

OKC

VITALITY REPORT

First Half 2019

OKLAHOMA CITY OVERVIEW

Type of City Government: Mayor-Council
Land Area: 620 sq miles



2018 OKC MSA Population: 1,421,953
2018 Median HH Income: \$54,713
Avg. Drive Time: 22 MIN.
Unemployment Rate Feb. 2019: 3.3%

Sources: Esri, Bureau of Labor Statistics, Federal Reserve Bank of KC

OPPORTUNITIES

- Opportunity Zones
- Completion of MAPS 3 and introduction of a MAPS 4
- New jobs from Amazon, Heartland, Kronos, and others

CHALLENGES

- Oil and gas prices
- Slowed U.S. economic growth in Q4 2018
- High office vacancy, especially in the CBD

ANALYSIS | IMPACT TO CRE

In 2018, Oklahoma City continued to rack up accolades as a great city to do business and start a business, as well as a place where millennials make the most money. Three of the major factors are the low cost of living, the low unemployment rate, and population growth. The Oklahoma City metro is now home to 1.4 million residents and has experienced a 1.5% annual growth rate.

Spurred by the decline in unemployment and a robust local economy, companies have chosen to move and expand here. Currently, three office buildings are under construction downtown and three others are under renovation, including the BancFirst tower, formerly the Cotter Ranch Tower. Despite an uptick in shadow and sublease space, Class A rents continue to increase. We expect office rents to increase slightly in 2019.

Oklahoma City's aviation and aerospace industries will propel growth in Oklahoma City in 2019. Tinker AFB is one of the most important bases in the Air Force, housing the largest air logistics center in the country. Construction is underway on a depot maintenance facility that will service the KC-46A Pegasus, the military's next generation aerial refueling aircraft. Tinker and Boeing's growth in Oklahoma City will provide even more opportunities for public-private partnerships with other aerospace companies.



RETAIL DEVELOPMENT HIGHLIGHTS

Oklahoma City's retail development has gotten a positive boost with the continued development of Chisholm Creek, expansions at Classen Curve and Nichols Hills Plaza, and Penn Central. All of these developments have combined local and national retailers and new-to-market amenities. Within the next year, Oklahoma City will see its first Costco Wholesale, REI Co-Op, Flix Brewhouse, and others. The Container Store opened its first location in the state near Penn Square Mall in 2018.

RECENT ANNOUNCEMENTS | NEW DEVELOPMENT

Amazon Fulfillment Center

The online retailer is constructing a 2.6 million SF fulfillment facility near Will Rogers World Airport, and creating about 1,700 jobs.

Heartland Headquarters

Construction is underway on a \$40 million, 106,000 SF headquarters for the payroll company along Automobile Alley. It will house about 500 employees.

OMNI Hotel

The 605-room hotel is being built adjacent to the new convention center, and will open in early 2021.

Penn Park

The mixed-use development at NW Expy and Penn Ave will include office, retail and housing. It also promises to bring a mix of high-end retailers and amenities.

Will Rogers Terminal Expansion

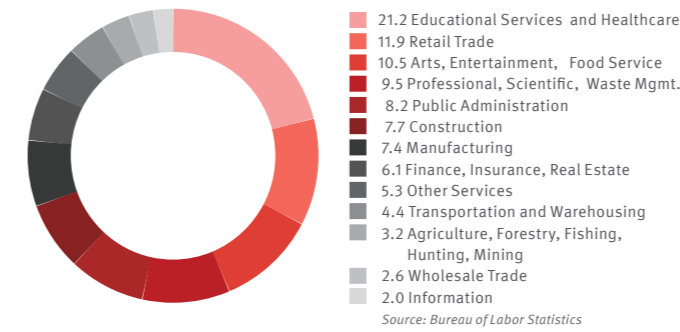
An \$89 million expansion will expand the airport terminal to the east, and include four new airline gates, a centralized security checkpoint and a large mezzanine.

CITY IMPROVEMENTS

- Better Streets, Safer City \$967M | Approved 2017
- OKC Streetcar \$135M | Dec 2018
- OKC Convention Center \$288M | Est. 2020
- Bennett Event Center \$58.7M | 2017
- Scissortail Park \$132M | Est. 2021
- Senior Wellness Centers \$55.5M | Two completed, more planned

