

DALLAS-FORT WORTH OFFICE MARKET

FIRST QUARTER 2016

DEMAND

Class A demand remains strong

Net absorption totaled 884,000 SF in the first quarter of 2016, which is down slightly from 1.2 million SF in the first quarter of 2015 and well below the 2015 quarterly average of 1.6 million SF. In contrast to the fourth quarter of 2015, the majority of this quarter's absorption came from the Class A market, which totaled 1.3 million SF for the quarter. Overall net absorption was blunted by negative absorption of 365,000 SF in the Class B market and 79,000 SF in the Class C market.

Suburban Dallas led the way in terms of absorption during the first quarter, with 1.6 million SF of positive net absorption. During the quarter both the Dallas CBD (-344,000 SF) and the Fort Worth market (-349,000 SF) suffered negative net absorption.

Notable first quarter leases

PricewaterhouseCoopers – 196,000 SF at Park District Tower in the Uptown/Turtle Creek submarket

Mortgage Contracting Services – 120,000 SF at The Ridge at 121 in the Denton/Lewisville submarket

Vinson & Elkins LLP – 80,604 SF at The Union in the Uptown/Turtle Creek submarket

Creston Electronics – 90,000 SF at Legacy Tower in the Upper Tollway/West Plano submarket

Arrow Electronics – 80,000 SF at 1501 Nolan Ryan Expressway in the Arlington submarket

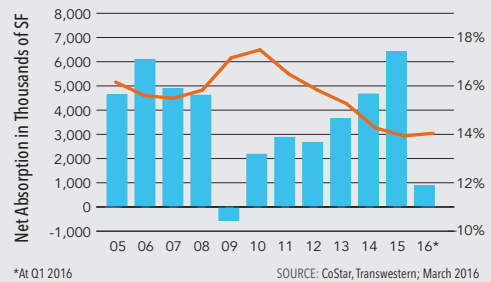
Pilot Logistics – 35,400 SF at 201 Rupert in the West/Southwest Fort Worth submarket

The T – 15,000 SF at Burnett Plaza in the Fort Worth Central Business District

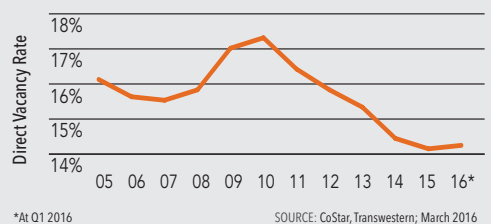
Submarkets with the highest net absorption:

SUBMARKET	Q1 2016
North Dallas Tollway	1,148,000
DFW/Freeport/Coppell	535,000
Central Expressway	296,000
Frisco/The Colony	226,000

NET ABSORPTION & VACANCY RATE TRENDS DALLAS-FORT WORTH



OFFICE VACANCY RATE – DALLAS-FORT WORTH ALL CLASSES OF OFFICE SPACE



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Notable first quarter relocations

7-Eleven – into 325,000 SF at Cypress Waters/3200 Hackberry Road in the DFW Freeport/Copell submarket

Geico – into 232,710 SF at Campbell Creek Business Park/2280 N. Greenville Avenue in the Richardson submarket

State Farm – into CityLine – from 199,171 SF at The Tower Lakeside Campus/2221 Lakeside Blvd. in the Richardson submarket

Notable first quarter move-outs

TD Auto Finance moved out of 77,906 SF at Rolling Hills Office Center/2050 Roanoke Rd. in the Westlake/Grapevine submarket

VACANCY

Q1 vacancy steady

Direct vacancy levels in the Dallas-Fort Worth office market ticked up very slightly, from 14.1% at year-end 2015 to 14.2% for the first quarter of 2016. Including subleases, overall total vacancy for the region is at 15.0%.

Dallas-Fort Worth Class A vacancy has remained the same as the fourth quarter of 2015, at 14.3% (15.1% including subleases). Submarkets with the lowest Class A vacancy are Southwest Fort Worth (2.4%), Denton/Lewisville (5.0%), Southwest Dallas (5.5%), and Office Center/LBJ Extension (5.9%).

Dallas-Fort Worth Class B vacancy has increased slightly from the fourth quarter of 2015 and is now at 14.8% (15.7% including subleases). Submarkets with the lowest Class B vacancy are Alliance Air/Fossil Creek (3.3%), Fort Worth CBD (5.6%), and White Rock (6.0%), and Frisco/The Colony (8.5%).

Dallas-Fort Worth Class C vacancy is now 9.4% (9.5% including subleases). Class C vacancy is below 5.0% in several major submarkets, including the Dallas CBD, Uptown/Turtle Creek, Upper Tollway/West Plan, Central Expressway, North Dallas Tollway, and Southeast Fort Worth.

