

Market Insights

Dallas/Fort Worth

Office

2Q

2019



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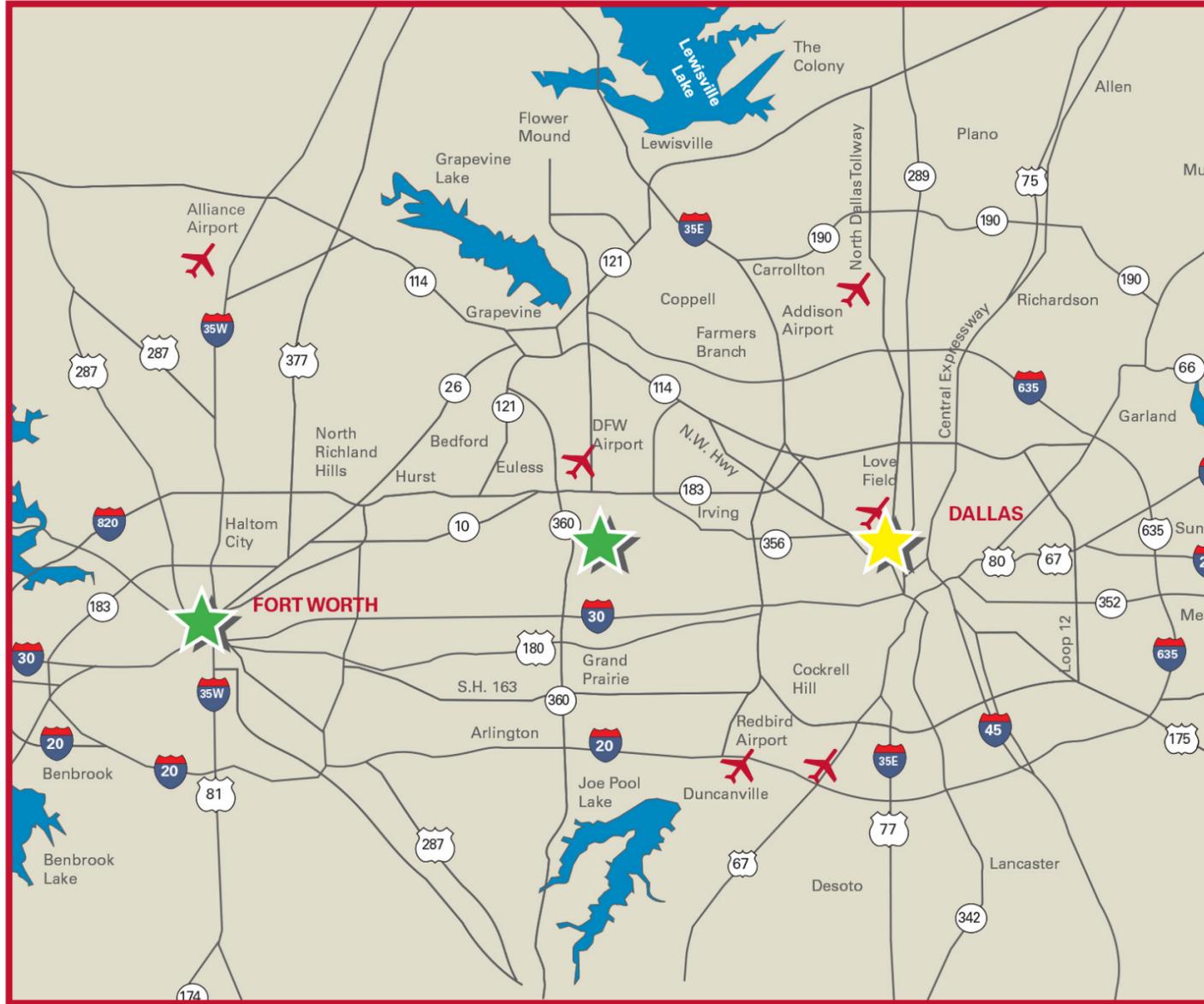
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DFW

OFFICE COVERAGE



★ Bradford Corporate Office
★ Bradford Field Offices

Binformed

OFFICE MARKET EXPERTS



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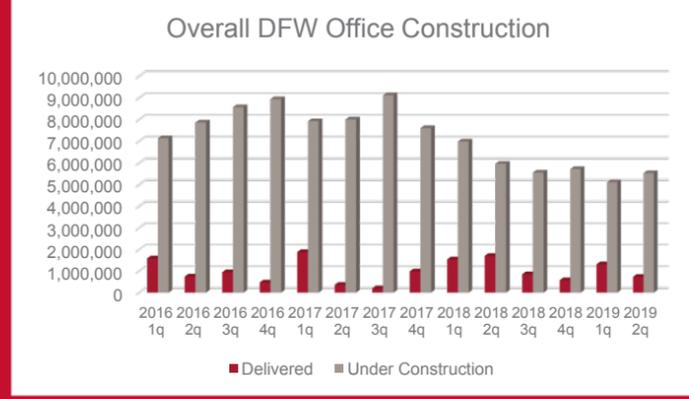
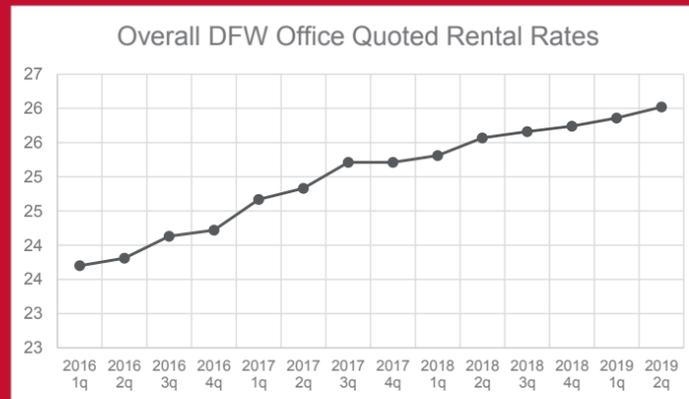
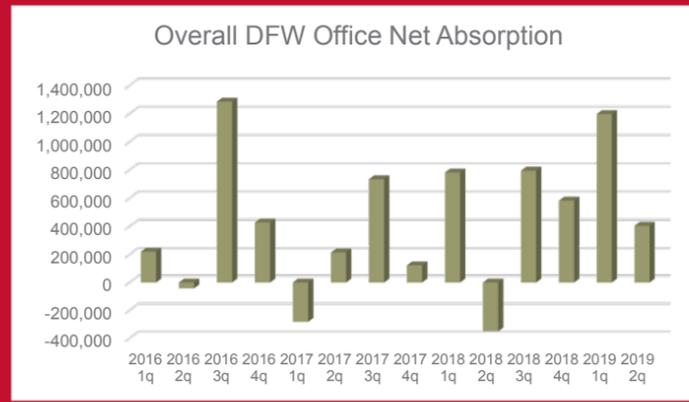
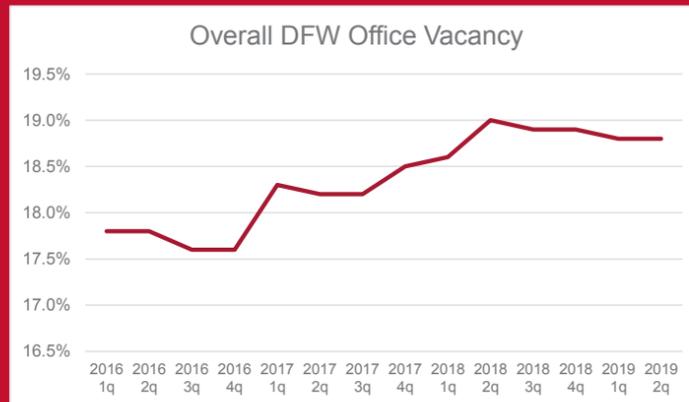


