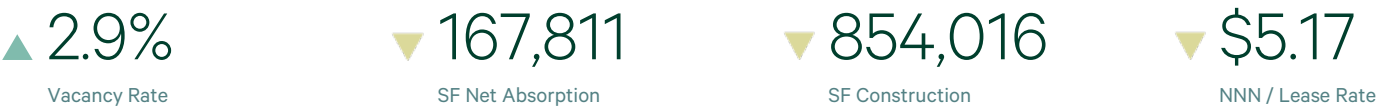


FIGURES | TULSA INDUSTRIAL | H2 2022

# Tulsa’s industrial market cools during H2 2022, remains healthy



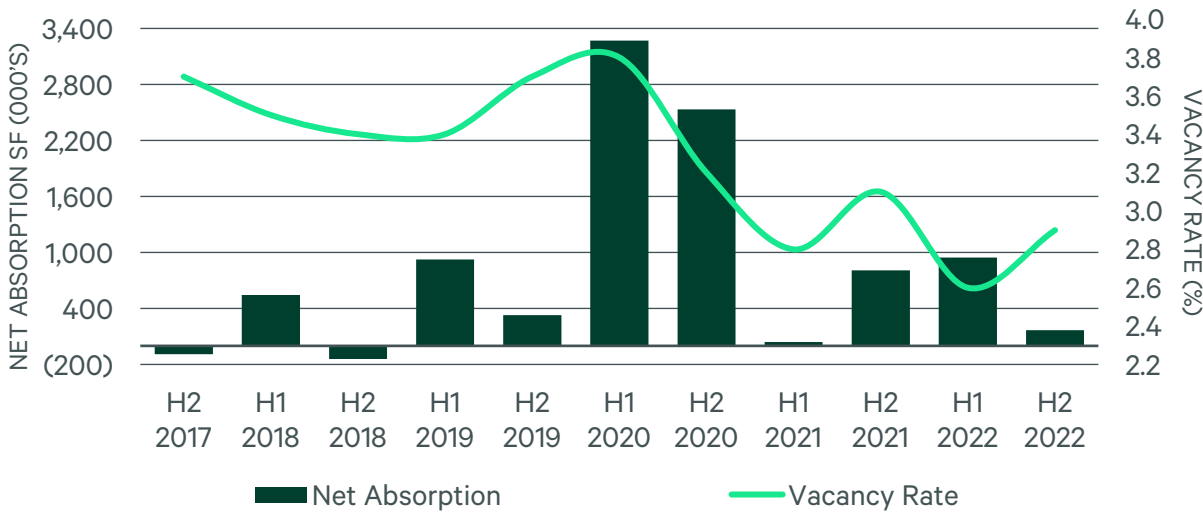
Note: Arrows indicate change from previous half.

**Despite a slow in activity, Tulsa’s industrial market continued to perform well through the second half of 2022, maintaining low vacancy and positive net absorption.** While construction, deliveries and asking rates fell slightly over H1 2022, the health of the market remained largely unaffected by these decreases. Investment sales outpaced the first half of the year with over \$67 million invested, signaling continued confidence in the market.

Vacancy increased 30 basis points over H1 2022 to 2.9% and after a robust start to the year, net absorption fell from over 900,000 sq. ft. to 167,811 sq. ft.. However, there was minimal negative absorption across the market with only the Southwest submarket experiencing significant negative absorption. The South Central and Northeast submarkets performed notably well with over 90,000 sq. ft. absorbed in each submarket. Overall asking rates fell 3.7% over H1 2022 to \$5.17 in H2 2022. However, this decrease was driven by a select few submarkets and is not representative of the overall MSA. Overall decline was due in part to limited, high quality inventory. In some markets, available properties are categorized as a lower-class asset with corresponding rental rates. Thus, driving a decrease in overall averages.

Construction starts and deliveries fell but remained healthy. Construction decreased by less than 100,000 sq. ft. over H1 2022 to 854,016 sq. ft. under construction during the second half of the year – all taking place in the Northeast and Southeast submarkets. Deliveries fell more significantly from 773,676 sq. ft. delivered during the first half of 2022 to 124,100 sq. ft. delivered during H2 2022, primarily in the form of additions to industrial parks across the metro.

FIGURE 1: Historical Net Absorption and Vacancy Rate



Source: CBRE Research, H2 2022.

