

DALLAS-FORT WORTH OFFICE MARKET

THIRD QUARTER 2016

OVERVIEW

Economy continues to expand

The Dallas-Fort Worth Metro (DFW) 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.

Nonfarm employment in DFW grew by 3.6%, or 122,300 jobs, over the 12 months ending in September, ranking DFW with the highest percentage growth among major metro areas. DFW has added more than 120,500 jobs since January 2016. Growth in the wholesale trade, financial, and the professional and business services sectors helped boost the region’s annual employment growth rate above Texas’ 1.7% and the U.S. rate of 1.7%. The current expansion is forecasted to continue for the sixth consecutive year. Net absorption remains strong and the vacancy rate has remained fairly steady throughout 2016.

DFW recorded a 11.9% vacancy rate and positive net absorption of approximately 2.1 million square feet (MSF) during Q3 2016. The average of total office space (Class A, B, and C) ended the Q3 at \$24.08, a 6.3% increase year over year. Building deliveries for Q3 totaled 1.3 MSF with 9.9 MSF still under construction.

NET ABSORPTION

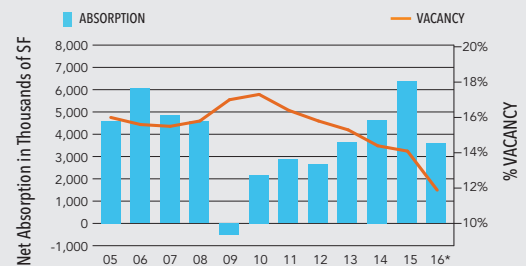
Positive absorption in all markets

Net absorption for the overall Dallas-Fort Worth office market recorded a positive 2.1 million square feet (MSF) in the third quarter 2016. Class A recorded 2.0 MSF of positive absorption and Class B recorded a positive 104,000 SF for the quarter. Throughout the Dallas-Fort Worth area there are 9.8 MSF of office space under construction with 54.0% pre-leased. Notable leases during the third quarter include a 576,138 SF sale-leaseback at Verizon’s headquarters and 229,000 SF in the Renaissance Tower leased by Environmental Protection Agency Region 6.

Submarkets with the highest net absorption:

SUBMARKET	Q3 2016
Uptown/Turtle Creek	505,000 SF
Dallas CBD	233,000 SF
Plano	232,000 SF
Frisco/The Colony	184,000 SF

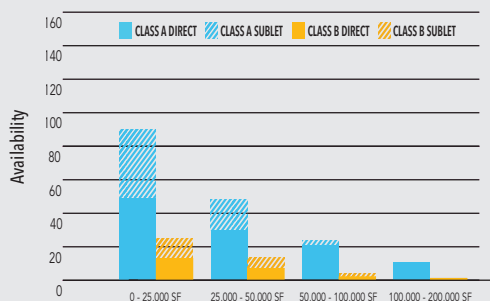
NET ABSORPTION & VACANCY RATE TRENDS



*Through Q3 2016

SOURCE: CoStar, Transwestern, September 2016

CONTIGUOUS BLOCKS OF AVAILABLE SPACE



*At Q3 2016

SOURCE: CoStar, Transwestern, August 2016

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VACANCY

Market tightens as tenants move in

Direct vacancy levels in the office market dropped slightly from 13.1% in the second quarter, to 11.5% in the third quarter of 2016 and down 2.6% from Q3 2015. Overall vacancy, including subleases, recorded 11.9%.

Class A vacancy decreased from 18.7% (19.3% overall) at mid-year to 15.9% (16.6% overall) in the third quarter. Submarkets with the lowest Class A vacancy are Alliance (4.3%), Southwest Dallas (5.5%) and Preston Center (5.9%).

Class B vacancy has continued to decrease throughout the year from 14.8% (15.7% including sublet) in the first quarter and currently at 12.1% (12.5% including sublet). Submarkets with the lowest Class B vacancy are White Rock (5.0%), Alliance (5.2%), Southeast Dallas (5.2%) and Central Expressway (6.1%).

RENTAL RATES

Rental rates edge higher

The average asking rent for all classes of space was \$24.08/SF, a 9.0% increase from Q3 2015. The average rate for Class A space was \$27.87/SF for Q3, a 0.68% increase from Q2. Class B average price also increased from \$20.46/SF in Q2 to \$20.77/SF at the end of Q3. Asking rental rates are expected to continue to increase throughout the rest of the year in most of the region's submarkets.

