

Lease rates increase at a steady pace while vacancy rates remain stable



Note: Arrows indicate change from previous half-year.

MARKET OVERVIEW

- H1 2024 recorded a steady increase in the asking lease rate, from \$6.03 per sq. ft. in H2 2023 to \$6.54 per sq. ft.
- Market-wide vacancy has continued at a stable rate of 2.5%.
- With 428,089 sq. ft. under construction, H2 2024 can expect a stream of delivered construction including warehouses, distribution centers, and truck terminals.
- Since January of 2024, there have been 64,800 sq. ft. of deliveries in the Northeast submarket.
- The Tulsa industrial market’s lease rates have increased by \$0.51 since H2 2023. The total vacancy rate has been consistent since H2 2023. Net absorption has increased due to the influx of leases and sales in the industrial market, reflecting the equalization in vacancy. Properties under construction increased by 337,689 sq. ft from H2 2023 with all the properties projected to be completed in H2 2024.

FIGURE 1: Net Absorption and Vacancy



Source: CBRE Research, H1 2024.

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 | 98,874 | 6.4 | \$6.67 | - | - | - |
| CBD | 202,196 | 6.2 | \$6.61 | - | - | 16,124 |
| East | 26,000 | 0.7 | \$6.96 | - | - | 19,557 |
| Mayes County | 88,924 | 1.5 | \$5.21 | - | - | 60,155 |
| Midtown | 60,155 | - | \$6.83 | - | - | 11,076 |
| Muskogee County | 198,324 | 3.6 | \$3.67 | 12,000 | - | 71,526 |
| North Central | 155,550 | 3.3 | \$6.35 | - | - | (6,875) |
| Northeast | 1,787,432 | 4.2 | \$6.73 | 393,089 | 64,800 | 473,669 |
| Northwest | - | - | \$5.86 | - | - | 835 |
| South | 41,050 | 1.0 | \$7.99 | - | - | (19,185) |
| South Central | 498,771 | 3.7 | \$6.90 | - | - | (89,221) |
| Southeast | 150,366 | 1.3 | \$7.61 | 23,000 | - | 184,573 |
| Southwest | - | - | \$7.61 | - | - | - |
| Outlying Market Area | 596,019 | 2.6 | \$6.57 | - | - | 57,115 |
| Tulsa Total | 3,903,661 | 2.5 | \$6.54 | 428,089 | 64,800 | 779,349 |

Source: CBRE Research, H1 2024.

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

Source: CBRE Research, H1 2024.

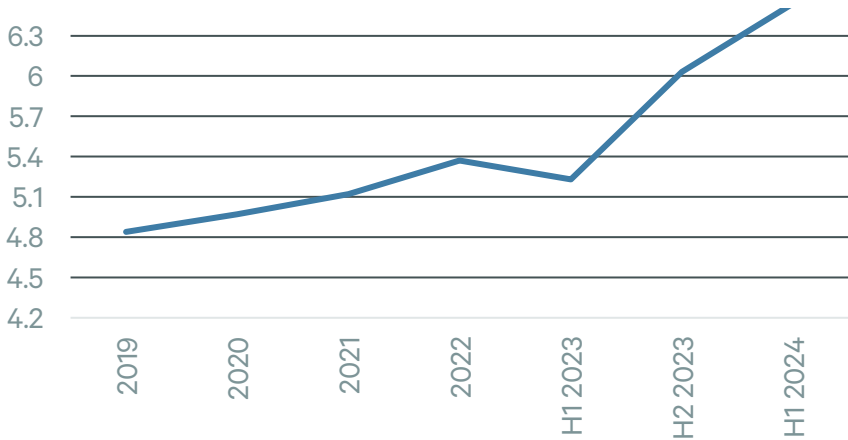


FIGURE 4: Vacancy
Vacancy %

Source: CBRE Research, H1 2024.



Vacancy Rate and Absorption

The market-wide vacancy rate stayed consistent at 2.5%, the same as H2 2023. The lack of movement can be associated with the lack of new properties coming to the market. With only 64,800 sq. ft. of new construction, located in the Northeast submarket, there are no new buildings to contribute to the rise of vacancy.

