

# M Office Tulsa MARKET

Spring • 2011



**WIGGIN**  
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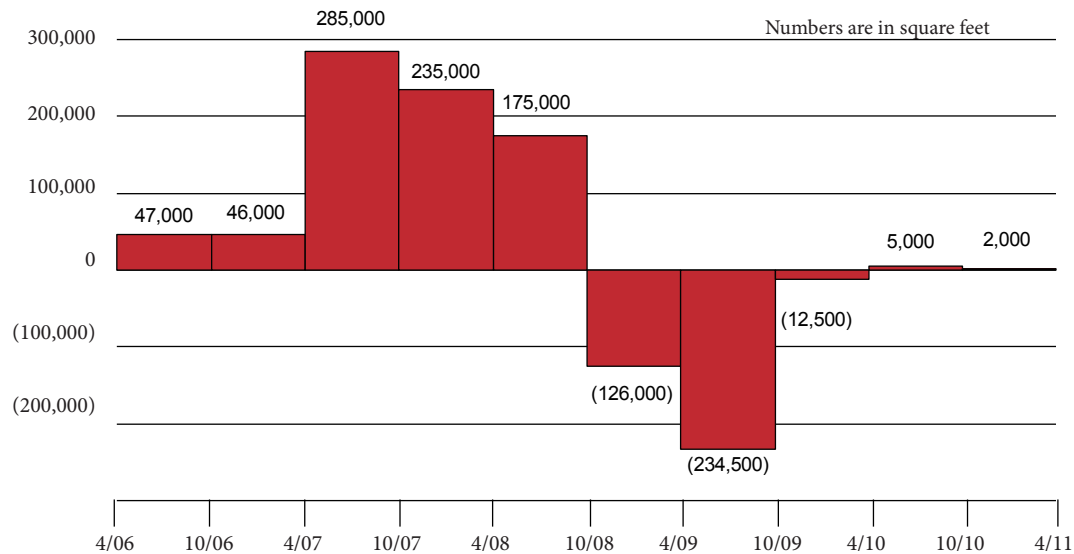
# MARKET CONDITIONS IN TULSA, SPRING 2011

The Tulsa office market has seen a negligible overall change in net occupancy since our last survey in October, 2010. Of the 20.5 million square feet of multi-tenant office space surveyed, in 151 buildings containing 25,000 or more square feet, there has been only a nominal change in occupancy in the past 18 months. Between October 2008 and October 2009, the market lost an aggregate 360,000 square feet of occupancy, but since that time it has been stable.

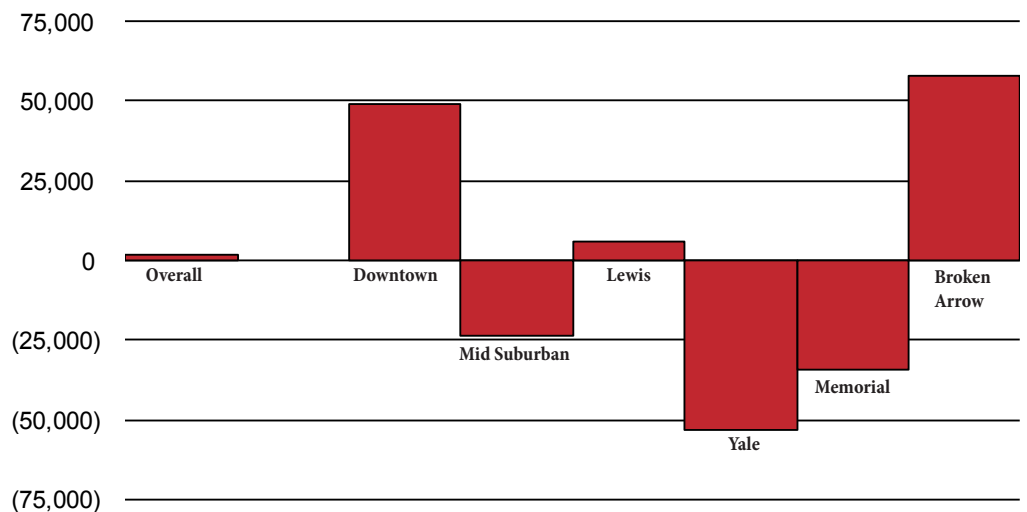
During the past 10 years, only 3 new buildings have been built, which in the aggregate have added 880,000 square feet, or approximately 4.4% to the overall supply of office space. A new building has been announced for Cimarex, downtown, which will add approximately 320,000 square feet to the market if and when it is built.

