



WHITEBOX

REAL ESTATE

Q4 2020

OFFICE
MARKET BEAT



MARKET BEAT

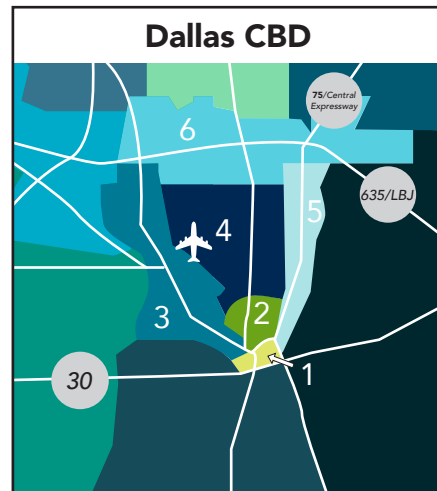
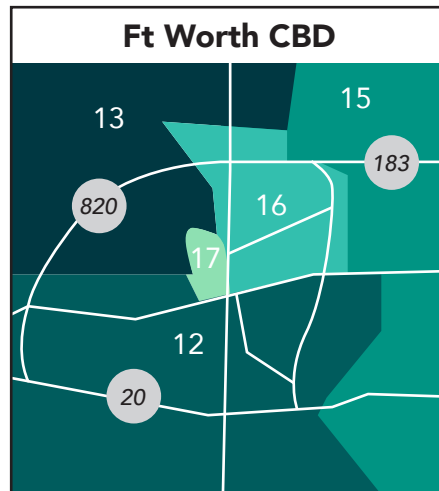
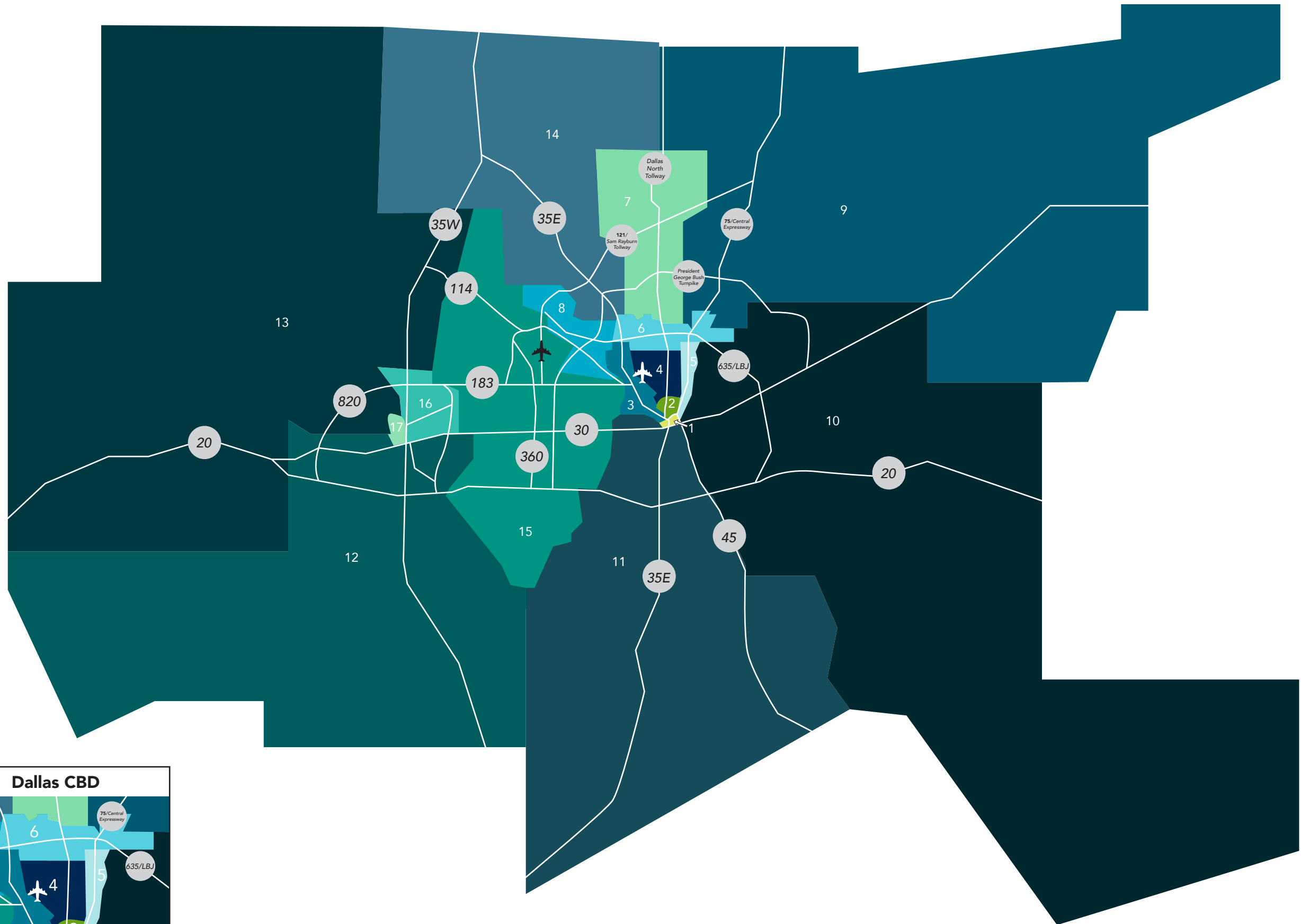
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DFW Office Market Overview

Legend

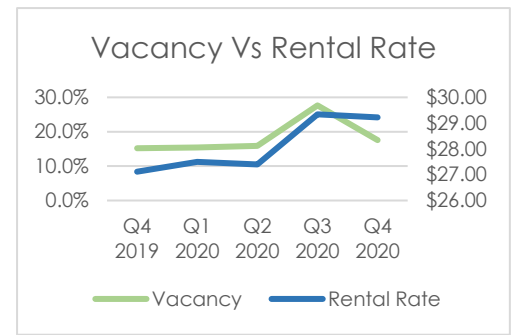
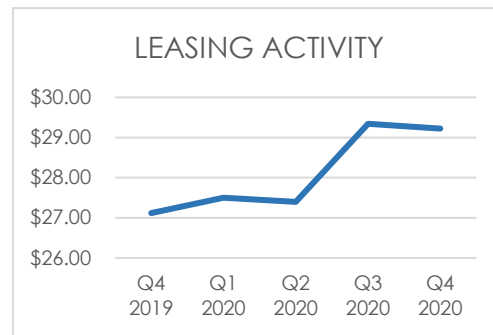
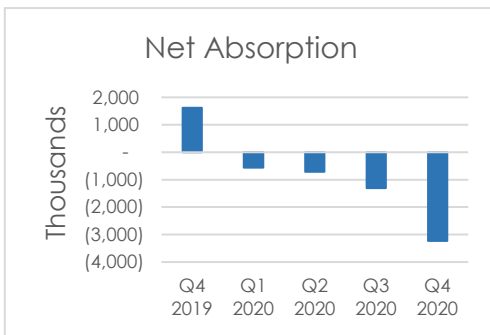
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OFFICE OVERVIEW | Q4 2020

Economic Overview

2020 was a year for the ages. Election years are always uncertain, but this was the most contentious in recent history. Add to this a once in a century style global pandemic, a stock market crash, a recession, record job losses, civil unrest, and negative oil prices. It was a year that will be recalled for many decades to come. 2021 is welcomed with renewed optimism, some sense of clarity and stability, as well a light at the end of the Covid-19 pandemic in the form of a vaccine. In spite of all of the distractions, Texas continued to plod along, albeit at a slower pace than the previous year. According to the Texas Workforce Commission, December marked eight months of consecutive job growth in the state (adding 64,200 jobs in December), and the unemployment rate continued to fall to 7.2% (slightly higher than the 6.7% nationally). Professional & Business Services; Trade, Transportation, & Utilities; and Education & Health Services have lead the job growth in the state. Private sector jobs increased for the fifth consecutive month. The Dallas-Fort Worth (DFW) labor market declined by 2.1% by losing 81,800 jobs over the last 12 months. The unemployment rate for DFW declined to 6.3% (from 7.2% the previous month). The Dallas Federal Reserve reported expansion at a "moderate pace." While noting that activity in most industries remained below normal levels, "outlooks [are] generally positive," and "there [is] optimism about the vaccine paving the way to a resumption of more normal activity this year."



Tenant Outlook

Net absorption for all of DFW totaled -4.9 million SF, while the markets Whitebox tracks totaled -3,226,460 SF in 2020, with -391,114 SF of absorption for the 4th quarter. This was a massive improvement from the -2 million SF we saw in the 3rd quarter. This is also the first time since 2010 that the market has seen 4 quarters of negative absorption. The average quoted rental rate decreased 0.004% from the previous quarter to \$29.22/SF. Over the past 12 months, there was 0.0% rent growth.

The average Class A office market rents have remained relatively flat, dropping -0.6%, with a DFW average quoted rate of \$32.49/SF.

The vacancy rate in DFW declined by 0.31% to 17.6%.

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The Class A vacancy rate stands at 20.6% at the end of 2020, but only -5,201 SF in absorption was recorded. Class B assets suffered the worst absorption at -1,191,700 SF but only dropped to a vacancy rate of 15.7%.

Vacant sublease space totals 9.2 million SF on the market for sublease. This is a huge win for tenants that can take advantage of reduced sublease rates or use this vacancy to leverage more favorable lease terms. Sublease space represents 10.8% of the available space on the market.

1,777,546 SF of new construction was delivered in 2020. There is an additional 4,971,091 SF currently under construction. 54.3% of office inventory under construction is pre-leased. The largest active construction projects are build-to-suits: an expansion of JP Morgan Chase's Legacy West Campus by 540,000 SF (a 12-story building) in the Upper Tollway / West Plano Submarket, The Epic Phase II, and a 469,000 SF, 23-story building for Uber just east of the Dallas CBD in Deep Ellum (White Rock Submarket).

Investor Outlook

Office building sales volume was down 60.5% compared to 2019 with \$1.5 billion in sales. Even still, there was no real change in valuations (technically, there was a -0.1% decline). Most of the sales were on the bookends of the year as Covid-19 disrupted sales transactions in the middle of 2020. In spite of this, buyers from the coastal markets continue to focus on DFW for greater yield. Foreign investment continues to increase in DFW, it accounts for about one third of the buyers. The pricing is still viewed as a great value compared to the coastal markets. The stability of a growing metroplex with a diverse job base and a relatively restriction light pandemic response has continued to attract investment. As a whole, cap rates have remained relatively flat in DFW at 7.3% (actually down 0.1% from 2019) at an average price of \$289.00/SF (up 1.4% from 2019). The most prominent sale transactions for the last 12 months were the sale of The Union, a 420,695 SF office building in the heart of Uptown for \$318,940,990 or \$758.13/SF to South Korean firm KB Financial Group, and the sale of the Galleria, a three-building complex totaling 1,466,472 SF in the East LBJ Submarket just off the Tollway, for \$400,000,000 or \$272.76/SF to Piedmont. Both transactions closed in February.

Outlook For The Future

The entire globe is looking forward to a better 2021. The 2020 black swans caught everyone off guard. At the beginning of 2020, our outlook stated that the year ahead looked better than the previous year and that labor was a huge stain on the local DFW economy (lack of labor that is). We had concerns in Oil & Gas, but the economy was balanced. We also stated, "there continues to be enormous interest from coastal markets on the relocation front and the investment front (New York, Boston, Los Angeles, San Francisco)." We captured some of the headlines in that Oil & Gas did fall and we have continued to see copious relocations and investment from the coasts (even more than anticipated from the West coast).

We really do see an excellent 2021 on the horizon for Office space in DFW. DFW continues to lead the nation in return to work with Kastle noting 35.3% in December (compared to the national average of 21.7%). Companies have found that employees want to come to the office for socialization, sense of community, productivity / avoiding distraction, and training. A torrent of companies are in the process of moving their offices to Texas given that the lock downs have been less stringent in addition to tax benefits. Amazon, Google, and Facebook have all made long term commitments to office space, and the smaller users are following this lead. Vaccine rollout is a huge game changer as we get workers comfortable with going back to the office safely. As we move into the middle of this year, we expect a large uptick in activity and are anticipating higher than normal absorption (targeting the 5.7 million SF in 2019 or maybe pushing above 6 million SF).

