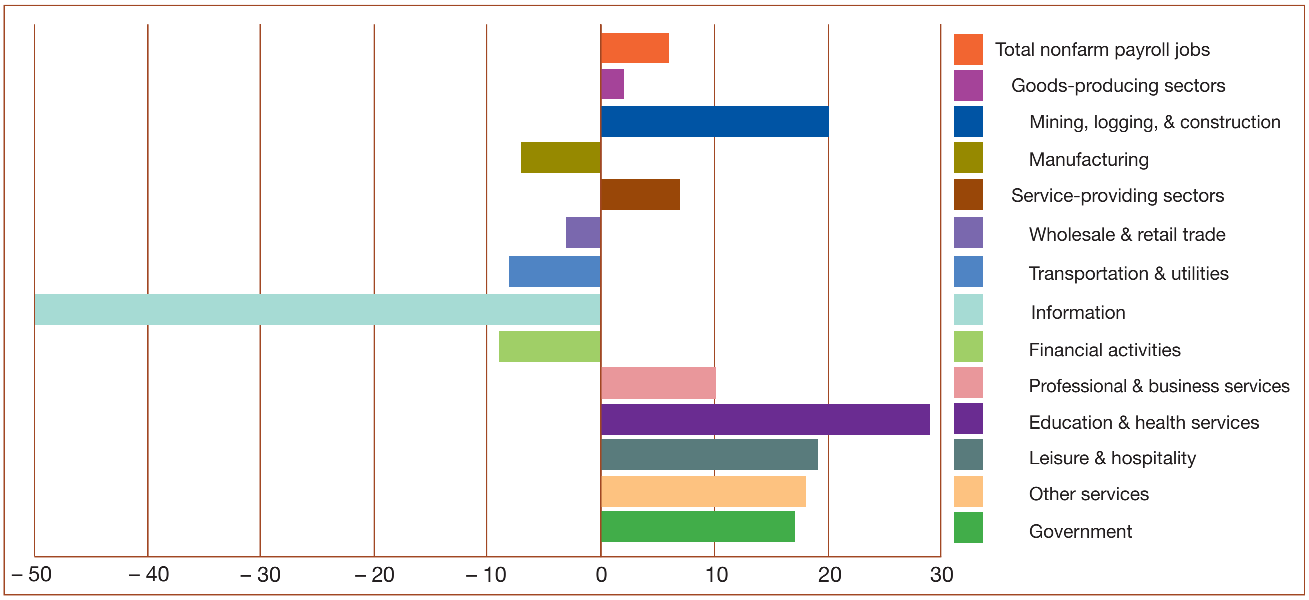
Economic expansion in the HMA slowed by 2008, and conditions worsened during 2009 and 2010 because of the effects of the national recession. During 2009 and 2010, nonfarm payrolls decreased by an average of 13,600 jobs, or 3.1 percent, annually, to 413,400 jobs. Similar to national trends, job losses in the HMA were greatest in the manufacturing sector, which declined by an average of 4,750 jobs, or 9.4 percent, annually, to 43,600 jobs. Job losses were also significant in the professional and business services sector, declining by an average of 4,200 jobs, or 6.9 percent, annually, to 54,900 jobs, a result of widespread layoffs. One of the more significant declines was at the HSBC Bank card services center, where 460 workers were laid off. 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, to 65,500 jobs. The education and health services sector, both in the HMA and the nation, was the only private job sector during this period to record job gains.

The Tulsa 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, to 415,400 jobs, despite job losses in nearly one-half of all job sectors. Job growth was greatest in the manufacturing sector, which increased by 2,700 jobs, or 6.2 percent, to 46,300 jobs. Gains were, in part, the result of widespread expansions in the aerospace industry, including an expansion in north Tulsa at American Airlines Group Inc.'s maintenance and engine overhaul facility, which resulted in 500 new jobs. Nonfarm job growth was partly offset by a decline in the government sector, which decreased by 1,300 jobs, or 2.3 percent. During 2012 and 2013, nonfarm payrolls increased by an average of 8,350 jobs, or 2.0 percent, annually, to 432,100 jobs. Gains occurred in nearly every employment sector during 2012 and 2013. Leading job growth was the manufacturing sector, which increased by an average of 2,050 jobs, or 4.3 percent, annually, to 50,400 jobs. Spirit AeroSystems, Inc., an aircraft parts manufacturer with a workforce of 2,700 employees in the HMA, added 900 jobs at its wing-component manufacturing plant in north Tulsa in 2012, and US Highland Corp, a motorcycle engine manufacturer, added 350 jobs in 2013 at its facility, also in north Tulsa. Job growth during 2012 and 2013 was also strong in the professional and business services sector, which gained an average of 1,600 jobs, or 2.9 percent, annually, to 57,500 jobs. Contributing to gains in this sector, Baker Hughes

