

AVISON
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THE BOOK 2Q.2019

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

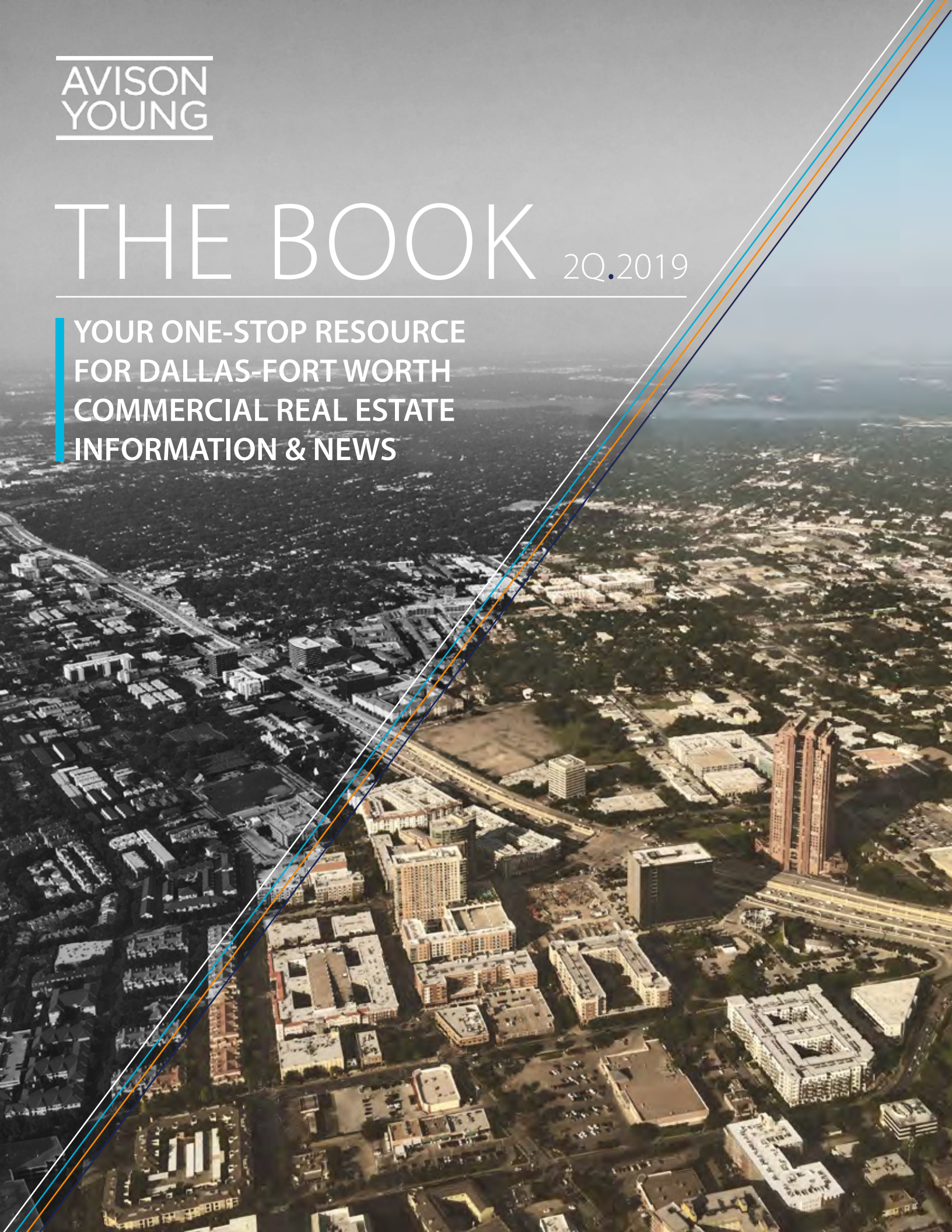


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CONTACT:

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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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*

Dallas-Fort Worth

Market Overview



Office Market Research Report 2Q 2019

Market Overview

The Dallas-Fort Worth metro continues its healthy evolution into the next stage of the economic cycle. Among the 12 largest metropolitan areas in the country, Dallas ranked second in the number of jobs added over the year and ranked third in the annual rate of job growth. Unemployment dropped from 3.5% to 3.2% year over year, still below the national average which recently dropped to an impressive 3.5%. Net office absorption rose for the quarter with nearly 1 MSF absorbed across the metroplex, bringing the yearly total to 4.2 MSF, including single-tenant build-to-suits, and 2.3 MSF for multi-tenant only.

Overall, the market remains healthy and much more durable than it has been in previous cycles. Sustained job growth, reasonable construction, and single-tenant build-to-suit projects for large corporate users have kept vacancies at stable levels, still below the last cycle's low. Dallas is traditionally known for being over-built, but discretion has helped this period of growth set itself up to avoid many of the past cycle's pitfalls. Even as supply levels begin to crest, with a number of major spec projects delivering or set to deliver in the coming quarters, occupancies have barely taken a hit.

Looking ahead, Dallas's cost of doing business and strong talent pool will position it to remain one of the most in-demand office markets in the country.

Market Facts



107,000

Jobs added in the last year, a 2.9% increase in employment.



2.8%

Unemployment in Dallas.



2.3%

12 Mo. Rent Growth



\$26.03

Average Gross Direct Rental rate

Dallas/Fort Worth Q2 '19 Summary



325,844,171
Square Feet

14.9%
VACANCY

4,208,990 SF

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

2,001,243 SF

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



Average Gross Asking Rents

\$29.70

CLASS A

\$22.03

CLASS B



7.9 MSF

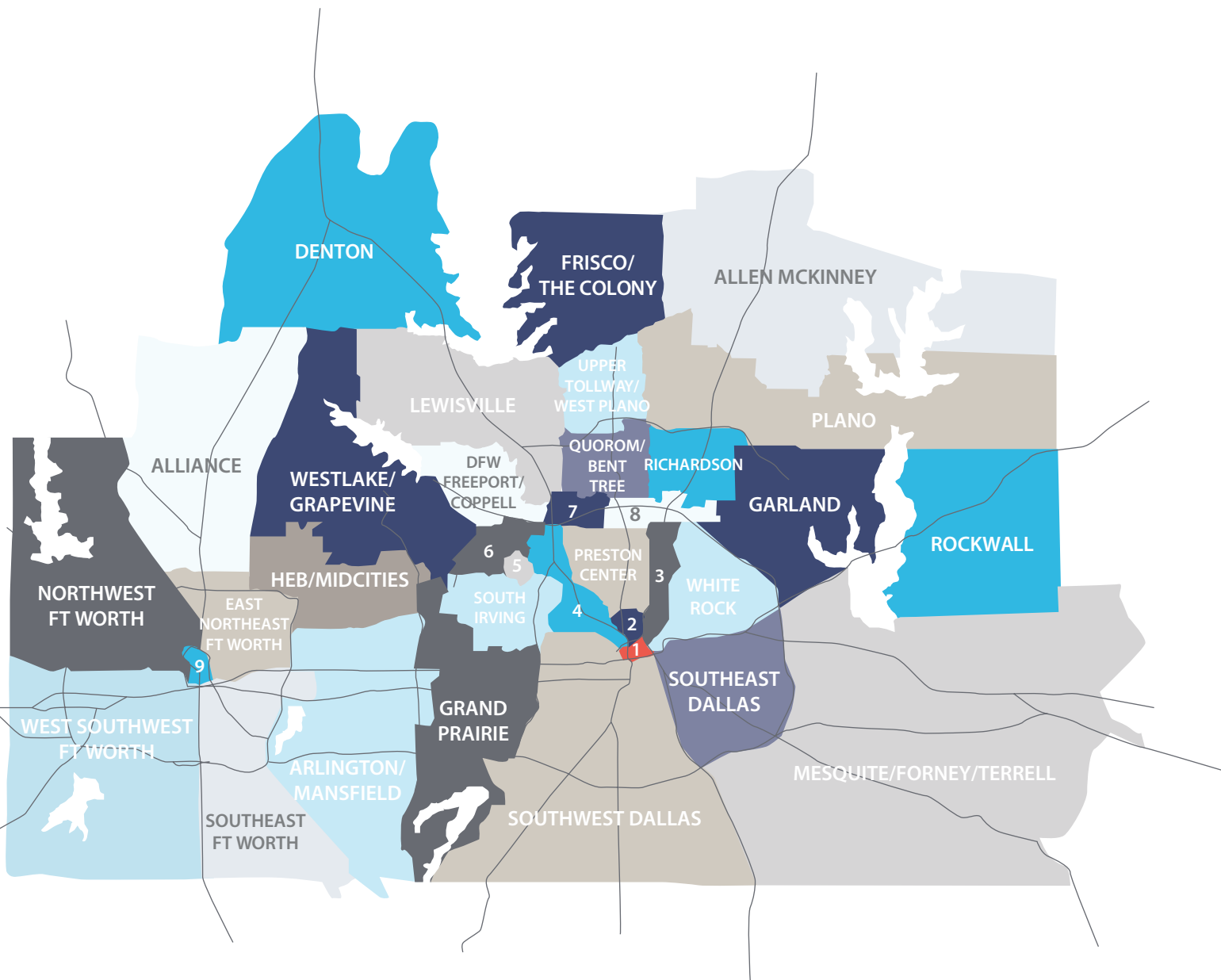
UNDER CONSTRUCTION

4.0 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

The Market: Stats

Class A & B Market Statistics

1Q19

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	657	162,754,304	24,185,732	26,260,987	16.1%	21.5%	3,432,300	1,357,758	2,040,415	432,657	2,417,093	6,950,035	\$29.70
Class B	1,890	145,042,244	20,360,883	21,221,161	14.6%	18.2%	816,020	(381,563)	37696	(402,912)	166,590	963,717	\$22.03
Totals	2,547	307,796,548	44,546,615	47,482,148	15.4%	19.9%	4,248,320	976,195	2,078,111	29,745	2,583,683	7,913,752	\$25.87

Source: CoStar Property®

Total Office Market Statistics

1Q19

Market	Existing Inventory		Vacancy				12 Month	Quarterly Net	12 Month	Quarterly Net	YTD	Under	Gross Rent Direct
	# Blds	Total RBA	Direct SF	Total SF	Total Vac %	Total Available %	Net Absorption	Absorption	Absorption (Owner Occup. Excluded)	Absorption (Owner Occup. Excluded)	Deliveries	Const SF	
Totals	2,945	325,844,171	45,510,646	48,450,804	14.9%	19.3%	4,208,990	1,175,178	2,001,243	57,653	2,583,683	7,913,752	\$26.03

Source: CoStar Property®

Office, 20,000+ SF, Existing, Owner Occupied Included Unless Otherwise Noted



The Market: Stats

Class A Core Submarket Statistics

	Existing Inventory		Vacancy					Absorption		Construction		Quoted Gross
Market	# 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	168,702	73,108	241,810	12.7	20	272,636	217,505	165,000	300,000	\$31.36
Central Expy	25	7,476,511	955,417	21,261	976,678	13.1	18.8	61,479	-70,947	0	0	\$32.24
Dallas CBD	31	23,611,826	5,049,972	478,667	5,528,639	23.4	30.4	566,198	-2,579	81,711	60,230	\$27.42
Fort Worth CBD	20	6,765,387	930,058	16,403	946,461	14	15.6	-34,020	41,227	0	0	\$30.01
Frisco/The Colony	33	4,499,582	564,475	13,014	577,489	12.8	23.9	432,259	96,747	0	280,279	\$35.49
Las Colinas	90	21,333,541	2,668,832	282,318	2,951,150	13.8	21.8	329,472	97,185	532,800	2,062,422	\$30.54
LBJ	39	10,788,235	1,964,943	196,950	2,161,893	20	24.3	-130,967	92,619	0	0	\$26.75
Lewisville/Denton/Flower Mound	7	366,915	38,253	2,496	40,749	11.1	38.4	25,299	-9,249	25,000	120,000	\$26.08
Mid Cities/HEB/Arlington	20	2,546,315	329,857	12,719	342,576	13.5	10.3	66,436	-1,980	0	1,805,000	\$21.60
Preston Center	22	4,172,751	254,074	34,111	288,185	6.9	11.6	81,833	-11,424	0	118,000	\$40.51
Quorum/Bent Tree	49	11,559,769	1,692,348	176,389	1,868,737	16.2	23.8	235,898	75,514	0	0	\$30.76
Richardson/Plano	58	13,208,862	2,680,593	45,588	2,726,181	20.6	25.7	78,158	20,648	0	0	\$27.17
Stemmons	14	4,976,848	783,155	0	783,155	15.7	19.8	91,296	53,453	0	0	\$19.25
Upper Tollway/West Plano	97	23,594,958	2,962,820	543,092	3,505,912	14.9	21.6	52,937	-61,789	450,000	790,805	\$34.99
Uptown/Turtle Creek	49	11,679,324	1,053,017	136,860	1,189,877	10.2	16.7	392,037	74,016	34,762	321,098	\$42.53
Westlake/Grapevine/Southlake	25	5,295,117	1,093,282	26,944	1,120,226	21.2	21.3	742,101	587,962	580,000	616,999	\$28.46
West Southwest Fort Worth/Clearfork	27	3,484,716	131,611	15,335	146,946	4.2	11.2	42,566	27,293	0	27,312	\$28.55
Totals	625	157,259,233	23,321,409	2,075,255	25,396,664	14.4	21.5	3,305,618	1,226,201	1,869,273	6,502,145	\$30.22

Source: CoStar Property*

Office, 20,000+ SF, Existing, Owner Occupied Included

The Market: Stats

Class B Core Submarket Statistics

	Existing Inventory		Vacancy					Absorption		Construction		Quoted Gross
Market	# Bids	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	56	4,720,453	479,094	38,778	517,872	11	12.8	-134,031	-94,230	25,000	22,200	\$24.36
Central Expy	77	6,025,639	531,224	15,256	546,480	9.1	15.5	-51,092	29,753	38,848	0	\$27.73
Dallas CBD	44	7,267,375	1,155,492	60,155	1,215,647	16.7	18.7	-154,210	-57,880	0	0	\$19.79
Fort Worth CBD	34	5,136,965	314,267	26,957	341,224	6.6	8.2	-109,646	47,060	0	0	\$20.95
Frisco/The Colony	42	2,087,852	304,325	1,724	306,049	14.7	19.9	-116,051	-156,765	0	55,228	\$30.06
Las Colinas	207	18,452,325	2,942,987	131,419	3,074,406	16.7	21.4	50,274	-237,843	30,000	138,430	\$23.64
LBJ	118	10,818,134	2,428,390	41,803	2,470,193	22.8	27.9	-214,664	-103,231	0	0	\$19.36
Lewisville/Denton/Flower Mound	102	6,856,340	867,015	14,245	881,260	12.9	17.8	3,580	15,284	22,301	93,827	\$22.25
Mid Cities/HEB/Arlington	145	9,011,812	1,050,565	32,809	1,083,374	12	16.6	102,137	-82,105	0	60,000	\$19.50
Preston Center	18	1,120,301	107,197	3,479	110,676	9.9	15	43,164	11,627	0	0	\$32.33
Quorum/Bent Tree	138	10,611,859	2,122,212	84,468	2,206,680	20.8	25.6	114,414	-212,276	0	0	\$21.23
Richardson/Plano	189	14,677,501	1,888,829	80,650	1,969,479	13.4	16	16,914	44,629	0	43,296	\$20.86
Stemmons	85	8,267,285	2,028,023	0	2,028,023	24.5	27.4	80,466	-46,961	0	0	\$16.27
Upper Tollway/West Plano	110	8,395,449	988,170	141,845	1,130,015	13.5	17.8	118,176	-1,870	0	47,300	\$26.49
Uptown/Turtle Creek	43	2,721,369	242,512	129,891	372,403	13.7	18	79,136	56,141	0	0	\$33.75
Westlake/Grapevine/Southlake	56	3,061,480	351,887	9,624	361,511	11.8	17.3	34,919	-21,721	0	121,259	\$26.41
West Southwest Fort Worth/Clearfork	111	6,481,952	627,175	31,581	658,756	10.2	13.4	-10,562	-4,681	27,850	61,553	\$24.79
Totals	1,575	125,714,091	18,429,364	844,684	19,274,048	14.1	18.2	-147,076	(815,069)	143,999	643,093	\$24.10

Source: CoStar Property*

Office, 20,000+ SF, Existing, Owner Occupied Included

The Market: Stats

Total Core Submarket Statistics

	Existing Inventory		Vacancy					Absorption		Construction			Quoted Gross
Market	# Blds	Total RBA	Direct SF	Sublease SF	Total SF	Vacant Total %	Available Total %	12 Mo. Net	Quarterly Net	YTD Deliveries	Under Constr.	% UC Available	Direct Rates
Allen/McKinney	79	6,837,577	647,796	111,886	759,682	11.1	12.5	138,605	123,275	190,000	322,200	59.8	\$26.20
Central Expy	111	13,821,089	1,491,452	36,517	1,527,969	11.1	17.1	13,515	-94,889	38,848	0	NA	\$30.49
Dallas CBD	95	33,586,749	6,215,040	541,004	6,956,044	20.7	25.9	409,806	-62,641	81,711	60,230	100.0	\$26.28
Fort Worth CBD	64	12,217,457	1,363,355	43,360	1,406,715	10.5	12.2	-142,759	88,287	0	0	NA	\$28.21
Frisco/The Colony	76	6,631,574	956,043	14,738	970,781	13.4	22.5	312,333	-55,760	0	335,507	97.7	\$34.12
Las Colinas	314	40,942,054	5,754,966	413,737	6,168,703	15.1	21.3	331,060	-176,617	316,400	2,200,852	28.6	\$26.81
LBJ	169	22,107,793	4,432,148	238,753	4,670,901	21.1	25.9	-350,703	-20,534	0	0	NA	\$22.70
Lewisville/Denton/Flower Mound	136	8,265,072	925,633	16,741	942,374	11.4	17.6	11,098	5,685	25,000	213,827	87.6	\$23.18
Mid Cities/HEB/Arlington	210	13,598,921	1,501,335	48,993	1,550,328	12.4	13.8	155,952	-65,908	0	1,865,000	1.3	\$19.85
Preston Center	48	5,514,873	369,635	37,590	407,225	7.4	12.0	119,487	1,003	0	118,000	14.6	\$38.71
Quorum/Bent Tree	196	22,527,201	3,820,714	260,857	4,081,571	18.1	24.3	358,475	-140,611	0	0	NA	\$26.15
Richardson/Plano	278	29,323,935	4,623,469	127,398	4,750,867	16.2	21.1	74,761	34,488	0	0	NA	\$24.35
Stemmons	132	14,725,266	3,049,405	0	3,049,405	20.7	24.0	173,825	38,580	0	0	NA	\$17.20
Upper Tollway/West Plano	211	32,132,052	3,950,990	684,937	4,635,927	14.4	20.5	171,112	-63,659	450,000	838,105	81.6	\$32.26
Uptown/Turtle Creek	99	14,657,249	1,318,673	266,751	1,585,424	10.8	16.8	467,833	123,940	34,762	321,098	48.6	\$40.72
Westlake/Grapevine/Southlake	84	8,530,231	1,476,899	36,568	1,513,467	17.7	19.9	777,020	566,241	580,000	738,258	13.0	\$27.80
West Southwest Fort Worth/Clearfork	171	11,181,330	822,732	46,916	869,648	7.8	11.8	21,526	11,427	27,850	88,865	60.6	\$24.78
Totals	2,473	296,600,423	42,720,285	2,926,746	45,847,031	14.1	19.2	3,042,946	312,307	1,744,571	7,101,942	53.9	\$27.64

Source: CoStar Property®

Office, 20,000+ SF, Existing, Owner Occupied Included

DATA MAPPING

Q2 2019

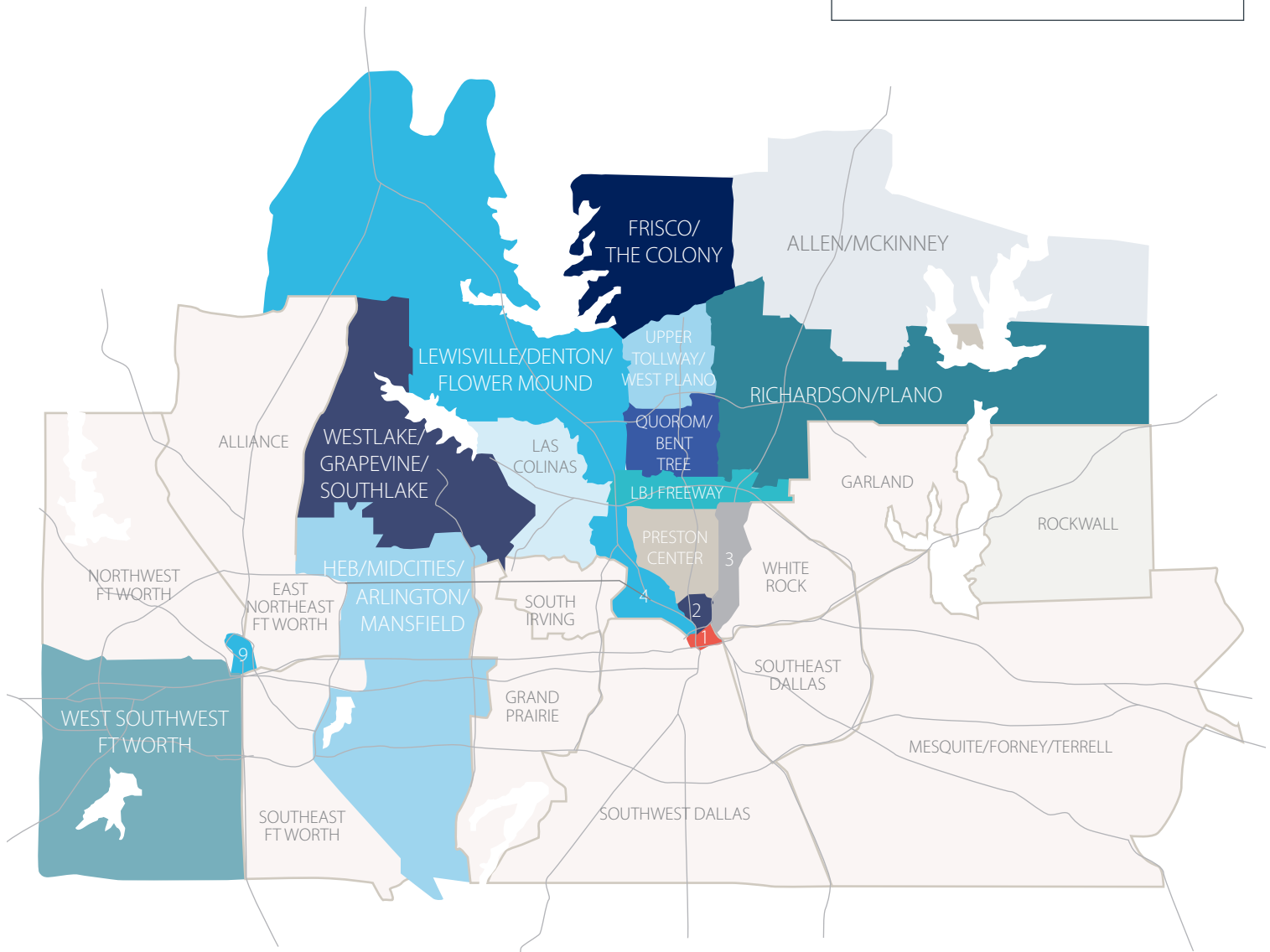
CORE SUBMARKETS



DALLAS-FORT WORTH SUBMARKET MAP

CORE SUBMARKETS COLORED

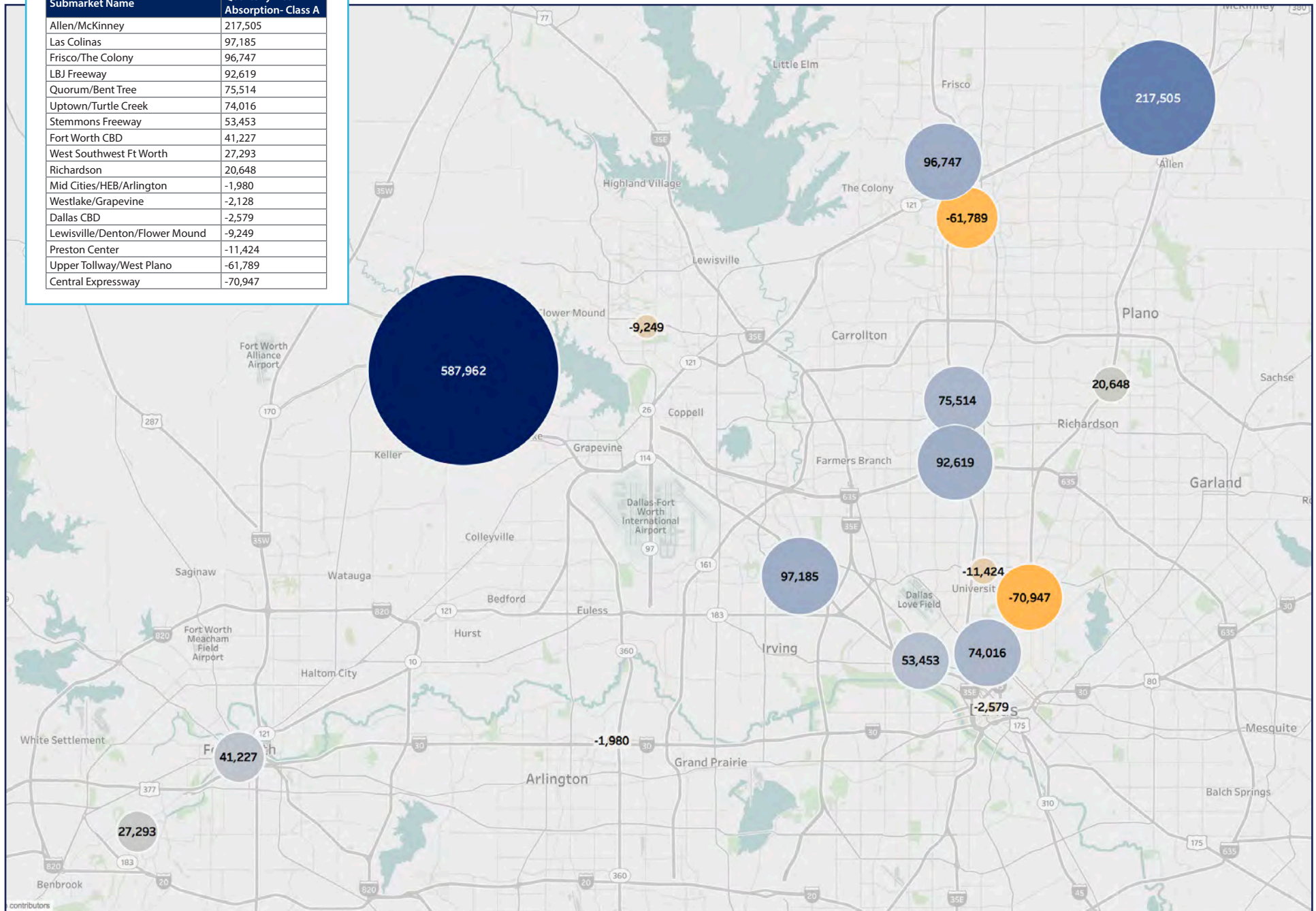
- | | |
|---|-------------------------|
| 1 | DALLAS CBD |
| 2 | UPTOWN/TURTLE CREEK |
| 3 | CENTRAL EXPRESSWAY |
| 4 | STEMMONS FREEWAY |
| 5 | URBAN CENTER/WINGREN |
| 6 | OFFICE CTR/WEST LBJ EXT |
| 7 | WEST LBJ FREEWAY |
| 8 | EAST LBJ FREEWAY |
| 9 | FT WORTH CBD |



Quarterly Net Absorption: **Class A**

Q2 2019

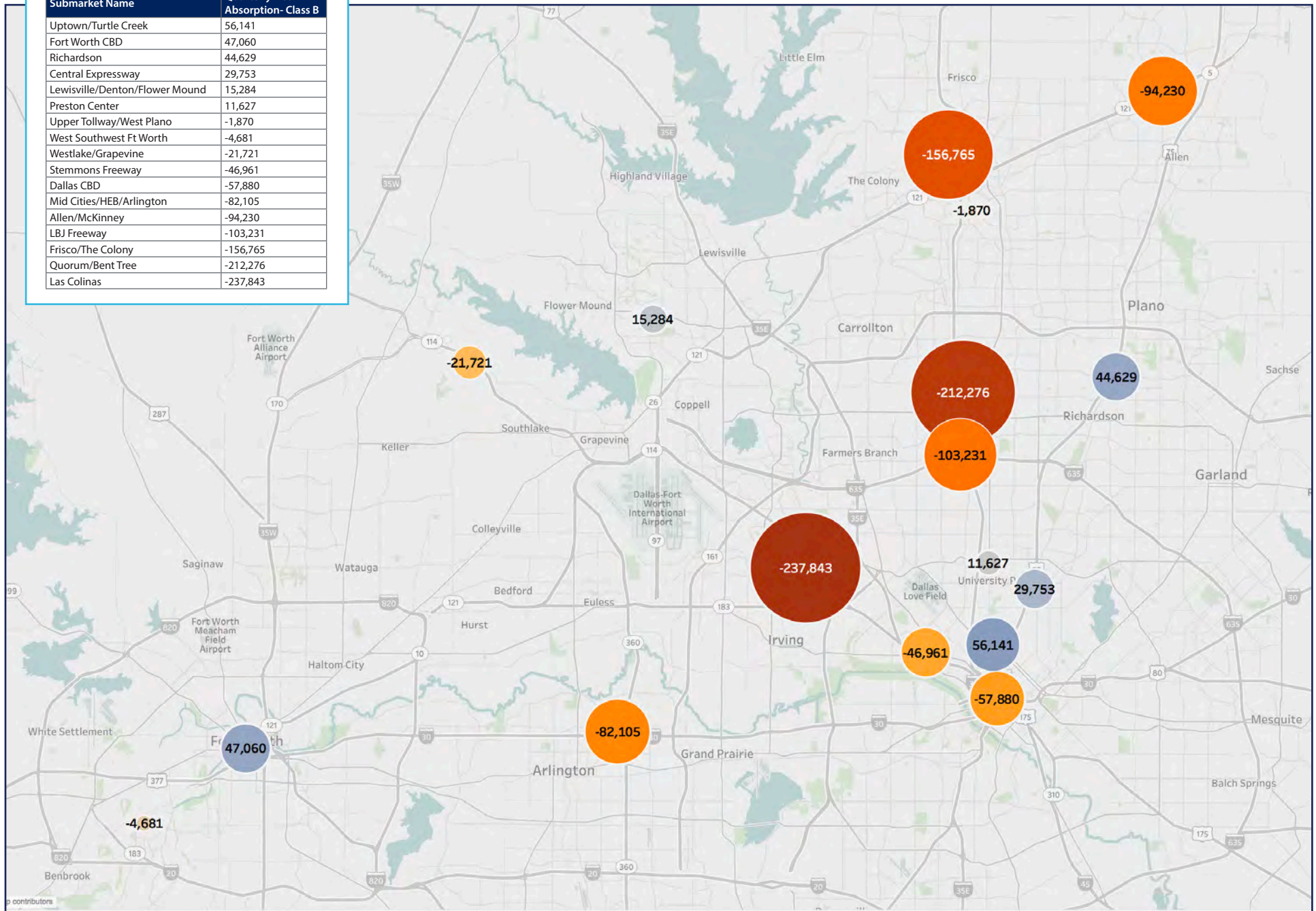
Submarket Name	Quarterly Net Absorption- Class A
Allen/McKinney	217,505
Las Colinas	97,185
Frisco/The Colony	96,747
LBJ Freeway	92,619
Quorum/Bent Tree	75,514
Uptown/Turtle Creek	74,016
Stemmons Freeway	53,453
Fort Worth CBD	41,227
West Southwest Ft Worth	27,293
Richardson	20,648
Mid Cities/HEB/Arlington	-1,980
Westlake/Grapevine	-2,128
Dallas CBD	-2,579
Lewisville/Denton/Flower Mound	-9,249
Preston Center	-11,424
Upper Tollway/West Plano	-61,789
Central Expressway	-70,947



