

Second Quarter Industrial Market Report 2014



Second Quarter Industrial Market Report 2014



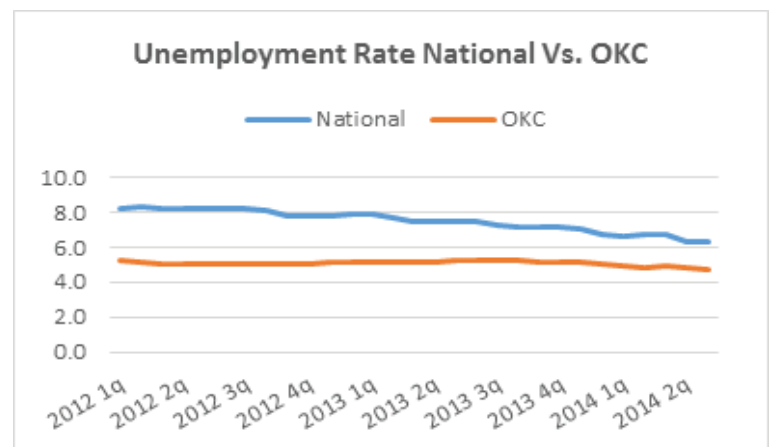
Leasing Activities	
Total Net Absorption	241,402 SF
Total Inventory	1,098,775,410 SF
Overall Rental Rate	\$4.71/SF/YR
Total Vacancy Rate	5.50%
Under Construction	623,955 SF
Sale Activities	
Number of Transactions	58
Total Sales Volume	\$34,447,774
Average Price per Bldg. SF	\$43.22

National Economy

The cold outbreaks started a poorly performed first quarter, but gave a solid bounce back for the second quarter when spring came. A surprisingly robust job market is energizing the 5 year-old US recovery from the financial crisis, and driving the economy almost to full health. According to the Bureau of Labor Statistics, employers added 809,000 jobs in total during the second quarter, which reduces the national unemployment to 6.1% at the end of the second quarter. The second quarter's GDP is of an annualized 3%. Consumer spending and confidence still remain below what would be considered normal levels, but with more people getting back to work and less house inventory, the national economy is accelerating its steps to fully recovery, and we will see the growth of economy through increasing personal consumption and investment. The economy is expected to pick up speed in the second half of 2014 and exceed the expected 3% growth rate.

Local Economy

At the end of the second quarter, Oklahoma's unemployment rate is down to 4.5%. Oklahoma Employment Security Commission stated that 3,600 jobs were added to the market in the Oklahoma City area this May. The largest employment gains came from leisure and hospitality, and construction has the largest decline in Oklahoma City. According to Bureau of Economic Analysis, Oklahoma is the fourth best in real GDP growth from 2012 to 2013 with



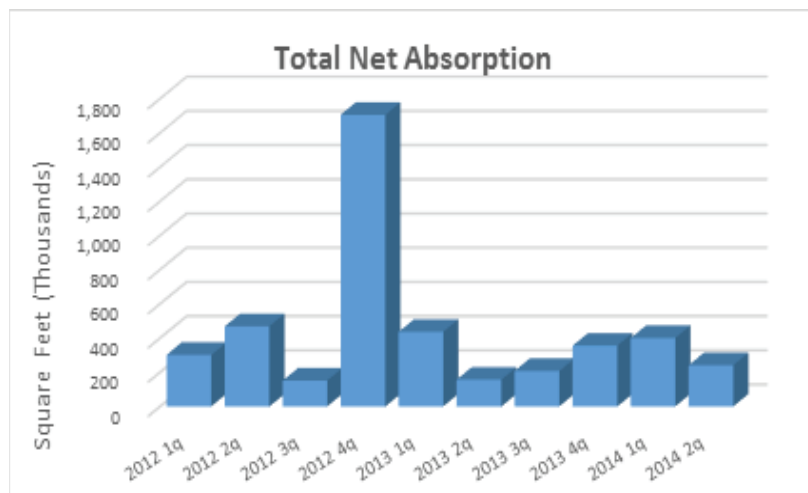
a rate of 4.2%, and it ranks the first in the southwest region. A survey released by Thumbtack.com in June indicated that Oklahoma is the seventh friendliest state for small business and fourth friendliest for starting an enterprise. Besides, the career website Glassdoor put Oklahoma City in the top 10 cities with the happiest employees. All these rankings will definitely help the Oklahoma City area create good business environment and culture to attract more investors nationwide and throughout the world.

