



Accelerating success.

2017: The Year of the Move-In

Mike Otilio Director of Research
Kari Beets Research Associate

After years of speculation, planning, and construction, the relocations and consolidations that have been the hype of the DFW market for the last several years have come to fruition. Toyota moved into its 2.1 million square foot headquarters in June 2017, JP Morgan occupied its 1 million square foot campus in Q4, and TD Ameritrade moved to its Westlake campus in December. Absorption in 2017 was driven by single-tenant build-to-suit projects. Of the 5.6 million in net absorption for the year, 3.6 million, or two-thirds was from single-tenant buildings.

Much of the activity in the market was large tenants moving into higher-grade space. While 2017 was a strong year for Class A — with 6.7 million square feet of net absorption, the third highest year since 1982 — Class B posted negative net absorption of 835,000 square feet. One example of this is JP Morgan who consolidated offices, including its Class B Lake Vista location to their Class A build-to-suit in Legacy West. Even though over 75% of Class A absorption was single-tenant, Class A still saw positive absorption of 1.8 million in multi-tenant product versus 51,000 square feet of Class B multi-tenant absorption.

A Look Ahead

- > With no negative catalyst in sight and favorable results from tax reform for real estate and median-priced markets like DFW, we foresee another good 2-3 years in this cycle. Due to fewer build-to-suits in the pipeline, net absorption will drop off dramatically in 2018, but we will still see slow but steady rent growth and rising occupancy in the hot markets — Far North Dallas, Uptown, and a push toward Las Colinas. We may be in the ninth inning, but this expansion is heading into extra innings.
- > DFW can expect more corporate relocations, as the tax reform is likely to make companies from coastal markets consider lower priced housing markets to attract and retain employees while keeping salary costs lower.
- > The tightening labor market is pushing more companies to think about real estate as a recruiting tool, causing more migration to higher-grade amenity-rich space.

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	15.8%	17%	15.5%
Change from prior Quarter	0.3%	-0.4%	0.9%
Absorption (Thousand Square Feet)	1,379	2,488	-1,073
New Supply (Thousand Square Feet)	2,539	2,221	318
Under Construction (Thousand Square Feet)	8,866	8,091	775

Asking Rents Per Square Foot Per Year	DFW Market	DFW Class A	DFW Class B
Average Quoted (Gross)	\$25.38	\$29.29	\$21.38
Change from prior Quarter	0.2%	-0.1%	0.9%
Year-Over-Year Change	4.6%	3.9%	5.1%

Market Highlights

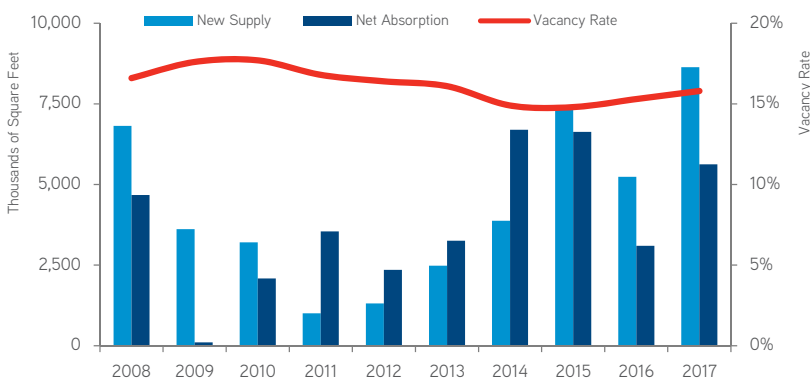
- Job growth slowed slightly toward the end of 2017. From November 2016 to November 2017, DFW added 100,400 jobs, compared with 135,100 from the year prior to January 2017. Dallas has added jobs at an annual rate of 2.9%, versus 2.7% for Fort Worth. The unemployment rate for November stood at 3.2%, half a percent below the Texas unemployment rate of 3.7%. Professional and Business Services grew 5.2% in the year prior to November 2017.
- Over 8.6 million square feet was delivered in 2017, the most of any year during this cycle. In Q4, 2.5 million square feet delivered, of which 67% was built-to-suit, including the 1 million square foot JP Morgan campus. The construction pipeline is down considerably by 31% from the end of 2016, with 64 properties totaling 8.9 million square feet under construction. The construction pipeline is two-thirds leased.

Vacancy Rate

Overall vacancy increased from 15.5% in Q3 2017 to 15.8% in Q4 2017, an increase of 1.2 million square feet. Vacancy is up 0.5% from the end of 2016. Class A vacancy decreased 0.4% to 17%, and Class B vacancy increased 0.9% from prior quarter to 15.5%.

Thirteen out of seventeen submarkets saw flat to increasing vacancy in Q4. The North US 75 corridor saw the greatest improvement in vacancy, decreasing from 18.3% in Q3 to 17.6% in Q4. Lewisville-Denton's vacancy rate rose 5.8% after several large move-outs.

New Supply, Absorption & Vacancy Rate



Rental Rates

Overall gross rental rates climbed slower in Q4 2017 compared to earlier in the year, increasing only 0.2% to \$25.38. Class A rates were virtually flat at \$29.29, showing that while the flight to quality increases, supply and demand are more in balance and tenants are reaching the limits of what they are willing to pay. Class B rates increased 0.9% to \$21.38.

