



Arkansas

Oklahoma

Kansas

2021

Apartment Report Oklahoma City Tulsa

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2021 Multifamily Apartment Report

Notwithstanding initial fears to the contrary, the pandemic environment turned out to be a great time to invest in multifamily properties. While uncertainty at the onset of the pandemic prompted a short-lived pullback, the increased capital flowing to the sector now far outweighs the number of available deals. Even with the historic high number of transactions in 2021, there were still investors who simply couldn't find buying opportunities. That increased activity is being fueled by investors across the spectrum, from institutions to individuals who are chasing yield, as well as sponsors who need to place investor funds. There is just insatiable demand that cannot be met with supply. It's much more challenging today to find the right deals than it is to find investment capital. But that is when it's hard to stay disciplined—when the money is chasing the deal.

The numbers are really a bit unexpected given what we have faced over the last 18 months. Digging into those numbers further underscores that shift and how the market has exceeded previous highs. It may also be a fundamental shift in how the industry is viewed. The sector was once viewed as recession proof. I think now it is viewed more as risk mitigation, which may explain why it so quickly overcame the early trepidations of Covid-19. Sentiment has certainly swung back to multifamily being one of the most attractive types of investment property. Even under the most severe *predicted* economic strains of Covid-19, the sector posted remarkably stable performance.

Will it last? We think so, at least in the near-term. Investors are bullish and optimistically underwriting on forward-looking rents. There has been a fundamental shift where investors are being much more aggressive in their underwriting on rent growth. We think this will continue, although perhaps on a more positive outlook for class-A and class-B as compared to class-C properties. That may seem a little surprising given the strong investor interest in workforce housing in recent years, but that's because class-C assets are typically more difficult to manage, and many were more negatively impacted by the pandemic in terms of rent growth and collections. This speaks to risk mitigation and underwriting rent growth that correlates to job growth and higher wages.

From that point of view, the outlook looks bright going into 2022. The U.S. Bureau of Labor Statistics reported that Oklahoma's unemployment rate in November declined to 2.5%, the third-lowest rate in the nation. The state's unemployment rate dipped to its lowest level since 1976, beating the previous low of 2.9% recorded in December 2000. According to Oklahoma Employment Security Commission Executive Director Shelley Zumwalt, "Oklahoma is headed in the right direction and through strategic decisions and hard work we are recovering faster than almost all other states in the nation".

While it is encouraging news that Oklahoma's unemployment rate is at a historically low level, troubling news is that there are many vacant jobs in the state. According to the National Federation of Independent Businesses, small business owners report that an extremely shallow labor pool is their biggest worry. "Oklahoma's unemployment rate may be low, but small businesses here still have positions they can't fill despite increasing compensation," that is according to Oklahoma NFIB Director Jerrod Shouse.

Not to be overlooked is inflation, which is at a 40-year high, and many economists expect it to get worse before it gets better due to on-going supply chain snarls and labor shortages. "If we're having to spend more on everything and we're not making more, we're going to have to cut down on nonessentials." "There is going to be consequences to the current inflation, that is according to Cleo Rajon, executive director of the Independent Shopkeepers Association.

The positive for Oklahoma is that we are seeing growth in hourly wages in the private sector that eclipse wages from the last 12 months, which should help against inflation. But even with that good news, inflation is devastating the pocketbooks of low-income households, according to C. Britt Beemer, chairman of the America's Research Group. The rising prices in recent months have hurt Oklahomans whose wages have not kept up with the pace of inflation. Low-income households simply can't keep up with the kind of sudden inflation growth we are experiencing now.

But from an investment standpoint, real estate is a good hedge against inflation. So, if multifamily owners have the ability to raise rents to counter inflation, then expect competition to get even more heated for an asset type that is already priced quite high.

