

FIRST QUARTER
INDUSTRIAL MARKET REPORT
2020

OKLAHOMA CITY, OKLAHOMA

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First Quarter Industrial Market Report

NAI Sullivan Group

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EXECUTIVE SUMMARY

The Oklahoma City industrial market has seen the effects in Q1 2020 of the COVID-19 pandemic and the fall in Oil prices. The net absorption was the lowest it has been since Q1 2019. However, industrial is one of the best positioned property types to succeed in the present and post COVID-19 era benefiting from online sales and distribution. Currently It is a wait and see situation to understand how the Oklahoma City Industrial market will react to the impending recession and supplementing oil price crises. The vacancy rate continues to climb from a 10 year low of 3.36% in Q3 2018 to a 4.80% rate for Q1 2020. We expect this to increase as the effects of the COVID-19 pandemic and the oil crises loom on the economy in the coming months.



The average lease rate across all industrial properties in Oklahoma City was \$6.24/SF/Yr on a NNN basis which has seen little movement over the last couple years. A 156,000-sf warehouse was leased by Corken at 9201 N I-35 Britton Rd making it the largest lease in Q1 2020. Meanwhile, the total square footage under construction is 501,527 which hopefully will start to help the supply shortage that the industrial market in Oklahoma City has seen over the past couple years. The average asking rate on these new construction projects was \$8.52/SF/YR. During the first quarter of 2020 there were a total of 26 industrial sale transactions totaling \$19,095,831. The median price on these transactions was \$63.14/SF with an average cap rate of 9.35%. The largest of these sales was a \$4,400,000 sale at 3813-3817 N Santa F Ave.

We will wait and see how our market reacts in the coming months to the current financial circumstances brought on by the COVID-19 pandemic and the oil price crash. Please see the following report for more specific details on Q1 2020.

Leasing Activities

Total Inventory	135,032,433 SF
Total Net Absorption	-296,930 SF
Overall Rental Rate	\$6.24/SF/YR/NNN
Total Vacancy Rate	4.80%
Under Construction	501,527 SF

Sales Activities

Number of Transactions	27
Total Sales Volume	\$19,095,831
Average Price per Bldg. SF	\$37.47

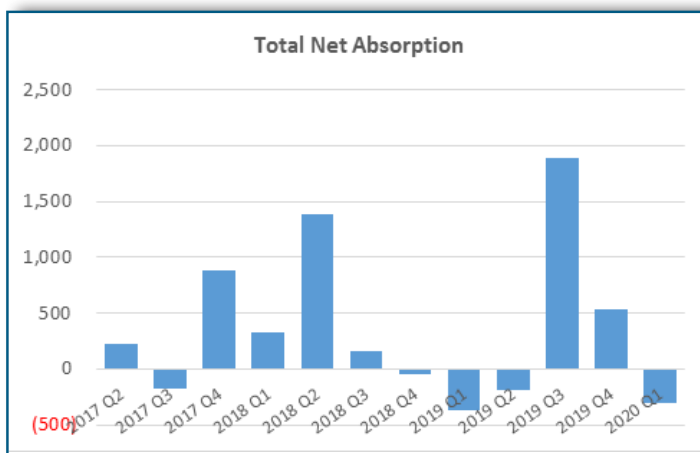
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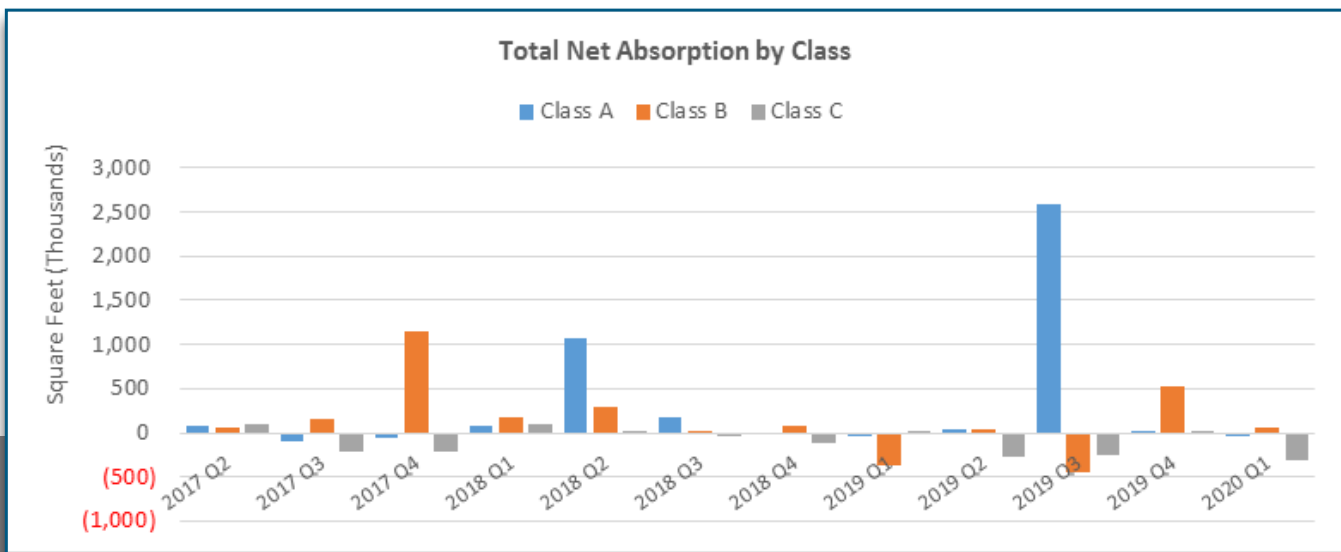
OKLAHOMA CITY INDUSTRIAL MARKET LEASING

