

PRICE
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OKLAHOMA CITY
2019 Year-End Office Market Summary



Photo Credit: Steve Johnson

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OKLAHOMA CITY

2019 Year-End Office Market Summary

The calendar year 2019 showed minimal change in the Oklahoma City office market, but what change occurred was mostly negative. In general, the market began to give back much of the 400,000 square feet of positive absorption that occurred in 2018. Vacancies increased from 20.1% to 20.9% and absorption of space totaled a negative 68,000 square feet as more space was vacated than leased during the year. Although the Central Business District experienced positive absorption of 56,000 square feet, the suburban markets had approximately 124,000 square feet of negative absorption. Some suburban areas actually had relatively healthy absorption, but that was offset by 217,000 square feet of negative absorption in the North submarket.

The Central Business District is currently 21.1% vacant compared to 21.8% vacant a year ago. Average rental rates downtown increased from \$22.23 at \$22.47 per square foot due to the addition of higher priced new product at The Monarch Building. The vacancy rate in the CBD could improve slightly in the next 6 months as another mostly pre-leased building, 606 N. Broadway, is added to the rolls. 606 N. Broadway is set to become the headquarters for Heartland Payment Systems with very little space remaining to be leased to others. Another factor that could assist the CBD's improvement is that nearly 60% of the vacant space is located in desirable Class A buildings as opposed to previous years when the bulk of the space was in less desirable Class B and C buildings.

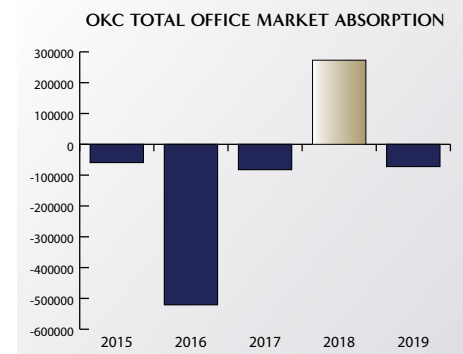
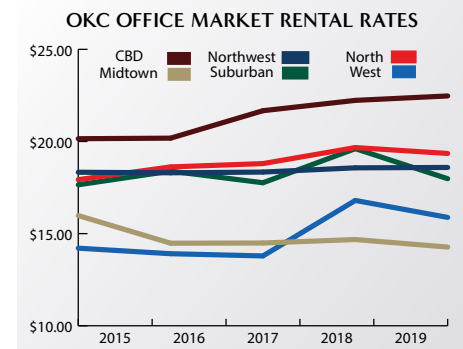
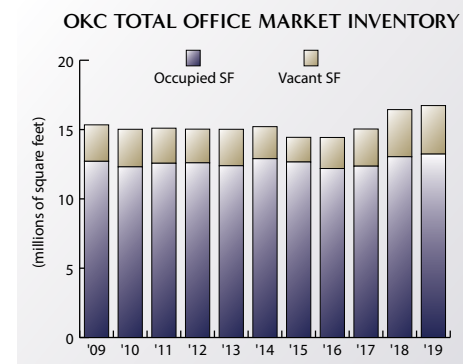
The largest hit to vacancies occurred in the North submarket where Ackerman McQueen vacated approximately 60,000 square feet when they moved downtown and Central Park reclassified approximately 68,000 square feet of sublease space as primary vacancy. An additional 64,000 square feet of newly vacant space was added at 9400 Broadway, formerly One Benham Place. Those losses helped cause the vacancy rate in this submarket to rise steeply from 15.0% to 23.6%.

The large Northwest submarket actually had a fairly uneventful year with 29,000 square feet of negative absorption and a small increase in vacancy from 18.0% to 18.4%. However, this market will face serious challenges in 2020 as Hertz is set to vacate its 225,000 SF building in the Quail Springs area and place that

space on the market in the first half of 2020. Additionally, the usually well-occupied IBC Center will soon have approximately 80,000 square feet made available by the relocations of Echo Energy and EOG Resources.

2020 will be critical year for the local office market. Despite a brief rebound from the 2014-2015 plunge in energy prices, the market has still not recovered. And, with increased investor emphasis on bottom line cash flows rather than reserves or production growth, we will likely see bankruptcies, mergers and consolidations within the industry resulting in a significant increase in vacant space. The current rig count for the state of Oklahoma currently stands at 50, compared to 141 a year ago as both investor enthusiasm and exploration in the Stack, Scoop and Merge basins of the state are in decline. Although it should be noted a significant portion of the decrease in the rig count is due to improved drilling efficiencies, but those same efficiencies result in staff reductions and office space requirements.

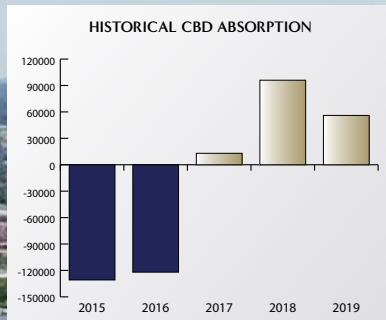
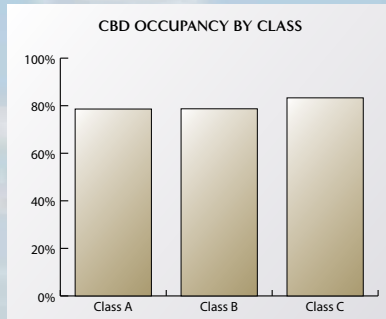
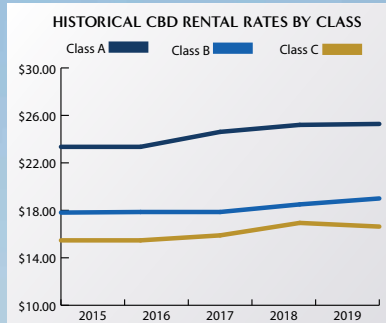
Make no mistake; the Oklahoma City office market is still largely dependent on the hydrocarbon industry. While no actual numbers are calculated, we estimate that the industry uses approximately 15% of the total multi-tenant space in the local office market with some pockets, particularly the North and Northwest submarkets, being as high as 30%. The CBD, which was not previously considered energy-heavy in terms of multi-tenant office buildings now is with the addition of primary vacancy or sublease space at Sandridge Tower, BOK Park Plaza and Leadership Square. A significant amount of the space occupied by local energy companies is in their corporately owned and occupied buildings and therefore not included in our report which tracks occupancy levels in multi-tenant buildings only. Unfortunately, some of those owned and occupied buildings may end up in the multi-tenant market leading to still higher vacancy rates in the coming years.



