Oklahoma City Office MARKET

Winter • 2011

WIGGIN PROPERTIES, LLC

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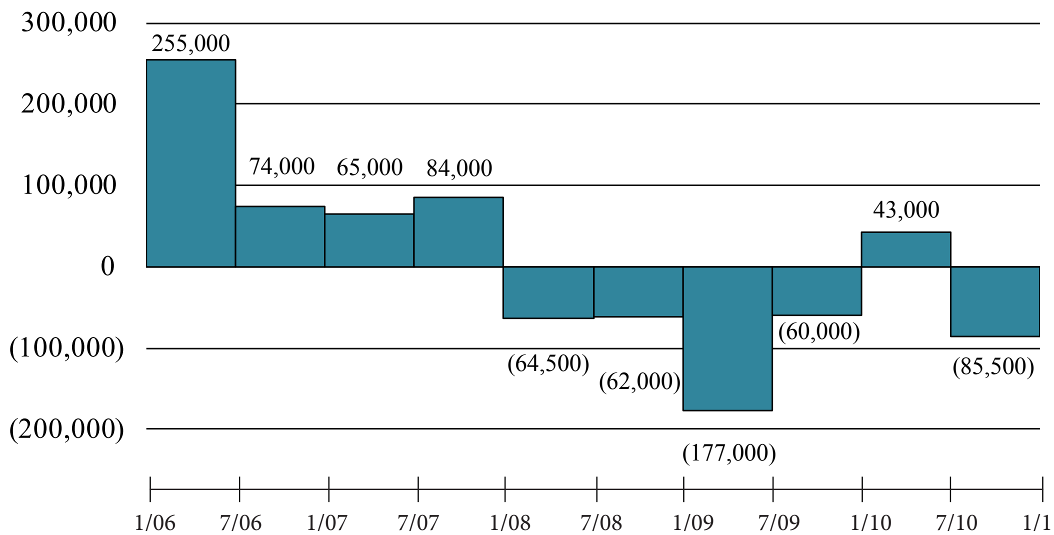
MARKET CONDITIONS IN OKLAHOMA CITY, WINTER 2011

During the second half of 2010, Oklahoma City's office market showed a net decline in occupancy of 85,000 square feet, or approximately 0.6% of the total market. This was the consequence of the relocation of Farmer's Insurance to its new building on Memorial Road and out of its call center at Shepherd Mall. Absent this new build-to-suit project, the net absorption would have been a net positive 65,000 square feet. In this regard, the results measured in the second half of 2010 are a considerable improvement over the two years of losses in 2008 and 2009, when the overall occupancy decline exceeded new construction by approximately 50%.

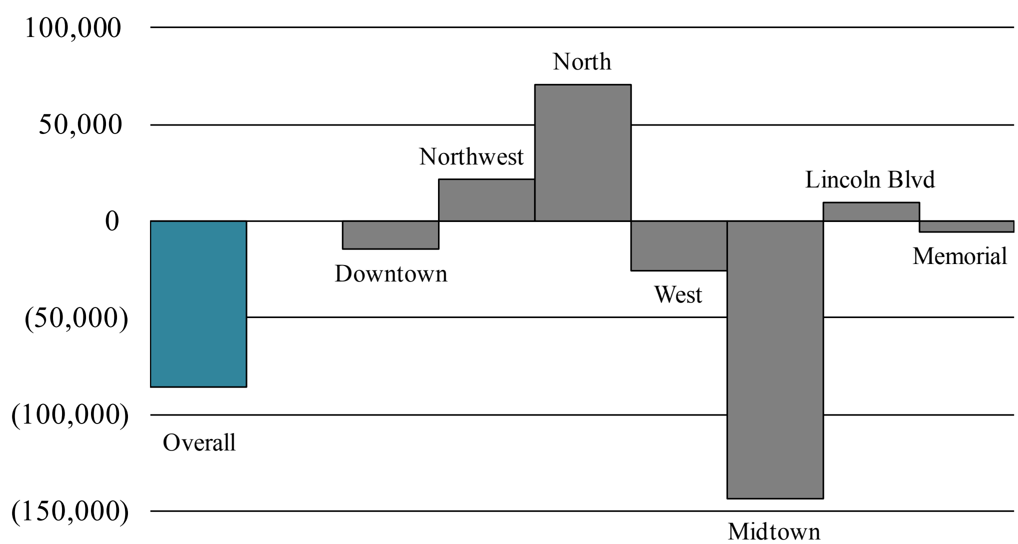
The result of the Farmer's Insurance relocation was a loss of approximately 143,500 square feet in the Midtown submarket, which was offset in part by gains of 71,000 square feet in the North submarket and 22,000 square feet in the Northwest submarket. The West submarket lost a net 25,000 square feet, and the Downtown, Lincoln and Memorial submarkets each showed net changes of less than 15,000 square feet.

