



**M** Office  
Oklahoma City **MARKET**

Summer • 2005

**WIGGIN**  
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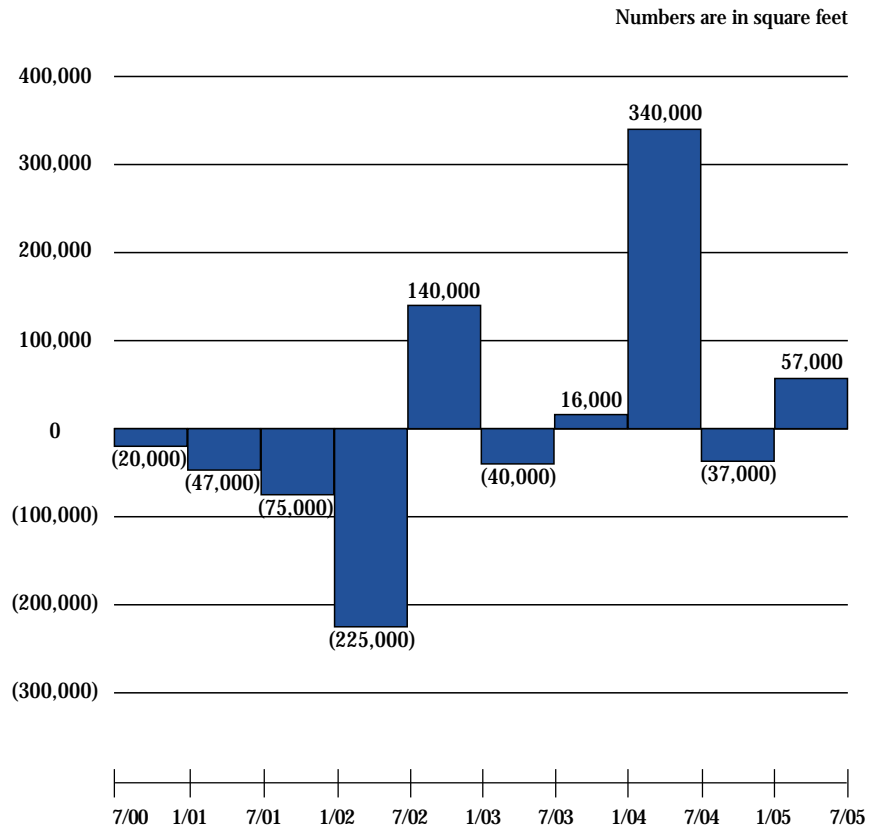
# MARKET CONDITIONS IN OKLAHOMA CITY, SUMMER 2005

Oklahoma City's office market continues to be relatively flat in terms of overall absorption, despite a vigorous economy, a strong transactional volume, and an increase in average asking rent rates. Net absorption for the first six months of 2005 was 57,000 square feet, overall, with 34,000 square feet absorbed in the Downtown submarket and 33,000 square feet absorbed in the Northwest submarket. The North submarket gained 14,000 square feet while the Midtown submarket lost 14,000 square feet. Other submarkets lost minor amounts, none more than 10,000 square feet.

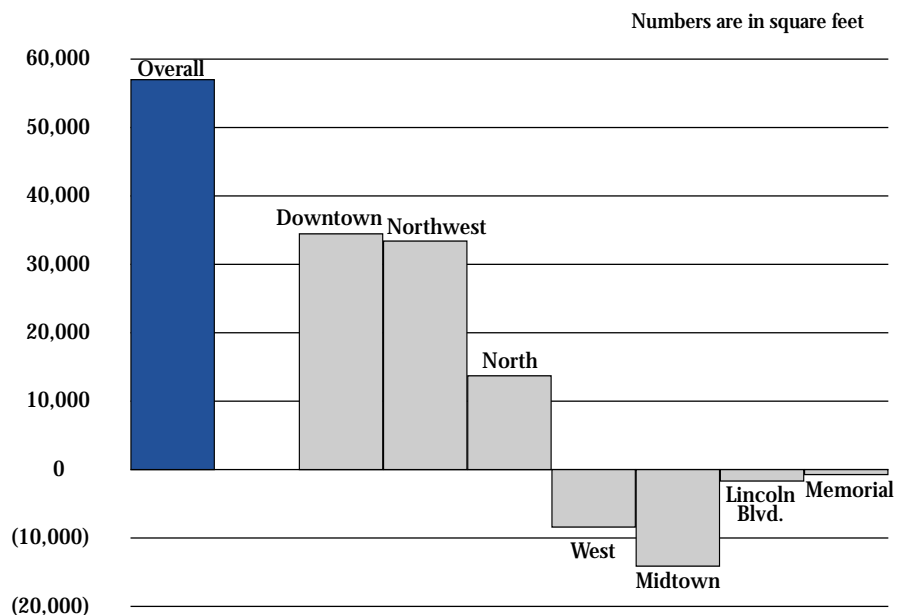
Despite fluctuations, the general trend over the past three years has been one of positive absorption, averaging 148,000 square feet per year marketwide, in all submarkets and all classes of space. Virtually all submarkets have benefited from this trend, but the strongest today, in terms of occupancy are the North, Midtown, and Memorial submarkets, which range from 10% to 12% vacant. Class C buildings, downtown, (mostly older buildings needing major capital investments) average 60% vacant and distort the vacancy figures for the Downtown submarket, which average 24% for class A and B buildings.