2019 Year-End OKC Office Market Totals	RSF	Vacant SF	Vacant %	Rate
	16,768,741	3,418,867	20.9%	\$19.53

2019 Year-End Oklahoma City Office Market Summary

CENTRAL BUSINESS DISTRICT SUBMARKET



2019 YEAR-END CENTRAL BUSINESS DISTRICT REVIEW

- Aggregate vacancy rates decreased from 21.8% to 21.1%
- Class A vacancy increased from 18.8% to 21.4%
- Class B vacancy decreased from 26% to 21.3%
- Class C vacancy decreased from 23.3% to 16.7%
- Aggregate rental rates increased from \$22.23 per SF to \$22.47 per SF.
- Class A rates increased from \$25.20 per SF to \$25.28 per SF.
- Class B rates increased from \$18.50 per SF to \$19.00 per SF.
- Class C rates decreased from \$16.94 per SF to \$16.63 per SF.
- The CBD experienced absorption of 56,000 SF during 2019.

2020 CENTRAL BUSINESS DISTRICT FORECAST

- Vacancy rates will level off.
- Average rental rates will remain near current levels.

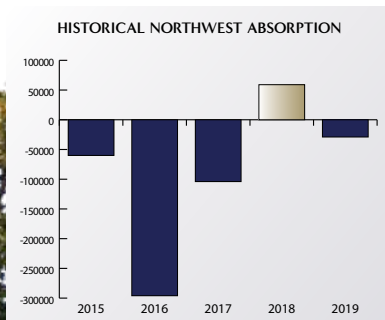
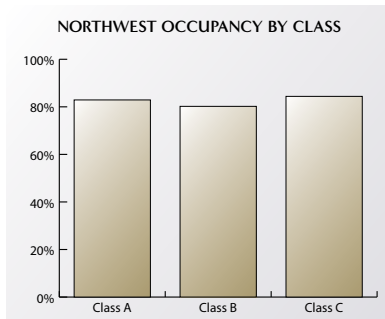
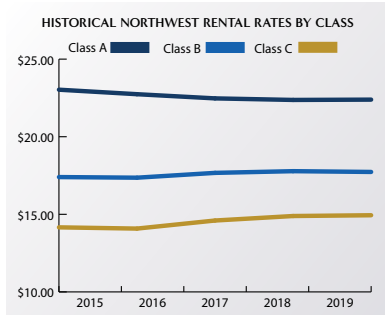
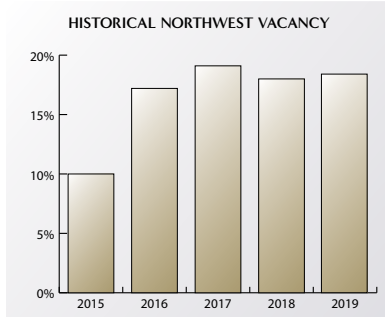


2019 Year-End Oklahoma City Office Market Summary CENTRAL BUSINESS DISTRICT SUBMARKET

CBD	Year Built	Floors	RSF	Vacant SF	Vacant %	Rate	CAF
100 Park Ave Building 100 Park Ave	1923/64	12	99,752	55,441	56%	\$14.50	16%
101 Park Avenue Building 101 Park Ave.	1936	14	197,042	70,921	36%	\$16.50	16.34%
20 N. Broadway 20 N Broadway	1981	19	307,388	0	0%	\$20.00	20%
201 RSK 201 Robert S. Kerr	1972	16	201,694	43,483	22%	\$18.00	20%
701 N. Broadway 701 N. Broadway	1930/1999	5	51,288	2,183	4%	\$22.00	15%
BancFirst Tower 100 N. Broadway	1971	36	507,038	32,277	6%	\$18.50	15%
BOK Park Plaza 499 W. Sheridan	2018	27	663,297	300,000	45%	\$30.00	13%
Braniff Building 324 N. Robinson	2013	10	90,000	0	0%	\$24.00	20%
Buick Building 1101 N. Broadway	1924/2015	4	59,500	0	0%	\$27.50	15%
Century Center Building 100 W Main	2014	2	98,000	21,945	22%	\$21.00	20%
City Place 204 N. Robinson	1931/85	33	251,449	60,095	24%	\$20.00	14%
Corporate Tower 101 N. Robinson	1980	14	277,849	51,797	19%	\$22.00	17.59%
Court Plaza 228 Robert S. Kerr	1923/79	10	79,115	34,244	43%	\$16.00	14%
Federal Reserve Building 226 Dean A. McGee Avenue	1922/97	4	77,813	0	0%	\$18.00	20%
Hightower Building 105 N. Hudson	1929	10	107,152	0	0%	\$18.00	15%
Leadership Square 211 N. Robinson	1984	21	735,514	169,990	23%	\$24.00	20%
Metropolitan Building 400 N., Walker	1929/2011	3	69,560	8,577	12%	\$15.25	10%
Monarch Building 1133 N. Robinson	2019	4	53,347	0	0%	\$32.50	10%
Oklahoma Tower 210 Park Ave.	1982	31	568,960	49,526	9%	\$24.00	20%
Parkside Building 120 Robert S. Kerr	2015	6	76,413	0	0%	\$30.00	0%
Robinson Plaza 55 N. Robinson	1992	10	195,702	60,000	31%	\$18.00	17.8%
Robinson Renaissance 119 N. Robinson	1927/88	12	174,840	70,271	40%	\$18.00	25%
Sandridge Center 123 Robert S. Kerr	1973/2008	30	493,185	175,000	35%	\$24.00	0%
Sonic Building 300 Johnny Bench Drive	2003	4	100,654	0	0%	\$26.00	8%
The Candy Factory 1 E. Sheridan	1914/2009	7	67,600	0	0%	\$25.00	0%
The Heritage 621 N. Robinson	1923/2017	6	102,740	0	0%	\$25.00	20%
			5,706,892	1,205,750	21.1%	\$22.47	
CBD Construction	Year Built	Floors	RSF	Vacant SF	Vacant %	Rate	CAF
606 N. Broadway	2020	7	100,000	12,500	12.5%	\$32.00	0%
606 N. Broadway			100,000	12,500	12.5%	\$32.00	