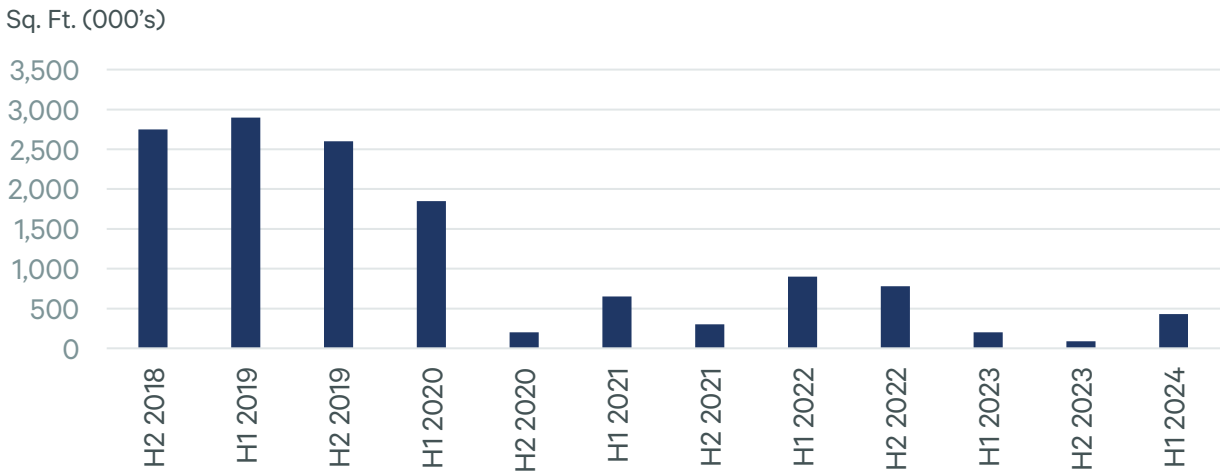
Asking Rents

The market-wide asking rent increased from \$6.03 per sq. ft. in H2 2023 to \$6.54 per sq. ft. in H1 2024. This rise can be attributed to the rise of real estate costs across the United States. Along with the rise of real estate costs, the influx of e-commerce continues to flourish and the need for well-equipped industrial properties grows, in turn driving up rents.

Construction

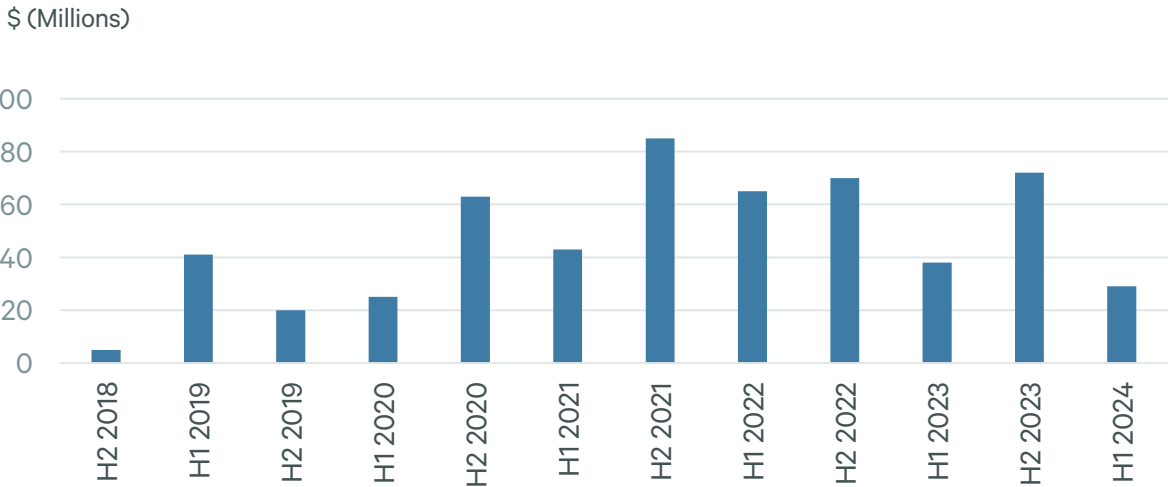
In H1 2024, only 64,800 sq. ft. of new construction hit the market. This new construction is located in the Northeast submarket. Tulsa continues to be a hub for new construction, as it is in process of building nearly 430,000 sq. ft. of industrial space ranging over three submarkets, Muskogee, Northeast and Southeast.

FIGURE 5: Historical Under Construction



Source: CBRE Research, H1 2024.

