



W H I T E B X

REAL ESTATE

Q2 2017

Dallas Office
Market Overview





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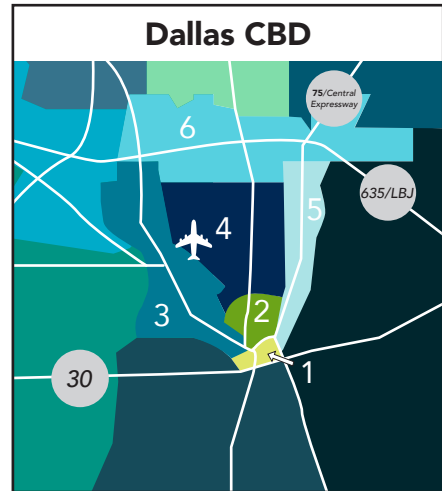
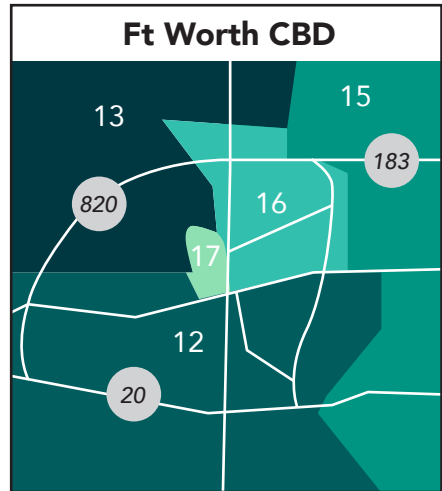
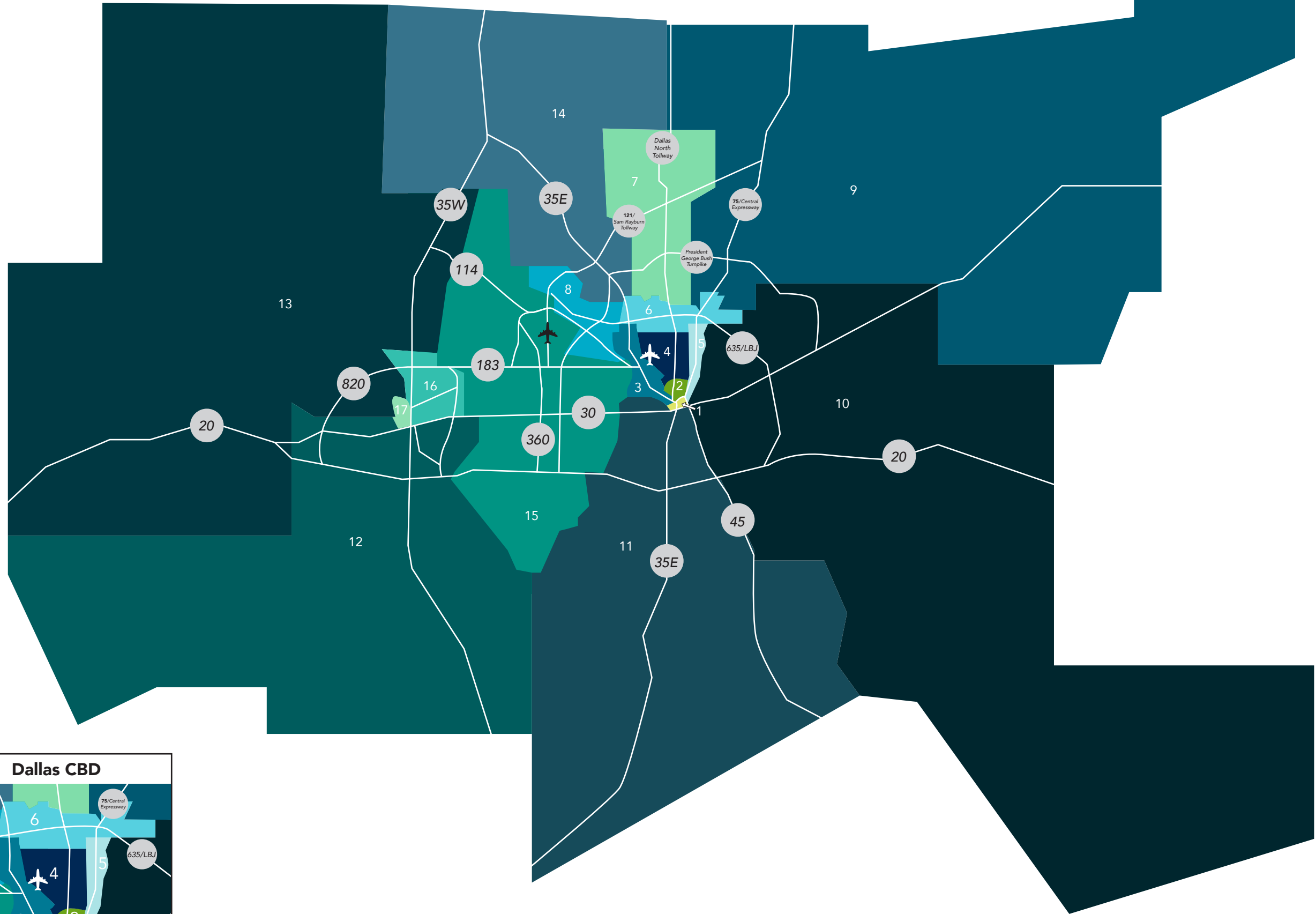
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DFW Office Market Overview

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ECONOMIC OVERVIEW

The Texas economy realized an excellent second quarter of continued growth. The second quarter of 2017 recorded the highest gain in total nonfarm employment growth since 2014 (88,600 positions), reversing a trend of lower growth in the first quarter, according to the Texas Workforce Commission. Statewide, total nonfarm employment increased year-to-date by 319,300 jobs. The Texas Workforce Commission also reported that the annual employment growth outperformed the previous two years with the annual growth rate up by 0.4% to 2.7%. Unemployment for the State of Texas decreased by 0.4% from the previous quarter to 4.6% in June. The Service-Providing sector recorded the strongest gains since January (30,500 jobs). The Dallas Federal Reserve reported a positive outlook with gains in employment, manufacturing output, and activity in nonfinancial services, according to the Beige Book. The Federal Reserve noted an increased demand for labor and increased wages. They specifically noted "broad-based demand for white-collar workers in Dallas-Fort Worth," but noted a slowdown in the rate of growth of the manufacturing sector statewide. The Dallas-Fort Worth (DFW) labor market grew by 3.4% by adding 118,200 jobs over the last 12 months (323 per day). The unemployment rate for DFW declined by 0.3% to 4.0%. The Dallas-Plano-Irving area led the state with over 89,800 jobs added over the last 12 months.

TENANT OUTLOOK

Net absorption for the second quarter totaled 1,525,503 SF, 33% less than the first quarter of 2017 but more than double the fourth quarter of 2016.

The Class A office market average rates remained relatively flat, down \$0.02 per SF for a DFW average quoted rate of \$28.10/SF, relatively the same as the fourth quarter of 2016 as well. The CBD average Class A quoted rate is \$26.09/SF vs. an average of \$28.77/SF for Class A suburban office product. The third quarter 2016 marked the all-time high for Class A CBD rental rates metroplex wide; however, the second quarter for 2017 continues to push the bar and again marks the all-time high for Class A Suburban rates.

The vacancy rate in DFW remained constant as it has since the end of 2016 to the second quarter of 2017 at 14.3%, which is still the lowest rate in over 8 years.

The Class A average vacancy rate increased from 17.0% at the end of the first quarter of 2017 to 17.1% for the end of the second quarter 2017. Class A CBD vacancy rates were recorded at 23.1%, significantly higher than the 15.7% for suburban Class A office product.

Vacant sublease space increased to 2,364,001 SF for the second quarter of 2017, up 4.1% from 2,266,225 SF for the first quarter of 2017. This is the largest sublease vacancy rate since the 2,304,401 SF recorded at the end of 2015.

Class A vacant sublease space increased 3.3% from 1,483,604 SF in the first quarter to 1,534,188 SF at the end of the second quarter 2017.

1,412,525 SF of new construction in 45 buildings were delivered in the second quarter of 2017. This is significantly less when compared to the 2,377,125 SF of new construction in 32 buildings delivered in the first quarter of 2017. Notable deliveries for the second quarter included a 400,000 SF build-to-suit facility for Toyota Motor Corporate HQ (part of the greater 2,100,000 SF campus) in the Upper Tollway/West Plano focus market of the Far North Dallas Submarket. There is an additional 11,366,335 SF currently under construction in the metroplex. The largest active construction projects are build-to-suits for JP Morgan Chase, a 1,400,000 SF project, and Liberty Mutual, 1,100,000 SF. Both projects are in the Upper Tollway/West Plano focus market of the Far North Dallas Submarket.

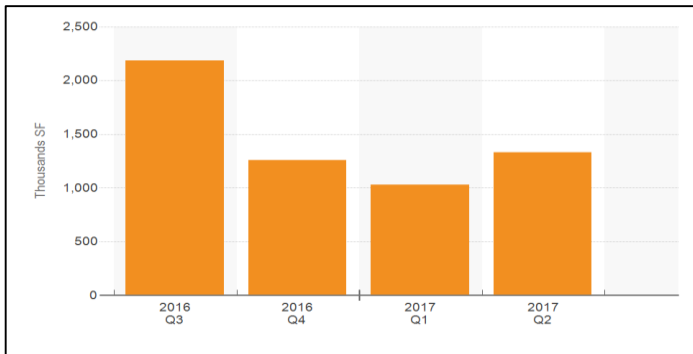
AT A GLANCE

	Q1 2017	Q2 2017	% Change
Overall Vacancy	14.3%	14.3%	0.0%
Overall Rental Rates	\$24.52	\$24.64	0.49%
YTD Absorption	1,525,503	2,401,965	57.5%

TOP LARGE LEASES

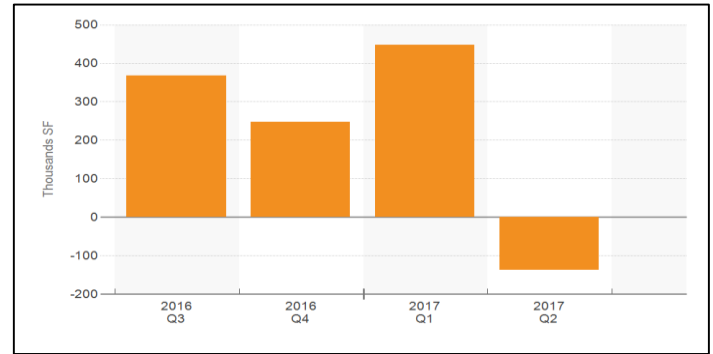
	TENANT	FOCUS MARKET	SQUARE FEET
2001 Ross Ave.	Baker Botts	Dallas CBD	139,710
Freeport Business Center	Yardi Systems	DFW Freeport/Coppell	54,646
Two Galleria Tower	AECOM	East LBJ Freeway	44,393
3000 Waterview Pky	University of Texas at Dallas	Richardson	38,783
Platinum Park	Broadsoft	Upper Tollway/West Plano	35,758

LEASING ACTIVITY



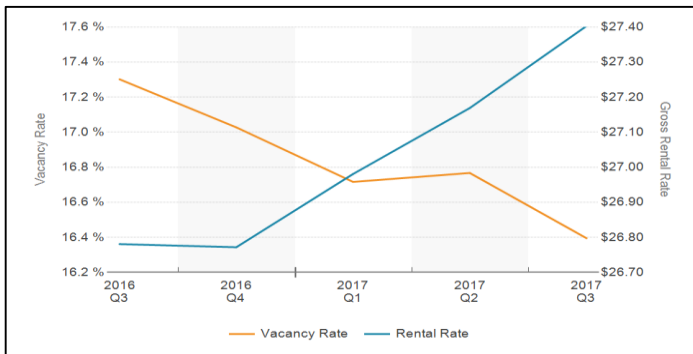
*figures based on office product over 100,000 total RSF

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

2017 is shaping up to be a solid year. Though the market has not seen the rate of growth it experienced coming out of the recession, the fundamentals for Dallas-Fort Worth are positive and the outlook for 2017 is very positive. Population growth and continued job growth are continuing to bolster the overall economy.

