

Third Quarter Industrial Market Report 2014



Third Quarter Industrial Market Report 2014



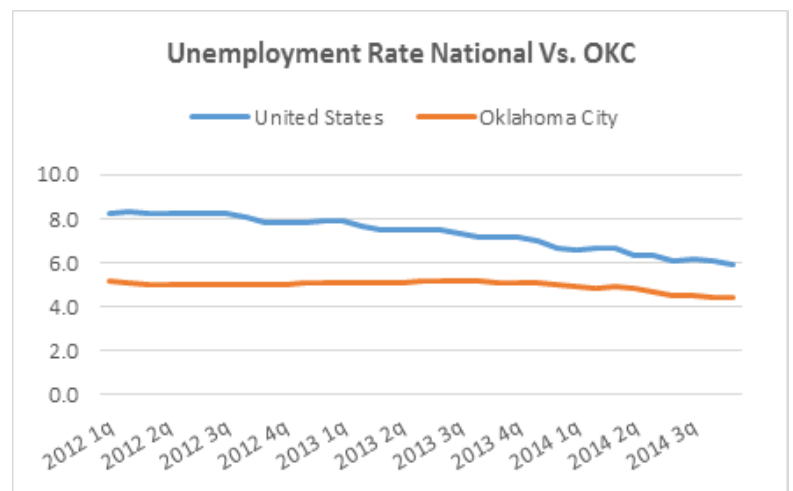
Leasing Activities	
Total Net Absorption	26,316 SF
Total Inventory	110,300,845 SF
Overall Rental Rate	\$4.72/SF/YR
Total Vacancy Rate	5.40%
Under Construction	981,082 SF
Sale Activities	
Number of Transactions	53
Total Sales Volume	\$43,814,000
Average Price Per Bldg. SF	\$58.73

National Economy

The national economy is improving as it continues to the fourth quarter of the year, mainly driven by the sales of motor vehicle, business equipment, exports and nonresidential construction. The third quarter's economy reached around 3.5 percent at an annual rate according to the Department of Commerce. Kiplinger's Economic Outlooks states that during the fourth quarter and into 2015, the annual GDP growth rate will settle down to a 3.0 percent rate and the growth rate is expected to accelerate through 2015. The national unemployment rate reached 5.9 percent at the end of the third quarter of 2014 and Kiplinger's expects the unemployment rate to bounce around 6 percent for a while gradually declining to around 5.6 percent by the end of 2015. Despite the increase in hiring and the decrease in unemployment, which indicates that the economy has recovered to full health, there is a debate regarding the health of the United States job market. Many people have stopped looking for jobs. There are 7.3 million people who want full time jobs but can only find part time jobs, and there are many people waiting for an increase in their paycheck. These raised concerns might hold off the Fed from raising the short-term interest rate, while most economists still believe the first interest increase will be in mid-2015.

Local Economy

The most recent updated unemployment rate reported by the Department of Labor is 4.4 percent during the third quarter 2014 despite the slight increase of the Oklahoma State unemployment rate, which reached 4.7 percent. A local newspaper states the biggest job gain in the Oklahoma City metro area is in the mining sector, which includes energy, and the largest job losses were in the government sector. The low living costs



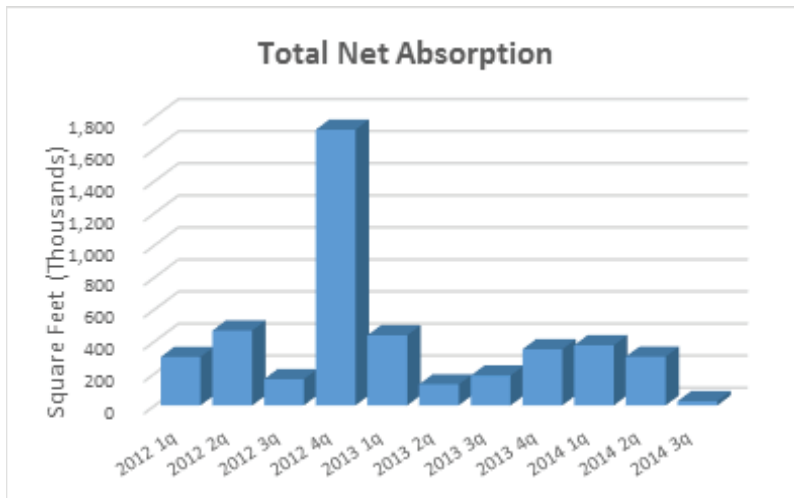
and business costs always make Oklahoma City an attractive place to invest. This July, Nerdwallet ranked Oklahoma City the No. 1 Best City to Launch a Startup based on access to funding, labor and the cost of living. Forbes also ranks Oklahoma City as the No. 7 Best Place for Business, and they highlighted Oklahoma City's outstanding job and income growth over the past five years.

