

SECOND QUARTER
RETAIL MARKET REPORT
2020

OKLAHOMA CITY, OKLAHOMA





Second Quarter Retail Market Report

2020
NAI Sullivan Group

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EXECUTIVE SUMMARY

COVID-19 continues to wreak havoc in the retail market sector. Forced closures and restricted openings have severely hurt retail sales projections. The \$2.2 trillion economic stimulus package passed at the end of March allowed many tenants to avoid having to ask for rent abatements during the lockdown, but as the pandemic continues to restrict economic activity, we are expecting more requests for assistance in the forms of rent abatements or reductions.



The pandemic's effect on retailers has varied greatly depending on the specific industry type. While restaurants and fitness facilities were forced to shut their doors in April and May, many grocers and hardware stores were reporting record sales. This quarter was also marked by multiple announcements of store closing, as retailers like GNC, Nordstrom's, Neiman Marcus, JC Penney, & Gold's Gym cut their under performing units.

At the beginning of the third quarter we have seen substantial recovery, but new COVID-19 cases continue to increase in Oklahoma. We are left hoping that we aren't in for another round of shutdowns that could further impact retail sales.

-David Hartnack, Vice President-Retail

Leasing Activities

Total Inventory	96,435,828 SF
Total Net Absorption	172,611 SF
Overall Rental Rate	\$14.17/SF/YR/NNN
Total Vacancy Rate	6.30%
Under Construction	353,722 SF

Sales Activities

Number of Transactions	44
Total Sales Volume	\$21,644,682
Average Price per Bldg. SF	\$104.73

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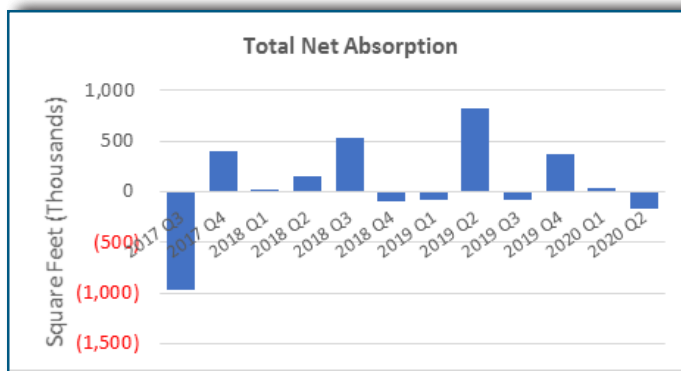
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OKLAHOMA CITY RETAIL MARKET LEASING

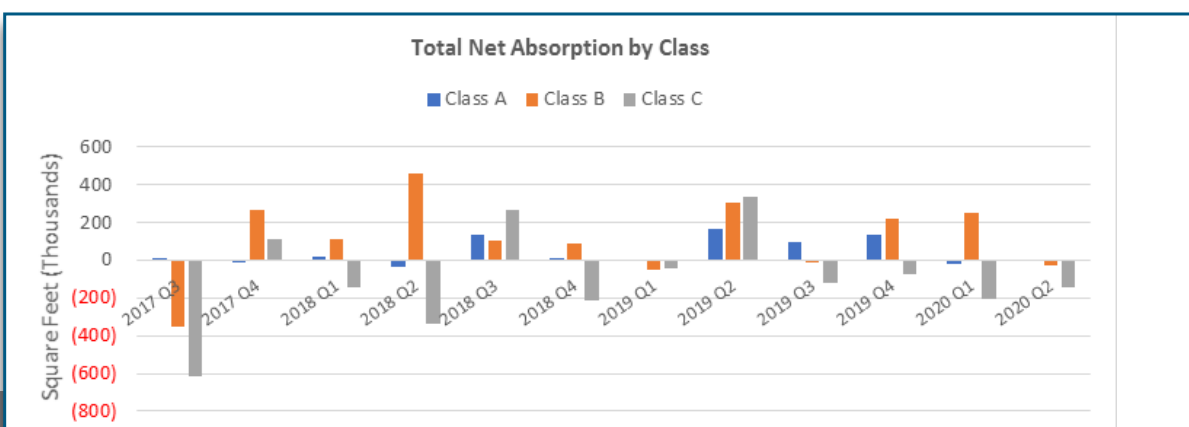
In Q2, the market saw several leases at a high rate but for smaller square footages. These include the 3,900 SF retail lease signed at 6224 SW 3rd St. in Oklahoma City with a starting rental rate of \$39.74/SF/YR, the 3,200 SF lease at 12444 NW 10th St. in Yukon with a starting rental rate of \$23.00/SF/YR modified gross.

