

Third Quarter Retail Market Report 2014



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Leasing Activities	
Total Net Absorption	257,166 SF
Total Inventory	84,439,889 SF
Overall Rental Rate	\$10.87/SF/YR
Total Vacancy Rate	6.80%
Under Construction	257,511 SF
Sale Activities	
Number of Transactions	131
Total Sales Volume	\$198,807,976
Average Price Per Bldg. SF	\$123.36

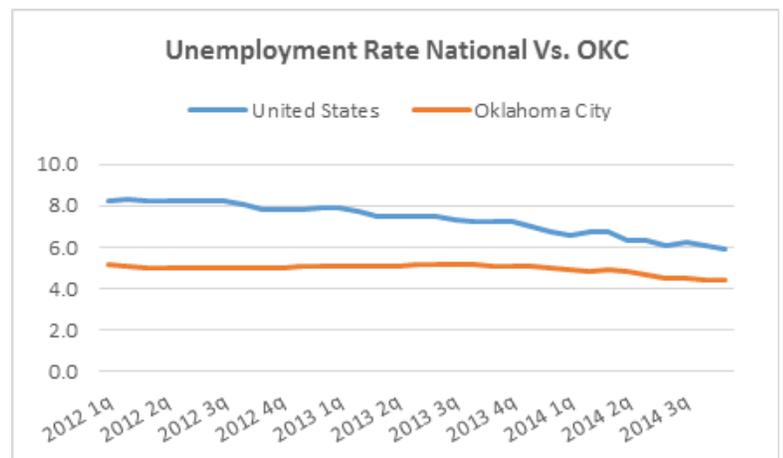
National Economy

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 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.

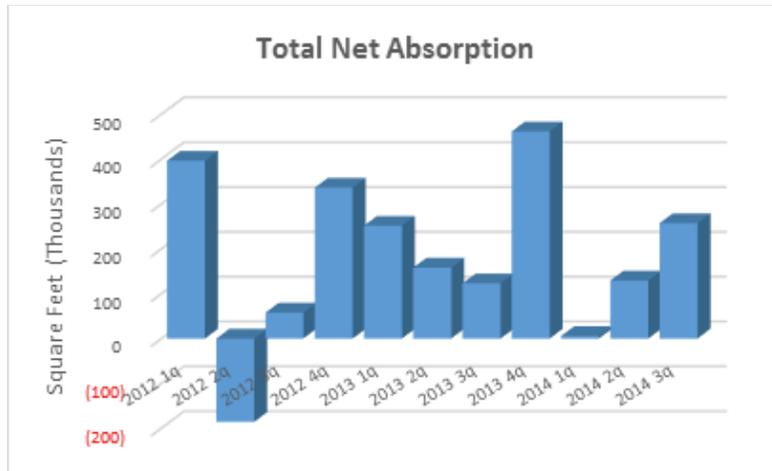


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Oklahoma City Market Retail Leasing

The largest lease signings occurring in 2014 included the 21,480-square-foot-deal 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.

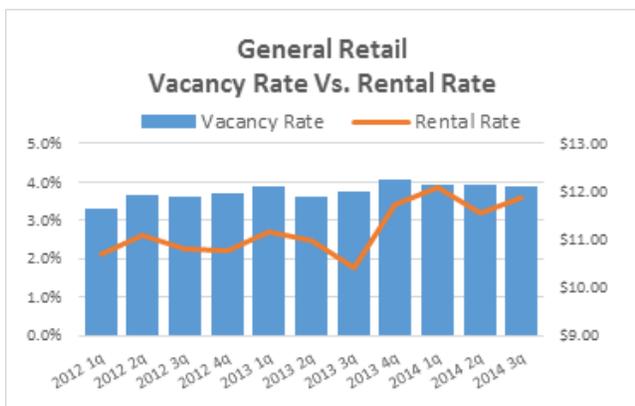
Net Absorption



- The total net absorption was a positive 257,166 SF.
- The total net absorption increased compared to the net absorption of 129,377 SF at the end of the second quarter 2014.
- The total inventory was 84,439,889 SF.
- The total inventory increased compared to the inventory of 83,968,598 SF at the end of the second quarter 2014

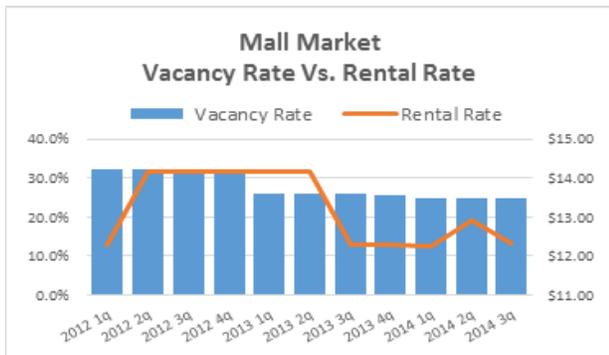
Rental Rates and Vacancy Rates

- The retail rental rate was \$10.87/SF/YR.
- The retail rental rate slightly decreased compared to the rate of \$10.88/SF/YR at the end of the second quarter.
- The retail vacancy rate was 6.80%.
- The retail vacancy rate stayed the same compared to the rate of 6.80% at the end of second quarter.

