

FIGURES | TULSA INDUSTRIAL | H1 2023

# Mid-year market fundamentals remain strong

▲ 3.5%  
Vacancy Rate

▲ 437,773  
SF Net Absorption

▼ 135,900  
SF Construction

▲ \$5.25  
NNN / Lease Rate

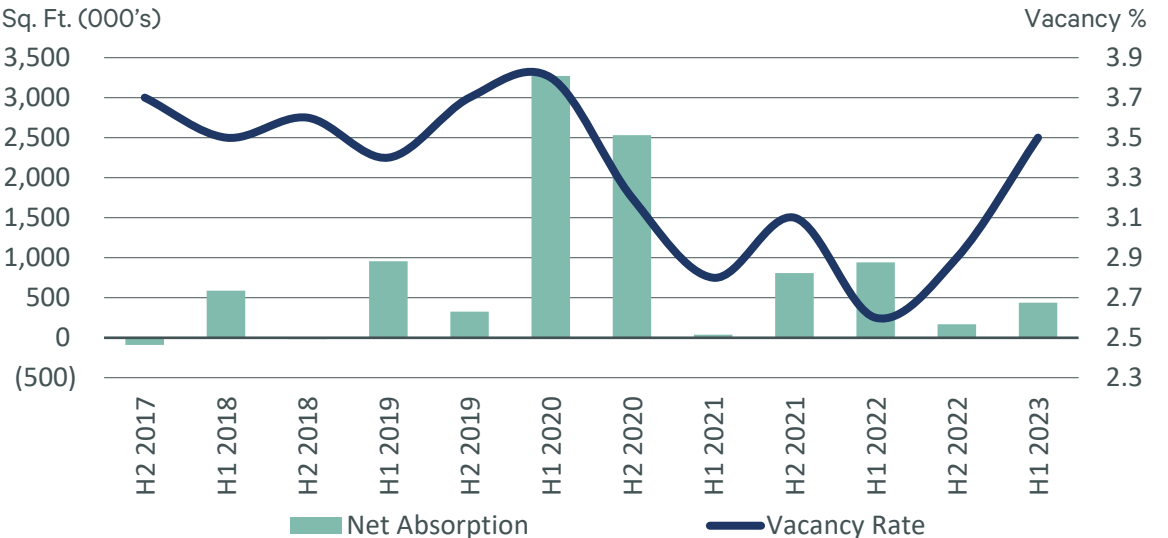
Note: Arrows indicate change from previous half-year.

## MARKET OVERVIEW

- H1 2023 recorded 437,773 sq. ft. of net absorption.
- Market-wide vacancy increased by 60 bps to 3.5%.
- The market-wide asking rent grew by \$0.08 per sq. ft. to \$5.25 per sq. ft.
- Over 1.0 million sq. ft. of industrial space was completed and delivered to the market during H1 2023.

The Tulsa Industrial Market remained steady during the first half of 2023. Construction deliveries pushed up both the vacancy rate and had a positive impact on net absorption. H1 2023 net absorption more than doubled compared to the previous half-year. Leasing activity was healthy with the volume of deals on par with H2 2022 activity. A combination of a slow in construction starts, sustained leasing activity, and a still relatively low vacancy rate put upward pressure on asking rents.

FIGURE 1: Net Absorption and Vacancy



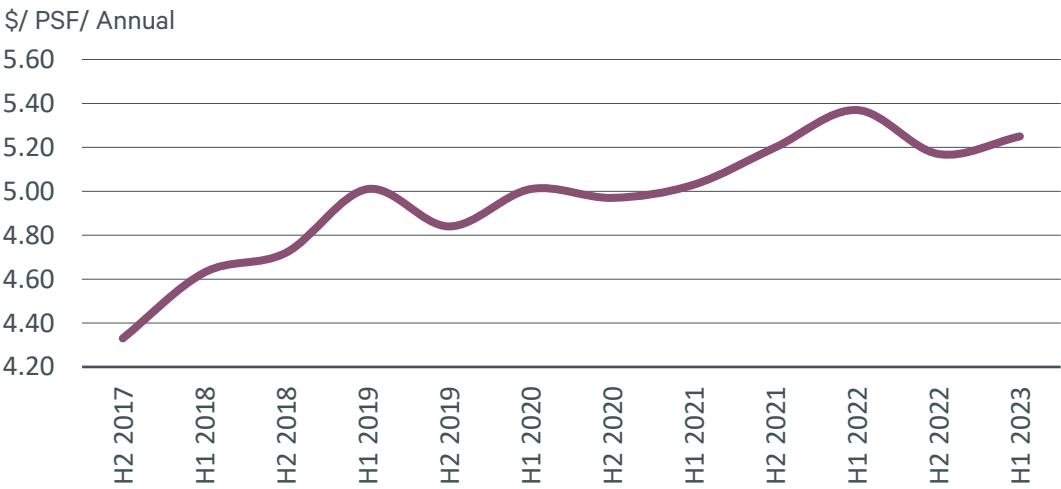
Source: CBRE Research, H1 2023.