SUPPLY AND DEVELOPMENT

Supply and development remain robust

Dallas-Fort Worth continues to be one of the fastest growing office construction markets. During the first quarter of 2016, the total amount of office space under construction or renovation totaled

Submarkets with the lowest direct vacancy:

DALLAS	Q1 2016
Allen/McKinney	8.5%
North Dallas Tollway	7.8%
White Rock	7.6%
Grand Prairie	6.1%
FORT WORTH	Q1 2016
Alliance Air/Fossil Creek	7.3%
Southeast Ft. Worth	6.1%

Office space under construction or renovation:

Dallas-Fort Worth Metro Area | Q1 2016

SUBMARKET/AREA	SF	% PRE-LEASED
Upper Tollway/W Plano	4,314,859	81.0%
Uptown/Turtle Creek	1,717,423	65.1%
Frisco/The Colony	958,769	9.0%
DFW Freeport/Coppell	600,183	100.0%
Dallas CBD	342,879	0.0%
Richardson	330,160	9.1%
Plano	323,901	100.0%
Allen/McKinney	261,907	52.6%
North Dallas Tollway	197,740	58.5%
Preston Center	186,257	0.0%
Total	10,772,234	63.2%

10.8 million SF. As of April 2016, 63.2% of the space under construction has been pre-leased.

More than half of all space under construction is concentrated in the Upper Tollway/West Plano (4,314,859 SF) and Uptown/Turtle Creek (1,717,423 SF) submarkets. Dallas submarkets make up 89% of the total supply of office buildings under construction, and Upper Tollway/West Plano and Uptown/Turtle Creek combined account for 65% of the supply of office buildings under construction in Dallas.

Out of the 10.8 million SF of total office space under construction or renovation, Class A makes up 9.5 million SF, while Class B totals only 1.3 million SF. The largest Class A office buildings under construction include Toyota Headquarters (2,100,000 SF), Liberty Mutual (1,100,000 SF), McKinney & Olive (530,000 SF), Park District Tower (516,093 SF), and Wade Park-Phase I (400,000 SF).

The largest Class B office buildings under construction include Trammell Crow Building (200,000 SF), North Richland Hills' City Hall (182,000 SF), and The Music Factory (100,000 SF).

During the first quarter of 2016, office delivery headliners included State Farm- Campus D (500,000 SF), 7-Eleven HQ (325,000 SF), Frisco Bridges Place (170,000 SF), and Platinum Park-Phase I (166,000 SF). The total new office product delivered in the Dallas-Fort Worth metro during the first quarter 2016 equaled 1.6 million SF.

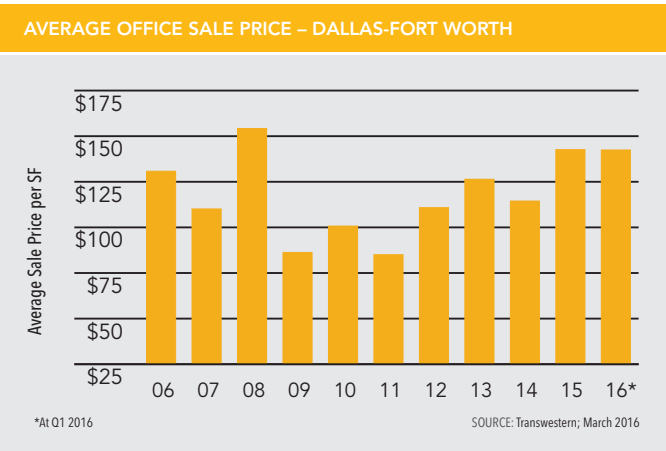
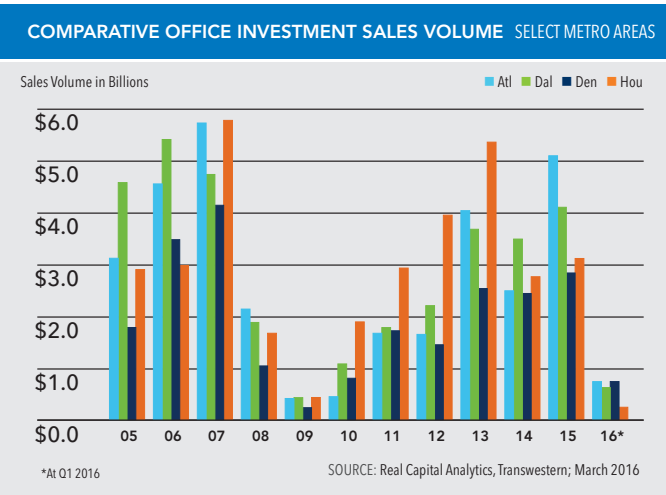
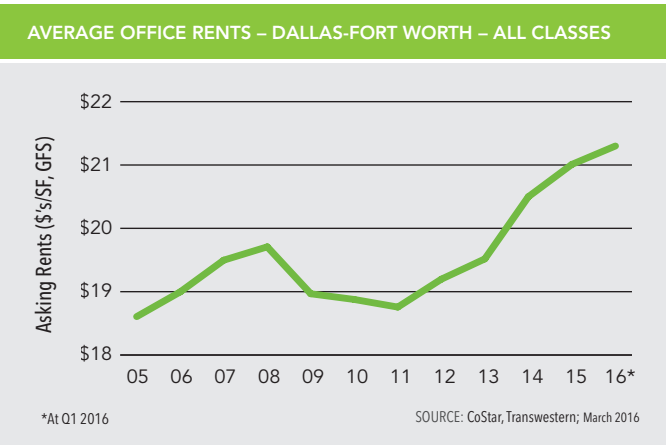
RENTAL RATES

Modest rent growth, strong in selected submarkets

For the first quarter of 2016, the average asking rent for all classes of space in the Dallas-Fort Worth area was \$21.29/SF (gross), a 1.4% increase from the fourth quarter of 2015.

