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EXECUTIVE SUMMARY

We continue to see strength in the multi-family market as the new construction component has slowed over 2018 and the CBD district slows in new construction as we see increased demand.

The overall vacancy rate stayed at 10.6% in Q1 2019, the same as Q4 2018. The overall rental rate has leveled off at $0.87 in Q1 2019.

As we look forward in 2019, we do not see an overly saturated market of new construction, but current construction keeping up with demand.

The sale of multi-family properties slowed in Q1 2019 to 22 transactions totaling $81,231,999.00. The largest transaction based on dollar volume was the sale of the 252-unit The Landing apartments at 4800 E Interstate 240 Service Rd. in Oklahoma City. We believe the lower volume, similar to the sales volume in Q1 2018 is due more to limited inventory for sale as opposed to lack of demand.

Bob Sullivan
CEO

NATIONAL ECONOMY

The partial government shutdown in January dragged down the GDP growth in the first quarter, but we believe this is temporarily. The weakening global growth and also the trade war with China contribute to the pause of interest rate increase by the Federal Reserve. While Kiplinger still believes a strong rebound in the second quarter, and growth should average at least 2.5 percent for the entire year. Unemployment rate remained unchanged at 3.8 percent in March and is expected to go down to 3.60 percent by the end of 2019. Oil prices continue to rise due to the drop in global production, and the decrease in U.S. crude oil storage. Oil prices will be increasing steadily if OPEC and other oil countries to meet their pledged output cuts.

LOCAL ECONOMY

As oil and gas prices continue to climb despite the number of drilling rigs being down, the Oklahoma City market continues to revive. The commercial real estate market is active and strong, especially in the CBD and midtown area. The Central Oklahoma Transportation and Parking Authority has approved the 1,100-space garage which is key to the new convention center and Omni Hotel. The Oklahoma City council has approved a loan of $26 million for renovation and construction at First National Center. The Oklahoma City downtown Boulevard is well under construction and is set to be completed later this year. The Amazon distribution center is expected to open by the end of 2019, and the first Costco is expected to open during the summer 2019. The Scissortail Park and Omni Hotel are on their way. There is great activity in the Oklahoma City market. The low living cost and business cost continues to attract investors from across the country.
The overall vacancy rate for multi-family properties in the Oklahoma City market at the end of Q1 2019 was 10.6 percent, which remains the same compared to the rate of 10.6 percent at the end of Q4 2018. Average asking rental rate per SF was $0.87 per month, which increased from the $0.86 per SF per month at the end of Q4 2018. Studio asking rents averaged $624 per unit, one bedroom asking rents averaged $663 per unit, two-bedroom asking rents averaged $795 per unit, and three-or-more bedroom asking rents averaged $918 per unit.
There were 1,228 units of multi-family space under construction at the end of Q1 2019. The two multifamily properties that have the most rentable building area under construction were the 516,000 SF Liberty Creek Village at 6929 Sooner Road in Oklahoma City, which is scheduled to be delivered in April 2020, and the 300,000 SF Crown Lone Oak Apartments at 15400 Lone Oak Road in Oklahoma City, which is scheduled to be delivered in July 2019.
First Quarter Multi-Family Market Report

TOP UNDER CONSTRUCTION & PROPOSED MULTI-FAMILY PROPERTIES

<table>
<thead>
<tr>
<th>Under Construction</th>
<th>Building Name</th>
<th>City</th>
<th>Number of Units</th>
<th>RBA</th>
<th>Delivery Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>6929 Sooner Rd</td>
<td>Liberty Creek Village</td>
<td>OKC</td>
<td>516</td>
<td>516,000 SF</td>
<td>Apr 2020</td>
</tr>
<tr>
<td>15400 Lone Oak Rd</td>
<td>Crown Lone Oak Apartments</td>
<td>OKC</td>
<td>286</td>
<td>300,000 SF</td>
<td>July 2019</td>
</tr>
<tr>
<td>120 N Robinson Ave</td>
<td>First National Center - Apartments</td>
<td>OKC</td>
<td>193</td>
<td>254,321 SF</td>
<td>Jan 2021</td>
</tr>
<tr>
<td>15501 N Pennsylvania Ave</td>
<td>The Lofts at North Penn</td>
<td>Edmond</td>
<td>192</td>
<td>200,000 SF</td>
<td>June 2019</td>
</tr>
<tr>
<td>2013 E Cherry St</td>
<td>Markland/Wiles Apartments</td>
<td>Noble</td>
<td>24</td>
<td>27,150 SF</td>
<td>Jun 2019</td>
</tr>
<tr>
<td>627 NW 5th St</td>
<td>Town House Apartments</td>
<td>OKC</td>
<td>17</td>
<td>20,000 SF</td>
<td>Apr 2019</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Proposed Building Address</th>
<th>Building Name</th>
<th>City</th>
<th>Number of Units</th>
<th>Rentable Building Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classen Dr</td>
<td>Wilshire Point</td>
<td>OKC</td>
<td>160</td>
<td>120,000 SF</td>
</tr>
<tr>
<td>100 Charlie Christian Ave</td>
<td></td>
<td>OKC</td>
<td>125</td>
<td>106,272 SF</td>
</tr>
<tr>
<td>229 E Campbell St</td>
<td>The Campbell</td>
<td>Edmond</td>
<td>50</td>
<td>43,203 SF</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>
</tr>
<tr>
<td>700 N Broadway Ave</td>
<td>The Broadway Condominiums</td>
<td>OKC</td>
<td>12</td>
<td>20,000 SF</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>
</tr>
</tbody>
</table>

