



## Shifting landscape offers opportunity for investors

### Upward pressure on rates has expanded to all submarkets

The region's ongoing job gains and the continued tight market conditions has resulted in significant rental rate growth over the past two years in half of Dallas' submarkets. That upward pressure on rates has now begun to impact all submarkets, even those with higher vacancy like the Stemmons and LBJ Freeway submarkets.

Over the past quarter, all submarkets showed an increase in average asking rates, with the active submarkets seeing the larger increases (Far North Dallas, Uptown, Las Colinas). Year-over-year, rate increases for Class A and B space now average 6.3 percent, and range from 1.5 percent in Stemmons Freeway to 9.0 percent for North Central Expressway. Class A space is outpacing this slightly as some of the highest demand submarkets are realizing gains well above 8.0 percent.

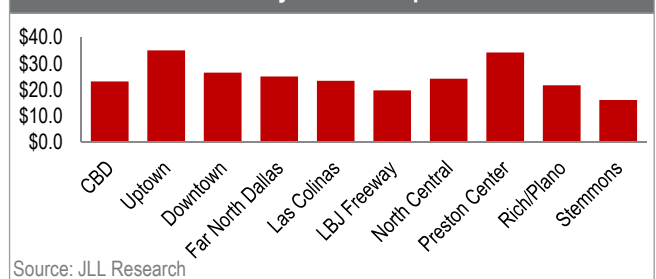
### Majority of net absorption has gone into newly delivered construction

2015 absorption has been on a fast pace, partly driven by State Farm's occupancy of their new, regional HQ. Even after adjusting for this impact, net absorption through Q3 has totaled 2.4 million square feet, which is a strong year. Overall, new construction has been in balance with both net absorption and new deliveries coming in at just under 4 million square feet each. The high net absorption has been driven by a mix of leasing in built-to-suit projects (State Farm, FedEx, The Richards Group, Monitronics) and lead tenants taking occupancy on some spec developments (KPMG, Polsinelli, Frost Bank).

### Vacancy is stable and near historic lows, despite new spec deliveries

Dallas is currently posting almost double the historic average of demand for space. The 7.7 million-square-foot construction pipeline and additional projects that may break ground suggest that vacancy may be at its low point in this cycle. We expect vacancy to begin to rise in 2016. We see this as a gradual shift because new spec construction should remain below previous cycles as a percent of total inventory and the economic outlook continues to be strong.

Class A & B rental rates by submarket p.s.f.



Source: JLL Research

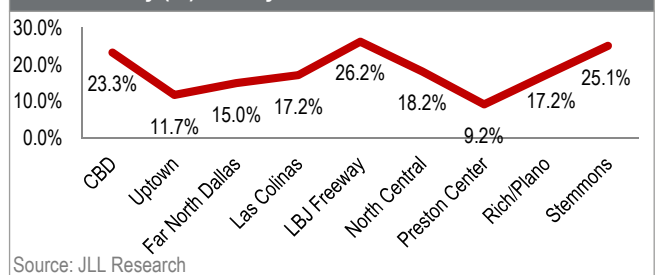
YTD net absorption and construction completions

# 3.95 million s.f.

YTD net absorption,  
(3.94 million s.f. of completions)

Source: JLL Research

Total vacancy (%) YTD by submarket



Source: JLL Research

**160,940,114**

Total inventory (s.f.)

**1,074,290**

Q3 2015 net absorption (s.f.)

**\$23.93**

Direct average asking rent

**7,735,314**

Total under construction (s.f.)

**18.7%**

Total vacancy

**3,954,840**

YTD net absorption (s.f.)