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Binformed OFFICE OVERALL MARKET INSIGHTS

CENTRAL EXPRESSWAY

SUBMARKET



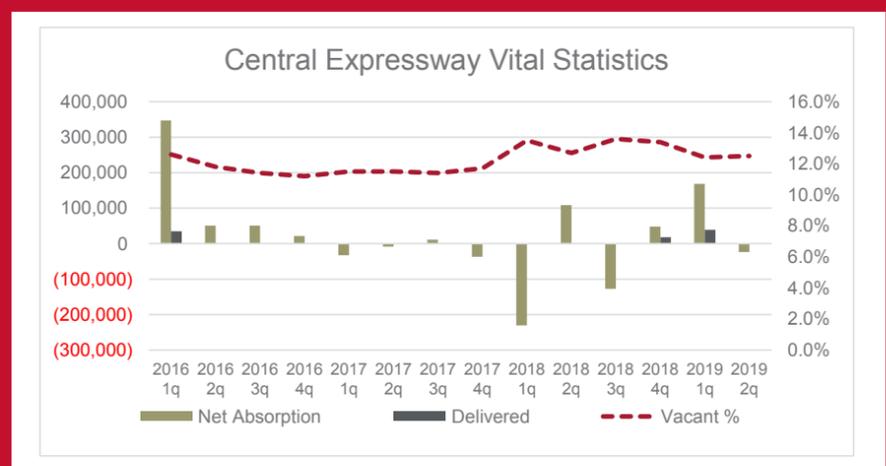
Central Expressway Overview

Though vacancies in Central Expressway have risen in recent quarters, they are still near all-time lows. With vacancies this low, landlords have pushed rents at one of the fastest rates in the metro over the past few quarters. The submarket is usually heavily traded and volume has picked up in the last twelve months with about \$326M in sales. However, a significant portion of recent volume was due to the sale of the 1.35 million-SF Cityplace Tower, the largest asset in the submarket.

Leasing

Fundamentals in Central Expressway are on firm footing. Vacancies have trended well below both the metro average and the submarket's historical average for a few years due to a lack of new supply and generally steady absorption in existing stock. With supply-side pressure unlikely, the biggest risk for this submarket is the prospect of tenants jumping ship for properties in premier urban submarkets like Uptown/Turtle Creek and Preston Center or suburban submarkets like Upper Tollway/West Plano.

Absorption	vs Previous Qtr	vs 12 Months Ago
(23,625)	168,099	108,491
Vacancy	vs Previous Qtr	vs 12 Months Ago
12.5%	12.4%	12.7%
U/C SF	vs Previous Qtr	vs 12 Months Ago
0	0	56,949
Delivered SF	vs Previous Qtr	vs 12 Months Ago
0	38,848	0
Quoted Rates	vs Previous Qtr	vs 12 Months Ago
30	29	29



DFW Office Statistics by Market

Market	Existing Inventory		Vacancy			Net Absorption	Deliveries	Under Const SF	Quoted Rates
	# Bids	Total RBA	Direct SF	Total SF	Vac %				
Central Expressway	115	13,076,687	1,603,453	1,639,970	12.5%	144,474	38,848	0	30
Dallas CBD	85	28,837,379	6,894,557	7,428,122	25.8%	-36,292	81,711	60,230	25
East Dallas	199	8,340,381	1,179,304	1,184,381	14.2%	102,725	294,820	112,890	25
Far North Dallas	483	52,430,758	9,933,346	10,951,210	20.9%	343,308	465,623	124,049	29
Ft Worth CBD	59	9,766,980	1,371,495	1,414,855	14.5%	-16,359	0	0	28
Las Colinas	299	36,081,702	6,197,057	6,692,399	18.5%	124,287	562,800	2,200,852	26
LBJ Freeway	169	21,517,151	4,766,973	5,019,876	23.3%	-50,932	0	0	22
Lewisville/Denton	169	7,823,174	1,076,694	1,093,435	14.0%	-169,550	63,226	232,327	23
Mid-Cities	423	22,000,304	3,803,139	3,896,884	17.7%	87,361	0	334,759	23
North Fort Worth	57	2,993,908	526,663	526,663	17.6%	-33,998	200,000	100,720	23
Northeast Ft Worth	52	3,645,267	646,897	646,897	17.7%	491,802	0	0	23
Preston Center	49	4,661,906	459,917	497,507	10.7%	-83,047	0	118,000	38
Richardson/Plano	381	32,005,203	5,857,683	6,098,393	19.1%	469,304	243,000	371,400	24
South Ft Worth	235	12,033,113	1,124,088	1,216,274	10.1%	-6,751	50,441	104,365	24
Southwest Dallas	88	3,669,055	275,940	278,521	7.6%	59,306	0	315,000	21
Stemmons Freeway	120	13,304,185	3,163,948	3,163,948	23.8%	60,742	0	17,946	17
Uptown/Turtle Creek	103	13,575,202	1,845,544	2,112,295	15.6%	114,581	34,762	321,098	40
Totals	3,086	285,762,355	50,726,698	53,861,630	18.8%	1,600,961	2,035,231	5,530,083	\$25.99

Movers & Shakers

Tenant	SF
MedVet	25,775
Texas Neurology	40,252
WorkSuites	29,530
Homecare, LLC	19,815
Powers Taylor, LLP	8,940
McDowell Ducker	9,880
Dallas Wellness	2,586

Building

11343 N. Central Expy
Twin Sixties
CBS Radio Tower
Three Energy Square
La Sierra Office Building
Meadow Park Tower
Uptown Tower

Largest Vacancies:

Cityplace Tower – 148,868 SF
8750 NorthPark Central – 117,235 SF
Walnut Glenn Tower – 90,426 SF

DALLAS CBD DISTRICT

SUBMARKET

EAST DALLAS

SUBMARKET

Dallas CBD District

Though vacancies in Central Expressway have risen in recent quarters, they are still near all-time lows. With vacancies this low, landlords have pushed rents at one of the fastest rates in the metro over the past few quarters. The submarket is usually heavily traded and volume has picked up in the last twelve months with about \$326M in sales. However, a significant portion of recent volume was due to the sale of the 1.35 million-SF Cityplace Tower, the largest asset in the submarket.

