



OFFICE MARKET STUDY
for
TULSA, OKLAHOMA

JANUARY, 2003

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OFFICE MARKET STUDY TULSA, OKLAHOMA JANUARY 2003

Lease rates for available office space has dropped in the CBD by 4% from Mid-Year 2002 according to the January 2003 CB Richard Ellis/Oklahoma survey of office buildings and available spaces. CBRE/OK surveys nearly 20 million square feet of multi-tenant office space twice per year to track fluctuating lease rates and vacancies.

While the lease rates have dropped in the last 6 – 12 months, the occupancy rate has dropped 2.5% at a little over 81% of office space occupied. This is continuing a trend that was beginning in the 2nd quarter of 2002. Lease rates for available spaces in the CBD are averaging \$14.55 for Class A; \$10.74 for Class B; and \$10.46 for Class C.

Suburban area offices are faring better, not changing much from previous surveys. Occupancy rates remain between 85% - 86% over the last 4 years. At survey time, current occupancy was at 85.3%. Lease rates for available space have not changed, ranging from \$15.52 for Class A properties; \$13.03 for Class B properties; and \$12.25 for Class C properties.

Sublease space is still a growing factor in this market, with corporate downsizing and consolidations. The Williams Communication Building in downtown has space that is becoming available on the market. Spaces that are still occupied do not factor into the vacancy rates, therefore are not reflected in the figures stated. Competitive sublease rates can be a factor in the lowering of lease rates in general.

Tulsa's office market has a direct correlation to the overall economy. Officials are optimistic that the heavy layoffs have bottomed out and a rebound is beginning. While it seems the workforce has been hit particularly hard, Tulsa still fares better than the national average for unemployment. Many well-trained, professionals are beginning to group together, starting new businesses which is increasing the demand for smaller office spaces. With low interest rates and the quality of people who are starting businesses, the economy, barring large unexpected business factors, should be improving by the third quarter this year.

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CB Richard Ellis/Oklahoma is a partner office to CB Richard Ellis, the world's leading real estate services company. Headquartered in Los Angeles with 10,000 employees nationwide, the company serves real estate owners, investors and occupiers through nearly 250 offices in 44 countries. Services include property sales and leasing, property management, corporate services and facilities management, mortgage banking, investment management, capital markets, appraisal/ valuation, research and consulting. CB Richard Ellis had 2000 revenues of \$1.3 billion. For more information about CB Richard Ellis, visit the company's website at www.cbre.com or CB Richard Ellis/ Oklahoma's website at www.cbreok.com.

