

Oklahoma City 2024 Market Forecast

MARKET SNAPSHOT

AVERAGE RENT
\$950 4Q 2023
\$1,000 4Q 2024

2024 RENT CHANGE
5.3%

OCCUPANCY RATE
89.8% 4Q 2023
90.0% 4Q 2024

4Q 2024 OCCUPANCY CHANGE
20 POINTS

EMPLOYMENT*
685.9K 2023
690.1K 2024

UNEMPLOYMENT RATE**
2.8% 2023
3.2% 2024

* Please note that these employment figures have been adjusted for seasonal variations and are based on Moody's Analytics forecast as of January 1, 2024.

** Please note that these unemployment rates are estimates that have not been adjusted for seasonal variations, and they are derived from Moody's Analytics forecast as of January 1, 2024.

KEY TAKEAWAYS

- Oklahoma City's multifamily market is trending towards stabilization in 2024, with rising occupancy rates driven by strong demand in Downtown and Canadian County.
- New supply in the market remains manageable, with key submarkets like Edmond, Canadian County, and Northwest Oklahoma City accounting for most new units.
- Rent growth in Oklahoma City is expected to accelerate in 2024, especially in Canadian County and Norman, outperforming the broader market.
- Despite a downturn in sales volume, Oklahoma City's multifamily market is primed to see rejuvenated investor interest in 2024, supported by a positive economic outlook and sound multifamily fundamentals.

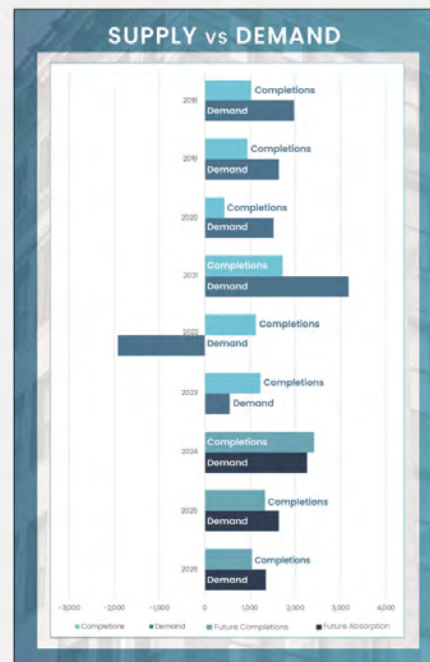
Supply & Demand

2024 FULL YEAR FORECAST

2,267 Units
 FORECASTED ABSORPTION

2,415 Units
 FORECASTED NEW SUPPLY

Annual Demand Vs Completions



Demand / Occupancy Outlook

Looking ahead to 2024, the multifamily market in Oklahoma City is showing promising signs of stabilization. Over the past year, there's been a resurgence in demand, supported by a well-managed construction pipeline. This trend is expected to maintain occupancy rates close to pre-pandemic levels. Key submarkets like Northwest and Downtown Oklahoma City have played a crucial role in this stabilization, driving the

New Supply Outlook

The construction pipeline in Oklahoma City has maintained a steady pace, particularly when compared with similar markets. Over the past two years, construction starts have remained consistent. This has led to a modest increase in construction levels, with approximately 3,500 units in progress as of the first quarter of 2024, roughly 3.4% of Oklahoma City's current apartment unit inventory. Importantly, these levels are not

majority of net move-ins during the last year.

In Northwest Oklahoma City, a strong and vibrant renter profile is developing, marked by a younger demographic and significant population growth. This area is increasingly becoming a popular choice for renters. Concurrently, Downtown Oklahoma City is witnessing a robust resurgence in demand. Further to the west, Canadian County is rising as a new favorite among renters, buoyed by a population surge in the area.

Looking forward to the end of 2024, overall occupancy in Oklahoma City is anticipated to increase by 20 basis points, reaching 90.0%. This uptick is expected to be driven largely by robust demand in Downtown Oklahoma City and Canadian County. Both these submarkets are projected to see an even more substantial rise in occupancy, with an increase of 40 basis points each. As a result, the occupancy rate in Downtown Oklahoma City is forecasted to hit 96.1%, while Canadian County is expected to reach an occupancy rate of 93.9%.

significant enough to adversely impact the market's occupancy rate this year.

For 2024, there are about 2,415 new units forecasted to enter the market. A substantial portion of these deliveries is expected to be concentrated in the Edmond, Canadian County, and Northwest Oklahoma City submarkets. Combined, these three areas are poised to account for nearly 70% of the total units set to be delivered this year, while the urban core of Oklahoma City is slated to make up the majority of the remaining balance of units.

The urban core itself is undergoing considerable evolution, with several major projects in the pipeline. A particularly notable recent development, albeit still in the planning phase, is the proposed Boardwalk at Bricktown. This ambitious project, if realized, would stand as the second-tallest building in the country, surpassed only by One World Trade Center. While it's still uncertain whether this project will move beyond the drawing board, its proposal alone is a testament to the burgeoning status of downtown Oklahoma City as a significant urban center west of the Mississippi.