The largest industrial lease signings during Q1 2020 include the 156,000 SF industrial warehouse lease signed by Corken at 9201 N I-35 Brittan Rd., in Oklahoma City, the 58,466 SF industrial building lease signed by Munch's Supply O'Connor at 315 Hudiburg Cir. in Oklahoma City, and the 47,186 SF industrial lease signed at 3701 S Thomas Rd. in Oklahoma City.

NET ABSORPTION AND INVENTORY



- The total net absorption was a negative 296,930 SF at the end of Q1 2020
- The total net absorption decreased from the positive absorption of 54,585 SF at the end of Q4 2019
- The total inventory was 135,032,433 SF at the end of Q1 2020
- The total inventory increased from the 133,829,587 SF at the end of Q4 2019

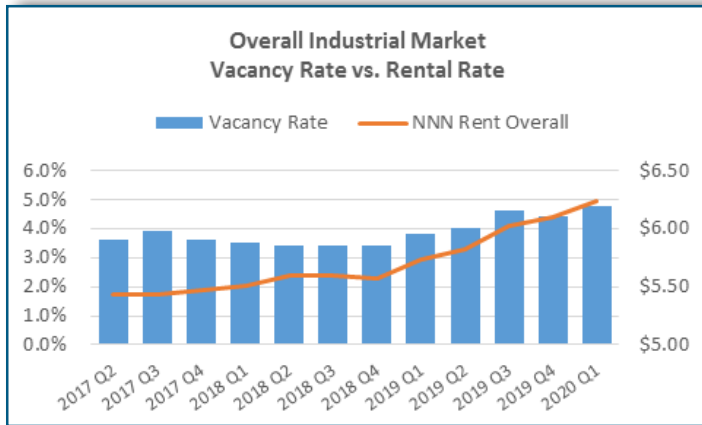


- Class-A net absorption was a negative 44,046 SF, which decreased from the positive net absorption of 1,250 SF at the end of Q4 2019
- Class-B net absorption was a positive 63,413 SF, which increased from the positive net absorption of 55,399 SF at the end of Q4 2019
- Class-C net absorption was a negative 316,297 SF, which decreased from the negative net absorption of 2,064 SF at the end of Q4 2019