Preston Center had the highest advertised rates for Class A space in Q4 2017 at \$42.21, just ahead of Uptown / Turtle Creek at \$40.78. Uptown's rates were flat quarter-to-quarter and up only 0.7% from the prior year, showing that rates have flattened as predicted. Rates in Preston Center still show growth, as they are up 1.7% from the previous quarter. Central Expressway showed a 7.2% decrease in rates from Q3, but its rate of \$27.77 is still up 3.5% from the end of 2016.

Absorption & Demand

Quarterly net absorption was a strong 1.4 million square feet, bringing the 2017 total net absorption to 5.6 million square feet. Class B, however, posted negative absorption of 1.1 million square feet, and Class A saw negative 276,528 square feet of sublet absorption. While significantly stronger than 2016, net absorption was 6.6 million square feet less than in 2014 and 2015.

With move-ins from JP Morgan and Fannie Mae, Far North Dallas saw 1.3 million square feet of absorption in Q4 alone, bringing its yearly total to 4.3 million square feet. However, Lewisville-Denton experienced negative 570,000 square feet of absorption from Xerox vacating 256,000 SF at 1303 Ridgeview and JP Morgan moving out of Lake Vista, however this space will be filled by NationStar Mortgage in July 2018.

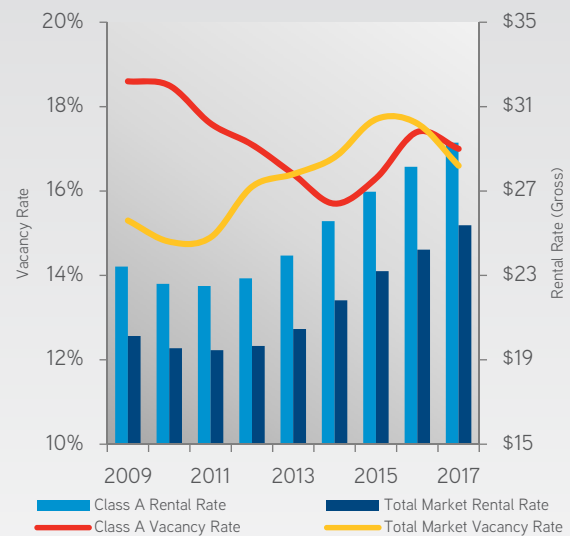
Job Growth & Unemployment

(not seasonally adjusted)

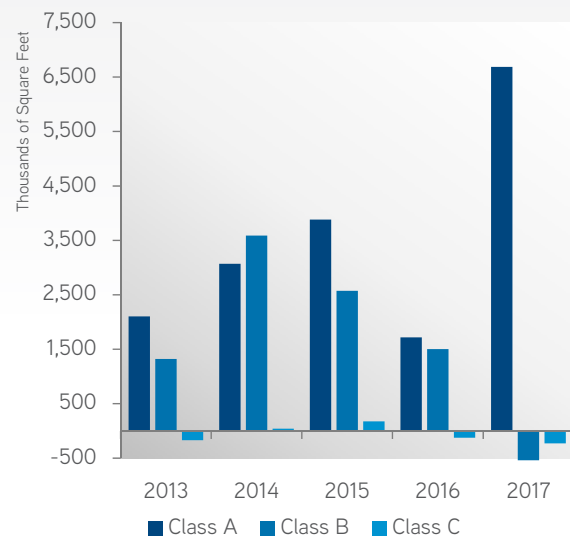
Unemployment	11/2016	11/2017
DFW	3.7%	3.2%
Texas	4.5%	3.7%
U.S.	4.4%	3.9%

Job Growth	Annual Change	# of Jobs Added
DFW	2.8%	100.4k
Texas	2.7%	331.6k
U.S.	1.5%	2,133k

