

FIGURES | TULSA INDUSTRIAL | H1 2022

Demand for Tulsa warehousing and manufacturing space remains strong in H1 2022



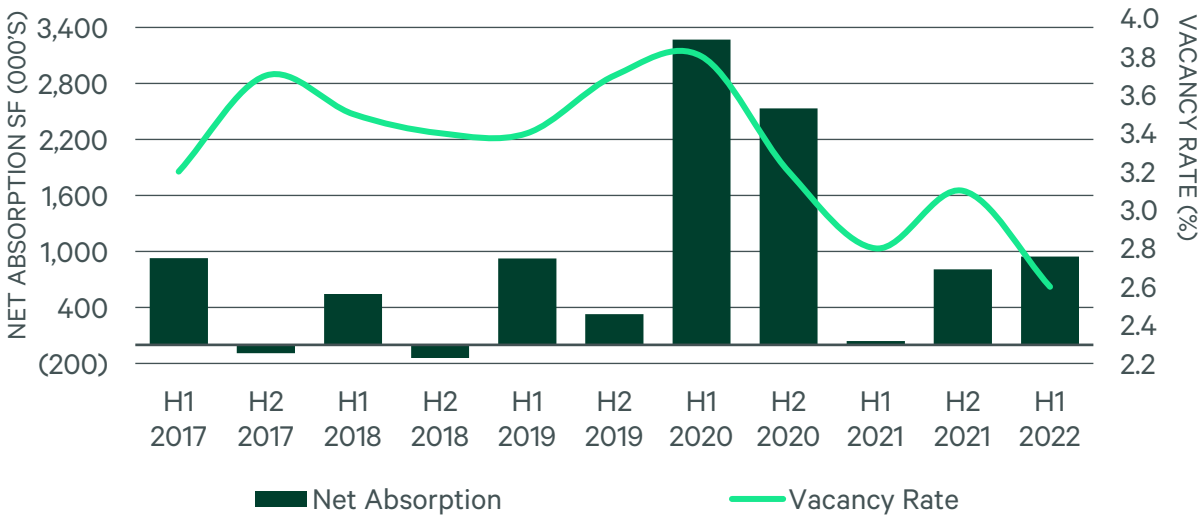
Note: Arrows indicate change from previous half.
 *As of H1 2022, the CBRE Research statistical methodology for Tulsa Industrial has been adjusted to ensure alignment with market and peer market comparisons. As such, consistent historical/pre-H1 2022 statistics for new or substantially adjusted submarkets are not available.

Tulsa saw another six months of historically low vacancy and steadily increasing activity in H1 2022. Lack of supply remains a key factor in these numbers, giving way to an increasingly landlord-friendly market. Investment sales remained strong with sales volume in excess of \$50 million.

Vacancy took a significant dip, decreasing 59 basis points to 2.6%. Absorption rose by over 100,000 sq. ft. to 942,918 sq. ft. in the first half of 2022. The East, South Central and Southwest submarkets all performed well with over 100,000 sq. ft. absorbed in each submarket. Rents ticked up in nearly every submarket, giving way to a 3.2% overall market increase over H2 2021.

Construction starts increased by 621,946 sq. ft. since H1 2021, bringing total under construction square footage to 937,516 sq. ft., notably taking place in the Northeast and Southeast submarkets. The Southwest and East submarkets were responsible for almost all delivered square footage in H1 2022. Of the 773,676 total sq. ft. delivered in H1 2022, the Green Bay Packaging facility in the Southwest submarket and Aristocrat Gaming in the East submarket contributed 705,500 sq. ft. to that number.

FIGURE 1: Historical Net Absorption and Vacancy Rate



Source: CBRE Research, H1 2022.