INVESTOR OUTLOOK

Office building sales activity for the first quarter of 2017 was markedly down from the fourth quarter of 2016. The first quarter of 2017 recorded 11 buildings sold, for a total of \$269,256,280 with an average price per square foot of \$204.72, for a total of 1,315,263 square feet. As a comparison, the last quarter of 2016 recorded 21 buildings sold, for over \$1.8 billion with an average price per square foot of \$264.07, for a total of 6,980,281 square feet. In 2016 cap rates had appeared to loosen from a period of exceptional compression; however, over the course of 2017 rates have begun to compress again. Cap rates average 6.63% for the 1st quarter of 2017 compared to 7.44% for the year end 2016. As a comparison, the average for 2015 was 7.22% and 8.5% for the full year 2016. The most prominent sale transaction for the second quarter of 2017 was the 318,582 SF Legacy District One at 5851 Legacy Circle in the Upper Tollway/West Plano focus market of the Far North Dallas Submarket for \$123,300,000 or \$387.03 per square foot at a cap rate of 4.62%.

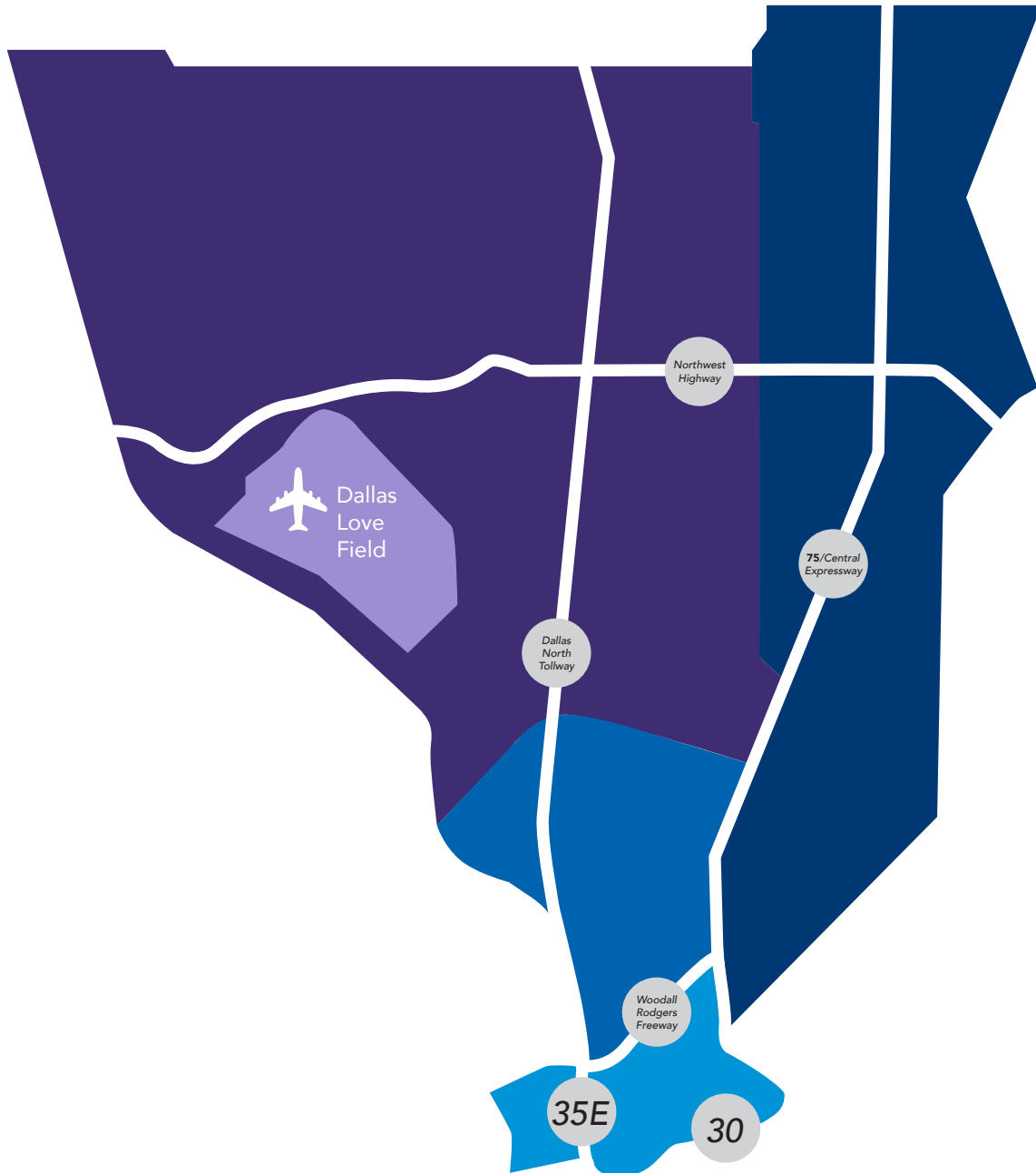
OFFICE MARKET SNAPSHOT Q2 2017

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	15,138,655	1,488,574	1,522,347	10.1%	(21,167)	0	0	\$26.76	\$27.95
Dallas CBD	142	33,673,630	7,253,908	7,463,095	22.2%	46,078	92,237	261,400	\$25.30	\$25.74
East Dallas	1,138	13,811,706	1,017,410	1,034,262	7.5%	327,684	8,964	307,320	\$23.97	\$41.46
Far North Dallas	1,078	58,461,548	7,066,096	7,626,740	13.0%	1,077,183	1,427,136	6,096,673	\$27.55	\$31.35
Fort Worth CBD	115	11,799,154	1,089,624	1,162,940	9.9%	80,968	0	280,489	\$25.90	\$28.93
Las Colinas	433	39,798,523	5,319,979	5,765,069	14.5%	783,960	888,242	845,749	\$25.03	\$28.24
LBJ Freeway	265	22,597,412	4,760,091	5,002,276	22.1%	(34,659)	0	0	\$21.83	\$24.79
Lewisville/Denton	914	13,056,352	956,073	1,093,533	8.4%	(87,630)	69,817	157,154	\$22.38	\$25.49
Mid-Cities	2,578	40,307,595	5,271,188	5,351,672	13.3%	(139,772)	448,075	752,298	\$21.73	\$26.59
North Fort Worth	570	6,591,010	337,939	397,694	6.0%	45,818	46,320	67,003	\$21.33	\$18.49
Northeast Fort Worth	338	5,403,275	1,924,221	1,939,206	35.9%	7,546	0	0	\$19.19	\$21.28
Preston Center	147	5,889,257	471,433	505,502	8.6%	(15,430)	4,506	179,617	\$36.52	\$37.96
Richardson/Plano	1,371	40,752,851	6,155,829	6,249,010	15.3%	(8,030)	230,489	866,960	\$24.20	\$27.41
South Fort Worth	1,638	19,857,571	1,578,525	1,637,187	8.2%	17,573	210,649	170,594	\$23.29	\$30.10
Southwest Dallas	798	7,263,160	535,091	537,091	7.4%	76,085	9,288	65,300	\$18.47	\$25.34
Stemmons Freeway	284	15,173,102	3,279,010	3,348,540	22.1%	108,906	72,630	0	\$16.75	\$18.49
Uptown/Turtle Creek	297	14,705,980	1,342,973	1,575,801	10.7%	136,852	200,000	1,315,778	\$37.17	\$40.11
DFW TOTAL	12,379	364,280,781	49,847,964	52,211,965	14.3%	2,401,965	3,708,353	11,366,335	\$24.64	\$28.10

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	583	149,422,677	24,080,710	25,614,898	17.1%	1,877,048	2,717,789	10,043,408	\$28.10
Class B	5,645	167,019,469	22,182,599	22,998,684	13.8%	402,768	990,564	1,322,927	\$21.20
Class C	6,151	47,838,635	3,584,655	3,598,383	7.5%	122,140	0	0	\$18.41

Dallas Central Core



Legend

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

MARKETBEAT

Office Submarket Report

Preston Center

Q2 2017

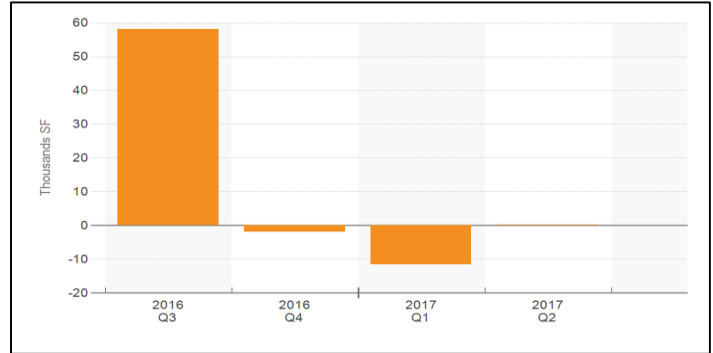
The Preston Center Submarket ended the second quarter of 2017 with a vacancy rate of 8.6%. The vacancy rate increased 0.2% from the previous quarter vacancy of 8.4%. The YTD net absorption decreased from -10,633 SF at the end of Q1 to -15,430 SF by the end of Q2.

Rental rates ended the second quarter at \$36.52/SF across all classes, increasing from \$36.24/SF in the previous quarter. There were 4,506 SF of new construction deliveries and there is 179,617 SF of office space currently under construction in the submarket.

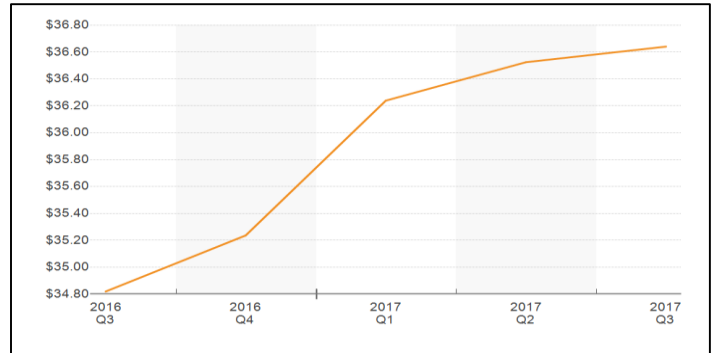
Granite Properties, Inc. purchased 8235 Douglas Ave with total RBA of 163,864 SF for \$51,000,000.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
-	-	-	-
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
8235 Douglas Ave	Granite Properties, Inc	\$51,000,000	163,864
10150 Monroe Dr	UPS Corporate Real Estate	Not Disclosed	30,933
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
Terraces at Douglas Center	Lionstone Investments	Q3 2017	171,583

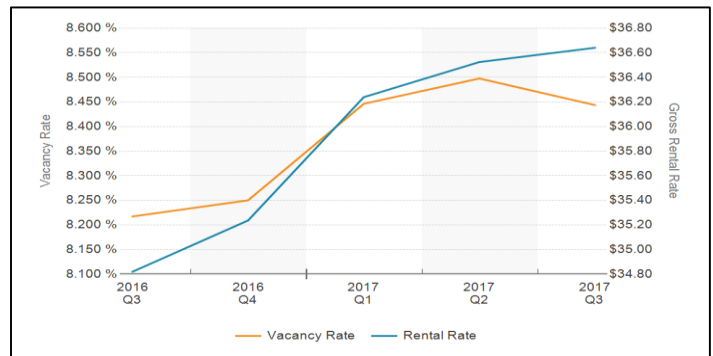
Net Absorption



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	5,889,257	505,502	8.6%	-15,430	4,506	179,617	\$36.52	\$37.96
Dallas/Fort Worth Total	364,208,781	52,211,965	14.3%	2,401,965	3,708,353	11,366,335	\$24.64	\$28.10

*Rental Rates reflect asking \$psf/year

Central Expressway

Q2 2017

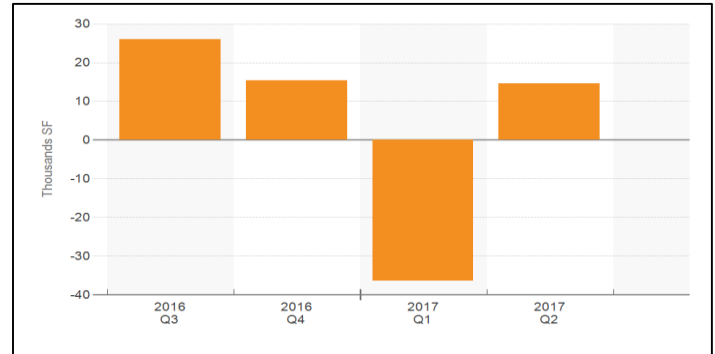
The Central Expressway Submarket began the second quarter 2017 with a vacancy rate of 10.1%. The vacancy rate increased by 0.3% over the previous quarter from 9.8%. The YTD net absorption increased -35,134 SF at the end of Q1 to -21,167 at the end of Q2 2017.