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Market	Total Inventory	Vacancy		12 Month Total		Construction	Quoted
		Vacant SF	Vac %	Net Absorption	Net Deliveries	Current SF	Rates
Preston Center	6,536,394	673,161	10.30%	(26,798)	-	297,000	\$ 39.31
Central Expressway	14,725,008	2,478,341	16.83%	(416,711)	(178,554)	30,000	\$ 29.47
Uptown/Turtle Creek	16,233,241	2,581,182	15.90%	(519,317)	(25,000)	1,016,688	\$ 41.66
Dallas CBD	33,925,197	8,168,537	24.08%	(573,979)	60,230	284,600	\$ 26.52
Allen/McKinney	10,828,382	1,280,195	11.82%	134,220	435,323	295,274	\$ 30.70
Plano	10,275,582	1,948,040	18.96%	382,617	55,591	56,100	\$ 25.69
Richardson	23,241,874	4,066,760	17.50%	(291,170)	15,000	9,490	\$ 24.77
Frisco/The Colony	8,608,074	1,193,611	13.87%	157,861	21,760	1,014,061	\$ 33.44
Upper Tollway/West Plano	35,175,270	6,267,244	17.82%	(140,945)	703,820	1,268,062	\$ 34.77
Quorum/Bent Tree	24,391,697	5,064,280	20.76%	(72,134)	(22,061)	-	\$ 26.33
West LBJ Freeway	5,301,662	1,100,741	20.76%	(118,273)	-	-	\$ 20.49
East LBJ Freeway	17,643,938	3,791,265	21.49%	(3,983)	-	107,000	\$ 26.27
DFW Freeport/Coppell	16,166,542	2,921,721	18.07%	(337,515)	735,786	575,877	\$ 25.57
Office Ctr/West LBJ Ext	18,061,179	3,086,113	17.09%	(625,870)	37,228	14,850	\$ 26.16
Urban Center/Wingren	9,935,134	2,121,468	21.35%	(555,003)	54,957	2,089	\$ 28.86
Ft Worth CBD	11,605,038	1,740,869	15.00%	(219,460)	(116,534)	-	\$ 27.49
Totals	262,654,212	48,483,528	17.60%	(3,226,460)	1,777,546	4,971,091	\$ 29.22

Source: CoStar Property®

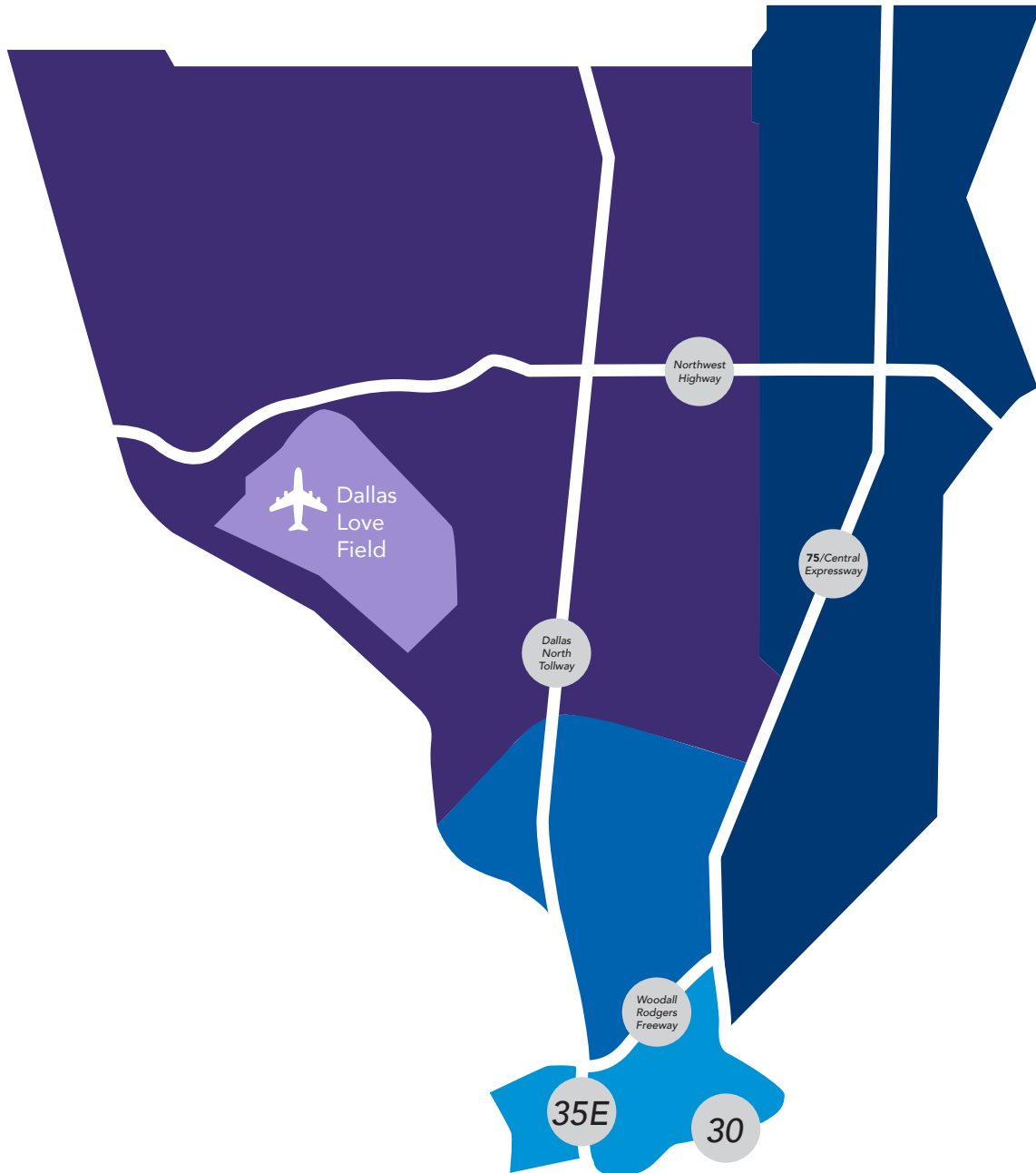
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Dallas Central Core



Legend

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

Preston Center | Q4 2020

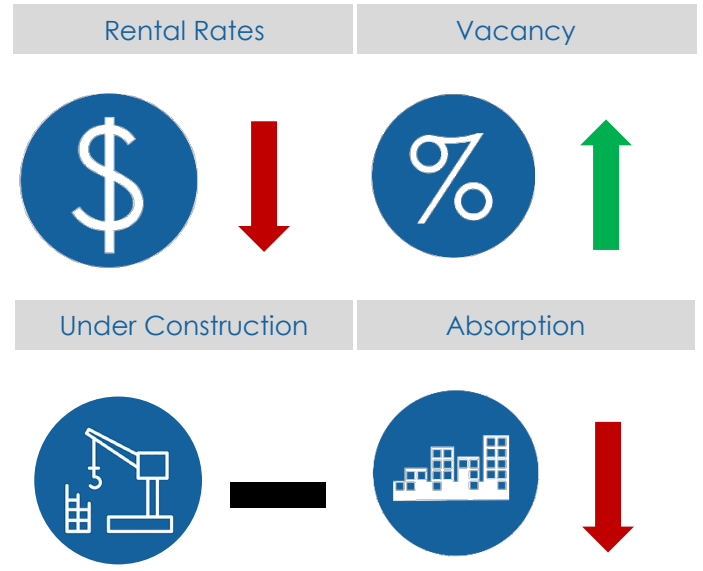
Market Insights:

The Preston Center Submarket ended the fourth quarter of 2020 with a vacancy rate of 10.30%. The vacancy rate increased from the previous quarter, and the net absorption rate over the last 12 months is -26,798 SF at the end of Q4 2020.

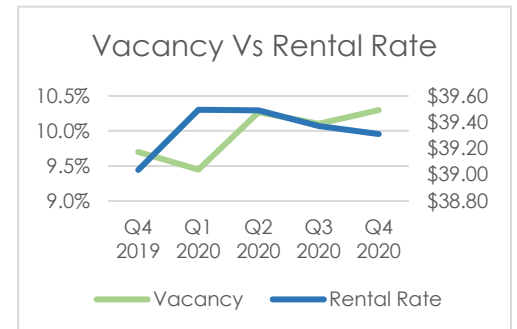
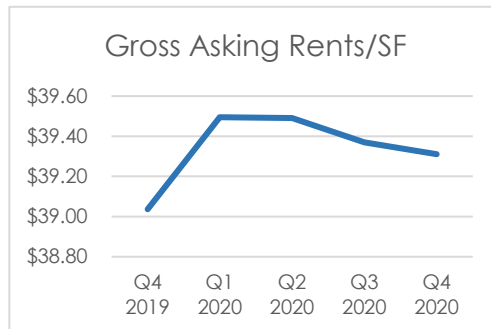
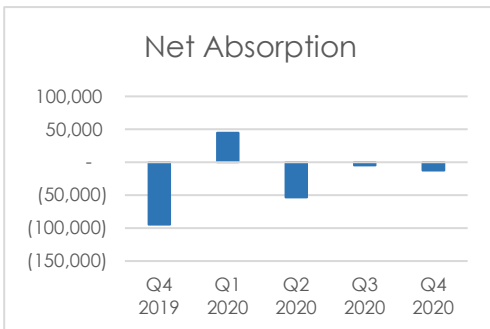
Rental rates ended the fourth quarter at \$39.31/SF across all classes, decreasing from \$39.37/SF in the previous quarter. There were no new construction deliveries in Q4 2020, and there is currently 297,000 SF under construction in the submarket.

Preston Center is one of the premier submarkets, with a highly educated labor pool to draw from in North Dallas. A large portion of the tenant base at Preston Center is made up of financial and professional services firms. The area is also highly amenitized, with 165 restaurants and plenty of high-end shopping found at the Plaza of Preston Center. At \$39.00/SF, the submarket boasts the second-highest rents in the market, which is impressive, considering that 60% of the building stock was constructed between 1980 and 1990. The submarket has one of the highest concentrations of Class A assets, comprising 66% of the total inventory.

Q4 2020 vs Q3 2020



	Inventory	Total Vacancy SF	Vacancy Rate	12 Month Net Absorption	12 Month Deliveries	Under Construction	Rates - All Classes
Preston Center	6,536,394 SF	673,161 SF	10.30%	-26,798 SF	0 SF	297,000 SF	\$39.31/SF
Dallas/Fort Worth Total	262,654,212 SF	48,483,528 SF	17.6%	-3,226,460 SF	1,777,546 SF	4,971,091 SF	\$29.22/SF



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Central Expressway | Q4 2020

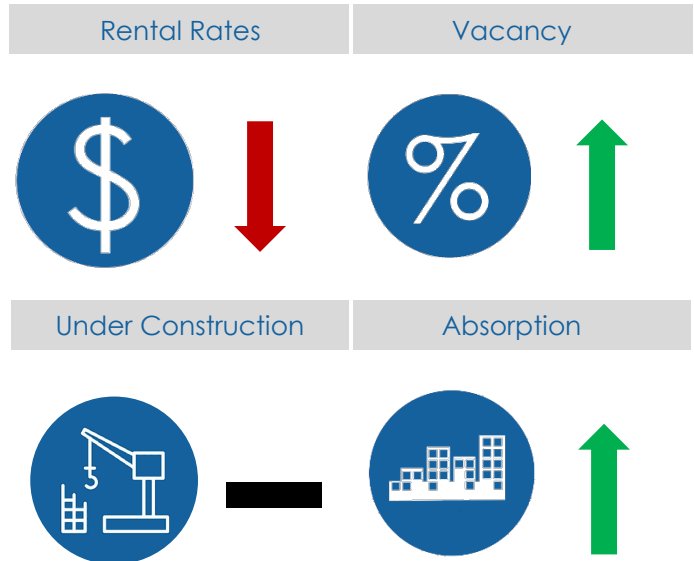
Market Insights:

The Central Expressway Submarket ended the fourth quarter of 2020 with a vacancy rate of 16.83%. The vacancy rate increased from the previous quarter, and the net absorption rate over the last 12 months is -416,711 SF at the end of Q4 2020.

