

# M Office Tulsa MARKET

Spring • 2010



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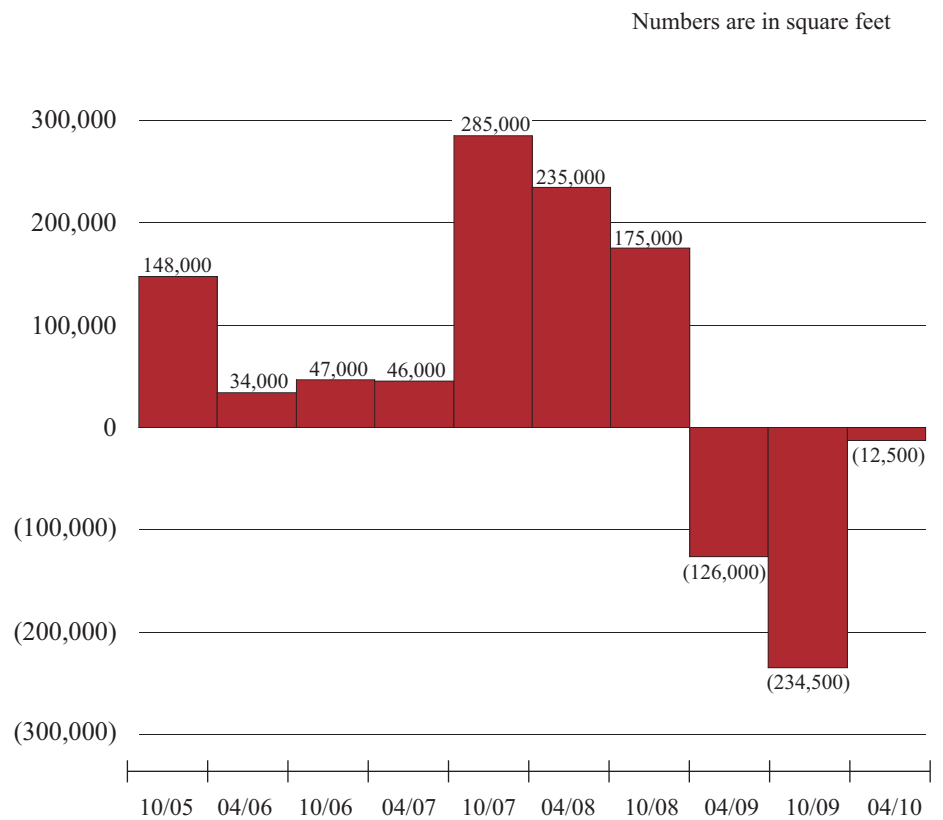
# MARKET CONDITIONS IN TULSA, SPRING 2010

Tulsa's office occupancy stabilized during the six months ended in March, 2010. After a loss of 360,000 square feet in the prior twelve months, net absorption in the latest survey period was statistically insignificant at minus 13,000 square feet. Combined occupancy losses in the last 18 months represent 1.8% of the 20.5 million square foot total of multi-tenant office space in the Tulsa market, and follow five years of positive absorption prior to the downturn.

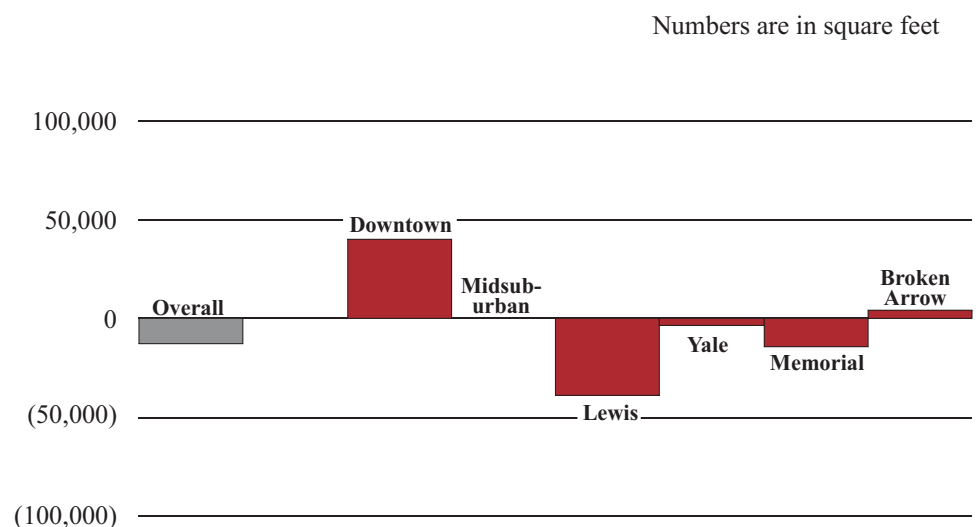
The market saw few significant changes in any of the six submarkets. The Yale corridor shows the lowest vacancy rate at 11.9%, followed by the Mid-suburban submarket at 12.6%, and the Memorial submarket at 18.0%. Overall suburban vacancies stand at 20.9%. Vacancy rates in the Broken Arrow and Lewis corridors are heavily influenced by the large blocks of available space in the Eastgate Metroplex and the CityPlex Towers, resulting in submarket vacancies of 33.7% and 27.1% respectively. The Downtown vacancy rate stands at 28.6% overall, a number which reflects the large concentration of old class C buildings. Vacant space in class A and B buildings downtown averages 23.1%.

