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The vacancy rate for multi-family properties in the CBD was 10.9 percent the end of Q3 18, a drop of 0.5 percent from Q2 18 which saw a vacancy of 11.4 percent and a full 2 percent drop from the 12.9 percent in the CBD at the end on Q1 2018. The construction of new units remains steady as 1,462 units are under construction in the Oklahoma City market with more than 700 units being proposed.

Sales of multifamily units picked up in Q3 2018 as 43 multifamily transactions took place totaling $116,751,958.00. The table on page 8 shows the comparison of sales volume and number of sales in the past 4 quarters.

The most notable sales transaction for Q3 2018 was Woodland Trails Apartments at 12301 N MacArthur selling for $53,180.00 per unit and the Millennium OU at 900 E Lindsey Street in Norman selling for $128,525.00 per unit. There continues to be sizeable demand for multi-family units with a lack of available units for sale.
The Federal Reserve raised its target federal fund rate by a quarter point to a range of 2 percent to 2.25 percent in the third quarter 2018. It is expected that the Fed will continue to increase the rate gradually and there will be three more rate hikes in 2019. The rate hikes are supported by strong domestic demand as U.S. retail sales rose more than expected and manufacturing output has been rising steadily. It is reported that the U.S economy is growing at a 4.3 percent annualized rate in the third quarter.

United States, Canada and Mexico has reached a new agreement for NAFTA. The trade war between United States and China has escalated as the two countries have already imposed import taxes on $50 billion worth of each other’s goods, and President Trump threatens to add more if China retaliates. It will weaken the world’s largest two economies, and companies will encounter higher costs which will reduce jobs and consumers are going to pay higher prices for products.

According to the report from the Oklahoma Employment Security Commission, the Oklahoma State unemployment rate dropped to 3.7 percent in August. We saw continued recovery from the oil and gas companies. As the United States becomes the world’s largest oil producer and oil prices continue to surge, it will benefit local oil and gas companies.

The Oklahoma commercial real estate industry has been more active as oil and gas prices continue to rise, and as the new law for medical marijuana takes effect. The Oklahoma City Council has approved $1,000,000.00 in job creation payments and another $2.3 million in tax increment financing for Heartland Payment System’s headquarter in downtown; Rural Sourcing is set to open an office employing 150 people at the Rock Island Plow building in Bricktown; the $288 million new convention center is well under construction and is expected to open by 2020; the $27 million Oklahoma City Boulevard is set to open by late 2019, and the Scissortail Park is set to open by the summary 2019.
The overall vacancy rate for multi-family properties in the Oklahoma City market at the end of Q3 2018 was 10.6 percent, which decreased from the 11.2 percent vacancy rate at the end of Q2 2018. Average asking rent per SF was $0.85 per month. Studio asking rent averaged $613 per unit, one-bedroom asking rents averaged $652 per unit, two-bedroom asking rents averaged $779 per unit, and three-or-more bedroom asking rents averaged $829 per unit.
There were 1,462 units of multi-family space under construction at the end of Q3 2018. The two multi-family properties that have the most rentable building area under construction were the 500,000 SF The Steel Yard Apartments at 505 E Sheridan Ave., which still has 30 units under construction and is scheduled to be delivered in November, 2018, the 300,000 SF, or 291 units, Crown Lone Oak Apartments at 15400 Lone Oak Rd. in Oklahoma City which is scheduled to be delivered in October, 2018, and the 300,000 SF, or 300 units Cottages at Quail Springs Apartments at 2700 Watermark Blvd. which is scheduled to be delivered in November, 2018.
**NOTABLE MULTI-FAMILY PROPERTIES UNDER CONSTRUCTION**

<table>
<thead>
<tr>
<th>Building Address</th>
<th>Building Name</th>
<th>City</th>
<th>Units</th>
<th>RBA</th>
<th>Delivery Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>505 E Sheridan Ave</td>
<td>The Steel Yard - Phase II</td>
<td>OKC</td>
<td>250</td>
<td>500,000 SF</td>
<td>Nov 2018</td>
</tr>
<tr>
<td>15400 Lone Oak Rd</td>
<td>Crown Lone Oak Apartments</td>
<td>OKC</td>
<td>291</td>
<td>300,000 SF</td>
<td>Oct 2018</td>
</tr>
<tr>
<td>2700 Watermark Blvd</td>
<td>Cottages at Quail Springs Apartments</td>
<td>OKC</td>
<td>300</td>
<td>300,000 SF</td>
<td>Nov 2018</td>
</tr>
<tr>
<td>15501 N Pennsylvania Ave</td>
<td>The Lofts at North Penn</td>
<td>Edmond</td>
<td>150</td>
<td>200,000 SF</td>
<td>Oct 2018</td>
</tr>
<tr>
<td>835 W Sheridan Ave</td>
<td>West Village</td>
<td>OKC</td>
<td>350</td>
<td>163,460 SF</td>
<td>Oct 2018</td>
</tr>
</tbody>
</table>

