

Homeownership in Oklahoma

TOOLS for a CHANGING MARKET



THE SIXTH ANNUAL OKLAHOMA HOMEBUYER EDUCATION CONFERENCE
LOCATION: *Moore Norman Technology Center, South Penn Campus, Oklahoma City* • DATE: *November 6, 2008*

By the Numbers: An Overview of Oklahoma's Housing Market



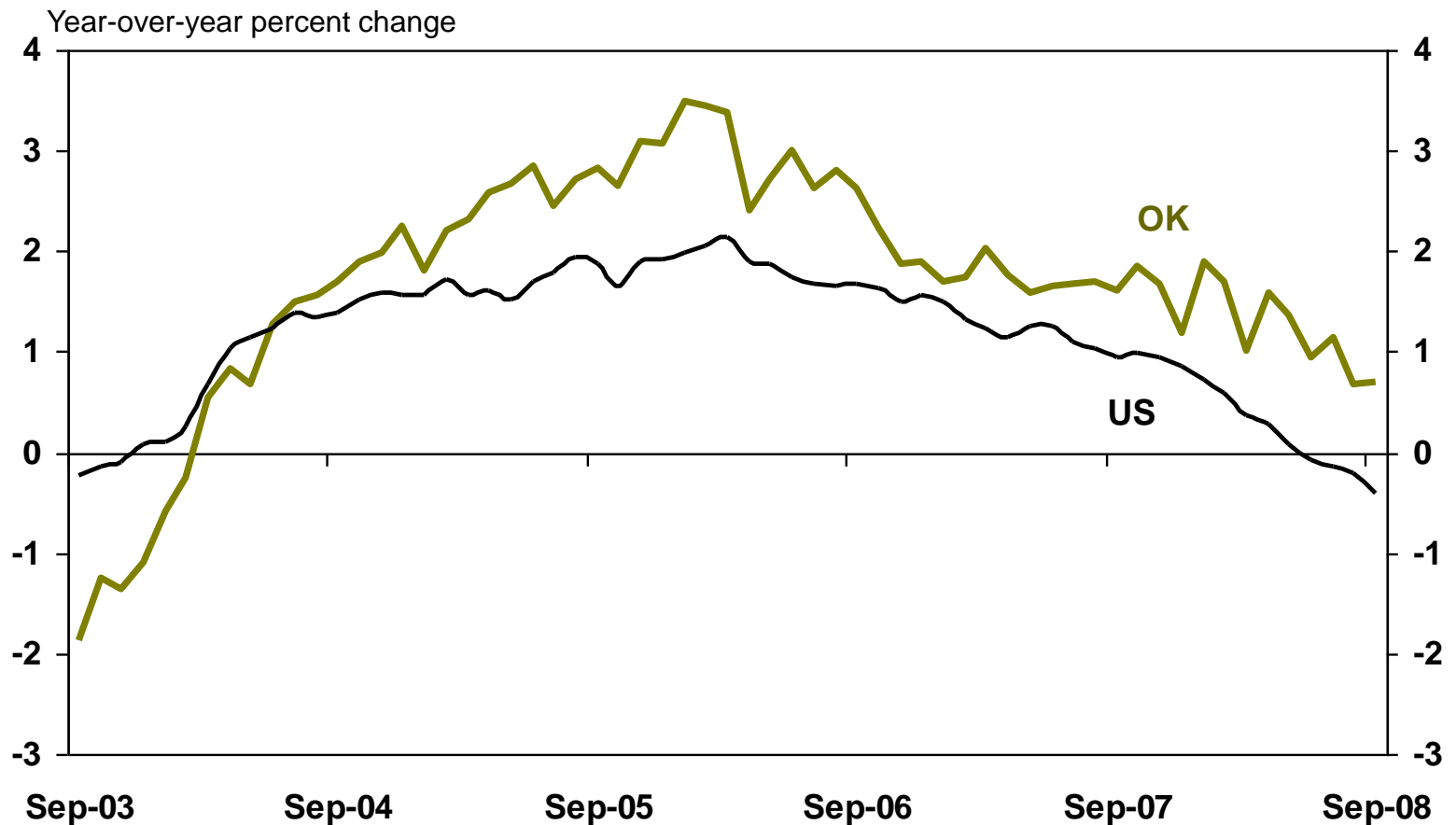
Chad Wilkerson
Oklahoma City Branch Executive
Federal Reserve Bank of Kansas City

Key Points

- ❑ Oklahoma's economy has grown rapidly in recent years, but has slowed recently
- ❑ The state's housing and banking sectors remain in better shape than in the nation
- ❑ But the national situation bears watching, as do recent declines in oil and gas prices

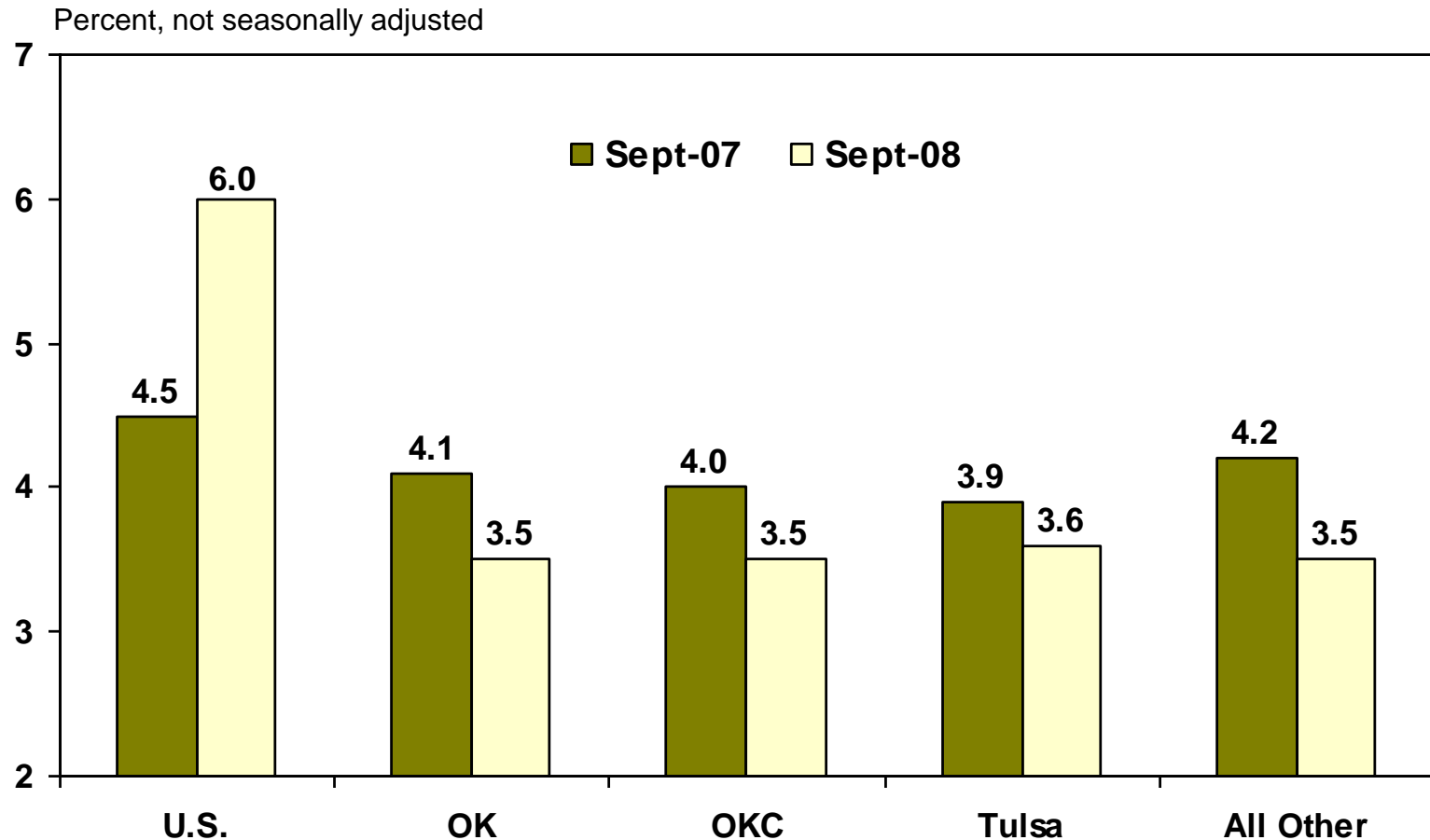
Oklahoma job growth has slowed but remains well above the national average

Nonfarm Payroll Employment Growth



Unlike in the nation, unemployment rates are down across the state since last year

