



Commercial Real Estate Services

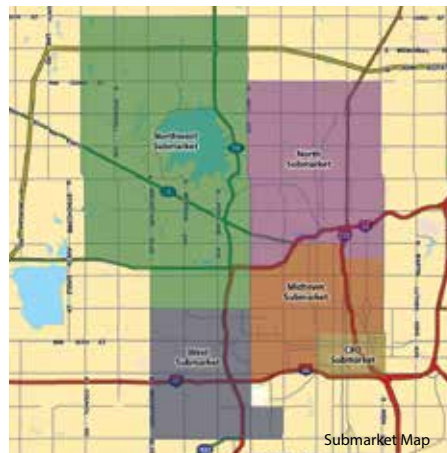
Oklahoma City

2018 Year-End Office Market Summary



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Oklahoma City

2018 Year-End Office Market Summary



2018 was a year of mixed results for the Oklahoma City office market. While vacancies increased, so did absorption of space. That is a rare occurrence, but the amount of space added outpaced the rate it could be absorbed. Although the market absorbed almost 395,000 square feet of space, over 800,000 square feet was added to the market. For now at least, the market isn't moving forward or backward, instead it seems to be stuck in neutral. The market is actually quite active, with several large leases being signed in 2018 and several more to come in 2019. In fact, it might be more apropos to say the market is not only stuck in neutral but racing its engine. The market's overall vacancy rate stood at 20.8% at year-end, which is up from 18.0% in the previous year

The Central Business District is currently 21.8% vacant compared to 18.1% vacant at the end of 2017. The biggest news in the CBD during the past year was the addition of the 690,000 SF BOK Park Plaza which was completed in January. The building's first tenant was Bank of Oklahoma, who leased app. 100,000 SF and obtained naming rights. That lease was followed in mid-year by the 155,000 SF lease with Enable Midstream Services, who will move from Leadership Square this summer, creating a large vacancy in an historically popular building.

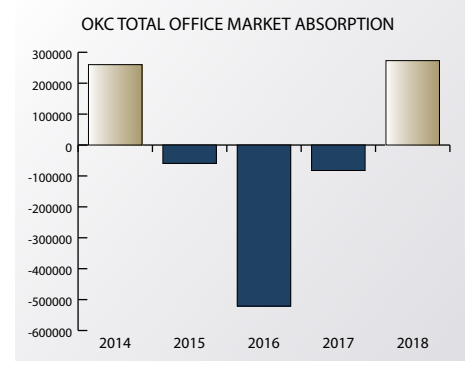
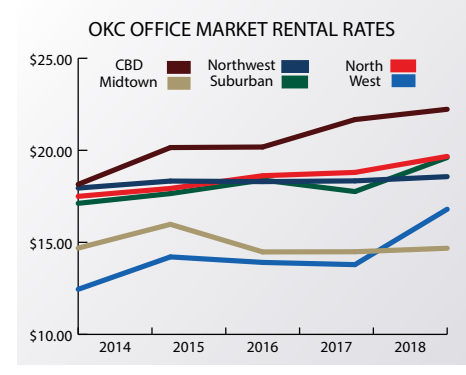
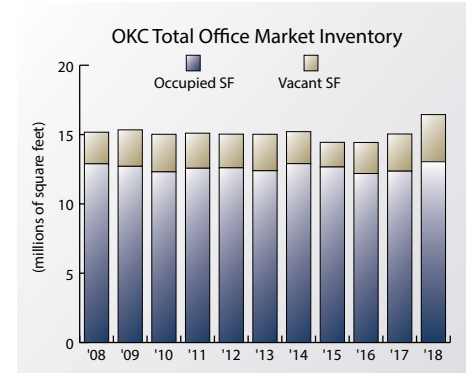
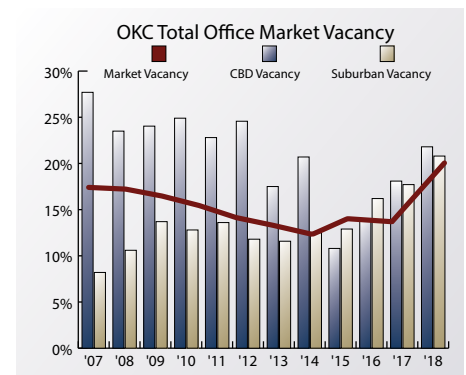
Two new buildings will be added to inventory in 2019, but they are both mostly full. The 606 N. Broadway build-to-suit project will be approximately 111,000 SF when completed, but over 90% of the building has been leased to Heartland Payment Systems and the space remaining is largely retail in nature. The other building to be added to the CBD inventory this year is The Monarch on the northern edge of the downtown submarket. The 53,000 SF building is set for a mid-year completion and is already 100% leased, with the majority to be occupied by Ackerman McQueen.

The success of those two buildings speaks volumes about the current state of the market. While there is significant vacancy creating intense competition among existing buildings, some tenants are willing to pay up for new construction with modern features, systems and amenities that can't always be found in older buildings.

It's worth noting that of the approximately 150 buildings we track in our report, 77% were built after 1979, but only 18% were constructed post-2000. Nearly 40% of all buildings tracked in our report were built in the boom period between 1979 and 1984. Some of those buildings have undergone substantial renovation, but the majority are showing their age, which leads to a flight to quality for those who can afford the considerably higher rents required for new construction. Landlords who own those early 1980's buildings will be faced with significant capital expense requirements to replace aging systems or risk losing tenants to buildings that are either newly constructed or recently renovated.

The biggest hits were once again felt in the North and Northwest submarkets which have historically been popular with energy companies. Since the peak oil price in June 2014, these submarkets have experienced negative absorption of over a half million square feet, and that amount does not include sublease vacancy, which is difficult to accurately track. However, much of the sublease vacancy has or is about to burn off and we are seeing a clearer picture of where these markets stand. The North submarket experienced negative absorption of 36,000 SF and saw its vacancy rate rise from 11% to 15% during 2018, largely due to the addition of 140,000 SF of space on the Chesapeake Energy campus. If that building is successfully leased it is likely Chesapeake may open additional buildings to lease by others. The Northwest submarket had 59,000 SF of positive absorption and its vacancy rate decreased from 19.1% to 18.0%. Despite the mediocre results, these two submarkets were actually quite active with several new companies leasing space and many existing companies choosing to relocate – usually to more modern buildings within these submarkets, but also to take advantage of excellent sublease opportunities.

