

# Third Quarter Office Market Report 2014



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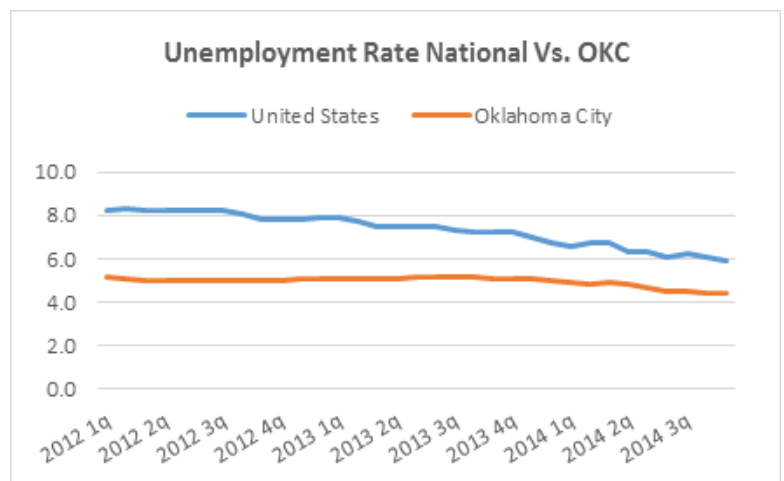
Leasing Activities	
Total Net Absorption	254,811 SF
Total Inventory	54,621,942 SF
Overall Rental Rate	\$14.42/SF/YR
Total Vacancy Rate	7.90%
Under Construction	558,149 SF
Sale Activities	
Number of Transactions	33
Total Sales Volume	\$35,807,904
Average Price Per Bldg. SF	\$115.28

## 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 of 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.



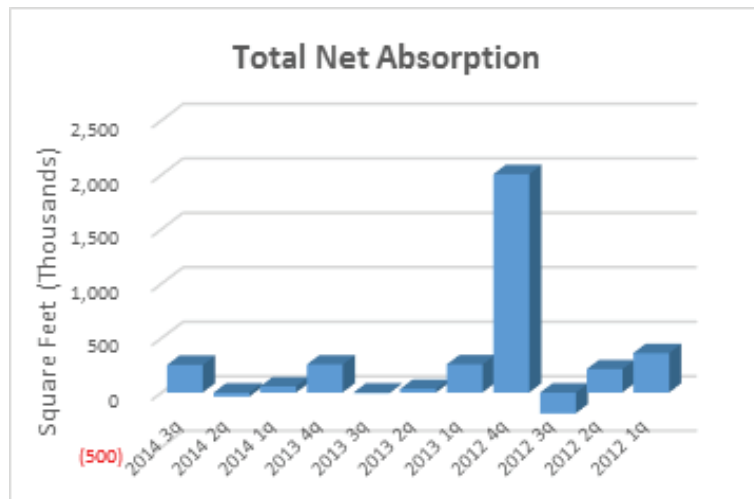
The low living costs and business costs always make Oklahoma City an attractive place to invest. This July, Nerdwallet ranked Oklahoma City as the No. 1 Best City to Launch a Startup based on access to funding, labor and the cost of living. Forbes also ranks Oklahoma City as the No. 7 Best Place for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

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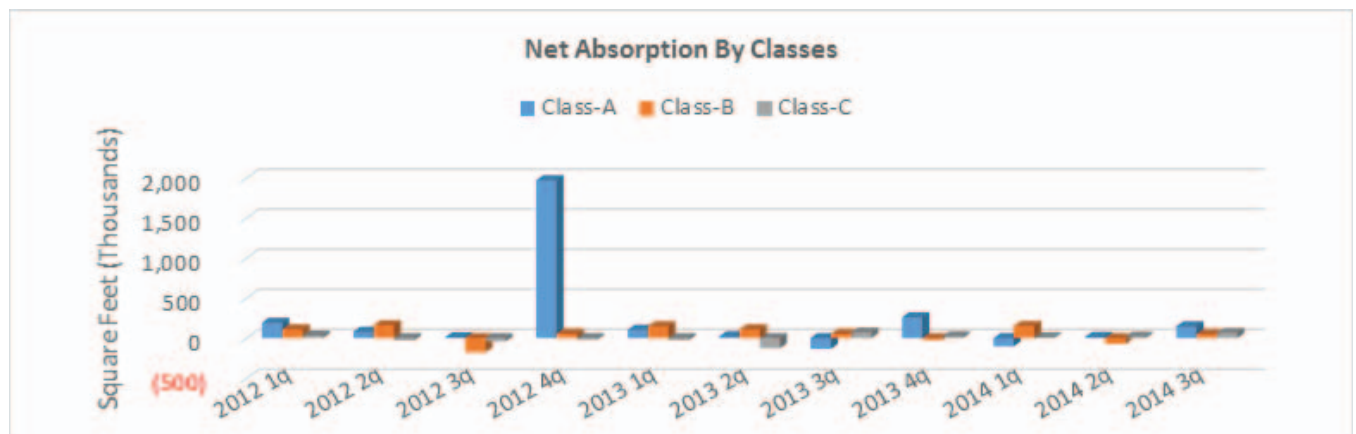
## Oklahoma City Market Office Leasing

