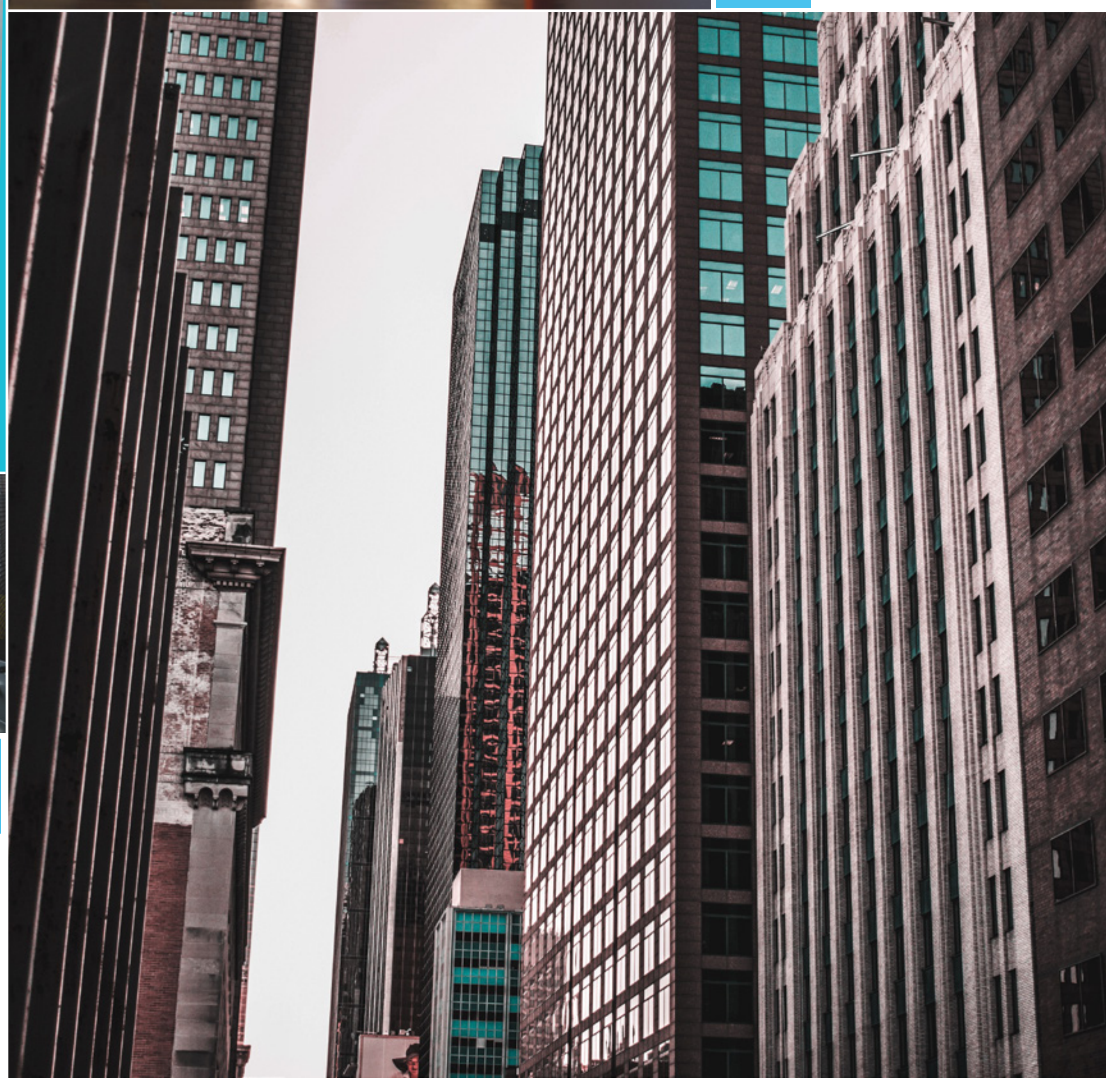
Dallas-Fort Worth
Market Overview

Q2 2020



OFFICE

Dallas/Fort Worth Q2 '20 Summary

331,862,989
Square Feet

16.0%
VACANCY

1,600,105 SF
12 MONTH TOTAL NET ABSORPTION
(Single Tenant Owner Occupied Space Included)

-692,459 SF
Q2 2020 NET ABSORPTION
(Single Tenant Owner Occupied Space Included)

Average Gross Asking Rents

$31.10
CLASS A

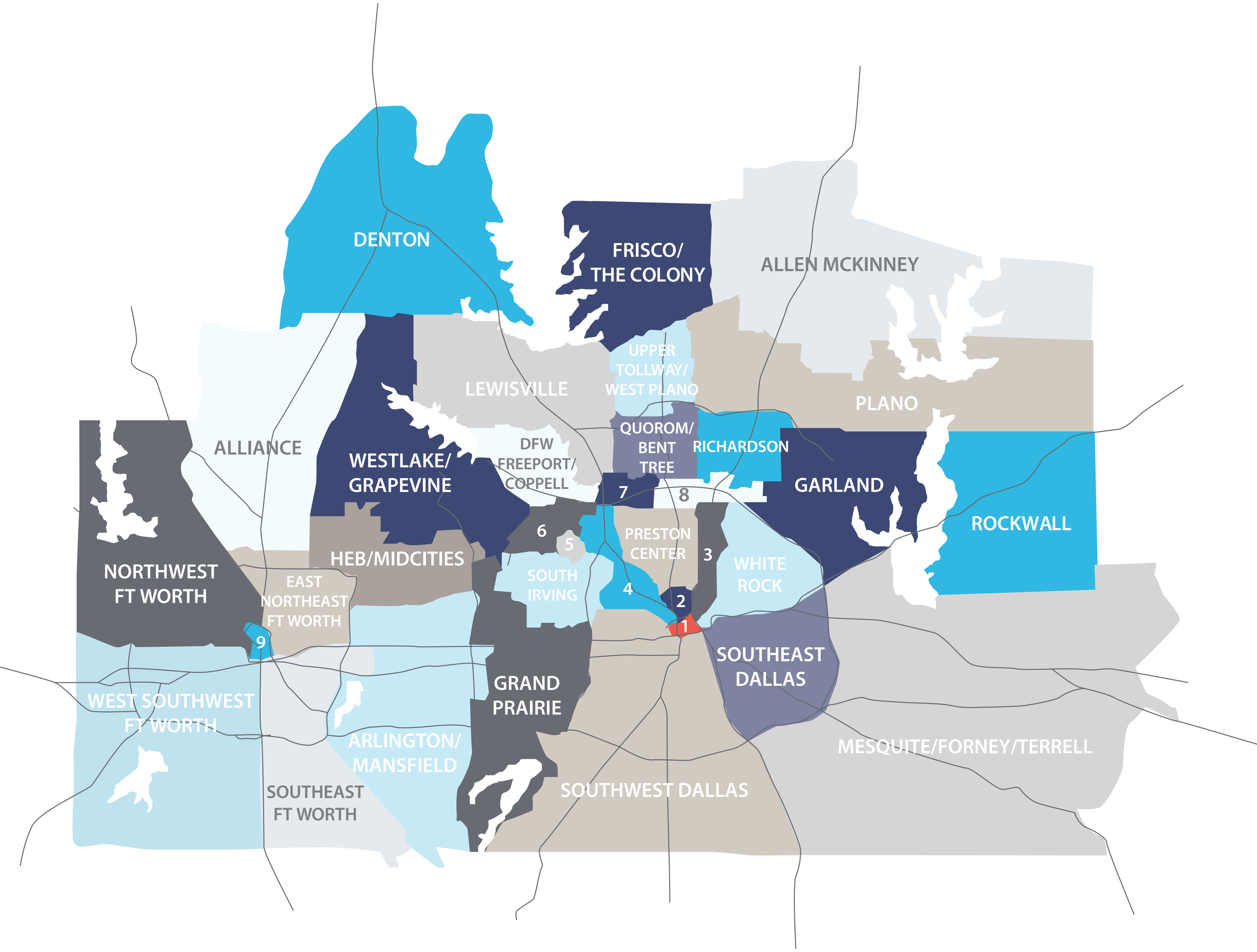
$22.21
CLASS B

7.3 MSF
UNDER CONSTRUCTION

6.3 MSF
12 MONTH DELIVERIES

Parameters: Office | 20,000 SF+ Buildings | Existing | Owner Occupied Included

The Market: **Submarket Map**



1	DALLAS CBD
2	UPTOWN/TURTLE CREEK
3	CENTRAL EXPRESSWAY
4	STEMMONS FREEWAY
5	URBAN CENTER/WINGREN
6	OFFICE CTR/WEST LBJ EXT
7	WEST LBJ FREEWAY
8	EAST LBJ FREEWAY
9	FT WORTH CBD

Dallas-Fort Worth Office Market Research Report Q2 2020

Market Overview

The Dallas-Fort Worth metro (DFW) saw another quarter of negative net absorption as a result of the COVID-19 crisis. The market finished Q2 with -692,459 sf of absorption and 1,600,105 sf of 12-month absorption; its lowest rates since the Great Recession. As a result, market vacancy rose to 16.0%

The office market saw a substantial 1 msf deliver in Q2, though new construction starts will likely slow for the time being. Cranes continue to fill the skyline as construction continued its brisk pace with 7.3 msf underway; down from the cycle highs of 2016, which saw 14 msf under construction, but still enough to make DFW one of the most active markets in the country. However, the Great Pause of COVID-19 has put much of that construction off schedule, or delayed, such as Uber's announcement that it was delaying some construction at its Deep Ellum location until 2021.

"Flight-to-quality" trends continued, as Class A product saw the lowest drop in absorption for classes, though economic strain could push more tenants to look at less expensive options in the future. The flexible solutions office market will likely see a positive boost from the enormous rise of working from home and remote work, which could drive more businesses to evaluate leasing models to better integrate such services. Class B and older properties continue to post negative net absorption.

Sales volume also dropped noticeably, as office product only saw $447M in sales for the quarter, versus the >$1B/quarter it usually saw.

Before COVID-19, the DFW office market was positioned to maintain steady positive quarterly growth. We will have to wait and see what awaits the market for the coming months.

Market Facts

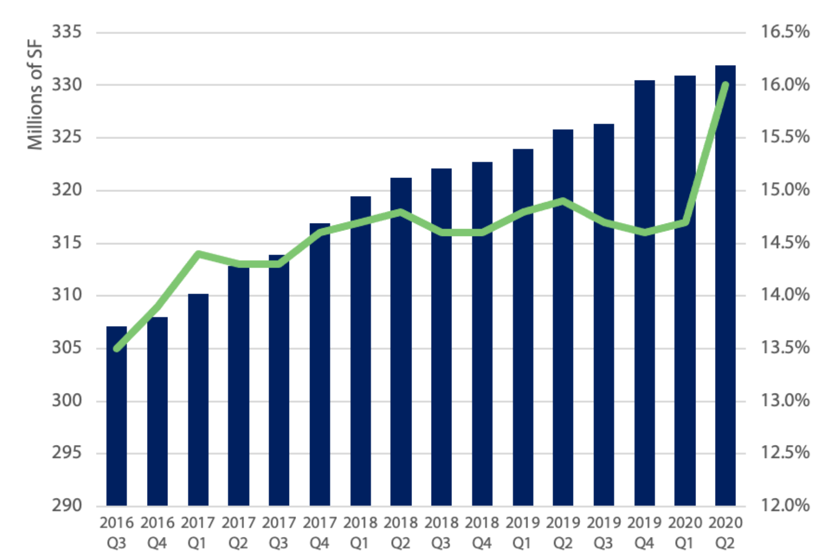
1,008,422
SF Delivered for Q2 2020

12.3%
Unemployment in DFW

$447M
Quarterly Sales Volume

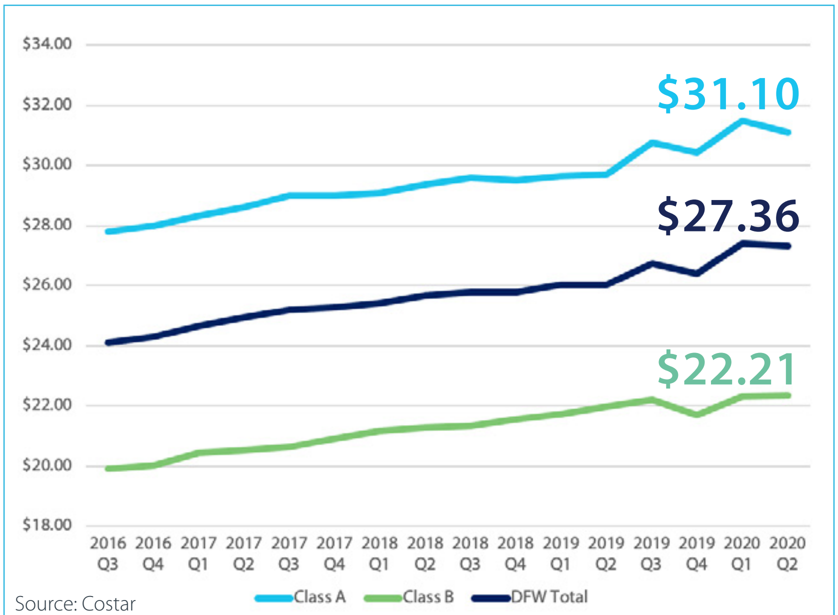
$27.32
Average Gross Direct Rental Rate

Total Inventory vs. Vacancy Rate



Source: Costar

DFW Gross Direct Asking Rent Per SF



Source: Costar

Vacancy

The Dallas-Fort Worth Office market ended the quarter with a vacancy rate of 16.0%. In all, there was 53 msf of vacant space available. The vacancy rate is currently at the highest rate it's seen in almost a decade. The shift to work-from-home opportunities could see longer backfill times for these new vacancies.

Looking at which submarkets are struggling the most with large vacancies, the usual suspects stay in sight. Dated product from the 80's and earlier continues to struggle, as evidenced in not just Dallas CBD, but also in submarkets like Stemmons Fwy, LBJ Fwy, and Quorum/Bent Tree.

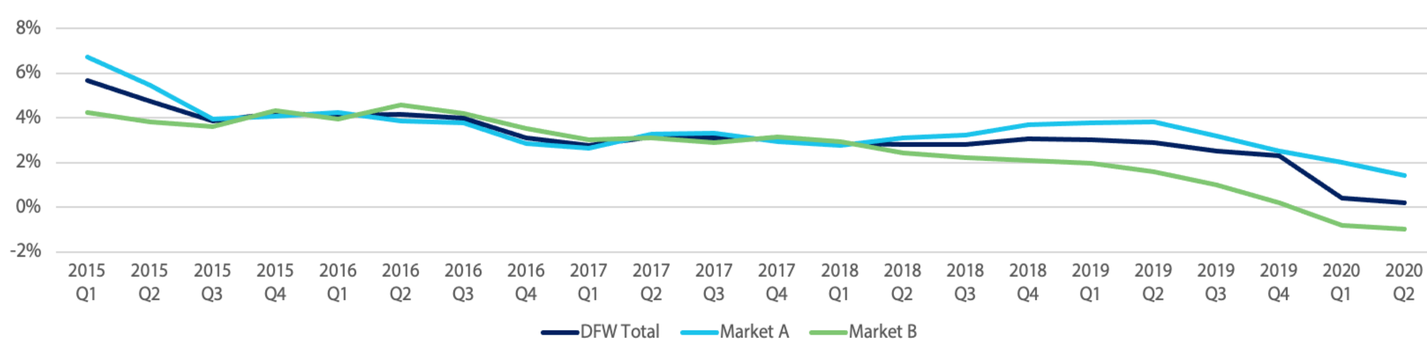
Sublease availability rates rose to 2.0%, or 6.7 MSF of total availability. Of that, nearly 4 MSF is already vacant.

Rental Rates

Annualized rent growth for Q2 was 0.4%, driven substantially by the harsh drop due to COVID-19. Before that, rent growth was decelerating, as it has been for multiple quarters, but expect rent growth to all but end for the time being.

Premier submarkets such as Uptown/Turtle Creek, Frisco/The Colony, and Upper Tollway/West Plano had seen the strongest growth, with rents now 20% greater than per-recession peaks.

Annualized Rent Growth



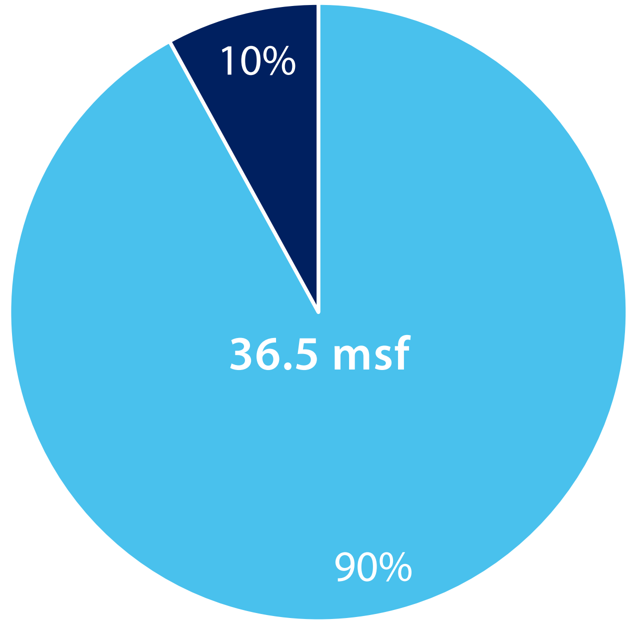
Absorption & Supply

12-month net absorption finished the quarter at 1.6 msf, which although still safely in positive territory, is less than half the 12-month total seen even last quarter. When owner occupied space is excluded, 12-month net absorption drops negative across the board, showing the majority of absorption is continuing its flight-to-quality trend towards upgraded Class B, newer Class A product, and BTS sites.

DFW Total 12 Month Absorption (Owner Occup. Excluded)	Class A 12 Month Absorption (Owner Occup. Excluded)
-1,213,176 SF	-201,664 SF
Class B 12 Month Absorption (Owner Occup. Excluded)	Class C 12 Month Absorption (Owner Occup. Excluded)
-502,035 SF	-609,507 SF

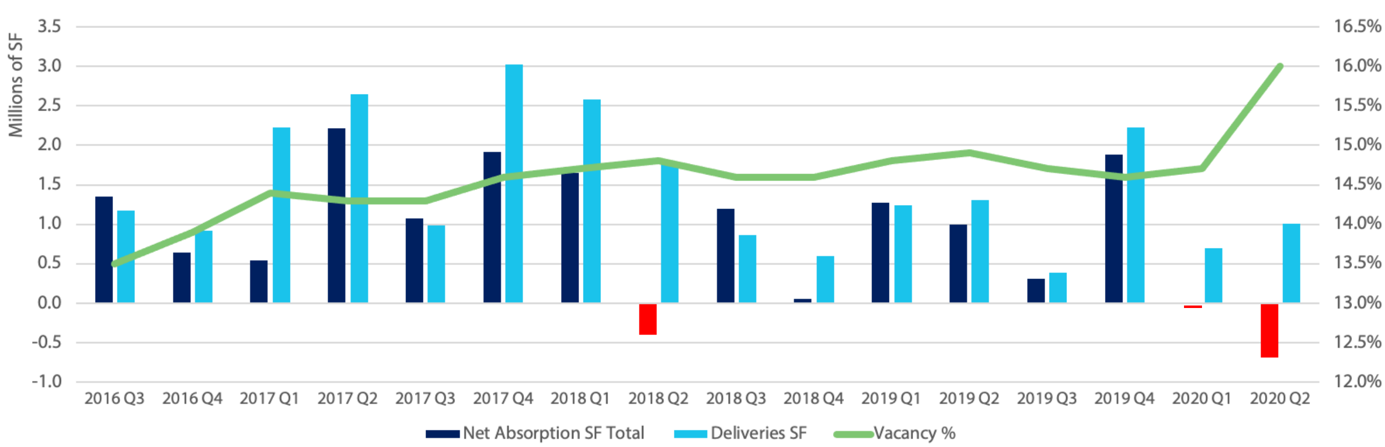
Newly built product is performing very well. Of the 22 msf of non owner-occupied inventory built in the last 5 years, 89% has been leased. Of the 6.3 msf currently under construction, including single tenant build-to-suits, the availability rate stands at 40%.

Absorption & Deliveries



Roughly half of new product built in the last 5 years has been custom build-to-suits. That has helped the market absorb most of the newer supply, to the point that over 90% of all new inventory has been filled.

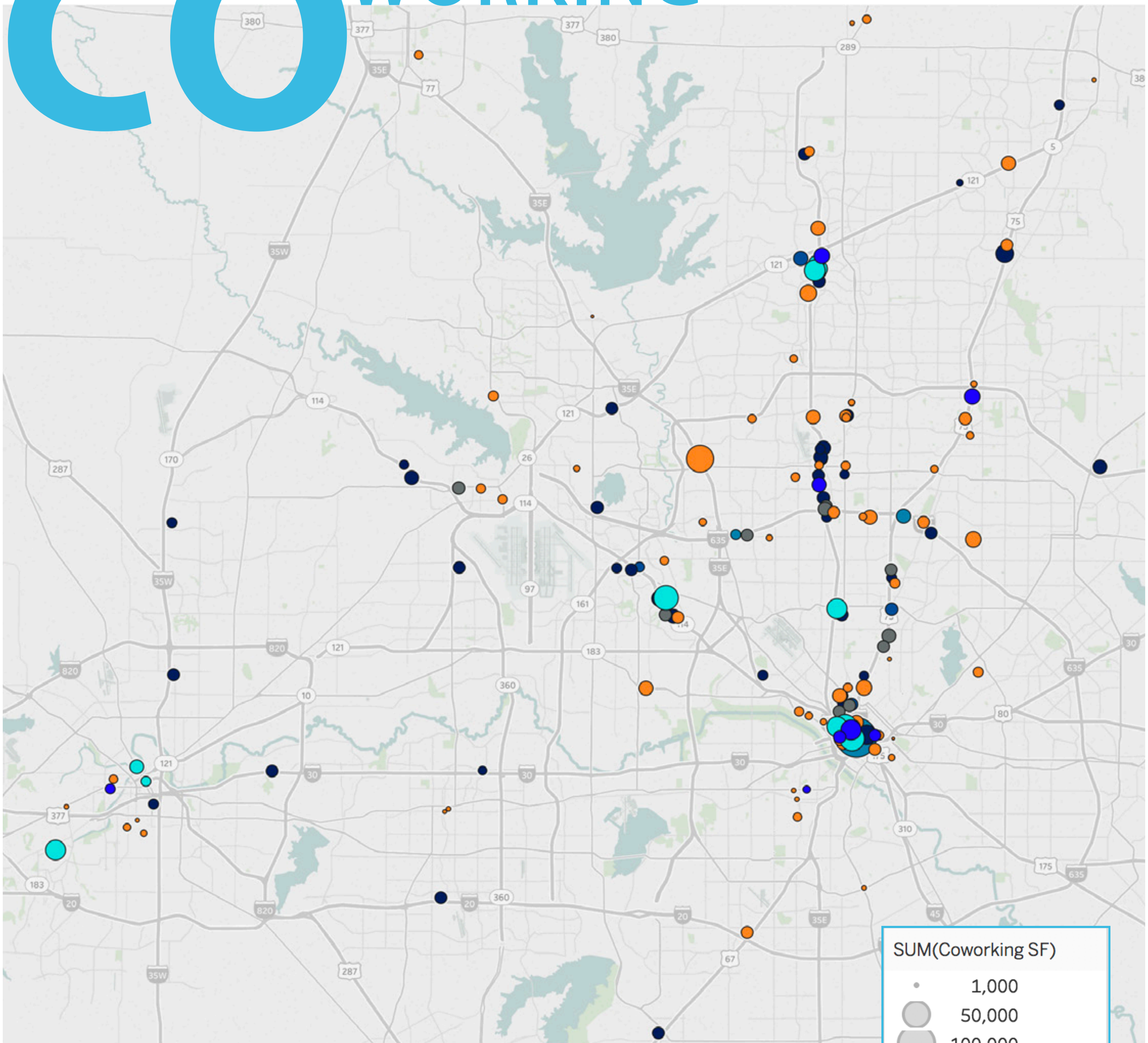
Net Absorption, Net Deliveries & Vacancy



Top Leases Past 12 Months

Address/Complex	Tenant	Submarket	Size (SF)	Deal Type
The Epic	Uber Technologies	White Rock (CBD Cluster)	468,993 SF	New
Duke Bridges	T-Mobile	Frisco/The Colony	199,800 SF	New
Arlington Center	Lockheed Martin	HEB/Mid Cities/Arlington	175,536 SF	New
777 Main	Oncor Electric Delivery	Fort Worth CBD	175,192 SF	New
5501 Headquarters Dr	Rent-A-Center	Upper Tollway	169,179 SF	Renewal

COWORKING



There is currently **3.6 MSF** of space dedicated to coworking and flexible lease providers.