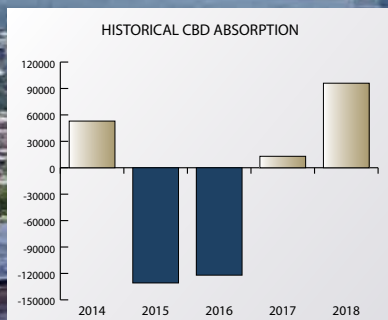
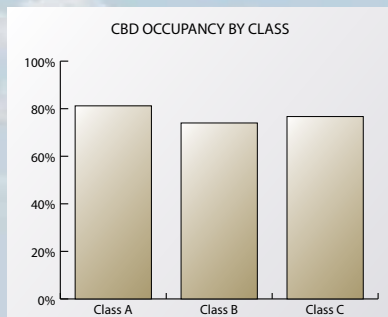
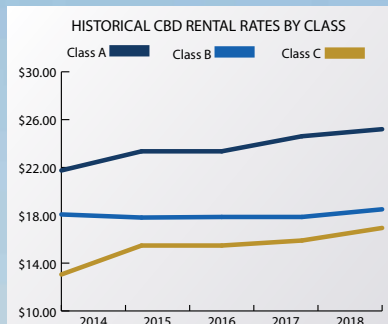
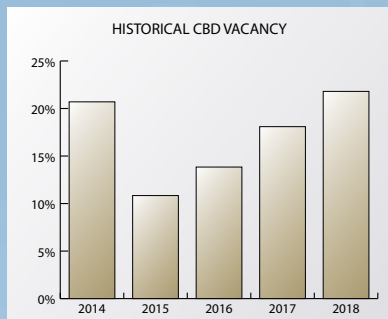
Although the Oklahoma economy is more diverse than ever, energy companies are still the office market's largest user industry. With energy prices sliding back considerably in the last quarter of 2018, it could begin to weigh on the market again unless prices rebound. Should prices recover, the office market should recover as well. If not, we could experience significant downward pressure on the market in the coming year.



2018 Year-End OKC Office Market Totals	RSF	Vacant SF	Vacant %	Rate
	16,460,080	3,301,454	20.1%	\$19.61

2018 Year-End Oklahoma City Office Market Summary

CENTRAL BUSINESS DISTRICT SUBMARKET

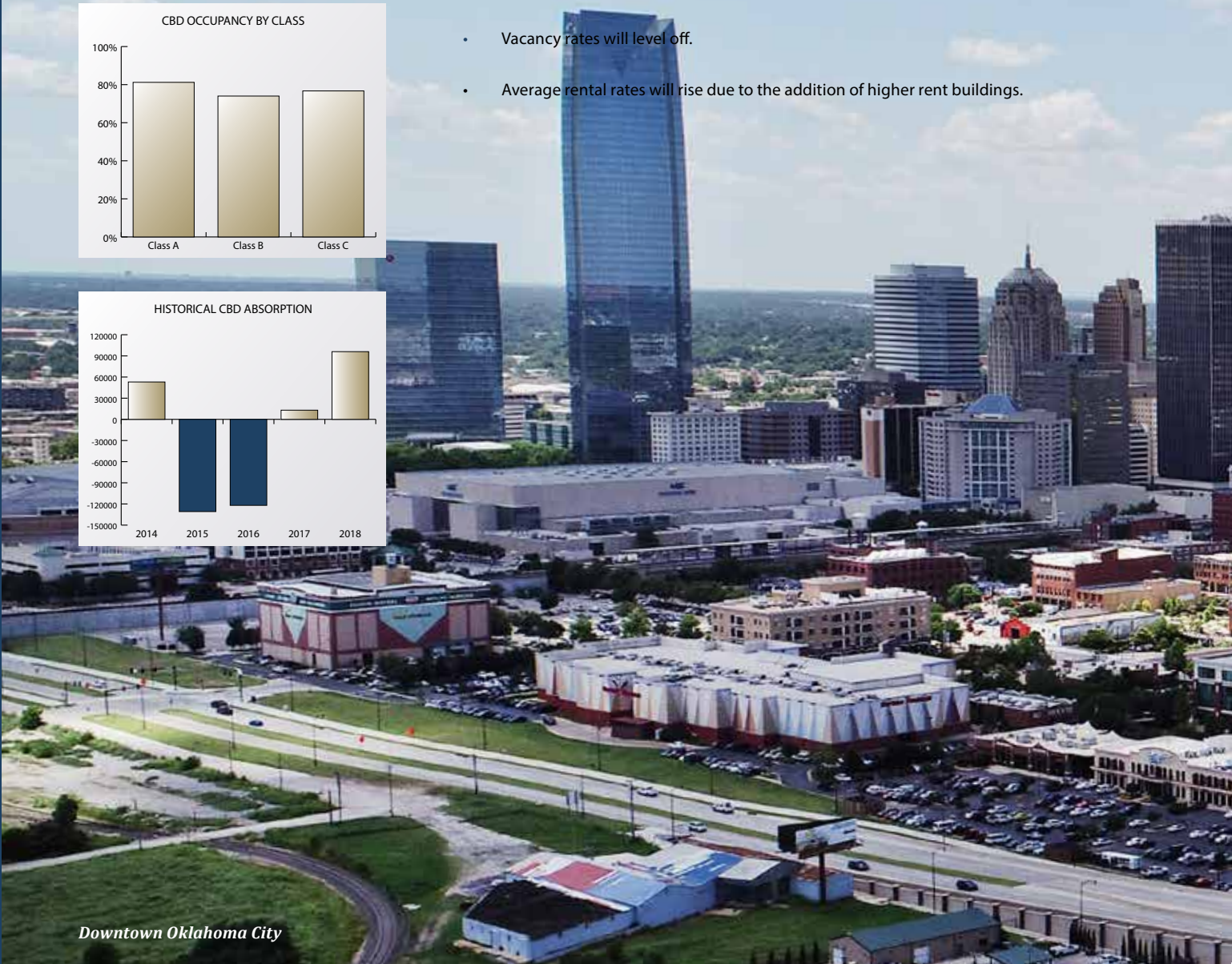


2018 YEAR-END CENTRAL BUSINESS DISTRICT REVIEW

- Aggregate vacancy rates increased from 18.1% to 21.8% due to the addition of BOK Park Plaza
 - Class A vacancy increased from 14.6% to 18.8%
 - Class B vacancy increased from 22.7% to 26%
 - Class C vacancy increased from 12.4% to 23.3%
- Aggregate rental rates increased from \$21.30 per SF to \$22.23 per SF.
 - Class A rates increased from \$24.61 per SF to \$25.20 per SF.
 - Class B rates increased from \$17.86 per SF to \$18.50 per SF.
 - Class C rates increased from \$15.89 per SF to \$16.94 per SF.
- The CBD experienced absorption of 96,000 SF during 2018.

