



W H I T E B X

REAL ESTATE

Q4 2017

Dallas Office
Market Overview





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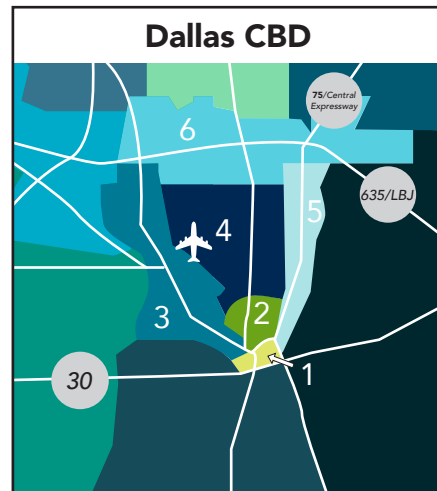
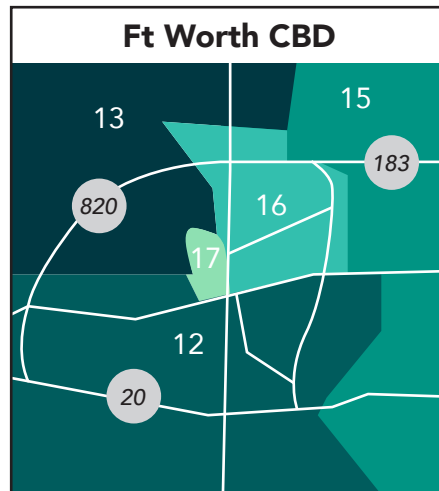
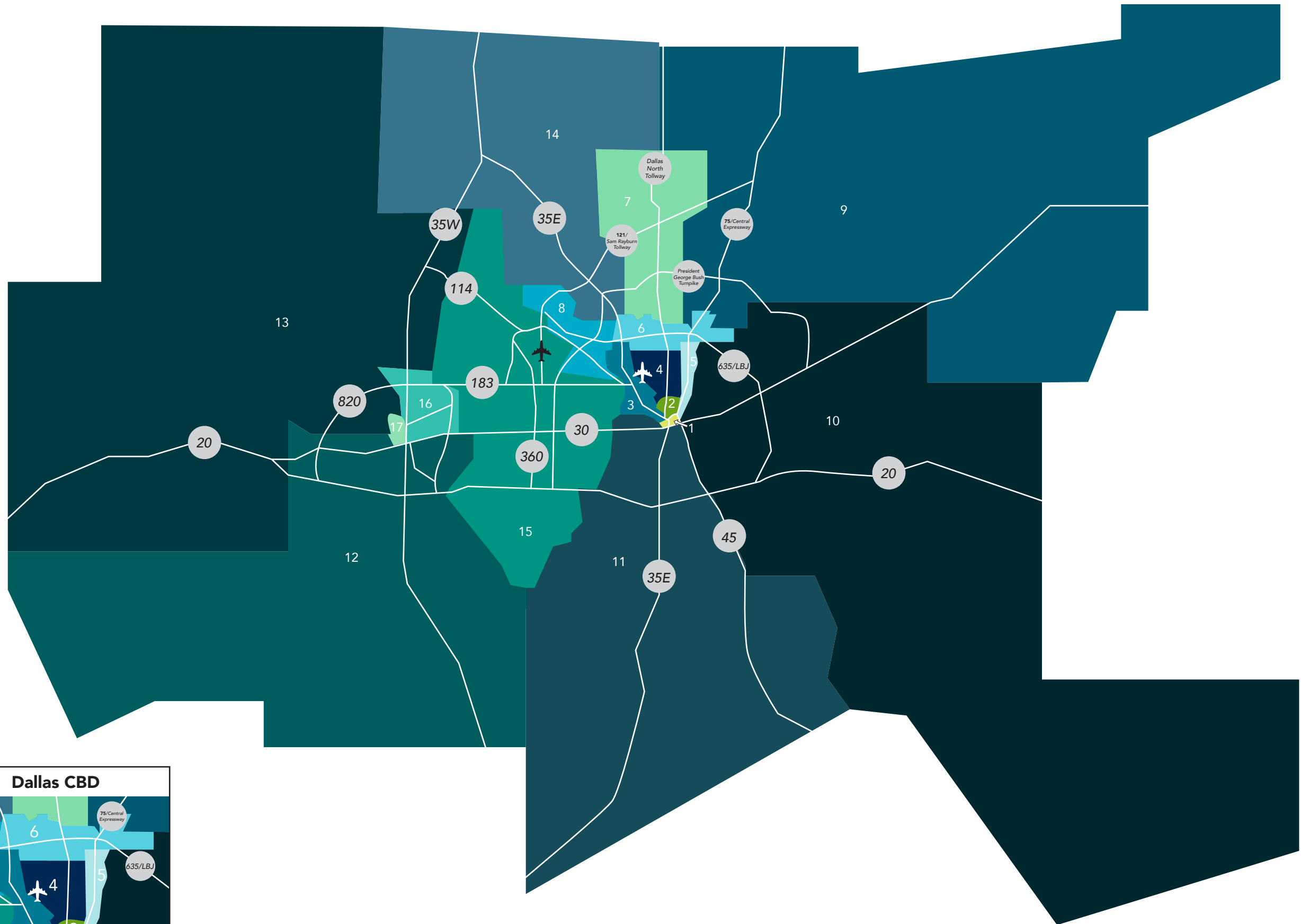
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DFW Office Market Overview

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ECONOMIC OVERVIEW

The Texas economy continued to strengthen throughout 2017. Hurricane Harvey's effects have not adversely effected the statewide economy as much as some had anticipated. At worst the market was flat. Total Nonagricultural Wage and Salary employment flattened out over the 4th quarter of 2017. However, as Texas Workforce Commission (TWC) Chairman Andres Alcantar noted, "Texas ended 2017 with record-level job creation numbers during the fourth quarter, with 10 of 11 industries expanding over the year and an annual gain of 306,900 jobs." The Texas Workforce Commission also reported, "Industries adding jobs in December included Leisure and Hospitality, which added 6,800 jobs; Construction added 4,300 jobs; and Information, which added 3,600 jobs, and includes traditional and software publishing, data processing and hosting, and telecommunications companies." Unemployment for the State of Texas decreased to 4.0% by the end of 2017. The private sector continues to be a driving force across the state and have added some 270,000 jobs since December of 2016. The Dallas Federal Reserve reported "broad-based acceleration" and growth in the manufacturing, retail, nonfinancial, and energy sectors. The Federal Reserve continued to note an increased demand for labor and increased wages. The manufacturing sector continues to be a "bright spot" for the state. It is also worth noting that labor shortages continue to impede growth. The Dallas-Fort Worth (DFW) labor market grew by 2.95% by adding 105,147 jobs over the last 12 months (288 per day). The unemployment rate for DFW declined by 0.3% to 3.6%.

TENANT OUTLOOK

Net absorption reversed its slide from the previous quarter and totaled 1,567,153 SF of positive absorption, more than double the second quarter.

The Class A office market average rental rates remained relatively flat, declining 0.45% or \$0.13/SF to a DFW average quoted rate of \$28.59/SF. This rate has remained relatively flat since the fourth quarter of 2016. The CBD average Class A quoted rate is \$26.38/SF vs. an average of \$29.43/SF for Class A suburban office product.

The vacancy rate in DFW remained relatively constant since the end of 2016 to the third quarter of 2017 at 14.7%. This is up slightly from the previous quarter (14.5%) and up from the second quarter of 2017 which marked the lowest rate in over 8 years at 14.3%.

The Class A average vacancy rate fell 0.3% from the previous quarter to 16.9%. Class A CBD vacancy rates were recorded at 24.2%, significantly higher than the 15.2% for suburban Class A office product.

Vacant sublease space increased to 3,490,106 SF, increasing for a fourth straight quarter. This is the largest sublease vacancy rate since the 2,304,401 SF recorded at the end of 2015.

Class A vacant sublease space saw another increase of 12.5% to 2,206,102 SF from 1,929,574 SF at the end of the third quarter and 1,534,188 SF at the end of the second quarter.

2,703,406 SF of new construction in 57 buildings were delivered in the fourth quarter of 2017 (almost three times the SF in the third quarter – 51 buildings for 1,020,250 SF). This is still less volume than the 49 buildings delivered in the second quarter for 3,118,372 SF. Notable deliveries for the third quarter included the JP Morgan Chase build-to-suit for 1,000,000 SF and Toyota's Quality Center build-to-suit for 879,080 SF. Both projects are in the Upper Tollway/West Plano focus market of the Far North Dallas Submarket and both are now 100% occupied. 9,088,467 SF of office space was delivered in 2017. There is an additional 9,160,415 SF currently under construction in the metroplex, and 46.8% of it is pre-leased. The largest active construction projects are build-to-suits for Pioneer Natural Resources in the Las Colinas submarket, a 1,125,000 SF project, and Liberty Mutual's campus in the Upper Tollway/West Plano focus market of the Far North Dallas Submarket, for 1,100,000 SF.

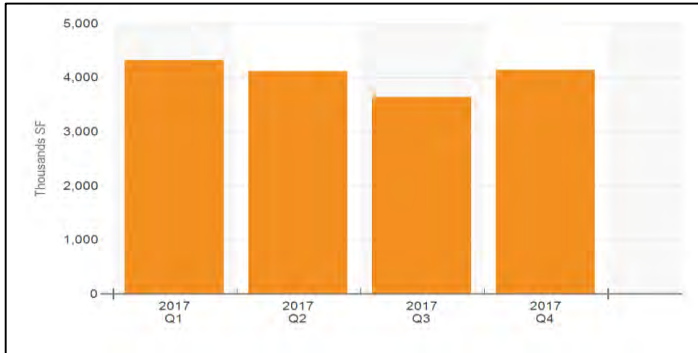
AT A GLANCE

	Q3 2017	Q4 2017	% Change
Overall Vacancy	14.5%	14.7%	0.2%
Overall Rental Rates	\$25.04	\$25.01	-0.12%
YTD Absorption	4,212,363	5,559,021	31.97%

TOP LARGE LEASES

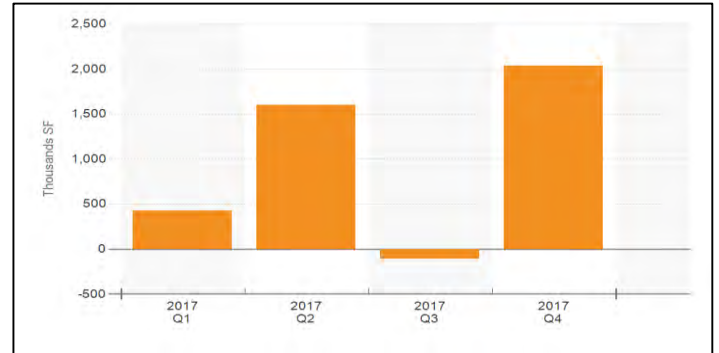
	TENANT	FOCUS MARKET	SQUARE FEET
Alliance – Mercedes-Benz Financial Services	Mercedes-Benz Financial Services	Alliance	200,000
6011 Connection Drive	Gartner	Office Center / West LBJ Ext	152,086
2400 Glenville	Berry Appleman and Leiden LLP	Richardson	67,380
PwC Tower	Winston & Strawn	Uptown / Turtle Creek	55,917
Hall Office Park – 2801 Network Blvd	Goodman Networks, Inc.	Frisco / The Colony	52,944

LEASING ACTIVITY



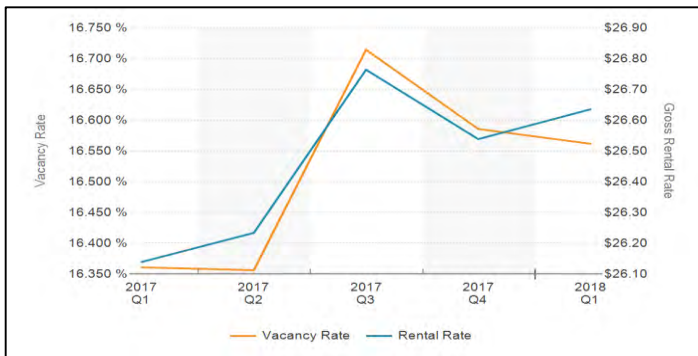
*figures based on office product over 100,000 total RSF

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 was another solid year. Though the market appears to not be growing at the rate that it was coming out of the recession, it continues to grow. The fundamentals for Dallas-Fort Worth are positive and the outlook for 2018 and the first part of 2019 are positive. Population growth and continued job growth are continuing to bolster the overall economy. Sublease vacancy is a statistic worth monitoring as are interest rates and inflation rates. The uptick in the oil industry in the fourth quarter provides some additional positive pressure to an economy that could be late in the cycle. The near term, though, looks very promising.

