



W H I T E B X

REAL ESTATE

Q1 2017

Dallas Office
Market Overview





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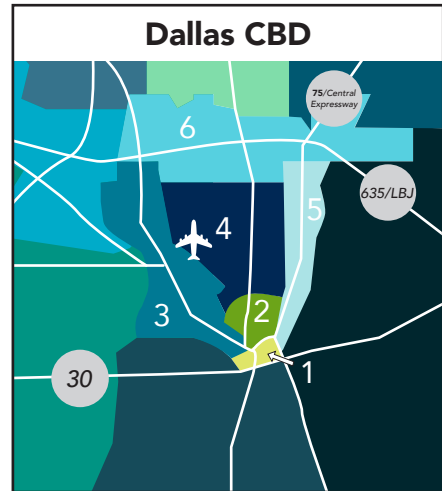
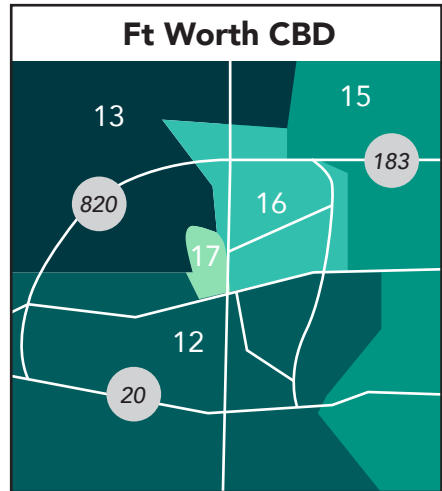
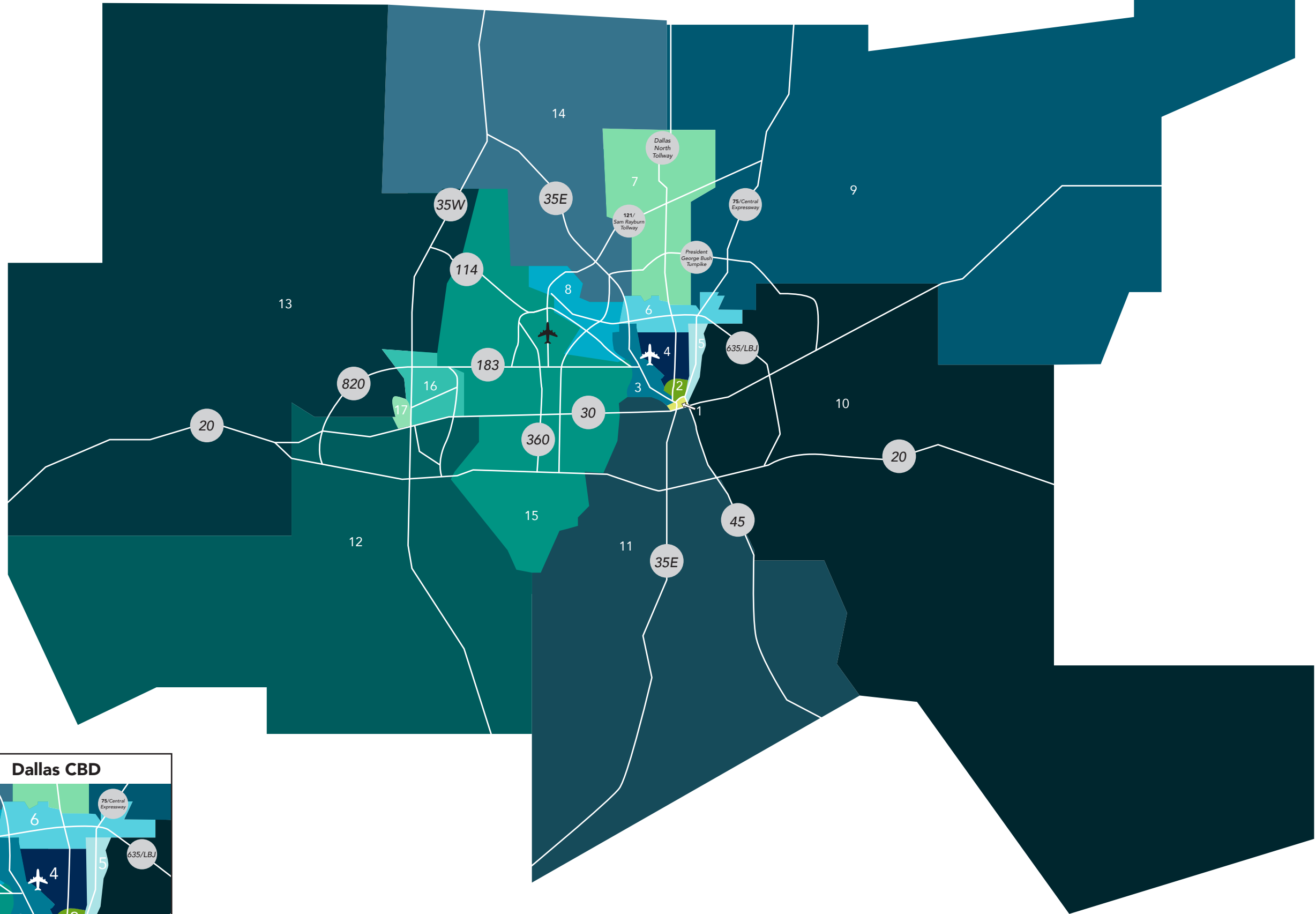
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DFW Office Market Overview

Legend

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ECONOMIC OVERVIEW

The Texas economy continued to grow for yet another quarter; however, March 2016 marked the lowest monthly employment gain since August of 2016, according to the Texas Workforce Commission. In spite of the lower numbers for March, the Texas economy does appear to be recovering from impacts of the 2016 Presidential Election that deferred hiring due to the "see how the election plays out" sentiment. The first quarter of 2017 saw increased job growth over the first quarter of 2016. Statewide, total nonfarm employment increased by 249,000 jobs, which represents a total of 83 consecutive months of growth. The Texas Workforce Commission also reported that the annual growth rate broke 2.0 percent for the first time in 18 months. Despite the growth, unemployment for the State of Texas rose by 0.1% to 5.0% in March (up 0.4% for 2017). Professional and Business Services recorded the strongest first quarter gains since 1990 (25,000 jobs) as did Mining and Logging (10,800 jobs). The Dallas Federal Reserve reported a positive outlook with gains in employment, especially in the energy sector, in the Beige Book. The Federal Reserve even went as far to say that "most contacts [are] expecting 2017 to be stronger than 2016." The Dallas-Fort Worth (DFW) labor market grew by 3.7% by adding 129,700 jobs over the last 12 months (355 per day). The unemployment rate for DFW rose 0.5% to 4.3%. In contrast, Dallas-Plano-Irving area set the highwater mark for job growth at 4.0% annual growth.

TENANT OUTLOOK

Net absorption for the first quarter totaled 1,525,503 SF, more than double the fourth quarter of 2016.

The Class A office market rose 1% to a DFW average quoted rate of \$28.12/SF, relatively the same as the fourth quarter. The CBD average Class A quoted rate is \$26.50/SF vs. an average of \$28.66/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 first quarter for 2017 marks the all-time high for Class A Suburban rate.. The vacancy rate in DFW remained constant from the end of 2016 to the first quarter of 2017 at 14.3%, which is still the lowest rate in over 8 years.

The Class A average vacancy rate increased from 16.3% at the end of 2017 to 17.0% for the end of the first quarter 2017. Class A CBD vacancy rates were recorded at 23.7%, significantly higher than the 15.3% for suburban Class A office product.

Vacant sublease space increased to 2,266,225 SF for the end of 2016, up 4% from 2,177,986 SF for the end of 2016. This is still a net decrease of 38,176 SF from the 2,304,401 SF at the end of 2015.

Class A vacant sublease space decreased 4.7% from 1,556,956 SF for the year end 2016 to 1,483,604 SF at the end of the first quarter 2017. Sublease vacancy in the CBD represents 14.1% of the available sublease space on the market while the market only constitutes 12.5% of the overall DFW office market.

2,377,125 SF of new construction in 32 buildings were delivered in the first quarter of 2017. There is an additional 11,897,055 SF currently under construction. The largest active construction projects are build-to-suits for Toyota Motor Corporate HQ, a 2,100,000 SF campus; JP Morgan Chase, a 1,400,000 SF project; and Liberty Mutual, 1,100,000 SF. All three are in the Upper Tollway/West Plano focus market of the Far North Dallas Submarket.

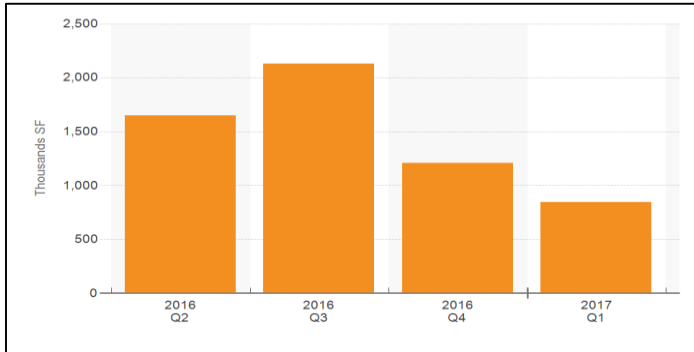
AT A GLANCE

	Q4 2016	Q1 2017	% Change
Overall Vacancy	14.3%	14.3%	0.0%
Overall Rental Rates	\$24.20	\$24.52	1.32%
YTD Absorption	705,773	1,525,503	116%

TOP LARGE LEASES

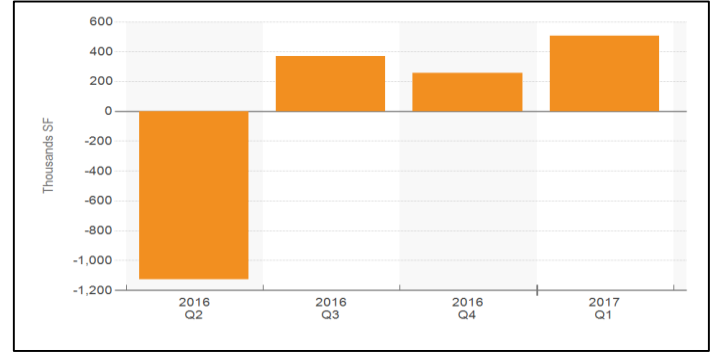
	TENANT	FOCUS MARKET	SQUARE FEET
3000 Olympus Blvd	Brinker International	DFW Freeport/Coppell	216,400
One Legacy Tower	NTT Data, Inc	Upper Tollway/West Plano	126,715
Three Galleria Tower	Amazon	East LBJ Freeway	88,084
Granite Park Five	Altice USA	Upper Tollway/West Plano	79,931
The Union	Akin Gump Strauss Hauer & Feld	Uptown/Turtle Creek	68,000

LEASING ACTIVITY



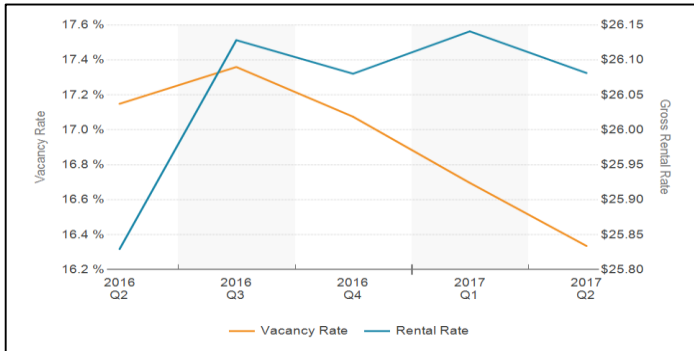
*figures based on office product over 100,000 total RSF

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 appears to be off to a solid start. Deferred real estate and hiring decisions have increased in the new year of 2017 after the US Presidential Election. The fundamentals for Dallas-Fort Worth are positive and the outlook for 2017 is very positive.

