

Economic Overview

According to the Bureau of Labor Statistics, the unemployment rate increased by 0.2 percentage points from 3.6% in May 2016 to 3.8% in May 2017. This increase in unemployment was largely due to new people entering the labor force seeking work. Net job growth for Dallas/Fort Worth increased over the time period by 110,800 jobs, one of the highest in the country. Industrial using jobs (warehouse and manufacturing jobs) added 14,300 jobs during the past year.

Market Overview

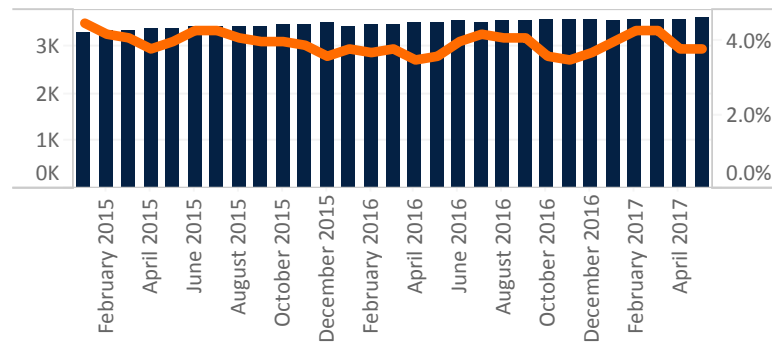
The Dallas/Fort Worth industrial market recorded 3 million square feet of positive absorption during the second quarter, making the total through the first half of the year a healthy 7.1 million square feet. This level is down from last year, which was near a record high for the market. The total vacancy rate has remained largely unchanged in recent quarters, with new supply and construction largely in line with one another. Weighted average asking rates have had strong rate pressure and are up almost 2% over the past quarter to \$6.41 psf at the close of the second quarter of 2017.

Market Highlights

With a slowing in net absorption and the construction pipeline remaining elevated, most indicators point to a slight increase in the total vacancy rate over the next few quarters. Most submarkets, however, have near historically low vacancy rates, which has resulted in strong upward pressure on rates. This is expected to continue for most submarkets, only three submarkets have higher vacancy rates due to recent construction deliveries (South Dallas, North Fort Worth and GSW).

Dallas-Fort Worth Employment

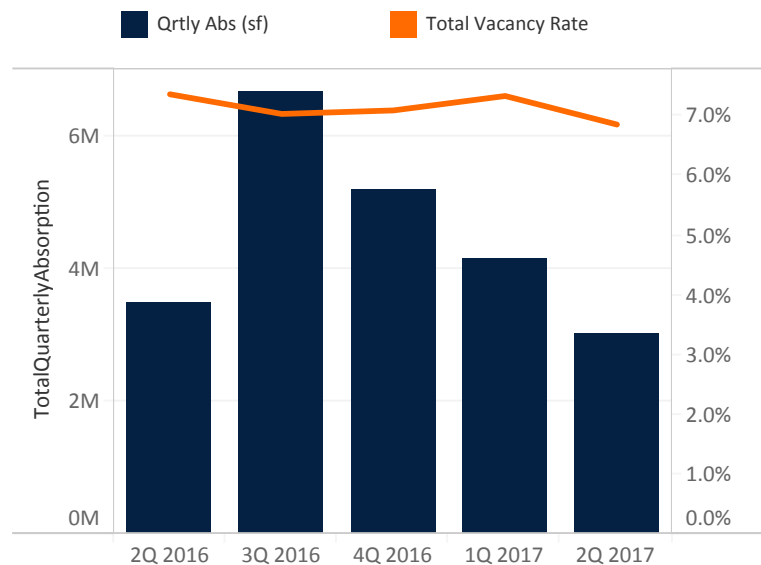
Source: BLS



Market Recap

Inventory (sf)	625,331,483
# of Bldgs	6,984
Qrtly Abs (sf)	3,022,453
Total Avail Rate	10.0%
Total Vacancy Rate	6.9%
U/C Inventory (sf)	16,012,066
Delivered (sf)	3,036,919
Weighted Average Asking Rate (NNN)	\$6.41

Absorption and Vacancy Rate



Overview by Specific Use (Total)

Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qrtly Abs (sf)	YTD Net Abs (sf)
Bulk Whse	169,780,203	14,076,116	6,916,803	4.1%	798,210	2,386,507
Flex	85,807,077	10,832,721	7,953,375	9.3%	260,333	274,548
Whse/Dist	369,744,203	37,459,902	28,025,117	7.6%	1,963,910	4,518,816
Overall	625,331,483	62,368,739	42,895,295	6.9%	3,022,453	7,179,871

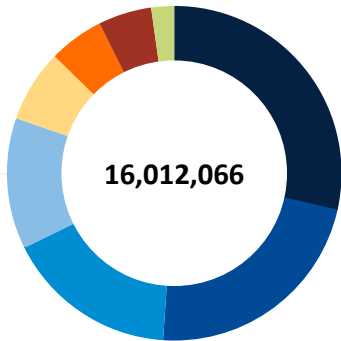
Overview by Market (Total)