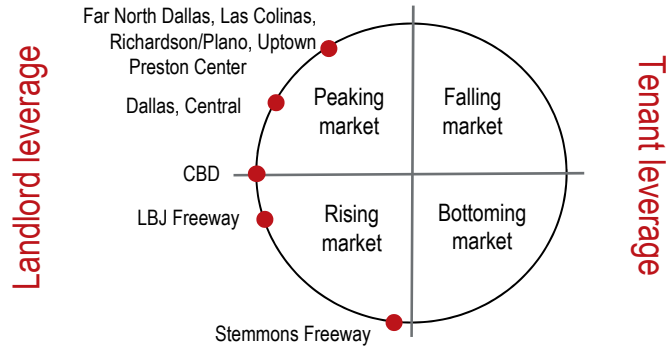
**6.3%**

12-month rent growth

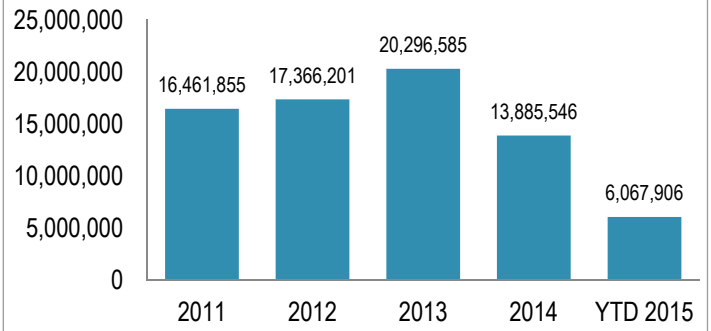
**59.0%**

Total preleased

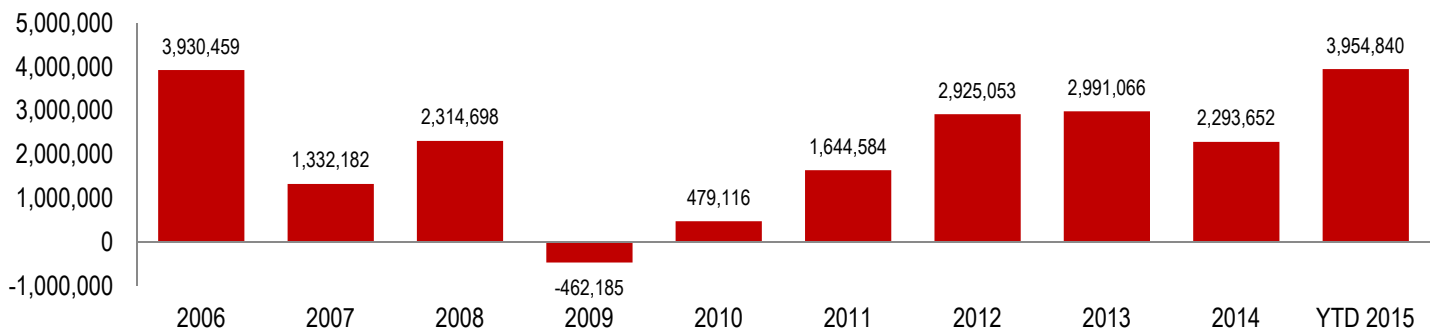
### Current conditions – submarket



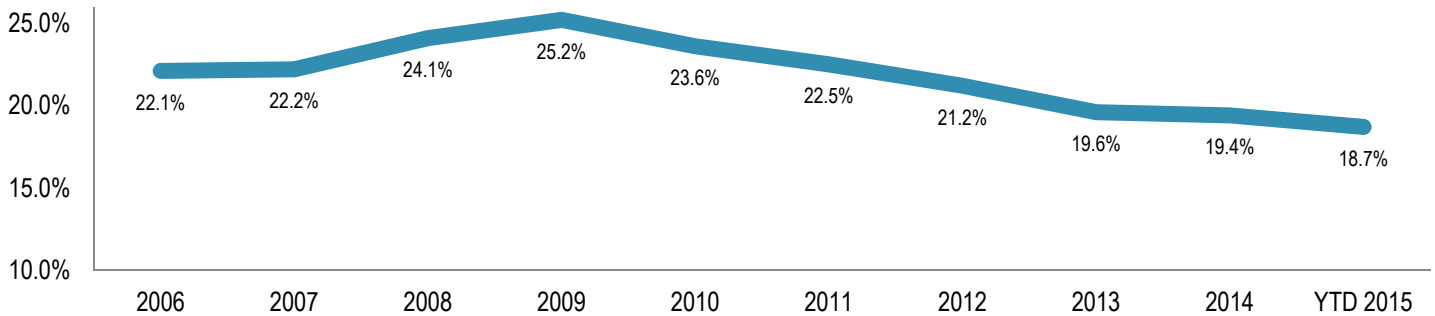
### Historical leasing activity (s.f.)



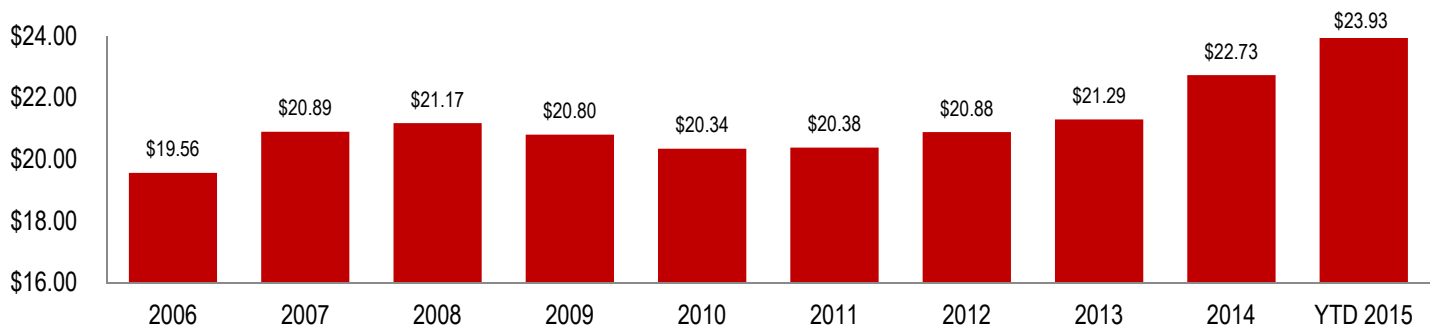
### Total net absorption (s.f.)



### Total vacancy rate (%)



### Direct average asking rent (\$ p.s.f.)



# Office Statistics

Dallas | Q3 2015



	Class	Inventory (s.f.)	Total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Direct vacancy (%)	Total vacancy (%)	Average direct asking rent (\$ p.s.f.)	YTD completions (s.f.)	Under construction (s.f.)
CBD	Totals	26,745,091	122,962	115,489	0.4%	22.6%	23.3%	\$23.28	459,383	0
Uptown/Oak Lawn	Totals	10,531,517	83,487	402,159	3.8%	11.2%	11.7%	\$35.08	417,735	671,330
<b>Downtown</b>	<b>Totals</b>	<b>37,276,608</b>	<b>206,449</b>	<b>517,648</b>	<b>1.4%</b>	<b>19.4%</b>	<b>20.0%</b>	<b>\$26.61</b>	<b>877,118</b>	<b>671,330</b>
Far North Dallas	Totals	37,116,350	593,449	1,394,519	3.8%	14.1%	15.0%	\$25.17	1,039,832	4,781,190
Las Colinas	Totals	28,339,441	338,643	231,601	0.8%	15.8%	17.2%	\$23.49	165,000	681,219
LBJ Freeway	Totals	19,253,769	122,634	153,504	0.8%	26.1%	26.2%	\$19.85	0	0
North Central Expressway	Totals	10,750,492	155,364	387,610	3.6%	17.8%	18.2%	\$24.30	207,041	0
Preston Center	Totals	3,840,324	-5,003	-41,227	-1.1%	8.7%	9.2%	\$34.32	0	361,583
Richardson/Plano	Totals	16,028,946	-331,349	1,077,083	6.7%	13.1%	17.2%	\$21.82	1,659,722	1,239,992
Stemmons Freeway	Totals	8,334,184	-5,897	234,102	2.8%	24.2%	25.1%	\$16.18	0	0
<b>Suburbs</b>	<b>Totals</b>	<b>123,663,506</b>	<b>867,841</b>	<b>3,437,192</b>	<b>2.8%</b>	<b>17.1%</b>	<b>18.3%</b>	<b>\$23.12</b>	<b>3,071,595</b>	<b>7,063,984</b>
<b>Dallas</b>	<b>Totals</b>	<b>160,940,114</b>	<b>1,074,290</b>	<b>3,954,840</b>	<b>2.5%</b>	<b>17.6%</b>	<b>18.7%</b>	<b>\$23.93</b>	<b>3,948,713</b>	<b>7,735,314</b>
CBD	A	21,466,723	96,761	367,290	1.7%	22.1%	22.9%	\$24.24	459,383	0
Uptown/Oak Lawn	A	8,309,047	82,561	144,705	1.7%	10.6%	11.1%	\$36.29	417,735	671,330
<b>Downtown</b>	<b>A</b>	<b>29,775,770</b>	<b>179,322</b>	<b>511,995</b>	<b>1.7%</b>	<b>18.9%</b>	<b>19.6%</b>	<b>\$27.60</b>	<b>877,118</b>	<b>671,330</b>
Far North Dallas	A	21,449,448	518,496	920,940	4.3%	11.9%	12.5%	\$28.43	698,121	4,658,136
Las Colinas	A	15,563,710	190,369	209,512	1.3%	14.2%	16.4%	\$26.42	165,000	681,219
LBJ Freeway	A	10,061,278	10,412	-21,174	-0.2%	23.9%	24.0%	\$22.28	0	0
North Central Expressway	A	7,052,036	56,109	289,942	4.1%	19.7%	20.0%	\$26.92	207,041	0
Preston Center	A	3,070,842	-2,922	-45,588	-1.5%	9.4%	10.0%	\$35.90	0	361,583
Richardson/Plano	A	7,201,311	-297,852	1,209,169	16.8%	6.4%	13.1%	\$24.30	1,659,722	1,239,992
Stemmons Freeway	A	3,684,656	23,904	190,103	5.2%	16.8%	18.2%	\$18.68	0	0
<b>Suburbs</b>	<b>A</b>	<b>68,083,281</b>	<b>498,516</b>	<b>2,752,904</b>	<b>4.0%</b>	<b>14.6%</b>	<b>16.1%</b>	<b>\$26.28</b>	<b>2,729,884</b>	<b>6,940,930</b>
<b>Dallas</b>	<b>A</b>	<b>97,859,051</b>	<b>677,838</b>	<b>3,264,899</b>	<b>3.3%</b>	<b>15.9%</b>	<b>17.2%</b>	<b>\$26.68</b>	<b>3,607,002</b>	<b>7,612,260</b>
CBD	B	5,278,368	26,201	-251,801	-4.8%	24.8%	24.8%	\$19.37	0	0
Uptown/Oak Lawn	B	2,222,470	926	257,454	11.6%	13.5%	14.0%	\$30.55	0	0
<b>Downtown</b>	<b>B</b>	<b>7,500,838</b>	<b>27,127</b>	<b>5,653</b>	<b>0.1%</b>	<b>21.4%</b>	<b>21.6%</b>	<b>\$22.68</b>	<b>0</b>	<b>0</b>
Far North Dallas	B	15,666,902	74,953	473,579	3.0%	17.2%	18.4%	\$20.70	341,711	123,054
Las Colinas	B	12,775,731	148,274	22,089	0.2%	17.8%	18.1%	\$19.92	0	0
LBJ Freeway	B	9,192,491	112,222	174,678	1.9%	28.4%	28.7%	\$17.18	0	0
North Central Expressway	B	3,698,456	99,255	97,668	2.6%	14.2%	14.6%	\$19.29	0	0
Preston Center	B	769,482	-2,081	4,361	0.6%	5.8%	6.0%	\$28.01	0	0
Richardson/Plano	B	8,827,635	-33,497	-132,086	-1.5%	18.5%	20.5%	\$19.79	0	0
Stemmons Freeway	B	4,649,528	-29,801	43,999	0.9%	30.0%	30.5%	\$14.20	0	0
<b>Suburbs</b>	<b>B</b>	<b>55,580,225</b>	<b>369,325</b>	<b>684,288</b>	<b>1.2%</b>	<b>20.1%</b>	<b>21.0%</b>	<b>\$19.26</b>	<b>341,711</b>	<b>123,054</b>
<b>Dallas</b>	<b>B</b>	<b>63,081,063</b>	<b>396,452</b>	<b>689,941</b>	<b>1.1%</b>	<b>20.3%</b>	<b>21.0%</b>	<b>\$19.66</b>	<b>341,711</b>	<b>123,054</b>



