

# Fourth Quarter Multi-Family Market Report 2018







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NAI Sullivan Group

2018

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## EXECUTIVE SUMMARY

We continue to see strength in the Multi-family market as the new construction component has slowed over 2018 see increased demand.

The overall vacancy rate dropped from 12.20% at the beginning of 2018 to 10.60% and the end of 2018. The overall rental rate has leveled off in Q4 2018 matching Q3 2018 at \$725.00 average rate. The lowest vacancy rate is in the CBD at 9.60%.

As we look forward in 2019 we do not see an overly saturated market of new construction, but current construction keeping up with demand.

The sale of Multi-family properties remained strong all year. Q4 2018 sales of multifamily properties was a total of \$152,711,900.00 over 25 sales, the largest being 777 N Air Depot at \$120,805.00 per unit and a cap rate of 5.64%. Demand for Multi-family product will remain strong and prices will continue to increase throughout 2019.



Bob Sullivan  
CEO

## NATIONAL ECONOMY

The Federal Reserve raised its target federal fund rate by a quarter point to a range of 2.25 percent to 2.5 percent in the fourth quarter 2018 despite the pressure from President Donald Trump to keep it unchanged. The Fed lowered its forecast to two hikes in 2019 amid the recent stock market sell-off and uncertain growth prospects. According to Kiplinger, national economy is growing at a 2.8 percent annualized rate in the fourth quarter, leaving a yearly average of 2.9 percent. Kiplinger predicts the yearly GDP growth in 2019 down to 2.5 percent. Unemployment rose to 3.9 percent in December as more people start looking for jobs, and Kiplinger expects the rate to go down to 3.4% by the end of 2019.

## LOCAL ECONOMY

Despite the falling oil and gas prices in December 2018 after the most expensive November at the pump in four years, Oklahoma City commercial real estate industry remains active and strong. Dolese Bros. is out of room at its downtown corporate headquarters and plans to build a new facility in north Oklahoma City. Industrial market is improving thanks to the e-commerce growth, interstate system and also the new marijuana law. The Amazon distribution center in Oklahoma City is expected to open by the end of 2019. First Costco is well under construction and is expected to open during the summer 2019. Cranes are up throughout the Core to Shore area with the construction of the new convention center and the 17-story Omni hotel as well as the Scissortail Park.

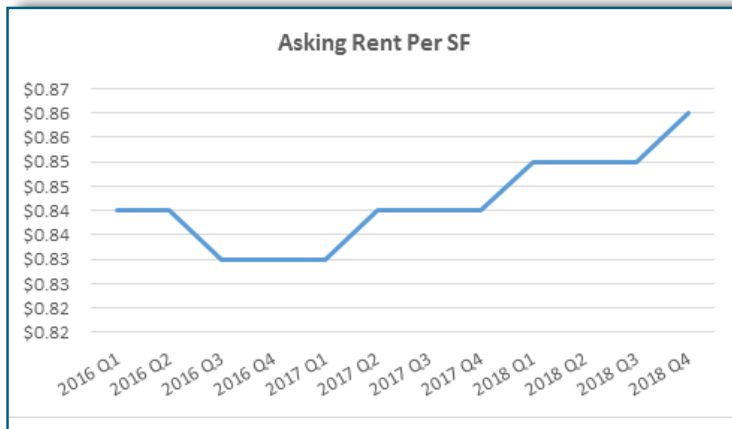


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## NAI OKC MULTI-FAMILY MARKET LEASING BY CLASS AND UNIT MIX

	Class-A	Class-B	Class-C	Overall
<b>Vacancy rate</b>	11.00%	9.30%	11.40%	10.60%
<b>Studio Asking Rent</b>	\$938	\$646	\$576	\$619
<b>1 Bed Asking Rent</b>	\$918	\$692	\$559	\$652
<b>2-Bed Asking Rent</b>	\$1,111	\$832	\$673	\$789
<b>3+ Bed Asking Rent</b>	\$1,029	\$945	\$807	\$891



The overall vacancy rate for multi-family properties in the Oklahoma City market at the end of Q4 2018 was 10.6 percent, which remains the same compared to the rate for Q3 2018. Average asking rent per SF was \$0.86 per month. Studio asking rents averaged \$619 per unit, one-bedroom asking rents averaged \$652, two-bedroom asking rents averaged \$789 per unit, and three-or-more bedroom asking rents averaged \$891 per unit.

