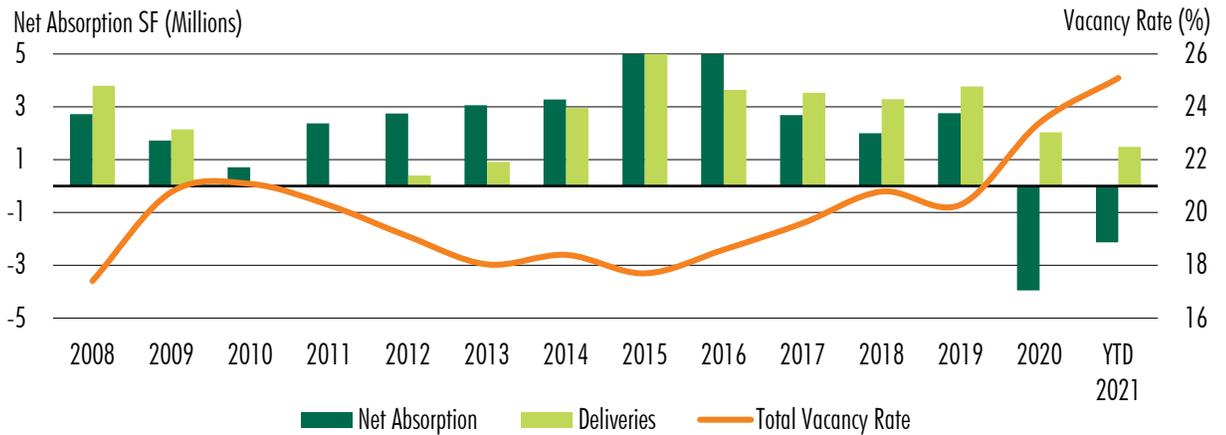


Market recovery still sluggish but growth may be on the horizon

▲ Vacancy Rate 25.1%
▲ Avg. Asking Rate \$26.52
▼ Net Absorption -621,328
▼ Deliveries 404,350
▼ Under Construction 3,567,331

Figure 1: Historical Net Absorption and Vacancy



Source: CBRE Research, Q3 2021.

According to the Bureau of Labor Statistics, as of August 2021, the national unemployment rate was 5.2%, down by 20 basis points (bps) from 5.4% in July 2021. DFW recorded a 4.7% unemployment rate in August 2021, 60 bps lower than July 2021. Comparing year-over-year, DFW has gained 196,500 non-farm jobs since last August and has recouped roughly 97.9% of jobs lost from March 2020 to August 2020.

In Q3 2021, DFW's -621,328 sq. ft. net absorption was a 263,284 sq. ft. decrease compared to the -358,044 sq. ft. in Q2 2021. Vacancy is still on the rise as the market continues to experience a combination of tenant downsizing and fewer expansions due to COVID uncertainties. Vacancy in Q3 2021 was up another 50 bps from last quarter, now at 25.1%. Deliveries were materially down 62.5% to 404,350 SF in Q3 2021, but we are expecting a higher number of new deliveries in Q4 2021.

Space under construction decreased 3.6% to 3,567,331 sq. ft. since Q2 2021. Quoted face rates were up slightly after increasing 120 bps from \$26.40 to \$26.52 in Q3 2021. Sublease availability was up from Q2 2021 with 9.2 million sq. ft. of sublease space available within CBRE Research's tracked dataset, now representing 14.0% of total availability and 4.0% of total inventory. Similar to last quarter, two-thirds of sublease listings are from Class A properties. Despite setbacks in net absorption and a continued increase in vacancy, according to CBRE Americas Research, DFW is still expected to improve in coming quarters due to an increase in overall demand, static rents and an increase in supply from incoming deliveries next year. As inquiries and tour activity continue to remain stable, market growth is also expected to pick up in the next 12 months.