LARGEST PROVIDERS (% Total Inventory)

26%	18%	8%	6%
Regus & Spaces	WeWork	Boxer	Common Desk

The Market: **Stats**

Class A & B Market Statistics

Q2 2020

Market	Existing Inventory		Vacancy				12 Month	Quarterly Net	12 Month	Under	Quoted
	# Blds	Total RBA	Direct SF	Sublease SF	Total SF	Total Vacant Available %	Net Absorption	Absorption	Deliveries	Const SF	Gross Rent Direct
Class A	687	170,704,484	27,290,469	2,791,766	30,082,235	17.6%	2,482,749	-42514	5,676,815	6,324,495	$31.10
Class B	1,902	143,034,513	20,403,768	929,887	21,333,655	14.9%	-445,847	-630007	589,004	945,861	$22.21
Totals	**2,589**	**313,738,997**	**47,694,237**	**3,721,653**	**51,415,890**	**16.3%**	**2,036,902**	**(672,521)**	**6,265,819**	**7,270,356**	**$26.66**

Source: CoStar Property®

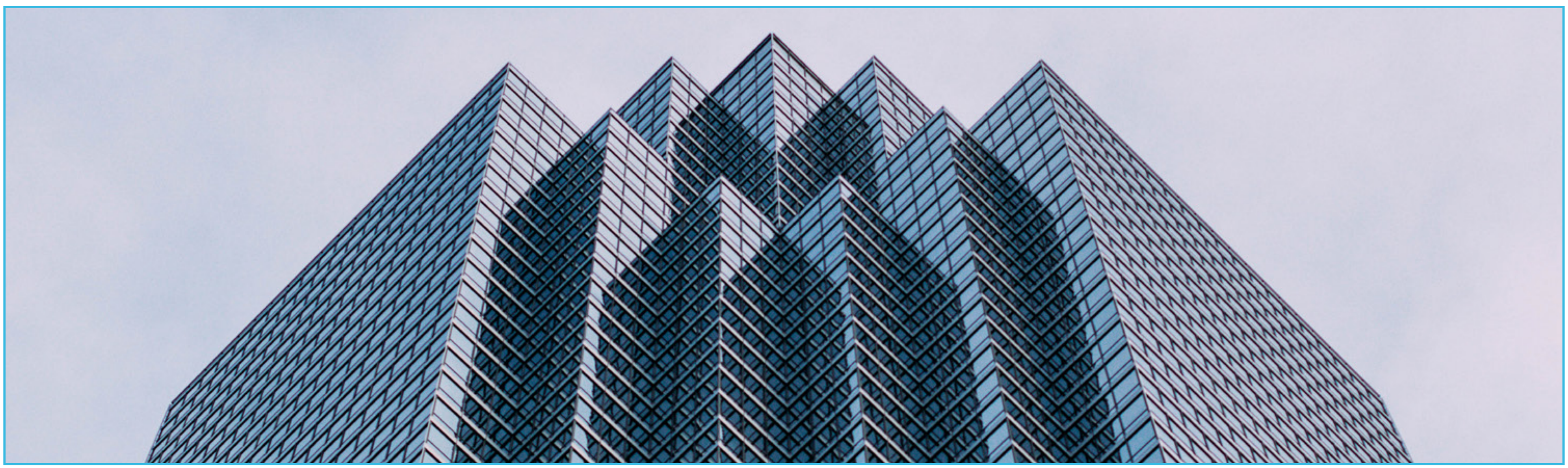
Total Office Market Statistics

Q2 2020

Market	Existing Inventory		Vacancy				12 Month	Quarterly Net	12 Month	Under	
	# Blds	Total RBA	Direct SF	Sublease SF	Total SF	Total Vacant Available %	Net Absorption	Absorption	Deliveries	Const SF	Gross Rent Direct
Totals	**2,982**	**331,862,989**	**49,247,131**	**3,728,076**	**52,975,207**	**16.0%**	**1,600,105**	**(692,459)**	**6,265,819**	**7,270,356**	**$27.32**

Source: CoStar Property®

Office, 20k+ sf, Existing, Owner Occupied Included



The Market: **Class A Stats - Core Submarkets**

	Existing Inventory		Vacancy				Absorption		Construction		Quoted Gross Direct Rates
Market	**# Blds**	**Total RBA**	**Direct SF**	**Sublease SF**	**Total SF**	**%**	**12 Mo. Net**	**Quarterly Net**	**YTD Deliveries**	**Under Constr.**	
Allen/McKinney	19	1,901,421	156,280	6,955	163,235	8.6%	89,359	9,554	0	300,000	$31.60
Central Expy	26	7,527,626	1,307,265	98,462	1,405,727	18.7%	-254,761	-49,354	0	0	$33.29
Dallas CBD	33	23,859,928	5,380,493	791,539	6,172,032Q	25.9%	-264,072	219,454	0	259,230	$28.48
Fort Worth CBD	19	6,423,791	840,164	51,643	891,807	15.8%	51,236	-21,862	0	0	$31.88
Frisco/The Colony	35	4,927,986	495,679	35,428	531,107	10.8%	274,132	101,723	400,059	907,644	$37.83
Las Colinas	98	23,723,527	3,800,846	212,878	4,013,724	16.9%	1,089,156	301,670	2,059,554	258,281	$30.50
LBJ	39	11,286,823	1,894,408	138,880	2,033,288	18.0%	185,113	-64,102	0	94,160	$26.75
Lewisville/Denton/Flower Mound	8	461,915	143,962	2,496	146,458	31.7%	-10,740	162	119,783	122,000	$27.93
Mid Cities/HEB/Arlington	27	4,694,090	390,109	12,719	402,828	8.6%	1,739,696	-24,138	1,760,652	122,000	$24.67
Preston Center	24	4,459,535	406,461	49,552	456,013	10.2%	54,545	-27,002	116,717	297,000	$43.59
Quorum/Bent Tree	51	12,365,648	1,795,853	348,799	2,144,652	17.3%	158,651	-59,717	0	0	$32.24
Richardson/Plano	60	13,366,364	2,608,929	145,230	2,754,159	20.6%	321,927	28,902	0	48,000	$27.26
Stemmons	14	4,982,369	784,580	31,519	816,099	16.4%	-58,291	-7,707	0	0	$20.76
Upper Tollway/West Plano	95	24,737,032	2,748,257	438,678	3,186,935	12.9%	177,949	115,472	675,527	1,384,646	$36.78
Uptown/Turtle Creek	54	12,551,891	1,535,327	141,626	1,676,953	13.4%	164,421	-1,119	307,172	656,774	$43.21
West Southwest Fort Worth/Clearfork	27	3,345,179	174,225	225,614	399,839	12.0%	-231,786	-151,308	27,312	23,031	$27.78
Westlake/Grapevine/Southlake	26	5,383,362	978,686	77,306	1,055,992	19.6%	44,237	-105,810	0	616,999	$31.84
Totals	**655**	**165,998,487**	**25,441,524**	**2,809,324**	**22,078,816**	**16.3%**	**3,530,772**	**264,818**	**5,466,776**	**5,089,765**	**$31.55**

The Market: **Class B Stats - Core Submarkets**

	Existing Inventory		Vacancy				Absorption		Construction		Quoted Gross Direct Rates
Market	# Blds	Total RBA	Direct SF	Sublease SF	Total SF	%	12 Mo. Net	Quarterly Net	YTD Deliveries	Under Constr.	
Allen/McKinney	57	4,758,496	409,514	49,499	459,013	9.6%	48,566	33,354	0	70,000	$25.14
Central Expy	75	6,021,151	580,678	41,630	622,308	10.5%	13,123	-31,988	0	88,890	$28.51
Dallas CBD	43	7,352,043	1,173,189	25,637	1,198,826	16.3%	-761	-24,952	0	0	$20.43
Fort Worth CBD	37	5,261,759	394,270	47,836	442,106	8.4%	-17,539	-43,766	0	0	$20.92
Frisco/The Colony	43	2,133,444	193,080	5,575	198,655	9.8%	-13,918	-32,153	21,022	68,000	$30.78
Las Colinas	205	17,940,956	2,701,773	197,193	2,898,966	16.2%	-310,056	-285,840	0	103,000	$22.80
LBJ	118	10,464,607	2,185,141	13,480	2,198,621	21.0%	73,640	-94,657	0	0	$19.62
Lewisville/Denton/Flower Mound	102	6,662,218	724,103	5,058	729,161	10.9%	-62,138	-13,622	0	86,340	$23.83
Mid Cities/HEB/Arlington	145	9,107,554	982,441	50,308	1,032,749	11.3%	-15,580	-35,822	50,000	90,000	$22.96
Preston Center	19	1,114,319	170,652	4,531	175,183	15.7%	-46,073	-35,855	0	0	$30.85
Quorum/Bent Tree	138	9,745,551	1,918,933	194,445	2,113,378	21.7%	116,578	23,540	48,000	0	$21.07
Richardson/Plano	192	14,821,174	2,036,873	32,058	2,068,931	14.0%	68,330	28,226	52,091	0	$20.93
Stemmons	88	8,241,093	2,042,078	0	2,042,078	24.8%	-7,469	52,651	0	65,000	$17.39
Upper Tollway/West Plano	108	8,064,011	1,030,916	36,725	1,067,641	13.4%	26,868	-35,366	0	34,500	$27.33
Uptown/Turtle Creek	38	2,325,241	356,653	30,034	386,687	16.6%	-1,255	-16,724	0	0	$32.56
West Southwest Fort Worth/Clearfork	116	6,625,531	700,851	65,479	766,330	11.6%	42,888	70,268	81,813	29,500	$25.01
Westlake/Grapevine/Southlake	60	3,235,987	398,030	101,391	499,421	15.4%	-63,781	-71,678	45,750	133,317	$27.24
Totals	**1,584**	**123,875,135**	**17,999,175**	**900,879**	**18,900,054**	**14.5%**	**-148577**	**(514,384)**	**298,676**	**768,547**	**$24.55**

Office, 20k sf, Existing, Owner Occupied Included

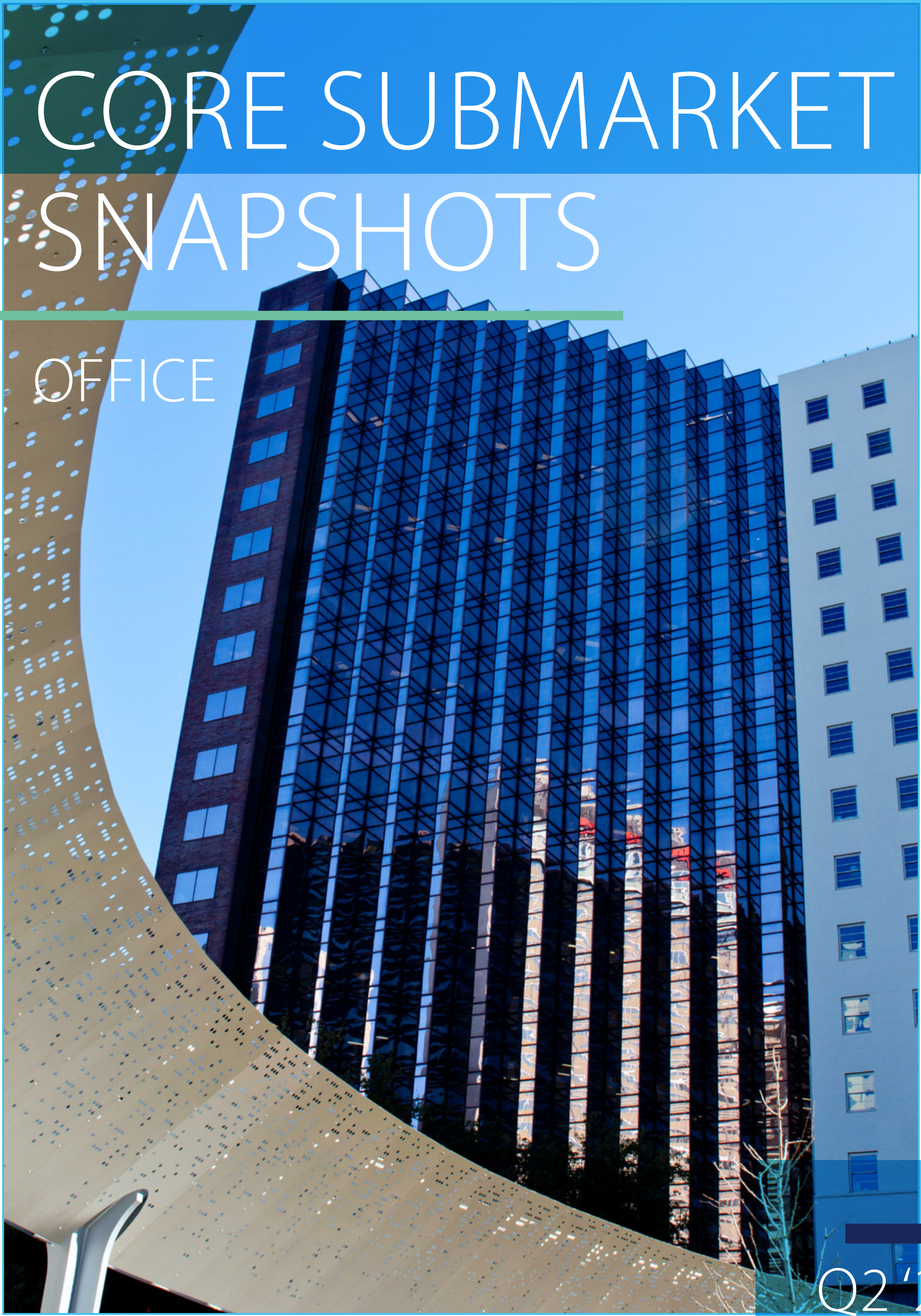
The Market: **Totals - Core Submarkets**

	Existing Inventory		Vacancy				Absorption		Construction		Quoted Gross Direct Rates
Market	# Blds	Total RBA	Direct SF	Sublease SF	Total SF	%	12 Mo. Net	Quarterly Net	YTD Deliveries	Under Constr.	
Allen/McKinney	80	7,475,083	549,446	56,454	605,900	8.1%	156,346	42,908	0	370,000	$27.13
Central Expy	109	13,478,534	1,818,577	136,169	1,954,746	14.5%	-223,638	-72,939	0	88,890	$31.50
Dallas CBD	96	33,404,571	6,563,258	817,176	7,380,434	22.1%	-270,549	174,912	0	259,230	$27.27
Fort Worth CBD	60	11,196,810	1,234,434	99,479	1,333,913	11.9%	33,951	-66,128	0	0	$28.66
Frisco/The Colony	79	7,028,587	683,641	41,003	724,644	11.0%	238,783	30,770	421,081	975,644	$37.07
Las Colinas	319	42,743,199	6,570,003	410,071	6,980,074	16.3%	869,110	27,434	2,060,286	361,281	$26.74
LBJ	170	22,303,806	4,112,785	152,360	4,265,145	19.1%	344,469	-151,414	0	94,160	$23.20
Lewisville/Denton/Flower Mound	137	8,155,950	919,467	7,554	927,021	11.4%	-94,621	23,190	120,573	208,340	$23.54
Mid Cities/HEB/Arlington	217	15,804,704	1,477,012	63,027	1,540,039	9.7%	1,708,606	-74,620	1,830,000	212,000	$21.73
Preston Center	51	5,795,675	584,427	54,083	638,510	11.0%	8,979	-62,857	118,000	297,000	$40.40
Quorum/Bent Tree	198	22,466,772	3,721,067	543,244	4,264,311	19.0%	270,100	-16,063	48,000	0	$27.05
Richardson/Plano	283	29,618,107	5,170,526	181,627	5,352,153	18.1%	-123,095	44,921	52,091	48,000	$24.14
Stemmons	133	14,573,883	3,097,364	33,603	3,130,967	21.5%	125,487	4,765	0	65,000	$18.39
Upper Tollway/West Plano	208	32,856,429	3,779,109	463,709	4,242,818	12.9%	196,364	-143,277	678,335	1,419,146	$34.43
Uptown/Turtle Creek	99	15,133,688	1,917,441	169,719	2,087,160	13.8%	234,365	-16,042	310,548	656,774	$40.81
West Southwest Fort Worth/Clearfork	173	11,113,728	940,140	291,093	1,231,233	11.1%	-213,110	-82,648	109,125	52,531	$25.18
Westlake/Grapevine/Southlake	88	8,773,654	1,402,846	178,697	1,581,543	18.0%	-127,709	-171,888	26,604	750,316	$30.40
Totals	**2,500**	**301,923,180**	**44,541,543**	**3,699,068**	**48,240,611**	**14.7%**	**3,133,838**	**(508,976)**	**5,774,643**	**5,858,312**	**$28.68**

Office, 20k sf, Existing, Owner Occupied Included

CORE SUBMARKET SNAPSHOTS

OFFICE

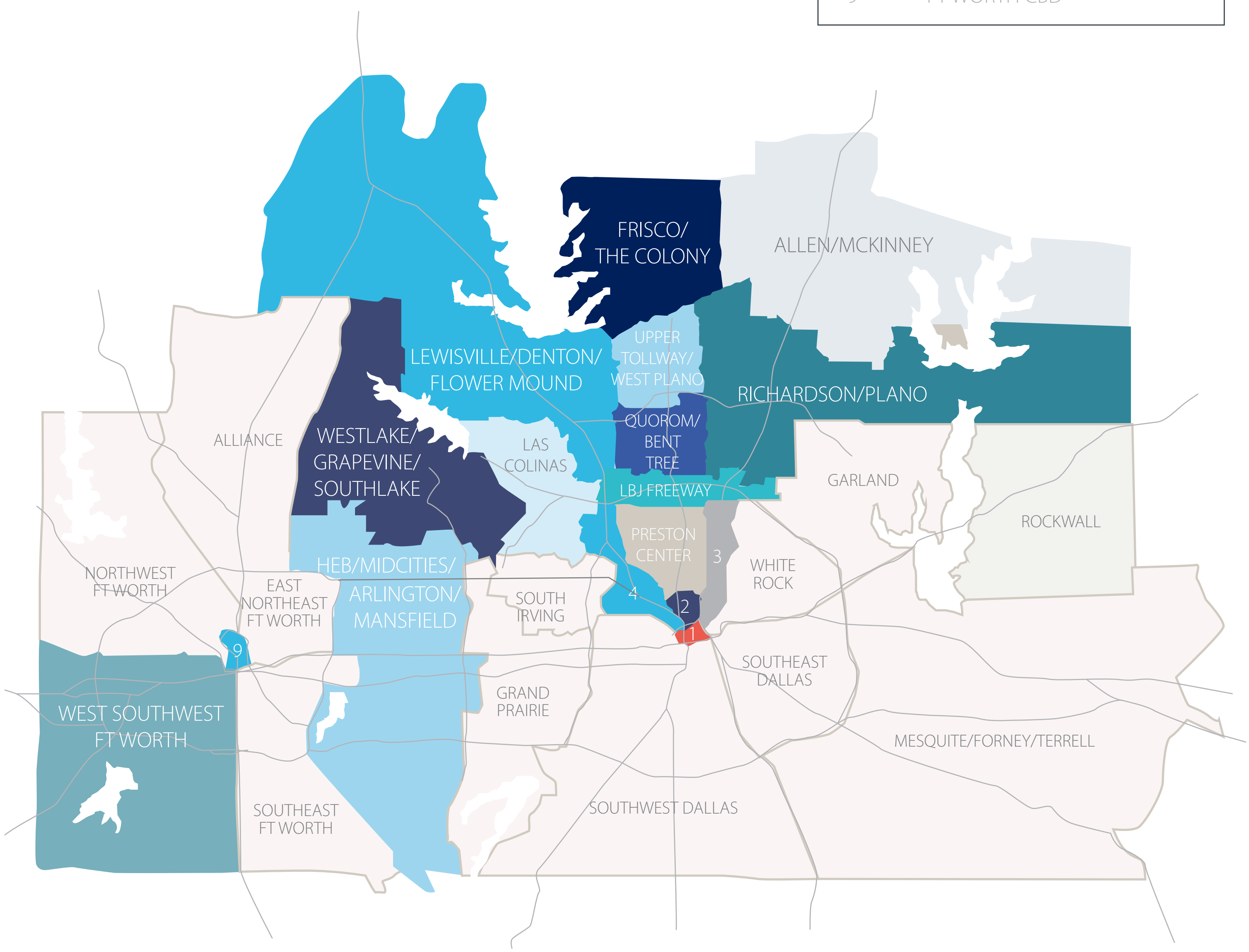


Q2 '20

DALLAS-FORT WORTH SUBMARKET MAP

CORE SUBMARKETS COLORED

1	DALLAS CBD
2	UPTOWN/TURTLE CREEK
3	CENTRAL EXPRESSWAY
4	STEMMONS FREEWAY
5	URBAN CENTER/WINGREN
6	OFFICE CTR/WEST LBJ EXT
7	WEST LBJ FREEWAY
8	EAST LBJ FREEWAY
9	FT WORTH CBD

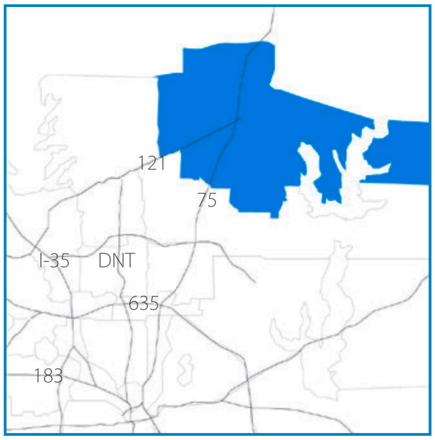


AVISON YOUNG

AVISON YOUNG

Q2 2020 OFFICE SUBMARKET SNAPSHOT

ALLEN/McKINNEY



Market Facts

MARKET TOTAL RBA
7,475,083 SF

CLASS A GROSS DIRECT RATE
$31.60/SF

CLASS B GROSS DIRECT RATE
$25.14/SF

MARKET TOTAL GROSS DIRECT RATE
$27.13/SF

TOTAL VACANCY
605,900 SF

TOTAL VACANCY %
8.1%

12 MONTH NET ABSORPTION
156,346 SF

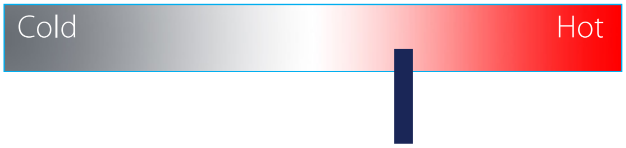
QUARTERLY NET ABSORPTION
42,908 SF

YOY RENT GROWTH
1.8%

12 MONTH DELIVERIES
0 SF

UNDER CONSTRUCTION
370,000 SF

Market Dynamicism



Market Overview

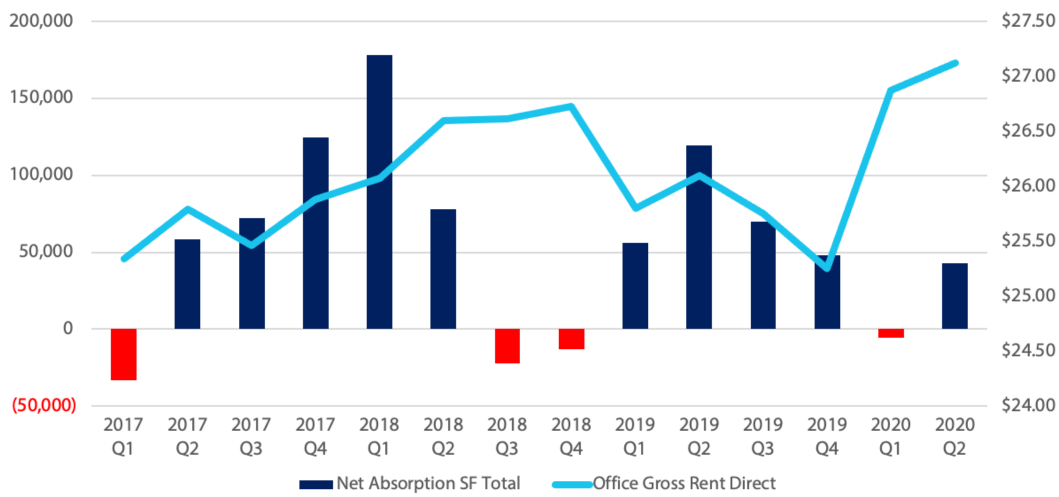
More than 20% of Allen/McKinney's office inventory has been built since 2010, helping drive absorption as tenants continue the "flight-to-quality" trend that is permeating the metroplex. Allen/McKinney has seen several new properties designed to compete with its neighbors in Frisco and West Legacy, but at much lower price points, and generally in smaller buildings with less RBA. Average RBA in Allen/McKinney is 86,551 SF, versus roughly 150,000 SF for its western neighbors.

Most of its office properties are located along the North Central Expressway in Allen, in the southern half of the submarket. There is a general lack of large blocks of available space, which constrains some aspects of absorption. Vacancies have generally trended much lower than metro averages, but are seeing a slight rise with recent deliveries of speculative product such as One Bethany, which brought 130,000 SF of inventory and is now roughly 78% leased. Like much of the rest of the metro, Allen/McKinney is seeing success with corporate build-to-suit projects, such as Independent Bank's recently completed 165,000 SF headquarters in Craig Ranch.

Construction starts have created a healthy pipeline of 325,000 SF that should deliver in the next 12 months, of which roughly 60% is available.

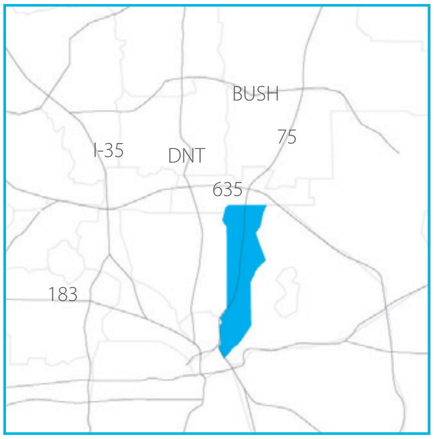
Rent growth has slowed quite substantially over recent quarters; after consistently averaging over 2.0% year-over-year growth for several years, growth turned negative year-over-year for the quarter. However, rents are still at record highs, and currently stand roughly 5% higher than pre-recession highs.

