

FIGURES | TULSA INDUSTRIAL | H2 2023

Mid-year market fundamentals remain strong

▼ 2.5%
Vacancy Rate

▼ 171,775
SF Net Absorption

▼ 90,400
SF Under Construction

▲ \$6.03
NNN / Lease Rate

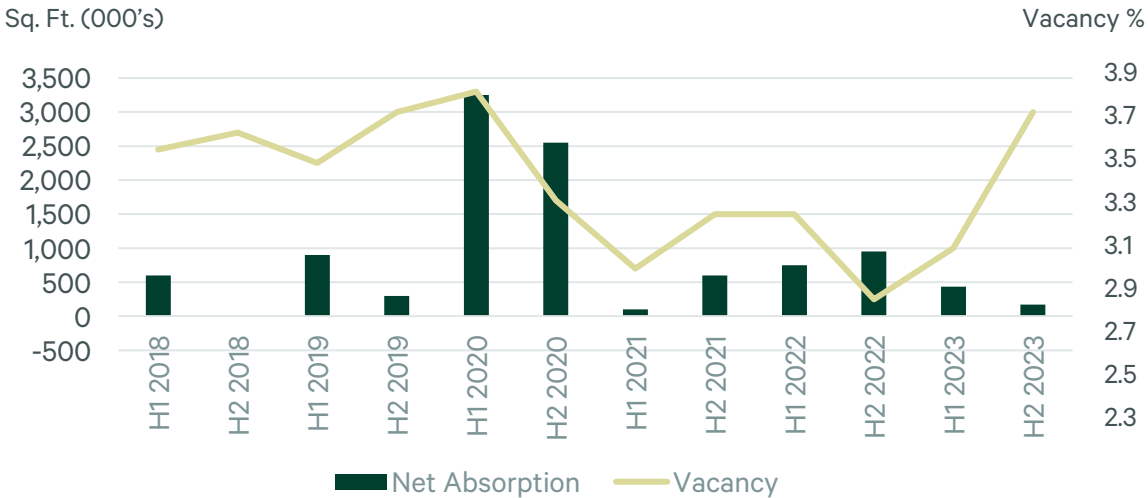
Note: Arrows indicate change from previous half-year.

MARKET OVERVIEW

- In H2 2023, 171,775 sq. ft. of net absorption was recorded for the Tulsa industrial market.
- Market-wide vacancy for all asset types decreased by 1% since H1 2023, from 3.5% to 2.5%.
- The market-wide average asking rent increased slightly at \$6.03 per sq. ft.
- 90,400 sq. ft. of construction has been delivered since June 2023.

The Tulsa Industrial Market held steady during the second half of 2023. Vacancy rates decreased by 1% as net absorption recorded a positive 171,775 sq. ft., albeit a lower amount than the first half of 2023. Properties under construction declined by 45,500 sq. ft from H1 2023. Along with under construction projects, delivered construction has also declined since H1 2023 from 1,050,902 to 164,250 sq. ft.

FIGURE 1: Net Absorption and Vacancy



Source: CBRE Research, H2 2023.

FIGURE 2: Market Snapshot

Submarket	Net Rentable Area (SF)	Vacancy (%)	Asking Rate, Avg. Annual (PSF/NNN)*	Under Construction (SF)	Deliveries (SF)	Net Absorption (SF)
Bartlesville	20,540	0.6	\$5.23	-	-	(2,804)
CBD	1,540,841	7.5	\$6.45	-	-	11,797
East	3,497,585	0.8	\$6.82	-	26,250	(74,774)
Mayes County	6,078,844	1.6	\$6.25	-	-	61,076
Midtown	60,155	-	-	-	-	(52,206)
Muskogee County	6,322,396	3.2	\$3.48	12,000	-	(2,477)
North Central	5,917,969	3.7	\$6.12	-	-	118,582
Northeast	30,566,856	4.5	\$6.50	78,400	-	(514,366)
Northwest	1,117,567	-	\$5.63	-	-	4,800
South	4,584,639	0.9	\$7.82	-	-	72,769
South Central	11,965,501	3.8	\$6.75	-	-	182,781
Southeast	13,430,378	2.0	\$7.47	-	138,000	272,869
Southwest	453,206	0.2	\$5.90	-	-	9,038
Outlying Market Area	6,126,005	3.2	\$4.02	-	-	84,690
Tulsa Total	94,938,462	2.5	\$6.03	90,400	164,250	171,775

Source: CBRE Research, H2 2023.

