

Large corporate relocations propel DFW absorption

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Large corporate relocations continue to generate buzz in the Dallas-Fort Worth real estate market. So far, Far North Dallas has seen more absorption in 2017 than the whole market had in all of 2016. After delivering their 2.1 million square foot headquarters in June 2017, Toyota has occupied the space, accounting for 70% of Far North Dallas' YTD absorption. 2017 has already exceeded 2016's annual net absorption by 1.1 million square feet. Multitenant office product has accounted for only 20% of the total net absorption and is lagging behind the same period in 2016 by almost a million square feet. Corporate relocations have been the fuel for this DFW real estate boom, but will this continue?

In September, Amazon unleashed a flurry of speculation by announcing it will build HQ2 — a second headquarters located in another major North American metro. The announcement sparked hundreds of proposals from cities and developers across the metroplex hoping that they have what it takes to attract one of the largest, most innovative companies in the nation. While prices have increased and the labor market is tightening, DFW still compares favorably to many competitors. Amazon already has an office presence in Galleria Towers and over 8 million square feet of warehouse space. Could Amazon be DFW's next big Toyota?

A Look Ahead

- > Major corporate move-ins will boost 2017's net absorption significantly higher than in 2016. To keep this from being the peak, DFW will need to woo more corporate relocations, as in-market expansions are insufficient to maintain such high demand.
- > Construction activity will continue to taper, as major corporate campuses deliver and new groundbreakings slow. So far in 2017, 49 buildings totaling 2.5 million square feet have broken ground, just over a quarter of the 8.8 million square feet that broke ground in 2016. Barring any major corporate announcements, expect construction starts to slow as vacancy is higher than in 2015 and lenders are skittish about being caught at the end of the cycle.

Market Indicators Relative to prior period	Annual Change	Quarterly Change	Quarterly Forecast*
Vacancy	↑	↔	↑
Net Absorption	↓	↓	↑
Under Construction	↓	↓	↓
Rental Rate	↑	↑	↑

*Projected

Summary Statistics DFW Office Market	DFW Market	DFW Class A	DFW Class B
Vacancy Rate	15.5%	17.2%	14.7%
Change from prior Quarter	0.0%	-0.2%	0.0%
Absorption (Thousand Square Feet)	493	760	179
New Supply (Thousand Square Feet)	867	587	279
Under Construction (Thousand Square Feet)	9,451	8,430	1,022
Asking Rents Per Square Foot Per Year			
Average (Gross)	\$25.47	\$29.45	\$21.22
Change from prior Quarter	1.5%	1.5%	1.5%
Year-Over-Year Change	5.1%	4.4%	5.0%

Market Highlights

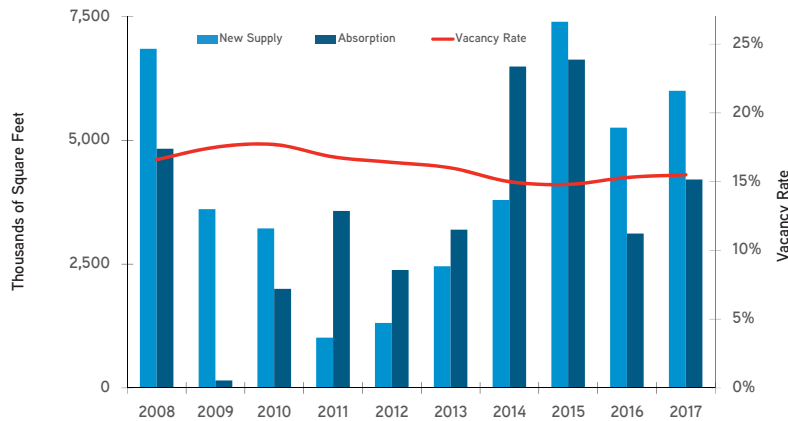
- Job growth slowed slightly in DFW, as the metro added less than 100,000 jobs from August 2016 to August 2017. Year-to-date Fort Worth has outperformed Dallas, with employment growth at an annualized 1.6% to 1.1% respectively. The unemployment rate in Dallas increased slightly to 3.9% but continues to trail the nationwide rate of 4.5%. Manufacturing and Mining and Construction led the metro with over 3% employment growth each, while office-using sectors experienced modest 1-2% growth.
- The market delivered 870,000 square feet in Q3 2017, and approximately 40% was leased. After the Toyota North American Headquarters delivered in Q2 2017, the construction pipeline after Q3 was about 57% multitenant speculative office, and the overall pipeline was 60% leased or owned.

Vacancy Rate

The overall vacancy rate was flat at 15.5% from Q2 2017 to Q3 2017. The vacancy rate has held steady at 15.5% throughout 2017. Class A vacancy decreased 0.2% to 17.2% from Q2 to Q3, Class B vacancy remained the same as last quarter at 14.7%.

Far North Dallas saw the largest improvement from the prior quarter, dropping from 14.1% in Q2 to 12.7% in Q3 as several new projects saw significant move-ins. LBJ Freeway has the highest year-over-year improvement, lowering the vacancy rate 2.4% to 21.9%. It is likely this trend will continue as tenants experience higher rental rates in the Far North Dallas area, Preston Center, and now along Central Expressway.

New Supply, Absorption & Vacancy Rate



Rental Rates

Rental rates continued to climb faster in 2017 than they had in 2016. Overall rates rose 1.5% from Q2 to Q3, reaching \$25.47 overall – 5.4% higher than this same time in 2016. Class A rates were up 1.5% as well, rising to \$29.45 overall, and Class B rates broke \$21 for the first time.