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         | 2,980,433              | 3.4         | \$3.02                              | -                       | -               | -                   |
| CBD                  | 1,670,724              | 8.0         | \$5.39                              | -                       | -               | 36,173              |
| East                 | 4,599,748              | 0.5         | \$5.87                              | -                       | -               | 28,800              |
| Mayes County         | 4,348,771              | 2.2         | \$6.65                              | -                       | 150,000         | 61,076              |
| Midtown              | 125,284                | -           | -                                   | -                       | -               | 7,929               |
| Muskogee County      | 6,161,009              | 4.2         | \$2.72                              | 12,000                  | -               | 162,070             |
| North Central        | 6,676,798              | 4.9         | \$5.17                              | -                       | -               | 10,963              |
| Northeast            | 39,302,097             | 4.2         | \$5.36                              | 78,400                  | 744,277         | 141                 |
| Northwest            | 6,091,383              | 2.5         | \$5.32                              | -                       | -               | (41,789)            |
| South                | 2,952,727              | 2.1         | \$7.45                              | 40,000                  | -               | 7,750               |
| South Central        | 13,455,785             | 5.0         | \$5.48                              | -                       | -               | (78,013)            |
| Southeast            | 16,334,350             | 2.7         | \$6.45                              | -                       | 138,000         | 84,468              |
| Southwest            | 17,948,901             | 2.0         | \$5.85                              | 5,500                   | 18,625          | 58,245              |
| Outlying Market Area | 6,428,616              | 4.2         | \$3.44                              | -                       | -               | 99,960              |
| Tulsa Total          | 129,076,626            | 3.5         | \$5.25                              | 135,900                 | 1,050,902       | 437,773             |

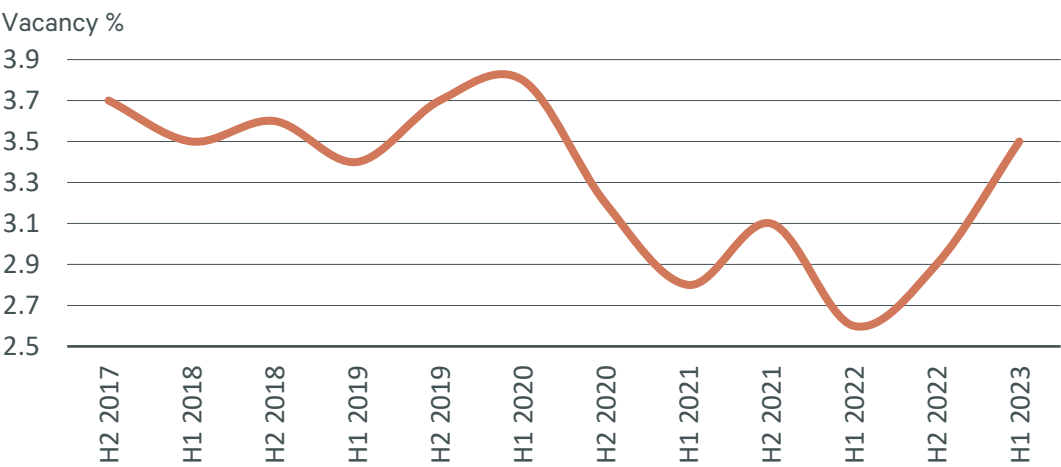
Source: CBRE Research, H1 2023.

