



M Office
Tulsa **MARKET**

Spring • 2009

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MARKET CONDITIONS IN TULSA, SPRING 2009

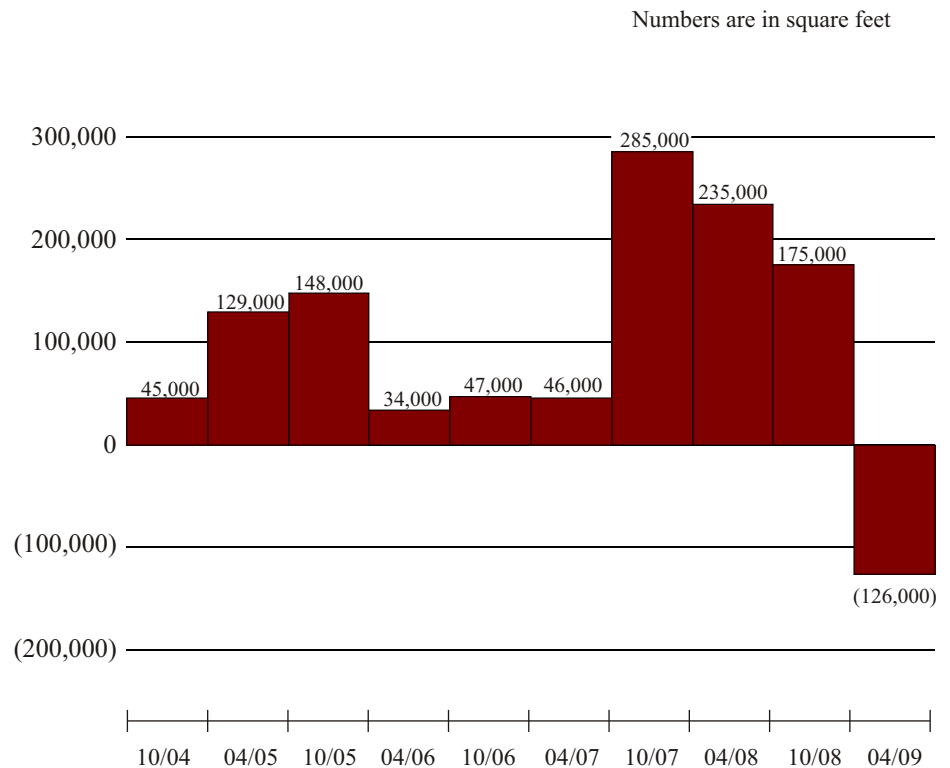
Tulsa's office market is holding up well in the face of a continuing national recession. The six months ended April 1, 2009 showed modest negative absorption, aggregating 126,000 square feet. This is the first period of negative absorption in five years, and represents a loss of just 0.6% in occupancy of the overall market.

The net loss in occupancy was spread over all six submarkets, with the Downtown submarket showing the largest change. Downtown lost an aggregate 72,000 square feet, raising overall vacancy from 24.8% to 25.6%. These numbers reflect the large concentration of older class C buildings -- vacancies in class A and B buildings in the Downtown submarket average 19.4%. The Yale submarket lost an aggregate 24,000 square feet, raising overall vacancy from 9.8% to 10.8%. Other submarkets had smaller losses, ranging from 1,000 to 13,000 square feet, all of which affected their respective vacancy rates by 0.6% or less.

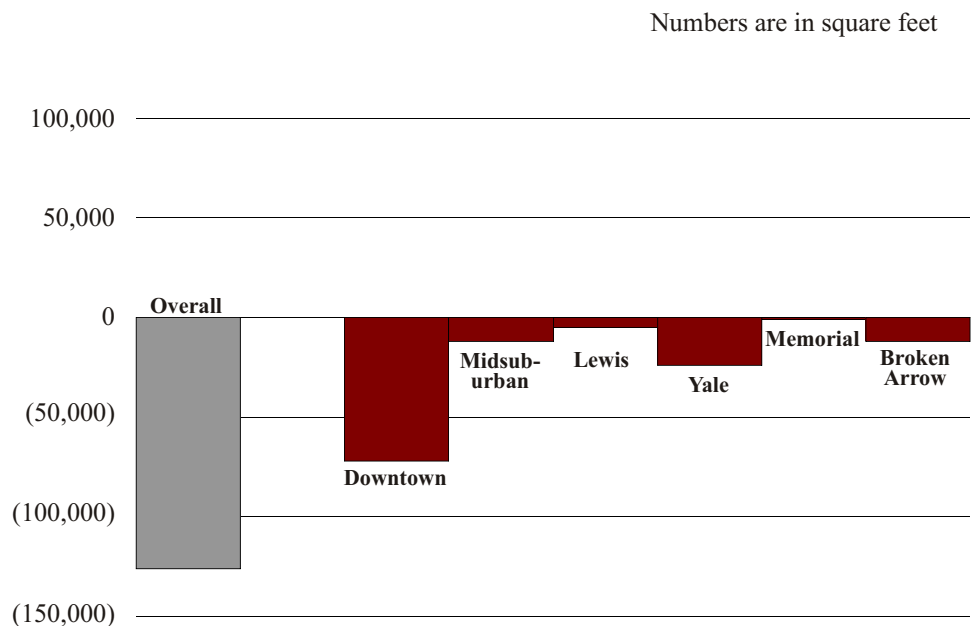
Vacancy rates in suburban submarkets average 17.4% overall, with the highest numbers in the Broken Arrow submarket (at 29.6%, heavily influenced by the Eastgate Metroplex), and the Lewis submarket (18.4%, heavily influenced by CityPlex Towers). The strongest suburban submarkets are the Mid-Suburban and Yale submarkets, each of which averages a 10.8% vacancy rate.

