

**THIRD QUARTER
INDUSTRIAL MARKET REPORT
2019**

OKLAHOMA CITY, OKLAHOMA



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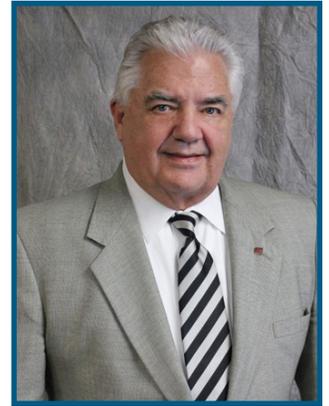
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EXECUTIVE SUMMARY

The delivery of the 2.5M SF Amazon facility and 1M SF added to the Hobby Lobby compound and the completion of the 120,000 SF industrial distribution facility at 6101 SW 44th pretty much completes new construction in the industrial sector of any consequence. There have been announcements of new construction but nothing has started.



The overall vacancy in the industrial market at 4.4 percent leaves very little for choices as new industry continues to move in to Oklahoma. We should see speculative construction as new developers move in to our market.

Leasing rates continue to move up and demand remains strong both in terms of lease and sales of industrial properties.

Respectfully,

Bob Sullivan
CEO

Leasing Activities

Total Inventory	132,209,187 SF
Total Net Absorption	1,836,844 SF
Overall Rental Rate	\$5.88/SF/YR/NNN
Total Vacancy Rate	4.40%
Under Construction	531,781 SF

Sales Activities

Number of Transactions	41
Total Sales Volume	\$43,267,348
Average Price per Bldg. SF	\$66.91



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NAI NATIONAL ECONOMY

The Federal Reserve has cut the interest rate twice during Q3 2019, slashing the federal funds rate to a range of 1.75 percent to 2 percent. The trade war between United States and China started to hurt more US companies, and it has been the main reason for the volatile stock market since April 2019. OPEC decided to extend its policy to cut production for another 8 months as the outlook for global demand of oil and gas continues to weaken. Also, unemployment dropped to 3.5 percent, which is the lowest level since 1969.

NAI LOCAL ECONOMY

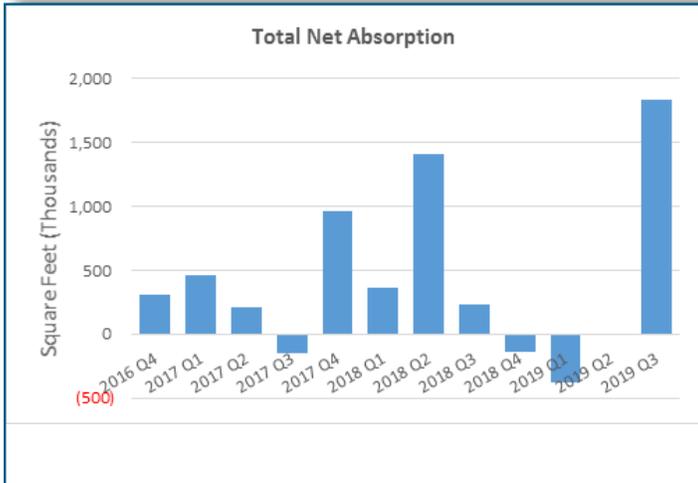
Oklahoma City saw a strong market during the third quarter 2019. The long-awaited Oklahoma City Boulevard has opened for traffic in August the Amazon fulfillment center received its first package in August as well and the Scissortail Park had its grand opening at the end of September. It has been more than a year since the medical marijuana law passed and the number of dispensaries keep rising and the marijuana tax collection keeps growing. More affordable senior housing is planned between Midtown and Classen-10-Penn, the OMNI hotel and new convention center are well under construction and the City council has approved the rezoning for the 20-acre, mixed-use development at NW Expressway and Pennsylvania Avenue. The Oklahoma City commercial real estate market should continue to stay strong and active.