Asking rent rates have remained steady in all submarkets and all classes of space, with slight variations from our last survey reflecting changes in the mix of available space in different buildings. Rent rates in class A buildings generally range from \$16 to \$20 per square foot in the suburbs and \$14 to \$18 per

## Overall Absorption Six Month Periods



## Submarket Absorption Current Period



square foot downtown. Rent rates in class B buildings generally range from \$12 to \$16 per square foot in the suburbs and \$11 to \$14 per square foot downtown. Variations in rate reflect differences in the building, the location, the quality of the space, landlord contributions for tenant improvements, the term of the lease, and other factors.

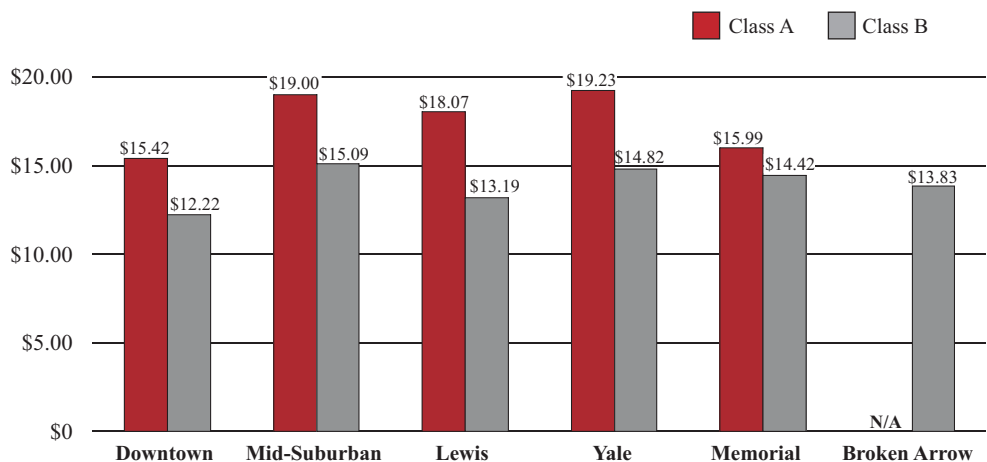
Office building sale transactions continue to lag historic levels, reflecting not only a gap in expectations between sellers and buyers, but also the uncertain economic picture and the limited availability of financing. Well occupied properties are producing good cash flow, but buyers are reluctant to apply the low cap rates to NOI that sellers hope for, without regard to ongoing capital needs. Maturing debt is producing occasional problems for landlords, since replacement financing is underwritten with much more conservative standards than applied a few years ago. Even so, low interest rates have helped to prevent more problems than we are seeing.

Tulsa's economy and its office market have outperformed most of the rest of the country, and we expect this to continue for the foreseeable future.

