

THIRD QUARTER
RETAIL MARKET REPORT
2019

OKLAHOMA CITY, OKLAHOMA

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NAI Sullivan Group

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EXECUTIVE SUMMARY

Demand for Class A retail space in Oklahoma City remains strong. We're continuing to see upward momentum on rental rates in Class A space for 1,000-5,000 SF. As new restaurant concepts enter the market they are competing for fewer and fewer desirable sites. Also noteworthy this quarter was At Home's announcement to backfill three large vacant spaces in the Quail Springs trade area. This quickly fills three large spaces that could have blighted the busiest retail corridor in the metro.



-David Hartnack,
Executive at NAI Sullivan Group

Leasing Activities

Total Inventory	95,253,348 SF
Total Net Absorption	-21,794 SF
Overall Rental Rate	\$13.80/SF/YR
Total Vacancy Rate	6.10%
Under Construction	621,881 SF

Sales Activities

Number of Transactions	81
Total Sales Volume	\$75,728,750
Average Price per Bldg. SF	\$108.29



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NA NATIONAL ECONOMY

The Federal Reserve has cut the interest rate twice during the third quarter 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 deal to cut production for another 8 months as the weakening outlook for global demand. As the weather gets colder toward the end of the year, we are going to see a weaker demand for oil and gas. The unemployment rate dropped to 3.5 percent, the lowest level since 1969.

NA 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, 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. The number of dispensaries keep rising, and marijuana tax collection keep growing. As there are more restrictions put on the new law, the speed should slow down a bit. More affordable senior housing is planned between Midtown and Classen-10-Penn, the OMNI hotel and new convention center is well under construction, City council has approved the rezoning for the 20-acre, mixed-use development at NW Expressway and Pennsylvania Avenue-the Oklahoma City market will continue to stay strong and active.

NA OKLAHOMA CITY RETAIL MARKET LEASING

Notable retail leases based on asking rental rates during Q3 include the 4,703 SF retail lease signed at 780 SW 19th St. in Norman with an asking rental rate of \$38/SF/YR, the 2,537 SF lease at 13230 Pawnee Dr. in Oklahoma City with an asking rental rate of \$35/SF/YR modified gross, and the 2,000 SF retail lease signed at 6339 SW 3rd St. in Oklahoma City with an asking rental rate of \$32/SF/YR NNN.

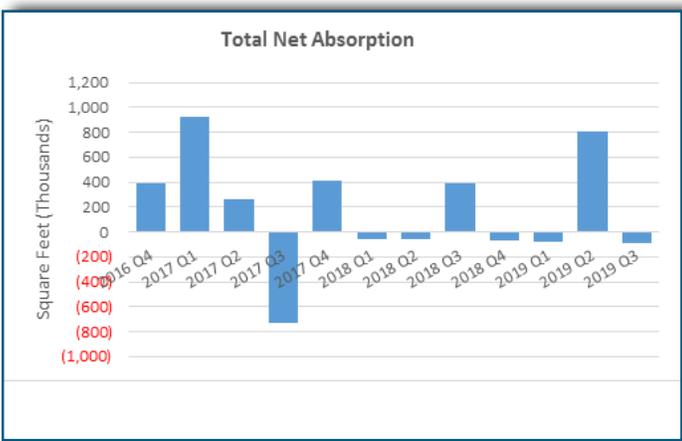
Notable retail leases based on SF in Q3 2019 include the 50,745 SF retail lease signed by Oklahoma Upfitters at 913 S Broadway in Edmond, the 28,102 SF retail lease at 7124 S I-35 Service Rd. in Oklahoma City, and the 16,000 SF retail lease at 1600-1630 SW 74th St. in Oklahoma City.

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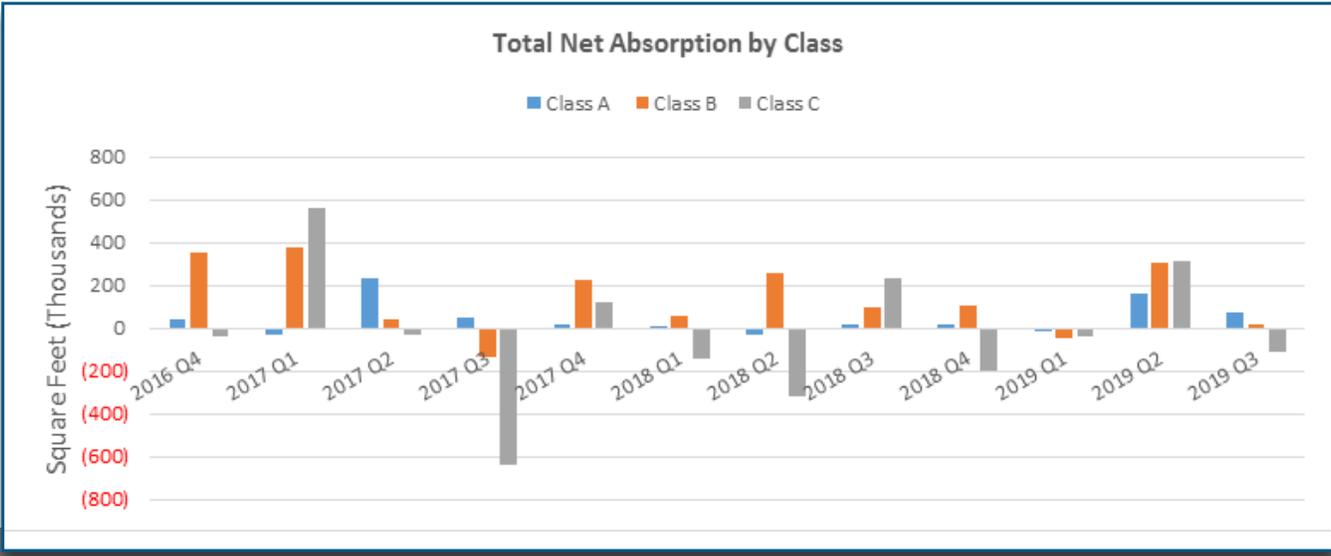
2019



