

AVISON
YOUNG

THE BOOK

3Q.2019

YOUR ONE-STOP RESOURCE FOR DALLAS-FORT WORTH
COMMERCIAL REAL ESTATE INFORMATION & NEWS



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CONTACT:

Micah Rabalais
Senior Research Analyst
214.269.3108
micah.rabalais@avisonyoung.com

Avison Young — Dallas, LLC
1920 McKinney Avenue | Suite 1100
Dallas, TX 75201

avisonyoung.com

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AVISON
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Welcome to **THE BOOK**,

presented by Avison Young — Dallas, LLC. We hope this will be your central hub for information on all things happening in Dallas-Fort Worth's thriving commercial real estate market.

This book will be ever evolving and growing, and we look forward to hearing your feedback and requests for new material.

Best,

Micah Rabalais

Sr. Research Analyst

214.269.3108

micah.rabalais@avisonyoung.com

Bragging Rights/**In The News**

“#1 Best city for jobs 2 years in a row”
- *Forbes*

“#1 Most business friendly city in America”
- *Market Watch*

“#1 City for investing”
- *PwC Emerging Trends*

“#1 City for starting a business”
- *Kiplinger*

“#4 Metros with the most Fortune 1,000 companies”
- *Fortune*

“#1 Most family-friendly metro in the US”
- *Homes.com*

“#2 Most Active Total Construction Markets”
- *Costar*

“#2 Largest growing metro in US”
- *Census Bureau*

The Big Picture of The Big D



OFFICE

INVENTORY

328 MSF

VACANCY

14.5%

UNDER CONSTRUCTION

8.7 MSF



INDUSTRIAL

INVENTORY

819 MSF

VACANCY

5.3%

UNDER CONSTRUCTION

37.8 MSF



RETAIL

INVENTORY

432 MSF

VACANCY

4.8%

UNDER CONSTRUCTION

3.4 MSF



MULTI-FAMILY

INVENTORY

852K Units

VACANCY

7.4%

UNDER CONSTRUCTION

38K Units

Dallas-Fort Worth

Market Overview

Dallas/Fort Worth Q3 '19 Summary



328,045,477
Square Feet

14.5%
VACANCY

4,872,857 SF

12 MONTH TOTAL ABSORPTION
(Single Tenant Owner Occupied Space Included)

2,120,651 SF

12 MONTH MULTI-TENANT ABSORPTION
(Single Tenant Owner Occupied Space Excluded)



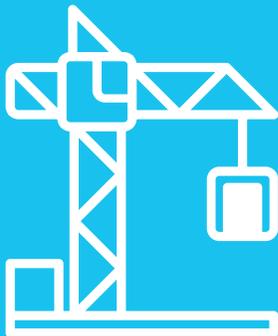
Average Gross Asking Rents

\$30.75

CLASS A

\$22.23

CLASS B



8.7 MSF

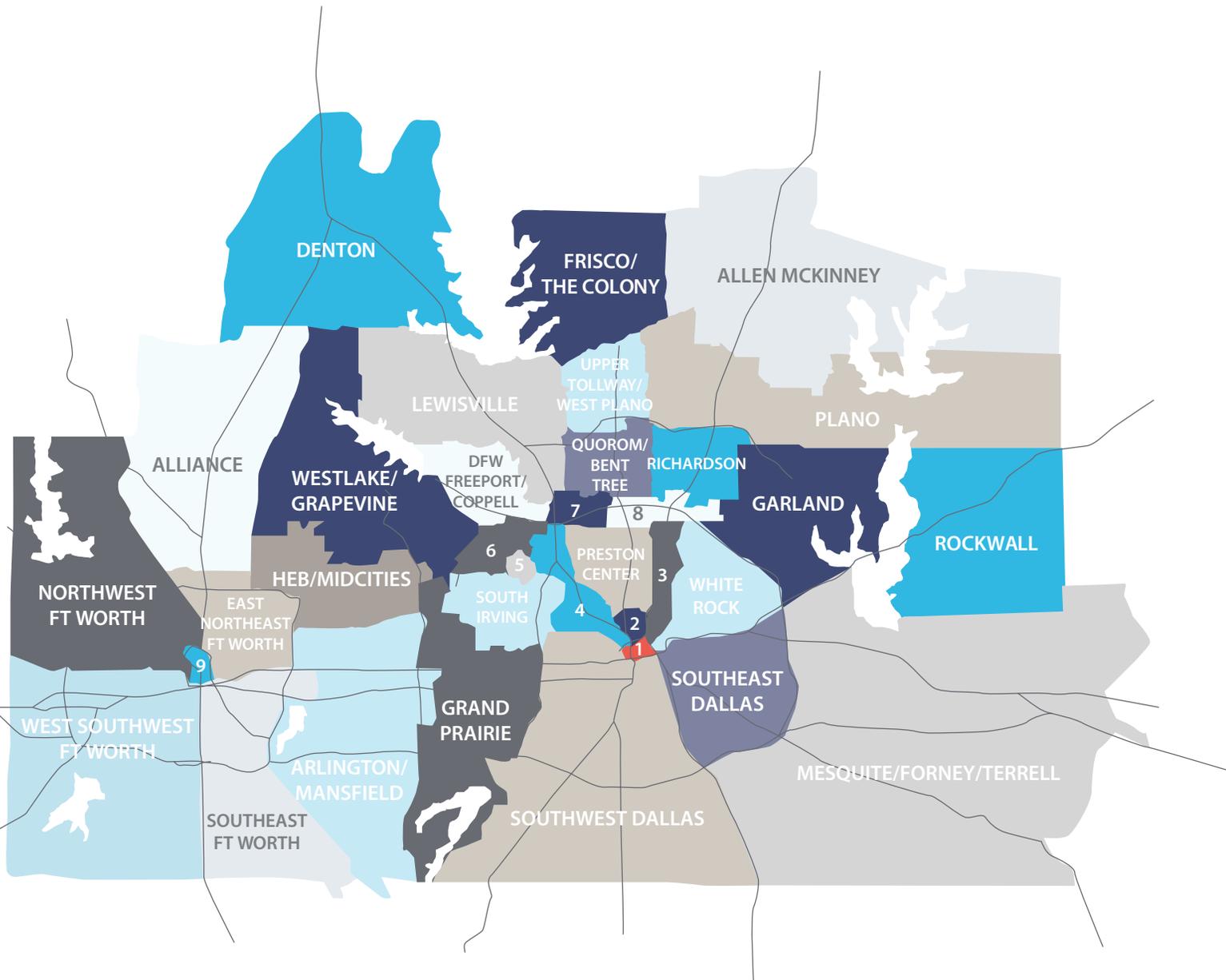
UNDER CONSTRUCTION

4.6 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

Office Market Research Report 3Q 2019

Market Overview

The Dallas-Fort Worth metro (DFW) ended Q3 2019 as the market with the most year-over-year absorption for the entire United States according to Costar, with 4.9 msf taken up by the market. DFW also had the 2nd largest 12-month job growth in the country, with a 3.1% increase of 115,800 new jobs added. Only the New York-Newark-Jersey City metro had more growth, with 134,200 jobs added. Unemployment dropped slightly, down to 3.4%, still below the national average of 4.0%.

The office market saw an impressive 2.3 msf deliver in Q3, driven mostly by American Airlines' new 1.7 msf headquarters opening near DFW International Airport. Including owner-occupied properties, net absorption was 2.1 msf for the quarter, and 12-month net absorption was 4.9 msf. More cranes continued to appear in the skyline as construction continued its brisk

pace with 8.7 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.

"Flight-to-quality" and coworking continue to be popular multi-tenant absorption drivers, with 414,000 sf and 160,000 sf, respectively, of net absorption for the quarter when isolated. Class B and older properties continue to post negative net absorption, a trend that will likely continue for the foreseeable future as tenants look for newer, refreshed, amenitized, and conveniently located spaces.

Looking ahead, global uncertainty hangs in the cooling air of Fall as slowdowns take hold across the markets. Even so, Dallas is positioned to keep its momentum and position as one of the most desirable, affordable, and thriving markets in the country.

Market Facts



115,800
Jobs added in the last year



3.4%
Unemployment in Dallas.

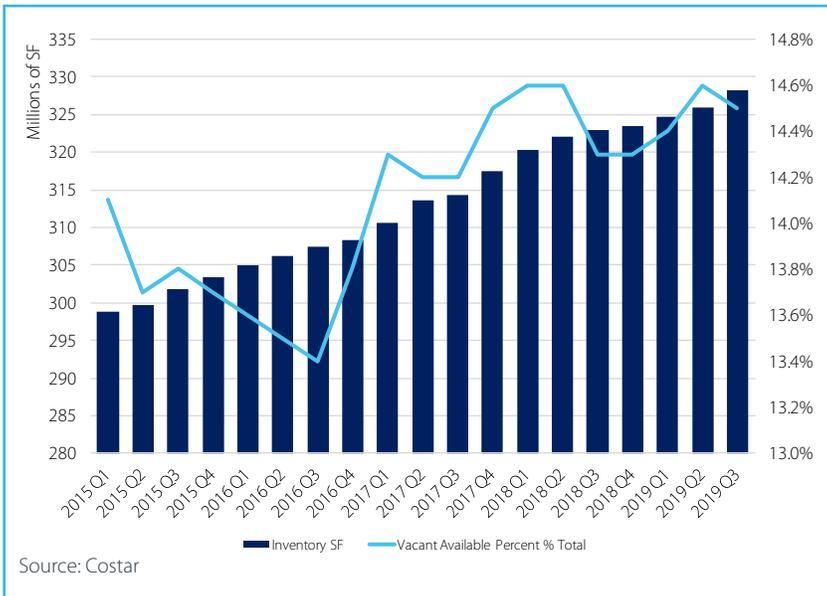


2.8%
12 Mo. Rent Growth



\$26.74
Average Gross Direct Rental rate

Total Inventory vs. Vacancy Rate

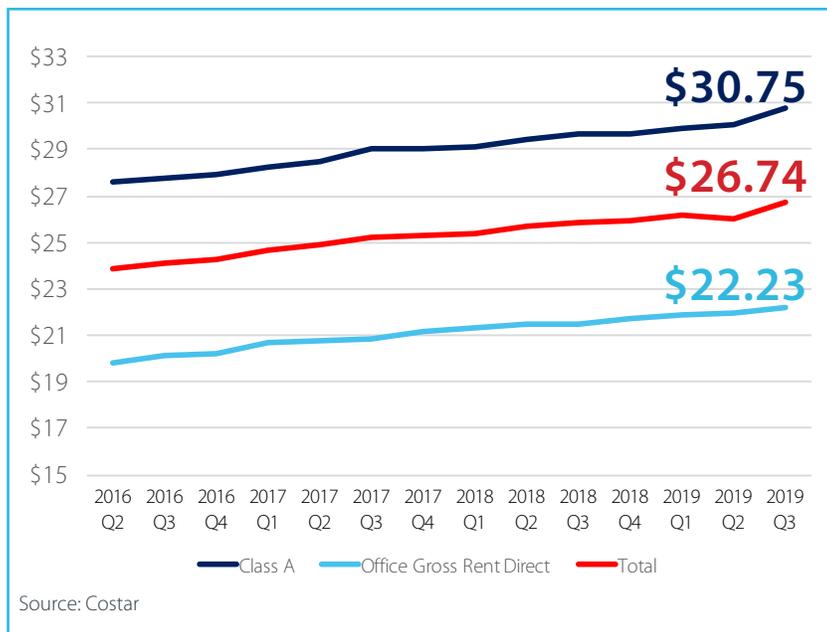


Vacancy

The Dallas-Fort Worth Office market ended the quarter with a vacancy rate of 14.5%. In all, there was 47.6 MSF of vacant space available. The vacant available rate was down slightly from recent quarters, even as more supply delivered. Much of that supply, like the American Airlines HQ, was build-to-suit, so it never entered the market with any availability.

Looking at which submarkets are struggling the most with large vacancies, the usual suspects stay in sight. Dallas CBD has had several quarters of positive absorption recently, but the majority of that is in new product like 1900 Pearl and The Luminary. 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.

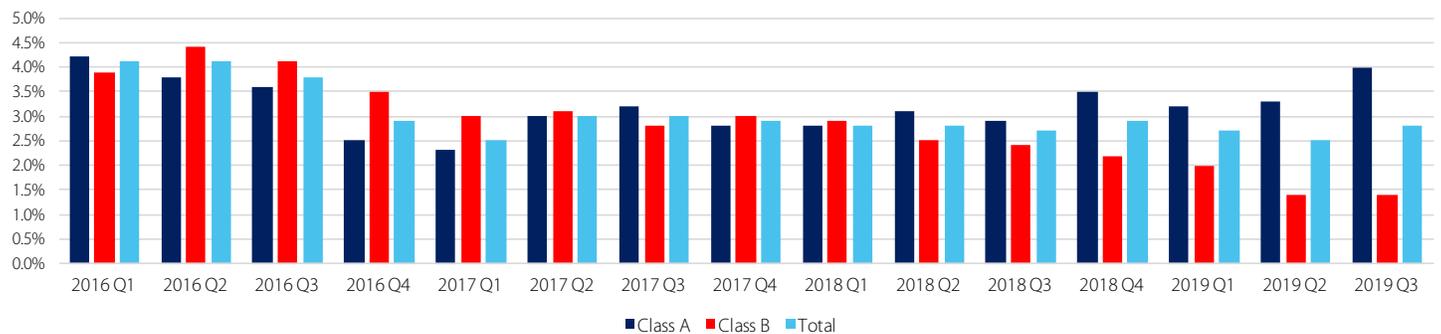
DFW Gross Direct Asking Rent Per SF



Rental Rates

Annualized rent growth for Q3 was 2.8%, equal to the national average. Class A rates grew 4.0%, a faster pace than recent quarters. Class B rates grew 1.4%, continuing their deceleration. In total, rent growth is steady, even declining in some submarkets, but rents remain about 15% higher than 2008 per-recession peaks. Premier submarkets such as Uptown/Turtle Creek, Frisco/The Colony, and Upper Tollway/West Plano saw the strongest growth, with rents now 20% greater than

Annualized Rent Growth



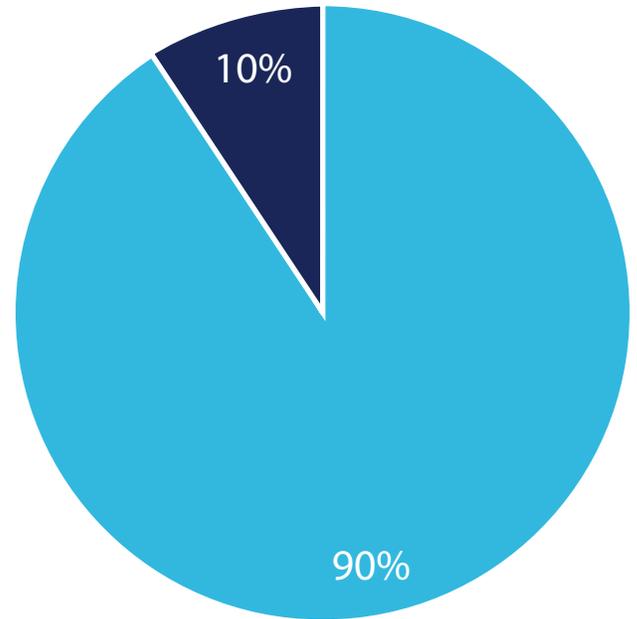
Absorption & Supply

12-month net absorption finished the quarter at 4.8 MSF, which continued the momentum seen in recent quarters. Q3 itself saw a whopping 2.1 MSF absorbed when single tenant owner-occupied space is included. When owner occupied space is excluded, quarterly absorption drops substantially to only 231,100 SF. As with 2018, the majority of absorption is continuing its flight-to-quality trend towards upgraded Class B and newer Class A product. When Class A and B product is separated, the numbers show Class B absorption is actually negative for 12-Month and quarterly rates.

Class A 12 Month Absorption (Owner Occup. Excluded)	Class B 12 Month Absorption (Owner Occup. Excluded)
2,032,533 SF	-485,617 SF

Newly built product is performing very well. Of the 20 MSF of non owner-occupied inventory built in the last 5 years, 87% has been leased. Of the 8.7 MSF currently under construction, including single tenant build-to-suits, the availability rate stands at 48%. As flight-to-quality trends continue, these vacancies should easily fill.

Absorption & Deliveries



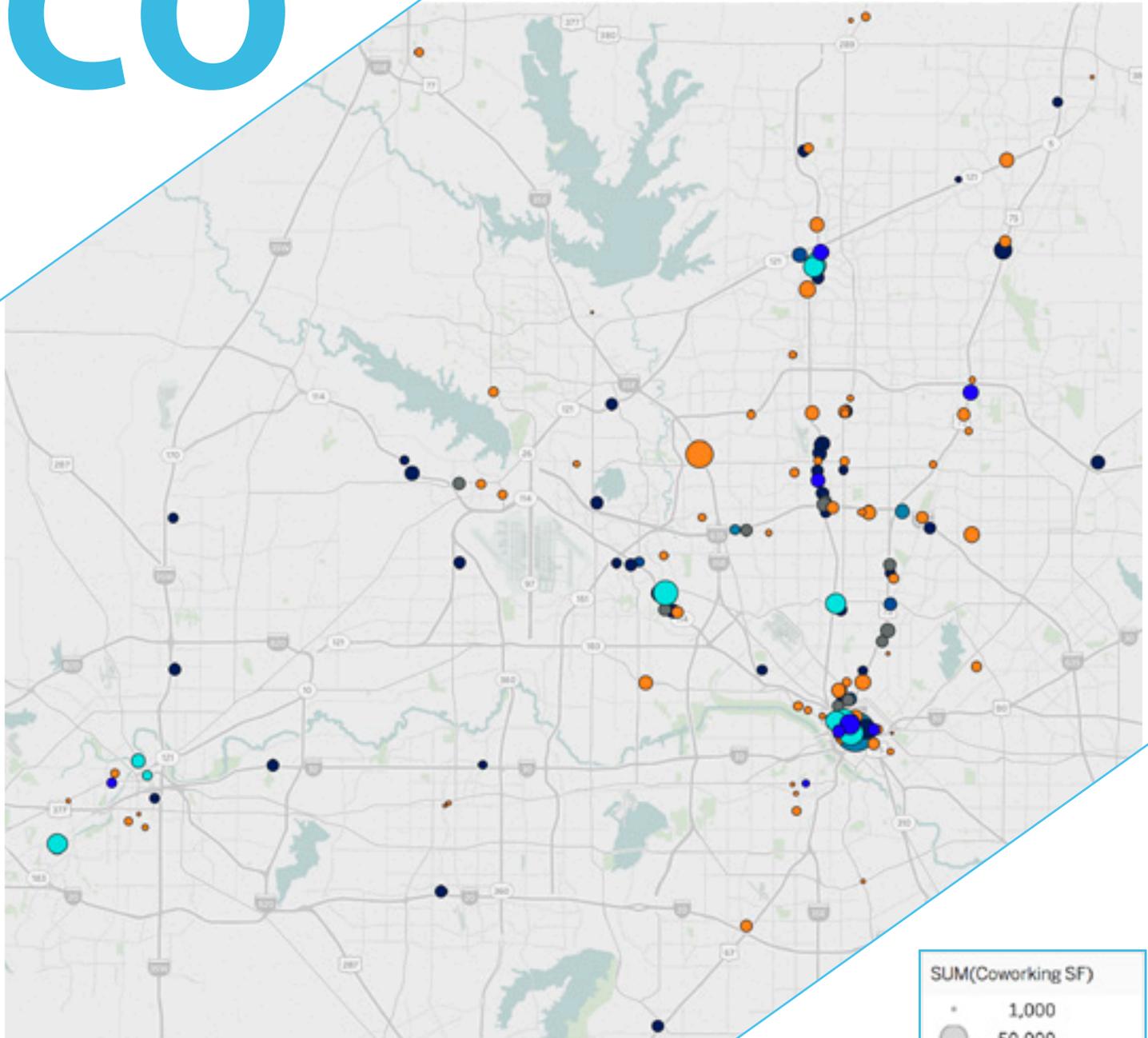
Roughly half of new product built in the last 5 years has been leased. Of the 8.7 MSF currently under construction, including single tenant build-to-suits, the availability rate stands at 48%. As flight-to-quality trends continue, these vacancies should easily fill.



Top Leases for Year-to-Date

Address/Complex	Tenant	Submarket	Size (SF)	Deal Type
The Epic	Uber	White Rock (CBD Cluster)	468,993 SF	New
Fossil Creek	Lockheed Martin	East Northeast Ft Worth	431,579 SF	New
International Plaza I	Tenet Healthcare	Quorum/Bent Tree	372,931 SF	New
The Star	DPS Holdings, Inc.	Frisco/The Colony	350,000 SF	New
Alliance- Heritage Commons IV	Unnamed Fortune 20 Co.	Las Colinas Cluster	198,809 SF	New

CO WORKING



There is currently **3.5 MSF** of space dedicated to coworking and flexible lease providers.

LARGEST PROVIDERS (% Total Inventory)



The Market: Stats

Class A & B Market Statistics

3Q19

Market	Existing Inventory		Vacancy				12 Month	Quarterly Net	12 Month	Quarterly Net	YTD	Under	Quoted
	# Blds	Total RBA	Direct SF	Total SF	Total Vac %	Total Available %	Net Absorption	Absorption	Net Absorption (Owner Occup. Excluded)	Absorption (Owner Occup. Excluded)	Deliveries	Const SF	Gross Rent Direct
Class A	646	164,376,681	23,879,719	25,773,499	15.7%	22.1%	5,100,944	2,181,604	2,032,533	304,792	2,528,744	7,792,944	\$30.75
Class B	1,911	145,822,278	20,047,496	20,812,096	14.3%	18.1%	-154,869	(56,138)	-485,617	(49,319)	349,835	878,771	\$22.23
Totals	2,557	310,198,959	43,927,215	46,585,595	15.0%	20.1%	4,946,075	2,125,466	1,546,916	255,473	2,878,579	8,671,715	\$26.49

Source: CoStar Property*

Total Office Market Statistics

3Q19

Market	Existing Inventory		Vacancy				12 Month	Quarterly Net	12 Month	Quarterly Net	YTD	Under	Quoted
	# Blds	Total RBA	Direct SF	Total SF	Total Vac %	Total Available %	Net Absorption	Absorption	Net Absorption (Owner Occup. Excluded)	Absorption (Owner Occup. Excluded)	Deliveries	Const SF	Gross Rent Direct
Totals	2,953	328,045,477	44,983,976	47,649,331	14.5%	19.7%	4,872,857	2,120,651	1,488,457	231,098	4,578,579	8,671,715	\$26.74

Source: CoStar Property*

Office, 20k sf, Existing, Owner Occupied Included



The Market: Stats

Class A Core Submarket Statistics

Market	Existing Inventory		Vacancy					Absorption		Construction		Quoted Gross
	# Blds	Total RBA	Direct SF	Sublease SF	Total SF	Vacant Total %	Available Total %	12 Mo. Net	Quarterly Net	YTD Deliveries	Under Constr.	Direct Rates
Allen/McKinney	19	1,898,576	141,387	19,549	160,936	8.5	16.3	302,591	51,593	218,000	300,000	\$30.96
Central Expy	24	7,361,253	916,427	72,565	988,992	13.4	19	72,156	-50,837	0	0	\$32.12
Dallas CBD	32	23,745,978	5,049,972	482,936	5,976,646	25.2	31.7	323,707	-50,826	104,119	60,230	\$28.30
Fort Worth CBD	19	6,595,727	965,250	16,403	981,653	14.9	16.2	-47,049	18,945	0	0	\$30.50
Frisco/The Colony	31	4,463,785	542,464	1,057	543,521	12.2	23	360,547	26,185	0	440,184	\$36.33
Las Colinas	89	21,082,993	2,425,252	201,978	2,627,230	12.5	21	118,916	-4,805	282,800	2,577,416	\$30.78
LBJ	38	10,762,915	2,013,615	168,146	2,181,761	20.3	24	-119,095	-44,086	0	0	\$26.98
Lewisville/Denton/Flower Mound	7	361,915	28,199	2,496	30,695	8.5	41	32,346	2,928	20,000	220,000	\$31.14
Mid Cities/HEB/Arlington	22	4,281,554	330,100	10,695	340,795	8	9.9	1,782,688	1,700,013	1,700,000	105,000	\$22.24
Preston Center	23	4,290,751	294,913	31,391	326,304	7.6	13.3	154,627	126,205	118,000	297,000	\$44.92
Quorum/Bent Tree	49	11,562,219	1,790,398	163,535	1,953,933	16.9	24.9	197,195	16,030	0	0	\$31.07
Richardson/Plano	58	13,210,386	2,550,398	47,977	2,598,375	19.7	25.9	554,364	349,534	0	300,000	\$27.01
Stemmons	14	4,976,848	786,582	0	786,582	15.8	19.6	97,484	10,141	0	0	\$20.43
Upper Tollway/West Plano	88	23,644,606	2,755,105	502,913	3,258,018	13.8	20.2	250,751	-3,924	445,145	1,461,143	\$35.54
Uptown/Turtle Creek	50	11,925,619	1,115,600	111,354	1,226,954	10.3	21.3	454,280	208,231	265,860	747,538	\$42.54
Westlake/Grapevine/Southlake	25	5,295,116	1,058,291	30,183	1,088,474	20.6	21.3	717,814	10,482	580,000	711,649	\$32.00
West Southwest Fort Worth/Clearfork	27	3,484,669	111,020	30,602	141,622	4.1	14.9	-46,180	-55,303	0	27,312	\$28.53
Totals	615	158,944,910	22,874,973	1,893,780	25,212,491	13.7	21.8	5,207,142	2,310,506	3,733,924	7,247,472	\$31.26

Office, 20k sf, Existing, Owner Occupied Included

The Market: Stats

Class B Core Submarket Statistics

Market	Existing Inventory		Vacancy					Absorption		Construction		Quoted Gross
	# Blds	Total RBA	Direct SF	Sublease SF	Total SF	Vacant Total %	Available Total %	12 Mo. Net	Quarterly Net	YTD Deliveries	Under Constr.	Direct Rates
Allen/McKinney	57	4,758,384	473,454	42,000	515,454	10.8	13.3	-110,540	-3,531	25,200	22,200	\$24.01
Central Expy	76	6,046,191	630,679	37,891	668,570	11.1	17.1	-30,916	-64,215	38,848	0	\$28.15
Dallas CBD	42	7,205,948	1,129,539	56,913	1,186,452	16.5	18.8	-15,552	52,934	0	0	\$19.97
Fort Worth CBD	36	5,246,699	323,877	29,721	353,598	6.7	8.4	-53,697	-33,778	0	0	\$21.70
Frisco/The Colony	43	2,114,528	287,293	4,660	291,953	13.8	19.3	-146,099	10,009	26,126	55,022	\$30.71
Las Colinas	207	18,458,536	2,345,899	112,390	2,458,289	13.3	18	1,767	97,732	30,000	103,000	\$23.47
LBJ	117	10,717,709	2,301,436	27,207	2,328,643	21.7	27.3	-160,491	41,003	0	0	\$19.26
Lewisville/Denton/Flower Mound	105	6,949,904	993,927	13,645	1,007,572	14.5	18.5	-246,893	-20,031	77,128	64,000	\$22.65
Mid Cities/HEB/Arlington	146	9,141,469	1,045,779	34,724	1,080,503	11.8	14.4	-10,447	-122,776	60,000	22,000	\$19.52
Preston Center	18	1,120,301	107,529	3,085	110,614	9.9	15.2	18,674	-250	0	0	\$32.83
Quorum/Bent Tree	140	10,687,231	2,192,402	73,752	2,266,154	21.2	26.3	-96,683	9,729	0	0	\$21.52
Richardson/Plano	191	14,854,427	1,887,371	79,464	1,966,835	13.2	16.1	-63,881	55,339	0	48,000	\$21.02
Stemmons	88	8,342,228	2,073,569	0	2,073,569	24.9	27.6	91,839	-51,149	0	0	\$16.86
Upper Tollway/West Plano	110	8,398,527	891,708	102,280	993,988	11.8	17.5	-94,062	-20,096	0	34,500	\$26.97
Uptown/Turtle Creek	40	2,460,305	344,047	10,487	354,534	14.4	18.8	93,668	3,417	0	0	\$32.74
Westlake/Grapevine/Southlake	58	3,128,433	367,126	81,335	448,461	14.3	19.6	-22,467	-53,764	21,009	121,259	\$26.32
West Southwest Fort Worth/Clearfork	112	6,510,649	715,418	30,528	745,946	11.5	13.6	-108,089	-14,732	49,133	40,270	\$24.59
Totals	1,586	126,141,469	18,111,053	740,082	18,851,135	14.2	18.2	-953869	(114,159)	327,444	510,251	\$24.25

Source: CoStar Property*

Office, 20k sf, Existing, Owner Occupied Included

The Market: Stats

Total Core Submarket Statistics

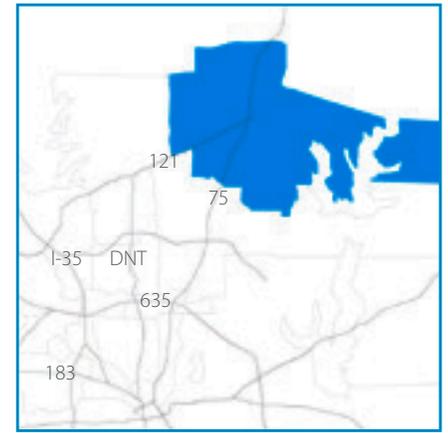
Market	Existing Inventory		Vacancy					Absorption		Construction		Quoted Gross
	# Blds	Total RBA	Direct SF	Sublease SF	Total SF	Vacant Total %	Available Total %	12 Mo. Net	Quarterly Net	YTD Deliveries	Under Constr.	Direct Rates
Allen/McKinney	80	6,875,508	619,062	61,549	680,611	9.9	13.9	191,845	36,379	243,000	322,200	\$25.89
Central Expy	110	13,777,227	1,561,562	110,456	1,672,018	12.1	17.4	60,432	-79,508	38,848	0	\$30.48
Dallas CBD	94	33,103,909	6,635,079	539,849	7,174,928	21.7	26.9	308,155	2,108	104,119	60,230	\$27.14
Fort Worth CBD	65	12,177,424	1,289,127	46,124	1,335,251	11.0	12.8	-46,133	-14,833	0	0	\$28.39
Frisco/The Colony	75	6,622,453	828,348	5,717	834,065	12.6	21.8	216,947	41,594	26,126	495,206	\$34.89
Las Colinas	314	40,738,075	4,987,216	314,368	5,301,584	13.0	19.6	108,663	104,648	312,800	2,680,416	\$26.95
LBJ	168	22,017,839	4,341,691	195,353	4,537,044	20.6	25.3	-182,629	8,555	0	0	\$22.79
Lewisville/Denton/Flower Mound	138	8,327,636	1,051,241	16,141	1,067,382	12.8	18.7	-224,512	-12,058	97,128	284,000	\$23.47
Mid Cities/HEB/Arlington	216	15,491,301	1,510,599	48,884	1,559,483	10.1	12.5	1,776,124	1,571,862	1,760,000	127,000	\$20.04
Preston Center	49	5,632,873	413,490	34,476	447,966	8.0	13.3	164,858	122,163	118,000	297,000	\$42.67
Quorum/Bent Tree	198	22,605,023	3,989,418	247,929	4,237,347	18.7	25.1	-86,224	61,752	0	0	\$26.58
Richardson/Plano	279	29,477,186	4,513,138	131,103	4,644,241	15.8	21.5	440,084	388,548	0	348,000	\$24.19
Stemmons	134	14,776,363	3,099,242	2,350	3,101,592	21.0	24.3	199,651	-44,222	0	0	\$17.92
Upper Tollway/West Plano	202	32,184,778	3,646,813	657,942	4,304,755	12.4	19.6	204,791	-55,707	445,145	1,495,643	\$32.27
Uptown/Turtle Creek	97	14,642,480	1,482,108	121,841	1,603,949	11.0	19.4	541,922	211,648	265,860	747,538	\$40.67
Westlake/Grapevine/Southlake	86	8,597,183	1,462,840	111,518	1,574,358	18.3	20.7	663,146	-43,282	601,009	840,908	\$30.29
West Southwest Fort Worth/Clearfork	171	11,176,887	890,861	61,130	951,991	8.5	13.2	-161,391	-72,424	49,133	67,582	\$25.12
Totals	2,476	298,224,145	42,321,835	2,706,730	45,028,565	14.0	19.5	4,175,729	2,227,223	4,061,168	7,765,723	\$28.22

Source: CoStar Property®

Office, 20k sf, Existing, Owner Occupied Included

Core Submarket Snapshots





Market Facts

- 
MARKET TOTAL RBA
6,875,508 SF
- 
CLASS A GROSS RATE
\$30.96
- 
CLASS B GROSS RATE
\$24.01
- 
MARKET TOTAL GROSS RATE
\$26.20
- 
TOTAL VACANCY
680,611 SF
- 
TOTAL VACANCY %
9.9%
- 
12 MONTH NET ABSORPTION
191,845 SF
- 
QUARTERLY NET ABSORPTION
36,379 SF
- 
YOY RENT GROWTH
0.2%
- 
YTD DELIVERIES
243,000 SF
- 
UNDER CONSTRUCTION
322,200 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 70% 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.

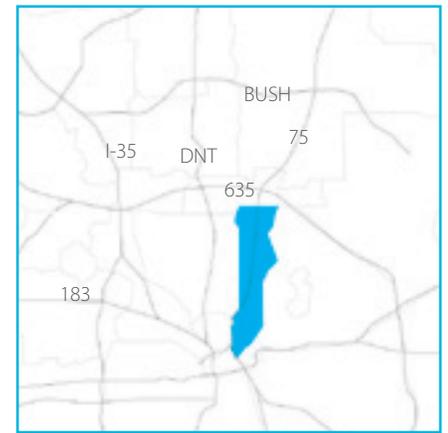
Construction starts have created a healthy pipeline of over 300,000 SF that should deliver in the next 12 months, of which roughly 60% is available.

Rent growth has slowed quite substantially over recent quarters; after consistently averaging over 2.0% year-over-year growth for several years, growth slowed to only 0.2% year-over-year for the quarter. However, rents are still at record highs, and currently stand 5% higher than pre-recession highs.

NET ABSORPTION & DIRECT GROSS RATES



CENTRAL EXPRESSWAY



Market Facts

- 
MARKET TOTAL RBA
13,777,227 SF
- 
CLASS A GROSS RATE
\$32.12
- 
CLASS B GROSS RATE
\$28.15
- 
MARKET TOTAL GROSS RATE
\$30.48
- 
TOTAL VACANCY
1,672,018 SF
- 
TOTAL VACANCY %
12.1%
- 
12 MONTH NET ABSORPTION
60,432 SF
- 
QUARTERLY NET ABSORPTION
-79,508 SF
- 
YOY RENT GROWTH
3.0%
- 
YTD DELIVERIES
38,848 SF
- 
UNDER CONSTRUCTION
0 SF

Market Dynamicism



Market Overview

Vacancies in Central Expressway have risen recently, but are 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.

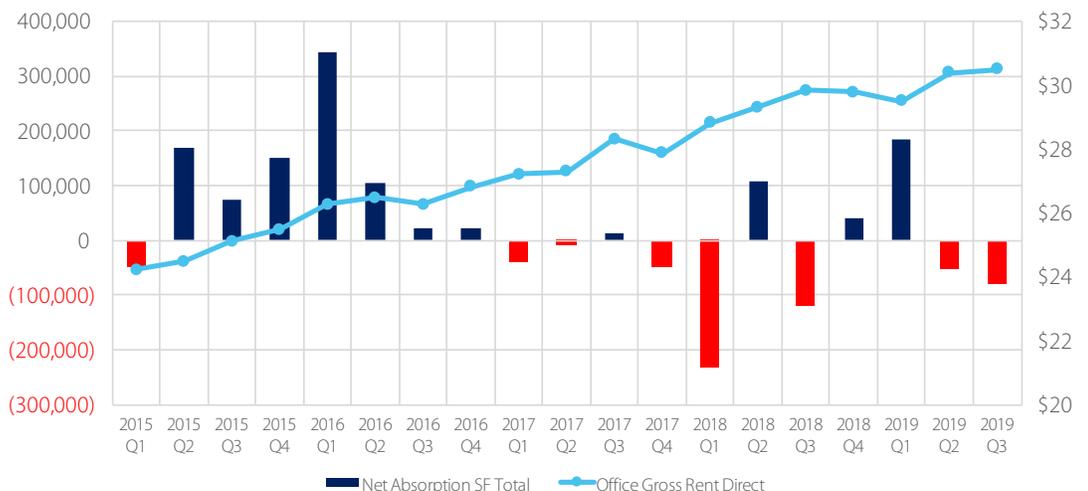
Construction has been slower than much of the surrounding area, with only minimal starts in the last 5 years, save for renovation projects such as the Meadows Building, which is housing Gensler's new space.

