

M Office Tulsa MARKET

Fall • 2003



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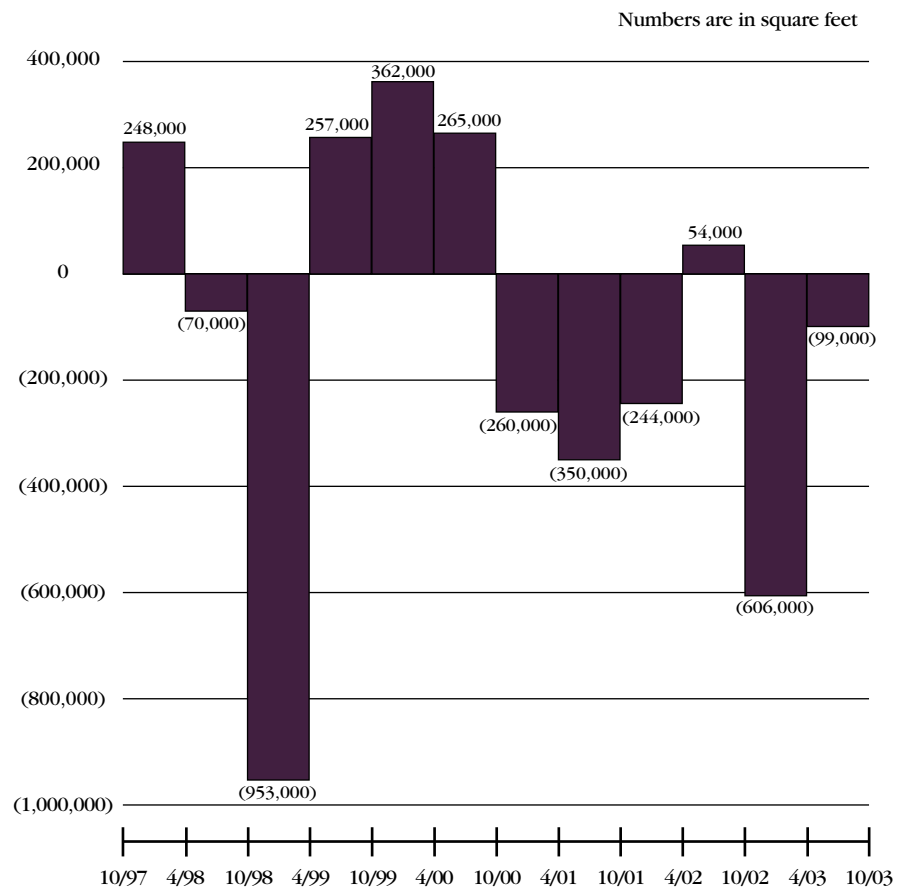
MARKET CONDITIONS IN TULSA, OCTOBER 2003

Tulsa's office market has been in a holding pattern for the past six months. Overall, absorption has been negative by 99,000 square feet, a relatively minor figure (0.5%) in an overall market of 19.8 million square feet. This suggests an element of stability when compared with the figure of negative 606,000 for the prior six month period. Not counted in our current figures, however, is the space currently occupied by Citgo, which is rumored to be planning a relocation to Houston. If that move takes place, our next survey could reflect as much as 350,000 square feet of additional class A space on the market.

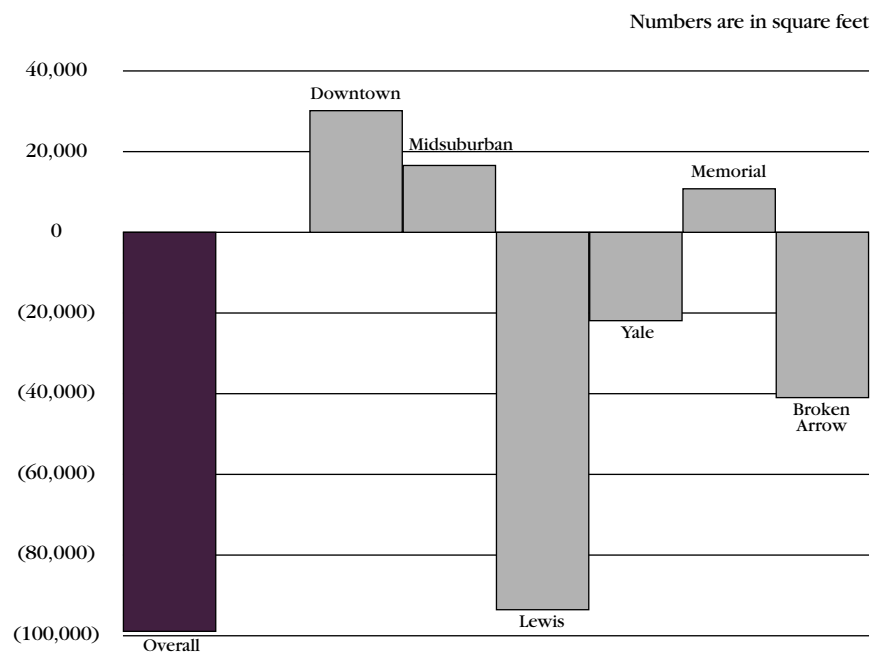
Vacancy rates range from a high of 28% downtown, to a low of 11.5% in the Yale corridor. Other suburban submarkets vary in the range of 17% to 22%, the largest change having occurred in the Lewis corridor, where vacancies moved from 13.9% to 17.0%. Despite fluctuations up or down by one to two percentage points in different submarkets, the overall picture was relatively stable.