FIGURE 2: Market Snapshot

	Number of Buildings	Net Rentable Area (SF)	Vacancy (%)	Asking Rate, Avg. Annual (PSF/NNN)*	Under Construction (SF)	Deliveries (SF)	Net Absorption (SF)
Submarket							
Bartlesville	91	2,982,112	3.6	\$3.32	-	-	-
CBD	96	1,666,790	10.2	\$5.11	-	-	(5,456)
East	90	4,506,808	0.7	\$5.46	31,500	137,500	162,245
Mayes County	40	4,205,354	0.2	\$6.65	-	-	-
Midtown	18	111,996	7.1	\$5.74	-	-	-
Muskogee County	96	6,193,351	5.4	\$2.37	-	-	10,192

FIGURE 2: Market Snapshot

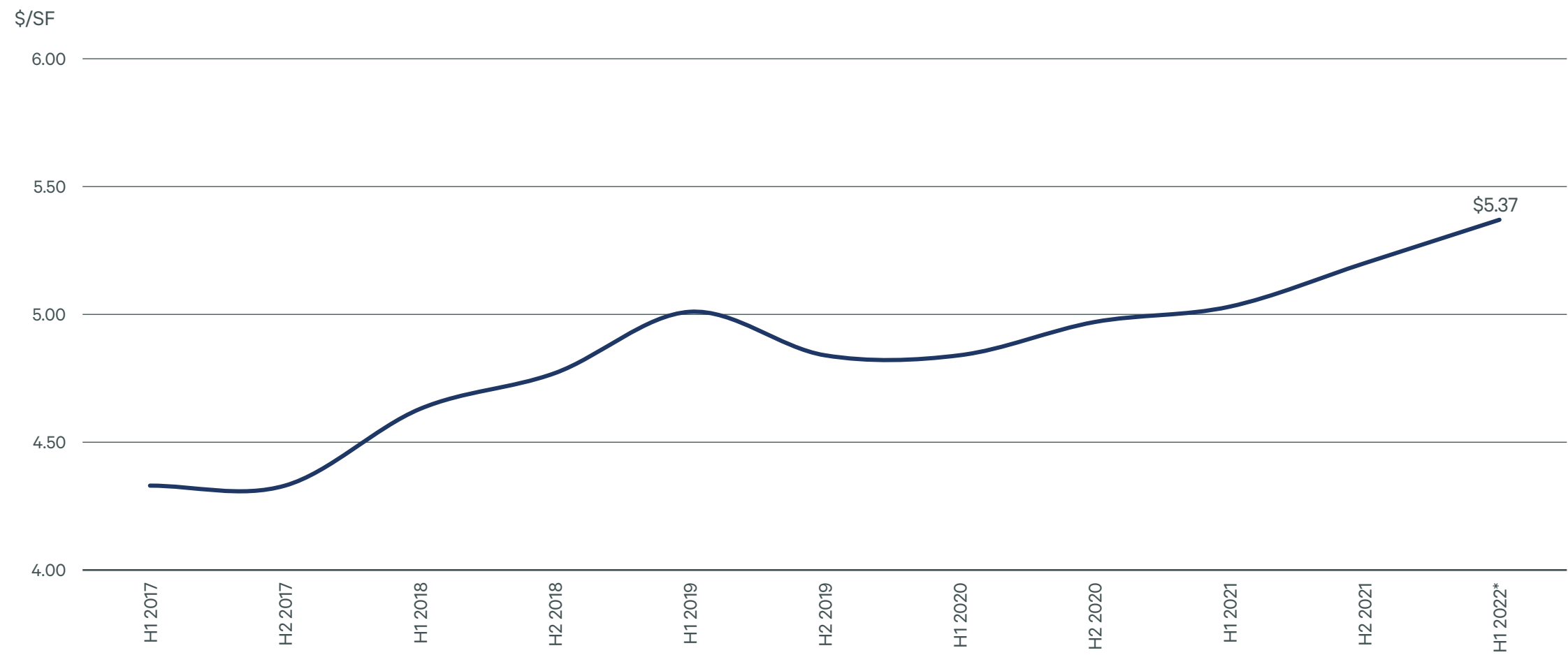
	Number of Buildings	Net Rentable Area (SF)	Vacancy (%)	Asking Rate, Avg. Annual (PSF/NNN)*	Under Construction (SF)	Deliveries (SF)	Net Absorption (SF)
Submarket							
North Central	384	6,632,927	4.7	\$4.96	-	-	(16,335)
Northeast	990	38,554,559	2.2	\$5.64	684,616	19,322	99,925
Northwest	185	6,228,873	1.4	\$4.62	-	23,784	56,516
South	114	2,857,980	0.8	\$6.37	35,000	-	0
South Central	670	13,553,669	4.3	\$6.55	9,000	-	199,279
Southeast	666	16,246,062	1.8	\$6.44	163,000	25,070	42,726

