



M Office
Oklahoma City **MARKET**

Summer • 2007

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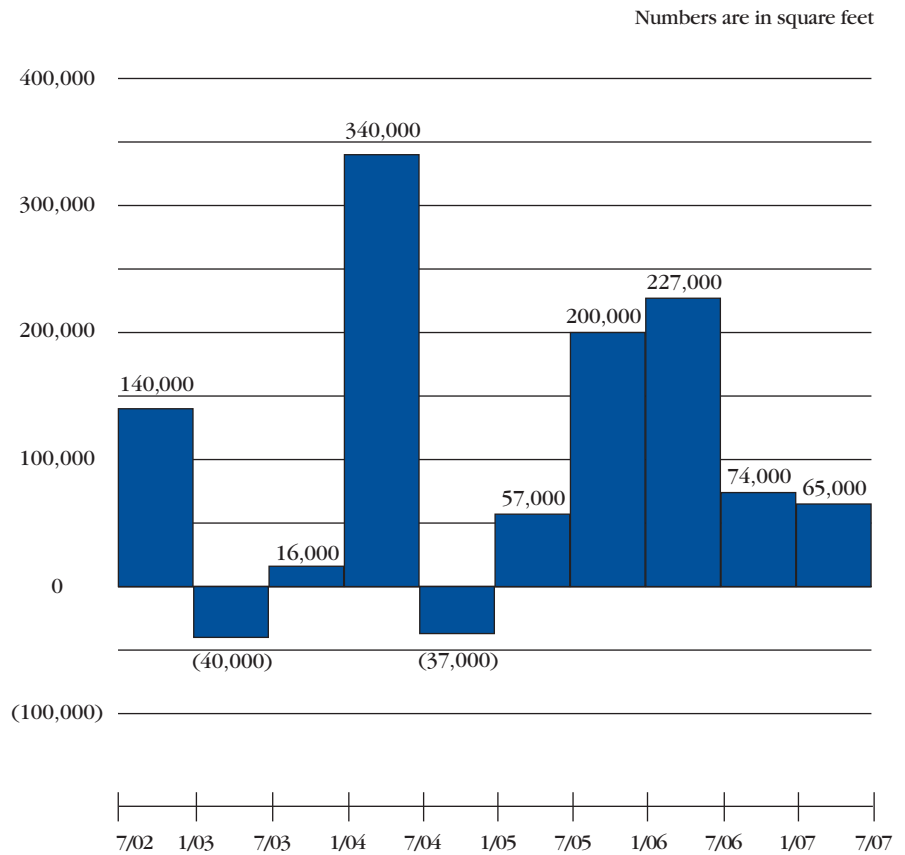
MARKET CONDITIONS IN OKLAHOMA CITY, SUMMER 2007

The Oklahoma City office market began its third year of uninterrupted positive absorption, with 65,000 square feet of overall net leasing in the first half of 2007. The Northwest submarket led the city, with 78,000 square feet of net leasing during this period, which reduced the submarket vacancy rate to 10.3%. Other submarkets were less active, with slight gains Downtown, in the North submarket, and along Lincoln Boulevard, and slight losses in the Midtown and Memorial submarkets. The West submarket lost overall occupancy of 28,000 square feet, raising the vacancy rate to 24%. Overall, the suburban vacancy rate is now 9.8%. The North submarket continues to be the tightest, with an overall vacancy rate of 5.0%.

