



# Oklahoma City

## H2 2024

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### Industrial Insights

- Industrial market vacancy rises slightly higher than previous years in H2 2024.
- Asking rates remain steady.
- OKC 577, one of Oklahoma City's largest industrial projects, initiates construction.
- Oklahoma City's economic fundamentals remain attractive for industrial users.



# Market View

## Historical Market Statistics

	H2 2024	H1 2024	2023	2022	2021	2020
Vacancy Rate	5.7%	5.2%	4.1%	2.9%	3.0%	3.3%
Net Absorption	798,517	(25,479)	92,461	1,659,322	819,636	838,670
Delivered Construction	981,940	341,555	1,896,179	1,739,838	1,525,064	877,345
Under Construction	596,855	2,324,157	5,639,478	7,082,418	2,527,147	1,560,301

Source: CoStar

## Notable Construction

Property	Class	Size	Est. Completion
OKC 577	B	340,000 SF current 6,822,100 SF proposed	Q4 2025
7210 NE 36 <sup>th</sup>	B	102,185 SF	Q1 2025
Britton Commerce Center – Building 3	B	80,000 SF	Q1 2025

Source: CoStar

## Notable Deliveries

Property	Class	Size	Completed
Pratt & Whitney	A	837,345 SF	Q4 2024
4600 SW 29 <sup>th</sup>	B	25,000 SF	Q4 2024
11571 Blacksand	B	16,200 SF	Q3 2024

Source: CoStar





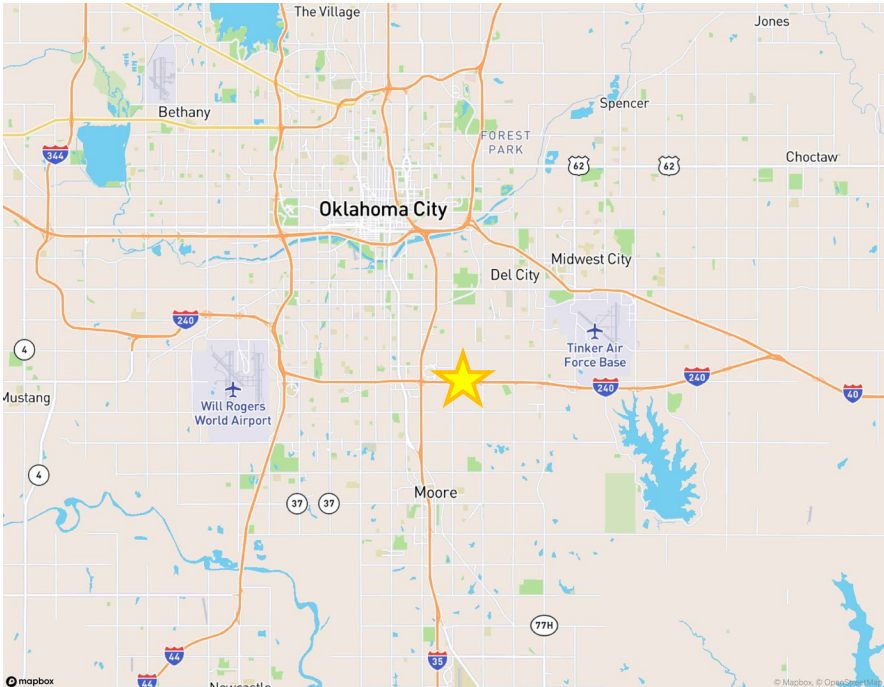


# Construction in the City

One of Oklahoma City’s largest industrial complexes is currently under construction (OKC 577) with plans to deliver over 7,000,000 SF. Once completed, this industrial park is expected to:

- 1. Increase Space Availability:** Provide additional warehouse and distribution space to accommodate growing businesses.
- 2. Attract Investment:** Enhance the region's appeal to investors and companies looking for logistics and manufacturing facilities.
- 3. Create Jobs:** Generate employment opportunities in construction, operations, and logistics sectors.
- 4. Boost Local Economy:** Stimulate economic activity through increased business operations and services in the vicinity.
- 5. Improve Infrastructure:** Enhance transportation and logistics networks, making the area more accessible for industrial activities.

Overall, OKC 577 has the potential to strengthen Oklahoma City's position as a key player in the regional industrial market.



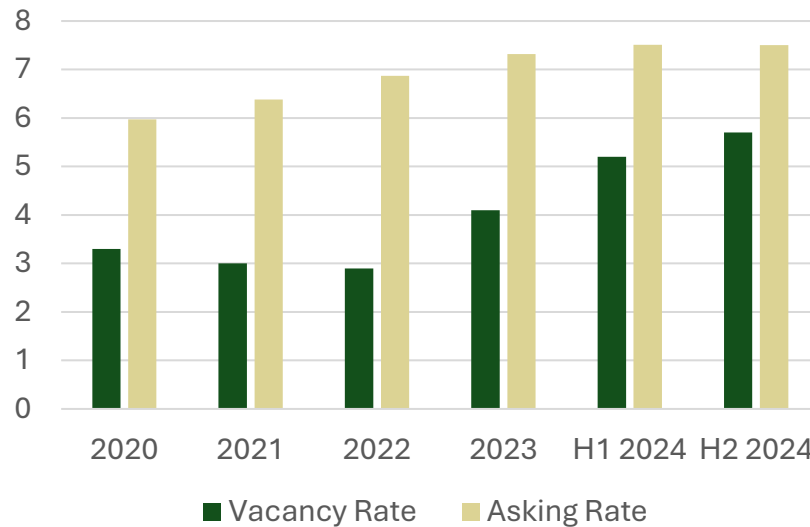
Although OKC 577 will add much needed infrastructure to Oklahoma City, there is still a lack of supply for the much needed 15,000-30,000 SF building range. The scarcity of 15K-30K square foot buildings with yard space in Oklahoma City is likely driving up demand and rental prices for such properties. This limited supply can hinder business growth and expansion, as companies may struggle to find suitable facilities for operations, logistics, or storage. Additionally, it may deter new businesses from relocating to the area, potentially stifling economic development and job creation. Overall, the lack of this niche supply can create bottlenecks in the local economy, reducing competitiveness and innovation.



