

Industrial Snapshot 2Q 2016

Tulsa, OK



Tulsa Industrial

Economic Indicators

	2Q 15	2Q 16	12-Month Forecast
Tulsa Employment	446k	445k	▼
Tulsa Unemployment	4.3%	4.6%	▲
U.S. Unemployment	5.4%	4.9%	▲

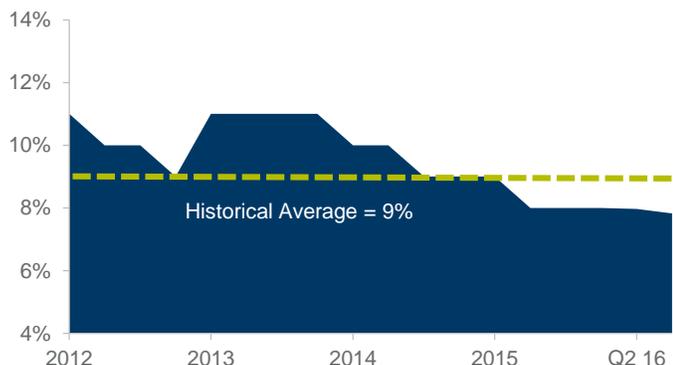
Market Indicators

	2Q 15	2Q 16	12-Month Forecast
Overall Vacancy	8.3%	7.8%	▼
Net Absorption	3k	-190k	▲
Under Construction	335k	152k	■
Overall Average Asking Rent	\$4.44	\$4.50	■

Overall Net Absorption/Asking Rent 4Q TRAILING AVERAGE



Overall Vacancy



Economy

In May, the metro area unemployment rate reported 4.9% according to the Oklahoma Employment Security Commission. While this rate is below the U.S. average, it is a half a percent increase from this time a year ago. So far in 2016 the unemployment rate has steadily increased each month from January through June mainly due to lost jobs in the oil and gas industry.

While the Tulsa economy waits for things to rebound in the oil and gas industry it did receive some good news during the quarter about one of its largest employers, The Williams Companies. In June, Williams announced that the merger with Dallas based Energy Transfer Equity was called off and terminated for good. The acquisition was valued at over \$37 billion. Williams employs over 1,000 people at its Tulsa headquarters and over 6,000 nationwide.

Market Overview

The overall vacancy in the industrial sector ended second quarter at 7.8% with average overall asking rents at \$4.50 per square foot. With high demand for quality product, most of the new construction in the southeast submarket has already been 100% preleased before the properties have been completed.

One notable transaction during the quarter is Alro Steel's new 75,000 square foot (SF) facility at US 169 and 36th Street North. The company outgrew its former facility which was only 9,000 SF and now sits on nearly 20 acres where it has enough room to expand up to 250,000 SF. Alro Steel is based in Jackson, MI and operates 60 location in 12 states.

Outlook

New construction activity will slow down slightly over the next few quarters but the market should remain stable as it is supported heavily by the aviation and aerospace industry. Companies that have large space requirements will still be forced to look at new construction to meet their needs.

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