

# Second Quarter Retail Market Report 2014



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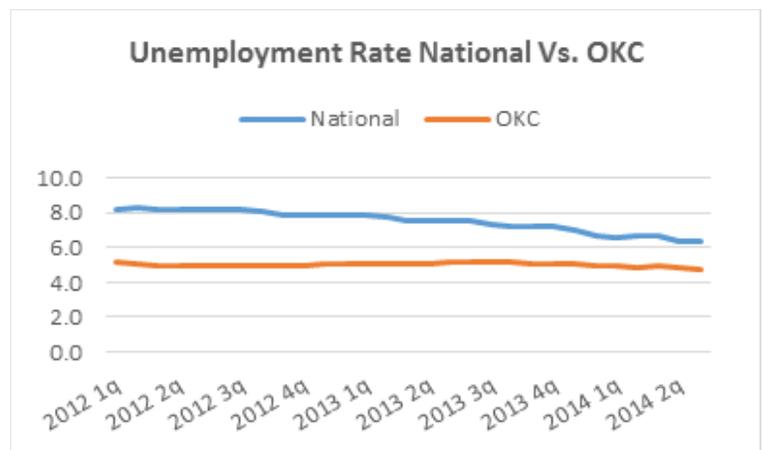
<b>Leasing Activities</b>	
Total Net Absorption	139,442 SF
Total Inventory	83,968,598 SF
Overall Rental Rate	\$10.92/SF/YR
Total Vacancy Rate	6.80%
Under Construction	403,580 SF
<b>Sale Activities</b>	
Number of Transactions	88
Total Sales Volume	\$58,915,635
Average Price per Bldg. SF	\$99.96

## 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 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 fourth best in real GDP growth from 2012 to 2013 with a



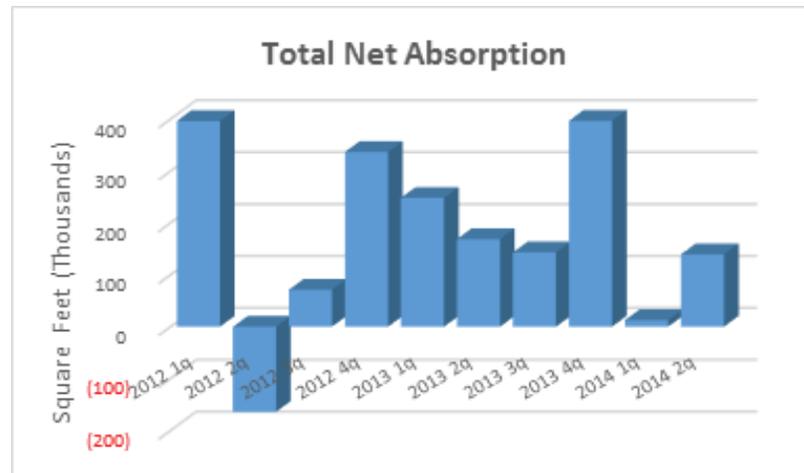
rate of 4.2%, and it ranks the first in the southwest region. A survey released by Thumbtack.com in June indicated that Oklahoma is the seventh friendliest state for small business and fourth friendliest for starting an enterprise. Besides, the career website Glassdoor put Oklahoma City in the top 10 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.

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## Oklahoma City Market Retail Leasing

The largest lease signings occurring in 2014 included: the 21,480 square foot signed by The Health Food Center at Walnut Square; the 19,871 square foot lease signed by Stage Stores at 200 North Mustang Road; and the 17,805 square foot lease signed by Children's Consignment Sale at Market Plaza.

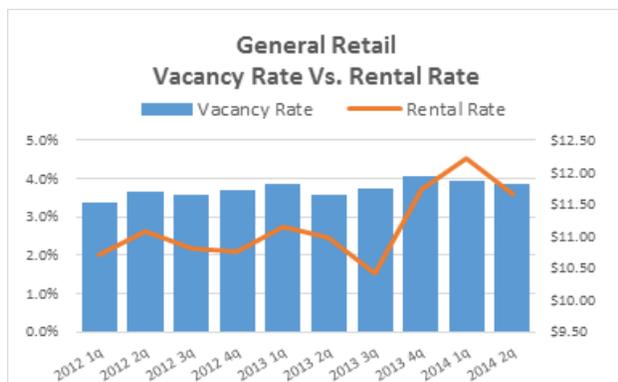
## Net Absorption



- The total net absorption was **139,442 SF.**
- The total net absorption **increased** significantly compared with its net absorption of 12,993 SF at the end of the first quarter 2014.
- The total inventory was **83,968,598 SF.**
- The total inventory **increased** compared with its inventory of 83,849,512 SF at the end of the first quarter 2014