Central Expressway saw the highest increase in rates from \$27.21 in Q2 up 10.1% to \$29.97 in Q3. Preston Center saw overall rates jump 7.6%, due to the start of construction on Park Plaza at 6517 Hillcrest Ave. The only office building in the elite University Park neighborhood is asking rates of \$55 triple net for the 119,000 square foot property. This pushed Preston Center's Class A average to \$42.17, surpassing Uptown's average of \$40.78 for Class A space.

Absorption & Demand

Net absorption slowed in Q3 2017, totaling less than 500,000 square feet. The 2.1 million square foot Toyota North American Headquarters registered as being fully occupied in Q2 2017, raising Q2's absorption total to 2.5 million square feet. Although market-wide absorption is strong, eight of the seventeen submarkets have negative year-to-date net absorption. While there is significant overall growth, it is disproportional in Far North Dallas (3 million SF YTD) and Las Colinas (1 million SF YTD); all other submarkets have seen less than 300,000 square feet of absorption each.

While Class A net absorption is reaching levels not seen since the early 2000s, Class B net absorption shows the opposite trend, with only 116,000 square feet through Q3. This is the lowest total seen in the first three quarters since 2003.

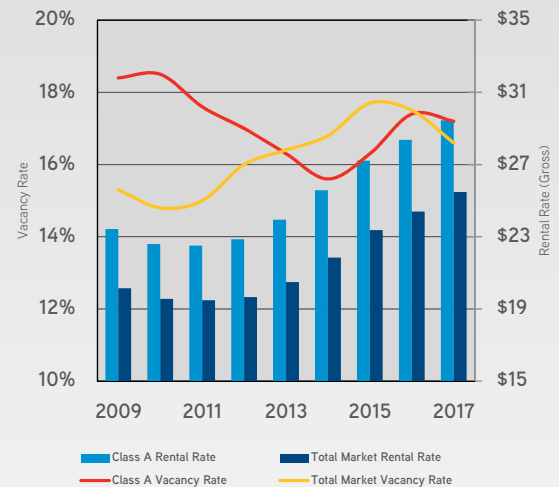
Job Growth & Unemployment

(not seasonally adjusted)

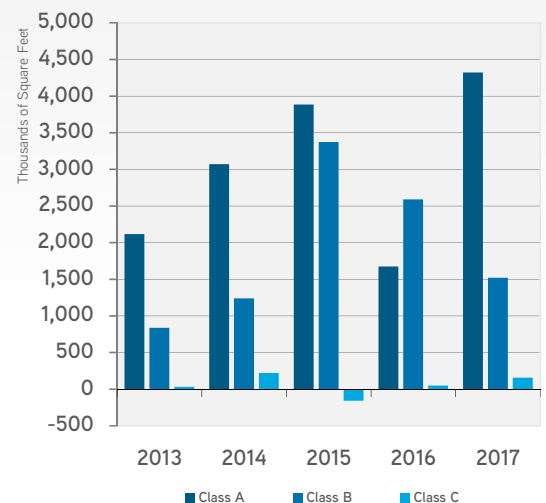
Unemployment		8/2016	8/2017
DFW		4.1%	3.9%
Texas		4.9%	4.5%
U.S.		5.0%	4.5%

Job Growth		Annual Change	# of Jobs Added
DFW		2.8%	96.7k
Texas		2.4%	286.3k
U.S.		1.5%	2,099.0k

