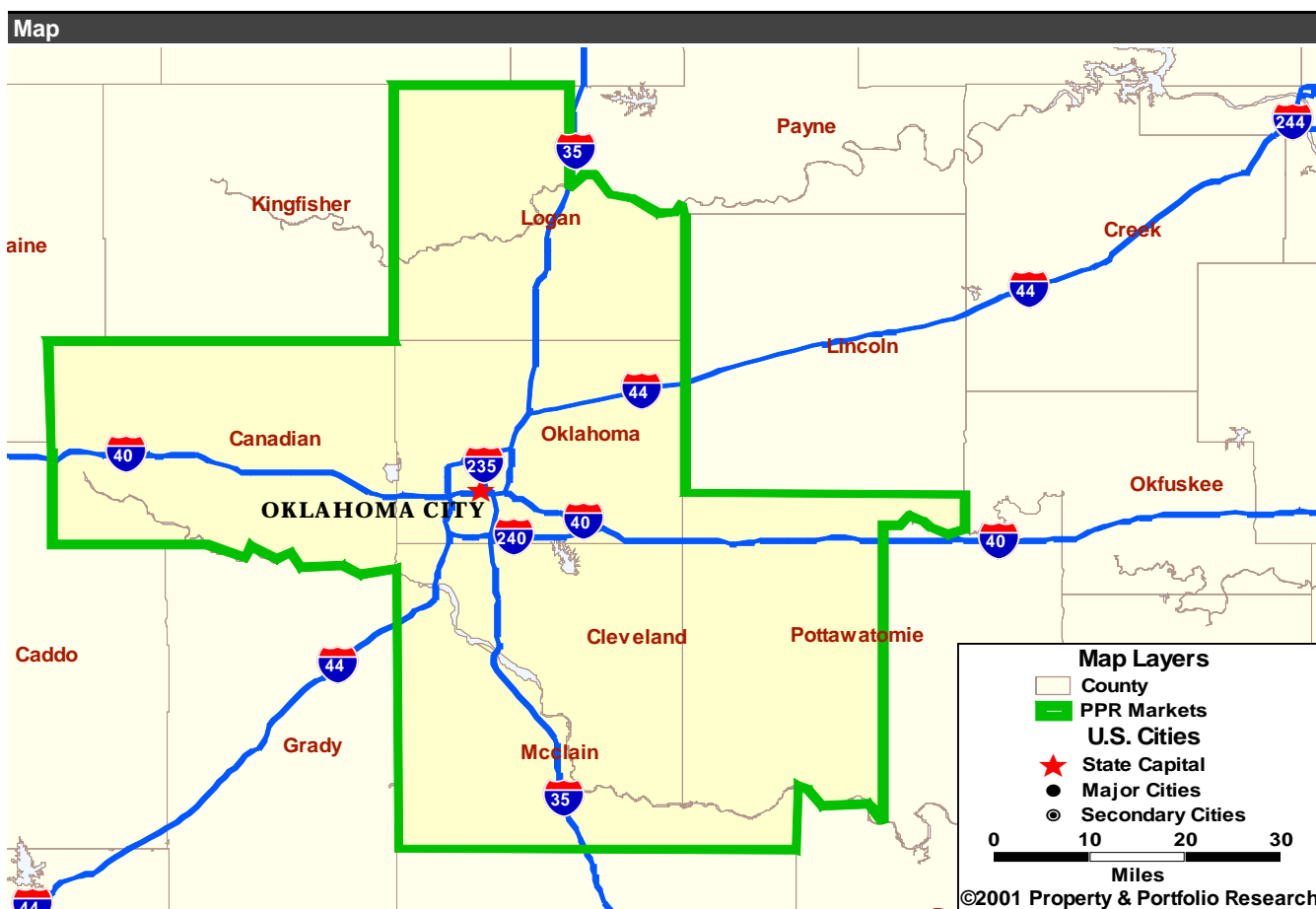


## OKLAHOMA CITY

## Overview



## Summary of Last Twelve Months vs. Historical Minimum, Maximum, and Average

	Current Vacancy*	Net New Supply (000SF)**	Net Absorption (000SF)**
<b>Apartment</b>	↑ 8.8% 7.0% 14.8% 99:4 87:3	↔ 1,047 9,468 -428 84:3 87:3	↓ 130 8,184 -402 84:3 87:3
<b>Office</b>	↑ 20.8% 5.0% 29.5% 82:1 89:1	↑ 609 2,487 -45 83:4 95:2	↓ -17 1,281 -884 83:2 84:2
<b>Retail</b>	↑ 16.5% 3.0% 23.7% 82:1 87:3	↓ 1,828 2,143 -380 01:1 90:3	↓ -380 2,482 -380 00:1 02:1
<b>Warehouse</b>	↑ 6.6% 3.4% 12.9% 99:1 88:3	↓ 846 1,306 -160 83:2 93:3	↓ 155 1,166 -160 83:2 88:4
<b>Hotel</b>	↑ 60.7% 62.8% 54.0% 96:1 88:1	↑ 373 2,701 -59 85:1 93:2	↑ 951 1,089 -406 00:1 91:1

\*Occupancy for Hotels

\*\*Apartment and Hotel data are in units.

