



W H I T E B X

REAL ESTATE

Q4 2016

Dallas Office
Market Overview





Table of Contents

1. DFW Office Market Overview

- DFW Office Market Snapshot

2. Dallas Central Core

- Dallas CBD
- Uptown Turtle Creek
- Central Expressway
- Preston Center

3. Upper Central Expressway

- Richardson
- Plano
- Allen/McKinney

4. Far North Dallas

- East LBJ
- West LBJ
- Quorum/Bent Tree
- Upper Toll/West Plano
- Frisco/The Colony

5. Las Colinas

- Urban Center/Wingren
- Office Center/West LBJ Ext
- DFW Freeport/Coppell

6. Fort Worth

- Fort Worth CBD

ECONOMIC OVERVIEW

The Texas economy continues to grow at a moderate pace, and there is renewed hiring activity in the oil industry that has yet to recover from the 2014 crash. Texas ended 2016 with the addition of 210,200 seasonally adjusted jobs since December 2015. Texas has added jobs 20 of the past 21 months, and unemployment continues to remain at 4.6%. Education and Health services recorded the highest employment gains in December according to the Texas Workforce Commission; however, according to the Dallas Federal Reserve's Beige Book there are reports of planned layoffs in the healthcare industry for 2017. While growth continues, the pace of employment growth has continued to level off. The Dallas-Fort Worth (DFW) labor market grew by 3.3% by adding 113,500 non-agricultural jobs over the last 12 months (311 per day). The unemployment rate for DFW increased 0.1% to 3.7%. Of the four major metropolitan areas in the state, only Austin boasts a lower unemployment rate. DFW unemployment is noticeably lower than Texas overall and the United States at 4.6% and 4.5%, respectively. There is a shortage of skilled labor, especially in construction and there is upward pressure on wages. There has been increased activity in almost all non-farm related industries.

TENANT OUTLOOK

Net absorption for the fourth quarter totaled 705,773 SF, 34.3% less than the huge 3rd quarter that was greater than the entire year for 2010. End of the year net absorption for 2016 totaled 4,022,444 SF.

The Class A office market rose 3% to a DFW average quoted rate of \$27.86/SF, relatively the same as the third quarter. The CBD average Class A quoted rate is \$26.47/SF vs. an average of \$28.36/SF for Class A suburban office product. The third quarter 2016 marked the all time high for Class A rental rates metroplex wide.

The vacancy rate in DFW decreased by the end of the fourth quarter to 14.3%, down 0.1% from the 14.4% vacancy rate recorded for the third quarter, marking the lowest rate in over 8 years.

The Class A average vacancy rate decreased from 16.5% in the third quarter to 16.3% for the end of 2016, relatively similar to the 16.0% at the end of 2015. Class A CBD vacancy rates were recorded at 24.2%, significantly higher than the 14.3% for suburban Class A office product.

Vacant sublease space increased to 2,177,986 SF for the end of 2016, up 3.7% from 2,097,876 SF at the end of the third quarter. This is a net decrease of 126,415 SF from the 2,304,401 SF at the end of 2015.

Class A vacant space increased 1.5% from 1,533,904 SF at the end of the third quarter to 1,556,956 SF for the year end 2016. Sublease vacancy in the CBD represents 14.9% of the available sublease space on the market while the market only constitutes 9.37% of the overall DFW office market.

831,938 SF of new construction in 32 buildings were delivered in the fourth quarter of 2016. There is an additional 11,799,732 SF currently under construction. The largest active construction projects are build-to-suits for Toyota Motor Corporate HQ, a 2,100,000 SF campus, and Liberty Mutual, 1,100,000 SF. Both are in the Upper Tollway/West Plano focus market of the Far North Dallas Submarket.

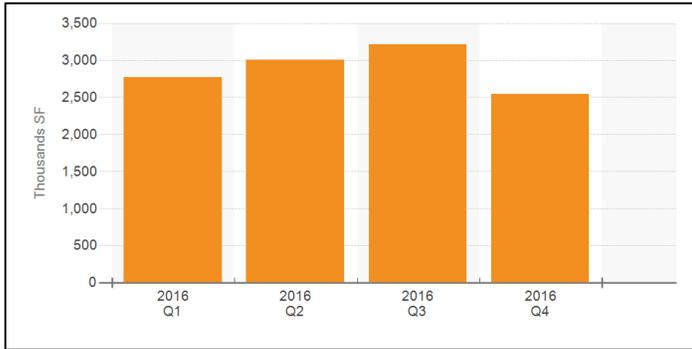
AT A GLANCE

	Q4 2015	Q4 2016	% Change
Overall Vacancy	14.4%	14.3%	-0.1%
Overall Rental Rates	\$23.29	\$24.20	3.9%
YTD Absorption	1,376,406	705,773	-49%

TOP LARGE LEASES

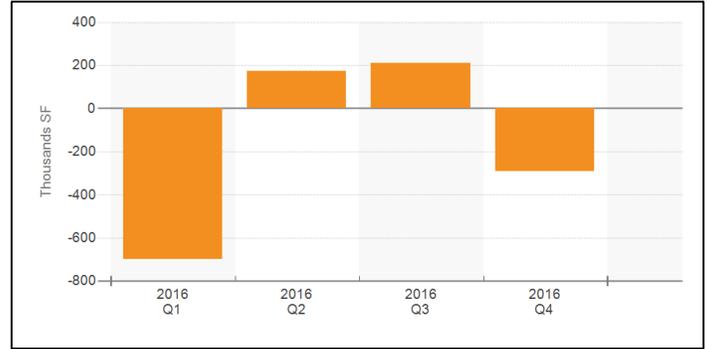
	TENANT	FOCUS MARKET	SQUARE FEET
17301 Preston Rd.	Shelton School	Quorum/Bent Tree	317,270
AmerisourceBergen Specialty Group	AmerisourceBergen Specialty Group	Upper Tollway/West Plano	300,000
Park Central I	Water Mark Church	East LBJ Freeway	127,913
Fourteen 555	Occidental Petroleum Corp.	Quorum/Bent Tree	120,000
Campbell Commons	Qorvo	Richardson	114,247

LEASING ACTIVITY



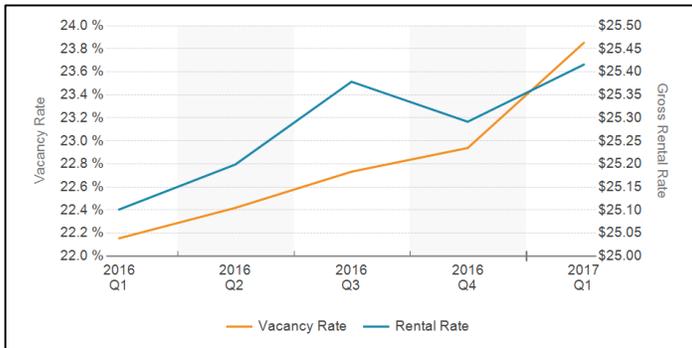
*figures based on office product over 100,000 total RSF

NET ABSORPTION



*figures based on office product over 100,000 total RSF

VACANCY VS RENTAL RATES



*figures based on office product over 100,000 total RSF

OUTLOOK FOR THE FUTURE

The later part of 2016 was no doubt impacted by the effects of a U.S. Presidential Election. There was a general strategy to “see how the election plays out,” prior to making any decisions. Deferred real estate and hiring decisions should increase in the new year of 2017. Overall, most indicators were positive for 2016, but they were not at the same rates as previous months. The outlook for 2017 is very positive, though, and the sentiment was shared by the Dallas Federal Reserve.

INVESTOR OUTLOOK

Office building sales activity for 2016 was excellent, with 34 transactions, for over \$2 billion with an average price per square foot of \$230.80 in the first 9 months of 2016 alone. The volume was down from 45 transactions in the same period in 2016, but the price per square foot and overall price volume was significantly higher than the \$1.2 billion at an average of \$146.22/SF in the first 3 quarters of 2015. Cap rates have appeared to loosen from a period of exceptional compression. Cap rates in 2016 averaged 7.38% compared to 7.24% in 2015. The most prominent transaction for 2016 was the Q4 sale of the 2,057,630 SF State Farm office campus in Richardson, TX for \$773,092,425 or \$399.70/SF, at a 5.74% cap rate.

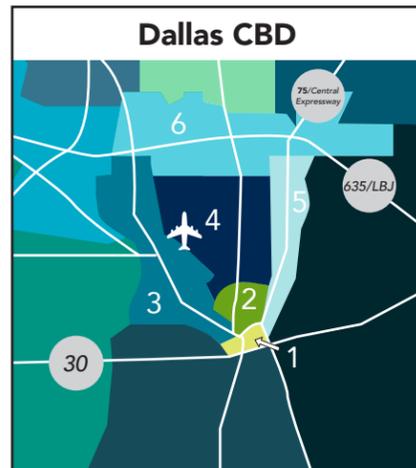
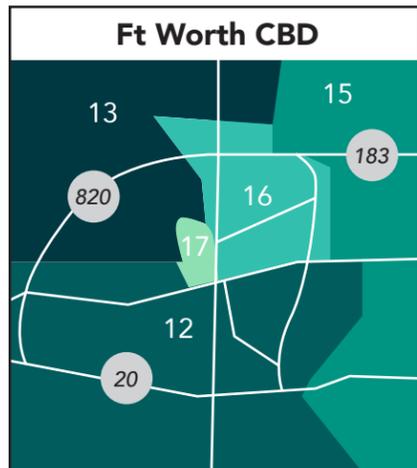
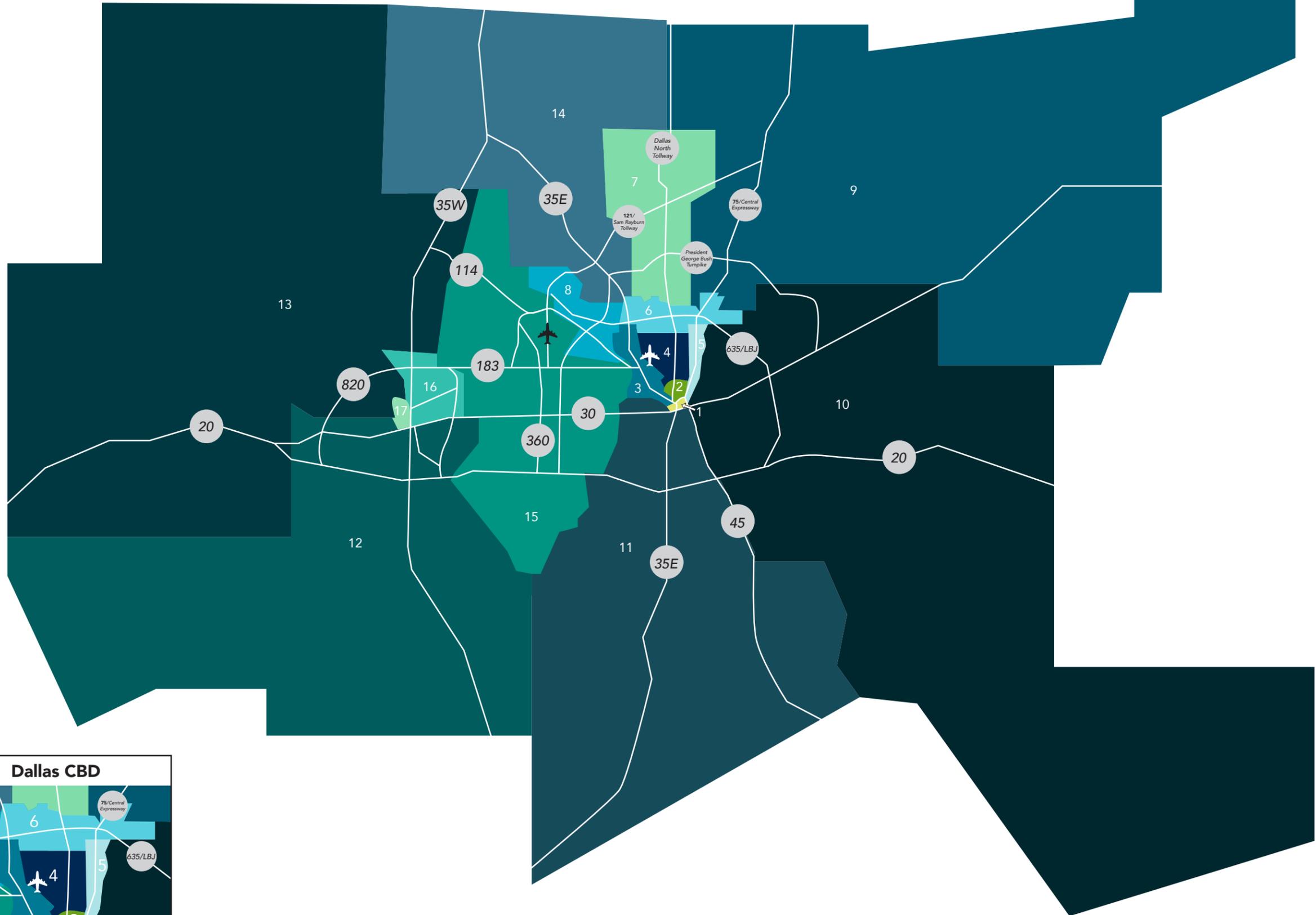