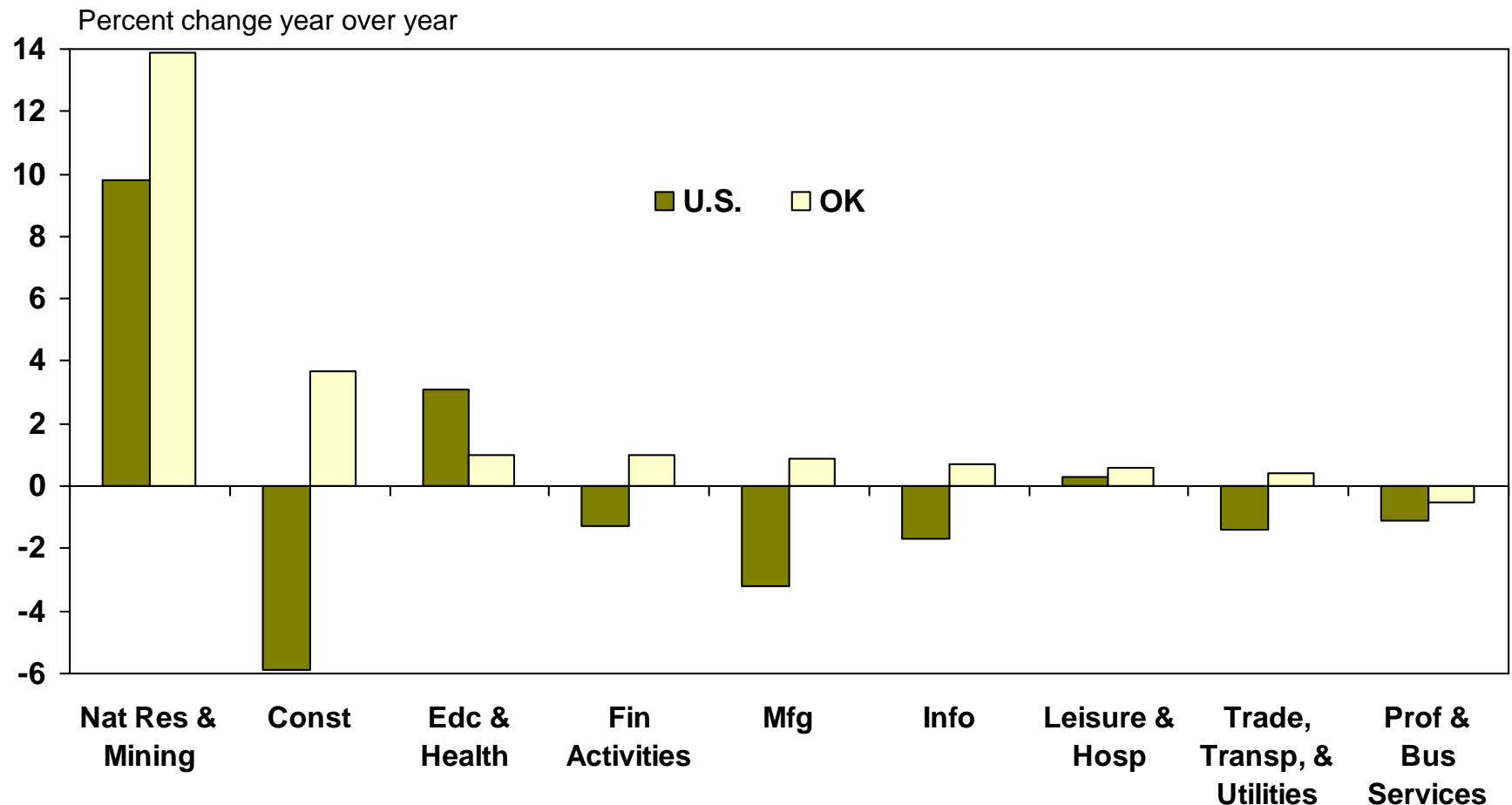
Unemployment Rates



But recent job growth has been minimal outside the energy sector

Employment Growth by Industry

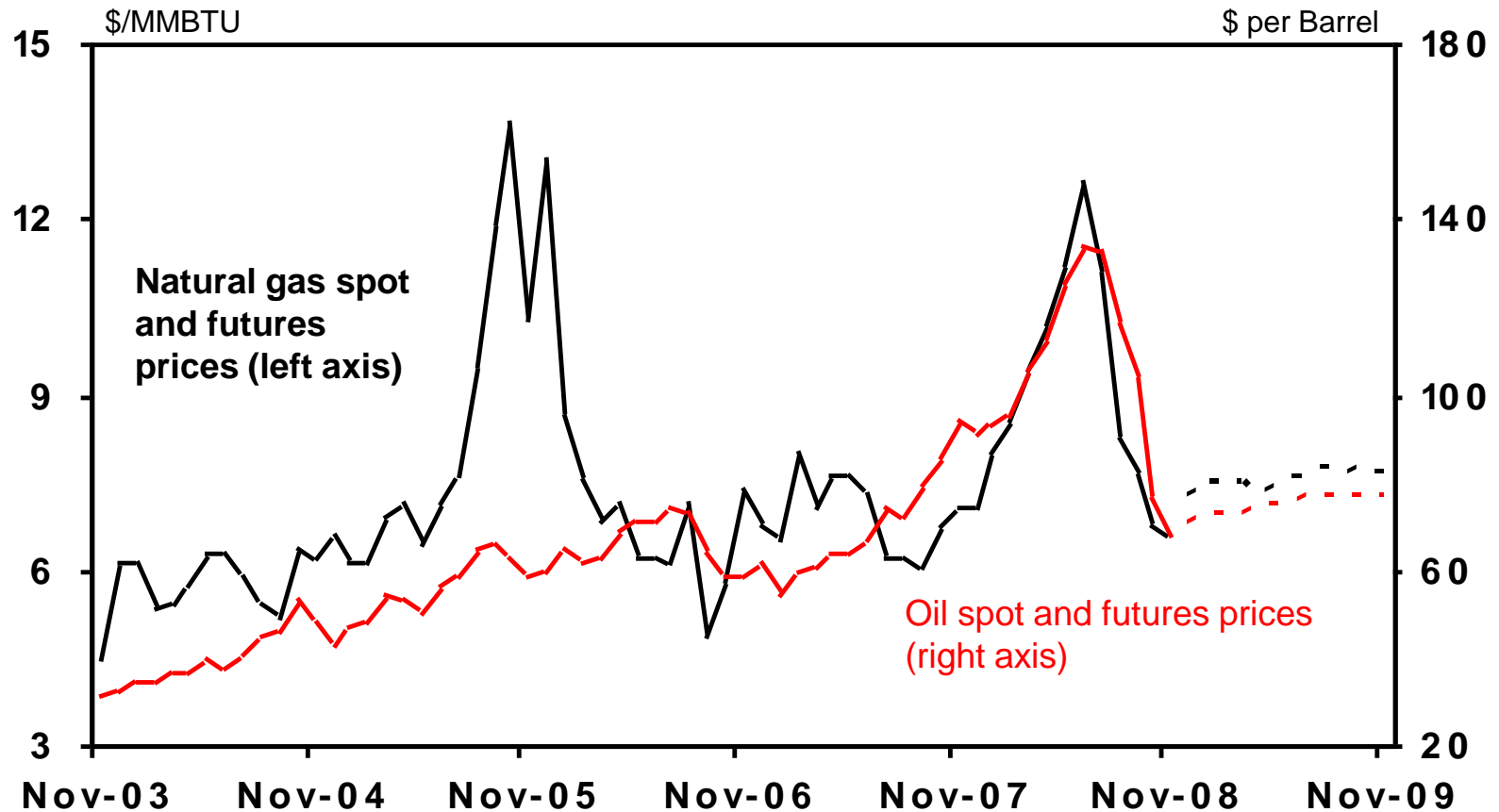
September 2008



Source: U.S. Bureau of Labor Statistics

