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ECONOMIC OVERVIEW

KEY INDICATORS

Total Nonfarm Employment



+294,700 jobs YOY



ΔQ



ΔY

Office Employment



+ 106,600 jobs YOY



ΔQ



ΔY

DFW Unemployment



3.3%



ΔQ



ΔY

Texas Unemployment



4.2%



ΔQ



ΔY

WTI Crude Oil Spot Price



\$108.72



ΔQ



ΔY

Dallas Business Cycle Index



15.2% YOY

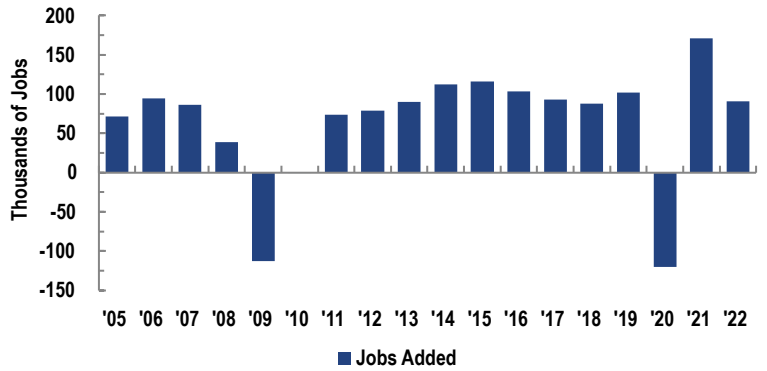


ΔQ

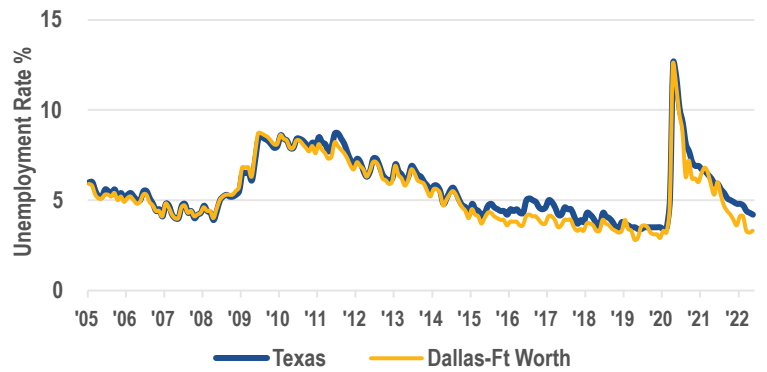


ΔY

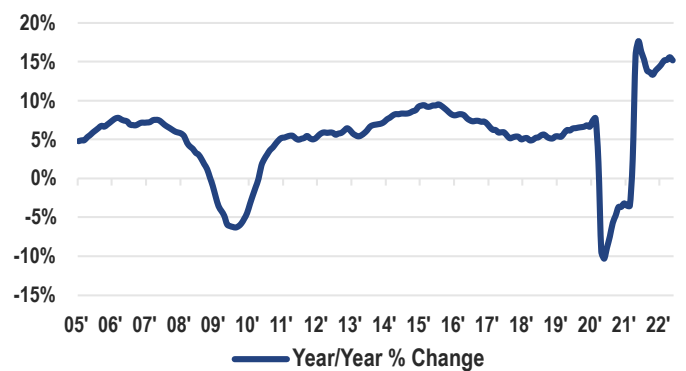
EMPLOYMENT TRENDS



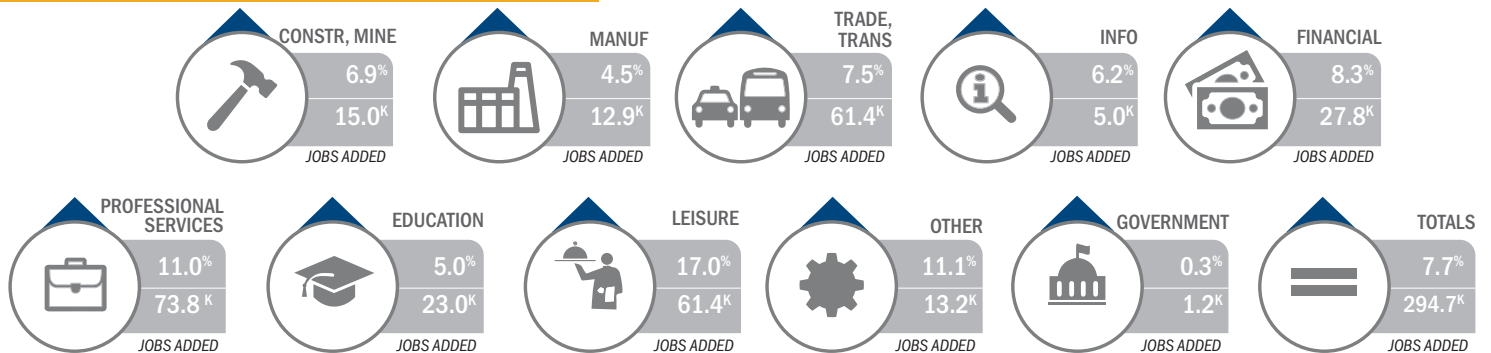
UNEMPLOYMENT

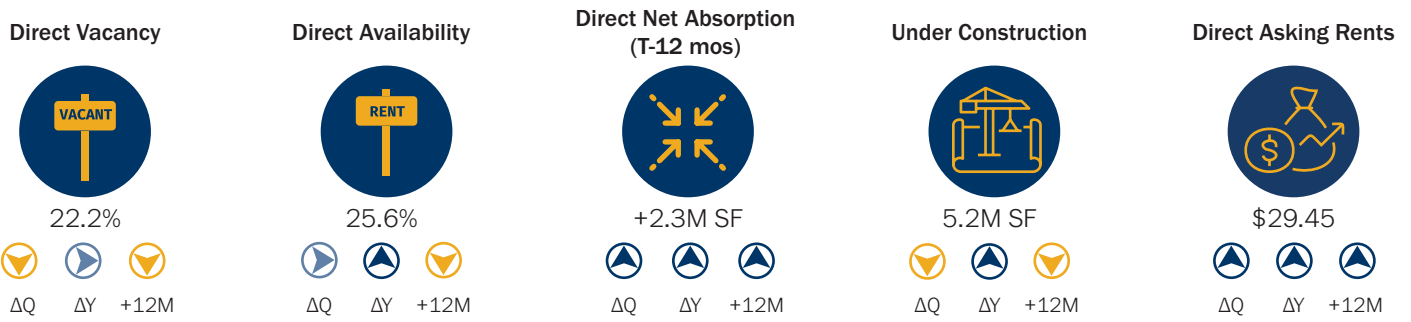


DALLAS BUSINESS CYCLE INDEX



EMPLOYMENT GROWTH BY SECTOR





OFFICE MARKET ASSESSMENT

- The DFW office market recovery is well underway as return-to-office momentum continues to build, now with its fourth straight quarter of positive absorption largely driven by leasing activity accelerating over the past year as the region continues to be the epicenter of corporate expansions and relocations.

- The DFW office sector registered 433k SF of direct net absorption in Q2, marking the fourth consecutive quarter of absorption growth totaling 2.3 MSF, which has caused the direct vacancy rate to subside by 20 bps to 22.2% since hitting its peak in Q3 2021.

- The Class A sector registered 309k SF of direct net absorption in Q2, improving the YTD total to 926k SF of occupancy gains. The flight to quality trend remains prevalent as newer buildings have captured a large share of the leasing demand. Class B properties have also exhibited signs of stabilization with 185k SF of absorption gains in Q2, bringing the YTD total to 107k SF.

- Leasing activity has rebounded to 16.2 MSF over the trailing 12 months, up 34.4% Y-O-Y. Leasing volume totaled 4.2 MSF in Q2, up 26.1% compared to a year ago, but remains 18.6% below the pre-pandemic quarterly average. Tour activity has picked up as occupiers are evaluating their future space needs and more willing to execute on long-term leasing decisions previously placed on hold due to the pandemic.

