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Although the repercussions from COVID-19 will be felt for months, even years, regional experts say the condition of the real estate market in metro Oklahoma City varies by market sector and 2021 appears poised to be a year of recovery.

Here’s what those experts foresee, broken down by the various market sectors:

**Retail**

“The effect of the pandemic on retail varies a lot depending on who you ask,” said Jim Parrack, who heads the retail division of Price Edwards & Co.

About 60% of retailers have had steady sales, some even better than before the pandemic. They include grocery stores, mass merchandisers, discounters and home improvement stores. Online sales skyrocketed. “Those folks have done really well, but there’s a whole group of retailers who haven’t done well,” Parrack said. “The darlings of retail before the pandemic were experiential or entertainment venues that require people to gather. Restaurants have been one of the hardest hit.”

Fashion retailers and boutiques also have suffered. Department store sales, already in decline, were down 14-30%
in the third quarter, Price Edwards reported.

The year brought more store closures and bankruptcies than normal, and that will continue in the first half of 2021, Parrack said. Most of those companies had problems with debt or connecting with customers before the pandemic and likely would have closed anyway, he said.

Overall retail sales were up 1% in 2020. “People kept buying things, just different things,” Parrack said.

“As we look forward, the recovery and how well we do depends on how soon we can get through the pandemic,” he said. “2021 will be the year of retail recovery, but it will be a very uneven, choppy recovery.”

By midyear enough people likely will be vaccinated that they will be going out to shop for clothes and see movies, Parrack said.

There will be opportunities for new retail concepts, as well as store upgrades, expansions and relocations, he said.

Parrack said two things that will help the recovery in Oklahoma City are the limited lockdown restrictions put in place and the fact that many retailers already had adjusted to the energy industry downturn.

**Industrial, multifamily**

While many retail businesses “still are hanging on by their fingernails,” the industrial sector is thriving, said Grant Humphreys, president of Humphreys Capital real estate investment company.

“That’s been the shining light of real estate over the last year,” Humphreys said. “As a property sector, it actually has been boosted up by COVID.”

As more consumers shifted to shopping online, the need for last-mile distribution warehouses grew. Many people spending more time at home decided to upgrade their house or build a new one. That required more local distribution sites for materials. Lumber, for instance, usually comes from a location within a mile or two of the construction sites, Humphreys said.

NAI Sullivan Group’s third-qua-
MIXED continued from page 5

The market report for Oklahoma City showed 137,071,224 square feet of industrial real estate inventory with a vacancy rate of 4% and another 50,183 square feet under construction.

The report showed 53 sales recorded in the quarter for a gross volume of just over $54 million. The largest was $15.2 million for 6101 SW. 44th St., the site of an Amazon Delivery Station.

Likewise, multifamily properties proved to be resilient in the pandemic.

The report noted property owners were bracing for a financial hit when stimulus money came to an end in late July, but the market saw only a slight decrease in overall vacancy rates. The federal government later extended measures to help struggling families afford rent and avoid eviction.

As investors’ demand for multifamily remains strong, projects under construction include the 371-unit Thirty-Five Degrees North in Edmond, scheduled to be completed in late 2021, and The Residence at Classen Curve in Oklahoma City, a 325-unit five-story project due to be completed in early 2022.

“That property type is very healthy,” Humphreys said.

Residential

After a brief pause with the arrival of COVID-19, home sales exploded in 2020.

Activity dropped to a low in April with the first wave of the pandemic, but showings and sales rebounded in May, said Emilykaye Mitchelson, secretary-treasurer of the Oklahoma City Metropolitan Association of Realtors.

Low interest rates benefited the buyer and low inventory benefited the seller, Mitchelson said. “The sales have been very brisk.”

Sales were up 10% in 2020 over the previous year, while the number of homes available for sale was down 35%, according to the association’s annual report.

Mitchelson, a Realtor with Chinowth & Cohen, said she put one house on the market at 10 p.m. and someone called 30 minutes later asking to see it. By 8:30 the next morning, someone else had made an offer. The seller accepted an offer by 5 p.m. for more than the asking price.

The combination of low interest rates and low inventory has resulted in multiple offers for many properties, with 98.5% of sellers receiving the list price.

The association reported the average sale price was up 9.4% in 2020 and the average number of days on the market dropped 17%. Houses priced at $150,000 to $300,000 had both the most and quickest sales.

Mitchelson said when the pandemic sent people home to work and their children home to learn, many families discovered they didn’t have enough space and decided to upsize.

Some moved into existing homes, while others chose to build. Housing construction starts in central Oklahoma were up more than 12% in 2020, and buyers are snapping them up long before they are finished.

“From an inventory perspective there is nothing on the market right now – new or used,” Andrew French of French Construction Co. said.

