

THIRD QUARTER
INDUSTRIAL MARKET REPORT

2024

OKLAHOMA CITY, OKLAHOMA

Q3

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Q3 Industrial Market Report

2024



EXECUTIVE SUMMARY

The Oklahoma City industrial market in Q3 2024 presented notable adjustments, particularly around rental rates and vacancy levels, suggesting a recalibration in response to broader economic trends. Rental rates have consistently risen each quarter since Q2 2023, yet the current overall rate has dipped to \$7.71/SF/YR, marking the lowest point since Q4 2021. This decrease in rental rates is primarily driven by rising vacancy levels, reaching 5.1% in Q3 2024 as landlord's work to fill their vacancies. However, as some of this speculative space has started to lease, Class A vacancy rates are showing signs of stabilizing, reflecting steady demand for higher-quality space.



Rental rates and vacancy varied by submarket, with the Edmond submarket boasting the tightest vacancy at 0.87% and the highest asking rents at \$9.25/SF. Class-A rents averaged \$7.69/SF, while vacancy fell below 5.4% for spaces larger than 30,000 SF, indicating demand for larger floor plates in more centralized areas.

While total inventory grew to 140M SF with ongoing construction activity, leasing activity is steady, though net absorption remains modest at 211,380 SF. Positive absorption in Class-B and Class-C properties, following earlier negative quarters, indicates demand in these segments, while the Class A market is seeing a recalibration as users gradually fill new speculative developments.

Transaction volume saw a modest increase to 60 transactions up from 48 transactions in Q2 24', while the average price per SF dipped to \$79 from \$85.18. The largest sale was a \$5.9M NNN investment sale purchased by Beaverdale Investments for \$98.31/SF their first transaction in this market. The OKC market cap rates continue to rise, moving up to 7.8% from 6.5% a year ago, continuing to make it an attract destination for out-of-market investors.

Oklahoma City's industrial market stands in contrast to national trends, with a local vacancy rate of 5.1%, notably below the national average of 6.4%. This suggests stronger demand in OKC, even as vacancy rates in the area have climbed recently due to sector adjustments and new deliveries. OKC's industrial cap rates remain above the national average, making the region appealing to investors seeking yield. OKC is well-positioned for renewed growth, supported by both its favorable vacancy rates, business friendly environment, and its resilience to broader market conditions. This stabilization could positively impact leasing and investor activity in the coming quarters, particularly as national demand for industrial space remains robust.

Zac McQueen
Partner / Vice-President Industrial

Leasing Activities

		YOY Change
Total Inventory	140,024,379 SF	Increase (136,547,730 SF)
Total Net Absorption	211,380 SF	Decrease (450,857 SF)
Overall Rental Rate	\$7.71/SF/YR/NNN	Decrease (\$8.22/SF/YR/NNN)
Total Vacancy Rate	5.1%	Increase (4.6%)
Under Construction	1,626,367 SF	Decrease (4,396,396 SF)

Sales Activities

		YOY Change
Number of Transactions	62	Decrease (50)
Total Sales Volume	\$47,828,260	Increase (\$34,382,000)
Average Price per Bldg. SF	\$79.00	Decrease (\$85.18)

