



AVISON
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THE BOOK

Q3 2020

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

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Table of Contents

Welcome	3
Office Overview	5
Industrial Overview	56
Retail Overview	70
Multi-Family Overview	74
DFW Construction Overview	77
Investment Sales Overview	88
AY Return to Office Approach	92
DFW Economy Overview	116

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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.

Due to the global COVID-19 pandemic, data for this quarter will be quite different than previous recent quarters. We aim to present a solid summary of what has happened in the last 3 months, and do not plan to present any hypothetical proposals of what may come, since the situation changes by the hour. The full scope of COVID-19 will take several quarters to play out, and we will do everything we can to present a comprehensive overview. Thank you for your understanding and interest, and please reach out if you have any questions.

Best,

Micah Rabalais

Research Manager

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The Big Picture of The Big D: Q3 2020



OFFICE

INVENTORY

333 MSF

VACANCY

16.8%

UNDER CONSTRUCTION

6.4 MSF



INDUSTRIAL

INVENTORY

862 MSF

VACANCY

5.6%

UNDER CONSTRUCTION

28.9 MSF



RETAIL

INVENTORY

437 MSF

VACANCY

5.9%

UNDER CONSTRUCTION

2.9 MSF



MULTI-FAMILY

INVENTORY

874K Units

VACANCY

8.0%

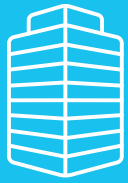
UNDER CONSTRUCTION

35K Units



OFFICE

Dallas/Fort Worth Q3 '20 Summary



332,641,273
Square Feet

16.8%
VACANCY

-1,893,078 SF

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

-2,308,338 SF

Q3 2020 NET ABSORPTION
(Single Tenant Owner Occupied Space Included)



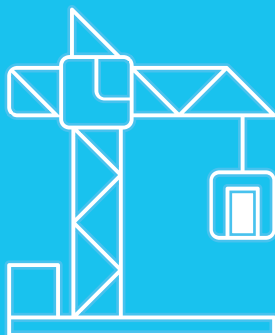
Average Gross Asking Rents

\$31.05

CLASS A

\$22.34

CLASS B



6.4 MSF

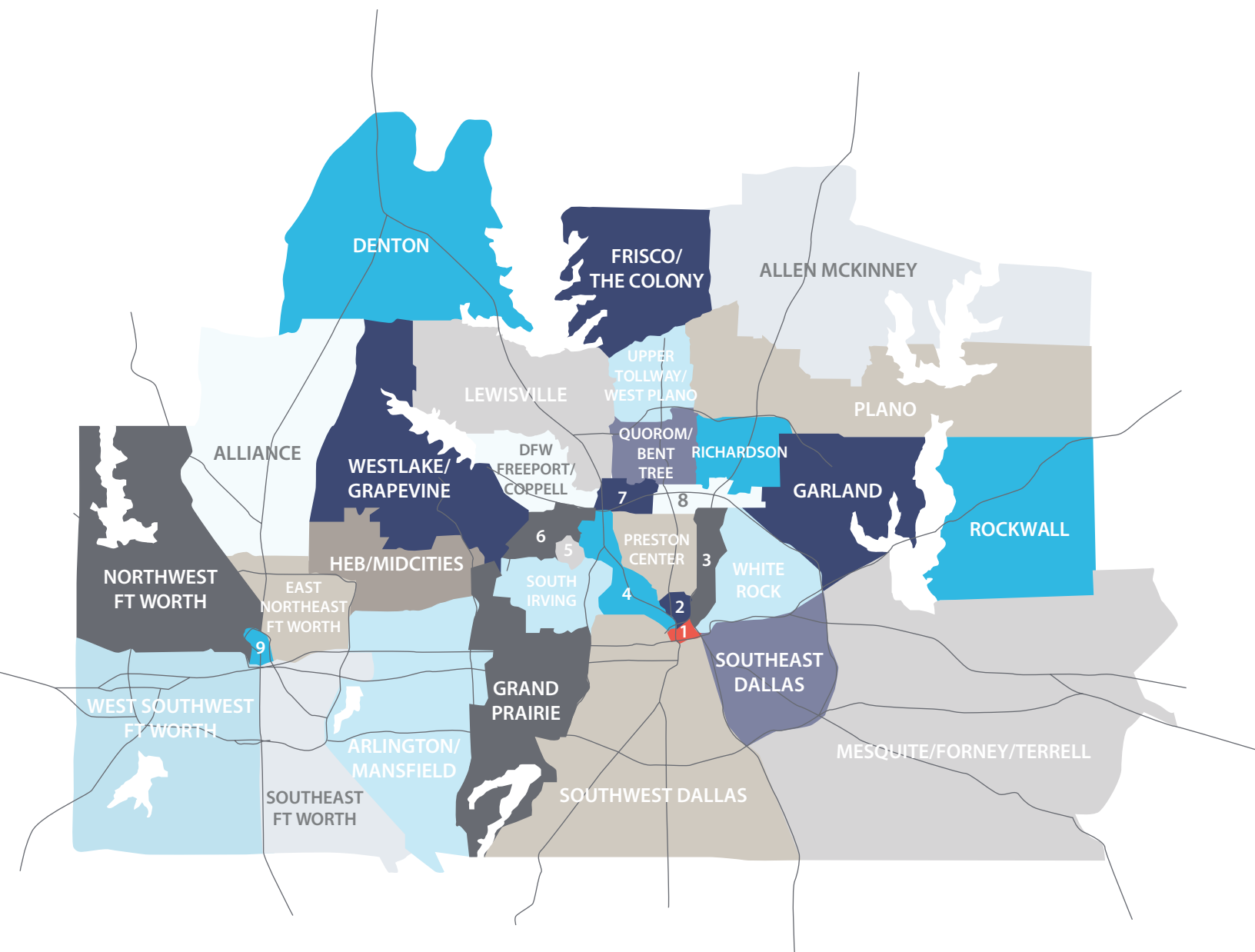
UNDER CONSTRUCTION

4.7 MSF

12 MONTH DELIVERIES

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

The Market: **Submarket Map**



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

Dallas-Fort Worth Office Market Research Report Q3 2020

Market Overview

The Dallas-Fort Worth metro (DFW) saw another quarter of negative net absorption as a result of the COVID-19 crisis. The market finished Q3 with an eye-opening -2,308,338 sf of negative net absorption and -1,893,078 sf of 12-month absorption; numerically the worst quarter ever recorded for the market based on our parameters. As a result, vacancy rates rose to 16.8%

The office market saw a substantial 1.6 msf deliver in Q3, though new construction will start likely slow for the time being. Cranes continue to fill the skyline as construction continued with 6.4 msf underway; down from the cycle highs of 2016, which saw 14 msf under construction, but still enough to make DFW one of the most active markets in the country. However, the Great Pause of COVID-19 has put much of that construction off schedule or delayed, such as Uber's announcement that it was delaying

some construction at its Deep Ellum location until 2021.

"Flight-to-quality" trends continued, as Class A product saw the lowest drop in absorption for classes, though even it finished the quarter with -1 msf. Economic strain could push more tenants to look at less expensive options in the future. Class B and older properties continue to post negative net absorption.

Sales volume also noticeably dropped, as office product only saw \$195M in sales for the quarter, versus the >\$1B/quarter it usually saw.

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

Market Facts



1,619,787

SF Delivered for Q3 2020



6.3%

Unemployment in Dallas



\$195M

Quarterly Sales Volume



\$27.38/sf

Average Gross Direct Rental Rate

Total Inventory vs. Vacancy Rate



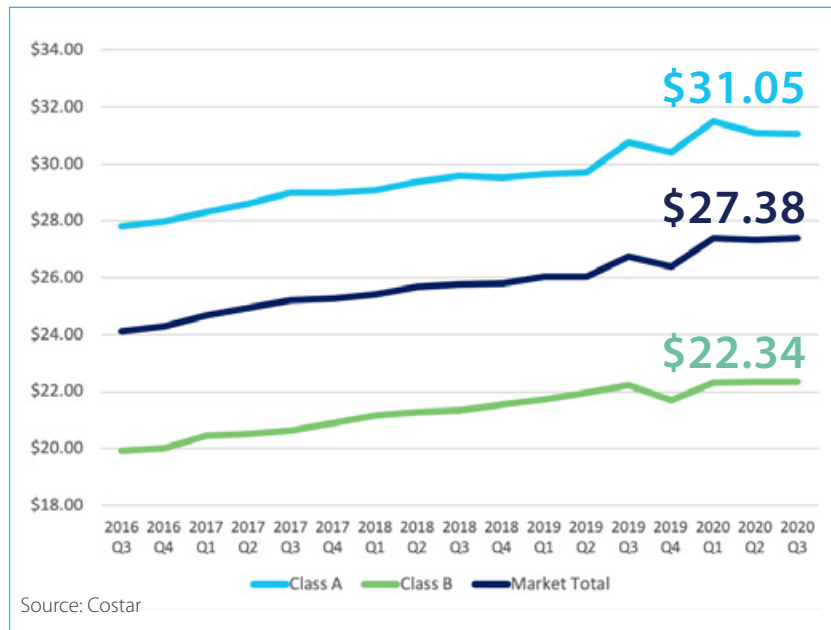
Vacancy

The Dallas-Fort Worth Office market ended the quarter with a vacancy rate of 16.8%. In all, there was 46 msf of vacant space available. This puts the vacancy rate at the highest it has been since the Great Recession's recovery began in early 2010.

Looking at which submarkets are struggling the most with large vacancies, the usual suspects stay in sight. Dated product continues to struggle, as evidenced in not just Dallas CBD, but also in submarkets like Stemmons Fwy, LBJ Fwy, and Quorum/Bent Tree. Product from the 80's leads vacancy rates with 22% vacant.

Sublease vacant availability rates are climbing as well, with 4.4 msf vacant and available.

DFW Gross Direct Asking Rent Per SF



Rental Rates

Annualized rent growth for Q3 2020 was 0.8%, driven down substantially by the harsh drop since March due to COVID-19. Before March, rent growth was mostly stable, as it has been for multiple quarters, but expect rent growth to all but end now. Market-wide, Class B rent growth has turned negative.

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

Annualized Rent Growth



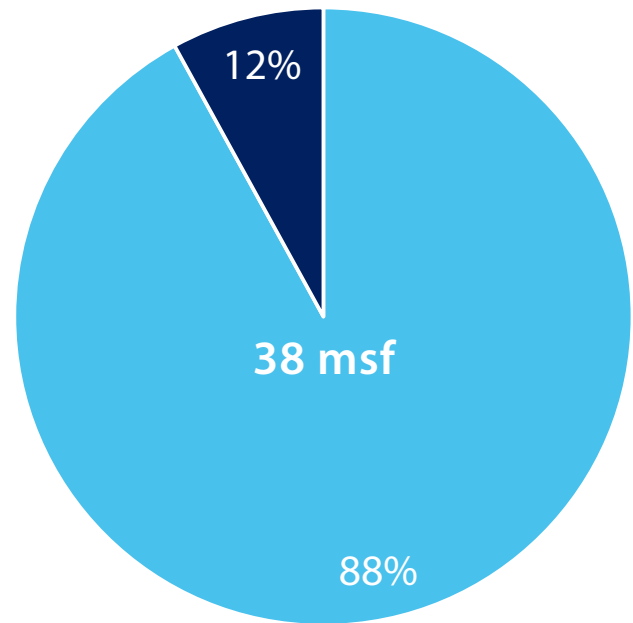
Absorption & Supply

Due to COVID-19's impact, year-to-date net absorption for the market is nearly -4 msf. Both Class A and Class B inventory saw over -1 msf net absorption for the quarter. Class A inventory 12-month net absorption is still positive, at 418,241 sf for Q3.

When owner-occupied space is excluded, 12-Month net absorption plummets to -3.2 msf. This shows owner-occupied space has been carrying absorption trends in the metro.

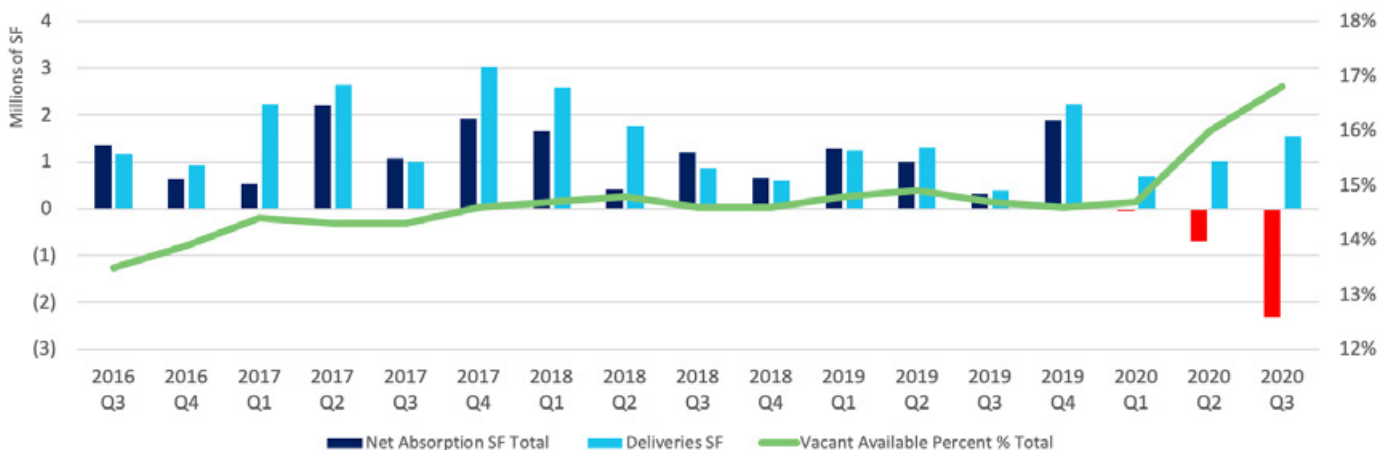
DFW Total 12 Month Absorption (Owner Occup. Included)	
-1,893,078 SF	
DFW Total 12 Month Absorption (Owner Occup. Excluded)	Class A 12 Month Absorption (Owner Occup. Excluded)
-3,283,782 SF	-815,821 SF
Class B 12 Month Absorption (Owner Occup. Excluded)	Class C 12 Month Absorption (Owner Occup. Excluded)
-2,385,589 SF	-545,080SF

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 88% of all new inventory has been filled.

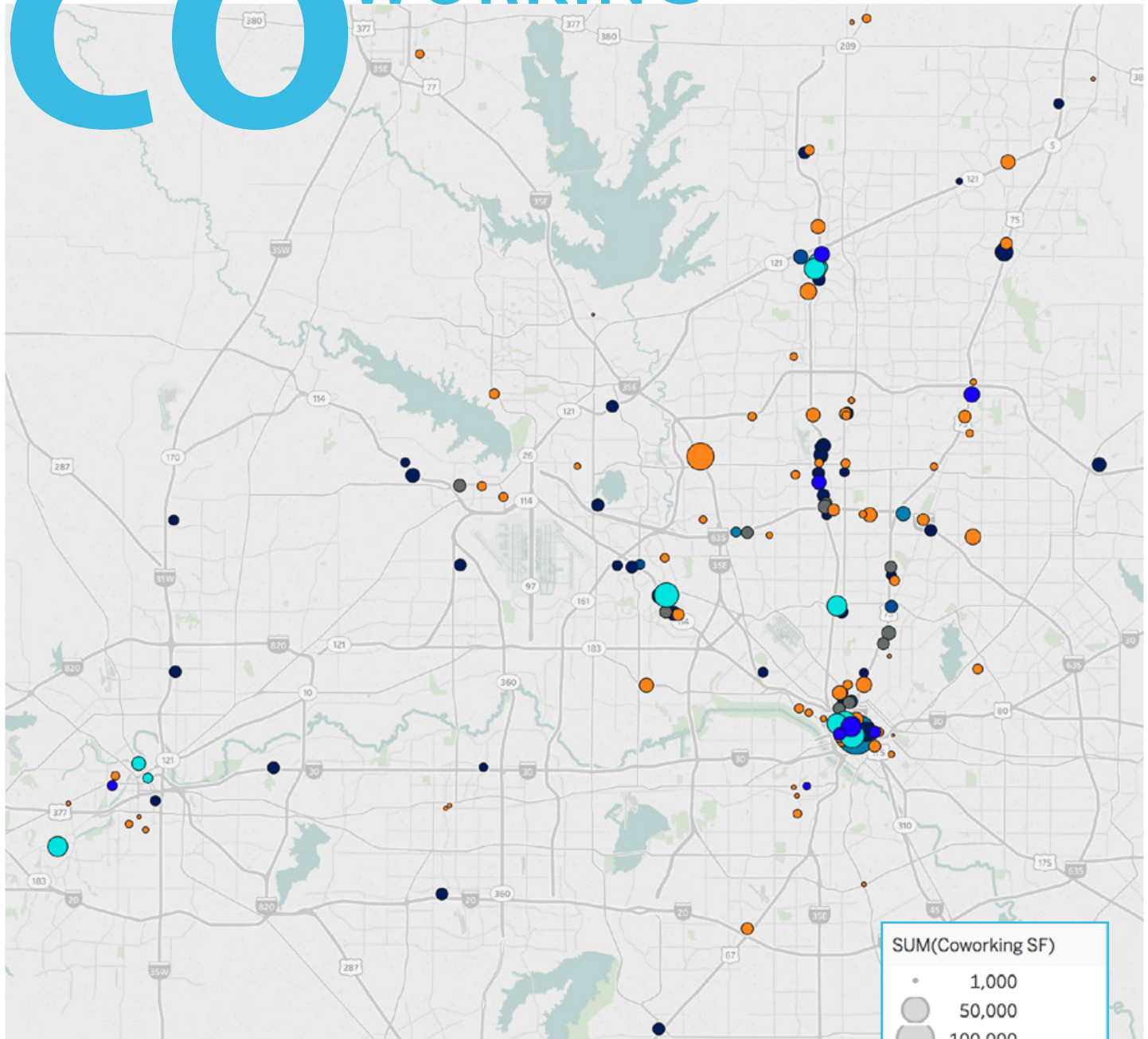
Net Absorption, Net Deliveries & Vacancy



Top Leases Past 12 Months

Address/Complex	Tenant	Submarket	Size (SF)	Deal Type
Duke Bridges	T-Mobile	Frisco/The Colony	199,800 SF	New
Pegasus Park	N/A	Stemmons	181,424 SF	New
777 Main	Oncor Electric Delivery	Fort Worth CBD	175,192 SF	New
5501 Headquarters Dr	Rent-A-Center	Upper Tollway	169,179 SF	Renewal
Cypress Waters	Caliber Home Loans	Las Colinas	159,320 SF	New

COWORKING

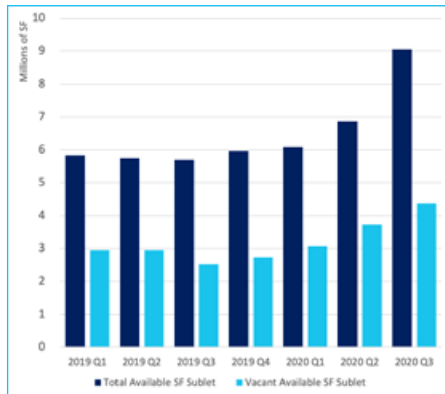


There is currently **3.6 MSF** of space dedicated to coworking and flexible lease providers.

LARGEST PROVIDERS (% Total Inventory)

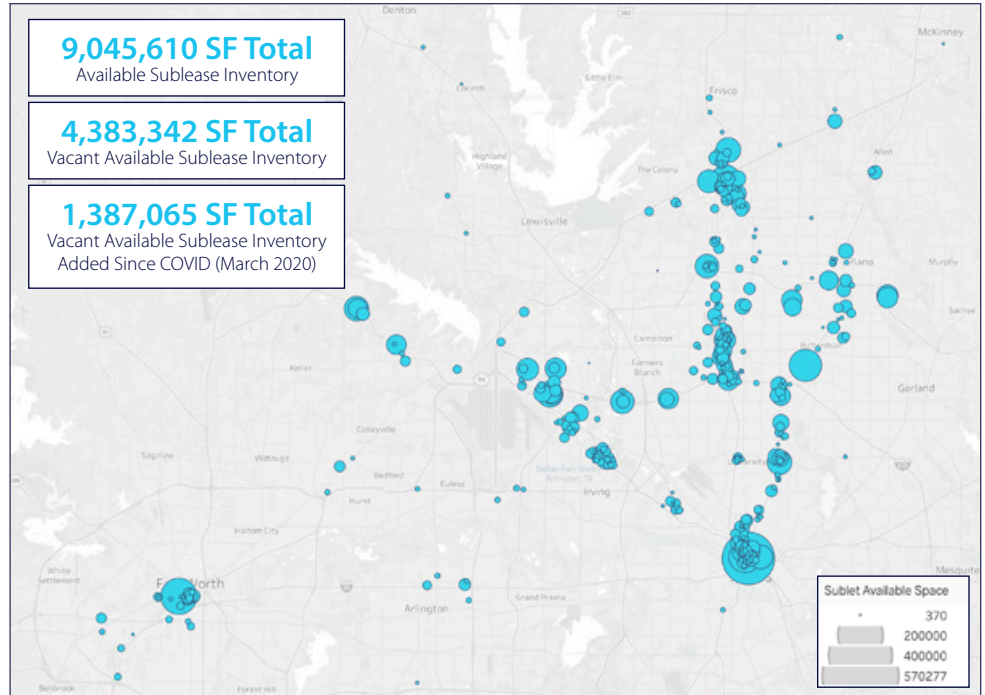
26%	18%	8%	6%
Regus & Spaces	WeWork	Boxer	Common Desk

SUBLEASE SUPPLY



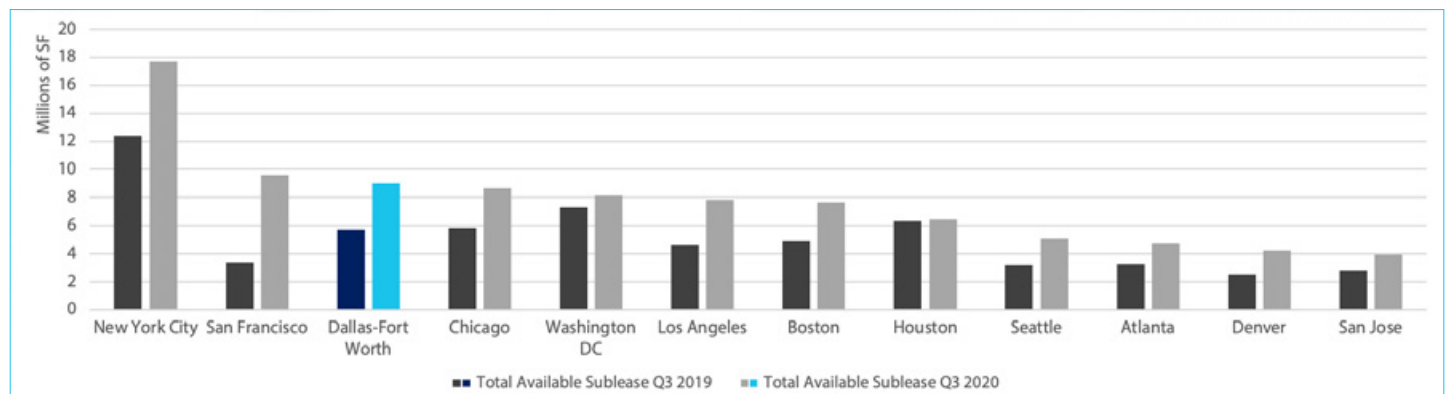
49% INCREASE
in total sublease volume since January

24% OF VOLUME
is in 25,000 - 50,000 SF Range



TOTAL YEAR-OVER-YEAR CHANGE IN AVAILABLE SUBLEASE INVENTORY WITHIN MAJOR MARKETS

Across the entire US office market, 12 Month Net Absorption is at -32.2 msf as of Q3 2020, with a year-over-year increase in sublease inventory of 50 msf.



YOY CHANGE IN SUBLEASE INVENTORY FOR DFW SUBMARKETS

Half of total DFW sublease inventory is concentrated within the Quorum/Bent Tree, Dallas CBD, Upper Tollway/West Plano, and Las Colinas submarkets.

DALLAS/FORT WORTH TOTAL			
Current	4,383,342		
1 Year Ago	2,731,248		
Delta YOY	1,652,094	60.5%	
CBD			
Current	849,789		
1 Year Ago	515,064		
Delta YOY	334,725	65.0%	
UPTOWN/TURTLE CREEK			
Current	219,749		
1 Year Ago	111,431		
Delta YOY	108,318	97.2%	
PRESTON CENTER			
Current	48,921		
1 Year Ago	34,476		
Delta YOY	14,445	41.9%	
LOWER TOLLWAY/QUORUM BENT TREE			
Current	560,409		
1 Year Ago	258,617		
Delta YOY	301,792	116.7%	

CENTRAL EXPRESSWAY			
Current	142,560		
1 Year Ago	107,413		
Delta YOY	35,147	32.7%	
LAS COLINAS			
Current	716,075		
1 Year Ago	153,321		
Delta YOY	562,754	367.0%	
WESTLAKE/GRAPEVINE			
Current	187,785		
1 Year Ago	111,518		
Delta YOY	76,267	68.4%	
LBJ FREEWAY			
Current	162,870		
1 Year Ago	142,131		
Delta YOY	20,739	14.6%	
STEMMONS FREEWAY			
Current	50,812		
1 Year Ago	2,350		
Delta YOY	48,462	2062.2%	

UPPER TOLLWAY/WEST PLANO			
Current	456,375		
1 Year Ago	518,551		
Delta YOY	-62,176	-12.0%	
FRISCO/THE COLONY			
Current	79,318		
1 Year Ago	8,356		
Delta YOY	70,962	849.2%	
RICHARDSON/PLANO			
Current	286,364		
1 Year Ago	133,351		
Delta YOY	153,013	114.7%	
ALLEN/MCKINNEY			
Current	52,775		
1 Year Ago	52,356		
Delta YOY	419	0.8%	
FORT WORTH CBD			
Current	114,271		
1 Year Ago	44,457		
Delta YOY	69,814	157.0%	

Class A & B Market Statistics

Q3 2020

Market	Existing Inventory		Vacancy				12 Month	QuarterlyNet	12 Month	Under	Quoted
	# Bids	Total RBA	DirectSF	Sublease SF	Total SF	Total Vacant Available %	NetAbsorption	Absorption	Deliveries	ConstSF	Gross Rent Direct
Class A	699	172,092,707	29,036,723	3,081,823	32,118,546	18.7%	418,241	-1051117	4,210,911	5,628,508	\$31.05
Class B	1,906	142,556,130	21,189,427	1,298,275	22,487,702	15.8%	-1,780,660	-1271729	535,868	803,904	\$22.34
Totals	2,605	314,648,837	50,226,150	4,380,098	54,606,248	17.3%	(1,362,419)	(2,322,846)	4,746,779	6,432,412	\$26.70

Source: CoStar Property®

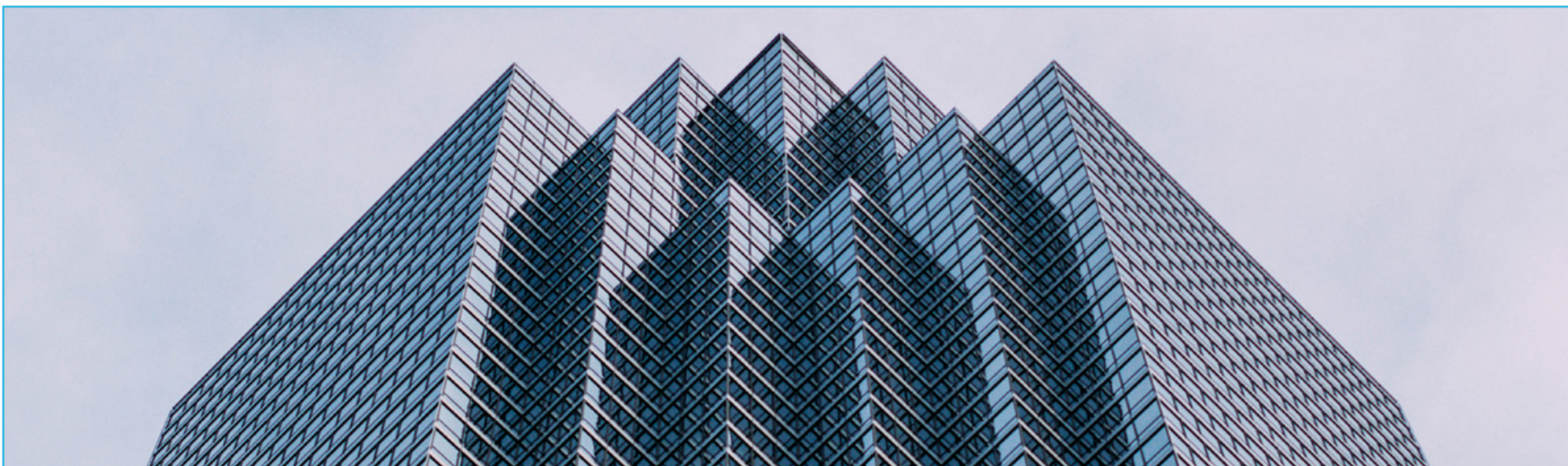
Total Office Market Statistics

Q3 2020

Market	Existing Inventory		Vacancy				12 Month	QuarterlyNet	12 Month	Under	Gross Rent Direct
	# Bids	Total RBA	DirectSF	Sublease SF	Total SF	Total Vacant Available %	NetAbsorption	Absorption	Deliveries	ConstSF	
Totals	2,995	332,641,273	51,631,552	4,383,342	56,014,894	16.8%	-1,893,078	(2,308,338)	4,746,779	6,432,412	\$27.38

Source: CoStar Property®

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



The Market: Class A Stats - Core Submarkets

Q3 2020 | Office Market Report

Market	Existing Inventory		Vacancy				Absorption		Construction		Quoted Gross Direct Rates
	# Blds	Total RBA	Direct SF	Sublease SF	Total SF	%	12 Mo. Net	Quarterly Net	YTD Deliveries	Under Constr.	
Allen/McKinney	23	2,269,788	320,363	8,286	328,649	14.5%	60,100	5,834	300,000	0	\$31.27
Central Expy	26	7,535,431	1,443,111	114,204	1,557,315	20.7%	-319,654	-173,340	0	0	\$33.10
Dallas CBD	33	23,860,019	5,784,533	802,110	6,586,643	27.6%	-662,435	-515,059	0	284,600	\$28.00
Fort Worth CBD	14	5,683,779	851,181	66,650	917,831	16.1%	70,418	-36,899	0	0	\$31.68
Frisco/The Colony	34	4,703,643	510,446	71,023	581,469	12.4%	294,428	67,679	385,983	907,096	\$37.81
Las Colinas	100	24,060,416	3,893,159	316,044	4,209,203	17.5%	766,452	-237,316	2,140,360	500,352	\$30.63
LBJ	39	11,290,495	2,016,751	123,334	2,140,085	19.0%	118,314	-122,327	0	107,000	\$26.70
Lewisville/Denton/Flower Mound	9	586,863	235,618	2,496	238,114	40.6%	-10,044	3,493	225,366	0	\$30.06
Mid Cities/HEB/Arlington	28	4,719,165	447,692	18,543	466,235	9.9%	-12,991	29,104	41,348	100,000	\$23.75
Preston Center	24	4,469,734	394,693	40,487	435,180	9.7%	-63,683	-4,574	0	297,000	\$46.07
Quorum/Bent Tree	51	12,311,347	1,882,982	369,315	2,252,297	18.3%	38,910	-123,247	0	0	\$31.08
Richardson/Plano	60	13,365,912	2,623,277	173,586	2,796,863	20.9%	143,574	12,742	0	0	\$27.16
Stemmons	14	4,982,369	801,140	31,519	832,659	16.7%	-124,539	-80,388	0	0	\$20.60
Upper Tollway/West Plano	98	25,012,044	3,174,205	311,603	3,485,808	13.9%	180,828	154,599	586,961	1,220,454	\$37.36
Uptown/Turtle Creek	54	12,657,281	1,689,452	187,878	1,877,330	14.8%	-257,250	-199,478	0	656,774	\$43.59
West Southwest Fort Worth/Clearfork	27	3,345,179	149,935	288,874	438,809	13.1%	-246,851	-76,995	27,312	23,031	\$27.54
Westlake/Grapevine/Southlake	26	5,375,800	948,503	93,056	1,041,559	19.4%	-24,642	33,376	0	720,085	\$32.08
Totals	660	166,229,265	27,167,041	3,019,008	30,186,049	17.9%	(49,065)	(1,262,796)	3,707,330	4,816,392	\$31.68

The Market: Class B Stats - Core Submarkets

Q3 2020 | Office Market Report

Market	Existing Inventory		Vacancy				Absorption		Construction		Quoted Gross Direct Rates
	# Blds	Total RBA	Direct SF	Sublease SF	Total SF	%	12 Mo. Net	Quarterly Net	YTD Deliveries	Under Constr.	
Allen/McKinney	54	4,590,703	442,958	44,489	487,447	10.6%	28,288	-24,362	0	146,772	\$25.64
Central Expy	72	5,531,654	703,956	28,356	732,312	13.2%	-60,640	-48,561	58,890	30,000	\$28.54
Dallas CBD	44	7,381,625	1,202,722	52,739	1,255,461	17.0%	-112,563	-59,242	0	0	\$20.43
Fort Worth CBD	36	5,143,873	577,180	25,621	602,801	11.7%	-142,365	-157,050	0	0	\$21.91
Frisco/The Colony	41	1,835,954	201,403	8,295	209,698	11.4%	-28,739	-10,181	21,022	114,161	\$31.04
Las Colinas	205	17,753,098	2,812,307	377,502	3,189,809	18.0%	-623,024	-293,508	0	103,000	\$22.63
LBJ	118	10,471,079	2,259,676	39,536	2,299,212	22.0%	-65,236	-120,409	0	0	\$19.44
Lewisville/Denton/Flower Mound	103	6,689,952	765,855	3,915	769,770	11.5%	-50,350	-10,926	0	46,340	\$23.95
Mid Cities/HEB/Arlington	146	9,257,588	1,069,524	50,308	1,119,832	12.1%	125,180	18,119	161,500	0	\$19.95
Preston Center	19	1,114,319	172,431	8,434	180,865	16.2%	-55,412	-8,694	0	0	\$30.68
Quorum/Bent Tree	137	9,697,912	2,010,031	191,094	2,201,125	20.7%	-10,146	-76,710	48,000	0	\$21.44
Richardson/Plano	195	14,921,468	2,151,099	85,541	2,236,640	15.0%	-131,678	-89,864	52,091	0	\$20.72
Stemmons	85	7,641,714	1,497,867	17,209	1,515,076	19.8%	40,446	10,145	50,091	65,000	\$17.83
Upper Tollway/West Plano	108	7,998,904	1,084,977	54,432	1,139,409	14.2%	-58,801	-63,213	0	34,500	\$27.37
Uptown/Turtle Creek	38	2,233,220	387,267	31,871	419,138	18.8%	-56,829	-17,589	0	0	\$32.25
West Southwest Fort Worth/Clearfork	116	6,625,531	722,369	60,165	782,534	11.8%	16,411	-25,178	40,909	29,500	\$24.72
Westlake/Grapevine/Southlake	60	3,232,826	384,684	94,729	479,413	14.8%	61,670	82,843	20,000	133,317	\$26.02
Totals	1,577	122,121,420	18,446,306	1,174,236	19,620,542	15.2%	-1123788	-894380	452,503	702,590	\$24.39

Office, 20k sf, Existing, Owner Occupied Included

The Market: Totals - Core Submarkets

Q3 2020 | Office Market Report

Market	Existing Inventory		Vacancy				Absorption		Construction		Quoted Gross Direct Rates
	# Blds	Total RBA	Direct SF	Sublease SF	Total SF	%	12 Mo. Net	Quarterly Net	YTD Deliveries	Under Constr.	
Allen/McKinney	81	7,675,657	763,321	52,775	816,096	10.6%	88,384	-18,528	300,000	146,772	\$27.02
Central Expy	108	13,472,647	2,149,170	142,560	2,291,730	17.0%	-376,353	-224,004	58,890	30,000	\$31.33
Dallas CBD	97	33,434,911	6,961,127	849,789	7,810,916	23.4%	-732,421	-531,457	0	284,600	\$27.04
Fort Worth CBD	59	11,129,586	1,428,361	114,271	1,542,632	13.9%	-94,924	-215,949	0	0	\$28.07
Frisco/The Colony	76	6,583,737	715,840	79,318	795,158	12.1%	265,847	57,498	407,005	1,021,257	\$36.30
Las Colinas	321	42,892,230	6,799,422	716,075	7,515,497	17.5%	135,273	-579,925	2,140,360	603,352	\$26.71
LBJ	171	22,342,324	4,301,222	162,870	4,464,092	20.0%	53,641	-240,363	0	107,000	\$22.89
Lewisville/Denton/Flower Mound	139	8,308,632	1,047,679	6,411	1,054,090	12.7%	-80,046	-679	225,584	46,340	\$24.86
Mid Cities/HEB/Arlington	219	15,894,208	1,595,007	68,851	1,663,858	10.5%	133,800	61,427	222,196	100,000	\$21.02
Preston Center	51	5,805,874	577,692	48,921	626,613	10.8%	111,518	-10,617	0	297,000	\$42.78
Quorum/Bent Tree	197	22,364,832	3,897,552	560,409	4,457,961	19.9%	32,213	-198,215	48,000	0	\$26.37
Richardson/Plano	285	29,690,304	5,266,085	286,364	5,552,449	18.7%	-429,649	-88,318	52,091	0	\$23.94
Stemmons	128	13,881,946	2,486,005	50,812	2,536,817	18.3%	-149,671	-50,886	50,091	65,000	\$18.67
Upper Tollway/West Plano	211	33,187,198	4,265,306	456,375	4,721,681	14.2%	34,044	1,673	589,770	1,254,954	\$35.14
Uptown/Turtle Creek	99	15,147,057	2,104,633	219,749	2,324,382	15.3%	-315,338	-219,520	0	656,774	\$41.23
West Southwest Fort Worth/Clearfork	173	11,113,728	940,989	349,039	1,290,028	11.6%	-250,877	-102,569	68,671	52,531	\$25.08
Westlake/Grapevine/Southlake	89	8,782,260	1,362,570	187,785	1,550,355	17.7%	-42,361	37,307	20,000	853,402	\$30.53
Totals	2,504	301,707,131	46,661,981	4,352,374	51,014,355	15.5%	(1,616,920)	(2,323,125)	4,182,658	5,518,982	\$28.76

Office, 20k sf, Existing, Owner Occupied Included

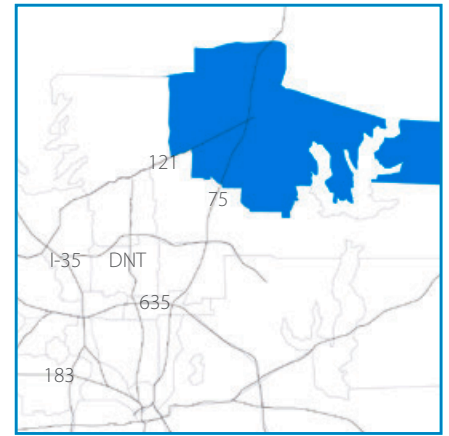
CORE SUBMARKET SNAPSHOTS

OFFICE

Q3 '20

DALLAS-FORT WORTH 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



Market Facts



MARKET TOTAL
RBA

7,675,657 SF



CLASS A GROSS
DIRECT RATE

\$31.27/SF



CLASS B GROSS
DIRECT RATE

\$25.64/SF



MARKET TOTAL
GROSS DIRECT RATE

\$27.02/SF



TOTAL VACANCY

816,096 SF



TOTAL VACANCY %

10.6%



12 MONTH
NET ABSORPTION

88,384 SF



QUARTERLY
NET ABSORPTION

-18,528 SF



YOY RENT GROWTH

1.5%



12 MONTH DELIVERIES

300,000 SF



UNDER
CONSTRUCTION

146,772 SF

Market Dynamism

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 neighbors in Frisco and West Legacy, but at much lower price points, and generally in smaller buildings with less RBA. Average RBA in Allen/McKinney is 86,551 SF, versus roughly 150,000 SF for its western neighbors.

