

OKLAHOMA CITY RETAIL & DEVELOPMENT



Citizen-Led Renaissance Propels Oklahoma City

The citizen-led renaissance rolls on in Oklahoma City. Just 15 years after a forward-thinking mayor teamed up with the business and civic leaders to support an audacious \$356 million proposal to build or improve nine public amenities — known simply as MAPS (Metropolitan Area Projects), nearly \$3 billion in public and private investments has followed, setting this city on a course for even greater achievement. The results: significant increases in both visitors and property values in the downtown area.

For proof of Oklahoma City's resurgence, look no further than Bricktown. This 30-block area east of downtown was mostly an abandoned warehouse district as recently as the 1990s. Today, it houses more than 40 restaurants and clubs, a variety of gift and clothing stores including a Bass Pro Shop, a 16-screen theatre complex and luxury housing. This vibrant entertainment district was created after voters approved MAPS in 1993. By 1998, early progress had led to an annual visitor rate of two million people. That number continues to climb, with recent Bricktown Association estimates at four million visitors per year.

Property market values in Bricktown have followed a similar path. The aggregate value of 24 sites skyrocketed by 273 percent since



2000. One facility with a 1999 market value of \$129,950 saw an increase to \$1,600,000 by 2004. This rapid appreciation is one of the most significant indicators of the economic growth from the downtown renaissance – which included the debt-free construction of a canal, ballpark, arena, convention center, performance hall and library – and other attendance-generating assets.

One such asset is the Oklahoma River, a seven-mile waterway with 15 miles of trails, 19 pedestrian bridges and landscaped parks. There, Regatta Park hosts an elite slate of rowing and canoe/kayak championships. The sleek new Chesapeake Boathouse is a striking landmark and busy site for rowers and paddlers alike.

A growing number of hotels now serve Oklahoma City. In fact, in the last 18 months,

capacity of downtown hotel rooms more than doubled to approximately 1,600 total rooms. And, in the next 12 months, the city's total hotel inventory will grow from 15,000 to more than 17,000. Right behind is downtown housing. More than 2,200 residential lofts and condos have been announced for completion by 2010.

The downtown renaissance has not only energized the urban core, its momentum radiates outward in every direction. "The pace and level of investment has not shown signs of slowing," said Roy H. Williams, president and CEO of the Greater Oklahoma City Chamber. "There are signs of positive developments in business locations, hotels, housing, retail and restaurants. Forward momentum is strong. The story of Oklahoma City's rebirth is still being told."



STRONG ECONOMY MAKES CITY TOPS FOR JOBS



What do a low unemployment rate, steady job and income growth, a rising median household income and a low cost of living have in common? They are all factors that placed Oklahoma City at #19 on *Forbes'* 2008 Best Cities for Jobs list.

Compiled each year, *Forbes* magazine measures the 100 largest metropolitan areas in the nation, as defined by the U.S. Census Bureau, and determines a ranking for each city.

“This is good news for Oklahoma City businesses, as well as Oklahoma’s graduates, exiting military personnel and others looking for employment,” said Roy H. Williams, president and CEO of the Greater Oklahoma City Chamber. “Oklahoma City’s momentum is impacting several areas of our economy, and the ripple effect of our efforts to drive the city forward is reaching people and organizations across the nation.”

As economic slowdowns make an impact across the nation, Oklahoma City is fairing well and continues to out-perform the nation in job growth. That trend is expected to continue into 2009, according to the Greater Oklahoma City Chamber 2008 Economic Forecast, available at www.okcchamber.com.

“Business is robust in Oklahoma City and our volume seems to be sustaining an upward trajectory. Things are especially positive for our professional staff – we’re paying higher wages and larger annual increases to stay competitive,” said Anthony McDermid, Principal of Oklahoma City-based TAParchitecture. “We’re even attracting out-of-town talent – our most recent hire comes to us from Miami. Oklahoma City is a good place to be.”

The ongoing economic expansion of Oklahoma City remains broad-based, and is generating new jobs in most major industry sectors. The resulting strong job growth has triggered new in-migration, pushing population growth well above the national average. Four counties in the seven-county Oklahoma City MSA have top-ten growth rankings in the state.