2019 Year-End Oklahoma City Office Market Summary

NORTHWEST SUBMARKET



2019 YEAR-END NORTHWEST SUBMARKET REVIEW

- Aggregate vacancy rates increased from 18.0% to 18.4%
- Class A vacancy increased from 14.7% to 17.1%
- Class B vacancy decreased from 20.2% to 19.8%
- Class C vacancy decreased from 16.1% to 15.6%
- Aggregate rental rates increased from \$18.57 per SF to \$18.59 per SF.
- Class A rental rates increased from \$22.37 per SF to \$22.39 per SF.
- Class B rental rates remained flat at \$17.78 per SF.
- Class C rental rates increased from \$14.89 per SF to \$14.94 per SF.
- The Northwest Oklahoma City submarket experienced negative absorption of 29,000 SF during 2019.

2020 NORTHWEST SUBMARKET FORECAST

- Vacancy rates should increase to the low 20's.
- Rental rates should remain near current levels.



2019 Year-End Oklahoma City Office Market Summary
NORTHWEST SUBMARKET



Quail Springs Parkway Plaza

NORTHWEST

Northwest	Year Built	Floors	RSF	Vacant SF	Vacant %	Rate	CAF
14101-14201 Wireless Way	2001	3	147,492	18,491	13%	\$22.50	17%
14101-14201 Wireless Way							
14701 Quail Springs Parkway	2015	4	108,000	0	0%	\$21.00	17%
14701 Hertz Quail Springs Parkway							
2525 Expressway	1974	6	72,960	12,918	18%	\$14.00	15%
2525 Northwest Expressway							
3121 Quail Springs Parkway	1999	2	40,140	33,038	82%	\$20.00	12%
3121 Quail Springs Parkway							
3250 Parkway Center	2015	2	38,405	0	0%	\$26.00	13%
3250 Quail Springs Parkway							
4100 Perimeter Center	1982	3	47,317	9,583	20%	\$13.00	15%
4100 Perimeter Center Dr.							
4101 Perimeter Center	1982	3	47,317	14,364	30%	\$13.00	15%
4101 Perimeter Center Dr.							
4141 Northwest Expressway	1982	3	46,464	0	0%	\$16.00	16%
4141 Northwest Expressway							
4200 Perimeter Center	1982	2	61,327	1,878	3%	\$13.00	15%
4200 Perimeter Center Dr.							
4700 Gaillardia	2007	2	42,970	1,598	4%	\$25.00	15%
4700 Gaillardia Parkway							
4727 Gaillardia	2009	2	37,624	12,881	34%	\$24.00	18%
4727 Gaillardia Parkway							
4747 Gaillardia	2009	2	26,016	4,292	17%	\$24.00	18%
4747 Gaillardia Parkway							
4801 Gaillardia	2000	3	74,432	13,715	18%	\$24.00	18.4%
4801 Gaillardia Parkway							