NET ABSORPTION & AVG. DIRECT GROSS RATES



Q2 2020 OFFICE SUBMARKET SNAPSHOT

CENTRAL EXPRESSWAY



Market Facts

MARKET TOTAL RBA
13,478,534 SF

CLASS A GROSS DIRECT RATE
$33.29/SF

CLASS B GROSS DIRECT RATE
$28.51/SF

MARKET TOTAL GROSS DIRECT RATE
$31.50/SF

TOTAL VACANCY
1,954,746 SF

TOTAL VACANCY %
14.5%

12 MONTH NET ABSORPTION
-223,638 SF

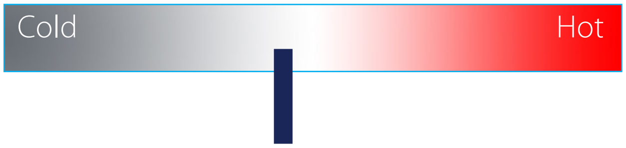
QUARTERLY NET ABSORPTION
-72,939 SF

YOY RENT GROWTH
2.3%

12 MONTH DELIVERIES
0 SF

UNDER CONSTRUCTION
88,890 SF

Market Dynamicism



Market Overview

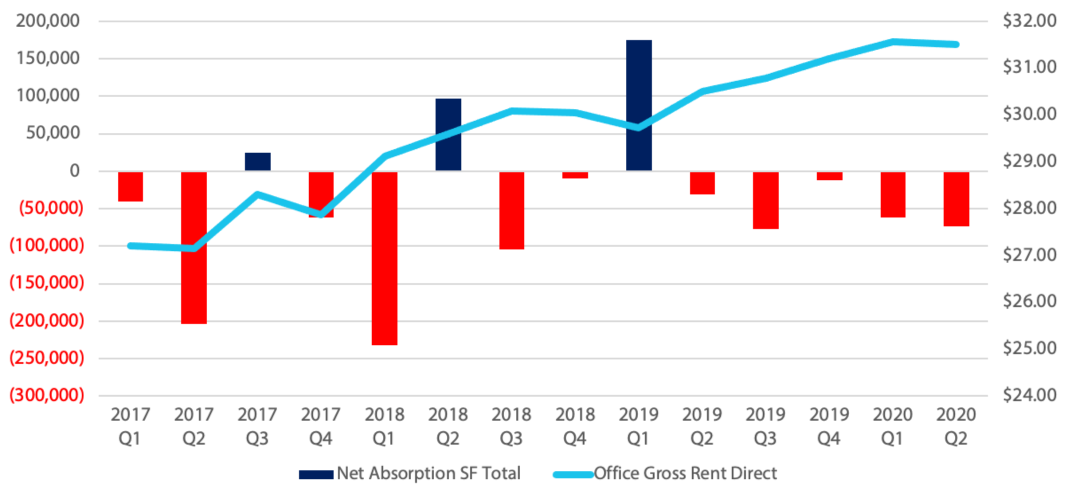
Vacancies in Central Expressway have risen recently, but at still near the submarket's all-time lows. Low vacancies, desirable location, and less new supply than some surrounding submarkets have all helped drive rental rates up at a faster and more substantial pace than other areas. Rents have grown by over 12% since 2012- one of the highest growth margins in the metro. Even with this growth, quality buildings are still able to provide asking rents roughly 25%-35% lower than rival properties in Uptown or Preston Center.

Construction has been slower than much of the surrounding area, with only minimal starts in the last 5 years, save for renovation projects such as the Meadows Building, which is housing Gensler's new space.

While fundamentals for net absorption are firm on paper, the submarket has struggled recently with several quarters of negative net absorption, caused in part by the "flight-to-quality" trend seen across the metro, as more tenants are willing to relocate to newer properties in more convenient locations such as the northern suburbs. Since the average building in the submarket was built in 1982, this trend could pose a threat to some landlords as they begin to fight for tenants that are seeking newer, shinier pastures.

On the sales side, instituional investors favor the market for its stability and quality assets. Roughly 20 properties change hands each year within the submarket. Recent major sales such as the sell of Cityplace Tower and Premier Place have shown that investors still see strong opportunity in one of the market's more dynamic submarkets.

NET ABSORPTION & DIRECT GROSS RATES



Parameters: Office | Existing | 20,000 SF+

AVISON YOUNG

Q2 2020 OFFICE SUBMARKET SNAPSHOT

DALLAS CBD

Market Facts

MARKET TOTAL RBA
33,404,571 SF

CLASS A GROSS DIRECT RATE
$28.48/SF

CLASS B GROSS DIRECT RATE
$20.43/SF

MARKET TOTAL GROSS DIRECT RATE
$27.27/SF

TOTAL VACANCY
7,380,434 SF

TOTAL VACANCY %
22.1%

12 MONTH NET ABSORPTION
-270,549 SF

QUARTERLY NET ABSORPTION
174,912 SF

YOY RENT GROWTH
6.2%

12 MONTH DELIVERIES
0 SF

UNDER CONSTRUCTION
259,230 SF

Market Dynamicism

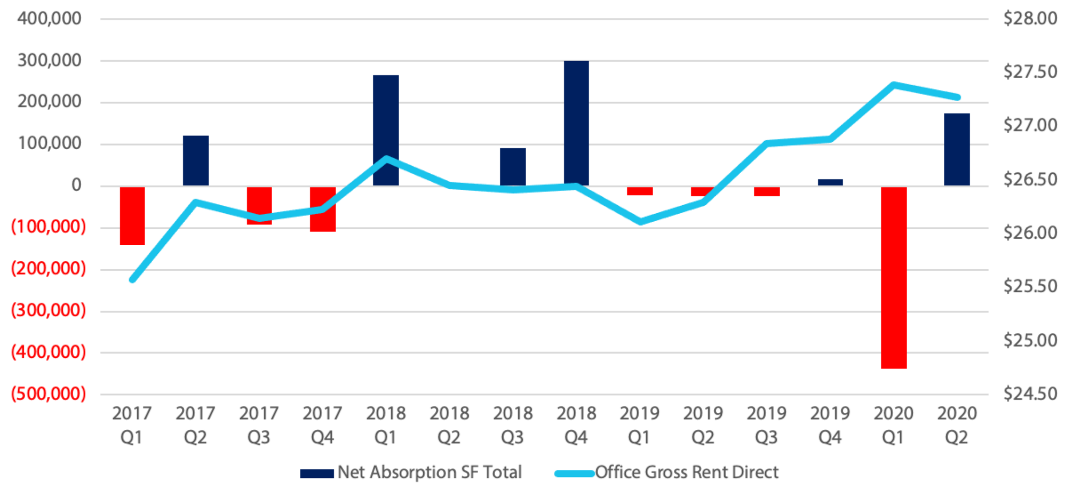
Market Overview

The Dallas Central Business District (CBD) has had a resurgence in recent quarters thanks to new product and a healthy amount of building renovations. However, certain persistent fundamentals will present future challenges for an urban core within a hub-spoke structured city that has seen much of its momentum move to the "spoke" areas such as the northern suburbs.

Major iconic properties such as Trammell Crow Center and Fountain Place have undergone substantial renovations to retain tenants, though in some cases are still losing, such as Fountain Place losing Tenet Healthcare to International Plaza along the Tollway- a loss of a 215,000 SF tenant. Bryan Tower is facing a similar dilemna as its largest tenant, Baylor Health Care Systems, is set to vacate 262,000 SF for its new build-to-suit in nearby Deep Ellum. These large blocks will add to the steady availability that the CBD consistently maintains, as its historical vacancy rate has always been high for an urban core, averaging over 20%. Of the 20 properties downtown that are over 500,000 SF, the average occupancy rate is 75%. Compare that to the rest of the metro's similar-sized buildings that average an occupancy rate of 89%.

Still, changing demographics and the desire for more walkable living are helping pull millennials into the city core. Pairing this to substaintially cheaper rents compared to Uptown, as well as the continued rise of urban coworking spaces, and Dallas CBD has the potential to ride this changing tide into a stable and positive future, or potentially get left in the wake as energy continues to move to Uptown and the suburbs.

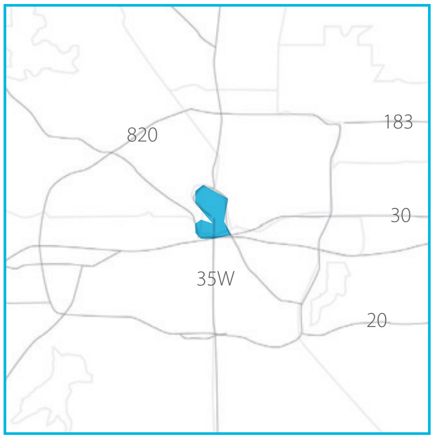
NET ABSORPTION & DIRECT GROSS RATES



AVISON YOUNG

Q2 2020 OFFICE SUBMARKET SNAPSHOT

FORT WORTH CBD



Market Facts

MARKET TOTAL RBA
11,196,810 SF

CLASS A GROSS DIRECT RATE
$31.88/SF

CLASS B GROSS DIRECT RATE
$20.92/SF

MARKET TOTAL GROSS DIRECT RATE
$28.66/SF

TOTAL VACANCY
1,333,913 SF

TOTAL VACANCY %
11.9%

12 MONTH NET ABSORPTION
33,951 SF

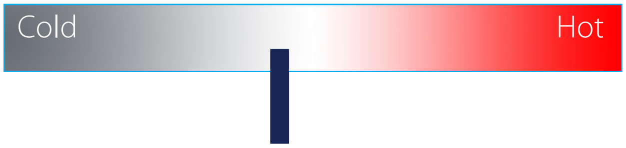
QUARTERLY NET ABSORPTION
-66,128 SF

YOY RENT GROWTH
3.1%

12 MONTH DELIVERIES
0 SF

UNDER CONSTRUCTION
0 SF

Market Dynamicism



Market Overview

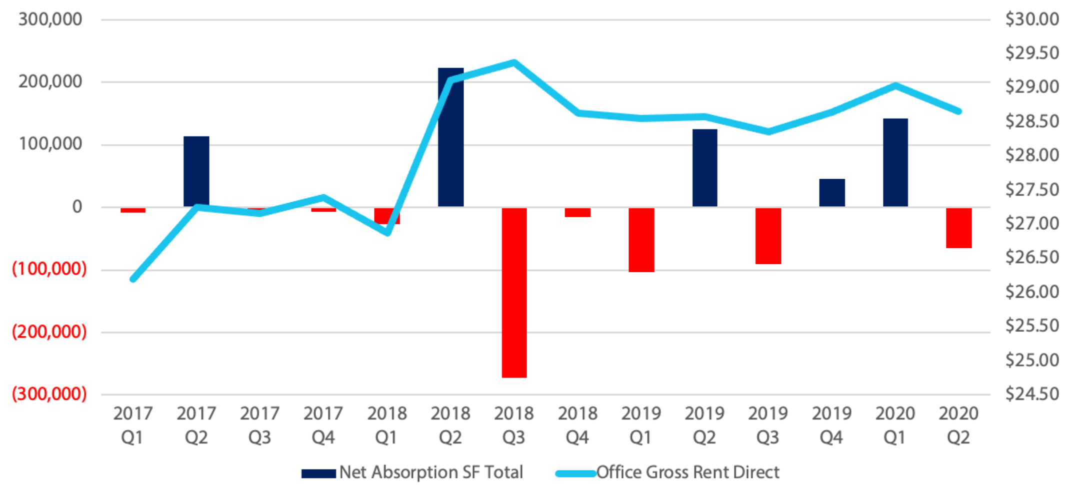
The Fort Worth Central Business District (CBD) has a higher concentration of energy offices than Dallas CBD does, thus making it more prone to the cyclical nature of the energy market. However, vacancy rates are much lower here than Dallas CBD- 11.4% vs 20.4%. This could also partially be due to the fact that Fort Worth CBD is one of the few areas on the western side of the metro that has high quality Class A & B assets.

The submarket has also helped absorb office vacancies such as XTO Energy's space, by recently by converting older buildings into multifamily rental properties and boutique hotels. These transitions have helped keep supply tighter than it could have been, and helped mitigate any major drops in overall occupancy.

Construction has been quite limited this cycle, with Frost Tower being the only property over 100,000 SF to be built since 2010. Of that total 600,000 SF of inventory built since 2010, the market has absorbed most of it, with only 20% of that space remaining available.

Absorption has been up and down recently, with a few quarters of positive absorption after 2016 saw the entire year going negative. However, the underlying fundamentals remain quite healthy. Much like Dallas CBD, and in many ways moreso, urban walkability, quality redevelopment projects, and generational differences could help position Fort Worth CBD to stay a thriving downtown market until the cows come home.

NET ABSORPTION & DIRECT GROSS RATES



Q2 2020 OFFICE SUBMARKET SNAPSHOT

FRISCO/THE COLONY

Market Facts

MARKET TOTAL RBA
7,028,587 SF

CLASS A GROSS DIRECT RATE
$37.83/SF

CLASS B GROSS DIRECT RATE
$30.78/SF

MARKET TOTAL GROSS DIRECT RATE
$37.07/SF

TOTAL VACANCY
724,644 SF

TOTAL VACANCY %
11.0%

12 MONTH NET ABSORPTION
238,783 SF

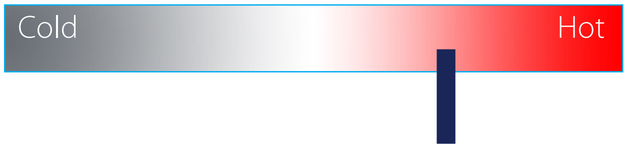
QUARTERLY NET ABSORPTION
30,770 SF

YOY RENT GROWTH
2.6%

12 MONTH DELIVERIES
421,081 SF

UNDER CONSTRUCTION
975,644 SF

Market Dynamicism



Market Overview

Frisco/The Colony is one of the metro's fastest growing submarkets. Inventory has nearly doubled during the current business cycle, post-Great Recession, and has grown six-fold since 2000. This helps position the submarket quite well looking ahead, as flight-to-quality trends, competitve rental rates in new inventory, and suburban convenience, continue to drive tenants into new space in the suburbs such as Frisco, The Colony and Plano.

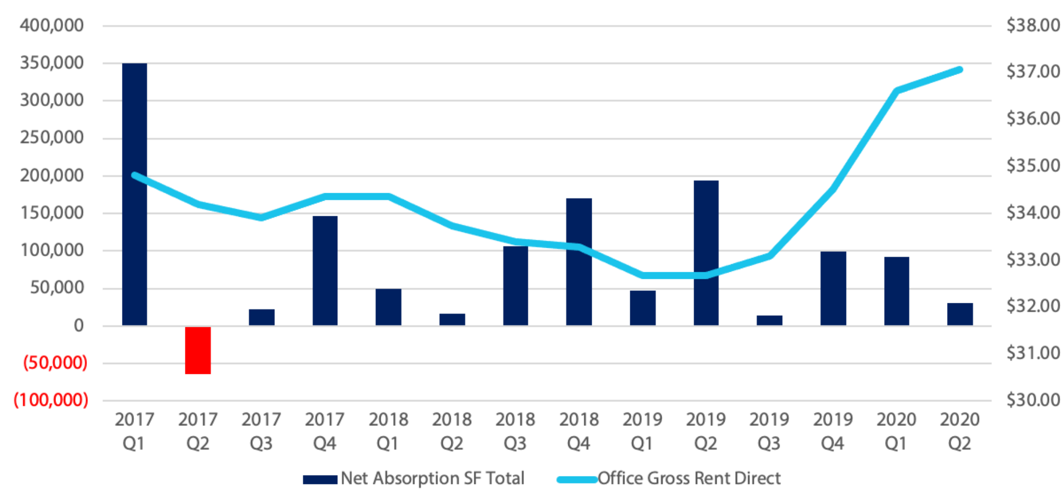
Office inventory isn't the only thing that has seen rapid growth. Frisco is consistently ranked as one of the most desirable cities to live in by various publications and is one of the fastest-growing cities in the country.

The vast majority of supply within the submarket is along Dallas North Tollway, such as Hall Park, and The Star. This is also where new construction such as Frisco Station and The Gate are taking place. Frisco recently made national news with the sale of 2,500 acres of land for the upcoming Fields Development, which is set to house the PGA Headquarters, as well as ample potential for plenty of other corporate headquarters- helping it rival its sibling submarkets such as Upper Tollway.

Recent speculative construction raised inventory and vacancy, putting downward pressure on rents, causing a decline from cycle peaks in 2016 that is finally moving up again.

Dynamics will continue to be healthy as strong socio-economic trends, abundant land, steady absorption, and breakneck growth help position Frisco/The Colony to grow into a truly powerful submarket, capable of going toe-to-toe with any other suburban sectors in the metro.

NET ABSORPTION & DIRECT GROSS RATES



Parameters: Office | Existing | 20,000 SF+

Q2 2020 OFFICE SUBMARKET SNAPSHOT

HEB/MID CITIES/ARLINGTON

Market Facts

MARKET TOTAL RBA
15,804,704 SF

CLASS A GROSS DIRECT RATE
$24.67/SF

CLASS B GROSS DIRECT RATE
$22.96/SF

MARKET TOTAL GROSS DIRECT RATE
$21.73/SF

TOTAL VACANCY
1,540,039 SF

TOTAL VACANCY %
9.7%

12 MONTH NET ABSORPTION
1,708,606 SF

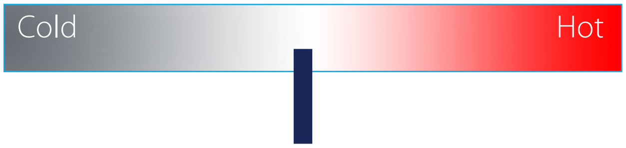
QUARTERLY NET ABSORPTION
-74,620 SF

YOY RENT GROWTH
1.4%

12 MONTH DELIVERIES
1,830,000 SF

UNDER CONSTRUCTION
212,000 SF

Market Dynamicism



Market Overview

Much of HEB/Mid Cities/Arlington's supply is concentrated in Arlington, along the major thoroughfares that run through the city such as I-30, 183, and 360. Of that, 99% of that inventory is buildings less than 300,000 SF. The clearest break from this is American Airlines' new 1.7 MSF headquarters near DFW Airport, which recently delivered. Rents are traditionally quite low here, as much of the product is sub-investment grade and small. The area generally favors industrial product.

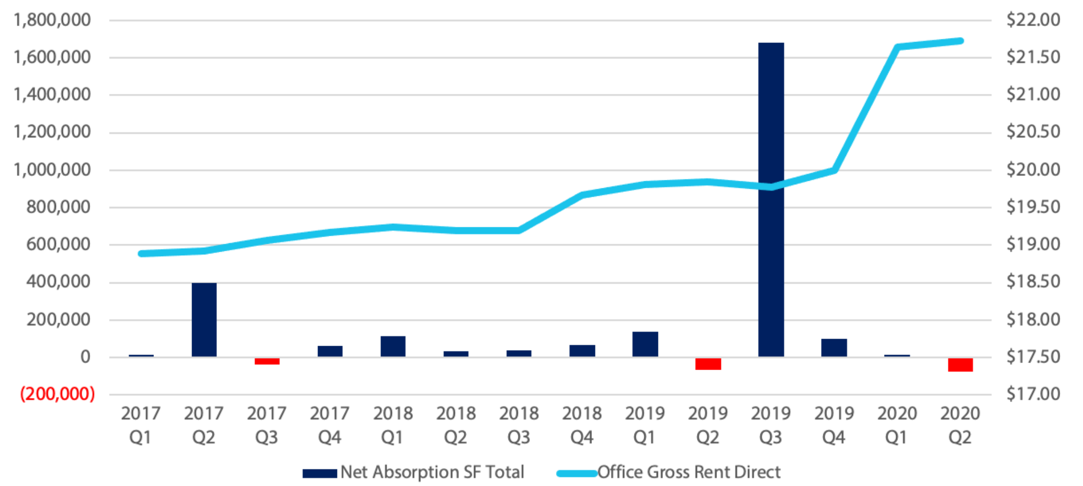
That said, vacacies didn't rise as much here as they did in other submarkets during the downturn, and absorption has remained steady, albeit small, during recent years. The majority of this cycle's construction has been build-to-suits that were immediately filled, which has also helped keep vacancies steady. So while it is not a glamorous or romanticized submarket, it is a steady bet.

Large blocks of space are hard to find here. It is rare for a building to have over 40,000 SF of availability, and even now there are only a handful of properties with more than 25,000 SF available.

Sales are actually quite strong in the cluster from a deal volume perspective, but light from an inventory perspective as most product sold is less than 70,000 SF. Since much of the product is lower-grade and dated, value-add deals are common here.

Looking ahead, there is ample possibly for rising momentum in the area, thanks to newer developments of all asset types, such as the new American Airlines campus, TexasLive!, and the $1B replacement for the Rangers' Globe Life Park. As these deliveries bring new interest and traffic to the area, potential for office interest could rise as well.

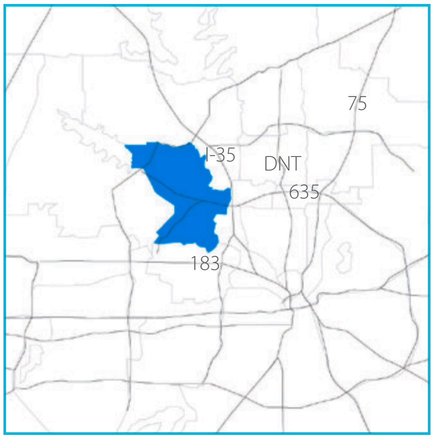
NET ABSORPTION & DIRECT GROSS RATES



AVISON YOUNG

Q2 2020 OFFICE SUBMARKET SNAPSHOT

LAS COLINAS



Market Facts

MARKET TOTAL RBA
42,743,199 SF

CLASS A GROSS DIRECT RATE
$30.50/SF

CLASS B GROSS DIRECT RATE
$22.80/SF

MARKET TOTAL GROSS DIRECT RATE
$26.74/SF

TOTAL VACANCY
6,980,074 SF

TOTAL VACANCY %
16.3%

12 MONTH NET ABSORPTION
869,110 SF

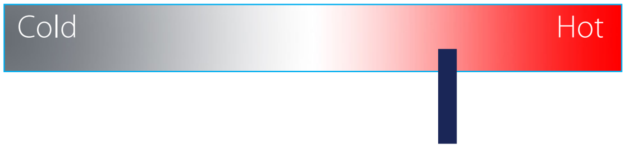
QUARTERLY NET ABSORPTION
27,434 SF

YOY RENT GROWTH
2.5%

12 MONTH DELIVERIES
2,060,286 SF

UNDER CONSTRUCTION
361,281 SF

Market Dynamicism



Market Overview

The Las Colinas submarket cluster is made up of three distinct submarkets- The Urban Center, Office Center, and DFW Freeport/ Coppell. Urban Center features the most mid-rise and high-rise buildings, while the Office Center and DFW Freeport feature more low-rise campus style buildings full of corporate headquarters. Las Colinas as a whole boosts the largest number of Fortune 1000 company headquarters outside of downtown Dallas.

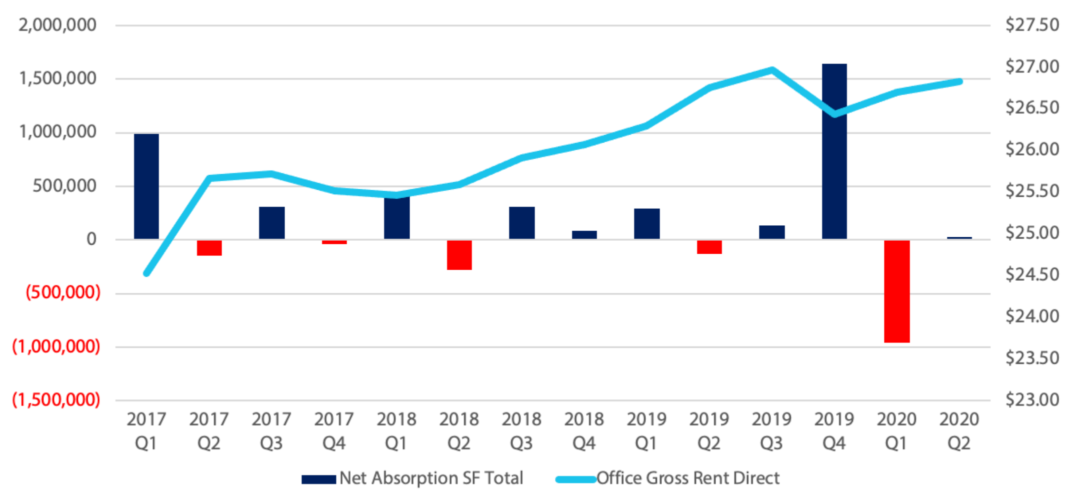
The proximity to DFW Airport, ample land, and desirable product helps keep these major companies, even if some such as Signet Jewelers and Nokia move within the cluster from one submarket to another. DFW Freeport/Coppell's 1,000 acre Cypress Waters development is one of the top draws, with 2.5 MSF delivering since 2010, with 98% of it full.

The new Hidden Ridge development in the Office Center could change that though, with Pioneer Natural Resources' new 1.125 MSF headquarters opened, spurring more development such as its neighboring Westin Hotel and more.

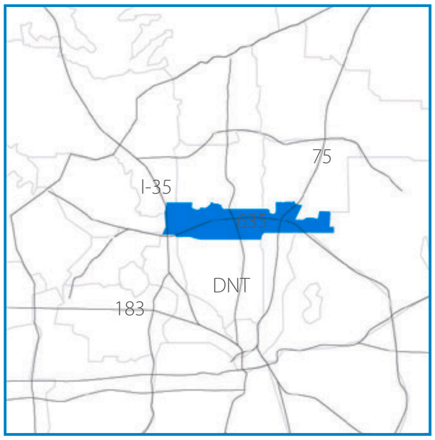
These new deliveries and quality existing assets with stable occupancies have helped drive rents up at a steady clip this cycle, consistently setting historical records, nearly each quarter.

This energy and dynamicism should continue, as new amenities like Urban Center's Toyota Music Factory and Water Street, and developments like Cypress Waters and Hidden Ridge continue to push Las Colinas towards its master-planned vision of grandeur and all-encompassing livability that it has been pursuing for decades.

