

M Office Tulsa MARKET

Fall • 2006



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MARKET CONDITIONS IN TULSA, OCTOBER 2006

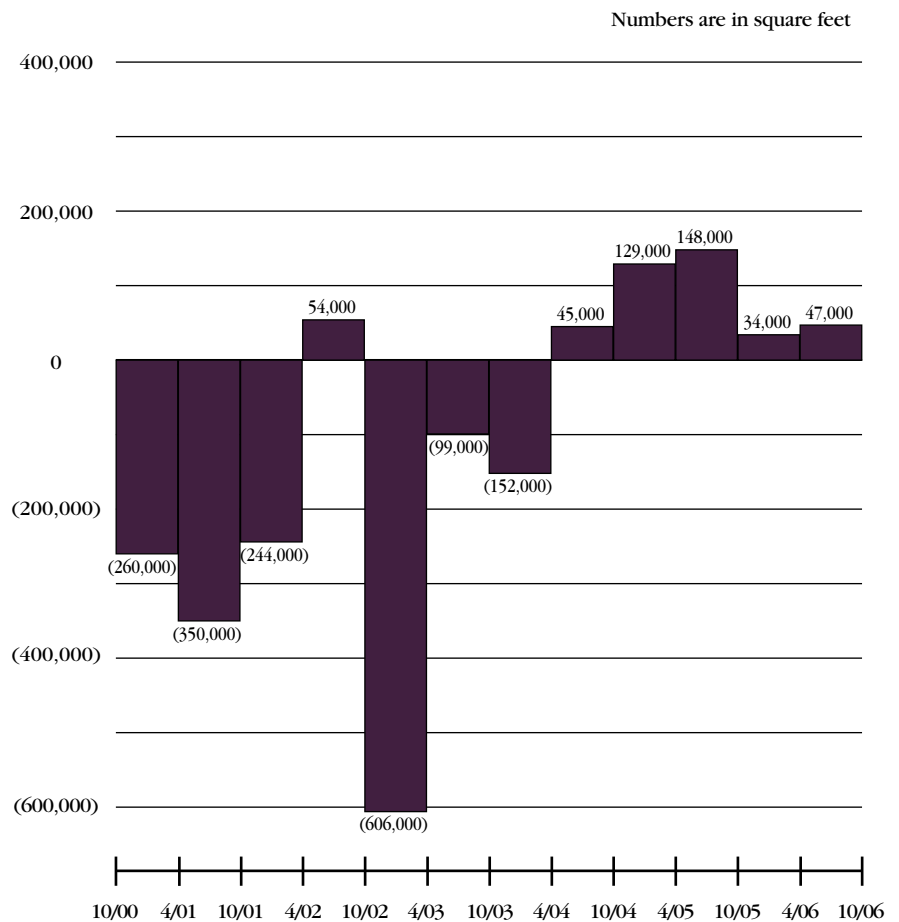
Tulsa's overall office occupancy continues to improve, with 47,000 square feet of net new leasing since our last survey, six months ago. For the past two and a half years, absorption has been consistently positive, with gains totaling just over 400,000 square feet for that period.

The downtown submarket showed net positive absorption of approximately 24,000 square feet, a modest gain, but an improvement from the loss of WilTel occupancy at One Technology Center in our last survey. Downtown's vacancy rate remains steady at 28.4%, or if class C buildings are disregarded, the vacancy rate in class A and B buildings is 22.9%.