Incorporated, an oilfield services company, added 700 new engineering positions at its research and development facility in the city of Claremore in Rogers County. Figure 2 illustrates nonfarm payroll sector growth from 2000 to the current date.

During the 12 months ending March 2015, nonfarm payrolls increased by an average of 7,500 jobs, or 1.7 percent, to a record high of 441,600 jobs. Leading job growth was the wholesale and retail trade sector, which increased by 1,900 jobs, or 3.0 percent, to 64,700 jobs, partly because of several retail franchises entering the HMA retail market (Table 3). Sprouts Farmers Market, an organic and natural food grocery store chain, opened two stores in the HMA, resulting in a combined 200 new jobs. In south Tulsa, Gander Mountain, an outdoor supply and sporting goods retail store chain, opened a new store, resulting in 70 new jobs. Employment growth was also strong in the manufacturing sector, which increased by 1,400 jobs, or 2.8 percent, to 51,800 jobs. Contributing to gains in this sector was an expansion in the city of Owasso by The NORDAM Group, Inc., an aircraft-component manufacturer, which resulted in the addition of 400 workers to its workforce. The professional and business services sector and leisure and hospitality sector each increased by 1,300 jobs, or 2.3 and 3.3 percent, to 59,000 and 40,800 jobs, respectively. Contributing to gains in the professional

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



Note: Current is based on 12-month averages through March 2015.
Source: U.S. Bureau of Labor Statistics

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

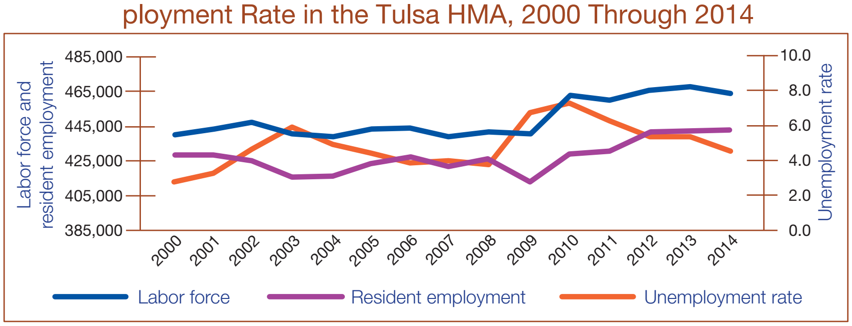
	12 Months Ending		Absolute Change	Percent Change
	March 2014	March 2015		
Total nonfarm payroll jobs	434,100	441,600	7,500	1.7
Goods-producing sectors	80,200	81,700	1,500	1.9
Mining, logging, & construction	29,800	29,900	100	0.3
Manufacturing	50,400	51,800	1,400	2.8
Service-providing sectors	353,900	359,900	6,000	1.7
Wholesale & retail trade	62,800	64,700	1,900	3.0
Transportation & utilities	20,600	20,900	300	1.5
Information	7,800	7,600	– 200	– 2.6
Financial activities	22,900	22,800	– 100	– 0.4
Professional & business services	57,700	59,000	1,300	2.3
Education & health services	68,000	69,000	1,000	1.5
Leisure & hospitality	39,500	40,800	1,300	3.3
Other services	17,100	17,100	0	0.0
Government	57,300	57,900	600	1.0

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through March 2014 and March 2015.
Source: U.S. Bureau of Labor Statistics

and business services sector was an expansion at Data Exchange, a third-party verification services company, resulting in 250 new jobs. The opening of Main Event, a bowling, dining, and gaming venue, resulted in 175 new jobs in March 2015, contributing to gains in the leisure and hospitality sector. During the 12 months ending March 2015, the mining and logging subsector declined by an average of 100 jobs, or 0.7 percent, to 7,800 jobs, reflecting numerous layoffs by local firms in the oil and gas industry, stemming from a significant decline in oil prices. By comparison, the mining and logging subsector increased 1.5 percent during the 12 months ending March 2014 and an average of 5.6 percent annually during 2012 and 2013.