The average price/SF for Class A space was \$25.16/SF, a 0.2% decrease from the fourth quarter 2015. The Northeast Fort Worth and Dallas CBD submarkets showed the Class A rent appreciation during the quarter at 4.4% and 4.1%, respectively.

At the end of the first quarter 2016, the average price/



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SF for Class B space in Dallas-Fort Worth was \$18.76/SF, a 1.6% increase from fourth quarter 2015. Class B rents increased the most in the Central Expressway submarket, which posted a 9.5% increase during the quarter. We expect asking rental rates to continue to increase in the second quarter of 2016 in most of the region's submarkets, particularly in those with lower vacancy rates.

INVESTMENT MARKET

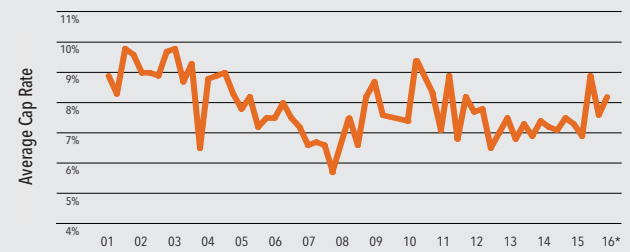
Outlook remains strong despite a sluggish quarter

After posting a very strong 2015 with more than \$3 billion in sales across 72 major transactions, office investment activity slowed during the first quarter of 2016. A total of 10 transactions (for deals 40k sf+) equaling nearly \$290 million in value were recorded during the first three months of 2016. Three major deals accounted for the majority of the sales volume and all three were Class A assets but in different submarkets and with varying occupancy rates.

The largest deal of the quarter was the sale of Occidental Tower for \$90 million to Encore Enterprises. The building was sold by Occidental Petroleum, who is a major tenant in the asset but was consolidating locations, and was 68% occupied. The Downtown Dallas submarket remained active with the trade of Saint Paul Place for \$54 million. The Arts District adjacent property was 80% leased when it was acquired by local investor Quadrant Investment Properties. Finally, sovereign investor Aztec Fund purchased the 100% leased Intellicenter in Las Colinas for \$40 million.

While these deals were successful, there have been a num-

CAP RATES – CORE OFFICE ASSETS – DALLAS-FORT WORTH




*At Q1 2016

SOURCE: Real Capital Analytics, Transwestern; March 2016

Notable Q1 2016 Transactions:

PROPERTY	SUBMARKET	SALE PRICE	SELLER	BUYER
Occidental Tower	East LBJ	\$90,000,000 (\$166.51/SF)	Occidental Petroleum Corp	Encore Enterprises
Saint Paul Place	Dallas CBD	\$54,000,000 (\$197.65/SF)	Trimarchi Mgmt/Goddard Investment Group	Quadrant Investment Properties
Intellicenter	DFW Freeport/Coppell	\$40,000,000 (\$199.92/SF)	KDC/Prudential	Aztec Fund
Meadow Park Tower	Central Expressway	\$25,175,500 (\$100.00/SF)	Elan Energy	Cawley Partners/Stockbridge
1177 Belt Line	DFW Freeport/Coppell	\$23,535,000 (\$156.90/SF)	Brandywine Realty Trust	Texas Capitalization Resource Group
One Glen Lakes	Central Expressway	\$17,000,000 (\$100.00/SF)	Elan Energy	Cawley Partners/Stockbridge



ber of transactions in the market that have been delayed or eventually pulled due to the hesitance of buyers to step up the pricing expectations of sellers. Despite some challenges to transaction activity, pricing is basically holding firm as the average price per square foot of \$142 is unchanged from year-end 2015.

Currently there are 71 deals in the market, under contract or potentially coming to market that total 18.6 million square feet. Approximately half of these deals were brought to market during the first quarter of 2016 and consist of an equal amount of Class A and Class B assets. The major deals of note in the market include two corporate campuses that will drive investment volume for the year if they close. State Farm is listing its newly constructed 2 million square foot campus called CityLine and plans to execute a sale-leaseback. We believe pricing could reach between \$750 and \$800 million. JCPenney is looking to execute a similar strategy on its 1.9 million headquarter campus in the red hot Legacy Business Park in Plano. The company will only do a partial leaseback on its space, however, giving back approximately 650,000 square feet. Targeted pricing for that deal is \$360 million.