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

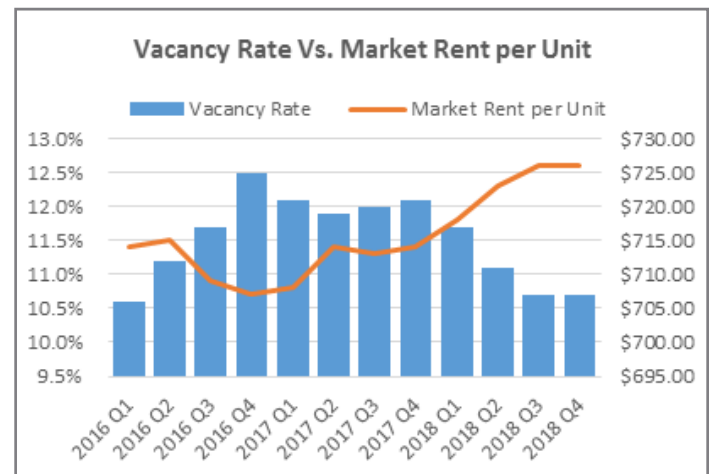
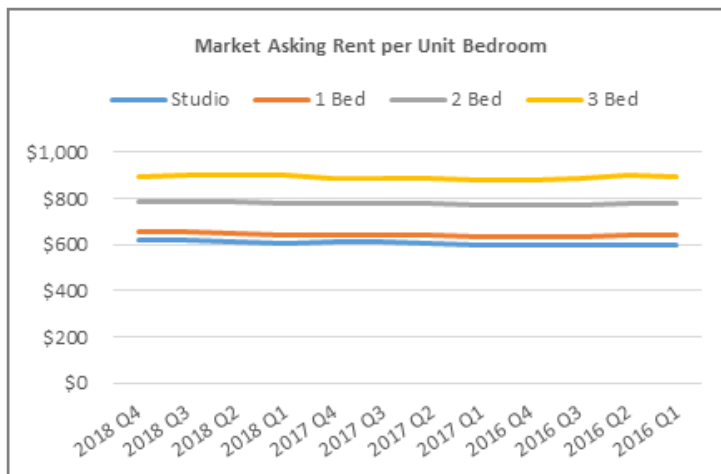
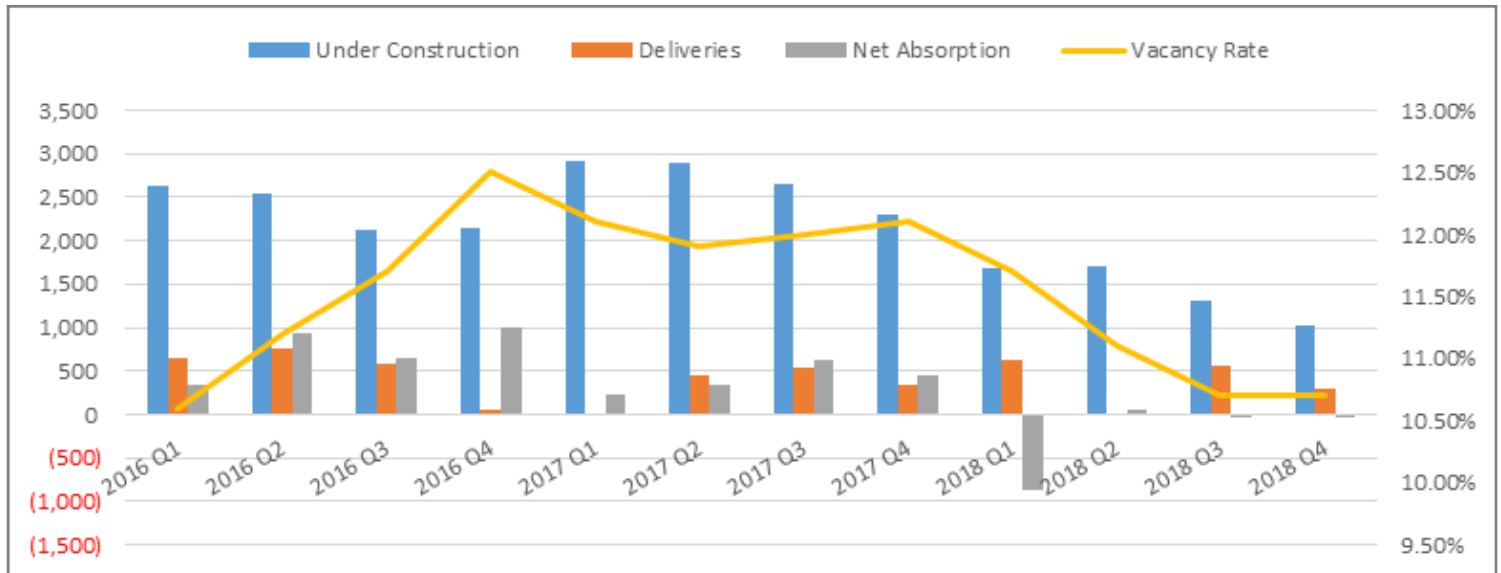
	CBD	NW OKC	Edmond	Moore/Norman
<b>Vacancy Rate</b>	9.60%	12.60%	11.30%	10.30%
<b>Studio Asking Rent</b>	\$881	\$524	\$640	\$629
<b>1 Bed Asking Rent</b>	\$1,104	\$638	\$690	\$673
<b>2-Bed Asking Rent</b>	\$1,558	\$772	\$882	\$769
<b>3+ Bed Asking Rent</b>	\$1,891	\$948	\$1,072	\$791