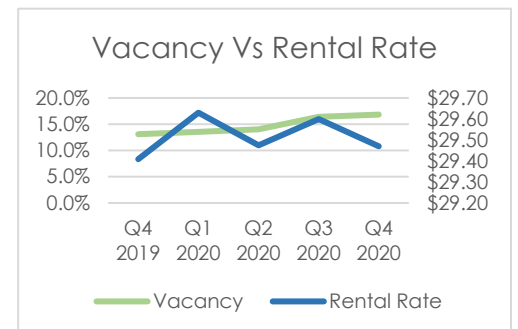
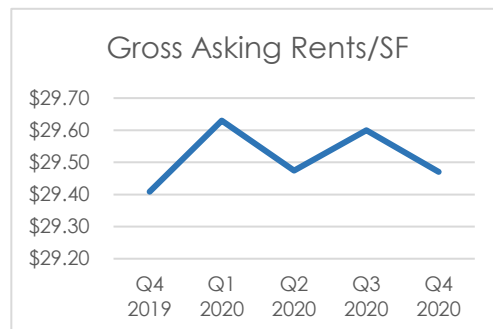
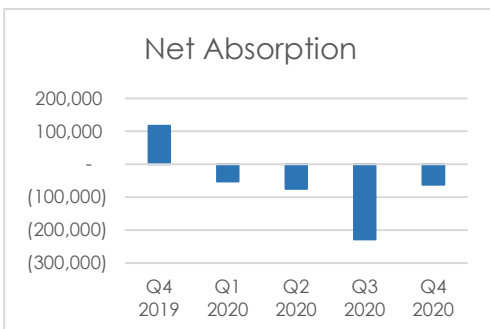
Rental rates ended the fourth quarter at \$29.47/SF across all classes, decreasing from \$29.60/SF in the previous quarter. Year-to-date new construction deliveries are at -178,554 SF, and there is currently 30,000 SF under construction in the submarket.

The Central Expressway Submarket has a heavy concentration of financial services, telecom, and tech firms. As a whole, it offers a large amount of investment-grade property—about half of the submarket's RBA is rated as Class A. Though vacancies in Central Expressway have risen in recent quarters, at 16.5% they continue to trend below the Dallas-Fort Worth average. Due to pandemic-driven recession, rent growth has slowed and entered cut territory through Q1 2021. The submarket is usually heavily traded, though the number of office assets traded in 2020 fell compared to pre-pandemic levels.

Q4 2020 vs Q3 2020



	Inventory	Total Vacancy SF	Vacancy Rate	12 Month Net Absorption	12 Month Deliveries	Under Construction	Rates - All Classes
Central Expressway	14,725,008 SF	2,478,341 SF	16.83%	-416,711 SF	-178,554 SF	30,000 SF	\$29.47/SF
Dallas/Fort Worth Total	262,654,212 SF	48,483,528 SF	17.6%	-3,226,460 SF	1,777,546 SF	4,971,091 SF	\$29.22/SF



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Uptown / Turtle Creek | Q4 2020

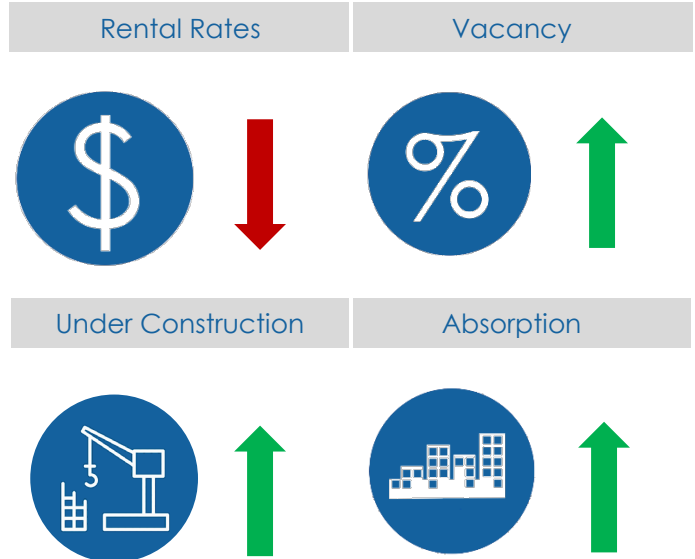
Market Insights:

The Uptown / Turtle Creek Submarket ended the fourth quarter of 2020 with a vacancy rate of 15.90%. The vacancy rate increased from the previous quarter, and the net absorption rate over the last 12 months is -519,317 SF at the end of Q4 2020.

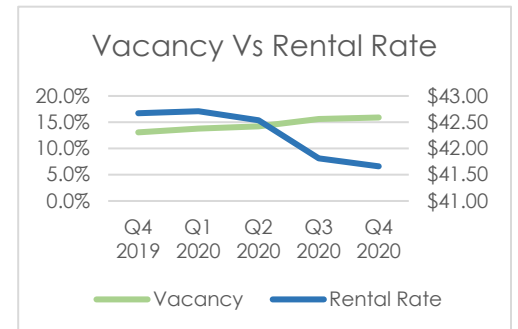
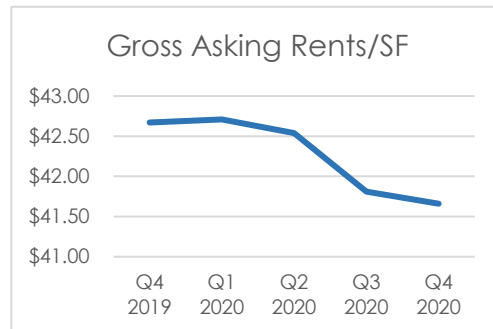
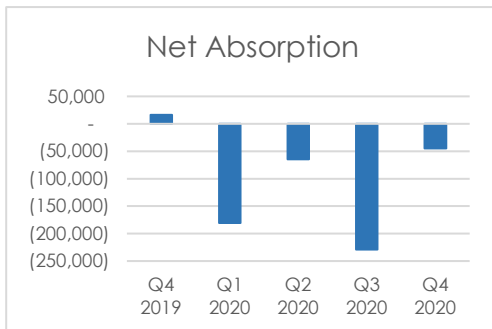
Rental rates ended the fourth quarter at \$41.66/SF across all classes, decreasing from \$41.81/SF in the previous quarter. Year-to-date new construction deliveries are at -25,000 SF, and there is currently 1,016,688 SF under construction in the submarket.

Uptown/Turtle Creek is the premier office submarket in Dallas-Fort Worth, boasting the highest rents in the metroplex. The area is still one of the most sought-after areas of the metroplex, offering all of the transportation, infrastructure, and amenity advantages of a central business district but has newer stock than the neighboring Dallas CBD. The area is the premier live/work/play environment, and one of the most pedestrian-friendly places in Texas. Nearly 75% of the submarket's office product is Class A, and several buildings are considered trophy assets. The tenant base is primarily comprised of law firms, financial firms, and other professional services companies.

Q4 2020 vs Q3 2020



	Inventory	Total Vacancy SF	Vacancy Rate	12 Month Net Absorption	12 Month Deliveries	Under Construction	Rates - All Classes
Uptown / Turtle Creek	16,233,241 SF	2,581,182 SF	15.90%	-519,317 SF	-25,000 SF	1,016,688 SF	\$41.66/SF
Dallas/Fort Worth Total	262,654,212 SF	48,483,528 SF	17.6%	-3,226,460 SF	1,777,546 SF	4,971,091 SF	\$29.22/SF



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Dallas CBD | Q4 2020

Market Insights:

The Dallas CBD Submarket ended the fourth quarter of 2020 with a vacancy rate of 24.08%. The vacancy rate decreased from the previous quarter, and the net absorption rate over the last 12 months is -573,979 SF at the end of Q4 2020.

Rental rates ended the fourth quarter at \$26.52/SF across all classes, decreasing from \$26.65/SF in the previous quarter. Year-to-date new construction deliveries are at 60,230 SF, and there is currently 284,600 SF under construction in the submarket.

The Dallas CBD is the metro's primary office node, but the submarket has struggled for over the last few years. Its vacancy rate of 24.8% has been among the highest in the metroplex for decades. The submarket contains a significant percentage of older towers that are not competitive with new assets in other prominent office submarkets, such as Uptown/Turtle Creek and Upper Tollway/West Plano. However, the submarket's low rents, transit amenities, and central location have helped keep a core group of tenants rooted here, and fundamentals have improved in recent years.

Q4 2020 vs Q3 2020

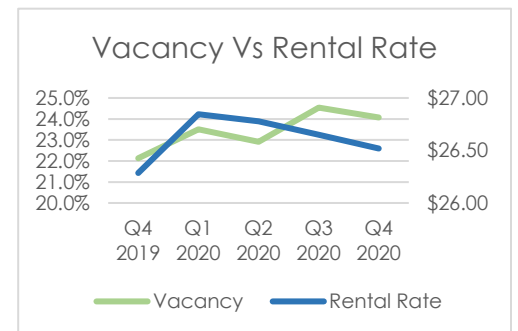
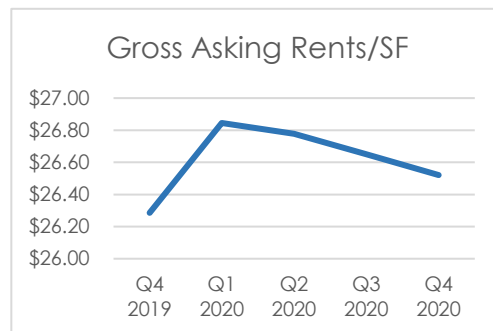
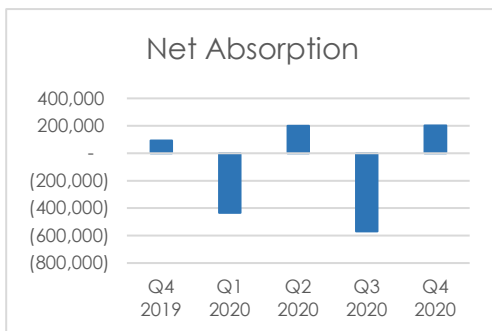
Rental Rates Vacancy



Under Construction Absorption



	Inventory	Total Vacancy SF	Vacancy Rate	12 Month Net Absorption	12 Month Deliveries	Under Construction	Rates - All Classes
Dallas CBD	33,925,197 SF	8,168,537 SF	24.08%	-573,979 SF	60,230 SF	284,600 SF	\$26.52/SF
Dallas/Fort Worth Total	262,654,212 SF	48,483,528 SF	17.6%	-3,226,460 SF	1,777,546 SF	4,971,091 SF	\$29.22/SF