INVESTOR OUTLOOK

Office building sales activity for the third quarter of 2017 decreased significantly from the second quarter in number of buildings sold and total volume. The third quarter of 2017 recorded 11 office buildings sold for a total of \$140,577,169. The 1,023,271 SF sold averaged \$137.38 per square foot. As a comparison, the second quarter of 2017 recorded 21 buildings sold, for a total of \$575,086,892 with an average price per square foot of \$190.02, for a total of 3,026,454 SF, and 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. Total office building sales activity was markedly less than 2016. In 2016 cap rates had appeared to loosen from a period of exceptional compression; however, over the course of 2017 rates have trended lower than the previous year. Cap rates averaged 7.18% compared to 7.42% for the same period in 2016. The most prominent sale transaction for the third quarter of 2017 was the sale of the FedEx Office Headquarters 264,000 SF in the Upper Tollway/West Plano focus market of the Far North Dallas Submarket for \$79,650,000 or \$301.70 per square foot and a cap rate of 5.47%.

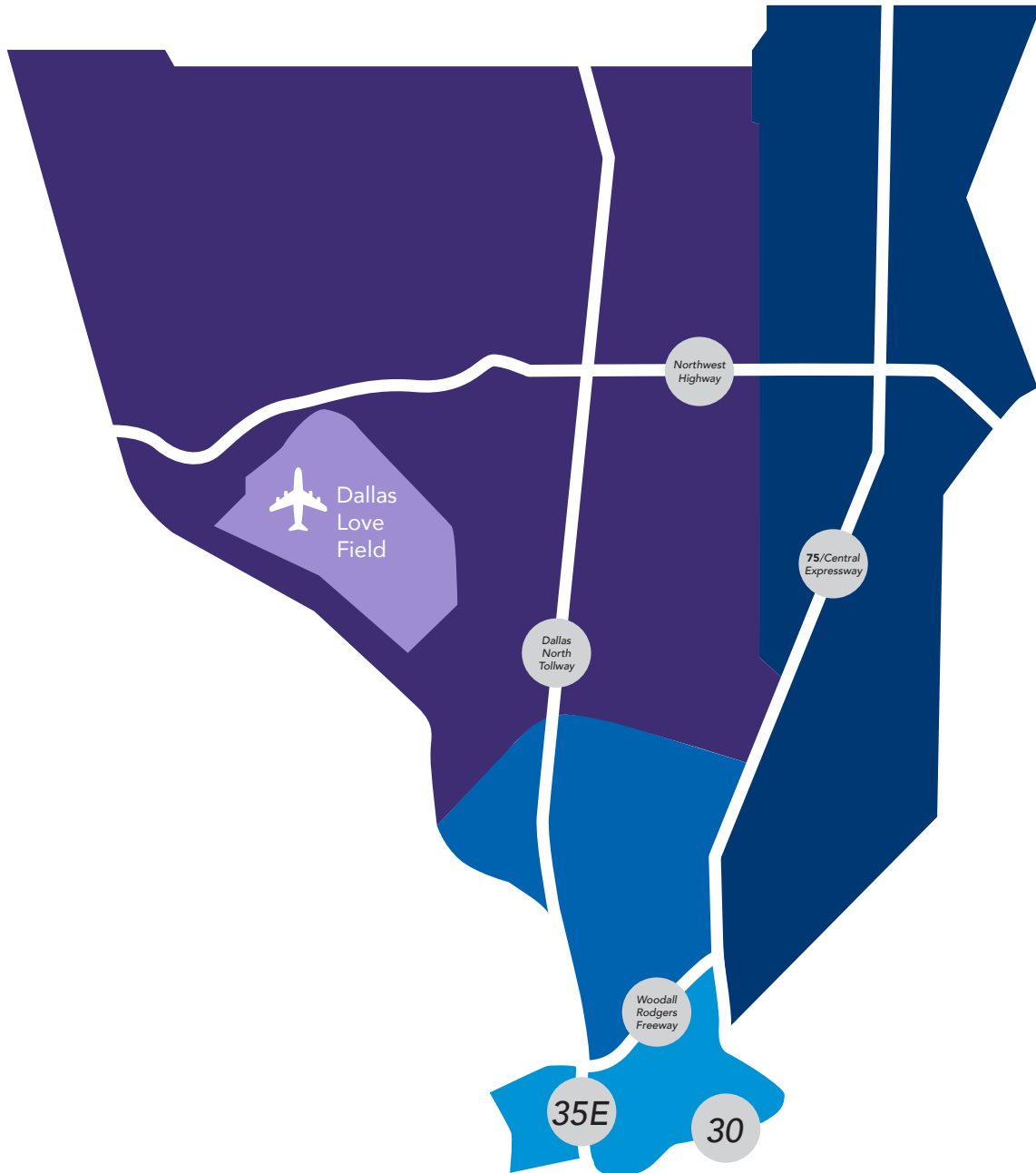
OFFICE MARKET SNAPSHOT Q4 2017

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	277	15,168,384	1,542,622	1,603,573	10.6%	(94,933)	0	0	\$27.09	\$28.50
Dallas CBD	142	33,696,568	6,871,390	7,511,962	22.3%	(72,789)	92,237	424,425	\$25.35	\$26.04
East Dallas	1,071	13,061,022	1,033,731	1,061,010	8.1%	(97,604)	27,255	370,120	\$25.38	\$41.34
Far North Dallas	1,112	61,803,030	7,167,157	7,971,966	12.9%	4,284,439	4,894,640	2,872,292	\$27.96	\$31.30
Fort Worth CBD	118	11,882,631	1,088,055	1,127,739	9.5%	157,769	0	280,489	\$26.51	\$29.46
Las Colinas	440	40,101,047	5,274,213	5,838,118	14.6%	915,233	1,037,992	1,946,913	\$24.74	\$28.49
LBJ Freeway	266	22,688,579	4,773,544	5,025,490	22.1%	246,874	0	0	\$22.37	\$25.70
Lewisville/Denton	938	13,172,376	1,441,016	1,598,979	12.1%	(578,439)	178,533	69,369	\$21.86	\$28.39
Mid-Cities	2,621	41,157,910	5,565,698	5,682,507	13.8%	221,993	1,096,477	683,555	\$21.83	\$26.30
North Fort Worth	601	6,886,457	572,060	631,815	9.2%	(118,948)	104,588	92,406	\$21.26	\$18.12
Northeast Fort Worth	343	5,421,125	1,873,347	1,873,347	34.6%	78,580	0	0	\$20.37	\$21.39
Preston Center	148	6,089,641	604,952	650,936	10.7%	11,219	176,089	127,034	\$39.33	\$41.00
Richardson/Plano	1,434	42,099,572	6,641,600	6,997,786	16.6%	236,397	827,105	781,085	\$24.69	\$27.70
South Fort Worth	1,657	20,208,193	1,531,774	1,602,664	7.9%	129,517	261,514	195,689	\$22.83	\$29.00
Southwest Dallas	820	7,716,008	543,856	549,790	7.1%	169,970	114,272	12,024	\$20.86	\$30.77
Stemmons Freeway	285	15,094,149	3,307,846	3,335,203	22.1%	158,323	63,000	0	\$16.88	\$18.68
Uptown/Turtle Creek	302	14,436,682	1,341,406	1,601,438	11.1%	(888,520)	214,765	1,305,014	\$38.01	\$40.28
DFW TOTAL	12,575	370,683,374	51,174,217	54,664,323	14.7%	5,559,021	9,088,467	9,088,467	\$25.01	\$28.59

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	602	153,402,600	23,757,112	25,963,214	16.9%	6,602,835	7,145,633	8,105,572	\$28.59
Class B	5,811	169,465,327	23,537,273	24,784,400	14.6%	(764,867)	1,942,834	1,054,843	\$21.58
Class C	6,162	47,815,447	3,879,832	3,916,709	8.2%	(278,947)	0	0	\$18.78

Dallas Central Core



Legend

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

Preston Center

Q4 2017

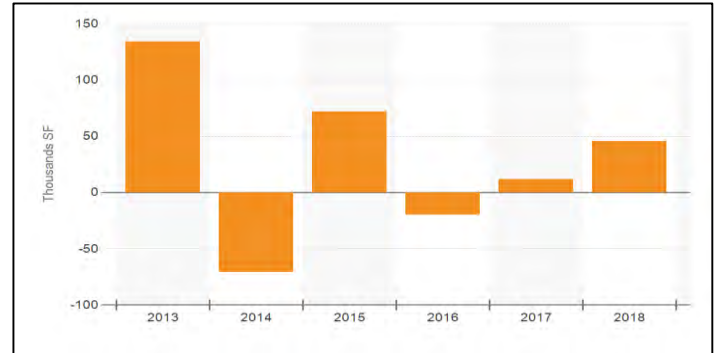
The Preston Center Submarket ended the fourth quarter of 2017 with a vacancy rate of 10.7%. The vacancy rate increased 2.4% from the previous quarter vacancy of 8.3%. The YTD net absorption increased from 973 SF at the end of Q3 to 11,219 SF by the end of Q4.

Rental rates ended the fourth quarter at \$39.33/SF across all classes, increasing from \$39.16/SF in the previous quarter. There were 176,089 SF of new construction deliveries and 127,034 SF of office space currently under construction in the submarket.