- Sublease availability rose by 493k SF to reach an all-time high of 10.4 MSF in Q2. Sublet space additions have risen by 1.6 MSF over the prior 12 months as many companies have rightsized their footprints to adjust to a post-pandemic environment.

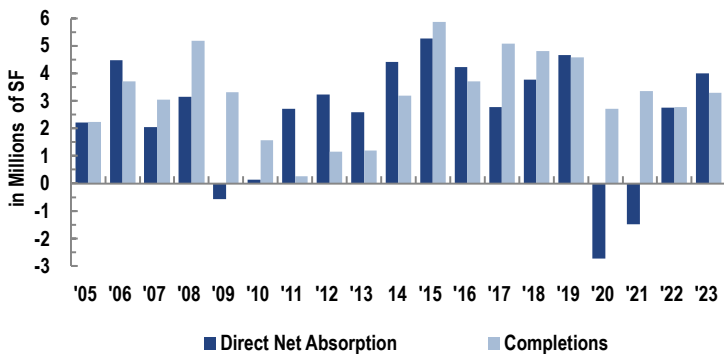
- The construction pipeline remains robust with 5.2 MSF underway (23% pre-leased) as numerous spec projects totaling 3.5 MSF have broken ground over the prior 12 months. Developers delivered 936k SF in Q2, with an additional 1.8 MSF of new product scheduled to deliver by year-end 2022.

- Higher construction costs and a tight supply of new office buildings in some high-demand areas have pushed rents higher. Rising operating expenses and inflation have also exerted upward pressure on rental rates, while many landlords are offering competitive concession packages which include tenant improvement allowances and free rent in order to preserve face rates.

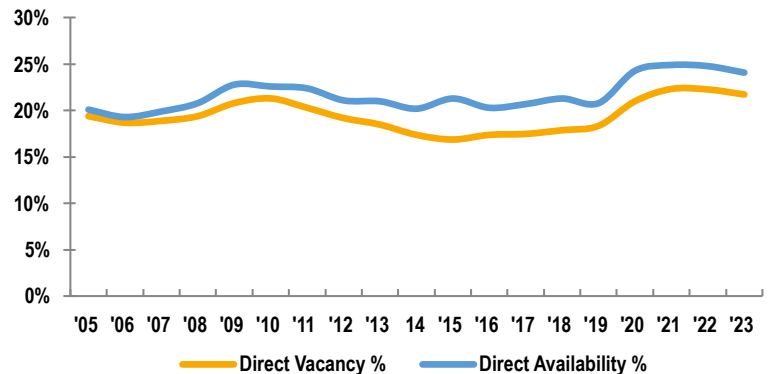
- As the office market recovery accelerates in the year ahead, the flight to quality trend should continue as newer, highly amenitized Class A buildings in prime locations are expected to capture a larger share of the demand activity and lead to a faster recovery at the expense of lower quality assets.

- The DFW employment recovery has been especially robust when compared to other markets across the US. While just over half of major metros that employ at least 1 million people have reached pre-pandemic levels of employment, the Metroplex now boasts 259K more jobs than prior to the pandemic onset. However, higher inflation expectations continue to undermine consumer confidence. The Federal Reserve has begun a sharp tightening of monetary policy. Higher interest rates will cool private investment and reduce consumer purchasing power. Even still, the long-term outlook for DFW remains positive as the region is expected to outperform other major markets as pent-up activity and inbound corporate relocations positively impact the market.