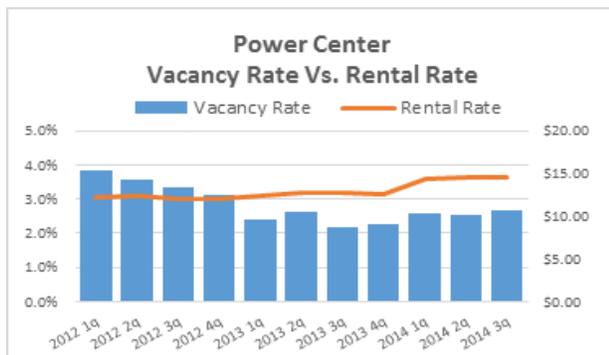


- General Retail rental rate was \$11.88/SF/YR.
- General Retail rental rate increased compared to the rate of \$11.53/SF/YR at the end of second quarter 2014.
- General Retail vacancy rate was 3.90%.
- General Retail vacancy rate stayed the same compared to the vacancy rate of 3.90% at the end of the second quarter.

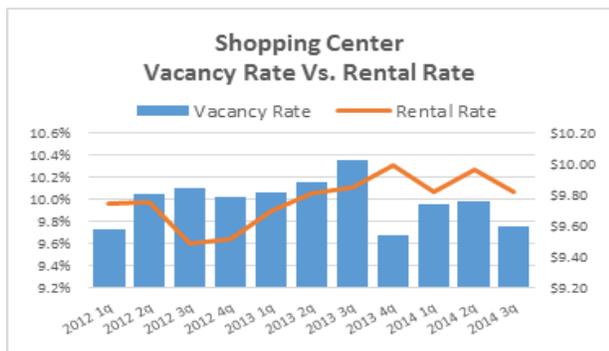
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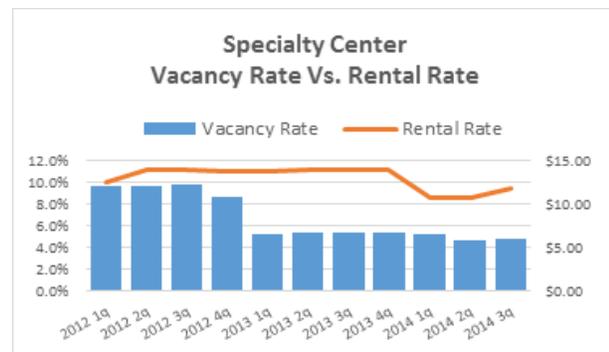
- **Mall rental rate was \$12.33/SF/YR.**
- **Mall rental rate decreased** compared to the rental rate of \$12.92/SF/YR at the end of the second quarter 2014.
- **Mall vacancy rate was 24.80%.**
- **Mall vacancy rate stayed the same** compared to the vacancy rate of 24.80% at the end of the second quarter 2014.



- **Power Center rental rate was \$14.46/SF/YR.**
- **Power Center rental rate slightly decreased** compared to the rate of \$14.51/SF/YR at the end of the second quarter 2014.
- **Power Center vacancy rate was 2.70%.**
- **Power Center vacancy rate increased** compared to the vacancy rate of 2.50% at the end of the second quarter 2014.



- **Shopping Center rental rate was \$9.82/SF/YR.**
- **Shopping Center rental rate slightly decreased** compared to the rental rate of \$9.96/SF/YR at the end of the second quarter 2014.
- **Shopping Center vacancy rate was 9.80%.**
- **Shopping Center vacancy rate decreased** compared to the vacancy rate of 10% at the end of the second quarter 2014.



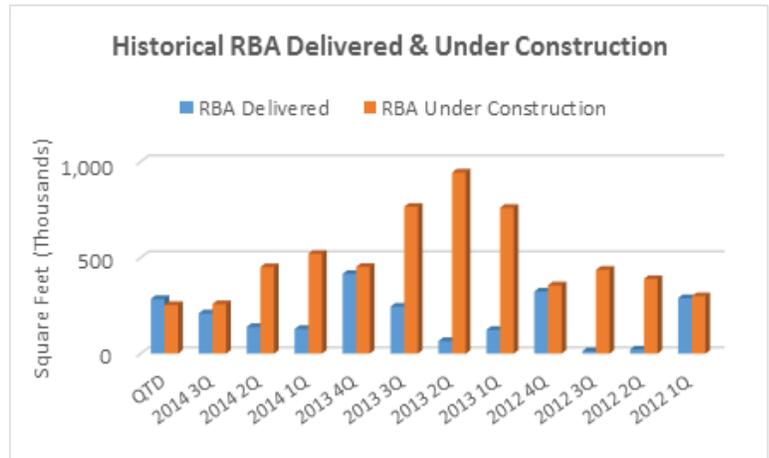
- **Specialty Center rental rate was \$11.78/SF/YR.**
- **Specialty Center rental rate significantly increased** compared to the rental rate of \$10.79/SF/YR at the end of the second quarter 2014.
- **Specialty Center vacancy rate was 4.90%.**
- **Specialty Center vacancy rate slightly increased** compared to the vacancy rate of 4.6% at the end of the second quarter 2014.