Market Name	Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qrtly Abs (sf)	YTD Net Abs (sf)
Denton/ Lewisville	Bulk Whse	13,687,457	1,537,124	716,618	5.2%	15,360	-163,354
	Flex	4,495,044	810,012	709,938	15.8%	-125,071	-259,858
	Whse/Dist	12,293,590	613,641	424,241	3.5%	-18,550	191,135
DFW Airport	Bulk Whse	25,324,797	1,539,645	570,958	2.3%	-96,789	78,528
	Flex	10,291,091	1,198,562	876,577	8.5%	-43,496	-114,432
	Whse/Dist	23,589,295	2,791,110	2,004,827	8.5%	432,892	1,827,433
East Dallas	Bulk Whse	4,901,464	666,628	156,293	3.2%	42,919	95,707
	Flex	1,733,496	93,563	59,555	3.4%	8,610	57,869
	Whse/Dist	23,685,323	1,644,562	1,186,981	5.0%	60,753	117,248
Great Southwest	Bulk Whse	27,927,896	2,461,752	882,101	3.2%	85,434	-139,330
	Flex	8,380,091	889,346	762,789	9.1%	2,532	-53,502
	Whse/Dist	90,055,540	12,680,473	10,667,706	11.8%	284,257	1,398,079
Lonestar Turnpike	Bulk Whse	11,605,071	761,407	255,536	2.2%	-29,844	781,609
	Flex	1,238,377	147,070	147,070	11.9%	0	-138,144
	Whse/Dist	9,036,283	698,462	248,773	2.8%	-14,744	-123,241
North Fort Worth	Bulk Whse	33,913,413	3,586,620	2,134,120	6.3%	344,125	1,057,938
	Flex	5,557,474	1,879,049	1,561,163	28.1%	25,007	573,935
	Whse/Dist	28,439,249	2,875,201	2,557,860	9.0%	285,648	223,025
North Stemmons	Bulk Whse	11,631,759	474,764	130,175	1.1%	-258	62,305
	Flex	14,594,018	1,477,531	1,079,098	7.4%	-20,662	-101,925
	Whse/Dist	35,083,207	2,304,985	1,151,097	3.3%	-56,669	101,330
Northeast Dallas	Bulk Whse	10,050,710	1,001,250	457,198	4.5%	114,515	0
	Flex	25,624,115	3,181,433	1,929,544	7.5%	240,304	237,275
	Whse/Dist	41,113,352	3,864,546	2,449,676	6.0%	181,258	168,474
South Dallas	Bulk Whse	22,497,838	1,753,393	1,447,393	6.4%	333,640	542,744
	Flex	2,407,081	298,336	141,476	5.9%	14,859	-28,538
	Whse/Dist	33,035,105	5,572,522	4,979,596	15.1%	933,575	648,078
South Fort Worth	Bulk Whse	1,204,226	0	0	0.0%	0	0
	Flex	2,330,242	60,724	47,364	2.0%	30,800	25,619
	Whse/Dist	20,801,902	1,420,175	794,544	3.8%	-18,900	148,416
Overall		625,331,483	62,368,739	42,895,295	6.9%	3,022,453	7,179,871

Overview by Market (Total) Cont'd

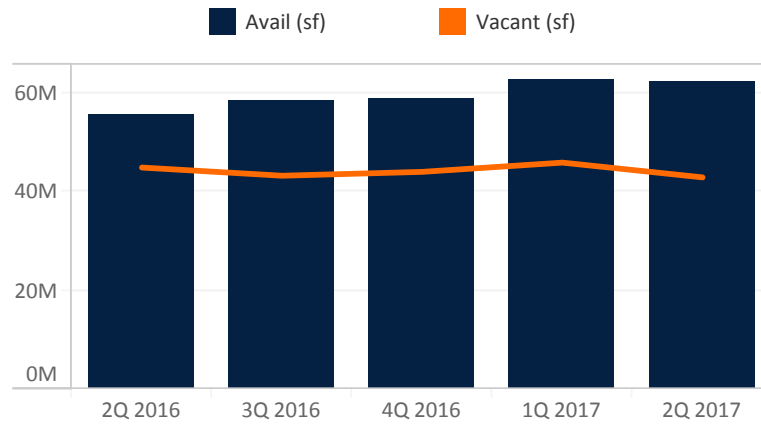
Market Name	Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qrtly Abs (sf)	YTD Net Abs (sf)
South Stemmons	Bulk Whse	7,035,572	293,533	166,411	2.4%	-10,892	70,360
	Flex	8,965,949	797,095	638,801	7.1%	127,450	76,249
	Whse/Dist	48,509,638	2,675,035	1,333,531	2.7%	-53,802	-90,553
West Fort Worth	Flex	190,099	0	0	0.0%	0	0
	Whse/Dist	4,101,719	319,190	226,285	5.5%	-51,808	-90,608
Overall		625,331,483	62,368,739	42,895,295	6.9%	3,022,453	7,179,871