FIGURE 2: Market Snapshot

	Number of Buildings	Net Rentable Area (SF)	Vacancy (%)	Asking Rate, Avg. Annual (PSF/NNN)*	Under Construction (SF)	Deliveries (SF)	Net Absorption (SF)
SUBMARKET							
Bartlesville	91	2,980,433	3.4	\$3.32	-	-	5,000
CBD	96	1,670,724	10.2	\$4.81	-	-	40
East	92	4,599,748	1.1	\$6.53	-	31,500	11,046
Mayes County	40	4,205,354	0.2	\$6.65	-	-	-
Midtown	18	125,284	6.3	\$5.74	-	-	13,288
Muskogee County	96	6,193,351	5.4	\$2.34	-	-	-

Source: CBRE Research, H2 2022.

FIGURE 2: Market Snapshot

	Number of Buildings	Net Rentable Area (SF)	Vacancy (%)	Asking Rate, Avg. Annual (PSF/NNN)*	Under Construction (SF)	Deliveries (SF)	Net Absorption (SF)
SUBMARKET							
North Central	383	6,665,075	5.1	\$4.75	-	-	37,005
Northeast	990	38,573,561	2.3	\$5.29	684,616	57,600	92,422
Northwest	184	6,073,873	1.8	\$4.90	-	-	(2,082)
South	116	2,950,615	2.4	\$6.61	-	35,000	(3,964)
South Central	670	13,460,211	4.1	\$5.80	-	-	111,766
Southeast	666	16,188,706	2.0	\$6.44	169,400	-	(8,159)

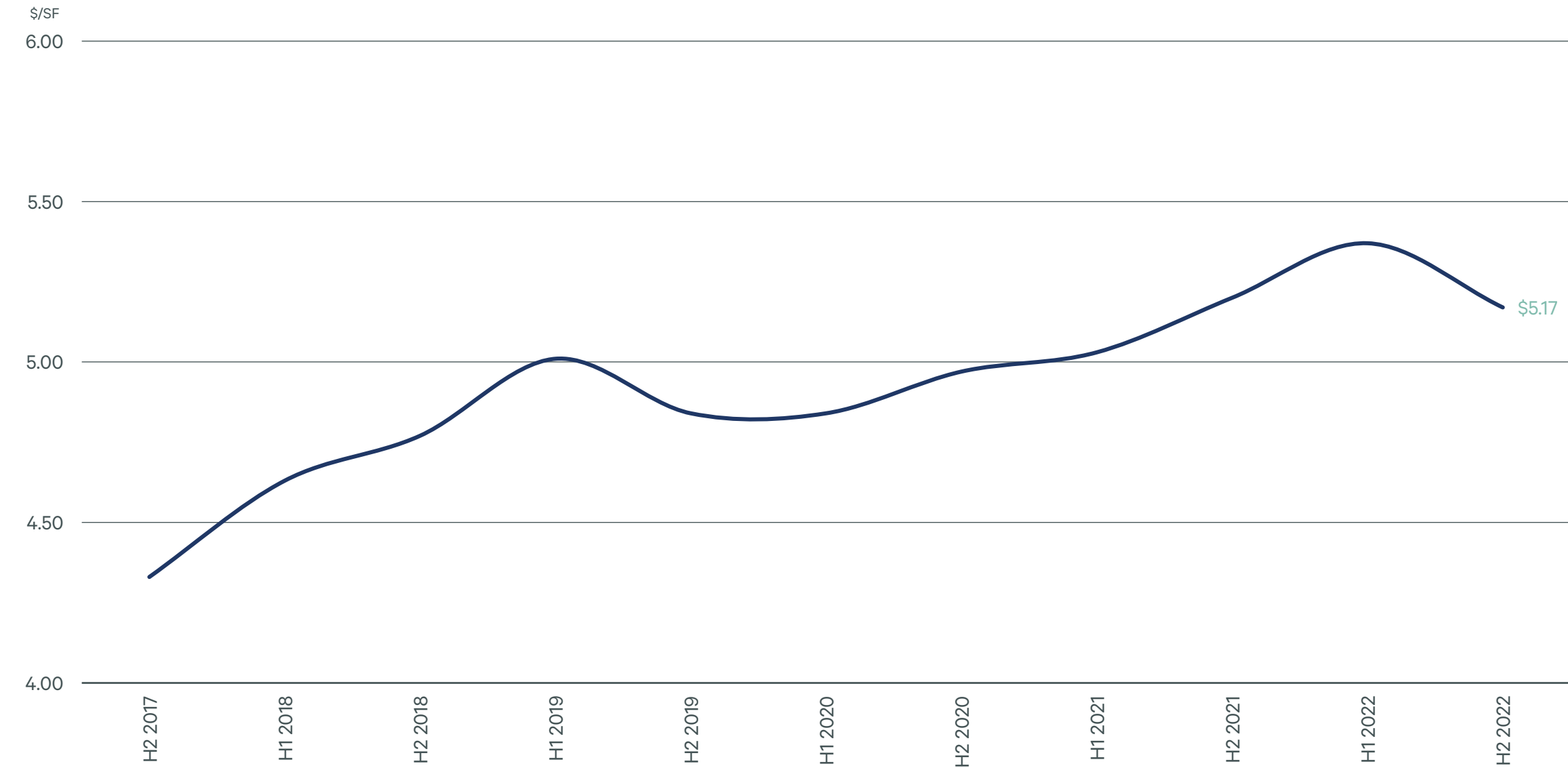
Source: CBRE Research, H2 2022.