Occupancy & Rent Trends

RENT VS OWN MONTHLY PAYMENT



\$2,049

Average Monthly Mortgage Payment



\$950

Average Monthly Rent

RENT vs OCCUPANCY



2024 RENT TRENDS OUTLOOK

While rent growth in the Oklahoma City market has moderated over the past year, recording a 2.3% increase in the final quarter of 2023, it easily surpassed the U.S. average, which came in under one percent. As we look ahead to 2024, the outlook for rent growth in the metro appears more robust, bolstered by strong job growth in the natural resources and mining, and Health Services sectors.

By the end of 2024, rent growth in the Oklahoma City market is projected to reach 5.3%. This acceleration in rent growth is expected to be particularly pronounced in certain submarkets. Canadian County is forecasted to experience a healthy appreciation of 5.7%, while the Norman submarket is anticipated to see an even higher growth rate of 5.8%. These figures indicate a significant upswing in rental market dynamics in Oklahoma City, underpinned by strong economic drivers and regional market strengths.

Submarket Rent & Occupancy

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Submarket	Q4 2023 Stabilized Occupancy	Q4 2024 Stabilized Occupancy (%)	Annual Occupancy Change (2024/2023)	Q4 2023 Average Monthly Rent	Q4 2024 Average Monthly Rent (\$)	Annual Rent Change (2024/2023)
McClain County	95.1%	95.3%	0.2%	\$843	\$896	6.3%
Lincoln County	93.1%	93.3%	0.2%	\$639	\$677	6.0%
Logan County	96.5%	96.6%	0.1%	\$660	\$699	5.9%
Grady County	95.7%	95.9%	0.3%	\$676	\$716	5.9%
Midwest City/Del City	90.6%	90.8%	0.2%	\$820	\$868	5.8%
Norman	92.3%	92.6%	0.3%	\$961	\$1,017	5.8%
Outlying Cleveland County	89.4%	89.5%	0.1%	\$574	\$607	5.7%
Canadian County	95.7%	96.1%	0.4%	\$1,052	\$1,111	5.7%

Moore	91.6%	91.8%	0.3%	\$976	\$1,031	5.7%
Edmond	93.9%	94.2%	0.3%	\$999	\$1,055	5.7%
Central Oklahoma City	85.0%	85.0%	0.0%	\$800	\$844	5.4%
South Oklahoma City	86.4%	86.5%	0.1%	\$828	\$870	5.2%
Northwest Oklahoma City	89.7%	90.0%	0.2%	\$1,032	\$1,085	5.1%
Downtown Oklahoma City	93.6%	93.9%	0.4%	\$1,398	\$1,464	4.7%
Northeast Oklahoma City	88.9%	89.1%	0.1%	\$1,023	\$1,067	4.3%
Market	89.8%	90.0%	0.2%	\$950	\$1,000	5.3%

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Submarket Construction Pipeline



97,110

4Q 2023 Unit Inventory



3,498

Number of Units Under Construction



2,415

Number of Units UC Delivering in the Next 4 Quarters

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Submarket	Unit Inventory: 4Q 2023	Units Under Construction	% of Existing Inventory UC	% of Total UC	Units UC Delivering in the Next 4 Quarters
Edmond	6,346	660	10.4%	18.9%	594
Canadian County	5,134	1,568	30.5%	44.8%	589
Northwest Oklahoma City	20,252	485	2.4%	13.9%	471
Central Oklahoma City	19,254	320	1.7%	9.1%	307
Downtown Oklahoma City	5,457	251	4.6%	7.2%	242
Northeast Oklahoma City	2,280	214	9.4%	6.1%	212
Grady County	518	0	0.0%	0.0%	0
Lincoln County	187	0	0.0%	0.0%	0
Logan County	337	0	0.0%	0.0%	0
McCain County	315	0	0.0%	0.0%	0
Midwest City/Del City	6,886	0	0.0%	0.0%	0
Moore	6,164	0	0.0%	0.0%	0
Norman	12,825	0	0.0%	0.0%	0
Outlying Cleveland County	86	0	0.0%	0.0%	0
South Oklahoma City	11,069	0	0.0%	0.0%	0
Market	97,110	3,498	3.6%	100.0%	2,415

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Sales Activity

Preliminary data from MSCI indicates that the sales volume for conventional multifamily assets concluded 2023 on a subdued note. While it's common for sales to be finalized in the last days of the year and for data consolidation to take some time, it's unlikely that any late-year surge in volume would significantly shift the overall trend. The final quarter of 2023 recorded a sales volume of only \$9.16 million, the lowest for a fourth quarter in over a decade. Annual transaction volume totaled \$189.1 million across 17 individual asset sales, representing a 46% decrease in dollar volume from the previous year.