FIGURE 3: Historical Asking Rents



Source: CBRE Research, H1 2023.

FIGURE 4: Historical Vacancy Rate



Source: CBRE Research, H1 2023.

## Vacancy Rate and Absorption

The market-wide vacancy rate increased to 3.5% in H1 2023, a 60-basis-point (bps) uptick compared to H2 2022. This escalation can be attributed almost entirely to the delivery of vacant speculative space. The Northeast submarket, where the vacant spec was delivered, had the largest vacancy rate increase of 190 bps.

While the delivery of new construction pushed the vacancy rate up, it also bolstered net absorption in the Mayes County, Northeast, Southeast, and Southwest submarkets. Through the delivery of build-to-suit or owner-occupied space and pre-leased spec space, the Tulsa industrial market registered just over 360,600 sq. ft. of net absorption.

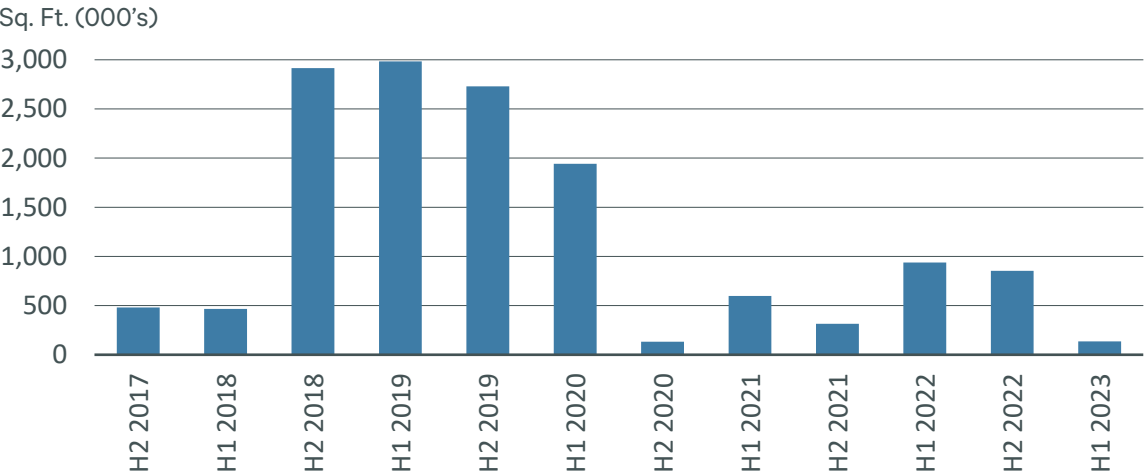
## Asking Rents

The market-wide asking rent was up 1.7% compared to H2 2022 and closed H1 2023 at \$5.25 per sq. ft. on a triple net basis. Asking rate increases ranging from \$0.01 per sq. ft. to \$0.84 per sq. ft. were seen across submarkets. Only three submarkets, Bartlesville, East, and South Central, saw declines from year-end 2022, ranging from \$0.30 per sq. ft. to \$0.66 per sq. ft.

