


2019

TULSA

ECONOMIC PROFILE



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2019 ECONOMIC **PROFILE**

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2018 ECONOMIC SUMMARY WITH FORECASTS FOR 2019-2023

The Tulsa MSA comprises seven counties: Creek, Okmulgee, Osage, Pawnee, Rogers, Tulsa and Wagoner, whose aggregate population is estimated to be 995,747 or 25.3 percent of the population of the state of Oklahoma. The gross product or value of all goods and services produced in the seven-county MSA is estimated to be \$58.7 billion (2009 dollars), or 33.4 percent of the Oklahoma economy.



Tulsa's major industries are aerospace, including aerospace manufacturing and aviation; health care; energy; machinery; and transportation, distribution and logistics. Several clusters, or groups of companies within industries that buy or sell to each other in the manufacture of goods for export from the area, have disproportionately large concentrations of employment relative to the U.S. concentrations and are positioned to grow within the Tulsa MSA: Aerospace parts manufacturing is 3.4 times more concentrated in the Tulsa MSA than in the U.S.; and oil and gas production and machinery manufacturing, which is 9.5 times more concentrated,

accounts for 1.8 percent of highly productive employment, which produces 11.2 percent of Tulsa's gross regional product. Tulsa's concentration of fabricated metal product manufacturing is 2.8 times the U.S. concentration, but its heat-exchanger manufacturing sub-cluster is 58.7 times more concentrated than at the U.S. level. General qualities that attract new companies to grow these clusters and others to Tulsa are a sound infrastructure, a cost of doing business that is 11 percent below the U.S. average and a cost of living that is eight percent below the U.S. average. The strong concentrations of employment in these Tulsa-area clusters

indicate that the Tulsa-area clusters are important to their respective industries nationwide and that they absolutely are important locally.

Tulsa's infrastructure for business includes the Tulsa Port of Catoosa, an inland port that makes bulk shipping to and from coastal ports accessible and economical, and two central networks for broadband interconnect. Plugging Tulsa's target producing and service sectors into Tulsa's formidable infrastructure requires a quality work force, and Tulsa's work force is known and paid for its productivity.

In 2018 Tulsa-area employment rose by 11,360 jobs, or 2.5 percent, as oil prices steadily rose most of the year and manufacturing grew nearly twice as fast as overall employment, at 4.7 percent.

In 2018, Tulsa-area employment grew 39 percent faster than the state and 47 percent faster than U.S. employment. Tulsa real gross product grew 6.9 percent, while Oklahoma and the U.S. grew at 4.4 percent and 2.9 percent, respectively. The Tulsa Regional Chamber was able to announce 5,089 jobs in new and expanding industries in 2018, growing 3.9 percent over 2017 and surpassing growth of 2.5 percent in non-farm employment in the Tulsa MSA. Because Tulsa's cost of doing business is 11 percent under the U.S. average due to low rent, energy costs and taxes, Tulsa in 2019 will remain a prime location for industry prospects looking to relocate or expand at a steady pace. In 2019, Tulsa's gross product of goods and services should grow 7.0 percent to \$62.8 billion. After growing 2.5 percent in 2018, employment in 2019 will grow more slowly at 1.9 percent as trade-policy issues dominate the news.



GROSS PRODUCT

Tulsa MSA gross product, the value of all goods and services produced in Tulsa, is estimated to have been \$58.7 billion (adjusted for inflation) in 2018, up 6.9 percent from 2017. Tulsa's concentration in energy oil-related manufacturing relative to the state is reflected in faster growth than the state with the recovery of oil prices, whereas the state's production of goods and services grew 4.4 percent. Oklahoma's 4.4 percent growth was still attributable to the recovery in oil and gas prices and activity, and the state grew 50 percent faster than the U.S., whose gross-product growth was 2.9 percent.

GROSS METRO PRODUCT

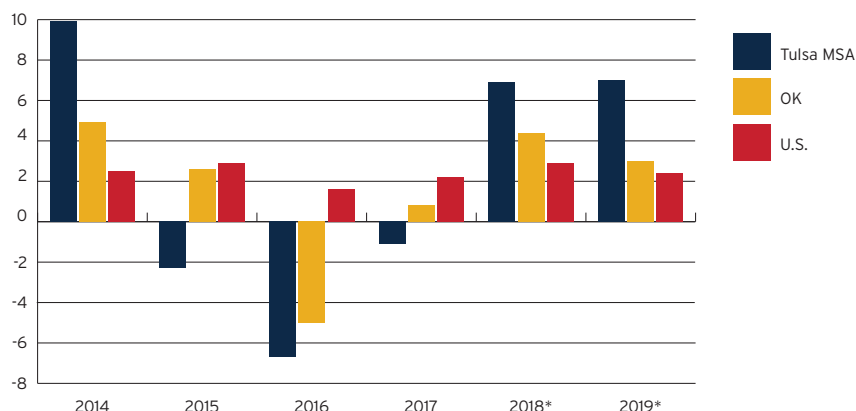
YEAR	TULSA MSA	ANNUAL GROWTH	OK	ANNUAL GROWTH	U.S.	ANNUAL GROWTH
2011	\$48,186,400,000	12.7%	\$149,055,000,000	4.9%	\$15,840,664,250,000	1.6%
2012	\$51,827,900,000	7.6%	\$157,405,000,000	5.6%	\$16,197,007,500,000	2.2%
2013	\$55,414,400,000	6.9%	\$163,608,000,000	3.9%	\$16,495,369,500,000	1.8%
2014	\$60,884,600,000	9.9%	\$171,559,000,000	4.9%	\$16,899,831,000,000	2.5%
2015	\$59,496,900,000	-2.3%	\$176,069,000,000	2.6%	\$17,386,700,000,000	2.9%
2016	\$55,534,300,000	-6.7%	\$167,287,000,000	-5.0%	\$17,659,187,500,000	1.6%
2017	\$54,920,600,000	-1.1%	\$168,667,000,000	0.8%	\$18,050,693,500,000	2.2%
*2018	\$58,705,410,000	6.9%	\$176,005,900,000	4.4%	\$18,569,153,000,000	2.9%

*2018 value is estimated.

GROSS PRODUCT PROJECTIONS

In 2019, Tulsa's gross product should grow 7.0 percent with stable oil prices close to \$60 and strong growth in energy employment. The state economy is tied not only to oil and gas, but a somewhat depressed agriculture sector and will grow 3.0 percent in 2019. The U.S. economy should grow 2.4 percent in 2019. Gross metro product for Tulsa will grow steadily after 2018, with average growth of 3.9 percent over the five-year period ending 2023, surpassing growth in the state and nation.

GROSS PRODUCT GROWTH RATES
2014-2017, FORECAST 2018, 2019



*Forecasted values.

Sources: Bureau of Economic Analysis, OSU Center for Applied Economic Research.

PROJECTIONS

YEAR	TULSA MSA	ANNUAL GROWTH	OK	ANNUAL GROWTH	U.S.	ANNUAL GROWTH
2018	\$58,705,410,000	6.9%	\$176,005,900,000	4.4%	\$18,569,153,000,000	2.9%
2019	\$62,798,670,000	7.0%	\$181,303,800,000	3.0%	\$19,013,952,500,000	2.4%
2019-2023		3.9%		2.6%		1.8%

Sources: Bureau of Economic Analysis, OSU Center for Applied Economic Research.

WAGE AND SALARY EMPLOYMENT

Wage and salary employment in the seven-county Tulsa MSA grew 2.5 percent in 2018, to 446,038, a growth rate about 40 percent higher than the state's growth. U.S. employment grew 1.7 percent. Employment in oil- and gas-related sectors rose as oil prices firmed and remained relatively stable. Interrelationships of oil and gas sectors among other business services pulled up business and professional services, and a stable dollar throughout 2018 had no ill effect for Tulsa capital goods exported globally, including aerospace.

