

M Office Tulsa MARKET

Spring • 2004



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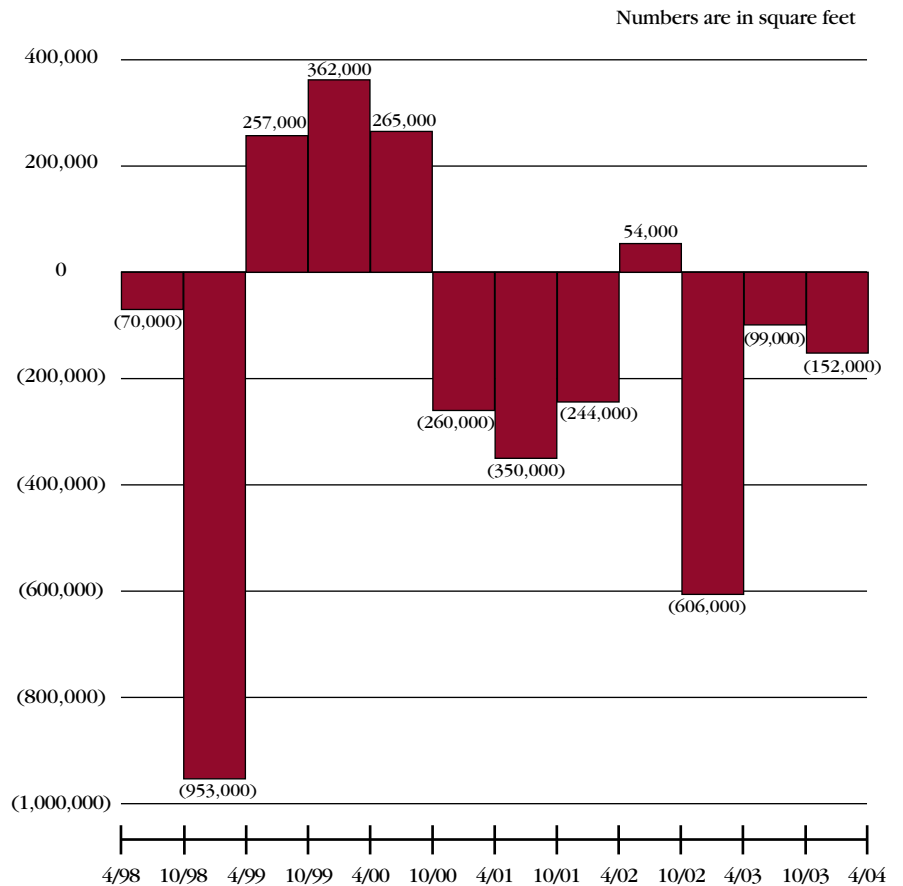
MARKET CONDITIONS IN TULSA, APRIL 2004

Tulsa's office market continues to be relatively flat - neither up nor down, significantly, in either occupancy or asking rent rates in the past six months. Overall absorption was negative by 152,000 square feet, or 3/4 of 1% of the city's total supply of multi-tenant office space. In the suburbs, the aggregate absorption was negative 40,000 square feet. The Lewis corridor showed the greatest loss, with negative 41,000 square feet (reflecting the contraction of TV Guide in the Kensington Business Center), and the Broken Arrow corridor showed the largest gain with positive 16,000 square feet. Although Citgo (in the Yale corridor) has now formally announced its plans to relocate to Houston, both the timing and size of the move remain uncertain at this time. In the Downtown submarket, the aggregate absorption figure was negative 112,000 square feet, reflecting the availability of sublease space from AEP in Williams Tower Two.

