

# Second 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 11.4% the end of Q2 18, a drop of 1.5% from Q1 18 which saw a vacancy of 12.9% in the CBD. The construction of new units remains steady as 1,601 units are under construction in the Oklahoma City market.

Sales of multifamily units slowed in Q2 18 as 21 multifamily transactions took place totaling \$75,653,000.00. The table on page 8 shows the comparison of sales volume and number of sales in the past 4 quarters.

The most notable sales transaction for Q2 2018 was the Brandon Place Apartments at 6700 West Memorial which sold for \$23,400,000.00 or \$116,417 per unit. The sales price reflected a reported 5.51% cap rate. There continues to be sizeable demand for multi-family units with a lack of available units for sale.



Respectfully,

Bob Sullivan  
CEO



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## NAI NATIONAL ECONOMY

The Federal Reserve raised its target federal fund rate to a still low range of 1.75 percent to 2 percent during the second quarter 2018. It is now expected there will be four rate hikes this year which is up from three in the previous forecast. The acceleration of rate hikes indicates growth and strength of the economy which partly results from increasing consumer and business spending due to the tax cut. Kiplinger estimated the GDP during the second quarter at nearly 4 percent. Unemployment dropped to 3.8 percent, and now there are more job openings than the number of people who are looking for jobs which becomes harder for employers to find suitable candidates.

The United States stock market has been volatile during the past three months partly from the negotiations between United States and its trading partners including China, Europe, Canada and Mexico. If the trade war is going to be full blown, it will weaken the world's largest two economies. Companies will encounter higher costs which will reduce jobs and consumers are going to pay higher prices for products.

## NAI LOCAL ECONOMY

According to the report from the Oklahoma Employment Security Commission, the Oklahoma state unemployment rate was 4 percent in May, the third consecutive month at the same rate. We saw continuing recovery from the oil and gas industry as the crude oil prices surged to a more than three-year high. Stock prices for local energy companies also increased and some recorded double-digit gains in the second quarter.

The Oklahoma commercial real estate industry remains active during the second quarter 2018 and continues to attract investors and developers due to low living and business costs. Amazon plans to build a massive fulfillment center near Will Rogers World Airport which will employ 1,750 people when completed, and the City Council has approved a \$1.7 million incentive to help Amazon open the fulfillment center. Global Payments plans a seven-story office building along Automobile Alley as its new North American headquarters, which will bring more than 600 jobs to downtown OKC. The proposed eight-story Boulevard Place will include 241 apartments, 2,200 SF of retail space, a daycare center and rooftop terrace. The \$288 million new convention center started its construction in the second quarter and is expected to open by 2020; the \$27 million Oklahoma City Boulevard is well under construction and is set to open by late 2019, and the Scissortail Park is set to open by the summer 2019.

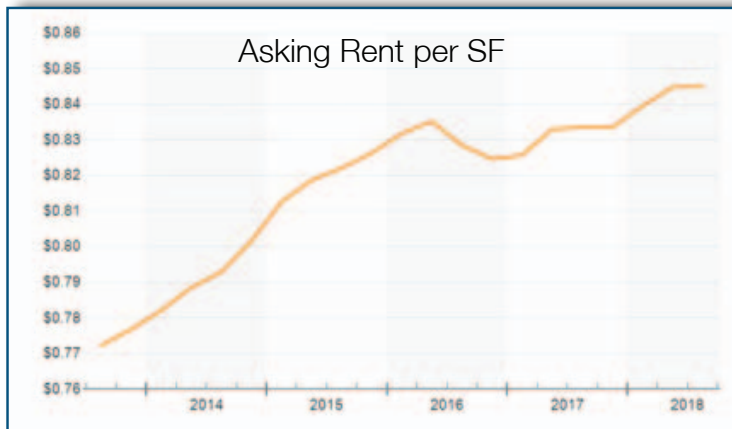


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## NAI OKC MULTI-FAMILY MARKET LEASING BY CLASS AND UNIT MIX

	Class-A	Class-B	Class-C	Overall
<b>Vacancy Rate</b>	11.20%	10.60%	11.60%	11.20%
<b>Studio Asking Rate</b>	\$998	\$638	\$561	\$607
<b>1 Bed Asking Rent</b>	\$918	\$690	\$551	\$643
<b>2 Bed Asking Rent</b>	\$1,082	\$819	\$673	\$777
<b>3+ Bed Asking Rent</b>	-	\$912	\$783	\$835



The overall vacancy rate for multi-family properties in the Oklahoma City market at the end of the Q2 2018 was 11.20 percent, which decreased from the 12 percent rate at the end of Q1 2018. Average asking rent per SF was \$0.84 per month. Studio asking rent averaged at \$607 per unit, one-bedroom asking rent averaged at \$643 per unit, two-bedroom asking rent averaged \$777 per unit, and three-or-more bedroom asking rent average \$835 per unit.