## Construction

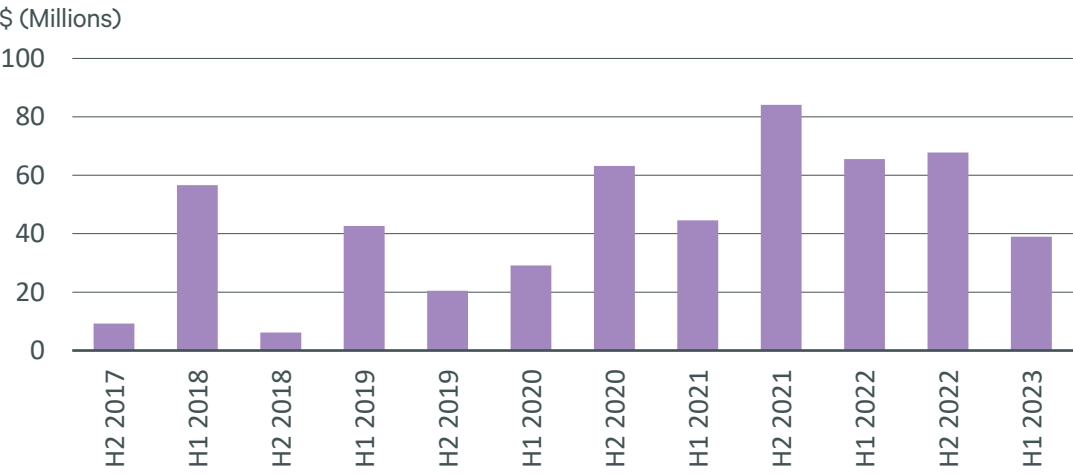
Eight new industrial developments totaling just over 1.0 million sq. ft. were delivered within the Tulsa industrial market during H1 2023. Six of the projects, roughly 828,000 sq. ft., were speculative. A spec project of 138,000 sq. ft. was delivered fully leased in the Southeast submarket. The largest share of space, four projects totaling 744,277 sq. ft., delivered in the Northeast submarket. A 150,000-sq.-ft. owner-occupied manufacturing facility that broke ground late 2022 was delivered in Mayes County.

FIGURE 5: Historical Under Construction



Source: CBRE Research, H1 2023.

FIGURE 6: Historical Sales Volume



Source: Real Capital Analytics, August 2023

FIGURE 7: Historical Market Statistics

|                  |                              | 2018    | 2019      | 2020      | 2021      | 2022    | H1 2023 |
|------------------|------------------------------|---------|-----------|-----------|-----------|---------|---------|
| Bartlesville*    | Net Absorption (SF)          | 18,384  | 9,200     | 3,200     | (94,874)  | 5,000   | -       |
|                  | Asking Rent, NNN Avg. Annual | \$4.00  | -         | -         | \$3.15    | \$3.32  | \$3.02  |
|                  | Delivered Construction (SF)  | -       | -         | -         | -         | -       | -       |
|                  | Vacancy Rate (%)             | 0.4     | 0.1       | -         | 3.2       | 3.6     | 3.4     |
| CBD              | Net Absorption (SF)          | (9,000) | (4,407)   | (59,106)  | (17,281)  | (5,416) | 36,173  |
|                  | Asking Rent, NNN Avg. Annual | \$4.64  | \$5.28    | \$4.81    | \$5.08    | \$5.11  | \$5.39  |
|                  | Delivered Construction (SF)  | -       | -         | -         | -         | -       | -       |
|                  | Vacancy Rate (%)             | 1.5     | 3.5       | 6.6       | 10.3      | 10.2    | 8.0     |
| East             | Net Absorption (SF)          | 296,328 | 353,393   | 265,891   | 128,552   | 173,291 | 28,800  |
|                  | Asking Rent, NNN Avg. Annual | \$5.10  | \$5.16    | \$5.25    | \$5.41    | \$5.46  | \$5.87  |
|                  | Delivered Construction (SF)  | 173,067 | 174,758   | 72,384    | 133,951   | 169,000 | -       |
|                  | Vacancy Rate (%)             | 3.8     | 4.3       | 3.6       | 3.9       | 0.7     | 0.5     |
| Mayes County*    | Net Absorption (SF)          | 111,802 | -         | -         | -         | -       | 61,076  |
|                  | Asking Rent, NNN Avg. Annual | -       | -         | \$6.65    | \$6.65    | \$6.65  | \$6.65  |
|                  | Delivered Construction (SF)  | -       | -         | -         | -         | -       | 150,000 |
|                  | Vacancy Rate (%)             | -       | -         | -         | -         | 0.2     | 2.2     |
| Midtown*         | Net Absorption (SF)          | -       | -         | -         | (15,080)  | 13,288  | 7,929   |
|                  | Asking Rent, NNN Avg. Annual | \$5.58  | \$5.58    | \$5.58    | \$6.00    | \$5.74  | -       |
|                  | Delivered Construction (SF)  | -       | -         | -         | -         | -       | -       |
|                  | Vacancy Rate (%)             | -       | -         | -         | 12.8      | 7.1     | -       |
| Muskogee County* | Net Absorption (SF)          | 50,830  | (63,352)  | 78,020    | (31,472)  | 10,192  | 162,070 |
|                  | Asking Rent, NNN Avg. Annual | \$4.18  | \$2.81    | \$2.80    | \$2.80    | \$2.37  | \$2.72  |
|                  | Delivered Construction (SF)  | 20,000  | -         | -         | -         | -       | -       |
|                  | Vacancy Rate (%)             | 3.7     | 4.7       | 3.4       | 4.0       | 5.4     | 4.2     |
| North Central*   | Net Absorption (SF)          | 38,497  | 203,806   | (23,512)  | (107,094) | 20,670  | 10,963  |
|                  | Asking Rent, NNN Avg. Annual | \$3.08  | \$3.51    | \$4.69    | \$5.12    | \$4.96  | \$5.17  |
|                  | Delivered Construction (SF)  | -       | -         | -         | -         | -       | -       |
|                  | Vacancy Rate (%)             | 4.0     | 0.9       | 1.3       | 2.9       | 4.7     | 4.9     |
| Northeast*       | Net Absorption (SF)          | 505,961 | 2,644,713 | 1,053,921 | 342,842   | 192,347 | 141     |
|                  | Asking Rent, NNN Avg. Annual | \$4.85  | \$5.12    | \$5.21    | \$5.44    | \$5.64  | \$5.36  |
|                  | Delivered Construction (SF)  | 132,172 | 3,033,518 | 941,446   | 270,000   | 76,922  | 744,277 |
|                  | Vacancy Rate (%)             | 2.6     | 3.4       | 3.0       | 2.5       | 2.2     | 4.2     |

