

M Office Tulsa MARKET

Spring • 2003



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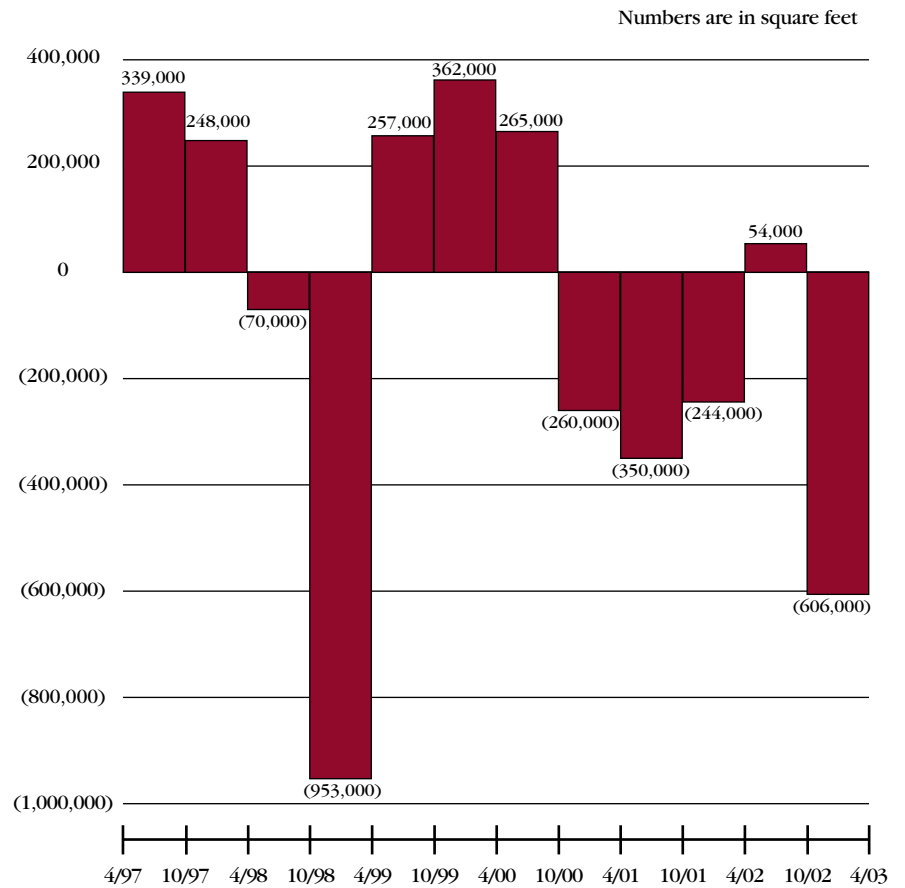
MARKET CONDITIONS IN TULSA, APRIL 2003

The past six months have been tough on Tulsa's office market with the addition of large blocks of space for lease in three different Class "A" buildings. Overall net absorption was negative by 606,000 square feet. Taking account of positive absorption in the prior six-month period, the net overall negative absorption in the last year has been 552,000 square feet.

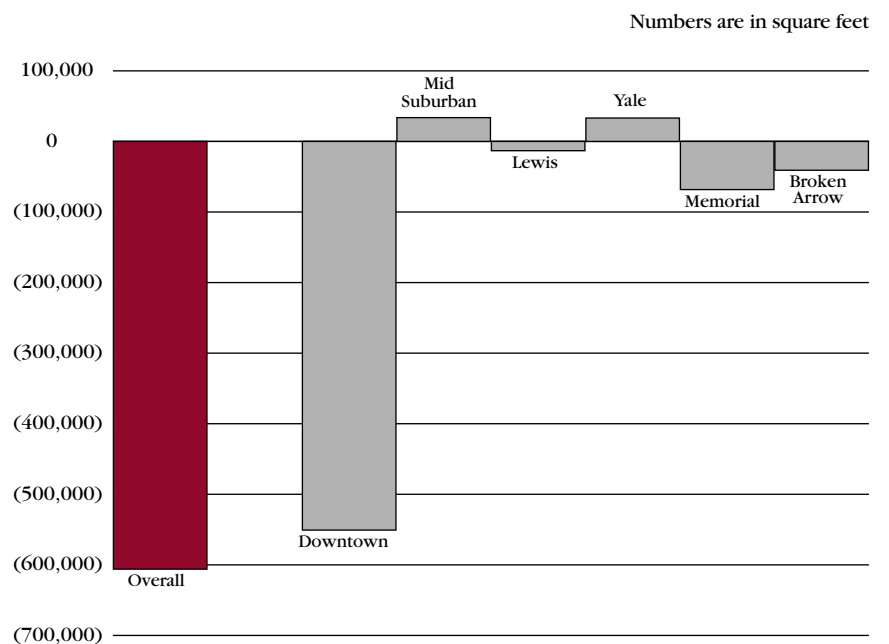
The ongoing challenges of The Williams Companies, along with the decision not to relocate a large contingent of Houston employees to Tulsa, have led to the decision to offer 267,000 square feet of Class "A" space in the BOK Tower for lease. Next door, to the east, WilTel Communications has similarly decided to offer four floors of their new headquarters building (a total of 184,000 square feet of space) for lease as well. In south Tulsa, cutbacks by American Airlines have led to the sale of the Triad II building and the consequent availability of 76,000 square feet of space. Taken together, these three building have added 527,000 square feet of space to the market. Other changes, elsewhere in the marketplace, have resulted in a net loss of occupancy of 79,000 square feet.

