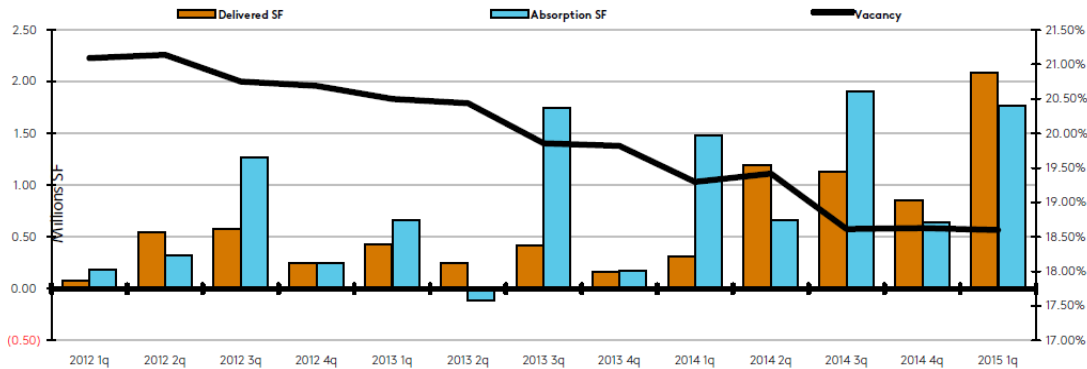




1st QUARTER 2015 OFFICE MARKET UPDATE

Dallas-Fort Worth saw slow job growth during the 1st quarter, creating 7,700 jobs throughout the area this quarter. Over the past year, DFW has created jobs at 3.4% pace, which is the fastest among major Texas metros. With the construction of Toyota's HQ and the announcement of Liberty Mutual's planned regional office building, the DFW area is attracting the attention of other out of state companies looking to relocate to the area making for an optimistic year in 2015.

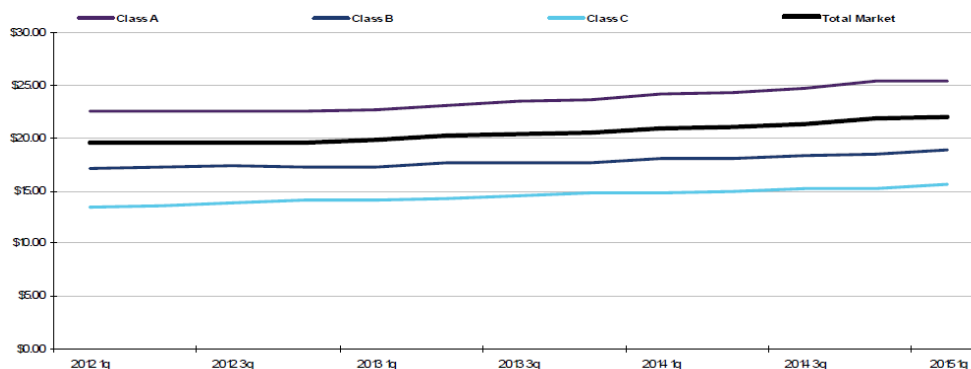


ABSORPTION & VACANCY RATES

- At the end of the 1st Qtr 2015, the vacancy rate equaled 18.6%, with cumulative YTD net absorption of 1,770,868 SF, compared to cumulative YTD net absorption of 1,329,188 SF and vacancy rate of 18.3% through the 1st Qtr 2014.

The hospitality services sector increased at a 6.5% rate, followed by the information services and transportation sectors. Corporate relocations, existing company expansions & the lack of speculative office space will continue to favorably impact vacancy rates and rental rates in 2015.

Quoted Rental Rates by Class Based on Full Service Equivalent Rates



RENTAL RATES

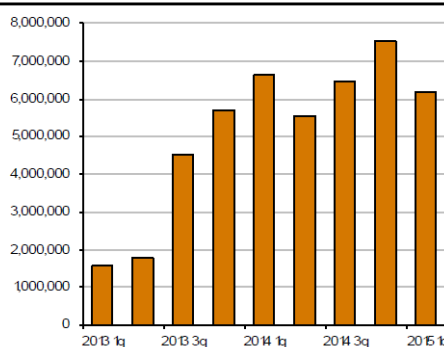
- The average quoted Class A rental rate during 1st Qtr 2015 was \$25.44 per RSF, up 5.8% from \$24.05 per RSF in 1st Qtr 2014. The average rate for Class B space was \$18.88 per RSF, ticking up 3.5% from \$18.25 per RSF in 1st Qtr 2014.

Rental rates continued to rise with a 5.1% increase from a year ago and 11.4% increase from two years ago. Rates are expected to continue to climb through the year, but plateau by the end of year as more office space delivers to ease the tightening markets.

Under Construction

CONSTRUCTION ACTIVITY

- At the end of the 1st Qtr 2015, new office space under construction stood at 6,185,955 square feet, up from 5,890,168 square feet under construction in the 1st Qtr 2014.



Office construction begins to slow down in the DFW Area.