Although the market as a whole has been flat, positive net absorption took place in the Downtown and Broken Arrow submarkets during the past six months, with 49,000 square feet and 58,000 square feet of net leasing, respectively. The Yale, Memorial, and Mid-Suburban submarkets each lost ground, with negative net absorption of 53,000 square feet, 34,000 square feet, and 24,000 square feet respectively. The Lewis submarket remained essentially unchanged.

## Overall Absorption Six Month Periods



## Submarket Absorption Current Period

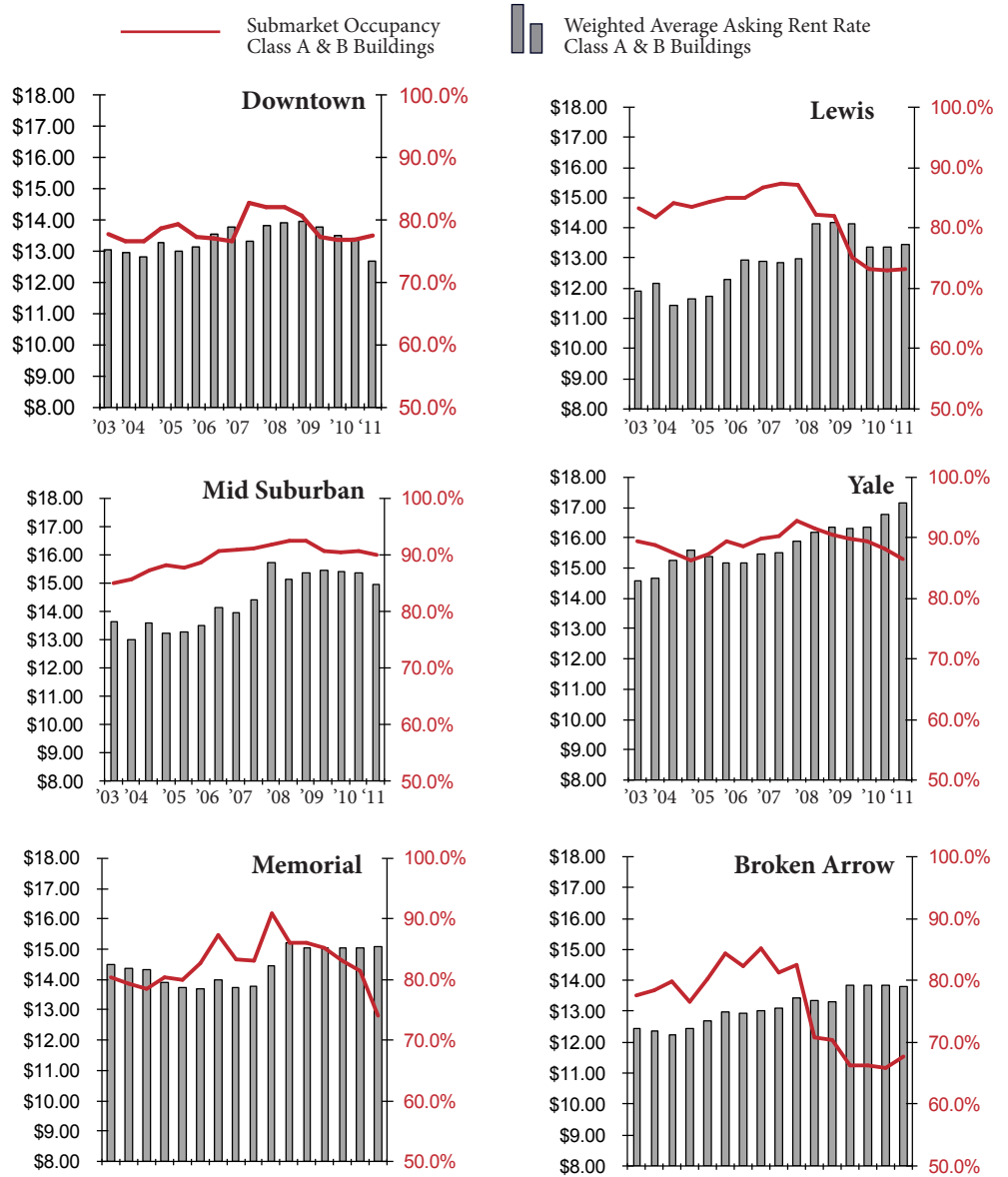


Weighted average asking rent rates have not changed significantly in most submarkets since our last survey. Average rent rates move up and down slightly, depending on the mix of space available at a given point in time, but there has been essentially no change in these average rates over the past 18 months. Individual buildings and lease transactions show a wider variation, depending on the quality of the building and the leased space, the tenant improvements offered, the term of the lease, and other lease terms. In general, lease rates in the suburbs vary from \$11 to \$14 per square foot for class B space, and \$15 to \$18 per square foot for class A space. Downtown, lease rates vary generally from \$10 to \$14 per square foot for class B space and \$14 to \$18 per square foot for class A space.

