

Banking on stability and growth

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Oklahoma City occupancies and rents are at decade highs for the third quarter, and Tulsa's pretty much parallel those feats. (Rip Stell)

TULSA – Apartment occupancy levels in Oklahoma City and Tulsa hit decade highs in the third quarter, according to a new report by the Phoenix-based multifamily brokerage Hendricks and Partners.

Average rents in the Oklahoma City area also hit decade highs, as did year-to-date Tulsa unit absorption and new apartment building permits.

"It's a good, strong market and it has been really since probably '03, so eight years that it's strengthened," said Aaron Hargrove, a Tulsa-based partner and broker for the firm. "We've had hiccups obviously throughout that time, but relatively speaking through the rest of the nation, as a whole we've had stability and growth, which is leading to more interest in our markets than ever before, with where interest rates are."

He pinned these results on the strong jobs markets in both communities.

Metropolitan Oklahoma City added 7,800 jobs through the first nine months of 2011 for a 1.4-percent increase, the strongest mark since 2008, according to the report. Its jobless rate fell to 5.5 percent in September from 6.1 percent in 2010.

Metro Tulsa added 12,100 jobs through the first three quarters, providing 3-percent growth over a year ago. Its unemployment rate fell to 6.4 percent in September from 7.5 percent in 2010.

"That's what drives our industry, more than anything else," Hargrove said.

Oklahoma City multifamily vacancies fell to 7.1 percent for the quarter, down from 9.2 percent last year and the decade high of 10 percent in 2009. Hargrove said that represented the lowest Oklahoma City mark of any quarter over the last 10 years.

Rental rate growth totaled 2.4 percent, equaling year-ago marks. The average apartment rent totaled \$564, the highest mark reached over the last decade.

But the number of units absorbed fell to 329 in the third quarter from 1,258 a year ago. Year-to-date units absorbed fell to 1,216 in 2011 from 2,280 last year.

The report said 258 new units opened during the quarter, raising the nine-month tally to 790. That topped the 790 units opened during the first three quarters of 2010.

Metro governments issued building permits for 32 apartment units, lifting year-to-date tallies to 179, down from 429 last year.

Tulsa-area occupancies fell to 7.3 percent, the lowest seen in that market since early 2001. Metro vacancies had stood at 8.9 percent in the third quarter of 2010.

Rental rates rose 2.1 percent in the last quarter to \$588.

The 304 units absorbed in the third quarter brought Tulsa's year-to-date tally to 978,

surpassing annual apartment absorption totals for the previous 10 years.

Aiding that, the Tulsa market saw no new units coming online during the last quarter. Through the first nine months of 2011, metro Tulsa added 228 units, down from 375 in 2010.

Across the metro area, building permits were issued for 60 units, up from 24 the prior year. This brought year-to-date numbers to 771, again topping annual levels earlier that decade.

Hargrove admitted some worries over that total, even in light of Tulsa's absorption rate.

"But the owners we talk to and the absorption rates we see of new deals coming on the market, it hasn't been a concern yet," he said.

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