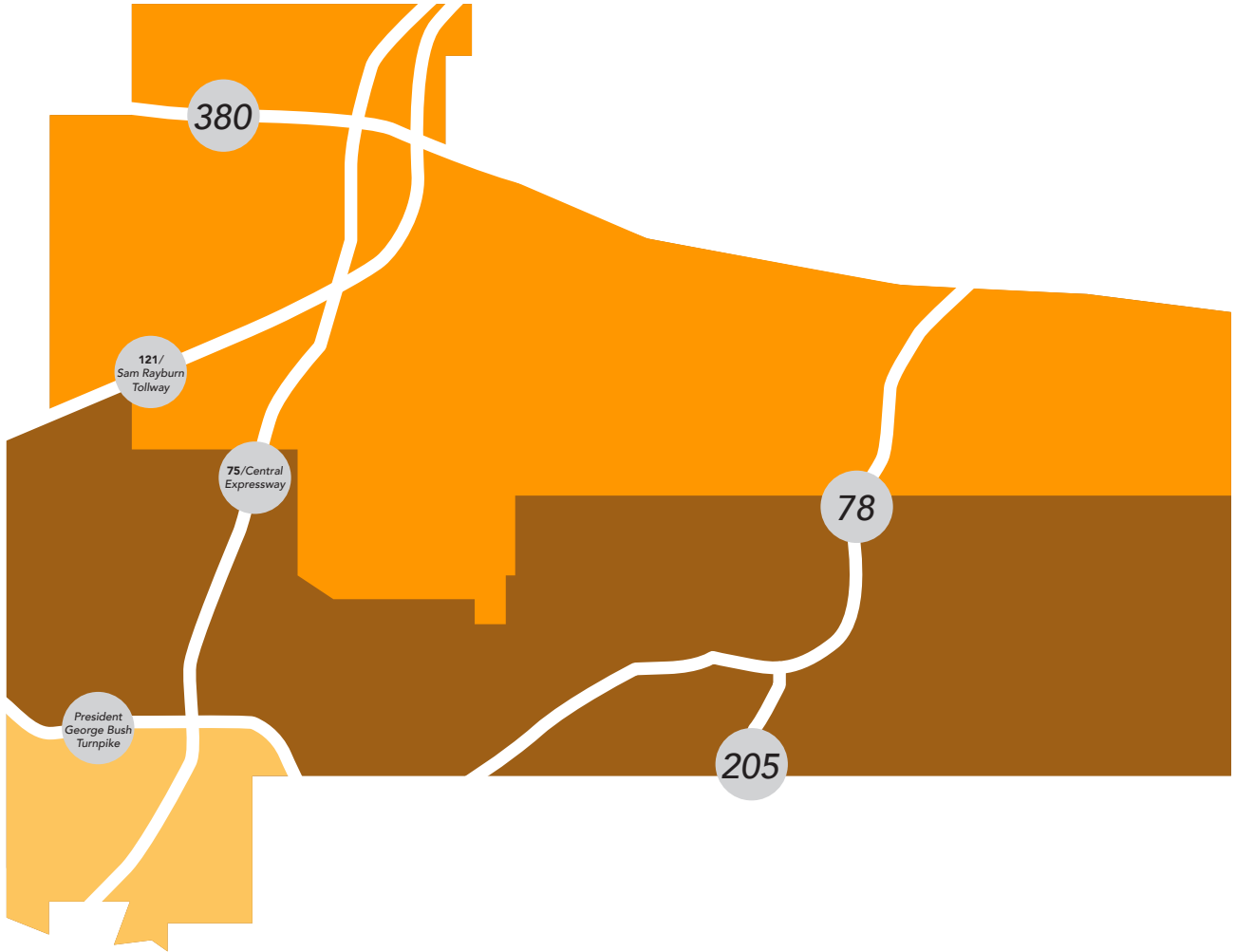
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Upper Central Expressway



Legend

- Allen/McKinney
- Plano
- Richardson



Allen / McKinney | Q4 2020

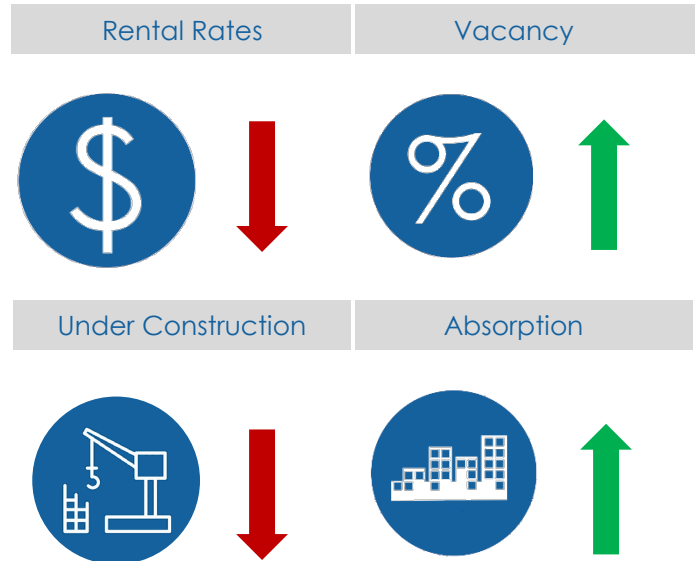
Market Insights:

The Allen / McKinney Submarket ended the fourth quarter of 2020 with a vacancy rate of 11.82%. The vacancy rate increased from the previous quarter, and the net absorption rate over the last 12 months is 134,220 SF at the end of Q4 2020.

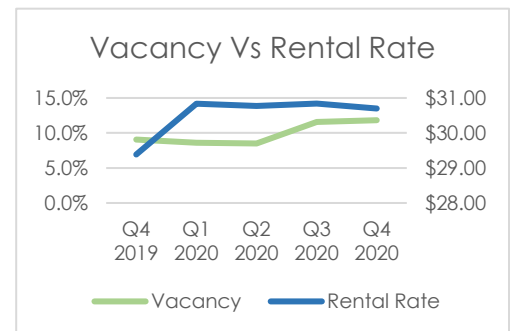
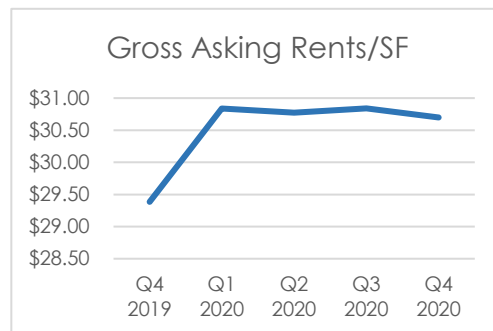
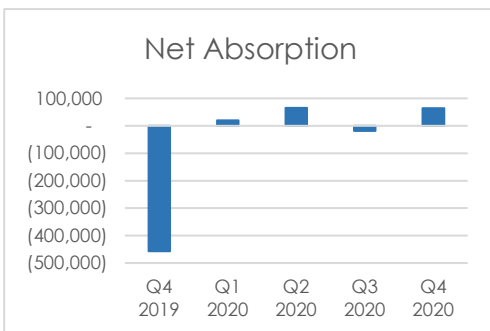
Rental rates ended the fourth quarter at \$30.70/SF across all classes, decreasing from \$30.84/SF in the previous quarter. Year-to-date new construction deliveries are at 435,323 SF, and there is currently 295,274 SF under construction in the submarket.

Allen-McKinney is a fast-growing suburban submarket in the northeastern corner of Dallas-Fort Worth. Allen more than doubled in population from 2000 - 2019, adding 50,000 new residents, making it the nation's 27th fastest growing city. Businesses moving to Allen have an affluent and educated labor pool to draw from. Allen's median household income is \$109,000 (75% greater than D-FW's median income), and 56% of Allen's residents have a bachelor's degree or higher, twice the national average. Over 50 Fortune 500 companies have a presence in the area.

Q4 2020 vs Q3 2020



	Inventory	Total Vacancy SF	Vacancy Rate	12 Month Net Absorption	12 Month Deliveries	Under Construction	Rates - All Classes
Allen / McKinney	10,828,382 SF	1,280,195 SF	11.82%	134,220 SF	435,323 SF	295,274 SF	\$30.70/SF
Dallas/Fort Worth Total	262,654,212 SF	48,483,528 SF	17.6%	-3,226,460 SF	1,777,546 SF	4,971,091 SF	\$29.22/SF



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Plano | Q4 2020

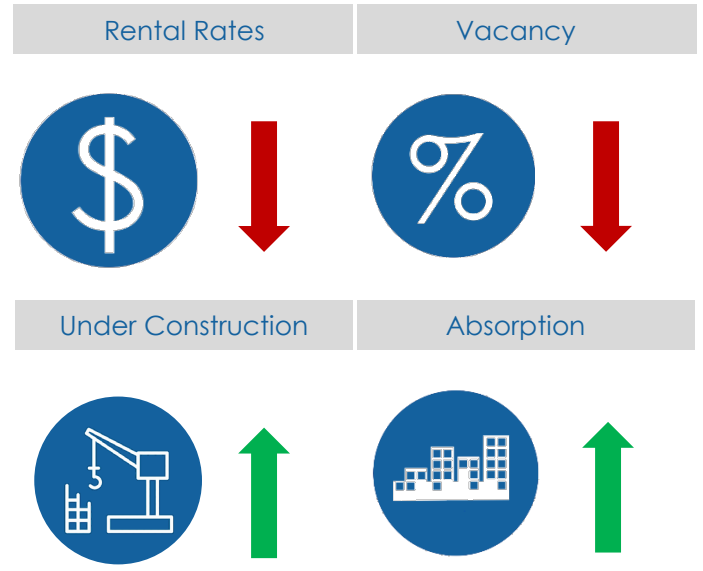
Market Insights:

The Plano Submarket ended the fourth quarter of 2020 with a vacancy rate of 18.96%. The vacancy rate decreased from the previous quarter, and the net absorption rate over the last 12 months is 382,617 SF at the end of Q4 2020.

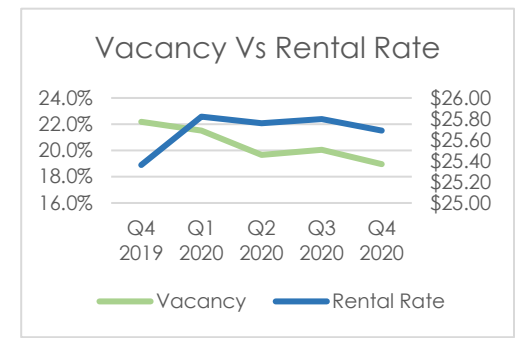
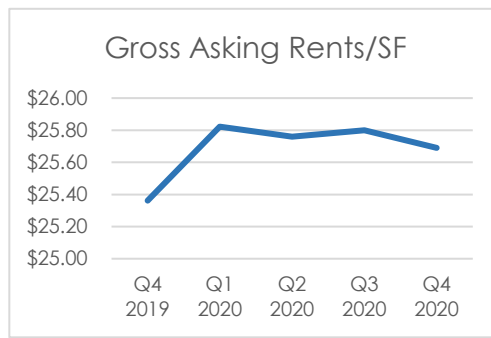
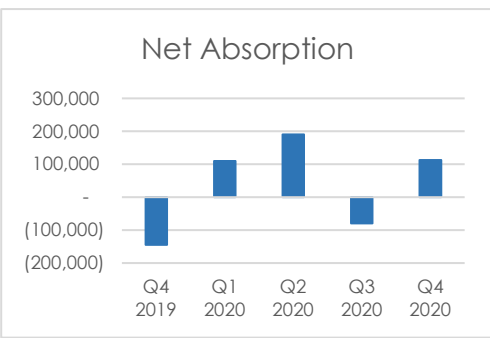
Rental rates ended the fourth quarter at \$25.69/SF across all classes, decreasing from \$25.80/SF in the previous quarter. Year-to-date new construction deliveries are at 55,591 SF, and there is currently 56,100 SF under construction in the submarket.

The Plano Submarket encompasses east Plano, and most of its office inventory is along the North Central Expressway or President George Bush Turnpike. The submarket's inventory is mainly Class B, which is reminiscent of office stock in submarkets like Lewisville and HEB/Mid-Cities. Annual rent growth has been mostly flat at -0.2%. Texas Instruments' old campus, which underwent a \$100 Million redo and is now marketed as Legacy Central. Legacy Central is adding apartments and retail components along with renovated office buildings. While Legacy Central is still mostly vacant, it has seen some leasing momentum of late, signing firms like Samsung and Peloton to significant deals.

Q4 2020 vs Q3 2020



	Inventory	Total Vacancy SF	Vacancy Rate	12 Month Net Absorption	12 Month Deliveries	Under Construction	Rates - All Classes
Plano	10,275,582 SF	1,948,040 SF	18.96%	382,617 SF	55,591 SF	56,100 SF	\$25.69/SF
Dallas/Fort Worth Total	262,654,212 SF	48,483,528 SF	17.6%	-3,226,460 SF	1,777,546 SF	4,971,091 SF	\$29.22/SF



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Richardson | Q4 2020

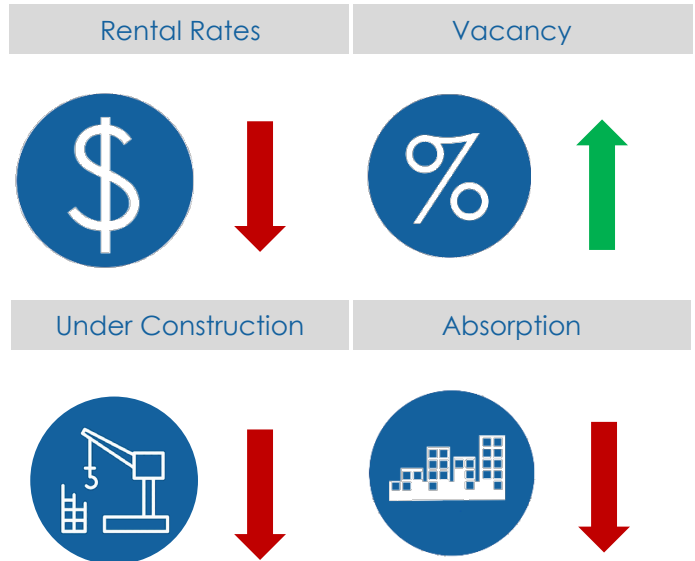
Market Insights:

The Richardson Submarket ended the fourth quarter of 2020 with a vacancy rate of 17.50%. The vacancy rate increased from the previous quarter, and the net absorption rate over the last 12 months is -291,170 SF at the end of Q4 2020.

