

First Quarter Retail Market Report 2015



First Quarter Retail Market Report 2015



Leasing Activities	
Total Inventory	85,239,568 SF
Overall Rental Rate	\$11.26/SF/YR
Total Vacancy Rate	6.50%
Under Construction	561,054 SF
Sale Activities	
Number of Transactions	97
Total Sales Volume	\$76,728,901
Average Price per Bldg. SF	\$102.06

National Economy

The harsh weather this winter, especially in the eastern U.S., has slowed the housing starts and decreased consumer spending; the rise in the value of the dollar during the first quarter has increased U.S. imports. Based on these factors, according to Kiplinger, the annual growth rate of GDP for the first quarter is only 1 percent. The continuing job gains and growth will increase consumer spending and Kiplinger predicted 2015 will end with an annual GDP growth rate of 3 percent. Oil prices have been staying low since last summer. Analysts from big oil service companies have predicted that oil prices will stay between \$40 and \$50 per barrel until the end of 2015, and oil prices could fall further since we are seeing increasing oil supply. Big oil service companies such as Schlumberger, Halliburton, and Baker Hughes have already started their first round of layoffs. Many small companies who cannot maintain their profits under such low prices have had to close their offices. We will definitely see more layoffs in the oil and gas industry in the coming quarters. Low oil and gas prices also save consumers money and we will see growing consumer spending on gasoline, cars and other products and services, which will increase employment in other industries. According to the Department of Labor, unemployment rates stayed at 5.5 percent in March, and we are looking for an unemployment rate of 5.3 percent at the end of 2015. As the job market continues its growth, economists predict that the Federal Reserve will increase interest rates this September.

Local Economy

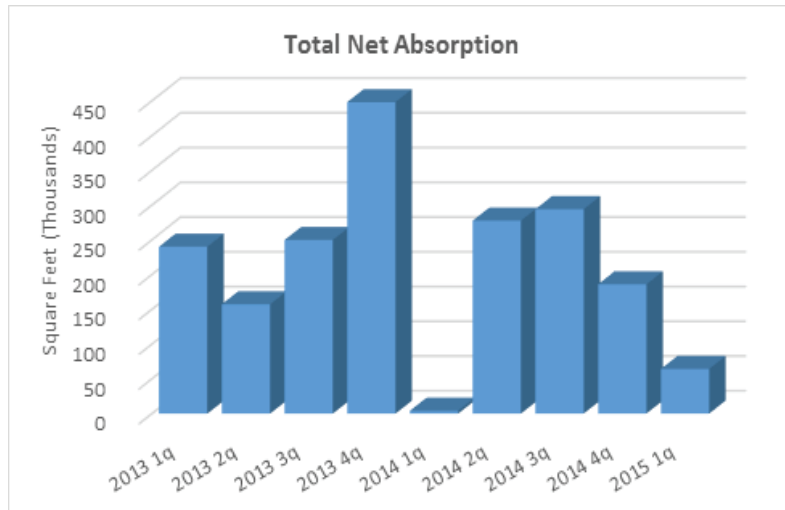
Seven months have passed since the decline of the oil and gas prices. As a state with abundant oil and gas resources, Oklahoma could not avoid seeing layoffs in the oil and gas industry; it's reported that 2,400 energy jobs have been lost just this February. Despite the layoffs in the energy industry, Oklahoma still sees job growth and has one of the lowest unemployment rate in the nation. The unemployment rate decreased to 3.9 percent this February, and stayed unchanged in March. Oklahoma's economy is more diversified and less dependent on the oil and gas industry than in prior years and the decline in the energy industry has been countered by gains in construction, trade, transportation and utilities and government jobs. A new maintenance plant for the KC-46 A Tanker is going to be constructed at Tinker AFB, which will create more than 1,300 jobs; the massive Baker Hughes campus is well under construction at the Southwest Corner of the Kilpatrick Turnpike and Santa Fe and will bring 475 new jobs to Oklahoma City. Grocery and utility costs in the Oklahoma City area are 10.1 percent below the national average; Forbes ranked Oklahoma City as the number 4 most affordable city in the United States on its recent news release.