Dallas/Fort Worth's diverse economy, low unemployment rate, and impressive corporate and population growth driven by a favorable, pro-business environment continue to draw the attention of investors to one of the nation's most attractive investment sales markets. While pricing levels seemed to have stalled, capital in search of higher yields will eventually leave the coastal markets. Economic and geopolitical volatility abroad could also serve to make U.S. markets even more appealing for the record amount of capital flowing into the real estate sector today. Therefore, we expect the Dallas/Fort Worth market to continue to benefit from its socioeconomic fundamentals and remain a top investment market throughout 2016.

Office Market Outlook

Dallas-Fort Worth's diverse economy has helped to sustain office demand in the face of low oil prices – in past cycles, low oil prices would have had a much stronger negative effect on the region. Dallas-Fort Worth consistently ranks as one of the top metro areas for job growth due to a combination of growth from existing businesses and the formation of new businesses. According to the Robert Half Professional Employment Forecast, 87 percent of businesses in the DFW region plan to make hires in the next six months, signaling that employment growth will likely continue throughout 2016. As a result, we expect demand for office space to remain strong for the remainder of the year, especially for Class A space. Of note, while the market remains robust, some builders have become more cautious of speculative projects. With rising construction costs, builders are seeking to pre-lease space before breaking ground. In the current market, pre-leasing a percentage of a speculative building has not been an issue, but when the market does eventually cool down, this will help keep supply in check.

Office markets likely to outperform in the months ahead, with declining vacancy and rising rents, include:

- Upper Tollway/West Plano
- Uptown/Turtle Creek
- Frisco/The Colony
- Central Expressway
- DFW/Freeport/Coppell

WHY OUR METHODOLOGY IS THE BEST INDICATOR OF CURRENT MARKET CONDITIONS:

We include owner occupied and single-tenant buildings in our inventory, vacancy and absorption statistics to capture more market activity than many of our competitors. This allows us to better correlate changes in the market with changes in employment. As single-tenant space does compete with multi-tenant space, we believe it is critical to understand all components of the market. The inclusion of single-tenant and owner-occupied space tends to yield lower vacancy rates and higher absorption totals than some of our competitors' results, but our coverage of the market is more comprehensive.

DALLAS-FORT WORTH OFFICE MARKET

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Dallas Office Market Indicators – All Space

SUBMARKET	TOTAL BLDGS	INVENTORY	SF AVAILABLE IMMEDIATELY	DIRECT VACANCY 2015	DIRECT VACANCY Q1 2016	VACANCY WITH SUBLET Q1 2016	UNDER CONSTRUCTION	NET ABSORPTION Q1 2016
Dallas CBD	95	33,277,618	6,382,496	18.9%	19.2%	19.8%	342,879	(399,000)
Uptown/Turtle Creek	90	12,082,178	1,040,172	9.4%	8.6%	8.7%	1,717,423	144,000
White Rock	73	4,253,556	324,468	7.1%	7.6%	8.1%	99,500	(45,000)
Central Expressway	125	13,916,712	1,603,639	14.9%	11.5%	11.8%	35,000	296,000
Preston Center	51	5,401,463	477,125	6.7%	8.8%	9.2%	186,257	(66,000)
Stemmons Freeway	144	14,049,567	3,142,762	20.3%	22.4%	22.9%	63,000	(67,000)
South Irving	37	2,056,134	223,972	7.2%	10.9%	11.0%	35,000	(90,000)
Las Colinas/Urban Center	56	9,363,866	1,406,578	18.4%	15.0%	16.3%	100,000	110,000
Office Center/LBJ Extension	129	16,201,139	1,613,407	8.6%	10.0%	10.9%	-	(29,000)
DFW Freeport/Coppell	104	12,581,486	1,785,819	17.5%	14.2%	14.9%	600,183	535,000
West LBJ Freeway	44	4,966,837	1,168,706	24.8%	23.5%	24.3%	-	(12,000)
Denton/Lewisville	172	9,227,556	821,565	14.2%	8.9%	9.9%	-	132,000
Frisco/The Colony	61	5,036,072	567,254	10.7%	11.3%	11.6%	958,769	226,000
Allen/McKinney	73	5,920,828	505,920	9.0%	8.5%	9.2%	261,907	(18,000)
Upper Tollway/West Plano	186	24,827,490	2,752,249	10.1%	11.1%	12.6%	4,314,859	(61,000)
Plano	110	8,495,831	1,416,822	15.3%	16.7%	16.7%	323,901	28,000
Richardson	164	19,073,731	3,800,532	11.4%	19.9%	20.1%	330,160	(774,000)
North Dallas Tollway	211	22,017,383	1,708,772	12.9%	7.8%	8.5%	197,740	1,148,000
East LBJ Freeway	126	17,142,901	4,123,624	24.0%	24.1%	24.6%	-	76,000
Garland	59	2,647,814	301,532	11.3%	11.4%	11.4%	-	(6,000)
Southeast Dallas	23	760,425	96,840	11.2%	12.7%	12.7%	-	(15,000)
Mesquite/Rockwall	43	1,563,914	138,797	10.1%	8.9%	9.1%	-	18,000
Southwest Dallas	71	3,097,567	426,614	12.4%	13.8%	13.8%	23,195	14,000
Grand Prairie	38	3,834,523	233,059	8.9%	6.1%	6.2%	-	96,000
TOTAL – Dallas	2,285	251,796,591	36,062,725	14.4%	14.3%	15.0%	9,589,773	1,241,000

SOURCE: Inventory and Vacancy from analysis of CoStar data, Net Absorption computed by Transwestern.