## OKLAHOMA CITY

## Analysis/Economy

## Notable Economic and Real Estate Market Events

- **ECON – Oklahoma City's economy remains all but flat, with job growth of just 0.1% year-over-year.** The bulk of job losses are in the manufacturing sector, with the biggest losses coming from electronics and electronic equipment manufacturers. Aerospace manufacturers have also suffered from the slowdown in travel, with Gulfstream Aerospace cutting 350 local jobs due to weak demand. Business services firms are cutting back as well. The strong presence of government and military employment is adding stability to the metro. The outlook for Tinker AFB is upbeat due to an increase in defense spending. In addition, a \$50 million bond issue is proposed to support expansion and ensure the base's future.
- **APT – The apartment market has weakened over the past year as new construction has met with a dearth of demand.** The vacancy rate has steadily increased from its historical low of 7% and is now approaching 9%. As market fundamentals weaken, supply is shutting down, which will help the market to recover when the economy improves. Approximately 1,100 multifamily permits were pulled in 2001, more than 4% less than in 2000 and well below the average of nearly 1,400 permits pulled annually from 1997–2000. Just under 700 units are currently underway, including Lindsey Associates' 324-unit second phase of The Greens at Moore in Moore. In the South submarket, Trison Properties' 396-unit luxury complex, Legacy Crossing, was completed last summer and a 294-unit third phase is currently underway.
- **OFF – The metro area remains among the nation's softer office markets, with vacancies hovering just below 20%.** While the metro has not suffered from the glut of sublease space that has flooded other major metro area markets, net absorption has been unimpressive. Leasing activity has been muted, as the few recent leases signed have generally just resulted in tenants shifting around, rather than expanding their space. In the CBD, construction on the new 180,000 SF federal building is underway, with completion expected in late 2003. However, this will likely result in additional backfill space at locations throughout the city as federal workers are relocated to the new building. Nearly all of the recent construction activity has been located in the Northwest submarket. Most of the construction completed over the past year has been in build-to-suit projects, including Hertz's recently completed 220,000 SF facility.
- **RET – Excessive construction has sent the economic vacancy rate soaring in Oklahoma City.** Wal-Mart has expanded aggressively in recent years and the retailer's dominance has put the squeeze on other value retailers, including Kmart, which is exiting the metro. The closure of its five area stores will result in up to 500,000 SF of backfill space, including three anchor locations. The already competitive grocery market is facing increased pressure as Wal-Mart has aggressively introduced its Neighborhood Markets and Supercenters, and Target is also expanding its Super Target format here. As a result, Winn-Dixie is exiting the Oklahoma market and closing its five area stores. Power centers are the tightest property type, with a physical vacancy rate of about 3% at year-end according to Grubb & Ellis. The 450,000 SF Westgate Shopping Center is completing its third and final phase.
- **WHS – Weak absorption has driven warehouse vacancies to 6.6%.** However, with construction activity abating, the market is well-positioned for a recovery when the economy rebounds. Market fundamentals have weakened considerably over the past year and, as a result, there is no speculative construction currently underway. Still, the potential for development remains, as Northwestern Mutual's 191,000 SF second phase of its Airport Distribution Center in the Southwest is still in the pipeline. In the Southeast, Premier Assets has broken ground on a 180,000 SF build-to-suit for ARINC at its Eastport Commerce Park, and in Norman, Sysco Food Services is underway with its 300,000 SF foodservice facility.
- **HOT – Persistently low occupancy rates are deterring significant hotel construction in Oklahoma City.** The limited amount of construction has been focused on smaller extended-stay and limited-service properties by Amerisuites, Sleep Inn and Holiday Inn Express. While the 155-room Santa Fe Plaza Hotel near the convention center has been deferred, other projects remain in the pipeline. On the whole, growth prospects for tourism in the metro are limited, and occupancy rates are expected to remain low.

## Demographic Trends

Category	2002*		Annual Growth Rates					
	Market	U.S.	1982-1991		1992-2001		2002-2006	
Population	1,107	288,644	0.7%	1.0%	1.2%	1.2%	0.6%	0.9%
Households	433	107,714	0.9%	1.3%	1.4%	1.3%	0.7%	1.0%
Median Household Income	\$39,616	\$44,333	3.4%	4.4%	3.2%	3.7%	3.2%	3.1%
Apartment-Renting Households	158	35,788	3.2%	1.7%	0.8%	0.5%	0.8%	1.0%
Real Retail Sales Per Capita	\$4,257	\$4,518	-1.5%	1.4%	0.1%	1.7%	1.6%	1.7%

## Employment Trends

SIC Category	2002*		Annual Growth Rates					
	Employment	Location Quotient	1982-1991		1992-2001		2002-2006	
Total Services	176	1.0	3.3%	4.3%	4.9%	3.7%	2.2%	2.5%
Business Services	48	1.2	3.3%	6.6%	9.2%	6.2%	2.7%	3.0%
Other Services	128	1.0	3.3%	3.8%	3.6%	3.0%	2.0%	2.4%
Retail Trade	103	1.1	0.4%	2.5%	2.1%	2.0%	1.3%	1.6%
Government	105	1.2	1.4%	1.6%	0.1%	1.3%	0.5%	0.7%
Manufacturing	49	0.7	-0.8%	-0.6%	0.3%	-0.6%	0.3%	0.1%
F.I.R.E.	29	0.9	-0.7%	2.2%	1.7%	1.5%	0.6%	0.9%
Wholesale Trade	24	0.8	-2.1%	1.3%	0.5%	1.4%	1.4%	1.2%
Trans., Comm., Util.	25	0.9	-1.2%	1.1%	1.6%	2.0%	0.8%	1.1%
Construction	27	1.0	-3.9%	1.4%	6.3%	4.2%	2.2%	0.3%
Mining	7	3.2	-12.0%	-6.0%	-2.4%	-1.6%	-1.1%	-1.1%
Total Employment	547	1.0	0.1%	1.9%	2.2%	2.0%	1.3%	1.4%
Office-Using Employment	133	1.1	-1.1%	3.0%	2.5%	2.9%	1.3%	1.9%
Trucking/Warehouse Employment	33	0.9	-2.3%	1.5%	1.3%	1.7%	1.5%	1.2%

\*All units (except for dollar denominated figures) in thousands.

## Current Economic Indicators

Employment Growth 3/02	Labor Force Growth 3/02	Unemployment Rate 3/02	Employment Volatility Ratio	Net Migration (000) 2001	Cost Indices (U.S. = 100)	
					Business	Living
0.1%	1.3%	3.8%	1.0	3.0	82	91

