

M Office Tulsa MARKET

Fall • 2005



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MARKET CONDITIONS IN TULSA, OCTOBER 2005

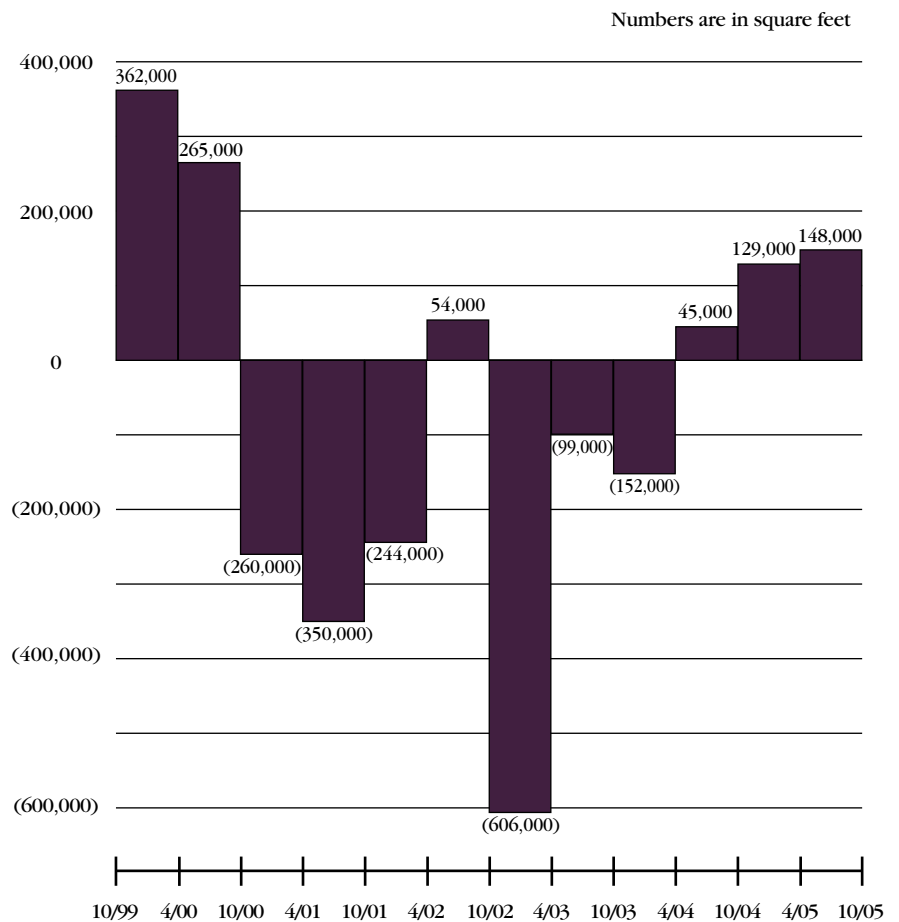
Once again, Tulsa's office market has shown positive absorption - 148,000 square feet over the six months ended in October, 2005, and 277,000 square feet over the twelve months since October, 2004. The trend for the past 18 months has been increasing absorption in each survey, a welcome sign that Tulsa's recovery is underway.

Overall vacancies, market-wide, decreased from 21.5% to 20.7% during the past six months. In the suburbs, the decrease was from 17.2% to 16.4%, and downtown the totals decreased from 27.0% to 26.3%. Downtown's figures are distorted by the large quantity of class C space. Downtown's class A vacancies have declined from 20.7% to 19.7% and class B vacancies have declined from 22.5% to 22.0%.