Net absorption downtown in the last six months was the direct result of the conversion and renovation of the Colcord Building as the Colcord Hotel, now underway, from which office tenants have now relocated to other premises. The most notable of these is the Oklahoma Department of Tourism, which has moved 35,000 square feet to the First National Center. Absorption in other submarkets

## Overall Absorption Six Month Periods



## Submarket Absorption Current Period



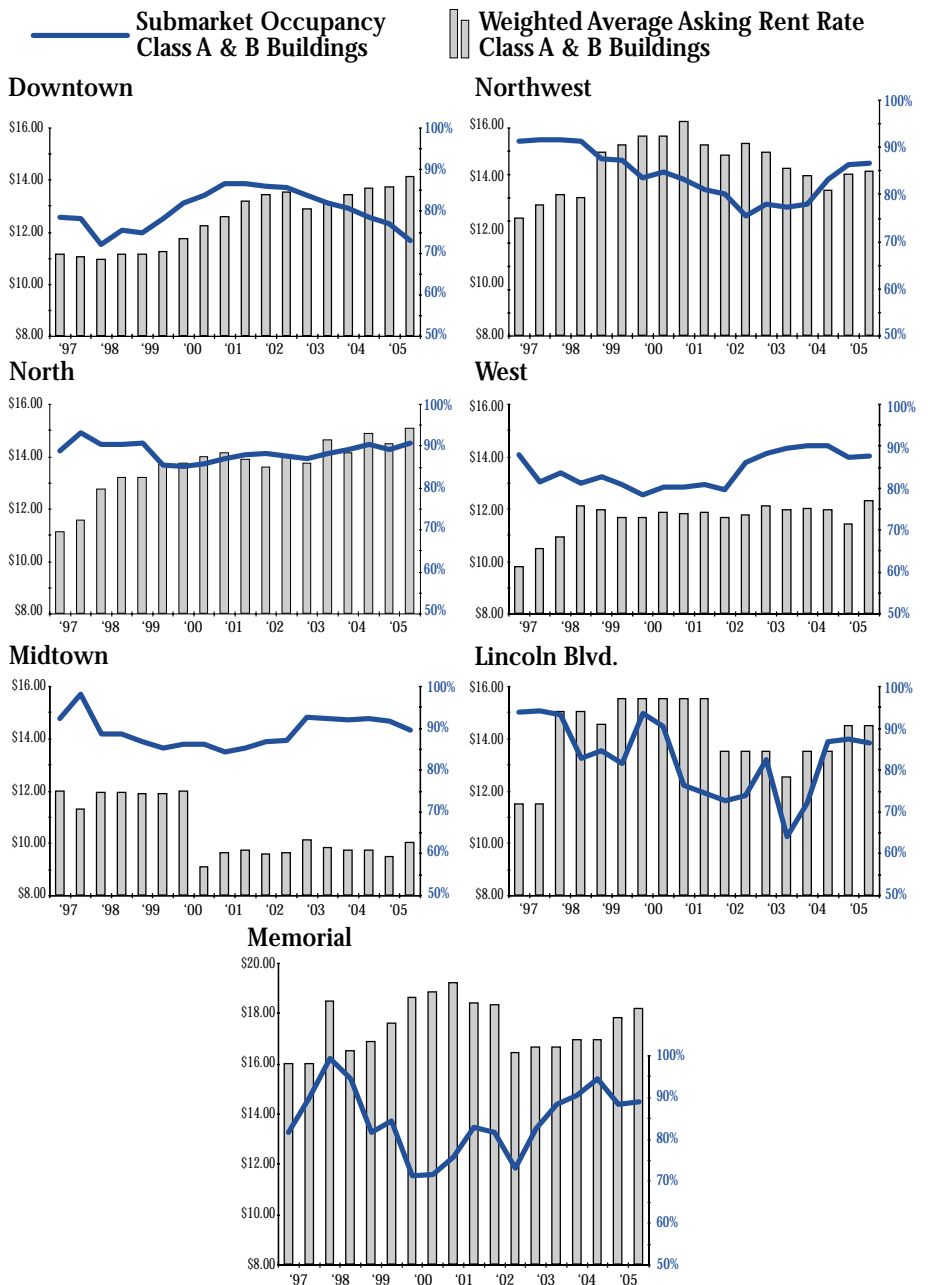
## Occupancy & Rent Rate Trends by Submarket