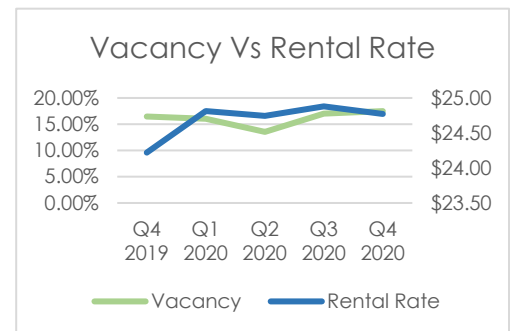
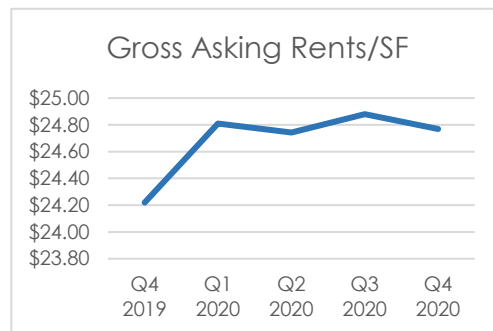
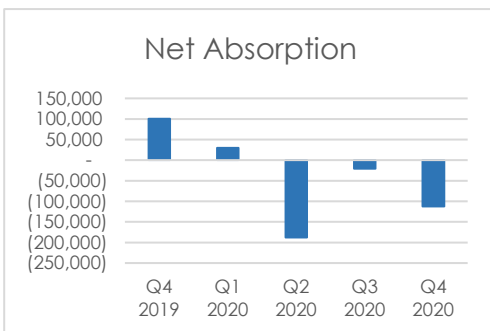
Rental rates ended the fourth quarter at \$24.77/SF across all classes, decreasing from \$24.88/SF in the previous quarter. Year-to-date new construction deliveries are at 15,000 SF, and there is currently 9,490 SF under construction in the submarket.

Richardson is the home of the Telecom Corridor, which contains a number of the world's largest telecom companies: Texas Instruments, Cisco, and Fujitsu Network Communications, to name a few. Despite the moniker, Richardson has a diverse tenant base, with healthcare and insurance firms taking up a large portion of the submarket's office space. The submarket provides a highly talented labor force to draw from, with 58% of the population holding a bachelor's degree or higher.

Q4 2020 vs Q3 2020



	Inventory	Total Vacancy SF	Vacancy Rate	12 Month Net Absorption	12 Month Deliveries	Under Construction	Rates - All Classes
Richardson	23,241,874 SF	4,066,760 SF	17.50%	-291,170 SF	15,000 SF	9,490 SF	\$24.77/SF
Dallas/Fort Worth Total	262,654,212 SF	48,483,528 SF	17.6%	-3,226,460 SF	1,777,546 SF	4,971,091 SF	\$29.22/SF



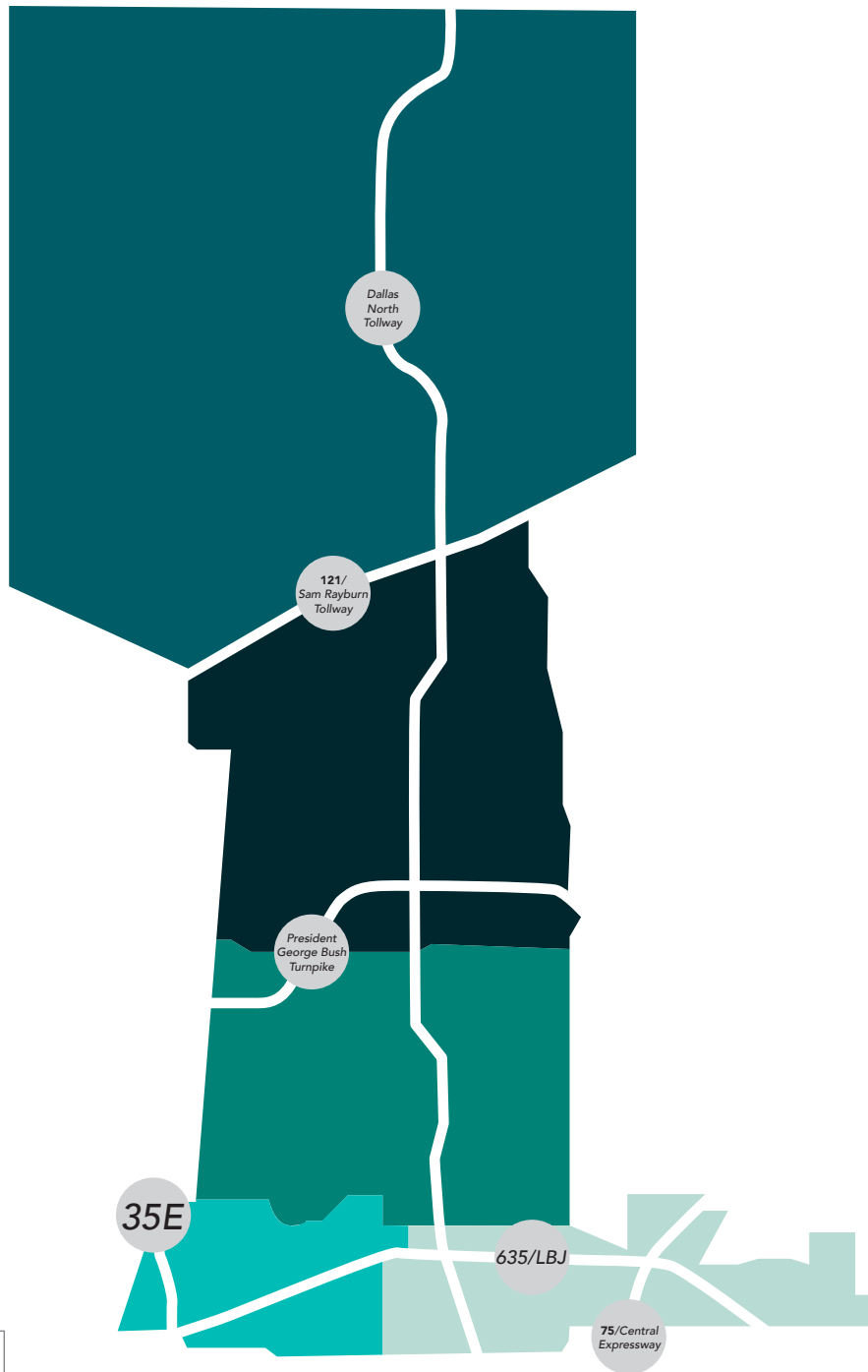
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Far North Dallas



Legend

-  Frisco/The Colony
-  Upper Tollway/West Plano
-  Quorum/Bent Tree
-  West LBJ Freeway
-  East LBJ Freeway



Frisco / The Colony | Q4 2020

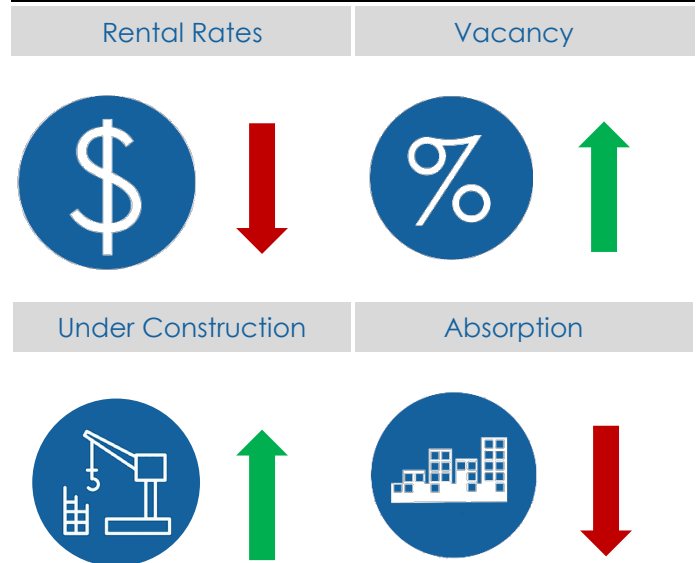
Market Insights:

The Frisco / The Colony Submarket ended the fourth quarter of 2020 with a vacancy rate of 13.87%. The vacancy rate increased from the previous quarter, and the net absorption rate over the last 12 months is 157,861 SF at the end of Q4 2020.

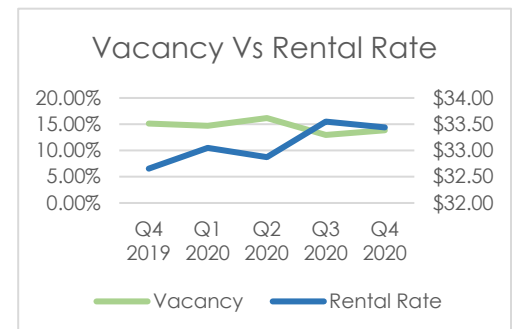
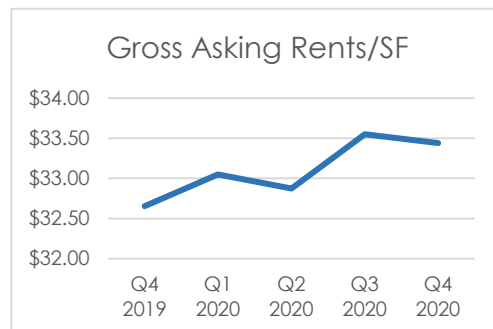
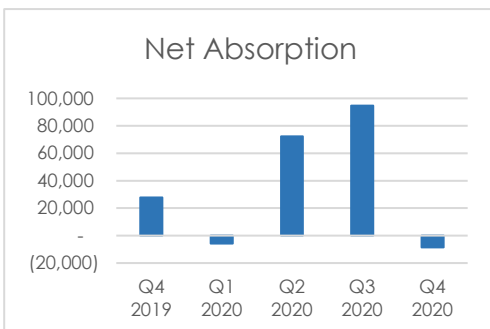
Rental rates ended the fourth quarter at \$33.44/SF across all classes, decreasing from \$33.55/SF in the previous quarter. Year-to-date new construction deliveries are at 21,760 SF, and there is currently 1,014,061 SF under construction in the submarket.

Frisco/The Colony is a rapidly growing suburban submarket in the metroplex. In 2000, the submarket's office inventory was less than 700,000 SF, but today it is 8.7 Million SF. Office inventory isn't the only thing that has seen rapid growth. Frisco is consistently ranked as one of the most desirable cities to live in by various publications and is one of the fastest-growing towns in the country. The majority of the submarket's office product is located just off the Dallas North Tollway, more than 2 Million SF of which is in the 162-acre Hall Park. Hall Park is still expanding, and other projects along the corridor could deliver up to 20 Million SF of office space at full build-out.