Source: CBRE Research, H1 2023.

FIGURE 7: Historical Market Statistics

|                       |                              | 2018      | 2019      | 2020      | 2021    | 2022      | H1 2023   |
|-----------------------|------------------------------|-----------|-----------|-----------|---------|-----------|-----------|
| Northwest*            | Net Absorption (SF)          | (129,625) | (103,170) | 118,657   | 79,842  | 54,434    | (41,789)  |
|                       | Asking Rent, NNN Avg. Annual | \$2.36    | \$3.03    | \$3.44    | \$3.98  | \$4.62    | \$5.32    |
|                       | Delivered Construction (SF)  | -         | 49,500    | -         | -       | 23,784    | -         |
|                       | Vacancy Rate (%)             | 3.2       | 5.6       | 3.6       | 2.4     | 1.4       | 2.5       |
| South*                | Net Absorption (SF)          | (25,406)  | 96,595    | (18,225)  | (4,036) | (3,964)   | 7,750     |
|                       | Asking Rent, NNN Avg. Annual | \$4.93    | \$7.00    | \$6.26    | \$6.11  | \$6.37    | \$7.45    |
|                       | Delivered Construction (SF)  | -         | 81,000    | -         | -       | 35,000    | -         |
|                       | Vacancy Rate (%)             | 1.1       | 0.3       | 1.0       | 1.1     | 0.8       | 2.1       |
| South Central*        | Net Absorption (SF)          | 86,605    | (126,322) | 95,274    | 29,158  | 311,045   | (78,013)  |
|                       | Asking Rent, NNN Avg. Annual | \$5.19    | \$5.75    | \$5.58    | \$6.28  | \$5.47    | \$5.48    |
|                       | Delivered Construction (SF)  | 13,300    | -         | -         | -       | -         | -         |
|                       | Vacancy Rate (%)             | 1.6       | 3.5       | 1.6       | 1.6     | 4.3       | 5.0       |
| Southeast             | Net Absorption (SF)          | (114,536) | (75,224)  | 1,857,254 | 5,000   | 34,567    | 84,468    |
|                       | Asking Rent, NNN Avg. Annual | \$3.86    | \$4.73    | \$3.33    | \$3.00  | \$6.44    | \$6.45    |
|                       | Delivered Construction (SF)  | 284,423   | 37,030    | 1,800,000 | -       | 25,070    | 138,000   |
|                       | Vacancy Rate (%)             | 4.7       | 4.5       | 3.0       | 2.7     | 1.8       | 2.7       |
| Southwest*            | Net Absorption (SF)          | 278,671   | 227,193   | (351,324) | 223,380 | 297,875   | 58,245    |
|                       | Asking Rent, NNN Avg. Annual | \$4.36    | \$4.31    | \$4.77    | \$5.83  | \$5.88    | \$5.85    |
|                       | Delivered Construction (SF)  | 254,762   | 31,056    | 14,000    | 109,872 | 568,000   | 18,625    |
|                       | Vacancy Rate (%)             | 3.4       | 2.2       | 4.3       | 3.7     | 1.7       | 2.0       |
| Outlying Market Area* | Net Absorption (SF)          | 66,993    | 145,973   | 215,466   | 32,420  | 7,400     | 99,960    |
|                       | Asking Rent, NNN Avg. Annual | \$3.34    | \$3.90    | \$2.35    | \$2.75  | \$2.99    | \$3.44    |
|                       | Delivered Construction (SF)  | -         | -         | -         | -       | -         | -         |
|                       | Vacancy Rate (%)             | 6.2       | 4.6       | 2.0       | 1.6     | 3.3       | 4.2       |
| Tulsa Total           | Net Absorption (SF)          | 402,352   | 1,249,261 | 5,802,198 | 847,265 | 1,110,729 | 437,773   |
|                       | Asking Rent, NNN Avg. Annual | \$4.72    | \$4.84    | \$4.97    | \$5.12  | \$5.37    | \$5.25    |
|                       | Delivered Construction (SF)  | 655,236   | 718,127   | 5,433,984 | 538,951 | 897,776   | 1,050,902 |
|                       | Vacancy Rate (%)             | 3.6       | 3.7       | 3.2       | 3.0     | 2.6       | 3.5       |