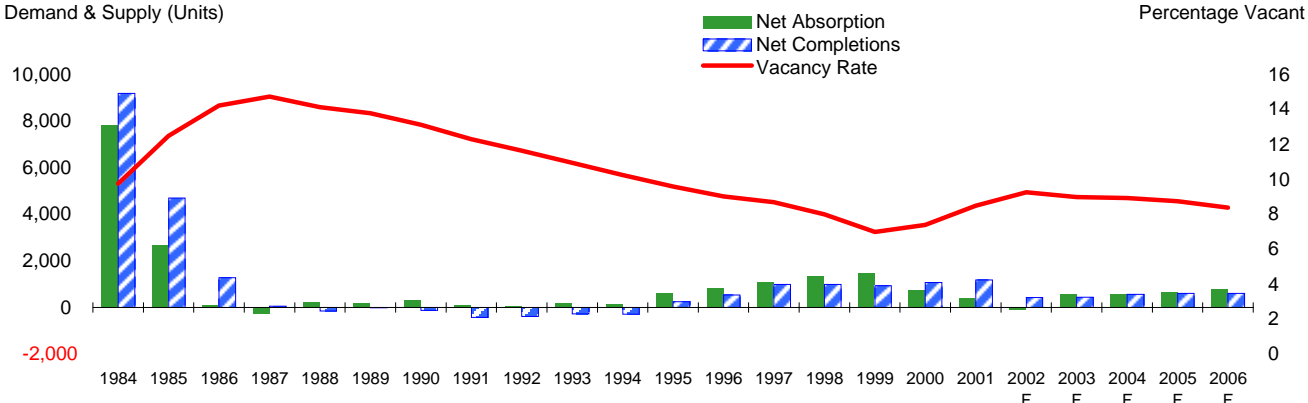
Sources: PPR; Economy.com

## OKLAHOMA CITY

## Apartment

## Supply, Demand, and Vacancy

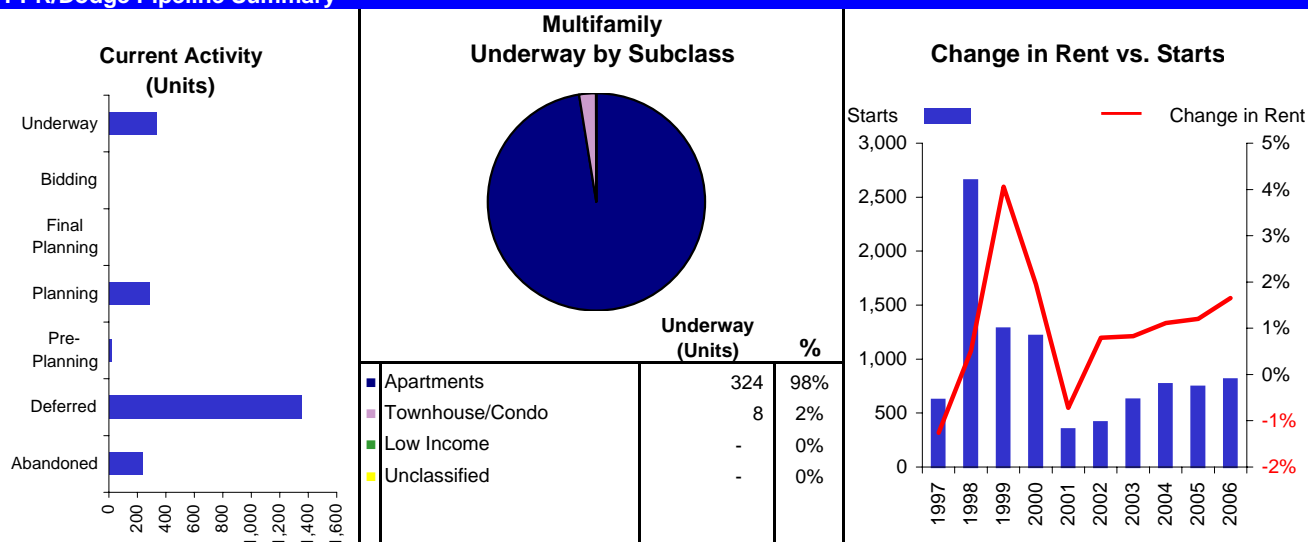
Demand &amp; Supply (Units)



## Apartment Market Statistics (Units)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Apt. Vacancy</b>	8.7%	8.0%	7.0%	7.4%	8.5%	9.3%	9.0%	8.9%	8.8%	8.4%
<b>Apt. Net Absorption</b>	1,105	1,327	1,480	745	396	-97	576	556	680	805
<b>% Growth</b>	2.1%	2.4%	2.7%	1.3%	0.7%	-0.2%	1.0%	0.9%	1.1%	1.3%
<b>Multifamily Starts</b>	623	2,657	1,285	1,216	351	416	625	767	744	813
<b>% Change</b>	-21.2%	326.5%	-51.6%	-5.4%	-71.1%	18.5%	50.2%	22.7%	-3.0%	9.3%
<b>Net Apt. Completions</b>	998	989	939	1,071	1,186	424	446	574	613	611
<b>Apt. Inventory</b>	59,636	60,625	61,564	62,635	63,821	64,245	64,692	65,265	65,878	66,489
<b>% Growth</b>	1.7%	1.7%	1.5%	1.7%	1.9%	0.7%	0.7%	0.9%	0.9%	0.9%
<b>Apt. Rent Index</b>	99	99	103	105	105	105	106	107	109	110
<b>% Change</b>	-1.3%	0.5%	4.1%	2.0%	-0.7%	0.8%	0.8%	1.1%	1.2%	1.6%