FIGURE 2: Market Snapshot

	Number of Buildings	Net Rentable Area (SF)	Vacancy (%)	Asking Rate, Avg. Annual (PSF/NNN)*	Under Construction (SF)	Deliveries (SF)	Net Absorption (SF)
SUBMARKET							
Southwest	712	17,960,095	2.2	\$5.05	-	-	(95,951)
Outlying Market Area	271	8,392,603	4.6	\$2.73	-	-	7,400
Tulsa Total	4,425	130,039,633	2.9	\$5.17	854,016	124,100	167,811

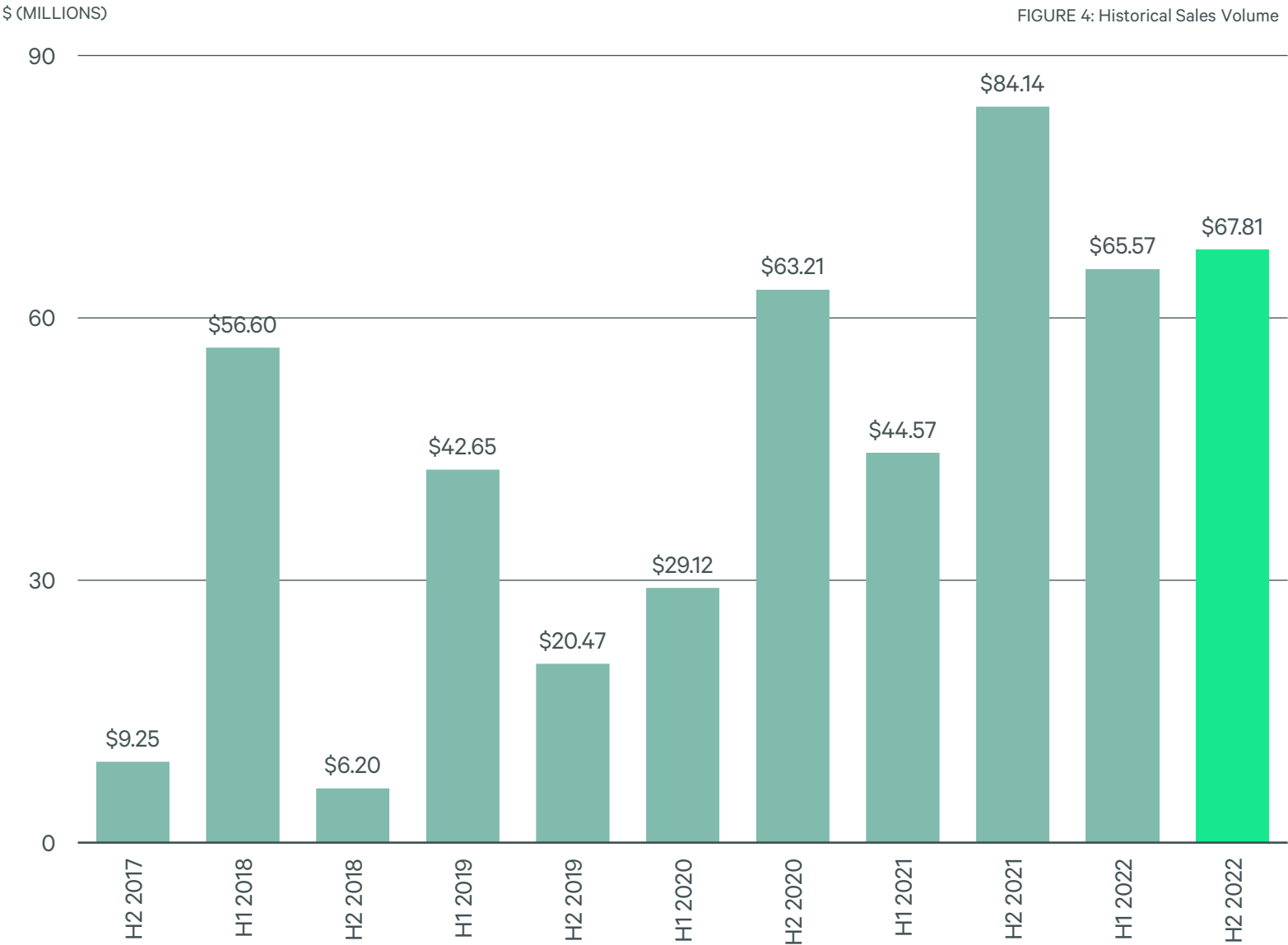
Source: CBRE Research, H2 2022.