INVESTMENT MARKETS

Investment demand remains highly active

Investor demand for Dallas-Fort Worth office assets remained highly active throughout Q3 as over 7.2 MSF of properties traded hands, totaling over \$1.6 billion. This brings year-to-date investment sales volume in the metroplex to \$2.6 billion across 44 transactions. These figures represent assets for which pricing information could be attained. Demand was equally divided between well-leased Class A assets and the value-add profile of Class B assets with 22 transactions recorded for each asset class. However, there is a noticeable desire for trophy assets in the premier submarkets, creating record-setting prices. In August, Germany's Union Investment Real Estate fund acquired the 448,000 SF 2000 McKinney office building for \$225 million, or about \$503/SF. It was the first building to eclipse the \$500/SF barrier in the Dallas-Fort Worth region. The record was short-lived, however, as locally-based Gaedeke Group purchased the 362,000 SF 17Seventeen McKinney the following month for approximately \$510/SF and a 5.10% cap rate. Both buildings are located in the Uptown/

Submarkets with the lowest direct vacancy:

DALLAS	Q3 2016
Southeast Dallas	4.6%
White Rock	5.8%
Preston Center	6.7%
Central Expressway	7.8%
FORT WORTH	Q3 2016
Northwest Fort Worth	4.3%
Alliance	4.5%
Southeast Ft. Worth	5.2%

Office space under construction or renovation:

Dallas-Fort Worth Metro Area | Q3 2016

SUBMARKET/AREA	SF	% PRE-LEASED
Upper Tollway/W Plano	4,870,208	72.0%
Uptown/Turtle Creek	1,264,225	70.0%
DFW Freeport/Coppell	1,035,402	70.8%
Dallas CBD	401,937	34.8%
Frisco/The Colony	356,136	28.8%
Office Center/LBJ Ext	339,359	0.0%
Richardson	300,000	0.0%
Fort Worth CBD	280,489	51.5%
Westlake/Grapevine	273,840	30.8%
Preston Center	186,257	0.0%
Southwest Fort Worth	160,182	0.0%
Las Colinas	100,000	100%
White Rock	99,500	97.47%
Allen/McKinney	76,000	60.5%
Stemmons Freeway	63,000	100%
Plano	58,901	51.44%
Total	9,865,436	53.6%

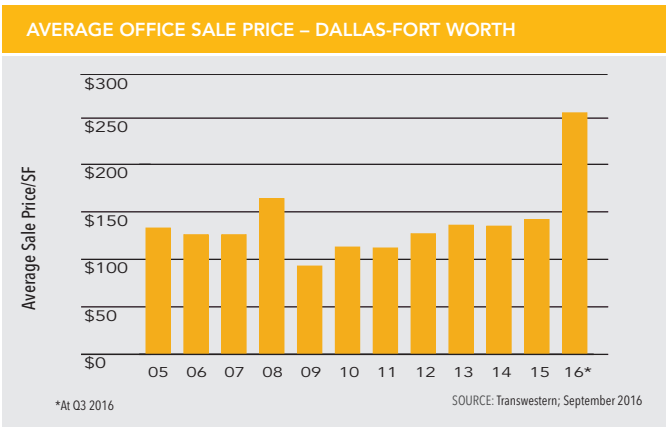
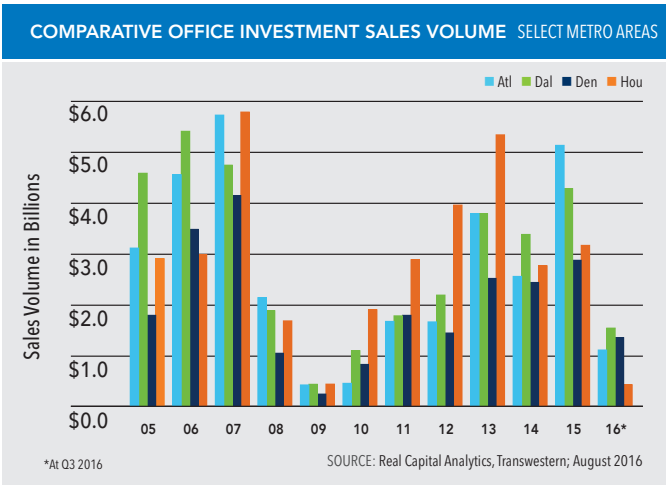
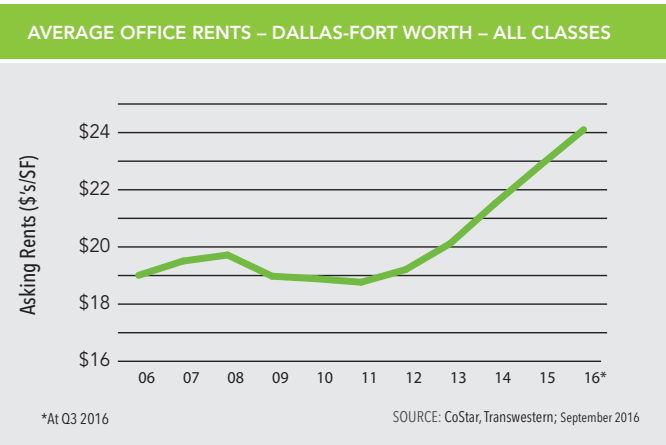
*Only Buildings 50,000 SF or Greater