Quarterly Net Absorption: **Class B**

Q2 2019

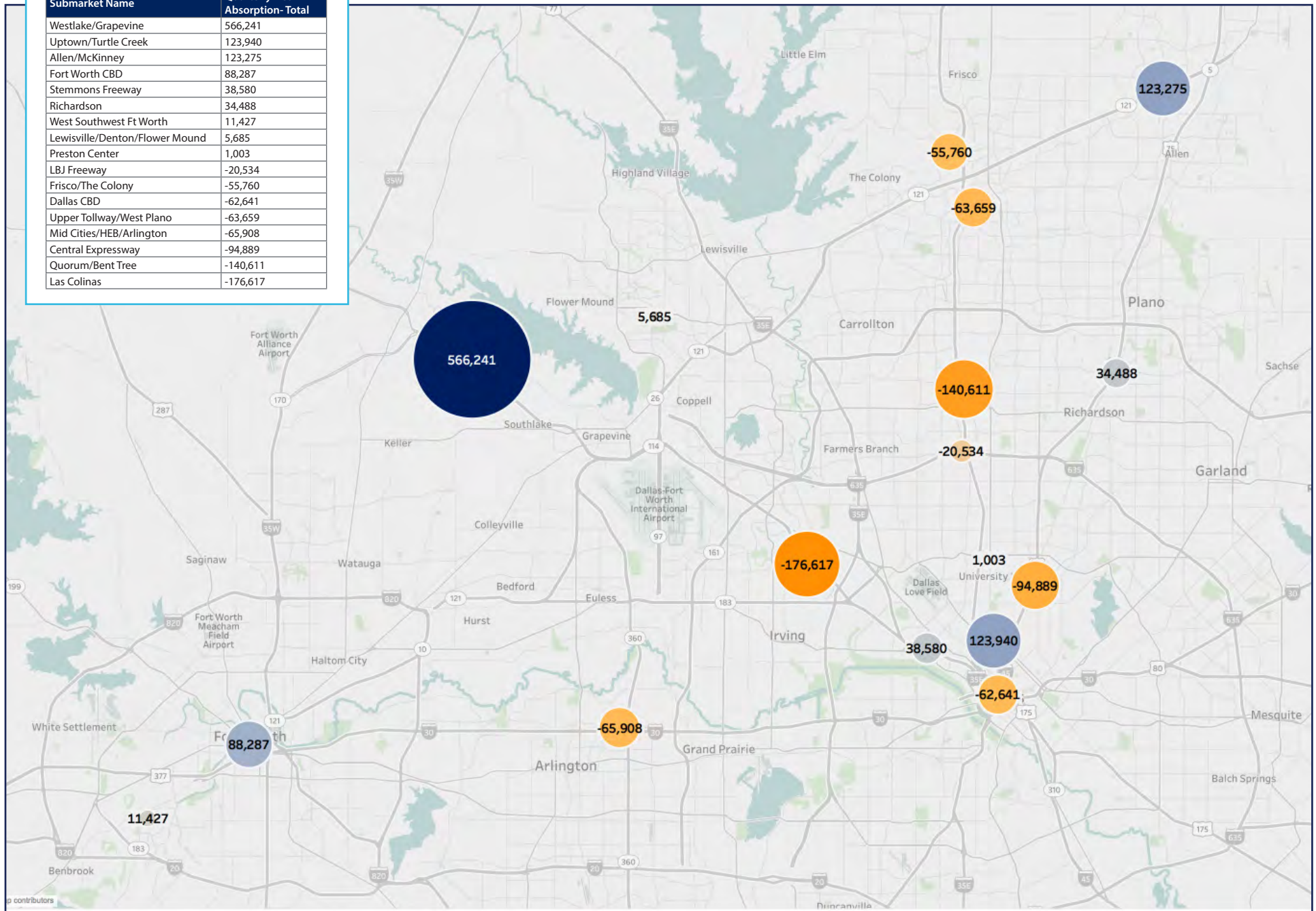
Submarket Name	Quarterly Net Absorption- Class B
Uptown/Turtle Creek	56,141
Fort Worth CBD	47,060
Richardson	44,629
Central Expressway	29,753
Lewisville/Denton/Flower Mound	15,284
Preston Center	11,627
Upper Tollway/West Plano	-1,870
West Southwest Ft Worth	-4,681
Westlake/Grapevine	-21,721
Stemmons Freeway	-46,961
Dallas CBD	-57,880
Mid Cities/HEB/Arlington	-82,105
Allen/McKinney	-94,230
LBJ Freeway	-103,231
Frisco/The Colony	-156,765
Quorum/Bent Tree	-212,276
Las Colinas	-237,843



Quarterly Net Absorption: **Total**

Q2 2019

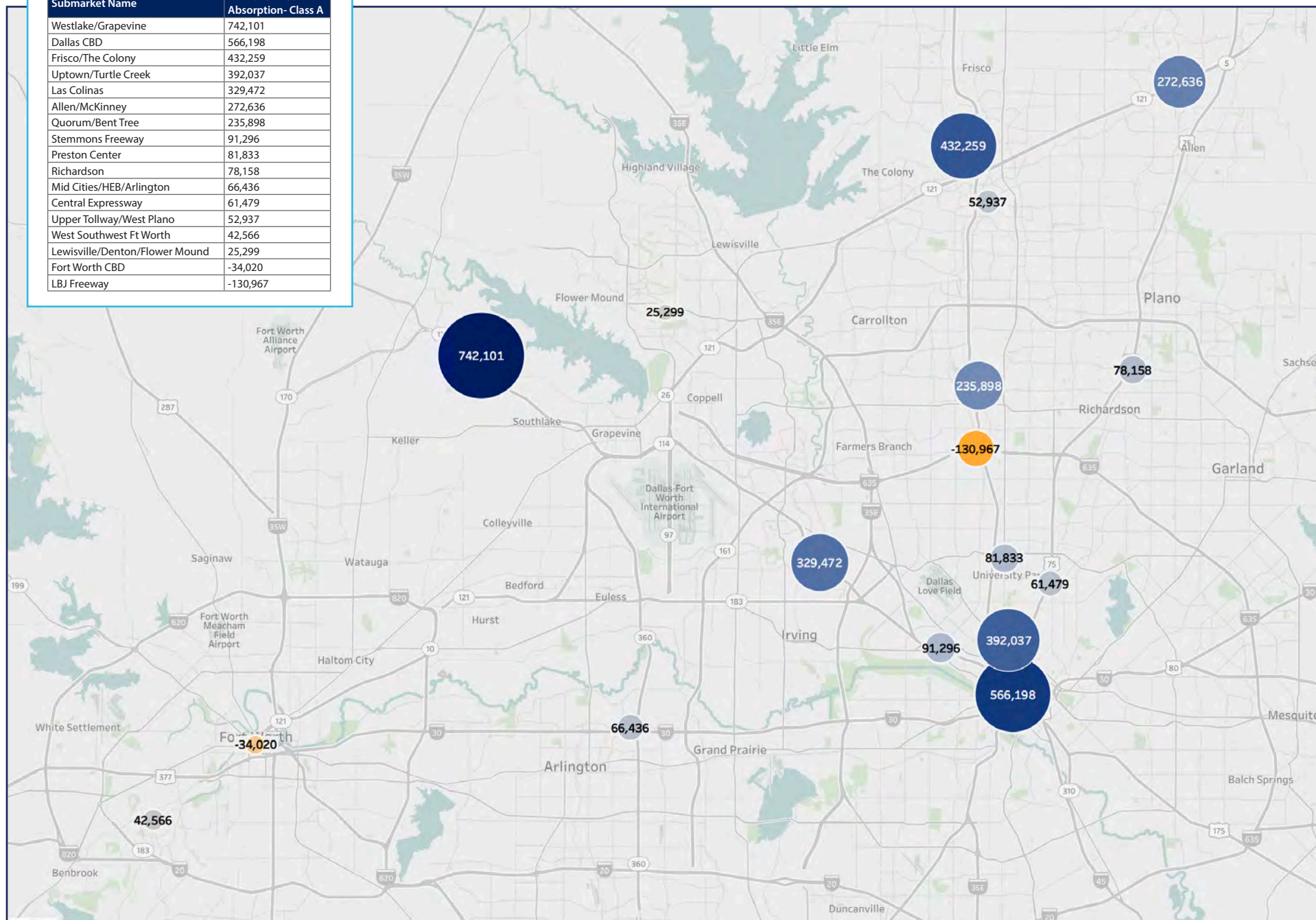
Submarket Name	Quarterly Net Absorption- Total
Westlake/Grapevine	566,241
Uptown/Turtle Creek	123,940
Allen/McKinney	123,275
Fort Worth CBD	88,287
Stemmons Freeway	38,580
Richardson	34,488
West Southwest Ft Worth	11,427
Lewisville/Denton/Flower Mound	5,685
Preston Center	1,003
LBJ Freeway	-20,534
Frisco/The Colony	-55,760
Dallas CBD	-62,641
Upper Tollway/West Plano	-63,659
Mid Cities/HEB/Arlington	-65,908
Central Expressway	-94,889
Quorum/Bent Tree	-140,611
Las Colinas	-176,617



12 Month Net Absorption: **Class A**

Q2 2019

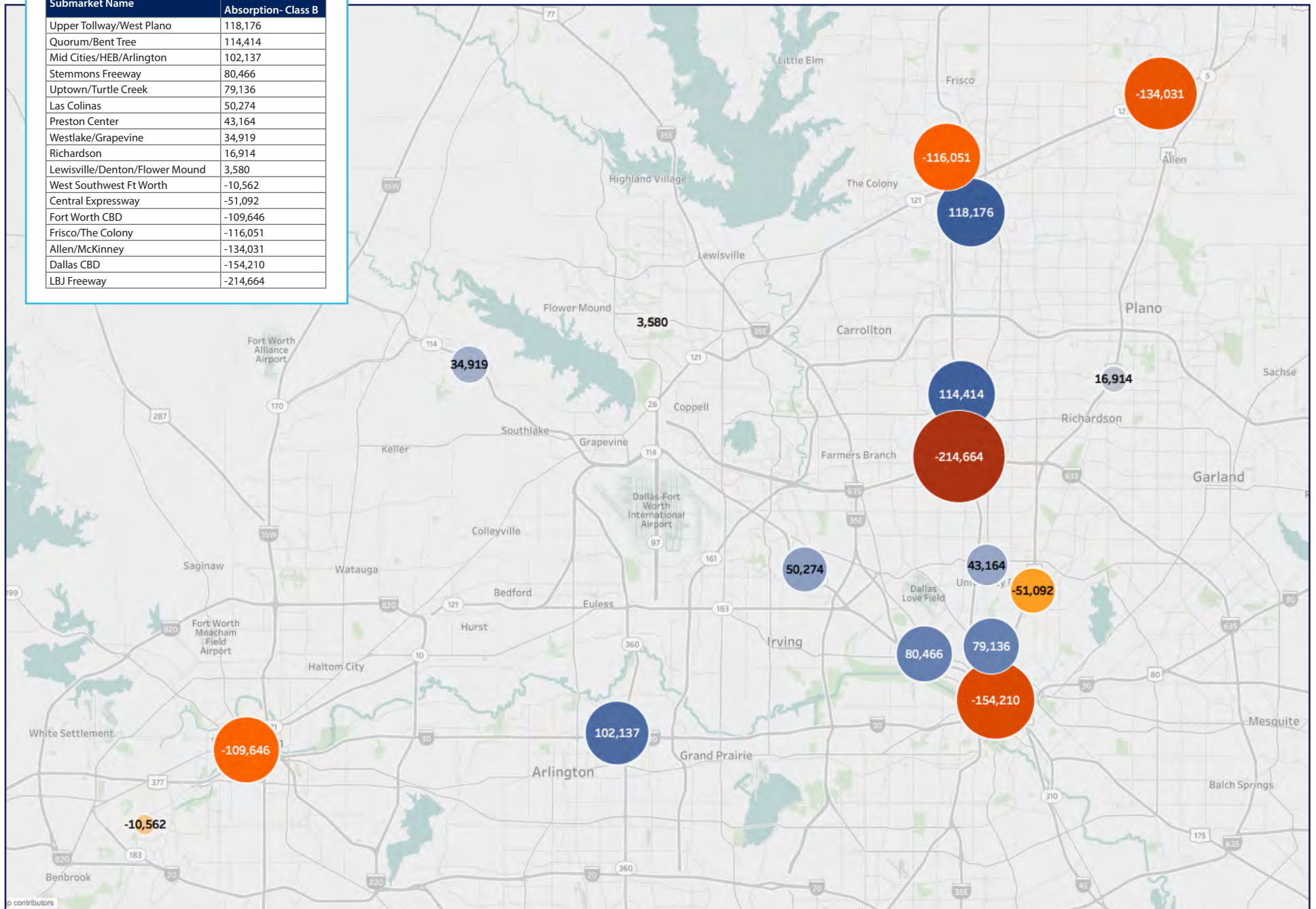
Submarket Name	12 Month Net Absorption- Class A
Westlake/Grapevine	742,101
Dallas CBD	566,198
Frisco/The Colony	432,259
Uptown/Turtle Creek	392,037
Las Colinas	329,472
Allen/McKinney	272,636
Quorum/Bent Tree	235,898
Stemmons Freeway	91,296
Preston Center	81,833
Richardson	78,158
Mid Cities/HEB/Arlington	66,436
Central Expressway	61,479
Upper Tollway/West Plano	52,937
West Southwest Ft Worth	42,566
Lewisville/Denton/Flower Mound	25,299
Fort Worth CBD	-34,020
LBJ Freeway	-130,967



12 Month Net Absorption: **Class B**

Q2 2019

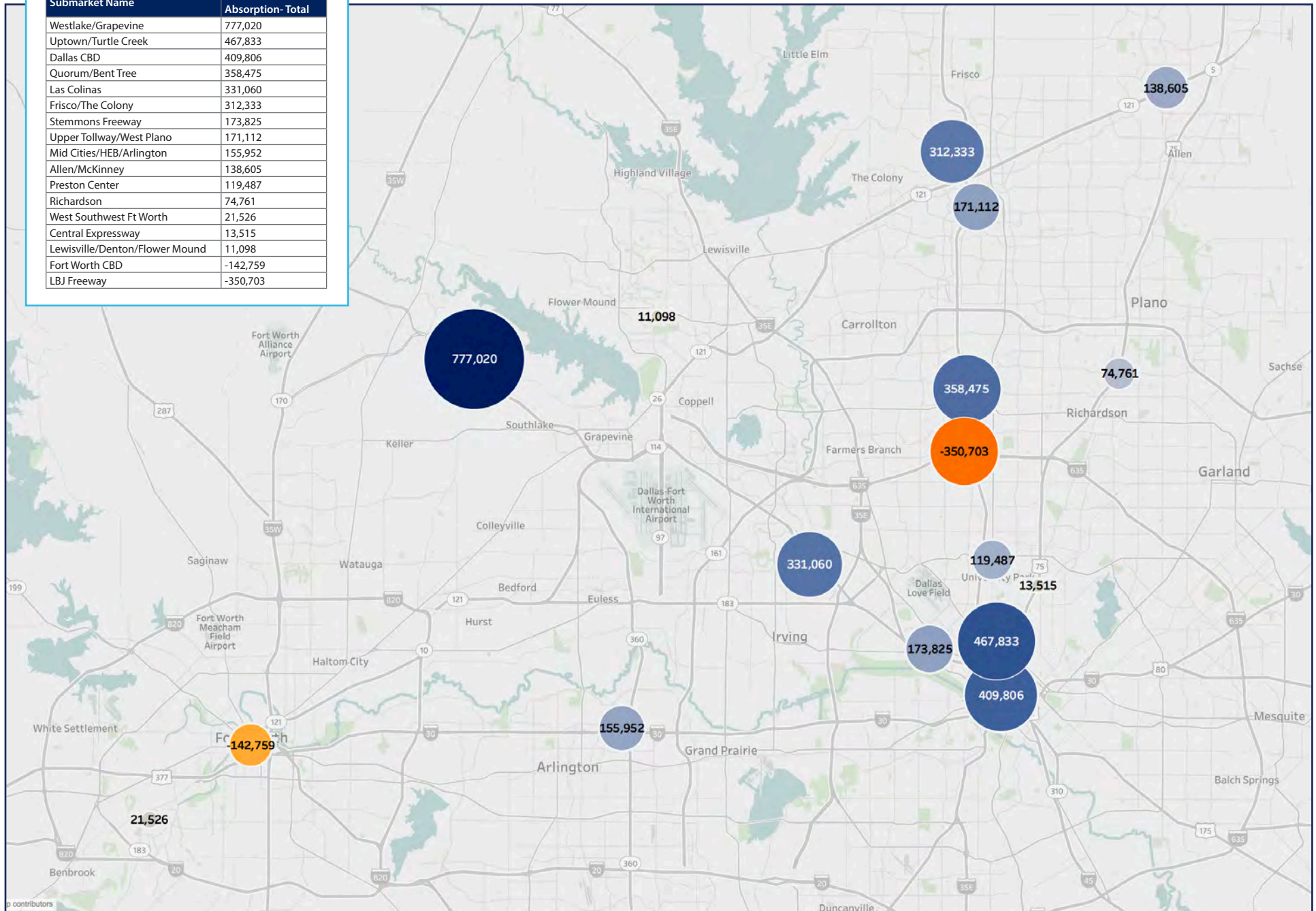
Submarket Name	12 Month Net Absorption- Class B
Upper Tollway/West Plano	118,176
Quorum/Bent Tree	114,414
Mid Cities/HEB/Arlington	102,137
Stemmons Freeway	80,466
Uptown/Turtle Creek	79,136
Las Colinas	50,274
Preston Center	43,164
Westlake/Grapevine	34,919
Richardson	16,914
Lewisville/Denton/Flower Mound	3,580
West Southwest Ft Worth	-10,562
Central Expressway	-51,092
Fort Worth CBD	-109,646
Frisco/The Colony	-116,051
Allen/McKinney	-134,031
Dallas CBD	-154,210
LBJ Freeway	-214,664



12 Month Net Absorption: **Total**

Q2 2019

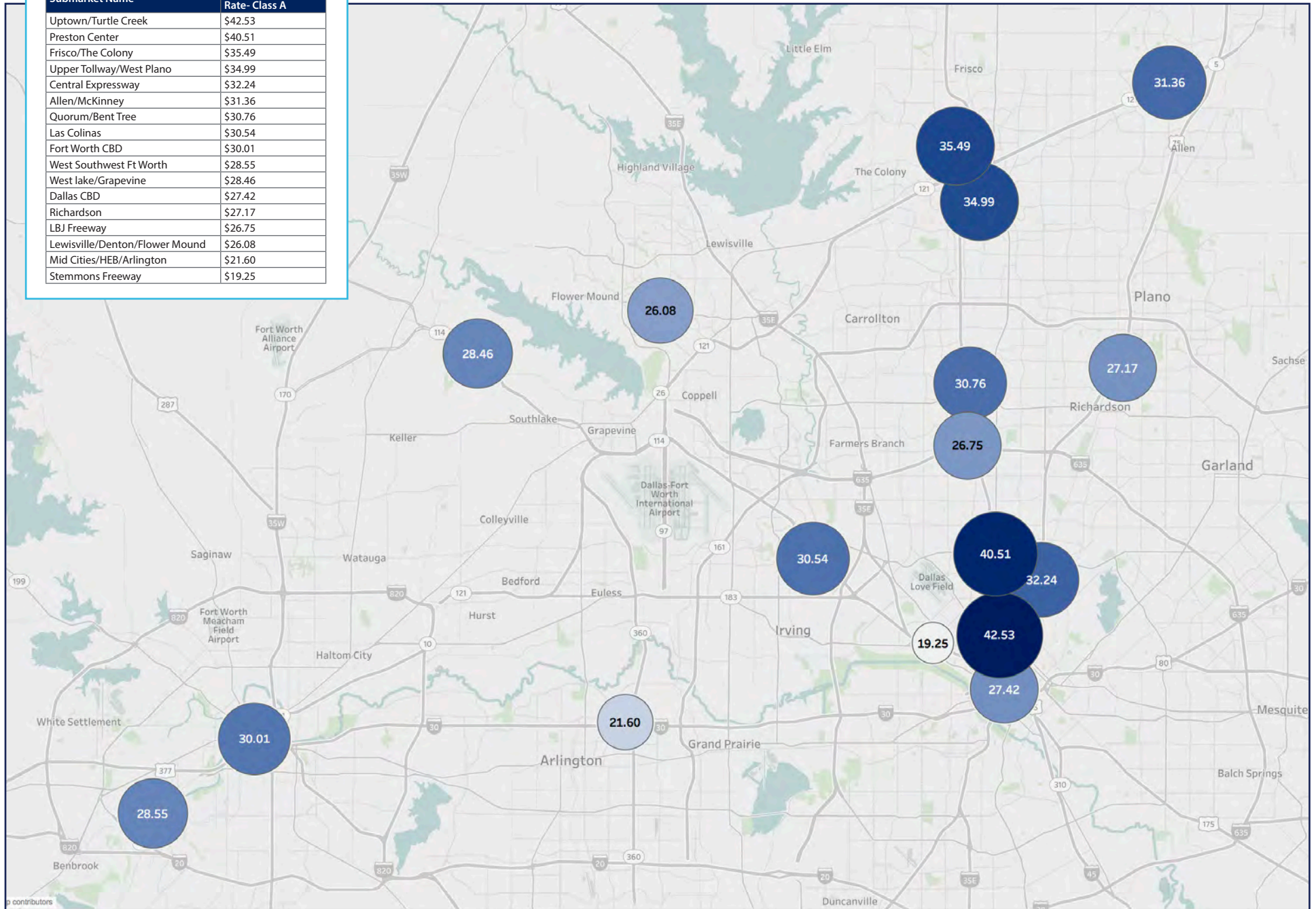
Submarket Name	12 Month Net Absorption- Total
Westlake/Grapevine	777,020
Uptown/Turtle Creek	467,833
Dallas CBD	409,806
Quorum/Bent Tree	358,475
Las Colinas	331,060
Frisco/The Colony	312,333
Stemmons Freeway	173,825
Upper Tollway/West Plano	171,112
Mid Cities/HEB/Arlington	155,952
Allen/McKinney	138,605
Preston Center	119,487
Richardson	74,761
West Southwest Ft Worth	21,526
Central Expressway	13,515
Lewisville/Denton/Flower Mound	11,098
Fort Worth CBD	-142,759
LBJ Freeway	-350,703



Average Gross Direct Rate: **Class A**

Q2 2019

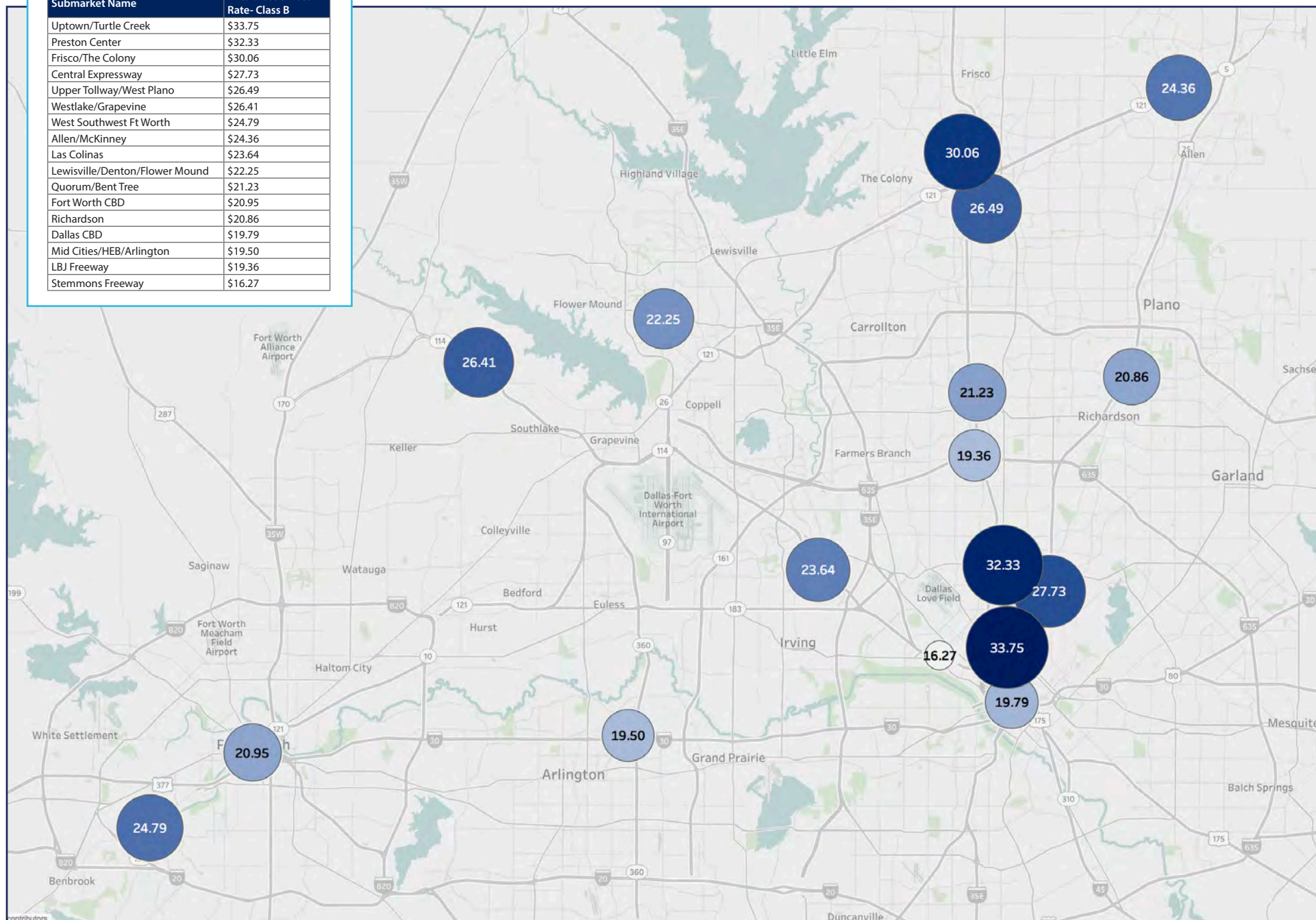
Submarket Name	Ave. Gross Direct Rate- Class A
Uptown/Turtle Creek	\$42.53
Preston Center	\$40.51
Frisco/The Colony	\$35.49
Upper Tollway/West Plano	\$34.99
Central Expressway	\$32.24
Allen/McKinney	\$31.36
Quorum/Bent Tree	\$30.76
Las Colinas	\$30.54
Fort Worth CBD	\$30.01
West Southwest Ft Worth	\$28.55
West lake/Grapevine	\$28.46
Dallas CBD	\$27.42
Richardson	\$27.17
LBJ Freeway	\$26.75
Lewisville/Denton/Flower Mound	\$26.08
Mid Cities/HEB/Arlington	\$21.60
Stemmons Freeway	\$19.25



Average Gross Direct Rate: **Class B**

Q2 2019

Submarket Name	Ave. Gross Direct Rate- Class B
Uptown/Turtle Creek	\$33.75
Preston Center	\$32.33
Frisco/The Colony	\$30.06
Central Expressway	\$27.73
Upper Tollway/West Plano	\$26.49
Westlake/Grapevine	\$26.41
West Southwest Ft Worth	\$24.79
Allen/McKinney	\$24.36
Las Colinas	\$23.64
Lewisville/Denton/Flower Mound	\$22.25
Quorum/Bent Tree	\$21.23
Fort Worth CBD	\$20.95
Richardson	\$20.86
Dallas CBD	\$19.79
Mid Cities/HEB/Arlington	\$19.50
LBJ Freeway	\$19.36
Stemmons Freeway	\$16.27



Q2 2019

Submarket Name	Rate- Total
Uptown/Turtle Creek	\$40.72
Preston Center	\$38.71
Frisco/The Colony	\$34.12
Upper Tollway/West Plano	\$32.26
Central Expressway	\$29.97
Fort Worth CBD	\$28.21
West lake/Grapevine	\$27.80
Las Colinas	\$26.81
Dallas CBD	\$26.28
Allen/McKinney	\$26.20
Quorum/Bent Tree	\$26.15
West Southwest Ft Worth	\$24.78
Richardson	\$24.35
Lewisville/Denton/Flower Mound	\$23.18
LBJ Freeway	\$22.70
Mid Cities/HEB/Arlington	\$19.85
Stemmons Freeway	\$17.20

Map showing population density by zip code in the Dallas-Fort Worth area. The map includes major highways, city names, and airport locations. The population density is represented by colored circles, with larger circles indicating higher population. The colors range from dark blue (highest population) to light yellow (lowest population).

Legend:

- Dark Blue: 566,241
- Orange: 123,275
- Light Orange: 5,685
- Yellow: 123,940
- Light Yellow: 11,427

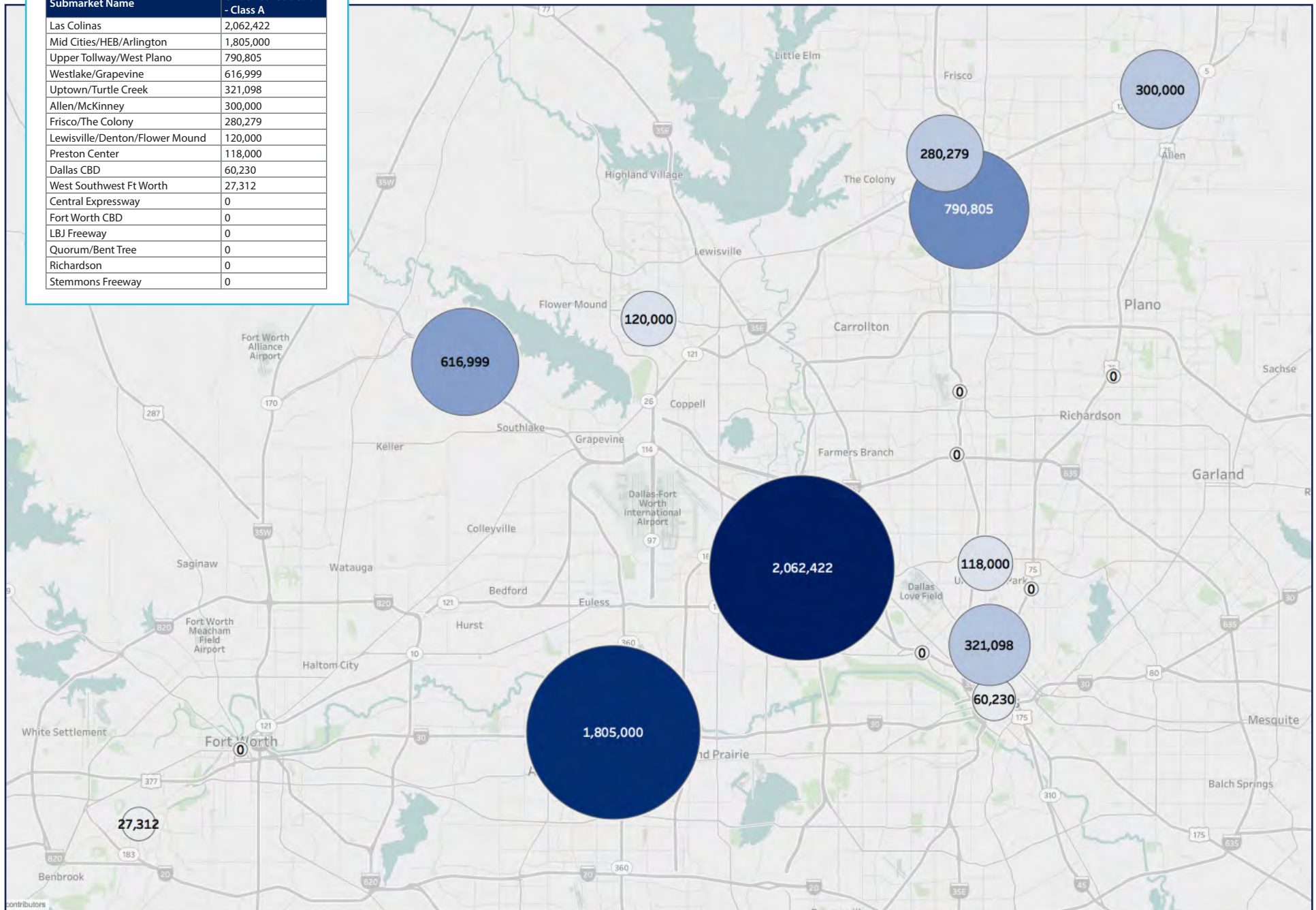
Key locations and population values shown on the map:

- Fort Worth: 88,287
- Irving: 176,617
- Richardson: 140,611
- Plano: 123,275
- Allen: 123,940
- Garland: 34,488
- Richardson: 20,534
- Irving: 38,580
- Grand Prairie: 65,908
- Benbrook: 11,427
- Flower Mound: 5,685
- Carrollton: 55,760
- Levi's Stadium: 63,659
- University: 1,003
- Love Field: 94,889
- Stemmons Freeway: 62,641