“Industry diversity is a necessary building block for sustained economic growth,” said Williams. “Growing all industry sectors ensures the region’s economy doesn’t have all its eggs in one basket. That’s a big part of our success in creating a great place to live and work to date, and will continue to be our focus going forward.”

CULTURAL VIBRANCY

With more than 4,500 artists and 21 arts organizations creating one of America’s largest artist communities, it’s no wonder culture is valued as a central part of life for the citizens of Oklahoma City. This deep connection to the arts is nurtured by building traditions around the museums, festivals and performing arts that abound in Oklahoma City.

Area museums offer art, history and remembrance. The Oklahoma City Museum of Art (MOA) contains permanent and special collections, as well as the most comprehensive exhibit by glass sculptor Dale Chihuly. In 2008, MOA will be one of only three cities in the nation to host a traveling exhibit from the Louvre.

Preserving the nation’s western heritage is the National Cowboy & Western Heritage Museum, offering an eclectic mix of some of the most beautiful western landscape paintings, while showcasing the implements of the West. Explore Oklahoma’s own

history at the Oklahoma History Center, an iconic display of heritage and ingenuity. And the powerful Oklahoma City National Memorial and Museum pays tribute to the survivors and those who lost their lives in the Alfred P. Murrah Federal Building bombing.



Major festivals include Festival of the Arts, the Paseo Arts Festival, The Red Earth Festival and Arts Festival Oklahoma, all which feature local, national and international artisans and their wonderful creations. Musicians entertain the crowds that gather to experience great art and entertainment.

The performing arts in Oklahoma City thrive in multiple venues. Civic Center Music Hall is home to the Oklahoma City Philharmonic Orchestra, Ballet Oklahoma, Canterbury Chorale Society, BLAC, Inc. and Lyric Theatre and hosts touring Broadway musicals and national artists. Carpenter Square Theatre, Jewel Box Theatre, Oklahoma Children’s theatre, Oklahoma Opry and Stage Center also provide stages for the performing arts.

CORE TO SHORE: OKLAHOMA CITY'S NEXT OPPORTUNITY

Imagine how adding more than 1,000 acres to the downtown of an existing metro in the nation would transform a city. The extra space would open up development possibilities, creating room for additional housing, businesses and facilities for entertainment and recreation. Other cities add vertical layers to their downtown streetscapes in an effort to increase their total downtown area. But, in Oklahoma City, there is a great opportunity to reshape the city's core, after the realignment of Interstate 40.

The realigned Interstate 40 will make room for a new boulevard into downtown Oklahoma City. The project will bring significant opportunities for development, especially to the area between downtown (the "core") and the Oklahoma River (the "shore"). Plans for the reclaimed space call for mixed-use neighborhoods and better access for businesses – especially retailers – to the markets they serve.

The Core to Shore plan encompasses a 1,375-acre area impacted by the realignment of Interstate 40 south of downtown Oklahoma City. Boundaries include the area from Reno Ave. to The Oklahoma River and from Western Ave. to Interstate 235.

Public elements will provide a catalyst for private development. Among the public elements, which already have \$163 million in public funds allocated, are a three quarter mile-long boulevard, a 30+ acre Festival Park, new libraries, schools and a convention center. Included in the \$163 million is a one-cent sales tax that voters overwhelmingly approved to fund \$100 million worth of improvements to the city's arena, the Ford Center, which is adjacent to the location of the new boulevard.

Gateway to Downtown

Soon after the new freeway is built, the overhead lanes of the current Interstate 40, between Oklahoma and Walker Avenues, will be replaced with a new boulevard at ground level. This new street will be the gateway to downtown, encouraging new development to compliment recent downtown investments.

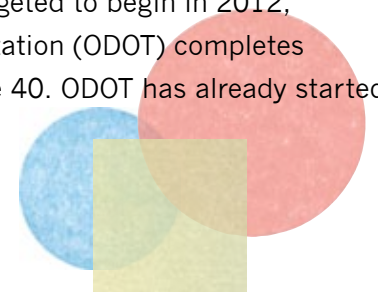


Photo courtesy of ODOT

Moving the highway will be one of several initiatives undertaken by Oklahoma City to expand its downtown. From railroad relocation to the revitalization of downtown infrastructure, Oklahoma City seizes opportunities to create a better community.