2019 CENTRAL BUSINESS DISTRICT FORECAST

- Vacancy rates will level off.
- Average rental rates will rise due to the addition of higher rent buildings.



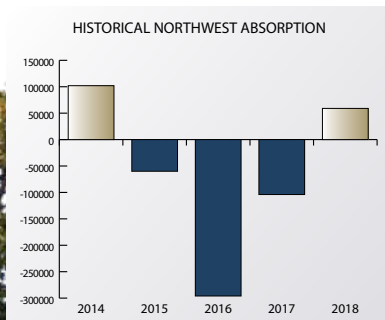
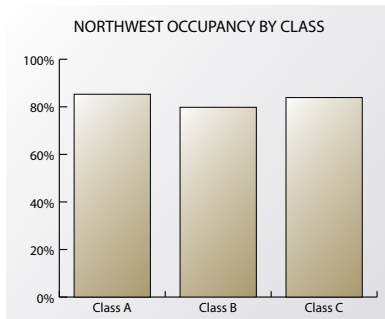
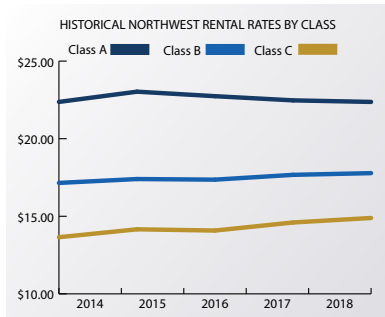
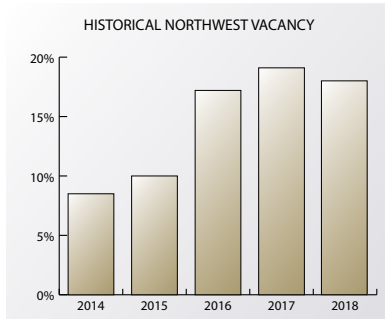
2018 Year-End Oklahoma City Office Market Summary
CENTRAL BUSINESS DISTRICT SUBMARKET

CBD	Year Built	Floors	RSF	Vacant SF	Vacant %	Rate	CAF
100 Park Ave Building 100 Park Ave	1923/64	12	99,752	47,205	47%	\$14.50	16%
101 Park Avenue Building 101 Park Ave.	1936	14	197,042	32,604	17%	\$16.50	16.3%
20 N. Broadway 20 N Broadway	1981	19	307,388	0	0%	\$20.00	20%
201 RSK 201 Robert S. Kerr	1972	16	212,816	86,468	41%	\$18.00	20%
701 N. Broadway 701 N. Broadway	1930/1999	5	51,288	0	0%	\$22.00	15%
BancFirst Tower 100 N. Broadway	1971	36	507,038	228,176	45%	\$18.00	15%
BOK Park Plaza 499 W. Sheridan	2017	27	690,000	300,000	43%	\$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	6,750	7%	\$18.00	20%
City Place 204 N. Robinson	1931/85	33	251,449	59,262	24%	\$20.00	14%
Corporate Tower 101 N. Robinson	1980	14	277,849	27,823	10%	\$20.00	17.6%
Court Plaza 228 Robert S. Kerr	1923/79	10	78,244	35,301	45%	\$15.00	14%
Federal Reserve Building 226 Dean A. McGee Avenue	1922/97	4	71,616	0	0%	\$18.00	20%
Hightower Building 105 N. Hudson	1929	10	107,152	7,826	7%	\$18.00	15%
Leadership Square 211 N. Robinson	1984	21	735,514	20,540	3%	\$24.00	20%
Metropolitan Building 400 N.. Walker	1929/2011	3	69,560	16,352	23%	\$17.50	10%
Oklahoma Tower 210 Park Ave.	1982	31	568,960	58,653	10%	\$24.00	20%
Parkside Building 120 Robert S. Kerr	2015	6	76,413	13,000	17%	\$30.00	0%
Robinson Plaza 55 N. Robinson	1992	10	195,702	20,000	10%	\$18.00	17.8%
Robinson Renaissance 119 N. Robinson	1927/88	12	174,840	61,978	35%	\$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	2,012	3%	\$25.00	0%
The Heritage 621 N. Robinson	1923/2017	6	102,740	39,925	39%	\$25.00	20%
Totals			5,684,302	1,238,875	21.8%	\$22.23	

CBD Construction	Year Built	Floors	RSF	Vacant SF	Vacant %	Rate	CAF
606 N. Broadway 606 N. Broadway	2019	7	111,530	10,000	9%	\$32.00	0%
Monarch Building 1133 N. Robinson	2019	4	53,347	0	0%	\$32.50	10%
			164,877	10,000	6%	\$32.16	

2018 Year-End Oklahoma City Office Market Summary

NORTHWEST SUBMARKET



2018 YEAR-END NORTHWEST SUBMARKET REVIEW

- Aggregate vacancy rates decreased from 19.1% to 18.0%
- Class A vacancy decreased from 23.1% to 14.7%
- Class B vacancy increased from 18.2% to 20.2%
- Class C vacancy increased from 15.5% to 16.1%
- Aggregate rental rates increased from \$18.49 per SF to \$18.57 per SF.
- Class A rental rates decreased from \$22.47 per SF to \$22.37 per SF.
- Class B rental rates increased from \$17.67 per SF to \$17.78 per SF.
- Class C rental rates increased from \$14.60 per SF to \$14.89 per SF.
- The Northwest Oklahoma City submarket experienced absorption of 59,000 SF during 2018.