Turtle Creek submarket which features some of the highest occupancy and rental rates in Dallas. By comparison, the 22 sale transactions for Class B assets averaged \$92/SF and an 8.49% cap rate with most of the deals situated in the suburban Las Colinas and North Dallas Tollway submarkets.

Currently there are 69 deals in the market, under contract or potentially coming to market totaling just over 14.9 MSF. Nineteen of these deals were brought to market during Q3 of 2016 and consist primarily of Class A assets looking to take advantage of all-time high rental rates and investor demand for quality buildings. It is worth noting, however, that a number of deals have been floating in the market for close to a year. While urban submarkets remain a strength, there is some uncertainty for investors in the suburban submarkets, especially at the asking prices some sellers are targeting.

Robust leasing activity and rising rental rates combined with a diverse and growing local economy, an expanding population, and extraordinarily low interest rates will continue to put upward pressure on prices for office product, especially those in urban nodes. Accordingly, investment sales activity in Dallas-Fort Worth should remain strong throughout the end of the year even as sales volume begins to slow down.



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Economic Outlook

The Federal Reserve announced at its September meeting it would leave interest rates unchanged at 0.5% despite higher confidence in the economy. Strong economic data suggests a rate increase is highly likely in Q4. Labor markets are healthy and inflation remains below the Fed's 2% target. Many institutions and financial markets are prepared for a rate hike as it is only a matter of when, not if, the Fed decides to move.

The worst of Texas' oil crisis appears to have passed, largely due to the rising price of crude, coupled with the state's healthy job growth. The North Texas region is largely insulated from the short-term fluctuations in energy markets, due in part to its diversified economy. The oil and gas sector is already experiencing a rebound after initial job losses in the past 24 months.

The Dallas-Fort Worth metropolitan area and the State of Texas continue to act as magnets for corporate expansions and relocations. This trend is attracting labor from other markets, both domestic and international, which in turn draws additional firms seeking qualified labor. The DFW economy benefits greatly from this circular trend of corporate demand and labor attraction. While many economists predict the national economy is overdue for a recession, we believe that DFW's economy will not take a strong hit and is well positioned to weather any economic shocks.

Multi-tenant market vs Transwestern comprehensive market coverage

	MULTI-TENANT	ENTIRE MARKET
Inventory	214.7 MSF	343.5 MSF
Overall Vacancy	16.6%	11.9%
Q3 Net Absorption	1,358,496 SF	1,228,000 SF

Notable Q3 2016 Leases

TENANT	SF	LEASE TYPE	BUILDING	SUBMARKET
Verizon	576,138	Sale-Leaseback	Verizon Headquarters	Office Ctr/West LBJ Ext
Environmental Protection Agency	229,000	New	Renaissance Tower	CBD
FM Global	79,428	New	The Star	Frisco/The Colony
Bank Of America	63,325	New	The Star	Frisco/The Colony

Notable Q3 2016 Sales

BUILDING	SUBMARKET	SALE PRICE	SELLER	BUYER
Verizon Hidden Ridge Campus	Office Ctr/West LBJ Ext	\$344 Million (\$299.13/SF)	Verizon Communications Inc	Mesirow Financial
2000 McKinney Ave	Uptown/Turtle Creek	\$255 Million (\$502.69/SF)	Lincoln Property Company	Union Investment Real Estate GmbH
17Seventeen	Uptown/Turtle Creek	\$184.6 Million (\$510.00/SF)	MetLife Real Estate	Gaedeke Group LLC

