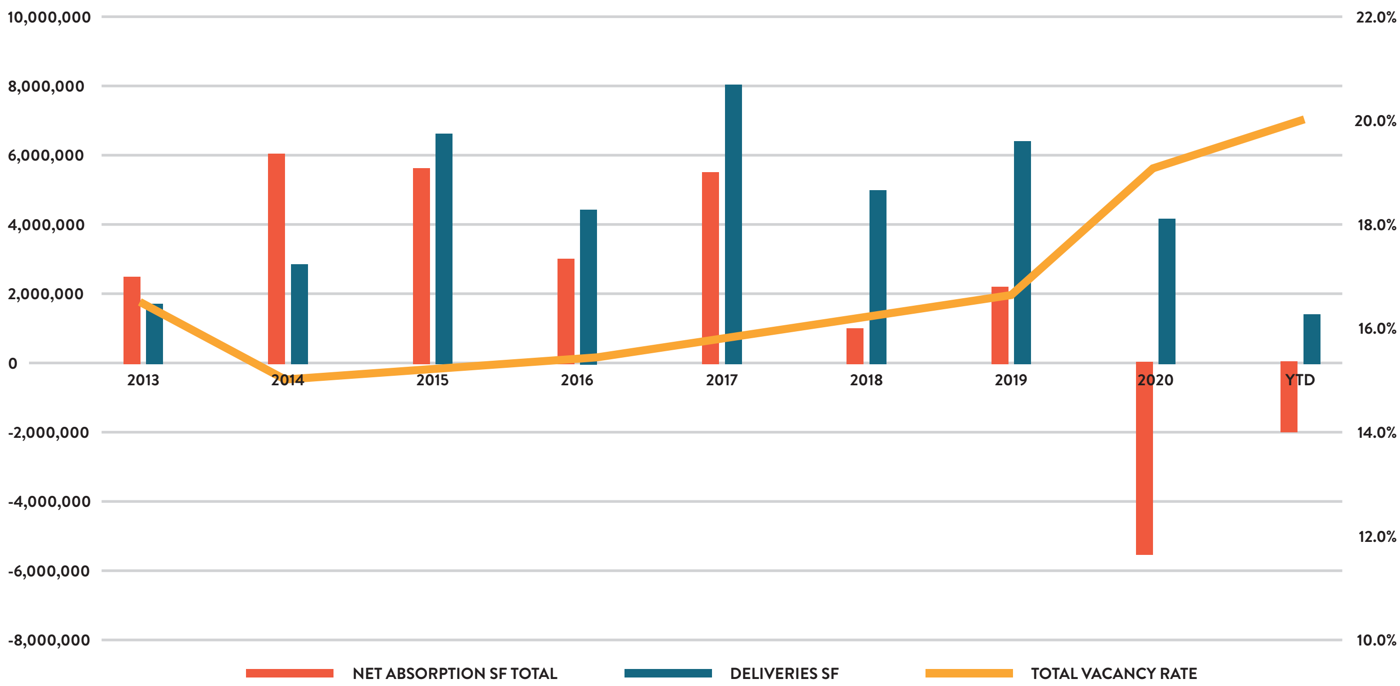
DALLAS/FORT WORTH OFFICE MARKET FUNDAMENTALS 2Q21



OFFICE MARKET CONDITIONS

Office demand remained soft in the second quarter of 2021 with a negative 282,281 square feet recorded. However, DFW recorded significantly less negative absorption than prior quarters, which is very encouraging. In comparison, 5.7 million square feet of negative absorption was recorded in 2020, with roughly half of that due to vacant sublease space. While all property classes were negative in 2021, Class B properties accounted for roughly 90% of the negative absorption in the first half of 2021.

	TOTAL VACANCY	SUBLEASE SPACE	NET ABSORPTION	COMPLETIONS	UNDER CONSTRUCTION	AVERAGE ASKING RATES
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

Overall, with more than 1 million square feet of new deliveries combined with lower demand, the total vacancy rate increased to 20% in the second quarter of 2021. With another 6.4 million square feet underway - 3.8 million of which is scheduled for delivery in late 2021 - the total vacancy rate is expected to increase throughout 2021.

Interesting note, even with the negative absorption and higher vacancy rate, average asking rates have not fallen for most submarkets. Overall, the total weighted average asking rate is $27.53 (FSG), which is up $0.43 from the end of 2020.

14643 DALLAS PARKWAY, SUITE 950
DALLAS, TX 75254

YOUNGER PARTNERS

214.294.4400
YOUNGERPARTNERS.COM

DALLAS/FORT WORTH OFFICE MARKET FUNDAMENTALS 2Q21

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. (FS/G)
Central Expressway	99	11,915,708	2,399,445	20.1%	-171,507	-237,614	30,000	30,000	0	$30.93
Dallas CBD	94	32,055,251	8,425,930	26.3%	-206,418	-474,892	0	0	284,600	$26.05
East Dallas	141	6,023,312	823,902	13.7%	76,546	78,516	280,127	372,741	469,000	$27.90
Far North Dallas	439	58,155,130	13,571,927	23.3%	-41,957	-326,448	458,727	671,750	1,750,022	$31.68
Fort Worth CBD	70	10,000,446	1,724,959	17.2%	248,249	-85,133	0	0	0	$27.68
Las Colinas	300	41,951,548	8,467,147	20.2%	-43,705	-432,284	261,805	261,805	756,000	$26.14
LBJ Freeway	149	19,714,624	4,370,401	22.2%	-62,598	-193,778	0	0	0	$23.85
Lewisville/Denton	129	5,777,141	609,418	10.5%	-26,275	-9,749	0	0	69,247	$24.99
Mid-Cities	373	26,931,996	4,666,611	17.3%	163,764	74,143	0	32,058	781,585	$25.14
North Fort Worth	51	3,746,818	127,335	3.4%	23,764	-3,906	20,000	20,000	54,000	$25.19
Northeast Fort Worth	52	3,809,734	474,843	12.5%	-596	49,555	0	0	0	$20.99
Preston Center	52	5,861,201	656,815	11.2%	24,813	-29,872	0	0	688,368	$39.49
Richardson/Plano	325	32,249,766	6,151,508	19.1%	248,357	11,330	31,468	31,468	389,178	$23.95
South Fort Worth	178	10,155,911	1,453,141	14.3%	-276,430	-25,409	0	21,600	15,000	$24.56
Southwest Dallas	75	3,754,681	577,654	15.4%	4,075	-5,568	28,314	28,314	30,000	$23.31
Stemmons Freeway	117	9,981,555	2,282,929	22.9%	-9,933	-41,530	0	0	65,000	$20.58
Uptown/Turtle Creek	103	14,895,056	2,578,938	17.3%	-232,430	-376,622	0	0	1,016,688	$41.69
TOTAL	**2,747**	**296,979,878**	**59,362,903**	**20.0%**	**-282,281**	**-2,029,261**	**1,110,441**	**1,469,736**	**6,368,688**	**$27.53**
CLASS A	575	161,932,473	36,298,386	22.4%	-130,959	-74,908	985,446	1,236,483	5,984,669	$30.91
CLASS B	1,684	118,744,028	21,611,960	18.2%	-126,314	-1,830,387	124,995	233,253	384,019	$22.61
CLASS C	488	16,303,377	1,452,557	8.9%	-25,008	-123,966	0	0	0	$18.96
TOTAL DFW	**2,747**	**296,979,878**	**59,362,903**	**20.0%**	**-282,281**	**-2,029,261**	**1,110,441**	**1,469,736**	**6,368,688**	**$27.53**