

# Office Tulsa MARKET

Fall • 2002



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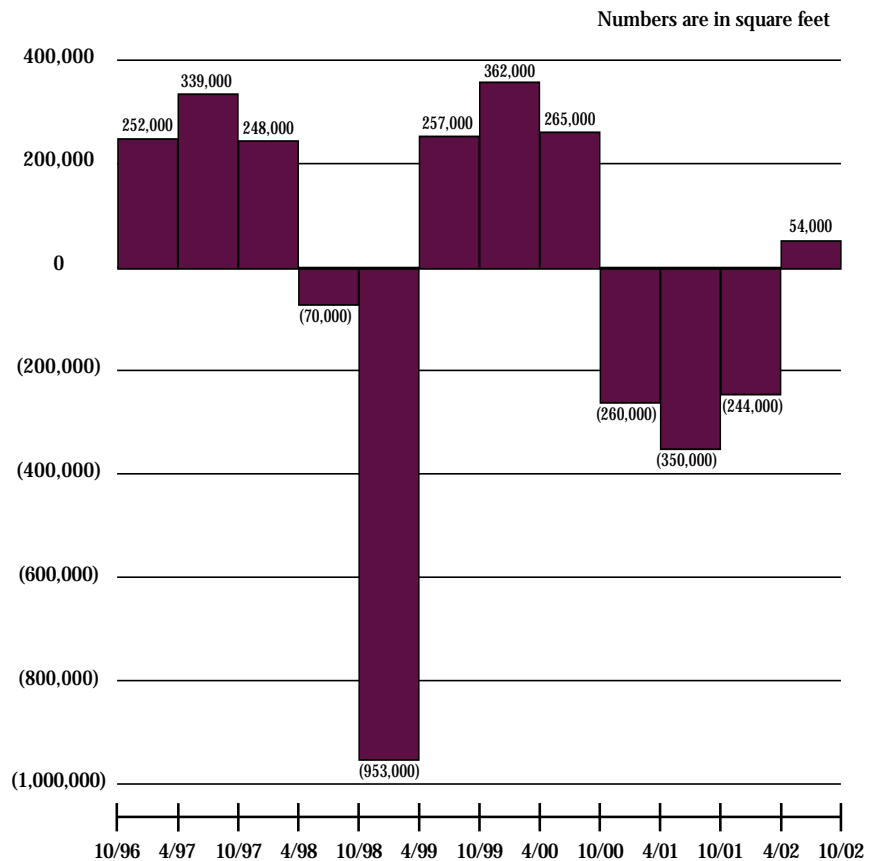
# MARKET CONDITIONS IN TULSA, OCTOBER 2002

After 18 months of negative absorption, Tulsa's office market, in the past six months, has turned positive, with net absorption of approximately 54,000 square feet. None of the city's submarkets saw significant occupancy changes, but the Yale submarket posted the largest gain, with 39,000 square feet, followed by Memorial with 17,000 square feet. The downtown submarket lost ground by 22,000 square feet, a change of only 0.3%. Overall, it appears that office occupancy and demand have stabilized.

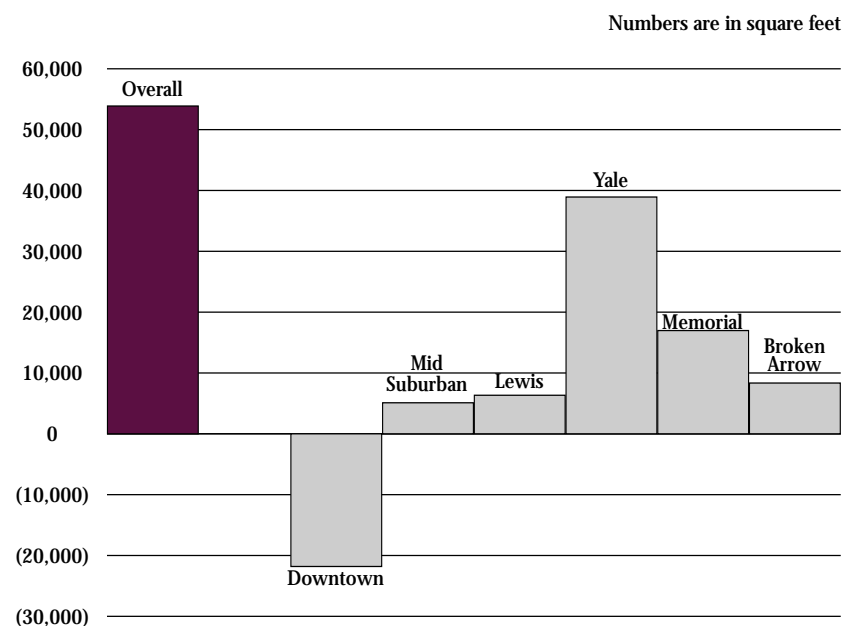
Suburban vacancies range from a high of 20.1% in the Mid-Suburban submarket to a low of 11.9% in the Yale submarket. Overall, suburban vacancies average 15.6%. Downtown vacancies stand at 24.4%, overall, with a 15.1% average vacancy in class A buildings, and a 20.9% average vacancy in class B buildings.