Dallas Office Market Indicators – All Space

SUBMARKET	INVENTORY	SF AVAILABLE IMMEDIATELY	DIRECT VACANCY 2015	DIRECT VACANCY Q3 2016	VACANCY WITH SUBLET Q3 2016	UNDER CONSTRUCTION	NET ABSORPTION Q3 2016	YTD NET ABSORPTION
Dallas CBD	33,269,468	6,620,624	18.1%	19.9%	20.7%	401,937	233,000	(261,138)
Uptown/Turtle Creek	14,374,252	1,221,811	9.7%	8.5%	9.1%	1,264,225	505,000	627,990
White Rock	5,498,238	318,898	6.8%	5.8%	6.0%	99,500	16,000	27,883
Central Expressway	15,121,648	1,179,489	13.6%	7.8%	8.0%	-	121,000	533,202
Preston Center	5,730,788	383,963	7.6%	6.7%	6.9%	186,257	6,000	(63,012)
Stemmons Freeway	14,682,206	3,200,721	21.9%	21.8%	22.2%	63,000	44,000	(63,508)
South Irving	2,834,641	252,283	6.6%	8.9%	9.3%	-	(31,000)	(14,296)
Las Colinas/Urban Center	9,575,071	1,254,334	16.9%	13.1%	15.2%	100,000	-	115,876
Office Center/LBJ Ext	16,008,866	1,312,727	9.8%	8.2%	9.1%	339,359	16,000	(468,889)
DFW Freeport/Coppell	12,895,182	1,444,260	15.5%	11.2%	11.7%	1,035,402	77,000	496,988
West LBJ Freeway	5,318,779	941,424	23.8%	17.7%	18.5%	-	(11,000)	(25,529)
Denton/Lewisville	9,057,403	1,014,429	12.6%	11.2%	12.8%	-	(344,000)	(129,467)
Frisco/The Colony	6,341,318	608,767	11.5%	9.6%	9.9%	356,136	184,000	575,389
Allen/McKinney	7,668,440	644,149	8.6%	8.4%	8.6%	76,000	23,000	189,724
Upper Toll/West Plano	26,736,366	2,138,909	10.1%	8.0%	8.9%	4,870,208	134,000	683,102
Plano	10,016,833	1,512,542	17.0%	15.1%	15.2%	58,901	232,000	343,617
Richardson	22,122,537	3,141,400	13.7%	14.2%	14.5%	300,000	909,284	915,780
North Dallas Tollway	23,448,816	3,329,732	12.9%	14.2%	14.8%	-	(249,000)	(358,904)
East LBJ Freeway	17,314,732	3,757,297	24.6%	21.7%	22.3%	-	35,000	197,509
Garland	3,755,717	773,678	11.3%	20.6%	20.6%	-	26,000	(402,114)
Southeast Dallas	1,244,375	57,241	10.8%	4.6%	4.6%	-	16,000	21,060
Mesquite/Rockwall	1,804,952	142,591	10.2%	7.9%	8.2%	-	38,000	42,731
Southwest Dallas	5,422,840	477,210	12.2%	8.8%	8.8%	-	54,000	74,952
Grand Prairie	4,335,002	394,485	8.7%	9.1%	9.4%	-	(87,000)	(80,626)
TOTAL – Dallas	274,578,470	36,122,964	13.10%	11.79%	12.30%	9,150,925	1,947,284	2,978,320

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

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.

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Fort Worth Market Indicators – All Space

SUBMARKET	INVENTORY	SF AVAILABLE IMMEDIATELY	DIRECT VACANCY 2015	DIRECT VACANCY Q3 2016	VACANCY WITH SUBLET Q3 2016	UNDER CONSTRUCTION	NET ABSORPTION Q3 2016	YTD NET ABSORPTION
Fort Worth CBD	11,786,749	1,096,168	9.1%	9.3%	9.7%	280,489	71,000	(47,727)
Northwest Fort Worth	1,233,285	53,031	9.9%	4.3%	4.3%	-	5,000	48,037
Alliance Air/Fossil Creek	3,617,021	162,766	7.1%	4.5%	5.2%	-	11,000	72,029
Westlake/Grapevine	11,589,843	1,101,035	14.2%	9.5%	10.5%	273,840	23,000	213,075
Hurst/Euless/Bedford	7,319,694	1,215,069	16.1%	16.6%	16.7%	-	(66,000)	(63,037)
Northeast Fort Worth	5,406,167	1,373,166	30.5%	25.4%	25.9%	-	54,000	72,256
Arlington	11,342,287	1,213,625	13.5%	10.7%	11.0%	-	23,000	178,115
Southeast Fort Worth	2,169,483	112,813	6.9%	5.2%	5.2%	-	9,000	33,509
Southwest Fort Worth	15,991,563	1,535,190	9.4%	9.6%	9.8%	160,182	60,000	122,164
TOTAL – Fort Worth	70,456,092	7,862,863	12.97%	10.57%	10.92%	714,511	190,000	628,421