## Near record demand pushing rates and costs up

### Relocations and consolidations driving near record-high absorption

Dallas has been outpacing long term trends with outsized net absorption, which has been given a tremendous boost by large corporate users relocating or consolidating operations in the Dallas market. In many cases this has involved large built-to-suit projects (State Farm, Toyota, Liberty Mutual), but in others it has been less high profile backfilling of large blocks of space (Realpage, Santander). Over the past three years, the Dallas market has averaged over 2.7 million square feet of positive net absorption. Through the first half of 2015, that number has already been surpassed, partly due to State Farm taking occupancy in the first phase of its new campus. Recently signed lease transactions point to strong net absorption over the next two years.

### Strong demand coupled with increased expenses pushing rates higher

All of this strong demand for space has put strong upward pressure on rates. Some of that pressure is from a tighter vacancy rate, but also from an expense and labor perspective. The active construction pipeline has utilized almost all of the available labor pool for construction workers, which has resulted in large increases in base construction costs, tenant finishes and related projects. Tenant improvement costs alone have increased somewhere in the 15 to 18% range over the past two years. These higher expenses ultimately get passed on to tenants through increased rates.

### Vacancy likely at low point in the cycle with new spec near completion

With over 8.5 million square feet currently underway and several more announced projects soon to break ground, the market is likely near or at the low point from a vacancy rate perspective this cycle. Most of the construction completed over the past two years has been built-to-suit projects, but this dynamic is expected to shift more toward spec development. Still with strong pre-leasing activity and a lower than average vacancy rate, the market is expected to remain landlord favorable for at least the next two years.

### Needle-mover relocations/consolidations/built-to-suits (SF)

- 2014 Santander 350K, Omnitrac/ActiveNetwork 300K
- 2015 State Farm 1.5M, Richards Group 250K
- 2016 State Farm 500K, Realpage 400K, Raytheon 490K,
- 2017 Toyota 2M SF, Liberty Mutual 1M, FedEx 265K

Source: JLL Research

### Rates and related expenses up significantly



12.5%

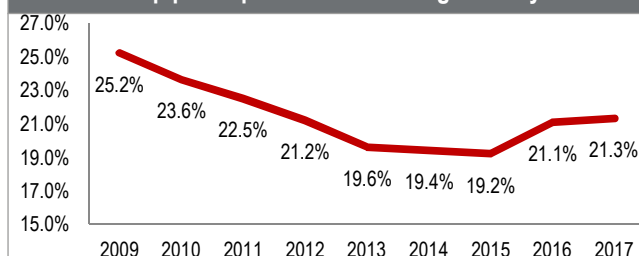
Asking rates past two years

16.5%

Tenant improvement costs

Source: JLL Research

### Construction pipeline points toward rising vacancy rate



Source: JLL Research

159,866,162

Total inventory (s.f.)

1,024,752

Q2 2015 net absorption (s.f.)

\$23.45

Direct average asking rent

8,508,652

Total under construction (s.f.)

18.7%

Total vacancy

2,880,550

YTD net absorption (s.f.)