Sales Volume

Transactional volume in Oklahoma City set a record at \$961.8 million in 2021. This far surpasses the previous record of \$541.3 in 2019. The number would be even higher if not for a few entity sales where only the mortgage amount is public record and then several other sales where the purchase price was allocated at 80 to 85%. The total number of units sold in Oklahoma City in 2021 was 12,113, which is another record. Tulsa also had record transactions in 2021 at \$503.6 million versus \$208.6 million in 2020. The total number of units sold in Tulsa was 6,819, which is the second highest on record.

Oklahoma City Metro

For the twelve months of 2021, there were 78 sales on properties that exceed 25 units in size, for a total of 12,113 units. This was up a prodigious one-hundred sixteen percent from 5,614 units sold in 2020. Total sales volume was \$961.8 million in 2021, as compared to \$452.9 million in 2020, another amazing one-hundred twelve percent increase. For 2021, the overall average price per unit on apartment communities with 25 units or more is \$79,407. This is down only slightly from \$80,680 at year end 2020, but not a worrisome number given the large volume of early vintage properties that transacted in 2021.

For Pre-1980's properties, there were 50 transactions involving 6,860 units for an average per unit price of \$54,681. Total volume for the year ended at \$375.1 million. Of the total 11,814 units sold, fifty-eight percent of that was in this pre-1980's vintage. Despite the asset class already being priced quite high, buyers still view this workforce housing segment as having the most potential for value-add. The average price per unit increased seventeen percent in 2021 from \$46,680 in 2020.

There were two sales for the category that exceeded pricing of \$80,000 per unit. Notably, Sooner Court Apartments in Norman that sold for \$80,312 for the 160 units that were built in 1971 and renovated in 2015. The second was Cedar Hills Apartments in Del City that sold for \$80,645 for the 124 units that were built in 1972.

The 1980's category recorded thirteen sales for a total of \$147.3 million on 2,266 units. The average price per unit was \$65,011. By comparison, there were five transactions in 2020 for \$30 million in sales representing 376 units sold. The average price per unit in 2020 was \$79,827.

Post-1990's properties had fifteen sales in 2021 for a total of \$439.4 million on 2,987 units. The average price per unit was \$147,116. This compares to eleven sales in 2020 for a total of \$271.8 million on 2,056 units sold. The average price per unit was up eleven percent in 2021 from \$132,203 in 2020. The largest sale in terms of pricing was the Maywood Apartments at 425 N. Oklahoma that sold for \$57.2 million, or \$191,471 per unit and included the 217,803 square foot, two and three-story parking structure and ground floor retail.

Sale Highlights Oklahoma City

Property Name	Address	Price	No. Units	Year Built	Price Per Unit
The Edge at Midtown	1325 N. Walker – Downtown OKC	\$55,000,000	252	2013	\$218,254
Aspen Place	2700 Indian Creek	\$19,456,000	358	1972	\$54,346
Raleigh Square	4500 Cherry Hill Ln	\$4,415,000	104	1984	\$42,452
London Square	7533 NW 6th	\$9,350,000	200	1971	\$46,750
Rockwell Villa	905 N. Rockwell	\$2,200,000	60	1969	\$36,667
Jasper Garden	2530 N. Rockwell	\$3,200,000	103	1970	\$31,068
Stratford / Chalet	Norman	\$1,825,000	32	1966	\$57,031
Dorchester Garden	2810 Dorchester Dr	\$2,848,500	40	1961	\$71,212
Airmens	3128 SW 59th	\$1,500,000	48	1962	\$31,250
Garden Cottages	Norman	\$2,593,563	34	2010	\$76,281
El Greco	3525-3541 NW 50th	\$1,900,000	32	1964	\$59,375
Chapel Ridge Tinker	5707 SE 48th	\$10,950,000	152	2005	\$72,039
Chapel Ridge Yukon	11501 SW 15th	\$17,100,010	200	2004	\$85,500
Crown Ridge Edmond	2500 Thomas Dr	\$14,700,000	160	2004	\$91,875
Canterbury Gardens	2321 N. Meridian	\$1,765,000	41	1960	\$43,060
Hillcrest Green	3317 SW 74 th	\$5,350,000	106	1973	\$50,471
Sooner Court	Norman	\$12,850,000	160	1971	\$80,312
Tudor Crossing	1332-1346 SW 74th	\$7,012,500	170	1967	\$41,250
Esplanade	4601 N. Nicklas	\$10,090,000	136	1970	\$74,191
Mansion West	4320 NW 50th	\$5,711,500	78	1984	\$73,224
Meridian Place	800 N. Meridian	\$3,500,000	69	1982	\$50,731
Forest Oaks	5628 NW 23rd	\$10,660,000	258	1970	\$41,317
Wedgewood	4101 NW Expressway	\$23,987,000	301	1974	\$79,691
Salem West	3920 NW 50th	\$2,713,000	34	1970	\$79,794
The Residence	14520 N. Pennsylvania	\$38,570,000	276	2009	\$139,746
Pennsylvania	2037 NW 26th	\$2,900,000	66	1953	\$43,939

