



*The University of Oklahoma*

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**HOUSING MARKET ANALYSIS  
REAL ESTATE CONSULTATION**

**Adair County Market Analysis**

**Adair County, Oklahoma**

**Effective Analysis:** October 15, 2001

**Date of Report:** December 1, 2001

**Prepared For:**

Oklahoma Housing Finance Agency  
Oklahoma Department of Commerce  
100 N.W. 63<sup>rd</sup>, Suite 200  
Oklahoma City, Oklahoma 73116

**Prepared By:**

The University of Oklahoma  
Center for Business and Economic Development  
1610 Asp Avenue, Suite 600  
Norman, Oklahoma 73072 - 6405  
Francine Gissy, Contract Manager  
Karen Hinds, Analyst

**In consultation with:**

Mr. Owen S. Ard, MAI  
INTEGRA REALTY RESOURCES  
6940 South Utica Avenue, Suite 100  
Tulsa, Oklahoma 74136

**The attached Adair County Residential Housing Market Analysis is part of a *Statewide Affordable Housing Market Study* and was financed in whole or in part by funds from the U.S. Department of Housing and Urban Development as administered by the Oklahoma Department of Commerce.**



## *The University of Oklahoma*

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December 1, 2001  
Mr. Dennis Shockley, Executive Director  
Oklahoma Housing Finance Agency  
100 NW 63rd, Suite 200  
P.O. Box 26720  
Oklahoma City, Oklahoma 73126-0720

RE: Housing Market Analysis  
Adair County Residential Housing Market Analysis

Dear Mr. Shockley:

As per our Agreement with Oklahoma Housing Finance Agency (OHFA), we have completed a Statewide (77 counties) residential housing market analysis (the "Analysis") for use by OHFA and the Oklahoma Department of Commerce (ODOC). Per our Agreement, OHFA and ODOC shall have unrestricted authority to publish, disclose, distribute and otherwise use, in whole or in part, the study and reports, data or other materials included in the Analysis or otherwise prepared pursuant to the Agreement and no materials produced in whole, or in part, under the Agreement shall be subject to copyright in the United States or any other country. The University of Oklahoma Center for Business and Economic Development (the "Center") will cause the Analysis (or any part thereof) and any other publications or materials produced as a result of the Agreement with the assistance of the Center to include substantially the following statement on the first page of said document:

This "Statewide Affordable Housing Market Study" was financed in whole or in part by funds from the U.S. Department of Housing and Urban Development as administered by the Oklahoma Department of Commerce.

Attached hereto, please find the Adair County Residential Housing Market Analysis (the "Adair County Market Analysis"). Center Analyst Karen Hinds personally inspected the Adair County area during the month of October 2001 to collect the data used in the preparation of the Adair County Market Analysis. Mr. Owen S. Ard, MAI with Integra Realty Resources provided consultation, assemblage and analysis of the data for the Center and prepared the final Adair County Market Analysis and conclusions.

The Adair County Market Analysis describes the methods and data used in the investigation, analysis and conclusions contained therein. The Adair County Market Analysis is written to comply with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation. The

summary report is intended to comply with the reporting requirements set forth under Standards Rule 5 of the Uniform Standards of Professional Appraisal Practice. This standard rule defines procedures and principles of developing a real estate consultation. Conditions pertinent to or indicative of the market were investigated. Please note the Contingent and Limiting Conditions.

If you have any questions regarding this analysis or require additional information or services please contact our office.

Respectfully submitted,

Francine Gissy  
Contract Manager  
The University of Oklahoma  
Center for Business and Economic Development

**HOUSING MARKET ANALYSIS  
REAL ESTATE CONSULTATION**

**Adair County Market Analysis**

**Adair County, Oklahoma**

**Effective Analysis:** October 15, 2001

**Date of Report:** December 1, 2001

**INTEGRA Report Number:** M0701048

**Prepared For**

The University of Oklahoma Center for Business and  
Economic Development

1610 Asp Avenue, Suite 600

Norman, Oklahoma 73072 - 6405

**Prepared By**

Mr. Owen S. Ard, MAI

INTEGRA REALTY RESOURCES

6940 South Utica Avenue, Suite 100

Karen Hinds, Analyst

The University of Oklahoma

Center for Business and Economic Development

1610 Asp Avenue, Suite 600

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December 1, 2001  
Ms. Francine Gissy  
The University of Oklahoma Center for Business and Economic Development  
1610 Asp Avenue, Suite 600  
Norman, Oklahoma 73072 - 6405

RE: Housing Market Analysis  
Adair County Residential Housing Market Analysis

Dear Ms. Gissy:

At your request, I have completed a residential housing market analysis regarding Adair County, Oklahoma. The attached report describes the methods and gives the pertinent data used in the investigation, analysis, and conclusions. This report is prepared for The University of Oklahoma Center for Business and Economic Development, and is written to comply with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.

This summary report is intended to comply with the reporting requirements set forth under Standards Rule 5 of the Uniform Standards of Professional Appraisal Practice. This standard rule defines procedures and principles of developing a real estate consultation.

Analyst Karen Hinds personally inspected the Adair County area during the month of October, 2001. Conditions pertinent to or indicative of the market were investigated. Please note the Contingent and Limiting Conditions. If you have any questions regarding this analysis or require additional services please contact our office.

Respectfully submitted,  
INTEGRA REALTY RESOURCES

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Owen S. Ard, MAI  
Oklahoma Certificate #11245

# **PART I: PREFACE**

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Letter of Transmittal

## PART I:

### PREFACE

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## PART III:

### ADDENDA

Analyst Qualifications  
Owen S. Ard, MAI

## **EXECUTIVE SUMMARY**

Consultation Area:	Adair County, Oklahoma
Investment Opportunities:	Anticipated need of 522 new owner units and 189 new rental units in the county over the next 5 years. Most need in Stilwell and unincorporated areas in the northern and southern parts of the county. Single-family housing need greatest below \$70,000 throughout the county.
General Location:	Northeastern Oklahoma bordering the west edge of Arkansas and located approximately 90 miles east of the Tulsa metropolitan area.
Current Economic Conditions:	Adair County has had consistent growth during the past 30 years. Growth has been significant since 1990. Much of the residential population appears to commute to large employers in Mayes County to the west or the Fayetteville metropolitan area to the east. Economic factors beneficial to growth are access to Tulsa, inexpensive development land, and stable employment opportunities in the area. Major highways currently run through the county.
Population Indications:	Adair County population has grown at a rate of approximately 1.42 % annually since 1990. The city of Stilwell, the largest county population center, has grown at a slower rate of approximately 2.3 % annually.
Income Levels:	Median 2001 Household income in Adair County is \$25,432, which is a comparatively low indication. Income is anticipated to increase approximately 2.6% per year over the next 5 years.
Single Family Development:	New single-family development has occurred in the county on a limited basis for several years. Most development has occurred in the city of Stilwell and around Westville in the northeast part of the county.
Rental Market:	New rental development has occurred in the county during the past several years. This has included primarily two tax credit developments in Stilwell. Most significant apartment development is subsidized or tax credit. Market rate rental development is

limited. Occupancy levels are consistently well above 95%. A limited amount of additional rental housing is needed in all population centers of the county.

### **City of Stilwell Specific Findings**

Population increased 23 % from 1990 to 2000. Number of households is anticipated to increase 3.09%. Home Value estimate for 2001 is \$48,609, which is below other high growth communities in this part of the state.

Median household income in 2001 is \$19,804, which is also a comparatively low indication.

Average resale home price in 2000 was approximately \$51,700 or approximately \$41 per square foot. This indication has oscillated during the past several years.

Average new home price was approximately \$100,000. This indication appears to have been relatively level during the past several years.

Average list term was unknown but estimated by the city manager at approximately 90 days.

List to Sale Price Ratio was unknown.

Rental occupancies stay consistently over 95%. This has been stable for several years.

Rental Rates tendencies are difficult to determine due to few market rate rental units. Rents appear to have been stable.

179 new rental units have been built since 1990.

## **CONTINGENT AND LIMITING CONDITIONS**

The conduct of any consultation is guided and its results influenced by the terms of the assignment and the assumptions, which together form the basis of the study. The following conditions and assumptions, together with lesser assumptions embodied in the report, constitute the framework of the analysis and conclusions.