FIGURE 3: Historical Asking Rates



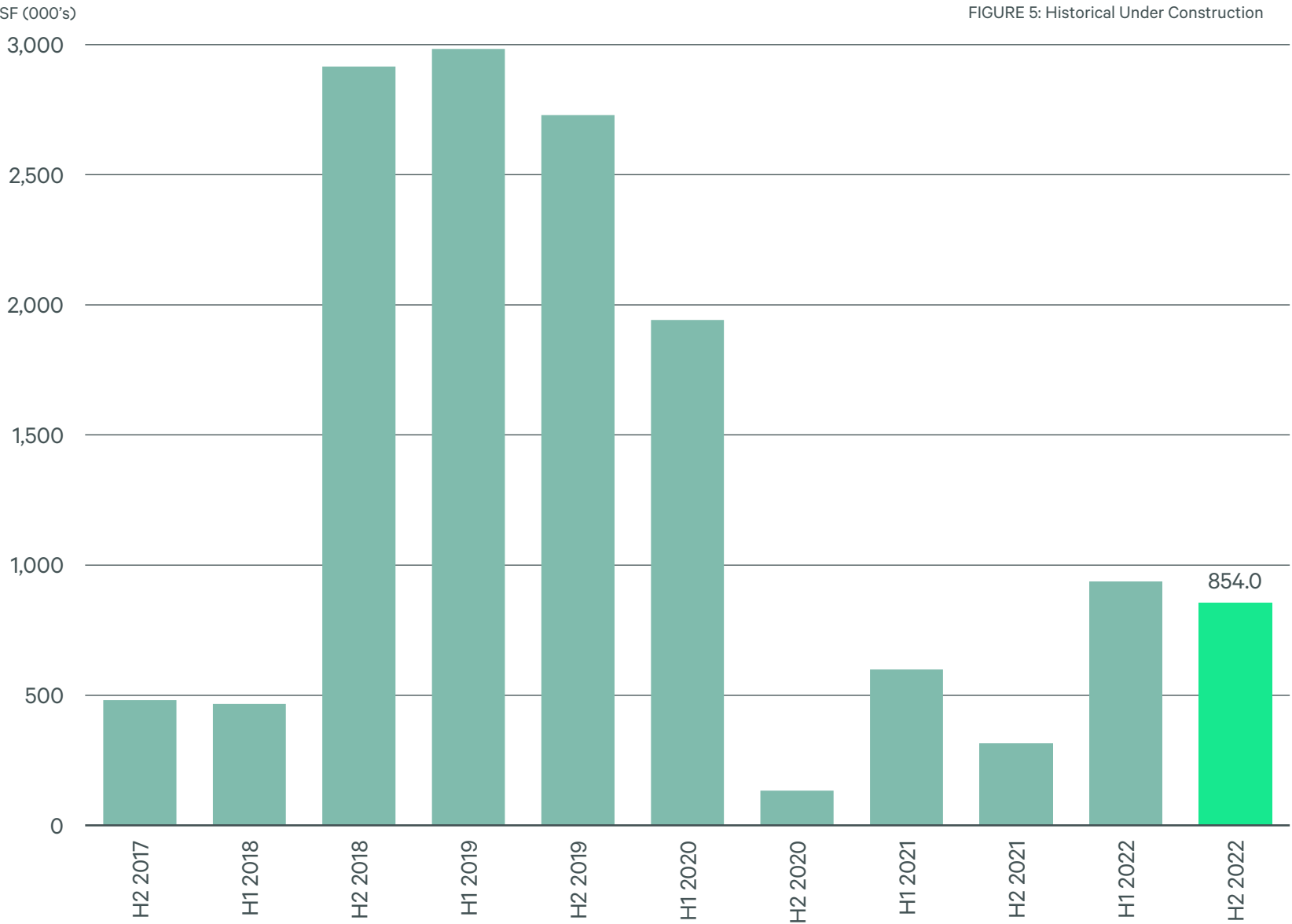
Source: CBRE Research, H2 2022.

