

Tulsa 2024 Market Forecast

MARKET SNAPSHOT

- AVERAGE RENT**
\$966 4Q 2023
\$1,002 4Q 2024
- 2024 RENT CHANGE**
3.7%
- OCCUPANCY RATE**
91.6% 4Q 2023
90.8% 4Q 2024
- 4Q 2024 OCCUPANCY CHANGE**
-80 POINTS
- EMPLOYMENT***
460.9K 2023
463.8K 2024
- UNEMPLOYMENT RATE****
3.0% 2023
3.4% 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

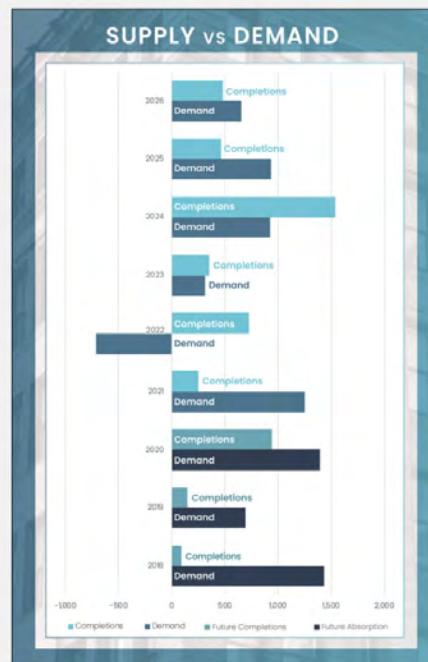
- Tulsa's multifamily market is on an upward trend, with an estimated absorption of 924 units in 2024, marking a transition from recovery to stability.
- Tulsa's rental market is set to exceed many Sunbelt markets in 2024, with overall rent growth above 3% and Midtown Tulsa leading at 4.9%.
- Moderate increases in oil and natural gas prices are anticipated for 2024, which is expected to support job growth in Tulsa's manufacturing and natural resources sectors.
- Reflecting on the transaction activity rebound after the 2016 energy downturn, Tulsa's multifamily market shows potential for a similar recovery in the coming year, given its historical resilience.

Supply & Demand

2024 FULL YEAR FORECAST

- 924 Units**
FORECASTED ABSORPTION
- 1,537 Units**
FORECASTED NEW SUPPLY

Annual Demand Vs Completions



Demand / Occupancy Outlook

Over the past year, the Tulsa multifamily market has experienced increasingly stable demand, leading to a slowdown in vacancy expansion. This demand is primarily driven by two key areas: South Tulsa/Broken Arrow and South Tulsa County. These regions have benefited from consistent population growth, making them popular destinations for many households. Additionally, Downtown Tulsa has also seen a stabilization in

New Supply Outlook

Tulsa's multifamily market is experiencing a significant increase in construction activity, with 1,900 market-rate units currently under development. This number greatly exceeds the 10-year average of 1,000 units. The latest developments have predominantly occurred in South Tulsa/Broken Arrow and Downtown Tulsa, both areas notable for their high proportion of renters.

demand.

Looking ahead to 2024, the Tulsa multifamily market is expected to continue its positive trajectory, with absorption gaining momentum. The year's projected absorption is estimated at approximately 924 units, indicating a shift from recovery to stability in the market. However, this rising demand may be somewhat eclipsed by a significant increase in apartment supply, the largest in recent years, with over 1,500 units scheduled to come online. This influx of new units is likely to impact occupancy rates, which are expected to experience a slight decrease. The anticipated reduction is around 80 basis points, bringing the occupancy rate down to an estimated 90.8%. However, beyond 2024, the Tulsa multifamily market is expected to achieve a more balanced dynamic between supply and demand by 2025.

Local developers have been focusing on regions within Tulsa that are experiencing demographic growth. Particularly, areas with convenient downtown access and proximity to highly rated schools are seeing substantial population increases. Since 2010, South Tulsa/Broken Arrow has led in multifamily deliveries, adding nearly 2,700 units to the market. This area continues to dominate in terms of ongoing construction, with 721 units currently under development, including 359 scheduled for delivery in 2024. Meanwhile, North Tulsa, though smaller in scale, is poised for a significant expansion of its inventory base. With 270 units under construction, this area is set to see an 8.3% increase in its housing inventory upon completion of these units.