STATE FARM CAMPUS

DFW Office Market Overview

Legend

- 1 - Dallas CBD
- 2 - Uptown/Turtle Creek
- 3 - Stemmons Freeway
- 4 - Preston Center
- 5 - Central Expressway
- 6 - LBJ Freeway
- 7 - Far North Dallas
- 8 - Las Colinas
- 9 - Richardson/Plano
- 10 - East Dallas
- 11 - Southwest Dallas
- 12 - South Ft Worth
- 13 - North Ft Worth
- 14 - Lewisville/Denton
- 15 - Mid-Cities
- 16 - Northeast Ft Worth
- 17 - Ft Worth CBD
- DFW Airport
- Love Field



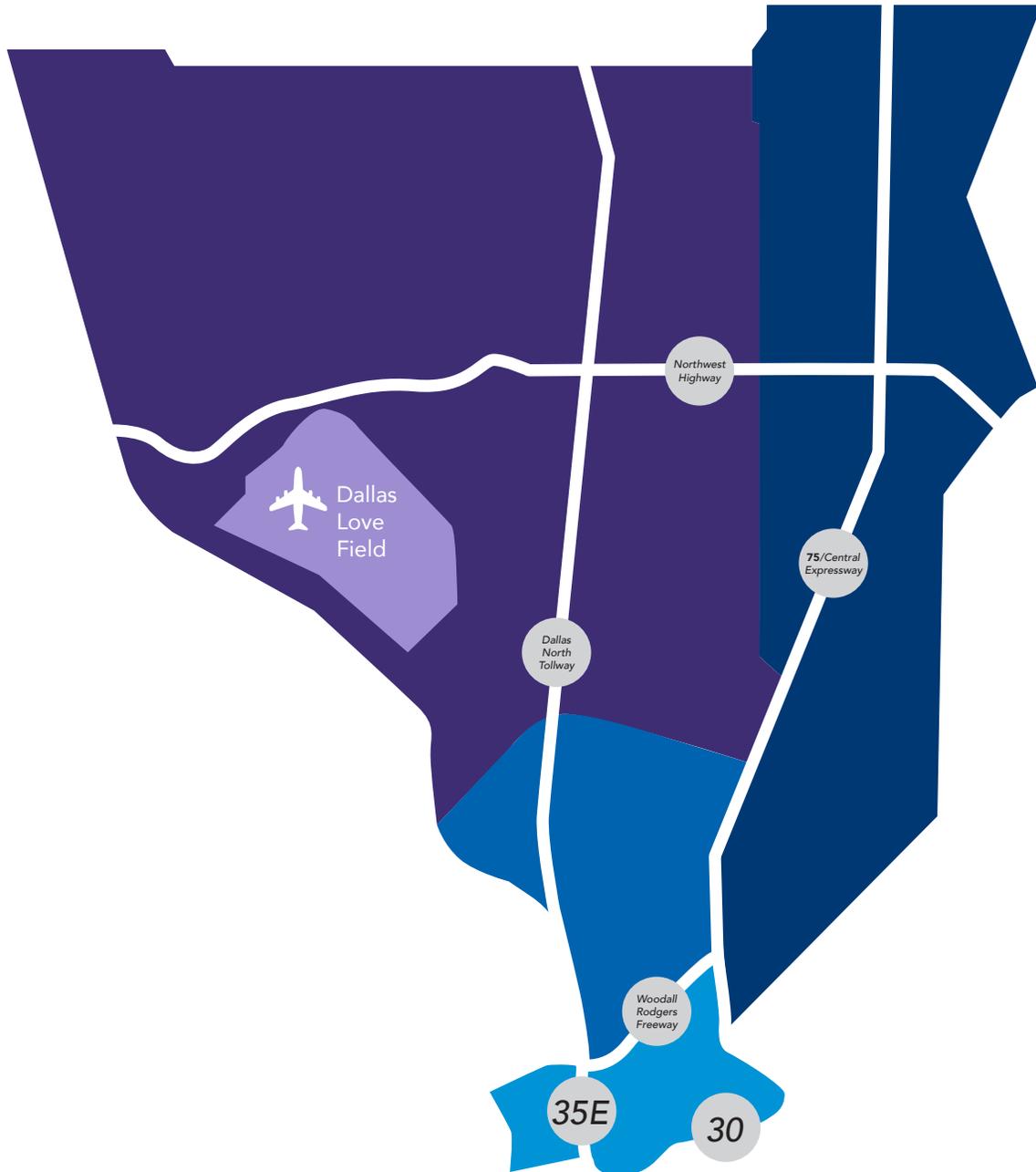
OFFICE MARKET SNAPSHOT Q4 2016

Dallas-Fort Worth, TX

SUBMARKET	TOTAL BLDGS	INVENTORY	DIRECT VACANT	TOTAL VACANT	OVERALL VACANCY RATE	YTD NET ABSORPTION	YTD DELIVERIES	UNDER CNSTR	AVERAGE ASKING RENT (ALL CLASSES)	AVERAGE ASKING RENT (CLASS A)
Central Expressway	273	15,119,683	1,438,220	1,481,093	9.8%	483,769	35,000	0	\$26.48	\$28.16
Dallas CBD	141	33,650,671	7,418,569	7,710,158	22.9%	(599,100)	92,834	342,879	\$25.71	\$26.26
East Dallas	1,108	13,742,789	1,380,247	1,402,153	10.2	(260,203)	125,100	6,500	\$19.38	\$30.40
Far North Dallas	1,049	56,499,052	6,942,636	7,436,072	13.2%	662,966	1,442,523	5,936,894	\$27.19	\$31.30
Fort Worth CBD	117	11,805,824	1,207,532	1,240,888	10.5%	(165,324)	0	280,489	\$25.23	\$28.56
Las Colinas	424	38,624,281	5,011,819	5,464,203	14.1%	583,061	745,219	1,646,578	\$24.13	\$27.16
LBJ Freeway	265	22,593,815	4,811,141	4,972,635	22.0%	471,607	5,602	0	\$21.16	\$24.73
Lewisville/Denton	885	12,929,092	784,253	870,034	6.7%	429,621	150,518	87,557	\$21.93	\$25.39
Mid-Cities	2,531	39,982,217	4,554,787	4,748,061	11.9%	572,581	394,282	858,545	\$21.37	\$25.59
North Fort Worth	547	6,242,952	371,767	402,844	6.5%	300,328	196,093	55,121	\$22.87	\$34.00
Northeast Fort Worth	336	5,370,338	1,923,861	1,952,471	36.4%	(511,967)	0	0	\$20.00	\$21.29
Preston Center	144	5,838,626	462,982	474,792	8.1%	(13,262)	0	171,583	\$35.33	\$37.03
Richardson/Plano	1,310	40,333,046	5,862,865	5,977,471	14.8%	1,347,024	1,414,925	587,830	\$23.80	\$26.36
South Fort Worth	1,583	20,074,060	1,900,924	1,967,499	9.8%	136,191	301,976	238,542	\$22.31	\$30.07
Southwest Dallas	783	7,163,616	657,939	659,939	9.2%	114,549	23,195	14,113	\$17.17	\$21.84
Stemmons Freeway	280	14,827,780	3,203,581	3,269,211	22.0%	(30,589)	0	72,630	\$15.69	\$16.48
Uptown/Turtle Creek	294	14,423,213	1,428,621	1,510,206	10.5%	501,192	672,158	1,500,471	\$37.80	\$39.91
DFW TOTAL	12,070	359,221,055	49,361,744	51,539,730	14.3%	4,022,444	5,599,425	11,799,732	\$24.20	\$27.86

SUMMARY BY CLASS	TOTAL BLDGS	INVENTORY	DIRECT VACANT	TOTAL VACANT	OVERALL VACANCY RATE	YTD NET ABSORPTION	YTD DELIVERIES	UNDER CNSTR	AVERAGE ASKING RENT OVERALL
Class A	557	144,887,219	22,078,705	23,635,661	16.3%	2,659,212	3,783,462	10,706,292	\$27.86
Class B	5,465	167,360,358	23,559,387	24,160,360	14.4%	1,390,550	1,815,963	1,093,440	\$20.97
Class C	6,048	46,973,478	3,723,652	3,743,709	8.0%	(27,318)	0	0	\$17.50

Dallas Central Core



Legend

-  Preston Center
 -  Central Expressway Submarket
 -  Uptown/Turtle Creek
 -  Dallas CBD
- 

MARKETBEAT

Office Submarket Report

Dallas CBD

Q4 2016

The Dallas CBD Submarket ended the fourth quarter 2016 with a vacancy rate of 22.9%. The vacancy rate was relatively flat over the previous quarter and increased only 0.3% from the third quarter average of 22.6%. Overall net absorption continued to slide an additional negative 65,899 SF for a cumulative negative 599,100 square feet for 2016.

Rental rates ended the fourth quarter at \$25.71/SF across all classes, an increase of 1.0% over the previous quarter's average of \$25.46/SF. 92,834 square feet of new construction was delivered to the CBD market in 2016, with 342,879 square feet still under construction at the end of the year.

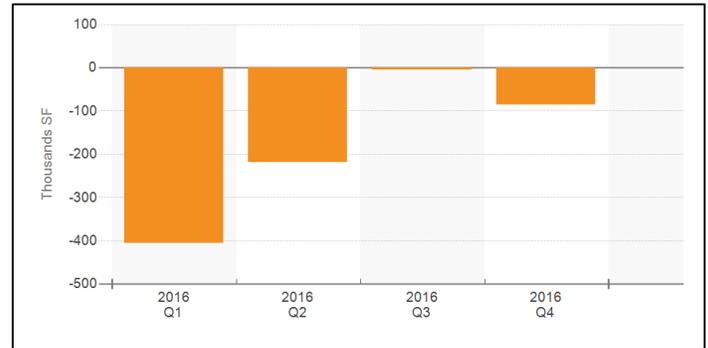
Several significant lease transactions occurred during the fourth quarter, including a new lease for the *Dallas Morning News*.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
Stattler Library	Dallas Morning News	Office	92,237
Thanksgiving Tower	WeWork	Office	83,765
1900 Pearl	Baker McKenzie	Office	49,736
Factory Six03	Blue Cross Blue Shield	Office	31,632
One Main Place	CMI Group	Office	28,838
Trammel Crow Center	Akerman	Office	23,694

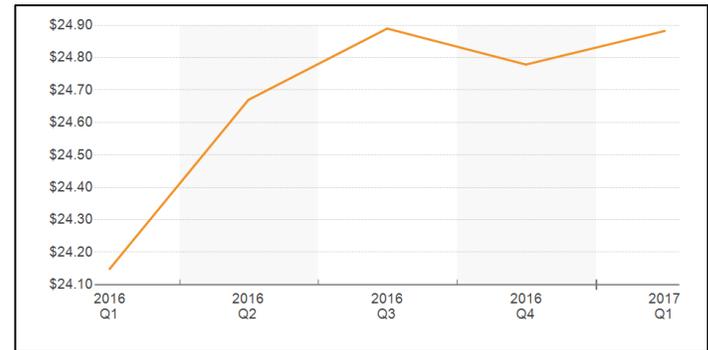
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
Market Ross Place	Lincoln Property Co.	Not Disclosed	141,612

UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
1900 Pearl	Lincoln Property Co.	Q4 2017	261,400
Stattler Library	Centurion American	Q2 2017	92,237