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, institutional investors favor the market for its stability and quality assets. Roughly 20 properties change hands each year within the submarket. 2018's sell of Cityplace Tower to Highland Capital for \$205MM was the highlight of recent quarters, and showed that investors still see strong opportunity in one of the market's more dynamic submarkets.

NET ABSORPTION & DIRECT GROSS RATES





Market Facts

- 
MARKET TOTAL RBA
33,103,909 SF
- 
CLASS A GROSS RATE
\$28.30
- 
CLASS B GROSS RATE
\$19.97
- 
MARKET TOTAL GROSS RATE
\$27.14
- 
TOTAL VACANCY
7,174,928 SF
- 
TOTAL VACANCY %
21.7%
- 
12 MONTH NET ABSORPTION
308,155 SF
- 
QUARTERLY NET ABSORPTION
2,108 SF
- 
YOY RENT GROWTH
2.4%
- 
YTD DELIVERIES
104,119 SF
- 
UNDER CONSTRUCTION
60,230 SF

Market Dynamicism



Market Overview

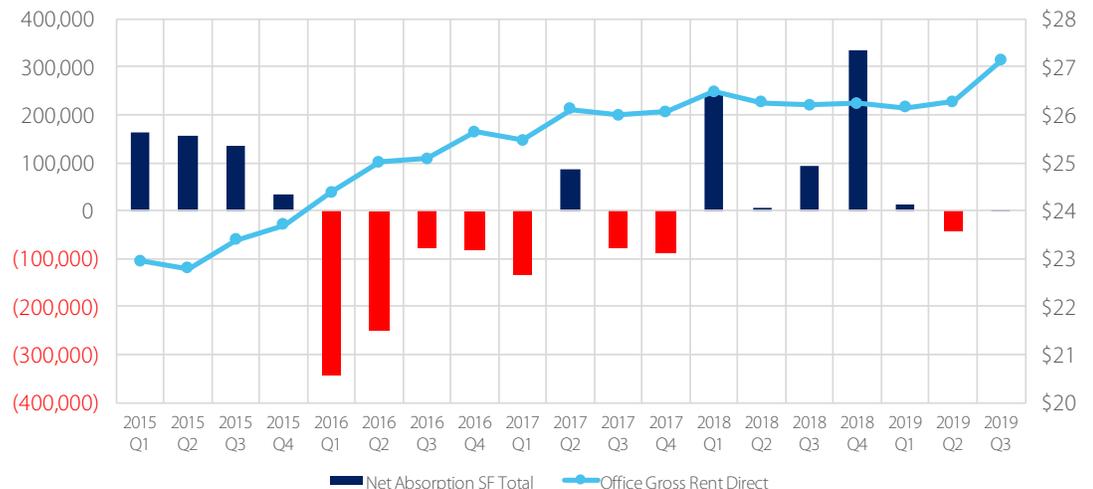
The Dallas Central Business District (CBD) has had a resurgence in recent quarters thanks to new product and a healthy amount of building renovations. However, certain persistent fundamentals will present future challenges for an urban core within a hub-spoke structured city that has seen much of its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

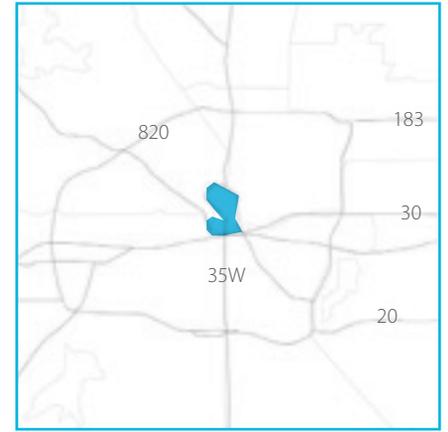
Major iconic properties such as Trammell Crow Center and Fountain Place are undergoing substantial renovations to retain tenants, though in some cases are still losing, such as Fountain Place losing Tenet Healthcare to International Plaza along the Tollway- a loss of a 215,000 SF tenant. Bryan Tower is facing a similar dilemma 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 substantially 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





Market Facts

- 
MARKET TOTAL RBA
12,177,424 SF
- 
CLASS A GROSS RATE
\$30.50/SF
- 
CLASS B GROSS RATE
\$21.70/SF
- 
MARKET TOTAL GROSS RATE
\$28.39/SF
- 
TOTAL VACANCY
1,335,251 SF
- 
TOTAL VACANCY %
11.0%
- 
12 MONTH NET ABSORPTION
-46,133 SF
- 
QUARTERLY NET ABSORPTION
-14,833 SF
- 
YOY RENT GROWTH
1.8%
- 
YTD 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- 11.0% vs 21.7%. 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.

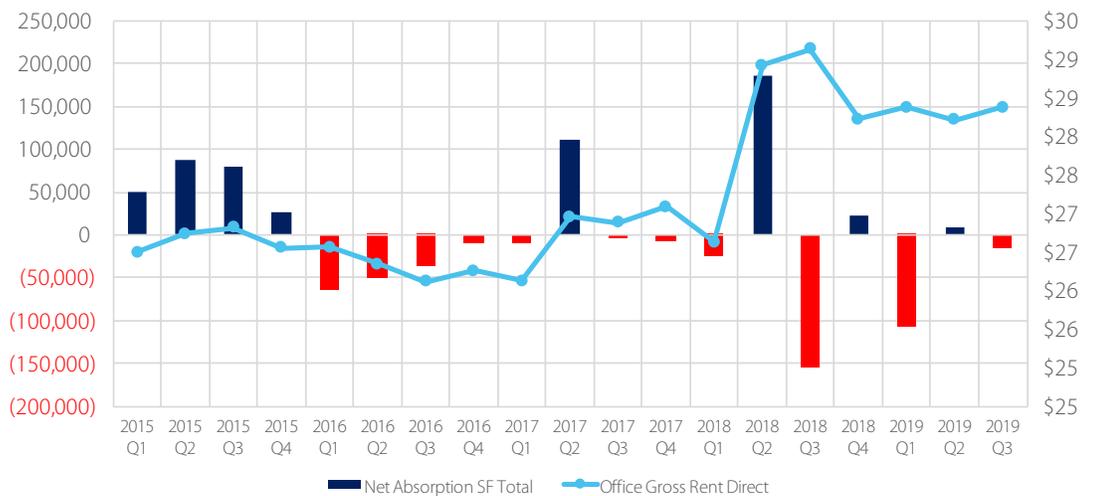
The submarket has also helped absorb office vacancies such as XTO Energy's space, by recently by converting older buildings into multifamily rental properties and boutique hotels. These transitions have helped keep supply tighter than it could have been, and helped mitigate any major drops in overall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

Construction has been quite limited this cycle, with Frost Tower being the only

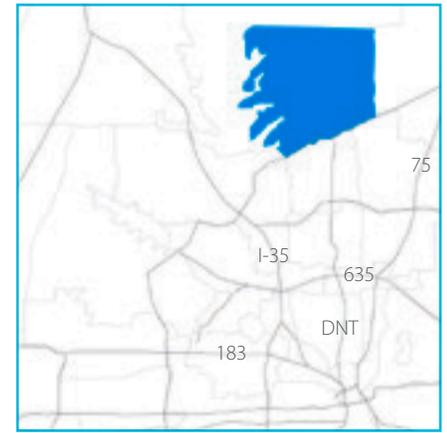
property over 100,000 SF to be built since 2010. Of that total 600,000 SF of inventory built since 2010, the market has absorbed most of it, with only 20% of that space remaining available.

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



FRISCO/THE COLONY



Market Facts

- 
MARKET TOTAL RBA
6,622,453 SF
- 
CLASS A GROSS RATE
\$36.33/SF
- 
CLASS B GROSS RATE
\$30.71/SF
- 
MARKET TOTAL GROSS RATE
\$34.89/SF
- 
TOTAL VACANCY
970,781 SF
- 
TOTAL VACANCY %
12.6%
- 
12 MONTH NET ABSORPTION
216,947 SF
- 
QUARTERLY NET ABSORPTION
41,594 SF
- 
YOY RENT GROWTH
3.3%
- 
YTD DELIVERIES
26,126 SF
- 
UNDER CONSTRUCTION
495,206 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, competitive 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

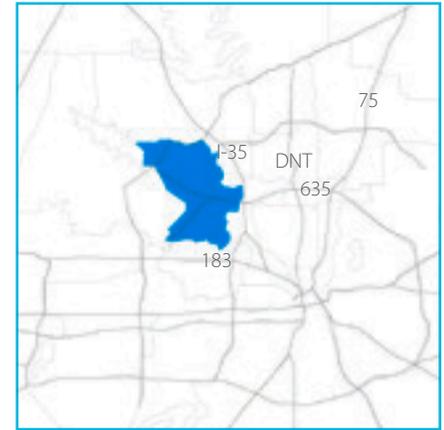
Station and The Gate are taking place. Frisco recently made national news with the sale of 2,500 acres of land for the upcoming Fields Development, which is set to house the PGA Headquarters, as well as ample potential for plenty of other corporate headquarters- helping it rival its sibling submarkets 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





Market Facts

- 
MARKET TOTAL RBA
40,738,075 SF
- 
CLASS A GROSS RATE
\$30.78/SF
- 
CLASS B GROSS RATE
\$23.47/SF
- 
MARKET TOTAL GROSS RATE
\$26.95/SF
- 
TOTAL VACANCY
5,301,584 SF
- 
TOTAL VACANCY %
13.0%
- 
12 MONTH NET ABSORPTION
108,663 SF
- 
QUARTERLY NET ABSORPTION
104,648 SF
- 
YOY RENT GROWTH
3.2%
- 
YTD DELIVERIES
312,800 SF
- 
UNDER CONSTRUCTION
2,680,416 SF

Market Dynamicism

Cold Hot

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 upcoming Hidden Ridge development in the Office

Center could change that though, as Pioneer Natural Resources' new 1.125 MSF headquarters opens, spurring more development such as its neighboring Westin Hotel and more.

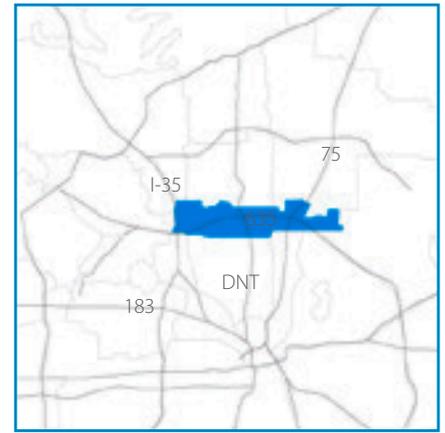
These new deliveries and quality existing assets with stable occupancies have helped drive rents up at a steady clip this cycle, consistently setting historical records, nearly each quarter.

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



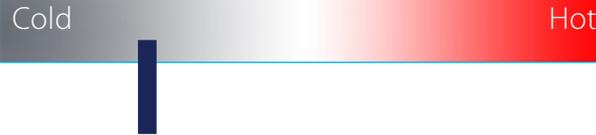
LBJ FREEWAY



Market Facts

- 
MARKET TOTAL RBA
22,017,839 SF
- 
CLASS A GROSS RATE
\$26.98/SF
- 
CLASS B GROSS RATE
\$19.26/SF
- 
MARKET TOTAL GROSS RATE
\$22.79/SF
- 
TOTAL VACANCY
4,537,044 SF
- 
TOTAL VACANCY %
20.6%
- 
12 MONTH NET ABSORPTION
-182,629 SF
- 
QUARTERLY NET ABSORPTION
52,465 SF
- 
YOY RENT GROWTH
3.2%
- 
YTD DELIVERIES
0 SF
- 
UNDER CONSTRUCTION
0 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.

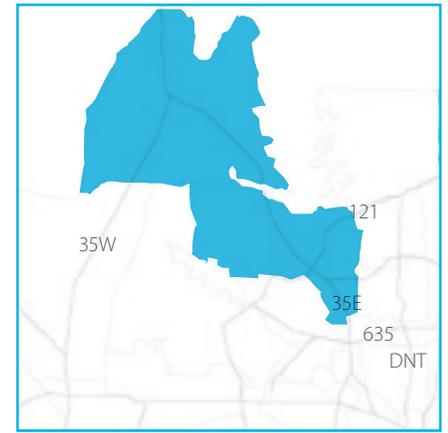
The submarket does have potential to see some new energy and momentum however, as the \$4B Dallas Midtown project

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





Market Facts

- 
MARKET TOTAL RBA
8,327,636 SF
- 
CLASS A GROSS RATE
\$31.14/SF
- 
CLASS B GROSS RATE
\$22.65/SF
- 
MARKET TOTAL GROSS RATE
\$23.47/SF
- 
TOTAL VACANCY
1,067,382 SF
- 
TOTAL VACANCY %
12.8%
- 
12 MONTH NET ABSORPTION
-224,512 SF
- 
QUARTERLY NET ABSORPTION
-12,058 SF
- 
YOY RENT GROWTH
-0.2%
- 
YTD DELIVERIES
97,128 SF
- 
UNDER CONSTRUCTION
284,000 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 rent growth was almost non-existent 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





Market Facts

- 
MARKET TOTAL RBA
15,491,301 SF
- 
CLASS A GROSS RATE
\$22.24/SF
- 
CLASS B GROSS RATE
\$19.52/SF
- 
MARKET TOTAL GROSS RATE
\$20.04/SF
- 
TOTAL VACANCY
1,559,483 SF
- 
TOTAL VACANCY %
10.1%
- 
12 MONTH NET ABSORPTION
1,776,124 SF
- 
QUARTERLY NET ABSORPTION
1,571,862 SF
- 
YOY RENT GROWTH
2.6%
- 
YTD DELIVERIES
1,760,000 SF
- 
UNDER CONSTRUCTION
127,000 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 is just delivered. Rents are traditionally quite low here, as much of the product is sub-investment grade and small. The area generally favors industrial product.

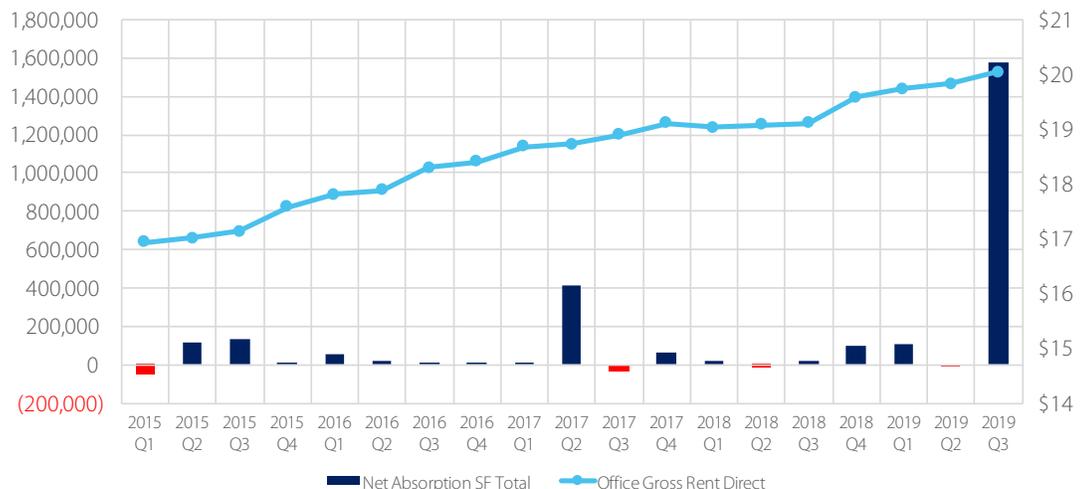
That said, vacancies didn't rise as much here as they did in other submarkets during the downturn, and absorption has remained steady, albeit small, during recent years. The majority of this cycle's construction has been build-to-suits that were immediately filled, which has also helped keep vacancies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

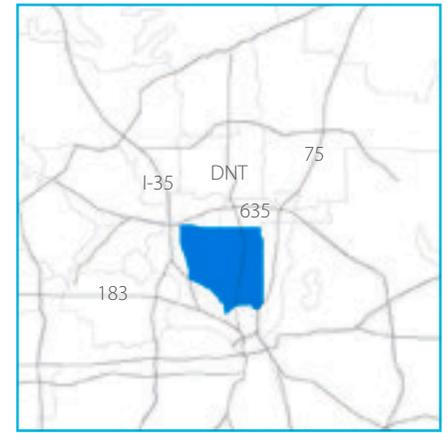
Sales are actually quite strong in the cluster from a deal volume perspective, but light from an inventory perspective as most product sold is less than 70,000 SF. Since much of the product is lower-grade and dated, value-add deals are common here.

Looking ahead, there is ample possibility 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



PRESTON CENTER



Market Facts

- 
MARKET TOTAL RBA
5,632,873 SF
- 
CLASS A GROSS RATE
\$44.92/SF
- 
CLASS B GROSS RATE
\$32.83/SF
- 
MARKET TOTAL GROSS RATE
\$42.67/SF
- 
TOTAL VACANCY
447,966 SF
- 
TOTAL VACANCY %
8.0%
- 
12 MONTH NET ABSORPTION
164,858 SF
- 
QUARTERLY NET ABSORPTION
122,163 SF
- 
YOY RENT GROWTH
3.8%
- 
YTD 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 one of 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.

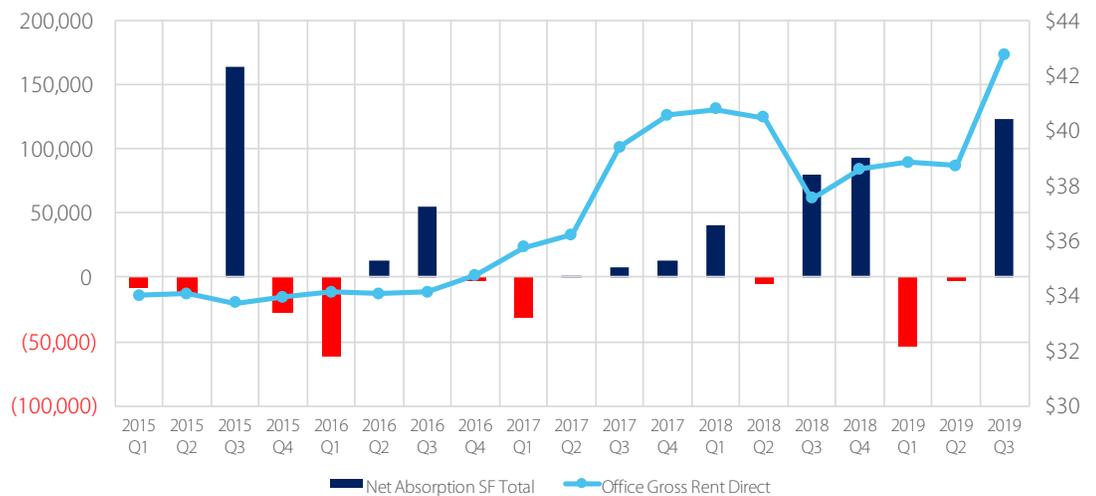
Construction here is limited as the vast

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.

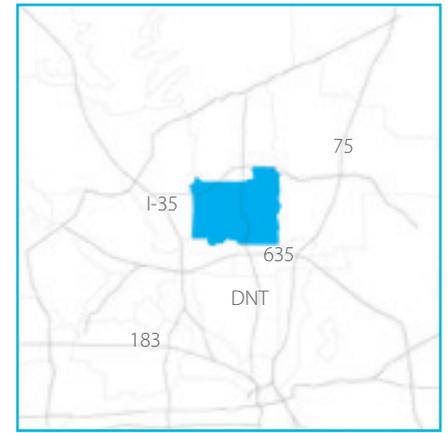
One potential area for development is on the site of the Saint Michael and All Angels Episcopal Church, located on the southwestern side of Preston Center. Saint Michael is reportedly working with Lincoln Property Company to rezone the site in order to build office and multifamily.

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



QUORUM/BENT TREE



Market Facts

- 
MARKET TOTAL RBA
22,605,023 SF
- 
CLASS A GROSS RATE
\$31.07/SF
- 
CLASS B GROSS RATE
\$21.52/SF
- 
MARKET TOTAL GROSS RATE
\$26.58/SF
- 
TOTAL VACANCY
4,237,347 SF
- 
TOTAL VACANCY %
18.7%
- 
12 MONTH NET ABSORPTION
-86,224 SF
- 
QUARTERLY NET ABSORPTION
61,752 SF
- 
YOY RENT GROWTH
2.8%
- 
YTD DELIVERIES
0 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.

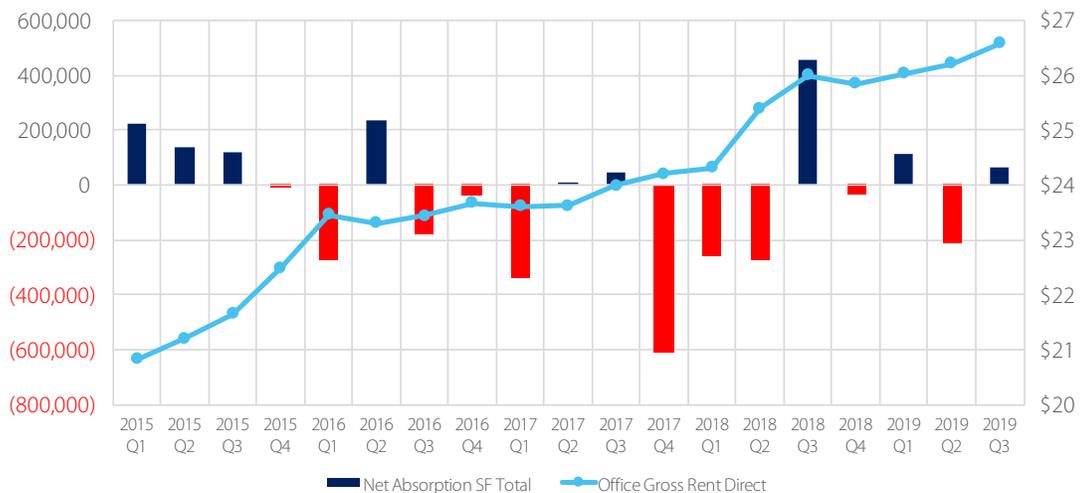
Rents here are comparable to other inner

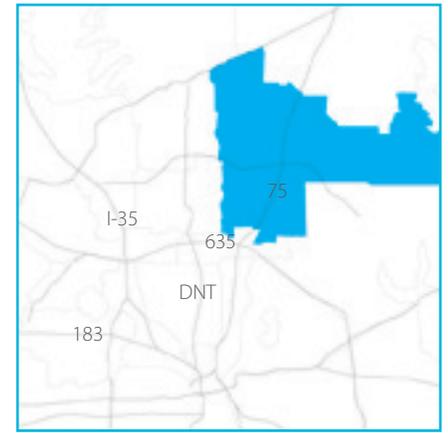
ring suburban markets with heavy 1980's supply inventory, such as LBJ, Richardson/Plano, and most of Las Colinas. Rent growth has performed well this cycle, consistently averaging over 1.5% year-over-year growth.

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 Fourteen55 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

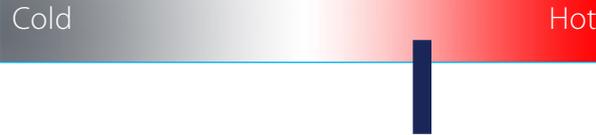




Market Facts

- 
MARKET TOTAL RBA
29,477,186 SF
- 
CLASS A GROSS RATE
\$27.01/SF
- 
CLASS B GROSS RATE
\$21.02/SF
- 
MARKET TOTAL GROSS RATE
\$24.19/SF
- 
TOTAL VACANCY
4,644,241 SF
- 
TOTAL VACANCY %
15.8%
- 
12 MONTH NET ABSORPTION
440,084 SF
- 
QUARTERLY NET ABSORPTION
388,548 SF
- 
YOY RENT GROWTH
0.3%
- 
YTD DELIVERIES
0 SF
- 
UNDER CONSTRUCTION
348,000 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.

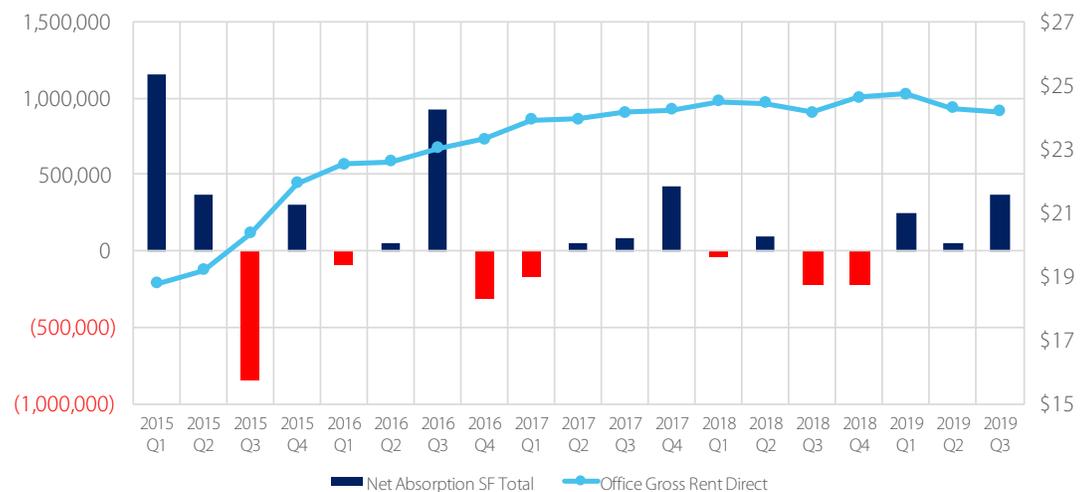
The Plano portion of the submarket has been relatively stagnant this cycle compared to some of its neighbors. Most of the submarket's energy has stayed in Richardson or relocated to other submarkets. The most successful area of the Plano side seems to be Legacy Central- Texas Instruments' former four-building

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.

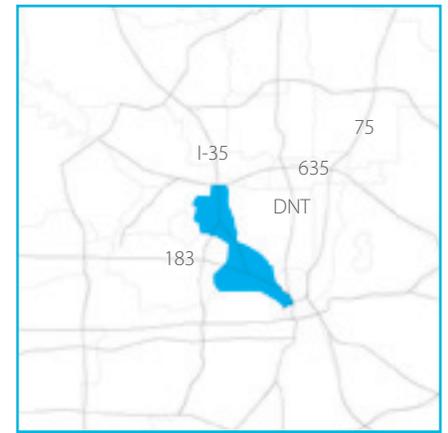
Rents here are lower than surrounding areas, giving the submarket a good value play position. Also, traffic feed does have the benefit of easy access to Bush, 75, and 121. Vacancies are also slightly higher than most northern submarkets, giving the submarket more potential for large blocks of space.

Construction has been dominated by the Richardson side of the submarket- with nearly 5 MSF delivering, 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



STEMMONS FREEWAY



Market Facts

- 
MARKET TOTAL RBA
14,776,363 SF
- 
CLASS A GROSS RATE
\$20.43/SF
- 
CLASS B GROSS RATE
\$16.86/SF
- 
MARKET TOTAL GROSS RATE
\$17.92/SF
- 
TOTAL VACANCY
3,101,592 SF
- 
TOTAL VACANCY %
21.0%
- 
12 MONTH NET ABSORPTION
199,651 SF
- 
QUARTERLY NET ABSORPTION
-44,222 SF
- 
YOY RENT GROWTH
3.1%
- 
YTD DELIVERIES
0 SF
- 
UNDER CONSTRUCTION
0 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.

Still, 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

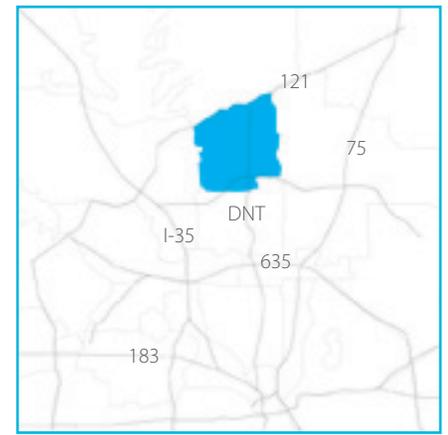
million (\$500/SF) helped lift the entire metro's sales volume for the year, and was certainly the record for the submarket. Traditionally, most product here has been trading for around \$180/SF, lower than the average for the market.

There hasn't been much construction here this cycle. Southwest Airlines did recently complete its 414,000 SF build-to-suit, but aside from that, most construction in the area has been for medical, multifamily, or hospitality.

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





Market Facts

- 
MARKET TOTAL RBA
32,184,778 SF
- 
CLASS A GROSS RATE
\$35.54/SF
- 
CLASS B GROSS RATE
\$26.97/SF
- 
MARKET TOTAL GROSS RATE
\$32.27/SF
- 
TOTAL VACANCY
4,304,755 SF
- 
TOTAL VACANCY %
12.4%
- 
12 MONTH NET ABSORPTION
204,791 SF
- 
QUARTERLY NET ABSORPTION
55,707 SF
- 
YOY RENT GROWTH
2.0%
- 
YTD DELIVERIES
445,145 SF
- 
UNDER CONSTRUCTION
1,495,643 SF

Market Dynamicism



Market Overview

Upper Tollway/West Legacy is beginning to regain its energy again after noticeably cooling in recent quarters. With construction slowing, net absorption and rent growth has slowed. Still, 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 prestigious, newer assets without having to pay 25% more like they would in some of the southern submarkets.

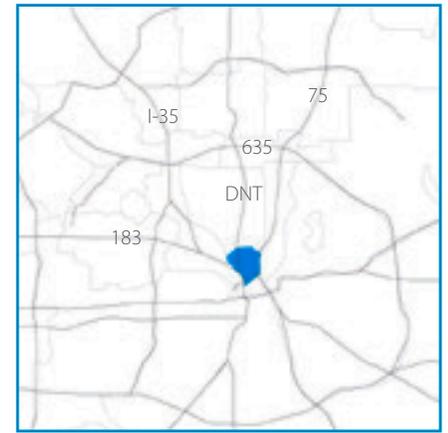
The submarket continues to draw new

construction, for both build-to-suits and spec buildings. 2019 has already seen nearly a half million SF deliver with AmerisourceBergen and USAA properties, and still has over 300,000 set to deliver by year's end. Also, there are currently more than a dozen proposed office projects larger than 200,000 SF, bringing the pipeline to nearly 1.5 msf.

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





Market Facts

- 
MARKET TOTAL RBA
14,642,480 SF
- 
CLASS A GROSS RATE
\$42.54/SF
- 
CLASS B GROSS RATE
\$32.74/SF
- 
MARKET TOTAL GROSS RATE
\$40.67/SF
- 
TOTAL VACANCY
1,585,424 SF
- 
TOTAL VACANCY %
11.0%
- 
12 MONTH NET ABSORPTION
541,922 SF
- 
QUARTERLY NET ABSORPTION
211,648 SF
- 
YOY RENT GROWTH
4.4%
- 
YTD DELIVERIES
601,009 SF
- 
UNDER CONSTRUCTION
840,908 SF

Market Dynamicism

Cold Hot

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 assets 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 those located 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





Market Facts

- 
MARKET TOTAL RBA
8,597,183 SF
- 
CLASS A GROSS RATE
\$32.00/SF
- 
CLASS B GROSS RATE
\$26.32/SF
- 
MARKET TOTAL GROSS RATE
\$30.29/SF
- 
TOTAL VACANCY
1,574,358 SF
- 
TOTAL VACANCY %
18.3%
- 
12 MONTH NET ABSORPTION
663,146 SF
- 
QUARTERLY NET ABSORPTION
-43,282 SF
- 
YOY RENT GROWTH
4.8%
- 
YTD DELIVERIES
580,000 SF
- 
UNDER CONSTRUCTION
738,258 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.

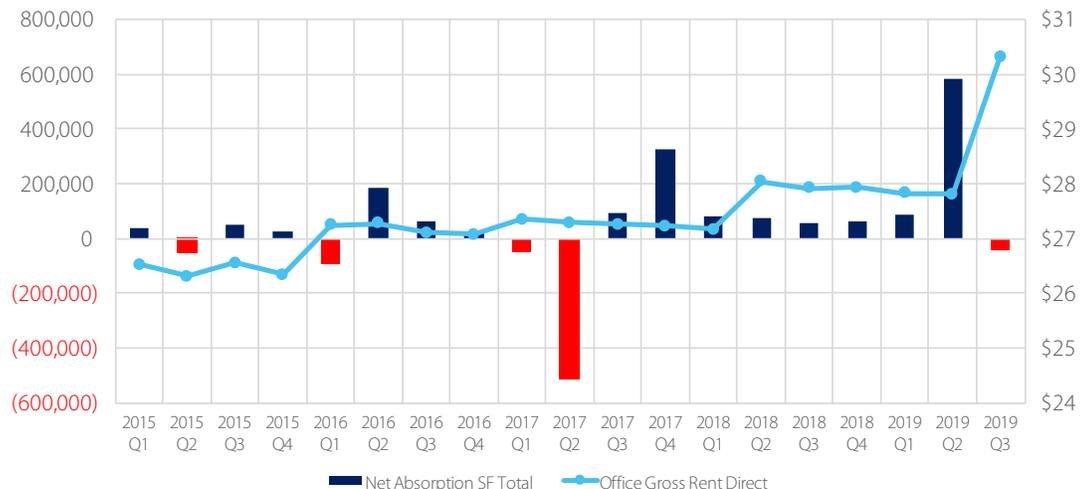
Along with those build-to-suits, in-development projects like the Trophy Club Town Center and Circle T Ranch (which

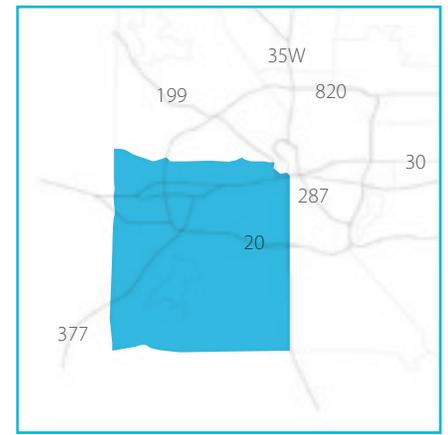
includes the Schwab campus) will have additional office components along with retail space, adding more amenities to draw potential tenants and keep momentum rolling. Most construction has been focused on product under 10,000 SF, so larger spec projects like Southlake's Granite Place I and Kimball Park 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





Market Facts

- 
MARKET TOTAL RBA
11,176,887 SF
- 
CLASS A GROSS RATE
\$28.53/SF
- 
CLASS B GROSS RATE
\$24.59/SF
- 
MARKET TOTAL GROSS RATE
\$25.12/SF
- 
TOTAL VACANCY
951,991 SF
- 
TOTAL VACANCY %
8.5%
- 
12 MONTH NET ABSORPTION
-161,391 SF
- 
QUARTERLY NET ABSORPTION
-72,424 SF
- 
YOY RENT GROWTH
2.4%
- 
YTD DELIVERIES
49,133 SF
- 
UNDER CONSTRUCTION
67,582 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. That said, rent averages are lower than eastern counterparts in Dallas/Plano/Irving area.