Sale Highlights Oklahoma City

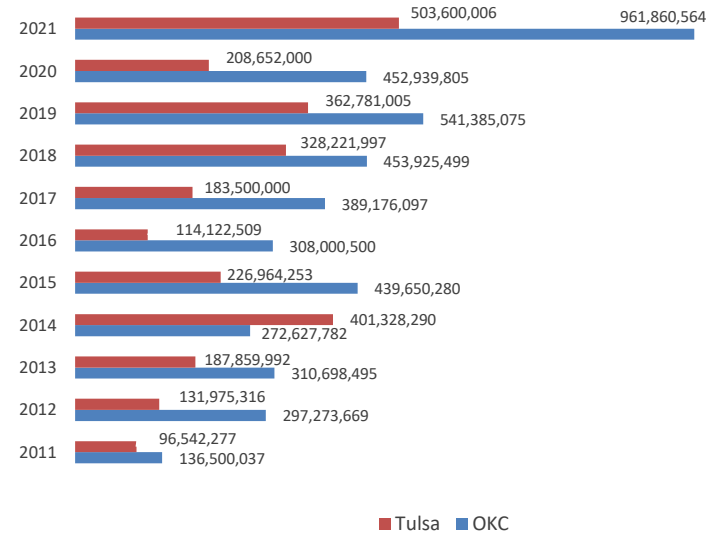
Property Name	Address	Price	No. Units	Year Built	Price Per Unit
Cross Timber	10700 S. May	\$21,000,000	150	2015	\$140,000
Heritage House II	1307 N. Meridian	\$3,300,000	111	1968	\$29,729
Crosswinds	6101 N. May	\$5,300,000	126	1968	\$42,063
Chestnut Square	6000 Will Rogers	\$4,950,000	104	1972	\$47,596
Seminole Ridge	125 I-240 Service Road	\$14,919,000	224	1970	\$66,602
Crosswinds Cove	2805 NW 59th	\$3,100,000	68	1969	\$45,588
Isola Bella	6446 N. Peniel	\$56,000,000	851	1972	\$65,805
Windsor Court	2301 N. Walker	\$2,523,000	29	1932	\$87,000
Crescent Park	5660 N. May	\$5,000,000	100	1960	\$50,000
Valencia	2221 N. Meridian	\$2,300,000	51	1968	\$45,098
The Eleanor	2700 N. Meridian	\$6,162,500	111	1970	\$55,518
Bryant Place	1600 Kickingbird	\$8,050,000	108	2008	\$74,537
Woodcrest	4901 E. Reno	\$3,949,000	89	1976	\$44,370
Springfield Duplexes	100 Akin Drive	\$5,300,000	62	1979	\$85,483
Oak Creek	5901 S. Lee	\$5,000,000	158	1968	\$31,645
Foxcroft	6810 NW 16th	\$7,400,000	188	1971	\$39,361
Putnam Green	7525 Knight Lake	\$12,500,000	250	1972	\$50,000
Clarendon	Norman	\$2,200,000	38	1968	\$57,894
47 Penn	2100 NW 47th	\$4,750,000	64	1964	\$74,218
Chula Vista	716 SE 59th	\$3,050,000	60	1970	\$50,833
Val Verde	6050 S. Harvey	\$6,550,000	134	1968	\$48,880
Tuscan Villas	1308 SW 74th	\$3,976,500	48	1973	\$82,843
Brickell	1292 SW 74th	\$12,724,000	254	1970	\$50,094
Flats on May	6624 S. May	\$10,350,000	192	1971	\$53,906
Riverchase	11239 N. Pennsylvania	\$13,600,000	252	1971	\$53,968
Chowning Heights	1012 Chartrand	\$1,850,000	32	1968	\$57,812