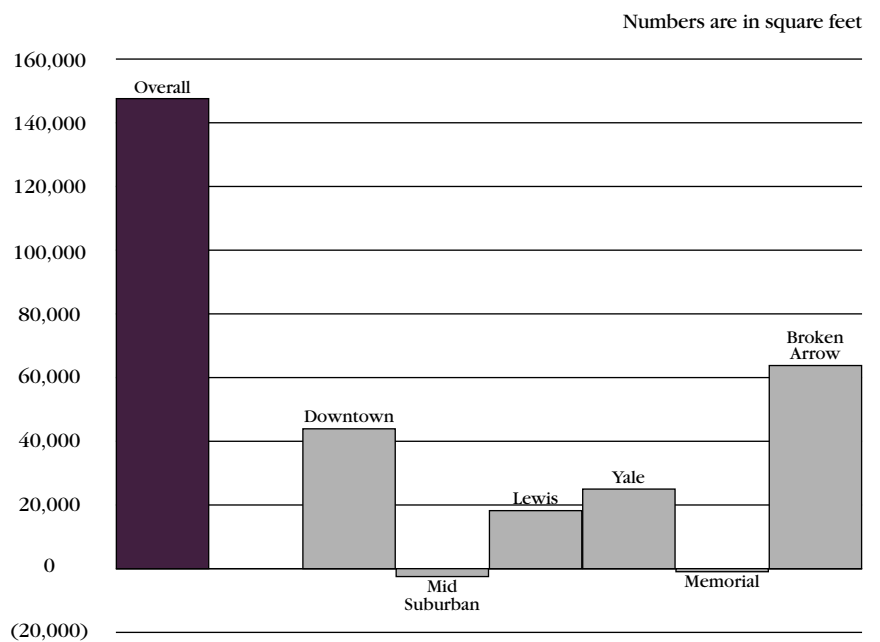
Absorption has been strongest in the Broken Arrow submarket, with 64,000 square feet of net leasing during the past six months. Dollar Thrifty accounted for 32,000 square feet of this in the Techridge Office Park. Next in space leased was the Downtown submarket, with a gain of 44,000 square feet. Notable there was the lease by Deloitte & Touche of 25,000 square feet at One Technology Center. The Yale and Lewis submarkets each gained ground, as well, with 25,000 and 18,000 square feet of absorption, respectively. The Memorial and MidSuburban submarkets were essentially unchanged.

High energy prices have brought improvements to revenues, profits, and payrolls for many energy-related firms, just as construction is beginning on a number of Vision 2025 projects around the metropolitan area. The market psychology is significantly more positive than it was just a year or two earlier, even though vacancies have not approached their lows of the late nineties. Rent rates are stable but flat. Weighted average asking rent rates have not changed

Overall Absorption Six Month Periods



Submarket Absorption Current Period



Occupancy & Rent Rate Trends by Submarket

significantly during the past six months, but anecdotal evidence suggests that deal terms negotiated by landlords have improved.

Asking rent rates for class A space range from \$13.50 to \$16.50 per square foot, downtown, with a weighted average of \$15.08. Asking rent rates for class B space downtown range from \$8.50 to \$13.50 per square foot with a weighted average of \$10.74. In the suburbs, asking rents range generally from \$13.50 to \$19.50 per square foot for A Class space and from \$11.50 to \$15.50 per square foot for B Class space, with averages varying somewhat from submarket to submarket. As always, actual deals vary significantly from building to building, and from suite to suite, depending on tenant improvements, lease term, timing, and other factors. In general, deal terms are closer to asking rates than they have been in the recent past.

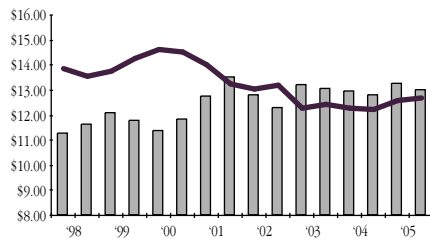
Investment activity in Tulsa office buildings has been at its highest level in many years. At least 13 downtown buildings have changed hands or are under contract since our last survey, and several suburban buildings, including Warren Place, have changed hands as well. Tulsa's experience mirrors the national trend of enormous amounts of capital chasing real estate investments at historically low cap rates. In comparison with larger cities, Tulsa offers very low prices per square foot.

As Tulsa's economy strengthens, its office occupancy is gradually improving, but just as important, the market psychology is shifting to one of greater confidence and fewer concessions on the part of landlords. Lease rates are still very attractive for tenants throughout the city, but expectations are for increases in the short and intermediate term.

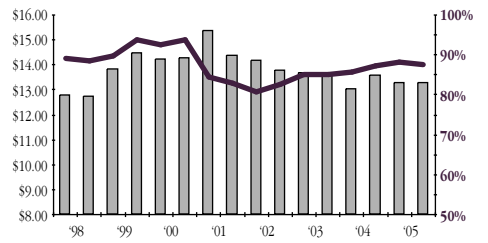
— Submarket Occupancy
Class A & B Buildings