Reflecting the relatively stable economy of the HMA, unemployment rates have been markedly lower than national rates since 2000. From 2000 through 2008, the average annual unemployment rate was 4.2 percent in the HMA compared with 5.0 percent in the nation. During 2009 and 2010, the HMA average unemployment rate was 7.1 percent compared with a national rate of 9.4 percent. From 2011 through 2013, the average unemployment rate of the HMA was 5.7 percent. By comparison, the national unemployment rate averaged 8.0 percent during the same period. During the 12 months ending March 2015, the HMA average unemployment rate was 4.2 percent, down from 5.2 percent a year earlier. During the same period, the national average unemployment rate was 5.9 percent, down from 7.1 percent a year earlier. Figure 3 shows trends in the labor force, resident employment, and the unemployment rates in the HMA from 2000 through 2014.

Figure 3. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Tulsa HMA, 2000 Through 2014



Source: U.S. Bureau of Labor Statistics

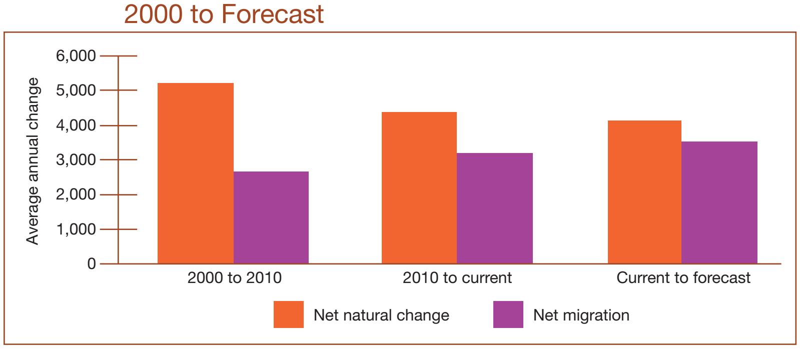
During the forecast period, the HMA economy is expected to continue to expand. Nonfarm payrolls are expected to increase by an average of 7,175 jobs, or 1.6 percent, annually, to 463,200 jobs. Job growth is expected to slow slightly during the first year of the forecast period before increasing during the second and third years. Job growth is expected in most sectors during the forecast period, with strong growth in the transportation and utilities, the manufacturing, and the wholesale and retail trade sectors. Expected to contribute to an increase in hiring during the forecast period in the transportation and utilities sector is the Macy's, Inc., new distribution center in Owasso, slated to open in August 2015. The distribution center will employ 4,000 full-time employees by the spring of 2016 (Macy's, Inc.). Several ongoing expansions by firms in the manufacturing sector are expected to contribute to job growth during the forecast period, including an expansion by AXH air-coolers in Claremore. AXH air-coolers, which manufactures air-cooled heat exchangers, expects to add 120 new employees by the end of 2015. AXH air-coolers is one of numerous manufacturing firms awarded incentives and grants by the State of Oklahoma via its Quality Jobs Program. Ongoing expansions at nearly 20 companies in the HMA are expected to result in a combined 1,700 new jobs during the forecast period because of the Quality Jobs Program. An additional combined 1,800 jobs are expected in the wholesale and retail trade sector because of two outlet-style shopping centers planned in the HMA. In the city of Catoosa in Rogers County, construction of the $80 million Cherokee Outlets is expected to be complete by late 2016, resulting in 1,000 new jobs. In the city of Jenks in south Tulsa County, Tulsa Premium Outlets is slated to open in 2017, resulting in 800 new jobs.

Population and Households

The population of the Tulsa HMA is currently estimated at 974,900, representing an average increase of 7,475, or 0.8 percent, annually since 2010, mostly because of the expanding economy of the HMA. During this period, net in-migration averaged 3,150 people and accounted for 42 percent of the population growth (Figure 4). The most populous county is Tulsa County, with an estimated population of 633,700, or 65 percent of the HMA population. Since 2010, 83 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 has accounted for a combined 15 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 2 percent of population growth since 2010. Tulsa, with an estimated population of 401,500, is the most populous city in the HMA and the second most populous city in Oklahoma, behind the city of Oklahoma City. Broken Arrow in Wagoner and Tulsa Counties is the second most populous city with 102,000 residents. Owasso, in Rogers and Tulsa Counties, is the third most populous city in the HMA, with an estimated population of 35,000. Owasso also has had the fastest growth rate in the HMA since 2010, with an average increase of 3.7 percent, or 1,150 people, annually, reflecting increased hiring stemming from numerous expansions in Owasso and north Tulsa.