2019 Year-End Oklahoma City Office Market Summary NORTHWEST SUBMARKET

Northwest	Year Built	Floors	RSF	Vacant SF	Vacant %	Rate	CAF
4811 Gaillardia 4811 Gaillardia Parkway	2008	3	41,450	0	0%	\$26.00	15%
5100 Brookline 5100 Brookline	1974	10	107,496	9,596	9%	\$17.50	15%
56 Expressway Place 5601 N.W. 72nd	1982	3	58,340	21,704	37%	\$17.00	11%
5909 NW 5909 Northwest Expressway	1982	7	101,146	27,321	27%	\$15.00	15%
6303 Portland 6303 N Portland Ave	1976	4	54,793	4,877	9%	\$17.50	15%
7720 NW 85th Terrace 7720 NW 85th Terrace	1998	1	35,862	35,862	100%	\$19.00	0%
7800 NW 85th Terrace 7800 N.W. 85th Terrace	1999	1	100,000	0	0%	\$19.00	0%
AAA Operations Center 3100 Quail Springs Parkway	2009	3	145,635	0	0%	\$20.00	0%
American Cancer Society 8400 Silver Crossing	2001	1	45,000	0	0%	\$17.50	0%
Atrium Towers 3501-3503 N.W. 63rd	1980	6	156,106	19,300	12%	\$17.50	16%
Avaya Building 14400 Hertz Quail Springs Parkway	1998	1	57,000	0	0%	\$22.50	0%
Bradley Square 2932 N.W. 122nd	1984	1	31,100	5,600	18%	\$16.00	0%
Brookline Offices 6051 N. Brookline	1972/2011	1	40,920	3,653	9%	\$14.00	12%
Caliber Park One & Two 14201-14301 Caliber Drive	2007	6	83,206	6,889	8%	\$21.00	17.2%
Center 3000 3000 United Founders Blvd.	1972	2	104,500	13,522	13%	\$14.00	12%
Chase Park 4323 NW 63rd St	1981	2	30,281	8,167	27%	\$14.00	16.5%
Commerce Center 9520 N. May	1982	3	65,857	29,043	44%	\$17.50	11%
Cross Rock I 13801 Wireless Way	1984	3	61,289	0	0%	\$22.00	15%
Cross Rock Place 3600 NW 138th	1992	2	60,049	14,045	23%	\$19.50	12.33%
Enterprise Plaza 5600 N. May	1981	3	92,180	39,931	43%	\$18.50	15%
FBI Building 3301 W. Memorial	1999	1	110,000	0	0%	\$24.00	0%
Five Corporate Plaza 3625 N.W. 56th	1980	3	49,486	0	0%	\$17.50	15%
Grand Centre 5400 N.W. Grand Blvd.	1979	5	101,217	16,401	16%	\$17.50	15%
IBC Center 3817 Northwest Expressway	1983	10	278,843	14,187	5%	\$23.00	15%
Jamestown Office Park 3037 N.W. 63rd	1972/79	2	75,884	12,425	16%	\$14.50	12%
Lake Park Tower 6525 N. Meridian	1983/2019	6	106,435	94,858	89%	\$17.50	18%
Lakepointe Towers 4005-4013 Northwest Expressway	1982	6	174,378	101,967	58%	\$18.00	15%
Lakepointe West 4045 N.W. 64th	1982	6	85,246	16,235	19%	\$15.25	15%
Lakeshore Tower 4301 N.W. 63rd	1982	3	32,250	600	2%	\$15.00	15%
Landmark Towers 3535-3545-3555 NW 58th	1969/72	10	306,960	54,748	18%	\$16.00	12%
Mercury Insurance Building 7301 Northwest Expressway	1986	2	100,103	10,000	10%	\$15.50	12.5%

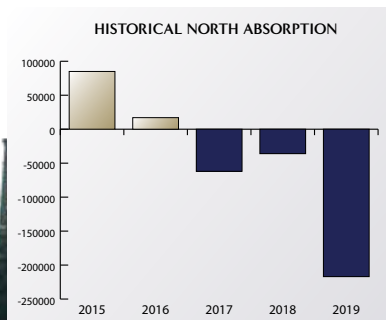
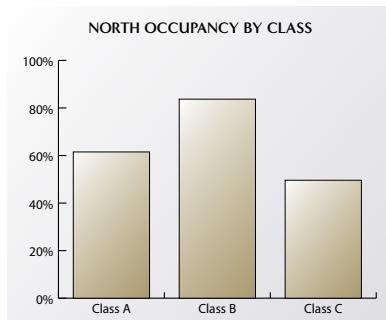
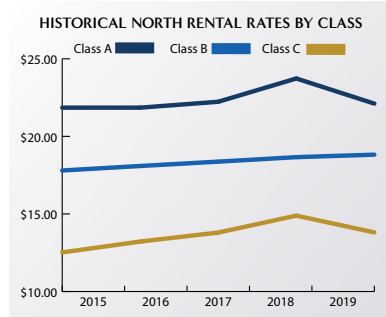
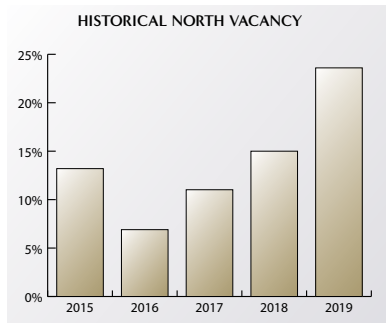
2019 Year-End Oklahoma City Office Market Summary NORTHWEST SUBMARKET

Northwest	Year Built	Floors	RSF	Vacant SF	Vacant %	Rate	CAF
North Shore Office Plaza 10900 Hefner Drive	2000	5	56,248	3,333	6%	\$23.50	16%
Northwest Office Center 4334 Northwest Expressway	1973	2	88,111	13,040	15%	\$15.00	15%
Oil Center 2601 Northwest Expressway	1973/1994	12	249,657	68,382	27%	\$18.00	13%
One Corporate Plaza 3525 NW. 56th	1979	1	63,011	4,591	7%	\$17.50	15%
Parkway Commons 13900 N. Portland	2003	2	40,729	6,485	16%	\$18.00	15%
Portland Plaza 5700 N. Portland	2016	3	35,426	6,289	18%	\$19.00	15%
Quail Commerce Center 3201 Quail Springs Parkway	1998	1	128,500	0	0%	\$18.50	0%
Quail Creek North 11032 Quail Creek Rd.	1973	2	36,124	5,003	14%	\$13.00	15%
Quail Ridge Tower 11212 N. May	1975	4	49,600	11,747	24%	\$14.00	15%
Quail Springs Parkway Plaza I & II 14000 Quail Springs Parkway	1986	6	298,610	83,691	28%	\$21.00	14%
Rees Plaza at East Wharf 9211 Lake Hefner Parkway	2002	3	40,998	0	0%	\$29.50	16.8%
Sprint PCS Building 8525 Silver Crossing	1999	1	89,132	0	0%	\$15.00	0%
St. Martins Building 9020 N. May	1990	2	59,712	0	0%	\$18.50	13%
The Parkway Building 3401 NW 63rd Street	1977	6	71,619	9,732	14%	\$18.50	15%
The Summit Building 5929 N. May	1975	5	50,000	538	1%	\$12.50	13%
Three Corporate Plaza 3613 NW. 56th	1980	3	51,607	6,035	12%	\$17.75	15%
Two Corporate Plaza 5555 NW. Grand Blvd.	1982	3	85,551	0	0%	\$15.00	14%
Union Plaza 3030 Northwest Expressway	1982	18	246,001	94,319	38%	\$21.00	14%
			5,424,112	996,874	18.4%	\$18.59	