2019 NORTHWEST SUBMARKET FORECAST

- Vacancy rates should continue to shrink as the worst seems behind us in this submarket.
- Rental rates level off as landlords reduce rent concessions due to a shrinking supply of large blocks of space.



IBC Center

2018 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	31,489	21%	\$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	9,000	12%	\$14.00	15%
2525 Northwest Expressway							
3121 Quail Springs Parkway	1999	2	40,000	8,699	22%	\$20.00	12%
3121 Quail Springs Parkway							
3250 Parkway Center	2015	2	38,405	0	0%	\$26.00	15%
3250 Quail Springs Parkway							
4100 Perimeter Center	1982	3	47,317	13,140	28%	\$13.00	15%
4100 Perimeter Center Dr.							
4101 Perimeter Center	1982	3	47,317	595	1%	\$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	0	0%	\$13.00	15%
4200 Perimeter Center Dr.							
4700 Gaillardia	2007	2	42,970	0	0%	\$25.00	15%
4700 Gaillardia Parkway							
4727 Gaillardia	2009	2	37,624	0	0%	\$25.00	18%
4727 Gaillardia Parkway							
4747 Gaillardia	2009	2	26,016	0	0%	\$22.50	18%
4747 Gaillardia Parkway							
4801 Gaillardia	2000	3	74,432	20,267	27%	\$25.00	18.4%
4801 Gaillardia Parkway							
4811 Gaillardia	2008	3	41,450	0	0%	\$24.00	15%
4811 Gaillardia Parkway							

2018 Year-End Oklahoma City Office Market Summary

NORTHWEST SUBMARKET

Northwest	Year Built	Floors	RSF	Vacant SF	Vacant %	Rate	CAF
5100 Brookline	1974	10	107,496	11,086	10%	\$17.50	15%
5100 Brookline							
56 Expressway Place	1982	3	58,340	21,704	37%	\$17.00	11%
5601 N.W. 72nd							
5909 NW	1982	7	101,146	24,504	24%	\$15.00	15%
5909 Northwest Expressway							
6303 Portland	1976	4	54,793	4,877	9%	\$17.50	15%
6303 N Portland Ave							
7720 NW 84th St	1998	1	35,862	35,862	100%	\$19.00	0%
7720 NW 84th St							
7800 NW 85th Terrace	1999	1	100,000	0	0%	\$19.00	0%
7800 N.W. 85th Terrace							
AAA Operations Center	2009	3	145,635	0	0%	\$20.00	0%
3100 Quail Springs Parkway							
American Cancer Society	2001	1	45,000	0	0%	\$17.50	0%
8400 Silver Crossing							
Atrium Towers	1980	6	156,106	19,289	12%	\$17.50	16%
3501-3503 N.W. 63rd							
Avaya Building	1998	1	57,000	12,500	22%	\$22.50	0%
14400 Hertz Quail Springs Parkway							
Bradley Square	1984	1	30,000	1,000	3%	\$16.00	0%
2932 N.W. 122nd							
Brookline Offices	1972/2011	1	38,359	2,557	7%	\$14.00	12%
6051 N. Brookline							
Caliber Park One & Two	2007	6	83,206	1,626	2%	\$22.00	17.2%
14201-14301 Caliber Drive							
Center 3000	1972	2	115,800	16,455	14%	\$13.00	12%
3000 United Founders Blvd.							
Chase Park	1981	2	30,281	11,167	37%	\$13.50	16.5%
4323 NW 63rd St							
Commerce Center	1982	3	65,857	29,043	44%	\$18.00	11%
9520 N. May							
Cross Rock I	1984	3	61,289	0	0%	\$22.00	15%
13801 Wireless Way							
Cross Rock Place	1992	2	60,049	15,379	26%	\$22.50	12.3%
3600 NW 138th							
Enterprise Plaza	1981	3	92,180	47,319	51%	\$18.50	15%
5600 N. May							
FBI Building	1999	1	110,000	0	0%	\$24.00	0%
3301 W. Memorial							
Five Corporate Plaza	1980	3	49,486	0	0%	\$17.50	15%
3625 N.W. 56th							
Grand Centre	1979	5	101,217	7,416	7%	\$17.00	15%
5400 N.W. Grand Blvd.							
IBC Center	1983	10	278,843	13,113	48%	\$23.00	15%
3817 Northwest Expressway							
Jamestown Office Park	1972/79	2	74,000	14,151	19%	\$14.00	12%
3037 N.W. 63rd							
Lake Park Tower	1983	6	103,200	79,501	77%	\$18.00	15%
6525 N. Meridian							
Lakepointe Towers	1981	6	183,600	132,832	72%	\$18.00	15%
4005-4013 Northwest Expressway							
Lakepointe West	1982	6	85,246	10,686	13%	\$15.25	15%
4045 N.W. 64th							
Lakeshore Tower	1982	3	33,900	5,289	16%	\$14.00	15%
4301 N.W. 63rd							
Landmark Towers	1969/72	10	306,960	61,265	20%	\$16.55	12%
3535-3545-3555 NW 58th							
Mercury Insurance Building	1986	2	100,103	10,000	10%	\$15.50	12.5%
7301 Northwest Expressway							
North Shore Office Plaza	2000	5	56,248	1,927	3%	\$25.00	16%
10900 Hefner Drive							
Northwest Office Center	1973	2	85,833	10,558	12%	\$14.50	15%
4334 Northwest Expressway							
Oil Center	1973/1994	12	249,657	67,494	27%	\$17.00	13%
2601 Northwest Expressway							