Sale Highlights Oklahoma City

2021 Multifamily Apartment Report

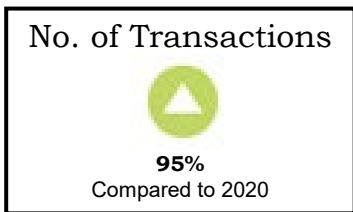
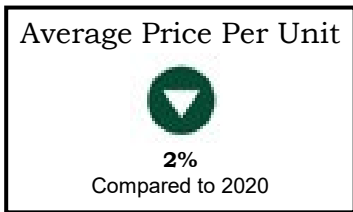
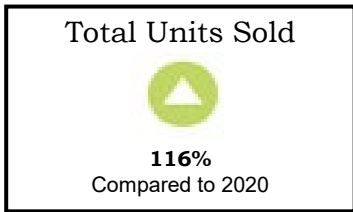
Property Name	Address	Price	No. Units	Year Built	Price Per Unit
Huntington Place	1401 N. Midwest Blvd	\$17,200,000	289	1974	\$59,515
Sun Tree Duplexes	1112 SE 14th	\$7,950,000	96	1984	\$82,812
Village @ Stratford	12831 N. Stratford	\$24,523,000	344	1985	\$71,287
Meridian Mansions	1309 N. Meridian	\$5,100,000	114	1965	\$44,736
Pointe North Penn	19501 N. Pennsylvania	\$15,600,000	134	2014	\$116,418
Heights on Forty4	3451 SE 44th	\$6,950,000	153	1972	\$45,425
Villas Countryside	9501 I-35 Service Road	\$50,750,000	360	2002	\$140,972
Aspen Heights	Norman	\$42,858,000	194	2015	\$220,917
Autumn Run	1000 NW 105th	\$4,650,000	91	1972	\$51,098
The Ridge	3834 N. Oak Grove	\$13,387,500	278	1972	\$48,156
Cedar Hills	4625 Tinker Diagonal	\$10,000,000	124	1972	\$80,645
Post Oak	Norman	\$23,350,000	304	1985	\$76,809
Hampton Woods	Norman	\$15,000,000	248	1985	\$60,483
Forest Pointe	Norman	\$9,775,000	157	1986	\$62,261
Millennium	Norman	\$39,018,000	196	2015	\$199,071
Drexel Flats	8800 S. Drexel	\$27,837,500	400	1983	\$69,593
Lofts North Penn	15501 N. Pennsylvania	\$28,900,000*	192	2018	\$150,520
Wood Hollow	3612 SW 22nd	\$540,000	32	1985	\$16,875
J Marshall Square	9017 N. University Ave	\$37,095,000*	280	2015	\$132,482
Winchester Run	201 SE 89th	\$12,197,500	192	1985	\$63,528
Brandywine	Norman	\$3,786,750	104	1984	\$36,411
Fieldstone	Mustang	\$5,021,800	138	1984	\$36,390
Maywood	425 N. Oklahoma Ave Downtown OKC	\$57,249,994	299	2016	\$191,471