INVESTOR OUTLOOK

Office building sales activity for 2016 was excellent, and 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. As a comparison, the volume was up from 15 transactions in the third quarter of 2016 with a total sale volume of \$1.4 billion at an average of \$244.40/SF, for a total of 5,804,225 square feet. Cap rates have appeared to loosen from a period of exceptional compression. Cap rates continued to rise from an average of 7.38% for the 3rd quarter of 2016 to 7.44% for the year end 2016. As a comparison, the average for 2015 was 7.22%. The most prominent sale transaction for the first quarter of 2017 was 3500 Maple in the Uptown/Turtle Creek submarket for \$112,000,000 or \$303.43 per square foot.

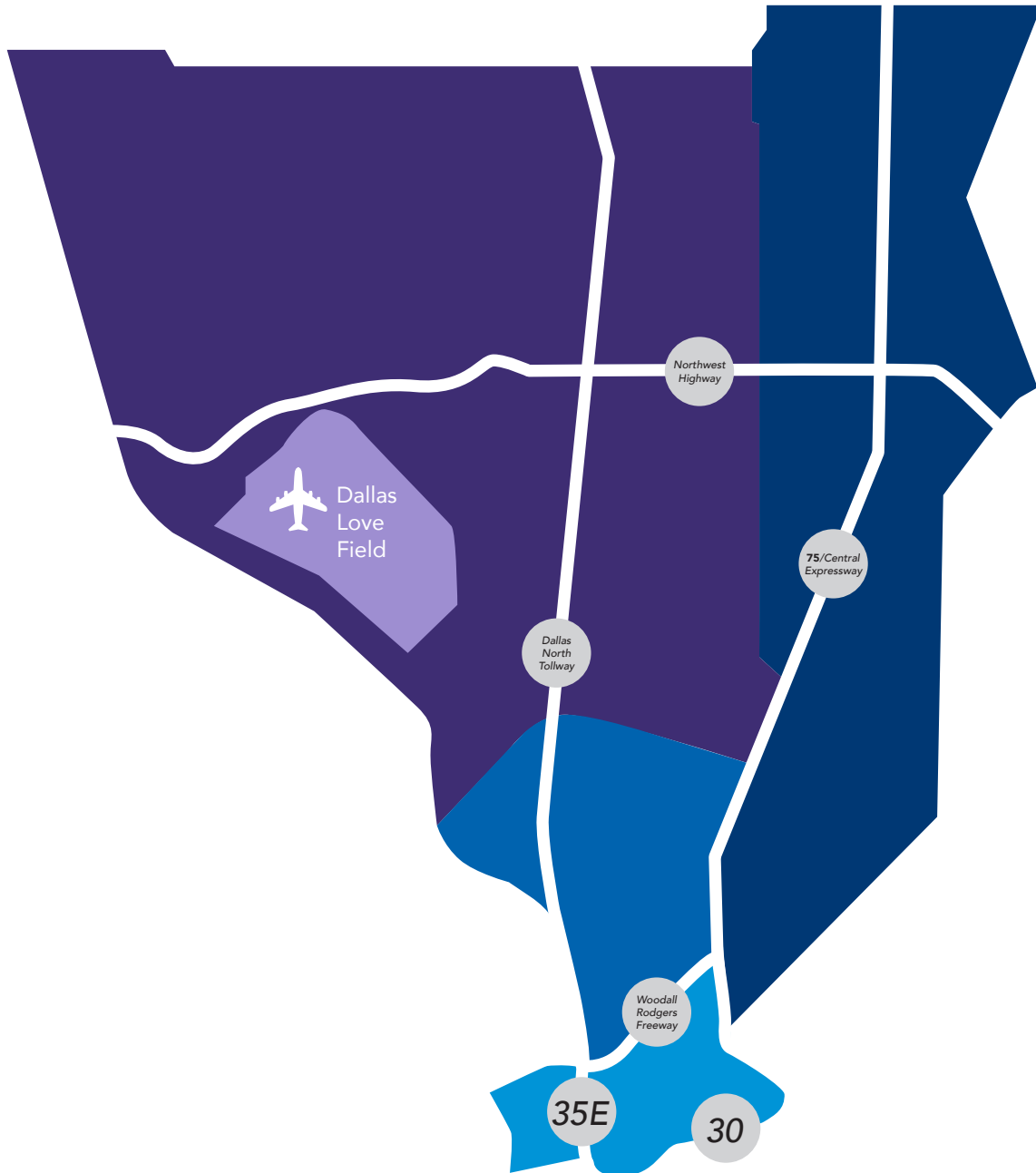
OFFICE MARKET SNAPSHOT Q1 2017

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	274	15,154,527	1,492,884	1,536,314	10.1%	(35,134)	0	0	\$26.88	\$28.19
Dallas CBD	141	33,581,393	7,261,660	7,548,836	22.5%	(119,988)	0	353,637	\$25.67	\$26.29
East Dallas	1,125	13,763,001	1,437,693	1,452,788	10.6%	(96,264)	6,500	293,921	\$23.44	\$41.48
Far North Dallas	1,064	57,743,297	7,214,614	7,780,797	13.5%	805,683	969,249	6,443,100	\$27.55	\$31.47
Fort Worth CBD	117	11,806,524	1,187,695	1,221,051	10.3%	19,837	0	280,489	\$25.05	\$28.45
Las Colinas	430	39,587,092	4,981,291	5,315,014	13.4%	1,050,369	679,183	987,395	\$24.09	\$27.08
LBJ Freeway	265	22,596,714	4,832,087	5,049,104	22.3%	(233,145)	0	0	\$22.00	\$25.13
Lewisville/Denton	900	12,977,935	888,821	973,365	7.5%	(40,650)	30,648	167,104	\$22.16	\$25.43
Mid-Cities	2,551	40,406,416	4,842,159	5,018,350	12.4%	(73,920)	193,573	892,627	\$21.71	\$25.99
North Fort Worth	564	6,551,118	344,778	406,166	6.2%	23,631	34,320	42,003	\$20.62	\$18.28
Northeast Fort Worth	337	5,400,765	1,815,846	1,840,861	34.1%	100,610	0	0	\$19.18	\$21.27
Preston Center	146	5,885,416	469,283	496,199	8.4%	(10,633)	0	183,589	\$36.24	\$37.85
Richardson/Plano	1,343	40,835,578	5,991,012	6,122,063	15.0%	(21,135)	72,270	812,701	\$24.20	\$27.47
South Fort Worth	1,611	19,742,816	1,485,516	1,572,504	8.0%	47,594	191,382	66,236	\$23.09	\$29.98
Southwest Dallas	791	7,231,323	561,660	565,160	7.8%	36,928	0	6,300	\$17.28	\$21.34
Stemmons Freeway	282	14,945,132	3,406,183	3,489,313	23.3%	(103,808)	0	72,630	\$15.78	\$16.09
Uptown/Turtle Creek	295	14,664,921	1,442,603	1,534,125	10.5%	175,528	200,000	1,295,323	\$37.46	\$39.63
DFW TOTAL	12,236	362,873,968	49,655,785	51,922,010	14.3%	1,525,503	2,377,125	11,897,055	\$24.52	\$28.12

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	577	148,626,206	23,734,763	25,218,367	17.0%	1,540,724	2,097,552	10,565,562	\$28.12
Class B	5,542	166,517,143	22,385,190	23,155,231	13.9%	(162,822)	279,573	1,331,493	\$21.00
Class C	6,117	47,730,619	3,535,832	3,548,412	7.4%	147,601	0	0	\$18.39

Dallas Central Core



Legend

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

MARKETBEAT

Office Submarket Report

Dallas CBD

Q1 2017

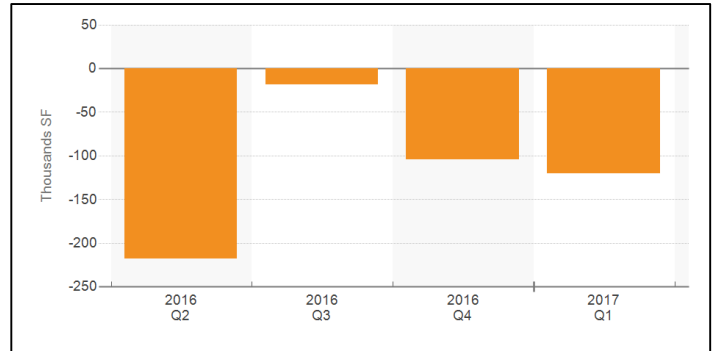
The Dallas CBD Submarket ended the first quarter 2017 with a vacancy rate of 22.5%. The vacancy rate decreased over the previous quarter from 22.9%, with a negative net absorption -119,988 square feet in the first quarter.

Rental rates ended the first quarter at \$25.67/SF across all classes, decreasing from \$25.71 in the previous quarter. There were no new construction deliveries, with 353,637 SF of office space is under construction and expected to deliver by the end of this year.

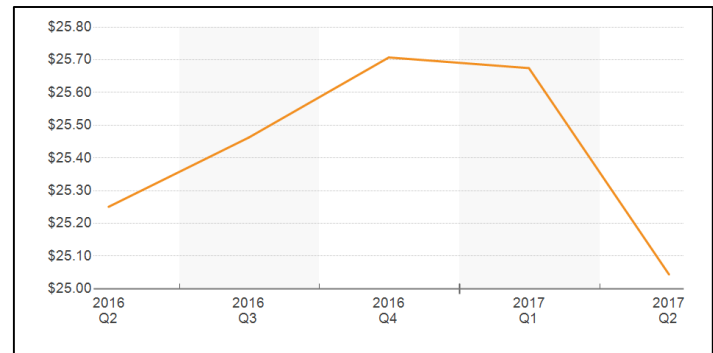
Significant lease transactions during the first quarter included 25,920 SF leased by HighGround Advisors at 1717 Main St. and a 24,724 SF lease by Civitas Capital Group at 1722 Routh.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
1717 Main St.	HighGround Advisors	Office	25,920
1722 Routh St.	Civitas Capital Group	Office	24,724
2001 Bryan St.	The Infinite Agency	Office	20,702
1445 Ross Ave.	Wells Fargo Bank, NA	Office	18,451
717 N Harwood St.	Quorum Business Solutions	Office	16,944
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
901 S Ervay St.	All Saints Church Dallas Inc	Undisclosed	28,836
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
1900 Pearl St.	Lincoln Property Co.	Q4 2017	261,400
Staller Library	Centurion American	Q2 2017	92,237

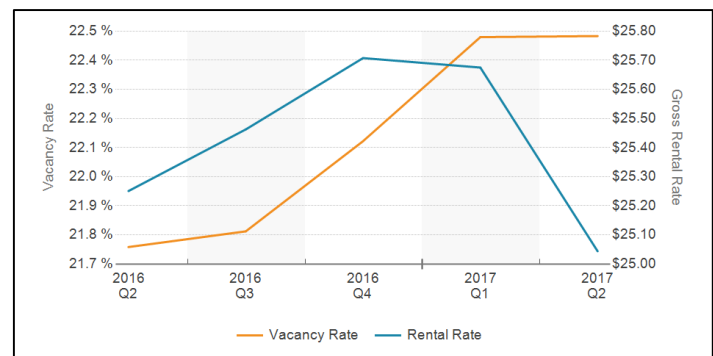
Net Absorption



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	33,581,393	7,548,836	22.5%	-119,988	0	353,637	\$25.67	\$26.29
Dallas/Fort Worth Total	362,873,968	51,922,010	14.3%	1,525,503	2,377,125	11,897,055	\$24.52	\$28.12

*Rental Rates reflect asking \$psf/year

MARKETBEAT

Office Submarket Report

Central Expressway

Q1 2017

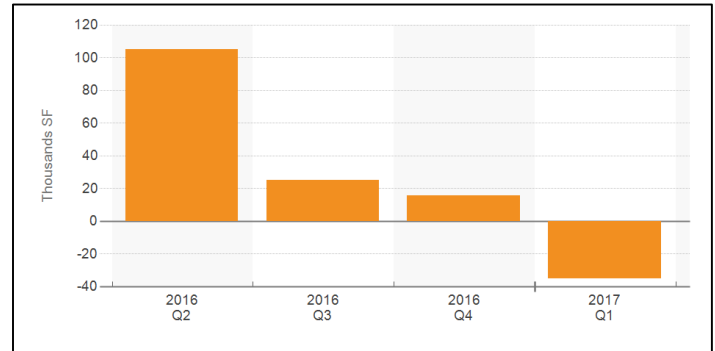
The Central Expressway Submarket began the first quarter 2017 with a vacancy rate of 10.1%. The vacancy rate increased over the previous quarter from 9.8%, with a decrease in net absorption of 518,903 square feet over the first quarter to finish at -35,134 square feet for 2017.