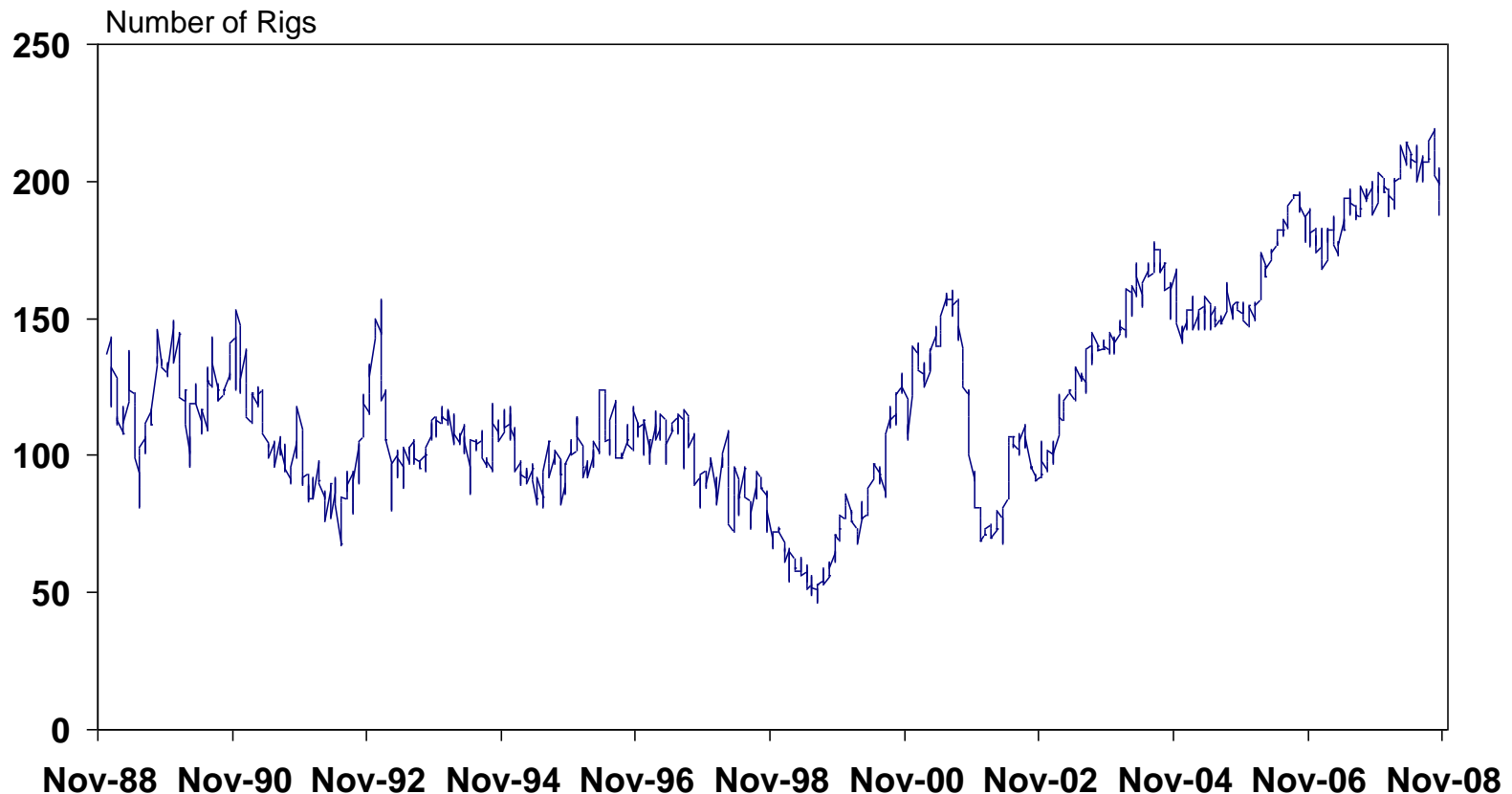
Oil and gas prices have come down considerably in recent months

Count of Active Drilling Rigs and Oil/Natural Gas Prices



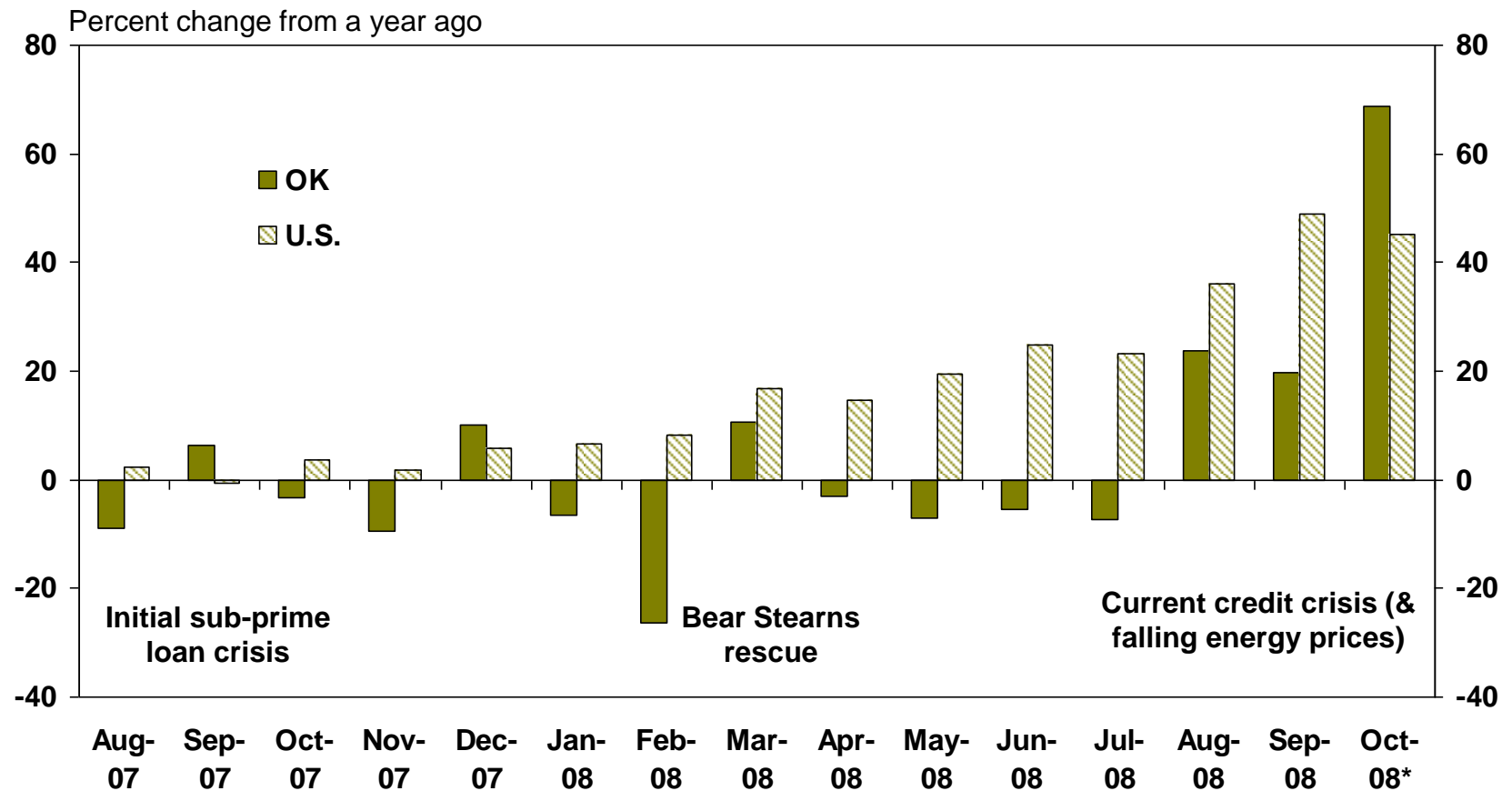
Drilling activity continues at high levels, but has begun to cool in recent weeks