## NAI OKC MULTI-FAMILY MARKET LEASING INFORMATION BY SUBMARKET

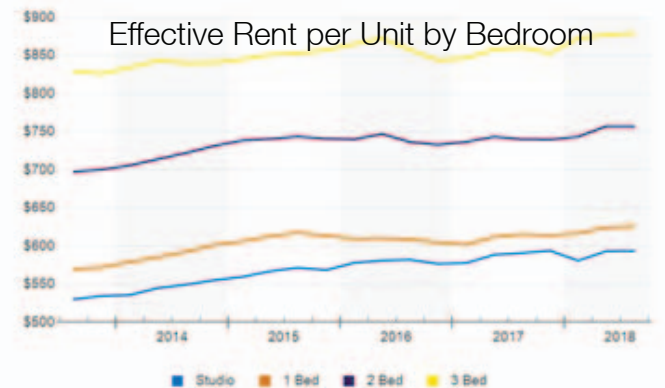
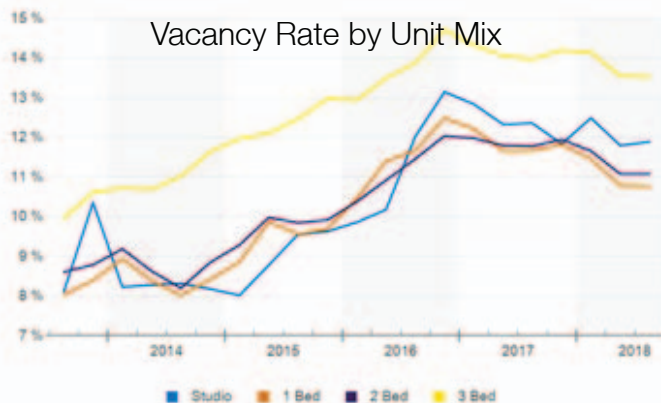
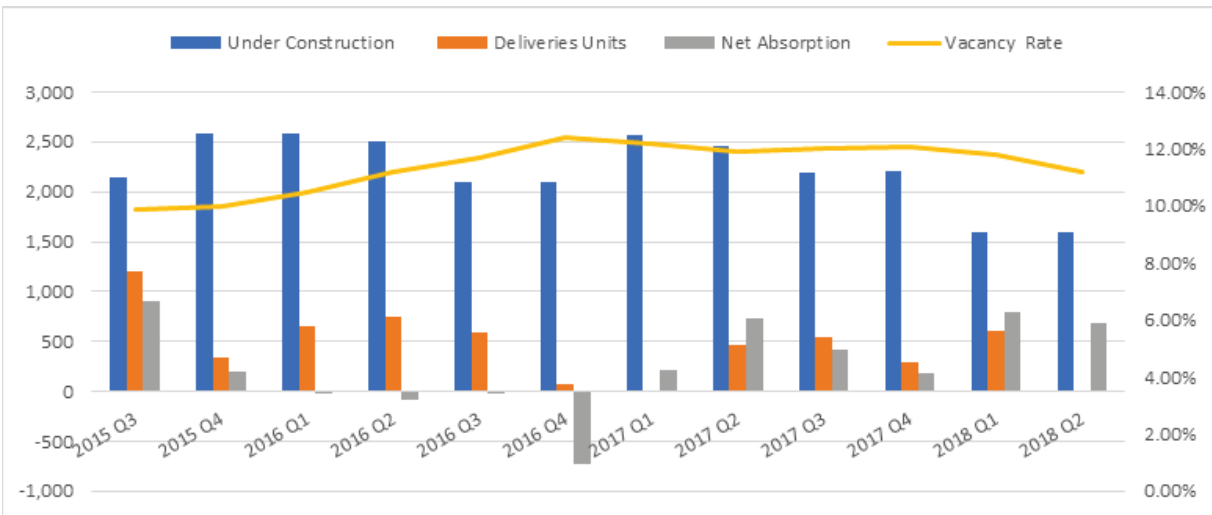
	CBD	NW OKC	Edmond	Moore/Norman
<b>Vacancy Rate</b>	11.40%	11.80%	10.90%	12.20%
<b>Studio Asking Rent</b>	\$943	\$529	\$637	\$615
<b>1 Bed Asking Rent</b>	\$1,095	\$629	\$684	\$673
<b>2 Bed Asking Rent</b>	\$1,477	\$767	\$867	\$754
<b>3+ Bed Asking Rent</b>	\$1,900	\$947	\$880	\$667



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## CONSTRUCTION, DELIVERIES, ABSORPTION & VACANCY RATE



There were 1601 units of multi-family space under construction at the end of Q2 2018. The two multi-family properties with the most rentable building area under construction were the 500,000 SF The Steel Yard apartment at 505 E Sheridan Ave., which still has 30 units under construction and is scheduled to be delivered in July 2018, the 300,000 SF, or 283 units, Crown Lone Oak Apartments at 15400 Lone Oak Rd. in Oklahoma City which is scheduled to be delivered in August 2018, and the 300,000 SF, or 300 units Cottages at Quail Springs Apartments at 2700 Watermark Blvd. which is scheduled to be delivered in November 2018.