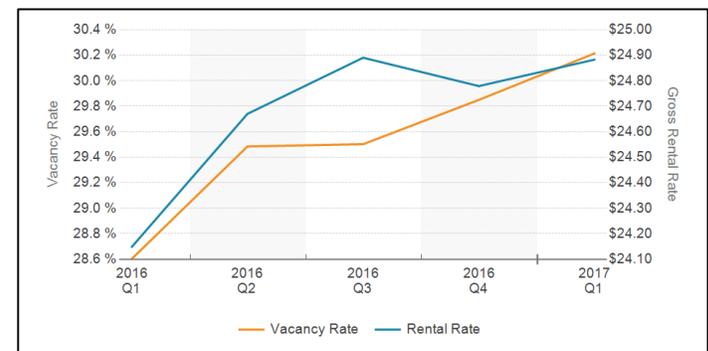
Net Absorption



Gross Asking Rent Per SF



Vacancy Vs. Rental Rate



	Inventory	Total Vacancy SF	Vacancy Rate	YTD Net Absorption	YTD Deliveries	Under Construction	Rates All Classes	Quoted Rates Class A
Dallas CBD	33,650,671	7,710,158	22.9%	-599,100	92,834	342,879	\$25.71	\$26.26
Dallas/Fort Worth Total	359,221,055	51,539,730	14.3%	4,022,444	5,599,425	11,799,732	\$24.20	\$27.86

*Rental Rates reflect asking \$psf/year

Uptown/Turtle Creek

Q4 2016

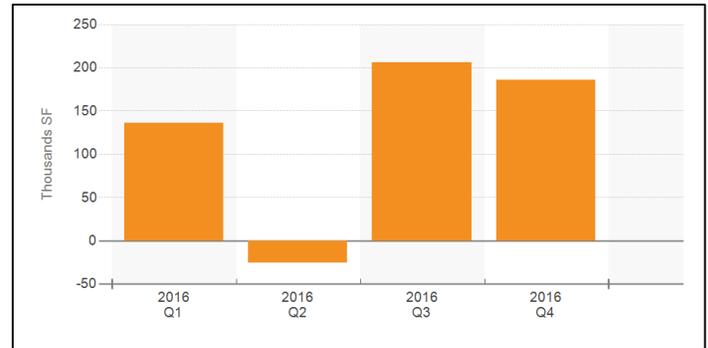
The Uptown/Turtle Creek Submarket ended the fourth quarter 2016 with a vacancy rate of 10.5%. The vacancy rate decreased 2.5% from the previous quarter of 13.0%, with increased net year-to-date absorption totaling 199,845 square feet, up slightly from 197,114 for the prior quarter.

Rental rates ended the fourth quarter at \$37.80/SF across all classes, decreasing from \$38.44/SF in the previous quarter. There were no new construction deliveries, but there are five active construction projects in the submarket totaling 1,500,471 SF.

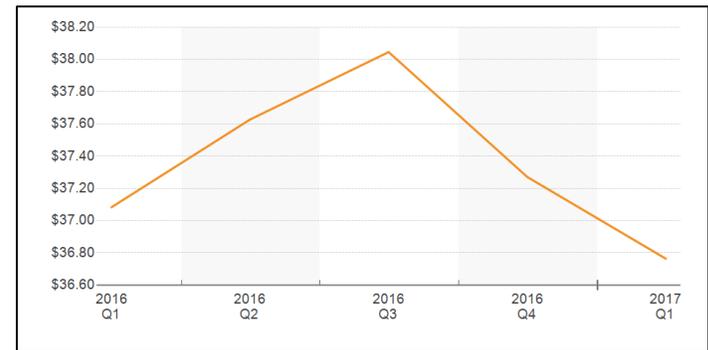
One significant sale at Oak Lawn Plaza was recorded for the fourth quarter on the heels of record sales at 2000 McKinney Ave at 1717 McKinney Avenue in the third quarter.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
McKinney & Olive	CrossFirst Bank	Office	26,399
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
Oak Lawn Plaza	IBC Bank	Not Disclosed	128,795
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
Park District Tower	Trammell Crow Co.	Q3 2018	516,093
The Union	RED Development	Q2 2018	418,132
No. 10	Harwood International	Q3 2018	236,246
Hillwood Headquarters	Hillwood	Q1 2017	200,000
Rolex Building	Harwood International	Q1 2017	130,000

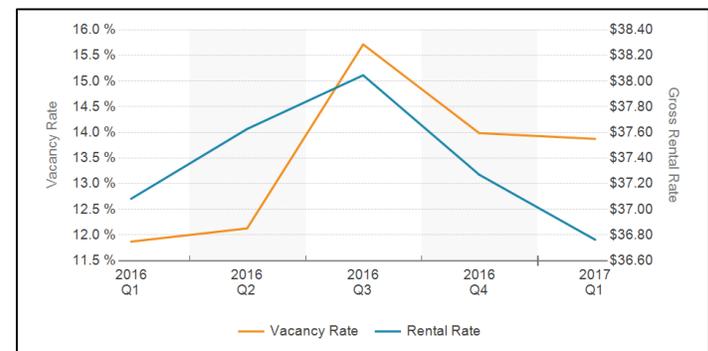
Net Absorption



Gross Asking Rent Per SF



Vacancy Vs. Rental Rate



	Inventory	Total Vacancy SF	Vacancy Rate	YTD Net Absorption	YTD Deliveries	Under Construction	Rates All Classes	Quoted Rates Class A
Uptown/Turtle Creek	14,423,213	1,510,206	10.5%	501,192	672,158	1,500,471	\$37.80	\$39.91
Dallas/Fort Worth Total	359,221,055	51,539,730	14.3%	4,022,444	5,599,425	11,799,732	\$24.20	\$27.86

*Rental Rates reflect asking \$psf/year

Central Expressway

Q4 2016

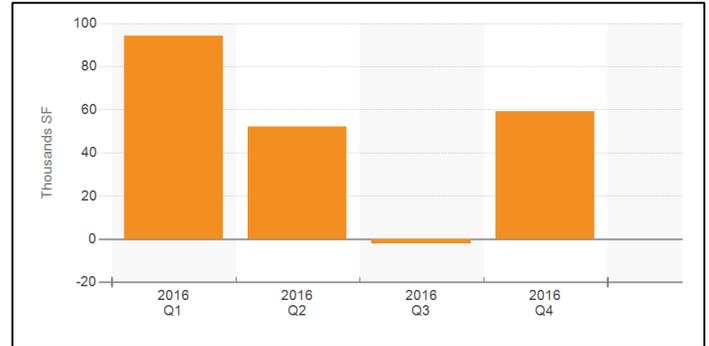
The Central Expressway Submarket ended the fourth quarter 2016 with a vacancy rate of 9.8%. The vacancy rate decreased over the previous quarter from 9.9%, with an increase in net absorption of 35,392 square feet in the fourth quarter for a total of 483,769 square feet for 2016.

Rental rates ended the fourth quarter at \$26.48/SF across all classes, an increase of \$0.43/SF over the previous quarter with an average of \$26.05/SF. There were no construction deliveries, and there is currently no new office development under construction in the submarket.

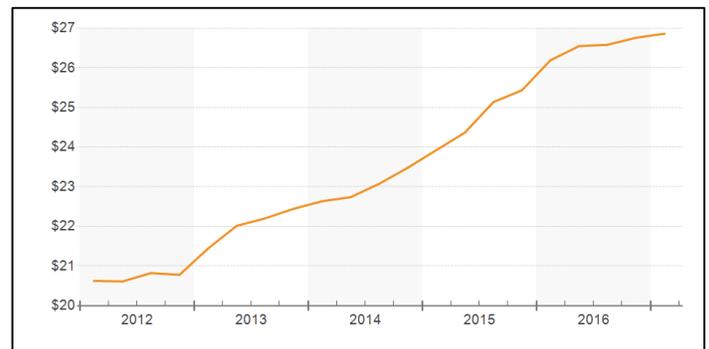
There several significant lease transactions at the Shops at Park Lane with Nobilis Health and the Art Institute - Dallas. There were several sizable sales transactions in the lower part of the Central Expressway submarket.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
8080 Park Lane	Nobilis Health	Office	31,000
8080 Park Lane	Art Institute - Dallas	Office	20,491
Campbell Centre North	Lockwood, Andrews, & Newman	Office	15,491
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
8080 N Central Expressway	Intercontinental Real Estate Corp.	Not Disclosed	287,694
Uptown Tower	Pillarstone Capital REIT	Not Disclosed	253,981
CBS Radio Tower	Westdale	Not Disclosed	172,945
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET

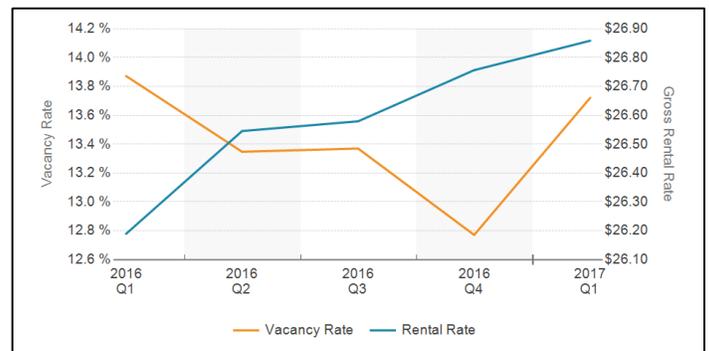
Net Absorption



Gross Asking Rent Per SF



Vacancy Vs. Rental Rate



	Inventory	Total Vacancy SF	Vacancy Rate	YTD Net Absorption	YTD Deliveries	Under Construction	Rates All Classes	Quoted Rates Class A
Central Expressway	15,119,683	1,481,093	9.8%	483,769	35,000	0	\$26.48	\$28.16
Dallas/Fort Worth Total	359,221,055	51,539,730	14.3%	4,022,444	5,599,425	11,799,732	\$24.20	\$27.86

*Rental Rates reflect asking \$psf/year

Preston Center

Q4 2016

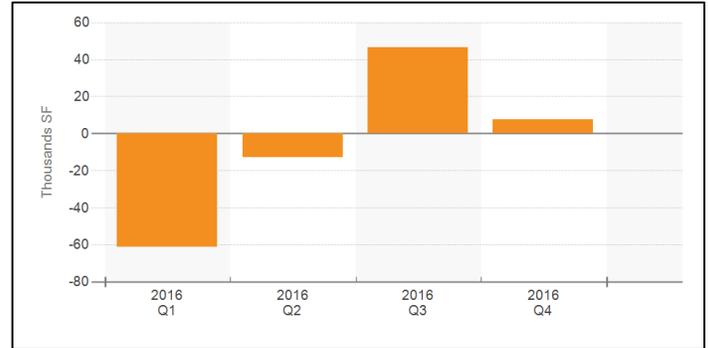
The Preston Center Submarket ended the fourth quarter 2016 with a vacancy rate of 8.1%. The vacancy rate increased from the previous quarter vacancy of 7.8% by 0.3%, with a decrease in year-to-date overall net absorption finishing at (-13,262), from (-18,173) square feet at the end of the third quarter.

Rental rates ended the fourth quarter at \$35.33/SF across all classes, increasing from \$34.88/SF in the previous quarter. There were no new construction deliveries, but there is one office project under construction in the submarket totaling 171,583 SF (The Terraces at Douglas Center).