## PPR/Dodge Pipeline Summary

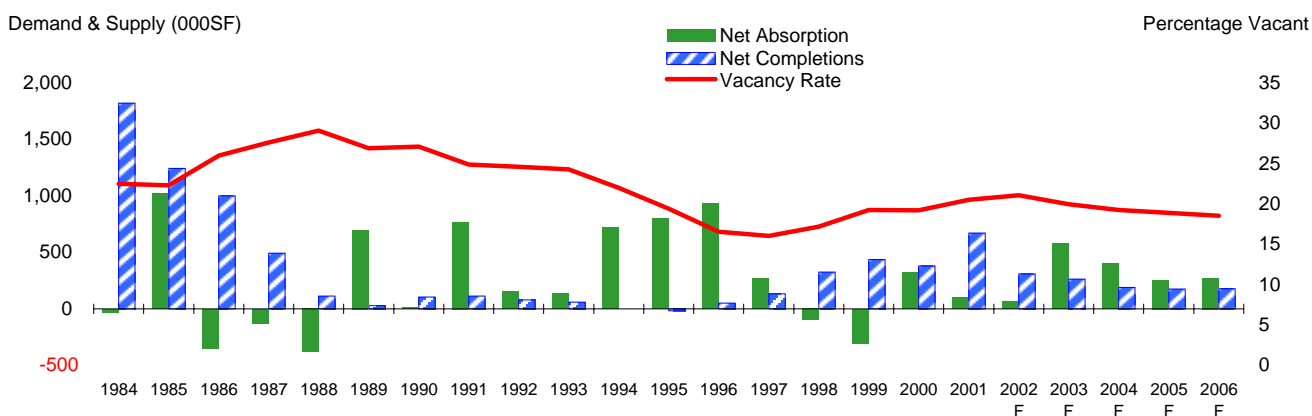


Sources: PPR; McGraw-Hill Construction - Dodge; National Real Estate Index

## OKLAHOMA CITY

## Office

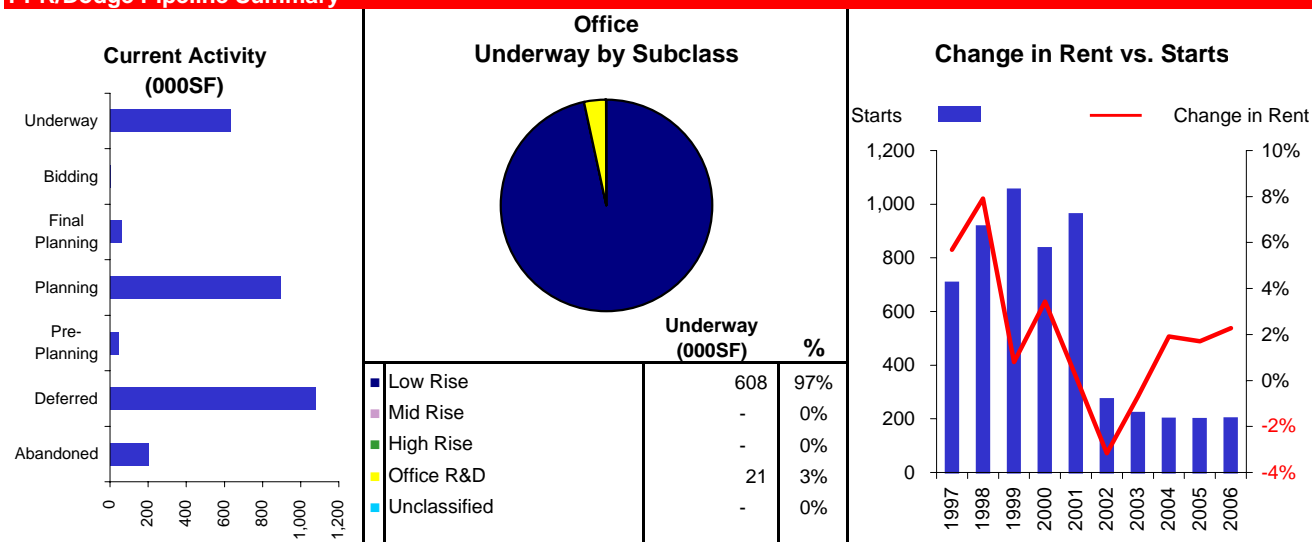
## Supply, Demand, and Vacancy



## Office Market Statistics (000SF)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Vacancy</b>	16.0%	17.2%	19.3%	19.2%	20.5%	21.1%	20.0%	19.2%	18.9%	18.5%
<b>Net Absorption</b>	267	-96	-301	323	99	68	580	397	254	272
<b>% Growth</b>	1.0%	-0.4%	-1.1%	1.2%	0.4%	0.3%	2.2%	1.5%	0.9%	1.0%
<b>Starts</b>	707	917	1,054	836	962	273	222	201	199	201
<b>% Change</b>	134.4%	29.6%	15.0%	-20.7%	15.1%	-71.6%	-18.7%	-9.5%	-1.1%	1.2%
<b>Net Completions</b>	132	325	434	380	671	307	261	190	174	178
<b>Inventory</b>	31,455	31,780	32,214	32,594	33,265	33,572	33,834	34,024	34,197	34,375
<b>% Growth</b>	0.4%	1.0%	1.4%	1.2%	2.1%	0.9%	0.8%	0.6%	0.5%	0.5%
<b>Rent Index</b>	106	114	115	119	119	115	115	117	119	121
<b>% Change</b>	5.7%	7.9%	0.8%	3.4%	0.1%	-3.2%	-0.7%	1.9%	1.7%	2.3%

## PPR/Dodge Pipeline Summary



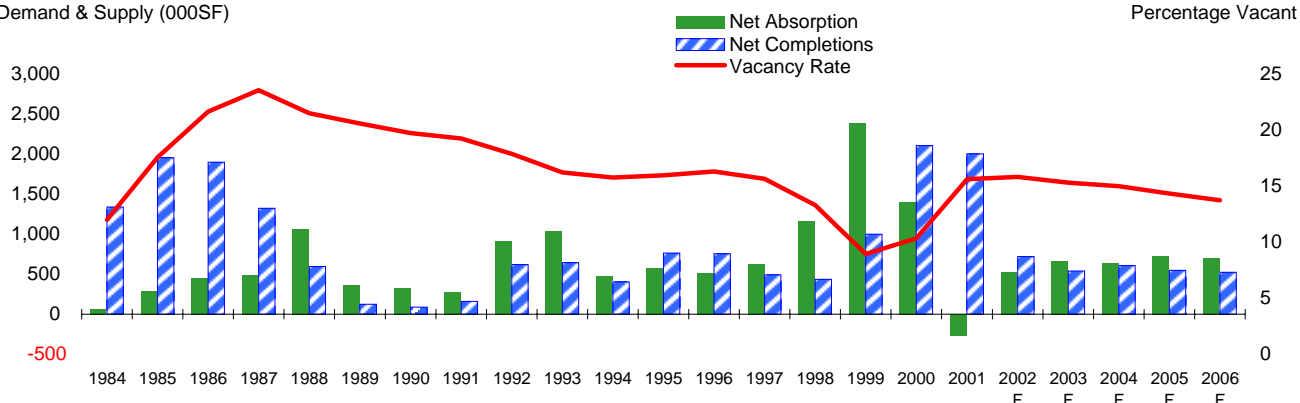
Sources: PPR; McGraw-Hill Construction - Dodge; National Real Estate Index

