

3rd Quarter 2017

This Richardson/East Plano Submarket covers the I-75 corridor from Walnut Street to Hedgecoxe Road and includes central Plano up to Sam Rayburn Tollway to the North until Alma Road when it drops down to Hedgecoxe Road and Coit Road to the West. The included statistics cover Class A and B office buildings that have more than 50,000 square feet and are either under construction or existing. With more large companies looking to relocate and consolidate to the Dallas suburbs, the Richardson/East Plano Sub-Market provides a valuable option with several large blocks of space still available.

The Richardson/East Plano Submarket has experienced an increase of the direct Class A vacancy with a change from 17.7% in the third quarter of 2016 to 24.6% for the third quarter 2017. Meanwhile, direct weighted average full-service rents increased from \$26.95 to \$27.50 per square foot during the same time. Class B vacancy decreased from 19.2% to 17.8% and as a result, full-service rental rates increased from \$19.17 per square foot to \$19.28 per square foot.

TOTAL NET ABSORPTION (through Q3)



2017	-453,005 SF
2016	977,619 SF

DELIVERED (through Q3)



2017	300,000 SF
2016	1,237,662 SF

DIRECT FULL SERVICE RENTAL RATE (Q3)



2017	\$24.64 PSF
2016	\$23.92 PSF

DIRECT VACANCY (Q3)

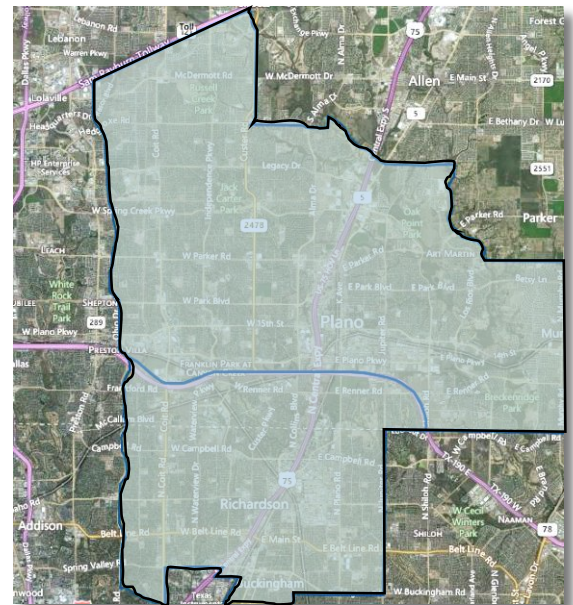


2017	19.3%
2016	16.5%

DIRECT VACANCY BY CLASS (Q3)

Class A 24%

Class B 18%



Total Office Submarket Q3 Statistics

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Central Expressway	275	15,199,157	1,534,181	1,561,870	10.3%	(54,890)	0	0	\$29.22
Dallas CBD	142	33,713,487	7,070,879	7,555,238	22.4%	(116,065)	92,237	322,110	\$25.19
East Dallas	1,059	13,131,324	1,017,609	1,045,262	8.0%	(143,720)	8,964	367,124	\$24.31
Far North Dallas	1,090	60,313,177	6,855,643	7,477,989	12.4%	3,026,806	3,180,319	4,779,452	\$28.11
Ft Worth CBD	117	11,789,841	1,128,172	1,167,906	9.9%	117,602	0	280,489	\$26.04
Las Colinas	435	39,921,322	5,235,027	5,763,787	14.4%	967,814	1,029,461	826,913	\$25.16
LBJ Freeway	265	22,602,316	4,627,566	4,895,097	21.7%	272,267	0	0	\$22.08
Lewisville/Denton	926	13,232,562	1,004,615	1,126,728	8.5%	(15,491)	159,840	51,866	\$22.39
Mid-Cities	2,600	40,609,241	5,487,127	5,572,927	13.7%	(177,186)	604,784	634,788	\$21.79
North Fort Worth	587	6,699,466	554,649	616,114	9.2%	(145,002)	71,120	125,874	\$22.04
Northeast Ft Worth	342	5,414,112	1,861,516	1,861,516	34.4%	89,911	0	0	\$19.22
Preston Center	148	5,896,743	452,200	489,599	8.3%	973	4,506	298,617	\$39.16
Richardson/Plano	1,409	41,514,259	6,735,003	7,104,767	17.1%	(68,142)	665,386	586,207	\$24.54
South Ft Worth	1,646	20,012,872	1,612,402	1,692,910	8.5%	402	248,414	174,205	\$23.66
Southwest Dallas	813	7,353,922	524,520	529,626	7.2%	168,090	92,828	15,544	\$19.02
Stemmons Freeway	285	15,221,512	3,277,900	3,347,695	22.0%	145,831	72,630	0	\$16.84
Uptown/Turtle Creek	302	14,758,418	1,359,940	1,584,755	10.7%	143,163	214,765	1,305,014	\$37.75
Totals	12,441	367,383,731	50,338,949	53,393,786	14.5%	4,212,363	6,445,254	9,768,203	\$25.04