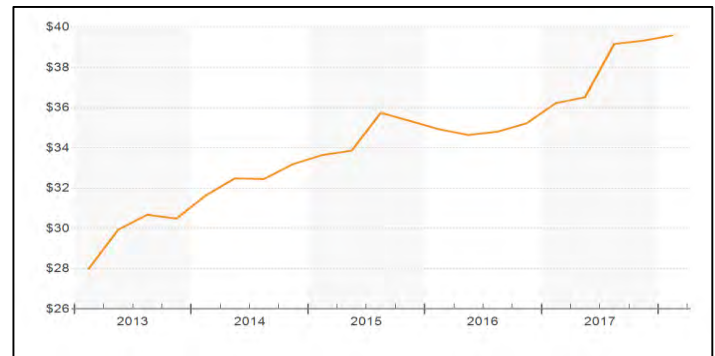
Significant leases included a 14,232 SF lease at 5950 Sherry Ln by Orsinger, Nelson, Downing, and Anderson, LLP. Veritex Community Banks purchased 96,563 SF at 8214 Westchester Dr. for \$41,500,000.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
5950 Sherry Ln.	Orsinger, Nelson, Downing & Anderson	Office	14,232
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
8214 Westchester Dr.	Veritex Community Banks	\$41,500,000	96,563
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
6517 Hillcrest Ave.	SPC Hillcrest LP	Q1 2019	119,000

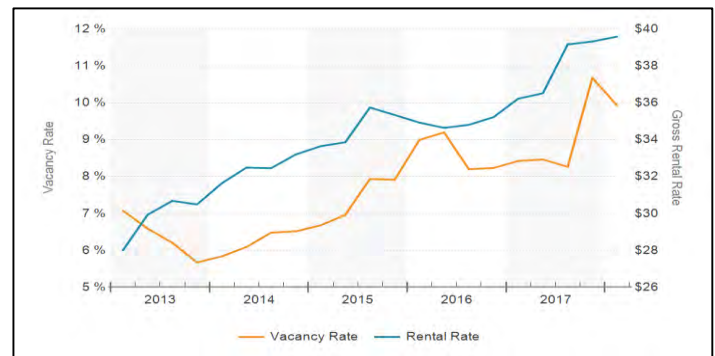
Net Absorption



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
Preston Center	6,089,641	650,936	10.7%	11,219	176,089	127,034	\$39.33	\$41.00
Dallas/Fort Worth Total	370,683,374	54,664,323	14.7%	5,559,021	9,088,467	9,768,203	\$25.04	\$28.72

*Rental Rates reflect asking \$psf/year

Central Expressway

Q4 2017

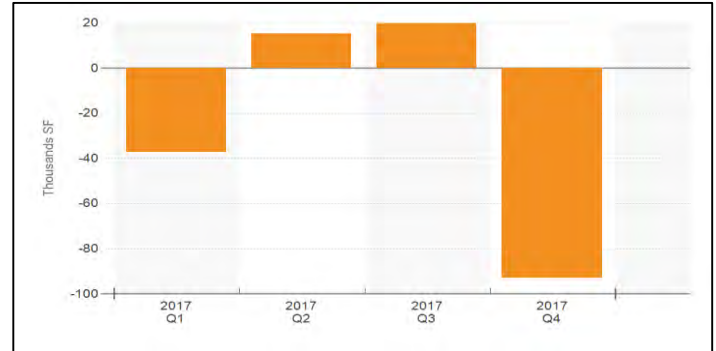
The Central Expressway Submarket finished the fourth quarter 2017 with a vacancy rate of 10.6%. The vacancy rate increased by 0.3% over the previous quarter from 10.3%. The YTD net absorption decreased to -94,933 at the end of Q4 2017.

Rental rates ended the fourth quarter at \$27.09/SF across all classes, a decrease of \$2.13/SF over the previous quarter. There were no construction deliveries, and there are currently no new office developments under construction in the submarket.

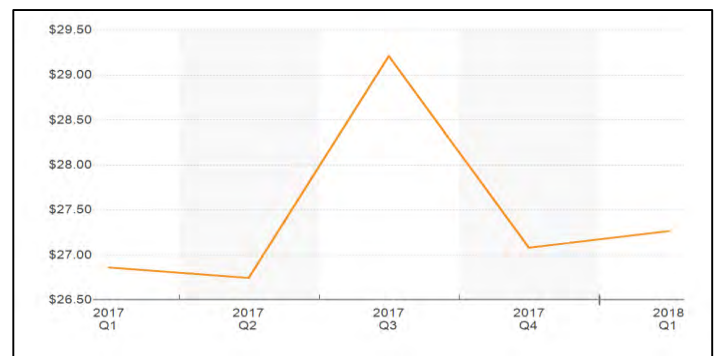
Significant lease transactions included APC Workforce Solutions LLC, leasing 16,000 SF at 10100 N Central Expressway. 8315 Walnut Hill sold at an undisclosed price, and 3807 Ross Ave. sold for \$3,715,000.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
10100 N Central Expy	APC Workforce Solutions LLC	Office	16,000
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
8315 Walnut Hill	Undisclosed	Undisclosed	25,422
3807 Ross Ave.	Undisclosed	\$3,715,000	15,884
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
-	-	-	-

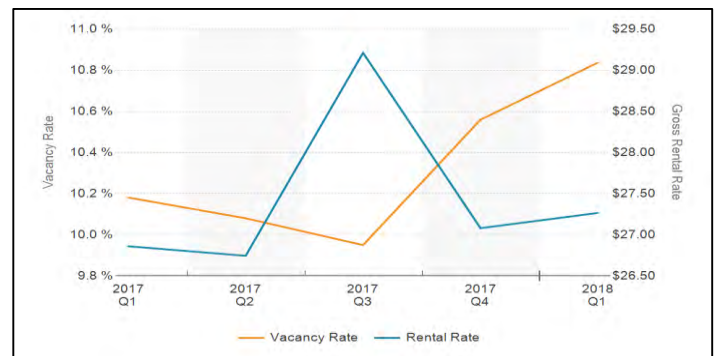
Net Absorption



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	15,168,384	1,603,573	10.6%	-94,933	0	0	\$27.09	\$28.50
Dallas/Fort Worth Total	370,683,374	54,664,323	14.7%	5,559,021	9,088,467	9,768,203	\$25.04	\$28.72

*Rental Rates reflect asking \$psf/year

Uptown/Turtle Creek

Q4 2017

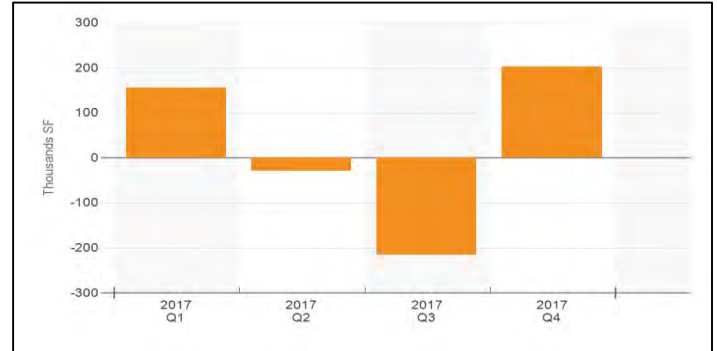
The Uptown/Turtle Creek Submarket ended the fourth quarter of 2017 with a vacancy rate of 10.7%. The vacancy rate remained flat over the previous quarter with net year-to-date absorption decreasing to -88,520 square feet.

Rental rates ended the fourth quarter at \$38.01/SF across all classes, increasing from \$37.75/SF in the previous quarter. There were 214,765 SF in new deliveries, and there is 1,305,014 SF of construction projects underway in the submarket.

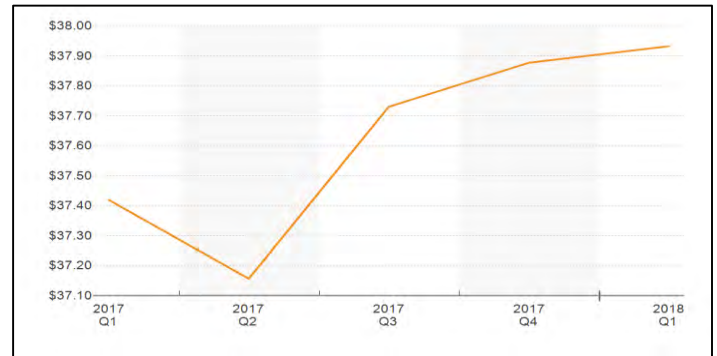
Winston & Strawn LP leased 55,917 SF at 2121 Pearl St., and Crescent Real Estate Equities purchased 2401 Cedar Springs Rd. for an undisclosed price.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
3500 Maple Ave	Undisclosed	Office	82,869
2121 Pearl St	Winston & Strawn LP	Office	55,917
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
2401 Cedar Springs Rd	Crescent Real Estate Equities	Undisclosed	200,000
3203 McKinney Ave.	Sugar Building	\$6,800,000	17,300
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
2121 Pearl St.	Trammell Crow Company	Q1 2018	494,300
2300 N Field St.	RED Development	Q2 2018	418,132
2850 N Harwood St. No. 10	Harwood International	Q3 2018	231,098

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	14,436,682	1,601,438	11.1%	-88,520	214,765	1,305,014	\$38.01	\$40.28
Dallas/Fort Worth Total	370,683,374	54,664,323	14.7%	5,559,021	9,088,467	9,768,203	\$25.04	\$28.72

*Rental Rates reflect asking \$psf/year

Dallas CBD

Q4 2017

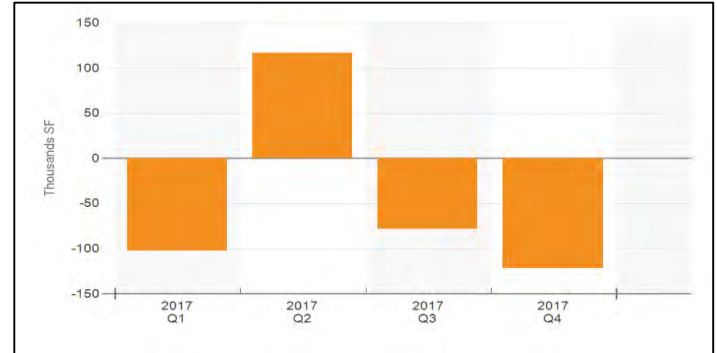
The Dallas CBD Submarket ended the fourth quarter 2017 with a vacancy rate of 22.3%. The vacancy rate decreased over the previous quarter from 22.4%, with a YTD net absorption of -72,739 square feet in the fourth quarter.

Rental rates ended the fourth quarter at \$25.35/SF across all classes, increasing from \$25.19/SF in the previous quarter. YTD construction deliveries finished at 92,237 SF, with 424,425 SF of new office space under construction.

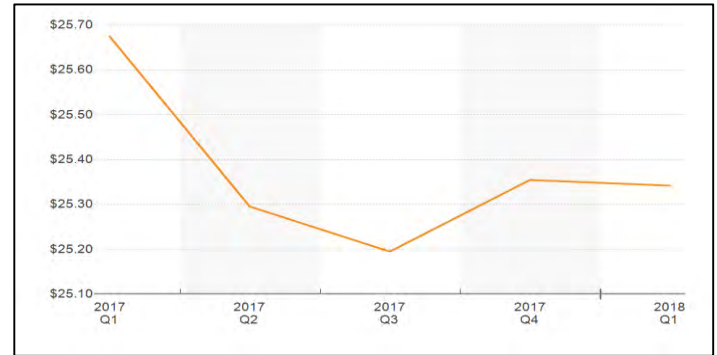
Significant lease transactions during the fourth quarter included a renewal of 135,762 SF by Vinson & Elkins LP at 2001 Ross Ave. Alston & Bird leased 34,875 SF at 2200 Ross Ave.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
2001 Ross Ave	Vinson & Elkins LP	Office	135,762
2200 Ross Ave	Alston & Bird	Office	34,875
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
-	-	-	-
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
401 N Houston St	Crescent Real Estate Equities LLC	Q1 2019	102,315
1401 Elm St.	Drever Capital Management	Q4 2018	60,710