Rental rates ended the first quarter at \$26.88/SF across all classes, an increase of \$0.40/SF over the previous quarter. There were no construction deliveries, and there is currently no new office development under construction in the submarket.

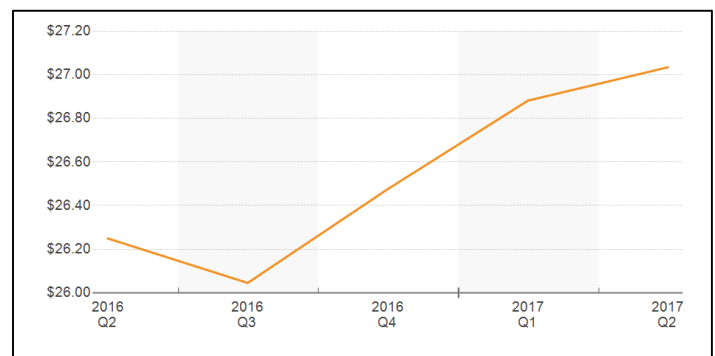
Significant lease transactions included an undisclosed tenant leasing 26,373 SF at 5910 N Central Expy and Just Brakes lease of 10,306 SF at 8150 N Central Expy. Ascent Real Estate acquired Meadows Crossing in a portfolio sale of a combined 179,694 SF at an undisclosed price.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
5910 N Central Expy	Undisclosed	Office	26,373
8150 N. Central Expy	Just Brakes	Office	10,306
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
10260 & 10300 N Central (portfolio sale)	Ascent Real Estate Advisors	Undisclosed	179,694
11311 N Central Expy	Golden Venture	Undisclosed	24,769
8305 Walnut Hill Ln	William H Miller	Undisclosed	20,000
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
-	-	-	-

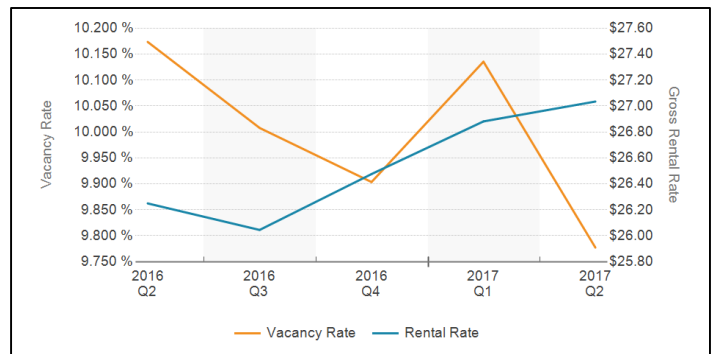
Net Absorption



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	15,154,527	1,536,314	10.1%	-35,134	0	0	\$26.88	\$28.19
Dallas/Fort Worth Total	362,873,968	51,922,010	14.3%	1,525,503	2,377,125	11,897,055	\$24.52	\$28.12

*Rental Rates reflect asking \$psf/year

MARKETBEAT

Office Submarket Report

Uptown/Turtle Creek

Q1 2017

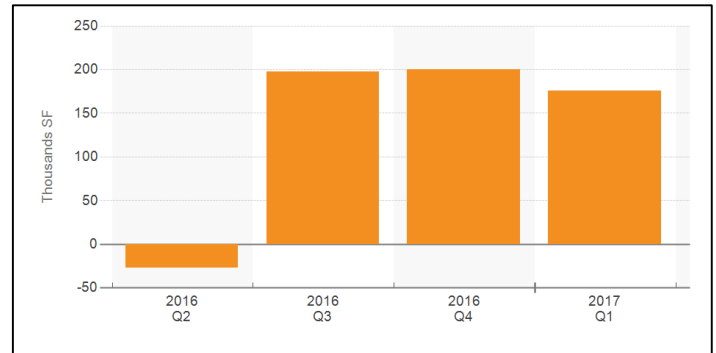
The Uptown/Turtle Creek Submarket ended the first quarter of 2017 with a vacancy rate of 10.5%. The vacancy rate remained flat over the quarter, with net year-to-date absorption totaling 175,528 square feet.

Rental rates ended the fourth quarter at \$37.46/SF across all classes, decreasing from \$38.80/SF in the previous quarter. There were 200,000 SF in new deliveries, and there is 1,273,530 SF of construction projects in the submarket.

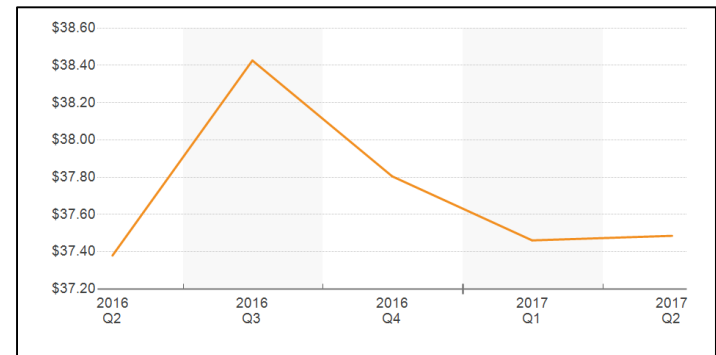
There were several significant leases that occurred in the quarter, including Akin Gump Strauss Hauer & Field's 68,000 SF lease of 2300 N. Field Street. Lincoln Property Group purchased Parkside Tower for \$111,000,000.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
2300 N Field St.	Akin Gump Strauss Hauer & Field	Office	68,000
2323 Victory Ave.	Worldwide Express Operations, LLC	Office	15,933
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
Parkside Tower	Lincoln Property Group	\$111,000,000	378,088
2525 McKinnon St.	City Office REIT, Inc.	\$46,800,000	111,742
4211 Cedar Springs	Orange Stone Capital	Undisclosed	39,329
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

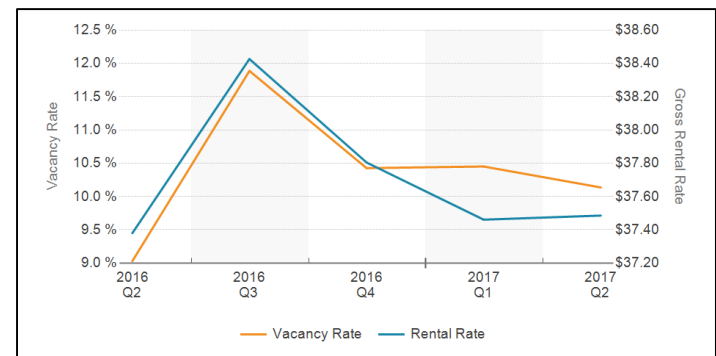
Net Absorption



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
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Uptown/Turtle Creek	14,664,921	1,534,125	10.5%	175,528	200,000	1,295,323	\$37.46	\$39.63
Dallas/Fort Worth Total	362,873,968	51,922,010	14.3%	1,525,503	2,377,125	11,897,055	\$24.52	\$28.12

*Rental Rates reflect asking \$psf/year

MARKETBEAT

Office Submarket Report

Preston Center

Q1 2017

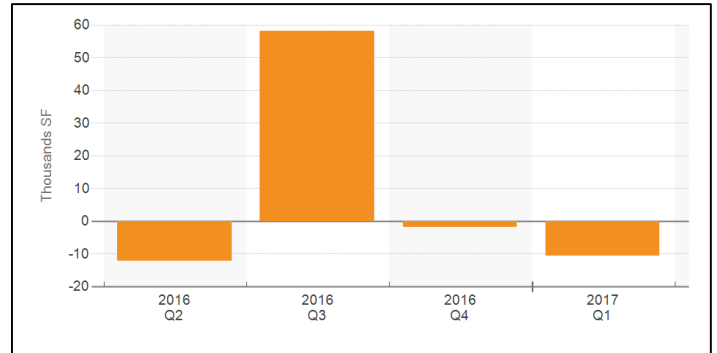
The Preston Center Submarket ended the first quarter of 2017 with a vacancy rate of 8.4%. The vacancy rate increased from the previous quarter vacancy of 8.1% by 0.3% with a net positive absorption of 2,629 SF over Q1 to finish the quarter with a net cumulative absorption of -10,633 SF.

Rental rates ended the fourth quarter at \$36.24/SF across all classes, increasing from \$35.33/SF in the previous quarter. There were no new construction deliveries and there is currently 183,589 SF of construction in the submarket.

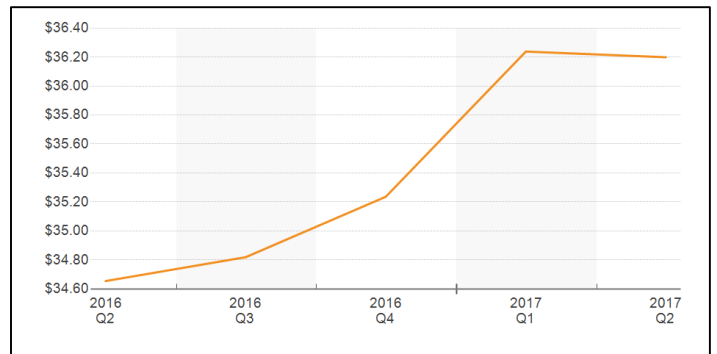
Significant leases included a 20,645 SF lease at 5949 Sherry Ln. to an undisclosed tenant.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
8235 Douglas	Trinsic Residential Group	Office	6,172
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
-	-	-	-
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
Terraces at Douglas Center	PegasusAblon	Q3 2017	171,583

