

OKC

VITALITY REPORT



OKLAHOMA CITY OVERVIEW

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



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

OPPORTUNITIES

Completion of MAPS 3 and beginning of MAPS 4
 New jobs from Amazon, Heartland, Boeing, Skydweller Aero, and Costco
 Federal Opportunity Zones

CHALLENGES

COVID-19 Pandemic
 Record high unemployment
 Oil and gas sector contracting

ANALYSIS | IMPACT TO CRE

As Oklahoma City weathers the COVID-19 crisis along with the state, nation, and world, there are significant changes underway in how people live, work, and play. The situation creates opportunities and challenges in commercial real estate.

Despite an economic nosedive in March and April, the economy recovered in May and June as restrictions lifted and businesses reopened.

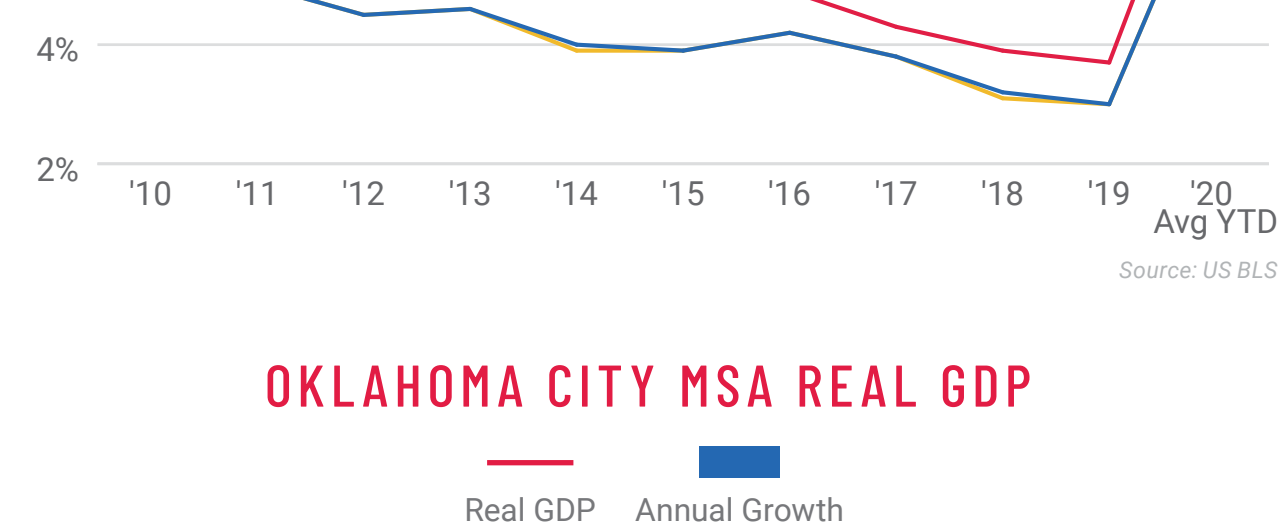
Unfortunately, many cities and states have had to reimpose restrictive measures to curb the spread of the virus.

Oklahoma City already was in the midst of a decade-long trend of moving away the oil and gas industry to create a diversified economy that includes aerospace, manufacturing, healthcare, and technology.

Transactions still are being completed, albeit at a slower pace than in 2019, but as investors feel more confident in the market, they may hold off on deals, but many have not abandoned their plans.

