

DALLAS-FORT WORTH HEALTHCARE MARKET

THIRD QUARTER 2017

HEALTHCARE OVERVIEW

Availability	Survey	5-Year Avg
Gross Rent per SF	\$25.59	\$23.27
Vacancy Rate	11.0%	11.4%
Vacant SF	3,825,133	3,710,848
Availability Rate	13.7%	13.6%
Available SF	4,905,794	4,587,596
Sublet SF	108,625	119,838
Months on Market	13.4	18.3

The overall vacancy rate for the Dallas-Fort Worth medical office market in Q3 2017 was 11.0%, compared to a five-year average of 11.4%. Vacancy at the end of Q3 2016 was 10.3%, a year-over-year increase of 0.7%.

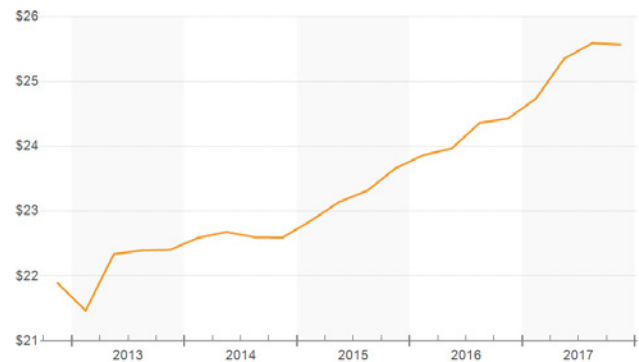
Total net absorption for Q3 2017 recorded 102,144 square feet. This compares to 324,127 SF in Q3 2016, a year-over-year decrease of 68.0%.

Current asking rates for medical office space in Dallas-Fort Worth are \$25.59 per square foot full service gross for Q3 2017, compared to a five year average of \$23.27 per square foot FSG, a year-over-year increase of 9.96%.

Inventory	Survey	5-Year Avg
Existing Buildings	2,294	2,138
Existing SF	34,777,981	32,855,920

Demand	Survey	5-Year Avg
12 Mo. Absorption SF	439,726	848,702
12 Mo. Leasing SF	1,275,498	1,321,647

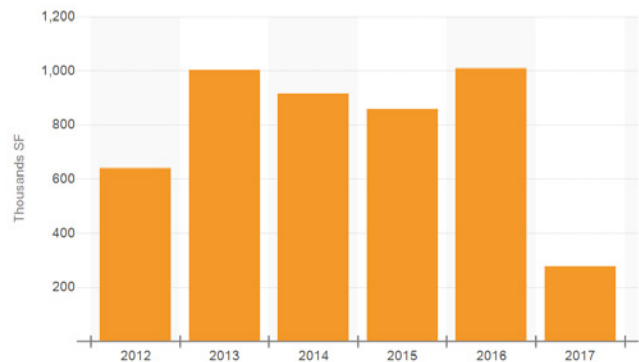
ASKING RENTAL RATES (FULL SERVICE GROSS)