FIGURE 2: Market Snapshot

	Number of Buildings	Net Rentable Area (SF)	Vacancy (%)	Asking Rate, Avg. Annual (PSF/NNN)*	Under Construction (SF)	Deliveries (SF)	Net Absorption (SF)
Submarket							
Southwest	712	17,858,400	1.7	\$5.88	14,400	568,000	393,826
Outlying Market Area	271	6,263,889	3.3	\$2.99	-	-	-
Tulsa Total	4,423	127,862,770	2.6	\$5.37	937,516	773,676	942,918

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FIGURE 3: Historical Asking Rates

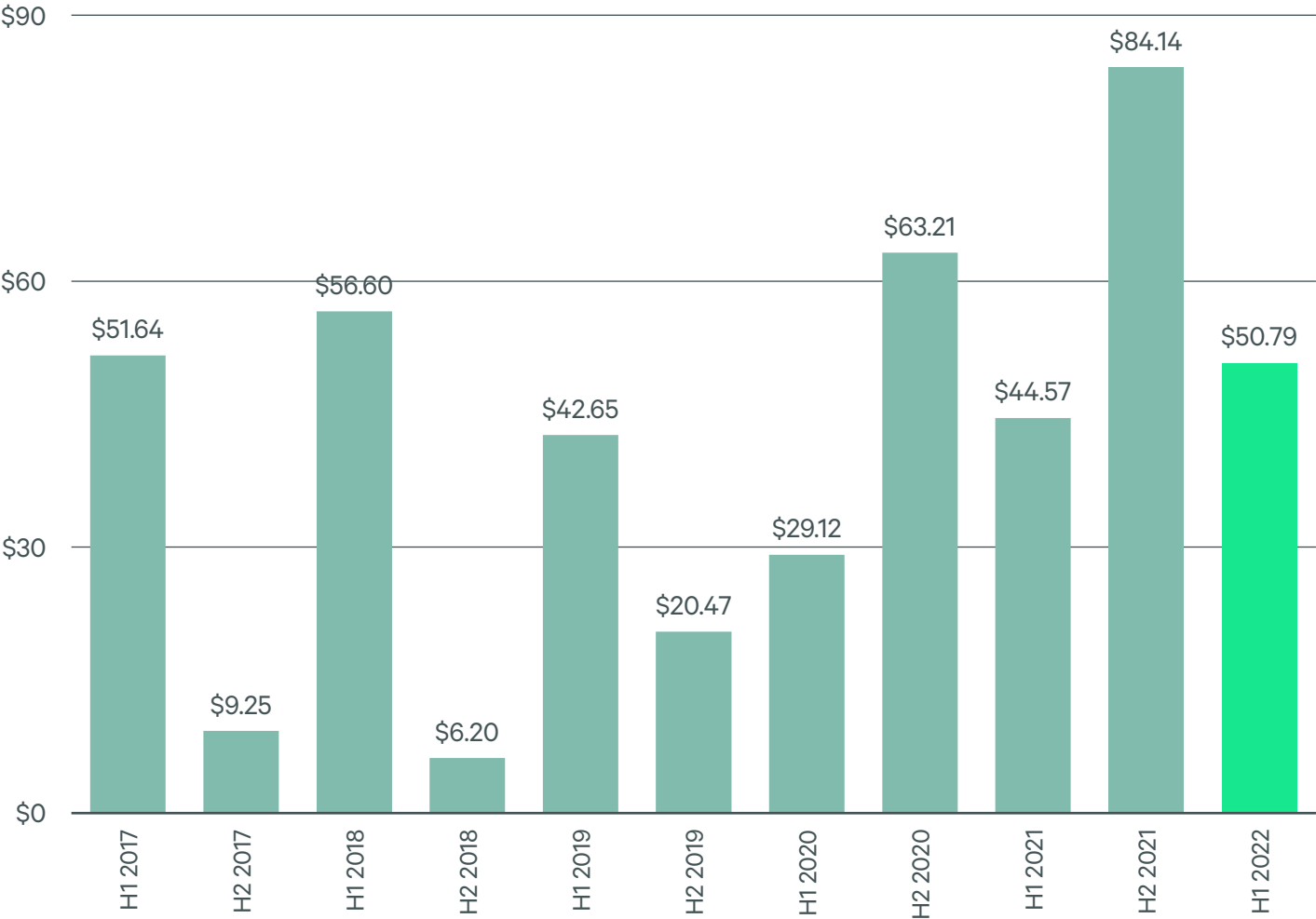


Source: CBRE Research, H1 2022.

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FIGURE 4: Historical Sales Volume

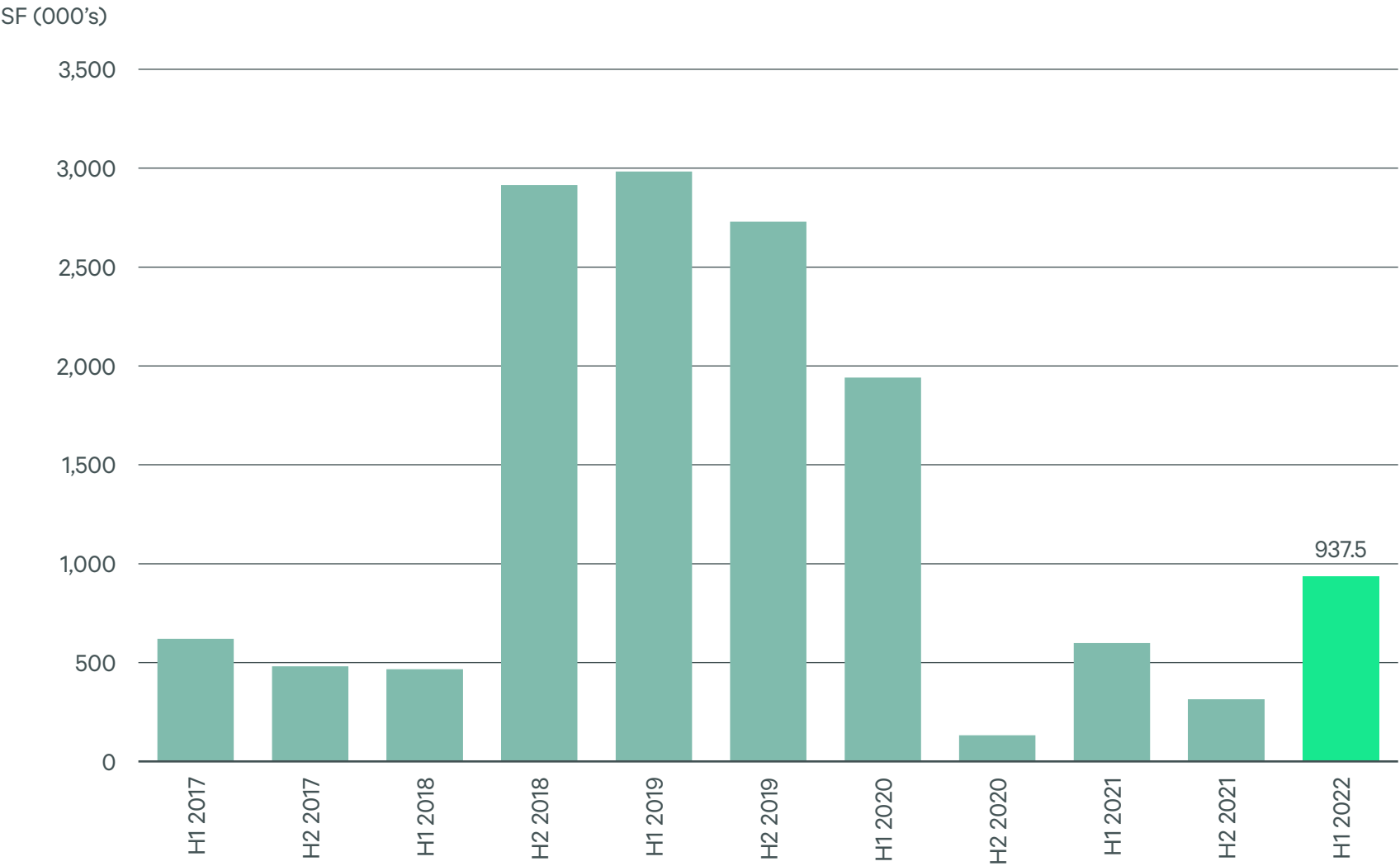
\$ (MILLIONS)