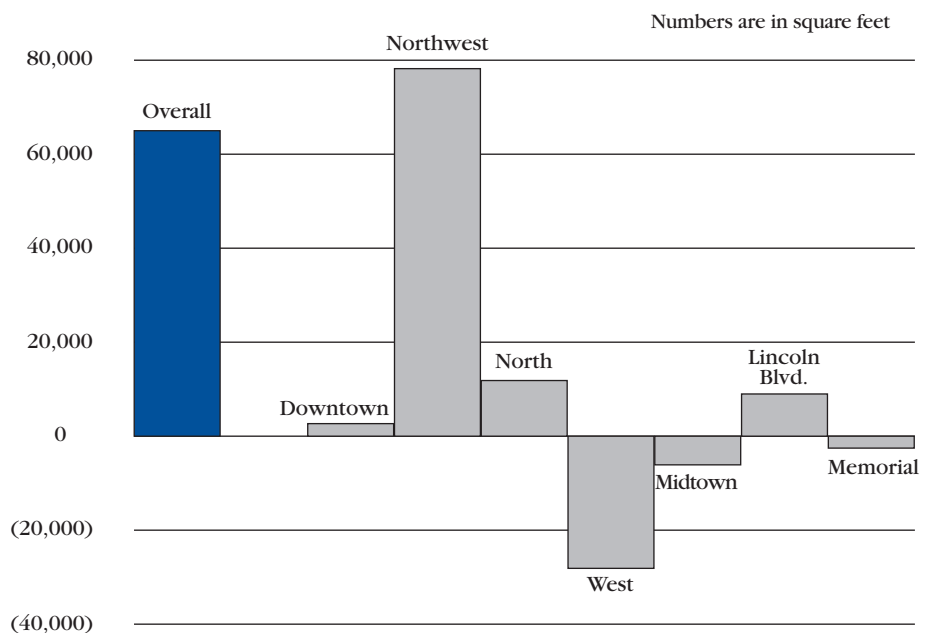
Continued growth by Chesapeake Energy contributed to the absorption figures in the Northwest and North submarkets. Most notable was its lease of two floors at Lakepointe Towers in the Northwest submarket. A variety of smaller deals made up the balance of the submarket's absorption. Downtown, Simons Petroleum's lease of two floors at Oklahoma Tower was the biggest transaction in multi-tenant buildings. Simons came out of a Chesapeake-owned building, and the vacated space will not go on the market for lease. Not reflected in our survey, because it involved a single user property, was the acquisition by Sandridge Energy of the 500,000 square foot Kerr McGee Tower, resolving questions about the future of an important downtown landmark.

Overall vacancies in class A and B buildings in the Downtown submarket stand at 17.3%, the lowest level in several years. Recent leasing activity downtown reflects both the scarcity of large blocks of available space in the suburbs, and the effect on the office market of the remarkable renaissance of the downtown area, including, most recently, the reopening of the Skirvin Hilton Hotel.