FIGURE 3: Annual Price Per Square Foot
\$/ PSF/ Annual

Source: CBRE Research, H2 2023.

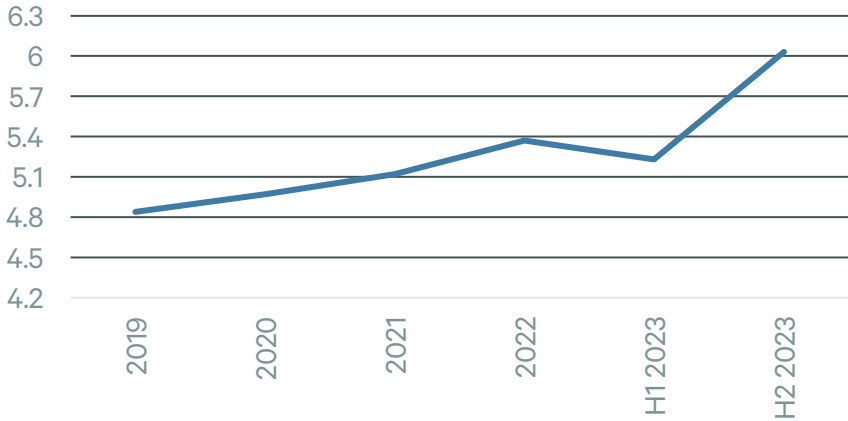
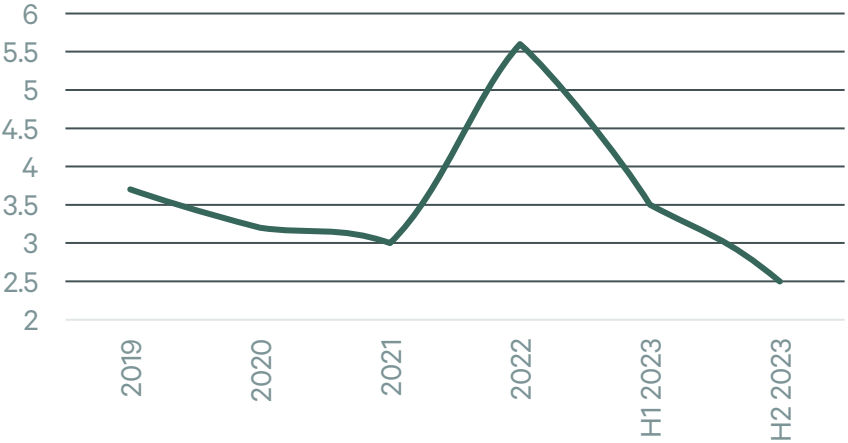


FIGURE 4: Vacancy
Vacancy %

Source: CBRE Research, H2 2023.



Vacancy Rate and Absorption

The market-wide vacancy rate decreased to 2.5% in H2 2023. This decline can be attributed almost entirely to the slower pace of new construction. With only 164,250 sq. ft. of new construction in the East and Southeast submarkets, vacancy rates have lowered as well as absorption.