NET ABSORPTION AND INVENTORY



- The total net absorption was a negative 84,901 SF at the end of Q3 2019
- The total net absorption decreased from the net absorption of positive 809,557 at the end of Q2 2019
- The total inventory was 95,253,348 SF at the end of Q3 2019
- The total inventory increased from 95,099,492 SF at the end of Q2 2019



- Class-A retail property net absorption was 70,612 SF, which decreased from the positive absorption of 165,369 SF at the end of Q2 2019
- Class-B retail property net absorption was 16,536 SF, which decreased from the positive absorption of 303,592 SF at the end of Q2 2019
- Class-C retail property net absorption was a negative 108,942 SF, which decreased from the positive 313,261 SF at the end of Q2 2019

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RENTAL AND VACANCY RATES



- The overall retail market rental rate averaged \$13.80/SF/YR at the end of Q3 2019
- The overall retail market rental rate increased from the \$13.62/SF/YR at the end of Q2 2019
- The overall retail market vacancy rate was 6.10% at the end of Q3 2019
- The overall retail market vacancy rate increased from the 5.90% at the end of Q2 2019



- Class-A retail property rental rate averaged \$17.37/SF/YR NNN at the end of Q3 2019
- Class-A retail property rental rate increased from the \$16.58/SF/YR NNN at the end of Q2 2019
- Class-A retail property vacancy rate was 3.40% at the end of Q3 2019
- Class-A retail property vacancy rate increased from the 3.30% at the end of Q2 2019



- Class-B retail property rental rate averaged \$14.12/SF/YR NNN at the end of Q3 2019
- Class-B retail property rental rate increased from the \$13.78/SF/YR NNN at the end of Q2 2019
- Class-B retail property vacancy rate averaged 7.10% at the end of Q3 2019
- Class-B retail property vacancy rate increased from the 7.00% at the end of Q2 2019

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- Class-C property rental rate averaged \$12.91/SF/YR NNN at the end of Q3 2019
- Class-C property rental rate increased from the \$12.88/SF/YR NNN at the end of Q2 2019
- Class-C property vacancy rate averaged 5.60% at the end of Q3 2019
- Class-C property vacancy rate increased from the 5.40% at the end of Q2 2019