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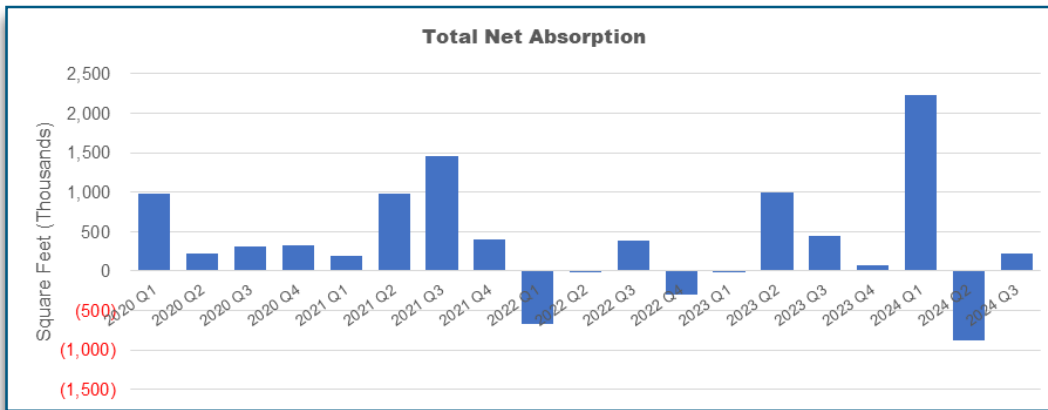
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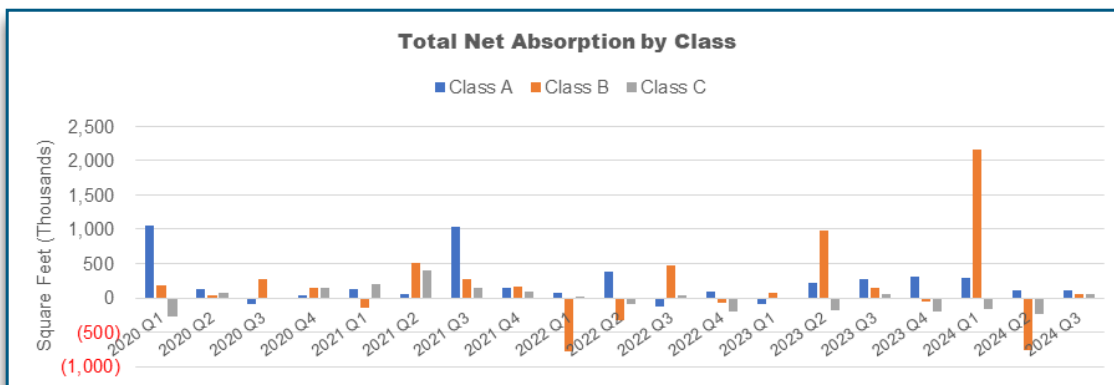
OKLAHOMA CITY INDUSTRIAL MARKET LEASING

Some of the largest industrial lease signings during Q3 2024 include the 80,000 SF industrial warehouse lease at 3800 S. Harmon Avenue in Oklahoma City reportedly signed by Lincoln Electric. Another was the 110,000 SF industrial lease at 5500 W. Reno Avenue Suite 200-300 reportedly signed by ATC Drivetrain.

NET ABSORPTION AND INVENTORY



- The total net absorption was a positive 211,380 SF at the end of Q3 2024
- The total net absorption increased from the negative 885,862 SF at the end of Q2 2024
- The total inventory was 140,024,379 SF at the end of Q3 2024
- The total inventory increased from the 139,579,059 at the end of Q2 2024



- Class-A net absorption was a positive 110,160 SF, which decreased from the positive net absorption of 110,408 SF at the end of Q2 2024
- Class-B net absorption was a positive 49,272 SF, which increased from the negative net absorption of 766,757 SF at the end of Q2 2024
- Class-C net absorption was a positive 51,948 SF, which decreased from the negative net absorption of 229,513 at the end of Q2 2024

