

**FIRST QUARTER  
RETAIL MARKET REPORT  
2020**

*OKLAHOMA CITY, OKLAHOMA*

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# First Quarter Retail Market Report

NAI Sullivan Group

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## EXECUTIVE SUMMARY

The first quarter of 2020 has been a bumpy ride for the retail sector in Oklahoma City. The Coronavirus pandemic has suppressed economic activity across the globe, and the retail segment in Oklahoma City has probably felt it more than most sectors. This impact has only been exacerbated by the drop in oil prices that always softens our energy-based economy here in Oklahoma. We have seen a strong pull-back in activity in the market as retailers take a “wait and see” approach, and avoid making long term real estate commitments. Additionally, Landlords are being asked for rent concessions from struggling tenant's unable to operate their business during the nationwide lockdown. This has caused the retail investment market to freeze as well, as investors begin to worry about the ability of tenants to stay in business.



However, as the first quarter comes to an end, we are beginning to see signs that the lockdown may lift in the coming weeks and the pent-up economic activity could cause a very strong third and fourth quarter in 2020.

-David Hartnack, Vice President-Retail

### Leasing Activities

<b>Total Inventory</b>	96,361,957 SF
<b>Total Net Absorption</b>	-19,984 SF
<b>Overall Rental Rate</b>	\$13.85/SF/YR/NNN
<b>Total Vacancy Rate</b>	6.60%
<b>Under Construction</b>	287,994 SF

### Sales Activities

<b>Number of Transactions</b>	71
<b>Total Sales Volume</b>	\$59,135,356
<b>Average Price per Bldg. SF</b>	\$99.42

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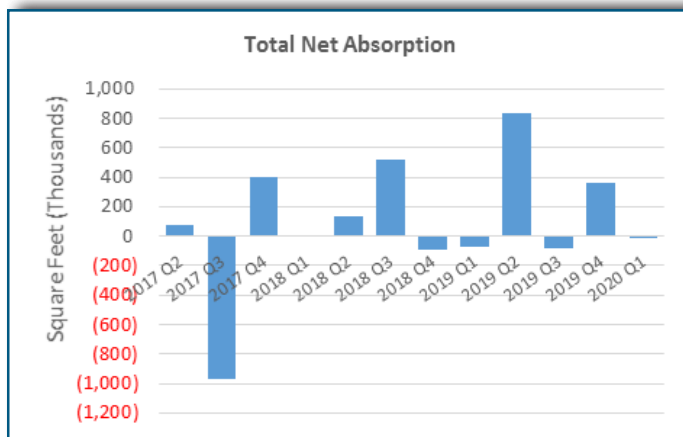
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## OKLAHOMA CITY RETAIL MARKET LEASING

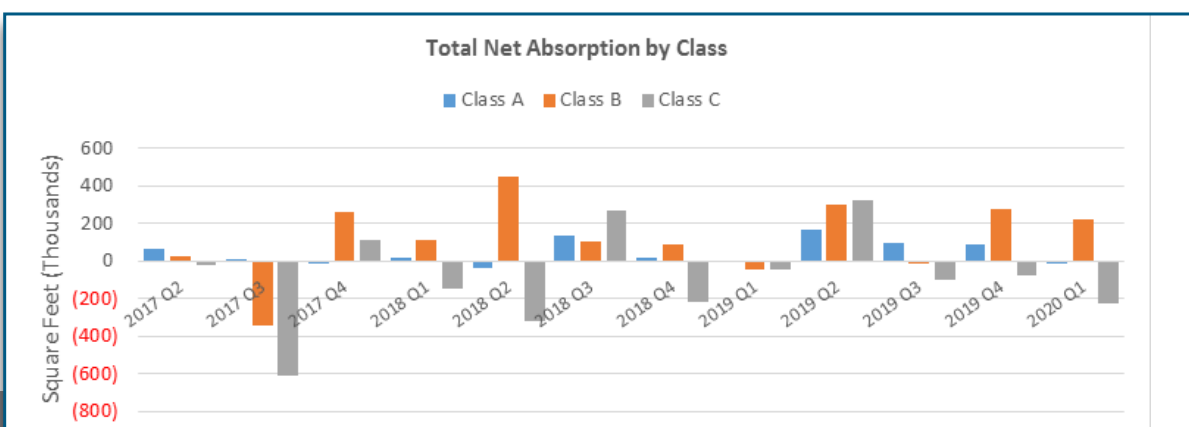
In the Q1 the market saw several leases as a high rate but for smaller square footages. These include the 1,678 SF retail lease signed at 13230 Pawnee Dr. at Chisholm Creek in Oklahoma City with an asking rental rate of \$35.00/SF/YR, the 3,131 SF lease at 12200 N MacArthur Blvd. at the Oak Grove shopping center in Oklahoma City with an asking rental rate of \$28.00/SF/YR modified gross.

