

First Quarter Retail Market Report 2014



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Leasing Activities:	
Total Net Absorption	24,937 SF
Total Inventory	83,591,119 SF
Overall Rental Rate	\$10.81/SF/YR
Total Vacancy Rate	6.80%
Under Construction	256,877 SF
Sale Activities:	
Number of Transactions	83
Total Sales Volume	\$87,058,195
Average Price per Bldg. SF	\$90.32

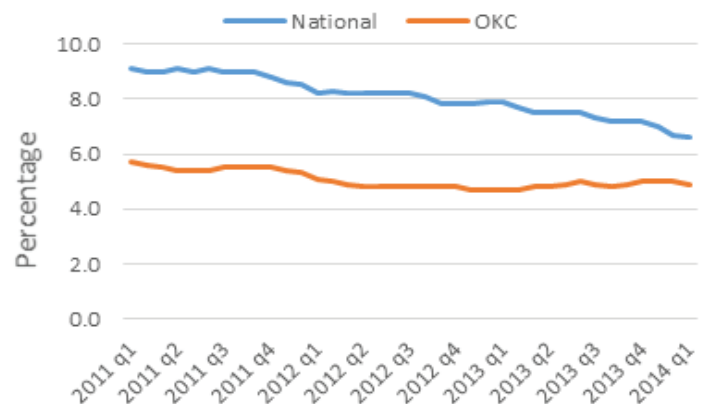
National Economy

Early this quarter, one of the coldest Arctic outbreaks in two decades plunged into the United States. The bitterly cold temperature depressed construction and consumer spending slowing down the economic development. Goldman Sachs states that the harsh weather cut a bit more than 0.5 percentage points off the first quarter GDP growth, ending the first quarter with a GDP growth rate at 2.0 percent. Analysts pointed out that the slowdown during the first quarter would not influence the originally expected economic growth for the year 2014 at a rate of 3.1 percent, this will make 2014 the strongest year since the economy, as measured by GDP, expanded 3.4 percent in 2005. The slowdown can pave the way for a solid bounce back in the second quarter of 2014. Though the weather greatly influenced the economic growth, it didn't deep freeze the job market, 480,000 jobs were added throughout the United States for the first three months, ending the first quarter with an unemployment rate of 6.7 percent.

Local Economy

Oklahoma added 20,200 jobs last year, the majority from the energy industry. During the first quarter of 2014, the unemployment rate fell by 0.2 percent to 5 percent in February, which is the lowest unemployment rate since December 2008. Oklahoma City's three attributing factors include a low unemployment rate, a median real household income growth and job growth. These are great advantages for Oklahoma City, and we continue to be recognized by national

Unemployment Rate National Vs. OKC



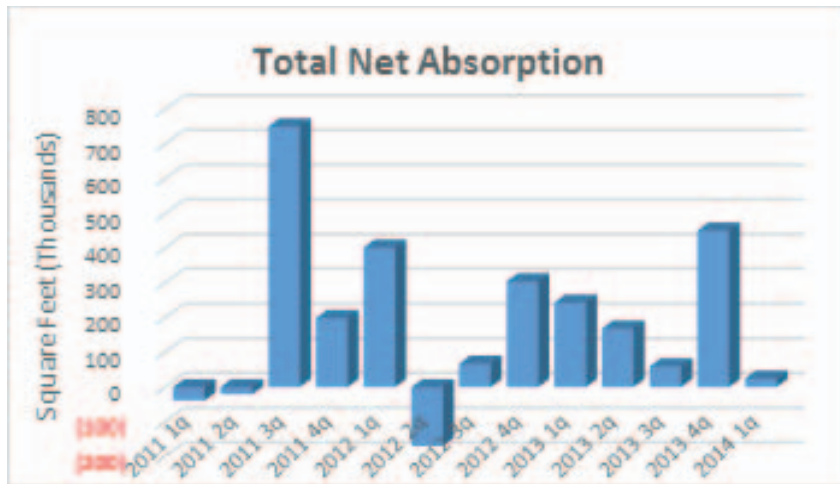
media as one of the best places to do business. One of the city's latest accolades includes being the 8th "Best Metro for Economic Momentum". Also, recruitment and expansion reached a five year high during 2013. It is expected in 2014 that companies will more likely commit and announce long term investment projects. The Oklahoma City Chamber of Commerce continues to work hard on the state's incentive programs which include the Aerospace Industry Engineer Tax Credit Program, the Oklahoma Film Enhancement Rebate Program, the Small Employer Quality Jobs Incentive Act and the Oklahoma Quality Events Incentive Act in order to recruit companies to Greater Oklahoma City, enhance opportunities for existing companies and encourage development.