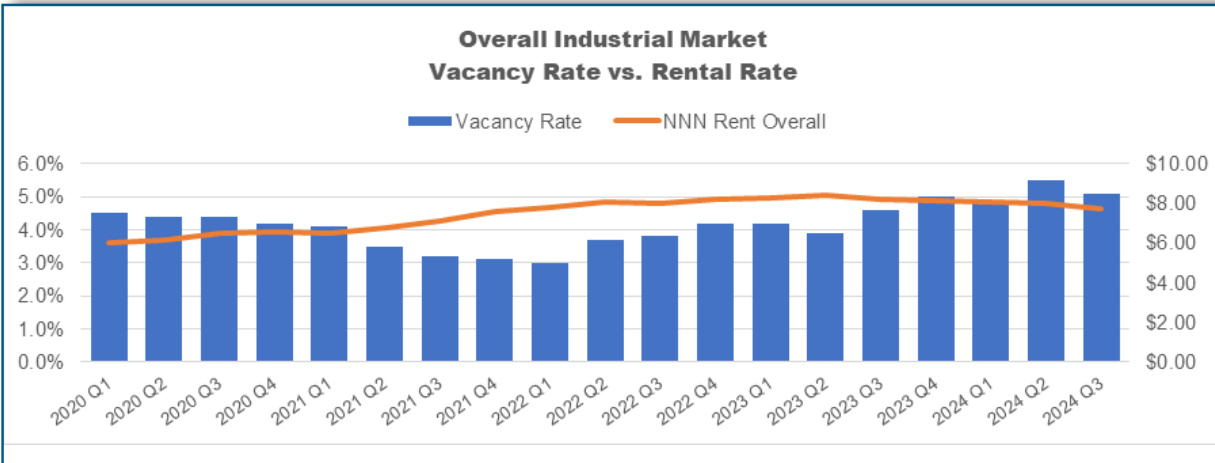


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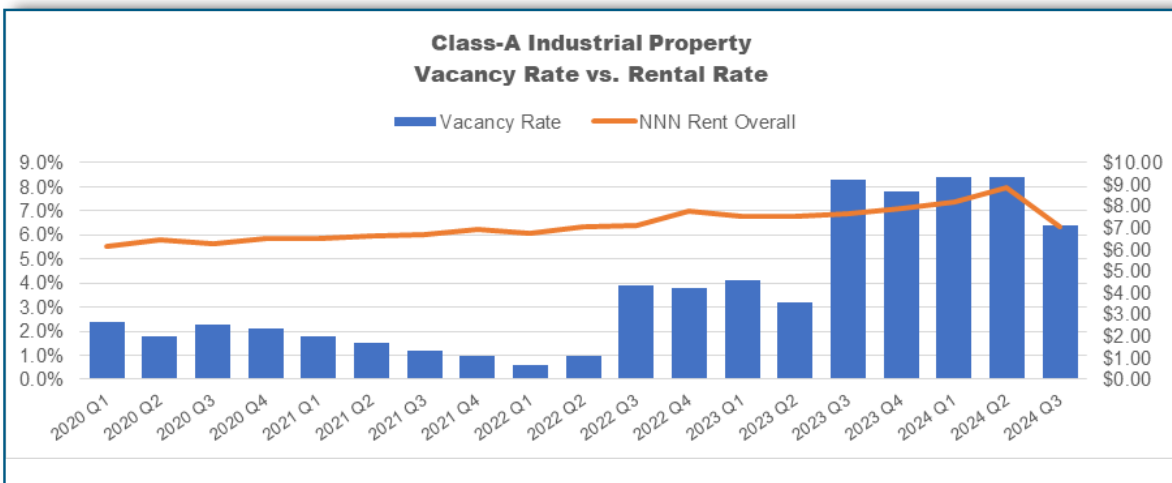
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RENTAL AND VACANCY RATES



- The overall industrial rental rate was \$7.71/SF/YR/NNN at the end of Q3 2024, down from \$7.99 SF/YR/NNN in Q2 2024, representing a 3.63% decrease in rental rates
- The overall industrial vacancy rate was 5.1% at the end of Q3 2024
- The overall industrial vacancy rate decreased from the 5.5% at the end of Q2 2024



- Class-A property rental rate averaged \$7.04/SF/YR/ NNN at the close of Q3 2024, showing a decrease from the \$8.88/SF/YR/NNN in Q2 2024, reflecting a 26% rise in rental rates
- Class-A property vacancy rate was 6.4% at the end of Q3 2024
- Class-A property vacancy rate decreased from the 8.4% at the end of Q2 2024