NET ABSORPTION & DIRECT GROSS RATES



LBJ FREEWAY



Market Facts

MARKET TOTAL RBA
22,303,806 SF

CLASS A GROSS DIRECT RATE
$26.75/SF

CLASS B GROSS DIRECT RATE
$19.62/SF

MARKET TOTAL GROSS DIRECT RATE
$23.20/SF

TOTAL VACANCY
4,265,145 SF

TOTAL VACANCY %
19.1%

12 MONTH NET ABSORPTION
344,469 SF

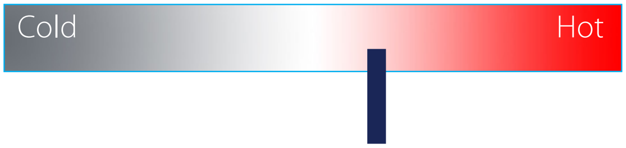
QUARTERLY NET ABSORPTION
-151,414 SF

YOY RENT GROWTH
3.7%

12 MONTH DELIVERIES
0 SF

UNDER CONSTRUCTION
94,160 SF

Market Dynamicism



Market Overview

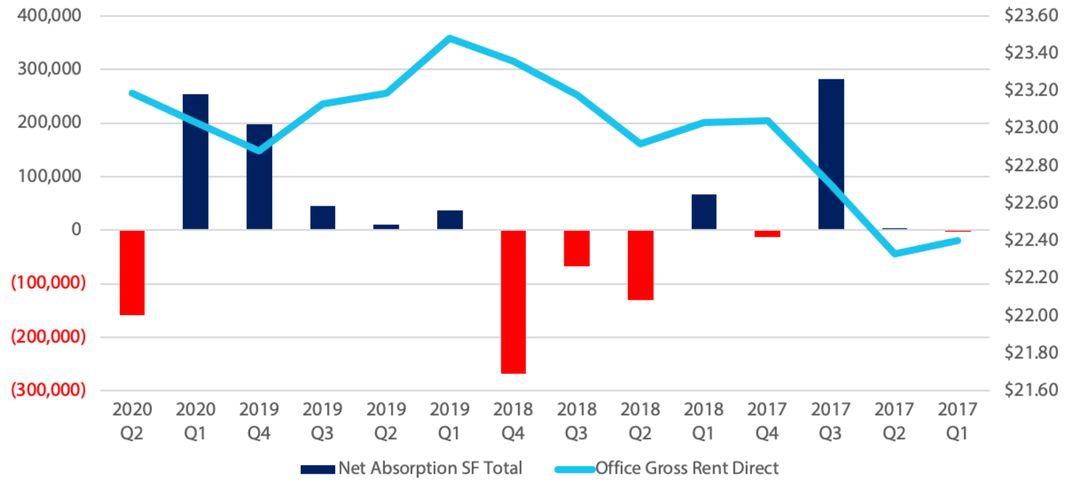
The LBJ submarket cluster of East LBJ and West LBJ is a submarket stuck in traffic like a passenger on 635 during rush hour. Aside from quality product along the Galleria micro-market, much of the area has struggled in this business cycle as tenant interest has seemingly radiated out in all directions away from it, be it Las Colinas to the West, Uptown to the South, or the northern suburbs to the north and east.

The submarket is generally much cheaper than any of those above mentioned submarkets, and its high vacancy rate means plenty of large blocks of space. Also, East LBJ is one of the densest submarkets in the metro, with roughly 17 MSF of inventory in one of the smallest land masses.

The submarket does have potential to see some new energy and momentum however, as the $4B Dallas Midtown project at Valley View Mall has finally kicked into gear. Demolition of the majority of Valley View Mall is now complete, removing the blighted old mall from sight, and energizing developers and nearby businesses with the prospect of new activity. In all, the development has proposed 12 million sf of office and mixed-use space, along with luxury hotels, and a 20-acre urban park.

As far as sales go, most product here is 80's or earlier, and most properties are proportionally high-vacancy. Therefore, most sales are value-add deals from local investment firms, all trading at discounts compared to product in nearby submarkets such as Quorum/Bent Tree, Richardson/Plano, and Central Expressway.

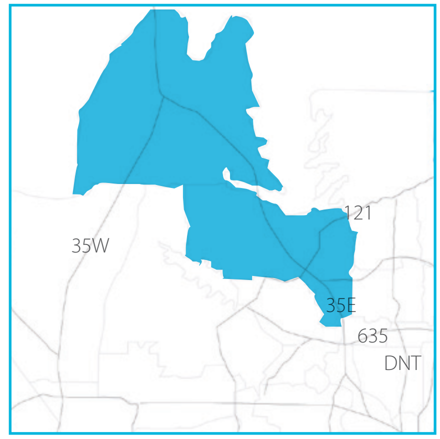
NET ABSORPTION & DIRECT GROSS RATES



AVISON YOUNG

Q2 2020 OFFICE SUBMARKET SNAPSHOT

LEWISVILLE/DENTON/FLOWER MOUND



Market Facts

MARKET TOTAL RBA
8,155,950 SF

CLASS A GROSS DIRECT RATE
$27.93/SF

CLASS B GROSS DIRECT RATE
$23.83/SF

MARKET TOTAL GROSS DIRECT RATE
$23.54/SF

TOTAL VACANCY
927,021 SF

TOTAL VACANCY %
11.4%

12 MONTH NET ABSORPTION
-94,621 SF

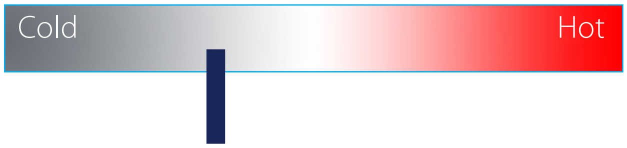
QUARTERLY NET ABSORPTION
23,190 SF

YOY RENT GROWTH
0.3%

12 MONTH DELIVERIES
120,573 SF

UNDER CONSTRUCTION
208,340 SF

Market Dynamicism



Market Overview

The Lewisville/Denton/Flower Mound area is a quiet cluster of smaller suburban markets fed by 35E & 35 W. Much of the product here is smaller office space, but there are a few larger campus sites such as Convergence and Lake Vista, the former JPMorgan campus, which was backfilled by Nationstar Mortgage. Vacancies are low compared to most of the metro, especially within Denton and Flower Mound, as supply this far northwest is especially limited.

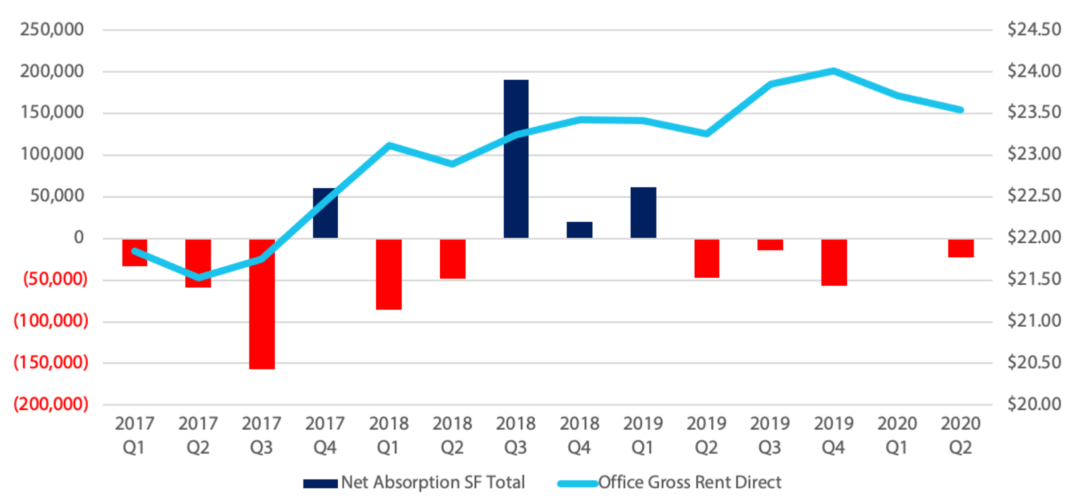
One interesting aspect of the area is that until recently, rent growth was almost non-existant in recent years, even as the rest of the metro pulled upwards. This has helped the area stay quite affordable.

Construction has been relatively calm this cycle, but Bright Realty recently broke ground on Crown Center One, a 100,000 SF spec office building expected to deliver summer 2020 as part of a master-planned community with potential for 1,300 apartment units, a 300-key hotel, and 100,000 SF of retail.

As far as sales go, medical office properties drive most volume, with few reported sales prices being recorded. Pricing for non-medical office assets is typically lower than $200/SF and cap rates are generally higher than the rest of the market.

The potential for growth here is twofold: The path of growth in D-FW continues to move northward, and Highway 380 continues to boom, making it likely that developments like those for Charles Schwab, BMW and TD Ameritrade in surrounding submarkets could eventually make their way to the area.

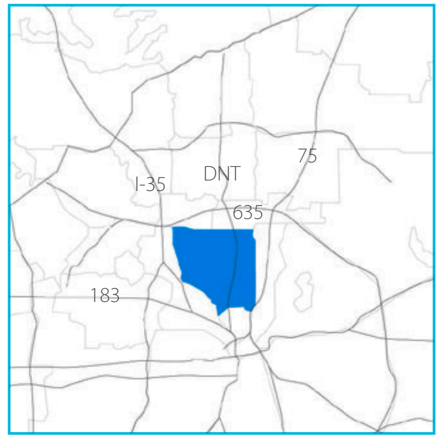
NET ABSORPTION & DIRECT GROSS RATES



AVISON YOUNG

Q2 2020 OFFICE SUBMARKET SNAPSHOT

PRESTON CENTER



Market Facts

MARKET TOTAL RBA
5,795,675 SF

CLASS A GROSS DIRECT RATE
$43.59/SF

CLASS B GROSS DIRECT RATE
$30.85/SF

MARKET TOTAL GROSS DIRECT RATE
$40.40/SF

TOTAL VACANCY
638,510 SF

TOTAL VACANCY %
11.0%

12 MONTH NET ABSORPTION
8,979 SF

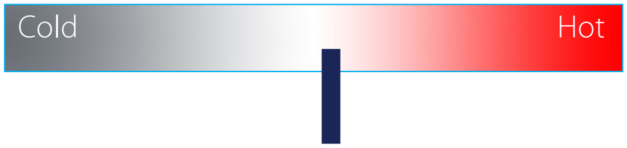
QUARTERLY NET ABSORPTION
-62,857 SF

YOY RENT GROWTH
5.2%

12 MONTH DELIVERIES
118,000 SF

UNDER CONSTRUCTION
297,000 SF

Market Dynamicism



Market Overview

Preston Center currently boasts the highest rental rates in the market, even over Uptown/Turtle Creek. The majority of the submarket's supply exists around the interections of Dallas North Tollway and Northwest Highway, in Preston Center itself. The submarket favors financial and professional services firms, drawing from the surrounding affluent and well-educated workforce, making it a concentrated and highly desirable submarket.

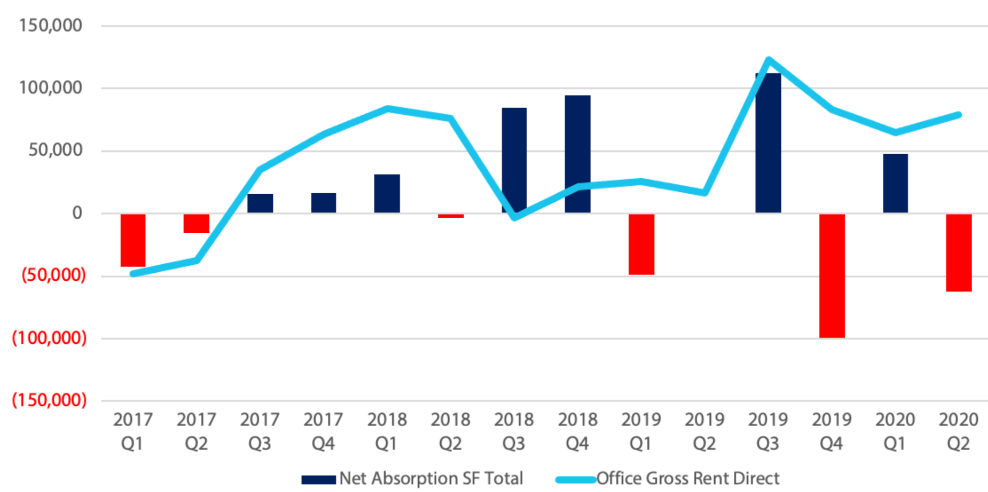
That being said, the submarket is relatively calm from a leasing perspective. Occupancies rarely fall below 90%, and over 95% of tenants have footprints smaller than 25,000 SF. Large blocks of available space are quite rare. New product such as Terraces at Douglas Center fill up quite quickly, leaving minimal available space.

Construction here is limited as the vast majority of the area is built out with high-priced single-family homes and existing commerical product. This scarcity of developable land, along with the desirable location, helps landlords keep their rents as high as they are. Currently, only 1 project is underway; Weir's Plaza on Knox Henderson, which is 297,000 sf and is 65% leased.

One potential area for development is on the site of the Saint Michael and All Angels Episcopal Church, located on the southwestern side of Preston Center. The church started work in 2018 to rezone the site in order to build office and multifamily.

Looking ahead, Preston Center's desirable location near DNT and the surrounding Park Cities neighborhoods, limited availability, and quality product will help it stay a top submarket in the metro.

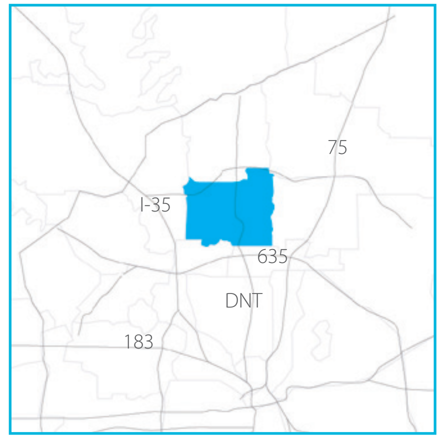
NET ABSORPTION & DIRECT GROSS RATES



AVISON YOUNG

Q2 2020 OFFICE SUBMARKET SNAPSHOT

QUORUM/BENT TREE



Market Facts

MARKET TOTAL RBA
22,466,772 SF

CLASS A GROSS DIRECT RATE
$32.24/SF

CLASS B GROSS DIRECT RATE
$21.07/SF

MARKET TOTAL GROSS DIRECT RATE
$27.05/SF

TOTAL VACANCY
4,264,311 SF

TOTAL VACANCY %
19.0%

12 MONTH NET ABSORPTION
270,100 SF

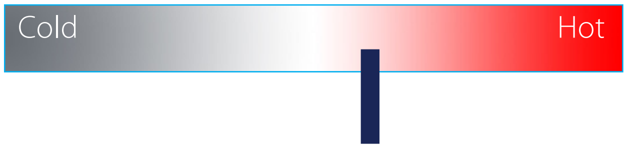
QUARTERLY NET ABSORPTION
-16,063 SF

YOY RENT GROWTH
2.5%

12 MONTH DELIVERIES
48,000 SF

UNDER CONSTRUCTION
0 SF

Market Dynamicism



Market Overview

The Quorum/Bent Tree submarket has struggled to maintain positive net absorption rates for several quarters now after dealing with multiple major corporate tenants vacating their old offices for build-to-suits in the north. Much of the recent leasing activity has been done in newer built product. That being said, it was recently announced that Tenet Healthcare was to leave its downtown office for a new lease at International Plaza I, backfilling the space left by JPMorgan Chase.

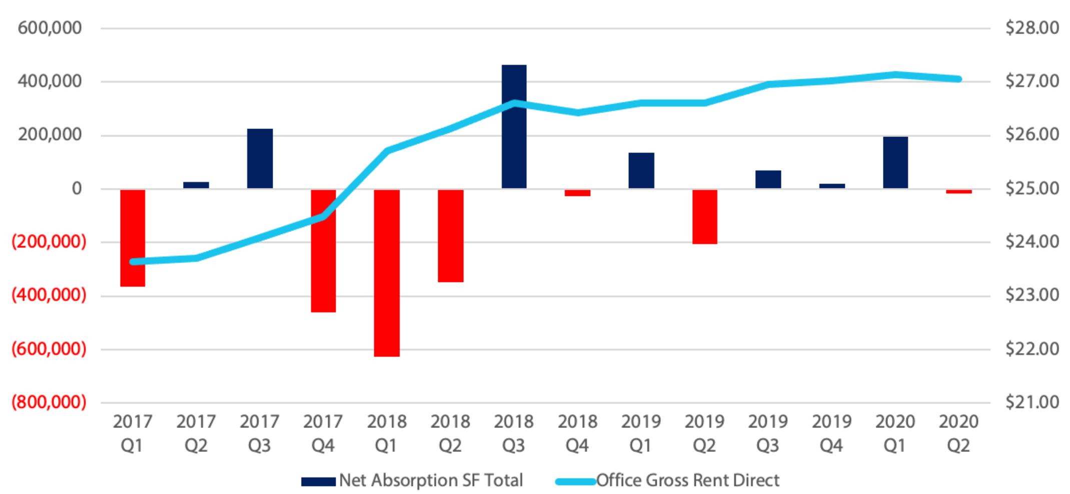
Fundamentals in the area do give the submarket strong potential. Its traffic feed is supported by DNT, Bush, and 635. Also, it has the draw of popular suburbs like Addison, which boasts a healthy live, work, play scene, and other more affluent areas in Far North Dallas.

Rents here are comparable to other inner ring suburban markets with heavy 1980's supply inventory, such as LBJ, Richardson/ Plano, and most of Las Colinas. Rent growth has performed well this cycle, consistently averaging over 1.5% year-over-year growth.

Construction has been meager compared to many of the surrounding submarkets, with roughly only 1 MSF delivering this cycle. That said, what product that has delivered has performed well, with recent deliveries like Tollway Center and Fourteen555 both now being 95% leased.

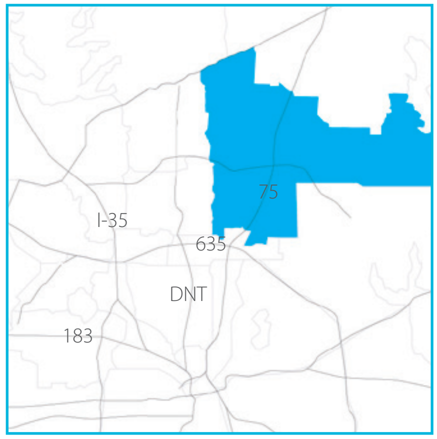
From a sales perspective, this is one of the most actively traded markets in the metro. Since much of the stock is 80's product, and in a slightly calmer area that some, most product tends to trade hands at around $200/SF.

NET ABSORPTION & DIRECT GROSS RATES



Q2 2020 OFFICE SUBMARKET SNAPSHOT

RICHARDSON/PLANO



Market Facts

MARKET TOTAL RBA
29,618,107 SF

CLASS A GROSS DIRECT RATE
$27.26/SF

CLASS B GROSS DIRECT RATE
$20.93/SF

MARKET TOTAL GROSS DIRECT RATE
$24.14/SF

TOTAL VACANCY
5,352,153 SF

TOTAL VACANCY %
18.1%

12 MONTH NET ABSORPTION
-123,095 SF

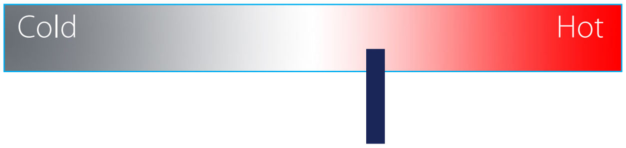
QUARTERLY NET ABSORPTION
44,921 SF

YOY RENT GROWTH
1.8%

12 MONTH DELIVERIES
52,091 SF

UNDER CONSTRUCTION
48,000 SF

Market Dynamicism



Market Overview

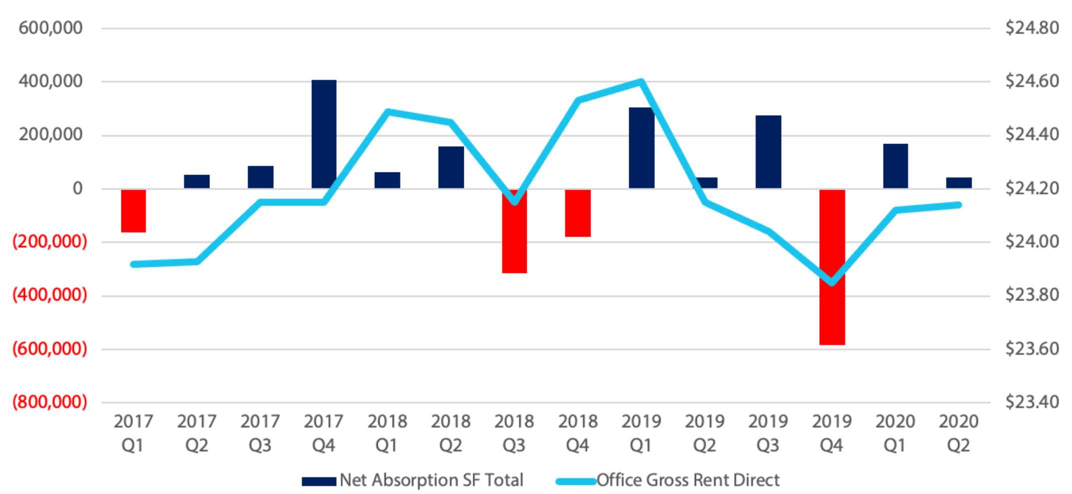
Richardson/Plano is home to the Telecom Corridor and CityLine- two major leasing regions. CityLine's major corporate build-to-suits for companies like State Farm and Raytheon have gotten most of the attention recently, but the submarket also plays well as a satellite office hub for companies who have larger presences across the metro. Goldman Sachs offices in Trammell Crow Center downtown, but also has 44,000 SF in Galatyn Commons. Steward Health is in 1900 Pearl in downtown, but also has 165,000 SF at Galatyn Commons.

The Plano portion of the submarket has been relatively stagnant this cycle compared to some of its neighbors. Most of the submarket's energy has stayed in Richardson or relocated to other submarkets. The most successful area of the Plano side seems to be Legacy Central- Texas Instruments' former four-building campus. Legacy Central is where Samsung recently relocated to, as well as Ribbon Communications, which signed on to take over 100,000 SF of space for an early 2020 move in.

Rents here are lower than surrounding areas, giving the submarket a good value play position. Also, traffic feed does have the benefit of easy access to Bush, 75, and 121. Vacancies are also slightly higher than most northern submarkets, giving the submarket more potential for large blocks of space.

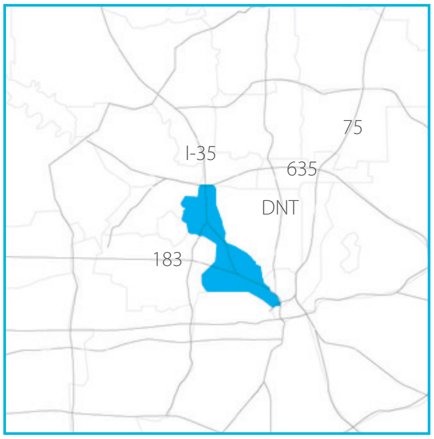
Construction has been dominated by the Richardson side of the submarket- with nearly 5 MSF delivering in recent years, the vast majority of which has been the aforementioned build-to-suits. Of the spec buildings delivered, such as 3400 Cityline, roughly 70% has been absorbed by the market.

NET ABSORPTION & DIRECT GROSS RATES



Q2 2020 OFFICE SUBMARKET SNAPSHOT

STEMMONS FREEWAY



Market Facts

MARKET TOTAL RBA
14,573,883 SF

CLASS A GROSS DIRECT RATE
$20.76/SF

CLASS B GROSS DIRECT RATE
$17.39/SF

MARKET TOTAL GROSS DIRECT RATE
$18.39/SF

TOTAL VACANCY
3,130,967 SF

TOTAL VACANCY %
21.5%

12 MONTH NET ABSORPTION
125,487 SF

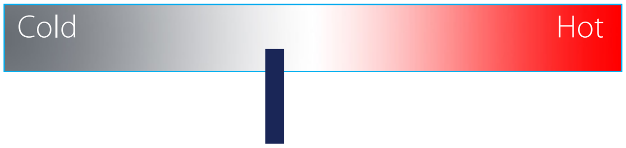
QUARTERLY NET ABSORPTION
4,765 SF

YOY RENT GROWTH
2.8%

12 MONTH DELIVERIES
0 SF

UNDER CONSTRUCTION
65,000 SF

Market Dynamicism



Market Overview

Stemmons Freeway's proximity to the Medical District and Love Field makes it a strong hub for medical and healthcare tenants, and airlines. Still, this is one of the cooler markets from a dynamicism perspective, as vacancies remain higher than much of the metro, and rates are some of the lowest in the market.

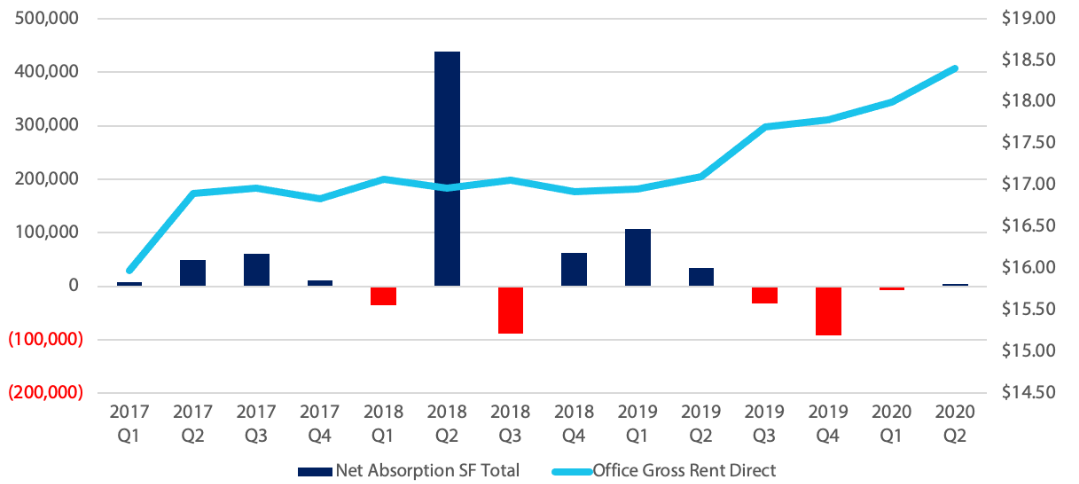
However, there is potential here, as the Design District continues to transform, moving from a showroom district for vendors to more of a live, work, play styled district in the line of Uptown and Victory park. KDC's proposed West Love mixed-use development has potential to breathe new life into the area, and could launch that portion of the submarket into more competitive stance.

Along Stemmons itself, most product is older, lower grade product, so most sales are value-add deals. Infomart's 2018 sale for $800 million ($500/SF) helped lift the entire metro's sales volume for the year, and was certainly the record for the submarket. Traditionally, most product here has been trading for around $180/SF, lower than the average for the market.