Q4 2020 vs Q3 2020



	Inventory	Total Vacancy SF	Vacancy Rate	12 Month Net Absorption	12 Month Deliveries	Under Construction	Rates - All Classes
Frisco / The Colony	8,608,074 SF	1,193,611 SF	13.87%	157,861 SF	21,760 SF	1,014,061 SF	\$33.44/SF
Dallas/Fort Worth Total	262,654,212 SF	48,483,528 SF	17.6%	-3,226,460 SF	1,777,546 SF	4,971,091 SF	\$29.22/SF



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Upper Tollway / West Plano | Q4 2020

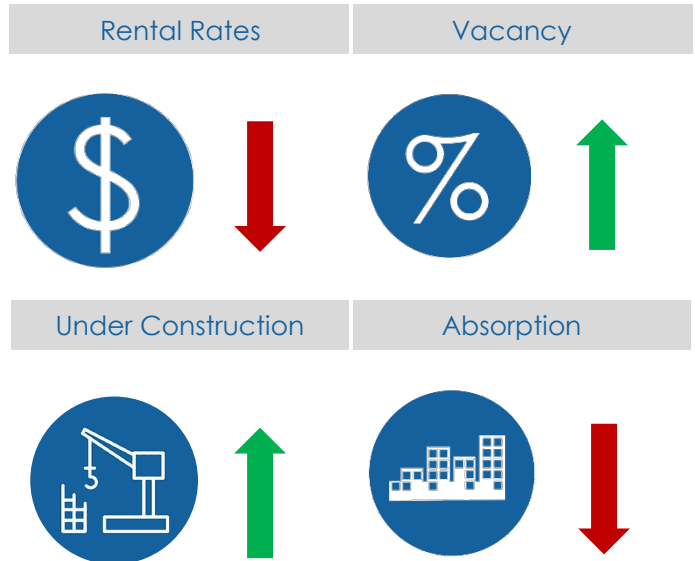
Market Insights:

The Upper Tollway / West Plano Submarket ended the fourth quarter of 2020 with a vacancy rate of 17.82%. The vacancy rate increased from the previous quarter, and the net absorption rate over the last 12 months is -140,945 SF at the end of Q4 2020.

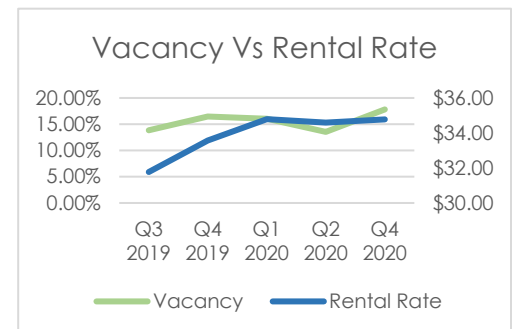
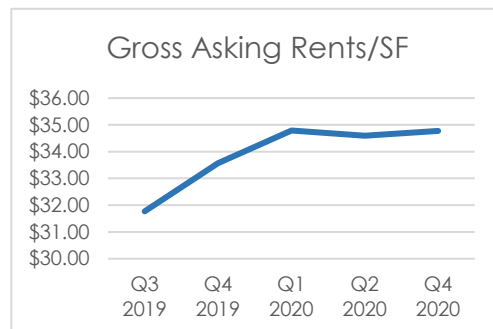
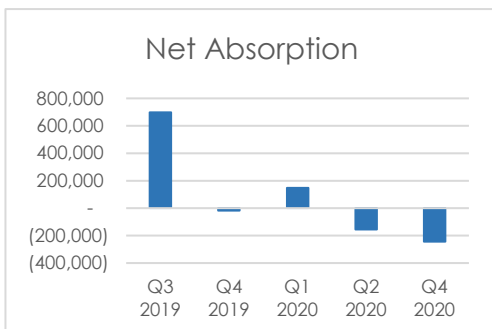
Rental rates ended the fourth quarter at \$34.77/SF across all classes, decreasing from \$34.87/SF in the previous quarter. Year-to-date new construction deliveries are at 703,820 SF, and there is currently 1,268,062 SF under construction in the submarket.

Upper Tollway/West Plano has emerged as one of the most dynamic office submarkets in Dallas-Fort Worth. The area has some of the newest office stock in the metro. Companies located here have access to a deep and well-educated labor pool. Also drawing new tenants is the abundance of land suitable for large campuses and high-end retail in the area. Furthermore, both the state and the City of Plano have shown a willingness to dole out generous incentives for companies looking to relocate to or expand here.

Q4 2020 vs Q3 2020



	Inventory	Total Vacancy SF	Vacancy Rate	12 Month Net Absorption	12 Month Deliveries	Under Construction	Rates - All Classes
Upper Tollway / West Plano	35,175,270 SF	6,267,244 SF	17.82%	-140,945 SF	703,820 SF	1,268,062 SF	\$34.77/SF
Dallas/Fort Worth Total	262,654,212 SF	48,483,528 SF	17.6%	-3,226,460 SF	1,777,546 SF	4,971,091 SF	\$29.22/SF



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Quorum / Bent Tree | Q4 2020

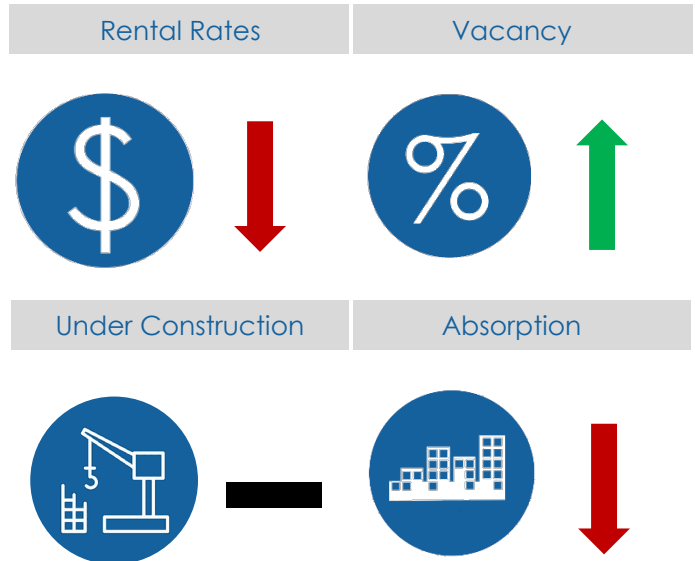
Market Insights:

The Quorum / Bent Tree Submarket ended the fourth quarter of 2020 with a vacancy rate of 20.76%. The vacancy rate increased from the previous quarter, and the net absorption rate over the last 12 months is -72,134 SF at the end of Q4 2020.

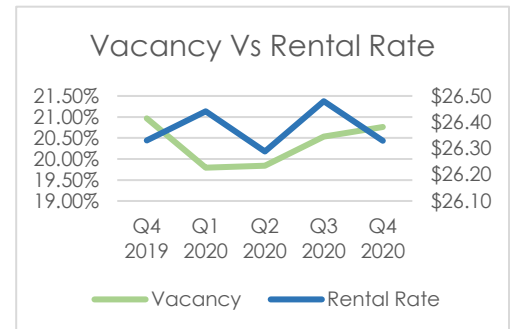
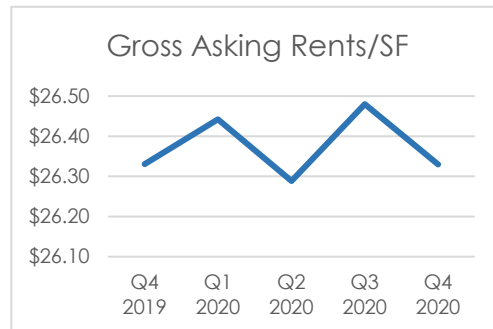
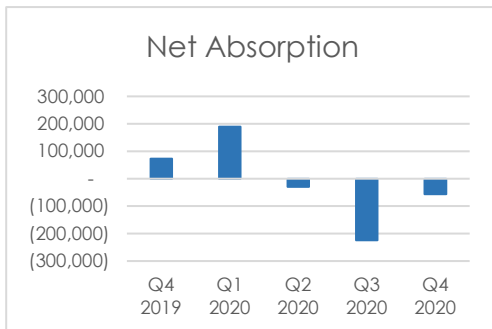
Rental rates ended the fourth quarter at \$26.33/SF across all classes, decreasing from \$26.48/SF in the previous quarter. Year-to-date new construction deliveries are at -22,061 SF, and there is currently 0 SF under construction in the submarket.

Situated along the Dallas North Tollway between the LBJ Freeway and President George Bush Turnpike, with 24.3 million SF of inventory, it is one of the metroplex's primary office nodes. Its location allows tenants to tap into the highly educated workforce that resides to the south in Uptown and the Park Cities as well as to the north in Plano and Frisco. Occupancies have taken a major hit in recent years, but most of that was due to JPMorgan Chase and Fannie Mae moving to new build-to-suits in Upper Tollway/West Plano. The submarket has experienced -260,000 absorption the last 12 months.

Q4 2020 vs Q3 2020



	Inventory	Total Vacancy SF	Vacancy Rate	12 Month Net Absorption	12 Month Deliveries	Under Construction	Rates - All Classes
Quorum / Bent Tree	24,391,697 SF	5,064,280 SF	20.76%	-72,134 SF	-22,061 SF	0 SF	\$26.33/SF
Dallas/Fort Worth Total	262,654,212 SF	48,483,528 SF	17.6%	-3,226,460 SF	1,777,546 SF	4,971,091 SF	\$29.22/SF



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West LBJ Freeway | Q4 2020

Market Insights:

The West LBJ Freeway Submarket ended the fourth quarter of 2020 with a vacancy rate of 20.76%. The vacancy rate increased from the previous quarter, and the net absorption rate over the last 12 months is -118,273 SF at the end of Q4 2020.

Rental rates ended the fourth quarter at \$20.49/SF across all classes, decreasing from \$20.61/SF in the previous quarter. There were no new construction deliveries in Q4 2020, and there is currently no construction in the submarket.

Healthy leasing activity prior to the pandemic-induced recession pushed vacancy rates lower in West LBJ Freeway throughout the last decade. However, at 22.3% vacancies are back on the rise, as the submarket has experienced -290,000 SF of net absorption over the last 12 months. Anemic rent growth is being felt throughout the submarket, especially among Class B buildings. However, if demand improves, rent growth could stand to pick up once again, since the submarket is unlikely to see new supply anytime soon.

Q4 2020 vs Q3 2020

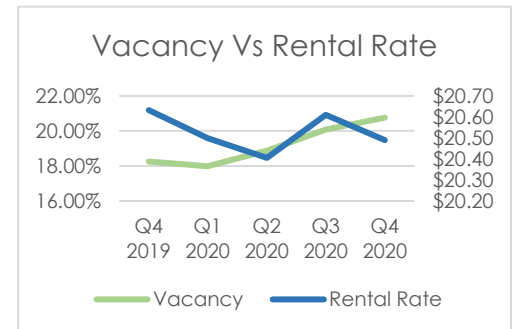
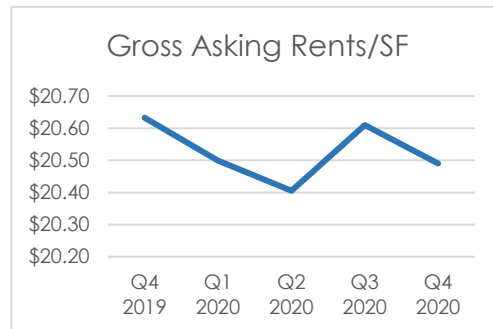
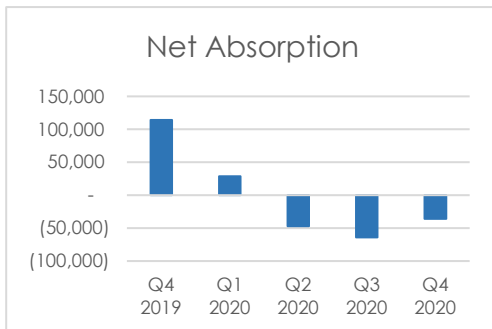
Rental Rates Vacancy



Under Construction Absorption



	Inventory	Total Vacancy SF	Vacancy Rate	12 Month Net Absorption	12 Month Deliveries	Under Construction	Rates - All Classes
West LBJ Freeway	5,301,662 SF	1,100,741 SF	20.76%	-118,273 SF	0 SF	0 SF	\$20.49/SF
Dallas/Fort Worth Total	262,654,212 SF	48,483,528 SF	17.6%	-3,226,460 SF	1,777,546 SF	4,971,091 SF	\$29.22/SF



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East LBJ Freeway | Q4 2020

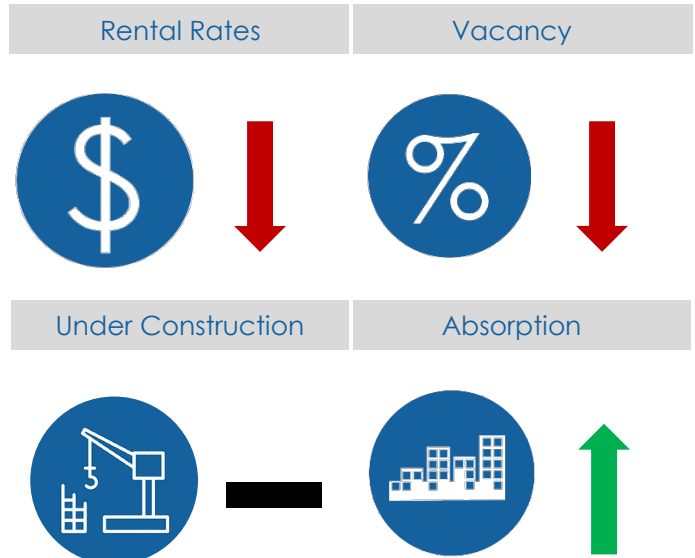
Market Insights:

The East LBJ Freeway Submarket ended the fourth quarter of 2020 with a vacancy rate of 21.49%. The vacancy rate decreased from the previous quarter, and the net absorption rate over the last 12 months is -3,983 SF at the end of Q4 2020.