First Quarter Retail Market Report 2014

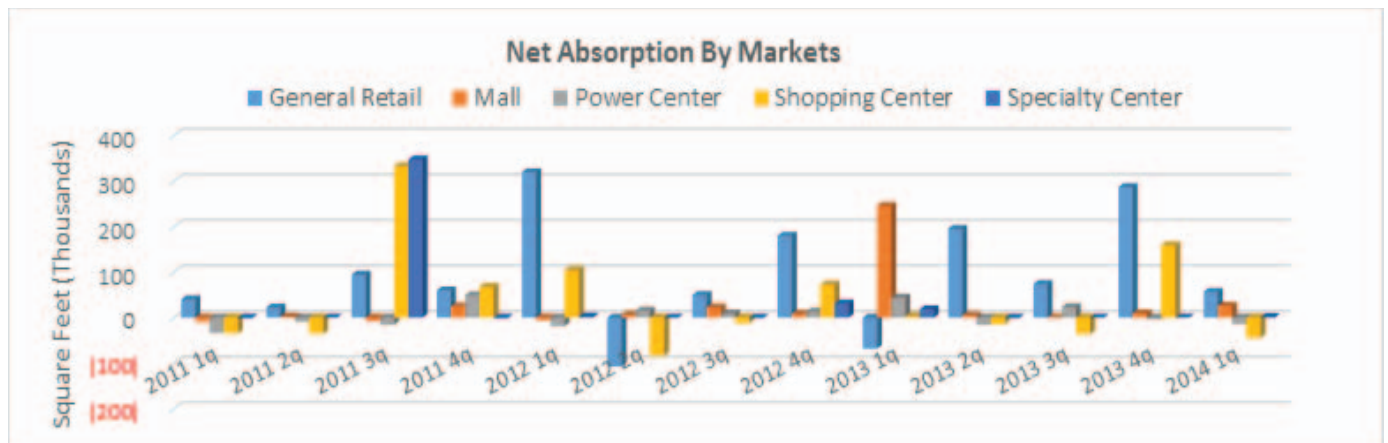
Oklahoma City Market Office Leasing

The largest lease signings occurring in the first quarter of 2014 included: the 21,480 square-foot lease by The Health Food Center at Walnut Square and the 17,842 square-foot deal signed by Children's Consignment Sale at Market Plaza.

Net Absorption



- The total net absorption was 24,937 SF.
- The total net absorption **decreased** compared with its net absorption of 450,947 at the end of the fourth quarter 2013.
- The total inventory was 83,591,119 SF.
- The total inventory **decreased** compared with its inventory of 86,595,292 at the end of the fourth quarter 2013.

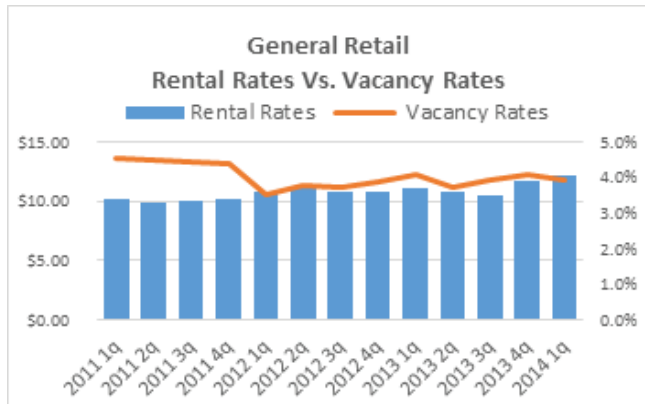
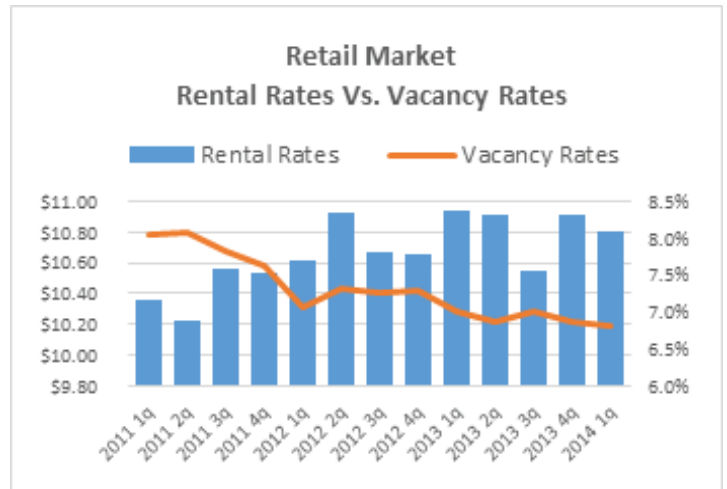