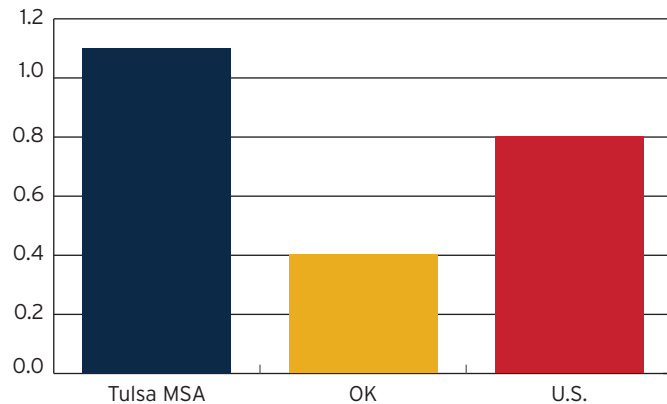
TOTAL WAGE & SALARY EMPLOYMENT

YEAR	TULSA MSA	ANNUAL GROWTH	OK	ANNUAL GROWTH	U.S.	ANNUAL GROWTH
2012	425,219	2.3%	1,614,057	2.3%	134,173,667	1.7%
2013	432,297	1.7%	1,635,236	1.3%	136,373,667	1.6%
2014	440,563	1.9%	1,656,411	1.3%	138,941,000	1.9%
2015	447,607	1.6%	1,667,926	0.7%	141,826,250	2.1%
2016	445,958	-0.4%	1,653,376	-0.9%	144,347,917	1.8%
2017	448,670	0.6%	1,661,945	0.5%	146,610,833	1.6%
2018	460,038	2.5%	1,692,025	1.8%	149,064,075	1.7%

WAGE AND SALARY PROJECTIONS

Oil prices for the 12 months ended October 2018 grew over 50 percent before declining 35 percent through the end of 2018. A \$60 oil price, up 25 percent higher from the December 2018 low, will support growth of 1.9 percent in Tulsa employment in 2019. A firming dollar in 2019 may constrain growth in employment in Tulsa and the state. Tulsa employment will grow twice the rate for the state of Oklahoma and will match the U.S. In the five years 2019-2023, Tulsa-area employment is expected to grow at an average annual rate of 1.1 percent. Over the five-year forecast period, Tulsa employment will grow faster than Oklahoma and the nation, whose employment will grow 0.4 percent and 0.8 percent, respectively.

WAGE & SALARY EMPLOYMENT AVERAGE ANNUAL GROWTH PROJECTIONS, 2019-2023



Sources: Bureau of Economic Analysis, OSU Center for Applied Economic Research, Tulsa Regional Chamber.

PROJECTIONS

YEAR	TULSA MSA	ANNUAL GROWTH	OK	ANNUAL GROWTH	U.S.	ANNUAL GROWTH
2018	460,038	2.5%	1,692,025	1.8%	149,064,075	1.7%
2019	468,617	1.9%	1,706,226	0.8%	151,526,200	1.7%
2019-2023		1.1%		0.4%		0.8%

Sources: Bureau of Economic Analysis, OSU Center for Applied Economic Research.

INDUSTRY MIX EMPLOYMENT

In the five-year period ended with 2018, all sectors in the Tulsa economy but mining, manufacturing, information and air transportation showed positive average annual growth. The highest growth occurred in the broader transportation/warehousing sector and the leisure & hospitality sector with 3.7 percent and 3.4 percent annual average growth, respectively. Tulsa's target sectors of mining, manufacturing, transportation, business & professional service, and health services (with education) aggregately gained 5,970 jobs, or 53 percent of all jobs gained in 2018.

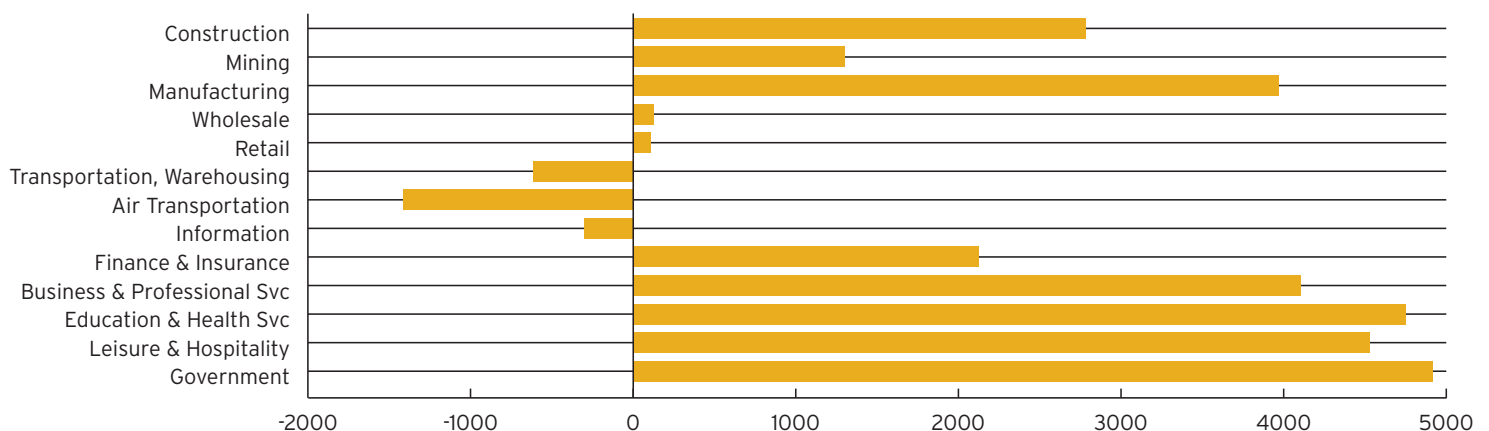
TULSA MSA GROWTH IN EMPLOYMENT (THOUSANDS) BY INDUSTRY, 2014-2018 FORECASTED GROWTH 2019-2023

	2013	2018	ANNUAL GROWTH 2014-2018	2023	ANNUAL GROWTH 2019-2023
CONSTRUCTION	21.59	23.63	1.8%	26.41	2.3%
MINING	7.85	6.97	-2.4%	8.27	3.5%
MANUFACTURING	50.37	48.46	-0.8%	52.43	1.6%
WHOLESALE	15.54	17.00	1.8%	17.13	0.2%
RETAIL	46.88	49.95	1.3%	53.37	1.3%
TRANSPORTATION, WAREHOUSING	16.71	20.01	3.7%	20.12	0.1%
AIR TRANSPORTATION	7.10	5.46	-4.3%	4.85	-2.3%
INFORMATION	7.78	6.85	-2.5%	5.43	-4.5%
FINANCE & INSURANCE	22.87	23.15	0.2%	22.85	-0.3%
BUSINESS & PROFESSIONAL SVC	57.47	61.73	1.4%	63.85	0.7%
EDUCATION & HEALTH SVC	67.94	72.09	1.2%	76.19	1.1%
LEISURE & HOSPITALITY	39.40	46.57	3.4%	51.32	2.0%
GOVERNMENT	57.04	59.41	0.8%	63.94	1.5%

INDUSTRY MIX EMPLOYMENT PROJECTIONS

Through 2023, the target sectors of mining, manufacturing, transportation & warehousing, business & professional services, and education & health services are expected to add 11,600 jobs, growing at an average annual rate of 1.1 percent. These new target-sector jobs will account for 46 percent of 25,510 jobs to be added across all sectors of the Tulsa-area economy through 2023.