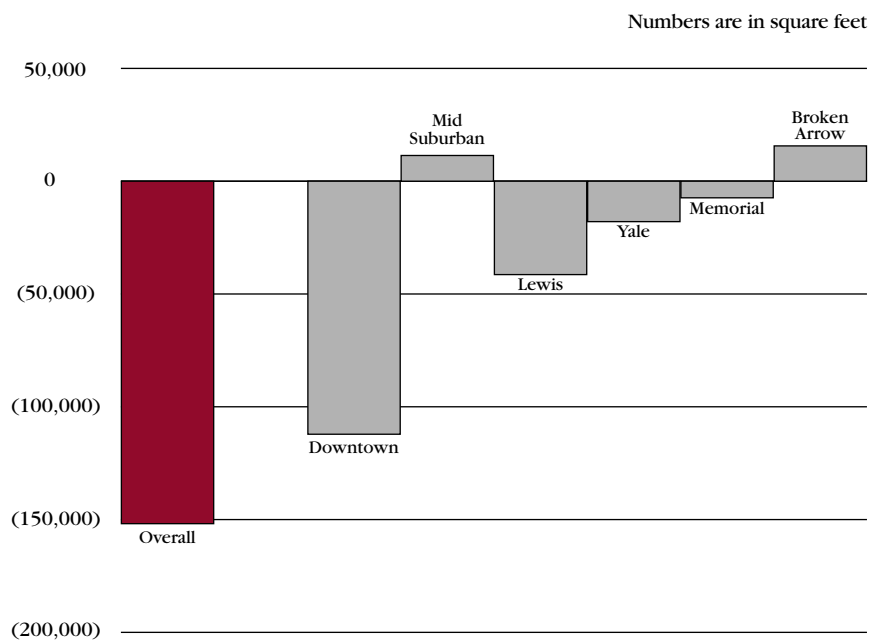
Vacancy rates average 17.4% in the suburbs, ranging from a low of 12.2% in the Yale corridor to a high of 22.1% in the Memorial corridor. Downtown, the vacancy rate now stands at 28.8%. Parsing this figure by class, we find that class A space, Downtown, has a vacancy rate of 23.1%, and class B space, Downtown, is 23.9% vacant.

Weighted average asking rent rates have not changed significantly in any of the submarkets. Downtown,

Overall Absorption Six Month Periods



Submarket Absorption Current Period



Occupancy & Rent Rate Trends by Submarket

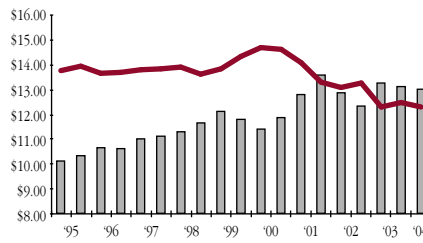
class A rates range from \$12.00 to \$16.50 per square foot, and average \$14.59, while class B rates range from \$9.00 to \$13.00, and average \$10.68. Rent rates in the suburbs cover a similar range, generally from \$14.00 to \$18.00 for class A space, and from \$11.50 to \$14.50 for class B space. Lower rates are available in class C buildings, and actual lease terms can vary significantly from street rates, depending on the building, the space, and the particulars of the deal.

Tulsa's approval of the Vision 2025 initiatives in October, 2003 was an important milestone in the community's economic development efforts. 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 can be felt already.

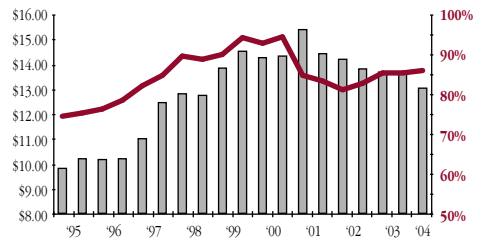
The city's current economic situation reflects the combined effects of downturns in the telecom sector, energy trading, and the airline industry. As the national economic news continues to be positive, we expect to see a gradual improvement of office market dynamics.