2019 Year-End Oklahoma City Office Market Summary

NORTH SUBMARKET



2019 YEAR-END NORTH SUBMARKET REVIEW

- Aggregate vacancy rates increased from 15.0% to 23.6%
 - Class A vacancy increased from 29.6% to 38.5%
 - Class B vacancy increased from 7.8% to 16.3%
 - Class C vacancy increased from 35.6% to 50.4%
- Aggregate rental rates decreased from \$19.67 per SF to \$19.40 per SF.
 - Class A rental rates decreased from \$23.73 per SF to \$22.11 per SF.
 - Class B rental rates increased from \$18.66 per SF to \$18.93 per SF.
 - Class C rental rates decreased from \$14.89 per SF to \$13.81 per SF.
- The Oklahoma City North submarket experienced negative absorption of 217,000 SF in 2019 due to large tenant relocations and accurate reporting at Central Park I & II.

2020 NORTH SUBMARKET FORECAST

- Vacancy rates will rise.
- Rental rates will be fairly flat.

North	Year Built	Floors	RSF	Vacant SF	Vacant %	Rate	CAF
1001 Wilshire 1001 W Wilshire Blvd	2003	4	50,376	5,214	10%	\$17.50	13%
4345 N. Lincoln 4345 N. Lincoln	2014	3	160,000	0	0%	\$15.00	0%
50 Penn Place 1900 NW Pennsylvania	1973	16	178,315	20,204	11%	\$19.00	12%
5100 Circle Building 5100 N. Classen Blvd.	1981	6	74,799	0	0%	\$17.50	14%
5701 N. Shartel 5701 N. Shartel	1982	4	97,102	0	0%	\$18.00	13%
7 & 9 Broadway Executive Park 200 NW 66th	1979	1	30,505	4,610	15%	\$17.50	0%

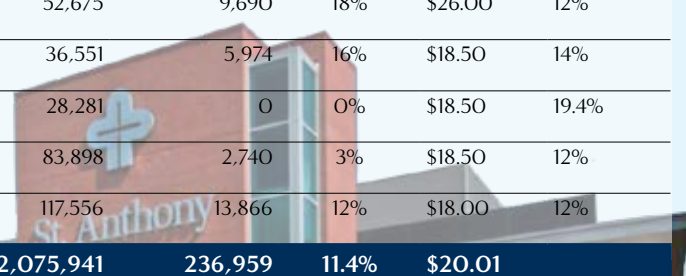
2019 Year-End Oklahoma City Office Market Summary NORTH SUBMARKET

North	Year Built	Floors	RSF	Vacant SF	Vacant %	Rate	CAF
9400 Broadway 9400 N. Broadway	1984	8	152,959	77,044	50%	\$19.50	15%
Broadway North 7301 N. Broadway	1974/2008	2	27,456	6,548	24%	\$17.00	13%
Broadway Plaza 16 NW 63rd	1982	3	50,726	0	0%	\$12.00	13%
Broadway Sixty-Eight 6801 N. Broadway	1979	4	40,000	2,783	7%	\$15.00	14%
Cedar Lake Plaza 701 Cedar Lake Blvd.	2003	4	155,552	50,112	32%	\$21.00	18%
Central Park One 525 Central Park Dr.	1983	6	113,134	10,994	10%	\$19.00	14%
Central Park Two 515 Central Park Dr.	1984	6	126,286	57,114	45%	\$19.00	14%
Chase Bank Building 1200 NW 63rd St	1981	4	34,701	0	0%	\$20.00	15%
Chesapeake Energy Building 13 900 NW 63rd Street	2009	5	129,920	129,920	100%	\$21.00	10%
Columbus Square 1001 NW 63rd	1982	3	36,559	13,155	34%	\$18.00	15%
First Mortgage Building 6701 N. Broadway	1974	3	48,700	7,560	16%	\$22.00	12%
Five North Broadway 6601 N. Broadway	1972	3	44,805	1,700	4%	\$16.25	15%
Harvey Parkway 301 NW 63rd	1982	6	97,912	0	0%	\$20.00	17%
Market Center I 701 Market Dr	2008	2	46,368	0	0%	\$22.75	0%
Market Center II 713 Market Dr	2009	2	50,000	0	0%	\$22.75	12%
Market Center III 715 NE 122nd	2016	2	65,000	5,242	8%	\$26.00	0%
Market Center IV 901 NE 122nd Street	2015	2	30,000	0	0%	\$24.00	0%
Nichols Hills Executive Center 1000 W. Wilshire	1979	2	55,000	195	0%	\$23.50	0%
One Broadway Center 100 NW 63rd	1980	3	34,984	0	0%	\$16.50	9%
One Broadway Executive Park 201 NW 63rd	1979	3	58,832	7,507	13%	\$17.50	12%
One Western Plaza 5500 N. Western	1977	2	52,715	27,669	52%	\$16.00	15.5%
Paragon Building 5801 N. Broadway	1981	5	110,791	20,632	19%	\$19.50	19.5%
Penn Park 5001-5005-5009-5015 N. Penn	1974	3	78,643	64,166	82%	\$13.50	13%
Registry 2200 NW 50th	1980	2	93,167	13,594	15%	\$14.00	15%
Reserve National Building 601 E. Britton	2009	3	48,830	0	0%	\$27.50	0%
Richmond Square 4900 Richmond Square	1983/2006	2	27,901	7,889	28%	\$14.50	12%
Santa Fe North 6 NE. 63rd	1981	4	44,000	0	0%	\$15.50	14%
The Commons on Broadway 11600 Broadway Extension	2009	3	49,417	9,433	19%	\$23.50	18.5%
Three Broadway Executive Park 6501 N. Broadway	1977	3	45,256	11,255	25%	\$17.50	10%
Two Broadway Executive Park 205 NW 63rd	1980	3	52,205	7,990	15%	\$17.50	11%
Valliance Tower 1601 Northwest Expressway	1983	22	299,137	99,718	33%	\$22.00	17.8%
Waterford A 6301 Waterford Blvd.	1983	4	137,906	43,189	31%	\$22.50	16%
Waterford B 6303 Waterford Blvd.	1983	2	33,469	4,538	14%	\$22.50	16%
Waterford C 6305 Waterford Blvd.	1983	4	79,717	0	0%	\$22.50	16%
Waterford D 6307 Waterford Blvd.	1983	2	33,789	6,881	20%	\$22.50	16%
Totals			3,176,934	748,714	23.6%	\$19.40	

