

Office Snapshot Q3 2015

OKLAHOMA CITY



OKLAHOMA CITY OFFICE

Economic Indicators

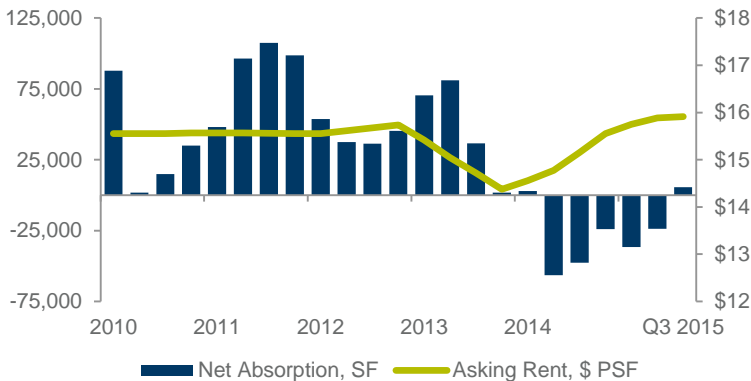
	Q3 14	Q3 15	12-Month Forecast
Oklahoma City Employment	619k	632k	
Oklahoma City Unemployment	3.9%	3.4%	
U.S. Unemployment	6.1%	5.1%	

Market Indicators

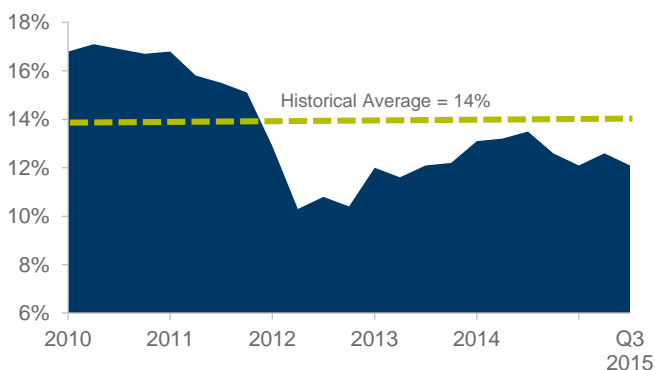
	Q3 14	Q3 15	12-Month Forecast
Overall Vacancy	13.5%	12.1%	
Net Absorption	-63k	54k	
Under Construction	168k	500k	
Overall Average Asking Rent	\$16.00	\$16.13	

Net Absorption/Asking Rent

4Q TRAILING AVERAGE



Overall Vacancy



Economy

Oklahoma City's economy was once thought to be completely dependent on oil and gas. After three quarters of low commodity prices the city is beginning to feel the impact within the job market. With the low commodity prices many energy companies have either merged with or acquired other energy companies leaving a fair amount of sublease space available. Although energy prices are still troubling, the city is bracing for additional job cuts within the market. Any new job growth comes from the growing bio-tech and aerospace sector.

Bank of Oklahoma Announces Lease

The Bank of Oklahoma has announced that they will be the anchor tenant in the new office tower located at 499 Sheridan. The 100,000-square foot (sf) anchor tenant helps kick off leasing for the 750,000-sf office tower. Leasing will be ongoing as the building is expected to be delivered by fourth quarter 2017. The development, named 499 W Sheridan, will be built on an entire city block. The project expects to make up for the two-month delay due to the delayed demolition of the Union Bus Station.

Sandridge Tower

Sandridge Energy announced that they are looking to sell its downtown Oklahoma City campus including a 30-story, 500,000 sf tower; ten-story, 85,000-sf Braniff Building; the new seven-story, 84,000-sf Parkside Building; and an 862-space parking facility. Both the tower and Braniff Building were extensively renovated in 2013. The sales price of the Sandridge Energy campus is expected to be in excess of \$100 million, which would make it one of the largest sales in the region. Sandridge intends to leaseback the 30-story tower and parking garage.

Sublease Space Increasing

Oklahoma City continues to report a large amount of sublease space coming available due to layoffs within the oil and gas sector. Several companies including Range Resources, Highmount Energy, Post Rock and Linn Energy are actively looking to sublease their space as they have closed or dramatically reduced their footprint in the Oklahoma City area. Vacancy will continue to increase as several large blocks of space will be coming available in fourth quarter of 2015 and first quarter of 2016. Total occupancy of space is down in 2015 with a year-to-date overall absorption rate of negative 29,138 sf.

Outlook

The impact of low commodity prices is beginning to affect the overall economy and Oklahoma City will continue to witness more office space coming available. With commodity prices expected to stay low through the first half of 2016, companies will continue to find more opportunities to lease space.

MARKETBEAT

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OKLAHOMA CITY


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OKLAHOMA**

SUBMARKET	TOTAL BLDGS	INVENTORY	SUBLET VACANT	DIRECT VACANT	OVERALL VACANCY RATE	CURRENT NET ABSORPTION	YTD NET ABSORPTION	CNSTR COMPLETIONS	AVERAGE ASKING RENT (ALL CLASSES)*	AVERAGE ASKING RENT (CLASS A)*
CBD	54	7,422,714	0	929,352	12.5%	29,037	54,562	0	\$15.54	\$20.38
Edmond	8	263,711	8,202	15,190	8.9%	(13,452)	(10,702)	25,302	\$13.34	N/A
Memorial Corridor	23	1,601,205	67,185	84,644	9.5%	10,802	(38,991)	108,000	\$19.00	\$22.00
Midtown	39	2,341,698	0	415,190	17.7%	2,148	6,420	0	\$14.27	N/A
Norman	13	491,174	0	58,269	11.9%	(11,030)	(15,417)	0	\$17.64	N/A
North	46	3,600,678	81,924	285,081	10.2%	19,902	(42,969)	0	\$16.47	\$21.53
Northeast	2	62,840	0	0	0.0%	0	0	0	N/A	N/A
Northwest	60	4,394,031	1,558	456,944	10.4%	18,755	(20,842)	0	\$17.15	\$21.15
Southeast	11	439,999	0	93,332	21.2%	0	2,000	0	\$13.50	N/A
Southwest	26	1,168,589	0	128,999	11.0%	(2,138)	5,899	0	\$13.31	N/A
OKLAHOMA CITY TOTALS	282	21,786,639	158,869	2,467,001	12.1%	54,024	(60,040)	133,302	\$16.13	\$21.54

SUMMARY BY CLASS	TOTAL BLDGS	INVENTORY	SUBLET VACANT	DIRECT VACANT	VACANCY RATE	CURRENT NET ABSORPTION	YTD NET ABSORPTION	CNSTR COMPLETIONS	AVERAGE ASKING RENT OVERALL*	AVERAGE ASKING RENT DIRECT*
Class A	23	3,639,287	67,185	99,758	4.6%	2,064	9,539	133,302	\$21.54	\$21.53
Class B	154	10,439,381	91,684	1,106,780	11.5%	23,774	(127,379)	0	\$16.54	N/A
Class C	105	7,707,971	0	1,260,463	16.4%	28,186	57,800	0	\$14.12	N/A

Key Lease Transactions Q3 2015

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
499 Sheridan	10,000	Bank of Oklahoma	Lease	CBD

Key Sales Transactions Q3 2015

PROPERTY	SF	SELLER/BUYER	PRICE	SUBMARKET
N/A				

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