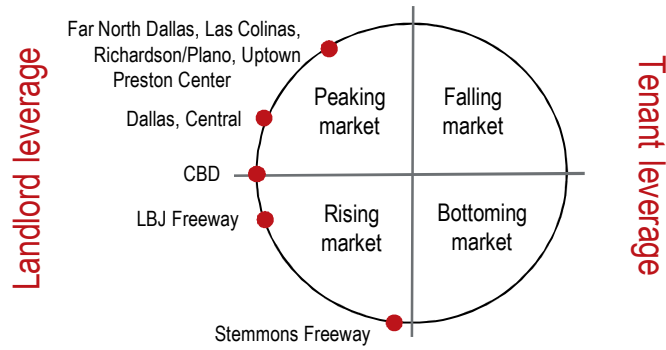
5.2%

12-month rent growth

61.3%

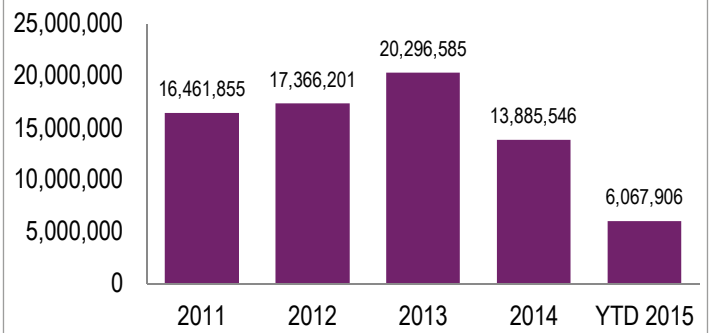
Total preleased

### Current conditions – submarket



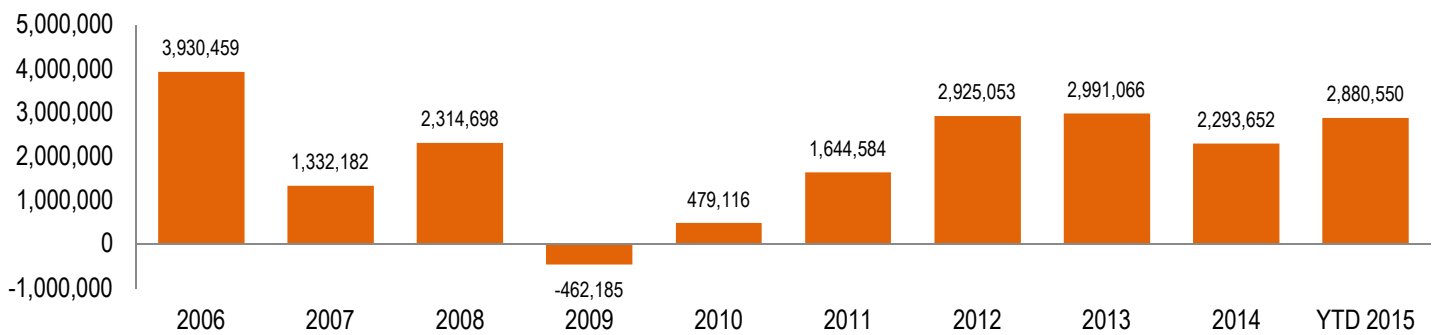
Source: JLL Research

### Historical leasing activity (s.f.)



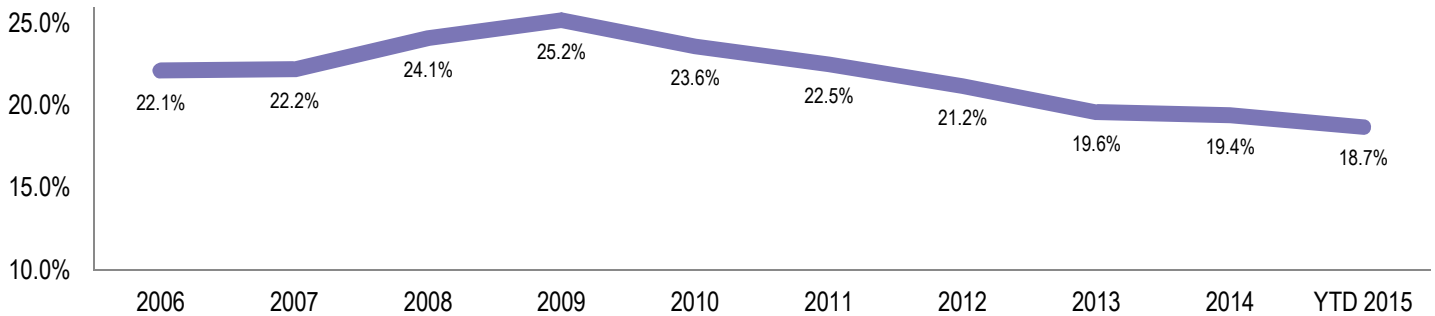
Source: JLL Research

### Total net absorption (s.f.)



Source: JLL Research

### Total vacancy rate (%)



Source: JLL Research

### Direct average asking rent (\$ p.s.f.)



Source: JLL Research

# Office Statistics

Dallas | Q2 2015



	Class	Inventory (s.f.)	Total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Direct vacancy (%)	Total vacancy (%)	Average direct asking rent (\$ p.s.f.)	YTD completions (s.f.)	Under construction (s.f.)
CBD	Totals	26,304,414	208,683	-7,473	0.0%	21.9%	22.5%	\$22.73	0	450,000
Uptown/Oak Lawn	Totals	10,312,952	91,085	318,672	3.1%	10.8%	11.2%	\$33.53	250,000	847,735
<b>Downtown</b>	<b>Totals</b>	<b>36,617,366</b>	<b>299,768</b>	<b>311,199</b>	<b>0.8%</b>	<b>18.8%</b>	<b>19.3%</b>	<b>\$25.77</b>	<b>250,000</b>	<b>1,297,735</b>
Far North Dallas	Totals	36,430,017	336,243	801,070	2.2%	13.5%	15.0%	\$24.98	273,458	5,274,614
Las Colinas	Totals	28,478,584	242,516	-107,042	-0.4%	16.9%	18.3%	\$23.09	0	654,219
LBJ Freeway	Totals	19,297,022	-36,352	30,870	0.2%	26.6%	26.8%	\$19.67	0	0
North Central Expressway	Totals	10,797,895	186,808	232,246	2.2%	19.3%	19.5%	\$23.74	207,041	0
Preston Center	Totals	3,840,324	15,699	-36,224	-0.9%	8.5%	9.0%	\$34.14	0	190,000
Richardson/Plano	Totals	16,071,469	-84,312	1,408,432	8.8%	12.9%	15.1%	\$21.00	1,557,638	1,092,084
Stemmons Freeway	Totals	8,333,485	64,382	239,999	2.9%	24.1%	25.0%	\$15.98	0	0
<b>Suburbs</b>	<b>Totals</b>	<b>123,248,796</b>	<b>724,984</b>	<b>2,569,351</b>	<b>2.1%</b>	<b>17.3%</b>	<b>18.5%</b>	<b>\$22.76</b>	<b>2,038,137</b>	<b>7,210,917</b>
<b>Dallas</b>	<b>Totals</b>	<b>159,866,162</b>	<b>1,024,752</b>	<b>2,880,550</b>	<b>1.8%</b>	<b>17.7%</b>	<b>18.7%</b>	<b>\$23.45</b>	<b>2,288,137</b>	<b>8,508,652</b>
CBD	A	21,007,340	174,794	270,529	1.3%	21.0%	21.7%	\$23.55	0	450,000
Uptown/Oak Lawn	A	8,096,465	71,996	62,144	0.8%	9.9%	10.4%	\$34.35	250,000	847,735
<b>Downtown</b>	<b>A</b>	<b>29,103,805</b>	<b>246,790</b>	<b>332,673</b>	<b>1.1%</b>	<b>17.9%</b>	<b>18.5%</b>	<b>\$25.22</b>	<b>250,000</b>	<b>1,297,735</b>
Far North Dallas	A	20,903,396	48,485	402,444	1.9%	11.5%	12.7%	\$28.23	198,841	4,888,814
Las Colinas	A	15,395,312	277,295	19,143	0.1%	14.5%	16.7%	\$25.95	0	306,219
LBJ Freeway	A	10,061,278	-10,116	-31,586	-0.3%	24.0%	24.1%	\$22.13	0	0
North Central Expressway	A	7,069,940	185,273	233,833	3.3%	20.6%	20.8%	\$26.12	207,041	0
Preston Center	A	3,070,842	4,571	-42,666	-1.4%	9.2%	9.9%	\$35.75	0	190,000
Richardson/Plano	A	7,199,377	-153,463	1,507,021	20.9%	6.5%	9.0%	\$23.25	1,557,638	1,092,084
Stemmons Freeway	A	3,684,656	42,522	166,199	4.5%	17.5%	18.9%	\$18.53	0	0
<b>Suburbs</b>	<b>A</b>	<b>67,384,801</b>	<b>394,567</b>	<b>2,254,388</b>	<b>3.3%</b>	<b>14.7%</b>	<b>16.0%</b>	<b>\$25.86</b>	<b>1,963,520</b>	<b>6,477,117</b>
<b>Dallas</b>	<b>A</b>	<b>96,488,606</b>	<b>641,357</b>	<b>2,587,061</b>	<b>2.7%</b>	<b>15.7%</b>	<b>16.7%</b>	<b>\$25.66</b>	<b>2,213,520</b>	<b>7,774,852</b>
CBD	B	5,297,074	33,889	-278,002	-5.2%	25.6%	25.6%	\$19.47	0	0
Uptown/Oak Lawn	B	2,216,487	19,089	256,528	11.6%	13.9%	14.1%	\$30.53	0	0
<b>Downtown</b>	<b>B</b>	<b>7,513,561</b>	<b>52,978</b>	<b>-21,474</b>	<b>-0.3%</b>	<b>22.1%</b>	<b>22.2%</b>	<b>\$21.52</b>	<b>0</b>	<b>0</b>
Far North Dallas	B	15,526,621	287,758	398,626	2.6%	16.2%	18.0%	\$20.61	74,617	385,800
Las Colinas	B	13,083,272	-34,779	-126,185	-1.0%	19.7%	20.1%	\$19.73	0	348,000
LBJ Freeway	B	9,235,744	-26,236	62,456	0.7%	29.5%	29.8%	\$16.98	0	0
North Central Expressway	B	3,727,955	1,535	-1,587	0.0%	16.7%	17.2%	\$19.24	0	0
Preston Center	B	769,482	11,128	6,442	0.8%	5.5%	5.8%	\$27.71	0	0
Richardson/Plano	B	8,872,092	69,151	-98,589	-1.1%	18.2%	20.1%	\$19.18	0	0
Stemmons Freeway	B	4,648,829	21,860	73,800	1.6%	29.4%	29.9%	\$13.96	0	0
<b>Suburbs</b>	<b>B</b>	<b>55,863,995</b>	<b>330,417</b>	<b>314,963</b>	<b>0.6%</b>	<b>20.5%</b>	<b>21.5%</b>	<b>\$19.03</b>	<b>74,617</b>	<b>733,800</b>
<b>Dallas</b>	<b>B</b>	<b>63,377,556</b>	<b>383,395</b>	<b>293,489</b>	<b>0.5%</b>	<b>20.7%</b>	<b>21.6%</b>	<b>\$19.32</b>	<b>74,617</b>	<b>733,800</b>