JOB GROWTH BY INDUSTRY, TULSA MSA 2019 THROUGH 2023



Source: Bureau of Labor Statistics, OSU Center for Applied Economic Research.

UNEMPLOYMENT

The unemployment rate in the Tulsa region declined from 4.5 percent in 2017 to 3.6 percent in 2018 as the Tulsa-area economy grew, with 11,300 more jobs filled and 8,700 new job-seekers entering the labor force. Of the 11,300 jobs filled, 2,600 of the jobs were filled by previously unemployed Tulsa-area job seekers. The other 8,700 jobs were filled by persons who came from outside the Tulsa area to work or who have lived here and re-entered the workforce. A 3.6 percent unemployment rate in 2018 reflects a tight labor market in which the only job-seekers have either quit a job and are looking for employment, or are unskilled, chronically unemployed. In a tight labor market employers cannot find qualified workers to fill positions. More job training that is targeted specifically to jobs requiring new-technology skills and productivity is needed that will tend to bring full-employment unemployment down from 3.6 percent to levels around 3.3 percent to 3.5 percent in the next five years. Training the unskilled will bring the unemployment rate down. Without the training, the unemployment rate will fall but for the wrong reason—persons will give up looking for work and leave the labor force.

UNEMPLOYMENT RATE

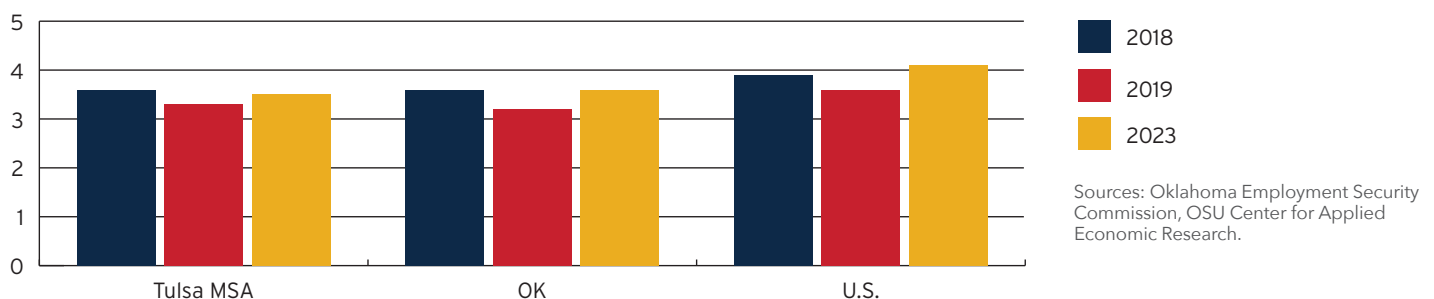
YEAR	TULSA MSA	OK	U.S.
2011	6.2%	5.9%	8.9%
2012	5.3%	5.2%	8.1%
2013	5.3%	5.3%	7.4%
2014	4.5%	4.5%	6.2%
2015	4.4%	4.4%	5.3%
2016	5.0%	4.8%	4.9%
2017	4.5%	4.3%	4.4%
2018	3.6%	3.6%	3.9%
2019*	3.3%	3.2%	3.6%
2020	3.3%	3.3%	3.6%
2021	3.4%	3.4%	3.7%
2022	3.4%	3.5%	3.9%
2023	3.5%	3.6%	4.1%

*2019–2023 Valuesure projections.

UNEMPLOYMENT PROJECTIONS

The Tulsa MSA unemployment rate should average 3.3 percent in 2019, as many sectors show outsized growth such as manufacturing, specifically machinery, aerospace manufacturing and professional & business services. Growth in the labor force participation rate, a measure of the labor force as a percent of working-age population, will be stagnant or slightly down through 2023 as baby boomer retirement continues in large numbers. The labor market is expected to be tight, with job seekers having more difficulty getting jobs than in the last five years. The tight market could be relaxed, even at unemployment rates less than 3.6 percent if Tulsa can retain young workers and strong, intentional technical training takes hold to match work force to jobs.

UNEMPLOYMENT RATE WITH ACTUAL FOR 2018,
FORECASTS FOR 2019, 2023



LABOR FORCE

Labor force is defined as the sum of persons who are 16 years old or older who are working and those persons who are not currently working but who are actively seeking work. The labor force grew by 8,650 working-age persons in 2018, with 3,900 previously unemployed job-seekers getting jobs, all attributable to steady growth in oil price and the recovery and double-digit growth in employment opportunities in the machinery and equipment manufacturing sectors.

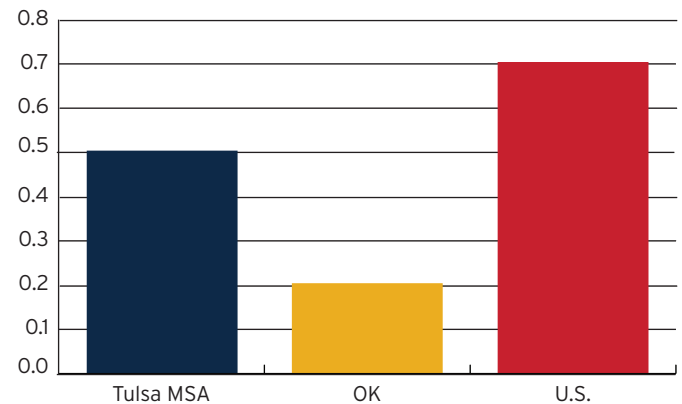
LABOR FORCE

YEAR	TULSA MSA	ANNUAL GROWTH	OK	ANNUAL GROWTH	U.S.	ANNUAL GROWTH
2009	441,369	-0.1%	1,764,450	1.0%	154,188,500	-0.1%
2010	462,861	4.9%	1,768,334	0.2%	153,885,250	-0.2%
2011	458,895	-0.9%	1,772,707	0.2%	153,623,667	-0.2%
2012	466,840	1.7%	1,803,943	1.8%	154,973,833	0.9%
2013	466,807	0.0%	1,802,188	-0.1%	155,397,500	0.3%
2014	465,495	-0.3%	1,796,328	-0.3%	155,920,250	0.3%
2015	475,002	2.0%	1,830,494	1.9%	157,139,750	0.8%
2016	475,795	0.2%	1,829,539	-0.1%	159,196,917	1.3%
2017	478,110	0.5%	1,834,357	0.3%	160,313,583	0.7%
2018	486,757	1.8%	1,853,365	1.0%	162,069,742	1.1%

LABOR FORCE PROJECTIONS

The Tulsa-area labor force in 2019 will grow by only 0.1 percent, or 550 persons. This negligible increase will be accompanied by a decline in the unemployment rate from 3.6 percent to 3.3 percent as job seekers who cannot be matched with the skills requirements of the unfilled positions give up looking for work and leave the labor force. Tight labor market conditions will persist as the need to fill jobs and the difficulty in finding persons with the correct skills continues in the period from 2019 through 2023. The labor force will continue to expand at an annual average rate of 0.5 percent through 2023 as training opportunities grow and more closely match the skills requirements and the Tulsa economy expands from 2019 through 2023. The state labor force will grow at 40 percent of Tulsa's rate, or 0.2 percent.

LABOR FORCE AVERAGE ANNUAL GROWTH PROJECTIONS, 2019-2023



Sources: Oklahoma Employment Security Commission, OSU Center for Applied Economic Research.

PROJECTIONS

YEAR	TULSA MSA	ANNUAL GROWTH	OK	ANNUAL GROWTH	U.S.	ANNUAL GROWTH
2018	486,757	1.8%	1,853,365	1.0%	162,069,742	1.1%
2019	487,305	0.1%	1,838,524	-0.8%	163,654,400	1.0%
2019-2023		0.5%		0.2%		0.7%

Sources: Oklahoma Employment Security Commission, OSU Center for Applied Economic Research.