Mitchelson said the 2021 forecast is for continued low interest rates, low inventory and rising prices.

Office

The Oklahoma City office market showed significant changes in 2020, most of them negative because of the COVID-19 pandemic and the decline in the energy industry.

“I just don’t know how big a negative it will be until everybody’s lease rolls over,” said Craig Tucker, managing broker with Price Edwards & Co. “Right now, the pandemic has just provided more parking at our buildings because tenants are still leasing but employees are working from home.”

During 2020 the market experienced overall negative absorption of approximately 618,000 square feet with the total vacancy rate increasing from 20.9% to 24.8%, according to Price Edwards’ year-end office market report.

“It’s not as full as it has been a lot of years, but it’s not as bad as people think,” Tucker said.

Some clients expanded their space to allow for more distance between employees, he said.

Looking forward, there is still a lot of uncertainty in the local office market because many companies have not returned to the workplace. Tucker said he is confident they will because most employees and CEOs want that in-person interaction.

“Everything happens better face-to-face than it does on a Zoom call or email,” he said. That’s true for making deals and for impressing the boss.

“An employee working from home will have less chance for advancement than someone doing the same job who the CEO sees every day,” Tucker said.

Leasing velocity increased significantly in the fourth quarter once people saw the vaccine rollout and that should continue, he said.

Tucker said the comeback will bring opportunities to upgrade space as landlords offer a few months rent-free and increased tenant allowances.

—— Kathryn McNutt

Expert: Real estate strong alternative to stocks

Investing in real estate is a strong alternative to the stock market now and will continue to be, Grant Humphreys, president of Humphreys Capital, said.

“Right now, we are very optimistic about real estate investments,” Humphreys said. “Real estate is a hard asset and also a hedge against inflation.”

A variety of indicators warn that substantial inflation is near, notably the two greatest drivers of inflation – the oversupply of money and economic growth, he said.

The U.S. money supply is at an all-time high after it grew five times faster in 2020 than over the past 40 years.

“We think real estate is a great place to be for the next several years,” Humphreys said.

—— Kathryn McNutt
MAPS program still delivering for OKC
Twenty-five years after its inception, the plan to invest public money to spur private investment is working

By Janice Francis-Smith

Oklahoma City’s MAPS program was created to spur economic development – a response to the city’s failure to attract a large employer due to a perceived lack in quality of life for its workers. More than 25 years after Oklahoma City voters approved the first MAPS proposal, the plan to invest public dollars in public projects designed to spur private investment is still working to attract high-paying jobs and the talent to fill those jobs.

And the companies and workforce MAPS has attracted continue to spur real estate demand in the Oklahoma City metro area.

In late 2019, Oklahoma City-based economic research firm RegionTrack released a report finding that MAPS projects spurred $3.9 billion in private investment spending between 1995 and 2018, most prominently reflected in the office, hotel, medical and research, residential, food service and entertainment sectors.

“The MAPS projects are viewed as the clear catalyst behind the revitalization underway in Oklahoma City,” reads the introduction to the RegionTrack report, authored by Mark Snead, economist and president of RegionTrack, and Eric Long, research economist for the Greater Oklahoma City Chamber. “More importantly, these public investments in turn triggered significant private development in housing, lodging, retail, office space and recreational offerings. This
The total market value of properties in the metro nearly doubled between 2009 and 2017, a gain of $1.88 billion, the RegionTrack report shows. Population in the downtown area grew by nearly 21%, for a gain of 2,200 residents, at a growth rate twice the average for Oklahoma County and three times the average for the state.

The report found that more than 9,000 jobs were added during that period. As those workers need somewhere to live, 2,700 housing units were added during the same period.

Oklahoma is currently one of the hottest housing markets in the nation, according to a report from California-based Norada Real Estate Investments. Now the 25th largest city in the United States, Oklahoma City has grown by more than 12% since 2010. Despite the construction and renovation of several high-profile multifamily housing complexes in recent years, demand for housing in the downtown Oklahoma City area remains high.

There was already a shortage of housing supply in Oklahoma City when the COVID-19 pandemic hit in March of 2020, Norada’s report shows, when many sellers decided to take their properties off the market. According to Zillow, home values are up by nearly 6% year-over-year in Oklahoma, and in Oklahoma City they have gone up by 7.9%.

MAPS

continued from page 7

MAPS 4 was approved by the voters in December 2019 with a record-high level of support, just shy of 72%, for the largest MAPS package ever proposed, 16 projects estimated to cost $978 million. To fund the project, voters agreed to a temporary 1-cent sales tax for the next eight years. The MAPS plan provides funding for the projects on a pay-as-you-go plan, allowing improvements to be built without incurring debt for the city.