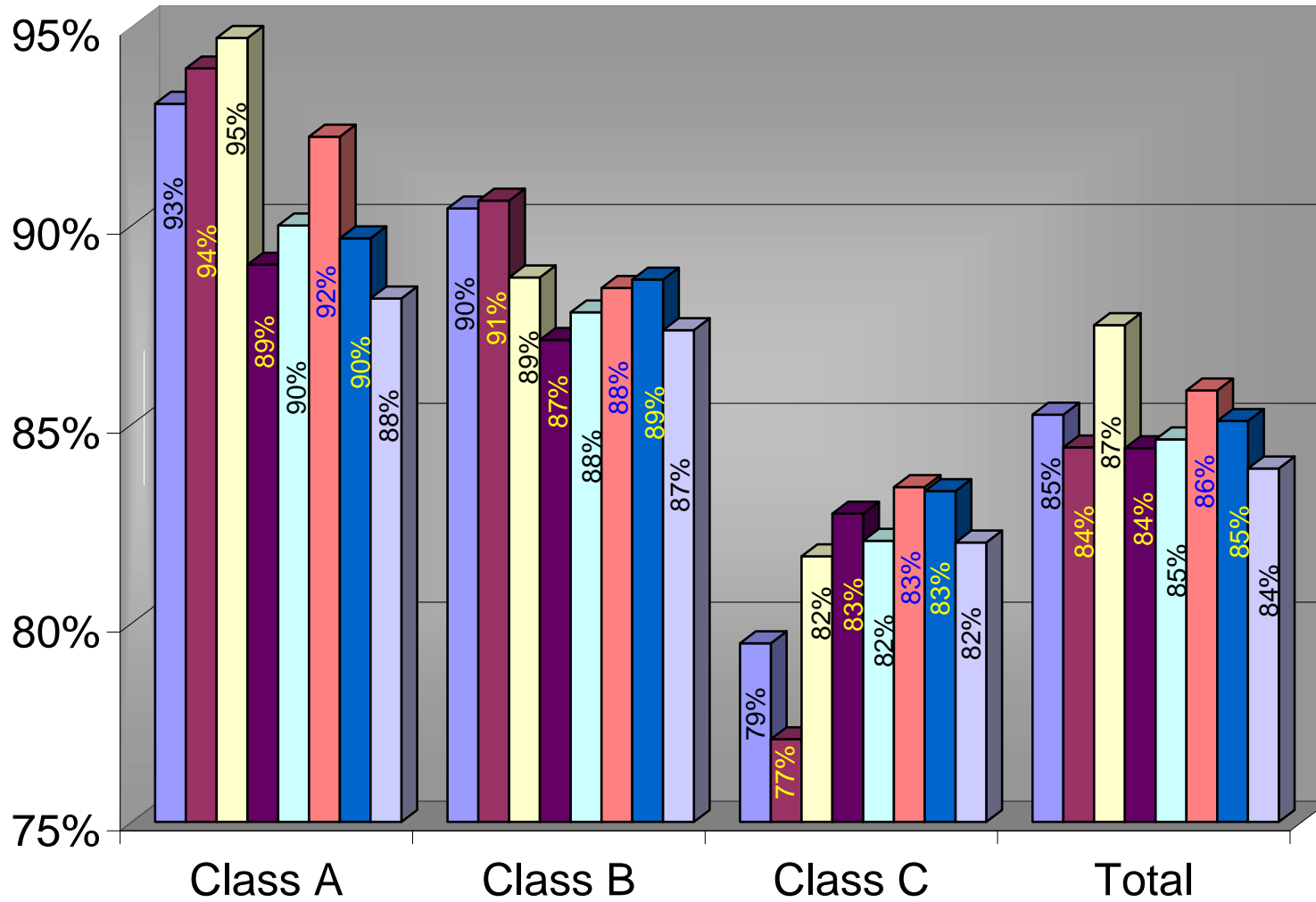
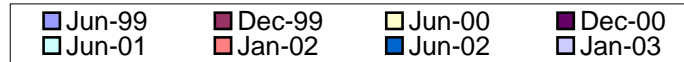
Office Survey Results - January 2003