Class A Office Rents & Vacancy



Class A, B & C Office Absorption



Dallas-Fort Worth Downtown & Suburban Office Market Summary

EXISTING PROPERTIES			VACANCY					NET ABSORPTION		CONSTRUCTION		RENT
Submarket	Bldgs	Total Inventory SF	Direct Vacancy Rate	Sublease Vacancy Rate	Total Vacant SF	Vacancy Rate Current	Vacancy Rate Prior Qtr	Net Abs Current Qtr SF	Net Abs YTD SF	New Supply YTD SF	Under Construction SF	Average Rate (FS)
DOWNTOWN AND SUBURBAN MARKETS												
Class A												
Dallas CBD	28	23,375,243	25.2%	1.9%	6,350,430	27.2%	26.3%	(202,640)	(64,006)	92,237	322,110	\$27.39
Fort Worth CBD	17	5,889,851	13.3%	0.5%	811,803	13.8%	13.8%	686	105,537	0	280,489	\$29.73
Dallas Suburban	507	116,116,720	14.1%	1.2%	17,764,422	15.3%	15.8%	1,114,587	4,480,251	4,743,137	7,728,658	\$30.29
Fort Worth Suburban	29	4,911,763	19.1%	0.9%	982,942	20.0%	16.9%	(152,247)	(199,420)	160,781	98,497	\$24.66
Total DFW Market	581	150,293,577	16.0%	1.3%	25,909,597	17.2%	17.4%	760,386	4,322,362	4,996,155	8,429,754	\$29.45
Class B												
Dallas CBD	36	5,909,020	15.4%	0.5%	939,032	15.9%	17.3%	82,675	(23,680)	0	0	\$21.01
Fort Worth CBD	44	4,053,563	8.3%	0.3%	346,584	8.6%	8.5%	(3,235)	19,584	0	0	\$20.17
Dallas Suburban		125,088,889	14.1%	0.7%	18,372,932	14.7%	14.6%	99,825	42,731	918,058	900,425	\$21.29
Fort Worth Suburban	334	14,100,891	15.8%	0.6%	2,312,656	16.4%	16.2%	119	77,564	85,892	121,075	\$20.90
Total DFW Market		149,152,363	14.1%	0.7%	21,971,204	14.7%	14.7%	179,384	116,199	1,003,950	1,021,500	\$21.22
Class C												
Dallas CBD	45	3,152,546	8.2%	0.0%	257,371	8.2%	7.8%	(12,345)	(41,653)	0	0	\$17.73
Fort Worth CBD	21	665,554	0.3%	0.0%	2,070	0.3%	0.2%	(750)	(2,070)	0	0	\$20.39
Dallas Suburban	816	19,582,846	12.1%	0.1%	2,402,630	12.3%	10.0%	(437,638)	(263,662)	0	0	\$18.31
Fort Worth Suburban	213	4,634,706	6.6%	0.0%	304,677	6.6%	6.7%	3,707	77,576	0	0	\$18.82
Total DFW Market	1,095	28,035,652	10.5%	0.1%	2,966,748	10.6%	9.0%	(447,026)	(229,809)	0	0	\$18.35
All Classes												
Dallas CBD	109	32,436,809	21.8%	1.5%	7,546,833	23.3%	22.9%	(132,310)	(129,339)	92,237	322,110	\$26.47
Fort Worth CBD	82	10,608,968	10.6%	0.4%	1,160,457	10.9%	10.9%	(3,299)	123,051	0	280,489	\$26.39
Dallas Suburban	3,668	260,788,455	13.9%	0.9%	38,539,984	14.8%	14.8%	776,774	4,259,320	5,661,195	8,629,083	\$25.55
Fort Worth Suburban	576	23,647,360	14.7%	0.6%	3,600,275	15.2%	14.4%	(148,421)	(44,280)	246,673	219,572	\$21.68
Total DFW Market	4,435	327,481,592	14.6%	0.9%	50,847,549	15.5%	15.5%	492,744	4,208,752	6,000,105	9,451,254	\$25.47
QUARTERLY AND ANNUAL HISTORICAL COMPARISONS												
2017 Q3	4,435	327,481,592	14.6%	0.9%	50,847,549	15.5%	15.5%	492,744	4,208,752	6,000,105	9,451,254	\$ 25.47
2017 Q2	4,415	326,604,164	14.7%	0.8%	50,473,334	15.5%	15.5%	2,494,560	3,716,008	5,133,146	9,636,870	\$ 25.10
2017 Q1	4,396	323,638,602	14.7%	0.8%	50,051,564	15.5%	15.3%	1,221,448	1,221,448	2,180,784	11,728,901	\$ 24.79
2016 Q4	4,377	321,457,818	14.6%	0.7%	49,092,228	15.3%	15.2%	475,733	3,117,471	5,254,372	12,923,609	\$ 24.39
2016 Q3	4,361	320,538,359	14.5%	0.7%	48,648,502	15.2%	15.3%	1,838,094	2,641,738	4,334,913	12,775,745	\$ 24.17
2015 Q3	4,284	314,780,054	14.3%	0.6%	46,824,266	14.9%	14.7%	1,360,091	5,335,358	5,968,380	6,958,069	\$ 22.88
2014 Q3	4,217	308,114,207	14.5%	0.7%	46,830,230	15.2%	15.7%	2,502,881	5,153,437	3,097,654	7,266,002	\$ 21.40
2013 Q3	4,154	304,383,881	15.5%	0.6%	49,033,690	16.1%	16.5%	2,030,487	2,416,022	1,823,875	5,789,953	\$ 20.37
2012 Q3	4,115	302,279,349	15.9%	0.6%	49,834,631	16.5%	16.8%	1,307,175	1,890,676	1,032,425	2,696,105	\$ 19.67