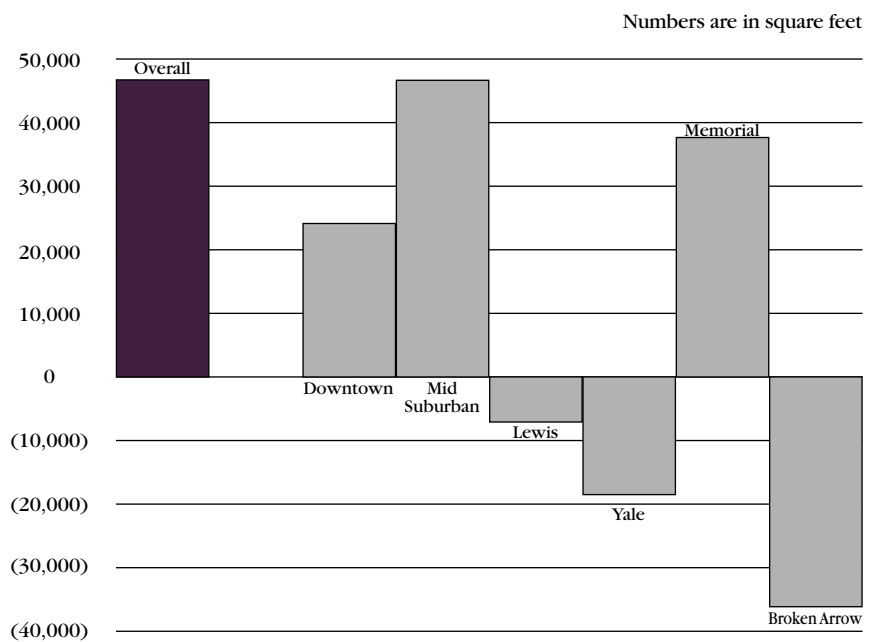
In the suburbs, the Mid Suburban and Memorial submarkets gained a net of 47,000 square feet, and 38,000 square feet, respectively, bringing their vacancy rates down to 12.9% and 14.0%. The Broker Arrow submarket was the biggest loser, with negative absorption of 36,000 square feet, producing a vacancy rate of 17.6%, the highest in the suburbs. The Yale and Lewis submarkets each had minor net losses of occupancy, but at 12.7%, Yale still has the lowest vacancy rate of any of the city's submarkets. Overall, suburban vacancies improved from 14.7% to 14.3%.

Weighted average asking rent rates have risen modestly in almost every submarket. In class B suburban buildings, rents generally range from about \$12 to \$15 per square foot. In class A suburban buildings, the range is generally from about

Overall Absorption Six Month Periods



Submarket Absorption Current Period



Occupancy & Rent Rate Trends by Submarket

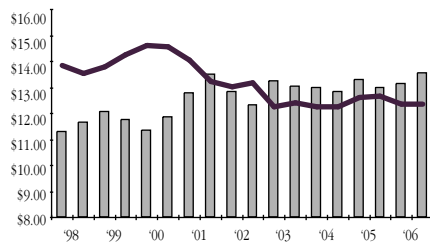
\$14 to \$18 per square foot. Downtown, asking rent rates average about \$1.00 per square foot less. Individual buildings and spaces can deviate significantly from these averages, of course, depending on the extent of tenant improvements, the length of lease, the location, and a variety of other factors. In general, the psychology of the market is more favorable to landlords than it has been in several years.

Investment sales have slowed since last year, when volumes reached a record pace. However, Tulsa's low prices in comparison with other parts of the country have continued to attract investors who like the risk-reward profile in comparison with markets on both coasts.

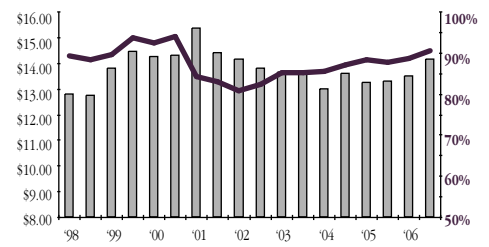
Even though energy prices have retreated somewhat, they continue to fuel a resurgence in Tulsa's economy. Progress on a number of Vision 2025 projects is helping to boost the city's standing, and Mayor Taylor's new administration seem intent on bringing new energy to the task. The past year has seen an unusual number of large projects proposed in the downtown area, the largest and most recent of which would commit \$600 million of public funds to building a dam on the Arkansas River and some channel islands near the eastern shore. Known as the Channels, and stirring much discussion and debate, this proposal may go to the voters sometime in 2007.

— Submarket Occupancy Class A & B Buildings
 █ Weighted Average Asking Rent Rate Class A & B Buildings