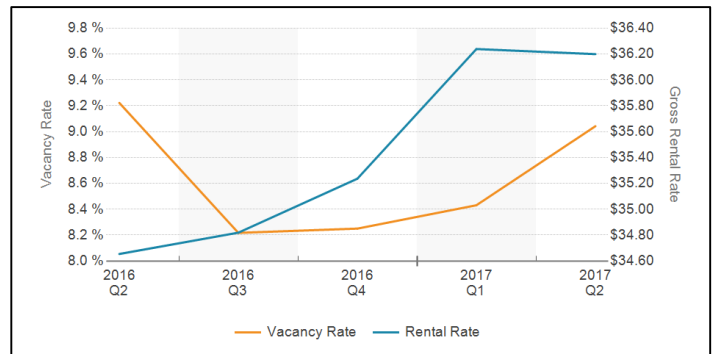
Net Absorption



Gross Asking Rent Per SF



Vacancy Vs. Rental Rate

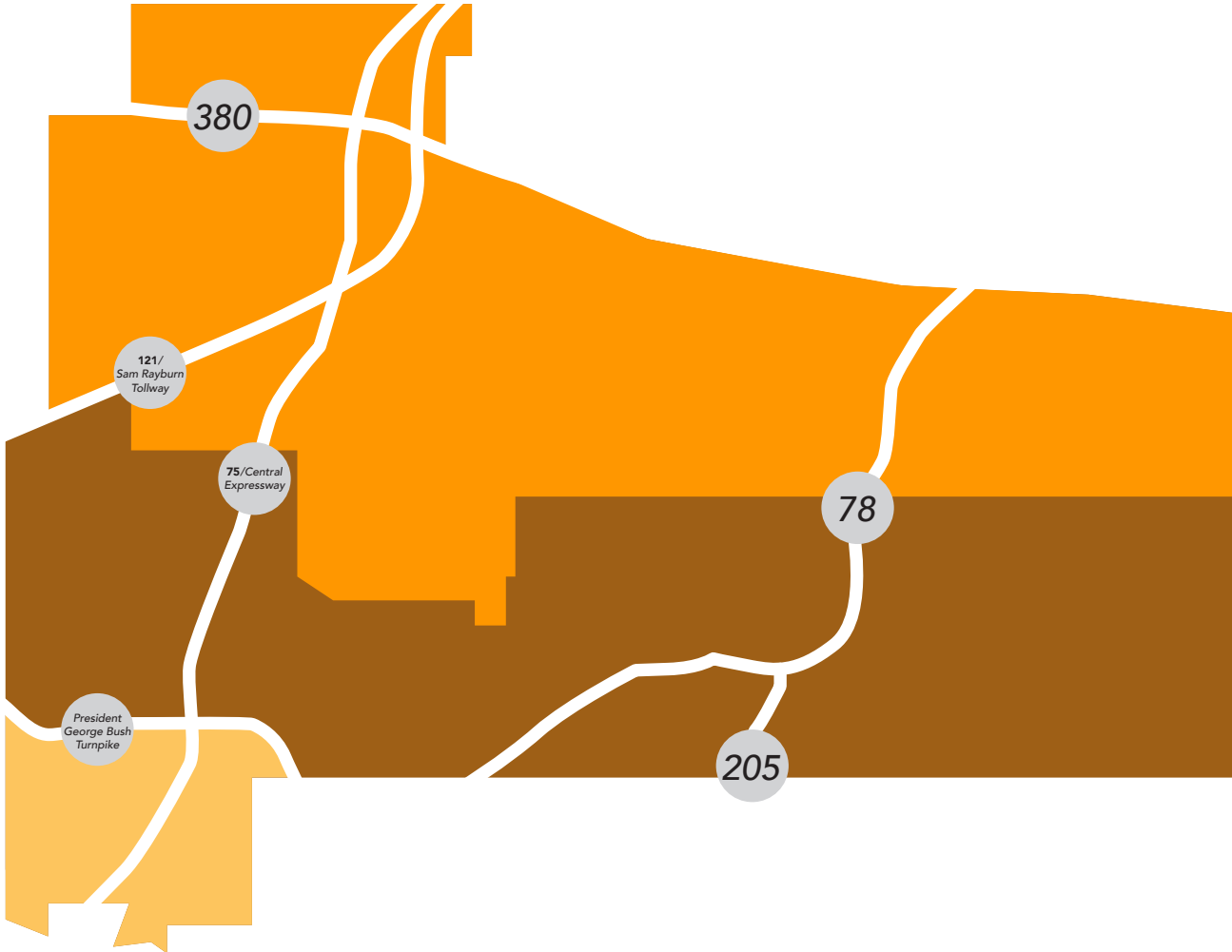


	Inventory	Total Vacancy SF	Vacancy Rate	YTD Net Absorption	YTD Deliveries	Under Construction	Rates All Classes	Quoted Rates Class A
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Preston Center	5,885,416	496,199	8.4%	-10,633	0	183,589	\$36.24	\$37.85
Dallas/Fort Worth Total	362,873,968	51,922,010	14.3%	1,525,503	2,377,125	11,897,055	\$24.52	\$28.12


*Rental Rates reflect asking \$psf/year

Upper Central Expressway



Legend

	Allen/McKinney
	Plano
	Richardson



MARKETBEAT

Office Submarket Report

Plano

Q1 2017

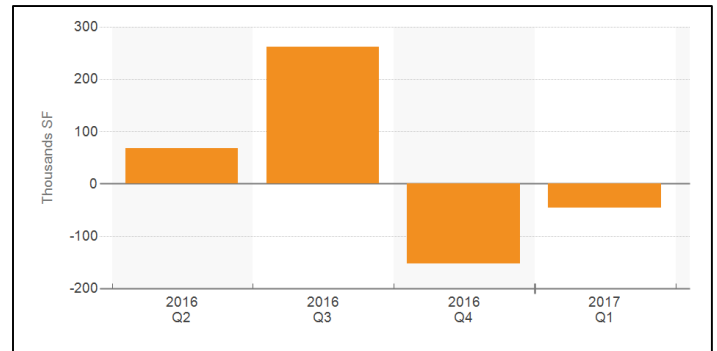
The Plano Submarket ended the first quarter of 2017 with a vacancy rate of 18.2%. The vacancy rate decreased from the previous quarter of 18.5%. Year-to-date absorption totaling -45,038 square feet at the end of Q1, down from 253,250 square feet by the end of the year.

Rental rates ended the fourth quarter at \$24.68/SF across all classes, decreasing from \$25.12/SF in the previous quarter. There were 10,000 SF in year-to-date new construction deliveries with 45,800 SF under construction in the submarket.

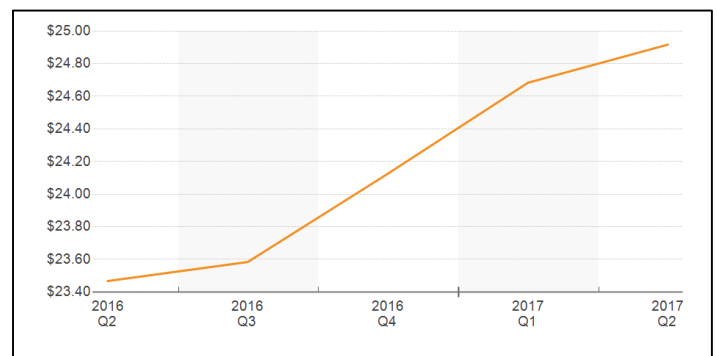
Significant leases in the submarket in Q1 included Choctaw Nation's lease of 7,247 SF at 1801 Alma Dr. and Sears' 5,822 SF at 2301 W Plano Pky. Steven D & Alicia Madrigal purchased 29,216 SF at 2000 N Central Expy for an undisclosed price and JBC Land & Cattle Co. purchased 28,363 SF at 651-671 E 19th St. for an undisclosed price.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
1801 Alma Dr.	Choctaw Nation	Office	7,247
2301 W Plano Pky	Sears	Office	5,822
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
2000 N Central Expy	Steven D & Alicia Madrigal	Not Disclosed	29,216
651-671 E 18 th St.	JBC Land & Cattle Co.	Not Disclosed	28,363
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
3555 National Dr.	Legacy Realty Group	Q2 2017	28,000

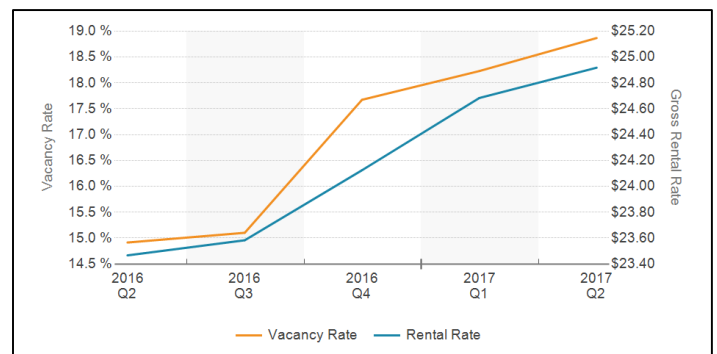
Net Absorption



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
Plano	9,598,712	1,749,990	18.2%	-45,038	10,000	45,800	\$24.68	\$27.45
Dallas/Fort Worth Total	362,873,968	51,922,010	14.3%	1,525,503	2,377,125	11,897,055	\$24.52	\$28.12

*Rental Rates reflect asking \$psf/year

MARKETBEAT

Office Submarket Report

Richardson

Q1 2017

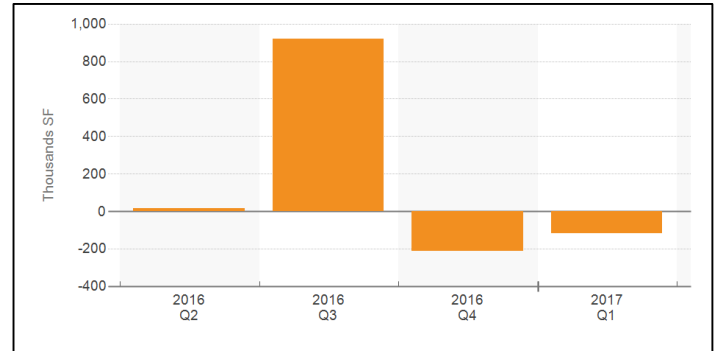
The Richardson Submarket ended the fourth quarter 2016 with a vacancy rate of 15.8%. The vacancy rate increased 0.1% from 15.7% in the previous quarter, with a net negative absorption of 645,379 square feet to finish Q1 at 20,242 square feet in cumulative net absorption.

Rental rates ended the fourth quarter at \$23.46/SF across all classes, increasing from \$22.90/SF in the previous quarter. New construction deliveries decreased from 519,589 SF to 5,000 SF and there is currently 361,600 SF currently under construction in the submarket.

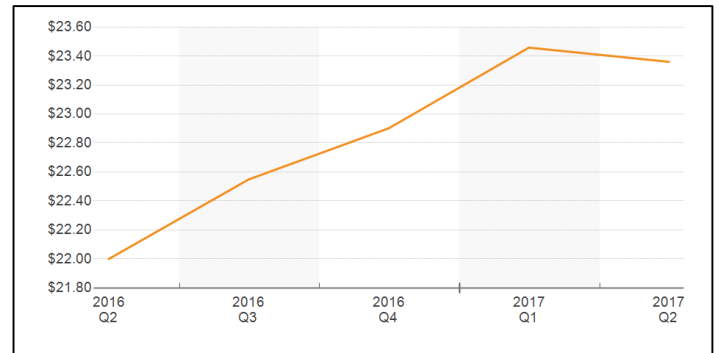
Significant leases included Service King Collision Repair Centers' office lease of 64,916 SF at 2375 N Glenville Dr. Momentum Commercial Realty purchased 77,731 SF at 1202 Richardson Dr. for an undisclosed price and Serene Global purchased 73,714 SF at 811 S Central Expy for an undisclosed price.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
2375 N Glenville Dr.	Service King Collision Repair Centers	Office	64,916
2400 N Glenville Dr.	NICE Systems	Office	23,635
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
1202 Richardson Dr.	Momentum Commercial Realty	Undisclosed	77,731
811 S Central Expy	Serene Global	Not Disclosed	73,714
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
3400 Cityline	Transwestern Dallas	Q3 2017	300,000

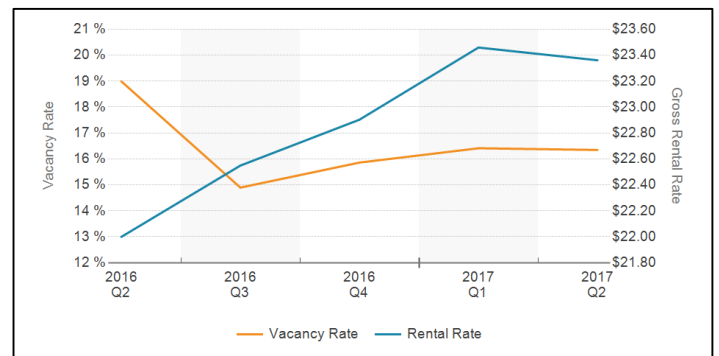
Net Absorption



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	22,148,138	3,494,963	15.7%	20,242	5,000	361,600	\$23.46	\$27.16
Dallas/Fort Worth Total	362,873,968	51,922,010	14.3%	1,525,503	2,377,125	11,897,055	\$24.52	\$28.12

*Rental Rates reflect asking \$psf/year

MARKETBEAT

Office Submarket Report

Allen/McKinney

Q1 2017

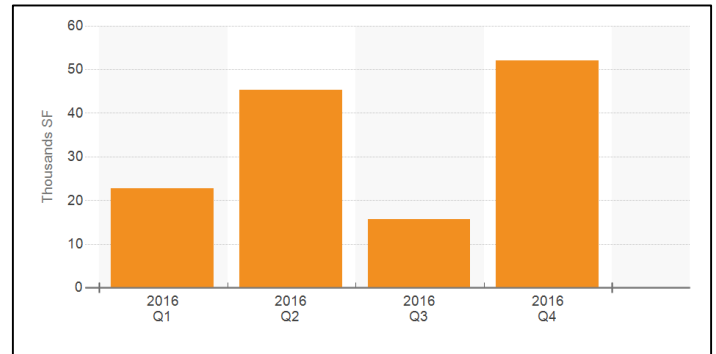
The Allen/McKinney Submarket ended the first quarter 2017 with a vacancy rate of 10.0%. The vacancy rate increased 0.6% from the previous quarter of 9.4% with 372,210 square feet of net negative absorption for the last quarter at -5,331 square feet net cumulative absorption for 2017.