POPULATION

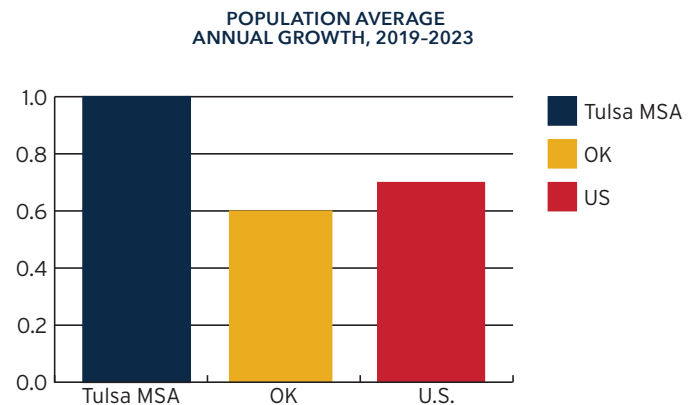
The Tulsa MSA population grew 0.5 percent in 2018 to 995,747, up from 990,706 in 2017. Based on data collected in Population Estimates by the Bureau of the Census, the Tulsa MSA experienced a net out-migration in 2017 (most recent year of reporting) of 467 persons, including international in-migration of 1,949. This is reflected in the tight labor market and successive years of decline in the area unemployment rate. Working-age job seekers have left the Tulsa MSA, unable to match their skills to the requirements of industry.

POPULATION GROWTH

YEAR	TULSA MSA	ANNUAL GROWTH	OK	ANNUAL GROWTH	U.S.	ANNUAL GROWTH
2012	952,199	0.7%	3,818,600	0.8%	314,656,827	0.7%
2013	961,738	1.0%	3,853,205	0.9%	316,882,499	0.7%
2014	969,234	0.8%	3,878,367	0.7%	319,252,338	0.7%
2015	980,208	1.1%	3,909,831	0.8%	321,621,678	0.7%
2016	987,465	0.7%	3,926,769	0.4%	323,960,828	0.7%
2017	990,706	0.3%	3,932,640	0.1%	326,275,125	0.7%
2018	995,747	0.5%	3,943,079	0.3%	328,591,834	0.7%

POPULATION GROWTH PROJECTIONS

Tulsa's population is expected to grow 1.0 percent in 2019. For the five-year forecast period of 2019-2023, the Tulsa MSA population should grow at an average annual rate of 1.0 percent, surpassing the forecasts for 0.6 percent growth for the state and 0.7 percent for the U. S.



Sources: Bureau of the Census, OSU Center for Applied Economic Research, Tulsa Regional Chamber.

PROJECTIONS

YEAR	TULSA MSA	ANNUAL GROWTH	OK	ANNUAL GROWTH	U.S.	ANNUAL GROWTH
2018	995,747	0.5%	3,943,079	0.3%	328,591,834	0.7%
2019	1,006,076	1.0%	3,967,926	0.6%	330,987,392	0.7%
2019-2023		1.0%		0.6%		0.7%

Sources: Bureau of the Census, OSU Center for Applied Economic Research, Tulsa Regional Chamber.

PER CAPITA INCOME

Per capita income in the Tulsa MSA is estimated to have risen 11.1 percent in 2018, after a 7.4 percent gain in 2017. Per capita income in the state grew 3.8 percent and per capita income in the U.S. grew 3.6 percent in 2018. Oil prices grew 29 percent in the first three quarters of 2018, reflecting the strong contribution of non-farm proprietor's income from oil and gas equity owners, which caused the outsized growth in per capita personal income in the Tulsa MSA and Tulsa County relative to the state and U.S. Strong manufacturing growth as measured by employment growth of nearly five percent also contributed.

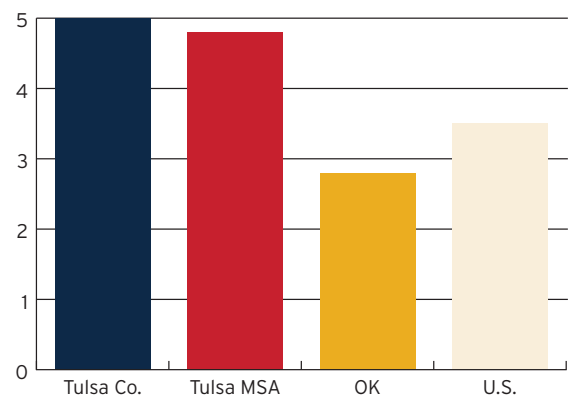
PER CAPITA INCOME

YEAR	TULSA COUNTY	ANNUAL GROWTH	TULSA MSA	ANNUAL GROWTH	OK	ANNUAL GROWTH	U.S.	ANNUAL GROWTH
2009	\$45,139	-18.0%	\$39,973	-14.1%	\$35,347	-8.3%	\$39,322	-4.1%
2010	\$46,839	3.8%	\$41,322	3.4%	\$36,527	3.3%	\$40,236	2.3%
2011	\$53,199	13.6%	\$46,007	11.3%	\$39,014	6.8%	\$42,661	6.0%
2012	\$59,927	12.6%	\$50,913	10.7%	\$41,438	6.2%	\$44,525	4.4%
2013	\$66,695	11.3%	\$55,674	9.4%	\$43,045	3.9%	\$44,752	0.5%
2014	\$71,300	6.9%	\$59,352	6.6%	\$45,477	5.7%	\$46,959	4.9%
2015	\$63,083	-11.5%	\$54,222	-8.6%	\$44,154	-2.9%	\$48,876	4.1%
2016	\$53,984	-14.4%	\$48,256	-11.0%	\$42,047	-4.8%	\$49,775	1.8%
2017	\$58,985	9.3%	\$51,841	7.4%	\$44,356	5.5%	\$51,585	3.6%
2018*	\$67,771	14.9%	\$57,597	11.1%	\$46,055	3.8%	\$53,452	3.6%

PER CAPITA INCOME PROJECTIONS

Per capita income in the Tulsa MSA is expected to grow at 2.7 percent in 2019 and at an average annual rate of 4.8 percent for the five-year period 2019 through 2023. Oil prices should average between \$61 and \$64 in 2019 and slowly rise afterward. Income will grow with employment growth, and employment growth will be attributable to increased business spending as expansion continues, albeit at an appreciably lower level. Growth in Tulsa County and Tulsa MSA income is forecasted to be particularly strong relative to the state and the U.S. This strength is due to a disproportionately large percentage of non-farm proprietor income (energy industry equity ownership) that moves with oil prices and moves more in Tulsa, where much ownership is concentrated, than in the state or the U.S.

PER CAPITA INCOME
AVERAGE ANNUAL GROWTH PROJECTIONS, 2019-2023



Sources: Bureau of Economic Analysis, OSU Center for Applied Economic Research, Tulsa Regional Chamber.

PROJECTIONS

YEAR	TULSA COUNTY	ANNUAL GROWTH	TULSA MSA	ANNUAL GROWTH	OK	ANNUAL GROWTH	U.S.	ANNUAL GROWTH
2018	\$67,771	14.9%	\$57,597	11.1%	\$46,055	3.8%	\$53,452	3.6%
2019	\$69,676	2.8%	\$59,138	2.7%	\$47,206	2.5%	\$55,333	3.5%
2019-2023		5.0%		4.8%		2.8%		3.5%

*2018-2023 values are forecasted.

Sources: Bureau of Economic Analysis, OSU Center for Applied Economic Research, Tulsa Regional Chamber.