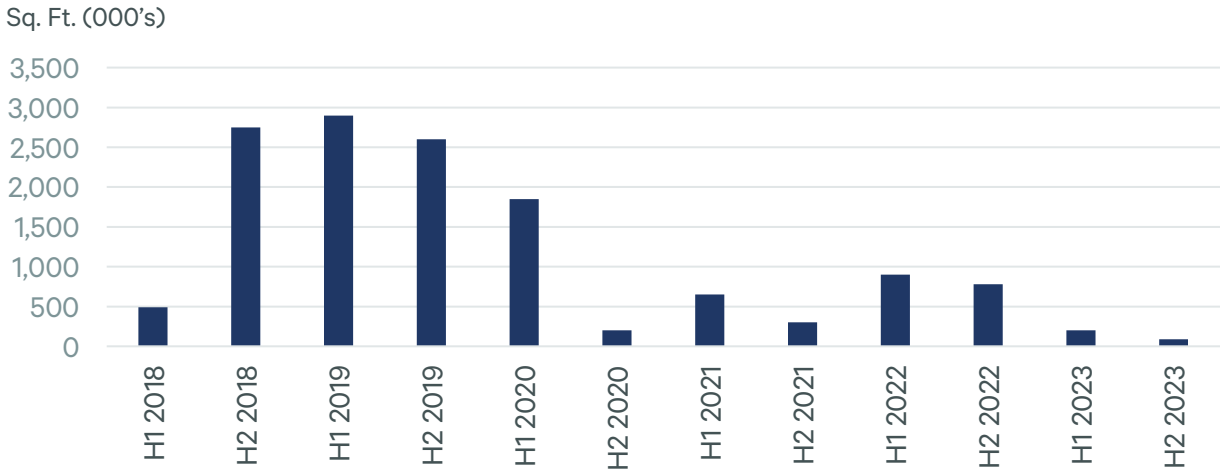
Asking Rents

The market-wide asking rent increased nearly 1% compared to H1 2023 and closed H2 2023 at \$6.03 per sq. ft. on a triple net basis. Only one submarket, Mayes County, saw a decline in rents from H1 2023, dropping \$0.40 per sq. ft.

Construction

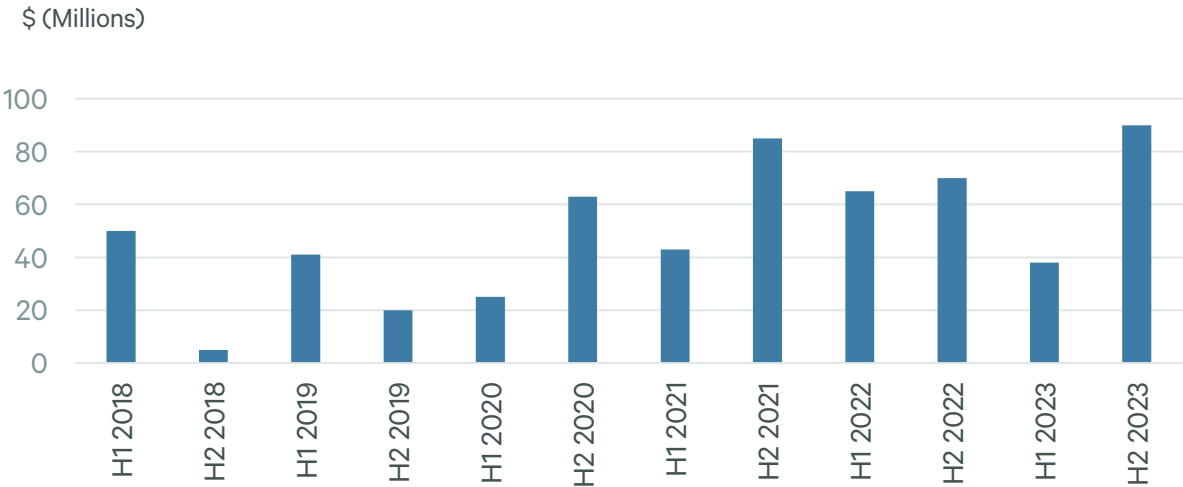
During H2 2023, one new industrial development totaling 138,000 sq. ft. was delivered in the Southeast submarket, and another delivery at 26,250 sq. ft. was delivered in the East submarket. Two projects under construction are set to finish in H1 of 2024 totaling 90,400 sq. ft. As for proposed projects, there are four properties to watch throughout the Northeast and Southeast submarkets, totaling roughly 228,000 sq. ft. and set to begin construction in H1 2024.

FIGURE 5: Historical Under Construction



Source: CBRE Research, H2 2023.

