

Office Snapshot Q1 2016

Tulsa



TULSA OFFICE

Economic Indicators

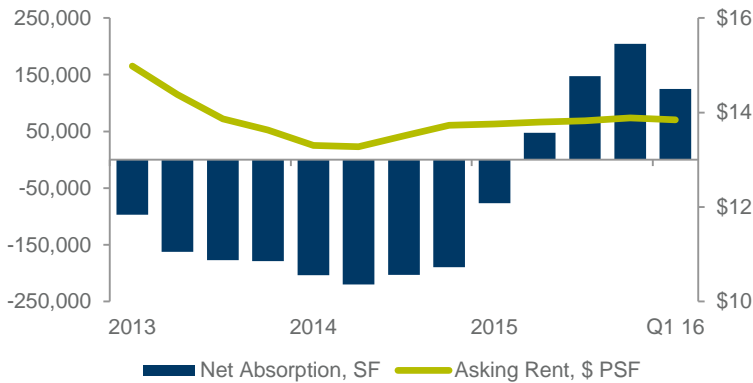
	Q1 15	Q1 16	12-Month Forecast
Tulsa Employment	440k	449k	▲
Tulsa Unemployment	4.2%	4.1%	▼
U.S. Unemployment	5.6%	4.9%	▲

Market Indicators (Overall, All Classes)

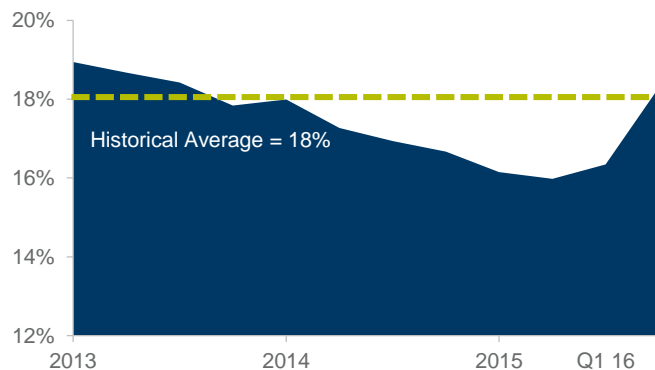
	2015	2016	12-Month Forecast
Overall Vacancy	16.1%	19.5%	■
Quarterly Absorption	-63k	-173k	▲
Under Construction	310k	524k	■
Overall Average Asking Rent	\$13.64	\$13.42	■

Overall Net Absorption/Asking Rent

4Q TRAILING AVERAGE



Overall Vacancy



Economy

The Tulsa economy continues to struggle due to poor performance of the oil and gas industry. The first quarter metro area unemployment rate reported 4.1%, an increase from the end of 2015 according to the Bureau of Labor Statistics. In March, Oklahoma's largest company, Williams Cos., announced it will cut its North American staff by 10 percent in 2016. Williams is based in Tulsa and employs roughly 6,700 employees nationwide. About one thousand people are employed at its headquarters in downtown Tulsa.

Market Overview

There is little new activity to report as the majority of companies are waiting for the market to rebound. Class A office buildings have been impacted the most during this downturn with over 250,000 square feet (sf) available for sublease. Overall, nearly 450,000 sf of sublease space is available throughout the market.

A notable transaction during the first quarter was the sale of the 293,212-sf Hertz Tulsa Service Center. The Anne & Henry Zarrow Foundation purchased the three-building campus for \$5.9 million. The property was previously occupied by Dollar Thrifty Automotive Group before they were acquired by Hertz Global Holdings in 2012.

Outlook

More office space is expected to become available on the sublease market. Tenants and owners will continue to exert caution with more layoffs expected to be announced as energy companies look for a way to reduce spending.

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