Table 1
Historical Sales Volume
Year-End \$ Totals

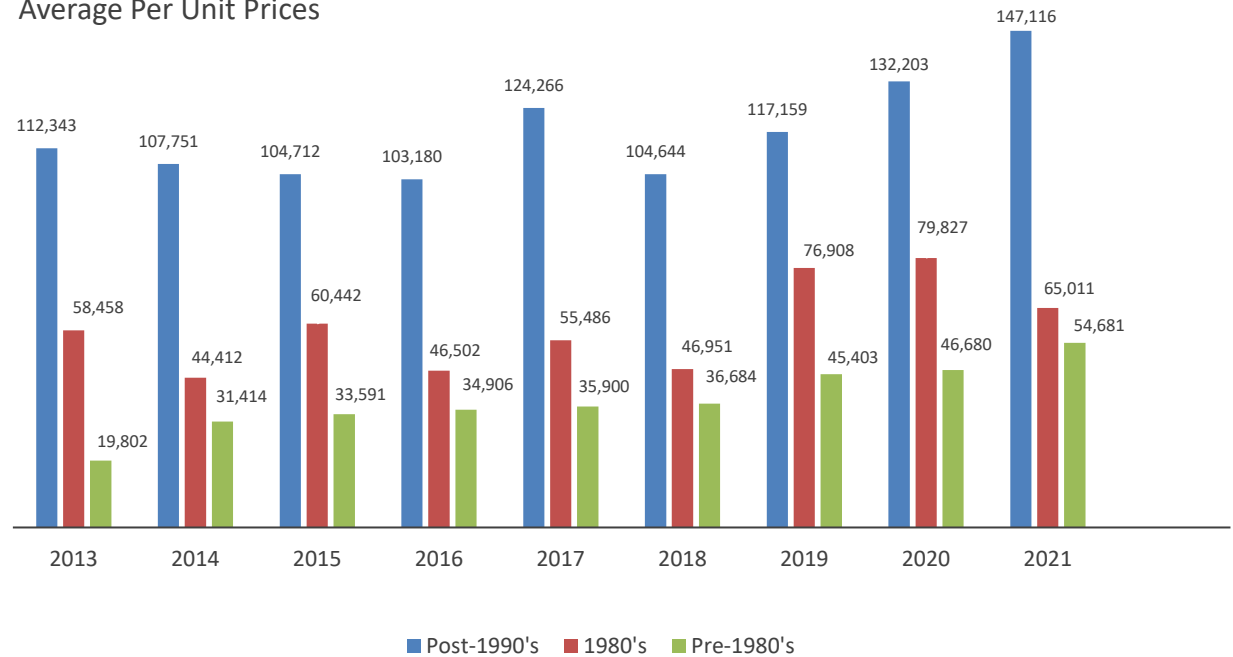


* Mortgage Amt

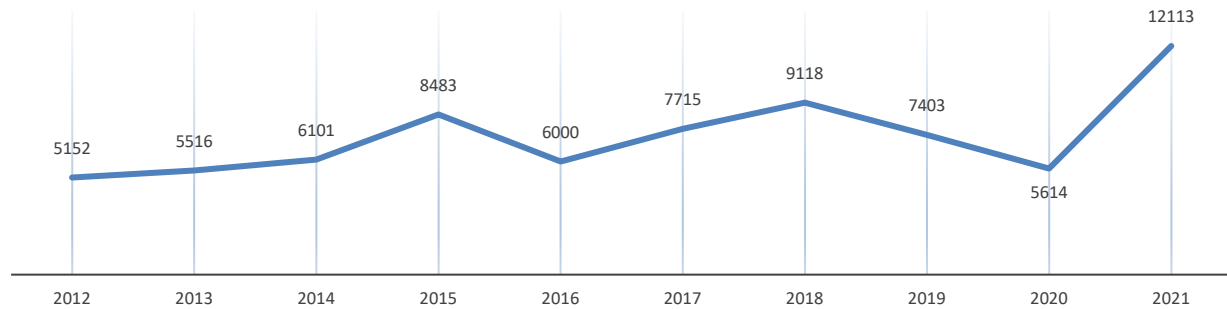
Oklahoma City



Average Per Unit Prices



OKC Total Units Sold



Tulsa

There were 42 sales in 2021 on properties that exceeded 25 units in size, for a total of 6,819 units sold. This was a solid sixty percent increase over the 4,178 units sold in 2020.

