Multifamily Metro Outlook:

Oklahoma City – Q3 2021

Overview:
- Oklahoma City has begun recovering from the COVID recession, and its job markets remain weaker than they were in 2019, although they are indeed recovering. As a metro that is greatly influenced by energy markets, especially oil and natural gas, it was particularly hit hard by the significant decline in oil prices. However, despite the heavy job losses in the metro, the area’s multifamily market is holding up remarkably well and has experienced a rebound. Vacancy rates have declined as the metro has recovered and rent growth rates have also accelerated in 2021.
- In 2019, the local economy continued to adjust to lower energy prices. That has meant job growth rates are considerably below the boom that was experienced when the fracking revolution impacted the United States’ energy markets. With the recent spike in oil price, the metro has seen some acceleration of job growth, but the total job market remains more than -20% down from 2019 levels.

Market Strengths:
- The Oklahoma City government has been actively planning and executing re-development of its downtown area. These plans have included apartment development as part of the revitalization, as well as a recently completed streetcar system. While the outbreak may slow the implementation of the plan, the investment is likely to continue.
- Oklahoma City has a disproportionate preponderance of government jobs, which is both a strength and a weakness for the metro. Overall, 19.8% of the metro’s jobs are in the government sector, well above the 15.1% national average. While these types of jobs are not particularly high paying, nor are they prone to outsized growth, they are generally stable jobs that will produce reliable demand for housing, and they have not been greatly impacted by the outbreak.
- The metro has seen only modest level of development since the fracking driven surge. According to CoStar, between 2012 and 2016, an average of 1,700 units were completed in the metro each year. Since then, development levels have slowed, and in 2019 it estimates that fewer than 850 units were completed for the year, with absorption of approximately 1,500 units.
- Oklahoma City has favorable demographic trends and is attracting new residents. In the year ending Q3 2021, the metro’s population grew 0.5%, which was above the 0.2% national average. The metro is expected to be slightly ahead of the national average over the next five years. The prime renting cohort, those ages 20-34 is also strong in the metro, comprising 22.2% of the population, ahead of 20.6% of the national population, with better than average growth of this cohort expected over the next five years.

Market Weaknesses:
- Over half of the major companies based in Oklahoma City are in the energy sector. While energy jobs are not the largest segment of job types in the metro, oil and natural gas are the primary engines of economic growth for the city due to the high incomes from the workers and the high levels of investment needed for well drilling.
- In addition to a dependence on the energy sector, there are not any apparent major new economic engines on the horizon in Oklahoma City. Tech employment comprises just 2.5% of the jobs in the metro, below the 4.9% national average. Any near-term growth in the metro area will likely come from the sluggish (though dependable), government, education, and health care sectors.

Development:
- Condo development has not been a significant component of Oklahoma City’s multifamily stock in recent history. Since 2006, fewer than 900 condo units were completed in the metro, and none are underway.

Outlook:
- Modest multifamily development after the metro was shocked by the decline in oil prices allowed the apartment market to settle into a generally healthy equilibrium. While the metro still has a ways to go to fully recover from the COVID recession, its multifamily market has held up quite well and it is rebounding from the pandemic lows. Steady underlying demand should allow the multifamily sector to return to a moderate long-term growth path once the pandemic subsides.
- Were it not for the volatility of energy prices, Oklahoma City would have a remarkably steady economy. The core health care, education, and government jobs would support a stagnant but reliable economy. The addition of the energy industry, which could stimulate a significant boom or bust at almost any moment, detracts from what would otherwise be predictable, albeit slow, economic growth.

<table>
<thead>
<tr>
<th>Five Year Metro Area Growth Forecast</th>
<th>Q4 2020</th>
<th>Q4 2025</th>
<th>Oklahoma City (5-Year Annual Average Change)</th>
<th>National (5-Year Annual Average Change)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (000s)</td>
<td>1,427</td>
<td>1,476</td>
<td>0.67%</td>
<td>0.52%</td>
</tr>
<tr>
<td>Households (000s)</td>
<td>563</td>
<td>604</td>
<td>1.44%</td>
<td>1.41%</td>
</tr>
<tr>
<td>Renting Cohort (Ages 20-34) (000s)</td>
<td>315</td>
<td>326</td>
<td>0.69%</td>
<td>-0.26%</td>
</tr>
<tr>
<td>Total Employment (000s)</td>
<td>644</td>
<td>693</td>
<td>1.49%</td>
<td>1.71%</td>
</tr>
<tr>
<td>Median Household Income</td>
<td>$65,146</td>
<td>$75,243</td>
<td>2.92%</td>
<td>2.83%</td>
</tr>
<tr>
<td>Median SF Home Price</td>
<td>$188,165</td>
<td>$225,798</td>
<td>3.71%</td>
<td>4.30%</td>
</tr>
<tr>
<td>Net Migration</td>
<td>5,773</td>
<td>3,358</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Moody’s
SupplyTrack Pipeline

Apartments & Condos/Townhomes: Units Completed and Underway

Vacancy & Rent Composite Estimates

Vacancy Rates

Asking Rent Growth

Source: Multifamily Economics and Research
### Construction: Bidding & Underway

<table>
<thead>
<tr>
<th>Sub-Market</th>
<th>Projects</th>
<th>Units</th>
<th>Sq. Ft. (M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intown Oklahoma City</td>
<td>2</td>
<td>329</td>
<td>0.37M</td>
</tr>
<tr>
<td>North Central Oklahoma City</td>
<td>1</td>
<td>20</td>
<td>0.03M</td>
</tr>
<tr>
<td>Southwest Oklahoma City</td>
<td>1</td>
<td>16</td>
<td>0.01M</td>
</tr>
<tr>
<td>West Oklahoma City</td>
<td>1</td>
<td>72</td>
<td>0.08M</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>5</strong></td>
<td><strong>437</strong></td>
<td><strong>0.49M</strong></td>
</tr>
</tbody>
</table>
We welcome your feedback! Please give us a call or send an email with any comments, suggestions, or insight you may have or information you’d like covered in future editions.

Multifamily Metro Outlook: Oklahoma City Q3 2021

Multifamily Economics and Market Research Team

Tim Komosa, Economic and Strategic Research - Economics – Senior Manager

Sources Used

- Moody’s Economy.com
- REIS
- CoStar
- Real Capital Analytics
- RealPage
- Dodge Data and Analytics SupplyTrack Pipeline
- Axiometrics
- CBRE-Econometric Advisors
- Yardi

Opinions, analyses, estimates, forecasts, and other views of Fannie Mae’s Economic and Strategic Research (ESR) Group included in these materials should not be construed as indicating Fannie Mae’s business prospects or expected results, are based on a number of assumptions, and are subject to change without notice. How this information affects Fannie Mae will depend on many factors. Although the ESR Group bases its opinions, analyses, estimates, forecasts, and other views on information it considers reliable, it does not guarantee that the information provided in these materials is accurate, current, or suitable for any particular purpose. Changes in the assumptions or the information underlying these views could produce materially different results. The analyses, opinions, estimates, forecasts, and other views published by the ESR Group represent the views of that group as of the date indicated and do not necessarily represent the views of Fannie Mae or its management.