



M Office
Oklahoma City **MARKET**

Winter • 2007

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MARKET CONDITIONS IN OKLAHOMA CITY, WINTER 2007

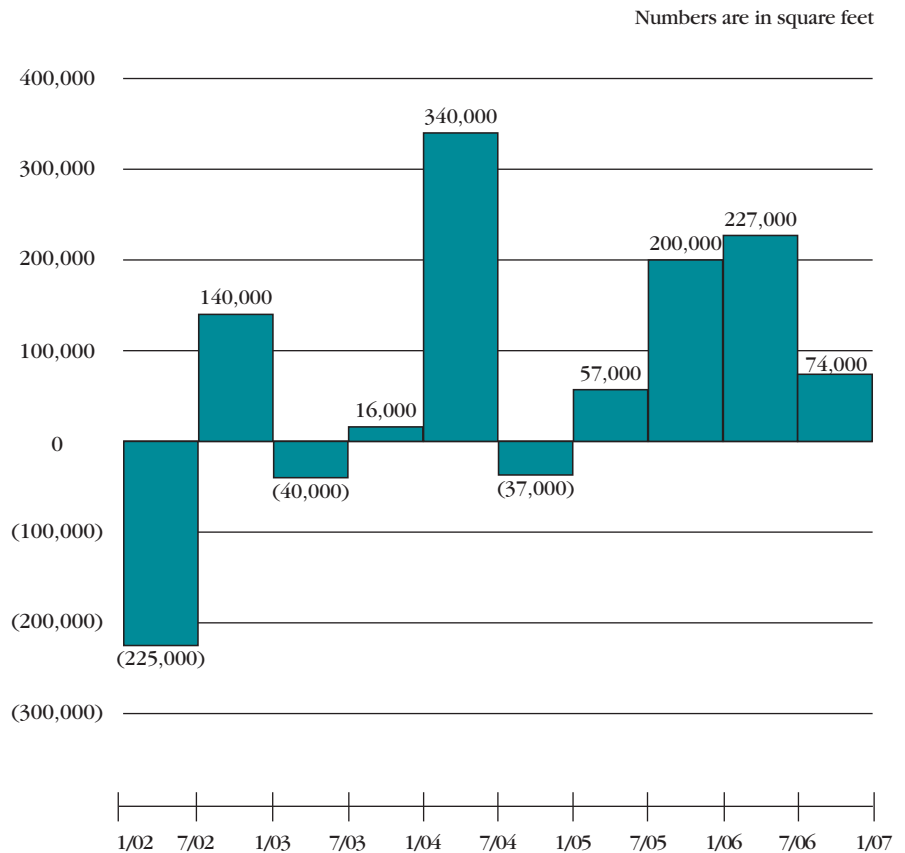
Strong demand continued to characterize Oklahoma City's office market in the second half of 2006. Existing buildings absorbed 146,000 square feet during the six-month period, and construction began on four new partially pre-leased office buildings, containing a total of 176,000 square feet. The new supply will add 73,000 square feet of speculative space to the market, which cuts net absorption for the period in half, to 73,000 square feet. For the full year 2006, absorption in existing buildings totaled 373,000 square feet, the healthiest 12-month total in recent years.

Overall vacancies are down to 9.1% in the suburbs, from 12.5% a year ago. Three suburban submarkets are now in the single digits, the North submarket, at 3.7%, the Memorial submarket at 4.5% (or 10.5% counting speculative space under construction), and the Midtown submarket at 6.1%. The largest suburban submarket, Northwest, is down to 11.5%, from 13.6% a year ago.

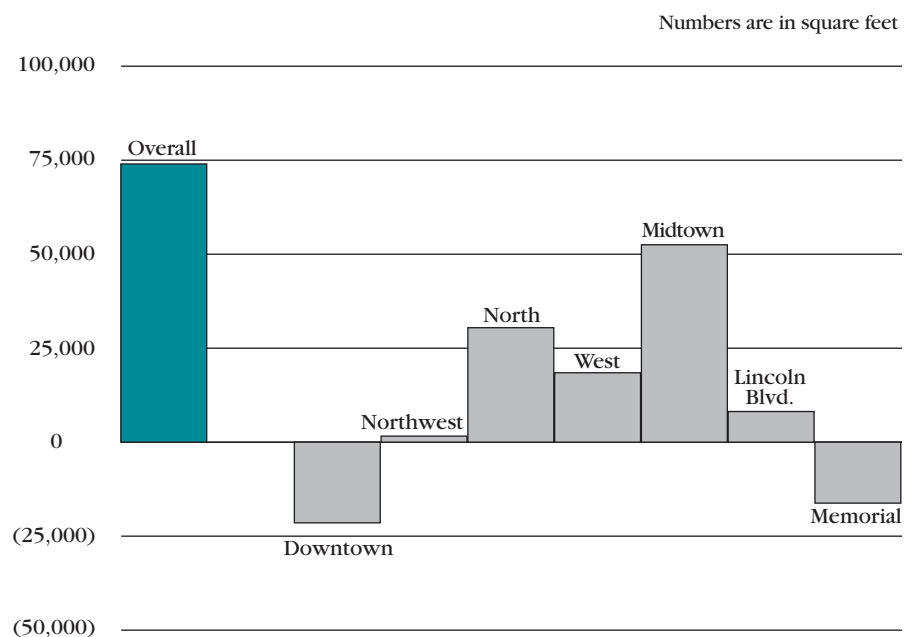
Downtown vacancies register 29.9%, counting sub-standard class C space, down from 32.6% a year ago. Class A space is now 19.3% vacant, and class B space is now 17.1% vacant. The latter figure was adversely impacted by the addition of Robinson Plaza (formerly the IRS building) to our survey because it now offers multi-tenant occupancy.