AVERAGE WEEKLY EARNINGS IN MANUFACTURING

Average weekly earnings from manufacturing in Tulsa grew 6.2 percent in 2018 to \$872.92, surpassing the state and U.S. growth rates of 3.9 percent and 3.7 percent, respectively. The 6.2 percent growth in average weekly wage for Tulsa-area manufacturing workers in 2018 corresponds to manufacturing employment growth of 4.7 percent in 2018. Weekly wage was supported by a strong recovery in the oil and gas sector.

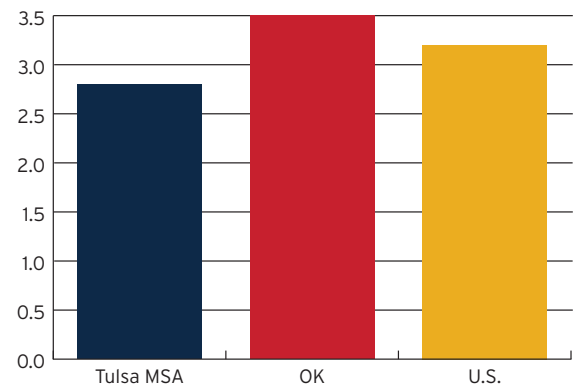
AVERAGE WEEKLY EARNINGS IN MANUFACTURING

YEAR	TULSA MSA	ANNUAL GROWTH	OK	ANNUAL GROWTH	U.S.	ANNUAL GROWTH
2009	\$769.63	6.1%	\$597.96	-1.8%	\$726.46	0.3%
2010	\$768.82	-0.1%	\$604.59	1.1%	\$765.09	5.3%
2011	\$746.01	-3.0%	\$649.78	7.5%	\$784.24	2.5%
2012	\$759.39	1.8%	\$685.81	5.5%	\$794.66	1.3%
2013	\$854.37	12.5%	\$712.60	3.9%	\$807.33	1.6%
2014	\$926.04	8.4%	\$747.93	5.0%	\$821.94	1.8%
2015	\$905.14	-2.3%	\$747.78	0.0%	\$832.21	1.2%
2016	\$824.52	-8.9%	\$750.97	0.4%	\$855.76	2.8%
2017	\$821.99	-0.3%	\$781.18	4.0%	\$876.00	2.4%
2018	\$872.92	6.2%	\$811.72	3.9%	\$907.99	3.7%

AVERAGE WEEKLY EARNINGS IN MANUFACTURING FORECAST

Average weekly earnings in manufacturing in the Tulsa MSA are forecasted to grow by 3.6 percent in 2019 as recovery continues in the oil and gas sector and the U.S. remains relatively stable. Average annual growth through 2023 of 2.8 percent will trail the state and U.S., which are expected to grow 3.5 percent and 3.2 percent, respectively, as growth slows somewhat in energy and energy-related manufacturing.

AVERAGE WEEKLY EARNINGS,
MANUFACTURING AVERAGE ANNUAL
GROWTH PROJECTIONS, 2019-2023



Sources: Oklahoma Employment Security Commission, Oklahoma State University, Tulsa Regional Chamber.

PROJECTIONS

YEAR	TULSA MSA	ANNUAL GROWTH	OK	ANNUAL GROWTH	U.S.	ANNUAL GROWTH
2018	872.92	6.2%	811.72	3.9%	907.99	3.7%
2019	904.18	3.6%	840.85	3.6%	936.36	3.1%
2019-2023		2.8%		3.5%		3.2%

Source: Oklahoma Employment Security Commission, Tulsa Metro Chamber

RETAIL SALES

Rising oil prices and strong, positive employment growth in the Tulsa MSA over regional and statewide economies in 2018 are reflected in increases in retail sales in 2018 of 3.0 percent and 3.9 percent for Tulsa City and the Tulsa MSA, respectively, growing more than twice as fast as in 2017. Growth in retail sales at the state level was 4.2 percent. U.S. retail sales grew 5.0 percent, reflecting a national economy that continued its record-long expansion.

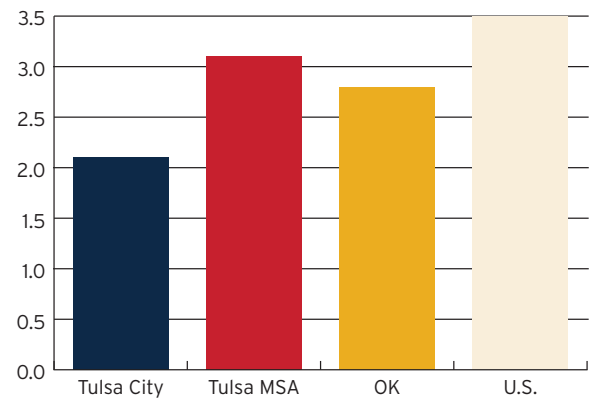
RETAIL SALES

YEAR	TULSA CITY	ANNUAL GROWTH	TULSA MSA	ANNUAL GROWTH	OK	ANNUAL GROWTH	U.S.	ANNUAL GROWTH
2009	\$5,022,151,042	-11.0%	\$8,121,675,236	-10.1%	\$31,221,263,901	-8.9%	\$4,065,536,000,000	-7.2%
2010	\$5,138,218,111	2.3%	\$8,444,641,776	4.0%	\$32,832,756,826	5.2%	\$4,283,718,000,000	5.4%
2011	\$5,477,971,477	6.6%	\$9,069,788,071	7.4%	\$35,571,281,158	8.3%	\$4,597,355,000,000	7.3%
2012	\$5,869,621,253	7.1%	\$9,626,293,880	6.1%	\$38,169,173,339	7.3%	\$4,820,107,000,000	4.8%
2013	\$6,115,670,322	4.2%	\$9,998,202,974	3.9%	\$39,763,425,346	4.2%	\$5,002,299,000,000	3.8%
2014	\$6,205,603,569	1.5%	\$10,298,867,310	3.0%	\$40,778,407,504	2.6%	\$5,210,761,000,000	4.2%
2015	\$6,091,651,955	-1.8%	\$10,019,021,266	-2.7%	\$39,201,286,480	-3.9%	\$5,345,174,000,000	2.6%
2016	\$5,936,504,257	-2.5%	\$9,880,885,970	-1.4%	\$38,325,149,336	-2.2%	\$5,497,944,000,000	2.9%
2017	\$5,995,852,227	1.0%	\$10,113,597,652	2.4%	\$39,415,226,550	2.8%	\$5,758,040,000,000	4.7%
2018	\$6,173,061,428	3.0%	\$10,513,023,052	3.9%	\$41,088,197,216	4.2%	\$6,046,991,666,625	5.0%

RETAIL SALES PROJECTIONS

Retail sales in 2019 in Tulsa City are expected to grow by 2.0 percent from 2018, just under the Tulsa MSA's rate of 2.4 percent. Growth is tempered by slower growth in non-farm employment and steady growth in on-line purchasing by households. Retail sales at the state and U.S. levels will slow from 2018 proportionately with the city and MSA growth. Tulsa MSA retail sales will grow at an average annual rate of 3.1 percent, whereas the growth for city, the state and the U.S. will remain essentially flat over the same period. None of the geographies will average over its growth rate of 2018.

RETAIL SALES AVERAGE ANNUAL GROWTH PROJECTIONS 2019-2023



Sources: Center for Management and Economic Research, OSU Center for Applied Economic Research, Tulsa Regional Chamber.

