

Want to know the future of OKC real estate? Check out this forecast



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A new "OKC Vitality Report" from Newmark Grubb Levy Strange Beffort is a good reminder that commercial landlords, property managers, and commercial real estate agents and executives are among the first to spot business trends.

Why? Because business transpires on commercial property, which might seem so obvious you might think I've bumped my head. But it's not obvious if you're not involved with commercial real estate.

It reminds me of an old "Non Sequitur" comic (by Wiley Miller, in 1993) that was a head-scratcher for some people for a few seconds until they thought about it. It shows four people, clearly journalists from their stressed-out look and disheveled appearance (I might be reading that into it). A man has one hand over his eyes and with the other he's throwing a dart at a bunch of topics under a board labeled "Today I am an expert in:"

Politics. Economy. Car repair. Health care. Television. Aerospace. Bioengineering. Foreign affairs. County fairs. Oil. Vinegar. Sports. Stocks. Bondage. Oboe. Explosives. Computers. Food. Plumbing. Septic tanks. Fusion. Liposuction. Cartoons. World peace.

"How Reporters Start Their Day at Work," Miller labeled the strip. It so fits. I've written about all but a few of those topics over the years — even though, for the past 21 years, my journalism beat has been "real estate," strictly speaking — but broadly construed.

So I know that whether their "beat" is office, industrial, retail, or commercial land, the best real estate people broadly interpret their work. If you're selling or leasing property, or designing it or building it, you have to know something about what could transpire on the premises. It's not as random as throwing a dart, but you do have to be fast and flexible at research.

So I hope you take commercial property pros like the ones at Newmark Grubb Levy Strange Beffort, a firm that's been in business for 115 years, for the business experts they are. They have to see the big picture to make sense of the particular issues facing every property user.

Here's the big picture facing Oklahoma City, according to Newmark Grubb Levy Strange Beffort (<https://www.newmarklsb.com/>):

"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."

Energy still has an oversized impact, especially on the office market, but look at the diverse industry topics the firms' specialists are throwing darts at these days, courtesy of the U.S. Bureau of Labor Statistics:

- 19.7% Trade, Transportation, Utilities
- 16.9% Professional and Business Services
- 14.7% Education and Health Services
- 12.2% Government
- 10.9% Leisure and Hospitality
- 8.7% Financial Activities
- 6.3% Manufacturing
- 5.2% Construction
- 3.4% Other Services
- 1.9% Information
- 0.2% Mining and Logging

Here's the firm's outlook, first a big detail, then another big picture:

The big detail: "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."

The other big picture: "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."

With COVID-19 roaring, things likely will get worse before they get better. But in addition to "Today I am an expert in," commercial real estate people get up and go to work — or work from home — under even better guidance: "Things will get better."