

# OKC

## VITALITY REPORT FOCUS: OFFICE

### OKC OVERVIEW

Type of City Government: Mayor-Council

Land Area: 620 sq miles

1.42M

2021 OKC MSA Population

\$57,370

2021 Median HH Income

25TH

25th Largest U.S. City

4.8%

Unemployment Rate Dec. 2020

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

Development of the Innovation District

#### CHALLENGES

Ongoing fatigue and drag on the market from the COVID-19 pandemic

Making workplaces safe for employees to return

Oil and gas sector contracting/future of Chesapeake Energy

#### ANALYSIS | IMPACT TO CRE

The Oklahoma City office market continued to show telltale signs of a subtle improvement coming into 2021 after the COVID-19 pandemic disrupted the world in 2020.

The U.S. Bureau of Labor Statistics showed the OKC metro's unemployment rate at 4.8% coming into 2021 after spiking to 14.8% in April 2020. It put OKC's unemployment seventh lowest for metro areas with populations over 1 Million in the U.S.

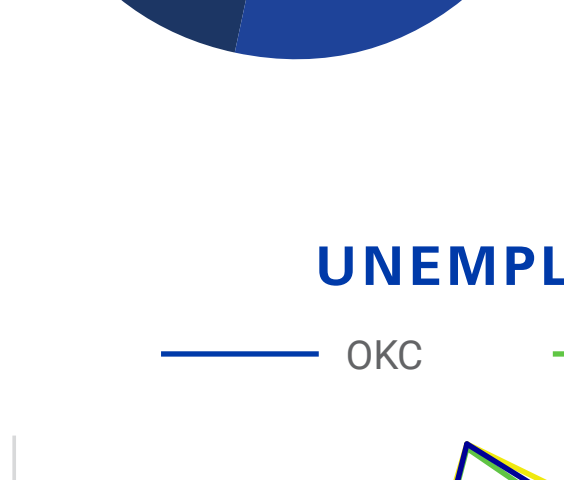
Many companies embraced a hybrid working model to bring employees back to their offices as the pandemic stretched out, which allowed workers to split their workdays between home and the office.

While the hybrid model will remain in place until at least mid-2021, we anticipate workers will slowly begin to feel safer coming to work, increasing office space demand.

Employers recognize that while virtual meetings became necessary and proved effective, many employees benefit from face-to-face collaboration with colleagues.

### ECONOMIC ANALYSIS

#### INDUSTRY DIVERSITY



- 20.2% Government
- 17.9% Trade, Transportation, and Utilities
- 15.0% Education and Health Services
- 13.3% Professional and Business Services
- 10.7% Leisure and Hospitality
- 5.3% Financial Activities
- 5.0% Manufacturing
- 5.0% Construction
- 4.4% Other Services
- 2.1% Mining and Logging
- 1.0% Information

Averages from 2020 | Source: US BLS

#### UNEMPLOYMENT RATE 2020



Source: Bureau of Labor Statistics

#### MAJOR EMPLOYERS

Company	Employees	Sector
Hobby Lobby Stores Inc.	6,500	Retail
Amazon	5,000	Retail
The Boeing Co.	4,200	Aerospace
Paycom	3,000	Technology
Devon Energy	2,500	Energy
MidFirst Bank	2,500	Finance
Sonic	2,460	Retail
Dell	2,300	Business Services
American Fidelity	1,995	Finance
BancFirst	1,700	Finance
Love's Travel Stops & Country Stores	1,500	Retail
Continental Resources	1,080	Energy

Source: Greater OKC Chamber

#### RENTAL RATES AND VACANCY



Source: NewmarkRP

#### 2021 1Q OFFICE MARKET SUMMARY

Submarket	Market Size (SF)	Vacant (SF)	Availability	Net Absorption (Quarterly)	Net Absorption (YTD)	Asking Rent (Average Class A and B)
CBD	5,967,394	1,669,814	27.9%	-80,668	-80,668	\$23.36
Midtown	841,969	213,512	25.4%	30,229	30,229	\$28.50
North	1,579,385	498,896	32.3%	-21,990	-21,990	\$20.68
Northwest	5,762,134	1,606,508	27.4%	538	538	\$22.16
South	985,341	190,928	19.5%	-9,839	-9,839	\$18.50
<b>Total</b>	<b>15,136,223</b>	<b>4,179,658</b>	<b>27.5%</b>	<b>-81,730</b>	<b>-81,730</b>	<b>\$21.83</b>

Source: NewmarkRP

#### MAJOR OFFICE TRANSACTIONS IN 2020

The three most significant office sale transactions in 2020 were the Boeing Co. portfolio, the former SandRidge Energy tower, and the former Hertz building. A California investor bought three buildings occupied by Boeing in SE OKC for \$125 million. The State of Oklahoma purchased the former SandRidge properties, including a parking garage, for \$35.5 million. Costco purchased the former Hertz building in NW OKC for \$25.4 million as an operations center for more than 1,000 employees.

#### NEW CORPORATE HEADQUARTERS

Two long-established Oklahoma companies are working on new and renovated headquarters. BancFirst purchased the former Cotter Ranch Tower downtown. A \$63 million renovation to the 506,682 SF tower will provide a home for the bank and 425 employees. Dolese Bros. is leaving downtown for a new 77,773 SF headquarters along Broadway Extension in the mixed-use development The Half. Dolese will move about 150 employees.

#### DOWNTOWN OKC OFFICE HIGHLIGHTS

OKC's core welcomed thousands of new employees in 2020. Heartland Payment Systems completed its 110,000 SF building on Automobile Alley and took another 100,000 SF in Bricktown, bringing nearly 1,000 employees downtown. Another nearly 2,000 state employees are moving into Oklahoma Commons (formerly SandRidge), and BancFirst will consolidate 450 employees in its tower.

Arvest bank leased 40,000 SF in the former BOK building and will bring about 70 employees downtown.

First National Center's former 1 million square feet of office space is under renovation to be a 149-unit Marriot Autograph Collection hotel, 193 high-end apartments, retail space, and a parking garage.

#### ANNOUNCEMENTS & DEVELOPMENT

##### Innovation District

Encompassing the OU Health Sciences Center and the OSU Energy Innovation Center, a partnership between Robinson Park and Gardner Tanenbaum will develop 2.7 acres to house state-of-the-art facilities to promote cross-sector collaboration in aerospace, aviation, bioscience, and technology.

##### The Nicholas

Construction is underway on a 40,000 SF spec office building just north of the Chesapeake Energy campus and east of Nichols Hills.

##### Chesapeake Energy

After emerging from bankruptcy, the once-mighty energy company is down to 800 employees in OKC. It seeks a partner/user for much of its office space at NW 63rd and N Western.

##### Devon Energy/WPX

Devon has weathered the downturn in the energy market and, despite several rounds of layoffs, still is the sole occupant of its 50-story tower and headquarters. A merger with Tulsa's WPX will bring about 150 employees to OKC this year.

#### 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 abuse victims. 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

# NEWMARK ROBINSON PARK

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4.45M SF

OF PROPERTIES SOLD/LEASED IN 2020

OKC + TULSA

OFFICES TO FIT YOUR MARKET

YOU

CLIENT-FOCUSED ADVISORY

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Established in 1905, Newmark Robinson Park 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.