

FIGURES | OKLAHOMA CITY INDUSTRIAL | H1 2022

Oklahoma City industrial vacancy hits all-time low in H1 2022

▼ 2.5%

Vacancy Rate

▲ 1,302,446

SF Net Absorption

▲ 1,417,562

SF Construction

▲ \$7.67

NNN / Lease Rate

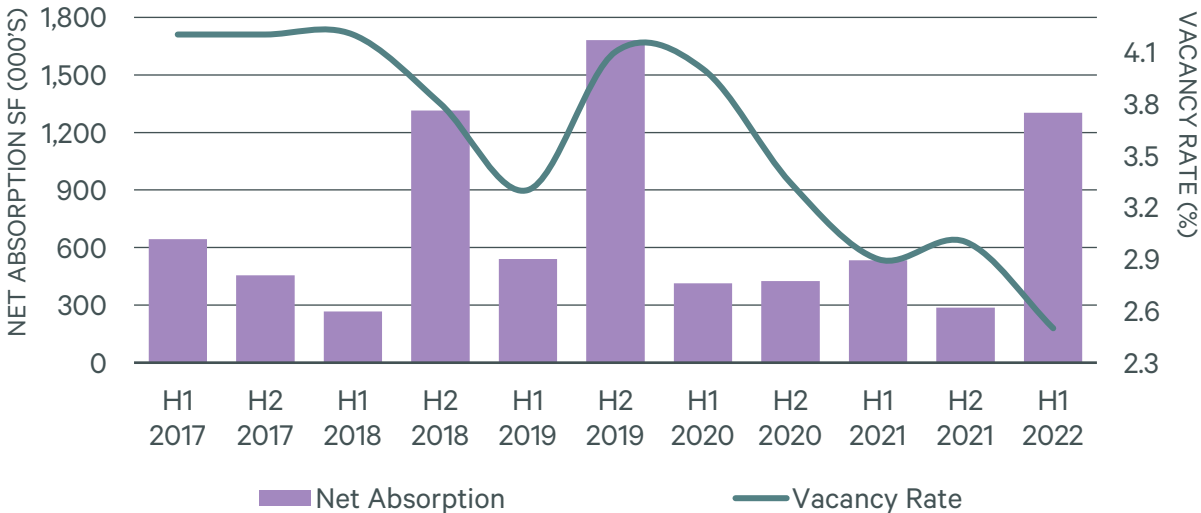
Note: Arrows indicate change from previous half. *As of H1 2022, the CBRE Research statistical methodology for Oklahoma City Industrial has been adjusted to ensure alignment with market and peer market comparisons. As such, consistent historical/pre-H1 2022 statistics for new or substantially adjusted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

Oklahoma City's industrial market kicked off 2022 in a big way – the first half of the year brought historically low vacancy, increasing lease rates and over one million SF of leasing activity. Despite the associated costs and challenges, development across the metro maintained pace with construction starts or deliveries in every single submarket.

Vacancy set a new market low at 2.5% – decreasing 50 basis points over H2 2021. Absorption made a massive rebound from the previous half to 1,302,446 SF in H1 2022. This change was due in large part to several new pre-leased deliveries across the market. The Northeast, Southeast and Southwest submarkets performed notably well – each with over 200,000 SF in net absorption. Asking rates held steady in the Central and Northwest submarkets and increased in Northeast, Southeast and Southwest submarkets.

Construction costs and timelines remain a challenge for users looking to build, but positive fundamentals and increased investment in the city's infrastructure continue to attract the attention of out-of-state developers.