## Built-to-suit deliveries drive strong absorption

### Job growth has accelerated over recent months, resulting in near record- high absorption in early 2015

Like much of the country, there was a notable uptick in job growth in the early part of 2015, with Dallas recording an annual 140,800 net job gain. This job growth has been from a broad spectrum of industries and is expected to fuel strong demand for space for the foreseeable future. As a result of job growth, strong absorption moved the total vacancy rate to 19.0 percent. This vacancy rate is extremely low by historical standards. As vacancy declines, upward pressure on rates has continued, with average asking rates rising more than 5.0 percent over the past year.

### Construction deliveries of large built-to-suits drive demand

A majority of the 1.9 million square feet of positive net absorption in the first quarter was driven by the completion of State Farm's and the Richard Group's built-to-suit projects. Neither company was a corporate relocation, which have been a positive catalyst for the Dallas market, as both companies expanded their employment and real estate footprints in Dallas. Of the current 7.2 million-square-foot construction pipeline, there are significant additional built-to-suits, including Toyota, FedEx, 7-Eleven and Raytheon. Most of these projects are in the early stages and won't be delivered to the market until 2016 or 2017.

### Class A properties continue to dominate leasing activity

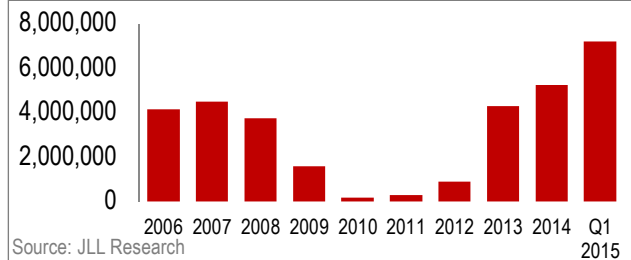
Despite higher rates and rate increases, tenants have been willing to lease and expand within Class A product. To date, most tenants have opted to mitigate rate increases through higher density instead of lower cost alternatives. With the robust construction pipeline underway, this concentration on Class A space is expected to continue for at least the next two years.

First quarter job growth and absorption outpacing 2014

January 2015 = 141K jobs  
2014 = 123K jobs  
Annualized net job growth

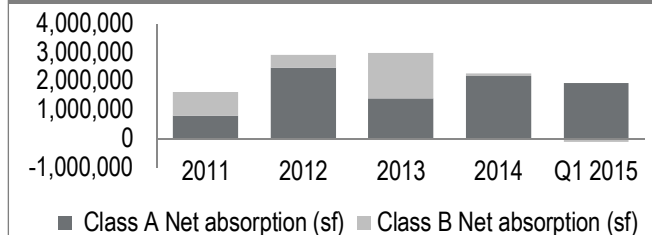
Source: BLS, JLL Research

Pipeline expands, built-to-suit is significant component



Source: JLL Research

Despite price premium, Class A continues to pace Class B



Source: JLL Research

19.0%

Total vacancy

1,855,788

Q1 2015 net absorption (s.f.)

5.1%

12-month rent growth

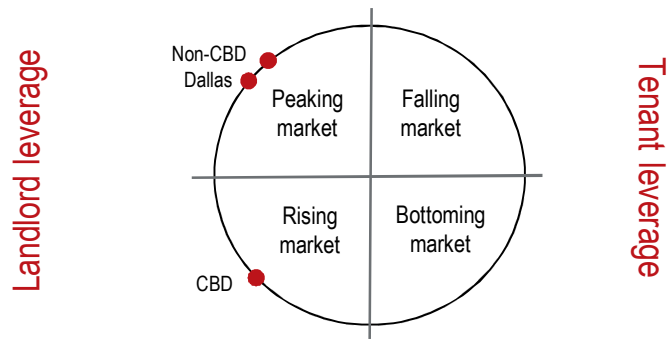
7,177,086

Total under construction (s.f.)