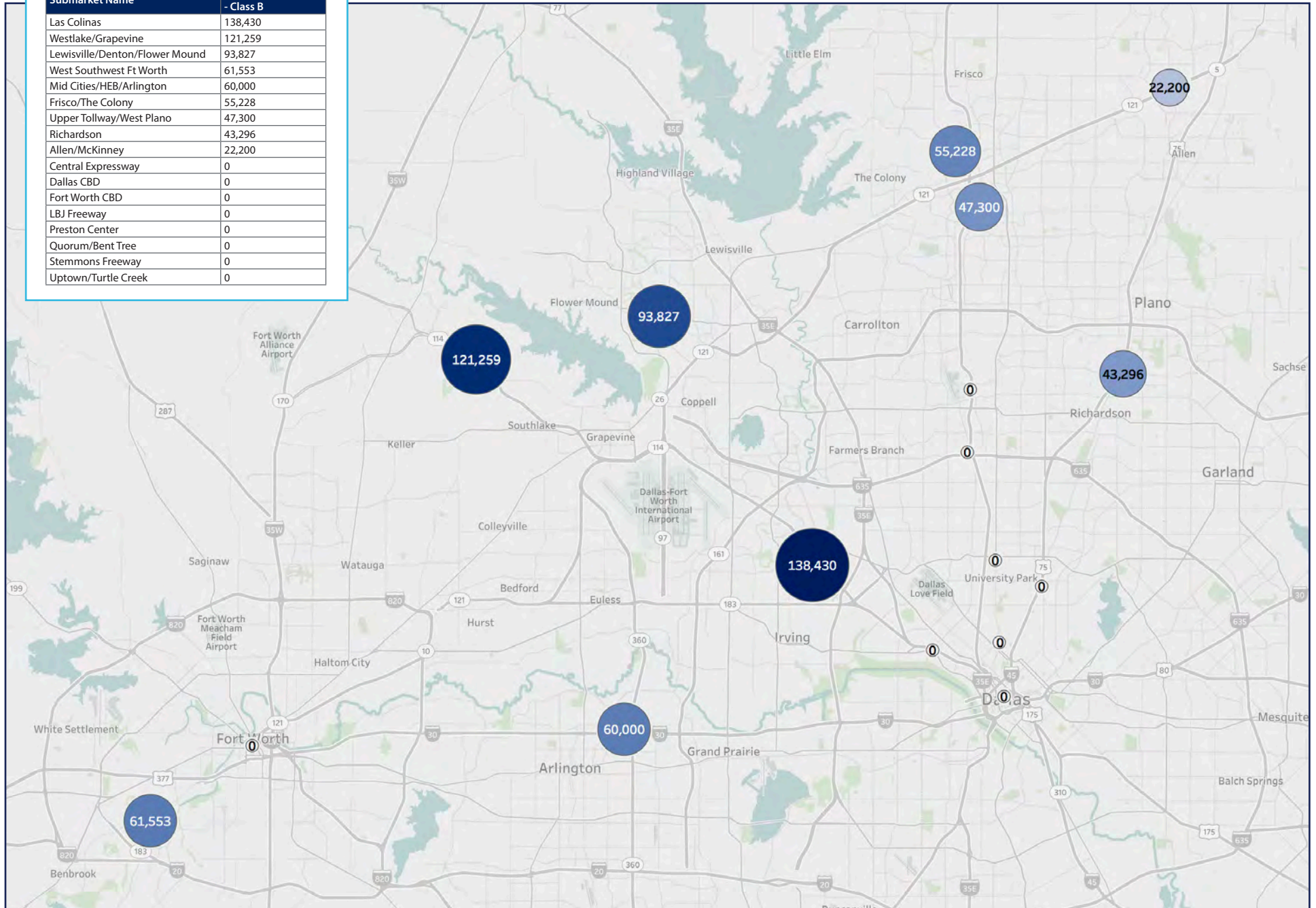
Under Construction: Class A

Q2 2019

Submarket Name	Under Construction - Class A
Las Colinas	2,062,422
Mid Cities/HEB/Arlington	1,805,000
Upper Tollway/West Plano	790,805
Westlake/Grapevine	616,999
Uptown/Turtle Creek	321,098
Allen/McKinney	300,000
Frisco/The Colony	280,279
Lewisville/Denton/Flower Mound	120,000
Preston Center	118,000
Dallas CBD	60,230
West Southwest Ft Worth	27,312
Central Expressway	0
Fort Worth CBD	0
LBJ Freeway	0
Quorum/Bent Tree	0
Richardson	0
Stemmons Freeway	0



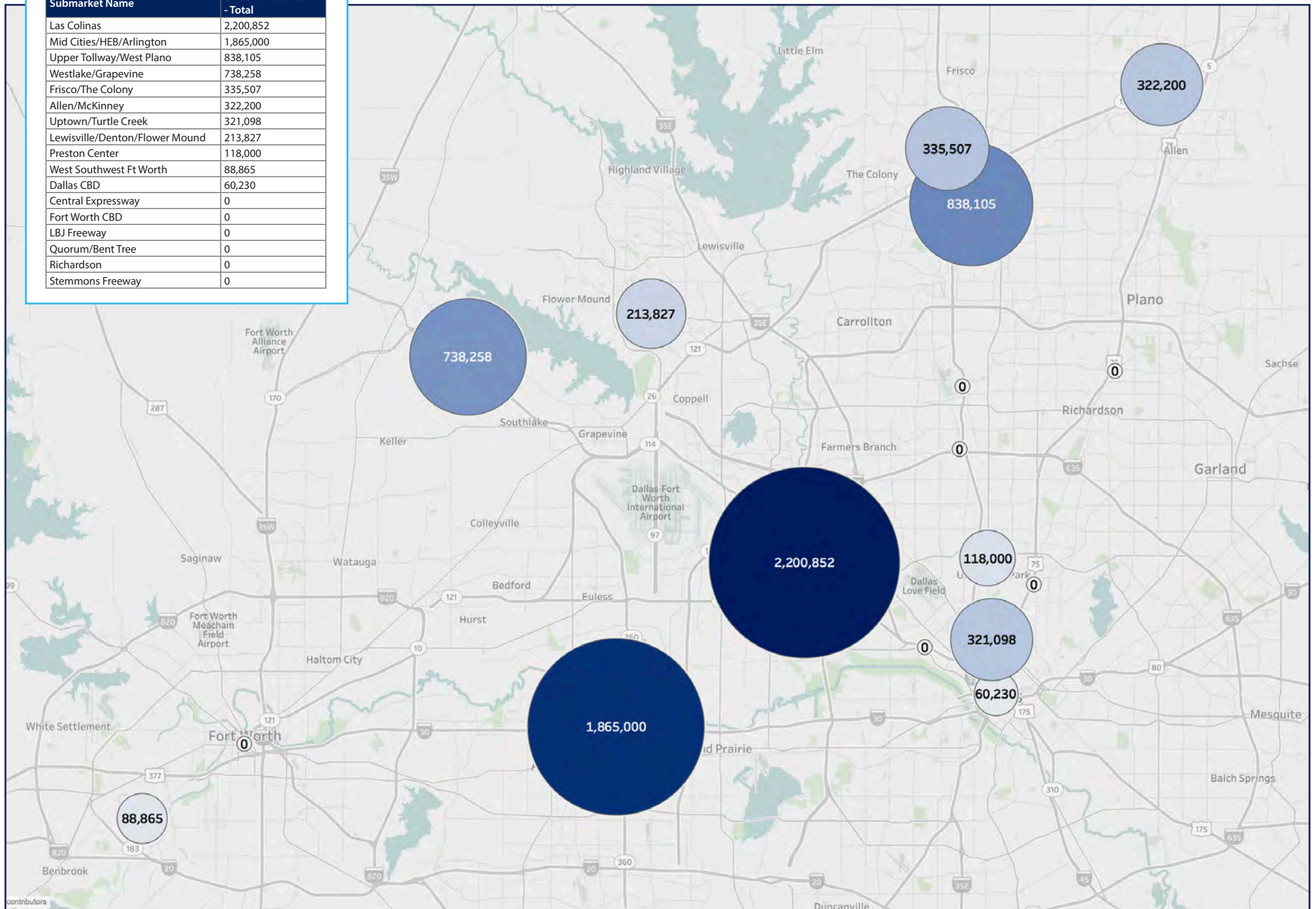
Submarket Name	Under Construction - Class B
Las Colinas	138,430
Westlake/Grapevine	121,259
Lewisville/Denton/Flower Mound	93,827
West Southwest Ft Worth	61,553
Mid Cities/HEB/Arlington	60,000
Frisco/The Colony	55,228
Upper Tollway/West Plano	47,300
Richardson	43,296
Allen/McKinney	22,200
Central Expressway	0
Dallas CBD	0
Fort Worth CBD	0
LBJ Freeway	0
Preston Center	0
Quorum/Bent Tree	0
Stemmons Freeway	0
Uptown/Turtle Creek	0



Under Construction: Total

Q2 2019

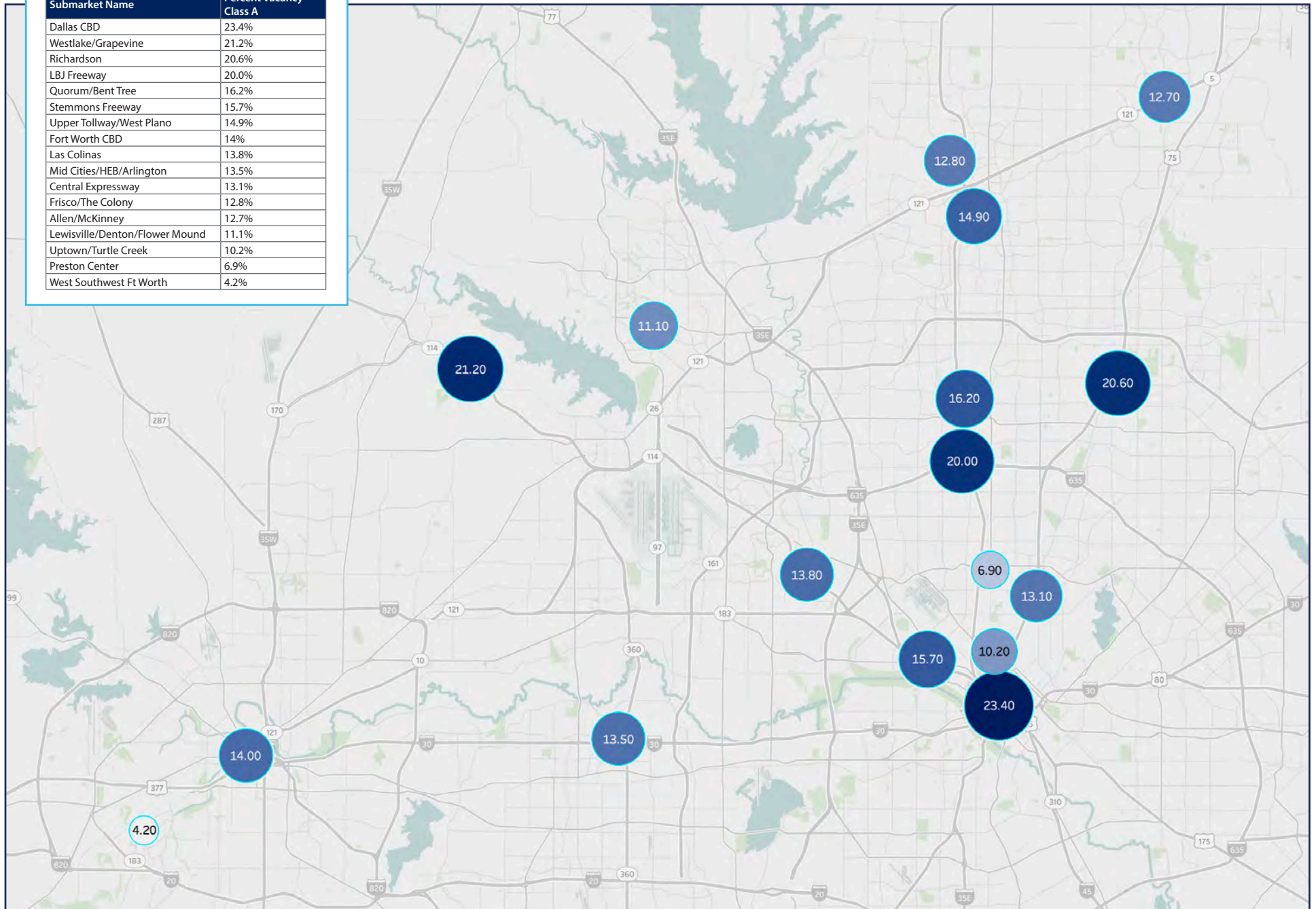
Submarket Name	Under Construction - Total
Las Colinas	2,200,852
Mid Cities/HEB/Arlington	1,865,000
Upper Tollway/West Plano	838,105
Westlake/Grapevine	738,258
Frisco/The Colony	335,507
Allen/McKinney	322,200
Uptown/Turtle Creek	321,098
Lewisville/Denton/Flower Mound	213,827
Preston Center	118,000
West Southwest Ft Worth	88,865
Dallas CBD	60,230
Central Expressway	0
Fort Worth CBD	0
LBJ Freeway	0
Quorum/Bent Tree	0
Richardson	0
Stemmons Freeway	0



Percent Vacancy: **Class A**

Q2 2019

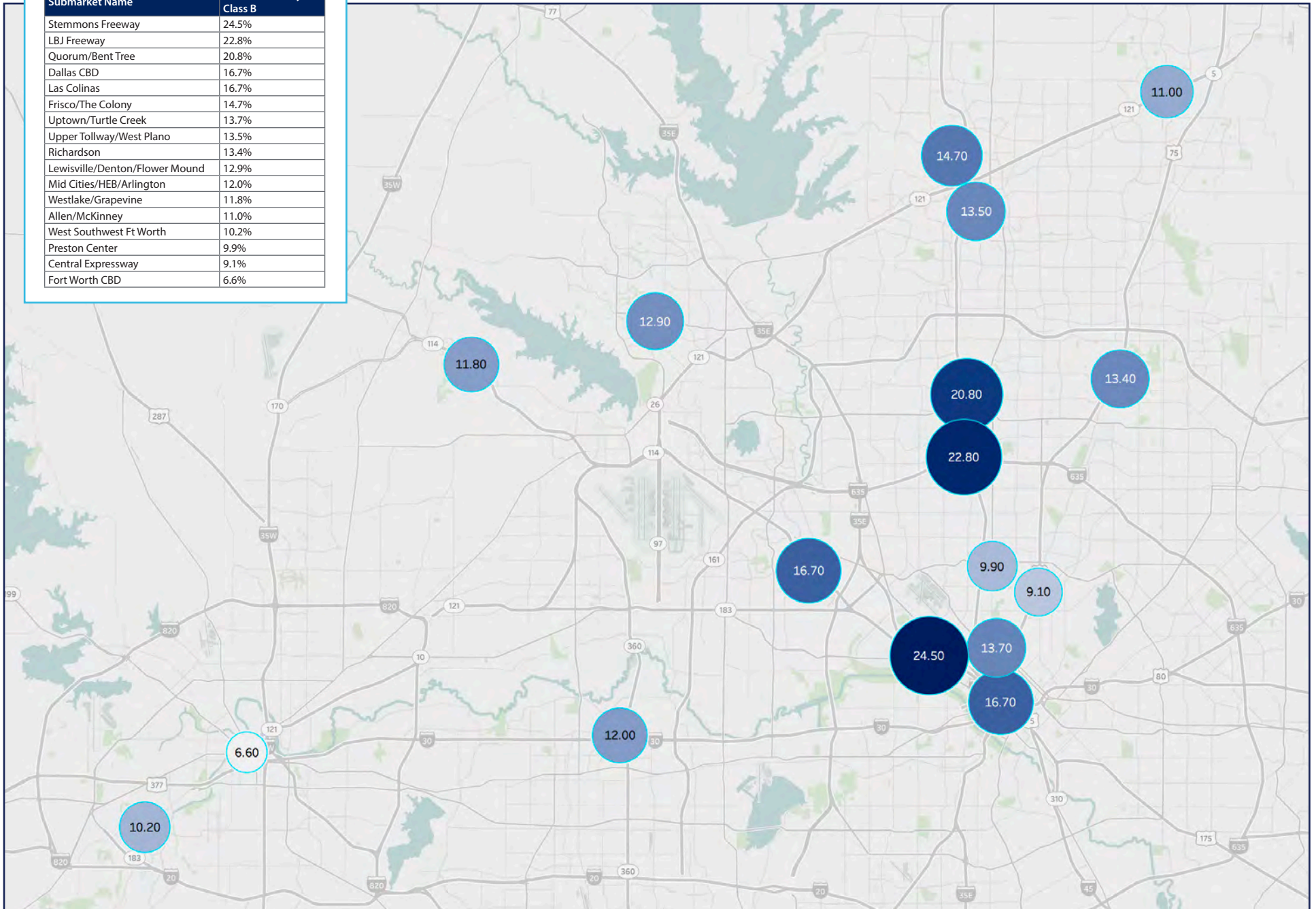
Submarket Name	Percent Vacancy- Class A
Dallas CBD	23.4%
Westlake/Grapevine	21.2%
Richardson	20.6%
LBJ Freeway	20.0%
Quorum/Bent Tree	16.2%
Stemmons Freeway	15.7%
Upper Tollway/West Plano	14.9%
Fort Worth CBD	14%
Las Colinas	13.8%
Mid Cities/HEB/Arlington	13.5%
Central Expressway	13.1%
Frisco/The Colony	12.8%
Allen/McKinney	12.7%
Lewisville/Denton/Flower Mound	11.1%
Uptown/Turtle Creek	10.2%
Preston Center	6.9%
West Southwest Ft Worth	4.2%



Percent Vacancy: **Class B**

Q2 2019

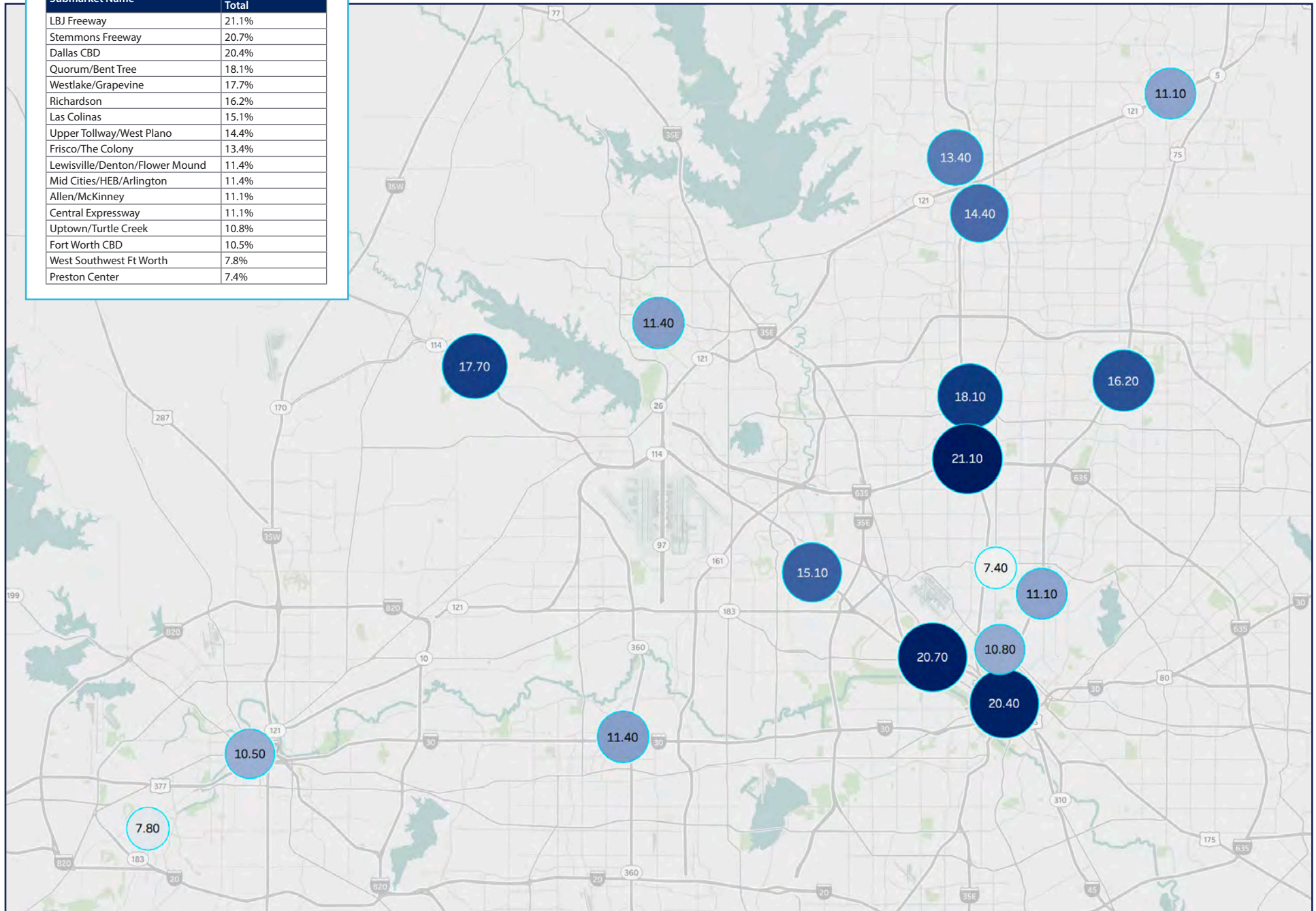
Submarket Name	Percent Vacancy- Class B
Stemmons Freeway	24.5%
LBJ Freeway	22.8%
Quorum/Bent Tree	20.8%
Dallas CBD	16.7%
Las Colinas	16.7%
Frisco/The Colony	14.7%
Uptown/Turtle Creek	13.7%
Upper Tollway/West Plano	13.5%
Richardson	13.4%
Lewisville/Denton/Flower Mound	12.9%
Mid Cities/HEB/Arlington	12.0%
Westlake/Grapevine	11.8%
Allen/McKinney	11.0%
West Southwest Ft Worth	10.2%
Preston Center	9.9%
Central Expressway	9.1%
Fort Worth CBD	6.6%



Percent Vacancy: **Total**

Q2 2019

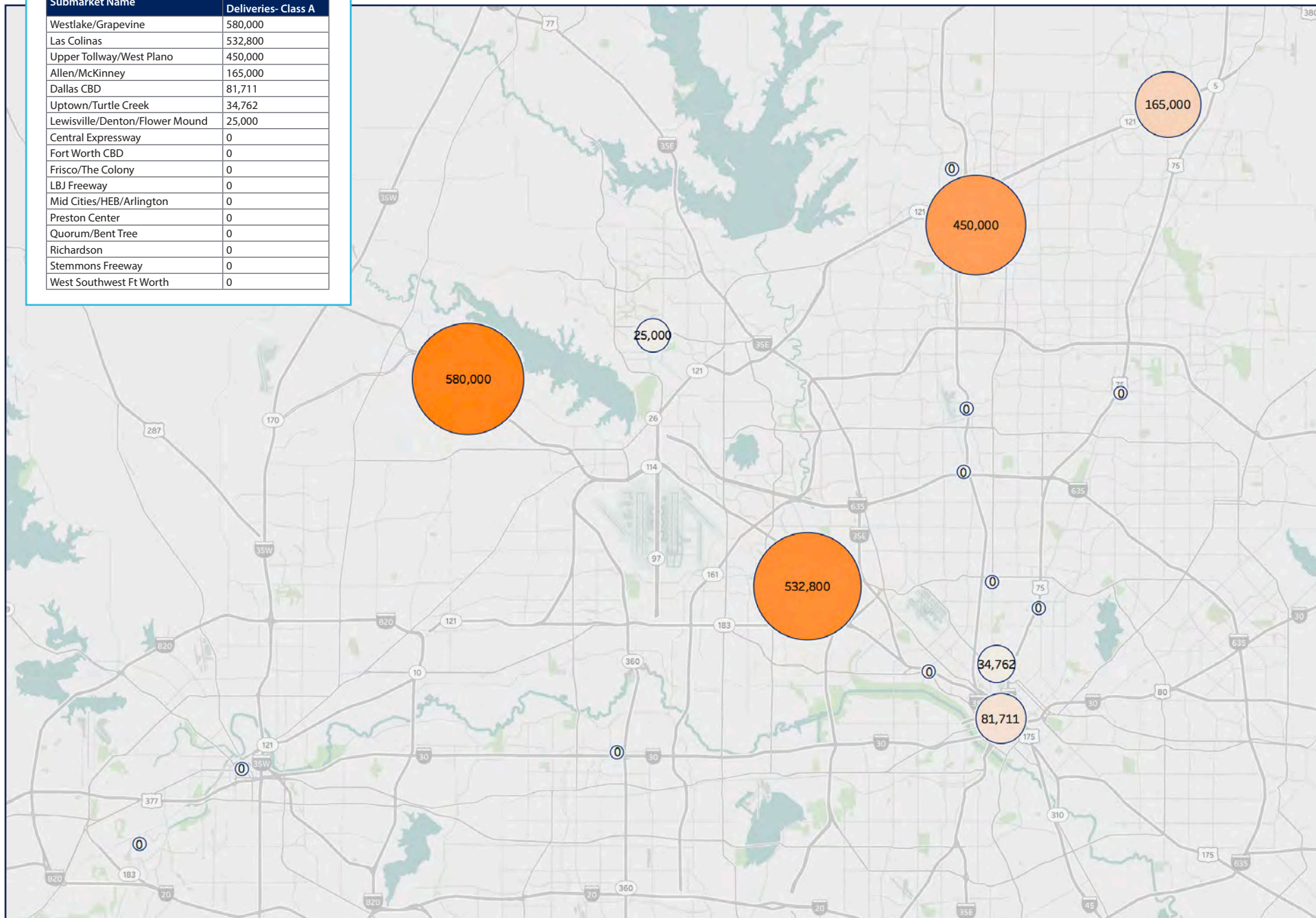
Submarket Name	Percent Vacancy- Total
LBJ Freeway	21.1%
Stemmons Freeway	20.7%
Dallas CBD	20.4%
Quorum/Bent Tree	18.1%
Westlake/Grapevine	17.7%
Richardson	16.2%
Las Colinas	15.1%
Upper Tollway/West Plano	14.4%
Frisco/The Colony	13.4%
Lewisville/Denton/Flower Mound	11.4%
Mid Cities/HEB/Arlington	11.4%
Allen/McKinney	11.1%
Central Expressway	11.1%
Uptown/Turtle Creek	10.8%
Fort Worth CBD	10.5%
West Southwest Ft Worth	7.8%
Preston Center	7.4%



Year-to-Date Deliveries: **Class A**

Q2 2019

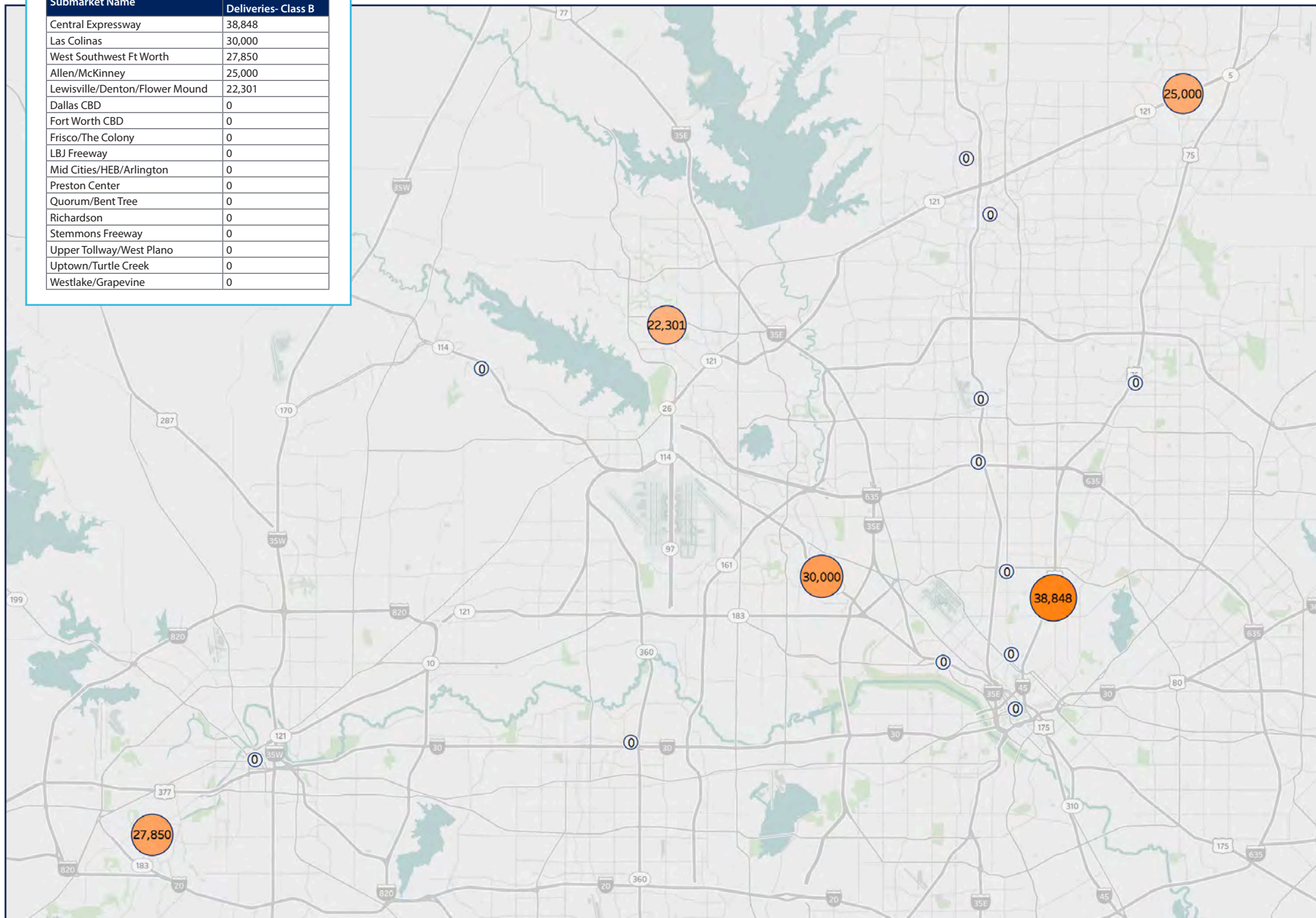
Submarket Name	Year-to-Date Deliveries- Class A
Westlake/Grapevine	580,000
Las Colinas	532,800
Upper Tollway/West Plano	450,000
Allen/McKinney	165,000
Dallas CBD	81,711
Uptown/Turtle Creek	34,762
Lewisville/Denton/Flower Mound	25,000
Central Expressway	0
Fort Worth CBD	0
Frisco/The Colony	0
LBJ Freeway	0
Mid Cities/HEB/Arlington	0
Preston Center	0
Quorum/Bent Tree	0
Richardson	0
Stemmons Freeway	0
West Southwest Ft Worth	0



Year-to-Date Deliveries: **Class B**

Q2 2019

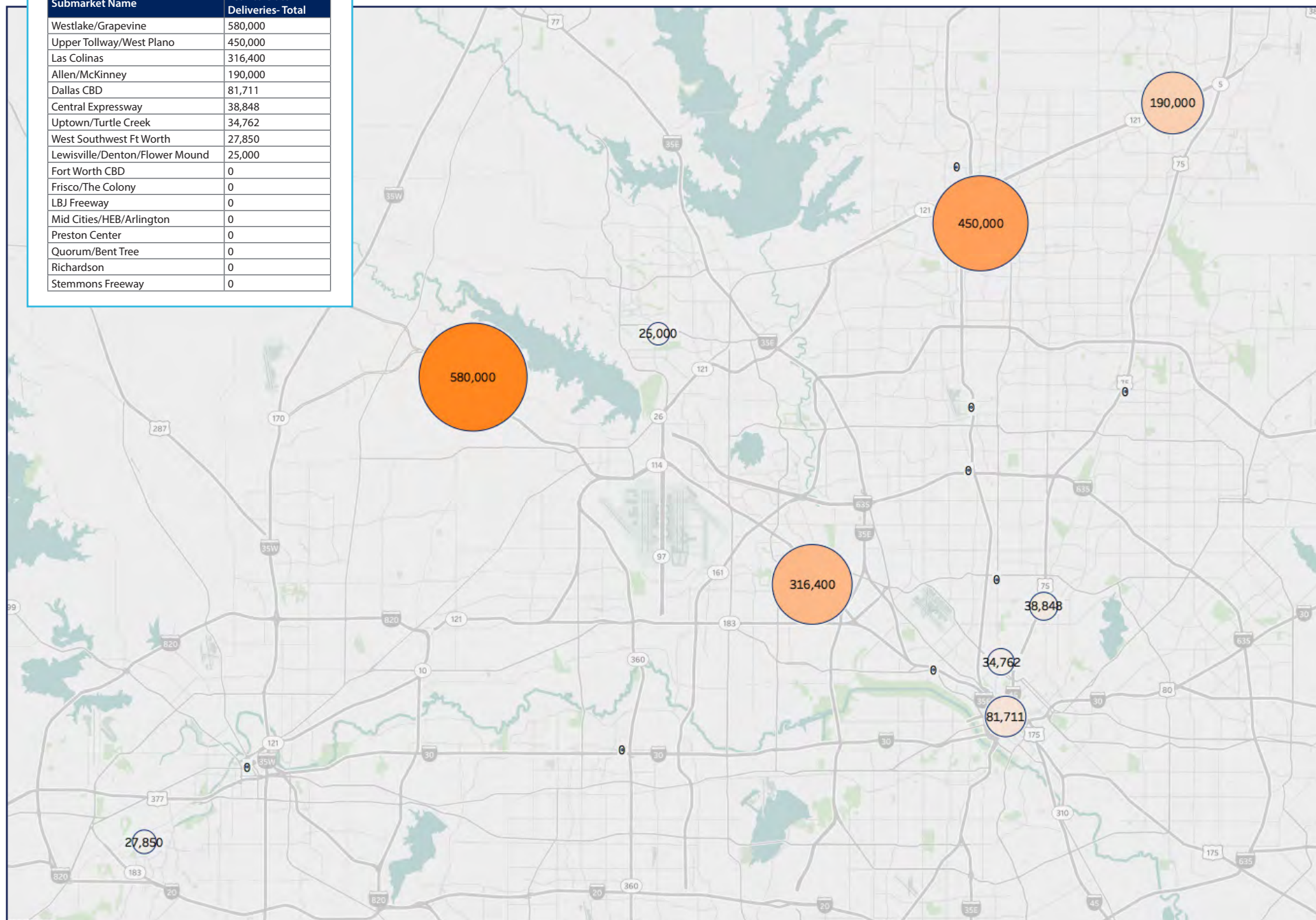
Submarket Name	Year-to-Date Deliveries- Class B
Central Expressway	38,848
Las Colinas	30,000
West Southwest Ft Worth	27,850
Allen/McKinney	25,000
Lewisville/Denton/Flower Mound	22,301
Dallas CBD	0
Fort Worth CBD	0
Frisco/The Colony	0
LBJ Freeway	0
Mid Cities/HEB/Arlington	0
Preston Center	0
Quorum/Bent Tree	0
Richardson	0
Stemmons Freeway	0
Upper Tollway/West Plano	0
Uptown/Turtle Creek	0
Westlake/Grapevine	0



Year-to-Date Deliveries: **Total**

Q2 2019

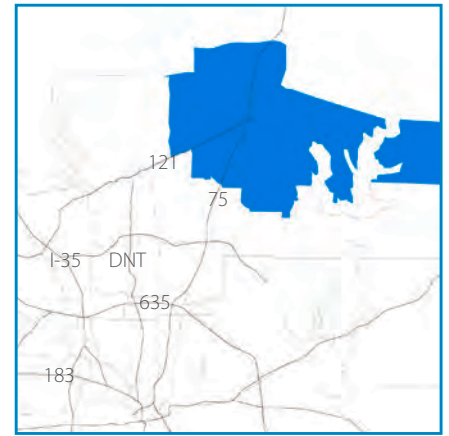
Submarket Name	Year-to-Date Deliveries- Total
Westlake/Grapevine	580,000
Upper Tollway/West Plano	450,000
Las Colinas	316,400
Allen/McKinney	190,000
Dallas CBD	81,711
Central Expressway	38,848
Uptown/Turtle Creek	34,762
West Southwest Ft Worth	27,850
Lewisville/Denton/Flower Mound	25,000
Fort Worth CBD	0
Frisco/The Colony	0
LBJ Freeway	0
Mid Cities/HEB/Arlington	0
Preston Center	0
Quorum/Bent Tree	0
Richardson	0
Stemmons Freeway	0



Core Submarket Snapshots

Q2 2019





Market Facts



MARKET TOTAL
RBA

6,837,577 SF



CLASS A GROSS RATE

\$31.36



CLASS B GROSS RATE

\$24.36



MARKET TOTAL
GROSS RATE

\$26.20



TOTAL VACANCY

759,682 SF



TOTAL VACANCY %

11.1%



12 MONTH
NET ABSORPTION

138,605 SF



QUARTERLY
NET ABSORPTION

123,275 SF



YOY RENT GROWTH

0.1%



YTD DELIVERIES

190,000 SF



UNDER
CONSTRUCTION

322,200 SF

Market Dynamicism

Cold

Hot

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 western neighbors 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.