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## NOTABLE MULTI-FAMILY PROPERTIES UNDER CONSTRUCTION

Building Address	Building Name	City	Units	RBA	Delivery Time
505 E Sheridan Ave	The Steel Yard - Phase II	OKC	250	500,000 SF	Jul 2018
15400 Lone Oak Rd	Crown Lone Oak Apartments	OKC	283	300,000 SF	Aug 2018
2700 Watermark Blvd	Cottages at Quail Springs Apartments	OKC	300	300,000 SF	Nov 2018
108 4th St	Cross Neighborhood	Norman	412	200,000 SF	Aug 2018
15501 N Pennsylvania Ave	The Lofts at North Penn	Edmond	150	200,000 SF	Aug 2018
903 W Sheridan Ave	West Village	OKC	345	163,460 SF	Oct 2018

## NOTABLE MULTI-FAMILY PROPERTIES PROPOSED

Building Address	Building Name	City	Number Of Units	RBA	Break Ground
400 NE K Gaylord Blvd	Times Square	OKC	327	450,000 SF	Sep 2018
Classen Dr	Wilshire Point	OKC	160	120,000 SF	Aug 2018
100 Charlie Christian Ave	-	OKC	125	106,272 SF	Dec 2018
229 E Campbell St	-	Edmond	50	43,203 SF	Dec 2018
620 NW 178th St	Brookside Villas - Phase II	Edmond	22	29,844 SF	Dec 2018
700 N Broadway Ave	The Broadway Condominiums	OKC	12	20,000 SF	Jul 2018
NW 15 St. & Blackwelder Ave	OKC Plaza District Apartments	OKC	15	15,000 SF	Jul 2018

There was 848,319 SF of multi-family space proposed at the end of Q2 2018. The proposed projects with the most rentable building area were the 327-unit Time Square at 400 NE K Gayloard Blvd. which is scheduled to start construction in September 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 December 2018.



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## OKC MULTI-FAMILY MARKET SALES

	2017 Q3	2017 Q4	2018 Q1	2018 Q2
Number of Transactions	39	33	33	21
Total Sales Volume	\$58,175,602	\$195,355,292	\$106,145,156	\$75,653,000
Total Units	1,521	2,567	4,278	1,882
Average Price Per Bldg. SF	\$45.85	\$112.41	\$39.90	\$44.75
Median Price per Bldg. SF	\$44.79	\$52.91	\$40.80	\$34.74

There were 21 transactions totaling \$75,653,000 recorded during Q2 2018. The largest transaction based on dollar volume was the sale of the 199-unit Brandon Place Apartments at 6700 W Memorial Rd. in Oklahoma City. BSR Trust from Little Rock, AR purchased the 206,143 SF apartment from local company Cornerstone Development for \$23,400,000, or \$116,417 per unit, on June 1st, 2018. It is reported that in late April 2018 occupancy rate for Brandon Place Apartments was about 90%, and the cap rate was 5.51% based on full year 2017 net operating income. Despite the fact that construction has been slowing down since the beginning of 2017, the Oklahoma City multi-family market remains a hot target for investors throughout the country.

## OKC MARKET SIGNIFICANT MULTI-FAMILY SALE TRANSACTIONS DURING Q2 2018



Property Name: Brandon Place Apartments  
Property Address: 6700 W Memorial Rd., OKC  
Sale Price: \$23,400,000  
Price per SF: \$113.51/SF  
Price per Unit: \$116,417  
Sale Date: 06/01/2018  
Cap Rate: 5.51%



Property Name: Oak Place Apartment Homes  
Property Address: 12500 S Western Ave., OKC  
Sale Price: \$16,400,000  
Price per SF: \$91.11/SF  
Price per Unit: \$68,333  
Sale Date: 06/25/2018





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Property Name: Quail Creek Apartments  
Property Address: 11141 Springhollow Rd., OKC  
Sale Price: \$6,500,000  
Price per SF: \$34/SF  
Price per Unit: \$52,419  
Sale Date: 04/30/2018  
Cap Rate: 6.75%



Property Name: Forest Oaks on Purdue  
Property Address: 5700 NW 23rd St., OKC  
Sale Price: \$6,250,000  
Price per SF: \$28.73/SF  
Price per Unit: \$6,250,000  
Sale Date: 04/25/2018



Property Name: Meridian Mansions  
Property Address: 1309 N Meridian Ave., OKC  
Sale Price: \$3,420,000  
Price per SF: \$36.38/SF  
Price per Unit: \$30,000  
Sale Date: 05/30/2018



Property Name: Hillcrest Residence Apartments  
Property Address: 1402 SW 59th St., OKC  
Sale Price: \$3,420,000  
Price per SF: \$22.84/SF  
Price per Unit: \$23,108  
Sale Date: 05/30/2018



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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](http://www.naisullivangroup.com)

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