FIGURE 1: Historical Net Absorption and Vacancy Rate

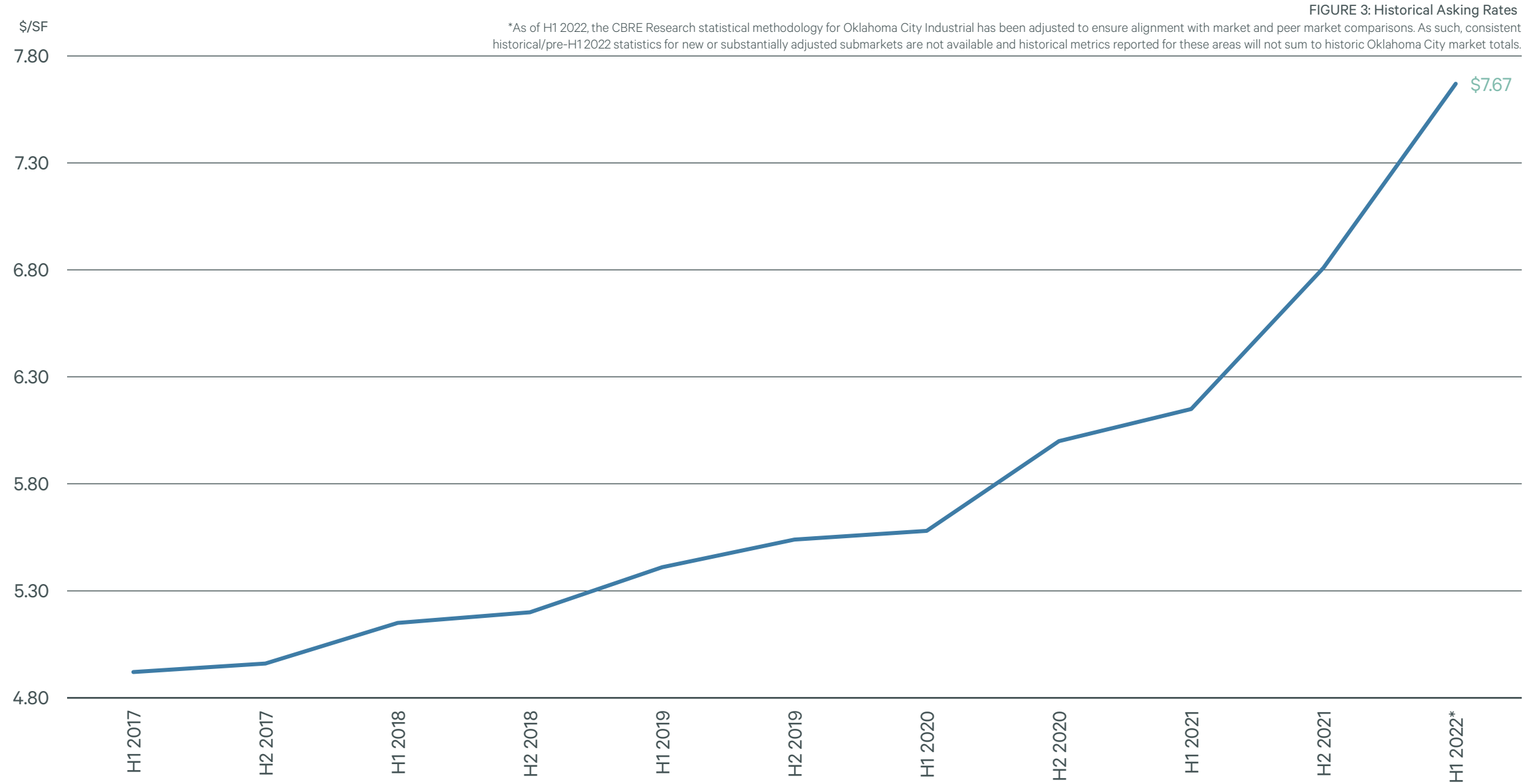


Source: CBRE Research, H1 2022.

