

Metro Housing Outlook:

Oklahoma City – Q3 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 ending Q3 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 area away from the volatility of the energy market.

Market Strengths:

- The Oklahoma City government has been actively planning and executing redevelopment 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 years.
- Oklahoma City has a disproportionate share 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. The metro has affordable housing projects in the works that are expected in the coming years, but the current affordable housing shortage is an issue for some residents.

Development:

- More than 5,800 apartment units have been completed since the beginning of 2017, and an additional 2,700 units are currently underway. In addition, there are around 9,800 units in various preliminary planning stages.

Outlook:

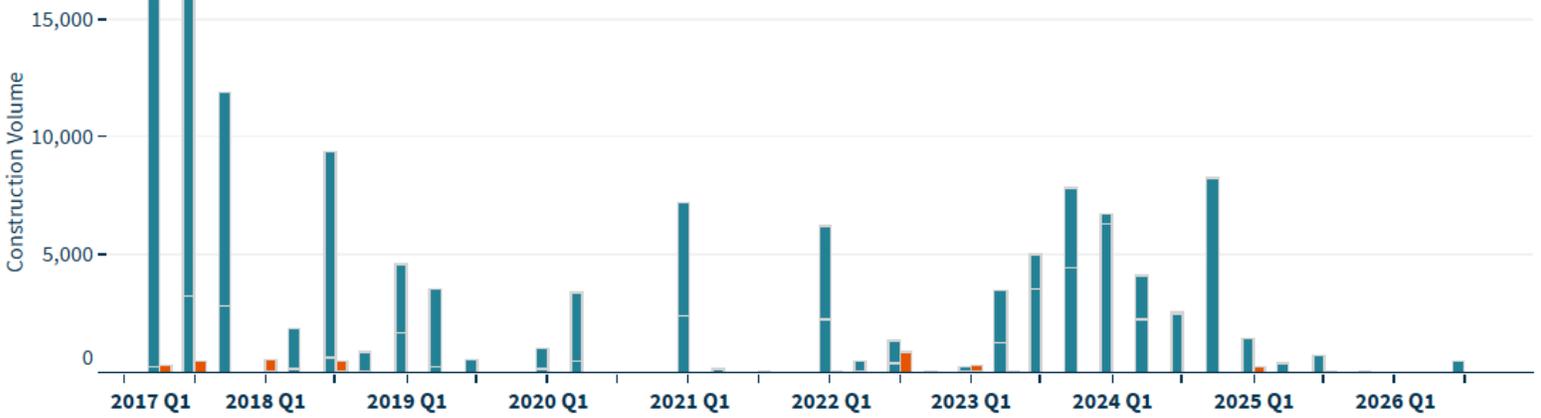
- Multifamily development has reported early signs of recovering demand, allowing the rate of vacancy expansion to slow. The multifamily market has held up, and this quarter rent growth has been above national levels, with Oklahoma City reaching 2.5% while the U.S. only reached 1%, though in Q3 2024 the metro's rent growth rates matched the nation. Steady underlying demand should allow the multifamily sector to continue a moderate long-term growth path once national economic uncertainty subsides.
- 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 for the metro.