Dallas-Fort Worth Office Submarket Summary

EXISTING PROPERTIES			VACANCY					NET ABSORPTION		CONSTRUCTION		RENT
Colliers Markets	Bldgs	Total Inventory SF	Direct Vacancy Rate	Sublease Vacancy Rate	Total Vacant SF	Vacancy Rate Current	Vacancy Rate Prior Qtr	Net Abs Current Qtr SF	Net Abs YTD SF	New Supply YTD SF	Under Construction SF	Average Rate (FS)
Class A												
Central Expressway	22	7,070,741	12.5%	0.1%	892,781	12.6%	13.0%	24,291	56,727	0	0	\$ 30.28
Dallas CBD	28	23,375,243	25.2%	1.9%	6,350,430	27.2%	26.3%	(202,640)	(64,006)	92,237	322,110	\$ 27.39
East Dallas	2	140,460	13.4%	1.0%	20,242	14.4%	10.1%	(6,067)	(6,067)	0	294,820	\$ 42.66
Far North Dallas	161	34,985,932	10.1%	1.4%	4,023,440	11.5%	11.8%	149,354	2,922,223	3,022,670	4,590,284	\$ 32.75
Fort Worth CBD	17	5,889,851	13.3%	0.5%	811,803	13.8%	13.8%	686	105,537	0	280,489	\$ 29.73
Las Colinas	82	19,747,804	12.3%	1.4%	2,716,644	13.8%	15.2%	402,991	1,103,274	685,402	671,000	\$ 30.14
LBJ Freeway	37	10,684,441	21.7%	1.7%	2,503,331	23.4%	24.7%	133,753	120,676	0	0	\$ 26.17
Lewisville / Denton	6	474,755	2.7%	0.0%	12,602	2.7%	2.7%	0	0	0	0	\$ 26.66
Mid-Cities	43	8,337,666	19.5%	0.2%	1,642,311	19.7%	20.9%	189,685	(157,045)	472,065	435,000	\$ 26.37
North Fort Worth	3	725,711	32.2%	0.0%	233,649	32.2%	2.6%	(214,443)	(208,623)	0	0	\$ 20.01
Northeast Fort Worth	2	414,859	74.0%	0.0%	307,135	74.0%	74.7%	2,796	30,882	0	0	\$ 21.39
Preston Center	22	4,189,509	8.5%	0.9%	391,547	9.3%	9.2%	(7,251)	(74,967)	0	290,583	\$ 42.17
North US 75 Corridor	69	14,415,501	22.9%	2.1%	3,595,735	24.9%	24.9%	217,363	134,705	300,000	173,441	\$ 27.75
South Fort Worth	24	3,771,193	10.5%	1.2%	442,158	11.7%	13.3%	59,400	(21,679)	160,781	98,497	\$ 30.37
Southwest Dallas	3	352,607	4.4%	0.0%	15,500	4.4%	3.9%	(1,836)	0	0	0	\$ 25.34
Stemmons Freeway	14	4,797,669	17.6%	0.2%	853,027	17.8%	18.2%	21,318	134,516	63,000	0	\$ 18.78
Uptown / Turtle Creek	46	10,919,635	9.2%	0.8%	1,097,262	10.0%	10.0%	(9,014)	246,209	200,000	1,273,530	\$ 40.78
Total DFW Market	581	150,293,577	16.0%	1.3%	25,909,597	17.2%	17.4%	760,386	4,322,362	4,996,155	8,429,754	\$ 29.45
Class B												
Central Expressway	86	6,001,322	9.3%	0.3%	576,477	9.6%	8.5%	(65,118)	(101,815)	0	0	\$ 29.78
Dallas CBD	36	5,909,020	15.4%	0.5%	939,032	15.9%	17.3%	82,675	(23,680)	0	0	\$ 21.01
East Dallas	181	6,621,160	8.0%	0.2%	543,142	8.2%	8.0%	(12,435)	(96,957)	0	30,000	\$ 20.53
Far North Dallas	404	21,383,107	13.9%	0.6%	3,107,053	14.5%	15.2%	143,760	91,501	103,694	138,608	\$ 22.70
Fort Worth CBD	44	4,053,563	8.3%	0.3%	346,584	8.6%	8.5%	(3,235)	19,584	0	0	\$ 20.17
Las Colinas	232	18,429,695	14.5%	1.3%	2,780,665	15.1%	14.6%	(93,006)	(19,248)	339,359	155,913	\$ 21.02
LBJ Freeway	128	10,958,451	20.1%	0.8%	2,285,363	20.9%	21.3%	47,036	82,776	0	0	\$ 19.04
Lewisville / Denton	202	8,164,955	8.9%	1.4%	846,245	10.4%	10.5%	79,817	(12,855)	107,778	30,134	\$ 21.96
Mid-Cities	471	18,729,261	14.2%	0.3%	2,714,711	14.5%	13.4%	(194,117)	(103,156)	26,000	171,649	\$ 20.55
North Fort Worth	73	3,297,582	5.5%	1.8%	241,094	7.3%	6.9%	618	(18,531)	38,940	70,065	\$ 23.18
Northeast Fort Worth	51	3,068,161	46.0%	0.0%	1,411,428	46.0%	46.7%	21,612	67,072	0	0	\$ 18.77
Preston Center	21	972,857	7.7%	0.0%	74,986	7.7%	9.0%	12,172	19,904	0	0	\$ 31.67
North US 75 Corridor	386	20,522,535	12.6%	0.3%	2,638,979	12.9%	13.0%	85,726	159,118	254,434	331,893	\$ 21.20
South Fort Worth	210	7,735,148	8.1%	0.4%	660,134	8.5%	7.9%	(22,111)	29,023	46,952	51,010	\$ 23.35
Southwest Dallas	89	3,049,513	11.4%	0.1%	350,403	11.5%	11.8%	57,923	137,939	72,028	10,744	\$ 18.76
Stemmons Freeway	99	7,682,966	26.2%	0.8%	2,077,015	27.0%	27.3%	22,612	(39,174)	0	0	\$ 16.21
Uptown / Turtle Creek	46	2,573,067	9.5%	5.2%	377,893	14.7%	14.8%	15,455	(75,302)	14,765	31,484	\$ 33.92
Total DFW Market	2,759	149,152,363	14.1%	0.7%	21,971,204	14.7%	14.7%	179,384	116,199	1,003,950	1,021,500	\$ 21.22

