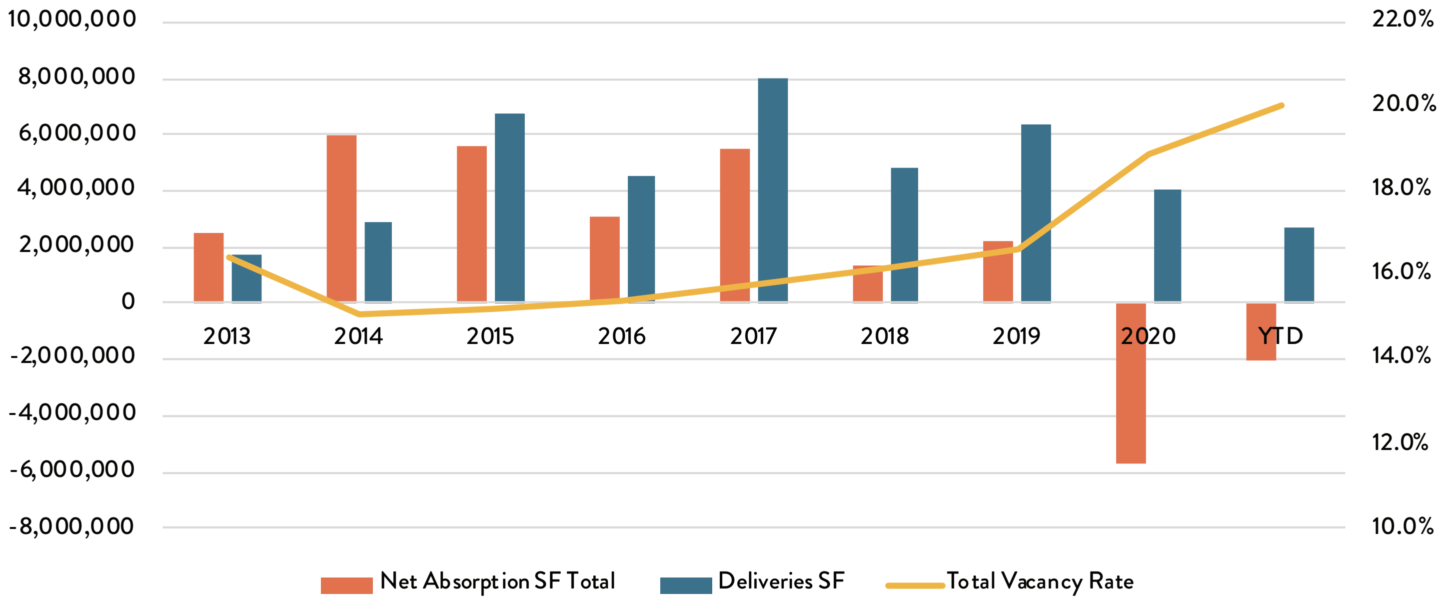
DALLAS/FORT WORTH OFFICE MARKET FUNDAMENTALS 3Q21



OFFICE MARKET CONDITIONS

Overall quarterly net absorption moved into positive territory for the first time since 2019, as two built-to-suits by JPMorgan Chase (phase 2) and Keurig Dr Pepper both in Far North Dallas resulted in strong positive net absorption, but additional vacant sublease space kept the total net absorption number relatively flat for the quarter. For the third quarter, Class A was strongly positive, recording 660,940 square feet of total net absorption, while Class B and Class C were both negative, -538,753 square feet and -107,048 square feet, respectively.

	TOTAL VACANCY	SUBLEASE SPACE	NET ABSORPTION	COMPLETIONS	UNDER CONSTRUCTION	AVERAGE ASKING RATES (FSG)
1Q21	19.6%	9,026,404 SF	-1,746,980 SF	359,295 SF	6,288,402 SF	$27.30
2Q21	20.0%	9,068,631 SF	-282,281 SF	1,110,441 SF	6,368,686 SF	$27.53
3Q21	20.0%	8,999,921 SF	15,139 SF	1,270,977 SF	5,780,900 SF	$26.90

Overall with nearly 1.3 million square feet of new deliveries and minimal positive net absorption, the total vacancy rate remained unchanged at 20.0%. With another 5.8 million square feet underway (2 million of which is scheduled for delivery in before the end of 2021), the total vacancy rate is expected to increase slightly in the fourth quarter of 2021.