Fort Worth Market Indicators – All Space

SUBMARKET	TOTAL BLDGS	INVENTORY	SF AVAILABLE IMMEDIATELY	DIRECT VACANCY 2015	DIRECT VACANCY Q1 2016	VACANCY WITH SUBLET Q1 2016	UNDER CONSTRUCTION	NET ABSORPTION Q1 2016
Fort Worth CBD	74	11,599,022	1,095,742	9.1%	9.4%	9.8%	280,489	(62,000)
Northwest Fort Worth	19	498,703	51,761	9.9%	10.4%	10.4%	-	1,000
Alliance Air/Fossil Creek	23	3,078,635	225,663	7.1%	7.3%	8.2%	75,540	34,000
Westlake/Grapevine	104	8,013,077	1,199,865	14.2%	15.0%	16.3%	235,200	(46,000)
Hurst/Euless/Bedford	77	5,829,859	962,505	16.1%	16.5%	26.4%	-	(29,000)
Northeast Fort Worth	56	4,056,401	1,306,505	30.5%	32.2%	32.6%	182,000	(73,000)
Arlington	164	8,962,972	1,177,322	13.5%	13.1%	13.5%	-	50,000
Southeast Fort Worth	21	1,427,750	87,169	6.9%	6.1%	6.1%	-	12,000
Southwest Fort Worth	183	11,121,354	1,322,225	9.8%	11.9%	12.0%	409,232	(244,000)
TOTAL – Fort Worth	721	54,587,773	7,428,758	12.9%	13.6%	15.1%	1,182,461	(357,000)

Dallas-Fort Worth Office Market Indicators – All Space

SUBMARKET	TOTAL BLDGS	INVENTORY	SF AVAILABLE IMMEDIATELY	DIRECT VACANCY 2015	DIRECT VACANCY Q1 2016	VACANCY WITH SUBLET Q1 2016	UNDER CONSTRUCTION	NET ABSORPTION Q1 2016
TOTAL – DFW	3,006	306,384,364	43,491,482	14.4%	14.2%	15.0%	10,772,234	884,000

SOURCE: Inventory and vacancy from analysis of CoStar data; net absorption computed by Transwestern

DALLAS-FORT WORTH OFFICE MARKET

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Dallas Office Market Indicators – Class A

SUBMARKET	TOTAL BLDGS	INVENTORY	SF AVAILABLE IMMEDIATELY	DIRECT VACANCY Q1 2016	VACANCY WITH SUBLET Q1 2016	UNDER CONSTRUCTION	NET ABSORPTION Q1 2016
Dallas CBD	22	22,918,476	5,133,739	22.4%	23.2%	342,879	(23,000)
Uptown/Turtle Creek	35	9,155,989	805,727	8.8%	8.9%	1,517,423	37,000
White Rock	2	388,177	46,581	12.0%	12.0%	-	3,000
Central Expressway	24	7,542,073	1,025,722	13.6%	13.9%	-	272,000
Preston Center	19	4,175,842	313,188	7.5%	8.0%	186,257	(21,000)
Stemmons Freeway	9	3,684,656	637,445	17.3%	17.3%	63,000	-
South Irving	0	-	-	-	-	-	-
Las Colinas/Urban Center	26	7,311,160	1,096,674	15.0%	16.6%	-	80,000
Office Center/LBJ Extension	32	7,984,529	471,087	5.9%	7.7%	-	16,000
DFW Freeport/Coppell	14	4,121,538	750,120	18.2%	20.1%	542,183	453,000
West LBJ Freeway	6	1,667,892	358,597	21.5%	22.0%	-	12,000
Denton/Lewisville	3	404,964	20,248	5.0%	5.0%	-	81,000
Frisco/The Colony	23	3,270,549	418,630	12.8%	13.0%	913,769	188,000
Allen/McKinney	9	1,404,807	108,170	7.7%	10.3%	168,357	(28,000)
Upper Tollway/West Plano	66	16,704,861	1,887,649	11.3%	12.6%	4,144,605	86,000
Plano	8	1,372,206	292,280	21.3%	21.5%	250,000	30,000
Richardson	34	10,027,401	2,015,508	20.1%	20.3%	300,000	(783,000)
North Dallas Tollway	40	10,625,944	-	-	-	197,740	1,063,000
East LBJ Freeway	27	8,592,111	2,130,844	24.8%	25.5%	-	34,000
Garland	0	-	-	-	-	-	-
Southeast Dallas	0	-	-	-	-	-	-
Mesquite/Rockwall	2	246,420	23,656	9.6%	10.6%	-	(6,000)
Southwest Dallas	2	281,655	15,491	5.5%	5.5%	-	-
Grand Prairie	5	1,851,880	-	0.0%	0.0%	-	-
TOTAL – Dallas	408	123,733,130	17,551,357	14.2%	14.9%	8,626,213	1,494,000

SOURCE: Inventory and Vacancy from analysis of CoStar data, Net Absorption computed by Transwestern.