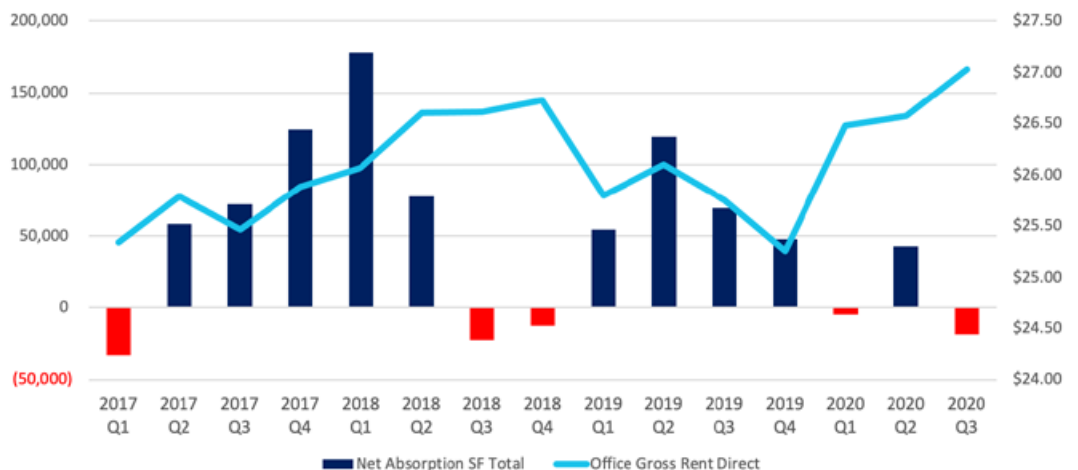
Most of its office properties are located along the North Central Expressway in Allen, in the southern half of the submarket. There is a general lack of large blocks of available space, which constrains some aspects of absorption. Vacancies have generally trended much lower than metro averages, but are seeing a slight rise with recent deliveries of speculative product

such as One Bethany West, which brought 200,000 SF of inventory and is now roughly 40% leased. Like much of the rest of the metro, Allen/McKinney is seeing success with corporate build-to-suit projects, such as Independent Bank's recently completed 165,000 SF headquarters in Craig Ranch.

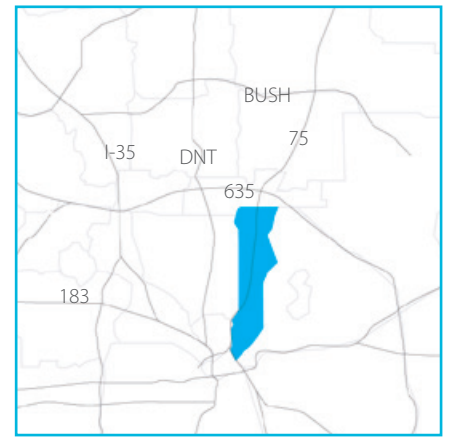
Construction starts have created a healthy pipeline of 146,722 SF that should deliver in the next 12 months, of which roughly 60% is available.

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

NET ABSORPTION & AVG. DIRECT GROSS RATES



CENTRAL EXPRESSWAY



Market Facts



MARKET TOTAL
RBA
13,472,647 SF



CLASS A GROSS
DIRECT RATE
\$33.10/SF



CLASS B GROSS
DIRECT RATE
\$28.54/SF



MARKET TOTAL
GROSS DIRECT RATE
\$31.33/SF



TOTAL VACANCY
2,291,730 SF



TOTAL VACANCY %
17.0%



12 MONTH
NET ABSORPTION
-376,353 SF



QUARTERLY
NET ABSORPTION
-224,004 SF



YOY RENT GROWTH
1.0%



12 MONTH DELIVERIES
58,890 SF



UNDER
CONSTRUCTION
30,000 SF

Market Dynamism

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.

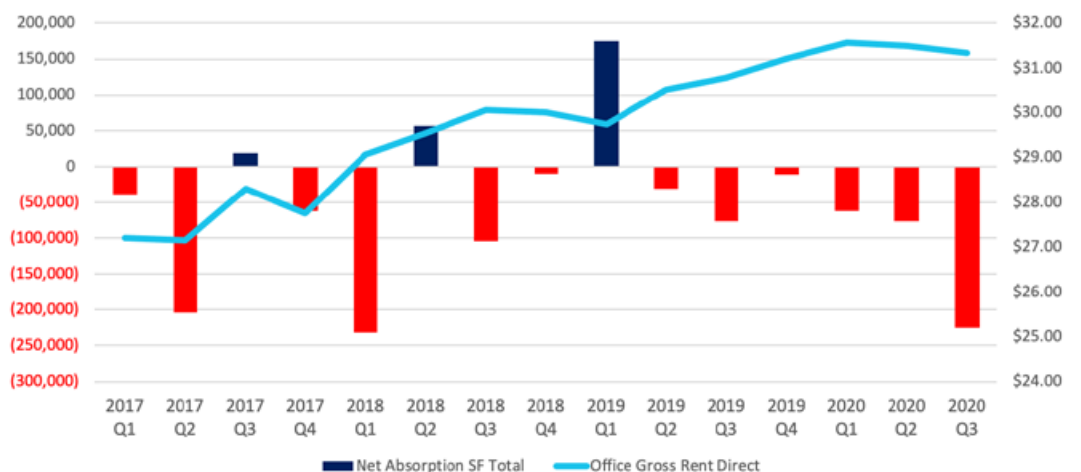
Construction has been slower than much of the surrounding area, with only minimal starts in the last 5 years, save for renovation projects such as the Meadows Building, which is housing Gensler's new space.

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. Recent major sales such as the sell of Cityplace Tower and Premier Place have shown that investors still see strong opportunity in one of the market's more dynamic submarkets.

NET ABSORPTION & DIRECT GROSS RATES





Market Facts



MARKET TOTAL
RBA

33,434,911 SF



CLASS A GROSS
DIRECT RATE

\$28.00/SF



CLASS B GROSS
DIRECT RATE

\$20.43/SF



MARKET TOTAL
GROSS DIRECT RATE

\$27.04/SF



TOTAL VACANCY

7,810,916 SF



TOTAL VACANCY %

23.4%



12 MONTH
NET ABSORPTION

-732,421 SF



QUARTERLY
NET ABSORPTION

-531,457 SF



YOY RENT GROWTH

2.9%



12 MONTH DELIVERIES

0 SF



UNDER
CONSTRUCTION

284,600 SF

Market Dynamism

Cold

Hot

Market Overview

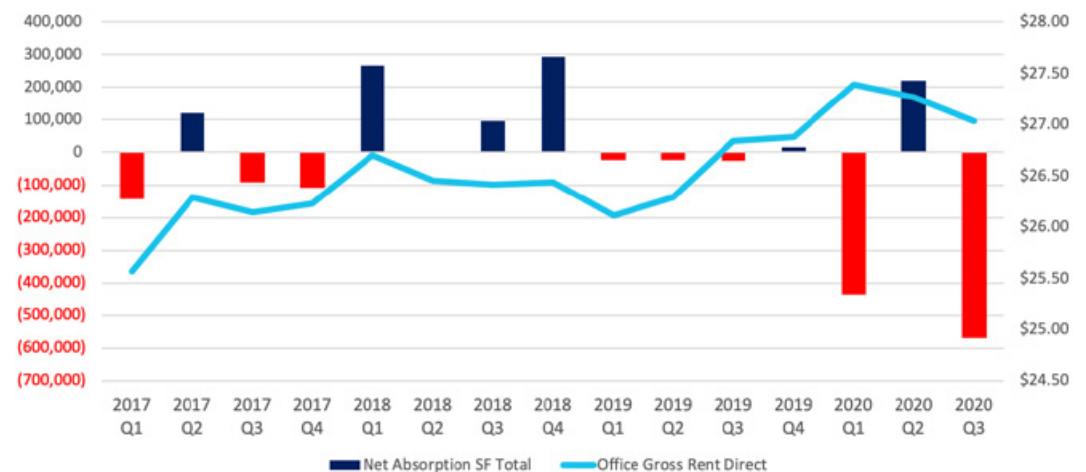
The Dallas Central Business District (CBD) was having a resurgence in recent quarters thanks to new product and a healthy amount of building renovations. However, the COVID-19 pandemic will present future challenges for an urban core within a hub-spoke structured city that has seen much of its momentum move to the "spoke" areas such as the northern suburbs.

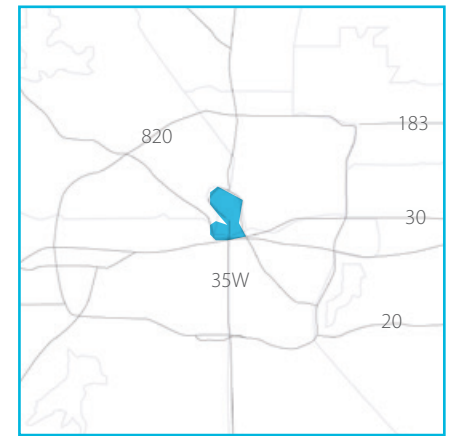
Major iconic properties such as Trammell Crow Center and Fountain Place have undergone substantial renovations to retain tenants, though in some cases are still losing, such as Fountain Place losing Tenet Healthcare to International Plaza along the Tollway- a loss of a 215,000 SF tenant. Bryan Tower is facing a similar dilemma as its largest tenant, Baylor Health Care Systems, vacated 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 work ecosystem into a stable and positive future, or potentially get left in the wake as energy continues to move to Uptown, the suburbs and homes.

NET ABSORPTION & DIRECT GROSS RATES





Market Facts



MARKET TOTAL
RBA
11,129,586 SF



CLASS A GROSS
DIRECT RATE
\$31.68/SF



CLASS B GROSS
DIRECT RATE
\$21.91/SF



MARKET TOTAL
GROSS DIRECT RATE
\$28.07/SF



TOTAL VACANCY
1,542,632 SF



TOTAL VACANCY %
13.9%



12 MONTH
NET ABSORPTION
-94,924 SF



QUARTERLY
NET ABSORPTION
-215,949 SF



YOY RENT GROWTH
2.0%



12 MONTH DELIVERIES
0 SF



UNDER
CONSTRUCTION
0 SF

Market Dynamism

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- 13.9% vs 23.4%. This could also partially be due to the fact that Fort Worth CBD is one of the few areas on the western side of the metro that has high quality Class A & B assets.

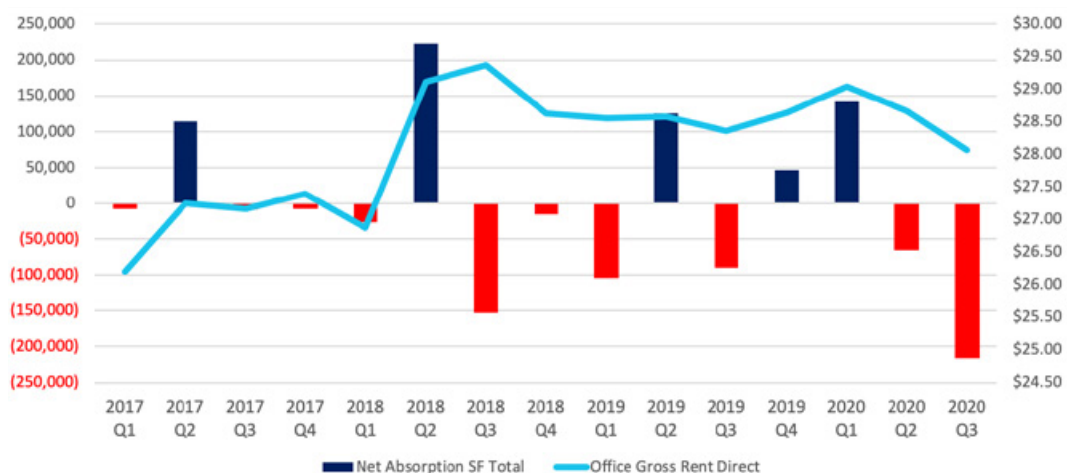
The submarket has also helped absorb office vacancies such as XTO Energy's space, by recently converting older buildings into multifamily rental properties and boutique hotels. These transitions have helped keep supply tighter than it could have been, and helped mitigate any major drops in overall occupancy.

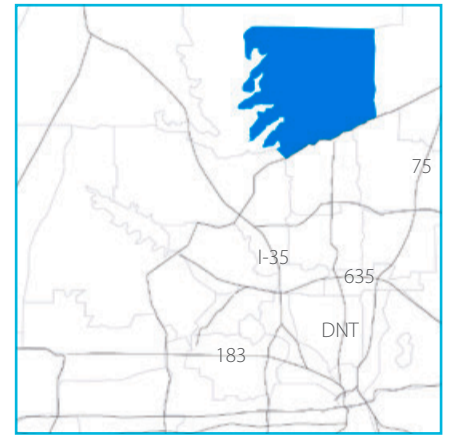
Construction has been quite limited this cycle, with Frost Tower being the only

property over 100,000 SF to be built since 2010. Of that total 636,000 SF of inventory built since 2010, the market has absorbed most of it, with only 20% of that space remaining available.

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

NET ABSORPTION & DIRECT GROSS RATES





Market Facts



MARKET TOTAL
RBA

6,583,737 SF



CLASS A GROSS
DIRECT RATE

\$37.81/SF



CLASS B GROSS
DIRECT RATE

\$31.04/SF



MARKET TOTAL
GROSS DIRECT RATE

\$36.30/SF



TOTAL VACANCY

795,158 SF



TOTAL VACANCY %

12.1%



12 MONTH
NET ABSORPTION

265,847 SF



QUARTERLY
NET ABSORPTION

57,498 SF



YOY RENT GROWTH

0.2%



12 MONTH DELIVERIES

407,005 SF



UNDER
CONSTRUCTION

1,021,257 SF

Market Dynamism

Cold

Hot

Market Overview

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

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

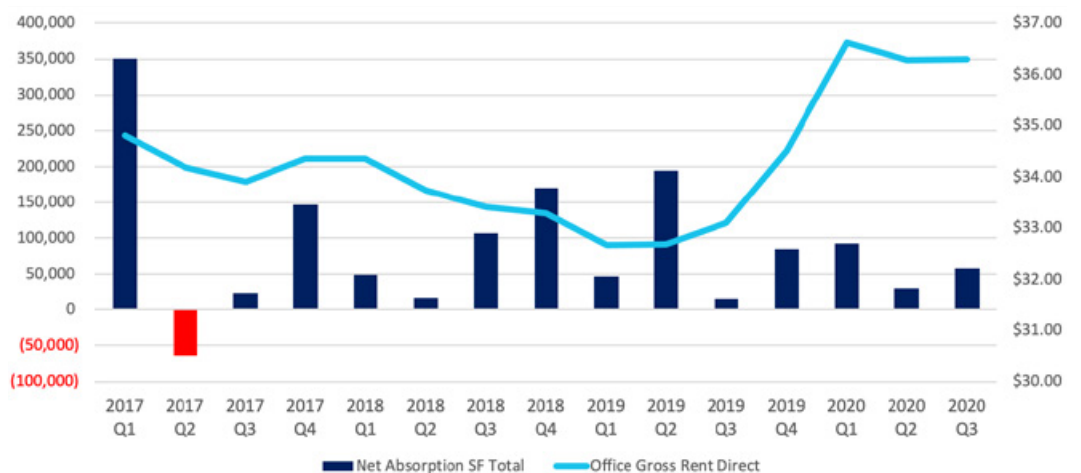
The vast majority of supply within the submarket is along Dallas North Tollway, such as Hall Park, and The Star. This is also where new construction such as Frisco

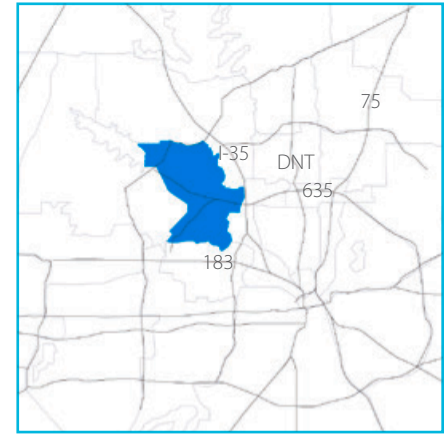
Station and The Gate are taking place. Frisco recently made national news with the sale of 2,500 acres of land for the upcoming Fields Development, where the PGA Headquarters has already broken ground, as well as ample potential for plenty of other corporate headquarters- helping it rival its sibling submarkets such as Upper Tollway.

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

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

NET ABSORPTION & DIRECT GROSS RATES





Market Facts



MARKET TOTAL
RBA

42,892,230 SF



CLASS A GROSS
DIRECT RATE

\$30.63/SF



CLASS B GROSS
DIRECT RATE

\$22.63/SF



MARKET TOTAL
GROSS DIRECT RATE

\$26.71/SF



TOTAL VACANCY

7,515,497 SF



TOTAL VACANCY %

17.5%



12 MONTH
NET ABSORPTION

135,273 SF



QUARTERLY
NET ABSORPTION

-579,925 SF



YOY RENT GROWTH

-0.1%



12 MONTH DELIVERIES

2,140,360 SF



UNDER
CONSTRUCTION

603,352 SF

Market Dynamism

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 boasts the largest number of Fortune 1000 company headquarters outside of downtown Dallas.

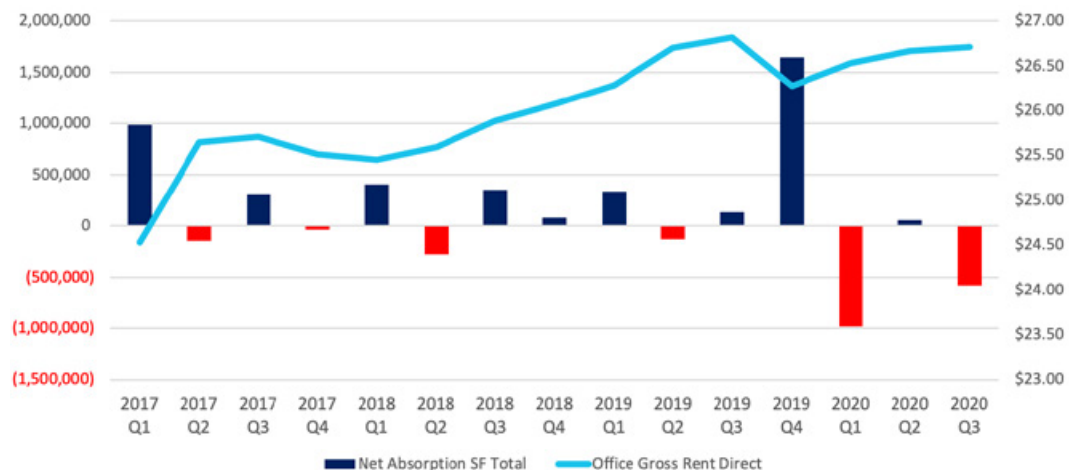
The proximity to DFW Airport, ample land, and desirable product helps keep these major companies, even if some such as Signet Jewelers and Nokia move within the cluster from one submarket to another. DFW Freeport/Coppell's 1,000 acre Cypress Waters development is one of the top draws, with 3.3 MSF delivering since 2010, with 85% of it full.

The new Hidden Ridge development in the Office Center, with Pioneer Natural Resources' new 1.125 MSF headquarters opened, also has potential to spur more development such as its neighboring Westin Hotel and more.

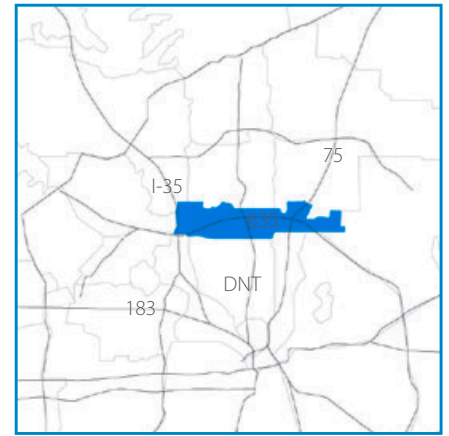
These new deliveries and quality existing assets with stable occupancies have helped drive rents up at a steady clip this cycle, consistently setting historical records, nearly each quarter.

This energy and Dynamism 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
22,342,324 SF



CLASS A GROSS
DIRECT RATE
\$26.70/SF



CLASS B GROSS
DIRECT RATE
\$19.44/SF



MARKET TOTAL
GROSS DIRECT RATE
\$22.89/SF



TOTAL VACANCY
4,464,092 SF



TOTAL VACANCY %
20.01%



12 MONTH
NET ABSORPTION
53,641 SF



QUARTERLY
NET ABSORPTION
-240,363 SF



YOY RENT GROWTH
2.3%



12 MONTH DELIVERIES
0 SF



UNDER
CONSTRUCTION
107,000 SF

Market Dynamism

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.

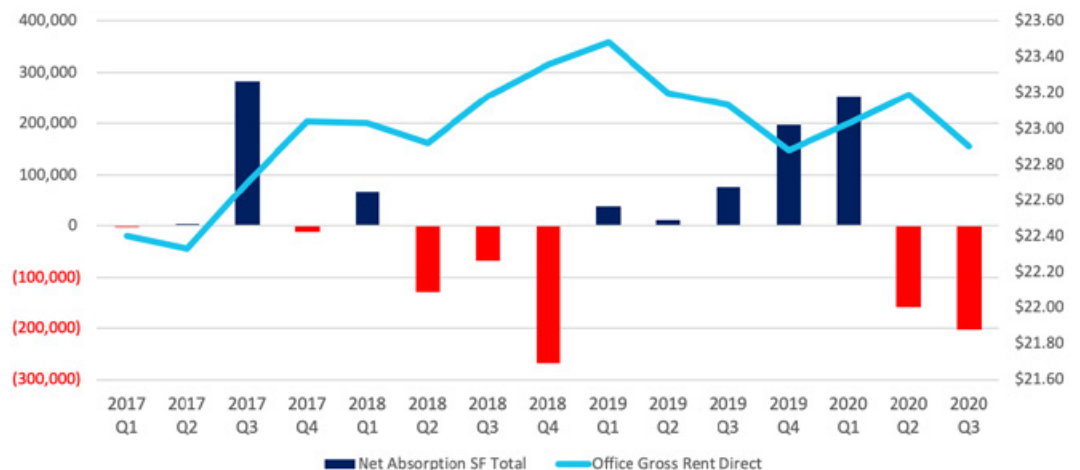
The submarket is generally much cheaper than any of those above mentioned submarkets, and its high vacancy rate means plenty of large blocks of space. Also, East LBJ is one of the densest submarkets in the metro, with roughly 17 MSF of inventory in one of the smallest land masses.

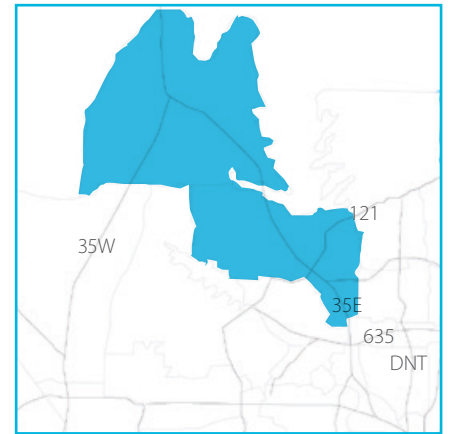
The submarket does have potential to see some new energy and momentum however, as the \$4B Dallas Midtown project

at Valley View Mall has finally kicked into gear. Demolition of the majority of Valley View Mall is now complete, removing the blighted old mall from sight, and energizing developers and nearby businesses with the prospect of new activity. In all, the development has proposed 12 million SF of office and mixed-use space, along with luxury hotels, and a 20-acre urban park.

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

NET ABSORPTION & DIRECT GROSS RATES





Market Facts



MARKET TOTAL
RBA

8,308,632 SF



CLASS A GROSS
DIRECT RATE

\$30.06/SF



CLASS B GROSS
DIRECT RATE

\$23.95/SF



MARKET TOTAL
GROSS DIRECT RATE

\$24.86/SF



TOTAL VACANCY

1,054,090 SF



TOTAL VACANCY %

12.7%



12 MONTH
NET ABSORPTION

-80,046 SF



QUARTERLY
NET ABSORPTION

-679 SF



YOY RENT GROWTH

-0.5%



12 MONTH DELIVERIES

225,584 SF



UNDER
CONSTRUCTION

46,340 SF

Market Dynamism

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. Vacancies are low compared to most of the metro, especially within Denton and Flower Mound, as supply this far northwest is especially limited.

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

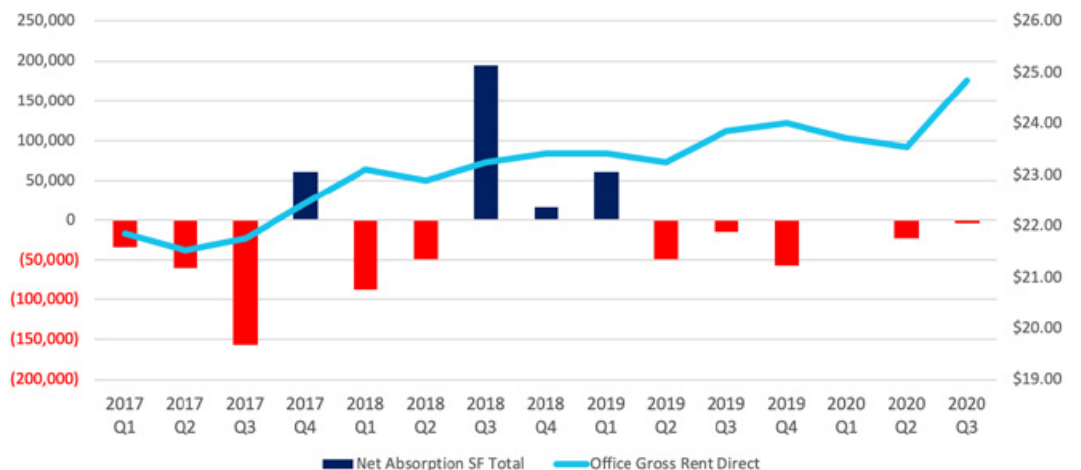
Construction has been relatively calm this cycle, but Bright Realty recently delivered Crown Center Building 1, a 103,149 SF

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

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

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

NET ABSORPTION & DIRECT GROSS RATES





Market Facts



MARKET TOTAL
RBA
15,894,208 SF



CLASS A GROSS
DIRECT RATE
\$23.75/SF



CLASS B GROSS
DIRECT RATE
\$19.95/SF



MARKET TOTAL
GROSS DIRECT RATE
\$21.02/SF



TOTAL VACANCY
1,663,858 SF



TOTAL VACANCY %
10.5%



12 MONTH
NET ABSORPTION
133,800 SF



QUARTERLY
NET ABSORPTION
61,427 SF



YOY RENT GROWTH
-0.7%



12 MONTH DELIVERIES
222,196 SF



UNDER
CONSTRUCTION
100,000 SF

Market Dynamism

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 recently delivered. Rents are traditionally quite low here, as much of the product is sub-investment grade and small. The area generally favors industrial product.

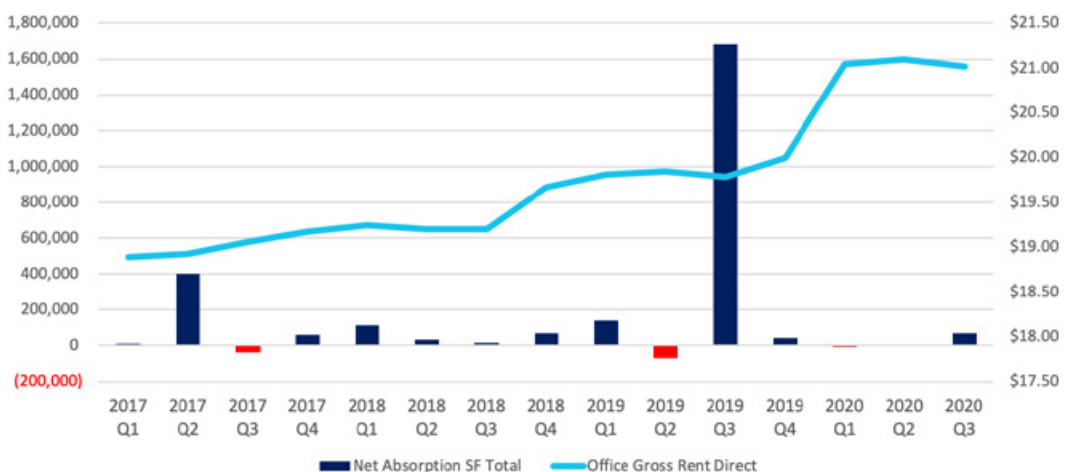
That said, vacancies didn't rise as much here as they did in other submarkets during the downturn, and absorption has remained steady, albeit small, during recent years. The majority of this cycle's construction has been build-to-suits that were immediately filled, which has also helped keep vacancies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

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

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

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

NET ABSORPTION & DIRECT GROSS RATES



PRESTON CENTER



Market Facts



MARKET TOTAL
RBA

5,805,874 SF



CLASS A GROSS
DIRECT RATE

\$46.07/SF



CLASS B GROSS
DIRECT RATE

\$30.68/SF



MARKET TOTAL
GROSS DIRECT RATE

\$42.78/SF



TOTAL VACANCY

626,613 SF



TOTAL VACANCY %

10.8%



12 MONTH
NET ABSORPTION

111,518 SF



QUARTERLY
NET ABSORPTION

-10,617 SF



YOY RENT GROWTH

3.1%



12 MONTH DELIVERIES

0 SF



UNDER
CONSTRUCTION

297,000 SF

Market Dynamism

Cold

Hot

Market Overview

Preston Center currently boasts the highest rental rates in the market, even over Uptown/Turtle Creek. The majority of the submarket's supply exists around the 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, making it a concentrated and highly desirable submarket.

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

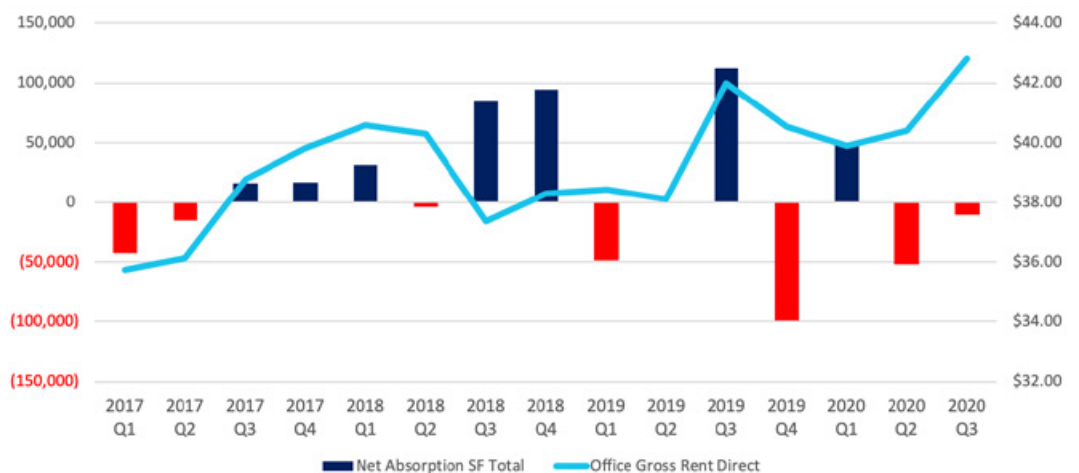
Construction here is limited as the vast

majority of the area is built out with high-priced single-family homes and existing commercial product. This scarcity of developable land, along with the desirable location, helps landlords keep their rents as high as they are. Currently, only 1 project is underway; Weir's Plaza on Knox Henderson, which is 297,000 SF and is 47.5% leased.

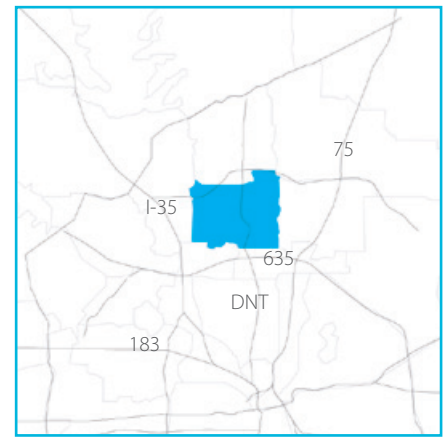
One potential area for development is on the site of the Saint Michael and All Angels Episcopal Church, located on the southwestern side of Preston Center. The church started work in 2018 to rezone the site in order to build office and multifamily.

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

NET ABSORPTION & DIRECT GROSS RATES



QUORUM/BENT TREE



Market Facts



MARKET TOTAL
RBA
22,364,832 SF



CLASS A GROSS
DIRECT RATE
\$31.08/SF



CLASS B GROSS
DIRECT RATE
\$21.44/SF



MARKET TOTAL
GROSS DIRECT RATE
\$26.37/SF



TOTAL VACANCY
4,457,961 SF



TOTAL VACANCY %
19.9%



12 MONTH
NET ABSORPTION
32,213 SF



QUARTERLY
NET ABSORPTION
-198,215 SF



YOY RENT GROWTH
0.2%



12 MONTH DELIVERIES
48,000 SF



UNDER
CONSTRUCTION
0 SF

Market Dynamism

Cold

Hot

Market Overview

The Quorum/Bent Tree submarket has alternated between positive and negative net absorption rates for several quarters now after dealing with multiple major corporate tenants relocating or vacating. Much of the recent leasing activity has been done in newer built product.

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

Rents here are comparable to other inner ring suburban markets with heavy 1980's supply inventory, such as LBJ, Richardson/Plano, and most of Las Colinas.

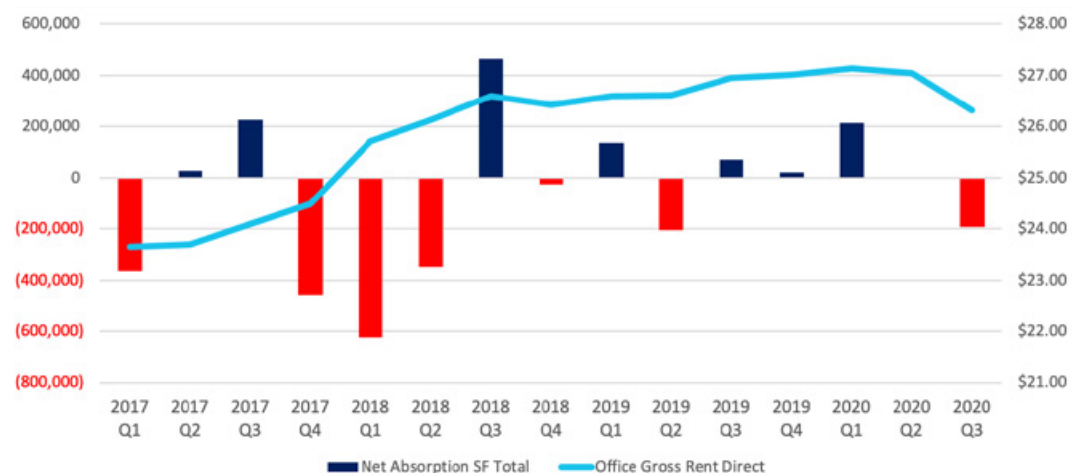
Rent growth has performed well this cycle,

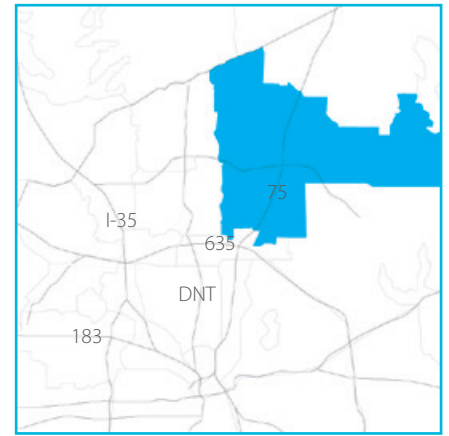
consistently averaging over 1.5% year-over-year growth.

Construction has been light compared to many of the surrounding submarkets, with slightly less than 1 MSF delivering this cycle. That said, what product that has delivered has performed well, with recent deliveries like Tollway Center and Fourteen555 both now being over 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 than some, most product tends to trade hands at around \$200/SF.

NET ABSORPTION & DIRECT GROSS RATES





Market Facts



MARKET TOTAL
RBA

29,690,304 SF



CLASS A GROSS
DIRECT RATE

\$27.16/SF



CLASS B GROSS
DIRECT RATE

\$20.72/SF



MARKET TOTAL
GROSS DIRECT RATE

\$23.94/SF



TOTAL VACANCY

5,552,449 SF



TOTAL VACANCY %

18.7%



12 MONTH
NET ABSORPTION

-429,649 SF



QUARTERLY
NET ABSORPTION

-88,318 SF



YOY RENT GROWTH

1.5%



12 MONTH DELIVERIES

52,091 SF



UNDER
CONSTRUCTION

0 SF

Market Dynamism

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.

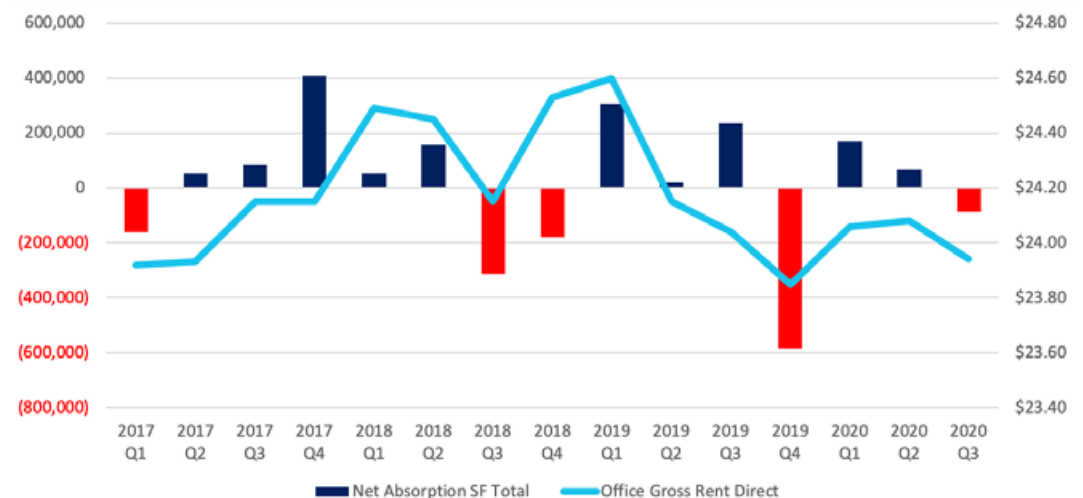
The Plano portion of the submarket has been relatively stagnant this cycle compared to some of its neighbors. Most of the submarket's energy has stayed in Richardson or relocated to other submarkets. The most successful area of the Plano side seems to be Legacy Central- Texas Instruments' former four-building

campus. Legacy Central is where Samsung recently relocated to, as well as Ribbon Communications, which took over 100,000 SF of space in early 2020.

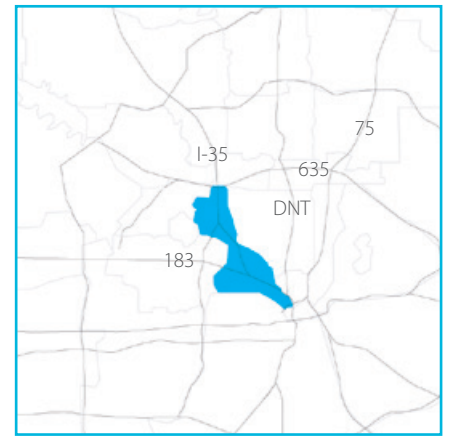
Rents here are lower than surrounding areas, giving the submarket a good value play position. Also, traffic feed does have the benefit of easy access to Bush, 75, and 121. Vacancies are also slightly higher than most northern submarkets, giving the submarket more potential for large blocks of space.

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

NET ABSORPTION & DIRECT GROSS RATES



STEMMONS FREEWAY



Market Facts



MARKET TOTAL
RBA

13,881,946 SF



CLASS A GROSS
DIRECT RATE

\$20.60/SF



CLASS B GROSS
DIRECT RATE

\$17.83/SF



MARKET TOTAL
GROSS DIRECT RATE

\$18.67/SF



TOTAL VACANCY

2,536,817 SF



TOTAL VACANCY %

18.3%



12 MONTH
NET ABSORPTION

-149,671 SF



QUARTERLY
NET ABSORPTION

-50,886 SF



YOY RENT GROWTH

0.7%



12 MONTH DELIVERIES

50,091 SF



UNDER
CONSTRUCTION

65,000 SF

Market Dynamism

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 Dynamism perspective, as vacancies remain higher than much of the metro, and rates are some of the lowest in the market.

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

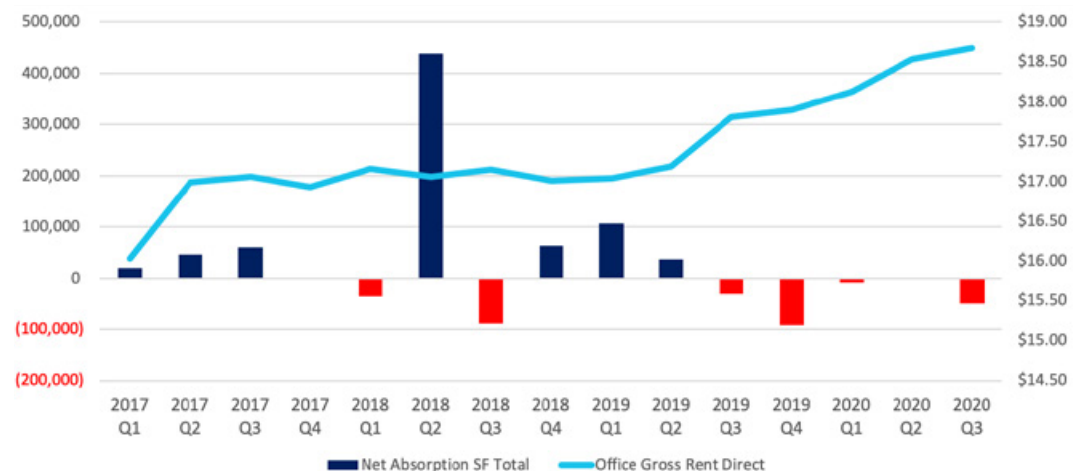
Along Stemmons itself, most product is older, lower grade product, so most sales are

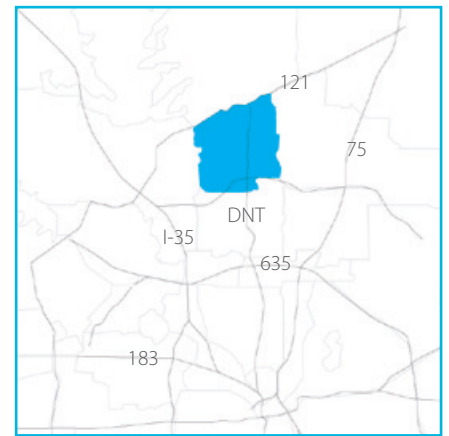
value-add deals. Infomart's 2018 sale for \$800 million (\$500/SF) helped lift the entire metro's sales volume for the year, and was certainly the record for the submarket. Traditionally, most product here has been trading for around \$180/SF, lower than the average for the market.