Rental rates ended the second quarter at \$26.76/SF across all classes, a decrease of \$0.12/SF over the previous quarter. There were no construction deliveries, and there is currently no new office development under construction in the submarket.

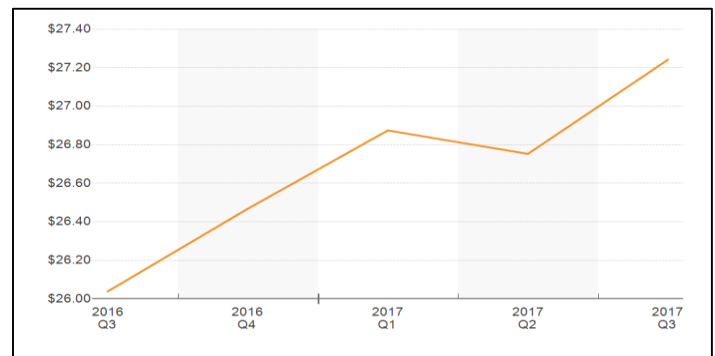
Significant lease transactions included Distribion, leasing 16,034 SF at 8350 N Central Expressway and VS Texas GP lease of 13,256 SF at 8150 N Central Expy. CBRE acquired 8750 N Central Expressway at a purchase price of \$120,500,000.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
8350 N Central Expy	Distribion	Office	16,034
8144 Walnut Hill Lane	VS Texas GP	Office	13,256
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
8750 N Central Expy	CBRE Global Investors, Ltd	\$120,500,000	508,102
5473 Blair Rd.	Nachawati	\$1,800,000	12,859
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
-	-	-	-

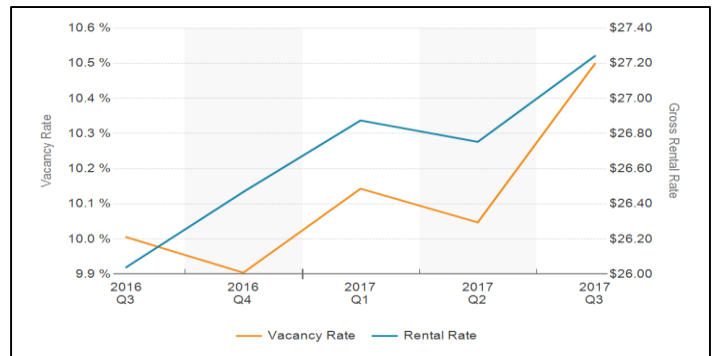
Net Absorption



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	15,138,655	1,522,347	10.1%	-21,167	0	0	\$26.76	\$27.95
Dallas/Fort Worth Total	364,280,781	52,211,965	14.3%	2,401,965	3,708,353	11,366,335	\$24.64	\$28.10

*Rental Rates reflect asking \$psf/year

Uptown/Turtle Creek

Q2 2017

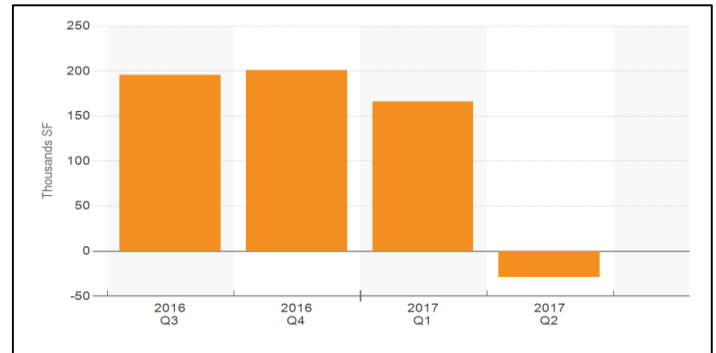
The Uptown/Turtle Creek Submarket ended the second quarter of 2017 with a vacancy rate of 10.7%. The vacancy rate increased slightly, with net year-to-date absorption totaling 136,852 square feet.

Rental rates ended the second quarter at \$37.17/SF across all classes, decreasing from \$37.46/SF in the previous quarter. There were 200,000 SF in new deliveries, and there is 1,315,778 SF of construction projects in the submarket.

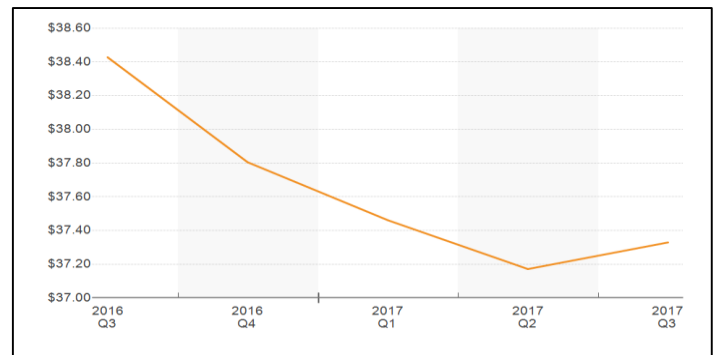
Significant leases included 21,609 SF in the Centrum to WSP USA. Dallas Hospitality Associates purchased 3219 McKinney for an undisclosed price.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
The Centrum	WSP USA	Office	21,609
1909 Woodall Rogers	RREAF Holdings	Office	16,015
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
3219 McKinney	Dallas Hospitality Associates	Undisclosed	22,273
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
PWC Tower	Trammell Crow Company	Q1 2018	494,300
The Union	RED Development	Q2 2018	418,132
No. 10	Harwood International	Q3 2018	236,246
Rolex Building	Harwood International	Q1 2017	130,000

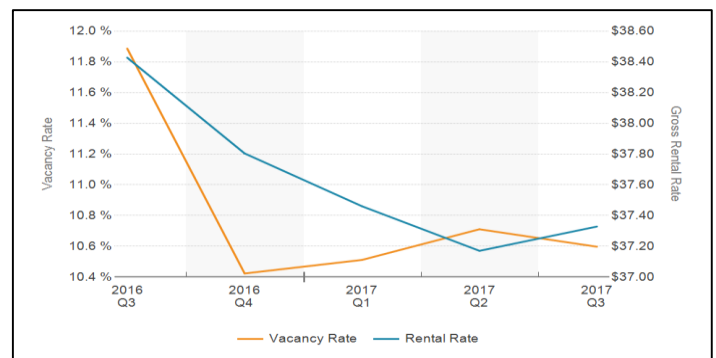
Net Absorption



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	14,705,980	1,575,801	10.7%	136,852	200,000	1,315,778	\$37.17	\$40.11
Dallas/Fort Worth Total	364,280,781	52,211,965	14.3%	2,401,965	3,708,353	11,366,335	\$24.64	\$28.10

*Rental Rates reflect asking \$psf/year

MARKETBEAT

Office Submarket Report

Dallas CBD

Q2 2017

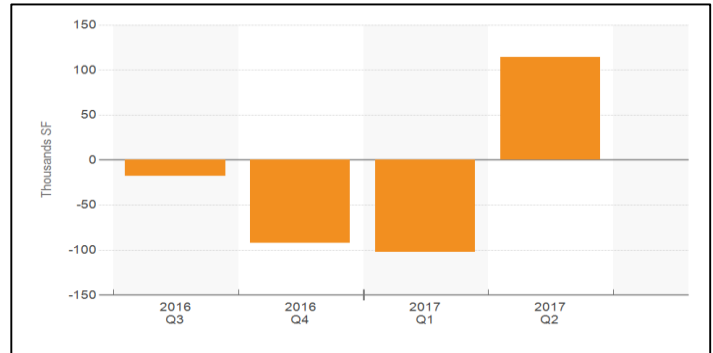
The Dallas CBD Submarket ended the second quarter 2017 with a vacancy rate of 22.2%. The vacancy rate decreased over the previous quarter from 22.5%, with a positive net absorption of 46,078 square feet in the second quarter.

Rental rates ended the second quarter at \$25.30/SF across all classes, decreasing from \$25.67 in the previous quarter. YTD construction deliveries of 92,237 SF, with 261,400 SF of new office space under construction.

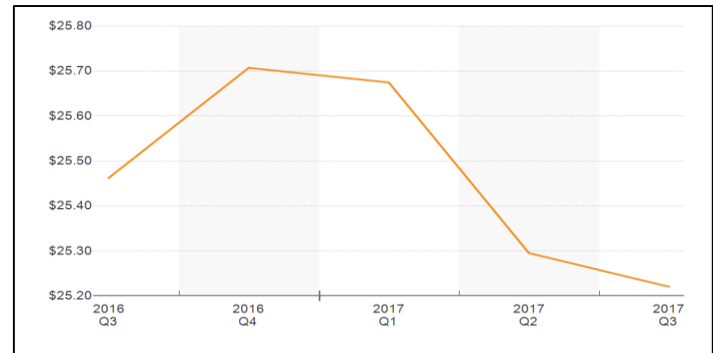
Significant lease transactions during the second quarter included 139,710 SF leased by Baker Botts at 2001 Ross Ave. Wilson John B Trust purchased a 9,000 SF building at 2214 Main St. for an undisclosed price.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
2001 Ross Ave.	Baker Botts	Office	139,710
2100 Ross Ave.	Krage & Janvey, LLP	Office	16,021
1601 Elm St.	Skeirmont Derby	Office	13,939
717 N Harwood St.	Colliers International	Office	13,399
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
2214 Main St.	Wilson John B Trust	Undisclosed	9,000
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
1900 N Pearl St.	Lincoln Property Co.	Q4 2017	261,400
1401 Elm St.	Drever Capital Management	Q4 2018	60,710