Fort Worth Market Indicators – Class A

SUBMARKET	TOTAL BLDGS	INVENTORY	SF AVAILABLE IMMEDIATELY	DIRECT VACANCY Q1 2016	VACANCY WITH SUBLET Q1 2016	UNDER CONSTRUCTION	NET ABSORPTION Q1 2016
Fort Worth CBD	17	5,931,868	777,075	13.1%	13.7%	280,489	(42,000)
Northwest Fort Worth	0	-	-	-	-	-	-
Alliance Air/Fossil Creek	1	581,277	136,600	23.5%	23.5%	-	-
Westlake/Grapevine	17	3,691,167	738,233	20.0%	22.4%	198,000	(55,000)
Hurst/Euless/Bedford	2	326,832	120,274	36.8%	36.8%	-	(27,000)
Northeast Fort Worth	2	395,307	330,477	83.6%	83.6%	-	-
Arlington	13	1,662,445	217,780	13.1%	13.6%	-	(15,000)
Southeast Fort Worth	1	541,630	-	0.0%	0.0%	-	-
Southwest Fort Worth	14	2,692,856	64,629	2.4%	2.6%	409,232	(27,000)
TOTAL – Fort Worth	67	15,823,382	2,385,068	15.1%	15.9%	887,721	(166,000)

Dallas-Fort Worth Office Market Indicators – Class A

SUBMARKET	TOTAL BLDGS	INVENTORY	SF AVAILABLE IMMEDIATELY	DIRECT VACANCY Q1 2016	VACANCY WITH SUBLET Q1 2016	UNDER CONSTRUCTION	NET ABSORPTION Q1 2016
TOTAL – DFW	475	139,556,512	19,936,424	14.3%	15.1%	9,513,934	1,328,000

SOURCE: Inventory and vacancy from analysis of CoStar data; net absorption computed by Transwestern

DALLAS-FORT WORTH OFFICE MARKET

FIRST QUARTER 2016



Dallas Office Market Indicators – Class B

SUBMARKET	TOTAL BLDGS	INVENTORY	SF AVAILABLE IMMEDIATELY	DIRECT VACANCY Q1 2016	VACANCY WITH SUBLET Q1 2016	UNDER CONSTRUCTION	NET ABSORPTION 2016
Dallas CBD	39	7,335,032	1,188,275	16.2%	16.3%	-	(367,000)
Uptown/Turtle Creek	41	2,543,809	218,768	8.6%	8.8%	200,000	104,000
White Rock	48	3,072,900	184,374	6.0%	6.6%	99,500	(28,000)
Central Expressway	80	5,755,574	552,535	9.6%	9.9%	35,000	12,000
Preston Center	17	838,217	93,042	11.1%	11.1%	-	(3,000)
Stemmons Freeway	92	8,658,287	2,242,496	25.9%	26.7%	-	(69,000)
South Irving	23	1,554,345	164,761	10.6%	10.8%	35,000	(87,000)
Las Colinas/Urban Center	27	1,802,911	270,437	15.0%	15.0%	100,000	34,000
Office Center/LBJ Extension	87	7,707,476	1,094,462	14.2%	14.3%	-	(46,000)
DFW Freeport/Coppell	89	8,219,837	1,035,699	12.6%	12.8%	58,000	82,000
West LBJ Freeway	30	3,071,254	697,175	22.7%	23.6%	-	(21,000)
Denton/Lewisville	129	7,288,119	721,524	9.9%	11.1%	-	53,000
Frisco/The Colony	37	1,748,517	148,624	8.5%	9.1%	45,000	38,000
Allen/McKinney	60	4,386,290	394,766	9.0%	9.0%	93,550	13,000
Upper Tollway/West Plano	118	7,719,636	864,599	11.2%	13.3%	170,254	(147,000)
Plano	84	6,616,494	1,052,023	15.9%	15.9%	73,901	7,000
Richardson	107	8,380,569	1,684,494	20.1%	20.3%	30,160	17,000
North Dallas Tollway	151	10,976,105	1,701,296	15.5%	17.0%	-	66,000
East LBJ Freeway	92	8,335,356	1,967,144	23.6%	23.9%	-	42,000
Garland	40	2,083,917	220,895	10.6%	10.6%	-	(6,000)
Southeast Dallas	13	521,822	77,751	14.9%	14.9%	-	(12,000)
Mesquite/Rockwall	31	1,017,359	95,632	9.4%	9.5%	-	20,000
Southwest Dallas	49	2,130,722	311,085	14.6%	14.6%	23,195	11,000
Grand Prairie	23	1,685,225	203,912	12.1%	12.4%	-	96,000
TOTAL – Dallas	1,507	113,449,773	17,185,770	15.1%	15.7%	963,560	(191,000)

SOURCE: Inventory and Vacancy from analysis of CoStar data, Net Absorption computed by Transwestern.

