

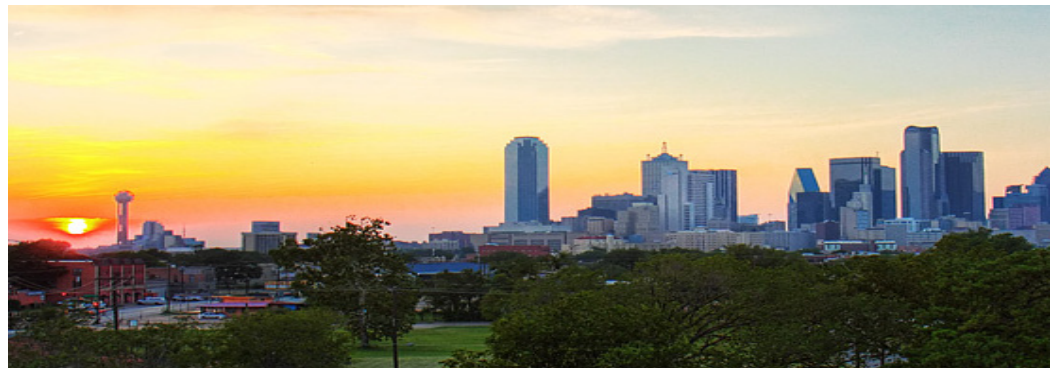
# CASE *in point*

## Dallas/Fort Worth Office Market Brief

1ST QUARTER 2011

### Market BriefCASE

- The D/FW office market contains 2,686 Class A, B, & C buildings being tracked within 17 submarkets. The largest office submarket in D/FW is Far North Dallas with a rentable building area of 39.7 million SF.
- Overall 1st Quarter Net Absorption for the Dallas/Fort Worth office market (tenant move-ins less tenant move-outs) including all classes reflects a positive 845,762 SF. Richardson/Plano (Class B) market was the main contributor with a positive 619,756 SF of net absorption. Other market leaders in positive net absorption were Far N. Dallas with 64,444 SF, and Dallas CBD with 101,441. That's a promising start for Dallas CBD that ended 2010 as the largest net absorption loser at a negative <586,923> SF.
- Average rental rates (all classes) begin the year falling as they have for the last 12 quarters. Now at \$19.29/SF, the total average rental rate for all classes fell \$.12 from the previous quarter's \$19.41/SF. Total vacancy has decreased a third consecutive quarter, down another .4% to 20.6%.
- 2011 largest deliveries included Baylor Outpatient Cancer Center - 28,394 SF and 6675 Mediterranean - 43,514 SF both located within the East Dallas submarket.



Dallas/Fort Worth continues to be one of the strongest economies in the nation based on employment and unemployment, economic output, and housing prices. While the metropolitan area has not been totally immune from national trends it fares better than most partly due to home prices which were not as overinflated as other markets. The largest metropolitan area in Texas and the fourth largest in the country, D/FW currently has an estimated 6.447 million people, more than the population in 16 U.S. states. With a cost of living 92% of the national average and no personal income tax, the area offers an enticing quality of life that draws a young, educated and growing workforce. Seven Dallas-area companies are currently featured among Fortune's elite list of "100 Best Companies to Work For" and 24 area businesses made the 2010 list of Fortune 500 companies, including Exxon Mobil, AT&T, American Airlines, JCPenney, Texas Instruments, Dr. Pepper/Snapple Group, Tenet Healthcare, and Southwest Airlines.

Population growth in D/FW continues to outpace the nation, at 2.3% year-over-year at the end of 2009, compared to the national average of 0.9%. From 2010 to 2015, the area is projected to add 556,433 new residents, the highest forecasted total in the entire U.S., according to Economy.com. The estimated population is expected to top 5.76 million people representing a 31% increase since the 2000 Census.

The D/FW Metroplex area also leads the nation in employment gains. The February 2011 unemployment rate of 8.1% in Dallas-Arlington-Fort Worth MSA remains well below the national average of 9.5%. For the same time period last year, Dallas-Arlington-Fort Worth MSA's average unadjusted unemployment rate was 8.5% and the United States' unadjusted unemployment rate was 10.4%. This is a continuation of a three-year trend of matching or beating the national rate. The D/FW currently ranks second out of the nation's 12 largest metropolitan statistical areas following the Washington D.C. metro area.

