

Office Snapshot 2Q 2016

OKLAHOMA CITY



OKLAHOMA CITY OFFICE

Economic Indicators

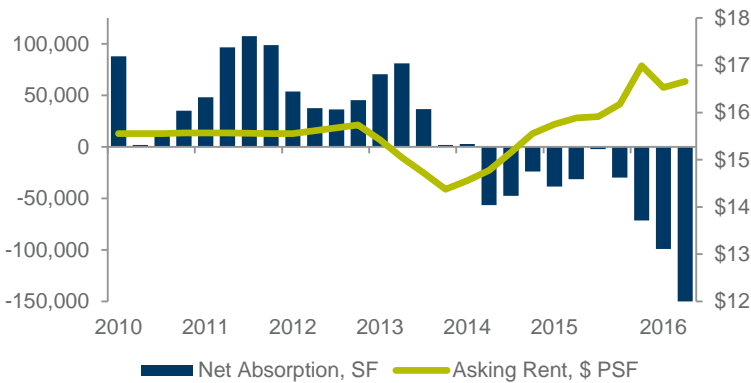
	2Q 15	2Q 16	12-Month Forecast
Oklahoma City Employment	628k	634k	▲
Oklahoma City Unemployment	3.8%	3.9%	▲
U.S. Unemployment	5.4%	4.9%	▼

Market Indicators (All Classes, Overall)

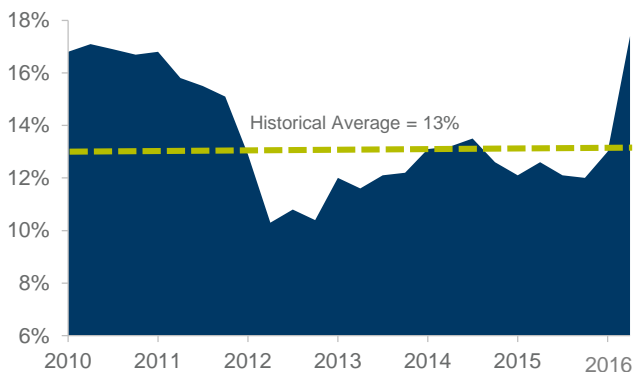
	2Q 15	2Q 16	12-Month Forecast
Overall Vacancy	12.6%	17.4%	▲
Net Absorption	-121k	-231k	▼
Under Construction	500k	445k	▼
Overall Average Asking Rent	\$15.73	\$16.50	▲

Net Absorption/Asking Rent

4Q TRAILING AVERAGE



Overall Vacancy



Economy

Oklahoma City's economy continues on the cautious path of recovery. The budget short fall within both the state and city has lead to job cuts and posed serious challenges for government agencies - specifically education. After three quarters of low commodity prices, energy companies are beginning to enjoy rising commodity prices that have helped stabilize budgets. Further, several large companies have entered into chapter 11 bankruptcy or alternative financing structures leading to several companies being in a holding pattern. As a result of recent acquisitions and restructuring, a fair amount of sublease space is now being leased by start up energy companies. Although energy prices are still troubling and the city is bracing for possible additional energy-related job cuts, new job growth is coming from the bio-tech and aerospace sectors as a welcomed partial off-set.

Sublease Space Stabilizes

The amount of available sublease space is beginning to stabilize with the increased price of oil and gas. Williams, an affiliate of WPX Energy, has placed an additional 50,000 square feet (SF) of available space on the market but absorption of sublease space continues to grow. As commodity prices stabilize, many companies are deciding to keep their existing space. Further, new start up energy companies are subleasing a tremendous amount of the vacated energy space.

West Downtown Continues To Grow

The 21C Hotel opened helping continue new growth in West Downtown. The 135-room, full service hotel features 14,000 SF of contemporary art exhibition space, with a mix of permanent and rotating art displays. With the opening of the hotel and development of the 725,000-SF BOK tower, pricing continues to grow as groups express continued interest in the market. Leasing opportunities in the area remain limited as most large blocks of space have already been accounted for.

Outlook

As the price of oil and gas continues to stabilize, leasing transactions will continue to increase. Since investment sale transactions have not reported a significant dip in pricing, many believe that Oklahoma City will experience significant new growth in the coming months. Companies that are new to the market and existing large tenants who commit to new leases will drive this growth.

MARKETBEAT

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SUBMARKET	TOTAL BLDGS	INVENTORY	SUBLET VACANT	DIRECT VACANT	OVERALL VACANCY RATE	CURRENT OVERALL NET ABSORPTION	YTD OVERALL NET ABSORPTION	UNDER CNSTR	AVERAGE OVERALL ASKING RENT (ALL CLASSES)*	AVERAGE DIRECT ASKING RENT (CLASS A)*
CBD	63	6,812,441	18,863	680,528	11%	14,097	(26,550)	N/A	\$16.22	\$24.15
Edmond	8	196,270	3,860	35,026	18.8%	3,414	26,414	N/A	\$17.10	\$21.50
Memorial Corridor	24	1,816,387	402,464	232,444	13.8%	1,044	(48,645)	N/A	\$20.72	\$22.24
Midtown	33	2,539,947	462,032	629,596	28.8%	(175,833)	(200,669)	N/A	\$12.81	N/A
Moore	2	40,795	0	2,770	7.8%	0	0	N/A	\$25.50	N/A
Norman	14	511,423	0	66,617	14.0%	(16,088)	(4,262)	N/A	\$20.77	\$27.50
North	40	2,681,504	0	106,439	5.0%	(5,987)	(5,604)	N/A	\$17.94	\$22.95
Northeast	4	152,981	2,438	6,847	5.5%	1,762	5,772	N/A	\$13.99	N/A
Northwest	64	4,960,166	351,047	406,478	15.1%	37,730	(22,182)	N/A	\$13.83	\$21.39
Southeast	12	470,603	0	35,846	9.6%	(2,347)	(4,378)	N/A	\$14.89	N/A
Southwest	30	1,364,853	0	306,265	25.5%	774	49,547	N/A	\$17.73	\$18.50
OKLAHOMA CITY TOTALS	294	21,547,370	1,240,688	2,508,856	17.4%	(141,434)	(230,557)	N/A	\$16.50	\$22.69

SUMMARY BY CLASS	TOTAL BLDGS	INVENTORY	SUBLET VACANT	DIRECT VACANT	VACANCY RATE	CURRENT NET ABSORPTION	YTD NET ABSORPTION	UNDER CNSTR	AVERAGE ASKING RENT OVERALL*	AVERAGE ASKING RENT DIRECT*
Class A	36	4,516,968	101,692	483,677	15.3%	6,209	(21,944)	25,000	\$19.00	\$24.88
Class B	157	10,633,755	276,399	1,212,542	17.3%	(137,742)	(186,764)	70,300	\$16.40	\$21.09
Class C	101	6,396,647	0	1,008,215	19.7%	7,287	(28,870)	0	\$14.24	\$19.24

Key Lease Transactions 2Q 2016

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
Enterprise Plaza – 5600 N May Avenue	8,885	The Insurance Center Agency	Lease	Northwest
209 Lilac Drive	7,274	The Oklahoma State Foundation	Lease	Edmond

Key Sale Transactions 2Q 2016

PROPERTY	SF	SELLER/BUYER	PRICE / \$ PSF	SUBMARKET
225 NE 97 th Street	70,284	Britton & Broadway, LLC / SH Oilfield Equipment Company, Inc.	\$15,400,000 / \$219	North
16301 N May Avenue	15,816	CPR Holdings, LLC / Michael B. & Kristin W. Huff	\$3,200,000 / \$202	Memorial Corridor

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