Figure 2: Dallas/Fort Worth Office Market Statistics

Submarket	Net Rentable Area	Total Vacancy (%)	Total Availability (%)	Average Asking Rate FSG (\$/SF/YR)	Under Construction (SF)	Deliveries (SF)	Q3 2021 Net Absorption	2021 Net Absorption
Central Expressway	10,661,032	22.6	26.0	31.00	-	-	-7,715	-277,026
Class A	7,294,826	22.6	25.9	34.04	-	-	49,786	-158,141
Class B	3,305,658	23.1	26.9	26.54	-	-	-57,501	-118,885
Dallas CBD	27,719,833	32.3	39.2	27.88	-	224,370	-67,428	-432,603
Class A	22,535,509	33.7	41.7	30.61	-	224,370	-55,135	-388,513
Class B	4,970,967	26.7	29.1	22.31	-	-	-3,193	-20,651
East Dallas	2,851,528	24.6	30.3	22.12	469,928	-	30,628	54,765
Class A	688,550	58.5	81.9	50.95	469,928	-	14,989	14,639
Class B	1,814,210	13.6	13.7	17.71	-	-	15,639	45,497
Far North Dallas	46,123,179	28.4	30.5	30.31	847,370	80,000	246,464	-272,912
Class A	32,039,371	30.2	31.6	36.26	847,370	80,000	220,664	-25,727
Class B	13,981,711	24.2	27.6	23.15	-	-	25,800	-247,185
Las Colinas	33,154,547	24.0	28.5	26.44	322,877	-	-268,677	-493,983
Class A	20,288,807	20.3	24.3	30.74	322,877	-	-48,514	199,897
Class B	12,267,831	29.3	35.2	22.19	-	-	-30,757	-504,474
LBJ Freeway	19,273,577	26.1	28.8	22.42	-	-	-252,674	-658,965
Class A	11,122,846	24.3	30.0	28.26	-	-	-217,228	-508,774
Class B	7,981,169	28.9	27.5	18.84	-	-	-24,726	-139,471
Lewisville / Denton	4,148,285	13.5	18.5	25.53	24,000	-	39,379	166,805
Class A	950,194	25.9	30.2	30.16	-	-	4,543	130,978
Class B	3,132,339	10.0	15.3	20.97	24,000	-	34,836	17,131
Preston Center	4,221,864	14.6	16.7	40.15	615,632	-	-34,747	-55,912
Class A	3,416,883	14.4	16.6	44.87	615,632	-	-28,615	-43,677
Class B	737,303	16.3	17.9	31.83	-	-	-6,132	-12,235
Richardson / Plano	24,190,586	22.7	26.8	22.76	100,000	-	-196,794	-75,510
Class A	12,912,621	23.6	25.7	27.13	100,000	-	-111,415	51,599
Class B	10,958,301	21.8	27.8	19.42	-	-	-86,457	-115,440
SW Dallas	1,836,211	25.0	25.5	22.74	-	-	13,461	4,542
Class A	280,592	6.9	6.9	20.00	-	-	0	0
Class B	1,369,965	29.4	30.0	21.41	-	-	13,461	4,542
Stemmons Freeway	9,371,866	27.7	24.0	17.14	65,000	-	-42,582	121,265
Class A	4,230,561	20.3	17.9	19.49	-	-	5,996	11,665
Class B	4,697,626	35.2	30.0	16.43	65,000	-	-51,792	101,287
Uptown/Turtle Creek	12,776,046	20.5	24.2	46.20	1,016,774	-	50,601	-173,718
Class A	11,030,089	19.3	23.3	48.70	1,016,774	-	78,833	-92,725
Class B	1,608,073	30.3	32.8	38.92	-	-	-28,232	-80,993

Source: CBRE Research, Q3 2021.