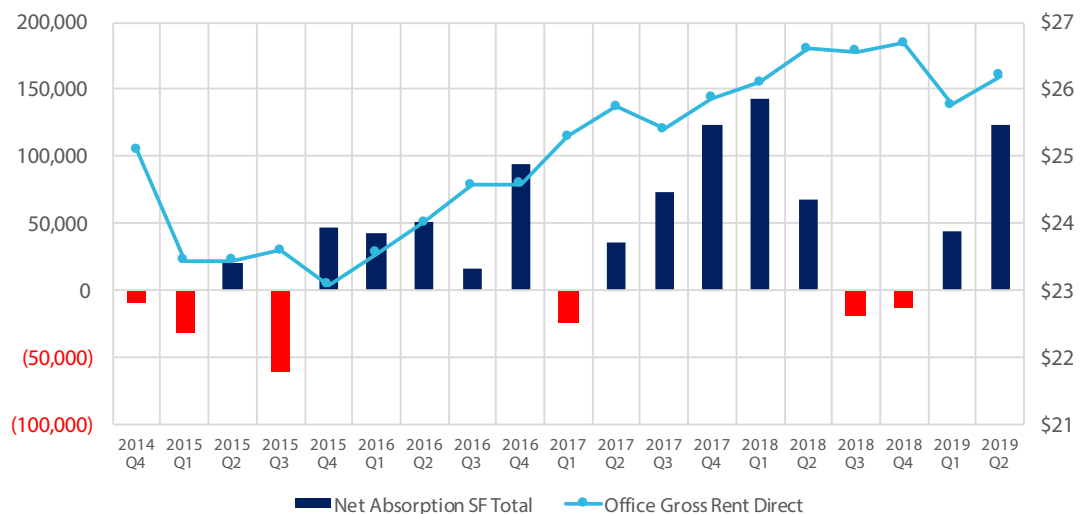
Most of its office properties are located along the North Central Expressway in Allen, in the southern half of the submarket. There is a general lack of large blocks of available space, which constrains some aspects of absorption. Vacancies have generally trended much lower than metro averages, but are 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 165,000 SF headquarters in Craig Ranch.

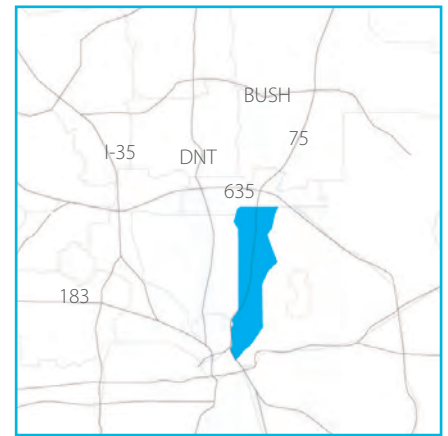
Construction starts have created a healthy pipeline of over 300,000 SF that should deliver in the next 12 to 18 months, of which roughly 60% is available.

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 0.1% 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
13,821,089 SF



CLASS A GROSS RATE
\$32.24



CLASS B GROSS RATE
\$27.73



MARKET TOTAL
GROSS RATE
\$30.49



TOTAL VACANCY
1,527,969 SF



TOTAL VACANCY %
11.1%



12 MONTH
NET ABSORPTION
13,515 SF



QUARTERLY
NET ABSORPTION
-94,889 SF



YOY RENT GROWTH
3.3%



YTD DELIVERIES
38,848 SF



UNDER
CONSTRUCTION
0 SF

Market Dynamicism

Cold

Hot

Market Overview

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

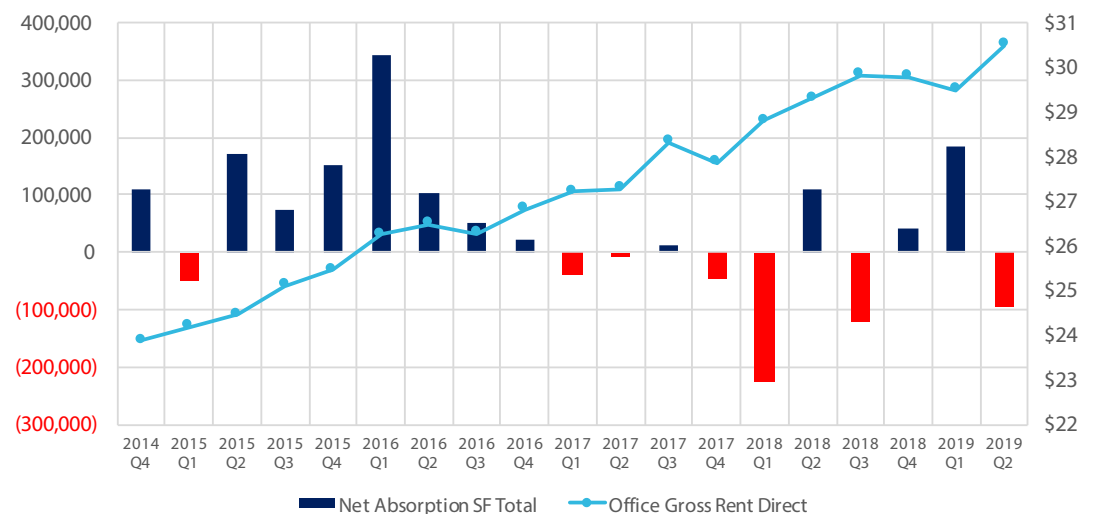
Construction has been slower than much of the surrounding area, with only minimal starts in the last 5 years, save for renovation projects such as the Meadows Building, which is housing Gensler's new space.

While fundamentals for net absorption are firm on paper, the submarket has struggled

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

On the sales side, 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
33,586,749 SF



CLASS A GROSS RATE
\$27.42



CLASS B GROSS RATE
\$19.79



MARKET TOTAL
GROSS RATE
\$26.28



TOTAL VACANCY
6,956,044 SF



TOTAL VACANCY %
20.7%



12 MONTH
NET ABSORPTION
409,806 SF



QUARTERLY
NET ABSORPTION
-62,641 SF



YOY RENT GROWTH
2.4%



YTD DELIVERIES
81,711 SF



UNDER
CONSTRUCTION
60,230 SF

Market Dynamicism

Cold

Hot

Market Overview

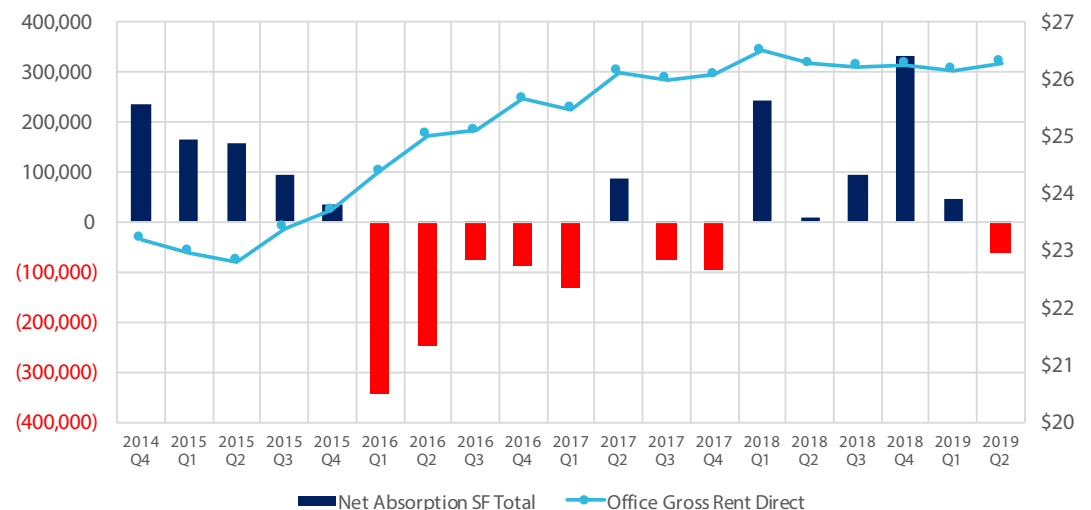
The Dallas Central Business District (CBD) has had a resurgence in recent quarters thanks to new product and a healthy amount of building renovations. However, certain persistent fundamentals will present future challenges for an urban core within a hub-spoke structured city that has seen much of its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

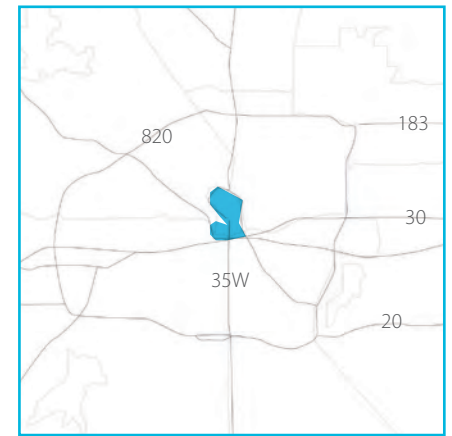
that the CBD consistently maintains, as its historical vacancy rate has always been high for an urban core, averaging over 20%. Of the 20 properties downtown that are over 500,000 SF, the average occupancy rate is 75%. Compare that to the rest of the metro's similar-sized buildings that average an occupancy 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



FORT WORTH CBD



Market Facts



MARKET TOTAL
RBA
12,217,457 SF



CLASS A GROSS RATE
\$30.01/SF



CLASS B GROSS RATE
\$20.95/SF



MARKET TOTAL
GROSS RATE
\$28.21/SF



TOTAL VACANCY
1,406,715 SF



TOTAL VACANCY %
10.5%



12 MONTH
NET ABSORPTION
-142,759 SF



QUARTERLY
NET ABSORPTION
88,287 SF



YOY RENT GROWTH
2.1%



YTD DELIVERIES
0 SF



UNDER
CONSTRUCTION
0 SF

Market Dynamicism

Cold

Hot

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- 10.5% vs 20.7%. 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.

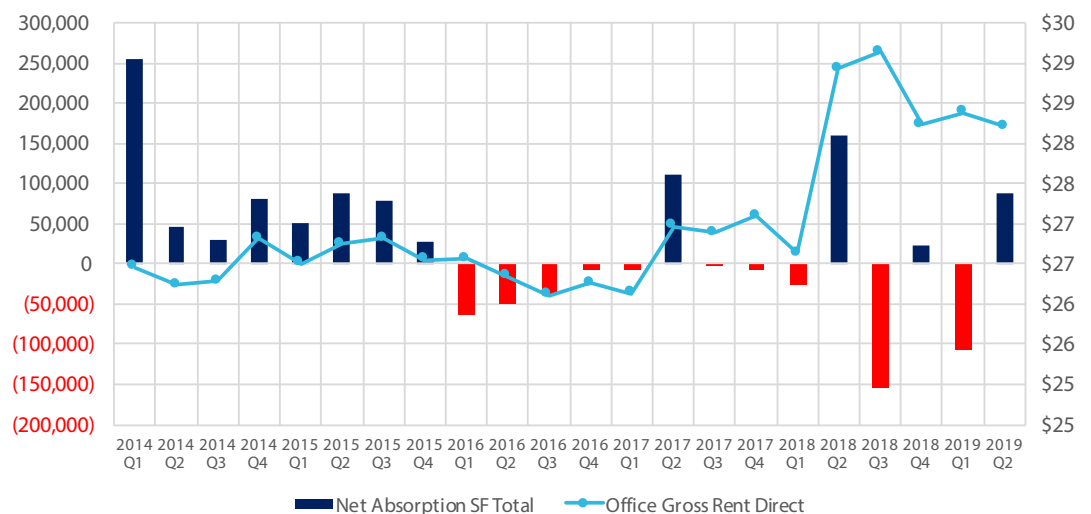
The submarket has also helped absorb office vacancies such as XTO Energy's space, by recently by converting older buildings into multifamily rental properties and boutique hotels. These transitions have helped keep supply tighter than it could have been, and helped mitigate any major drops in overall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

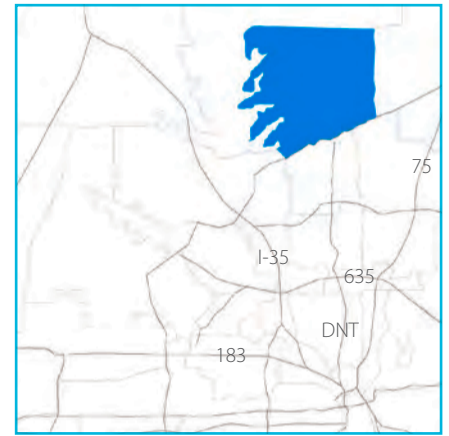
Construction has been quite limited this cycle, with Frost Tower being the only

property over 100,000 SF to be built since 2010. Of that total 577,000 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, 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





Market Facts



MARKET TOTAL
RBA

6,631,574 SF



CLASS A GROSS RATE

\$35.49/SF



CLASS B GROSS RATE

\$30.06/SF



MARKET TOTAL
GROSS RATE

\$34.12/SF



TOTAL VACANCY

970,781 SF



TOTAL VACANCY %

13.4%



12 MONTH
NET ABSORPTION

312,333 SF



QUARTERLY
NET ABSORPTION

-55,760 SF



YOY RENT GROWTH

2.0%



YTD DELIVERIES

0 SF



UNDER
CONSTRUCTION

335,507 SF

Market Dynamicism

Cold

Hot

Market Overview

Frisco/The Colony is one of the metro's largest and 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, as well as 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 towns in the country.

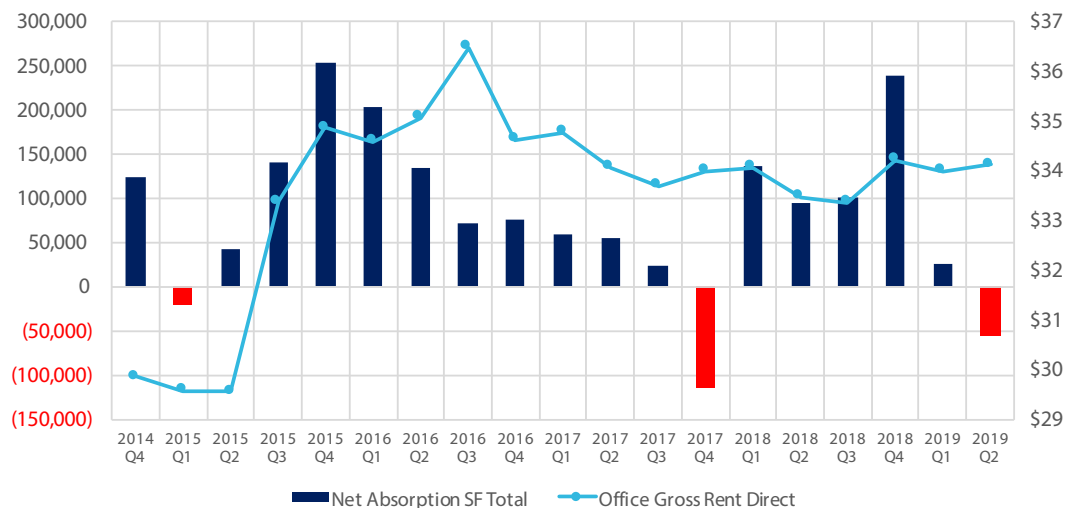
The vast majority of supply within the submarket is along Dallas North Tollway, such as Hall Park, and The Star. This is also where new construction such as Frisco Station and The Gate are taking place.

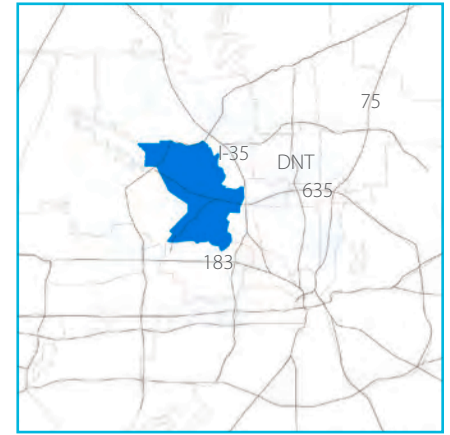
Frisco recently made national news with the sale of 2,500 acres of land for the upcoming Fields Development, which is set to house the PGA Headquarters, as well as ample potential for plenty of other corporate headquarters- helping it rival its sibling submarkets such as Upper Tollway.

Recent speculative construction has raised inventory and vacancy, putting downward pressure on rents, causing notable decline from cycle peaks in 2016.

Dynamics will continue to be strong 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
40,942,054 SF



CLASS A GROSS RATE
\$30.54/SF



CLASS B GROSS RATE
\$23.64/SF



MARKET TOTAL
GROSS RATE
\$26.81/SF



TOTAL VACANCY
6,168,703 SF



TOTAL VACANCY %
15.1%



12 MONTH
NET ABSORPTION
331,060 SF



QUARTERLY
NET ABSORPTION
-176,617 SF



YOY RENT GROWTH
2.5%



YTD DELIVERIES
316,400 SF



UNDER
CONSTRUCTION
2,200,852 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.

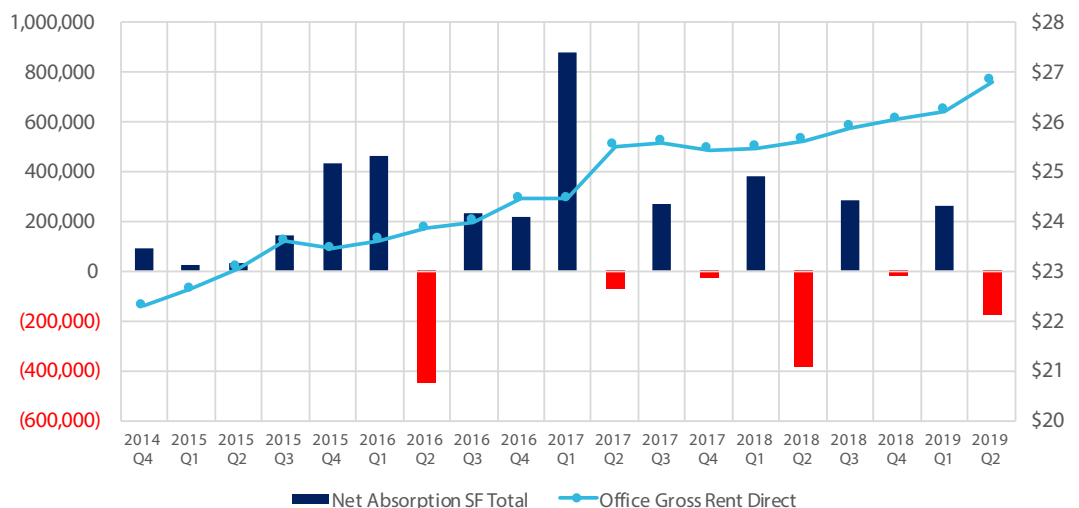
The proximity to DFW Airport, ample land, and desirable product helps keep these major companies, even if some such as Signet Jewelers and Nokie move within the cluster from one submarket to another. DFW Freeport/Coppell's 1,000 acre Cypress Waters development is one of the top draws, with 2.6 MSF delivering since 2010 and 96% 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.

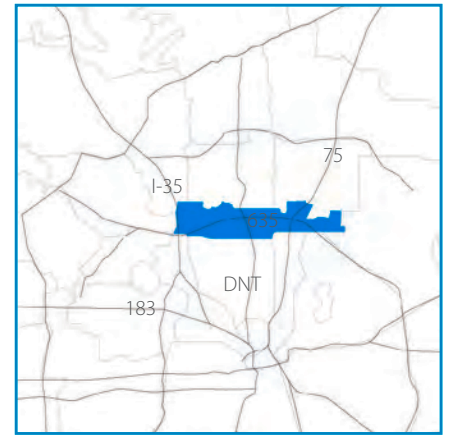
These new deliveries and quality existing assets with stable occupancies have helped drive rents up at a steady clip this cycle, consistently setting historical records, nearly each quarter.

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
22,107,793 SF



CLASS A GROSS RATE
\$26.75/SF



CLASS B GROSS RATE
\$19.36/SF



MARKET TOTAL
GROSS RATE
\$22.70/SF



TOTAL VACANCY
4,670,901 SF



TOTAL VACANCY %
21.1%



12 MONTH
NET ABSORPTION
-350,703 SF



QUARTERLY
NET ABSORPTION
-20,534 SF



YOY RENT GROWTH
2.8%



YTD DELIVERIES
0 SF



UNDER
CONSTRUCTION
0 SF

Market Dynamicism

Cold

Hot

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 overall vibe of the submarket is not unlike that of the oft-maligned Midtown development. Beck Ventures' mixed-use development hopes to breathe life into this area in the coming years. However, the project is in question, since the City of Dallas terminated its \$36 million TIF district in June 2017. Though partially demolished, the Valley View Center is still largely standing. Thus the area seems to be in neutral while cranes and leases pop up across the rest of

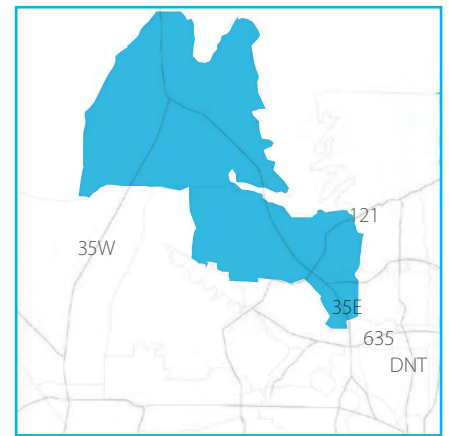
the metro.

There are some strengths to the submarket cluster though, as it 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.

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

8,265,072 SF



CLASS A GROSS RATE

\$26.08/SF



CLASS B GROSS RATE

\$22.25/SF



MARKET TOTAL
GROSS RATE

\$23.18/SF



TOTAL VACANCY

942,374 SF



TOTAL VACANCY %

11.4%



12 MONTH
NET ABSORPTION

11,098 SF



QUARTERLY
NET ABSORPTION

5,685 SF



YOY RENT GROWTH

0.4%



YTD DELIVERIES

25,000 SF



UNDER
CONSTRUCTION

213,827 SF

Market Dynamicism

Cold

Hot

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. That said, vacancies are low compared to the rest 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.

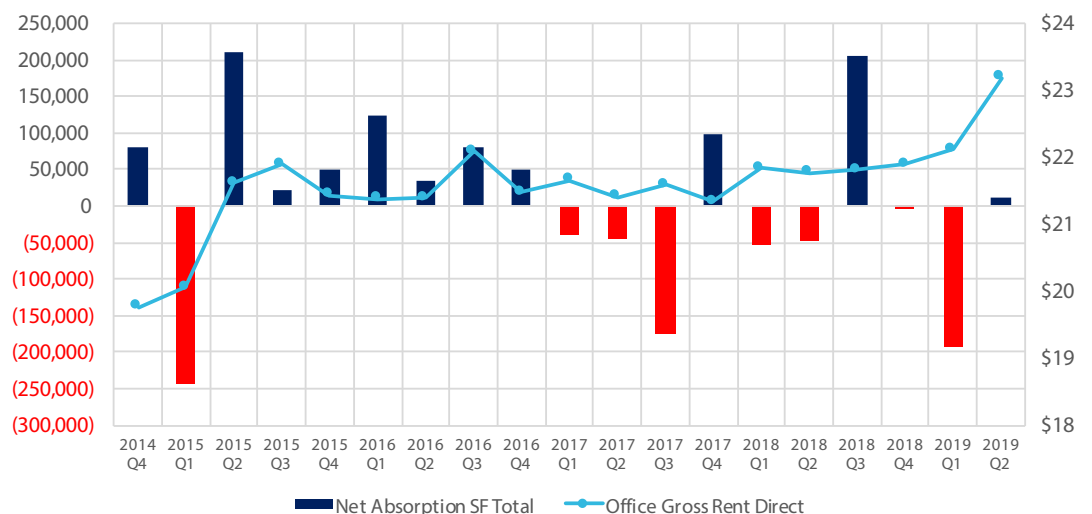
Construction has been relatively calm this cycle, but Bright Realty recently broke ground on Crown Center One, a 100,000

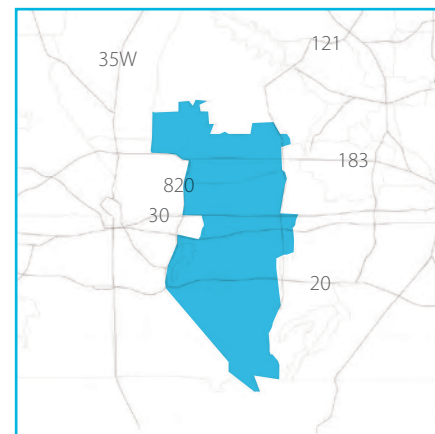
SF spec office building expected to deliver summer 2020 as part of a master-planned community with potential for 1,300 apartment units, a 300-key hotel, and 100,000 SF of retail.

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
13,598,921 SF



CLASS A GROSS RATE
\$21.60/SF



CLASS B GROSS RATE
\$19.50/SF



MARKET TOTAL
GROSS RATE
\$19.85/SF



TOTAL VACANCY
1,550,328 SF



TOTAL VACANCY %
12.4%



12 MONTH
NET ABSORPTION
155,952 SF



QUARTERLY
NET ABSORPTION
-65,908 SF



YOY RENT GROWTH
2.5%



YTD DELIVERIES
0 SF



UNDER
CONSTRUCTION
1,865,000 SF

Market Dynamicism

Cold

Hot

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 scheduled to deliver late 2019, early 2020. Rents are traditionally quite low here, as much of the product is sub-investment grade and small. The area generally favors industrial product.

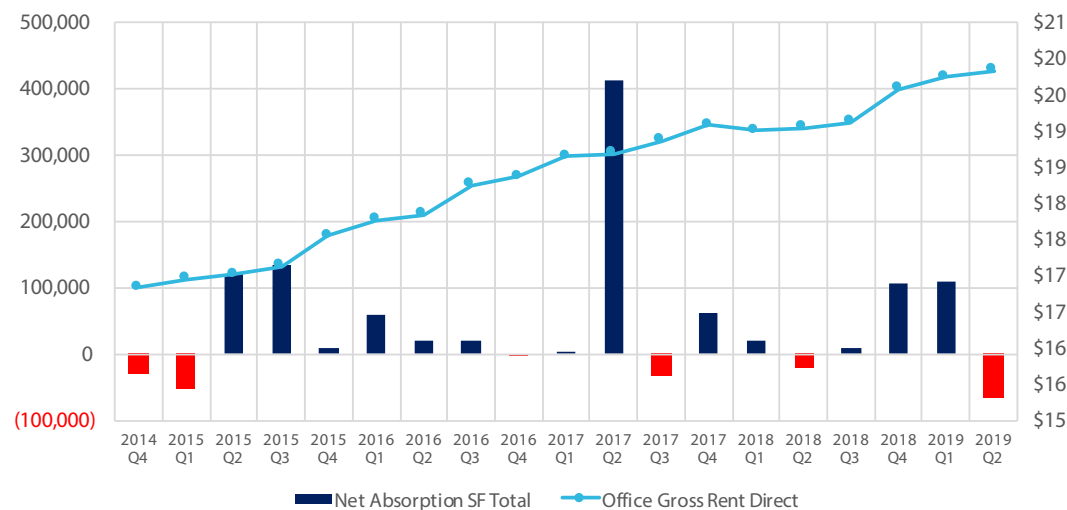
That said, vacancies didn't rise as much here as they did in other submarkets during the downturn, and absorption has remained steady during recent years. The majority of this cycle's construction has been build-to-suits that were immediately filled, which has also helped keep vacancies steady. So while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

submarket, it is a steady bet, chugging along.

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.

NET ABSORPTION & DIRECT GROSS RATES



PRESTON CENTER



Market Facts



MARKET TOTAL
RBA

5,514,873 SF



CLASS A GROSS RATE

\$40.51/SF



CLASS B GROSS RATE

\$32.33/SF



MARKET TOTAL
GROSS RATE

\$38.71/SF



TOTAL VACANCY

407,225 SF



TOTAL VACANCY %

7.4%



12 MONTH
NET ABSORPTION

119,487 SF



QUARTERLY
NET ABSORPTION

1,003 SF



YOY RENT GROWTH

2.6%



YTD DELIVERIES

0 SF



UNDER
CONSTRUCTION

118,000 SF

Market Dynamicism

Cold

Hot

Market Overview

Preston Center boasts the second highest rental rates in the market, behind only Uptown/Turtle Creek. The majority of the submarket's supply exists around the intersections 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.

That being said, the market 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.

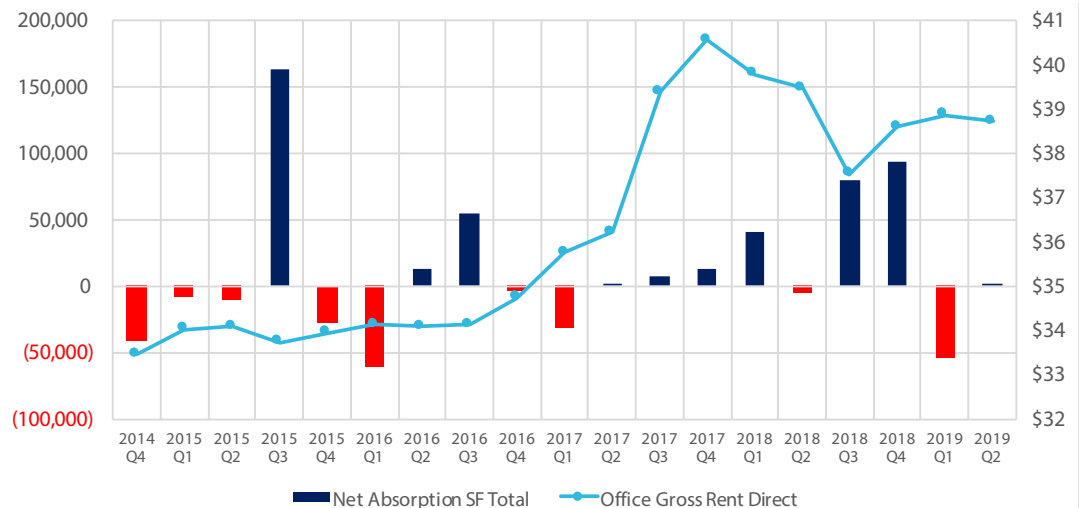
Construction here is limited as the vast majority of the area is built out with high-

priced single-family homes and existing commercial product. This scarcity of developable land helps landlords keep their rents as high as they are, as well as the desirable location. Currently, only one property is under construction- the 118,000 SF Hilltop Plaza, which is already 85% leased.