2019 Year-End Oklahoma City Office Market Summary

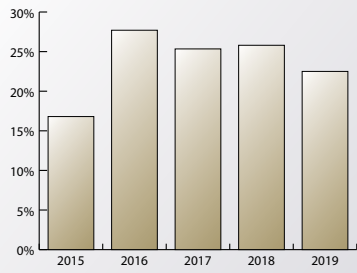
MEDICAL OFFICE SUBMARKET

Medical	Year Built	Floors	RSF	Vacant SF	Vacant %	Rate	CAF
Coppertree Centre 3727 N.W. 63rd	1982	3	26,928	6,029	22%	\$18.50	10%
Deaconess Medical North 5701 N Portland Ave	1996	3	55,209	14,928	27%	\$21.75	0%
Deaconess Medical South 5401 N Portland Ave	1991	6	119,726	43,252	36%	\$21.75	0%
Edgewater Medical Center 3705 NW 63rd Street	2006	2	42,187	12,092	29%	\$22.00	15%
McAuley Physician Offices 4205 McAuley Blvd	1986	4	115,821	23,732	20%	\$19.50	12%
Memorial Springs Medical Building 13100 N. Western	2017	3	61,410	10,201	17%	\$26.00	0%
Meridian Medical Tower 13321 N. Meridian Ave.	1984	4	47,920	5,418	11%	\$19.00	10%
NeuroScience Institute 4120 W Memorial Rd	1998	3	54,558	0	0%	\$22.00	12%
Northwest Medical Center 3330 NW 56th St	1981	6	81,705	1,399	2%	\$19.50	13.4%
Parkway Commons Medical Center 14100 Parkway Commons Dr	2008	2	27,000	0	0%	\$21.00	15%
Parkway Medical Center 3500 NW 56th St	1980	2	22,365	0	0%	\$20.00	10%
Pasteur Medical Building 1111 N. Lee Ave.	1959	5	83,858	49,039	58%	\$15.00	15%
Physicians & Surgeons Bldg 1211 N Shartel Ave	1962	11	111,740	19,319	17%	\$14.50	0%
Physicians Bldg - A 3435 NW 56th St	1970	10	68,349	5,712	8%	\$17.00	14%
Physicians Bldg - B 3433 NW 56th St	1986	9	128,030	0	0%	\$20.50	14%
Physicians Bldg - C 3400 NW Expressway	1975	8	75,158	4,719	6%	\$17.00	14%
Physicians Bldg - D 3366 NW Expressway	1994	8	120,813	1,359	1%	\$19.00	14%
Plaza Physician Offices 4140 W Memorial Rd	1992	7	70,050	0	0%	\$21.00	12%
Presbyterian Professional Bldg 711 Stanton L Young	1995	4	91,122	0	0%	\$14.00	15%
Quail Brook Medical 13901 McAuley Blvd	2008	3	34,222	0	0%	\$21.50	15%
Saints Medical Plaza 535 NW 9th St	2008	5	82,010	0	0%	\$30.00	16.9%
SMC Medical Office Bldg 4200 S Douglas Ave	1967	3	29,054	4,965	17%	\$14.50	0%
SMC Medical Plaza 4221 S Western Ave	1994	5	58,648	0	0%	\$17.50	0%
St. Anthony Healthplex East 3400 S. Douglas Blvd.	2012	3	52,675	0	0%	\$26.00	12%
St. Anthony Healthplex North 13401 N. Western	2015	4	96,422	2,525	3%	\$26.00	0%
St. Anthony Healthplex South 13500 S. Tulsa Ave	2011	3	52,675	9,690	18%	\$26.00	12%
St. Anthony North 6205 6205 N Santa Fe Ave	1998	2	36,551	5,974	16%	\$18.50	14%
St. Anthony North POB 6201 N Santa Fe Ave	1990	2	28,281	0	0%	\$18.50	19.4%
St. Anthony Prof. Bldg 608 NW 9th St	1987	6	83,898	2,740	3%	\$18.50	12%
Tower Physicians Offices 4200 W Memorial Rd	1986	11	117,556	13,866	12%	\$18.00	12%
			2,075,941	236,959	11.4%	\$20.01	