Collections for MAPS 4 began just as the final projects included in the MAPS 3 proposal, approved in 2010, are just wrapping up – putting on full display the kind of private investment MAPS projects attract.

Adjacent to the new Oklahoma City Convention Center, overlooking the 40-acre upper portion of Scissortail Park – both MAPS 3 projects – sits the newly opened Omni Oklahoma City Hotel. The Dallas-based international luxury hotel company put 76,600 square feet of flexible meeting and event space, and more than 600 guest rooms at 100 W. Oklahoma City Blvd., right next to the city’s investment in a new convention center, helping to upgrade Oklahoma City into the next tier of cities able to attract large groups for events, conventions and conferences.

Adding to Oklahoma City’s convention and visitor capacity, a 10-story, 182-room Renaissance Hotel is under construction at the corner of Sheridan and Oklahoma Avenue in the Bricktown entertainment district.

Bricktown as it is today came about due to the first MAPS program, approved by the voters in 1993, which transformed a mostly vacant, run-down warehouse district into a thriving entertainment destination with restaurants, nightclubs, Bass Pro Shops and other attractions. The first MAPS proposal spent $23 million to create a canal through the district, a water feature that continues to attract visitors to enjoy water taxi rides along the canal and a meal at one of the many restaurants situated along its banks.

The initial MAPS project also included funds to build or renovate several of the downtown area’s key attractions: the Chickasaw Bricktown Ballpark, the Cox Convention Center, what is now known as the Chesapeake Energy Arena, Civic Center Music Hall and improvements along the Oklahoma River. Improvements to the river led to the creation of Oklahoma City’s Boathouse District, named a U.S. Olympic & Paralympic Training Site by the U.S. Olympic Committee. Both Chesapeake Energy and Devon Energy invested to build boathouses in the district, alongside the University of Oklahoma’s boathouse and the city’s RiverSport outdoor adventure park.

Each MAPS proposal, including the Kids that improved the Oklahoma City school system, has created further incentives to attract skilled workers drawn by quality of life and businesses that cite Oklahoma City’s workforce as a reason to relocate or expand in the city.

“In the 25 years since the onset of the initial MAPS projects, Oklahoma City and its residents have enjoyed a substantial improvement in the quality of life, particularly in the downtown area,” reads the RegionTrack report. “The reconstruction of the area and the subsequent turnaround in the city’s economic trajectory have been substantial and consistent, if not transformative.”
EVENT AGENDA
THURSDAY
FEBRUARY 18, 2021
TOWER THEATRE

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<tr>
<th>Time</th>
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<tbody>
<tr>
<td>11:30 – 12:00</td>
<td>Registration, Networking, Lunch</td>
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<tr>
<td>12:15 – 12:30</td>
<td>Introduction by Event Emcee</td>
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<td>Paul Stuke</td>
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<td>Plains Commercial Real Estate</td>
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<td>12:30 – 12:50</td>
<td>Projects in the Metro Area</td>
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<td>Jeff Seymour</td>
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<td>Greater Oklahoma City Chamber</td>
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<td>12:50 – 12:55</td>
<td>Awards (Office and Industrial)</td>
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<td>Presented by The Journal Record</td>
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<td>12:55 – 1:55</td>
<td>Keynote Speaker</td>
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<td>Lt. Col. Dan Rooney</td>
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<td>Folds of Honor</td>
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<td>1:55 – 2:10</td>
<td>Break</td>
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<td>2:10 – 2:20</td>
<td>CREC Industry Leadership Award</td>
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<td>2:20 – 2:50</td>
<td>Economic Forecast</td>
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<td>Russell Evans, Ph.D.</td>
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<td>Meinders School of Business, Oklahoma City University</td>
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<td>2:50 – 2:55</td>
<td>Awards (Retail, Multi-Family and Land Sale)</td>
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<td>Presented by The Journal Record</td>
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<td>2:55 – 3:10</td>
<td>Break</td>
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<td>3:10 – 4:25</td>
<td>Industry Update – Moderated by Stuart Graham, CBRE</td>
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<tr>
<td>4:30 – 6:00</td>
<td>Happy Hour – Networking</td>
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Three hours of continuing education credits have been applied for through the Oklahoma Real Estate Commission.

The Commercial Real Estate Council of Oklahoma is an organization whose membership is comprised of more than 275 professional men and women with a common interest in the integrity of the commercial real estate industry. Its primary objective is to create a forum for its members to network and stay informed on current real estate events and practices.
Paul Stuke
Plains Commercial Real Estate

Paul Stuke is an office broker at Plains Commercial Real Estate. He has a background in lending and title insurance. Paul holds a Business Administration degree in Finance from the University of Central Oklahoma and serves on the Alumni Association Board.