In terms of occupancy rates, the strongest submarkets are now the North, at 88.3% and Midtown (even with the loss of Farmer's Insurance) at 87.1%. The Northwest submarket is next at 84.5%, while the suburbs overall now average 83.4%. Downtown occupancy in class A and B buildings is 85%, considerably above its overall occupancy of 73.3% when class C buildings are included. Occupancy trends over the past five years have favored submarkets located closer to the city's core over those further out, a trend which may reflect the city's continued reinvestment in its urban center. However, the addition of Devon's new corporate headquarters in 2012, while the largest single private investment in Downtown's history, will free up several hundred thousand square feet of space in multi-tenant buildings.

Overall Absorption Six Month Periods



Submarket Absorption Current Period



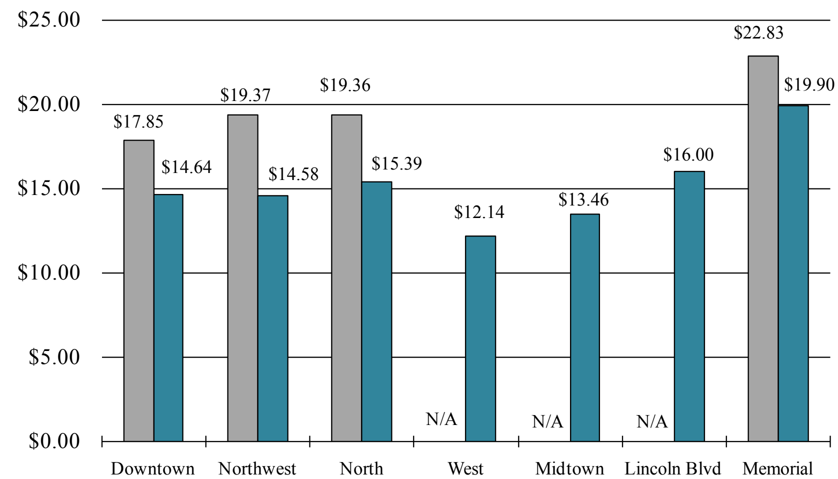
Weighted average asking rent rates during the past six months were again flat overall, with increases in some submarkets and decreases in others, reflecting the change in mix of available space. In general, class A rent rates range from $16 to $22 per square foot downtown and $17 to $24 per square foot in the suburbs. Class B rent rates range generally from $13 to $17 per square foot downtown and $13 to $20 per square foot in the suburbs. Quoted rent rates vary by building, location, age, condition, and quality of finish of the space, and actual deal terms fluctuate with the lease term, tenant improvement allowance, and other particulars of the individual lease. Except in the newest, highest priced space, rent rates are firm and landlords are not making concessions.

The volume of investment sale transactions continues to be far below historic levels. While mortgage debt is available at very attractive rates, buyers' appetites are constrained by low loan to value ratios, tighter lender underwriting, and difficulty in finding bargains. Most owners in fact have strong operating income and little motivation to sell into a slow market. There are some exceptions, of course, to these generalizations. Well leased premium properties continue to bring premium prices, and heavily leveraged owners with short term debt sometimes face challenges refinancing or raising capital. With few transactions to guide valuation, owners, lenders, sellers and buyers are continuing to operate in poorly charted waters. Income is the only measuring stick that buyers and sellers can trust.