FIGURE 6: Historical Sales Volume



Source: Real Capital Analytics, December 2023

FIGURE 7: Historical Market Statistics

		2019	2020	2021	2022	H1 2023	H2 2023
Bartlesville*	Net Absorption (SF)	9,200	3,200	(94,874)	5,000	-	(10,316)
	Asking Rent, NNN Avg. Annual	-	-	\$3.15	\$3.32	\$3.02	\$5.02
	Delivered Construction (SF)	-	-	-	-	-	-
	Vacancy Rate (%)	0.1	-	3.2	3.6	3.4	0.7
CBD	Net Absorption (SF)	(4,407)	(59,106)	(17,281)	(5,416)	36,173	11,797
	Asking Rent, NNN Avg. Annual	\$5.28	\$4.81	\$5.08	\$5.11	\$5.39	\$6.45
	Delivered Construction (SF)	-	-	-	-	-	-
	Vacancy Rate (%)	3.5	6.6	10.3	10.2	8.0	7.5
East	Net Absorption (SF)	353,393	265,891	128,552	173,291	28,800	(74,774)
	Asking Rent, NNN Avg. Annual	\$5.16	\$5.25	\$5.41	\$5.46	\$5.87	\$6.82
	Delivered Construction (SF)	174,758	72,384	133,951	169,000	-	26,250
	Vacancy Rate (%)	4.3	3.6	3.9	0.7	0.5	0.8
Mayes County*	Net Absorption (SF)	-	-	-	-	61,076	61,076
	Asking Rent, NNN Avg. Annual	-	\$6.65	\$6.65	\$6.65	\$6.65	\$6.25
	Delivered Construction (SF)	-	-	-	-	150,000	-
	Vacancy Rate (%)	-	-	-	0.2	2.2	1.6
Midtown*	Net Absorption (SF)	-	-	(15,080)	13,288	7,929	(52,206)
	Asking Rent, NNN Avg. Annual	\$5.58	\$5.58	\$6.00	\$5.74	-	-
	Delivered Construction (SF)	-	-	-	-	-	-
	Vacancy Rate (%)	-	-	12.8	7.1	-	-
Muskogee County*	Net Absorption (SF)	(63,352)	78,020	(31,472)	10,192	162,070	(2,477)
	Asking Rent, NNN Avg. Annual	\$2.81	\$2.80	\$2.80	\$2.37	\$2.72	\$3.48
	Delivered Construction (SF)	-	-	-	-	-	-
	Vacancy Rate (%)	4.7	3.4	4.0	5.4	4.2	3.2
North Central*	Net Absorption (SF)	203,806	(23,512)	(107,094)	20,670	10,963	118,582
	Asking Rent, NNN Avg. Annual	\$3.51	\$4.69	\$5.12	\$4.96	\$5.17	\$6.12
	Delivered Construction (SF)	-	-	-	-	-	-
	Vacancy Rate (%)	0.9	1.3	2.9	4.7	4.9	3.7
Northeast*	Net Absorption (SF)	2,644,713	1,053,921	342,842	192,347	141	(514,366)
	Asking Rent, NNN Avg. Annual	\$5.12	\$5.21	\$5.44	\$5.64	\$5.36	\$6.50
	Delivered Construction (SF)	3,033,518	941,446	270,000	76,922	744,277	-
	Vacancy Rate (%)	3.4	3.0	2.5	2.2	4.2	4.5

Source: CBRE Research, H2 2023.