### Rental Rates

The overall average rental rate for Class A, B, & C office buildings in Dallas/Ft. Worth Metroplex dropped for the 12th consecutive quarter to \$19.29/sf, a decrease of \$.12/sf. To compare, rental rates for the 1st quarter 2008 averaged \$20.61/sf, 2009 averaged \$20.36, and a year ago the average was \$19.69. During this quarter, 8 of 17 submarkets marked decreases in average rental rates led by Richardson/Plano with a decrease of \$1.08/sf. The largest increase recorded was North Ft. Worth up \$1.49/sf. Average rental rates broken down by class are: Class A - \$22.21/sf, Class B - \$17.07/sf, and Class C - \$15.08/sf.

### Vacancy

After several consecutive quarters of increasing vacancy rates (2nd Qtr 2008- 2nd Qtr 2010), the average vacancy rate has fallen for a 3rd quarter in a row with another decrease of .4% from the previous quarter. With a current average of 20.6%, Dallas/Ft. Worth are experiencing decreases in both vacancy and rental rates. A look back at this quarter last year reflected total vacancy of 21.6%. The highest vacancy being reported in D/FW continues to be Dallas CBD at a vacancy rate of 28.1%, followed by Stemmons Freeway 26.5%. The 3 top submarkets reporting the lowest vacancy continue to be the 3 of the 4 Ft. Worth submarkets. Total vacancy rates broken down by class are: Class A at 20.7%, Class B at 21.0%, and Class C reporting 17.0% vacancy.

### Net Absorption

Net absorption (defined as tenant move-ins minus tenant move-outs) for Dallas/Fort Worth office market ended the 1st Quarter with positive net absorption of 845,762 SF, a great start to the year. This number is largely attributed to Richardson/Plano (Class B) market, which reflected a positive 619,756 SF of net absorption. Other market leaders in positive net absorption were Far N. Dallas - 164,444 SF, and Dallas CBD 101,441. That's a promising start for Dallas CBD that ended 2010 as the largest net absorption loser at a negative (586,923) SF. Only 6 submarkets showed negative net absorption, the largest reflected in Stemmons at (126,887) SF.

### New Deliveries

The D/FW office market gained a total of 78,379 SF of new office product for the initial quarter of 2011 in 3 buildings in 3 submarkets - East Dallas, Las Colinas, and Lewisville/Denton. A look at this time last year showed a YTD delivery of 1,119,901 SF.

### New Construction

At the end of 1st Quarter 2011, there was a total 504,195 SF of office buildings under construction in Dallas/Ft. Worth - 439,523 SF of this figure are Class A product. This time last year there was 641,054 SF underway. The largest project underway this quarter is the Encana Oil and Gas headquarters, a 281,600 SF of Class A, 12 story building located at 5851 Legacy Cir.

## CAN'T BEAT TEXAS

"For sheer economic promise, **no place beats Texas**. Though the Lone Star State's growth slowed during the recession, it didn't suffer nearly as dramatically as the rest of the country. Businesses have been flocking to Texas for a generation, and that trend is unlikely to slow soon. Texas now has more Fortune 500 companies—58—than any other state, including longtime corporate powerhouse New York.

**Austin** boasted the strongest job growth in our Top 10, both last year and over the decade. Home to the state capital and the ever-expanding University of Texas, the city is arguably the best positioned of the nation's emerging tech centers. It enjoys good private-sector growth, both from an expanding roster of homegrown firms and outside companies, including an increasing array of multinationals such as Samsung, Nokia, Siemens, and Fujitsu. Yet Austin's newfound prosperity isn't simply a product of its university culture or its synergetic collection of technology firms. Its success owes a great deal to simply being in Texas—a state itching to eclipse its historic archrival, the increasingly troubled California. Indeed, Texas is becoming to the Golden State what Arizona, Nevada, and Oregon were in the last decade: a refuge for workers and companies fed up with California's high unemployment, cost of living, and dysfunctional state government.