Investment sales in the market remained strong in the first half of 2022, with industrial sales volume in excess of \$50 million.

Source: Real Capital Analytics, H1 2022.

FIGURE 5: Historical Under Construction



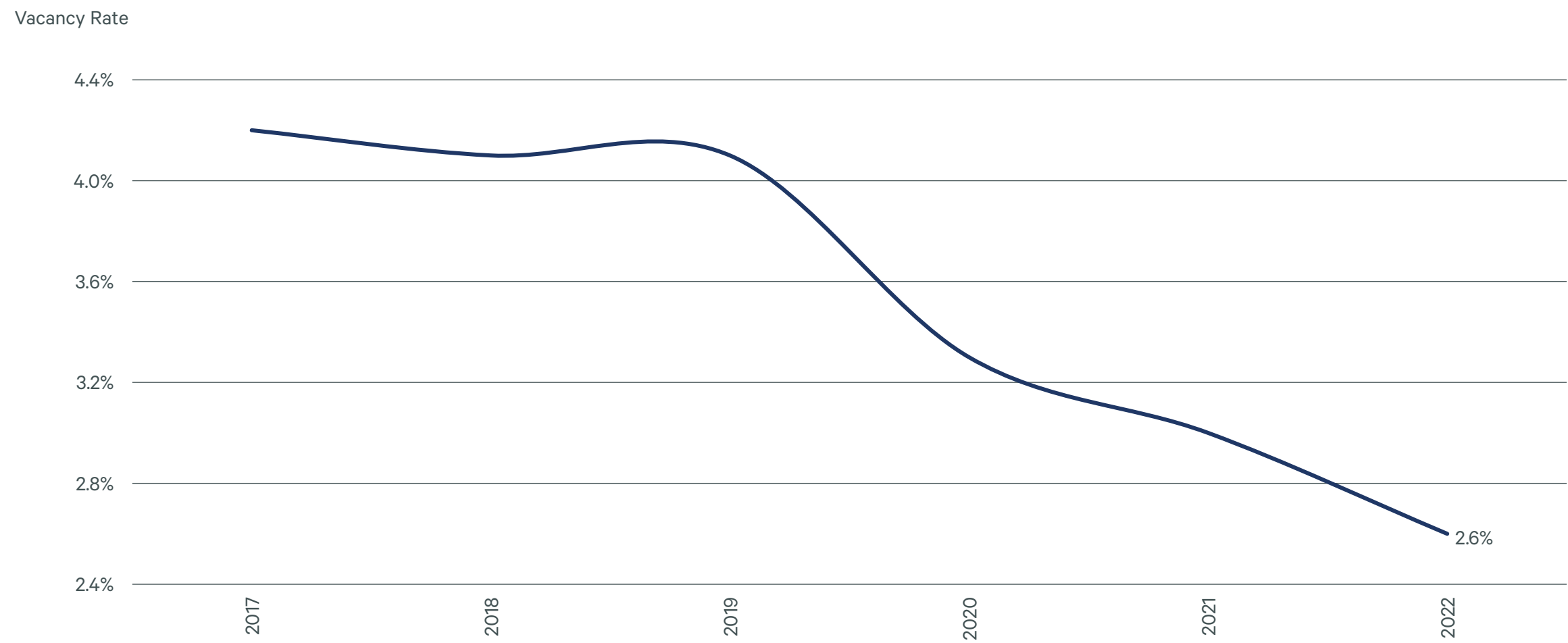
Despite rising construction costs, under construction square footage made a major jump in H1 2022, increasing over 600,000 sq. ft. from the previous half.