59.4%

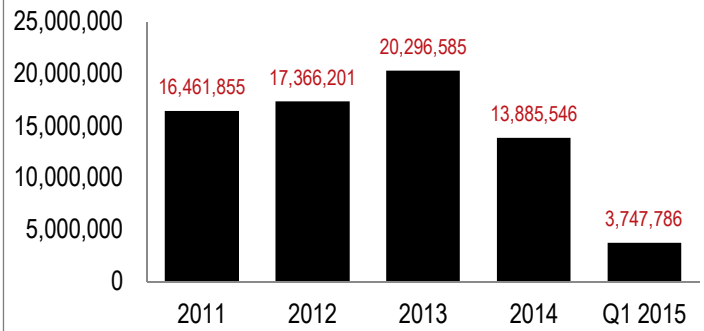
Total preleased

### Current conditions – market and submarket



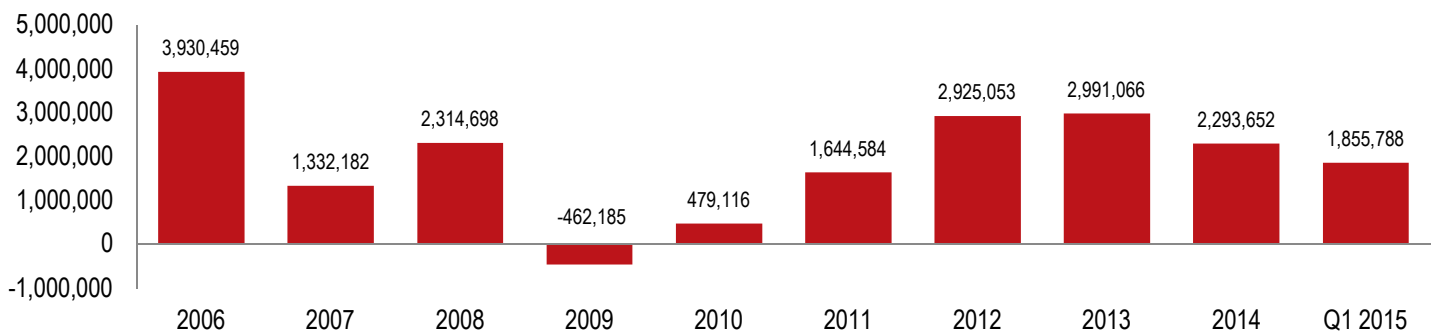
Source: JLL Research

### Historical leasing activity



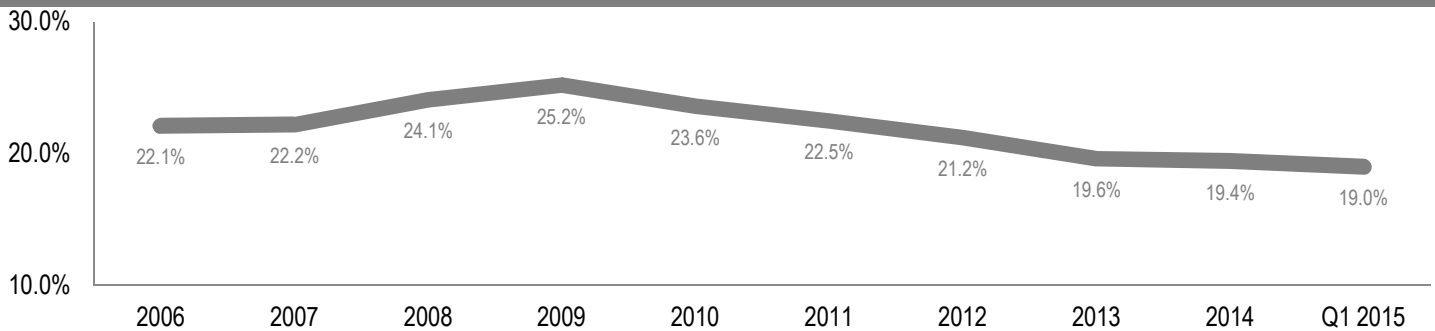
Source: JLL Research

### Total net absorption (s.f.)



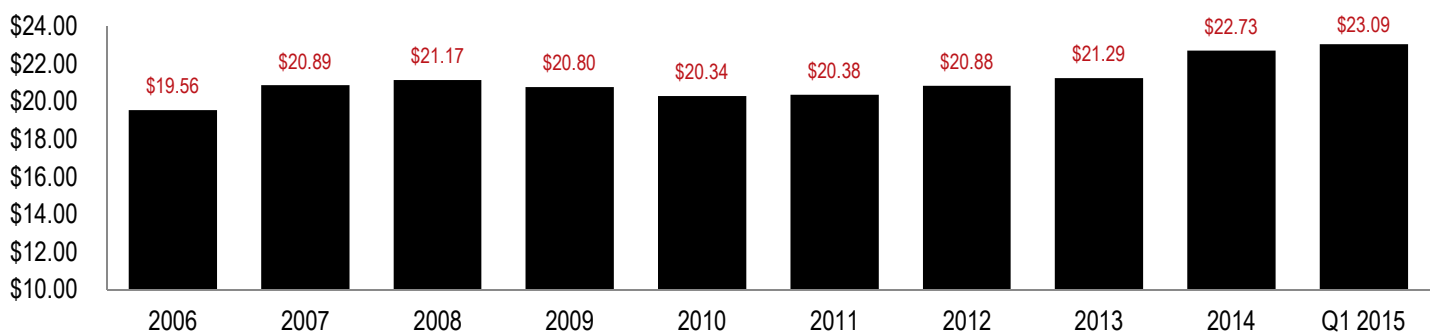
Source: JLL Research

### Total vacancy rate



Source: JLL Research

### Direct average asking rent (\$ p.s.f.)



Source: JLL Research



# Office Statistics

Dallas | Q1 2015



	Class	Total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Direct vacancy (%)	Total vacancy (%)	Average direct asking rent (\$ p.s.f.)	YTD completions (s.f.)	Under construction (s.f.)
CBD	Totals	26,706,979	-216,156	-216,156	-0.8%	21.8%	\$22.16	0	450,000
Uptown/Oak Lawn	Totals	10,394,835	227,577	227,577	2.2%	11.2%	\$33.27	250,000	847,735
<b>Downtown</b>	<b>Totals</b>	<b>37,101,814</b>	<b>11,421</b>	<b>11,421</b>	<b>0.0%</b>	<b>18.8%</b>	<b>\$25.27</b>	<b>250,000</b>	<b>1,297,735</b>
Far North Dallas	Totals	36,320,565	464,827	464,827	1.3%	14.2%	\$24.65	197,784	4,316,239
Las Colinas	Totals	28,131,688	-349,558	-349,558	-1.2%	17.9%	\$22.85	0	631,219
LBJ Freeway	Totals	19,334,339	67,222	67,222	0.3%	26.4%	\$19.30	0	0
North Central Expressway	Totals	10,590,863	45,438	45,438	0.4%	19.3%	\$22.63	0	235,893
Preston Center	Totals	3,840,324	-51,923	-51,923	-1.4%	9.0%	\$33.72	0	206,000
Richardson/Plano	Totals	16,496,203	1,492,744	1,492,744	9.0%	12.7%	\$21.03	1,557,638	490,000
Stemmons Freeway	Totals	8,333,372	175,617	175,617	2.1%	24.8%	\$15.89	0	0
<b>Suburbs</b>	<b>Totals</b>	<b>123,047,354</b>	<b>1,844,367</b>	<b>1,844,367</b>	<b>1.5%</b>	<b>17.8%</b>	<b>\$22.43</b>	<b>1,755,422</b>	<b>5,879,351</b>
<b>Dallas</b>	<b>Totals</b>	<b>160,149,168</b>	<b>1,855,788</b>	<b>1,855,788</b>	<b>1.2%</b>	<b>18.0%</b>	<b>\$23.09</b>	<b>2,005,422</b>	<b>7,177,086</b>
CBD	A	21,648,696	95,735	95,735	0.4%	22.5%	\$22.81	0	450,000
Uptown/Oak Lawn	A	7,923,553	-9,852	-9,852	-0.1%	10.7%	\$34.12	0	847,735
<b>Downtown</b>	<b>A</b>	<b>29,572,249</b>	<b>85,883</b>	<b>85,883</b>	<b>0.3%</b>	<b>19.3%</b>	<b>\$24.48</b>	<b>0</b>	<b>1,297,735</b>
Far North Dallas	A	20,646,507	353,959	353,959	1.7%	11.3%	\$28.35	123,167	3,883,539
Las Colinas	A	15,254,013	-258,152	-258,152	-1.7%	16.6%	\$25.48	0	306,219
LBJ Freeway	A	10,061,278	-21,470	-21,470	-0.2%	23.8%	\$21.38	0	0
North Central Expressway	A	6,862,899	48,560	48,560	0.7%	20.6%	\$24.47	0	235,893
Preston Center	A	3,070,842	-47,237	-47,237	-1.5%	9.5%	\$35.34	0	190,000
Richardson/Plano	A	7,624,775	1,660,484	1,660,484	21.8%	5.8%	\$23.44	1,557,638	490,000
Stemmons Freeway	A	3,684,656	123,677	123,677	3.4%	18.6%	\$18.49	0	0
<b>Suburbs</b>	<b>A</b>	<b>67,204,970</b>	<b>1,859,821</b>	<b>1,859,821</b>	<b>2.8%</b>	<b>15.0%</b>	<b>\$25.48</b>	<b>1,680,805</b>	<b>5,105,651</b>
<b>Dallas</b>	<b>A</b>	<b>96,777,219</b>	<b>1,945,704</b>	<b>1,945,704</b>	<b>2.0%</b>	<b>16.3%</b>	<b>\$25.18</b>	<b>1,680,805</b>	<b>6,403,386</b>