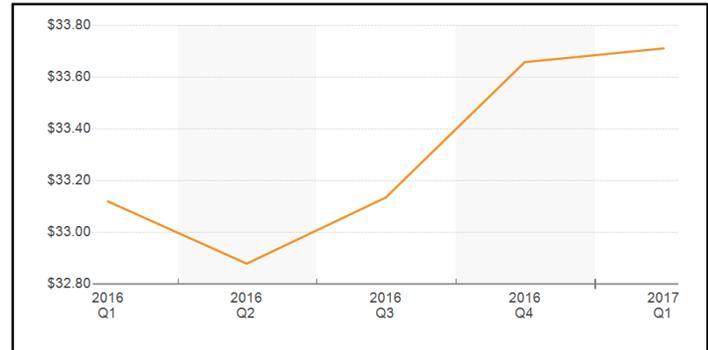
There were no significant sales that occurred during the fourth quarter.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
8300 Douglas	Matthews Real Estate Investment Svcs	Office	8,388
Real Geeks	3201 Hillcrest	Office	7,523
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
Terraces at Douglas Center	PegasusAblon	Q3 2017	171,583

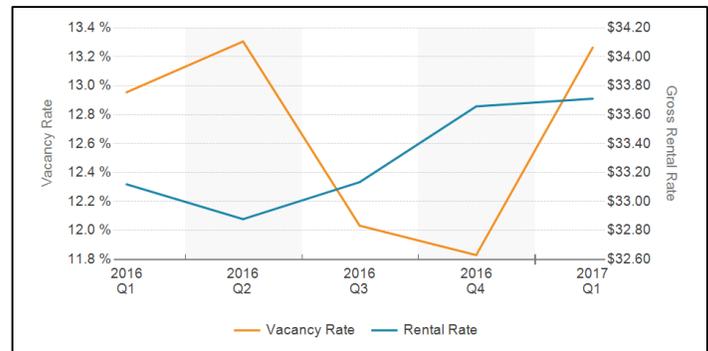
Net Absorption



Gross Asking Rent Per SF



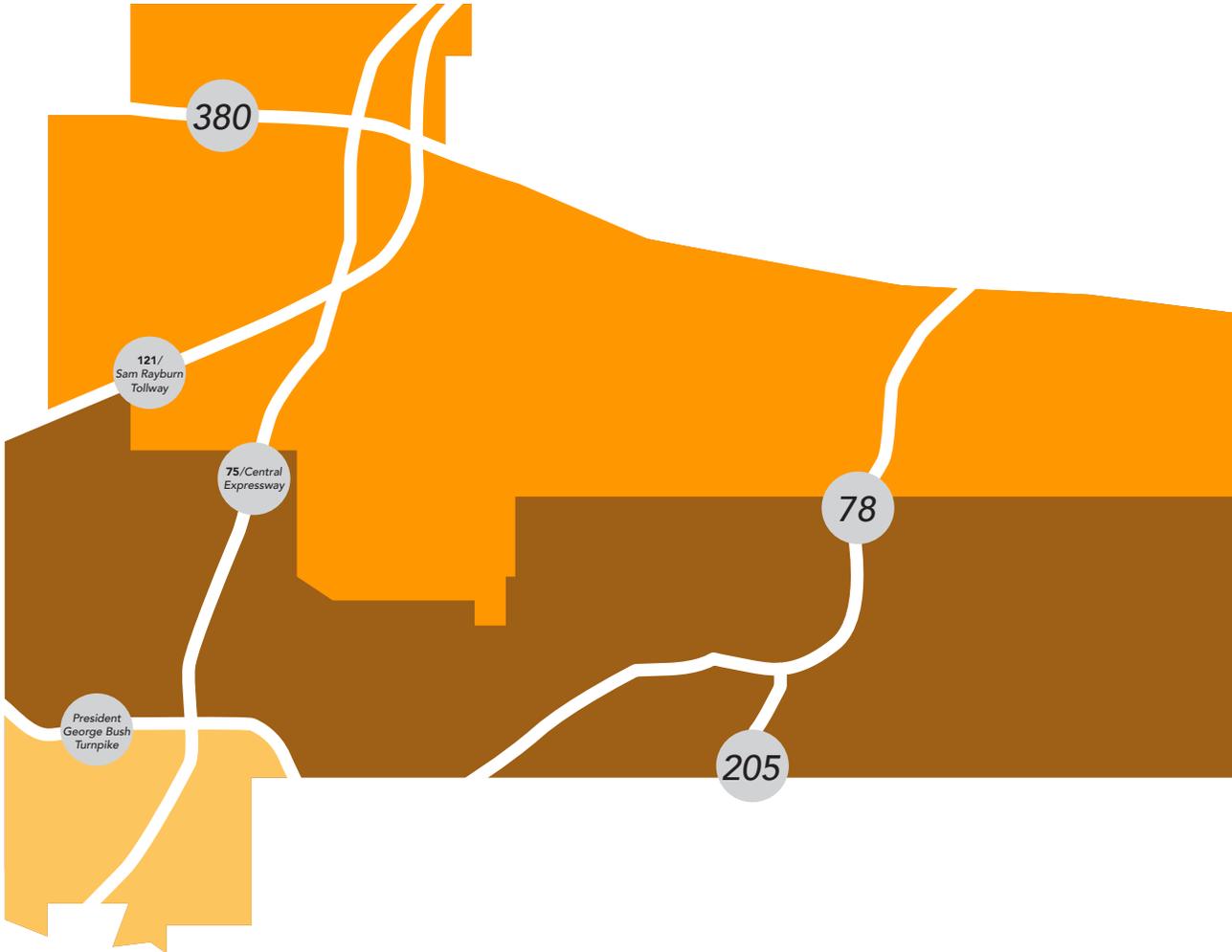
Vacancy Vs. Rental Rate



	Inventory	Total Vacancy SF	Vacancy Rate	YTD Net Absorption	YTD Deliveries	Under Construction	Rates All Classes	Quoted Rates Class A
Preston Center	5,838,626	474,792	8.1%	-13,262	0	171,583	\$35.33	\$37.03
Dallas/Fort Worth Total	359,221,055	51,539,730	14.3%	4,022,444	5,599,425	11,799,732	\$24.20	\$27.86

*Rental Rates reflect asking \$psf/year

Upper Central Expressway



Legend

	Allen/McKinney
	Plano
	Richardson



MARKETBEAT

Office Submarket Report

Richardson

Q4 2016

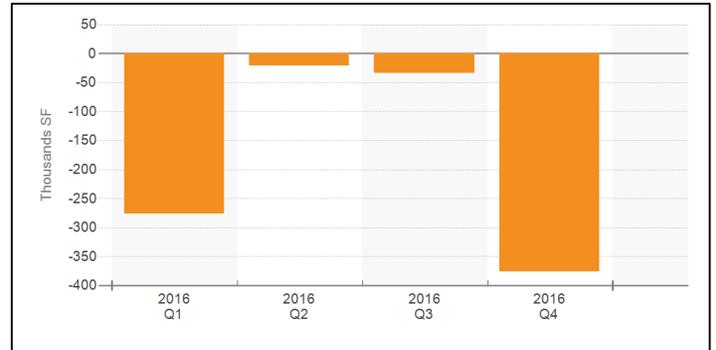
The Richardson Submarket ended the fourth quarter 2016 with a vacancy rate of 15.7%. The vacancy rate increased 1.0% from 14.7% the previous quarter, with a decrease in year-to-date net absorption finishing at a positive 665,621 square feet from 902,651 square feet at the end of the third quarter.

Rental rates ended the fourth quarter at \$22.90/SF across all classes, increasing from \$22.55/SF in the previous quarter. YTD new construction deliveries were flat at 519,589 SF year-to-date with 359,600 square feet currently under construction.

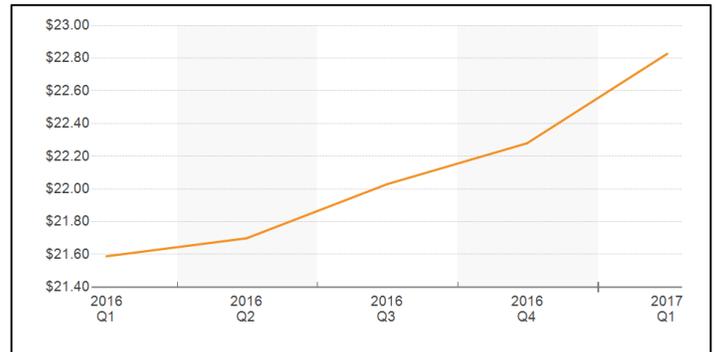
The largest sale of 2016 in the metroplex (both square feet and price) was recorded in the fourth quarter with the sale of the State Farm Office Campus.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
Campbell Commons	Qorvo	Office	114,247
Galatyn Commons	Service King Collision	Office	64,916
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
State Farm Office Campus	Transwestern Investment Group	\$773,092,425	1,934,172
1303 E Arapaho	Shineraytx, LLC	Not Disclosed	57,120
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
3400 Cityline	Transwestern Dallas	Q2	300,000

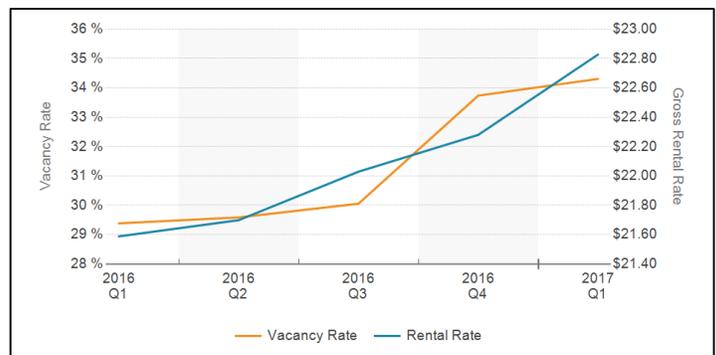
Net Absorption



Gross Asking Rent Per SF



Vacancy Vs. Rental Rate



	Inventory	Total Vacancy SF	Vacancy Rate	YTD Net Absorption	YTD Deliveries	Under Construction	Rates All Classes	Quoted Rates Class A
Richardson	22,131,869	3,484,340	15.7%	665,621	519,589	359,600	\$22.90	\$26.53
Dallas/Fort Worth Total	359,221,055	51,539,730	14.3%	4,022,444	5,599,425	11,799,732	\$24.20	\$27.86

*Rental Rates reflect asking \$psf/year

MARKETBEAT

Office Submarket Report

Plano

Q4 2016

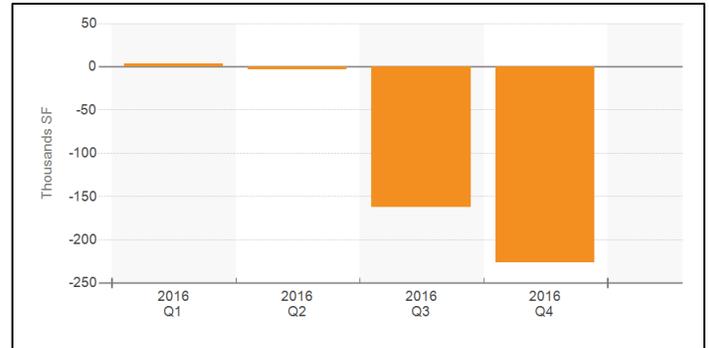
The Plano Submarket ended the fourth quarter 2016 with a vacancy rate of 18.5%. The vacancy rate increased from the previous quarter by 2.0% from the previous quarter of 16.5%. There was a net decrease in overall year-to-date absorption totaling 253,250 square feet for the end of 2016, down from 384,026 square feet by the end of the third quarter.

Rental rates ended the fourth quarter at \$25.12/SF across all classes, increasing from \$24.12/SF in the previous quarter. There were 479,130 SF in year-to-date new construction deliveries, including the headquarters for Alcatel-Lucent.

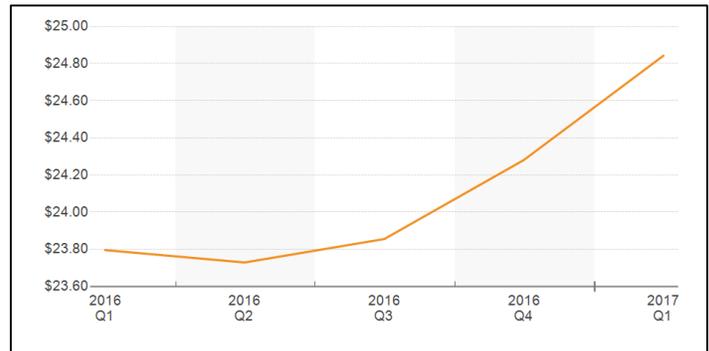
There are no significant buildings under construction as of the end of 2016.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
3460-3480 Lotus Dr.	United Debt Services	Office	15,751
Plano Parkway Business Center	Champion Fire	Office	11,039
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
Collin Creek Corporate Center II	Cb&Q LLC	Not Disclosed	101,630
555 Republic Drive	555 Republic LLC	Not Disclosed	97,889
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET

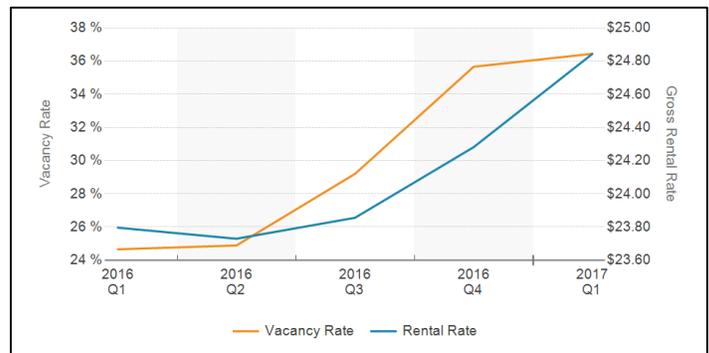
Net Absorption



Gross Asking Rent Per SF



Vacancy Vs. Rental Rate



	Inventory	Total Vacancy SF	Vacancy Rate	YTD Net Absorption	YTD Deliveries	Under Construction	Rates All Classes	Quoted Rates Class A
Plano	9,136,357	1,693,952	18.5%	253,250	479,130	10,800	\$25.12	\$22.48
Dallas/Fort Worth Total	359,221,055	51,539,730	14.3%	4,022,444	5,599,425	11,799,732	\$24.20	\$27.86

*Rental Rates reflect asking \$psf/year

MARKETBEAT

Office Submarket Report

Allen/McKinney

Q4 2016

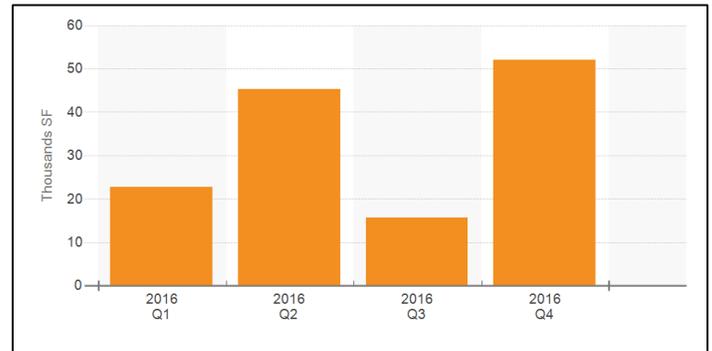
The Allen/McKinney Submarket ended the fourth quarter 2016 with a vacancy rate of 9.4%. The vacancy rate decreased 0.3% from the previous quarter of 9.7% with 124,358 square feet of net positive absorption for the last quarter to finish the year at 372,210 square feet net cumulative absorption for 2016.