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



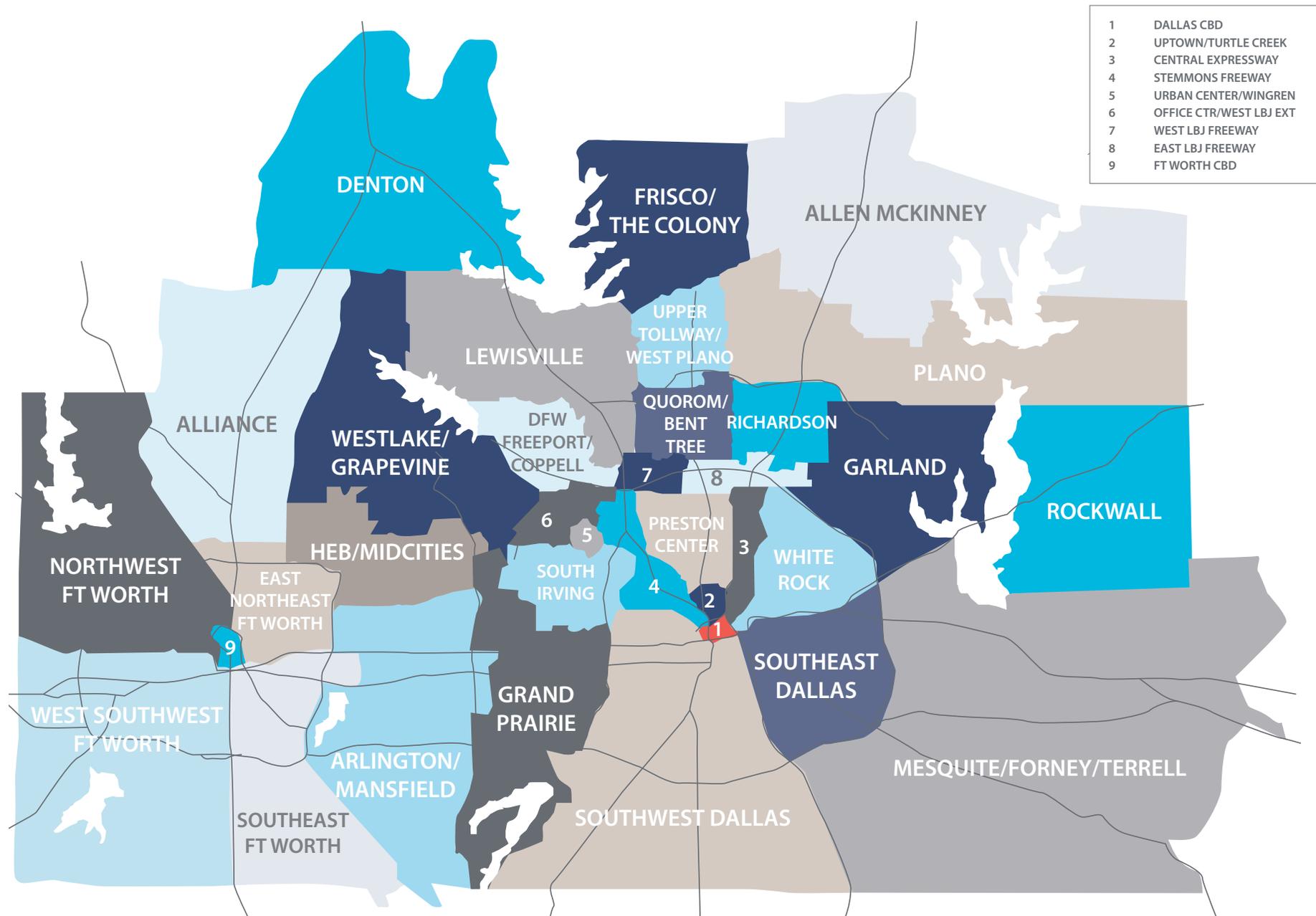
Data Mapping

Core Submarkets

3Q 2019



DFW SUBMARKET MAP

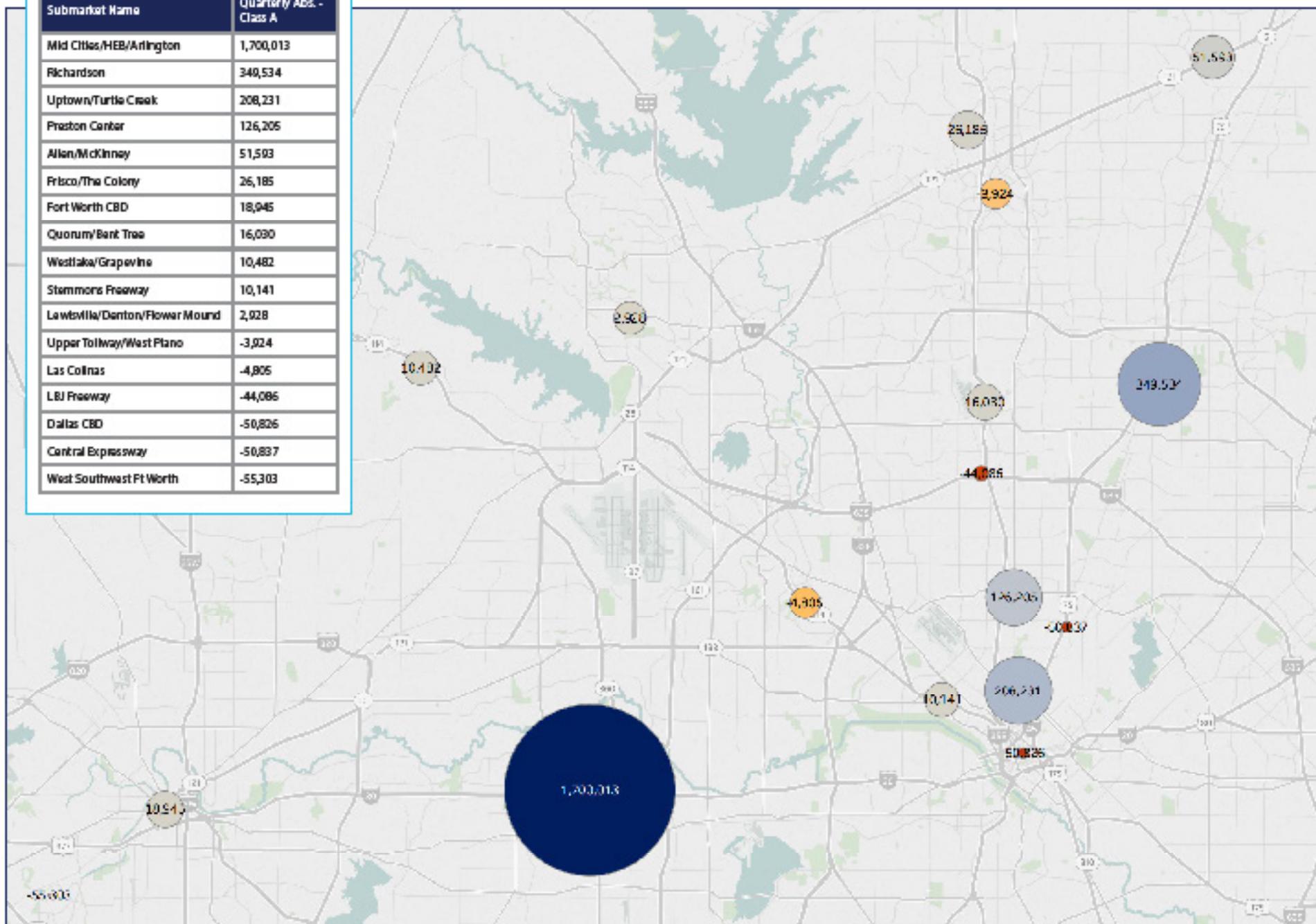


- | | |
|---|-------------------------|
| 1 | DALLAS CBD |
| 2 | UPTOWN/TURTLE CREEK |
| 3 | CENTRAL EXPRESSWAY |
| 4 | STEMMONS FREEWAY |
| 5 | URBAN CENTER/WINGREN |
| 6 | OFFICE CTR/WEST LBJ EXT |
| 7 | WEST LBJ FREEWAY |
| 8 | EAST LBJ FREEWAY |
| 9 | FT WORTH CBD |

Quarterly Net Absorption: Class A

Q3 2019

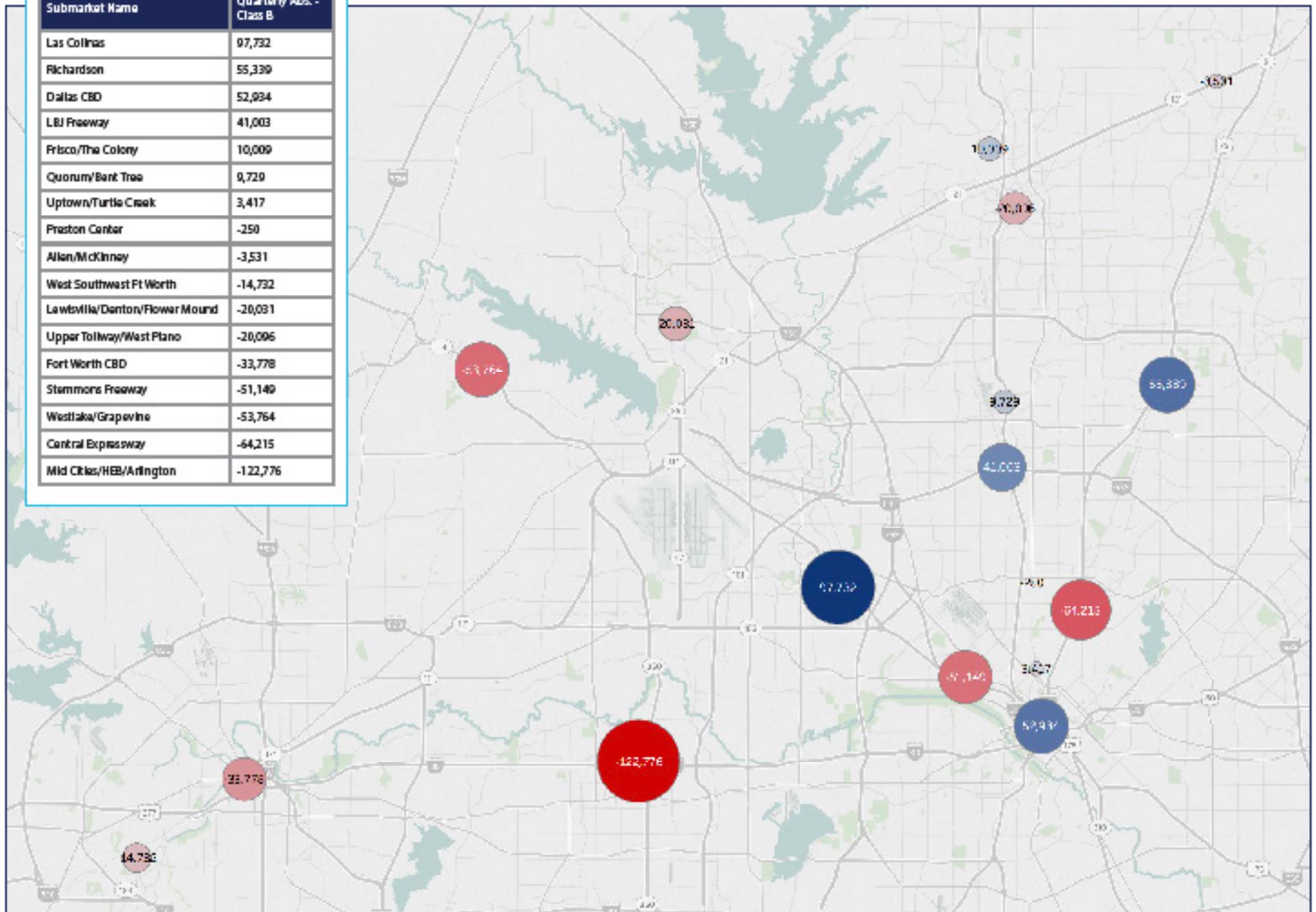
Submarket Name	Quarterly Abs. - Class A
Mid Cities/HEB/Arlington	1,700,013
Richardson	340,534
Uptown/Turtle Creek	208,231
Preston Center	126,205
Allen/McKinney	51,593
Prisco/The Colony	26,185
Fort Worth CBD	18,945
Quorum/Bent Tree	16,030
Westlake/Grapevine	10,482
Stemmons Freeway	10,141
Lawsville/Denton/Flower Mound	2,928
Upper Tollway/West Plano	-3,924
Las Colinas	-4,805
LBJ Freeway	-44,086
Dallas CBD	-50,826
Central Expressway	-50,837
West Southwest Ft Worth	-55,303



Quarterly Net Absorption: Class B

Q3 2019

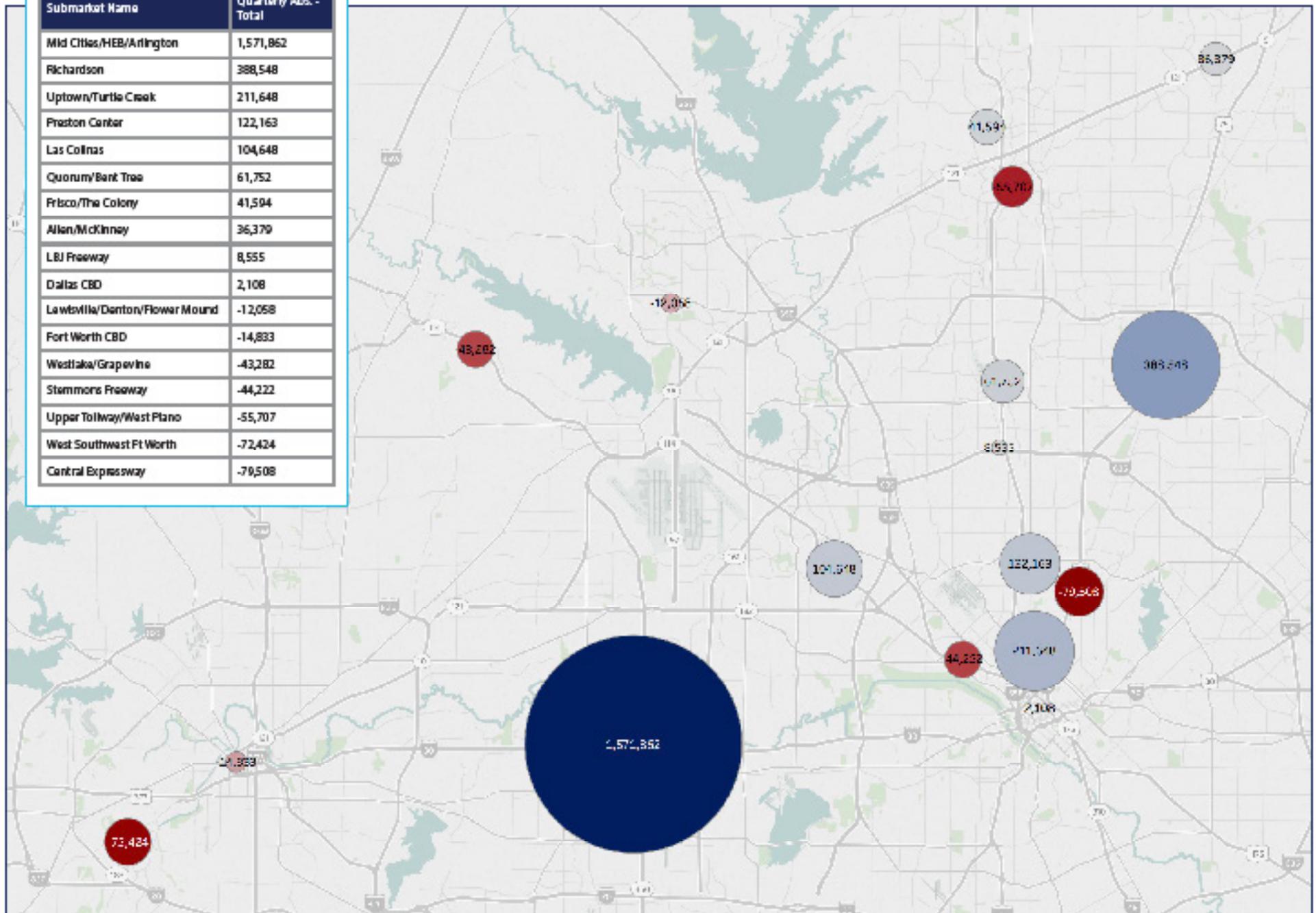
Submarket Name	Quarterly Abs. - Class B
Las Colinas	97,732
Richardson	55,339
Dallas CBD	52,984
LBJ Freeway	41,003
Frisco/The Colony	10,009
Quorum/Bent Tree	9,729
Uptown/Turtle Creek	3,417
Preston Center	-250
Allen/McKinney	-3,531
West Southwest Ft Worth	-14,732
Lawsville/Denton/Flower Mound	-20,031
Upper Tollway/West Plano	-20,096
Fort Worth CBD	-33,778
Stemmons Freeway	-51,140
Westlake/Grapevine	-53,764
Central Expressway	-64,215
Mid Cities/HEB/Arlington	-122,776



Quarterly Net Absorption: Total

Q3 2019

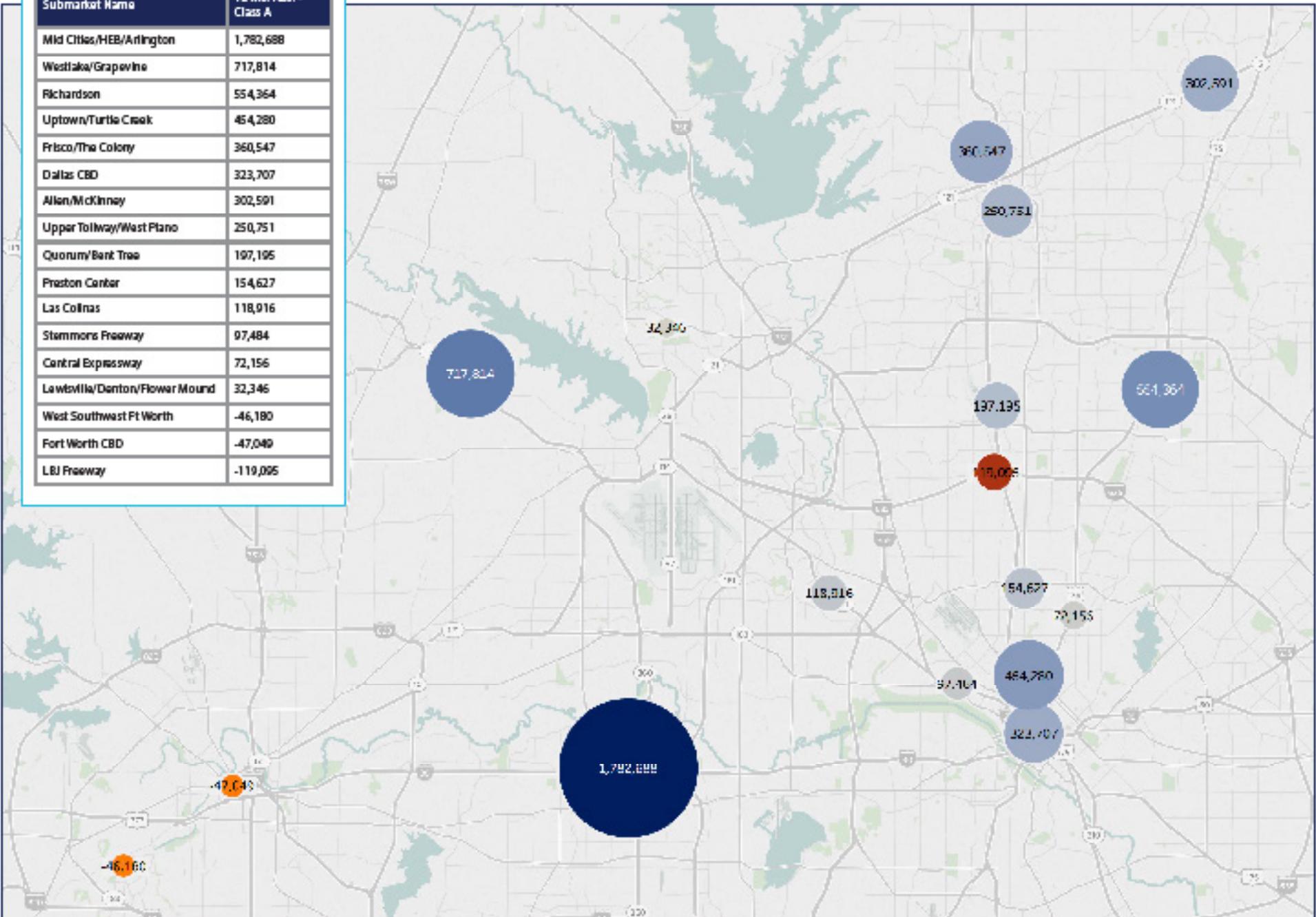
Submarket Name	Quarterly Abs. - Total
Mid Cities/HEB/Arlington	1,571,862
Richardson	388,548
Uptown/Turtle Creek	211,648
Preston Center	122,163
Las Colinas	104,648
Quorum/Bent Tree	61,752
Frisco/The Colony	41,594
Allen/McKinney	36,379
LBJ Freeway	8,555
Dallas CBD	2,108
Lawsville/Denton/Flower Mound	-12,058
Fort Worth CBD	-14,833
Westlake/Grapevine	-43,282
Stemmons Freeway	-44,222
Upper Tollway/West Plano	-55,707
West Southwest Ft Worth	-72,424
Central Expressway	-79,508



12 Month Net Absorption: Class A

Q3 2019

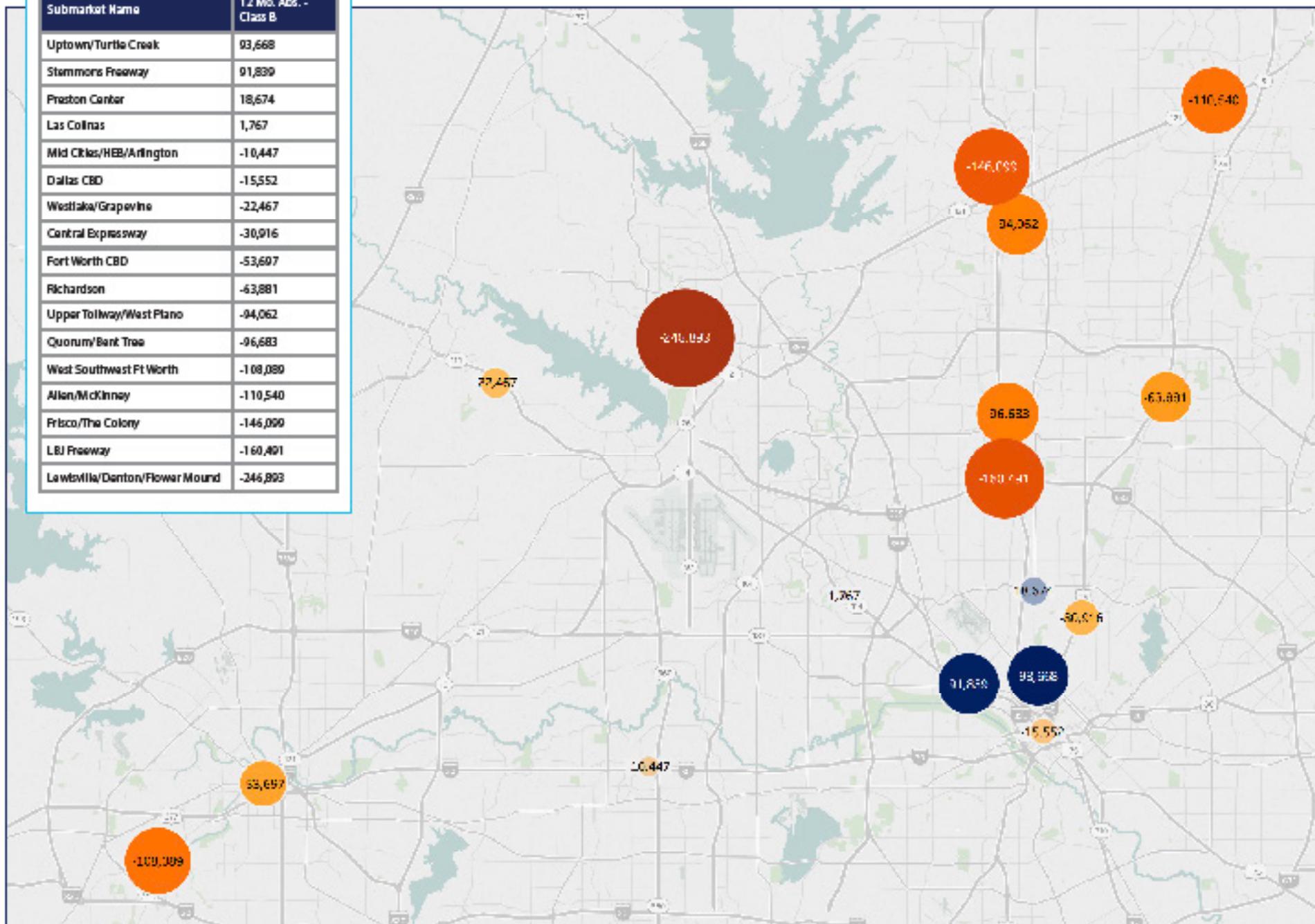
Submarket Name	12 Mo. Abs. - Class A
Mid Cities/HEB/Arlington	1,782,688
Westlake/Grapevine	717,814
Richardson	554,364
Uptown/Turtle Creek	464,280
Frisco/The Colony	360,547
Dallas CBD	323,707
Allen/McKinney	302,591
Upper Tollway/West Plano	250,751
Quorum/Bank Tree	197,195
Preston Center	154,627
Las Colinas	118,916
Stammons Freeway	97,484
Central Expressway	72,156
Lewisville/Denton/Flower Mound	32,346
West Southwest Ft Worth	-46,180
Fort Worth CBD	-47,049
LBJ Freeway	-119,095



12 Month Net Absorption: Class B

Q3 2019

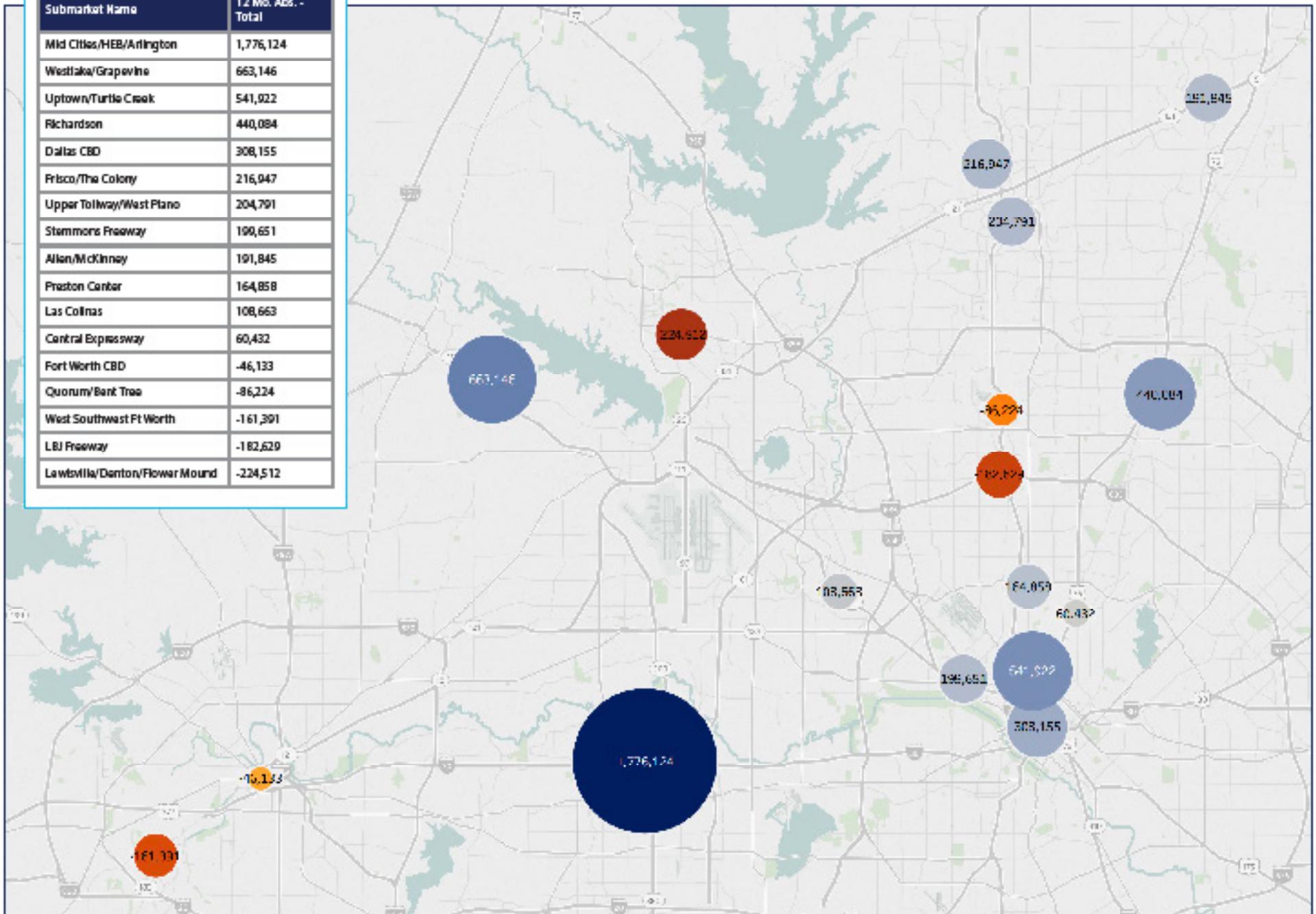
Submarket Name	12 Mo. Abs. - Class B
Uptown/Turtle Creek	93,668
Stemmons Freeway	91,839
Preston Center	18,674
Las Colinas	1,767
Mid Cities/HEB/Arlington	-10,447
Dallas CBD	-15,552
Westlake/Grapevine	-22,467
Central Expressway	-30,916
Fort Worth CBD	-53,607
Richardson	-63,881
Upper Tollway/West Plano	-94,062
Quorum/Bank Tree	-96,683
West Southwest Ft Worth	-108,089
Allen/McKinney	-110,540
Frisco/The Colony	-146,090
LBJ Freeway	-160,401
Lawsville/Denton/Flower Mound	-246,893



12 Month Net Absorption: Total

Q3 2019

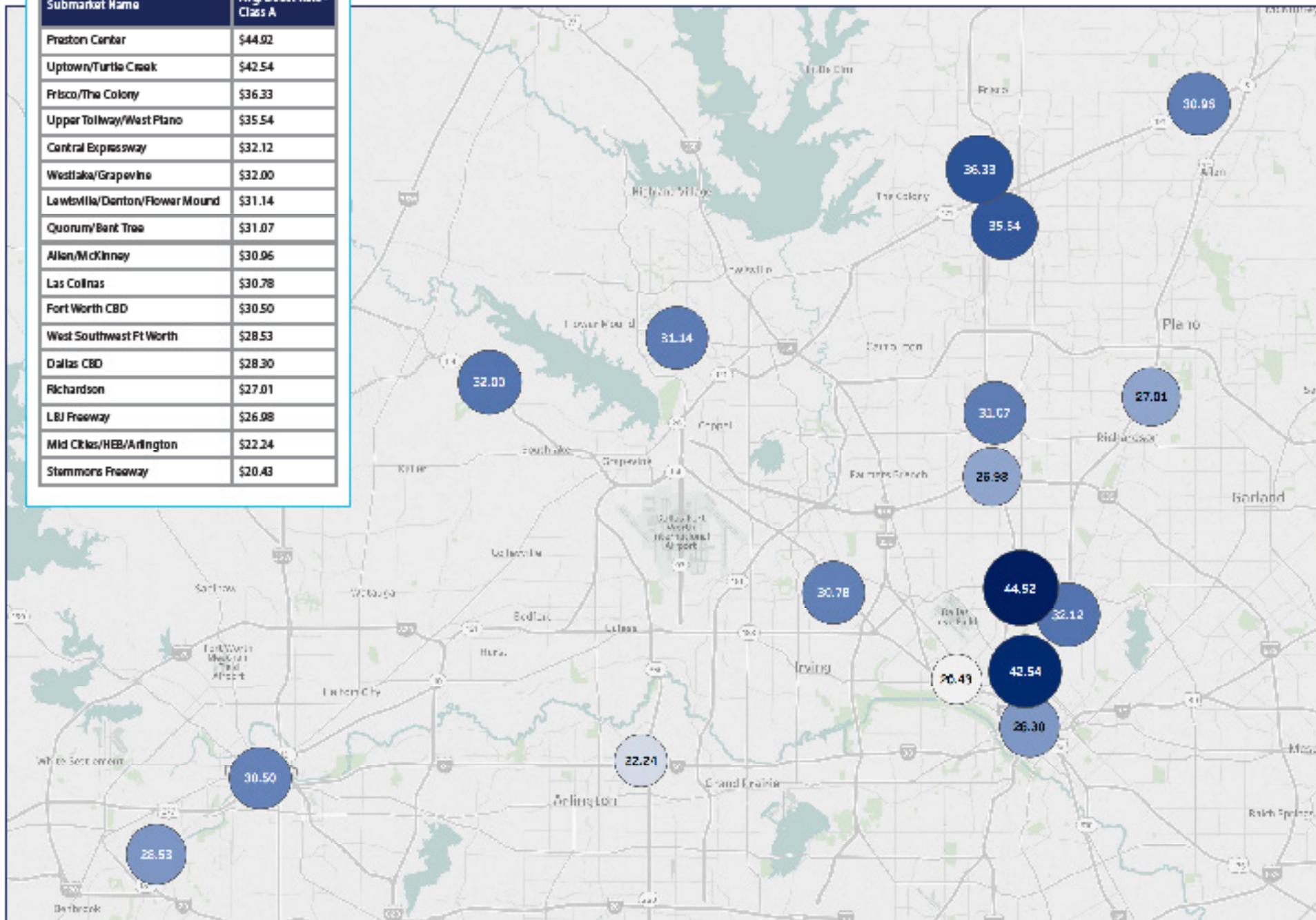
Submarket Name	12 Mo. Abs. - Total
Mid Cities/HEB/Arlington	1,776,124
Westlake/Grapevine	663,146
Uptown/Turtle Creek	541,922
Richardson	440,084
Dallas CBD	308,155
Prisco/The Colony	216,947
Upper Tollway/West Plano	204,791
Stammons Freeway	199,651
Allen/McKinney	191,845
Preston Center	164,858
Las Colinas	108,663
Central Expressway	60,432
Fort Worth CBD	-46,133
Quorum/Bank Tree	-86,224
West Southwest Ft Worth	-161,391
LBJ Freeway	-182,629
Lawsville/Denton/Flower Mound	-224,512