There hasn't been much construction here this cycle. Southwest Airlines did recently complete its 414,000 SF build-to-suit, and currently Freeman is working on its 200,000 sf headquarters.

The submarket has managed to keep its net absorption positive for most quarters in recent years, so it does benefit from being a slow-and-steady submarket, with good transit potential, but existing multi-tenant properties will need to figure out new dynamics if they want to compete with everything new that is popping up.

NET ABSORPTION & DIRECT GROSS RATES

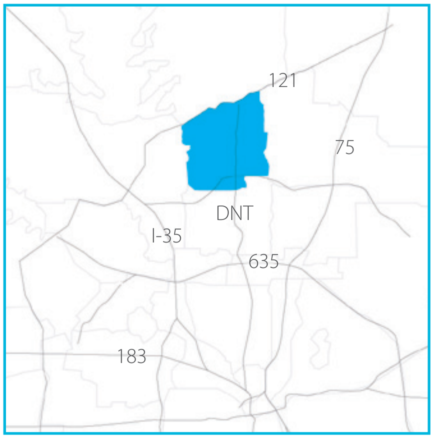


Parameters: Office | Existing | 20,000 SF+

AVISON YOUNG

Q2 2020 OFFICE SUBMARKET SNAPSHOT

UPPER TOLLWAY/WEST PLANO



Market Facts

MARKET TOTAL RBA
32,856,429 SF

CLASS A GROSS DIRECT RATE
$36.78/SF

CLASS B GROSS DIRECT RATE
$27.24/SF

MARKET TOTAL GROSS DIRECT RATE
$34.43/SF

TOTAL VACANCY
4,242,818 SF

TOTAL VACANCY %
12.9%

12 MONTH NET ABSORPTION
196,364 SF

QUARTERLY NET ABSORPTION
-143,277 SF

YOY RENT GROWTH
2.5%

12 MONTH DELIVERIES
678,335 SF

UNDER CONSTRUCTION
1,419,146 SF

Market Dynamicism

Market Overview

Upper Tollway/West Legacy is beginning to regain its energy again after noticeably cooling in recent quarters. With construction substantially picking back up, expect a lot of activity in the coming quarters.

With its quality product, newer assets, ideal transit locations, and surroundings of affluent neighborhoods, the submarket will continue to be one of the metro's most dynamic submarkets, continually drawing the eyes of major national Fortune 1000 companies.

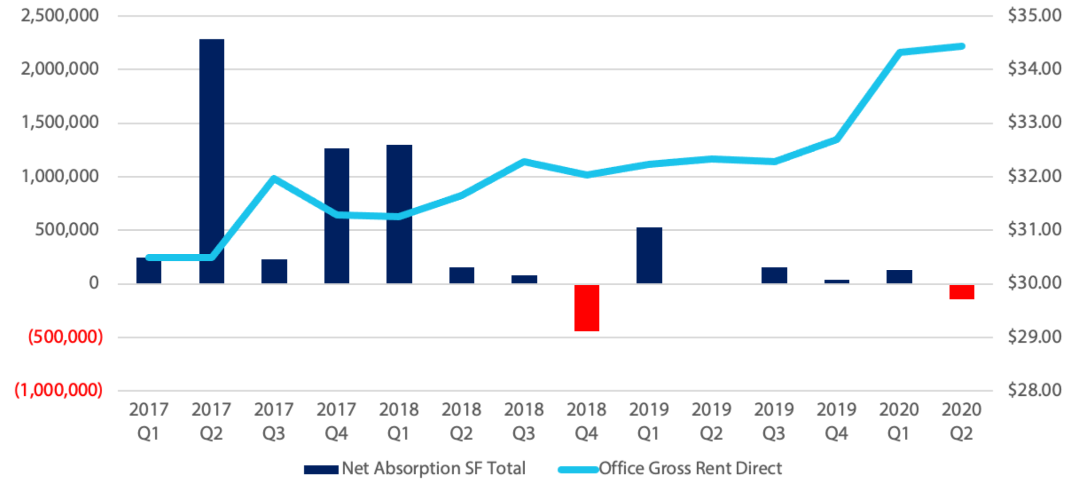
Rents here are higher than some surrounding northern neighbors, but still substantially lower than Uptown or Preston Center, making it desirable for companies who want prestiguous, newer assets without having to pay 25% more like they would in some of the southern submarkets.

The submarket continues to draw new construction, for both build-to-suits and spec buildings. 2019 saw nearly 700,000 sf deliver, and there is almost 1.5 msf currently under construction.

The submarket usually generates a large share of investment activity. The submarket's diverse mix of office stock makes it attractive for national or institutional investors and buyers looking for value-add opportunities alike.

Pricing averages in the upper $200's per square foot, and ranks as the highest among suburban submarkets in the metroplex. Cap rates are in line with those in core submarkets like Uptown/Turtle Creek and Preston Center.

NET ABSORPTION & DIRECT GROSS RATES



AVISON YOUNG

Q2 2020 OFFICE SUBMARKET SNAPSHOT

UPTOWN/TURTLE CREEK

Market Facts

MARKET TOTAL RBA
15,133,688 SF

CLASS A GROSS DIRECT RATE
$43.21/SF

CLASS B GROSS DIRECT RATE
$32.56/SF

MARKET TOTAL GROSS DIRECT RATE
$40.81/SF

TOTAL VACANCY
2,087,160 SF

TOTAL VACANCY %
13.8%

12 MONTH NET ABSORPTION
234,365 SF

QUARTERLY NET ABSORPTION
-16,042 SF

YOY RENT GROWTH
2.2%

12 MONTH DELIVERIES
310,548 SF

UNDER CONSTRUCTION
656,774 SF

Market Dynamicism

Market Overview

Uptown/Turtle Creek continues to have some of the highest net absorption in the market even though its total inventory is only average sized. The submarket continues to draw in Class A & AA construction to match its existing supply, along with strong amenities, tons of multifamily, and a healthy nightlife and dining scene, making it the marquee submarket in the metro.

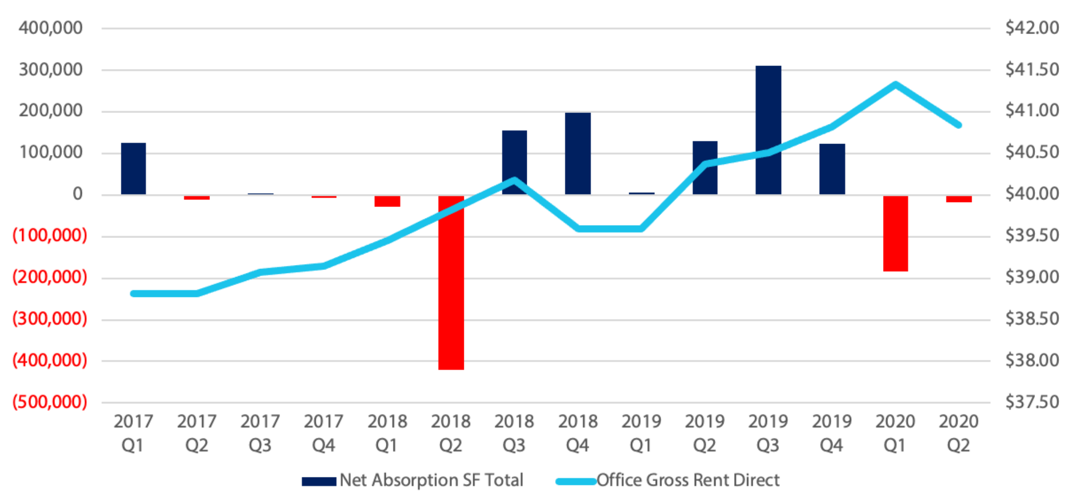
Construction is rising again to match recent cycle highs, with most major projects such as The Union and PwC Tower delivering and now nearly fully occupied, but new projects like The Link and Victory Commons underway. These new properties are being built spec, and are currently set to add 650,000 sf to the submarket's inventory.

Rental rates here are usually the highest in the metro, with the highest quality buildings making up most of the inventory and Class A inventory making up 80% of all product. Location and wow factor also help keep rates high, as Uptown's walkability and urban livability make it one of the most vibrant neighborhoods in the market.

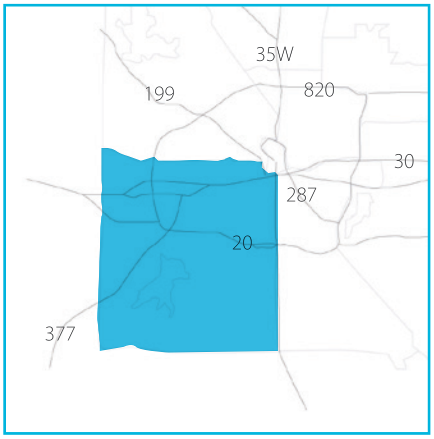
From a sales perspective, even older assests trade at a premium here, with the submarket averaging over $300/SF for all product sold. 17Seventeen McKinney's recent sale for $517/SF, and nearby 1900 Pearl's sale at $700/sf helped set new benchmarks in the area that will seemingly continue to pull prices up for properties, especially trophy product around Klyde Warren Park and McKinney Avenue.

Looking ahead, Uptown/Turtle Creek will continue to be the lodestar for the market, even as the northern suburbs grow. Uptown's energy and core-like big city presence make it the epitome of Dallas swagger and it will remain so for the foreseeable future.

NET ABSORPTION & DIRECT GROSS RATES



WEST SOUTHWEST FORT WORTH/CLEARFORK



Market Facts

MARKET TOTAL RBA
11,113,728 SF

CLASS A GROSS DIRECT RATE
$27.78/SF

CLASS B GROSS DIRECT RATE
$25.01/SF

MARKET TOTAL GROSS DIRECT RATE
$25.18/SF

TOTAL VACANCY
1,231,233 SF

TOTAL VACANCY %
11.1%

12 MONTH NET ABSORPTION
-213,110 SF

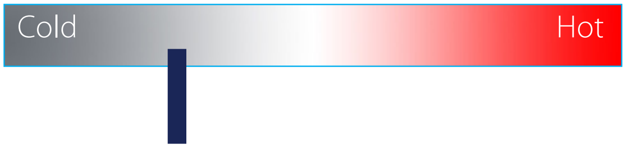
QUARTERLY NET ABSORPTION
-82,648 SF

YOY RENT GROWTH
2.1%

12 MONTH DELIVERIES
109,125 SF

UNDER CONSTRUCTION
52,531 SF

Market Dynamicism



Market Overview

The aerospace and defense industries and energy industry are the biggest drivers in the submarket, which can be a blessing and a curse as the submarket is prone to fluctuations in the energy and defense economies.

The submarket has outperformed the metro in terms of occupancies for years. Occupancies are also well above the submarket's historical average, and rents are about 15% above their prerecession peak. Furthermore, the completion of the Chisholm Trail Parkway in 2014 has helped spur commercial and residential activity, and many mixed-use projects are in various stages of development.

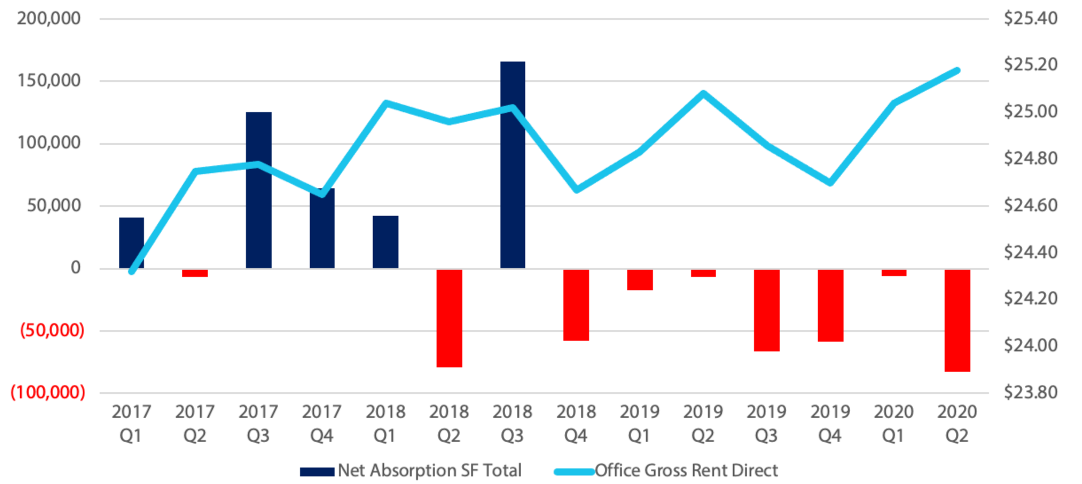
Despite the submarket adding roughly 10% to its inventory since 2010, vacancies have remained well below both the metro average and the submarket's historical average.

Though the submarket lost Whitley Penn Financial to the brand new Frost Tower in the Fort Worth CBD in early 2019, the firm's building (40,600 SF) was backfilled by D&M Auto Leasing.

The submarket also benefits from having the energy of live, work, play areas like West 7th and Clearfork in its boundaries, giving the submarket assets and vibe to compete with Dallas' Uptown and Plano's West Legacy areas. Even with rent growth slowing in recent quarters, rents are still now roughly 15% above their prerecession peak.

Fort Worth has done a solid job of positioning itself to be a more dynamic market, giving residents and business tenants the same assets that bigger, more advertised submarkets have, thus positioning the submarket for even more potential growth.

NET ABSORPTION & DIRECT GROSS RATES



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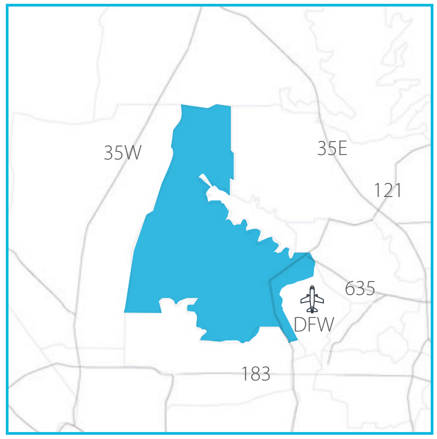
Q2 2020 OFFICE SUBMARKET SNAPSHOT

WESTLAKE/GRAPEVINE/SOUTHLAKE



Market Facts

MARKET TOTAL RBA
8,773,654 SF

CLASS A GROSS DIRECT RATE
$31.84/SF

CLASS B GROSS DIRECT RATE
$27.24/SF

MARKET TOTAL GROSS DIRECT RATE
$30.40/SF

TOTAL VACANCY
1,581,543 SF

TOTAL VACANCY %
18.0%

12 MONTH NET ABSORPTION
-127,709 SF

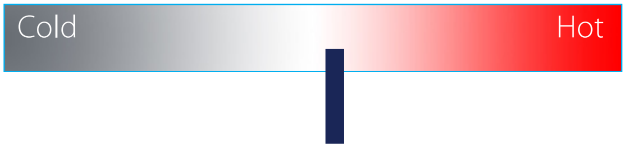
QUARTERLY NET ABSORPTION
-171,888 SF

YOY RENT GROWTH
1.9%

12 MONTH DELIVERIES
26,604 SF

UNDER CONSTRUCTION
750,316 SF

Market Dynamicism



Market Overview

While not as dynamic as Las Colinas or Upper Tollway, Westlake/Grapevine/Southlake is carving out a strong presence in the northwest as a corporate headquarters destination. It has recently seen TD Ameritrade and Charles Schwab open new office locations, and Core-Mark recently announced it was leaving California for the Solana development in Westlake.

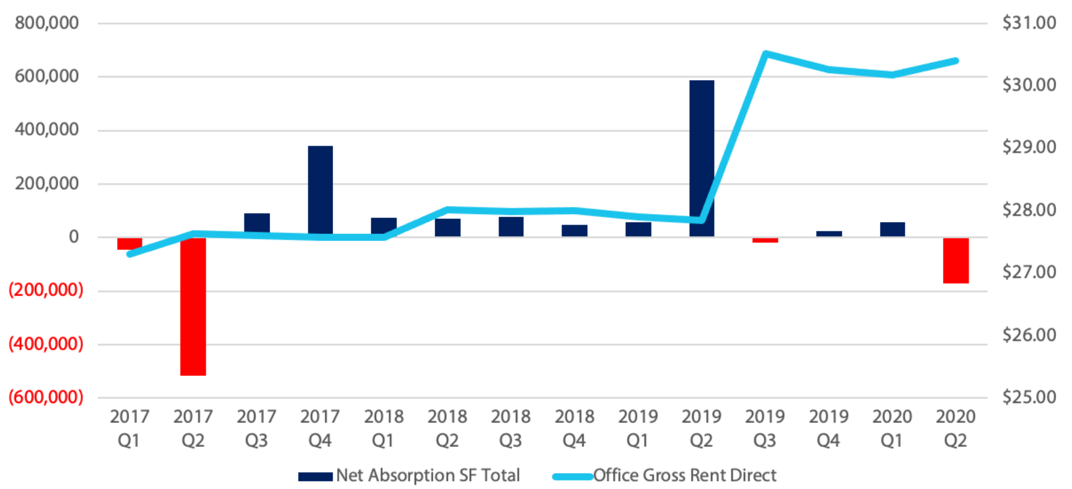
The submarket has all the same area benefits of Las Colinas and Upper Tollway, but its location near DFW Airport and Alliance really make it a desirable corporate hub, though it is still much smaller from an inventory standpoint. Most product here is smaller, save for the large campus projects that occasionally arise, mostly as build-to-suits.

Along with those build-to-suits, in-development projects like the Trophy Club Town Center and Circle T Ranch (which includes the Schwab campus) will have additional office components along with retail space, adding more amenities to draw potential tenants and keep momentum rolling. Most construction has been focused on product under 10,000 SF, so larger spec projects like Southlake's Granite Place I and Kimball Park have been able to draw more tenants looking for traditional office towers.

Rental rates are lower than comparable suburban corporate draws, and vacancy rates are slightly higher than competitors, making the submarket's dynamicism a little cooler when those corporate relocations are taken out of the equation.

While not as headline grabbing as other suburban submarkets, Westlake/Grapevine/Southlake will continue to be a solid staple in the affluent northwest area that will be positioned for a quieter yet steady climate.

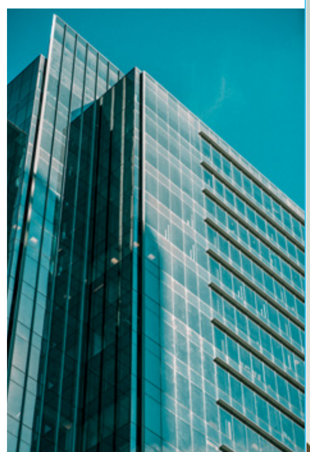
NET ABSORPTION & DIRECT GROSS RATES

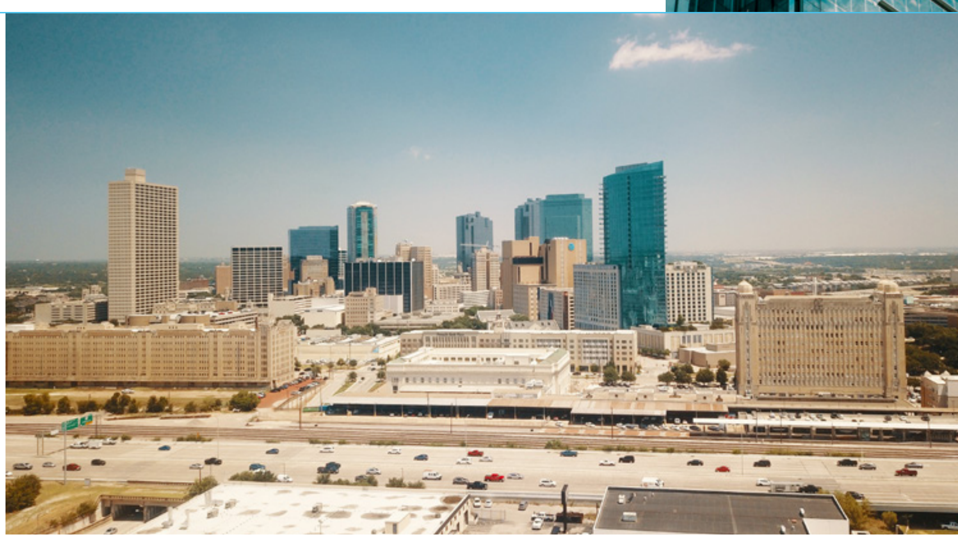


Data Mapping

Core Submarkets

Q2 2020





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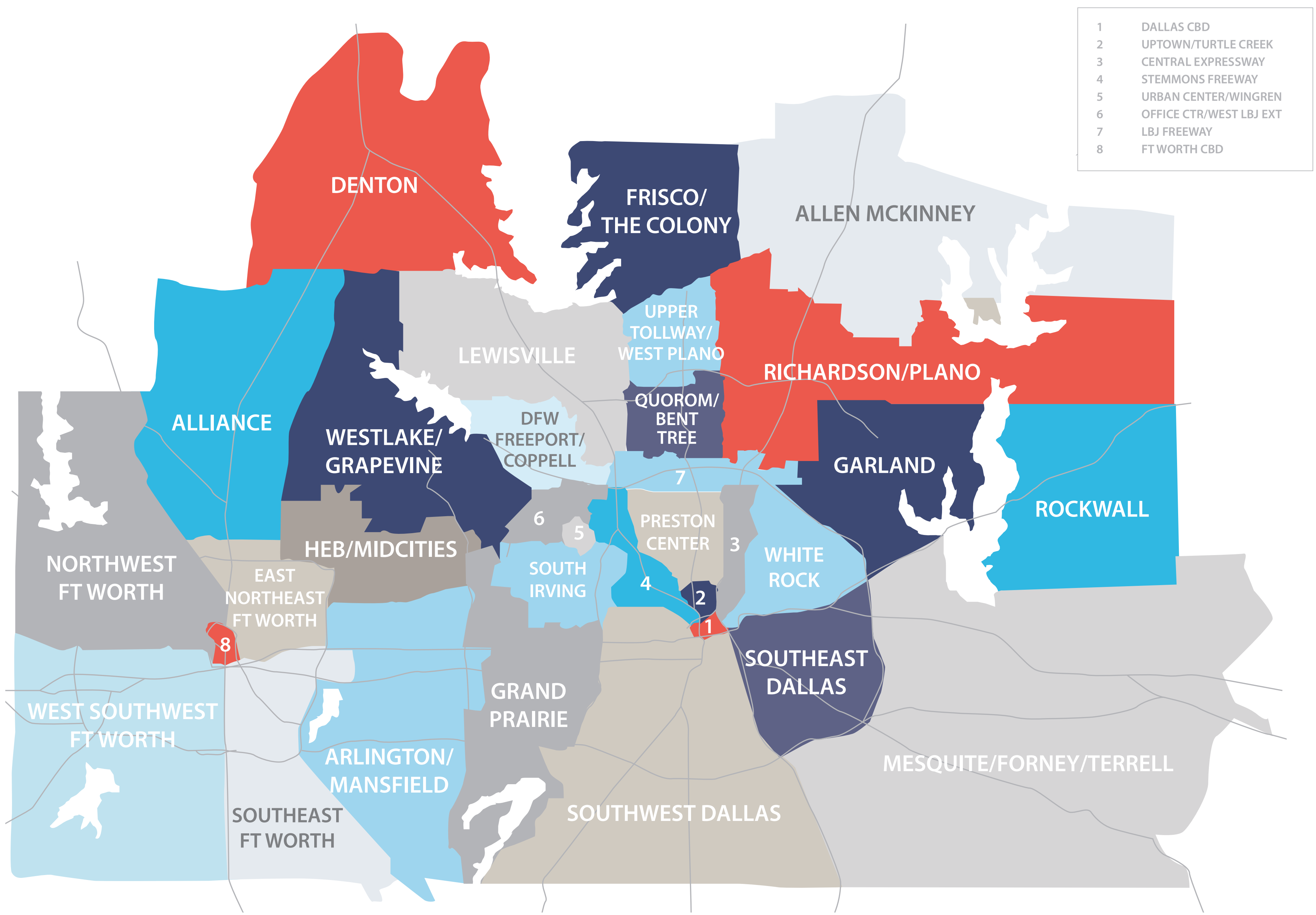
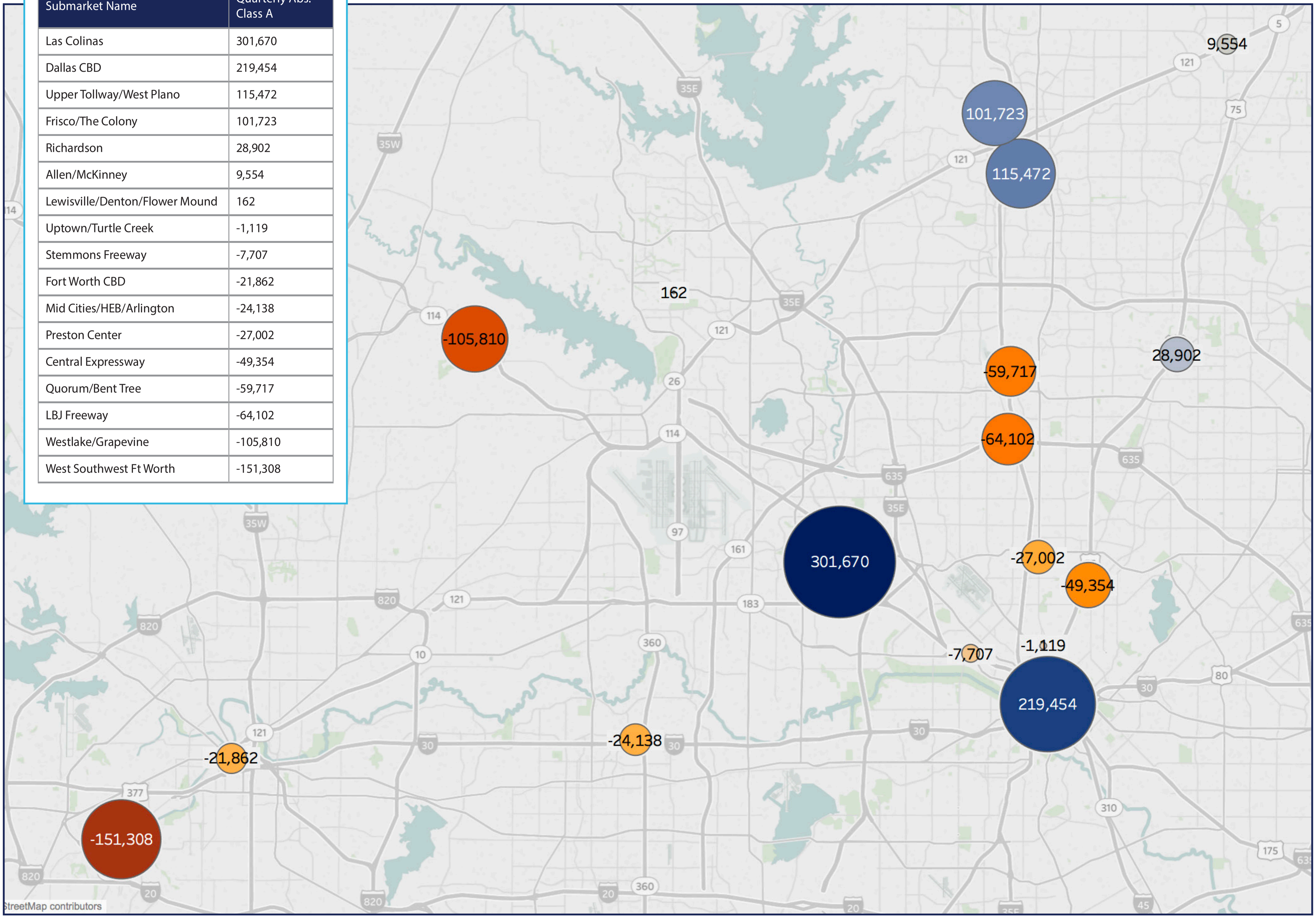
DFW SUBMARKET MAP