1. This report expresses the opinion of the analyst as to the conclusions of the stated issues as of the date of the report. The conclusions are in no way contingent upon the reporting of a specific finding, nor were any other limitations imposed by the client.
2. The various sketches and exhibits included in this analysis are placed herein to assist the reader in visualizing the property under analysis. These drawings are not based on actual surveys and no responsibility is assumed for their cartographic accuracy.
3. Possession of this report does not carry the right of publication, duplication, or reproduction of it, or any part of it, nor may it be used by anyone other than the party for whom it is made without prior consent of the analyst. The report can only be considered true and valid with the original signature of the analyst and the seal affixed to the letter of transmittal. This report has been prepared for the benefit of the University of Oklahoma, Center for Business and Economic Development (the "Center"). However, the preparer understands that this report will be included in a Statewide Affordable Housing Market Study prepared by the Center for Oklahoma Housing Finance Agency ("OHFA") and was financed in whole or in part by funds from the U.S. Department of Housing and Urban Development as administered by the Oklahoma Department of Commerce and specifically agrees to the inclusion of this report therein. It may not be used or relied upon by any other party. Any party who uses or relies upon any information in this report, without the preparer's written consent, does so at his own risk.
4. This analysis is based upon present conditions of the national and local economics, the present purchasing power of the dollar, and present financing rates and terms as of the date of this analysis.
5. The information, documentation, and market data reported in this analysis is believed to be reliable, but no responsibility is assumed for accuracy as much of it was furnished by others and assembled by the analyst. Wherever possible, the information was checked, verified or confirmed by the appropriate available means.
6. This analysis must be used in whole and not in part. The distribution of sections or pieces of the report may be misleading. No part of this analysis shall be used in

conjunction with any other analysis, and all opinions expressed herein are invalid if so used.

7. The analyst will not be required to give testimony or attendance in court or before other legal authority by reason of this analysis without agreement and arrangement between the Center and the analyst.

8. Disclosure of the contents of this report is governed by the By-Laws and Regulations of the Analysis Institute.

9. Neither all nor any part of the contents of this, the identity of the analyst or the firm with which he is connected, or any reference to the Analysis Institute or the MAI designation, shall be disseminated to the public through advertising media, public relations media, news media, sales media, prospectus for securities, or any other public means of communication without prior written consent and approval of the undersigned.

10. This report was prepared by INTEGRA Realty Resources - Tulsa and consists of trade secrets and commercial or financial information, which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552 (b) (4).

## **EFFECTIVE DATE OF CONSULTATION**

The Adair County area was inspected and researched by analyst Karen Hinds during October, 2001. The effective date of this analysis is October 15, 2001.

## **PURPOSE OF THE ANALYSIS**

The purpose of this analysis is to define the extent and general condition of the supply and forecast the likely demand for residential housing in Adair County, Oklahoma.

## **SCOPE OF THE ASSIGNMENT**

This analysis is a complete narrative report written in compliance with the Uniform Standards of Appraisal Practice published by the Appraisal Foundation, and the Professional Ethics and Standards of the Appraisal Institute. The analyst's adherence to these requirements involves the following.

1. The Adair County area was inspected during October, 2001. The inspection included visits to all significant population centers in the county and portions of the rural county areas.
2. Regional, city and neighborhood data is based on information retained from national, state, and local government entities; various Chambers of Commerce, news publications, and other sources of economic indicators.
3. Specific economic data was collected from all available public agencies. Population and household information was collected from national demographic data services as well as available local governments. Much data was gathered regarding market specific items from personal interviews.
4. Development of the applicable analysis involved the collection and interpretation of verified data from local property owners/managers, realtors, and other individuals active within the area real estate market.
5. The analyst's assemblage and analysis of the defined data provided a basis from which conclusions as to the supply of and demand for residential housing were made.
6. This analysis considers economic, population, and housing trends in the city of Stilwell. General economic and population trends of entire county are also considered. However, specific data and analysis in smaller county communities was not collected or performed due to constraints of time and budget.

## **PART II: DEMOGRAPHIC CHARACTERISTICS**

## ADAIR COUNTY ANALYSIS

The purpose of this section of the report is to provide a basis for analyzing and estimating trends relating to Adair County. The primary emphasis is concentrated on those factors that are of significance to residential development users. Residential and commercial development in the community is influenced by the following factors:

1. Population and economic growth trends.
2. Existing commercial supply and activity.
3. Natural physical elements.
4. Political policy and attitudes toward community development.

### Location

Adair County is located in the eastern-most region of Oklahoma. The county is bordered on the north by Delaware County, on the west by Cherokee County, on the south by Sequoyah County, and on the east by Arkansas. The Adair County Seat is Stilwell, which is located in the approximate center of the county. This location is approximately 184 miles northeast of Oklahoma City and 91 miles due east of the City of Tulsa.

### Population Trends

Adair County experienced inconsistent growth between 1970 and 1980 but significant growth within the past 10 years. Stilwell is the largest population center in the county and has had the greatest growth over the past several years. The following table shows population growth for Adair County and the city of Stilwell.

The county population grew significantly between 1970 and 1980 (22.68%). The county lost population in the 1980's as the region suffered economically. The increase from 1990 to 2000 was 14.21%, which would reflect an annual increase of approximately 1.4%. Future growth is anticipated to occur at a slightly lower rate.

<b>Population Estimates for Adair County</b>							
<i>Source: U.S. Census Bureau</i>							
	1970	1980	% Change	1990	% Change	2000	% Change
Stilwell	2,134	2,369	11.01%	2,663	12.41%	3,276	23.02%
Other	13,007	16,206	24.59%	15,758	-2.76%	17,762	12.72%
County Total	15,141	18,575	22.68%	18,421	-0.83%	21,038	14.21%

Stilwell is the largest population center in the county. The changes in population in Stilwell were slightly different than those of the entire county. Stilwell's population increased steadily in the 1970's (11%) and 1980's (12.4%). During the 1990's, the city had a total population increase of 23% or 2.3% annually. This high rate of growth is due to natural growth, which occurs when the rate at which new births occur exceeds the rate at which deaths occur. Further growth can be attributed to the gradual expansion of existing industry accompanied by the addition of small businesses. Based

on the current economic climate and comparative alternatives, a realistic future estimate of annual population growth for the City of Stilwell would be the in the one to two percent range. However, significant changes in the regional economy or local governmental decisions could quickly impact future growth.

**Population by Age**

The following table provides a breakdown of Stilwell population by age in 2000 with a 2005 estimate. The greatest percentage in Stilwell in 2000 is in the under 5-year age group and the 10-14 year band. Over 25% of the population was under the age of 15 in 2000, which explains a large part of Stilwell’s population growth over the last decade. The age bands are spread relatively evenly from 25 to 49 years. The median age is 31.8 in 2000. If new births continue at their current rate, the median age will remain the same or decrease over the next 5 years. This is a young median as compared to the state average of 35.5.

<b>Stilwell Population by Age</b>					
<i>Source: U.S. Census Bureau &amp; Claritas, Inc.</i>					
<b>Age Category</b>	<b>2000 Census</b>		<b>2005 Projection</b>		<b>% Change 2000 to 2005</b>
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	
Total Population	3,276	100.00%	3,343	100.00%	2.06%
Under 5	286	8.73%	289	8.65%	1.10%
5 to 9	281	8.58%	292	8.72%	3.81%
10 to 14	282	8.61%	268	8.02%	-4.94%
15 to 17	133	4.06%	179	5.34%	34.34%
18 to 20	152	4.64%	177	5.28%	16.20%
21	50	1.53%	35	1.03%	-30.84%
22 to 24	151	4.61%	145	4.33%	-4.04%
25 to 29	228	6.96%	250	7.48%	9.69%
30 to 34	222	6.78%	181	5.41%	-18.57%
35 to 39	224	6.84%	250	7.48%	11.61%
40 to 44	206	6.29%	193	5.77%	-6.38%
45 to 49	173	5.28%	196	5.87%	13.48%
50 to 54	132	4.03%	125	3.74%	-5.15%
55 to 59	122	3.72%	165	4.92%	34.86%
60 to 64	146	4.46%	175	5.24%	19.93%
65 to 69	97	2.96%	92	2.76%	-4.84%
70 to 74	127	3.88%	96	2.86%	-24.68%
75 to 84	174	5.31%	167	4.98%	-4.23%
85 +	90	2.75%	97	2.90%	7.91%

## Household Data

Information provided by the U.S. Census Bureau indicates an average household size of 2.76 persons in Adair County and 2.49 persons in the city of Stilwell for the year 2000. The following table shows the breakdown of households for Stilwell and the total county. This data is from 2000 U.S. Census information assembled by CLARITAS Inc.

<b>Household Data for Adair County</b>			
<i>Source: CLARITAS Inc.</i>			
	2000 Households	2005 Households	% Change
Stilwell	1,269	1,308	3.09%
Other	6,202	6,551	5.62%
County	7,471	7,863	5.25%

It appears that less than 20% of the Adair County population lives within the city of Stilwell. The anticipated change in households in the various areas of Adair County appear too low given recent growth and economic trends. The greatest anticipated percentage change should occur in Stilwell due to its economic stability.

The following table includes a breakdown of housing units within the county and owner/renter percentages. The table also includes estimates of median home values.

<b>Housing Unit Data for Adair County</b>					
<i>Source: U.S. Census Bureau and CLARITAS Inc.</i>					
	Housing Units	Vacancy%	Owner Occupied	Renter Occupied	Median Home Value
Stilwell	1,434	11.50%	47.3%	52.7%	\$48,609
County Totals	8,348	10.50%	73.4%	26.6%	\$44,315

It should be noted that this information is taken from 2000 U.S. Census information and Claritas estimates. The survey data compiled by this analyst regarding current rental rates and occupancy levels is shown in a later section of this report. However, several conclusions can be drawn from the above information. The highest vacancy indication comes from Stilwell. All of the county communities have vacancy percentages nearly mirroring the state vacancy rate of 11.4%. This is reasonable based on the population growth in the county as previously discussed.