	# of Bldgs.	Total Leaseable Sq Ft	Vacant Sq Ft	Occupied Sq Ft	Vacancy Percentage	Occupancy Percentage	Lease Rate psf High	Lease Rate psf Low	Weighted Average Total SF	Weighted Average Avail SF
TOTALS										
Class A	16	4,754,255	562,855	4,191,400	11.84%	88.16%	\$16.41	\$15.92	\$16.68	\$14.93
Class B	57	7,002,900	900,459	6,102,441	12.86%	87.14%	\$13.95	\$13.70	\$14.33	\$13.55
Class C	59	6,320,525	1,136,089	5,184,436	17.97%	82.03%	\$11.72	\$11.32	\$11.83	\$11.54
Total A-C	132	18,077,680	2,599,403	15,478,277	14.38%	85.62%	\$13.12	\$12.78	\$14.00	\$12.79
Class D	26	1,541,637	581,787	959,850	37.74%	62.26%	\$10.17	\$9.74	\$9.77	\$9.47
Total of A-D	158	19,619,317	3,181,190	16,438,127	16.21%	83.79%	\$12.64	\$12.28	\$13.57	\$12.18
CENTRAL BUSINESS DISTRICT										
Class A	6	3,036,281	339,148	2,697,133	11.17%	88.83%	\$15.50	\$14.83	\$16.40	\$14.55
Class B	7	1,612,679	166,402	1,446,277	10.32%	89.68%	\$11.64	\$11.36	\$12.34	\$10.74
Class C	20	2,082,785	450,796	1,631,989	21.64%	78.36%	\$10.16	\$9.86	\$10.68	\$10.46
Total A-C	33	6,731,745	956,346	5,775,399	14.21%	85.79%	\$11.45	\$11.08	\$13.66	\$11.96
Class D	12	819,729	452,432	367,297	55.19%	44.81%	\$9.23	\$8.79	\$9.12	\$9.13
Total of A-D	45	7,551,474	1,408,778	6,142,696	18.66%	81.34%	\$10.85	\$10.47	\$13.17	\$11.05
SUBURBAN										
Class A	10	1,717,974	223,707	1,494,267	13.02%	86.98%	\$16.95	\$16.58	\$17.17	\$15.52
East										
Midtown	4	318,459	121,368	197,091	38.11%	61.89%	\$17.00	\$16.31	\$15.85	\$14.20
North Central										
Northeast										
South Central	6	1,399,515	102,339	1,297,176	7.31%	92.69%	\$16.92	\$16.75	\$17.47	\$17.09
Southeast										
Class B	50	5,390,221	734,057	4,656,164	13.62%	86.38%	\$13.66	\$13.41	\$13.87	\$13.03
East	5	1,022,627	140,538	882,089	13.74%	86.26%	\$12.60	\$12.50	\$13.93	\$11.88
Midtown	12	1,423,531	181,456	1,242,075	12.75%	87.25%	\$14.67	\$13.85	\$15.46	\$14.00
North Central	14	697,447	178,776	518,671	25.63%	74.37%	\$12.45	\$12.45	\$12.45	\$12.47
Northeast										
South Central	18	2,112,318	221,815	1,890,503	10.50%	89.50%	\$14.89	\$14.76	\$15.14	\$14.97
Southeast	1	134,298	11,472	122,826	8.54%	91.46%	\$16.00	\$16.00	\$16.00	\$16.00
Class C	39	4,237,740	685,293	3,552,447	16.17%	83.83%	\$12.51	\$12.06	\$12.40	\$12.25
East	1	117,000	72,000	45,000	61.54%	38.46%	\$11.75	\$10.00	\$10.88	\$10.88
Midtown	8	381,405	44,406	336,999	11.64%	88.36%	\$12.63	\$12.00	\$12.15	\$12.58
North Central	3	125,353	4,509	120,844	3.60%	96.40%	\$12.67	\$12.67	\$12.88	\$13.50
Northeast	1	60,000	24,800	35,200	41.33%	58.67%	\$10.00	\$10.00	\$10.00	\$10.00
South Central	26	3,553,982	539,578	3,014,404	15.18%	84.82%	\$12.59	\$12.17	\$12.50	\$12.50
Southeast										
Total A-C	99	11,345,935	1,643,057	9,702,878	14.48%	85.52%	\$13.72	\$13.34	\$14.20	\$13.27
Class D	14	721,908	129,355	592,553	17.92%	82.08%	\$10.98	\$10.55	\$10.50	\$10.64
East										
Midtown	4	192,105	12,916	179,189	6.72%	93.28%	\$11.00	\$11.00	\$11.00	\$11.00
North Central										
Northeast	1	52,800	750	52,050	1.42%	98.58%	\$10.50	\$8.75	\$9.63	\$9.63
South Central	9	477,003	115,689	361,314	24.25%	75.75%	\$11.03	\$10.56	\$10.39	\$10.61
Southeast										
Total A-D	113	12,067,843	1,772,412	10,295,431	14.69%	85.31%	\$13.30	\$12.95	\$13.79	\$12.98