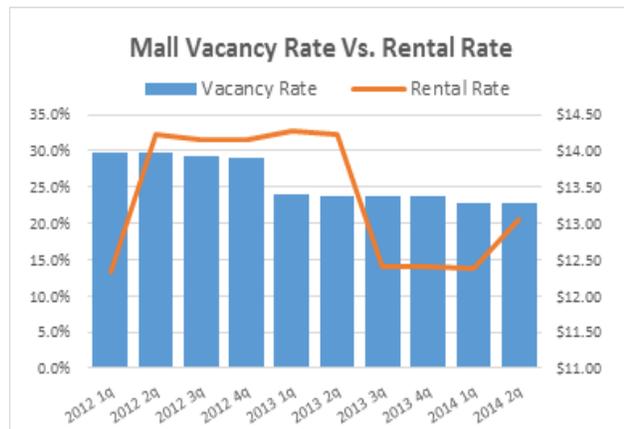
## Rental Rates and Vacancy Rates

- The retail rental rate was **\$10.92/SF/YR.**
- The retail rental rate **increased** compared with its rate of \$10.88 /SF/YR at the end of the first quarter 2014.
- The retail vacancy rate was **6.8%.**
- The retail vacancy rate **stayed the same** compared with its rate of 6.8% at the end of the first quarter

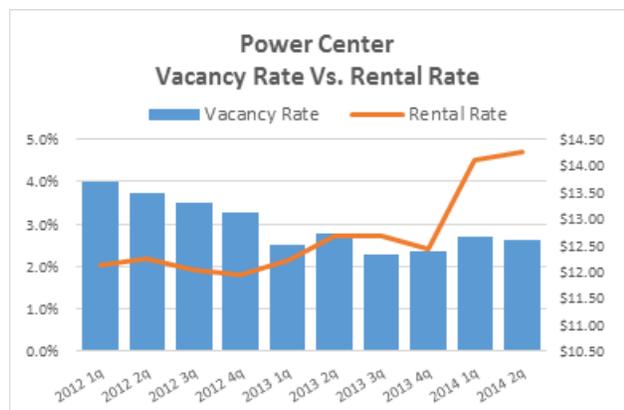


- General retail rental rate was **\$11.65/SF/YR.**
- General retail rental rate **decreased** compare with its rental rate of \$12.22/SF/YR at the end of the first quarter 2014.
- General retail vacancy rate was **3.9%.**
- General retail vacancy rate **stayed the same** compared with its rate of %3.9 at the end of the first quarter 2014.

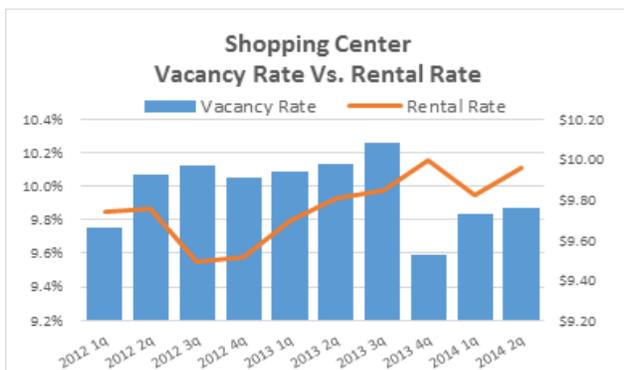
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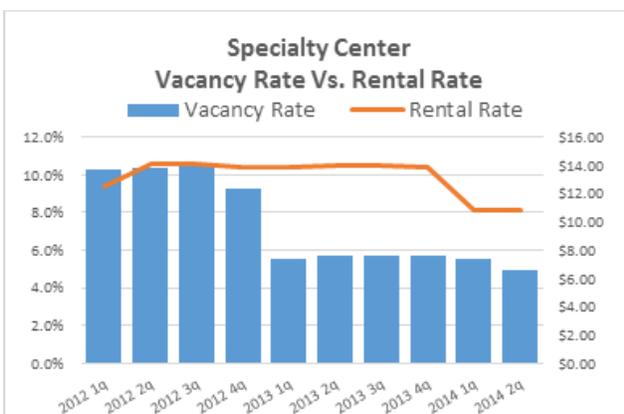
- **Mall rental rate was \$13.04/SF/YR.**
- **Mall rental rate increased** compared with its rate of \$12.38/SF/YR at the end of the first quarter 2014.
- **Mall vacancy rate was 22.8%.**
- **Mall vacancy rate stayed the same** compared with its rate of 22.8% at the end of the first quarter 2014.



- **Power center rental rate was \$14.28/SF/YR.**
- **Power center rental rate increased** compared with its rate of \$14.12/SF/YR at the end of the first quarter 2014.
- **Power center vacancy rate was 2.6%.**
- **Power center vacancy rate decreased** compared with its rate of 2.7% at the end of the first quarter 2014.



- **Shopping center rental rate was \$9.96/SF/YR.**
- **Shopping center rental rate increased** compared with its rate of \$9.82/SF/YR at the end of the first quarter 2014.
- **Shopping center vacancy rate was 9.9%.**
- **Shopping center vacancy rate increased** compared with its rate of 9.8% at the end of the first quarter 2014.