Stilwell has a relatively high percentage of rental units as compared to many other rural Oklahoma counties. Stilwell's property value has increased 43.8% since 1990, and property values in Adair County are up 46.7% in the same period. Despite this growth, median property values are still lower than those in neighboring counties. This likely reflects a shortage of homes acceptable to buyers, especially those with desired amenities. Stilwell is the employment center of the county. As will be discussed later, some new multifamily development and single-family rental property has been added to the market during the past several years and there are existing plans for future development.

**Income Characteristics**

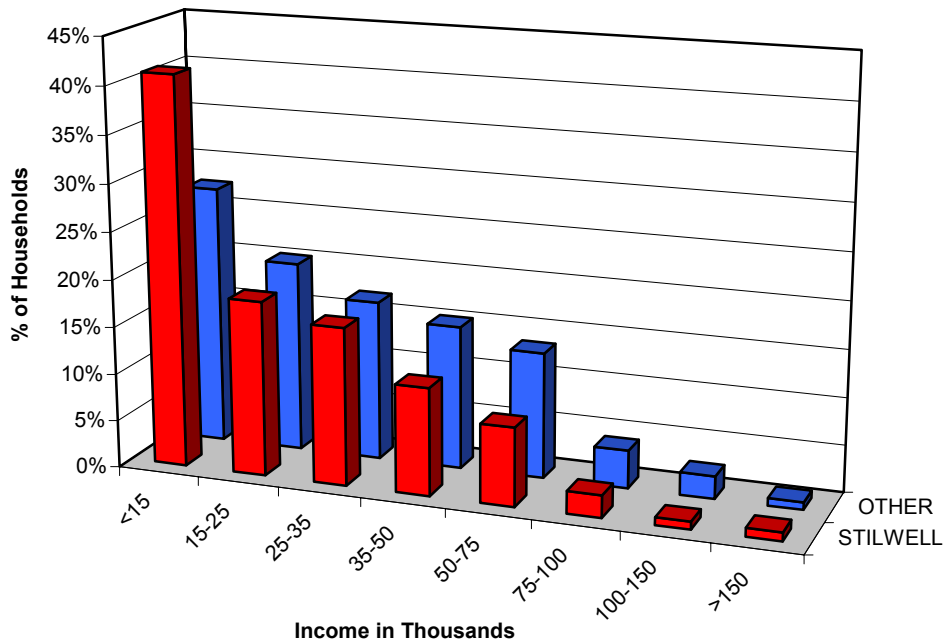
The following table shows income levels for different areas of Adair County. This information is defined on a city area basis. The first column identifies 2001 median household income. The second column estimates median household income in 2006. The 3<sup>rd</sup> column shows median per capita income levels for 2001.

<b>Income Levels in Adair County</b>			
<i>Source: CLARITAS Inc.</i>			
	2001 HH Income	2006 HH Income	2001 Per Capita Income
Stilwell	\$19,804	\$22,758	\$11,154
County	\$25,432	\$28,761	\$11,965

Household income is anticipated to increase in all areas of Adair County over the next several years. It is interesting to note that Stilwell has a median household income level lower than that of the entirety of the county. The per capita indications reflect similar current and trend indications. Household income throughout the County is anticipated to increase approximately 13% during the next 5 years. The following chart reflects household income banding in Adair County.

<b>Adair County Household Income Distribution</b>			
<i>Source: CLARITAS, Inc.</i>			
INCOME BRACKET	STILWELL	TOTAL COUNTY	OTHER
Under \$15,000	452	2,200	1,748
\$15,000 TO \$24,999	203	1,489	1,286
\$25,000 TO \$34,999	183	1,260	1,077
\$35,000 TO \$49,999	125	1,091	966
\$50,000 TO \$74,999	91	940	849
\$75,000 TO \$99,999	26	283	257
\$100,000 TO \$149,999	9	162	153
\$150,000 OR MORE	10	60	50
TOTAL	1,099	7,484	6,385
AVERAGE HH INCOME	26,653	33,560	N/A
MEDIAN HH INCOME	19,804	25,432	N/A

**Household Income Breakdown in Adair County**

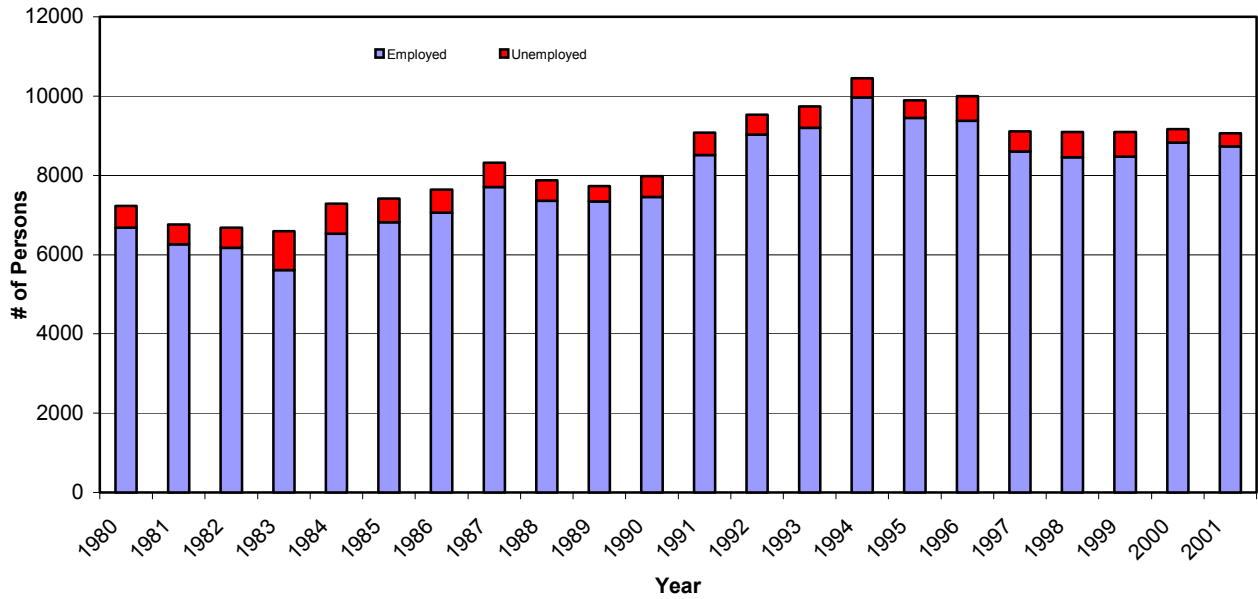


The previous chart shows household income broken into bands by city area. The left vertical axis represents the percentage of households within a particular income range. These bands are based on 2001 income estimates. The 2001 median income for the county is \$25,432. Based on the census data, 49.2% of the county households make less than \$25,000 annually. Households in the \$25,000 to \$35,000 per year bracket make up approximately 16.8% of the total and the remaining 33.8±% of households have incomes above \$35,000. Approximately 59.6% of the Stilwell households make less than \$25,000 and a total of 76.2% make below \$35,000.

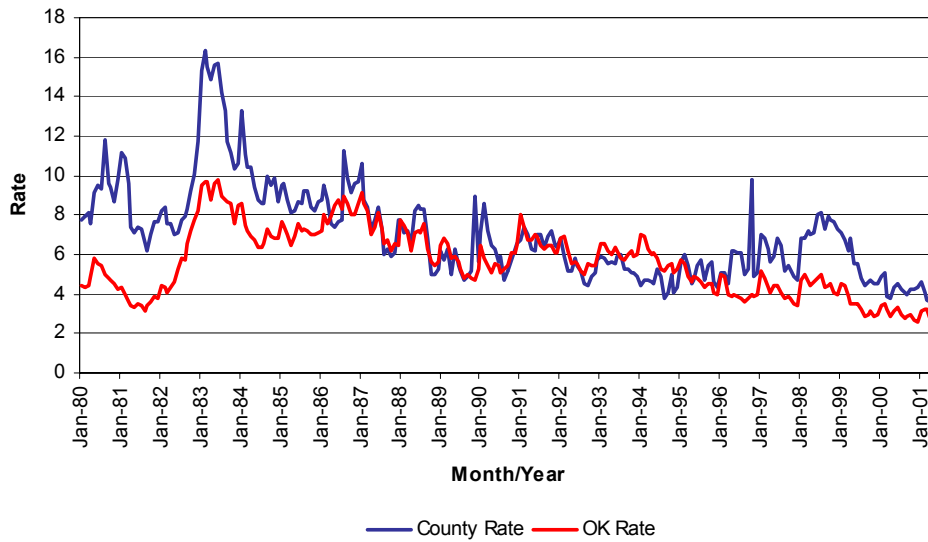
**Economy**

The Adair County area economic base is primarily concentrated in agriculture, food processing, poultry and industry. Historical economic growth for the area has been tremendous in the past several years. Remarkably, since 1990 there has been no single employer or factor that has dramatically increased employment or population in Adair County. Rather, the growth has been due to natural growth and the gradual expansion of existing industry accompanied by the addition of small businesses. The gradual number of additional hourly jobs has created strain on area housing, especially in lower price ranges. Based on November 2001 data from the U.S. Bureau of Labor Statistics, the county unemployment rate was 4.8 %. This is significantly lower than it has been since the beginning of 2000. The total number employed was 8,941 for the same time period. Expected annual unemployment for Adair County is approximately 4.1%, which will be the lowest rate in the last twenty years.