NAI OKLAHOMA CITY INDUSTRIAL MARKET LEASING

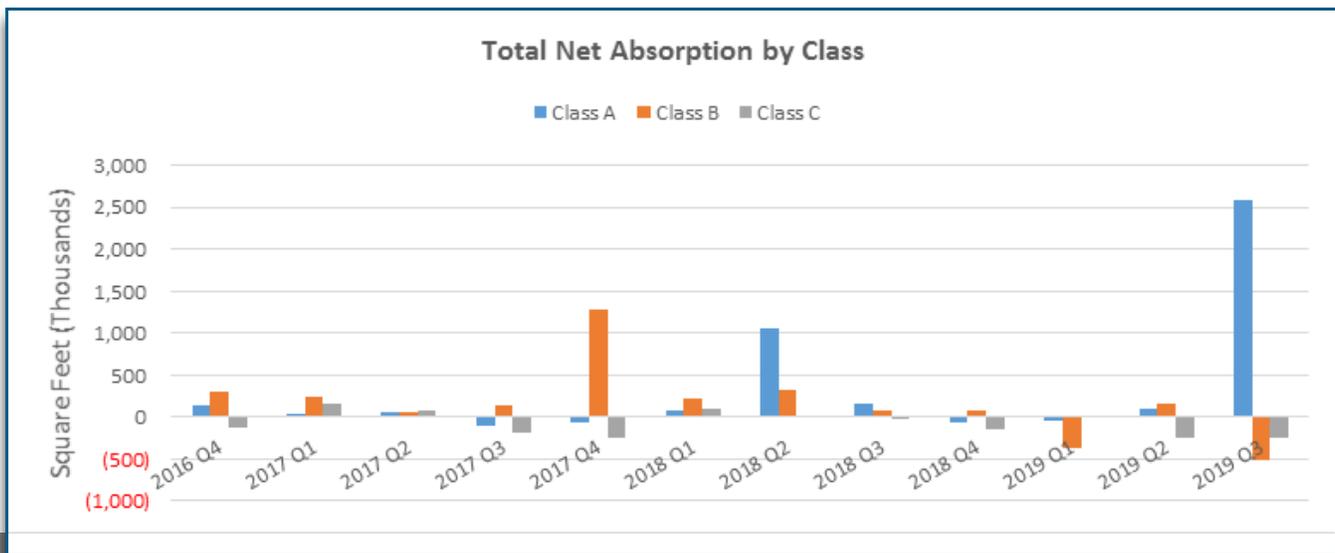
The largest industrial lease signings during Q3 2019 include the 423,502 SF industrial warehouse leased signed by D & M Distributions Services, Inc. at 7501 SW 29th St. in Oklahoma City, the 101,400 SF industrial distribution building lease signed by Supply One Oklahoma at 7501 SW 29th St. in Oklahoma City, and the 64,039 SF industrial lease signed at 401 N Portland Ave., in Oklahoma City.

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NET ABSORPTION AND INVENTORY



- The total net absorption was a positive 1,836,844 SF at the end of Q3 2019
- The total net absorption increased from the negative absorption of 1,887 SF at the end of Q2
- The total inventory was 132,209,187 SF at the end of Q3 2019
- The total inventory increased from 129,628,587 SF at the end of Q2 2019



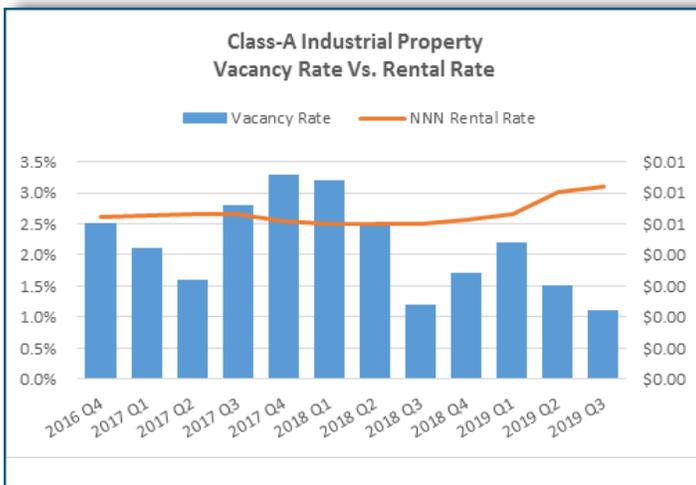
- Class-A net absorption was a positive 2,595,097 SF, which increased from the net absorption of 105,527 SF at the end of Q2 2019
- Class-B net absorption was a negative 516,137 SF which decreased from the net absorption of a positive 152,910 SF at the end of Q2 2019
- Class-C net absorption was a negative 242,116 which remains negative compare to the net absorption of a negative 256,291 at the end of Q2 2019

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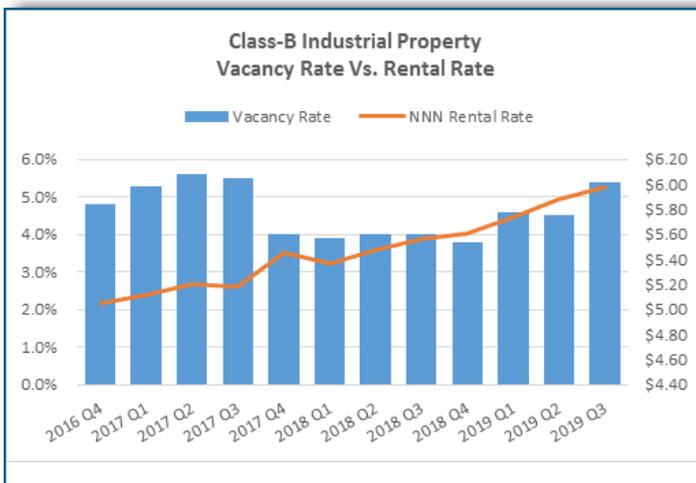
RENTAL AND VACANCY RATES