VACANCY



ABSORPTION



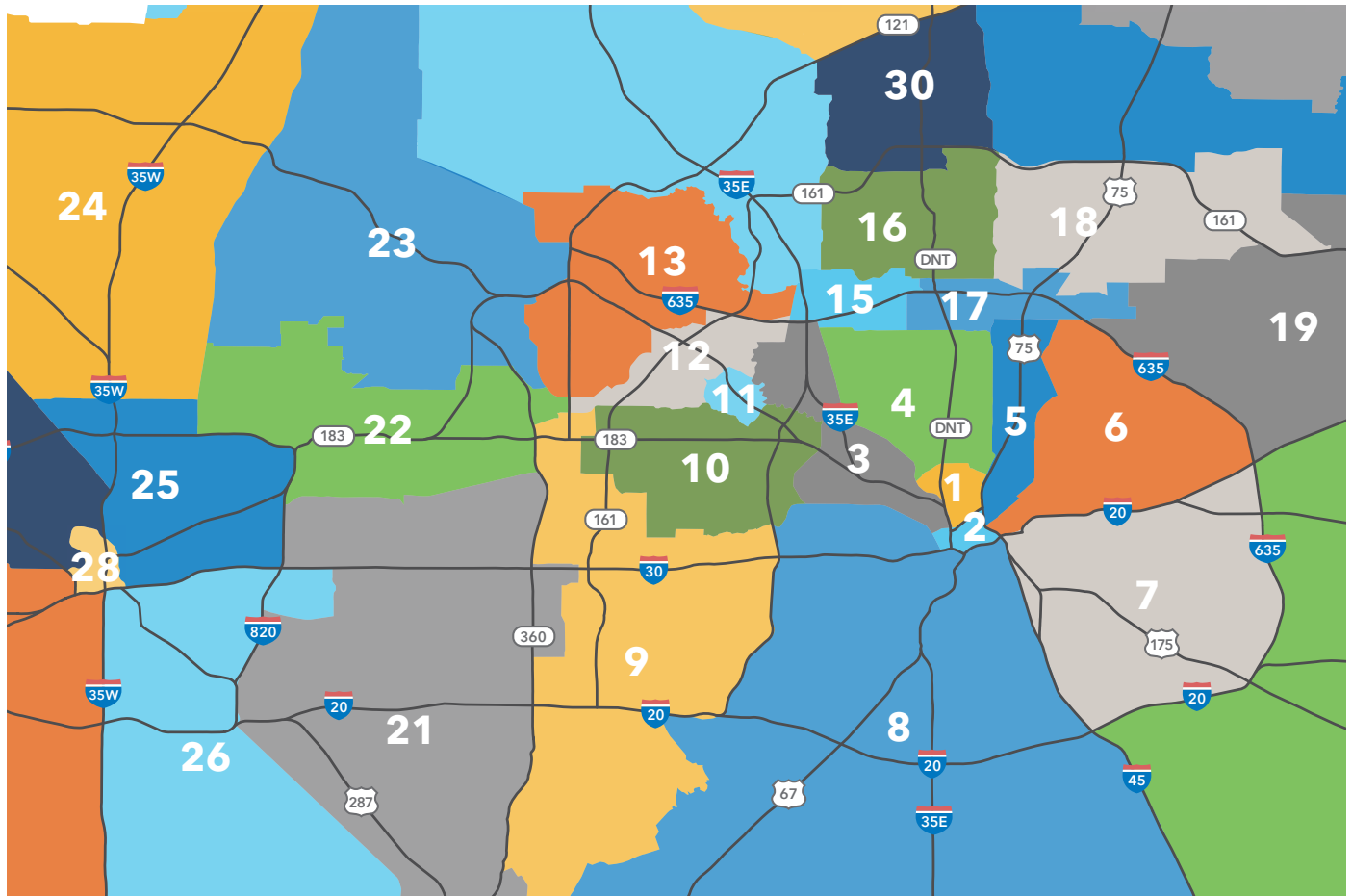
DALLAS-FORT WORTH HEALTHCARE MARKET

THIRD QUARTER 2017

Dallas-Fort Worth Medical Office Market Indicators

SUBMARKET	INVENTORY	Q3 NET ABSORPTION	PREVIOUS QUARTER NET ABSORPTION	12 MONTHS ROLLING NET ABSORPTION	TOTAL VACANCY	5-YEAR AVERAGE VACANCY	AVG FSG RENTAL RATE PSF	5-YEAR AVG FSG RENTAL RATE PSF
Dallas CBD	10,806	-	-	-	-	-	-	-
Uptown/Turtle Creek	123,967	875	(1,490)	1,515	16.1%	12.3%	\$31.59	\$32.46
Northeast Dallas	2,556,593	(2,474)	(204)	(9,065)	7.3%	6.9%	\$19.87	\$23.79
Central Expressway	1,859,493	1,228	(21,350)	(11,213)	5.9%	5.5%	\$27.09	\$24.54
Preston Center	171,835	2,419	7,314	4,517	9.1%	6.0%	\$35.66	\$26.52
Stemmons Freeway	1,346,353	-	59,521	12,083	16.1%	17.6%	\$15.91	\$13.37
South Irving	626,893	(6,042)	(3,314)	(676)	4.4%	4.0%	\$22.04	\$22.83
Las Colinas/Urban Center	682,900	(6,385)	(1,754)	3,244	5.5%	7.1%	\$26.90	\$23.61
Las Colinas/Office Center	4,572	-	-	-	-	-	-	-
DFW Freeport	226,147	2,872	2,031	(283)	5.3%	11.4%	\$23.52	\$25.18
West LBJ Freeway	224,538	-	(253)	(63)	0.6%	0.5%	\$24.71	\$24.73
Denton/Lewisville	3,050,479	36,863	21,405	9,343	10.6%	12.4%	\$24.70	\$22.79
Frisco/The Colony	1,236,955	(1,577)	30,463	36,589	13.2%	15.2%	\$31.09	\$29.98
Allen/McKinney	1,663,302	20,590	16,502	37,220	15.3%	15.9%	\$29.59	\$26.85
Upper Tollway/Legacy	2,759,820	8,990	(7,743)	8,976	12.2%	10.1%	\$30.69	\$28.02
Plano	1,474,619	34,458	(24,608)	1,210	12.8%	14.9%	\$25.41	\$24.10
Richardson	1,093,265	8,995	(8,217)	15,182	8.8%	10.5%	\$25.32	\$21.22
Dallas North Tollway	396,729	13,376	9,024	5,728	14.7%	17.6%	\$25.09	\$23.48
East LBJ Freeway	669,426	(674)	(11,292)	(9,253)	24.0%	20.0%	\$32.19	\$26.10
Garland	936,067	(7,438)	(15,756)	(4,687)	17.6%	18.4%	\$23.20	\$20.27
Southeast Dallas	196,012	8,365	-	1,396	4.1%	8.0%	\$22.66	\$20.86
Mesquite/Rockwall	1,143,147	(9,482)	1,820	(1,342)	9.9%	10.2%	\$27.77	\$27.84
Southwest Dallas	1,214,008	(1,664)	22,902	5,782	6.1%	10.1%	\$19.99	\$16.80
Grand Prairie	345,028	(2,763)	(3,576)	(8,711)	15.5%	9.0%	\$20.69	\$17.19
Fort Worth CBD	-	-	-	-	-	-	-	-
Northwest Fort Worth	105,575	-	272	(4,514)	19.7%	7.6%	\$21.14	\$23.67