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Delivery and Under Construction

There were 257,511 square feet of retail space under construction at the end of the third quarter 2014. The two projects with the most rentable building area is a 85,000 square foot property located at 1622-1630 Garth Brooks in Yukon, which is 100 percent pre-leased, and a 42,840 square foot property located at 421 NW 10th Street, which is 0 percent pre-leased. It is expected that 195,727 square feet of retail space will be delivered to the market during the fourth quarter 2014, including the 85,000 square feet property located at 1622-1630 Garth Brooks in Yukon.

Some of the notable 2014 deliveries include 1400 12th Avenue Southeast in Norman, a 51,945 square foot facility that was delivered in the third quarter of 2014 which is still vacant, and 2831 Conference Drive in Norman, a 32,044 square foot building that was delivered in the third quarter of 2014 and is now 100 percent occupied.



Oklahoma City Market Retail Sales

The retail market showed strong activities during the third quarter of 2014. There were 131 transactions recorded with sale transactions totaling \$198,807,976 during the third quarter, with an average price per building at \$123.36 per square foot. The total sale volume has significantly increased compared with the sales volume of \$67,731,154 in the second quarter.

Number of Transactions	131
Total Sales (Dollar) Volume	\$198,807,976
Total Bldg. SF	1,980,197
Total Land in SF	23,784,196
Average Price	\$2,049,567
Average Price Per Bldg. SF	\$123.36
Median Price Per SF	\$122.07

Two large portfolio sale occurred during the third quarter which contribute to the great increase in sales volume. One is a \$33,800,000 portfolio of shopping centers consisting of 8-properties located at Bryant Avenue and 2nd Street in Edmond. SCI Real Estate Investments purchased these properties from Inland Real Estate Acquisitions on July 24th, 2014. Another is part of a \$1.2 billion merger between Kite Realty Trust in Indianapolis, IN and Inland Diversified Real Estate Trust Inc. in Oak Brook, IL.

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During the third quarter 2014, twelve retail properties sold that are over 40,000 square feet. Detailed information of these properties are as follows:

Property Address	Property City	Sale Price	Bldg. SF	Price Per SF
210-420 S Bryant Ave	Edmond	\$ 20,029,437	165,311	\$ 121.16
1500-1680 NW 24th Ave	Norman	\$ 14,236,388	113,713	\$ 125.20
2460-2700 S I-35 Service Rd	Moore	\$ 13,815,480	110,351	\$ 125.20
3040 NW 59th St	Oklahoma City	\$ 12,573,365	103,000	\$ 122.07
9001 NW Passage Dr	Oklahoma City	\$ 12,540,257	93,637	\$ 133.92
2100-2200 S Interstate 35 St	Moore	\$ 11,627,934	92,878	\$ 125.20
502-530 S Bryant Ave	Edmond	\$ 9,592,286	79,169	\$ 121.16
4625-4629 NW 23rd St	Oklahoma City	-	72,671	-
4601-4623 NW 23rd St	Oklahoma City	-	68,377	-
3000 NW 59th St	Oklahoma City	\$ 6,059,385	49,638	\$ 122.07
5801 N May Ave	Oklahoma City	\$ 5,663,873	46,398	\$ 122.07
4535-4559 NW 23rd St	Oklahoma City	-	43,829	-

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 Sttreet	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.

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OKC Market Significant Retail Sale Transactions during the Third Quarter 2014



Name: Bryant Square Center
Address: 210-420 S Bryant Avenue, Edmond
Sale Price: \$20,029,437
Building SF: 165,311 SF
Price/SF: \$139.09
Sale Date: 7/30/2014



Name: University Town Center-Area 1B
Address: 1500-1680 NW 24th Avenue, Norman
Sale Price: \$14,236,388
Building SF: 113,713 SF
Price/SF: \$125.20
Sale Date: 7/1/2014



Name: 2460-2700 S I-35 Service Road
Address: 2460-2700 S I-35 Service Road, Moore
Sale Price: \$13,815,480
Building SF: 110,351 SF
Price/SF: \$125.20
Sale Date: 7/1/2014



Name: The Home Depot
Address: 3040 NW 59th Street, OKC
Sale Price: \$12,711,648
Building SF: 103,000 SF
Price/SF: \$120.95
Sale Date: 8/27/2014



Name: Kohl's
Address: 9001 NW Passage Drive, OKC
Sale Price: \$12,540,257
Building SF: 93,637
Price/SF: \$133.92
Sale Date: 7/1/2014



Name: The Shops at Moore
Address: 2100-2200 S Interstate 35 Street, Moore
Sale Price: \$11,627,934
Building SF: 92,878
Price/SF: \$125.20
Sale Date: 7/1/2014



Name: Bryant Square Center
Address: 502-530 S Bryant Avenue, Edmond
Sale Price: \$9,592,286
Building SF: 79,169
Price/SF: \$139.09
Sale Date: 7/30/2014

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NAI Sullivan Group

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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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