- The net absorption for general retail market was 56,790 SF, it **decreased** compared with its net absorption of 286,979 SF at the end of the fourth quarter 2013.
- The net absorption for Malls was 25,838 SF, it **increased** compared with its net absorption of 8,884 SF at the end of the fourth quarter 2013.
- The net absorption for Power Centers was negative 14,094 SF, it **decreased** compared with its net absorption of a negative 3,566 SF at the end of the fourth quarter.
- The net absorption for Shopping Centers was negative 44,688 SF, it **decreased** significantly compared with its net absorption of 158,650 SF at the end of the fourth quarter 2013.
- The net absorption for Specialty Centers was 1,091 SF, it **increased** compared with its net absorption of 0 SF at the end of the fourth quarter 2013.

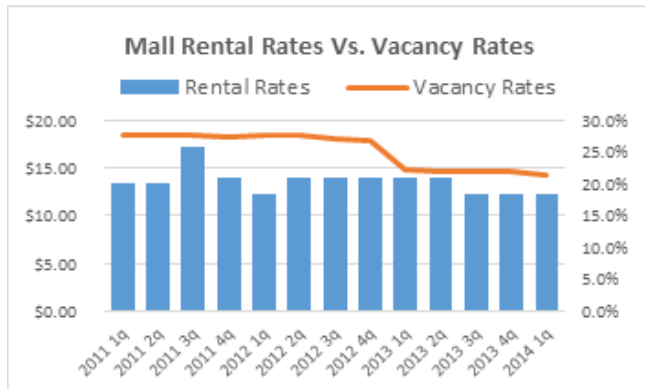
First Quarter Retail Market Report 2014

Rental Rates and Vacancy Rates

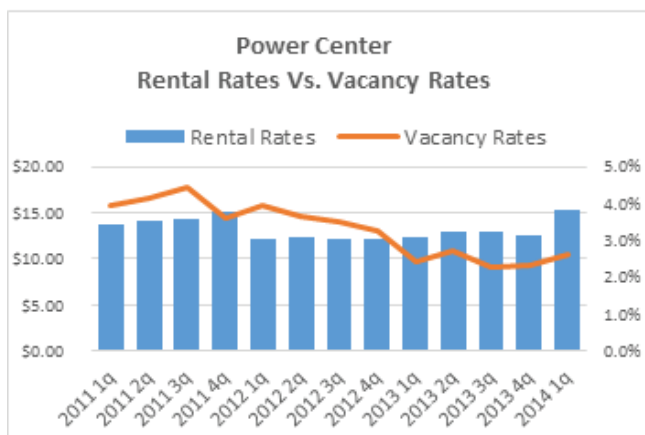
- The Retail rental rate was **\$10.81/SF/YR**.
- The Retail rental rates **decreased** compared with its rate of 10.91/SF/YR at the end of the fourth quarter 2013.
- The retail vacancy rate was **6.8%**.
- The retail vacancy rates **slightly decreased** compared with its rate of 6.9% at the end of the fourth quarter 2013.



- **General Retail rental rate was \$12.08/SF/YR**.
- **General Retail rental rates increased** compared with its rate of \$11.75/SF/YR at the end of the fourth quarter 2013.
- **General Retail vacancy rate was 3.9%**.
- **General Retail vacancy rates decreased** compared with its rate of 4.1% at the end of the fourth quarter 2013.



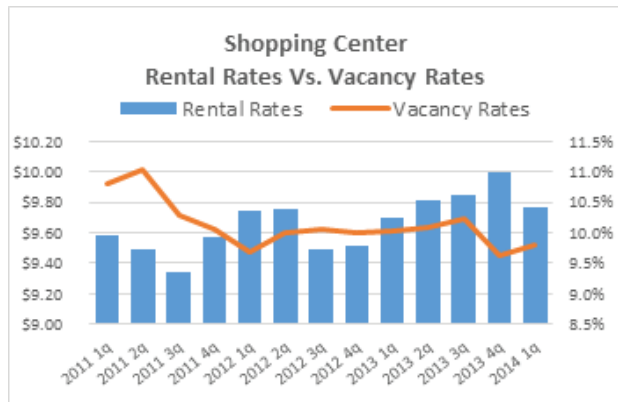
- **Mall rental rate was \$12.26/SF/YR**.
- **Mall rental rates slightly decreased** compared with its rate of \$12.29/SF/YR at the end of the fourth quarter 2013.
- **Mall vacancy rate was 21.4%**.
- **Mall vacancy rates slightly decreased** compared with its rate of 21.9% at the end of the fourth quarter 2013.