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 peaked from 2005 to 2007, when the population increased by an average of 11,800 people, or 1.3 percent, annually, because of strong job growth during the same period (Census Bureau population estimates, as of July 1). The population growth was also strong from 2008 to 2010,

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

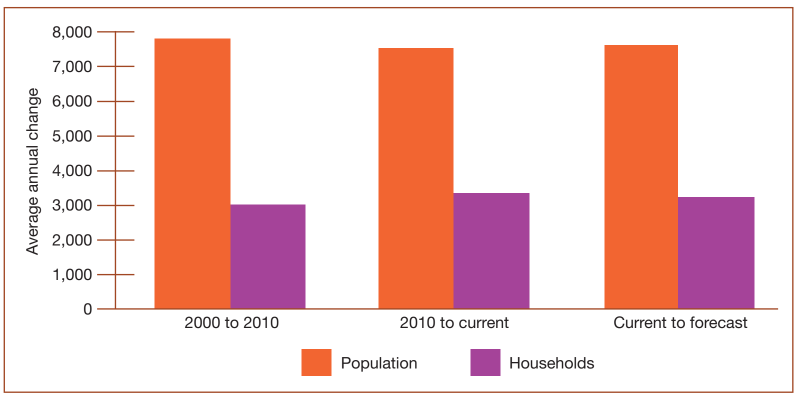


Notes: The current date is April 1, 2015. The forecast date is April 1, 2018.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

when the population increased by an average of 11,700, or 1.3 percent, annually. During this period, net in-migration accounted for more than one-half of the population growth, averaging 6,275 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 by an average of 5 percent, or 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 forecast period, the population is expected to increase by an average of 7,600, or 0.8 percent, annually because of economic expansion in the HMA.

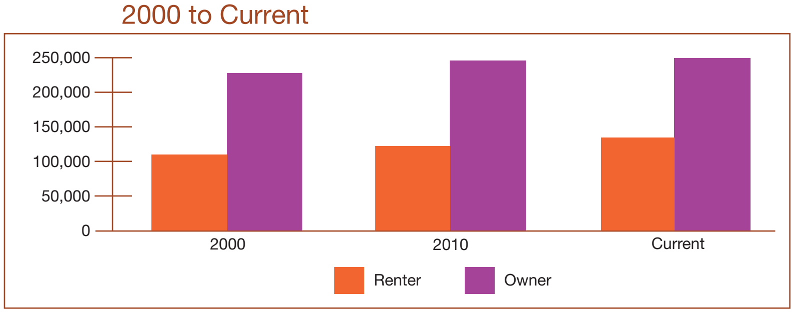
The number of households in the HMA is currently an estimated 383,400, representing an average annual increase of 3,250 households, or 0.9 percent, since April 2010, a slightly faster pace than the rate of population growth during the same period. Increased new household formation of young adults and a decline in the number of people residing with friends or relatives (doubling up) contributed to the relatively faster rate. Households in the HMA with household members ages 15 through 24 increased an average of more than 2 percent annually from 2010 to 2013 compared with a national average decrease of 2 percent annually (2013 American Community Survey 1-year data). Since April 2010, owner household growth has slowed to only 20 percent of total household growth, in part the result of tighter mortgage lending standards and 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 3,200, or 0.8 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 April 1, 2015. The forecast date is April 1, 2018.
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 April 1, 2015.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Housing Market Trends

