

Metro Housing Outlook:

Oklahoma City – Q1 2024

Overview:

- Oklahoma City has recently been experiencing job losses in its core energy industry, which is a concern since this sector is one of the primary engines of economic growth for the area, and the other sectors in the metro are not compensating. However, despite the job losses in the metro the area's housing markets held up with positive rent growth for the year, and single-family home prices continuing to grow in 2024, albeit modestly compared to 2021 and 2022. The metro is responding to affordability issues as well, continuing to offer manufactured housing to residents and ensuring an affordable housing program is underway for the coming years.
- While the energy market still dominates changes in employment in the metro, Oklahoma City has shown efforts to diversify its economy. Tech firms are setting up operations in the city, creating thousands of jobs over the past few years. The expansion of this sector in the metro is slow, but in the long run, this diversification can be positive for the multifamily market by drawing the city away from the volatility of the energy market.

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. This investment is still underway but is likely to be completed in several more years.
- Oklahoma City has a disproportionate preponderance of government jobs, which is both a strength and a weakness for the metro. Overall, 18.8% of the metro's jobs are in the government sector, well above the 14.6% 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.
- Oklahoma City has favorable demographic trends and is attracting new residents. 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:

- Affordability is one of the main reasons behind in-migration to Oklahoma City, and it has been lessening as the gap between home costs and income worsens. There are affordable housing projects in the work for the metro that are expected in the coming years, but the current affordable housing shortage is an issue for some residents.

Development:

- More than 5,000 apartment units have been completed since the beginning of 2017, and an additional 3,330 units are currently underway. In addition, there are around 8,400 units in various preliminary planning stages.

Outlook:

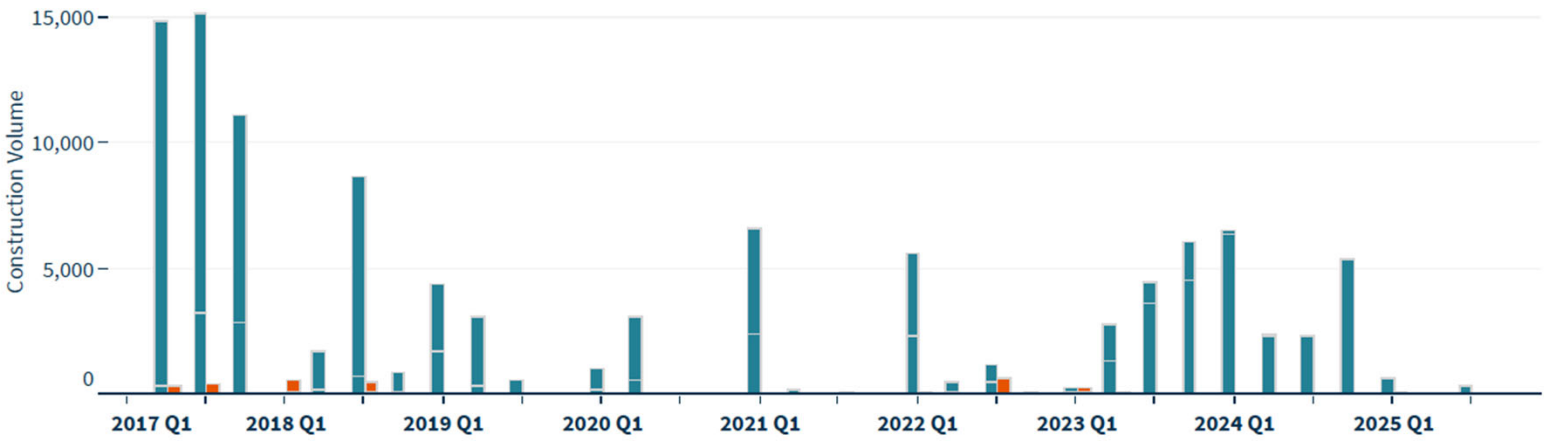
- Multifamily development has reported early signs of demand recovering, allowing the rate of vacancy expansion to slow. The multifamily market has held up and this quarter rent growth has been in line with national levels with Oklahoma City reaching 0.5%. Steady underlying demand should allow the multifamily sector to continue a moderate long-term growth path once national economic uncertainty subsides and the country enters a sustained expansion.
- Were it not for the volatility of energy prices, Oklahoma City would likely 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.



