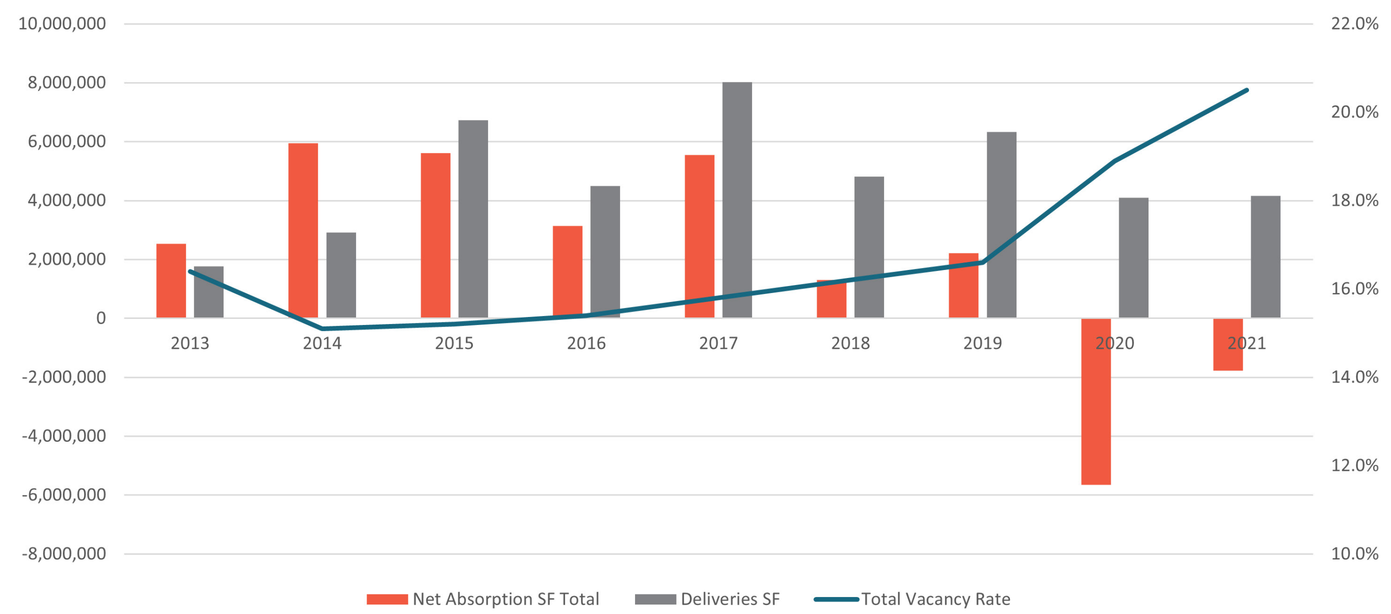
DALLAS-FORT WORTH OFFICE MARKET FUNDAMENTALS 4Q21



OFFICE MARKET CONDITIONS

Demand for office space picked up in the fourth quarter of the year with nearly 240,000 square feet of positive net absorption. The positive net absorption was largely concentrated in newer Class A properties, while absorption was negative for both Class B and C properties for both the quarter and the year as a whole.

In the fourth quarter, Class A was strongly positive, recording 476,216 square feet of total net absorption, while Class B and Class C were negative, -219,433 SF and -19,304 SF, respectively.

Despite positive net absorption, the total vacancy rate increased to 20.5% due to the completion of over 1.4 million square feet of space for the quarter. With another 5.5 million square feet underway (44% is accounted for through built-to-suits and pre-leasing), the total vacancy rate is expected to increase slightly over the next few quarters.

Average asking rates have decreased $0.02 for the fourth quarter and $0.22 over the past year. Class A rates, however, have increased over the past year by $0.36.

	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	5,479,900 SF	$26.90
4Q21	20.5%	9,538,105 SF	237,479 SF	1,424,155 SF	5,479,397 SF	$26.88
2021 Total	20.5%	9,538,105 SF	-1,776,643 SF	4,164,868	5,479,397 SF	$26.88

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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	12,114,651	2,227,717	18.8%	160,186	-67,501	0	30,000	0	$31.15
Dallas CBD	94	33,813,321	8,888,270	26.3%	-122,521	-523,658	60,230	284,600	0	$26.08
East Dallas	141	6,388,666	873,999	13.7%	-24,106	79,200	0	372,741	472,495	$28.10
Far North Dallas	439	60,419,901	14,623,626	24.2%	-282,007	-5,412	200,000	1,785,750	985,992	$31.75
Fort Worth CBD	70	10,154,669	1,667,162	16.4%	22,564	-121,259	0	0	0	$27.75
Las Colinas	300	42,080,212	8,804,486	20.9%	-37,138	-802,417	0	261,805	1,161,146	$25.75
LBJ Freeway	149	19,848,321	4,975,755	25.1%	-118,787	-561,677	0	0	0	$24.15
Lewisville/Denton	129	7,421,112	1,152,012	15.5%	54,320	-243,100	40,000	63,835	39,412	$24.12
Mid-Cities	373	28,308,966	4,687,086	16.6%	392,603	649,426	452,551	484,609	415,947	$24.55
North Fort Worth	51	4,157,968	440,972	10.6%	-255,875	-252,227	0	20,000	54,000	$22.75
Northeast Fort Worth	52	3,904,859	315,664	8.1%	-49,421	208,734	0	0	0	$20.88
Preston Center	52	5,878,564	648,523	11.0%	39,091	-21,580	0	0	688,368	$38.29
Richardson/Plano	325	33,486,716	5,972,368	17.8%	435,464	226,900	0	130,240	1,023,123	$23.27
South Fort Worth	178	10,623,805	1,527,779	14.4%	-2,603	-72,532	15,296	36,896	30,000	$24.25
Southwest Dallas	75	3,937,091	512,340	13.0%	52,442	60,676	0	28,314	15,000	$23.08
Stemmons Freeway	117	10,306,085	2,840,003	27.6%	-148,130	-89,621	0	0	65,000	$19.93
Uptown/Turtle Creek	103	15,991,873	3,181,770	19.9%	121,397	-240,595	656,078	656,078	528,914	$41.19
TOTAL	**2747**	**308,836,690**	**63,389,532**	**20.5%**	**237,479**	**-1,776,643**	**1,424,155**	**4,164,868**	**5,479,397**	**$26.88**
Class A	575	166,675,788	38,627,857	23.2%	476,216	1,062,248	1,368,859	3,719,712	4,954,249	$30.89
Class B	1,684	124,853,362	23,059,728	18.5%	-219,433	-2,588,573	55,296	445,156	460,149	$22.47
Class C	488	17,307,540	1,701,947	9.8%	-19,304	-250,318	0	0	0	$18.50
TOTAL DFW	**2747**	**308,836,690**	**63,389,532**	**20.5%**	**237,479**	**-1,776,643**	**1,424,155**	**4,164,868**	**5,414,398**	**$26.88**

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