Fort Worth Market Indicators – Class B

SUBMARKET	TOTAL BLDGS	INVENTORY	SF AVAILABLE IMMEDIATELY	DIRECT VACANCY Q1 2016	VACANCY WITH SUBLET Q1 2016	UNDER CONSTRUCTION	NET ABSORPTION 2016
Fort Worth CBD	37	5,013,718	280,768	5.6%	5.6%	-	(20,000)
Northwest Fort Worth	6	230,011	45,312	19.7%	19.7%	-	1,000
Alliance Air/Fossil Creek	21	2,456,558	81,066	3.3%	4.4%	75,540	37,000
Westlake/Grapevine	81	4,154,194	423,728	10.2%	10.6%	37,200	10,000
Hurst/Euless/Bedford	49	4,736,950	682,121	14.4%	26.6%	-	-
Northeast Fort Worth	35	2,857,234	928,601	32.5%	33.1%	182,000	(69,000)
Arlington	107	5,649,945	819,242	14.5%	14.9%	-	70,000
Southeast Fort Worth	14	477,914	82,679	17.3%	17.3%	-	1,000
Southwest Fort Worth	110	6,812,790	1,049,170	15.4%	15.5%	-	(204,000)
TOTAL – Fort Worth	460	32,389,314	4,392,687	13.6%	15.6%	294,740	(174,000)

Dallas-Fort Worth Office Market Indicators – Class B

SUBMARKET	TOTAL BLDGS	INVENTORY	SF AVAILABLE IMMEDIATELY	DIRECT VACANCY Q1 2016	VACANCY WITH SUBLET Q1 2016	UNDER CONSTRUCTION	NET ABSORPTION 2016
TOTAL – DFW	1,967	145,839,087	21,578,457	14.8%	15.7%	1,258,300	(365,000)

SOURCE: Inventory and vacancy from analysis of CoStar data; net absorption computed by Transwestern

DALLAS-FORT WORTH OFFICE MARKET

FIRST QUARTER 2016

Dallas Office Market Indicators – Asking Rental Rates

SUBMARKET	2013 CLASS A	2013 CLASS B	2014 CLASS A	2014 CLASS B	2015 CLASS A	2015 CLASS B	Q1 2016 CLASS A	Q1 2016 CLASS B	% CHANGE 12/15-3/16 CLASS A	% CHANGE 12/15-3/16 CLASS B
Dallas CBD	\$24.95	\$17.66	\$26.63	\$19.09	\$26.90	\$20.45	\$28.01	\$21.16	4.1%	3.5%
Uptown/Turtle Creek	\$26.49	\$22.76	\$27.34	\$24.09	\$29.66	\$25.21	\$30.05	\$26.24	1.3%	4.1%
White Rock	\$33.65	\$16.27	\$33.37	\$15.38	\$33.36	\$16.59	N/A	\$15.34	N/A	-7.5%
Central Expressway	\$21.99	\$17.11	\$22.77	\$17.99	\$24.85	\$18.60	\$25.76	\$20.36	3.7%	9.5%
Preston Center	\$33.50	\$20.77	\$35.65	\$26.38	\$35.88	\$26.62	\$34.92	\$27.42	-2.7%	3.0%
Stemmons Freeway	\$22.75	\$14.68	\$23.12	\$14.79	\$22.89	\$15.58	\$23.68	\$15.91	3.4%	2.1%
South Irving	N/A	\$13.39	N/A	\$13.85	N/A	\$15.36	N/A	\$16.30	N/A	6.1%
Las Colinas/Urban Center	\$25.35	\$18.59	\$28.27	\$19.90	\$28.97	\$21.44	\$29.53	\$21.14	1.9%	-1.4%
Office Center/LBJ Extension	\$22.10	\$19.83	\$22.51	\$20.99	\$25.60	\$22.35	\$25.97	\$22.59	1.5%	1.1%
DFW Freeport/Coppell	\$21.25	\$19.89	\$23.23	\$19.83	\$24.83	\$20.70	\$25.27	\$21.15	1.8%	2.2%
West LBJ Freeway	\$19.49	\$17.66	\$20.02	\$19.73	\$21.86	\$19.84	\$22.33	\$19.60	2.1%	-1.2%
Denton/Lewisville	\$30.27	\$17.62	\$30.27	\$18.10	\$35.64	\$19.38	\$35.64	\$19.70	0.0%	1.6%
Frisco/The Colony	\$25.36	\$24.50	\$30.30	\$24.62	\$31.21	\$24.42	\$32.01	\$24.75	2.6%	1.3%
Allen/McKinney	\$22.64	\$18.55	\$22.87	\$20.33	\$23.90	\$18.60	\$24.00	\$19.18	0.4%	3.1%
Upper Tollway/West Plano	\$25.15	\$22.16	\$25.49	\$22.59	\$26.48	\$22.96	\$26.16	\$23.37	-1.2%	1.8%
Plano	\$21.37	\$17.55	\$22.34	\$18.03	\$20.81	\$23.02	\$20.65	\$23.01	-0.8%	0.0%
Richardson	\$21.99	\$17.06	\$22.48	\$17.99	\$24.01	\$20.12	\$24.64	\$20.20	2.6%	0.4%
North Dallas Tollway	\$23.41	\$18.97	\$25.39	\$19.59	\$26.73	\$20.81	\$27.46	\$21.60	2.8%	3.8%
East LBJ Freeway	\$20.49	\$17.33	\$23.27	\$18.39	\$26.18	\$19.03	\$26.49	\$19.55	1.2%	2.7%
Garland	N/A	\$13.81	N/A	\$14.02	N/A	\$15.09	N/A	\$15.37	N/A	1.9%
Southeast Dallas	N/A	\$11.47	N/A	\$10.61	N/A	\$10.99	N/A	\$10.69	N/A	-2.7%
Mesquite/Rockwall	\$29.28	\$12.31	\$29.78	\$12.41	\$29.66	\$14.32	\$30.26	\$13.97	2.0%	-2.4%
Southwest Dallas	\$21.84	\$11.72	\$21.84	\$12.13	\$21.84	\$13.07	\$21.84	\$13.23	0.0%	1.2%
Grand Prairie	N/A	\$17.88	N/A	\$18.72	N/A	\$18.67	N/A	\$22.52	N/A	20.6%
AVERAGE – Dallas	\$23.22	\$17.48	\$24.21	\$18.32	\$25.22	\$18.83	\$25.16	\$19.23	-0.2%	2.1%