FIGURE 4: Historical Sales Volume



H2 2022  
industrial  
investment sales  
outpaced the  
first half of the  
year, reaching  
over \$67  
million  
invested.

Source: Real Capital Analytics, 2022.



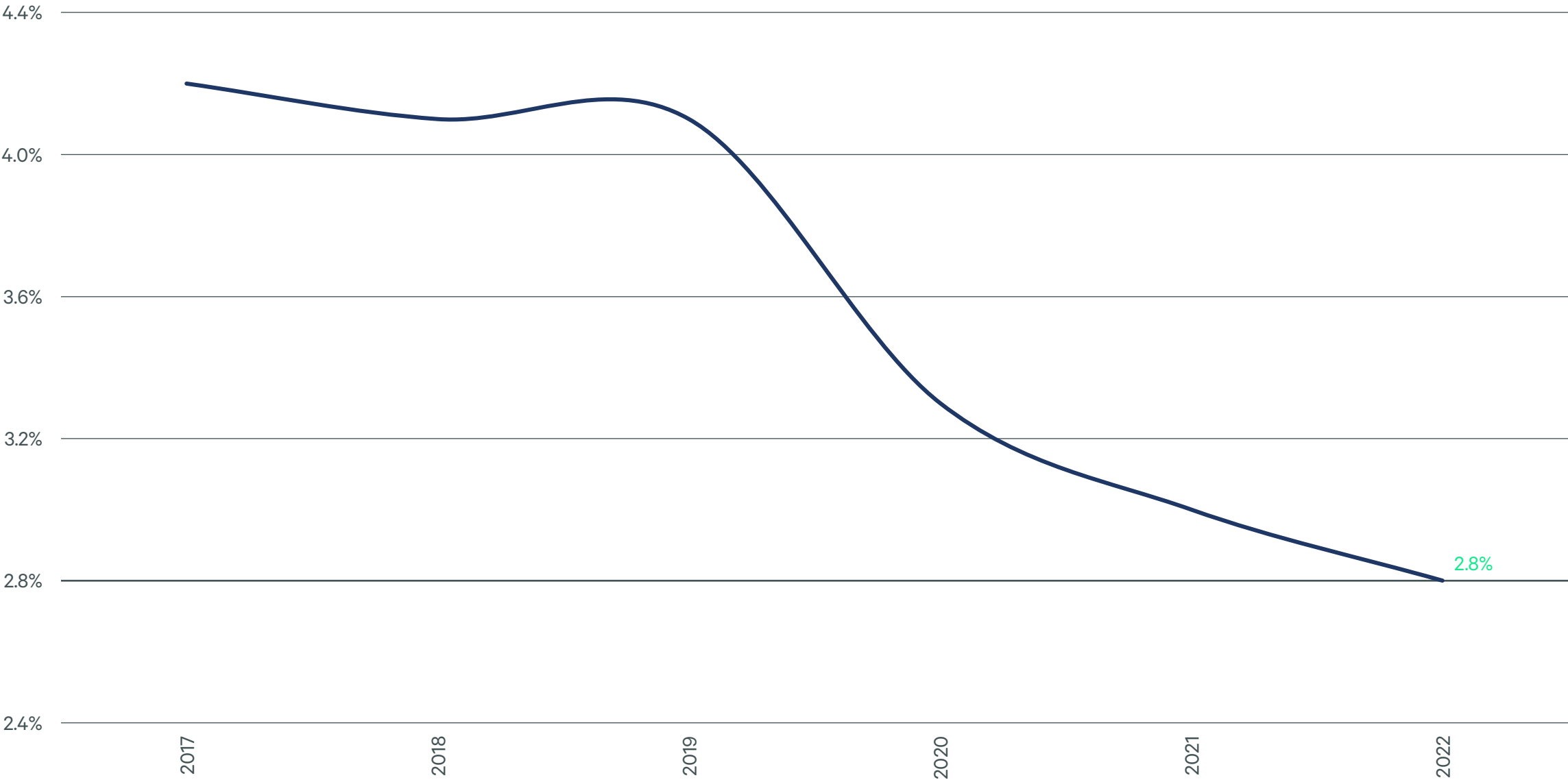
Falling only slightly over H1 2022, under construction square footage maintained a healthy pace through the second half of the year.