Jeff Seymour
Greater Oklahoma City Chamber

Jeff Seymour currently serves as the Executive Vice-President for Economic Development for the Greater Oklahoma City Chamber. In this role he leads the Chamber’s effort to expand the regional economy through new business recruitment, providing support to existing businesses and entrepreneurs and meeting the talent and workforce needs of current and future employers.

Prior to serving at the Chamber, Jeff served as Executive Director of the Franklin County Development Council, a countywide economic development organization in the greater Kansas City region and the Executive Director of the Blackwell Chamber of Commerce and Blackwell Industrial Authority in Blackwell, Oklahoma. Jeff also worked at the Ponca City Development Authority.

Jeff is graduate of Oklahoma State University and Northern Oklahoma College with degrees in economic and international business.

Jeff holds the status of a Certified Economic Developer (CEcD) through the International Economic Development Council.

Stuart Graham
CBRE

Stuart Graham is Senior Vice President with CBRE in the Oklahoma City office, specializing in the sale and leasing of shopping centers, retail buildings, restaurant properties, commercial land, and large development tracts. Stuart also specializes in tenant representation and site selection services for those looking to relocate or expand their business in the Oklahoma Market.

Russell Evans
Meinders School of Business, Oklahoma City University

Dr. Evans is a professor of economics at Oklahoma City University, where he serves as the Executive Director of the Steven C. Agee Economic Research and Policy Institute in the Meinders School of Business. As executive director, Dr. Evans oversees three research centers with focus areas on data analytics, Native American economics, and regional economic forecasting. Dr. Evans’ research interests include regional economic forecasting and policy analysis with a specific interest in local tax systems. He has spent much of the last 10 years working closely with state and local governments, economic development agencies, and industry groups assessing economic impacts, evaluating policy, and forecasting future fiscal conditions.

The work of Dr. Evans and his research staff is regularly cited in both regional and national media markets. He is a member of the American Economic Association, the National Association for Business Economics, and currently serves as the president of the Oklahoma Association for Business Economics having previously served as a Distinguished Fellow at the E Foundation for Oklahoma. He lives in Oklahoma City with his wife, three beautiful daughters and two sons.
Lt. Col. Dan “Noonan” Rooney
Folds of Honor

Lt. Col. Dan Rooney is the founder of the Folds of Honor, an F-16 Fighter Pilot (1,800 hours of flight time) with three combat tours in Iraq, and a PGA Golf Professional. He founded The Patriot Golf Club, American Dunes Golf Club, and is the author of A Patriot’s Calling—Living Life between Fear and Faith. He was the motivational team speaker for two US Ryder Cup teams; this is an honor often reserved for U.S. Presidents.

From humble beginnings above his garage, Lt Col Rooney started the non-profit Folds of Honor. Its singular mission is to provide educational scholarships to the spouses and children of wounded or killed military service members. In 12 years, Folds of Honor has provided 25,000 life-changing scholarships totaling over $125 million dollars.

A lieutenant colonel in the Air Force Reserves, flying the T-38 (950 flight hours) and a decorated military aviator, he is a two-time recipient of the Top Gun award and was honored with the Spirit of Attack award as a top graduate of F-16 training. He has received many decorations to include the Air Force Commendation Medal, Air Medal, Anti-terrorism Medal, Combat Readiness Medal and Air Expeditionary Medal. Lt Col Rooney continues to fly fighters as an aggressor pilot in the 301stFighter Squadron at Eglin AFB in Destin Florida.

For his service and patriotism—Rooney was presented the White House’s “Presidential Volunteer Service Award” by President George W. Bush, the Air National Guard’s “Distinguished Service Medal”, the Air National Guard’s “Directors Service Award” and the Ellis Island “Medal of Honor.” Lt Col Rooney is a Kansas University Distinguished Alumni, Significant Sigma Chi, and recipient of the Oklahoma Medal of Freedom. He was honored at The Masters Invitational with the “William D. Richardson Award” for his outstanding contributions to golf and received the PGA of America’s first-ever "Patriot Award." He has been recognized as one of People Magazine’s “Heroes of the Year,” Money Magazine’s “Hero of the Year” and ABC World News Tonight’s “Persons of the Year.”

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DAY OF EVENT
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As one door closes, others ready to open

In 2020, some retail stores took a hit; others pivoted and are poised for growth

**By Heide Brandes**

While 2020 was a rough year for most industries, the commercial real estate sector took a big hit in the past 12 months. However, Oklahoma showed itself to be more resilient in the commercial space, despite major closings from national chains.

“In my experience, I have still been busy. There has been a shift in what people are looking for as far as commercial space though,” said Kristi Hutton, a Realtor at Whittington Realty and a member of the Oklahoma City Metropolitan Association of Realtors Commercial Committee.