Second Quarter Industrial Market Report 2014

Oklahoma City Market Industrial Leasing

The largest lease signings occurring in the first half year of 2014 included: the 322,129 square foot lease signed by Alliance Steel at 3333 S Council Road in the Oklahoma County market; the 116,500 square foot lease signed by Pratt & Whitney at Mid America Business Park-Building III in the Oklahoma County market; and the 93,100 square foot lease signed by Alliance Steel at 3341 S Council Road in the Oklahoma County market.

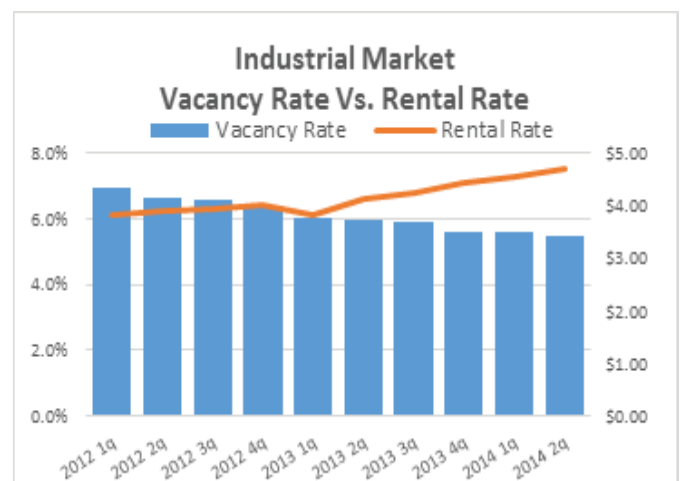
Net Absorption



- The total net absorption was **241,402 SF**.
- The total net absorption **decreased** compared with its net absorption of 400,503 SF at the end of the first quarter 2014.
- The total inventory was **109,775,410 SF**.
- The total inventory **increased** compared with its inventory of 109,676,207 SF at the end of the first quarter 2014.

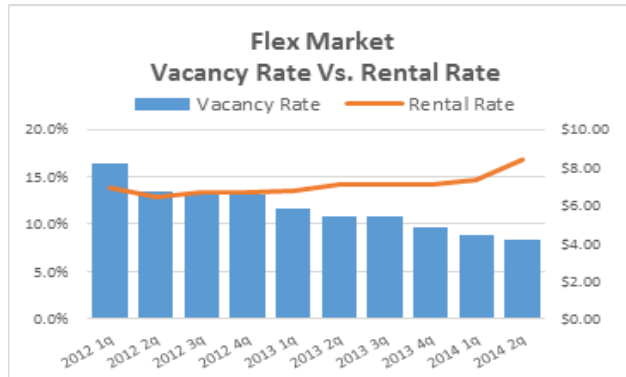
Rental Rates and Vacancy Rates

- The industrial rental rate was **\$4.71/SF/YR**.
- The industrial rental rate **increased** compared with its rental rate of \$4.55/SF/YR at the end of the first quarter 2014.
- The industrial vacancy rate was **5.5%**.
- The industrial vacancy rate **decreased** compared with its rate of 5.6% at the end of the first quarter 2014.

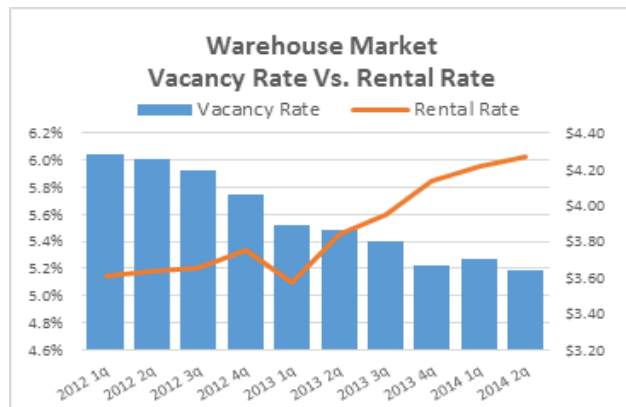


Second Quarter Industrial Market Report 2014

Rental Rates and Vacancy Rates



- Flex market rental rate was **\$8.40/SF/YR**.
- Flex market rental rate significantly increased compared with its rate of \$7.34/SF/YR at the end of the first quarter 2014.
- Flex market vacancy rate was **8.3%**.
- Flex market vacancy rate decreased compared with its rate of 8.9% at the end of the first quarter 2014.