consisted mostly of smaller leases and expansions, including DeVry Institute and Dell Computer, which continues to add staff as it awaits completion of its campus at I-44 on the Oklahoma River.

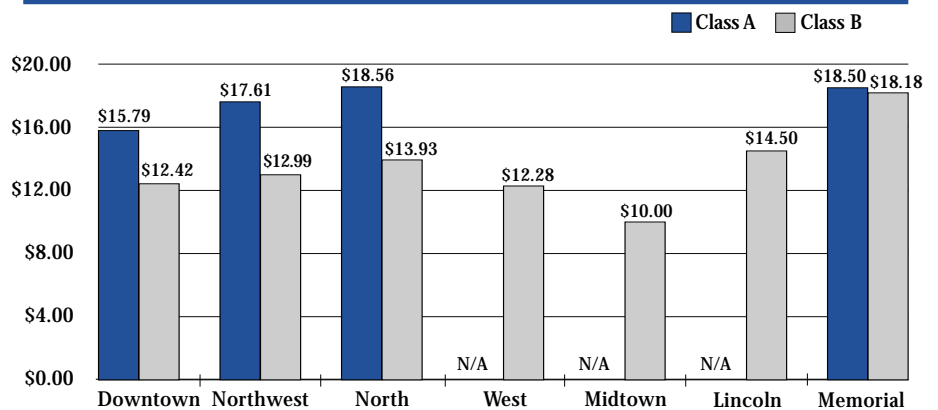
Rent rates are up modestly in all submarkets and all classes, reflecting perhaps the psychology of a strong economy and high prices of crude oil and natural gas. Suburban class A rents range from \$16 to \$20 per square foot, depending on finishes and build-out, location, age of the building, and the usual range of deal terms. Suburban class B rents range generally from \$12.00 to \$15.00 per square foot, with the rate dependent on the same sets of factors. Downtown, comparable class A and B space rents for \$2 to \$3 less per square foot, indicative of the cost of parking, which is generally free in the suburbs.

The volume of building sales continues to reflect the abundance of investment capital available today as well as the resulting slide in cap rates, which has caught the attention of owners who had not thought of themselves as sellers. Aggregators of TIC ownership units have been active, as have investors from both coasts searching for more modestly priced assets than they can find at home. The continuation of low long-term interest rates, in the face of short-term rate tightening by the Fed, has supported this flurry of transactional activity in all classes of buildings.

Current trends seem likely to carry on through 2006 and beyond – gradually increasing occupancy levels, rising rent rates, and improving cash flows, in a low-cap rate valuation environment.