Dallas-Fort Worth Office Market Indicators – All Space

SUBMARKET	INVENTORY	SF AVAILABLE IMMEDIATELY	DIRECT VACANCY 2015	DIRECT VACANCY Q3 2016	VACANCY WITH SUBLET Q3 2016	UNDER CONSTRUCTION	NET ABSORPTION Q3 2016	YTD NET ABSORPTION
TOTAL – DFW	345,034,562	43,985,828	13.07%	11.46%	11.93%	9,865,436	2,137,284	3,606,741

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

Dallas Office Market Indicators – Class A

SUBMARKET	INVENTORY	SF AVAILABLE IMMEDIATELY	DIRECT VACANCY Q3 2016	VACANCY WITH SUBLET Q3 2016	UNDER CONSTRUCTION	NET ABSORPTION Q3 2016	YTD NET ABSORPTION
Dallas CBD	22,964,115	5,304,711	23.1%	24.2%	401,937	161,000	126,260
Uptown/Turtle Creek	10,840,348	921,430	8.5%	9.0%	1,264,225	554,000	638,504
White Rock	388,177	54,733	14.1%	14.1%	-	(8,000)	(4,581)
Central Expressway	7,617,574	776,993	10.2%	10.3%	-	99,000	363,833
Preston Center	4,177,591	238,123	5.7%	5.9%	186,257	8,000	(36,531)
Stemmons Freeway	3,684,761	762,746	20.7%	20.8%	63,000	(48,000)	(15,376)
South Irving	-	-	-	-	-	-	-
Las Colinas/Urban Ctr	7,340,269	917,534	12.5%	15.3%	100,000	44,000	120,528
Office Center/LBJ Ext	7,505,557	397,795	5.3%	7.2%	-	-	21,820
DFW Freeport/Coppell	3,803,619	365,147	9.6%	11.2%	1,035,402	118,000	457,853
West LBJ Freeway	1,706,909	358,451	21.0%	21.0%	-	(7,000)	(2,498)
Denton/Lewisville	404,964	254,317	62.8%	62.8%	-	2,000	85,268
Frisco/The Colony	3,502,368	399,270	11.4%	11.7%	356,136	207,000	466,174
Allen/McKinney	1,546,954	139,226	9.0%	9.8%	76,000	59,000	59,702
Upper Toll/West Plano	17,083,600	1,400,855	8.2%	9.6%	4,870,208	137,000	632,941
Plano	1,622,206	189,798	11.7%	11.9%	-	342,000	351,226
Richardson	9,897,498	1,138,212	11.5%	12.1%	300,000	30,000	(203,046)
North Dallas Tollway	11,061,428	1,050,836	9.5%	10.7%	-	168,000	135,608
East LBJ Freeway	8,971,169	2,063,369	23.0%	23.8%	-	(9,000)	199,742
Garland	-	-	-	-	-	-	-
Southeast Dallas	-	-	-	-	-	-	-
Mesquite/Rockwall	246,420	31,049	12.6%	14.3%	-	2,000	(13,903)
Southwest Dallas	280,729	15,440	5.5%	5.5%	-	-	-
Grand Prairie	1,851,880	-	0.0%	0.0%	-	-	-
TOTAL – Dallas	126,498,136	16,780,033	14.09%	14.82%	8,251,228	1,859,000	3,383,524

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

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Fort Worth Market Indicators – Class A