Construction continued in the Northeast submarket at Tulasi Commerce Park with an expected delivery in Q2 of 2023.

Two additional projects in the Southeast submarket contributed 169,400 sq. ft. of construction to the market.

Source: CBRE Research, H2 2022.

FIGURE 6: Historical Vacancy



Source: CBRE Research, H2 2022.



FIGURE 7: Historical Market Statistics

		2018	2019	2020	2021	H1 2022	H2 2022
BARTLESVILLE*	Net Absorption (SF)	18,384	9,200	3,200	(94,874)	-	5,000
	Asking Rent, NNN Avg. Annual (\$)	4.00	-	-	3.15	3.32	3.32
	Delivered Construction (SF)	-	-	-	-	-	-
	Vacancy Rate (%)	0.4	0.1	0.0	3.2	3.6	3.4
CBD	Net Absorption (SF)	(9,000)	(4,407)	(59,106)	(17,281)	(5,456)	40
	Asking Rent, NNN Avg. Annual (\$)	4.64	5.28	4.81	5.08	5.11	4.81
	Delivered Construction (SF)	-	-	-	-	-	-
	Vacancy Rate (%)	1.5	3.5	6.6	10.3	10.2	10.2
EAST	Net Absorption (SF)	296,328	353,393	265,891	128,552	162,245	11,046
	Asking Rent, NNN Avg. Annual (\$)	5.10	5.16	5.25	5.41	5.46	6.53
	Delivered Construction (SF)	173,067	174,758	72,384	133,951	137,500	31,500
	Vacancy Rate (%)	3.8	4.3	3.6	3.9	0.7	1.1
MAYES COUNTY*	Net Absorption (SF)	111,802	-	-	-	-	-
	Asking Rent, NNN Avg. Annual (\$)	-	-	6.65	6.65	6.65	6.65
	Delivered Construction (SF)	-	-	-	-	-	-
	Vacancy Rate (%)	0.0	0.0	0.0	0.0	0.2	0.2

Source: CBRE Research, H2 2022.

FIGURE 7: Historical Market Statistics

		2018	2019	2020	2021	H1 2022	H2 2022
MIDTOWN*	Net Absorption (SF)	-	-	-	(15,080)	-	13,288
	Asking Rent, NNN Avg. Annual (\$)	5.58	5.58	5.58	6.00	5.74	5.74
	Delivered Construction (SF)	-	-	-	-	-	-
	Vacancy Rate (%)	0.0	0.0	0.0	12.8	7.1	6.3
MUSKOGEE COUNTY*	Net Absorption (SF)	50,830	(63,352)	78,020	(31,472)	10,192	-
	Asking Rent, NNN Avg. Annual (\$)	4.18	2.81	2.80	2.80	2.37	2.34
	Delivered Construction (SF)	20,000	-	-	-	-	-
	Vacancy Rate (%)	3.7	4.7	3.4	4.0	5.4	5.4
NORTH CENTRAL*	Net Absorption (SF)	38,497	203,806	(23,512)	(107,094)	(16,335)	37,005
	Asking Rent, NNN Avg. Annual (\$)	3.08	3.51	4.69	5.12	4.96	4.75
	Delivered Construction (SF)	-	-	-	-	-	-
	Vacancy Rate (%)	4.0	0.9	1.3	2.9	4.7	5.1
NORTHEAST*	Net Absorption (SF)	505,961	2,644,713	1,053,921	342,842	99,925	92,422
	Asking Rent, NNN Avg. Annual (\$)	4.85	5.12	5.21	5.44	5.64	5.29
	Delivered Construction (SF)	132,172	3,033,518	941,446	270,000	19,322	57,600
	Vacancy Rate (%)	2.6	3.4	3.0	2.5	2.2	2.3

Source: CBRE Research, H2 2022.