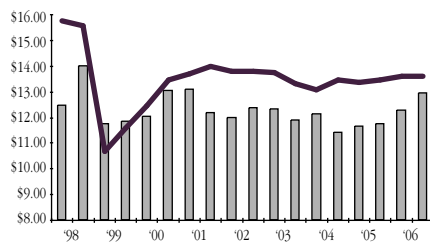
Downtown



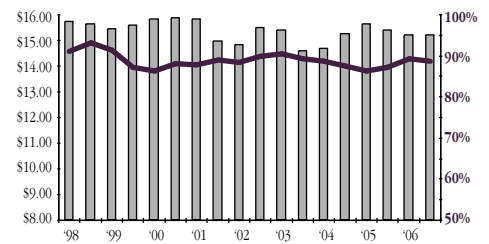
Mid-Suburban



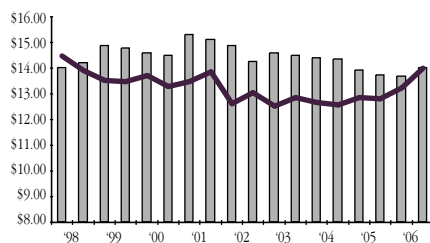
Lewis



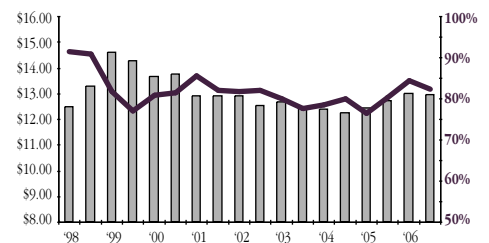
Yale



Memorial

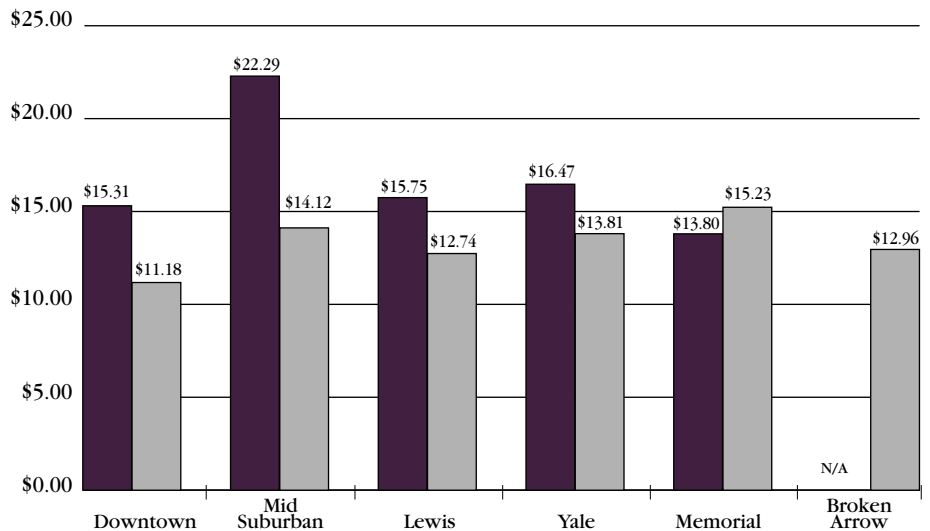


Broken Arrow



Weighted Average Asking Rent Rates by Submarket

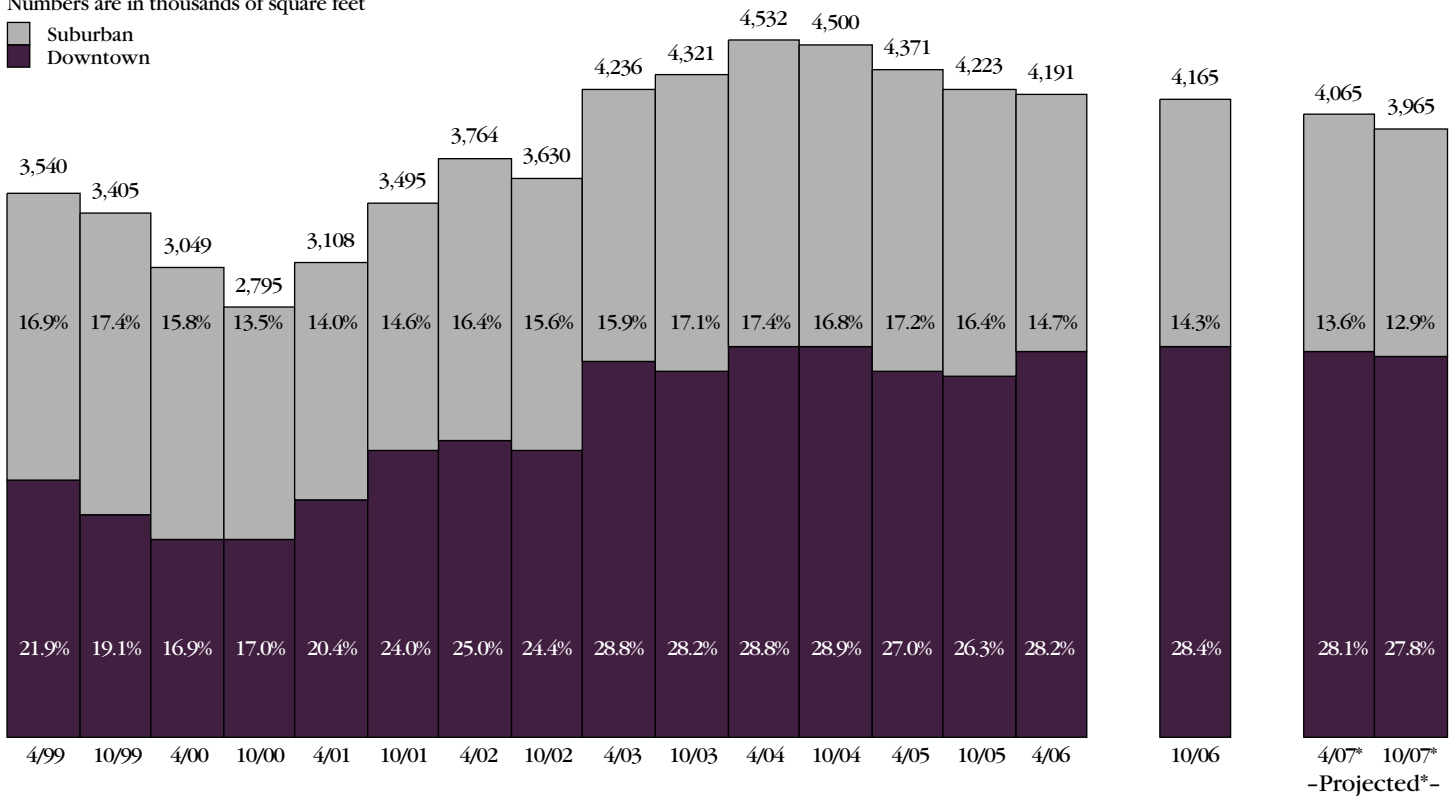
█ Class A
 █ Class B



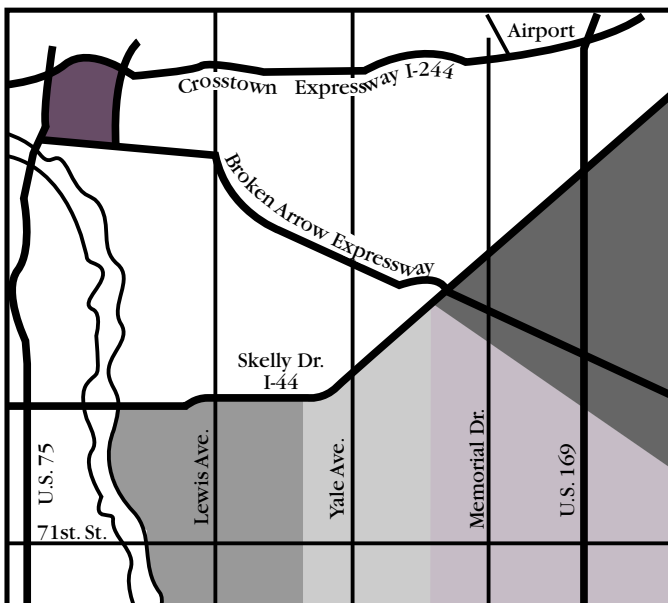
Available Space Trend Six Month Periods

Numbers are in thousands of square feet

Suburban
Downtown



Available Space by Submarket October 2006



Key	Submarket	Total Area (sf)	Available (sf)	% Vacancy
■	Downtown	8,964,903	2,544,136	28.4%
Suburban				
□	Mid Suburban	2,647,758	342,623	12.9%
■	Lewis	3,013,856	455,369	15.1%
■	Yale	3,016,759	382,504	12.7%
■	Memorial	884,240	123,802	14.0%
■	Broken Arrow	1,799,123	317,031	17.6%
	Total Suburban	11,361,736	1,621,329	14.3%
	Total Existing	20,326,639	4,165,465	20.5%
	Total Construction	0	0	0.0%
	Total Office Space	20,326,639	4,165,465	20.5%



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