Weighted average asking rent rates have been relatively stable as well. In general, class A asking rent rates in the suburbs fall into the range of \$14 to \$16 per square foot, compared to \$12 to \$16 per square foot downtown. Class B asking rent rates cover a wider range—generally \$11 to \$14 in the suburbs, and \$9 to \$12 downtown. Rent rates vary considerably from building to building, depending on the quality and condition of the building and space, construction allowances, and the particulars of a given deal.

Overall Absorption Six Month Periods



Submarket Absorption Current Period



Occupancy & Rent Rate Trends by Submarket

Deal terms can vary significantly from street rates.

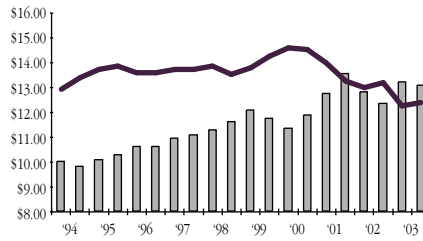
Tulsa's approval of the Vision 2025 initiatives in October gave an important shot in the arm to the community. The culmination of more than a year of planning and discussion, the 13-year sales tax will fund a wide variety of public projects throughout the metropolitan area. The concrete results of the individual projects may take years to materialize, but the positive psychological impact of this collective community action is noticeable already.

The city's current economic situation reflects the combined effects of the downturn in the telecom sector, energy trading, and the airline industry. As the national economic news turns positive, and the city begins to gain confidence from the Vision 2025 projects, we expect to see a gradual improvement of market dynamics.

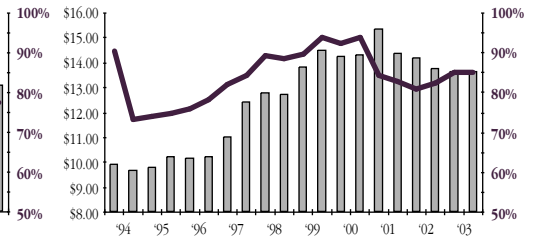
Record low interest rates have helped to mitigate the impacts of the rise in vacancies. Office building sales have been infrequent, as fundamentals have declined and landlords have been reluctant to make concessions in valuation. While the investment outlook continues to be cloudy, there are some positive glimmers on the horizon, and good reasons to believe that the worst economic seasons may be behind us.

— Submarket Occupancy Class A & B Buildings
 █ Weighted Average Asking Rent Rate Class A & B Buildings