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	24.3%	2.6%	6,277,140	26.9%	27.0%	23,486	9,284	92,237	424,425	\$27.12
Fort Worth CBD	17	5,829,520	13.1%	0.5%	795,603	13.6%	13.9%	16,200	121,737	0	280,489	\$29.75
Dallas Suburban	517	117,752,039	13.9%	1.3%	17,875,409	15.2%	15.6%	2,331,935	6,640,457	7,014,046	7,287,521	\$30.24
Fort Worth Suburban	30	5,041,691	16.5%	0.7%	866,464	17.2%	19.5%	116,478	(82,942)	160,781	98,497	\$22.31
Total DFW Market	592	151,998,493	15.5%	1.4%	25,814,616	17.0%	17.4%	2,488,099	6,688,536	7,267,064	8,090,932	\$29.29
Class B												
Dallas CBD	36	5,891,957	15.7%	0.6%	962,070	16.3%	15.9%	(23,038)	(46,718)	0	0	\$21.16
Fort Worth CBD	44	4,205,198	7.4%	0.2%	320,196	7.6%	8.2%	26,388	45,972	0	0	\$20.99
Dallas Suburban	2,369	125,833,836	14.9%	0.8%	19,595,974	15.6%	14.6%	(1,010,354)	(868,189)	1,236,649	663,897	\$21.34
Fort Worth Suburban	339	14,521,016	16.1%	0.6%	2,416,154	16.6%	16.0%	(65,533)	33,717	134,943	110,910	\$21.92
Total DFW Market	2,788	150,452,007	14.8%	0.8%	23,294,394	15.5%	14.6%	(1,072,537)	(835,218)	1,371,592	774,807	\$21.38
Class C												
Dallas CBD	45	3,152,690	8.3%	0.1%	264,347	8.4%	8.2%	(6,976)	(48,629)	0	0	\$17.17
Fort Worth CBD	21	665,554	0.4%	0.0%	2,976	0.4%	0.3%	(906)	(2,976)	0	0	\$19.30
Dallas Suburban	820	19,625,898	12.1%	0.1%	2,391,107	12.2%	12.1%	(12,598)	(242,928)	0	0	\$18.65
Fort Worth Suburban	221	4,570,213	7.3%	0.0%	334,487	7.3%	7.0%	(15,898)	64,777	0	0	\$18.95
Total DFW Market	1,107	28,014,355	10.6%	0.1%	2,992,917	10.7%	10.6%	(36,378)	(229,756)	0	0	\$18.63
All Classes												
Dallas CBD	109	32,419,890	21.2%	2.0%	7,503,557	23.1%	23.1%	(6,528)	(86,063)	92,237	424,425	\$26.23
Fort Worth CBD	82	10,700,272	10.1%	0.4%	1,118,775	10.5%	10.8%	41,682	164,733	0	280,489	\$26.81
Dallas Suburban	3,706	263,211,773	14.2%	1.0%	39,862,490	15.1%	14.8%	1,308,983	5,529,340	8,250,695	7,951,418	\$25.47
Fort Worth Suburban	590	24,132,920	14.5%	0.5%	3,617,105	15.0%	15.0%	35,047	15,552	295,724	209,407	\$21.62
Total DFW Market	4,487	330,464,855	14.8%	1.0%	52,101,927	15.8%	15.5%	1,379,184	5,623,562	8,638,656	8,865,739	\$25.38
QUARTERLY AND ANNUAL HISTORICAL COMPARISONS												
2017 Q4	4,487	330,464,855	14.8%	1.0%	52,101,927	15.8%	15.5%	1,379,184	5,623,562	8,638,656	8,865,739	\$ 25.38
2017 Q3	4,463	327,925,679	14.7%	0.9%	50,941,935	15.5%	15.5%	973,179	4,244,378	6,099,480	10,751,389	\$ 25.32
2017 Q2	4,440	326,713,662	14.7%	0.8%	50,703,097	15.5%	15.4%	1,979,164	3,271,199	4,887,463	9,983,380	\$ 24.95
2017 Q1	4,417	324,016,283	14.7%	0.8%	50,034,114	15.4%	15.3%	1,292,035	1,292,035	2,203,284	11,750,189	\$ 24.62
2016 Q4	4,397	321,812,999	14.6%	0.7%	49,122,865	15.3%	15.2%	454,524	3,097,531	5,239,706	12,866,737	\$ 24.22
2015 Q4	4,317	316,573,293	14.3%	0.5%	46,980,690	14.8%	14.9%	1,284,603	6,631,163	7,400,731	9,639,760	\$ 23.20
2014 Q4	4,247	309,172,562	14.2%	0.7%	46,211,122	14.9%	15.2%	1,540,189	6,697,937	3,878,826	8,483,219	\$ 21.82
2013 Q4	4,181	305,293,736	15.5%	0.6%	49,030,233	16.1%	16.1%	751,706	3,256,666	2,481,549	6,979,395	\$ 20.46
2012 Q4	4,140	302,689,052	15.9%	0.5%	49,731,712	16.4%	16.5%	490,949	2,350,863	1,313,082	2,747,254	\$ 19.66

