

Office Snapshot 2Q 2016

Tulsa



TULSA OFFICE

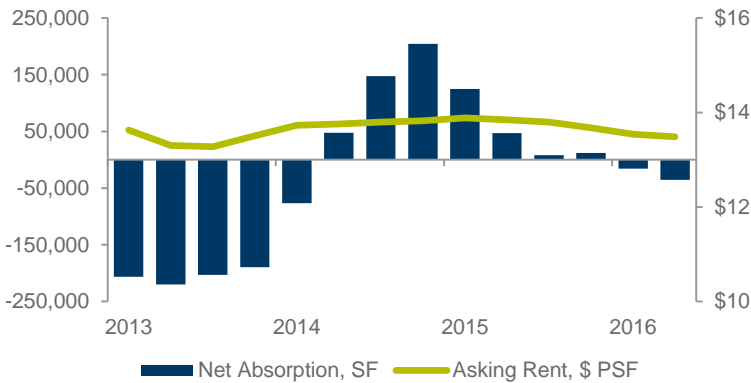
Economic Indicators

	2Q 15	2Q 16	12-Month Forecast
Tulsa Employment	446k	445k	▲
Tulsa Unemployment	4.3%	4.6%	▼
U.S. Unemployment	5.4%	4.9%	▲

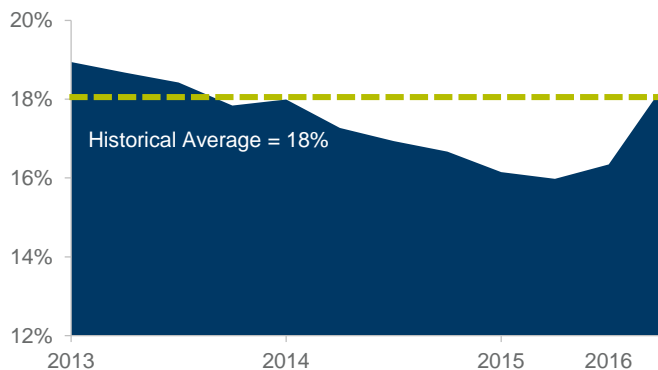
Market Indicators (Overall, All Classes)

	2Q 15	2Q 16	12-Month Forecast
Overall Vacancy	16.0%	18.4%	■
Quarterly Absorption	(107k)	(185k)	▲
Under Construction	400k	524k	■
Overall Average Asking Rent	\$13.64	\$13.42	■

Overall Net Absorption/Asking Rent 4Q TRAILING AVERAGE



Overall Vacancy



Economy

In May, the metro area unemployment rate was recorded at 4.9% according to the Oklahoma Employment Security Commission. While this is below the U.S. average, it is a half a percent increase from this time a year ago. So far in 2016 the unemployment rate has steadily increased each month from January through June mainly due to lost jobs in the oil and gas industry.

While the Tulsa economy waits for things to rebound in the oil and gas industry, it did receive some good news during the quarter about one of its largest employers, The Williams Companies. In June, Williams announced that the merger with Dallas-based Energy Transfer Equity was called off and terminated for good. The acquisition was valued at over \$37 billion. Williams employs over 1,000 people at its Tulsa headquarters and over 6,000 nationwide.

Market Overview

Things remains quiet in the office sector with very little activity to report besides more sublease space coming available. While the majority of office users wait for the dust to clear in the oil and gas industry, some are taking advantage of current market conditions as Landlords are starting to feel some pain and pressure. Given current conditions in Tulsa, it is a great time for office tenants to negotiate short-term lease extensions or lock in long term.

One notable transaction worth reporting during the second quarter is the 86,500 square-foot-lease between Oral Roberts University and the U.S. General Services Administration (GSA) at CityPlex Towers. GSA agreed to a 20-year lease valued over \$30 million.

Outlook

More office space is expected to become available on the sublease market. Tenants and owner occupiers 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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