For the first time this cycle, average asking rates have decreased for both direct and sublease space. Even with the decrease, rates are up slightly year over year. Overall, the total weighted average asking rate is $26.90 (FSG), which is up $0.18 from the third quarter of 2020.

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SELECT SUBMARKETS	INVENTORY		VACANCY		NET ABSORPTION		COMPLETIONS		UNDER CONSTRUCTION	ASKING RENT
	# of Bldgs.	Total SF	Total SF	Rate	Current Quarter	YTD	Current Quarter	YTD	At End of Current Quarter	Wtd. Avg. (FSG)
Central Expressway	99	11,915,708	2,389,518	20.10%	9,927	-227,687	0	30,000	0	$31.09
Dallas CBD	94	32,430,714	8,529,981	26.30%	73,755	-401,137	224,370	224,370	60,230	$26.01
East Dallas	141	5,929,596	793,858	13.40%	24,790	103,306	0	372,741	472,495	$28.35
Far North Dallas	439	58,656,535	13,891,427	23.70%	603,043	276,595	924,000	1,595,750	933,992	$31.67
Fort Worth CBD	70	10,020,799	1,783,649	17.80%	-58,690	-143,823	0	0	0	$27.67
Las Colinas	300	41,858,052	8,755,222	20.90%	-332,995	-765,279	0	261,805	906,000	$25.82
LBJ Freeway	149	19,372,942	4,515,600	23.30%	-249,112	-442,890	0	0	0	$23.91
Lewisville/Denton	129	5,650,962	860,708	15.20%	-287,671	-297,420	23,835	23,835	79,412	$24.33
Mid-Cities	373	25,050,375	3,094,750	12.40%	182,680	256,823	0	32,058	806,998	$23.28
North Fort Worth	51	3,744,460	119,781	3.20%	7,554	3,648	0	20,000	54,000	$24.31
Northeast Fort Worth	52	3,809,734	266,243	7.00%	208,600	258,155	0	0	0	$20.77
Preston Center	52	5,863,423	687,614	11.70%	-30,799	-60,671	0	0	688,368	$38.17
Richardson/Plano	325	32,255,612	6,434,757	19.90%	-219,894	-208,564	98,772	130,240	652,717	$23.50
South Fort Worth	178	10,163,311	1,497,661	14.70%	-44,520	-69,929	0	21,600	30,000	$24.40
Southwest Dallas	75	3,734,134	563,852	15.10%	13,802	8,234	0	28,314	15,000	$23.06
Stemmons Freeway	117	9,239,143	2,061,657	22.30%	100,039	58,509	0	0	65,000	$19.93
Uptown/Turtle Creek	103	15,071,715	2,564,308	17.00%	14,630	-361,992	0	0	1,016,688	$41.11
TOTAL	**2,747**	**294,767,215**	**58,810,586**	**20.00%**	**15,139**	**-2,014,122**	**1,270,977**	**2,740,713**	**5,780,900**	**$26.90**
CLASS A	575	161,111,793	35,437,234	22.00%	660,940	586,032	1,114,370	2,350,853	5,395,751	$30.96
CLASS B	1,684	117,389,183	21,820,637	18.60%	-538,753	-2,369,140	156,607	389,860	385,149	$22.23
CLASS C	488	16,266,239	1,552,715	9.50%	-107,048	-231,014	0	0	0	$18.62
TOTAL DFW	**2,747**	**294,767,215**	**58,810,586**	**20.00%**	**15,139**	**-2,014,122**	**1,270,977**	**2,740,713**	**5,780,900**	**$26.90**

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