Average Gross Direct Rate: Class A

Q3 2019

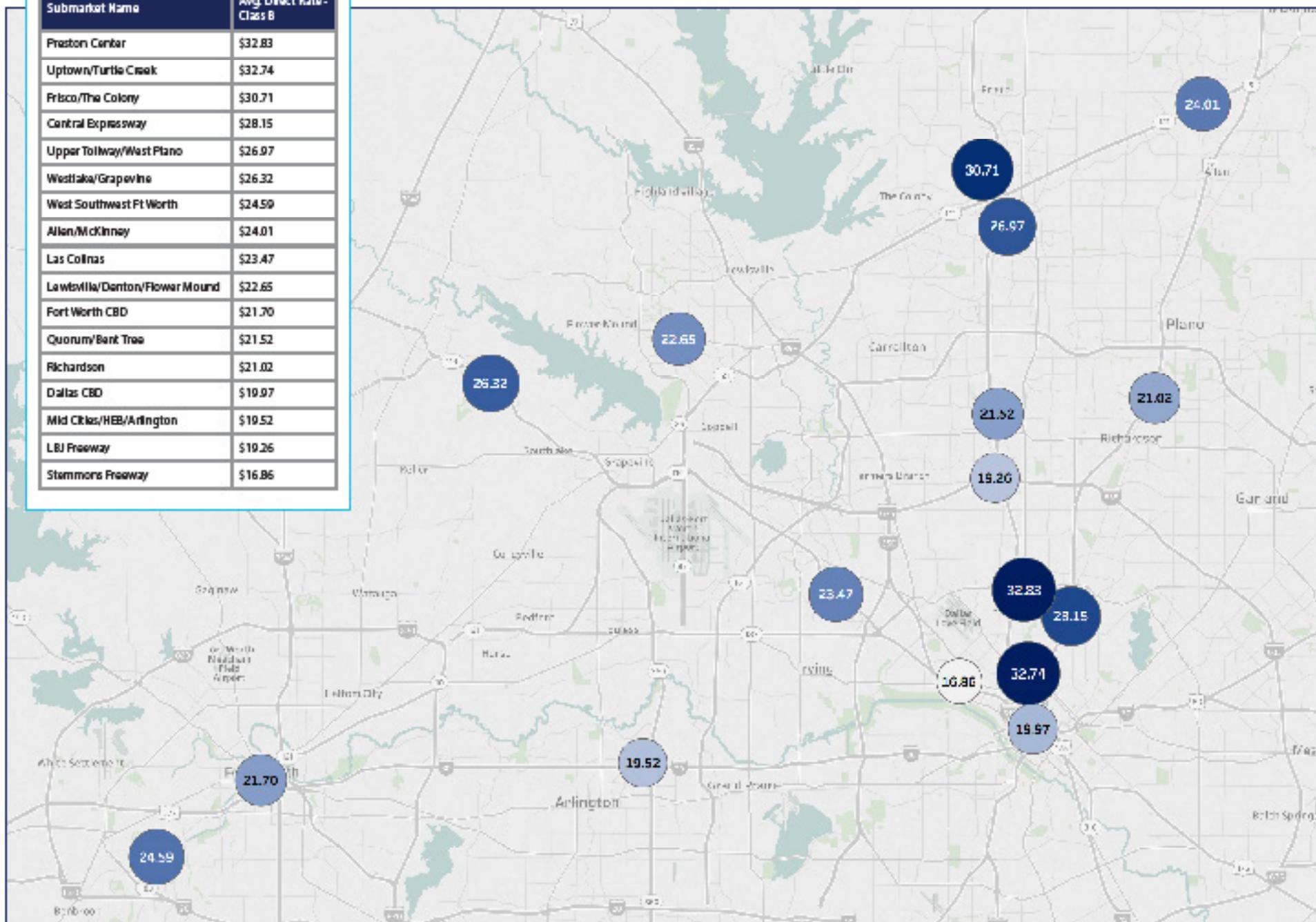
Submarket Name	Avg Direct Rate - Class A
Preston Center	\$44.92
Uptown/Turtle Creek	\$42.54
Frisco/The Colony	\$36.33
Upper Tollway/West Plano	\$35.54
Central Expressway	\$32.12
Westlake/Grapevine	\$32.00
Lawsville/Danton/Flower Mound	\$31.14
Quorum/Bent Tree	\$31.07
Allen/McKinney	\$30.96
Las Colinas	\$30.78
Fort Worth CBD	\$30.50
West Southwest Ft Worth	\$28.53
Dallas CBD	\$28.30
Richardson	\$27.01
LBJ Freeway	\$26.98
Mid Cities/HEB/Arlington	\$22.24
Stammons Freeway	\$20.43



Average Gross Direct Rate: Class B

Q3 2019

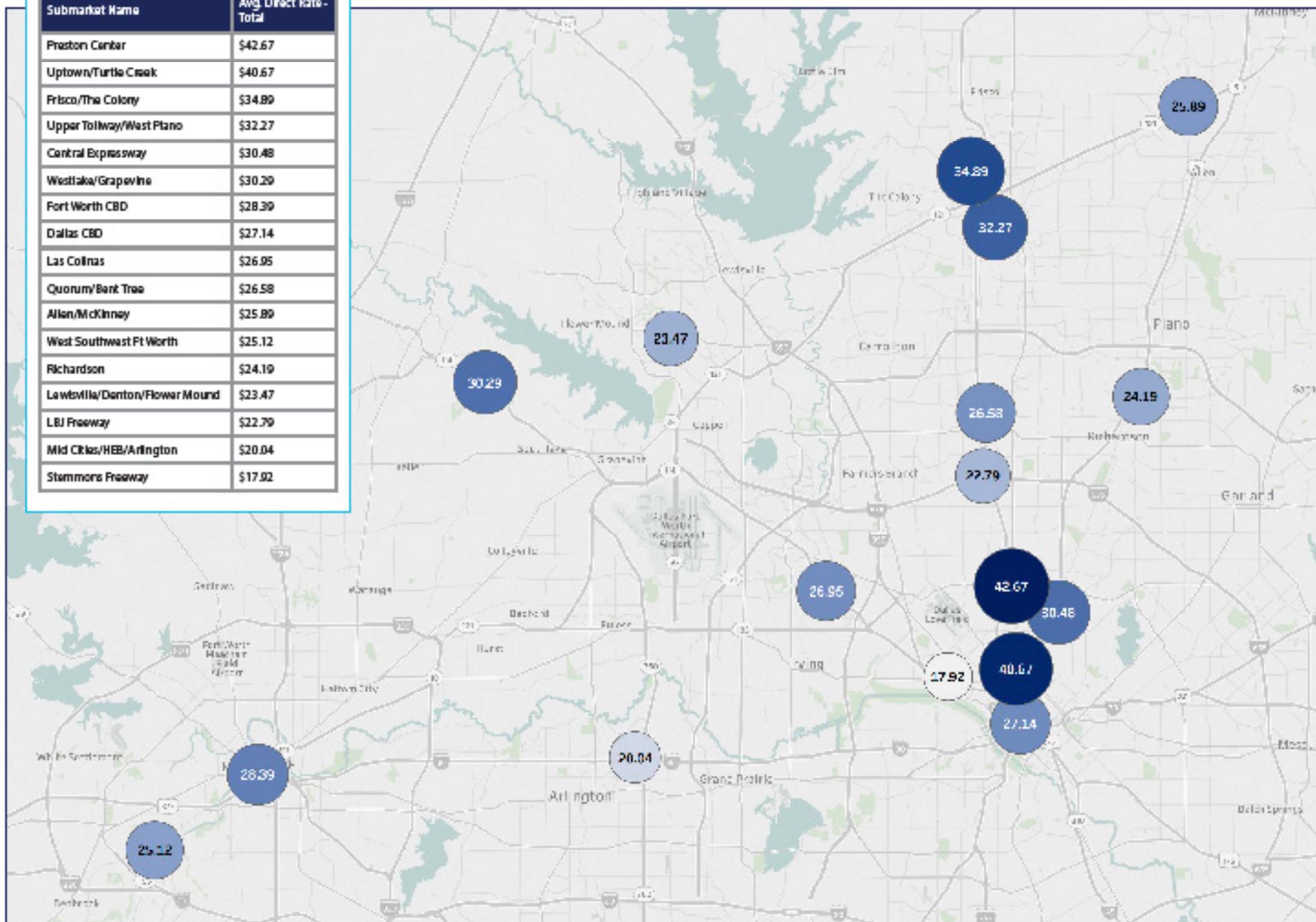
Submarket Name	Avg Direct Rate - Class B
Preston Center	\$32.83
Uptown/Turtle Creek	\$32.74
Frisco/The Colony	\$30.71
Central Expressway	\$28.15
Upper Tollway/West Plano	\$26.97
Westlake/Grapevine	\$26.32
West Southwest Ft Worth	\$24.59
Allen/McKinney	\$24.01
Las Colinas	\$23.47
Lawrence/Denton/Flower Mound	\$22.65
Fort Worth CBD	\$21.70
Quorum/Bank Tree	\$21.52
Richardson	\$21.02
Dallas CBD	\$19.97
Mid Cities/HBB/Arlington	\$19.52
LBJ Freeway	\$19.26
Stammons Freeway	\$16.86



Average Gross Direct Rate: Total

Q3 2019

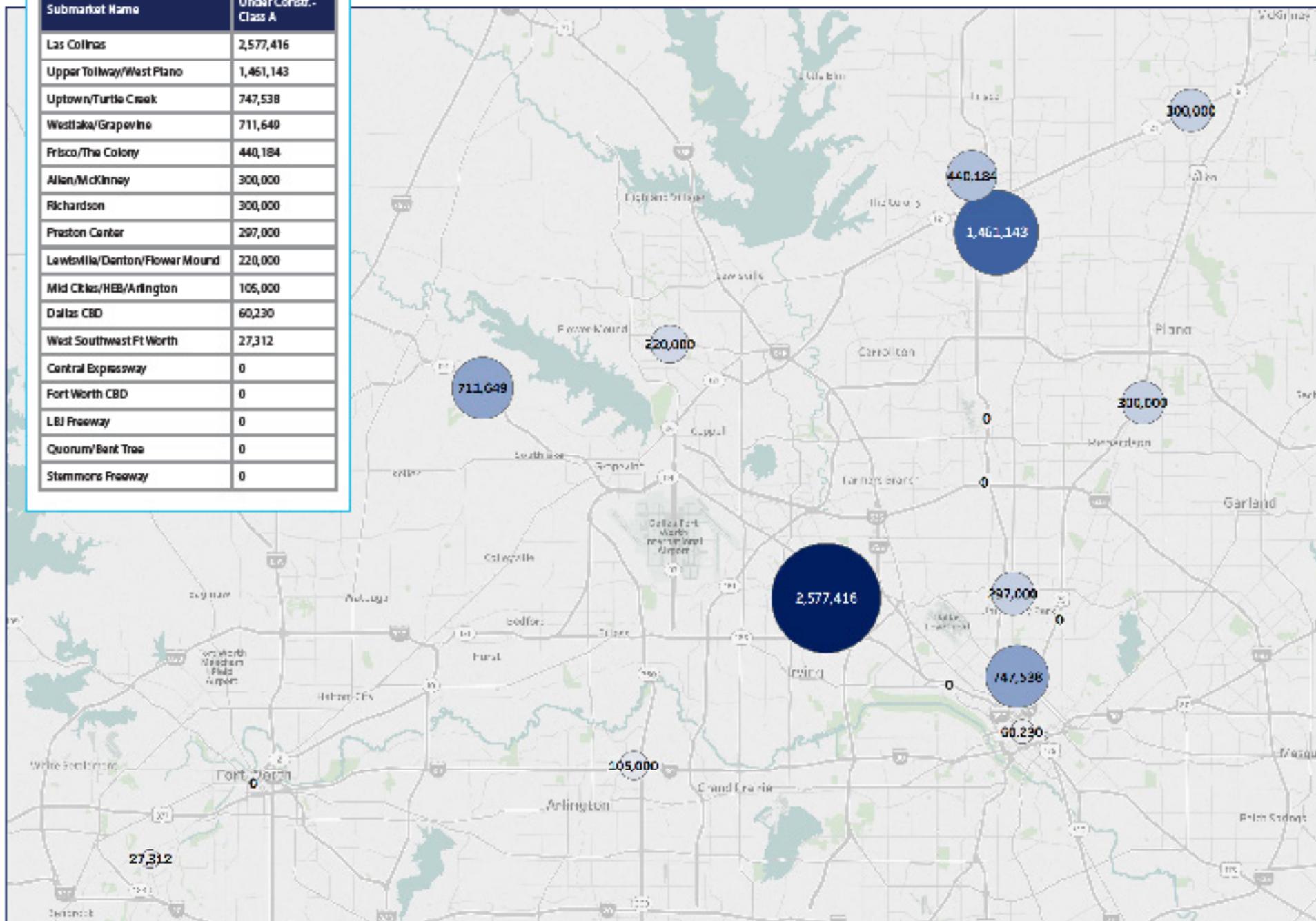
Submarket Name	Avg. Direct Rate - Total
Preston Center	\$42.67
Uptown/Turtle Creek	\$40.67
Frisco/The Colony	\$34.89
Upper Tollway/West Plano	\$32.27
Central Expressway	\$30.48
Westlake/Grapevine	\$30.29
Fort Worth CBD	\$28.39
Dallas CBD	\$27.14
Las Colinas	\$26.95
Quorum/Bent Tree	\$26.58
Allen/McKinney	\$25.89
West Southwest Ft Worth	\$25.12
Richardson	\$24.19
Lawsville/Denton/Flower Mound	\$23.47
LBJ Freeway	\$22.79
Mid Cities/HEB/Arlington	\$20.04
Stammons Freeway	\$17.92



Under Construction: Class A

Q3 2019

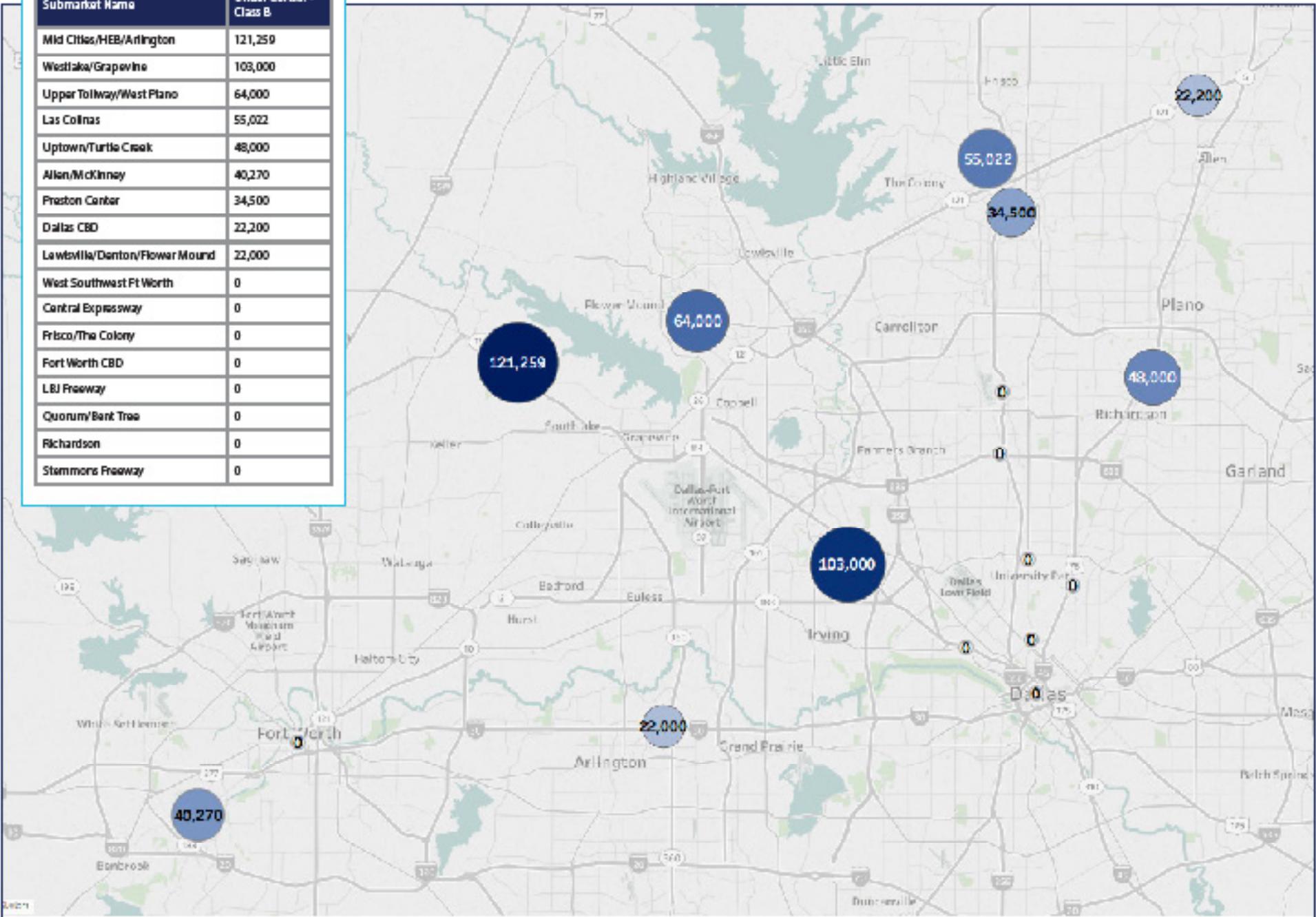
Submarket Name	Under Constr. - Class A
Las Colinas	2,577,416
Upper Tollway/West Plano	1,461,143
Uptown/Turtle Creek	747,538
Westlake/Grapevine	711,649
Frisco/The Colony	440,184
Allen/McKinney	300,000
Richardson	300,000
Preston Center	297,000
Lawville/Danton/Flower Mound	220,000
Mid Cities/HEB/Arlington	105,000
Dallas CBD	60,230
West Southwest Ft Worth	27,312
Central Expressway	0
Fort Worth CBD	0
LBJ Freeway	0
Quorum/Bank Tree	0
Stammons Freeway	0



Under Construction: Class B

Q3 2019

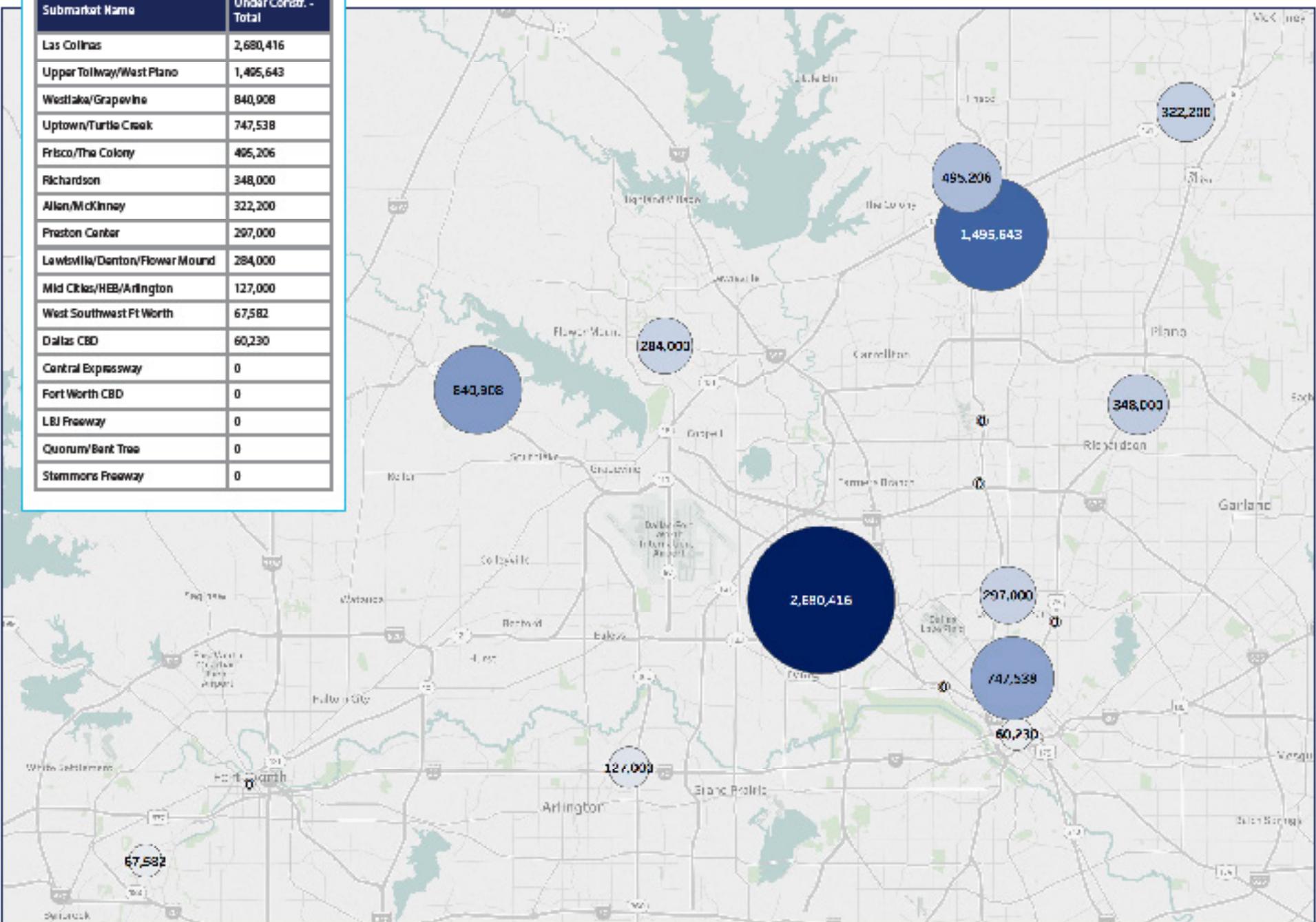
Submarket Name	Under Constr. - Class B
Mid Cities/HEB/Arlington	121,259
Westlake/Grapevine	103,000
Upper Tollway/West Plano	64,000
Las Colinas	55,022
Uptown/Turtle Creek	48,000
Allen/McKinney	40,270
Preston Center	34,500
Dallas CBD	22,200
Lawsville/Danton/Flower Mound	22,000
West Southwest Ft Worth	0
Central Expressway	0
Frisco/The Colony	0
Fort Worth CBD	0
LBJ Freeway	0
Quorum/Bent Tree	0
Richardson	0
Stammons Freeway	0



Under Construction: Total

Q3 2019

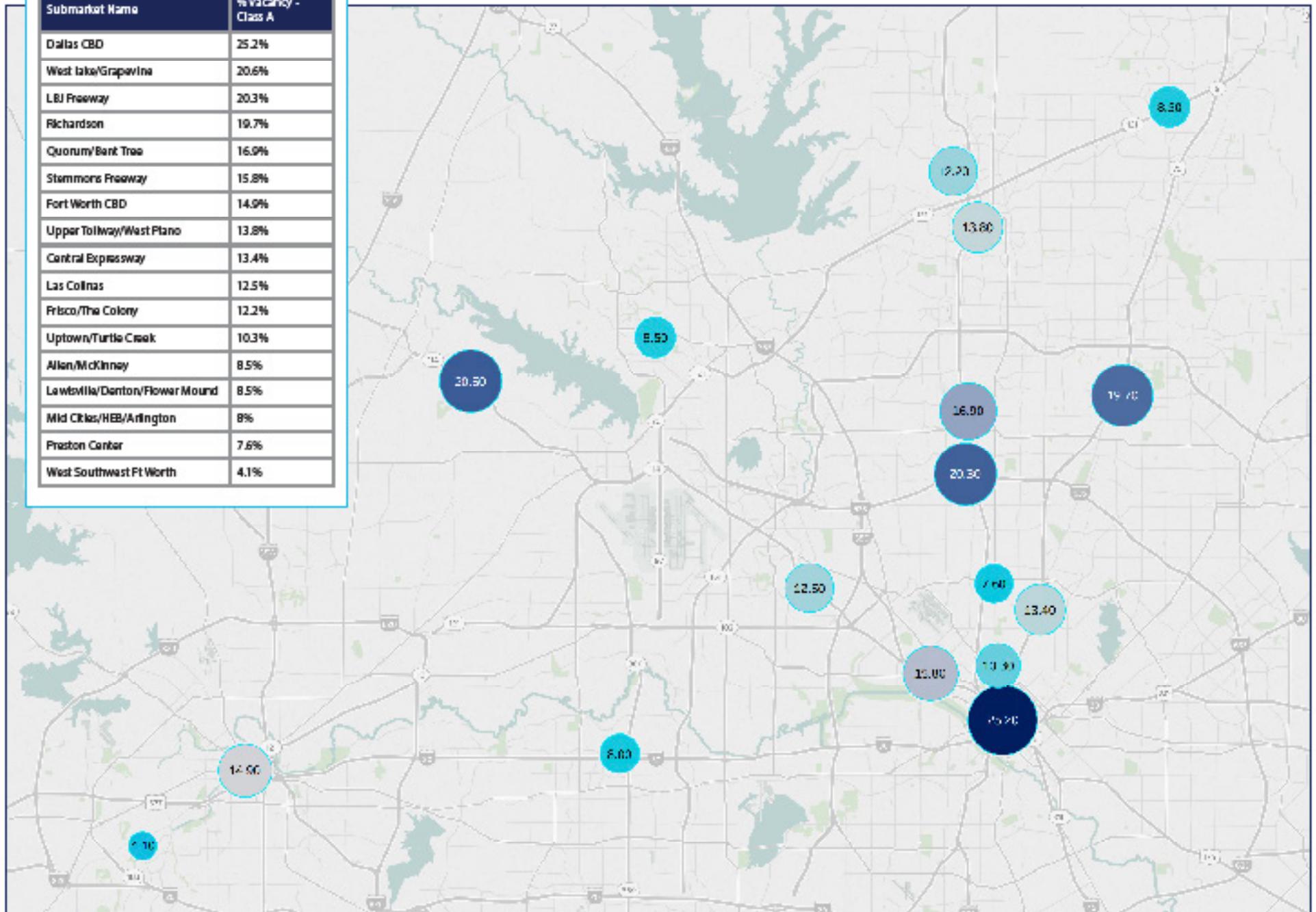
Submarket Name	Under Constr. - Total
Las Colinas	2,680,416
Upper Tollway/West Plano	1,495,643
Westlake/Grapevine	840,908
Uptown/Turtle Creek	747,538
Frisco/The Colony	495,206
Richardson	348,000
Allen/McKinney	322,200
Preston Center	297,000
Lawsville/Denton/Flower Mound	284,000
Mid Cities/HEB/Arlington	127,000
West Southwest Ft Worth	67,582
Dallas CBD	60,230
Central Expressway	0
Fort Worth CBD	0
LBJ Freeway	0
Quorum/Bank Tree	0
Stammons Freeway	0



Percent Vacancy: Class A

Q3 2019

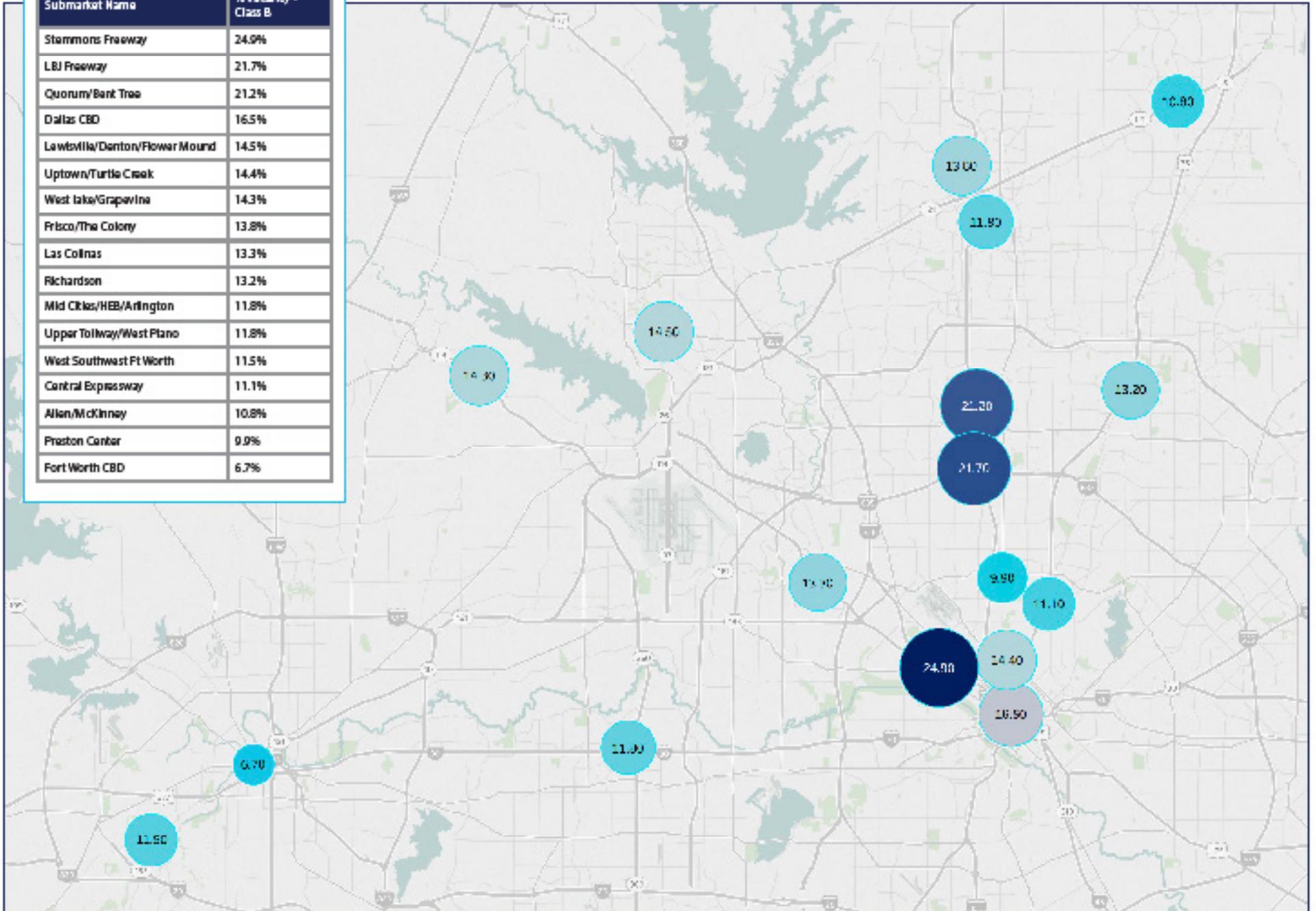
Submarket Name	% Vacancy - Class A
Dallas CBD	25.2%
West Lake/Grapevine	20.6%
LBJ Freeway	20.3%
Richardson	19.7%
Quorum/Bent Tree	16.9%
Stammons Freeway	15.8%
Fort Worth CBD	14.9%
Upper Tollway/West Plano	13.8%
Central Expressway	13.4%
Las Colinas	12.5%
Frisco/The Colony	12.2%
Uptown/Turtle Creek	10.3%
Allen/McKinney	8.5%
Lawsville/Denton/Flower Mound	8.5%
Mid Cities/HBB/Arlington	8%
Preston Center	7.6%
West Southwest Ft Worth	4.1%



Percent Vacancy: Class B

Q3 2019

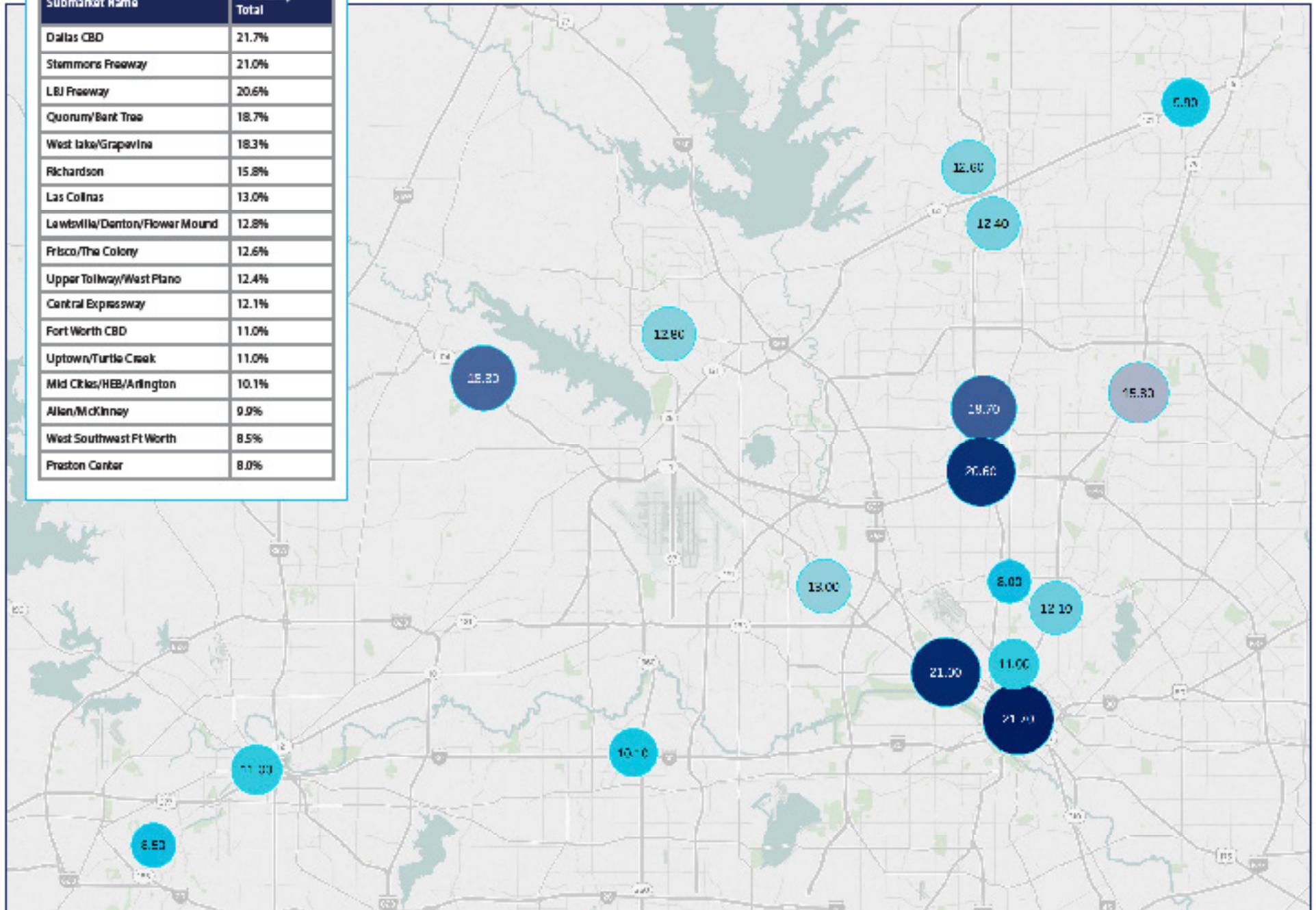
Submarket Name	% Vacancy - Class B
Stammons Freeway	24.9%
LBJ Freeway	21.7%
Quorum/Bank Tree	21.2%
Dallas CBD	16.5%
Lewisville/Denton/Flower Mound	14.5%
Uptown/Turtle Creek	14.4%
West Lake/Grapevine	14.3%
Frisco/The Colony	13.8%
Las Collinas	13.3%
Richardson	13.2%
Mid Cities/HEB/Arlington	11.8%
Upper Tollway/West Plano	11.8%
West Southwest Ft Worth	11.5%
Central Expressway	11.1%
Allen/McKinney	10.8%
Preston Center	9.9%
Fort Worth CBD	6.7%



Percent Vacancy: Total

Q3 2019

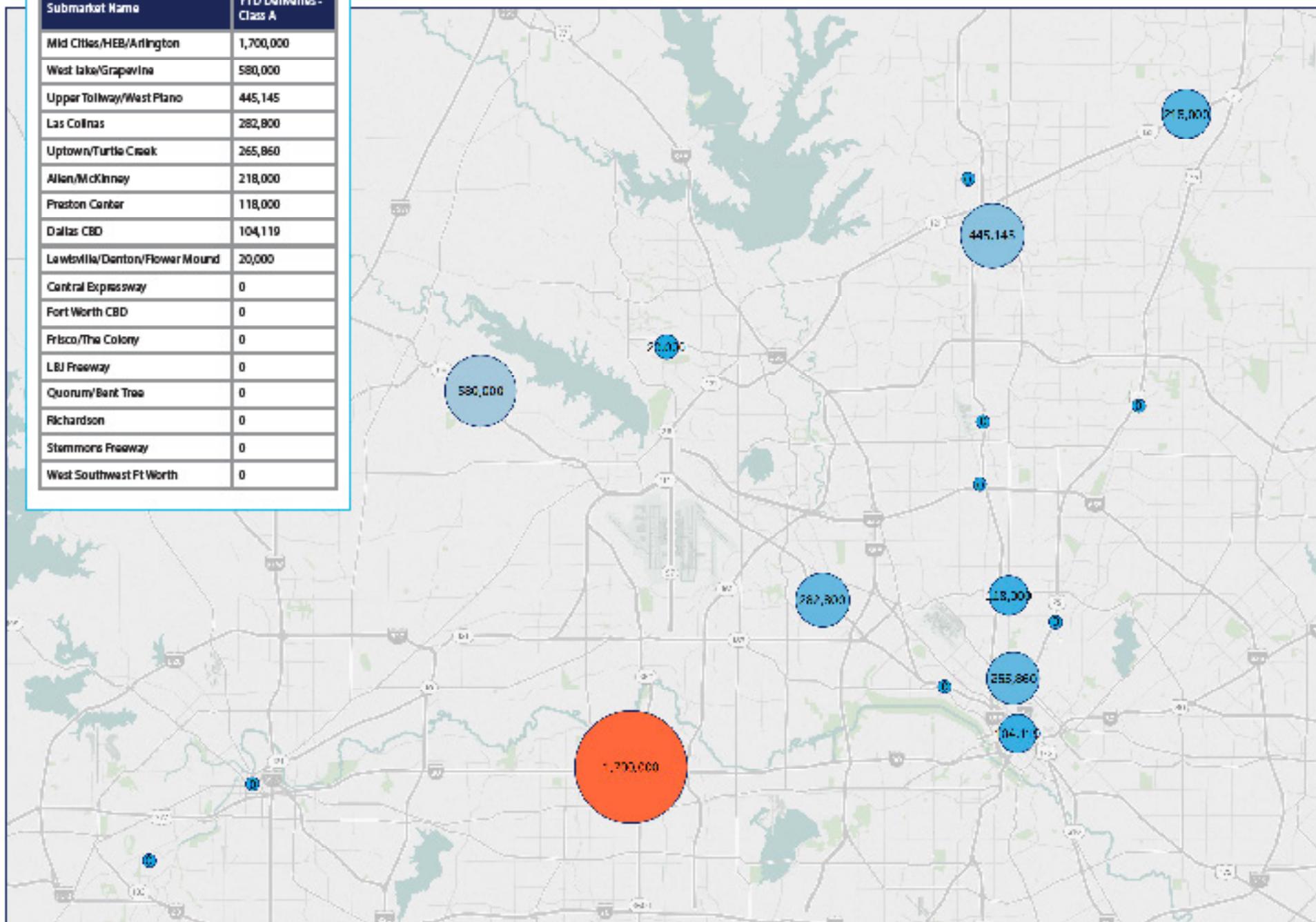
Submarket Name	% Vacancy - Total
Dallas CBD	21.7%
Stemmons Freeway	21.0%
LBJ Freeway	20.6%
Quorum/Bent Tree	18.7%
West lake/Grapevine	18.3%
Richardson	15.8%
Las Colinas	13.0%
Lawsville/Denton/Flower Mound	12.8%
Frisco/The Colony	12.6%
Upper Tollway/West Plano	12.4%
Central Expressway	12.1%
Fort Worth CBD	11.0%
Uptown/Turtle Creek	11.0%
Mid Cities/HEB/Arlington	10.1%
Allen/McKinney	9.9%
West Southwest Ft Worth	8.5%
Preston Center	8.0%



