



COMMERCIAL REALTY RESOURCES CO.
MULTIFAMILY INVESTMENT SERVICES



2004 Tulsa Mid-Year Apartment Report

July 2004

*Providing professional apartment brokerage and marketing services in
Oklahoma for over 19 years*

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2004 TULSA MID-YEAR REPORT

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As predicted in our 2003 Year End Report, Tulsa continues to be plagued by an excess of lost jobs. This brings Tulsa's total jobs lost for the past 4 ½ years to more than 30,000, almost 10% of the total non-farm jobs for the Tulsa area. A declining job market and low interest rates, which are producing record number single family housing starts, continue to negatively affect Tulsa's multifamily industry. The effect can be easily measured when comparing sales between the Tulsa and Oklahoma City multi-family market. OKC's stable job market, which helps maintain higher occupancies and rent growth, has produced 36 transactions totaling 4,610 compared to just 8 transactions totaling 1,148 units in Tulsa.

In Tulsa, the 1,148 units sold have an average price per unit of \$27,853. This exceeded the 2003 mid-year values by \$2,595 per unit, when there were 13 transactions of 2,417 units. Aside from the 2003 Tulsa American Housing Foundation Portfolio sale (1067 units/\$8,622 per unit), the average price per unit and total units sold is very comparable to 2003.

Most of the sales thus far have been comprised of pre 80's properties. For the 7 transactions in this category the average price per unit is \$28,013. For the 11 transactions in 2003 the average price per unit was \$16,639. As indicated, the 2003 decrease in price per unit was negatively affected by the TAHF's transaction. Excluding this transaction the average would have been \$27,983.

For the 80's category, there has been only one transaction in 2004 with an average of \$24,167 compared to one transaction in 2003 with an average of \$36,042. The discrepancy between the single transactions in this category over the past two years is due more to the individual properties themselves rather than a change in the market. However, this was the only time in at last five years the average price per unit for 80's construction was lower than that for pre 80's.

There were no mid-year sales for post 80's apartments in 2004 compared to 1 transaction in 2003 with an average price per unit of \$62,079 for 365 units.

Private buyers continue to power the market thru the mid-year and we expect to see this trend continue. The significant segment of these buyers are from California. These buyers continue to sell properties in highly appreciated markets then reinvested their proceeds in Oklahoma, often choosing the more stable OKC market over Tulsa. This trend is creating some record numbers for pre-1980's properties in Tulsa. As a result, this has caused sale prices to hold up quite well despite Tulsa's softening conditions, which would traditionally have caused values to decrease.

It is expected that transactional activity will continue to be on the decline throughout the remainder of the year. The real turnaround for the Tulsa multifamily industry will begin when the economy begins posting consistent job growth. According to Multifamily Executive Magazine (June, 2004), "*Nothing will help the apartment market as much as a strong & sustained pick up in employment.*"

2004 TULSA APARTMENT SALES HIGHLIGHTS

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Property

Twin Oaks

2090 S Lynn Riggs Blvd
Claremore, OK

Price

\$1,160,000

\$24,166.67



Castlebury/Monticello

2639 E 51st Street
Tulsa, OK

\$1,670,828

\$28,319.12



Reserve @ Shadow

Mountain

6000 S Memorial
Tulsa, OK

\$17,800,000

\$30,067.57

BREAKDOWN OF PRE-1980'S PROPERTIES

Total Number of Transactions	7
Total Number of Units	1,001
Number of Sales in Tulsa	6
Number of Sales in Owasso	1

Price Per Unit: High \$32,850 Low \$18,828

BREAKDOWN OF 1980'S PROPERTIES

Total Number of Transactions	1
Total Number of Units	48
Number of Sales in Claremore	1

