



M Office
Oklahoma City **MARKET**

Winter • 2009

WIGGIN
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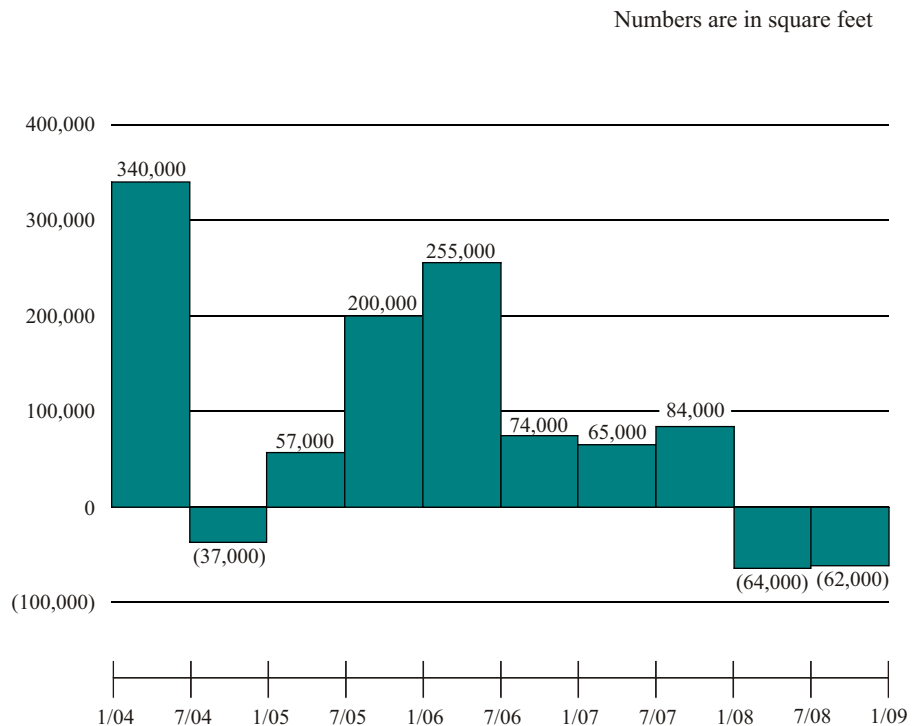
MARKET CONDITIONS IN OKLAHOMA CITY, WINTER 2009

Oklahoma City's office market remained steady but flat in the second half of 2008, with net absorption of negative 62,000 square feet. Continued growth by Devon Energy brought a net addition of 37,000 square feet to the Downtown submarket, and the Midtown submarket also gained a net 38,000 square feet. Meanwhile, the Northwest submarket lost an overall net 102,000 square feet, and the Memorial submarket lost a net 33,000 square feet. The North submarket lost 9,000 square feet, and the West and Lincoln Boulevard submarkets were both essentially unchanged.

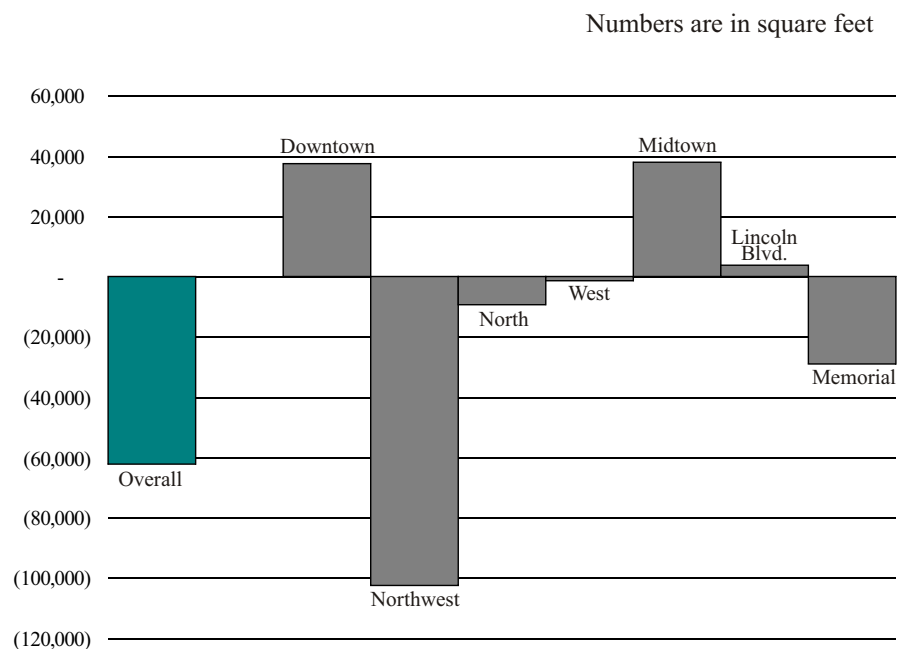
Vacancy rates in the suburbs average 13.0% in existing buildings, and 13.9% when the two speculative buildings under construction are included. The vacancy rate in class A and B buildings downtown is 14.8%. When downtown class C buildings are considered, many of which are non-competitive, the overall downtown vacancy rate is 24.9%.