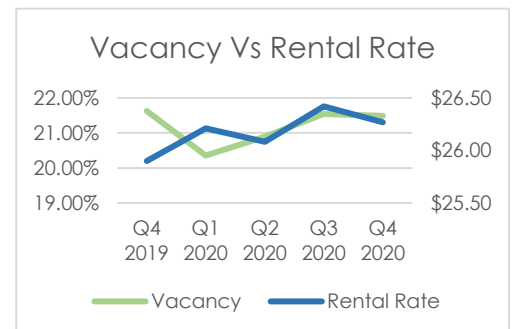
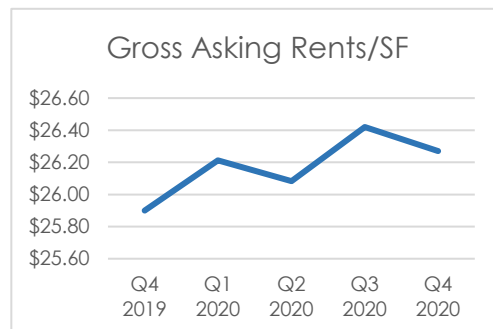
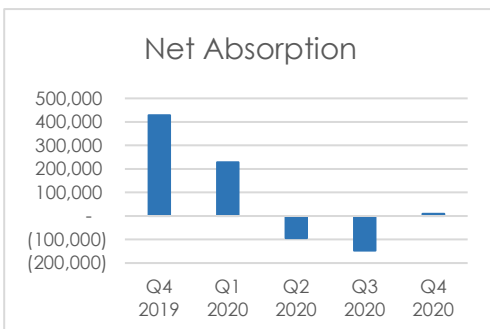
Rental rates ended the fourth quarter at \$26.27/SF across all classes, decreasing from \$26.42/SF in the previous quarter. There were no new construction deliveries in Q4 2020, and there is currently 107,000 SF under construction in the submarket.

The East LBJ Freeway Submarket is one of the smallest submarkets by land area but one of the densest in the metroplex, ranking in the top five for total office inventory. The average building size in the submarket is over 100,000 SF, the 3rd largest in the market. Most tenants here are finance, insurance, real estate or business services. Although more than half the stock here is rated Class A, most of that stock is 80's era inventory. Therefore, top-of-the-line properties are more competitive with assets in Preston Center, Central Expressway or Quorum/Bent Tree rather than the newer properties in Uptown or Upper Tollway/West Plano.

Q4 2020 vs Q3 2020



	Inventory	Total Vacancy SF	Vacancy Rate	12 Month Net Absorption	12 Month Deliveries	Under Construction	Rates - All Classes
East LBJ Freeway	17,643,938 SF	3,791,265 SF	21.49%	-3,983 SF	0 SF	107,000 SF	\$26.27/SF
Dallas/Fort Worth Total	262,654,212 SF	48,483,528 SF	17.6%	-3,226,460 SF	1,777,546 SF	4,971,091 SF	\$29.22/SF



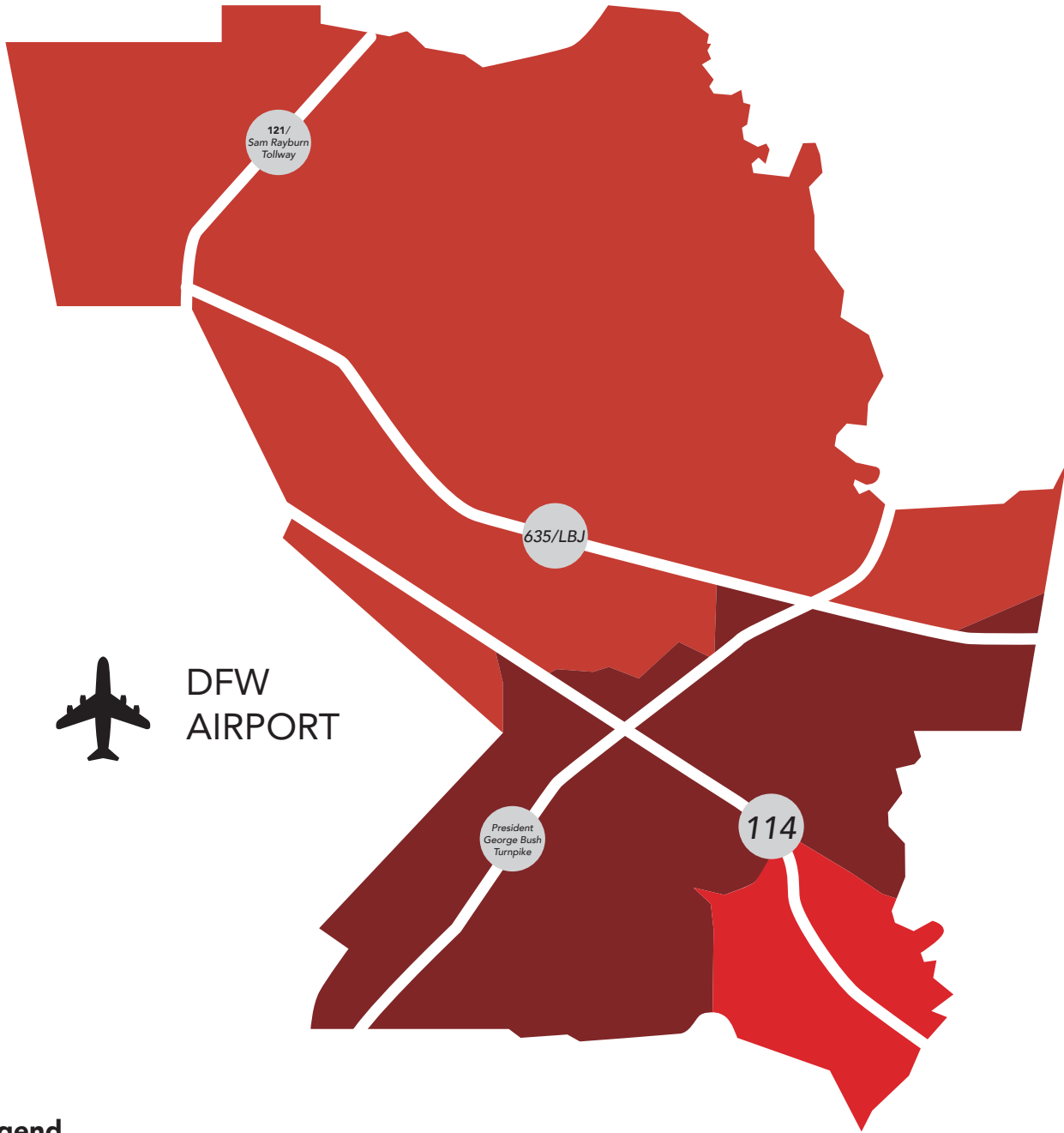
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Las Colinas Office Market



Legend

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



DFW Freeport / Coppell | Q4 2020

Market Insights:

The DFW Freeport / Coppell Submarket ended the fourth quarter of 2020 with a vacancy rate of 18.07%. The vacancy rate decreased from the previous quarter, and the net absorption rate over the last 12 months is -337,515 SF at the end of Q4 2020.

Rental rates ended the fourth quarter at \$25.57/SF across all classes, decreasing from \$25.69/SF in the previous quarter. Year-to-date new construction deliveries are at 735,786 SF, and there is currently 575,877 SF under construction in the submarket.

Like everywhere else in the metroplex, DFW Freeport/Coppell is feeling the weight from the pandemic-induced recession. Leasing activity in 2020 is marked by negative net-absorption and rent growth has slowed through Q4 2020. Compounded by supply-side pressure, vacancy rates have ticked higher through Q4 2020. Vacancies have remained below average in recent years despite significant supply additions. This trend will persist as most projects underway are already accounted for. Rent growth has slightly outpaced the metro average in recent quarters, with rents in Class A buildings leading the way.

Q4 2020 vs Q3 2020

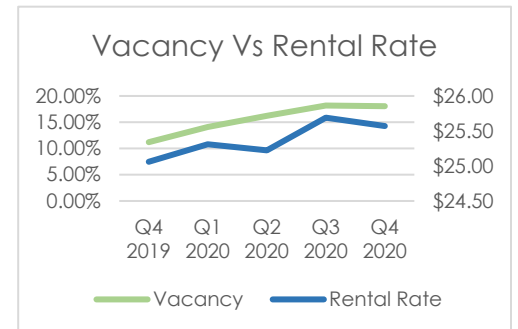
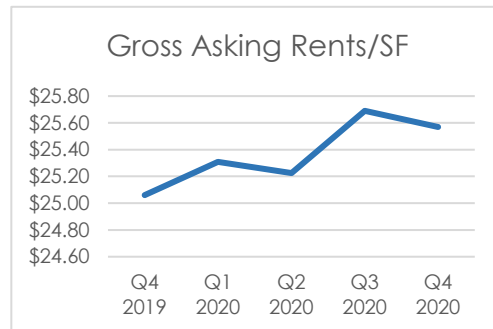
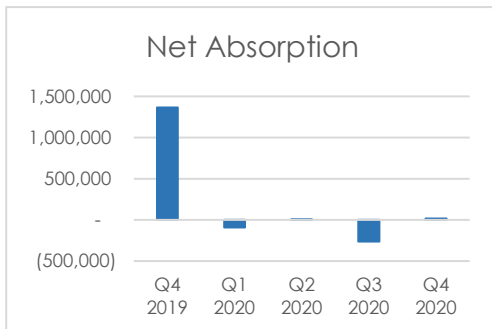
Rental Rates Vacancy



Under Construction Absorption



	Inventory	Total Vacancy SF	Vacancy Rate	12 Month Net Absorption	12 Month Deliveries	Under Construction	Rates - All Classes
DFW Freeport / Coppell	16,166,542 SF	2,921,721 SF	18.07%	-337,515 SF	735,786 SF	575,877 SF	\$25.57/SF
Dallas/Fort Worth Total	262,654,212 SF	48,483,528 SF	17.6%	-3,226,460 SF	1,777,546 SF	4,971,091 SF	\$29.22/SF



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Office Center / West LBJ Ext | Q4 2020

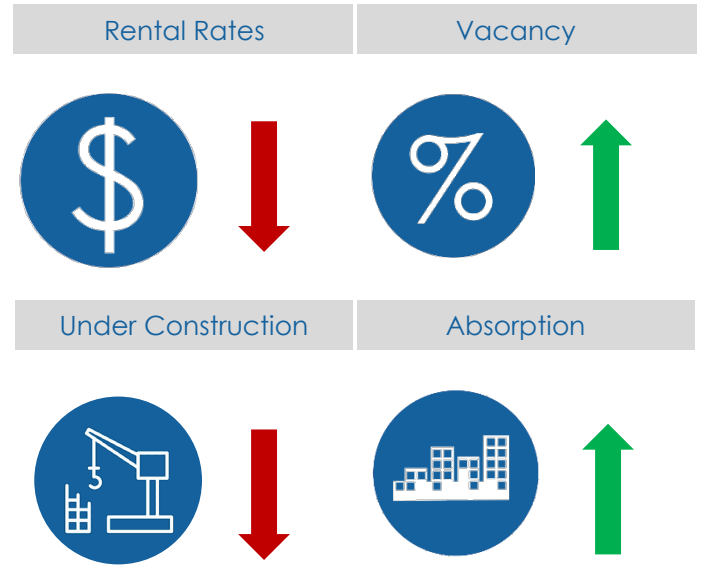
Market Insights:

The Office Center / West LBJ Ext Submarket ended the fourth quarter of 2020 with a vacancy rate of 17.09%. The vacancy rate increased from the previous quarter, and the net absorption rate over the last 12 months is -625,870 SF at the end of Q4 2020.