Price Per Unit: High \$24,167 Low \$24,167

BREAKDOWN OF POST-1980'S PROPERTIES

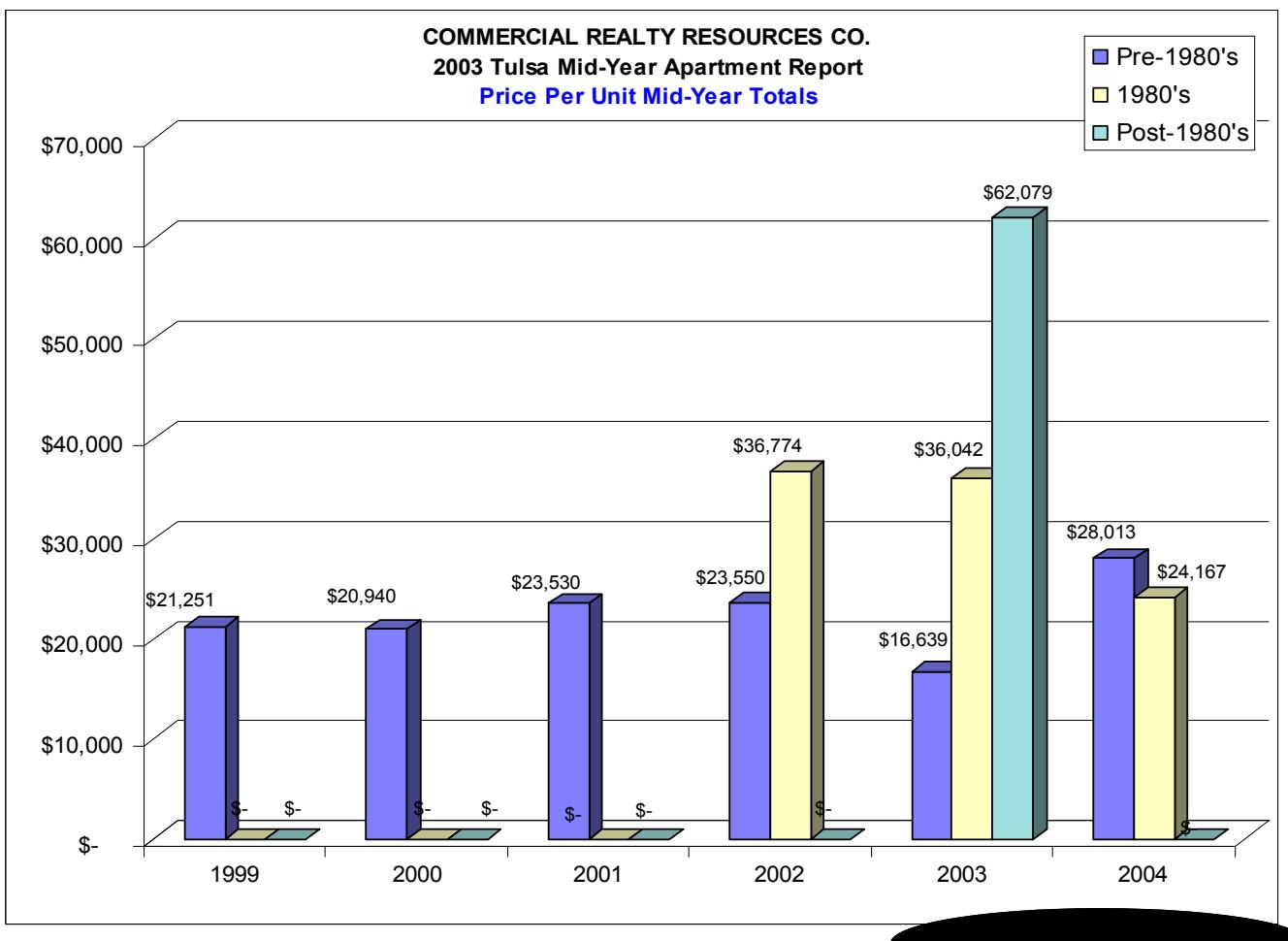
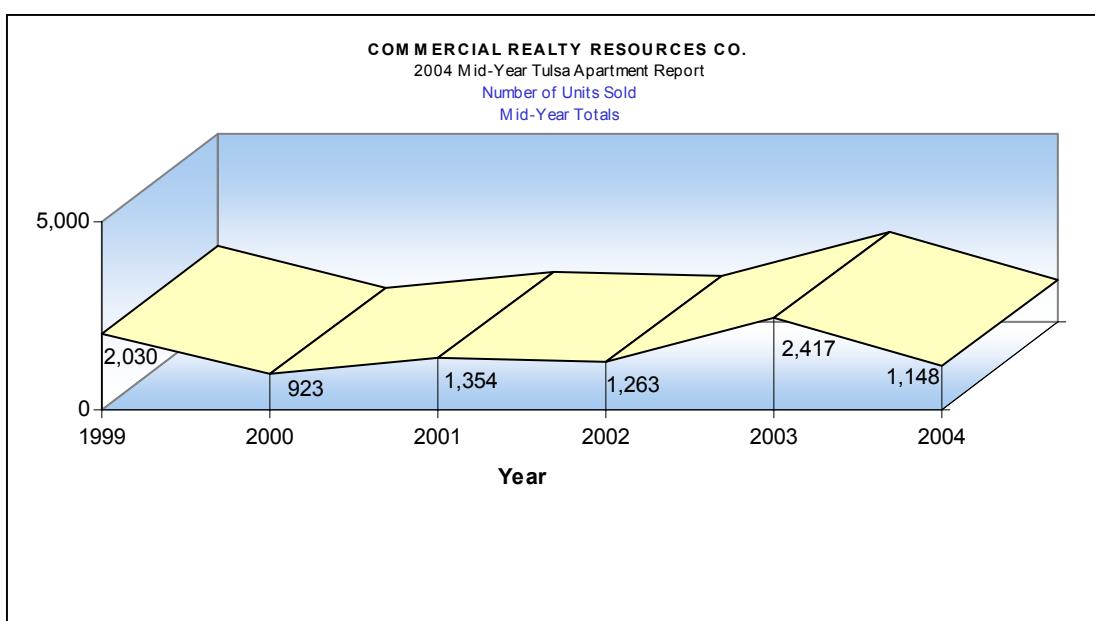
Total Number of Transactions	0
Total Number of Units	0
Number of Sales in Tulsa	0