## OKLAHOMA CITY

## Retail

## Supply, Demand, and Vacancy

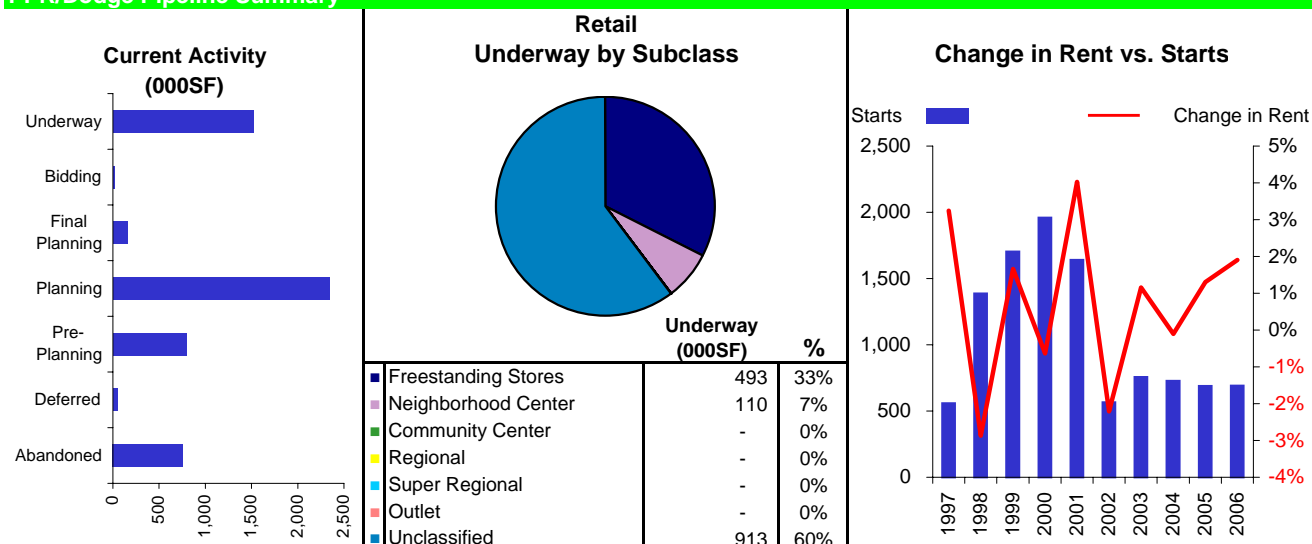
Demand &amp; Supply (000SF)



## Retail Market Statistics (000SF)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Vacancy</b>	15.7%	13.3%	9.0%	10.3%	15.6%	15.8%	15.3%	15.0%	14.4%	13.7%
<b>Net Absorption</b>	628	1,163	2,388	1,409	-264	526	667	643	730	701
<b>% Growth</b>	2.3%	4.1%	8.1%	4.4%	-0.8%	1.6%	2.0%	1.9%	2.1%	2.0%
<b>Starts</b>	558	1,387	1,704	1,958	1,641	565	756	726	689	690
<b>% Change</b>	-54.1%	148.3%	22.9%	14.9%	-16.2%	-65.6%	33.8%	-4.0%	-5.1%	0.1%
<b>Net Completions</b>	493	437	1,001	2,110	2,005	718	539	609	547	522
<b>Inventory</b>	33,370	33,807	34,808	36,918	38,923	39,642	40,180	40,789	41,336	41,858
<b>% Growth</b>	1.5%	1.3%	3.0%	6.1%	5.4%	1.8%	1.4%	1.5%	1.3%	1.3%
<b>Rent Index</b>	103	100	102	101	105	103	104	104	105	107
<b>% Change</b>	3.2%	-2.9%	1.7%	-0.6%	4.0%	-2.2%	1.2%	-0.1%	1.3%	1.9%

## PPR/Dodge Pipeline Summary



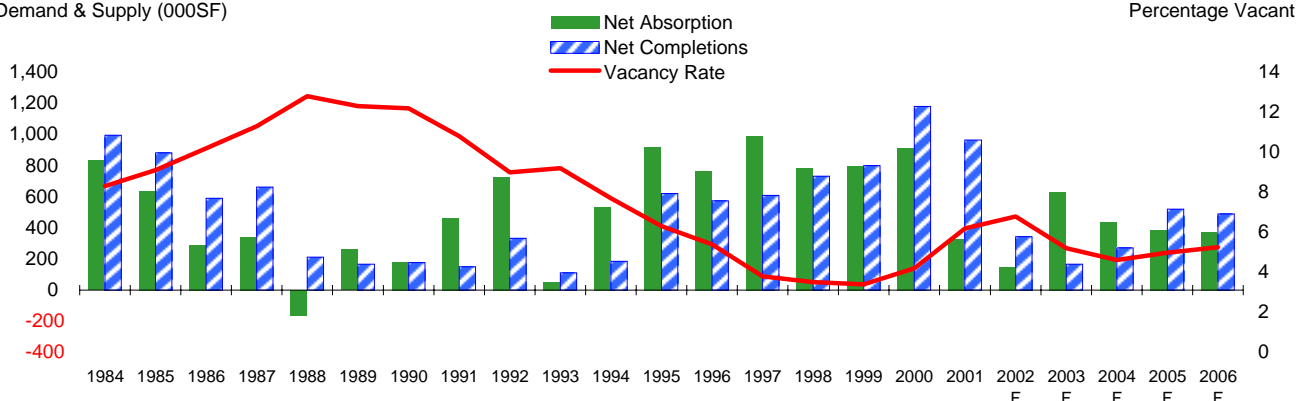
Sources: PPR; McGraw-Hill Construction - Dodge; National Real Estate Index