Rental rates ended the fourth quarter at \$25.76/SF across all classes, increasing from \$25.28/SF in the previous quarter. YTD new construction deliveries increased to 405,178 SF. There is currently 210,578 SF of office space under construction.

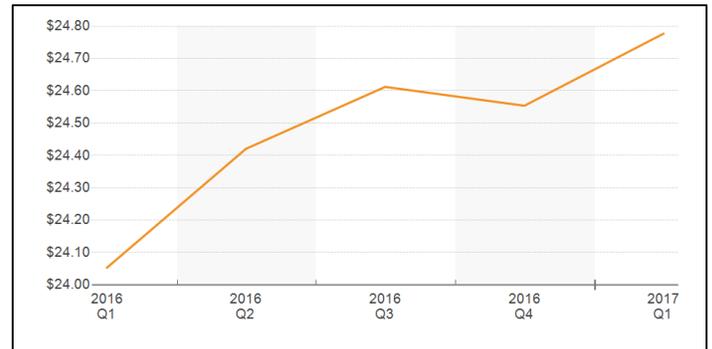
There were no significant sales that occurred during the fourth quarter in the submarket. A 41,357 SF sublease was signed by Cotiviti in the Craig Ranch development.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
6800 Weiskopf Ave.	Cotiviti	Office	41,357
Allen Place I	Cytracom	Office	8,292
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
2 Greenside (6950 TPC DR.)	Cawley Management	Q2 2017	48,441
7200 W University Drive	Nash Group	Q2 2017	38,735

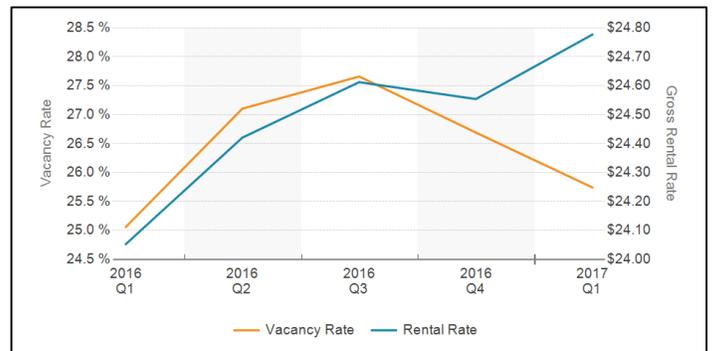
Net Absorption



Gross Asking Rent Per SF



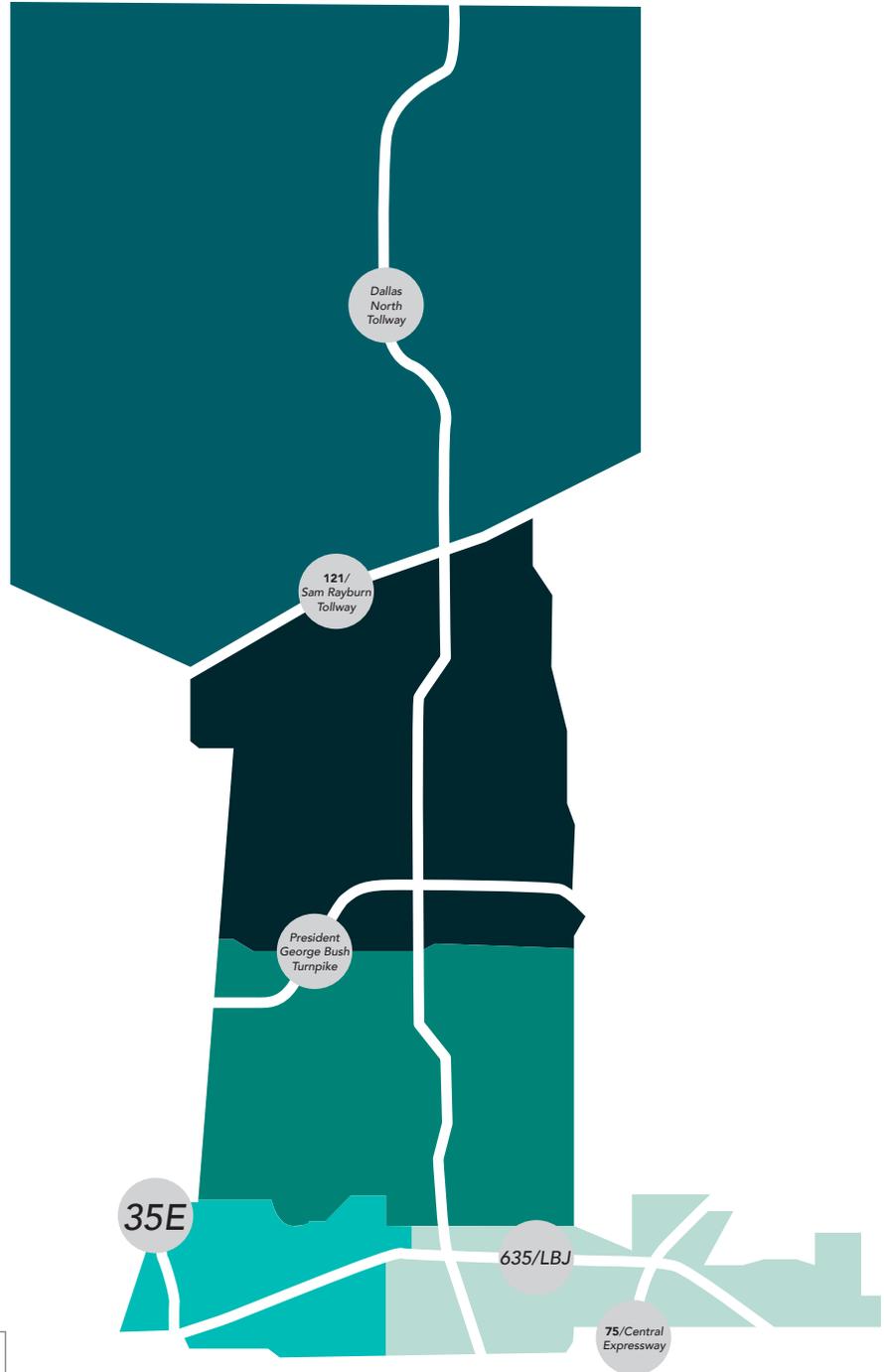
Vacancy Vs. Rental Rate



	Inventory	Total Vacancy SF	Vacancy Rate	YTD Net Absorption	YTD Deliveries	Under Construction	Rates All Classes	Quoted Rates Class A
Allen/McKinney	7,988,007	749,016	9.4%	372,210	405,178	210,578	\$25.76	\$28.19
Dallas/Fort Worth Total	359,221,055	51,539,730	14.3%	4,022,444	5,599,425	11,799,732	\$24.20	\$27.86

*Rental Rates reflect asking \$psf/year

Far North Dallas



Legend

-  Frisco/The Colony
-  Upper Tollway/West Plano
-  Quorum/Bent Tree
-  West LBJ Freeway
-  East LBJ Freeway



East LBJ Freeway

Q4 2016

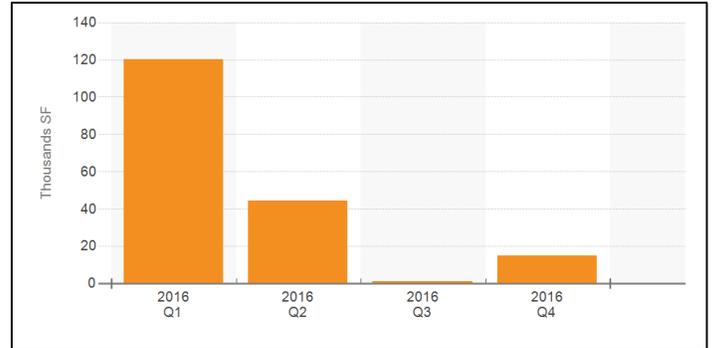
The East LBJ Freeway Submarket ended the fourth quarter 2016 with a vacancy rate of 23.0%. The vacancy rate decreased slightly from the previous quarter of 23.6%, accompanied by an quarterly increase of 109,931 square feet in net absorption for a total of 265,838 SF year-to-date.

Rental rates ended the fourth quarter at \$22.32/SF across all classes, increasing from \$22.20/SF in the previous quarter. There was only 5,602 SF in new construction deliveries and currently no construction projects underway.

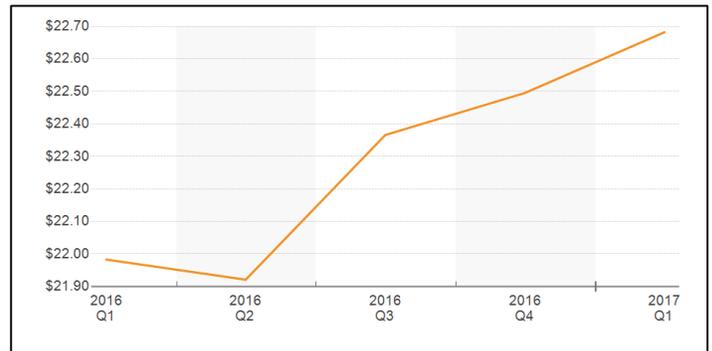
There were several significant lease transactions including 127,913 SF leased by WaterMark Church at Park Central I and a 45,646 SF lease by Kimley-Horn.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
Park Central I	WaterMark Church	Office	127,913
Two Galleria Tower	Kimley-Horn	Office	45,646
Daisy Brand LLC	Park Central 7	Office	46,998
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
Three Forest Plaza	Hartman	\$35,655,000	366,549
9101 LBJ Freeway	Pillarstone Capital REIT	Not Disclosed	125,874
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET

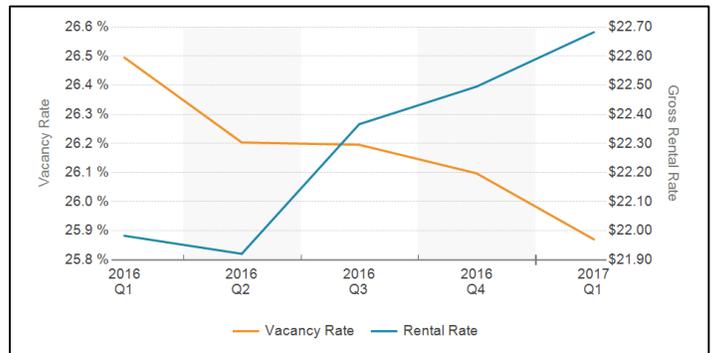
Net Absorption



Gross Asking Rent Per SF



Vacancy Vs. Rental Rate



	Inventory	Total Vacancy SF	Vacancy Rate	YTD Net Absorption	YTD Deliveries	Under Construction	Rates All Classes	Quoted Rates Class A
East LBJ Freeway	17,308,007	3,981,150	23.0%	265,838	5,602	0	\$22.32	\$25.79
Dallas/Fort Worth Total	359,221,055	51,539,730	14.3%	4,022,444	5,599,425	11,799,732	\$24.20	\$27.86

*Rental Rates reflect asking \$psf/year

West LBJ Freeway

Q4 2016

The West LBJ Freeway Submarket ended the fourth quarter 2016 with a vacancy rate of 18.8%. The vacancy rate decreased slightly from the previous quarter of 21.4%, accompanied by an quarterly increase of 168,466 square feet in net absorption for a total of 205,769 SF year-to-date.