SUPPLY AND DEMAND



VACANCY AND AVAILABILITY



Net Absorption Trends

CLASS A

+2.4M SF

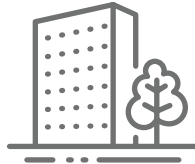
T-12 MOS



CLASS B

+162K SF

T-12 MOS



Vacancy and Availability Trends

CLASS A



DIRECT VACANCY

23.4%

35.9M SF

DIRECT AVAILABILITY

27.7%

42.6M SF

CLASS B



DIRECT VACANCY

21.2%

21.6M SF

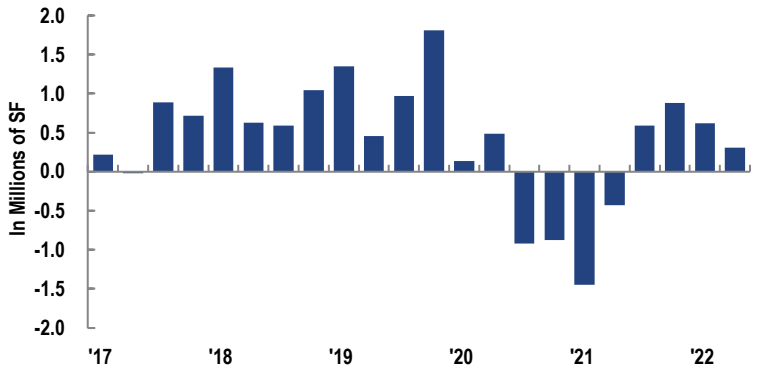
DIRECT AVAILABILITY

23.3%

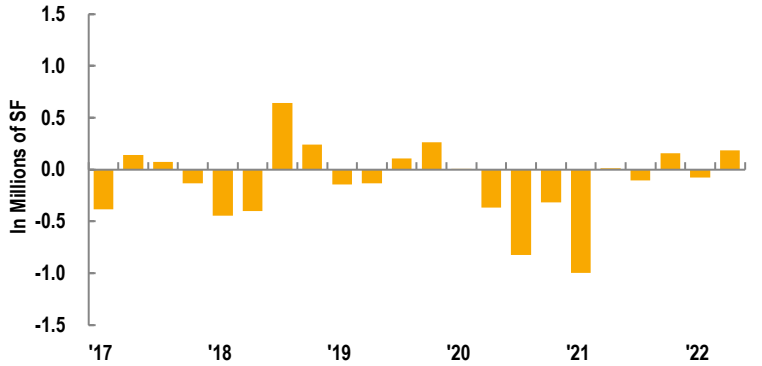
23.7M SF

DIRECT NET ABSORPTION

