



Rents hold fairly flat over the year, ranges vary greatly by submarket

In the second quarter of 2019, the overall average asking rent stood at \$24.41 per square foot (psf) in the Dallas/Fort Worth market, reflecting annual and quarterly increases of 1.2% and 1.5%, respectively. Rents ranged from a low of \$14.28 psf in the East Dallas submarket, to \$34.69 psf in Uptown. Market-wide Class A rents followed a similar trend, increasing 1.4% both year over year and quarter over quarter, to \$26.76 psf. Over the trailing four quarters, Class A rent spikes were seen in West LBJ, Stemmons, and LBJ submarkets. Southwest Dallas and North Fort Worth had the greatest year-over-year Class A rent declines of 14.8% and 8.0% respectively.

Availability sees little fluctuation, remains elevated with plentiful options

The overall availability rate declined by just 20 basis points year over year to 24.6% in the second quarter of 2019. In comparison, the average Class A availability rate increased by 110 bps over the quarter to 24.6%. This, however, reflects a 50-basis-point decline over the last year. Central Business District (CBD) and Non-CBD market availability rates are currently at 26.2% and 24.2%, respectively. Submarket availability rates range from 9.3% in Southwest Dallas and 13.1% in Preston Center, to 27.9% in North Fort Worth and 30.1% in Stemmons.

Leasing rises above five-year average, several notable transactions seen

Total second-quarter 2019 leasing activity was at 3.8 million square feet (msf), trending above the five-year average of 3.3 msf. A handful of large leases contributed to this total, most notably Lockheed Martin committing to 431,579 square feet (sf) at 5401 North Beach Street in Northeast Fort Worth. Tenet Healthcare is leaving downtown Dallas, moving to 372,931 sf at 14201 North Dallas Parkway in the North Dallas Corridor submarket. Financial tech company, Blucora, is moving its headquarters and consolidating employees from Las Colinas and North Dallas to a new building in the Cypress Waters development (150,000 sf). The building is expected to deliver later this year and is proximate to an abundance of retail and dining amenities.

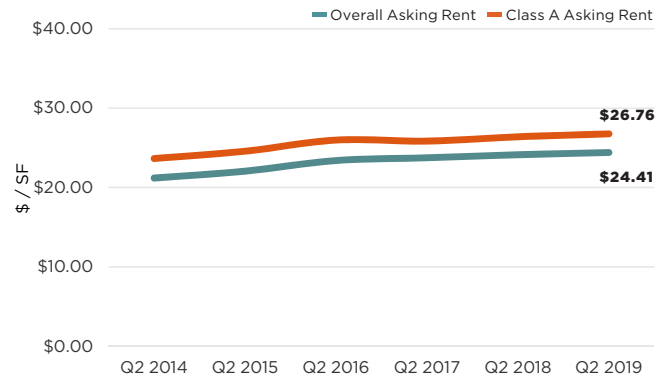
Outlook

- Despite generally high availability rates, performance varies widely by submarket; still CBD and suburban fundamentals are comparable
- Second-quarter leasing activity outpaced the five-year average due to several large deals across the region
- Dallas/Fort Worth employment is projected to grow by 1.8% per year over the next five years, resulting in an aggregate of 340,000 new jobs through the first quarter of 2024

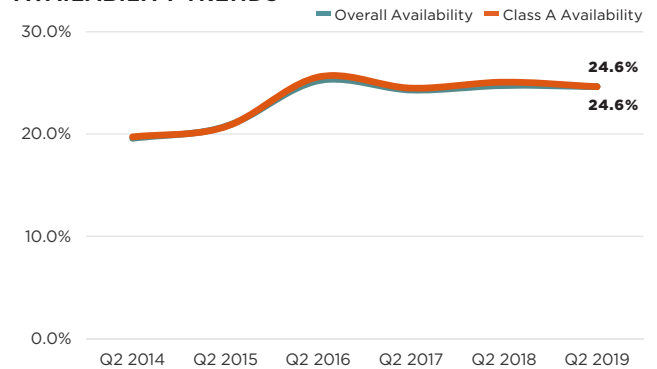
KEY STATISTICS

	Q2 2018	Q2 2019	y-o-y Change
Inventory	202.5 MSF	203.9 MSF	▲
Availability Rate	24.8%	24.6%	▼
Asking Rental Rate	\$24.13	\$24.41	▲
Class A Asking Rental Rate	\$26.39	\$26.76	▲
Quarterly Leasing Activity	4.4 MSF	3.8 MSF	▼