FIGURE 2: Market Snapshot

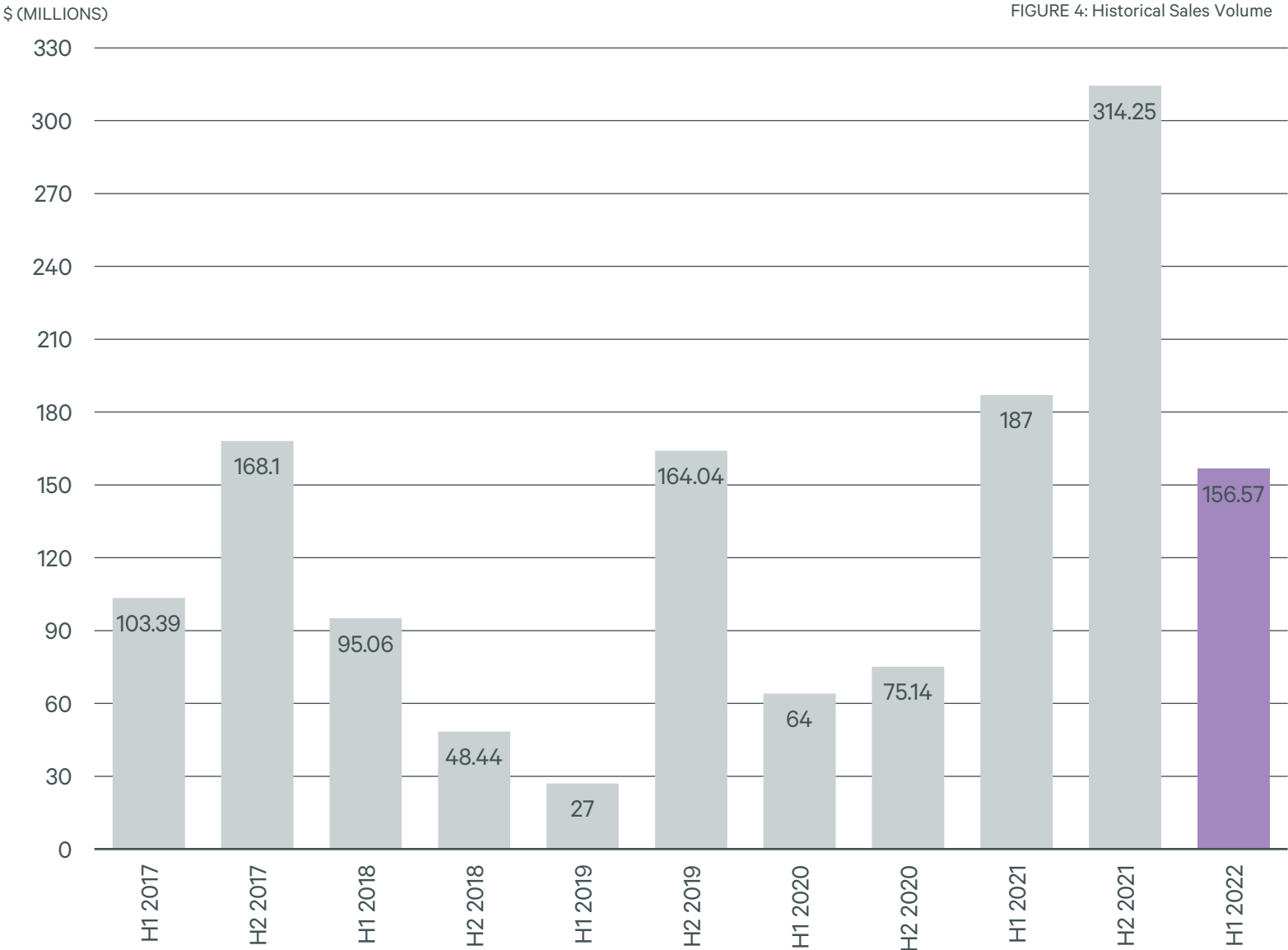
	Number of Buildings	Net Rentable Area (SF)	Vacancy (%)	Asking Rate, Avg. Annual (PSF/NNN)*	Under Construction (SF)	Deliveries (SF)	Net Absorption (SF)
SUBMARKET							
Central	464	14,157,529	4.5	\$6.93	10,000	58,284	14,626
Northeast	87	3,608,226	0.3	\$7.36	645,000	370,000	370,000
Northwest	676	26,997,278	2.4	\$9.60	108,561	58,400	150,499
Southeast	442	22,819,593	2.6	\$6.30	28,795	-	223,049
Southwest	674	39,392,487	2.0	\$7.44	625,206	407,800	544,272
Oklahoma City Total	2,343	106,975,113	2.5	\$7.67	1,417,562	894,484	1,302,446

