

Industrial Snapshot Q2 2017

Oklahoma City



Oklahoma City, Oklahoma

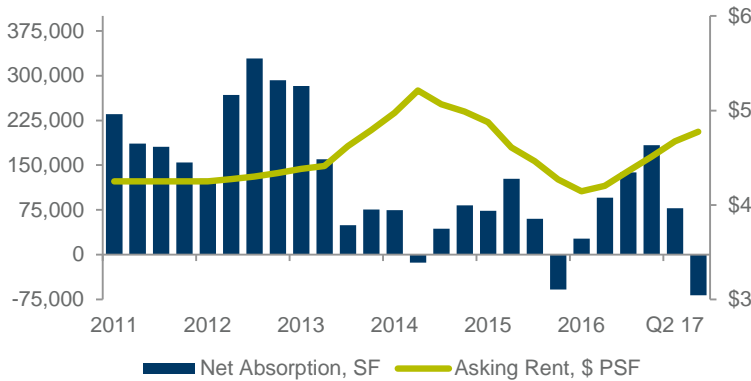
Economic Indicators

	Q2 16	Q2 17	12-Month Forecast
Oklahoma City Employment	628k	633k	▲
Oklahoma City Unemployment	4.3%	3.8%	▲
U.S. Unemployment	4.9%	4.4%	■

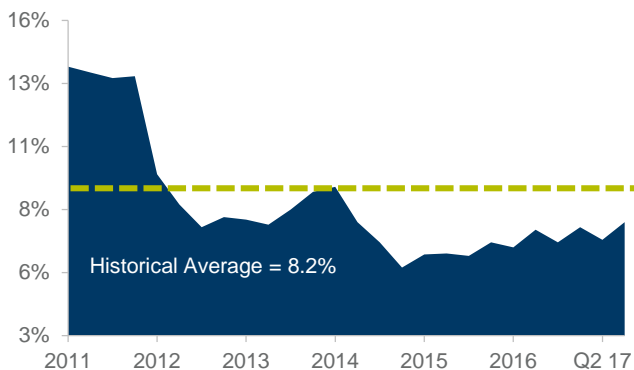
Market Indicators (Overall, All Product Types)

	Q2 16	Q2 17	12-Month Forecast
Vacancy	7.2%	7.5%	▲
Net Absorption	355k	-229k	▼
Under Construction	436k	926k	▲
Average Asking Rent	\$4.57	\$4.98	▲

Net Absorption/Asking Rent 4Q TRAILING AVERAGE



Overall Vacancy



Economy

Oklahoma City's economy continues on the cautious path of recovery. The budget short-fall within both the state and city has led to job cuts and posed serious challenges for government agencies - specifically education. After three quarters of low commodity prices, energy companies are beginning to enjoy rising commodity prices that have helped stabilize budgets. Further, several large companies have entered into chapter 11 bankruptcy or alternative financing structures leading to several companies being in a holding pattern. As a result of recent acquisitions and restructuring, a fair amount of sublease space is now being leased by start-up energy companies. 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.

Vacancy Increases in Q2

Oklahoma City's office overall vacancy increased by nearly a full percentage point since this time last year but available Class A and B+ space is scarce. New development set to come online in 2017 will accommodate users looking for taller clear heights and will ease the pent up demand. The high cost of construction in Oklahoma City is rising and will impact asking rental rates which are also increasing.

Outlook

As the price of oil and gas continues to stabilize, leasing transactions will continue to increase. Since investment sale transactions have not reported a significant dip in pricing, many believe that Oklahoma City will experience significant new growth in the coming months. Companies that are new to the market and existing large tenants who commit to new leases will drive this growth.

MARKETBEAT

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SUBMARKET	TOTAL BLDGS	INVENTORY	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION	DIRECT WEIGHTED AVG. NET RENT (MF)	DIRECT WEIGHTED AVG. NET RENT (OS)	DIRECT WEIGHTED AVG. NET RENT (W/D)
CBD	195	4,997,597	7.6%	-42,500	N/A	\$9.13	N/A
Northeast	209	8,600,475	5.7%	-57,762	N/A	\$7.75	\$5.26
Northwest	452	21,285,033	10.5%	-215,048	N/A	\$7.26	\$3.86
Southeast	324	17,653,999	4.8%	4,370	\$3.12	\$5.79	\$4.93
Southwest	426	18,152,901	7.3%	25,411	N/A	\$6.60	\$3.70
OKLAHOMA CITY TOTALS	1,606	70,690,005	7.5%	-285,529	\$3.12	\$6.39	\$4.08

*Rental rates reflect asking \$psf/year

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

Key Lease Transactions Q2 2016

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET
3800 S Harmon Avenue	83,646	Lincoln Electric Company	Warehouse – Distribution	Southwest
311 NW 122 nd Street	69,752	Propak Logistics	Warehouse – Distribution	Northwest
600 N Sara Rd	43,194	LKQ Corporation	Warehouse – Distribution	Northwest

Key Sales Transactions Q2 2016

PROPERTY	SF	SELLER/BUYER	PROPERTY TYPE	PRICE/\$ PSF	SUBMARKET
4200 SE 59 th Street	153,130	Tad & Jeff Enterprises / OKC 59 th Street	Warehouse Distribution	\$6,000,000 / \$39	Southeast

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