CLASS A

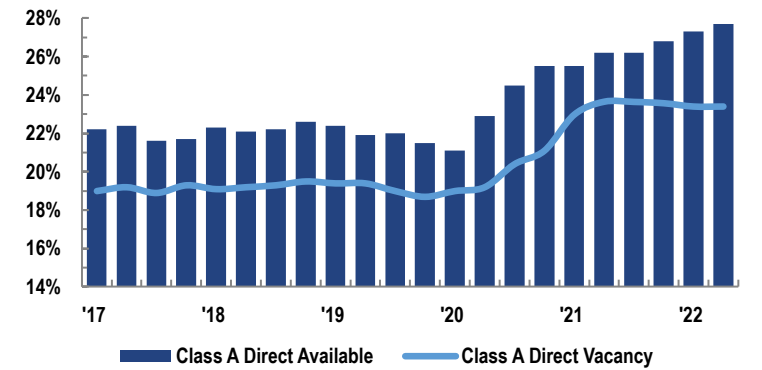


CLASS B

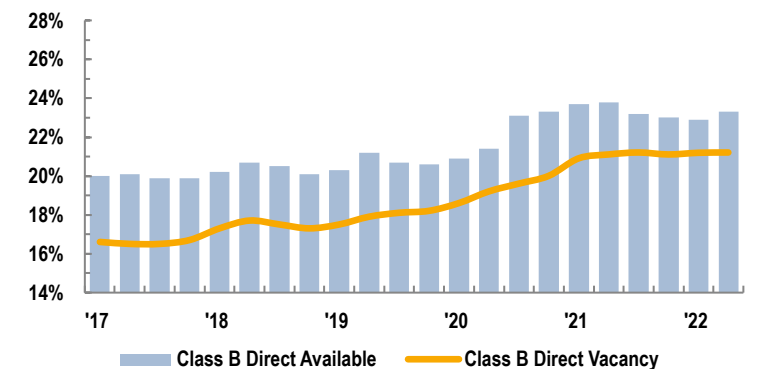


DIRECT VACANCY AND AVAILABILITY

CLASS A

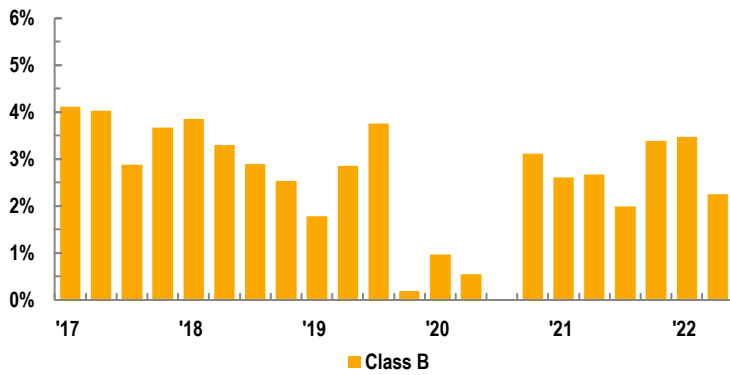
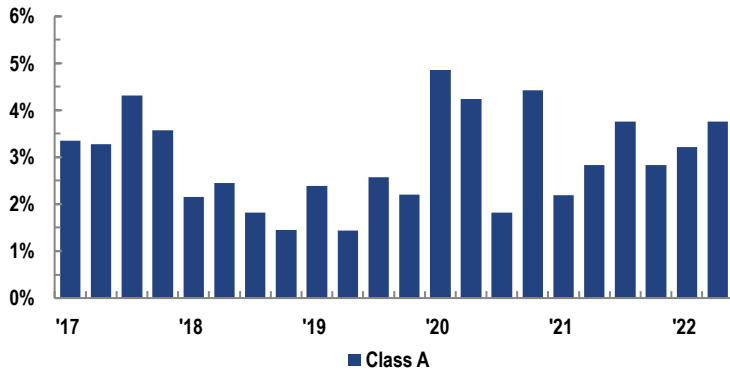


CLASS B



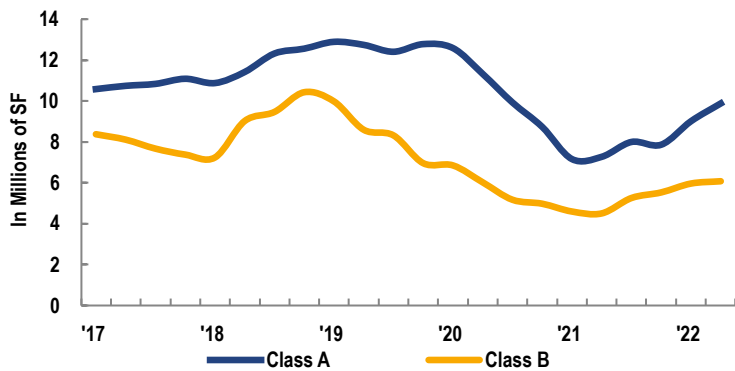
RENTAL RATES

Y-O-Y % Change, Full Service Gross

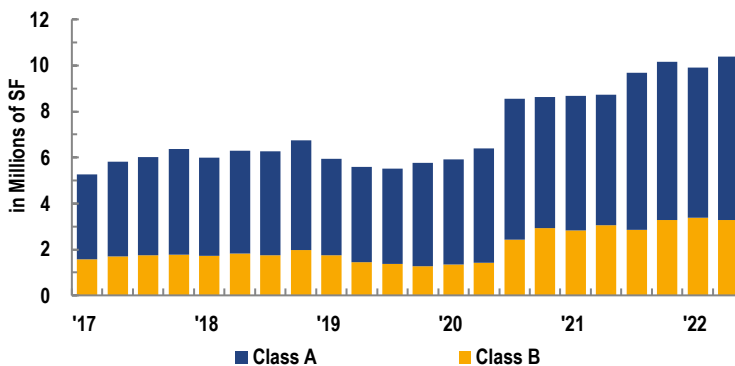


LEASING ACTIVITY

Direct Leasing Activity, Rolling 12 Months



SUBLEASE SPACE



Rent Growth (Y-O-Y)

