

First Quarter Multi-Family Market Report 2018





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2018

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NAI EXECUTIVE SUMMARY

The vacancy rate for multi-family properties in the CBD was 12.90% at the end of Q1 2018, which continues to improve as a building slowdown in that area continues. There is, however, continued building of new units in north Oklahoma City, Edmond, and Norman. The West Village at 902 W Sheridan is the major property under construction in the CBD with 345 units scheduled to be delivered in Q4 2018.

The apartment rental market continues to be strong as overall vacancies are 12.00% with Edmond being the strongest market with 9.40% overall vacancy.

Sales of multifamily units continue to be strong with 24 multifamily transactions taking place in Q1 2018 totaling \$87,513,667.00.

The most notable sales transaction for Q1 2018 was the Highlands Apartment Homes 12601-12701 N Pennsylvania for \$39,500,000.00, which is \$44,084.00 per unit.

We would expect to see continued growth in the multifamily market but at a slower pace than what we saw in 2016. The absorption of units in 2017 along with slower construction has left the multi-family market somewhat balanced.

Respectfully,

Bob Sullivan
CEO





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NAI NATIONAL ECONOMY

The Federal Reserve raised its target federal funds rate to a range of 1.50 percent to 1.75 percent during first quarter 2018. We are expected to see three or more rate hikes this year and another two or three in year 2019, which could end year 2018 at 2.5 percent and 3 percent at the end of 2019. Kiplinger predicted a solid GDP growth rate of 3 percent, but Goldman Sachs, Barclays, and other firms have trimmed their growth forecast below 2 percent despite of the \$1.5 billion tax cut which is supposed to increase consumer spending and business investment. The growth uncertainty mainly comes from the world trade triggered by protectionist policies. The Trump administration announced during Q1 the tariffs on steel and aluminum and directed action against Chinese imports. If the trade war is going to happen, we expect to see product prices go up and the increasing tariffs will hurt consumers.

OPEC and its allies started the output cuts since January 2017, and plan to continue the output cut through the end of 2018. Oil prices have been on the rise since Q4 2017 and has stayed in the \$60-\$65 range during Q1 2018. While OPEC is cutting its output, United States is pumping more oil than ever. For the first time, OPEC forecasted that new oil supplies will exceed demand growth this year.

NAI LOCAL ECONOMY

According to the report from the Oklahoma Employment Security Commission, The Oklahoma State unemployment rate has held steady and is unchanged at 4.1 percent in February compared to January and was 0.5 percent down from a year ago. We saw continuing recovery from the oil and gas industry, and continued cutting of oil production by OPEC and its allies will benefit Oklahoma energy companies.

Oklahoma City is named as one of the top-10 travel destinations in the United States for 2018. Money Magazine said, that it gives travelers the most value for their dollar. Low cost of living and business cost continue to attract developers and investors to Oklahoma City. The City Council has approved a \$3 million economic development incentive to bring Costco to the southeast corner of Western Avenue and the John Kilpatrick Turnpike; CACI International announced it will open a Shared Services Center in Oklahoma City in July which will bring 550 jobs. Oklahoma City new convention center's design gained City Council's approval and moved one step closer to its grand opening in mid-2020. The Streetcar system is under test drive and is expected to be ready at the end of this year. BOK Park Plaza has been completed and Bank of Oklahoma is occupying 100,000 SF. Oklahoma City's commercial real estate industry remains active during Q1 2018.

