

# Oklahoma City 1Q 2024 Market Report

## MARKET SNAPSHOT



AVERAGE RENT  
**\$960 1Q 2024**



1Q 2024 RENT CHANGE  
**1.9%**



OCCUPANCY RATE  
**89.3% 1Q 2024**



ANNUAL OCCUPANCY CHANGE  
**-20 BASIS POINTS**



TOTAL OPERATING EXPENSE ANNUAL CHANGE  
**4.5%**



NET OPERATING INCOME ANNUAL CHANGE  
**7.5%**

\* 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

- Strengthening Renter Demand:** Demand for apartments in Oklahoma City varies across submarkets, with Northwest and Downtown serving as key stabilizers. These areas have driven the majority of net move-ins over the past year, bolstering the overall market.
- Manageable New Supply:** Construction activity in Oklahoma City remains at a manageable level, with 3,300 units currently under construction. This is slightly above the decade average of 2,700 units, accounting for 3.3% of the existing inventory.
- Rental Increases to Pick Up Steam:** Although rent growth in Oklahoma City has moderated to 1.9% in the first quarter of 2024, it remains above the U.S. average of 0.8%. Projections indicate that rent growth could stabilize and possibly increase to around 4% by the end of 2024, driven by sustained demand and limited new supply.

## Supply & Demand

1Q 2024

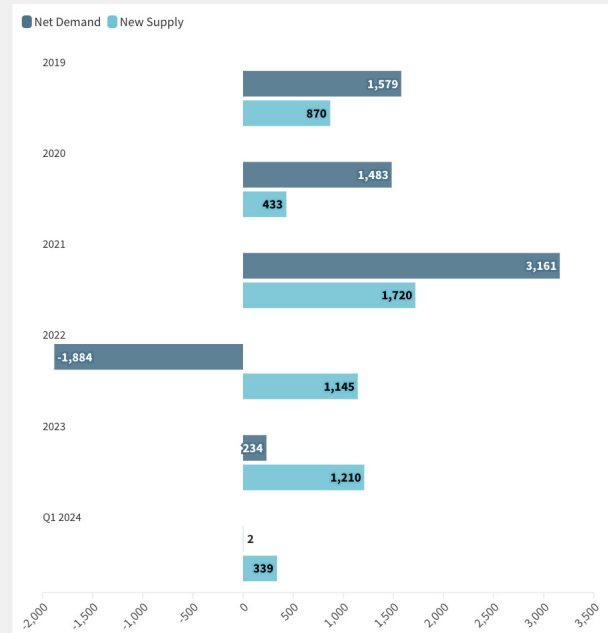


**2 Units**  
QUARTERLY DEMAND



**339 Units**  
QUARTERLY COMPLETIONS

## Annual Demand Vs Completions



### Demand Trends

Demand in Oklahoma City has seen improvement over the past year, though it remains below the average level of the previous decade. Over the past year, renters occupied 410 units, which falls short of the decade average of 1,000 units annually. Demand differs across different submarkets, with Northwest and Downtown Oklahoma City emerging as the main drivers of stability in the market due to their strong net move-ins. Additionally, the Northwest Oklahoma City submarket stands out as a vibrant submarket of late, with strong demand, buoyed by healthy population growth and a younger demographic that drives its robust absorption rates. Concurrently, there's a growing trend towards urban living in Downtown Oklahoma City, where an increasing number of residential options are appealing to more households.

### Construction Trends

Construction activity in Oklahoma City remains at a manageable level, with 3,300 units currently under construction, which is slightly above the decade average of 2,700 units and represents 3.3% of the existing inventory. This stable construction pipeline, which has seen a steady increase over the past two years, is concentrated primarily in Canadian County and Edmond. Notably, Canadian County has emerged as a significant rental hotspot, buoyed by its rising population growth just west of Oklahoma City.

## Occupancy & Rent Trends



### OCCUPANCY TRENDS

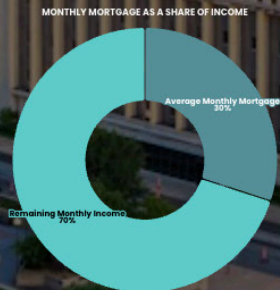
Demand in Oklahoma City has seen some improvement over the past year but still exhibits signs of vulnerability. Concurrently, supply has continued to outstrip demand, with 1,200 units completed during the same period. The average occupancy rate for the metro has stabilized at 89.3%, which is lower 90.5% than the five-year average of 9.5% but higher than the peak of 87.4% experienced in 2016 following the collapse of the energy market. Despite these challenges, the construction pipeline remains manageable, and occupancy rates are expected to hover around pre-pandemic levels, suggesting a gradual stabilization of the market.