Third Quarter Industrial Market Report 2014

Oklahoma City Market Industrial Leasing

The largest lease signings occurring in 2014 included the 322,129-square-foot lease signed by Alliance Steel at 3333 S Council Road (this was a sale leaseback with no brokers involved in the deal) in the Oklahoma County market, the 116,500-square-foot deal 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 South Council Road in the Oklahoma County market.

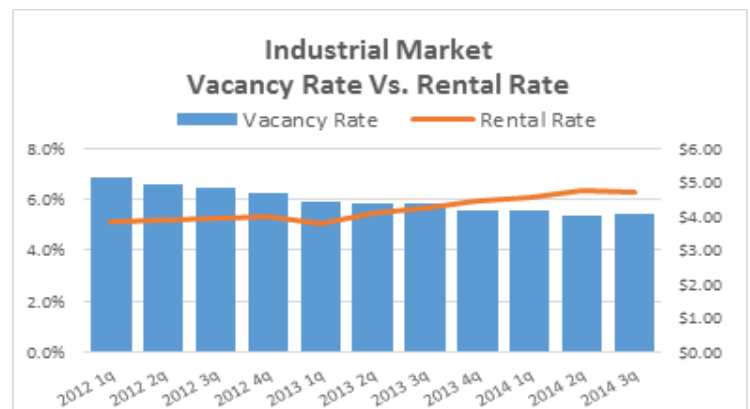
Net Absorption



- The total net absorption was a positive 26,316 SF.
- The total net absorption significantly decreased compared to the net absorption of 304,181 SF at the end of the second quarter 2014.
- The total inventory was 110,300,845 SF.
- The total inventory increased compared to the total inventory of 109,775,410 SF

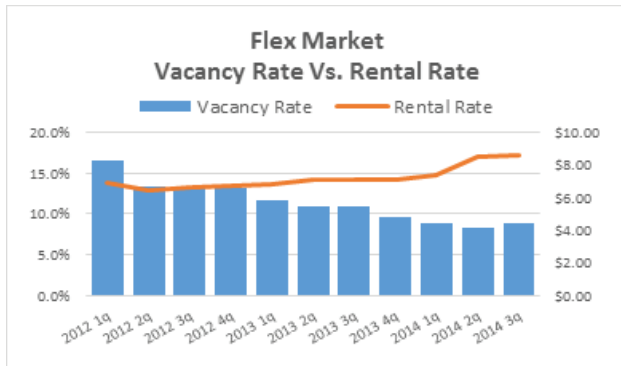
Rental Rates and Vacancy Rates

- The industrial rental rate was \$4.72/SF/YR.
- The industrial rental rate slightly decreased compared to the rental rate of \$4.77/SF/YR at the end of the second quarter 2014.
- The industrial vacancy rate was 5.40%.
- The industrial vacancy rate stayed the same compared to the vacancy rate of 5.40% at the end of the second quarter.

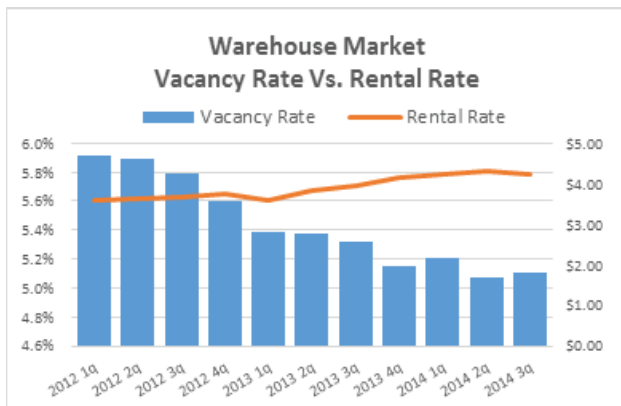


Third Quarter Industrial Market Report 2014

Rental Rates and Vacancy Rates



- Flex market rental rate was **\$8.58/SF/YR**.
- Flex market rental rate **increased** compared to the rental rate of \$8.50/SF/YR at the end of the second quarter 2014.
- Flex market vacancy rate was **8.80%**.
- Flex market vacancy rate **increased** compared to the vacancy rate of 8.40% at the end of the second quarter 2014.
- Flex Market between 10,000 SF and 15,000 SF the rental rate was \$7.02/SF/YR.