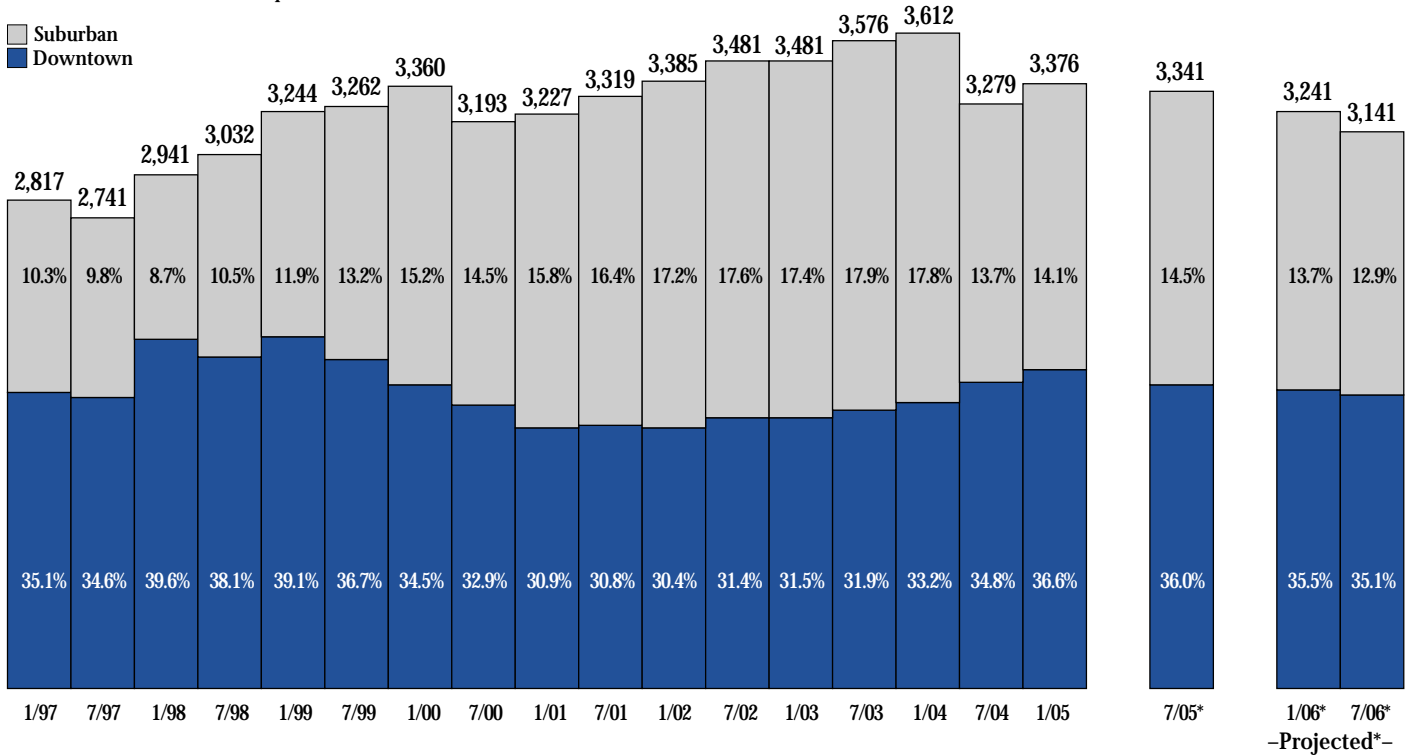


## Weighted Average Asking Rent Rates by Submarket

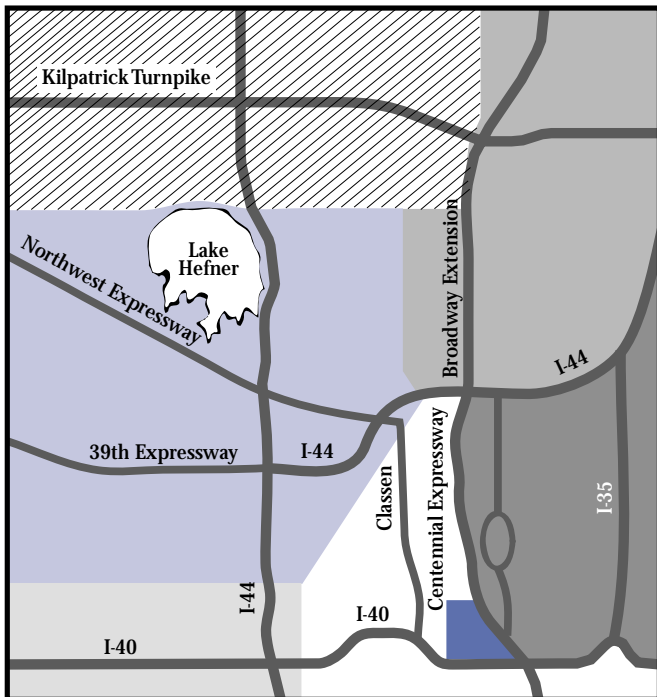


# Available Space Trend Six Month Periods

Numbers are in thousands of square feet



## Available Space by Submarket July 2005



Key	Submarket	Total Area (sf)	Available (sf)	% Vacancy
■	Downtown	5,399,591	1,943,242	36.0%
<b>Suburban</b>				
■	Northwest	4,802,864	784,606	16.3%
■	North	1,527,197	152,508	10.0%
■	West	581,748	102,765	17.7%
■	Midtown	1,243,949	147,776	11.9%
■	Lincoln Blvd.	613,374	99,133	16.2%
■	Memorial	897,531	110,674	12.3%
<b>Total Suburban</b>		<b>9,666,663</b>	<b>1,397,462</b>	<b>14.5%</b>
<b>Total Existing</b>		<b>15,066,254</b>	<b>3,340,704</b>	<b>22.2%</b>
<b>New Construction</b>		<b>0</b>	<b>0</b>	<b>0.0%</b>
<b>Total Office Space</b>		<b>15,066,254</b>	<b>3,340,704</b>	<b>22.2%</b>



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