Looking at individual submarkets, Downtown has shown the largest increase in available space with overall vacancies rising from 24.4% to 28.8%. Suburban submarkets meanwhile have shown very little change. The Memorial corridor's loss of 68,000 square feet reflects the space put on the market by American Airlines. The Broken Arrow submarket showed a net loss of 41,000 square feet, while the Yale and Midsuburban submarkets each gained approximately 33,000 square feet. The

Overall Absorption Six Month Periods



Submarket Absorption Current Period



Occupancy & Rent Rate Trends by Submarket

healthiest of the suburban submarkets are the Lewis and Yale corridors, which currently show vacancy rates of 13.9% and 10.8% respectively.

Weighted average asking rent rates have not changed significantly from six months ago. For Class "A" space they generally average from \$14.00 to \$17.00 per square foot in different submarkets and for Class "B" space they average from \$11.00 to \$14.00 per square foot. Individual buildings' rent rates may fall outside of these averages. Of course actual lease deals may vary significantly as well – even within the same building – depending on the construction allowance, length of the lease term, location and condition of the space, and size, credit and needs of the Tenant.

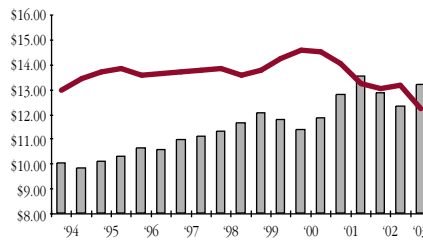
The psychology of the market continues to favor the tenant over the landlord, with the accumulated weight of two years of bad economic news. The disarray in the telecom sector, energy trading, and the airline industry, have all taken their toll on the Tulsa economy. Recent additions to the supply of Class "A" space will help to hold back rental rates as the economy gradually returns to good health.

Record low interest rates have helped to mitigate the impacts of the recession. Office building sales are few and far between, as fundamentals decline and landlords are reluctant to make concessions in valuation. Economic uncertainty, the cost of the war in Iraq, and homeland security issues all contribute to a cloudy investment outlook.

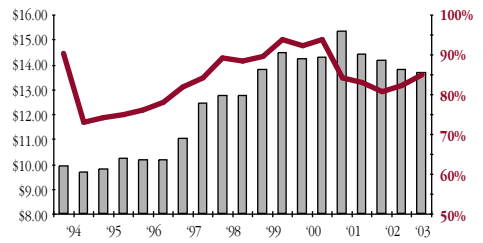
— Submarket Occupancy
Class A & B Buildings