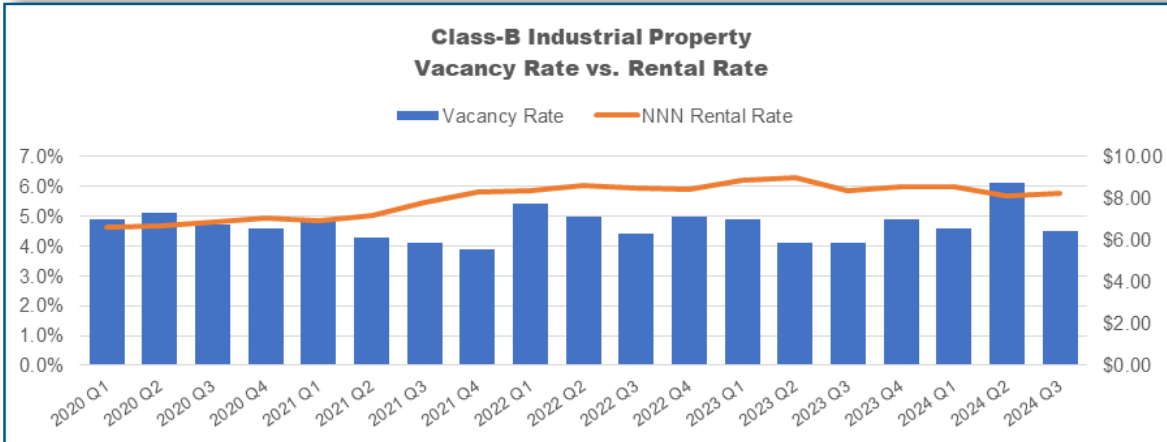


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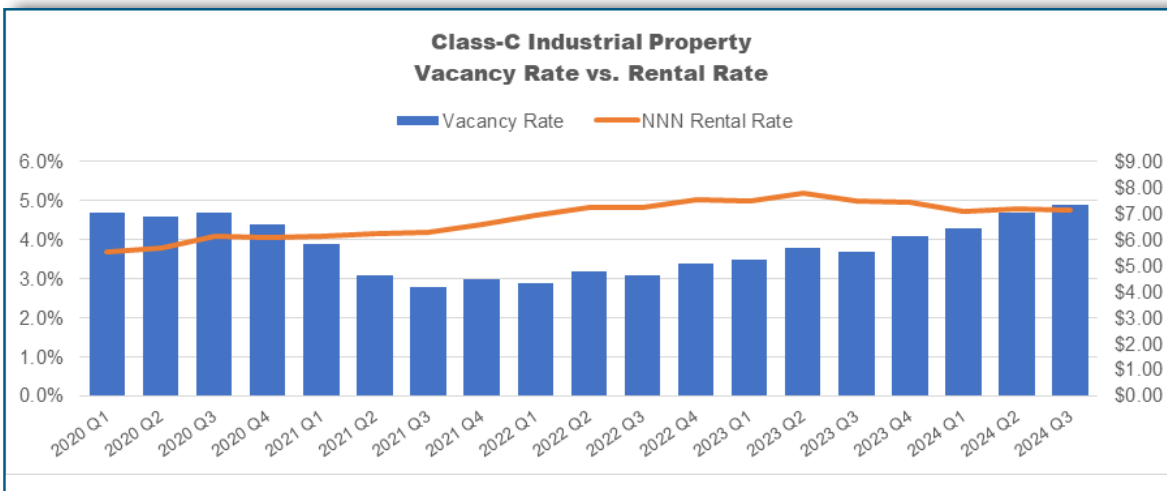
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RENTAL AND VACANCY RATES



- Class-B property rental rate averaged \$8.24/SF/YR/ NNN at the conclusion of Q3 2024, marking an increase from the \$8.15/SF/YR/ NNN observed in Q2 2024, indicating a 1.09% decrease in rental rates
- Class-B property vacancy rate was 4.5% at the end of Q3 2024
- Class-B property vacancy rate decreased from the 6.1% at the end of Q2 2024



- Class-C property rental rate averaged \$7.13/SF/YR/ NNN at the conclusion of Q3 2024, registering a decrease from the \$7.18/SF/YR/ NNN observed in Q2 2024, indicating a 0.70% increase in rental rates
- Class-C property vacancy rate was 4.9% at the end of Q3 2024
- Class-C property vacancy rate increased from the 4.7% from Q2 2024



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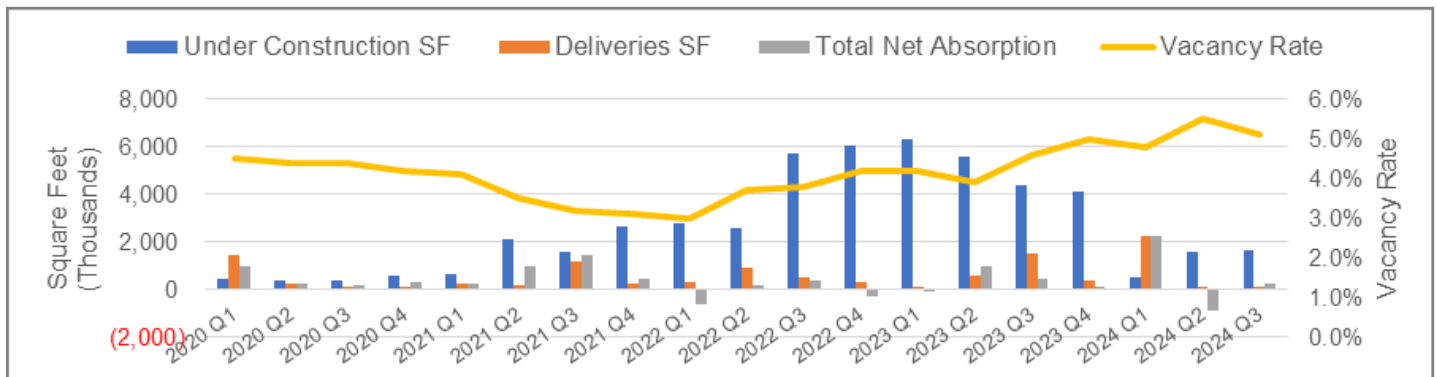
OKC INDUSTRIAL MARKET INFORMATION BY SUBMARKET