FIGURE 7: Historical Market Statistics

		2018	2019	2020	2021	H1 2022	H2 2022
NORTHWEST*	Net Absorption (SF)	(129,625)	(103,170)	118,657	79,842	56,516	(2,082)
	Asking Rent, NNN Avg. Annual (\$)	2.36	3.03	3.44	3.98	4.62	4.90
	Delivered Construction (SF)	-	49,500	-	-	23,784	-
	Vacancy Rate (%)	3.2	5.6	3.6	2.4	1.4	1.8
SOUTH*	Net Absorption (SF)	(25,406)	96,595	(18,225)	(4,036)	-	(3,964)
	Asking Rent, NNN Avg. Annual (\$)	4.93	7.00	6.26	6.11	6.37	6.61
	Delivered Construction (SF)	-	81,000	-	-	-	35,000
	Vacancy Rate (%)	1.1	0.3	1.0	1.1	0.8	2.4
SOUTH CENTRAL*	Net Absorption (SF)	86,605	(126,322)	95,274	29,158	199,279	111,766
	Asking Rent, NNN Avg. Annual (\$)	5.19	5.75	5.58	6.28	5.47	5.80
	Delivered Construction (SF)	13,300	-	-	-	-	-
	Vacancy Rate (%)	1.6	3.5	1.6	1.6	4.3	4.1
SOUTHEAST	Net Absorption (SF)	(114,536)	(75,224)	1,857,254	5,000	42,726	(8,159)
	Asking Rent, NNN Avg. Annual (\$)	3.86	4.73	3.33	3.00	6.44	6.44
	Delivered Construction (SF)	284,423	37,030	1,800,000	-	25,070	-
	Vacancy Rate (%)	4.7	4.5	3.0	2.7	1.8	2.0

Source: CBRE Research, H2 2022.