Multifamily Apartment Pipeline

Apartments & Condos/Townhomes: Units Completed and Underway

Apartments | Condos



Source: Dodge Data & Analytics SupplyTrack Pipeline

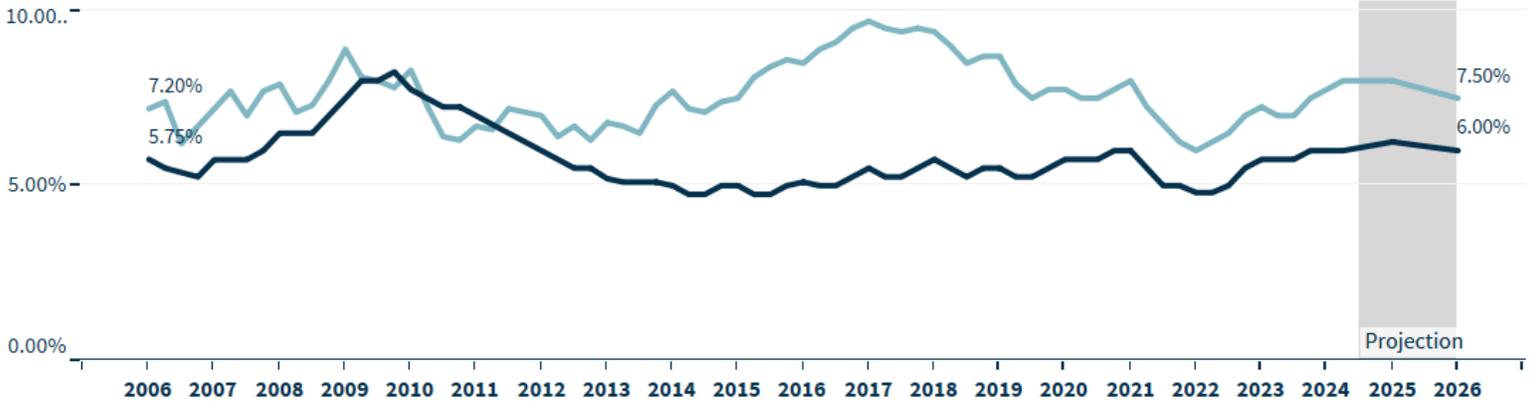
Multifamily Vacancy & Rent Estimates

Vacancy Rates

Oklahoma City | National

Q3 2024 Vacancy Rate:

8.00%



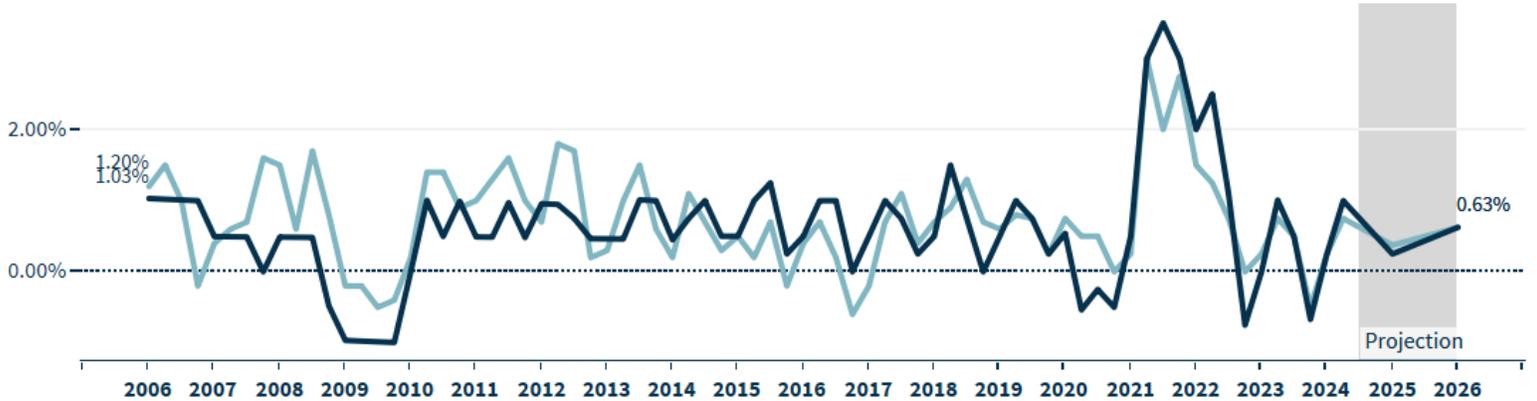
Projection

Asking Rent Growth

Oklahoma City | National

Q3 2024 Asking Rent:

\$940

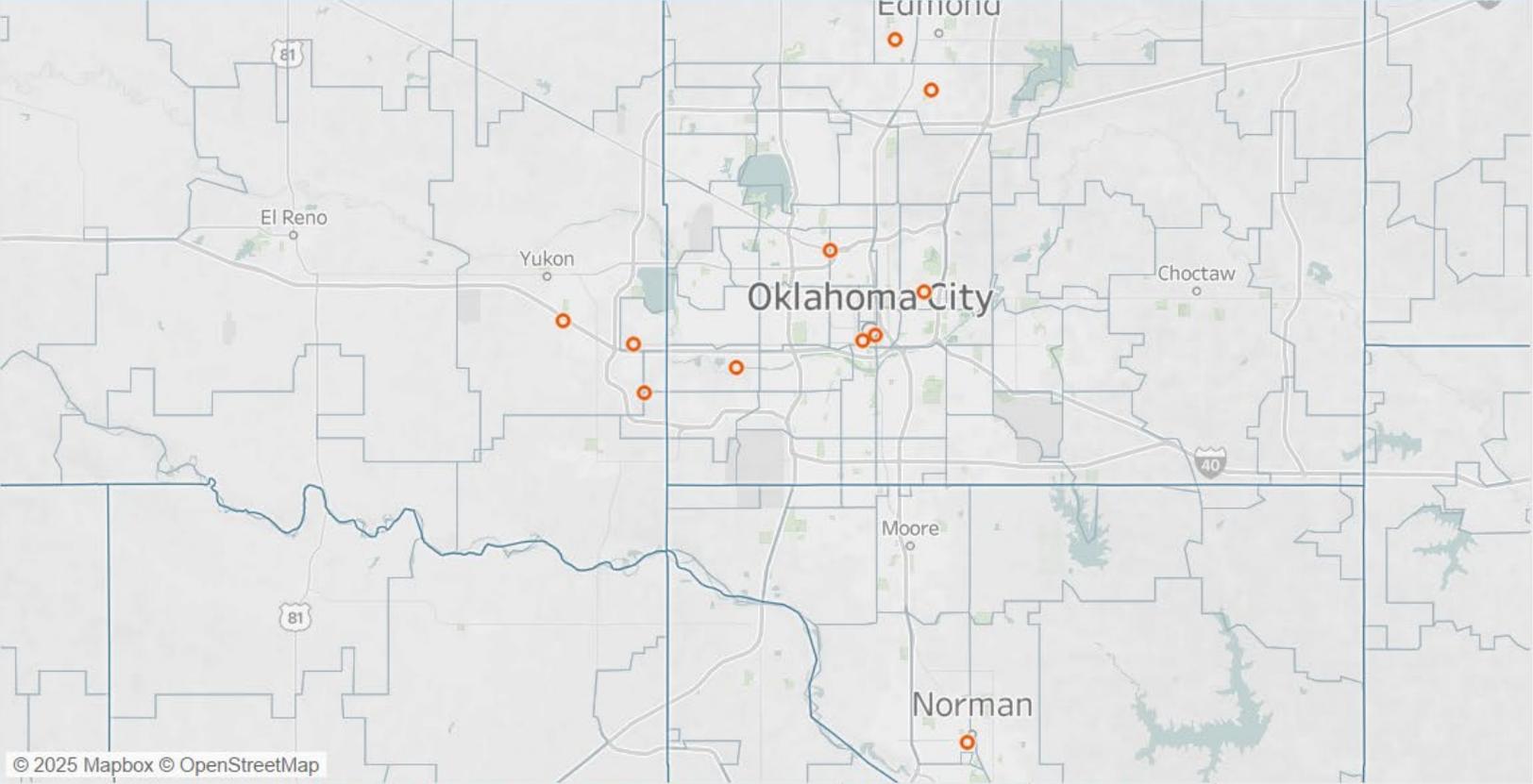


Projection

Source: Fannie Mae Multifamily Economics and Research



Multifamily Construction: Bidding & Underway



<i>MultiHousingSubmarketName</i>	<i>Apartments</i>	<i>Units</i>
Edmond/Logan County	2	430
Intown Oklahoma City	3	628
Norman/Moore	1	28
Northwest Oklahoma City	1	384
Southwest Oklahoma City	2	272
West Oklahoma City	2	970
Grand Total	11	2,712

Source: Dodge Data & Analytics SupplyTrack Pipeline



Multifamily: ESR Team

Multifamily Metro Outlook: Oklahoma City Q3 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 Real Estate Analyzer
- CBRE-Econometric Advisors
- Yardi

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