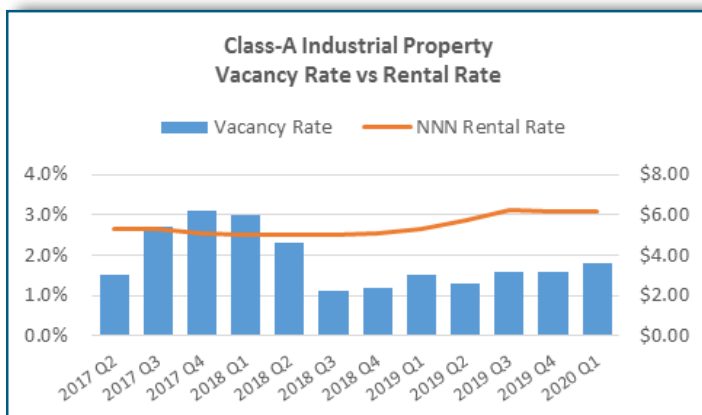
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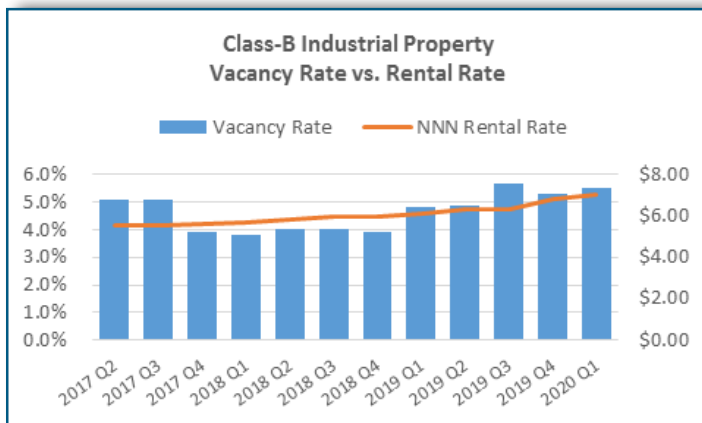
RENTAL AND VACANCY RATES



- The overall industrial rental rate was \$6.24/SF/YR/NNN at the end of Q1 2020
- The overall industrial rental rate increased from \$6.16/SF/YR/NNN at the end of Q4 2019
- The overall industrial vacancy rate was 4.80% at the end of Q1 2020
- The overall industrial vacancy rate increased from the 4.40% at the end of Q4 2019



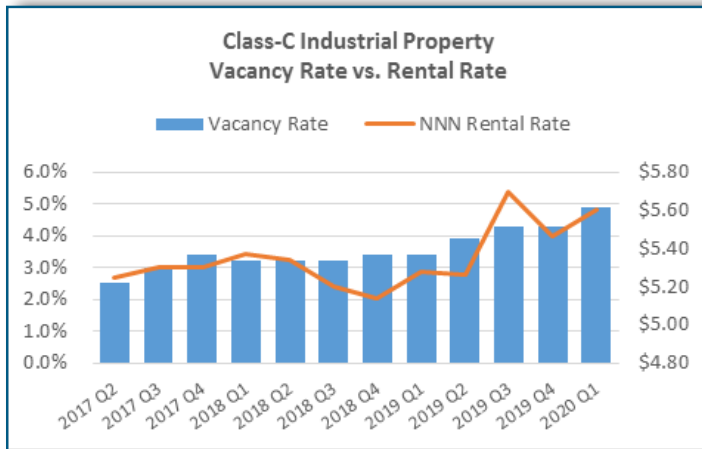
- Class-A property rental rate averaged \$6.21/SF/YR/NNN at the end of Q1 2020
- Class-A property rental rate increased from the \$6.06/SF/YR/NNN at the end of Q4 2019
- Class-A property vacancy rate was 1.80% at the end of Q1 2020
- Class-A property vacancy rate increased from the 0.90% at the end of Q4 2019