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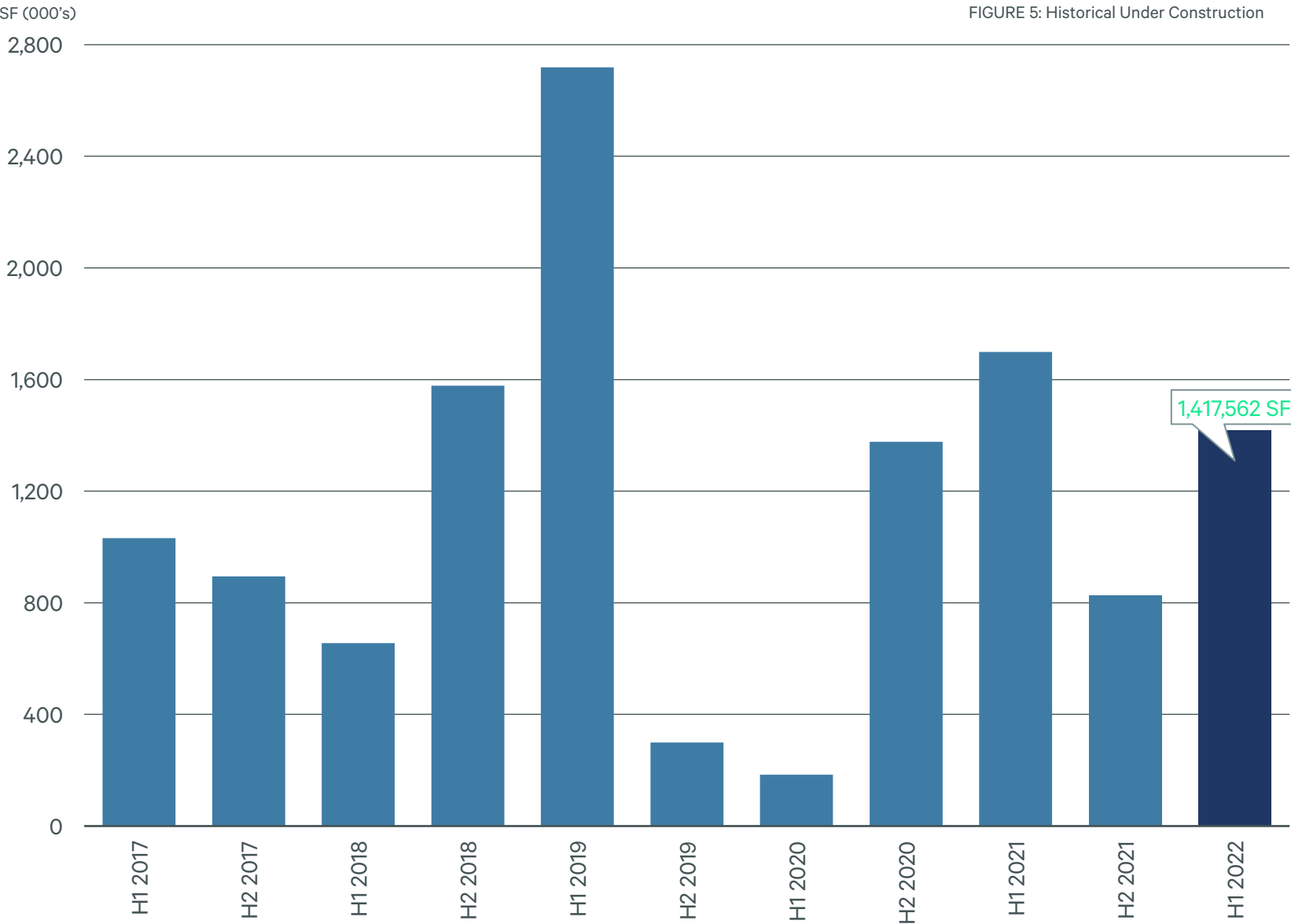
Source: CBRE Research, 2022.