Price Per Unit: High \$0 Low \$0

AVERAGE SALE PRICE PER UNIT

Apartment Communities in Excess of 25 Units

Number of Transactions-	8
Total Number of Units Sold	1,148
Average Sale Price	\$27,853 per unit
Average Sale Price of Pre-1980's Properties	\$28,013 per unit
Average Sale Price of 1980's Properties	\$24,167 per unit
Average Sale Price of Post-1980's Properties	\$0 per unit



JOB MARKET

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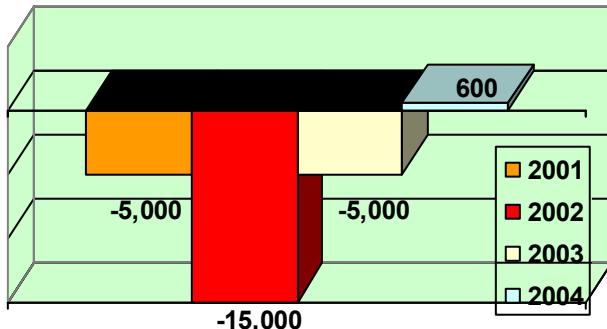
After months of declining employment, the Tulsa area gained 700 jobs in February according to the Oklahoma Employment Security Commission. The last time the Tulsa metropolitan area logged an increase in jobs was in October 2003, when the area had 4,500 more jobs than the previous month. In June the number dropped to 600, which was the result of the loss of 200 MCI employees (despite an agreement to hire more workers) and the addition of 1,000 Dish Network employees. The metro area's unemployment rate dipped to 5.2% in March from a revised rate of 6.6% in January. In March 2003, the rate was 6.4%. Oklahoma had a total unemployment rate of 4.8% in March, while the nation's jobless rate was 6%. Total nonfarm employment rose to 379,600 jobs in March 2004, gaining 4,900 jobs (+1.3 percent) over the month and losing 4,200 jobs (-1.1 percent) since March 2003. Nevertheless, overall employment numbers are down in the Tulsa area.

Uncertainty regarding firms that are considering taking jobs from the Tulsa area, such as WorldCom and State Farm, continues to cloud the job picture in Tulsa. If either WorldCom or State Farm decide to leave, 2004 would most likely leave Tulsa with its fourth consecutive year of negative job growth. With more than 30,000 jobs lost in the past three years, even the overly optimistic predictions for job growth would take several years to recuperate.