Notable retail leases based on SF in Q1 2021 include the 15,400 SF retail lease at 5845 NW 50th St. in Oklahoma City, the 12,525 SF lease signed by HEBCO, Inc. at 2203 SW 74th St. in Oklahoma City, and the 9,000 SF retail lease at 7113-7145 NW 10th St. in Oklahoma City.

## NET ABSORPTION AND INVENTORY



- The total net absorption was a negative 8,678 SF at the end of Q1 2020
- The total net absorption decreased from the net absorption of positive 377,101 SF at the end of Q4 2019
- The total inventory was 96,361,957 SF at the end of Q1 2020
- The total inventory increased from 95,489,687 SF at the end of Q4 2019



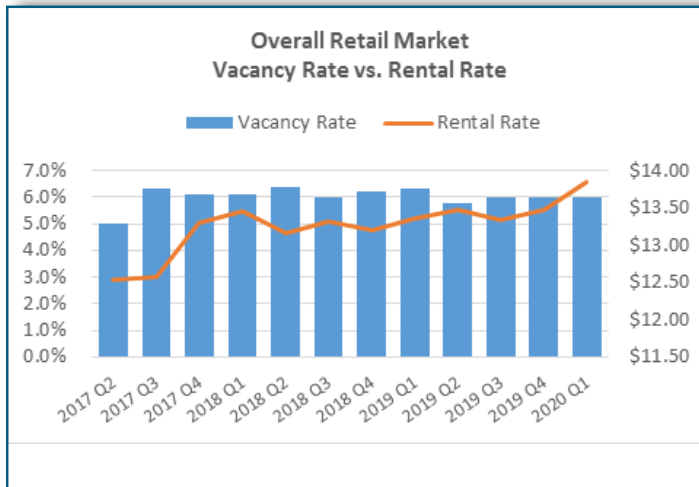
- Class-A retail property net absorption was a negative 16,616 SF, which decreased from the positive 32,613 SF at the end of Q4 2019
- Class-B retail property net absorption was a positive 220,482 SF, which decreased from the positive 303,741 SF at the end of Q4 2019
- Class-C retail property net absorption was a negative 223,850, which remains negative compared to the negative 25,234 SF at the end of Q4 2019



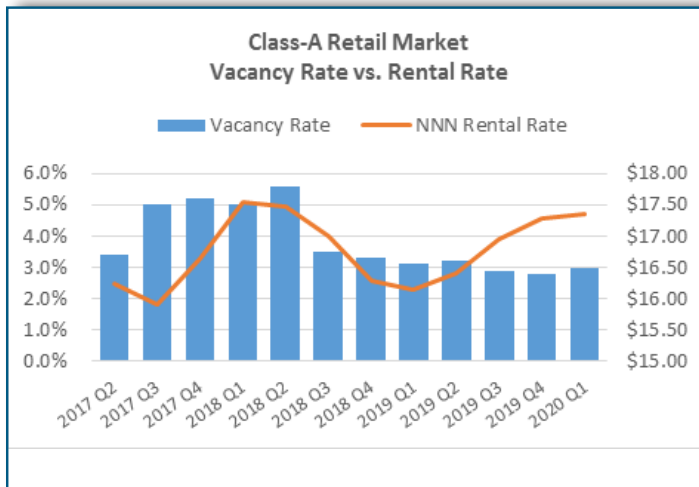
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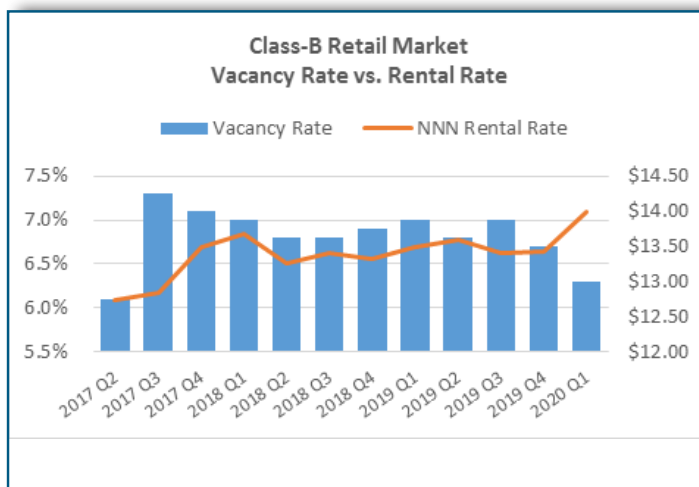
## RENTAL AND VACANCY RATES