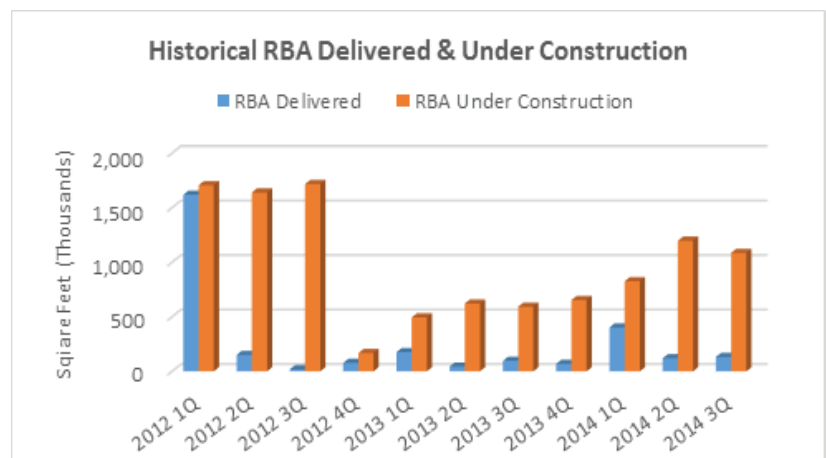


- Warehouse rental rate was **\$4.24/SF/YR**.
- Warehouse rental rate **slightly decreased** compared to the rental rate of \$4.31/SF/YR.
- Warehouse vacancy rate was **5.10%**.
- Warehouse vacancy rate **stayed the same** compared to the vacancy rate of 5.10% at the end of the second quarter 2014.
- Warehouse over 20,000 SF the rental rate was \$3.95/SF/YR, warehouse between 5,000 SF and 12,000 SF the rental rate was \$6.47/SF/YR.

Delivery and Under Construction

There were 981,082 square feet of industrial space under construction at the end of the third quarter of 2014. The two projects with the most rentable building area are a 1,900,000 square foot property located at 6900 Southwest 29th Street, which is 100 percent pre-leased, and a 365,000 square foot property located at 413 South Portland Avenue, which is 100 percent pre-leased. It is expected that 269,180 square feet of industrial space will be delivered to the market during the fourth quarter of 2014, including a 125,000 square foot Class-A property located at 11400 N I-35 Service Road in Oklahoma City.

Some of the notable 2014 deliveries include ShurTech Brands, which is located at 8301 North I-35 Service Road, a 280,000 square foot facility that was delivered in the first quarter of 2014, which is 100 percent occupied and 6200 SW 29th Street, a 60,800 square foot building that was delivered in the third quarter of 2014 and is now 25 percent occupied.



Third Quarter Industrial Market Report 2014

Oklahoma City Market Industrial Sales

During the third quarter of 2014, there were 53 industrial sales transactions totaling \$43,814,000 that were recorded. The total sales volume increased as compared to the sales volume of \$42,746,774 in the second quarter of 2014.

Number of Transactions	53
Total Sales (Dollar) Volume	\$43,814,000
Total Bldg. SF	1,030,206
Total Land in SF	8,678,894
Average Price	\$1,251,829
Average Price Per Bldg. SF	\$58.73
Median Price Per SF	\$52.50

The largest transaction based on sales volume is the transaction of ShurTec Brands. Developer Richard Tanenbaum of Gardener Tanenbaum Holdings sold to Sealy Strategic Equity Partners, LP for \$17,000,000 on July 1st, 2014.

During the third quarter 2014, six industrial properties sold that had over 30,000 square feet. Detailed information regarding these properties are as follows:

Property Address	Property City	Sale Price	Bldg SF	Price Per SF
8301 N I 35 Service Rd	Oklahoma City	\$ 17,000,000	280,000	\$ 60.71
4401 E Hefner Rd	Oklahoma City	\$ 6,600,000	100,000	\$ 66.00
6200 SW 29th St	Oklahoma City	-	60,800	-
6220 SW 29th St	Oklahoma City	-	60,800	-
200 NE 34th St	Oklahoma City	-	34,948	-
1500 Exchange Ave	Oklahoma City	\$ 1,192,500	34,000	\$ 35.07