PROJECTIONS

YEAR	TULSA CITY	ANNUAL GROWTH	TULSA MSA	ANNUAL GROWTH	OK	ANNUAL GROWTH	U.S.	ANNUAL GROWTH
2018	\$6,173,061,428	3.0%	\$10,513,023,052	3.9%	\$41,088,197,216	4.2%	\$6,046,991,666,625	5.0%
2019	\$6,299,334,838	2.0%	\$10,768,173,722	2.4%	\$42,141,706,183	2.6%	\$6,273,297,735,859	3.7%
2019-2023		2.1%		3.1%		2.8%		3.5%

Sources: Center for Management and Economic Research, OSU Center for Applied Economic Research, U.S. Bureau of the Census, Tulsa Regional Chamber.

RESIDENTIAL REAL ESTATE

The number of total residential permits issued in the Tulsa MSA real estate market decreased in 2018 by 10.1 percent; the total value of permits decreased by 6.9 percent. Home sales increased by 1.7 percent and inventories declined by 19.6 percent in 2018. A decline in inventories from a year earlier and a year-over-year decline in new listings of 8.2 percent reflect the uncertainty surrounding household concerns over employment effects of possible trade wars on Tulsa-area manufacturing. Contrasting the behavior due to uncertainty is a median sale price for a single-family home in 2018 of \$162,500, which was up 3.9 percent from \$156,462 in 2017, reflecting an active market with expectations of higher interest rates to come.

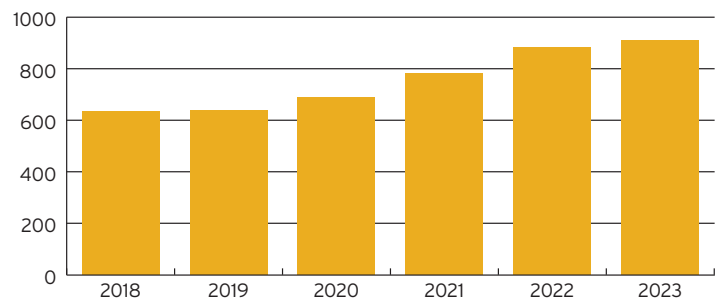
NEW SINGLE-FAMILY RESIDENTIAL BUILDING PERMITS, TULSA MSA

YEAR	NO. RESIDENTIAL BUILDING PERMITS*	ANNUAL GROWTH	VALUE OF PERMITS (\$MILLION)	ANNUAL GROWTH
2009	2,680	-6.6%	\$453.539	-8.2%
2010	2,269	-15.3%	\$393.148	-13.3%
2011	2,033	-10.4%	\$376.366	-4.3%
2012	2,699	32.8%	\$484.111	28.6%
2013	3,006	11.4%	\$599.883	23.9%
2014	3,022	0.5%	\$609.807	1.7%
2015	2,891	-4.3%	\$619.750	1.6%
2016	3,036	5.0%	\$632.655	2.1%
2017	3,160	4.1%	\$680.905	7.6%
2018	2,840	-10.1%	\$634.153	-6.9%

RESIDENTIAL REAL ESTATE PROJECTIONS

In 2019 the year-end total number of residential permits is expected to decline from year-end 2018 by 5.3 percent, as the existing-home inventory is sold down. Accompanying the decline in the number of permits in 2019 will be an increase in value of permits of 0.5 percent, indicating that the average new home likely will be about 3.5 percent more expensive than in 2018. The average annual growth rates for number of permits and permit value through 2023 are expected to be 4.8 percent and 7.4 percent, respectively.

VALUE OF SINGLE-FAMILY RESIDENTIAL PERMITS (\$MILLION), TULSA MSA, 2018 AND 2019-2023 FORECASTS



Sources: Bureau of the Census, OSU Center for Applied Economic Research, McGraw-Hill, Tulsa Regional Chamber.

PROJECTIONS

YEAR	NO. RESIDENTIAL BUILDING PERMITS*	ANNUAL GROWTH	VALUE OF PERMITS (\$MILLION)	ANNUAL GROWTH
2018	2,840	-10.1%	634.153	-6.9%
2019	2,758	-2.9%	637.076	0.5%
2019-2023		4.8%		7.4%

Sources: Bureau of the Census, OSU Center for Applied Economic Research, Moody's Economy.com, Tulsa Metro Chamber

NON-RESIDENTIAL REAL ESTATE

The value of new non-residential contracts in the Tulsa MSA grew in 2018 by 65.6 percent, to \$832.0 million, as region-wide new construction and downtown Tulsa renovation surged again after a 2017 lull. Investors in 2018 continued to develop long-term real estate assets as the energy market remained stable and oil prices rose for most of the year. With construction employment growing 3.7 percent in 2018 after declining 0.8 percent in 2017, investments continued to be put in place for future income and revenue growth that reflect investors' expectation that the Tulsa economy will grow in both the near- and long-term.

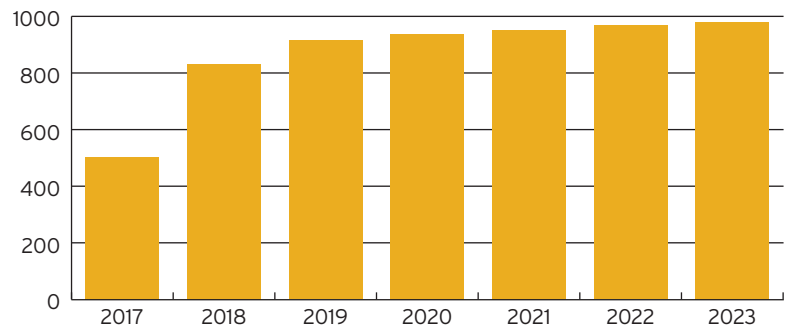
NON-RESIDENTIAL REAL ESTATE CONSTRUCTION CONTRACTS AWARDED, TULSA MSA

YEAR	NON-RESIDENTIAL CONTRACT VALUE (\$MILLION)	ANNUAL GROWTH
2009	628.5	-16.9%
2010	713.9	13.6%
2011	705.5	-1.2%
2012	517.9	-26.6%
2013	675.1	30.3%
2014	664.6	-1.6%
2015	580.2	-12.7%
2016	647.9	11.7%
2017	502.3	-22.5%
2018	832.0	65.6%

NON-RESIDENTIAL REAL ESTATE PROJECTIONS

New non-residential construction is expected to grow by 9.9 percent in 2019 and to grow at an average annual rate of 3.3 percent over the five-year forecast period 2019-2023, with continued stimulation by public money to support streets and transportation and develop the Arkansas River. Strong growth in manufacturing, professional & business services and health care will affect capital expansion through the five-year forecast period.

2017 AND 2018 VALUE OF NON-RESIDENTIAL CONTRACTS (\$MILLION) WITH FORECASTS FOR 2019-2023 TULSA MSA



Sources: McGraw-Hill, OSU Center for Applied Economic Research, Tulsa Regional Chamber.

PROJECTIONS

YEAR	NON-RESIDENTIAL CONTRACT VALUE (\$MILLION)	ANNUAL GROWTH
2018	832.0	65.6%
2019	914.5	9.9%
2019-2023		3.3%

Sources: McGraw-Hill, OSU Center for Applied Economic Research, Tulsa Metro Chamber

TOTAL BANKRUPTCIES

Total number of bankruptcy filings in northeastern Oklahoma declined in 2018 by 0.4 percent after having risen 9.2 percent in 2017 from 2016's low number of bankruptcy filings, the lowest since 2006. The 0.4 percent decrease is attributable to a strong local economy that grew with the recovery in the energy sector. The decline should continue, paralleling with strong growth in personal income and wages of 5.8 percent and 4.4 percent, respectively, through 2023.