- The overall retail market rental rate averaged \$13.85/SF/YR at the end of Q1 2020
- The overall retail market rental rate increased from the \$13.68/SF/YR at the end of Q4 2019
- The overall retail market vacancy rate was 6.00% at the end of Q1 2020
- The overall retail market rental rate remained the same compared to the rate at the end of Q4 2019



- Class-A retail property rental rate averaged \$17.35/SF/YR NNN at the end of Q1 2020
- Class-A retail property rental rate increased from the \$16.29/SF/YR NNN at the end of Q4 2019
- Class-A retail property vacancy rate was 3.00% at the end of Q1 2020
- Class-A retail property vacancy rate decreased from the 3.10% at the end of Q4 2019

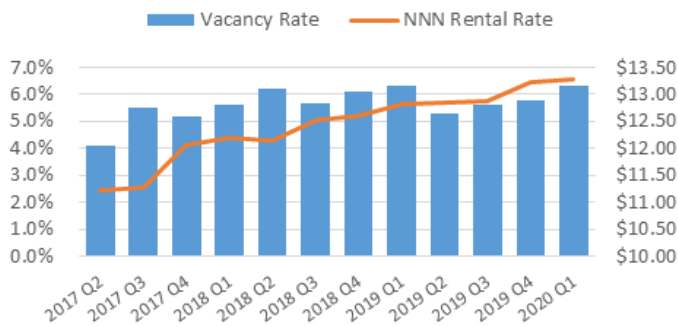


- Class-B retail property rental rate averaged \$13.99/SF/YR NNN at the end of Q1 2020
- Class-B retail property rental rate increased from the \$13.81/SF/YR NNN at the end of Q4 2019
- Class-B retail property vacancy rate was 6.30% at the end of Q1 2020
- Class-B retail property vacancy rate decreased from the 6.70% at the end of Q4 2019

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Class-C Retail Market  
Vacancy Rate vs. Rental Rate

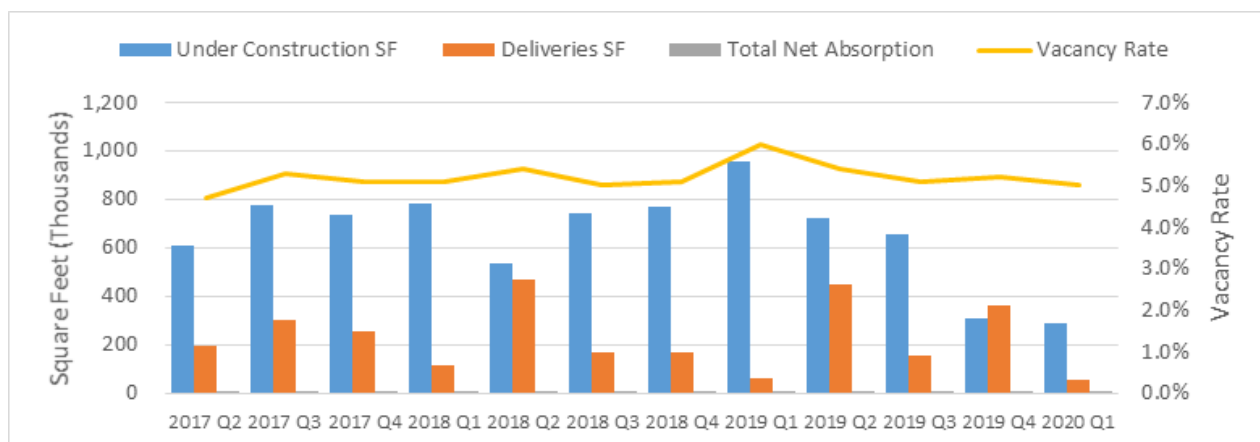


- Class-C retail property rental rate averaged \$13.29/SF/YR NNN at the end of Q1 2020
- Class-C retail property rental rate increased from the \$13.15/SF/YR NNN at the end of Q4 2019
- Class-C retail property vacancy rate was 6.30% at the end of Q1 2020
- Class-C retail property vacancy rate increased from the 5.70% at the end of Q4 2019