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Class C												
Central Expressway	47	917,010	4.4%	0.3%	42,862	4.7%	4.4%	(2,360)	22,080	0	0	\$ 24.33
Dallas CBD	45	3,152,546	8.2%	0.0%	257,371	8.2%	7.8%	(12,345)	(41,653)	0	0	\$ 17.73
East Dallas	117	2,641,866	9.0%	0.2%	242,095	9.2%	8.9%	(7,689)	(24,493)	0	0	\$ 15.18
Far North Dallas	47	951,331	14.0%	1.6%	147,936	15.6%	16.4%	8,550	(19,640)	0	0	\$ 16.78
Fort Worth CBD	21	665,554	0.3%	0.0%	2,070	0.3%	0.2%	(750)	(2,070)	0	0	\$ 20.39
Las Colinas	22	1,208,199	8.2%	0.0%	98,841	8.2%	6.3%	(23,245)	12,865	0	0	\$ 17.96
LBJ Freeway	31	637,354	15.2%	0.0%	96,625	15.2%	25.3%	64,505	61,085	0	0	\$ 17.77
Lewisville / Denton	73	1,641,026	4.1%	0.1%	69,756	4.3%	3.1%	(19,018)	(9,508)	0	0	\$ 17.82
Mid-Cities	208	4,872,854	12.5%	0.0%	606,922	12.5%	11.6%	(42,188)	29,029	0	0	\$ 16.69
North Fort Worth	29	530,790	0.6%	0.0%	3,097	0.6%	2.0%	7,754	35,138	0	0	\$ 18.87
Northeast Fort Worth	38	991,101	9.2%	0.0%	91,609	9.2%	9.3%	335	(5,944)	0	0	\$ 17.29
Preston Center	16	381,262	4.9%	0.0%	18,497	4.9%	5.5%	2,419	55,599	0	0	\$ 29.91
North US 75 Corridor	104	2,475,487	24.3%	0.0%	600,401	24.3%	6.3%	(444,300)	(457,761)	0	0	\$ 21.22
South Fort Worth	146	3,112,815	6.7%	0.0%	209,971	6.7%	6.6%	(4,382)	48,382	0	0	\$ 19.36
Southwest Dallas	67	1,399,305	2.9%	0.0%	41,137	2.9%	3.8%	11,608	16,400	0	0	\$ 17.18
Stemmons Freeway	62	1,963,658	20.2%	0.0%	397,622	20.2%	20.8%	11,627	51,379	0	0	\$ 14.10
Uptown / Turtle Creek	22	493,494	7.6%	0.5%	39,936	8.1%	8.6%	2,453	(697)	0	0	\$ 32.90
Total DFW Market	1,095	28,035,652	10.5%	0.1%	2,966,748	10.6%	9.0%	(447,026)	(229,809)	0	0	\$ 18.35
All Classes												
Central Expressway	155	13,989,073	10.6%	0.2%	1,512,120	10.8%	10.5%	(43,187)	(23,008)	0	0	\$ 29.97
Dallas CBD	109	32,436,809	21.8%	1.5%	7,546,833	23.3%	22.9%	(132,310)	(129,339)	92,237	322,110	\$ 26.47
East Dallas	300	9,403,486	8.3%	0.2%	805,479	8.6%	8.3%	(26,191)	(127,517)	0	324,820	\$ 24.87
Far North Dallas	612	57,320,370	11.6%	1.1%	7,278,429	12.7%	13.2%	301,664	2,994,084	3,126,364	4,728,892	\$ 28.53
Fort Worth CBD	82	10,608,968	10.6%	0.4%	1,160,457	10.9%	10.9%	(3,299)	123,051	0	280,489	\$ 26.39
Las Colinas	336	39,385,698	13.2%	1.3%	5,596,150	14.2%	14.6%	286,740	1,096,891	1,024,761	826,913	\$ 25.67
LBJ Freeway	196	22,280,246	20.7%	1.2%	4,885,319	21.9%	23.0%	245,294	264,537	0	0	\$ 22.48
Lewisville / Denton	281	10,280,736	7.9%	1.2%	928,603	9.0%	8.9%	60,799	(22,363)	107,778	30,134	\$ 22.45
Mid-Cities	722	31,939,781	15.3%	0.2%	4,963,944	15.5%	15.1%	(46,620)	(231,172)	498,065	606,649	\$ 21.91
North Fort Worth	105	4,554,083	9.2%	1.3%	477,840	10.5%	5.7%	(206,071)	(192,016)	38,940	70,065	\$ 21.46
Northeast Fort Worth	91	4,474,121	40.5%	0.0%	1,810,172	40.5%	41.0%	24,743	92,010	0	0	\$ 19.22
Preston Center	59	5,543,628	8.1%	0.7%	485,030	8.7%	8.9%	7,340	536	0	290,583	\$ 40.00
North US 75 Corridor	559	37,413,523	17.3%	1.0%	6,835,115	18.3%	17.1%	(141,211)	(163,938)	554,434	505,334	\$ 24.53
South Fort Worth	380	14,619,156	8.5%	0.5%	1,312,263	9.0%	9.0%	32,907	55,726	207,733	149,507	\$ 24.49
Southwest Dallas	159	4,801,425	8.4%	0.1%	407,040	8.5%	8.8%	67,695	154,339	72,028	10,744	\$ 18.79
Stemmons Freeway	175	14,444,293	22.6%	0.5%	3,327,664	23.0%	23.4%	55,557	146,721	63,000	0	\$ 16.96
Uptown / Turtle Creek	114	13,986,196	9.2%	1.6%	1,515,091	10.8%	10.8%	8,894	170,210	214,765	1,305,014	\$ 39.07
Total DFW Market	4,435	327,481,592	14.6%	0.9%	50,847,549	15.5%	15.5%	492,744	4,208,752	6,000,105	9,451,254	\$ 25.47

NOTE: Statistical set consists of office properties 10,000 SF and up, including owner-occupied properties; and excluding medical office and properties where the government is 100% owner and occupier. While CoStar attempts to provide the most accurate data at the end of every quarter, revisions are made throughout the year accounting for discrepancies in past reporting.

Leasing Activity

Leasing activity continues to lag behind 2016. Leasing activity for Q3 was 3.9 million square feet, and year-to-date activity is 12.9 million square feet.