## OKLAHOMA CITY

## Warehouse

## Supply, Demand, and Vacancy

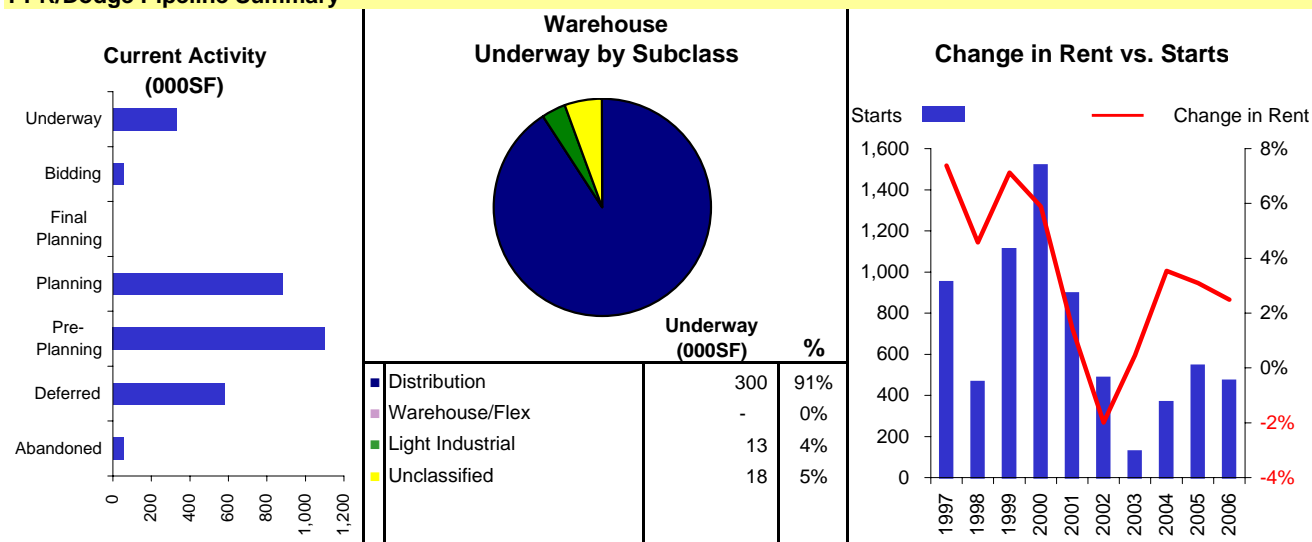
Demand &amp; Supply (000SF)



## Warehouse Market Statistics (000SF)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Vacancy</b>	3.8%	3.5%	3.4%	4.2%	6.2%	6.8%	5.2%	4.6%	5.0%	5.3%
<b>Net Absorption</b>	993	785	800	909	328	148	631	436	385	376
<b>% Growth</b>	4.1%	3.1%	3.1%	3.4%	1.2%	0.5%	2.2%	1.5%	1.3%	1.3%
<b>Starts</b>	951	465	1,111	1,518	897	485	128	367	545	472
<b>% Change</b>	122.1%	-51.1%	139.0%	36.7%	-40.9%	-45.9%	-73.6%	186.3%	48.6%	-13.5%
<b>Net Completions</b>	609	732	800	1,180	964	343	165	270	520	489
<b>Inventory</b>	26,098	26,830	27,630	28,810	29,774	30,118	30,283	30,553	31,073	31,563
<b>% Growth</b>	2.4%	2.8%	3.0%	4.3%	3.3%	1.2%	0.5%	0.9%	1.7%	1.6%
<b>Rent Index</b>	107	112	120	127	129	127	127	132	136	139
<b>% Change</b>	7.4%	4.6%	7.1%	5.9%	1.4%	-2.0%	0.5%	3.5%	3.1%	2.5%