\*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, and historical metrics reported for these areas will not sum to historic Tulsa market totals.

Source: CBRE Research, H1 2023.

# Notable Transactions

## Metro Park – 5402 SE 129<sup>th</sup> Ave

LEASE



Photo credit: CBRE, Inc.

|                       |  |
|-----------------------|--|
| <b>Tenant</b>         | Saint Francis Hospital   |
| <b>SF Leased</b>      | 137,500 SF   |
| <b>Sign Date</b>      | April 2023   |
| <b>Lease Term</b>     | Undisclosed  |
| <b>Effective Rent</b> | Undisclosed  |
| <b>Details</b>        | Saint Francis Hospital signed a sublease in the former Hawthorne space at Metro Park in Southeast Tulsa. |

## 5259 S 49<sup>th</sup> West Ave

LEASE



Photo credit: Fortis Net Lease via Crexi

|                       |  |
|-----------------------|--|
| <b>Tenant</b>         | Oklahoma Forge   |
| <b>SF Leased</b>      | 89,786 SF  |
| <b>Sign Date</b>      | June 2023  |
| <b>Lease Term</b>     | 5 Years  |
| <b>Effective Rent</b> | \$5.00/NNN   |
| <b>Details</b>        | Sale-leaseback of Oklahoma Forge, a metals manufacturer in West Tulsa. |

## Green Valley Center – 11333 E Pine St

LEASE



Photo credit: CBRE, Inc.

|                       |   |
|-----------------------|---|
| <b>Tenant</b>         | Undisclosed   |
| <b>SF Leased</b>      | 356,767 SF  |
| <b>Sign Date</b>      | May 2023  |
| <b>Lease Term</b>     | Undisclosed   |
| <b>Effective Rent</b> | Undisclosed   |
| <b>Details</b>        | An undisclosed tenant signed a new lease at Green Valley Center in Northeast Tulsa. |

## Tulsa Distribution Center – 4477 S 70<sup>th</sup> East Ave

LEASE



Photo credit: CBRE

|                       |  |
|-----------------------|--|
| <b>Tenant</b>         | Undisclosed  |
| <b>SF Leased</b>      | 88,562 SF  |
| <b>Sign Date</b>      | February 2023  |
| <b>Lease Term</b>     | Undisclosed  |
| <b>Effective Rent</b> | Undisclosed  |
| <b>Details</b>        | An undisclosed tenant renewed their lease at Tulsa Distribution Center in South Central Tulsa. |