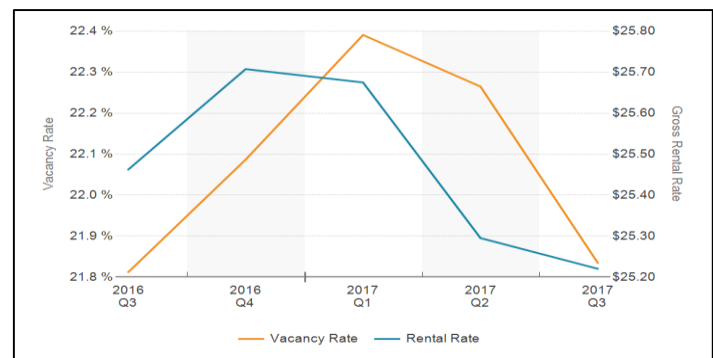
Net Absorption



Gross Asking Rent Per SF



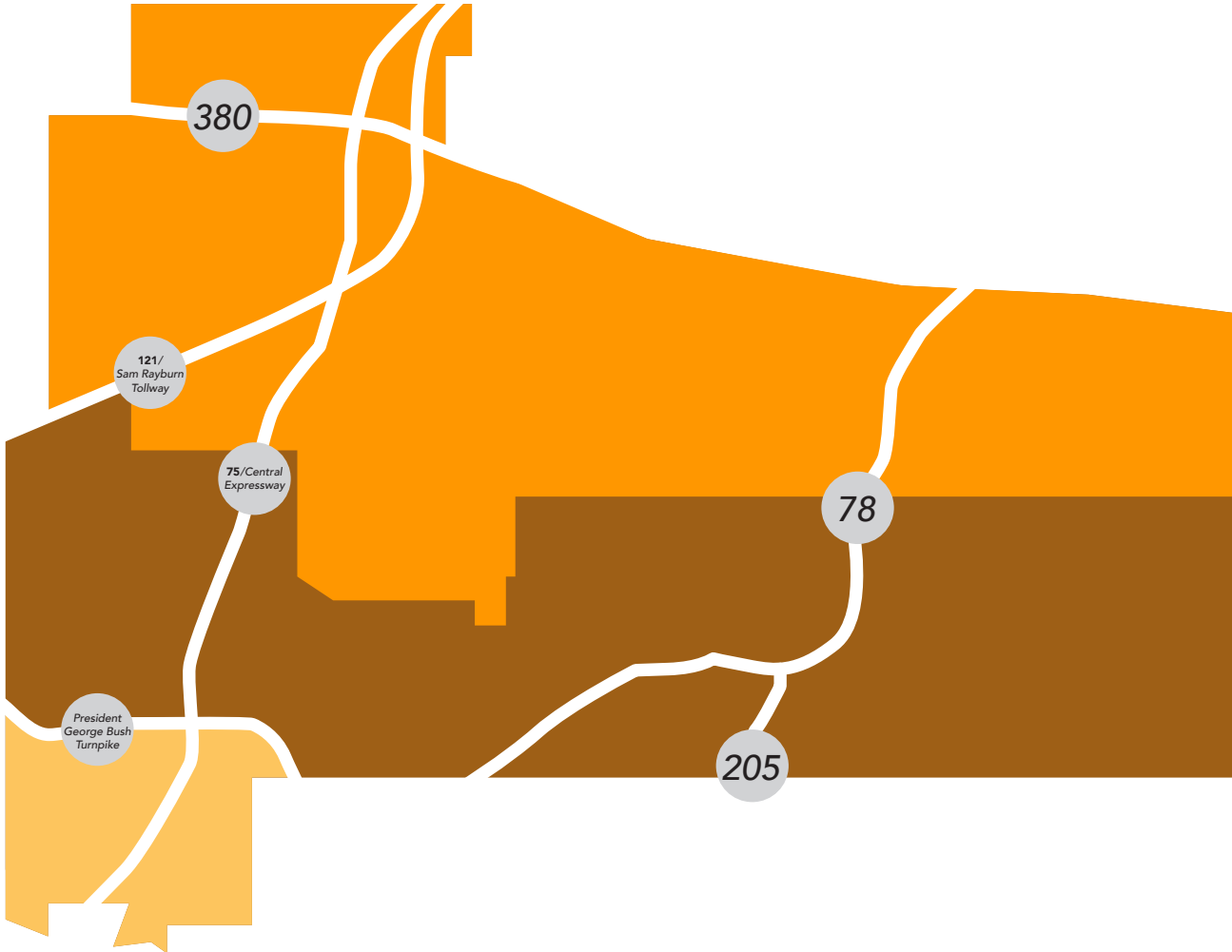
Vacancy Vs. Rental Rate






	Inventory	Total Vacancy SF	Vacancy Rate	YTD Net Absorption	YTD Deliveries	Under Construction	Rates All Classes	Quoted Rates Class A
Dallas CBD	33,673,630	7,463,095	22.2%	46,078	92,237	261,400	\$25.30	\$25.74
Dallas/Fort Worth Total	364,280,781	52,211,965	14.3%	2,401,965	3,708,353	11,366,335	\$24.64	\$28.10


*Rental Rates reflect asking \$psf/year

Upper Central Expressway



Legend

-  Allen/McKinney
-  Plano
-  Richardson



Allen/McKinney

Q2 2017

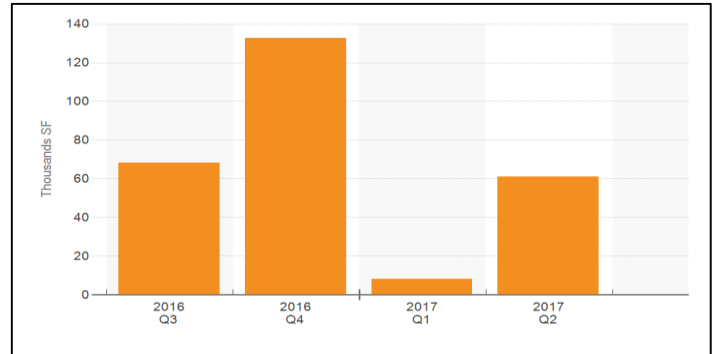
The Allen/McKinney Submarket ended the second quarter 2017 with a vacancy rate of 10.2%. The vacancy rate increased 0.2% from the previous quarter of 10.0%, with a YTD net absorption of 75,242 SF.

Rental rates ended the second quarter at \$26.41/SF across all classes, decreasing from \$26.44/SF in the previous quarter. YTD new construction deliveries finished the quarter at 80,143 SF, with 432,742 SF currently under construction.

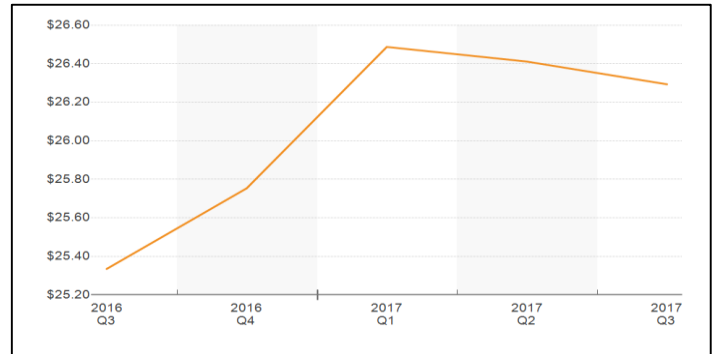
Significant lease transactions included Finisar Corporation lease of 48,383 SF at 600 Millennium Dr. Healthcare Trust of America acquired 115,278 SF at 5236 W University Dr. for an undisclosed purchase price.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
600 Millennium Dr.	Finisar Corporation	Office	48,383
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
5236 W University Dr. (Portfolio Sale)	Healthcare Trust of America, Inc.	Undisclosed	115,278
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
Bethany Rd & Watters Creek	Kaizen Development Partners	Q1 2018	119,914
2 Greenside (6950 TPC Dr.)	RGNL	Q3 2017	48,441

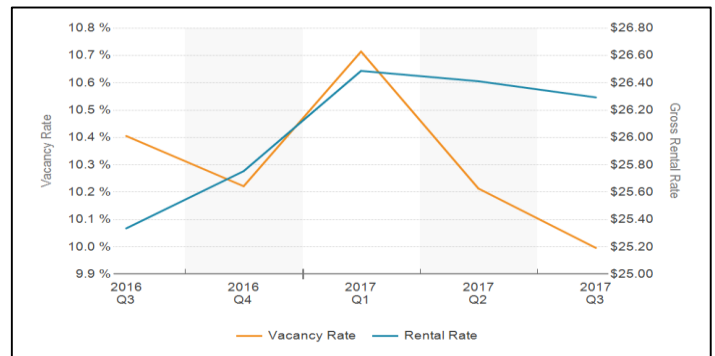
Net Absorption



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	7,745,240	780,746	10.2%	75,242	80,143	432,724	\$26.41	\$30.05
Dallas/Fort Worth Total	364,280,781	52,211,965	14.3%	2,401,965	3,708,353	11,366,335	\$24.64	\$28.10

*Rental Rates reflect asking \$psf/year

MARKETBEAT

Office Submarket Report

Plano

Q2 2017

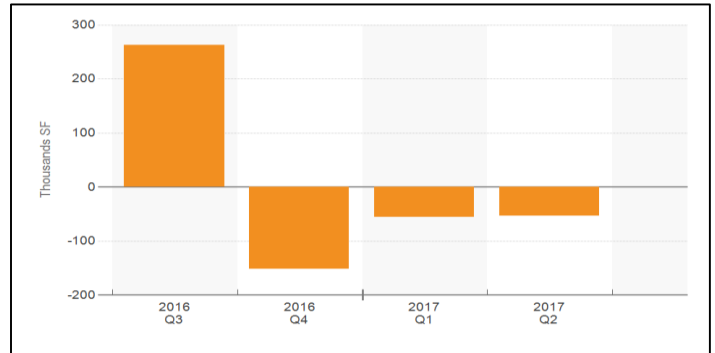
The Plano Submarket ended the second quarter of 2017 with a vacancy rate of 18.9%. The vacancy rate increased from the previous quarter of 18.2%. Year-to-date net absorption totaling -109,907 square feet at the end of Q2, up from -45,038 square feet by the end of Q1.

Rental rates ended the fourth quarter at \$24.88/SF across all classes, increasing from \$24.68/SF in the previous quarter. There have been 20,800 SF in year-to-date new construction deliveries with 20,200 SF currently under construction in the submarket.

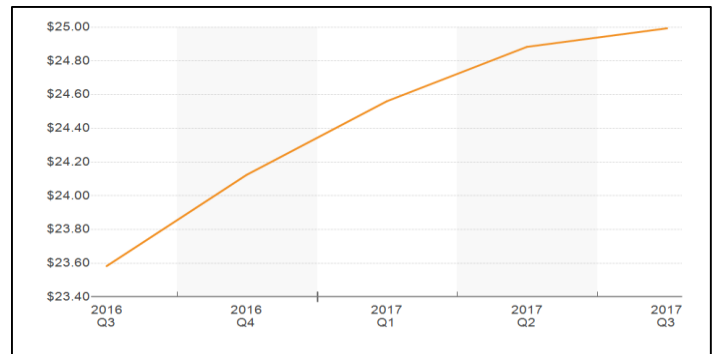
Healthcare Trust of America purchased a 36,705 SF building at 511 W FM 544 for an undisclosed price and Charles R. Gordon purchased a 21,278 SF building at 5509 Pleasant Valley Dr for an undisclosed price.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
-	-	-	-
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
511 W FM 544 (Part of Portfolio)	Healthcare Trust of America, Inc.	Not Disclosed	36,705
5509 Pleasant Valley Dr	Charles R. Gordon, MD	Not Disclosed	21,278
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
655 Custer Rd	Custer Square Venture, LTD	Q2 2018	13,200