Occupancy & Rent Trends

RENT VS OWN MONTHLY PAYMENT



\$1,712

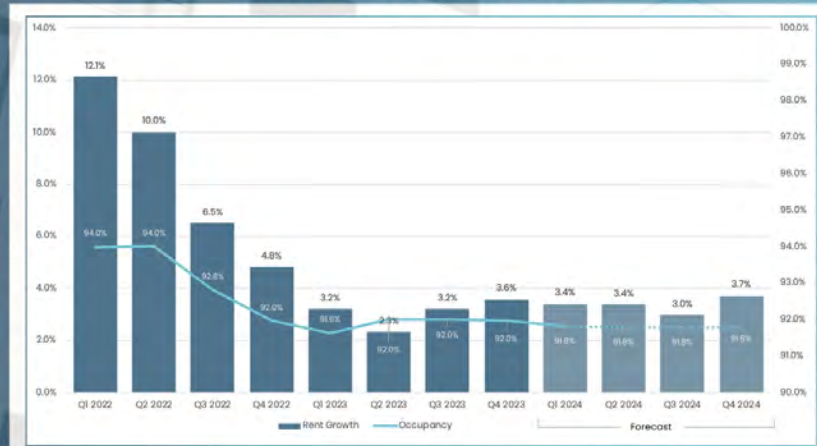
Average Monthly Mortgage Payment



\$966

Average Monthly Rent

RENT vs OCCUPANCY



2024 RENT TRENDS OUTLOOK

Since the first half of 2022, Tulsa's rent growth has been moderating from its previous double-digit highs. Nonetheless, Tulsa's rental market performance remains impressive, especially when compared to many other sunbelt markets. In the final quarter of 2023, Tulsa's rent growth at 3.6%, significantly outperformed the U.S. average of 0.8%.

Looking ahead, the forecast for Tulsa's rent growth remains robust, with expectations for it to sustain a rate above 3.0%, reaching a 3.7% increase by the final quarter of 2024. In terms of submarkets, Downtown and South Tulsa County are projected to continue marketing the highest rents in Tulsa. These areas, where new communities are being developed and demand is highest, are registering market rents above \$1,250 per month. Specifically, Downtown Tulsa is expected to see an annual rent growth of 2.6%, while South Tulsa County could experience an even higher increase of 4.0% by year-end.

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)
Midtown Tulsa	94.6%	94.5%	-0.1%	\$863	\$905	4.9%
Wagoner County	95.8%	95.7%	-0.1%	\$1,174	\$1,226	4.4%
Osage County	97.9%	97.9%	0.0%	\$661	\$689	4.2%
Riverside/Peoria	89.6%	89.3%	-0.2%	\$822	\$856	4.2%
Rogers County	96.3%	96.3%	0.0%	\$910	\$948	4.1%
West Tulsa County	95.0%	94.9%	-0.1%	\$868	\$903	4.1%
South Tulsa County	95.2%	95.1%	-0.2%	\$1,218	\$1,268	4.0%
Oklmulgee County	96.7%	96.7%	0.0%	\$679	\$706	4.0%
East Tulsa	88.8%	88.6%	-0.2%	\$836	\$869	4.0%
South Tulsa/Broken Arrow	94.1%	94.0%	-0.1%	\$985	\$1,025	4.0%

Creek County	95.8%	95.7%	-0.1%	\$900	\$934	3.8%
Midtown South	81.4%	81.0%	-0.4%	\$819	\$845	3.2%
Downtown Tulsa	91.5%	91.3%	-0.2%	\$1,270	\$1,302	2.6%
North Tulsa	95.1%	95.0%	-0.1%	\$1,091	\$1,113	2.0%
Market	91.6%	90.8%	-0.8%	\$966	\$1,002	3.7%

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Submarket Construction Pipeline


62,870
4Q 2023 Unit Inventory


1,907
Number of Units Under Construction


1,537
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
South Tulsa/Broken Arrow	24,212	721	3.0%	37.8%	359
North Tulsa	3,236	270	8.3%	14.2%	269
Midtown Tulsa	4,425	256	5.8%	13.4%	255
Creek County	690	224	32.5%	11.7%	223
Downtown Tulsa	4,313	184	4.3%	9.6%	182
South Tulsa County	4,062	150	3.7%	7.9%	149
Midtown South	6,653	102	1.5%	5.3%	100
East Tulsa	6,268	0	0.0%	0.0%	0
Oklmulgee County	280	0	0.0%	0.0%	0
Osage County	192	0	0.0%	0.0%	0
Riverside/Peoria	4,251	0	0.0%	0.0%	0
Rogers County	1,497	0	0.0%	0.0%	0
Wagoner County	1,167	0	0.0%	0.0%	0
West Tulsa County	1,624	0	0.0%	0.0%	0
Market	62,870	1,907	3.0%	100.0%	1,537

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Sales Activity

The 2023 sales volume for Tulsa's conventional multifamily assets concluded on a subdued note, according to preliminary data from MSCI. Despite the common practice of recording sales up until the year's end and the time taken by data services to consolidate these transactions, it's unlikely that any late surge will significantly shift the overall trend. The final quarter of 2023 saw a sales volume of only \$19.25 million, the lowest for a fourth quarter since the 2016 energy industry downturn. The total annual transaction volume was \$57.4 million, spread across six individual asset sales, marking a 91% decrease from the previous year and only slightly higher than the \$52 million recorded in 2016.