Rental rates ended the first quarter at \$26.44/SF across all classes, increasing from \$25.76/SF in the previous quarter. YTD new construction deliveries finished the quarter at 27,270 SF. There is currently 398,449 SF of office space under construction.

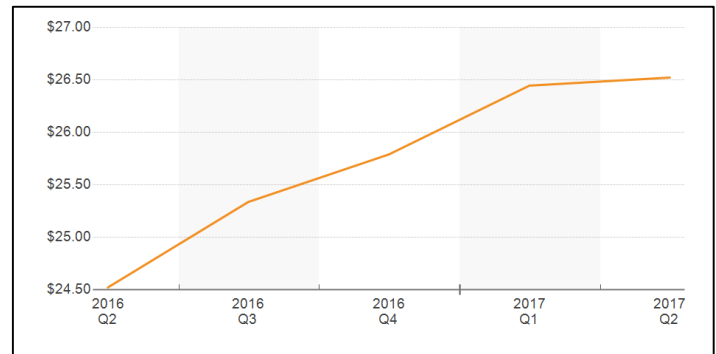
Significant lease transactions included Southwest Airlines lease of 52,611 SF at 3000 N Redbud Blvd. An undisclosed buyer acquired 3250 Craig Drive for a purchase price of \$3,000,000.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
3000 N Redbud Blvd	Southwest Airlines	Office	52,611
6800 Weiskopf Ave	Beacon Roofing Supply, Inc.	Office	14,993
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
3250 Craig Dr.	Undisclosed	\$3,000,000	15,544
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
Bethany Rd & Watters Creek	JLL	Q1 2018	119,914
2 Greenside (6950 TPC Dr.)	Cawley Management	Q2 2017	48,441

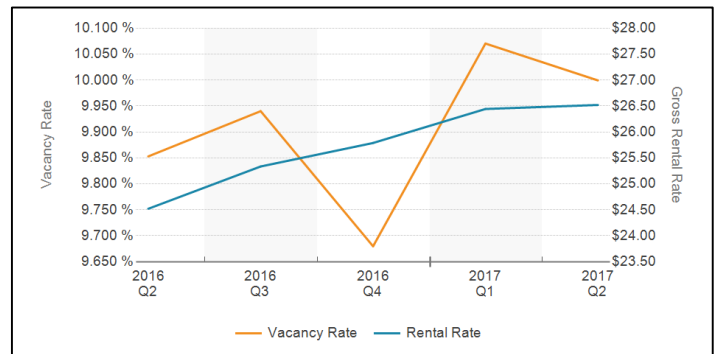
Net Absorption



Gross Asking Rent Per SF



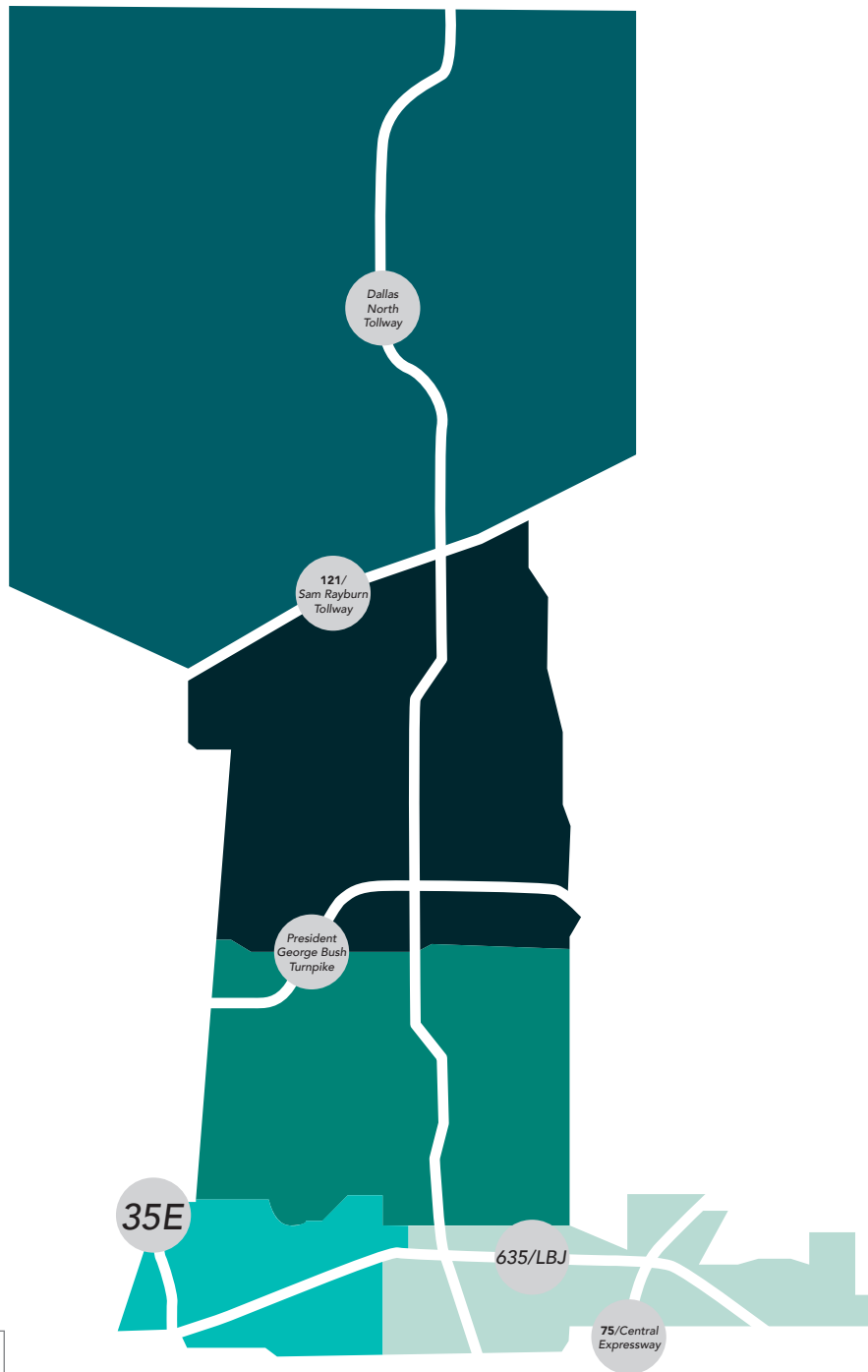
Vacancy Vs. Rental Rate








	Inventory	Total Vacancy SF	Vacancy Rate	YTD Net Absorption	YTD Deliveries	Under Construction	Rates All Classes	Quoted Rates Class A
Allen/McKinney	8,028,399	805,966	10.0%	-5,331	27,270	398,449	\$26.44	\$29.52
Dallas/Fort Worth Total	362,873,968	51,922,010	14.3%	1,525,503	2,377,125	11,897,055	\$24.52	\$28.12

*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

Q1 2017

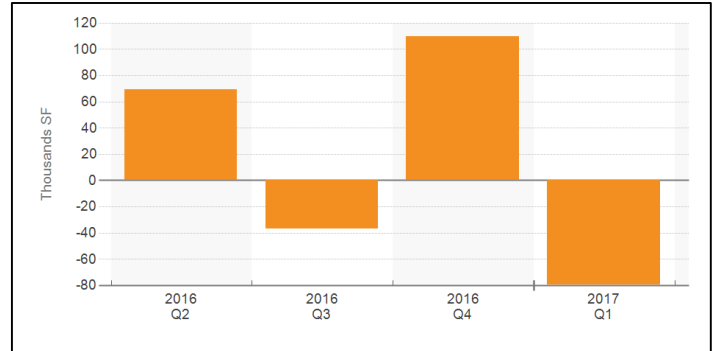
The East LBJ Freeway Submarket ended the first quarter 2017 with a vacancy rate of 23.7%. The vacancy rate increased slightly from the previous quarter of 23.0%, accompanied by a quarterly increase of 483,769 square feet in net absorption for a total of negative 274,468 SF year-to-date.

Rental rates ended the first quarter at \$22.92/SF across all classes, increasing from \$22.32/SF in the previous quarter. There were no new construction deliveries and currently no construction projects underway.

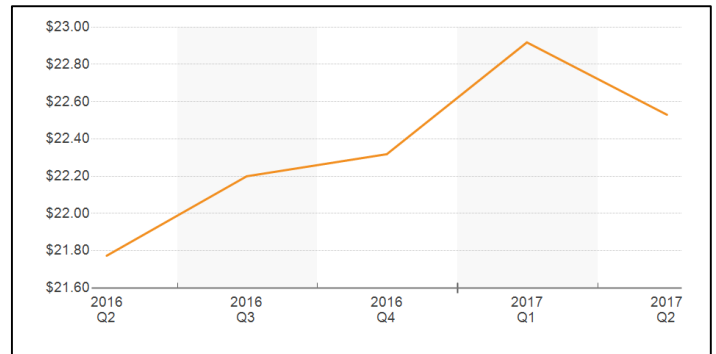
There were several significant lease transactions including 88,084 SF leased by Amazon at Three Galleria Tower. Banner Place at 258,493 SF was sold to JP Realty Partners for an undisclosed price. Clear Vista Management purchased 5525 LBJ for a price of \$18,000,000.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
Three Galleria Tower	Amazon	Office	88,084
One Galleria Tower	AECOM	Office	40,530
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
Banner Place (part of portfolio)	JP Realty Partners	Undisclosed	258,493
5525 LBJ	Clear Vista Management	\$18,000,000	111,092
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
-	-	-	-

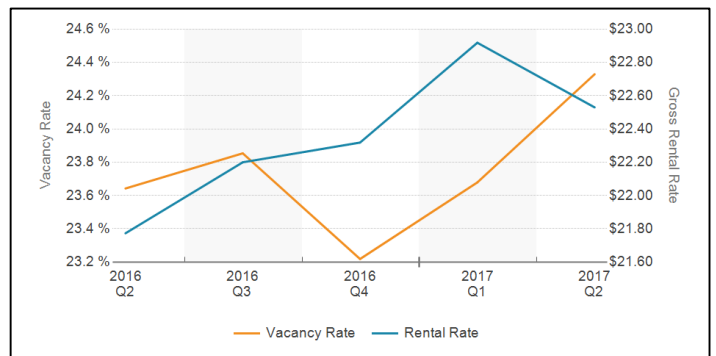
Net Absorption



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	17,310,906	4,098,942	23.7%	-274,468	0	0	\$22.92	\$26.06
Dallas/Fort Worth Total	362,873,968	51,922,010	14.3%	1,525,503	2,377,125	11,897,055	\$24.52	\$28.12

*Rental Rates reflect asking \$psf/year

MARKETBEAT

Office Submarket Report

West LBJ Freeway

Q1 2017

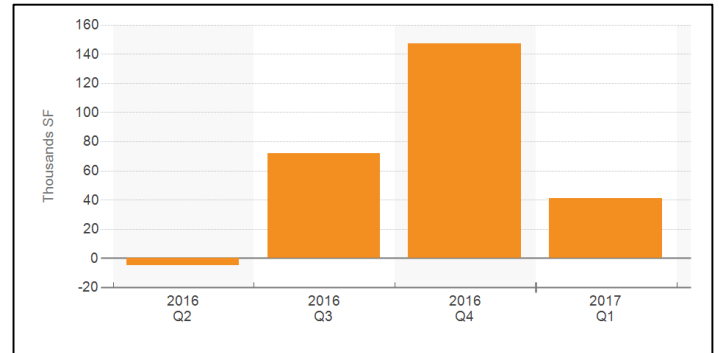
The West LBJ Freeway Submarket ended the fourth quarter 2016 with a vacancy rate of 18%. The vacancy rate decreased slightly from the previous quarter of 18.8%, accompanied by an increase net absorption of 41,323 SF for the year to date.