Overall Absorption Six Month Periods



Submarket Absorption Current Period

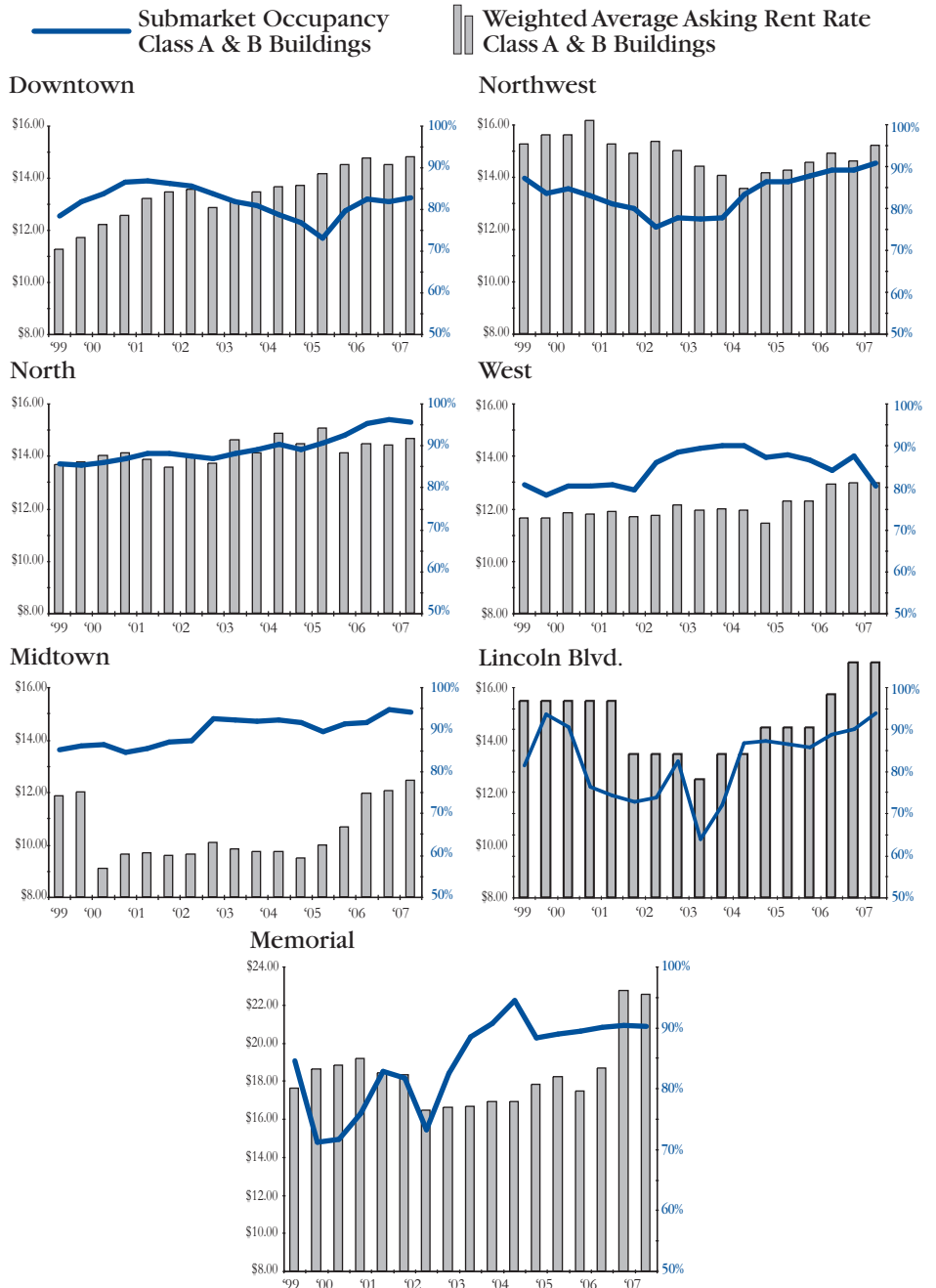


Occupancy & Rent Rate Trends by Submarket

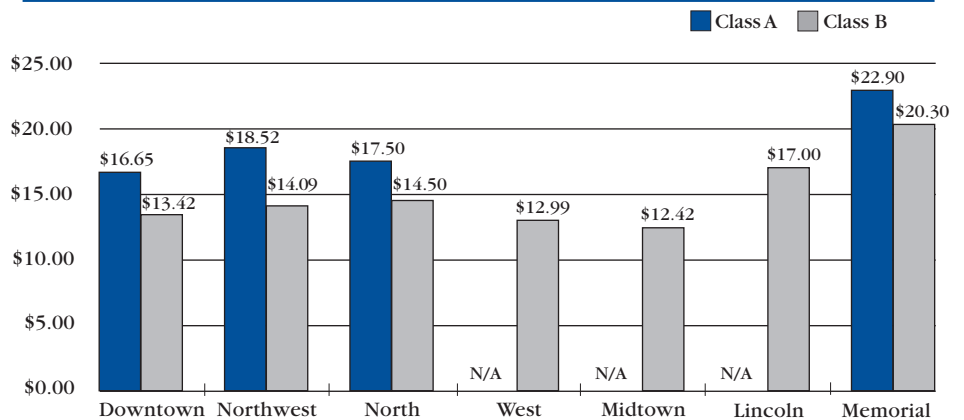
Asking rent rates continue to rise, at rates which vary, depending on the mix of spaces available. In general, suburban rent rates for class A space range from \$17 to \$24 per square foot, depending on the age, location, and condition of space, as well as the landlord's contribution to tenant improvements. Downtown, rent rates for class A space range from \$16 to \$20 per square foot. Rent rates for class B space in the suburbs range from \$13 to \$16 per square foot, and downtown, class B rent rates range from \$12 to \$15 per square foot. Actual rates on individual deals can vary from these ranges, based on the individual circumstances of the deal. As the number and desirability of available options dwindle, the rates quoted by landlords tend to be higher and less flexible. The number of options available for a large user are fewer today than at any time in recent history.