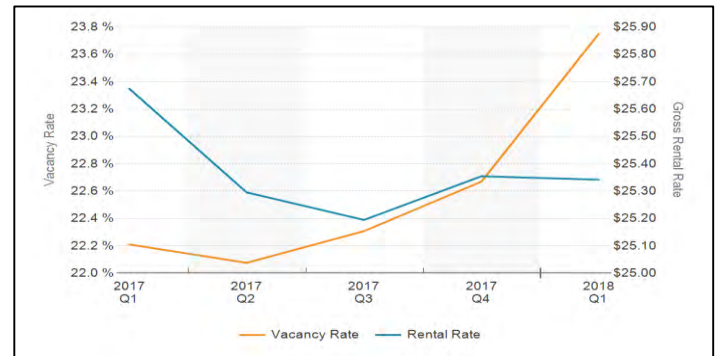
Net Absorption



Gross Asking Rent Per SF



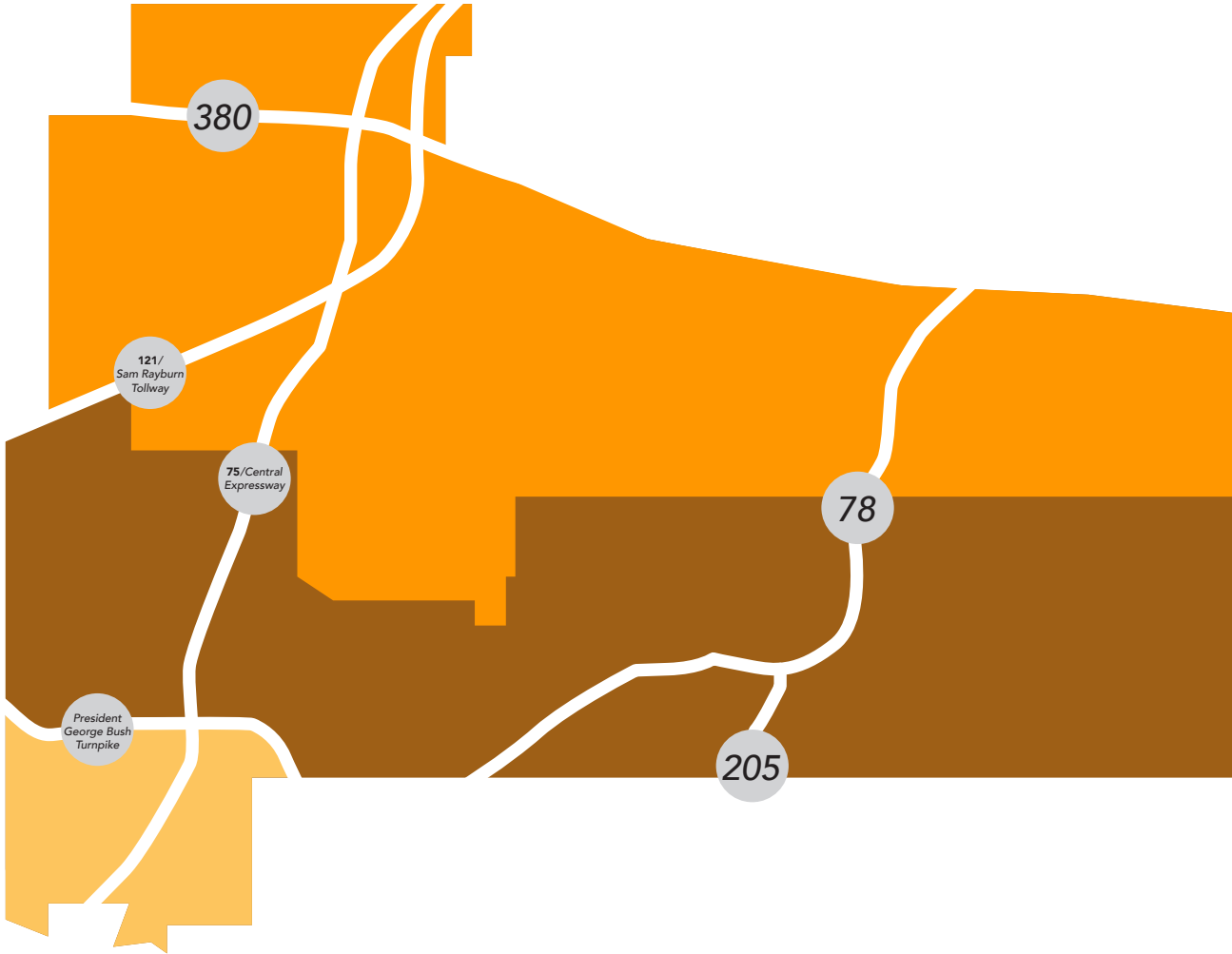
Vacancy Vs. Rental Rate






	Inventory	Total Vacancy SF	Vacancy Rate	YTD Net Absorption	YTD Deliveries	Under Construction	Rates All Classes	Quoted Rates Class A
Dallas CBD	33,696,568	7,511,962	22.3%	-72,789	92,237	424,425	\$25.35	\$26.04
Dallas/Fort Worth Total	370,683,374	54,664,323	14.7%	5,559,021	6,445,254	9,768,203	\$25.04	\$28.72


*Rental Rates reflect asking \$psf/year

Upper Central Expressway



Legend

-  Allen/McKinney
-  Plano
-  Richardson



Allen/McKinney

Q4 2017

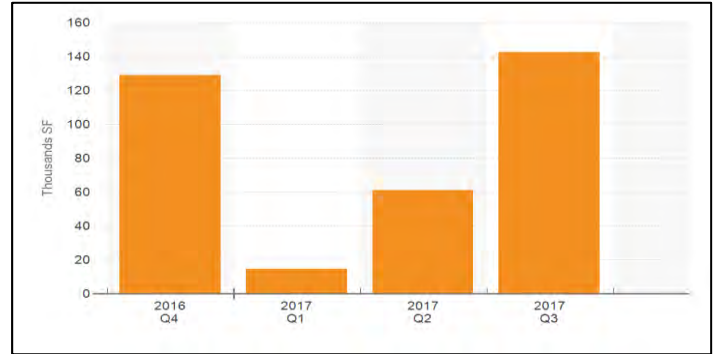
The Allen/McKinney Submarket ended the fourth quarter 2017 with a vacancy rate of 10.3%. The vacancy rate increased 0.9% from the previous quarter of 9.4%, with a YTD net absorption of 236,193 SF.

Rental rates ended the fourth quarter at \$26.91/SF across all classes, increasing from \$26.40/SF in the previous quarter. YTD new construction deliveries finished the year at 305,363 SF.

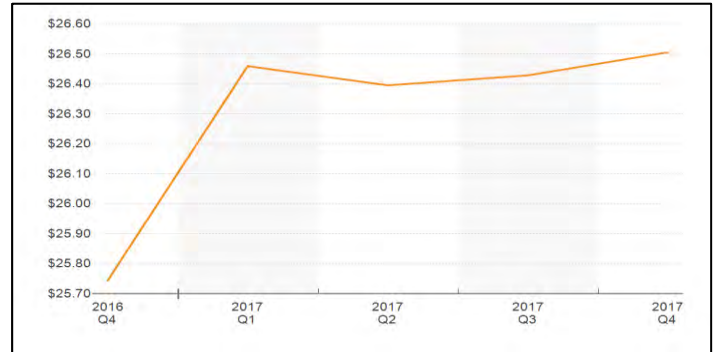
Significant lease transactions included Anritsu's lease of 13,558 SF at 450 Century Parkway. Accesso Partners purchased 700 Central Expy. totaling 150,509 SF for \$29,600,000.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
450 Century Pky	Anritsu	Office	13,558
W One Bethany Dr.	Boss Fight Entertainment	Office	13,219
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
700 Central Expy.	Accesso Partners	\$29,600,000	150,509
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
Alma Rd.	KDC Real Estate Development & Investments	Q2 2019	150,000
Watters Creek Park II	Kaizen Development Partners	Q3 2019	150,000
One Bethany at Watters Creek East	Kaizen Development Partners	Q1 2018	125,000

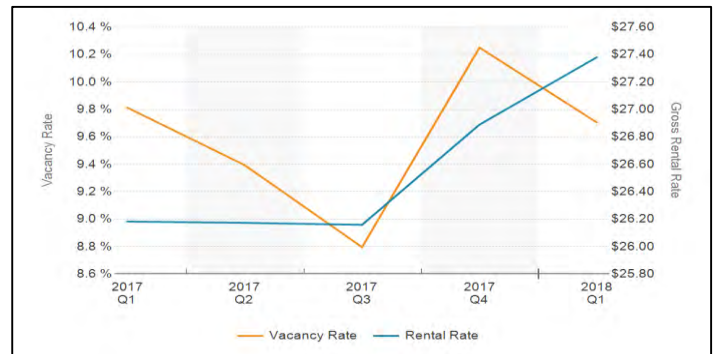
Net Absorption



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
Allen/McKinney	8,616,977	886,737	10.3%	236,193	305,363	510,181	\$26.91	\$30.47
Dallas/Fort Worth Total	370,683,374	54,664,323	14.7%	5,559,021	9,088,467	9,160,415	\$25.01	\$28.59

*Rental Rates reflect asking \$psf/year

Plano

Q4 2017

The Plano Submarket ended the fourth quarter of 2017 with a vacancy rate of 26.3%. The vacancy rate remained the same as the previous quarter. YTD net absorption totaled -531,461 square feet at the end of Q4.

Rental rates ended the fourth quarter at \$25.55/SF across all classes, decreasing slightly from \$25.57/SF in the previous quarter. There have been 52,800 SF in YTD new construction deliveries with 27,420 SF currently under construction in the submarket.

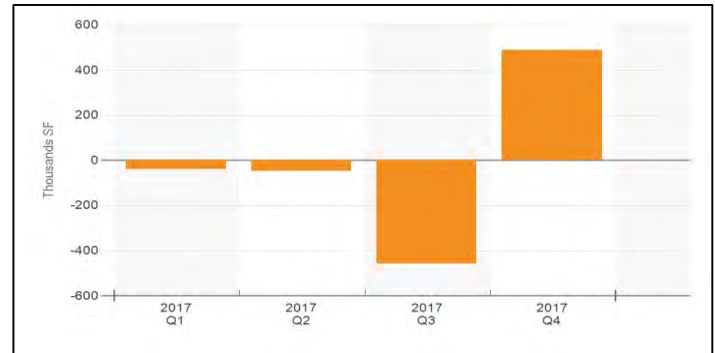
Significant leases included Sharing Services, Inc.'s lease of 10,949 SF at 1700 Coit Rd. and PacCen Inc. that leased 10,000 SF at 1111 Jupiter Rd. Plano Corporate Center East & West purchased a 154,689 SF building at 2301 W Plano Pky for \$25,386,433 and a 154,245 SF building 2201 W Plano Pky for \$25,313,567, both as part of a multi-property sale.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
1700 Coit Rd.	Sharing Services, Inc.	Office	10,949
1111 Jupiter Rd	PacCen Inc.	Office	10,000

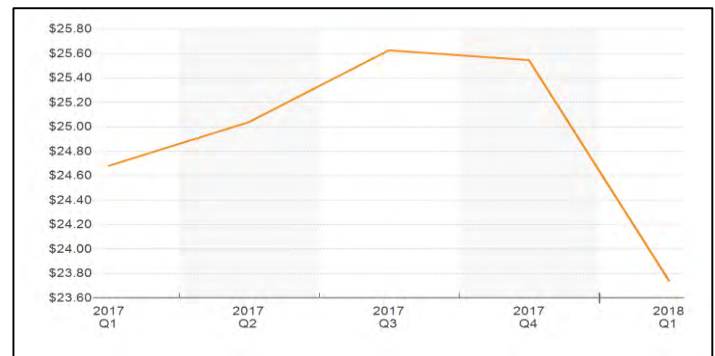
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
2301 W Plano Pky (Part of a Multi-Property Sale)	Plano Corporate Center West	\$25,386,433	154,689
2201 W Plano Pky (Part of a Multi-Property Sale)	Plano Corporate Center East	\$25,313,567	154,245

UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
655 Custer Rd	Custer Square Venture, LTD	Q2 2018	13,200

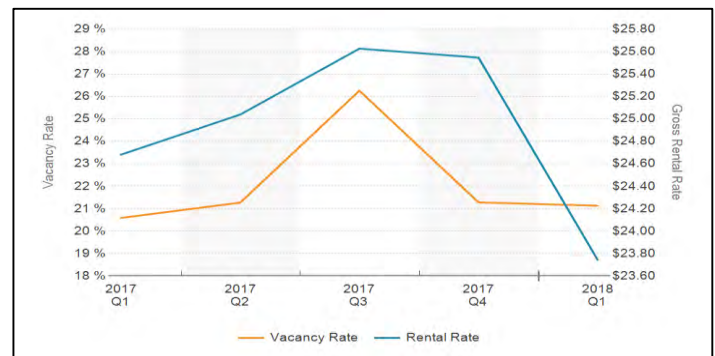
Net Absorption



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	9,573,956	2,517,309	26.3%	-531,461	52,800	27,420	\$25.55	\$28.21
Dallas/Fort Worth Total	370,683,374	54,664,323	14.7%	5,559,021	9,088,467	9,768,203	\$25.04	\$28.72

*Rental Rates reflect asking \$psf/year

Richardson

Q4 2017

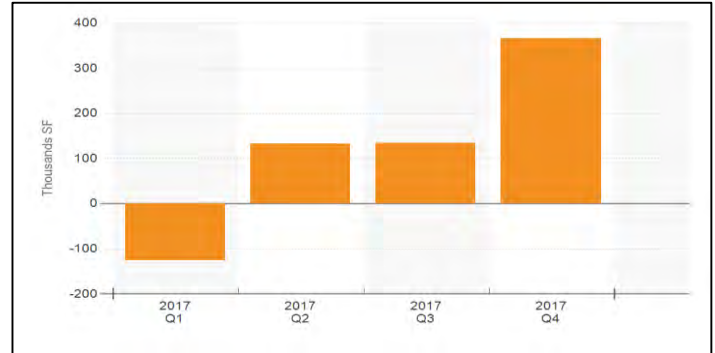
The Richardson Submarket ended the fourth quarter of 2017 with a vacancy rate of 15.3%. The vacancy rate decreased 1.2% from 16.5% in the previous quarter, with a YTD net absorption of 505,524 SF to finish Q4.