**Persons Employed and Unemployed in Adair County: Annual (1980 - 2001)**  
**Measured in April of Each Year**  
**Source: Oklahoma Employment Security Commission**



**Unemployment Rates: Adair County and Oklahoma**  
**Monthly Time Series: Jan 1980 - Apr 2001**  
**Source: Oklahoma Employment Security Commission**



The previous tables present several important issues. The number of persons employed in Adair County increased dramatically in 1994 and although it has fluctuated each year since that time, unemployment remains stable since that time. During this period, the percentage of unemployed has been fluctuating around 5.5 %, reaching a low of 3.6 % in April, 2001. The second chart graphically displays the change in unemployment rate for Adair County and the state of Oklahoma. Since 1980, Adair County has had higher unemployment rates than the state of Oklahoma with a broad exception of the years spanning the late 1980's and into the mid 1990's where at one point, the county rate dips below the state average. In the last decade, the Adair County unemployment rate has been dramatically lower than in the 80's, now beginning to mirror the unemployment patterns of the state.

With a stable local economy and increasing population, the demand for housing and retail/commercial facilities should increase. The following chart lists the major employers impacting the labor market in the area.

<b>Major Employers in Adair County</b>		
<i>Source: Oklahoma Department of Commerce</i>		
<b>Company Name</b>	<b>Industry</b>	<b>Employment</b>
Baldor Electric (Westville)	Electric Motors	500
Tyson Foods	Poultry Processing	500
Stilwell Foods, Inc.	Frozen Foods	320
Cherokee Nation Industries	Electric Relays	304
Memorial Hospital	Health Services	105
CN Medical Clinic	Health Services	90
Facet, International	Filters	80
Stilwell Nursing Home	Health Services	60

The previous list of major employers does not include public schools systems, or city and county government services. These categories also include several large employers in Adair County. The majority of the above noted employers have been located in Adair County for several years and some have expanded their workforce. Most of the large employers are located in close proximity to Stilwell. Employment in the county has been slightly vacillating for the past few years and this trend is anticipated to continue as the economy grows. Employment is expected to moderately increase from related or supportive business.

**Adair County Employment and Payroll by Major Industry Category: 1998 & 1999**

*Source: U.S. Census Bureau County Business Patterns*

NAICS	Industry	Number Employed		Total Change	% Change	Payroll (\$1000)		Average Payroll		1999 State Average Payroll
		1998	1999			1998	1999	1998	1999	
22	Utilities	20-99	20-99	N/A	N/A	N/A	N/A	N/A	N/A	\$49,699
23	Construction	87	105	18	20.69%	1274	1363	\$14,644	\$12,981	\$27,591
31-33	Manufacturing	1548	1486	(62)	-4.01%	35,739	40,892	\$23,087	\$27,518	\$32,616
42	Wholesale trade	37	66	29	78.38%	577	752	\$15,595	\$11,394	\$33,117
44-45	Retail trade	488	512	24	4.92%	5,700	6,077	\$11,680	\$11,869	\$16,628
48-49	Transportation & warehousing	33	55	22	66.67%	936	1,406	\$28,364	\$25,564	\$30,386
51	Information	0-19	0-19	N/A	N/A	N/A	N/A	N/A	N/A	\$35,747
52	Finance & insurance	99	108	9	9.09%	2220	2527	\$22,424	\$23,398	\$33,149
53	Real estate & rental & leasing	0-19	0-19	N/A	N/A	N/A	N/A	N/A	N/A	\$21,461
54	Professional, scientific & technical services	20-99	38	N/A	N/A	N/A	724	N/A	\$19,053	\$35,357
56	Admin, support, waste mgt, remediation services	40	20-99	N/A	N/A	542	N/A	\$13,550	N/A	\$18,134
62	Health care and social assistance	414	419	5	1.21%	7295	5948	\$17,621	\$14,196	\$25,262
72	Accommodation & food services	133	136	3	2.26%	1102	1214	\$8,286	\$8,926	\$9,746
81	Other services (except public administration)	62	55	(7)	-11.29%	458	574	\$7,387	\$10,436	\$15,922
99	Unclassified establishments	0-19	0-19	N/A	N/A	N/A	N/A	N/A	N/A	\$23,954

The table above identifies county employment and payroll by major industry in 1998 and 1999. The largest employment group is manufacturing followed by retail trade and health care. Wholesale and warehousing were the only categories to have a significant increase in employment from 1998 to 1999. Most industry groups had either moderate increases or slight decreases in employment. Almost without exception, industries adding jobs in 1999 experienced a significant drop in average payroll from the previous year whereas industries with a job reduction saw an increase in average payroll. The Adair County 1999 average annual payroll is substantially lower than the state average in most categories.

**Transportation**

The county is well located in relationship to state and national highway systems. Stilwell is located at the intersection of U.S. Highway 59 and Oklahoma State Highways 51 and 100. U.S. Highway 62 also provides access to surrounding counties and states. Stilwell is about 30 miles north of Interstate 40. Additionally, the county has a well-maintained interior road system.

Local rail service is provided by the Kansas City Southern railroad approximately twice daily. Several motor freight carriers provide service on an as-needed basis. The nearest commercial airport is Tulsa International Airport, 90 miles west of Stilwell. This airport offers at least 10 major commercial airlines and several airfreight companies providing regional and national service.

**City Governments**

The City of Stilwell operates under a statutory mayor-council form of government. The city provides a full time police department with 13 employees and a fire department with 20 active volunteers. Both have fully qualified and equipped personnel. The local government utilizes a Comprehensive City Plan and zoning classifications are in force in the city limits. The smaller communities in the

county typically have a combination of volunteer and/or full-time police and fire department personnel. Most have a mayor-council form of government. Most also have water and sanitary sewer facilities. Rural areas are dependent upon rural water supply and onsite septic systems for sanitary sewer.

### **Medical Facilities**

County medical services are provided by Memorial Hospital with 50 beds and the Wilma Mankiller Indian Health Clinic. Local physicians and dentists offer professional services. Stilwell also has a full time city/county health department providing health services to the community. The smaller county communities typically have either small out patient medical services or doctors officing in the community.