ECONOMIC ANALYSIS

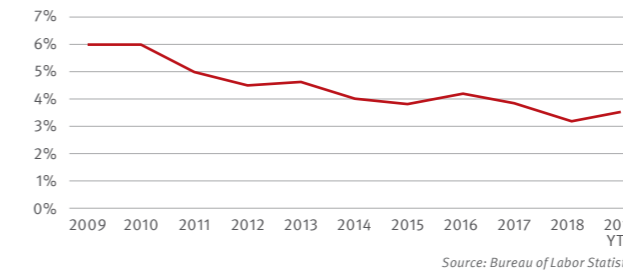
2018 INDUSTRY DIVERSITY



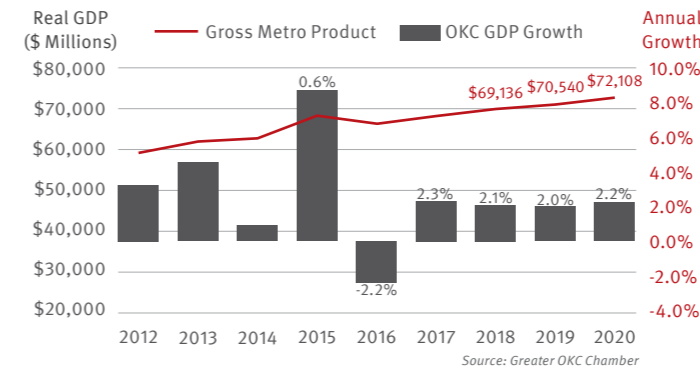
OUTLOOK

Since the 2009-2010 recession, the Oklahoma City MSA has had one of the lowest unemployment rates in the country. Recently, the economy has been affected by low oil prices and its impact to the energy sector and other energy-related industries. However, Oklahoma City's diversified economy has helped to absorb losses from the energy industry and the unemployment rate has hovered around 3%.

UNEMPLOYMENT RATE



OKLAHOMA CITY MSA REAL GDP



OKC MSA INDUSTRY EMPLOYMENT OUTLOOK 2014 AND PROJECTED 2024

Industry	Employment 2014	Employment 2024	Change 2014 - 2024	% Change
Total Employment	598,180	648,390	59,210	10.0%
Natural Resources/Mining	21,460	22,840	1,380	6.5%
Construction	28,340	32,580	4,250	15.0%
Manufacturing	37,450	39,170	1,720	4.6%
Trade, Transport., Utility	109,150	117,280	8,130	7.4%
Information	8,270	8,180	-90	-1.1%
Financial Activities	32,140	34,300	1,160	6.7%
Professional/Business Svc.	79,150	89,590	10,440	13.2%
Education/Health Svc.	129,550	147,820	18,270	14.1%
Leisure, Hospitality	66,250	74,260	8,010	12.1%
Other Services	14,070	14,700	630	4.5%
Total Government	63,370	67,670	4,300	6.8%

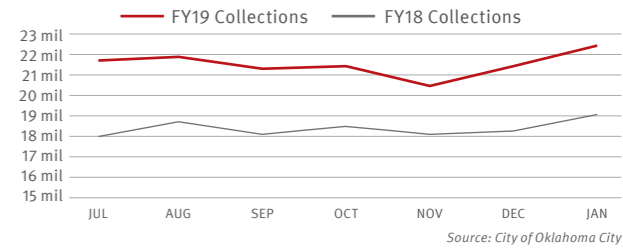
Source: Greater OKC Chamber

MAJOR EMPLOYERS

Company	Employees	Sector
State of Oklahoma	47,300	Government
Tinker Air Force Base	24,000	Military
University of Oklahoma-Norman	12,700	Higher Education
FAA Mike Moroney Aeronautical Ctr.	7,000	Aerospace
INTEGRIS Health	6,000	Healthcare
Hobby Lobby Stores Inc.	5,100	Wholesale & Retail
OU Health Sciences Ctr.	5,000	Higher Education
City of Oklahoma City	4,700	Government
Mercy Hospital	4,500	Healthcare
OGE Energy Corp.	3,400	Utility

Source: Greater OKC Chamber

GENERAL FUND SALES TAX REVENUE



OUTLOOK

Diversified Employment Base Historically known for its oil and gas industry, Oklahoma City's economy has become much more diversified. Major industries such as aerospace, biotech, government, energy, healthcare and professional services make up the economy. Only two of the largest twenty employers are oil and gas firms. Oklahoma City is also home to Love's Travel Stops, Hobby Lobby, Paycom, Sonic, and Tinker Air Force Base (the single largest employer in the state).

ABOUT

NEWMARK GRUBB LEVY STRANGE BEFFORT

SINCE 1905

ESTABLISHED PRESENCE

11.6M SF

OF PROPERTIES SOLD/LEASED IN 2018

OKC + TULSA

OFFICES TO FIT YOUR MARKET

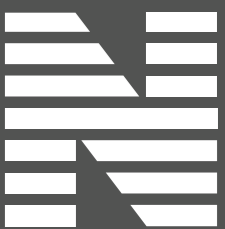
YOU

CLIENT-FOCUSED ADVISORY

SPECIALIZED SERVICE

- GSA SERVICES
- ASSET MANAGEMENT
- INVESTMENT SERVICES
- CORPORATE SERVICES
- PROJECT LEASING

Established in 1905, Newmark Grubb Levy Strange Beffort is the most trusted name in Oklahoma commercial real estate. The firm employs more than 140 professionals with offices in the Oklahoma City and Tulsa markets that serve tenants, landlords, investors and developers. Its integrated service platform includes: leasing advisory, corporate services, investment sales and capital markets, consulting, project management, and valuation services.



for more information, visit us at newmarklsb.com

OKC

204 N. Robinson, Ste. 700

TULSA

110 W. 7th, Ste. 2600