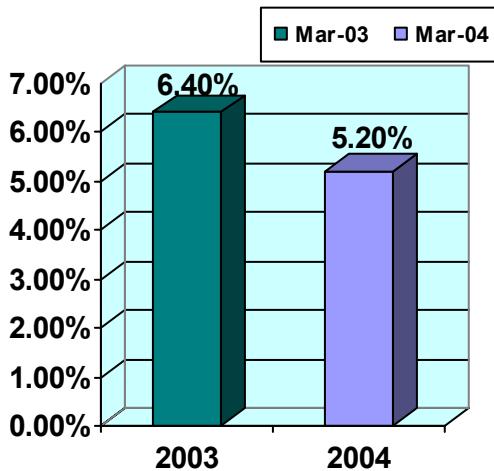
Tulsa Metropolitan Chamber of Commerce: www.tulsachamber.com

This information was gathered from a series of articles written by Tom Droege of the Tulsa World. For more information please contact Tom at tom.droege@tulsaworld.com

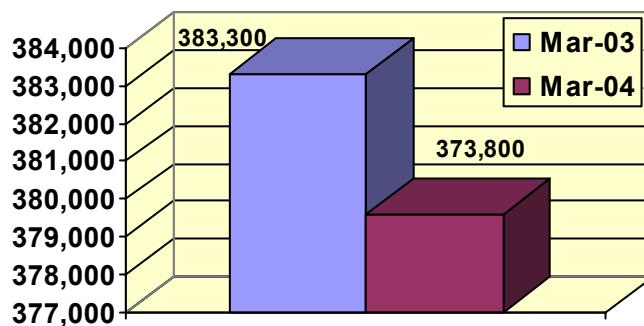
Job Gains/Losses



Tulsa's Unemployment Rate



Tulsa's Non-Farm Employment



SINGLE FAMILY HOUSING

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First time homeowners have had significant influence on lower occupancies and rental rates. As long as interest rates remain low, the hold on any rent growth will endure. For more than two years, homebuyers have enjoyed record-low interest rates -- often below 6% on traditional 30-year mortgages.

Tulsa's apartment industry, unlike major markets, is significantly affected by the low cost of housing. According to the Greater Tulsa Association of Realtors, Tulsa had an average sales price of \$128,098 in 2004, compared to \$133,796 in 2003 and \$128,355 in 2002. Low costs and easily obtainable mortgage financing will continue to make it more convenient and affordable to own homes rather than renting high-end luxury apartments.

Builders started 393 homes in March, equating to about 100 more than in March according to New Orders Weekly and the Home Builders Association of Greater Tulsa. The first-quarter total was 1,027 homes, an 8% increase over the first three months of 2003. During the first four months of the year there was a 15% increase of housing starts as compared to last year. As for Tulsa-area home building, Bixby saw the most activity last month with 58 starts, while Owasso had 47, Jenks 42, and Tulsa 50. According to the Greater Tulsa Association of Realtors in March there were 5,601 new and resale homes on the market. This is up from the 5,042 new and resale homes on the market in March 2003.

The good news for multi-family properties is that improvements on the national economic front will ultimately spell higher mortgage rates. Last week, the nation's benchmark mortgage rate rose for the fourth straight week as signals of a stronger economy pushed up longer-term borrowing costs. Mortgage giant Freddie Mac said the average 30-year fixed-rate mortgage was going for 5.89%, up from 5.79% the week before. Mortgage rates tend to move with yields on long-term debt such as 10-year Treasury notes, which have climbed more than half a percentage point since the federal government reported on April 2, 2004 that March job creation was the strongest in four years. Increases in mortgage rates could be the only foreseeable aid to occupancy increases and rent growth.

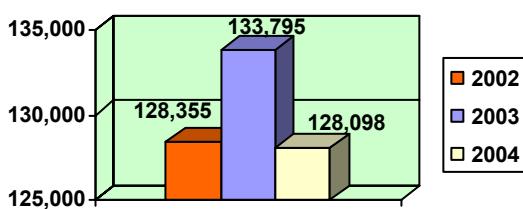
Greater Tulsa Association of Realtors: www.gtarcid.com
www.tulsarealtors.com

Home Builders Association of Tulsa: www.tulsahba.com
www.okhomebuilders.com

National Association of Homebuilders: www.nahb.org

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Average Sales Price New & Resale Home



Number of New & Resale Home on Market