NAI Sullivan Group Top Leasing and Sale Activities

Associate	Property Address	Date Finalized	Transaction Type	Sale Price
David	121 st Street & Memorial	9/07/2014	Sale	\$2,200,000.00
Bob	I-40 and Czech Hall Road	8/27/2014	Sale	\$900,000.00
Irmon/Nicole	621 W. Reno	7/11/2014	Sale	\$895,000.00
Nicole	601/605 W. Reno	8/01/2014	Sale	\$850,000.00
Bob	PT NE/4 32-12N-5W	8/27/2014	Sale	\$750,000.00
Nicole	629 W. Reno Avenue	7/07/2014	Sale	\$650,000.00
Bob	7700 S. Western	9/18/2014	Sale	\$420,000.00
Amanda	1716 S. Sooner Road	8/22/2014	Sale	\$289,000.00
Amanda	1732 NW 23rd Street	8/22/2014	Sale	\$239,000.00
Eddy	4100 New Castle Rd	9/05/2014	Sale	\$150,000.00
			Total	\$7,343,000.00
David/Sam	1219 Alameda	7/28/2014	Lease	-
David/Sam	611 NW 32nd St.	8/14/2014	Lease	-
David/Sam	6909 W Hefner B-17	7/07/2014	Lease	-
Bob	2220 SE 18th St.	7/30/2014	Lease	-
David/Sam	7705 S. Walker	8/08/2014	Lease	-
David	13726 N. Lincoln	9/19/2014	Lease	-
David/Sam	1527 W. Britton Rd	7/16/2014	Lease	-
Nicole	5601 NW 72nd St., Ste. 124 & 236	9/19/2014	Lease	-
Brad Baker	924 NW 150th Street	7/28/2014	Lease	-
Nicole	5601 NW 72nd St., Ste. 118	7/22/2014	Lease	-
Bob/Irmon	2624 W. Reno Ave.	8/12/2014	Lease	-
			Total	\$1,478,851.47

NAI Sullivan Group ended the third quarter with a total sales volume around \$9.1 million. CoStar named NAI Sullivan Group as one of the Top Sales and Top Leasing firms in the Greater Oklahoma City area for 2013.

Third Quarter Industrial Market Report 2014

OKC Market Significant Industrial Sale Transactions during the Third Quarter 2014



Name: ShurTech Brands
Address: 8301 N I 35 Service Road
Sale Price: \$17,000,000
Building SF: 280,000 SF
Price/SF: \$60.71
Sale Date: 7/1/2014



Name: Hefner Commerce Park
Address: 4401 E Hefner Road, OKC
Sale Price: \$6,600,000
Building SF: 100,000 SF
Price/SF: \$66.00
Sale Date: 8/8/2014



Name: 3301 S Gilson Way
Address: 3301 S Gilson Way, OKC
Sale Price: \$3,400,000
Building SF: 28,000 SF
Price/SF: \$121.43
Sale Date: 7/15/2014



Name: The Ross Group
Address: 620 W California Avenue, OKC
Sale Price: \$1,875,500
Building SF: 14,058 SF
Price/SF: \$133.41
Sale Date: 8/27/2014



Name: Halliburton Energy Services
Address: 10625 NW 2nd Street, Yukon
Sale Price: \$1,500,000
Building SF: \$250
Price/SF: 6,000 SF
Sale Date: 8/7/2014



Name: Byrd Oilfield Services
Address: 8911 S Highway 77, Noble
Sale Price: \$1,000,000
Building SF: 22,000 SF
Price/SF: \$45.45
Sale Date: 8/4/2014



Name: Central Star Motors, Inc.
Address: 621 W Reno Avenue, OKC
Sale Price: \$895,000
Building SF: 4,530 SF
Price/SF: \$197.57
Sale Date: 7/14/2014

Third 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 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.

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.

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

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

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.

NAI Sullivan Group has launched a new application for the iPad and iPhone. This app is free of charge and is available for download in the Apple App Store under NAI Sullivan Group. Clients can use the app to review all our company listings, find agent contact information, perform calculations, review our current market reports and much more. This app allows a client to simply take a photo of the property they are interested in and their request will instantly be submitted to the sales associate of the client's choice and the associate will contract the client with details of the property in question.

CoStar Group is the primary provider for commercial real estate information, analytics and marketing services. CoStar conducts extensive on going local market research to produce and maintain the largest and most comprehensive database of Commercial Real Estate information. Their online services enables the sales associate to analyze, interpret and gain unmatched insight on commercial property values, market conditions, and current availability.

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



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