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

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

NET ABSORPTION & DIRECT GROSS RATES





Market Facts



MARKET TOTAL
RBA

33,187,198 SF



CLASS A GROSS
DIRECT RATE

\$37.36/SF



CLASS B GROSS
DIRECT RATE

\$27.37/SF



MARKET TOTAL
GROSS DIRECT RATE

\$35.14/SF



TOTAL VACANCY

4,721,681 SF



TOTAL VACANCY %

14.2%



12 MONTH
NET ABSORPTION

34,044 SF



QUARTERLY
NET ABSORPTION

1,673 SF



YOY RENT GROWTH

0.1%



12 MONTH DELIVERIES

589,770 SF



UNDER
CONSTRUCTION

1,254,954 SF

Market Dynamism

Cold

Hot

Market Overview

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

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

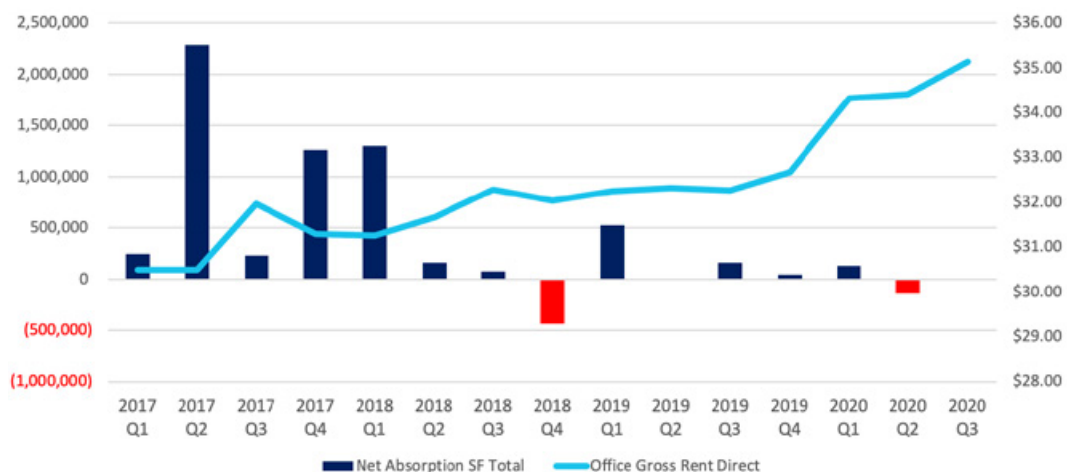
Rents here are higher than some surrounding northern neighbors, but still substantially lower than Uptown or Preston Center, making it desirable for companies who want prestigious, newer assets without having to pay 25% more like they would in some of the southern submarkets.

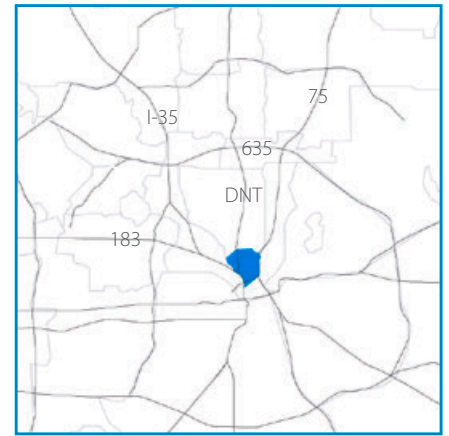
The submarket continues to draw new construction, for both build-to-suits and spec buildings. 2019 saw nearly 700,000 SF deliver, and there is almost 1.3 MSF currently under construction.

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

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

NET ABSORPTION & DIRECT GROSS RATES





Market Facts



MARKET TOTAL
RBA

15,147,057 SF



CLASS A GROSS
DIRECT RATE

\$43.59/SF



CLASS B GROSS
DIRECT RATE

\$32.25/SF



MARKET TOTAL
GROSS DIRECT RATE

\$41.23/SF



TOTAL VACANCY

2,324,382 SF



TOTAL VACANCY %

15.3%



12 MONTH
NET ABSORPTION

-315,338 SF



QUARTERLY
NET ABSORPTION

-219,520 SF



YOY RENT GROWTH

1.7%



12 MONTH DELIVERIES

0 SF



UNDER
CONSTRUCTION

656,774 SF

Market Dynamism

Cold

Hot

Market Overview

Prior to COVID-19, Uptown/Turtle Creek had some of the highest net absorption in the market even though its total inventory is only average-sized. The submarket continues to draw in Class A & AA construction to match its existing supply, along with strong amenities, tons of multifamily, and a healthy nightlife and dining scene, making it the marquee submarket in the metro.

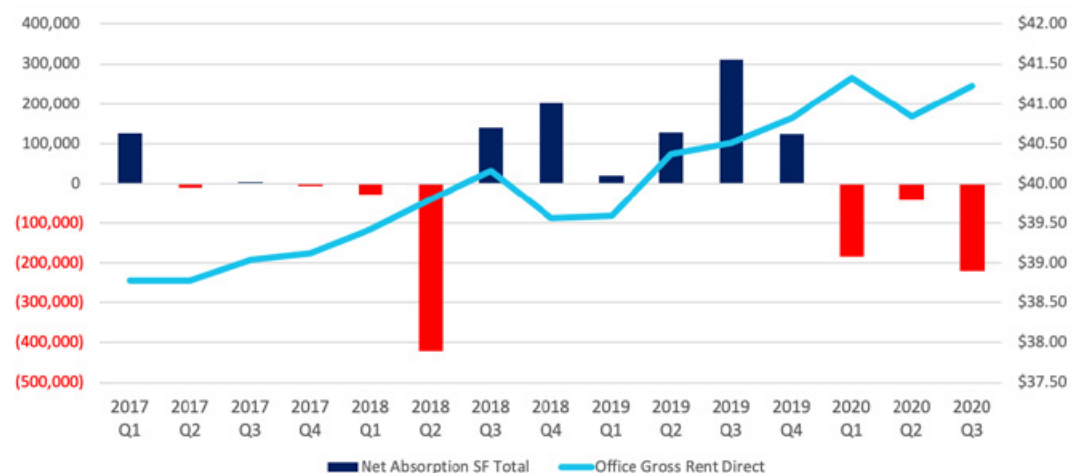
Construction is rising again to match recent cycle highs, with most major projects such as The Union and PwC Tower delivering and now nearly fully occupied, with new projects like The Link and Victory Commons underway. These new properties are being built spec, and are set to add 650,000 SF to the submarket's inventory with only 2% of that pre-leased so far.

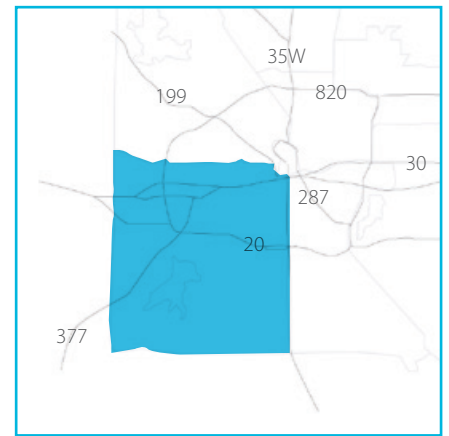
Rental rates here are usually the highest

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

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

NET ABSORPTION & DIRECT GROSS RATES





Market Facts



MARKET TOTAL
RBA

11,113,728 SF



CLASS A GROSS
DIRECT RATE

\$27.54/SF



CLASS B GROSS
DIRECT RATE

\$24.72/SF



MARKET TOTAL
GROSS DIRECT RATE

\$25.08/SF



TOTAL VACANCY

1,290,028 SF



TOTAL VACANCY %

11.6%



12 MONTH
NET ABSORPTION

-250,877 SF



QUARTERLY
NET ABSORPTION

-102,569 SF



YOY RENT GROWTH

0.2%



12 MONTH DELIVERIES

68,671 SF



UNDER
CONSTRUCTION

52,531 SF

Market Dynamism

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 pre-recession 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.

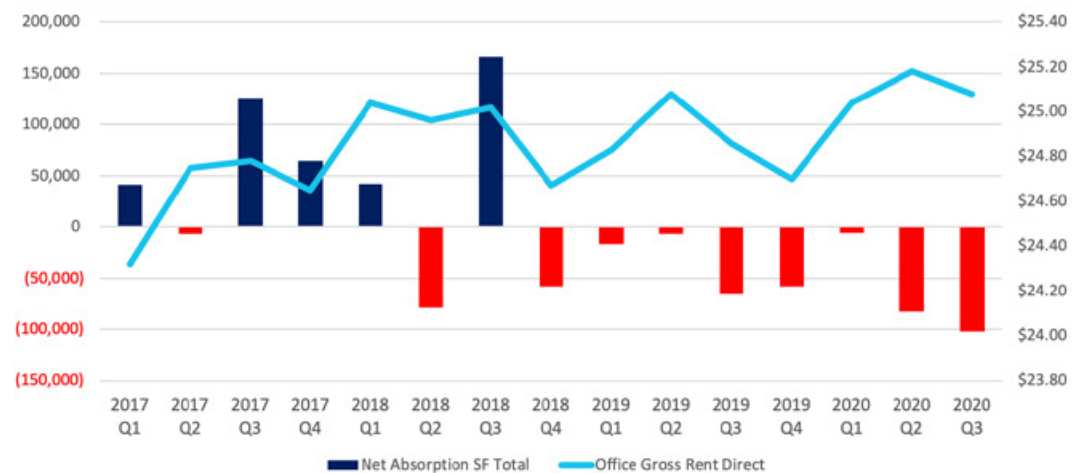
Despite the submarket adding roughly 10% to its inventory since 2010, vacancies have remained well below both the metro average and the submarket's historical average.

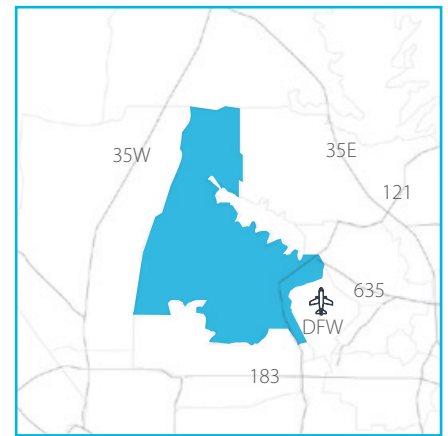
Though the submarket lost Whitley Penn Financial to the brand new Frost Tower in the Fort Worth CBD in early 2019, the firm's building (40,600 SF) was backfilled by D&M Auto Leasing.

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.

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 on the other side of COVID-19.

NET ABSORPTION & DIRECT GROSS RATES





Market Facts



MARKET TOTAL
RBA

8,782,260 SF



CLASS A GROSS
DIRECT RATE

\$32.08/SF



CLASS B GROSS
DIRECT RATE

\$26.02/SF



MARKET TOTAL
GROSS DIRECT RATE

\$30.53/SF



TOTAL VACANCY

1,550,355 SF



TOTAL VACANCY %

17.7%



12 MONTH
NET ABSORPTION

-42,361 SF



QUARTERLY
NET ABSORPTION

37,307 SF



YOY RENT GROWTH

1.1%



12 MONTH DELIVERIES

20,000 SF



UNDER
CONSTRUCTION

853,402 SF

Market Dynamism

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.

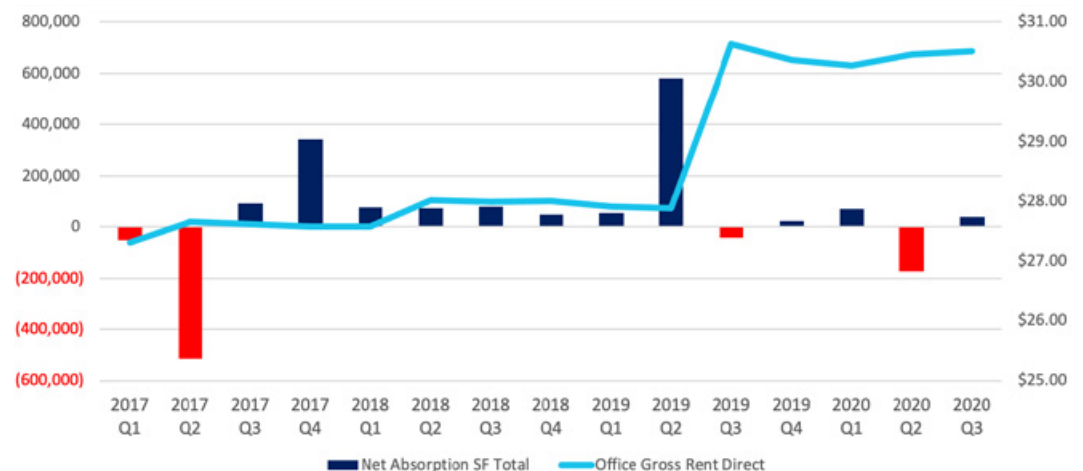
Along with those build-to-suits, in-development projects like the Trophy Club Town Center and Circle T Ranch (which

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 dynamism a little cooler when those corporate relocations are taken out of the equation.

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

NET ABSORPTION & DIRECT GROSS RATES

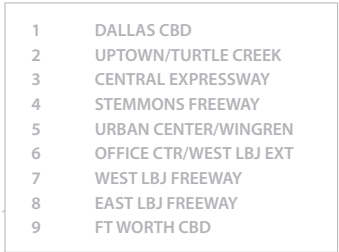


Data Mapping

Core Submarkets

Q3 2020

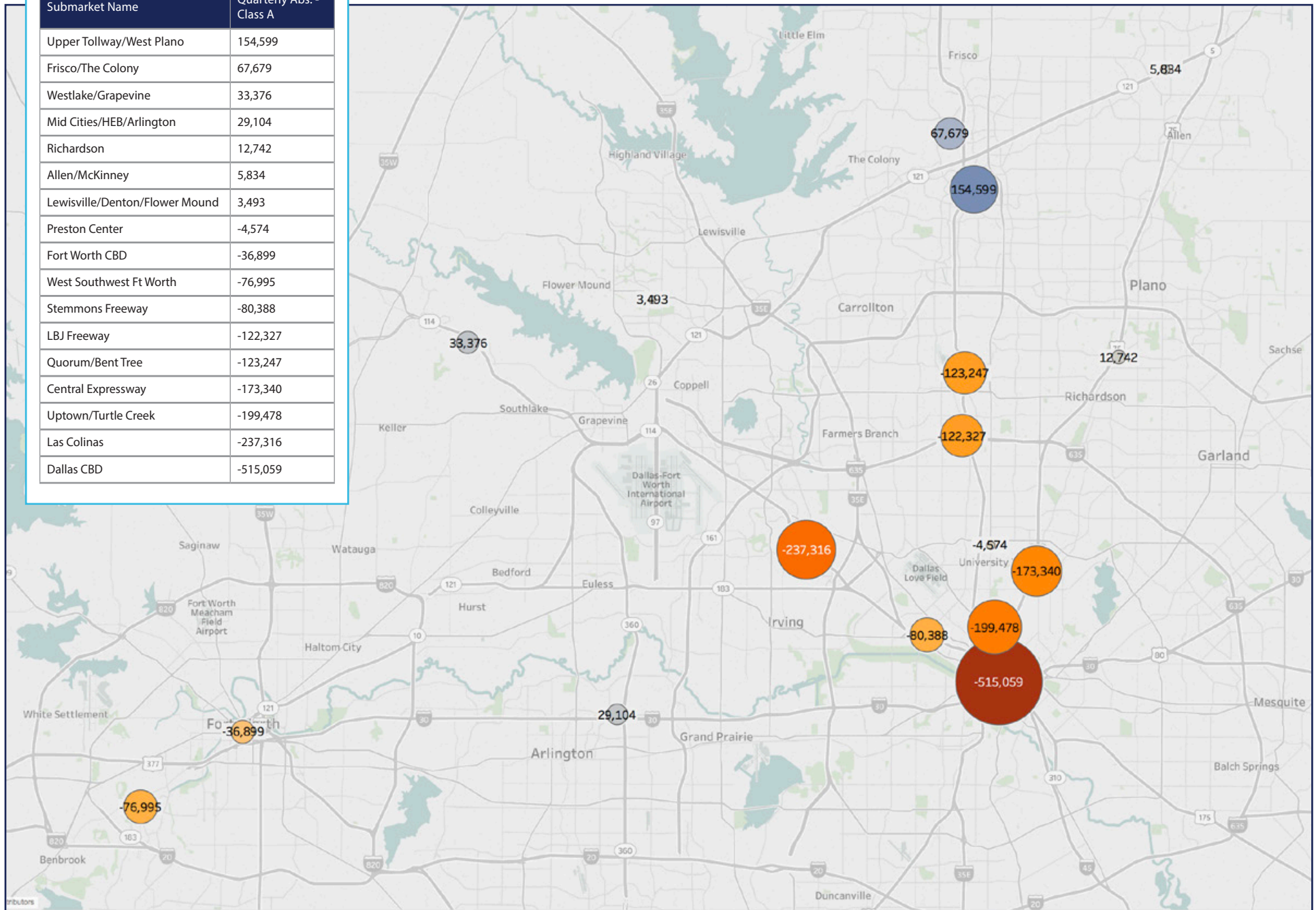




Quarterly Net Absorption: **Class A**

Q3 2020

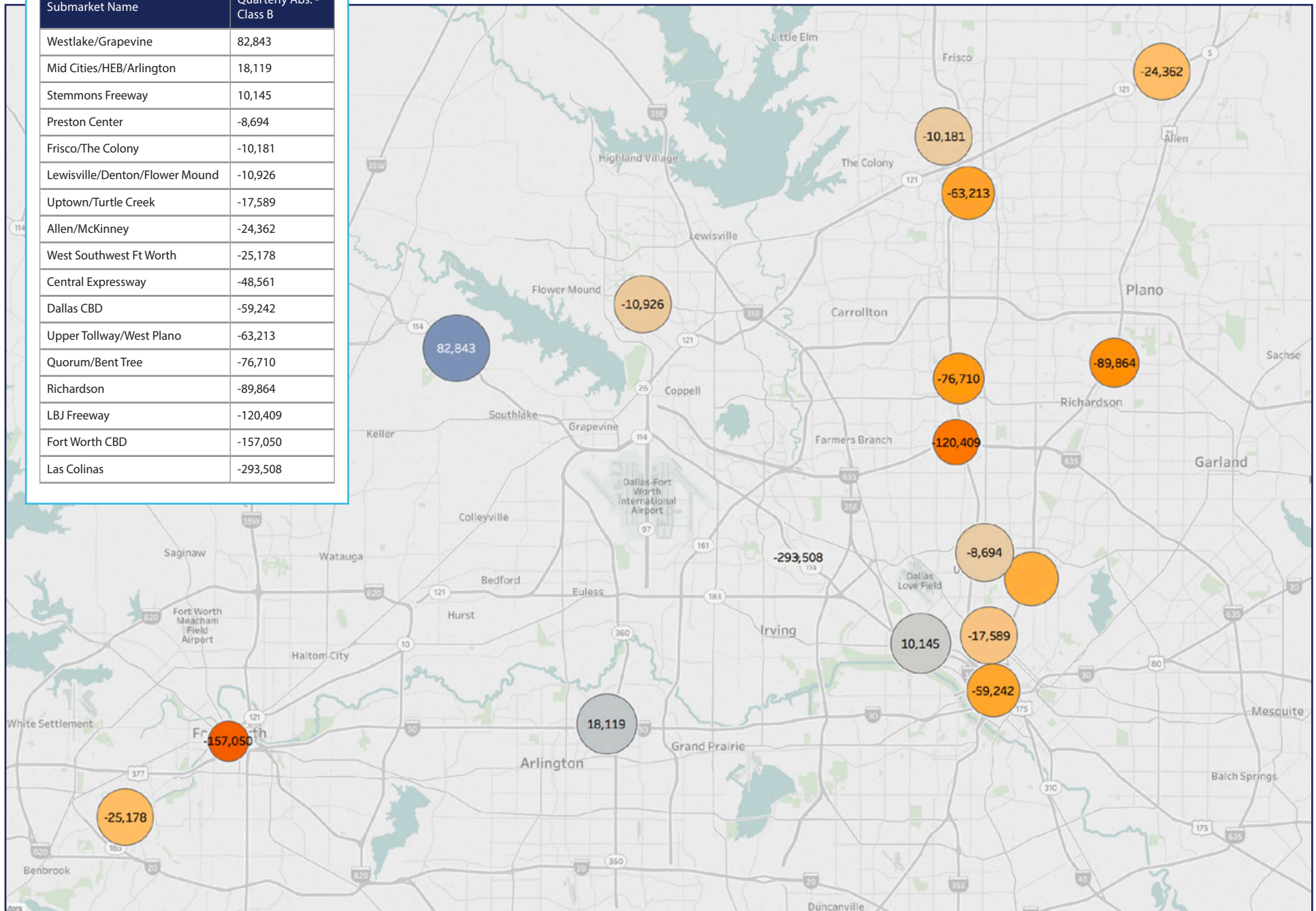
Submarket Name	Quarterly Abs. - Class A
Upper Tollway/West Plano	154,599
Frisco/The Colony	67,679
Westlake/Grapevine	33,376
Mid Cities/HEB/Arlington	29,104
Richardson	12,742
Allen/McKinney	5,834
Lewisville/Denton/Flower Mound	3,493
Preston Center	-4,574
Fort Worth CBD	-36,899
West Southwest Ft Worth	-76,995
Stemmons Freeway	-80,388
LBJ Freeway	-122,327
Quorum/Bent Tree	-123,247
Central Expressway	-173,340
Uptown/Turtle Creek	-199,478
Las Colinas	-237,316
Dallas CBD	-515,059



Quarterly Net Absorption: **Class B**

Q3 2020

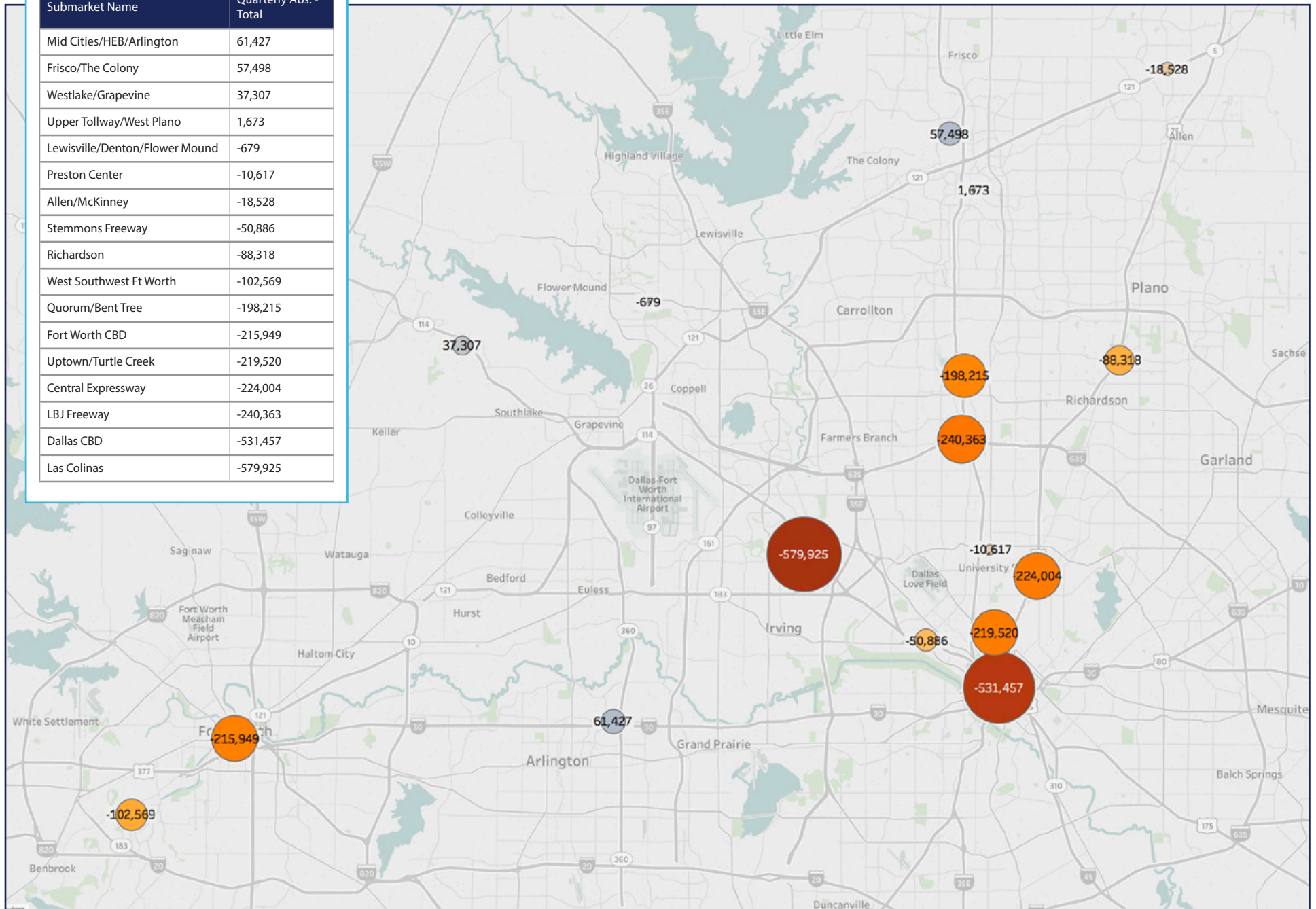
Submarket Name	Quarterly Abs. - Class B
Westlake/Grapevine	82,843
Mid Cities/HEB/Arlington	18,119
Stemmons Freeway	10,145
Preston Center	-8,694
Frisco/The Colony	-10,181
Lewisville/Denton/Flower Mound	-10,926
Uptown/Turtle Creek	-17,589
Allen/McKinney	-24,362
West Southwest Ft Worth	-25,178
Central Expressway	-48,561
Dallas CBD	-59,242
Upper Tollway/West Plano	-63,213
Quorum/Bent Tree	-76,710
Richardson	-89,864
LBJ Freeway	-120,409
Fort Worth CBD	-157,050
Las Colinas	-293,508



Quarterly Net Absorption: **Total**

Q3 2020

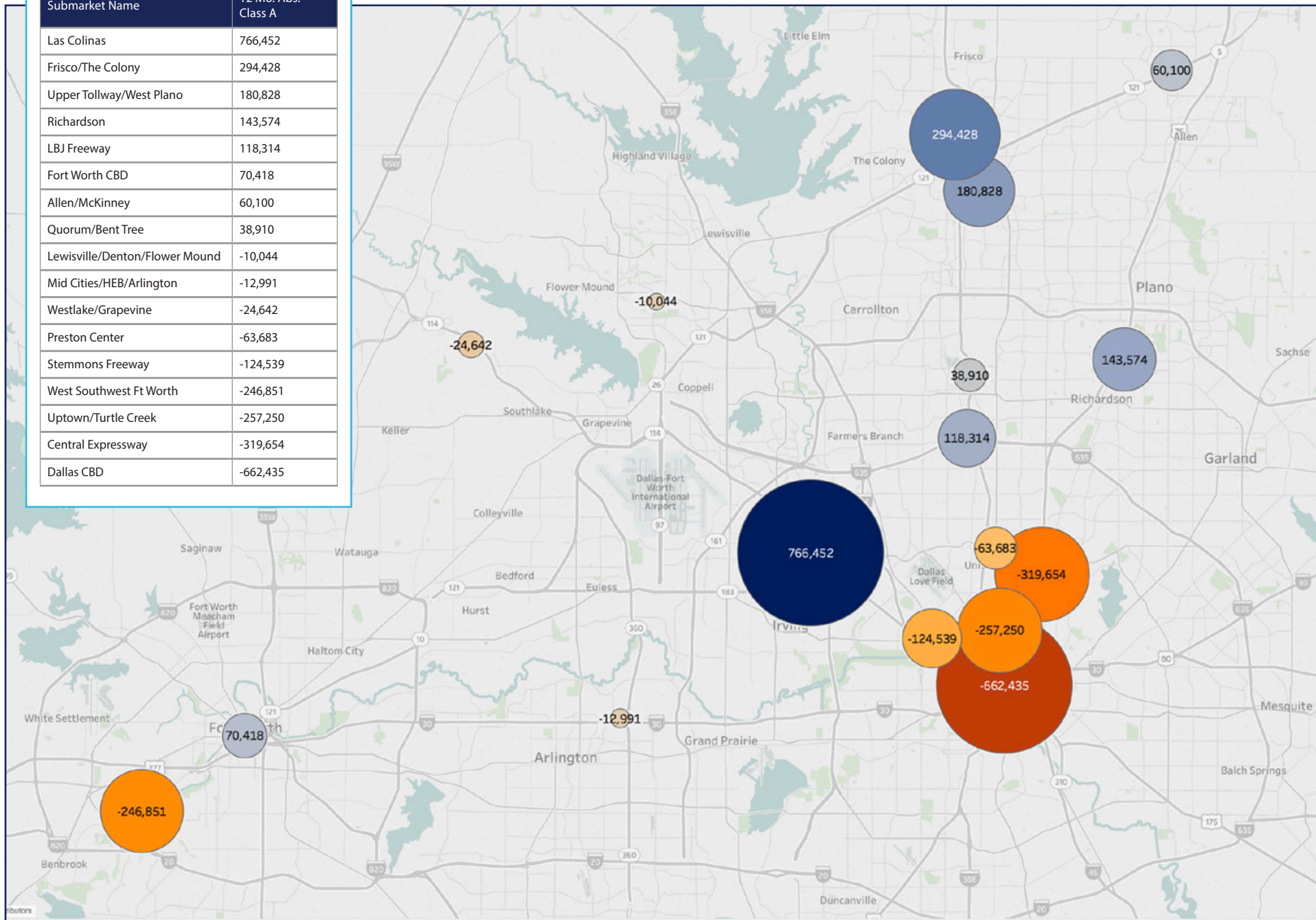
Submarket Name	Quarterly Abs. - Total
Mid Cities/HEB/Arlington	61,427
Frisco/The Colony	57,498
Westlake/Grapevine	37,307
Upper Tollway/West Plano	1,673
Lewisville/Denton/Flower Mound	-679
Preston Center	-10,617
Allen/McKinney	-18,528
Stemmons Freeway	-50,886
Richardson	-88,318
West Southwest Ft Worth	-102,569
Quorum/Bent Tree	-198,215
Fort Worth CBD	-215,949
Uptown/Turtle Creek	-219,520
Central Expressway	-224,004
LBJ Freeway	-240,363
Dallas CBD	-531,457
Las Colinas	-579,925



12-Month Net Absorption: **Class A**

Q3 2020

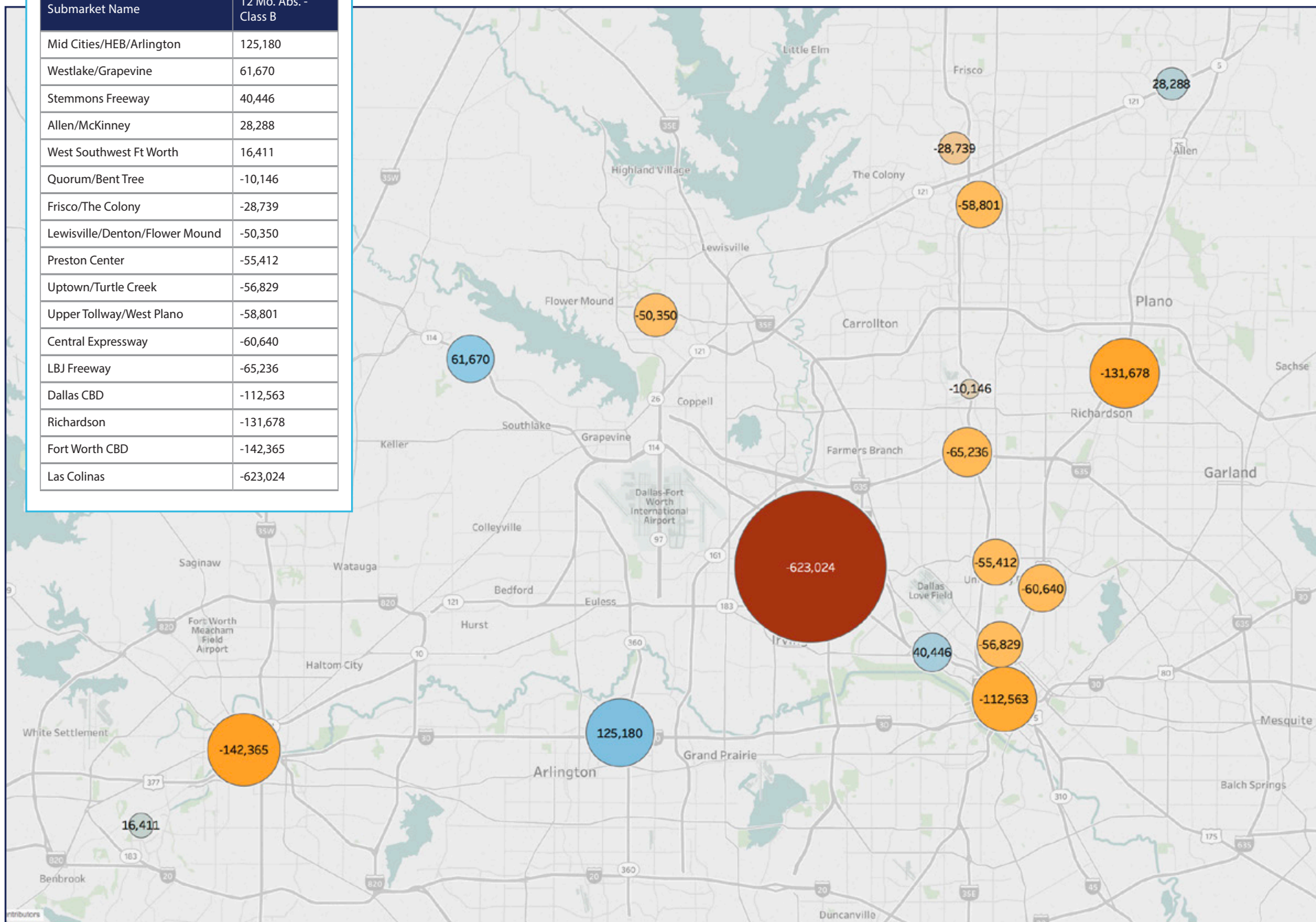
Submarket Name	12 Mo. Abs. - Class A
Las Colinas	766,452
Frisco/The Colony	294,428
Upper Tollway/West Plano	180,828
Richardson	143,574
LBJ Freeway	118,314
Fort Worth CBD	70,418
Allen/McKinney	60,100
Quorum/Bent Tree	38,910
Lewisville/Denton/Flower Mound	-10,044
Mid Cities/HEB/Arlington	-12,991
Westlake/Grapevine	-24,642
Preston Center	-63,683
Stemmons Freeway	-124,539
West Southwest Ft Worth	-246,851
Uptown/Turtle Creek	-257,250
Central Expressway	-319,654
Dallas CBD	-662,435



12-Month Net Absorption: **Class B**

Q3 2020

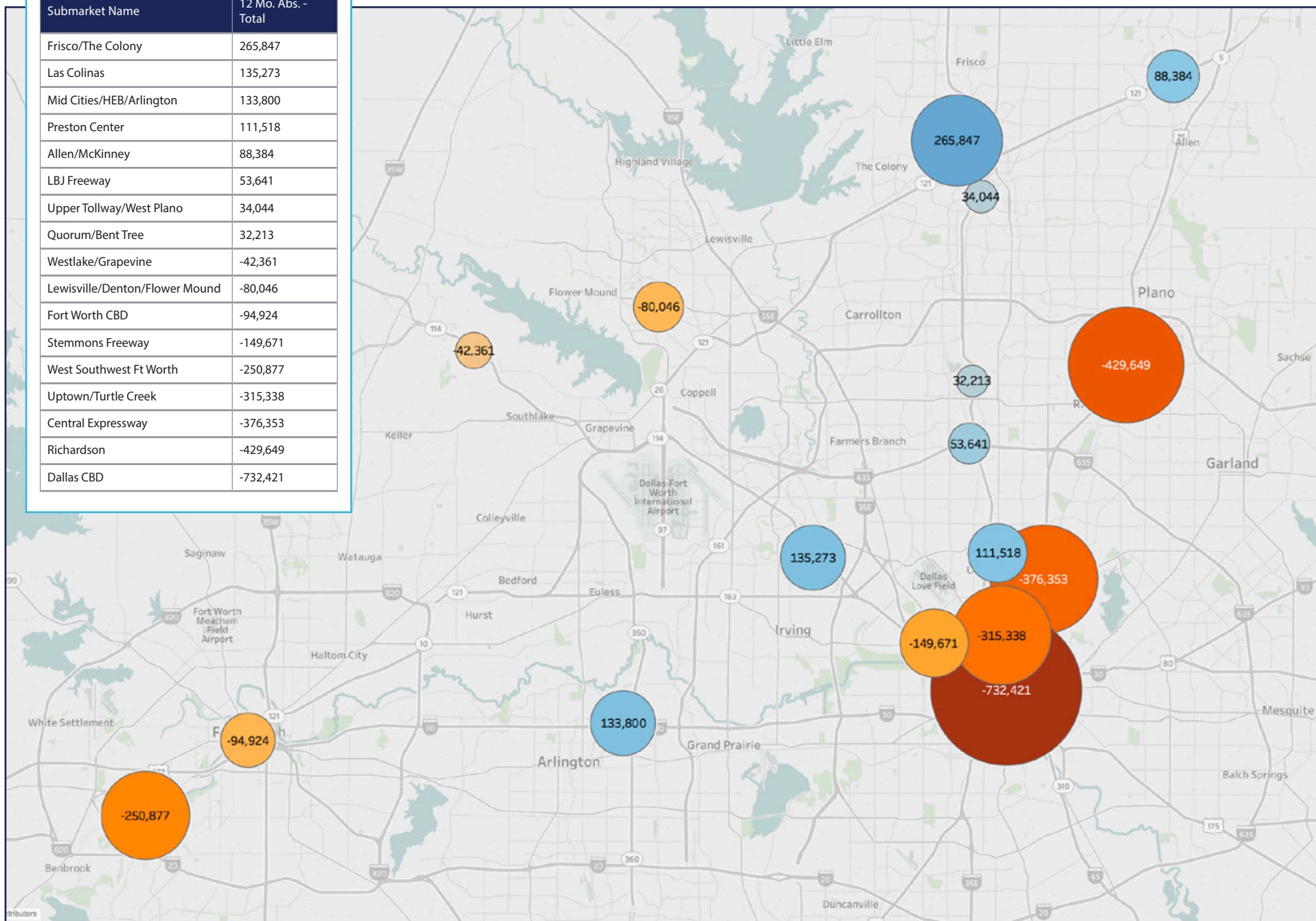
Submarket Name	12 Mo. Abs. - Class B
Mid Cities/HEB/Arlington	125,180
Westlake/Grapevine	61,670
Stemmons Freeway	40,446
Allen/McKinney	28,288
West Southwest Ft Worth	16,411
Quorum/Bent Tree	-10,146
Frisco/The Colony	-28,739
Lewisville/Denton/Flower Mound	-50,350
Preston Center	-55,412
Uptown/Turtle Creek	-56,829
Upper Tollway/West Plano	-58,801
Central Expressway	-60,640
LBJ Freeway	-65,236
Dallas CBD	-112,563
Richardson	-131,678
Fort Worth CBD	-142,365
Las Colinas	-623,024



