

# MARKETBEAT TULSA

Office Q4 2023



CUSHMAN &  
WAKEFIELD

COMMERCIAL  
OKLAHOMA

**10.4%**

Vacancy Rate

YoY  
Chg



12-Mo.  
Forecast



**97.8K**

Net Absorption, SF



**\$17.62**

Asking Rent, PSF



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q4 2023

**465K**

Tulsa  
Employment

YoY  
Chg



12-Mo.  
Forecast



**3.2%**

Tulsa  
Unemployment Rate



**3.7%**

U.S.  
Unemployment Rate



Source: BLS

## ECONOMY: Unemployment Finished Flat for 2023

Tulsa's economy has been steadily rebounding over the past year and is considered to have entered an expansion mode. The unemployment rate remained flat from Q3 to Q4 at 3.2% (.6% below U.S. rate) and the current workforce slightly increased from 461k to 465k (up 4k year-over-year (YOY)). Low rents, energy costs, and taxes help to make the cost of doing business in Tulsa 11% lower than the national average. Tulsa's low cost of doing business continues to drive companies to the metro.

Relatively stable industries like healthcare and education are significant drivers of employment here and help keep the economy in check when the more volatile energy industry experiences substantial fluctuations.

## DEMAND: Holding Steady in Q4

Tulsa's office market is holding steady, but demand remains fragile. CoStar reported 97.8k square feet (sf) of net absorption through the fourth quarter. While the market's vacancy rate remains elevated (10.4%, down .2% YOY), it remains below the U.S. average, and manageable construction keeps vacancies from rising further. While vacancies remain elevated, they remain below the U.S. average of 13%.

Class A space shows promising gains to finish out 2023. Total Class A vacancies have shown their best numbers since Q3 of 2022, finishing at 12.5% (down 1.3% & down .7% YOY). Class A vacancies in the Central Business District (CBD) were down 0.8% (flat YOY at 10.7%). Non-CBD shows promise over Q3 with a .4% decrease but is still up 2.3% YOY.

## PRICING: Finishing 2023 With Increase

The Tulsa total market saw a \$.53 per square feet (psf) increase in rents, finishing the quarter at \$17.62 psf (up \$.97 psf YOY), the CBD showed a \$1.33 increase at \$18.83/psf, and Non-CBD remained flat from Q3 at \$16.46/psf (up \$.49 YOY). The highest rents are found in the metro area outside of the CBD. The South submarket has the highest asking rent at \$22.92/psf, followed by the Northeast and CBD at \$18.83/psf.

## 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                 | 13,826,689        | 8,775              | 1,470,548          | 10.7%                | 181,471                            | 110,044                     | 347,222                     | 0                | \$18.83                                | \$20.61                            |
| East                | 3,364,403         | 41,752             | 750,531            | 23.5%                | -11,711                            | -130,246                    | 85,800                      | 0                | \$15.26                                | N/A                                |
| Mid-Town            | 6,747,999         | 830                | 631,229            | 9.4%                 | -8,783                             | -134,789                    | 225,862                     | 0                | \$15.80                                | N/A                                |
| North Central       | 3,874,808         | 0                  | 249,468            | 6.4%                 | 7,593                              | -52,279                     | 49,299                      | 0                | \$14.29                                | N/A                                |
| Northeast           | 1,835,347         | 0                  | 4,134              | 0.2%                 | 0                                  | 375,307                     | 15,677                      | 0                | \$18.83                                | N/A                                |
| Northwest           | 411,202           | 4,600              | 0                  | 1.1%                 | -4,600                             | -4,600                      | 0                           | 0                | N/A                                    | N/A                                |
| South               | 1,671,061         | 0                  | 28,941             | 1.7%                 | 18,870                             | 50,657                      | 51,053                      | 7,900            | \$22.92                                | N/A                                |
| South Central       | 14,432,800        | 21,670             | 1,882,107          | 13.2%                | -98,860                            | 31,648                      | 459,728                     | 0                | \$17.85                                | \$24.65                            |
| Southeast           | 2,718,170         | 0                  | 71,657             | 2.6%                 | 8,989                              | 43,233                      | 74,683                      | 0                | \$16.12                                | N/A                                |
| Southwest           | 370,749           | 0                  | 0                  | 0                    | 0                                  | 0                           | 0                           | 0                | N/A                                    | N/A                                |
| West                | 881,499           | 0                  | 26,705             | 3.0%                 | 4,800                              | 31,872                      | 16,453                      | 0                | \$14.00                                | N/A                                |
| <b>TULSA TOTALS</b> | <b>50,134,727</b> | <b>77,627</b>      | <b>5,115,320</b>   | <b>10.4%</b>         | <b>97,769</b>                      | <b>320,847</b>              | <b>1,325,777</b>            | <b>7,900</b>     | <b>\$17.62</b>                         | <b>\$21.84</b>                     |

\*Rental rates reflect full service asking

\*\*Does not include Renewals

## KEY LEASE TRANSACTIONS Q4 2023

| PROPERTY                       | SUBMARKET | TENANT | RSF    | TYPE   |
|--------------------------------|-----------|--------|--------|--------|
| 1437 S Boulder Ave             | CBC       | N/A    | 18,576 | Direct |
| 4500 S 129 <sup>th</sup> E Ave | East      | N/A    | 16,040 | Direct |

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q4 2023

| PROPERTY                   | SUBMARKET     | SELLER / BUYER                                 | SF     | PRICE/\$ PSF       |
|----------------------------|---------------|--|--------|--------------------|
| 4923 E 49 <sup>th</sup> St | South Central | United States Beef Corp/Xcaliber International | 21,670 | \$1.73M/\$79.60/SF |
| 2241 E Skelly Dr           | Mid-Town      | 2241 Building LLC/224 Vandelay Properties LLC  | 7,088  | \$650K/\$91.70 PSF |

## KEY CONSTRUCTION COMPLETIONS YTD 2023

| PROPERTY                 | SUBMARKET | MAJOR TENANT | SF      | OWNER / DEVELOPER |
|--------------------------|-----------|--------------|---------|-------------------|
| 521 E 2 <sup>nd</sup> St | CBD       | N/A          | 173,200 | IDO3              |

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