

DALLAS-FORT WORTH

MID-YEAR 2016

ECONOMY CONTINUES TO EXPAND

Metro leads nation in Payroll Job Change

OVERVIEW

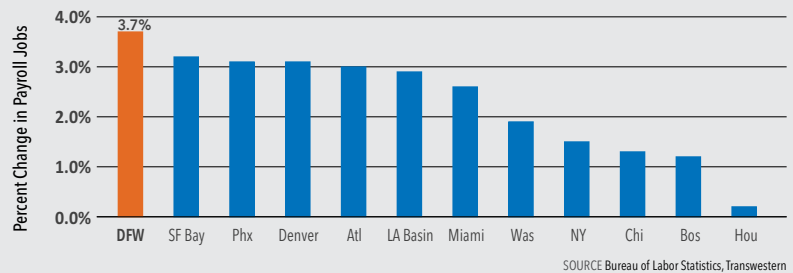
Rise in economy

Payroll employment grew by 3.7%, or 125,000 jobs, over the 12 months ending in May, ranking Dallas-Fort Worth the highest percentage change among major metro areas. DFW comes in a close second in job growth with a positive 125,000 jobs behind New York with 143,800 jobs. DFW has added more than 56,700 jobs between January 2016 and May 2016. The unemployment rate is below the national average and has decreased 0.5% from May 2015 to May 2016.

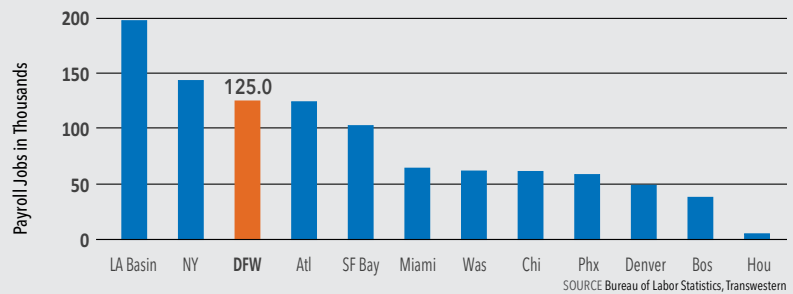
The current economic state is forecast to continue. This influx of new residents due to major company relocations to the area has helped consumer-driven sectors such as healthcare, retail and education thrive across the Metroplex. The diversification has contributed to a healthy economy. With job growth in multiple industries, combined with a construction boom, Dallas-Fort Worth is going through an expansion at most levels of the economy.

A total of 125,000 jobs were created in the Dallas - Fort Worth area over the last year.

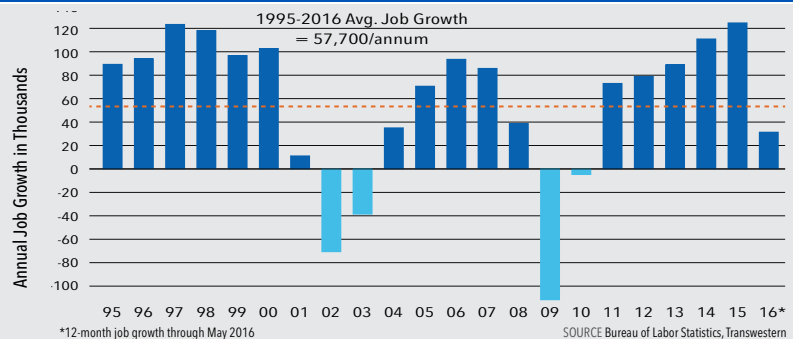
PAYROLL JOB CHANGE IN PERCENTAGE TERMS LARGE METRO AREAS | 12 MONTHS ENDING MAY 2016



PAYROLL JOB GROWTH LARGE METRO AREAS | 12 MONTHS ENDING MAY 2016



PAYROLL JOB GROWTH DALLAS-FORT WORTH METRO AREA



DALLAS-FORT WORTH METRO MARKET

MID-YEAR 2016

UNEMPLOYMENT

The unemployment rate was 3.5% in May, down from 4.0% a year earlier. The unemployment rate has trended downward since mid-2015 due to the heavy construction throughout the area. National unemployment was 4.2% in May, down from 4.9% the previous year. These numbers are not seasonally adjusted.