▒ Weighted Average Asking Rent Rate
Class A & B Buildings

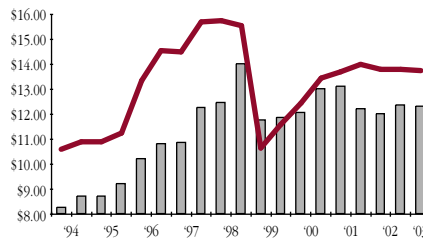
Downtown



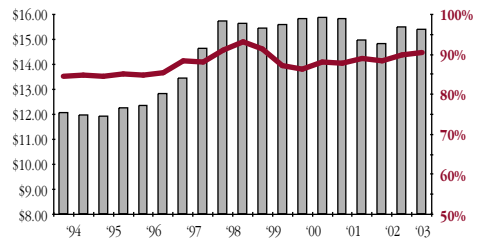
Mid-Suburban



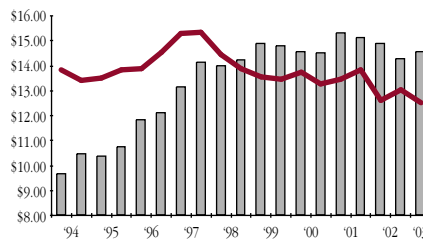
Lewis



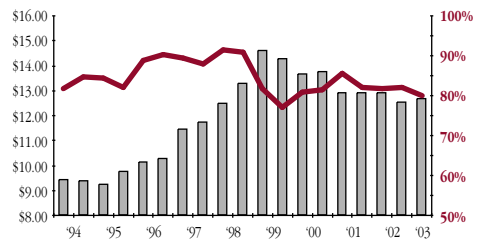
Yale



Memorial

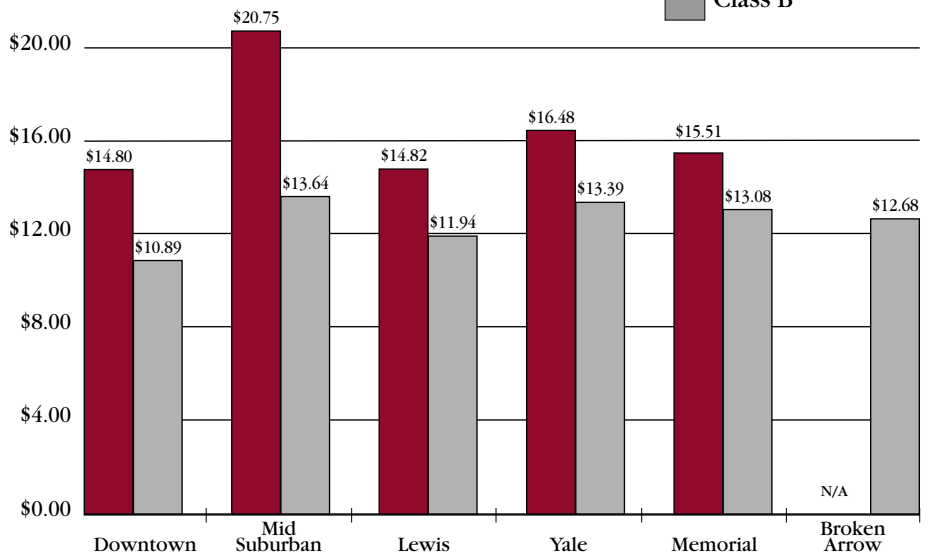


Broken Arrow



Weighted Average Asking Rent Rates by Submarket

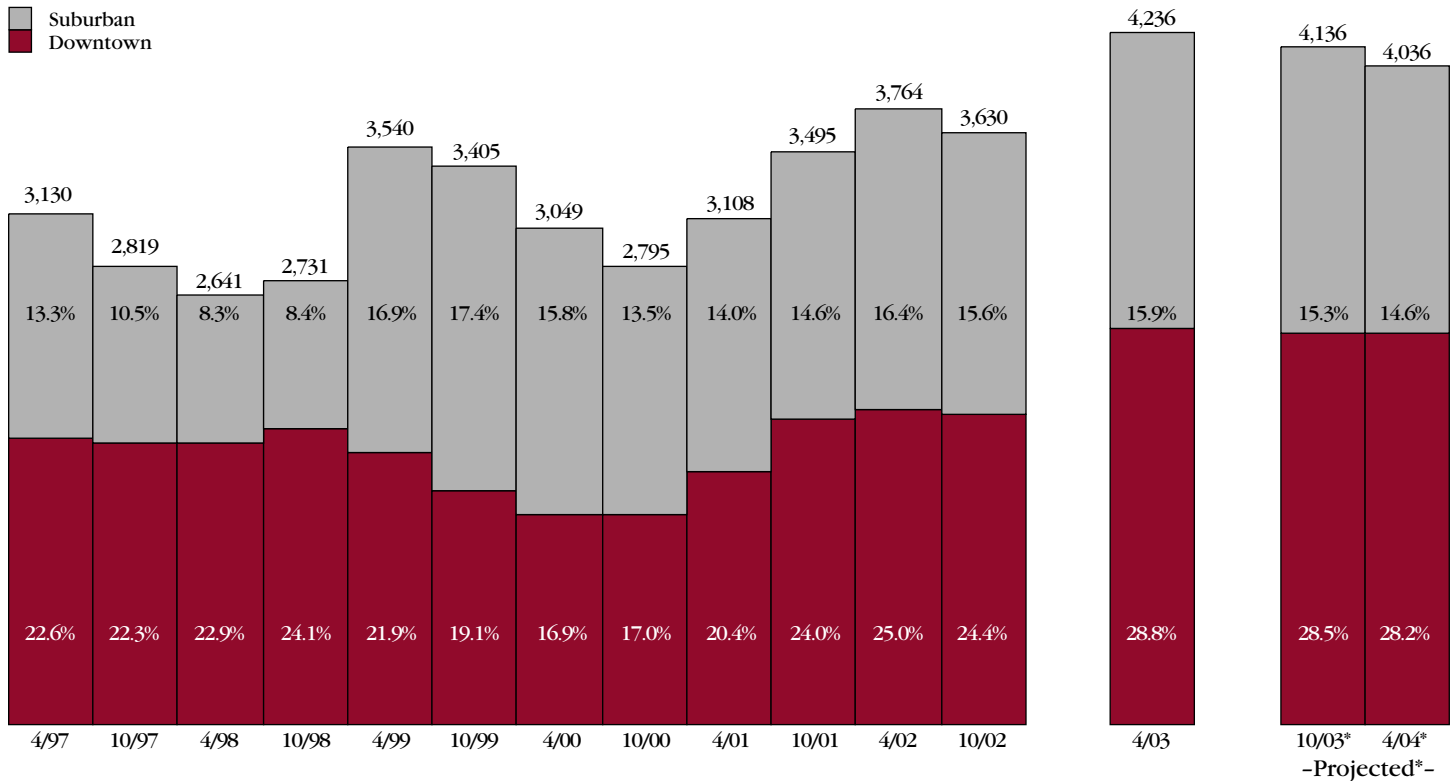
■ Class A
■ Class B



Available Space Trend Six Month Periods

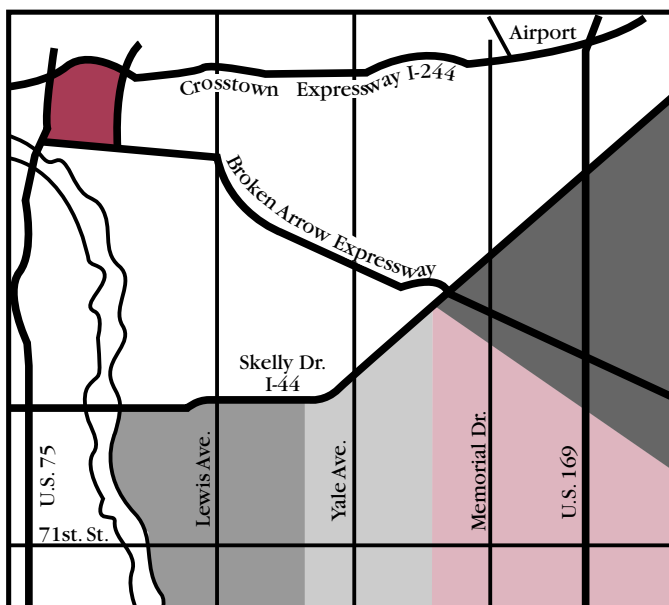
Numbers are in thousands of square feet

Suburban
 Downtown



*Assuming no new buildings begin construction prior to April 2003 and that 200,000 sf is leased net of additional vacancies during the next 12 months.

Available Space by Submarket April 2003



Key	Submarket	Total Area (sf)	Available (sf)	% Vacancy
	Downtown	8,446,155	2,435,602	28.8%
Suburban				
	Mid Suburban	2,609,689	489,796	18.8%
	Lewis	3,006,829	417,714	13.9%
	Yale	3,003,622	324,007	10.8%
	Memorial	879,173	204,897	23.3%
	Broken Arrow	1,811,343	364,117	20.1%
	Total Suburban	11,310,656	1,800,531	15.9%
	Total Existing	19,756,811	4,236,133	21.4%
	Total Construction	0	0	0.0%
	Total Office Space	19,756,811	4,236,133	21.4%



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