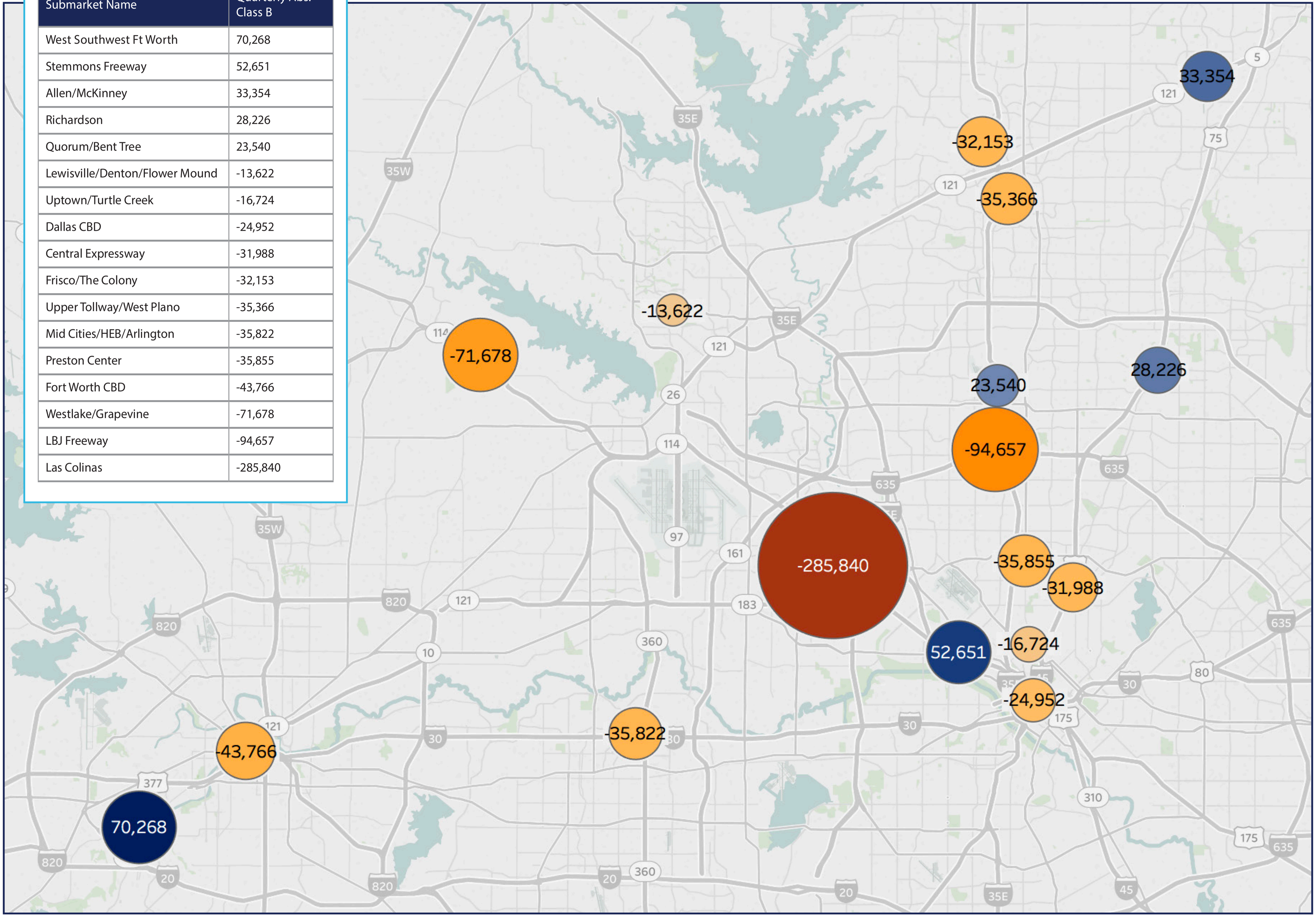
Quarterly Net Absorption: **Class A**

Submarket Name	Quarterly Abs. - Class A
Las Colinas	301,670
Dallas CBD	219,454
Upper Tollway/West Plano	115,472
Frisco/The Colony	101,723
Richardson	28,902
Allen/McKinney	9,554
Lewisville/Denton/Flower Mound	162
Uptown/Turtle Creek	-1,119
Stemmons Freeway	-7,707
Fort Worth CBD	-21,862
Mid Cities/HEB/Arlington	-24,138
Preston Center	-27,002
Central Expressway	-49,354
Quorum/Bent Tree	-59,717
LBJ Freeway	-64,102
Westlake/Grapevine	-105,810
West Southwest Ft Worth	-151,308



Quarterly Net Absorption: **Class B**

Submarket Name	Quarterly Abs. - Class B
West Southwest Ft Worth	70,268
Stemmons Freeway	52,651
Allen/McKinney	33,354
Richardson	28,226
Quorum/Bent Tree	23,540
Lewisville/Denton/Flower Mound	-13,622
Uptown/Turtle Creek	-16,724
Dallas CBD	-24,952
Central Expressway	-31,988
Frisco/The Colony	-32,153
Upper Tollway/West Plano	-35,366
Mid Cities/HEB/Arlington	-35,822
Preston Center	-35,855
Fort Worth CBD	-43,766
Westlake/Grapevine	-71,678
LBJ Freeway	-94,657
Las Colinas	-285,840



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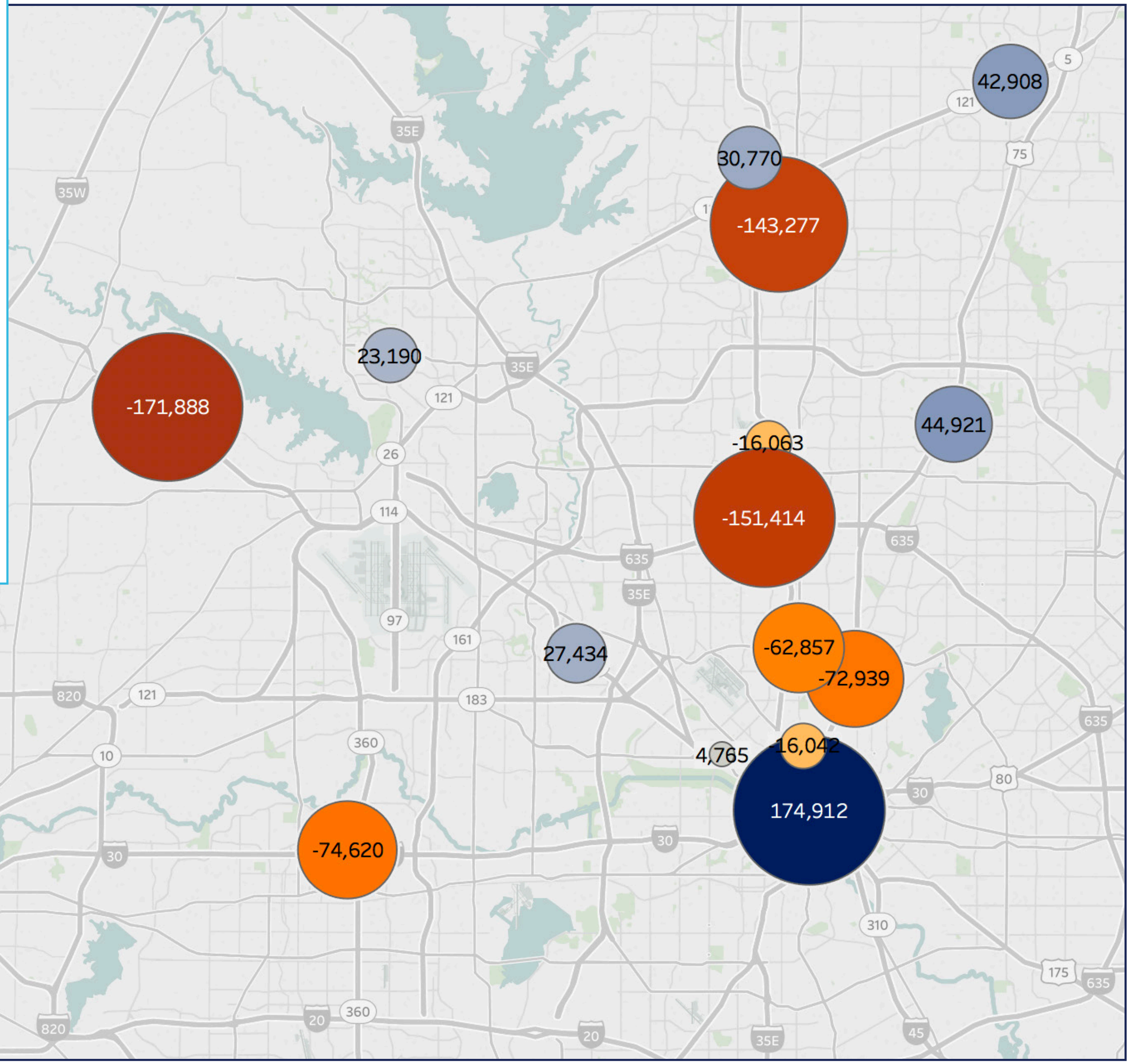
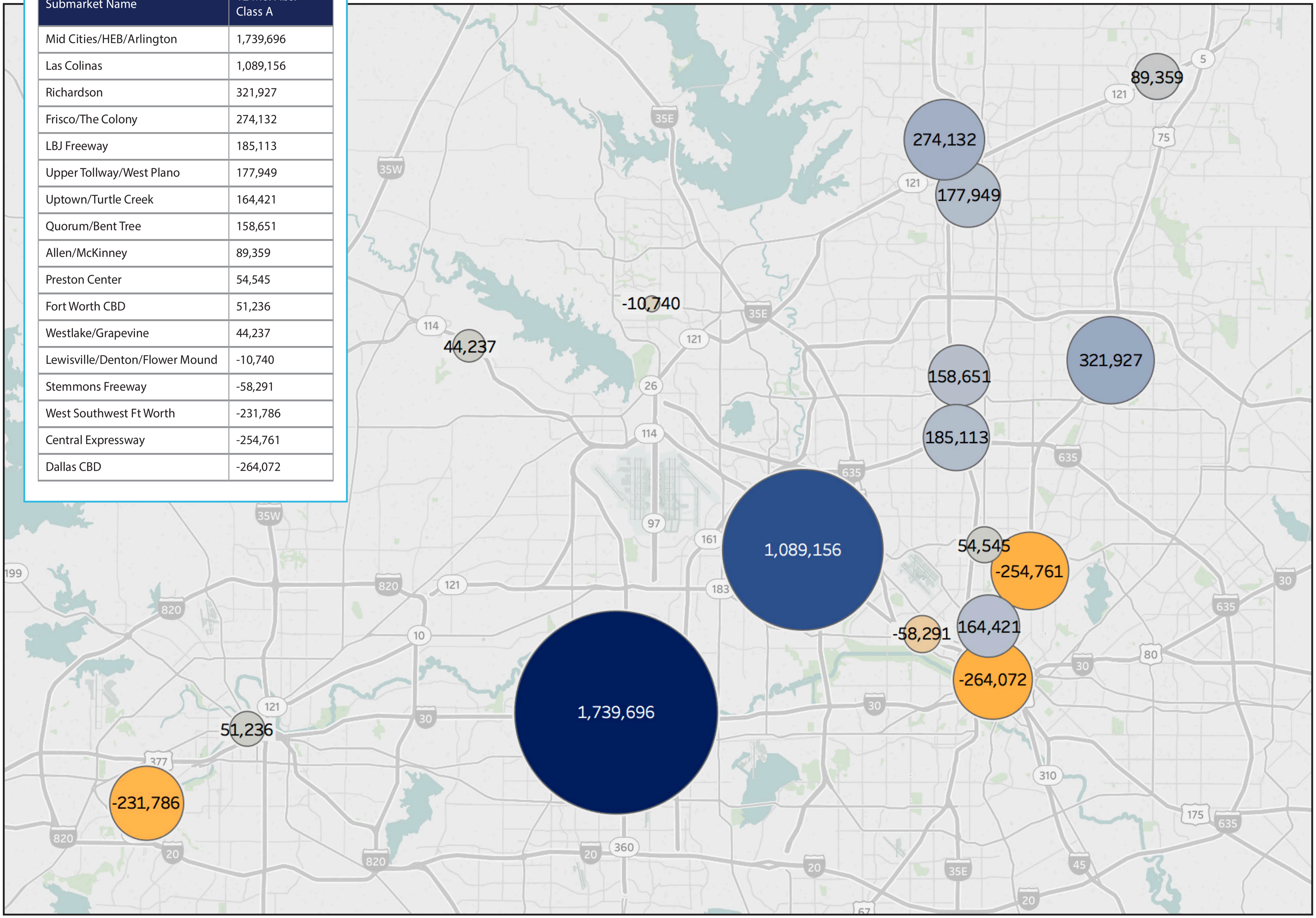
Quarterly Net Absorption: **Total**

Submarket Name	Quarterly Abs. - Total
Dallas CBD	174,912
Richardson	44,921
Allen/McKinney	42,908
Frisco/The Colony	30,770
Las Colinas	27,434
Lewisville/Denton/Flower Mound	23,190
Stemmons Freeway	4,765
Uptown/Turtle Creek	-16,042
Quorum/Bent Tree	-16,063
Preston Center	-62,857
Fort Worth CBD	-66,128
Central Expressway	-72,939
Mid Cities/HEB/Arlington	-74,620
West Southwest Ft Worth	-82,648
Upper Tollway/West Plano	-143,277
LBJ Freeway	-151,414
Westlake/Grapevine	-171,888



12 Month Net Absorption: **Class A**

Submarket Name	12 Mo. Abs. - Class A
Mid Cities/HEB/Arlington	1,739,696
Las Colinas	1,089,156
Richardson	321,927
Frisco/The Colony	274,132
LBJ Freeway	185,113
Upper Tollway/West Plano	177,949
Uptown/Turtle Creek	164,421
Quorum/Bent Tree	158,651
Allen/McKinney	89,359
Preston Center	54,545
Fort Worth CBD	51,236
Westlake/Grapevine	44,237
Lewisville/Denton/Flower Mound	-10,740
Stemmons Freeway	-58,291
West Southwest Ft Worth	-231,786
Central Expressway	-254,761
Dallas CBD	-264,072



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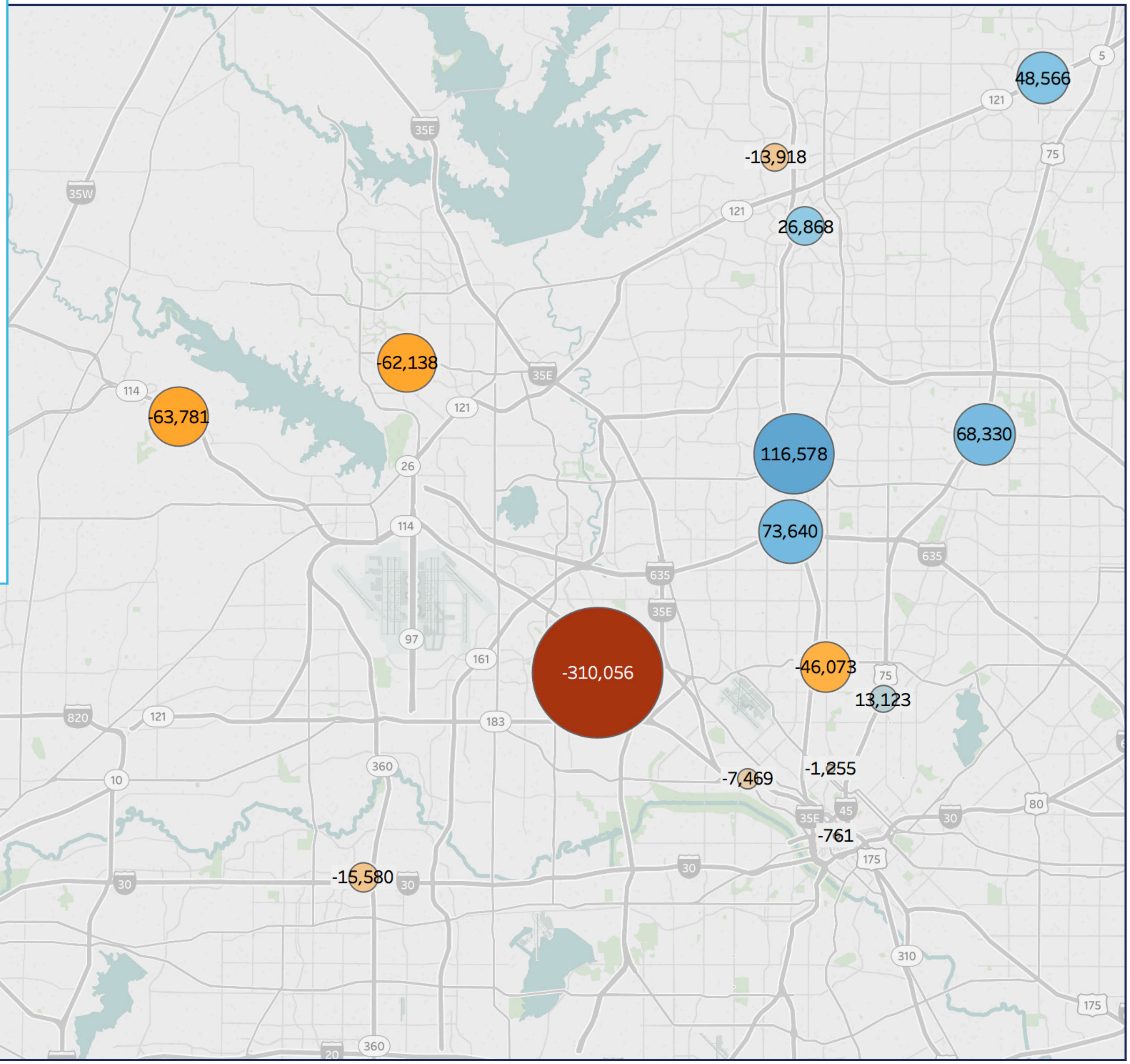
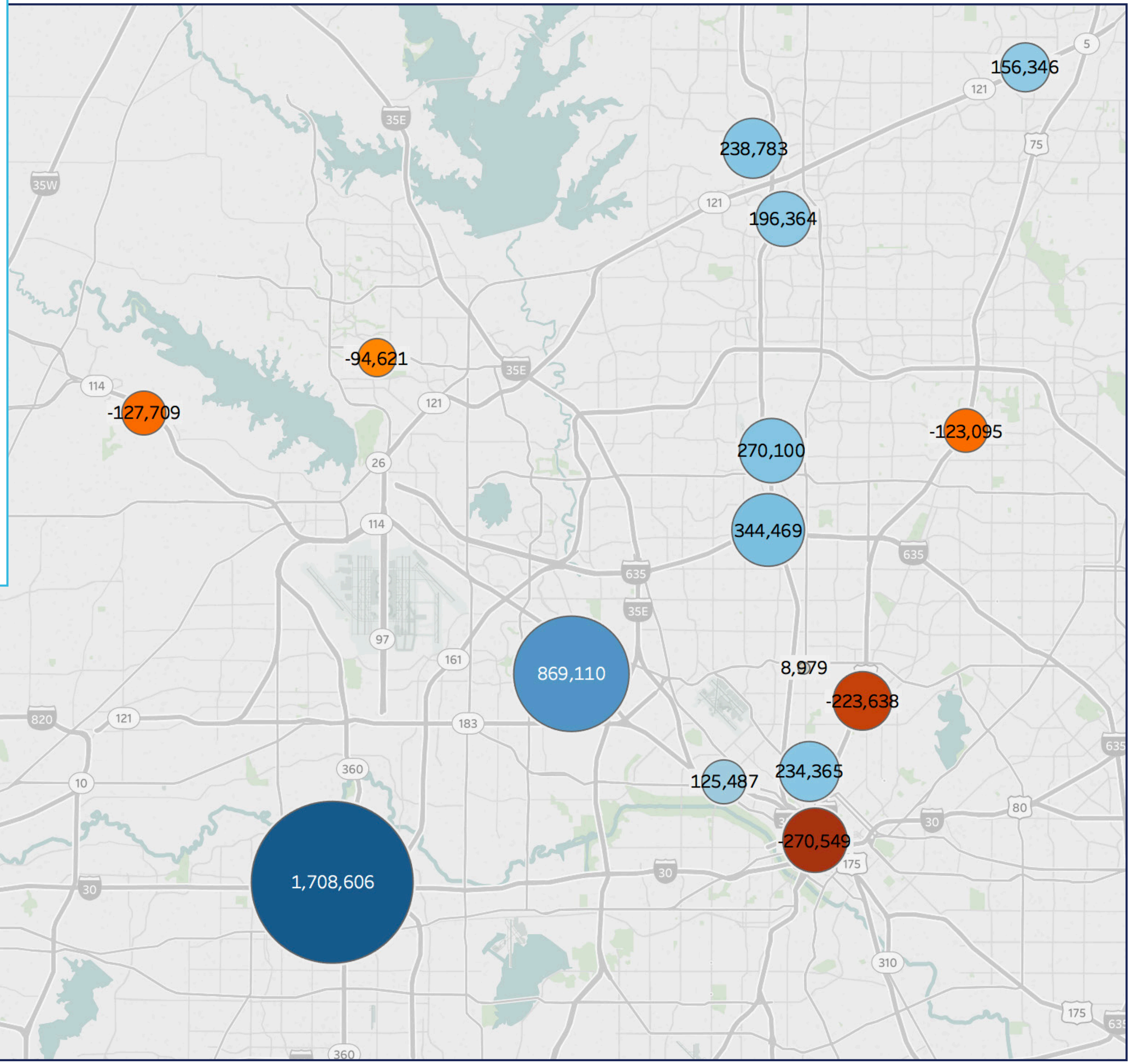
12 Month Net Absorption: **Class B**

Submarket Name	12 Mo. Abs. - Class B
Quorum/Bent Tree	116,578
LBJ Freeway	73,640
Richardson	68,330
Allen/McKinney	48,566
West Southwest Ft Worth	42,888
Upper Tollway/West Plano	26,868
Central Expressway	13,123
Dallas CBD	-761
Uptown/Turtle Creek	-1,255
Stemmons Freeway	-7,469
Frisco/The Colony	-13,918
Mid Cities/HEB/Arlington	-15,580
Fort Worth CBD	-17,539
Preston Center	-46,073
Lewisville/Denton/Flower Mound	-62,138
Westlake/Grapevine	-63,781
Las Colinas	-310,056



12 Month Net Absorption: **Total**

Submarket Name	12 Mo. Abs. - Total
Mid Cities/HEB/Arlington	1,708,606
Las Colinas	869,110
LBJ Freeway	344,469
Quorum/Bent Tree	270,100
Frisco/The Colony	238,783
Uptown/Turtle Creek	234,365
Upper Tollway/West Plano	196,364
Allen/McKinney	156,346
Stemmons Freeway	125,487
Fort Worth CBD	33,951
Preston Center	8,979
Lewisville/Denton/Flower Mound	-94,621
Richardson	-123,095
Westlake/Grapevine	-127,709
West Southwest Ft Worth	-213,110
Central Expressway	-223,638
Dallas CBD	-270,549