Additionally, the recently transformed Oklahoma River, a series of river lakes bordered by landscaped areas, trails and recreational facilities, created a first-class aquatic sporting destination, attracting such events as the 2007 USA Rowing World Challenge, the 2008 U.S. Canoe/Kayak Olympic Trials and the 2008 World Wakeboard Association World Championships – and more development is planned along Oklahoma City's sparkling waterway.

Construction of the at-grade boulevard is targeted to begin in 2012, after the Oklahoma Department of Transportation (ODOT) completes construction on the realignment of Interstate 40. ODOT has already started re-routing the existing Interstate 40 freeway.





TOURISM BRINGS \$1.2 BILLION IMPACT

Oklahoma City's trademark hospitality, coupled with great sporting and convention venues and a host of arts, culture and entertainment amenities, makes it a favorite destination for athletes, convention attendees and leisure travelers alike.

In fiscal year 2006-2007, the city welcomed approximately 6.6 million convention visitors who generated \$1.2 billion in direct spending. The city's long list of regional and national conventions, including PrePaid Legal; Sonic, America's Drive-In; and Technology Student Association, brought thousands of people to downtown Oklahoma City. So did sporting events like the Big 12 Men's and Women's Basketball Championships, the USA Rowing World Challenge and the USA Olympic Trials for canoe/kayak. And, just a few miles west of downtown, the State Fairgrounds hosted several horse shows.

"As Horse Show Capital of the World, a title bestowed on the city because it hosts more equine events than any other destination, Oklahoma City attracts more than 300,000 riders, owners, exhibitors and spectators for equine events. These are people who are staying in hotels, buying meals and shopping in Oklahoma City for several days at a time for a total economic impact of \$125 million each year," said Steve Collier, Vice President of Marquee Events for the Greater Oklahoma City Chamber. "And, ongoing improvements at State Fair Park are creating the premier equestrian facility in the nation, ensuring long-term contracts with many shows and drawing attention from organizers of shows not currently held in Oklahoma City. We are well positioned to attract more business, as well as new groups of visitors."

Ensuring top-notch infrastructure for events is a priority for Oklahoma City. Voters recently passed a one-cent sales tax that will result in \$100 million to improve the Ford Center arena. These improvements help place Oklahoma City's venues in a competitive position to attract bigger and better events, like Big 12 and NCAA championships, and the people – in need of food, lodging and retail – that come to town.

Hotels See Increase

With 15,000 hotel rooms across the city and new hotels in the planning

stages or already under construction, visitors have many options on where to rest their heads after a day of excitement in Oklahoma City. A frenzy of construction activity has occurred in the city's downtown, where the number of rooms since 2000 have increased more than 400%.

Additionally, the reopening of historic properties, including The Colcord Hotel and The Skirvin Hilton Hotel, increased available room nights in downtown Oklahoma City by 166,000 in 2007. More rooms didn't soften the market - in fact, the average daily rate increased 8.3% from \$74.56 in 2006 to \$80.75 in 2007. And, hotel occupancy was 64.9% - an increase of 7.6% over occupancy rates in 2006.



Room nights will again increase in the summer of 2008, as the Hampton Inn opens its 200 room location in Bricktown, the downtown entertainment district, and construction of a Holiday Inn Express in Bricktown is expected to begin this year.

Supply and Demand

"We have seen a significant increase in visitor inquiries," said Mike Carrier, President of the Oklahoma City Convention & Visitors Bureau. "From Jan. 2007 to Jan. 2008, more than 190,000 inquiries came in, compared to 101,000 for the same period from 2006-2007. Oklahoma City is on the radar screen for tourists across the country – the focus now is to keep it there."

Plans like the Core to Shore development, the reclaiming of 1,375 acres once the realignment of Interstate 40 is complete, will provide Oklahoma City with ample opportunity to build a larger convention center, making it a Tier II city.

Oklahoma City's latest visitor attraction - professional basketball - could arrive as early as next season. As one of only 30 NBA markets, Oklahoma City will attract fans from in and out of state.

What does it all mean for Oklahoma City? "There is a growing demand for visitor infrastructure, including hotels, restaurants, retail and service outlets. Being able to meet that demand is a high priority for the city, and spells success for local merchants as well," Carrier added.