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	7,101,825	12.6%	0.4%	928,337	13.1%	12.6%	(35,556)	21,171	0	0	\$ 29.47
Dallas CBD	28	23,375,243	24.3%	2.6%	6,277,140	26.9%	27.0%	23,486	9,284	92,237	424,425	\$ 27.12
East Dallas	2	140,460	9.1%	1.0%	14,175	10.1%	14.4%	6,067	0	0	294,820	\$ 42.66
Far North Dallas	167	36,218,234	10.1%	1.6%	4,239,509	11.7%	11.8%	1,428,790	4,297,990	4,634,660	2,787,327	\$ 32.43
Fort Worth CBD	17	5,829,520	13.1%	0.5%	795,603	13.6%	13.9%	16,200	121,737	0	280,489	\$ 29.75
Las Colinas	82	19,854,405	12.2%	1.3%	2,681,087	13.5%	13.7%	35,557	1,138,831	685,402	1,821,000	\$ 30.03
LBJ Freeway	37	10,686,425	20.4%	1.6%	2,352,167	22.0%	23.4%	151,164	271,840	0	0	\$ 26.46
Lewisville / Denton	4	230,755	1.0%	0.0%	2,210	1.0%	5.5%	10,392	10,392	0	0	\$ 28.39
Mid-Cities	45	8,732,501	18.7%	0.3%	1,656,393	19.0%	19.7%	385,787	228,742	871,934	555,000	\$ 26.21
North Fort Worth	4	819,475	22.0%	0.0%	180,215	22.0%	28.5%	53,434	(155,189)	0	0	\$ 18.12
Northeast Fort Worth	2	415,921	73.8%	0.0%	307,135	73.8%	73.8%	0	30,882	0	0	\$ 21.39
Preston Center	23	4,346,506	11.1%	1.1%	528,113	12.2%	9.4%	35,017	(39,950)	171,583	119,000	\$ 42.21
North US 75 Corridor	73	14,675,887	22.0%	2.0%	3,526,081	24.0%	25.6%	296,265	312,264	387,467	405,360	\$ 27.78
South Fort Worth	24	3,806,295	9.0%	0.9%	379,114	10.0%	11.6%	63,044	41,365	160,781	98,497	\$ 29.11
Southwest Dallas	3	352,607	8.8%	0.0%	31,041	8.8%	4.4%	(15,541)	(15,541)	0	0	\$ 30.77
Stemmons Freeway	13	4,545,285	18.3%	0.2%	837,552	18.4%	18.8%	15,475	149,991	63,000	0	\$ 18.70
Uptown / Turtle Creek	46	10,867,149	8.9%	1.1%	1,078,744	9.9%	10.1%	18,518	264,727	200,000	1,305,014	\$ 40.78
Total DFW Market	592	151,998,493	15.5%	1.4%	25,814,616	17.0%	17.4%	2,488,099	6,688,536	7,267,064	8,090,932	\$ 29.29
Class B												
Central Expressway	87	6,017,707	9.0%	0.5%	574,222	9.5%	8.7%	(49,368)	(97,960)	0	0	\$ 25.32
Dallas CBD	36	5,891,957	15.7%	0.6%	962,070	16.3%	15.9%	(23,038)	(46,718)	0	0	\$ 21.16
East Dallas	182	6,547,610	8.4%	0.2%	563,254	8.6%	8.1%	(34,138)	(78,406)	0	46,500	\$ 21.06
Far North Dallas	408	21,486,281	14.6%	0.9%	3,313,731	15.4%	14.5%	(116,601)	(9,834)	216,694	84,782	\$ 23.23
Fort Worth CBD	44	4,205,198	7.4%	0.2%	320,196	7.6%	8.2%	26,388	45,972	0	0	\$ 20.99
Las Colinas	237	18,651,569	14.7%	1.6%	2,900,997	15.6%	15.0%	(69,113)	(118,630)	352,590	125,913	\$ 20.82
LBJ Freeway	129	11,042,730	22.8%	0.7%	2,596,387	23.5%	21.6%	(206,024)	(123,248)	0	0	\$ 19.25
Lewisville / Denton	203	8,361,851	14.2%	1.8%	1,343,366	16.1%	8.9%	(579,967)	(586,018)	130,275	48,245	\$ 22.55
Mid-Cities	477	18,826,550	14.5%	0.4%	2,798,111	14.9%	14.6%	13,872	(100,420)	115,149	110,900	\$ 20.49
North Fort Worth	74	3,311,068	8.4%	1.8%	322,712	9.7%	7.3%	(68,553)	(87,084)	52,005	57,000	\$ 23.88
Northeast Fort Worth	51	3,305,240	43.1%	0.0%	1,425,688	43.1%	42.7%	(14,260)	52,812	0	0	\$ 20.35
Preston Center	21	1,011,158	9.8%	0.0%	98,745	9.8%	7.4%	(23,759)	(3,855)	0	0	\$ 32.39
North US 75 Corridor	391	20,863,859	12.0%	0.3%	2,562,637	12.3%	12.4%	85,687	255,188	324,404	247,557	\$ 21.24
South Fort Worth	214	7,904,708	8.1%	0.4%	667,754	8.4%	8.5%	17,280	67,989	82,938	53,910	\$ 23.44
Southwest Dallas	90	3,060,257	10.8%	0.1%	334,735	10.9%	11.4%	23,938	164,351	82,772	0	\$ 18.92
Stemmons Freeway	99	7,675,257	26.9%	0.3%	2,086,530	27.2%	27.1%	(9,515)	(48,689)	0	0	\$ 16.21
Uptown / Turtle Creek	45	2,289,007	12.4%	6.1%	423,259	18.5%	16.5%	(45,366)	(120,668)	14,765	0	\$ 36.43
Total DFW Market	2,788	150,452,007	14.8%	0.8%	23,294,394	15.5%	14.6%	(1,072,537)	(835,218)	1,371,592	774,807	\$ 21.38