Rental rates ended the fourth quarter at \$23.57/SF across all classes, increasing from \$23.44/SF in the previous quarter. New construction deliveries decreased from 403,066 SF to 110,450 SF and there is currently 110,450 SF under construction in the submarket.

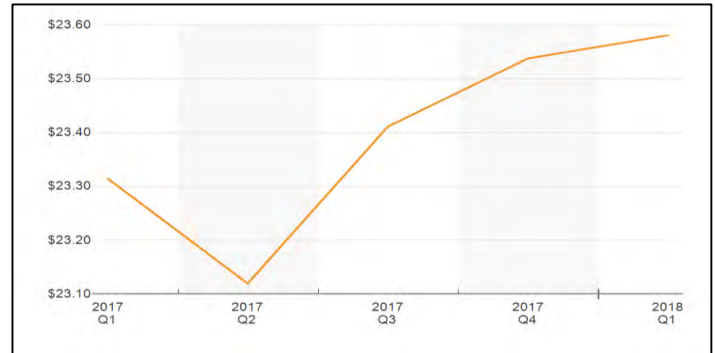
Significant leases included The University of Texas at Dallas lease of 135,273 SF at 3000 – 3030 Waterview Pky. Midland Loan Services – Real Estate Solutions Group purchased 101,232 SF at 2201 N. Central Expy and Gbp Arapaho LP purchased 1010 E. Arapaho Rd. Both purchase prices were undisclosed.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
3000 - 3030 Waterview Pky.	The University of Texas at Dallas	Office	135,273
2400 N. Glenville Dr.	Berry Appleman & Leiden LLP	Office	67,380
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
2201 N. Central Expy.	Midland Loan Services – Real Estate Solutions Group	Undisclosed	101,232
1010 E. Arapaho Rd.	Gbp Arapaho LP	Undisclosed	73,152
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
7217 W. Telecom Pky.	NEP Realty, LLC	Q2 2018	95,000

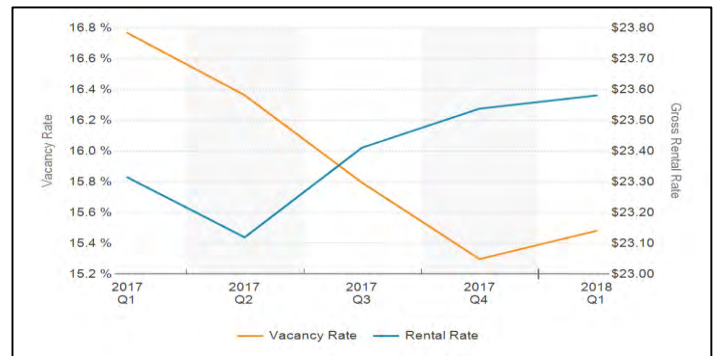
Net Absorption



Gross Asking Rent Per SF



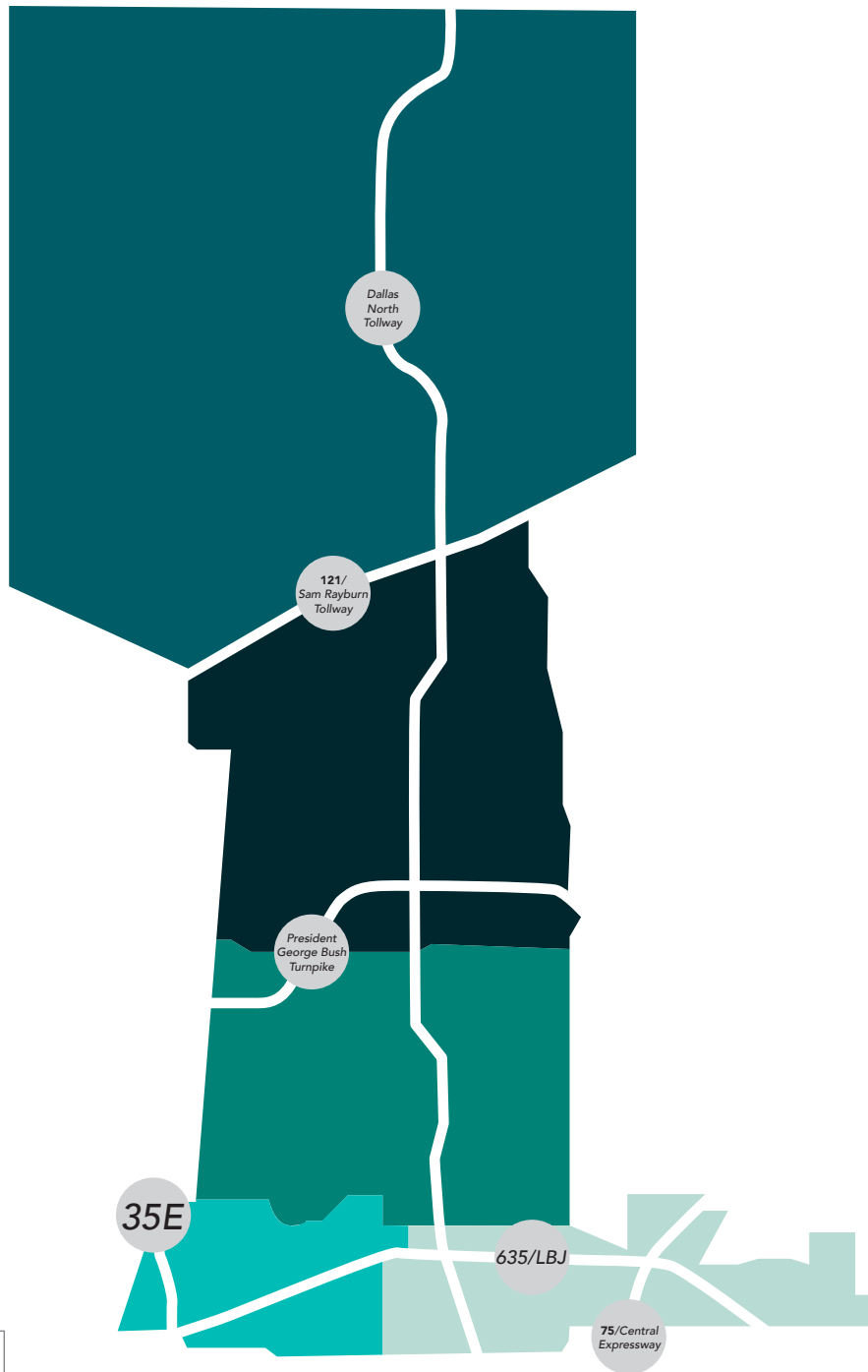
Vacancy Vs. Rental Rate








	Inventory	Total Vacancy SF	Vacancy Rate	YTD Net Absorption	YTD Deliveries	Under Construction	Rates All Classes	Quoted Rates Class A
Richardson	22,758,254	3,477,744	15.3%	505,524	389,066	110,450	23.57	\$27.00
Dallas/Fort Worth Total	370,683,374	54,664,323	14.7%	5,559,021	9,088,467	9,160,415	\$25.01	\$28.59

*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



Frisco/The Colony

Q4 2017

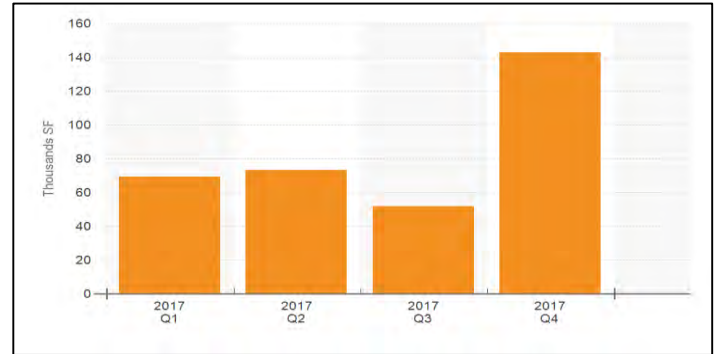
The Frisco/Colony Submarket ended the fourth quarter 2017 with a vacancy rate of 12.3%. The vacancy rate increased by 1.6% from the previous quarter of 10.7%. The YTD net absorption totaled 363,565 square feet.

Rental rates ended the fourth quarter at \$33.35/SF across all classes, increasing from \$33.09/SF in the previous quarter. There were 434,970 SF in year-to-date construction deliveries as well as 708,593 SF under construction in the submarket.

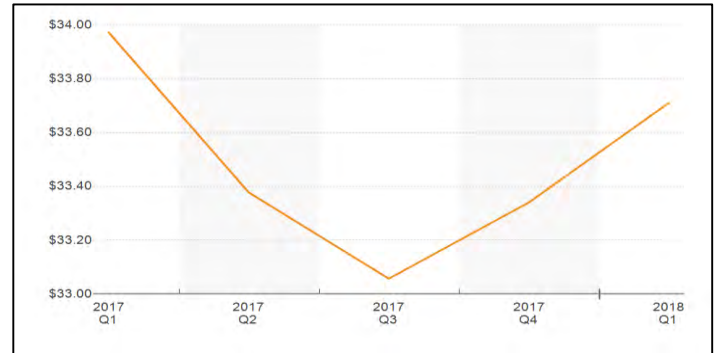
Significant leases included two renewals, T-Mobile renewed their 158,298 SF space at 7668 Warren Pky and Goodman Networks, Inc. renewed their 52,944 SF at 2801 Network Blvd. Maxus Realty Trust, Inc. purchased 6175 W Main St. for \$10,370,511 and 6136 Frisco Square Blvd for \$9,914,135 as part of a multi-property sale.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
7668 Warren Pky.	T-Mobile	Office	158,298
2801 Network Blvd.	Goodman Networks, Inc.	Office	52,944
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
6175 W Main St. (Part of a Multi-Property Sale)	Maxus Realty Trust, Inc.	\$10,370,511	63,808
6136 Frisco Square Blvd (Part of a Multi-Property Sale)	Maxus Realty Trust, Inc.	\$9,914,135	61,000
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
3201 Dallas Parkway	Hall Financial Group	Q1 2018	300,000