Rental rates ended the fourth quarter at \$17.15/SF across all classes, decreasing from \$17.49/SF in the previous quarter. There were no new construction deliveries and currently no construction projects underway.

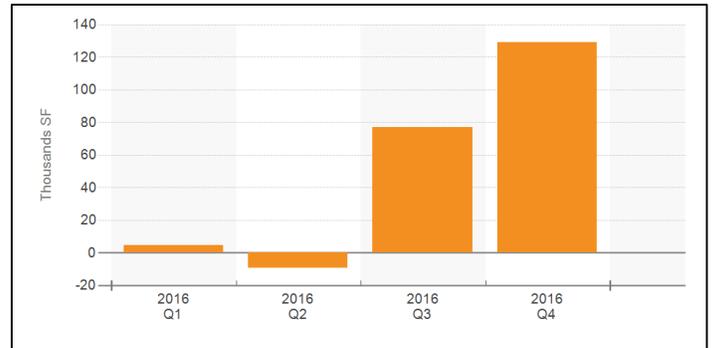
There was a few significant lease transactions including 32,215 SF leased by Medoc Health Services at TriWest Plaza and a 13,243 SF lease by Imagine Solutions.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
TriWest Plaza	Medoc Health Services	Office	32,215
One Graystone Centre	Imagine Solutions	Office	13,243
Daisy Brand LLC	Park Central 7	Office	46,998

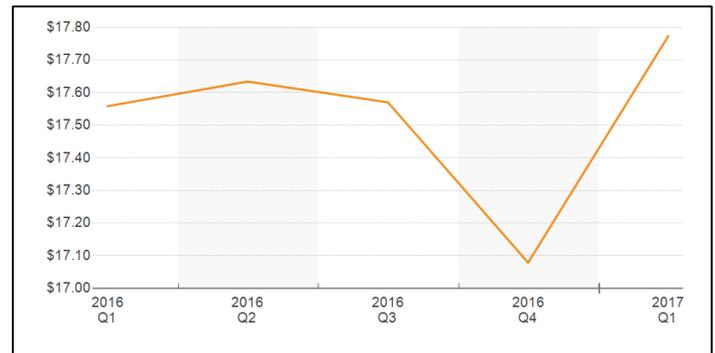
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
One Graystone Centre	Graystone Green, LP	Not Disclosed	302,707

UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET

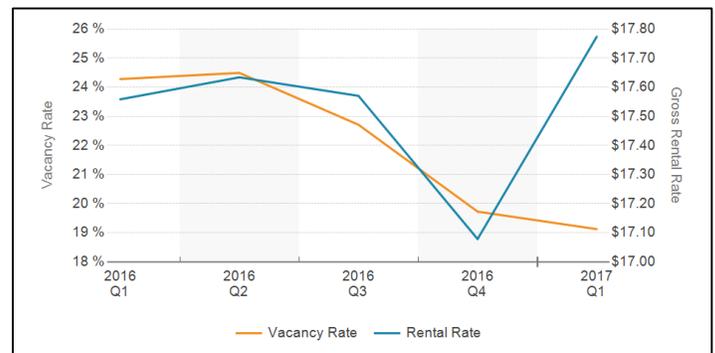
Net Absorption



Gross Asking Rent Per SF



Vacancy Vs. Rental Rate



	Inventory	Total Vacancy SF	Vacancy Rate	YTD Net Absorption	YTD Deliveries	Under Construction	Rates All Classes	Quoted Rates Class A
--	-----------	------------------	--------------	--------------------	----------------	--------------------	-------------------	----------------------

West LBJ Freeway	5,285,808	991,485	18.8%	205,769	0	0	\$17.15	\$18.54
Dallas/Fort Worth Total	359,221,055	51,539,730	14.3%	4,022,444	5,599,425	11,799,732	\$24.20	\$27.86

*Rental Rates reflect asking \$psf/year

MARKETBEAT

Office Submarket Report

Quorum/Bent Tree

Q4 2016

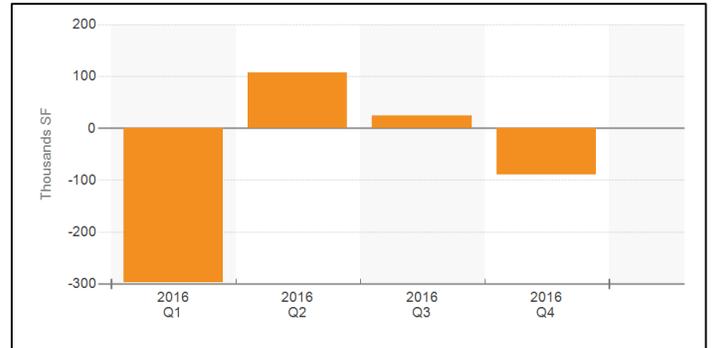
The Quorum/Bent Tree Submarket ended the fourth quarter 2016 with a vacancy rate of 15.9%. The vacancy rate stayed relatively flat from the previous quarter down slightly from 15.8%. The year-to-date net absorption was a negative 425,712 square feet, decreasing from a negative 384,559 square feet in the third quarter.

Rental rates ended the fourth quarter at \$22.86/SF across all classes, decreasing from \$23.03/SF in the previous quarter. There were 200,240 SF year-to-date in new construction deliveries and 4,000 SF under construction in the submarket.

There were several significant lease transactions that occurred during the fourth quarter as well as three significant sales in the submarket.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
17301 Preston Rd.	Shelton School	Office	317,270
Fourteen555- North Building	Occidental Petroleum Corp	Office	120,000
5040 Addison Circle	Scorpion Design	Office	13,916
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
17301 Preston	Hawkins-Welwood Homes	Not Disclosed	317,270
The Madison	Property Advisers Realty	Not Disclosed	288,920
5040 Addison Circle	MAA	Portfolio Sale	51,663
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET

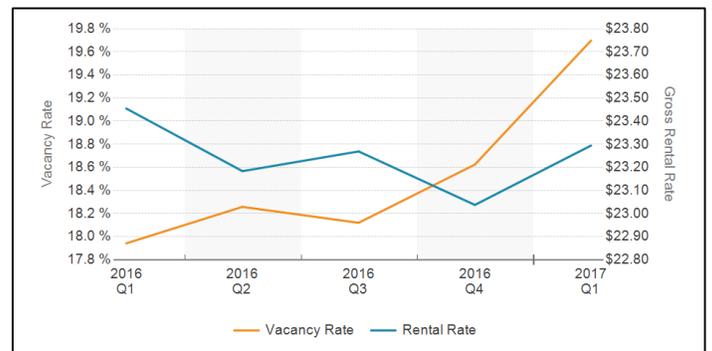
Net Absorption



Gross Asking Rent Per SF



Vacancy Vs. Rental Rate



	Inventory	Total Vacancy SF	Vacancy Rate	YTD Net Absorption	YTD Deliveries	Under Construction	Rates All Classes	Quoted Rates Class A
Quorum/Bent Tree	23,553,250	3,753,412	15.9%	-425,712	200,240	4,000	\$22.86	\$27.71
Dallas/Fort Worth Total	359,221,055	51,539,730	14.3%	4,022,444	5,599,425	11,799,732	\$24.20	\$27.86

*Rental Rates reflect asking \$psf/year

MARKETBEAT

Office Submarket Report

Upper Tollway/West Plano

Q4 2016

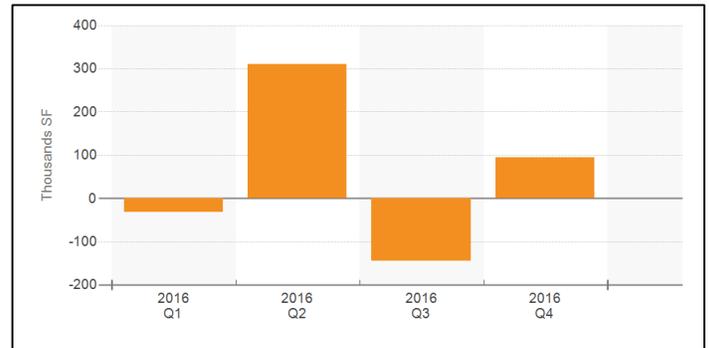
The Upper Tollway/West Plano Submarket ended the fourth quarter 2016 with a vacancy rate of 11.0%. The vacancy decreased 0.3% from the previous quarter of 11.3%. There was a net increase in year-to-date overall absorption totaling a positive 428,136 square feet, increasing from 350,312 square feet by the end of the third quarter.

Rental rates ended the fourth quarter at \$30.09/SF across all classes, increasing from \$29.50/SF in the previous quarter. There were 485,927 SF in new construction deliveries, the submarket leads the metroplex with 4,925,869 SF under construction.

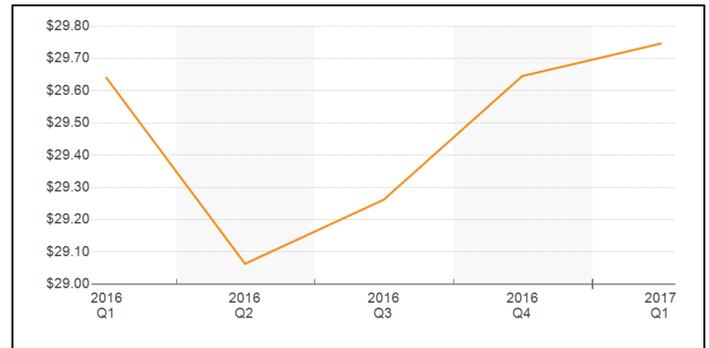
There were several significant lease transactions that occurred during the fourth quarter, the largest being AmerisourceBergen Specialty Group with 300,000 SF.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
AmerisourceBergen Specialty Group	AmerisourceBergen Specialty Group	Office	300,000
One Legacy Circle	Alliance Data Systems Corp.	Office	96,698
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
JC Penny Headquarters	Dreien Opportunity Partners	\$453,000,000	1,789,053
Ericsson Village (6300 Legacy)	LCN Capital Partners	Not Disclosed	498,000
Tollway Office Center I	CFT Developments	Not Disclosed	120,000
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
Liberty Mutual Campus	KDC Real Estate	Q4 2017	1,100,000
Toyota Motor Corp HQ	KDC Real Estate	Q4 2017	2,100,000
Legacy West	The Karahan Comp	Q1 2017	377,441
One Legacy West	Gaedeke Group	Q1 2017	307,824
Granite Park Seven	Granite Properties	Q1 2018	300,000

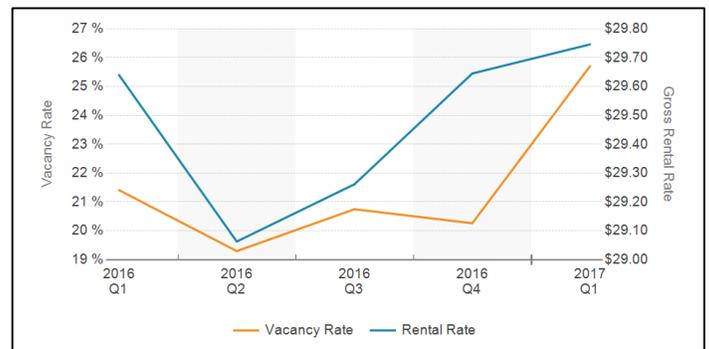
Net Absorption



Gross Asking Rent Per SF



Vacancy Vs. Rental Rate



	Inventory	Total Vacancy SF	Vacancy Rate	YTD Net Absorption	YTD Deliveries	Under Construction	Rates All Classes	Quoted Rates Class A
Upper Tollway/West Plano	26,404,109	2,893,481	11.0%	428,136	485,927	4,925,869	\$30.09	\$32.20
Dallas/Fort Worth Total	359,221,055	51,539,730	14.3%	4,022,444	5,599,425	11,799,732	\$24.20	\$27.86

*Rental Rates reflect asking \$psf/year

MARKETBEAT

Office Submarket Report

Frisco/The Colony

Q4 2016

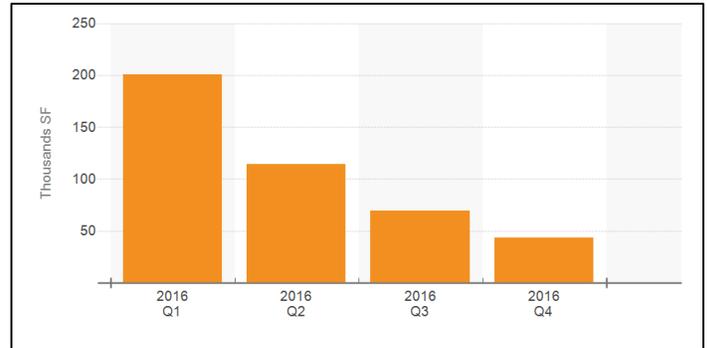
The Frisco/The Colony Submarket ended the fourth quarter 2016 with a vacancy rate of 12.1%. The vacancy rate decreased from the previous quarter by 1.5% from the previous quarter of 13.6%. There was a net increase in overall year-to-date absorption totaling 660,542 square feet for the end of 2016, down from 522,893 square feet by the end of the third quarter.