Notable retail leases based on SF in Q2 2020 include the 39,400 SF retail lease at 1609 Penn Park Blvd. in Oklahoma City and the 16,696 SF lease signed by Planet Fitness at 1000-1130 Alameda St. in Norman.

NET ABSORPTION AND INVENTORY



- The net absorption was a negative 165,280 SF at the end of Q2 2020
- The total net absorption decreased from the net absorption of negative 8,678 SF at the end of Q1 2020
- The total inventory was 96,435,828 SF at the end of Q2 2020
- The total inventory increased from the 96,361,957 SF at the end of Q1 2020

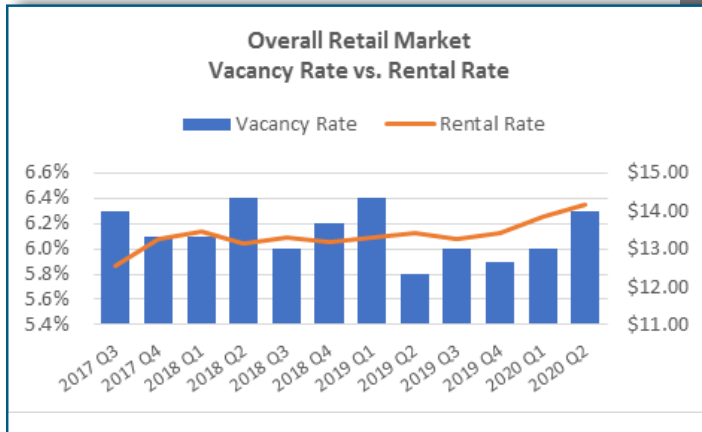


- Class-A retail property net absorption was a negative 3,989 SF, which remains negative compared to the negative 16,616 SF at the end of Q2 2020
- Class-B retail property net absorption was a negative 24,177 SF, which decreased from the positive 220,482 SF at the end of Q1 2020
- Class-C retail property net absorption was a negative 144,445 SF, which remains negative compared to the negative 223,850 SF at the end of Q1 2020

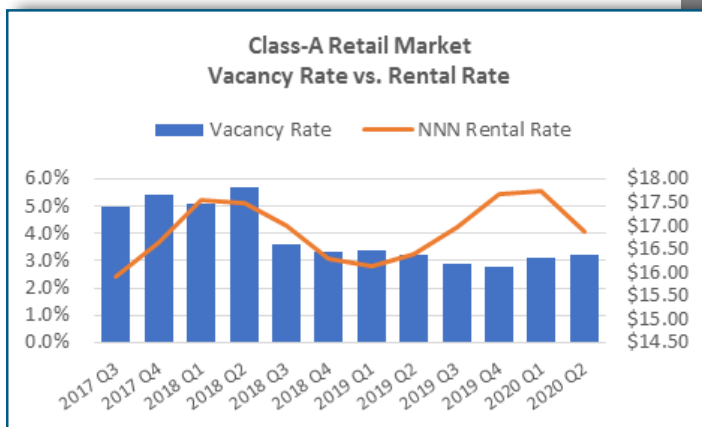
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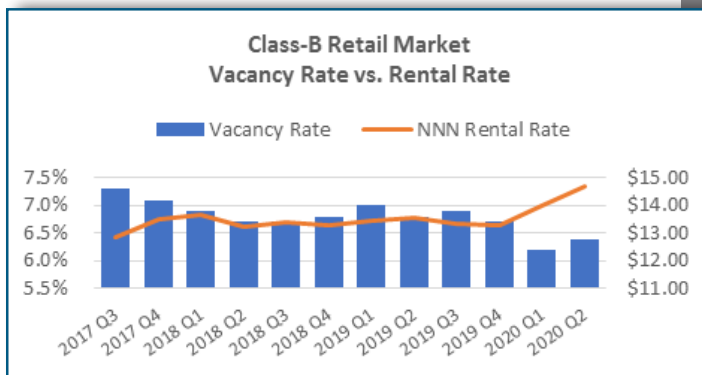
RENTAL AND VACANCY RATES