Although occupancy rates declined across most of Oklahoma City's 15 submarkets, Norman and Northwest Oklahoma City defied this trend, showing healthy increases in occupancy compared to the same period last year. In Norman, a 50 basis point increase, which brought its occupancy rate up to 91.6%, is expected to continue to improve, given the reduced level of new deliveries and the absence of new projects breaking ground, provided that demand remains steady.

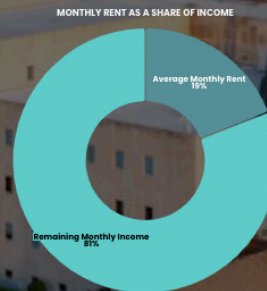
### RENT TRENDS

Rent growth in Oklahoma City has moderated over the past year to 1.9% in the first quarter of 2024, but still surpassing the U.S. average of 0.8%. Forecasts suggest that rent growth will stabilize and potentially rise to around 4% by the end of 2024. Rents in Oklahoma City remain comparatively affordable at \$970 per month, approximately 40% lower than the national average. For specific property classes, luxury units average \$1,250 per month, while Class B properties are closely aligned with the city average at \$960 per month.

The highest rents in the city are in Downtown Oklahoma City, averaging around \$1,400 per month. Suburban areas such as Northwest, Northeast, Edmond, and Canadian County see rents exceeding \$1,000 per month, reflecting the higher quality and newer communities in these regions. In contrast, Central and South Oklahoma City feature mid-to-lower tier properties, with average rents in these areas hovering around \$800 per month.



**\$1,475**  
Average Monthly Mortgage Payment



**\$960**  
Average Monthly Rent

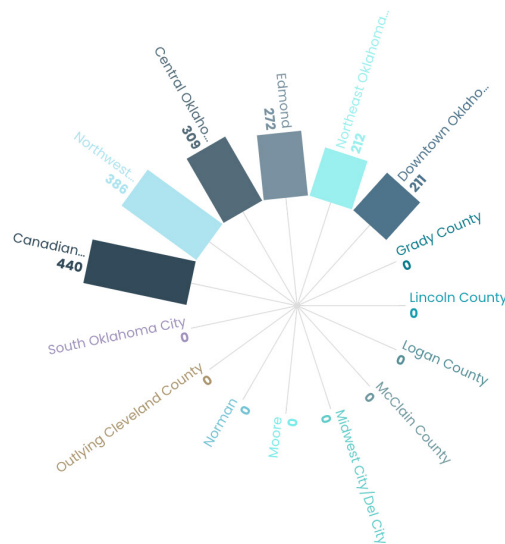
# Submarket Rent & Occupancy

Submarket	Q1 2024 Occupancy	Annual Occupancy Change	Q1 2024 Effective Annual Rent Growth	Q1 2024 Effective Rent/Unit
Canadian County	94.8%	-0.2%	5.2%	\$1,076
Central Oklahoma City	84.2%	0%	1%	\$801
Downtown Oklahoma City	91.8%	-1.7%	1.6%	\$1,403
Edmond	93.5%	-0.3%	3.6%	\$1,040
Grady County	95.6%	-0.9%	6.9%	\$675
Lincoln County	93.2%	0%	1.6%	\$641
Logan County	91.8%	-4.4%	1.1%	\$1,117
McClain County	94.8%	-0.4%	1.4%	\$845
Midwest City/Del City	90.1%	-1.2%	2.9%	\$823
Moore	91.1%	-0.7%	3%	\$979
Norman	91.6%	0.5%	2.7%	\$974
Northeast Oklahoma City	89.5%	-0.4%	-2%	\$1,076
Northwest Oklahoma City	90%	0.8%	1.6%	\$1,029
Outlying Cleveland County	89.2%	-0.3%	1.1%	\$575
South Oklahoma City	85.9%	-2%	0.2%	\$826

A Flourish Table

# Submarket Construction Pipeline

Units UC Delivering in the Next 4 Quarter



A Flourish hierarchy chart

Submarket	Units UC Delivering in the Next 4 Quarters	Under Construction Units	% of Total Market Wide UC
Canadian County	440	1,160	35.3%
Central Oklahoma City	309	320	9.8%
Downtown Oklahoma City	211	329	10%
Edmond	272	774	23.6%
Grady County	0	0	0%
Lincoln County	0	0	0%
Logan County	0	0	0%
McClain County	0	0	0%
Midwest City/Del City	0	0	0%
Moore	0	0	0%
Norman	0	0	0%
Northeast Oklahoma City	212	214	6.5%
Northwest Oklahoma City	386	485	14.8%
Outlying Cleveland County	0	0	0%
South Oklahoma City	0	0	0%
Total	1,830	3,282	100%

# Sales Activity

Preliminary data from MSCI indicates that the sales volume for conventional multifamily properties in Oklahoma City experienced a moderate decline in the first quarter of 2024 compared to the same period last year. Specifically, there were three transactions totaling \$56.7 million, which represents a 30% decrease in sales volume from the first quarter of 2023, along with four fewer transactions. Over the last four quarters, the decline was even more pronounced, with transaction volume falling 46% compared to the previous year.