## PPR/Dodge Pipeline Summary

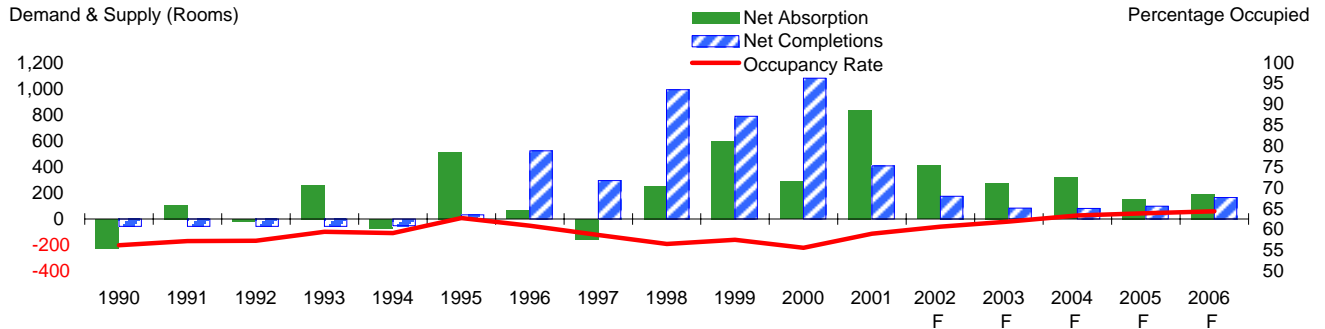


Sources: PPR; McGraw-Hill Construction - Dodge; National Real Estate Index

## OKLAHOMA CITY

## Hotel

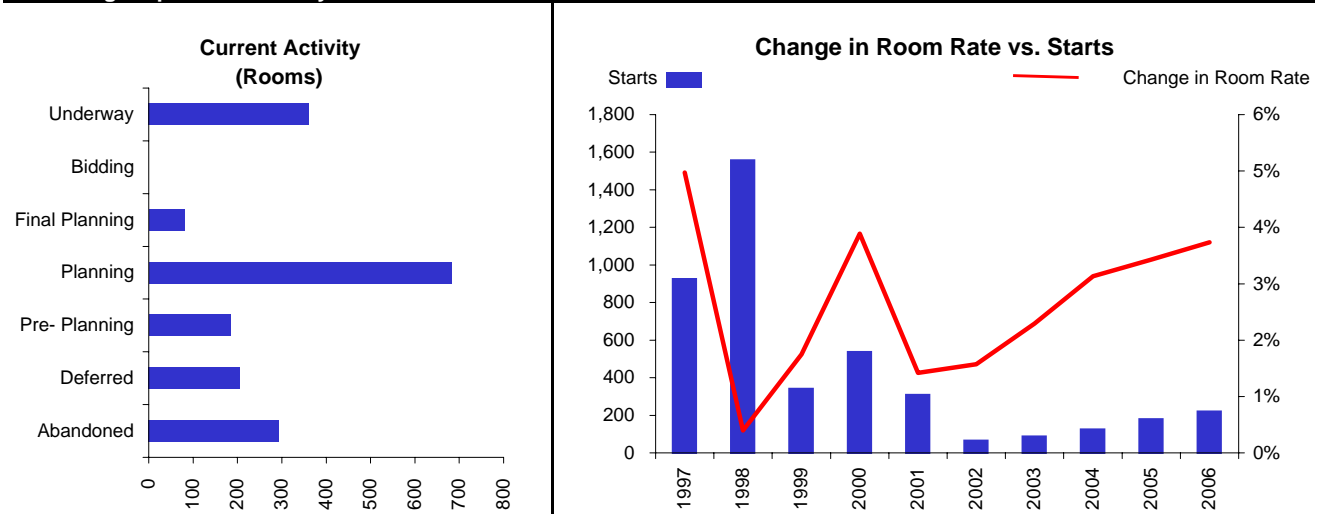
## Supply, Demand, and Occupancy



## Hotel Market Statistics (Rooms)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Occupancy</b>	58.7%	56.6%	57.5%	55.6%	59.0%	60.7%	61.9%	63.4%	63.9%	64.4%
<b>Net Absorption</b>	-151	255	601	288	838	412	276	321	153	192
<b>% Growth</b>	-1.7%	2.9%	6.8%	3.0%	8.6%	3.9%	2.5%	2.8%	1.3%	1.6%
<b>Starts</b>	925	1,557	341	537	308	65	87	125	178	220
<b>% Change</b>	69.1%	68.3%	-78.1%	57.5%	-42.6%	-78.9%	33.8%	43.7%	42.4%	23.6%
<b>Net Completions</b>	295	994	790	1,081	408	175	85	83	100	164
<b>Inventory</b>	14,731	15,725	16,515	17,596	18,004	18,178	18,263	18,346	18,446	18,610
<b>% Growth</b>	2.0%	6.7%	5.0%	6.5%	2.3%	1.0%	0.5%	0.5%	0.5%	0.9%
<b>Room Rate Index</b>	105	105	107	111	113	115	117	121	125	130
<b>% Change</b>	5.0%	0.4%	1.7%	3.9%	1.4%	1.6%	2.3%	3.1%	3.4%	3.7%
<b>RevPar Index</b>	101	98	98	102	109	111	119	124	129	135
<b>% Change</b>	1.0%	-2.9%	-0.5%	4.3%	7.0%	1.9%	6.9%	4.3%	4.5%	4.3%

## PPR/Dodge Pipeline Summary

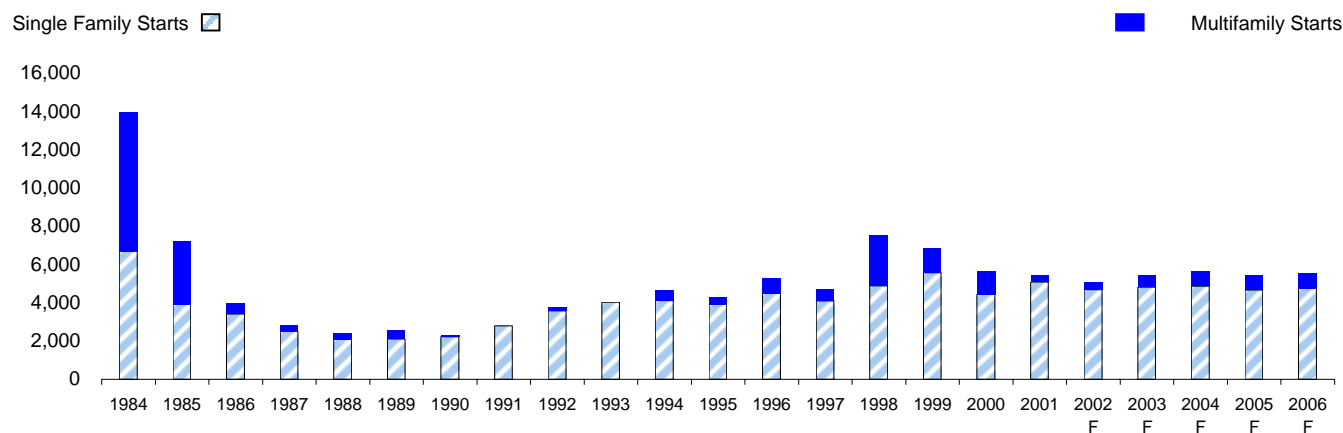


Sources: PPR; McGraw-Hill Construction - Dodge; Smith Travel Research

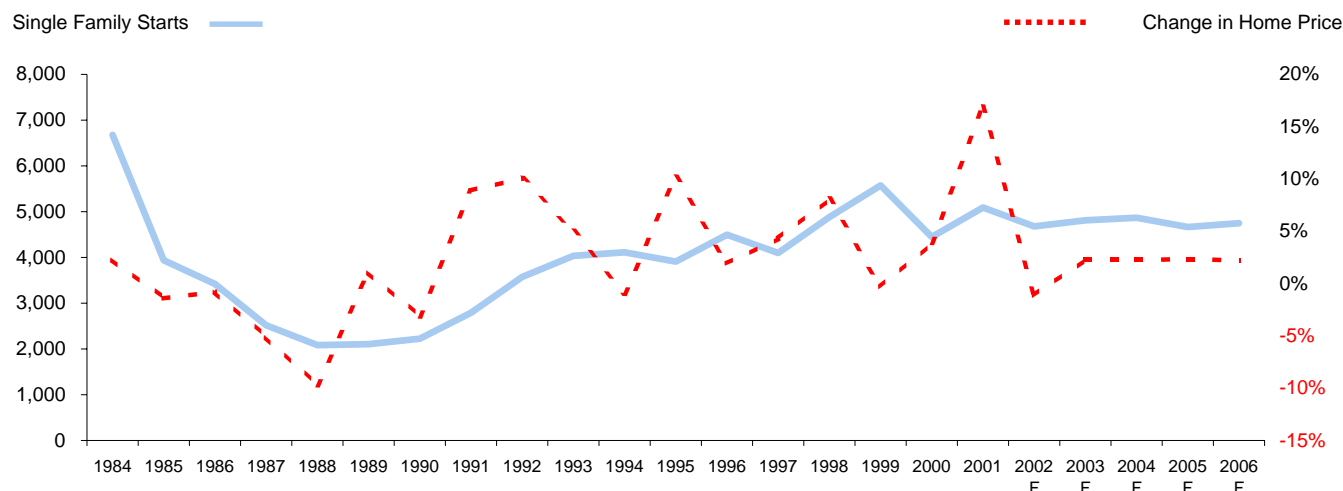
## OKLAHOMA CITY

## Single Family

## Housing Starts



## Single Family Market



Sources: PPR; Economy.com

## Single Family Market Statistics

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Starts</b>	4,098	4,885	5,575	4,449	5,088	4,681	4,810	4,865	4,665	4,746
<b>% Change</b>	-8.8%	19.2%	14.1%	-20.2%	14.4%	-8.0%	2.8%	1.2%	-4.1%	1.7%
<b>Completions</b>	4,281	4,568	5,352	4,928	4,628	5,037	4,630	4,938	4,703	4,712