Rental rates ended the fourth quarter at \$33.86/SF across all classes, decreasing from \$34.97/SF in the previous quarter. There were 756,356 SF in year-to-date new construction deliveries.

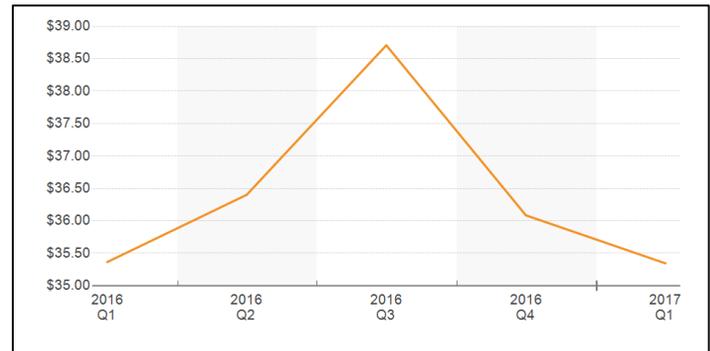
There are several significant buildings under construction including Wade Park, Hall Office Park, and Frisco Station.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
The Star	FM Global	Office	79,428 (Q3)
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
Main Street Medical Plaza	Starwood Property Trust	Not Disclosed	51,280
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
Hall Office Park	Hall Financial Group	Q4 2017	300,000
Wade Park	Thomas Land & Development	Q2 2018	266,136
Frisco Station	VanTrust Real Estate	Q4 2017	228,000
Stonebrook Business Park	Goveia Commercial Real Estate	Q3 2017	120,000

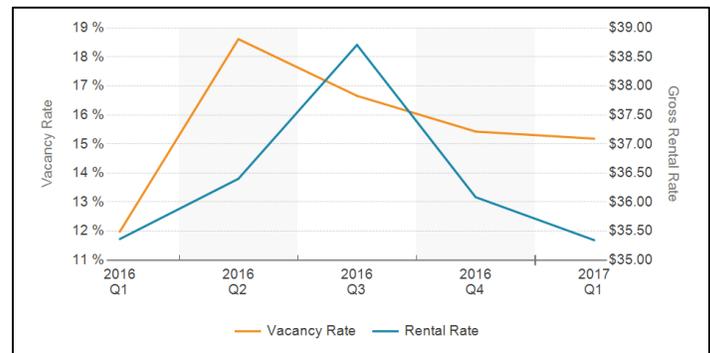
Net Absorption



Gross Asking Rent Per SF



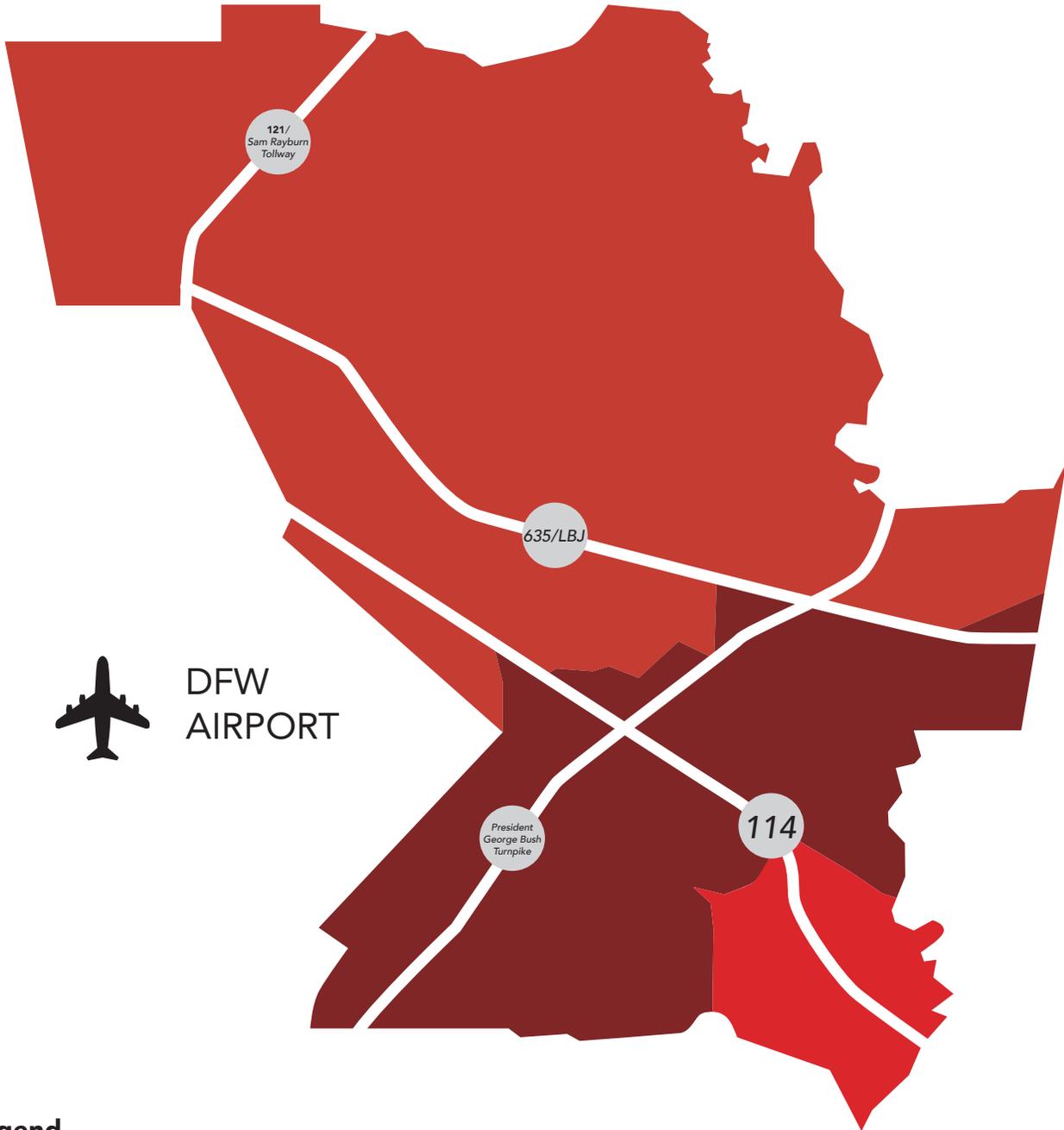
Vacancy Vs. Rental Rate



	Inventory	Total Vacancy SF	Vacancy Rate	YTD Net Absorption	YTD Deliveries	Under Construction	Rates All Classes	Quoted Rates Class A
Frisco/The Colony	6,541,693	789,179	12.1%	660,542	756,356	1,007,025	\$33.86	\$35.94
Dallas/Fort Worth Total	359,221,055	51,539,730	14.3%	4,022,444	5,599,425	11,799,732	\$24.20	\$27.86

*Rental Rates reflect asking \$psf/year

Las Colinas Office Market



Legend

- DFW Freeport/Coppell
- Office Ctr/West LBJ Ext
- Urban Center/Wingren



Urban Center/Wingren

Q4 2016

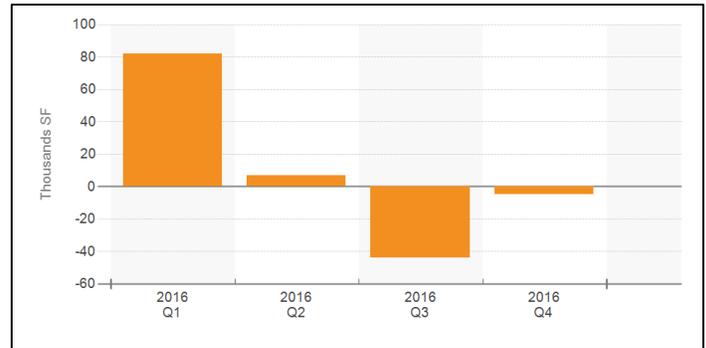
The Urban Center/Wingren Submarket ended the fourth quarter 2016 with a vacancy rate of 17.3%. The vacancy rate increased 0.6% from the previous quarter of 16.7%. There was a net decrease in year-to-date overall absorption totaling a positive 44,298 square feet, from 109,065 square feet in the prior quarter.

Rental rates ended the fourth quarter at \$25.75/SF across all classes, increasing from \$25.51/SF in the previous quarter. There were no new construction deliveries, but the Music Factory is under construction with 100,000 SF of office space expected to deliver in August of this year.

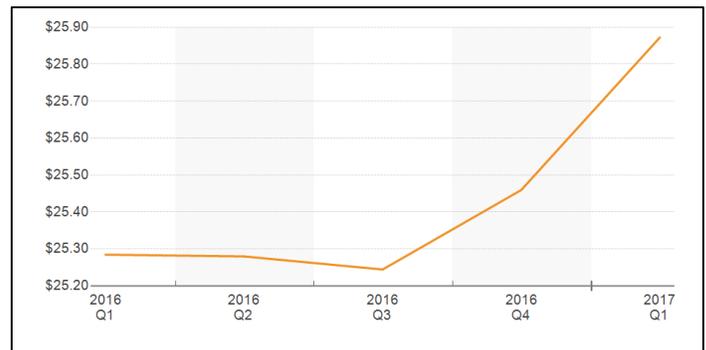
There were several significant lease transactions that occurred during the fourth quarter at The Music Factory with Ethos Group and The Point with BMO Harris Bank.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
The Music Factory	Ethos Group	Office	100,000
The Point at Las Colinas	BMO Harris Bank	Office	45,806
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
300 & 320 Decker Drive	300/320 Decker, LLC	Not Disclosed	83,337
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
The Music Factory	ARK Group	3Q 2017	100,000

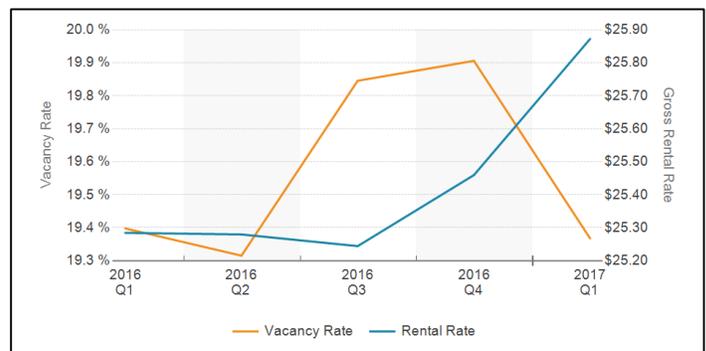
Net Absorption



Gross Asking Rent Per SF



Vacancy Vs. Rental Rate



	Inventory	Total Vacancy SF	Vacancy Rate	YTD Net Absorption	YTD Deliveries	Under Construction	Rates All Classes	Quoted Rates Class A
Urban Center/Wingren	9,541,570	1,654,345	17.3%	44,298	0	100,000	\$25.75	\$27.22
Dallas/Fort Worth Total	359,221,055	51,539,730	14.3%	4,022,444	5,599,425	11,799,732	\$24.20	\$27.86

*Rental Rates reflect asking \$psf/year

Office Center/West LBJ Ext

Q4 2016

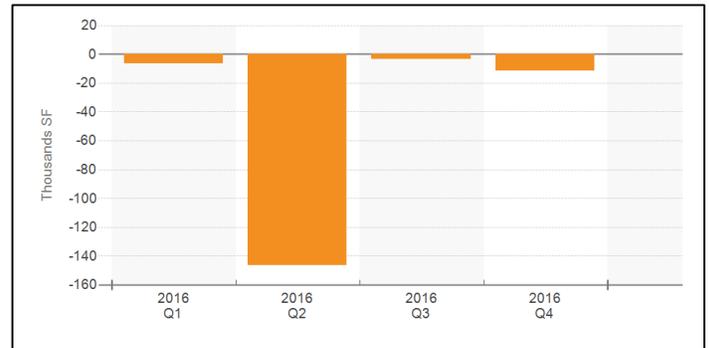
The Office Center/ West LBJ Ext Submarket ended the fourth quarter 2016 with a vacancy rate of 13.4%. The vacancy rate remained flat from the previous quarter. There was positive net absorption of 6,840 square feet for the fourth quarter for year-to-date overall absorption totaling negative (400,799) square feet compared to the negative (407,639) square feet at the end of the third quarter.