Weighted average asking rent rates are up slightly in most submarkets and classes of space. Average asking rent rates for class A buildings range generally from \$18.00 to \$24.00 per square foot in the suburbs, and \$16.00 to \$18.00 downtown. Average asking rent rates for class B buildings range generally from \$13.00 to \$20.00 in the suburbs, and \$13.00 to \$16.00 downtown. Rent rates vary by building, space within a building, existing tenant finish, construction allowance, term, and other factors, so actual lease deals can cover a wide spectrum. In general the steady local

Overall Absorption Six Month Periods



Submarket Absorption Current Period



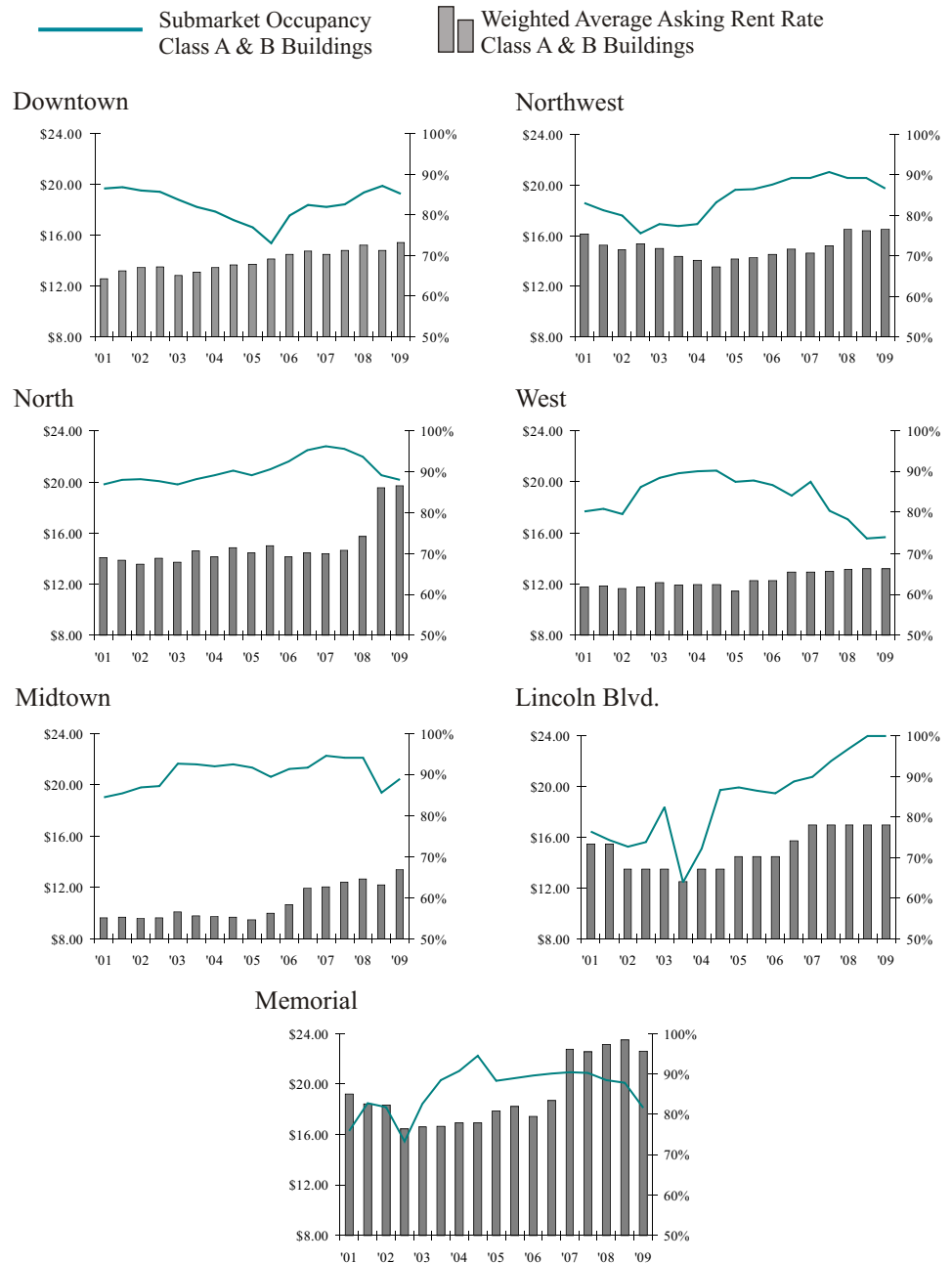
economy has favored steady or slightly higher rent rates and made the psychology of the deal more favorable to the landlord. We expect this trend to continue, despite the uncertain national economic situation.