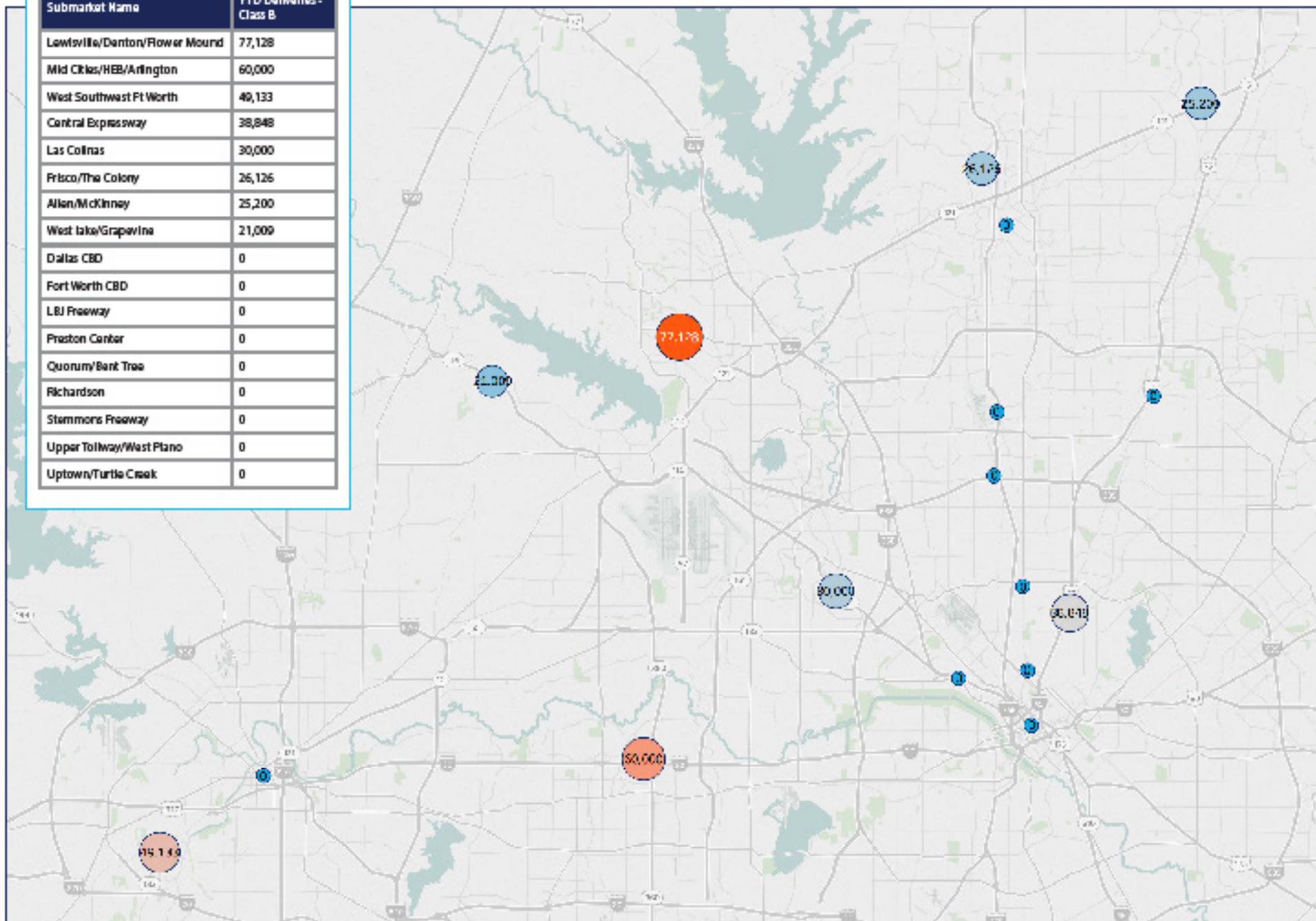
Year-to-Date Deliveries: Class A

Q3 2019

Submarket Name	YTD Deliveries - Class A
Mid Cities/HEB/Arlington	1,700,000
West Lake/Grapevine	580,000
Upper Tollway/West Plano	445,145
Las Colinas	282,800
Uptown/Turtle Creek	255,860
Allen/McKinney	218,000
Preston Center	118,000
Dallas CBD	104,119
Lewisville/Denton/Flower Mound	20,000
Central Expressway	0
Fort Worth CBD	0
Prisco/The Colony	0
LBJ Freeway	0
Quorum/Bank Tree	0
Richardson	0
Stemmons Freeway	0
West Southwest Ft Worth	0



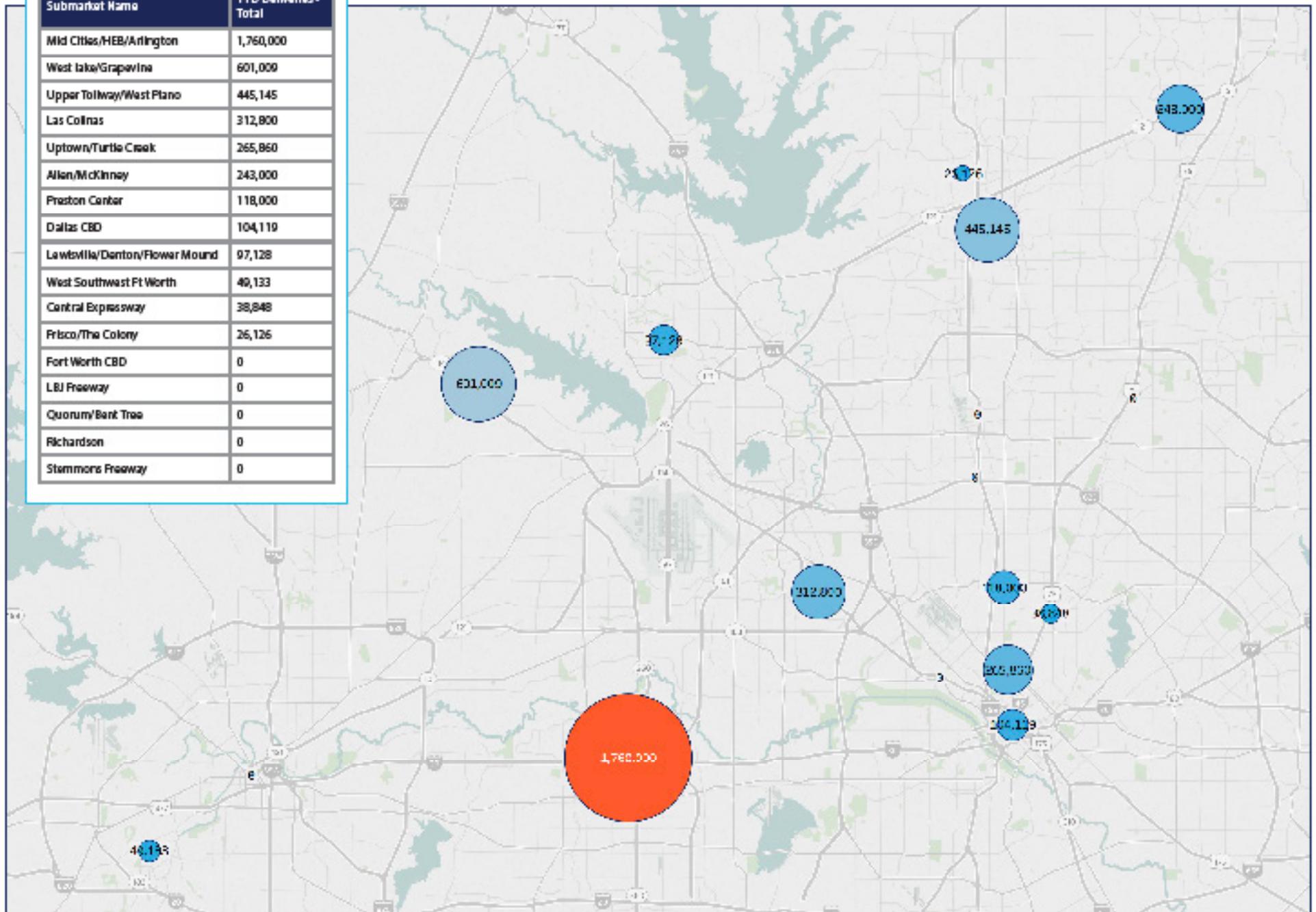
Submarket Name	YTD Deliveries - Class B
Lewisville/Denton/Flower Mound	77,128
Mid Cities/HEB/Arlington	60,000
West Southwest Ft Worth	49,133
Central Expressway	38,848
Las Colinas	30,000
Frisco/The Colony	26,126
Allen/McKinney	25,200
West lake/Grapevine	21,000
Dallas CBD	0
Fort Worth CBD	0
LBJ Freeway	0
Preston Center	0
Quorum/Bank Tree	0
Richardson	0
Stammons Freeway	0
Upper Tollway/West Plano	0
Uptown/Turtle Creek	0



Year-to-Date Deliveries: Total

Q3 2019

Submarket Name	YTD Deliveries - Total
Mid Cities/HEB/Arlington	1,760,000
West Lake/Grapewine	601,000
Upper Tollway/West Plano	445,145
Las Colinas	312,800
Uptown/Turtle Creek	265,860
Allen/McKinney	243,000
Preston Center	118,000
Dallas CBD	104,119
Lawville/Danton/Flower Mound	97,128
West Southwest Ft Worth	49,133
Central Expressway	38,848
Frisco/The Colony	26,126
Fort Worth CBD	0
LBJ Freeway	0
Quorum/Bent Tree	0
Richardson	0
Stammons Freeway	0



Dallas-Fort Worth Market Overview



Market Facts



WAREHOUSE
& DISTRIBUTION RBA
599,158,217 SF



MANUFACTURING RBA
94,190,628 SF



FLEX RBA
90,111,388 SF



TOTAL RBA
819,344,093 SF



VACANCY TOTAL
5.3%



AVERAGE DIRECT
NNN RENT
\$6.17/SF



12 MONTH RENT
GROWTH
5.7%



AVERAGE SALES PRICE
\$76/SF



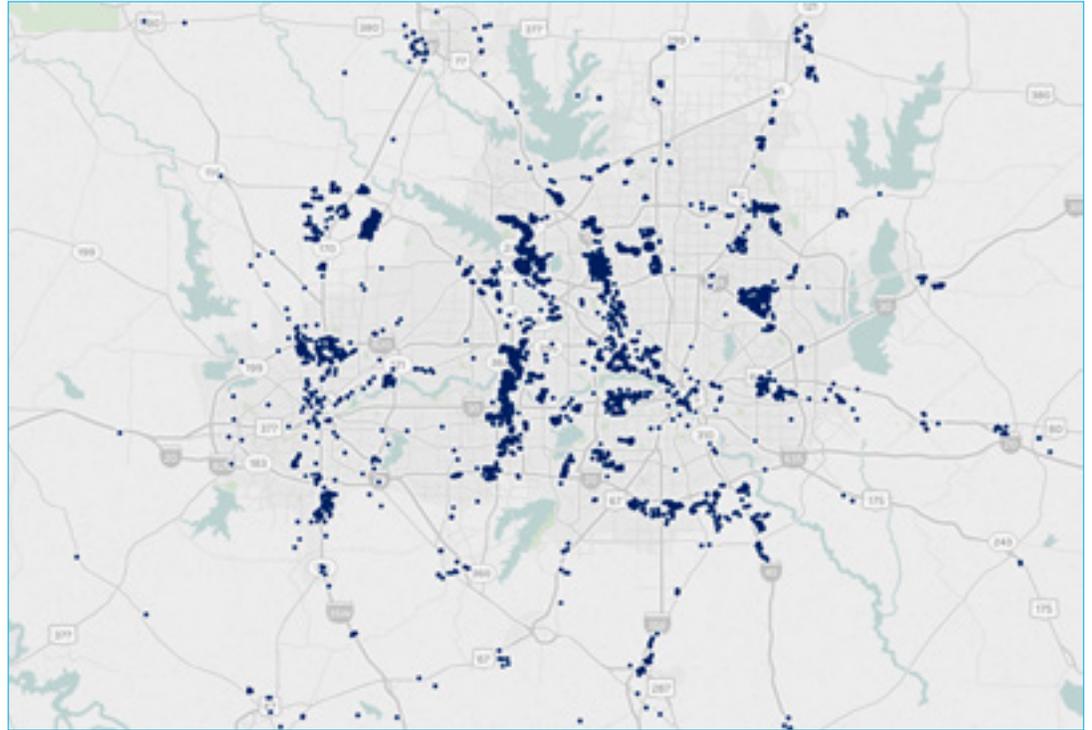
12 MONTH
ABSORPTION
25,318,641 SF



YTD DELIVERIES
18,864,724 SF



UNDER
CONSTRUCTION
37,785,113 SF



Market Overview

Dallas-Fort Worth continues to be one of the premier industrial markets in the country. Job growth, construction, absorption and affordability have helped keep the market moving at a record breaking pace. The metroplex has averaged more than 20 million SF of net new supply annually over the past few years, and as of Q3 2019, that level was over 37 million SF. However, vacancies have remained flat due to a combination of impressive demand for speculative projects and a few major build-to-suits that delivered.

Groundbreakings have yet to slow down, and speculative construction is ramping up. But impressive leasing velocity on spec projects and the still-large number of build-to-suits make it likely that vacancies will remain low over the next few quarters. Rent growth is still well outpacing the metro's historical average, which is especially impressive considering how late it is in the current

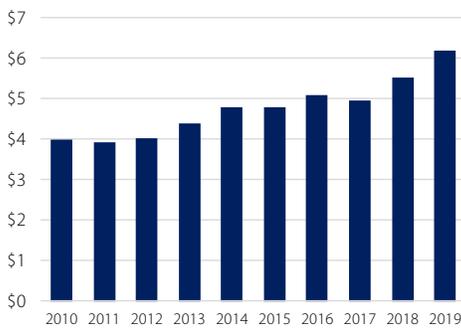
economic cycle. Transaction activity is driven by institutional capital, with national portfolio sales accounting for a major portion of sales volume.

Leasing volume remains high thanks to DFW's centralized location and headquarters hubs for major national businesses. Online retailing continues to be a boon for industrial property owners and investors. While cap rates are roughly equal to the national average, pricing has increased at a faster rate than the national benchmark this cycle, hovering around \$75/SF. While sales experienced a slowdown in the first half of 2019, it should still finish as another solid year.

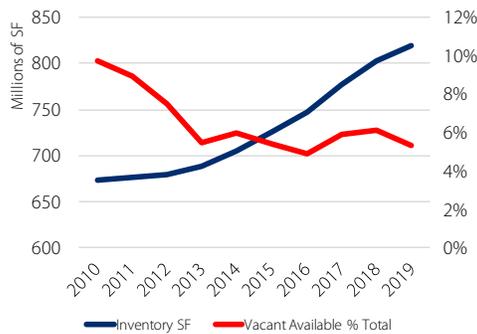
The market also benefits from solid infrastructure, with four major intermodal terminals and the massive Dallas-Fort Worth International Airport helping position the metro as one of the nation's largest inland ports.



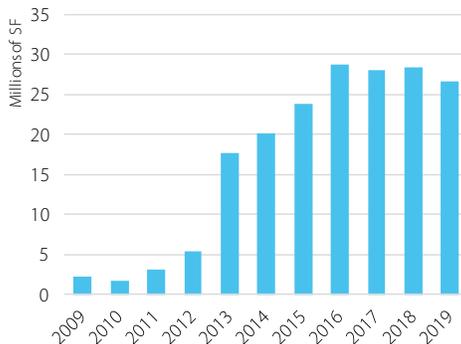
Average Direct NNN Asking Rates



Inventory Vs. Vacancy

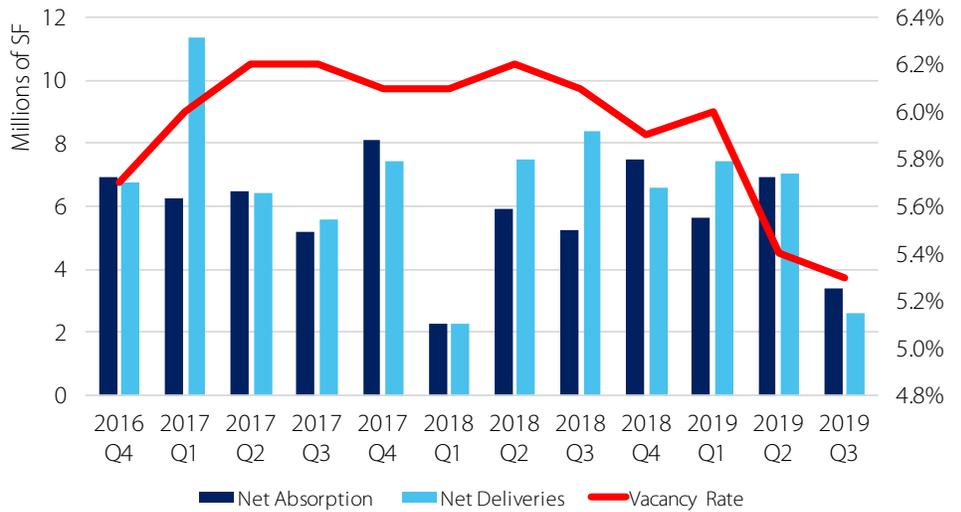


Historical Construction Starts



Report Parameters:
Industrial & Flex Existing Space, 20,000+ SF buildings, owner-occupied included

NET ABSORPTION, NET DELIVERIES, & VACANCY



MAJOR PROPERTY TYPE AVAILABILITIES



Passport Park-Building 1 Warehouse

2600 Rental Car Dr | Irving, TX 75062
E DFW Air/Las Colinas Ind Submarket
1,106,315 SF | 1,106,315 SF Available
Year Built: Under Construction



3000 W Kingsley Manufacturing

3000 W Kingsley Rd | Garland, TX 75041
NE Dallas/Garland Ind Submarket
341,840 SF | 341,840 SF Available
Year Built: 1974



Westport 11 Distribution

200 Fm 156 | Fort Worth, TX 76052
NE Tarrant/Alliance Ind Submarket
1,200,536 SF | 1,200,536 SF Available
Year Built: Under Construction



600 Millennium Dr Flex

600 Millennium Dr | Allen, TX 75013
Allen/McKinney Ind Submarket
164,866 SF | 164,866 SF Available
Year Built: 1997

For more information, please contact:

Avison Young | Dallas

1920 McKinney Avenue | Suite 1100 | Dallas, TX 75201

214.559.3900

avisonyoung.com

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Core Submarket Snapshots



INDUSTRIAL

SUBMARKET FACTS



WAREHOUSE
& DISTRIBUTION RBA
67,261,895 SF



MANUFACTURING RBA
3,060,781 SF



FLEX RBA
6,721,869 SF



TOTAL RBA
78,606,182 SF



VACANCY TOTAL
5.9%



AVERAGE DIRECT
NNN RENT
\$7.60/SF



QUARTERLY
NET ABSORPTION
622,886 SF



12 MONTH NET
ABSORPTION
3,489,274 SF



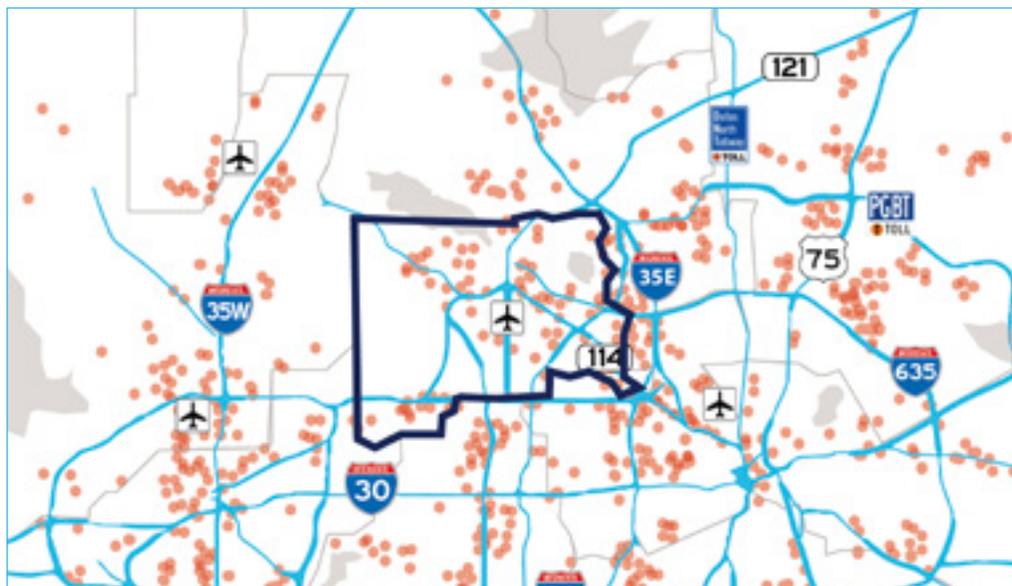
AVERAGE SALES PRICE
\$76/SF



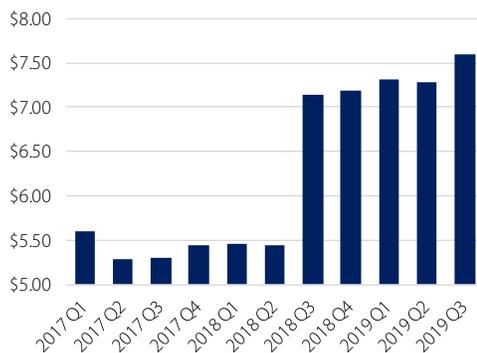
YTD DELIVERIES
3,271,287 SF



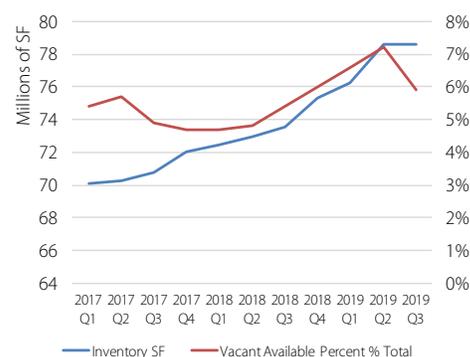
UNDER
CONSTRUCTION
5,034,791 SF



AVE. DIRECT NNN ASKING RATES



VACANCY VS. INVENTORY



SAMPLE MARKET AVAILABILITIES BY SIZE RANGE

0-50,000 SF



2010 Westridge Dr
2010 Westridge Dr
Irving, TX 75038
Class C Flex
37,559 SF
37,559 SF Available
Year Built: 1986

50,001-100,000 SF



Passport Park-Building 3
2700 Rental Car Dr
Irving, TX 75062
Class A Warehouse
99,000 SF
99,000 SF Available
Year Built: Under Construction

>100,000 SF



DFW Commerce Center Bldg 1
2601 S Airfield Dr
Dallas, TX 75261
Class A Distribution
1,000,584 SF
500,000 - 1,000,584 SF Available
Year Built: 2018

East Dallas:

Central East Dallas, East Dallas/Mesquite, Forney/Terrell/Kaufman, Outlying Kaufman County

SUBMARKET FACTS



WAREHOUSE
& DISTRIBUTION RBA
31,934,867 SF



MANUFACTURING RBA
6,542,648 SF



FLEX RBA
3,341,421 SF



TOTAL RBA
43,891,609 SF



VACANCY TOTAL
5.1%



AVERAGE DIRECT
NNN RENT
\$4.98/SF



QUARTERLY
NET ABSORPTION
-386,529 SF



12 MONTH NET
ABSORPTION
757,406 SF



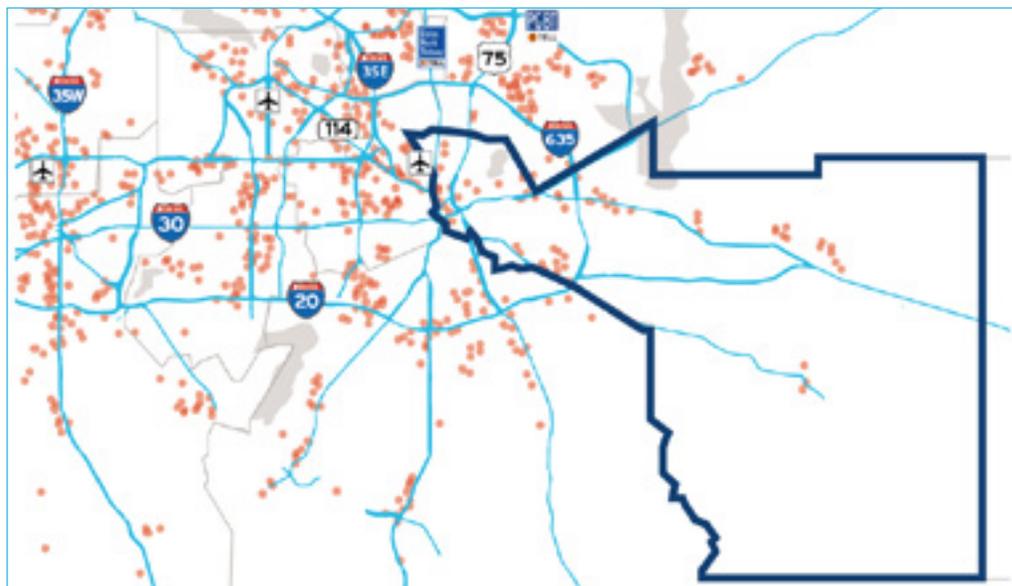
AVERAGE SALES PRICE
\$65/SF



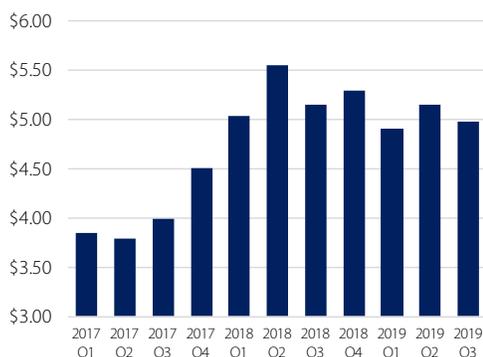
YTD DELIVERIES
1,022,130 SF



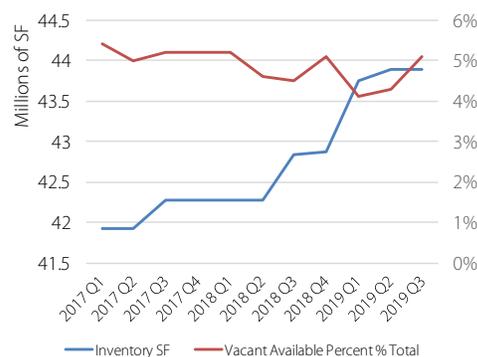
UNDER
CONSTRUCTION
2,270,452 SF



AVE. DIRECT NNN ASKING RATES



VACANCY VS. INVENTORY



SAMPLE MARKET AVAILABILITIES BY SIZE RANGE

0-50,000 SF



3301 Innovative Way

3301 Innovative Way
Mesquite, TX 75149
Class B Distribution
33,466 SF
33,466 SF Available
Year Built: 2018

50,001-100,000 SF



Mesquite Business Center

3414 Herrmann Dr
Garland, TX 75041
Class B Manufacturing
80,104 SF
80,104 SF Available
Year Built: 2017

>100,000 SF



3000 Skyline

3000 Skyline Dr
Mesquite, TX 75149
Class B Warehouse
753,000 SF
753,000 SF Available
Year Built: 1971, Renov. 2001

Great SW/Arlington: Arlington, Lower Great Southwest, Upper Great Southwest

SUBMARKET FACTS



WAREHOUSE
& DISTRIBUTION RBA
89,135,268 SF



MANUFACTURING RBA
10,796,429 SF



FLEX RBA
6,844,718 SF



TOTAL RBA
109,320,364 SF



VACANCY TOTAL
4.4%



AVERAGE DIRECT
NNN RENT
\$5.63/SF



QUARTERLY
NET ABSORPTION
-753,013 SF



12 MONTH NET
ABSORPTION
3,614,761 SF



AVERAGE SALES PRICE
\$69/SF



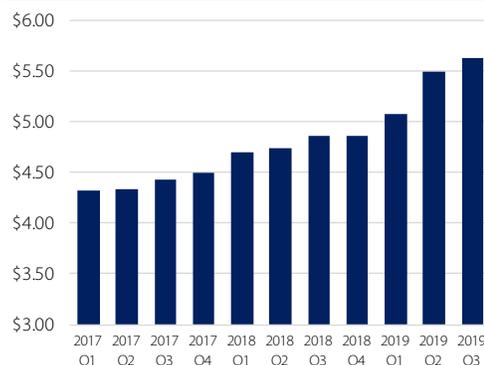
YTD DELIVERIES
3,624,985 SF



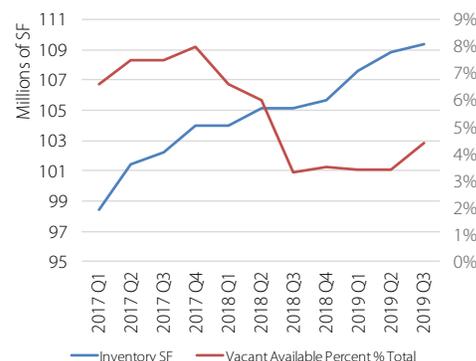
UNDER
CONSTRUCTION
2,179,203 SF



AVE. DIRECT NNN ASKING RATES



VACANCY VS. INVENTORY



SAMPLE MARKET AVAILABILITIES BY SIZE RANGE

0-50,000 SF



Park Twenty Three-Sixty Bldg 7

2300 Arbrook Blvd
Arlington, TX 76014
Class B Warehouse
42,445 SF
42,445 SF Available
Year Built: Under Construction

50,001-100,000 SF



2801 E Randol Mill

2801 E Randol Mill Rd
Arlington, TX 76011
Class C Manufacturing
67,953 SF
67,953 SF Available
Year Built: 1966

>100,000 SF



Oakdale Logistics

949 W Oakdale Rd
Grand Prairie, TX 75050
Class A Distribution
401,557 SF
401,557 SF Available
Year Built: Under Construction

SUBMARKET FACTS



WAREHOUSE
& DISTRIBUTION RBA
73,912,854 SF



MANUFACTURING RBA
7,029,899 SF



FLEX RBA
5,360,221 SF



TOTAL RBA
95,852,292 SF



VACANCY TOTAL
4.6%



AVERAGE DIRECT
NNN RENT
\$5.13/SF



QUARTERLY
NET ABSORPTION
1,718,231 SF



12 MONTH NET
ABSORPTION
4,840,557 SF



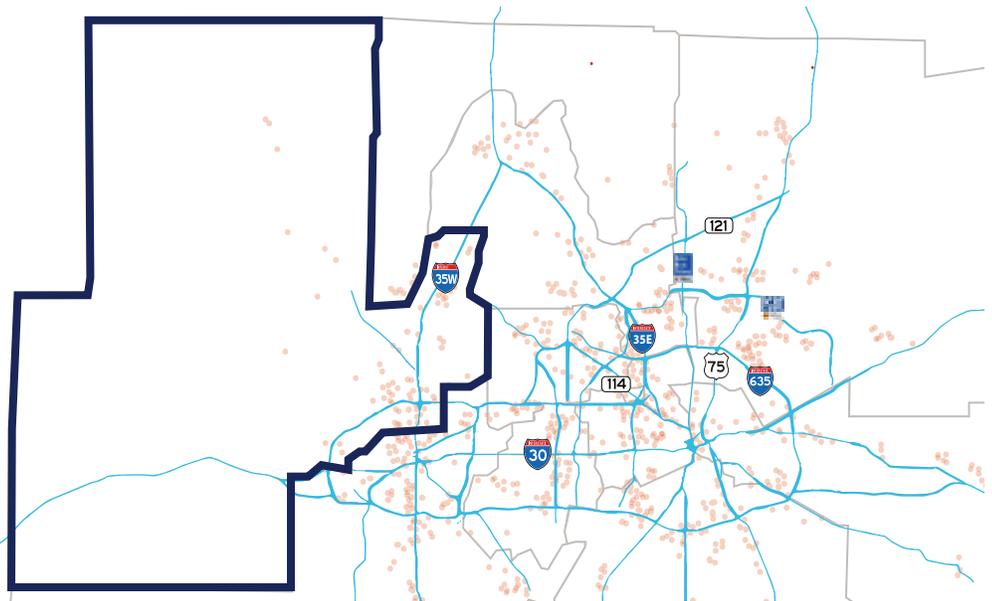
AVERAGE SALES PRICE
\$71/SF



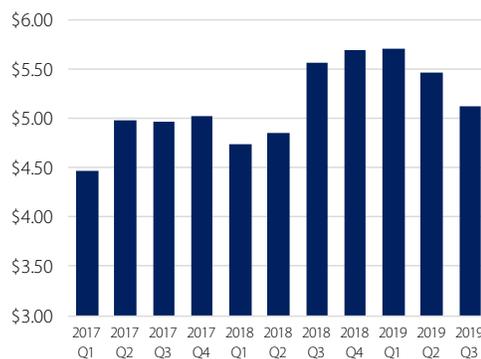
YTD DELIVERIES
3,059,505 SF



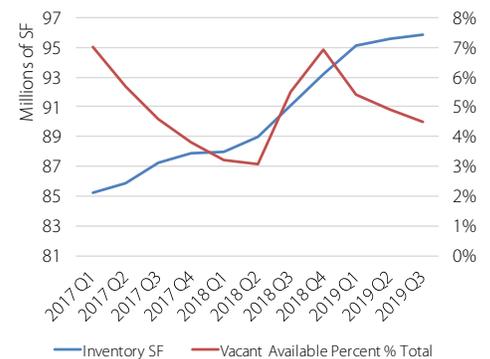
UNDER
CONSTRUCTION
13,581,154 SF



AVE. DIRECT NNN ASKING RATES



VACANCY VS. INVENTORY



SAMPLE MARKET AVAILABILITIES BY SIZE RANGE

0-50,000 SF



2400 NE 36th St
2400 NE 36th St
Fort Worth, TX 76111
Class C Manufacturing
43,925 SF
43,925 SF Available
Year Built: 1954

50,001-100,000 SF



Railhead Business Station
800 Railhead Rd
Fort Worth, TX 76106
Class B Warehouse
91,950 SF
91,950 SF Available
Year Built: 2007

>100,000 SF



Speedway Distribution Center
16200 Three Wide Dr
Fort Worth, TX 76177
Class A Warehouse
316,128 SF
316,128 SF Available
Year Built: 2018

Northeast Dallas:

Allen/McKinney, Delta Cnty, Hunt Cnty, NE Dallas/Garland, Outlying Collin Cnty, Plano, Richardson, Rockwall

SUBMARKET FACTS



WAREHOUSE
& DISTRIBUTION RBA
56,741,114 SF



MANUFACTURING RBA
21,477,810 SF



FLEX RBA
23,748,424 SF



TOTAL RBA
106,291,342 SF



VACANCY TOTAL
6.0%



AVERAGE DIRECT
NNN RENT
\$7.25/SF



QUARTERLY
NET ABSORPTION
-73,533 SF



12 MONTH NET
ABSORPTION
1,478,019 SF



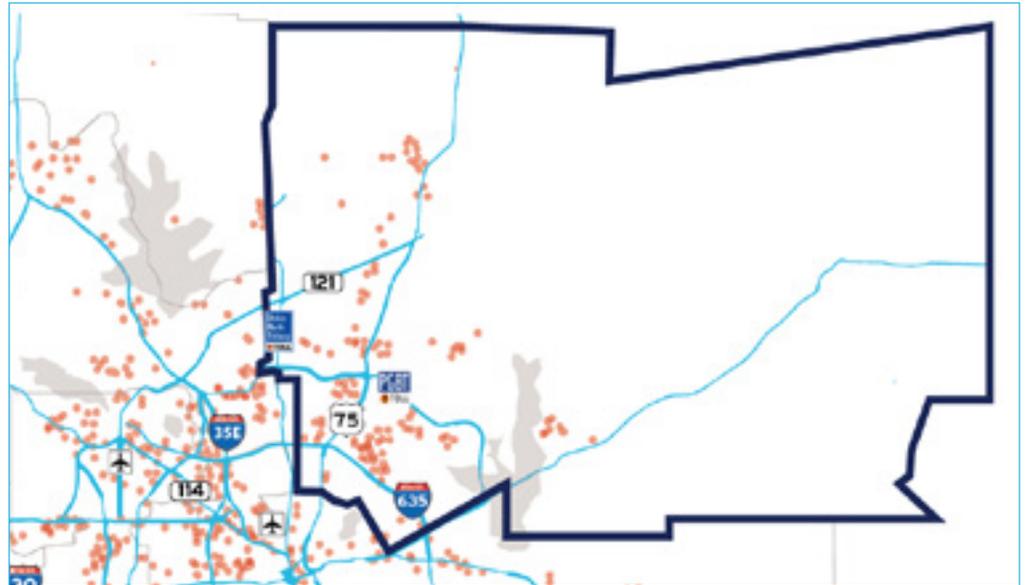
AVERAGE SALES PRICE
\$90/SF



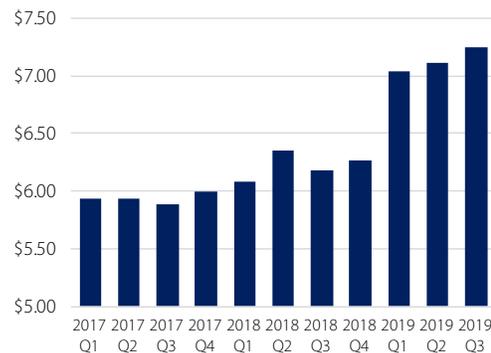
YTD DELIVERIES
1,946,912 SF



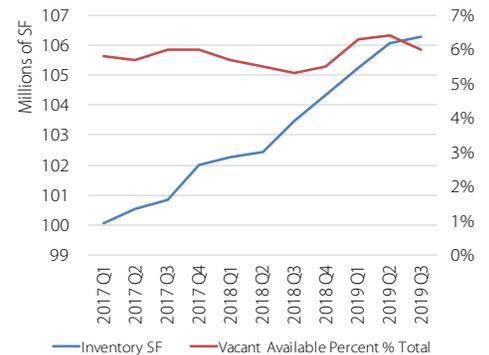
UNDER
CONSTRUCTION
2,893,153 SF



AVE. DIRECT NNN ASKING RATES



VACANCY VS. INVENTORY



SAMPLE MARKET AVAILABILITIES BY SIZE RANGE

0-50,000 SF



Frisco All Star Flex

10400 Clarence Dr
Frisco, TX 75033
Class B Flex
36,360 SF
36,360 SF Available
Year Built: 2019

50,001-100,000 SF



Plano Business Park - F

3901 E Plano Pky
Coppell, TX 75019
Class B Flex
100,000 SF
100,000 SF Available
Year Built: 2002

>100,000 SF



Garland Logistics Center

3800 Leon Rd
Garland, TX 75041
Class A Distribution
494,000 SF
329,091 SF Available
Year Built: 2017

Northwest Dallas:

Denton, Lewisville, Metropolitan/Addison, North Stemmons/Valwood

SUBMARKET FACTS



WAREHOUSE
& DISTRIBUTION RBA
80,380,537 SF



MANUFACTURING RBA
7,058,189 SF



FLEX RBA
16,805,599 SF



TOTAL RBA
106,073,004 SF



VACANCY TOTAL
3.3%



AVERAGE DIRECT
NNN RENT
\$6.96/SF



QUARTERLY
NET ABSORPTION
265,665 SF



12 MONTH NET
ABSORPTION
2,362,249 SF



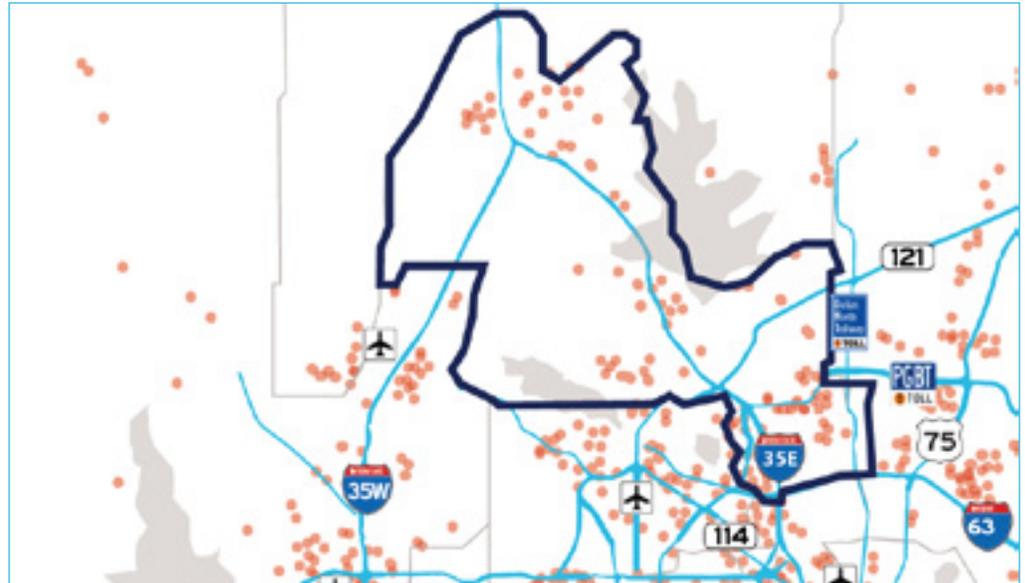
AVERAGE SALES PRICE
\$106/SF



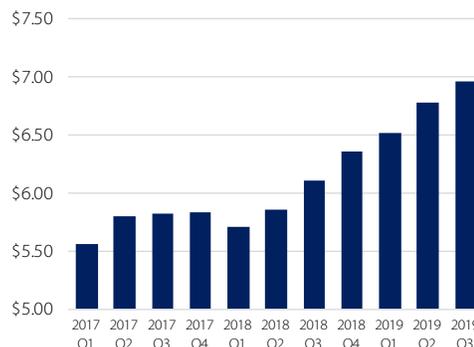
YTD DELIVERIES
2,362,249 SF



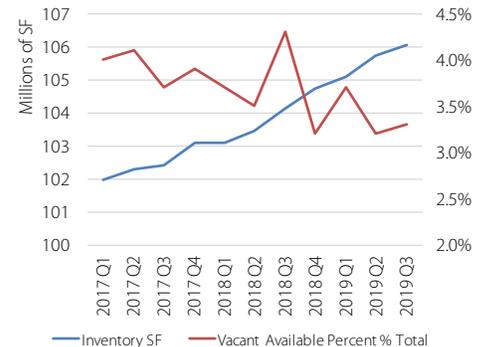
UNDER
CONSTRUCTION
1,845,930 SF



AVE. DIRECT NNN ASKING RATES



VACANCY VS. INVENTORY



SAMPLE MARKET AVAILABILITIES BY SIZE RANGE

0-50,000 SF



13810 Welch Rd
13810 Welch Rd
Dallas, TX 75244
Class C Distribution
40,000 SF
40,000 SF Available
Year Built: 1974

50,001-100,000 SF



Majestic Airport Center 10
3000 S Valley Pky
Lewisville, TX 75067
Class A Warehouse
89,900 SF
89,900 SF Available
Year Built: Under Construction

>100,000 SF



Lakeside Ranch 550
550 Lakeside Pky
Flower Mound, TX 75028
Class A Distribution
748,831 SF
525,641 SF Available
Year Built: 2007

South Dallas:

Outlying Ellis Cnty, Redbird Airport, Southeast Dallas/I-45, Southwest Dallas/US 67

SUBMARKET FACTS



WAREHOUSE
& DISTRIBUTION RBA
77,619,404 SF



MANUFACTURING RBA
17,273,863 SF



FLEX RBA
1,866,038 SF



TOTAL RBA
98,964,376 SF



VACANCY TOTAL
9.5%



AVERAGE DIRECT
NNN RENT
\$3.65/SF



QUARTERLY
NET ABSORPTION
2,205,996 SF



12 MONTH NET
ABSORPTION
6,147,320 SF



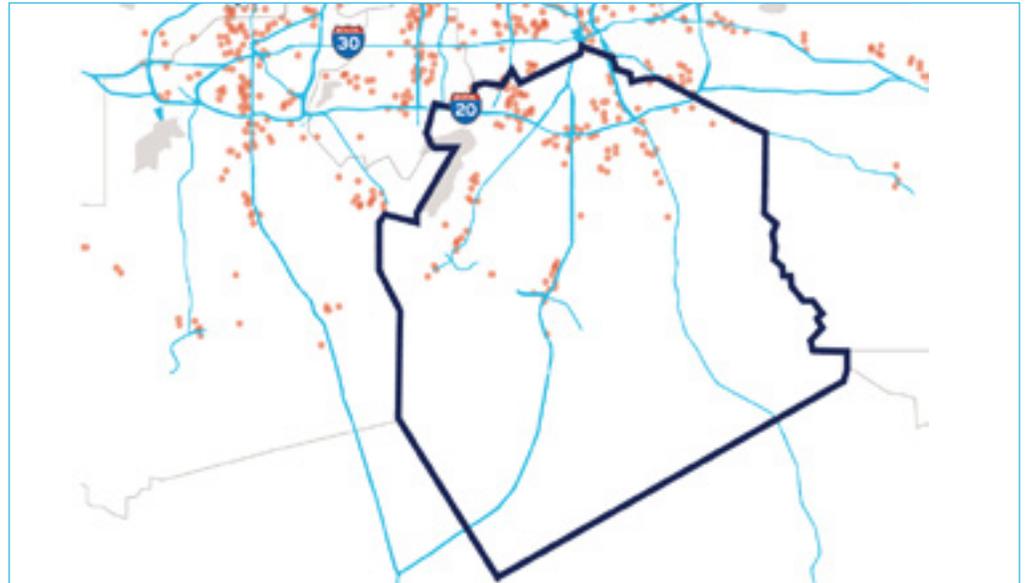
AVERAGE SALES PRICE
\$65/SF



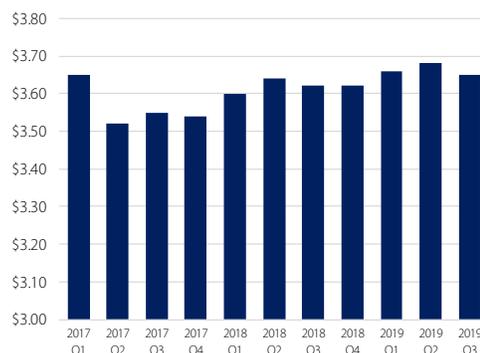
YTD DELIVERIES
2,429,527 SF



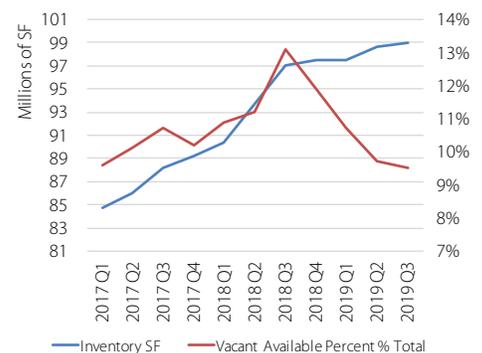
UNDER
CONSTRUCTION
3,125,318 SF



AVE. DIRECT NNN ASKING RATES



VACANCY VS. INVENTORY



SAMPLE MARKET AVAILABILITIES BY SIZE RANGE

0-50,000 SF



Builders Transport Facility

34511 Lyndon B Johnson Fwy
Dallas, TX 75241
Class C Flex
34,375 SF
34,375 SF Available
Year Built: 1988

50,001-100,000 SF



Stoneridge 15

9001 Autobahn Dr
Dallas, TX 75237
Class A Warehouse
83,376 SF
83,376 SF Available
Year Built: Under Construction

>100,000 SF



Eagle Park 20/35

1240 E Centre Park Blvd
DeSoto, TX 75115
Class A Distribution
454,408 SF
226,983 SF Available
Year Built: 2016

South Fort Worth:

East Ft Worth, Hood County, Johnson County, Mansfield, N Central Ft Worth, S Cen. Tarrant Cty, S Cen. Ft Worth, Southwest Tarrant

SUBMARKET FACTS

 WAREHOUSE & DISTRIBUTION RBA
46,931,104 SF

 MANUFACTURING RBA
12,664,948 SF

 FLEX RBA
8,338,426 SF

 TOTAL RBA
74,864,051 SF

 VACANCY TOTAL
4.2%

 AVERAGE DIRECT NNN RENT
\$5.89/SF

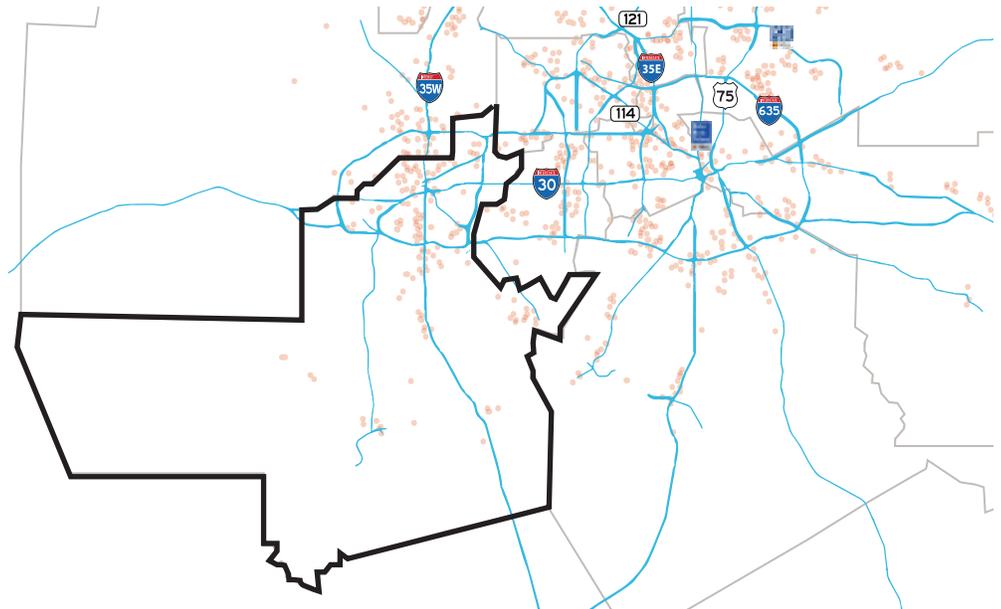
 QUARTERLY NET ABSORPTION
-88,546 SF

 12 MONTH NET ABSORPTION
1,105,551 SF

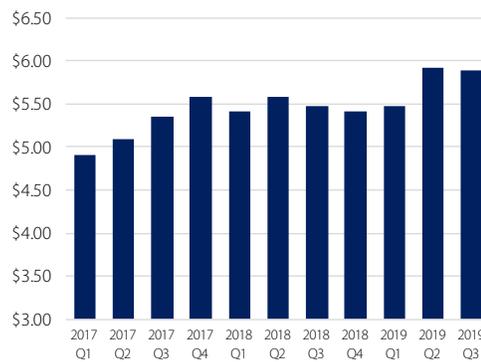
 AVERAGE SALES PRICE
\$62/SF

 YTD DELIVERIES
1,122,745 SF

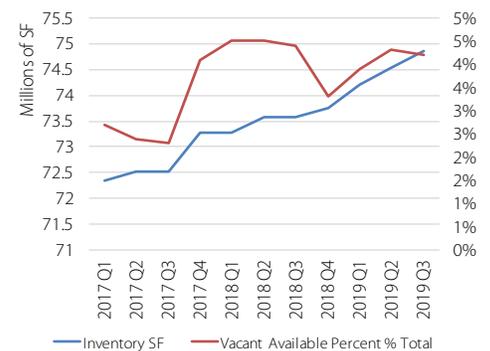
 UNDER CONSTRUCTION
1,510,222 SF



AVE. DIRECT NNN ASKING RATES



VACANCY VS. INVENTORY



SAMPLE MARKET AVAILABILITIES BY SIZE RANGE

0-50,000 SF



7100-7108 Burns St
7100-7108 Burns St
Richland Hills, TX 76118
Class B Light Manufacturing
46,315 SF
46,000 SF Available
Year Built: 1958

50,001-100,000 SF



Everman Trade Center D
8200 South Freeway
Fort Worth, TX 76134
Class A Industrial Showroom
56,353 SF
56,353 SF Available
Year Built: 2019

>100,000 SF



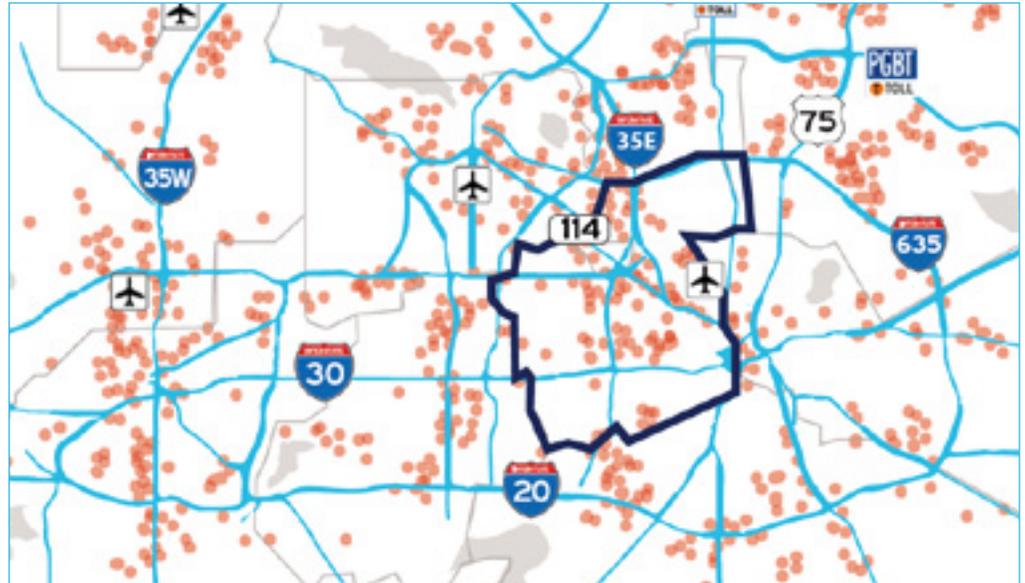
35/20 Crossroads Distribution
6601 Oak Grove Rd
Fort Worth, TX 76134
Class A Distribution
615,005 SF
264,125 SF Available
Year Built: 2008

South Stemmons:

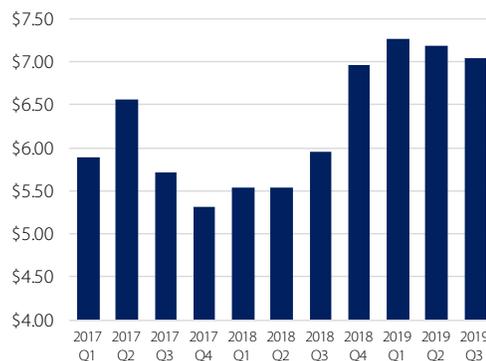
East Brookhollow, E Hines North, Eastern Lonestar/Tpke, North Trinity, West Brookhollow, West Hines North, Western Lonestar/Tpke

SUBMARKET FACTS

- 
WAREHOUSE & DISTRIBUTION RBA
72,983,930 SF
- 
MANUFACTURING RBA
8,191,865 SF
- 
FLEX RBA
17,083,212 SF
- 
TOTAL RBA
103,011,893 SF
- 
VACANCY TOTAL
4.0%
- 
AVERAGE DIRECT NNN RENT
\$7.04/SF
- 
QUARTERLY NET ABSORPTION
-27,935 SF
- 
12 MONTH NET ABSORPTION
1,627,003 SF
- 
AVERAGE SALES PRICE
\$68/SF
- 
YTD DELIVERIES
193,000 SF
- 
UNDER CONSTRUCTION
4,267,216 SF



AVE. DIRECT NNN ASKING RATES



VACANCY VS. INVENTORY



SAMPLE MARKET AVAILABILITIES BY SIZE RANGE

0-50,000 SF



2929 Irving Blvd

2929 Irving Blvd
Dallas, TX 75247
Class C Distribution
40,000 SF
39,960 SF Available
Year Built: 1964

50,001-100,000 SF



Ambassador Row

7600 Ambassador Row
Dallas, TX 75247
Class C Distribution
66,915 SF
66,915 SF Available
Year Built: 1955

>100,000 SF



4025 E I-30

4025 E I-30
Grand Prairie, TX 75050
Class A Warehouse
296,680 SF
296,680 SF Available
Year Built: Under Construction

MANUFACTURING

Core Submarkets	Buildings	Inventory	Vacancy (sf)	Vacancy (%)	Net Absorption		Average Asking Direct Rate NNN	Delivered YTD	Under Construction (sf)
					3Q '19	12 Month			
DFW Airport	16	3,060,781	17,694	0.6%	592,640	563,618	\$4.89	562,640	319,450
East Dallas	53	6,542,648	0	0.0%	0	45,306	\$4.75	0	0
Great SW/Arlington	42	10,796,429	0	0.0%	60,650	1,289,152	\$4.72	1,292,997	0
North Ft Worth	54	7,029,899	374,435	5.3%	132	-242,575	\$5.04	0	0
Northeast Dallas	111	21,477,810	631,353	2.8%	-55,608	451,965	\$7.05	0	450,000
Northwest Dallas	79	7,058,189	129,952	1.8%	-25,365	122,299	\$4.21	0	336,960
South Dallas	119	17,273,863	490,631	2.8%	-61,755	1,808,298	\$3.81	0	322,000
South Ft Worth	105	12,664,948	105,050	0.8%	93,750	199,425	\$4.83	0	100,000
South Stemmons	90	8,191,865	279,465	3.4%	31,289	45,372	\$2.61	0	199,070
Total	669	94,096,432	2,028,580	1.9%	635,733	4,282,860	\$4.66	1,855,637	1,727,480

FLEX

Core Submarkets	Buildings	Inventory	Vacancy (sf)	Vacancy (%)	Net Absorption		Average Asking Direct Rate NNN	Delivered YTD	Under Construction (sf)
					3Q '19	12 Month			
DFW Airport	125	6,721,869	754,923	11.2%	-58,697	-229,613	\$10.41	25,000	0
East Dallas	81	3,341,421	84,456	2.5%	-1,450	25,925	\$7.84	0	0
Great SW/Arlington	155	6,844,718	375,130	5.5%	-82,472	-66,797	\$10.77	0	33,291
North Ft Worth	72	5,360,221	83,420	1.6%	74,604	688,363	\$13.72	688,363	600,000
Northeast Dallas	458	23,748,424	1,661,165	7.0%	112,318	28,044	\$10.54	28,044	293,983
Northwest Dallas	327	16,805,599	960,459	5.7%	-135,938	647,895	\$10.44	0	0
South Dallas	47	1,866,038	27,724	1.5%	1,392	27,424	\$7.61	0	84,000
South Ft Worth	198	8,338,426	441,789	5.3%	-86,622	6,180	\$8.01	0	45,600
South Stemmons	395	17,083,212	612,835	3.6%	143,591	140,909	\$14.36	0	0
Total	1,858	90,109,928	5,001,901	4.9%	-33,274	1,268,330	\$10.41	741,407	1,056,874

WAREHOUSE & DISTRIBUTION

Core Submarkets	Buildings	Inventory	Vacancy (sf)	Vacancy (%)	Net Absorption		Average Asking Direct Rate NNN	Delivered YTD	Under Construction (sf)
					3Q '19	12 Month			
DFW Airport	422	67,261,895	3,835,745	5.7%	128,258	3,102,167	\$6.02	2,640,897	4,635,547
East Dallas	323	31,934,867	2,142,924	6.7%	-385,079	714,679	\$4.98	1,022,130	2,270,452
Great SW/Arlington	740	89,135,268	4,621,048	5.2%	-752,006	2,391,995	\$4.48	2,233,613	2,145,912
North Ft Worth	424	73,912,854	3,694,211	5.0%	1,648,295	4,416,731	\$4.70	2,469,010	12,981,154
Northeast Dallas	634	56,741,114	3,770,141	6.6%	-41,068	357,933	\$5.72	1,741,466	2,073,358
Northwest Dallas	752	80,380,537	2,382,756	3.0%	401,708	1,545,906	\$5.28	1,261,489	1,437,610
South Dallas	390	77,619,404	8,837,244	11.4%	2,016,359	5,673,081	\$3.58	2,179,527	3,473,992
South Ft Worth	771	46,931,104	1,736,777	3.7%	-336,467	-60,646	\$5.13	401,392	1,252,447
South Stemmons	1,086	72,983,930	3,233,222	4.4%	-202,815	1,435,035	\$5.90	993,000	4,068,146
Total	5,542	596,900,973	34,254,068	5.7%	2,477,185	19,576,881	\$5.09	14,942,524	34,338,618

TOTAL

Core Submarkets	Buildings	Inventory	Vacancy (sf)	Vacancy (%)	Net Absorption		Average Asking Direct Rate NNN	Delivered YTD	Under Construction (sf)
					3Q '19	12 Month			
DFW Airport	573	78,606,182	4,647,677	5.9%	622,886	3,489,274	\$7.60	3,271,287	5,034,791
East Dallas	486	43,891,609	2,255,885	5.1%	-386,529	757,406	\$4.98	1,022,130	2,270,452
Great SW/Arlington	984	109,320,364	4,801,038	4.4%	-753,013	3,614,761	\$5.63	3,624,985	2,179,203
North Ft Worth	591	95,852,292	4,377,397	4.6%	1,718,231	4,840,557	\$5.13	3,059,505	13,581,154
Northeast Dallas	1252	106,291,342	6,370,667	6.0%	-73,533	1,478,019	\$7.25	1,946,912	2,893,153
Northwest Dallas	1187	106,073,004	3,515,367	3.3%	265,665	2,362,249	\$6.96	2,362,249	1,845,930
South Dallas	586	98,964,376	9,355,599	9.5%	2,205,996	6,147,320	\$3.65	2,429,527	3,125,318
South Ft Worth	1147	74,864,051	3,149,391	4.2%	-88,546	1,105,551	\$5.89	1,122,745	1,510,222
South Stemmons	1,657	103,011,893	4,132,422	4.0%	-27,935	1,627,003	\$7.04	193,000	4,267,216
Total	8,463	816,875,113	42,605,443	5.2%	3,483,222	25,422,140	\$6.01	17,539,568	36,707,439
ALL SUBMARKETS TOTAL	8,483	819,344,093	42,766,561	5.3%	3,451,304	25,318,641	\$6.17	18,864,724	37,785,113

Dallas-Fort Worth Market Overview



RETAIL

STRONG FUNDAMENTALS

AMID RECORD LOW VACANCIES
AND RISING INVENTORY

Dallas-Fort Worth area leads the nation in shopping centers per capita and ranks among the nation's top 5 retail employment hubs with over 460,000 retail-related workers. According to the Dallas Fed, retail sales volume in DFW reached nearly \$38 billion for the beginning of 2019. The region's continued job and population growth should help continue supporting these strong fundamentals, even as the retail industry as a whole adjusts to the changing landscapes of modern shopping.

This adjustment is no more plainly visible in some of the major redevelopment projects taking place across the metro, as former shopping malls are reborn from neglect to highly visible mixed-use projects. Two of the most recognizable projects are the \$1 billion redevelopment of Collin Creek Mall, and the

Valley View Mall/ Midtown Dallas conversion.

Construction isn't moving as fast as it did in past cycles, but DFW is still adding supply at one of the fastest rates in the country.

Most of these properties have healthy pre-leasing. More than 65% of retail space under construction was leased as of early 2019. And though big-box retailers are expanding, especially in the suburbs, the vast majority of leases signed in the metroplex are for spaces smaller than 5,000 SF, and smaller tenants accounted for roughly half of the total RBA leased last year.

KEY STATS | Parameters: Retail, Existing, 1,000+ SF, Owner-Occupied Included



432 MSF
Total
Inventory



3.4 MSF
Under
Construction



3.3 MSF
12 Month
Absorption



4.8%
Vacancy
Rate



4.3 MSF
12 Month
Deliveries

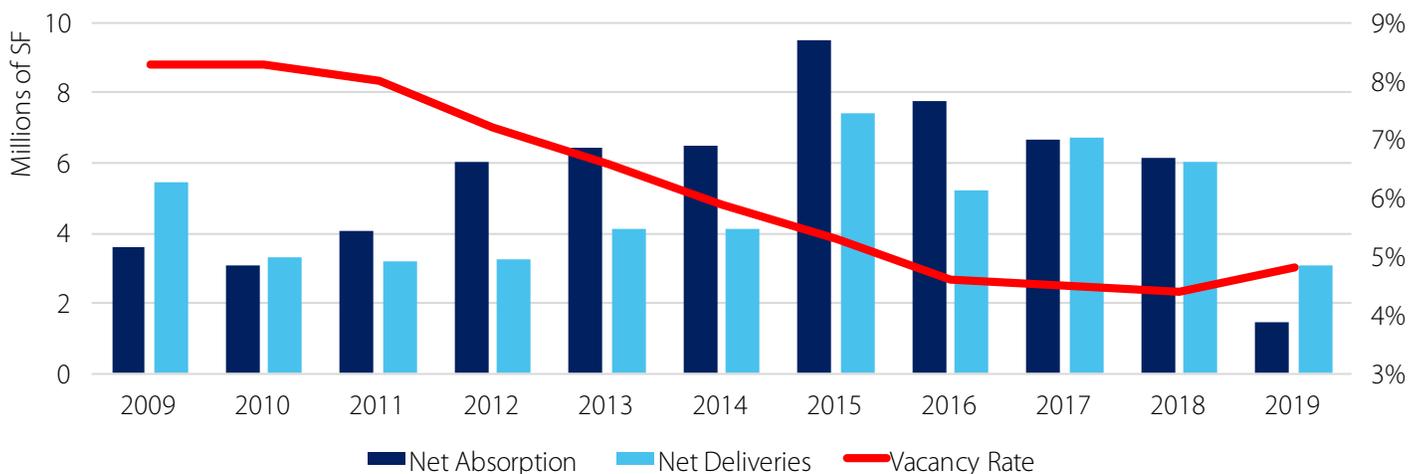


\$17.31
Ave. Direct
NNN Rent



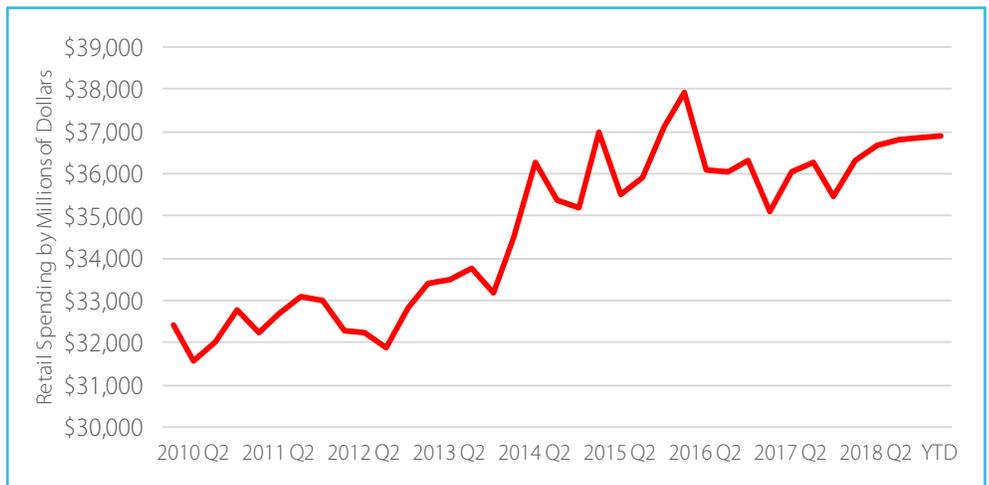
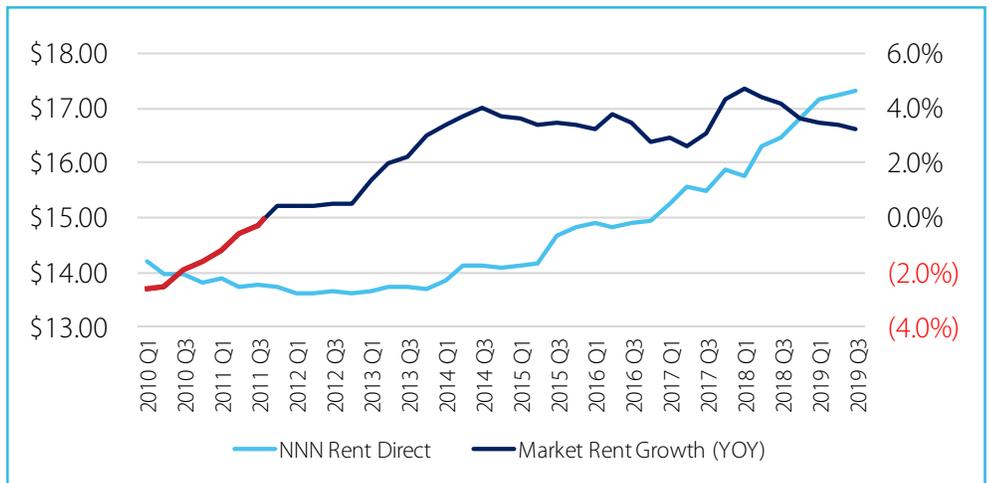
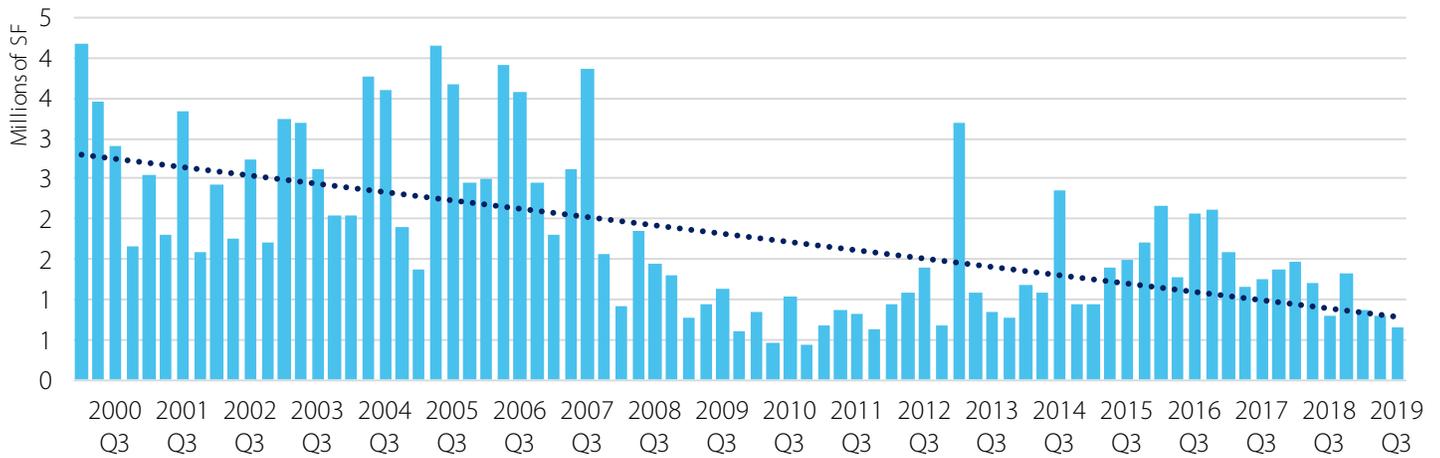
3.4%
YOY
Rent Growth

Net Absorption, Net Deliveries & Vacancy



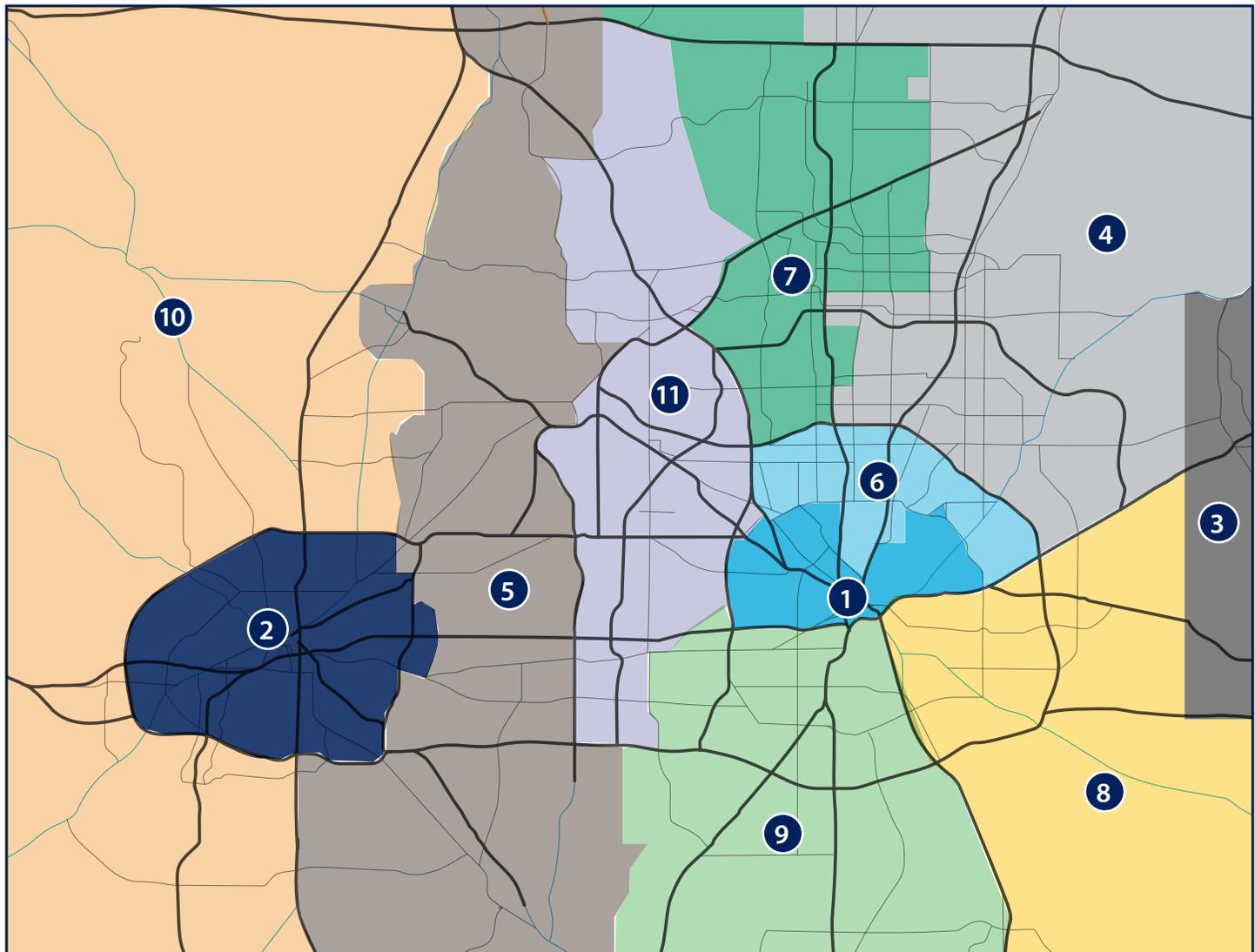
Steady Tapering as Retail Shifts to Online

Retail construction has seen an overall decrease in activity since the turn of the century. Whereas the early 2000's saw an average of 7.5 MSF under construction per year, the last 5 years have seen the average at 4.8 MSF. That being said, there has been an uptick in construction in recent years compared the the earlier parts of the decade. Even as big box retailers struggle and adapt to online competition, younger consumers are still interested in smaller local businesses and experiential shopping, so look to see more unique and local concepts in the future.