Alliance	659,916	20,799	501	13,598	14.1%	16.1%	\$31.07	\$26.81
Westlake/Grapevine	1,669,396	-35,415	51,013	6,608	15.4%	13.7%	\$28.84	\$26.46
Mid-Cities	1,210,292	(2,010)	(17,511)	(7,934)	16.7%	13.3%	\$21.48	\$20.45
Northeast Fort Worth	396,827	2,211	(1,055)	(4,390)	22.0%	20.3%	\$22.68	\$22.79
Arlington	2,076,548	32,273	1,547	10,259	11.6%	16.7%	\$22.40	\$19.04
Southeast Fort Worth	330,913	1,106	-	5,649	7.7%	14.6%	\$23.39	\$23.12
Southwest Fort Worth	4,300,587	(14,793)	14,365	(6,655)	6.1%	6.6%	\$25.26	\$23.74
TOTAL – DFW	34,763,035	102,144	120,557	108,853	11.0%	11.4%	\$25.59	\$23.27

Dallas-Fort Worth Office Submarkets



Submarkets

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|------------------------|----------------------------|-----------------------|--------------------------|--------------------------|
| 1. Uptown/Turtle Creek | 8. Southwest Dallas | 15. West LBJ Freeway | 22. Mid-Cities | 29. Northwest Fort Worth |
| 2. Dallas CBD | 9. Grand Prairie | 16. Lower Tollway | 23. Westlake/Grapevine | 30. Upper Tollway/Legacy |
| 3. Stemmons Freeway | 10. South Irving | 17. East LBJ Freeway | 24. Alliance | 31. Frisco/The Colony |
| 4. Preston Center | 11. Las Colinas/Urban Ctr | 18. Richardson | 25. Northeast Fort Worth | 32. Plano |
| 5. Central Expressway | 12. Las Colinas/Office Ctr | 19. Garland | 26. Southeast Fort Worth | 33. Allen/McKinney |
| 6. Northeast Dallas | 13. DFW/Freeport | 20. Mesquite/Rockwall | 27. Southwest Fort Worth | |
| 7. Southeast Dallas | 14. Denton/Lewisville | 21. Arlington | 28. Fort Worth CBD | |

RESEARCH CONTACT

Ryan Tharp
 Director of Research
 214.446.4574
 ryan.tharp@transwestern.com

Chelsea Hummel
 Research Analyst
 214.292.6408
 chelsea.hummel@transwestern.com

METHODOLOGY

The information in this report is the result of a compilation of information on medical office 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.



5001 Spring Valley Road, Suite 400W ▪ Dallas, Texas 75244
 972.774.2500 ▪ transwestern.com/dallas
 777 Main Street, Suite 1100 ▪ Fort Worth, Texas 76102
 817.877.4433 ▪ transwestern.com/fortworth