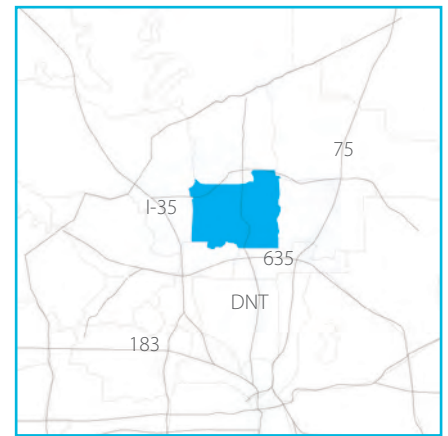
One potential area for development is on the site of the Saint Michael and All Angels Episcopal Church, located on the southwestern side of Preston Center. Saint Michael is reportedly working with Lincoln Property Company to rezone the site in order to build office and multifamily.

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
22,527,201 SF
-  CLASS A GROSS RATE
\$30.76/SF
-  CLASS B GROSS RATE
\$21.23/SF
-  MARKET TOTAL GROSS RATE
\$26.15/SF
-  TOTAL VACANCY
4,081,571 SF
-  TOTAL VACANCY %
18.1%
-  12 MONTH NET ABSORPTION
358,475 SF
-  QUARTERLY NET ABSORPTION
-140,611 SF
-  YOY RENT GROWTH
1.6%
-  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 though. Its traffic feed is supported by DNT, Bush, and 635. Also, it has the draw of popular suburbs like Addison, which boasts a strong live, work, play scene, and other more affluent areas in Far North Dallas.

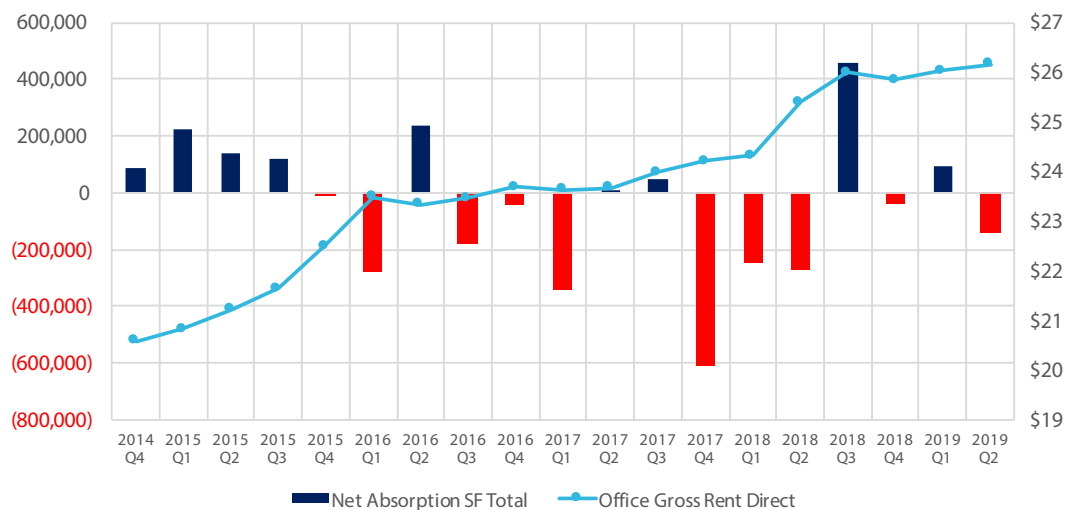
Rents here are comparable to other inner

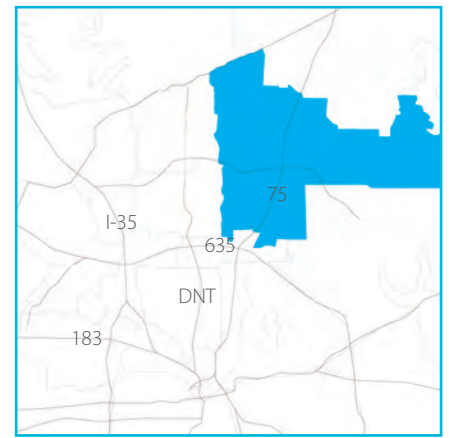
ring suburban markets with heavy 1980's supply inventory, such as LBJ, Richardson/Plano, and most of Las Colinas. Rent growth has performed well this cycle, consistently averaging over 1.5% year-over-year growth.

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

29,323,935 SF



CLASS A GROSS RATE

\$27.17/SF



CLASS B GROSS RATE

\$20.86/SF



MARKET TOTAL
GROSS RATE

\$24.35/SF



TOTAL VACANCY

4,750,867 SF



TOTAL VACANCY %

16.2%



12 MONTH
NET ABSORPTION

74,761 SF



QUARTERLY
NET ABSORPTION

34,488 SF



YOY RENT GROWTH

0.7%



YTD DELIVERIES

0 SF



UNDER
CONSTRUCTION

0 SF

Market Dynamicism

Cold

Hot

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.

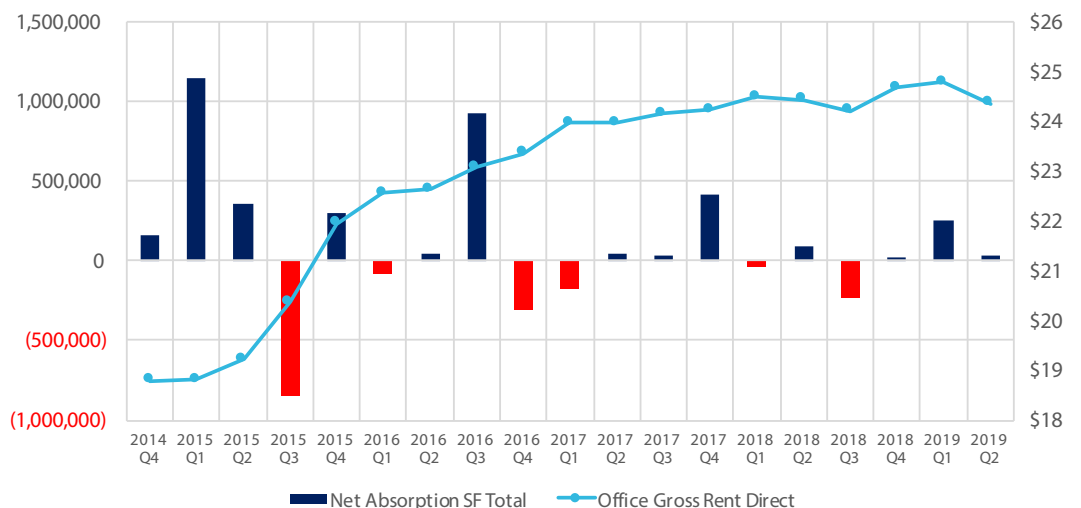
The Plano portion of the submarket has been relatively stagnant this cycle compared to some of its neighbors. Most of the submarket's energy has stayed in Richardson or relocated to other submarkets. The most successful area of the Plano side seems to be Legacy Central- Texas Instruments' former four-

building campus. Legacy Central is where Samsung recently relocated to, as well as an undisclosed tenant which signed on to take over 100,000 SF of space for an early 2020 move in.

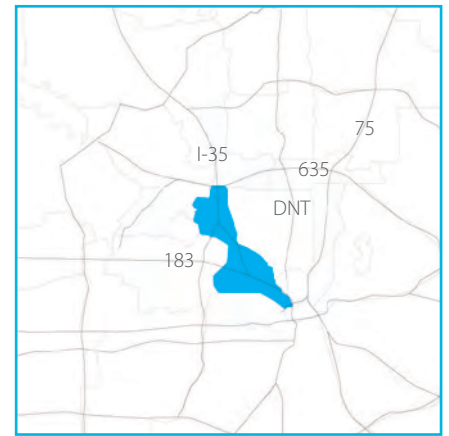
Rents here are lower than surrounding areas, giving the submarket a good value play position. Its traffic feed does have the benefit of easy access to Bush, 75, and 121. Vacancies are also slightly higher than most northern submarkets, giving the submarket more potential for large blocks of space.

Construction has been dominated by the Richardson side of the submarket- with over 4 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
14,725,266 SF



CLASS A GROSS RATE
\$19.25/SF



CLASS B GROSS RATE
\$16.27/SF



MARKET TOTAL
GROSS RATE
\$17.20/SF



TOTAL VACANCY
3,049,405 SF



TOTAL VACANCY %
20.7%



12 MONTH
NET ABSORPTION
173,825 SF



QUARTERLY
NET ABSORPTION
38,580 SF



YOY RENT GROWTH
2.0%



YTD DELIVERIES
0 SF



UNDER
CONSTRUCTION
0 SF

Market Dynamicism

Cold

Hot

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 West Love mixed-use development is breathing new life into the area, and could really launch that portion of the submarket into a newer, more competitive stance.

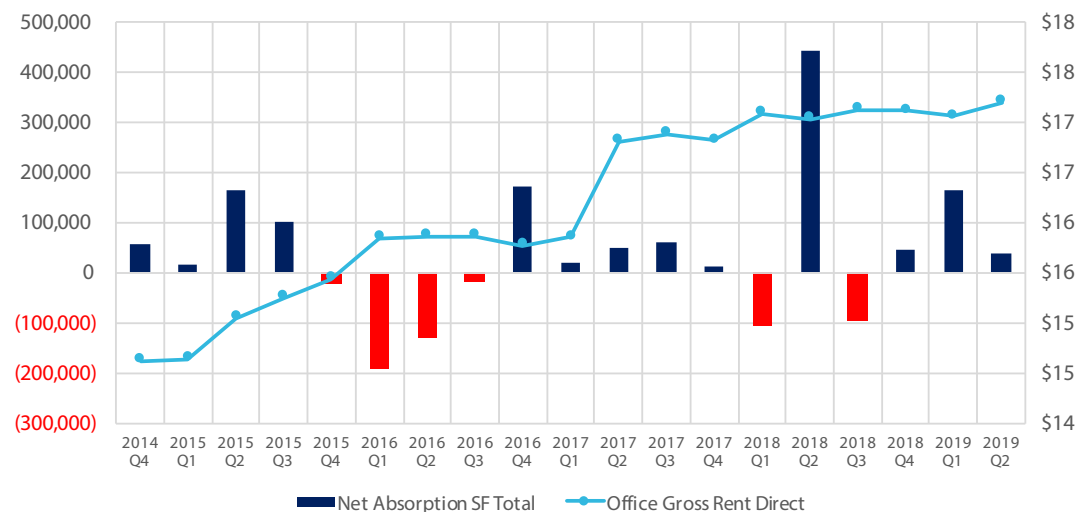
Along Stemmons itself, most product is older, lower grade product, so most sales are value-add deals. Infomart's 2018 sale for

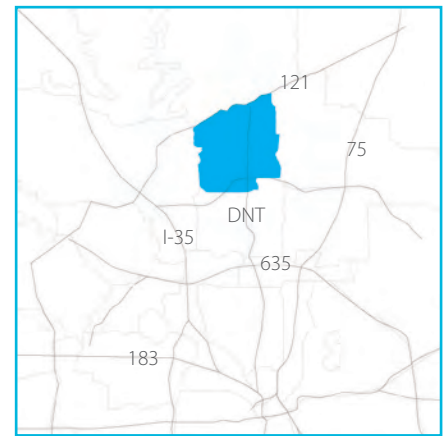
\$800 million (\$500/SF) helped lift the entire metro's sales volume for the quarter, and was certainly the record for the submarket. Traditionally, most product here has been trading for around \$200/SF, lower than the average for the market.

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

32,132,052 SF



CLASS A GROSS RATE

\$34.99/SF



CLASS B GROSS RATE

\$26.49/SF



MARKET TOTAL
GROSS RATE

\$32.26/SF



TOTAL VACANCY

4,635,927 SF



TOTAL VACANCY %

14.4%



12 MONTH
NET ABSORPTION

171,112 SF



QUARTERLY
NET ABSORPTION

-63,659 SF



YOY RENT GROWTH

2.0%



YTD DELIVERIES

450,000 SF



UNDER
CONSTRUCTION

838,105 SF

Market Dynamicism

Cold

Hot

Market Overview

Upper Tollway/West Legacy has cooled noticeably from recent quarters of major build-to-suit deliveries, so 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.

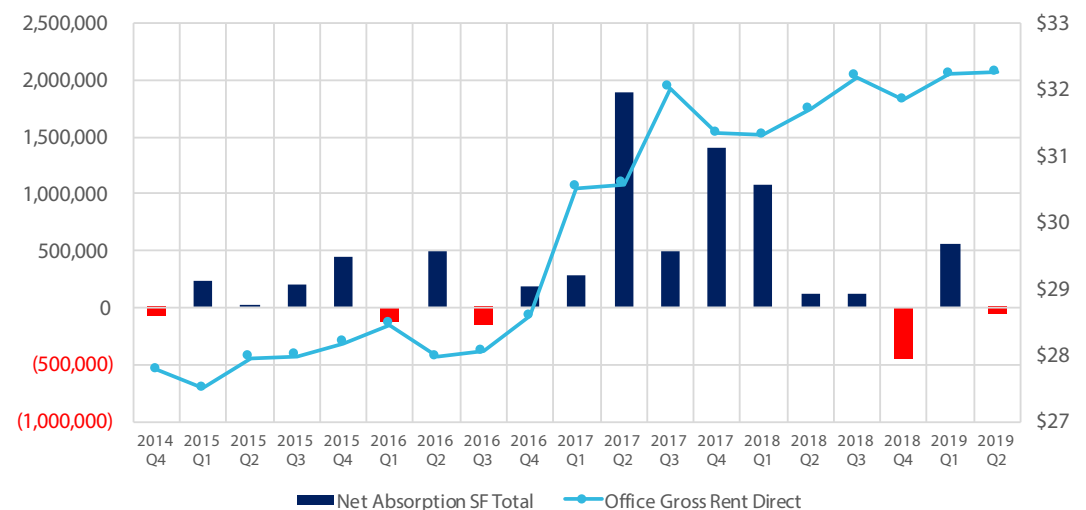
Rents here are higher than some surrounding northern neighbors, but still substantially lower than Uptown or Preston Center, making it desirable for companies who want prestigious, newer assets without having to pay 25% more like they would in some of the southern submarkets.

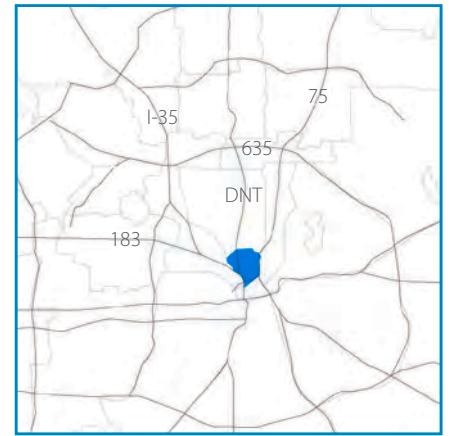
The submarket continues to draw new construction, for both build-to-suits

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.

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

14,657,249 SF



CLASS A GROSS RATE

\$42.53/SF



CLASS B GROSS RATE

\$33.75/SF



MARKET TOTAL
GROSS RATE

\$40.72/SF



TOTAL VACANCY

1,585,424 SF



TOTAL VACANCY %

10.8%



12 MONTH
NET ABSORPTION

467,833 SF



QUARTERLY
NET ABSORPTION

123,940 SF



YOY RENT GROWTH

4.9%



YTD DELIVERIES

34,762 SF



UNDER
CONSTRUCTION

321,098 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, strong amenities, tons of multifamily, and a healthy nightlife and dining scene, making it the marquee submarket in the area.

Construction is tapering from recent cycle highs, with most major projects such as The Union and PwC Tower delivering and now nearly fully occupied. These newer projects have attracted healthy leasing activity, helping drive absorption with tenants seeking top-quality assets, and keeping vacancy rates steady.

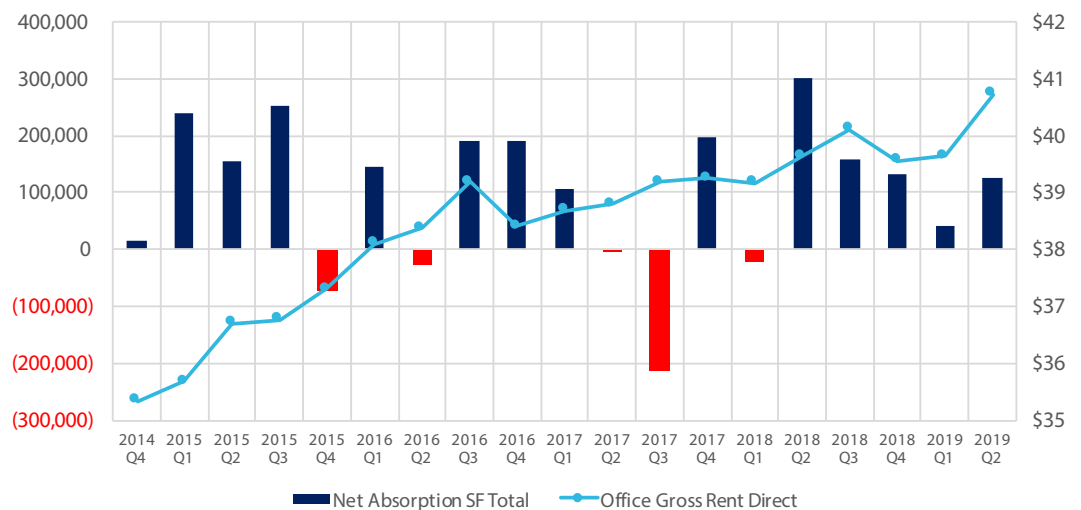
Rental rates here are the highest in the metro, with the highest quality buildings making up most of the inventory and Class

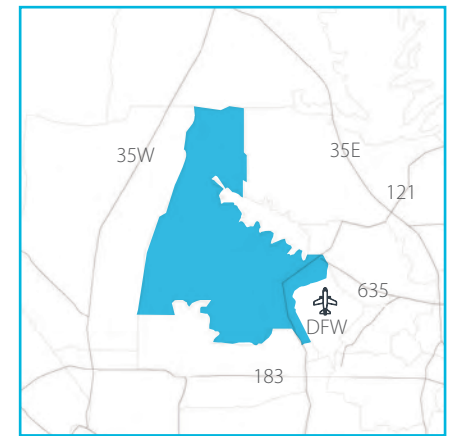
A inventory making up 80% of all product. Location and wow factor also help keep rates high, as Uptown's walkability and urban livability make it one of the most vibrant neighborhoods in the market.

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 helped set a new benchmark in the submarket 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 is core-like big city presence make it the epitome of Dallas swagger and will it remain so for the foreseeable future.

NET ABSORPTION & DIRECT GROSS RATES





Market Facts



MARKET TOTAL
RBA

8,530,231 SF



CLASS A GROSS RATE

\$28.46/SF



CLASS B GROSS RATE

\$26.41/SF



MARKET TOTAL
GROSS RATE

\$27.80/SF



TOTAL VACANCY

1,513,467 SF



TOTAL VACANCY %

17.7%



12 MONTH
NET ABSORPTION

777,020 SF



QUARTERLY
NET ABSORPTION

566,241 SF



YOY RENT GROWTH

3.2%



YTD DELIVERIES

580,000 SF



UNDER
CONSTRUCTION

738,258 SF

Market Dynamicism

Cold

Hot

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.

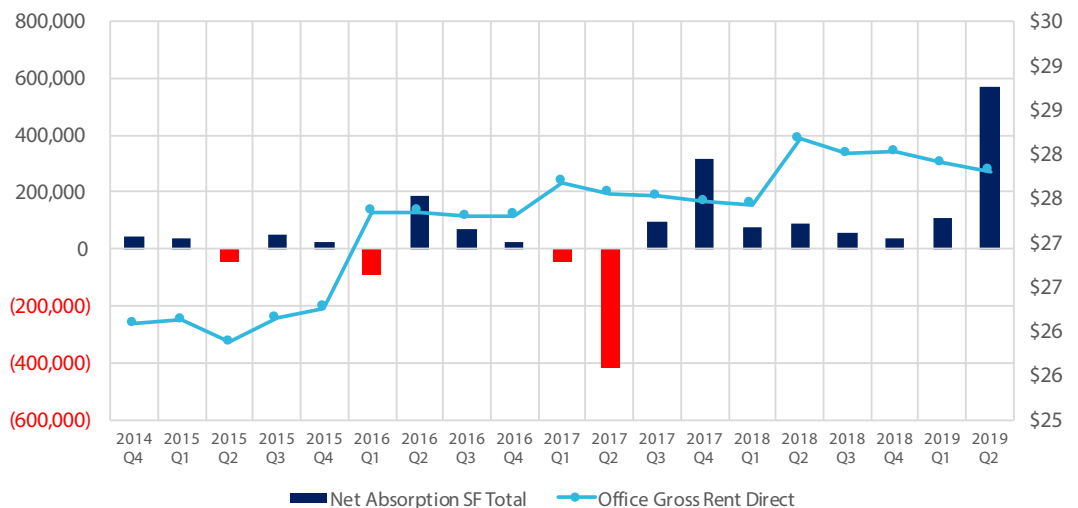
Along with those build-to-suits, in-development projects like the Trophy Club Town Center and Circle T Ranch (which

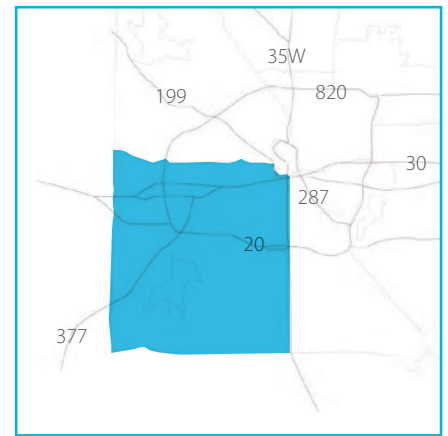
includes the Schwab campus) will have additional office components along with retail space, adding more amenities to draw potential tenants and keep momentum rolling. Most construction has been focused on product under 10,000 SF, so larger spec projects like Southlake's Granite Place I and Kimball Park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

11,181,330 SF



CLASS A GROSS RATE

\$28.55/SF



CLASS B GROSS RATE

\$24.79/SF



MARKET TOTAL
GROSS RATE

\$25.24/SF



TOTAL VACANCY

869,648 SF



TOTAL VACANCY %

7.8%



12 MONTH
NET ABSORPTION

21,526 SF



QUARTERLY
NET ABSORPTION

11,427 SF



YOY RENT GROWTH

3.2%



YTD DELIVERIES

27,850 SF



UNDER
CONSTRUCTION

88,865 SF

Market Dynamicism

Cold

Hot

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

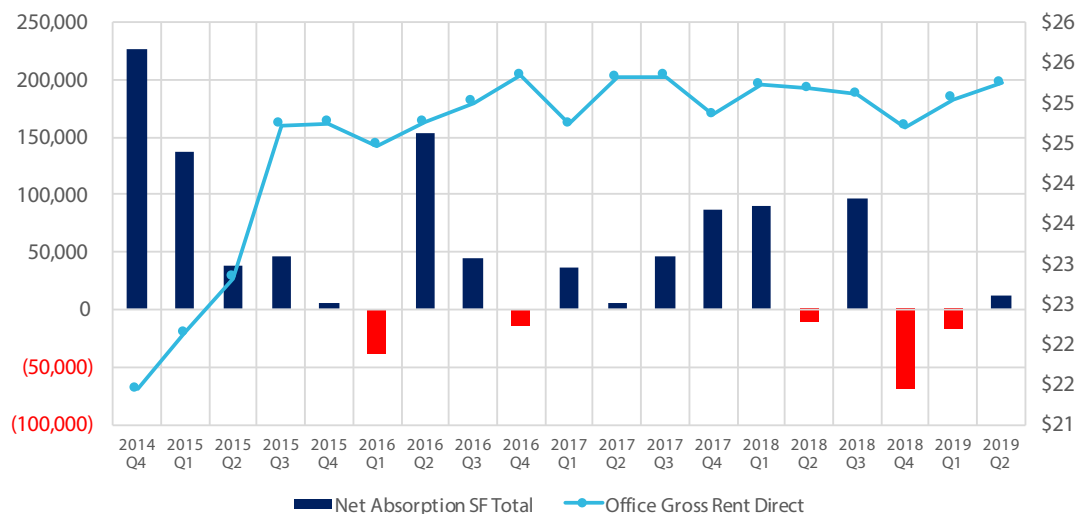
the submarket lost Whitley Penn Financial to the brand new Frost Tower in the Fort Worth CBD in early 2019, the firm's building (40,600 SF) was backfilled by D&M Auto Leasing.

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.

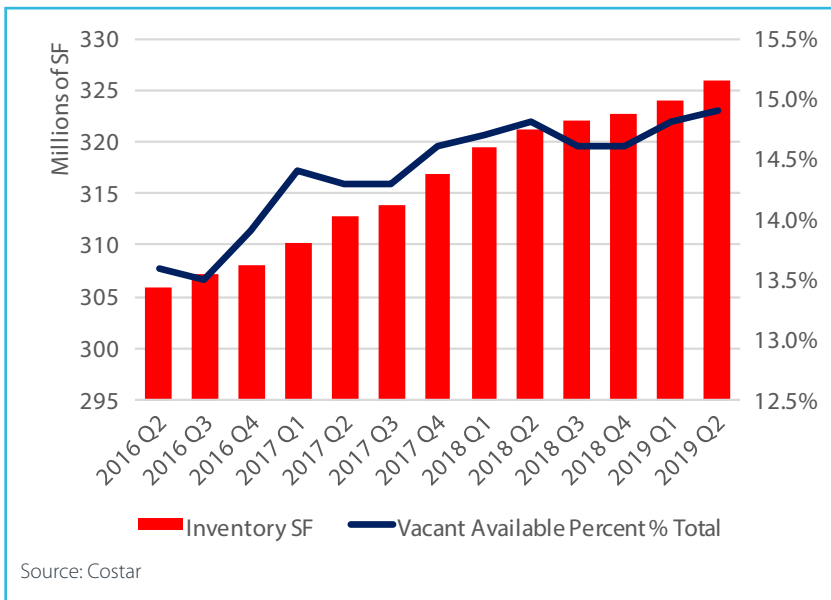
Even with rent growth slowing in recent quarters, rents are still now roughly 15% above their prerecession peak. That said, rent averages are lower than eastern counterparts in Dallas/Plano/Irving area.

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.

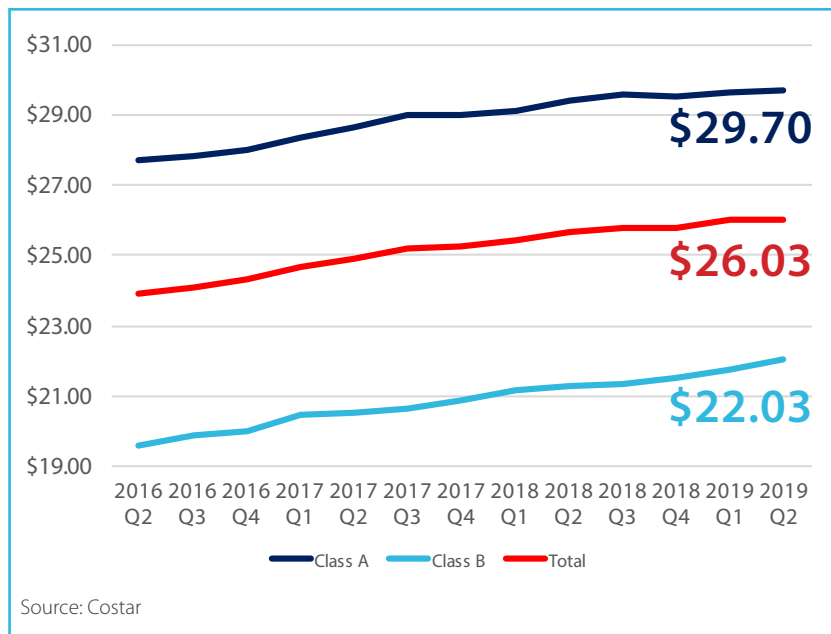
NET ABSORPTION & DIRECT GROSS RATES



Total Inventory vs. Vacancy Rate



DFW Gross Direct Asking Rent Per SF



Vacancy

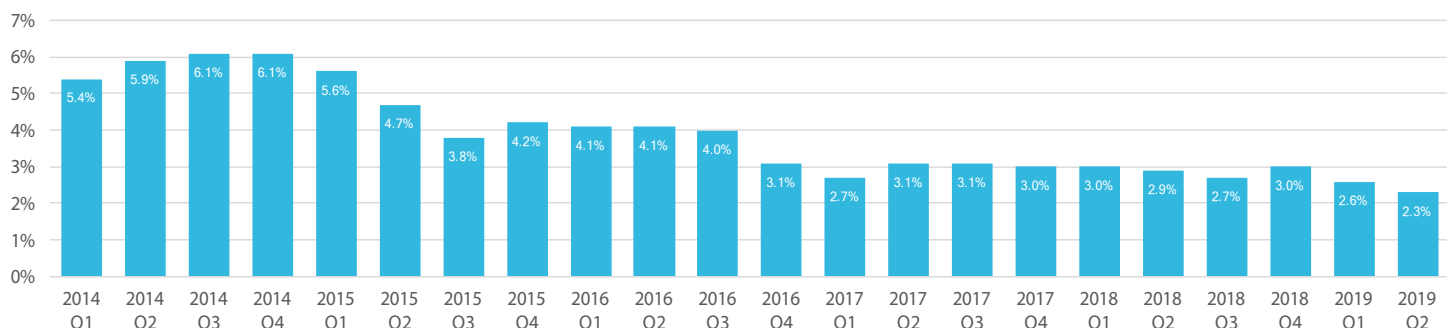
The Dallas-Fort Worth Office market ended the quarter with a vacancy rate of 14.9%. In all, there was 48.2 MSF vacant space available. The vacant available rate was up slightly from recent quarters, but that can partially be due to newer speculative buildings delivering across the metro, each with some availability leftover. While the rate has increased in recent years, it has actually decreased over the 10-year trending average, as more leasing activity and economic growth since the Great Recession has put Dallas in overdrive.

Sublease availability rates are holding steady at 1.7%, or 5.7 MSF of total availability. Of that, nearly 3 MSF is already vacant. This continues the higher rate of sublease inventory that has risen in recent years as major users have relocated to build-to-suits.

Rental Rates

Annualized rent growth for Q4 was 2.3%, compared to the national average of 2.2%. Class A rates grew 3.1%, and Class B rates grew 1.1%. Rent growth is slowing, even declining in some submarkets, but rents remain about 15% higher than 2008 pre-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 pre-recession peaks.

Annualized Rent Growth for Total Market

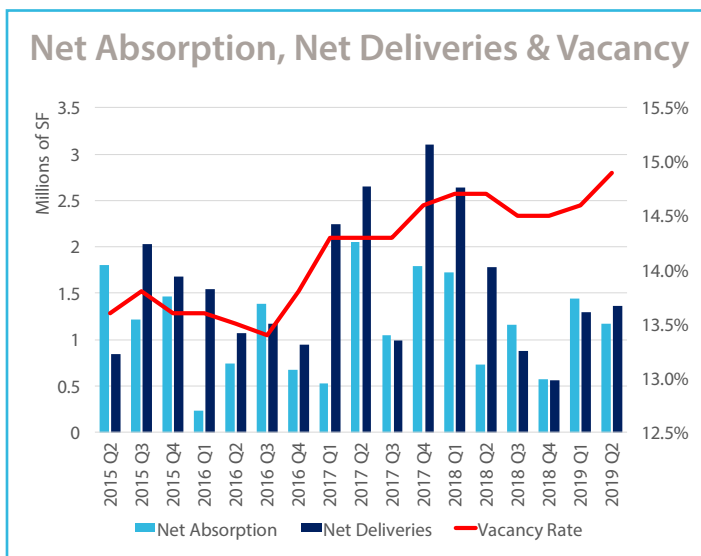


Absorption & Supply

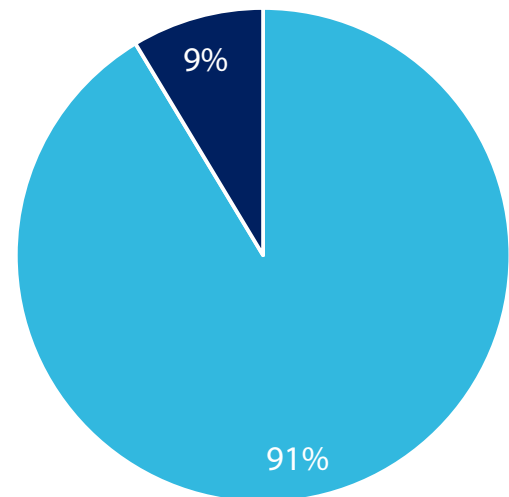
12-Month net absorption finished the quarter at 4.2 MSF, which continued the momentum seen in recent quarters. Q2 itself saw almost 1 MSF absorbed when single tenant owner-occupied space is included. When owner occupied space is excluded, quarterly absorption drops substantially to only 30,000 SF. As 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)
2,040,415 SF	37,696 SF

Newly built product is performing very well. Of the 18 MSF of non owner-occupied inventory built in the last 5 years, 83% has been leased. Of the 7.9 MSF currently under construction, including single tenant build-to-suits, the availability rate stands at 36%. As flight-to-quality trends continue, these vacancies should fill in.

