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TFP

TWENTY FIRST PROPERTIES, INC.



Top Ten Challenges/Opportunities
Facing Office Building Owners

Paul D. Wilson



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#10

Operating Expenses have continued to rise andbut some of the increase cannot be passed through to our Tenants.



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#9

Property Insurance Expense:
Premiums will continue to rise and
coverage has declined.



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#8

Credit checks and underwriting of new tenants is more difficult than ever. We don't know what a "Credit Tenant" looks like any longer.



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#7

Biggest problem may be the lack of available “competing” financing sources since the “shadow banks” have all but gone away.



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#6

Tulsa Office Market continues to perform very well...much better than we expected. The vacancy numbers are skewed, as Eastgate, Cityplex and Kanbar Properties own the majority of the vacancy in the office market.



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#5

Tenant Buildout Costs continue at very high levels with typical standard tenant finish buildout now routinely exceeding \$20 per square foot.



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#4

Investment in Real Estate may enjoy
a resurgence in attention as an
investment alternative when
compared to the stock market.



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#3

Rising Property Taxes will challenge us. Some of the comparable sales from 2 years ago, now being used by the tax assessor in setting values, may not be valid.



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#2

No widespread defaults by Tenants
and no noticeable increase in
delinquency. We aren't seeing
Tenants contract in size...so far.



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#1

Tulsa Office Building Owners feel
much like the passengers on US
Airways flight which landed in the
Hudson River.




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- Certainly glad to be alive
 - To this point our landing has been amazingly smooth and safe.
 - But we fear that problems are looming, as the water rises, albeit very slowly.
 - We hear that help is on the way in the form of President Obama's \$787 billion stimulus plan



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