First Quarter Retail Market Report 2015

Oklahoma City Market Retail Leasing

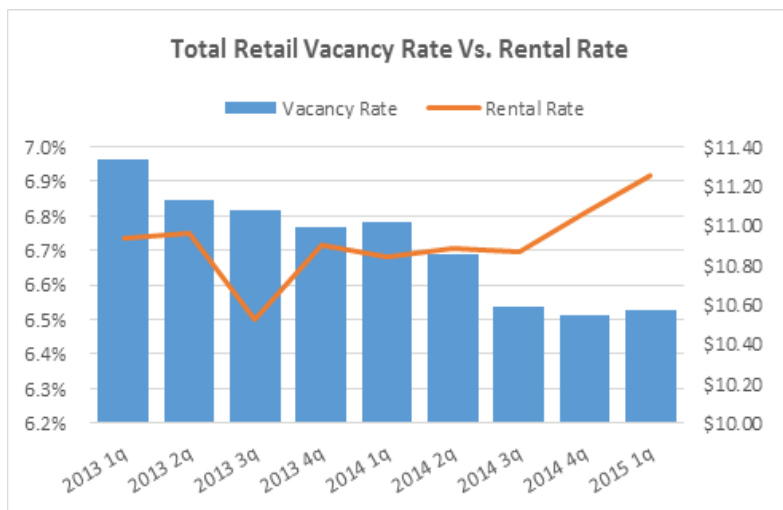
The largest lease signings occurring in the first quarter 2015 included: the 14,000 square foot lease signed by Bricktown West at 1 South Mickey Mantle Drive; the 7,000 square foot lease signed by Tuesday Morning at Sooner West Plaza; and the 6,944 square foot lease signed by Infernos Pizza at 2747 W Memorial Road.

Net Absorption



- The total retail net absorption was **64,388 SF**.
- The total net absorption decreased compared to the net absorption of 186,162 SF at the end of the fourth quarter 2014.
- The total inventory was **85,239,568 SF**.
- The total inventory increased compared to the total inventory of 84,932,583 SF at the end of the fourth quarter 2014.

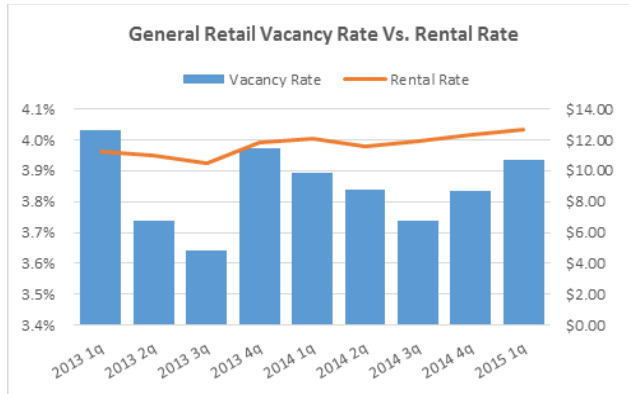
Rental Rates and Vacancy Rates



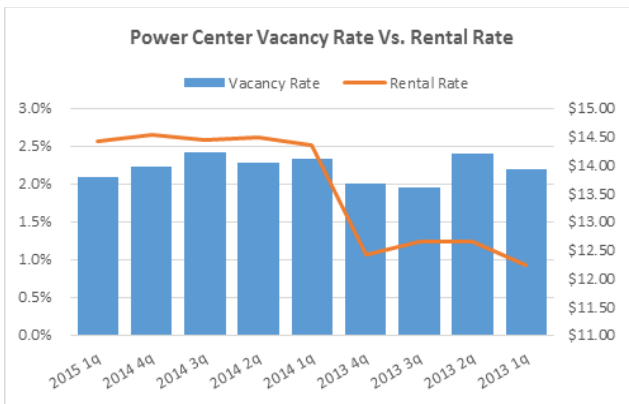
- The retail market rental rate averaged at **\$11.26/SF/YR**.
- The retail market rate increased compared to the rate of \$11.07/SF/YR at the end of the fourth quarter 2014.
- The retail market vacancy rate was **6.50%**.
- The retail market vacancy rate stayed the same compared to the rate at the end of the fourth quarter 2014.