- Class-B property rental rate averaged \$7.01/SF/YR/NNN at the end of Q1 2020
- Class-B property rental rate increased from the \$6.83/SF/YR/NNN at the end of Q4 2019
- Class-B property vacancy rate was 5.50% at the end of Q1 2020
- Class-B property vacancy rate decreased from the 5.60% at the end of Q4 2019

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- Class-C property rental rate averaged \$5.60/SF/YR/NNN at the end of Q1 2020
- Class-C property rental rate increased from the \$5.54/SF/YR/NNN at the end of Q4 2019
- Class-C property vacancy rate was 4.90% at the end of Q1 2020
- Class-C property vacancy rate increased from the 4.30% at the end of Q4 2019

OKC INDUSTRIAL MARKET INFORMATION BY SUBMARKET

	CBD	Midtown	West/Central	OKC South	Moore/Norman
Rent per SF	\$6.89	\$5.66	\$6.12	\$6.09	\$6.98
Vacancy Rate	9.10%	4.80%	6.00%	5.20%	1.80%
Existing Buildings	129	416	1,664	1,265	591
12 Months Net Absorption SF	64.8 K	66 K	-665 K	- 381 K	2.6 M

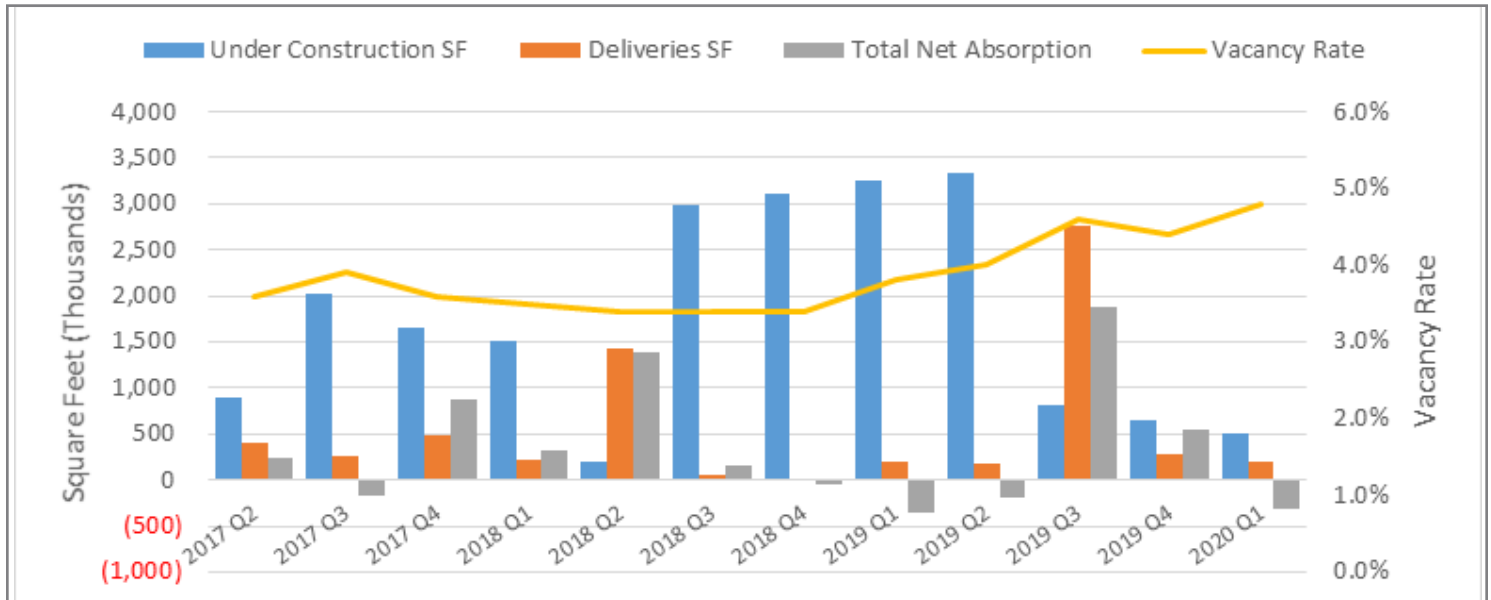
	Class-A	Class-B	Class-C
Rent per SF	\$6.21	\$7.01	\$5.60
Vacancy Rate	1.80%	5.50%	4.90%
Existing Buildings	65	1,999	4,524
12 Months Net Absorption SF	2.6 M	235 K	-836 K