Weighted average asking rent rates have not changed significantly in any submarket over the past six months. For class A buildings, they range generally from \$15.50 to \$23.00 per square foot, depending on the submarket and a host of other factors, and for class B buildings, they range generally

Overall Absorption Six Month Periods



Submarket Absorption Current Period

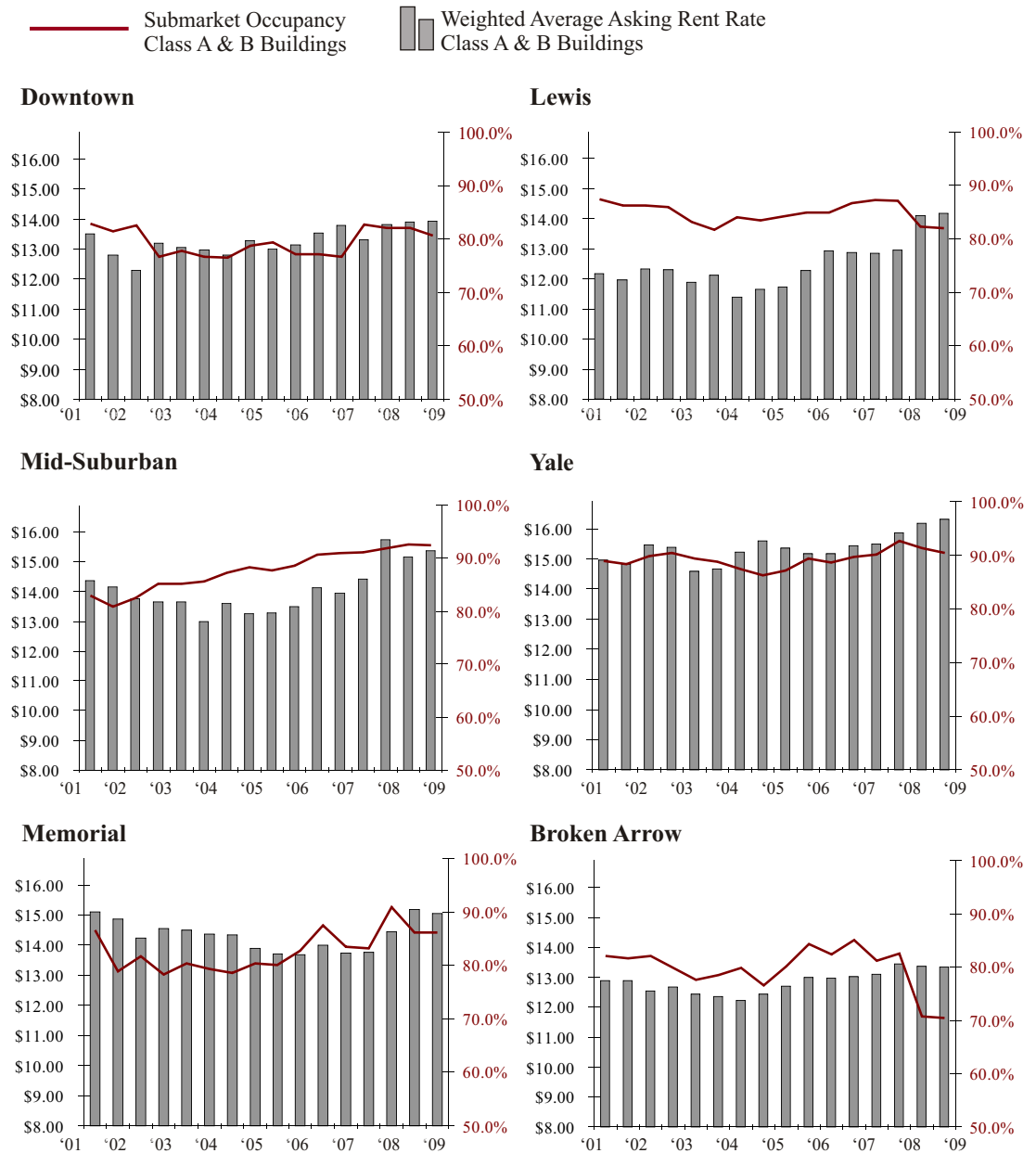


from \$12.00 to \$15.00 per square foot, depending on the same factors. Rent rates vary by building, space within a building, existing tenant finish, construction allowance, term, and other factors, so actual lease deals can cover a wide spectrum. The trend in rent rates prior to this survey was toward higher rates, reflecting the overall health of the market, despite the uncertain national economic picture.

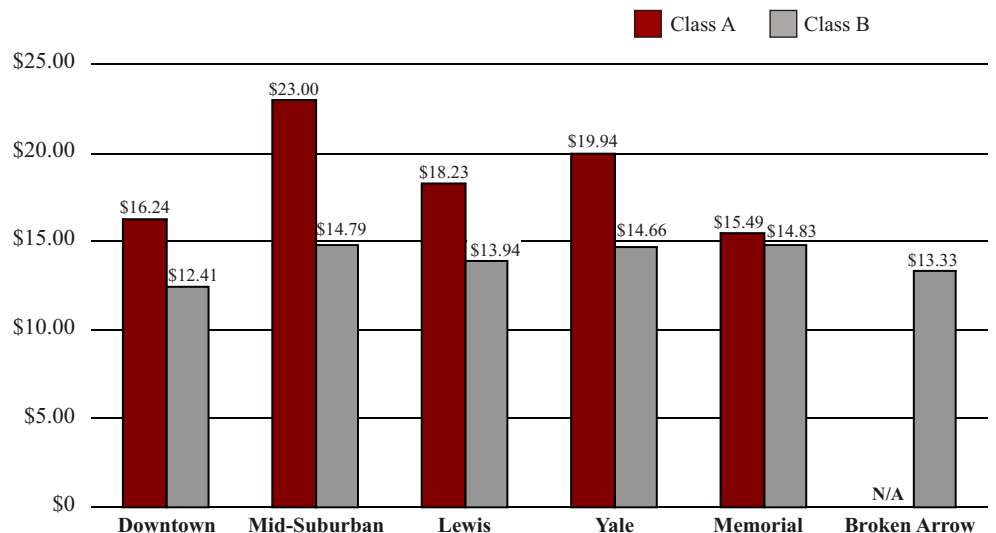
Transaction volumes of office building sales have continued to lag historic levels, reflecting the dearth of available debt financing and the continuing gap in expectations between buyers and sellers. Banks continue to have money to lend at attractive interest rates, and at low loan to value ratios, with personal recourse, but the relative scarcity of non-recourse debt in the absence of securitized lenders has hampered refinancing and discouraged buyers' appetites. The debt-constrained environment is not expected to change anytime in the foreseeable future.

Plummeting energy prices in the past year have caused dramatic cutbacks in capital budgets for energy producers, introducing uncertainty into the outlook of an otherwise healthy local economy. Sales tax receipts have been down since the first of the year, causing significant belt tightening in municipal and state government. While Tulsa's big picture looks very good relative to the nation, it is starting to feel some effects of the national recession.