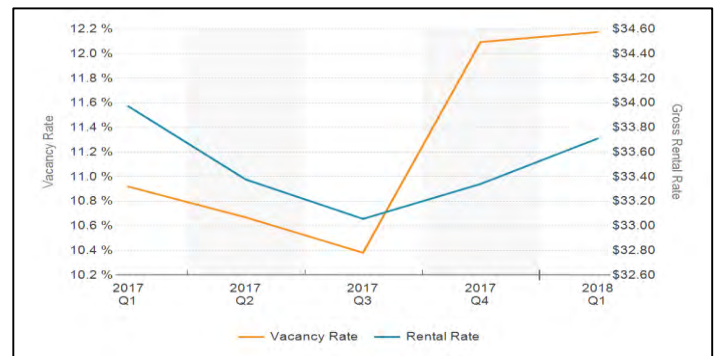
Net Absorption



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
Frisco/The Colony	7,230,661	891,829	12.3%	363,565	434,970	708,593	\$33.35	\$34.76
Dallas/Fort Worth Total	370,683,374	54,664,323	14.7%	5,559,021	9,088,467	9,768,203	\$25.04	\$28.72

*Rental Rates reflect asking \$psf/year

Upper Tollway/West Plano

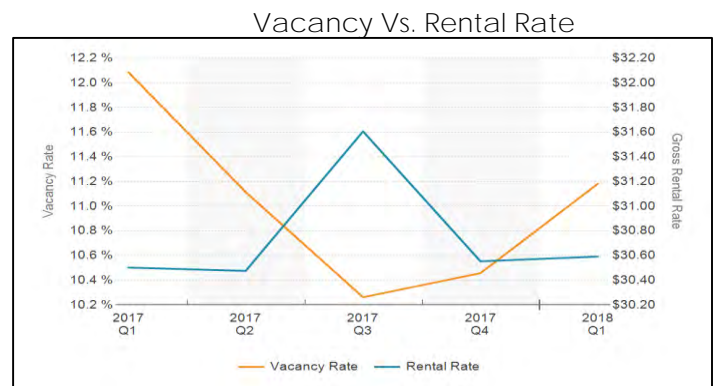
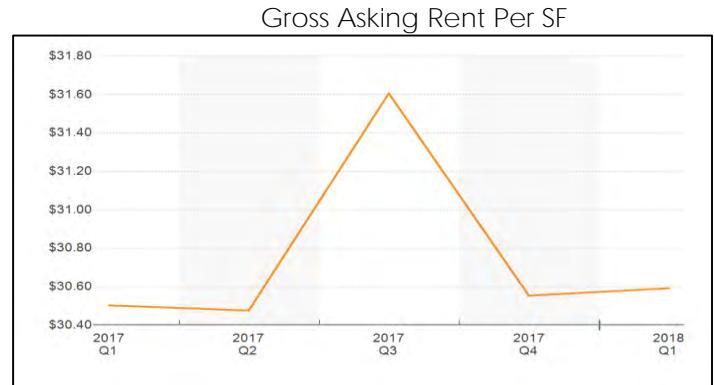
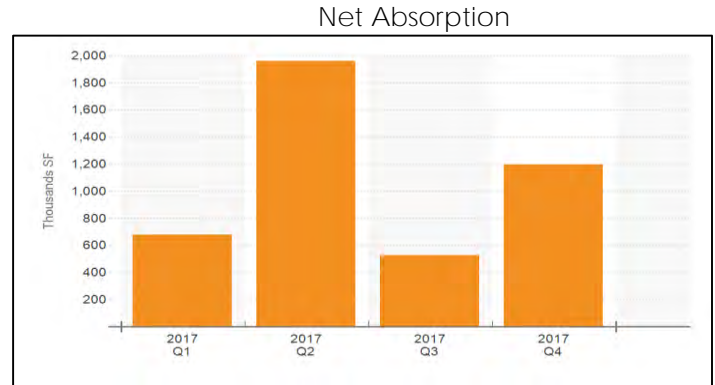
Q4 2017

The Upper Tollway/West Plano Submarket ended the fourth quarter of 2017 with a vacancy rate of 10.6%. The vacancy increased 0.7% from the previous quarter of 9.9%. There was a net increase in year-to-date overall absorption totaling 4,273,006 square feet in the fourth quarter.

Rental rates ended the fourth quarter at \$30.55/SF across all classes, decreasing from \$31.53/SF in the previous quarter. There were 4,451,265 SF in YTD construction deliveries, and the submarket leads the metroplex with 1,923,699 SF currently under construction.

Significant lease transactions included WeWork's lease of 60,114 SF at 7300 Lone Star Dr.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
7300 Lone Star Dr.	WeWork	Office	60,114
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
7900 Legacy Dr. – FedEx Office HQ	PRP Property Management, LLC	\$79,650,000	264,000
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
Legacy Dr. & Headquarters Dr.	KDC Real Estate	Q1 2018	1,000,000
Plano Pky @ Parker Rd.	Billingsley Company	Q1 2019	300,000
Parkwood Dr & Legacy Dr.	Cawley Management, LLC	Q1 2019	150,000



	Inventory	Total Vacancy SF	Vacancy Rate	YTD Net Absorption	YTD Deliveries	Under Construction	Rates All Classes	Quoted Rates Class A
Upper Tollway/West Plano	30,972,416	3,290,651	10.6%	4,273,006	4,451,265	1,923,699	\$30.55	\$32.53
Dallas/Fort Worth Total	370,683,374	54,664,323	14.7%	5,559,021	9,088,467	9,160,145	\$25.01	\$28.59

*Rental Rates reflect asking \$psf/year

MARKETBEAT

Office Submarket Report

Quorum/Bent Tree

Q4 2017

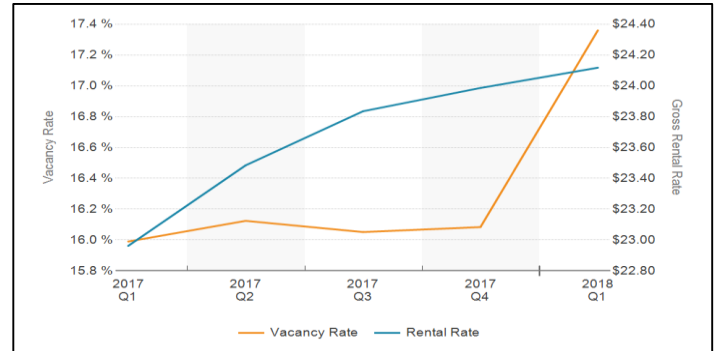
The Quorum/Bent Tree Submarket ended the fourth quarter of 2017 with a vacancy rate of 16.1%. The vacancy rate remained the same as the previous quarter and with a YTD net absorption of -352,132 SF.

Rental rates ended the fourth quarter at \$24.01/SF across all classes, increasing from \$23.87/SF in the previous quarter. There was 8,405 SF delivered in Q4 and there is 240,000 SF currently under construction in the submarket.

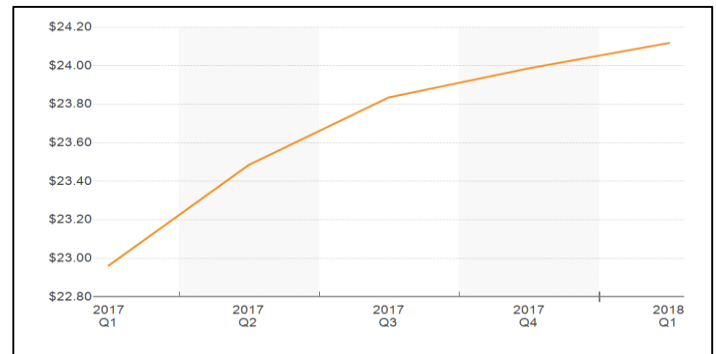
Significant lease transactions included Cyxtera lease of 30,913 SF at 15601 N Dallas Pky. 17301 Preston Rd. containing 317,270 SF was sold as part of a multi-property sale to Shelton Landmark Foundation at an undisclosed price. Wolverine Interests acquired a building containing 128,092 SF at 17855 N Dallas Pky. at an undisclosed price.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
15601 Dallas Pky	Cyxtera	Office	30,913
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
17301 Preston Rd. (Part of Multi-Property Sale)	Shelton Landmark Foundation	Undisclosed	317,270
17855 N Dallas Pky	Wolverine Interests	Undisclosed	128,092
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
14555 N Dallas Pky.	Cowley Management, LLC	Q3 2018	240,000

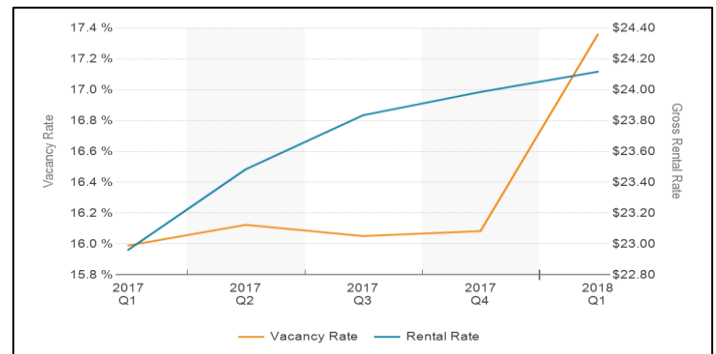
Net Absorption



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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Quorum/Bent Tree	23,599,953	3,789,486	16.1%	-352,132	8,405	240,000	\$24.01	\$28.15
Dallas/Fort Worth Total	370,683,374	54,664,323	14.7%	5,559,021	9,088,467	9,160,415	\$25.01	\$28.59

*Rental Rates reflect asking \$psf/year

West LBJ Freeway

Q4 2017

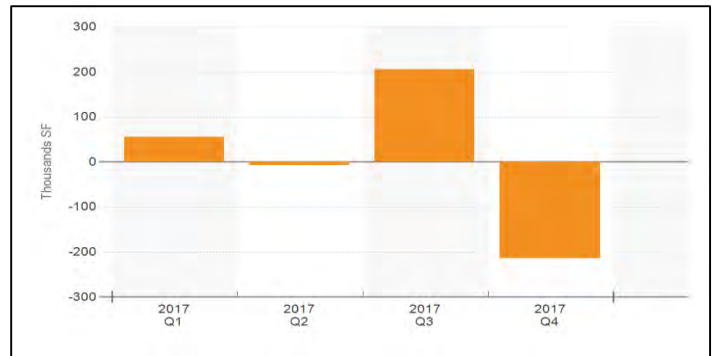
The West LBJ Freeway Submarket ended the fourth quarter 2017 with a vacancy rate of 19.5%. The vacancy rate increased from the previous quarter of 14.2%, accompanied by a net absorption of 44,650 SF.

Rental rates ended the fourth quarter at \$19.22/SF across all classes, increasing from \$19.09/SF in the previous quarter. There were no new construction deliveries and currently no construction projects underway.