# Vacancy Continues to Rise

In the Oklahoma City Industrial market, the vacancy rate is slowly rising due to factors like increased construction of new industrial facilities, higher supply levels, and potential slowing demand from tenants. Meanwhile, the asking rates, which have been consistently rising over the previous five years, started to plateau in January of 2024. While landlords have begun adjusting asking rates, this trend is helping retain tenants and contribute to stabilizing the market. Additionally, some landlords may have started to focus on long-term leases to secure stable income despite the plateauing rates.

Vacancy Rates & Asking Rates



Source: CoStar

Over the past four years, asking rates in the Oklahoma City industrial market have steadily increased due to factors like strong demand for logistics and distribution space, low vacancy rates, and economic growth in the region. However, the rates have begun to plateau due to a combination of factors:

- 1. Market Saturation:** Increased supply from new developments may be meeting demand, reducing upward pressure on prices.
- 2. Economic Uncertainty:** Economic fluctuations or concerns may lead businesses to be more cautious in their leasing decisions.
- 3. Inflationary Pressures:** Increased operational costs can drive companies to seek cost-saving measures, including renegotiating leases.





# Industrial Demand

The Oklahoma City industrial market is highly sought after due to several key economic factors:

- 1. Corporate Tax Standing:** With a corporate state tax rate ranking of 9 (out of 50), Oklahoma City offers a competitive environment for businesses, encouraging investment and expansion.
- 2. Property Tax Rank:** Ranking at 15 in property taxes makes Oklahoma City attractive for industrial operations, as lower property tax burdens can enhance profitability for companies.
- 3. Unemployment Insurance Tax Rank:** Holding the top position (rank 1) for unemployment insurance taxes indicates a favorable environment for businesses, as lower unemployment taxes reduce operational costs.

These factors, combined with a stable economy and strategic location, create an appealing industrial market that attracts companies looking to establish or expand their operations.

State	Corporate Tax Rank	Property Tax Rank	Unemployment Insurance Tax Rank
Oklahoma	9	15	1
Texas	49	37	26
Illinois	36	45	42
Georgia	10	23	38
New York	7	47	30
California	32	13	13





# Notable Sale Transactions | July 1-December 31

3800 S MacArthur – Airport Business Center



<b>Seller</b>	ABC 6
<b>Buyer</b>	Industrial Developers of Oklahoma
<b>Sale Date</b>	August 2024
<b>Sale Price</b>	\$5,900,000 (\$98.31 PSF)
<b>SF</b>	60,016 SF
<b>Submarket</b>	Southwest

3021 NE 50<sup>th</sup>



<b>Seller</b>	Arendsdorf Investments
<b>Buyer</b>	AM Real Estate Holdings
<b>Sale Date</b>	August 2024
<b>Sale Price</b>	\$3,250,000 (\$183.68 PSF)
<b>SF</b>	17,694 SF
<b>Submarket</b>	Northeast

5701 E I-240 Service Road



<b>Seller</b>	Exeter 1031 Exchange Services
<b>Buyer</b>	5701 I-240
<b>Sale Date</b>	November 2024
<b>Sale Price</b>	\$3,175,000 (\$78.28 PSF)
<b>SF</b>	40,560 SF
<b>Submarket</b>	Southeast

16 S Pennsylvania



<b>Seller</b>	16 S Penn LLC
<b>Buyer</b>	Sungjin Transformer Inc
<b>Sale Date</b>	October 2024
<b>Sale Price</b>	\$3,200,000 (\$63.58 PSF)
<b>SF</b>	50,328 SF
<b>Submarket</b>	Central



# Notable Lease Transactions | July 1-December 31

2400 S Council



Tenant	Dart Warehouse Corporation
Sign Date	November 2024
Asking Rate	\$6.00-\$8.00
SF	154,915 SF
Submarket	Southwest

2500 E I-240 Service Road - OKC 577



Tenant	Undisclosed
Sign Date	July 2024
Asking Rate	\$8.00
SF	120,000 SF
Submarket	Southeast

5601 SW 13<sup>th</sup>



Tenant	Lonestar Electric Company
Sign Date	December 2024
Asking Rate	\$6.00-\$8.00
SF	85,229 SF
Submarket	Southwest

8401 NI-35 Service Road



Tenant	Ferguson Enterprises
Sign Date	October 2024
Asking Rate	\$7.85
SF	80,000 SF
Submarket	Northeast





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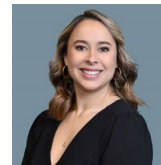


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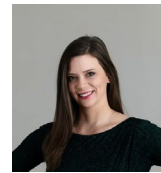


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