Weighted average asking rent rates are up significantly from a year ago in every submarket and every class. The biggest change from our last survey is in the Memorial submarket, where the price of new construction has driven asking rent rates into the

Overall Absorption Six Month Periods



Submarket Absorption Current Period

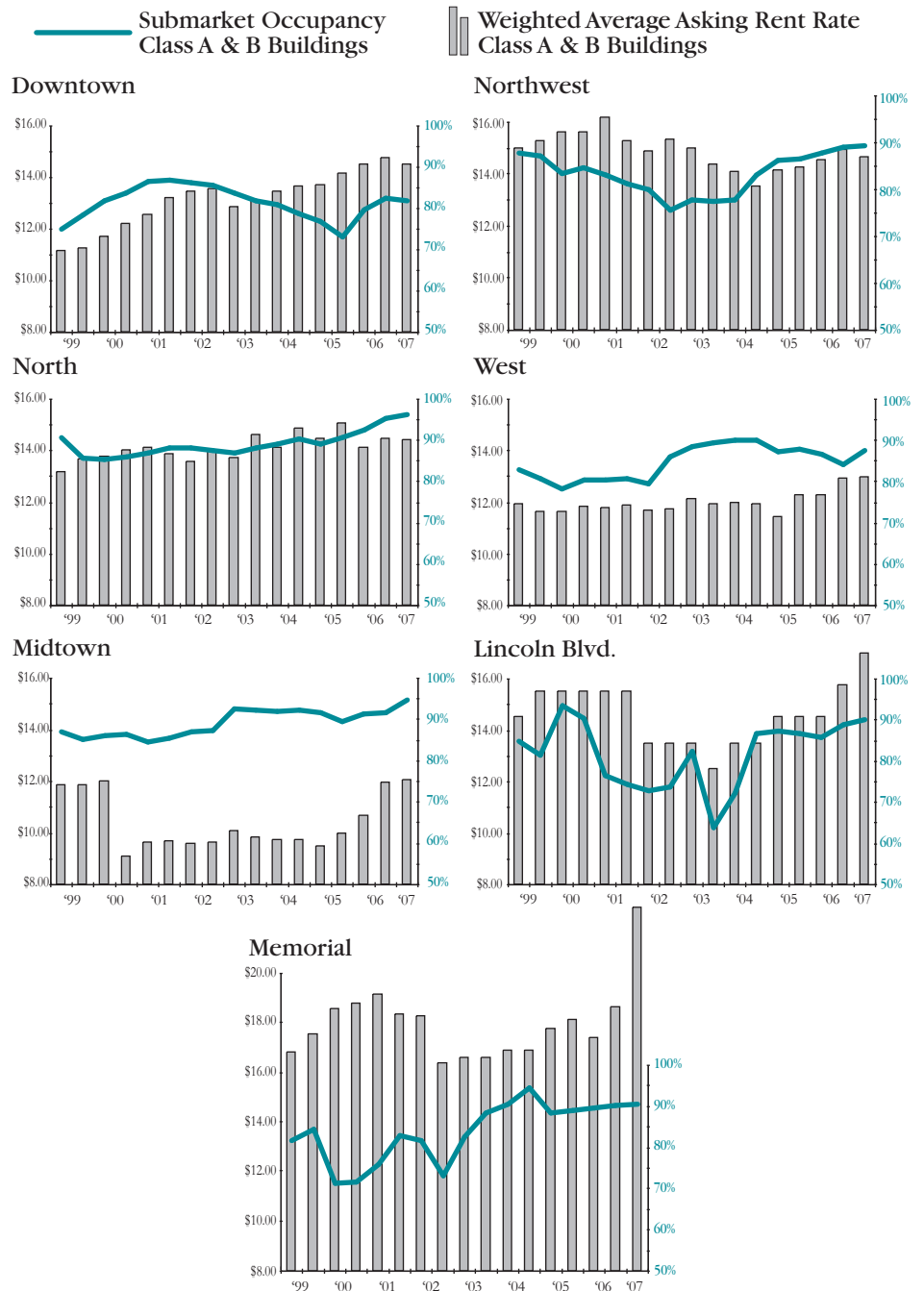


Occupancy & Rent Rate Trends by Submarket

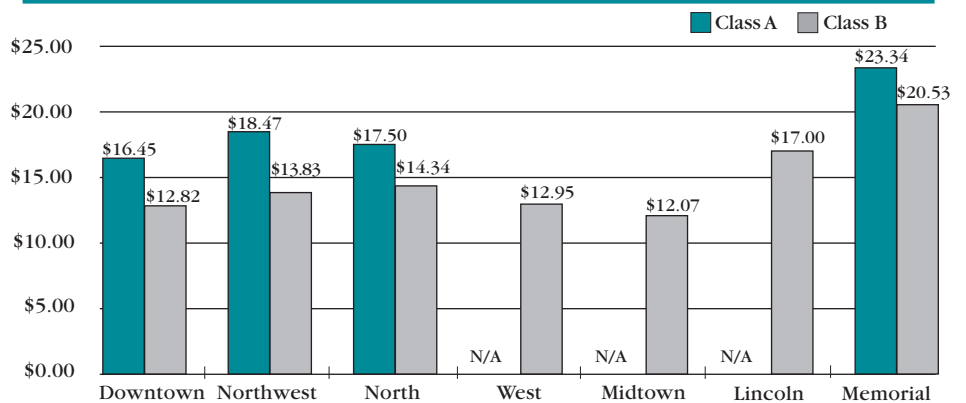
\$22 to \$24 per square foot range. Rent rates vary considerably from one submarket to another and from one building to another, depending on space availability, age and condition of the space, build-out requirements, and other factors. We anticipate a continuing trend of rent rate increases over the next few years, because of tightening supply and demand conditions, increases in construction costs, and higher operating costs for landlords.

Higher occupancy rates and income streams continue to fuel the trend of higher prices for office buildings in the investment market. Rent rates and prices for buildings are very low compared to most cities around the country, and this factor continues to attract investment capital from both coasts, on the expectation of a regression to the mean. Low cap rates have remained low in the face of increased short term interest rates and an upward creep in long term interest rates as well. The rate of sales has continued to be very strong throughout 2006.

Oklahoma City's office market outlook is very strong. Our expectation is for continuing improvement in occupancy levels and significant increases in rent rates during the next year or two. Available options in the suburbs have dwindled, leading a number of firms to consider downtown options. Meanwhile, the remarkable growth in downtown hotel rooms, sports and entertainment offerings, and residential options makes the office environment an increasingly attractive alternative to the suburbs.