Sales Market

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 2.1 percent, down from 2.3 percent in April 2010. As of March 2015, the unsold inventory in the HMA totaled 4,550 homes, down 25 percent from 2010 (Yahoo!-Zillow Real Estate Network). A 5.4-month supply of unsold inventory was available as of March 2015, down from 6.1 months a year earlier and 9.6 months in 2010 (Greater Tulsa Association of Realtors®). Job growth and consequent net in-migration have contributed to improved sales market conditions since 2010. Lower home mortgage rates have also contributed to improved sales market conditions since 2010. The average rate for a 30-year, fixed-rate mortgage was 3.8 percent in March 2015, down from 5.0 percent in March 2010 (Freddie Mac). As of March 2015, 3.8 percent of home loans in the HMA were seriously delinquent (90 or more days delinquent or were in foreclosure) or transitioned into real estate owned (REO) status, down from 4.5 percent a year earlier and 5.2 percent in 2010 (CoreLogic, Inc.). The number of seriously delinquent loans and REO properties was 3,800 in March 2015, down 850, or 18 percent, compared with the number a year earlier and was down 43 percent from a peak level of 6,700 in 2010. During the 2000s, the percentage of seriously delinquent home loans and REO properties increased each year, from a rate of 1.0 percent in 2000 to a rate of 4.4 percent in 2009. Underwater mortgages comprise only 5 percent of total home loans in the HMA compared with 6 percent a year earlier and 7 percent in 2010. By comparison, underwater home mortgages comprised 10 percent of total home loans nationwide in March 2015, down from 13 percent a year earlier and 26 percent in 2010.

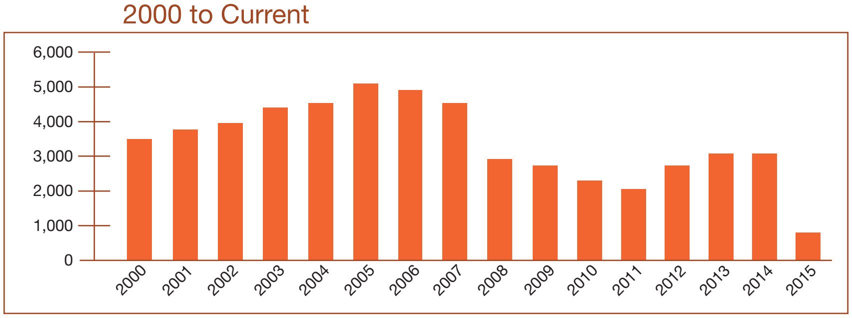
During the 12 months ending March 2015, new and existing home sales (including single-family homes, townhomes, and condominiums) increased by 250, or 1 percent, to 18,650 homes sold in the HMA compared with sales a year earlier, and the average home sales price increased by $10,500, or 7 percent, to $163,500 (CoreLogic, Inc.; adjustments by the analyst). New home sales totaled 2,050, up by 125 homes sold, or 7 percent, from a year earlier, and the average new home sales price was a record-high $243,500, up by $10,400, or 4 percent, during the same period. Regular resale home sales (excluding REO and short sales) recorded an increase of 600, or 4 percent, to 14,400 homes sold at an average home sales price of $161,900, representing an increase of $9,700, or 6 percent, compared with home prices a year earlier. REO sales and short sales declined by 325 and 100, or 17 and 14 percent, to 1,550 and 650 homes sold, respectively. Distressed sales (REO sales and short sales) comprised 12 percent of total sales compared with 14 percent a year earlier and a peak level of 17 percent during the 12 months ending June 2011. By comparison, distressed sales nationwide accounted for 13 percent of total sales during the 12 months ending March 2015, down from 16 percent a year earlier and a peak level of 27 percent recorded October 2011.

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. During the 2008-through-2010 period, however, home sales declined by an average of 3,000, 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 increase in home sales by an average of 1,700 homes, or 7 percent, annually from 2011 through 2013. New and existing home sales prices increased each year during the 2001-through-2008 period, averaging an increase of $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. Increased sales demand stemming from a recovering HMA economy resulted in an average home sales price increase of $4,200, or 3 percent, annually during the 2011-through-2013 period.

Single-family homebuilding activity, as measured by the number of single-family homes permitted, increased by 200, or 7 percent, to an estimated 3,100 homes permitted in the HMA during the 12 months ending March 2015 compared with the number permitted a year earlier (preliminary data; local sources). Increases in home sales volume and the average home sales price contributed to the increased homebuilding activity during this period. 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 2003 through 2007, when an average of 4,675 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. Single-family home construction declined each year during the 2008-through-2011 period. During 2008, single-family permitting decreased by 1,600, or 36 percent, mostly because of a slowing local economy and decreased confidence in the home sales market stemming from the national housing crisis and recession. During the 2009-through-2011 period, permits declined by an average of 280, or 11 percent, 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 resulted in an increase in homebuilding during 2012 and 2013 by an average of 500 homes, or 22 percent, annually. Figure 7 shows the number of single-family homes permitted in the HMA from 2000 to 2015.