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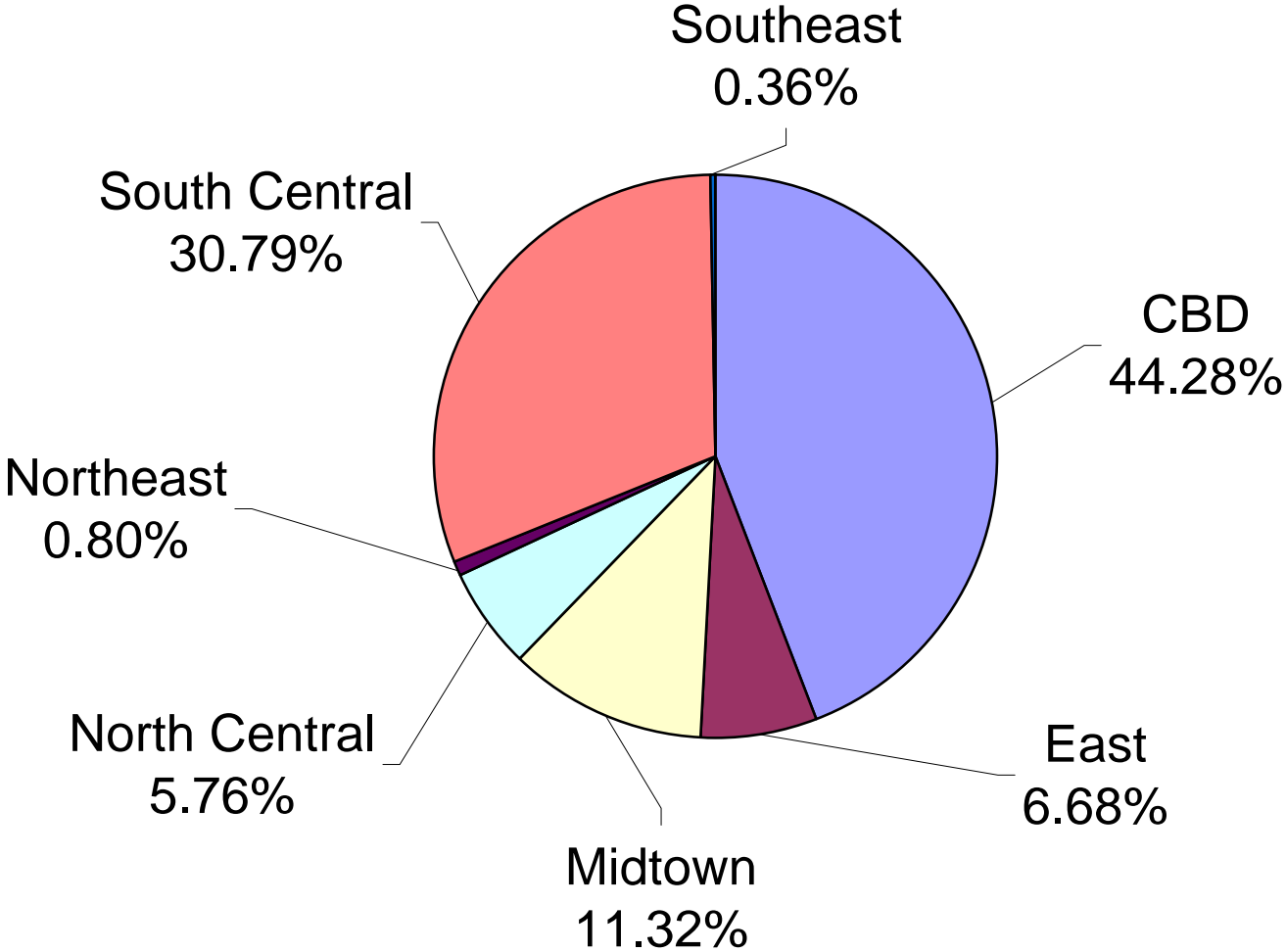
	<u>Gross SF Surveyed</u>		<u>Available SF</u>				<u>Wgtd Avg Lease Rate - Available Space</u>		
	<u>Jun-02</u>	<u>Jan-03</u>	<u>Jun-02</u>	<u>Jan-03</u>	<u>Absorption</u>	<u>% Change</u>	<u>Jun-02</u>	<u>Jan-03</u>	<u>% Change</u>
All Districts	19,329,748	19,619,317	2,883,697	3,181,190	-297,493	10.3%	\$12.41	\$12.18	-1.9%
Class A	4,754,255	4,754,255	490,857	562,855	-71,998	14.7%	\$15.10	\$14.93	-1.1%
Class B	6,817,933	7,002,900	774,708	900,459	-125,751	16.2%	\$13.15	\$13.55	3.0%
Class C	6,221,615	6,320,525	1,037,989	1,136,089	-98,100	9.5%	\$11.92	\$11.54	-3.2%
Total A-C	17,793,803	18,077,680	2,303,554	2,599,403	-295,849	12.8%	\$13.01	\$12.79	-1.7%
Class D	1,535,945	1,541,637	580,143	581,787	-1,644	0.3%	\$10.03	\$9.47	-5.6%
Total of A-D	19,329,748	19,619,317	2,883,697	3,181,190	-297,493	10.3%	\$12.41	\$12.18	-1.9%
CBD									
Class A	3,036,281	3,036,281	265,257	339,148	-73,891	27.9%	\$14.72	\$14.55	-1.2%
Class B	1,612,679	1,612,679	162,234	166,402	-4,168	2.6%	\$11.58	\$10.74	-7.3%
Class C	2,015,824	2,082,785	359,500	450,796	-91,296	25.4%	\$11.22	\$10.46	-6.8%
Total A-C	6,664,784	6,731,745	786,991	956,346	-169,355	21.5%	\$12.47	\$11.96	-4.1%
Class D	818,637	819,729	454,848	452,432	2,416	-0.5%	\$9.89	\$9.13	-7.7%
Total A-D	7,483,421	7,551,474	1,241,839	1,408,778	-166,939	13.4%	\$11.52	\$11.05	-4.1%
Suburban									
Class A	1,717,974	1,717,974	225,600	223,707	1,893	-0.8%	\$15.55	\$15.52	-0.2%
Class B	5,205,254	5,390,221	612,474	734,057	-121,583	19.9%	\$13.56	\$13.03	-3.9%
Class C	4,205,791	4,237,740	678,489	685,293	-6,804	1.0%	\$12.29	\$12.25	-0.3%
Total A-C	11,129,019	11,345,935	1,516,563	1,643,057	-126,494	8.3%	\$13.29	\$13.27	-0.2%
Class D	717,308	721,908	125,295	129,355	-4,060	3.2%	\$10.57	\$10.64	0.7%
Total A-D	11,846,327	12,067,843	1,641,858	1,772,412	-130,554	8.0%	\$13.08	\$12.98	-0.8%