SUBMARKET	INVENTORY	SF AVAILABLE IMMEDIATELY	DIRECT VACANCY Q3 2016	VACANCY WITH SUBLET Q3 2016	UNDER CONSTRUCTION	NET ABSORPTION Q3 2016	YTD NET ABSORPTION
Fort Worth CBD	5,914,246	715,624	12.1%	12.6%	280,489	83,000	(6,524)
Northwest Fort Worth	-	-	-	-	-	-	-
Alliance Air/Fossil Creek	581,227	24,993	4.3%	4.3%	-	3,000	17,282
Westlake/Grapevine	3,869,653	564,969	14.6%	17.0%	273,840	(12,000)	115,110
Hurst/Eules/Bedford	352,780	133,351	37.8%	38.9%	-	(13,000)	(32,871)
Northeast Fort Worth	403,938	299,318	74.1%	74.1%	-	31,000	22,369
Arlington	1,752,193	259,325	14.8%	15.2%	-	7,000	(35,935)
Southeast Fort Worth	541,630	-	0.0%	0.0%	-	-	-
Southwest Fort Worth	2,980,475	208,633	7.0%	7.4%	160,182	66,000	128,297
TOTAL – Fort Worth	16,396,142	2,206,213	20.59%	21.19%	714,511	165,000	207,728

Dallas-Fort Worth Office Market Indicators – Class A

SUBMARKET	INVENTORY	SF AVAILABLE IMMEDIATELY	DIRECT VACANCY Q3 2016	VACANCY WITH SUBLET Q3 2016	UNDER CONSTRUCTION	NET ABSORPTION Q3 2016	YTD NET ABSORPTION
TOTAL – DFW	142,894,278	18,986,245	15.88%	16.58%	8,965,739	2,024,000	3,591,252

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

Dallas Office Market Indicators – Class B

SUBMARKET	INVENTORY	SF AVAILABLE IMMEDIATELY	DIRECT VACANCY Q3 2016	VACANCY WITH SUBLET Q3 2016	UNDER CONSTRUCTION	NET ABSORPTION Q3 2016	YTD NET ABSORPTION
Dallas CBD	7,020,973	1,025,062	14.6%	14.6%	-	63,000	62,567
Uptown/Turtle Creek	2,747,674	266,524	9.7%	10.3%	-	(47,000)	(15,888)
White Rock	3,250,155	149,507	4.6%	5.0%	99,500	10,000	2,811
Central Expressway	6,080,751	352,684	5.8%	6.1%	-	49,000	176,574
Preston Center	969,769	84,370	8.7%	9.0%	-	(2,000)	27,352
Stemmons Freeway	8,585,116	1,785,704	20.8%	21.4%	-	300,000	312,032
South Irving	1,721,443	166,980	9.7%	10.4%	-	(28,000)	(1,560)
Las Colinas/Urban Ctr	1,984,027	281,732	14.2%	14.2%	-	(26,000)	17,128
Office Center/LBJ Ext	7,927,656	840,332	10.6%	10.7%	339,359	8,000	(26,061)
DFW Freeport/Coppell	8,751,999	1,067,744	12.2%	12.3%	-	(36,000)	65,723
West LBJ Freeway	3,132,577	454,224	14.5%	15.8%	-	(9,000)	(29,257)
Denton/Lewisville	9,057,403	552,502	6.1%	6.5%	-	118,000	280,879
Frisco/The Colony	2,640,307	211,225	8.0%	8.3%	-	(26,000)	104,908
Allen/McKinney	5,480,057	498,685	9.1%	9.1%	-	(49,000)	111,185
Upper Toll/West Plano	8,967,143	681,503	7.6%	7.7%	-	(9,000)	42,199
Plano	7,259,515	1,234,118	17.0%	17.8%	58,901	(80,000)	(6,437)
Richardson	9,304,057	1,590,994	17.1%	17.3%	-	(28,000)	209,715
North Dallas Tollway	11,487,857	2,297,571	20.0%	20.2%	-	(437,000)	(513,698)
East LBJ Freeway	7,964,852	1,688,549	21.2%	21.4%	-	32,000	42,973
Garland	2,525,097	593,398	23.5%	23.8%	-	131,000	(300,805)
Southeast Dallas	624,617	32,480	5.2%	5.2%	-	11,000	4,808
Mesquite/Rockwall	1,749,634	124,224	7.1%	7.8%	-	79,000	93,303
Southwest Dallas	2,984,986	319,394	10.7%	10.7%	-	21,000	37,903
Grand Prairie	1,695,100	138,998	8.2%	9.6%	-	27,000	27,772
TOTAL – Dallas	123,912,765	16,438,501	11.9%	12.3%	497,760	72,000	726,126