Weekly Oklahoma Rig Count



Unemployment claims have also risen in recent weeks after lagging the nation

Weekly Unemployment Insurance Claims

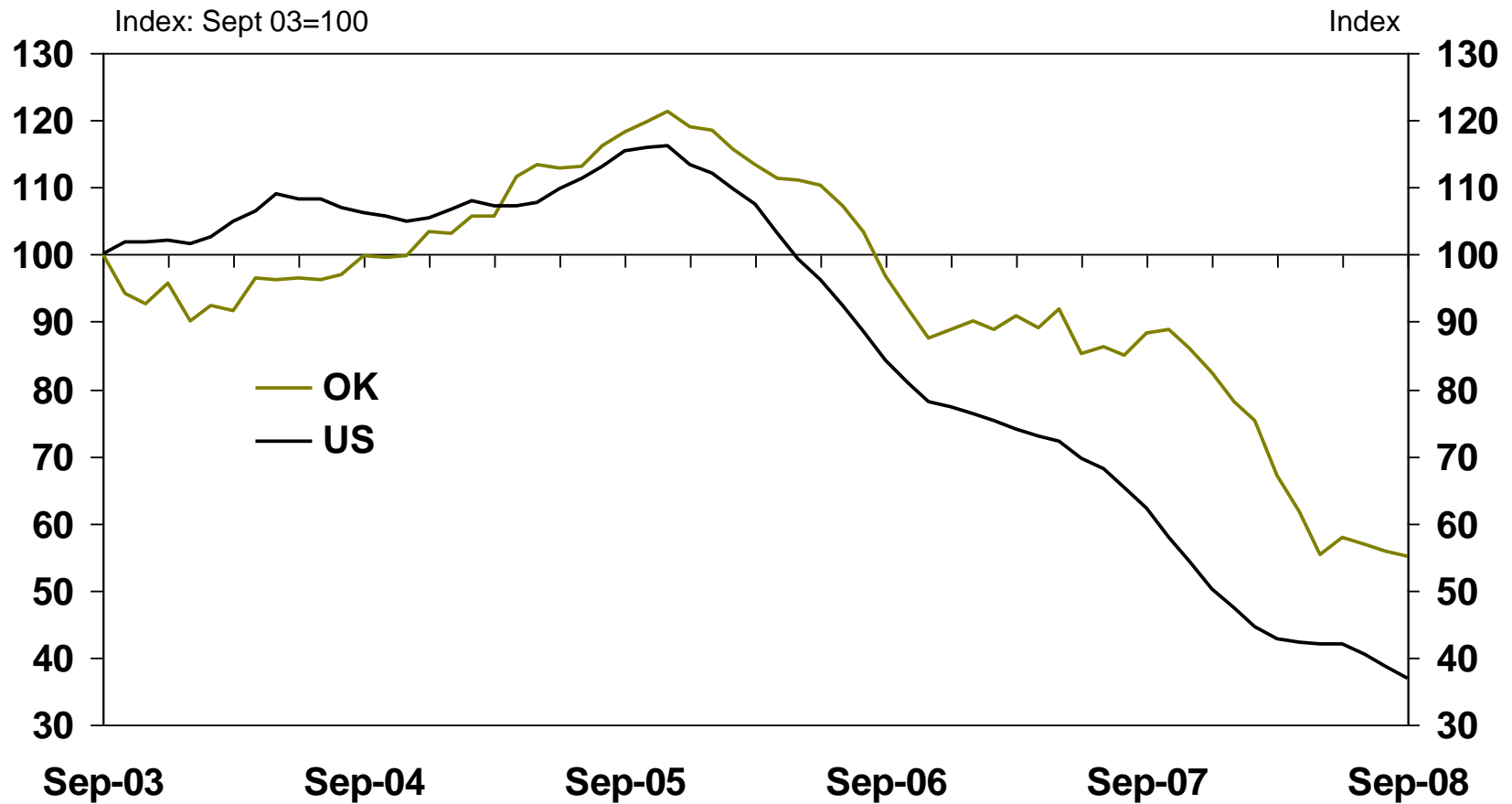


*Based on weekly average of first half of the month

Source: U.S. Bureau of Labor Statistics

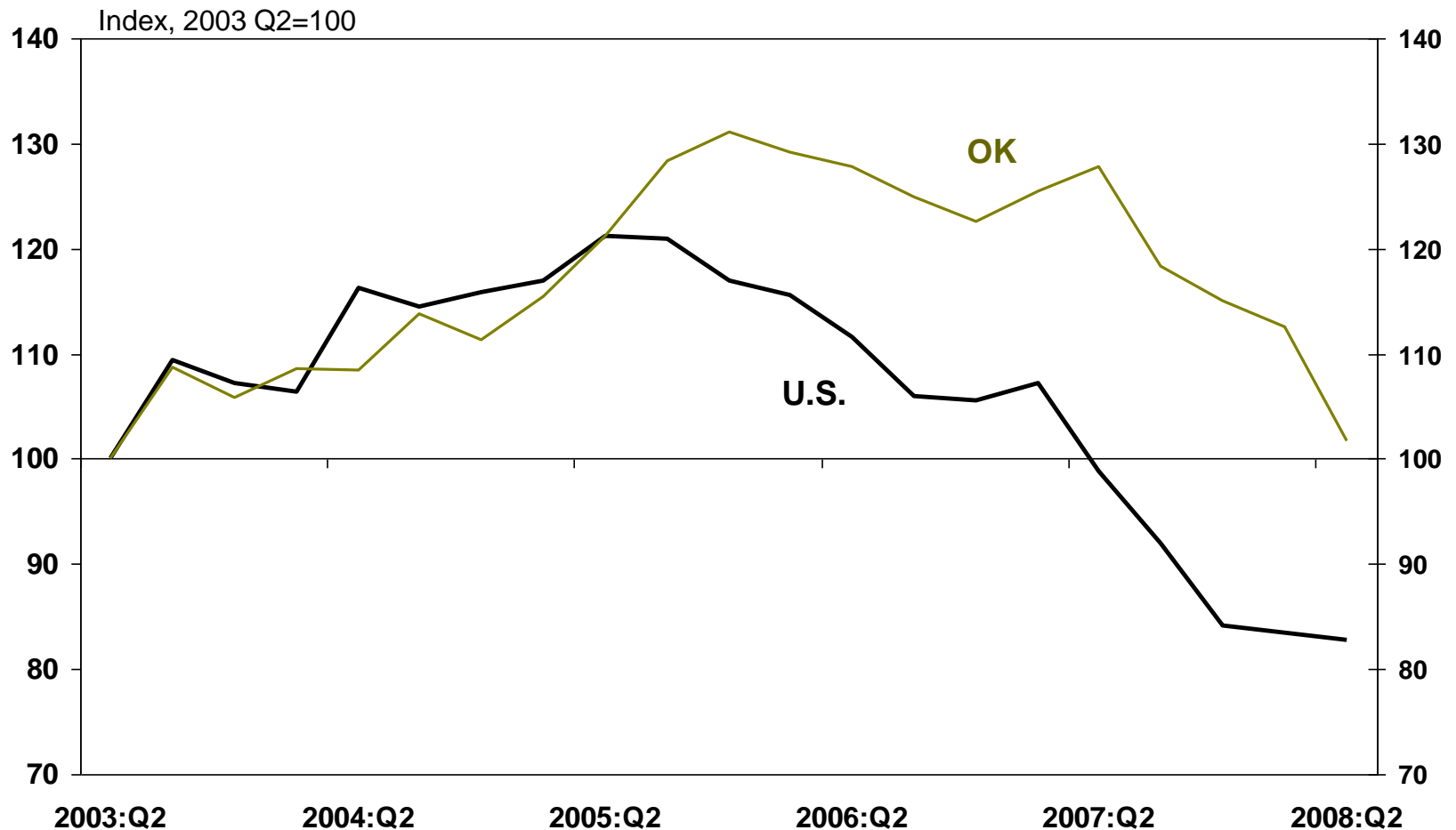
In housing, permits have declined less in Oklahoma than in the nation