Leasing

Business services and financial firms have been migrating north into nearby Uptown/Turtle Creek for years, but the CBD has recently recaptured some momentum. One of the most recent speculative projects in the CBD and Uptown, 1900 Pearl (in the CBD) leased the fastest, at some of the highest asking rents in the urban core. Conversions to multifamily helped eat away at the submarket's sky-high vacancy rate earlier this cycle. Highlighting this trend is the project involving 1401 Elm, now known as The Drever. Before work began on converting the building to a mixed-use tower with multifamily, hotel, and retail components, the building was responsible for more than 1 million SF of vacant office space.

Increased multifamily development bodes well for the long-term future of the CBD's office base. The ongoing densification of Dallas's CBD cannot be understated. Since 2010, more than 3,000 apartment units have delivered in the CBD, representing about half of total inventory, and more than 1,000 more are under construction. The increase in residents is spurring retail-space activity, which should enhance landlords' pricing power. The lack of parking may constrain future growth.

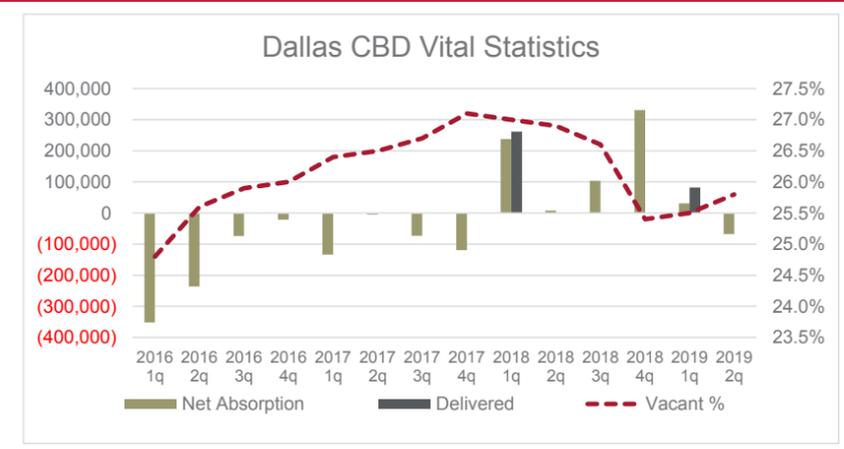
Movers & Shakers

Tenant	SF	Building
Kane, Russell, Coleman & Logan	44,902	Bank of America Plaza
Trip Actions	25,268	717 N Harwood Street
REEL FX	25,264	717 N Harwood Street
Hunton & Williams LLP	21,640	Fountain Place
Sowell & Co	20,158	Thanksgiving Tower

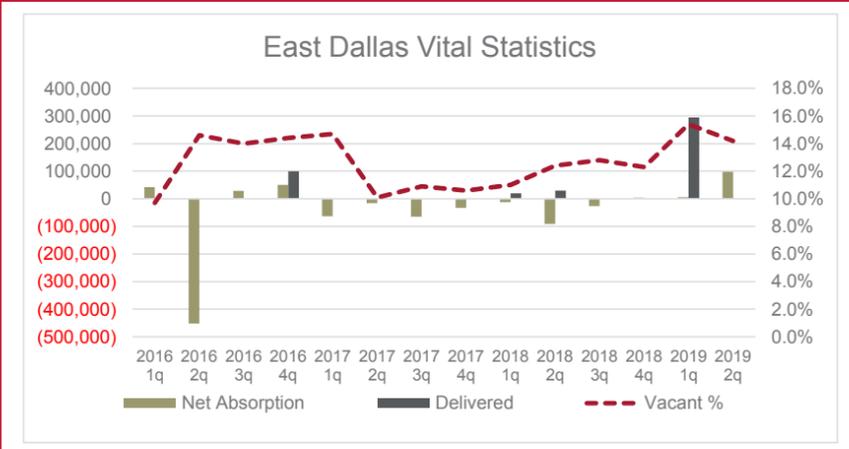
Largest Vacancies:

1700 Pacific – 747,315 sf
Fountain Place – 652,758 sf
Thanksgiving Tower – 569,979 sf
Renaissance Tower – 557,456 sf

Absorption	vs Previous Qtr	vs 12 Months Ago
(67,563)	31,271	7,935
Vacancy	vs Previous Qtr	vs 12 Months Ago
25.8%	25.5%	26.9%
U/C SF	vs Previous Qtr	vs 12 Months Ago
60,230	60,230	141,941
Delivered SF	vs Previous Qtr	vs 12 Months Ago
0	81,711	0
Quoted Rates	vs Previous Qtr	vs 12 Months Ago
25	25	25



Absorption	vs Previous Qtr	vs 12 Months Ago
97,450	5,275	-91,276
Vacancy	vs Previous Qtr	vs 12 Months Ago
14.2%	15.4%	12.4%
U/C SF	vs Previous Qtr	vs 12 Months Ago
112,890	112,890	360,710
Delivered SF	vs Previous Qtr	vs 12 Months Ago
0	294,820	30,000
Quoted Rates	vs Previous Qtr	vs 12 Months Ago
25	26	26



East Dallas Overview

The Dallas CBD is the metro's primary office node, but the submarket has struggled for some time. Its vacancy rate has been among the highest in the metroplex for decades because its inventory contains a significant percentage of older towers that are not competitive with new assets in other prominent office submarkets. Early in this cycle, millions of square feet of obsolete inventory were redeveloped into alternative uses, such as multifamily, hotel, as well as retail projects. Those conversions not only buoyed CBD office fundamentals, they also helped the submarket take steps to becoming a true live/work/play environment. Furthermore, many older assets in the CBD have either undergone or are undergoing major renovations and adding amenities like parking in order to remain competitive with newer properties in the Arts District or in Uptown.

Leasing

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momentum. One of the most recent speculative projects in the CBD and Uptown, 1900 Pearl (in the CBD) leased the fastest, at some of the highest asking rents in the urban core. Conversions to multifamily helped eat away at the submarket's sky-high vacancy rate earlier this cycle. Highlighting this trend is the project involving 1401 Elm, now known as The Drever. Before work began on converting the building to a mixed-use tower with multifamily, hotel, and retail components, the building was responsible for more than 1 million SF of vacant office space.

Increased multifamily development bodes well for the long-term future of the CBD's office base. The ongoing densification of Dallas's CBD cannot be understated. Since 2010, more than 3,000 apartment units have delivered in the CBD, representing about half of total inventory, and more than 1,000 more are under construction. The increase in residents is spurring retail-space activity, which should enhance landlords' pricing power. The lack of parking may constrain future growth.