3.8%

CLASS A



2.3%

CLASS B

Direct Net Leasing Activity

CLASS A

9.9M SF

T-12 MOS



+35.9%
Y-O-Y CHANGE

CLASS B

6.1M SF

T-12 MOS



+34.9%
Y-O-Y CHANGE



Sublease Availability

CLASS A

7.1M SF



+24.9%
Y-O-Y CHANGE

CLASS B

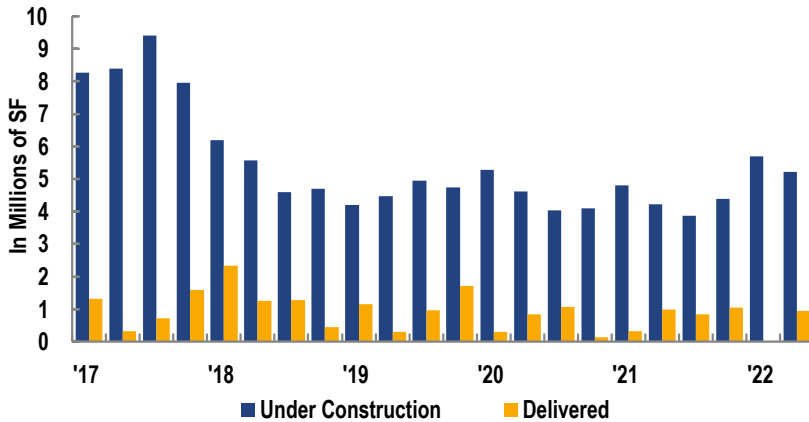
3.2M SF



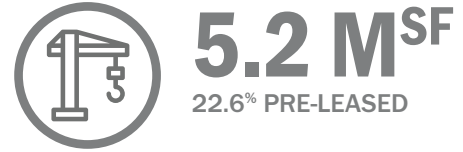
+7.4%
Y-O-Y CHANGE



CONSTRUCTION PIPELINE



OFFICE SPACE UNDER CONSTRUCTION



NEW OFFICE BREAKING GROUND



FORECASTED SUPPLY IN 2022

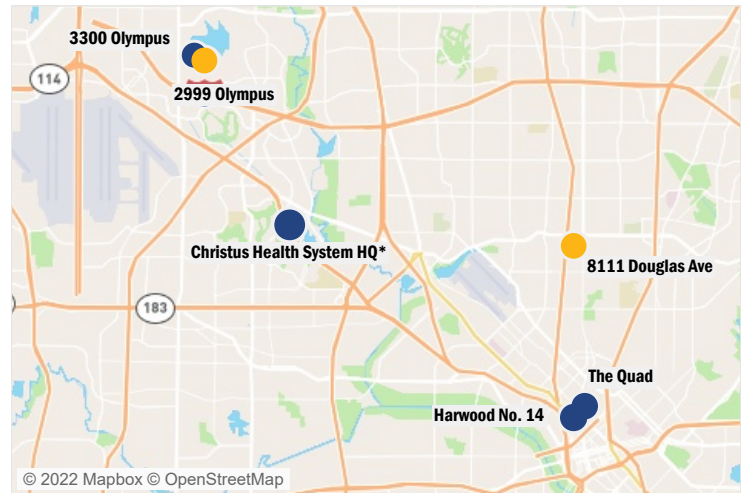


SIGNIFICANT PROJECTS UNDER CONSTRUCTION

Citywide



Dallas



Scheduled Completion ■ 2022 ■ 2023

PROJECT NAME	SIZE (SF)	SUBMARKET	MAJOR TENANT	% PRE-LEASED	DEVELOPER	TARGET DELIVERY
Christus Health System HQ*	456,000	Las Colinas	Christus Health System	100%	Fidelis Healthcare Partners	2023 2Q
Granite Park Six	422,109	Upper Tollway/West Plano	Stonebriar Commercial Finance	12%	Granite Properties, Inc.	2023 3Q
The Tower at Hall Park	386,946	Frisco/The Colony	N/A	0%	Hall Group	2023 3Q
Harwood No. 14	359,914	Uptown/Turtle Creek	Haynes and Boone	71%	Harwood International	2023 1Q
The Quad	339,162	Uptown/Turtle Creek	N/A	0%	Stream Realty Partners, LP	2023 4Q
2999 Olympus	322,877	Las Colinas	AMN Healthcare; Verily Life Sciences	44%	Billingsley Co.	2022 3Q
8111 Douglas Ave	318,632	Preston Center	Lincoln Property Co.	28%	Lincoln Property Co.	2022 3Q
3300 Olympus	300,000	Las Colinas	N/A	0%	Billingsley Co.	2023 1Q
The Star - Phase IV	299,970	Frisco/The Colony	N/A	18%	Blue Star Land	2023 1Q
International Business Park Phase II	252,000	Upper Tollway/West Plano	N/A	0%	Billingsley Co.	2023 1Q

* Corporate-owned † Build-to-suit Note: Corporate-owned office buildings excluded from competitive statistics

SUBMARKET STATISTICS

Submarkets	Total Inventory SF	TOTAL SPACE AVAILABLE		DIRECT AVAILABLE / VACANT		DIRECT NET ABSORPTION		CONSTRUCTION		ASKING RENT	
		Direct	Sublease	Direct Availability	Direct Vacancy	Current Quarter	Trailing 12 mos.	Completions Current Qtr.	Under Construction	Class A	Class B
Dallas CBD	28,280,197	9,551,312	1,266,793	33.8%	30.1%	-39,514	-224,010	-	-	\$29.15	\$23.23