SOURCE: Inventory and Vacancy from analysis of CoStar data, Net Absorption computed by Transwestern.

Fort Worth Market Indicators – Asking Rental Rates

SUBMARKET	2013 CLASS A	2013 CLASS B	2014 CLASS A	2014 CLASS B	2015 CLASS A	2015 CLASS B	Q1 2016 CLASS A	Q1 2016 CLASS B	% CHANGE 12/15-3/16 CLASS A	% CHANGE 12/15-3/16 CLASS B
Fort Worth CBD	\$27.05	\$17.97	\$26.59	\$18.12	\$26.53	\$16.66	\$26.83	\$16.76	1.1%	0.6%
Northwest Fort Worth	N/A	\$21.03	N/A	\$21.10	N/A	\$21.24	N/A	\$20.57	N/A	-3.1%
Alliance Air/Fossil Creek	N/A	\$18.63	N/A	\$18.96	N/A	\$16.56	N/A	\$16.46	N/A	-0.6%
Westlake/Grapevine	\$21.91	\$17.55	\$21.15	\$19.78	\$21.69	\$19.86	\$21.90	\$20.06	1.0%	1.0%
Hurst/Euless/Bedford	\$16.09	\$15.24	\$16.87	\$15.23	\$17.52	\$16.71	\$17.92	\$16.81	2.3%	0.6%
Northeast Fort Worth	\$16.92	\$14.61	\$17.30	\$14.09	\$15.50	\$17.32	\$16.18	\$16.76	4.4%	-3.2%
Arlington	\$20.49	\$18.59	\$19.65	\$18.33	\$21.17	\$18.54	\$21.18	\$18.99	0.0%	2.4%
Southeast Fort Worth	N/A	\$13.51	N/A	\$12.19	N/A	\$12.43	N/A	\$12.29	N/A	-1.1%
Southwest Fort Worth	\$19.45	\$15.95	\$19.85	\$15.87	\$20.59	\$15.40	\$21.06	\$15.38	2.3%	-0.1%
AVERAGE – Fort Worth	\$20.32	\$17.01	\$20.24	\$17.08	\$20.50	\$17.19	\$20.85	\$17.12	1.7%	-0.4%

Dallas-Fort Worth Office Market Indicators – Asking Rental Rates

SUBMARKET	2013 CLASS A	2013 CLASS B	2014 CLASS A	2014 CLASS B	2015 CLASS A	2015 CLASS B	Q1 2016 CLASS A	Q1 2016 CLASS B	% CHANGE 12/15-3/16 CLASS A	% CHANGE 12/15-3/16 CLASS B
AVERAGE – DFW	\$21.77	\$17.25	\$22.23	\$17.70	\$22.86	\$18.01	\$24.67	\$18.76	-0.1%	1.6%

SOURCE: Inventory and vacancy from analysis of CoStar data; net absorption computed by Transwestern

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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.



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