With limited sales data, it's challenging to make definitive assessments. Although the average price per unit (PPU) rose by 8.1% compared to 2022, the small number of sales makes it difficult to derive meaningful conclusions. However, looking forward to 2024, if interest rates stabilize or decrease, Tulsa's relatively stable fundamentals could attract a broader range of buyers. Notably, over the past three years, institutional buyers comprised nearly 25% of the buyer pool but withdrew from Tulsa deals in 2023. A stabilization in interest rates might reignite interest from these investors, especially if more attractively priced deals become available, potentially revitalizing transaction activity.

Reflecting on recent history, the 2016 energy downturn significantly impacted Tulsa's transaction activity, but the market rebounded the following year with a 176% increase in 2017. While the current macroeconomic dynamics are different, this historical resilience suggests potential for a similar recovery in Tulsa's multifamily market, should conditions become more favorable.

TRANSACTION VOLUME

\$57.4M (p)

2023 Transaction Volume

-91%

Y-O-Y Change

6 YTD

Individual Transaction Count

\$117.4K*

Price Per Unit

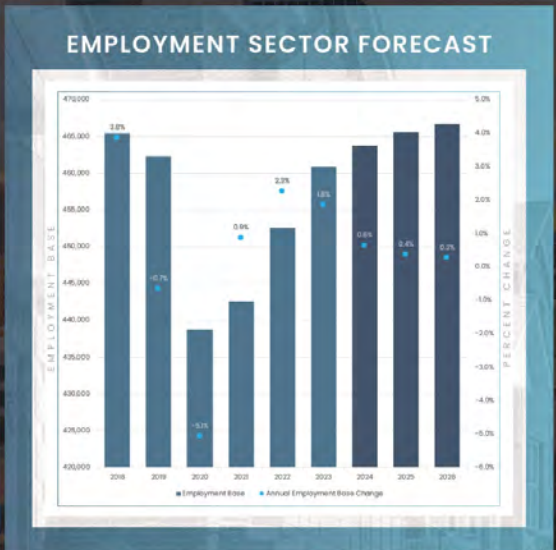
8.1%

Annual PPU Price Change

Annual PPU Price Change

* Trailing 4Q average PPU
 * Preliminary Data from RCA - Individual transaction \$2.5M +
 P= Preliminary

Employment Forecast



Forecasted 2024 Employment Sector Growth

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Sector	Employment Change 2023 to 2024	Percent Change
Overall Employment	2,900	0.6%
Manufacturing	1,400	2.8%
Construction	200	0.4%
Trade, Transport, & Utilities	(900)	-0.9%
Information	0	0.0%
Financial Activities	100	-0.1%
Professional & Business Services	(600)	-0.8%
Education & Health Services	700	1.0%
Government	1,100	1.9%
Leisure & Hospitality	800	1.5%
Natural Resources & Mining	200	5.4%
Other Services	(100)	-0.5%

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Economic Outlook

The economic outlook for Tulsa in 2024 is marked by a dynamic yet stabilizing landscape. Following a period of accelerated growth in the first half of 2023, employment rates in Tulsa are anticipated to level off, suggesting a shift towards a more stable, yet flat growth trajectory as we approach the end of 2024. This change reflects a broader aligning with national patterns of economic moderation forecast for 2024.

The energy sector, a vital part of Tulsa's economy, is anticipated to see a modest increase in both oil and natural gas prices, according to the US Energy Information Administration. This rise is expected to positively impact the local economy, in terms of employment, significant growth is forecasted in specific sectors. Manufacturing is poised to spearhead this growth with an addition of 1,400 jobs, translating to a 2.8% increase. The government sector is also expected to expand, adding 1,100 new positions. Furthermore, the Natural Resources & Mining sector is projected to grow by 200 jobs, a substantial 5.4% rise. These sectors represent key areas of employment strength in Tulsa, reflecting the city's diverse economic landscape and the potential for continued economic growth in these areas.

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

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



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