FIGURE 4: Historical Sales Volume



Source: Real Capital Analytics, H1 2022.

Industrial sales volume in the market remains steady. Sixteen investment properties sold for a combined sales volume in excess of \$156 million.

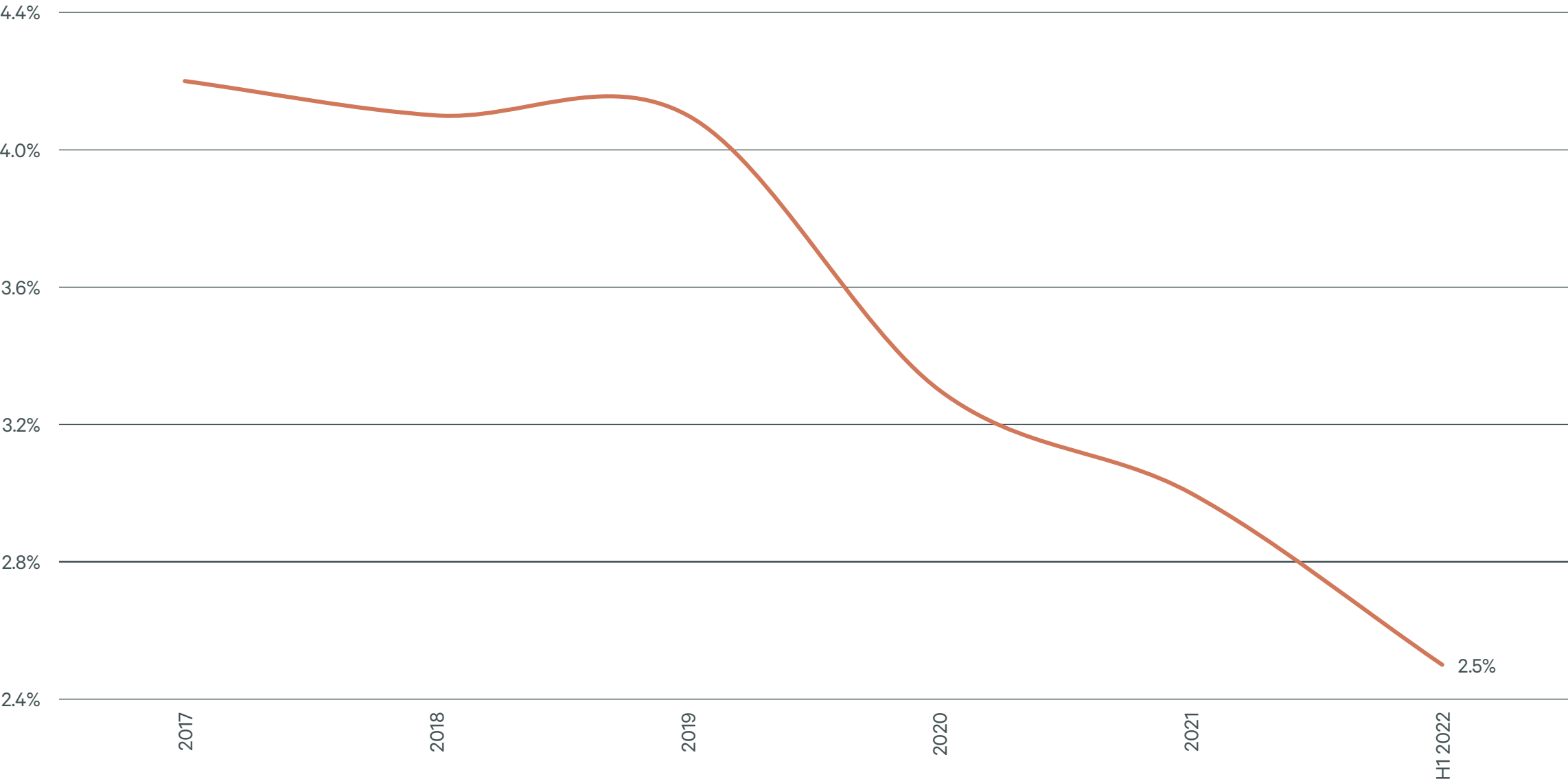


The Northeast and Southwest submarkets contributed over 1.2 million combined sq. ft. to the market’s total under construction square footage during the first half of 2022. This number is due in large part to continued development of two new, large industrial parks in each respective submarket. The