CBD	B	5,058,283	-311,891	-311,891	-6.2%	18.8%	\$19.38	0	0
Uptown/Oak Lawn	B	2,471,282	237,429	237,429	9.6%	13.1%	\$30.53	250,000	0
<b>Downtown</b>	<b>B</b>	<b>7,529,565</b>	<b>-74,462</b>	<b>-74,462</b>	<b>-1.0%</b>	<b>16.9%</b>	<b>\$22.21</b>	<b>250,000</b>	<b>0</b>
Far North Dallas	B	15,674,058	110,868	110,868	0.7%	18.1%	\$19.78	74,617	432,700
Las Colinas	B	12,877,675	-91,406	-91,406	-0.7%	19.4%	\$19.73	0	325,000
LBJ Freeway	B	9,273,061	88,692	88,692	1.0%	29.2%	\$17.04	0	0
North Central Expressway	B	3,727,964	-3,122	-3,122	-0.1%	16.7%	\$19.25	0	0
Preston Center	B	769,482	-4,686	-4,686	-0.6%	7.0%	\$27.23	0	16,000
Richardson/Plano	B	8,871,428	-167,740	-167,740	-1.9%	18.5%	\$18.95	0	0
Stemmons Freeway	B	4,648,716	51,940	51,940	1.1%	29.8%	\$13.83	0	0
<b>Suburbs</b>	<b>B</b>	<b>55,842,384</b>	<b>-15,454</b>	<b>-15,454</b>	<b>0.0%</b>	<b>21.0%</b>	<b>\$18.75</b>	<b>74,617</b>	<b>773,700</b>
<b>Dallas</b>	<b>B</b>	<b>63,371,949</b>	<b>-89,916</b>	<b>-89,916</b>	<b>-0.1%</b>	<b>20.5%</b>	<b>\$19.16</b>	<b>324,617</b>	<b>773,700</b>

Steve Triolet Research Manager

8343 Douglas Avenue Suite 100 Dallas, TX 75225 tel +1 214 438 6430 [steve.triolet@am.jll.com](mailto:steve.triolet@am.jll.com)

# Office Statistics

Texas | Q4 2014



	YTD completion (sf)	Inventory (sf)	Direct net absorption (sf)	YTD direct net absorption (sf)	Total net absorption (sf)	YTD total net absorption (sf)	YTD total net absorption (% of stock)	Direct vacancy (sf)	Direct vacancy (%)	Total vacancy (sf)	Total vacancy (%)	Average asking rent (\$ psf)	Under construction / renovation (sf)
<b>CBD</b>													
Class A	235,734	66,569,934	667,042	1,392,318	733,532	1,520,190	2.3%	9,439,528	14.2%	10,173,042	15.3%	\$31.41	5,115,921
Class B	0	24,891,713	94,133	449,775	88,383	463,035	1.9%	3,625,926	14.6%	4,025,617	16.2%	\$25.14	45,700
<b>Totals</b>	<b>235,734</b>	<b>91,461,647</b>	<b>761,175</b>	<b>1,842,093</b>	<b>821,915</b>	<b>1,983,225</b>	<b>2.2%</b>	<b>13,065,455</b>	<b>14.3%</b>	<b>14,198,659</b>	<b>15.5%</b>	<b>\$29.86</b>	<b>5,161,621</b>
<b>Suurbs</b>													
Class A	6,314,854	157,298,465	847,068	4,516,956	525,730	4,118,485	2.6%	20,760,888	13.2%	23,532,174	15.0%	\$28.75	20,214,692
Class B	365,446	137,468,125	401,315	1,340,012	307,867	1,011,277	0.7%	24,088,736	17.5%	25,857,273	18.8%	\$20.19	185,297
<b>Totals</b>	<b>6,680,300</b>	<b>294,766,590</b>	<b>1,248,383</b>	<b>5,856,968</b>	<b>833,597</b>	<b>5,129,762</b>	<b>1.7%</b>	<b>44,849,625</b>	<b>15.2%</b>	<b>49,389,447</b>	<b>16.8%</b>	<b>\$24.79</b>	<b>20,399,989</b>
<b>Texas totals</b>													
Class A	6,550,588	223,868,399	1,514,110	5,909,274	1,259,262	5,638,675	2.5%	30,200,416	13.5%	33,705,217	15.1%	\$29.58	25,330,613
Class B	365,446	162,359,838	495,448	1,789,787	396,250	1,474,312	0.9%	27,714,663	17.1%	29,882,889	18.4%	\$20.83	230,997
<b>Totals</b>	<b>6,916,034</b>	<b>386,228,237</b>	<b>2,009,558</b>	<b>7,699,061</b>	<b>1,655,512</b>	<b>7,112,987</b>	<b>1.8%</b>	<b>57,915,079</b>	<b>15.0%</b>	<b>63,588,106</b>	<b>16.5%</b>	<b>\$25.94</b>	<b>25,561,610</b>