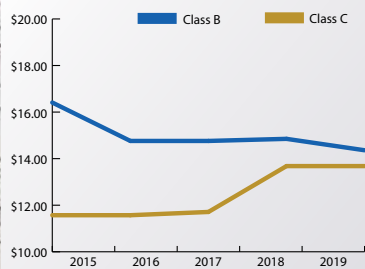


2019 Year-End Oklahoma City Office Market Summary MIDTOWN SUBMARKET

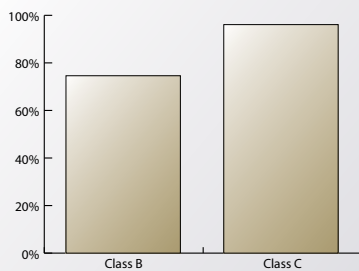
HISTORICAL MIDTOWN VACANCY



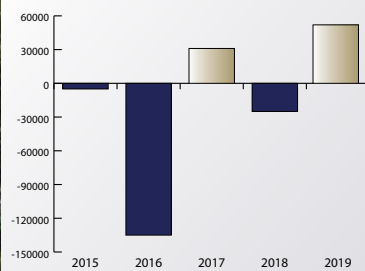
HISTORICAL MIDTOWN RENTAL RATES



MIDTOWN OCCUPANCY



HISTORICAL MIDTOWN ABSORPTION



2019 YEAR-END MIDTOWN SUBMARKET REVIEW

- Aggregate vacancy rates decreased from 25.8% to 22.5%
 - Class B vacancy rates decreased from 29.1% to 25.4%
 - Class C vacancy rates decreased from 4.8% to 3.9%
- Aggregate rental rates decreased from \$14.68 per SF to \$14.27 per SF.
 - Class B rental rates decreased from \$14.85 per SF to \$14.36 per SF.
 - Class C rental rates were flat at \$13.68 per SF.
- The Midtown's Submarket experienced absorption of 52,000 SF.

2020 MIDTOWN SUBMARKET FORECAST

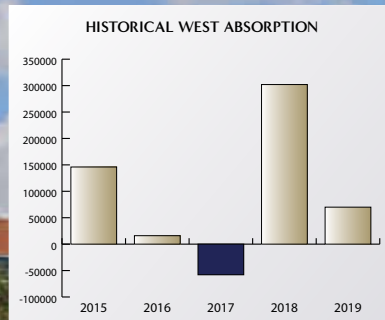
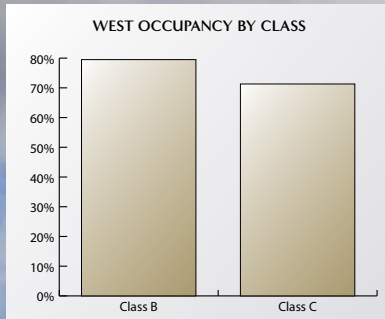
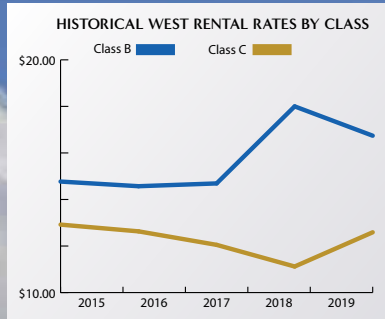
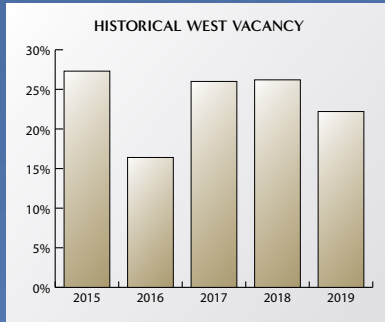
- Vacancy rates should improve as 2000 Classen continues to backfill American Fidelity space.
- Rental rates will remain at or near current levels.

2019 Year-End Oklahoma City Office Market Summary MIDTOWN SUBMARKET

Midtown	Year Built	Floors	RSF	Vacant SF	Vacant %	Rate	CAF
2000 Classen Center	1965	10	326,406	82,596	25.3%	\$15.00	13%
2000 N Classen Blvd							
4801 Classen Building	1974	2	33,151	0	0%	\$11.00	0%
4801 N Classen Blvd							
Cameron Building	1955/57	5	81,493	7,567	9%	\$14.00	15%
2901 Classen Blvd							
Classen Park I	1980	2	52,800	15,193	29%	\$14.00	15%
3700 N Classen Blvd							
Classen Park II	1982	3	52,800	0	0%	\$13.00	15%
3800 N Classen Blvd							
Colcord Center	1966/2007	3	77,259	0	0%	\$14.50	15%
421 NW 13th Street							
Santa Fe Building	1954/82/16	4	64,239	1,890	3%	\$11.00	10%
3814 N. Santa Fe Ave.							
Shepherd Center	1964/95	2	709,000	206,341	29%	\$14.50	0%
2401 NW 23rd Street							
			1,397,148	313,587	22.4%	\$14.27	

2019 Year-End Oklahoma City Office Market Summary

WEST SUBMARKET



2019 YEAR-END WEST SUBMARKET REVIEW

- Aggregate vacancy rates decreased from 26.2% to 22.2%
 - Class B vacancy totals decreased from 25.9% to 20.5%
 - Class C vacancy totals decreased from 45.5% to 28.7%
- Aggregate rental rates decreased from \$16.80 per SF to \$15.88 SF
 - Class B rental rates decreased from \$18.00 per SF to \$16.74 per SF.
 - Class C rental rates increased from \$11.12 per SF to \$12.59 per SF.
- The West Oklahoma City Office Market experienced positive absorption of 70,000 SF

2020 WEST SUBMARKET FORECAST

- Vacancy rates should continue to improve.
- Rental rates in the submarket should remain near current levels.