The largest lease signings occurring in 2014 included the 154,000-square-foot lease signed by the Oklahoma Health Care Authority at 4345 North Lincoln Boulevard in Oklahoma County, the 89,951-square-foot deal signed by Sprint Spectrum at Sprint Customer Care Center in the Oklahoma County Market and the 74,632-square-foot lease signed by Crow & Dunlevy at the Braniff Building in the Oklahoma County Market.

## Net Absorption



- The total net absorption was a positive 254,811 SF.
- The total net absorption increased significantly compared to the net absorption of a negative 37,650 SF at the end of the second quarter.
- The total inventory was 54,621,942 SF.
- The total inventory decreased compared to the inventory of 54,710,423 at the end of the

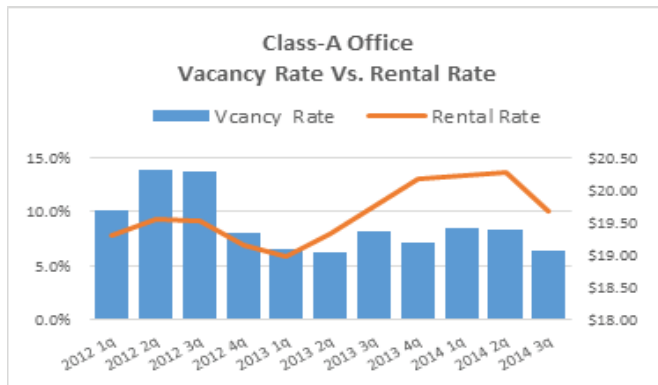
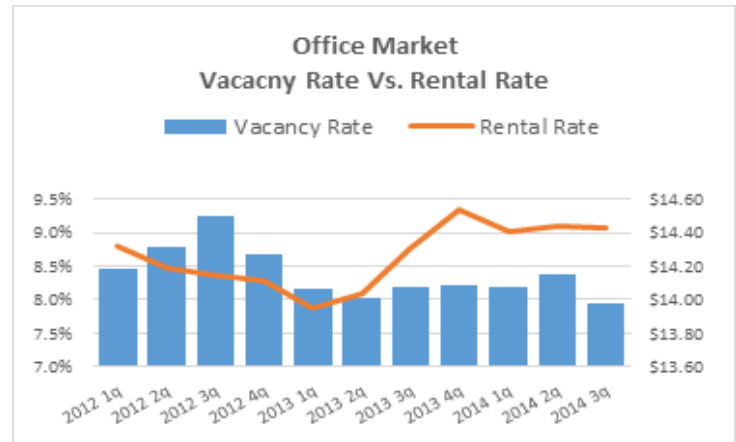


- Class-A property net absorption was a positive 147,450 SF, it significantly increased compared to the net absorption of a positive 14,211 SF at the end of the second quarter 2014.
- Class-B property net absorption was a positive 47,993 SF, it significantly increased compared to the net absorption of a negative 72,680 SF at the end of the second quarter 2014.
- Class-C property net absorption was a positive 59,368 SF, it increased compared to the net absorption of a positive 20,819 SF at the end of the second quarter 2014.