The volume of investment sale transactions has fallen off significantly since a year ago, the result of a wide gulf between the expectations of owners whose cash flows are good and buyers who have adopted a post-meltdown caution in their underwriting. The scarcity of credit either for refinancing or for buyer financing, and the low loan to value ratios resulting from strict underwriting standards are beginning to affect buyers and sellers alike. Banks continue to have money to lend and offer attractive interest rates (at low loan to value ratios) to borrowers who don't object to personal liability. But the relative scarcity of non-recourse debt in the absence of securitized lenders has put a drag on the investment sales market which is unlikely to change anytime in the near future.

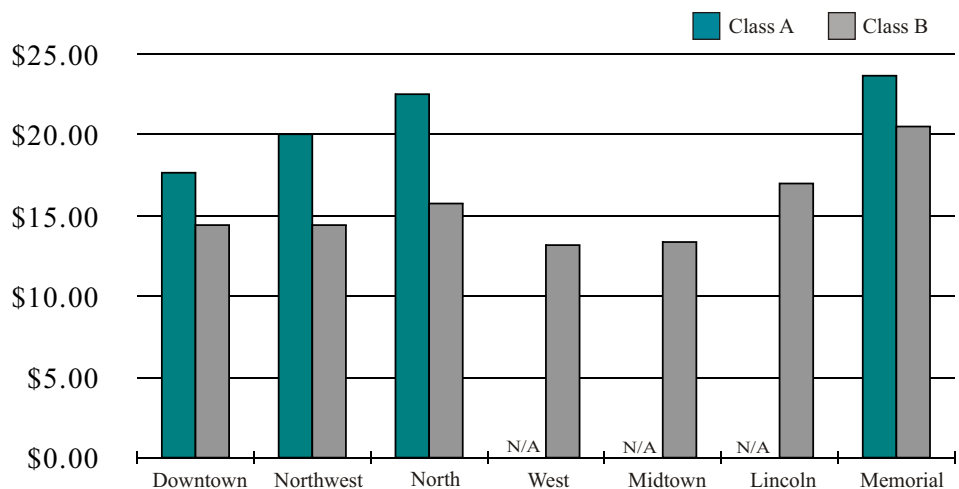
The precipitous fall in energy prices since their dizzying heights last summer has introduced uncertainty into an otherwise healthy local economy. Capital budgets for energy producers have undergone dramatic cutbacks which will ripple through the economy for several years to come. While sales tax receipts were not yet down as of year-end 2008, they have since declined sharply, and state and local governments have responded with appropriate belt tightening.

All in all, the Oklahoma City economy is one of the healthiest in the country, but not entirely immune to the effects of the national recession.