Movers & Shakers

Tenant	SF	Building
MedVet	25,775	11343 N. Central Expressway
Texas Neurology	40,252	Twin Sixties
WorkSuites	29,530	CBS Radio Tower
Homecare, LLC	19,815	Three Energy Square
Powers Taylor, LLP	8,940	La Sierra Office Building
McDowell Ducker	9,880	Meadow Park Tower
Dallas Wellness	2,586	Uptown Tower

FAR NORTH DALLAS

SUBMARKET

FORT WORTH CBD

SUBMARKET

Far North Dallas Overview

The Upper Tollway/West Plano has emerged as one of the most dynamic office submarkets in Dallas-Fort Worth. The submarket has some of the newest office stock in the metro and now serves as a corporate hub for Toyota's North American headquarters, and is a major regional location for Liberty Mutual, AmerisourceBergen, JPMorgan Chase, and USAA's recent expansion.

Frisco/The Colony is the metroplex's up-and-coming submarket. Since the early 2000s, the submarket's office inventory was less than 700,000 SF, but today it exceeds 8 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 submarket also features a number of retail and entertainment amenities: Stonebriar Centre is a 1.6-million-SF regional mall, Dr Pepper Ballpark is the home of the Frisco RoughRiders, the Texas Rangers' Class AA minor league affiliate, and Toyota Stadium is home to FC Dallas of Major League Soccer.

Leasing

Although construction in the Frisco/The Colony Submarket has exploded in recent years, vacancies trended below the metro average for most of this cycle due to strong demand. Vacancies typically only rise due to supply-side pressure rather than tenant move-outs. Despite the uptick in speculative supply in 2018, absorption has been strong enough over the past few quarters to push vacancies back down below the metro average.

Quorum/Bent Tree is often overlooked in favor of submarkets with newer stock to the north, like Upper Tollway/West Plano and Frisco/The Colony, and to the south, like Uptown/Turtle Creek. However, the submarket has many of the same advantages as those areas. The submarket boasts easy access to north/south highways like the Dallas North Tollway and I-35E as well as east/west routes like the LBJ Freeway and President George Bush Turnpike. Therefore, the submarket is commutable from virtually anywhere north of Dallas and getting to both D/FW International and Love Field airports is relatively easy.

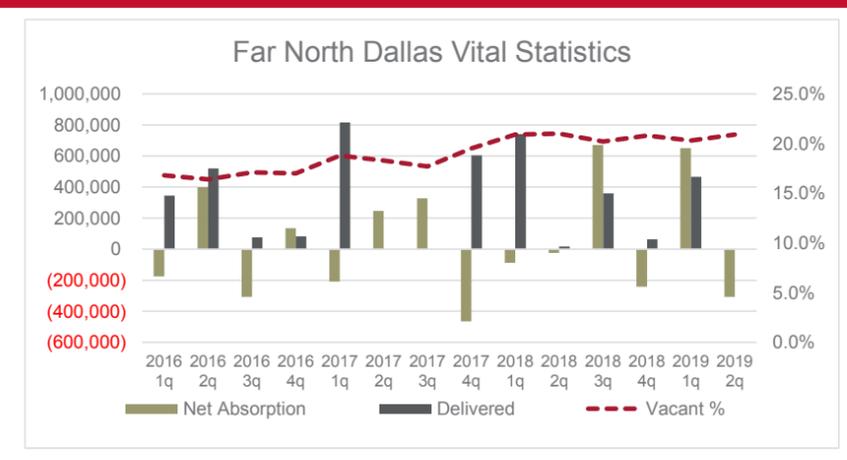
Movers & Shakers

Tenant	SF	Building
Tenet Healthcare	372,931	International Plaza I
DPS Holdings, Inc	350,000	Keurig Dr Pepper
Merit Energy Company	126,952	Galleria North

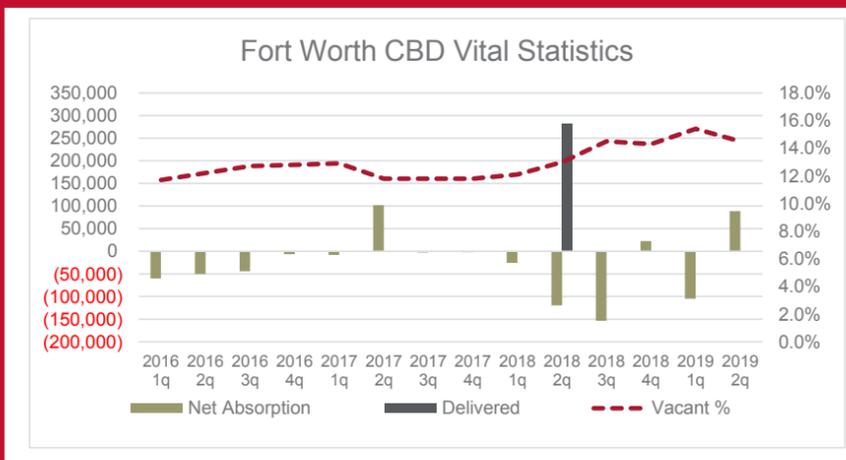
Largest Vacancies:

5400 Legacy – 1,190,912 SF
International Plaza I & II – 761,361 sf
The Campus at Legacy West – 370,625 sf

Absorption	vs Previous Qtr	vs 12 Months Ago
(307,613)	650,921	-23,460
Vacancy	vs Previous Qtr	vs 12 Months Ago
20.9%	20.3%	21.0%
U/C SF	vs Previous Qtr	vs 12 Months Ago
1,240,496	1,025,821	1,159,337
Delivered SF	vs Previous Qtr	vs 12 Months Ago
0	465,623	17,036
Quoted Rates	vs Previous Qtr	vs 12 Months Ago
29	29	28



Absorption	vs Previous Qtr	vs 12 Months Ago
88,689	-105,048	-119,839
Vacancy	vs Previous Qtr	vs 12 Months Ago
14.5%	15.4%	13.0%
U/C SF	vs Previous Qtr	vs 12 Months Ago
0	0	0
Delivered SF	vs Previous Qtr	vs 12 Months Ago
0	0	280,489
Quoted Rates	vs Previous Qtr	vs 12 Months Ago
28	28	29



Fort Worth CBD Overview

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 about 11%, vacancies are well below the metro average and have been trending in the right direction. Also, the newest delivery—the 280,000-SF Frost Tower, which opened in early 2018—was already about 70% leased less than one year after opening. While rent growth has slowed compared to earlier this cycle, rents are about 15% above their prerecession peak. Major transactions are rare, but trades picked up, as XTO sold some large assets in conjunction with its move to Houston. While it had nothing to do with XTO, The Tower on 500 Throckmorton, a 37-story, 612,500-SF property, was the largest single asset to trade hands recently. The building, which is comprised of 288 residential units and 37,000 SF of office, sold for an undisclosed amount in mid-2019.

Leasing

Though Fort Worth has greater exposure to the energy industry than Dallas does, fundamentals have stayed intact.