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

DALLAS-FORT WORTH OFFICE MARKET

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Fort Worth Market Indicators – Class B

SUBMARKET	INVENTORY	SF AVAILABLE IMMEDIATELY	DIRECT VACANCY Q3 2016	VACANCY WITH SUBLET Q3 2016	UNDER CONSTRUCTION	NET ABSORPTION Q3 2016	YTD NET ABSORPTION
Fort Worth CBD	4,998,666	344,908	6.9%	7.1%	-	(15,000)	(56,794)
Northwest Fort Worth	520,552	34,877	6.7%	6.7%	-	4,000	46,073
Alliance Air/Fossil Creek	2,866,134	126,110	4.4%	5.2%	-	-	64,590
Westlake/Grapevine	6,699,541	468,968	7.0%	7.5%	-	33,000	83,545
Hurst/Euless/Bedford	5,052,499	798,295	15.8%	15.9%	-	(51,000)	(34,566)
Northeast Fort Worth	3,329,477	968,878	29.1%	29.9%	-	67,000	84,848
Arlington	7,156,902	887,456	12.4%	12.8%	-	14,000	147,609
Southeast Fort Worth	605,818	71,487	11.8%	11.8%	-	12,000	14,588
Southwest Fort Worth	15,806,989	1,975,874	12.5%	12.7%	-	(32,000)	(12,357)
TOTAL – Fort Worth	47,036,578	5,676,851	11.8%	12.2%	-	32,000	337,536

Dallas-Fort Worth Office Market Indicators – Class B

SUBMARKET	INVENTORY	SF AVAILABLE IMMEDIATELY	DIRECT VACANCY Q3 2016	VACANCY WITH SUBLET Q3 2016	UNDER CONSTRUCTION	NET ABSORPTION Q3 2016	YTD NET ABSORPTION
TOTAL – DFW	170,949,343	22,115,353	11.9%	12.3%	497,760	104,000	1,063,662

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

Dallas Office Market Indicators – Asking Rental Rates

SUBMARKET	CLASS A				CLASS B				% CHANGE 2013 - 2016	
	2013	2014	2015	Q3 2016	2013	2014	2015	Q3 2016	CLASS A	CLASS B
Dallas CBD	\$24.95	\$26.63	\$26.90	\$26.37	\$17.66	\$19.09	\$20.45	\$20.05	5.7%	13.5%
Uptown/Turtle Creek	\$26.49	\$27.34	\$29.66	\$40.07	\$22.76	\$24.09	\$25.21	\$32.78	51.3%	44%
White Rock	\$33.65	\$33.37	\$33.36	N/A	\$16.27	\$15.38	\$16.59	\$18.64	N/A	14.6%
Central Expressway	\$21.99	\$22.77	\$24.85	\$28.09	\$17.11	\$17.99	\$18.60	\$22.71	27.7%	32.7%
Preston Center	\$33.50	\$35.65	\$35.88	\$36.48	\$20.77	\$26.38	\$26.62	\$29.18	8.9%	40.5%
Stemmons Freeway	\$17.71	\$17.91	\$18.12	\$16.69	\$13.51	\$13.60	\$14.47	\$15.94	-5.8%	18%
South Irving	N/A	N/A	N/A	N/A	\$17.06	\$17.83	\$19.84	\$20.37	N/A	19.4%
Las Colinas/Urban Center	\$25.35	\$28.27	\$28.97	\$26.95	\$18.59	\$19.90	\$21.25	\$21.95	6.3%	18.1%
Office Center/LBJ Ext	\$22.10	\$22.51	\$25.60	\$27.28	\$19.83	\$20.99	\$22.35	\$22.74	23.4%	14.7%
DFW Freeport/Coppell	\$21.25	\$23.23	\$24.83	\$25.10	\$19.89	\$19.83	\$20.70	\$20.97	18.1%	5.4%
West LBJ Freeway	\$19.49	\$20.02	\$21.86	\$18.31	\$17.66	\$19.73	\$19.84	\$17.27	-6.1%	-2.2%
Denton/Lewisville	\$30.09	\$20.69	\$24.11	\$26.11	\$19.77	\$20.13	\$21.34	\$21.91	-13.2%	10.8%
Frisco/The Colony	\$29.41	\$29.17	\$35.48	\$38.88	\$24.50	\$24.62	\$24.42	\$28.79	32.2%	17.5%
Allen/McKinney	\$25.15	\$25.80	\$26.58	\$27.84	\$21.89	\$23.86	\$22.59	\$24.39	10.7%	11.4%
Upper Toll/West Plano	\$28.85	\$29.62	\$31.91	\$31.43	\$22.16	\$22.59	\$22.96	\$25.27	8.9%	14%
Plano	\$21.37	\$22.34	\$20.81	\$21.98	\$17.55	\$18.03	\$23.02	\$25.05	2.9%	42.7%
Richardson	\$21.99	\$22.48	\$24.01	\$26.19	\$17.06	\$17.99	\$18.35	\$19.71	19.15	15.5%
North Dallas Tollway	\$23.41	\$25.39	\$26.73	\$28.18	\$18.97	\$19.59	\$20.81	\$20.45	20.4%	7.8%
East LBJ Freeway	\$20.49	\$23.27	\$25.05	\$25.45	\$17.33	\$18.39	\$19.03	\$19.22	24.25	10.9%
Garland	N/A	N/A	N/A	N/A	\$19.46	\$17.28	\$18.41	\$18.57	N/A	-4.6%
Southeast Dallas	N/A	N/A	N/A	N/A	\$15.89	\$14.82	\$15.55	\$17.62	N/A	10.9%
Mesquite/Rockwall	\$29.28	\$29.78	\$29.66	\$31.88	\$22.78	\$24.20	\$25.95	\$26.38	8.9%	15.8%
Southwest Dallas	\$21.84	\$21.84	\$21.84	\$21.84	\$14.71	\$15.16	\$16.27	\$16.07	0.0%	9.2%
Grand Prairie	N/A	N/A	N/A	N/A	\$18.69	\$19.56	\$19.89	\$17.03	N/A	-8.9%
AVERAGE – Dallas	\$24.92	\$25.40	\$26.81	\$27.64	\$18.68	\$19.46	\$20.56	\$21.79	12.8%	16.9%

