

## MARKETBEAT

# Tulsa, Oklahoma

Office Q2 2017



### TULSA OFFICE

#### Economic Indicators

	Q2 16	Q2 17	12-Month Forecast
Tulsa Employment	444k	441k	▼
Tulsa Unemployment	4.1%	4.8%	▲
U.S. Unemployment	5.0%	4.6%	■

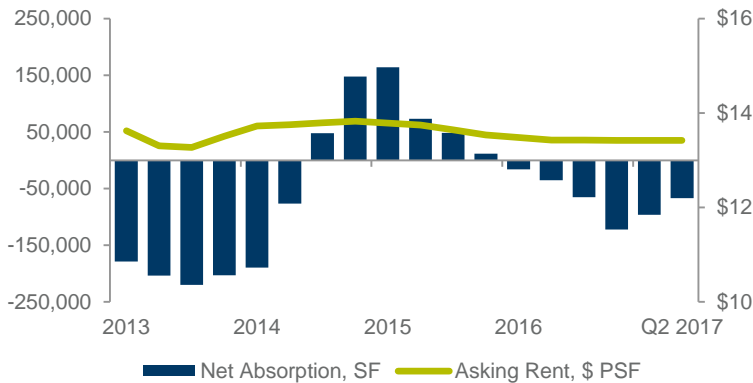
#### Market Indicators (Overall, All Classes)

	Q2 16	Q2 17	12-Month Forecast
Vacancy	18.4%	21.7%	▼
Net Absorption (sf)	-185k	-62k	▲
Under Construction (sf)	524k	157k	■
Average Asking Rent*	\$13.42	\$13.43	▲

\*Rental rates reflect gross asking \$psf/year

#### Overall Net Absorption/Overall Asking Rent

##### 4-QTR TRAILING AVERAGE



### Economy

The Tulsa metro area unemployment rate remained unchanged at 4.8% through June according to the Oklahoma Employment Security Commission. Two of Tulsa's main segments, mining and logging, remained even while manufacturing saw an increase in hiring and employment but is down more than 3,000 jobs over the year.

### Market Overview

The Tulsa office market recorded 62,000 square feet of negative absorption during the 2<sup>nd</sup> quarter. The vacancy rate has steadily increased over the last four quarters from 18.4% in Q2 2016 to 21.7% at the end of Q2 2017. This increase is directly related to all the oil and gas companies reducing their footprint or closing offices. Weighted average rents remained stable recording \$13.43 per square foot at the close of the quarter. Class A weighted average rents were recorded at \$18.20 with a vacancy rate of 15.1%.

There were no notable sale or lease transactions to report during the quarter.

### Outlook

If the energy industry continues to rebound then so will the office market. If the energy sector remains stagnant, we expect the same to happen in the commercial markets as well. Activity could remain slow and quiet with more subleases, consolidations, and closings.

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