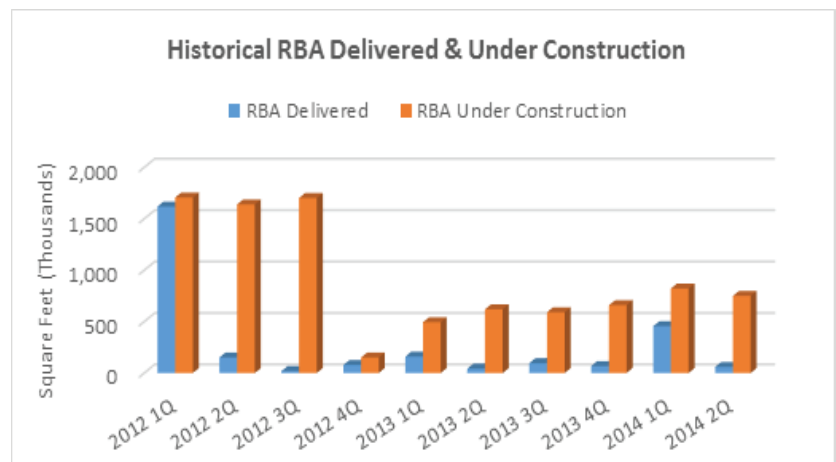


- Warehouse rental rate was **\$4.27/SF/YR**.
- Warehouse rental rate increased compared with its rate of \$4.22/SF/YR at the end of the first quarter 2014.
- Warehouse vacancy rate was **5.2%**.
- Warehouse vacancy rate decreased compared with its rate of 5.3% at the end of first quarter 2014.

Delivery and Under Construction

There were 623,955 square feet of industrial space under construction at the end of the second quarter 2014. The two with the most rentable building area is a 365,000 square foot property located at 413 South Portland Avenue, which is 100% pre-leased, and a 125,000 square foot property located at 11400 North I-35 Service Road, which is now 0% pre-leased. It is expected that 210,703 square feet of inventory will be delivered to the market during the third quarter, including a 60,800 square foot Class-A property located at 6200 SW 29th Street, which is 25% pre-leased.

Some of the notable deliveries during the first half year of 2014 include: 8301 North I-35 Service Road, a 280,000 square foot facility that delivered in the first quarter 2014 and is now 100% occupied, and 220 North Sara Road, a 22,404 square foot building that delivered in the first quarter 2014 and is now 100% occupied.



Second Quarter Industrial Market Report 2014

Oklahoma City Market Industrial Sales

During the second quarter of 2014, there were 39 industrial sale transactions totaling \$34,447,774 that were recorded. The total sales volume increased compared with its sales volume of \$29,710,104 in the first quarter 2014.

Number of Transactions	58
Total Sales (Dollar) Volume	\$34,447,774
Total Bldg. SF	1,405,678
Total Land in SF	6,151,979
Average Price	\$801,111
Average Price Per Bldg. SF	\$43.22
Median Price Per SF	\$42.61

The biggest transaction happened during the first quarter for the industrial market is the Great White Pressure Control/Archer building, a 142,570 square foot property located at 4500 SE 59th Street in Oklahoma City. ARCP GW Oklahoma City LLC purchased this property as an investment triple net deal from IIP Oklahoma City for \$5,004,500 on May 29th, 2014.