Multifamily Apartment Pipeline

Apartments & Condos/Townhomes: Units Completed and Underway

Apartments | Condos



Source: Dodge Data & Analytics SupplyTrack Pipeline

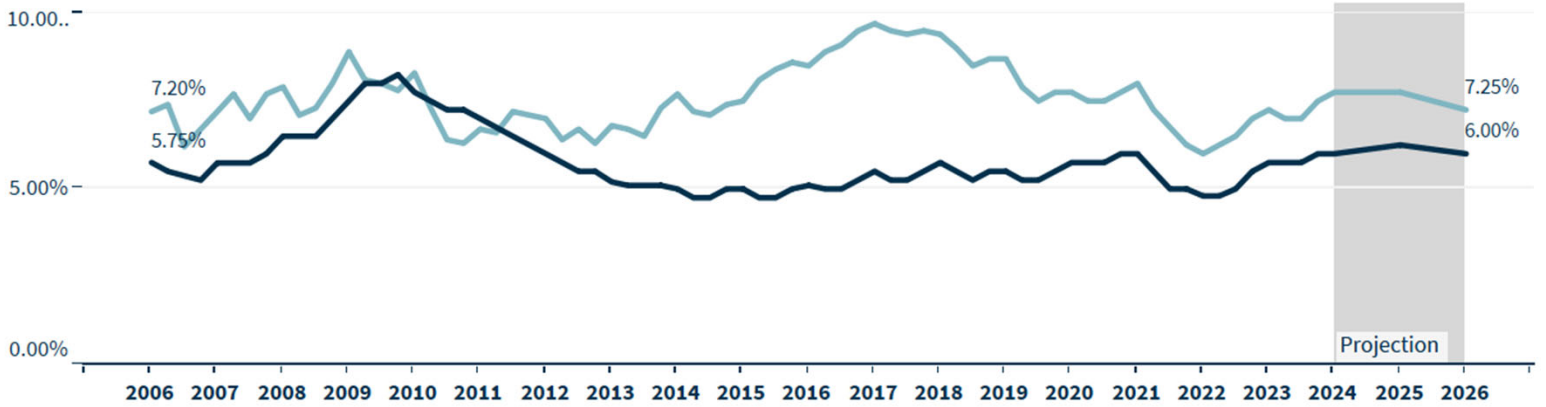
Multifamily Vacancy & Rent Estimates

Vacancy Rates

Oklahoma City | National

Q1 2024 Vacancy Rate:

7.75%



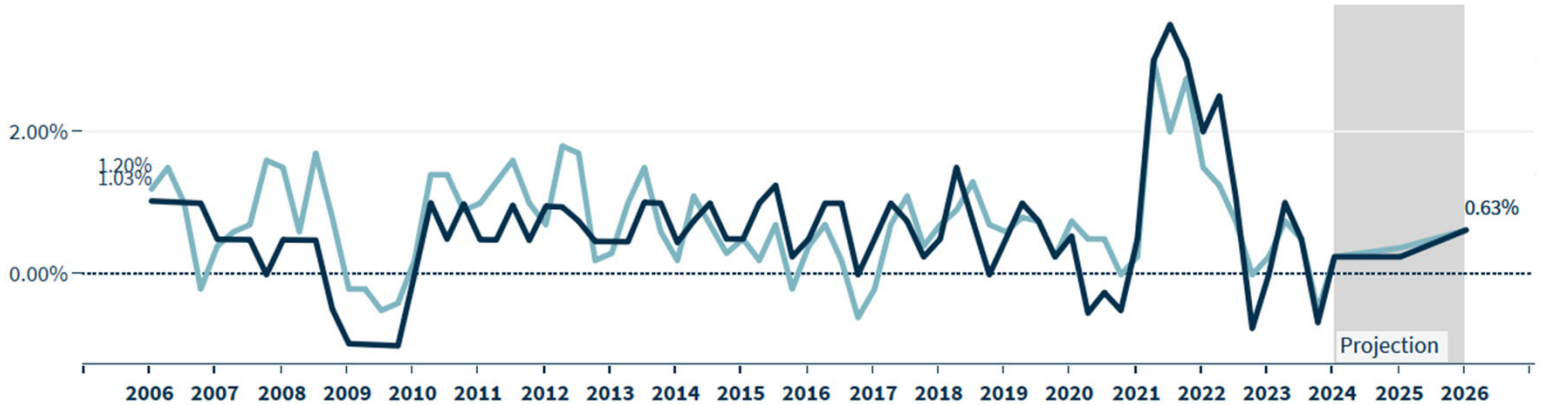
Projection

Asking Rent Growth

Oklahoma City | National

Q1 2024 Asking Rent:

\$930

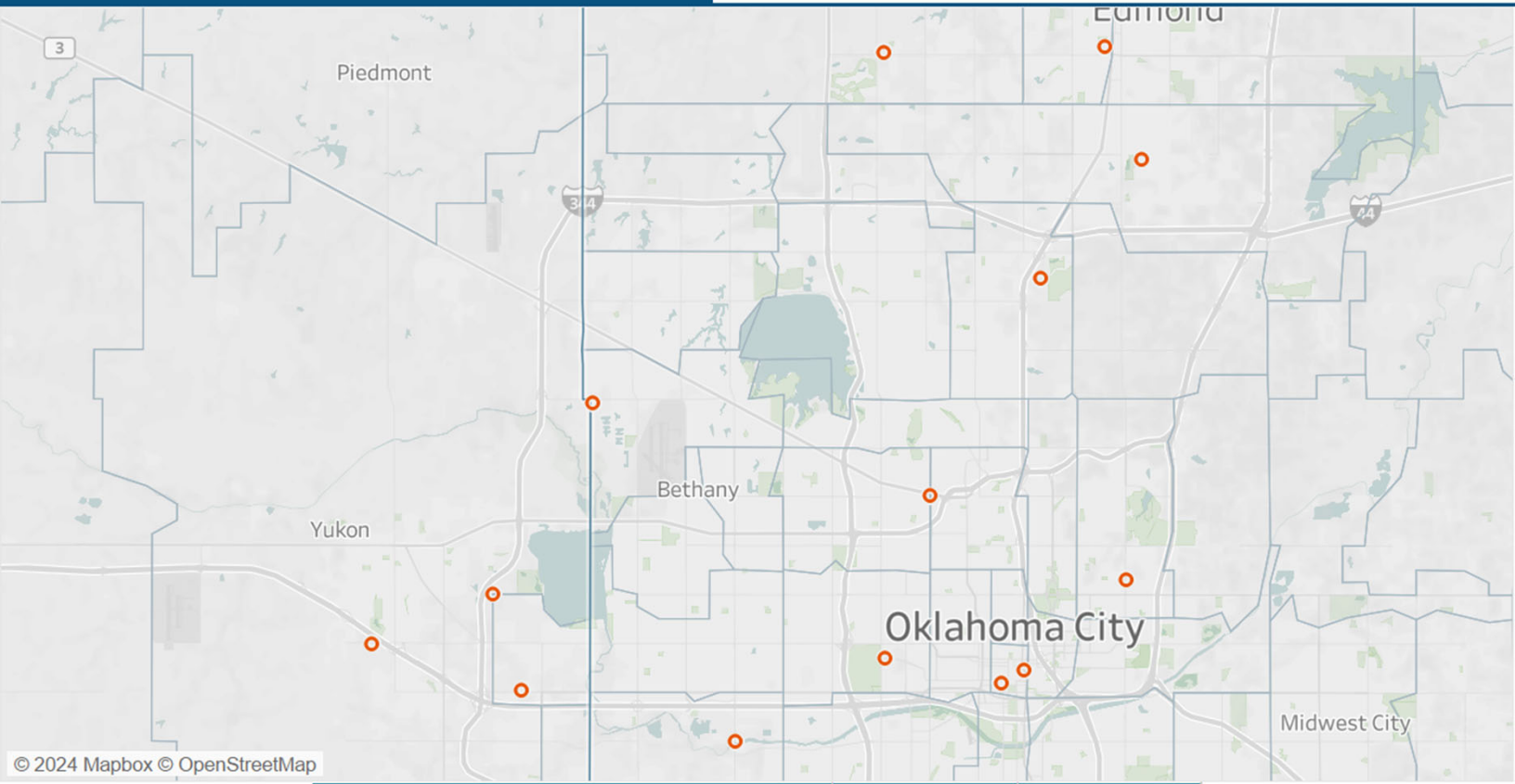


Projection

Source: Fannie Mae Multifamily Economics and Research



Multifamily Construction: Bidding & Underway



<i>MultiHousingSubmarketName</i>	<i>Apartments</i>	<i>Units</i>
Edmond/Logan County	3	469
Intown Oklahoma City	3	737
North Central Oklahoma City	1	323
Northwest Oklahoma City	2	387
Southwest Oklahoma City	1	224
West Oklahoma City	4	1,190
Grand Total	14	3,330

Source: Dodge Data & Analytics SupplyTrack Pipeline



Multifamily: ESR Team

Multifamily Metro Outlook: Oklahoma City Q1 2024

Multifamily Economics and Market Research Team

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Sources Used

- Moody's Economy.com
- Moody's CRE/REIS
- CoStar
- Real Capital Analytics
- RealPage
- Greenstreet
- Dodge Data and Analytics SupplyTrack Pipeline
- CBRE-Econometric Advisors
- Yardi

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