Occupancy & Rent Rate Trends by Submarket



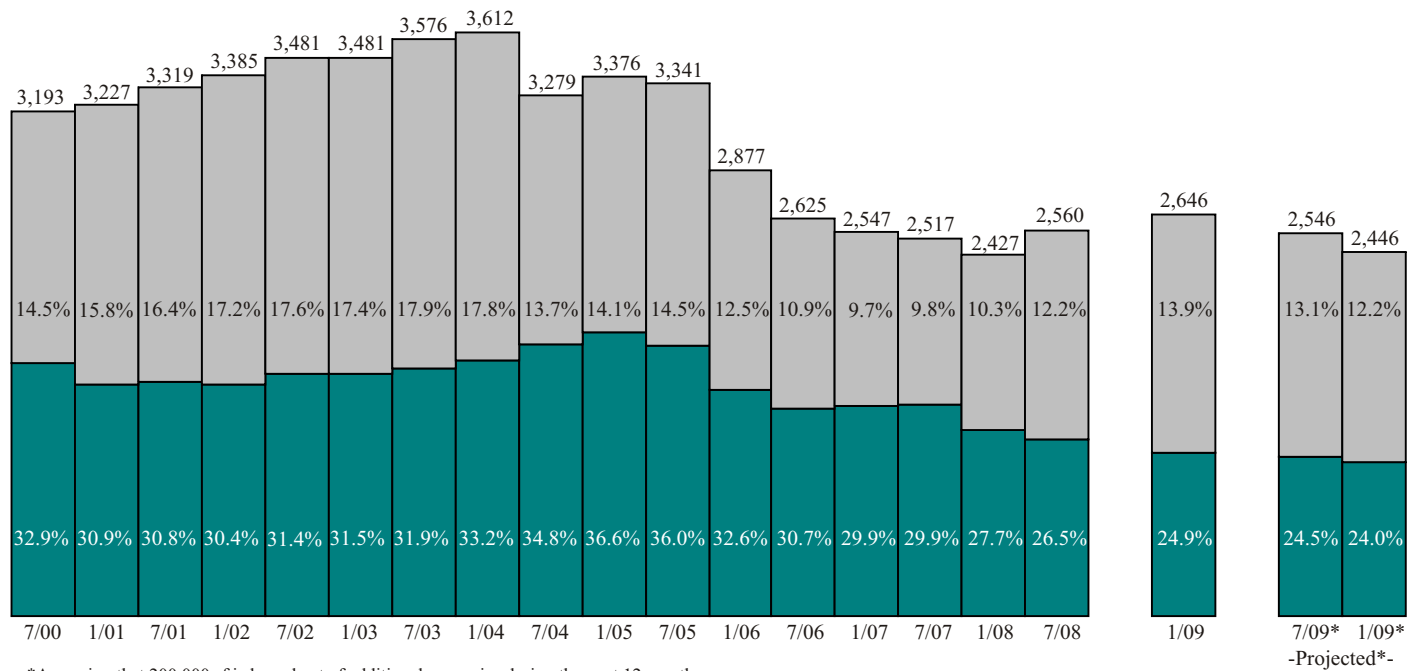
Weighted Average Asking Rent Rates by Submarket



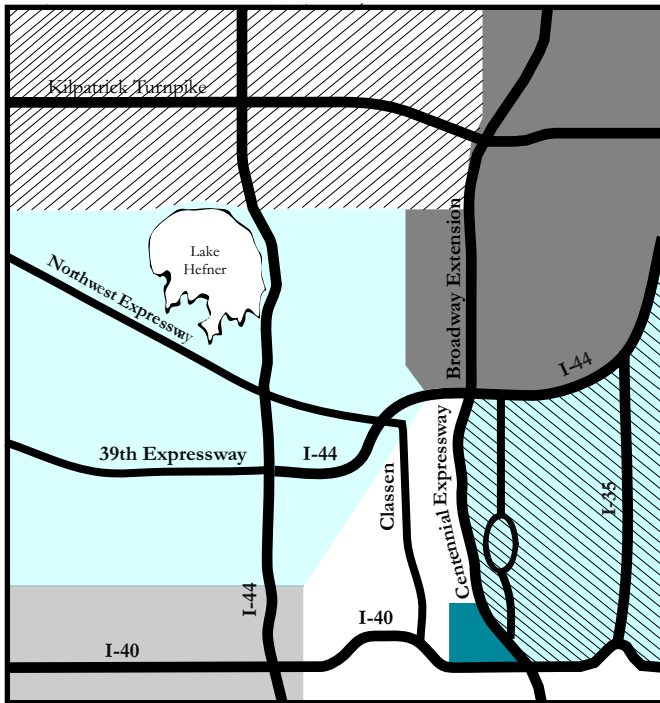
Available Space Trend Six Month Periods

Numbers are in thousands of square feet

Suburban
 Downtown



Available Space by Submarket January 2009



Key	Submarket	Total Area (sf)	Available (sf)	% Vacancy
	Downtown	5,505,221	1,372,171	24.9%
Suburban				
	Northwest	4,487,264	628,463	14.0%
	North	1,254,582	102,794	8.2%
	West	430,470	109,394	25.4%
	Midtown	1,199,149	123,470	10.3%
	Lincoln Blvd.	613,374	50,983	8.3%
	Memorial	1,114,714	171,279	15.4%
Total Suburban		9,099,553	1,186,383	13.0%
Total Existing		14,604,774	2,558,554	17.5%
New Construction				
	North	50,188	50,188	100.0%
	Memorial	37,624	37,624	100.0%
Total New Construction		87,812	87,812	100.0%
Total Office Space		14,692,586	2,646,366	18.0%



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