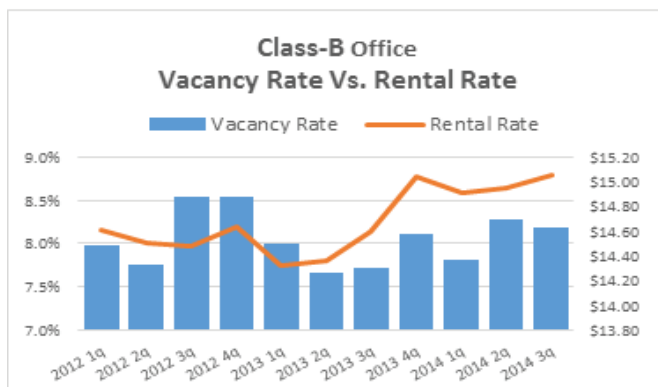
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## Rental Rates and Vacancy Rates

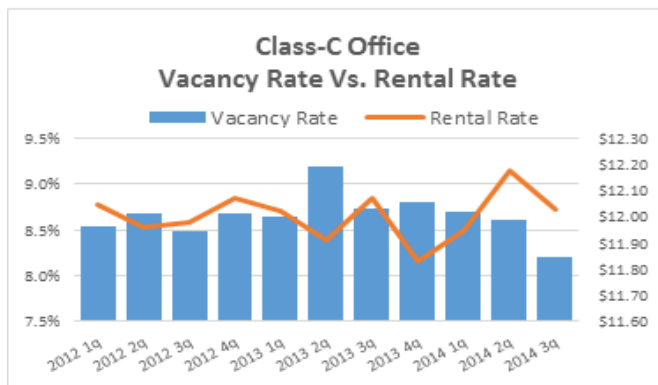
- The office market rental rate was **\$14.42/SF/YR.**
- The office market rental rate slightly **decreased** compared to the rate of \$14.44/SF at the end of the second quarter 2014.
- The office market vacancy rate was **7.90%.**
- The office market vacancy rate **decreased** compared to the rate of 8.40% at the end of second quarter.



- **Class-A property rental rate was \$19.68/SF/YR.**
- **Class-A property rental rate decreased** compared to the rate of \$20.27/SF/YR at the end of the second quarter 2014.
- **Class-A property vacancy rate was 6.40%.**
- **Class-A property vacancy rate significantly decreased** compared to the rate of 8.40% at the end of the second quarter.



- **Class-B property rental rate was \$15.06/SF/YR.**
- **Class-B property rental rate increased** compared to the rate of \$14.95/SF/YR at the end of the second quarter.
- **Class-B property vacancy rate was 8.20%.**
- **Class-B property vacancy rate decreased** compared to the rate of 8.30% at the end of the second quarter 2014.



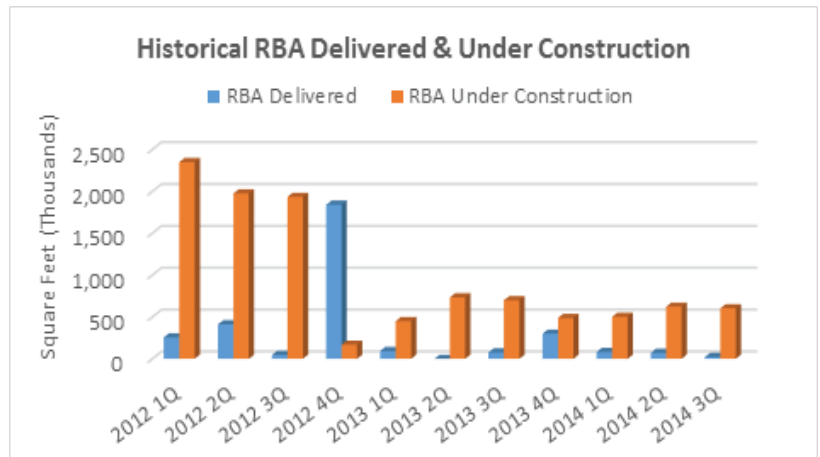
- **Class-C property rental rate was \$12.03/SF/YR.**
- **Class-C property rental rate slightly decreased** compared to the rate of \$12.18/SF/YR at the end of the second quarter.
- **Class-C property vacancy rate was 8.20%.**
- **Class-C property vacancy rate decreased** compared to the rate of 8.60% at the end of the second quarter.

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## Delivery and Under Construction

There were 558,149 square feet of office space under construction at the end of the third quarter of 2014. The two projects with the most rentable building area are the 150,000 square foot Hobby Lobby expansion located at Southwest 44th Street and Council Road which is a 100 percent pre-leased, and the 95,000 square foot GE Oil & Gas Technology Center located at 1 Northeast 10th Street which is a 100 percent pre-leased. It is expected that 436,530 square feet of office space will be delivered to the market during the fourth quarter of 2014, this includes the 150,000 square foot Hobby Lobby campus at 44th Street and Council Road.