	Up to 30,000 SF	From 30,000 SF
Rent per SF	\$7.13	\$6.05
Vacancy Rate	4.10%	5.10%
Existing Buildings	5,922	788
12 Months Net Absorption SF	-275 K	2.3 M

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CONSTRUCTION, DELIVERY, NET ABSORPTION & VACANCY RATE



There was 673,527 SF of industrial space under construction at the end of Q1 2020. 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 \$8.52/SF/YR in the Oklahoma City market at the end of Q1 2020.

NOTABLE PROPERTIES ANNOUNCED FOR 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
2609 S Meridian Ave	OKC	40,000 SF	Sep 2020
525 NW 11th St	OKC	39,094 SF	Apr 2020
4700 SW 25th St	OKC	30,000 SF	Oct 2020
SW 134th St & Meridian Rd	OKC	26,000 SF	Jun 2020
1800 W Tecumseh Rd	OKC	24,000 SF	Apr 2020

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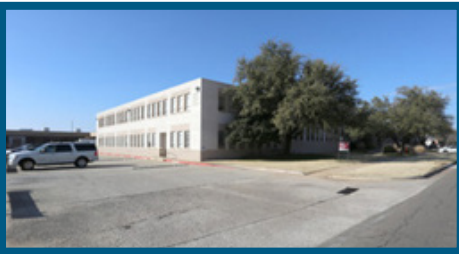
NA OKLAHOMA CITY INDUSTRIAL MARKET SALES

There were 27 transactions totaling \$19,095,831 recorded during the first quarter of 2020. The largest individual sale based on dollar volume was the sale of the industrial manufacturing building at 3813-3817 N Santa Fe Ave. in Oklahoma City. KCDS Holdings LLC from Oklahoma City, OK purchased the 216,000 SF building from 38th Of Santa Fe LLC from Oklahoma City, OK for \$4,400,000, or \$20.37/SF, on January 1st, 2019.

Summary

Number of Transactions	27
Total Sales Volume	\$19,095,831
Total Bldg. SF	558,181 SF
Total Land in Acres	66.86 Acres
Average Price per Bldg. SF	\$37.47
Median Price per Bldg. SF	\$63.14
Average Cap Rate	9.35%

NA OKC MARKET SIGNIFICANT INDUSTRIAL SALE TRANSACTIONS DURING Q1 2020



Property Name: 3813-3817 N Santa Fe Ave.
Property Address: 3813-3817 N Santa Fe Ave., OKC
Sale Price: \$4,400,000
Price per SF: \$20.37/SF
Sale Date: 01/21/2020



Property Name: 300 N Macarthur Blvd.
Property Address: 300 N Macarthur Blvd., OKC
Sale Price: \$3,500,000
Price per SF: \$54.66/SF
Sale Date: 03/30/2020



Property Name: 3844 NW 8th St.
Property Address: 3844 NW 8th St., OKC
Sale Price: \$1,580,000
Price per SF: \$63.14/SF
Sale Date: 03/05/2020



Property Name: 3508 Wellsite Dr.
Property Address: 3508 Wellsite Dr., Norman
Sale Price: \$1,185,000
Price per SF: \$51.90/SF
Sale Date: 02/21/2020



Property Name: 117 NW 142nd St.
Property Address: 117 NW 142nd St., OKC
Sale Price: \$975,000
Price per SF: \$106.42/SF
Sale Date: 03/06/2020



Property Name: 528 W State Highway 152
Property Address: 528 W State Highway 152
Sale Price: \$763,000
Price per SF: \$67.49/SF
Sale Date: 02/03/2020



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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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