Q3 2017 Top Office Lease Transactions						
TENANT	PROPERTY	SUBMARKET	SF LEASED	BUILDING CLASS	DEAL TYPE	SIGN DATE
NTT DATA, Inc*	6501 Legacy Dr	Far North Dallas	232,744	A	New	Sep-17
Frontier Communications	805 S Central Expy	North US-75 Corridor	83,662	B	Renewal	Jul-17
GENPACT	3300 E Renner Rd	North US-75 Corridor	63,603	B	New	Jul-17
Alkami Technology	5601 Granite Pky	Far North Dallas	53,150	A	New	Sep-17
Cognizant	5001 Statesman Dr	Las Colinas	48,277	B	New	Aug-17
WeWork	5049 Edwards Ranch Rd	South Fort Worth	47,714	B	New	Sep-17
Albertson, LLC	2401 E Randol Mill Rd	Mid-Cities	45,740	B	New	Aug-17
The University of Texas at Dallas	3000-3030 Waterview Pky	North US-75 Corridor	45,642	B	New	Jul-17
XTO Energy	801 Grove St	Fort Worth CBD	43,985	B	New	Aug-17
The Delta Companies	3100 Olympus Blvd	Las Colinas	38,000	A	New	Jul-17
Weaver	2821 W 7th St	South Fort Worth	36,334	A	Renewal	Aug-17
Learfield Communications, LLC	2400 N Dallas Pky	Far North Dallas	33,264	A	Renewal	Jul-17
WeWork	300 Throckmorton St	Fort Worth CBD	31,296	A	New	Sep-17
Regus	222 W Las Colinas Blvd	Las Colinas	31,006	A	Renewal	Aug-17
Convergys Corporation	17787 Waterview Pky	North US-75 Corridor	29,524	A	New	Jul-17

*Colliers Transaction - Represented Landlord

Sales Activity

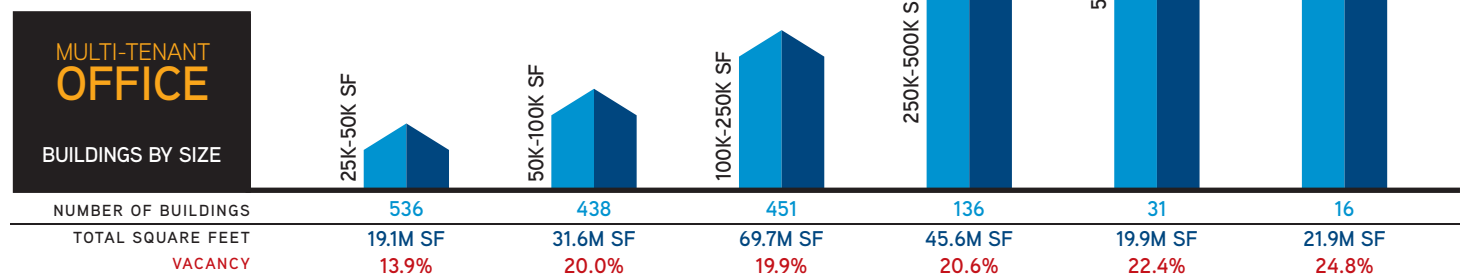
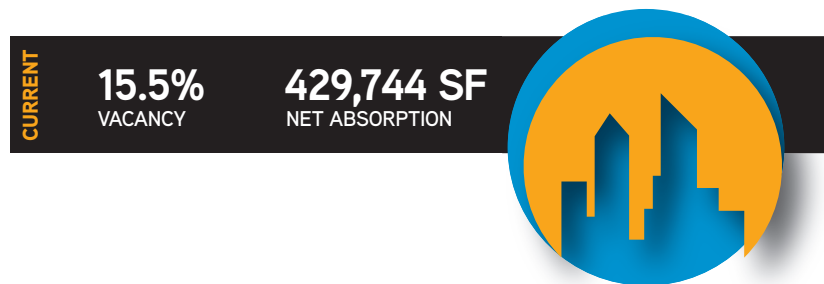
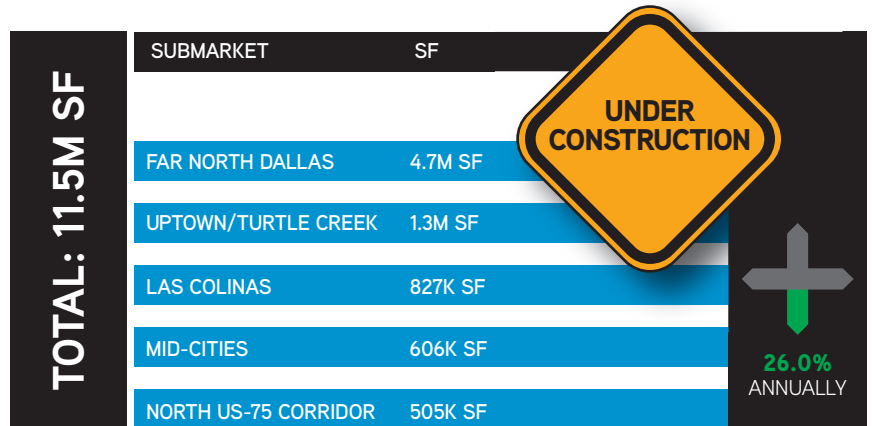
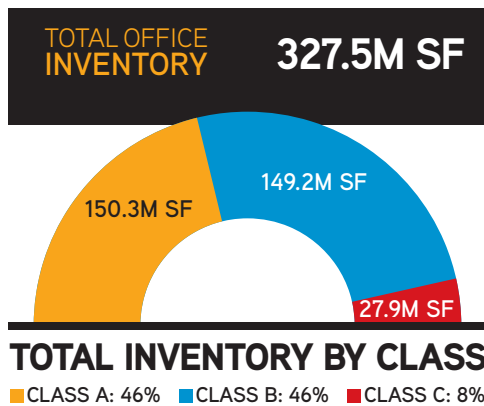
Investment activity in 2017 has been steady, surpassing the volume through three quarters of 2014 and 2015, while lagging considerably behind the unusually high total for 2016. Year-to-date, the market has seen \$3.2 billion in office sales, about \$400 million behind the first three quarters of 2016, but ahead of the \$2.4 billion sold through Q1-Q3 2015.