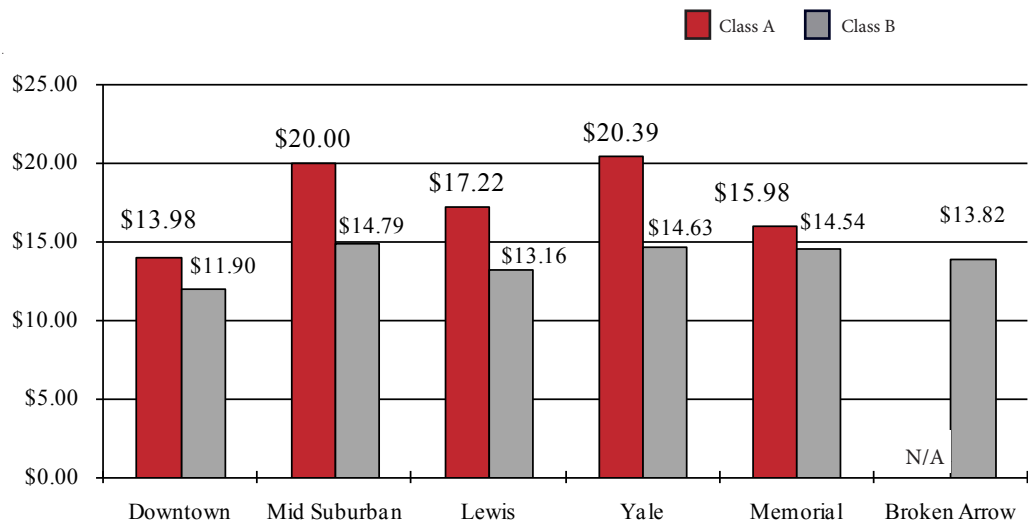
Office building sale transactions have continued to be sluggish, despite a ready supply of buyers, since most buyers are underwriting cash flows with modest appreciation expectations, and very few sellers have been willing to sell at the prices sought. There have been very few cases of distress that would bridge a gap in expectations.

In general the Tulsa economy is quite strong, with unemployment in the 6% range, and a vibrant energy sector driven by discoveries and developments in the shale gas and shale oil fields. The downtown area has seen a number of redevelopment projects in recent years which have begun to change perceptions of downtown relative to suburban submarkets. We expect Tulsa to continue to outperform most markets in the medium term in the face of continuing uncertainty in the national and international economies.