▒ Weighted Average Asking Rent Rate
Class A & B Buildings

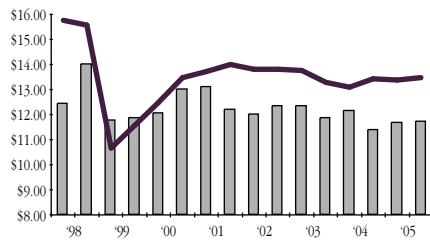
Downtown



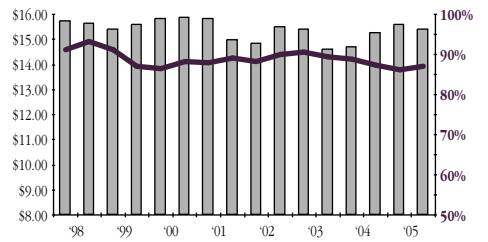
Mid-Suburban



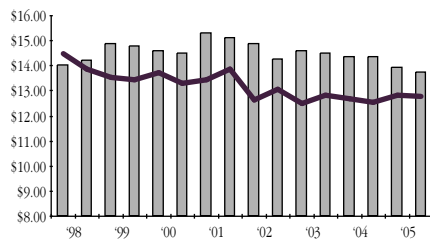
Lewis



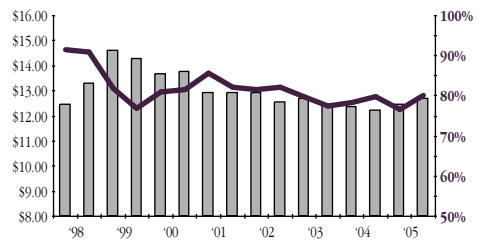
Yale



Memorial

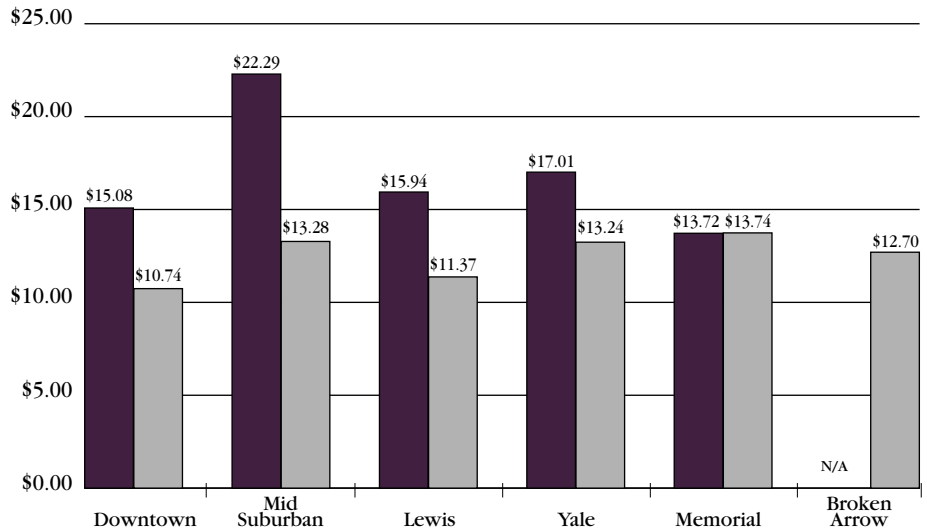


Broken Arrow



Weighted Average Asking Rent Rates by Submarket

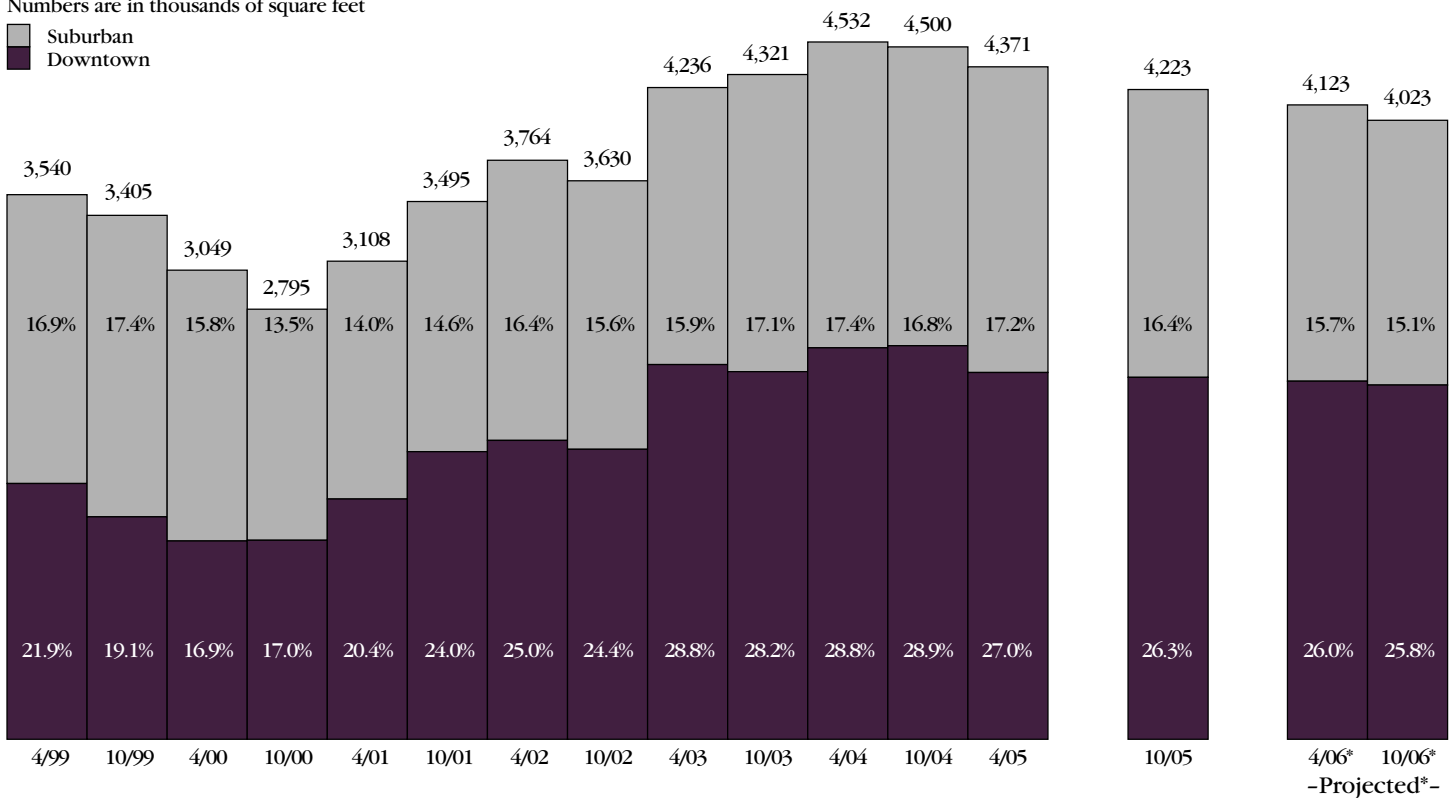
■ Class A
■ Class B



Available Space Trend Six Month Periods

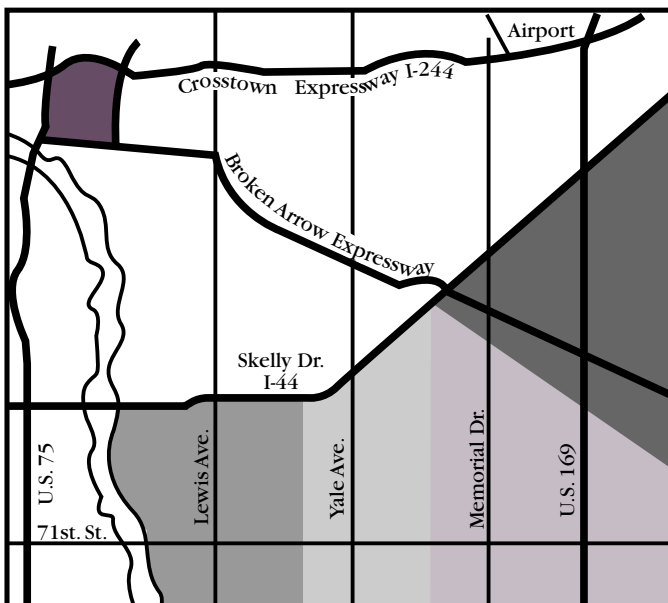
Numbers are in thousands of square feet

Suburban
Downtown



*Assuming no new buildings begin construction prior to October 2005 and that 200,000 sf is leased net of additional vacancies during the next 12 months.

Available Space by Submarket October 2005



Key	Submarket	Total Area (sf)	Available (sf)	% Vacancy
■	Downtown	8,937,003	2,352,519	26.3%
Suburban				
□	Mid Suburban	2,714,719	435,520	16.0%
■	Lewis	3,013,856	469,853	15.6%
■	Yale	3,016,759	417,050	13.8%
■	Memorial	884,240	191,314	21.6%
■	Broken Arrow	1,799,123	357,022	19.8%
	Total Suburban	11,428,697	1,870,759	16.4%
	Total Existing	20,365,700	4,223,278	20.7%
	Total Construction	0	0	0.0%
	Total Office Space	20,365,700	4,223,278	20.7%



5801 North Broadway • Suite 120 • Oklahoma City, OK 73118 • 405/842-0100
15 West 6th Street • Suite 802 • Tulsa, OK 74119 • 918/582-8100

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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 2005 and may be copied with attribution upon prior request.