- The overall retail market rental rate averaged \$14.17/SF/YR at the end of Q2 2020
- The overall retail market rental rate increased from the \$13.85/SF/YR at the end of Q1 2020
- The overall retail market vacancy rate was 6.30% at the end of Q2 2020
- The overall retail market rental rate increased from the 6.00% rate at the end of Q1 2020



- Class-A retail property rental rate averaged \$16.86/SF/YR NNN at the end of Q2 2020
- Class-A retail property rental rate decreased from the \$17.35/SF/YR NNN at the end of Q1 2020
- Class-A retail property vacancy rate was 3.20% at the end of Q2 2020
- Class-A retail property vacancy rate increased from the 3.00% at the end of Q1 2020

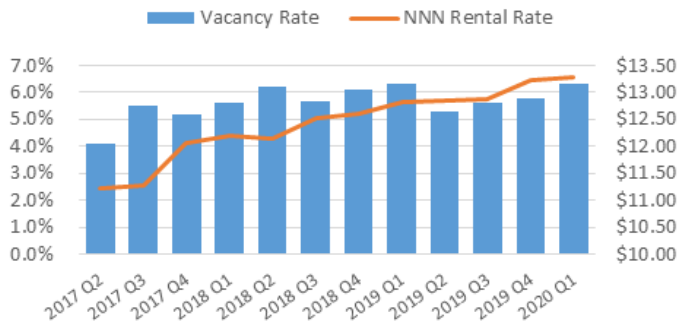


- Class-B retail property rental rate averaged \$14.72/SF/YR NNN at the end of Q2 2020
- Class-B retail property rental rate increased from the \$13.99/SF/YR NNN at the end of Q1 2020
- Class-B retail property vacancy rate was 6.40% at the end of Q2 2020
- Class-B retail property vacancy rate increased from the 6.30% at the end of Q1 2020

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Class-C Retail Market
Vacancy Rate vs. Rental Rate

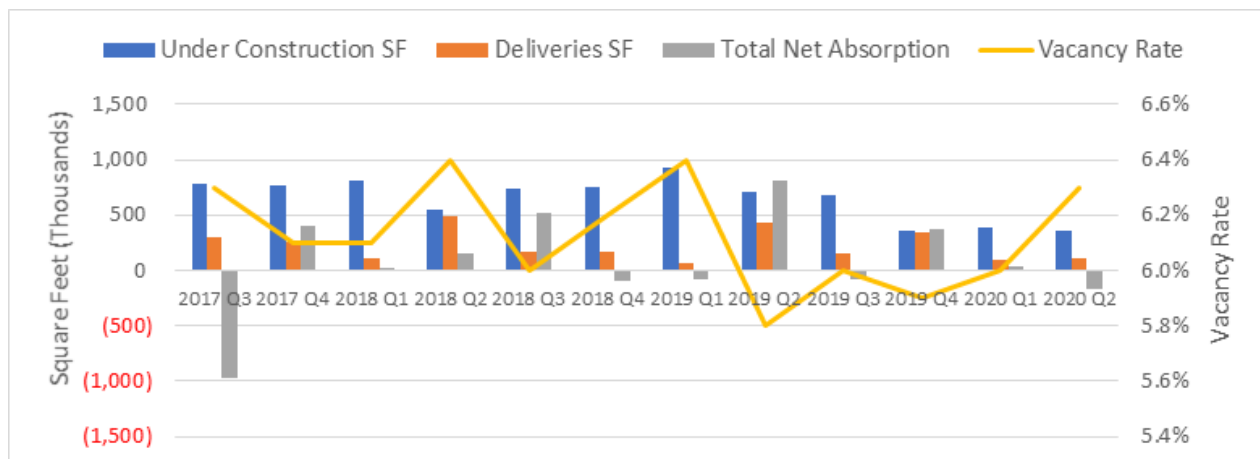


- Class-C retail property rental rate averaged \$13.08/SF/YR NNN at the end of Q2 2020
- Class-C retail property rental rate decreased from the \$13.29/SF/YR NNN at the end of Q1 2020
- Class-C retail property vacancy rate was 6.70% at the end of Q2 2020
- Class-C retail property vacancy rate increased from the 6.30% at the end of Q1 2020