Northeast submarket had 645,000 sq. ft. under construction at its Britton Commerce Center. The Southwest submarket, through its Rockwell Heights Industrial Park and a few additional projects, contributed 625,206 sq. ft. of construction to market totals.

While these two submarkets remain highly favored amongst industrial users, it is notable that every single submarket had at least one project under construction during H1 2022.

Source: CBRE Research, H1 2022.

FIGURE 6: Historical Vacancy



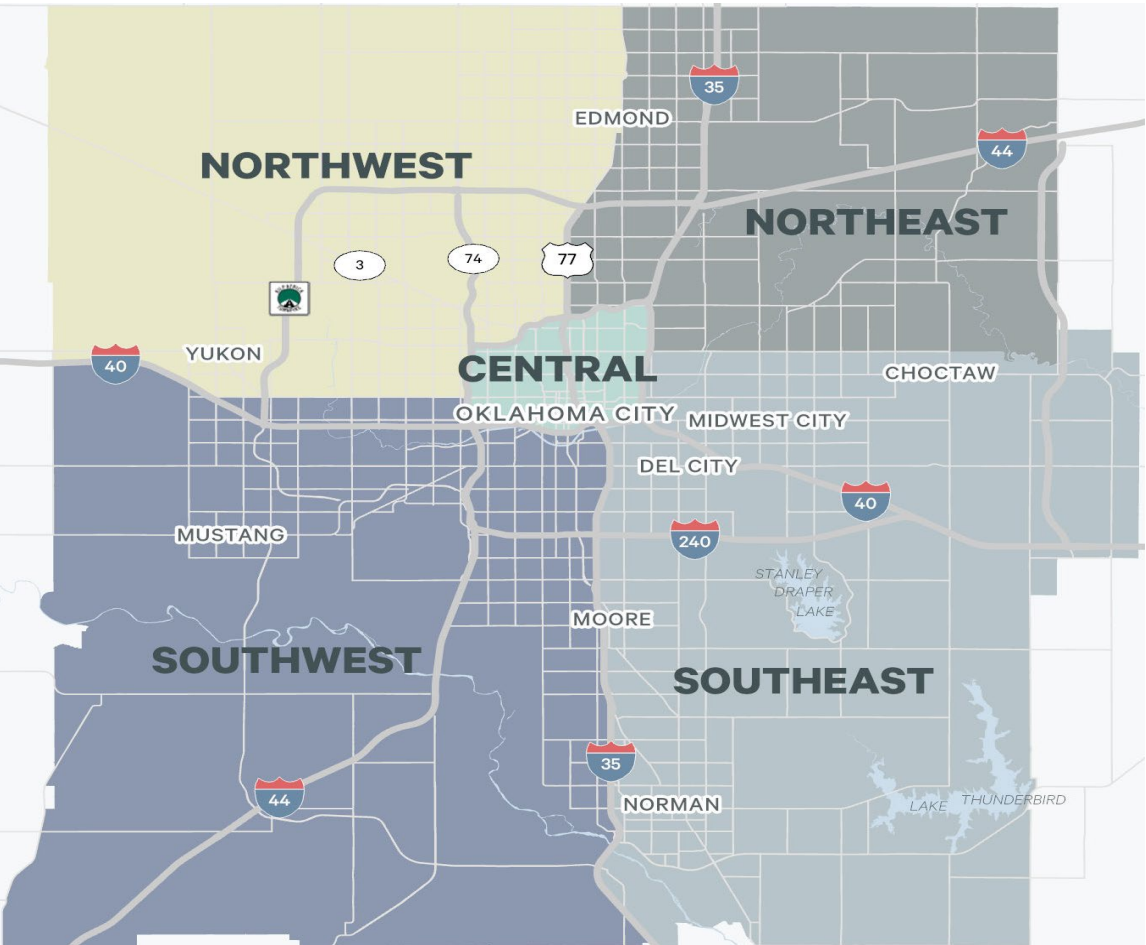
Source: CBRE Research, H1 2022.