Rental rates ended the fourth quarter at \$24.16/SF across all classes, increasing from \$23.10/SF in the previous quarter. There were no new construction deliveries and a total of 494,359 SF is currently under construction.

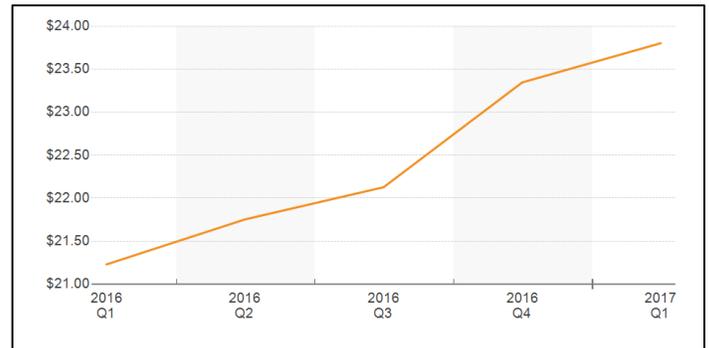
The fourth quarter saw less significant lease transaction volume after a large renewal by Verizon for 576,138 square feet in the third quarter.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
6565 MacArthur	Travel Leaders of Tomorrow	Office	10,331
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
CVS Health Tower	Piedmont Office Realty	\$51,000,000	314,643
4201 N State Highway 161	Libitzky Property Companies	Not Disclosed	105,660
1660 N Westridge Circle	Gsl Fund 21 Sub U LLC	Not Disclosed	101,120
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
1915 Hurd Drive	Fults Commercial	Q1 2017	339,359

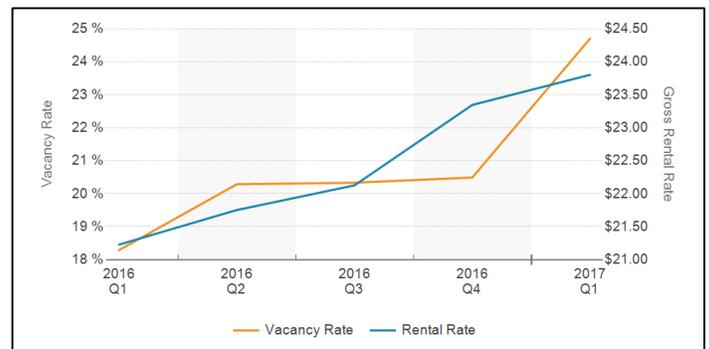
Net Absorption



Gross Asking Rent Per SF



Vacancy Vs. Rental Rate



	Inventory	Total Vacancy SF	Vacancy Rate	YTD Net Absorption	YTD Deliveries	Under Construction	Rates All Classes	Quoted Rates Class A
Office Ctr/West LBJ Ext	15,947,523	2,134,945	13.4%	(400,799)	0	494,359	\$24.16	\$28.14
Dallas/Fort Worth Total	359,221,055	51,539,730	14.3%	4,022,444	5,599,425	11,799,732	\$24.20	\$27.86

*Rental Rates reflect asking \$psf/year

MARKETBEAT

Office Submarket Report

DFW Freeport/Coppell

Q4 2016

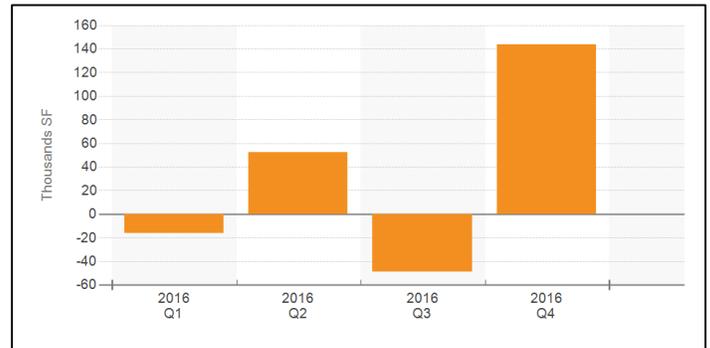
The DFW Freeport/Coppell Submarket ended the fourth quarter 2016 with a vacancy rate of 12.8%. The vacancy rate decreased from 14.1% the previous quarter, with an increase in net absorption finishing at 939,562 square feet.

Rental rates ended the fourth quarter at \$22.63/SF across all classes, increasing from \$22.52/SF in the previous quarter. 2016 new construction deliveries totaled 745,219 SF, and there was 1,052,219 SF of new office space under construction at the end of 2016.

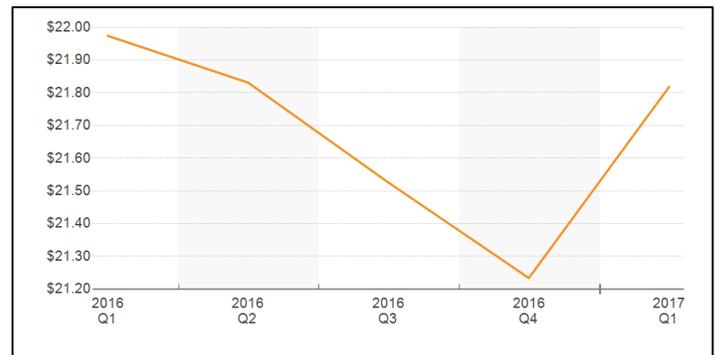
The largest lease for the fourth quarter was made at Cypress Waters for 46,750 SF to The Options Clearing House.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
9111 Cypress Waters Blvd	The Options Clearing Corporation	Office	46,750
8081 Royal Ridge	CCH	Office	21,596
8700 Freeport	Diebold	Office	15,863
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
601, 651, 701, 751 Canyon Dr.	Sealy & Co.	Not Disclosed	167,140
Lakeview Center I	Lakeview Office LLC	Not Disclosed	101,429
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
Signet HQ	Billingsley Co.	Q2 2018	225,000
9111 Cypress Waters Blvd	Billingsley Co.	Q1 2017	217,000
Kubota HQ	Kubota Tractor Corp.	Q1 2017	135,000
Connection Park II	Stream Realty	Q2 2017	141,219

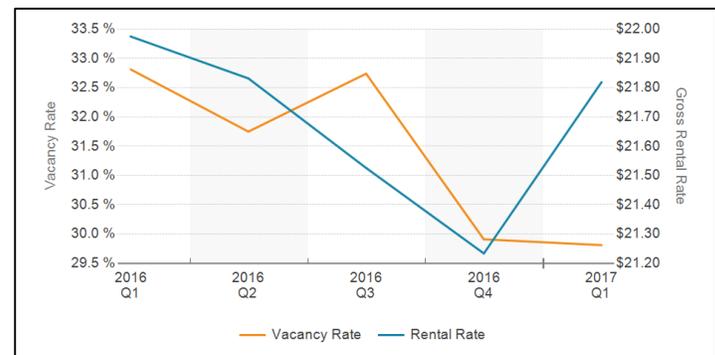
Net Absorption



Gross Asking Rent Per SF



Vacancy Vs. Rental Rate



	Inventory	Total Vacancy SF	Vacancy Rate	YTD Net Absorption	YTD Deliveries	Under Construction	Rates All Classes	Quoted Rates Class A
DFW Freeport/Coppell	13,135,188	1,674,913	12.8%	939,562	745,219	1,052,219	\$22.63	\$25.53
Dallas/Fort Worth Total	359,221,055	51,539,730	14.3%	4,022,444	5,599,425	11,799,732	\$24.20	\$27.86

*Rental Rates reflect asking \$/psf/year

Fort Worth CBD



Fort Worth CBD

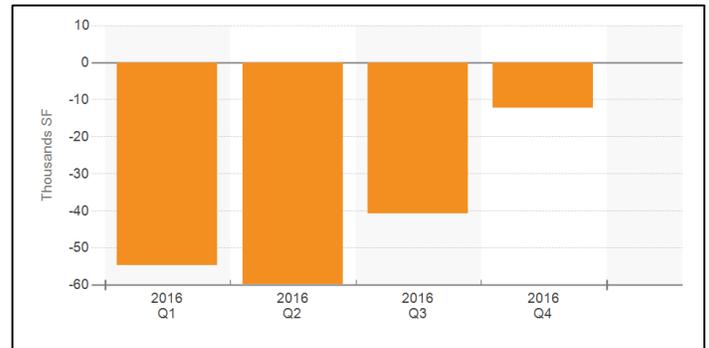
Q4 2016

The Fort Worth CBD Submarket ended the fourth quarter 2016 with a vacancy rate of 10.5%, improving 0.3% from a vacancy rate of 10.8% for the third quarter. There was a negative net absorption of 4,438 square feet, increasing from 36,162 in the last quarter for a total of negative (165,324) square feet cumulatively for 2016.

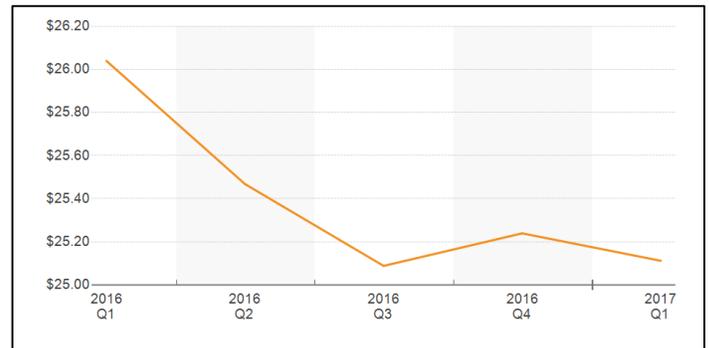
Rental rates ended the fourth quarter at \$25.23/SF across all classes, an increase of \$0.27/SF over the previous quarter of \$24.96/SF. There were no new construction deliveries, but there is one construction project currently under construction in the submarket, Frost Tower that has an expected completion in Q1 2018.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
The Carnegie Building	Hillwood Energy	Office	8,910
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
907 Houston Street	Westport Capital	Not Disclosed	6,743
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
Frost Tower	Stream Realty Partners	Q1 2018	280,489

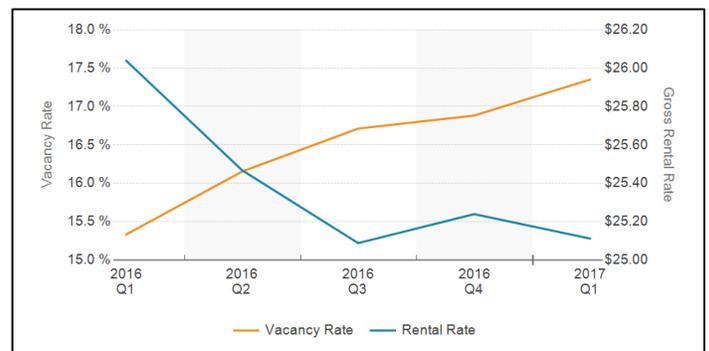
Net Absorption



Gross Asking Rent Per SF



Vacancy Vs. Rental Rate



	Inventory	Total Vacancy SF	Vacancy Rate	YTD Net Absorption	YTD Deliveries	Under Construction	Rates All Classes	Quoted Rates Class A
Fort Worth CBD	11,805,824	1,240,888	10.5%	-165,324	0	280,489	\$25.23	\$28.56
Dallas/Fort Worth Total	359,221,055	51,539,730	14.3%	4,022,444	5,599,425	11,799,732	\$24.20	\$27.86

*Rental Rates reflect asking \$psf/year

W H I T E B □ X

R E A L E S T A T E

www.whiteboxrealestate.com | contact@whiteboxrealestate.com

DALLAS 400 S. Record Street, Suite 825, Dallas, Texas 75202 | 214.380.4540

FORT WORTH 201 Main Street, Suite 600, Fort Worth, Texas 76102 | 817.502.1518