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

DALLAS-FORT WORTH OFFICE MARKET

THIRD QUARTER 2016

Fort Worth Office Market Indicators – Asking Rental Rates

SUBMARKET	CLASS A				CLASS B				% CHANGE 2013 - 2016	
	2013	2014	2015	Q3 2016	2013	2014	2015	Q3 2016	CLASS A	CLASS B
Fort Worth CBD	\$29.23	\$28.74	\$28.67	\$28.48	\$20.58	\$20.76	\$19.20	\$19.63	-2.6%	-4.6%
Northwest Fort Worth	N/A	N/A	N/A	N/A	\$21.03	\$21.10	\$21.24	\$21.25	N/A	1%
Alliance Air/Fossil Creek	N/A	N/A	N/A	N/A	\$18.63	\$18.96	\$16.56	\$17.23	N/A	-7.5%
Westlake/Grapevine	\$21.91	\$21.15	\$21.69	\$27.27	\$22.59	\$25.26	\$26.06	\$26.58	24.5%	17.7%
Hurst/Euless/Bedford	\$16.09	\$16.87	\$17.52	\$19.29	\$15.24	\$15.23	\$16.71	\$17.38	19.9%	14%
Northeast Fort Worth	\$16.92	\$17.30	\$15.50	\$21.30	\$14.61	\$14.09	\$17.32	\$18.42	25.9%	26.1%
Arlington	\$20.49	\$19.65	\$21.17	\$20.40	\$18.59	\$18.33	\$18.54	\$19.15	-0.4%	3%
Southeast Fort Worth	N/A	N/A	N/A	N/A	\$13.51	\$12.19	\$12.43	\$16.93	N/A	25.3%
Southwest Fort Worth	\$19.45	\$19.85	\$20.59	\$24.12	\$15.95	\$15.87	\$15.40	\$21.41	24%	34.2%
AVERAGE – Fort Worth	\$20.63	\$20.54	\$20.81	\$23.48	\$17.77	\$17.89	\$18.07	\$19.78	15.3%	12.6%

Dallas-Fort Worth Office Market Indicators – Asking Rental Rates

SUBMARKET	CLASS A				CLASS B				% CHANGE 2013 - 2016	
	2013	2014	2015	Q3 2016	2013	2014	2015	Q3 2016	CLASS A	CLASS B
AVERAGE – DFW	\$22.77	\$22.97	\$23.81	\$25.56	\$18.22	\$18.67	\$19.31	\$20.79	14.1%	14.7%

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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