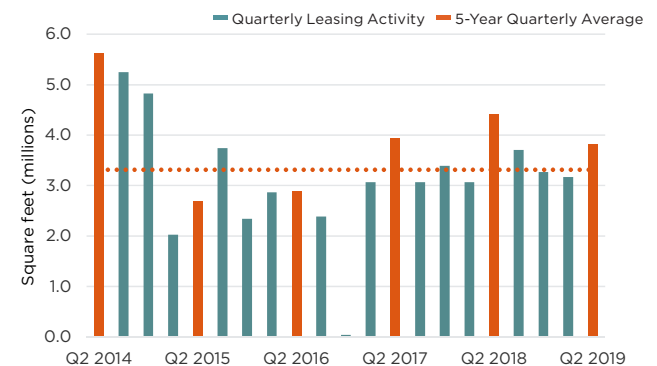
ASKING RENT TRENDS



AVAILABILITY TRENDS



LEASING ACTIVITY



MAJOR TRANSACTIONS

81.2%

of major transactions were **new market entrants or relocations**

32.5%

of large transactions occurred in the **Northeast Fort Worth** submarket

36.8%

Professional services represented 36.8% of major transactions

Tenant	Square feet	Address	Transaction type	Submarket	Industry
Lockheed Martin	431,579	5401 N Beach Street	New Location	Northeast Fort Worth	Professional Services
Tenet Healthcare	372,931	14201 N Dallas Parkway	Relocation	North Dallas Corridor	Healthcare
Blucora	150,000	3200 Olympus Boulevard	New Location	West LBJ	TAMI
Wells Fargo Bank	88,520	1301 Solana Boulevard	Renewal	Mid-Cities	Financial Services
Ambit Energy	63,247	1600 W Plano Parkway	Renewal	Richardson Telecom Corridor	Energy & Utilities
Hill & Wilkinson Construction Group, Ltd.	58,000	2703 Telecom Parkway	Renewal	Richardson Telecom Corridor	Professional Services
Kane Russell Coleman Logan PC	45,000	901 Main Street	Relocation	Dallas CBD	Legal Services
Cognitive Neuroscience Society	40,699	4851 Regent Boulevard	New Location	West LBJ	Associations & Nonprofits
Fidelity National Information Services	40,684	16633 N Dallas Parkway	Renewal	North Dallas Corridor	TAMI
Neurology Consultants of Dallas	39,039	8390 Lyndon B. Johnson Freeway	New Location	LBJ	Healthcare

Source Savills Research

For more information, please contact us:

Savills

Chase Tower
2200 Ross Avenue
Suite 4800 East
Dallas, TX 75201
+1 972 739 2200

Kelly Winn

Executive Vice President
Co-Branch Manager
kwinn@savills.us

Blake Anderson

Senior Managing Director
Co-Branch Manager
banderson@savills.us

John McWilliams

Research Manager
jmcwilliams@savills.us

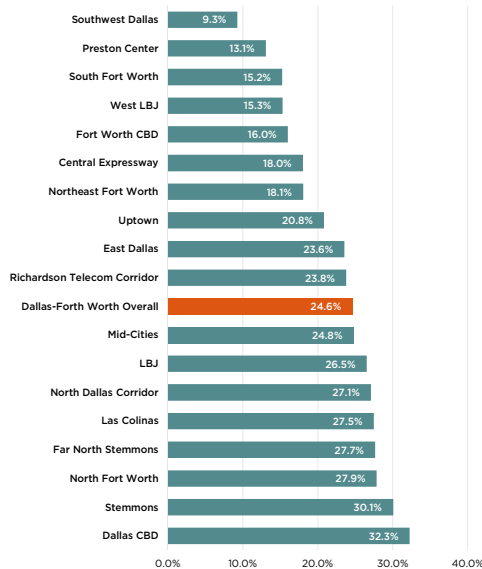
About Savills Inc.

Savills helps organizations find the right solutions that ensure employee success. Sharply skilled and fiercely dedicated, the firm's integrated teams of consultants and brokers are experts in better real estate. With services in tenant representation, workforce and incentives strategy, workplace strategy and occupant experience, project management, and capital markets, Savills has elevated the potential of workplaces around the corner, and around the world, for 160 years and counting.

For more information, please visit Savills.us and follow us on LinkedIn, Twitter, Instagram and Facebook.

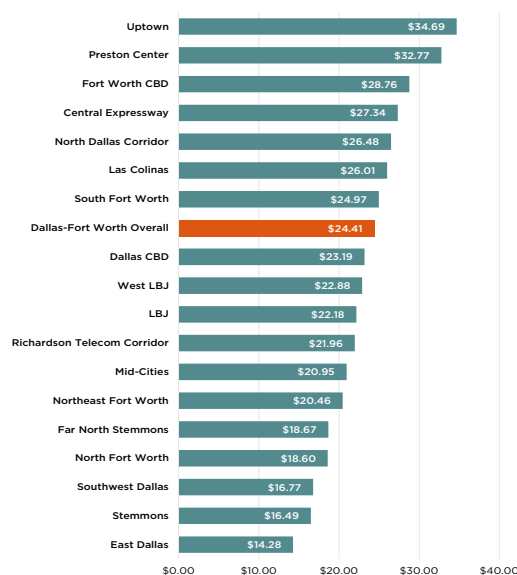
AVAILABILITY RATE COMPARISON

Dallas/Fort Worth Submarkets



RENTAL RATE COMPARISON (\$/SF)

Dallas/Fort Worth Submarkets



Unless otherwise noted, all rents quoted throughout this report are average asking gross (full service) rents per square foot (psf). Statistics are calculated using both direct and sublease information. Current and historical availability and rent data are subject to change due to changes in inventory.

The information in this report is obtained from sources deemed reliable, but no representation is made as to the accuracy thereof. Unless otherwise noted, source for data is Savills research.

Copyright © 2019 Savills