Asking rent rates generally range from \$14 to \$17 per square foot for class A space, and from \$11 to \$14 per square foot for class B space. During the last six months, there have been modest decreases in the weighted average asking rent rates in the Downtown, Mid-Suburban, Memorial, and Broken Arrow submarkets, and modest increases in the Yale and Lewis submarkets. These changes reflect different weightings, based on the space available, rather than a discernable trend in asking rent rates. Of course, actual lease deals cover a wide range of rent rates, lengths of term, and construction allowances, depending on the size, credit, and needs of the tenant and the condition and location

## Overall Absorption Six Month Periods



## Submarket Absorption Current Period



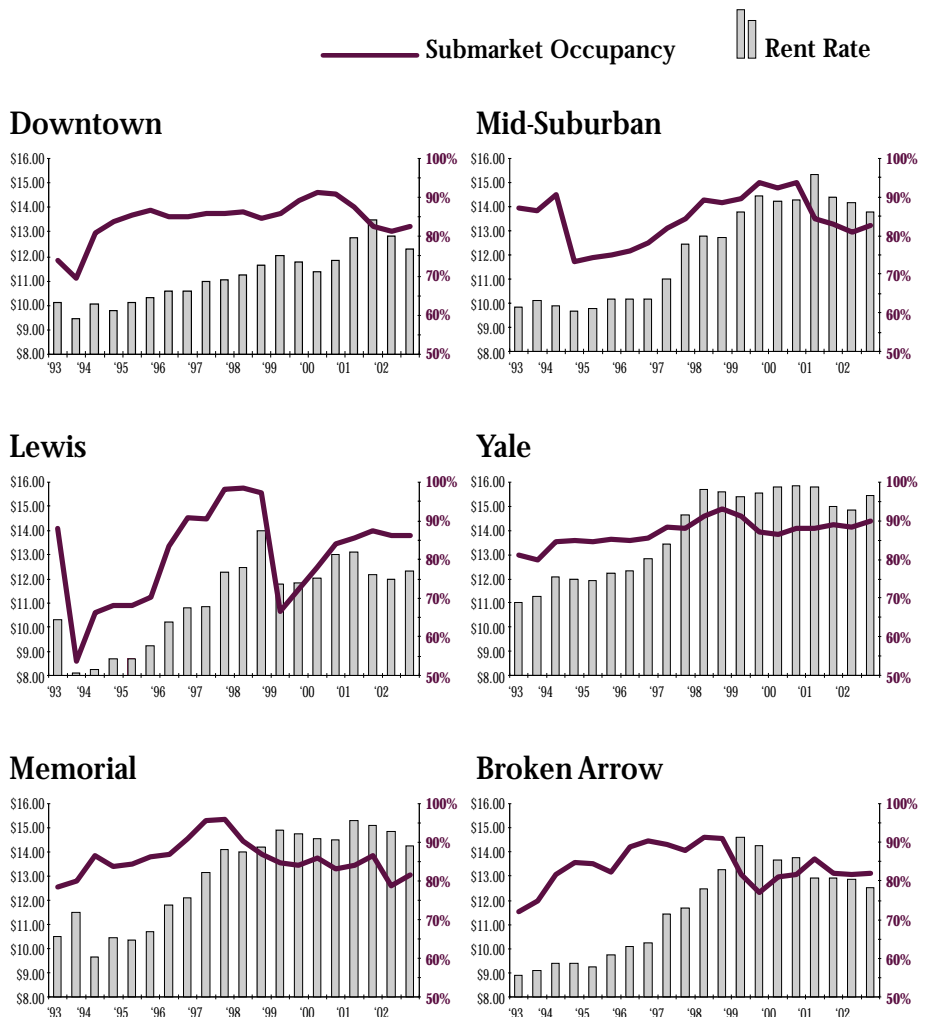
## Occupancy & Rent Rate Trends by Submarket

of the leased space. Asking rent rates and signed lease rates can vary significantly as well.