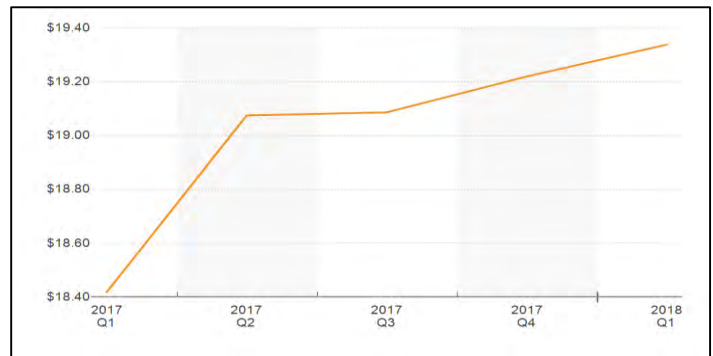
Significant lease activity occurred in the submarket, including a 46,637 SF lease at 2350 Valley View Ln. by Thundering Herd Inc. Caspian International Group, Inc. purchased 161,170 SF at 13465 Midway Road.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
2350 Valley View Ln.	Thundering Herd Inc.	Office	47,637
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
12005 Ford Rd.	Caspian International Group, Inc.	Undisclosed	161,170
13465 Midway Rd.	Keller Communications	Undisclosed	73,088
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
-	-	-	-

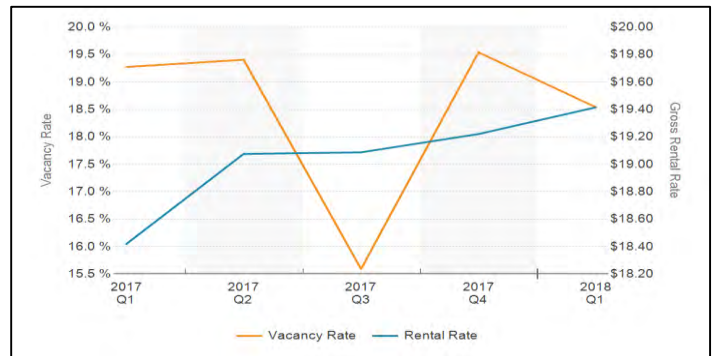
Net Absorption



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	5,393,138	1,051,835	19.5%	44,650	0	0	\$19.22	\$20.59
Dallas/Fort Worth Total	370,683,374	54,664,323	14.7%	5,559,021	9,088,467	9,160,415	\$25.01	\$28.59

*Rental Rates reflect asking \$psf/year

East LBJ Freeway

Q4 2017

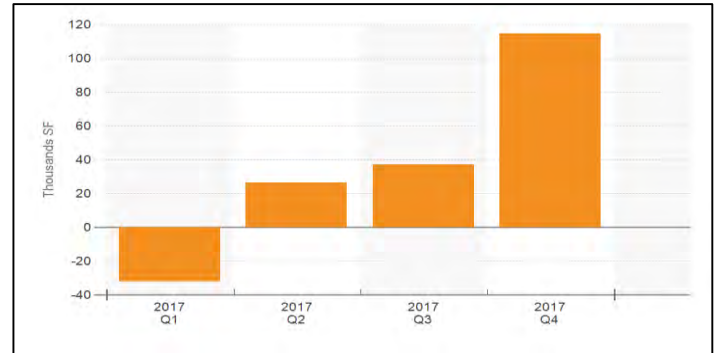
The East LBJ Freeway Submarket ended the fourth quarter of 2017 with a vacancy rate of 23.0%. The vacancy rate decreased from the previous quarter of 23.9%, with the YTD total net absorption at 202,224 SF.

Rental rates ended the fourth quarter at \$23.18/SF across all classes, increasing from \$22.82/SF in the previous quarter. There were 0 SF in deliveries and no construction in the submarket.

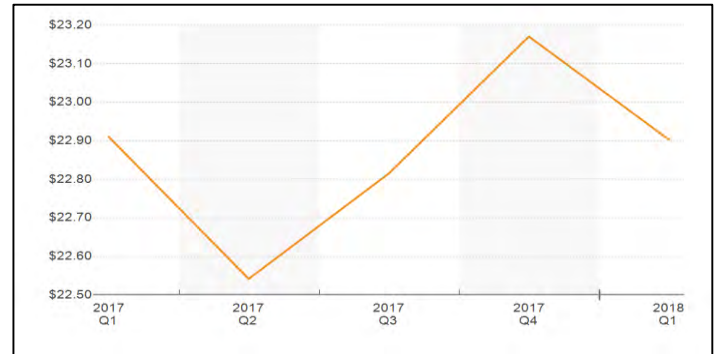
Significant lease transactions included a 22,618 SF lease by Swagit Productions, LLC at 12801 N Central Expy. Hidden Grove at 12404 Park Central totaling 168,189 SF was sold to Trinity Private Equity Group for \$25,562,790 and Healthcare Trust of America Inc. purchased Northpoint Medical Arts for \$19,800,000.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
12801 N Central Expy	Swagit Productions, LLC	Office	22,618
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
12404 Park Central Dr.	Trinity Private Equity Group	\$25,562,790	232,389
12606 Greenville Ave.	Healthcare Trust of America, Inc.	\$19,800,000	118,876
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
-	-	-	-

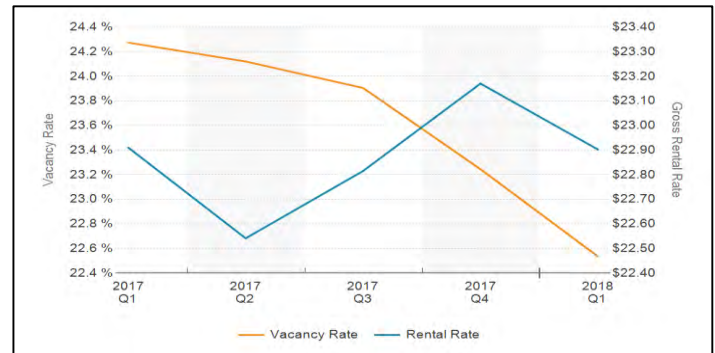
Net Absorption



Gross Asking Rent Per SF



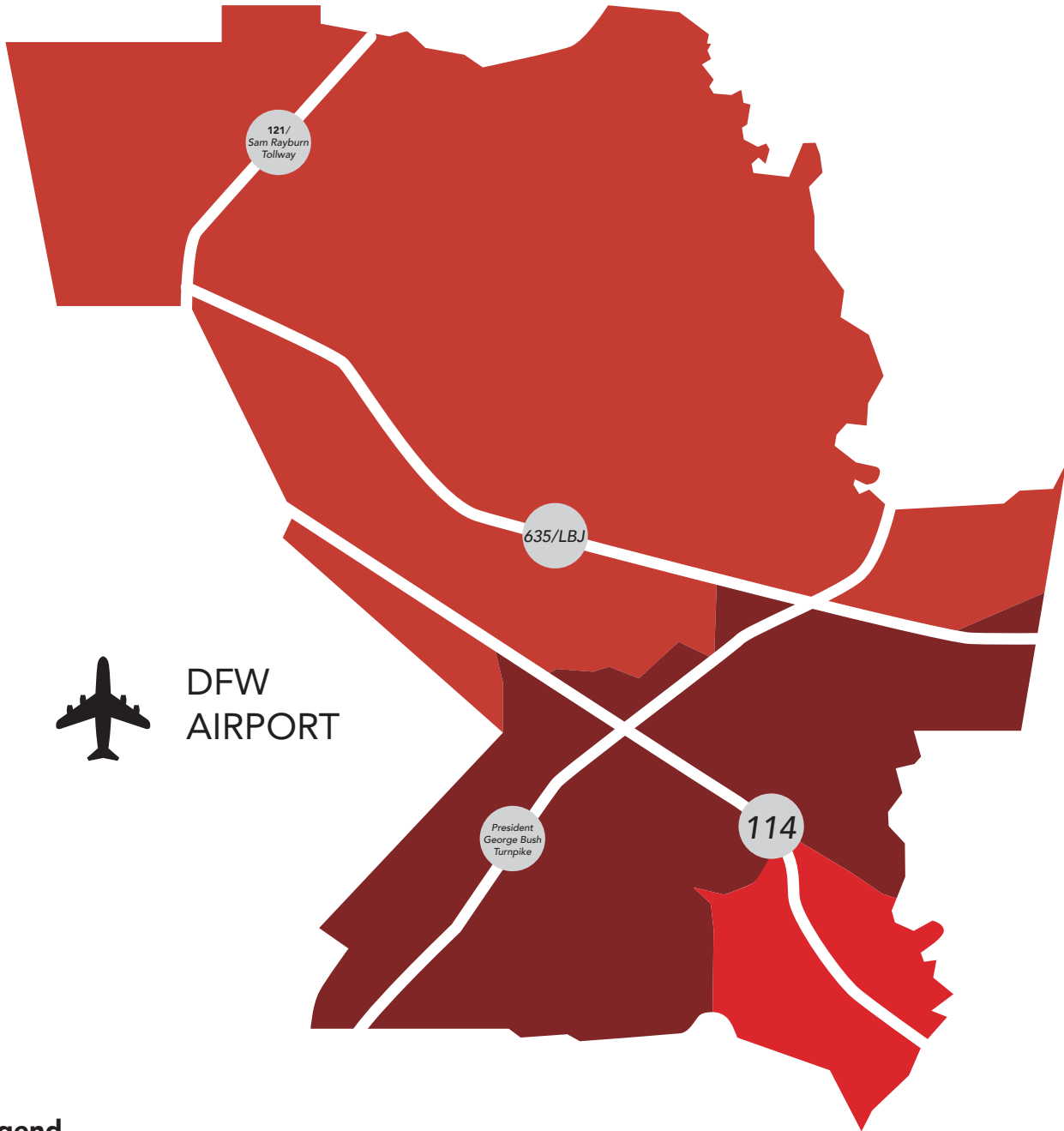
Vacancy Vs. Rental Rate



	Inventory	Total Vacancy SF	Vacancy Rate	YTD Net Absorption	YTD Deliveries	Under Construction	Rates All Classes	Quoted Rates Class A
East LBJ Freeway	17,295,441	3,973,655	23.0%	202,224	0	0	\$23.18	\$26.69
Dallas/Fort Worth Total	370,683,374	54,664,323	14.7%	5,559,021	9,088,467	9,160,415	\$25.01	\$28.59

*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

Q4 2017

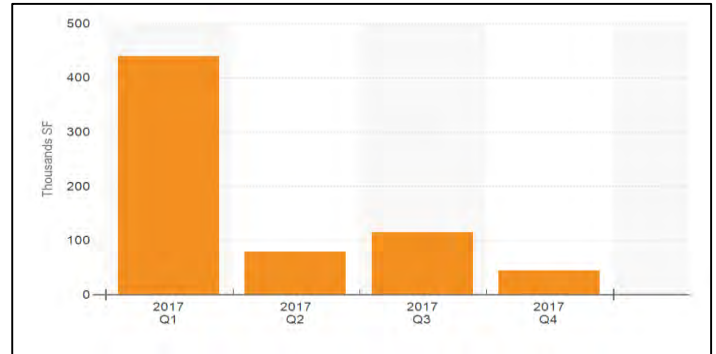
The DFW Freeport/Coppell Submarket ended the fourth quarter 2017 with a vacancy rate of 13.3%. The vacancy rate decreased from 13.47% the previous quarter, with a YTD net absorption of 545,103 SF at the end of Q4.

Rental rates ended the fourth quarter at \$21.99/SF across all classes, decreasing from \$22.46/SF in the previous quarter. New construction deliveries for Q4 totaled 685,402 SF, and 625,913 SF of new office space is currently under construction.