OKLAHOMA CITY ACCOLADES

5th Lowest Business Costs in U.S.:

Oklahoma City has the 5th lowest business costs in the U.S. and the 11th lowest business costs in the world according to a KPMG Competitive Alternatives advisory.

2008 - www.CompetitiveAlternatives.com

7th Cleanest City in America:

Oklahoma City ranked 7th in Forbes.com's America's 10 Cleanest Cities list. Forbes used air and water quality, among other factors, to rate the cities.

March 18, 2008 - Forbes Magazine

Country's Most Affordable Housing Market

Oklahoma City is the **number 1 most affordable housing market** of the 50 largest metropolitan areas in America.

March 10, 2008 - Bizjournals.com

Nation's 4th Least Stressful City

Oklahoma City ranked 4th in a review of the least stressful cities in America. The study examined air quality, sunshine, crime, unemployment and commute time, among other factors, to rate the cities.

February 11, 2008 - Bizjournals.com

19th Best City for Jobs

Forbes used five equally weighted data points to rank cities: the state's unemployment rate, job growth, income growth, median household income and cost of living.

January 10, 2008 - Forbes Magazine

Income Growth Surpasses National Average

The Bureau of Economic Analysis said personal income grew by an average of 6.6 percent across all 363 of the nation's metropolitan areas from 2005 to 2006, while **income in Oklahoma City grew 8.7 percent**.

August 8, 2007 - The Oklahoman

6th Strongest For Income Growth

Oklahoma City's **income grew 24.10% from 2000-2005**, making it the 6th strongest metropolitan area for income growth in the nation.

June 21, 2007 - The Biz Journal

4th Most Entrepreneurial

Oklahoma's growing rate of entrepreneurship in 2006 boosted the state to fourth in the country, an annual survey of startup businesses recently revealed. According to the Kauffman Index of Entrepreneurial Activity, Oklahoma had about 430 entrepreneur startups per 100,000 residents in 2006.

June 19, 2007 - The Journal Record

Lowest Tax Burden of All States

According to the Commerce Department Bureau of Economic Affairs, **Oklahoma has the lowest tax burden of any state**, including the District of Columbia. Oklahoma's tax burden was 27.8% versus Connecticut at the top with 38.3%.

June 11, 2007 - The Wall Street Journal

EFFECTIVE BUYING INCOME

When adjusted for cost of living, Oklahoma City's median household income jumps from \$38,977 to \$42,879. This means the average Oklahoma City household can buy more than their counterpart in several other U.S. cities including New York City, San Francisco and Honolulu.

	Median Household Income (In 2006 Inflation Adjusted Dollars)	Median Household Income Adjusted for 2006 COLI
Oklahoma City	\$38,977	\$42,879
New York City	\$60,017	\$29,391
Honolulu	\$63,372	\$39,277
San Francisco	\$65,497	\$38,251
Philadelphia	\$33,229	\$26,615
Milwaukee	\$41,308	\$41,129
San Diego	\$59,591	\$40,517

Sources: Median Household Income Data from the ACCRA Cost of Living Index 2006



URBAN LIVING ATTRACTING HUNDREDS TO DOWNTOWN

The revitalization of Oklahoma City's core is leaving hundreds hungry for a taste of urban living. A study conducted by CDS Market Research and Spillette Consulting in 2005 found a pent-up demand for downtown housing that could handle as many as 8,098 new rental units and 4,826 new for sale units by 2015.

Since then, a frenzy of new multi-family housing developments have emerged. These new developments are targeting high-income wage earners and young professionals clamoring to live near the action. In an area where the average home value was \$37,646 in 2000, some new downtown homes are being sold for nearly \$1 million. This new development activity has resulted in a staggering growth rate for downtown Oklahoma City.

And, the fact that Bizjournals.com ranked Oklahoma City its number 1 most affordable housing market of the 50 largest metropolitan areas in America is just one more reason why people are taking a second look at living in Oklahoma City.

The city also ranked 4th in lowest cost of living among other cities in the nation by Forbes.com. Additionally, a survey conducted January 2007 by Biz Journal shows Oklahoma City rents to be the lowest in the nation among the 100 largest U.S. metropolitan areas. And, a new study by the Center for Applied Economic Research shows Oklahoma County is the 8th fastest growing county in terms of per capita income in the



nation and that Oklahoma City per capita income is now equal to the national average.