CORE SUBMARKET CLUSTERS

#	Submarket Cluster	Inventory	Vacancy	12 Month Net Absorption	Under Construction	12 Month Deliveries	Direct NNN Asking Rent
1	Central Dallas	21,385,074	3.0%	98,004	36,500	133,756	\$22.35
2	Central Fort Worth	36,583,997	5.5%	-60,725	44,180	95,407	\$13.67
3	East Dallas Outlying	8,578,369	3.2%	316,022	121,433	311,054	\$24.87
4	Far North Dallas	75,193,703	5.2%	598,326	587,212	851,674	\$17.94
5	Mid Cities	71,020,654	4.8%	351,602	632,108	571,533	\$17.01
6	Near North Dallas	26,194,049	3.9%	202,885	218,331	174,266	\$16.74
7	North Central Dallas	43,579,341	4.9%	731,602	542,143	1,077,529	\$24.53
8	Southeast Dallas	20,143,222	3.6%	210,856	58,415	71,790	\$13.19
9	Southwest Dallas	25,198,878	4.8%	-61,946	65,058	57,893	\$13.90
10	Suburban Fort Worth	41,327,287	4.0%	119,519	645,839	332,200	\$15.53
11	West Dallas	43,373,086	4.2%	623,523	266,912	466,538	\$16.33



Dallas-Fort Worth Market Overview



MULTI-FAMILY |

MULTI FAMILY

The DFW Multifamily market continues to be one of the top performers in the country, anchored by strong job and population growth, changing demographics, limited single-family housing supply, and urban revivals. From an inventory perspective, DFW is now the 3rd largest multifamily market, behind only New York and Los Angeles metros.

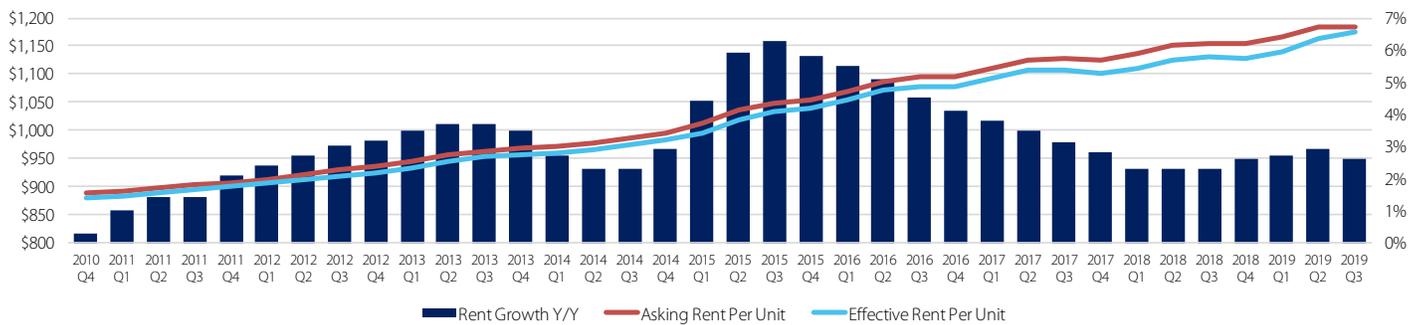
Strong economic underpinnings have fostered a healthy apartment market. Over the past 12 months, the market has absorbed over 26,500 units, just slightly behind the NYC metro and over double the Washington, D.C. metro. Fundamentals show no signs of slowing, as the market currently has

over 37,000 units under construction. This growth has reached all corners of the market, seeing otherwise quiet bedroom suburbs and underserved communities having to come to grips with dozens of luxury towers coming into their neighborhoods.

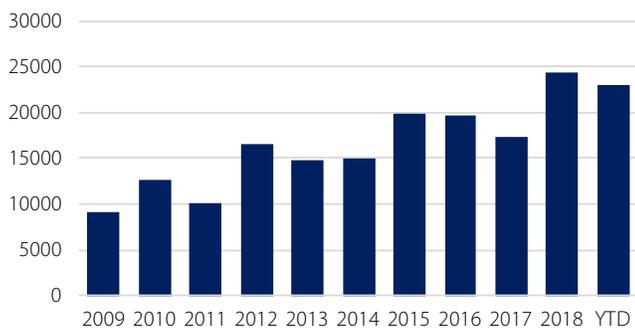
Still, even as tens of thousands of new units have delivered, the market has been able to absorb the vast majority of supply. Vacancy rates have hovered around 7%, and quarterly absorption has consistently outperformed deliveries, thus absorbing new stock and existing stock as more people moved to the metro and fewer single family homes existed in the desired price-points.



Market Rent Per Unit & YOY Rent Growth



Unit Absorption by Year



162,000 Units Added
In Last 10 Years

54% Ave Price/Unit Increase
In Last 10 Years

Multifamily: DFW Market Overview



851,606
Inventory Units



37,773
Under Constr. Units



26,434
12 Month Absorp Units



7.4%
Vacancy Rate



22,259
12 Month Units Delivered



\$1,183
Asking Rent Per Unit



\$4.8B
12 Month Sales Volume

Submarket Cluster	Inventory Units	Inventory Avg SF	Asking Rent Per Unit	Asking Rent Per SF	Asking Rent % Growth/Yr	Vacancy Percent	12 Mo. Absorption Units	Under Construction Units	12 Month Delivered Units
Allen/McKinney	25,385	934	\$1,276	\$1.37	2.8	11	1,936	1,539	1,284
Arlington	65,122	826	\$1,051	\$1.27	2.6	6.5	1,015	426	790
Bishop Arts/Oak Cliff	21,071	848	\$1,009	\$1.19	4.7	5.8	504	568	17
Denton	30,335	816	\$1,157	\$1.36	1.3	9.2	405	1304	693
Design District/Trinity Groves/La Bajada/West Dallas	7,265	894	\$1,415	\$1.59	1.8	10.1	497	646	678
Downtown Dallas/Farmers Market/West End	7,395	973	\$1,617	\$1.66	2.9	8.8	244	1237	357
Downtown/Northwest Fort Worth	24,256	908	\$1,171	\$1.29	0.6	10.7	1,512	1234	1,660
East Dallas/White Rock	60,837	814	\$1,191	\$1.47	2.2	7	939	2101	526
East Fort Worth	12,543	832	\$913	\$1.10	3.7	6.9	49	0	0
Farmers Branch/Addison/Carrollton	86,953	862	\$1,220	\$1.41	3.9	6.3	1,815	4937	1,512
Frisco/Prosper/The Colony	23,372	972	\$1,408	\$1.45	2	11.1	2,948	3,163	2079
Garland/Rowlett	22,711	883	\$1,103	\$1.25	3.1	9.4	1,640	1,686	1,932
Grapevine/Southlake/Colleyville	9,168	913	\$1,385	\$1.52	1.4	7.4	198	1,202	0
HEB/Mid Cities	23,507	868	\$1,121	\$1.29	3.6	5.6	568	391	334
Las Colinas	31,608	905	\$1,364	\$1.50	3.5	7.5	708	1,016	605
Lewisville/Flower Mound	29,778	904	\$1,231	\$1.36	2.4	6.4	833	672	524
Love Field/North Dallas/Northwest Dallas	26,286	814	\$1,170	\$1.42	2.6	7.3	1,068	1700	931
Mesquite	36,205	836	\$924	\$1.11	3.4	7.3	71	592	527
Plano	46,349	924	\$1,364	\$1.47	2.6	7.4	2214	2688	1069
Richardson	27,144	837	\$1,033	\$1.23	2.6	7.4	-12	373	73
Rockwall/Wylie	6,107	948	\$1,290	\$1.37	0.5	8.8	578	809	353
South Dallas/Desoto/Cedar Hill	18,088	883	\$1,031	\$1.17	3.8	6.3	219	754	450
Deep Ellum/The Cedars/Southeast Dallas	22,191	872	\$978	\$1.12	2.2	9.1	20	639	336
Southeast Fort Worth	16,142	904	\$1,069	\$1.19	3	6.5	620	0	732
Southwest Fort Worth/Clearfork	39,722	864	\$1,054	\$1.22	1.9	7.4	1063	2,566	864
Uptown/Park Cities	28,685	938	\$2,060	\$2.12	2.3	9.4	1,617	654	1,100

LARGEST MARKET INVENTORIES

NYC 1.9 MM units
 LA 1.1 MM Units
DFW .85 MM Units
 Houston .71 MM Units
 Chicago .62 MM Units
 DC .62 MM Units

AVE. RENT/UNIT IN PREMIER SUBMARKETS

NYC - Lower West Side & Financial District - \$4,485
 LA - Venice Beach & Downtown - \$2,750
 DFW - Uptown/Park Cities - \$2,098
 Houston - Downtown Houston - \$2,325
 Chicago - Downtown Chicago - \$2,533
 DC - Downtown DC - \$2,425

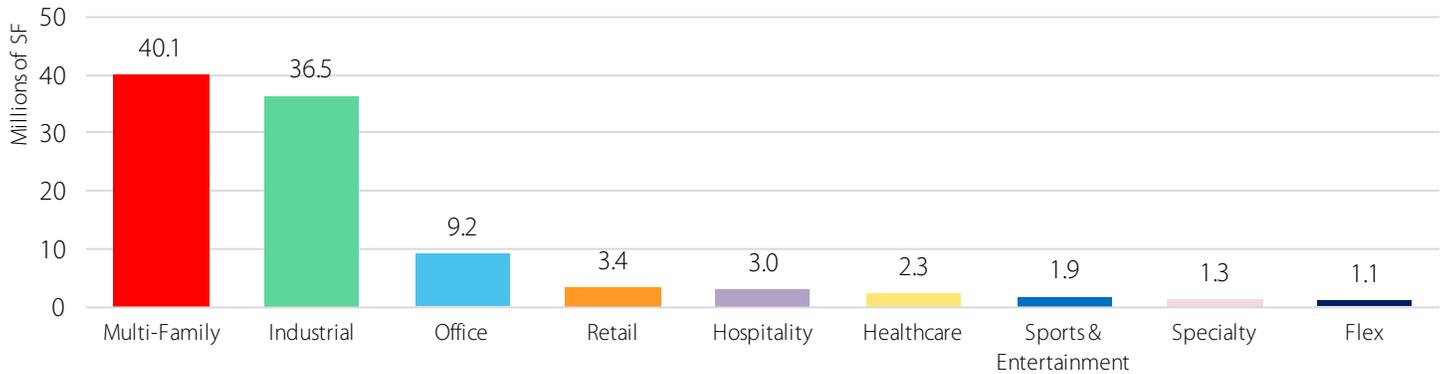
Dallas-Fort Worth Market Overview



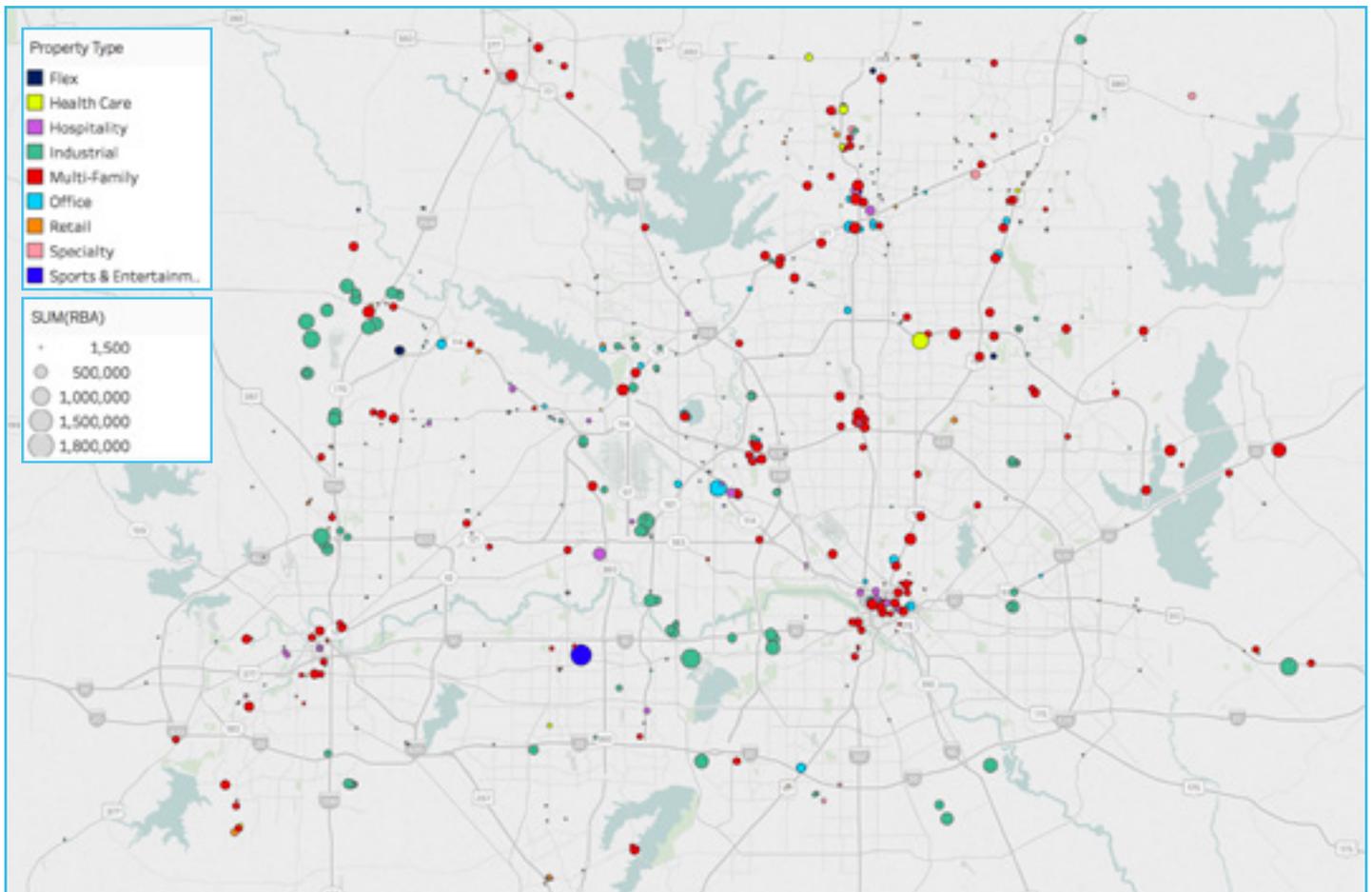
Construction Pipeline

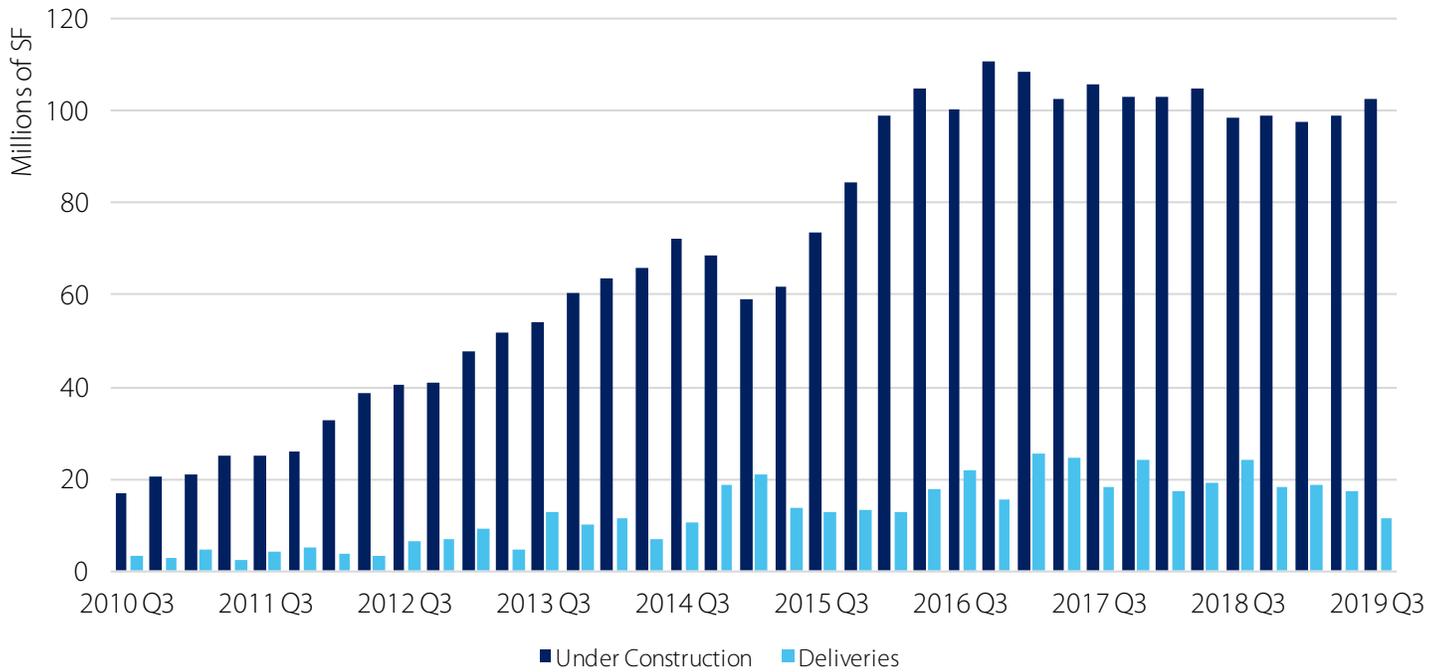
There is currently over **100 MSF** under construction across the metro, when all building sizes and types are included. Some of these numbers may be higher than the reported numbers that Avison Young includes in its normal reporting, but this **100 MSF** number is simply to highlight the complete picture of the market's construction, not limited by the normal parameters. Multi-family leads the field, with nearly 40 MSF under construction, totaling roughly **38,000 Units making up 40 MSF**, followed by Industrial at **36.5 MSF**. Even as the economic expansion adjusts to the next phase of the cycle, it looks like DFW will continue building for at least a little longer.

Construction Starts



Currently Under Construction





477 MSF of CRE Inventory added in the last 10 years.

51
MSF



OFFICE

150
MSF



INDUSTRIAL

46
MSF



RETAIL

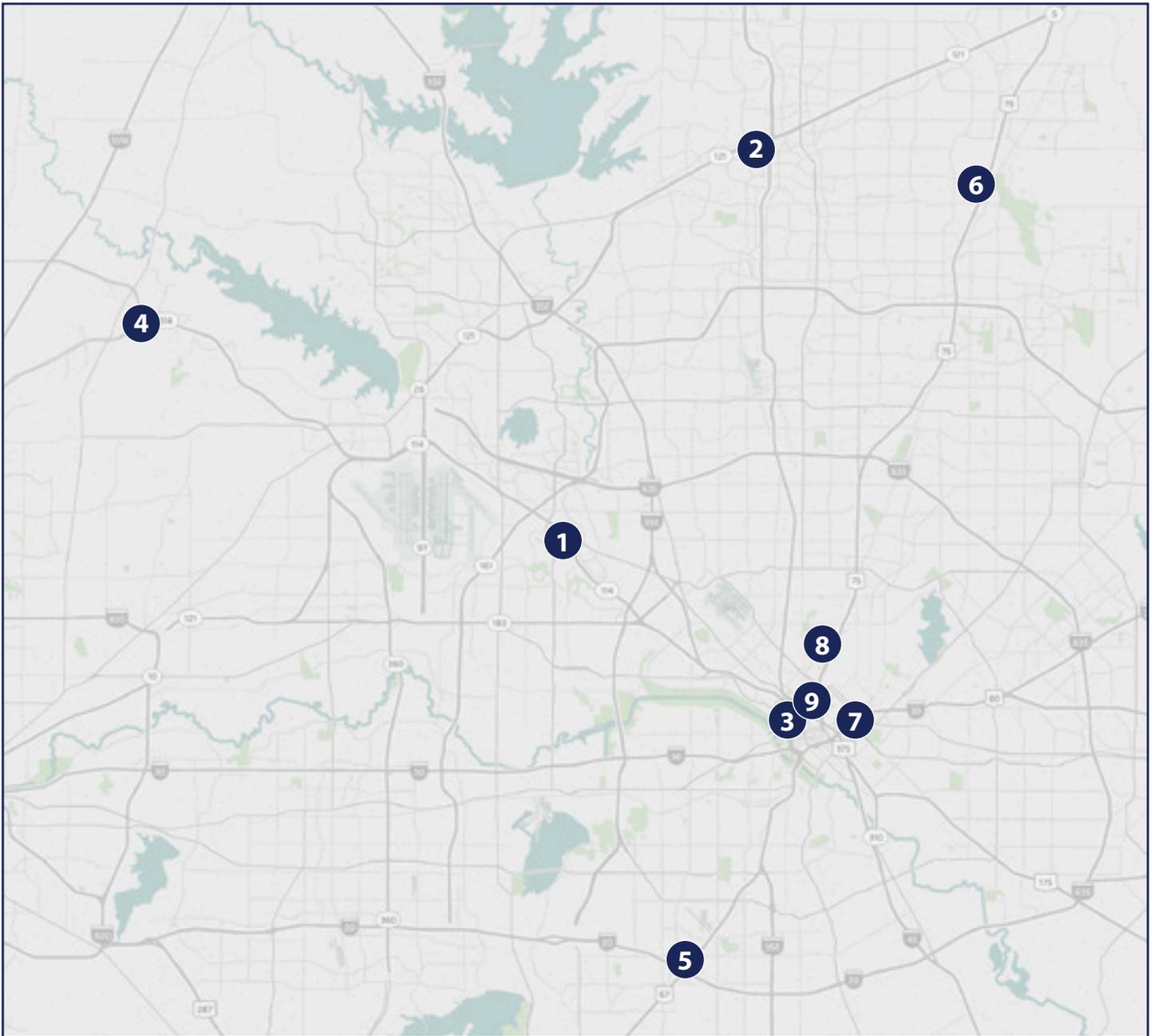
165K
UNITS



MULTI-FAMILY

DFW has built more new CRE product in a decade than the total value of all existing product in New Orleans.

Noteworthy Office Projects



- 1** Hidden Ridge: Pioneer Natural Resources
- 2** Chase Tower at Legacy West
- 3** Victory Commons
- 4** Charles Schwab Campus - Phase 2 - Building
- 5** Redbird Office
- 6** Legacy Central 5
- 7** Baylor, Scott & White Health
- 8** Weir's Plaza
- 9** The Link

Noteworthy Office Projects



Hidden Ridge:
Pioneer Natural Resources
1,125,000 SF
Single Tenant
Delivers July 2019



Chase Tower at Legacy West
540,000 SF
Single Tenant
Delivers July 2021



Victory Commons
364,733 SF
Multi Tenant
Delivers Sep. 2021
% Leased: 0%



Charles Schwab Campus - Phase 2 - Building 1
352,571 SF
Single Tenant
Delivers Jan. 2021



Redbird Office
315,000 SF
Multi Tenant
Delivers Nov. 2019
% Leased: 14.3%



Legacy Central 5
300,000 SF
Single/Multi Tenant
Delivers July 2020
% Leased: 0%



Baylor, Scott & White Health
300,000 SF
Single Tenant
Delivers Aug. 2020

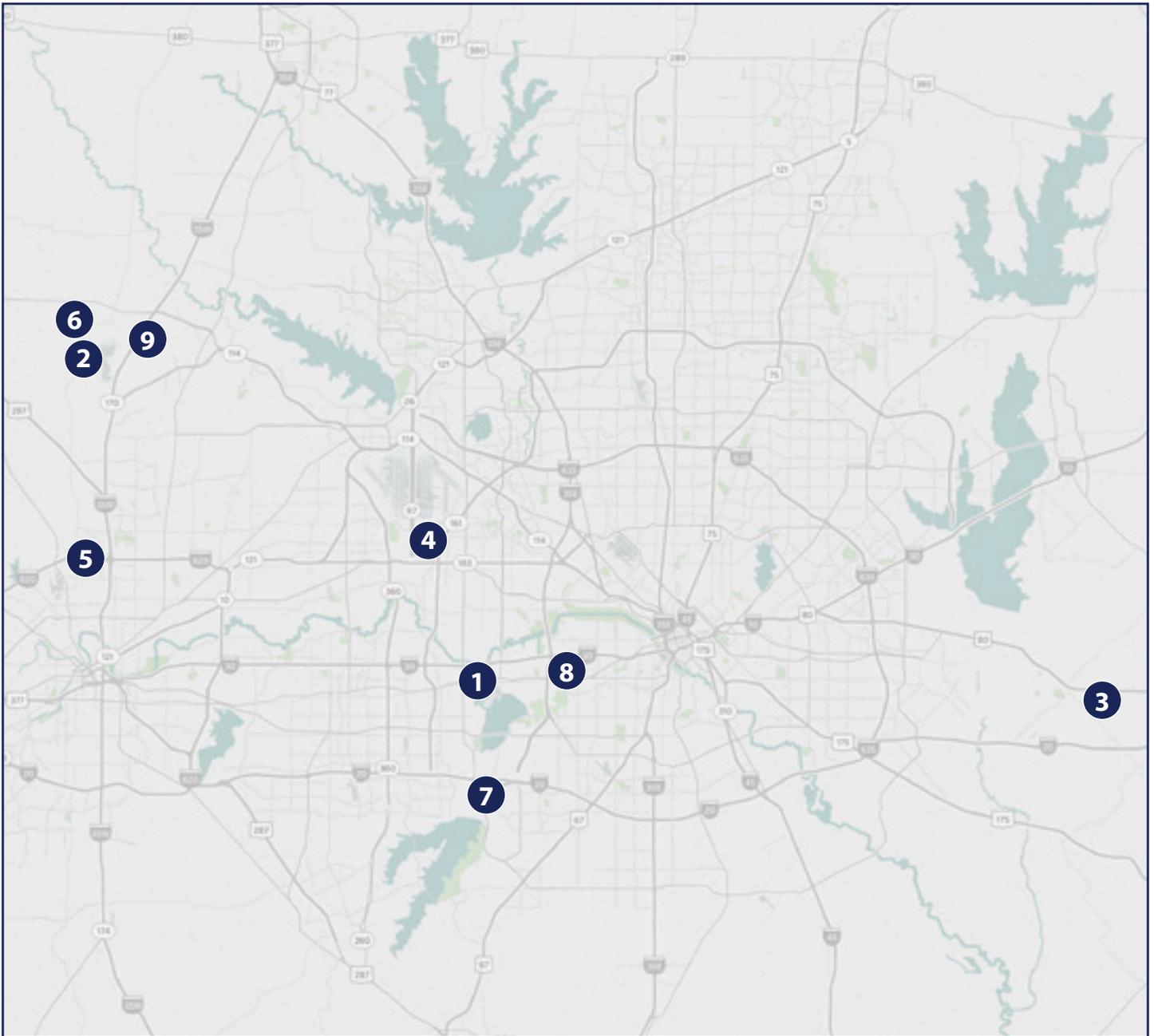


Weir's Plaza
280,000 SF
Multi Tenant
Delivers Nov. 2021
% Leased: 65.6%



The Link
282,564 SF
Multi Tenant
Delivers Nov. 2021
% Leased: 3.5%

Noteworthy Industrial Projects



1 Home Depot Distribution Center

2 Alliance Westport II

3 Goodyear Tire Distribution Center

4 Passport Park-Building 1

5 1511 NE Loop 820

6 Intermodal Logistics Center - Bldg 2

7 First Mountain Creek Distribution Center

8 1301 Chalk Hill Rd

9 Alliance Center North 3

Noteworthy Industrial Projects



Home Depot Distribution Center

1,500,000 SF
Single Tenant
Delivers Jan. 2020



Alliance Westport II

1,200,536 SF
Single/Multi Tenant
Delivers Dec. 2019
% Leased: 0%



Goodyear Tire Distribution Center

1,200,000 SF
Single Tenant
Delivers Feb. 2020



Passport Park-Building 1

1,106,315 SF
Multi Tenant
Delivers Nov. 2019
% Leased: 0%



1511 NE Loop 820

1,023,488 SF
Multi Tenant
Delivers July 2019
% Leased: 0%



Intermodal Logistics Center - Bldg 2

1,007,000 SF
Single/Multi Tenant
Delivers Nov. 2019
% Leased: 0%



First Mountain Creek Distribution Center

863,328 SF
Multi Tenant
Delivers Dec. 2019
% Leased: 100%



1301 Chalk Hill Rd

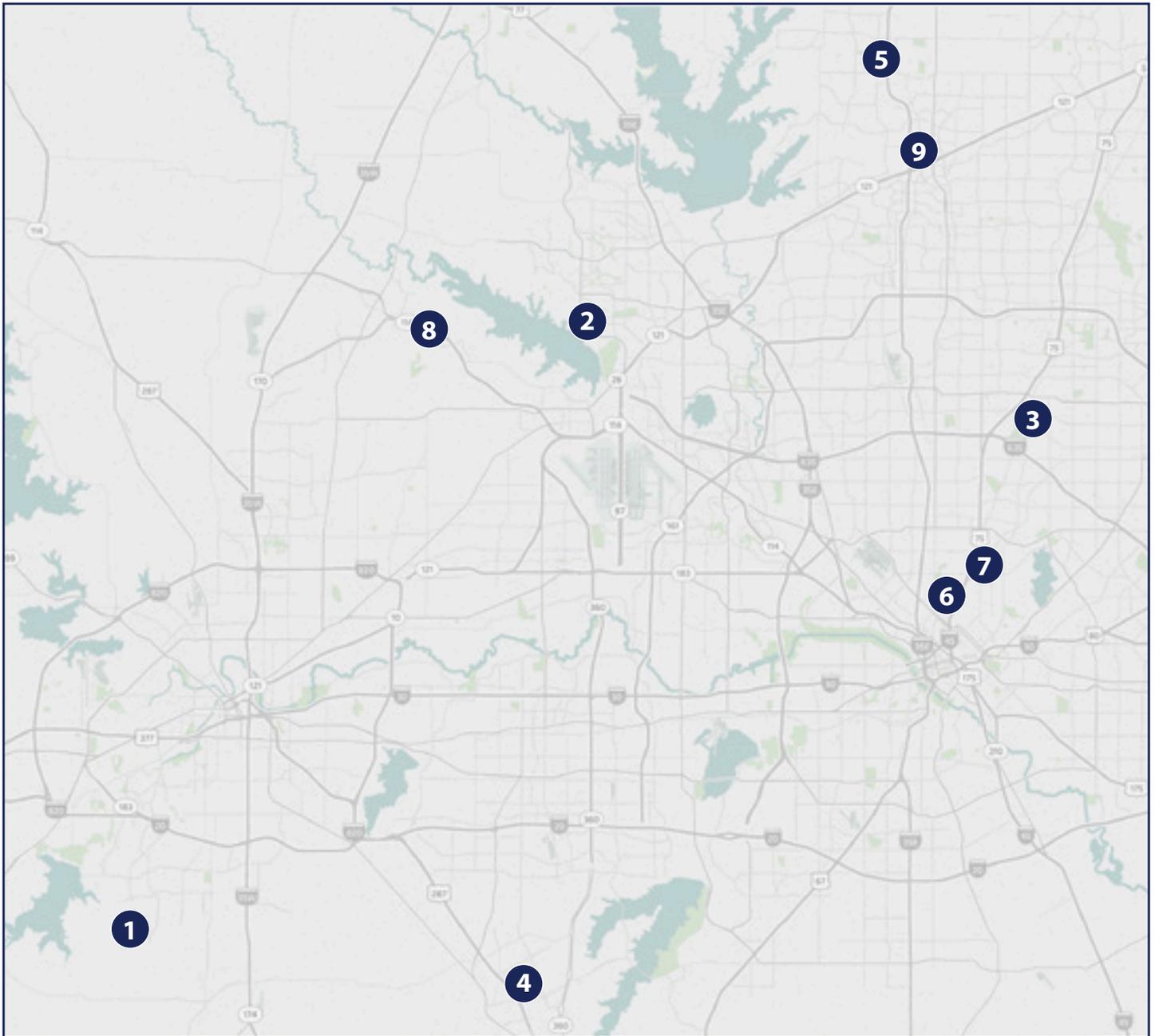
855,000 SF
Single Tenant
Delivers May 2020