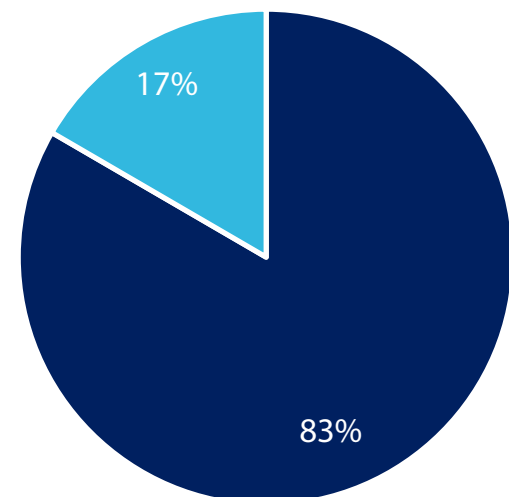


Absorption & Deliveries



Roughly half of new product built in the last 5 years has been custom build-to-suits. That has helped the market absorb most of the newer supply, to the point that 91% of all new inventory has been filled.

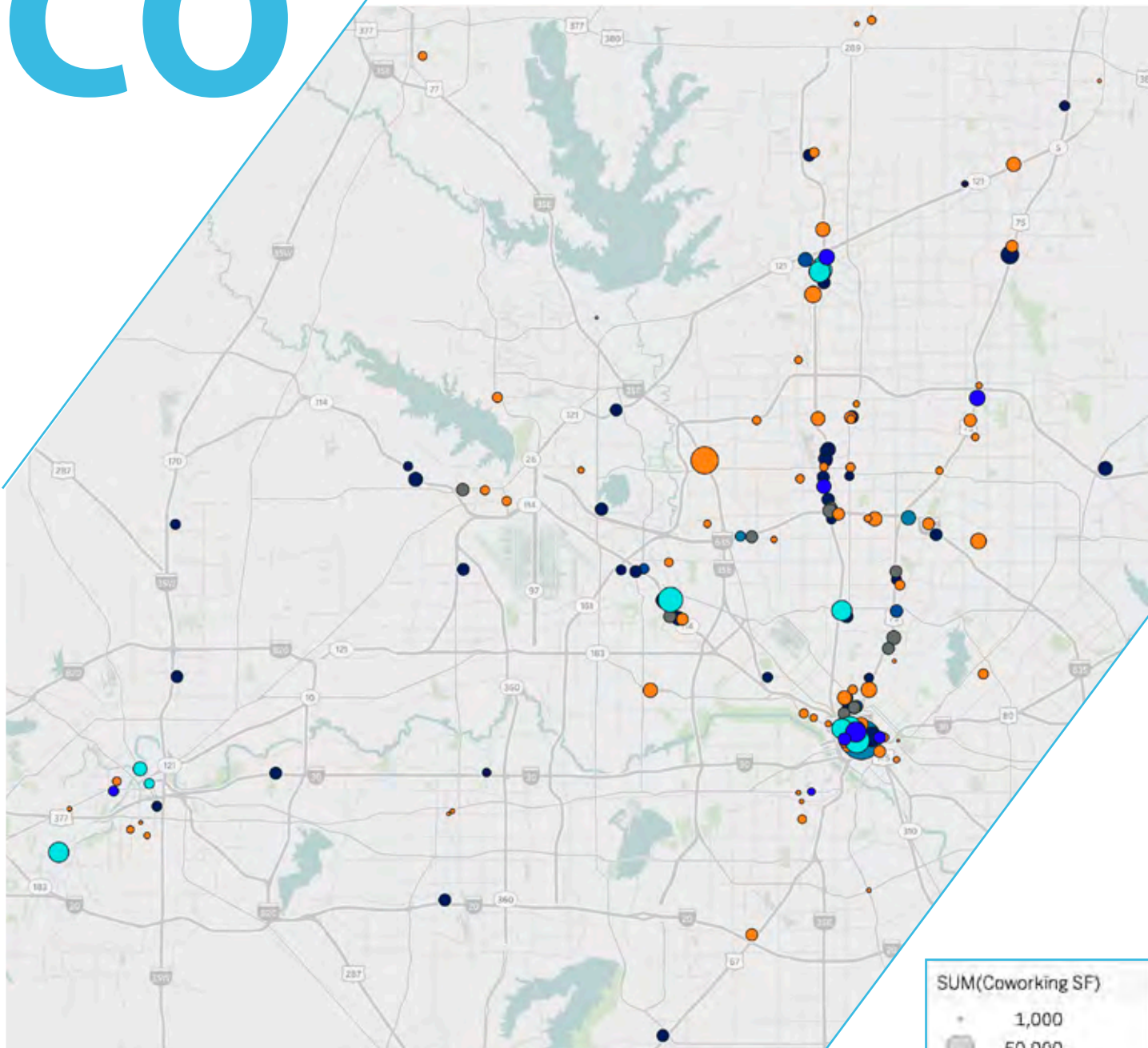
In looking at only multi-tenant buildings built in the last 5 years, there has been 17.9 MSF delivered, and 14.8 MSF of absorption.



Top Leases for Year-to-Date

Address/Complex	Tenant	Size (SF)	Deal Type
Fossil Creek	Lockheed Martin	431,579 SF	New
International Plaza I	Tenet Healthcare	372,931 SF	New
The Star	DPS Holdings, Inc.	350,000 SF	New
Alliance- Heritage Commons IV	Mercedes-Benz	164,333 SF	New
3200 Olympus Blvd- Cypress Waters	Blucora, Inc.	150,000 SF	New

CO WORKING



There is currently **3.1 MSF** of space dedicated to coworking and flexible lease providers.

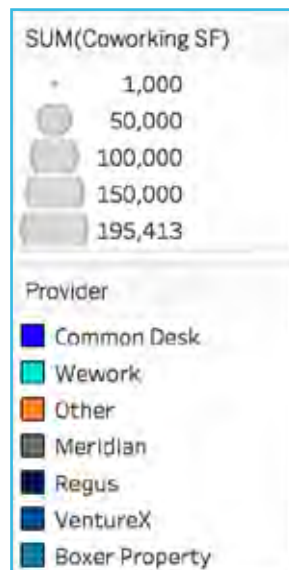
LARGEST PROVIDERS (% Total Inventory)

25%
Regus

17%
WeWork

8%
Boxer

6%
Common Desk



AVISON
YOUNG

2Q 2019

Dallas-Fort Worth

Market Overview

INDUSTRIAL

DALLAS FORT WORTH MARKET

Market Facts



WAREHOUSE
& DISTRIBUTION RBA
595,767,729 SF



MANUFACTURING RBA
90,390,211 SF



FLEX RBA
90,800,505 SF



TOTAL RBA
815,036,579 SF



VACANCY TOTAL
5.3%



AVERAGE DIRECT
NNN RENT
\$5.88/SF



12 MONTH RENT
GROWTH
6.0%



AVERAGE SALES PRICE
\$72/SF



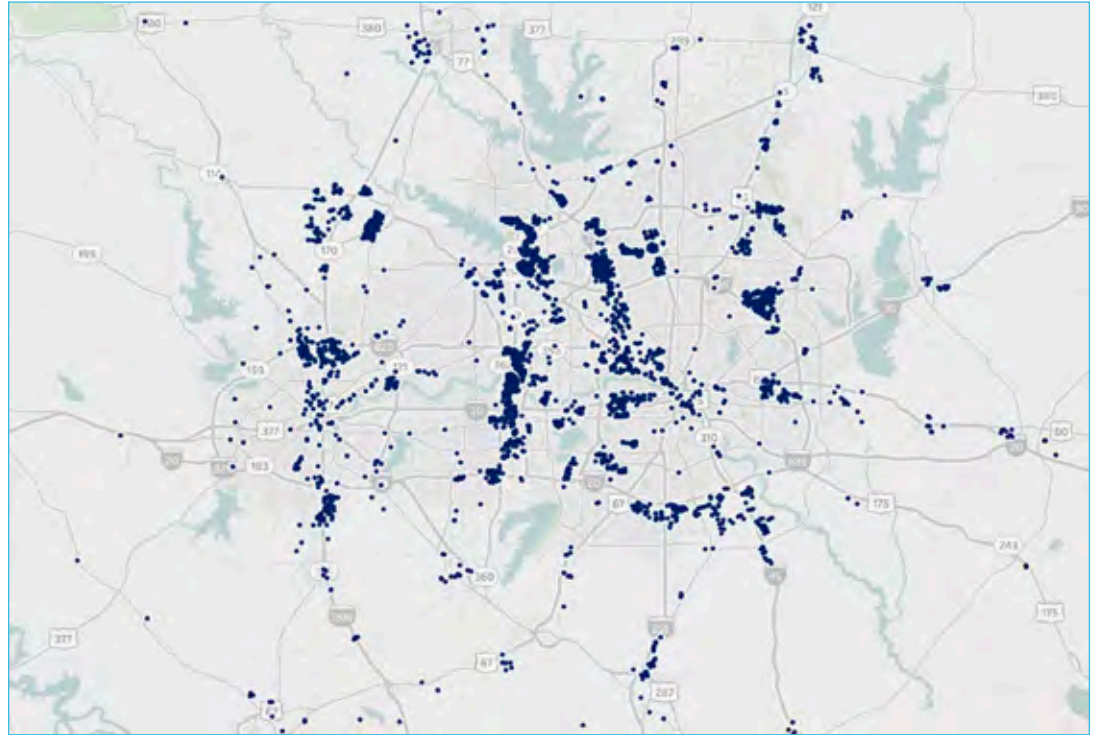
12 MONTH
ABSORPTION
23,695,231 SF



12 MONTH DELIVERIES
28,644,579 SF



UNDER
CONSTRUCTION
31,821,161 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 mid-2019, that level was approaching 30 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

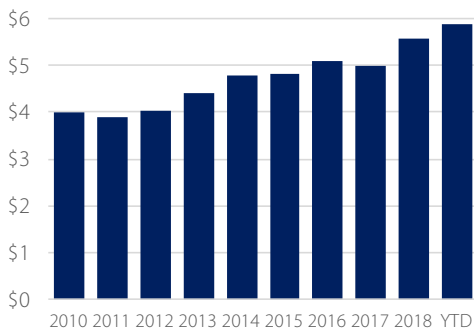
economic cycle. Transaction activity is driven by institutional capital, with national portfolio sales accounting for a major portion of sales volume.

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.

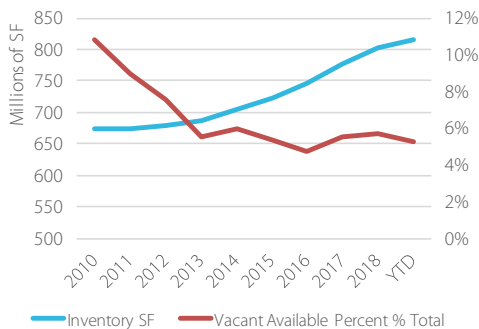
The market also benefits from solid infrastructure, with four major intermodal terminals and the massive Dallas-Fort Worth International Airport helping position the metro as one of the nation's largest inland ports.



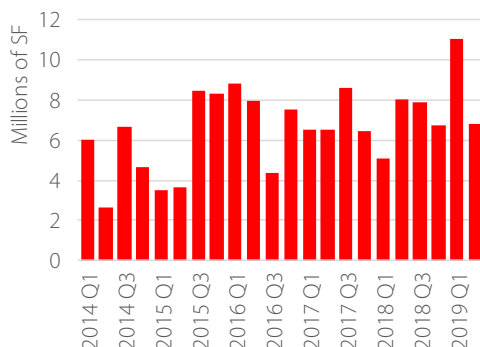
Average Direct NNN Asking Rates



Inventory Vs. Vacancy

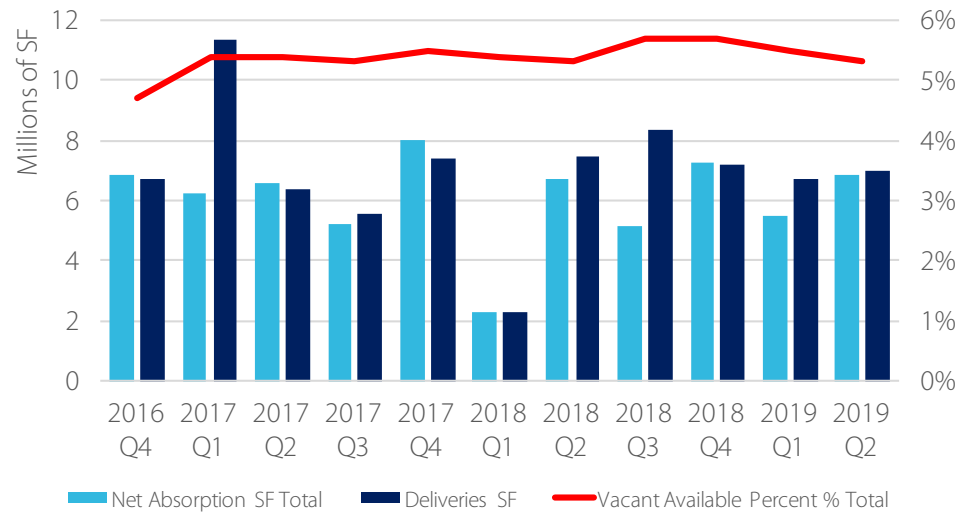


Historical Construction Starts



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



Ennis Industrial Railpark Manufacturing

601 National Dr | Ennis, TX 75119
Outlying Ellis Cnty Ind Submarket
315,000 SF | 315,000 SF Available
Year Built: 2007



Trammell Crow at 35 Eagle-Bldg A Distribution

15245 Heritage Pky | Fort Worth, TX 76177
NE Tarrant/Alliance Ind Submarket
1,089,642 SF | 1,089,642 SF Available
Year Built: 2018



Star Commerce Center II Flex

15800 Executive Dr | Frisco, TX 75033
Plano Ind Submarket
142,793 SF | 141,000 SF Available
Year Built: Under Construction

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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Submarket Cluster Snapshots


Q2 2019



SUBMARKET FACTS

 WAREHOUSE & DISTRIBUTION RBA
67,696,932 SF

 MANUFACTURING RBA
2,418,254 SF

 FLEX RBA
6,802,760 SF

 TOTAL RBA
78,606,311 SF

 VACANCY TOTAL
7.3%

 AVERAGE DIRECT NNN RENT
\$7.29/SF

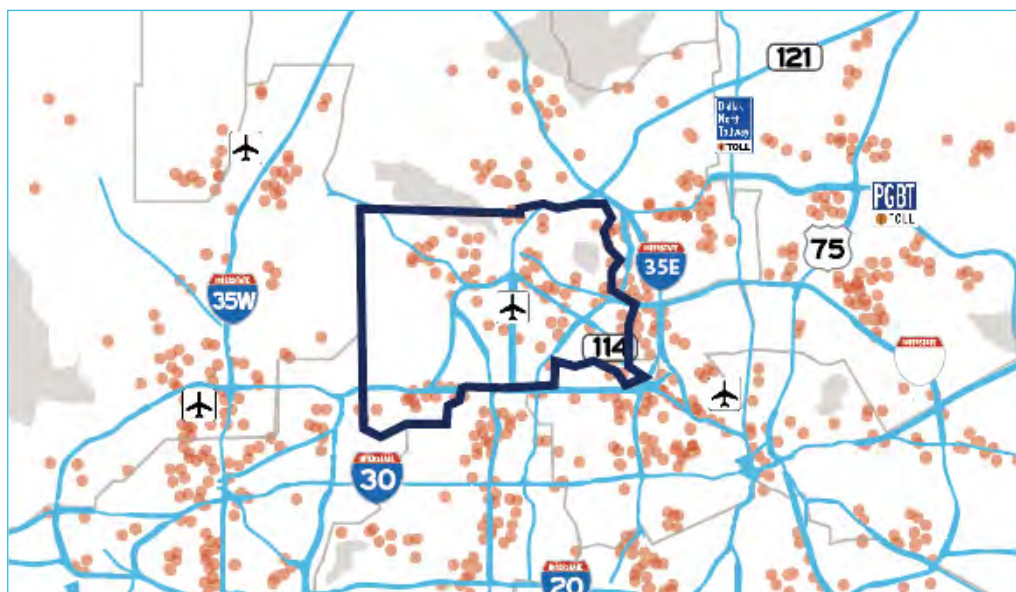
 12 MONTH RENT GROWTH
5.9%

 AVERAGE SALES PRICE
\$74/SF

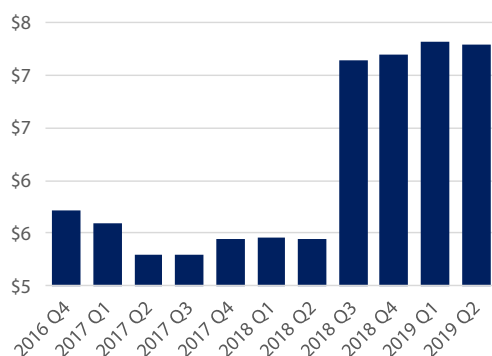
 12 MONTH ABSORPTION
3,241,788 SF

 12 MONTH DELIVERIES
5,625,530 SF

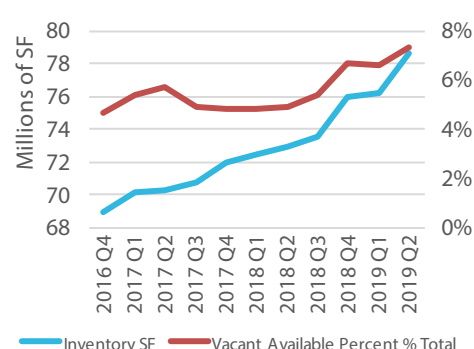
 UNDER CONSTRUCTION
2,338,465 SF



AVE. DIRECT NNN ASKING RATES



VACANCY VS. INVENTORY



SAMPLE MARKET AVAILABILITIES BY SIZE RANGE

0-50,000 SF



Prologis Park 121

410 Freeport Pkwy
Coppell, TX 75019
Class B Warehouse
125,520 SF
41,840 SF Available
Year Built: 2018

50,001-100,000 SF



Prologis Freeport

3193 Bass Pro Dr
Grapevine, TX 76051
Class B Distribution
82,923 SF
82,923 SF Available
Year Built: 2018

>100,000 SF



Gateway Logistics Center

2601 W Airport Fwy
Dallas, TX 75261
Class A Distribution
250,312 SF
187,726 SF Available
Year Built: 2019


East Dallas:

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

SUBMARKET FACTS

 WAREHOUSE & DISTRIBUTION RBA
31,333,704 SF

 MANUFACTURING RBA
4,888,673 SF

 FLEX RBA
3,341,421 SF

 TOTAL RBA
41,961,636 SF

 VACANCY TOTAL
4.4%

 AVERAGE DIRECT NNN RENT
\$5.15/SF

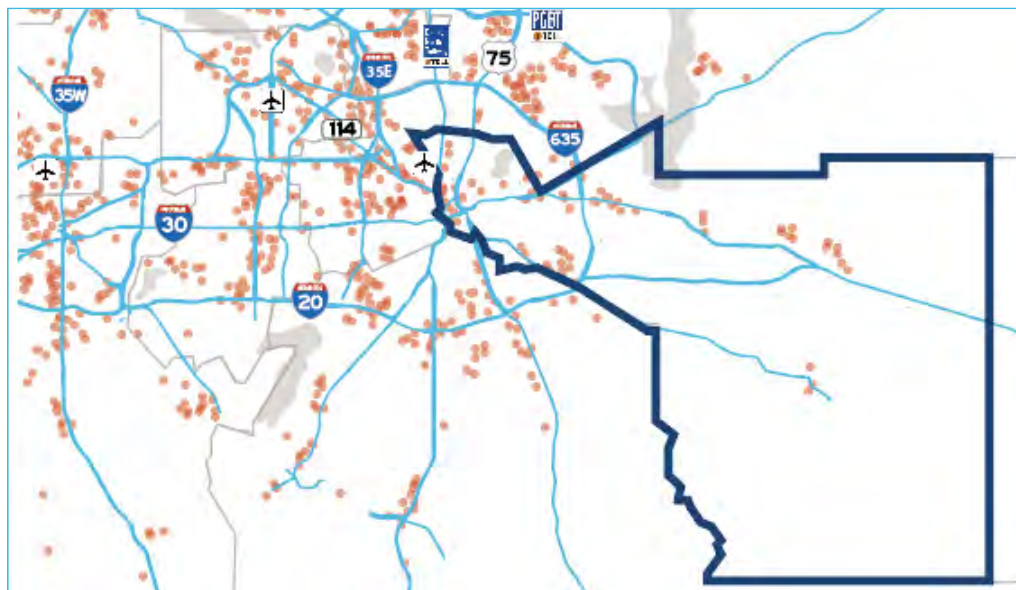
 12 MONTH RENT GROWTH
5.8%

 AVERAGE SALES PRICE
\$65/SF

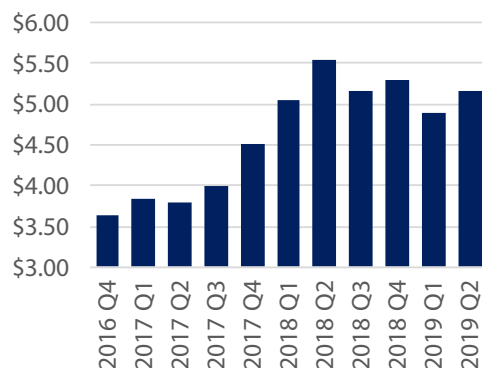
 12 MONTH ABSORPTION
1,567,823 SF

 12 MONTH DELIVERIES
1,495,135 SF

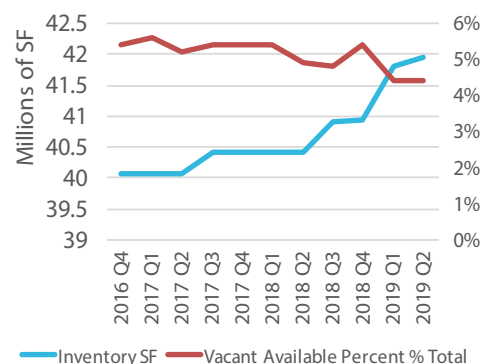
 UNDER CONSTRUCTION
2,270,452 SF



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

4401 Samuell Blvd
Mesquite, TX 75149
Class A Distribution
256,000 SF
69,820 SF Available
Year Built: 2007

>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
88,818,065 SF

 MANUFACTURING RBA
10,601,399 SF

 FLEX RBA
6,787,336 SF

 TOTAL RBA
108,920,089 SF

 VACANCY TOTAL
3.6%

 AVERAGE DIRECT NNN RENT
\$5.59/SF

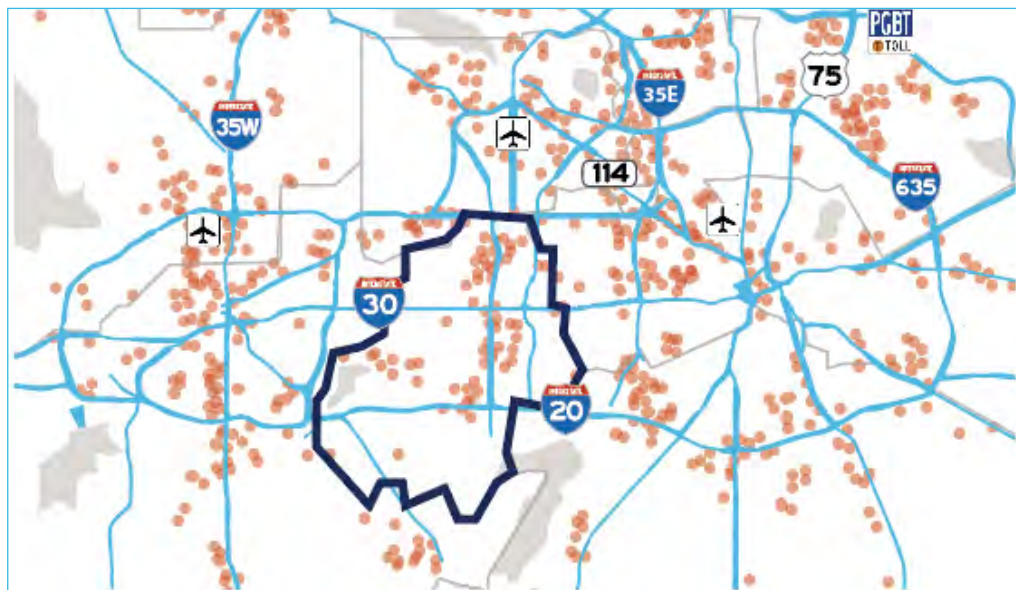
 12 MONTH RENT GROWTH
5.5%

 AVERAGE SALES PRICE
\$68/SF

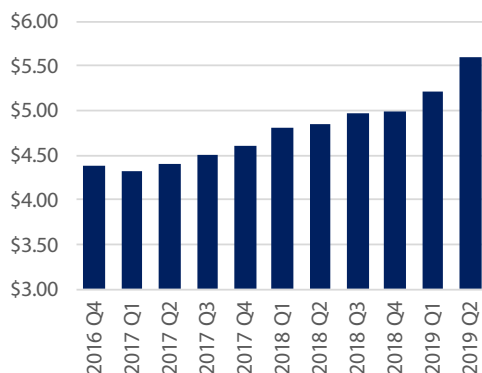
 12 MONTH ABSORPTION
5,549,008 SF

 12 MONTH DELIVERIES
3,861,070 SF

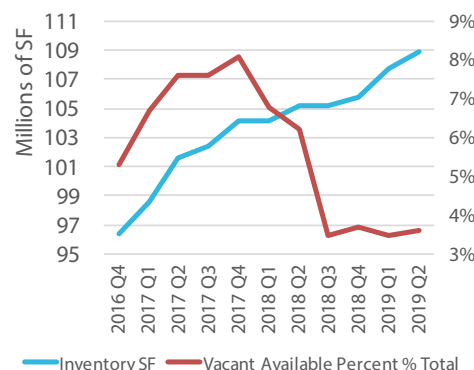
 UNDER CONSTRUCTION
2,715,273 SF



AVE. DIRECT NNN ASKING RATES



VACANCY VS. INVENTORY



SAMPLE MARKET AVAILABILITIES BY SIZE RANGE

0-50,000 SF



GSW Distribution Center

2880 113th St
Grand Prairie, TX 75050
Class C Distribution
100,468 SF
31,850 SF Available
Year Built: 1996

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

Northeast Dallas:

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

SUBMARKET FACTS

WAREHOUSE & DISTRIBUTION RBA
55,400,112 SF

MANUFACTURING RBA
20,591,960 SF

FLEX RBA
24,066,446 SF

TOTAL RBA
106,253,956 SF

VACANCY TOTAL
6.4%

AVERAGE DIRECT NNN RENT
\$7.12/SF

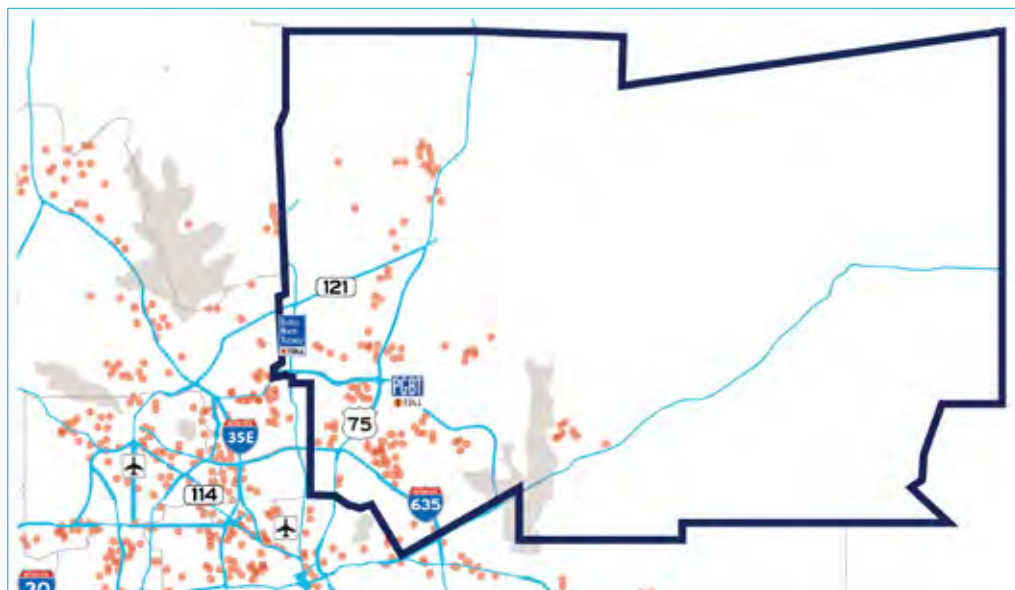
12 MONTH RENT GROWTH
4.9%

AVERAGE SALES PRICE
\$94/SF

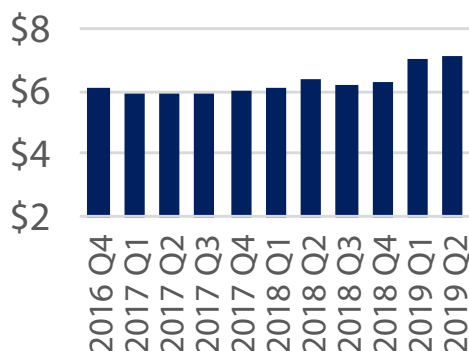
12 MONTH ABSORPTION
2,585,300 SF

12 MONTH DELIVERIES
3,487,353 SF

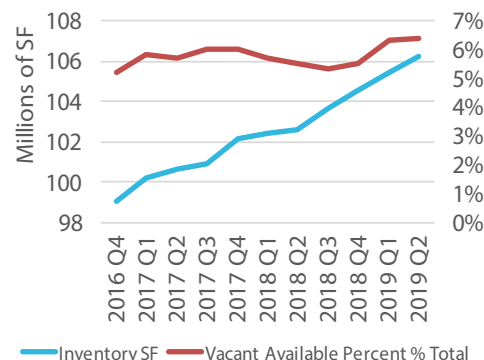
UNDER CONSTRUCTION
2,084,887 SF



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
79,997,718 SF

 MANUFACTURING RBA
7,121,080 SF

 FLEX RBA
17,005,545 SF

 TOTAL RBA
105,885,508 SF

 VACANCY TOTAL
3.2%

 AVERAGE DIRECT NNN RENT
\$7.27/SF

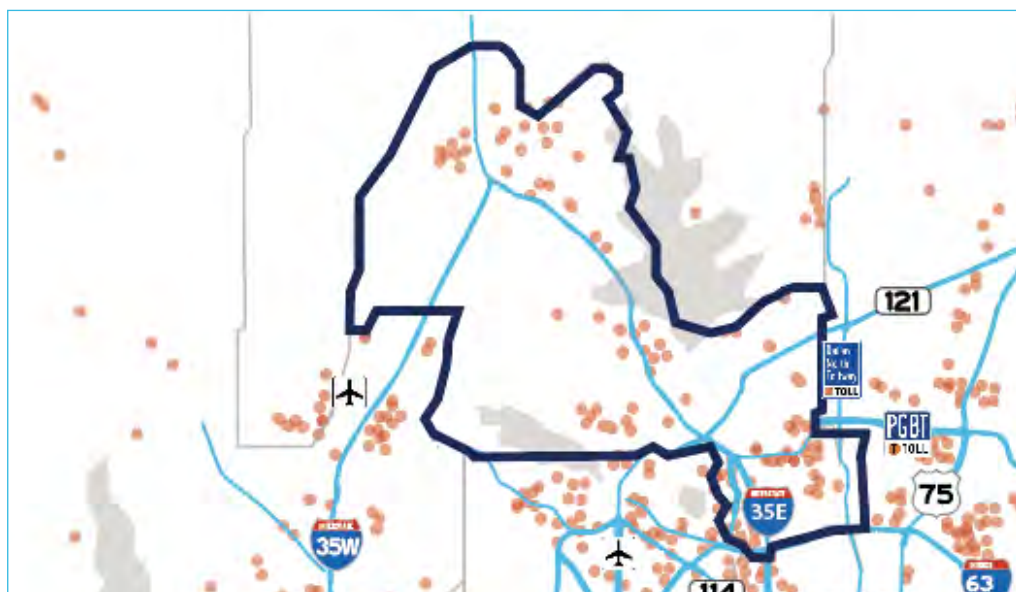
 12 MONTH RENT GROWTH
5.3%

 AVERAGE SALES PRICE
\$78/SF

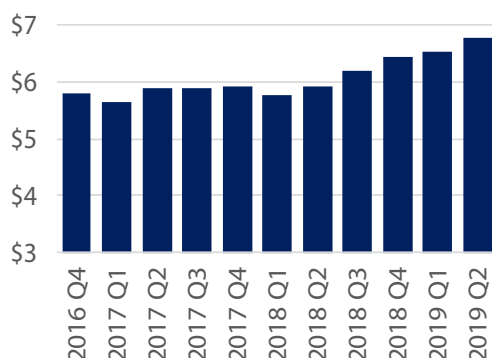
 12 MONTH ABSORPTION
2,153,697 SF

 12 MONTH DELIVERIES
2,207,844 SF

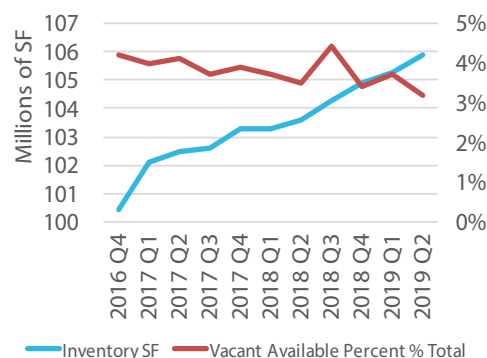
 UNDER CONSTRUCTION
2,141,518 SF



AVE. DIRECT NNN ASKING RATES



VACANCY VS. INVENTORY



SAMPLE MARKET AVAILABILITIES BY SIZE RANGE

0-50,000 SF



Valwood West - Bldg C

2045 Westgate Dr
Carrollton, TX 75006
Class B Warehouse
134,331 SF
43,839 SF Available
Year Built: 1999

50,001-100,000 SF



Metroplex Tech Center I

3000 Kellway Dr
Carrollton, TX 75006
Class B Flex
104,681 SF
79,105 SF Available
Year Built: 1999

>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
77,377,605 SF

 MANUFACTURING RBA
16,953,552 SF

 FLEX RBA
1,907,279 SF

 TOTAL RBA
98,569,727 SF

 VACANCY TOTAL
9.9%

 AVERAGE DIRECT NNN RENT
\$3.68/SF

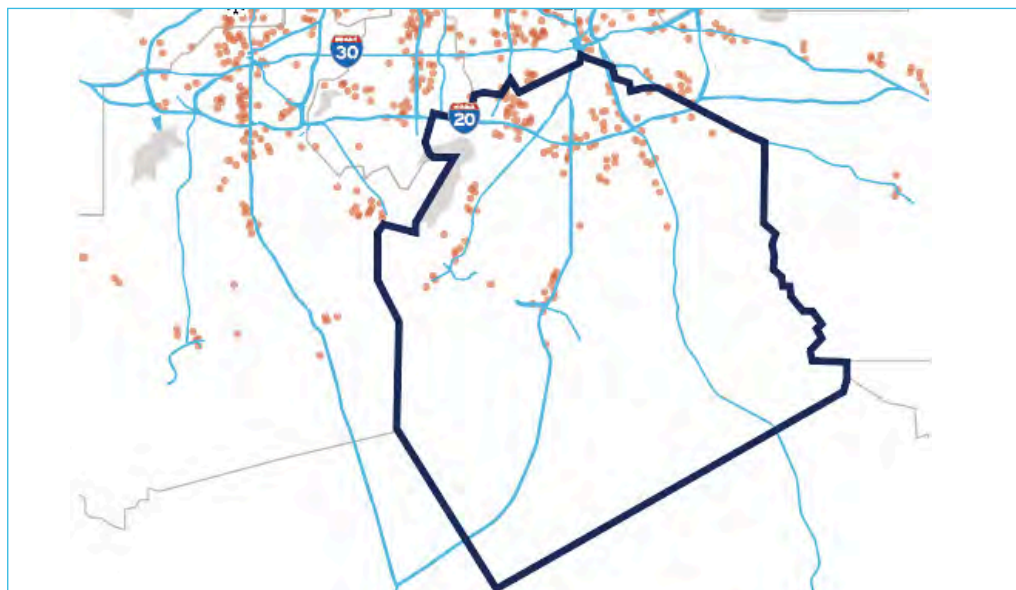
 12 MONTH RENT GROWTH
6.4%

 AVERAGE SALES PRICE
\$66/SF

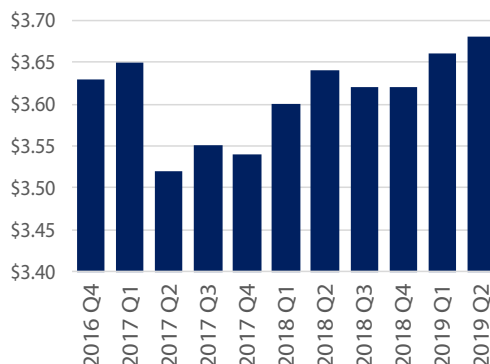
 12 MONTH ABSORPTION
4,679,813 SF

 12 MONTH DELIVERIES
4,577,902 SF

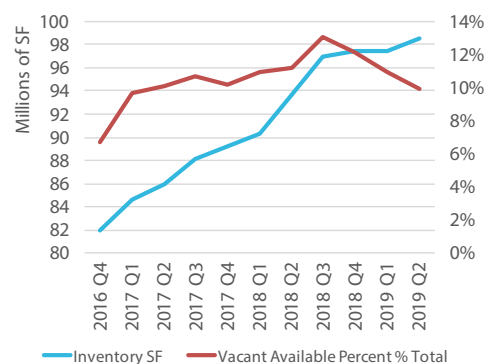
 UNDER CONSTRUCTION
4,129,992 SF



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 Stemmons:

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

SUBMARKET FACTS

 WAREHOUSE & DISTRIBUTION RBA
72,653,874 SF

 MANUFACTURING RBA
8,490,607 SF

 FLEX RBA
17,111,680 SF

 TOTAL RBA
103,158,211 SF

 VACANCY TOTAL
4.1%

 AVERAGE DIRECT NNN RENT
\$7.18/SF

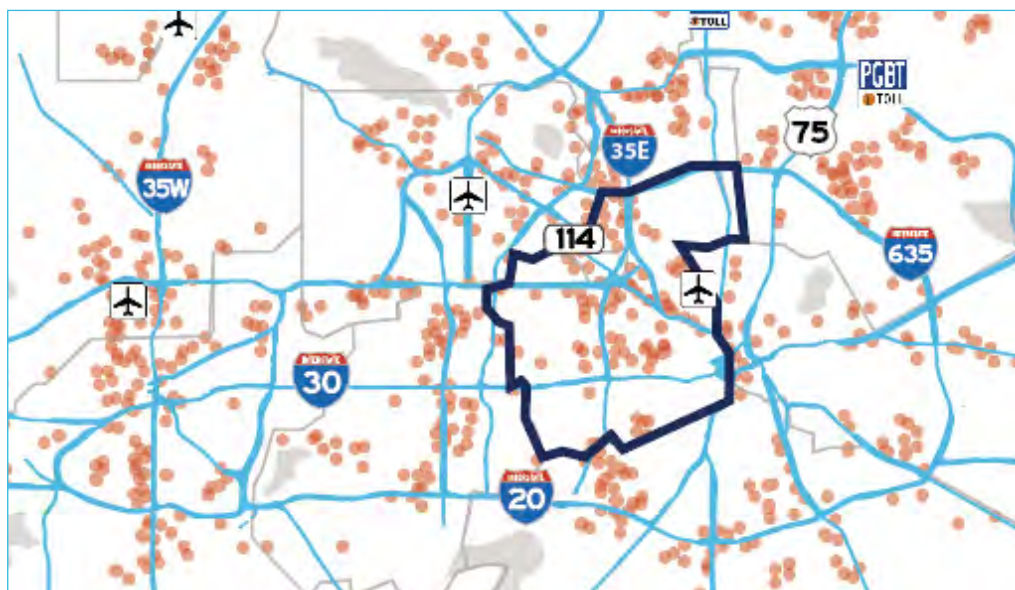
 12 MONTH RENT GROWTH
4.8%

 AVERAGE SALES PRICE
\$68/SF

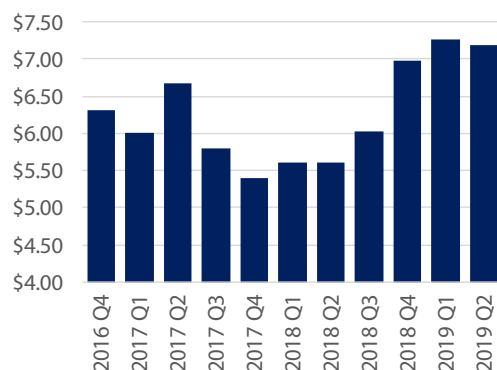
 12 MONTH ABSORPTION
-46,599 SF

 12 MONTH DELIVERIES
193,000 SF

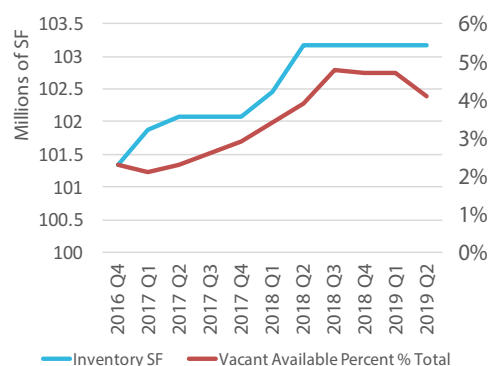
 UNDER CONSTRUCTION
4,460,216 SF



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



1133 S Madison

1133 S Madison Ave
Dallas, TX 75208
Class C Light Distribution
100,000 SF
80,000 SF Available
Year Built: 1952

>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

AVISON
YOUNG

2Q 2019

Dallas-Fort Worth

Market Overview

RETAIL

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 perpetually in-limbo 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, 5,000+ SF, Owner-Occupied Included



387 MSF
Total
Inventory



3.7 MSF
Under
Construction



3,994,168 SF
12 Month
Absorption



4.8%
Vacancy
Rate



3,804,154 SF
12 Month
Deliveries

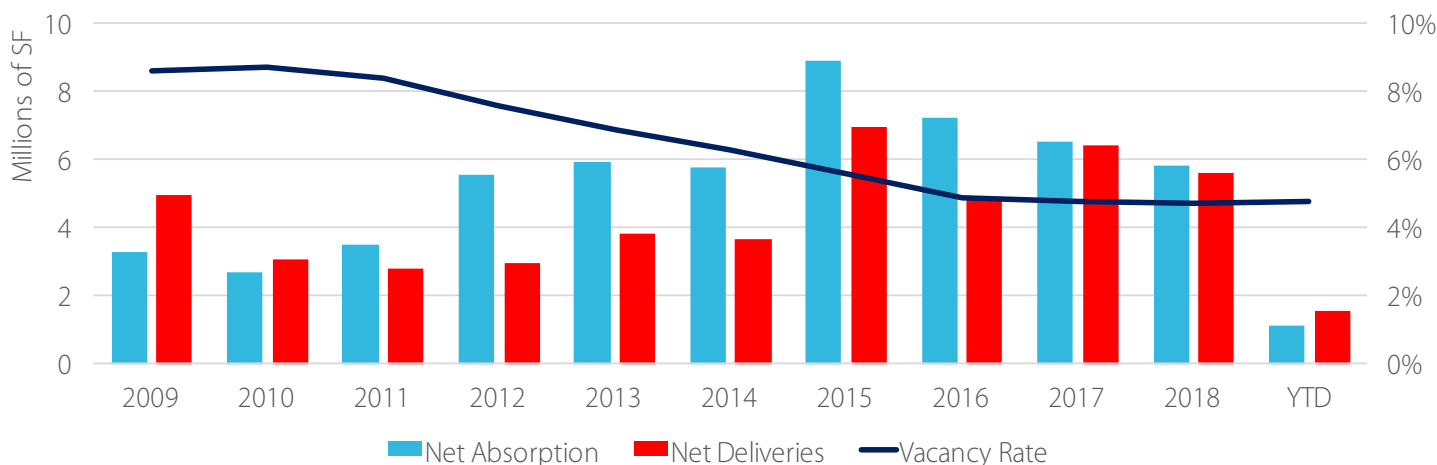


\$17.12
Ave. Direct
NNN Rent



6.9%
Market
Cap Rate

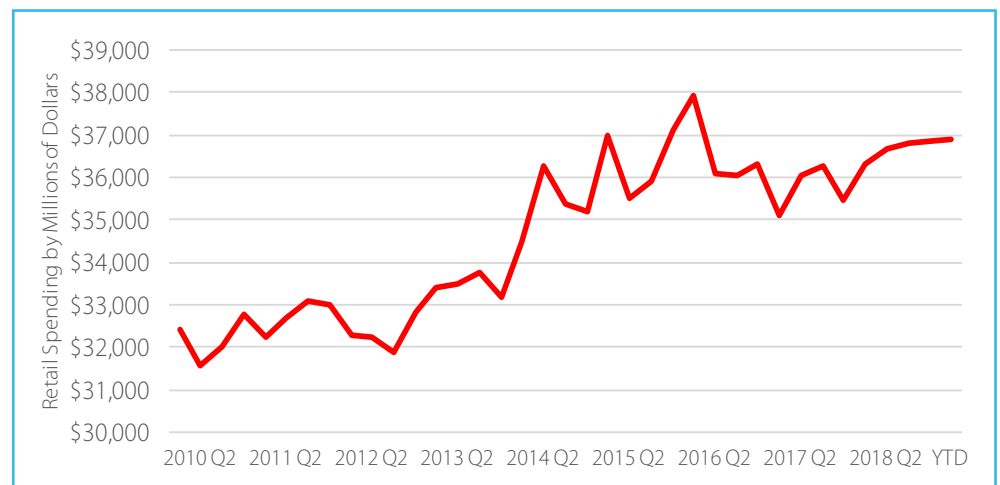
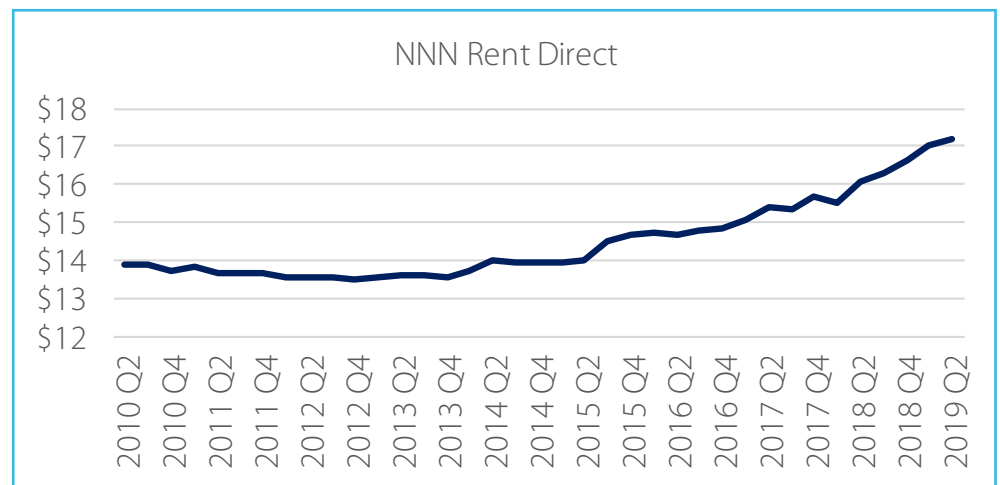
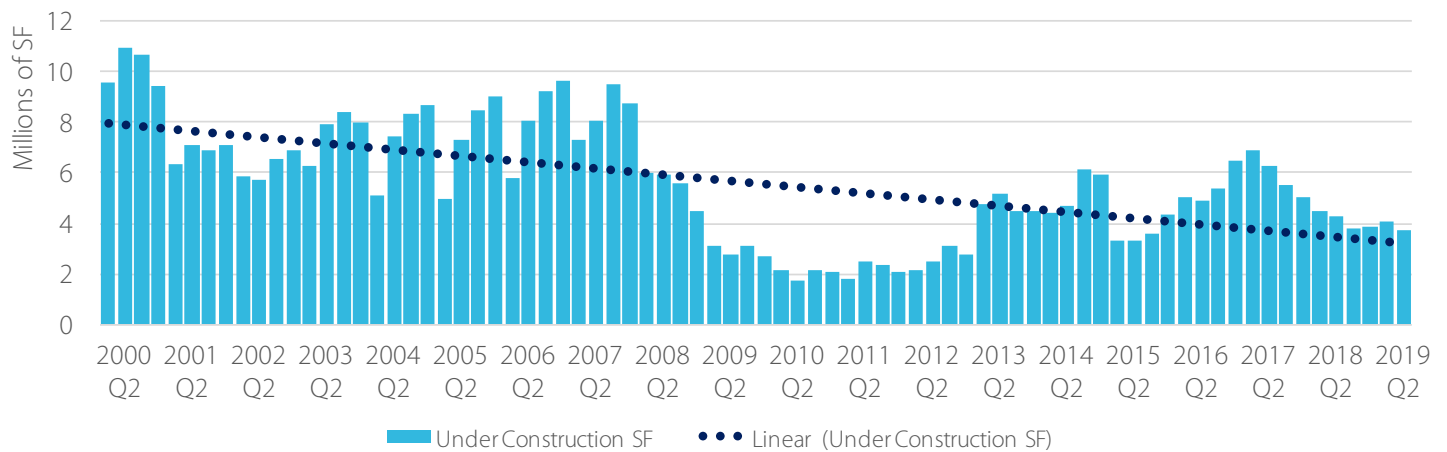
Net Absorption, Net Deliveries & Vacancy



KEY PERFORMANCE INDICATORS

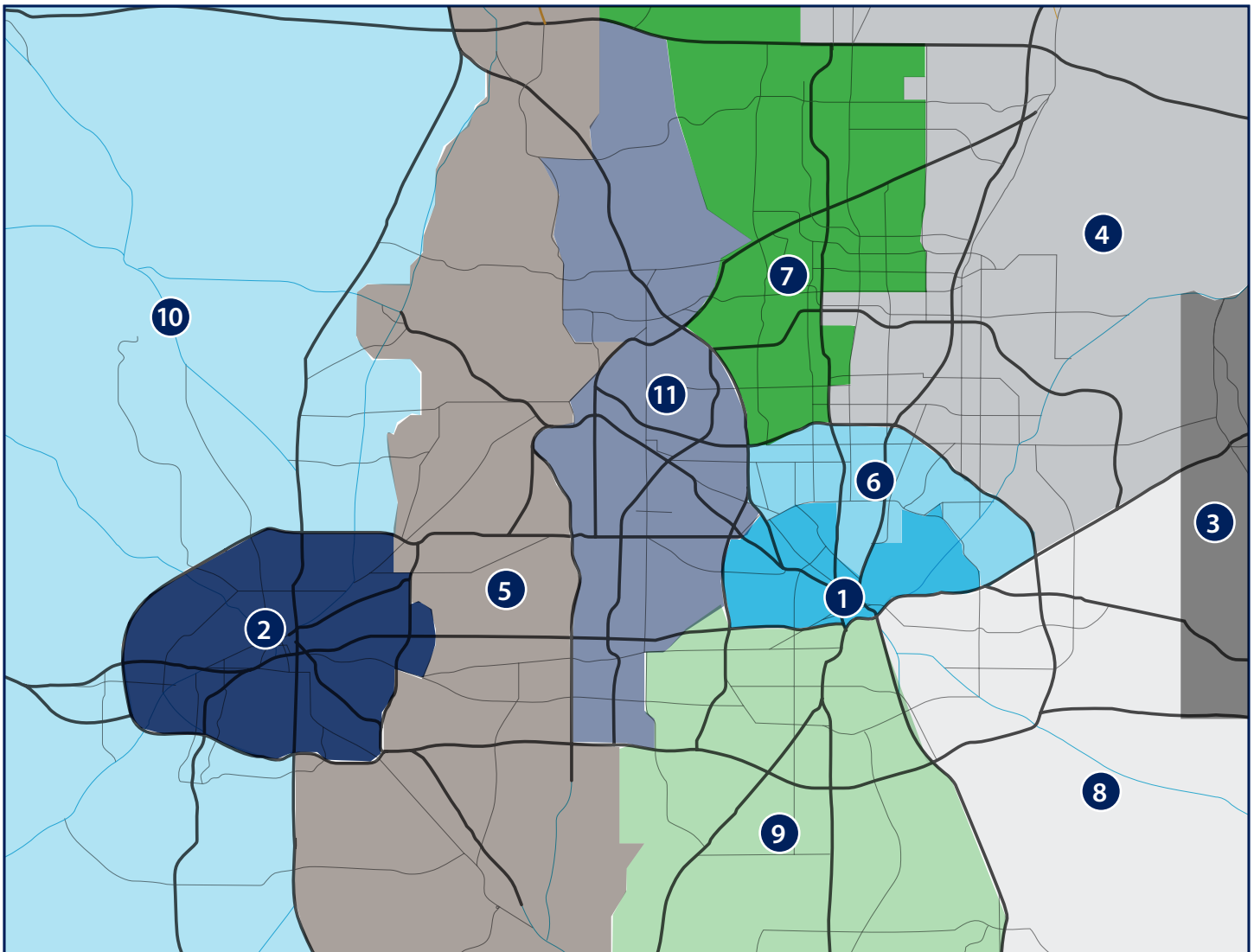
Steady Tapering

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.



CORE SUBMARKET CLUSTERS

#	Submarket Cluster	Inventory	Vacancy	12 Month Net Absorption	Under Construction	12 Month Deliveries	Direct NNN Asking Rent
1	Central Dallas	18,304,945	2.8%	129,812	15,000	147,355	\$24.45
2	Central Fort Worth	31,472,091	5.9%	-24,975	53,000	156,780	\$13.53
3	East Dallas Outlying	7,371,690	2.4%	90,307	454,658	173,030	\$25.25
4	Far North Dallas	68,771,532	5.2%	805,250	532,753	817,453	\$17.83
5	Mid Cities	64,345,673	4.8%	621,890	694,595	623,562	\$17.18
6	Near North Dallas	24,607,176	3.9%	146,569	109,500	196,266	\$16.38
7	North Central Dallas	40,486,220	4.3%	794,363	759,206	780,354	\$24.33
8	Southeast Dallas	17,319,431	4.4%	75,714	64,366	1,156,889	\$12.76
9	Southwest Dallas	22,317,971	4.9%	166,539	57,340	60,869	\$12.74
10	Suburban Fort Worth	36,539,232	4.0%	286,826	714,502	328,283	\$15.37
11	West Dallas	39,603,669	4.2%	783,257	231,596	483,703	\$15.58



AVISON
YOUNG

2Q 2019

Dallas-Fort Worth Market Overview

MULTIFAMILY

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.

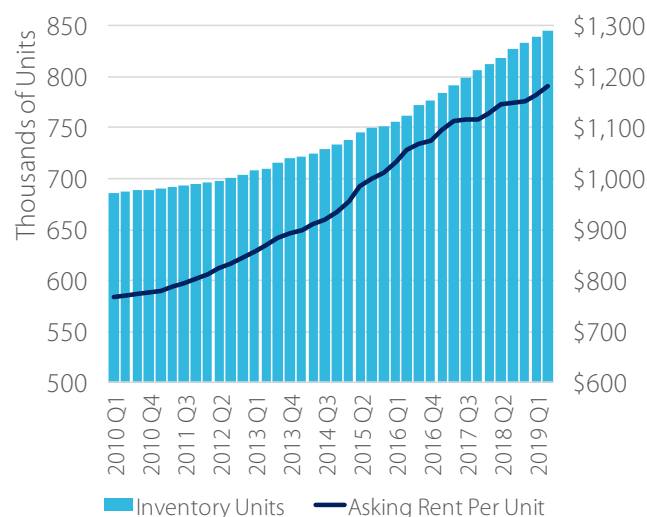
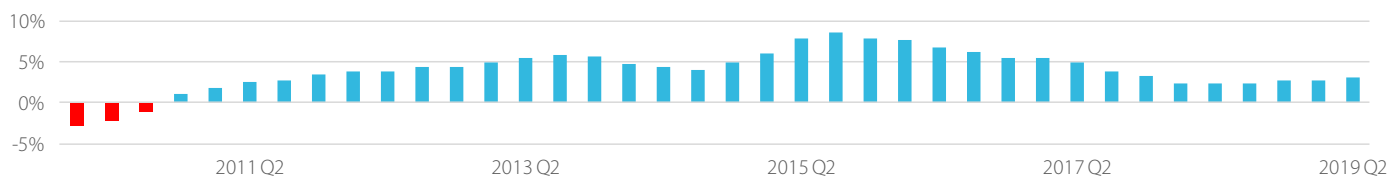
Strong economic underpinnings have fostered a healthy apartment market. Over the past 12 months, the market has absorbed about 26,500 units, just slightly behind the NYC metro and over double the Washington, D.C. metro. Fundamentals show no signs of slowing, as the market currently has

nearly 40,000 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.



Year-Over-Year Rent Growth



160,000 Units Added
In Last 10 Years

54% Ave Price/Unit Increase
In Last 10 Years

Multifamily: DFW Market Overview

**845,460**Inventory
Units**38,167**Under Constr.
Units**26,560**12 Month
Absorp Units**7.4%**Vacancy
Rate**25,914**12 Month
Units Delivered**\$1,194**Asking Rent
Per Unit**\$3.9B**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	24,609	931	\$1,299	\$1.40	3.4	10.1	1,804	1,424	1,275
Arlington	64,891	824	\$1,044	\$1.26	2.9	6.2	862	1,052	1,127
Bishop Arts/Oak Cliff	21,061	848	\$1,220	\$1.58	4.7	5.8	626	568	281
Deep Ellum/The Cedars	3,201	1032	\$1,545	\$1.49	2.1	17.8	173	571	336
Denton	29,376	816	\$1,140	\$1.35	2.2	7.3	1,072	1663	1028
Design District/Trinity Groves/La Bajada/West Dallas	7,265	894	\$1,415	\$1.59	1.3	12.7	398	544	684
Downtown Dallas/Farmers Market	7,413	972	\$1,629	\$1.67	2.1	10	197	1237	382
Downtown/Northwest Fort Worth	23,829	911	\$1,189	\$1.10	0.6	8.3	1736	1234	276
East Dallas/White Rock	60,760	814	\$1,196	\$1.47	3.3	7.2	1,549	1722	793
East Fort Worth	12,533	831	\$908	\$1.09	5	6.9	-38	0	0
Farmers Branch/Addison/Carrollton	8,606	863	\$1,202	\$1.39	2.8	7	634	4761	1063
Frisco/Prosper/The Colony	23,000	973	\$1,386	\$1.42	1.1	12.7	2801	2662	316
Garland/Rowlett	23,027	957	\$1,383	\$1.44	2.2	11.8	2311	1361	325
Grapevine	9,168	913	\$1,385	\$1.52	2.6	7.1	408	1302	0
HEB/Mid Cities	23,507	869	\$1,121	\$1.29	4.2	5.7	665	391	759
Las Colinas	31,229	905	\$1,358	\$1.49	3	6.5	738	1167	422
Lewisville/Flower Mound	29,247	904	\$1,231	\$1.36	1.9	6.4	604	948	250
Love Field/North Dallas	33,536	833	\$1,218	\$1.46	3.1	7.3	1322	2146	859
Mesquite	36,205	836	\$916	\$1.11	3.4	7.3	-85	592	577
Plano	45,609	925	\$1,376	\$1.48	3.2	7.3	2677	2352	1553
Richardson	27,170	828	\$1,013	\$1.21	3.3	7.4	114	373	73
South Dallas/Desoto	17,738	880	\$1,022	\$1.17	5.4	5.3	-54	1104	0
Southeast Dallas	19,295	848	\$844	\$0.99	4.4	7.8	-204	0	0
Southeast Fort Worth	16,004	906	\$1,066	\$1.18	4.3	6.4	824	74	734
Southwest Fort Worth/Clearfork	40,015	863	\$1,062	\$1.11	2.7	8	1015	1747	895
Uptown/Park Cities	28,372	943	\$2,098	\$2.16	2.9	11.3	1584	654	1654

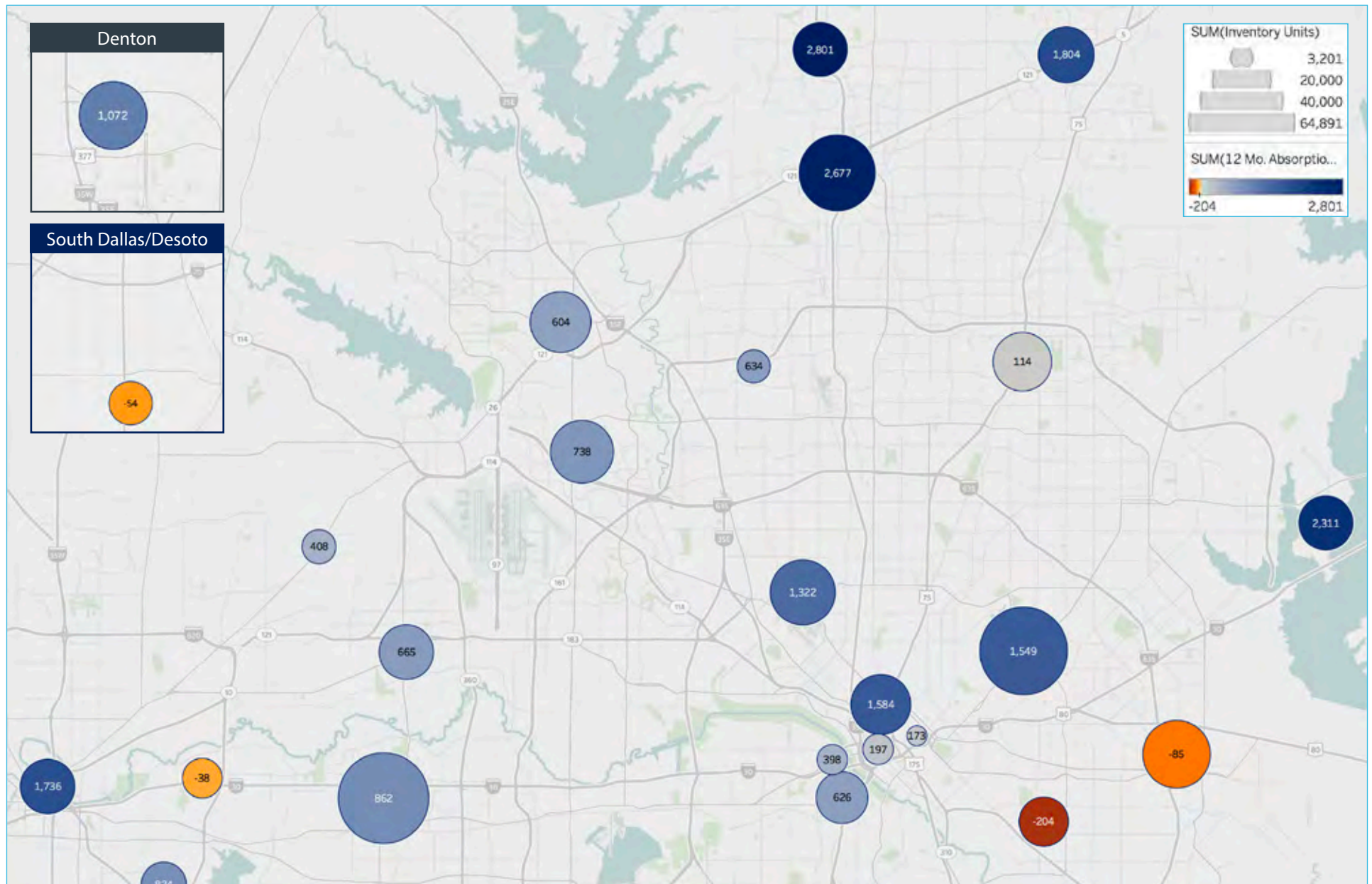
LARGEST MARKET INVENTORIES

NYC 1.37 MM units
 LA .94 MM Units
DFW .85 MM Units
 Houston .64 MM Units
 DC .51 MM Units
 Chicago .48 MM Units

