

YoY Chg 12-Mo. Forecast

14.5%
Vacancy Rate ▲ ▲

-170K
Net Absorption, SF ▼ ▼

\$16.26
Asking Rent, PSF ▲ ▲

(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2021

YoY Chg 12-Mo. Forecast

440.2K
Tulsa Employment ▲ ▲

2.7%
Tulsa Unemployment Rate ▼ ▲

4.2%
U.S. Unemployment Rate ▼ ▼

Source: BLS

ECONOMY: Long Term Impact

Nationally, the U.S. economy was experiencing the longest expansion on record. As of mid-2021, employment was at 97% of pre-pandemic levels. Overall, the economy of Tulsa was indicating continued growth for the first few months of the year. Developers have taken notice of the slowdown in office employment and has resulted in mixed opinions for the future. While some analysts predict a slowdown, in contrast, there is currently 757,784 square feet (sf) underway in the Tulsa Central Business District (CBD).

DEMAND: In Decline

The Tulsa office market is feeling the weight of the economic downturn as well as the risk to the concentration of energy employers in the metro. From January to August 2021 the market has reported 231 new/direct leases totaling 489,900 sf of space. The average size is 2,300 sf. The amount of available space under construction is currently near 20%. As of June, roughly 95% of space built in the last 10 years was occupied, and 4 & 5 star occupancies were much higher than those of 3 Star inventory.

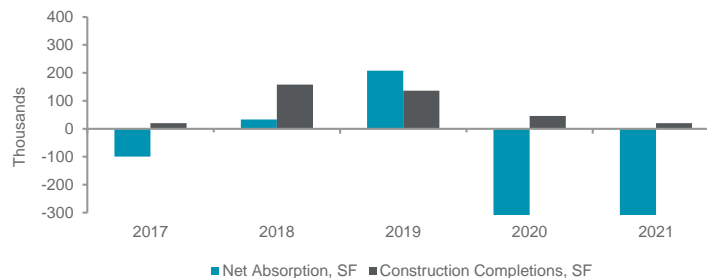
As a result, demand has suffered. The market has experienced annual negative net absorption from 2017-2021. In 2020, the region experienced 803,200 sf of negative net absorption. As a result, the vacancy rate increased from the decade low of 8.4% (Q117) to 12.2% today.

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. With more space becoming available, landlords have lost their pricing power. As a result, cumulative net gains have been minimal since the start of 2015.

Rent growth over the last decade has generally moved with occupancy fluctuations. Annual rent gains since the oil downturn have been roughly 1%, and with demand remaining low, this will likely be the reality in Tulsa for the near term. The highest rents found in the metro are south of the CBD. The Southwest and South submarkets have the highest asking rents at about \$20.00 per square foot (psf) and rank ahead of the CBD at \$17.09 psf. 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	12,580,695	286,153	1,045,990	8.3%	-134,660	63,995	318,024	757,784	\$17.86	\$19.00
East	3,017,264	328,142	635,198	31.9%	-116,763	-421,942	124,519	0	\$14.17	N/A
Mid-Town	4,716,251	18,751	605,098	13.2%	23,517	-226,858	122,575	0	\$15.74	\$17.13
North Central	2,398,098	0	340,359	14.2%	19,015	-137,596	44,951	0	\$13.46	N/A
Northeast	1,216,364	0	366,345	30.1%	7,225	7,143	12,238	24,505	\$18.07	\$21.00
Northwest	406,734	0	30,489	7.5%	1,455	3,684	2,876	0	\$13.00	N/A
South	611,972	0	13,387	2.2%	0	15,213	7,100	0	\$16.49	N/A
South Central	11,014,990	187,895	1,734,053	17.4%	-58,305	-150,350	286,413	0	\$16.27	\$21.85
Southeast	1,546,150	0	116,310	7.5%	45,937	84,951	67,341	0	\$14.81	N/A
Southwest	370,749	0	8,420	2.3%	0	102,980	58,800	0	\$20.00	N/A
West	890,626	0	45,763	5.1%	11,615	13,818	1,200	0	\$11.58	N/A
TULSA TOTALS	38,769,893	820,941	4,336,919	14.5%	-200,964	-644,962	1,046,037	782,289	\$16.26	\$19.75

*Rental rates reflect full service asking

Note: Stats in Table are not reflective of U.S. MarketBeat Tables

KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
222 N. Detroit	CBD	NA	34,042	Direct
7140 S. Lewis Ave	South Central	Dish Network	28,279	Renewal*

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
202 S Cheyenne Ave	CBD	Vereit, Inc/Reality Income Corporation	328,543	NA
2087 E 71 st St	South Central	Vereit, Inc/Reality Income Corporation	107,544	NA
3015 E Skelly Dr	Mid-Town	Richard Gardner Real Estate/Skelly Suites, LLC	57,258	\$1.4M/\$24.45

KEY CONSTRUCTION COMPLETIONS YTD 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
7702 E 21 st St	South	N/A	20,000	The Bridge Church

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