“Before COVID, e-commerce was really on the rise,” she said. “Those retail stores that were really on board with the e-commerce did not struggle as much. If anything, they rose to the top, but I’ve seen that with the local retail stores, not the big-box stores.”

As of December 2020, more than 8,000 retail locations nationwide closed their doors for good, said Coresight Research. While a record 9,500 stores went out of business in 2019, even before the pandemic, COVID-19 could cause as many as 25,000 stores to shut down permanently, Coresight said.

**THE LOSSES**

The nutrition and supplement chain GNC filed for Chapter 11 bankruptcy in 2020 and announced it would close 800 to 1,200 stores nationwide, including in Oklahoma.

“The COVID-19 pandemic created a situation where we were unable to accomplish our refinancing and the abrupt change in the operating environment had a dramatic negative impact on our business,” the company said in a statement.

The silk pillow, scented candle and wicker furniture giant Pier 1 also announced that it plans to shutter half of its more than 900 stores, citing the pandemic as a hindrance to finding a buyer to take over after it filed for bankruptcy.

Stein Mart, a popular discount department store with several locations in Oklahoma, also filed for bankruptcy in mid-August and said it would close “a significant portion, if not all, of its brick-and-mortar stores.”

Even the behemoth home goods chain Bed Bath & Beyond felt the hit, saying it would close 40 of its stores by March 2020. After July, that number changed to more than 200 stores over the next two years.

Oklahoma may have lost some of those big-box stores, but the buildings in the state aren’t staying closed for long.

“As far as the retail space for Oklahoma, we saw many businesses not needing their space as much for people to come in and shop, but they are needing it for their online business,” said Hutton. “So, here in Oklahoma, I’ve actually seen them keep their space. There was a struggle for sure for retail, but Oklahoma is so resilient. In the state, retail is still strong.”

Even chain restaurants were not spared. The Dallas-based Cotton Patch Cafe closed its stores in Ada, Broken Arrow, Claremore and Ardmore. Logan’s Roadhouse also filed for Chapter 11 bankruptcy in March and closed all its company-owned restaurants, and in May, Potbelly said it may have to close 100 locations.

In Oklahoma, however, those big spaces may be filled quickly with another industry – the marijuana dispensary business.

“Other businesses that are thriving are going to take over those spaces – dispensaries for one. There are a lot of clients looking for spaces where they can make different products with those ingredients, so restaurants and kitchens are what they’re looking for,” Hutton said.

“I think there’s going to probably be an upturn,” she said. “We have already seen an influx of people looking for warehouse space, for grow land and for grow dispensary spaces. We can’t keep warehouse space available because of that demand.”

In the January 2021 Commercial Market Insights Report, the National
Association of Realtors said that full-year commercial real estate transactions in 2020 were 32% below last year’s level even though the transactions picked up in the fourth quarter.

THE STRENGTH OF SPACE

However, some major retailers fought and succeeded to stay open. Amazon, of course, boomed during the social-distancing period, but its costs also shot up, leading the company to temporarily shut down warehouses for a time in early 2020. However, because of remote work and living, Amazon’s stocks reached all-time highs this year.

Home Depot was among a select group to see sales jump during the pandemic. The company was able to keep its stores open as an “essential business,” and Americans fed profits by investing in home repair and upgrades during the pandemic isolation period.

“The stores that did not really have a huge online presence, or maybe weren’t willing to adapt, were hurting even without COVID,” Hutton said. “We’re moving to more of an online, e-commerce society, but we still need the retail space for inventory for administration.”

Office space is also picking up in Oklahoma, Hutton said. At the beginning of COVID-19, the state did see a downturn in office spaces being leased out or bought up, but that trend is reversing.

“I have listings with spaces being filled,” she said. “So many people that you would think would want to work at home and be working at home are getting sick of it. We are seeing smaller office spaces moving because of an uptick as people return to traditional workspaces.”

Nationally, the office sector did not fare as well, losing 98 million square feet of occupied office space as many businesses closed or shifted to remote working environments.

“The pandemic has negatively impacted 75% of small businesses and increased by fourfold the fraction of the workforce working from home to 25% from just 6% prior to the pandemic,” according to a January 2021 Commercial Market Insights Report from the National Association of Realtors.

As of December 2020, 24% of the workforce is working from home, which may have been a response to the increased cases of COVID-19 following the Thanksgiving holidays.

OVERALL COMMERCIAL PROPERTY TRANSACTIONS

Acquisitions of properties or portfolio acquisitions of $2.5 million or more increased in the fourth quarter, but the year was still down in this market. The full-year 2020 sales transactions of $405.4 billion were 32% below 2019’s $597 billion. On a full-year basis, acquisitions for hotels dropped 68%, followed by a 40% drop in office, 28% drop in apartment buildings and a 16% drop in industrial.