Figure 2: Dallas/Fort Worth Office Market Statistics

Submarket	Net Rentable Area	Total Vacancy (%)	Total Availability (%)	Average Asking Rate FSG (\$/SF/YR)	Under Construction (SF)	Deliveries (SF)	Q3 2021 Net Absorption	2021 Net Absorption
Fort Worth CBD	8,750,721	18.9	20.5	26.56	-	-	57,238	-40,108
Class A	6,242,460	13.4	15.0	31.47	-	-	29,421	179,616
Class B	2,438,950	33.5	35.1	21.29	-	-	27,817	-219,724
Mid Cities	15,592,741	25.9	30.0	20.28	21,750	99,980	32,236	229,801
Class A	5,977,853	22.8	24.4	25.26	-	99,980	61,121	274,573
Class B	8,913,409	29.2	35.3	18.37	21,750	-	-28,128	-51,680
North Fort Worth	2,722,275	16.5	15.5	23.15	54,000	-	-166,373	-171,699
Class A	1,144,559	19.7	22.6	24.02	54,000	-	-183,092	-169,568
Class B	1,449,692	13.6	9.5	20.36	-	-	16,752	8,757
NE Fort Worth	1,653,284	18.4	19.5	16.36	-	-	13,309	62,857
Class A	415,921	42.5	42.5	0.00	-	-	2,521	53,236
Class B	1,068,148	11.0	12.7	16.79	-	-	2,771	3,325
South Fort Worth	6,045,614	18.0	17.8	23.13	30,000	-	-67,654	-122,194
Class A	2,341,882	20.8	14.8	27.20	30,000	-	-63,833	-22,269
Class B	3,446,800	16.0	19.5	23.26	-	-	1,272	-87,831
Dallas Total	196,328,554	25.7	29.2	27.83	3,461,581	304,370	-490,084	-2,093,252
Class A	126,790,849	26.0	29.8	33.78	3,372,581	304,370	-86,096	-808,779
Class B	66,825,153	25.4	28.4	21.99	89,000	0	-199,054	-1,070,877
Fort Worth Total	34,764,635	21.7	23.9	21.88	105,750	99,980	-131,244	-41,343
Class A	16,122,675	19.2	19.7	26.97	84,000	99,980	-153,862	315,588
Class B	17,316,999	24.7	28.6	19.67	21,750	-	20,484	-347,153
DFW Total	231,093,189	25.1	28.4	26.52	3,567,331	404,350	-621,328	-2,134,595
Class A	142,913,524	25.2	28.6	32.45	3,456,581	404,350	-239,958	-493,191
Class B	84,142,152	25.3	28.4	21.27	110,750	0	-178,570	-1,418,030

Source: CBRE Research, Q3 2021.

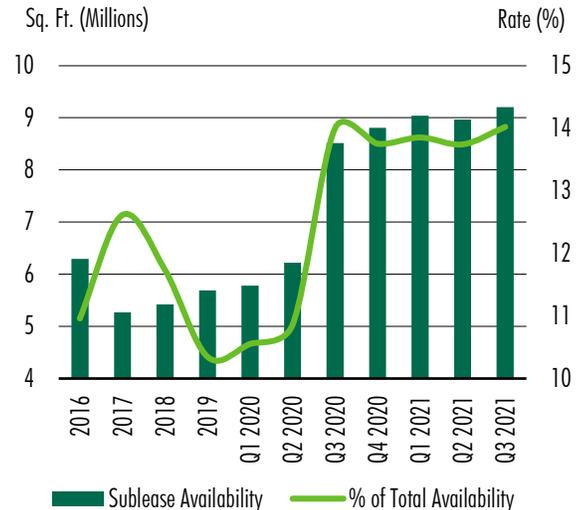
*Although Class C is not shown, totals are inclusive of all classes of data.

Figure 3: Significant Leases / Sales of the Quarter

Lease (Tenant)	Building Name	Submarket	Total SF
Multiview Inc.	One Panorama Center	Las Colinas	82,093
Trintech Inc.	Granite Park VII	Far North Dallas	71,732
Sale (Buyer)	Building Name	Submarket	Total SF
Dominus Commercial Inc.	Urban Center 600 E Las Colinas Blvd	Las Colinas	512,269
The Related Companies	International Plaza I	Far North Dallas	351,000

Source: CBRE Research, Real Capital Analytics, Q3 2021.

Figure 4: Sublease Vacancy & Availability



Source: CBRE Research, Q3 2021.

