

FIGURES | TULSA OFFICE | H1 2023

# Positive net absorption elevates Tulsa office occupancy, exceeding national rate



Note: Arrows indicate change from previous half.

## Key Takeaways

- The Tulsa office market began 2023 on solid footing as it posted 439,050 sq. ft. of net absorption for the first half of the year. Unless negated in H2 2023, this will be the first annual round of positive net absorption since 2019.
- Downtown Tulsa had 470,000 sq. ft. in three new office buildings delivered in the past 12 months. Santa Fe Square is 98% leased, 222 N Detroit is 60% leased and 21 N Greenwood is 33% leased. There has been a flight to quality to these new buildings as businesses compete for new talent.
- As a result of heightened occupancy, marketwide vacancy compressed to 16.1% after exceeding 17% at year-end 2022. Tulsa office vacancy outperformed the overall U.S. rate of 18.2% as of mid-year 2023.
- Downtown Tulsa, which accounts for one-third of the market’s office inventory, holds an average employee “return to office” rate of 74% according to May 2023 data from Placer.AI via the Downtown Tulsa Partnership. This level exceeds many peer downtowns office utilization rates.

FIGURE 1: Historical Market Statistics

	2018	2019	2020	2021	2022	H1 2023
<b>Vacancy Rate</b>	12.9%	14.1%	18.2%	15.5%	17.7%	16.1%
<b>Net Absorption (SF)</b>	(184,397)	98,777	(918,676)	(106,797)	(184,599)	439,050
<b>Delivered Construction (SF)</b>	-	-	136,050	58,746	335,650	166,200
<b>Under Construction (SF)</b>	360,549	240,056	367,920	464,505	151,200	80,000

Source: CBRE Research, H1 2023.

FIGURE 2: Historical Market Statistics by Submarket

		2018	2019	2020	2021	2022	H1 2023
CBD	Net Absorption (SF)	(133,185)	9,607	(383,484)	(1,135)	88,607	119,908
	Delivered Construction (SF)	-	-	105,573	-	299,753	151,200
	Vacancy Rate (%)	10.4	11.2	15.6	13.9	14.6	12.4
EAST	Net Absorption (SF)	1,103	72,879	(127,521)	58,178	(108,168)	(37,461)
	Delivered Construction (SF)	-	-	-	-	-	-
	Vacancy Rate (%)	8.0	13.2	22.4	13.7	20.9	21.8
MIDTOWN	Net Absorption (SF)	(18,802)	26,648	(35,857)	(135,764)	44,170	144,246
	Delivered Construction (SF)	-	-	30,477	-	-	-
	Vacancy Rate (%)	7.0	9.5	9.8	15.5	15.7	10.6
NORTH	Net Absorption (SF)	16,232	(4,689)	218	-	(8,360)	60,004
	Delivered Construction (SF)	-	-	-	-	24,505	-
	Vacancy Rate (%)	32.3	33.4	32.6	32.6	33.2	29.8
SOUTH	Net Absorption (SF)	(70,822)	3,852	(261,652)	(18,501)	(220,717)	267,790
	Delivered Construction (SF)	-	-	-	33,846	37,231	15,000
	Vacancy Rate (%)	18.7	17.7	21.0	18.0	20.8	18.6
SOUTHWEST	Net Absorption (SF)	(21,529)	12,126	(97,783)	26,472	(1,500)	1,628
	Delivered Construction (SF)	-	-	-	24,900	-	-
	Vacancy Rate (%)	10.6	10.3	30.3	0.3	0.6	0.0
UPTOWN	Net Absorption (SF)	42,606	(21,646)	(12,597)	(38,317)	21,369	(117,065)
	Delivered Construction (SF)	-	-	-	-	-	-
	Vacancy Rate (%)	2.8	3.9	7.4	9.3	9.2	17.5
TULSA TOTAL	<b>Net Absorption (SF)</b>	<b>(184,397)</b>	<b>98,777</b>	<b>(918,676)</b>	<b>(106,797)</b>	<b>(184,599)</b>	<b>439,050</b>
	<b>Delivered Construction (SF)</b>	<b>-</b>	<b>-</b>	<b>136,050</b>	<b>58,746</b>	<b>335,650</b>	<b>166,200</b>
	<b>Vacancy Rate (%)</b>	<b>12.9</b>	<b>14.1</b>	<b>18.2</b>	<b>15.6</b>	<b>17.7</b>	<b>16.1</b>

Source: CBRE Research, H1 2023.