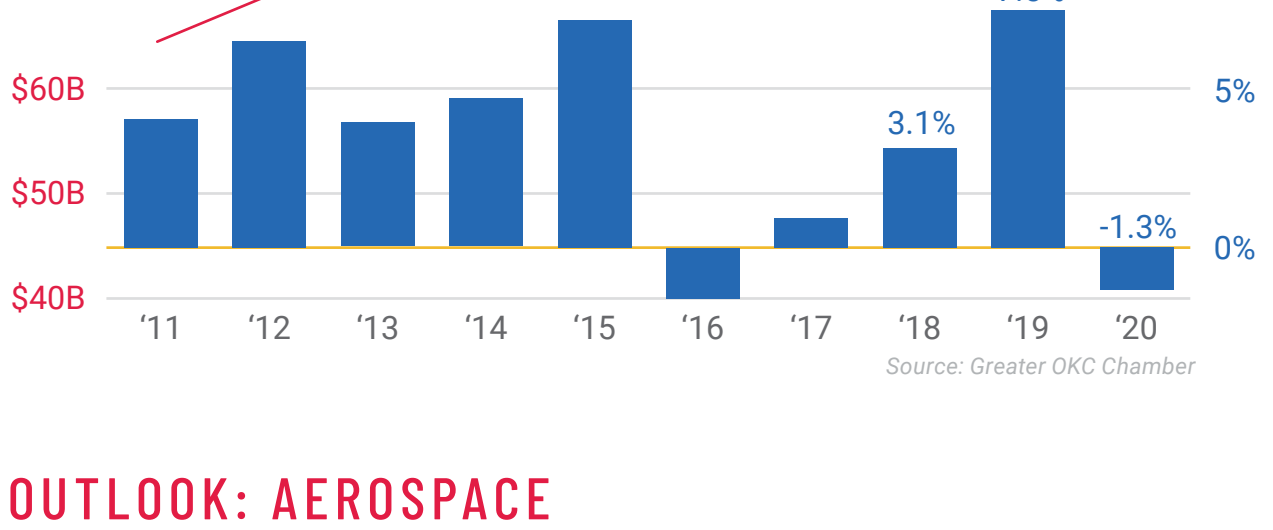
ECONOMIC ANALYSIS

INDUSTRY DIVERSITY



Averages from 2019 | Source: US BLS

UNEMPLOYMENT RATE



Source: US BLS

OKLAHOMA CITY MSA REAL GDP



Source: Greater OKC Chamber

OUTLOOK: AEROSPACE

Tinker Air Force Base is the largest single-site employer in the State of Oklahoma. That has led the government and private companies to continue investing here and adding employees, absorbing some job losses in oil and gas. Aerospace companies continue to enter the market to tap into the highly trained workforce and government contracts. Aerospace and defense in the state contribute \$44 billion into the economy annually and employ more than 120,000 workers.

OKC EMPLOYMENT GROWTH BY INDUSTRY

Industry	June 2019	June 2020
Total NonFarm	0.7%	-2.8%
Mining and Logging	-8.7%	-36.7%
Construction	5.2%	-0.9%
Manufacturing	0.3%	-8.5%
Trade Transportation and Utilities	1.0%	0.4%
Information	-4.1%	-14.1%
Financial Activities	0.9%	0.9%
Professional and Business Services	2.7%	0.0%
Education and Health Services	3.8%	-2.1%
Leisure and Hospitality	-1.4%	-3.3%
Other Services	0.7%	-7.5%
Government	-0.8%	-0.6%