TOTAL BANKRUPTCY FILINGS

YEAR	NE OK	ANNUAL GROWTH	U.S.	ANNUAL GROWTH
2012	3,417	-22.4%	1,221,091	-23.4%
2013	3,016	-11.7%	1,071,932	-12.2%
2014	2,722	-9.7%	936,795	-12.6%
2015	2,440	-10.4%	844,495	-9.9%
2016	2,316	-5.1%	794,960	-5.9%
2017	2,529	9.2%	789,820	-0.6%
2018	2,520	-0.4%	773,418	-2.1%

Source: U.S. bankruptcy courts.

BUSINESS BANKRUPTCIES

The business-bankruptcy component of total bankruptcies constituted 0.4 percent of all bankruptcies in 2017 for northeastern Oklahoma. The number was down from 13 in 2017 to 11 in 2018, a 15.4-percent decline. With the production of Tulsa-area goods and services expected to grow 7.0 percent in 2019, the number of business bankruptcies in northeastern Oklahoma should decline in 2019. The decline should continue with average annual growth in the production of goods and services expected to average 3.9 percent annually through 2023. U.S. business bankruptcies accounted for 2.9 percent of all bankruptcies in 2018.

BUSINESS BANKRUPTCY FILINGS

YEAR	NE OK	ANNUAL GROWTH	U.S.	ANNUAL GROWTH
2012	20	-35.5%	40,075	-16.2%
2013	16	-20.0%	33,212	-17.1%
2014	11	-31.3%	26,983	-18.8%
2015	13	18.2%	24,735	-8.3%
2016	16	23.1%	24,114	-2.5%
2017	13	-18.8%	23,157	-4.0%
2018	11	-15.4%	22,232	-4.0%

Source: U.S. bankruptcy courts.

Changes in business bankruptcies act as a leading indicator of business trends. Business bankruptcies generally are filed by small businesses that are under-capitalized and under-managed. Their vulnerability to subtly adverse market conditions makes them the first to go out of business, portending growing adversity that may affect all businesses. Conversely, declines in business bankruptcies may signify better economic conditions ahead. The decrease in business bankruptcy filings in northeastern Oklahoma from 13 in 2017 to 11 in 2018 is encouraging, declining by 15.4 percent while the U.S. rate declined by 4.0 percent. Forecasted average annual growth for employment of 1.1 percent in 2019-2023 and a gross product forecast of 3.9 percent average annual growth through the same period should keep Tulsa-area business bankruptcies at a manageable level of well under 12 annually through the forecast period, 2019-2023.

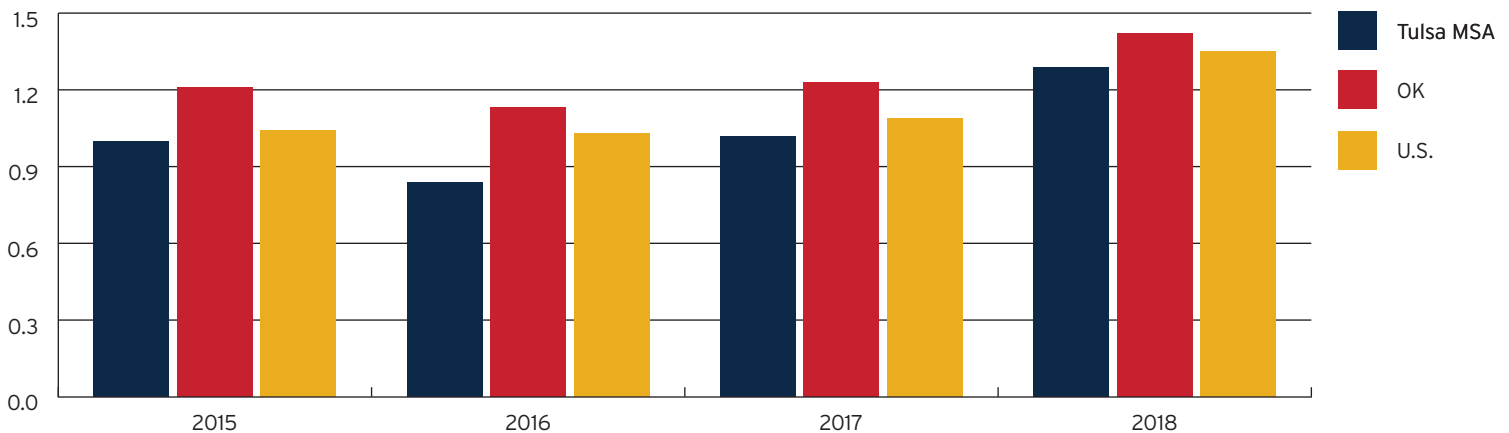
BANKING

The 2018 Tulsa economy grew 6.9 percent by measure of real gross product and 2.5 percent in employment, both large improvements over 2017. This solid growth yielded an increase in the growth of Tulsa and statewide banking services in 2018. Return on assets for banks nationally in 2018 was 1.35 percent, up from 1.09 percent in 2017, while Tulsa banks' return on assets grew 26.5 percent from 1.02 percent to 1.29 percent, and state banks' return grew from 1.23 percent to 1.42 percent, a 15.4 percent gain. Steady, conservative regional banking practices in lending for capital investment and consumer housing are a mainstay in Tulsa and Oklahoma and should yield positive increases in the rate of return on assets from current levels in 2019 for state and Tulsa banks and the U.S. as the economy continues to expand steadily.

RETURN ON AVERAGE BANK ASSETS

YEAR	TULSA MSA	OK	U.S.
2010	1.12%	1.13%	0.69%
2011	1.09%	1.16%	0.96%
2012	1.16%	1.42%	1.02%
2013	1.06%	1.14%	1.07%
2014	1.08%	1.25%	1.00%
2015	1.00%	1.21%	1.04%
2016	0.84%	1.13%	1.03%
2017	1.02%	1.23%	1.09%
2018	1.29%	1.42%	1.35%

RETURN ON AVERAGE BANK ASSETS TULSA, OKLAHOMA, U.S.
YEAR-END, 2015-2018



Source: FDIC - Statistics on Depository Institutions Report, December 2018.

TRAVEL INDUSTRY

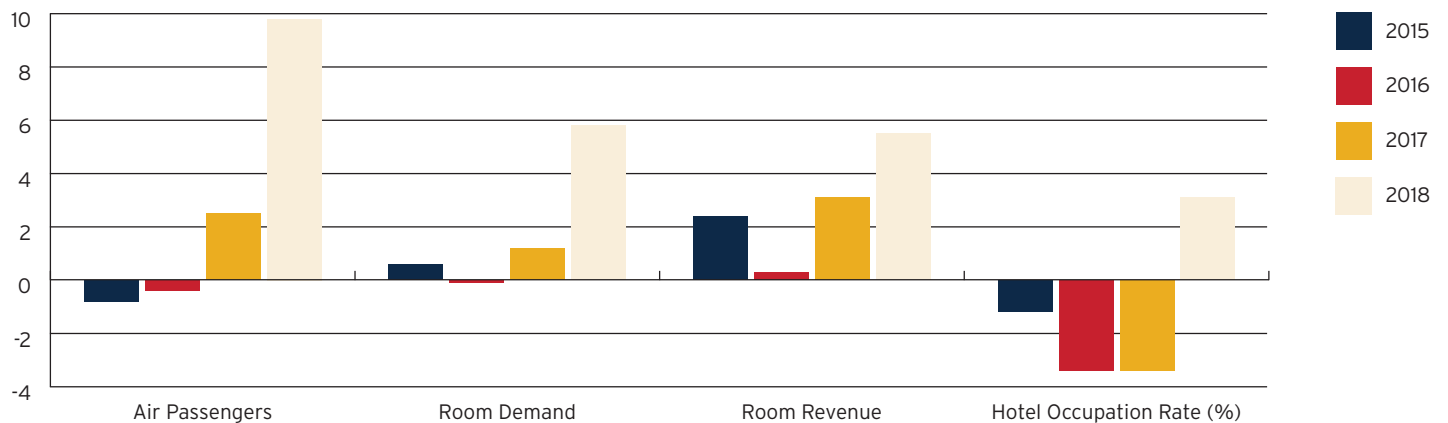
The hotel Hotel-room demand and hotel revenue expanded in 2018, up 5.8 percent and 5.5 percent, respectively from 2017. The hotel occupancy rate rose 3.1 percent in 2018, the first increase since 2014, due to room demand that outpaced steady growth in room inventory. Expectations are high for continued growth in tourism and business travel to Tulsa. The 2018 count of total air passengers rose 9.8 percent from 2017, the largest growth in more than 20 years. As the Tulsa MSA economy continues the strong positive growth in gross product and employment of 2018, business-travel growth should grow in 2019. This prospect for growth is enhanced by steady oil prices, which should be between \$60 and \$65 throughout 2019.