Q3 2017 Significant Sales Transactions – (50,000 SF or greater)							
PROPERTY	SUBMARKET	SALE DATE	SALE PRICE	SIZE (SF)	PSF	CLASS	BUYER
Raytheon Headquarters	North US-75 Corridor	Aug-17	\$110,001,399	486,323	\$226	A	Property Reserve Inc (Church of LDS)
One Twenty Five	Las Colinas	Sep-17	\$83,545,371	442,039	\$189	A	KBS Strategic Opportunity REIT
Turtle Creek Village	Uptown / Turtle Creek	Jul-17	\$60,000,917	315,678	\$190	A	CIM Group
Preston Plaza	Preston Center	Aug-17	\$39,628,377	259,009	\$153	A	Tanglewood Property Group
Gramercy Center	Far North Dallas	Jul-17	\$34,099,354	256,155	\$133	B	ATCAP Partners
Berkshire at Preston Center	Preston Center	Sep-17	\$68,425,500	182,468	\$375	A	TA Realty
2811 McKinney Avenue	Uptown / Turtle Creek	Sep-17	\$29,300,242	94,095	\$311	B	Western Securities LTD
Rochelle Park	Las Colinas	Sep-17	\$9,999,978	80,418	\$124	B	Young Woong Park
One Preston Center	Preston Center	Jul-17	\$17,618,000	76,600	\$230	A	Pillar Commercial (JV with Artemis)
Uptown Court	Uptown / Turtle Creek	Aug-17	\$23,699,791	75,956	\$312	B	Hall Capital

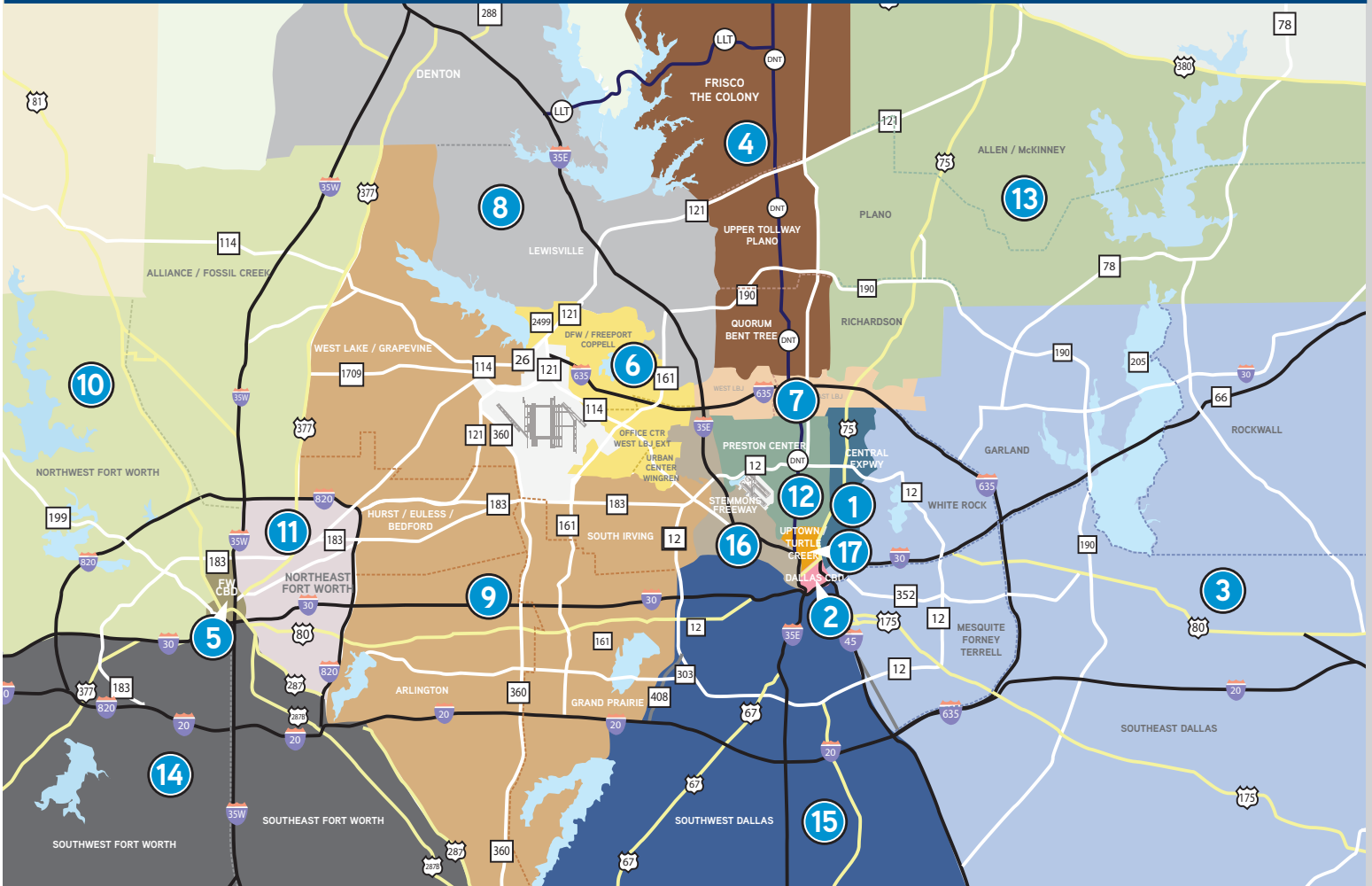
Quoted Gross Rental Rates for Existing Top Performing Office Buildings