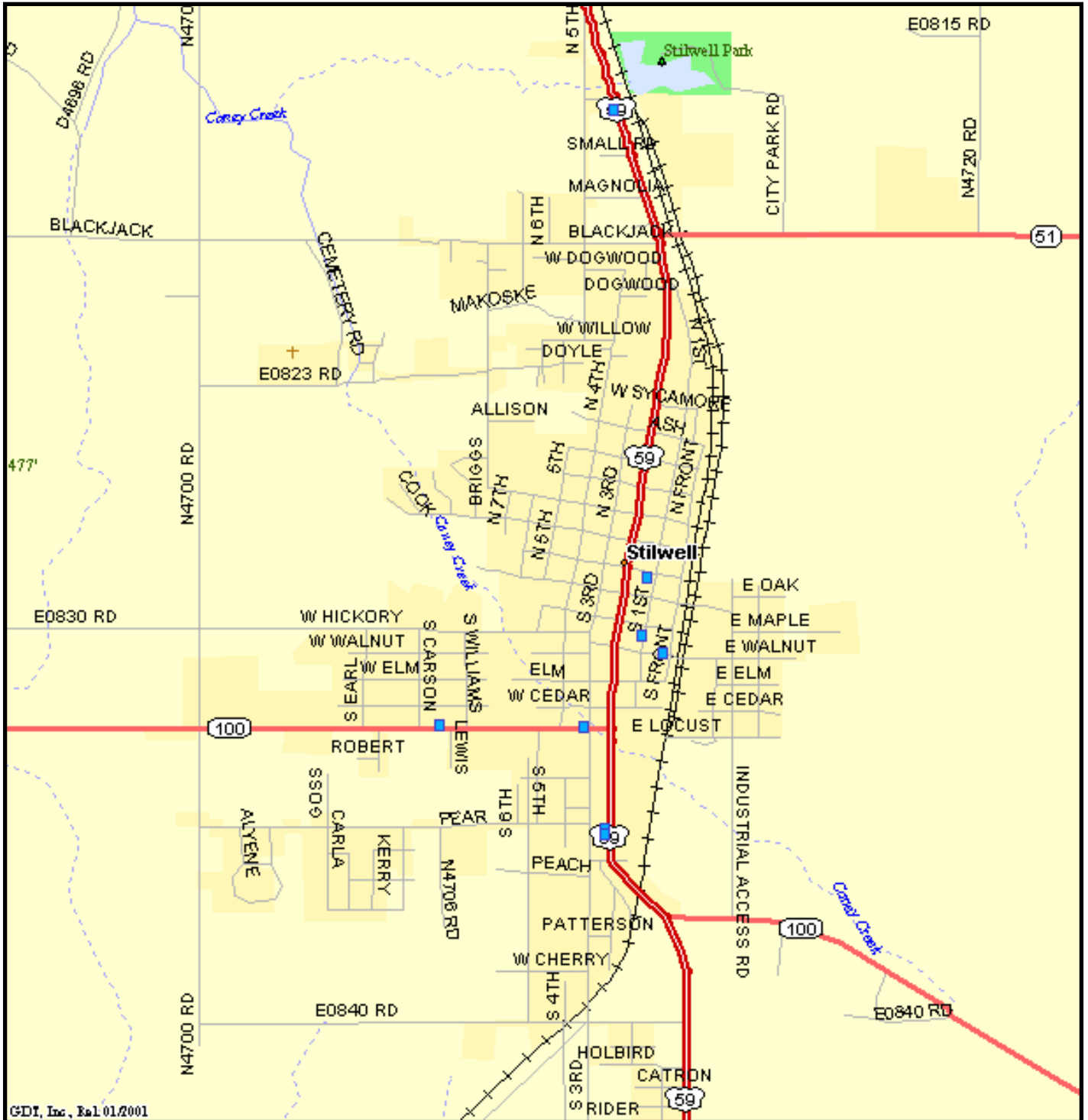
### **Educational Facilities**

All of the county communities have public school facilities. The Indian Capital Vo-Tech is located in Stilwell. Northeastern State University is 25 miles west in Tahlequah.

### **Conclusions**

The Adair County economy experienced a recession as a result of the declines in the agricultural and energy sectors of the State's economy from 1983-1985. The depressed conditions persisted through the late 1980's to early 1990's. Recent economic indicators have improved significantly. Employment levels improved dramatically in 1996 with the location of Seaboard Corporation to the county. Unemployment has been below 3% for several years. Although the economic recovery is expected to continue, it is reasonable to assume that the rate of growth will not continue at current levels.





## STILWELL AREA MAP

## Housing Supply Characteristics

This section of the report will discuss the Adair County housing market. Information in this section was gathered from the available public information, U.S. Census information, and Claritas, Inc. Claritas uses census information in conjunction with growth trends to estimate demographic changes in most cities nationwide. This analysis is concerned with the population center of Stilwell with an overview of the remainder of the county.

### Housing Supply

Available 2000 Census information reflected 8,348 housing units in Adair County and 1,434 units in Stilwell. This included single and multifamily units that were owner occupied and rentals. The following chart reflects changes in the number of building permits in Stilwell since 1997, including 2001 residential permits with estimated values. This is the most recent information available.

<b>Stilwell Building Permit Data: 1997 - 2000</b>										
<i>Source: U.S. Census Bureau &amp; City of Stilwell</i>										
Year	City	1-unit			2-units			3-4 units		
		Bldgs	Units	Value	Bldgs	Units	Value	Bldgs	Units	Value
1997	Stilwell	3	3	\$149,500	3	6	\$212,000	1	4	\$92,000
1998	Stilwell	4	4	\$316,000	5	10	\$395,000	0	0	\$0
1999	Stilwell	4	4	\$282,500	0	0	\$0	0	0	\$0
2000	Stilwell	6	6	\$454,000	2	4	\$226,080	0	0	\$0
2001 Est.	Stilwell	4	4	\$350,000	1	2	\$86,000	1	3	\$110,000
<b>Total</b>	<b>Stilwell</b>	<b>21</b>	<b>21</b>	<b>\$1,552,000</b>	<b>11</b>	<b>22</b>	<b>\$919,080</b>	<b>2</b>	<b>7</b>	<b>\$202,000</b>
<b>Average</b>	<b>Stilwell</b>			<b>\$73,905</b>			<b>\$41,776</b>			<b>\$28,857</b>

The table above shows new housing in Stilwell during the previous several years. New development has occurred nearly equally in the single-family and multi-family residential markets. The number of new single-family permits issued has been stable, with between 4 and 6 permits issued annually since 1997. The 2000 census indicates an increase of 83 owner occupied units since 1990 or 16.05%. The 2000 census also indicates an increase of 179 renter occupied units or 36.53%. Overall housing vacancy has increased from 8.7 % in 1990 to 11.5% in 2000.

It is apparent that new multifamily housing has increased in Stilwell over the past several years. Only about 30 of the renter occupied housing units are accounted for in the building permit table shown above. Between 1990 and 1995, two new apartment developments were built, providing Stilwell with 140 new multifamily units. Both developments are affordable housing (tax credit) developments. The tax credit developments were well received by the market and maintain high occupancy levels. It is the opinion of this analyst that the remaining new multifamily units are 2-4 unit dwellings built prior to 1997.

The average single family permit value gives an indication in the change of cost during the past several years. However, with so few sales, averages can be misleading as any single entry can significantly skew the results. What is evident is that the average new home costs appear to be below \$100,000. It should be noted that this amount does not include lot price or builders' profit. The

building permit information reflects only the builders' estimates of construction cost. After a reasonable inclusion of lot price and builders profit (10-15%), the average home cost in the city of Stilwell has been approximately \$110,000. It should also be noted that the 2000 median home values for the county (shown on page 10) reflect lower indications than the current average construction costs. The 1990 median home value for Adair County was \$30,200. This increased to just over \$44,315 in 2001, a 46.74 % increase. This indication is still well below the new home cost averages of the past few years. It is apparent that the majority of new single-family residential development involves custom building for specific buyers rather than speculative building available to a wide market.

The growth in housing in the county has attempted to keep pace with the growth in population since 1990, which has increased at an average rate of 1.4 % annually. The number of new housing units, based on census information, has increased at an average of approximately 1.7% annually during the past 10 years. Although only a portion of the population will be single-family home occupants, the growth in single-family housing has increased at a slower pace than the growth of owner occupants.

Previous information indicated that 73% of the housing units in the county are owner occupied with the remaining 27% renter occupied. No communities other than Stilwell have any known new multifamily development. It is reasonable to assume that as the population has increased, the number of potential owners and renters has expanded. While new multifamily development has attempted to satisfy expanding rental population, the expansion of owner occupants has not been provided similar supply.

Until 1998, the cost of new market rate apartment development was not financially feasible in Oklahoma due to low rental rate levels. Rental rates significantly increased in the large metropolitan areas in the late 1990's, spurring large numbers of new rental unit development. However, while some rental rate growth has also occurred in rural communities, the degree of increase has not been sufficient to economically justify new market rate rental housing. Most new multifamily development in rural communities has been with the assistance of government support including federal tax credits. New garden developments in Tulsa and Oklahoma City with good property amenities typically have a cost of over \$65,000 per unit. Rental rates must be high enough to justify the cost in order to support new market based development, and rental rates in Stilwell and Adair County have been too low to warrant a new market rent apartment complex.

### **Stilwell Single Family Sales Activity**

The following table shows single-family housing sales for two bedroom units in Stilwell during the past four years. This is a partial listing of primarily resales. It gives a good indication of average price, average size, and activity in the market. It is reasonable to assume that these sales are primarily resales of existing housing stock since most new building permits involve custom homes built by a builder for a specific owner. The following sales data is included to show trends in the single-family market but should not be considered an all-inclusive single-family analysis.

<b>Single Family Sales Activity</b>				
<b>Two Bedroom Units</b>				
<i>Source: OAA Database</i>				
Year	1998	1999	2000	YTD 2001
# of Units Sold	36	31	30	19
Average Sq. Ft.	822	912	940	968
Average Year Built	1958	1962	1956	1963
Average Sale Price	\$26,819	\$32,961	\$26,443	\$40,079
Avg. Dollars/Sq. Ft.	\$32.70	\$39.52	\$29.13	\$42.42

The number of 2 bedroom homes sold during the past four years remained fairly level. The 2001 year to date indication is through October. This would indicate a year-end total of around 25 sales. The previous chart does not include all 2 bedroom homes but does give a benchmark as compared to other types of homes in the same area. The average price of a 2 bedroom has remained fairly stable over the past several years, with a slight increase in 2001. The average house size has been relatively level. It is also important to note that the average age of 2 bedroom home sold is approximately 40 years.

The following table shows 3 bedroom single family housing sales in Stilwell during the past several years. These are resales rather than new home sales. The following sales data is included to show trends in the single family market but should not be considered an all inclusive single family analysis. These sales come from areas in and around the city of Stilwell.