Uptown / Turtle Creek	14,272,691	3,471,689	441,842	24.3%	18.7%	-20,137	382,198	-	834,076	\$44.88	\$34.19
Preston Center	5,089,345	896,542	78,436	17.6%	11.2%	145,588	365,868	-	318,632	\$43.42	\$31.46
Central Expy	11,613,779	2,568,785	207,520	22.1%	19.2%	11,574	75,045	-	-	\$36.87	\$29.55
Quorum / Bent Tree	21,271,224	4,774,278	573,040	22.4%	21.1%	-151,321	-79,226	-	-	\$32.29	\$22.62
Upper Tollway / West Plano	26,500,522	8,356,512	1,454,606	31.5%	30.0%	245,652	493,394	120,000	731,277	\$39.28	\$28.22
West LBJ	4,241,479	906,156	181,833	21.4%	22.1%	34,843	71,033	-	-	\$21.60	\$18.37
East LBJ	16,434,354	4,455,536	606,751	27.1%	24.4%	-29,559	64,864	-	-	\$31.29	\$20.17
Las Colinas	35,605,063	9,277,592	2,014,455	26.1%	20.8%	-126,759	24,065	180,000	855,146	\$31.83	\$23.28
Stemmons	10,933,611	2,511,277	134,397	23.0%	24.4%	-5,580	247,134	-	269,048	\$19.68	\$18.37
Richardson	17,812,229	4,007,082	790,342	22.5%	20.9%	14,185	-224,871	-	-	\$26.57	\$21.16
Allen / McKinney	4,219,468	1,385,075	176,055	32.8%	15.3%	47,137	57,890	-	505,527	\$34.13	\$25.99
Plano	5,712,949	1,364,338	205,958	23.9%	23.2%	40,898	393,486	-	180,000	\$27.53	\$22.38
Frisco / The Colony	6,621,187	1,612,371	226,143	24.4%	11.7%	216,918	236,126	106,622	770,916	\$39.96	\$30.56
East / South Dallas	8,944,240	2,278,617	525,431	25.5%	18.7%	114,494	230,262	482,416	67,776	\$38.35	\$21.47
Arlington / Mansfield	6,283,514	1,063,180	34,358	16.9%	14.4%	-64,079	-121,804	-	61,500	\$23.04	\$19.81
Mid Cities	12,384,656	4,122,664	744,317	33.3%	30.4%	-179,964	-40,319	-	102,192	\$29.22	\$22.36
Ft. Worth CBD	7,696,687	1,418,157	199,514	18.4%	18.1%	50,217	324,623	-	-	\$31.52	\$23.80
North / Northeast Ft Worth	4,262,559	527,452	321,465	12.4%	6.5%	7,933	195,124	46,720	246,000	\$29.54	\$19.67
Lewisville / Denton	5,548,615	1,263,756	132,161	22.8%	21.1%	14,052	-214,775	-	155,161	\$28.57	\$25.52
South Ft Worth	8,444,161	1,322,874	95,972	15.7%	14.5%	106,680	69,450	-	123,217	\$30.18	\$24.85
Totals	262,172,530	67,135,245	10,411,389	25.6%	22.2%	433,258	2,325,557	935,758	5,220,468	\$33.09	\$23.14