Construction by Market

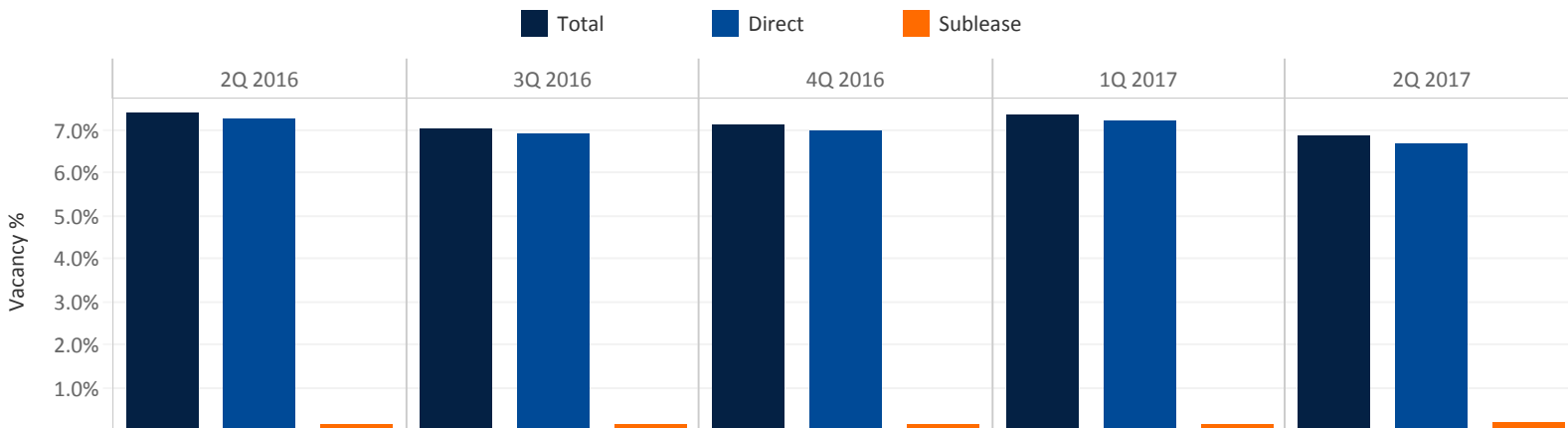


- South Dallas
- North Fort Worth
- Great Southwest
- DFW Airport
- Northeast Dallas
- North Stemmons
- Denton/ Lewisville
- East Dallas

Total Available and Vacant



Vacancy Rate



Overview by Specific Use (Direct)

Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
Bulk Whse	169,780,203	11,897,065	6,673,351	3.9%	833,904	2,358,575
Flex	85,807,077	10,129,573	7,734,791	9.0%	264,921	335,176
Whse/Dist	369,744,203	35,611,150	27,343,127	7.4%	1,855,478	4,244,701
Overall	625,331,483	57,637,788	41,751,269	6.7%	2,954,303	6,938,452

Overview by Specific Use (Sublease)

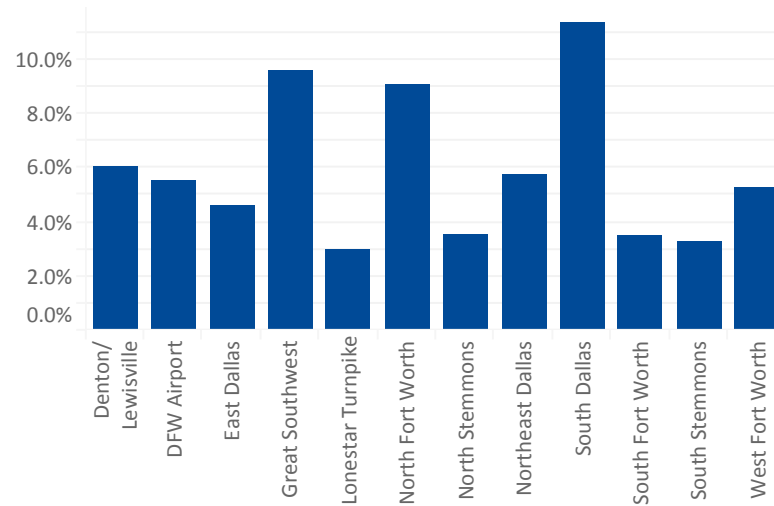
Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
Bulk Whse	169,780,203	2,179,051	243,452	0.1%	-35,694	27,932
Flex	85,807,077	712,712	218,584	0.3%	-4,588	-60,628
Whse/Dist	369,744,203	1,847,692	681,521	0.2%	108,432	274,115
Overall	625,331,483	4,739,455	1,143,557	0.2%	68,150	241,419

