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Q&A WITH MIKE BUHL

**APARTMENT VACANCIES, RENTS
REMAIN FIRM IN OKLAHOMA CITY**

Q: The general perception is that real estate markets are down. Does this translate to lower rents for apartments and lower occupancy levels in the multi-family sector?



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A: Not really. There are some properties where rents are down and others where occupancies are down significantly. But these are isolated instances driven more by property condition or location than a result of the economy. For the most part, the rental market is holding up well. I think the explanation is that

sellers are not panicking and reducing rents because of negative news about the economy, most of which is national and not local. The other key factor is the unemployment rate, which has remained relatively stable in Oklahoma City.

Q: Are certain submarkets performing better than others?

A: The submarkets of Norman, Edmond and Yukon typically always outperform other markets in terms of rent growth and occupancy. Norman, though, has shown more softness in 2010 because of the oversupply of student housing developments. Moore has been a very popular market for prospective tenants because of all the new retail establishments. A good example of this is Hayden's Landing Apartments in Moore that — following an extensive renovation — increased its one-bedroom rents from \$386 to \$495 per month, two bedroom rents from \$483 to \$595 per month and three bedrooms from \$566 to \$765 per month. This demonstrates there are pockets within the market with very strong rental demand.

Q: What is the occupancy rate in Oklahoma City?

A: The occupancy rate in Oklahoma City has been relatively flat during the first six months of 2010. This is primarily because there has been no meaningful rebound in employment and the single-family residential market has remained strong. The occupancy rate in Oklahoma City remained where it was at the end of 2009 in the 90-to-92-percent range, but with some downward pressure because of the economy.

Q: Can you talk more specifically about monthly rental rates?

A: Rental rates on one-bedroom apartments are generally around \$450 per month. Two-bedroom apartments are around \$600 per month, and three-bedroom apartments are around \$700 per month. Concessions and move-in specials, though, will impact these numbers. Tracking concessions and move-in specials can be difficult because they change frequently depending on a property's vacancy within certain floor plans. For instance, a property may only offer a special on a one-bedroom unit if that is the floor plan with the most vacancy. The most common special within the market is a \$99 move-in with perhaps a smaller deposit for well qualified tenants.

Q: What's the outlook?

A: Multifamily does well in both good times and bad and the Oklahoma economy is one of the best in the nation, so I don't expect to see any huge downward movement in rents or occupancy. I think the multifamily sector will remain flat to slightly up for the remainder of 2010 with isolated properties performing better than average.

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