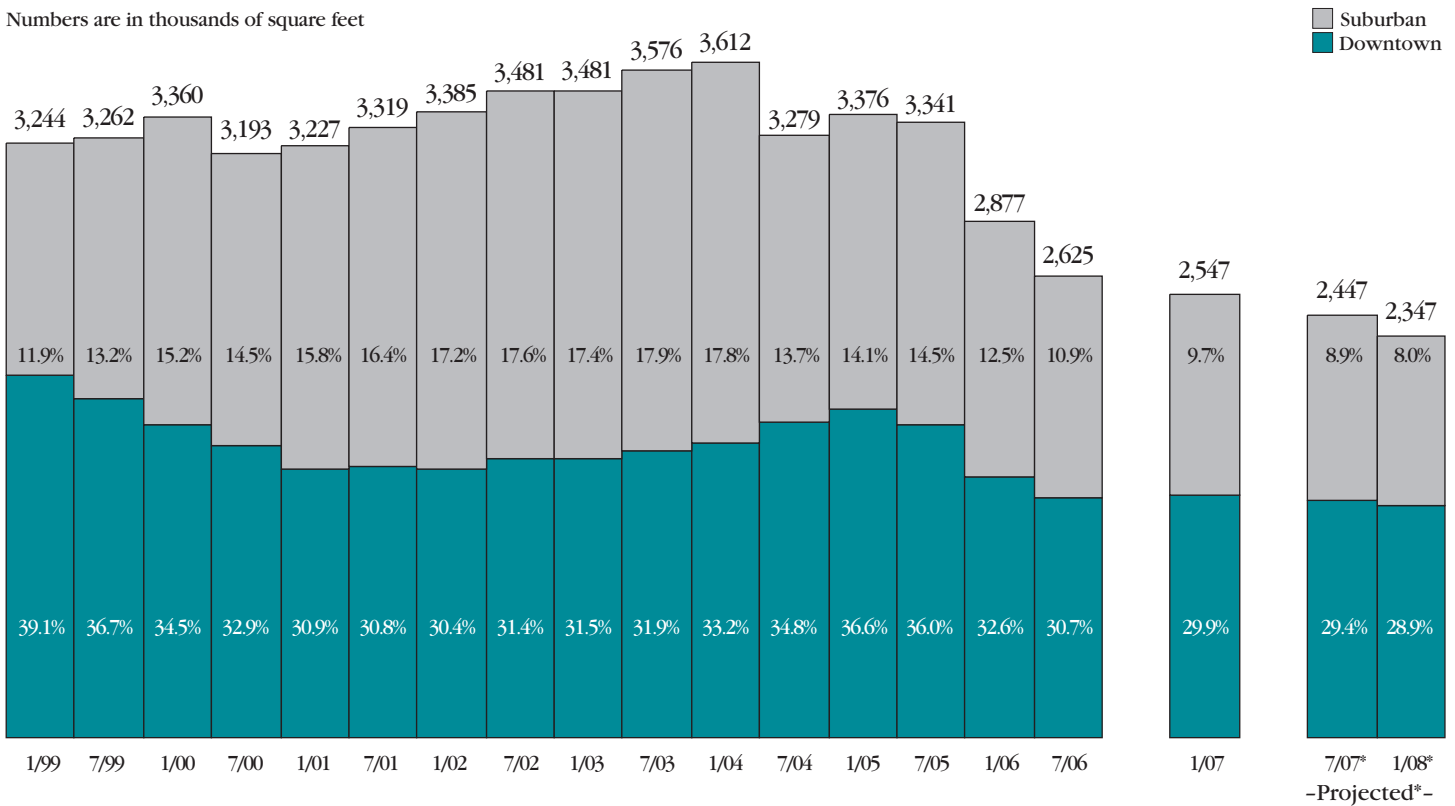


Weighted Average Asking Rent Rates by Submarket



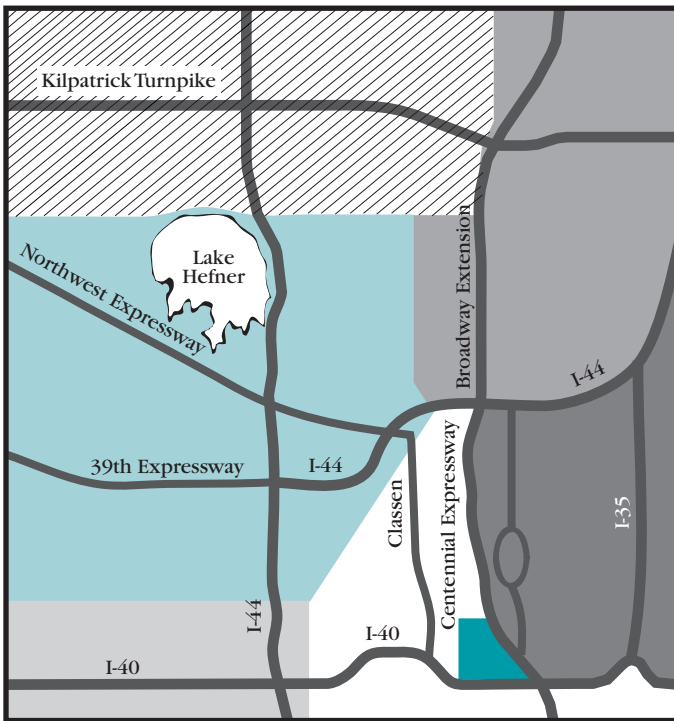
Available Space Trend Six Month Periods

Numbers are in thousands of square feet



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

Available Space by Submarket January 2007



Key	Submarket	Total Area (sf)	Available (sf)	% Vacancy
	Downtown	5,433,764	1,622,695	29.9%
Suburban				
	Northwest	4,639,127	535,239	11.5%
	North	1,480,797	54,080	3.7%
	West	477,260	75,922	15.9%
	Midtown	1,199,149	72,701	6.1%
	Lincoln Blvd.	613,374	72,664	11.8%
	Memorial	897,531	40,515	4.5%
	Total Suburban	9,352,038	851,121	9.1%
	Total Existing	14,741,002	2,473,816	16.8%
	New Construction	176,451	72,701	41.2%
	Total Office Space	14,917,453	2,546,517	17.1%



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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. This survey is copyright 2007 and may be copied with attribution upon prior request.