Direct Vacancy Rates

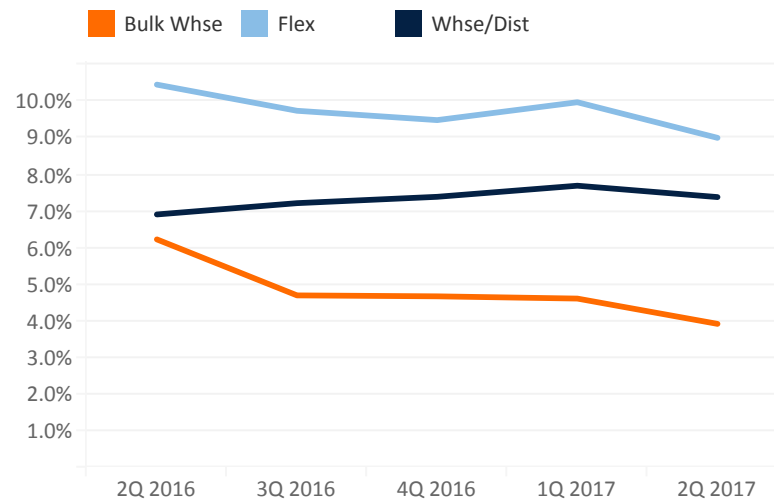
By Market and Specific Use

Market Name	Specific Use	Quarter Year				
		2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017
Denton/ Lewisville	Bulk Whse	10.4%	4.0%	4.0%	5.3%	5.2%
	Flex	8.8%	8.6%	8.6%	11.6%	15.5%
	Whse/Dist	4.7%	7.4%	5.0%	3.3%	3.5%
DFW Airport	Bulk Whse	5.6%	3.7%	3.0%	3.1%	2.3%
	Flex	8.7%	8.6%	7.4%	9.5%	8.5%
	Whse/Dist	14.5%	13.9%	14.2%	9.8%	7.7%
East Dallas	Bulk Whse	0.0%	0.0%	5.1%	4.1%	3.2%
	Flex	7.5%	7.3%	6.8%	3.9%	3.4%
	Whse/Dist	6.6%	6.1%	5.5%	5.3%	5.0%
Great Southwest	Bulk Whse	3.0%	4.4%	2.4%	3.5%	2.9%
	Flex	9.4%	9.0%	8.3%	9.1%	9.0%
	Whse/Dist	7.9%	8.4%	10.0%	11.3%	11.7%
Lonestar Turnpike	Bulk Whse	1.8%	1.8%	2.1%	1.9%	2.2%
	Flex	22.7%	1.7%	0.7%	11.9%	11.9%
	Whse/Dist	1.2%	1.0%	1.0%	2.2%	2.8%
North Fort Worth	Bulk Whse	11.3%	10.0%	9.7%	7.5%	6.3%
	Flex	27.4%	27.2%	26.4%	23.6%	27.5%
	Whse/Dist	8.7%	11.6%	5.9%	9.7%	8.8%
North Stemmons	Bulk Whse	1.4%	1.4%	1.7%	1.1%	1.1%
	Flex	8.5%	7.3%	6.6%	7.2%	7.2%
	Whse/Dist	4.8%	3.5%	4.1%	2.9%	2.8%
Northeast Dallas	Bulk Whse	5.0%	2.9%	2.9%	4.0%	2.9%
	Flex	10.2%	9.8%	10.7%	9.7%	7.0%
	Whse/Dist	6.2%	5.9%	5.7%	5.8%	5.6%
South Dallas	Bulk Whse	9.2%	5.0%	6.7%	7.7%	6.4%
	Flex	8.1%	9.2%	4.7%	11.0%	5.9%
	Whse/Dist	12.2%	13.5%	16.8%	17.9%	15.1%
South Fort Worth	Bulk Whse	0.0%	0.0%	0.0%	0.0%	0.0%
	Flex	3.4%	3.4%	3.1%	3.4%	2.0%
	Whse/Dist	3.6%	4.8%	4.5%	3.7%	3.8%
South Stemmons	Bulk Whse	2.3%	1.6%	3.4%	2.2%	2.4%
	Flex	8.7%	8.1%	8.0%	8.5%	7.1%
	Whse/Dist	3.0%	2.4%	2.4%	2.4%	2.7%
West Fort Worth	Flex	0.0%	0.0%	0.0%	0.0%	0.0%
	Whse/Dist	3.4%	3.3%	3.3%	4.3%	5.5%
Overall		7.2%	6.9%	7.0%	7.2%	6.7%

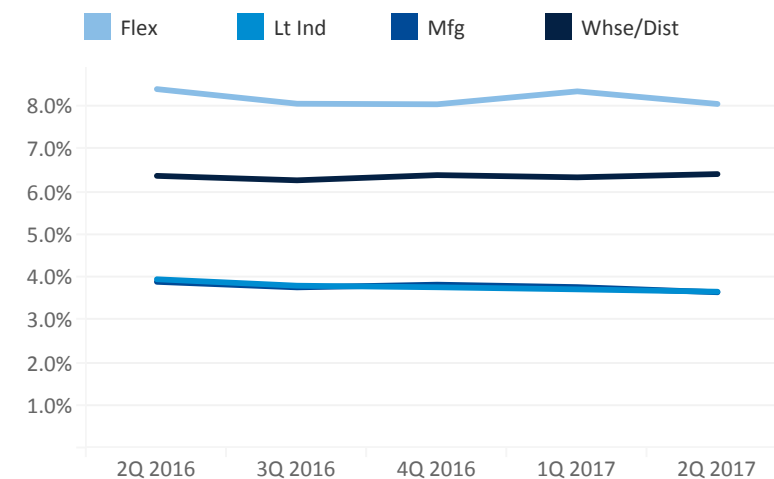
By Market



Dallas-Fort Worth By Specific Use



National by Specific Use

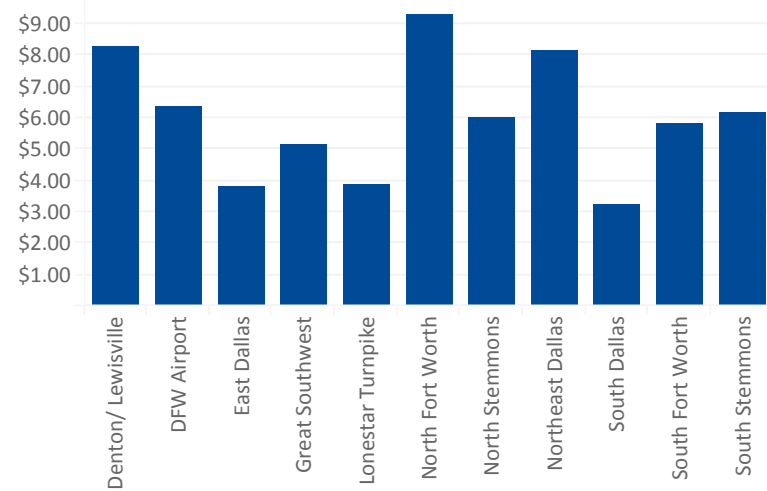


Direct Weighted Average Asking Rates (NNN)

