

Office Snapshot Q3 2015

Tulsa



TULSA OFFICE

Economic Indicators

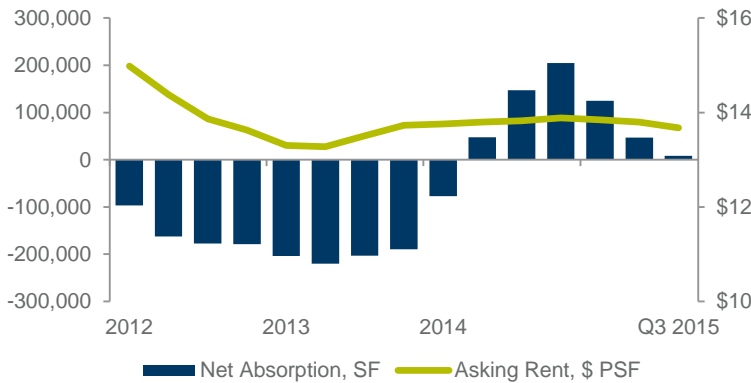
	Q3 14	Q3 15	12-Month Forecast
Tulsa Employment	441k	446k	▲
Tulsa Unemployment	4.3%	4.0%	▼
U.S. Unemployment	6.1%	5.1%	▲

Market Indicators

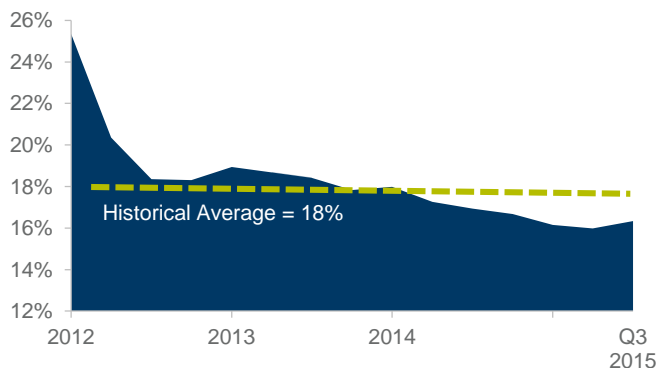
	Q3 14	Q3 15	12-Month Forecast
Overall Vacancy	16.9%	16.3%	■
Quarterly Absorption	259k	104k	▲
Under Construction	310k	381k	■
Overall Average Asking Rent	\$13.89	\$13.41	▲

Net Absorption/Asking Rent

4Q TRAILING AVERAGE



Overall Vacancy



Economy

The downturn in the oil and gas industry has had a major impact on the economy as well as the office market. In August, the Tulsa metro area unemployment rate was recorded at 4.0%, an increase from April according to the Bureau of Labor Statistics. During the quarter, a major announcement was released involving one of the largest companies in Oklahoma, Williams (NYSE: WMB). Williams has agreed to a merger with Energy Transfer Equity (ETE) out of Dallas in a \$37.7-billion deal. There is a lot of speculation on just how many jobs will remain in Tulsa. Williams has over 1,000 employees locally and has been one of the largest employers since the company went public in 1957.

Market Overview

Class A office buildings have been impacted the most during the downturn. Roughly 150,000 square feet (sf) of quality space is available for sublease at this time and more is likely to come. Companies that have either closed or added sublease space on the market at Warren Place, the market's premier office project, include Apache Corporation, DCP Midstream, BHP Billiton, SM Energy and QEP Resources.

Samson Resources, one of the largest office tenants in the Central Business District, filed for bankruptcy. The company released one-third of its employees and ceased all drilling related activity. Samson occupies 220,000 sf in Williams Center Tower II located at 2 West 2nd Street. Samson will likely add another big block of space to the sublease market.

Outlook

More space is expected to become available in the sublease market. Even though the local economy remains strongly driven by energy related companies, it is difficult to predict what will happen throughout the remainder of the year or when a rebound will occur. Tenants and owner occupiers are exerting extreme caution while planning real estate needs.

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