The Texas economy has benefited from widening diversification. **Houston** has a robust energy business and medical-services industry, and thriving international trade—all long-term growth areas. **Dallas** enjoys an expanding tech sector and well-developed business-service industries tied to a powerful corporate base. **San Antonio** has a strong military connection and an expanding manufacturing capacity, and it is a key locale for the growing Latino marketplace. What's more, Texas offers pro-business policies and relatively low taxes, and the physical infrastructure in the cities is generally as good or better than in many East and West coast metropolitan areas. People are voting with their feet. All four Texas cities are enjoying strong immigration from the rest of the country and abroad. Houston and Dallas have higher rates of immigration than Chicago, and if the job picture stays the same, those cities could someday rival New York and Los Angeles in terms of ethnic diversity."

Source: Excerpt from "Greetings From Recoveryland: Ten Places to Watch Coming Out of the Recession" by Joel Kotkin 11/08/2010

1ST QTR SUBMARKET STATS CLASS A, B, & C

SUBMARKET	# OF BUILDINGS	TOTAL RENTABLE BUILDING AREA	V A C A N C Y			YTD NET ABSORP.	YTD BLDG. DELIVERIES	SF UNDER CONSTRUCTION	AVG QUOTED RATES	CHANGE FROM LAST QTR
			Direct SF	Total SF	Total % Vacant					
Central Expressway	111	12,565,204	2,140,098	2,178,191	17.3%	(117,964)	0	0	\$20.32	-15 ▼
Dallas CBD	94	32,315,170	8,800,403	9,085,892	28.1%	101,441	0	0	\$18.28	-26 ▼
East Dallas	177	8,118,560	970,625	987,093	12.2%	9,300	28,394		\$17.19	-43 ▼
Far North Dallas	389	39,752,078	7,036,101	7,487,200	18.8%	164,444	0	281,600	\$20.78	+22 ▲
Fort Worth CBD	62	9,744,906	1,049,094	1,152,328	11.8%	(42,594)	0	0	\$21.17	-61 ▼
Las Colinas	248	30,763,737	6,545,831	6,788,091	22.1%	(38,947)	26,485	0	\$19.72	-02 ▼
LBJ Freeway	171	21,498,825	4,990,506	5,165,170	24.0%	9,329	0	0	\$17.18	+14 ▲
Lewisville/Denton	145	6,760,562	1,350,936	1,390,296	20.6%	53,543	23,500	147,595	\$19.51	+09 ▲
Mid-Cities	371	21,569,247	3,420,151	3,493,805	16.2%	64,954	0	0	\$18.71	-16 ▼
North Fort Worth	36	1,809,482	119,502	119,502	6.6%	(12,078)	0	75,000	\$22.00	+1.49 ▲
Northeast Ft Worth	41	2,219,149	292,485	312,985	14.1%	(2,296)	0	0	\$17.47	+31 ▲
Preston Center	51	4,191,757	548,880	590,987	14.1%	25,323	0	0	\$27.52	+59 ▲
Richardson/Plano	301	23,002,177	5,241,751	5,415,898	23.5%	741,838	0	0	\$17.94	-1.08 ▼
South Fort Worth	201	10,593,583	1,183,343	1,212,592	11.4%	15,098	0	0	\$20.39	+15 ▲
Southwest Dallas	72	3,109,306	410,013	433,202	13.9%	8,513	0	0	\$15.71	-35 ▼
Stemmons Freeway	128	14,502,325	3,683,218	3,838,815	26.5%	(126,887)	0	0	\$14.72	+15 ▲
Uptown/Turtle Crk	88	10,992,644	2,484,760	2,452,642	22.3%	(7,255)	0	0	\$28.00	+02 ▲
TOTALS	2,686	253,508,712	50,067,697	52,104,689	20.6%	845,762	78,379	504,195	\$19.29	-12 ▼