- KPMG Plaza at Hall Arts in the Dallas CBD is underway totaling 450,000 SF.
- The Far North Dallas submarket contains 2,529,239 SF under construction, including 400,000 SF at Wade Park I in Frisco, 360,000 SF for the Dallas Cowboys future HQ in Frisco, 306,200 SF for Granite Park V in Plano, 265,000 SF for the FedEx HQ in Plano, 175,000 SF for Legacy Center in Plano and 170,000 SF for Frisco Bridges Place in Frisco.
- Crown Centre in the Lewisville/Denton submarket is underway totaling 150,000 SF.
- Two buildings totaling 521,214 SF in the North Ft Worth submarket are underway including the FAA Southwest Regional HQ and 2201 Lou Menk Dr for BNSF.
- 8111 Westchester Dr is underway totaling 190,000 SF in Preston Center & 100% leased.
- The Richardson/Plano submarket has 1,122,084 SF under construction including Bldg D of the State Farm Campus at 3521 E Plano Pkwy totaling 500,000 SF, Raytheon's HQ at 1717 E CityLine Dr totaling 490,000 SF and Allen Place I totaling 102,084 SF.
- The Uptown/Turtle Creek submarket contains 847,735 SF under construction, including McKinney & Olive totaling 530,000 SF, 1920 McKinney Ave totaling 150,000 SF and Frost Tower totaling 167,735 SF.



1st QUARTER 2015 OFFICE MARKET UPDATE

Class A, B & C Multi-Tenant Office Space

1st QUARTER 2015 D/FW HIGHLIGHTS

- Richards Group moved into 236,997 SF at 2801 N Central Expwy in the Uptown/Turtle Creek submarket.
- Heartland Payment Systems moved into 79,225 SF at Granite Park Four at 5850 Granite Pkwy in the Upper Tollway/West Plano submarket.
- LegacyTexas Financial Group, Inc. moved into 78,705 SF at 5851 Legacy Cir in the Upper Tollway/West Plano submarket.
- Express Scripts moved into 55,427 SF at Trinity Towers at 2777 N Stemmons Frwy in the Stemmons Frwy submarket.
- Hilti, Inc. moved into 55,088 SF in Westway One at 1707 Market Place Blvd in the DFW Freeport/Coppell submarket.
- Neiman Marcus moved into 50,323 SF at 1700 Pacific Ave in the Dallas CBD submarket.
- Sundown Energy, Inc. moved into 45,120 SF in Knoll Trail Plaza at 16400 N Dallas Pkwy in the Quorum/Bent Tree submarket.

NET ABSORPTION

Overall YTD 1st Qtr 2015 absorption was positive **1,770,868 SF** compared to 1st Qtr 2014 positive absorption of 1,329,188 SF.



RENTAL RATES

Average overall quoted rental rates for 1st Qtr 2015 were **\$22.02** per RSF, up 4.6% compared to \$21.04 per RSF in the 1st Qtr 2014. (Quoted rents are not necessarily reflective of contract rents.)



VACANCY RATES

The overall Metroplex vacancy rate for 1st Qtr 2015 was **18.6%**, compared to 18.3% during the 1st Qtr 2014.



Total Office Market Statistics

First Quarter 2015

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Central Expressway	103	12,386,240	2,191,067	2,237,783	18.1%	(38,308)	57,531	149,510	\$23.75
Dallas CBD	79	29,189,633	7,120,150	7,283,856	25.0%	186,918	0	450,000	\$22.38
East Dallas	175	7,420,863	889,486	892,578	12.0%	23,174	0	20,773	\$19.50
Far North Dallas	414	40,837,001	5,617,572	6,184,286	15.1%	344,522	49,964	2,529,239	\$24.42
Ft Worth CBD	58	8,800,404	1,364,122	1,394,190	15.8%	81,819	0	0	\$26.27
Las Colinas	261	30,888,214	5,630,688	5,994,919	19.4%	(270,078)	175,585	0	\$22.57
LBJ Freeway	164	20,864,826	5,316,599	5,374,448	25.8%	111,785	0	0	\$19.43
Lewisville/Denton	153	8,193,670	1,313,262	1,317,487	16.1%	(182,081)	0	269,134	\$19.89
Mid-Cities	378	19,728,919	3,217,464	3,984,877	20.2%	46,244	42,500	30,000	\$19.29
North Fort Worth	47	2,067,607	344,195	344,195	16.6%	14,212	50,000	521,214	\$21.99
Northeast Ft Worth	47	3,464,899	1,120,757	1,120,757	32.3%	14,786	0	0	\$15.00
Preston Center	48	4,260,987	356,007	377,734	8.9%	(6,429)	0	206,000	\$33.82
Richardson/Plano	312	24,190,757	3,861,356	4,056,873	16.8%	1,220,112	1,557,638	1,122,084	\$19.84
South Ft Worth	202	10,082,971	865,612	877,281	8.7%	124,741	74,806	40,266	\$21.09
Southwest Dallas	75	3,173,669	395,911	395,911	12.5%	65,764	75,000	0	\$15.72
Stemmons Freeway	111	11,746,984	2,951,977	3,050,098	26.0%	51,510	0	0	\$14.81
Uptown/Turtle Creek	85	10,820,602	1,198,274	1,260,651	11.7%	(17,823)	0	847,735	\$34.31
Totals	2,712	248,118,246	43,754,499	46,147,924	18.6%	1,770,868	2,083,024	6,185,955	\$22.02

Data Source: CoStar Property, Bureau of Labor Statistics, US Census Bureau

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The information contained herein has, we believe, been obtained from reliable sources and we have no reason to doubt the accuracy of such information; however, no warranty or guarantee, either expressed or implied, is made with respect to the accuracy thereof. All information contained herein should be verified to the satisfaction of the person relying therein.