In Oklahoma City, the market dynamics differ, as private investors have consistently dominated the buyer profile. Since 2018, private investors have constituted over 90% of the buyer composition. While Oklahoma City may not attract as much attention from institutional or public REIT investors, the slightly higher risk tolerance of private investors could act as a catalyst for a rebound in transaction activity in the near term.

## ▲ Most Active Buyers (Previous 24 Months)

- Vesta Capital
- Copper Street Capital
- Tribune Capital

## ▲ Most Active Sellers (Previous 24 Months)

- Riveredge Management
- Infinity Real Estate

\*Most Active Buyers and Sellers are based on the sale volume of apartment units.

## TRANSACTION VOLUME

# \$56.7M

1Q 2024 Transaction Volume

# -30%

Y-O-Y Change

# 3 YTD

1Q 2024 Individual Transaction Count

# \$71.8K

Price Per Unit

# -12.5%

Annual PPU Change

\* Trailing 4Q average PPU

\* Preliminary Data from RCA - Individual transaction \$2.5M +

# Income & Expense Analysis

Please note that the income and expense data presented in this section is sourced from third-party providers. Our firm does not provide any warranty or guarantee as to the accuracy or reliability of this information. We recommend that users exercise their own discretion and professional judgment when interpreting and utilizing this data.

## Income & Expenses

### — Operating Income Metrics

Income Assumptions	Value / Unit	Year Change (%)
Rental Income / Occupied Unit	\$1,000.58	7.1%
Recoverable Expenses / Occupied Unit	\$49.40	11.2%
Other Income / Occupied Unit	\$55.79	-1.7%
<b>Total Income / Occupied Unit</b>	<b>\$1,105.77</b>	<b>6.8%</b>
Rental Income	\$927.77	6.4%
Recoverable Expenses	\$45.81	10.5%
Other Income	\$51.73	-2.3%
<b>Total Income</b>	<b>\$1,025.30</b>	<b>6.1%</b>

### — Operating Expense Metrics

Operating Expenses	Value / Unit	Year Change (%)
Payroll	\$108.87	6.3%
Repairs & Maintenance	\$38.53	6.9%
Leasing	\$36.45	8.3%
General	\$33.89	3.5%
Marketing & Advertising	\$13.54	14.1%
Repairs & Maintenance	\$85.58	-0.2%
Cleaning	\$11.12	4.3%
Roads & Grounds	\$13.53	0.0%
General	\$60.93	-1.0%

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Administrative	\$25.55	3.2%
Security	\$6.05	-12.7%
General	\$19.51	9.7%
Management Fees	\$44.78	5.8%
Utilities	\$61.37	3.4%
Electric	\$16.51	6.1%
Gas	\$1.52	-17.3%
Water/Sewer	\$43.35	3.2%
Real Estate & Other Taxes	\$85.26	3.6%
Insurance	\$41.09	10.8%
Other Operating Expenses	\$0.19	
<b>Total Operating Expense</b>	<b>\$466.23</b>	<b>4.5%</b>
— Net Operating Income		
	Value / Unit	Year Change (%)
<b>Net Operating Income</b>	<b>\$559.08</b>	<b>7.5%</b>

## Market Outlook

As we progress further into 2024, Oklahoma City's economic outlook is strengthening, supported by diversifying industries and robust job growth, especially in the natural resources and mining, as well as health services sectors. This economic momentum is expected to invigorate the multifamily real estate market, with rent growth projected to approach 4.0% by years end, fueled by strengthening demand. Despite a recent downturn in multifamily asset sales, investor interest remains robust, particularly among firms looking for opportunities in smaller, stable markets with more accessible entry points.

Additionally, ongoing urban development initiatives, such as the Metropolitan Area Projects (MAPS) program, continue to stimulate investment in Oklahoma City's urban areas. These projects are enhancing the city's attractiveness and further cementing Oklahoma City's status as an emerging economic center in the central United States.

Sources: Yardi Matrix; Costar; MSCI.

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



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