FIGURE 3: Supply and Demand

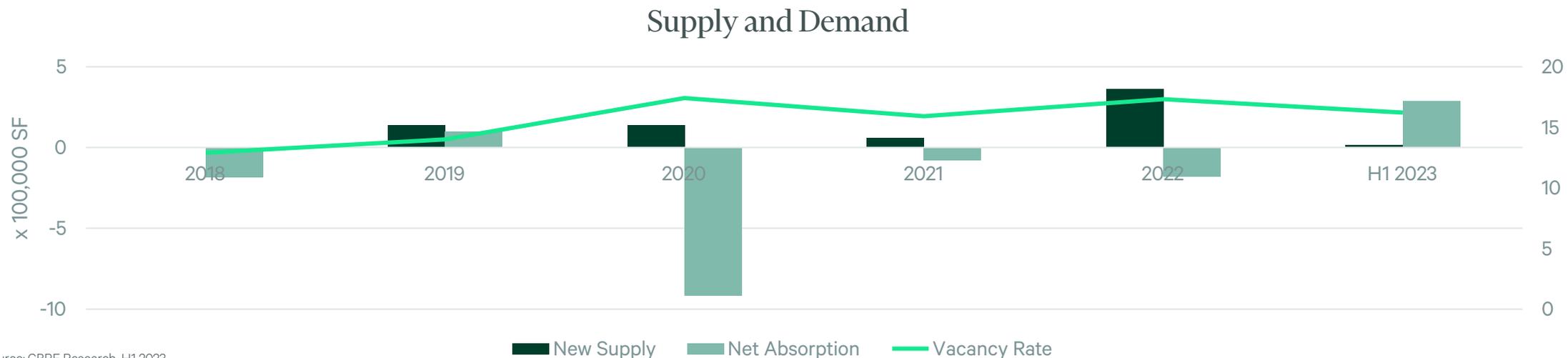


FIGURE 4: Development Pipeline

#### Deliveries

Development	Class	Building Size	Completed	Submarket
Santa Fe Square	A	151,200 SF	Q1 2023	Central
7690 E 126 <sup>th</sup> St S	B	15,000 SF	Q1 2023	South

### Development Pipeline

#### Construction

Development	Class	Building Size	Estimated Completion	Submarket
457 W Albany St	B	10,000 SF	Q3 2023	East
4951 S Frontage Rd	B	20,000 SF	Q4 2023	Southwest
244 S Gateway Pl	B	50,000 SF	Q4 2023	Southwest
Santa Fe Square	A	151,200 SF	Q3 2023	Central

FIGURE 5: Notable Lease Transactions

# Notable Transactions

## One Technology Center



<b>Tenant</b>	36 Degrees North
<b>SF Leased</b>	48,156 SF
<b>Sign Date</b>	May 2023
<b>Lease Term</b>	2 Years
<b>Effective Rent</b>	Undisclosed
<b>Details</b>	36 Degrees North, a coworking space in the Tulsa Arts District, renewed their existing lease for an additional two years while their new downtown location undergoes a major renovation.

Photo courtesy of Legacy Commercial Property Advisors

## Two Warren Place



<b>Tenant</b>	NGL Energy Partners LP
<b>SF Leased</b>	27,330 SF
<b>Sign Date</b>	January 2023
<b>Lease Term</b>	10 Years
<b>Effective Rent</b>	Undisclosed
<b>Details</b>	NGL Energy Partners signed a long-term lease and is moving to a new floor that will be fully renovated collaborative space for their headquarters.