**NOTABLE MULTI-FAMILY PROPERTIES PROPOSED**

<table>
<thead>
<tr>
<th>Building Address</th>
<th>Building Name</th>
<th>City</th>
<th>Number Of Units</th>
<th>RBA</th>
<th>Break Ground</th>
</tr>
</thead>
<tbody>
<tr>
<td>400 NE K Gaylord Blvd</td>
<td>Times Square</td>
<td>OKC</td>
<td>327</td>
<td>450,000 SF</td>
<td>Dec 2018</td>
</tr>
<tr>
<td>Classen Dr</td>
<td>Wilshire Point</td>
<td>OKC</td>
<td>160</td>
<td>120,000 SF</td>
<td>Feb 2019</td>
</tr>
<tr>
<td>100 Charlie Christian Ave</td>
<td>-</td>
<td>OKC</td>
<td>125</td>
<td>106,272 SF</td>
<td>Dec 2018</td>
</tr>
<tr>
<td>229 E Campbell St</td>
<td>The Campbell</td>
<td>Edmond</td>
<td>50</td>
<td>43,203 SF</td>
<td>Dec 2018</td>
</tr>
<tr>
<td>620 NW 178th St</td>
<td>Brookside Villas - Phase II</td>
<td>Edmond</td>
<td>22</td>
<td>29,844 SF</td>
<td>Dec 2018</td>
</tr>
<tr>
<td>700 N Broadway Ave</td>
<td>The Broadway Condominiums</td>
<td>OKC</td>
<td>12</td>
<td>20,000 SF</td>
<td>Oct 2018</td>
</tr>
<tr>
<td>NW 15 St. &amp; Blackwelder Ave</td>
<td>OKC Plaza District Apartments</td>
<td>OKC</td>
<td>15</td>
<td>15,000 SF</td>
<td>Oct 2018</td>
</tr>
</tbody>
</table>

There was 862,544 SF of multi-family space proposed at the end of Q3 2018. The proposed projects with the most rentable building area were the 327-unit Time Square at 400 NE K Gaylord Blvd, which is scheduled to start construction in December 2018, the 160-unit Wilshire Point at Classen Dr., which is scheduled to start construction in February 2019, and the 125-unit apartment at 100 Charlie Christian Ave, which is scheduled to start construction in December 2018.
There were 43 transactions totaling $116,751,958 recorded during Q3 2018. The largest transaction based on dollar volume was the sale of the 542-unit Woodland Trails at 12301-12401 N MacArthur Blvd. in Oklahoma City. Tradewind Properties from Houston, TX purchased the 365,480 SF property from Mindful Capital Group from Delray Beach, FL for $28,824,000, or $53,180 per unit, on August 1st, 2018.

Property Name: Millennium OU
Property Address: 900 E Lindsey St., Norman
Sale Price: $25,191,000
Price per SF: $162.52/SF
Price per Unit: $128,525
Sale Date: 07/27/2018

Property Name: Woodland Trails
Property Address: 12301-12401 N MacArthur, OKC
Sale Price: $28,824,000
Price per SF: $78.87/SF
Price per Unit: $53,180
Property Name: Capitol on 28th
Property Address: 215 NE 28th St., OKC
Sale Price: $19,699,998
Price per SF: $122.20/SF
Price per Unit: $88,340
Sale Date: 08/14/2018

Property Name: The Ridge
Property Address: 3834 N Oak Grove, Midwest City
Sale Price: $9,000,000
Price per SF: $36.54/SF
Price per Unit: $32,374
Sale Date: 09/05/2018
Cap Rate: 7.80%

Property Name: The Breighton Apartments
Property Address: 2930 N Shartel Ave., OKC
Sale Price: $5,834,000
Price per SF: $64.31/SF
Price per Unit: $60,770
Sale Date: 07/18/2018
Cap Rate: 6.50%

Property Name: Camden Oaks Apartments
Property Address: 301 Hal Muldrow Dr., Norman
Sale Price: $4,500,000
Price per SF: $42.77/SF
Price per Unit: $45,000
Sale Date: 09/10/2018
Cap Rate: 6.29%
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NAI Sullivan Group is a leading global service provider offering a full range of premier services, customized to fit your need and exceed your expectations. Our talented and experienced professionals provide benefits to large institutions and small business owners alike. We are your single point of contact for customized real estate services.

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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