OKC RETAIL INFORMATION BY SUBMARKET

	Northwest	Edmond	Moore/Norman
NNN Rental Rate per SF	\$15.40	\$17.92	\$17.55
Vacancy Rate	5.50%	5.30%	5.00%
Existing Buildings	1,284	741	1,284
12 Months Net Absorption	25.4 K	85.5 K	-56.8 K

CONSTRUCTION, DELIVERY, NET ABSORPTION AND VACANCY RATE



There was 353,722 SF of retail space under construction at the end of Q2 2020. The top two retail properties by size under construction are the 51,000 SF retail building at Martin Luther King Ave. in Oklahoma City, which is scheduled to be delivered December 2020, and the 34,197 SF retail building at N. Broadway Ext. in Oklahoma City, which is scheduled to be delivered in August 2020. We are seeing an average asking rental rate for under construction retail properties at \$16.56/SF/YR. The asking rental rate for retail property at 13200 N. Penn Ave. in Oklahoma City is \$35/SF/YR NNN.

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NOTABLE RETAIL PROPERTIES UNDER CONSTRUCTION

Property Name	Property Address	City	RBA	Delivery Time
-	Martin Luther King Ave	OKC	51,000 SF	Dec 2020
Flix Brewhouse	N Broadway Ext	OKC	34,197 SF	Aug 2020
-	122nd & Council	OKC	31,620 SF	May 2021
Penlen Plaza	SW 134th St	OKC	30,000 SF	Apr 2021
First National Center	120 N Robinson Ave	OKC	22,000 SF	Oct 2020
-	2020 NW 164th St	Edmond	18,180 SF	Nov 2020
-	1036 E State Hwy 152	Mustang	16,250 SF	Aug 2020

OKLAHOMA CITY RETAIL MARKET SALES

The second quarter of 2020 saw 44 transactions totaling \$21,644,682. The largest individual property sale based on dollar volume was the sale of the Hooter's building at 13320 N. Pennsylvania Ave. in Oklahoma City. The 7,462 SF building was purchased from Sangeeta K. Singh for \$3,600,000, or \$482.44/SF, on May 14th, 2020.

Summary

Number of Transactions	44
Total Sales Volume	\$21,644,682
Total Bldg. SF	326,930 SF
Total Land in Acres	53.31 Acres
Average Price per Bldg. SF	\$104.73
Median Price per SF	\$117.30
Actual Cap Rate	5.67%

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NA OKC MARKET SIGNIFICANT RETAIL SALE TRANSACTIONS DURING Q2 2020



Property Name: Hooters
Property Address: 13320 N Pennsylvania Ave., OKC
Sale Price: \$3,600,000
Price per SF: \$482.44/SF
Sale Date: 05/14/2020



Property Name: McAlister's Deli
Property Address: 6224 SW 3rd St., OKC
Sale Price: \$2,818,182
Price per SF: \$722.61/SF
Sale Date: 04/08/2020



Property Name: Smithcot Square
Property Address: 247-257 S. Coltrane Rd., Edmond
Sale Price: \$2,300,000
Price per SF: \$462.13/SF
Sale Date: 04/23/2020



Property Name: 4401 N. MacArthur Blvd.
Property Address: 4401 N. MacArthur Blvd., OKC
Sale Price: \$975,000
Price per SF: \$141.30/SF
Sale Date: 06/03/2020



Property Name: BancFirst
Property Address: 2025 N. Kelly Ave., Edmond
Sale Price: \$853,500
Price per SF: \$350.08/SF
Sale Date: 04/16/2020



Property Name: 1215-1231 SW 59th
Property Address: 1215-1231 SW 59th, OKC
Sale Price: \$720,000
Price per SF: \$72.51/SF
Sale Date: 05/05/2020

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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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