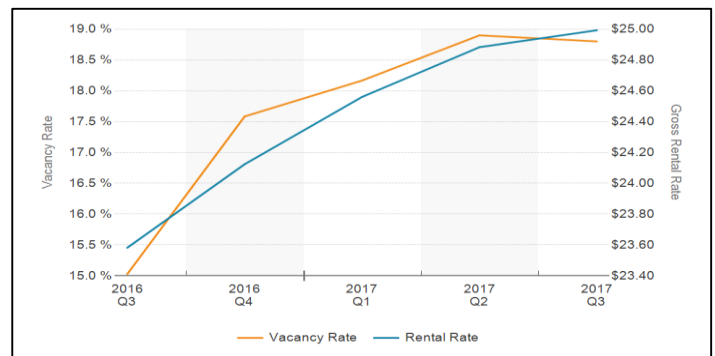
Net Absorption



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	9,662,493	1,826,559	18.9%	-109,907	20,800	20,200	\$24.88	\$27.49
Dallas/Fort Worth Total	364,280,781	52,211,965	14.3%	2,401,965	3,708,353	11,366,335	\$24.64	\$28.10

*Rental Rates reflect asking \$psf/year

MARKETBEAT

Office Submarket Report

Richardson

Q2 2017

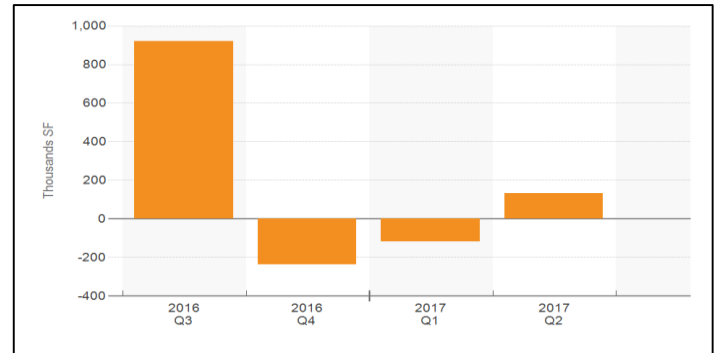
The Richardson Submarket ended the second quarter of 2017 with a vacancy rate of 16.0%. The vacancy rate increased 0.2% from 15.8% in the previous quarter, with a net negative absorption of 4,773 SF to finish Q2 at 15,469 SF in cumulative net absorption.

Rental rates ended the second quarter at \$23.27/SF across all classes, decreasing from \$23.46/SF in the previous quarter. New construction deliveries increased from 5,000 SF to 99,546 SF and there is currently 308,000 SF currently under construction in the submarket.

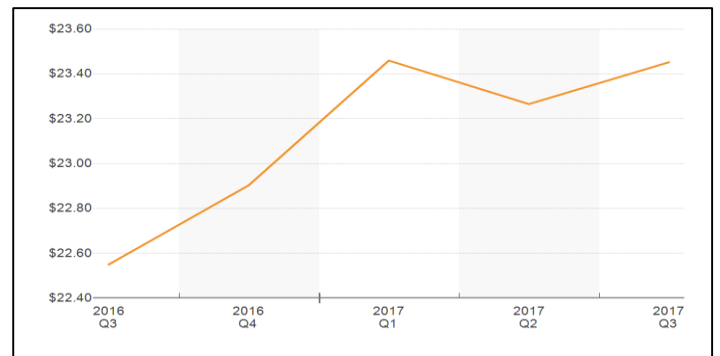
Significant leases included the University of Texas at Dallas lease of 38,783 SF at 3000-3030 Waterview Pkwy. Intercontinental Real Estate Corp. purchased 232,710 SF at 2280 N Greenville Ave for \$52,600,000 and Dallas Lighthouse For the Blind purchased 56,640 SF at 111 W Spring Valley Road for \$3,850,000.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
3000-3030 Waterview Pkwy	University of Texas at Dallas	Office	38,783
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
2280 N Greenville Ave	Intercontinental Real Estate Corporation	\$52,600,000	232,710
111 W Spring Valley Rd	Dallas Lighthouse For the Blind, Inc.	\$3,850,000	56,640
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
3400 N Central Expressway	Malouf Interests, Inc.	Q3 2017	300,000

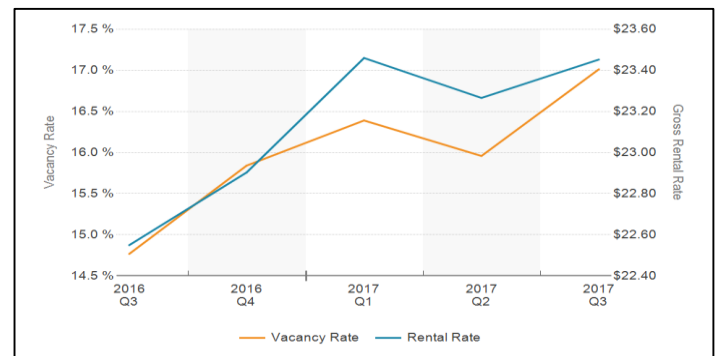
Net Absorption



Gross Asking Rent Per SF



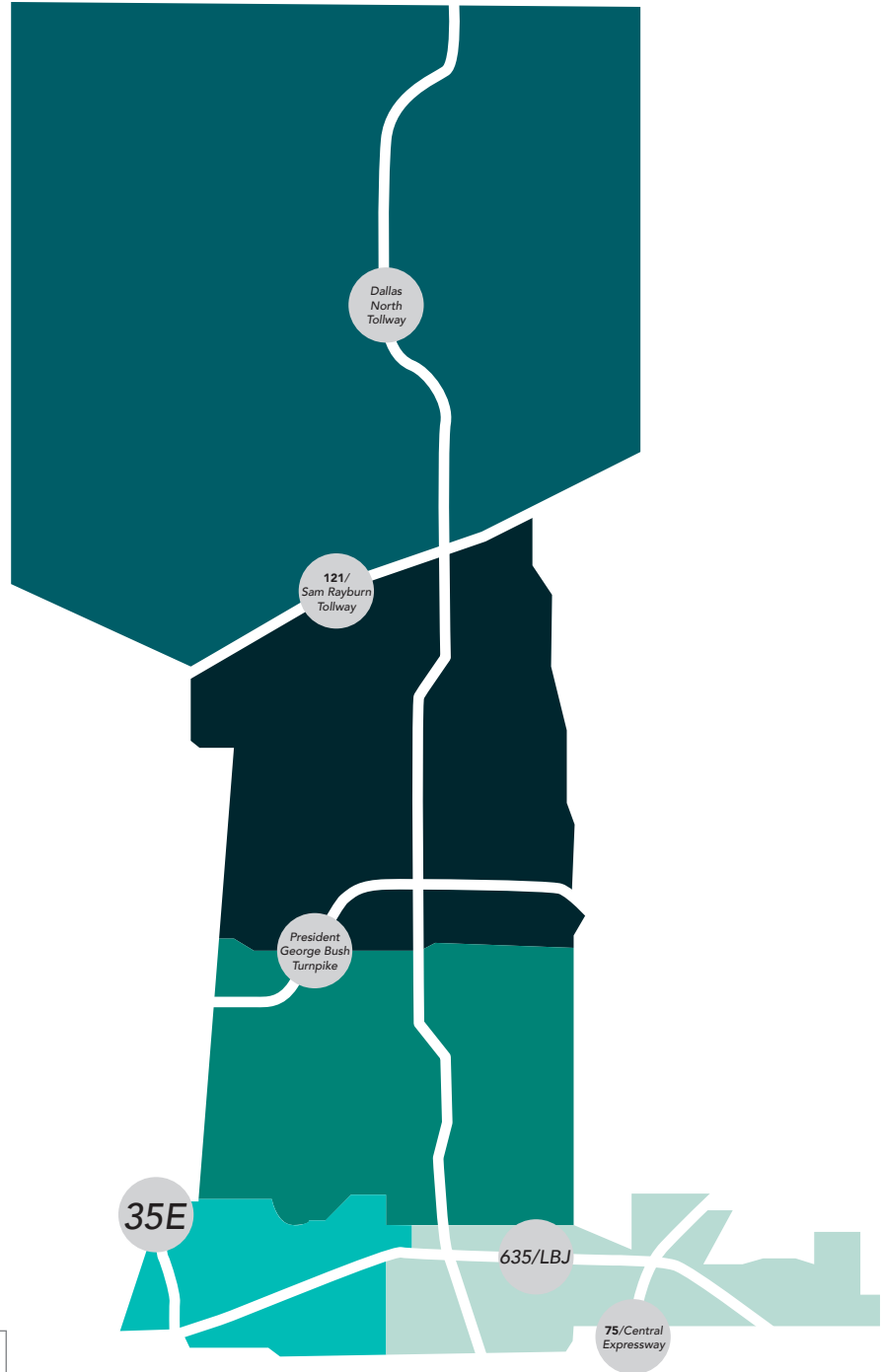
Vacancy Vs. Rental Rate








	Inventory	Total Vacancy SF	Vacancy Rate	YTD Net Absorption	YTD Deliveries	Under Construction	Rates All Classes	Quoted Rates Class A
Richardson	22,279,277	3,557,981	16.0%	15,469	99,546	308,000	\$23.27	\$26.93
Dallas/Fort Worth Total	364,280,781	52,211,965	14.3%	2,401,965	3,708,353	11,366,335	\$24.64	\$28.10

*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



MARKETBEAT

Office Submarket Report

Frisco/The Colony

Q2 2017

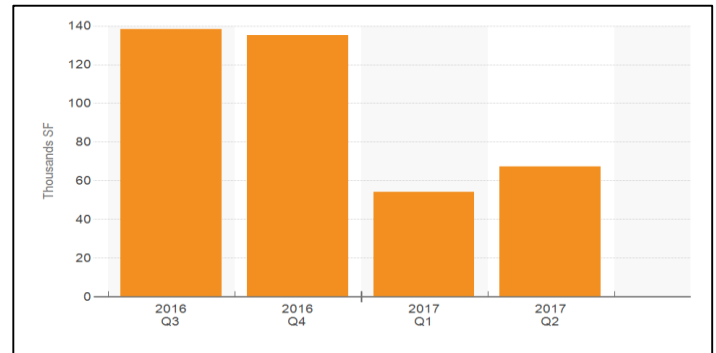
The Frisco/The Colony Submarket ended the second quarter 2017 with a vacancy rate of 10.8%. The vacancy rate decreased by 0.9% from the previous quarter of 11.7%. The second quarter net absorption totaled 124,596 square feet.

Rental rates ended the second quarter at \$33.39/SF across all classes, decreasing from \$33.95/SF in the previous quarter. There were 88,871 SF in year-to-date new construction deliveries as well as 1,062,164 SF under construction in the submarket.

There are several significant buildings under construction including Hall Office Park, The Offices One, and Wade Park.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
The Star	Blue Star Sports	Office	11,741
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
Sports Village Plaza	Perrine Property Management & Investment Services	\$3,722,000	8,136
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
Hall Office Park	Hall Financial Group	Q4 2017	300,000
The Offices One	VanTrust Real Estate LLC	Q4 2017	228,857
Wade Park Office	Thomas Land & Development	Q2 2018	116,427

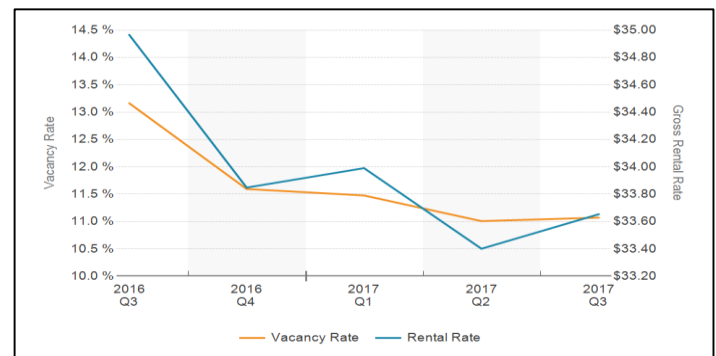
Net Absorption



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	6,856,143	724,186	10.8%	124,596	88,871	1,062,164	\$33.39	\$35.16
Dallas/Fort Worth Total	364,280,781	52,211,965	14.3%	2,401,965	3,708,353	11,366,335	\$24.64	\$28.10

*Rental Rates reflect asking \$psf/year

MARKETBEAT

Office Submarket Report

Upper Tollway/West Plano

Q2 2017

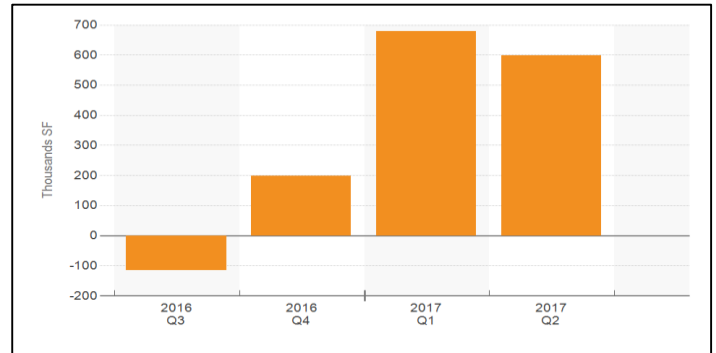
The Upper Tollway/West Plano Submarket ended the second quarter of 2017 with a vacancy rate of 11.2%. The vacancy decreased 0.9% from the previous quarter of 12.1%. There was a net increase in year-to-date overall absorption totaling a positive 1,277,947 square feet in the second quarter.