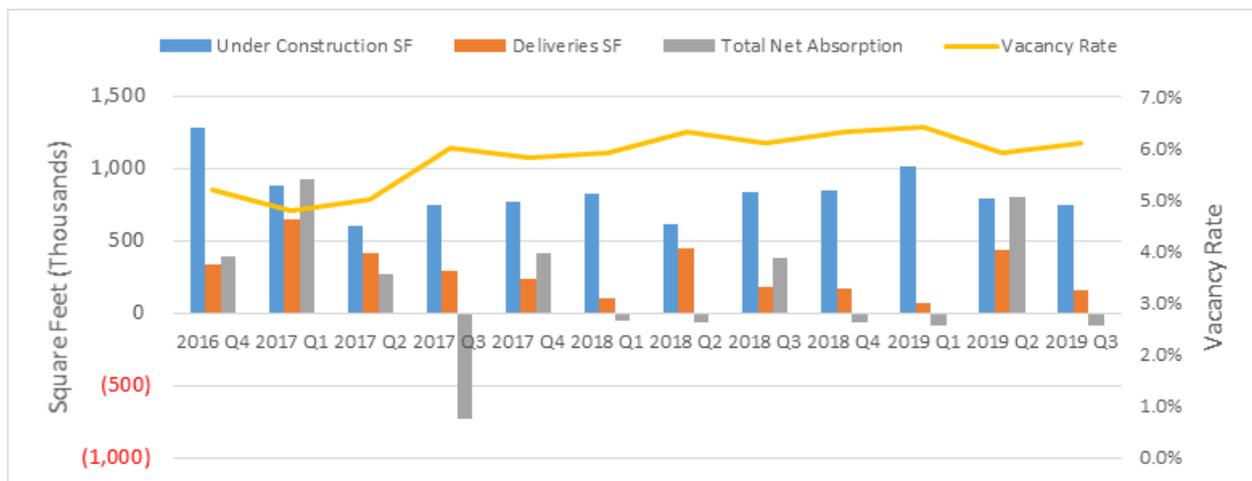


OKC RETAIL INFORMATION BY SUBMARKET

	Northwest	Edmond	Moore/Norman
NNN Rental Rate per SF	\$14.33	\$15.96	\$16.95
Vacancy Rate	5.70%	5.30%	5.00%
Existing Buildings	1,282	739	1,271
12 Months Net Absorption SF	-39.4 K	330 K	-96.6 K



CONSTRUCTION, DELIVERY, NET ABSORPTION AND VACANCY RATE



There was 621,881 SF of retail space under construction at the end of Q3 2019. The top two retail properties by size under construction are the 88,000 SF retail building at 1001 NW 6th St. in Oklahoma City, which is scheduled to be delivered in September 2020, and the 70,000 SF retail building at 790 SW 19th St. in Moore, which is scheduled to be delivered in December 2019. We are seeing average asking rental rate for under construction retail properties at \$18.99/SF/YR. The asking rental rate for retail property at 5801-5999 SE 15th St. ranges from \$30-34/SF/YR NNN.

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NOTABLE RETAIL PROPERTIES UNDER CONSTRUCTION

Property Name	Property Address	City	RBA	Delivery Time
-	1001 NW 6th St	OKC	88,000 SF	Sep 2020
-	790 SW 19th St	Moore	70,000 SF	Dec 2019
The Shops at Memorial Crossing	NE Corner of Memorial Rd & Western Ave	OKC	70,000 SF	Oct 2019
-	4105 S Western Ave	OKC	66,000 SF	Oct 2019
-	5801 SE 15th St	Midwest City	48,631 SF	Jan 2020
-	219 N Harrison Ave	Blanchard	46,624 SF	Nov 2019
Flix Brewhouse	N Broadway Ext	OKC	34,197 SF	Mar 2020
OnCue	1600 NW Expressway	OKC	25,961 SF	Dec 2019
First National Center	120 N Robinson Ave	OKC	22,000 SF	Oct 2020

OKLAHOMA CITY RETAIL MARKET SALES

The third quarter of 2019 saw 81 transactions totaling \$75,728,750. The largest individual property sale based on dollar volume was the sale of a section of Normandy Creek Center at 2224-2280 W Main St. in Norman. The company NAI Wheelhouse purchased the 67,854 SF property from Waterford Raptor Properties for \$5,800,000 or \$85.48/SF, on July 22, 2019. Parkway Plaza at 600-690 W Ed Noble Pky in Norman, Hunter Miller Enterprises, Inc. from Norman, OK purchased the 105,874 SF shopping center from LNR Partners LLC for \$7.6 million, or \$71.63/SF on September 18, 2019. Denny's at 500 Ed Noble Pky in Norman, 520-564 Ed Noble Pky in Norman, 580-596 Ed Noble Pky in Norman, 700 Ed Noble Pky in Norman were among a 5-retail property sale of \$18,322,500 which sold on September 18, 2019.

Summary	
Number of Transactions	81
Total Sales Volume	\$75,728,750
Total Bldg. SF	1,046,813 SF
Total Land in Acres	127.29 Acres
Average Price per Bldg. SF	\$108.29
Median Price per SF	\$96.25
Actual Cap Rate	7.14%

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OKC MARKET SIGNIFICANT RETAIL SALE TRANSACTIONS DURING Q3 2019



Property Name: 600-690 W Ed Noble Pky
 Property Address: 600-690 W Ed Noble Pky, Norman
 Sale Price: \$7,583,605
 Price per SF: \$71.63/SF
 Sale Date: 09/18/2019



Property Name: 520-564 Ed Noble Pky
 Property Address: 520-564 Ed Noble Pky, Norman
 Sale Price: \$6,908,077
 Price per SF: \$61.18/SF
 Sale Date: 09/18/2019



Property Name: Normandy Creek Center
 Property Address: 2224-2280 W Main St, Norman
 Sale Price: \$5,800,000
 Price per SF: \$85.48/SF
 Sale Date: 07/22/2019



Property Name: Silver City Town Center
 Property Address: 101-361 N Mustang Rd, Mustang
 Sale Price: \$5,550,000
 Price per SF: \$61.94/SF
 Sale Date: 08/30/2019



Property Name: Silver City Town Center
 Property Address: 135 N Mustang Rd., Mustang
 Sale Price: \$5,550,000
 Price per SF: \$593.96/SF
 Sale Date: 08/29/2019



Property Name: Drug Store
 Property Address: 1640 SW 119th St., OKC
 Sale Price: \$4,500,000
 Price per SF: \$299.72/SF
 Sale Date: 07/16/2019

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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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