NAI Sullivan Group Top Leasing and Sale Activities

Associate	Property Address	Date Finalized	Property Type	Trans. Type	Sale Price
Sullivan	327 S. Scott Street	5/15/2014	Industrial	Lease	-
Hartnack	1427 S Fretz	5/06/2014	Industrial	Lease	-
Hartnack	13746 N. Lincoln	5/06/2014	Industrial	Lease	-
Hartnack	13718 & 13720 N. Lincoln	5/06/2014	Industrial	Lease	-
Hartnack	13776 - 13778 N. Lincoln	5/06/2014	Land	Lease	-
Hartnack	13782 & 13722 N Lincoln	5/06/2014	Industrial	Lease	-
Bollinger	10443 N. May Ave.	4/01/2014	Retail	Lease	-
Gray	911 NW 79th Street	4/24/2014	Industrial	Lease	-
Baker	924 NW 150th Street	5/12/2014	Retail	Lease	-
				Total	\$ 690,400.92
Sullivan	501 N. Ann Arbor Ave.	4/14/2014	Industrial	Sale	\$ 1,350,000.00
Sullivan/Baker	1301 SE 59th Street	5/07/2014	Office	Sale	\$ 950,000.00
Elychar	1120 North Tela Drive	5/28/2014	Special Purpose	Sale	\$ 400,000.00
Elychar	1109 S May, 1121 S May, 2911 SW 11th, 2916 SW 10th	6/23/2014	Industrial	Sale	\$ 340,000.00
Baker/Hrdlicka	2908 Epperly Drive	5/05/2014	Special Purpose	Sale	\$ 275,000.00
Gray	2916 NW 30th St.	5/29/2014	Retail	Sale	\$ 180,000.00
Mayes	1040 NW Hefner Road	4/03/2014	Office	Sale	\$ 125,000.00
				Total	\$ 3,620,000.00

NAI Sullivan Group ended the second quarter with a total sales volume of \$4.95 million. CoStar named NAI Sullivan Group as one of the Top Sales and Top Leasing firms in the Greater Oklahoma City area for 2013.

Second Quarter Industrial Market Report 2014

OKC Market Significant Industrial Sale Transactions during the Second Quarter 2014



Name: Great White Pressure Control
Address: 4500 SE 59th Street, OKC
Sale Price: \$5,004,500
Price/SF: \$35.10
Sale Date: 5/29/2014



Name: Flowers Baking Company
Address: 5733-5741 Huettner Dr., Norman
Sale Price: \$2,600,000
Price/SF: \$144.44
Sale Date: 6/4/2014



Name: Beams Seatbelts; National Oil Well Varco
Address: 6420 S Air Depot Blvd., OKC
Sale Price: \$2,025,000
Price/SF: \$26.13
Sale Date: 5/9/2014



Name: 6707 W Interstate Drive
Address: 6707 W Interstate Drive, Norman
Sale Price: \$1,750,000
Price/SF: \$200.69
Sale Date: 4/22/2014



Name: Oklahoma Tax Commission
Address: 511 NE 31st Street, OKC
Sale Price: \$1,700,000
Price/SF: \$44.10
Sale Date: 6/5/2014



Name: West Worldwide Services Inc.
Address: 501 N Ann Arbor, OKC
Sale Price: \$1,350,000
Price/SF: \$13.53
Sale Date: 4/17/2014



Name: Anish Hotels Group
Address: 5 SW 5th St, OKC
Sale Price: \$1,250,000
Price/SF: \$41.67
Sale Date: 5/21/2014

Second Quarter Industrial Market Report 2014

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.

Whether around the corner or around the world, NAI Sullivan Group is a dynamic member of NAI Global, the world's leading managed network of commercial real estate firms. With over 6,700 professionals, more than 375 offices and over 380 million square feet of properties managed. We bring together people and resources to deliver results for our clients wherever needed. Our clients come to us for our extensive knowledge. They build their businesses on the power of our global managed network.

NAI Sullivan Group is a leader in the adoption of new technologies to improve business operations as a means of speeding communications, optimizing performance, delivering the highest quality services to clients and facilitating the sharing of best practices among our brokers.

REALTrac™ Online is NAI Global's Web-based transaction management software, which helps to coordinate projects and facilitate the transaction cycle. REALTrac™ enables

the Buyer, the Seller, the Lessee and the Lessor to view online the progress of their transaction.

STARS™ is an acronym which stands for Strategic Transaction Administration and Reporting System. STARS™ is NAI's proprietary system for providing a time line of events to clients in transactions.

NAI Sullivan Group provides a complete inventory of office, industrial and retail properties, including those that are fully occupied. It contains thousands of details on every facet of every building tracked. Also, NAI Sullivan Group provides detailed information on all contacts and companies in various markets.

LoopNet, Inc., is one of the leading information service providers to the commercial real estate industry; it delivers a comprehensive suite of products and services to meet the national and local needs of commercial real estate firms, organizations and professionals. LoopNet members can list, search, market, research and finance commercial real estate properties over the Internet.

For more information, please visit our website: www.naisullivangroup.com

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



Download the NAI Sullivan Mobile App FREE from the App Store!