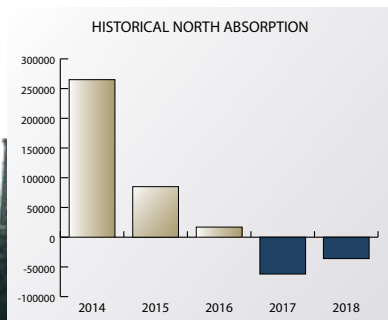
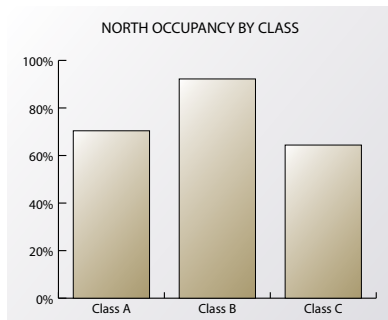
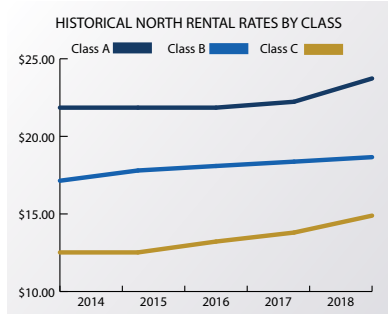
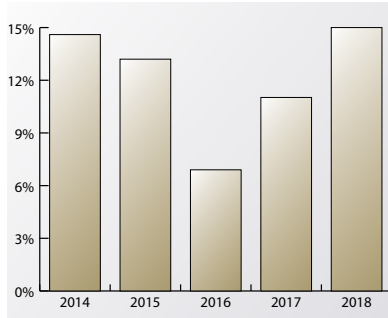
2018 Year-End Oklahoma City Office Market Summary
NORTHWEST SUBMARKET

Northwest	Year Built	Floors	RSF	Vacant SF	Vacant %	Rate	CAF
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	30,000	74%	\$20.00	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	2,729	8%	\$12.61	15%
Quail Ridge Tower 11212 N. May	1975	4	49,600	12,154	25%	\$14.00	15%
Quail Springs Parkway Plaza I & II 14000 Quail Springs Parkway	1986	6	298,610	95,015	32%	\$22.00	14%
Rees Plaza at East Wharf 9211 Lake Hefner Parkway	2002	3	40,998	0	0%	\$26.50	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	4,206	8%	\$12.73	13%
Three Corporate Plaza 3613 NW. 56th	1980	3	51,607	8,425	16%	\$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	53,673	22%	\$19.50	14%
Totals			5,435,086	978,604	18.0%	\$18.57	



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NORTH SUBMARKET

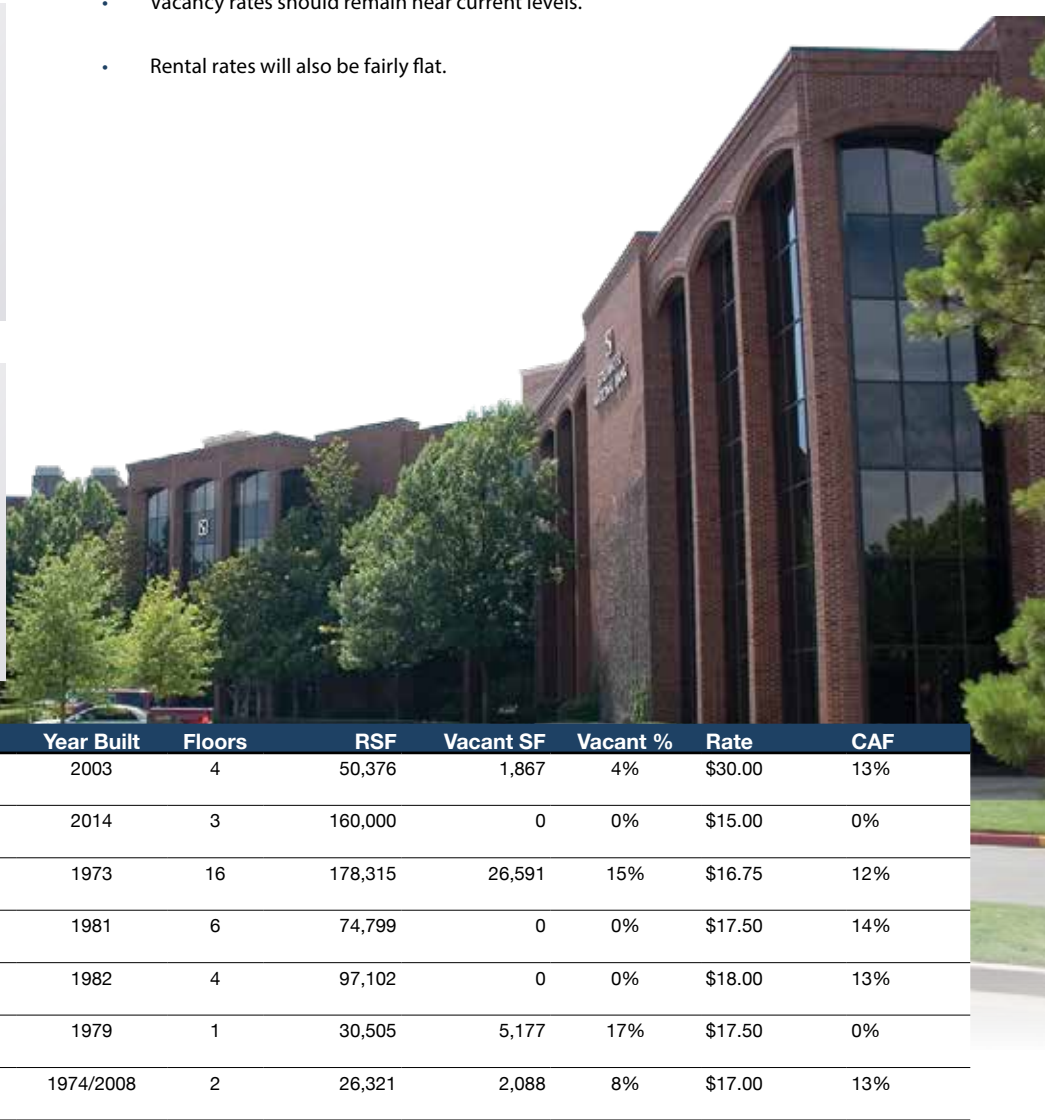


2018 YEAR-END NORTH SUBMARKET REVIEW

- Aggregate vacancy rates increased from 11.0% to 15.0%
 - Class A vacancy increased from 9.0% to 29.6%
 - Class B vacancy decreased from 9.6% to 7.8%
 - Class C vacancy increased from 33% to 35.6%
- Aggregate rental rates increased from \$18.92 per SF to \$19.67 per SF.
 - Class A rental rates increased from \$22.23 per SF to \$23.73 per SF.
 - Class B rental rates increased from \$18.37 per SF to \$18.66 per SF.
 - Class C rental rates increased from \$13.80 per SF to \$14.89 per SF.
- The Oklahoma City North submarket experienced negative absorption of 36,000 SF

2019 NORTH SUBMARKET FORECAST

- Vacancy rates should remain near current levels.
- Rental rates will also be fairly flat.