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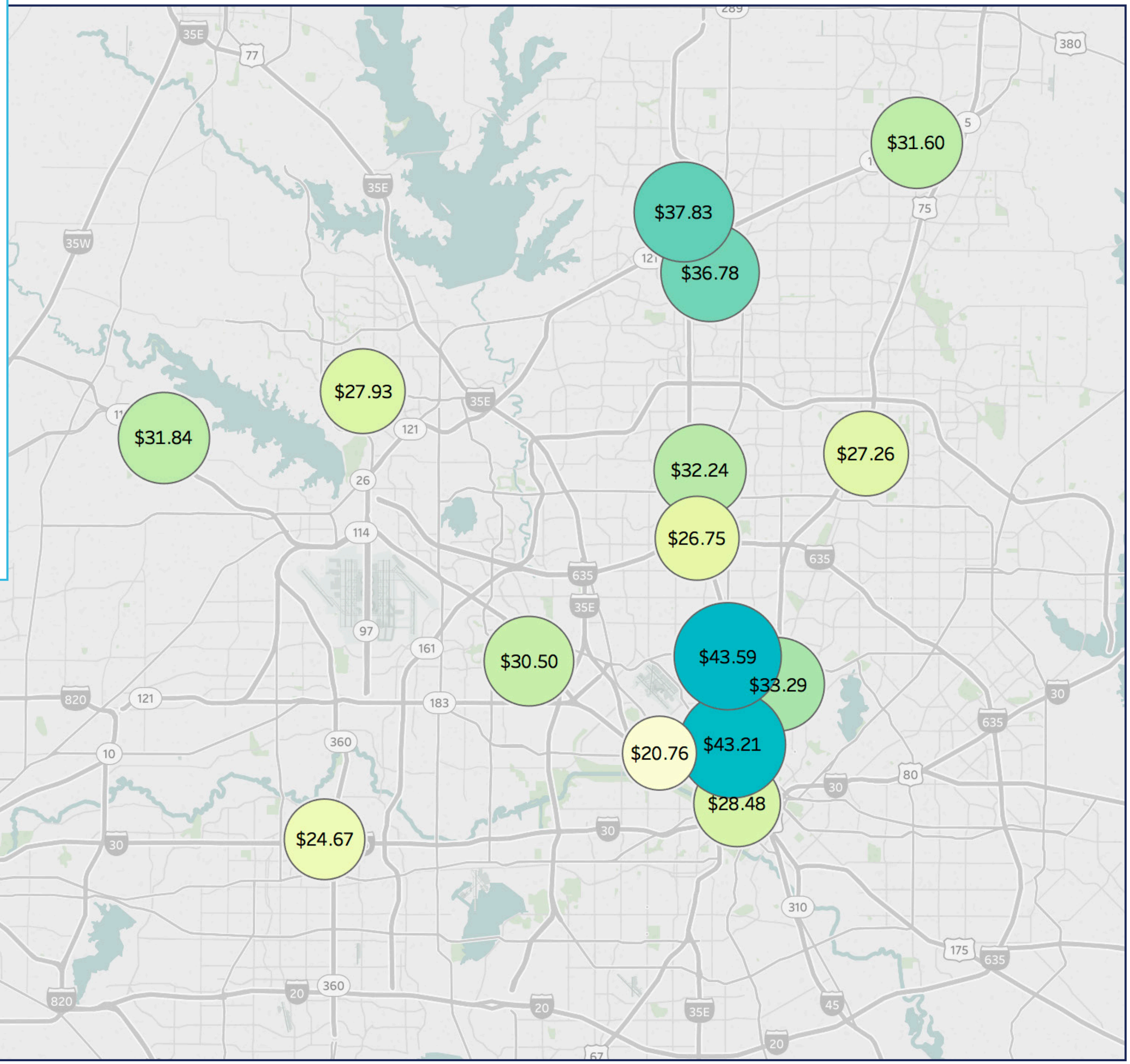
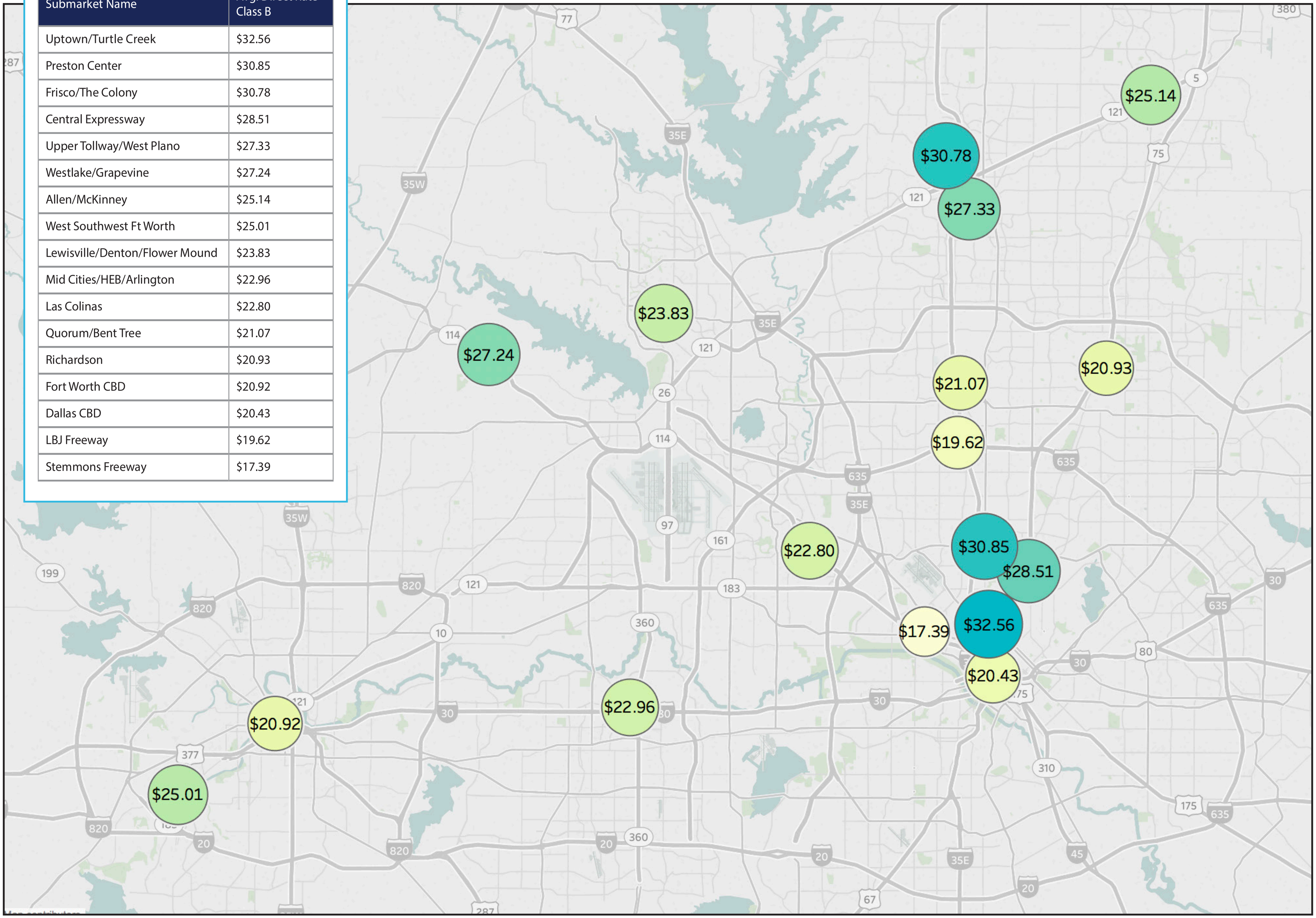
Average Gross Direct Rate: **Class A**

Submarket Name	Avg. Direct Rate - Class A
Preston Center	$43.59
Uptown/Turtle Creek	$43.21
Frisco/The Colony	$37.83
Upper Tollway/West Plano	$36.78
Central Expressway	$33.29
Quorum/Bent Tree	$32.24
Fort Worth CBD	$31.88
Westlake/Grapevine	$31.84
Allen/McKinney	$31.60
Las Colinas	$30.50
Dallas CBD	$28.48
Lewisville/Denton/Flower Mound	$27.93
West Southwest Ft Worth	$27.78
Richardson	$27.26
LBJ Freeway	$26.75
Mid Cities/HEB/Arlington	$24.67
Stemmons Freeway	$20.76

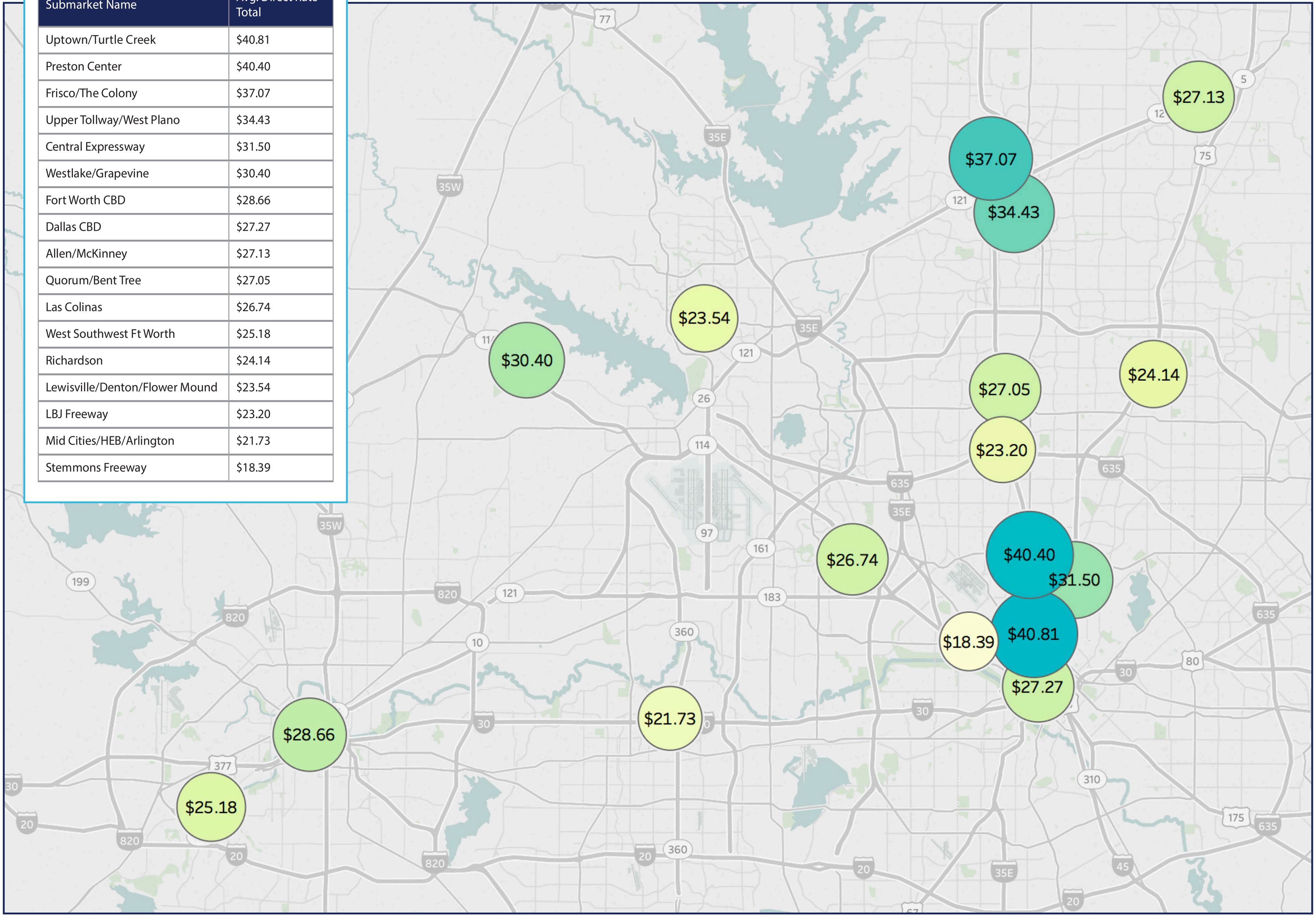


Average Gross Direct Rate: **Class B**

Submarket Name	Avg. Direct Rate - Class B
Uptown/Turtle Creek	$32.56
Preston Center	$30.85
Frisco/The Colony	$30.78
Central Expressway	$28.51
Upper Tollway/West Plano	$27.33
Westlake/Grapevine	$27.24
Allen/McKinney	$25.14
West Southwest Ft Worth	$25.01
Lewisville/Denton/Flower Mound	$23.83
Mid Cities/HEB/Arlington	$22.96
Las Colinas	$22.80
Quorum/Bent Tree	$21.07
Richardson	$20.93
Fort Worth CBD	$20.92
Dallas CBD	$20.43
LBJ Freeway	$19.62
Stemmons Freeway	$17.39



Average Gross Direct Rate: **Total**



Submarket Name	Avg. Direct Rate - Total
Uptown/Turtle Creek	$40.81
Preston Center	$40.40
Frisco/The Colony	$37.07
Upper Tollway/West Plano	$34.43
Central Expressway	$31.50
Westlake/Grapevine	$30.40
Fort Worth CBD	$28.66
Dallas CBD	$27.27
Allen/McKinney	$27.13
Quorum/Bent Tree	$27.05
Las Colinas	$26.74
West Southwest Ft Worth	$25.18
Richardson	$24.14
Lewisville/Denton/Flower Mound	$23.54
LBJ Freeway	$23.20
Mid Cities/HEB/Arlington	$21.73
Stemmons Freeway	$18.39

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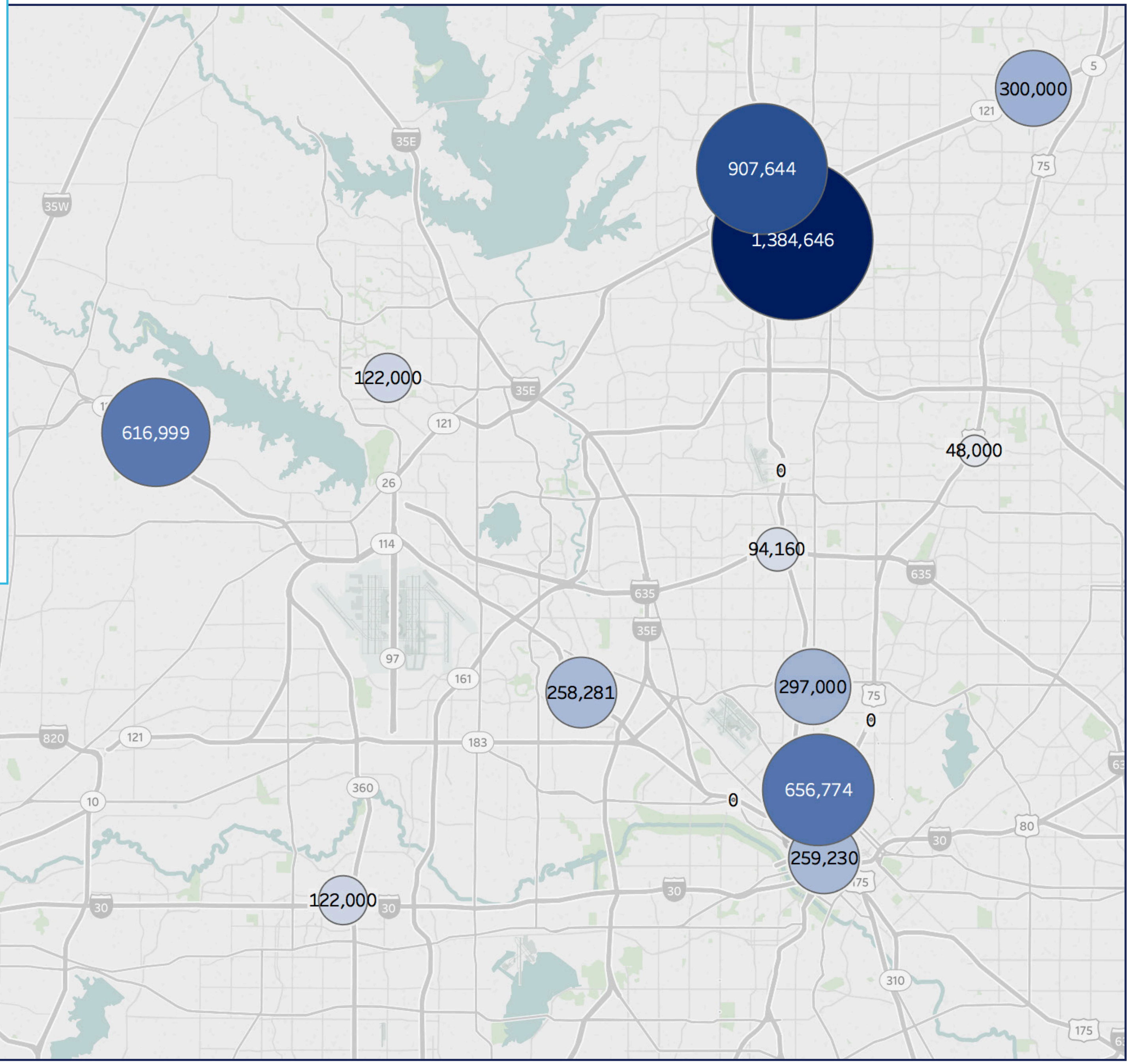
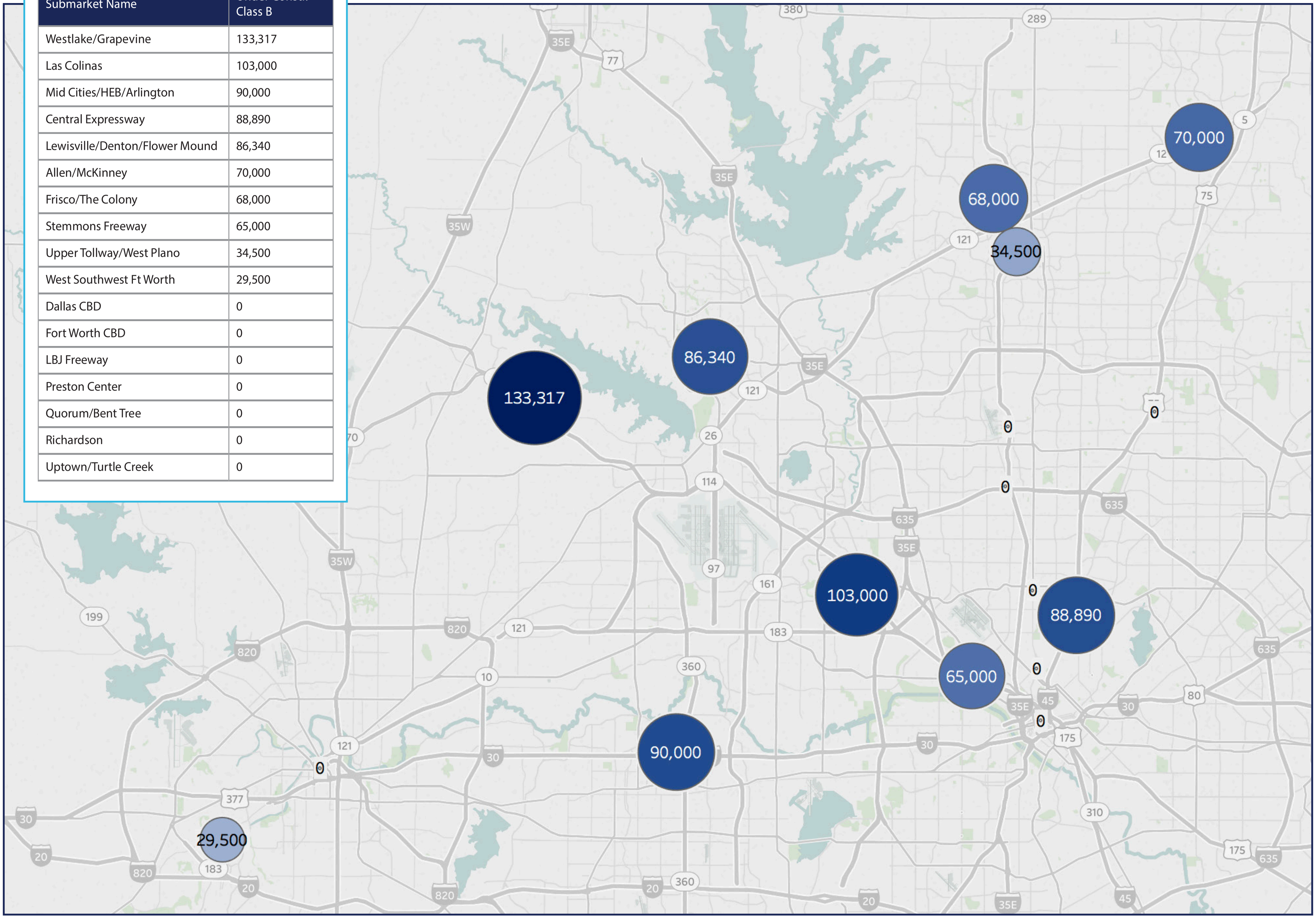
Under Construction: **Class A**

Submarket Name	Under Constr.-Class A
Upper Tollway/West Plano	1,384,646
Frisco/The Colony	907,644
Uptown/Turtle Creek	656,774
Westlake/Grapevine	616,999
Allen/McKinney	300,000
Preston Center	297,000
Dallas CBD	259,230
Las Colinas	258,281
Lewisville/Denton/Flower Mound	122,000
Mid Cities/HEB/Arlington	122,000
LBJ Freeway	94,160
Richardson	48,000
West Southwest Ft Worth	23,031
Central Expressway	0
Fort Worth CBD	0
Quorum/Bent Tree	0
Stemmons Freeway	0



Under Construction: **Class B**

Submarket Name	Under Constr. - Class B
Westlake/Grapevine	133,317
Las Colinas	103,000
Mid Cities/HEB/Arlington	90,000
Central Expressway	88,890
Lewisville/Denton/Flower Mound	86,340
Allen/McKinney	70,000
Frisco/The Colony	68,000
Stemmons Freeway	65,000
Upper Tollway/West Plano	34,500
West Southwest Ft Worth	29,500
Dallas CBD	0
Fort Worth CBD	0
LBJ Freeway	0
Preston Center	0
Quorum/Bent Tree	0
Richardson	0
Uptown/Turtle Creek	0



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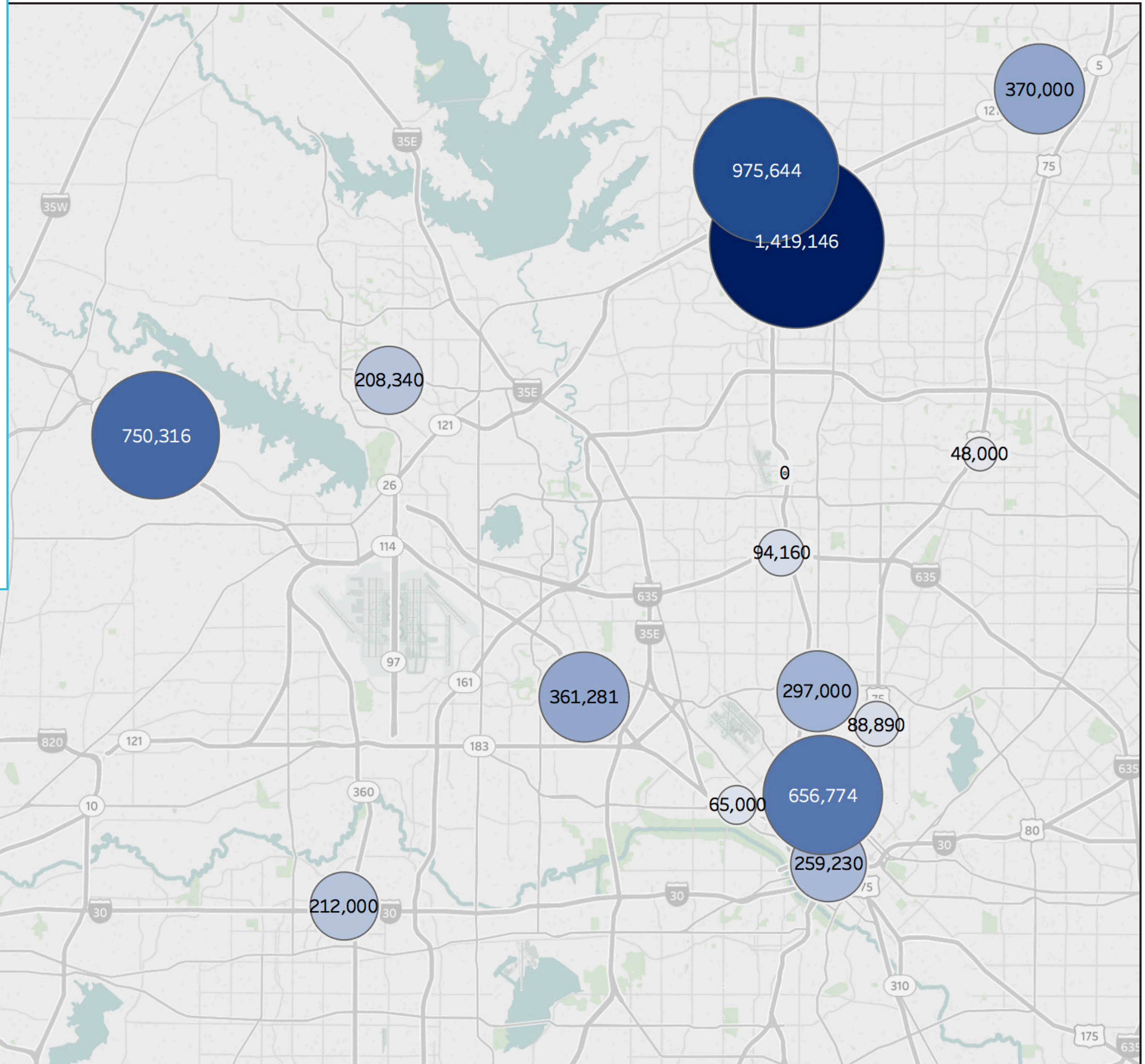
Under Construction: **Total**

Submarket Name	Under Constr. - Total
Upper Tollway/West Plano	1,419,146
Frisco/The Colony	975,644
Westlake/Grapevine	750,316
Uptown/Turtle Creek	656,774
Allen/McKinney	370,000
Las Colinas	361,281
Preston Center	297,000
Dallas CBD	259,230
Mid Cities/HEB/Arlington	212,000
Lewisville/Denton/Flower Mound	208,340
LBJ Freeway	94,160
Central Expressway	88,890
Stemmons Freeway	65,000
West Southwest Ft Worth	52,531
Richardson	48,000
Fort Worth CBD	0
Quorum/Bent Tree	0