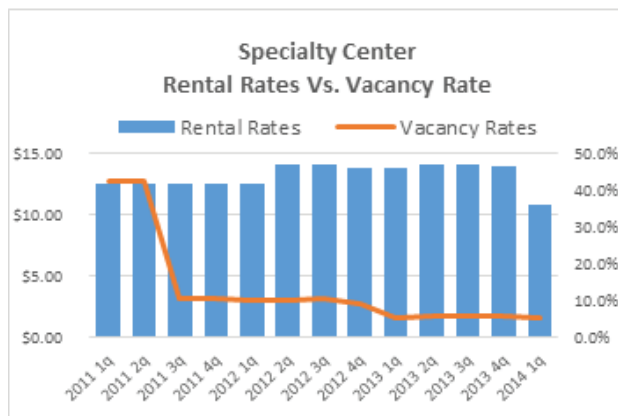
- **Power Center rental rate was \$15.33/SF/YR**
- **Power Center rental rates increased** significantly compared with its rate of \$12.59/SF/YR at the end of the fourth quarter 2013.
- **Power Center vacancy rate was 2.6%**.
- **Power Center vacancy rates slightly increased** compared with its rate of 2.3% at the end of the fourth quarter 2013.

First Quarter Retail Market Report 2014

Rental Rates and Vacancy Rates



- Shopping Center rental rate was \$9.77/SF/YR.
- Shopping Center rental rates decreased compared with its rate of \$9.99/SF/YR at the end of the fourth quarter 2013.
- Shopping Center vacancy rate was 9.8%.
- Shopping Center vacancy rates increased compared with its rate of 9.6% at the end of the fourth quarter 2013.

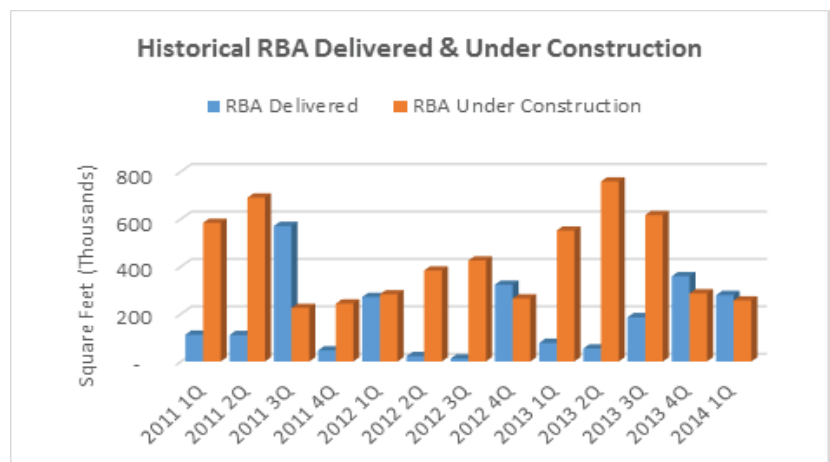


- Specialty Center rental rate was \$10.79/SF/YR.
- Specialty Center rental rates decreased significantly compared with its rate of \$13.9/SF/YR at the end of the fourth quarter 2013.
- Specialty Center vacancy rate was 5.5%.
- Specialty Center vacancy rates slightly decreased compared with its rate of 5.7% at the end of the fourth quarter 2013.

Delivery and Under Construction

There were 256,877 square feet of retail space under construction at the end of the first quarter of 2014. The two projects with the most RBA is a 55,000 square-foot property located at 1622 Garth Brooks in Yukon, which is 100 percent pre-leased and a 51,945 square-foot project located at 1400 12th Avenue S.E. in Norman which is 80.75 percent pre-leased. During the second quarter it is expected that an additional 118,787 square feet of retail space will be added in the Oklahoma City market, plus a 24,200 square-foot facility located at 5301 South Main Street in Oklahoma City which is 40.08 percent pre-leased.

The notable deliveries in the first quarter of 2014 include: a 21,450 square-foot property located in West Town Plaza which is 54 percent leased and a 17,056 square-foot facility located at 14110 North Pennsylvania which is 100 percent leased.



First Quarter Retail Market Report 2014

Oklahoma City Market Retail Sales

The strong local economy greatly stimulated the development of the local retail market. There were 83 properties recorded in the retail market with sale transaction's totaling \$87,058,195 during the first quarter with an average price per building at \$90.32 per square foot.