North	Year Built	Floors	RSF	Vacant SF	Vacant %	Rate	CAF
1001 Wilshire 1001 W Wilshire Blvd	2003	4	50,376	1,867	4%	\$30.00	13%
4345 N. Lincoln 4345 N. Lincoln	2014	3	160,000	0	0%	\$15.00	0%
50 Penn Place 5100 N. Pennsylvania	1973	16	178,315	26,591	15%	\$16.75	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	5,177	17%	\$17.50	0%
Broadway North 7301 N. Broadway	1974/2008	2	26,321	2,088	8%	\$17.00	13%

2018 Year-End Oklahoma City Office Market Summary
NORTH SUBMARKET

North	Year Built	Floors	RSF	Vacant SF	Vacant %	Rate	CAF
Broadway Plaza 16 NW 63rd	1982	3	50,726	0	0%	\$12.00	13%
Broadway Sixty-Eight 6801 N. Broadway	1979	4	40,000	4,028	10%	\$15.50	14%
Central Park One 525 Central Park Dr.	1983	6	113,134	0	0%	\$17.00	14%
Central Park Two 515 Central Park Dr.	1984	6	126,286	0	0%	\$17.00	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	139,585	139,585	100%	\$28.00	10%
Columbus Square 1001 NW 63rd	1982	3	36,559	12,898	35%	\$18.00	15%
First Mortgage Building 6701 N. Broadway	1974	3	48,700	0	0%	\$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	52,426	1,700	3%	\$21.00	0%
One Benham Place 9400 N. Broadway	1984	8	152,959	13,502	9%	\$19.50	15%
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	34,759	66%	\$16.00	15.5%
Paragon Building 5801 N. Broadway	1981	5	110,791	16,114	14%	\$19.50	15%
Penn Park 5001-5005-5009-5015 N. Penn	1974	3	78,643	30,024	38%	\$13.50	13%
Registry 2200 NW 50th	1980	2	93,167	41,798	45%	\$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	27,846	5,195	19%	\$16.00	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	10,917	22%	\$23.25	18%
Three Broadway Executive Park 6501 N. Broadway	1977	3	45,256	7,100	16%	\$17.50	10%
Two Broadway Executive Park 205 NW 63rd	1980	3	52,205	8,997	17%	\$17.50	11%
Valliance Tower 1601 Northwest Expressway	1983	22	299,137	28,248	9%	\$23.00	17.8%
Waterford A 6301 Waterford Blvd.	1983	4	138,370	39,773	29%	\$22.50	16%
Waterford B 6303 Waterford Blvd.	1983	2	33,195	6,225	19%	\$22.50	16%
Waterford C 6305 Waterford Blvd.	1983	4	84,075	0	0%	\$22.50	16%
Waterford D 6307 Waterford Blvd.	1983	2	33,789	5,029	15%	\$22.50	16%
Totals			3,031,831	456,064	15.0%	\$19.67	

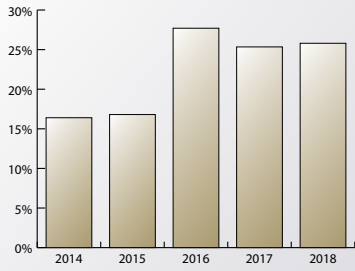
2018 Year-End Oklahoma City Office Market Summary

MEDICAL OFFICE SUBMARKET

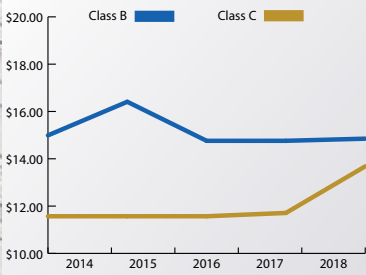
Medical	Year Built	Floors	RSF	Vacant SF	Vacant %	Rate	CAF
Coppertree Centre 3727 N.W. 63rd	1982	3	26,928	4,186	16%	\$18.50	10%
Deaconess Medical North 5701 N Portland Ave	1996	3	55,209	11,924	22%	\$21.75	0%
Deaconess Medical South 5401 N Portland Ave	1991	6	119,726	67,004	56%	\$21.75	0%
Edgewater Medical Center 3705 NW 63rd Street	2006	2	42,187	10,277	24%	\$21.00	15%
McAuley Physician Offices 4205 McAuley Blvd	1986	4	42,246	3,300	8%	\$18.50	12%
Memorial Springs Medical Building 13100 N. Western	2017	3	61,410	16,879	27%	\$26.00	0%
Meridian Medical Tower 13321 N. Meridian Ave.	1984	4	47,920	6,644	14%	\$18.00	10%
NeuroScience Institute 4120 W Memorial Rd	1998	3	54,558	0	0%	\$20.50	12%
Northwest Medical Center 3330 NW 56th St	1981	6	81,705	3,264	4%	\$18.00	13.4%
Parkway Commons Medical Center 14100 Parkway Commons Dr	2008	2	27,000	2,200	8%	\$21.00	15%
Parkway Medical Center 3500 NW 56th St	1980	2	44,983	0	0%	\$22.50	10%
Pasteur Medical Building 1111 N. Lee Ave.	1959	5	83,858	27,719	33%	\$18.50	15%
Physicians & Surgeons Bldg 1211 N Shartel Ave	1962	11	75,000	26,507	35%	\$10.00	0%
Physicians Bldg - A 3435 NW 56th St	1970	10	68,349	11,325	17%	\$16.50	14%
Physicians Bldg - B 3433 NW 56th St	1986	9	128,030	0	0%	\$20.00	14%
Physicians Bldg - C 3400 NW Expressway	1975	8	75,158	4,719	6%	\$16.50	14%
Physicians Bldg - D 3366 NW Expressway	1994	8	120,813	3,491	3%	\$18.50	14%
Plaza Physician Offices 4140 W Memorial Rd	1992	7	70,050	0	0%	\$19.50	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	7,212	9%	\$30.00	16.9%
SMC Medical Office Bldg 4200 S Douglas Ave	1967	3	29,054	1,266	4%	\$14.00	0%
SMC Medical Plaza 4221 S Western Ave	1994	5	58,648	0	0%	\$17.00	0%
St. Anthony Healthplex East 3400 S. Douglas Blvd.	2012	3	52,675	2,941	6%	\$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	9,093	17%	\$26.00	12%
St. Anthony North 6205 6205 N Santa Fe Ave	1998	2	36,551	11,949	33%	\$18.50	14%
St. Anthony North POB 6201 N Santa Fe Ave	1990	2	28,281	1,057	4%	\$18.50	19.4%
St. Anthony Prof. Bldg 608 NW 9th St	1987	6	83,898	4,728	6%	\$18.50	12%
Tower Physicians Offices 4200 W Memorial Rd	1986	11	93,639	12,093	13%	\$17.50	12%
			1,964,327	252,303	12.8%	\$19.82	