FIGURE 7: Historical Market Statistics

		2019	2020	2021	2022	H1 2023	H2 2023
Northwest*	Net Absorption (SF)	(103,170)	118,657	79,842	54,434	(41,789)	4,800
	Asking Rent, NNN Avg. Annual	\$3.03	\$3.44	\$3.98	\$4.62	\$5.32	\$5.63
	Delivered Construction (SF)	49,500	-	-	23,784	-	-
	Vacancy Rate (%)	5.6	3.6	2.4	1.4	2.5	-
South*	Net Absorption (SF)	96,595	(18,225)	(4,036)	(3,964)	7,750	72,769
	Asking Rent, NNN Avg. Annual	\$7.00	\$6.26	\$6.11	\$6.37	\$7.45	\$7.82
	Delivered Construction (SF)	81,000	-	-	35,000	-	-
	Vacancy Rate (%)	0.3	1.0	1.1	0.8	2.1	0.9
South Central*	Net Absorption (SF)	(126,322)	95,274	29,158	311,045	(78,013)	182,781
	Asking Rent, NNN Avg. Annual	\$5.75	\$5.58	\$6.28	\$5.47	\$5.48	\$5.63
	Delivered Construction (SF)	-	-	-	-	-	-
	Vacancy Rate (%)	3.5	1.6	1.6	4.3	5.0	3.8
Southeast	Net Absorption (SF)	(75,224)	1,857,254	5,000	34,567	84,468	272,869
	Asking Rent, NNN Avg. Annual	\$4.73	\$3.33	\$3.00	\$6.44	\$6.45	\$7.47
	Delivered Construction (SF)	37,030	1,800,000	-	25,070	138,000	138,000
	Vacancy Rate (%)	4.5	3.0	2.7	1.8	2.7	2.0
Southwest*	Net Absorption (SF)	227,193	(351,324)	223,380	297,875	58,245	9,038
	Asking Rent, NNN Avg. Annual	\$4.31	\$4.77	\$5.83	\$5.88	\$5.85	\$5.90
	Delivered Construction (SF)	31,056	14,000	109,872	568,000	18,625	-
	Vacancy Rate (%)	2.2	4.3	3.7	1.7	2.0	0.2
Outlying Market Area*	Net Absorption (SF)	145,973	215,466	32,420	7,400	99,960	84,690
	Asking Rent, NNN Avg. Annual	\$3.90	\$2.35	\$2.75	\$2.99	\$3.44	\$4.02
	Delivered Construction (SF)	-	-	-	-	-	-
	Vacancy Rate (%)	4.6	2.0	4.6	3.3	4.2	3.2
Tulsa Total	Net Absorption (SF)	1,249,261	5,802,198	847,265	1,110,729	437,773	171,775
	Asking Rent, NNN Avg. Annual	\$4.84	\$4.97	\$5.12	\$5.37	\$5.23	\$6.03
	Delivered Construction (SF)	718,127	5,433,984	538,951	897,776	1,050,902	164,250
	Vacancy Rate (%)	3.7	3.2	3.0	2.6	3.5	2.5

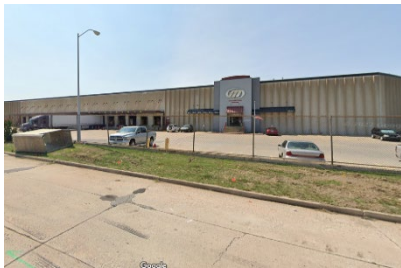
*As of H2 2022, the CBRE Research statistical methodology for Tulsa Industrial has been adjusted to ensure alignment with market and peer market comparisons. As such, consistent historical/pre-H1 2022 statistics for new or substantially adjusted submarkets are not available, and historical metrics reported for these areas will not sum to historic Tulsa market totals.

Source: CBRE Research, H2 2023.

Notable Transactions

4477 S 70th E Ave

LEASE



CBRE

Tenant	Premier Logistics
SF Leased	88,562 SF
Sign Date	Undisclosed
Lease Term	Undisclosed
Effective Rent	\$4.50/NNN
Details	Industrial textile company leased entirety of 3 star industrial property.

5210-5492 S 49th W

LEASE



CBRE

Tenant	Helmerich & Payne International
SF Leased	383,000 SF
Sign Date	Undisclosed
Lease Term	Undisclosed
Effective Rent	\$4.75/NNN
Details	Drilling company leased out entirety of Tulsa Industrial center.

12322 E 55th

LEASE



CBRE

Tenant	Poli-Tape USA
SF Leased	71,060 SF
Sign Date	Undisclosed
Lease Term	Undisclosed
Effective Rent	\$6.60/NNN
Details	Industrial textile company leased out entirety of 3 star industrial property.

Notable Transactions

Metro Park IV – 12122 E 55th Street

SALE



CBRE

Buyer	Swep North America Inc
Seller	Kansas City Life Insurance Co
Sale Price	\$13.8M
Total GLA	112500 SF
Sale Date	November 2023
Details	This 4 star industrial warehouse was an investment sale bought by Swep North America, a company specializing in heating and cooling systems.

