

Tulsa Industrial Market Study January 2003



Vacancies in industrial property have increased only by .25% in the last 6 months, after taking a 1.5% jump between December 2001 and June 2002. The largest increase in available square feet is in buildings for sale. It has increased 45% from a year ago. Space for lease has increased by 32% from a year ago, making its largest adjustment in the first half of 2002. Buildings that are around 10,000 sf are the easiest to fill and the hardest to find vacancies for prospective tenants. Buildings over 60,000 sf remain a challenge to find users who need large spaces.

With an abundance of 1031 money available, building owners want to sell, but have difficulty in finding something to do with the proceeds of the sale. The available 1031 money, coupled with low interest rates, are keeping prices artificially high in this economy.

Lease rates are holding steady and even increasing in some categories; however the lease terms are beginning to favor tenants. Landlords that have traditionally insisted on 3+ - year leases are becoming more flexible to 1- and 2-year deals to avoid increasing vacancy. There is a reluctance of small to medium sized users to commit to more than a 2-year lease.

Most large companies have delayed beginning construction projects, although there are some that have continued with their plans, such as Kansas City Life. Smaller companies are looking for smaller land sites that are more affordable in urban areas.

One area that is being watched closely for potential development is the Highway 75 corridor. Plans for a Wal-Mart Distribution Center has many developers taking note of the area. The major obstacle to overcome will be infrastructure development of water and sewer.

The outlook for 2003 for industrial properties looks sluggish. 1031 money will still be a factor and continuation of construction plans will depend on Corporate America's confidence in an economic recovery.

AVAILABLE SPACE & VACANCY RATE

Property Size	Available SF	Vacancy	% of Total
0 - 4,999	1,860,880	1.82%	3.25%
5,000 - 9,999	4,577,608	3.01%	8.07%
10,000 - 19,999	7,147,646	5.00%	12.78%
20,000 - 39,999	8,396,638	8.72%	14.63%
40,000 - 59,999	5,180,426	4.64%	8.78%
60,000 - 99,999	5,311,234	7.70%	8.99%
100,000+	24,787,981	6.74%	43.50%
Total	57,262,413	6.25%	

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Oklahoma

TULSA INDUSTRIAL TEAM

Jim Brown, CCIM



Jim joined CBRE/OK in January of 1990 in the industrial division. Jim has completed course work for the SIOR designation and specializes in service center leasing as well as the sale of industrial buildings and land for new construction.

Dwayne Flynn



Dwayne joined CBRE/OK in 2002 after spending 20 plus years as a CEO and business owner. He has strong business financial, technical and managerial experience. Dwayne brings this knowledge to the real estate industry specializing in industrial, land and office, concentrating on the acquisition/disposition/relocation of manufacturing plants, warehouse-distribution centers and investment property.

James D. Hill, Jr., SIOR, CCIM



Jamie joined CBRE/OK in 1985 and is a principal of the firm. He specializes in serving both local and national companies with their industrial real estate needs. This includes marketing surplus real estate, the lease or sale of warehouse distribution space, manufacturing plants and new construction sites. Jamie is a University of Oklahoma graduate.

Scott Jaynes



Scott joined CBRE/OK in 1996, specializing in general commercial real estate. Scott's business experience as an investor and as an owner and operator of retail and wholesale businesses gives him a unique understanding of the business environment.

Brian Hunt, CCIM



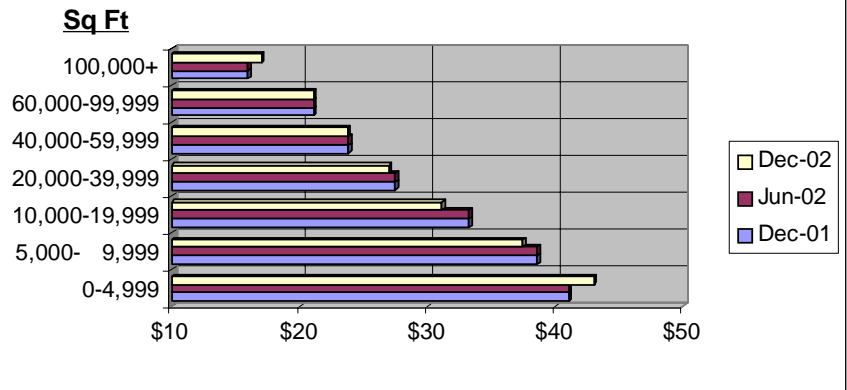
Brian is an industrial specialist. He represents all sizes of industrial clients and provides corporate services to companies with multiple locations. Working with Laufen International, he handles leases for new locations as well as renewals across the U.S. Brian also serves on the real estate investment team for Kansas City Life Insurance's interests in Oklahoma.

Matthew O. Klimisch, SIOR, CCIM

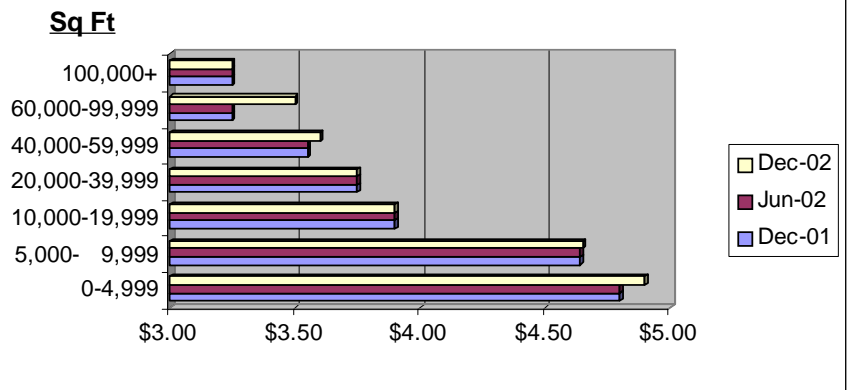


Matt joined the Industrial Division of CBRE/OK full time in 1996 after earning his degree in Finance from the University of Tulsa. He had previously worked for the company as an intern. Matt specializes in industrial real estate with an emphasis in investment analysis for both investors and users.

Industrial Sales Price (PSF)



Industrial Lease Rates (PSF)



William (Bill) H. Mizener, SIOR



Founded Tulsa Properties, Inc., in 1978 and Tulsa Properties Management, Inc., in 1986. Bill specializes in industrial real estate. He has successfully counseled clients in the development of investment properties and is a specialist in adaptive reuse of major facilities.

Thomas (Tom) J. O'Brien, SIOR, CCIM



A twenty-year veteran with CB Richard Ellis/Oklahoma. As President and a Principal of the firm, he specializes in industrial real estate, concentrating on the acquisition/disposition of manufacturing plants, warehouse/distribution centers and investment properties for institutional owners.

Mendy Ward



Mendy is part of a three-person team who specialize in industrial and service center leasing, building and land sales, tenant representation, build-to-suit, investment property sales and consulting. Her strengths include assessing user needs and facility location. She earned her bachelor's degree from Oklahoma State University, a Masters from Northeastern State University and has done post masters work at OSU. She is a CCIM candidate.

Tommy Woods



Tommy joined CB Richard Ellis/Oklahoma in 1992. He has been very active in the Tulsa real estate market as an owner and investor and has unique experience in acquisitions, negotiations and financing. He specializes in investment property and in marketing retail and industrial properties for sale and lease.