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 C												
Central Expressway	48	934,053	4.8%	0.0%	44,495	4.8%	4.6%	(1,633)	20,447	0	0	\$ 21.49
Dallas CBD	45	3,152,690	8.3%	0.1%	264,347	8.4%	8.2%	(6,976)	(48,629)	0	0	\$ 17.17
East Dallas	118	2,629,934	9.4%	0.2%	251,176	9.6%	9.3%	(5,409)	(27,264)	0	0	\$ 14.81
Far North Dallas	48	1,048,158	13.7%	1.5%	159,103	15.2%	15.9%	7,333	(23,007)	0	0	\$ 18.37
Fort Worth CBD	21	665,554	0.4%	0.0%	2,976	0.4%	0.3%	(906)	(2,976)	0	0	\$ 19.30
Las Colinas	20	1,052,199	8.2%	0.0%	86,760	8.2%	8.1%	(1,419)	24,946	0	0	\$ 17.84
LBJ Freeway	30	581,604	13.6%	0.0%	79,349	13.6%	14.3%	3,776	78,361	0	0	\$ 17.75
Lewisville / Denton	69	1,567,002	3.8%	0.0%	60,323	3.8%	3.8%	(510)	(14,277)	0	0	\$ 17.27
Mid-Cities	210	4,897,249	12.5%	0.0%	612,675	12.5%	12.1%	(20,006)	28,676	0	0	\$ 16.95
North Fort Worth	32	568,012	5.9%	0.0%	33,502	5.9%	2.1%	(21,793)	13,644	0	0	\$ 18.61
Northeast Fort Worth	37	752,680	13.5%	0.0%	101,400	13.5%	12.2%	(9,791)	(15,735)	0	0	\$ 18.04
Preston Center	16	381,262	4.9%	0.0%	18,497	4.9%	4.9%	0	55,599	0	0	\$ 29.91
North US 75 Corridor	106	2,501,205	24.1%	0.0%	603,831	24.1%	24.1%	(1,330)	(460,091)	0	0	\$ 21.85
South Fort Worth	152	3,249,521	6.1%	0.0%	199,585	6.1%	6.6%	15,686	66,868	0	0	\$ 19.23
Southwest Dallas	69	1,430,586	3.2%	0.0%	46,207	3.2%	3.1%	(2,267)	14,133	0	0	\$ 17.80
Stemmons Freeway	64	2,105,749	18.5%	0.0%	389,425	18.5%	18.9%	8,197	59,576	0	0	\$ 14.31
Uptown / Turtle Creek	22	496,897	7.0%	0.9%	39,266	7.9%	8.0%	670	(27)	0	0	\$ 33.50
Total DFW Market	1,107	28,014,355	10.6%	0.1%	2,992,917	10.7%	10.6%	(36,378)	(229,756)	0	0	\$ 18.63
All Classes												
Central Expressway	157	14,053,585	10.6%	0.4%	1,547,054	11.0%	10.4%	(86,557)	(56,342)	0	0	\$ 27.77
Dallas CBD	109	32,419,890	21.2%	2.0%	7,503,557	23.1%	23.1%	(6,528)	(86,063)	92,237	424,425	\$ 26.23
East Dallas	302	9,318,004	8.7%	0.2%	828,605	8.9%	8.5%	(33,480)	(105,670)	0	341,320	\$ 25.98
Far North Dallas	623	58,752,673	11.8%	1.3%	7,712,343	13.1%	12.9%	1,319,522	4,265,149	4,851,354	2,872,109	\$ 28.40
Fort Worth CBD	82	10,700,272	10.1%	0.4%	1,118,775	10.5%	10.8%	41,682	164,733	0	280,489	\$ 26.81
Las Colinas	339	39,558,173	13.2%	1.4%	5,668,844	14.3%	14.2%	(34,975)	1,045,147	1,037,992	1,946,913	\$ 25.27
LBJ Freeway	196	22,310,759	21.4%	1.1%	5,027,903	22.5%	22.3%	(51,084)	226,953	0	0	\$ 22.83
Lewisville / Denton	276	10,159,608	12.3%	1.5%	1,405,899	13.8%	8.0%	(570,085)	(589,903)	130,275	48,245	\$ 22.23
Mid-Cities	732	32,456,300	15.3%	0.3%	5,067,179	15.6%	15.5%	379,653	156,998	987,083	665,900	\$ 21.82
North Fort Worth	110	4,698,555	10.4%	1.3%	536,429	11.4%	10.4%	(36,912)	(228,629)	52,005	57,000	\$ 20.38
Northeast Fort Worth	90	4,473,841	41.0%	0.0%	1,834,223	41.0%	40.5%	(24,051)	67,959	0	0	\$ 20.44
Preston Center	60	5,738,926	10.4%	0.8%	645,355	11.2%	8.7%	11,258	11,794	171,583	119,000	\$ 40.06
North US 75 Corridor	570	38,040,951	16.7%	0.9%	6,692,549	17.6%	18.3%	380,622	107,361	711,871	652,917	\$ 24.57
South Fort Worth	390	14,960,524	7.9%	0.4%	1,246,453	8.3%	8.9%	96,010	176,222	243,719	152,407	\$ 23.45
Southwest Dallas	162	4,843,450	8.4%	0.1%	411,983	8.5%	8.4%	6,130	162,943	82,772	0	\$ 19.13
Stemmons Freeway	176	14,326,291	22.9%	0.2%	3,313,507	23.1%	23.2%	14,157	160,878	63,000	0	\$ 16.95
Uptown / Turtle Creek	113	13,653,053	9.4%	1.9%	1,541,269	11.3%	11.1%	(26,178)	144,032	214,765	1,305,014	\$ 39.78
Total DFW Market	4,487	330,464,855	14.8%	1.0%	52,101,927	15.8%	15.5%	1,379,184	5,623,562	8,638,656	8,865,739	\$ 25.38

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 is down from 2016 in all but two submarkets — Fort Worth CBD and Lewisville-Denton. Leasing activity in Q4 2017 was 4.3 million square feet and the total for 2017 is 17.8 million square feet.