<b>Single Family Sales Activity</b>				
<b>Three Bedroom Units</b>				
<i>Source: OAA Database</i>				
Year	1998	1999	2000	YTD 2001
# of Units Sold	98	118	107	84
Average Sq. Ft.	1279	1250	1359	1227
Average Year Built	1968	1966	1967	1967
Average Sale Price	\$41,080	\$49,375	\$48,049	\$51,719
Avg. Dollars/Sq. Ft.	\$31.68	\$39.02	\$34.77	\$41.17

The number of 3 bedroom homes sold during the past four years remained fairly level. The 2001 year to date indication is through September. This would indicate a year-end total of around 95 sales. The previous chart does not include all 3 bedroom homes but does give a benchmark as compared to other types of homes in the same area. The average price of a 3 bedroom has gradually increased in recent years. The average house size has been relatively level. It is also important to note that the average age of 3 bedroom home sold is approximately 35 years.

The following table shows 4 bedroom single-family housing sales in Stilwell during the past several years. These are resales rather than new home sales. These sales come from areas in and around the city of Stilwell.

<b>Single Family Sales Activity</b>				
<b>Four Bedroom Units</b>				
<i>Source: OAA Database</i>				
Year	1998	1999	2000	YTD 2001
# of Units Sold	25	30	20	15
Average Sq. Ft.	1837	1963	1720	1841
Average Year Built	1970	1981	1976	1981
Average Sale Price	\$60,507	\$97,030	\$97,825	\$84,700
Avg. Dollars/Sq. Ft.	\$37.80	\$50.18	\$56.90	\$46.95

The number of 4 bedroom homes sold during the past four years has remained fairly stable with a potential drop in number sold in 2001. The average price of a 4 bedroom was almost constant in 1999 and 2000, but appears to vary dramatically in other years. However, the indication of this data is that there are a limited number of 4 bedroom units in Stilwell. The square footage of these units is relatively small for a 4 bedroom home. It is also important to note that the average age of 4 bedroom home sold is approximately 25 years.

The previous information is taken from available resale information in the Stilwell area during the past several years. The table shows sales of single-family units from 1998 through October 2001. The information involves primarily existing housing stock as custom homes are not listed on the market. In most cases, the number of sales, average unit price, and price per square foot has remained relatively stable or increased, especially since 1998. Although the previous information does not reflect the entirety of sales in Stilwell, it does give a good indication of trends in the market. The following table shows totals of this information for the noted period.

<b>Single Family Sales Activity</b>				
<b>Two or More Bedroom Units</b>				
<i>Source: OAA Database</i>				
Year	1998	1999	2000	YTD 2001
# of Units Sold	159	179	157	118
Average Sq. Ft.	1313	1375	1340	1345
Average Year Built	1968	1970	1966	1970
Average Sale Price	\$42,802	\$59,789	\$57,439	\$58,833
Avg. Dollars/Sq. Ft.	\$34.06	\$42.91	\$40.27	\$43.51

This table summarizes all information shown in the previous individual bedroom charts. This list does not intend to include every sale in the area, but does give a good representation of sale price trends for resales in the Stilwell area. The average sale price per square foot has increased moderately since 1998. The total sale price average has remained fairly level during this same period. It is apparent that single-family housing is relatively inexpensive in Stilwell and typically old.

The table below displays all previous information by number of bedrooms. It is apparent from the above information that the market prefers 3 bedroom homes. Since 1997, over 65% of all sales were 3 bedroom homes, and 2 and 3 bedroom homes account for over 80% of homes sold in each year surveyed.

<b>Stilwell Home Sales 1998 - 2001</b>						
<i>Source: Oklahoma Appraisal &amp; Assessment Database</i>						
<b>Year</b>	<b>Bedrooms</b>	<b>#</b>	<b>Square Feet</b>	<b>Year Built</b>	<b>Sale Price</b>	<b>Price/Square Foot</b>
1998	2	36	822	1958	\$26,819	\$32.70
1999	2	31	912	1962	\$32,961	\$39.52
2000	2	30	940	1956	\$26,443	\$29.13
2001	2	19	968	1963	\$40,079	\$42.42
1998	3	98	1279	1968	\$41,080	\$31.68
1999	3	118	1250	1966	\$49,375	\$39.02
2000	3	107	1359	1967	\$48,049	\$34.77
2001	3	84	1227	1967	\$51,719	\$41.17
1998	4	25	1837	1970	\$60,507	\$37.80
1999	4	30	1963	1981	\$97,030	\$50.18
2000	4	20	1720	1976	\$97,825	\$56.90
2001	4	15	1841	1981	\$84,700	\$46.95

The average sale price of a resale in Stilwell was \$54,716 through October, 2001. Previous building permit information indicated new home prices around \$70,000. Both of these markets appear stable and somewhat active. Assuming interest rates remain close to current levels, the Stilwell single-family market is expected to remain stable. The following table presents a summary of all previous data displayed annually.

<b>Stilwell Home Sales 1998 - 2001</b>						
<i>Source: Oklahoma Appraisal &amp; Assessment Database</i>						
<b>Year</b>	<b>Bedrooms</b>	<b>#</b>	<b>Square Feet</b>	<b>Year Built</b>	<b>Sale Price</b>	<b>Price/Square Foot</b>
1998	2	36	822	1958	\$26,819	\$32.70
1998	3	98	1279	1968	\$41,080	\$31.68
1998	4	25	1837	1970	\$60,507	\$37.80
1998	All	159	1313	1965	\$42,802	\$34.06
1999	2	31	912	1962	\$32,961	\$39.52
1999	3	118	1250	1966	\$49,375	\$39.02
1999	4	30	1963	1981	\$97,030	\$50.18
1999	All	179	1375	1970	\$59,789	\$42.91
2000	2	30	940	1956	\$26,443	\$29.13
2000	3	107	1359	1967	\$48,049	\$34.77
2000	4	20	1720	1976	\$97,825	\$56.90
2000	All	157	1340	1966	\$57,439	\$40.27
2001	2	19	968	1963	\$40,079	\$42.42
2001	3	84	1227	1967	\$51,719	\$41.17
2001	4	15	1841	1981	\$84,700	\$46.95
2001	All	118	1345	1970	\$58,833	\$43.51

Several market conclusions can be drawn from the previous table. Overall the Stilwell single-family market is active and healthy. The number of units sold surged in 1999 but has remained relatively

level since that time. The average sale price increased considerably in 1999 and has remained just below that price. The stability of the sale price gives a good indication of the level nature of the market and the relatively uniform product. According to a realtor in Stilwell, in recent years the sale price of most homes is, on average, 95% of the list price, if not higher. This also reflects a healthy market.

The average size has been close to 1,300 square feet and the resulting price per square foot indication has ranged from \$31 to \$41 per square foot. However, it is interesting to note that the 1999 price per square foot indication was above both the preceding and following years. The average list term is lengthy compared to other active markets and larger metropolitan areas. However, sellers are obviously comfortable waiting for buyers that are willing to pay close to list price. The average age of the homes sold is about 35 years. This reflects the lack of new product traded in the city.

The average sale price of a resale in Stilwell was \$58,833 in 2001. Previous building permit information indicated new home prices around \$110,000. The new homes are obviously custom-built for a particular buyer. The resales reflect a market with too few listings featuring the desired features and amenities of the majority of buyers in a price range they can afford. It is the opinion of this analyst that many buyers would require minimum down-payments with low monthly payments for ownership to be likely.

The above information involves primarily existing housing stock, as custom homes are not typically listed on the market. Assuming interest rates remain close to current levels, the Stilwell single-family market is expected to remain stable. However, as resale and new home prices escalate, an expanding segment of the lower income population will be excluded from home ownership.

### **Stilwell Rental Data**

The following table shows rents for apartment complexes in Stilwell. These complexes are located throughout the city and are in various stages of condition. This table is included to give the reader a better understanding of the availability and cost of rental housing in the city.

One Bedroom Units							
Complex	Year Built	# of Units	Vacancy %	Baths	SquareFeet	Rent	Rent/SF
Candle Ridge Apartments	1994	20	0	1	644	250	\$0.39
Hickory Village	1981	24	0.0%	1	700	444	\$0.63
Rolling Hills Phase I	1971	4	12.50%	1	600	260	\$0.43
Rolling Hills Phase I	1971	22	12.50%	1	650	298	\$0.46
Rolling Hills Phase II	1979	10	12.50%	1	650	298	\$0.46
Rolling Hills Phase III	1983	6	12.5%	1	650	298	\$0.46
Skywood Apartments I	1998	12	0	1	680	295	\$0.43
Skywood Apartments Phase II	1990	8	0	1	600	304	\$0.51
Skywood Apartments Phase III	1993	8	0	1	600	410	\$0.68
Stilwell Senior Housing	2002	38	100%	1		275	NA

Two Bedroom Units							
Complex	Year Built	# of Units	Vacancy %	Baths	SquareFeet	Rent	Rent/SF
Candle Ridge Apartments	1994	4	0	1	797	280	\$0.35
Hickory Village	1981	8	0	1	800	490	\$0.61
Rolling Hills Apartments I	1971	6	12.5%	1	700	372	\$0.53
Rolling Hills Phase II	1979	6	12.5%	1	750	372	\$0.50
Rolling Hills Phase III	1983	10	12.5%	1	750	372	\$0.50
Skywood Apartments I	1998	28	0	1	800	352	\$0.44
Skywood Apartments Phase II	1990	28	0	1	750	372	\$0.50
Stilwell Senior Housing	2002	2	100%	1		300	NA

Three Bedroom Units							
Complex	Year Built	# of Units	Vacancy %	Baths	SquareFeet	Rent	Rent/SF
Rolling Hills Apartments I	1971	4	12.5%	1	900	495	\$0.55
Rolling Hills Phase II	1979	8	12.5%	1	1000	495	\$0.50
Rolling Hills Phase III	1983	4	12.5%	1	1000	495	\$0.50
Skywood Apartments I	1998	8	0	2	900	419	\$0.47
Skywood Apartments Phase II	1990	16	0	1	1000	415	\$0.42
Skywood Apartments Phase III	1993	8	0	1	750	460	\$0.61

The previous survey includes the only significant apartment complexes located in Stilwell. The complexes range in condition and quality from fair to good. 140 units in two apartment complexes have been built since 1990, and are therefore in good condition. Most others appear to have had at least an average maintenance program. Project amenities are minimal. Some of the complexes have additional amenities such as washer/dryer hookups. In each case the tenant is responsible for partial utility payments.