## CBD

	YTD completion (sf)	Inventory (sf)	Direct net absorption (sf)	YTD direct net absorption (sf)	Total net absorption (sf)	YTD total net absorption (sf)	YTD total net absorption (% of stock)	Direct vacancy (sf)	Direct vacancy (%)	Total vacancy (sf)	Total vacancy (%)	Average asking rent (\$ psf)	Under construction / renovation (sf)
<b>Austin</b>													
Class A	235,734	7,059,596	149,930	418,475	159,331	425,766	6.2%	438,231	6.2%	519,537	7.4%	\$43.95	1,537,148
Class B	0	2,268,681	-5,324	61,681	-5,324	65,517	2.9%	86,923	3.8%	94,761	4.2%	\$34.51	45,700
<b>Totals</b>	<b>235,734</b>	<b>9,328,277</b>	<b>144,606</b>	<b>480,156</b>	<b>154,007</b>	<b>491,283</b>	<b>5.4%</b>	<b>525,153</b>	<b>5.6%</b>	<b>614,299</b>	<b>6.6%</b>	<b>\$41.65</b>	<b>1,582,848</b>
<b>Dallas</b>													
Class A	0	29,486,059	78,454	509,486	95,451	546,310	1.9%	5,812,974	19.7%	6,022,284	20.4%	\$25.13	1,014,735
Class B	0	7,631,084	43,712	150,055	51,261	164,257	2.2%	1,325,542	17.4%	1,332,014	17.5%	\$20.59	0
<b>Totals</b>	<b>0</b>	<b>37,117,143</b>	<b>122,166</b>	<b>659,541</b>	<b>146,712</b>	<b>710,567</b>	<b>1.9%</b>	<b>7,138,516</b>	<b>19.2%</b>	<b>7,354,298</b>	<b>19.8%</b>	<b>\$24.21</b>	<b>1,014,735</b>
<b>Houston</b>													
Class A	0	28,189,793	448,000	516,400	488,092	596,484	2.1%	2,957,622	10.5%	3,399,175	12.1%	\$42.41	2,564,038
Class B	0	11,651,502	52,860	230,216	39,561	226,251	1.9%	1,580,768	13.6%	1,961,994	16.8%	\$30.80	0
<b>Totals</b>	<b>0</b>	<b>39,841,295</b>	<b>500,860</b>	<b>746,616</b>	<b>527,653</b>	<b>822,735</b>	<b>2.1%</b>	<b>4,538,390</b>	<b>11.4%</b>	<b>5,361,169</b>	<b>13.5%</b>	<b>\$39.01</b>	<b>2,564,038</b>
<b>San Antonio</b>													
Class A	0	1,834,486	-9,342	-52,043	-9,342	-48,370	-2.6%	230,701	12.6%	232,046	12.6%	\$25.08	0
Class B	0	3,340,446	2,885	7,823	2,885	7,010	0.2%	632,694	18.9%	636,847	19.1%	\$19.24	0
<b>Totals</b>	<b>0</b>	<b>5,174,932</b>	<b>-6,457</b>	<b>-44,220</b>	<b>-6,457</b>	<b>-41,360</b>	<b>-0.8%</b>	<b>863,395</b>	<b>16.7%</b>	<b>868,893</b>	<b>16.8%</b>	<b>\$21.31</b>	<b>0</b>

## Suburbs

	YTD completion (sf)	Inventory (sf)	Direct net absorption (sf)	YTD direct net absorption (sf)	Total net absorption (sf)	YTD total net absorption (sf)	YTD total net absorption (% of stock)	Direct vacancy (sf)	Direct vacancy (%)	Total vacancy (sf)	Total vacancy (%)	Average asking rent (\$ psf)	Under construction / renovation (sf)
<b>Austin</b>													
Class A	557,153	19,771,539	106,465	514,199	73,700	267,042	1.4%	2,266,118	11.5%	2,713,452	13.7%	\$32.84	1,781,026
Class B	0	17,662,832	73,815	29,444	71,044	-106,595	-0.6%	2,386,037	13.5%	2,616,034	14.8%	\$24.56	81,116
<b>Totals</b>	<b>557,153</b>	<b>37,434,371</b>	<b>180,280</b>	<b>543,643</b>	<b>144,744</b>	<b>160,447</b>	<b>0.4%</b>	<b>4,652,155</b>	<b>12.4%</b>	<b>5,329,486</b>	<b>14.2%</b>	<b>\$28.93</b>	<b>1,862,142</b>
<b>Dallas</b>													
Class A	2,313,718	65,474,137	758,571	1,796,201	531,802	1,653,755	2.6%	10,255,981	15.7%	11,053,884	16.9%	\$25.37	4,180,461
Class B	327,446	56,108,165	35,728	245,656	-136,829	-70,670	-0.1%	11,788,731	21.0%	12,321,395	22.0%	\$18.69	49,964
<b>Totals</b>	<b>2,641,164</b>	<b>121,582,302</b>	<b>794,299</b>	<b>2,041,857</b>	<b>394,973</b>	<b>1,583,085</b>	<b>1.3%</b>	<b>22,044,712</b>	<b>18.1%</b>	<b>23,375,279</b>	<b>19.2%</b>	<b>\$22.29</b>	<b>4,230,425</b>
<b>Houston</b>													
Class A	3,215,483	64,671,832	31,205	2,134,461	-17,784	2,152,205	3.5%	6,967,581	10.8%	8,294,867	12.8%	\$33.02	13,661,564
Class B	0	50,783,049	357,381	934,805	441,061	1,045,096	2.1%	8,006,221	15.8%	8,942,752	17.6%	\$20.99	0
<b>Totals</b>	<b>3,215,483</b>	<b>115,454,881</b>	<b>388,586</b>	<b>3,069,266</b>	<b>423,277</b>	<b>3,197,301</b>	<b>2.8%</b>	<b>14,973,803</b>	<b>13.0%</b>	<b>17,237,619</b>	<b>14.9%</b>	<b>\$27.73</b>	<b>13,661,564</b>
<b>San Antonio</b>													
Class A	228,500	7,380,957	-49,173	72,095	-61,988	45,483	0.6%	1,271,208	15.9%	1,469,971	18.5%	\$25.31	591,641
Class B	38,000	12,914,079	-65,609	130,107	-67,409	143,446	1.1%	1,907,747	13.4%	1,977,092	14.0%	\$20.62	54,217
<b>Totals</b>	<b>266,500</b>	<b>20,295,036</b>	<b>-114,782</b>	<b>202,202</b>	<b>-129,397</b>	<b>188,929</b>	<b>0.9%</b>	<b>3,178,955</b>	<b>14.3%</b>	<b>3,447,063</b>	<b>15.5%</b>	<b>\$22.32</b>	<b>645,858</b>