Single-Family Housing Permits
Seasonally Adjusted



And home sales have also fallen much less in Oklahoma

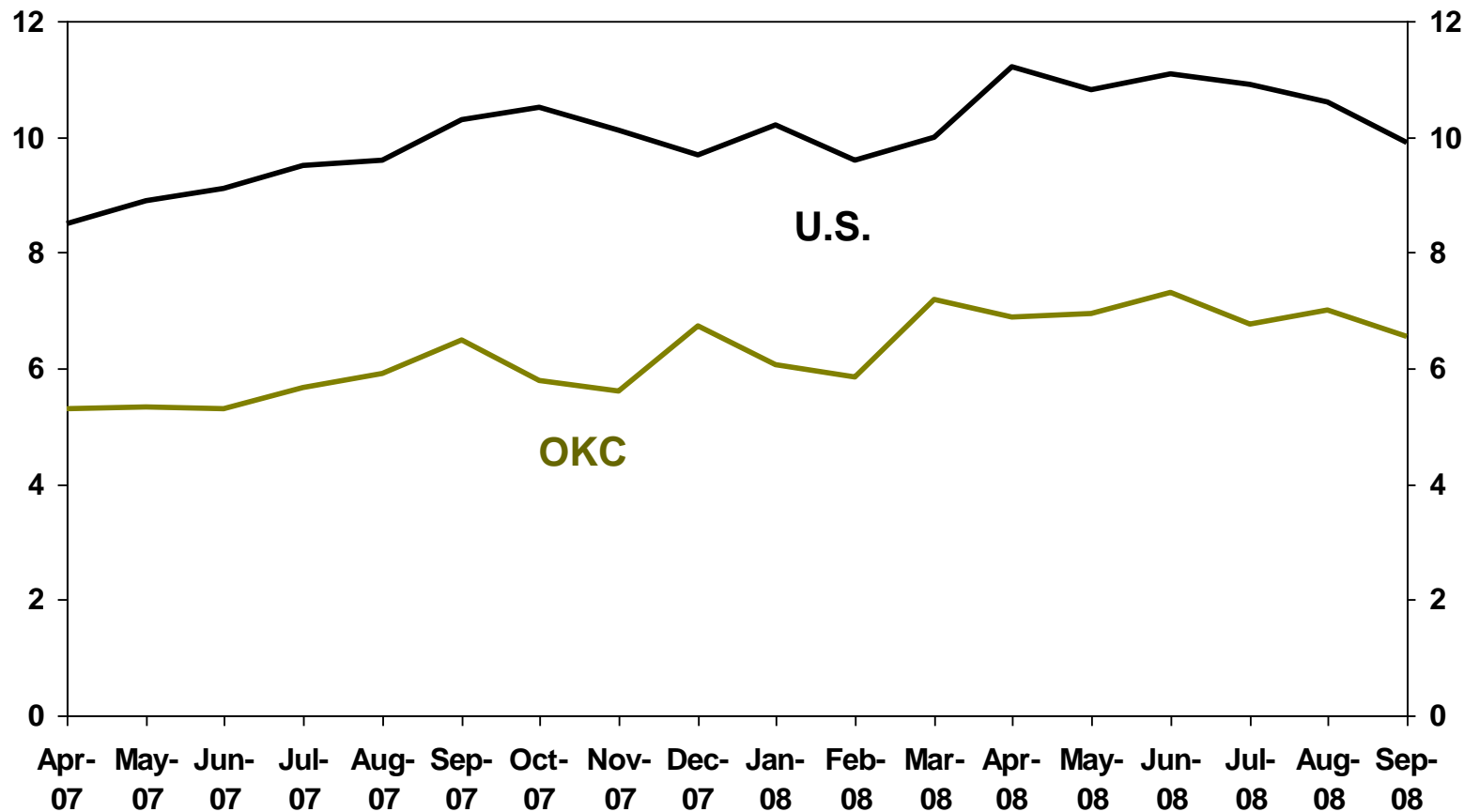
Sales of Existing Homes



Source: NAR, Residential Realtors

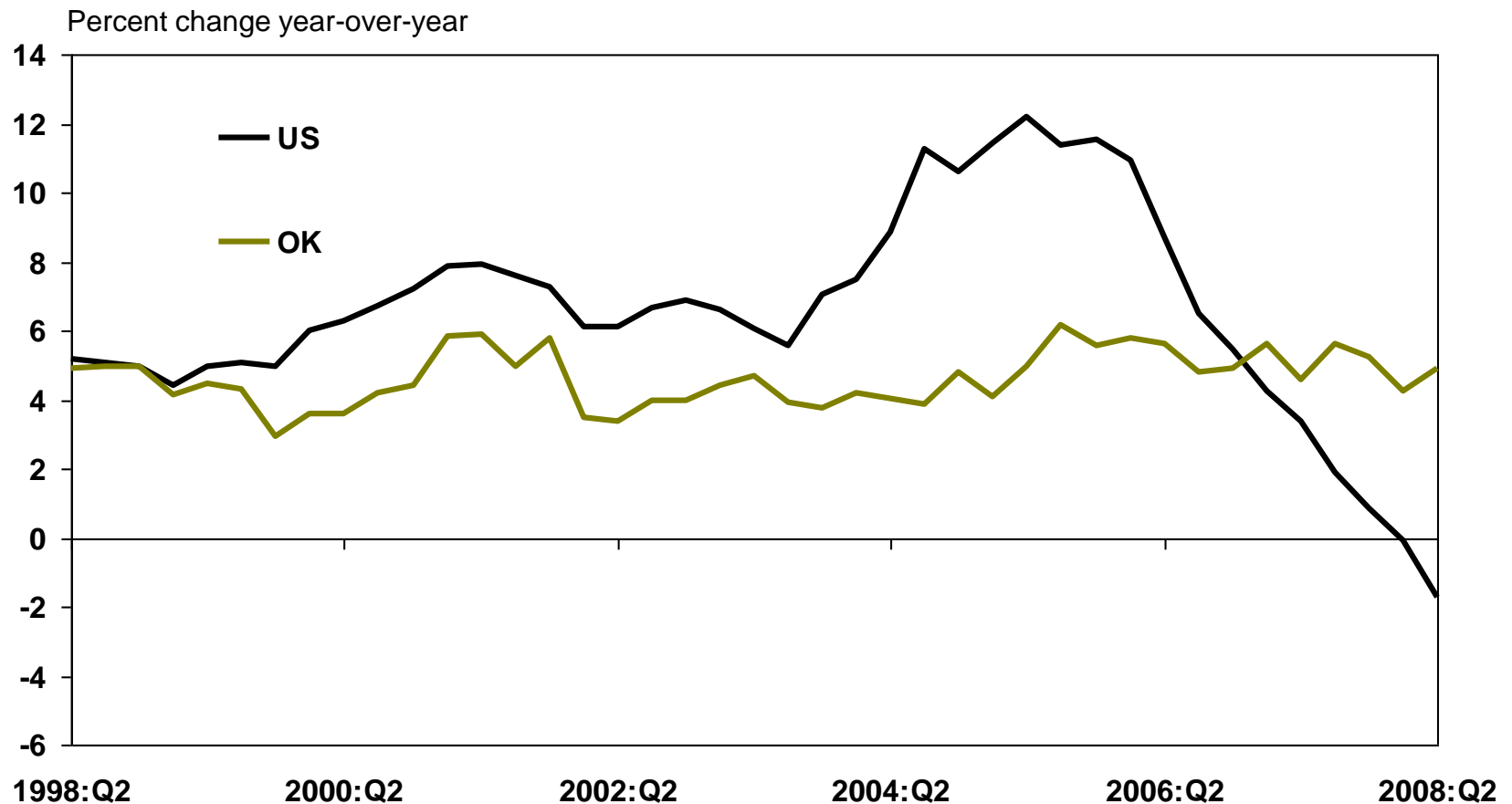
Inventories of unsold homes have edged up but remain well below the nation

Months Supply of Unsold Homes
Seasonally Adjusted



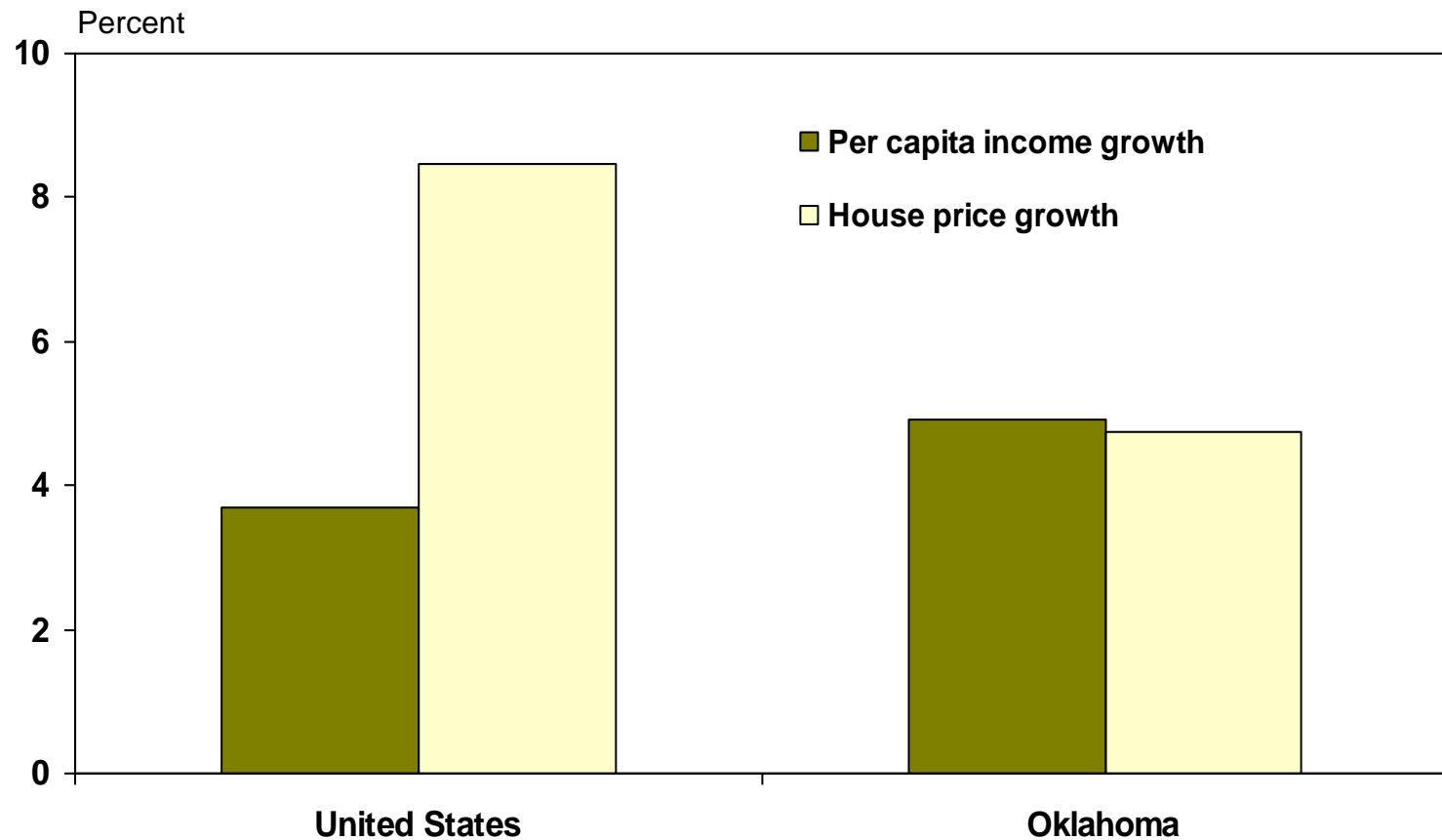
While U.S. home prices are now falling, Oklahoma prices are holding on