With such a sunny outlook, it's no wonder developers are keen to fill the need for downtown housing in Oklahoma City. Here are some details on the newest residences:

Block 42, 301 N.E. 4th St.

This \$13.5 million condominium project is comprised of 22 elevator-accessed flats and 20 town homes adjacent to downtown's entertainment district, Bricktown. Prices range from \$273,000 to \$659,000.

The Flatiron Lofts

This project, located between downtown Oklahoma City and the Presbyterian Health Foundation Research Park, offers 36 residential lofts, 23,000 square feet of both office and retail space and a skyline pool.

Centennial on the Canal, Lower Bricktown

The \$15 million Centennial is in the Bricktown downtown entertainment district, adjacent to the Harkins Bricktown Cinemas 16 and AT&T Bricktown Ballpark. These condominiums price from \$305,000 to \$600,000.

Harvey Lofts, N.W. 12th St. and Harvey Ave.

This 1930s building was converted from a long-vacant nurses' dormitory into 13 condominiums. The units range from 650 square feet to 1,300 square feet and start at \$135,000.

Legacy at Arts Quarter, 301 N. Walker Ave.

This \$33 million, six-phase project offers 303 apartments, making it the largest residential complex in downtown Oklahoma City. One-bedroom apartments rent for between \$889 and \$1,244, with two-bedroom units going for \$1,254 to \$1,532. Three penthouse apartments rent for \$2,500.

Park Harvey Apartments, 200 N. Harvey Ave.

Built in 1957, Park Harvey Center originated as an office tower built in the International Style. A



\$12 million renovation is fetching rents from \$525 for a lower-level studio apartment to \$1,195 for a two-bedroom unit.

Sieber Apartment Hotel and Grocery, N.W. 12th St. and Hudson Ave.

This rehabilitated property comprises 38 apartments ranging from 843 square feet to 1,401 square feet. Commercial space will be available on the ground floor of the main building.

Brownstones at Maywood Park, N.E. 3rd St. and Oklahoma Ave.

These 2 1/2-, 3- and 3 1/2-story homes will range from 2,500 to 3,500 square feet and price from \$600,000 to \$750,000.

Central Avenue Villas, 444 N. Central Ave.

The 30 residential condominiums on the southeast corner of N.E. 4th St. and Central Ave. feature one-, two- and three-bedroom condominiums, including single-floor and multi-floor luxury penthouses. Units range from 735 square feet to 2,800 square feet and price from \$150,000 to \$275,000.

Lofts at Maywood Park, 1 N.E. 2nd St.

The \$14 million, four-story Lofts at Maywood Park are priced at \$125,000 to \$275,000 and retail space starts at \$190,000.

The Hill, N.E. 2nd St. and Stiles Ave.

The \$75 million development features 157 urban town homes with 26 floor plans ranging from 1,600 square feet to 3,500 square feet.