- The overall industrial rental rate was \$5.88/SF/YR NNN at the end of Q3 2019
- The overall industrial rental rate increased from \$5.64/SF/YR NNN at the end of Q2 2019
- The overall industrial vacancy rate was 4.4% at the end of Q3 2019
- The overall industrial vacancy rate increased from the 3.9% rate at the end of Q2 2019



- Class-A property rental rate averaged \$6.19/SF/YR NNN at the end of Q3 2019
- Class-A property rental rate increased from the \$6.03/SF/YR NNN at the end of Q2 2019
- Class-A property vacancy rate was 1.1% at the end of Q3 2019
- Class-A property vacancy rate decreased from the 1.5% rate at the end of Q2 2019



- Class-B property rental rate averaged \$5.98/SF/YR NNN at the end of Q3 2019
- Class-B property rental rate increased from the \$5.88/SF/YR NNN at the end of Q2 2019
- Class-B property vacancy rate was 5.4% at the end of Q3 2019
- Class-B property vacancy rate increased from the 4.5% rate at the end of Q2 2019

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- Class-C property rental rate averaged \$5.71/SF/YR NNN at the end of Q3 2019
- Class-C property rental rate increased from the \$5.26/SF/YR NNN at the end of Q2 2019
- Class-C property vacancy rate was 4.4% at the end of Q3 2019
- Class-C property vacancy rate increased from the 3.9% rate at the end of Q2 2019

NAI OKC INDUSTRIAL MARKET INFORMATION BY SUBMARKET

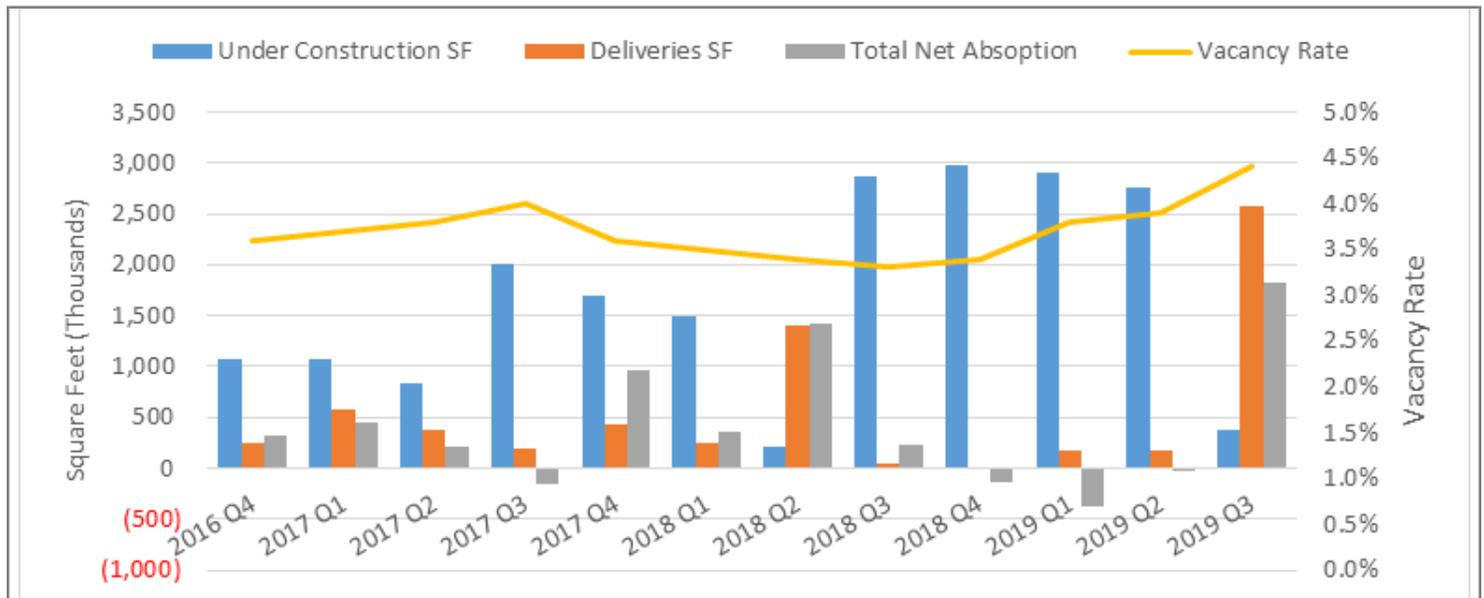
	CBD	Midtown	West/Central	OKC South	Moore/Norman
Rent per SF	\$6.71	\$5.46	\$5.87	\$5.99	\$7.09
Vacancy Rate	13.10%	3.20%	5.90%	4.50%	1.60%
Existing Buildings	128	416	1,654	1,264	581
12 Months Net Absorption	-91.1 K	161 K	-1.2 M	-488 K	2.7 M