Some of the notable 2014 deliveries include Monterey, a 22,000 square foot facility that was delivered in the second quarter of 2014 which is now 85 percent occupied, and 3030 NW 149th Street, an 8,688 square foot facility that was delivered in the first quarter of 2014 which is now 100 percent occupied.



## Oklahoma City Market Office Sales

There were 33 transactions recorded for the second quarter 2014. The total sales volume of the second quarter for the Oklahoma City market was \$35,807,904. The total sales volume decreased compared with its sales volume of \$44,966,747 in the second quarter of 2014.

Number of Transactions	33
Total Sales (Dollar) Volume	\$35,807,904
Total Bldg. SF	504,670
Total Land in SF	2,666,308
Average Price	\$1,432,316
Average Price Per Bldg. SF	\$115.28
Median Price Per SF	\$109.62

The largest transaction based on dollar volume is the transaction at Enterprise Plaza. SDI Enterprise Plaza, LLC purchased the property from GBR Properties, Inc. for \$10.45 million on July 17th, 2014. This is a Class-B office building located at 5600 N May Avenue in Oklahoma City.

During the third quarter of 2014, five office properties sold that had over 20,000 square feet. Detailed information regarding these properties are as follows:

Property Address	Property City	Sale Price	Bldg SF	Price Per SF
4345 N Lincoln Blvd	Oklahoma City	-	154,000	-
5600 N May Ave	Oklahoma City	\$ 10,450,000	92,180	\$ 113.37
120-104 E Sheridan Ave	Oklahoma City	\$ 5,800,000	34,800	\$ 166.67
1 Assessor	Oklahoma City	\$ 2,965,000	22,144	\$ 133.90
6300 NW Expressway St	Oklahoma City	\$ 1,400,000	20,517	\$ 68.24

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## NAI Sullivan Group Top Leasing and Sale Activities

Associate	Property Address	Date Finalized	Transaction Type	Sale Price
David	121 <sup>st</sup> 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 Avenue	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 Road	9/05/2014	Sale	\$150,000.00
			<b>Total</b>	<b>\$7,343,000.00</b>
David/Sam	1219 Alameda	7/28/2014	Lease	-
David/Sam	611 NW 32nd Street	8/14/2014	Lease	-
David/Sam	6909 W Hefner B-17	7/07/2014	Lease	-
Bob	2220 SE 18th Street	7/30/2014	Lease	-
David/Sam	7705 S. Walker Avenue	8/08/2014	Lease	-
David	13726 N. Lincoln Boulevard	9/19/2014	Lease	-
David/Sam	1527 W. Britton Road	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 Avenue	8/12/2014	Lease	-
			<b>Total</b>	<b>\$1,478,851.47</b>

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.



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## OKC Market Significant Office Sale Transactions during the Third Quarter 2014



Name: Enterprise Plaza  
Address: 5600 N May Avenue, OKC  
Sale Price: \$10,450,000  
Building SF: 92,180 SF  
Price/SF: \$113.37  
Sale Date: 7/17/2014



Name: Confectionary/Glass/Baden Building  
Address: 102-104 E Sheridan Avenue, OKC  
Sale Price: \$5,800,000  
Building SF: 34,800  
Price/SF: \$166.67  
Sale Date: 9/2/2014



Name: Cherubim Builders Group; Dental 32  
Address: 16 NE 2<sup>nd</sup> Street, OKC  
Sale Price: \$3,750,000  
Building SF: 12,717  
Price/SF: \$294.88  
Sale Date: 9/5/2014



Name: 400 N Walnut Avenue  
Address: 400 N Walnut Avenue, OKC  
Sale Price: \$1,620,000  
Building SF: 10,942 SF  
Price/SF: \$148.05  
Sale Date: 8/11/2014



Name: Speed Professional Building  
Address: 501 N Mustang Rd, Mustang  
Sale Price: \$1,270,000  
Building SF: 11,958 SF  
Price/SF: \$106.21  
Sale Date: 7/24/2014



Name: Muirfield Commons  
Address: 16232 Muirfield, OKC  
Sale Price: \$982,904  
Building SF: 5,200 SF  
Price/SF: \$189.02  
Sale Date: 9/26/2014



Name: Integris Baptist Medical Center Inc.  
Address: 400 N Eastern Avenue, OKC  
Sale Price: \$850,000  
Building SF: 9,600 SF  
Price/SF: \$88.54/SF  
Sale Date: 7/14/2014

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## 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.

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