

Industrial Snapshot Q1 2016

Oklahoma City



Oklahoma City, Oklahoma

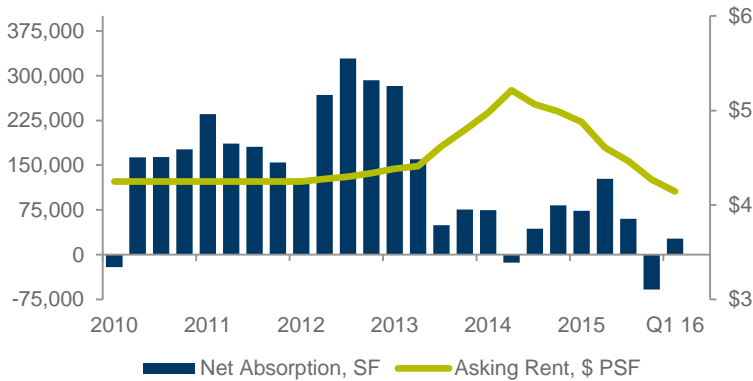
Economic Indicators

	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 (Overall, All Product Types)

	Q1 15	Q1 16	12-Month Forecast
Vacancy	6.2%	6.5%	▼
Net Absorption	26k	367k	▲
Under Construction	1.7M	428k	▼
Average Asking Rent	\$4.71	\$4.21	▼

Net Absorption/Asking Rent 4Q TRAILING AVERAGE



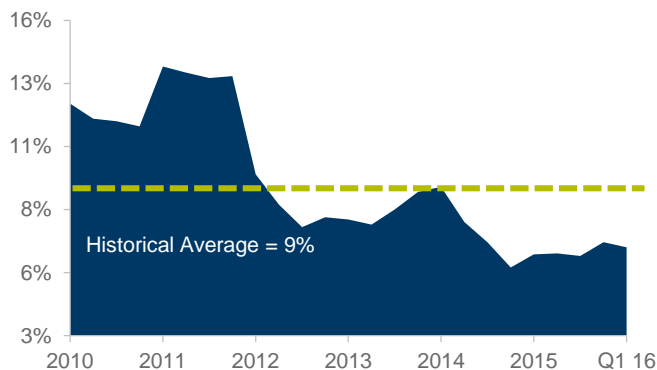
Economy

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.

Positive Absorption in Q1

After three consecutive quarters of negative activity, the Oklahoma City Industrial market ended the first quarter of 2016 with over 470,000 square feet (sf) of positive absorption. Reel-O-Matic was the largest contributor to the positive absorption when the manufacturer leased and occupied 98,000 sf in Southwest Oklahoma City.

Overall Vacancy



Outlook

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

MARKETBEAT

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COMMERCIAL
OKLAHOMA

SUBMARKET	TOTAL BLDGS	INVENTORY	OVERALL VACANCY RATE	YTD NET OVERALL ABSORPTION	DIRECT WEIGHTED AVG. NET RENT (MF)	DIRECT WEIGHTED AVG. NET RENT (OS)	DIRECT WEIGHTED AVG. NET RENT (W/D)
CBD	203	5,363,359	7.5%	-39,566	N/A	\$3.00	\$3.10
Northeast	204	8,519,255	7.3%	-71	N/A	N/A	\$4.68
Northwest	415	20,318,777	8.7%	-40,110	N/A	\$6.10	\$3.60
Southeast	303	16,943,576	2.2%	8,668	\$2.40	\$4.50	N/A
Southwest	400	17,579,279	7.5%	437,978	\$3.75	\$5.96	\$3.44
OKLAHOMA CITY TOTALS	1,525	68,724,246	6.5%	366,886	\$3.02	\$5.13	\$3.69

*Rental rates reflect asking \$psf/year

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

Key Lease Transactions Q1 2016

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET
5101 S Council Road	98,000	Reel Power	Warehouse-Distribution	Southwest
Airport Business Center	33,750	Complemar	Warehouse-Distribution	Southwest
1635 SE 29 th Street	28,670	Falcon Flowback Services	Light Industrial	Southeast

Key Sales Transactions Q1 2016

PROPERTY	SF	SELLER/BUYER	PROPERTY TYPE	PRICE/\$ PSF	SUBMARKET
4949 SW 20 th Street	80,400	J Victor Samuels/ Industrial Property Trust Inc.	Warehouse-Distribution	\$3,100,000 / \$39	Southwest
Metro Business Park	33,609	Barry P Marcus/Design Build Group	Flex/R&D	\$1,487,500 / \$44	Southwest

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