Rental rates ended the fourth quarter at \$18.42/SF across all classes, increasing from \$17.15/SF in the previous quarter. There were no new construction deliveries and currently no construction projects underway.

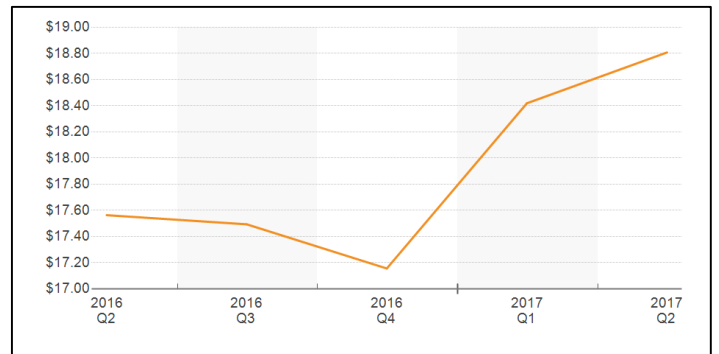
There was significant lease activity that occurred in the submarket, including a 15,905 SF lease at 4099 McEwan Road. High Street Retail purchased 74,977 SF at 13612 Midway Road as part of a portfolio during the first quarter.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
4099 McEwan Road	Not Disclosed	Office	15,905
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
-	-	-	-

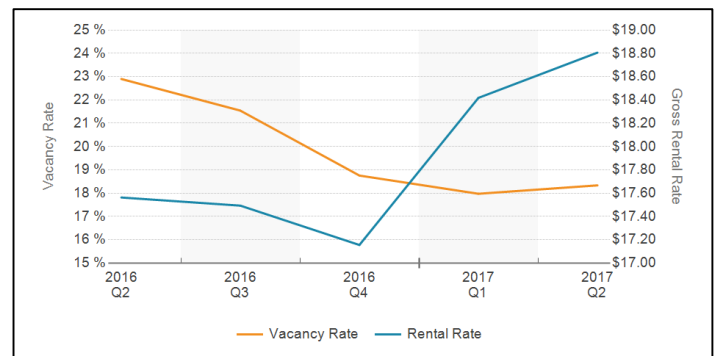
Net Absorption



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	5,285,808	950,162	18%	41,323	0	0	\$18.42	\$19.23
Dallas/Fort Worth Total	362,873,968	51,922,010	14.3%	1,525,503	2,377,125	11,897,055	\$24.52	\$28.12

*Rental Rates reflect asking \$psf/year

Quorum/Bent Tree

Q1 2017

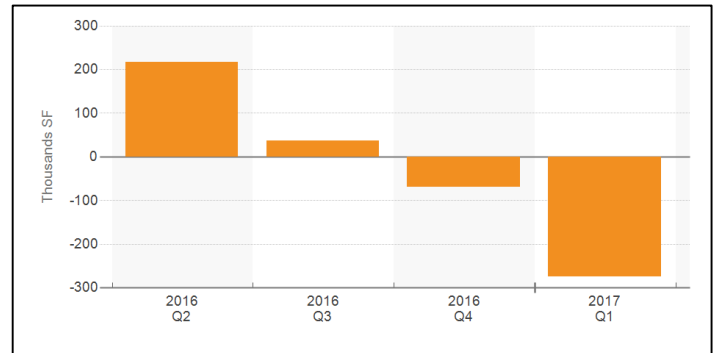
The Quorum/Bent Tree Submarket ended the first quarter of 2017 with a vacancy rate of 15.6%. The vacancy rate decreased 0.3% from the previous quarter of 15.9% with a YTD cumulative net absorption of 76,745 SF for Q1.

Rental rates ended the first quarter at \$23.07/SF across all classes, increasing from \$22.86/SF in the previous quarter. There were no new construction deliveries in Q1 and there is 8,405 SF currently under construction in the submarket.

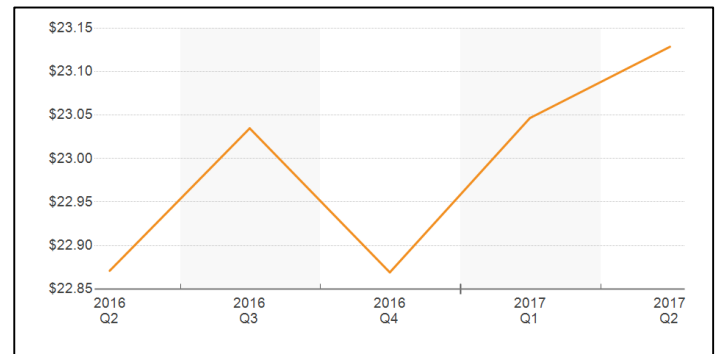
Significant lease transactions included an undisclosed tenant that leased 24,605 SF at 15301 Spectrum Dr. and another undisclosed tenant that leased 24,356 SF at 15301 N Dallas Pkwy. Emory Interest purchased 17120 N Dallas Parkway including 47,423 SF at an undisclosed price.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
15301 Spectrum Dr.	Undisclosed	Office	24,605
14900 Landmark Blvd	Mid America Mortgage	Office	11,570
14651 N Dallas Pkwy	VITAS Corp	Office	10,547
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
17120 N Dallas Pkwy	Emory Interest	Undisclosed	47,423
17250 N Dallas Pkwy	Undisclosed	Undisclosed	40,112
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
-	-	-	-

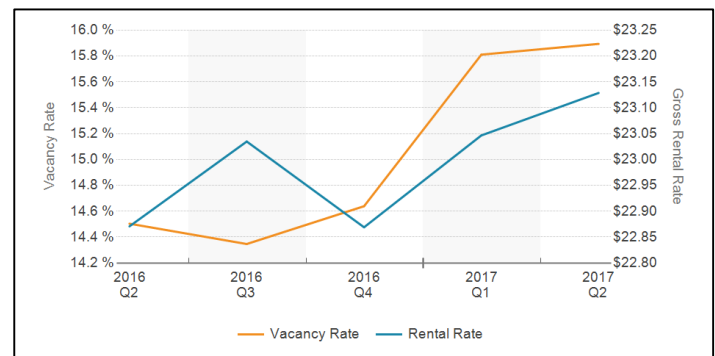
Net Absorption



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	23,437,780	3,667,684	15.6%	76,745	0	8,405	\$23.07	\$27.40
Dallas/Fort Worth Total	362,873,968	51,922,010	14.3%	1,525,503	2,377,125	11,897,055	\$24.52	\$28.12

*Rental Rates reflect asking \$psf/year

MARKETBEAT

Office Submarket Report

Upper Tollway/West Plano

Q1 2017

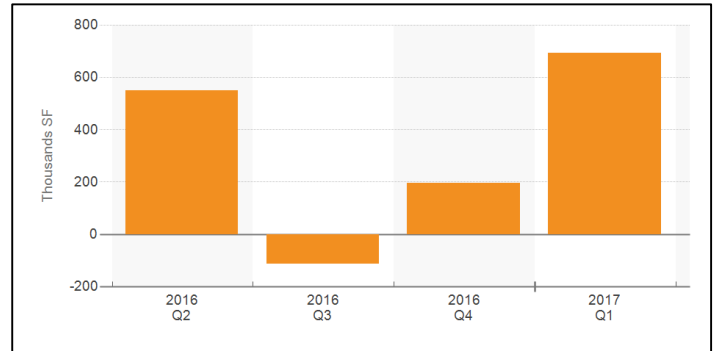
The Upper Tollway/West Plano Submarket ended the first quarter of 2017 with a vacancy rate of 12.1%. The vacancy increased 1.1% from the previous quarter of 11.0%. There was a net increase in year-to-date overall absorption totaling a positive 691,736 square feet in the first quarter.

Rental rates ended the fourth quarter at \$30.46/SF across all classes, increasing from \$30.09/SF in the previous quarter. There were 938,265 SF in new construction deliveries, the submarket leads the metroplex with 5,452,640 SF under construction.

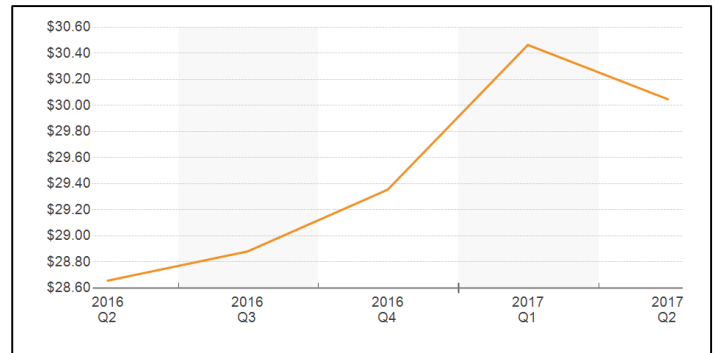
Significant lease transactions included 126,715 SF at 7950 Legacy Drive by NTT Data, Inc. Altice USA leased 79,931 SF at 5830 Granite Parkway. Sales included a purchase of 130,000 SF at 4201 Marsh Ln. by Fairway Independent Mortgage Corp. for an undisclosed price.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
7950 Legacy Drive	NTT Data, Inc.	Office	126,715
5830 Granite Parkway	Altice USA	Office	79,931
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
4201 Marsh Lane	Fairway Independent Mortgage Corporation	Not Disclosed	130,000
5308 W. Plano Parkway	Not Disclosed	Not Disclosed	22,047
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
JP Morgan Chase	KDC Real Estate	Q3 2017	1,400,000
Interceramic Headquarters	Billingsley Company	Q2 2017	330,000
Granite Park Seven	Granite Properties	Q1 2018	300,000

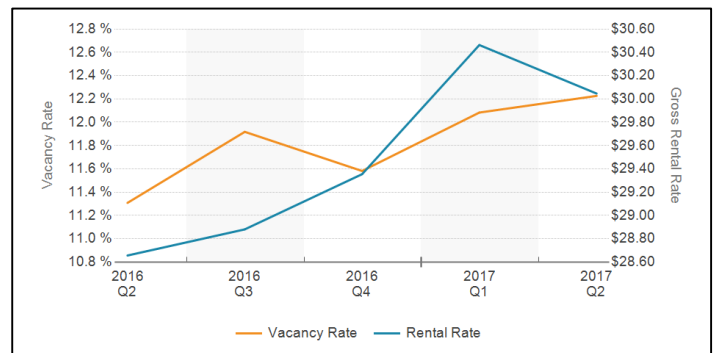
Net Absorption



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	27,548,818	3,323,252	12.1%	691,736	938,265	5,452,640	\$30.46	\$32.96
Dallas/Fort Worth Total	362,873,968	51,922,010	14.3%	1,525,503	2,377,125	11,897,055	\$24.52	\$28.12

*Rental Rates reflect asking \$psf/year

Frisco/The Colony

Q1 2017

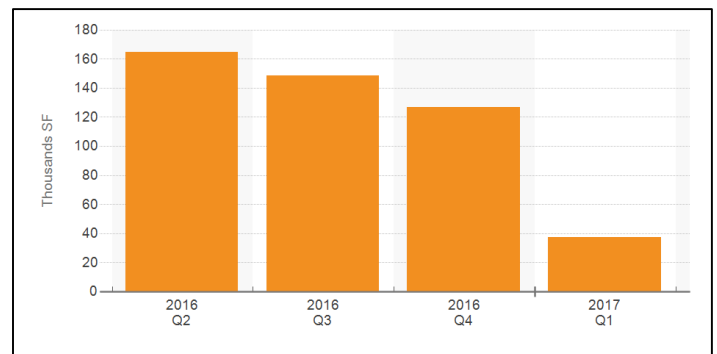
The Frisco/The Colony Submarket ended the first quarter 2017 with a vacancy rate of 11.7%. The vacancy rate decreased by 0.4% from the previous quarter of 12.1%. The first quarter net absorption totaled 37,207 square feet, a net decrease 623,340 square feet from the last quarter.