Quality-Adjusted Home Price Growth



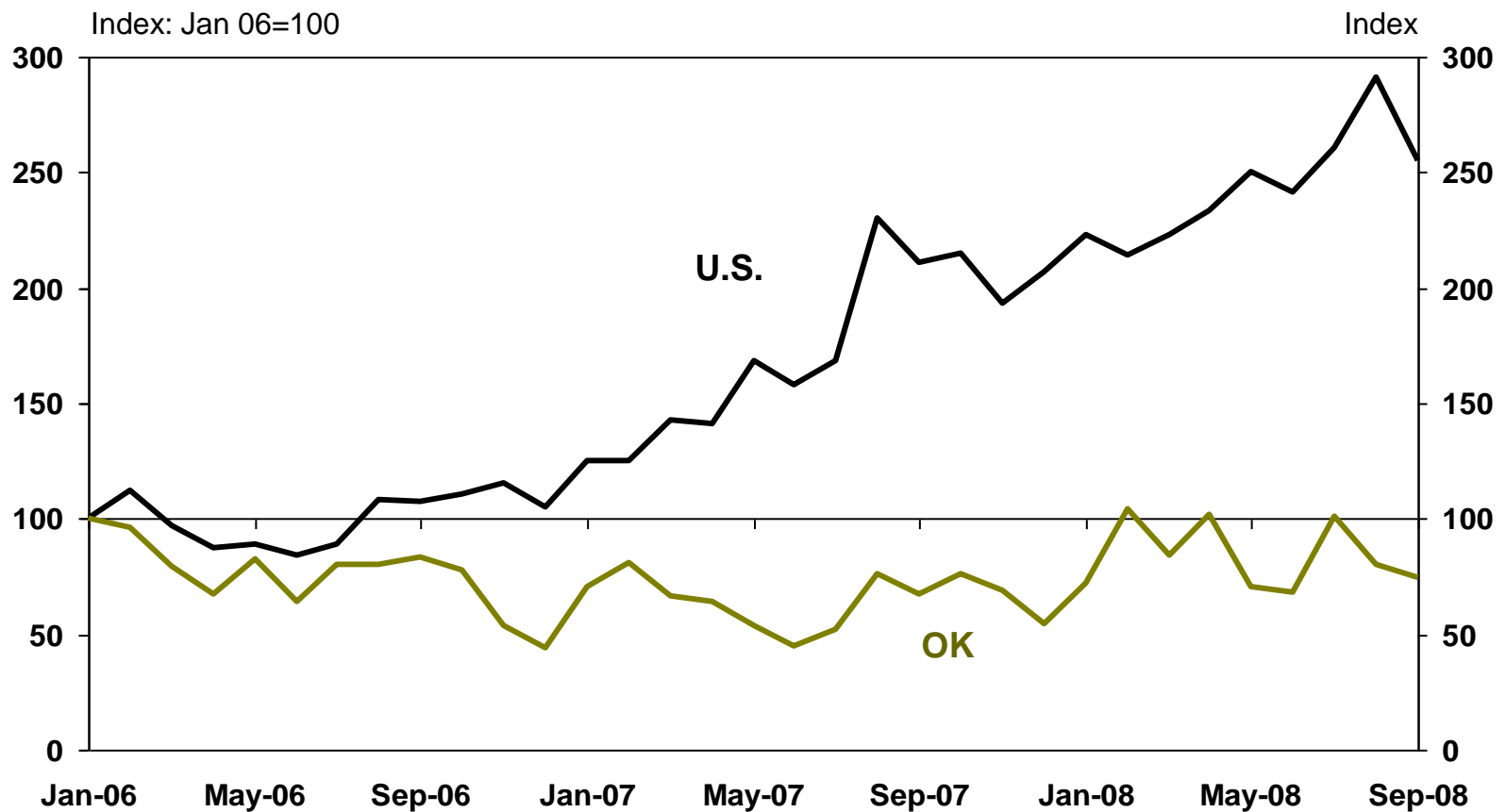
House price fundamentals were more in line in Oklahoma from 2000 to 2005

Annual Growth in Per Capita Incomes and Home Prices
2000 - 2005



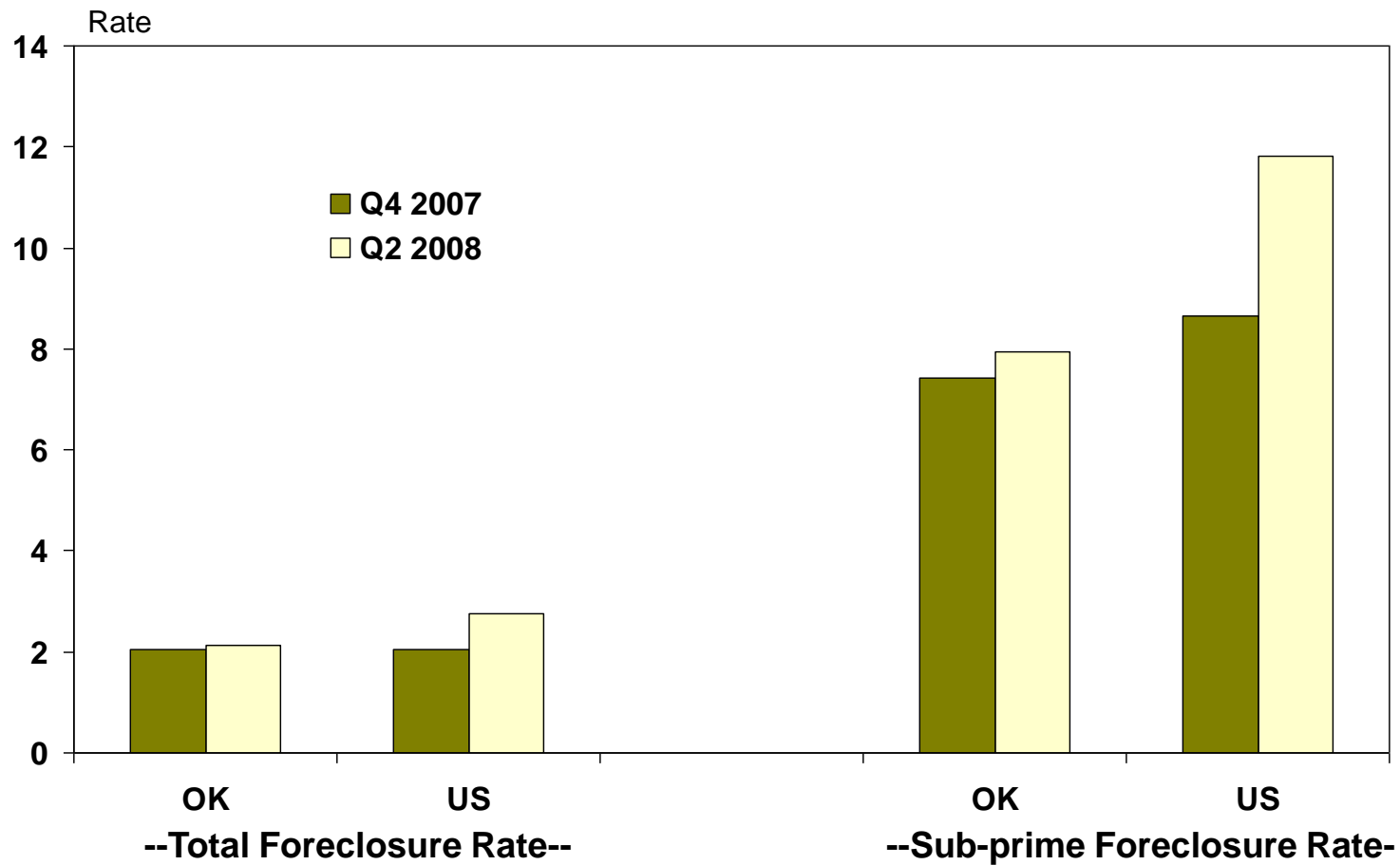
Unlike in the nation, the number of foreclosures has changed little in recent years