# Notable Transactions

## 12000 E Skelly Dr



Photo credit: Tulsa World

|            |   |
|------------|---|
| Buyer      | Board of County Commissioners   |
| Seller     | Video Gaming Technologies, Inc.   |
| Sale Price | \$9,100,000   |
| Total GLA  | 112,556 SF  |
| Sale Date  | January 2023  |
| Details    | This was a former manufacturing facility that will be the new headquarters for the Tulsa County Election Board. |

## 12716 E Pine St

SALE

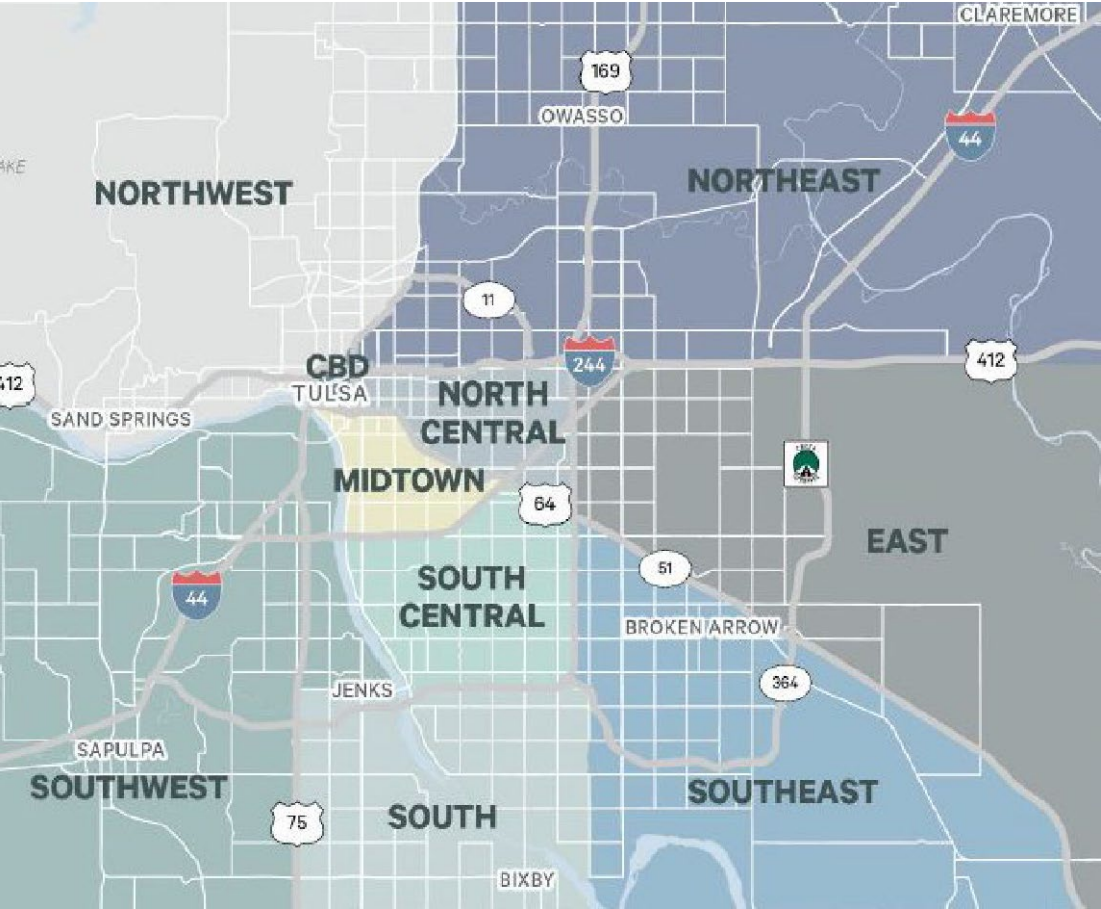


Photo credit: near me

|            |  |
|------------|--|
| Buyer      | GIC Real Estate   Oak Street   |
| Seller     | STORE Capital  |
| Sale Price | Undisclosed (part of \$15B transaction)  |
| Total GLA  | 106,200 SF   |
| Sale Date  | February 2023  |
| Details    | This property is occupied by Accurus Aerospace and was part of a \$15 billion M&A transaction involving all outstanding shares of STORE Capital stock, including assumed debt. |



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.

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