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

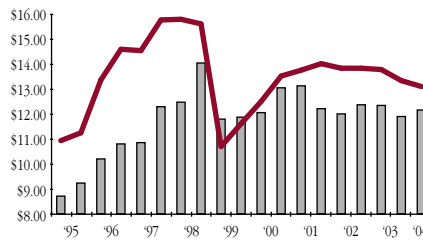
Downtown



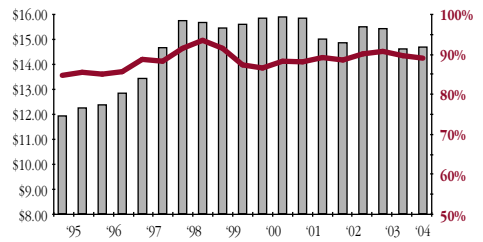
Mid-Suburban



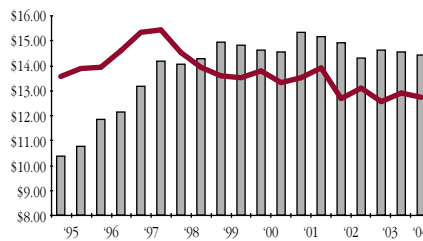
Lewis



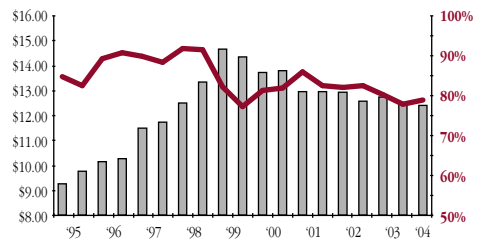
Yale



Memorial

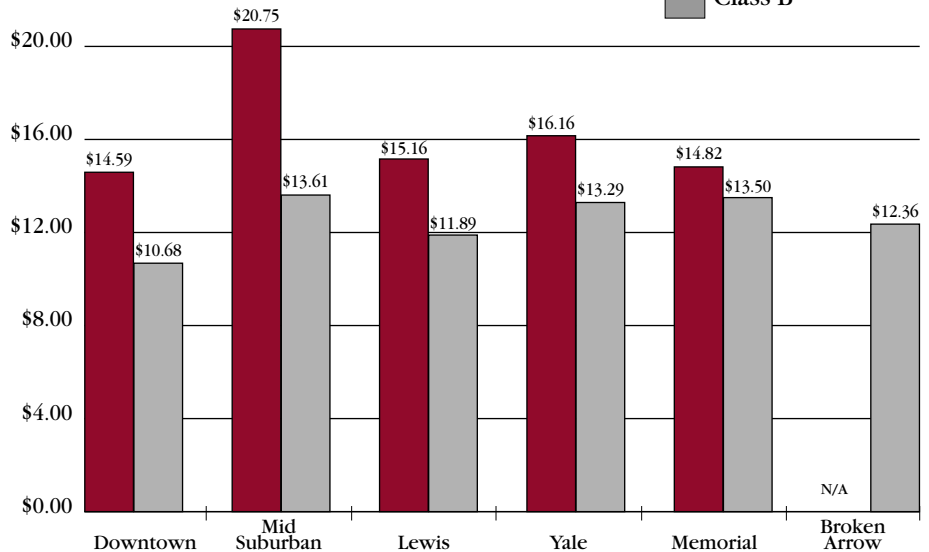


Broken Arrow



Weighted Average Asking Rent Rates by Submarket

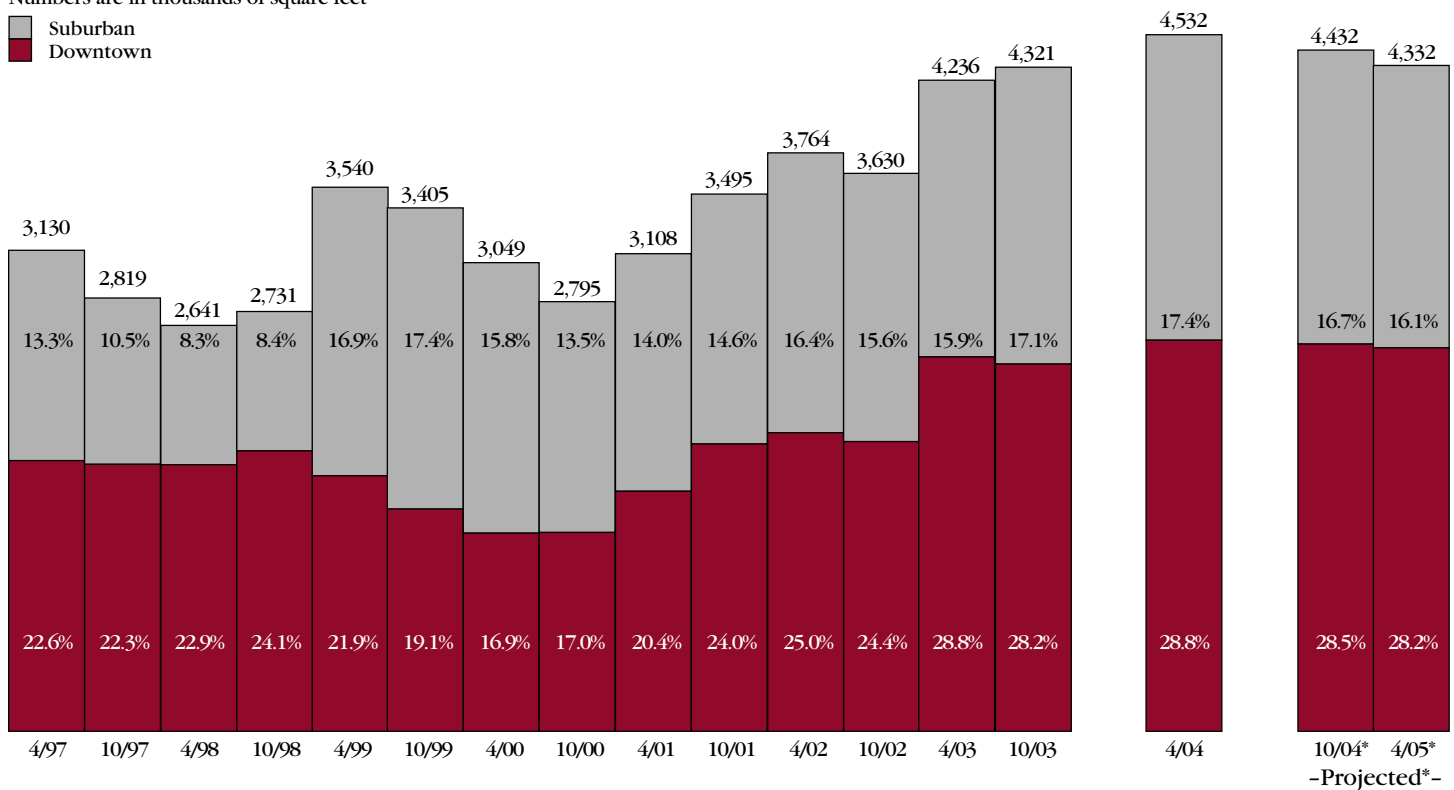
█ Class A
 █ Class B



Available Space Trend Six Month Periods

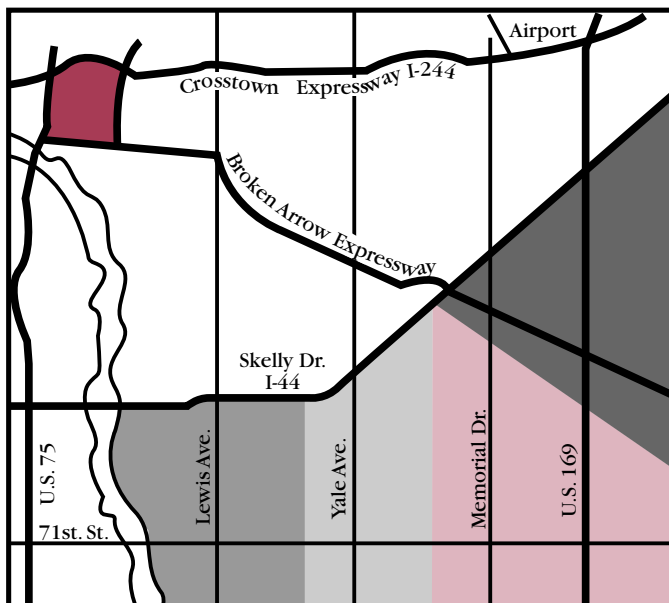
Numbers are in thousands of square feet

Suburban
 Downtown



*Assuming no new buildings begin construction prior to April 2005 and that 200,000 sf is leased net of additional vacancies during the next 12 months.

Available Space by Submarket April 2004



Key	Submarket	Total Area (sf)	Available (sf)	% Vacancy
	Downtown	8,845,659	2,544,539	28.8%
Suburban				
	Mid Suburban	2,731,341	482,457	17.7%
	Lewis	3,007,921	552,660	18.4%
	Yale	3,008,034	368,034	12.2%
	Memorial	884,240	195,131	22.1%
	Broken Arrow	1,811,343	389,442	21.5%
	Total Suburban	11,442,879	1,987,724	17.4%
	Total Existing	20,288,538	4,532,263	22.3%
	Total Construction	0	0	0.0%
	Total Office Space	20,288,538	4,532,263	22.3%



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