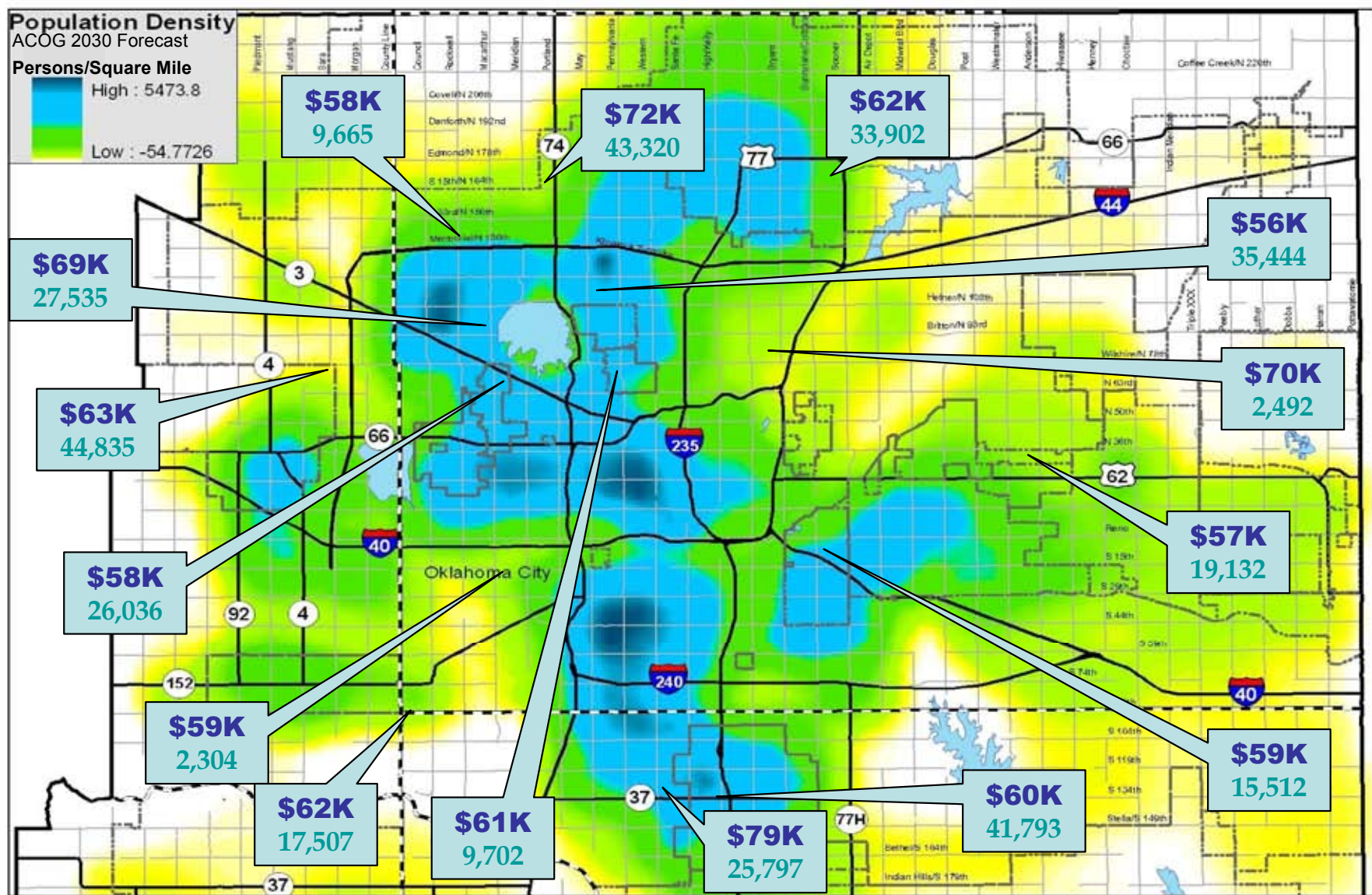
OKLAHOMA CITY: A UNIQUE MARKET

As the only city in the nation to go from zero to 10,000 residents in a single day, Oklahoma City continues to defy the conventional. The soon-to-be home of the next NBA franchise, this market offers residents the best in high-caliber entertainment, while still providing the lowest housing costs in the nation.

A closer look reveals much about the uniqueness of this southwestern city:

- 612,881 people living within a 16-minute drive of downtown
- 30% of those in the 16-minute drive zone have a household income between \$50 and \$124K.
- Is in the Top 5% (out of 939 U.S. metropolitan areas) for population, effective buying income, number of households, total retail sales and buying power index.

And, despite current national economics, the Oklahoma City MSA continues to grow and attract high-paying jobs through business retentions, expansions and locates. The map below illustrates the city's population and income distribution.

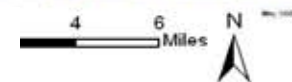


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BLUE = Median HH Income by Zip 2006 estimate

AQUA = Population by Zip 2006 estimate

Source: Zip Code Demographics, CACI Marketing Systems, 2006 Estimates





**OKLAHOMA CITY
RETAIL &
DEVELOPMENT**



**REDEFINING
THE URBAN LANDSCAPE**

**OKLAHOMA CITY'S DEVELOPMENT
AND RETAIL OPPORTUNITY**

Oklahoma City is committed to meeting the retail and service demands of its growing neighborhoods by helping companies and developers find the perfect fit in this vibrant market.

For more information, contact:

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