## Occupancy & Rent Rate Trends by Submarket

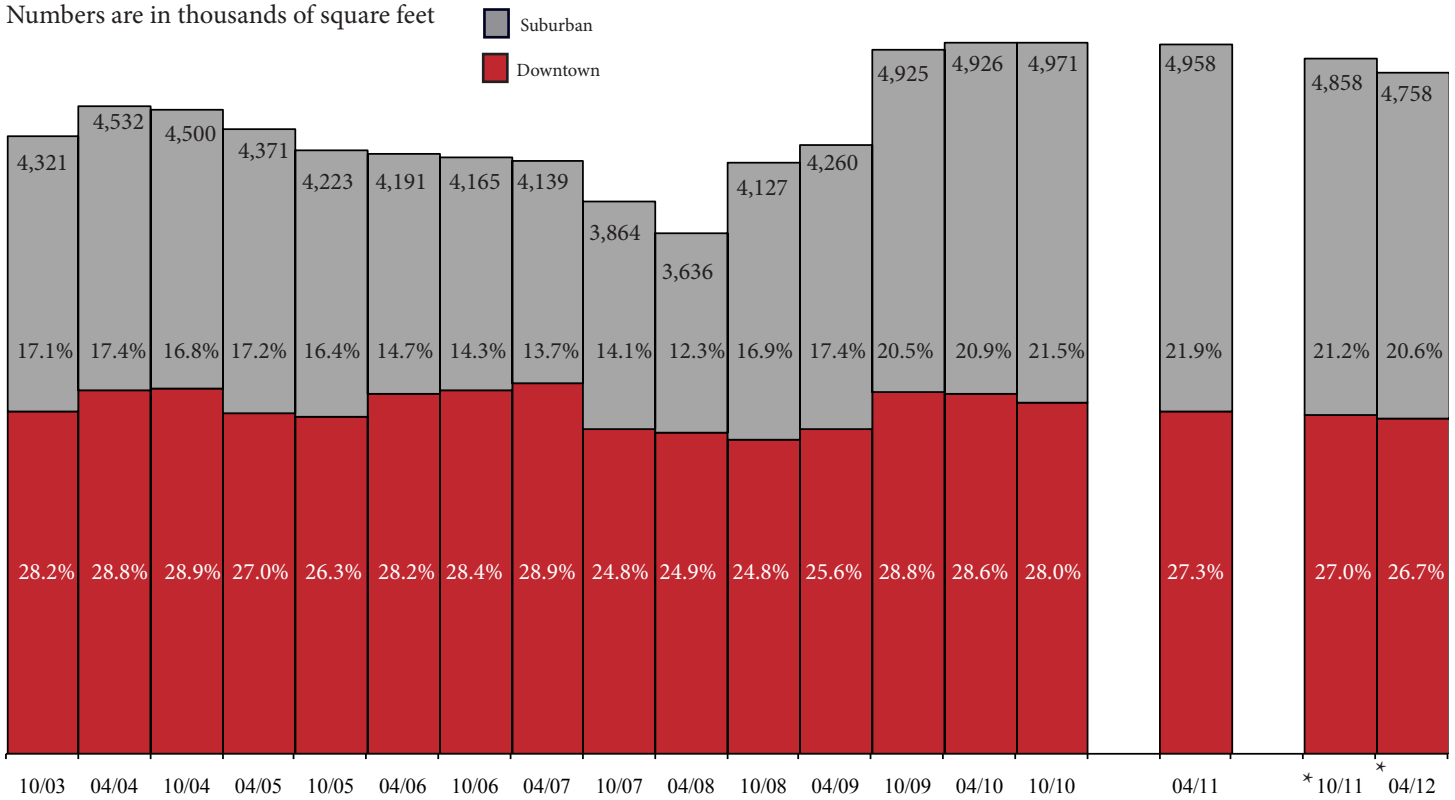


## Weighted Average Asking Rent Rates by Submarket



# Available Space Trend Six Month Periods

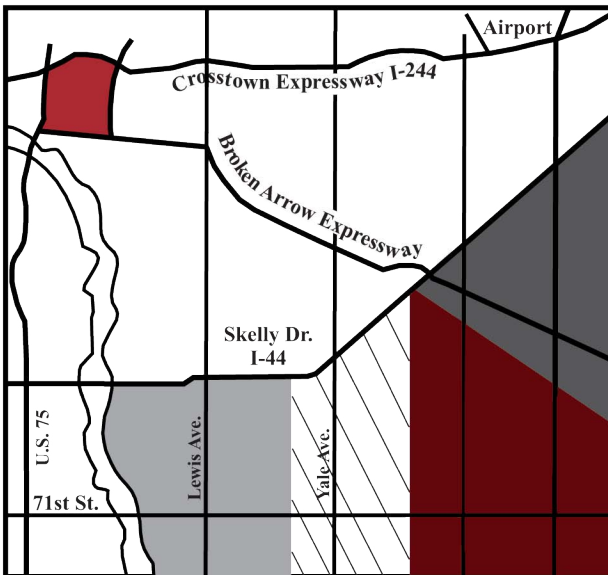
Numbers are in thousands of square feet



\* Assuming that 200,000 SF is leased net of additional vacancies during the next 12 months

\* Projected

# Available Space by Submarket April 2011



Key	Submarket	Total Area (sf)	Available (sf)	% Vacancy
	Downtown	8,790,610	2,398,112	27.3%
<b>Suburban</b>				
	Mid Suburban	2,582,735	341,912	13.2%
	Lewis	2,361,993	637,851	27.0%
	Yale	3,035,192	453,332	14.9%
	Memorial	820,021	195,350	23.8%
	Broken Arrow	2,899,123	932,187	32.2%
<b>Total Suburban</b>		<b>11,699,064</b>	<b>2,560,632</b>	<b>21.9%</b>
<b>Total Office Space</b>		<b>20,489,674</b>	<b>4,958,744</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 2011 and may be copied with attribution upon prior request.