Virtually all apartments in Stillwell are subsidized in some form to provide affordable housing. Hickory Village is a HUD project based Section 8 developments where rent is based on income of the tenant. Candle Ridge Apartments, and Skywood Apartments I, II and III are within the federal

tax credit program and lease units to tenants that make below a defined income limit. However, the unit rent is fixed based on area median income levels. Skywood also has some units which lease to market rate tenants without any income qualification.

Concessions such as free rent or no deposit are not evident in the apartment market. These inducements appear only sporadically at individual complexes to induce leasing activity in a particular unit type. All of the property managers stated that they typically remain full with occasional unit rollover. Hickory Village was built in 1981. The tax credit apartments were built in the 1990's. Even with a new tax credit development for elderly and disabled citizens, the area should continue to show good occupancy support due to shortage of affordable housing.

Based on the number of units identified as rentals by the 2000 Census, (669) it is reasonable to assume that a significant number of single family residences are rentals as well as smaller complexes (under 20 units) not surveyed by this analyst. Stable occupancy and lack of new product indicates some demand for new multifamily development. However, due to the low average income level, the relatively inexpensive single-family home cost, and the lack of population growth, only a few affordable units could be supported without causing declining occupancy at the existing developments.

### **Market Vacancy**

With the exception of Rolling Hills, which reported a great number of vacancies due to evictions prior to being surveyed, the developments outlined previously report occupancy levels typically above 95%. These occupancy levels are typical of well-maintained and poorly maintained properties alike. The ability of older, physically deteriorating facilities to maintain high occupancy levels reflects the lack of reasonably priced alternatives in the Stilwell market. The overall market vacancy of total housing units was reported at 11.5% by the 2000 U.S. Census. A portion of this percentage is attributable to single family residences, which are typically owner occupied. The 2000 U.S. Census indicates the rental vacancy rate at 9.8%.

As noted above, the majority of complexes in Stilwell report occupancy levels above 95%. Although this analyst's survey does not include all rental units in Stilwell, it represents a reasonable market sample of available units. It is the opinion of this analyst that the overall vacancy rates have increased as older homes offered as rentals become unsuitable and new housing is added. Furthermore, the overall vacancy rate will increase slightly after the completion of the Stilwell Senior Housing Project in 2003. It is also obvious that a limited number of new moderately priced well managed apartment units could be absorbed and not have a significant negative impact on existing properties.

### **Infill Lot Inventory**

The city of Stilwell does not maintain an inventory of infill lots, however the Adair County Assessor was able to provide its list of about nine county-owned lots within the city limits of Stilwell. This listing does not include privately owned lots that are vacant or occupied by vacant deteriorated housing. Vacant lots of this nature are available, especially in older areas, and in underdeveloped subdivisions. Infill lots have all services provided and typically are relatively inexpensive; therefore they are a good source for affordable housing. It is the recommendation of this report, that the city of Stilwell produce an inventory of infill lots.

### **Substandard Housing**

The city of Stilwell does not have an inventory of substandard housing. HUD defines substandard housing as residences with incomplete kitchen or plumbing facilities. Although the 2000 census information regarding this issue is not yet available, the 1990 census for Stilwell identified 8 housing units lacking complete kitchen facilities and 6 units lacking complete plumbing facilities. Additionally, 84 housing units are heated by wood. This also is considered to be a substandard item. It is apparent that approximately 85 units in Stilwell were considered substandard in 1990. It is reasonable to assume that this number has remained relatively level as units have been demolished and other units have fallen in disrepair.

<b>Substandard Housing in Adair County</b>							
<i>Source: U.S. Census Bureau</i>							
	Total Housing Units	Use Wood for Fuel		Inadequate Kitchen		Inadequate Plumbing	
		Number	Percent	Number	Percent	Number	Percent
Stilwell	1,103	84	7.62%	8	0.73%	6	0.54%
County Total	7,124	2472	34.70%	147	2.06%	128	1.80%

## Anticipated Future Demand

Future demand for housing units in Adair County can be estimated from population and household growth. Population estimates are based on known factors such as noted increases in the city employment base and indications from demographic services. Claritas Marketing Systems and the Stilwell Chamber of Commerce estimate demographic information. Where available, actual census information has been relied upon. The estimates of changes in households and population were presented in a previous section of this report. The anticipated future demand is estimated for Adair County as a whole and the City of Stilwell. The calculations are shown in the following tables.

### Adair County Demand

The increase in population in Adair County between 1990 and 2000 represents 14.21 % increase or a 1.42 % annual compounded increase in population. Estimated increases from 2001 to 2006 indicate growth at a slower rate. Claritas has estimated the compounded growth of households at 5.25 % from 2001 to 2006. These slightly lower increases, as compared to population changes, are due to the increasing size of the average number of persons per household and an anticipated economic slowdown. These estimates are provided by Claritas Marketing Systems, a national demographics trend analysis firm.

According to the 2000 Census, the percentage of renter households was estimated at 26.6 % with owner households estimated at 73.4 % of the total county population. The estimated number of additional units needed to service increasing demand can be estimated by applying this percentage to the anticipated growth in households. It should be noted that this is an estimate of rental and owner requirements and should be relied upon only as a guideline for possible new demand. The calculations are shown below. Household size tends to remain fairly constant and is estimated for this analysis at 2.76 persons per household. The population increases are estimated at 1.0 % annually which is less than the percentage growth estimate from 1990 to 2000, but reasonable based on current economic considerations.

<b>Anticipated Future Housing Demand in Adair County</b>						
Year	2000	2001	2002	2003	2004	2005
Population Estimates	21,038	21,248	21,461	21,675	21,892	22,111
Average Household Size	2.76	2.76	2.76	2.76	2.76	2.76
Household Estimates	7,300	7,699	7,776	7,853	7,932	8,011
Owner %	5,358	5,651	5,707	5,764	5,822	5,880
Rental %	1,942	2,048	2,068	2,089	2,110	2,131
<b>Total New Owner Households</b>						<b>522</b>
<b>Total New Rental Households</b>						<b>189</b>

The previous table reflects a necessary addition of 189 rental units and 522 ownership units in Adair County during the next five years. This is based on anticipated changes in county population. The new owner households represent about 104 per year. Approximately 30 rental units have been added to the Stilwell market over the past 5 years.

### **Stilwell Anticipated Demand**

The increase in population in Stilwell between 1990 and 2000 represents 23 % increase or a 2.3 % annual compounded increase in population. Estimated increases from 2001 to 2006 indicate growth at a slower rate. Claritas has estimated the compounded growth of households at 3.09 % from 2001 to 2006. However, it is the opinion of this analyst, based on the existing patterns of employment and continued, steady growth, that the rate will be slightly higher than estimated by Claritas Marketing Systems, which is a national demographic trend firm.

The percentage of renter households was estimated at 52.7 % with owner households estimated at 47.3 % of the total city population. The estimated number of additional units needed to service increasing demand can be estimated by applying this percentage to the anticipated growth in households. It should be noted that this is an estimate of rental and owner requirements and should be relied upon only as a guideline for possible new demand. The calculations are shown below. Household size tends to remain fairly constant and is estimated for this analysis at 2.49 persons per household. The population increases are estimated at 1.5 % annually, which is less than the percentage growth estimate from 1990 to 2000, but above the Claritas estimate, which appears low. However, it is reasonable to assume some moderation in growth based on the cyclical nature of regional economies.