5402 S 129th East

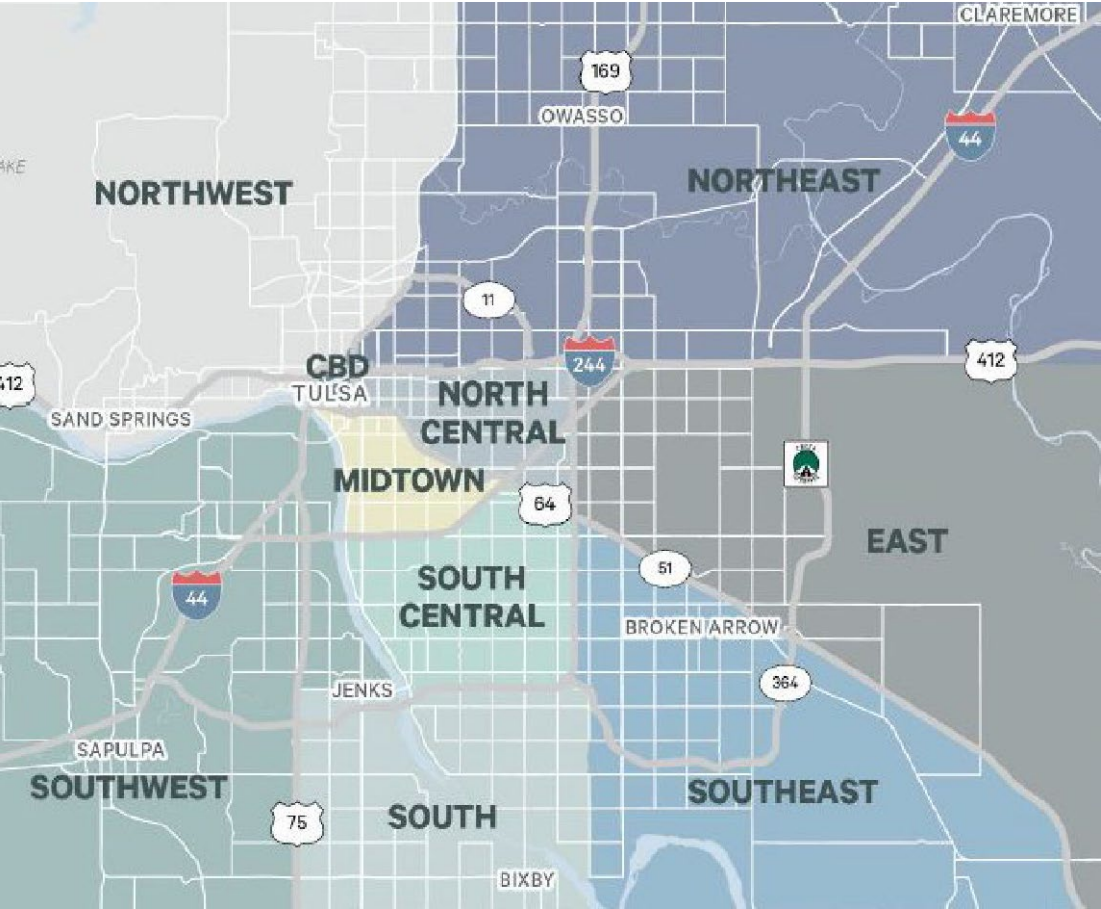
SALE



CBRE

Buyer	Saint Francis Hospital
Seller	Boardwalk 55
Sale Price	\$22.5 M
Total GLA	200,000 SF
Sale Date	December 2023
Details	Investment sale in the Southeast submarket of Tulsa.

Urban Submarkets Area Overview



Definitions

Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area.

Survey Criteria

Includes all industrial buildings 5,000 sq. ft. and greater in size in the Tulsa Region.; Craig, Creek, Mayes, Muskogee, Nowata, Okmulgee, Osage, Ottawa, Pawnee, Rogers, Tulsa, Wagoner, and Washington counties. New construction must be available for tenant build-out within 12 months. Note: As of H1 2022, the CBRE Research statistical methodology for Tulsa Industrial has been adjusted to ensure alignment with market and peer market comparisons. As such, consistent historical/pre-H1 2022 statistics for new or substantially adjusted submarkets are not available.

Contacts

Samantha Johnson
Senior Research Analyst
Samantha.johnson1@cbre.com

Lauren Vasquez
Field Research Manager
lauren.vasquez@cbre.com

CBRE TULSA OFFICE	CBRE OKLAHOMA CITY OFFICE
521 East 2 nd Street, Suite 701 Tulsa, OK 74119	3401 NW 63rd St, Suite 400 Oklahoma City, OK 73116

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