There was 384,319 SF of multi-family space proposed at the end of Q1 2019. The proposed projects with the most rentable building area were the 120,000 SF, or 160-unit Wilshire Point at Classen Dr. in Oklahoma City, and the 106,272 SF Apartments at 100 Charlie Christian Avenue in Oklahoma City.

OKC MULTI-FAMILY MARKET SALES

<table>
<thead>
<tr>
<th></th>
<th>2018 Q2</th>
<th>2018 Q3</th>
<th>2018 Q4</th>
<th>2019 Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Transactions</td>
<td>29</td>
<td>48</td>
<td>29</td>
<td>22</td>
</tr>
<tr>
<td>Total Sales Volume</td>
<td>$81,143,088</td>
<td>$144,933,694</td>
<td>$172,402,400</td>
<td>$81,231,999</td>
</tr>
<tr>
<td>Total Units</td>
<td>2,371</td>
<td>3,307</td>
<td>3,109</td>
<td>1,443</td>
</tr>
<tr>
<td>Average Price per Bldg. SF</td>
<td>$39.79</td>
<td>$63.94</td>
<td>$72.30</td>
<td>$62.16</td>
</tr>
<tr>
<td>Average Price per Unit</td>
<td>$38,673</td>
<td>$54,140</td>
<td>$61,749</td>
<td>$58,273</td>
</tr>
<tr>
<td>Actual Cap Rate</td>
<td>8.01%</td>
<td>7.84%</td>
<td>7.30%</td>
<td>7.17%</td>
</tr>
</tbody>
</table>

There were 22 transactions totaling $81,231,999 recorded during Q1 2019. The largest transaction based on dollar volume was the sale of the 252-unit The Landing apartments at 4800 E Interstate 240 Service Rd. in Oklahoma City. SRT-Landing, LLC from Del Mar, CA purchased the 228,400 SF apartment from Square Deal Capital from Oklahoma City, OK for $32 million, or $126,984 per unit, with a cap rate of 5.70 percent on January 11th, 2019.
OKC MARKET SIGNIFICANT MULTI-FAMILY SALE TRANSACTIONS DURING Q4 2018

- **Property Name:** The Landing
  - **Property Address:** 4800 E Interstate 240 Service Rd., OKC
  - **Sale Price:** $32,000,000
  - **Price per SF:** $140.11
  - **Price per Unit:** $126,984
  - **Sale Date:** 01/11/2019
  - **Cap Rate:** 5.70%

- **Property Name:** The Commons
  - **Property Address:** 4215 SE 53rd St., OKC
  - **Sale Price:** $8,335,000
  - **Price per SF:** $48.84
  - **Price per Unit:** $39,690
  - **Sale Date:** 03/06/2019

- **Property Name:** The Belmont
  - **Property Address:** 1800 N Rockwell Ave., Bethany
  - **Sale Price:** $8,004,999
  - **Price per SF:** $49.13
  - **Price per Unit:** $49,413
  - **Sale Date:** 03/05/2019
  - **Cap Rate:** 7.50%

- **Property Name:** Dillon Park
  - **Property Address:** 1015 Chowing Ave., Edmond
  - **Sale Price:** $4,900,000
  - **Price per SF:** $76.80
  - **Price per Unit:** $136,111
  - **Sale Date:** 02/28/2019

- **Property Name:** Sooner Crossing Apartments
  - **Property Address:** 1115 Biloxi Dr., Norman
  - **Sale Price:** $4,550,000
  - **Price per SF:** $45.63
  - **Price per Unit:** $38,559
  - **Sale Date:** 03/06/2019

- **Property Name:** Belle Isle Terrace Apartments
  - **Property Address:** 4861 N Blackwelder Ave., OKC
  - **Sale Price:** $4,500,000
  - **Price per SF:** $37.38
  - **Price per Unit:** $46,875
  - **Sale Date:** 03/05/2019
  - **Cap Rate:** 7.00%
NAI SULLIVAN GROUP

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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