Two large projects at the Tulası Commerce Park in the Northeast submarket contributed 684,616 sq. ft. to total under construction square footage in the first half of 2022.

The Southeast submarket also appeared to maintain its appeal with 163,000 sq. ft. of new construction in H1 2022.

Source: CBRE Research, H1 2022.

FIGURE 6: Historical Vacancy



Source: CBRE Research, H1 2022.

FIGURE 7: Historical Market Statistics

		2017	2018	2019	2020	2021	H1 2022
BARTLESVILLE*	Absorption (Net SF)	21,716	18,384	9,200	3,200	(94,874)	-
	Asking Rent, NNN Avg. Annual	-	\$4.00	-	-	\$3.15	\$3.32
	Delivered Construction (SF)	-	-	-	-	-	-
	Vacancy Rate (%)	1.0	0.4	0.1	0.0	3.2	3.6
CBD	Absorption (Net SF)	58,000	(9,000)	(4,407)	(59,106)	(17,281)	(5,456)
	Asking Rent, NNN Avg. Annual	\$5.01	\$4.64	\$5.28	\$4.81	\$5.08	\$5.11
	Delivered Construction (SF)	-	-	-	-	-	-
	Vacancy Rate (%)	0.0	1.5	3.5	6.6	10.3	10.2
EAST	Absorption (Net SF)	745,663	296,328	353,393	265,891	128,552	162,245
	Asking Rent, NNN Avg. Annual	\$4.78	\$5.10	\$5.16	\$5.25	\$5.41	\$5.46
	Delivered Construction (SF)	425,000	173,067	174,758	72,384	133,951	137,500
	Vacancy Rate (%)	3.9	3.8	4.3	3.6	3.9	0.7
MAYES COUNTY*	Absorption (Net SF)	(79,802)	111,802	-	-	-	-
	Asking Rent, NNN Avg. Annual	-	-	-	\$6.65	\$6.65	\$6.65
	Delivered Construction (SF)	-	-	-	-	-	-
	Vacancy Rate (%)	2.7	0.0	0.0	0.0	0.0	0.2

FIGURE 7: Historical Market Statistics

		2017	2018	2019	2020	2021	H1 2022
MIDTOWN*	Absorption (Net SF)	-	-	-	-	(15,080)	-
	Asking Rent, NNN Avg. Annual	\$5.58	\$5.58	\$5.58	\$5.58	\$6.00	\$5.74
	Delivered Construction (SF)	-	-	-	-	-	-
	Vacancy Rate (%)	0.8	0.0	0.0	0.0	12.8	7.1
MUSKOGEE COUNTY*	Absorption (Net SF)	111,560	50,830	(63,352)	78,020	(31,472)	10,192
	Asking Rent, NNN Avg. Annual	\$2.93	\$4.18	\$2.81	\$2.80	\$2.80	\$2.37
	Delivered Construction (SF)	-	20,000	-	-	-	-
	Vacancy Rate (%)	4.2	3.7	4.7	3.4	4.0	5.4
NORTH CENTRAL*	Absorption (Net SF)	317,454	38,497	203,806	(23,512)	(107,094)	(16,335)
	Asking Rent, NNN Avg. Annual	\$4.46	\$3.08	\$3.51	\$4.69	\$5.12	\$4.96
	Delivered Construction (SF)	264,022	-	-	-	-	-
	Vacancy Rate (%)	4.6	4.0	0.9	1.3	2.9	4.7
NORTHEAST*	Absorption (Net SF)	(261,919)	505,961	2,644,713	1,053,921	342,842	99,925
	Asking Rent, NNN Avg. Annual	\$4.32	\$4.85	\$5.12	\$5.21	\$5.44	\$5.64
	Delivered Construction (SF)	132,702	132,172	3,033,518	941,446	270,000	19,322
	Vacancy Rate (%)	3.7	2.6	3.4	3.0	2.5	2.2