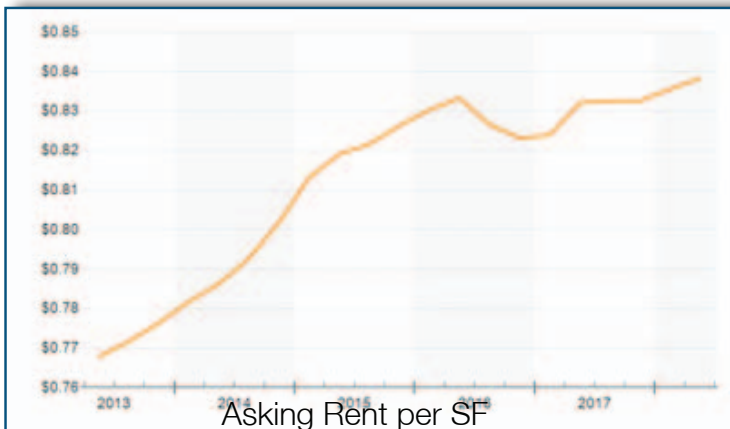


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NAI OKC MULTI-FAMILY MARKET LEASING BY CLASS AND UNIT MIX

	Class-A	Class-B	Class-C	Overall
Vacancy Rate	12.80%	11.50%	12.10%	12.00%
Studio Asking Rate	\$952	\$627	\$550	\$601
1 Bed Asking Rent	\$892	\$674	\$567	\$644
2 Bed Asking Rent	\$1,060	\$818	\$666	\$769
3+ Bed Asking Rent	\$727	\$908	\$794	\$835



The overall vacancy rate for multi-family properties in the Oklahoma City market at the end of the Q1 2018 was 12 percent, which increased from the rate of 11.90 percent at the end of the Q4 2017. Average asking rent per SF slightly increased and is getting close to \$0.84 per month. Asking rental rate is increasing despite increasing vacancy rates. Studio asking rent averaged at \$601 per unit, one-bedroom asking rent averaged at \$644 per unit, and three-or-more bedroom asking rent averaged \$835 per unit.

NAI OKC MULTI-FAMILY MARKET LEASING INFORMATION BY SUBMARKET

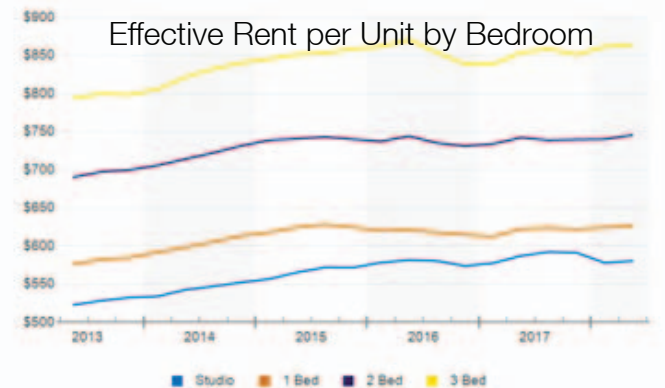
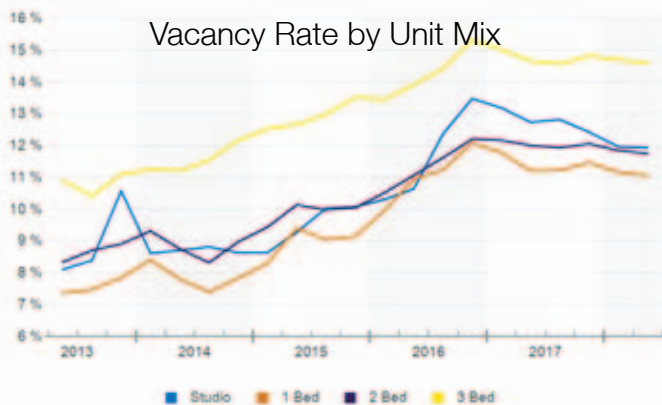
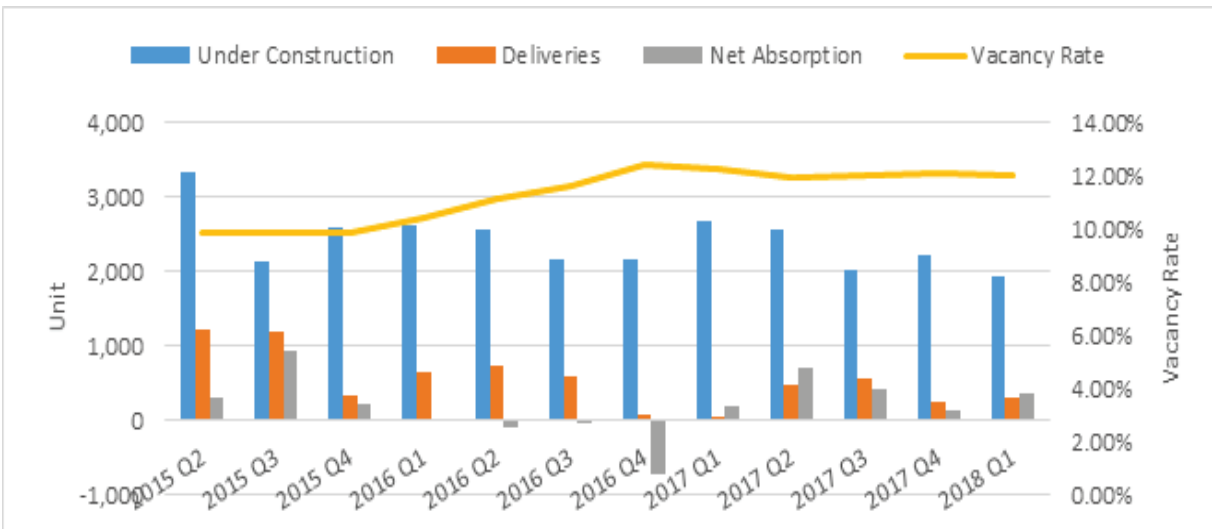
	CBD	NW OKC	Edmond	Moore/Norman
Vacancy Rate	12.90%	12.10%	9.40%	13.10%
Studio Asking Rent	\$975	\$517	\$701	\$575
1 Bed Asking Rent	\$1,069	\$620	\$697	\$656
2 Bed Asking Rent	\$1,431	\$773	\$852	\$742
3+ Bed Asking Rent	\$1,958	\$943	\$984	\$659