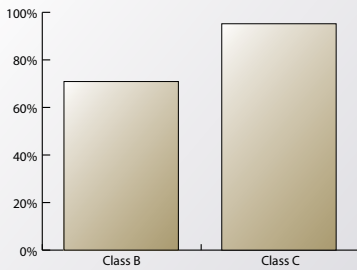
HISTORICAL MIDTOWN VACANCY



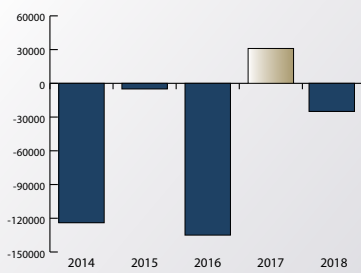
HISTORICAL MIDTOWN RENTAL RATES



MIDTOWN OCCUPANCY



HISTORICAL MIDTOWN ABSORPTION



2018 YEAR-END MIDTOWN SUBMARKET REVIEW

- Aggregate vacancy rates increased from 25.3% to 25.8%
- Class B vacancy rates increased from 27.6% to 29.1%
- Class C vacancy rates increased from 2.0% to 4.8%
- Aggregate rental rates increased from \$14.49 per SF to \$14.68 per SF.
- Class B rental rates increased from \$14.76 per SF to \$14.85 per SF.
- Class C rental rates increased from \$11.71 per SF to \$13.68 per SF.
- The Midtown's Submarket experienced negative absorption of 25,000 SF.

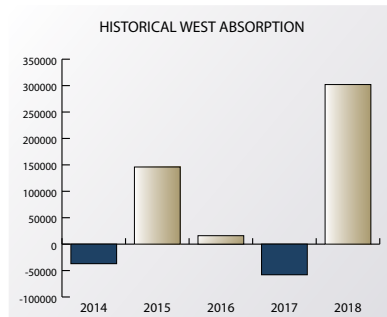
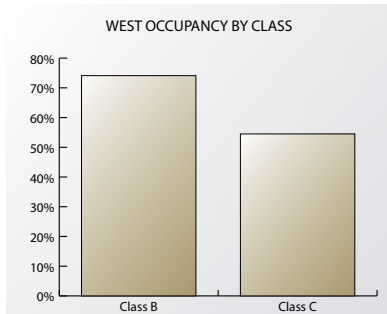
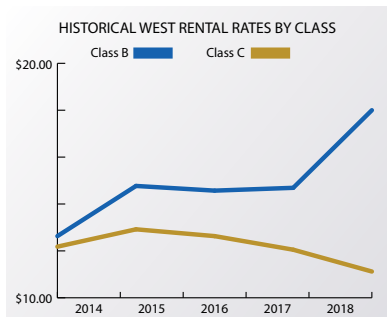
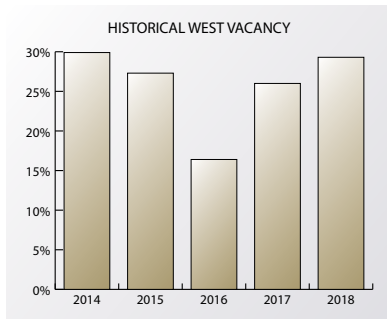
2019 MIDTOWN SUBMARKET FORECAST

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

Midtown	Year Built	Floors	RSF	Vacant SF	Vacant %	Rate	CAF
2000 Classen Center	1965	10	318,605	190,509	60%	\$17.00	13%
2000 N Classen Blvd							
4801 Classen Building	1974	2	33,151	2,254	7%	\$11.00	0%
4801 N Classen Blvd							
Cameron Building	1955/57	5	81,493	6,925	9%	\$14.00	15%
2901 Classen Blvd							
Classen Park I	1980	2	52,800	8,487	16%	\$14.00	15%
3700 N Classen Blvd							
Classen Park II	1982	3	52,800	0	0%	\$12.00	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	0	0%	\$11.00	10%
3814 N. Santa Fe Ave.							
Shepherd Mall Office Complex	1964/95	2	709,000	149,995	21%	\$14.50	0%
2401 NW 23rd Street							
Totals			1,389,347	358,170	25.8%	\$14.68	

2018 Year-End Oklahoma City Office Market Summary

WEST SUBMARKET



2018 YEAR-END WEST SUBMARKET REVIEW

- Aggregate vacancy rates increased from 26.0% to 29.3%
- Class B vacancy totals decreased from 32.0% to 25.9%
- Class C vacancy totals increased from 14.5% to 45.5%
- Aggregate rental rates increased from \$13.79 per SF to \$16.80 per SF due to the addition of two large Class B buildings.
- Class B rental rates increased from \$14.69 per SF to \$18.00 per SF.
- Class C rental rates decreased from \$12.05 per SF to \$11.12 per SF.
- The West Oklahoma City Office Market experienced positive absorption of 302,000 SF due to the addition of OKC30 and Westgate One.

2019 WEST SUBMARKET FORECAST

- Vacancy rates should improve slightly.
- Rental rates in the submarket should remain flat.