Vacancies are well below both the submarket's historical average and the metro average. While XTO Energy's move from the Fort Worth CBD Houston (a net loss of 1,600 employees) was expected to open up a large chunk of office space in the submarket, that supply glut has been somewhat mitigated. The 120,000-SF W.T. Waggoner building and 195,000-SF 714 Main will both be redeveloped into hotels. Furthermore, the 93,800-SF Petroleum Building is already being marketed for lease by its new owner, Sundance Square.

In many respects, the Fort Worth CBD is dissimilar to its counterpart in Dallas. While vacancies in the Dallas CBD are structurally high, they are typically below the metro average in the Fort Worth CBD. Downtown Fort Worth also boasts a robust live/work/play dynamic, especially in Sundance Square and the West 7th/Cultural District area just west of the submarket.

Movers & Shakers

Tenant	SF	Building
BGE Inc	15,000	777 Main
Mineral Ware	10,000	777 Main

Largest Vacancies:

777 Main – 395,873 sf
Bank of America Tower – Sundance – 164,449 sf
Burnett Plaza – 145,936 sf
Oil & Gas/Star Telegram Building – 115,166 sf

LAS COLINAS

SUBMARKET

LBJ FREEWAY

SUBMARKET

Las Colinas Overview

The submarket's central location in the metroplex and accessibility to D/FW Airport have fostered a groundswell well of construction the past few years. Led by the emergence of the Cypress Waters master-planned mixed-use development, DFW/Freeport/Coppell has added about 20 buildings, or 2.7 million SF of new inventory. Companies like 7-Eleven, CoreLogic, Nokia, Signet Jewelers (Zales), and Brinker International have signed on, and even more office space is under construction and in planning.

The Urban Center/Wingren Submarket is located in the planned community of Las Colinas and is centered on the Las Colinas Urban Center. The submarket benefits from its proximity to the D/FW International Airport, and its location is within reasonable commuting distance of nearly all of the affluent northern D-FW suburbs. The focus here of late has been on improving transit amenities as well as creating more of a live/work/play environment. New, mixed-use projects like Water Street and the Music Factory are aiming to make the Urban Center a place for residents and workers to hang out after five o'clock and on weekends.

Leasing

Fundamentals have improved greatly in recent years. Vacancies in the Urban Center are now hovering just above the metro average after trending well above that mark for decades. Vacancies are also well below the submarket's historical average of about 24%. Thanks to healthy absorption over the past few years, the vacancy rate in the D-FW Freeport/Coppell Submarket has remained stable. A large portion of demand stems from build-to-suits in Billingsley Company's 1,000-acre, \$3.5 billion Cypress Waters mixed-use development. Cypress Waters encompasses most of the land on the southern shore of North Lake and could include up to 4.5 million SF of office space and 10,000 apartments at full build-out

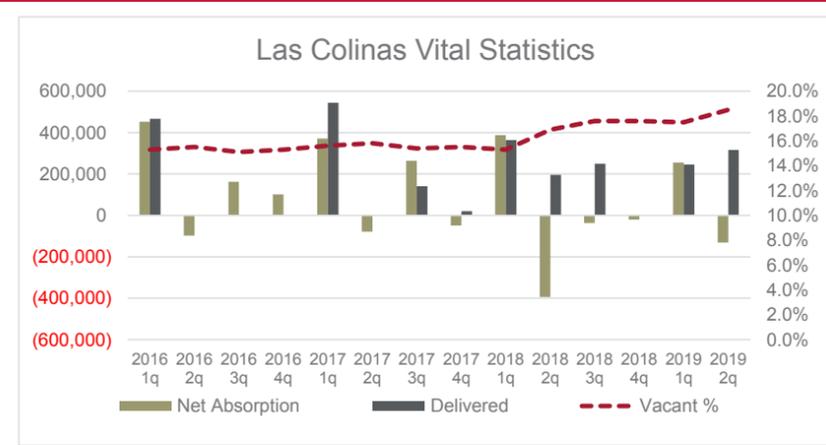
Movers & Shakers

Tenant	SF	Building
Blucora Inc	150,000	3200 Olympus Blvd
Exeter Financial	111,795	Carpenter Corp Center I
Fay Servicing	44,017	Browning Place I
Cognitive Neuroscience Society	40,699	Connection Park I
Zillow	25,000	9001 Cypress Waters Blvd

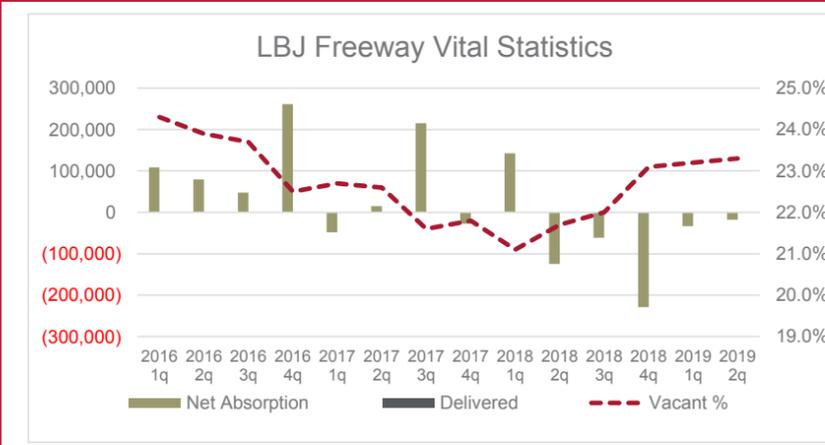
Largest Vacancies:

AT&T – 208,593 SF
The Urban Towers – 192,262 sf
Park West 2 – 167,172 sf
600 E Las Colinas Blvd – 147,234 sf

Absorption	vs Previous Qtr	vs 12 Months Ago
(130,869)	255,156	-393,155
Vacancy	vs Previous Qtr	vs 12 Months Ago
18.5%	17.5%	16.9%
U/C SF	vs Previous Qtr	vs 12 Months Ago
2,200,852	2,489,777	2,187,800
Delivered SF	vs Previous Qtr	vs 12 Months Ago
316,400	246,400	196,000
Quoted Rates	vs Previous Qtr	vs 12 Months Ago
26	26	25



Absorption	vs Previous Qtr	vs 12 Months Ago
(17,775)	-33,157	-124,502
Vacancy	vs Previous Qtr	vs 12 Months Ago
23.3%	23.2%	21.7%
U/C SF	vs Previous Qtr	vs 12 Months Ago
0	0	0
Delivered SF	vs Previous Qtr	vs 12 Months Ago
0	0	0
Quoted Rates	vs Previous Qtr	vs 12 Months Ago
22	23	22



LBJ Freeway Overview

This submarket has struggled for some time, with vacancies trending well above the metro average for decades. However, fundamentals have improved in recent years, as has rent growth.

Vacancies in the West LBJ area are back on the rise, as the submarket has seen negative absorption over the past few quarters. Rent growth has also weakened recently. However, if demand improves, rent growth could stand to pick up once again, since the submarket is unlikely to see new supply anytime soon.