<b>Anticipated Future Housing Demand in Stilwell</b>						
Year	2000	2001	2002	2003	2004	2005
Population Estimates	3,276	3,325	3,375	3,426	3,477	3,529
Average Household Size	2.49	2.49	2.49	2.49	2.49	2.49
Household Estimates	1,316	1,335	1,355	1,376	1,396	1,417
Owner %	622	632	641	651	660	670
Rental %	693	704	714	725	736	747
<b>Total New Owner Households</b>						<b>48</b>
<b>Total New Rental Households</b>						<b>54</b>

The previous table reflects a necessary addition 54 rental units and 48 ownership units in the city of Stilwell during the next five years. This is based on anticipated changes in city population. The new owner households represent about 9 per year and new rental households represent 11 per year. It must be noted that the previous analyses reflect only the city of Stilwell. It is reasonable to assume that the majority of these units were constructed for owner occupancy.

## Summary and Conclusions

The previous analysis has attempted to describe the state of the residential housing market in Adair County, Oklahoma. Where possible, information regarding the population centers of the county was included to assess need on a community level. Much of the information is based on demographic information from local authorities and national information services. However, personal interviews were performed with property the owners and managers, real estate professionals, and community officials in an effort to substantiate information from the national organizations and understand current market conditions. Several important issues regarding housing have become apparent through this analysis and are identified below.

Adair County has undergone significant growth during the past several years in population and economy. This growth is due to net natural growth and the gradual addition of new jobs by major employers in the area. This population growth resulted in serious strains on the area housing market. Since 1990, several new apartment complexes have been developed and expanded in Stilwell. The single-family market has also seen moderate levels of new housing and a constant turnover of existing homes. However, it is apparent that the majority of new housing is relatively high priced, rather than entry level.

The county population increased 14.2% from 1990 to 2000 and the City of Stilwell had an increase of 23%. However, it is also the opinion of this analyst that the rate of growth will slow moderately over the next 5 years. Also, as new housing becomes available, people working alongside Adair county residents may choose to live there. It is apparent that a significant number of area employees commute to work from surrounding counties and Arkansas. Additionally, the strong overall economy of the Stilwell area is spurring new development with new employment. Considering these factors, economic and population growth should continue, but at a slower rate than that of the past several years.

Available 2,000 U.S. Census information reflected approximately 8,348 housing units in the county. This is an increase of over 1224 housing units since 1990 that indicates a percentage increase of approximately 17.18%. Based on available building permit information, the number of new single-family residences has been increasing at a rate of approximately .3% for the past several years in Stilwell. The majority of these homes are “custom” built for a specific buyer. This is reflected by the average new home price of approximately \$110,000 year 2000 (including land and builders profit). Existing single-family homes have sold for close to \$50,000 in 2000. The median home value in the county in 1990 was estimated at \$30,200. This increased to \$44,315 in 2001, a 46.74% increase. This is based on Claritas estimates. Actual year 2,000 census data is not yet available for the average home value. However is apparent that values across the county have increased significantly for new and resale property. While significant new development has occurred, it is apparent that moderately priced housing marketed towards households at or below the median income level, does not reflect a large percentage of these new homes.

The 2,001 median household income for Adair County was estimated at \$25,432. Typical mortgage requirements would allow a homeowner with this income a monthly payment of approximately \$600

per month (excluding real estate tax or property insurance). This would justify a mortgage, based on current available terms, of approximately \$75,000. These estimates justify much of the new county residential development. However, approximately 49.2% of the county households have an income below \$25,000 annually and 66% make less than \$35,000 annually. These households could afford a significantly lower monthly living cost and based on the average new home cost may not have easy access to new single-family home ownership. It is also important to note that although the family may be able to afford the monthly mortgage payment, a significant down payment would also be required to afford a house that costs well above \$100,000.

The 2000 U.S. census information estimated owner occupied housing vacancy in Adair County at 2.4% and a rental vacancy rate of 10.7%. 73.4% of the housing units owner occupied and the remainder (26.6%) were renter occupied. Current surveys by this analyst revealed occupancy levels of rental and owner property at well over 95%, with the exception of Rolling Hills in Stilwell. Virtually all property managers and real estate professionals noted very little vacancy in rental units throughout the county.

While some areas have rental developments under construction, it is apparent from building permit information that new multifamily housing development has been limited for several years. This is due to the cost ineffectiveness of development. New multifamily housing development costs in Tulsa recently are \$65 to \$75 per square foot of living area or \$65,000 to \$75,000 per unit. Rental rates of at least \$.80/SF per month are required to financially justify new multifamily construction. This indicates \$520/month for a typical one bedroom unit (650 SF) and \$680/month for a typical 2 bedroom unit (850 SF). These costs assume that the tenant is responsible for partial utility payment. It is reasonable to assume that new multifamily development in Adair County could be accomplished for significantly less cost due to cheaper land costs and by reducing property amenities. However, current market rental rates for apartments in Adair County range around \$250-\$350 for one bedrooms and \$350 to \$450 for two bedroom units.

The disparity between market rent and cost effective development rent is significant. The gap between current market rent and rents required to make development financially feasible should continue to close due to constant strong demand for rental units. Median income levels suggest that a portion of the population could afford the higher rental rates that support development. However, as with single family ownership development, a large percentage of the population would be excluded from new multifamily housing based on cost required rents. This indicates that in order for multifamily development to be economically feasible, developers must receive some financial incentive to build.

In summary, it is apparent that new housing in several categories is required in Adair County. While the upper end of the market is being satisfied, the lower end of the population, which requires rental and moderate cost ownership property, has a limited product available. Demand for rental housing is currently strong. As the population continues to grow, this demand will continue to increase. It is the opinion of this analyst that a need exists for rental housing in affordable price ranges. Additionally, single-family ownership property is needed in the price ranges typically below \$75,000.

## **CERTIFICATION**

We, Owen S. Ard, MAI, and Karen Hinds, Analyst hereby certify that to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report, and have no personal interest or bias with respect to the parties involved.
4. Our compensation is not contingent upon the reporting of a predetermined opinion or opinion that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event.
5. The analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Analysis Practice.
6. No one provided significant professional assistance to the person signing this report.
7. As of the date of this report, Owen S. Ard has completed the requirements of the continuing education program of the Analysis Institute.
8. Neither the current or future employment and/or compensation of the analysts is contingent upon a specific opinion or an opinion in a direction that favors the cause of the client, of the occurrence of a subsequent event.
9. This report may be reviewed by duly authorized committees of the Analysis Institute.
10. Integra Realty Resources-Tulsa has analyzed commercial real estate for 20 years. The company has diligently completed assignments covering all types of property and analysis. The attached qualifications are further evidence of competency, and reflect an ability to proficiently analyze the subject property.

Housing Market Analysis  
Adair County, Oklahoma

Karen Hinds  
Data Analyst

Owen S. Ard, MAI  
Market Analyst

This is certified copy #\_\_ of the original report. The analyst does not warrant the validity of the certification without the original seal and his signature hereon.

## **PART IV: ADDENDA**

# **ANALYST QUALIFICATIONS**

## QUALIFICATIONS OF ANALYST

<p><b>EXPERIENCE:</b></p>	<p>Principal of <b>Integra Realty Resources - Tulsa</b>, a full service valuation and consulting firm. Actively engaged in real estate valuation and consulting assignments since the 1984, Mr. Ard has performed appraisal services consisting of narrative and summary real estate appraisals, ad valorem tax protests, consulting, litigation support services, market and feasibility studies, reviews, market study analyses and appraisals in connection with allocation of tax credits, brokerage services for commercial and residential transactions, property management, and expert litigation testimony. All types of real property are encompassed - apartments, ranches, theaters, hotel/motel, multi-purpose and resort properties, golf courses, high-rise and garden office buildings, manufacturing facilities, warehousing and distribution centers, nursing homes, assisted living facilities, banks, shopping centers and malls, residential subdivisions, industrial parks, and sports arenas. Valuations and market studies have been prepared on proposed, partially completed, renovated and existing structures. Appraisals have been made for condemnation purposes, estates, mortgage financing, equity participation and due diligence support. Clients served include corporations, law firms, financial institutions, investment firms and public/private agencies.</p>
<p><b>PROFESSIONAL ACTIVITIES:</b></p>	<p>Member: Appraisal Institute (MAI No. 9148)          Member: Central Oklahoma Chapter, Appraisal Institute (Past Chapter President)          Licensed: Oklahoma General Appraiser License No. 11245          Arkansas Certified Appraiser No. G-1301          Licensed: Oklahoma Real Estate License No. 122483          Member: National Association of Realtors          Member: Urban Land Institute          Member: Appraisal Institute National Committees Demonstration Reports Grading Subcommittee (1992- Present)</p>
<p><b>EDUCATION:</b></p>	<p>B.S.B.A. Degree, Marketing, University of Tulsa, Tulsa, Oklahoma (1984)          Successfully completed numerous real estate related courses and seminars sponsored by the Appraisal Institute, accredited universities and others.          Currently certified by the Appraisal Institute's voluntary program of continuing education for its designated members.</p>
<p><b>QUALIFIED BEFORE COURTS AND ADMINISTRATIVE BODIES:</b></p>	<p>District Court of Tulsa County, Oklahoma          Tulsa County Board of Equalization          Kansas Board of Tax Appeals          United States Federal Bankruptcy Court, Tulsa, Oklahoma</p>