

Industrial Snapshot Q4 2016

Oklahoma City



Oklahoma City, Oklahoma

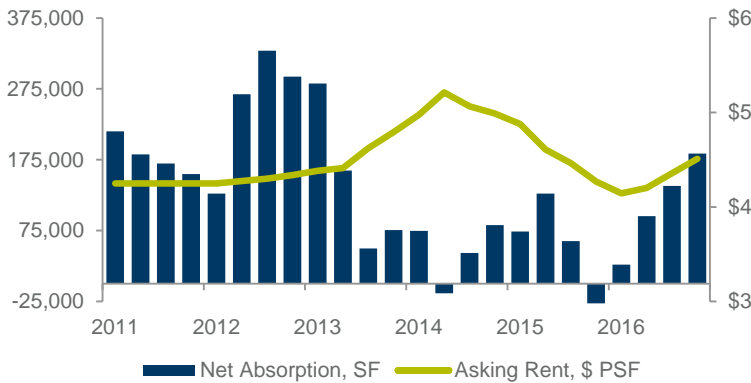
Economic Indicators

	Q4 15	Q4 16	12-Month Forecast
Oklahoma City Employment	632k	630k	▲
Oklahoma City Unemployment	3.5%	4.6%	▼
U.S. Unemployment	5.0%	4.8%	▼

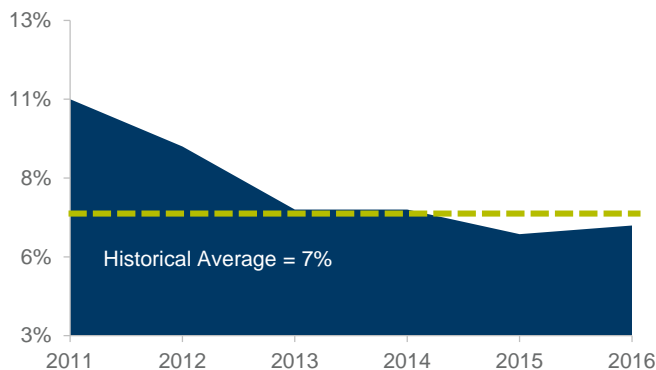
Market Indicators

	Q4 15	Q4 16	12-Month Forecast
Overall Vacancy	6.7%	7.3%	▲
Net Absorption	-249k	-66k	▲
Under Construction	1.7M	0	▲
Overall Average Asking Rent	\$4.00	\$4.61	▲

Net Absorption/Asking Rent 4-QTR TRAILING AVERAGE



Overall Vacancy



Economy

In Oklahoma, the unemployment rate measured 5.1% in November, and total payroll employment declined 0.9% compared to the previous year. Employment growth was mixed across industries, with the strongest gains in the private educational services and information sectors. Oklahoma nominal personal income grew 0.7% in the second quarter of 2016 compared to the previous year, with workplace earnings up 0.2%. Home prices increased 3.6% in the third quarter of 2016 compared to a year ago, while single-family and multifamily permits recorded a -4.7% and 100.5% change, respectively, so far this year. In September 2016, crude oil production was down 0.5% over last year, and rig counts were below year-ago levels. Oklahoma exports were 7.3% lower in the third quarter of 2016 compared to the same period in 2015.

Market Overview

Transaction volume in the first half of 2016 started off strong but slowed to a crawl by summer due to the uncertainty associated with the election. Now that the election is behind, companies are looking to grow especially in the oil and gas industry. Oklahoma City is once again looking at strong industrial demand with a relatively low supply of adequate space to meet the demand.

Negative Absorption in Q4

The Oklahoma City industrial market finished the year with nearly 66,000 square feet of negative absorption. The average NNN asking lease rate remained flat due to a mixture of market conditions with the oil and gas industry as well as the demand for Class A warehouse space.

Outlook

It is expected that policy changes under the Trump administration will continue to benefit the industrial real estate sector short- and long-term. Speculative and build-to-suit development will ramp up again for 2017.

MARKETBEAT

Industrial Snapshot Q4 2015

Oklahoma City



SUBMARKET	TOTAL BLDGS	INVENTORY	OVERALL VACANCY RATE	YTD NET OVERALL ABSORPTION	OVERALL WEIGHTED AVG. NET RENT (MF)	OVERALL WEIGHTED AVG. NET RENT (OS)	OVERALL WEIGHTED AVG. NET RENT (W/D)
CBD	203	5,367,159	6.9%	-38,458	N/A	\$3.34	N/A
Northeast	203	8,414,166	5.3%	105,089	N/A	N/A	\$3.99
Northwest	387	20,423,740	7.1%	-162,977	N/A	\$6.30	\$3.86
Southeast	302	17,281,867	4.3%	-87,020	\$2.50	\$4.12	\$3.99
Southwest	353	17,479,322	7.2%	610,568	N/A	\$6.07	\$3.65
OKLAHOMA CITY TOTALS	1,528	68,966,254	7.3%	-66,220	\$2.50	\$5.56	\$3.96

*Rental rates reflect asking \$psf/year

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

Key Lease Transactions Q4 2016

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET
3312 S I-35 Service Rd	131,400	AAR Corporation	Warehouse/Distribution	Southeast

Key Sales Transactions Q4 2016

PROPERTY	SF	SELLER / BUYER	PROPERTY TYPE	PRICE / \$ PSF	SUBMARKET
3501 N Santa Fe Ave	206,680	36 th /Santa Fe LLC / TOKC Santa Fe	Warehouse/Distribution	\$5,420,000 / \$26	Northeast
11301 Partnership Dr	137,860	JCG LLC V / TOKC-Northgate LLC	Warehouse/Distribution	\$8,480,000 / \$62	Northeast

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