Total transaction volume in Tulsa was \$503.6 million in 2021, a one-hundred forty percent increase from \$208.6 million in 2020. The overall average price per unit in Tulsa was \$73,852 versus \$49,941 in 2020.

For Pre-1980's properties, there were twenty-nine transactions involving 3,339 units for an average per unit price of \$53,676. This compares to eighteen transactions on 2,214 units sold in 2020 for an average price per unit of \$39,924. Total volume in 2021 was \$179.2 million, versus \$88.3 million in 2020. The largest sale in terms of pricing was The Villas at Midtown and Villas at Yorktown at 2001 E. Skelly that sold for \$25,704,000.

Post 1980's recorded eight transactions for 2,090 units sold in 2021. Combined sales accounted for \$140.7 million for an average price per unit of \$67,340. This compares to 2020 which had five sales for \$53.5 million involving 1,044 units for an average price per unit of \$51,311. The highest price in this category was the Riverpark at Kensington Apartments at 7803 S. Wheeling that sold for \$33,500,000. The 400-unit community was built in 1983.

Post-1990's vintage had five transactions for 1,390 units sold in 2021. Combined sales accounted for \$183.6 million for an average price per unit of \$132,112. This compares to 2020 with four sales for \$57.8 million involving 620 units and an average price per unit of \$93,267. The largest sale was the Mansions at Riverside Apartments at 2805 E. 97th Court that sold for \$51,000,000. The 488 units were built in 2000.

Sale Highlights Tulsa

Property Name	Address	Price	No. Units	Year Built	Price Per Unit
Inhofe Plaza	6565 S. Newport	\$7,500,000	150	1981	\$50,000
Harpers Lodge	4739 S. Fulton	\$4,375,000	88	1978	\$49,716
Yale Manor	917 N. Yale	\$1,769,000	48	1971	\$36,854
Wildwood	11611 E. 80 th - Owasso	\$6,550,000	132	1984	\$49,621
Lake Terrace	3218 S. 93rd	\$3,950,000	79	1973	\$50,000
Beckett Ridge	7845 E. 49th	\$2,000,000	48	1969	\$41,667
Villas Stonebridge	7583 N. 132 nd - Owasso	\$6,230,000	38	2014-20	\$163,947
McKinley Court	6618 E. Latimer	\$768,000	54	1972	\$14,222
Casa Linda	1341 E. 62nd	\$1,775,000	57	1973	\$31,140
Ashwood	2929 S. 129th	\$10,500,000	144	1984	\$72,916
Eagle Point	5808 E. 71st	\$21,150,000	344	1980	\$61,482
One Five	6951 E. 15th	\$3,608,000	91	1962	\$39,648
Park @12Twenty	1220 SE Ninth - Pryor	\$6,550,000	100	1975	\$65,500
Barcelona	5160 S. Yale	\$17,000,000	232	1969	\$73,275
Stonegate	501 Carlsbad - Owasso	\$2,150,000	40	1965	\$53,750
Coliseum	625 S. Elgin	\$2,525,000	36	1925	\$70,138
Springs Woodlands	7541 S. Mingo	\$37,440,000	288	2015	\$130,000
Regency Point	5477 E. 71st	\$15,600,000	192	1979	\$81,250
Southern Elms	4519 E. 31st	\$4,495,000	78	1964	\$57,628
23 East	11501 E.2nd	\$14,500,000	235	1971	\$61,702
Tuscany Hills	1551 W. 78th	\$47,716,000	316	2011	\$151,000
Hadley Square	4655 S. Darlington	\$3,272,500	96	1970	\$34,088
Echo Trail	6326 S. 107th	\$20,550,000	240	1984	\$86,625
Villas at Midtown	2001 E. Skelly	\$25,704,000	478	1966-80	\$53,774
South Glen	5645 S. Peoria	\$15,000,000	245	1967	\$61,224
Woodward Park	1323 E. 21st	\$2,000,000	49	1967	\$40,816
Newport Show	6030 S. Newport	\$1,355,000	40	1973	\$33,875