First Quarter Retail Market Report 2015

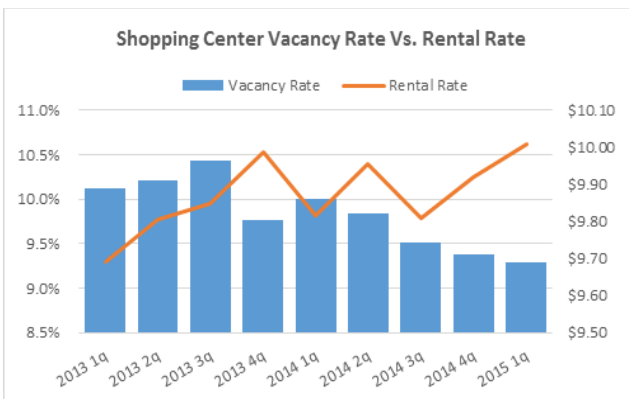
Rental Rates and Vacancy Rates



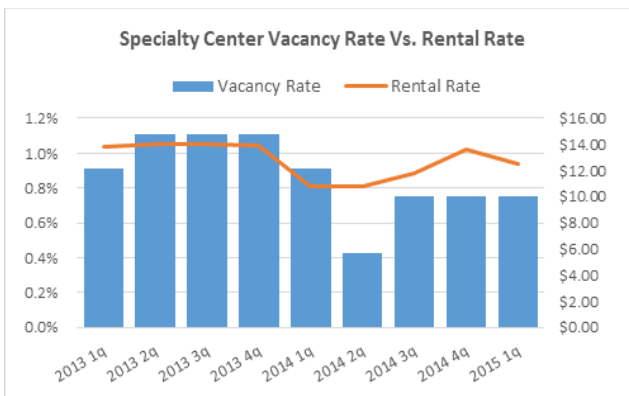
- **General retail market rental rate was \$12.65/SF/YR.**
- **General retail market rental rate increased** compared to the rate of \$12.35/SF/YR at the end of the fourth quarter 2014.
- **General retail market vacancy rate was 3.90%.**
- **General retail market vacancy rate increased** compared to the rate of 3.80% at the end of the fourth quarter 2014.



- **Power Center rental rate was \$14.42/SF/YR.**
- **Power Center rental rate slightly decreased** compared to the rate of \$14.52/SF/YR at the end of the fourth quarter 2014.
- **Power Center vacancy rate was 2.10%.**
- **Power Center vacancy rate slightly decreased** compared to the rate of 2.20% at the end of the fourth quarter 2014.



- **Shopping Center rental rate was \$10.01/SF/YR.**
- **Shopping Center rental rate increased** compared to the rate of \$9.92 at the end of the fourth quarter 2014.
- **Shopping Center vacancy rate was 9.30%.**
- **Shopping Center vacancy rate decreased** compared to the rate of 9.40% at the end of the fourth quarter 2014.



- **Specialty Center rental rate was \$12.54/SF/YR.**
- **Specialty Center rental rate decreased** compared to the rate of \$13.62/SF/YR at the end of the fourth quarter 2014.
- **Specialty Center vacancy rate was 0.70%.**
- **Specialty Center vacancy rate stayed the same** compared to the rate at the end of the fourth quarter 2014.

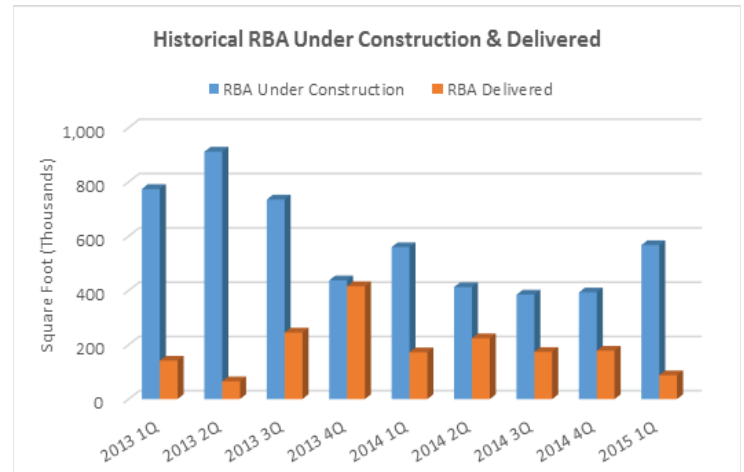
First Quarter Retail Market Report 2015

OKC Retail Market Information by Submarkets

	Northwest	Edmond	Norman & Moore
Rental Rate	\$10.27	\$14.53	\$14.75
Vacancy Rate	5.60%	5.20%	3.60%
Existing Buildings	1,210	668	1,133
Existing SF	14,966,963 SF	8,036,144 SF	12,116,629 SF
Cap Rate	7.60%	7.60%	7.50%

