

YoY Chg 12-Mo. Forecast

12.3%
Vacancy Rate



-372K
Net Absorption, SF



\$15.92
Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2020

YoY Chg 12-Mo. Forecast

423.6K
Tulsa
Employment



7.0%
Tulsa
Unemployment Rate



8.8%
U.S.
Unemployment Rate



Source: BLS

ECONOMY: Long Term Impact

Nationally, the U.S. economy was experiencing the longest expansion on record. Overall, the economy of Tulsa was indicating continued growth for the first few months of the year. There is little doubt the economy is feeling severe short-term pain as we adapt to mitigate this deadly virus's spread. As the situation continues to unfold over the next few weeks and months, we will have a greater understanding of the long-term impact on the regional economy. Relatively stable industries like healthcare and education are major drivers of employment here and help keep the economy in check when the more volatile energy industry struggles.

The development pipeline increased recently with the announcement of the new planned headquarters for WPX Energy in the CBD. Announced just before the close of Q3, OKC-based Devon Energy is in the process of acquiring WPX Energy and plans to relocate their workforce to Devon's 1.2M square foot (sf) tower in downtown OKC. The 265,000 sf property is still underway and is expected to be completed in 2022. Developers have taken notice of the slowdown in office employment and as a result, construction activity has dropped off. There has not been much speculative development over the last three years. There is currently 600,000 sf underway. The uncertainty generated by the pandemic has driven the demand for oil to record lows. This, along with the retail and service sectors experiencing a complete shutdown, has resulted in severe job losses in the first half of 2020.

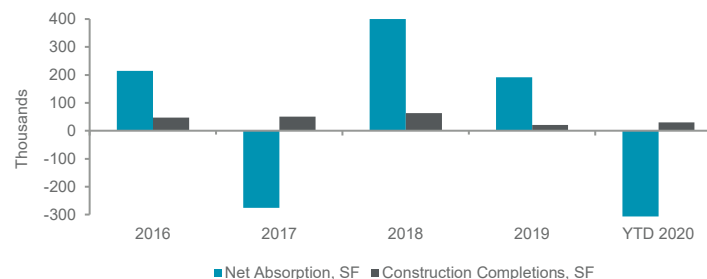
DEMAND: Office Vacancy Continues To Rise

Leasing slowed significantly in 2020. As of early September 2020 the market has 527,000 sf of leasing activity. The market needs to do some catching up to reach the 2.1 million square feet (msf) reported in 2019. There have been 232 leases signed since the beginning of the year, and of those, six are greater than 15,000 sf. One of the largest new lease signed was in the East submarket. In February, the General Services Administration signed a 22,000 sf lease in the EastGate Metroplex on the corner of E 21st St and S 145th Ave.

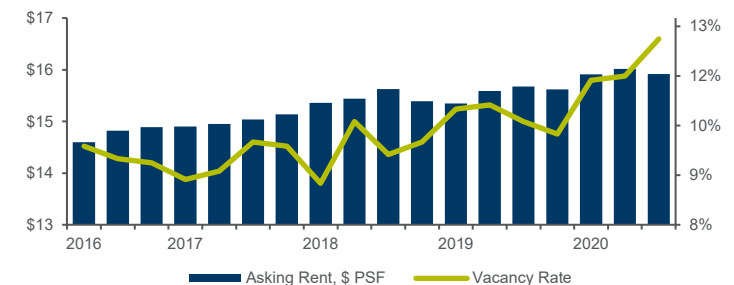
PRICING: Rent Growth Continues To Slow

As vacancies have increased over the past three years, rents have grown at a much slower pace compared to a decade ago. The highest rents found in the metro are south of the Central Business District (CBD). The Southwest and South submarkets have the highest asking rents at about \$20.00 a square foot (sf), and rank ahead of the CBD. The lion's share of the consolidations and closings have occurred within downtown. As a result, the CBD has struggled to see any significant rent gains. Average growth for downtown has been below 1% year-over-year in each of the past three years.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT





MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
CBD	13,067,466	59,671	1,628,744	12.9%	-232,162	-554,253	127,805	504,120	\$16.56	\$18.24
East	3,469,079	289,909	324,058	17.7%	-29,605	72,500	34,282	0	\$14.91	N/A
Mid-Town	6,675,644	17,647	508,401	7.9%	-38,275	104,408	95,586	0	\$15.28	\$16.63
North Central	3,416,551	0	291,727	8.5%	18,842	159,560	23,237	6,331	\$12.93	N/A
Northeast	1,765,657	0	382,893	21.7%	-2,125	3,666	10,696	0	\$16.11	N/A
Northwest	401,905	0	32,718	8.1%	-2,229	N/A	N/A	0	N/A	N/A
South	1,366,339	0	63,857	4.7%	41,916	89,580	12,970	39,147	\$16.75	N/A
South Central	13,839,357	137,859	1,933,905	15.0%	-129,463	425,496	189,766	18,469	\$16.22	\$21.55
Southeast	2,514,424	0	215,913	8.6%	479	36,031	46,967	14,500	\$14.84	N/A
Southwest	348,161	0	33,000	9.5%	N/A	9,400	N/A	3,500	N/A	N/A
West	859,590	0	34,770	4.0%	-700	4,322	3,712	0	\$13.83	N/A
TULSA TOTALS	47,724,173	505,086	5,373,118	12.3%	-372,322	-995,605	548,021	608,040	\$15.92	\$19.13

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
Williams Center Tower I	CBD	Doerner & Saunders	39,714	Renewal
Williams Center Tower I	CBD	Best & Sharp	31,157	Renewal
4750 S Garnett	Southeast	Social Security Administration	29,225	Renewal

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
N/A	N/A	NA	N/A	N/A

KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
N/A	N/A	N/A	N/A	N/A

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