

Office Snapshot Q1 2016

OKLAHOMA CITY



OKLAHOMA CITY OFFICE

Economic Indicators

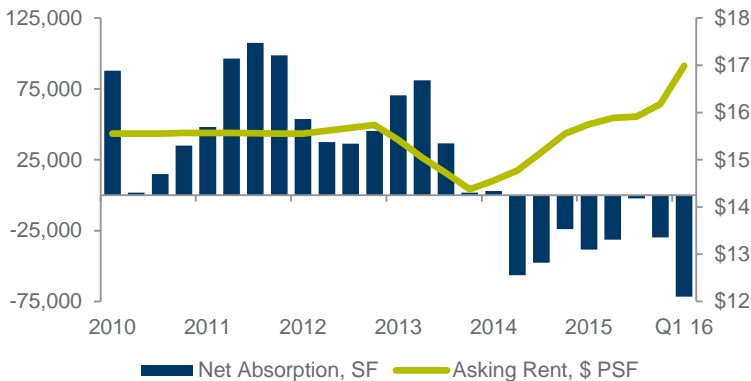
	Q1 15	Q1 16	12-Month Forecast
Oklahoma City Employment	627k	636k	▲
Oklahoma City Unemployment	3.7%	3.5%	▼
U.S. Unemployment	5.6%	4.9%	▼

Market Indicators (All Classes, Overall)

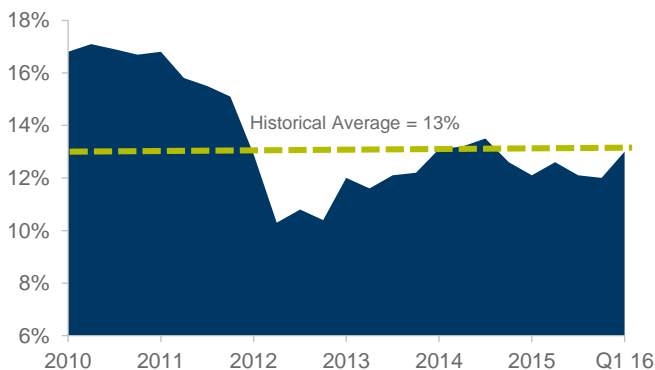
	Q1 15	Q1 16	12-Month Forecast
Overall Vacancy	12.1%	13.0%	▲
Net Absorption	7k	-159k	▼
Under Construction	500k	445k	▼
Overall Average Asking Rent	\$15.80	\$16.44	▲

Net Absorption/Asking Rent

4Q TRAILING AVERAGE



Overall Vacancy



Economy

Oklahoma City's economy was once completely dependent on oil and gas. Yet after years of concerted and focused effort by local business and civic leadership, the region has somewhat achieved a buffer to oil and gas pricing shocks via growth in diversified industries. While energy jobs have plummeted, spillover to other industries has been fairly limited. After three quarters of low commodity prices, the city is beginning to feel the impact within the job market. Further, because of low commodity prices there is a significant uptick in M&A activity within the energy industry. As a result of recent acquisitions and restructuring, a fair amount of sublease space is now available and this trend is expected to continue before it gets better. That being said, there appears to be a quiet upside as other companies in different sectors are inking aggressive deals and allowing for operational expansion at a much lower cost. 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 Increase

The amount of available sublease space continues to grow as energy companies look at giving back space. WPX and Post Rock energy have both put a combined 30,000 square feet of available space on the market in Oklahoma Tower. As commodity prices stay depressed, more space will continue to come available within the market.

23rd Street Continues New Growth

The Citizens State Bank building recently sold for \$1.4 million and will be converted into retail and creative office. The property comes with ample surface parking to the north. Redevelopment of the former Citizens State Bank is continuing with the transformation of Joe's Pawn shop and the opening of the Uptown Theatre.

Outlook

The impact of low commodity prices on the Oklahoma City economy and market is two-fold: more space will become available as a result of firms downsizing or restructuring which will create more opportunities for companies looking to expand.

MARKETBEAT

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SUBMARKET	TOTAL BLDGS	INVENTORY	SUBLET VACANT	DIRECT VACANT	OVERALL VACANCY RATE	CURRENT NET ABSORPTION	YTD NET ABSORPTION	UNDER CNSTR	AVERAGE ASKING RENT (ALL CLASSES)*	AVERAGE ASKING RENT (CLASS A)*
CBD	63	6,874,747	20,600	687,745	10%	(39,830)	(39,830)	N/A	\$16.30	\$20.59
Edmond	8	196,270	0	38,440	19.6%	23,000	23,000	25,000	\$14.21	N/A
Memorial Corridor	22	1,637,260	24,130	222,726	13.6%	(51,139)	(51,139)	N/A	\$20.92	\$22.17
Midtown	34	2,503,082	0	456,363	18.2%	(14,624)	(14,624)	N/A	\$13.45	N/A
Moore	2	40,795	0	2,770	6.8%	0	0	70,300	\$27.50	N/A
Norman	14	511,423	0	55,684	10.9%	3,232	3,232	N/A	\$20.80	\$27.50
North	40	2,681,504	0	100,452	3.7%	383	383	N/A	\$17.93	\$21.97
Northeast	3	130,441	2,072	6,009	4.6%	4,010	4,010	N/A	\$20.00	N/A
Northwest	63	4,778,413	68,418	713,455	14.6%	(18,581)	(18,581)	N/A	\$16.83	\$21.55
Southeast	11	439,999	0	36,999	8.4%	(2,031)	(2,031)	N/A	\$14.02	N/A
Southwest	28	1,402,230	0	309,614	21.4%	48,773	48,773	80,000	\$15.30	\$18.50
OKLAHOMA CITY TOTALS	288	21,196,164	115,240	2,630,257	13.0%	(46,807)	(46,807)	175,300	\$16.44	\$20.32

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	60,032	590,987	10.9%	(18,750)	(18,750)	25,000	\$20.41	\$20.32
Class B	152	10,288,046	55,208	993,357	11.0%	(6,167)	(6,167)	70,300	\$16.65	N/A
Class C	100	6,391,150	0	1,045,913	15.6%	(21,890)	(21,890)	80,000	\$13.31	N/A

Key Lease Transactions Q1 2016

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
The Parkway	37,001	Trowbridge & Trowbridge LLC	Lease	Southwest
Center 3000	17,136	Youth Villages	Lease	Northwest

Key Sale Transactions Q1 2016

PROPERTY	SF	SELLER/BUYER	PRICE / \$ PSF	SUBMARKET
The Village	65,940	May Realty	\$6,150,000 / \$93	Northwest
8308 N May Avenue	11,072	The Palace Event Center	\$2,485,500 / \$224	Northwest

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