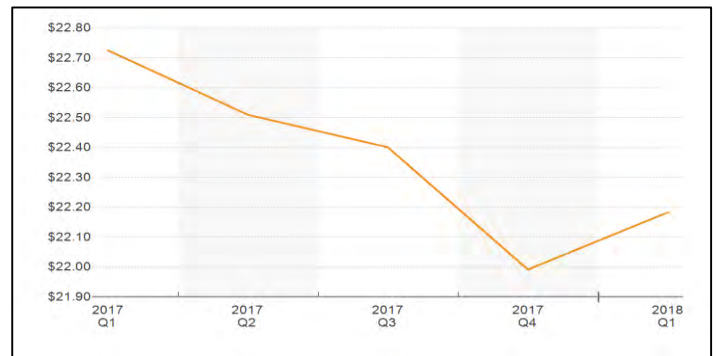
Allstate Insurance Company executed a significant lease transaction including 129,596 SF at 1111 Northpoint Dr. Signet Jewelers purchased 9797 Rombauer Rd. as part of a multi-property sale at an undisclosed price. 3660 Regent Blvd. sold to an undisclosed buyer for a sale price of \$29,900,000.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
1111 Northpoint Dr.	Allstate Insurance Company	Office	126,596
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
9797 Rombauer Rd. (Part of Multi-Property Sale)	Signet Jewelers	Undisclosed	250,000
3660 Regent Blvd	Undisclosed	\$29,900,00	158,728
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
3201 Olympus Blvd.	Billingsley Company	Q1 2019	250,000

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	13,870,084	1,851,415	13.3%	545,103	685,402	625,913	\$21.99	\$24.15
Dallas/Fort Worth Total	370,683,374	54,664,323	14.7%	5,559,021	9,088,467	9,768,203	\$25.04	\$28.72

*Rental Rates reflect asking \$psf/year

Office Center/West LBJ Ext

Q4 2017

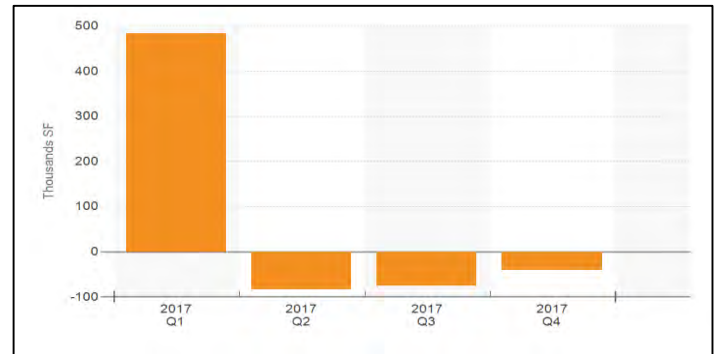
The Office Center/West LBJ Ext Submarket ended the fourth quarter 2017 with a vacancy rate of 14.8%. The vacancy rate increased from 14.3% in the previous quarter. YTD cumulative net absorption finished at 280,128 SF.

Rental rates ended the fourth quarter at \$23.17/SF across all classes, decreasing from \$23.81/SF in the previous quarter. There were 359,590 SF of new construction deliveries and a total of 1,221,000 SF is currently under construction.

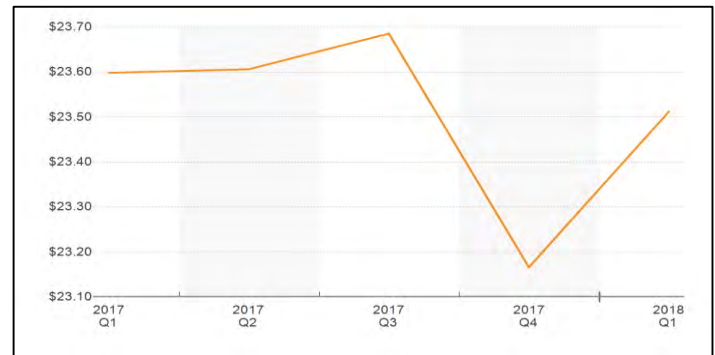
Significant lease activity during the fourth quarter included the lease of 152,086 SF at 6011 Connection Dr. by Gartner, Inc., as well as a lease at 7701 Las Colinas Rdg. for 25,517 SF by Audatex. CW Capital Asset Management LLC purchased 901 W Carpenter Fwy. for \$14,745,000 which totaled 434,685 SF.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
6011 Connection Dr.	Gartner, Inc.	Office	152,086
7701 Las Colinas Rdg.	Audatex	Office	27,517
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
901 W John Carpenter Fwy.	CW Capital Asset Mgmt LLC	\$14,745,000	434,685
1320 Greenway Dr.	Bridge Commercial Real Estate	Undisclosed	243,109
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
777 Hidden Ridge Dr.	KDC Real Estate Development & Investments	Q3 2018	1,125,000
6161 N State Highway 161	KDC Real Estate Development & Investments	Q2 2018	96,000

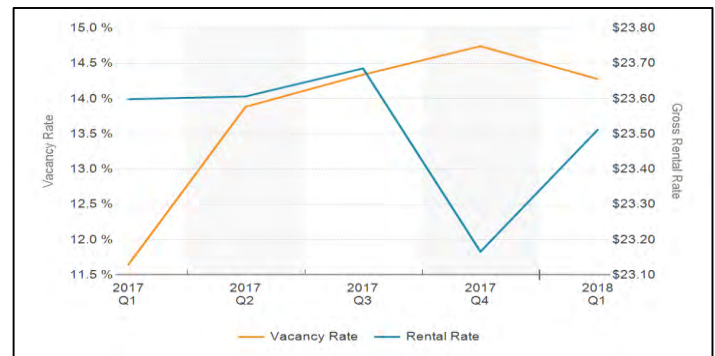
Net Absorption



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	16,552,993	2,445,140	14.8%	280,128	352,590	1,221,000	\$23.17	\$26.91
Dallas/Fort Worth Total	370,683,374	54,664,323	14.7%	5,559,021	9,088,467	9,160,415	\$25.01	\$28.59

*Rental Rates reflect asking \$psf/year

Urban Center/Wingren

Q4 2017

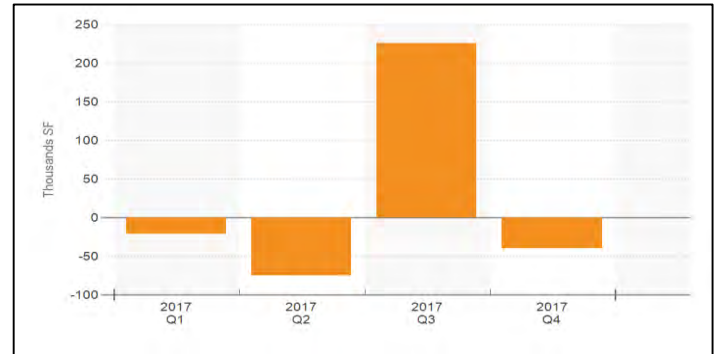
The Urban Center/Wingren Submarket ended the fourth quarter of 2017 with a vacancy rate of 15.9%. The vacancy rate increased from the previous quarter of 15.7%. There was a net decrease in YTD overall absorption totaling 90,002 SF.

Rental rates ended the fourth quarter at \$28.82/SF across all classes, decreasing from \$29.15/SF in the previous quarter. There were no new construction deliveries. The Music Factory is still under construction with 100,000 SF of office space expected to deliver in Q1 2018.

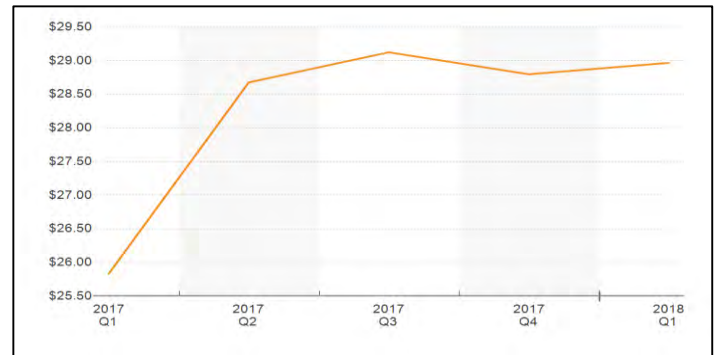
Significant lease transactions during the fourth quarter included a 22,360 SF lease at 545 E. John Carpenter Fwy by Guidon Energy. 290 E John Carpenter Fwy sold to 250 & 290 B&C Llc totaling 411,253 SF for an undisclosed amount.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
545 E John Carpenter Fwy	Guidon Energy	Office	22,360
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
290 E John Carpenter Fwy	250 & 290 B&C LLC	Not Disclosed	411,253
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
300 W Las Colinas Blvd.	ARK Group	Q1 2018	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	9,677,970	1,541,563	15.9%	90,002	0	100,000	\$28.82	\$30.65
Dallas/Fort Worth Total	370,683,374	54,664,323	14.7%	5,559,021	9,088,467	9,160,415	\$25.01	\$28.59

*Rental Rates reflect asking \$psf/year

Fort Worth CBD



Fort Worth CBD

Q4 2017

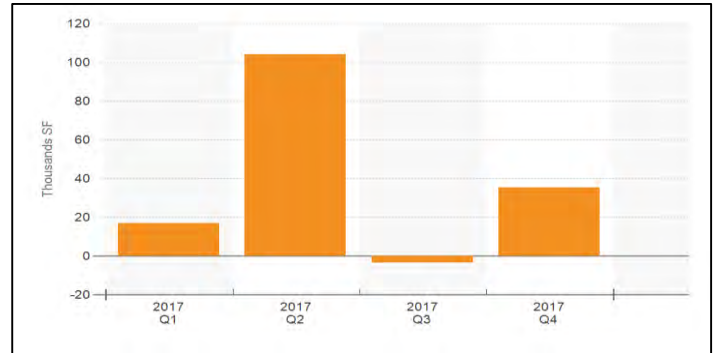
The Fort Worth CBD Submarket ended the fourth quarter 2017 with a vacancy rate of 9.5%, decreasing from the previous quarter of 9.9%. Overall net absorption had a net positive increase for a cumulative 157,769 square feet.

Rental rates ended the fourth quarter at \$26.51/SF across all classes, an increase from the previous quarter of \$26.04/SF. There were no new construction deliveries and there is 280,489 square feet of construction underway in the submarket.

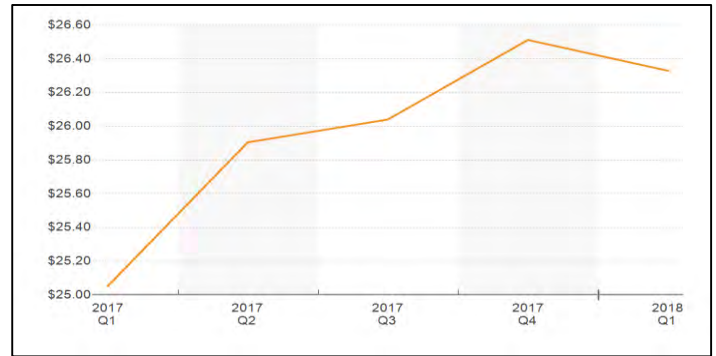
Significant lease transactions included a lease of 12,863 SF at 100 Throckmorton St. by First American Payment Systems, LP.

LEASE TRANSACTIONS	TENANT	PROPERTY TYPE	SQUARE FEET
100 Throckmorton St	First American Payment Systems, LP	Office	12,863
604 Main St	The Escape Room	Office	7,906
SALE TRANSACTIONS	BUYER	PURCHASE PRICE	SQUARE FEET
-	-	-	-
UNDER CONSTRUCTION	DEVELOPER	COMPLETION DATE	SQUARE FEET
Frost Tower	Stream Realty Partners	Q1 2018	280,489

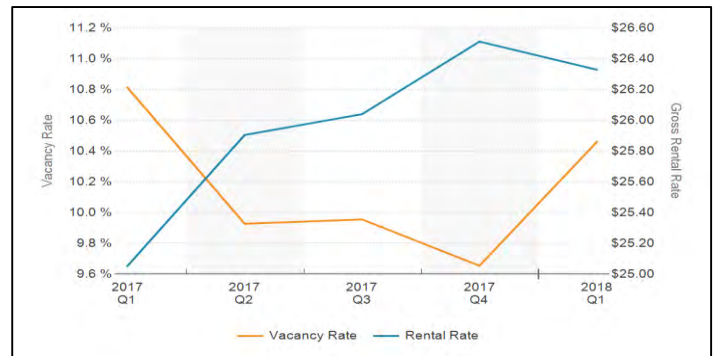
Net Absorption



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	11,882,631	1,127,739	9.5%	157,769	0	280,489	\$26.51	\$29.46
Dallas/Fort Worth Total	370,683,374	54,664,323	14.7%	5,559,021	9,088,467	9,768,203	\$25.04	\$28.72

*Rental Rates reflect asking \$psf/year



MONTGOMERY PLAZA

W H I T E B □ X

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