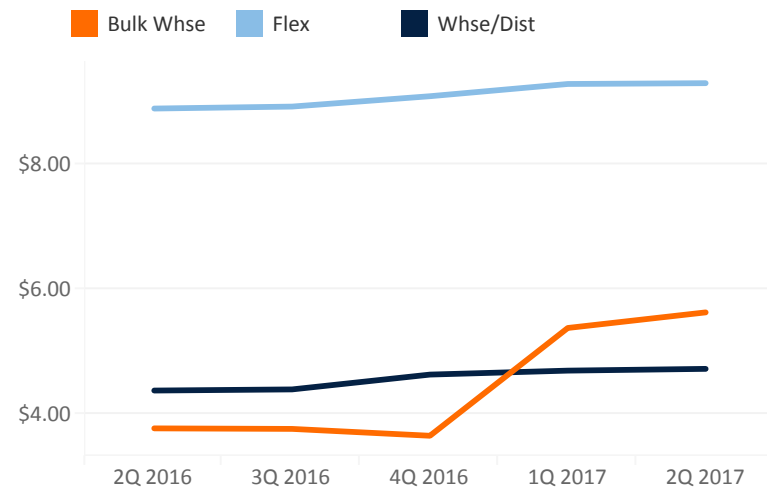
By Market and Specific Use

Market Name	Specific Use	Quarter Year				
		2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017
Denton/ Lewisville	Bulk Whse	-	-	\$6.75	\$4.67	\$4.67
	Flex	\$10.82	\$10.79	\$10.78	\$10.45	\$10.26
	Whse/Dist	\$5.16	\$5.02	\$4.81	\$6.03	\$6.33
DFW Airport	Bulk Whse	\$4.06	\$4.02	\$3.75	-	\$4.95
	Flex	\$10.76	\$10.76	\$11.07	\$11.28	\$10.05
	Whse/Dist	\$4.45	\$4.49	\$4.48	\$4.42	\$4.10
East Dallas	Bulk Whse	-	-	\$3.55	\$3.55	\$3.50
	Flex	\$9.00	-	-	-	-
	Whse/Dist	\$3.58	\$3.54	\$3.84	\$3.91	\$3.91
Great Southwest	Bulk Whse	\$3.99	\$4.05	\$4.23	\$4.28	\$4.28
	Flex	\$6.73	\$6.52	\$6.37	\$6.74	\$7.82
	Whse/Dist	\$3.93	\$3.84	\$4.36	\$4.42	\$4.82
Lonestar Turnpike	Bulk Whse	\$3.19	\$3.19	-	-	-
	Flex	\$5.95	\$5.95	\$6.00	\$5.50	\$6.00
	Whse/Dist	\$4.43	\$3.21	\$4.98	\$5.33	\$3.63
North Fort Worth	Bulk Whse	\$3.52	\$3.64	\$3.65	\$8.82	\$12.27
	Flex	\$9.02	\$9.01	\$9.06	\$9.05	\$9.05
	Whse/Dist	\$3.46	\$3.99	\$4.35	\$4.38	\$4.81
North Stemmons	Bulk Whse	\$3.69	\$3.75	\$3.75	\$4.19	\$4.03
	Flex	\$6.60	\$6.44	\$6.82	\$6.93	\$7.02
	Whse/Dist	\$4.79	\$4.69	\$4.90	\$5.52	\$5.61
Northeast Dallas	Bulk Whse	\$4.95	-	\$3.85	\$3.85	\$4.35
	Flex	\$9.95	\$9.98	\$10.24	\$10.60	\$11.07
	Whse/Dist	\$3.49	\$3.74	\$3.98	\$4.19	\$4.24
South Dallas	Bulk Whse	\$3.34	\$3.37	\$3.20	\$3.10	\$3.10
	Flex	\$4.40	\$4.40	\$4.82	\$4.82	\$3.40
	Whse/Dist	\$4.79	\$7.04	\$9.44	\$4.74	\$3.48
South Fort Worth	Bulk Whse	-	-	-	-	-
	Flex	-	-	-	-	-
	Whse/Dist	\$3.81	\$4.74	\$5.38	\$5.61	\$5.83
South Stemmons	Bulk Whse	\$5.25	\$5.50	\$5.50	\$4.39	\$3.95
	Flex	\$6.57	\$6.98	\$6.85	\$7.06	\$7.35
	Whse/Dist	\$7.21	\$6.66	\$7.10	\$6.38	\$6.46
West Fort Worth	Flex	-	-	-	-	-
	Whse/Dist	-	-	-	-	-
Overall		\$5.66	\$5.70	\$5.84	\$6.29	\$6.41