FIGURE 6: Historical Sales Volume



Source: Real Capital Analytics, H1 2024

FIGURE 7: Historical Market Statistics

| | | 2020 | 2021 | 2022 | H1 2023 | H2 2023 | H1 2024 |
|------------------|------------------------------|-----------|-----------|---------|---------|-----------|---------|
| Bartlesville* | Net Absorption (SF) | 3,200 | (94,874) | 5,000 | - | (10,316) | - |
| | Asking Rent, NNN Avg. Annual | - | \$3.15 | \$3.32 | \$3.02 | \$5.02 | \$6.67 |
| | Delivered Construction (SF) | - | - | - | - | - | - |
| | Vacancy Rate (%) | - | 3.2 | 3.6 | 3.4 | 0.7 | 6.2 |
| CBD | Net Absorption (SF) | (59,106) | (17,281) | (5,416) | 36,173 | 11,797 | 16,124 |
| | Asking Rent, NNN Avg. Annual | \$4.81 | \$5.08 | \$5.11 | \$5.39 | \$6.45 | \$6.61 |
| | Delivered Construction (SF) | - | - | - | - | - | - |
| | Vacancy Rate (%) | 6.6 | 10.3 | 10.2 | 8.0 | 7.5 | 6.2 |
| East | Net Absorption (SF) | 265,891 | 128,552 | 173,291 | 28,800 | (74,774) | 19,557 |
| | Asking Rent, NNN Avg. Annual | \$5.25 | \$5.41 | \$5.46 | \$5.87 | \$6.82 | \$6.96 |
| | Delivered Construction (SF) | 72,384 | 133,951 | 169,000 | - | 26,250 | - |
| | Vacancy Rate (%) | 3.6 | 3.9 | 0.7 | 0.5 | 0.8 | 0.7 |
| Mayes County* | Net Absorption (SF) | - | - | - | 61,076 | 61,076 | 11,076 |
| | Asking Rent, NNN Avg. Annual | \$6.65 | \$6.65 | \$6.65 | \$6.65 | \$6.25 | \$5.21 |
| | Delivered Construction (SF) | - | - | - | 150,000 | - | - |
| | Vacancy Rate (%) | - | - | 0.2 | 2.2 | 1.6 | 1.5 |
| Midtown* | Net Absorption (SF) | - | (15,080) | 13,288 | 7,929 | (52,206) | 60,155 |
| | Asking Rent, NNN Avg. Annual | \$5.58 | \$6.00 | \$5.74 | - | - | - |
| | Delivered Construction (SF) | - | - | - | - | - | - |
| | Vacancy Rate (%) | - | 12.8 | 7.1 | - | - | - |
| Muskogee County* | Net Absorption (SF) | 78,020 | (31,472) | 10,192 | 162,070 | (2,477) | 71,526 |
| | Asking Rent, NNN Avg. Annual | \$2.80 | \$2.80 | \$2.37 | \$2.72 | \$3.48 | \$3.67 |
| | Delivered Construction (SF) | - | - | - | - | - | - |
| | Vacancy Rate (%) | 3.4 | 4.0 | 5.4 | 4.2 | 3.2 | 3.6 |
| North Central* | Net Absorption (SF) | (23,512) | (107,094) | 20,670 | 10,963 | 118,582 | (6,875) |
| | Asking Rent, NNN Avg. Annual | \$4.69 | \$5.12 | \$4.96 | \$5.17 | \$6.12 | \$6.35 |
| | Delivered Construction (SF) | - | - | - | - | - | - |
| | Vacancy Rate (%) | 1.3 | 2.9 | 4.7 | 4.9 | 3.7 | 3.3 |
| Northeast* | Net Absorption (SF) | 1,053,921 | 342,842 | 192,347 | 141 | (514,366) | 473,669 |
| | Asking Rent, NNN Avg. Annual | \$5.21 | \$5.44 | \$5.64 | \$5.36 | \$6.50 | \$6.73 |
| | Delivered Construction (SF) | 941,446 | 270,000 | 76,922 | 744,277 | - | 64,800 |
| | Vacancy Rate (%) | 3.0 | 2.5 | 2.2 | 4.2 | 4.5 | 4.2 |

Source: CBRE Research, H1 2024.