## Apartment Market Statistics

<b>Multifamily Starts</b>	623	2,657	1,285	1,216	351	416	625	767	744	813
<b>% Change</b>	-21.2%	326.5%	-51.6%	-5.4%	-71.1%	18.5%	50.2%	22.7%	-3.0%	9.3%
<b>Apartment Completions</b>	998	989	939	1,071	1,186	424	446	574	613	611

Sources: PPR; McGraw-Hill Construction - Dodge



## OKLAHOMA CITY

## Apartment Projects

## Projects

Title	Address	Units	Stage	Target Start	Target Completion
Mustang Crossing Apartments	11500 W I-40 Service Rd Yukon/Mustang	572	Deferred		
Legacy Crossing	3131 SW 89th St. South	396	Completed	4/00	6/01
The Greens at Moore Apartments - Phase II	SW 19th at Santa Fe Ave. Moore	324	Underway	9/01	8/02
Legacy Corner - Phase III	777 N. Air Depot, Midwest City Midwest City/Del City	298	Underway	3/01	12/02
Deep Deuce at Bricktown	Stiles and Walnut Aves Central	294	Completed	5/00	9/01
Three Lakes Apartment Complex	SW 104th and South May Moore	252	Completed	3/00	3/01
Mayflower on May Apartments	136th & N. May North	244	Completed	7/00	7/01
Mustang Apt Complex	N of Hwy 152 & E of Hwy 92 N, Mustang Yukon/Mustang	96	Abandoned		
Fifth Avenue Lofts	NW5 and Broadway, Automobile Alley Central OKC	20	Underway	6/01	4/02

## OKLAHOMA CITY

## Office Projects

## Projects

Title	Address	SF (000)	Stage	Target Start	Target Completion
Hertz Administration Center Tenants: Hertz	14501 Hertz Quail Springs Pkwy at North Penn, OKC Northwest	220	Completed	2/01	2/02
General Services Administration	8, Harvey Ave. and Hudson Ave. (north downtown) CBD	180	Underway	12/01	9/03
Dobson Communications Tenants: Dobson Communications	14101 & 14201 Wireless Way Northwest	165	Completed	12/99	10/01
Express Office	7501-7725 W Wilshire Blvd, OKC Northwest	106	Proposed		
Commerce Park at Silver Springs	NW Expressway and Council Road, Silver Springs Northwest	92	Planned		12/03
Mid America Business Park Office Building Ph. 3 Tenants: CACI (25,000)	8001 E Mid America Blvd Southeast	80	Underway	3/02	12/02
Express Personnel Tenants: Express Personnel	8516 NW Expressway St. Northwest	60	completed	12/00	8/01
Chesapeake Energy Corp. No 13 Tenants: Chesapeake Energy	6100 N. Western Ave. North	55	completed		6/01
Rees Plaza at East Wharf Tenants: Rees Associates, Inc	OKC, Lake Hefner Northwest	42	Planned		11/02
Quail Springs Professional Building	14313 N. May Ave., North of Memorial Northwest	25	Completed	2/01	2/02

## OKLAHOMA CITY

## Retail Projects

## Projects

Title	Address	SF (000)	Stage	Target Start	Target Completion
Wal-Mart Supercenter	SE corner of Memorial Rd. and N. Pennsylvania (OKC) North OKC	220	Completed	8/00	5/01
Wal-Mart Supercenter	I-240 & Santa Fe, OKC South	211	Completed	7/01	4/02
Fenwick Shopping Center	16500-16724 N Pennsylvania Ave, Moore South	184	Proposed		
SuperTarget	E 2nd St and W of Bryant Edmond	175	Completed	3/01	10/01
Lowe's Home Center	1320 E 2nd St Edmond	140	Completed	7/01	2/02
Home Depot	1600 Sooner Road, Midwest/Del City Southeast	130	Completed	6/01	1/02
Sam's Club	Main Street, Norman Norman	130	Planned		
Bass Pro Shops	Bricktown Central	110	Planned		
Edmond Exchange Shopping Center	Broadway and 33rd Street, Edmond	50	Planned		
Tenants: On The Border Mexican Grill					
Kohl's	2600 Telephone Road Moore/Norman		Completed	4/01	10/01

## OKLAHOMA CITY

## Warehouse Projects

## Projects

Title	Address	SF (000)	Stage	Target Start	Target Completion
Sysco Distribution Center	Tecumseh Road and 12th Avenue NW Norman	250	Underway	10/01	9/02
Bluff Creek	12400-12524 N Sooner Rd North	191	Planned		
East Port Commerce Center Tenants: ARINC	SE 59 and Air Depot; 6400 SE 59th St Southeast	180	Underway	4/02	7/03
Crosspoint Commerce Industrial Park - Phase III	CBD	175	Deferred		
Crosspoint Commerce Industrial Center - Phase 1	CBD	175	Deferred		
Mid America Business Park III	8001 E Mid America Blvd Southeast OKC	130	Underway	4/02	8/02
Airport Business Center Phase II	3500 S. MacArthur Blvd., and S.W. 36th Southwest	79	completed	10/00	3/01
Bunzl Warehouse	9901 NW 2nd St West	75	Completed	3/01	10/01
Mid America Business Park IV	8001 E Mid America Blvd Southeast OKC	56	planned		

## OKLAHOMA CITY

## Hotel Projects

## Projects

Title	Address	Rooms	Stage	Target Start	Target Completion
Marriott Courtyard Downtown Hotel	CBD	210	Planned		
OCU Hotel and Conference Center	E. of Campus - 22nd and I-35 Northwest	183	Proposed		
Santa Fe Plaza Hotel	across from Convention Center CBD	155	Deferred		
Amerisuites	S of NW 63rd St./ E. on Penna. Ave North Central	80	Planned		
Amerisuites Hotel	5701 Tinker Diagonal, Midwest City/Del City Southeast	80	Underway	5/01	6/02
Holiday Inn Express	3840 E. 2nd St. Moore	80	Underway	6/01	7/02
Sleep Inn and Suites	2727 W. I-44 Service Road Northwest	78	Underway	11/01	7/02
Ramada Limited	2727 W. I-44 Service Road Northwest	59	Completed	2/00	7/01
Corporate Plaza Hotel	2 E. California St. CBD	50	Deferred		