On the flip side, acquisitions for retail properties nearly doubled. One bright spot in the commercial real estate world was the industrial market, which increased occupancy nationwide by 268 million square feet, thanks to the popularity and increase in ecommerce sales.

Properties like data centers, self-storage, industrial and infrastructure got a big boost from the growth of e-commerce sales and the use of the “Internet of Things” as commerce went more and more digital.

The demand for infrastructure to support strong e-commerce and the workforce working from home also drove the infrastructure commercial real estate sector.

However, commercial prices on assets are still falling. According to the Green Street Commercial Property Price Index – an appraisal-based index that covers 15 property types (apartment, office, industrial, retail, lodging, self-storage, health care, data centers, etc.) – appraisals are also down 6% year-over-year.

OKLAHOMA COMMERCIAL PROPERTY OUTLOOK

According to a report from Phillips Murrah Directors Sally A. Hasenfratz and Bobby Dolatabadi, and the Real Estate Practice Group, released in 2020, many commercial purchase and sale transactions came to a screeching halt with buyers terminating agreements and lenders having underwriting concerns.

Oklahoma’s hotel and lodging entities that are well-poised to a quicker recovery are those without a strong reliance on group or international demand. Drive-to markets and those that see much stronger weekend occupancies may see demand return quicker, according to the Oklahoma Hotel and Lodging Association.

The Oklahoma Department of Commerce Business Development Team assisted 46 companies with location and expansion projects in 2020, which brought $2.043 billion in new investment into the state.

New or expanding businesses included Invenergy, Seaboard, Amazon, Costco, Avara, Cascades and Dolge.

RENTAL PROPERTY

Apartment properties are in a tricky situation as well. While the demand for apartment properties remains high, the concerns about missed rental payments weigh heavily on these investments. According to the National Association of Realtors, 19% of renters are behind in rent nationally, but December’s numbers showed that 94% of rents were collected.

Hutton said the Paycheck Protection Program, Small Business Administration loans and CARES Act money all helped keep Oklahoma’s multifamily commercial real estate strong.

“With the federal money, landlords were subsidized, so they didn’t suffer as much. Those funds helped a lot, so I think that sector will recover quickly if it did affect them at all,” said Hutton.

“Oklahoma is great at adapting. We’re very resilient, and I just think everything’s gonna go back up. It’s just going to look different.”
Housing construction starts jumped more than 12% in central Oklahoma in 2020 compared to the previous year. That trend is expected to continue for the foreseeable future as consumer demand for new homes is outpacing the supply.

The Builder Report of new home starts in the Greater Oklahoma City metropolitan area reveals construction began on 6,024 houses in 2020, the most since 6,065 in 2013.

"As a whole, 2020 was a great year. Sales started out strong and locally we saw the biggest spike in August and September," said Andrew French, past president of the Central Oklahoma Home Builders Association.

The Builder Report shows there were 666 new home starts in July and more than 600 in both September and October.

People locked up in their homes for months because of COVID-19 decided they wanted to remodel the space they were in or build something new, said French, vice president of French Construction Co.

"From an inventory perspective there is nothing on the market right now – new or used," French said.

"Houses are selling at the slab stage," he said. "They are flying off the shelf."

Usually, people wait until a house is framed so they can get a feel for the space, he said. Or they don’t commit to buying until it’s finished.

The Builder Report shows 40% of new starts last year were in north Oklahoma City and 45% in January 2021 are in the same area.

Two-thirds of January starts were for houses costing $100,000 to $300,000, while starts for houses costing $400,000 to $450,000 were up 70% over the 2020 monthly average.

"Some plants had to shut down due to COVID," French said. "That throws a big wrench into the supply chain."

The pandemic also has contributed to a huge labor shortage, both at manufacturing plants and construction sites, he said.

Appliance orders are backed up. French had to wait months for a certain refrigerator and had to put a temporary dishwasher in a house so the buyer could move in.

Builders also are facing increased material costs. French said the cost of lumber has gone up as much as 80%.

As a result, several builders have raised their prices about 3%, he said.

"Some of them have raised prices 5% to 6%," French said.

Buyers aren’t bowing out because of higher prices, he said, but they may be foregoing a cathedral ceiling or fourth bedroom to bring the price in line with their budget.

Low interest rates just make the decision to buy too tempting. French said he has heard of several people getting 2% to 2.5%.

"As long as rates stay where they’re at, sales will stay strong," he said.

The demand also is high for remodeling projects, but builders struggling to keep up with new construction may not be able to get to projects for months.