Looking ahead to 2024, the outlook for multifamily investment sales in Oklahoma City is optimistic, contingent on the stabilization or reduction of interest rates. Investors, particularly those priced out of larger, more rapidly growing markets, are showing increased interest in smaller tertiary areas like Oklahoma City. These markets offer stable demand drivers and a lower barrier to entry, making them attractive investment options.

TRANSACTION VOLUME

\$189.1M(p)

2023 Transaction Volume

-46%

Y-O-Y Change

17 YTD

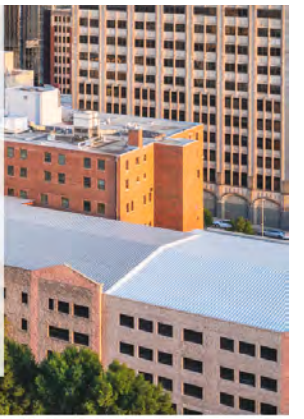
Individual Transaction Count



\$69.2k*
Price Per Unit

-5%
Annual PPU Price Change

* Trailing 4Q average PPU
* Preliminary Data from ECA - Individual transaction \$2.5M*
#Preliminary



Employment Forecast

EMPLOYMENT SECTOR FORECAST



Forecasted 2024 Employment Sector Growth

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Sector	Employment Change 2023 to 2024	Percent Change
Overall Employment	4,300	0.6%
Manufacturing	(100)	-0.3%
Construction	(600)	-1.8%
Trade, Transport, & Utilities	200	0.2%
Information	0	0.0%
Financial Activities	0	0.0%
Professional & Business Services	300	0.2%
Education & Health Services	1,200	1.1%
Government	2,000	1.6%
Leisure & Hospitality	300	0.3%
Natural Resources & Mining	1,100	10.1%
Other Services	(100)	-0.3%

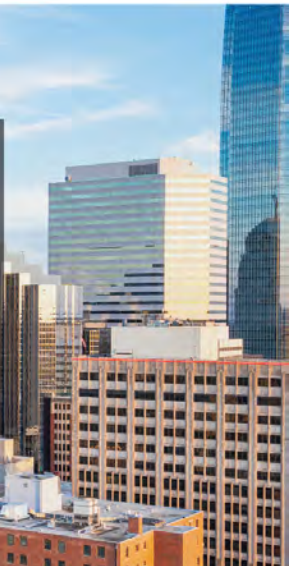
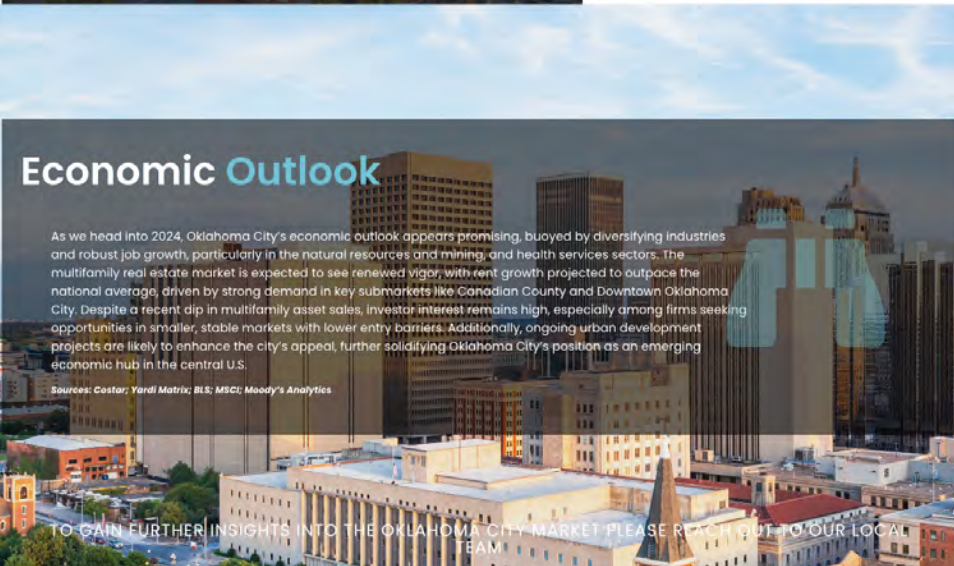
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Economic Outlook

As we head into 2024, Oklahoma City's economic outlook appears promising, buoyed by diversifying industries and robust job growth, particularly in the natural resources and mining, and health services sectors. The multifamily real estate market is expected to see renewed vigor, with rent growth projected to outpace the national average, driven by strong demand in key submarkets like Canadian County and Downtown Oklahoma City. Despite a recent dip in multifamily asset sales, investor interest remains high, especially among firms seeking opportunities in smaller, stable markets with lower entry barriers. Additionally, ongoing urban development projects are likely to enhance the city's appeal, further solidifying Oklahoma City's position as an emerging economic hub in the central U.S.

Sources: Costar; Yard Matrix; BLS; MSCI; Moody's Analytics

TO GAIN FURTHER INSIGHTS INTO THE OKLAHOMA CITY MARKET PLEASE REACH OUT TO OUR LOCAL TEAM



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