Tulsa

Total Sales Volume



141%

Compared to 2020

Total Units Sold



63%

Compared to 2020

Average Price Per Unit



48%

Compared to 2020

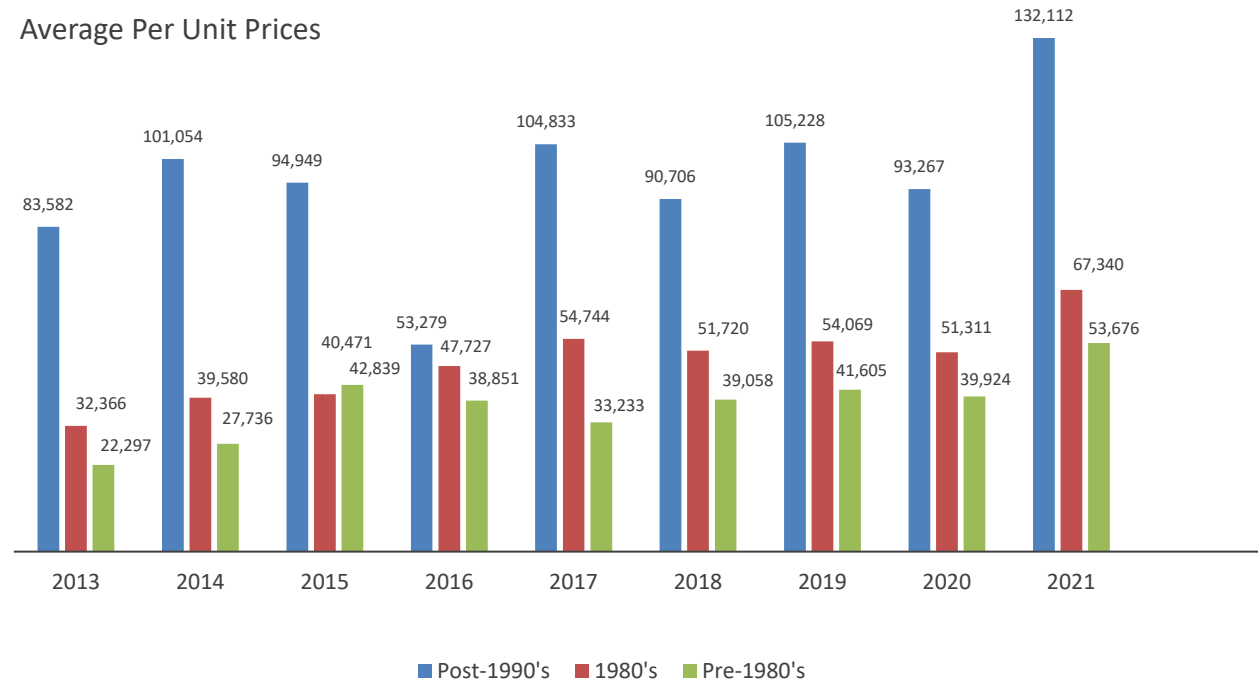
No. of Transactions



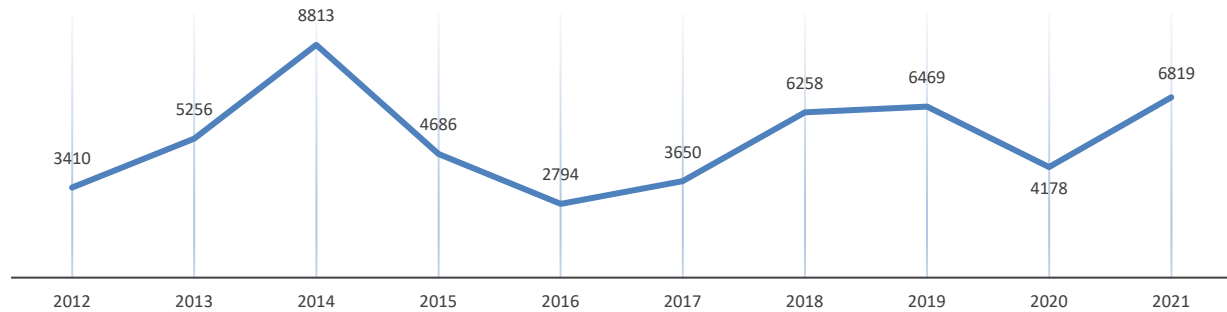
45%

Compared to 2020

Average Per Unit Prices



Tulsa Total Units Sold





Arkansas

Oklahoma

Kansas

Outlook

As we saw in 2021, there is no one-size-fits-all approach for investors in multifamily. Some like to outperform the market, while others prefer diversification to mitigate risk. There is overall deal return versus current return to provide different structures. For instance, class-A investments may be structured to deliver current returns and cash flow, whereas class-C investments may aim to deliver lower current returns with greater future upside.

Irrespective of the structure, we have a positive outlook for multifamily transactions in 2022 with equity and debt remaining widely available. One reason why debt will be more available is that Fannie Mae and Freddie Mac have lifted Covid-19 reserve requirements that were put in place last year. That will make even more loans available, including to some deals that may not have previously qualified. Ultimately though, there is more capital in the market today than there are borrowing opportunities. That liquidity has contributed to the pricing growth and cap rate compression we have seen.

While our earlier prediction for higher interest rates did not materialize, we do have growing expectations for rising interest rates over the next 12 months, which could (or should) lead to a noticeable uptick in cap rates ahead.