One thing to keep in mind, French said, is remodeling can cost a lot more if it involves adding on to the house. Adding square footage can cost twice as much as new construction, he said.

"It’s great not having any houses from a builder’s standpoint," French said. "We’re all starting specs as fast as we can. Everything is selling before it’s done."

On the flip side, if the demand drops, all those houses will flood the market at the same time, he said.

"Supposedly homebuilders see the first signs of recession," French said, "and I haven’t seen it yet."
TOP PROJECTS

PROJECT 1 THE OMNI HOTEL

Oklahoma City’s largest hotel, The Omni, has opened. The 605-room, 17-story Omni was designed to, and serves as, the convention-hotel to the new OKC Convention Center. The 605 rooms include 29 suites, two on each floor, and larger suites ranging from 1,527 to 2,178 square feet on the top floor. The $288 million convention center project was funded by the MAPS 3 capital improvements program approved in December 2009. This center has a total of 500,000 SF and includes a 200,730-SF exhibit hall, which is divisible into four halls: a versatile 29,874-SF ballroom, 45,000 SF of meeting space, a 9,726-SF junior ballroom, and 65,000 SF of pre-function space. The state-of-the-art building is east of Scissortail Park along Robinson Avenue and is served by the OKC Streetcar.

PROJECT 2 OKLAHOMA CITY CONVENTION CENTER

The MAPS 3 Oklahoma City Convention Center is no longer a future vision – the facility is now complete, ushering in a new era for Oklahoma City’s economy. Not only is the $288 million facility the largest single MAPS project ever, the new convention center also boosts Oklahoma City into a whole new category as far as locations for national conventions.

“What you’re seeing is the city moving into the next tier of conventions,” MAPS program manager David Todd said as city officials unveiled the new Oklahoma City Convention Center. The 500,000-square-foot facility includes a 200,730-square-foot exhibit hall and 45,000 square feet of meeting spaces. The two ballrooms – a 9,700-square-foot junior ballroom and a 30,000-square-foot grand ballroom, both feature views overlooking Scissortail Park.

The definition of what makes a city a “destination city” is changing, and Oklahoma City is changing to keep pace with the new standard by adding an array of attractions and amenities, Rojas said. “We’re changing the definitions by what MAPS has done and the city has done,” he said. Rojas, of ASM Global, the company that is managing the convention center, Chesapeake Energy Arena and the Cox Center, is working in concert with the Greater Oklahoma City Chamber and the Oklahoma City Convention and Visitors Bureau both to service existing customers and to attract events that have never before been held in Oklahoma. The city’s Modern Frontier campaign is making an impact with event planners nationwide, Rojas said.

PROJECT 3

Prairie Surf Media will get eight years to use the Cox Center as a soundstage for film production, according to the terms of a lease agreement approved by the Oklahoma City Council.

If all goes well, the city will have fostered thousands of jobs and Prairie Surf Media will have grown to the point where it can move out of the Cox Center into a new facility. If the plan doesn’t work out, the city hasn’t really lost anything, Mayor David Holt said.

The agreement gives PSM a five-year lease with the option for three more years. PSM, founded by two Oklahoma natives who worked in the industry in Los Angeles for years before attempting to bring some Hollywood-style productions to Oklahoma, will work to recruit production projects to film at the Cox Center.

PSM’s website highlights the Cox Center facility’s 260,000 square feet, 25-to-65-foot-high ceilings and five “clearspan” soundstages to attract film productions to the facility, located at 1 Myriad Gardens in downtown Oklahoma City. The facility is now being touted as “home to the largest soundstage in the Midwest,” according to a promotional video shared with the council.

Under the terms of the lease, PSM will pay $1 in rent for the first year and $75,000 the second year, and the amount will ramp up to $250,000 for the fifth year. While giving the company a break during the startup period, the city will be made whole by the end of the agreement, said Assistant City Manager Aubrey McDermid.

The prospect does not have much downside but has a lot of upside potential, Holt said.

PROJECT 4

The Oklahoma Contemporary Arts Center opened a new arts education and cultural resource on a 4.6-acre site at NW 11th and Broadway. In addition to providing a world-class facility for exhibitions, performance, and education and breathtaking addition to the OKC skyline, the new campus is a “creative commons,” a place for the community to gather, create and experience art. (Rendering provided by the Oklahoma Contemporary Arts Center)
EMPLOYMENT