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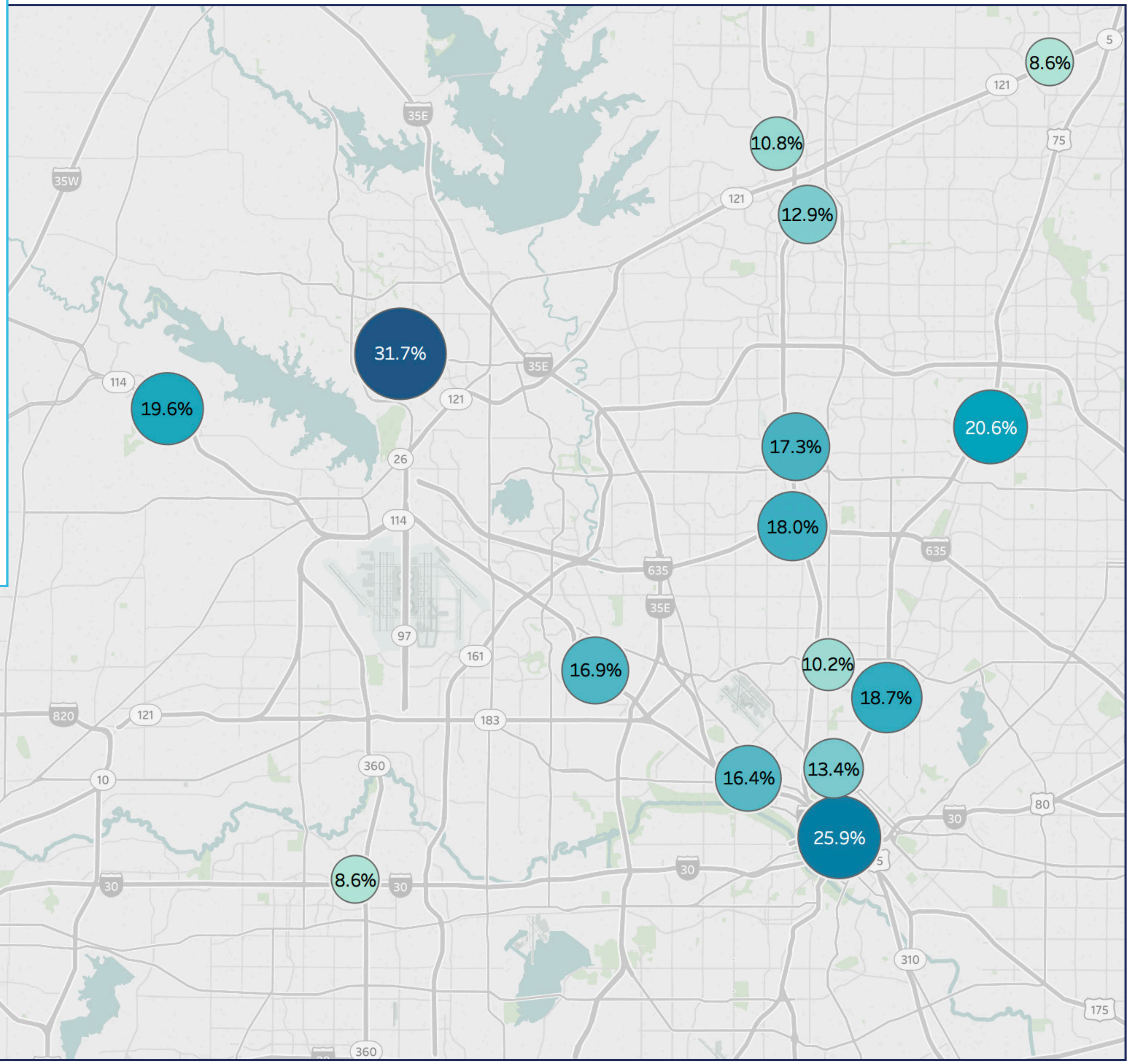
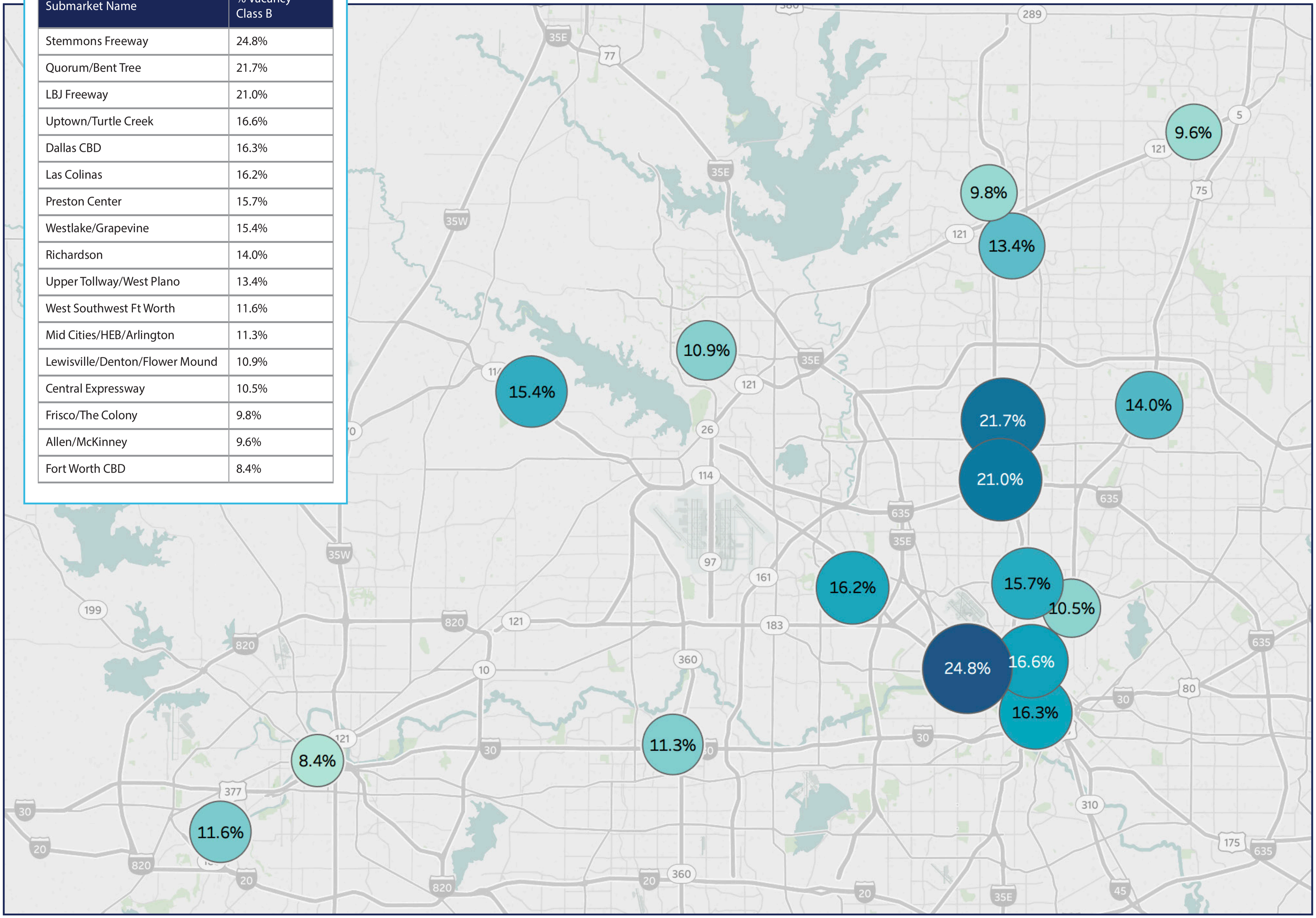
Percent Vacancy: **Class A**

Submarket Name	% Vacancy - Class A
Lewisville/Denton/Flower Mound	31.7%
Dallas CBD	25.9%
Richardson	20.6%
Westlake/Grapevine	19.6%
Central Expressway	18.7%
LBJ Freeway	18.0%
Quorum/Bent Tree	17.3%
Las Colinas	16.9%
Stemmons Freeway	16.4%
Fort Worth CBD	15.8%
Uptown/Turtle Creek	13.4%
Upper Tollway/West Plano	12.9%
West Southwest Ft Worth	12.0%
Frisco/The Colony	10.8%
Preston Center	10.2%
Allen/McKinney	8.6%
Mid Cities/HEB/Arlington	8.6%



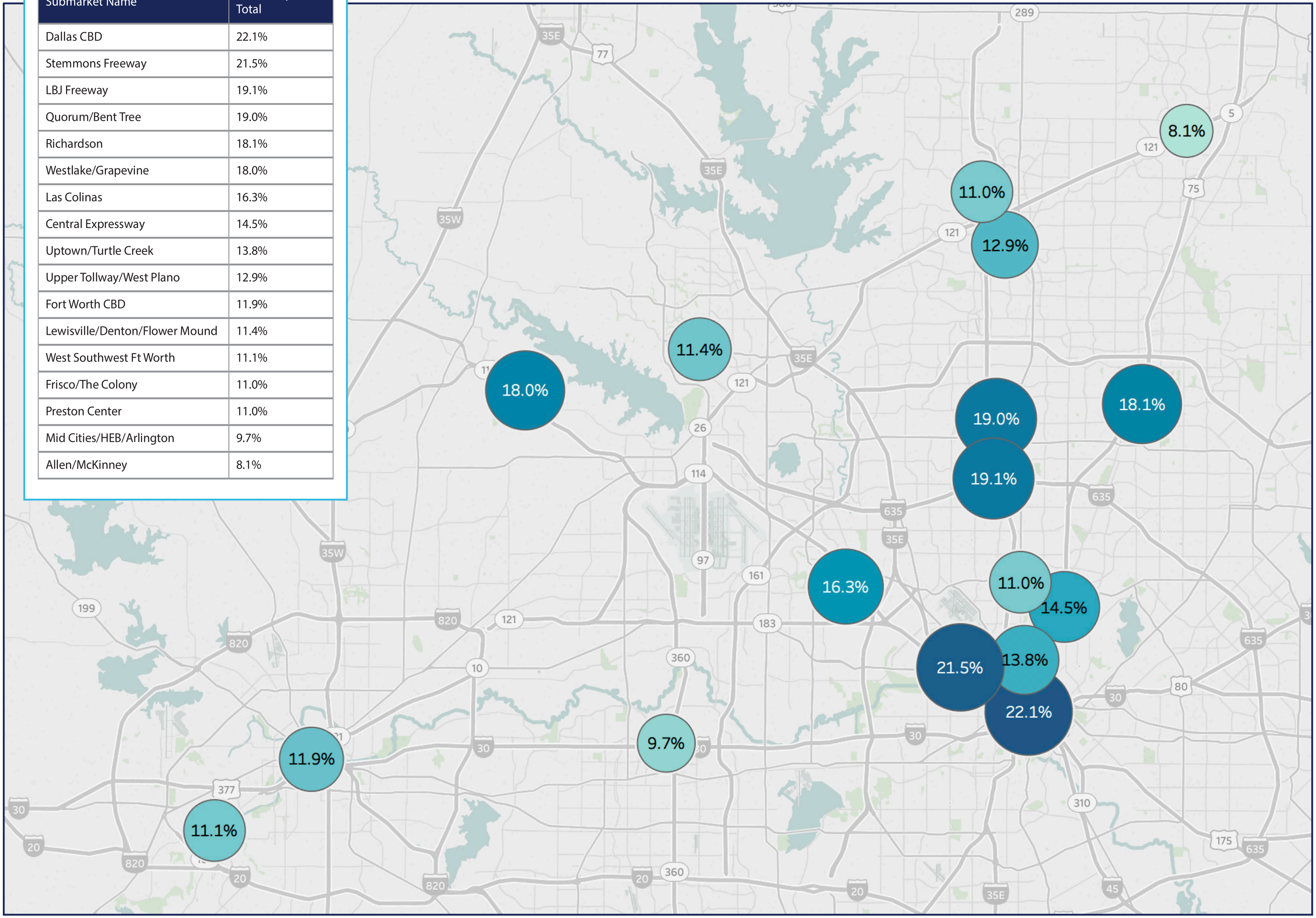
Percent Vacancy: **Class B**

Submarket Name	% Vacancy - Class B
Stemmons Freeway	24.8%
Quorum/Bent Tree	21.7%
LBJ Freeway	21.0%
Uptown/Turtle Creek	16.6%
Dallas CBD	16.3%
Las Colinas	16.2%
Preston Center	15.7%
Westlake/Grapevine	15.4%
Richardson	14.0%
Upper Tollway/West Plano	13.4%
West Southwest Ft Worth	11.6%
Mid Cities/HEB/Arlington	11.3%
Lewisville/Denton/Flower Mound	10.9%
Central Expressway	10.5%
Frisco/The Colony	9.8%
Allen/McKinney	9.6%
Fort Worth CBD	8.4%



Percent Vacancy: **Total**

Submarket Name	% Vacancy - Total
Dallas CBD	22.1%
Stemmons Freeway	21.5%
LBJ Freeway	19.1%
Quorum/Bent Tree	19.0%
Richardson	18.1%
Westlake/Grapevine	18.0%
Las Colinas	16.3%
Central Expressway	14.5%
Uptown/Turtle Creek	13.8%
Upper Tollway/West Plano	12.9%
Fort Worth CBD	11.9%
Lewisville/Denton/Flower Mound	11.4%
West Southwest Ft Worth	11.1%
Frisco/The Colony	11.0%
Preston Center	11.0%
Mid Cities/HEB/Arlington	9.7%
Allen/McKinney	8.1%



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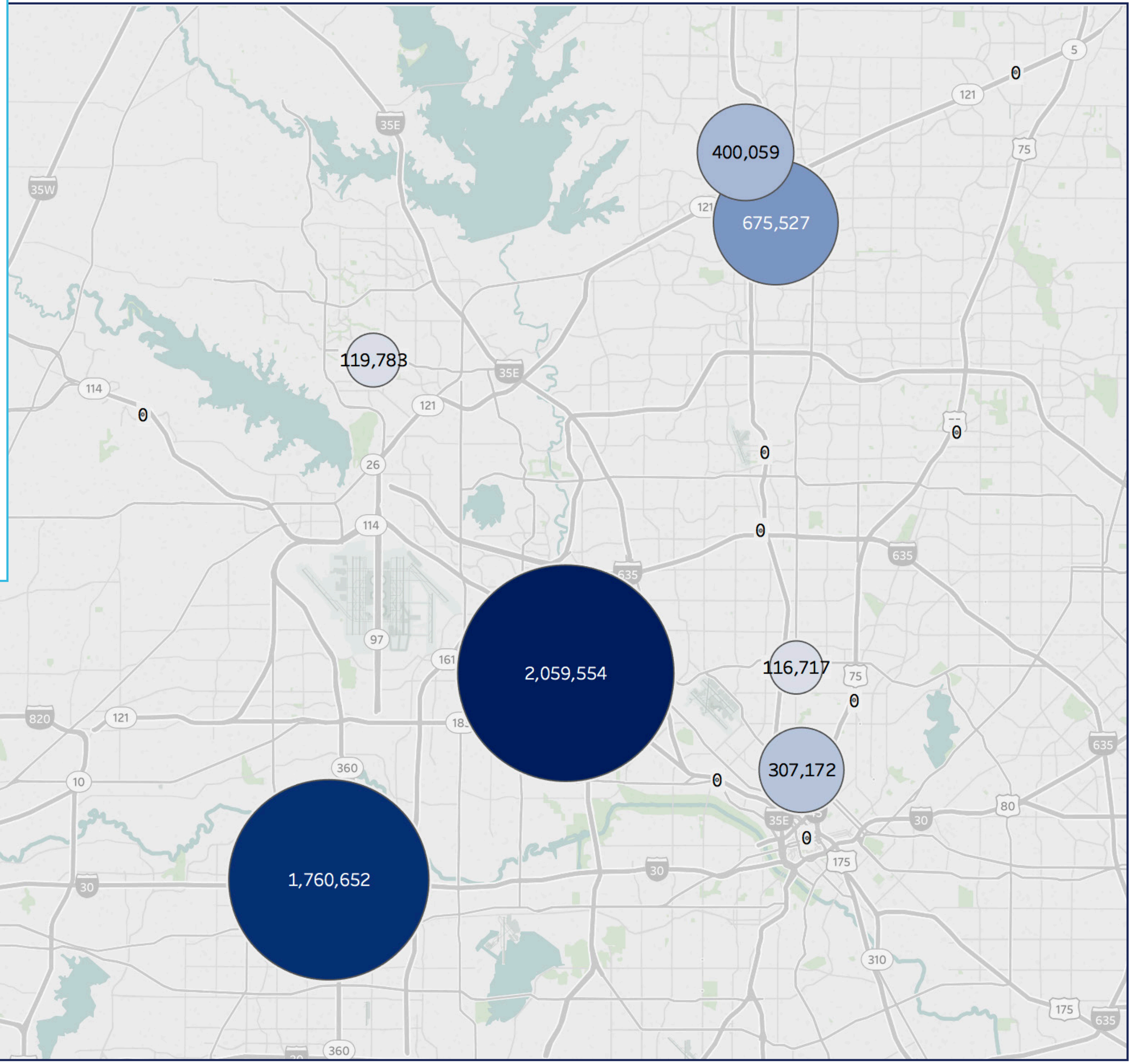
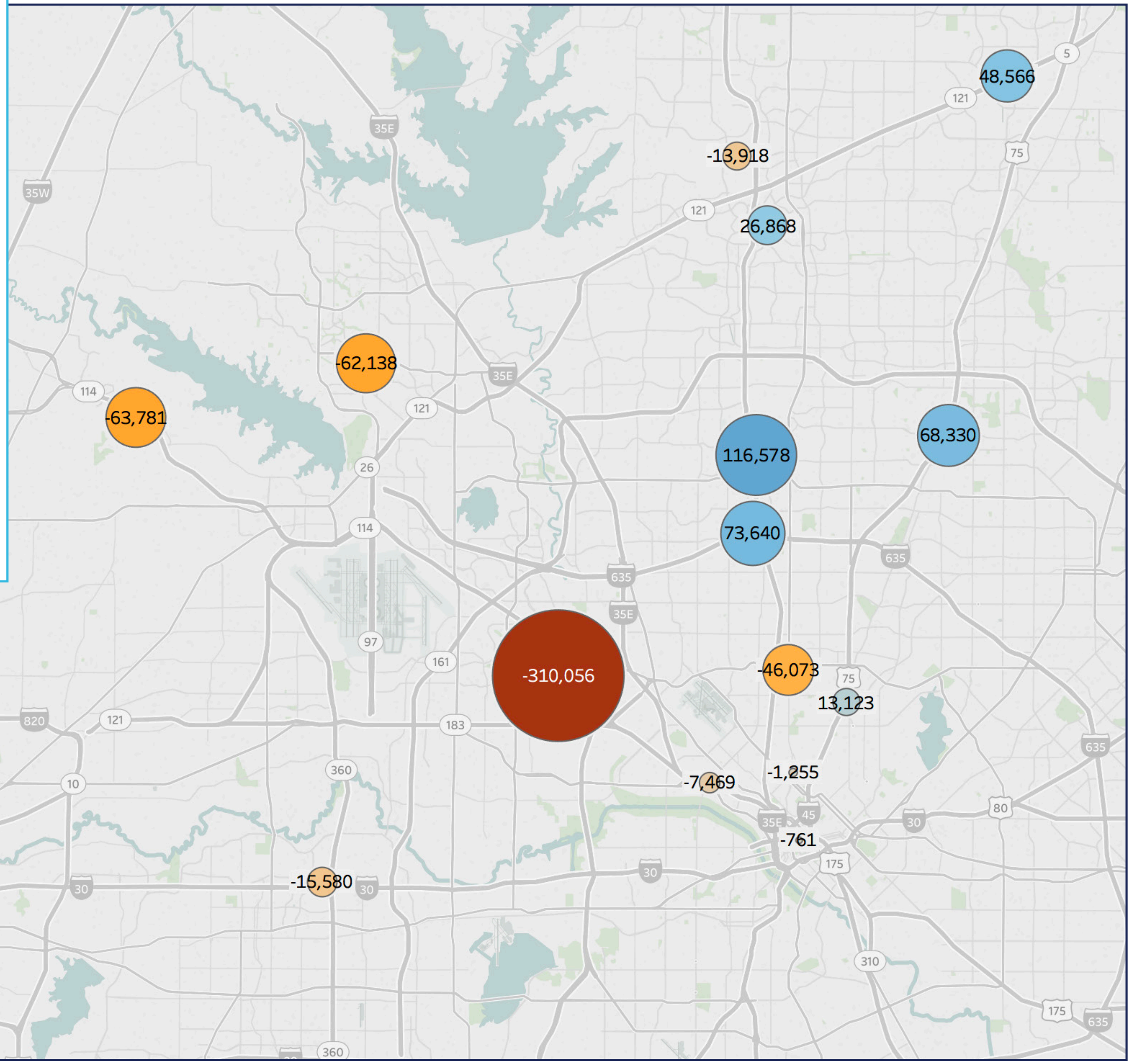
12 Month Deliveries: **Class A**

Submarket Name	12 Mo. Deliveries - Class A
Las Colinas	2,059,554
Mid Cities/HEB/Arlington	1,760,652
Upper Tollway/West Plano	675,527
Frisco/The Colony	400,059
Uptown/Turtle Creek	307,172
Lewisville/Denton/Flower Mound	119,783
Preston Center	116,717
West Southwest Ft Worth	27,312
Allen/McKinney	0
Central Expressway	0
Dallas CBD	0
Fort Worth CBD	0
LBJ Freeway	0
Quorum/Bent Tree	0
Richardson	0
Stemmons Freeway	0
Westlake/Grapevine	0



12 Month Deliveries: **Class B**

Submarket Name	12 Mo. Deliveries - Class B
West Southwest Ft Worth	81,813
Richardson	52,091
Mid Cities/HEB/Arlington	50,000
Quorum/Bent Tree	48,000
Westlake/Grapevine	45,750
Frisco/The Colony	21,022
Allen/McKinney	0
Central Expressway	0
Dallas CBD	0
Fort Worth CBD	0
Las Colinas	0
LBJ Freeway	0
Lewisville/Denton/Flower Mound	0
Preston Center	0
Stemmons Freeway	0
Upper Tollway/West Plano	0
Uptown/Turtle Creek	0



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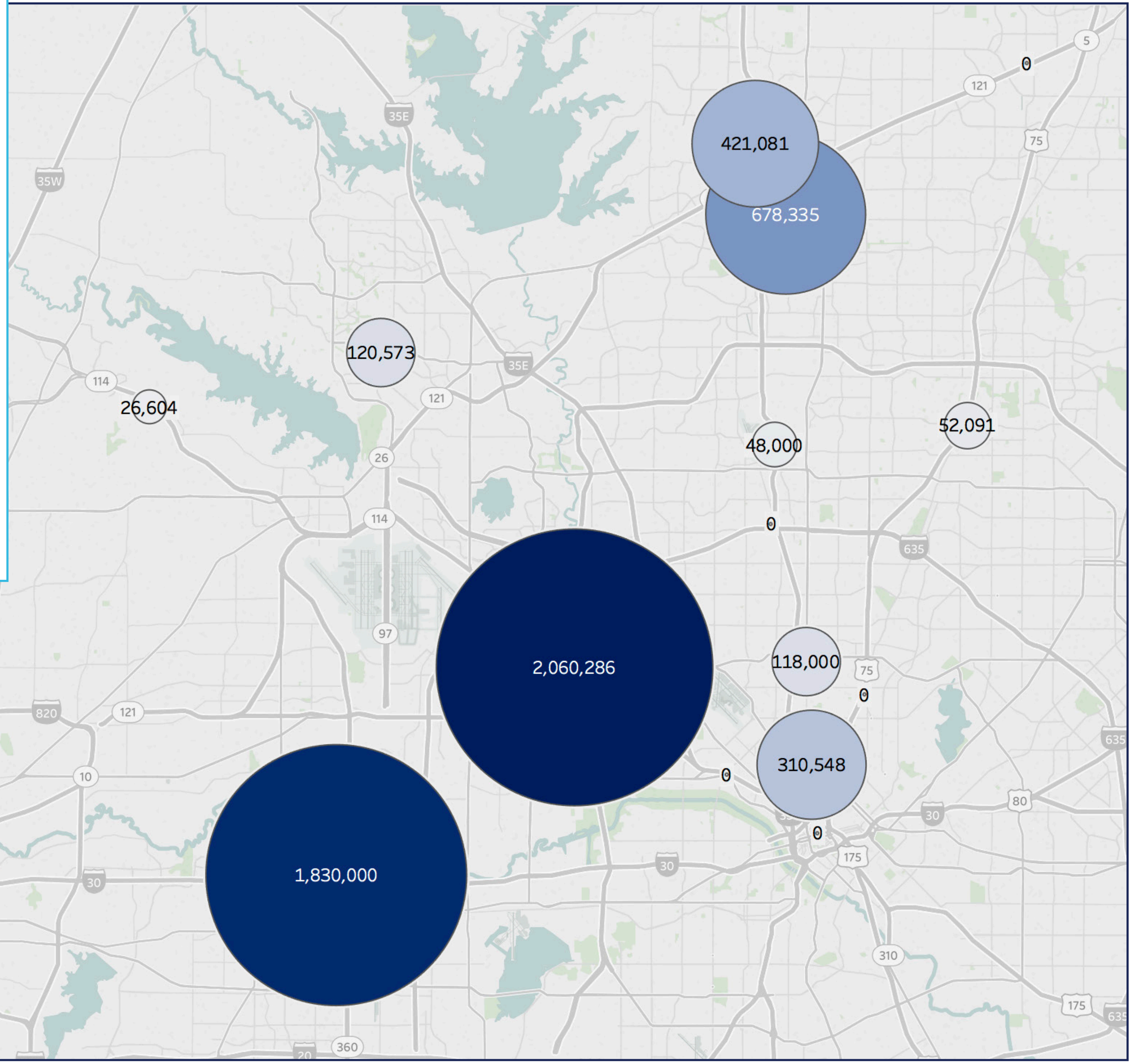
12 Month Deliveries: **Total**

Submarket Name	12 Mo. Deliveries - Total
Las Colinas	2,060,286
Mid Cities/HEB/Arlington	1,830,000
Upper Tollway/West Plano	678,335
Frisco/The Colony	421,081
Uptown/Turtle Creek	310,548
Lewisville/Denton/Flower Mound	120,573
Preston Center	118,000
West Southwest Ft Worth	109,125
Richardson	52,091
Quorum/Bent Tree	48,000
Westlake/Grapevine	26,604
Allen/McKinney	0
Central Expressway	0
Dallas CBD	0
Fort Worth CBD	0
LBJ Freeway	0
Stemmons Freeway	0



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