12-Month Net Absorption: **Total**

Q3 2020

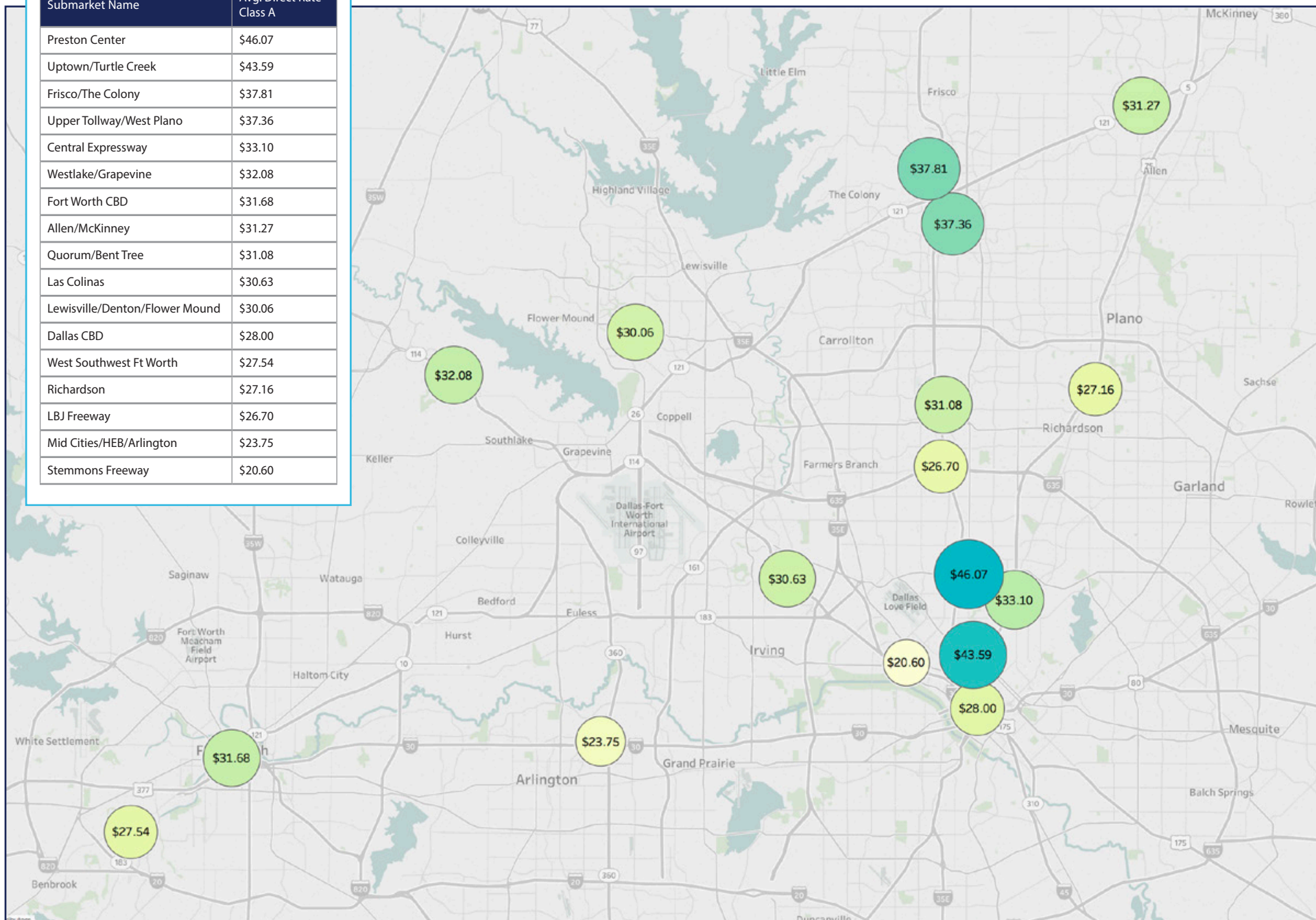
Submarket Name	12 Mo. Abs. - Total
Frisco/The Colony	265,847
Las Colinas	135,273
Mid Cities/HEB/Arlington	133,800
Preston Center	111,518
Allen/McKinney	88,384
LBJ Freeway	53,641
Upper Tollway/West Plano	34,044
Quorum/Bent Tree	32,213
Westlake/Grapevine	-42,361
Lewisville/Denton/Flower Mound	-80,046
Fort Worth CBD	-94,924
Stemmons Freeway	-149,671
West Southwest Ft Worth	-250,877
Uptown/Turtle Creek	-315,338
Central Expressway	-376,353
Richardson	-429,649
Dallas CBD	-732,421



Average Gross Direct Rate: **Class A**

Q3 2020

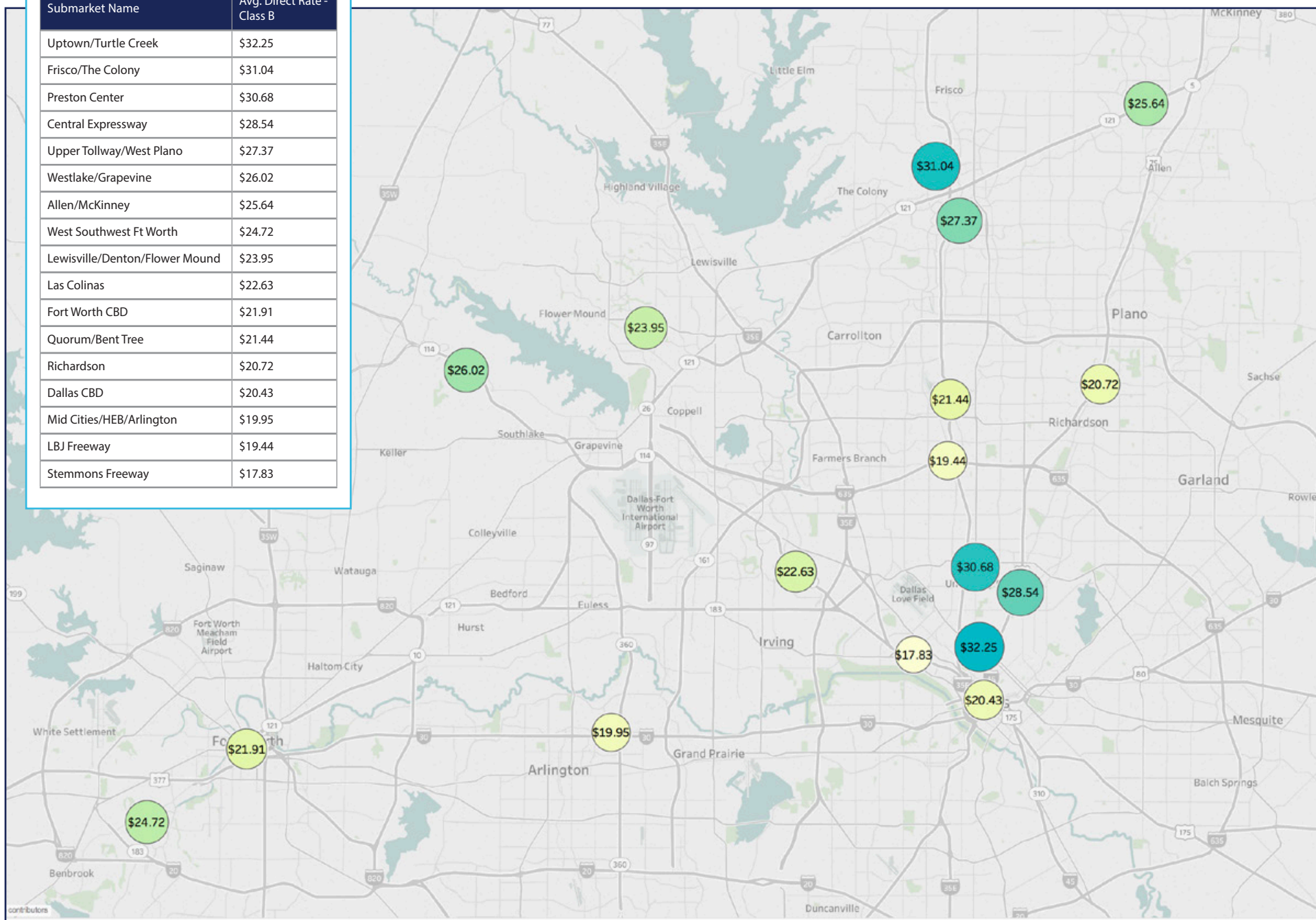
Submarket Name	Avg. Direct Rate - Class A
Preston Center	\$46.07
Uptown/Turtle Creek	\$43.59
Frisco/The Colony	\$37.81
Upper Tollway/West Plano	\$37.36
Central Expressway	\$33.10
Westlake/Grapevine	\$32.08
Fort Worth CBD	\$31.68
Allen/McKinney	\$31.27
Quorum/Bent Tree	\$31.08
Las Colinas	\$30.63
Lewisville/Denton/Flower Mound	\$30.06
Dallas CBD	\$28.00
West Southwest Ft Worth	\$27.54
Richardson	\$27.16
LBJ Freeway	\$26.70
Mid Cities/HEB/Arlington	\$23.75
Stemmons Freeway	\$20.60



Average Gross Direct Rate: **Class B**

Q3 2020

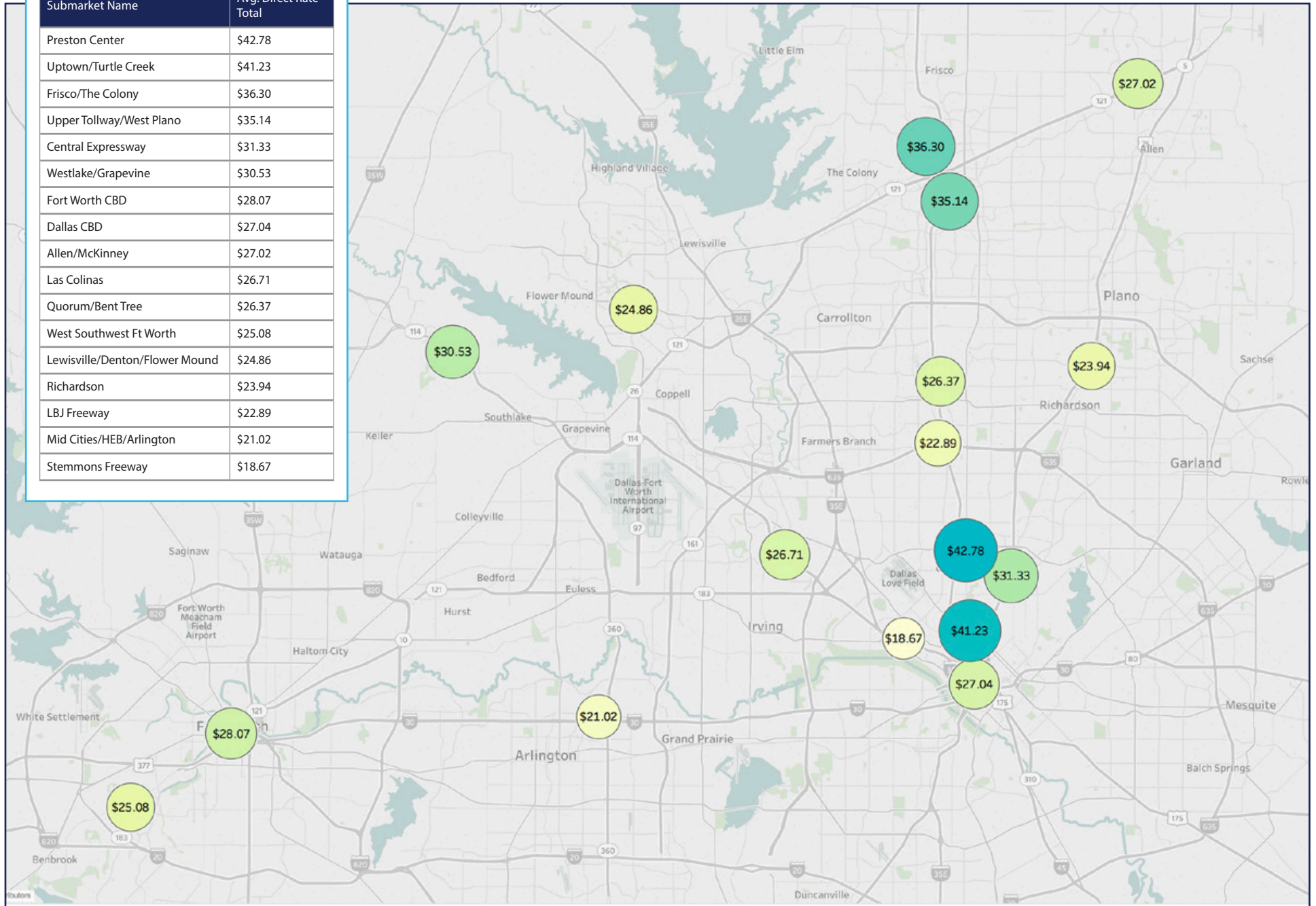
Submarket Name	Avg. Direct Rate - Class B
Uptown/Turtle Creek	\$32.25
Frisco/The Colony	\$31.04
Preston Center	\$30.68
Central Expressway	\$28.54
Upper Tollway/West Plano	\$27.37
Westlake/Grapevine	\$26.02
Allen/McKinney	\$25.64
West Southwest Ft Worth	\$24.72
Lewisville/Denton/Flower Mound	\$23.95
Las Colinas	\$22.63
Fort Worth CBD	\$21.91
Quorum/Bent Tree	\$21.44
Richardson	\$20.72
Dallas CBD	\$20.43
Mid Cities/HEB/Arlington	\$19.95
LBJ Freeway	\$19.44
Stemmons Freeway	\$17.83



Average Gross Direct Rate: **Total**

Q3 2020

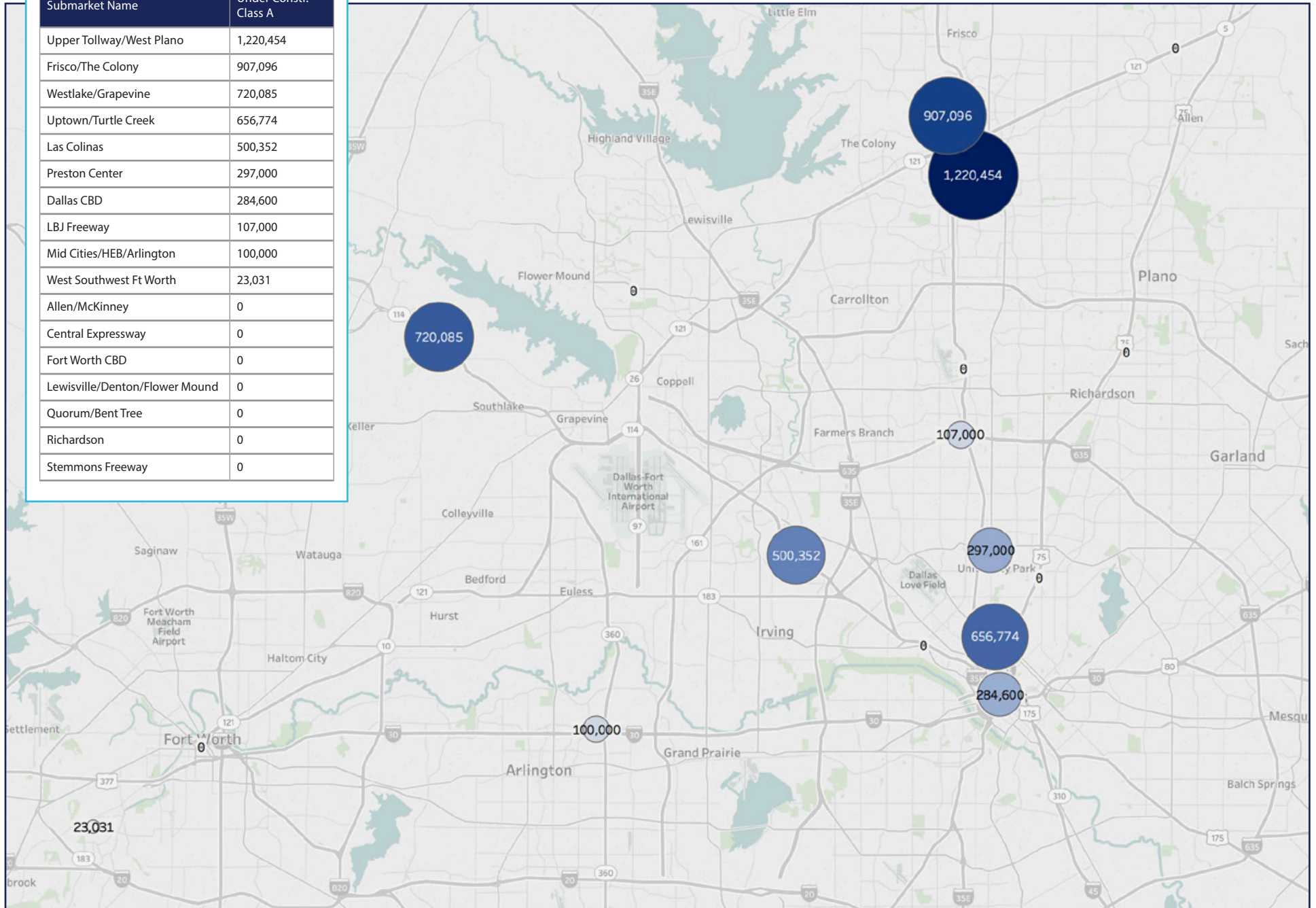
Submarket Name	Avg. Direct Rate - Total
Preston Center	\$42.78
Uptown/Turtle Creek	\$41.23
Frisco/The Colony	\$36.30
Upper Tollway/West Plano	\$35.14
Central Expressway	\$31.33
Westlake/Grapevine	\$30.53
Fort Worth CBD	\$28.07
Dallas CBD	\$27.04
Allen/McKinney	\$27.02
Las Colinas	\$26.71
Quorum/Bent Tree	\$26.37
West Southwest Ft Worth	\$25.08
Lewisville/Denton/Flower Mound	\$24.86
Richardson	\$23.94
LBJ Freeway	\$22.89
Mid Cities/HEB/Arlington	\$21.02
Stemmons Freeway	\$18.67



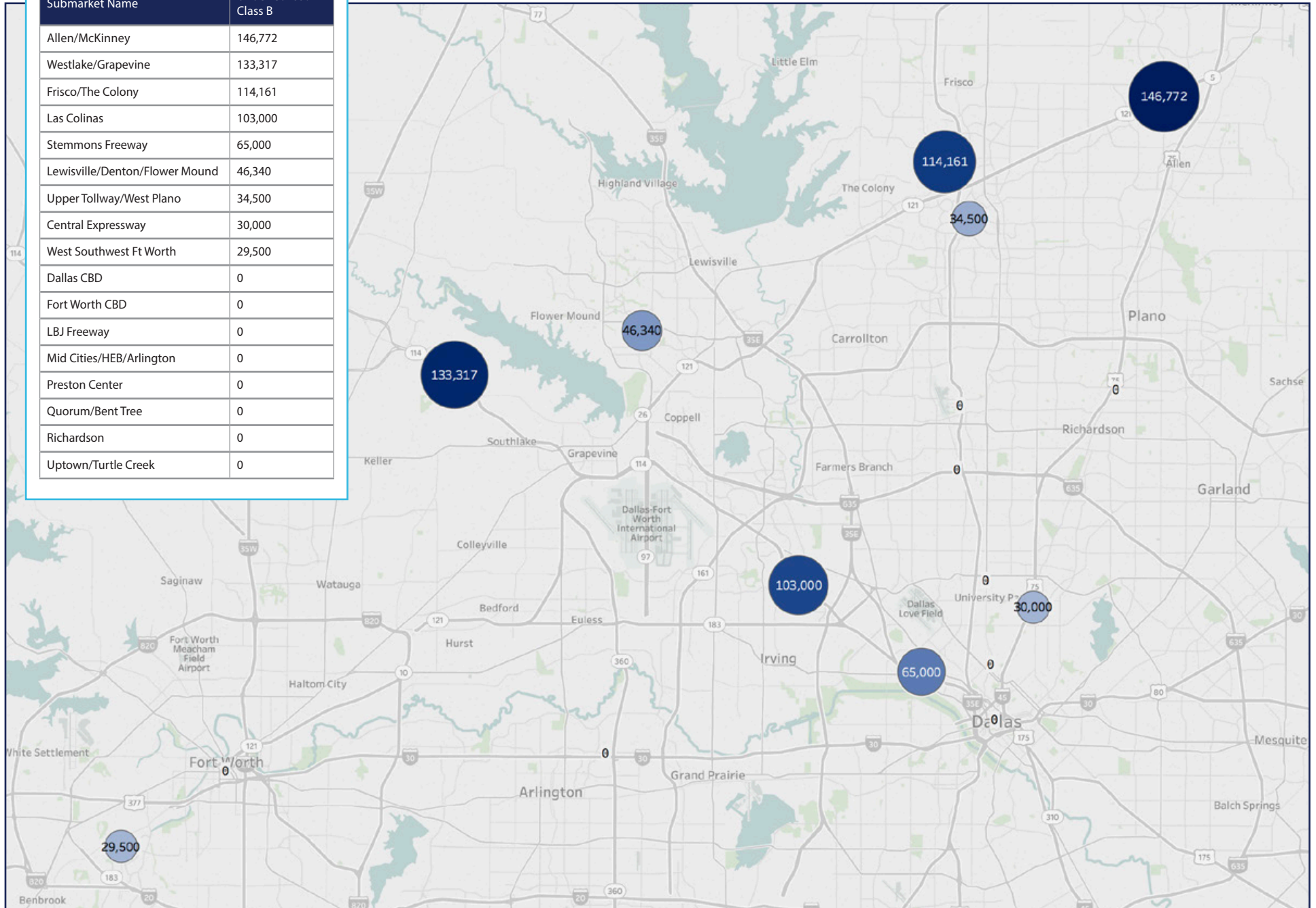
Under Construction: Class A

Q3 2020

Submarket Name	Under Constr.- Class A
Upper Tollway/West Plano	1,220,454
Frisco/The Colony	907,096
Westlake/Grapevine	720,085
Uptown/Turtle Creek	656,774
Las Colinas	500,352
Preston Center	297,000
Dallas CBD	284,600
LBJ Freeway	107,000
Mid Cities/HEB/Arlington	100,000
West Southwest Ft Worth	23,031
Allen/McKinney	0
Central Expressway	0
Fort Worth CBD	0
Lewisville/Denton/Flower Mound	0
Quorum/Bent Tree	0
Richardson	0
Stemmons Freeway	0



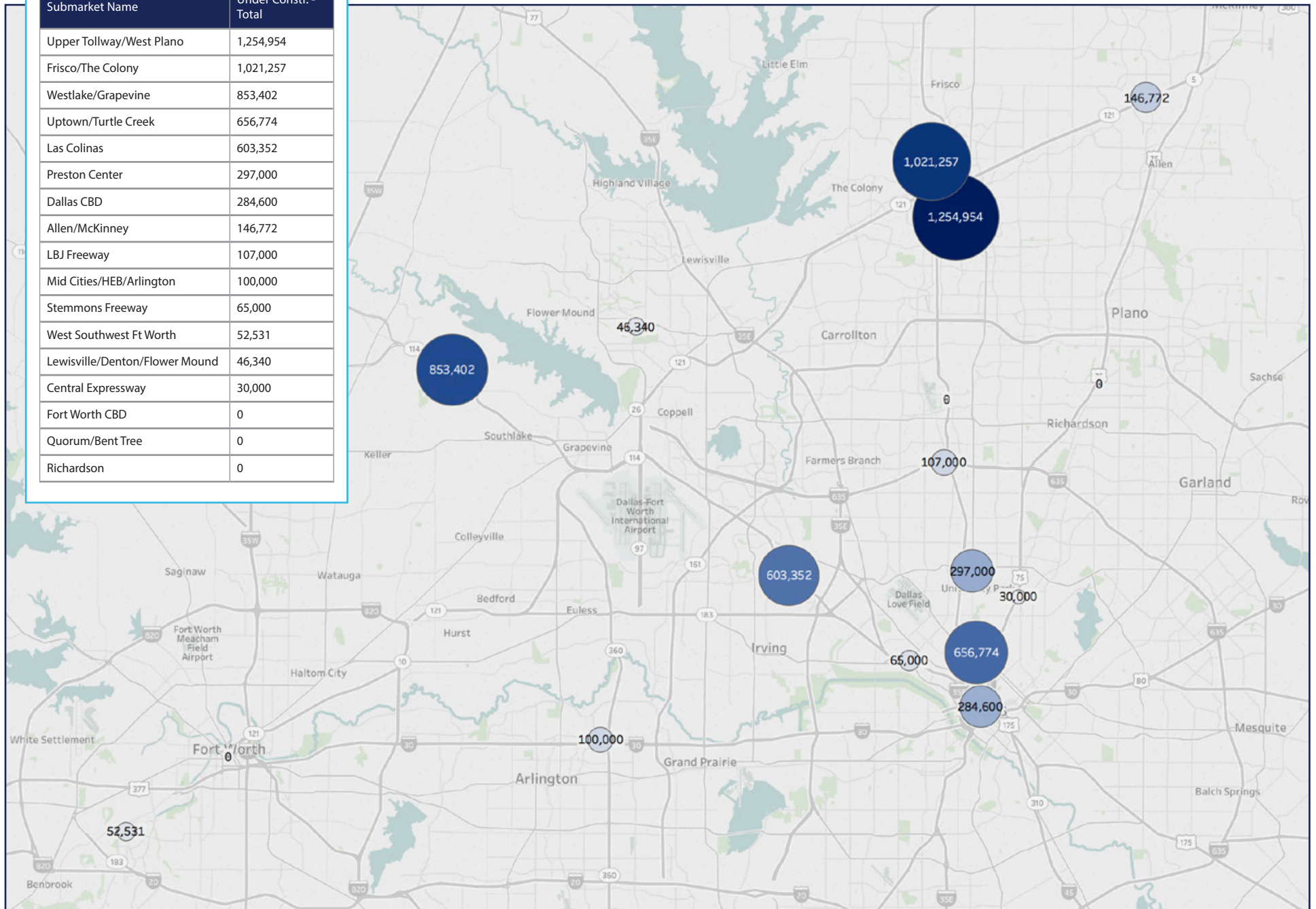
Submarket Name	Under Constr. - Class B
Allen/McKinney	146,772
Westlake/Grapevine	133,317
Frisco/The Colony	114,161
Las Colinas	103,000
Stemmons Freeway	65,000
Lewisville/Denton/Flower Mound	46,340
Upper Tollway/West Plano	34,500
Central Expressway	30,000
West Southwest Ft Worth	29,500
Dallas CBD	0
Fort Worth CBD	0
LBJ Freeway	0
Mid Cities/HEB/Arlington	0
Preston Center	0
Quorum/Bent Tree	0
Richardson	0
Uptown/Turtle Creek	0



Under Construction: Total

Q3 2020

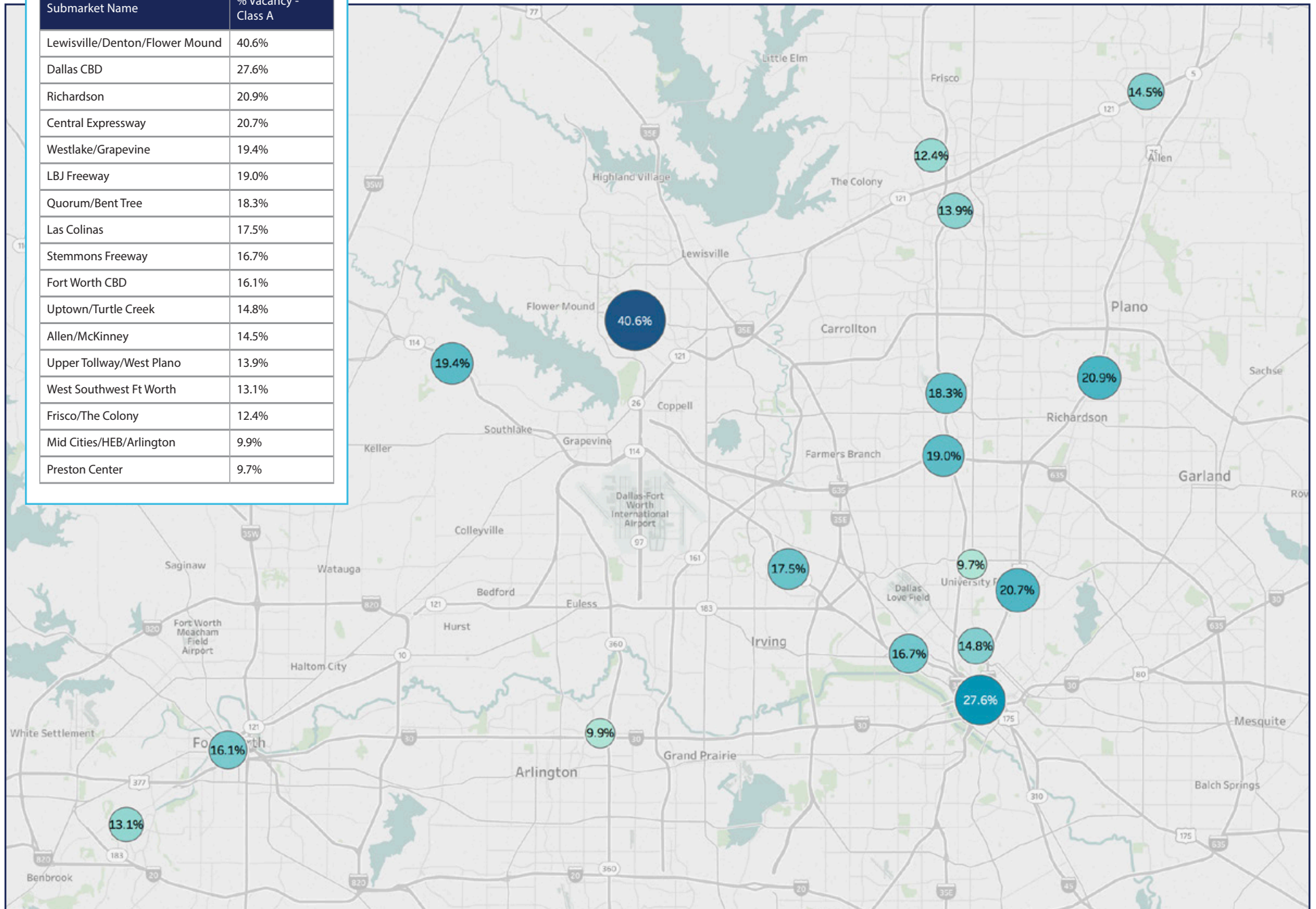
Submarket Name	Under Constr. - Total
Upper Tollway/West Plano	1,254,954
Frisco/The Colony	1,021,257
Westlake/Grapevine	853,402
Uptown/Turtle Creek	656,774
Las Colinas	603,352
Preston Center	297,000
Dallas CBD	284,600
Allen/McKinney	146,772
LBJ Freeway	107,000
Mid Cities/HEB/Arlington	100,000
Stemmons Freeway	65,000
West Southwest Ft Worth	52,531
Lewisville/Denton/Flower Mound	46,340
Central Expressway	30,000
Fort Worth CBD	0
Quorum/Bent Tree	0
Richardson	0



Percent Vacancy: Class A

Q3 2020

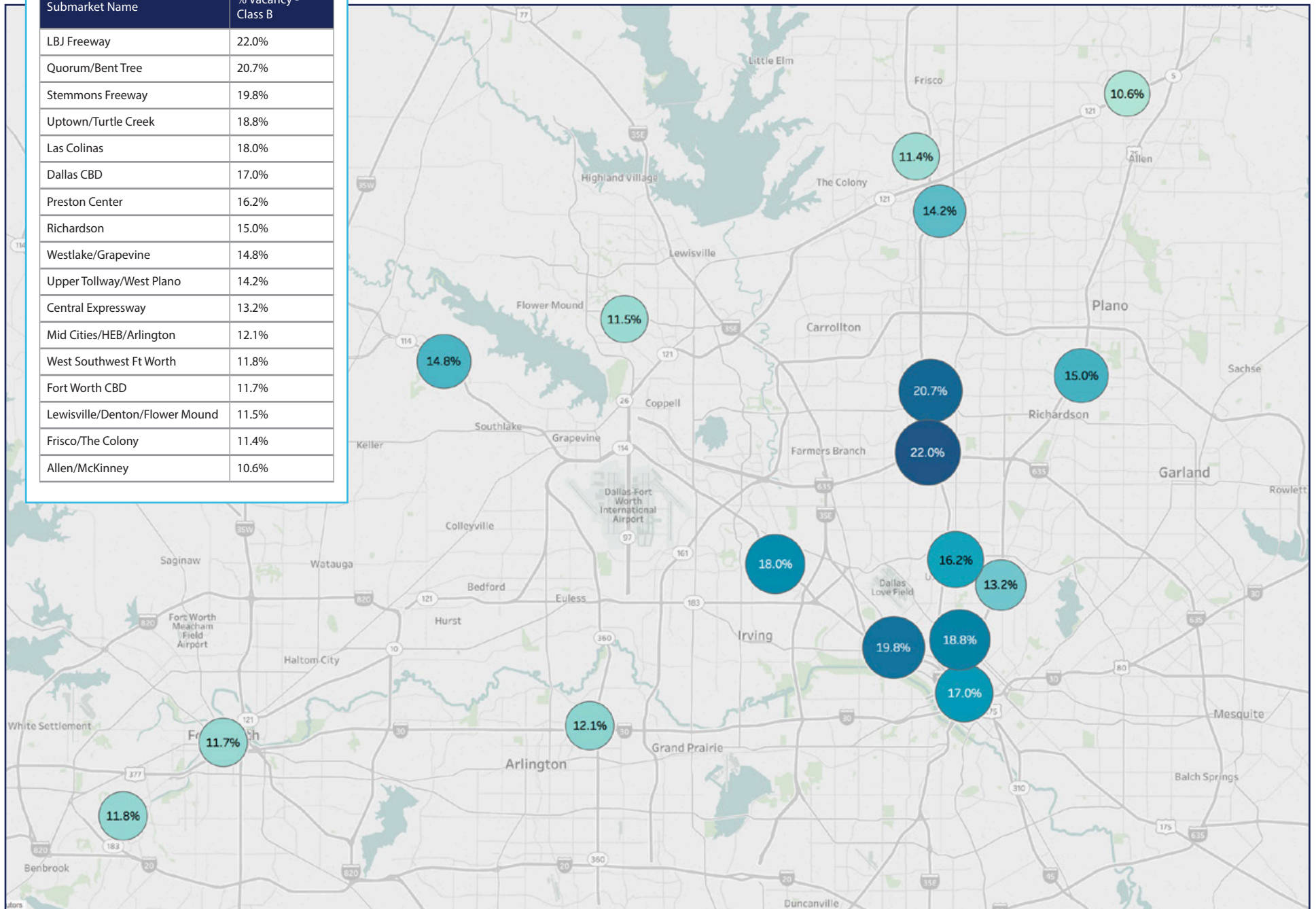
Submarket Name	% Vacancy - Class A
Lewisville/Denton/Flower Mound	40.6%
Dallas CBD	27.6%
Richardson	20.9%
Central Expressway	20.7%
Westlake/Grapevine	19.4%
LBJ Freeway	19.0%
Quorum/Bent Tree	18.3%
Las Colinas	17.5%
Stemmons Freeway	16.7%
Fort Worth CBD	16.1%
Uptown/Turtle Creek	14.8%
Allen/McKinney	14.5%
Upper Tollway/West Plano	13.9%
West Southwest Ft Worth	13.1%
Frisco/The Colony	12.4%
Mid Cities/HEB/Arlington	9.9%
Preston Center	9.7%



Percent Vacancy: Class B

Q3 2020

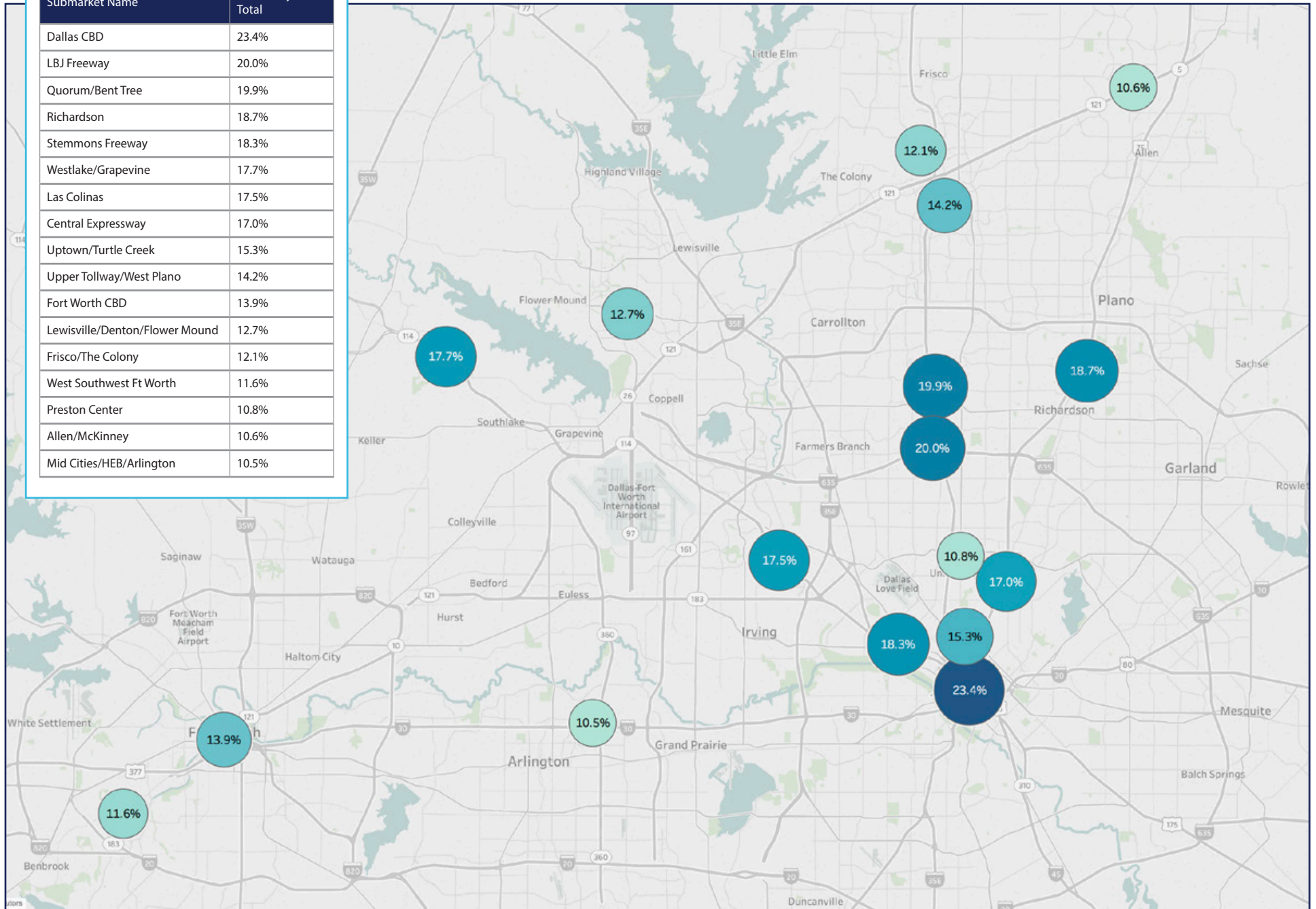
Submarket Name	% Vacancy - Class B
LBJ Freeway	22.0%
Quorum/Bent Tree	20.7%
Stemmons Freeway	19.8%
Uptown/Turtle Creek	18.8%
Las Colinas	18.0%
Dallas CBD	17.0%
Preston Center	16.2%
Richardson	15.0%
Westlake/Grapevine	14.8%
Upper Tollway/West Plano	14.2%
Central Expressway	13.2%
Mid Cities/HEB/Arlington	12.1%
West Southwest Ft Worth	11.8%
Fort Worth CBD	11.7%
Lewisville/Denton/Flower Mound	11.5%
Frisco/The Colony	11.4%
Allen/McKinney	10.6%