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CONSTRUCTION, DELIVERIES, ABSORPTION & VACANCY RATE



There were 1908 units of multi-family space under construction at the end of Q1 2018. The two multi-family properties with the most rentable building area under constructions were the 97-unit Steel Yard-Phase II at 505 E Sheridan Ave., which is scheduled to be delivered in May 2018, and the 300-unit Cottages at Quail Springs Apartments at 2700 Watermark Blvd, which is scheduled to be delivered in November 2018.

Some notable deliveries during the first quarter 2018 include 287-unit Argon Apartments at 13600 N Blackwelder Ave. in Oklahoma City, which delivered in January 2018; and the 14-unit apartment at 1600 NW 16th St., which was delivered in February 2018.



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NOTABLE MULTI-FAMILY PROPERTIES UNDER CONSTRUCTION

Building Address	Building Name	City	Units	Delivery Time
505 E Sheridan Ave	The Steel Yard - Phase II	OKC	97	May 2018
2700 Watermark Blvd	Cottages at Quail Springs Apartments	OKC	300	Nov 2018
2751 24th Ave NE	TERRA at University North Park	Norman	303	Jun 2018
108 4th St	Cross Neighborhood	Norman	412	Aug 2018
15501 N Pennsylvania Ave	The Lofts at North Penn	Edmond	150	Aug 2018
903 W Sheridan Ave	West Village	OKC	345	Oct 2018
6601 Highway 152	Bentwood Villas	OKC	60	Dec 2017
2620 Classen Blvd	Classen Crossing Apartments	Norman	44	July 2018

NOTABLE MULTI-FAMILY PROPERTIES PROPOSED

Building Address	Building Name	City	Number Of Units	Break Ground
400 NE K Gaylord Blvd	Times Square	OKC	327	Jun 2018
Classen Dr	Wilshire Point	OKC	160	Aug 2018
100 Charlie Christian Ave	-	OKC	125	May 2018
620 NW 178th St	Brookside Villas - Phase II	Edmond	22	Dec 2018
700 N Broadway Ave	The Broadway Condominiums	OKC	12	Apr 2018
NW 15 St. & Blackwelder Ave	OKC Plaza District Apartments	OKC	15	Apr 2018
NW 15 St. & Blackwelder Ave	OKC Plaza District Apartments	OKC	15	Jan 2018

There were 805,116 SF of multi-family space proposed at the end of Q1 2018. The proposed projects with the most rentable building area were the 327-unit Time Square at 400 NE K Gaylord Blvd., which is scheduled to start construction in June 2018, the 160-unit Wilshire Point at Classen Dr., which is scheduled to start construction in August 2018, and the 125-unit apartments at 100 Charlie Christian Ave., which is scheduled to start construction in May 2018.