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



Notes: Includes townhomes. Current includes data through March 2015.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

An estimated 550 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 ranging from $203,100 to $273,300; 12 new homes have sold for an average price of $250,300. Approximately 85 home sites remain 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 in two phases. Phase I of the development offers 170 home sites. Since 2013, 48 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 $221,300; no completion date has been set.

Demand is expected for 6,650 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 forecast period. The 550 homes currently under construction will meet part of the demand during the first year. A portion of the estimated 23,900 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 $175,000 to $224,999. 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		
125,000	174,999	1,325	20.0
175,000	224,999	1,600	24.0
225,000	274,999	1,525	23.0
275,000	324,999	1,125	17.0
325,000	399,999	730	11.0
400,000	499,999	200	3.0
500,000	and higher	130	2.0

Notes: The 550 homes currently under construction and a portion of the estimated 23,900 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is April 1, 2015, to April 1, 2018.

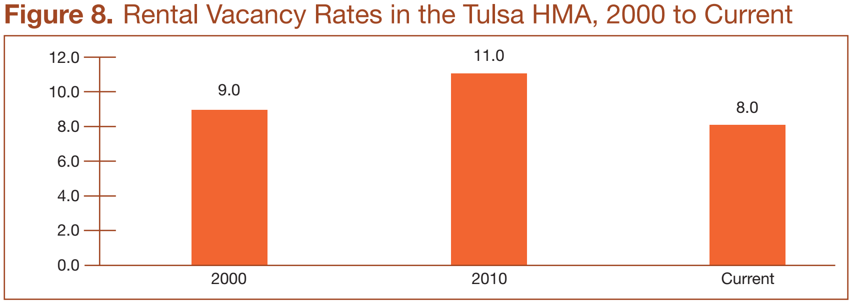
Source: Estimates by analyst

Rental Market

The rental housing market in the Tulsa HMA is currently balanced, with an overall rental vacancy rate estimated at 8.0 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 apartment rental market is currently balanced and also has improved significantly since 2010. During the first quarter of 2015, the average apartment vacancy rate in the HMA was 4.8 percent, down from 5.9 percent a year earlier and 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 45 percent of the total number of occupied rental units

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



Note: The current date is April 1, 2015.

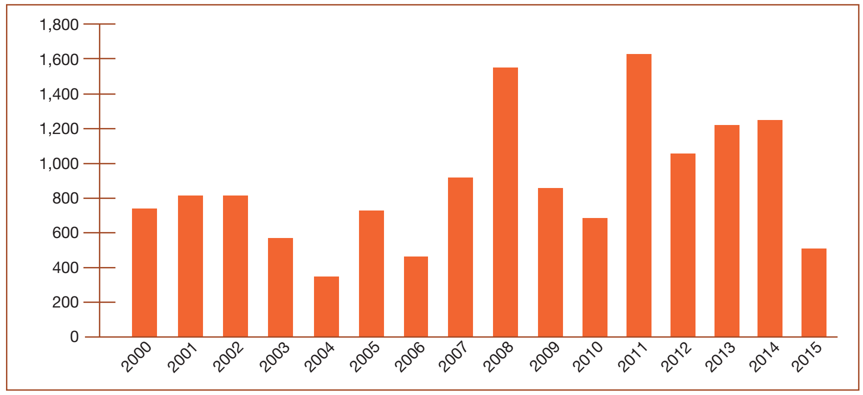
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst in the HMA rental market (2013 American Community Survey 1-year data). The current average apartment vacancy rate in the HMA represents the lowest rate recorded since 1998. The average apartment rent was $650 during the first quarter of 2015, up 3 percent compared with the average rent a year earlier. Increased rental demand stemming from the stable and growing local economy, which has attracted residents to the HMA, contributed to the decrease in rental vacancy rates and increase in average apartment rents. Tight mortgage lending standards that have impeded potential homebuyers from purchasing homes also have contributed to tighter rental market conditions in the HMA, including market conditions for single-family rental units, since 2010. During the first quarter of 2015, apartment vacancy rates ranged from 4.1 percent in the far southern portion of Tulsa County, which includes south Tulsa and the city of Bixby, to 6.7 percent in the northern portion of Tulsa County, including north Tulsa and Owasso. Because of relatively strong population growth stemming from increased hiring in the Owasso area, apartment vacancy rates declined at the fastest pace during the first quarter of 2015 in the northern portion of Tulsa County, which decreased 3.6 percentage points from the first quarter of 2014.