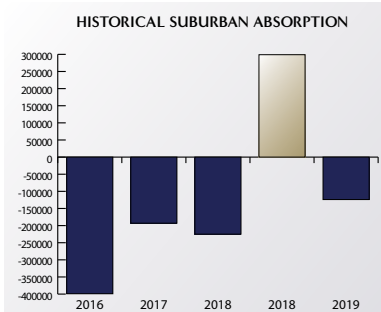
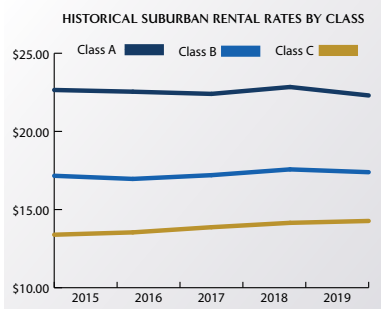
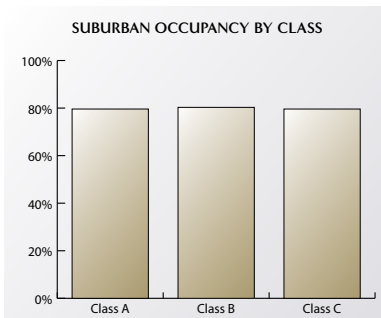
WEST



2019 Year-End Oklahoma City Office Market Summary WEST SUBMARKET

West	Year Built	Floors	RSF	Vacant SF	Vacant %	Rate	CAF
300 Meridian Place 300 N Meridian Ave	1982	2	81,227	44,650	55%	\$12.00	11%
Bank 2 Tower 909 S. Meridian	1975	7	65,520	4,935	7%	\$14.00	12%
Metro Office Park 4300 Highline Blvd.	1981	3	74,909	14,083	19%	\$12.00	0%
OKCWorks - OKC20 7725 W. Reno Avenue	1963	4	160,000	0	0%	\$17.50	15%
OKCWorks - OKC30 7725 W. Reno	1963/2016	1	290,000	55,000	19%	\$17.50	15%
Sovereign Office Park 1300 Sovereign Row	1983	1	42,260	0	0%	\$12.00	0%
The Parkway 1300 S. Meridian	1982	6	96,960	37,244	38%	\$14.50	15%
Westgate One 10401 W. Reno	2017	5	200,000	80,000	40%	\$18.50	10%
Will Rogers Office Park 1 4400 Will Rogers Parkway	1984	1	52,779	0	0%	\$11.50	16%
Totals			1,063,655	235,912	22.2%	\$15.88	

2019 Mid-Year Oklahoma City Office Market Summary SUBURBAN SUBMARKET



2019 YEAR-END SUBURBAN SUBMARKET REVIEW

- Aggregate vacancy rates increased from 20.1% to 20.8%
 - Class A vacancy increased from 19.8% to 24.4%
 - Class B vacancy increased from 18.0% to 19.7%
 - Class C vacancy decreased from 20.5% to 20.4%
- Aggregate rental rates fell from \$18.23 per SF to \$17.98 per SF.
 - Class A rental rates decreased from \$22.84 per SF to \$22.30 per SF.
 - Class B rental rates decreased from \$17.57 per SF to \$17.45 per SF.
 - Class C rental increased from \$14.15 per SF to \$14.27 per SF.
- Suburban Oklahoma City experienced negative absorption of 124,000 SF during 2019.

2020 SUBURBAN SUBMARKET FORECAST

- Suburban rental rates should remain near current levels
- Suburban vacancy rates should increase as mergers and more space is added to inventory due to consolidation.

Suburban Submarket Totals

11,061,849 2,295,087 20.8% \$18.02



2019 Oklahoma City Office Sales

2019 was another year of respectable investment activity for the Oklahoma City office market. Overall, there were eight transactions; this reflects buildings containing at least 25,000 square feet and does not include medical office buildings which are considered a separate asset class. Of note, none of the sales involved downtown assets, which has not happened for several years.

The most significant office building sale was Union Plaza, a 246,000 square foot, eighteen story, Class A property on NW Expressway. It sold for \$21,850,000, just under \$90.00 per square foot. The price struck some as low but it suffered from a vacancy rate of 30%. The purchaser is an experienced Colorado based investment group with plans to invest in common area upgrades and better position the property in an increasingly competitive leasing environment.

Other noteworthy transactions include the Patterson-UTI corporate facility on 63rd street, just west of I-235, which sold to a Tulsa investor; the Stryker building at 11th & Robinson in MidTown which sold out of receivership to Richard McKown who has plans to renovate it for a combination of office and residential use; and the sale of the Chaparral Energy headquarters building for \$17,700,000 to a local investment group which includes its former CEO.

The highest price per square foot sale involved the 30,000 square foot building at 901 NE 122nd. It sold for \$8,750,000, almost \$300 per square foot. It is leased to two government tenants and was purchased by the General Services Administration.

While there were no downtown sales this year, it is expected that several high quality buildings will come on the market in 2020. Given

the continued improvements in downtown and the recent passage of MAPS 4, it is expected these assets will be considered by both the real estate investor community, as well as potential corporate users.

As always, a solid understanding of market fundamentals, proper underwriting, and realistic views of both effective rental rates and lease-up horizons are critical to generating competitive investor returns.