Core industry employment over the 12 months ending in June 2016:

ENERGY

1,600 jobs added, a 0.8% increase

TRADE, TRANSPORTATION, AND UTILITIES

35,400 jobs added, a 4.9% increase

FINANCIAL ACTIVITIES

13,100 jobs added, a 4.7% increase

EDUCATION & HEALTH SERVICES

12,400 jobs added, a 3.0% increase

LEISURE AND HOSPITALITY

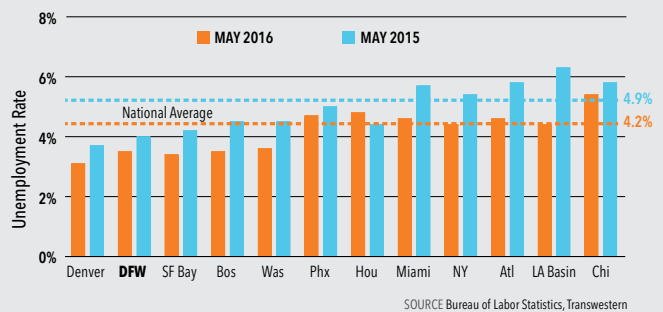
21,300 jobs added, a 5.9% increase

ENERGY

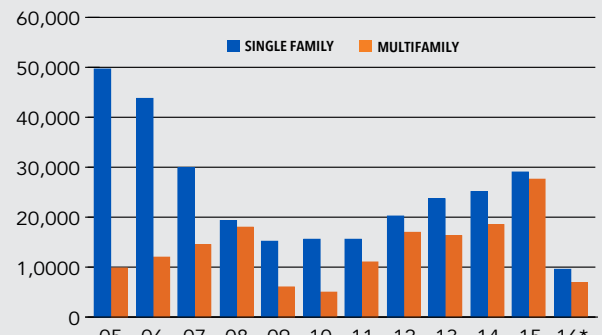
Energy sector employment grew by 1,600 jobs during the 12 months ending in June 2016, a 0.8% increase.

The Energy Sector which includes mining, logging, and construction added 1,600 local jobs during the 12 months ending in June, a 0.8% increase. Within the sector, specialty trade contractors had over all stronger growth, which added 3,200 jobs to the metro. Over the last year, Dallas-Fort Worth issued over 61,000 building permits. The energy/construction sector continues to rise due to the increase in construction throughout the Dallas-Fort Worth area. According to the Dallas Business Journal, BlueJack Energy Solutions, announced on May 24th that it has secured an initial equity commitment of up to \$100M from Energy Spectrum Capital through its Energy Spectrum Partners VII Fund.

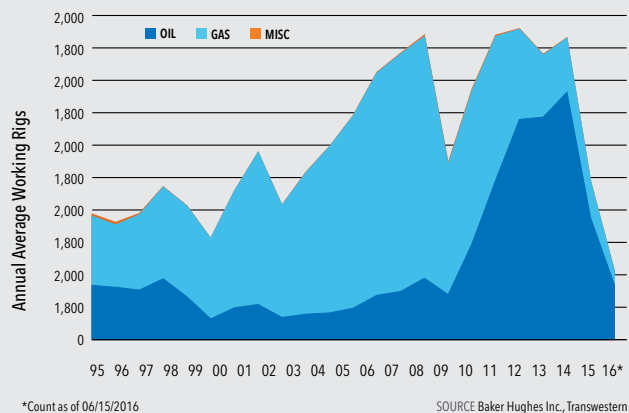
UNEMPLOYMENT RATES LARGE METRO AREAS | MAY 2016 VS. MAY 2015



BUILDING PERMITS ISSUED DALLAS-FORT WORTH METRO



U.S. ROTARY RIG COUNT



FINANCIAL ACTIVITIES

Financial Activities sector employment grew by 13,100 jobs during the 12 months ending in June 2016, a 4.7% increase.

The local financial activities sector added 13,100 jobs from June 2015, a 4.7-percent increase; nationally, the rate of growth was 2.1 percent.

LEISURE AND HOSPITALITY

Leisure and Hospitality employment sector expanded by 21,300 jobs during the 12 months ending in June 2016, a 5.9% increase.

Employment in leisure and hospitality rose by 21,300 from June 2015, with the majority of the job gain in the food services and drinking places (+16,800). The leisure and hospitality job growth rate of 5.9 percent was more than double the national rate of 2.8 percent.