FIGURE 7: Historical Market Statistics

		2017	2018	2019	2020	2021	H1 2022
NORTHWEST*	Absorption (Net SF)	6,910	(129,625)	(103,170)	118,657	79,842	56,516
	Asking Rent, NNN Avg. Annual	\$2.94	\$2.36	\$3.03	\$3.44	\$3.98	\$4.62
	Delivered Construction (SF)	-	-	49,500	-	-	23,784
	Vacancy Rate (%)	1.1	3.2	5.6	3.6	2.4	1.4
SOUTH*	Absorption (Net SF)	21,186	(25,406)	96,595	(18,225)	(4,036)	-
	Asking Rent, NNN Avg. Annual	\$4.40	\$4.93	\$7.00	\$6.26	\$6.11	\$6.37
	Delivered Construction (SF)	20,000	-	81,000	-	-	-
	Vacancy Rate (%)	0.2	1.1	0.3	1.0	1.1	0.8
SOUTH CENTRAL*	Absorption (Net SF)	(46,508)	86,605	(126,322)	95,274	29,158	199,279
	Asking Rent, NNN Avg. Annual	\$5.41	\$5.19	\$5.75	\$5.58	\$6.28	\$6.55
	Delivered Construction (SF)	-	13,300	-	-	-	-
	Vacancy Rate (%)	3.1	1.6	3.5	1.6	1.6	0.5
SOUTHEAST	Absorption (Net SF)	237,690	(114,536)	(75,224)	1,857,254	5,000	42,726
	Asking Rent, NNN Avg. Annual	\$2.82	\$3.86	\$4.73	\$3.33	\$3.00	\$6.44
	Delivered Construction (SF)	20,000	284,423	37,030	1,800,000	-	25,070
	Vacancy Rate (%)	4.2	4.7	4.5	3.0	2.7	1.8

FIGURE 7: Historical Market Statistics

		2017	2018	2019	2020	2021	H1 2022
SOUTHWEST*	Absorption (Net SF)	(37,995)	278,671	227,193	(351,324)	223,380	393,826
	Asking Rent, NNN Avg. Annual	\$4.66	\$4.36	\$4.31	\$4.77	\$5.83	\$5.88
	Delivered Construction (SF)	82,398	254,762	31,056	14,000	109,872	568,000
	Vacancy Rate (%)	3.6	3.4	2.2	4.3	3.7	1.7
OUTLYING MARKET AREA*	Absorption (Net SF)	34,610	66,993	145,973	215,466	32,420	-
	Asking Rent, NNN Avg. Annual	\$2.38	\$3.34	\$3.90	\$2.35	\$2.75	\$2.99
	Delivered Construction (SF)	14,906	-	-	-	-	-
	Vacancy Rate (%)	7.0	6.2	4.6	2.0	1.6	3.3
TULSA TOTAL	Absorption (Net SF)	837,178	402,352	1,249,261	5,802,198	847,265	942,918
	Asking Rent, NNN Avg. Annual	\$4.33	\$4.72	\$4.84	\$4.97	\$5.12	\$5.37
	Delivered Construction (SF)	835,637	655,236	718,127	5,433,984	538,951	773,676
	Vacancy Rate (%)	3.7	3.6	3.7	3.2	3.0	2.6

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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.
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