Statewide

<table>
<thead>
<tr>
<th>November 2020 (Nov-20)</th>
<th>December 2020 (Dec-20)</th>
</tr>
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<tbody>
<tr>
<td>Labor Force</td>
<td>1,864,331</td>
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<tr>
<td>Employment</td>
<td>1,750,992</td>
</tr>
<tr>
<td>Total unemployed</td>
<td>113,339</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>6%</td>
</tr>
<tr>
<td>Total Nonfarm jobs</td>
<td>1,626,100</td>
</tr>
<tr>
<td>Goods producing jobs</td>
<td>236,100</td>
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<tr>
<td>Services producing jobs</td>
<td>1,390,000</td>
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<tr>
<td>Manufacturing jobs</td>
<td>126,300</td>
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<tr>
<td>Government jobs</td>
<td>346,900</td>
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<tr>
<td>Trade, transportation, utilities jobs</td>
<td>293,500</td>
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OKC MSA

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<tr>
<th>November 2020 (Nov-20)</th>
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<tbody>
<tr>
<td>Labor Force</td>
<td>701,835</td>
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<tr>
<td>Employment</td>
<td>662,447</td>
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<tr>
<td>Total unemployed</td>
<td>39,388</td>
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<tr>
<td>Unemployment rate</td>
<td>6%</td>
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Tulsa MSA

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<th>November 2020 (Nov-20)</th>
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<td>Labor Force</td>
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<tr>
<td>Employment</td>
<td>450,482</td>
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<td>Total unemployed</td>
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<td>Unemployment rate</td>
<td>6%</td>
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TOTAL RETAIL TRADE

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<tr>
<th>December 2019</th>
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<tr>
<td>Statewide</td>
<td>$3,546,633,837</td>
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<tr>
<td>OKC MSA</td>
<td>$1,291,293,393</td>
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<tr>
<td>Tulsa MSA</td>
<td>$913,701,735</td>
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<td>Lawton MSA</td>
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BANKRUPTCIES

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<tr>
<th>2019</th>
<th>2020</th>
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<tbody>
<tr>
<td>Western District of Okl filings</td>
<td>5,194</td>
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<tr>
<td>Northern District OK</td>
<td>2,592</td>
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<tr>
<td>Eastern District</td>
<td>1,525</td>
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REAL ESTATE

OKC Area Residential

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<thead>
<tr>
<th>December 2019</th>
<th>December 2020</th>
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<tbody>
<tr>
<td>Closed listings</td>
<td>1,814</td>
</tr>
<tr>
<td>Pending Listings</td>
<td>1,079</td>
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<tr>
<td>Average Sale Price</td>
<td>$209,844</td>
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<tr>
<td>Median Sale Price</td>
<td>$178,900</td>
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<tr>
<td>% selling price to list price</td>
<td>97%</td>
</tr>
<tr>
<td>Average days on market</td>
<td>44</td>
</tr>
<tr>
<td>End of month inventory</td>
<td>5,678</td>
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Tulsa Area Residential

<table>
<thead>
<tr>
<th>December 2019</th>
<th>December 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closed Listings</td>
<td>1,316</td>
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<tr>
<td>Pending listings</td>
<td>999</td>
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<tr>
<td>Average sale price</td>
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<tr>
<td>% selling price to list price</td>
<td>97.44%</td>
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<tr>
<td>Average days on market</td>
<td>39.85</td>
</tr>
<tr>
<td>End of month inventory</td>
<td>6,433</td>
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Sources: Oklahoma Employment Security Commission; The Center for Economic and Management Research at the University of Oklahoma’s Price College of Business; U.S. Bankruptcy Courts of Western, Northern and Eastern Districts of Oklahoma; Will Rogers World Airport; Tulsa International Airport; Oklahoma City Metropolitan Association of Realtors and Greater Tulsa Association of Realtors
In multiple interviews for the Square Feet special section, these are snapshots of the real estate market as expressed by some of our region’s experts.

‘As we look forward, the recovery and how well we do depends on how soon we can get through the pandemic. 2021 will be the year of retail recovery, but it will be a very uneven, choppy recovery.’

Jim Parrack
Price Edwards & Co.

‘Right now, we are very optimistic about real estate investment. Real estate is a hard asset and also a hedge against inflation.’

Grant Humphreys
Humphreys Capital

‘Everything happens better face-to-face than it does on a Zoom call or email. That’s true for making deals and for impressing the boss.’

Craig Tucker
Price Edwards & Co.
'The sales have been very brisk,' citing home sale figures that are up 10% in 2020 over the previous year.

Emilykaye Mitchelson
Chinowth & Cohen

‘As a whole, 2020 was a great year. Sales started out strong and locally we saw the biggest spike in August and September.’

Andrew French
French Construction Co.

‘Before COVID, e-commerce was really on the rise. ‘Those retail stores that were really on board with e-commerce did not struggle as much. If anything, they rose to the top, but I’ve seen that with the local retail stores, not the big-box stores.’

Kristi Hutton
Whittington Realty