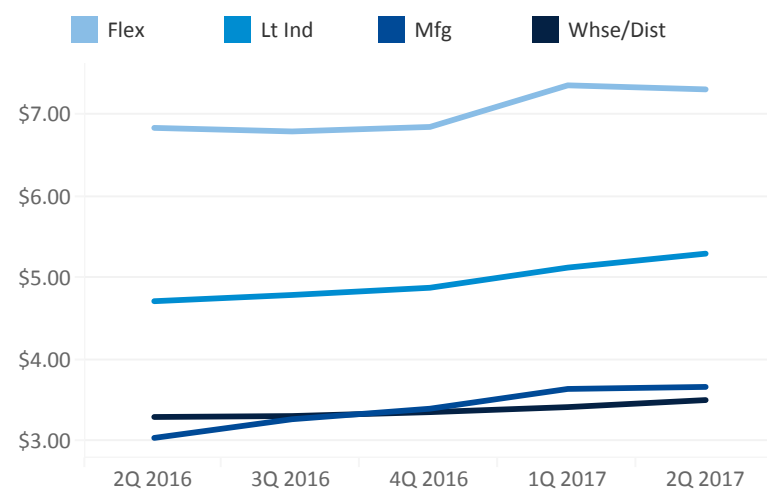
By Market



Dallas-Fort Worth by Specific Use

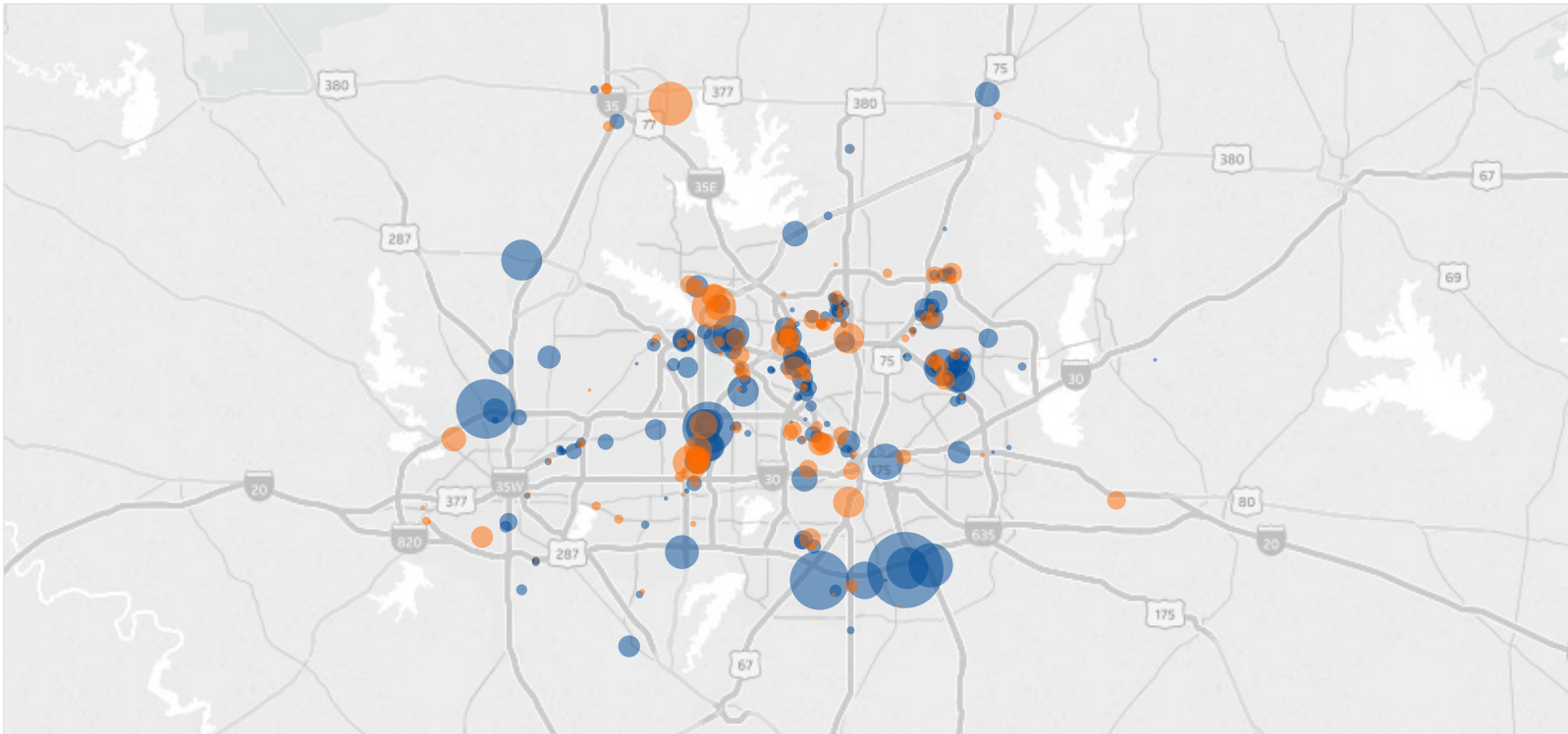


National by Specific Use



Absorption Map

■ Negative
 ■ Positive



Largest Positives (Direct)

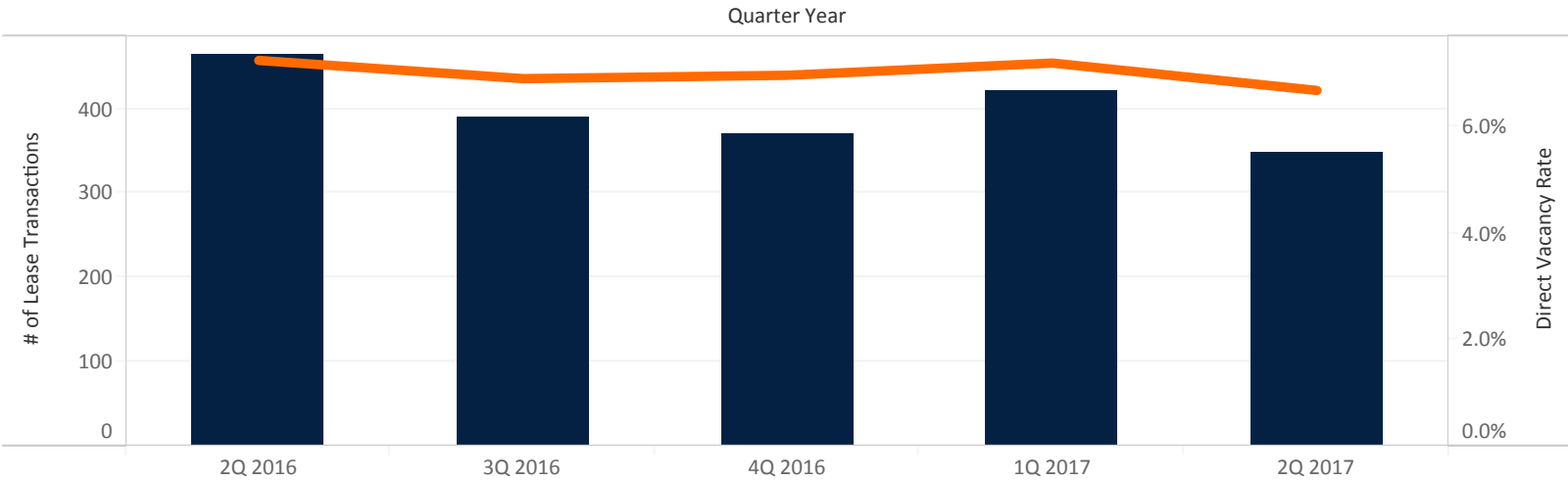
PropertyName	Significant Transactions	Market Name	Specific Use	
Commerce 20 Bldg 2	Olam	South Dallas	Whse/Dist	488,565
Ridge Railhead Bldg 1	Supply Chain Solutions	North Fort Worth	Bulk Whse	299,000
Southfield Park 35 Bldg 2	Pratt Industries	South Dallas	Bulk Whse	294,952
Liberty Park GSW North Bldg 2	Geodis Logistics	Great Southwest	Whse/Dist	228,952
PointSouth Logistics & Commerce..	Pentair Technical Products	South Dallas	Whse/Dist	166,420
Commerce 20 Bldg 1	Olam	South Dallas	Whse/Dist	147,750
Speedway Distribution Center Bld..	Camping World	North Fort Worth	Whse/Dist	141,000
Park 20/35 Bldg 6	Subzero	South Dallas	Whse/Dist	119,000