EDUCATION AND HEALTH SERVICES

Education and Health Services sector employment increased by 12,400 jobs over the 12 months ending in June 2016, a gain of 3.0%.

The education sector continues to expand to accommodate the Metro's growth over the past few years. DART's Blue Line expansion will open in October, allowing students and faculty of UNT Dallas to affordably travel to the campus from just about any neighborhood in the city. By 2021, UNT expects to nearly double its enrollment and with the DART rail in its backyard, it's only natural for development in that area to grow.

In addition, Collin College just announced that a \$162M expansion is on the books to keep up with the economic boom. Neil Matkin, the new president of Collin College, said the school plans to build 360,000 square feet of campus space, which is expected to cost an estimated \$108M. The school also plans to build a \$36M, 120,000-square-foot facility in Celina to serve an estimated 1,500 students and an \$18M, 60,000-square-foot facility in Farmersville to accommodate 750 students.

Core Industries

DFW METRO AREA | 2014 GROSS DOMESTIC PRODUCT

CORE INDUSTRIES	\$ (BIL)	% GDP
Energy	\$44	9%
Trade/Transportation/Utilities	\$44*	9%*
Manufacturing	\$81	16%
Professional/Business Services	\$59	12%
Financial Activities	\$94	18%
Government	\$34	7%
Construction	\$21	4%
Medical/Educational	\$29	46%
Total Core Industries:	\$406	80%
Other	\$98	20%
Total GDP:	\$504	100%

*Numbers are estimates, actual data not available
SOURCE Bureau of Economic Analysis, Transwestern

Average Home Prices

JUNE 2016

	DFW MSA	TEXAS	U.S.
Average Price	\$299,014	\$268,307	\$266,400
Median Price	\$239,900	\$215,000	\$222,400
Mos. Inventory	2.2	3.7	4.8

DALLAS-FORT WORTH METRO MARKET

MID-YEAR 2016

In health care news, Irving-based HCA North Texas, agreed to buy Forest Medical Center in Dallas for an estimated \$134M. This addition to HCA's nearby Medical City Dallas Hospital will add needed capacity and allow for growth of services already provided. The University of Texas Southwestern Medical Center is seeking funding from the National Institutes of Health to create a \$200M cancer treatment facility that would be the first of its kind in the United States. The facility would cost \$70M to build and would house \$130M in technology.

TRADE AND TRANSPORTATION

Trade/Transportation employment expanded by 35,400 jobs during the 12 months ending in June 2016, a 4.9% increase.

The Dallas Area Rapid Transit (DART) is currently operating 90 miles with 62 stations. The extension of the Blue Line is still under construction and will be completed this year, with an additional 3 miles and 2 stations in the South Oak Cliff Corridor. This extension will provide DART access to the students and employees of the University of North Texas. Toyota Motor North America Inc. announced DART will receive a \$1 million grant to fund a taxi-type extension to support essential transportation assistance for residents in northern Collin County needing help getting to medical facilities and physician's visits. Centurion American Development recently purchased 94 acres of land for mixed-use development in addition to the 200 acres at I-20 and Lancaster Road.

HOUSING

Home sales outperform market

The housing market remains healthy and average home sales prices have been steadily increasing throughout the last few years. The Real Estate Center at Texas A&M University reported 9,912 single family home sales in June, just slightly up (.17%) from last year. The average sales price increased 6% to \$300,929 from June 2016. Inventory has remained low, at 2.3 months of supply in June, as compared to 2.5 months a year ago. The S&P/Case-Shiller Home Price Index for DFW rose 0.5 percent in May. The higher sales prices and low inventory can be directly related to the large company relocations around the Dallas-Fort Worth area.

Economic Outlook

The economy continued to expand throughout the second quarter of 2016. Employment grew, home prices continued to climb and unemployment remained low. Overall economic growth in Dallas was robust, but slowed in Fort Worth, according to the Dallas Fed's Metro Business-Cycle Indexes. The Dallas index was up 6.4%, while the Fort Worth index was up 3.0%, as a result of continued job growth and low unemployment. Throughout the end of the year, vacancy is expected to rise as new construction is delivered to the market over the next two years.

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METHODOLOGY

The information in this report is the result of a compilation of information on office and industrial properties located in the Dallas-Fort Worth metropolitan area. This report includes single-tenant, multi-tenant and owner-user office properties, excluding properties owned and occupied by a government agency.