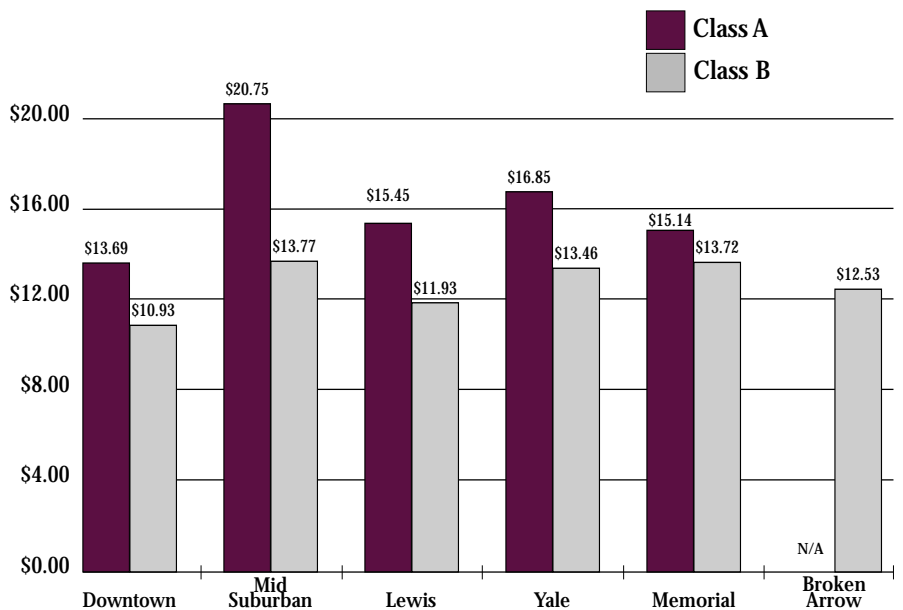
The psychology of the market continues to favor the tenant over the landlord, with the accumulated weight of eighteen months of bad economic news. The disarray in the telecom sector, energy trading, and the airline industry have all taken a toll on the Tulsa economy. Office vacancies and sublease offerings have shown up in previous market surveys reflecting these conditions. While occupancies seem to have stabilized, now, and may be trending up again, the effects of this direction will not be felt for some time.

Record low interest rates have helped to mitigate the impacts of the recession. Office building sales are at a low ebb as landlords hang onto pricing expectations in the face of declining fundamentals. For some, refinancing has been a better option than selling. The uncertainty of the economy, the prospects of a war on Iraq, and homeland security all contribute to a cloudy investment market.

Compared with many larger cities, Tulsa's office market is holding up quite well. Despite the current economic uncertainties, we believe that the city has seen the worst of its vacancy problems, and that the long term outlook is strong. We believe that the next twelve months will offer attractive opportunities for companies with office space needs and for investors with a medium to long term horizon.