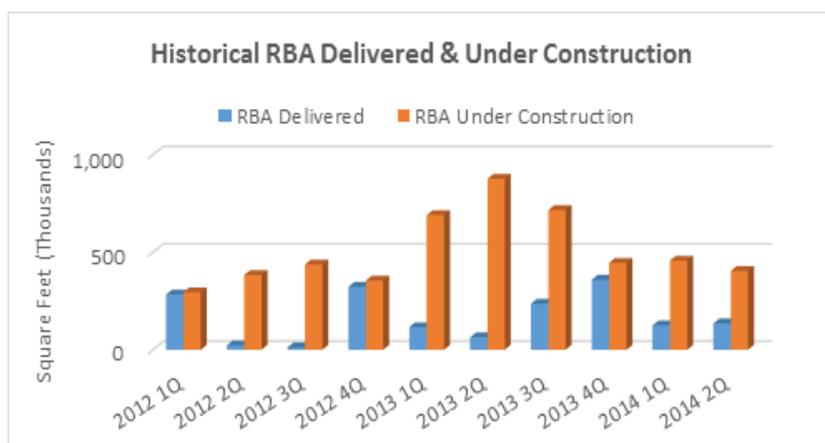
- **Specialty center rental rate was \$10.79/SF/YR.**
- **Specialty center rental rate stayed the same** compared with its rate of \$10.79/SF/YR at the end of the first quarter 2014.
- **Specialty center vacancy rate was 4.9%.**
- **Specialty center vacancy rate decreased** compared with its rate of 5.5% at the end of the first quarter 2014.

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## Delivery and Under Construction

There were 403,580 square feet of retail space under construction at the end of the second quarter 2014. The two projects with the most rentable building area is a 55,000 square foot property located at 1622-1630 Garth Brooks in Yukon which is 100% pre-leased, and a 51,945 square foot project located at 1400 12th Avenue SE in Norman which is 80.75% pre-leased. It is expected that 232,513 square feet of retail space will be delivered to the Oklahoma City market during the third quarter including the 51,945 square feet project located at 1400 12th Avenue Southeast in Norman.

Some of the notable 2014 deliveries include: 5301 South Main Street a 24,200 square foot facility that was delivered in the second quarter 2014 and is now 73% occupied, and West Town Plaza, a 21,450 square foot building that was delivered in first quarter 2014 and now it is 46% occupied.



## Oklahoma City Market Retail Sales

There were 88 properties recorded in the retail market with sale transactions totaling \$58,915,635 during the second quarter, with an average price per building at \$99.96 per square foot. Though the total retail sale volume decreased compared with its volume of \$87,058,195 at the end of the first quarter, the retail market is still becoming stronger and there are not enough space to meet investors' demand.

Number of Transactions	88
Total Sales (Dollar) Volume	\$58,915,635
Total Bldg. SF	686,266
Total Land in SF	7,734,514
Average Price	\$818,273
Average Price Per Bldg. SF	\$99.96
Median Price Per SF	\$91.85

The largest transaction happened during the second quarter for retail market is the sale of Chase Plaza, a 163,311 square foot shopping center located in the center of the Memorial Corridor near the North West corner of Portland and Memorial Road in Oklahoma City. Chase Plaza was sold for \$15 million. The property was roughly 85% leased and the buyer intends to continue leasing up the property and hold the property as an investment.

# Second Quarter Retail Market Report 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	-
				<b>Total</b>	<b>\$ 690,400.92</b>
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
				<b>Total</b>	<b>\$ 3,620,000.00</b>

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.



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## OKC Market Significant Retail Sale Transactions during the Second Quarter 2014



Name: Chase Plaza  
Address: 3705 W Memorial Rd., OKC  
Sale Price: \$15,000,000  
Price/SF: \$91.85  
Sale Date: 4/2/2014



Name: Crown Plaza  
Address: 3451-3651 36<sup>th</sup> Ave. NW, Norman  
Sale Price: \$2,400,000  
Price/SF: \$210.8  
Sale Date: 5/16/2014



Name: 1708 N Indiana Ave.  
Address: 1708 N Indiana Ave., OKC  
Sale Price: \$2,204,000  
Price/SF: \$97.22  
Sale Date: 5/7/2014



Name: 1951 S Broadway  
Address: 1951 S Broadway, Edmond  
Sale Price: \$2,200,000  
Price/SF: \$93.62  
Sale Date: 5/29/2014



Name: Spiritbank LLC  
Address: 3823 S Boulevard St., Edmond  
Sale Price: \$2,167,000  
Price/SF: \$328.53  
Sale Date: 5/9/2014



Name: Taco Bell  
Address: 975 S Cornwell Dr., Yukon  
Sale Price: \$1,719,000  
Price/SF: \$844.3  
Sale Date: 6/2/2014



Name: 1800 S Meridian Ave.  
Address: 1800 S Meridian Ave., OKC  
Sale Price: \$1,400,000  
Price/SF: \$208.21  
Sale Date: 4/10/2014

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



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