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MINIMAL JOB GROWTH WITH SLUMPING CRUDE PRICES

KEY TOPICS

• Mining & Logging Sector (*Oil & Gas Industry*) has lost 900 jobs in the Tulsa MSA since December 2014.

• Consolidations have helped to pad job loses as WPX, Newfield, and others have added positions in their Tulsa offices.

• Total job gains year-over-year as of September, 2015 has remained relatively flat at 200 new private sector jobs in the Tulsa MSA.

HEADWINDS POSSIBLE?

• ETE’s agreement to purchase Williams Companies could result in another loss of a Fortune 500 HQ in Tulsa. While ETE typically keeps most offices they acquire largely in tact, there will no doubt be overlapping positions and job losses in Tulsa. Another key factor is Williams Companies position as a community stakeholder and one of the most generous local companies in terms of philanthropy and sponsorship that would no doubt impact many in the community.

• Many manufacturing companies are still working off backlogs from (August, 2014 was $98 bbl to January, 2014 $48 bbl. Many gas and midstream related industrial users are weathering the storm as gas prices have remained low but stable. Good demand for crane space last year spurred speculative construction of several craned buildings. Three of these buildings are currently vacant.
Historical Market Conditions

Source: CBRE Research, Nov. 2015.
### INDUSTRIAL STATS

<table>
<thead>
<tr>
<th>Market</th>
<th>Total Leasable (SF)</th>
<th>Total Vacant (SF)</th>
<th>Vacancy Rate (%)</th>
<th>Availability Rate (%)</th>
<th>Asking Rate NNN Avg. Annual ($/SF)</th>
<th>Net Absorption (SF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northeast</td>
<td>21,346,125</td>
<td>715,092</td>
<td>3.3</td>
<td>5.7</td>
<td>5.82</td>
<td>1,360,681</td>
</tr>
<tr>
<td>Northwest</td>
<td>13,704,328</td>
<td>146,445</td>
<td>1.1</td>
<td>4.7</td>
<td>4.41</td>
<td>27,334</td>
</tr>
<tr>
<td>South Central</td>
<td>18,110,023</td>
<td>1,430,776</td>
<td>7.9</td>
<td>11.2</td>
<td>6.45</td>
<td>194,212</td>
</tr>
<tr>
<td>Southeast</td>
<td>14,779,388</td>
<td>1,255,130</td>
<td>8.5</td>
<td>8.7</td>
<td>6.17</td>
<td>539,886</td>
</tr>
<tr>
<td>Southwest</td>
<td>10,074,200</td>
<td>460,629</td>
<td>4.6</td>
<td>5.9</td>
<td>4.90</td>
<td>72,630</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>78,014,064</td>
<td>4,008,072</td>
<td>5.1</td>
<td>7.4</td>
<td>5.55</td>
<td>2,194,743</td>
</tr>
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</table>
INDUSTRIAL TRENDS

- Oil & Gas related activity has leveled off compared to a year ago. Many companies have elected to put space requirements on hold and are in “wait and see pattern.”

- Aerospace activity remains active as the industry continues to recover post recessions and bankruptcy of most major airlines. Lower fuel prices are resulting in strong earnings returns for American Airlines since the USAir merger.

- High quality space still remains limited in the market as vacancy is near record low. New speculative development is occurring in SE Tulsa with three buildings under construction at CenterGate and one in Commerce Crossing. Major construction projects such as Macy’s/Bloomingdale’s Fulfillment Center and Harsco at CenterGate have been build to suit projects.

- Shadow space is rising – sublet and “30 to 90 days to available”

### KEY METRICS

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Vacancy Rate</td>
<td>H2 2014: 4.9%</td>
<td>H1 2015: 4.5%</td>
</tr>
<tr>
<td>Asking Rate</td>
<td>H2 2014: $5.50 NNN</td>
<td>H1 2015: $5.57 NNN</td>
</tr>
</tbody>
</table>
25% Aerospace
30% Energy
45% General Uses
<table>
<thead>
<tr>
<th>Tenant</th>
<th>Location</th>
<th>Sq. Ft.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harsco Corp.</td>
<td>CenterGate</td>
<td>526,000</td>
</tr>
<tr>
<td>Base Cold Storage</td>
<td>420 S. 145th</td>
<td>167,858</td>
</tr>
<tr>
<td>Whirlpool</td>
<td>5402 S. 129th</td>
<td>100,000</td>
</tr>
<tr>
<td>Kline Oilfield Equip</td>
<td>8531 E. 44th</td>
<td>79,536</td>
</tr>
<tr>
<td>John Crane, Inc.</td>
<td>2931 E. Apache</td>
<td>78,875</td>
</tr>
</tbody>
</table>
Thackeray Portfolio
526,000 SF - $22.5m
ClearEdge Filtration
175,000 SF - $13m
IMAX
200,000 SF - $6.8m
Harsco Corporation – 5212 Arkansas
126,100 SF - $4.02m
Macy’s/Bloomingdale’s Fullfillment Center - 1.3 msf
CenterGate Business Park
Harsco Corporation
526,000 SF - Under Contract
Hilti Campus
400,100 SF – Under Contract
NEW DEVELOPMENT

INDUSTRIAL UNDER CONSTRUCTION
251,000 SF
56% PRE-LEASED

KCL – COMMERCE CROSSING
51,000 SF BULK – 100% PRE-LEASED

CENTERGATE
60,000 SF BULK – 100% PRE-LEASED
31,000 SF FLEX – 100% PRE-LEASED
112,000 SF BULK – 0% PRE-LEASED
INDUSTRIAL MARKET OUTLOOK

New Construction

Manufacturing

Distribution

Flex
In Memory of

Gary Fleener, SIOR, CCIM

1942–2015