Delivery and Under Construction

There were 561,054 square feet of retail space under construction at the end of the first quarter 2015. The largest two properties underway at the end of the first quarter are the 150,000 square foot Shoppes at Quail located at 2940 West Memorial which is now 50 percent pre-leased, and is scheduled to be delivered in June 2016; and the 95,091 square foot property located at 1705 South Broadway Street in Oklahoma City, which is now 100 percent pre-leased, and is scheduled to be delivered in May 2015.



It is expected that 394,989 square feet of retail space will be delivered to the market during the second quarter. Detailed information regarding top retail properties under construction is in the following table.

Building Address	Building Name	City	Rentable Building Area	Delivery Time
2940 N Memorial	Shoppes at Quail Spring	Oklahoma City	150,000 SF	Jun 2016
1705 S Broadway St	-	Oklahoma City	95,091 SF	May 2015
N Western Ave @ John Kilpatrick Turnpike	Cabela's	Oklahoma City	80,000 SF	Oct 2015
13601 N May Ave	Shoppes at Quail Springs	Oklahoma City	52,576 SF	Jun 2016
1000 NW 192nd St	Stonebriar Plaza	Edmond	40,445 SF	Sep 2015

First Quarter Retail Market Report 2015

Oklahoma City Market Retail Sales

There were 97 transactions recorded for the first quarter of 2015. The total sales volume of the first quarter was \$76,728,901, with an average price per square foot at \$102.06. The largest individual property transaction based on sales volume is the sale of the 15,188 square foot Moore Town Center located at 2600 Telephone Road. Lorentz Oil & Gas LLC purchased this neighborhood center for \$3,300,000 on January 6th, 2015.

Number of Transactions	97
Total Sales Volume	\$76,728,901
Total Bldg. SF	1,172,215 SF
Total Land in SF	7,038,425 SF
Average Price per Bldg. SF	\$102.06
Median Price per SF	\$158.27

The retail market in the Oklahoma City market is very strong. TopGolf and Cabela's are well under construction in Chisholm Creek, Trader Joe's is coming to Oklahoma City, and H&M is also planning to open its first store in Oklahoma in Quail Springs Mall. Lower fuel prices should allow for higher disposable income to push increased retail sales.



First Quarter Retail Market Report 2015

OKC Market Significant Retail Sale Transactions during the First Quarter 2015



Property Name: Moore Town Center
Address: 2600 Telephone Road, Moore
Sale Price: \$3,300,000
Building SF: 15,188 SF
Price per SF: \$217.28
Sale Date: 1/6/2015



Property Name: 5745-5801 N Martin Luther King Avenue
Address: 5745-5801 N Martin Luther King Avenue, OKC
Sale Price: \$2,200,000
Building SF: 12,800 SF
Price per SF: \$171.88
Sale Date: 1/20/2015



Property Name: Deville Shopping Center
Address: 7931-7957 NW 23rd Street, Bethany
Sale Price: \$1,900,000
Building SF: 125,407 SF
Price per SF: \$15.15
Sale Date: \$1,900,000



Property Name: 12001 S Douglas Blvd
Address: 12001 S Douglas Blvd, Guthrie
Sale Price: \$1,600,000
Building SF: 8,677 SF
Price per SF: \$184.40
Sale Date: 3/6/2015



Property Name: Big O Tires
Address: 820 S Division Street, Guthrie
Sale Price: \$1,500,500
Building SF: 5,481 SF
Price per SF: \$273.76
Sale Date: 2/24/2015



Property Name: All American Fitness
Address: 1020 SW 104th Street, OKC
Sale Price: \$1,490,000
Building SF: 17,668
Price per SF: \$84.33
Sale Date: 2/9/2015
Sale Date: 10/15/2014

First Quarter Retail Market Report 2015

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!