Q4 2017 Notable Office Lease Transactions						
TENANT	PROPERTY	SUBMARKET	SF LEASED	BUILDING CLASS	DEAL TYPE	SIGN DATE
Mercedes-Benz Financial Services	13650 Heritage Pky	North Fort Worth	200,000	A	New	Dec-17
T-Mobile	7668 Warren Pky	Far North Dallas	158,298	A	Renewal	Dec-17
Gartner, Inc.	6011 Connection Dr	Las Colinas	152,086	A	New	Nov-17
Berry Appleman and Leiden LLP	2400 N Glenville Dr	North US-75 Corridor	67,380	A	New	Oct-17
Winston & Strawn LLP	2121 Pearl St	Uptown/Turtle Creek	55,917	A	New	Oct-17
Goodman Networks, Inc.	2801 Network Blvd	Far North Dallas	52,944	A	Renewal	Nov-17
Government SDA	2350 Valley View Ln	LBJ Freeway	47,637	B	New	Nov-17
Alston & Bird	2200 Ross Ave	Dallas CBD	34,875	A	New	Dec-17
Cyxtera	15601 Dallas Pky	Far North Dallas	30,913	A	New	Nov-17
Aecom Hunt	13455 Noel Rd	LBJ Freeway	30,637	A	New	Oct-17
Shore Chan Bragalone DePumpo LLP	901 Main St	Dallas CBD	27,675	A	Renewal	Nov-17
Audatex	7701 Las Colinas Rdg	Las Colinas	27,517	A	New	Oct-17
RealPage, Inc.	2221 Lakeside Blvd	North US-75 Corridor	27,212	A	New	Oct-17
Guidon Energy	545 E John Carpenter Fwy	Las Colinas	22,360	A	New	Oct-17
McKool Smith, P.C.	300 Crescent Ct	Uptown/Turtle Creek	20,681	A	Renewal	Nov-17

Sales Activity

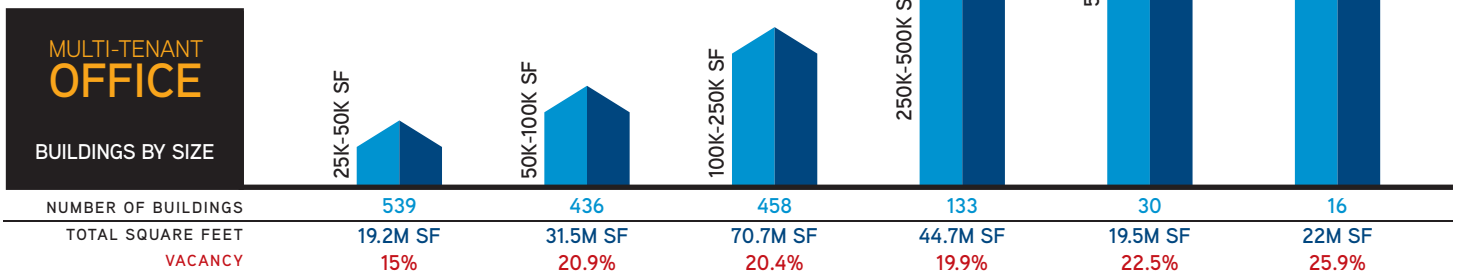
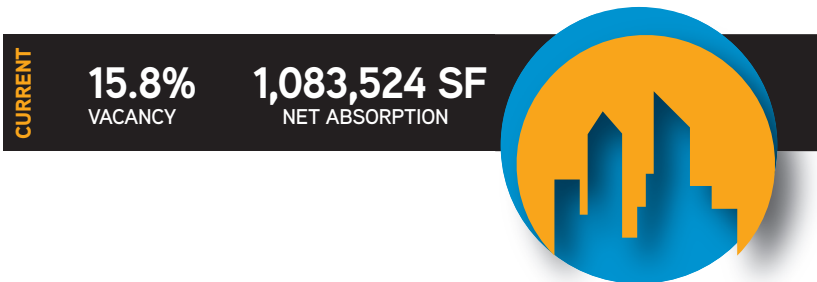
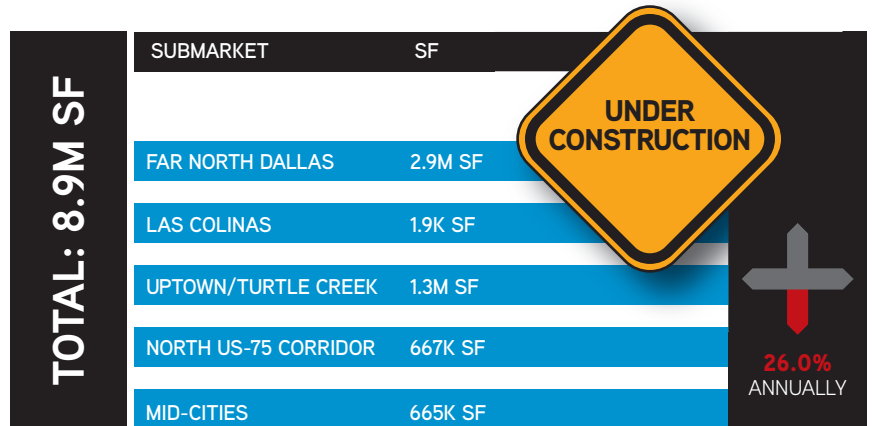
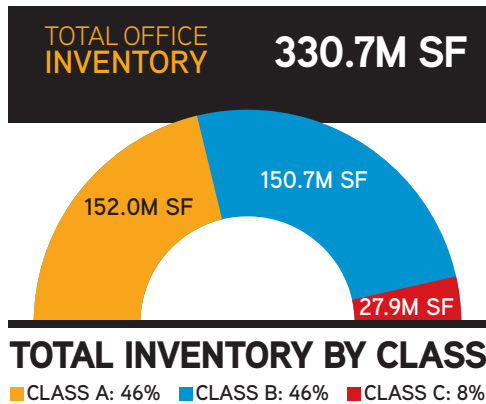
Investment activity in 2017 totaled \$3.5 billion. While considerably behind the record year of 2016, 2017's total is only 6.6% behind 2015's yearly total. Investors continue to be interested in DFW as they seek strong, stable returns outside of the high-priced coastal markets. Nationally, office investment sales saw a drop-off of 28% from Q4 2016 to Q4 2017, signaling a slowing in the investment markets. Dallas-Fort Worth had the eighth highest sales volume in 2017, behind the major coastal markets and Chicago.