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, partly because of increased demand for sales housing and correspondingly weak rental demand. Nearly every year since 2008, average apartment vacancy rates have decreased and average rents have increased.

The HMA rental market benefits from approximately 24,000 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 5,100 and 5,550, respectively. Combined, universities in the HMA provide on-campus housing for approximately 5,300 students, or about 22 percent of total full-time enrollees. 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 6 percent of the total number of renter households in the HMA.

Multifamily construction activity, as measured by the number of multifamily units permitted, increased in the Tulsa HMA by 50 units, or 4 percent, to 1,250 units permitted during the 12 months ending March 2015 compared with the number permitted a year earlier. By comparison, from 2011 through 2013, an average of 1,300 units were permitted annually. Annual construction during the 2000s averaged 780 and peaked during the decade from 2007 through 2009, when an average of 1,100 units were permitted annually (Figure 9). Virtually no condominium construction occurred during the 12 months ending March 2015. Since 2000, a combined total of an estimated 270 condominium units have been constructed, representing

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



Notes: Includes townhomes. Current includes data through March 2015.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

less than 2 percent of multifamily construction overall. Condominiums comprise less than an estimated 1 percent of owner-occupied units in the HMA.

Approximately 1,350 units are currently under construction in the HMA and expected to be completed during the forecast period. The 248-unit Creekside Apartments under construction in Broken Arrow is slated for completion in the summer of 2015. Rents are expected to range from $765 to $850 for one-bedroom units, $950 to $1,070 for two-bedroom units, and $1,250 to $1,275 for three-bedroom units. In downtown Tulsa, Hartford Commons is under construction and expected to be complete in 2016. The four-story, 162-unit apartment development is expected to offer one- and two-bedroom units with proposed rents ranging from $900 to $1,500 per month.

During the forecast period, demand for new market-rate rental housing in the HMA is estimated at 4,875 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 1,350 units currently under construction will meet a portion of forecast demand.

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
700 to 899	75	750 to 949	1,225	900 to 1,099	720	1,100 to 1,299	75
900 to 1,099	35	950 to 1,149	610	1,100 to 1,299	720	1,300 to 1,499	100
1,100 to 1,299	20	1,150 to 1,349	370	1,300 to 1,499	410	1,500 to 1,699	50
1,300 or more	15	1,350 or more	240	1,500 or more	200	1,700 or more	25
Total	150	Total	2,450	Total	2,050	Total	240

Notes: Numbers may not add to totals because of rounding. The 1,350 units currently under construction will likely satisfy some of the estimated demand. The forecast period is April 1, 2015, to April 1, 2018.
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	2010 to Current
Total resident employment	427,532	429,286	445,700	0.0	0.9
Unemployment rate	2.9%	7.3%	4.2%		
Nonfarm payroll jobs	415,200	413,400	441,600	0.0	1.6
Total population	859,532	937,478	974,900	0.9	0.8
Total households	337,215	367,091	383,400	0.9	0.9
Owner households	227,392	245,181	248,500	0.8	0.3
Percent owner	67.4%	66.8%	64.8%		
Renter households	109,823	121,910	134,900	1.0	2.0
Percent renter	32.6%	33.2%	35.2%		
Total housing units	366,195	409,820	424,500	1.1	0.7
Owner vacancy rate	1.7%	2.3%	2.1%		
Rental vacancy rate	9.0%	11.0%	8.0%		
Median Family Income	$43,700	$57,600	$59,700	2.8	0.9

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through March 2015. Median Family Incomes are for 1999, 2009, and 2013. The current date is April 1, 2015.

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

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
2010: 4/1/2010—U.S. Decennial Census
Current date: 4/1/2015—Analyst's estimates
Forecast period: 4/1/2015–4/1/2018—Analyst's estimates

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.

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_15.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.