Occupancy & Rent Rate Trends by Submarket



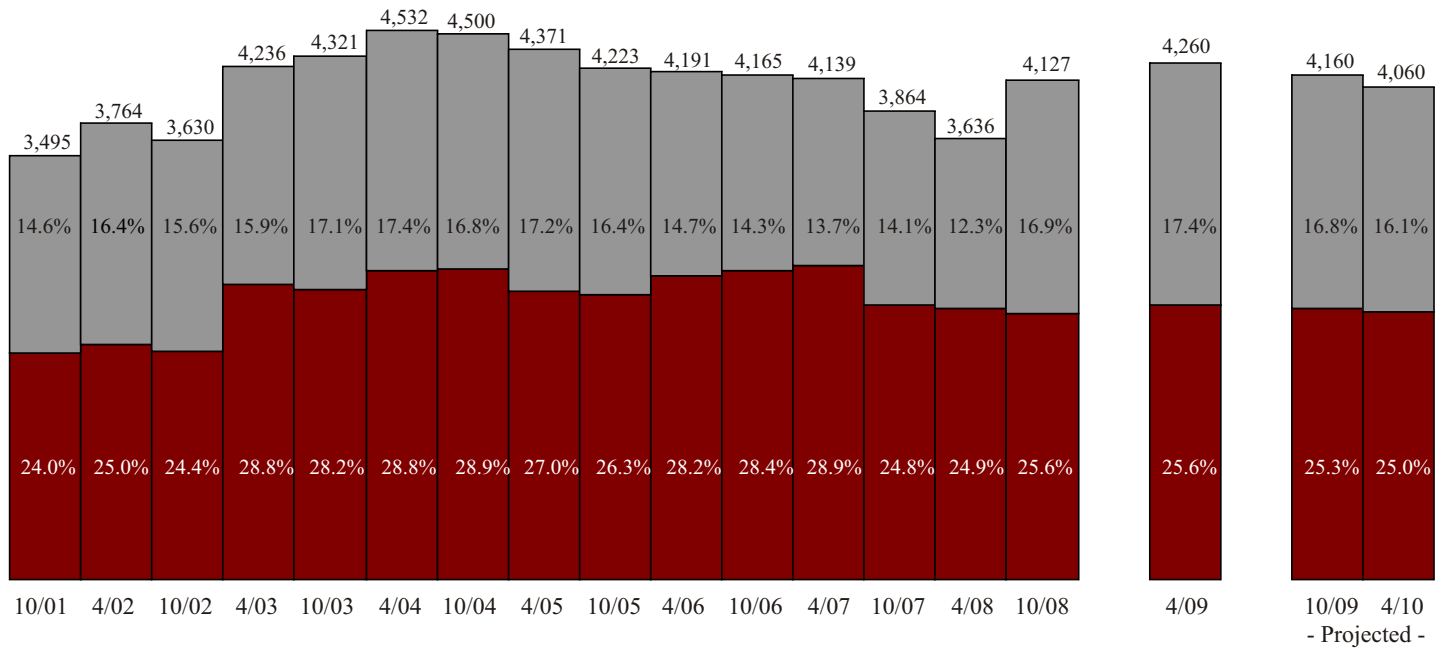
Weighted Average Asking Rent Rates by Submarket



Available Space Trend Six Month Periods

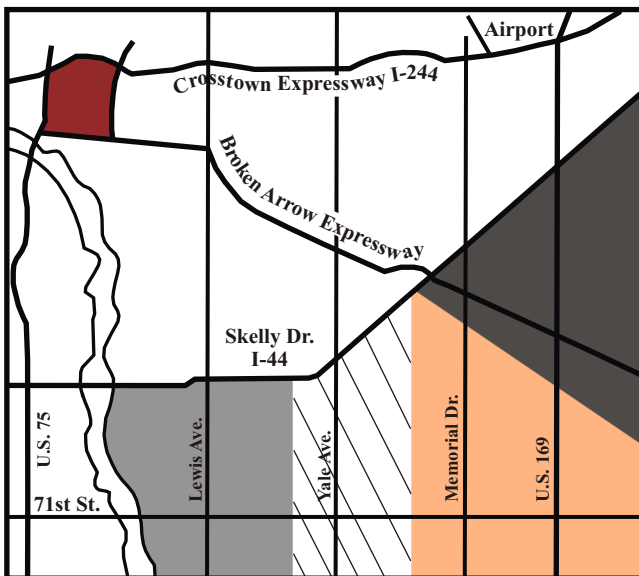
Numbers are in thousands of square feet

Suburban
 Downtown



*Assuming that no new buildings begin construction prior to April 2009 and that 200,000 sf is leased net of additional vacancies during the next 12 months.

Available Space by Submarket - April 2009



Key	Submarket	Total Area (sf)	Available (sf)	% Vacancy
	Downtown	8,844,805	2,263,661	25.6%
Suburban				
	Mid Suburban	2,582,735	278,346	10.8%
	Lewis	2,136,154	392,946	18.4%
	Yale	3,035,192	328,235	10.8%
	Memorial	820,021	138,012	16.8%
	Broken Arrow	2,899,123	859,450	29.6%
	Total Suburban	11,473,225	1,996,989	17.4%
	Total Existing	20,318,030	4,260,650	21.0%
	New Construction	0	0	0.0%
	Total Office Space	20,318,030	4,260,650	21.0%



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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 2009 and may be copied with attribution upon prior request.