Photo courtesy of Newmark Robinson Park

## Two Warren Place



<b>Tenant</b>	Northmarq
<b>SF Leased</b>	22,379 SF
<b>Sign Date</b>	May 2023
<b>Lease Term</b>	Undisclosed
<b>Effective Rent</b>	Undisclosed
<b>Details</b>	Full floor tenant Northmarq, who purchased Stan Johnson Co., leased third floor at Two Warren Place.

Photo courtesy of Newmark Robinson Park

Source: CBRE Research, H1 2023

## 110 West Seventh



<b>Tenant</b>	Targa Resources
<b>SF Leased</b>	52,146 SF
<b>Sign Date</b>	May 2023
<b>Lease Term</b>	Undisclosed
<b>Effective Rent</b>	Undisclosed
<b>Details</b>	Targa Resources, who acquired Tulsa-based Atlas Energy and Atlas Pipeline Partners in 2014, renewed their lease within the Tulsa CBD.

Photo courtesy of Newmark Robinson Park

FIGURE 6: Notable Sale Transactions

# Notable Transactions

## 624 Boston



CBRE, Inc.

<b>Buyer</b>	Oklahoma Natural Gas
<b>Seller</b>	Khyber Development
<b>Sale Price</b>	\$4,000,000
<b>Total GLA</b>	72,253 SF
<b>Sale Date</b>	June 2023

**Details**

This 10-story zig-zag architectural building constructed in 1926 is located in the Deco District of Downtown Tulsa. It sold to an out-of-state office investor.

## South Pointe Medical



CBRE, Inc.

<b>Buyer</b>	Vitalis
<b>Seller</b>	Southeast Tulsa Medical
<b>Sale Price</b>	\$11,400,000
<b>Total GLA</b>	47,200 SF
<b>Sale Date</b>	June 2023

**Details**

Investment medical office building sale. Fully leased to Oklahoma Heart Institute and Lifestance Health. Located at 92nd & Mingo Road.

## Union Pines



Photo courtesy of Newmark Robinson Park

<b>Buyer</b>	Zeeco, Inc.
<b>Seller</b>	U.S. Cellular
<b>Sale Price</b>	\$8,665,000
<b>Total GLA</b>	133,449 SF
<b>Sale Date</b>	February 2023

**Details**

Energy equipment manufacturer, Zeeco, Inc., purchased the former U.S. Cellular building with plans to expand its global headquarters and corporate offices to Tulsa.