There has been little office development in recent years, which is likely to remain the case, even with the new LBJ Express lanes drastically relieving highway congestion in the area. There are two major office nodes in this submarket, one at the Centre Office Park, and the other near the intersection of the LBJ and Stemmons freeways.

Leasing

Vacancies are high in East LBJ, although they have fallen in recent years. A lack of newer properties may constrain the

submarket's upside, as tenants have shown a preference for new product through this cycle. Without new product, the demand potential of this submarket may be limited. While the submarkets has seen some big move-outs this cycle, much of the vacated space has been backfilled.

West LBJ Freeway is a secondary office node within commuting distance of most of the affluent northern Dallas suburbs. The submarket also boasts relatively easy access to Dallas/Fort Worth International Airport via the LBJ Freeway. Vacancies in that subset have remained relatively stable this cycle, staying between 15% and 20%.

Movers & Shakers

Tenant	SF	Building
Neurology Consultants of Dallas	39,039	LBJ Tower
Aethon Energy Management LLC	24,630	Lakeside Square
Cresa Dallas Ft Worth	13,291	Pinnacle Tower

Largest Vacancies:

LBJ Tower – 204,461 sf
Three Forest Plaza – 152,288 sf
Lake Highlands Tower – 149,808 sf

MID-CITIES OFFICE

SUBMARKET

PRESTON CENTER

SUBMARKET

Mid-Cities Overview

Despite negative net absorption in recent quarters, fundamentals in Mid-Cities are relatively strong. Vacancies trend well below the metro average, and rent growth has outpaced the metro average over the past four quarters. However, rent growth is still only about 10% above the prerecession peak. Transaction volume is driven by value investors, and pricing is well below the metro average. Mid-Cities office submarkets, is predominantly older and of middling quality.

The Mid-Cities Submarket is geared toward distribution and manufacturing functions. As a result, warehouses and industrial parks are more likely to be built in this area than office facilities. In addition, this submarket is home to the Dallas Cowboys and Texas Rangers, as well as the original Six Flags. While not much has delivered so far this cycle, a few developments in planning could help breathe life into this sleepy office submarket.

Adjacent to Globe Life Park, The Cordish Companies recently opened the first phase of Texas Live!, which will serve as a regional entertainment district. This will go hand in hand with the \$1 billion replacement for Globe Life Park, which is scheduled to open in 2020. The retractable-roof stadium will keep the Rangers in Arlington through 2054. The City of Arlington hopes that these projects will spur additional initiatives in the area over the next few years, including new office development.

Leasing

Vacancies in Mid-Cities trend below the D-FW metro average. Occupancies didn't take much of a hit during the downturn, and the submarket has seen steady absorption this cycle. Though the submarket has experienced negative absorption in recent quarters, there is an almost complete lack of large blocks of space in the submarket. It is rare to find a building with more than 50,000 SF of contiguous availability, and typically, only about five or six assets have more than 25,000 SF available at a given time.

Going forward, this submarket should perform similarly to other older suburban office nodes such as East Plano and East Northeast Fort Worth, which have seen big, longtime tenants either downsize or migrate to space in new campuses. Furthermore, the submarket's lack of new, highly amenitized stock limits its upside, even relative to other suburban submarkets like those in Las Colinas.

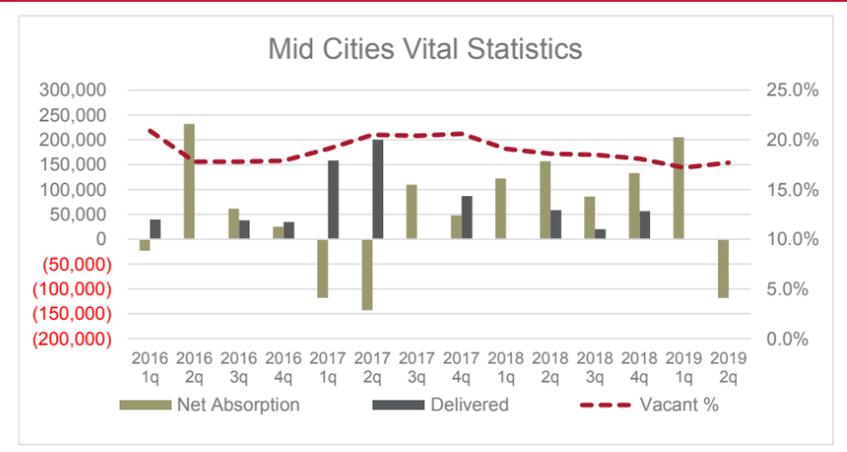
Movers & Shakers

Tenant	SF	Building
Co-Op Financial Services	108,000	4950 Amon Carter Blvd
Wells Fargo Bank	88,520	1301 Solana Blvd
The Novus Academy	17,000	3400 William DTate Blvd

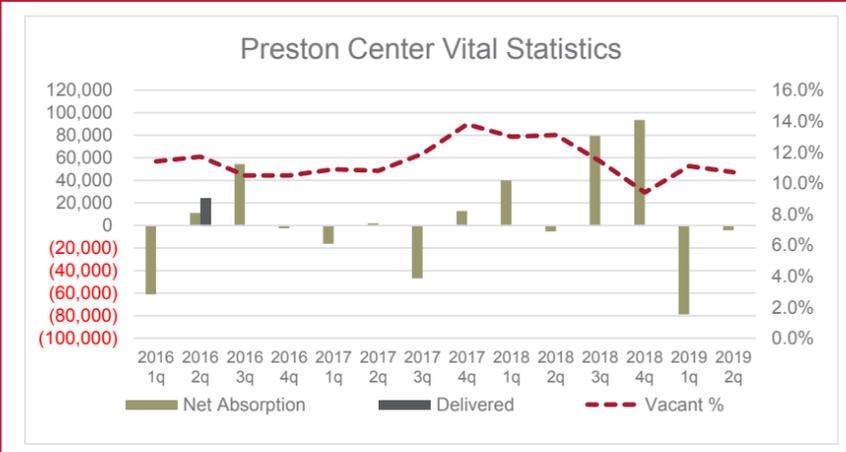
Largest Vacancies:

4200 Buckingham – 65,831 sf
The Palace Office Center – 28,152 sf
Baylor Lake Ridge – 26,338 sf
Centreport Office Center I – 20,808 sf

Absorption	vs Previous Qtr	vs 12 Months Ago
(117,738)	205,099	156,914
Vacancy	vs Previous Qtr	vs 12 Months Ago
17.7%	17.2%	18.6%
U/C SF	vs Previous Qtr	vs 12 Months Ago
334,759	213,000	299,710
Delivered SF	vs Previous Qtr	vs 12 Months Ago
0	0	58,400
Quoted Rates	vs Previous Qtr	vs 12 Months Ago
23	22	22



Absorption	vs Previous Qtr	vs 12 Months Ago
(4,217)	-78,830	-5,207
Vacancy	vs Previous Qtr	vs 12 Months Ago
10.7%	11.1%	13.1%
U/C SF	vs Previous Qtr	vs 12 Months Ago
118,000	118,000	118,000
Delivered SF	vs Previous Qtr	vs 12 Months Ago
0	0	0
Quoted Rates	vs Previous Qtr	vs 12 Months Ago
38	38	40



Preston Center Overview

Fundamentals in Preston Center are strong. Occupancies are well above the metro average and are likely to remain that way due to the land constraints unique to this submarket. Furthermore, the rare new-builds in the submarket are typically met with relatively strong demand. Rents rank second highest in the metroplex and rent growth has outpaced the metro average over the past few years.