Number of Transactions	83
Total Sales (Dollar) Volume	\$87,058,195
Total Bldg SF	1,155,693
Total Land in SF	6,087,074
Average Number of SF	13,924
Average Price	\$1,192,578
Average Price Per Bldg SF	\$90.32
Median Price Per SF	\$89.86

Approximately two-thirds of the sales volume that occurred in the retail market during the first quarter was from the divestment of Chesapeake Energy. Chesapeake is now focusing on the energy exploration and production, as well as continuing the strategy in ridding non-core assets to optimize operational efficiency. In addition to the purchase of Chesapeake's three office building for \$24.25 million at N.W. 63rd Street and Lake Hefner Parkway by Love's Travel Stops & Country Stores last November, Chesapeake also sold the Classen Curve, Nichols Hills Plaza and Triangle at Classen Curve Shopping Centers to Ohio-Based Climber Realty Trust for \$51.8 million with a price of \$155.06 per square foot in March of this year. Chesapeake is wrapping up all of the construction they had started before their leadership change at the company and sold a 20 percent stake in Oklahoma City oil and natural gas company Chaparral Energy Inc. for \$215 million this January. It is highly likely that we will see more real estate transactions from Chesapeake Energy in the near future.

NAI Sullivan Group Top Leasing and Sale Activities

Property Address	Property Type	Sales Associate	Sales Price	Date Finalized	Trans. Type
4001 NW Expressway	Retail	Hartnack	\$1,768,000.00	3/12/2014	Sale
1540 SE 40th St.	Land	Sullivan/Gray	\$560,000.00	3/15/2014	Sale
2448 W. Memorial	Land	Hartnack/Swanson	\$408,000.00	3/27/2014	Sale
6300 SW 44th St.	Land	Hrdlicka	\$366,000.00	3/18/2014	Sale
839 SW 19th St.	Land	Gray	\$295,000.00	2/13/2014	Sale
2323 Industrial Blvd	Land	Gray	\$255,000.00	3/12/2014	Sale
15316 NW 153, Lot 9	Land	Sullivan	\$177,000.00	3/13/2014	Sale
		Total	\$3,829,000.00		
357 North Harvard Avenue	Industrial	Sullivan	-	2/12/2014	Lease
3617 NW Expressway	Retail	Hartnack/Swanson	-	3/11/2013	Lease
6 S. Vermont	Industrial	Swanson	-	1/14/2014	Lease
1241 Metropolitan Ave.	Industrial	Baker	-	1/14/2014	Lease
1300 W. Vandament	Retail	Swanson	-	1/07/2014	Lease
3801 S. Eastern	Industrial	Sullivan	-	1/21/2014	Lease
		Total	\$1,777,965.39		

Despite the weather related influence earlier this quarter, NAI Sullivan Group ended the first quarter with a total sales volume of \$7.4 million. CoStar named NAI Sullivan Group as one of the Top Sales and Top Leasing firms in the Greater Oklahoma City area for 2013.

First Quarter Retail Market Report 2014

OKC Market Significant Retail Sale Transactions during the First Quarter 2014



Name: Nichols Hills Plaza North
Address: 6400-6492 Avondale Dr., OKC
Sale Price: \$19,989,829
Price/SF: \$155.06
Sale Date: 3/3/2014



Name: The Plaza in Nichols Hills
Address: 6409-6435 Avondale Dr., OKC
Sale Price: \$6,231,277
Price/SF: \$155.06
Sale Date: 3/3/2014



Name: Council Crossing
Address: 8101-9521 NW Expressway St. OKC
Sale Price: \$6,000,000
Price/SF: \$42.48
Sale Date: 1/16/2014



Name: Whole Foods
Address: 6001 N Western Ave., OKC
Sale Price: \$5,427,131
Price/SF: \$155.06
Sale Date: 3/3/2014



Name: Rooms Today
Address: 421 S Portland Ave. OKC
Sale Price: \$4,015,500
Price/SF: \$45.85
Sale Date: 1/1/2014



Name: The Shoppes of Del City
Address: 5501 Main Street, Del City
Sale Price: \$3,607,000
Price/SF: \$257.15
Sale Date: 3/6/2014



Name: Hobby Lobby
Address: 2213-2215 SW 74th St. OKC
Sale Price: \$3,200,000
Price/SF: \$38.49
Sale Date: 1/31/2014

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NAI Sullivan Group

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Resources mainly come from CoStar, The Oklahoman, and The POINT.