East Plano/Richardson News

2017 SUBMARKET HIGHLIGHTS

Top New Leases

Galatyn Commons
3300 E Renner Rd.
The Tower Lakeside Campus
3000 Waterview Pkwy

Tenant

Service King
GENPACT
Texas Capital Bank
University of Texas at Dallas

Square Feet

64,916
63,603
54,492
45,642

Deliveries

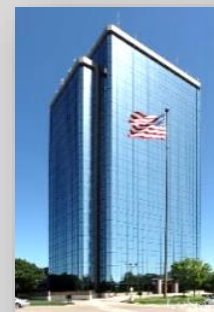
3400 Cityline
Alcatel Lucent Regional HQ
APCON

Delivery Date

2017 Q2
2016 Q3
2016 Q4

Square Feet

300,000
250,000
58,901



Manufacturer to double its workforce with help of new hub in Richardson

A manufacturer of lighting controls — Legrand Building Control Systems — has decided to open a service center in Campbell Creek Business Park in Richardson, with plans to double its workforce in the near future.

Legrand Building Control Systems, a division of Legrand North America, has leased about 42,000 square feet at 2240 Campbell Creek Blvd. in Richardson. This office will become the new home for Legrand BCS' new service center and will help support the division's national operations.

"This industry is really seeing tremendous growth as new energy codes are introduced to require building controls and there's a tenant demand for a certain environment," Don Clark, vice president and general manager of services at Legrand Buildings Controls Systems division in North America, in an exclusive interview. As an innovator in the energy efficient lighting controls sector, Mayor Paul Voelker said Legrand is a welcome addition to Richardson's business community.



By the end of the year, Legrand expects the new facility to house 100 employees, with up to 165 employees to work from the center in the near future. As part of the deal, Legrand has first right-of-refusal on an additional 19,000 square feet.

In establishing the new service center, Clark said the company wanted to stay in North Texas because of the centralized U.S. location met the company's needs.

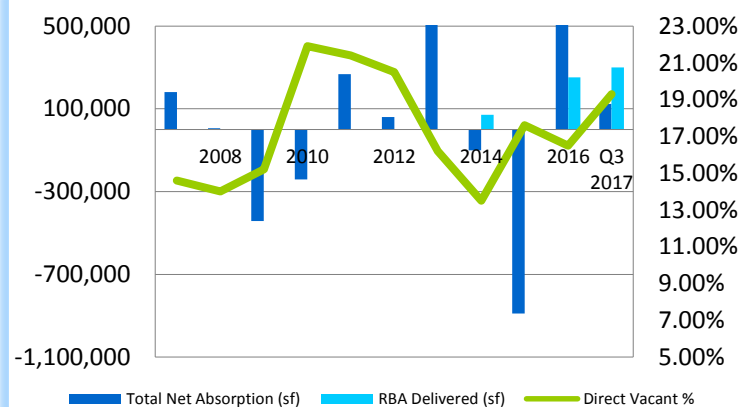
And Richardson also filled some of the criteria Legrand had to ensure it found its workforce, Clark said.

Dallas Business Journal 10.11.17

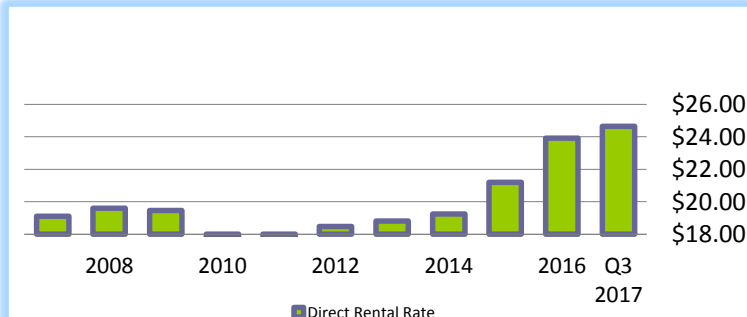
Office Submarket Momentum & Forecast

The East Plano/Richardson Submarket has remained stable over the past quarter. The Class A office market has seen an increase in vacancy resulting from the delivery of 300,000 square feet at Transwestern's 3400 Cityline development. This additional vacancy has been offset however by increased leasing in Class B office space. Class B space is now proving to provide a viable alternative for companies that are looking for more affordable space, not just from within Richardson, but from surrounding markets as well. With rents increasing more dramatically in surrounding markets such as Legacy and North Central Expressway, the rates in Richardson still provide a value to tenants looking in North Dallas. As a result of recent deliveries and space expected to return to the market over the next twelve months, we expect this market to remain stable for the foreseeable future.

Absorption / Deliveries / Vacancy
(All Classes)



Lease Rates – Full Service
(All Classes)



Advisory Experience

ADAPTIVE REUSE



The Domain, Austin, TX – 70 Acres



Maxim – 700,000 SF

OFFICE LEASE



Weaver – 58,000 SF



Knoll Trail Plaza – 120,000 SF Build-to-Suit

DISPOSITION



Invensys – 45,000 SF Sublease



**Texas Instruments – 70.537 Acres with a
441,362 SF Semiconductor**

TECHNOLOGY LEASE



Flextronics – 1,500,000 SF



ESI – 70,000 SF

MULTIPLE TRANSACTIONS



Texas Instruments – 1,200,000 SF



Weaver – 171,000 SF Multi-market