Over half of the office inventory in the submarket is within Preston Center itself, situated in the southeast corner of the Dallas North Tollway and Northwest Highway. A large portion of the tenant base in Preston Center is made up of financial and professional services firms, as the submarket's location gives companies access to the highly educated labor pool in the immediate area.

Leasing

This is one of the most core-like submarkets in D-FW, and occupancies rarely dip below 90%. The submarket was one of the strongest performers coming out of the downturn. The tenant base in

Preston Center largely consists of financial and professional services firms, and most of these tenants have a small footprint—only about a dozen companies occupy more than 25,000 SF in the submarket. Furthermore, large blocks of available space are rare. While Preston Center isn't as reliant on oil and gas firms as other nearby submarkets, energy firms have accounted for some of the largest tenant moves in recent years.

Movers & Shakers

Tenant	SF	Building
We Work	49,746	The Terraces at Douglas Center
Chase Bank	41,906	Preston Commons
HSTX Title	19,254	Bank Tower
		8300 Douglas

Largest Vacancies:

The Terraces at Douglas Center – 49,940 sf
8333 Douglas at Douglas Center – 49,421 sf
5950 Sherry Lane – 42,817 sf
3100 Monticello – 31,101 sf

RICHARDSON/PLANO

SUBMARKET

STEMMONS FREEWAY

SUBMARKET

Richardson/Plano Overview

Richardson is the home of the Telecom Corridor, which contains a number of the world's largest telecommunications companies. 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 also benefits from DART access: Four DART rail stations are located here, more than in any other suburban office submarket in the metroplex.

Plano encompasses east Plano, and most of its office inventory is along the North Central Expressway or President George Bush Turnpike. The submarket's inventory primarily comprises 3 Star product, which is reminiscent of office stock in submarkets like Lewisville and HEB/Mid-Cities. Rent growth has slowed in recent quarters to less than 1% year-over-year growth.

Leasing

CityLine, particularly State Farm's build-to-suit campus, has garnered many of the headlines, and rightly so. In fact, the moves by State Farm (roughly 2 million SF) and Raytheon (nearly 500,000 SF) represented a 12% increase in the submarket's occupied square footage. Over the longterm, more businesses are likely to want to locate here as CityLine continues to become more urbanized, boasting high-end retail and new apartments. Tenants looking for larger space in Richardson will find that CityLine contains plenty of room to construct additional build-to-suits. took 31,000 SF in late 2018. On the upside, Richardson has seen some momentum in the form of firms taking satellite space to complement their core regional offices.

The Plano office has not experienced the same type of growth as its neighbors have in this cycle. Most northern Dallas suburbs have enjoyed explosive job growth, coupled with strong absorption and plenty of new construction; the Plano Submarket has been relatively quiet. Similar to the case in Richardson, a significant portion of the tenant base in Plano is made up of technology and telecommunications companies. However, many of these firms have downsized or vacated their locations here or have plans to do so. Despite recent move-outs, there has been some positive leasing momentum in the submarket, especially at the newly renovated Legacy Central.

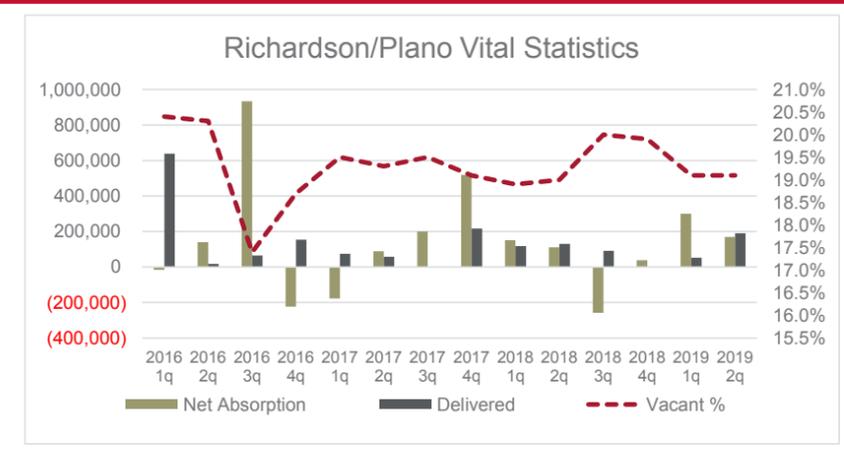
Movers & Shakers

Tenant	SF	Building
DXC Technology	100,267	3400 CityLine
Billings Products	70,000	Century Parkway
Ambit Energy, Inc	63,247	1600 W Plano Parkway
Hill & Wilkinson	58,000	2703 Telecom
Construction		

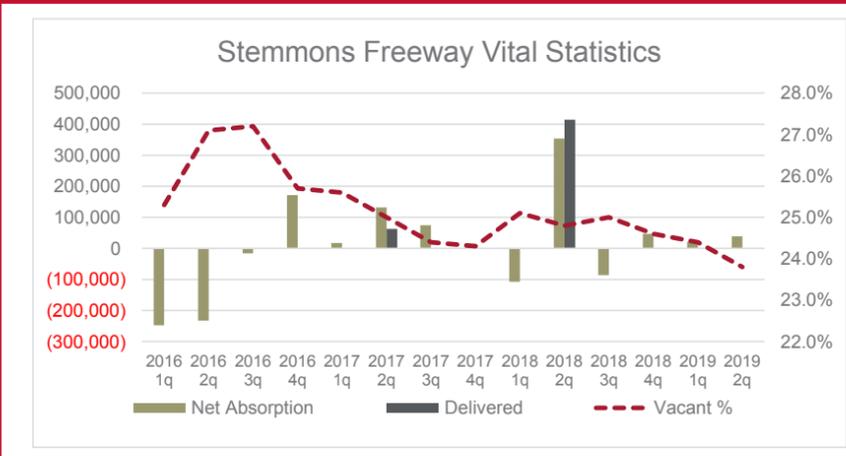
Largest Vacancies:

601 Data Drive – 433,435 sf
Legacy Central 2 – 350,000
465 Independence Parkway – 251,347 sf
The Tower Lakeside Campus – 220,278 sf
Campbell Glenn II – 205,816
2200 George Bush – 176,831 sf