Even so, investors will remain confident, maybe bent towards over-confident, in the economy and the outlook for improving fundamentals in the sector. Contrary to that optimism for improving fundamentals, we do foresee that the year-over-year rent growth may not be sustainable and could eventually level off. I must admit, we do have a bit of skepticism that there has been no type of market correction, even with a pandemic.

Sale Highlights Tulsa

Property Name	Address	Price	No. Units	Year Built	Price Per Unit
Cove on Memorial	1246 S. Memorial	\$5,200,000	92	1970	\$56,521
Silverwood	2507 S. 87th	\$2,120,000	40	1973	\$53,000
Melrose	6321 E. 9th	\$3,216,000	52	1968	\$61,846
McKinley Court	6618 E. Latimer	\$1,500,000	54	1972	\$27,778
Village on Green	758 Plaza Drive - Jenks	\$3,750,000	48	1974	\$78,125
Cascades	1818 E. 71st	\$24,785,000	424	1985	\$58,455
Preston Lakes	14700 E. 88 th - Owasso	\$41,250,000	260	2008	\$158,653
Vintage on 66	1140 S. 101st	\$3,600,000	62	1963	\$58,064
Brookfield	3038 S. 101st	\$5,500,000	132	1973	\$41,667
Mansions Riverside	2805 E. 97th	\$51,000,000	488	2000	\$104,508
River Park	7803 S. Wheeling	\$33,500,000	400	1983	\$83,750
Coventry Park	8120 E. 63rd	\$14,965,000	256	1977	\$58,457
Old South	5115 E. 47th	\$2,450,000	58	1967	\$42,241
Ivy Place	139 N. Garnett	\$8,525,000	259	1969	\$32,915
Bellevue Sheridan	10011 S. Sheridan	\$16,206,500	256	1985	\$63,306



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