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NAI OKC MULTI-FAMILY MARKET SALES

	2017 Q1	2017 Q2	2017 Q3	2017 Q4
Number of Transactions	37	38	32	24
Total Sales Volume	\$158,222,501	\$57,340,602	\$192,355,292	\$87,512,667
Total Units	3,848	1,494	2,343	3,703
Average Price Per Bldg. SF	\$53.37	\$45.84	\$110.69	\$44.01
Median Price per Bldg. SF	\$40.37	\$44.70	\$52.91	\$40.80

There were 24 transactions totaling \$87,512,667 recorded during Q1 2018. The largest transaction based on dollar volume was the sale of the 896-unit The Highlands Apartments at 12601-12701 N Pennsylvania Ave. in Oklahoma City. Weidner Property Management LLC from Kirkland, WA acquired the 789,808 SF apartments from Transwest Properties Inc. from Tucson, AZ for \$39,500,000, or \$50.01/SF, on Jan 16th, 2018. Weidner also purchased the Metropolitan Apartments at 800 N Oklahoma Ave. during Q4 2017, the Summit Pointe Apartments at 1002 SW 89th St. during Q3 2017, and purchased Brookwood Village Apartments at 9401 S Shartel Avenue in 2 2017. Weidner also owns Liberty Pointe Apartments at 6600 SE 74th St., which was bought in 2014. Oklahoma City Multi-family market remains a hot target for investors and developers..

NAI OKC MARKET SIGNIFICANT MULTI-FAMILY SALE TRANSACTIONS DURING Q1 2018



Property Name: The Highlands Apartment Homes
Property Address: 12601-12701 N Penn, OKC
Sale Price: \$39,500,000
Price per SF: \$50.01/SF
Price per Unit: \$44,084
Sale Date: 01/16/2018



Property Name: City Heights North
Property Address: 8501-8557 Candlewood Dr., OKC
Sale Price: \$12,000,000
Price per SF: \$36.02/SF
Price per Unit: \$36,585
Sale Date: 02/28/2018



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Property Name: City Heights South
Property Address: 717 Santa Rosa Dr., OKC
Sale Price: \$9,000,000
Price per SF: \$44.00/SF
Price per Unit: \$44,776
Sale Date: 01/31/2018



Property Name: Chandelaque Apartments
Property Address: 5528 N Portland Ave., OKC
Sale Price: \$9,000,000
Price per SF: \$51.92/SF
Price per Unit: \$48,387
Sale Date: 01/31/2018



Property Name: Lamplight Apartments
Property Address: 5811 NW 34th St., OKC
Sale Price: \$4,080,000
Price per SF: \$39.62/SF
Price per Unit: \$32,380
Sale Date: 02/19/2018



Property Name: Chestnut Square Apartments
Property Address: 6000 Will Rogers Rd., Midwest City
Sale Price: \$3,000,000
Price per SF: \$31.69/SF
Price per Unit: \$28,846
Sale Date: 01/18/2018



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NAI Sullivan Group strives for excellence in all facets of real estate services in order to maintain our position as an industry leader. Our team transforms forward-thinking ideas into cutting-edge applications, to achieve maximum results for our clients, company and community.

For more information, please visit our website: www.naisullivangroup.com

INVESTMENT TEAM



Jeff Lester, CCIM
(405) 990-4067
jeffl@naisullivangroup.com



Rick Spelman, Ph.D.
(405) 551-0005
rick@naisullivangroup.com

Resources mainly come from CoStar, The Oklahoman, and The POINT.
Research & Information Compiled by Research Analyst Lu Wen.



4045 N.W. 64th Street, Suite 340 | Oklahoma City, OK 73116
Office: 405.840.0600 | Fax: 405.840.0610
www.naisullivangroup.com