The investment market for Oklahoma City office properties continues to be strong, a reflection both of the low prices per square foot relative to other markets, and the increasing profile that Oklahoma City cuts in economic development circles. Prices are at historically high levels for both office and retail properties, as Oklahoma City commercial real estate continues to be a very desirable asset class, even under the cloud of rising interest rates.

Compared with many cities, Oklahoma City's office market looks very robust. Our expectation is for continuing improvement in occupancy levels and significant increases in rent rates during the next year or two. As suburban vacancy rates continue to decline, and the number of suburban space options dwindle, rents will move upward, pushing downtown rates up as well, and making downtown alternatives more attractive. Meanwhile, the remarkable growth in downtown hotel rooms, sports and entertainment offerings, and residential options makes the work environment an increasingly attractive option.

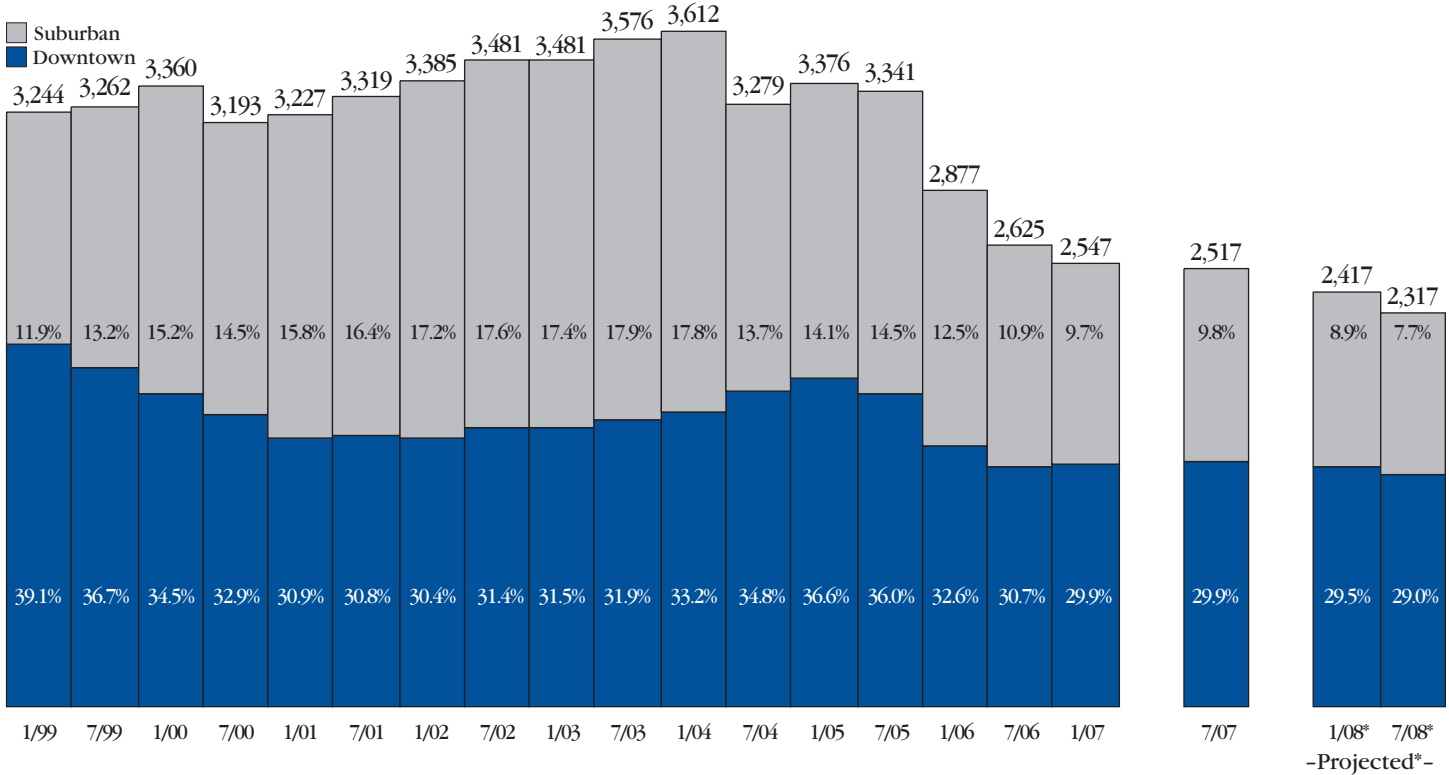


Weighted Average Asking Rent Rates by Submarket

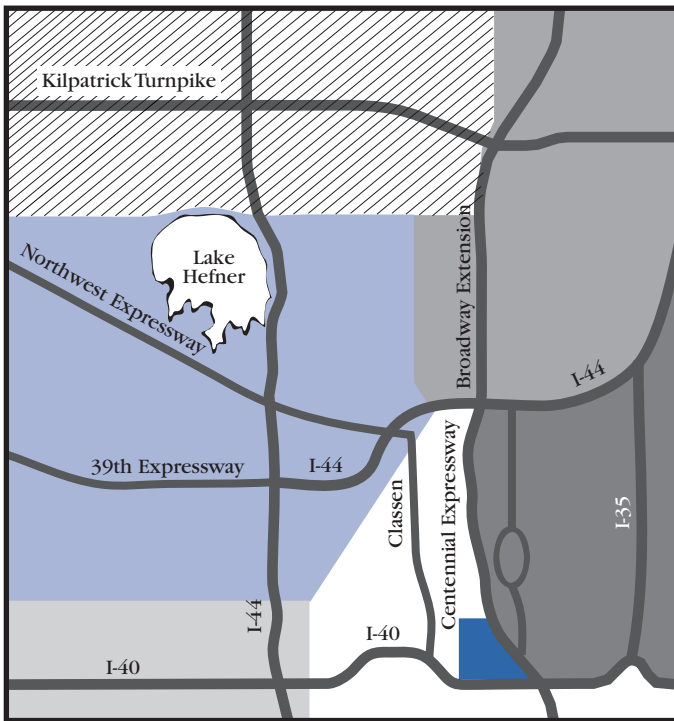


Available Space Trend Six Month Periods

Numbers are in thousands of square feet



Available Space by Submarket July 2007



Key	Submarket	Total Area (sf)	Available (sf)	% Vacancy
■	Downtown	5,433,764	1,626,022	29.9%
Suburban				
■	Northwest	4,538,523	465,558	10.3%
■	North	1,284,396	63,590	5.0%
■	West	430,470	104,045	24.2%
■	Midtown	1,199,149	78,800	6.6%
■	Lincoln Blvd.	613,374	63,683	10.4%
■	Memorial	1,073,982	115,754	10.8%
Total Suburban		9,139,894	891,430	9.8%
Total Existing		14,532,207	2,476,001	17.0%
New Construction		41,451	41,451	100.0%
Total Office Space		14,573,658	2,517,452	17.3%



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