## OKC RETAIL INFORMATION BY SUBMARKET

	Northwest	Edmond	Moore/Norman
<b>NNN Rental Rate per SF</b>	\$15.18	\$17.65	\$17.45
<b>Vacancy Rate</b>	4.90%	4.80%	5.00%
<b>Existing Buildings</b>	1,284	740	1,281
<b>12 Months Net Absorption</b>	202 K	182 K	-27 K

## CONSTRUCTION, DELIVERY, NET ABSORPTION AND VACANCY RATE



There was 260,582 SF of retail space under construction at the end of Q4 2019. The top two retail properties by size under construction are the 34,197 SF retail building at N Broadway Ext. in Oklahoma City, which is scheduled to be delivered in March 2020, and the 22,000 SF retail building at 120 N Robinson Ave. in Oklahoma City, which is scheduled to be delivered in October 2020. We are seeing an average asking rental rate for under construction retail properties at \$15.41/SF/YR. The asking rental rate for retail property at Route 66 Landing in Oklahoma City is \$32/SF/YR NNN.

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## NOTABLE RETAIL PROPERTIES UNDER CONSTRUCTION

Property Name	Property Address	City	RBA	Delivery Time
Flix Brewhouse	N Broadway Ext	OKC	34,197	Apr 2020
-	1144 NW 63rd St	OKC	25,000	Apr 2020
First National Center	120 N Robinson Ave	OKC	22,000	Oct 2020
-	2020 NW 164th St	Edmond	18,180	Nov 2020
-	1101 W Danforth Rd	Edmond	18,170	Apr 2020
Park 17	17 E 5th St	Edmond	16,408	Apr 2020

## OKLAHOMA CITY RETAIL MARKET SALES

The first quarter of 2020 saw 71 transactions totaling \$59,135,356. The largest individual property sale based on dollar volume was the sale of the 13,150 SF retail building at 4711-4725 N May Ave. in Oklahoma City. Precor Ruffin Properties purchased the property from Mercer Street Holdings One LLC for \$5,500,000, or \$418.25 per square foot, on March 12, 2020.

Summary	
<b>Number of Transactions</b>	71
<b>Total Sales Volume</b>	\$59,135,356
<b>Total Bldg. SF</b>	700,900 SF
<b>Total Land in Acres</b>	162.63 Acres
<b>Average Price per Bldg. SF</b>	\$99.42
<b>Median Price per SF</b>	-
<b>Actual Cap Rate</b>	7.02%

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## OKC MARKET SIGNIFICANT RETAIL SALE TRANSACTIONS DURING Q1 2020



Property Name: Mayfair Village  
Property Address: 4711-4725 N May Ave. OKC  
Sale Price: \$5,500,000  
Price per SF: \$418.25/SF  
Sale Date: 03/12/2020



Property Name: Kelly Center  
Property Address: 610 Kelly Ave. Edmond  
Sale Price: \$3,718,500  
Price per SF: \$87.08/SF  
Sale Date: 01/2/2020



Property Name: 1101 W Danforth Rd.  
Property Address: 1101 W Danforth Rd. Edmond  
Sale Price: \$3,250,000  
Price per SF: \$178.87/SF  
Sale Date: 02/25/2020



Property Name: 6000 NW 23rd St.  
Property Address: 6000 NW 23rd St. OKC  
Sale Price: \$2,600,000  
Price per SF: \$31.93/SF  
Sale Date: 03/02/2020



Property Name: Showroom/Automotive Center  
Property Address: 5000 W Reno Ave. OKC  
Sale Price: \$2,510,000  
Price per SF: \$29.83/SF  
Sale Date: 01/07/2020



Property Name: West Port Shopping  
Property Address: 1201-1227 N Santa Fe Ave. OKC  
Sale Price: \$2,480,000  
Price per SF: \$50.75/SF  
Sale Date: 02/19/2020



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## NAI SULLIVAN GROUP

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](http://www.naisullivangroup.com)

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