Q4 2017 Significant Sales Transactions – (50,000 SF or greater)							
PROPERTY	SUBMARKET	SALE DATE	SALE PRICE	SIZE (SF)	PSF	CLASS	BUYER
Frisco Square	Far North Dallas	Dec-17	\$45,500,000	396,689	\$115	A	Maxus Realty Trust
Hidden Grove at 12404 Park Central	LBJ Freeway	Nov-17	\$25,562,790	232,389	\$111	A	Trinity Private Equity Group
FedEx Office Hequarters	Far North Dallas	Nov-17	\$79,650,000	264,000	\$302	A	PRP Property Management, AXA Equitable Financial Services
Trinity Towers	Stemmons Freeway	Oct-17	\$50,000,000	634,381	\$79	A	Stanton Road Capital, LLC
One Allen Center	North US 75 Corridor	Oct-17	\$31,600,000	150,509	\$210	B	Accesso Partners
Zales Corporation HQ	Las Colinas	Oct-17	\$14,745,000	358,884	\$41	A	CW Capital

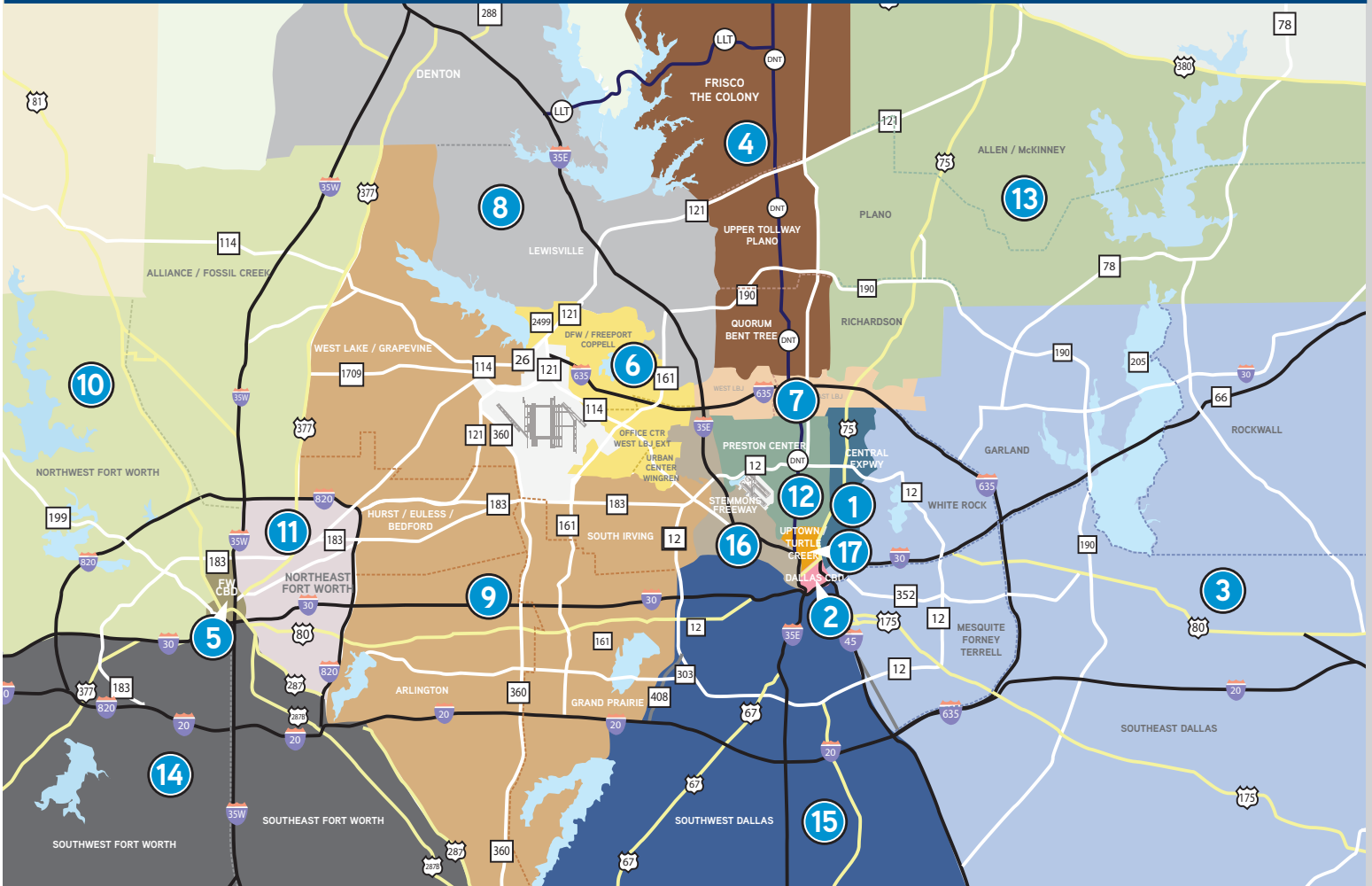
Quoted Gross Rental Rates for Existing Top Performing Office Buildings