Rental rates ended the second quarter at \$30.42/SF across all classes, decreasing slightly from \$30.46/SF in the previous quarter. There were 1,338,265 SF in YTD construction deliveries, and the submarket leads the metroplex with 4,786,104 SF under construction.

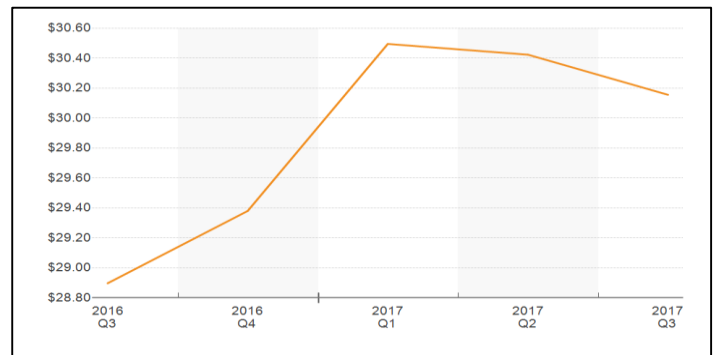
Significant lease transactions included Broadsoft, Inc's lease of 35,758 SF at Platinum Park. Sales included a purchase of Liberty Mutual Campus at 1,100,000 SF for undisclosed price.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
6080 Tennyson Pky (Platinum Park)	BroadSoft, Inc.	Office	35,758
6500 International Pky	Fisher Asset	Office	33,653
6400 International Pky	Mfiles	Office	26,484
7950 Legacy Dr. (One Legacy West)	NTT DATA, Inc	Office	25,343
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
Liberty Mutual Campus	Liberty Mutual	Not Disclosed	1,100,000
Legacy District One	TIER REIT	\$123,300,000	318,582
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	1,700,000
JP Morgan Chase	KDC Real Estate	Q3 2017	1,400,000
Grant Park Seven	Granite Properties	Q1 2018	324,100
Interceramic Headquarters	Billingsley Company	Q2 2017	330,000

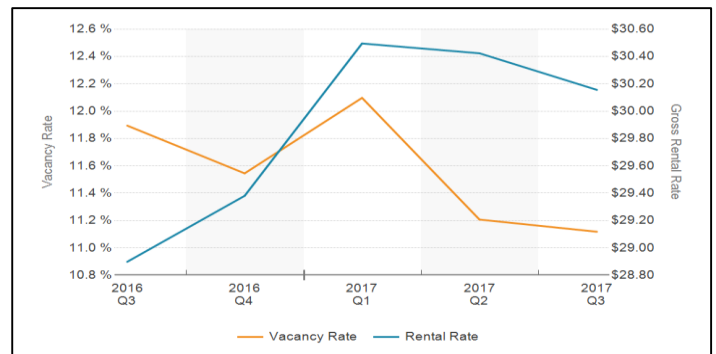
Net Absorption



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	27,942,206	3,123,670	11.2%	1,277,947	1,338,265	4,786,104	\$30.42	\$32.68
Dallas/Fort Worth Total	364,280,781	52,211,965	14.3%	2,401,965	3,708,353	11,366,335	\$24.64	\$28.10

*Rental Rates reflect asking \$psf/year

Quorum/Bent Tree

Q2 2017

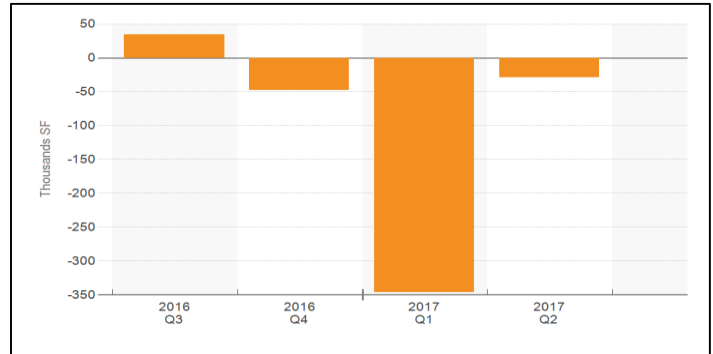
The Quorum/Bent Tree Submarket ended the second quarter of 2017 with a vacancy rate of 15.9%. The vacancy rate increased 0.3% from the previous quarter of 15.6% with a YTD net absorption of -325,360 SF for Q2.

Rental rates ended the second quarter at \$23.57/SF across all classes, increasing from \$23.07/SF in the previous quarter. There were no new construction deliveries in Q2 and there is 248,405 SF currently under construction in the submarket.

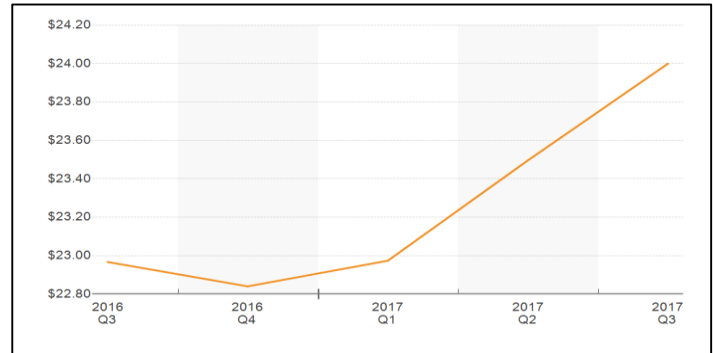
Significant lease transactions included Principal Financial Services' lease of 23,427 SF at 5080 Spectrum and Rover Petroleum that leased 19,996 SF at 17304 Preston Rd.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
5080 Spectrum Dr	Principal Financial Services	Office	23,427
17304 Preston Rd	Rover Petroleum	Office	19,996
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
14180 N Dallas Pkwy (Part of Portfolio)	Orbis Real Estate	Not Disclosed	115,808
1925 E Belt Line Rd	LWU Management	Not Disclosed	62,744
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
-	-	-	-

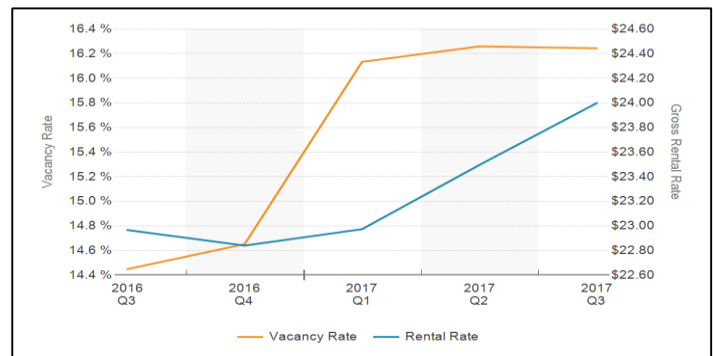
Net Absorption



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	23,663,199	3,761,994	15.9%	-325,360	0	248,405	\$23.57	\$28.02
Dallas/Fort Worth Total	364,280,781	52,211,965	14.3%	2,401,965	3,708,353	11,366,335	\$24.64	\$28.10

*Rental Rates reflect asking \$psf/year

West LBJ Freeway

Q2 2017

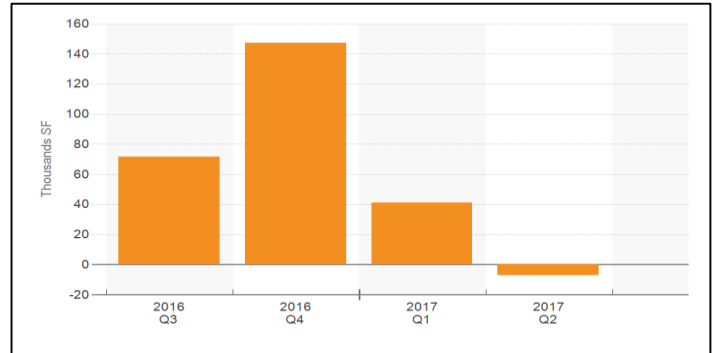
The West LBJ Freeway Submarket ended the fourth quarter 2016 with a vacancy rate of 18.1%. The vacancy rate increased slightly from the previous quarter of 18.0%, accompanied by an slight decrease YTD net absorption of 34,229 SF for the year to date.

Rental rates ended the fourth quarter at \$19.08/SF across all classes, increasing from \$18.42/SF in the previous quarter. There were no new construction deliveries and currently no construction projects underway.

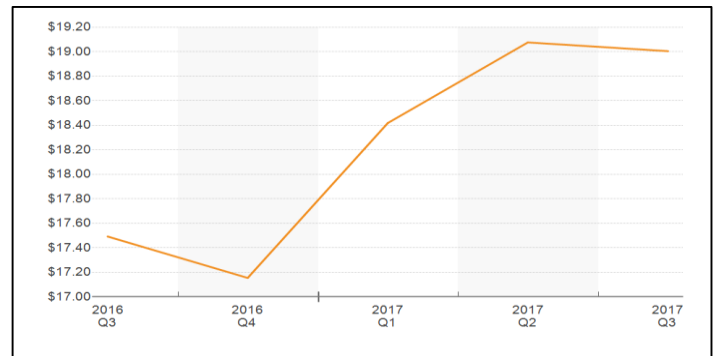
There was significant lease activity that occurred in the submarket, including a 23,929 SF lease at Granite Tower by Sun Holdings. High Street Retail purchased 74,977 SF at 13612 Midway Road as part of a portfolio during the first quarter.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
Granite Tower	Sun Holdings	Office	23,929
Northpointe Centre	Caine and Weiner	Office	13,001
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
One Valley View Place	Not Disclosed	Not Disclosed	98,701
13612 Midway Road- Part of Portfolio	High Street Retail	Not Disclosed	74,977
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
-	-	-	-

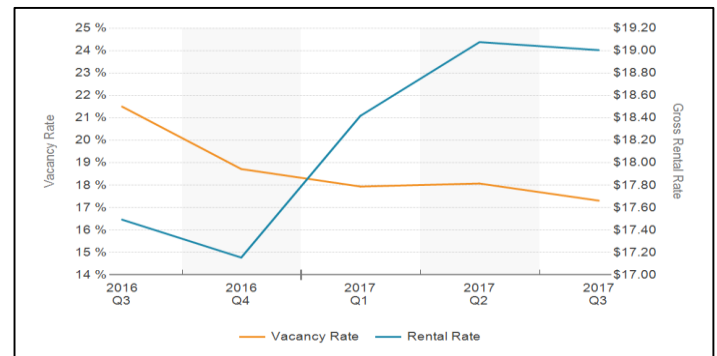
Net Absorption



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	5,294,834	957,256	18.1%	34,229	0	0	\$19.08	\$19.86
Dallas/Fort Worth Total	364,280,781	52,211,965	14.3%	2,401,965	3,708,353	11,366,335	\$24.64	\$28.10

*Rental Rates reflect asking \$psf/year

East LBJ Freeway

Q2 2017

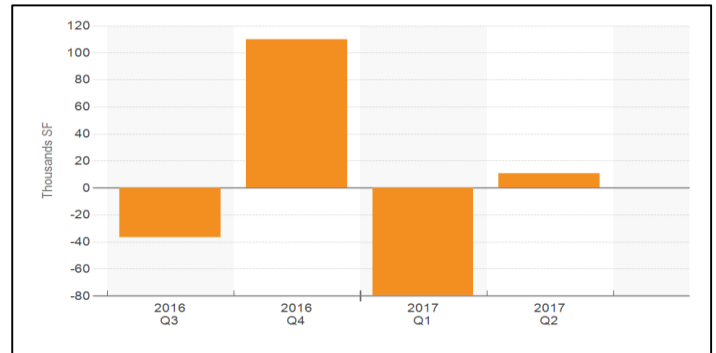
The East LBJ Freeway Submarket ended the second quarter 2017 with a vacancy rate of 23.4%. The vacancy rate decreased slightly from the previous quarter of 23.7%, with the YTD total net absorption at negative 68,888 SF for Q2 2017.