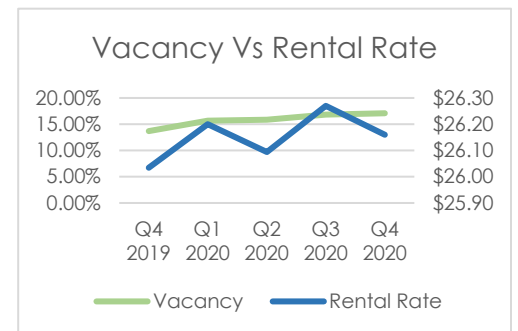
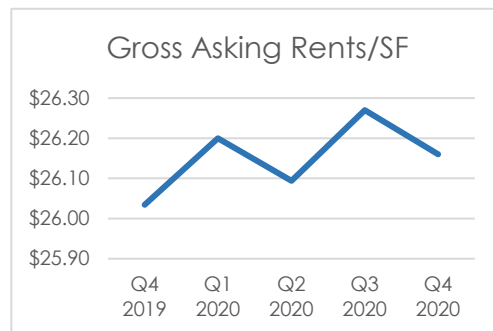
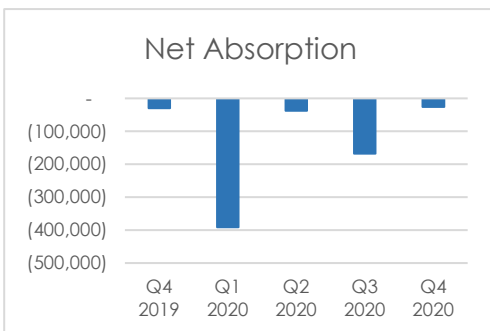
Rental rates ended the fourth quarter at \$26.16/SF across all classes, decreasing from \$26.27/SF in the previous quarter. Year-to-date new construction deliveries are at 37,228 SF, and there is currently 14,850 SF under construction in the submarket.

The Office Center/West LBJ Submarket constitutes the northern portion of Las Colinas and is a few minutes east of the D/FW International Airport. Due to its proximity to the airport and its highway access, this submarket has remained a popular destination for major corporations. The area is touted as the Metroplex's Corner office, with 53 Fortune 500 corporations and global headquarters for seven Fortune 500 companies. The office product here caters to larger tenants, and the average building is bigger than 100,000 SF. The tenant mix mostly includes retailers, telecommunications companies, and financial services firms.

Q4 2020 vs Q3 2020



	Inventory	Total Vacancy SF	Vacancy Rate	12 Month Net Absorption	12 Month Deliveries	Under Construction	Rates - All Classes
Office Center / West LBJ Ext	18,061,179 SF	3,086,113 SF	17.09%	-625,870 SF	37,228 SF	14,850 SF	\$26.16/SF
Dallas/Fort Worth Total	262,654,212 SF	48,483,528 SF	17.6%	-3,226,460 SF	1,777,546 SF	4,971,091 SF	\$29.22/SF



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Urban Center / Wingren | Q4 2020

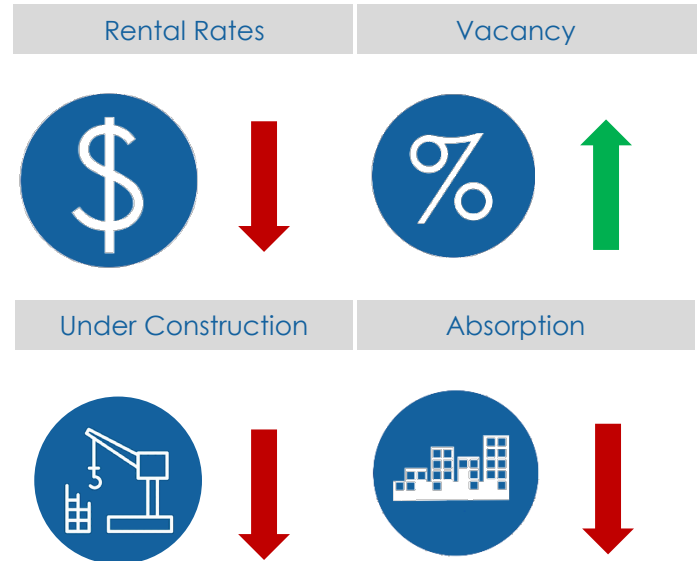
Market Insights:

The Urban Center / Wingren Submarket ended the fourth quarter of 2020 with a vacancy rate of 21.35%. The vacancy rate increased from the previous quarter, and the net absorption rate over the last 12 months is -555,003 SF at the end of Q4 2020.

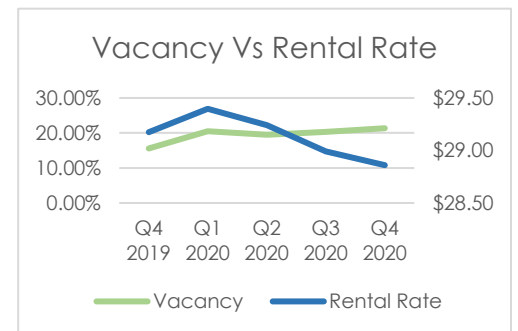
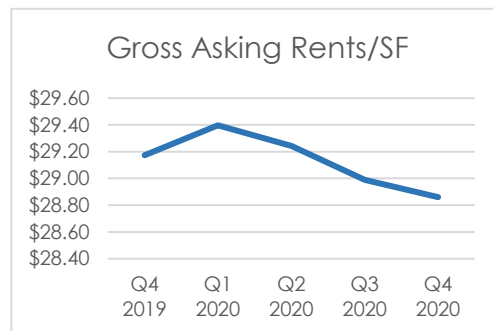
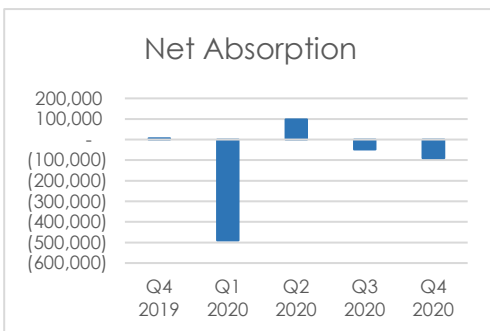
Rental rates ended the fourth quarter at \$28.86/SF across all classes, decreasing from \$28.99/SF in the previous quarter. Year-to-date new construction deliveries are at 54,957 SF, and there is currently 2,089 SF under construction in the submarket.

In Urban Center/Wingren, nearly 75% of the buildings are considered Class A. This has helped bolster rents; at \$29.00/SF, they are well above many of the neighboring suburbs of DFW/Freeport/Coppell, Office Center/West LBJ & Stemmons Freeway. Many of the premier buildings have asking rents of \$35.00 - \$40.00/SF. Looking forward, the connectivity provided by the airport, a highly educated labor force to draw from, and a solid stable of existing tenants make the area of the premier suburban office landscapes in the metroplex.

Q4 2020 vs Q3 2020



	Inventory	Total Vacancy SF	Vacancy Rate	12 Month Net Absorption	12 Month Deliveries	Under Construction	Rates - All Classes
Urban Center / Wingren	9,935,134 SF	2,121,468 SF	21.35%	-555,003 SF	54,957 SF	2,089 SF	\$28.86/SF
Dallas/Fort Worth Total	262,654,212 SF	48,483,528 SF	17.6%	-3,226,460 SF	1,777,546 SF	4,971,091 SF	\$29.22/SF



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Fort Worth CBD



Ft Worth CBD | Q4 2020

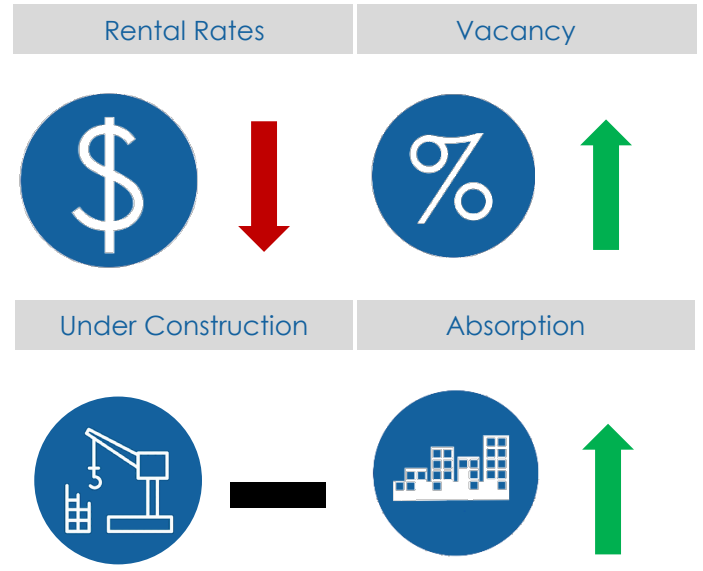
Market Insights:

The Ft Worth CBD Submarket ended the fourth quarter of 2020 with a vacancy rate of 15.0%. The vacancy rate increased from the previous quarter, and the net absorption rate over the last 12 months is -219,460 SF at the end of Q4 2020.

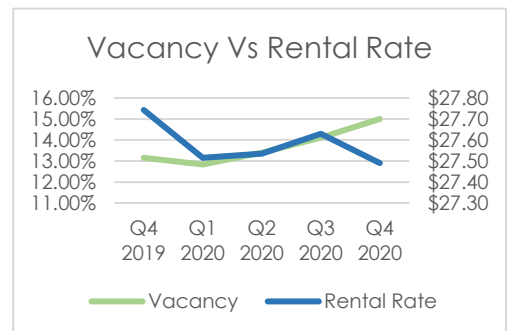
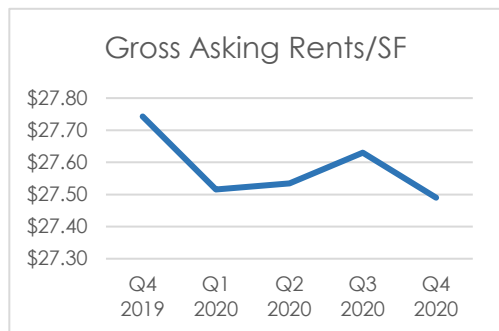
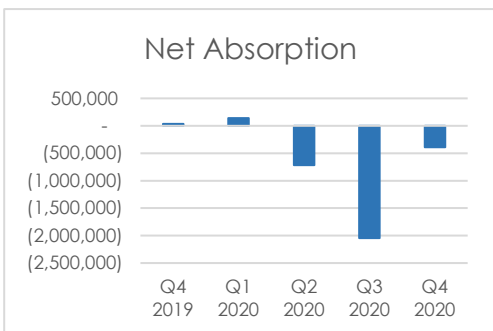
Rental rates ended the fourth quarter at \$27.49/SF across all classes, decreasing from \$27.63/SF in the previous quarter. Year-to-date new construction deliveries are at -116,534 SF, and there is currently no construction in the submarket.

The Fort Worth CBD is home to a heavy concentration of energy companies, leaving it exposed to the effects of energy price swings. The good news is that at 18.0%, vacancies are below the metro average and have remained relatively stable. Frost Tower, which opened in early 2018, was about 75% leased in early 2021, and boasts the highest rents in downtown Fort Worth at \$40.00/SF – well above average rents. While rent growth has slowed compared to a decade ago, rents have remained positive at 0.5%. Weak rent growth may persist in the coming months, as the submarket deals with the economic and social fallout stemming from the recession and pandemic.

Q4 2020 vs Q3 2020



	Inventory	Total Vacancy SF	Vacancy Rate	12 Month Net Absorption	12 Month Deliveries	Under Construction	Rates - All Classes
Ft Worth CBD	11,605,038 SF	1,740,869 SF	15.0%	-219,460 SF	-116,534 SF	0 SF	\$27.49/SF
Dallas/Fort Worth Total	262,654,212 SF	48,483,528 SF	17.6%	-3,226,460 SF	1,777,546 SF	4,971,091 SF	\$29.22/SF



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