	OKC East	OKC Central	OKC West	OKC South	Edmond	Moore/Norman
Rent per SF	\$7.12	\$7.08	\$7.03	\$7.15	\$9.25	\$9.35
Vacancy Rate	4.32%	6.02%	5.19%	3.44%	0.87%	5.6%
Existing Buildings	419	678	711	1,010	307	575
12 Months Net Absorption SF	31K	63K	-272K	-72K	132K	-87K

	Class-A	Class-B	Class-C
Rent per SF	\$7.69	\$8.18	\$7.98
Vacancy Rate	6.4%	4.6%	5.1%
Existing Buildings	118	2,087	4,326
12 Months Net Absorption SF	3.3M	134K	-335K

	Up to 30,000 SF	From 30,000 SF
Rent per SF	\$8.88	\$7.56
Vacancy Rate	4.77%	5.40%
Existing Buildings	5,875	808
12 Months Net Absorption SF	371K	2.8M

CONSTRUCTION, DELIVERY, NET ABSORPTION & VACANCY RATE



There was 1,626,367 SF of industrial space under construction at the end of Q3 2024. The largest industrial property under construction is the 120,000 SF distribution building at 2501 E. I-240 Service Road in Oklahoma City, which is scheduled to be delivered in December 2024. We are seeing asking rental rates for under construction industrial properties average \$9.45/SF/YR in the Oklahoma City market at the end of Q3 2024.



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NOTABLE PROPERTIES UNDER CONSTRUCTION

Property Address	City	RBA	Delivery Time
2500 E. I-240 Service Road	Oklahoma City	120,000 SF	December 2024
7210 N.E. 36th Street	Oklahoma City	102,185 SF	January 2025
2200 E. I-240 Service Road	Oklahoma City	80,000 SF	October 2024
2300 E. I-240 Service Road	Oklahoma City	80,000 SF	October 2024
8601 N. I-35 Service Road	Oklahoma City	80,000 SF	November 2024

OKLAHOMA CITY INDUSTRIAL MARKET SALES

Summary

		YOY Change
Number of Transactions	60	Increase (50)
Total Sales Volume	\$48,318,260	Increase (\$34,982,000)
Total Bldg. SF	877,981 SF	Increase (904,777 SF)
Total Land in Acres	198.1 Acres	Increase (197.7 Acres)
Average Price per Bldg. SF	\$71.00	Decrease (\$65.00)
Median Price per Bldg. SF	\$78.56	Increase (\$65.03)
Average Cap Rate	10.4%	Increase (7.60%)

There were 60 transactions totaling \$48,318,260 recorded during the third quarter of 2024. The largest individual sale based on dollar volume was the sale of the warehouse at 3800 S. MacArthur Boulevard in Oklahoma City a Multi-Tenant NNN Investment property was purchased by Beaverdale Investments, L.L.C from Precor Ruffin Properties for \$5,900,000 or \$98.31/SF, on August 1, 2024.





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NAI OKC MARKET SIGNIFICANT INDUSTRIAL SALE TRANSACTIONS DURING Q3 2024



Property Address: 3800 S. MacArthur Boulevard-OKC
Sale Price: \$5,900,000
Price per SF: \$98.31/SF
Sale Date: 8/1/2024



Property Address: 2133 S.E. 15th Street-OKC
Sale Price: \$3,800,000
Price per SF: \$126.04/SF
Sale Date: 8/2/2024



Property Address: 3021 N.E. 50th Street-OKC
Sale Price: \$3,250,000
Price per SF: \$183.68/SF
Sale Date: 8/12/2024



Property Address: 607-611 N. Western Avenue-OKC
Sale Price: \$3,050,000
Price per SF: \$152.87/SF
Sale Date: 7/16/2024



Property Name: 201 Jensen Road-EL RENO
Sale Price: \$3,000,000
Price per SF: \$80.00/SF
Sale Date: 9/4/2024



Property Name: 4235 S. Eastern Avenue-OKC
Sale Price: \$2,350,000
Price per SF: \$32.23/SF
Sale Date: 7/24/2024

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NAI Sullivan Group strives for excellence in all facets of real estate services in order to maintain our position as an industry leader. Our team transforms forward-thinking ideas into cutting-edge applications to achieve maximum results for our clients, company, and community.

For more information, please visit our website: www.naisullivangroup.com

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