Largest Negatives (Direct)

PropertyName	Significant Transactions	Market Name	Specific Use	
100 S Royal Ln	Stone Panels	DFW Airport	Whse/Dist	-166,704
Cypress Business Park	Labinal Power Systems	Denton/ Lewisville	Flex	-162,250
1990 N State Highway 360	Suddath	Great Southwest	Whse/Dist	-105,000
1133 S Madison Ave	On-Target Supplies & Logistics	Lonestar Turnpike	Whse/Dist	-82,000
4650-4654 Nall Rd	University Furnishings	North Stemmons	Whse/Dist	-79,540
Centreport Business Park 18	Siemens	Great Southwest	Whse/Dist	-65,814
2310 McDaniel Dr	McDonald Technologies	North Stemmons	Flex	-65,409
Prologis GSW 60	Kehe Food Distributors	Great Southwest	Whse/Dist	-64,969

Leasing Activity Trends

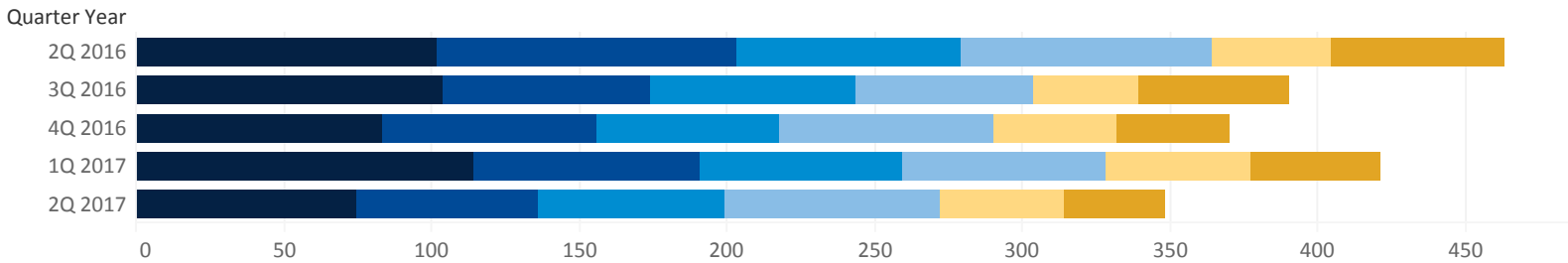
Direct Vacancy Rate Lease Transactions



Leasing Activity (# of New Deals)

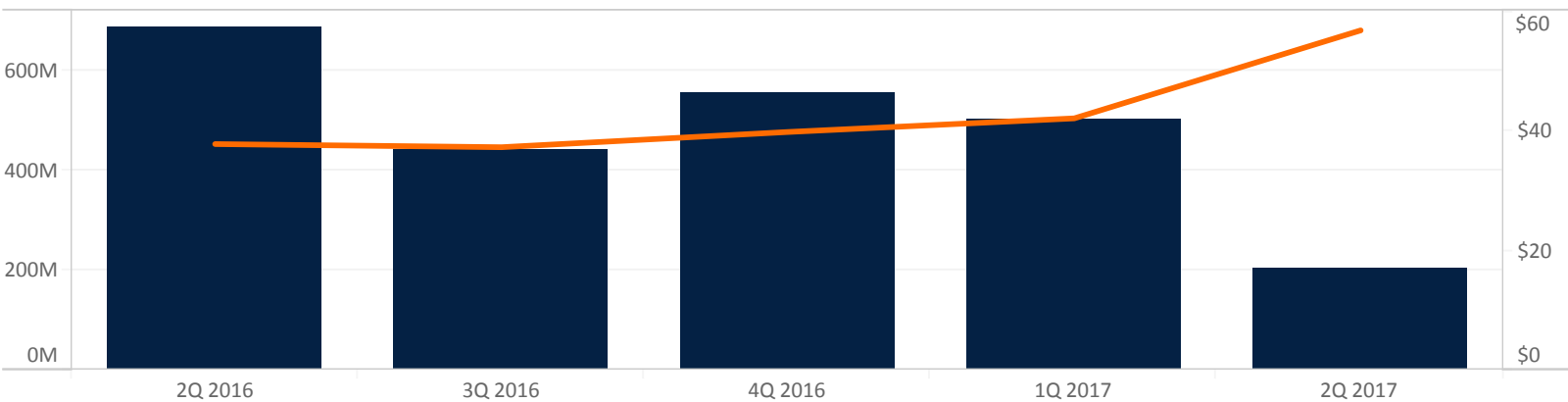
Size Range (sf)