Total Foreclosures, U.S. vs. Oklahoma

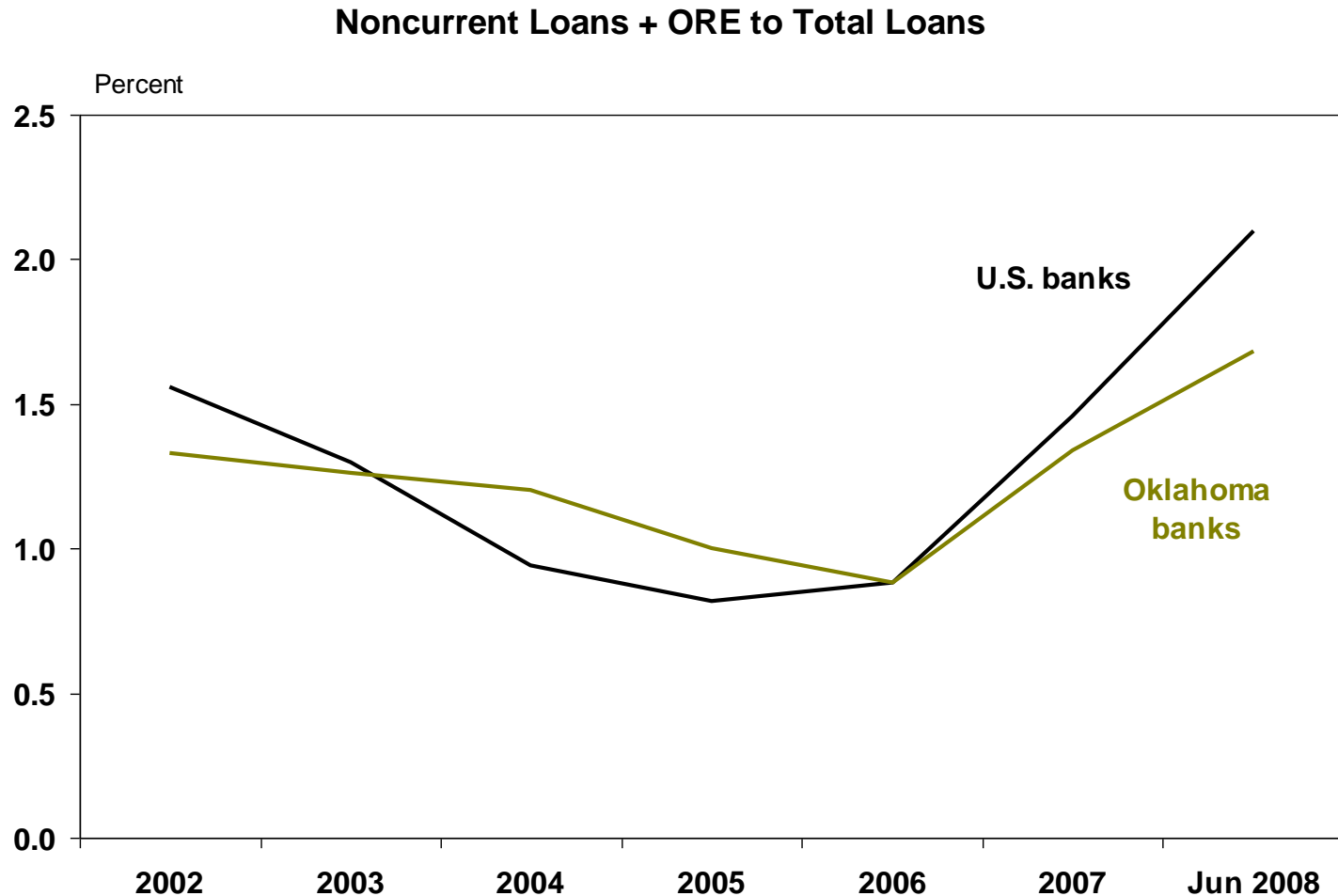


The state's foreclosure rate is also now lower than in the nation

Foreclosure Rates in the U.S. vs. Oklahoma

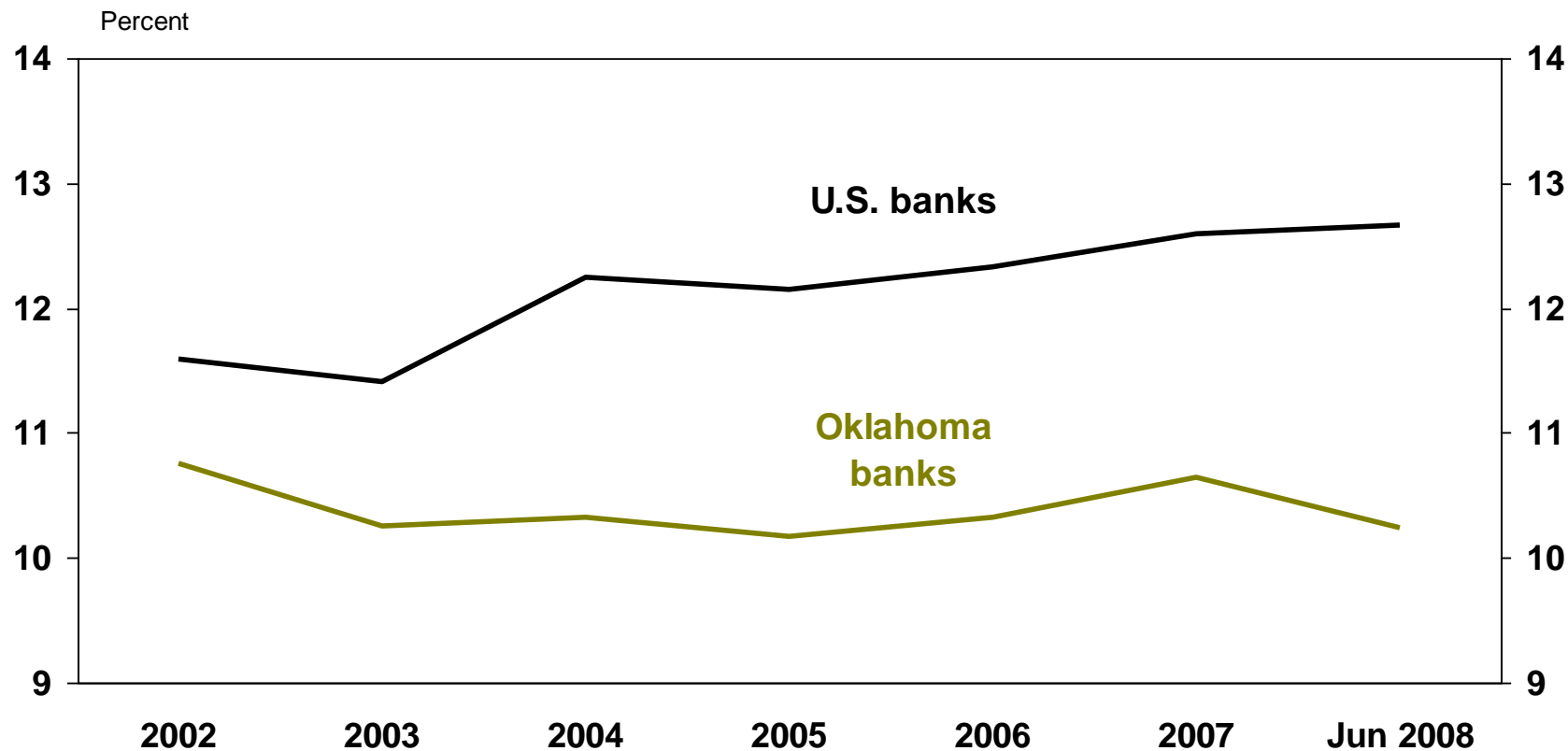


Loan delinquencies are rising at Oklahoma banks, but less than in the nation



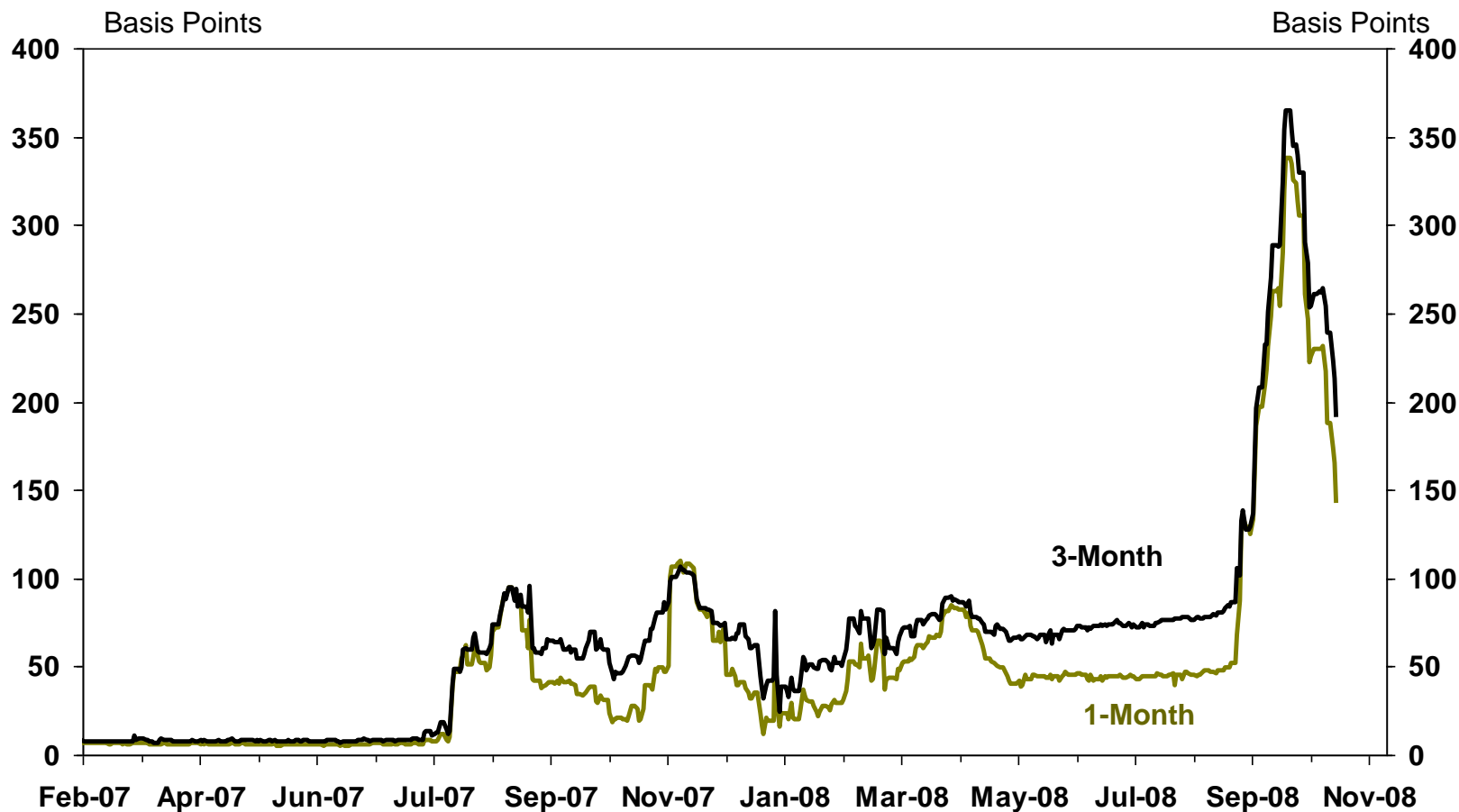
Bank capital levels were relatively solid heading into the recent economic slowdown

Total Capital as a Share of Average Assets



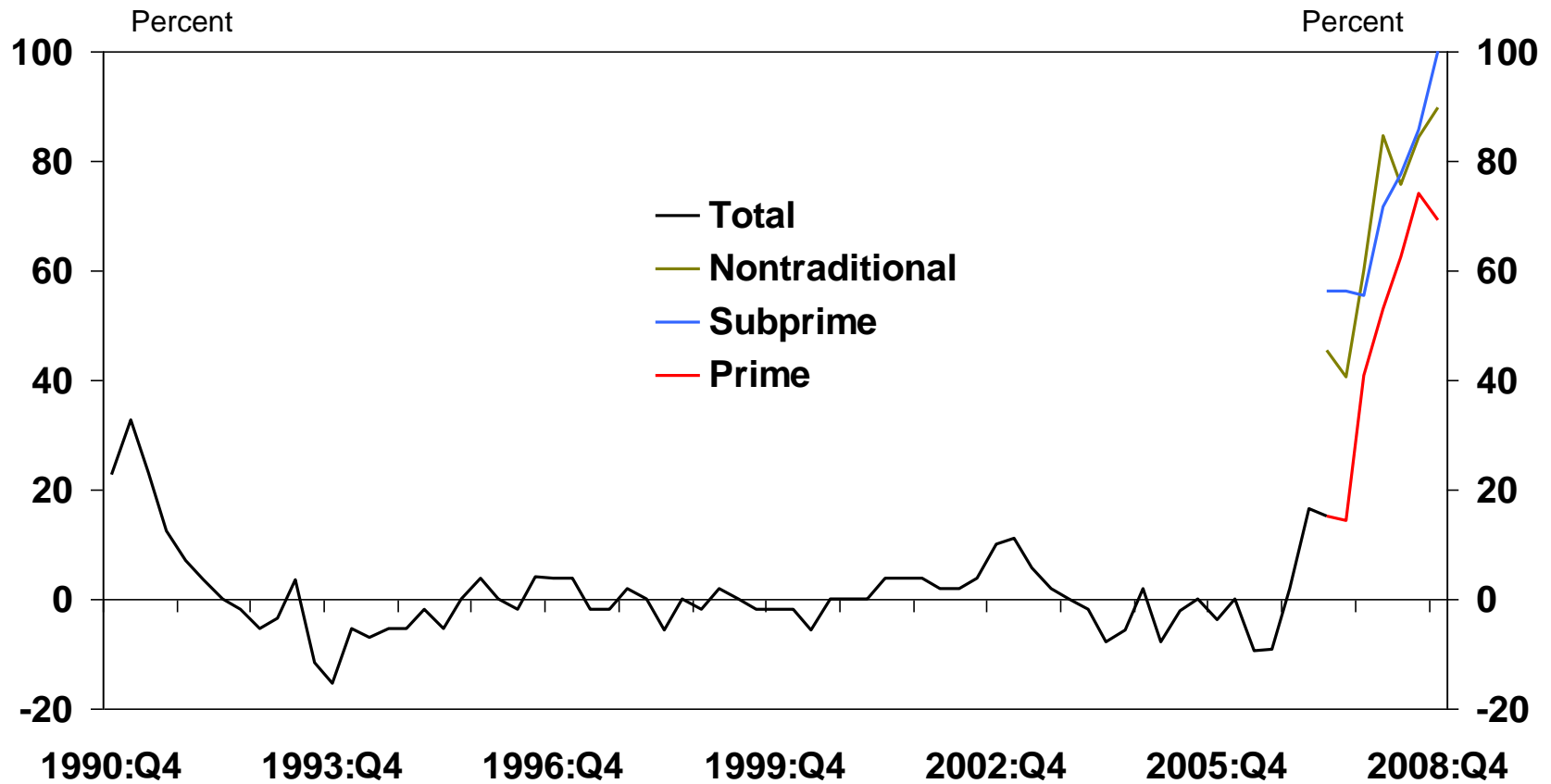
Interbank lending spreads widened sharply in September but have since eased

LIBOR-OIS Spread



Nearly all banks are now tightening standards on all types of mortgage loans

Net Percentage of Banks Tightening Mortgage Loan Standards



Summary

- ❑ Oklahoma's economy has outperformed the nation in recent years
- ❑ Recent declines in energy activity are likely to result in slower job growth
- ❑ Housing could therefore suffer in the state, though initial conditions are better than in the nation

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