## Occupancy & Rent Rate Trends by Submarket



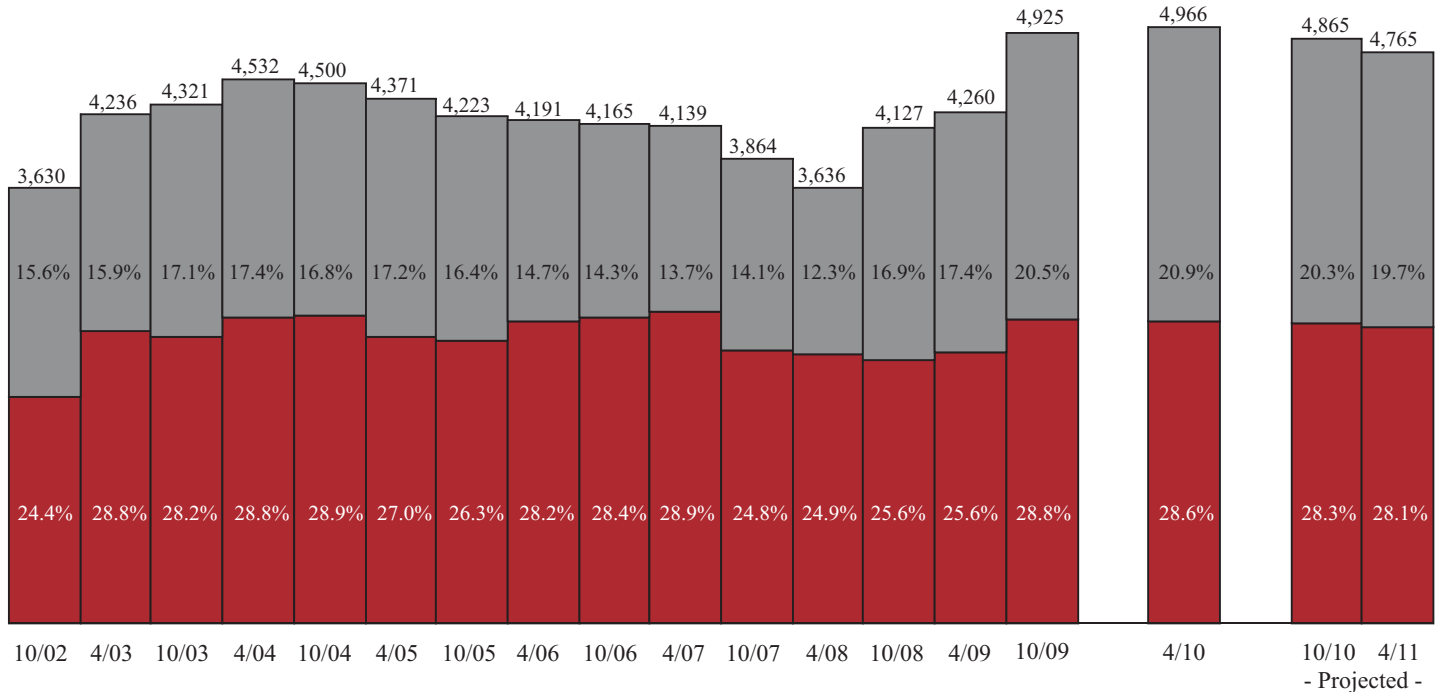
## Weighted Average Asking Rent Rates by Submarket



# Available Space Trend Six Month Periods

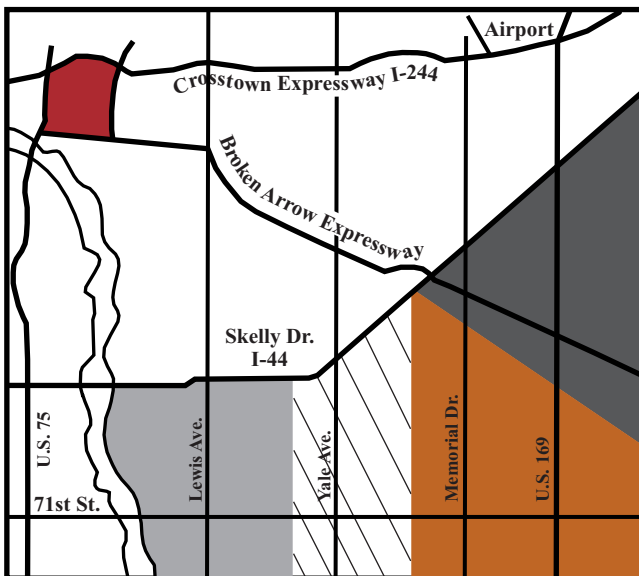
Numbers are in thousands of square feet

Suburban  
Downtown



\*Assuming that no new buildings begin construction prior to April 2011 and that 200,000 sf is leased net of additional vacancies during the next 12 months.

## Available Space by Submarket - April 2010



Key	Submarket	Total Area (sf)	Available (sf)	% Vacancy
	Downtown	8,794,622	2,517,063	28.6%
<b>Suburban</b>				
	Mid Suburban	2,582,735	325,286	12.6%
	Lewis	2,359,150	639,325	27.1%
	Yale	3,035,192	360,915	11.9%
	Memorial	820,021	147,381	18.0%
	Broken Arrow	2,899,123	975,981	33.7%
<b>Total Suburban</b>		<b>11,696,221</b>	<b>2,448,888</b>	<b>20.9%</b>
<b>Total Office Space</b>		<b>20,490,843</b>	<b>4,965,951</b>	<b>24.2%</b>



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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 2010 and may be copied with attribution upon prior request.