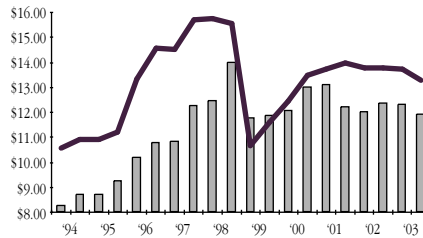
Downtown



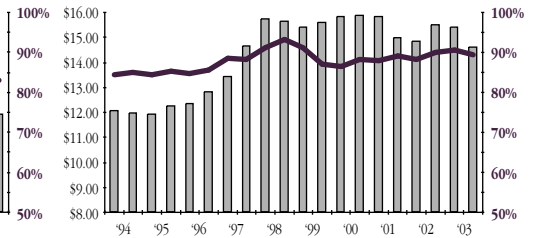
Mid-Suburban



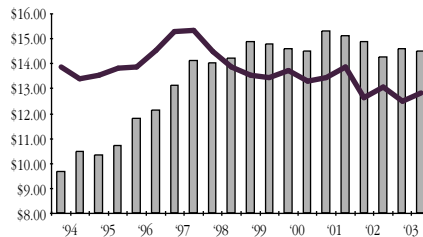
Lewis



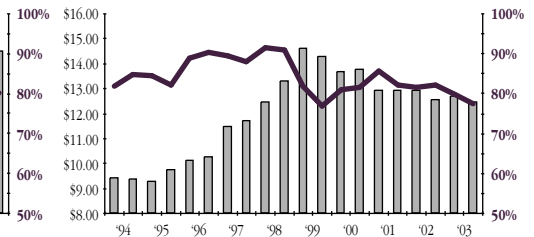
Yale



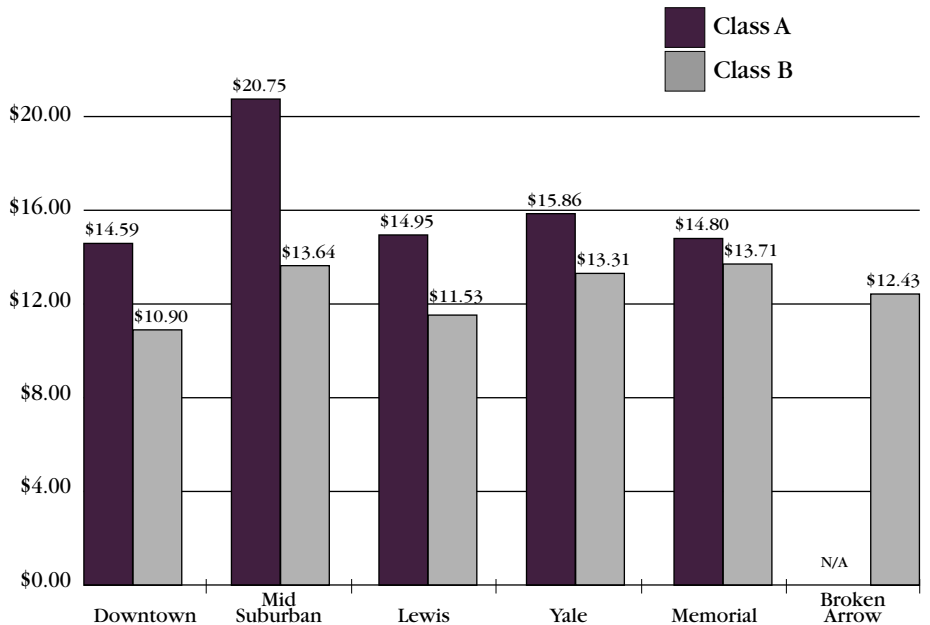
Memorial



Broken Arrow



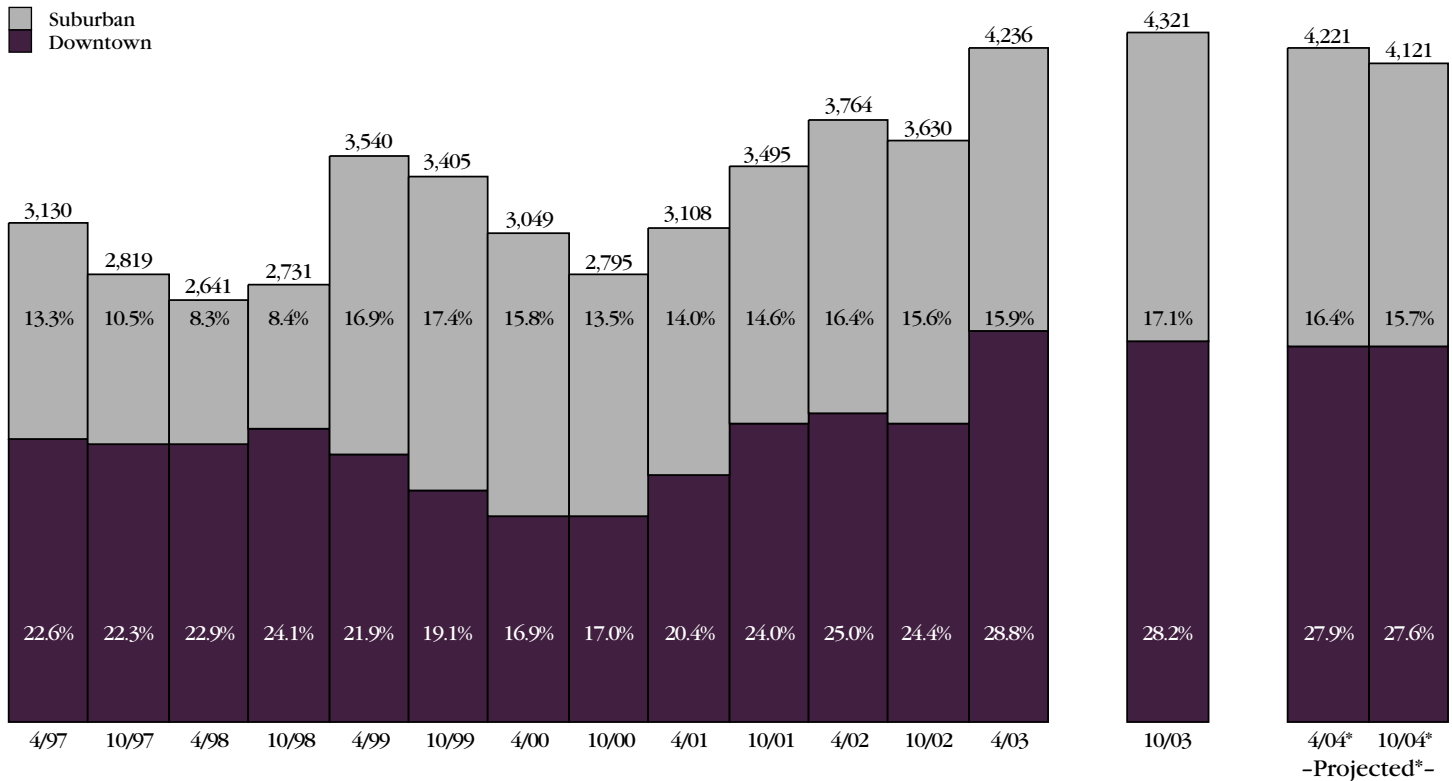
Weighted Average Asking Rent Rates by Submarket



Available Space Trend Six Month Periods

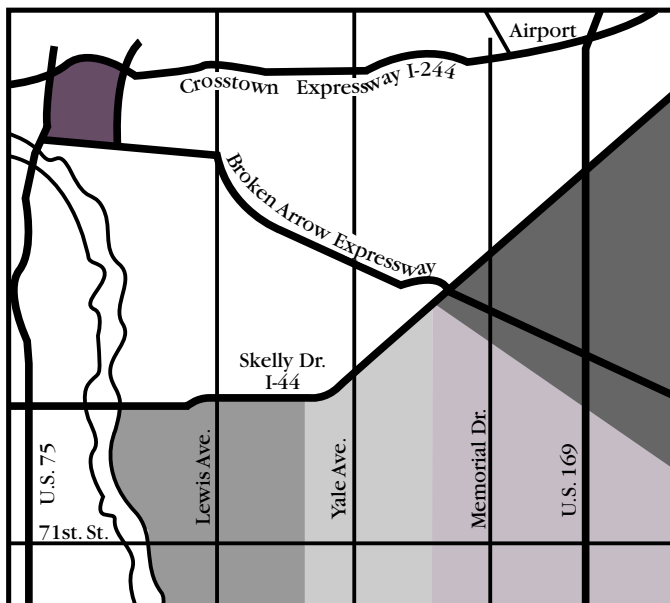
Numbers are in thousands of square feet

Suburban
Downtown



*Assuming no new buildings begin construction prior to October 2004 and that 200,000 sf is leased net of additional vacancies during the next 12 months.

Available Space by Submarket October 2003



Key	Submarket	Total Area (sf)	Available (sf)	% Vacancy
■	Downtown	8,466,155	2,389,525	28.2%
Suburban				
□	Mid Suburban	2,610,253	481,248	18.4%
■	Lewis	3,007,921	511,258	17.0%
■	Yale	3,003,622	345,907	11.5%
■	Memorial	883,790	187,766	21.2%
■	Broken Arrow	1,811,343	405,089	22.4%
	Total Suburban	11,316,929	1,931,268	17.1%
	Total Existing	19,783,084	4,320,793	21.8%
	Total Construction	0	0	0.0%
	Total Office Space	19,783,084	4,320,793	21.8%



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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 2003 and may be copied with attribution upon prior request.