2011 SELECT OFFICE LEASES

Tenant	Building	Submarket	SF	Type
Hotels.com	Meadow Park Tower	Central Expy	55,000	Renewal
Figari & Davenport	Bank of America Plaza	Dallas CBD	27,746	Renewal
Thompson Coe	Plaza of the Americas	Dallas CBD	69,673	Renewal
USAA	Addison Circle II	Far N. Dallas	72,950	New
Federal Homeland Bank	5000 Plano Pkwy	Far N. Dallas	70,270	Renewal
1st American Payment	3350 Boyington	Far N. Dallas	69,300	New
Frac Tech	Carter Burgess Plaza	Ft. Worth CBD	45,256	New
Fossil, Inc.	901 S. Central Expy	Richardson/Plano	535,771	New
Hospice Plus	Citymark	Uptown/Turtle Creek	48,000	Renewal
Westwood Holdings	The Crescent	Uptown/Turtle Creek	25,555	Renewal
Gorman Trubitt, LLP	2626 Howell	Uptown/Turtle Creek	24,565	Renewal
Rose Walker, LLP	3500 Maple	Uptown/Turtle Creek	31,254	Renewal


**DALLAS  
CORPORATE HEADQUARTERS**

14785 Preston Road  
Suite 850  
Dallas, TX 75254  
Tel: 972.759.7800  
Fax: 972.759.7950

**FORT WORTH**

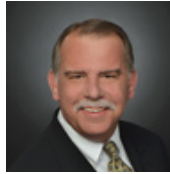
6300 Ridglea Place  
Suite 305  
Fort Worth, TX 76116  
Tel: 817.377.0771  
Fax: 817.377.0773

**AUSTIN**

13420 Galleria Circle  
Suite A-260  
Austin, Texas 78738  
Tel: 512.585.9351

**SAN ANTONIO**

8610 N. New Braunfels  
Suite 602  
San Antonio, TX 78217  
Tel: 210.298.2020

**New Development Division - Joe Cavagnaro**


CASE has expanded and strengthened its service platform with the addition of a development division. Joe Cavagnaro recently came on board as senior managing director of development services to launch the new division and to facilitate build-to-suit opportunities relating to our client base. Joe's first project as a CASE employee is the oversight of Mark Cuban's Wonderview venture in south Dallas. The 175-acre mix of sports facilities, corporate offices, medical facilities, data centers, residential and retail space.

**New Brokerage Leader - Lance McIlhenny**


CASE is committed to being recognized as the dominant real estate firm in Texas. One important leap toward accomplishing this goal is through the expansion of our tenant representation business in 2011. Lance McIlhenny came on board to lead this endeavor for the Dallas office. He will drive new business development efforts, recruit top brokers and take our brokerage services to the next level.

**25 Years in Real Estate - CASE History**

In August 2010, CASE Commercial Real Estate Partners announced its fresh identity. CASE (derived from Conger and Sutherland Enterprises) immediately resonated through the commercial real estate industry as we began a new chapter in our corporate history. While our brand has expanded significantly over the past eight months, it is exciting to point out that we are also fortified by twenty-five years in the real estate business. The following is a sampling of our timeline.

In 1965, Ray L. Hunt began buying real estate upon graduation from Southern Methodist University. His completion of Reunion Tower marked the first of many real estate accomplishments for the man whose company would eventually become CASE Commercial Real Estate Partners. In 1986, Bill Cawley, another real estate visionary, launched Cawley & Associates. Less than a decade later, Cawley acquired Wilcox Realty from Ray Hunt under a holding company he created, Cawley Wilcox. This company flourished as a powerhouse of real estate entities that would eventually become widely known as GVA Cawley and Wilcox Development Services. Together, these companies attracted some of the best names in the commercial real estate business, including John Conger and Tom Sutherland. As Cawley's empire strengthened, so did his desire to make his development division autonomous. In spring 2008, Cawley announced the sale of GVA Cawley, the brokerage and management arm of Cawley Wilcox, to longtime principals Conger and Sutherland.

Since August, our firm has launched several growth initiatives that will continue to expand our new brand and offer greater levels of service in the Metroplex, throughout Texas, and beyond. In partnership with TCN Worldwide, our firm now services clients through 1,200 brokers and salespeople and has a well-earned reputation for independent thinking and problem solving in more than 200 markets worldwide.

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