Property Types	Total Inventory SF	TOTAL SPACE AVAILABLE		DIRECT AVAILABLE / VACANT		DIRECT NET ABSORPTION		CONSTRUCTION		ASKING RENT	
		Direct	Sublease	Direct Availability	Direct Vacancy	Current Quarter	Trailing 12 mos.	Completions Current Qtr.	Under Construction	Asking Rent	Y-O-Y Change
Class A	153,450,885	42,565,434	7,102,868	27.7%	23.4%	309,831	2,392,516	889,038	4,792,575	\$33.09	3.8%
Class B	101,960,859	23,714,160	3,272,791	23.3%	21.2%	184,931	161,810	46,720	427,893	\$23.14	2.3%
Class C	6,760,786	855,651	35,730	12.7%	11.6%	(61,504)	(228,769)	-	-	\$21.45	8.3%
Totals	262,172,530	67,135,245	10,411,389	25.6%	22.2%	433,258	2,325,557	935,758	5,220,468	\$29.45	4.0%

SIGNIFICANT TRANSACTIONS

Tenant	SF	Type	Tenant Industry	Building	Class	Submarket
J.C. Penney Corporation, Inc.	318,067	New	Retailers/Wholesalers	The Campus at Legacy West	A	Upper Tollway/West Plano
Exeter	127,433	Renewal	Financial	2250 W John Carpenter Fwy	A	Las Colinas
AMN Healthcare	90,000	New	Business Services	Cypress Waters Office Park	A	Las Colinas
Munsch Hardt Kopf & Harr, PC	77,525	New	Law Firm	Ross Tower	A	Dallas CBD
O'Melveny & Myers LLP	75,069	New	Law Firm	Harwood No. 14	A	Uptown/Turtle Creek
Houlihan Lokey	74,805	New	Financial	The Link at Uptown	A	Uptown/Turtle Creek
Elevate Credit, Inc.	73,984	Renewal	Financial	4150 International Plz	B	South Ft Worth
WIS International	70,996	New	Business Services	Crown Centre One	A	Lewisville/Denton
Charles Schwab	52,000	New	Financial	Circle T Ranch	A	Mid Cities
Omni Logistics	52,000	Renewal	Transportation	The Sound at Cypress Waters	A	Las Colinas



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ABOUT MADISON MARQUETTE

Madison Marquette is a leading private full-service real estate provider, investment manager, developer and operator headquartered in Washington, D.C. The company delivers integrated investment, development, leasing and management services to a diverse portfolio of 330 assets in 20 states and manages an investment portfolio valued at over \$6.2 billion. The company partners with global, institutional and private investors to provide industry-leading investment and advisory services across asset classes -- including mixed-use, retail, office, medical, industrial, senior living and multifamily. Following its 2019 merger with the Boston-based Roseview Group, Madison Marquette added capital markets, investment banking and corporate advisory services to its integrated capabilities. Founded in 1992, the company built its reputation on the successful development, repositioning and redevelopment of landmark mixed-use assets, and now leverages that performance legacy to provide clients with exceptional asset services and investment advice. Madison Marquette has a strategic bench of professionals providing nationwide service from 14 regional markets and is a member of the Capital Guidance group of companies. For additional information, visit www.madisonmarquette.com.