BUILDING NAME	ADDRESS	SUBMARKET	RBA	YEAR BUILT	% LEASED	AVAILABLE SPACE	QUOTED RATE	OWNER NAME
+E BUILDINGS								
KPMG Plaza at Hall Arts	2323 Ross Ave	Dallas CBD	459,383	2015	82%	87,757	\$48.00 +E	2323 Ross Holdings, LLC
Chase Tower	2200 Ross Ave	Dallas CBD	1,255,473	1987	76%	347,942	\$35.00 +E	Ecom Real Estate Mgmt, Inc
Tollway Center	14675 Dallas Pky	Far North Dallas	197,740	2016	91%	28,064	\$34.50 +E	Lionstone Investments
Premier Place	5910 N Central Expy	Central Expressway	409,894	1985	85%	88,674	\$34.50 +E	Fortis Property Group, LLC
Frisco Bridges Place	2600 N Dallas Pky	Far North Dallas	170,000	2016	83%	34,389	\$34.50 +E	Intercity Investment Properties, Inc
The Urban Towers	222 W Las Colinas Blvd	Las Colinas	848,939	1983	89%	168,039	\$34.50 +E	Westdale RE Investment & Mgmt
NNN BUILDINGS								
The Star	1 Cowboys Way	Far North Dallas	397,819	2016	81%	74,452	\$39.00 NNN	City of Frisco
No.10	2850 N Harwood St	Uptown /Turtle Creek	231,098	2018	5%	220,549	\$38.09 NNN	Harwood International
McKinney & Olive	2021 McKinney Ave	Uptown /Turtle Creek	536,000	2016	92%	44,184	\$38.00 NNN	Crescent Real Estate Equities LLC
1900 Pearl	1900 N Pearl St	Dallas CBD	261,400	2017	20%	208,769	\$37.00 NNN	1900 Pearl Street JV, LLC
The Terraces at Douglas Ctr	5960 Berkshire Ln	Preston Center	171,583	2017	0%	171,583	\$35.50 NNN	Lionstone Investments
The Epic Deep Ellum	Good Latimer Expy & Elm S	East Dallas	294,820	2019	0%	294,820	\$35.00 NNN	Westdale/KDC

Q3 2017 HIGHLIGHTS



OFFICE SUBMARKET MAP



1	Central Expressway	155 Bldgs	14m SF	10.8% Vac	UC = None	\$ 29.97 PSF
2	Dallas CBD	109 Bldgs	32.4m SF	23.3% Vac	UC = 322.1K SF	\$ 26.47 PSF
3	East Dallas	300 Bldgs	9.4m SF	8.6% Vac	UC = 324.8K SF	\$ 24.87 PSF
4	Far North Dallas	612 Bldgs	57.3m SF	12.7% Vac	UC = 4,729K SF	\$ 28.53 PSF
5	Fort Worth CBD	82 Bldgs	10.6m SF	10.9% Vac	UC = 280.5K SF	\$ 26.39 PSF
6	Las Colinas	336 Bldgs	39.4m SF	14.2% Vac	UC = 826.9K SF	\$ 25.67 PSF
7	LBJ Freeway	196 Bldgs	22.3m SF	21.9% Vac	UC = None	\$ 22.48 PSF
8	Denton / Lewisville	281 Bldgs	10.3m SF	9% Vac	UC = 30.1K SF	\$ 22.45 PSF
9	Mid-Cities	722 Bldgs	31.9m SF	15.5% Vac	UC = 606.6K SF	\$ 21.91 PSF

10	North Fort Worth	105 Bldgs	4.6m SF	10.5% Vac	UC = 70.1K SF	\$ 21.46 PSF
11	Northeast Fort Worth	91 Bldgs	4.5m SF	40.5% Vac	UC = None	\$ 19.22 PSF
12	Preston Center	59 Bldgs	5.5m SF	8.7% Vac	UC = 290.6K SF	\$ 40.00 PSF
13	North US 75 Corridor	559 Bldgs	37.4m SF	18.3% Vac	UC = 505K SF	\$ 24.53 PSF
14	South Fort Worth	380 Bldgs	14.6m SF	9% Vac	UC = 149.5K SF	\$ 24.49 PSF
15	Southwest Dallas	159 Bldgs	4.8m SF	8.5% Vac	UC = 10.7K SF	\$ 18.79 PSF
16	Stemmons Freeway	175 Bldgs	14.4m SF	23% Vac	UC = None	\$ 16.96 PSF
17	Uptown / Turtle Creek	114 Bldgs	14m SF	10.8% Vac	UC = 1,305K SF	\$ 39.07 PSF
Total Market		4,435 Bldgs	327.5m SF	15.5% Vac	UC = 9,451K SF	\$ 25.47 PSF

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