Percent Vacancy: Total

Q3 2020

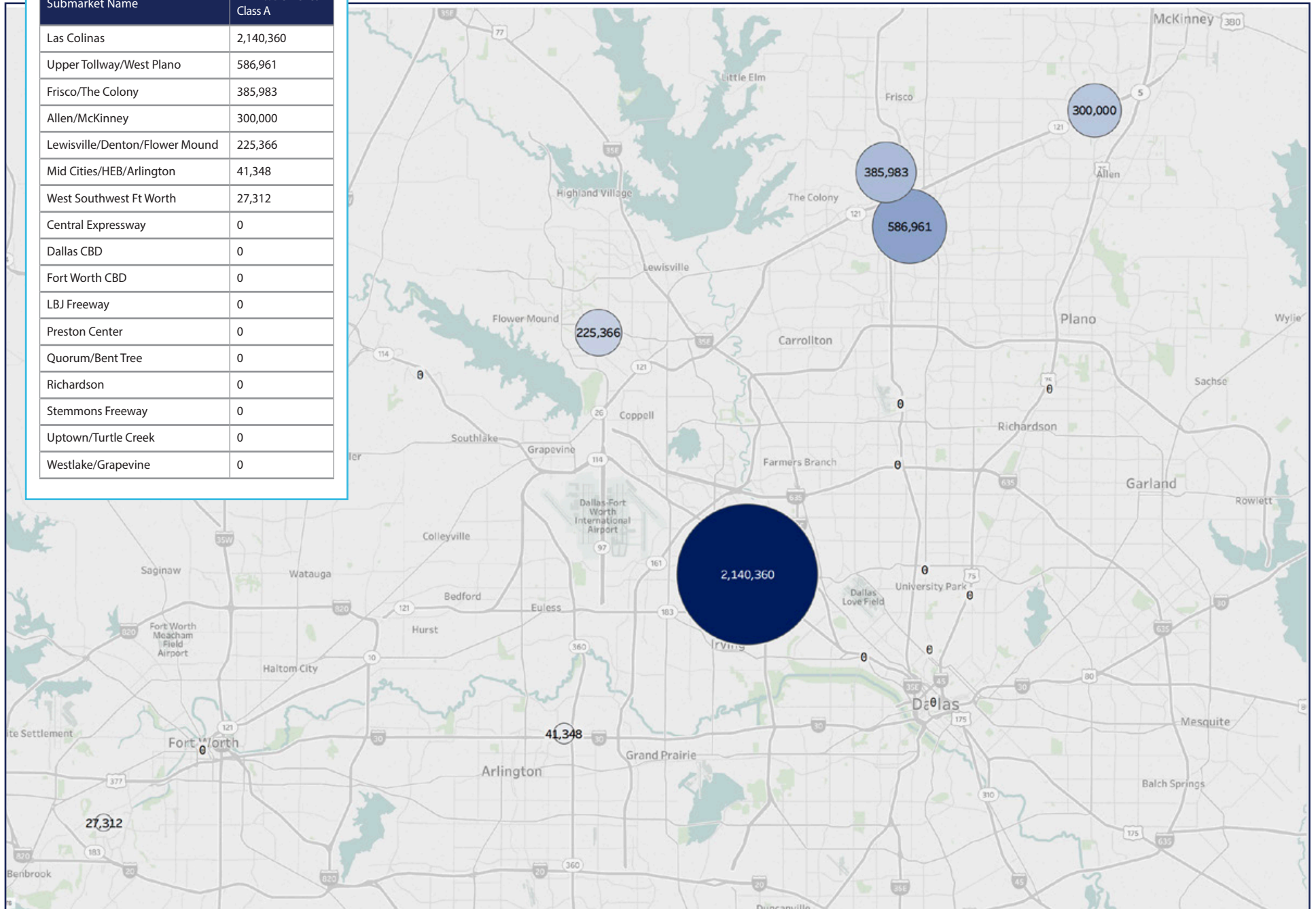
Submarket Name	% Vacancy - Total
Dallas CBD	23.4%
LBJ Freeway	20.0%
Quorum/Bent Tree	19.9%
Richardson	18.7%
Stemmons Freeway	18.3%
Westlake/Grapevine	17.7%
Las Colinas	17.5%
Central Expressway	17.0%
Uptown/Turtle Creek	15.3%
Upper Tollway/West Plano	14.2%
Fort Worth CBD	13.9%
Lewisville/Denton/Flower Mound	12.7%
Frisco/The Colony	12.1%
West Southwest Ft Worth	11.6%
Preston Center	10.8%
Allen/McKinney	10.6%
Mid Cities/HEB/Arlington	10.5%



12-Month Deliveries: **Class A**

Q3 2020

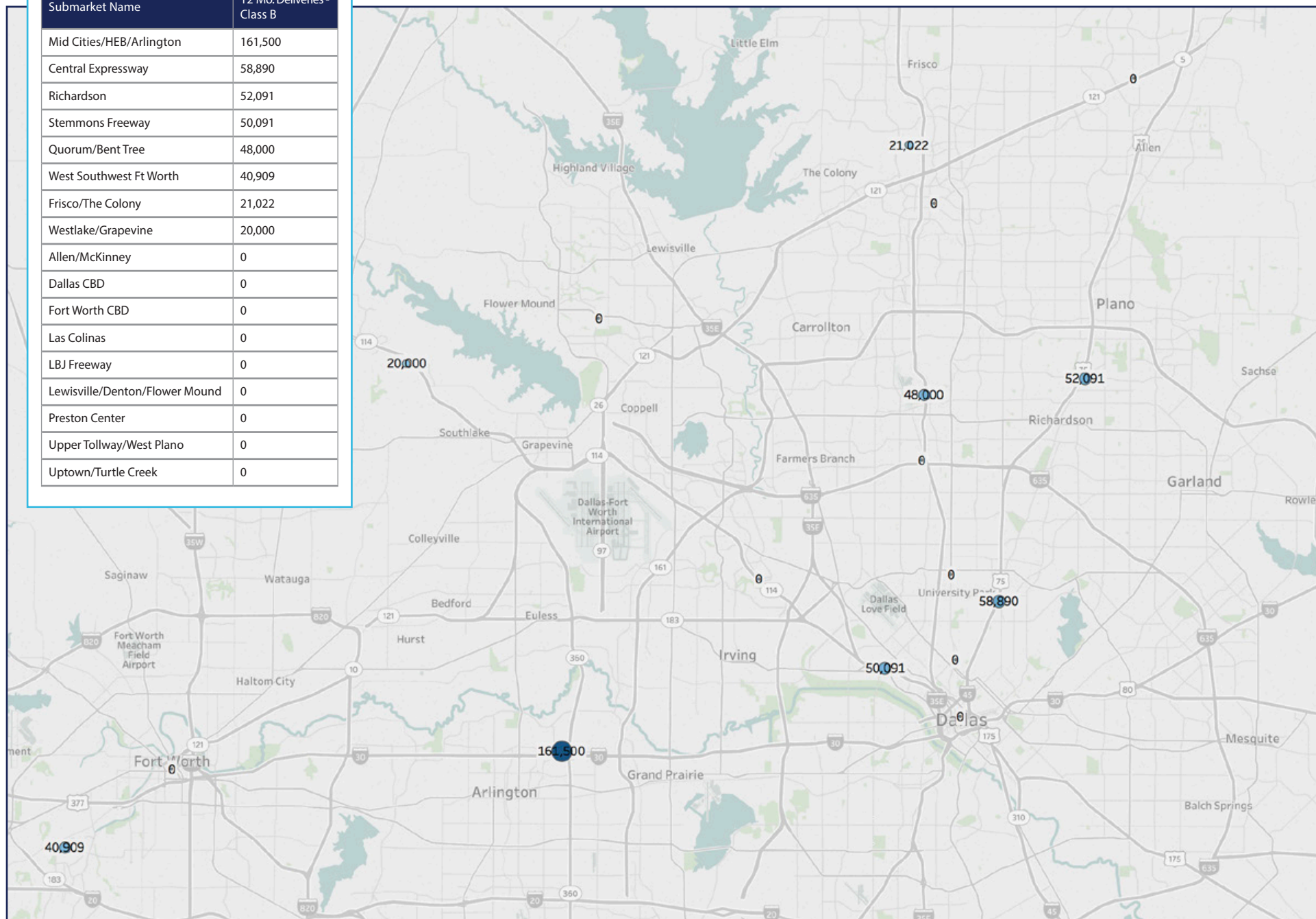
Submarket Name	12 Mo. Deliveries - Class A
Las Colinas	2,140,360
Upper Tollway/West Plano	586,961
Frisco/The Colony	385,983
Allen/McKinney	300,000
Lewisville/Denton/Flower Mound	225,366
Mid Cities/HEB/Arlington	41,348
West Southwest Ft Worth	27,312
Central Expressway	0
Dallas CBD	0
Fort Worth CBD	0
LBJ Freeway	0
Preston Center	0
Quorum/Bent Tree	0
Richardson	0
Stemmons Freeway	0
Uptown/Turtle Creek	0
Westlake/Grapevine	0



12-Month Deliveries: **Class B**

Q3 2020

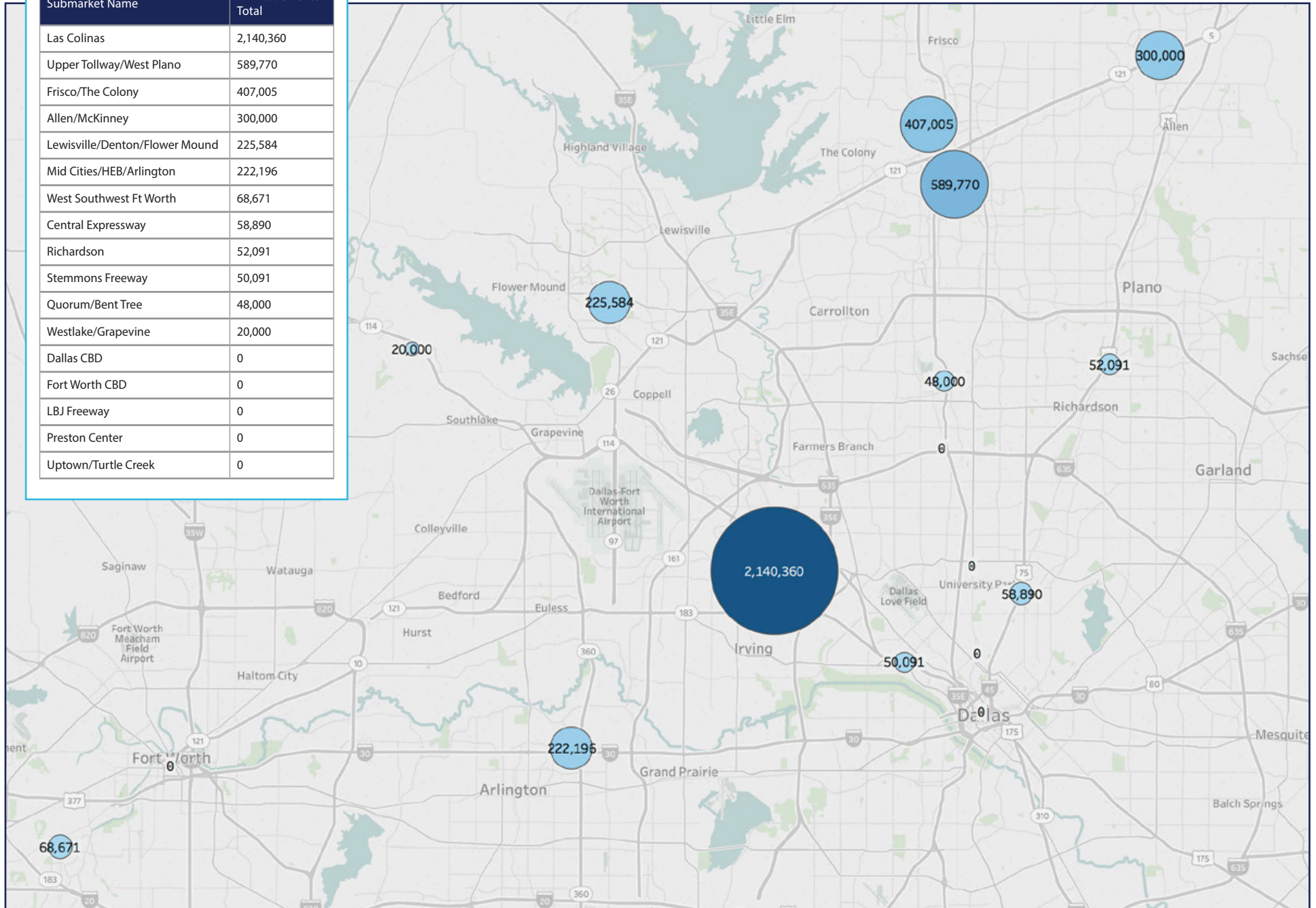
Submarket Name	12 Mo. Deliveries - Class B
Mid Cities/HEB/Arlington	161,500
Central Expressway	58,890
Richardson	52,091
Stemmons Freeway	50,091
Quorum/Bent Tree	48,000
West Southwest Ft Worth	40,909
Frisco/The Colony	21,022
Westlake/Grapevine	20,000
Allen/McKinney	0
Dallas CBD	0
Fort Worth CBD	0
Las Colinas	0
LBJ Freeway	0
Lewisville/Denton/Flower Mound	0
Preston Center	0
Upper Tollway/West Plano	0
Uptown/Turtle Creek	0

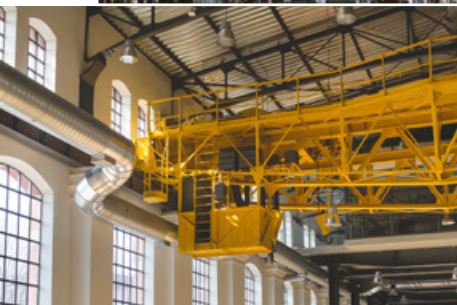


12-Month Deliveries: **Total**

Q3 2020

Submarket Name	12 Mo. Deliveries - Total
Las Colinas	2,140,360
Upper Tollway/West Plano	589,770
Frisco/The Colony	407,005
Allen/McKinney	300,000
Lewisville/Denton/Flower Mound	225,584
Mid Cities/HEB/Arlington	222,196
West Southwest Ft Worth	68,671
Central Expressway	58,890
Richardson	52,091
Stemmons Freeway	50,091
Quorum/Bent Tree	48,000
Westlake/Grapevine	20,000
Dallas CBD	0
Fort Worth CBD	0
LBJ Freeway	0
Preston Center	0
Uptown/Turtle Creek	0





INDUSTRIAL

DALLAS FORT WORTH MARKET

Market Facts



TOTAL RBA

862,164,889 SF


WAREHOUSE
& DISTRIBUTION RBA

633,358,440 SF



MANUFACTURING RBA

97,452,392 SF



FLEX RBA

90,743,391 SF



VACANCY TOTAL

5.6%


AVERAGE DIRECT
NNN RENT

\$6.38/SF


12 MONTH RENT
GROWTH

4.0%



AVERAGE SALES PRICE

\$76/SF


12 MONTH
ABSORPTION

27,090,857 SF

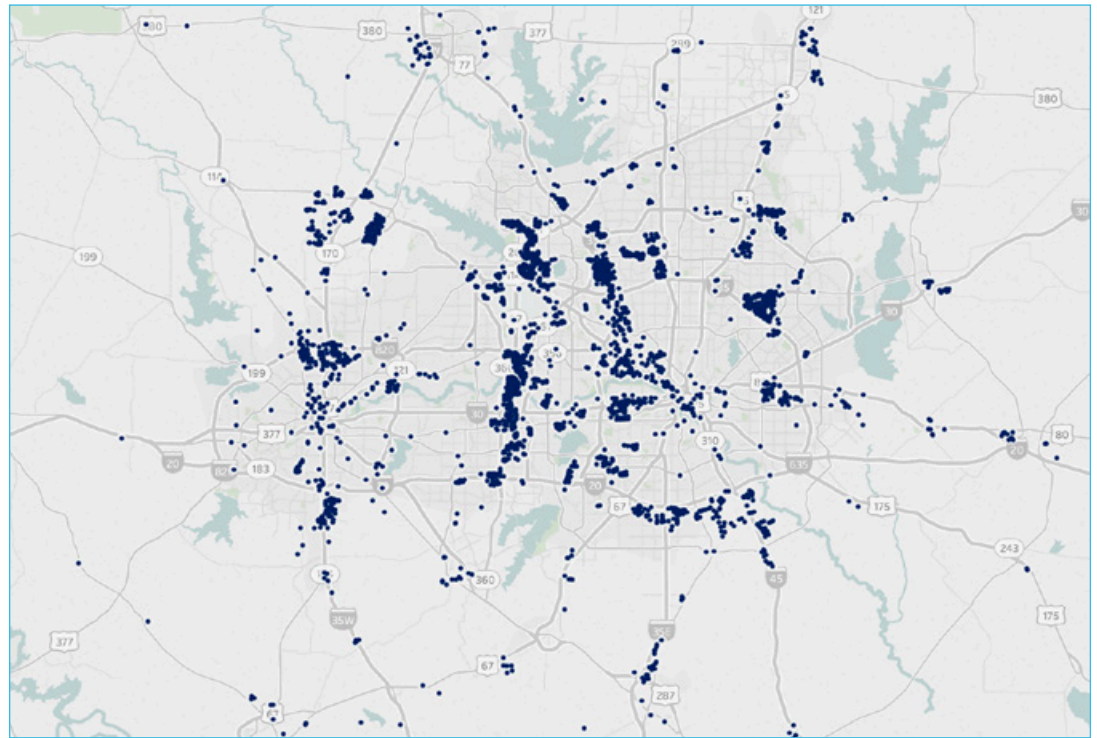


12 MONTH DELIVERIES

34,857,034 SF


UNDER
CONSTRUCTION

28,909,433 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, with 2019 seeing 22.5 MSF deliver. 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 large number of build-to-suits make it likely that vacancies will remain low over the next few quarters. Rent growth is still well out-pacing the metro's historical average, which is especially impressive considering how late it is in the current economic cycle. Transaction activity is driven by

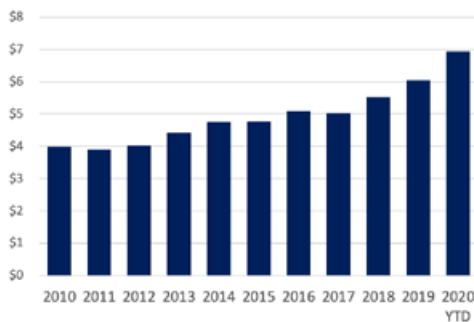
institutional capital, with national portfolio sales accounting for a major portion of sales volume.

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 \$82/sf. Sales totals were over \$6B for the last 12 months.

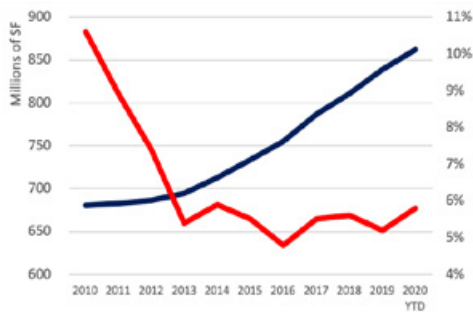
COVID-19 has accelerated demand for warehouse and distribution space as more retail patterns moved online. This will keep demand quite strong for industrial product for the time being, and could change many retail models to embrace a more online presence, which will keep activity healthy for the foreseeable future.



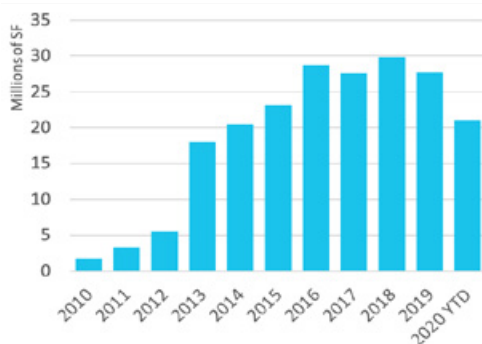
Average Direct NNN Asking Rates



Inventory Vs. Vacancy

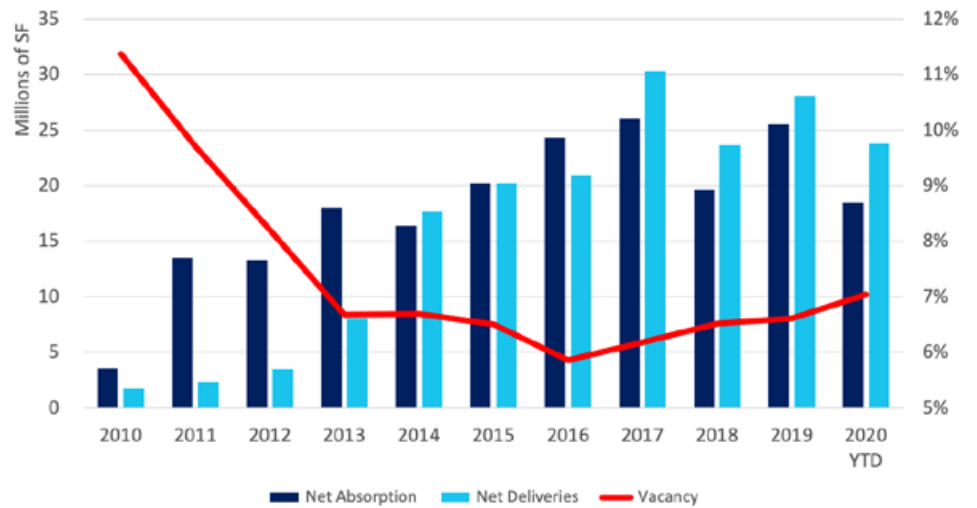


Historical Construction Starts



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

NET ABSORPTION, NET DELIVERIES, & VACANCY



MAJOR PROPERTY TYPE AVAILABILITIES



Wildlife 7 Warehouse

2515 N Belt Line Rd | Grand Prairie, TX 75050
Upper Great Southwest Ind Submarket
100,800 SF | 100,800 SF Available
Year Built: 2020



3000 W Kingsley Manufacturing

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



Westport 11 Distribution

14700 Blue Mound Rd | Fort Worth, TX 76052
NE Tarrant/Alliance Ind Submarket
1,002,536 SF | 1,002,536 SF Available
Year Built: 2020



KDC Richardson Data Center Flex

1510 E Lookout Dr | Richardson, TX 75082
Richardson Ind Submarket
130,000 SF | 130,000 SF Available
Year Built: 2019

For more information, please contact:

Avison Young | Dallas

1920 McKinney Avenue | Suite 1100 | Dallas, TX 75201

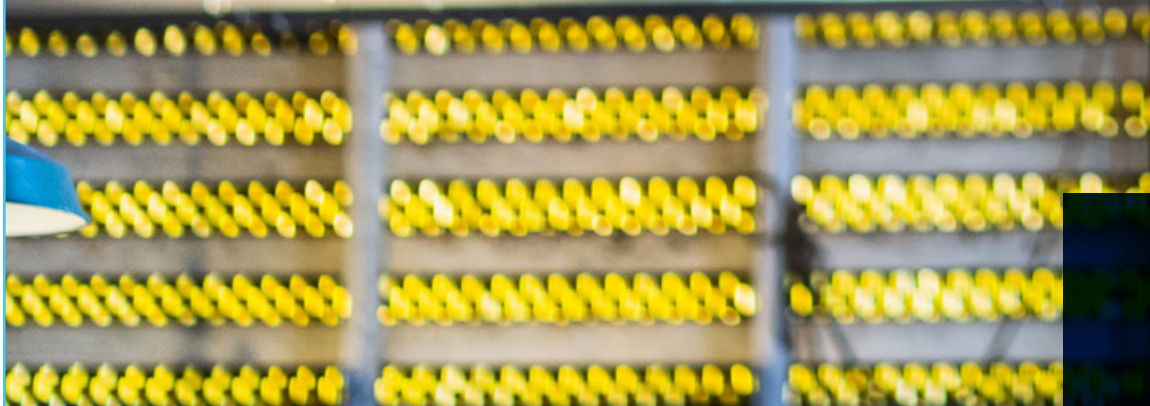
214.559.3900

avisonyoung.com

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CORE SUBMARKET SNAPSHOTS

INDUSTRIAL



Q3 '20

SUBMARKET FACTS

 WAREHOUSE & DISTRIBUTION RBA
70,839,885 SF


 MANUFACTURING RBA
2,467,653 SF

 FLEX RBA
6,182,694 SF

 TOTAL RBA
81,678,185 SF

 VACANCY TOTAL
4.1%

 AVERAGE DIRECT NNN RENT
\$7.17/SF

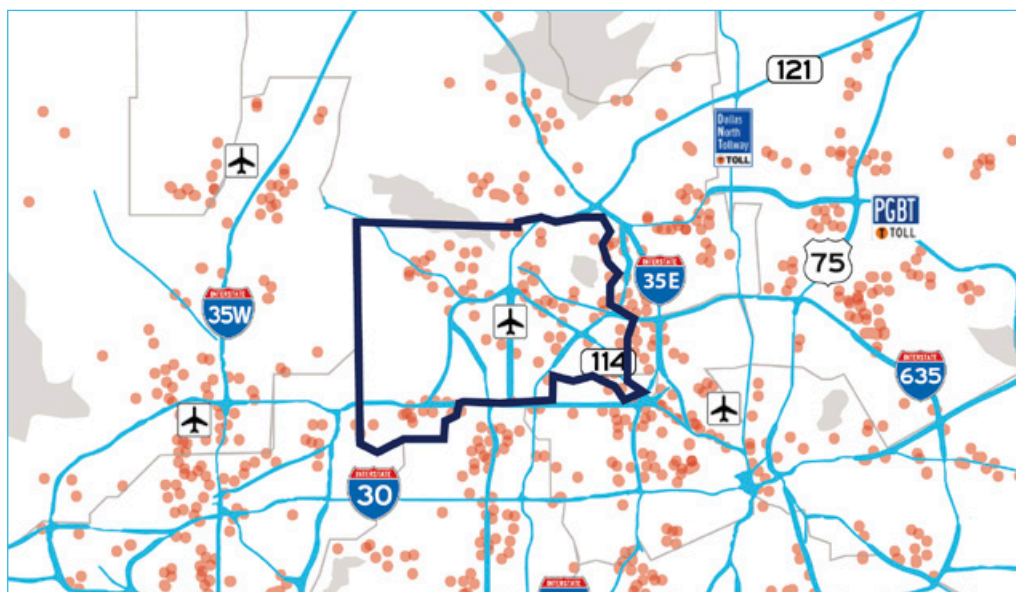
 QUARTERLY NET ABSORPTION
1,583,774 SF

 12 MONTH NET ABSORPTION
2,413,787 SF

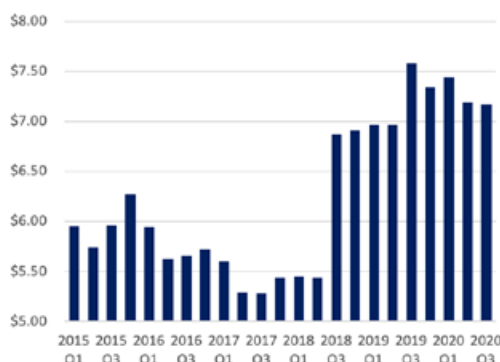
 AVERAGE SALES PRICE
\$81/SF

 12 MONTH DELIVERIES
2,838,967 SF

 UNDER CONSTRUCTION
4,545,730 SF



AVE. DIRECT NNN ASKING RATES



VACANCY VS. INVENTORY



SAMPLE MARKET AVAILABILITIES BY SIZE RANGE

0-50,000 SF



2370 W Airfield Dr
2370 W Airfield Dr
Dallas, TX 75261
Class B Distribution
116,145 SF
13,500 SF Available
Year Built: 2005

50,001-100,000 SF



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

>100,000 SF



Coppell Business Center III
217 Wrangler Dr
Dallas, TX 75261
Class B Distribution
115,200 SF
115,200 SF Available
Year Built: 2000

East Dallas:

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

SUBMARKET FACTS



WAREHOUSE
& DISTRIBUTION RBA
34,386,263 SF



MANUFACTURING RBA
6,542,648 SF



FLEX RBA
3,154,515 SF



TOTAL RBA
46,143,675 SF



VACANCY TOTAL
4.7%



AVERAGE DIRECT
NNN RENT
\$4.07/SF



QUARTERLY
NET ABSORPTION
140,257 SF



12 MONTH NET
ABSORPTION
1,696,640 SF



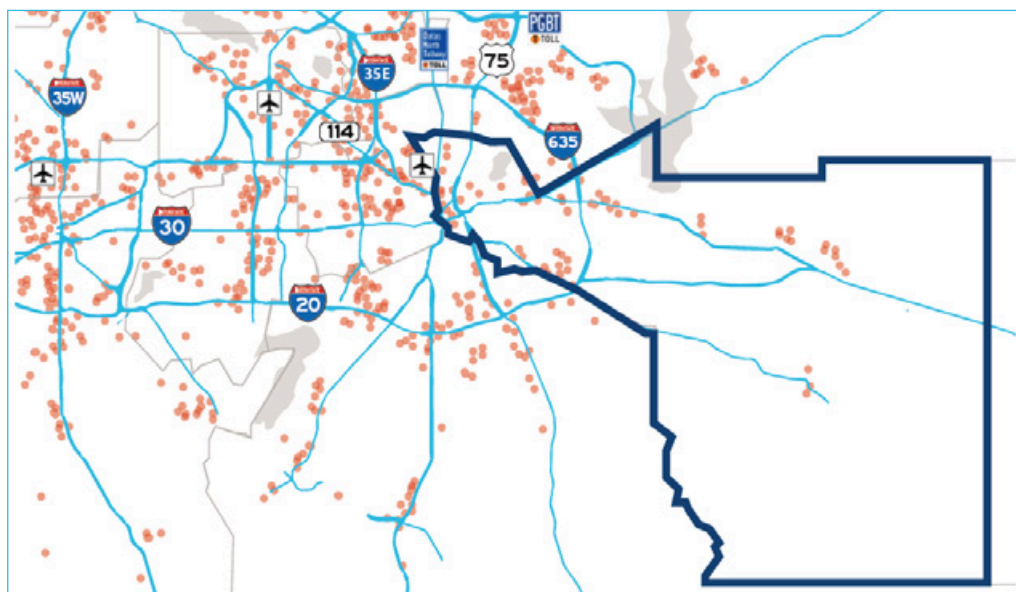
AVERAGE SALES PRICE
\$68/SF



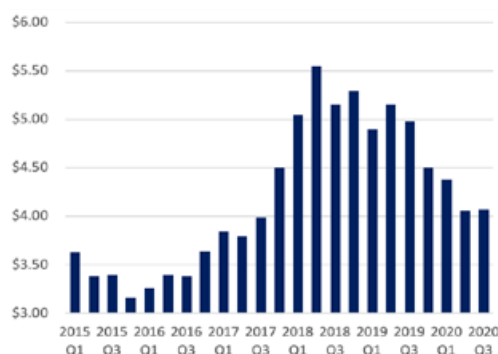
12 MONTH DELIVERIES
2,032,632 SF



UNDER
CONSTRUCTION
944,106 SF



AVE. DIRECT NNN ASKING RATES



VACANCY VS. INVENTORY



SAMPLE MARKET AVAILABILITIES BY SIZE RANGE

0-50,000 SF



Eastpoint IV

1801 Big Town Blvd
Mesquite, TX 75149
Class B Warehouse
105,600 SF
14,400 SF Available
Year Built: 2001

50,001-100,000 SF



2200 Big Town Blvd III

2200 Big Town Blvd
Mesquite, TX 75149
Class A Distribution
148,000 SF
71,253 SF Available
Year Built: 2007

>100,000 SF














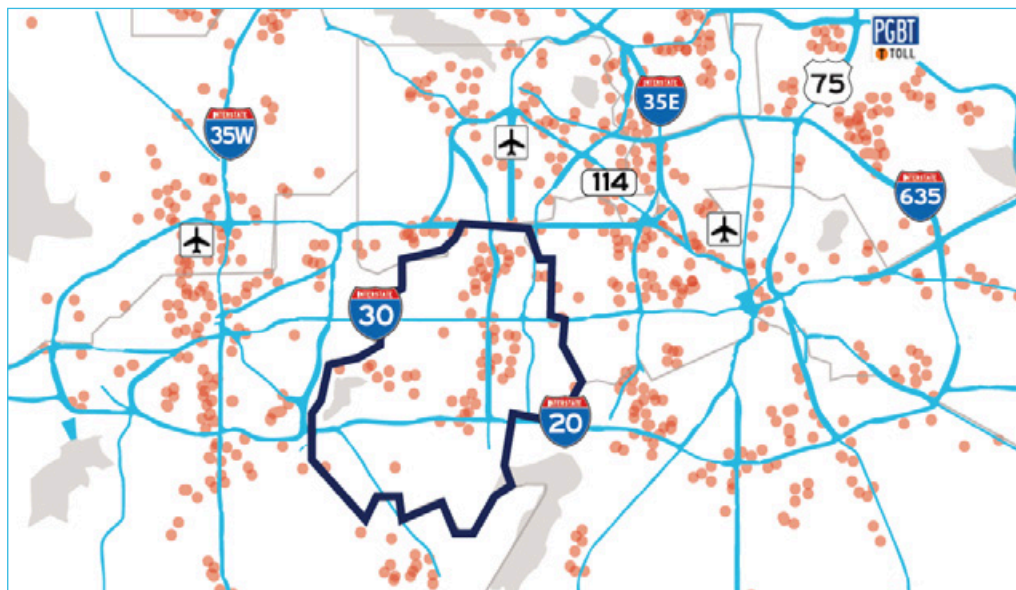
3000 Skyline

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
93,305,790 SF
-  MANUFACTURING RBA
11,485,191 SF
-  FLEX RBA
6,823,049 SF
-  TOTAL RBA
114,457,162 SF
-  VACANCY TOTAL
4.8%
-  AVERAGE DIRECT NNN RENT
\$5.58/SF
-  QUARTERLY NET ABSORPTION
872,025 SF
-  12 MONTH NET ABSORPTION
4,011,660 SF
-  AVERAGE SALES PRICE
\$73/SF
-  12 MONTH DELIVERIES
3,572,163 SF
-  UNDER CONSTRUCTION
870,769 SF



AVE. DIRECT NNN ASKING RATES



VACANCY VS. INVENTORY



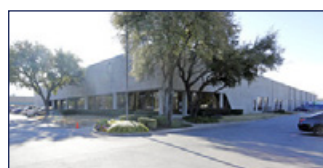
SAMPLE MARKET AVAILABILITIES BY SIZE RANGE

0-50,000 SF



2555 114th St
2555 114th St
Grand Prairie, TX 75050
Class C Warehouse
25,145 SF
25,145 SF Available
Year Built: 1986

50,001-100,000 SF



908-912 113th St
908-912 113th St
Arlington, TX 76011
Class B Warehouse
79,735 SF
79,735 SF Available
Year Built: 1979

>100,000 SF



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

SUBMARKET FACTS



WAREHOUSE
& DISTRIBUTION RBA
83,645,003 SF



MANUFACTURING RBA
7,413,241 SF



FLEX RBA
6,173,657 SF



TOTAL RBA
107,389,202 SF



VACANCY TOTAL
9.2%



AVERAGE DIRECT
NNN RENT
\$5.89/SF



QUARTERLY
NET ABSORPTION
1,036,543 SF



12 MONTH NET
ABSORPTION
5,412,424 SF



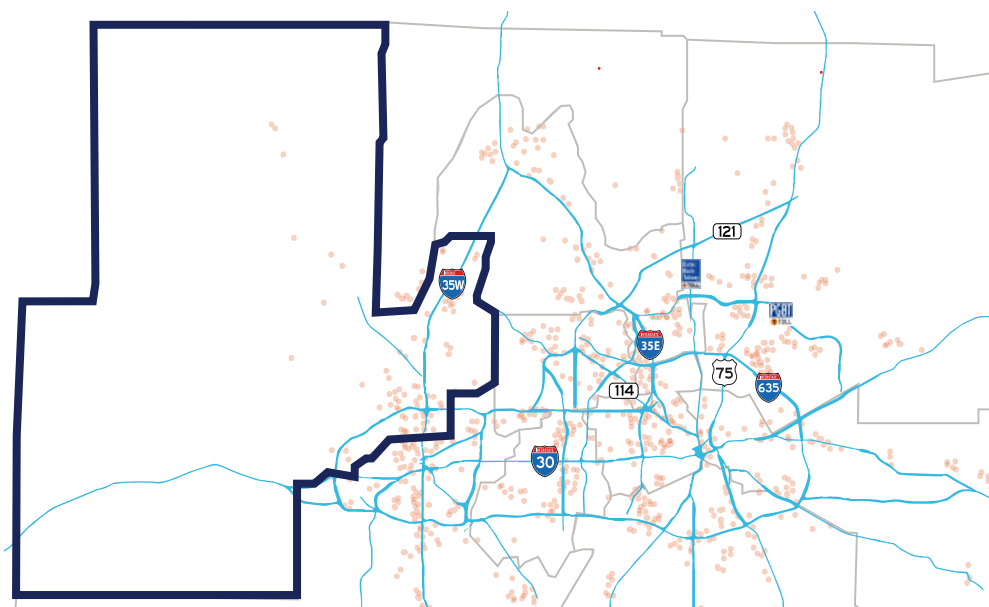
AVERAGE SALES PRICE
\$74/SF



12 MONTH DELIVERIES
10,502,985 SF



UNDER
CONSTRUCTION
9,344,631 SF



AVE. DIRECT NNN ASKING RATES



VACANCY VS. INVENTORY



SAMPLE MARKET AVAILABILITIES BY SIZE RANGE

0-50,000 SF



Champions Business Park

Champions Dr
Aledo, TX 76008
Class A Flex
27,495 SF
10,000 SF Available
Year Built: 2019

50,001-100,000 SF



Railhead Business Station

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

>100,000 SF



Intermodal Logistics Center 2

18314 Fm 156
Fort Worth, TX 76247
Class A Distribution
1,007,000 SF
1,007,000 SF Available
Year Built: 2020

Northeast Dallas:

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

SUBMARKET FACTS

WAREHOUSE & DISTRIBUTION RBA
58,622,103 SF

MANUFACTURING RBA
21,976,930 SF

FLEX RBA
24,189,794 SF

TOTAL RBA
109,670,265 SF

VACANCY TOTAL
5.6%

AVERAGE DIRECT NNN RENT
\$7.97/SF

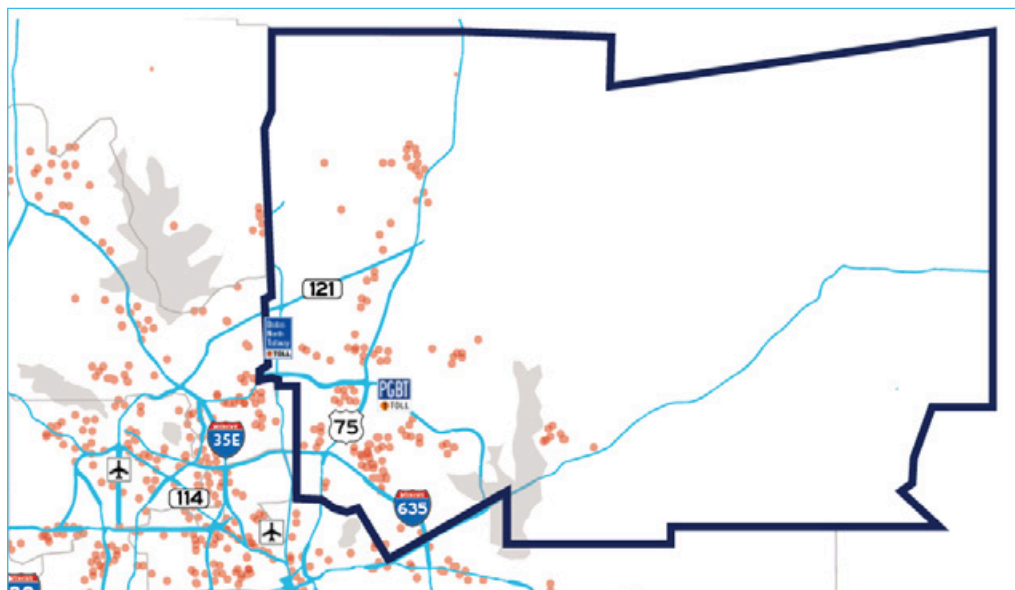
QUARTERLY NET ABSORPTION
552,351 SF

12 MONTH NET ABSORPTION
1,856,747 SF

AVERAGE SALES PRICE
\$96/SF

12 MONTH DELIVERIES
2,112,817 SF

UNDER CONSTRUCTION
4,457,307 SF



AVE. DIRECT NNN ASKING RATES



VACANCY VS. INVENTORY



SAMPLE MARKET AVAILABILITIES BY SIZE RANGE

0-50,000 SF



Firewheel Distr. Center - B

2360 Crist Rd
Garland, TX 75040
Class B Distribution
74,312 SF
17,277 SF Available
Year Built: 2008

50,001-100,000 SF



Plano Business Park - F

3901 E Plano Pky
Plano, TX 75074
Class B Flex/Data
100,000 SF
100,000 SF Available
Year Built: 2002

>100,000 SF



2722 S Jupiter Rd

2722 S Jupiter Rd
Garland, TX 75041
Class A Warehouse
420,000 SF
300,000 SF Available
Year Built: 1999

Northwest Dallas:

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

SUBMARKET FACTS

 WAREHOUSE
& DISTRIBUTION RBA
83,307,872 SF

 MANUFACTURING RBA
7,266,042 SF

 FLEX RBA
16,937,675 SF

 TOTAL RBA
109,668,979 SF

 VACANCY TOTAL
4.0%

 AVERAGE DIRECT
NNN RENT
\$7.72/SF

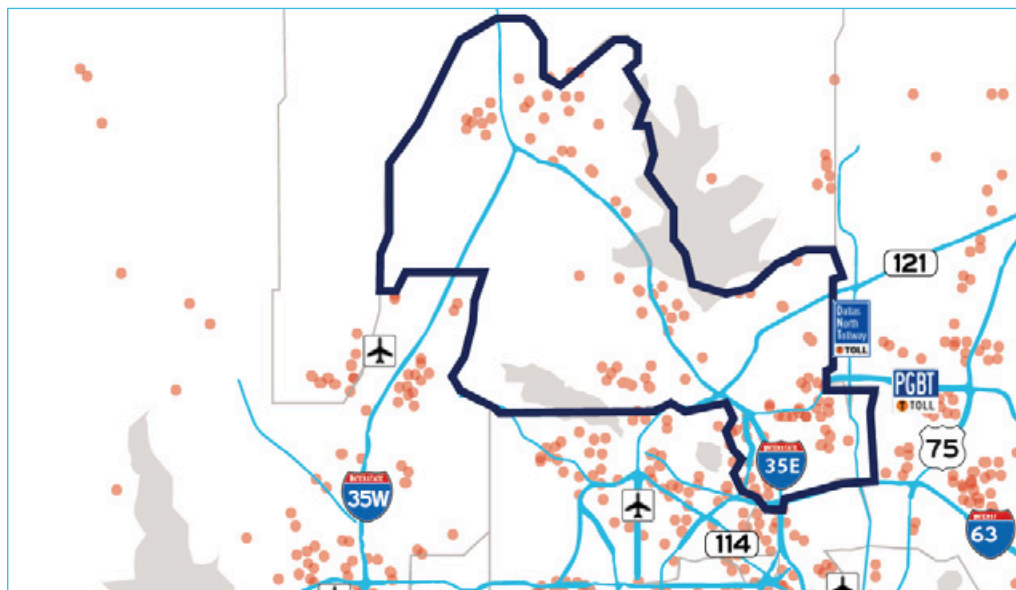
 QUARTERLY
NET ABSORPTION
59,292 SF

 12 MONTH NET
ABSORPTION
1,168,363 SF

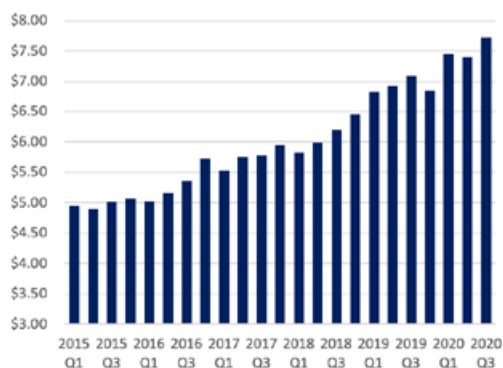
 AVERAGE SALES PRICE
\$85/SF

 12 MONTH DELIVERIES
2,203,625 SF

 UNDER
CONSTRUCTION
2,320,022 SF



AVE. DIRECT NNN ASKING RATES



VACANCY VS. INVENTORY



SAMPLE MARKET AVAILABILITIES BY SIZE RANGE

0-50,000 SF



15000 E Beltwood Pky

15000 E Beltwood Pky
Addison, TX 75001
Class B Warehouse
23,255 SF
23,255 SF Available
Year Built: 1978

50,001-100,000 SF



Crosby Business Park

1300-1312 W Crosby Rd
Carrollton, TX 75006
Class C Distribution
99,198 SF
78,872 SF Available
Year Built: 1971

>100,000 SF



Lakeside Ranch 350

350 Lakeside Pky
Flower Mound, TX 75028
Class A Distribution
274,994 SF
274,994 SF Available
Year Built: 2020

South Dallas:

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

SUBMARKET FACTS



WAREHOUSE
& DISTRIBUTION RBA
81,480,621 SF



MANUFACTURING RBA
17,132,444 SF



FLEX RBA
1,984,828 SF



TOTAL RBA
104,259,768 SF



VACANCY TOTAL
6.6%



AVERAGE DIRECT
NNN RENT
\$4.74/SF



QUARTERLY
NET ABSORPTION
69,598 SF



12 MONTH NET
ABSORPTION
6,062,489 SF



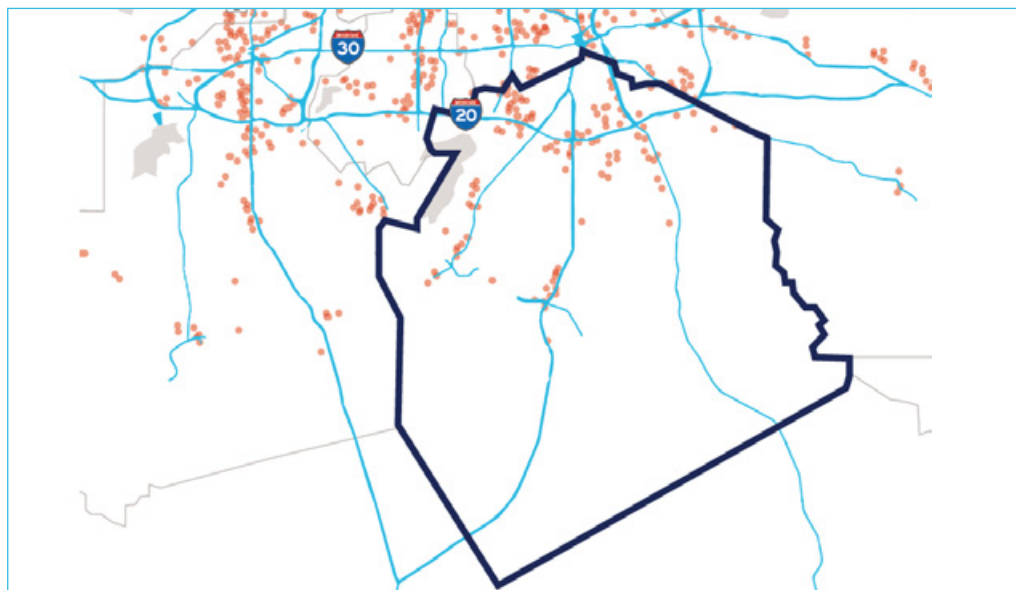
AVERAGE SALES PRICE
\$68/SF



12 MONTH DELIVERIES
4,618,890 SF



UNDER
CONSTRUCTION
2,361,401 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 Distribution
83,376 SF
83,376 SF Available
Year Built: 2019

>100,000 SF



Park 20/35- Building 8

Danieldale Road
Lancaster, TX 75134

Class B Distribution
237,678 SF
237,678 SF Available
Year Built: 2018


South Fort Worth:

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

SUBMARKET FACTS

 WAREHOUSE & DISTRIBUTION RBA
47,842,181 SF


 MANUFACTURING RBA
14,261,522 SF

 FLEX RBA
8,456,211 SF

 TOTAL RBA
78,303,894 SF

 VACANCY TOTAL
5.7%

 AVERAGE DIRECT NNN RENT
\$5.72/SF

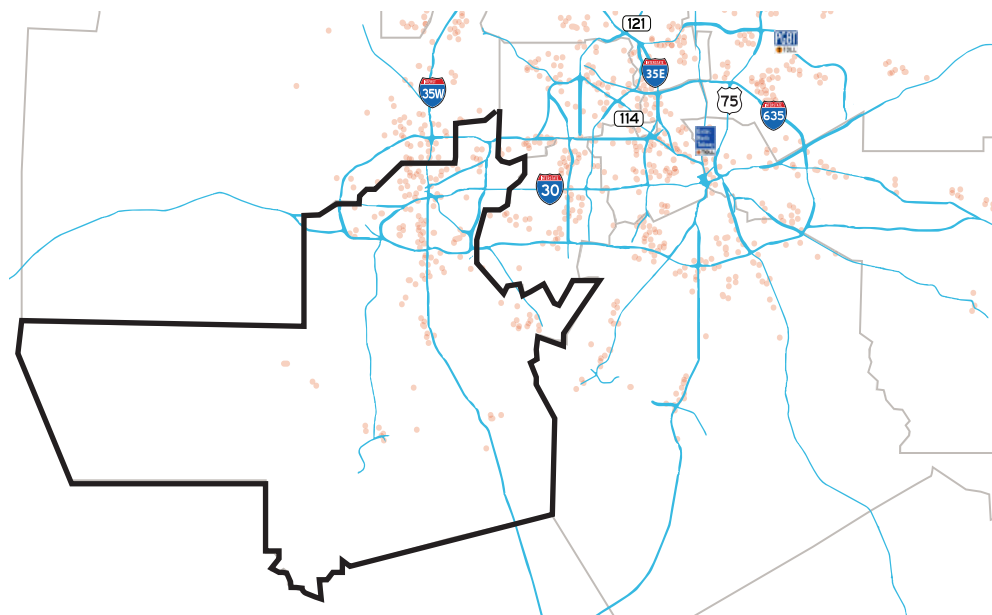
 QUARTERLY NET ABSORPTION
-156,913 SF

 12 MONTH NET ABSORPTION
111,876 SF

 AVERAGE SALES PRICE
\$67/SF

 12 MONTH DELIVERIES
1,294,795 SF

 UNDER CONSTRUCTION
2,046,573 SF



AVE. DIRECT NNN ASKING RATES



VACANCY VS. INVENTORY



SAMPLE MARKET AVAILABILITIES BY SIZE RANGE

0-50,000 SF



Everman Trade Center B

8600 South Freeway
Fort Worth, TX 76134
Class A Warehouse
77,547 SF
39,084 SF Available
Year Built: 2019

50,001-100,000 SF



9001 South Fwy

9001 South Freeway
Fort Worth, TX 76140
Class C Manufacturing
67,070 SF
67,070 SF Available
Year Built: 1970

>100,000 SF



Carter Distribution Center E

1701 Joel East Rd
Fort Worth, TX 76134
Class A Distribution
293,705 SF
293,705 SF Available
Year Built: 2020

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
78,056,807 SF

 MANUFACTURING RBA
8,429,758 SF

 FLEX RBA
16,785,446 SF

 TOTAL RBA
108,273,117 SF

 VACANCY TOTAL
5.0%

 AVERAGE DIRECT NNN RENT
\$8.56/SF

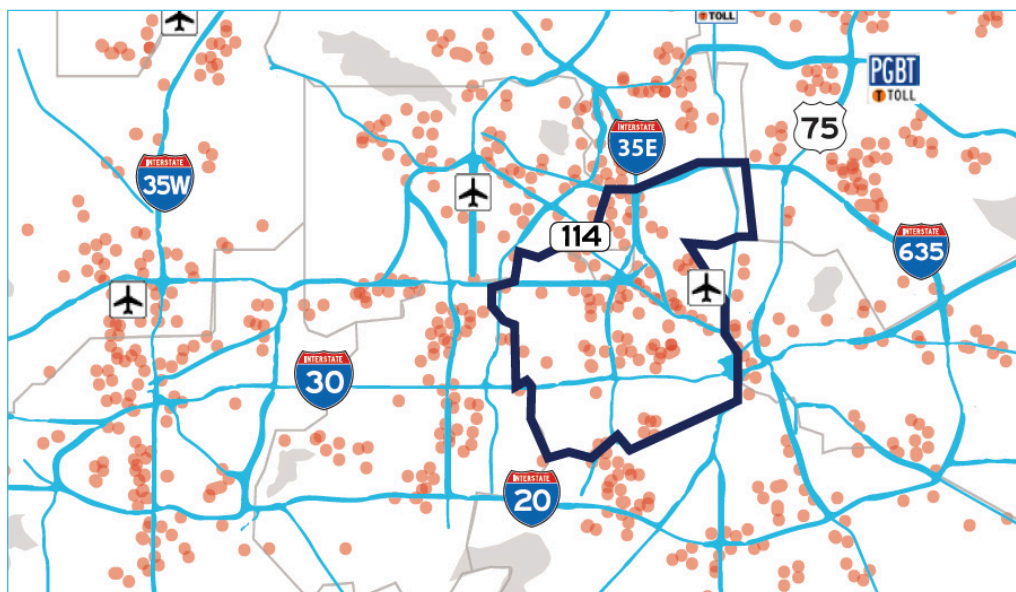
 QUARTERLY NET ABSORPTION
-586,654 SF

 12 MONTH NET ABSORPTION
4,175,278 SF

 AVERAGE SALES PRICE
\$79/SF

 12 MONTH DELIVERIES
5,680,162 SF

 UNDER CONSTRUCTION
1,225,302 SF



AVE. DIRECT NNN ASKING RATES



VACANCY VS. INVENTORY



SAMPLE MARKET AVAILABILITIES BY SIZE RANGE

0-50,000 SF



SOHCO Lakeside Village I

9761 Clifford Dr
Dallas, TX 75220
Class B Warehouse
136,000 SF
34,446 SF Available
Year Built: 2000

50,001-100,000 SF



Ambassador Row

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

>100,000 SF



Core Logistics Center B

10880 Goodnight Ln
Dallas, TX 75220
Class A Manufacturing
199,070 SF
199,070 SF Available
Year Built: 2020

MANUFACTURING

Core Submarkets	Buildings	Inventory	Vacancy (sf)	Vacancy (%)	Net Absorption		Average Asking Direct Rate NNN	12 Mo.Delivered	Under Construction (sf)
					Q3 2020	12 Month			
DFW Airport	14	2,467,653	10,619	0.4%	-10,619	-10,619	\$4.95	0	319,450
East Dallas	53	6,542,648	109,391	1.7%	-39,395	-109,150	\$5.00	0	0
Great SW/Arlington	43	11,485,191	100,100	0.9%	36,380	59,991	\$4.05	0	0
North Ft Worth	59	7,413,241	302,567	4.1%	0	117,800	\$5.04	46,489	425,000
Northeast Dallas	113	21,976,930	929,371	4.2%	-12,771	181,325	\$9.89	230,000	666,542
Northwest Dallas	80	7,266,042	339,874	4.7%	-14,884	-206,219	\$5.02	0	0
South Dallas	121	17,132,444	97,940	0.6%	-36,940	367,071	\$7.88	318,500	0
South Ft Worth	111	14,261,522	225,239	1.6%	1,500	-119,425	\$4.48	0	0
South Stemmons	93	8,429,758	381,715	4.5%	-82,280	-157,827	\$3.16	199,070	0
Total	687	96,975,429	2,496,816	2.5%	-159,009	122,947	\$5.50	794,059	1,410,992

FLEX

Core Submarkets	Buildings	Inventory	Vacancy (sf)	Vacancy (%)	Net Absorption		Average Asking Direct Rate NNN	12 Mo.Delivered	Under Construction (sf)
					Q3 2020	12 Month			
DFW Airport	124	6,182,694	490,216	7.9%	-68,238	125,747	\$10.82	24,522	163,028
East Dallas	79	3,154,515	76,616	2.4%	-11,200	7,605	\$6.10	0	0
Great SW/Arlington	155	6,823,049	479,036	7.0%	6,982	-90,333	\$10.19	0	49,726
North Ft Worth	80	6,173,657	241,627	3.9%	-33,230	652,449	\$12.45	824,780	0
Northeast Dallas	458	24,189,794	1,935,256	8.0%	24,513	-188,090	\$10.14	183,364	159,431
Northwest Dallas	330	16,937,675	976,738	5.8%	170,486	214,169	\$9.98	24,000	0
South Dallas	49	1,984,828	106,922	5.4%	97	-109,099	\$9.00	0	84,000
South Ft Worth	201	8,456,211	480,656	5.7%	-74,629	-164,967	\$7.69	22,800	0
South Stemmons	390	16,785,446	498,620	3.0%	-18,179	291,252	\$12.63	144,560	0
Total	1,866	90,687,869	5,285,687	5.5%	-3,398	738,733	\$9.89	1,224,026	456,185

WAREHOUSE & DISTRIBUTION

Core Submarkets	Buildings	Inventory	Vacancy (sf)	Vacancy (%)	Net Absorption		Average Asking Direct Rate NNN	12 Mo.Delivered	Under Construction (sf)
					Q3 2020	12 Month			
DFW Airport	431	70,839,885	2,754,151	3.9%	1,504,698	1,684,297	\$6.39	2,353,356	3,732,196
East Dallas	327	34,386,263	1,917,695	5.6%	191,368	1,794,394	\$4.04	2,003,702	944,106
Great SW/Arlington	748	93,305,790	4,826,565	5.2%	854,018	3,918,365	\$4.63	3,560,049	821,043
North Ft Worth	447	83,645,003	9,126,968	10.9%	943,252	4,469,393	\$4.79	9,368,029	8,391,728
Northeast Dallas	643	58,622,103	2,934,865	5.0%	478,680	1,870,722	\$6.29	1,535,404	3,334,088
Northwest Dallas	774	83,307,872	3,006,342	3.6%	-187,491	1,084,570	\$6.01	2,070,093	2,017,368
South Dallas	398	81,480,621	5,958,162	7.3%	107,141	5,842,666	\$4.49	3,578,550	1,916,441
South Ft Worth	777	47,842,181	3,196,344	6.7%	-78,909	84,595	\$4.96	1,221,537	1,991,573
South Stemmons	1,090	78,056,807	4,386,267	5.6%	-490,459	4,028,405	\$6.40	5,310,680	1,113,302
Total	5,635	631,486,525	38,107,359	6.0%	3,322,298	24,777,407	\$5.33	31,001,400	24,261,845

TOTAL

Core Submarkets	Buildings	Inventory	Vacancy (sf)	Vacancy (%)	Net Absorption		Average Asking Direct Rate NNN	12 Mo.Delivered	Under Construction (sf)
					Q3 2020	12 Month			
DFW Airport	585	81,678,185	3,405,287	4.1%	1,583,774	2,413,787	\$7.17	2,838,967	4,545,730
East Dallas	489	46,143,675	2,152,902	4.7%	140,257	1,696,640	\$4.07	2,032,632	944,106
Great SW/Arlington	996	114,457,162	5,464,526	4.8%	872,025	4,011,660	\$5.58	3,572,163	870,769
North Ft Worth	636	107,389,202	9,924,550	9.2%	1,036,543	5,412,424	\$5.89	10,502,985	9,344,631
Northeast Dallas	1,270	109,670,265	6,174,887	5.6%	552,351	1,856,747	\$7.97	2,112,817	4,457,307
Northwest Dallas	1,221	109,668,979	4,399,349	4.0%	59,292	1,168,363	\$7.72	2,203,625	2,320,022
South Dallas	605	104,259,768	6,932,017	6.6%	69,598	6,062,489	\$4.74	4,618,890	2,361,401
South Ft Worth	1,166	78,303,894	4,459,823	5.7%	-156,913	111,876	\$5.72	1,294,795	2,046,573
South Stemmons	1,658	108,273,117	5,408,228	5.0%	-586,654	4,175,278	\$8.56	5,680,162	1,225,302
Total	8,626	859,844,247	48,321,569	5.5%	3,570,273	26,909,264	\$6.38	33,019,485	28,115,841
ALL SUBMARKETS TOTAL	8,650	862,164,889	45,240,936	5.6%	3,624,248	27,090,857	\$6.94	34,857,034	28,909,433

Parameters: 20,000 SF+ | Existing/Under Construction | Owner Occupied Included



RETAIL

RETAIL

STRONG FUNDAMENTALS

Upended by unforeseen circumstances will add new pressures and challenges

Pre-COVID-19, Dallas-Fort Worth area led the nation in shopping centers per capita and ranked among the nation's top 5 retail employment hubs with over 460,000 retail-related workers. Now however, stores have closed doors and furloughed/laid off thousands across the metro. Restaurants have created drive-up, no-contact ordering systems. Local shops have switched to purely online inventories. Grocery super stores have seen upticks in demand for essential items.

COVID-19 will likely alter the retail landscape more than any other commercial real estate product type. Its impact will likely accelerate the downfall of weaker positioned businesses, and could see the Amazon-ification of numerous other businesses. However, demographic and spending trends show that smaller local shops are still

in high demand, and will likely bounce back if they can survive the next few months.

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 43% of retail space under construction was leased as of Q3 2020. 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.

Sales volume has flatlined due to the coronavirus pandemic. Weak leasing activity, softening rents and low rent collection among retail tenants are dissuading investors to pursue deals.

Major retailers based in DFW, such as Neiman Marcus, Tuesday Morning, Gamestop, and J.C. Penny have dealt with bankruptcies and/or massive store closures, showing that the anchor tenants for regional malls and shopping centers are going to go through seismic shifts in the coming months, putting added pressure on properties to adapt to this new world.

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



437 MSF
Total
Inventory



2.9 MSF
Under
Construction



-1.5 MSF
12 Month
Absorption



5.9%
Vacancy
Rate



4.5 MSF
12 Month
Deliveries

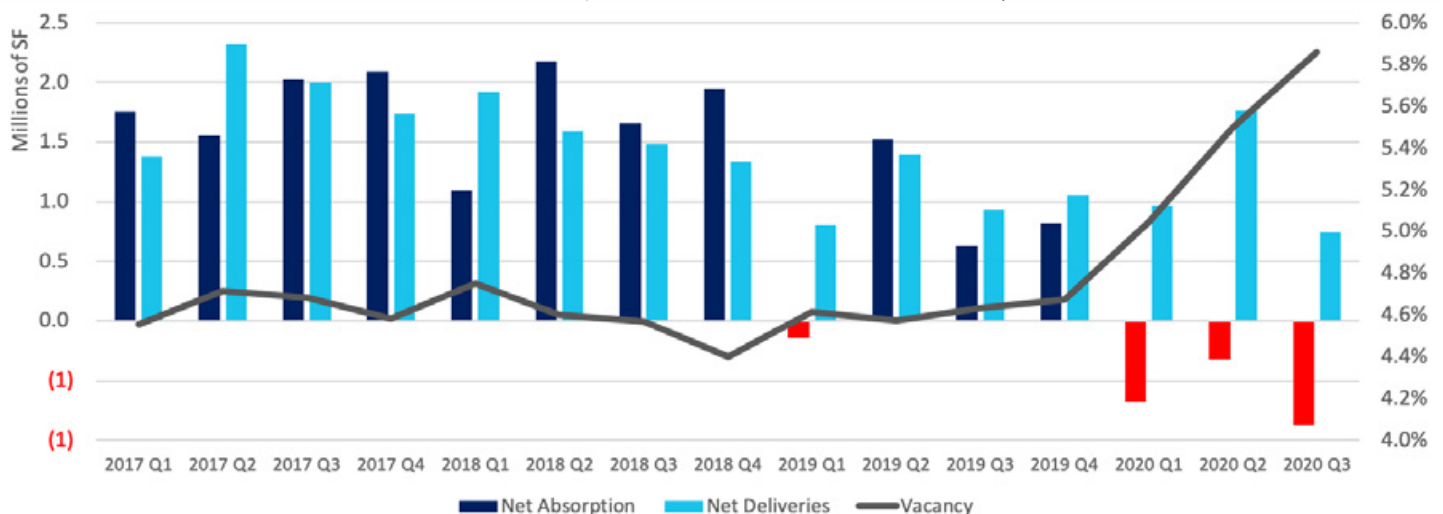


\$16.93
Ave. Direct
NNN Rent



0.9%
YOY
Rent Growth

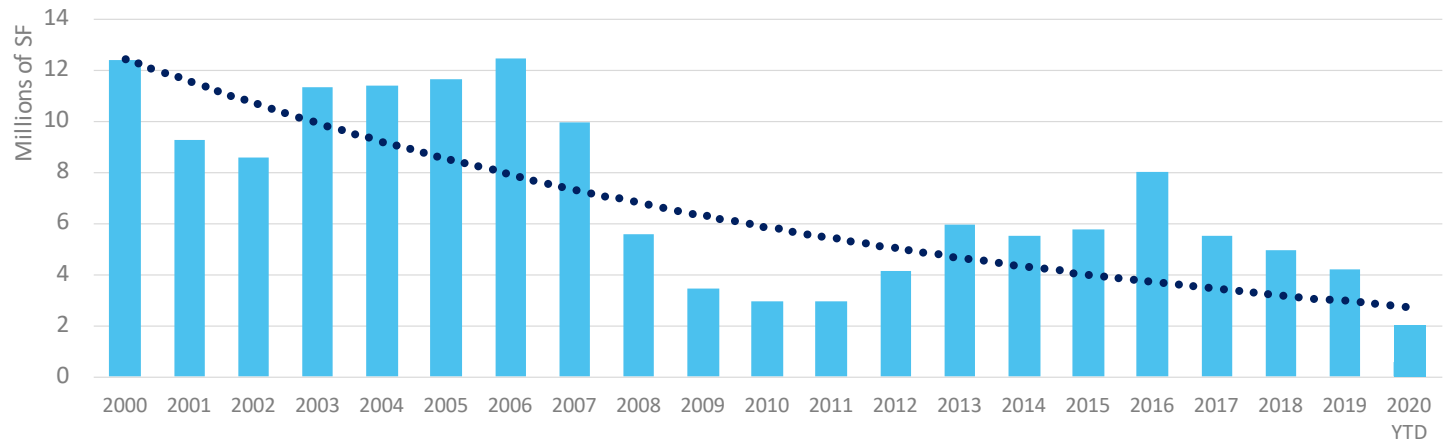
Net Absorption, Net Deliveries & Vacancy



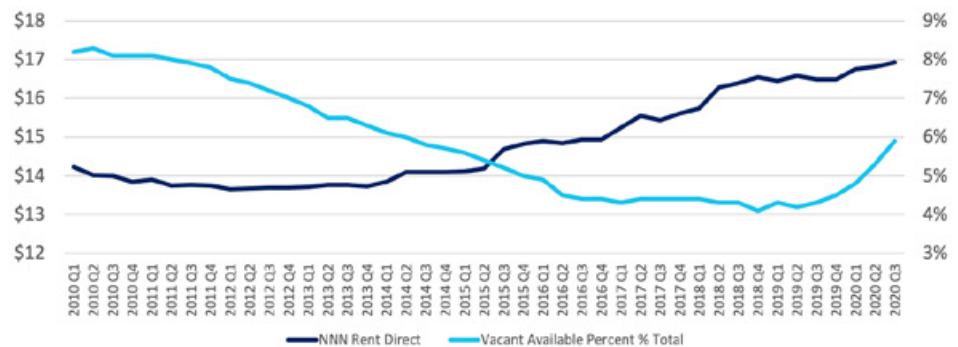
Steady Tapering as Retail Shifts to Online

Retail construction has seen an overall decrease in activity since the turn of the century. Whereas the early 2000's saw an average of 7.5 MSF under construction per year, the last 5 years have seen the average at 4.8 MSF. That being said, there has been an uptick in construction in recent years compared to the earlier parts of the decade. Even as big box retailers struggle and adapt to online competition, many consumers are still interested in smaller local businesses and experiential shopping. COVID-19 and government ordered shutdowns will continue to affect the market for the foreseeable future, so expect construction starts to dwindle.

Annual Construction Starts



Avg. NNN Direct Rates vs. Vacancy Rates



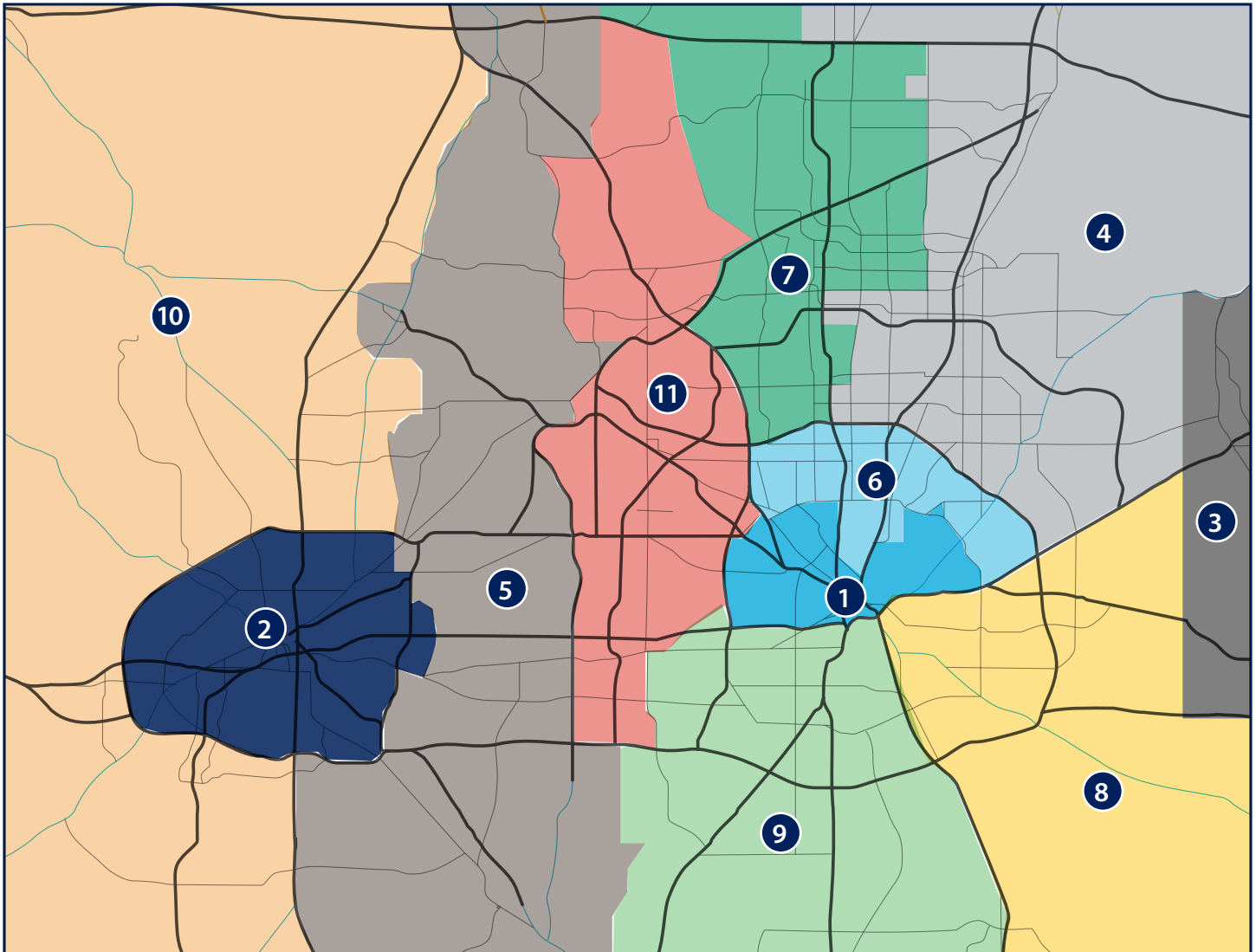
DFW Retail Spending by Millions of Dollars



CORE SUBMARKET CLUSTERS

#	Submarket Cluster	Inventory	Vacancy	Q3 2020 Absorption	12 Month Net Absorption	Under Construction	12 Month Deliveries	Direct NNN Asking Rent
1	Central Dallas	21,464,050	3.5%	9,337	-4,712	65,412	110,136	\$23.43
2	Central Fort Worth	36,325,543	7.0%	-41,644	-310,415	15,886	78,404	\$13.86
3	East Dallas Outlying	8,902,251	3.3%	111	295,217	88,657	392,346	\$24.38
4	Far North Dallas	76,407,922	6.4%	-84,788	-245,012	827,735	674,733	\$17.561
5	Mid Cities	70,924,291	6.3%	-260,275	-151,043	418,623	704,958	\$16.97
6	Near North Dallas	26,021,938	5.6%	-167,713	-326,122	150,000	59,633	\$16.20
7	North Central Dallas	44,146,906	6.5%	161,124	175,990	754,328	1,049,836	\$22.70
8	Southeast Dallas	20,500,867	4.7%	-28,950	-78,773	40,709	71,104	\$12.10
9	Southwest Dallas	25,426,104	6.1%	-162,843	-149,642	82,218	100,819	\$12.93
10	Suburban Fort Worth	42,239,873	5.9%	-140,255	159,562	122,137	916,610	\$14.94
11	West Dallas	43,983,003	6.2%	-209,591	-556,278	271,478	225,182	\$16.76
	Total Market	436,595,050	5.9%	-862,470	-1,512,264	2,875,569	4,529,305	\$16.93

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





MULTI-FAMILY

MULTI FAMILY Q3 2020

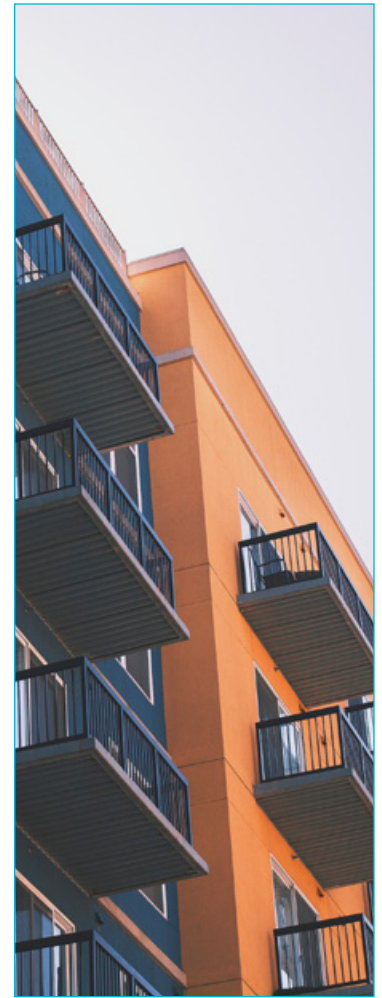
The DFW Multi-Family market finished 2019 as the top performer in the country, anchored by strong job and population growth, changing demographics, limited single-family housing supply, and urban revivals.

From an inventory perspective, DFW is now the 3rd largest Multi-Family market, behind only New York and Los Angeles metros.

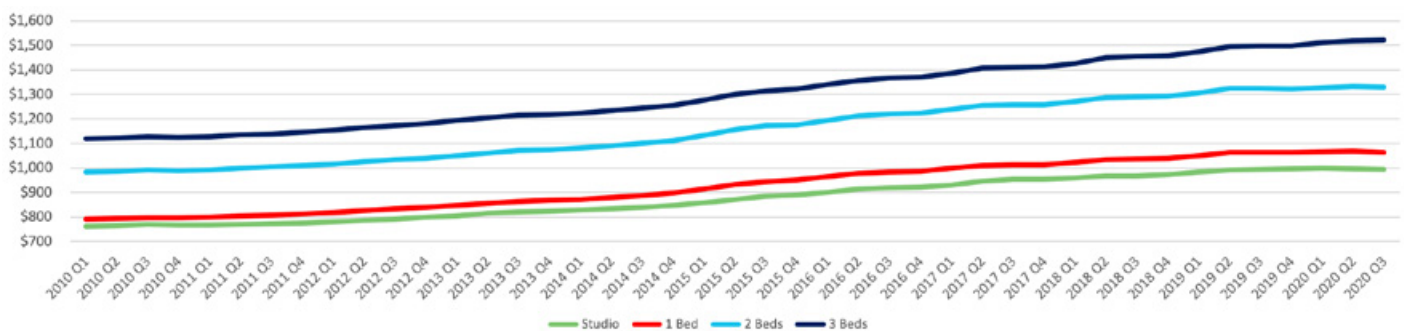
Strong economic underpinnings have fostered a healthy apartment market. The market absorbed over 24,000 units in the last 12 months, leading the nation above even the NYC metro and over double the Houston metro. Growth showed no signs of slowing from COVID-19, as

the market currently has nearly 35,000 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.

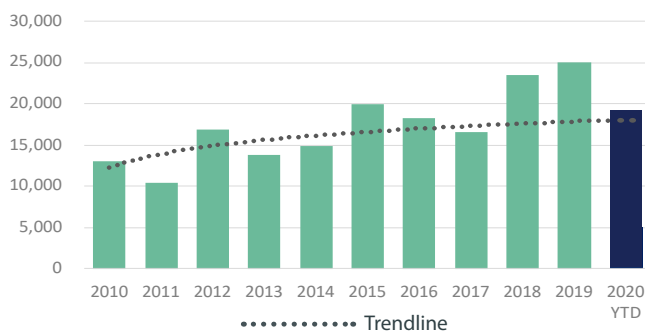
Still, the coronavirus outbreak is causing significant economic disruption in Dallas-Fort Worth. The trajectory of Dallas-Fort Worth's multi-family market will depend on how widely the virus spreads, and how long containment policies like social distancing need to be maintained. Expect slightly longer take-up times for newly delivered product, lowering absorption levels, and softening rent growth.