2018 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	44,803	55%	\$12.00	11%
Bank 2 Tower 909 S. Meridian	1975	7	4,158	852	20%	\$14.00	12%
Metro Office Park 4300 Highline Blvd.	1981	3	74,909	27,275	36%	\$10.00	0%
OKCWorks - OKC20 7725 W. Reno Avenue	1963	4	160,000	20,382	13%	\$17.50	15%
OKCWorks - OKC30 7725 W. Reno	1963/2016	1	260,000	70,700	27%	\$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	38,729	40%	\$14.50	15%
Westgate One 10401 W. Reno	2017	5	200,000	67,000	34%	\$22.00	10%
Will Rogers Office Park 2 4350 Will Rogers Parkway	1985	1	46,748	0	0%	\$11.50	10%
Totals			919,514	269,741	29.3%	\$16.80	

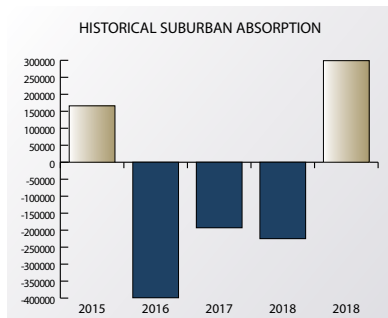
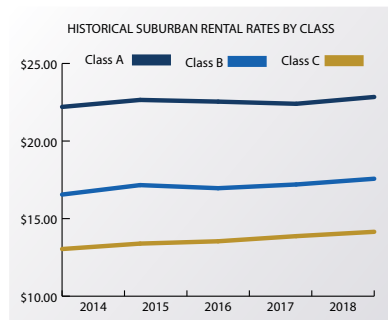
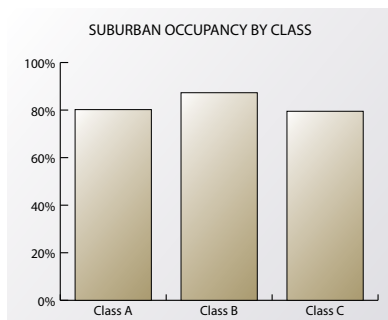
2018 Year-End Oklahoma City Office Market Summary SUBURBAN SUBMARKET

2018 YEAR-END SUBURBAN SUBMARKET REVIEW

- Aggregate vacancy rates rose from 18.0% to 20.8%
 - Class A vacancy increased from 18.8% to 19.8%
 - Class B vacancy increased from 18.0% to 18.7%
 - Class C vacancy increased from 16.6% to 20.5%
- Aggregate rental rates increased from \$17.83 per SF to \$19.61 per SF.
 - Class A rental rates increased from \$22.40 per SF to \$22.84 per SF.
 - Class B rental rates increased from \$17.20 per SF to \$17.57 per SF.
 - Class C rental increased from \$13.87 per SF to \$14.15 per SF.
- Suburban Oklahoma City experienced absorption of 299,000 SF during 2018.

2019 SUBURBAN SUBMARKET FORECAST

- Suburban rental rates should remain near current levels
- Suburban vacancy rates should also remain flat as the general economy has improved, but the oil & gas sector will struggle.



Suburban Submarket Totals	10,775,778	2,062,579	20.1%	\$19.61
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2018 Oklahoma City Office Sales

The year saw respectable activity with eight office buildings sold containing 25,000 square feet or more. While this is down from the more typical 12 to 15 sales transactions, the total square feet sold of just under 1.1 million was very much in line with previous years, as was the total dollar volume of almost \$62 million – so fewer transactions but larger transactions.

As in years past, local investors accounted for almost all the investment activity in the office sector. In the suburbs, the sale of Lakepointe Towers, owned by the estate of the late James Cotter, sold to an investment group out of Texas. It was the only asset sold to an out of town investor. The largest suburban office transaction involved the sale of the Harvey Parkway office building to the Oklahoma Teachers Retirement System, a fully leased 98,000 square foot building which sold for \$13.7 million.



Harvey Parkway

In the Central Business District, the largest transaction involved the purchase of the 36-story, 500,000 square foot Cotter Tower by an affiliate of BancFirst. The property had been placed into bankruptcy by the Cotter estate. BancFirst will initiate a comprehensive interior and exterior renovation of the newly christened BancFirst Tower beginning in late summer 2019, and will ultimately move its operations into approximately 150,000 square feet of vacant space. In conjunction with this transaction, BancFirst partnered with Continental Resources, Inc. to purchase the adjacent Santa Fe garage; this secures long term parking for both companies as well as the tenants of BancFirst Tower.

Another key CBD transaction was the sale of the Parkside building by Sandridge to an entity controlled by Echo Energy. The roughly 87,000 square foot property offered excellent architecture and beautiful views of the renovated Kerr Park. The price of \$10,750,000 was viewed by the marketplace as an excellent price for Sandridge given the amount of shell work still needing to be completed in the building. Echo Energy will move into the property.

In addition to these core-CBD transactions, there were a couple of notable sales in the immediately adjacent urban areas. The 410 Walnut office building containing approximately 36,000 square feet sold to a local investor, as did a 28,000 square foot facility on Dean McGee which will be converted to office space.

Pricing of office assets is all over the map depending on location, architecture, age and condition of the property, and whether it will be occupied primarily by the purchaser versus leased to third-party tenants. For example, the Parkside building sold for almost \$130 per square foot, even though there is still significant construction work to do, due to its location, unique architecture and the fact that it will be largely occupied by its purchaser. The pricing of BancFirst tower reflects the requirement for a complete renovation of the asset.

There are concerns about a slowing of the national economy, which of course has an impact on oil prices. The 4th quarter of 2018 saw a dramatic reduction in most commodity pricing, not just oil, but is headed back up as we start 2019. If the pricing holds, the stock market is less volatile, and there are no major surprises out of Washington DC, the Oklahoma City commercial office market should provide continued relative stability. Office buildings are capital intensive investments, so not only do investors need to understand the market, the submarket and the micro-market of any particular asset, but also have an understanding of the required cap-ex costs for both the building and the retrofitting of individual suites for new and renewing tenants. Having this knowledge and experience is critical to the proper underwriting and analysis of any office property, and is often the key determinant in achieving positive free cash flow for investors.



BancFirst Tower