## One Memorial Place



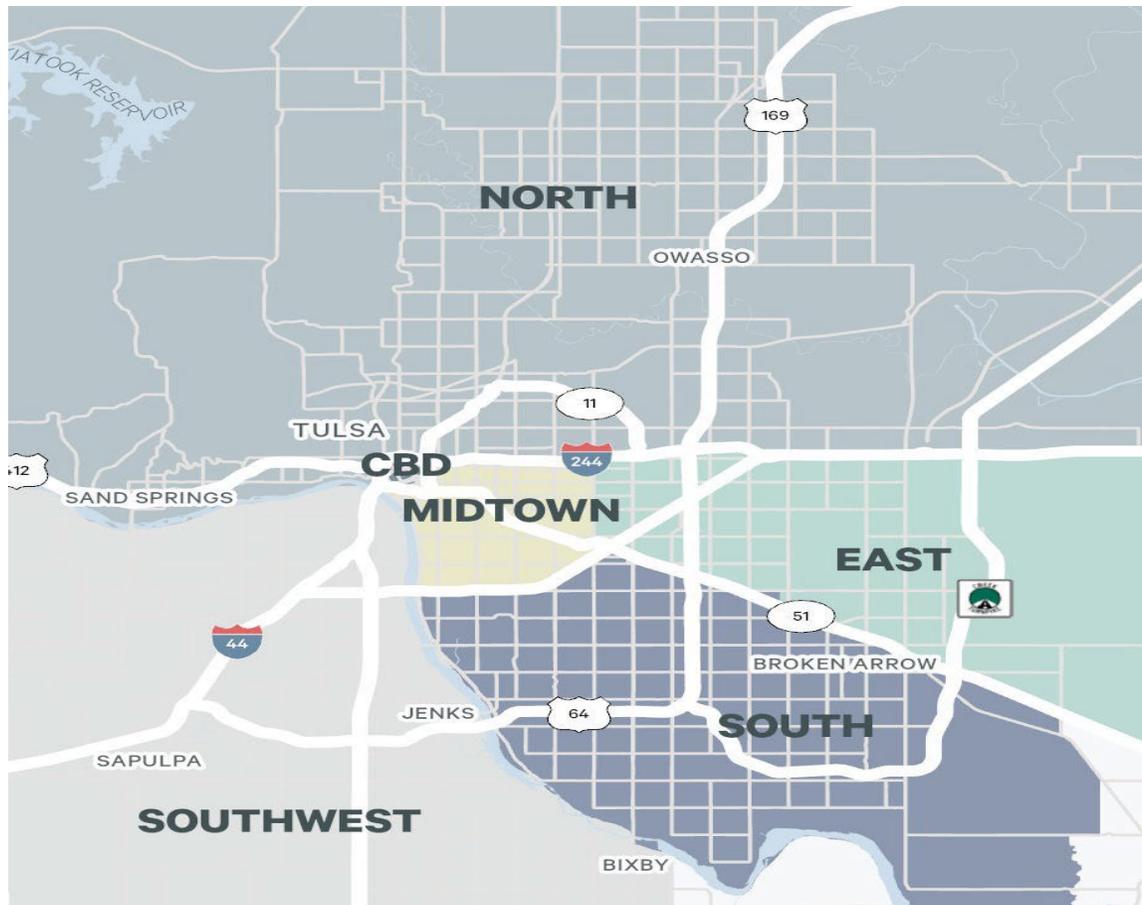
Photo courtesy of Price Edwards

<b>Buyer</b>	Mathias Properties, Inc.
<b>Seller</b>	LAF Brothers Properties, LLC
<b>Sale Price</b>	\$5,000,000
<b>Total GLA</b>	90,643 SF
<b>Sale Date</b>	June 2023

**Details**

This South Tulsa office building sold to an out-of-state investor at 68% occupancy at the time of sale.

**Market Area Overview**



**Contacts**

**Hannah Huynh**  
 Senior Research Analyst  
 +1 405 607 6331  
[hannah.huynh@cbre.com](mailto:hannah.huynh@cbre.com)

**Lauren Vasquez**  
 Field Research Manager  
 +1 214 979 6587  
[lauren.vasquez@cbre.com](mailto:lauren.vasquez@cbre.com)

**Bob Pielsticker, SIOR**  
 Senior Vice President | Director  
 +1 918 665 3830  
[bob.pielsticker@cbre.com](mailto:bob.pielsticker@cbre.com)

**OKLAHOMA CITY**

3401 NW 63<sup>rd</sup> St, Suite 400  
 Oklahoma City, OK 73116

**TULSA**

1437 S Boulder Ave, Suite 1070  
 Tulsa, OK 74119

© Copyright 2023. All rights reserved. This report has been prepared in good faith, based on CBRE's current anecdotal and evidence based views of the commercial real estate market. Although CBRE believes its views reflect market conditions on the date of this presentation, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE's control. In addition, many of CBRE's views are opinion and/or projections based on CBRE's subjective analyses of current market circumstances. Other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE's current views to later be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change.

Nothing in this report should be construed as an indicator of the future performance of CBRE's securities or of the performance of any other company's securities. You should not purchase or sell securities—of CBRE or any other company—based on the views herein. CBRE disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CBRE as well as against CBRE's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.