	Class-A	Class-B	Class-C
Rent per SF	\$6.19	\$5.98	\$5.71
Vacancy Rate	1.10%	5.40%	4.40%
Existing Buildings	65	1,956	4,505
12 Months Net Absorption SF	2.6 M	-723 K	-637 K

	Up to 30,000 SF	From 30,000 SF
Rent per SF	\$6.97	\$5.84
Vacancy Rate	3.20%	5.40%
Existing Buildings	5,865	777
12 Months Net Absorption SF	228 K	-1.1 M

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CONSTRUCTION, DELIVERY, NET ABSORPTION & VACANCY RATE



There was a 531,781 SF of industrial space under construction at the end of Q3 2019. The largest two industrial properties under construction are the 172,000 SF at 3700 S Purdue Ave. in Oklahoma City, which is scheduled to be delivered in April 2020, and the 120,000 SF industrial warehouse at 3401 S Council Rd. in Oklahoma City, which is scheduled to be delivered in May 2020. We are seeing asking rental rates for under construction industrial properties average at \$7.69/SF/YR in the Oklahoma City market at the end of Q3 2019.

NOTABLE PROPERTIES UNDER CONSTRUCTION

Property Address	City	RBA	Delivery Time
3700 S Purdue Ave	OKC	172,000 SF	Apr 2020
3401 S Council Rd	OKC	120,000 SF	May 2020
SW 134th St & Meridian Rd	OKC	26,000 SF	Jun 2020
2855 W Indian Hills Rd	Norman	19,810 SF	Dec 2019
11301 N Western Ave	OKC	19,000 SF	Dec 2019
1129 E Hefner Rd	OKC	15,000 SF	Nov 2019
225 Garage Dr	Edmond	14,065 SF	Dec 2019

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OKLAHOMA CITY INDUSTRIAL MARKET SALES

There were 41 transactions totaling \$43,267,348 recorded during the third quarter 2019. The largest individual sale based on dollar volume was the sale of the industrial manufacturing building at 9201 Pole Rd. in Oklahoma City. Spiers New Technology from Oklahoma City, OK purchased the 2,660 SF building from Circor Energy Products LLC for \$4,622,500 or \$1,737.78/SF, on September 26, 2019.

Summary

Number of Transactions	41
Total Sales Volume	\$43,267,348
Total Bldg. SF	814,698 SF
Total Land in Acres	184.71 Acres
Average Price per Bldg. SF	\$66.91
Median Price per Bldg. SF	\$62.09
Average Cap Rate	-

OKC MARKET SIGNIFICANT INDUSTRIAL SALE TRANSACTIONS DURING Q3 2019



Property Name: 9201 Pole Rd
 Property Address: 9201 Pole Rd., OKC
 Sale Price: \$4,622,500
 Price per SF: \$1,737.78/SF
 Sale Date: 09/26/2019



Property Name: 10100 NW 10th St
 Property Address: 10100 NW 10th St., OKC
 Sale Price: \$4,475,000
 Price per SF: \$369.41/SF
 Sale Date: 08/20/2019



Property Name: 2000 E Seward Rd
 Property Address: 2000 E Seward Rd., Guthrie
 Sale Price: \$3,883,000
 Price per SF: \$44.57/SF
 Sale Date: 07/18/2019



Property Name: 3905-3909 NW 36th St
 Property Address: 3905-3909 NW 36th St., OKC
 Sale Price: \$3,500,000
 Price per SF: \$45.74/SF
 Sale Date: 07/16/2019



Property Name: 2601 Venture Dr
 Property Address: 2601 Venture Dr., Norman
 Sale Price: \$3,492,000
 Price per SF: \$62.53/SF
 Sale Date: 07/03/2019



Property Name: 11900 N Santa Fe Ave
 Property Address: 11900 N Santa Fe Ave., OKC
 Sale Price: \$2,599,069
 Price per SF: \$44.91/SF
 Sale Date: 08/20/2019



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NAI Sullivan Group is a leading global service provider offering a full range of premier services, customized to fit your need and exceed your expectations. Our talented and experienced professionals provide benefits to large institutions and small business owners alike. We are your single point of contact for customized real estate services.

NAI Sullivan Group strives for excellence in all facets of real estate services in order to maintain our position as an industry leader. Our team transforms forward-thinking ideas into cutting-edge applications, to achieve maximum results for our clients, company and community.

For more information, please visit our website: www.naisullivangroup.com

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