<2.5K 2.5K - 5K 5K - 10K 10K - 25K 25K - 50K >50K SF



Sales Volume vs. Price/SF

Aggregate Sales Volume Avg Price/sf



Terminology

Term	Definition
Bulk Whse	Bldg size greater than 100,000 sf; can be subdivided; 20'+ clear height; sprinklered; dock high loading; less than 5% office.
Direct Vacant (sf)	The total of the vacant square footage in a building that is being marketed by an agent representing the landlord.
Flex	30+% is finished office; less than 24' clear height; at least one dock/drive-in door.
Inventory	The total square feet (sf) of all single and multi-tenant buildings greater than 20,000 sf, including owner occupied facilities. Large manufacturing facilities, data centers, airplane hangar space, truck terminals/courts and obsolete/remediation properties are excluded.
Net Absorption	The net change in physically occupied space from quarter to quarter, expressed in square feet.
Sublease (sf)	Space that is offered for lease by a current tenant, or his agent, within a property. Whether the tenant is paying rent or not, the space is considered vacant only if it is unoccupied.
Total Available (sf)	All of the available leasable space within a building, whether it is occupied or vacant, for direct lease or sublease space.
Total Vacant (sf)	The total of all of the vacant square footage within a building, including both direct and sublease space.
Tracked Criteria	The Dallas-Fort Worth tracked set consists of an inventory of buildings considered to be competitive by the brokerage community. All buildings within the competitive tracked set have been reviewed and verified by members of the Advisory Boards for the market area.
Weighted Average Asking Rent	The weighted average of all direct asking rental rates expressed as a triple net (NNN) rental rate and weighted on total direct available square feet. Non-net rates (such as Modified Gross) have been adjusted to reflect a triple net (NNN) rate.
Whse/Dist	Bldg size ranges between 50,000 - 200,000 sf; can be subdivided; 18'+ clear height; sprinklered; dock high loading; less than 5% office.
Xceligent Partner	NTCAR

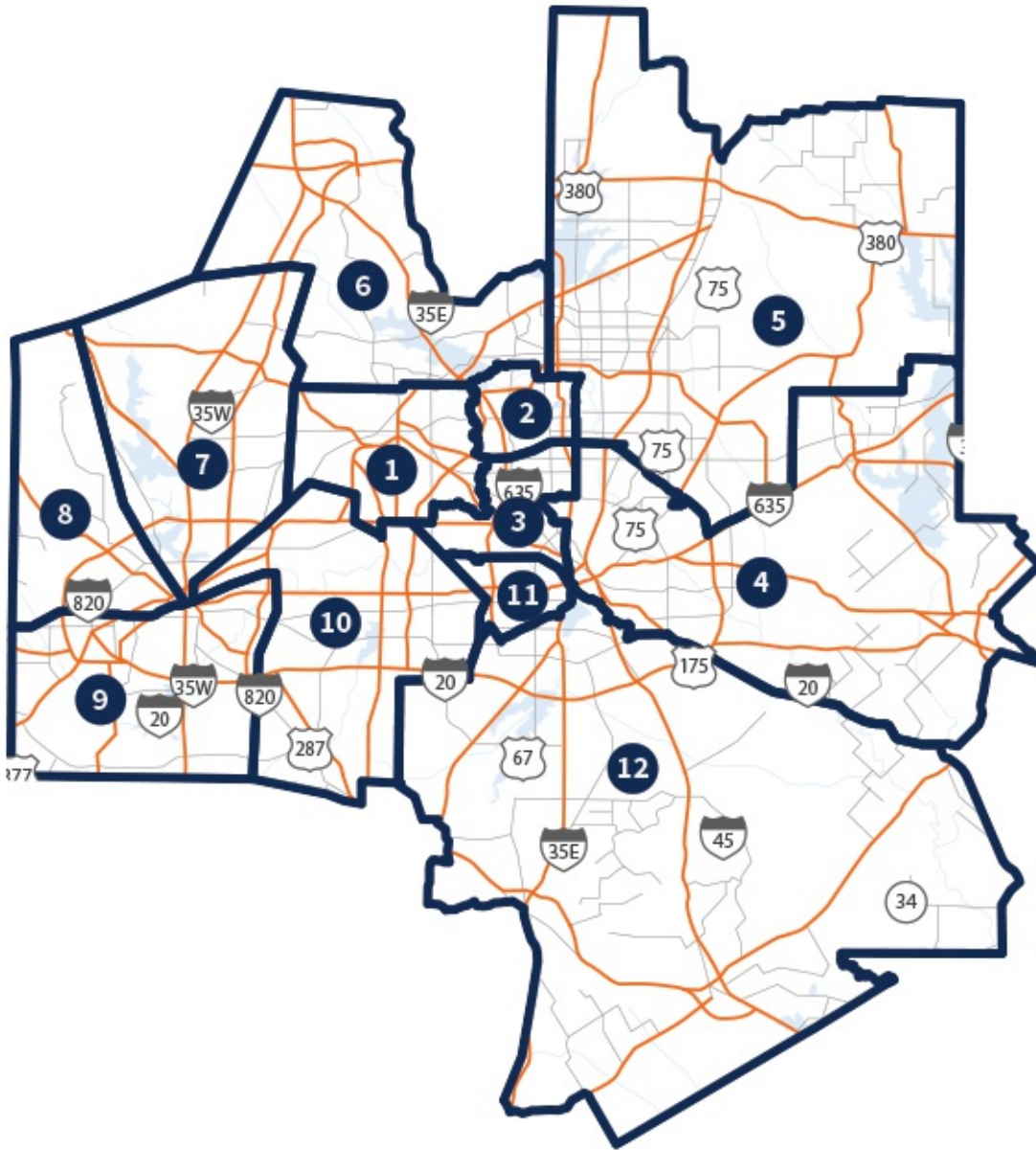
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- 1 DFW Airport
- 2 North Stemmons
- 3 South Stemmons
- 4 East Dallas
- 5 Northeast Dallas
- 6 Denton / Lewisville
- 7 North Fort Worth
- 8 West Fort Worth
- 9 South Fort Worth
- 10 Great Southwest
- 11 Lonestar Turnpike
- 12 South Dallas