

MARKETBEAT

Tulsa, Oklahoma

Office Q1 2017



TULSA OFFICE

Economic Indicators

	Q1 16	Q1 17	12-Month Forecast
Tulsa Employment	446k	443k	▼
Tulsa Unemployment	4.1%	4.8%	▲
U.S. Unemployment	4.9%	4.8%	■

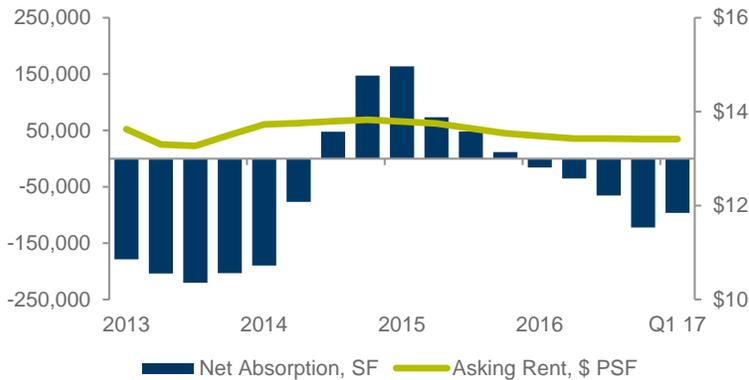
Market Indicators (Overall, All Classes)

	Q1 16	Q1 17	12-Month Forecast
Vacancy	19.5%	21.9%	▼
Net Absorption (sf)	-173k	-70k	▲
Under Construction (sf)	524k	248k	■
Average Asking Rent*	\$13.42	\$13.42	▲

*Rental rates reflect gross asking \$psf/year

Overall Net Absorption/Overall Asking Rent

4-QTR TRAILING AVERAGE



Economy

The Tulsa metro area unemployment rate reached 4.8% in January according to the Oklahoma Employment Security Commission. The Tulsa economy added around 1,500 jobs during the month of January but is still down roughly 3,200 jobs since the first quarter a year ago. 2016 was the worst year Tulsa experienced since 2008 in terms of jobs as the employment rate increased for eight consecutive months from January through August.

Market Overview

Although vacancy increased rental rates remain stable. The Tulsa office market reported an overall vacancy rate of 21.9% with an average asking rental rate of \$13.42 per square foot (PSF). Class A overall vacancy measured around 19% with average asking rental rates of \$18.20 PSF.

Notable sales transactions during the first quarter included Meridian Tower and Executive Center I. Wiggin Properties bought Meridian Tower, a 205,000-square foot (SF) Class A property, for \$23.5 million in January and Regent Bank purchased Executive Center, a 78,000-SF Class B building, for \$8.2 million in March. Both buildings are roughly 100% occupied.

Outlook

As energy appears to be rebounding there is more activity in the market than all of 2016 combined. Many energy industry leaders are optimistic about 2017 which is a good sign for the real estate market. The rebound is likely to be slow but appears to be underway.

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