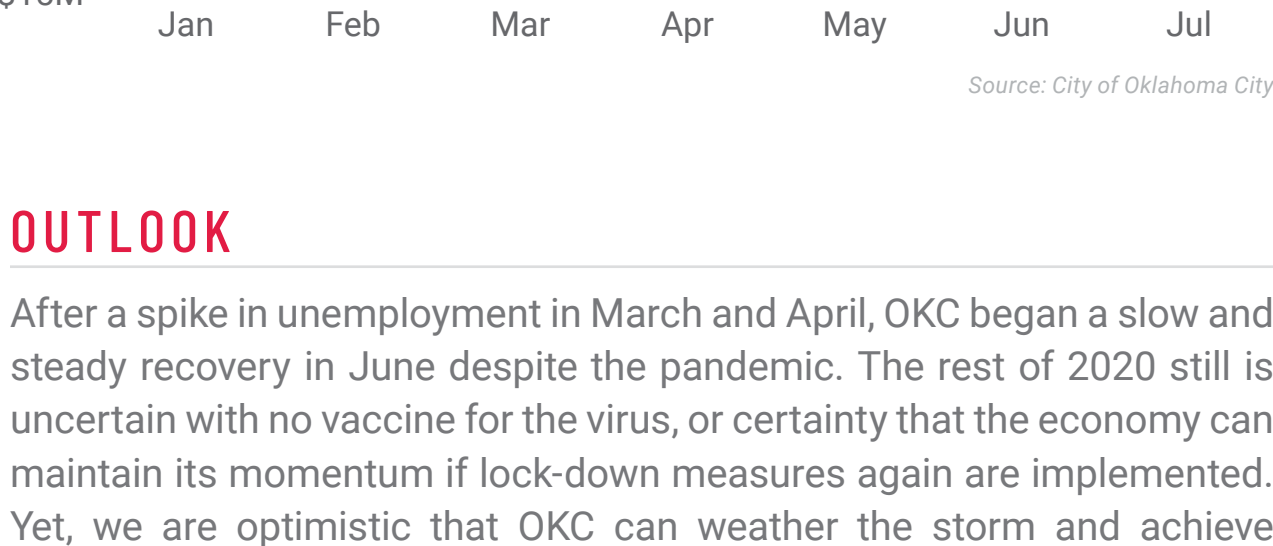
Source: US BLS

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 Ed.
INTEGRIS Health	9,000	Health Care
University of Oklahoma HSC	7,500	Higher Ed.
FAA Mike Monroney Aeronautical Ctr.	7,000	Aerospace
Mercy Hospital	5,500	Health Care
Hobby Lobby Stores	5,100	Wholesale & Retail
Amazon	5,000	Warehouse & Dist.

Source: Greater OKC Chamber

GENERAL FUND SALES TAX REVENUE



Source: City of Oklahoma City

OUTLOOK

After a spike in unemployment in March and April, OKC began a slow and steady recovery in June despite the pandemic. The rest of 2020 still is uncertain with no vaccine for the virus, or certainty that the economy can maintain its momentum if lock-down measures again are implemented. Yet, we are optimistic that OKC can weather the storm and achieve modest growth in the remaining months of the year and 2021.



DOWNTOWN OKC OFFICE HIGHLIGHTS

OKC's core will welcome thousands of new employees, a new office tower, and three fully renovated properties over the next year. In addition to Heartland Payment bringing nearly 1,000 employees downtown, BancFirst is renovating a 36-story office tower and will house 450 employees as well as other tenants. The former SandRidge tower will house state offices and upward of 1,900 employees. First National Center's former 1 million square feet of office space will be home to a boutique hotel, high-end apartments, and retail. Arvest bank leased 40,000 SF in the former BOK building and will bring about 70 employees to the tower.

RECENT ANNOUNCEMENTS | NEW DEVELOPMENT

Costco
 Costco opened its first OKC warehouse store in May 2019. The company recently purchased the former Hertz office building in NW OKC for \$25.4 million, planning to hire upward of 1,500 employees over the next five years.

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, with an additional 450 in nearby Bricktown.

Skydweller Headquarters
 The U.S.-Spanish independent aircraft company will make OKC its corporate headquarters and hire 120 aerospace engineers and field technicians.

Boeing
 The aerospace company broke ground in July 2020 on a 60,770 SF building to house a high-bay lab for its B-52 modernization and sustainment efforts. It is next to the company's OKC campus on the southwest side of Tinker Air Force Base. It will create 300 jobs.

MAPS 4

In December 2019, voters approved MAPS 4, which included 16 projects to address items ranging from sports and entertainment venues to help for those struggling with poverty and victims of abuse. Voters approved the measure by 72%. A voluntary advisory board will work with the City Council to plan and implement the projects with input from the public.

ABOUT

SINCE
1905

ESTABLISHED
PRESENCE

10.2M
SF

OF PROPERTIES
SOLD/LEASED
2019

OKC
+
TULSA

OFFICES TO FIT
YOUR MARKET

YOU

CLIENT-FOCUSED
ADVISORY

SPECIALIZED SERVICE

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