Market Asking Rent Per Unit by Bedroom



Unit Absorption by Year



178,865 Units Added
since 2010

34% Avg Price/Unit Increase
In Last 10 Years

Multi-Family: DFW Market Overview


874,491

 Inventory
Units

34,842

 Under Constr.
Units

23,373

 12 Month
Absorp Units

8.0%

 Vacancy
Rate

27,255

 12 Month
Units Delivered

\$1,189

 Asking Rent
Per Unit Avg

\$8.3B

 12 Month
Sales Volume

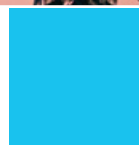
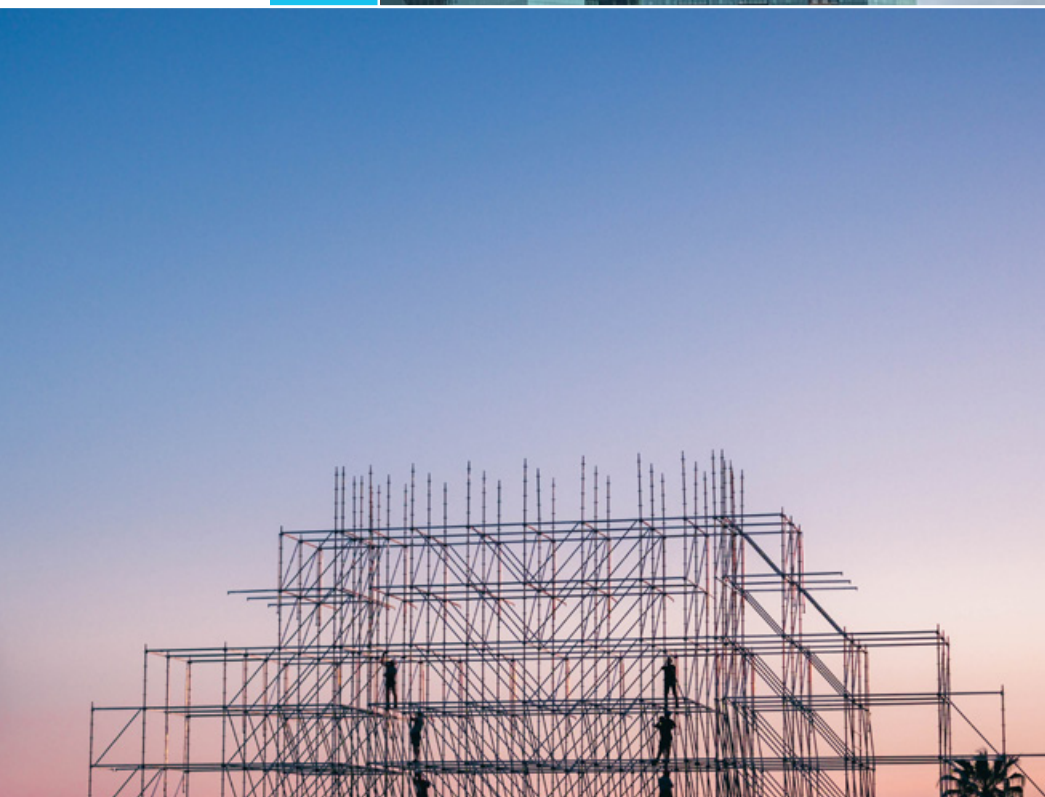
Core Submarket Clusters	Inventory Units	Inventory Avg SF	Asking Rent Per Unit	Asking Rent Per SF	Asking Rent % Growth/Yr	Vacancy	Q3 2020 Absorption Units	12 Mo. Absorption Units	Under Construction Units	12 Month Delivered Units
Allen/McKinney	26,567	940	\$1,319	\$1.40	1.7%	9.9%	261	1,272	3,078	1,130
Arlington	63,061	827	\$1,071	\$1.29	3.4%	5.3%	364	1,252	1,411	434
Bishop Arts/Oak Cliff	21,685	849	\$1,053	\$1.22	1.3%	6.9%	-6	181	1,270	286
Deep Ellum/Southside	3,835	1,032	\$1,642	\$1.60	-1.9%	18.1%	61	315	100	541
Denton	23,158	830	\$1,063	\$1.28	2.9%	8.8%	275	561	1,166	320
Design District/Trinity Groves/West Dallas	7,273	896	\$1,428	\$1.59	-0.9%	6.0%	8	227	692	680
Downtown Dallas/Farmers Market	7,950	952	\$1,702	\$1.79	-3.8%	15.0%	18	-6	1,890	690
Downtown/Northwest Fort Worth	25,027	907	\$1,200	\$1.32	1.2%	7.7%	123	1,218	2,026	377
East Dallas/White Rock	62,951	815	\$1,188	\$1.46	-0.6%	9.2%	236	391	2,030	645
East Fort Worth	12,168	828	\$931	\$1.13	3.7%	7.7%	17	148	66	0
Far North Dallas/Farmers Branch/Carrollton	89,767	873	\$1,219	\$1.39	0%	8.9%	677	1,570	2,837	3,747
Frisco/Prosper/The Colony	26,631	975	\$1,422	\$1.46	-0.9%	11.5%	569	1,558	2,138	2,192
Garland/Rowlett	24,601	881	\$1,152	\$1.31	1.7%	7.0%	335	1,635	1,389	610
Grapevine	10,279	926	\$1,389	\$1.50	-0.9%	12.7%	193	538	0	1,202
HEB/Mid Cities	23,956	868	\$1,152	\$1.33	1.3%	6.5%	61	273	90	381
Las Colinas	32,583	910	\$1,328	\$1.45	-3.3%	8.4%	172	186	1,610	387
Lewisville/Flower Mound	30,582	907	\$1,258	\$1.38	0.8%	6.7%	282	582	1,471	855
Love Field/Medical District/Northwest Dallas	27,772	830	\$1,172	\$1.41	-1.3%	9.6%	323	1,074	575	1,700
Mesquite	39,516	841	\$960	\$1.14	2.4%	6.9%	395	1,247	516	856
Plano	47,785	926	\$1,358	\$1.46	-1.4%	8.4%	342	1,102	925	2,264
Richardson	26,020	842	\$1,047	\$1.24	1.2%	8.6%	441	200	0	73
South Dallas/Desoto	19,752	886	\$1,106	\$1.25	4.5%	5.1%	242	1,108	537	706
Southeast Dallas	23,290	878	\$1,013	\$1.15	1.5%	9.2%	94	698	100	541
Southeast Fort Worth	16,332	905	\$1,103	\$1.22	5.0%	5.3%	49	318	784	710
Southwest Fort Worth/Clearfork	40,841	865	\$1,068	\$1.23	1.5%	9.6%	728	1,684	1,279	2,398
Uptown/Park Cities	27,691	969	\$2,011	\$2.07	-2.5%	8.5%	-76	315	1,648	0

LARGEST MARKET INVENTORIES

NYC 1.4 MM units
 LA 1.1 MM Units
DFW .87 MM Units
 Houston .71 MM Units
 Chicago .63 MM Units
 DC .62 MM Units

AVE. RENT/UNIT IN PREMIER SUBMARKETS

NYC - Lower West Side & Financial District - \$4,471
 LA - Venice Beach & Downtown - \$2,766
 Chicago - Downtown Chicago - \$2,588
 DC - Downtown DC - \$2,419
 Houston - Downtown Houston - \$2,295
 DFW - Uptown/Park Cities - \$2,011

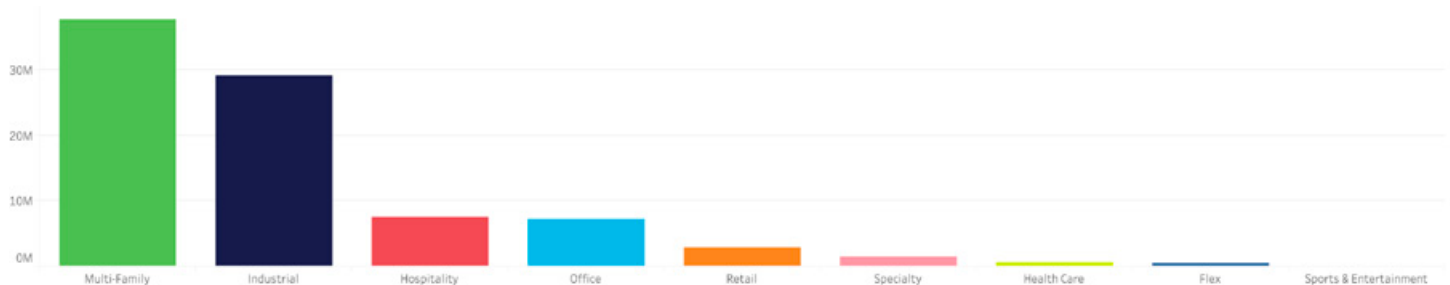


CONSTRUCTION

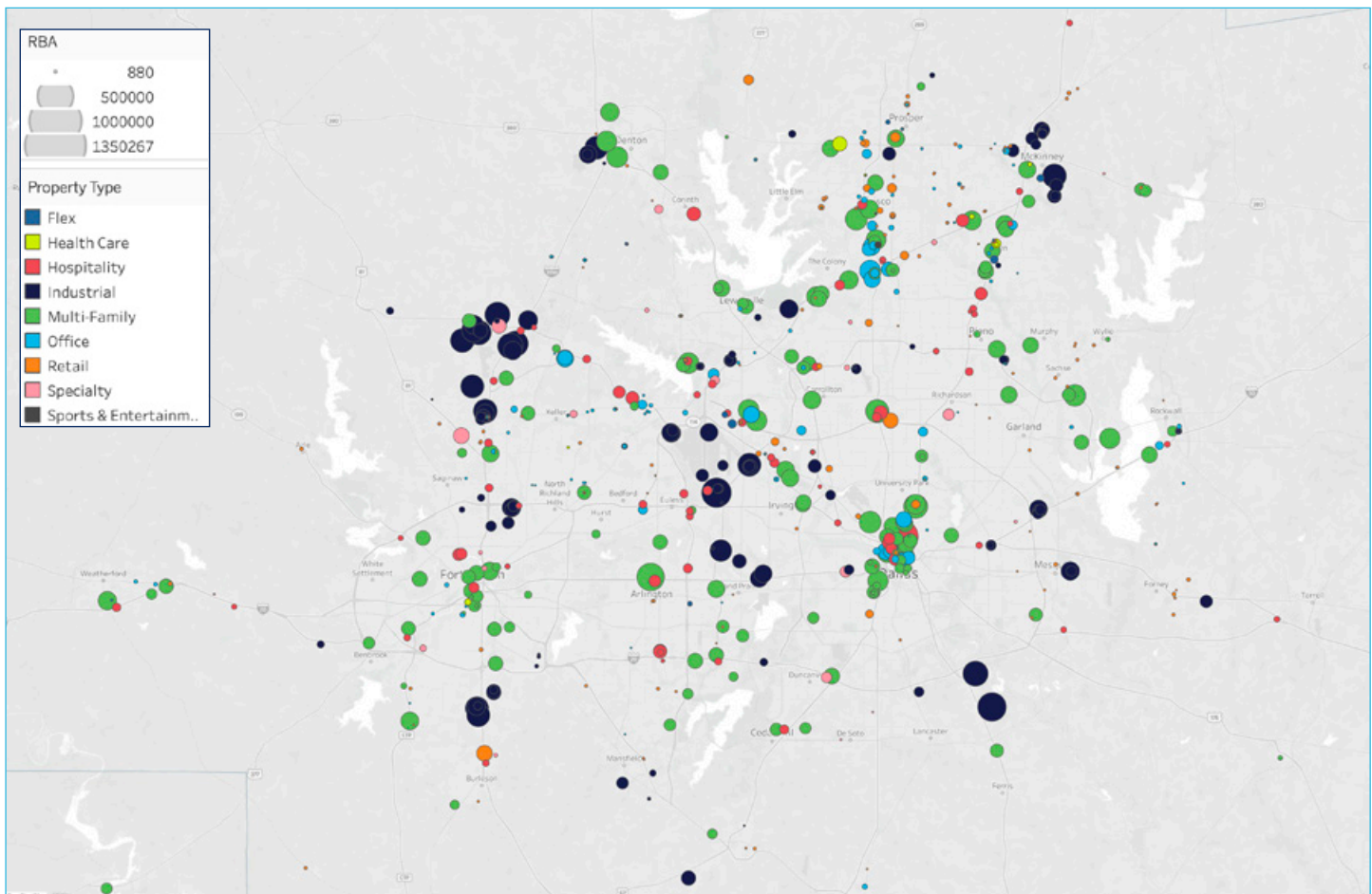
Construction Pipeline

There is currently **87 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 **87 msf** number is simply to highlight the complete picture of the market's construction, not limited by the normal parameters. Multi-family leads the field, with over 38 msf under construction, totaling roughly **35,000 units**, followed by Industrial at **29 msf**. However, as the economic expansion adjusts to the pandemic, expect delays, pauses, or even cancellations of some projects as the market deals with the fallout of recent events.

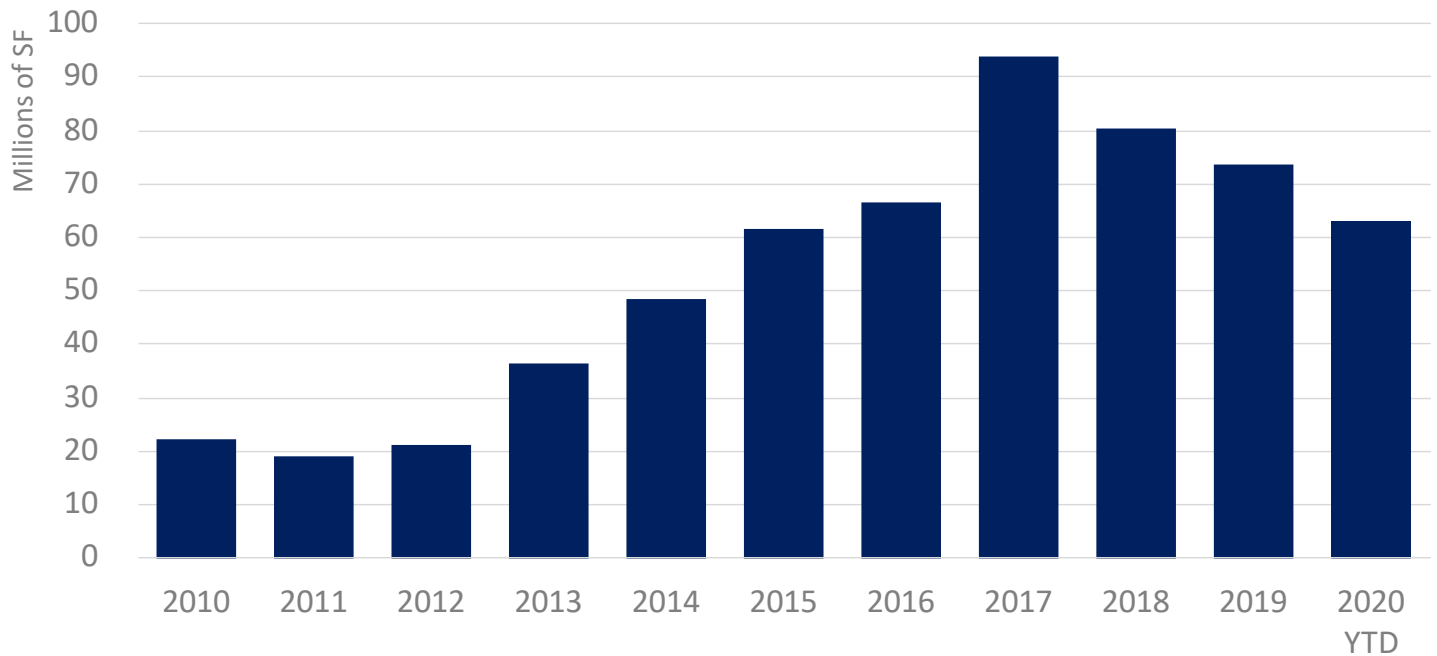
Under Construction SF by Product Type



Currently Under Construction



Historic Construction Deliveries - All Property Types



600 MSF of CRE Inventory added since 2010.

Deliveries of major property types added since 2010.

59
MSF



OFFICE

189
MSF



INDUSTRIAL
& FLEX

54
MSF



RETAIL

179K
UNITS



MULTI-FAMILY

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

[illegible]

- 1 Chase Tower at Legacy West
 - 2 The Epic Phase II
 - 3 Victory Commons
 - 4 Charles Schwab Campus - Phase 2 - Buildings 1 & 2
 - 5 Keurig Dr Pepper HQ
 - 6 Reata Pharmaceuticals
 - 7 2999 Olympus Blvd
 - 8 Weir's Plaza
 - 9 The Link

Noteworthy Office Projects Under Construction



Chase Tower at Legacy West

540,000 SF
Single Tenant
Delivers July 2021



The Epic Phase II

469,000 SF
Single Tenant
Delivers Jul 2022



Victory Commons

364,733 SF
Multi Tenant
Delivers Nov. 2021
% Leased: 0%



Charles Schwab Campus - Phase 2 - Buildings 1 & 2

352,571 SF | 264,428 SF
Single Tenant
Delivers Jan. 2021



Keurig Dr Pepper HQ

350,000 SF
Single Tenant
Delivers May 2021



Reata Pharmaceuticals

327,400 SF
Single Tenant
Delivers Dec. 2022



2999 Olympus Blvd

322,877 SF
Multi Tenant
Delivers Aug. 2021
% Leased: 7.1%



Weir's Plaza

297,000 SF
Multi Tenant
Delivers Nov. 2021
% Leased: 47.5%



The Link

292,041 SF
Multi Tenant
Delivers Nov. 2021
% Leased: 4.1%

A map of the Dallas-Fort Worth metropolitan area with 9 numbered locations marked by blue circles. The locations are distributed across the region, with a cluster of four locations (3, 4, 6, 7) in the northwest near Fort Worth, and others scattered towards the northeast and south. Major highways and city names are visible on the map.

Location Number	Approximate Area
1	Central Dallas, near Irving
2	South Dallas, near Mesquite
3	Northwest Fort Worth
4	Northwest Fort Worth
5	South Dallas, near Mesquite
6	Northwest Fort Worth
7	Northwest Fort Worth
8	Northeast Dallas, near McKinney
9	Northwest Fort Worth

- 1 Passport Park-Building 1
 - 2 SouthPort Logistics Park 3
 - 3 Alliance Center North 3
 - 4 Alliance Center North 7
 - 5 Interchange 20/45 Bldg 2
 - 6 Speedway Logistics Crossing Bldg 3
 - 7 Northlink A
 - 8 1500 Industrial Blvd
 - 9 Intermodal Logistics Center 3

Noteworthy Industrial Projects Under Construction



Passport Park-Building 1

1,106,315 SF
Multi Tenant
Delivers Oct 2020
% Leased: 100%



SouthPort Logistics Park 3

1,039,360 SF
Single/Multi Tenant
Delivers Feb. 2021
% Leased: 0%



Alliance Center North 3

810,908 SF
Single Tenant
Delivers Jan. 2021



Alliance Center North 7

810,908 SF
Multi Tenant
Delivers Jan. 2021



E Cleveland Rd - Building 2

800,737 SF
Multi Tenant
Delivers Nov. 2020
% Leased: 0%



Speedway Logistics Crossing Bldg 3

795,780 SF
Single/Multi Tenant
Delivers Oct. 2020
% Leased: 0%



Northlink A

754,473 SF
Single/Multi Tenant
Delivers Oct. 2020
% Leased: 0%



1500 Industrial Blvd

720,000 SF
Single Tenant
Delivers Feb. 2021



Intermodal Logistics Center 3

707,592 SF
Single/Multi Tenant
Delivers Feb. 2021
% Leased: 0%

A grayscale map of the Dallas-Fort Worth metropolitan area. Nine locations are marked with black circles containing white numbers 1 through 9. The locations are distributed across the region, from Fort Worth in the west to Dallas in the east, and from the northern suburbs to the southern edge of the map. Major highways like I-35, I-75, and I-20 are visible, along with various city names and geographical features like Lake Tarrant.

Number	Approximate Location
1	Fort Worth, near Burleson
2	Dallas, near University Park
3	Prosper, near Frisco
4	Denton, near Little Elm
5	Frisco, near Prosper
6	Dallas, near University Park
7	Allen, near The Colony
8	Irving, near Carrollton
9	Frisco, near Prosper

-
- 1 Southgate Marketplace
- 2 13131 Preston Rd
- 3 Gates of Prosper Phase II
- 4 5450 US 377
- 5 North Frisco Village
- 6 The Crossing
- 7 Mustang Square
- 8 The Shops of Las Colinas
- 9 Frisco Trails

Noteworthy Retail Projects Under Construction



Southgate Marketplace

300,000 SF
Multi Tenant
Delivers Nov. 2020
% Leased: 0%



13131 Preston Rd

275,000 SF
Multi Tenant
Delivers June 2021
% Leased: 0%



Gates of Propser- Phase II

122,000 SF
Multi Tenant
Delivers Nov. 2020
% Leased: 20.0%



5450 US 377

111,636 SF
Multi Tenant
Delivers June 2021
% Leased: 83.2%



North Frisco Village

103,000 SF
Multi Tenant
Delivers Jan. 2022
% Leased: 0%



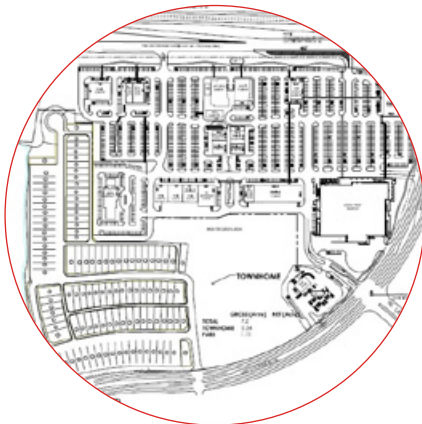
The Crossing

90,000 SF
Multi Tenant
Delivers Jan. 2021
% Leased: N/A



Mustang Square

87,000 SF
Multi Tenant
Delivers Jan. 2021
% Leased: 83.9%



The Shops of Las Colinas

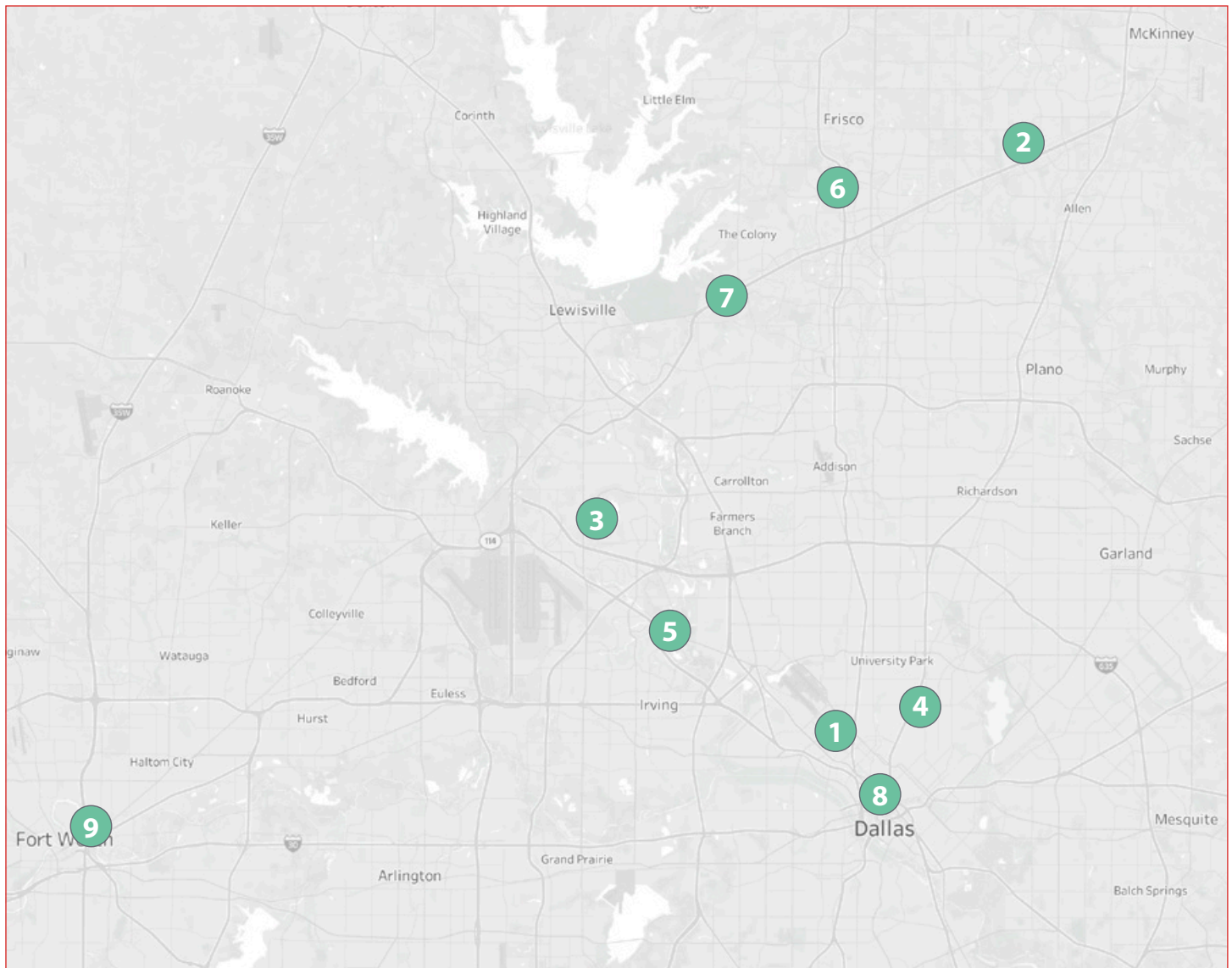
80,000 SF
Multi Tenant
Delivers Dec. 2020
% Leased: 83.4%



Frisco Trails

60,000 SF
Multi Tenant
Delivers Oct. 2020
% Leased: 30.6%

Noteworthy Multi-Family Projects Under Construction



1 Lenox Maplewood

2 6151 Alma Rd

3 Hastings End

4 Mockingbird Station Apartments

5 Jefferson Innova

6 Lucia at The Gate

7 Aura at the Realm

8 Atelier

9 Jefferson River East

Noteworthy Multi-Family Projects Under Construction



Lenox Maplewood

575 Units
1 BR - N/A | 2 BR - N/A
Avg. SF - N/A
Delivers Jan. 2021



6151 Alma Rd

547 Units
Studio - N/A | 1 BR - N/A | 2 BR - N/A
Avg. SF - N/A
Delivers Aug. 2021



Hastings End

499 Units
1 BR - 349 | 2 BR - 100 | 3 BR - 50
Avg. SF - N/A
Delivers May 2021



Mockingbird Station Apartments

481 Units
Studio - N/A | 1 BR - N/A | 2 BR - N/A
Avg. SF - N/A
Delivers Oct. 2022



Jefferson Innova

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



Lucia at The Gate

425 Units
1 BR - 287 | 2 BR - 133 | 3 BR - 5
Avg. SF - 906 SF
Delivers Jan. 2021



Aura at the Realm

421 Units
1 BR - 107 | 2 BR - 180 | 3 BR - 134
Avg. SF - N/A
Delivers Dec. 2020



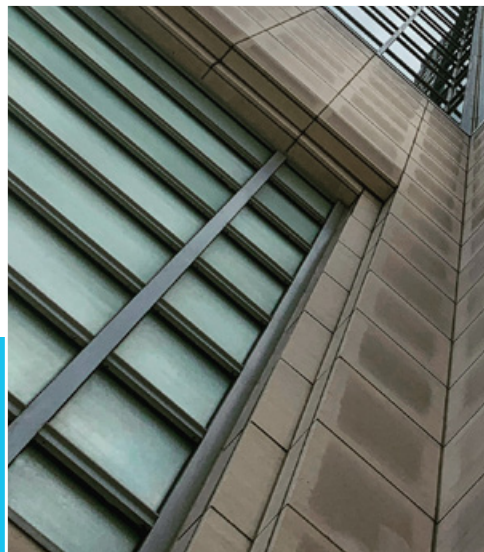
Atelier

417 Units
Studio - 8 | 1 BR - 255 | 2 BR - 136 | 3 BR - 18
Avg. SF - 926 SF
Delivers Jan. 2022



Jefferson River East

400 Units
Studio - 82 | 1 BR - 165 | 2 BR - 78 | 3 BR - 75
Avg. SF - 878 SF
Delivers Oct. 2020



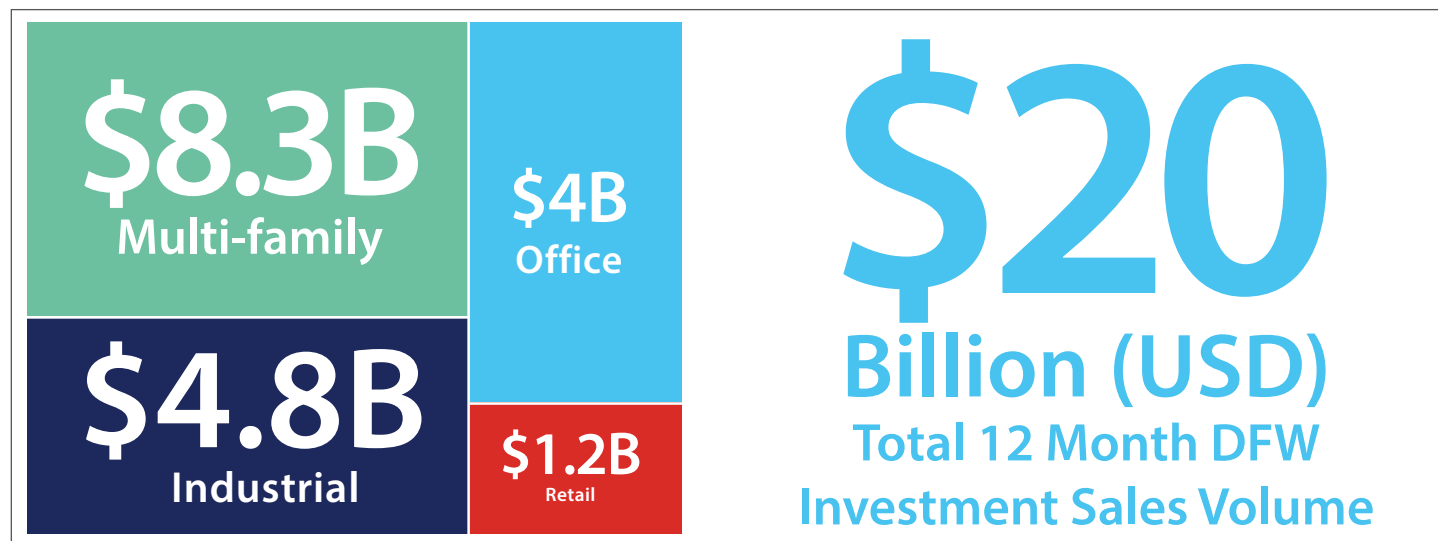
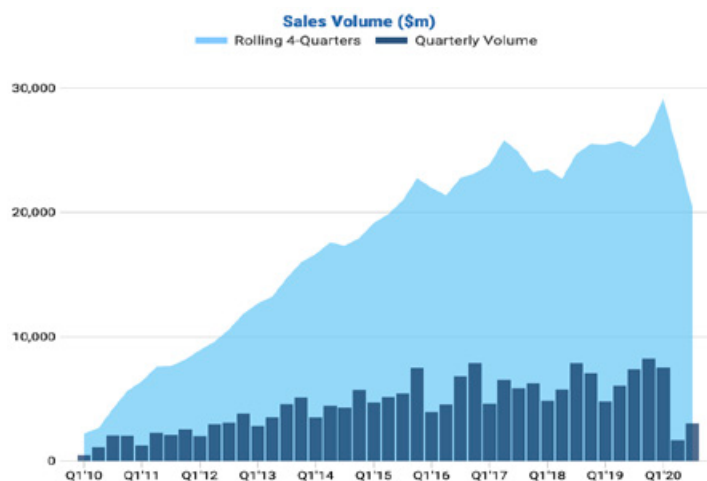
INVESTMENT SALES

Multi-family investments account for most volume in DFW and the U.S.

Multi-family continues to be the investor darling for DFW, making up \$8.3B of the total \$20B of total CRE transactions for the last 12 months. Q4 2019 is by far the most active quarter of that rolling period, with Q1 2020 seeing a slight dip in activity, before Q2 and now Q3 nosediving in transactions. Expect Q4 to maintain this cautious, paused approach to sales, as buyers are re-evaluating what assets are desirable in a post-COVID world.

Multi-family and Industrial, particularly warehouse and distribution product, will likely remain top product types moving ahead, as people will need places to work from home in, and online retail habits continue to take over daily life. In total, expect this year to finish with around \$14B - \$15B in transactions, compared to the \$26B seen in 2018 and 2019.

DFW Sales Volume (\$M)



Year-to-Date Quick Stats

\$12.7B

Total Individual Property Volume

\$4.8B

Total Portfolio Volume

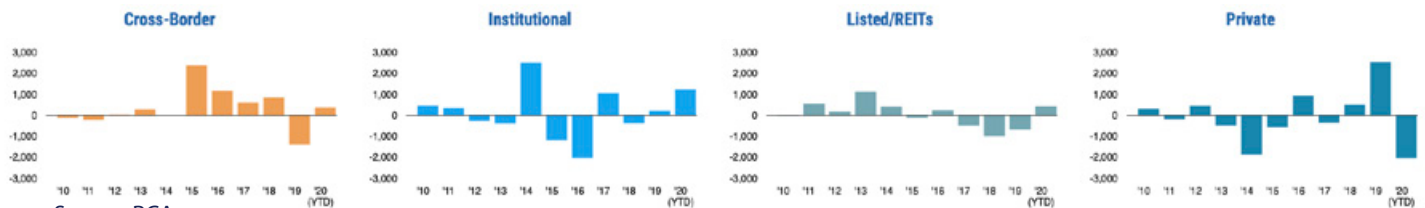
630

Properties Traded

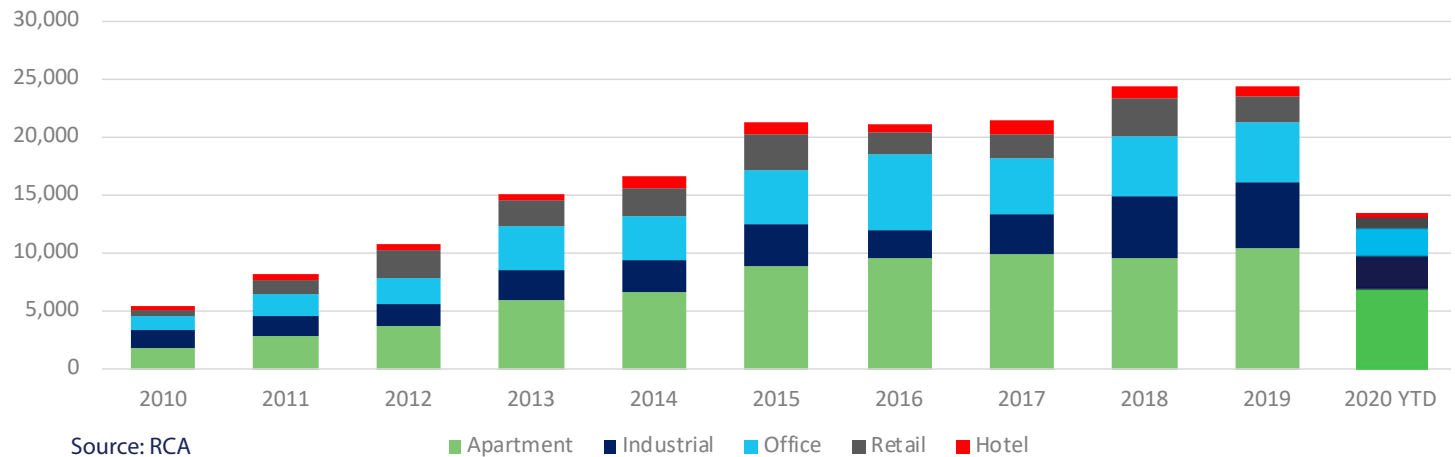
-33%

Decrease in total YOY Transaction Volume

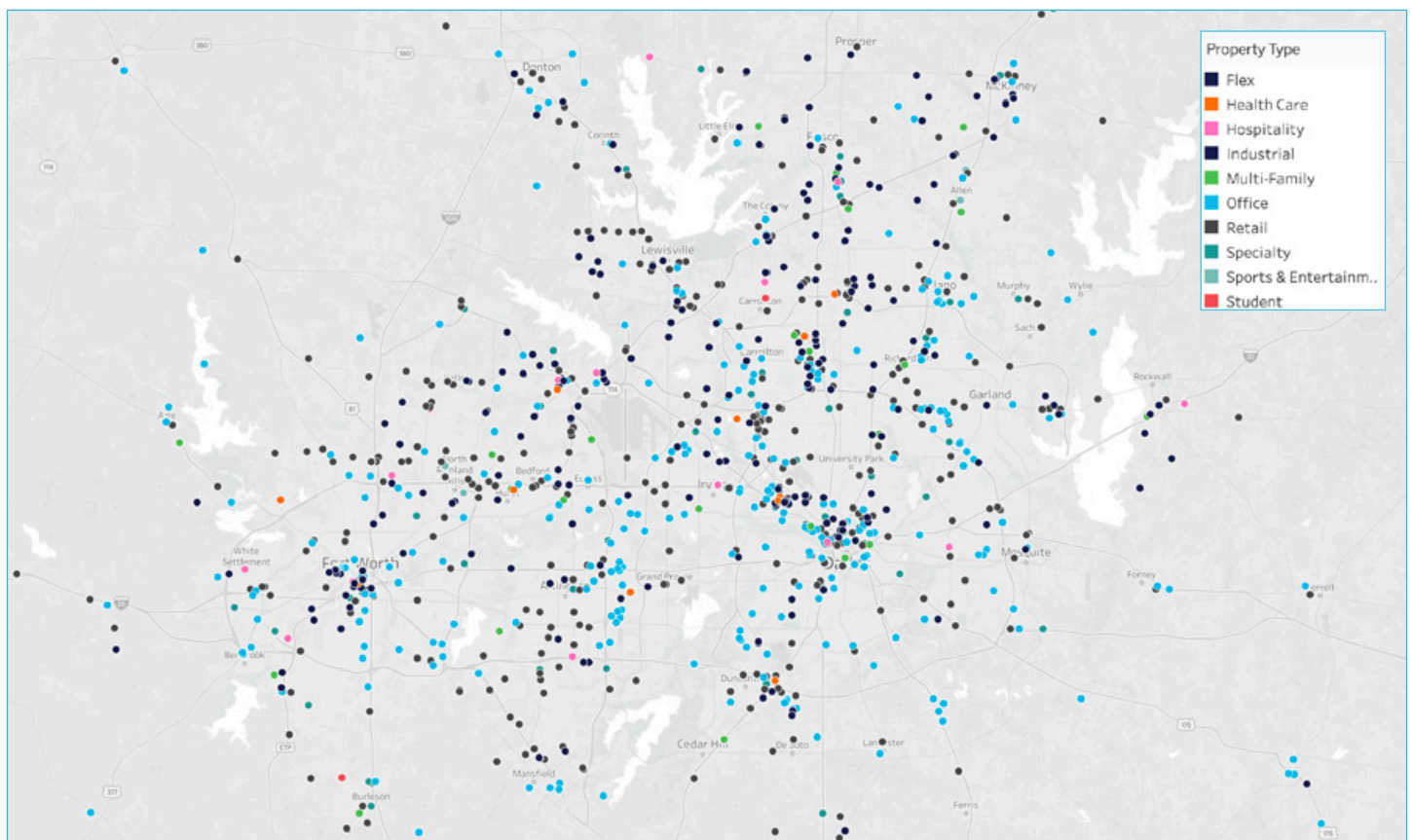
Capital Flows (Net Acquisitions, Volume (\$M))



Yearly Sales Totals (\$M)

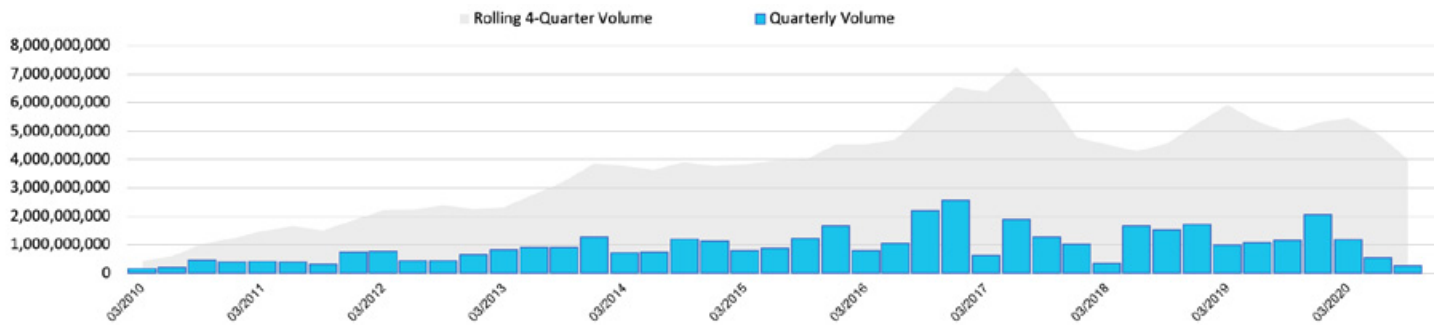


Current Sales Listings >\$2M (Includes Undisclosed Prices)

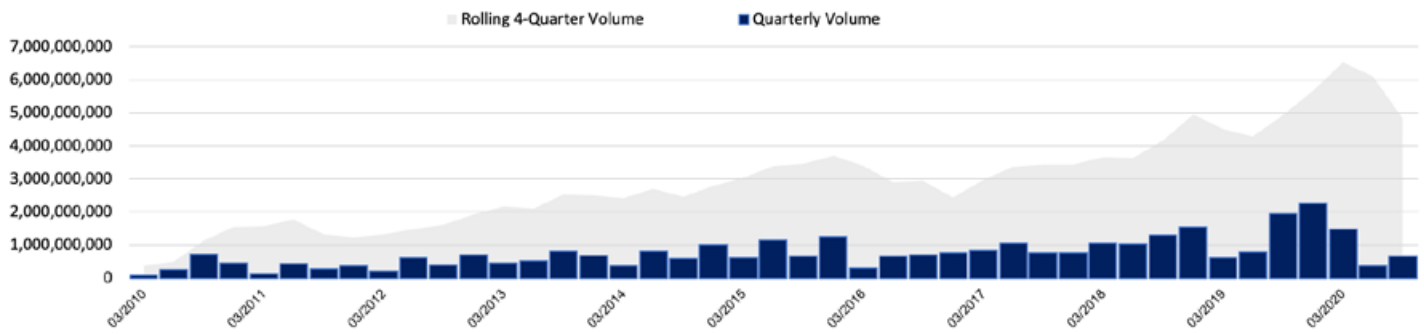


Investment Sales Volume by Asset Type

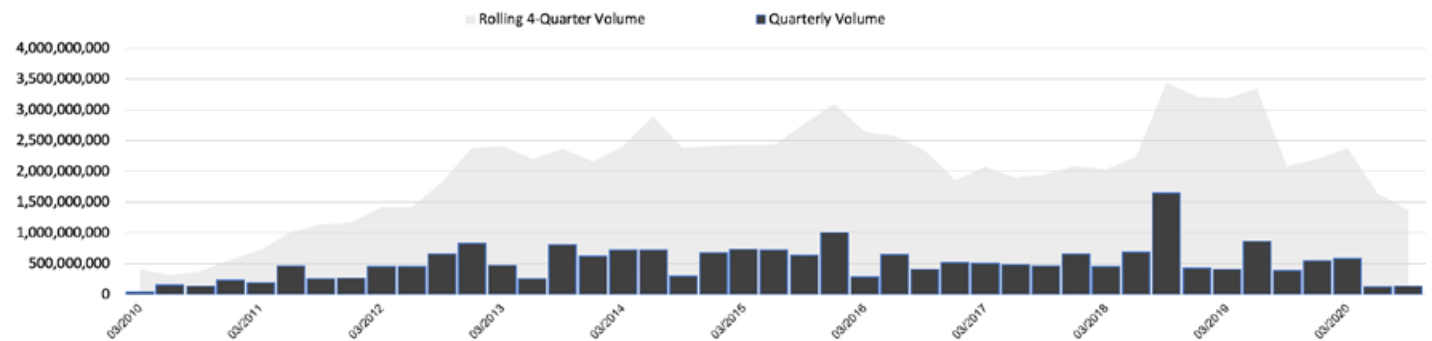
Office



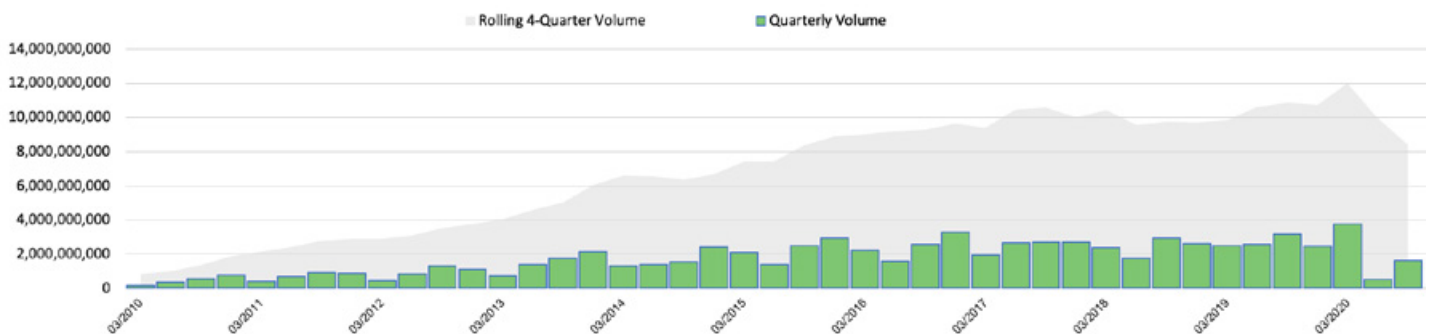
Industrial



Retail



Multi-Family





Return to Office Approach

Avison Young Return to Office Approach

Amended September 2020



Executive Summary

Intent and Scope	3
Methodology	3
Recommendations	4
Updates and Additional Information	4
Key Assumptions	4
Public Health Regulations and Considerations	6

Policy Recommendations

Space Planning & Cleaning

Office Layout	7
Office Cleaning Routines	9
Office Signage	9
Office Operations	10
Office Closures	10
Number of Staff in Each Office	10
Discussions with Landlords	11
Office Visitors & Client Meetings (Guest)	11

PPE

PPE in Office	12
PPE for Site Visits	12

Communication

Internal Communications Framework	13
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People

Violation of COVID-19 Policies	14
Illness	15
Travel	15

Information Technology/Office Supplies

Equipment	16
Printing	16
Office Supplies	16

Appendix

A: COVID-19 Pre-Clean	17
B: COVID-19 Cleaning Tasks	18
C: Risk Assessment	19
D: Front Desk Sign-In Sheet	20
E: Re-Opening Air Quality Requirements	21
F: RTO Questions for Landlords	22

Executive Summary

Much of the global conversation around working through the COVID-19 (coronavirus) pandemic has shifted from working from home to returning to the office. After mandatory corporate instruction to work from home, Avison Young (AY) is ready in accordance with the appropriate local government instruction to begin returning AY professionals (including employees and independent contractors) to office settings in a phased approach.