FIGURE 7: Historical Market Statistics

		2017	2018	2019	2020	2021	2022 YTD*
CENTRAL	Absorption (Net SF)	(59,155)	7,408	118,746	14,516	96,125	14,626
	Asking Rent, NNN Avg. Annual	\$4.99	\$5.40	\$5.30	\$6.00	\$6.56	\$6.93
	Delivered Construction (SF)	30,000	-	-	-	25,000	58,284
	Vacancy Rate (%)	4.1	4.1	3.8	3.4	3.1	4.5
NORTHEAST*	Absorption (Net SF)	(230,622)	675,450	(11,042)	98,715	314,248	370,000
	Asking Rent, NNN Avg. Annual	\$4.74	\$4.95	\$5.35	\$5.65	\$6.36	\$7.36
	Delivered Construction (SF)	185,000	64,800	22,500	81,070	54,043	370,000
	Vacancy Rate (%)	10.2	7.4	4.0	4.8	1.6	0.3
NORTHWEST*	Absorption (Net SF)	53,000	(81,137)	(15,021)	(10,280)	20,199	150,499
	Asking Rent, NNN Avg. Annual	\$4.99	\$6.57	\$6.20	\$7.32	\$9.55	\$9.60
	Delivered Construction (SF)	-	-	80,997	30,000	-	58,400
	Vacancy Rate (%)	2.5	4.4	3.5	5.7	4.8	2.4
SOUTHEAST*	Absorption (Net SF)	(132,520)	454,020	31,753	115,903	52,183	223,049
	Asking Rent, NNN Avg. Annual	\$4.83	\$4.87	\$5.75	\$6.13	\$5.35	\$6.30
	Delivered Construction (SF)	233,335	-	44,000	16,500	42,000	-
	Vacancy Rate (%)	3.5	3.2	3.7	3.0	3.8	2.6
SOUTHWEST*	Absorption (Net SF)	1,054,710	636,793	2,094,410	569,410	97,246	544,272
	Asking Rent, NNN Avg. Annual	\$5.00	\$4.88	\$5.20	\$5.58	\$6.21	\$7.44
	Delivered Construction (SF)	910,900	1,185,322	2,800,591	59,824	1,231,405	407,800
	Vacancy Rate (%)	4.1	4.3	5.6	3.3	2.9	2.0
OKLAHOMA CITY TOTAL*	Absorption (Net SF)	1,098,549	1,850,054	2,281,166	838,670	819,636	1,302,446
	Asking Rent, NNN Avg. Annual	\$5.04	\$5.67	\$5.54	\$6.00	\$6.48	\$7.67
	Delivered Construction (SF)	2,248,312	2,247,512	3,046,268	254,699	1,525,064	894,484
	Vacancy Rate (%)	4.2	4.3	4.1	3.3	3.0	2.5

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Market Area Overview



OKLAHOMA CITY OFFICE

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Oklahoma City, OK 73116

TULSA OFFICE

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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 10,000 sq. ft. and greater in size in the Oklahoma City metropolitan area. Buildings excluded from the survey are non-competitive or functional obsolete properties. New construction must be available for tenant build-out within 12 months. **Note: As of H1 2022, the CBRE Research statistical methodology for Oklahoma City 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 Oklahoma City market totals.**

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