Tulsa Area Office Occupancy Rates



Tulsa Area Office Vacancies - Jan 2003

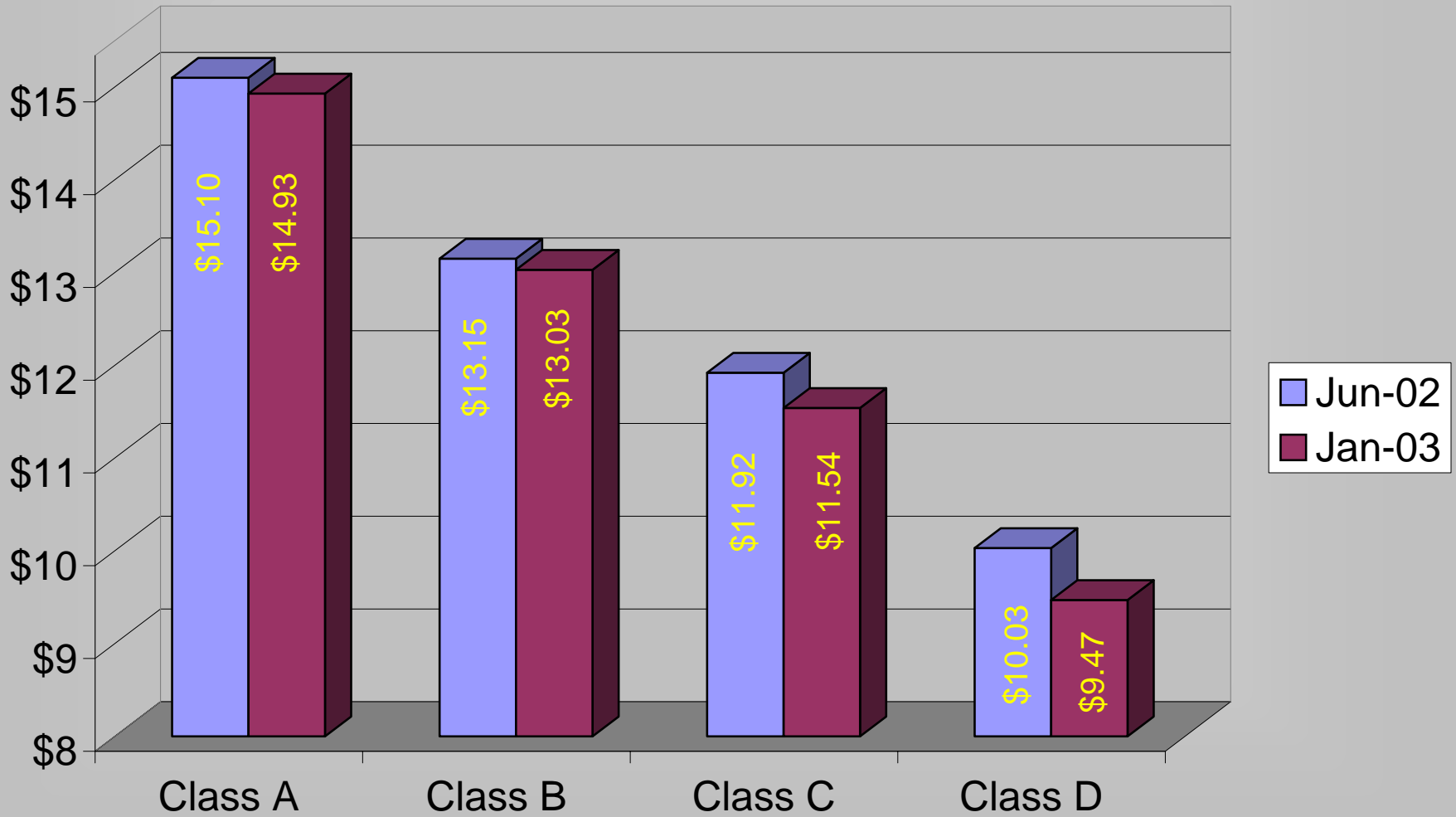
% of Total Vacant



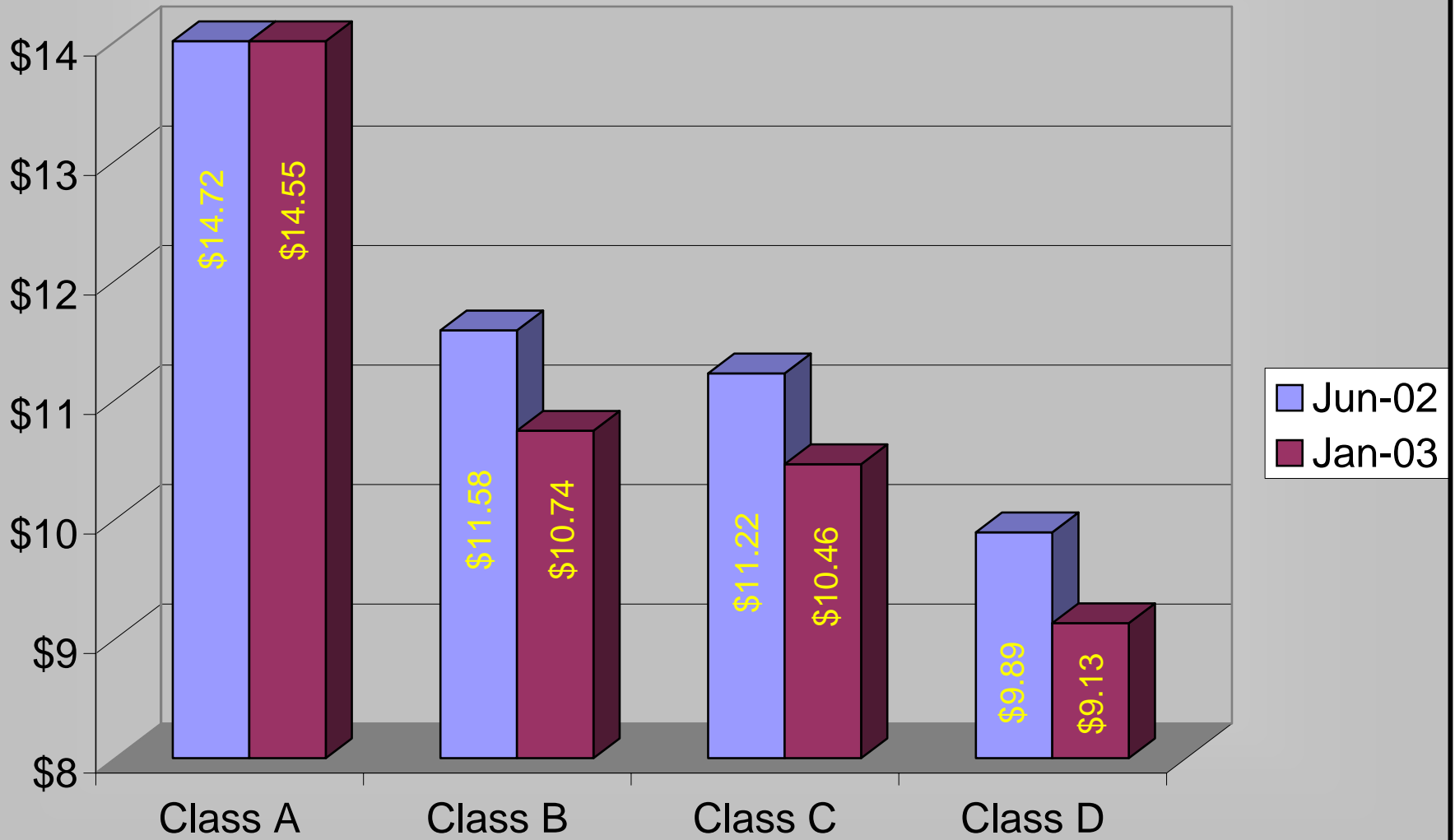
Vacant SF

CBD	1,408,778
East	212,538
Midtown	360,146
No Central	183,285
Northeast	25,550
So Central	979,421
Southeast	11,472

Lease Rates for Available Space Tulsa Office Market



Lease Rates for Available Space CBD



Lease Rates for Available Space Tulsa Office - Suburban