Rental rates ended the first quarter at \$22.55/SF across all classes, decreasing from \$22.92/SF in the previous quarter. There is currently construction underway for PWC Tower and should be completed by Q1 2018.

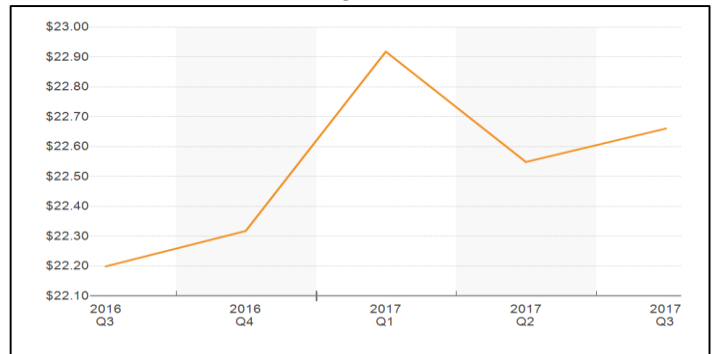
Significant lease transactions included a 44,393 SF lease by AECOM at Two Galleria Tower. Forest Green Business Park at 173,790 SF was sold to Pat Davis Properties for \$11,378,000.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
Two Galleria Tower	AECOM	Office	44,393
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
Forest Green Business Park (part of portfolio)	Pat Davis Properties	\$11,378,000	173,790 SF
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
PwC Tower	Trammell Crow Company	Q1 2018	494,300 SF

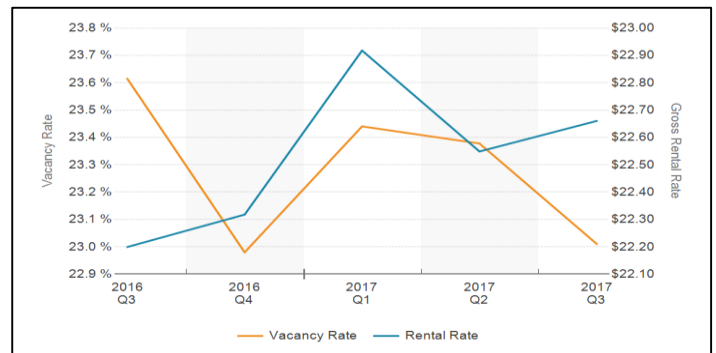
Net Absorption



Gross Asking Rent Per SF



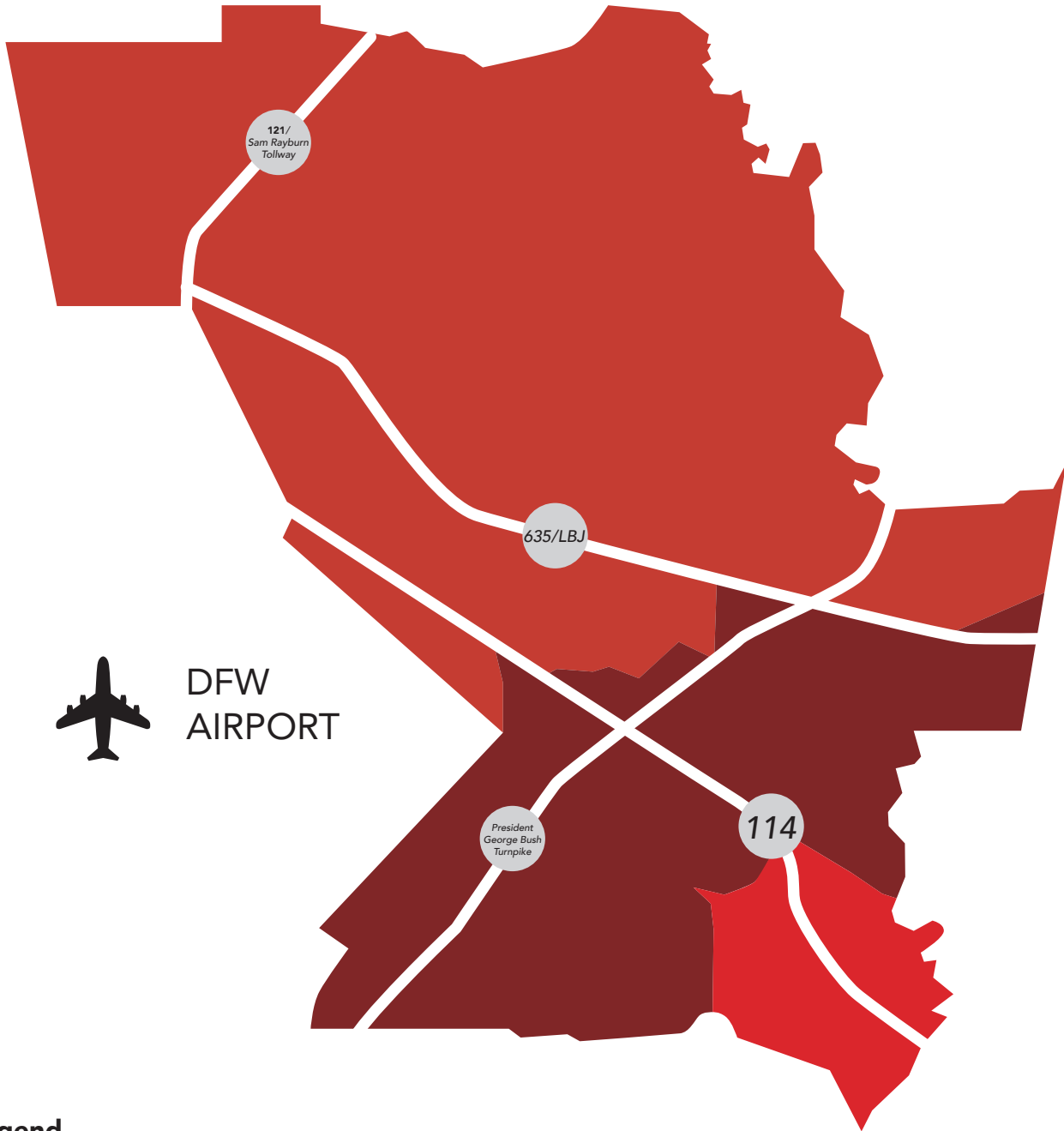
Vacancy Vs. Rental Rate



	Inventory	Total Vacancy SF	Vacancy Rate	YTD Net Absorption	YTD Deliveries	Under Construction	Rates All Classes	Quoted Rates Class A
East LBJ Freeway	17,302,578	4,045,020	23.4%	-68,888	0	0	\$22.55	\$25.73
Dallas/Fort Worth Total	364,280,781	52,211,965	14.3%	2,401,965	3,708,353	11,366,335	\$24.64	\$28.10

*Rental Rates reflect asking \$psf/year

Las Colinas Office Market



Legend

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



DFW Freeport/Coppell

Q2 2017

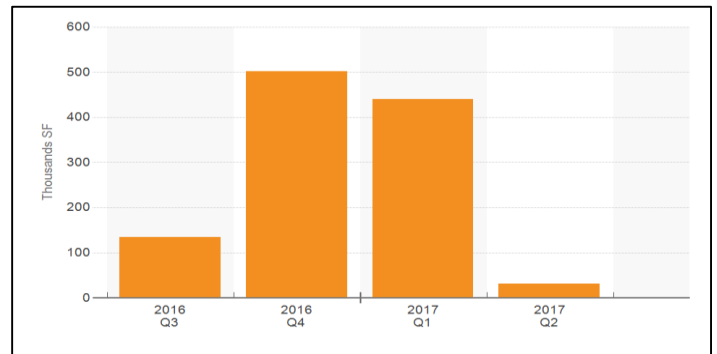
The DFW Freeport/Coppell Submarket ended the second quarter 2017 with a vacancy rate of 12.7%. The vacancy rate decreased from 13.0% the previous quarter, with a YTD net absorption of 471,704 SF at the end of Q2.

Rental rates ended the second quarter at \$22.60/SF across all classes, decreasing from \$22.79/SF in the previous quarter. New construction deliveries for Q2 totaled 548,883 SF, and 629,749 SF of new office space is currently under construction at the end of the second quarter.

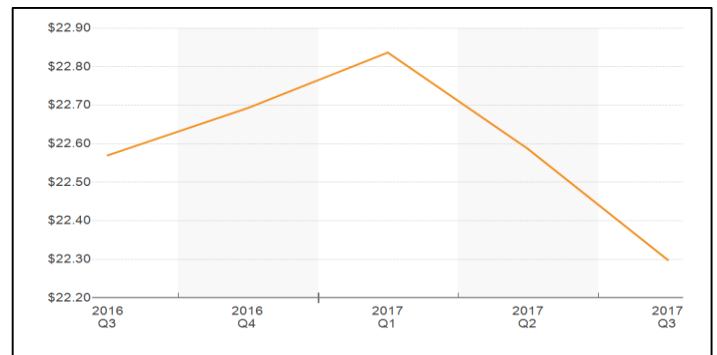
There were several significant lease transactions including 54,646 SF leased by Yardi Systems at 8616 Freeport Pkwy. Quarry Capital acquired a 182,700 SF building in a multi-property purchase at 1525 S Belt Line Rd.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
8616 Freeport Pkwy.	Yardi Systems	Office	54,646
1221 S Belt Line Rd.	Veridesk	Office	23,505
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
1525 S Belt Line Rd. (Multi-Property)	Quarry Capital	\$42,000,000	182,700
4600 Regent Blvd. (Multi-Property)	Sunwest Real Estate Group	Undisclosed	80,000
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
3100 Olympus Blvd.	Billingsley Company	Q2 2018	250,000
9797 Rombauer Rd.	Billingsley Company	Q1 2018	225,000