TRAVEL INDUSTRY

YEAR	AIR PASSENGERS	ROOM DEMAND	ROOM REVENUE	HOTEL OCCUPATION RATE
2009	2,812,295	2,564,527	\$185,799,998	54.9
2010	2,763,562	2,632,043	\$190,217,782	51.8
2011	2,707,386	2,711,185	\$197,103,147	52.8
2012	2,654,189	2,816,246	\$205,614,108	54.0
2013	2,647,889	2,991,987	\$225,371,203	57.1
2014	2,760,705	3,113,111	\$240,800,263	59.0
2015	2,739,429	3,131,986	\$246,687,342	58.3
2016	2,727,718	3,129,792	\$247,316,341	56.3
2017	2,794,901	3,167,092	\$254,872,255	54.4
2018	3,070,092	3,349,961	\$268,834,688	56.1

Sources: City of Tulsa, Smith Travel Research.

GROWTH RATES FOR KEY TRAVEL INDUSTRY INDICATORS TULSA MSA, 2015-2018



Sources: City of Tulsa, Smith Travel Research.

TULSA PORT OF CATOOSA

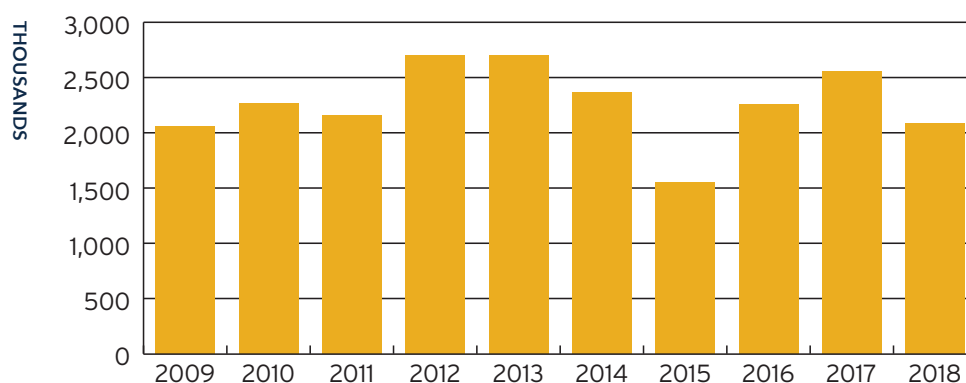
The Tulsa Port of Catoosa is an inland port that includes terminal facilities spreading across 500 acres with 70 companies that employ 3,000 workers. The Port is a foreign trade zone created especially for industries that benefit from water transportation: producers of bulk, raw commodities such as grain, steel and fertilizer; or manufacturers of heavy equipment. The volume of shipments is subject not only to variations in business conditions, but to seasonality, weather, agricultural crop conditions and agricultural and foreign trade policy. In 2018, barge tonnage through the Port was 2,085,113 tons, down 18.3 percent from 2017. The decline was due to uncertainty concerning trade policy and low grain yields and production. Trade policy will remain a concern in 2019, but we are discounting the prospect for aberrant weather's having a negative effect on tonnage at the Port. Shipments should remain at 2018 levels in 2019 and rise three percent on average through 2023.

BARGE TONNAGE, PORT OF CATOOSA

YEAR	TONS	CHANGE
2009	2,058,191	0.38%
2010	2,266,893	10.14%
2011	2,160,624	-4.69%
2012	2,702,464	25.08%
2013	2,700,990	-0.05%
2014	2,367,127	-12.36%
2015	1,551,808	-34.44%
2016	2,260,837	45.69%
2017	2,553,990	12.97%
2018	2,085,113	-18.36%

Source: Port of Catoosa.

ANNUAL BARGE TONNAGE PORT OF CATOOSA 2009-2018



JANUARY 2019 ESTIMATE OF ANNUAL MEDIAN BASE SALARIES, TULSA MSA⁽¹⁾

Accountant	61,316	Internal Auditor	64,346
Accounting Clerk	35,876	Janitor	25,099
Administrative Assistant	37,742	Librarian	50,503
Aircraft Mechanic	53,372	Light Truck Driver	32,320
Automobile Mechanic	41,579	Machine Tool Operator	39,579
Bank Teller	28,334	Machinery Mechanic	46,448
Benefits Analyst	56,212	Maintenance Worker	42,425
Biologist	57,907	Market Research Analyst	60,917
Bookkeeper	35,201	Materials Handler	30,340
Bus Driver	39,295	Mechanical Engineer	84,170
Buyer/Purchasing Agent	54,883	Medical Lab Technician	37,473
Carpenter (Gen/Maint)	42,065	Millwright	49,831
Cashier	23,335	Office Manager	53,210
Chemical Engineer	87,943	Order Clerk	33,153
Chemical Technician	48,679	Painter	37,458
Chemist	66,400	Payroll Clerk	41,556
Civil Engineer	69,134	PC Specialist	48,704
Computer Operator	39,957	Personnel Analyst	61,260
Computer Programmer	70,855	Personnel Clerk	37,337
Computer Programmer, Lead	89,731	Pharmacist	114,946
Construction Worker	34,995	Physical Therapist	65,042
Controller, Top Corporate (2)	188,161	Physician	180,408
Corporate Attorney	110,462	Physician's Assistant	100,297
Cost Estimator	63,338	Physicist, PhD	102,880
Data Entry Operator	29,716	Plumber	50,325
Dental Assistant	33,714	Primary School Teacher	43,385
Dental Hygienist	63,305	Production Supervisor	58,289
Drafter	54,243	Property Manager	63,427
Electrical Engineer	85,094	Receptionist	29,093
Electrician, Certified	48,025	Registered Nurse	66,737
Electronics Assembler	31,546	Sales Representative	48,815
Electronics Technician	54,700	Secondary School Teacher	44,262
Engineering Technician	54,870	Secretary	34,124
Executive Secretary	47,163	Secretary to CEO	64,244
File Clerk	30,224	Security Guard	30,515
Food Service Worker	23,488	Shipping Clerk	35,916
Fork Lift Operator	31,039	Stationary Engineer	56,268
Gate Guard	26,218	Systems Analyst	72,482
General Clerk	32,385	Systems Analyst, Lead	88,624
General/Institution Cook	24,030	Tool & Die Maker	54,523
Graphic Designer	50,237	Warehouse Worker	27,923
Heavy Truck Driver	42,235	Welder	43,024
Insurance Claims Adjuster	52,048	Word Processor	36,097

(1) For employee with three years' experience.

(2) For controller of company with \$100 million revenue.

source: Economic Research Institute, Redmond, WA, January 1, 2019



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