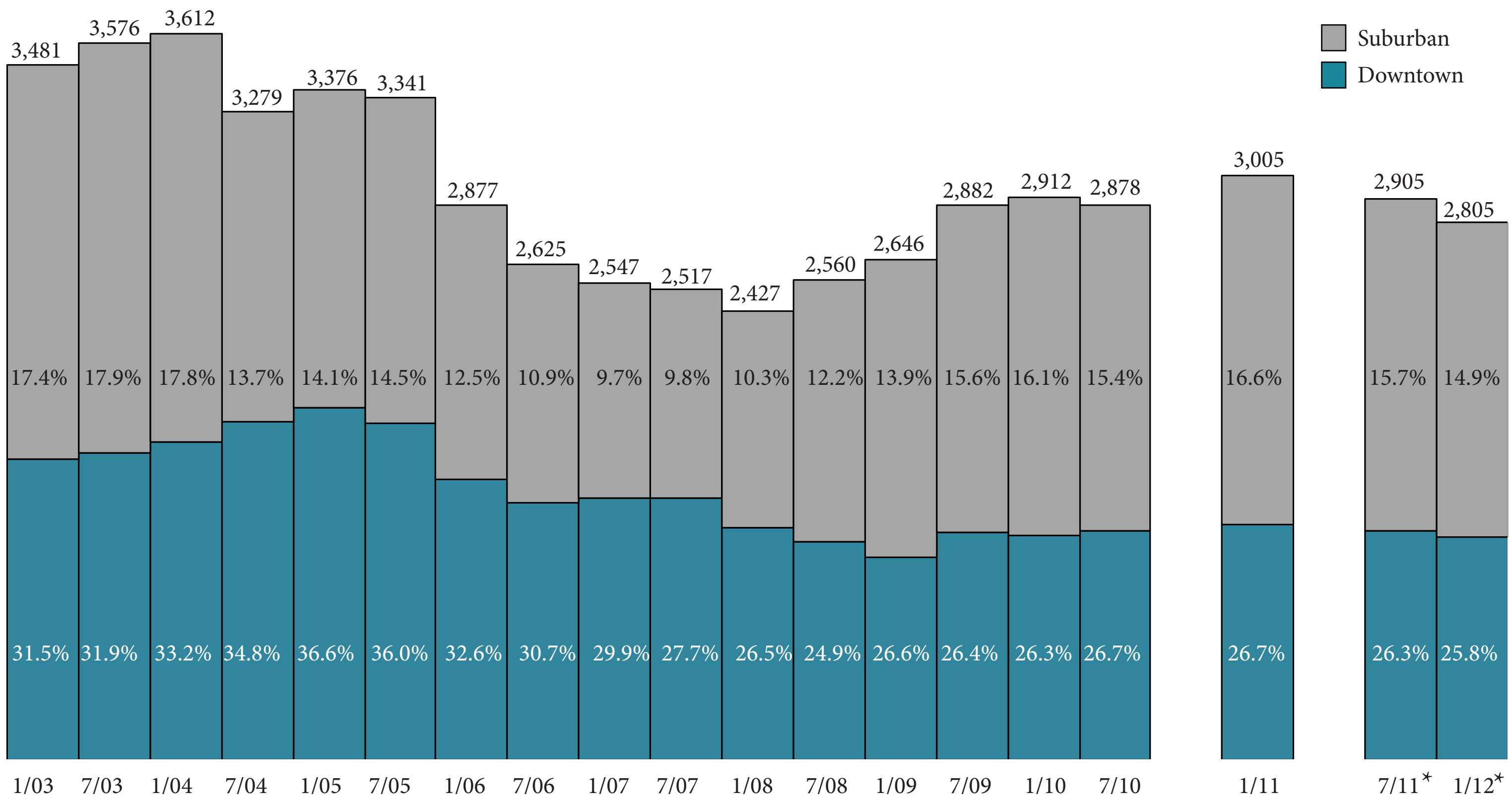
Despite its public sector budget shortfalls, Oklahoma's economy is stronger than most of the rest of the country and Oklahoma City continues to enjoy broad support for its investments in urban infrastructure, venues, and schools. This is evidenced by the voters' commitment to another penny sales tax for MAPs III projects downtown, Devon's progress on its new corporate headquarters, and Project 180's reconstruction of all the streets within the CBD. During the next decade more than $3 billion of public and private investments are committed to the downtown area, an indication that the city's remarkable renaissance is likely to continue.

Occupancy & Rent Rate Trends by Submarket

Weighted Average Asking Rent Rates by Submarket



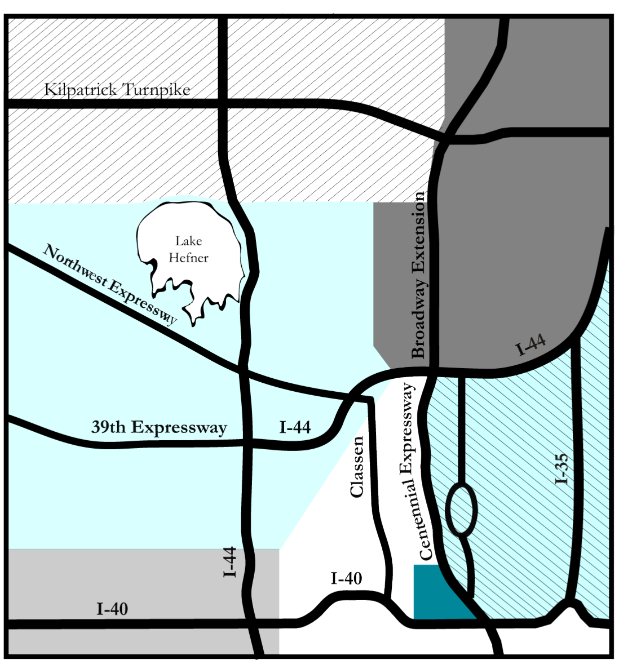
Available Space Trend Six Month Periods



* Assuming that 200,000 SF is leased net of additional vacancies during the next 12 months

* Projected

Available Space by Submarket January 2011



Key	Submarket	Total Area (sf)	Available (sf)	% Vacancy
	Downtown	5,657,716	1,510,372	26.7%
	Suburban			
	Northwest	4,533,626	702,352	15.5%
	North	1,233,637	144,861	11.7%
	West	430,470	151,417	35.2%
	Midtown	1,199,149	154,825	12.9%
	Lincoln Blvd.	613,374	175,199	28.6%
	Memorial	1,007,918	166,447	16.5%
	Total Suburban	9,038,278	1,495,101	16.6%
	Total Office Space	14,591,894	3,005,473	20.5%

WIGGIN PROPERTIES, LLC

5801 N Broadway Suite 120 Oklahoma City, OK 73118
507 S. Main Street Suite 402 Tulsa, OK 74103

www.wigginprop.com

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This is a survey of multi-tenant office buildings with 25,000 square feet or more of rentable space. Single tenant, single user, medical, and government buildings are excluded. Data is gathered from cooperating owners and managers without whose help this survey would be impossible. The information and analysis is compiled using our best efforts but without warranty.