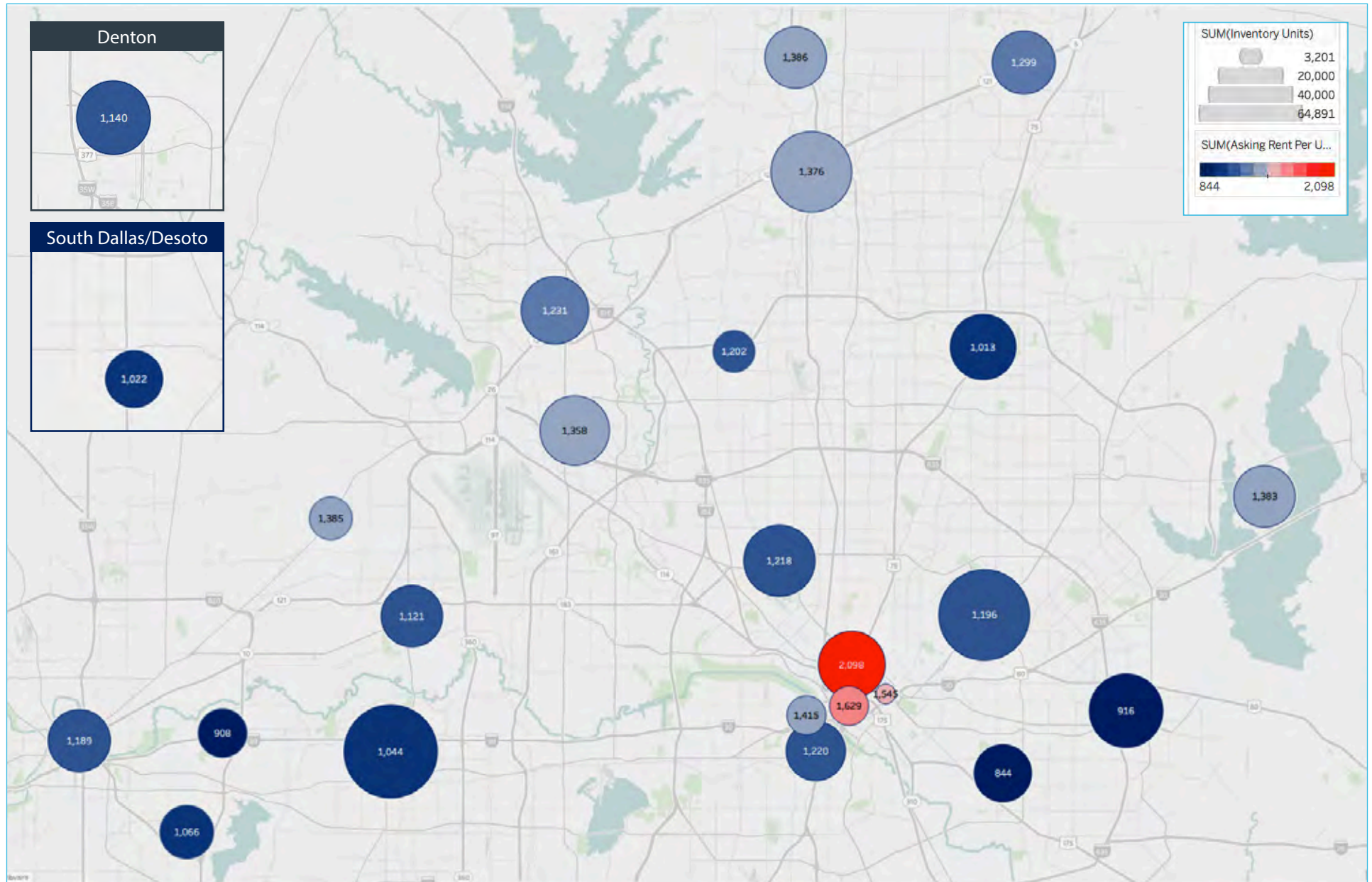
AVE. RENT/UNIT IN PREMIER SUBMARKETS

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
 DC - Downtown DC - \$2,425
 Chicago - Downtown Chicago - \$2,533

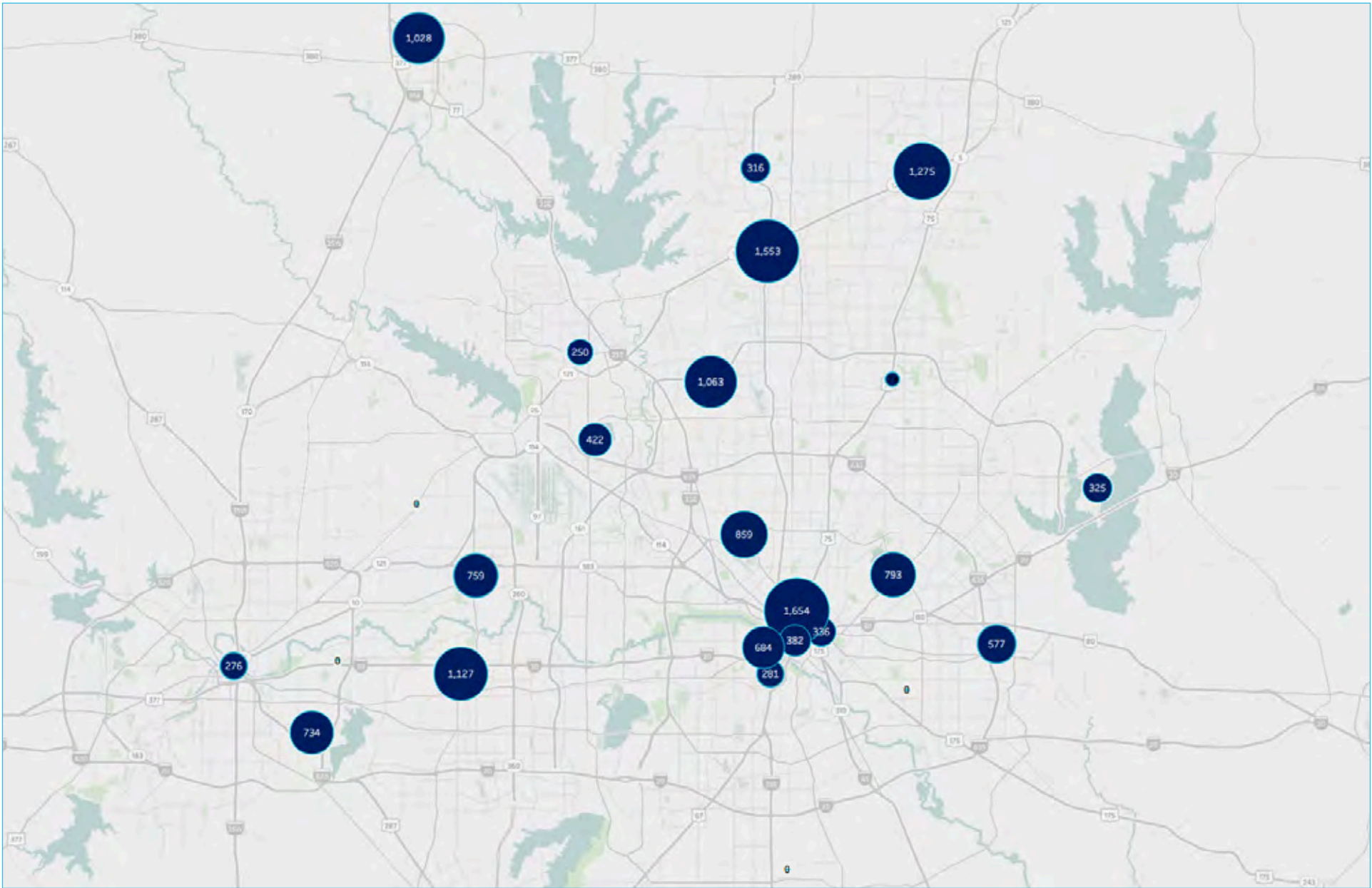
Multifamily: Total Inventory vs 12 Month Net Unit Absorption



Multifamily: Total Inventory vs Average Asking Rent Per Unit



Multifamily: 12 Month Deliveries





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2Q 2019

Dallas-Fort Worth

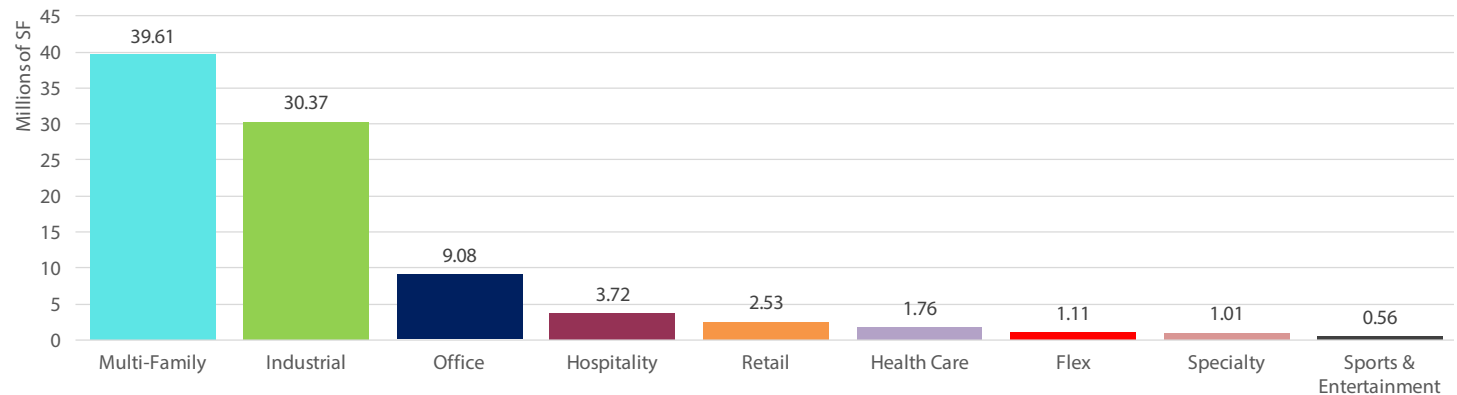
Market Overview

CONSTRUCTION OVERVIEW

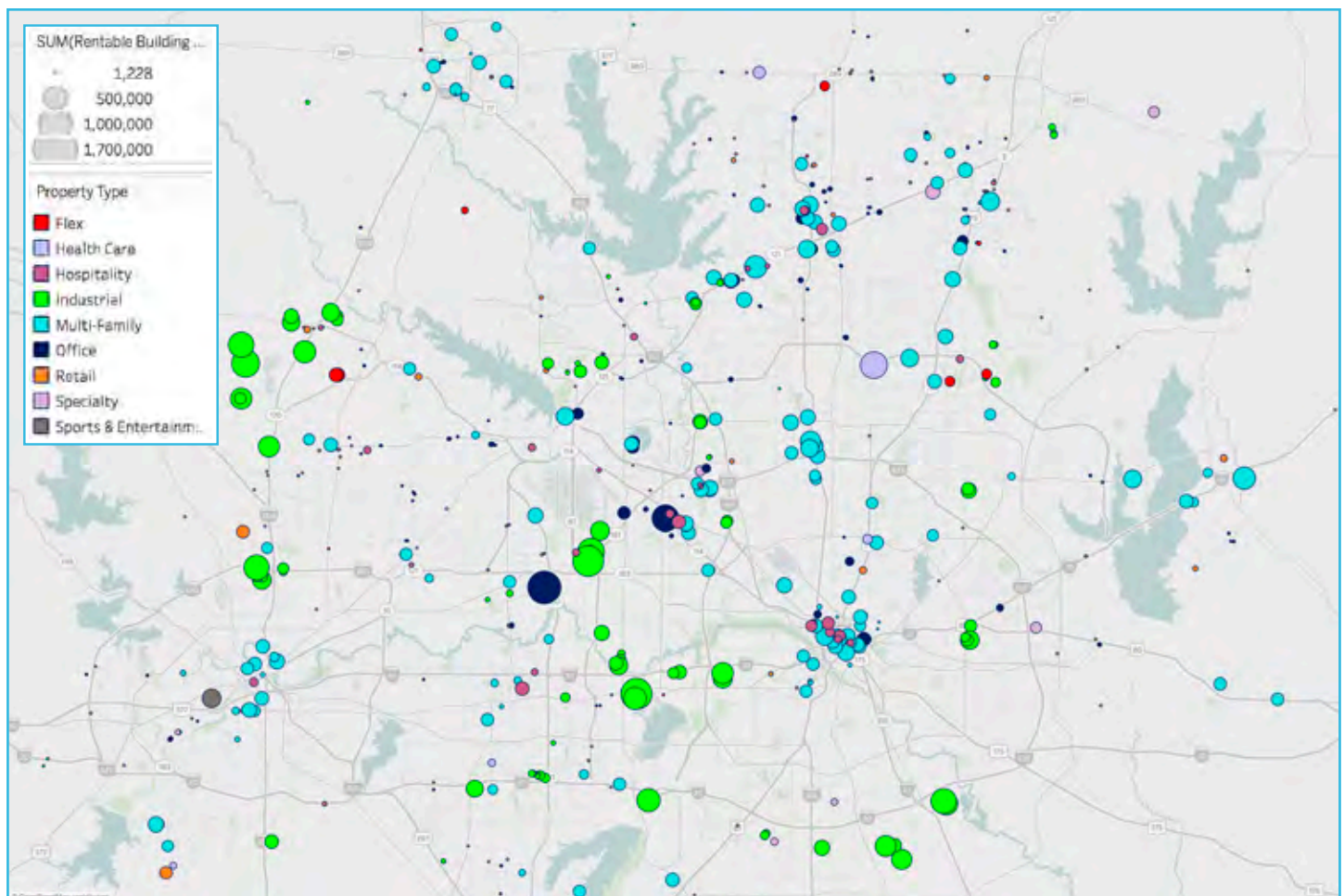
Construction Pipeline

While not quite at cycle highs anymore, construction activity in DFW continues to roar as one of the biggest markets in the country. All told, there is currently over 90 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 90 MSF number is simply to highlight the complete picture of the market's construction, not limited by the normal parameters. Multifamily leads the field, with nearly 40 MSF under construction, totaling over 38,000 Units, followed by Industrial at 30 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



Noteworthy Office Projects

**American Airlines Corporate Campus**

1,700,000 SF
Single Tenant
Delivers Dec. 2019

**Hidden Ridge: Pioneer Natural Resources**

1,125,000 SF
Single Tenant
Delivers July 2019

**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%

**3200 Olympus Blvd**

250,000 SF
Multi Tenant
Delivers Oct. 2019
Leased: 60.0%

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%



Interchange 20/45 - Bldg 1

1,004,674 SF
Multi Tenant
Delivers Oct. 2019
% Leased: 100%



First Mountain Creek Distribution Center

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



Interchange 20/45 - Bldf 2

800,854 SF
Multi Tenant
Delivers Oct. 2019
% Leased: 0%

Noteworthy Retail Projects



The Realm at Castle Hills

250,000 SF
Multi Tenant
Delivers Sep. 2019
% Leased: 0%



Victory at Basswood

241,895 SF
Multi Tenant
Delivers Nov. 2019
% Leased: 0%



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%



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



Texas Live!

100,000 SF
Multi Tenant
Delivers Aug. 2019
% Leased: 100%



The Crossing

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



Entrada

80,000 SF
Multi Tenant
Delivers July 2019
Leased: 90.3%

Noteworthy Multifamily Projects



Lakeside Lofts

494 Units

1 BR - 300 Units | 2 BR - 194 Units

Avg. SF - 857 SF

Delivers Nov. 2019



The Mansions at Mercer Crossing

480 Units

1 BR - N/A | 2 BR - N/A

Avg. SF - N/A

Delivers Aug. 2019



Jefferson Silverlake

471 Units

1 BR - 250 Units | 2 BR - 221 Units

Avg. SF - 920 SF

Delivers Jul. 2019



The Neighborhoods at The Sound - II

461 Units

1 BR - 290 Units | 2 BR - 171 Units

Avg. SF - 958 SF

Delivers Sep. 2019



The Mansions on the Lake

448 Units

1 BR - N/A | 2 BR - N/A

Avg. SF - N/A

Delivers Sep. 2019



Citron Allen Station

445 Units

1 BR - 232 Units | 2 BR - 191 Units | 3 BR - 22 Units

Avg. SF - 1,001 SF

Delivers July 2019



The Baker and The Wallis

432 Units

Studio - 59 Units | 1 BR - 259 Units
2 BR - 104 Units | 3 BR - 10 Units

Avg. SF - 893 SF

Delivers Sep. 2020



Jefferson at The Gate

425 Units

1 BR - 287 Units | 2 BR - 133 Units | 3 BR - 5 Units

Avg. SF - 766 SF

Delivers Oct. 2019



Jefferson Mercer Crossing- Phase II

416 Units

1 BR - 266 Units | 2 BR - 135 Units | 3 BR - 15 Units

Avg. SF - 927 SF

Delivers Mar. 2020

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2Q 2019

Dallas-Fort Worth

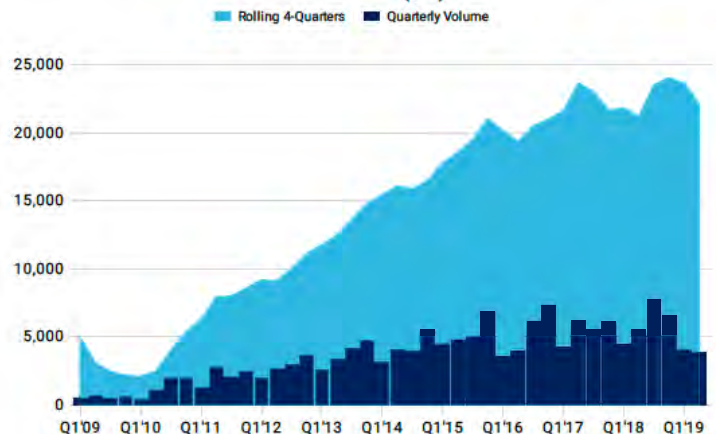
Market Overview

INVESTMENT SALES OVERVIEW

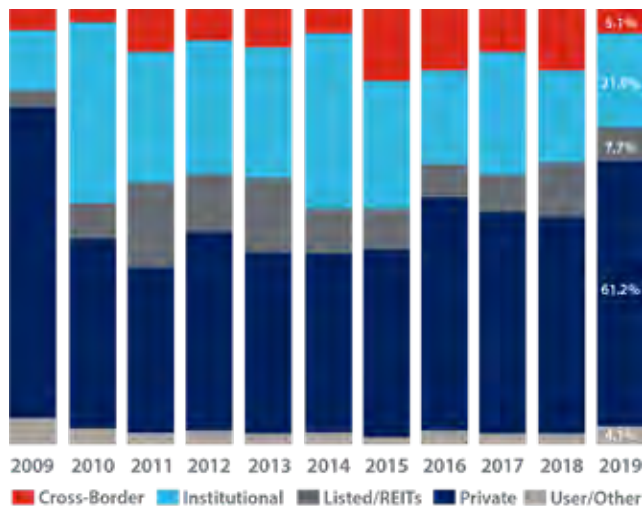
Investment Sales

According to **Real Capital Analytics**, DFW saw over \$23 billion of recorded CRE sales for 2018. 2019 is off to a slower start, but is still totaling over \$8.2 billion through the first half of the year. Multifamily leads the pack as the most transacted property type, with nearly half of all sales so far for 2019 at almost \$4 billion. Office is next with nearly 2 billion, followed by Industrial, then Retail.

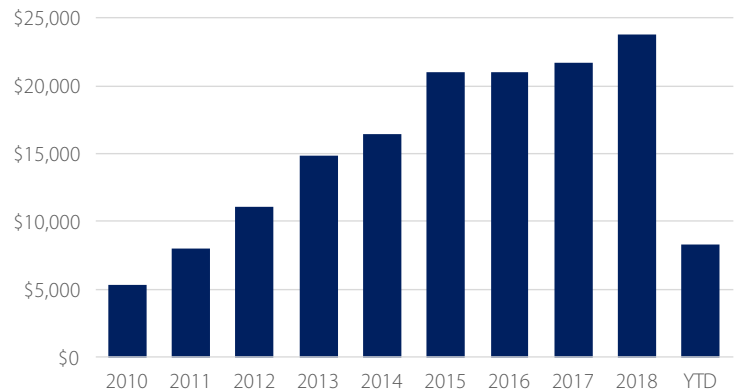
Sales Volume (\$M)



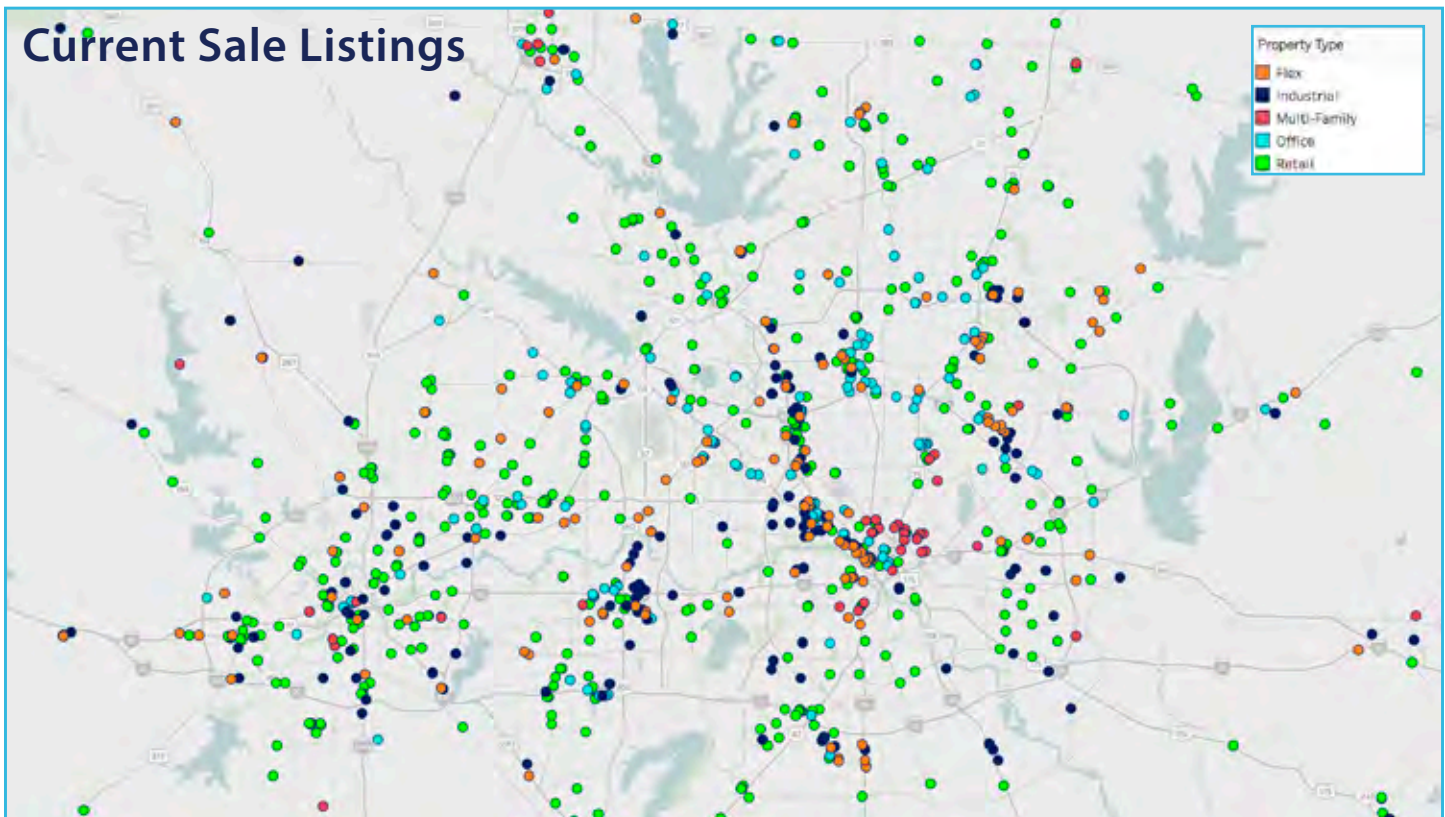
Buyer Composition



Yearly Sales Totals (\$M)



Current Sale Listings



Dallas-Fort Worth

Market Overview

DFW ECONOMY 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.



DFW has **42 Fortune 1,000 companies** located in the metro.



9 of 10 economic sectors reported growth in the last 12 months, with **Prof. & Business Services (25,000 jobs added)**, and **Trade/Transport./Utilities (22,900 jobs added)** leading the way.

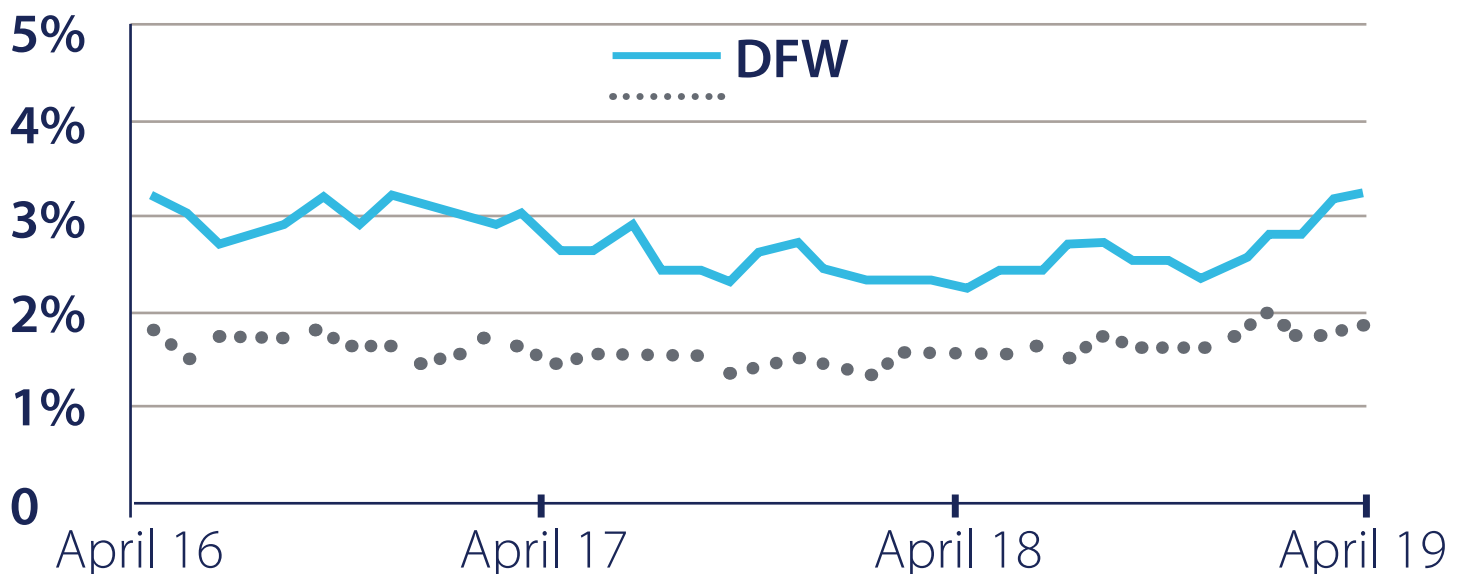


In the latest estimates provided by the U.S. Census Bureau, DFW was ranked as the **fastest-growing** metropolitan area in the U.S. with **131,767** new residents added in 2018.



Total nonfarm employment in the Dallas-Fort Worth-Arlington Metropolitan Statistical Area stood at **3,764,600** in June 2019, up **115,600** over the year.

12-Month Percent Employment Growth



Source: Bureau of Labor Statistics

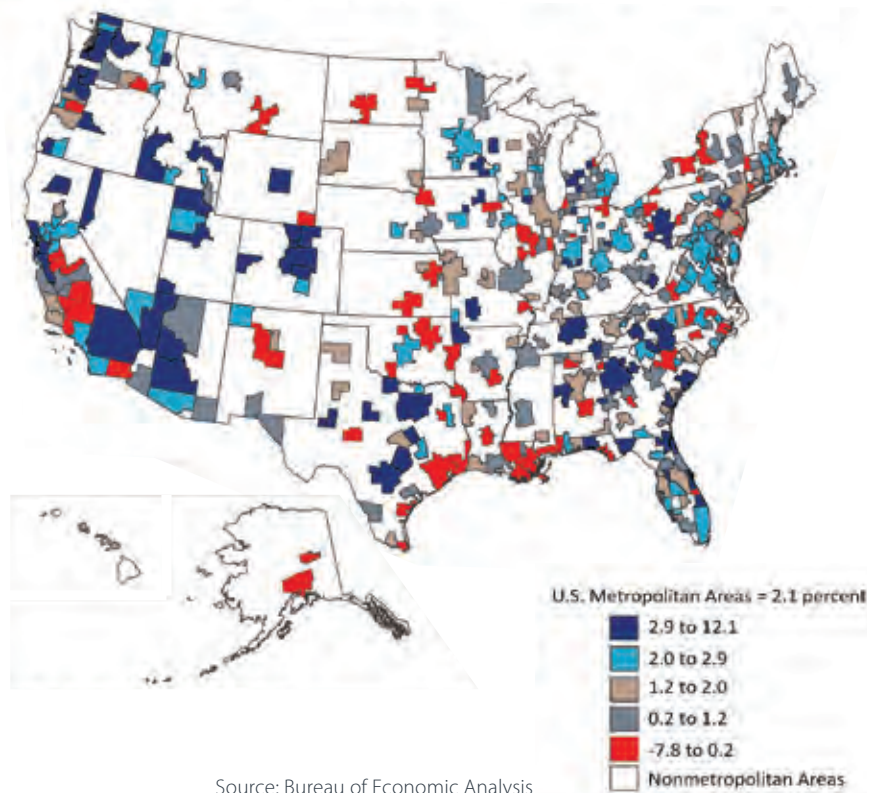
Economic Overview

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



Source: Bureau of Economic Analysis

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%

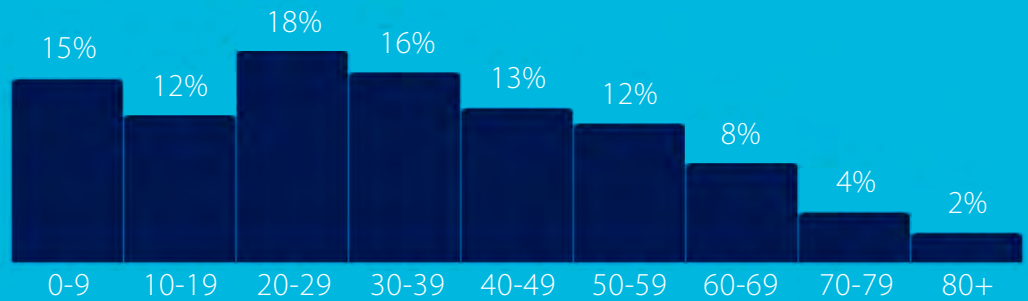
Contributions to Percent Change in Real Gross Domestic Product (GDP) for DFW (2017)													
Percent change in real GDP by metropolitan area	Percentage points												
	Natural resources and mining	Construction	Durable-goods manufacturing	Nondurable-goods manufacturing	Trade	Transportation and 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

Metro Area Demographics

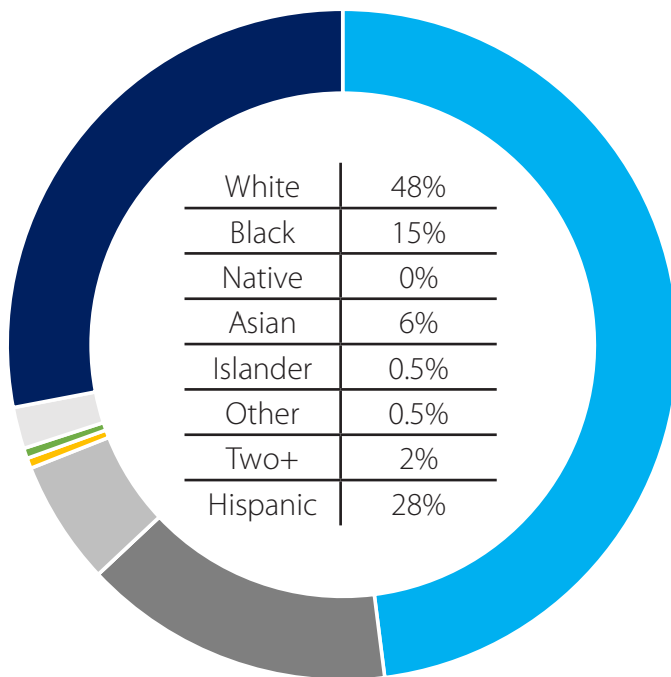


34.7

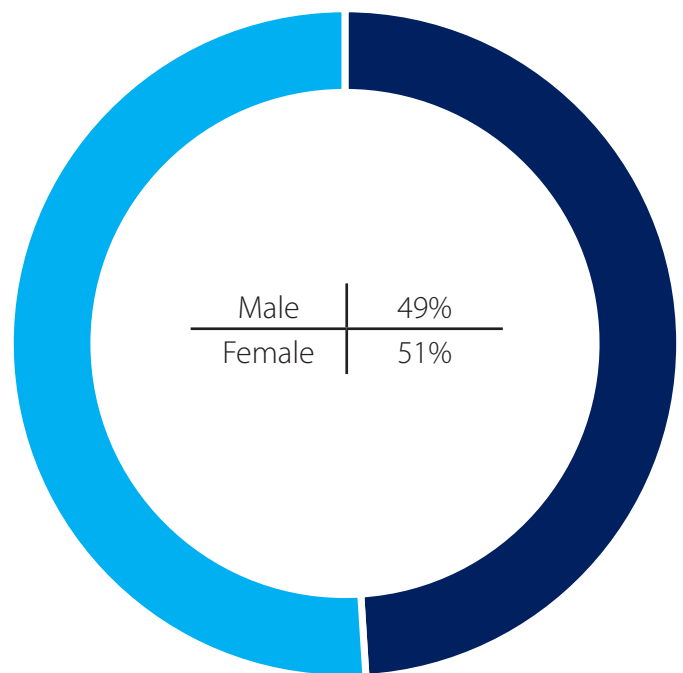
Median Age



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



2,878,771

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

Thank you.



Avison Young

1920 McKinney Avenue
Suite 1100
Dallas, Tx 75201

avisonyoung.com
214.559.3900

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