FIGURE 7: Historical Market Statistics

| | | 2020 | 2021 | 2022 | H1 2023 | H2 2023 | H1 2024 |
|-----------------------|------------------------------|-----------|---------|-----------|-----------|---------|----------|
| Northwest* | Net Absorption (SF) | 118,657 | 79,842 | 54,434 | (41,789) | 4,800 | 835 |
| | Asking Rent, NNN Avg. Annual | \$3.44 | \$3.98 | \$4.62 | \$5.32 | \$5.63 | \$5.86 |
| | Delivered Construction (SF) | - | - | 23,748 | - | - | - |
| | Vacancy Rate (%) | 3.6 | 2.4 | 1.4 | 2.5 | - | - |
| South* | Net Absorption (SF) | (18,225) | (4,036) | (3,964) | 7,750 | 72,769 | (19,185) |
| | Asking Rent, NNN Avg. Annual | \$6.26 | \$6.11 | \$6.37 | \$7.45 | \$7.82 | \$7.99 |
| | Delivered Construction (SF) | - | - | 35,000 | - | - | - |
| | Vacancy Rate (%) | 1.0 | 1.1 | 0.8 | 2.1 | 0.9 | 1.0 |
| South Central* | Net Absorption (SF) | 92,274 | 29,158 | 311,045 | (78,013) | 182,781 | (89,221) |
| | Asking Rent, NNN Avg. Annual | \$5.58 | \$6.28 | \$5.47 | \$5.48 | \$5.63 | \$6.90 |
| | Delivered Construction (SF) | - | - | - | - | - | - |
| | Vacancy Rate (%) | 1.6 | 1.6 | 4.3 | 5.0 | 3.8 | 3.7 |
| Southeast | Net Absorption (SF) | 1,857,254 | 5,000 | 34,567 | 84,468 | 272,869 | 184,573 |
| | Asking Rent, NNN Avg. Annual | \$3.33 | \$3.00 | \$6.44 | \$6.45 | \$7.47 | \$7.61 |
| | Delivered Construction (SF) | 1,800,000 | - | 25,070 | 138,000 | 138,000 | - |
| | Vacancy Rate (%) | 3.0 | 2.7 | 1.8 | 2.7 | 2.0 | 1.3 |
| Southwest* | Net Absorption (SF) | (351,124) | 233,380 | 297,875 | 58,245 | 9,038 | - |
| | Asking Rent, NNN Avg. Annual | \$4.77 | \$5.83 | \$5.88 | \$5.85 | \$5.90 | \$7.61 |
| | Delivered Construction (SF) | 14,000 | 109,872 | 568,000 | 18,625 | - | - |
| | Vacancy Rate (%) | 4.3 | 3.7 | 1.7 | 2.0 | 0.2 | - |
| Outlying Market Area* | Net Absorption (SF) | 215,466 | 32,420 | 7,400 | 99,960 | 84,690 | 57,115 |
| | Asking Rent, NNN Avg. Annual | \$2.35 | \$2.75 | \$2.99 | \$3.44 | \$4.02 | \$6.57 |
| | Delivered Construction (SF) | - | - | - | - | - | - |
| | Vacancy Rate (%) | 2.0 | 4.6 | 3.3 | 4.2 | 3.2 | 2.6 |
| Tulsa Total | Net Absorption (SF) | 5,802,198 | 847,265 | 1,110,729 | 437,773 | 171,775 | 779,349 |
| | Asking Rent, NNN Avg. Annual | \$4.97 | \$5.12 | \$5.37 | \$5.23 | \$6.03 | \$6.54 |
| | Delivered Construction (SF) | 5,433,984 | 538,951 | 897,776 | 1,050,902 | 164,250 | 64,800 |
| | Vacancy Rate (%) | 3.2 | 3.0 | 2.6 | 3.5 | 2.5 | 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, H1 2024.

Notable Transactions



4433 W49th

LEASE



| | |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| Tenant | Premier Logistics |
| SF Leased | 116,400 SF |
| Sign Date | Undisclosed |
| Lease Term | Undisclosed |
| Effective Rent | Undisclosed |
| Details | Premier Logistics, an international freight forwarder, delivery, and logistics company leased this 116,400 sq. ft. warehouse and distribution center. |

5400 S 122nd E

LEASE



| | |
|----------------|--------------------------------------------------------------------------------------------------------------------------------|
| Tenant | Crusoe Energy Systems |
| SF Leased | 111,380 SF |
| Sign Date | June 2024 |
| Lease Term | Undisclosed |
| Effective Rent | Undisclosed |
| Details | This 111,380 sq. ft industrial service building was leased by Crusoe Energy, a company making it's way towards cleaner energy. |

Newmark Robinson Park

4940-4952 E 66th N

LEASE



| | |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| Tenant | Kelvion |
| SF Leased | 100,000 SF |
| Sign Date | Undisclosed |
| Lease Term | Undisclosed |
| Effective Rent | Undisclosed |
| Details | Kelvion, the leading manufacturer of heat exchangers leased this 100,000 sq. ft. manufacturing building in the Northeast Tulsa submarket. |