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## CONSTRUCTION, DELIVERIES, ABSORPTION & VACANCY RATE



There were 1,020 units of multi-family space under construction at the end of Q4 2018. The two multi-family properties that have the most rentable building area under construction were the 300,000 SF Crown Lone Oak Apartments at 15400 Lone Oak Rd, which is scheduled to be delivered in July 2019, and the 254,321 SF apartments at First National Center at 120 N Robinson Ave, which is scheduled to be delivered in January 2021. The rental rates and vacancy rates are expected to improve in 2019 as construction for multi-family properties slows down.





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## TOP UNDER CONSTRUCTION & PROPOSED MULTI-FAMILY PROPERTIES

Under Construction	Building Name	City	Number Of Units	RBA	Delivery Time
120 N Robinson Ave	First National Center - Apartments	OKC	193	254,321 SF	Jan 2021
15501 N Pennsylvania Ave	The Lofts at North Penn	Edmond	150	200,000 SF	Mar 2019
835 W Sheridan Ave	West Village	OKC	350	163,460 SF	Mar 2019
2013 E Cherry St	Markland/Wiles Apartments	Noble	24	27,150 SF	Jun 2019
627 NW 5th St	Town House Apartments	OKC	17	20,000 SF	Jan 2019

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

There was 852,544 SF of multi-family space proposed at the end of Q4 2018. The proposed projects with the most rentable building area were the 450,000 SF, or 327-unit, Time Square at 400 NE K Gaylord Blvd, and the 120,000 SF, or 160-unit Wilshire Point at Classen Drive.

## OKC MULTI-FAMILY MARKET SALES

	2018 Q1	2018 Q2	2018 Q3	2018 Q4
Number of Transactions	34	28	47	25
Total Sales Volume	\$106,415,166	\$80,453,500	\$144,433,694	\$152,711,900
Total Units	4,152	2,367	3,293	2,597
Average Price per Bldg. SF	\$41.94	\$39.63	\$63.92	\$69.91
Average Price per Unit	\$42.19	\$34	\$64.77	\$62.51
Actual Cap Rate	9.39%	8.01%	7.84%	7.73%

There were 25 transactions totaling \$152,711,900 recorded during Q4 2018. The largest transaction based on dollar volume was the sale of the 298-unit The Lodge at 777 N Air Depot Blvd in Oklahoma City. Allmark Properties, Inc. from Rancho Cucamonga, CA purchased the 317,358 SF apartment from Greystar Investment Group, LLC from Charleston, SC for \$36,000,000, or \$120,805 per unit, with a cap rate of 5.64% on November 2nd, 2018. We are going to continue to see strong sales in the multi-family market as demand is strong and still outweighs available supply.



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## NAI OKC MARKET SIGNIFICANT MULTI-FAMILY SALE TRANSACTIONS DURING Q4 2018



Property Name: The Lodge  
Property Address: 777 N Air Depot Blvd., OKC  
Sale Price: \$36,000,000  
Price per SF: \$113.44  
Price per Unit: \$120,805  
Sale Date: 11/02/2018  
Cap Rate: 5.64%



Property Name: The Renaissance at Norman  
Property Address: 1600 Ann Branden Blvd., Norman  
Sale Price: \$24,160,400  
Price per SF: \$88.30  
Price per Unit: \$105,966  
Sale Date: 10/25/2018  
Cap Rate: 5.50%



Property Name: Pebble Creek Apartments  
Property Address: 360 N Pebble Creek Ter., Mustang  
Sale Price: \$19,750,000  
Price per SF: \$65.24  
Price per Unit: \$102,864  
Sale Date: 12/14/2018  
Cap Rate: 5.80%



Property Name: Council Crossing  
Property Address: 7920 NW 21st St., Bethany  
Sale Price: \$19,100,000  
Price per SF: \$68.04  
Price per Unit: \$56,342  
Sale Date: 10/01/2018  
Cap Rate: 5.48%



Property Name: Pheasant Run Apartments  
Property Address: 6100 N Meridian Ave., OKC  
Sale Price: \$10,350,000  
Price per SF: \$46.43  
Price per Unit: \$38,191  
Sale Date: 12/14/2018



Property Name: Foxcroft  
Property Address: 6810 NW 16th St., OKC  
Sale Price: \$6,680,000  
Price per SF: \$37.79  
Price per Unit: \$35,531  
Sale Date: 10/11/2018  
Cap Rate: 7.16%



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NAI Sullivan Group is a leading global service provider offering a full range of premier services, customized to fit your need and exceed your expectations. Our talented and experienced professionals provide benefits to large institutions and small business owners alike. We are your single point of contact for customized real estate services.

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)

## INVESTMENT TEAM



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