Alliance Center North 3

810,908 SF
Single Tenant
Delivers Nov. 2019

Noteworthy Retail Projects



1 Chisholm Trail Ranch

2 Lakeside Crossing

3 946 Abrams Rd

4 The Shops at Broad Street

5 Lifetime Fitness

6 3133 Knox St

7 The Crossing

8 Entrada

9 KidZania

Noteworthy Retail Projects



Chisholm Trail Ranch

231,298 SF
Multi Tenant
Delivers Apr. 2020
% Leased: 0%



Lakeside Crossing

161,485 SF
Multi Tenant
Delivers Oct. 2019
% Leased: 61.9%



946 Abrams Rd

146,400 SF
Multi Tenant
Delivers July 2020
% Leased: 94.3%



The Shops at Broad Street

142,000 SF
Multi Tenant
Delivers July 2019
% Leased: 95.8%



Lifetime Fitness

126,000 SF
Single Tenant
Delivers Apr. 2020



3133 Knox St

108,831 SF
Multi Tenant
Delivers Jun. 2020
% Leased: N/A



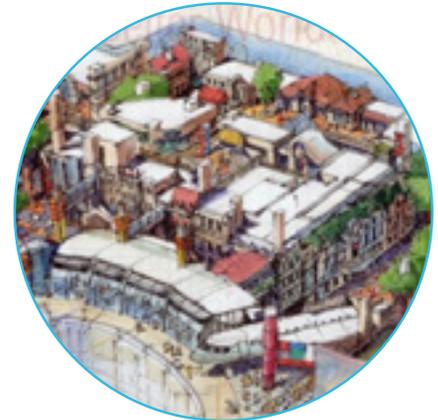
The Crossing

90,000 SF
Multi Tenant
Delivers Jan. 2021
% Leased: 100%



Entrada

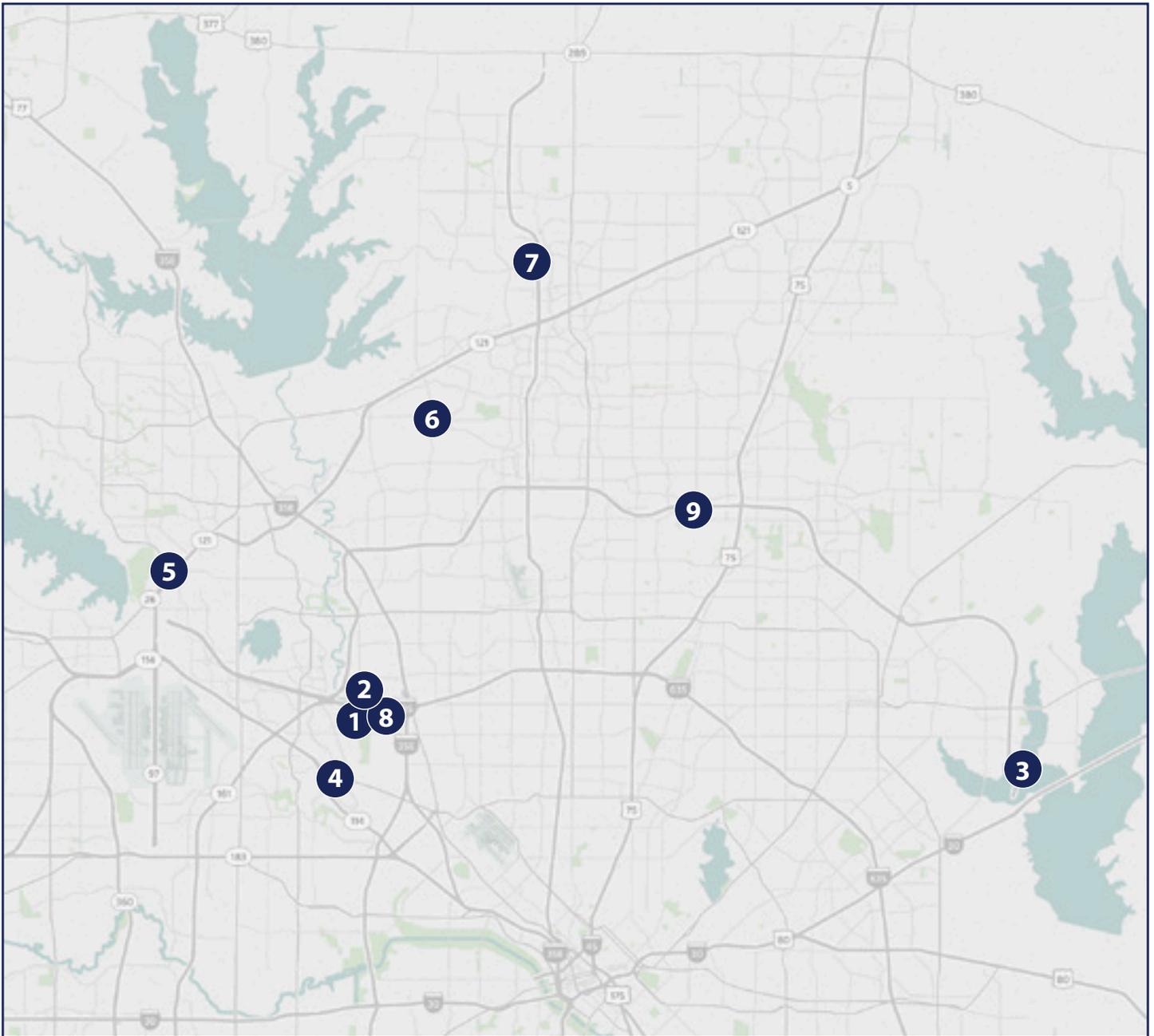
80,000 SF
Multi Tenant
Delivers July 2019
Leased: 97.0%



KidZania

80,000 SF
Single Tenant
Delivers Nov. 2019
Leased: 96.9%

Noteworthy Multi-Family Projects



- 1** Hidden Ridge: Pioneer Natural Resources
- 2** Chase Tower at Legacy West
- 3** Victory Commons
- 4** Charles Schwab Campus - Phase 2 - Building
- 5** Redbird Office
- 6** Legacy Central 5
- 7** Baylor, Scott & White Health
- 8** Weir's Plaza
- 9** The Link

Noteworthy Multi-Family Projects



Lakeside Lofts

494 Units
 1 BR - 300 | 2 BR - 194
 Avg. SF - 857 SF
 Delivers Nov. 2019



The Mansions at Mercer Crossing

480 Units
 1 BR - 160 | 2 BR - 160 | 3 BR - 80 | 4 BR - 80
 Avg. SF - N/A
 Delivers Aug. 2019



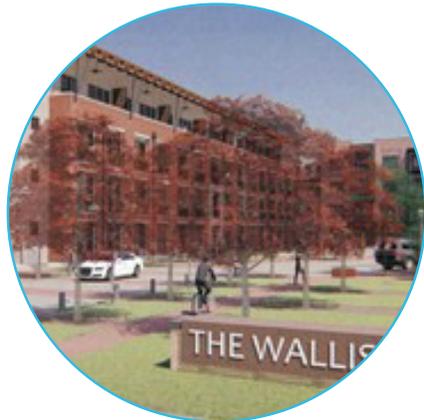
The Mansions on the Lake

448 Units
 1 BR - N/A | 2 BR - N/A
 Avg. SF - N/A
 Delivers Sep. 2019



Jefferson Innova

433 Units
 1 BR - N/A | 2 BR - N/A
 Avg. SF - N/A
 Delivers Sep. 2021



The Baker and The Wallis

432 Units
 Studio - 59 | 1 BR - 259 | 2 BR - 104 | 3 BR - 10
 Avg. SF - 893
 Delivers Sep. 2020



Lenox Castle Hills

430 Units
 1 BR - 258 | 2 BR - 129 | 3 BR - 43
 Avg. SF - 939 SF
 Delivers Oct. 2019



Jefferson at The Gate

425 Units
 1 BR - 287 | 2 BR - 133 | 3 BR - 5
 Avg. SF - 766 SF
 Delivers Oct. 2019



Jefferson Mercer Crossing- Phase II

416 Units
 1 BR - 266 | 2 BR - 135 | 3 BR - 15
 Avg. SF - 927 SF
 Delivers Mar. 2020



Hall Park at Richardson Apartments

415 Units
 1 BR - 280 | 2 BR - 115 | 3 BR - 20
 Avg. SF - 930 SF
 Delivers Oct. 2019

Dallas-Fort Worth Market Overview



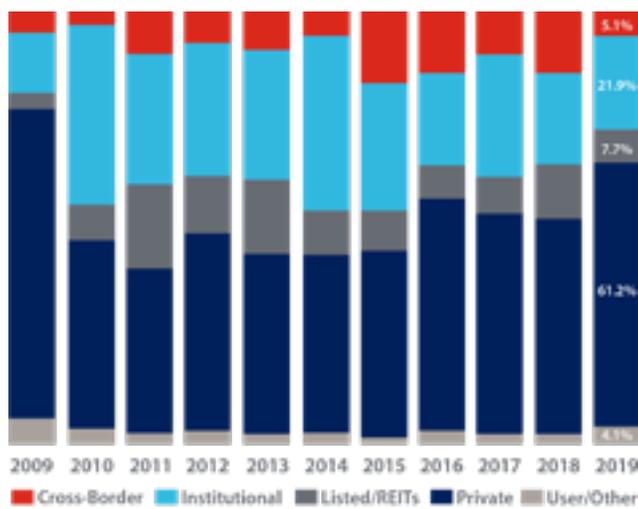
Investment Sales

According to **Real Capital Analytics**, DFW saw over \$23 billion of recorded CRE sales for 2018. 2019 is maintaining that pace, with \$15.3 billion through Q3. Multifamily leads the pack as the most transacted property type, with nearly half of all sales so far for 2019 at \$7.6 billion. Office is next with \$3.4 billion, followed by Industrial, then Retail.

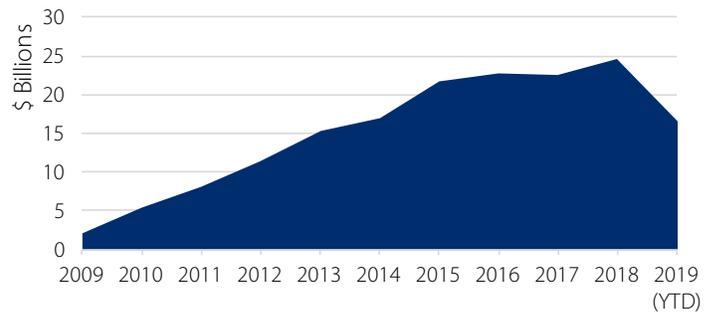
Sales Volume (\$M)



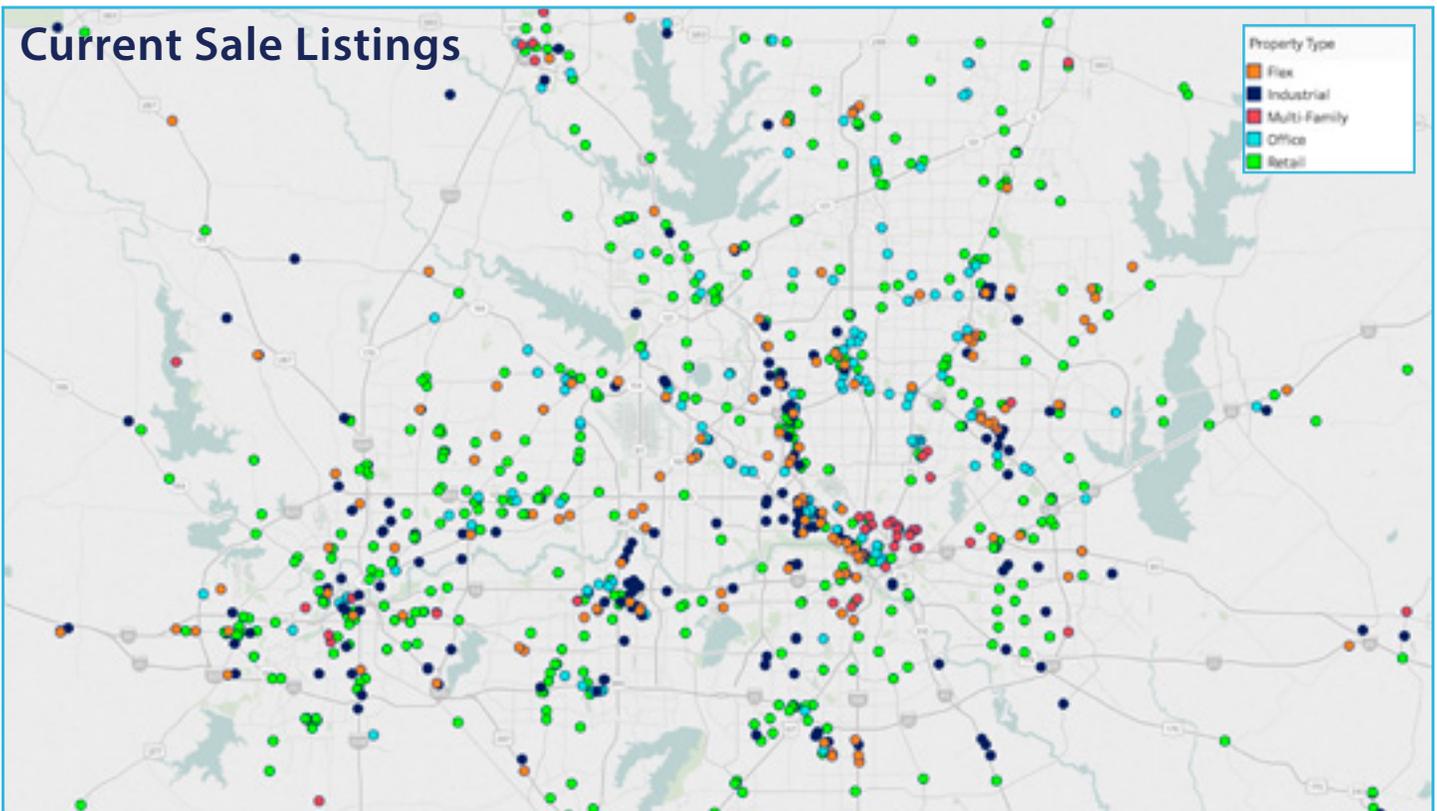
Buyer Composition



Yearly Sales Totals (\$M)



Current Sale Listings

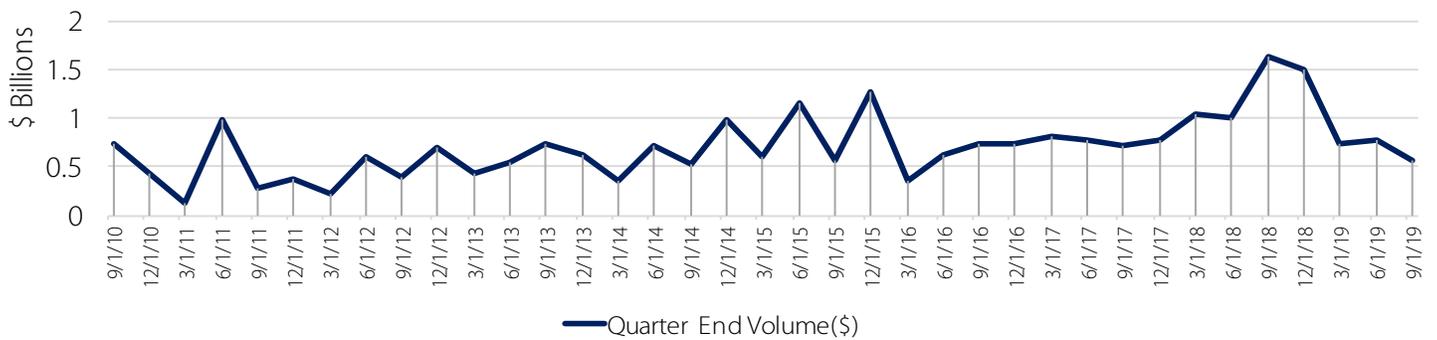


Quarterly Investment Sales Volume by Asset Type

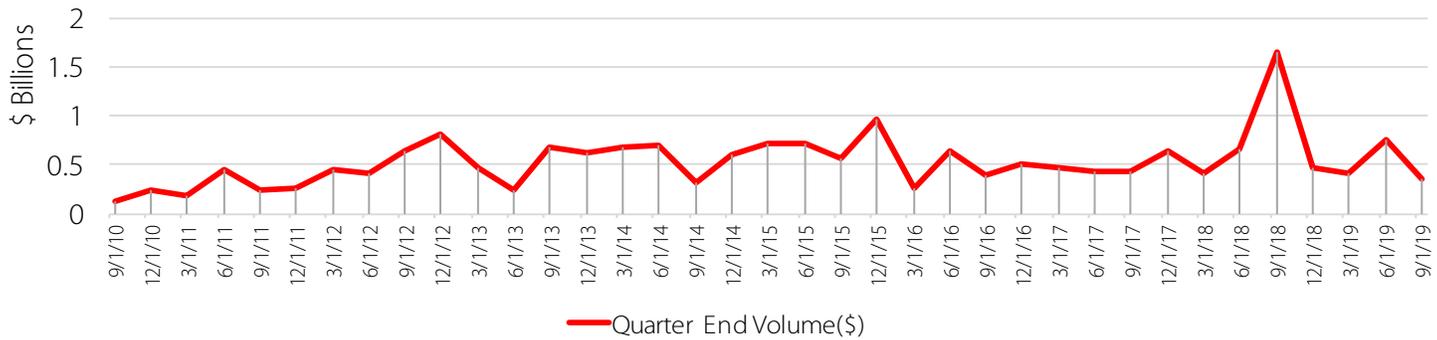
Office



Industrial



Retail



Multi-Family



Dallas-Fort Worth Market Overview





Economic Outlook

PwC and Urban Land Institute recently named DFW as their top real estate market for 2019 for both residential and commercial. The report echoes sentiments seen across the board. Industry insiders are touting DFW's long-term growth prospects as a safe haven for future activity.

The area will continue to be a business friendly haven with general affordability, strong universities and community colleges, diverse economic strength, great public schools, ample developable land, myriad amenities, a well-educated young population that continues to grow, and momentum that seems to be rolling along.

Even if 2019 is not as strong as 2018, just maintaining the average annual employment growth rate for 2010 to present would put growth at 2.9%, or roughly 90,000-100,000 new jobs next year. If absorption, leasing activity, and construction trends continue, 2019 will most likely see a slight drop from recent highs and will reach a more stable, "steady as she goes" pace.

Threats are uncertainty in the political climate, the continued trade war, rising interest rates and borrowing costs, inflation, a tightening of business spending, near-full employment, declining immigration growth, an overheating of the market, rising unaffordability for homeownership and renters, and competition for other metros.

Unemployment

3.3%
DFW

3.8%
USA

Job Growth Rate

3.1%
DFW

1.4%
USA

Source: Bureau of Labor Statistics

Fast Facts



DFW has **43 Fortune 1,000 companies** located in the metro.



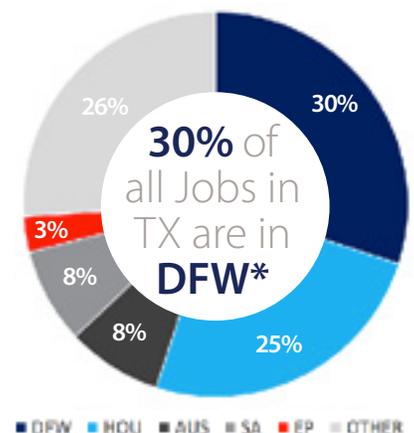
9 of 10 economic sectors reported growth in the last 12 months, with **Prof. & Business Services (28,100 jobs added)**, and **Leisure & Hospitality (15,300 jobs added)** leading the way.



In the latest estimates provided by the U.S. Census Bureau, DFW was ranked as the **fastest-growing metropolitan area in the U.S. with 131,767 new residents added in 2018.**



Total nonfarm employment in the Dallas-Fort Worth-Arlington Metropolitan Statistical Area stood at **3,810,900** in Oct. 2019, up **115,800** over the year.



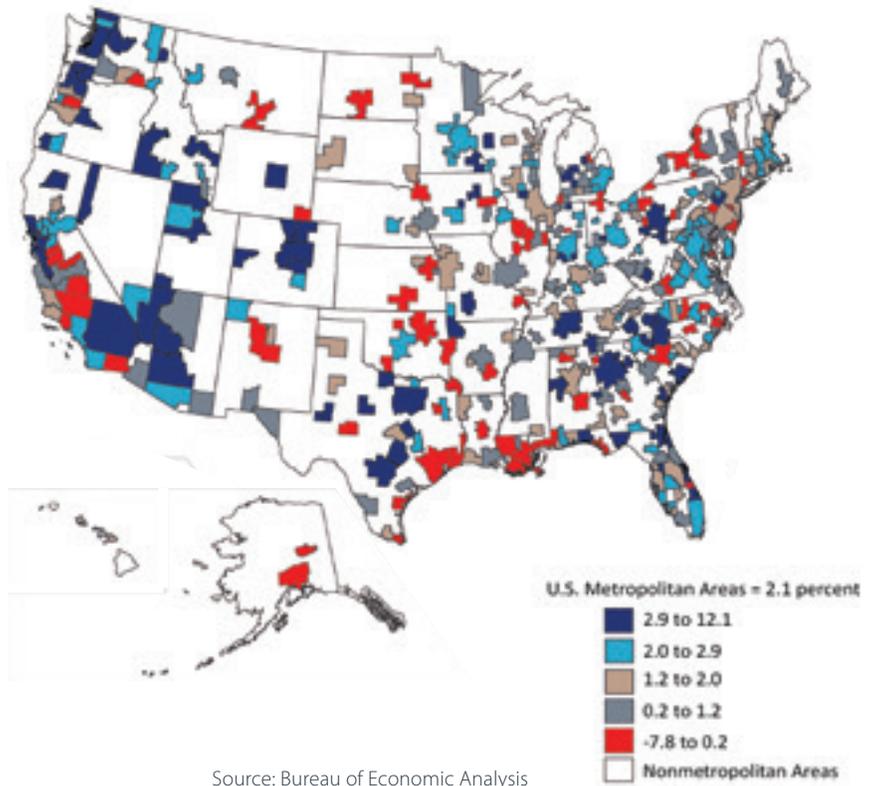
Economic Overview

While still awaiting official numbers, DFW currently has the 4th largest metro GDP in the country, according to the Bureau of Economic Analysis. Within Texas, the Dallas business cycle index had fastest YOY growth among major Texas metros.

10-year GDP growth for DFW was an impressive 22%, and 1-year GDP growth was 3.9%, the highest rate among major metros. This is compoundingly impressive when it is considered that DFW is already the 4th largest metro in population and GDP, so to maintain this amount of growth shows that DFW is positioned to continue a healthy rate of expansion.

This GDP and job growth bodes well for office usage, as office-using sectors such as Financial activities & Professional/Business Services are performing well. Much of this is from corporate relocations, but their growth should help keep absorption high and vacancies even, especially if they are moving to BTS space.

Gross Domestic Product by Metropolitan Area, as of 2018



Metro	2016 GDP (Billions of Dollars)	2017 GDP (Billions of Dollars)	% Change
New York-Newark-Jersey City, NY-NJ-PA	1,662,671	1,717,712	1.3%
Los Angeles-Long Beach-Anaheim, CA	996,432	1,043,735	2.8%
Chicago-Naperville-Elgin, IL-IN-WI	657,589	679,699	1.5%
Dallas-Fort Worth-Arlington, TX	503,667	535,499	3.9%
Washington-Arlington-Alexandria, DC-VA-MD-WV	509,599	529,990	2.1%
San Francisco-Oakland-Hayward, CA	475,417	500,710	3.4%
Houston-The Woodlands-Sugar Land, TX	472,331	490,074	3.0%
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	431,384	444,975	1.4%
Boston-Cambridge-Newton, MA-NH	419,783	438,684	2.8%

Contributions to Percent Change in Real Gross Domestic Product (GDP) for DFW (2017)													
Percent change in real GDP by metropolitan area	Percentage points												
	Natural resources and mining	Construction	Durable-goods manufacturing	Nondurable-goods manufacturing	Trade	Transportation and utilities	Information	Finance, insurance, real estate, rental, and leasing	Professional and business services	Educational services, health care, and social assistance	Arts, entertainment, recreation, accommodation, and food services	Other services, except government	Government
3.9	0.81	0.18	0.45	-0.12	0.16	0.30	0.13	1.06	0.52	0.26	0.08	0.03	0.04

Texas Major Metro Comparisons

Unemployment & 12-Month Job Growth* (Based off most recent BLS data)

2.8%	3.3%	3.9%	3.2%
Austin	Dallas	Houston	San Antonio
+22,200	+115,800	+81,900	+22,000



Texas

3.4% Unemployment

+ 228,200 12-Month Job Growth

Dallas-Fort Worth area employment (numbers in thousands)	Aug. 2019	Change from Aug. 2018 to Aug. 2019	
		Number	Percent
		3,810.9	115.8
Mining, logging, and construction	238.6	14.7	6.6
Manufacturing	286.9	6.7	2.4
Trade, transportation, and utilities	800.4	14.9	1.9
Information	82.2	-0.9	-1.1
Financial activities	317.7	14.0	4.6
Professional and business services	655.5	28.1	4.5
Education and health services	465.6	12.6	2.8
Leisure and hospitality	407.9	15.3	3.9
Other services	129.9	4.1	3.3
Government	426.2	6.3	1.5

Austin area employment (numbers in thousands)	Aug. 2019	Change from Aug. 2018 to Aug. 2019	
		Number	Percent
		1,094.9	22.2
Mining, logging, and construction	67.0	1.2	1.8
Manufacturing	61.8	0.5	0.8
Trade, transportation, and utilities	185.9	5.9	3.3
Information	34.6	1.2	3.6
Financial activities	65.9	1.5	2.3
Professional and business services	198.1	7.8	4.1
Education and health services	123.8	-2.0	-1.6
Leisure and hospitality	135.8	4.4	3.3
Other services	47.9	1.3	2.8
Government	174.1	0.4	0.2

Houston area employment (numbers in thousands)	Aug. 2019	Change from Aug. 2018 to Aug. 2019	
		Number	Percent
		3,166.9	81.9
Mining and logging	85.8	6.6	8.3
Construction	227.1	3.6	1.6
Manufacturing	243.0	11.5	5.0
Trade, transportation, and utilities	630.7	6.5	1.0
Information	29.8	-1.7	-5.4
Financial activities	168.8	3.1	1.9
Professional and business services	522.3	22.8	4.6
Education and health services	406.0	9.6	2.4
Leisure and hospitality	337.6	4.7	1.4
Other services	121.6	9.7	8.7
Government	394.2	5.5	1.4

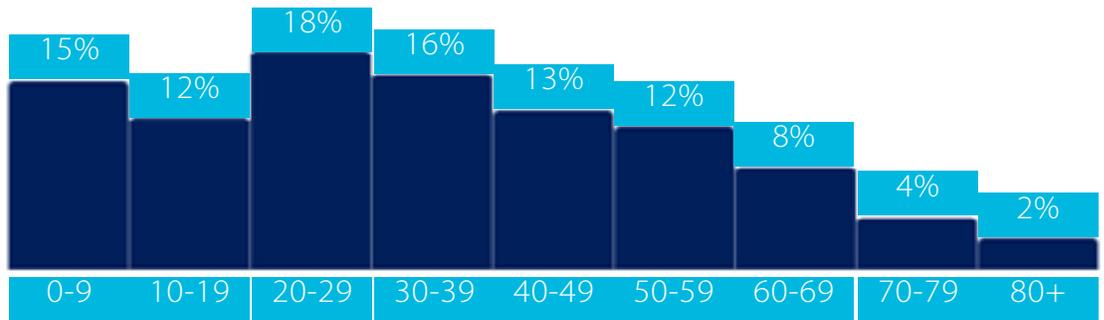
San Antonio area employment (numbers in thousands)	Aug. 2019	Change from Aug. 2018 to Aug. 2019	
		Number	Percent
		1,082.6	22.0
Mining and logging	10.4	-0.1	-1.0
Construction	57.7	3.8	7.1
Manufacturing	50.2	-0.3	-0.6
Trade, transportation, and utilities	183.3	3.1	1.7
Information	20.8	0.0	0.0
Financial activities	92.8	0.9	1.0
Professional and business services	146.5	3.7	2.6
Education and health services	170.3	5.1	3.1
Leisure and hospitality	145.2	4.3	3.1
Other services	39.4	0.5	1.3
Government	166.0	1.0	0.6

Metro Area Demographics

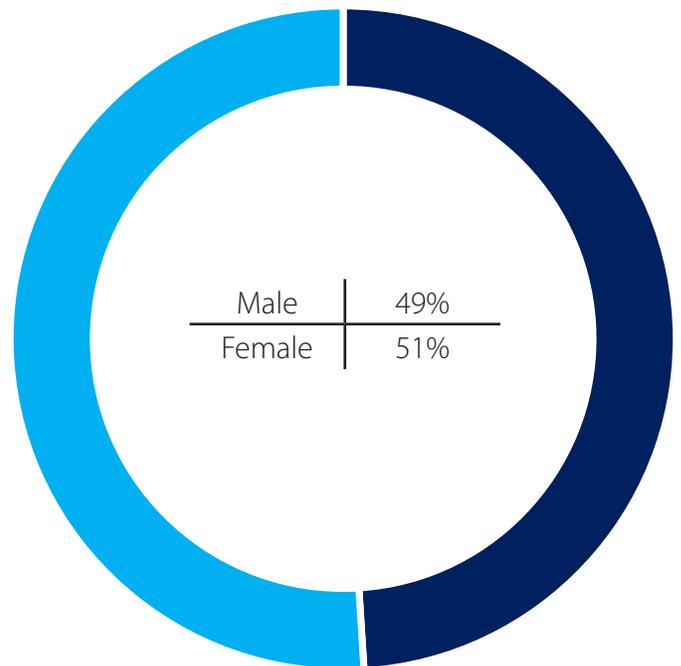
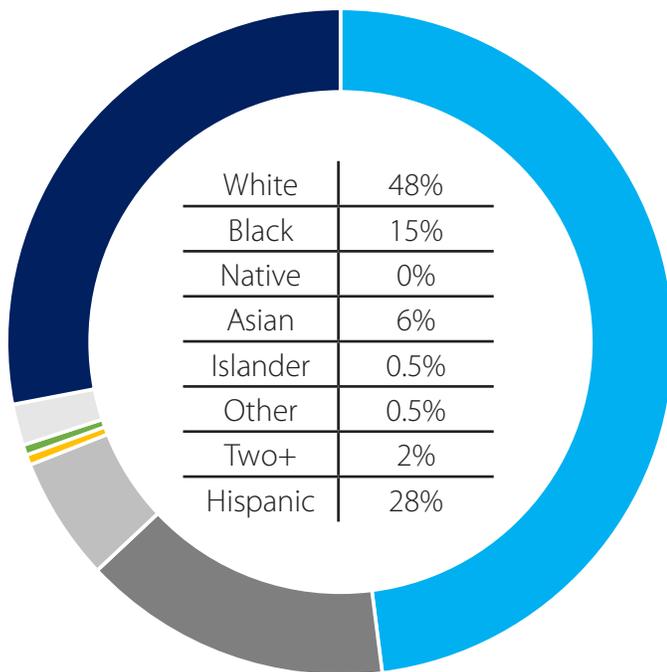


34.7

Median Age



Source: Census.gov



■ White ■ Black ■ Native ■ Asian ■ Islander ■ Other ■ Two+ ■ Hispanic

■ Male ■ Female



\$63,812

Median household income



28.5

Mean travel time to work in minutes



2,881,544

of Households

Looking / Ahead

Dallas arguably came out of the post-recession cycle stronger than any other metro in the country. Job and population growth fueled record demand in all CRE industries. Responsible construction practices and major build-to-suits helped keep vacancies consistent with historic trends, and looking ahead, Dallas is positioned to be stronger than ever.

Avison Young projects 2019 to finish as strong as it started. While momentum has slowed from cycle highs, the market remains one of the healthiest in the country. As the second half of the year commences, we look forward to continuing our partnership with you.

Best,

Micah Rabalais

Sr. Research Analyst

214.269.3108

micah.rabalais@avisonyoung.com



About Avison Young

Avison Young is the world's fastest-growing commercial real estate services firm. Headquartered in Toronto, Canada, Avison Young is a collaborative, global firm owned and operated by its Principals. Founded in 1978, with legacies dating back more than 200 years, the company comprises approximately 5,000 real estate professionals in 120 offices in 20 countries. The firm's experts provide value-added, client-centric investment sales, leasing, advisory, management and financing services to clients across the office, retail, industrial, multi-family and hospitality sectors.

We're different

We are an integrated full-service commercial real estate service provider with a unique model, culture and approach. The Avison Young difference translates into intelligent solutions that deliver a better client experience – and better results.

Our approach is based on partnership, with our clients and across our company. The firm's equity is in the hands of a broad base of principals, a unique ownership structure that creates the incentive for internal collaboration and aligns our solutions, first and foremost, with client objectives. Our principal-led structure places the priority on relationships, not just transactions; on long-term performance, not just the current quarter.



**YEAR
FOUNDED**

1978

**REAL ESTATE
PROFESSIONALS**

~5,000

**AVISON YOUNG
OFFICES**

120

**BROKERAGE
PROFESSIONALS**

1,600+

**PROPERTY UNDER
MANAGEMENT**

>290 msf

Avison Young Research

Turn information to intelligence

Avison Young's multi-disciplinary group of dedicated research professionals works collectively to deliver market analysis and insights that drive value in real estate decisions. We translate data into market intelligence to help our clients strategically solve their real estate challenges and concentrate on what their businesses do best.

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Avison Young Office Market Report

Mid-Year 2019 Global Office Report



Avison Young Industrial Market Report

Spring 2019 Global Industrial Market Report



Avison Young 2019 Commercial Real Estate Forecast

Annual Commercial Real Estate Review and Forecast



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Contact Us

Global

Global Research

Nick Arford, Principal
Global Director of Research
+44 (0)20 7911 2938
nicholas.arford@avisonyoung.com

North America

Canada Research

Bill Argovopoulos, Principal
Practice Leader, Research (Canada)
416.679.4829
bill.argovopoulos@avisonyoung.com

Mexico Research

**Guadalupe Cox, Head of Marketing
and Research, Mexico**
+52 (0) 55 4742 3628
guadalupe.cox@avisonyoung.com

United States Research

Margaret Deskarbrook, Principal
Practice Leader, Research (U.S.)
202.694.8677
margaret.deskarbrook@avisonyoung.com

Europe

Germany Research

Inga Schwarz
Head of Research, Germany
+49 (0) 40 368 360 41
inga.schwarz@avisonyoung.com

Poland Research

Robert Kublik
Finance & Operations Manager
+48 (0)22 238 2000
robert.kublik@avisonyoung.com

Romania Research

David Canta
Managing Director
+40 727 737 884
david.canta@avisonyoung.com

United Kingdom Research

Daryl Perry
Head of Research, U.K.
+44 (0)20 7911 2340
daryl.perry@avisonyoung.com

Asia

South Korea Research

Myoung-han Yu
Senior Manager, Research
+82 2 3775 7296
myoung-han.yu@avisonyoung.com

Media Inquiries

Corporate Communications

Sherry Quam, Principal
Global Director of Communications & Media Relations
604.697.6888
sherry.quam@avisonyoung.com

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3Q 2019

Thank You.

Avison Young

1920 McKinney Avenue

Suite 1100

Dallas, Tx 75201

avisonyoung.com

214.559.3900

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