The overriding objective has been around safety of our people returning to the office, whether it is prevention of spread of infection or mental health. Keeping the wellness of our people in mind, the Global Executive Committee has confirmed that staff who are deemed higher risk, who will face undue hardship by returning to the office, or who are concerned about risk of infection (and can perform their duties remotely) will not be required to return to office immediately and can choose to continue to work from home until December 31, 2020.

The aim of this policy document is to ensure consistency in our approach in return to our global offices subject to legal and governmental requirements in local markets.

Intent and Scope

This policy document was developed to provide general guidance for a uniform and consistent approach for returning to offices across all AY markets. Through these recommendations, we aim to provide greater peace of mind and alleviate some concerns of our staff regarding returning to our offices in this first phase. We recognize and understand that local health ordinances and legal requirements, building conditions, landlord requirements and the layout of our offices will dictate the implementation of these recommendations on an office-by-office basis.

This document is intended to allow the Managing Directors to set the top-level tone in implementing these policies and protocols and deal with day-to-day issues.

Methodology

At the request of our Global Executive Committee and the Global Business Continuity Committee, a Return to Office (RTO) Committee was formed with the goal of thoughtfully and strategically determining the global policies to direct our workforce on how to return to the office. This paper and the recommendations included herein are based on discussions of the committee members along with input from our executive leadership. Decisions and recommendations were made based on the committee's understanding of best practices being implemented in various countries.



Executive Summary

Recommendations

The main focus of this policy paper is to provide manageable global implementation steps and policies to ensure AY professionals (including employees and independent contractors) can be physically distanced while performing their jobs and that a hygienic and health conscious work environment is provided for our professionals.

We have identified five key areas of focus for policy direction which will be discussed further in the Policy Recommendations section of this paper.

- 1 Space Planning & Cleaning
- 2 Personal Protective Equipment (PPE)
- 3 Communication
- 4 People
- 5 Information Technology

To the extent permitted by local health ordinances and legal requirements, we expect a uniform approach to these areas from all our leaders, managing directors and operations managers and that our country leaders and operating officers will work to ensure compliance.

These recommendations are intentionally broadly worded to account for the different operations in various locations and individual markets. While examples may be made available, Managing Directors and Operations Managers should employ industry best practices as applicable.

Updates and Additional Information

These recommendations and policies set forth in this document are current as of September, 2020 and are subject to further change as government regulations and the COVID-19 landscape changes. This policy paper is a baseline document and subsequent versions should be expected and will be provided as updates are made.

Key Assumptions

While we are following and will continue to follow all “stay-at-home” guidelines issued by local governments, it is likely that our remote working will extend beyond lifting of the lockdown restrictions by individual governments, as AY will make decisions based on what is right for the health and safety of our people and our company.

No RTO plan is one-size fits all, so specific timing and guidance will be based on individual country, region and workplace make-up.

Several key assumptions regarding social protocols and behavior of our staff have been used to arrive at the direction provided by this document. Following are the key assumptions made by the committee in this policy paper.



Executive Summary



The New Normal

The direction provided by **this paper** will require AY professionals and visitors to adopt new social behaviors. We expect our leaders and managers to prompt these behaviors based on the assumptions that the COVID-19 pandemic will continue for some time and that providing a safe work environment for our professionals will result in increased productivity of our workforce and revenue for our company.



Social/Physical Distancing

The basic 6-foot/2-meter physical distancing rule is known well by professionals and the general public and will need to be part of social behavior inside and outside the office space for some time. We understand that in various circumstances (public transportation, elevators/lifts, etc.) may hinder the application of this rule.



Hand Washing and Personal Hygiene

Guidance and directives regarding frequent handwashing and personal hygiene are clearly understood by professionals. Managing Directors and other local leaders should use signage and exercise other opportunities to re-enforce these messages.



Face Coverings and Personal Protective Equipment (PPE)

Public health organizations have advised that non-medical face covering usage in public may reduce viral spread and **our staffs should wear face coverings as part of Phase 1 social behaviors and workplace etiquette, when they are in our offices away from their specified desk.**



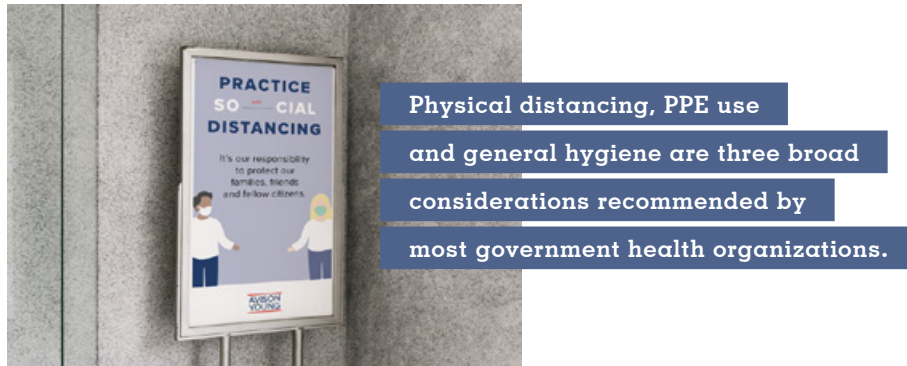
Phased Approach to Complete Return to Office

Managing Directors will bring professionals back to the office gradually and by invitation, in a phased approach based on availability of space. Until specifically given the go-ahead from a Managing Director, professionals will continue to work from home. No professional who can perform her/his duties remotely will be required to return to the office until December 31, 2020.



Supply Chain Risk

Challenges may exist in obtaining Personal Protective Equipment (PPE) and sanitation products due to supply chain issues. This may remain a critical risk for Managing Directors, Operations Managers, professionals, and the general public and may impact the pace of our return to our offices.



Public Health Regulations and Considerations

Public health regulations and guidelines issued by relevant country medical organizations and governments will supersede the recommendations in this policy paper.

Three broad considerations are recommended by most government and health organizations:

- 1 Physical distancing
- 2 Circumstances when Personal Protective Equipment (PPE) should be worn
- 3 General hygiene and etiquette, including:
 - Regular hand washing
 - Coughing and sneezing away from others and into a tissue or, where unavailable, your elbow
 - Avoiding touching of face
 - Staying home when sick
 - Safely disposing of tissues and used PPE

Space Planning and Cleaning



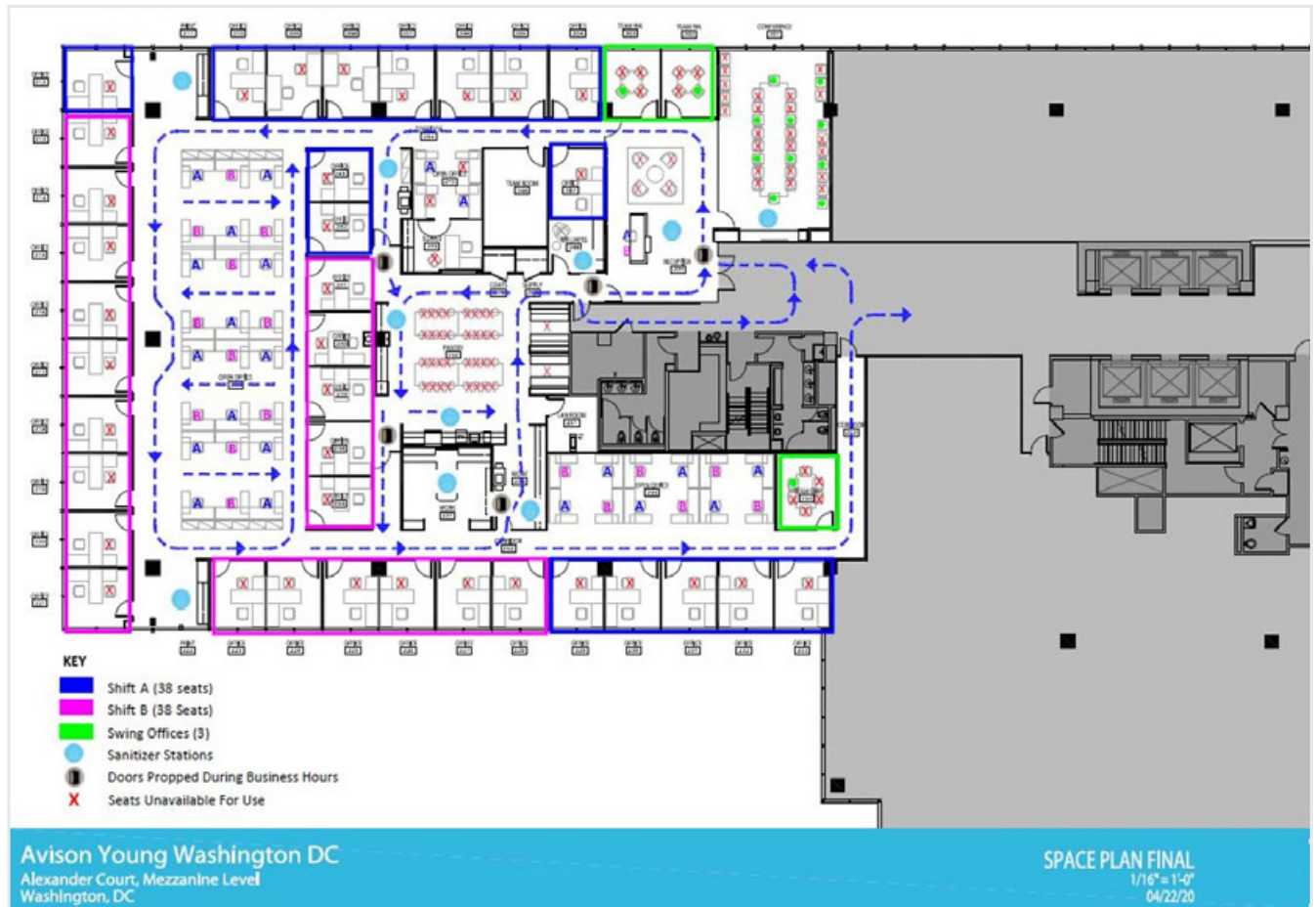
Office Layout

- Office seating to be adjusted for six foot/two-meter distancing;
- If possible, allocate desks and chairs for individuals. If this is not possible enhanced cleaning protocols should be in place and desks should be cleaned before another individual is allowed to utilize that same desk;
- Limit conference room occupancy for six foot/two-meter distancing, and, if possible, remove additional seats from conference rooms. Establish and post occupancy limits outside each room;
- Establish one entrance for the space and ensure that all exiting is done in separate locations, if possible;
- Establish one-way traffic flow through the office. Each office will mark the one-way system based on plan that has been approved by their respective country COO;
- All common appliances to be switched back on and use of office cutlery and cups to be allowed. AY Professionals will continue to observe social distancing and face covering requirements. Any office cutlery and cups used shall be placed by the user into the dish washer at the end of each day. Place sanitizers and sanitizing wipes next to common appliances. Individuals should wipe down the common appliances after each use;
- Create a list of common touch points and high traffic areas to determine where to place sanitizer;
- Station an employee at the reception area in each office during office hours to maintain a daily log of in-office personnel and to register contact details of visitors;
- Prop open all internal doors within the premises, except those used to secure the premises, to eliminate touch points;
- Sitting signage for approved seating;
- Disable air hand dryers

Policy Recommendations

Office reception should be reconfigured to allow social distancing. Below is an image of an example floor plan, which each office is expected to complete. On each office space plan, please note hand sanitizer locations and include names of staff workstations where possible.

Draft Return to Office Plan



Office Cleaning Routines

It is expected that an enhanced cleaning regime will be established locally with the cleaning partners for each office. The minimum standards set are:

- Enhanced cleaning and disinfection regiment for common areas and "high-touch" surfaces (to include external cleaning services and cleaning wipes so that individuals can clean high-touch surfaces before use);
- Prior to RTO, begin with an initial deep clean and sanitization of work areas, offices, restrooms, conference rooms, break rooms, cafeterias, and mail/copier areas;
- Enforce strict clear desk policy to allow for thorough cleaning of all desk surfaces;
- Cleaning wipes to be placed at each desk for use by professionals;
- Automated/hands free sanitizers to be placed at receptions of each office and all staff and guests must sanitize their hands upon entrance. All staff are encouraged to wash their hands upon entering the office;
- Additional sanitizers to be placed in common areas and near high touch surfaces;
- For the return to office cleaning guidelines, see [Appendix A](#).
- For the reopening cleaning service tasks, see [Appendix B](#).

Office Signage

The signage required in each office is set out below and templates for the signs will be provided centrally on Avisphere to be printed or ordered (as applicable) locally by each office. The signs should be placed in appropriate places and in common areas.

- Approved seating
- Wiping down equipment pre & post use
- Washing hands
- Maintaining social distancing
- Turn away from others when coughing or sneezing
- Discourage shaking of hands
- Restrict the use or borrowing of other people's phones, desks, offices or equipment
- Complete clean desk policy
- Discourage use of whiteboards



Office Operations

- Office PPE supplies should be distributed by reception staff or Operations Managers.
- All deliveries should be taken by reception staff. If it is possible to receive deliveries in a contactless manner this should be the preferred route by allowing the courier to place the delivery in a safe place. It is recommended that package only be handled once a day at designated times. The following steps should be followed:
 - Maintain 6ft/2m distancing with delivery person, asking that boxes be left in a marked off area of reception
 - Open packages and then separate items
 - Disinfect hands and spray staging area and use disinfectant wipes
 - Wash hands with soap

Office Closures

- In the event of a suspected or known case of COVID-19 at an AY location, AY will notify all professionals and guests present at that location in accordance with our original COVID-19 response protocols.
- Any AY office with a suspected or known case of COVID-19 will close for a period of seven days and will receive a deep clean before AY professionals and guests are permitted to return.

Number of Staff in Each Office

The capacity of each office will be reduced due to social distancing and therefore each Managing Director should consider staff rotations/shifts based on following:

- Phased return on priority basis based on revised capacity
- Alternating day schedules on phased returns
- Shift working patterns if required and appropriate

Health Screenings

- In the U.S. and Canada (and in such other jurisdictions as the RTO Committee may determine), all AY professionals coming into an AY office will be required to complete and submit a Health Screening Self-Certification each morning before coming into the office. The results of the Health Screening will be kept confidential and only viewed by your office's Operations Manager and, if necessary, Human Resources. Individuals without such certification will not be allowed to access the office space.
- AY professionals and guests also will be required to complete an electronic check-in form when entering the office. Information from the check-in will be used to monitor compliance with the RTO Policy and assist with contact tracing in the event of a COVID-19 diagnosis.
- These forms will be distributed at the market level.

Individuals should not visit the office if they are not on the rotation/shift as it will not be possible to maintain social distancing if this happens. As of October 1, 2020, Avison Young professionals are permitted to visit more than one office within a region or limited geography (e.g. Washington, D.C./Northern Virginia, Greater Toronto Area, England, etc.) as long as all other elements of this policy are followed.



Discussions with Landlords

Managing Directors with their Operations Managers should commence discussion with their landlords to gain understanding of:

- Building/Office entry requirements;
- Protocols around use of lifts/elevators/stairwells;
- Improving air cleanliness (see [Appendix E: Standard Re-Opening, Air Quality Requirements](#));
- Frequency of daytime cleaning of high-touch common area surfaces such as washrooms, doorknobs and kitchens;
- Emptying of garbage containers (which preferably should not be emptied by the base building janitorial company until after all AY professionals have left the office).


For a specific list of questions to be discussed with landlords, see [Appendix F: RTO Question for Landlords](#).

Office Visitors & Client Meetings (Guests)

It is advised that face-to-face meetings should be by exception only and video conference meetings should be used where possible. If we need to host guests in our office the following protocols must be followed:

- Guests should be hosted at AY offices only if necessary and they should be restricted to reception area and main conference room(s). Any guests (including family members of staff) should not access the interior office and work areas of our leased space;
- All guests will wash /sanitize hands upon arrival (provide hand sanitizer at reception for people exiting elevators/lifts and entering the offices) and will be instructed to follow other office protocols (such as wearing a face covering in common areas);
- All guests will check in at reception and provide contact information so they can be informed if a positive COVID-19 diagnosis occurs within the office;
- Prior to arriving at the office, the guest must provide their AY host with an email declaration that they are feeling well, that they have not been knowingly exposed to any person who they know to be ill or that has been diagnosed with COVID-19, and that they have not, within the past two weeks, travelled outside the country. Should the guest be unwilling to email the above declaration the AY host will not host the guest within the office. Hosts will be responsible for forwarding the email declaration to their respective Managing Director. Failure to follow the above protocol may be construed as a violation of Avison Young's COVID-19 policy.





Personal Protective Equipment (PPE)

PPE in Office

Initial PPE is being sourced centrally by each country and, subject to receipt and availability, will be distributed to each office. The protocols around use of PPE are:

- All staff are to bring their own face covering when in office. It is expected that staff will cover their faces (nose and mouth) when they are in the office outside of their personal workspaces (e.g. all common areas including break rooms, hallways, conference rooms and restrooms) to reduce the risk of spreading the virus. Wearing a face covering is optional when individuals are at their desk;
- Hand sanitizers to be placed in multiple locations adjacent to common touch points;
- Subject to availability, disposable wipes shall be placed on desks and at all high-touch areas for use by staff;
- Staff at reception to be provided with gloves, masks and sanitizer; and
- After the initial PPE order, all follow up orders of PPE will be ordered by the respective Operations Managers. Specs and information will be provided on Avisphere.

PPE for Site Visits

Subject to availability, PPE for site visits will be provided by the company and will include:

- Non-medical grade masks
- Gloves; and
- Sanitizer and wipes

Risk assessment

Staff will need to consider the risk of site visits/building tours, and if staff are uncomfortable with the protocols at the site or building, they should leave immediately.

Site visits

Before attending a site visit, professionals should review the Guidance for Site Visits (see [Appendix C](#)) to help prepare and assess risks. To help manage Avison Young's liability around site visits, we recommend brokers taking clients to visit sites obtain an on-site visit acknowledgement and release, (which can then be added to the client's file). Brokers are required to review the risk around site visits and ensure that it is safe for themselves and others.




Communication Framework



Communication will be driven from the global team and should be cascaded by Country COOs to their local Managing Directors. Any communication with the press should be referred to the Marketing and Communication team.

- We need to be deferential to people with concerns and should instruct managers that no one who is capable of performing their duties remotely is required to return to the office before December 31, 2020, and that all meetings should have a teleconferencing or video conferencing option.
- Each Managing Director must be prepared to take quick action when people are sick.

	Role	Channels	Timing / Frequency
 Global	<p>Setting strategic direction for RTO at AY</p> <p>Outlining umbrella policies and guidelines, provide templates and checklists</p> <p>Reinforcing people focus and AY values</p>	<p>Weekly Martin email – what decisions have been made, policies enacted and actions taken</p> <p>Ongoing RTO thread on Avisphere, FAQ, etc.</p> <p>MER videos</p> <p>MD calls</p>	<p>Most frequent as we head into the second week in May</p> <p>Standard at least weekly touchpoint</p>
 Country	<p>Setting strategic direction for RTO at AY</p> <p>Outlining umbrella policies and guidelines, provide templates and checklists</p> <p>Reinforcing people focus and AY values</p>	<p>Town Hall(s) to lay out country strategy, sample plans, new policies</p> <p>FAQ</p> <p>RTO guide for country, with page(s) to be updated at market level</p>	<p>Picks up second week in May, weekly thereafter</p>
 Market	<p>Providing specific, actionable plans and timing details, based on country</p> <p>Reassuring people we are here to support them</p>	<p>All-hands meetings</p> <p>RTO weekly newsletter</p> <p>In-office signage (directional, reminders, etc.)</p>	<p>Ramps up as RTO date approaches</p> <p>At least twice weekly communication</p>



People

Avison Young will take an informed and conservative view on the reintroduction of staff in the workplace where individuals have a circumstance that limits abilities to work (e.g., health considerations of self or housemate, or lack of childcare, etc.). No one who is capable of performing her/his duties remotely will be required to return to the office before December 31, 2020.

General protocols for working with your colleagues and when in office are:

- Leverage video conference calls where possible. Meet in person by exception and if meeting live, consider standing and minimizing touch points;
- Individuals will be informed of office (and, possibly shift) hours and will be expected to comply with any policies and after-hours guidance established at the local level;
- Individuals should be responsible for increasing the frequency of cleaning and disinfecting frequently touched surfaces and equipment in their workspace such as desks, keyboards, mouse, screens and chairs;
- Use of common appliances (coffee and water machines, microwaves and refrigerators) will be allowed, along with office cutlery and cups;
- Sanitizers and wipes will be placed next to these appliances and individuals should wipe them down after each use;
- Social distancing and mask wearing are still required, and common spaces remained closed to congregating;
- Individuals to wipe down with disinfectants all surfaces touched while in the kitchen area;
- No more than one person in a private office at any time.

Violation of COVID-19 Policies

The company takes a conservative approach and significant concern to the threat of COVID 19. Consistent with actions taken to date, Avison Young will review any violations of our COVID-19 policies and respond to such violations with disciplinary action up to and including termination of employment.

Policy Recommendations

Illness

- Individuals who are ill and unable to work (even remotely) should follow the typical protocol for advising supervisors/management of illness and the need to utilize paid time off pools for payment while incapacitated.
- Avison Young will establish a zero-tolerance policy with respect to individuals who are ill or who have symptoms of illness and are present in the office. Presence while displaying symptoms can cause extreme anxiety among other workers, and further, the risk to health and spread of disease outweigh the interest of the individual/company to having a physical presence in the office.
- If any individual who has returned to an office and is subsequently diagnosed with COVID 19 it will be the responsibility of the relevant Managing Director to:
 - Notify their Country COO
 - Close the office immediately for seven days and professionals should be instructed to work from home for the duration
 - Organize a deep clean of the office
 - Arrange to track individuals who have visited the office and notify them of the infection.
- Individuals who receive a positive COVID-19 diagnosis must remain at home for 14 days following that diagnosis, unless able to provide evidence of a negative COVID-19 test result received at least 7 days after the initial diagnosis to the office operations manager.



Avison Young will establish a zero-tolerance policy with respect to individuals who are ill or who have symptoms of illness and are present in the office.

Travel

Avison Young will follow the guidelines as published by local governmental agencies' restrictions on travel. Additionally, Avison Young will continue to restrict professionals from work-related travel by any airline unless approved by the Country COO in exceptional circumstances. If a professional has travelled by air for work or personal reasons, they will be expected to quarantine and work from home for two weeks or quarantine for 72 hours and provide a negative COVID-19 test result (not taken sooner than 72 hours from end of air travel), prior to returning to office.



Information Technology / Office Supplies

Equipment

Subject to registration with each office's Office/Operations Manager, professionals will be accommodated where possible to take certain equipment (laptop, monitor, keyboard, mouse etc.) to their homes so they may continue to work remotely up until December 31, 2020. On rare occasions, where it is absolutely necessary for the performance of duties, printers may be provided to certain professionals, with the consent of the appropriate Managing Director and country COO.

Printing

The use of paper and printing should be avoided whenever possible. Printed material could act as a vehicle for the virus to spread and digital material is preferred. Instructions related to print-to-PDF and the ability to sign documents electronically will be provided to professionals as needed.

Office Supplies

Office supplies for remote working will be procured centrally and Operation Managers should be contacted in the first instance with the request for supplies or equipment.



Return to Office: Office Cleaning Guidelines

As our offices have been largely unoccupied for the last several weeks, and with an eye toward our associates returning, we should take this time and ensure the AY offices are ready for occupancy. Prior to our teams returning, it would be prudent to have each office cleaned and disinfected to ensure that we are providing the safest work environment.

The following page is an excerpt from our normal cleaning specifications for office space, outlining the tasks that should be completed prior to our teams returning. Each offices' Operations Manager will have to coordinate this with the building's landlord and cleaning contractor. Taking these steps will ensure that our offices are a safe and clean working environment.

Step 1

Since our offices have been unoccupied and there will be a settling of dust and other contaminants, the first step is to get our offices up to daily cleaning standards.

- **Normal nightly cleaning** should be reinstated if the landlord has reduced service levels
- Tasks 1 through 13 should be completed at least seven days prior to re-opening
- Tasks 6 – 10 are standard landlord "spring cleaning" items and may have already been done while buildings have been at a reduced occupancy – please confirm with landlord
- This will remove all built up dust in the office, and will help those associates with seasonal allergies

Step 2

■ Deep Cleaning

- The entire office should be wiped down with an approved disinfecting solution - approved COVID-19 disinfectants are listed on the [Health Canada](#) website (for Canadian offices), the [Centers for Disease Control](#) website (for US offices), [Health & Safety Executive](#) website for United Kingdom, Bundesministerium für Arbeit und Soziales & Bundesanstalt für Arbeitsschutz for Germany and Ministry of Family, Labour and Social Policy, Central Institute for Labour Protection – National Research Institute for Poland – most building cleaners are currently using these products for high touch point areas throughout the building
- This should be completed at least three days prior to re-opening

Step 3

■ Aerosol-based disinfection

- At least 24 hours prior to re-opening, the office should be treated with an electrostatically applied disinfectant such as Clorox Total 360

Avison Young Office Reopening Cleaning Services

Task	Office Areas Pre-Opening Services
1	Empty waste baskets, remove normal waste, and damp wipe; DISINFECT
2	Dust tabletops and desks and in the case of glass tops, damp wipe; DISINFECT
3	Whisk upholstered fabric furniture
4	Vacuum upholstered fabric furniture
5	Dust horizontal surfaces of furniture and equipment within reach
6	High dusting of all horizontal surfaces beyond normal reach of cleaners
7	Dust vertical services of furniture and wall hangings
8	Cleaning furniture: <ul style="list-style-type: none"> ■ Dust leather / vinyl furniture ■ Damp wipe the same; DISINFECT
9	Cleaning entrance doors: <ul style="list-style-type: none"> ■ Remove finger marks from glass entrance doors and glass corridor panels ■ Wash the same ■ Clean all doorknobs and door handles with DISINFECTANT
10	Cleaning window coverings: <ul style="list-style-type: none"> ■ Feather dust building standard window coverings ■ Vacuum the same
11	Damp wipe windowsills and wall heating units; DISINFECT
12	Sweep non-carpeted floors with dust control treated mop
13	Cleaning non-carpeted areas:: <ul style="list-style-type: none"> ■ Spray, buff and / or treat non-carpeted areas (e.g. aisles, lounges, corridors and general trafficked areas) ■ Under desk and hard to reach areas
14	Carpet Cleaning: <ul style="list-style-type: none"> ■ Vacuum all areas ■ Steam clean entire office area
15	Spray entire premises with electrostatic spray disinfectant system (i.e.. Clorox Total 360)

Guidance for Risk Assessment for Site Visits

Item	Risk Assessment Questions Prior to Visiting a Site
1	Make sure you have a full understanding of the environment you are travelling to, how you can travel without the use of public transport if possible.
2	If the inspection is to be completed by more than one professional, ensure social distancing is achieved by all travelling to and once off the site. Please also consider social distancing regarding any Induction process and if you are to be escorted on site.
3	If there a requirement to collect keys for access to the site / building or other items from another site, ensure can this be done whilst maintaining social distancing or exposing anyone to risks to their health. Additionally, all the items should be disinfected prior to handling.
4	The availability (or otherwise) of safe parking at site, preventing the need to park in a location outside the professional's control exposing them to increased risks associated with social distancing.
5	Ensure you always have appropriate PPE and wear it. Dust horizontal surfaces of furniture and equipment within reach.
6	Is the site aware of your proposed visit and are they and other occupiers willing to receive you? Please check this before you leave.
7	Check that any person(s) responsible for the site you intend to visit are appropriately and fully in control of that site / building(s), including all persons within it, and thus can manage those persons to ensure that you are able to achieve social distancing.
8	Does the site have facilities for you to wash your hand regularly, and are there well maintained and regularly cleaned toilet and rest room facilities?

[Download Electronic Visitor Sign-In Sheet](#)

Appendix

Standard Re-Opening Air Quality Requirements

Item	Air Quality Requirements Checklist
<input type="checkbox"/>	Improve central air filtration to MERV-13 or the highest compatible with the filter rack and AHU specifications. Seal edges of the filter to limit bypass.
<input type="checkbox"/>	Adjust building airflow to continually introduce fresh air to dilute recycled air and possible concentration of contaminants. Open minimum outdoor air dampers, as high as 100%, thus eliminating recirculation (in the mild weather season, this need not affect thermal comfort or humidity, but clearly becomes more difficult in extreme weather.
<input type="checkbox"/>	Disable demand-controlled ventilation (DCV)
<input type="checkbox"/>	Do not shut down building airflow overnight and on the weekends. Flush the building with fresh air
<input type="checkbox"/>	Servicing of equipment to be done with PPE (masks, gloves, goggles and disposable coveralls)
<input type="checkbox"/>	Reprogram BAS to allow for increased humidity levels as outside air will result in the need for a higher threshold (depending on climate)



Physical Distancing Awareness in specific areas such as:

- Lobbies/security desk
- Turnstiles
- Elevators (queue at elevator, number of people per car)
- Restrooms (i.e. utilization of every other sink, extension of urinal partitions)
- How will amenity areas be addressed? Will they be open?



Janitorial

- What is the plan to address high touch point areas (HTPA) for lobby/common areas, interior/exterior of elevator cabs, amenity areas, etc.? Please note each area and the HTPA plan as well as type of disinfectants/methods that will be used.
- How will the path of travel be addressed relative to the movement of the occupants of the building?
- Confirm that the janitorial staff will wear all necessary PPE what that includes
- Note any signage that will be added



Building Operations

- How are elevator operations being adjusted and what will be the occupancy to maximize physical distancing?
- Will building occupants be required to have their temperature taken prior to entering the building?
- Will the stairs be able to be utilized?
- What are the proposed operating hours for the building?



Security

- Will regular updates be provided to the building occupants? If so, how often?
- How are elevator operations being adjusted and what will be the occupancy to maximize physical distancing?
- Is a security service being added / increased as employees return to the workplace?
- How are communications building being occupants being handled? How often should we expect updates from building management?



Mechanical & Building Systems

- What changes are being made related to HVAC air filtration (i.e. are higher MERV rated filters being considered? If so, what rating)?
- What adjustments will be made to introduce additional fresh air?
- Will the operating hours for the mechanical equipment be adjusted to keep fresh air flowing through the building?
- Please confirm that building staff and outside vendors will be wearing the proper PPE – especially when they are in occupied areas.
- What other systems enhancements are being completed/considered?



Occupancy

- Are you planning to have a maximum occupancy for the entire building?

For more on the virus' potential CRE impacts, read the latest briefings on the Avison Young Resource Centre:
www.avisonyoung.com/covid-19-resource-centre

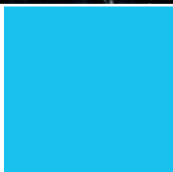


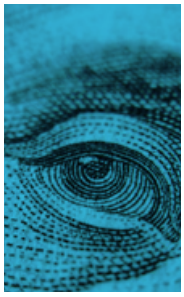
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Economic Outlook

According to the Federal Reserve Bank of Dallas, "DFW employment grew a nonannualized 0.8 percent (29,900 jobs) in August after holding fairly steady in July. Job growth in DFW outperformed the state's 0.6 percent nonannualized increase last month. Through August, DFW payroll employment was down a nonannualized 5.1 percent (196,500 jobs) because of losses resulting from the COVID-19 pandemic and related stay-at-home orders."

"Weekly initial unemployment insurance claims in DFW dropped by 4,300 to 10,300 during the week ended Sept. 12, a continuation of the downward trend that began in early April."

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.

Looking ahead, the economy will likely maintain its current trajectory of moderate expansion as we move to the holiday season and seasonal employment picks up. While job growth will continue to be positive, there is still much ground to cover before we return to where we were pre-COVID.

Unemployment Rate

6.3%
DFW

8.5%
USA

12-Month Job Growth Rate

-3.7%
DFW

-7.2%
USA

Source: Bureau of Labor Statistics

Fast Facts



DFW has lost over 140,000 jobs in the last 12 months.



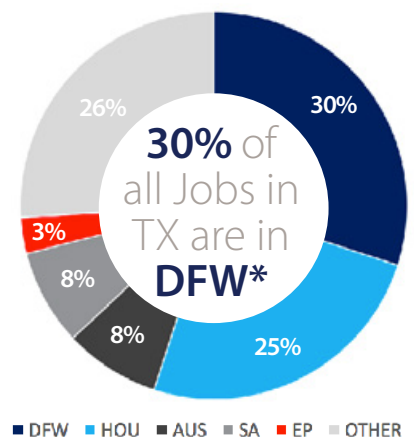
Leisure & Hospitality jobs have been hit hardest in the pandemic. DFW has shed 52,000 jobs in the sector since March. YOY sector job growth is -19.8%.



194,100 jobs have returned to DFW since April. April saw the lowest point in metro employment, with **3,463,400** nonfarm jobs, down from **3,962,000** just the month before



Total nonfarm employment in the Dallas-Fort Worth-Arlington Metropolitan Statistical Area stood at **3,816,700** in Jan. 2020. It is currently at **3,657,500**.



Texas Major Metro Comparisons

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

6.3%	5.5%	8.1%	6.6%
Dallas	Austin	Houston	San Antonio
-140,300	-29,800	-182,800	-46,900



Texas * (Based off most recent Dallas Fed data)

6.8% Unemployment

-760,900 jobs lost since March 2020
560,000 jobs added since June 2020

Dallas-Fort Worth area employment (number in thousands)	Aug. 2020	Change from Aug. 2019 to Aug. 2020	
		Number	Percent
Total nonfarm	3,657.5	-140.3	-3.7
Mining, logging, and construction	228.1	-1.8	-0.8
Manufacturing	279.0	-11.9	-4.1
Trade, transportation, and utilities	786.6	-8.9	-1.1
Information	79.9	-2.2	-2.7
Financial activities	332.3	9.9	3.1
Professional and business services	645.5	-6.4	-1.0
Education and health services	434.5	-29.8	-6.4
Leisure and hospitality	323.0	-79.8	-19.8
Other services	120.6	-9.2	-7.1
Government	428.0	-0.2	0.0

Austin area employment (number in thousands)	Aug. 2020	Change from Aug. 2019 to Aug. 2020	
		Number	Percent
Total nonfarm	1,087.8	-29.8	-2.7
Mining, logging, and construction	72.5	2.8	4.0
Manufacturing	66.6	3.4	5.4
Trade, transportation, and utilities	185.6	0.0	0.0
Information	34.1	-4.6	-11.9
Financial activities	76.0	8.8	13.1
Professional and business services	207.5	5.5	2.7
Education and health services	119.5	-10.3	-7.9
Leisure and hospitality	104.1	-32.4	-23.7
Other services	46.4	-1.7	-3.5
Government	175.5	-1.3	-0.7

Houston area employment (number in thousands)	Aug. 2020	Change from Aug. 2019 to Aug. 2020	
		Number	Percent
Total nonfarm	2,967.5	-182.8	-5.8
Mining and logging	59.9	-19.9	-24.9
Construction	216.3	-22.8	-9.5
Manufacturing	214.3	-23.0	-9.7
Trade, transportation, and utilities	610.1	-17.3	-2.8
Information	28.8	-4.0	-12.2
Financial activities	164.7	-3.1	-1.8
Professional and business services	509.4	-1.2	-0.2
Education and health services	394.2	-11.8	-2.9
Leisure and hospitality	279.8	-58.3	-17.2
Other services	104.7	-11.3	-9.7
Government	385.3	-10.1	-2.6

San Antonio area employment (number in thousands)	Aug. 2020	Change from Aug. 2019 to Aug. 2020	
		Number	Percent
Total nonfarm	1,033.2	-46.9	-4.3
Mining and logging	8.6	-2.2	-20.4
Construction	57.5	0.1	0.2
Manufacturing	50.3	-1.2	-2.3
Trade, transportation, and utilities	184.1	0.9	0.5
Information	19.0	-1.1	-5.5
Financial activities	91.8	-2.8	-3.0
Professional and business services	135.9	-8.1	-5.6
Education and health services	159.3	-9.3	-5.5
Leisure and hospitality	122.0	-20.0	-14.1
Other services	37.5	-2.7	-6.7
Government	167.2	-0.5	-0.3

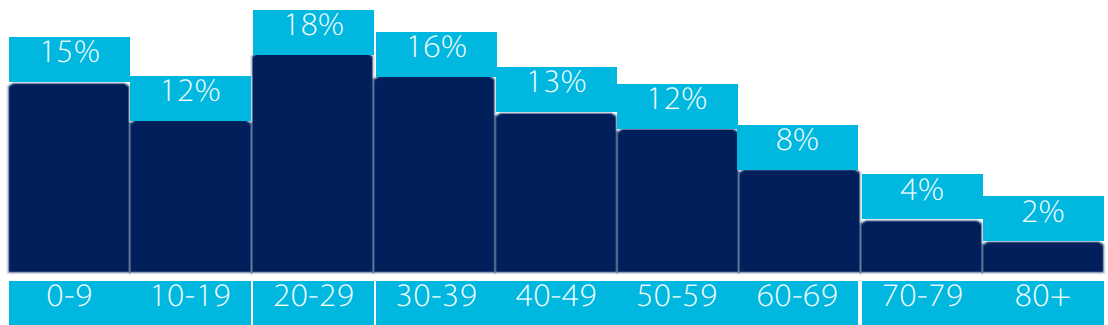
Source: Bureau of Labor Statistics

Metro Area Demographics

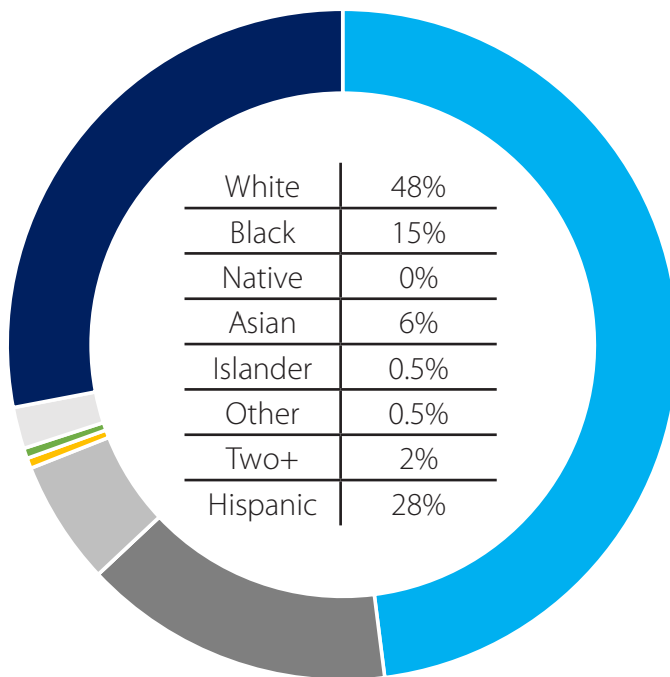


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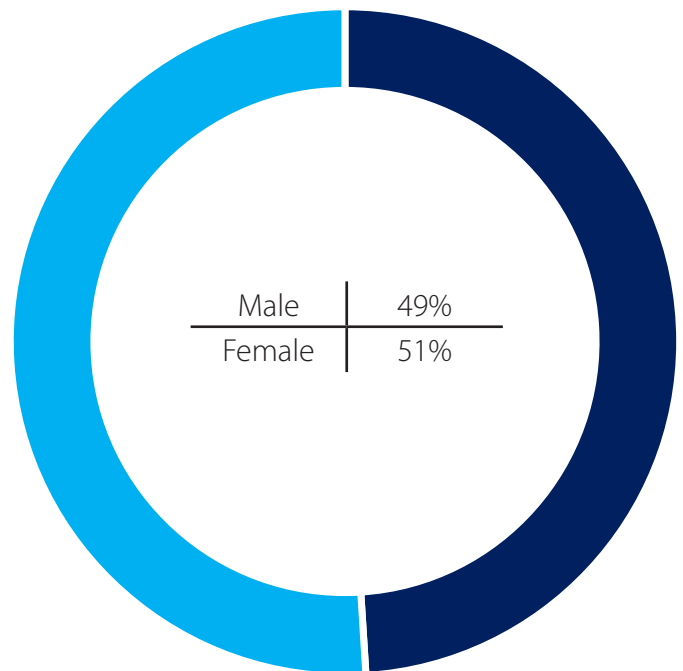
Median Age



Source: Census.gov



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



■ Male ■ Female



\$63,812

Median household income



28.5

Mean travel time to work in minutes



2,881,544

of Households

Looking Ahead

Dallas Fort Worth will face many of the same challenges in the coming months that other cities will face. Many have argued that the world as we know it, and how we work within it, will be different. It is hard to say, as we are still in the midst of the crisis, and the situation changes day by day. So we have refrained from any grandiose projections, other than saying that DFW has shown itself to be a resilient, tough metro that has seen its fair share of challenges. Through all of those challenges though, we have held strong to the values of community and service towards those that need it. This challenge will be no different, and Avison Young's Dallas office will be there with you on the other side.

Best,

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