Rental rates ended the first quarter at \$33.95/SF across all classes, increasing from \$33.86/SF in the previous quarter. There were 30,984 SF in year-to-date new construction deliveries as well as 982,055 SF under construction in the submarket.

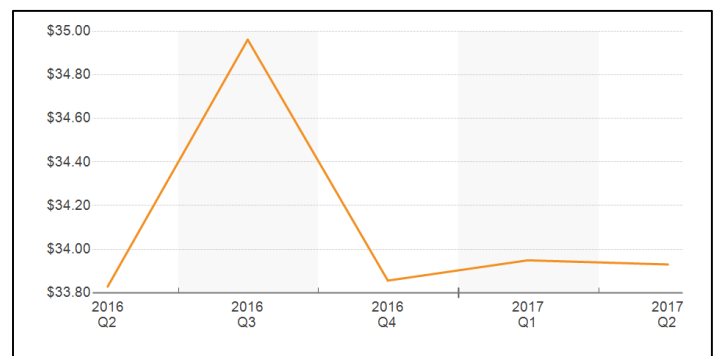
There are several significant buildings under construction including Hall Office Park, Frisco Station, Stonebrook Business Park, and Wade Park.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
2600 N Dallas Pky	Steward Energy	Office	12,607
The Star	Fenton Motor Group	Office	11,600
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
-	-	-	-
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
Hall Office Park	Hall Financial Group	Q4 2017	300,000
Frisco Station	VanTrust Real Estate LLC	Q4 2017	228,857
Stonebrook Business Park	Goveia Commercial Real Estate	Q3 2017	120,000

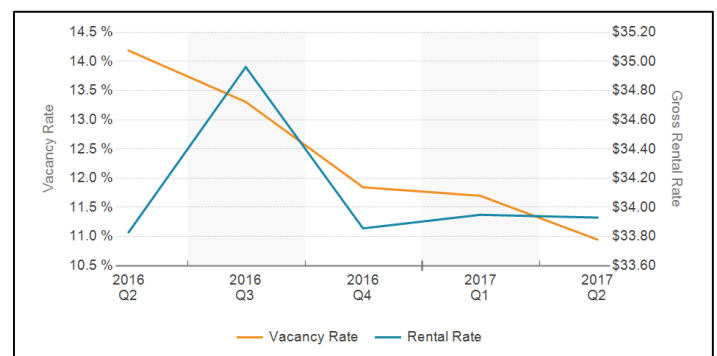
Net Absorption



Gross Asking Rent Per SF



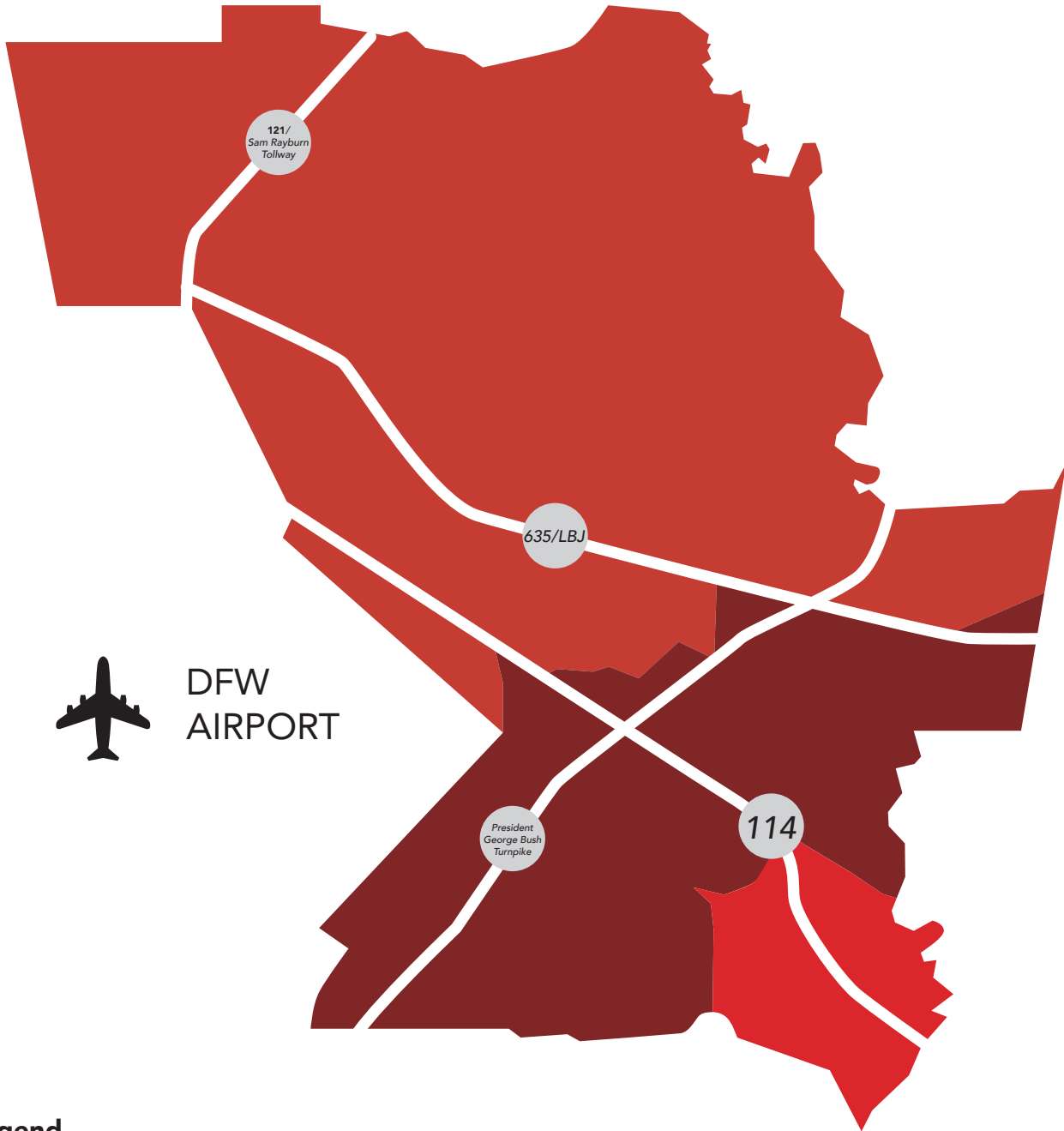
Vacancy Vs. Rental Rate



	Inventory	Total Vacancy SF	Vacancy Rate	YTD Net Absorption	YTD Deliveries	Under Construction	Rates All Classes	Quoted Rates Class A
Frisco/The Colony	6,756,699	789,861	11.7%	37,202	30,984	982,055	\$33.95	\$35.57
Dallas/Fort Worth Total	362,873,968	51,922,010	14.3%	1,525,503	2,377,125	11,897,055	\$24.52	\$28.12

*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

Q1 2017

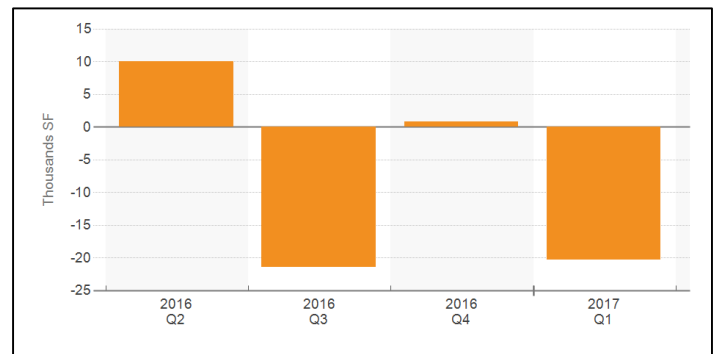
The Urban Center/Wingren Submarket ended the first quarter of 2017 with a vacancy rate of 17.3%. The vacancy rate remained flat from the previous quarter. There was a net decrease in year-to-date overall absorption totaling a negative 20,297 SF.

Rental rates ended the fourth quarter at \$25.85/SF across all classes, increasing from \$25.75/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.

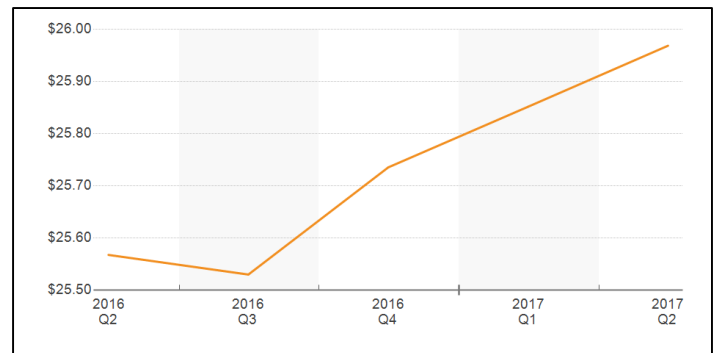
There were several significant lease transactions that occurred during the first quarter, including Nielson's 35,962 SF lease at 5010 Riverside and GSA's 35,164 SF lease at 4500 Fuller Drive.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
5010 Riverside	Nielson	Office	35,962
4500 Fuller Drive	GSA	Office	35,164
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
-	-	-	-
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
The Music Factory	ARK Group	3Q 2017	100,000

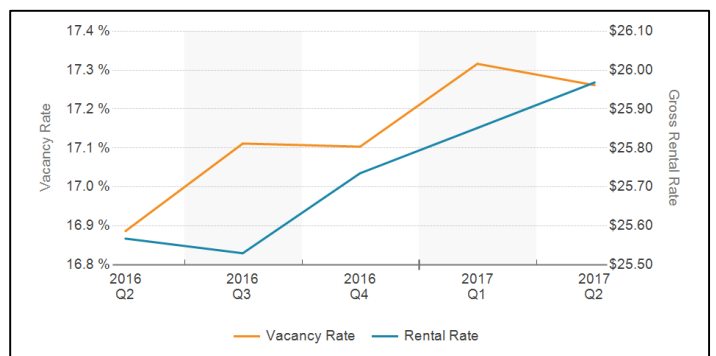
Net Absorption



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	9,574,714	1,652,129	17.3%	-20,297	0	100,000	\$25.85	\$27.50
Dallas/Fort Worth Total	362,873,968	51,922,010	14.3%	1,525,503	2,377,125	11,897,055	\$24.52	\$28.12

*Rental Rates reflect asking \$psf/year

Office Center/West LBJ Ext

Q1 2017

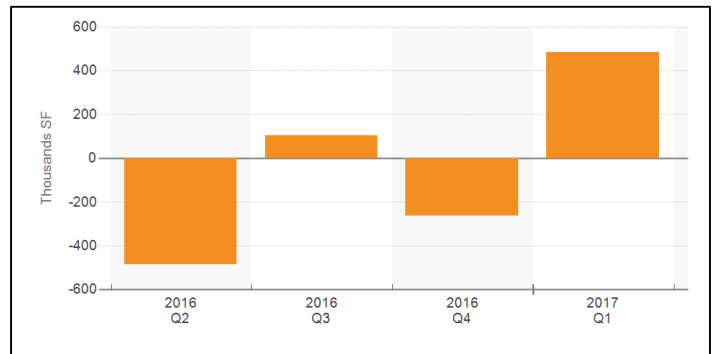
The Office Center/ West LBJ Ext Submarket ended the first quarter 2017 with a vacancy rate of 11.5%. The vacancy rate decreased from 13.4% in the previous quarter. There was positive net absorption of 883,822 SF during the first quarter of the year for a net cumulative net absorption of 483,023 SF for Q1

Rental rates ended the fourth quarter at \$23.91/SF across all classes, decreasing from \$24.16/SF in the previous quarter. There were no new construction deliveries and a total of 514,359 SF is currently under construction.