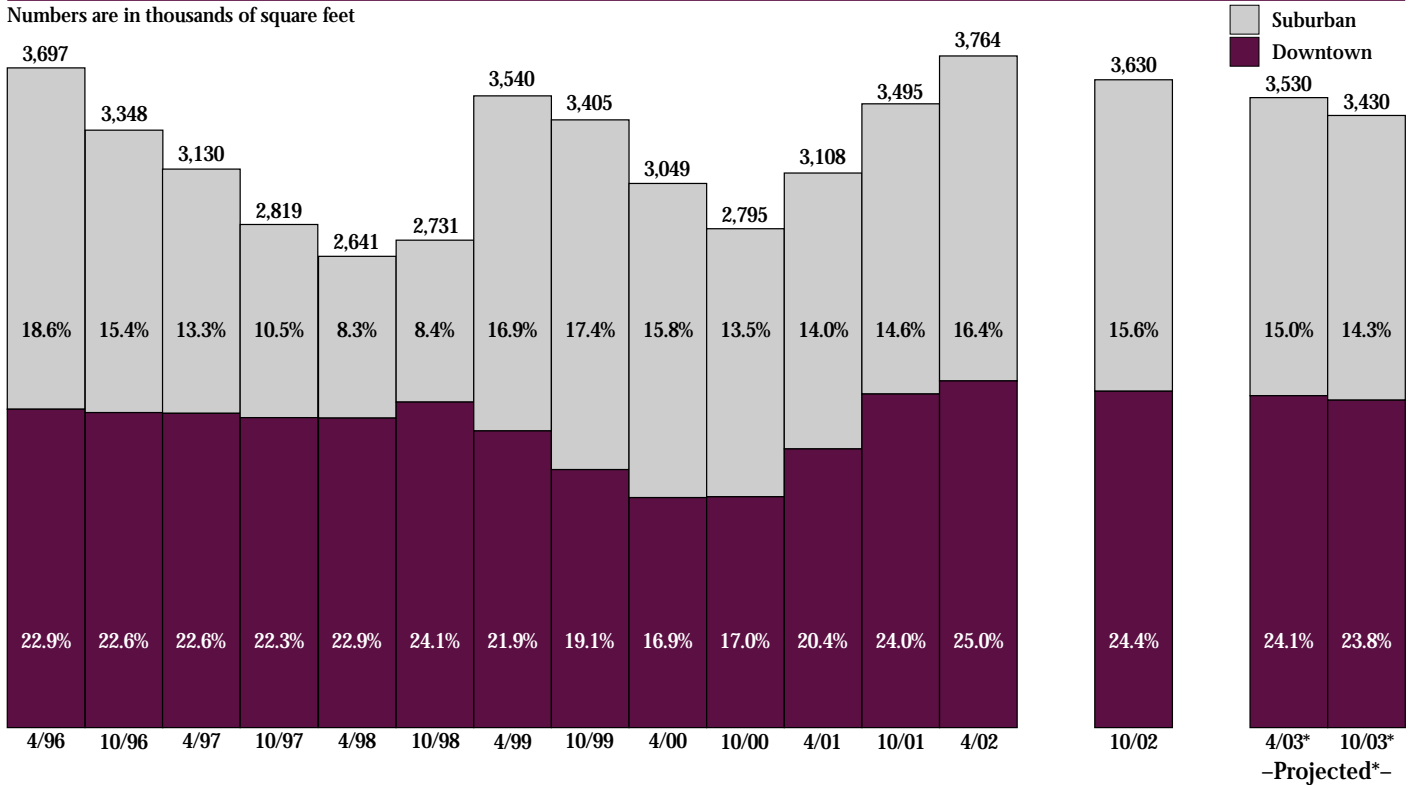


## Weighted Average Asking Rent Rates by Submarket

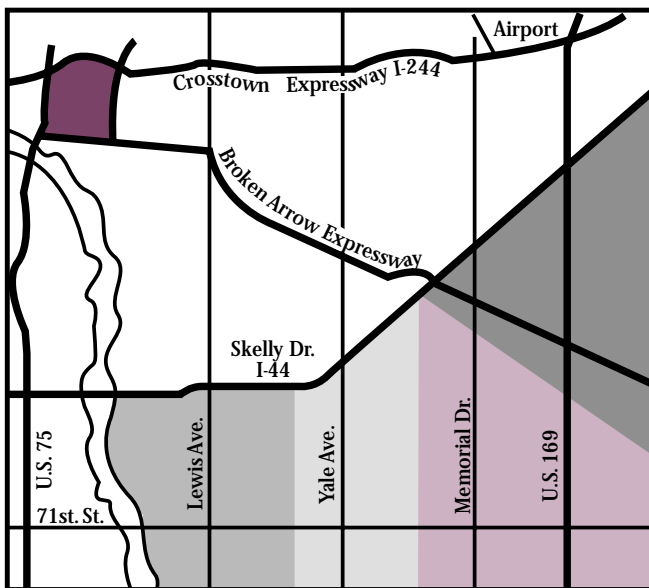


# Available Space Trend Six Month Periods

Numbers are in thousands of square feet



## Available Space by Submarket October 2002



Key	Submarket	Total Area (sf)	Available (sf)	% Vacancy
■	Downtown	7,716,155	1,884,881	24.4%
Suburban				
□	Mid Suburban	2,609,689	523,528	20.1%
■	Lewis	3,006,829	404,562	13.5%
■	Yale	3,003,622	357,143	11.9%
■	Memorial	722,942	136,672	18.9%
■	Broken Arrow	1,809,162	323,278	17.9%
Total Suburban		11,152,244	1,745,183	15.6%
Total Existing		18,868,399	3,630,064	19.2%
Total Construction		0	0	0.0%
Total Office Space		18,868,399	3,630,064	19.2%



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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 2002 and may be copied with attribution upon prior request.