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%	110,330	\$48.00 +E	2323 Ross Holdings, LLC
1919 McKinney	1919 McKinney Ave	Uptown/Turtle Creek	118,940	1924	61%	56,377	\$38.00 +E	Ecom Real Estate Mgmt, Inc.
Chase Tower	2200 Ross Ave	Dallas CBD	1,255,473	1987	78%	307,873	\$35.49 +E	Fortis Property Group, LLC
Tollway Center	14675 Dallas Pky	Far North Dallas	197,740	2016	91%	18,064	\$34.50 +E	Cawley Management, LLC
Premier Place	5910 N Central Expy	Central Expressway	409,894	1985	86%	56,168	\$34.50 +E	CBRE Global Investors Ltd
Frisco Bridges Place	2600 N Dallas Pky	Far North Dallas	170,000	2016	89%	18,500	\$34.50 +E	Randy Heady & Company Realtors
NNN BUILDINGS								
2100 McKinney	2100 McKinney Ave	Uptown/Turtle Creek	360,859	1998	97%	32,725	\$39.25 NNN	NY State Common Retirement Fund
The Star	1 Cowboys Way	Far North Dallas	397,819	2016	81%	74,452	\$39.00 NNN	City of Frisco
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	2018	20%	208,769	\$37.00 NNN	1900 Pearl Street JV, LLC
Terraces at Douglas Center	5960 Berkshire Ln	Preston Center	171,583	2017	10%	154,357	\$35.50 NNN	Lionstone Investments
Harwood No. 2	2728 N Harwood St	Uptown/Turtle Creek	176,384	1996	88%	20,678	\$35.00 NNN	Harwood International

Q4 2017 HIGHLIGHTS



OFFICE SUBMARKET MAP



1	Central Expressway	157 Bldgs	14.1m SF	11% Vac	UC = None	\$ 27.77 PSF
2	Dallas CBD	109 Bldgs	32.4m SF	23.1% Vac	UC = 424.4K SF	\$ 26.23 PSF
3	East Dallas	302 Bldgs	9.3m SF	8.9% Vac	UC = 341.3K SF	\$ 25.98 PSF
4	Far North Dallas	623 Bldgs	58.8m SF	13.1% Vac	UC = 2,872K SF	\$ 28.40 PSF
5	Fort Worth CBD	82 Bldgs	10.7m SF	10.5% Vac	UC = 280.5K SF	\$ 26.81 PSF
6	Las Colinas	339 Bldgs	39.6m SF	14.3% Vac	UC = 1946.9K SF	\$ 25.27 PSF
7	LBJ Freeway	196 Bldgs	22.3m SF	22.5% Vac	UC = None	\$ 22.83 PSF
8	Denton / Lewisville	276 Bldgs	10.2m SF	13.8% Vac	UC = 48.2K SF	\$ 22.23 PSF
9	Mid-Cities	732 Bldgs	32.5m SF	15.6% Vac	UC = 665.9K SF	\$ 21.82 PSF

10	North Fort Worth	110 Bldgs	4.7m SF	11.4% Vac	UC = 57K SF	\$ 20.38 PSF
11	Northeast Fort Worth	90 Bldgs	4.5m SF	41% Vac	UC = None	\$ 20.44 PSF
12	Preston Center	60 Bldgs	5.7m SF	11.2% Vac	UC = 119K SF	\$ 40.06 PSF
13	North US 75 Corridor	570 Bldgs	38m SF	17.6% Vac	UC = 653K SF	\$ 24.57 PSF
14	South Fort Worth	390 Bldgs	15m SF	8.3% Vac	UC = 152.4K SF	\$ 23.45 PSF
15	Southwest Dallas	162 Bldgs	4.8m SF	8.5% Vac	UC = None	\$ 19.13 PSF
16	Stemmons Freeway	176 Bldgs	14.3m SF	23.1% Vac	UC = None	\$ 16.95 PSF
17	Uptown / Turtle Creek	113 Bldgs	13.7m SF	11.3% Vac	UC = 1,305K SF	\$ 39.78 PSF
Total Market		4,487 Bldgs	330.5m SF	15.8% Vac	UC = 8,866K SF	\$ 25.38 PSF

RESEARCHERS:

MIKE OTILLIO
 Director of Research
 DIRECT +1 214 217 1232
mike.otillio@colliers.com

KARI BEETS
 Research Associate
 DIRECT +1 214 217 1227
kari.beets@colliers.com