5135 E 76th N

LEASE



| | |
|----------------|-----------------------------------------------------------------------------|
| Tenant | JT Logistics |
| SF Leased | 95,264 SF |
| Sign Date | March 2024 |
| Lease Term | Undisclosed |
| Effective Rent | Undisclosed |
| Details | This nearly 100,000 sq. ft. distribution center was leased to JT Logistics. |

Newmark Robinson Park

CBRE

CBRE

Notable Transactions

5510 S 129th E

SALE



| | |
|------------|-----------------------------------------------------------------------------------------|
| Buyer | RSH Investments |
| Seller | Commercial Fitness Concepts |
| Sale Price | \$5.3 M |
| Total GLA | 91,465 SF |
| Sale Date | May 2024 |
| Details | This industrial warehouse was sold as an investment sale to RSH Investments for \$5.3M. |

CBRE

2737 E Latimer

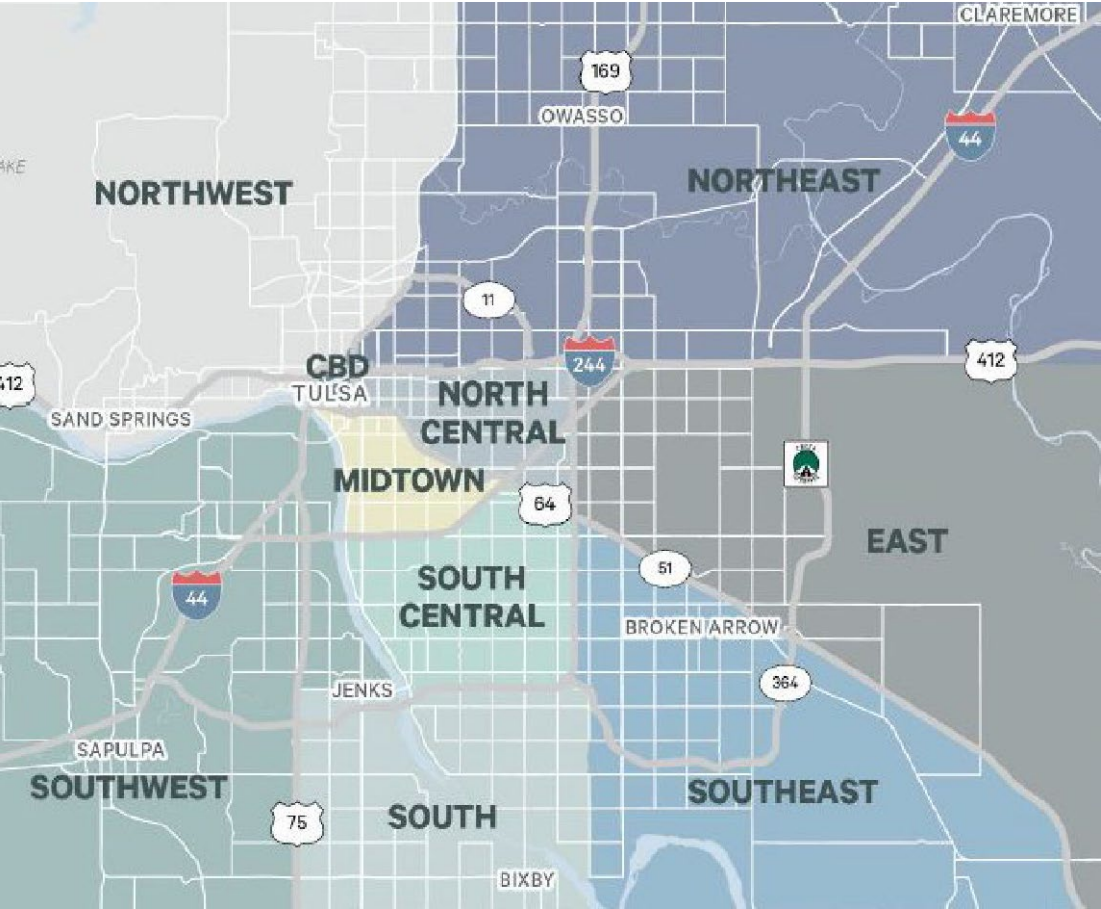
SALE



| | |
|------------|---------------------------------------------------------------------------------------|
| Buyer | R.B Williamson Energy Advisors |
| Seller | TPAT Properties |
| Sale Price | \$1473 M |
| Total GLA | 57,145 SF |
| Sale Date | May 2024 |
| Details | This manufacturing building was an owner user sale to R.B Williamson Energy Advisors. |

CBRE

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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