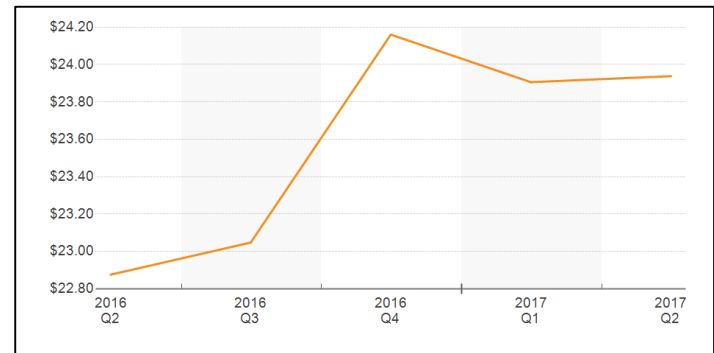
Significant lease activity during the quarter included leases of 20,058 SF and 15,447 SF signed at 1400 Corporate Drive. An undisclosed buyer bought the Cottonwood Office Center, which totaled 164,111 SF. The Exeter Property Group purchased 127,229 SF at 2250 W John Carpenter Freeway for an undisclosed price.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
1400 Corporate Drive	Undisclosed	Office	20,058
1400 Corporate Drive	Undisclosed	Office	15,447
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
Cottonwood Office Center	Undisclosed	Undisclosed	164,111
2250 W John Carpenter Fwy	Exeter Property Group	Undisclosed	127,226
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
1915 Hurd Drive	Fults Commercial	Q1 2017	339,359

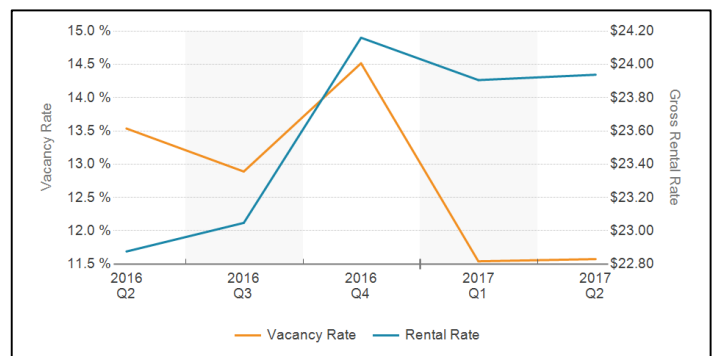
Net Absorption



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	156,229,506	1,873,393	11.5%	483,023	0	514,359	\$23.91	\$27.90
Dallas/Fort Worth Total	362,873,968	51,922,010	14.3%	1,525,503	2,377,125	11,897,055	\$24.52	\$28.12

*Rental Rates reflect asking \$psf/year

MARKETBEAT

Office Submarket Report

DFW Freeport/Coppell

Q1 2017

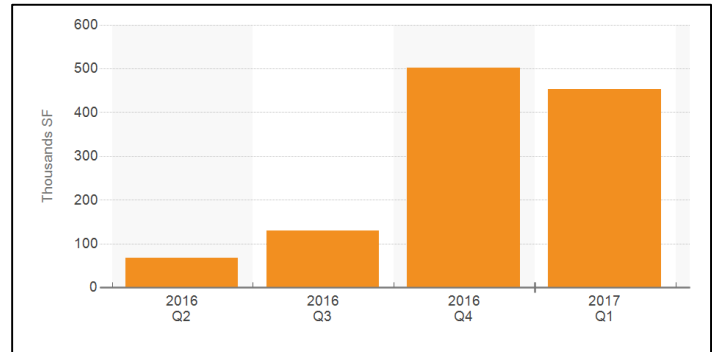
The DFW Freeport/Coppell Submarket ended the first quarter 2017 with a vacancy rate of 13.0%. The vacancy rate increased from 12.8% the previous quarter, with a decrease in net absorption finishing Q1 at 587,643 square feet.

Rental rates ended the first quarter at \$22.79/SF across all classes, increasing from \$22.63/SF in the previous quarter. New construction deliveries for Q1 totaled 678,183 SF, and 373,036 SF of new office space is currently under construction at the end of the first quarter.

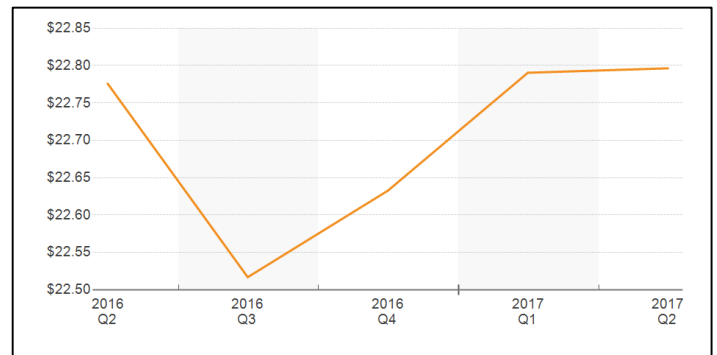
There were several significant lease transactions including 216,400 SF leased by Brinker International at 3000 Olympus Blvd. An undisclosed buyer acquired 88,570 SF at 1322 Crestside Dr.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
3000 Olympus Blvd.	Brinker International	Office	216,400
8150 Springwood Dr.	Granbury Solutions	Office	15,936
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
1322 Crestside Dr.	Undisclosed	Not Disclosed	88,570
8333 Royal Ridge Pky.	Undisclosed	\$5,625,000	43,955
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
9797 Rombauer Rd.	Billingsley Company	Q1 2018	225,000
4795 Regent Blvd.	Stream Realty Partners	Q2 2017	141,219

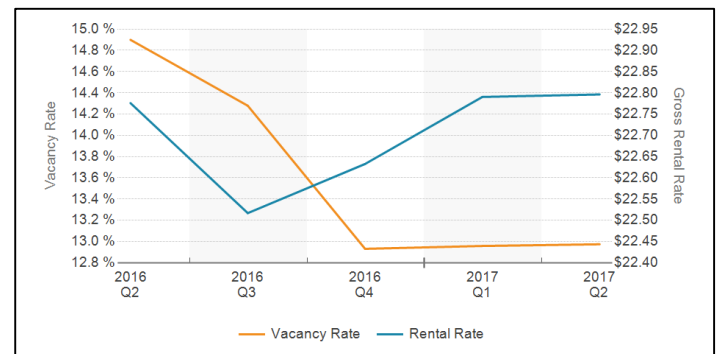
Net Absorption



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	13,809,872	1,789,492	13.0%	587,643	679,183	373,036	\$22.79	\$25.40
Dallas/Fort Worth Total	362,873,968	51,922,010	14.3%	1,525,503	2,377,125	11,897,055	\$24.52	\$28.12

*Rental Rates reflect asking \$psf/year

Fort Worth CBD



Fort Worth CBD

Q1 2017

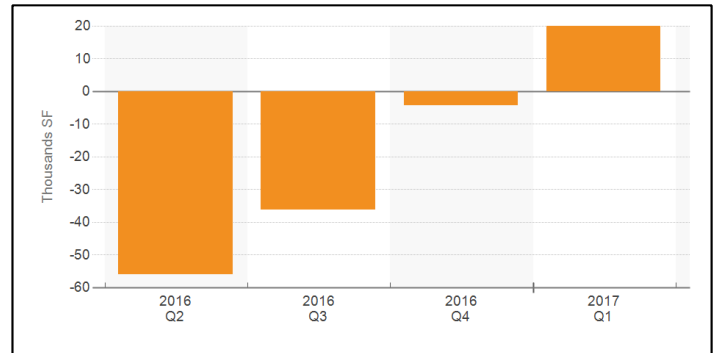
The Fort Worth CBD Submarket ended the first quarter 2017 with a vacancy rate of 10.3%, decreasing 0.2% from the previous quarter of 10.5%. Overall net absorption had a net positive increase of 165,324 square feet for a cumulative 19,837 square feet in the first quarter 2017.

Rental rates ended the first quarter at \$25.05/SF across all classes, a decrease of \$0.18/SF over the previous quarter of \$25.23/SF. There were no new construction deliveries and there is 280,489 square feet of construction underway in the submarket.

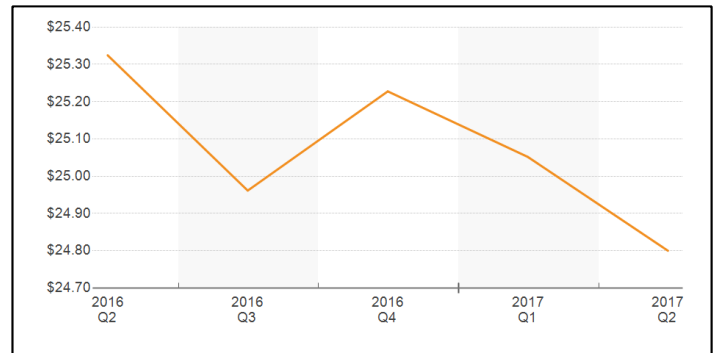
Several significant lease transactions occurred during the first quarter, including Chisholm Energy Partners' lease of 22,338 SF at 801 Cherry St. 500 Throckmorton St. was purchased by an undisclosed buyer at an undisclosed price.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
801 Cherry St.	Chisholm Energy Partners	Office	22,338
777 Main St.	TEP Barnett	Office	20,752
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
500 Throckmorton St.	Undisclosed	Undisclosed	72,690
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
Frost Tower	Stream Realty Partners	Q1 2018	280,489

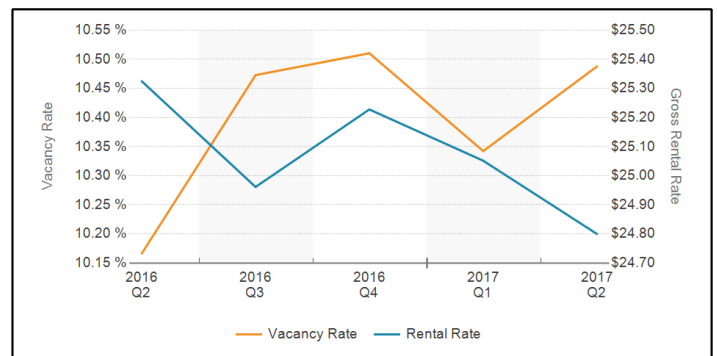
Net Absorption



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	11,806,524	1,221,051	10.3%	19,837	0	280,489	\$25.05	\$28.45
Dallas/Fort Worth Total	362,873,968	51,922,010	14.3%	1,525,503	2,377,125	11,897,055	\$24.52	\$28.12

*Rental Rates reflect asking \$psf/year



W H I T E B □ X

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