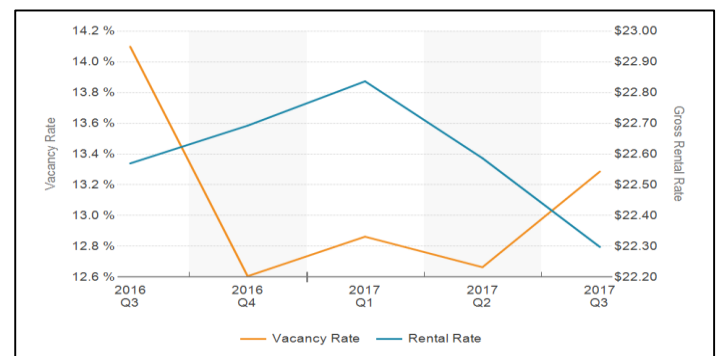
Net Absorption



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
DFW Freeport/Coppell	13,664,353	1,733,723	12.7%	471,704	548,883	629,749	\$22.60	\$22.79
Dallas/Fort Worth Total	364,280,781	52,211,965	14.3%	2,401,965	3,708,353	11,366,335	\$24.64	\$28.10

*Rental Rates reflect asking \$psf/year

Office Center/West LBJ Ext

Q2 2017

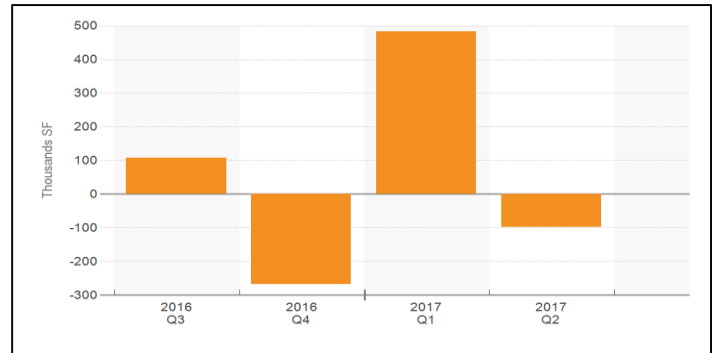
The Office Center/ West LBJ Ext Submarket ended the second quarter 2017 with a vacancy rate of 14.0%. The vacancy rate increased from 11.5% in the previous quarter. There was a cumulative net absorption of 385,950 SF for Q2.

Rental rates ended the second quarter at \$23.72/SF across all classes, decreasing from \$23.91/SF in the previous quarter. There were 339,359 SF of new construction deliveries and a total of 116,000 SF is currently under construction.

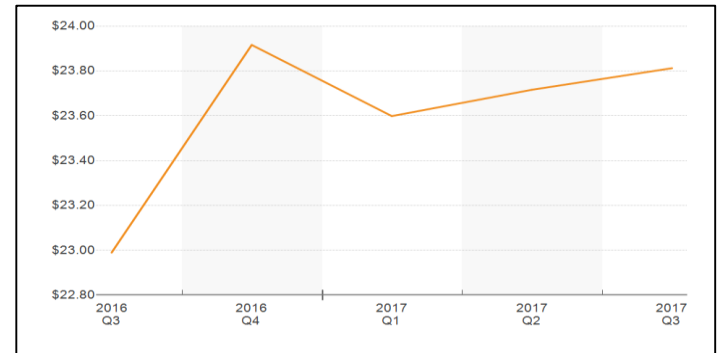
Significant lease activity during the second quarter included the lease of 26,022 SF at CVS Health Tower by Caris Life Sciences. American Fidelity Assurance Company bought Plaza One61 for \$29,500,000, which totaled 195,074 SF. Capital Commercial Investments, Inc. purchased 164,111 SF at Cottonwood Office Center for an undisclosed price.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
CVS Health Tower	Caris Life Sciences	Office	26,022
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
Plaza One61	American Fidelity Assurance Company	\$29,500,000	195,074
Cottonwood Office Center	Capital Commercial Investments, Inc.	Undisclosed	164,111
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
Gateway Dr & State Highway - Phase I	KDC Real Estate Development & Investments	Q4 2017	96,000

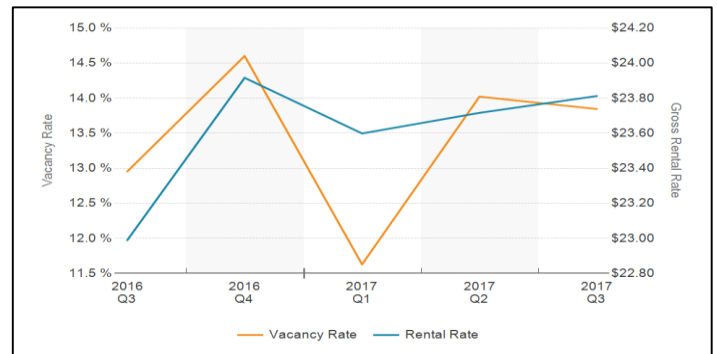
Net Absorption



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
Office Ctr/West LBJ Ext	16,590,207	2,326,087	14.0%	385,950	339,359	116,000	\$23.72	\$27.41
Dallas/Fort Worth Total	364,280,781	52,211,965	14.3%	2,401,965	3,708,353	11,366,335	\$24.64	\$28.10

*Rental Rates reflect asking \$psf/year

Urban Center/Wingren

Q2 2017

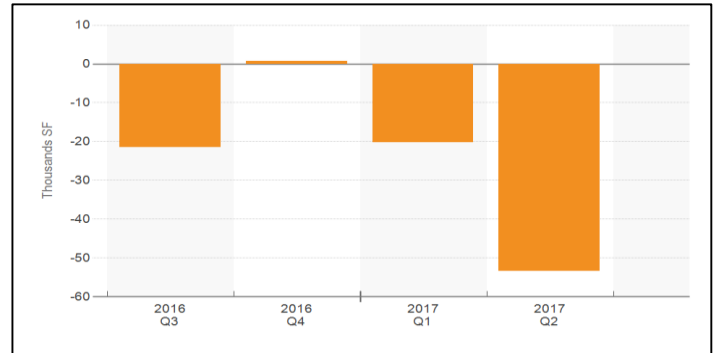
The Urban Center/Wingren Submarket ended the second quarter of 2017 with a vacancy rate of 17.9%. The vacancy rate increased from the previous quarter of 17.3%. There was a net decrease in year-to-date overall absorption totaling a negative 73,694 SF.

Rental rates ended the second quarter at \$28.70/SF across all classes, increasing from \$25.85/SF in the previous quarter. There were no new construction deliveries, but the Music Factory is still under construction with 100,000 SF of office space expected to deliver in August of this year.

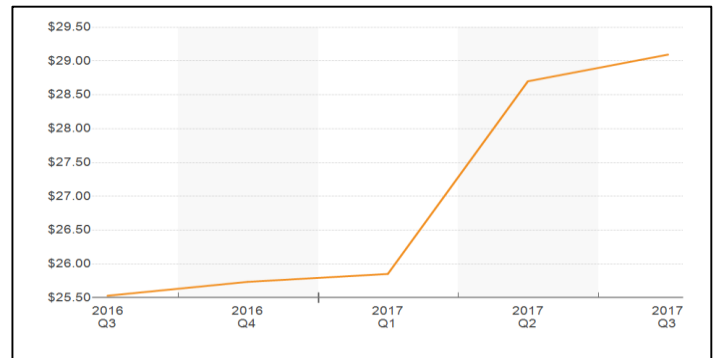
There were several significant lease transactions that occurred during the second quarter, including a 22,542 SF lease at Urban Towers by Lightbeam Health Solutions and General Motos Financial Company's lease of 22,338 SF lease at Mandalay Tower. 200 W John Carpenter sold to Miramar Las Colinas totaling 189,776 SF for an undisclosed price.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
Urban Towers	Lightbeam Health Solutions	Office	22,542
Mandalay Tower 1	General Motos Financial Company	Office	22,338
500 E John Carpenter Fwy	TEK Systems	Office	16,128
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
200 W John Carpenter Fwy	Miramar Las Colinas	Undisclosed	189,776
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
The Music Factory	ARK Group	Q3 2017	100,000

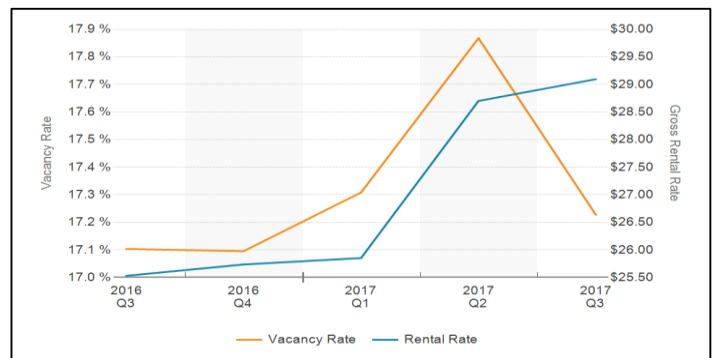
Net Absorption



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	9,543,963	1,705,259	17.9%	-73,694	0	100,000	\$28.70	\$30.26
Dallas/Fort Worth Total	364,280,781	52,211,965	14.3%	2,401,965	3,708,353	11,366,335	\$24.64	\$28.10

*Rental Rates reflect asking \$psf/year

Fort Worth CBD



Fort Worth CBD

Q2 2017

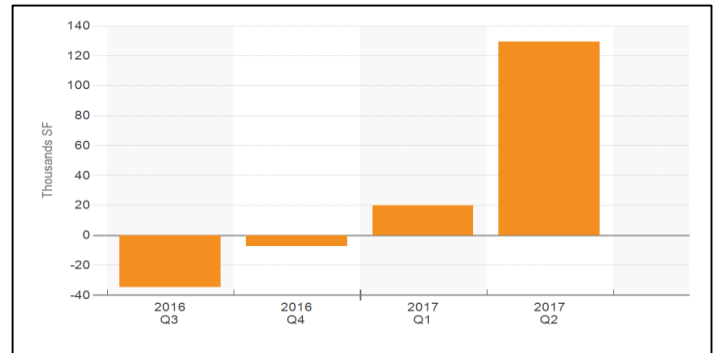
The Fort Worth CBD Submarket ended the second quarter 2017 with a vacancy rate of 9.9%, decreasing 0.4% from the previous quarter of 10.3%. Overall net absorption had a net positive increase for a cumulative 80,968 square feet in the second quarter 2017.

Rental rates ended the first quarter at \$25.90/SF across all classes, an increase of \$0.85/SF over the previous quarter of \$25.05/SF. There were no new construction deliveries and there is 280,489 square feet of construction underway in the submarket.

Significant lease transactions included a sublease of 20,752 SF at 777 Main St. by TEP Barnett. Crawford & Crawford purchased 30,699 SF at 1100 Macon St. for \$2,750,000.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
777 Main Street	TEP Barnett	Office	20,752
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
1100 Macon St.	Crawford & Crawford	\$2,750,000	30,699
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
Frost Tower	Stream Realty Partners	Q1 2018	280,489

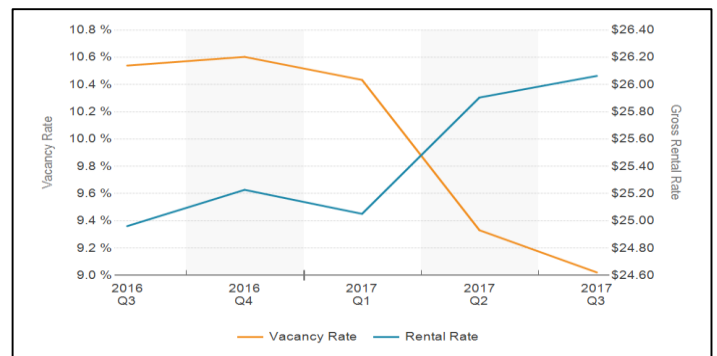
Net Absorption



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	11,799,154	1,162,940	9.9%	80,968	0	280,489	\$25.90	\$28.93
Dallas/Fort Worth Total	364,280,781	52,211,965	14.3%	2,401,965	3,708,353	11,366,335	\$24.64	\$28.10

*Rental Rates reflect asking \$psf/year



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