Absorption	vs Previous Qtr	vs 12 Months Ago
168,811	300,493	111,516
Vacancy	vs Previous Qtr	vs 12 Months Ago
19.1%	19.1%	19.0%
U/C SF	vs Previous Qtr	vs 12 Months Ago
371,400	212,200	308,938
Delivered SF	vs Previous Qtr	vs 12 Months Ago
190,000	53,000	130,000
Quoted Rates	vs Previous Qtr	vs 12 Months Ago
24	25	24



Absorption	vs Previous Qtr	vs 12 Months Ago
38,580	22,162	354,152
Vacancy	vs Previous Qtr	vs 12 Months Ago
23.8%	24.4%	24.8%
U/C SF	vs Previous Qtr	vs 12 Months Ago
17,946	17,946	0
Delivered SF	vs Previous Qtr	vs 12 Months Ago
0	0	414,000
Quoted Rates	vs Previous Qtr	vs 12 Months Ago
17	17	17



Stemmons Freeway Overview

The Stemmons Freeway Submarket stretches from the CBD up to the LBJ Freeway and Farmers Branch. Most major tenants are located in the southern portion of the submarket, near the Southwestern Medical Center. Medical/healthcare firms account for a significant portion of the submarket's tenant base, as do state and federal agencies.

This submarket boasts a number of transit amenities. Aside from the Stemmons Freeway itself, DART provides rail service at the Southwestern Medical Center that takes passengers northwest to the D/FW International Airport or south to Downtown Dallas. Dallas Love Field Airport, which is located within the submarket's boundaries, is the metroplex's second-largest airport behind D/FW. Despite older, low-quality inventory and structurally high vacancies, there is potential for growth here. KDC's West Love mixed-use development is helping breathe life into the area of the submarket just south of Love Field and the Design District is well on its way to becoming a true live/work/play environment, spurred by multifamily

development and major investments from Dunhill Partners and other developers.

Leasing

The vacancy rate in the Stemmons Freeway Submarket is structurally higher than the metro average. Vacancies have maintained a downward trend for most of this cycle and are now slightly below the submarket's historical average.

The tenant profile in Stemmons Freeway is heavily weighted towards government and medical firms. Some of the larger office users include the FBI, the DEA and the Dallas County government as well as UT Southwestern and Parkland Hospital. This provides a steady base of stable tenants, and though big deals from corporate tenants are rare, the submarket can benefit from government agency or medical tenant expansions.

Movers & Shakers

Tenant	SF	Building
Transportation	10,731	Mockingbird Towers
Workers Union		
Pediatric Home	9,501	Mockingbird Towers
Healthcare		
Muse on Slocum	4,500	1201 Slocum Street

Largest Vacancies:

Pegasus Place – The Tower – 518,656 sf
The Connection at 8600 – 230,000 sf
Infomart – 159,063 sf
Comerica Service Center – 142,600 sf

UPTOWN/TURTLE CREEK

SUBMARKET

Uptown / Turtle Creek Overview

Uptown/Turtle Creek is the premier office submarket in Dallas-Fort Worth, boasting the highest rents in the metro. It offers all of the transportation, infrastructure and amenity advantages of a CBD but has a more-upscale class of office product than the Dallas CBD Submarket. Nearly 75% of the submarket's office product is 4 & 5 Star, and of that, a number of buildings are considered trophy assets. The tenant base is primarily made up of law firms, financial firms, and other professional services companies. All of these factors, coupled with land constraints that are unique to this area, make Uptown/Turtle Creek an attractive submarket for institutional investors

Leasing

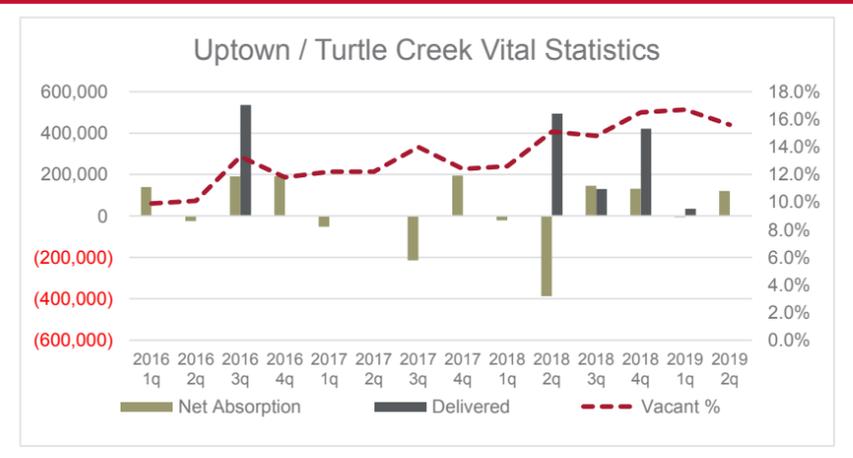
Occupancies tend to be much healthier in Uptown/Turtle Creek than in the overall Dallas-Fort Worth market, with the spread averaging about 300 basis points for most of this cycle. Uptown/Turtle Creek commands a significant premium to the CBD, partly due to asking rents on newer buildings. But another significant factor is the lack of parking in the CBD. Average parking ratios in Uptown (roughly three spaces per 1,000 SF), while not high relative to suburban Dallas-Fort Worth submarkets, are nearly double those in the CBD (1.6 per 1,000 SF).

Uptown/Turtle Creek is the most live/work/play submarket in Dallas-Fort Worth, and apartment development has been active this cycle. Since the start of 2010, more than 10,000 apartment units have delivered within this submarket's boundaries, among the most in any submarket in the nation. High-end apartment construction makes Uptown/Turtle Creek a more desirable employment node by bringing in new households, density and higher incomes. While co-working has not taken hold here to the extent that it has in some coastal metros yet, Uptown/Turtle Creek has seen a few co-working firms take significant blocks in recent years.

Movers & Shakers

Tenant	SF	Building
Hana	67,006	PwCTower
Katten Muchin Rosenman LLP	56,340	PwCTower
Plains Capital Bank	33,816	One Victory Avenue
Fox Rothschild LLP	25,191	Harwood #6 – Saint Anne Court
Peregrine Petroleum	12,923	Rosewood Court

Absorption	vs Previous Qtr	vs 12 Months Ago
120,249	-5,668	-387,163
Vacancy	vs Previous Qtr	vs 12 Months Ago
15.6%	16.7%	15.1%
U/C SF	vs Previous Qtr	vs 12 Months Ago
321,098	321,098	906,548
Delivered SF	vs Previous Qtr	vs 12 Months Ago
0	34,762	494,300
Quoted Rates	vs Previous Qtr	vs 12 Months Ago
40	39	39



Largest Vacancies:

- 2104 Cedar Springs Road – 198,925 sf
- PwCTower – 191,836 sf
- One McKinney – 132,454 sf
- 2501 Cedar Springs Road – 109,404 sf



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