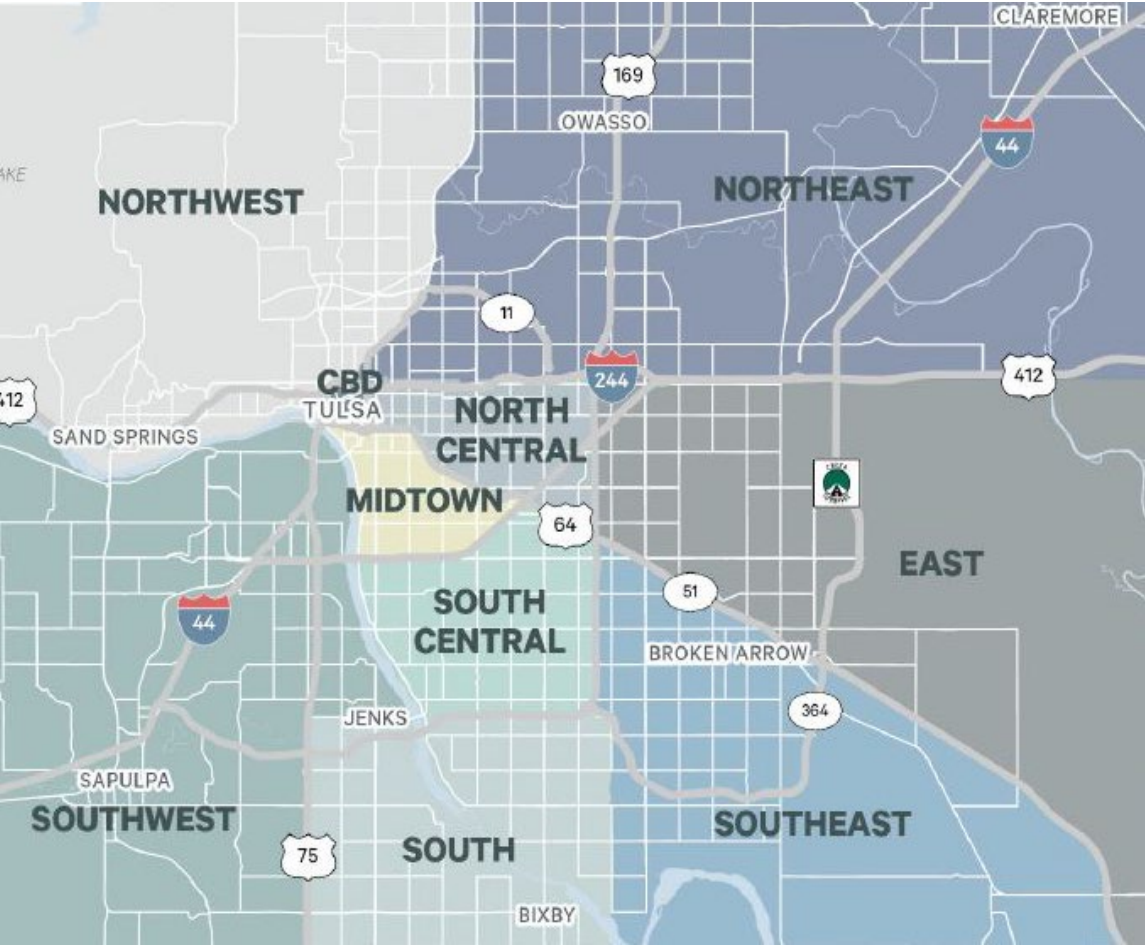
FIGURE 7: Historical Market Statistics

		2018	2019	2020	2021	H1 2022	H2 2022
SOUTHWEST*	Net Absorption (SF)	278,671	227,193	(351,324)	223,380	393,826	(95,951)
	Asking Rent, NNN Avg. Annual (\$)	4.36	4.31	4.77	5.83	5.88	5.05
	Delivered Construction (SF)	254,762	31,056	14,000	109,872	568,000	-
	Vacancy Rate (%)	3.4	2.2	4.3	3.7	1.7	2.2
OUTLYING MARKET AREA*	Net Absorption (SF)	66,993	145,973	215,466	32,420	-	7,400
	Asking Rent, NNN Avg. Annual (\$)	3.34	3.90	2.35	2.75	2.99	2.73
	Delivered Construction (SF)	-	-	-	-	-	-
	Vacancy Rate (%)	6.2	4.6	2.0	1.6	3.3	4.6
TULSA TOTAL	Net Absorption (SF)	402,352	1,249,261	5,802,198	847,265	942,918	167,811
	Asking Rent, NNN Avg. Annual (\$)	4.72	4.84	4.97	5.12	5.37	5.17
	Delivered Construction (SF)	655,236	718,127	5,433,984	538,951	773,676	124,100
	Vacancy Rate (%)	3.6	3.7	3.2	3.0	2.6	2.9

Source: CBRE Research, H2 2022.

\*As of H1 2022, the CBRE Research statistical methodology for Tulsa Industrial has been adjusted to ensure alignment with market and peer market comparisons. As such, consistent historical/pre-H1 2022 statistics for new or substantially adjusted submarkets are not available, and historical metrics reported for these areas will not sum to historic Tulsa market totals.

Urban Submarkets Area Overview



TULSA

1437 S Boulder Ave, Suite 1070  
Tulsa, OK 74119

OKLAHOMA CITY

3401 NW 63<sup>rd</sup> St, Suite 400  
Oklahoma City, OK 73116

Contacts

Hannah Huynh  
+1 405 607 6331  
hannah.huynh@cbre.com

Lauren Vasquez  
+1 214 979 6587  
lauren.vasquez@cbre.com

Definitions

Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area.

Survey Criteria

Includes all industrial buildings 5,000 sq. ft. and greater in size in the Tulsa Region.; Craig, Creek, Mayes, Muskogee, Nowata, Okmulgee, Osage, Ottawa, Pawnee, Rogers, Tulsa, Wagoner, and Washington counties.  
New construction must be available for tenant build-out within 12 months.  
*Note: As of H1 2022, the CBRE Research statistical methodology for Tulsa Industrial has been adjusted to ensure alignment with market and peer market comparisons. As such, consistent historical/pre-H1 2022 statistics for new or substantially adjusted submarkets are not available.*

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