

Industrial Snapshot Q3 2015

Oklahoma City



Oklahoma City, Oklahoma

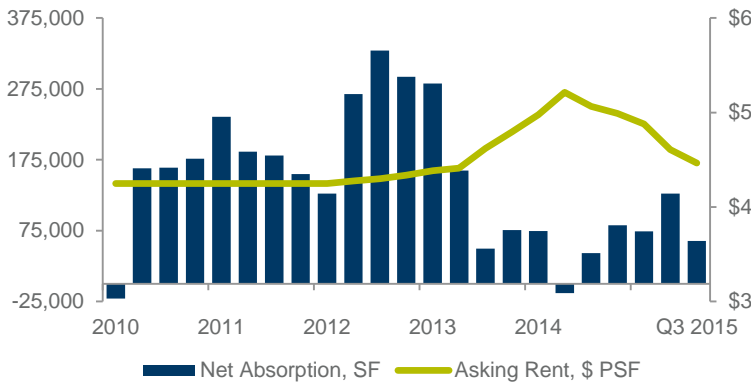
Economic Indicators

	Q3 14	Q3 15	12-Month Forecast
Oklahoma City Employment	619k	632k	▲
Oklahoma City Unemployment	3.9%	3.4%	▼
U.S. Unemployment	7.2%	7.8%	▲

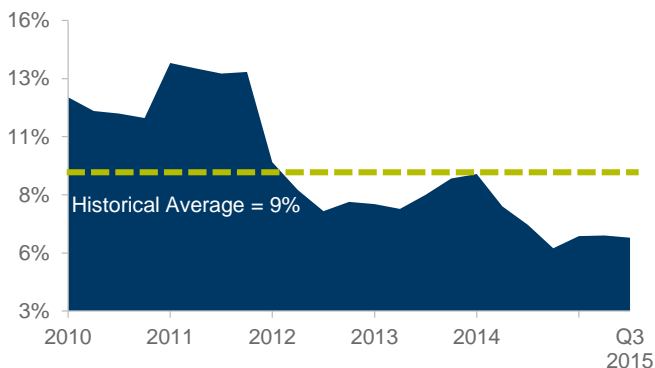
Market Indicators

	Q3 14	Q3 15	12-Month Forecast
Overall Vacancy	6.7%	6.2%	▼
Net Absorption	176k	-92k	▼
Under Construction	250k	1.7M	▲
Overall Average Asking Rent	\$4.60	\$4.03	▼

Net Absorption/Asking Rent 3Q TRAILING AVERAGE



Overall Vacancy



Economy

Oklahoma City has started to feel some of the effects of the low oil and gas prices. After three quarters of low commodity prices, many energy companies have laid off portions of their workforce and the impacts are starting to effect the local economy. Oklahoma City was once thought to be completely dependent on the energy industry and the city has shown some resilience to this claim. Although the energy prices are concerning, other industries continue to flourish.

Hobby Lobby

Hobby Lobby has almost completed their 1.9-million-square-foot (msf) expansion in the southwest submarket. The nearly \$90-million project, when complete, will give Hobby Lobby a total of more than 6.5-msf of industrial space in Oklahoma City's southwest market. This facility will help Hobby Lobby consolidate into buildings that the company owns, leaving hundreds of thousands of square feet available in the submarket vacant as the current leases expire over the next few years.

Negative Absorption in Q3

The Oklahoma City industrial market finished Q3 with nearly 92,000 square feet (sf) of negative absorption. The average NNN lease rate has continued its downward trend most of which can be contributed to the oil and gas industry. The average asking rent fell to \$4.03 per square foot (psf) as of Q3, down from \$4.71 psf reported Q1.

Outlook

All things considered, Oklahoma City is still in a position for growth. The problems of low vacancy in 2014 are slowly starting to correct themselves as more speculative buildings and build-to-suits are coming online. In Q4 and Q1 2016 we are expecting vacancy to grow as some of the new developments are completed. Rental rate will likely trend downward in existing buildings as well as new construction.

MARKETBEAT

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CUSHMAN & WAKEFIELD

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	241	7,030,193	7.7%	-25,684	N/A	\$3.09	\$3.10
Northeast	191	8,181,862	4.8%	-30,965	N/A	\$4.56	\$3.63
Northwest	198	8,481,680	4.1%	-30,514	N/A	\$4.81	\$3.50
Southeast	295	16,477,879	2.3%	-14,005	\$2.50	\$3.44	\$2.50
Southwest	629	29,332,453	9.2%	147,741	\$3.50	\$4.05	\$3.57
OKLAHOMA CITY TOTALS	1,554	69,504,067	6.3%	46,573	\$2.91	\$5.37	\$3.48

*Rental rates reflect asking \$psf/year

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

Key Lease Transactions Q3 2015

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET
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N/A

Key Sales Transactions Q3 2015

PROPERTY	SF	SELLER/BUYER	PROPERTY TYPE	PRICE	SUBMARKET
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N/A

About Cushman & Wakefield

Cushman & Wakefield is a global leader in commercial real estate services, helping clients transform the way people work, shop, and live. The firm's 43,000 employees in more than 60 countries provide deep local and global insights that create significant value for occupiers and investors around the world. Cushman & Wakefield is among the largest commercial real estate services firms in the world with revenues of \$5 billion across core services of agency leasing, asset services, capital markets, facilities services (branded C&W Services), global occupier services, investment management (branded DTZ Investors), tenant representation and valuations & advisory. To learn more, visit www.cushmanwakefield.com or follow @Cushwake on Twitter.

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