



INSIGHT

Richardson/Plano

Office Sub-Market

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4th Quarter 2015

Office Sub-Market Snapshot

Andy Goldston – Advisor
214-420-3168
agoldston@citadelpartnersus.com

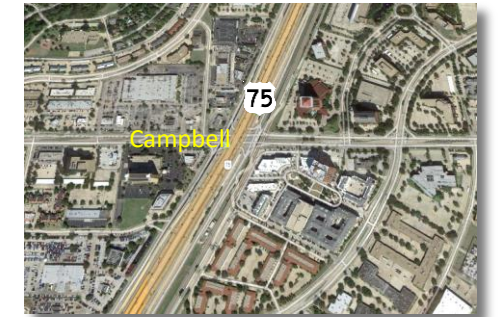


A REAL ESTATE ADVISORY FIRM

15770 N Dallas Parkway
Suite 950
Dallas, TX 75248
972.980.2800
www.citadelpartnersus.com

Q4 2015 (All Classes)

This Richardson/Plano Sub-Market covers the I-75 corridor from Walnut Street to Hedcoxe Road and includes Central Plano up to Sam Rayburn Tollway to the North until Alma Road when it drops down to Hedcoxe 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 the continued growth of the D/FW Market, Richardson/Plano is experiencing a resurgence of corporate relocations, growth of businesses within the city and the retail and residential development that comes with it.



The Richardson/Plano Sub-Market has shown an increase in the direct Class A vacancy from 6.7% in the fourth quarter of 2014 to 10.9% at the beginning of the fourth quarter of 2015. Meanwhile, direct weighted average full-service rents increased per square foot from \$23.26 to \$24.09 per square foot during the same time. Class A net absorption remains positive at 1,509,497 square feet through the fourth quarter. Class B vacancy remained relatively stable and sits at 21.3% with full-service rental rates jumping from \$18.09 per square foot to \$22.36 per square foot. Net absorption in Class B space decreased from 387,126 square feet in 2014 to -292,237 square feet through the fourth quarter of 2015.

ABSORPTION (through Q4)



2014	517,789 SF
2015	1,308,650 SF

DELIVERED (through Q4)



2014	71,711 SF
2015	2,046,638 SF

DIRECT FULL SERVICE RENTAL RATE (Q4)



2014	\$19.55 PSF
2015	\$22.96 PSF

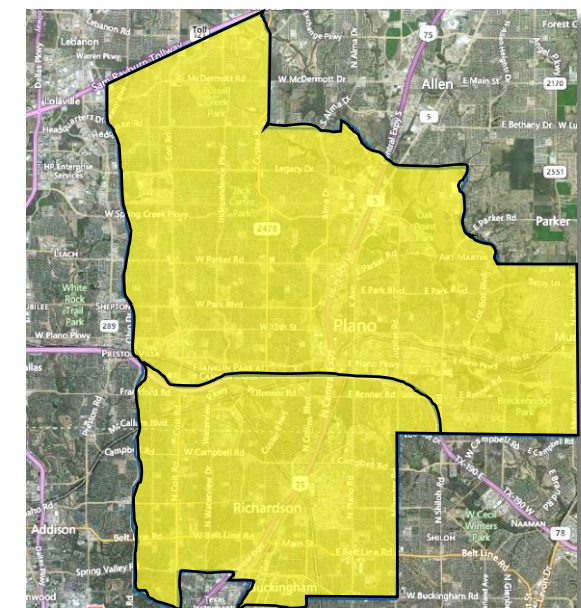
VACANCY (Q4)



2014	13.4%
2015	16.4%

VACANCY BY CLASS (Q4)

Class A	11%	Class B	21%
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Total Office Sub-Market Statistics

Office Sub-Market Highlights

4th Quarter 2015

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Allen/McKinney	371	7,500,422	630,364	633,258	8.4%	80,412	64,908	233,494	\$23.65
Alliance	128	3,572,903	258,789	284,032	7.9%	577,966	613,443	63,448	\$23.95
Arlington/Mansfield	883	13,211,319	1,589,241	1,623,615	12.3%	36,116	35,823	47,440	\$17.86
Central Expressway	274	15,032,348	1,919,381	1,965,624	13.1%	340,622	207,041	0	\$25.17
Dallas CBD	139	33,329,215	6,309,265	6,484,587	19.5%	427,104	540,862	261,400	\$24.04
Delta County	3	6,141	0	0	0.0%	0	0	0	\$0.00
Denton	357	4,118,317	255,591	263,759	6.4%	59,648	29,456	22,000	\$21.28
DFW Freeport/Coppell	204	12,618,969	1,918,747	1,987,288	15.7%	542,567	484,653	925,183	\$21.98
East LBJ Freeway	169	17,323,791	4,206,669	4,262,391	24.6%	11,165	0	0	\$21.44
East Northeast Ft Wo.	341	5,406,033	1,401,479	1,416,464	26.2%	(189,111)	0	0	\$16.28
Ellis County	248	1,486,810	127,221	127,221	8.6%	63,378	82,394	0	\$20.20
Frisco/The Colony	232	5,608,395	645,577	707,617	12.6%	297,402	309,301	1,034,547	\$33.24
Ft Worth CBD	116	11,889,245	1,067,740	1,102,608	9.3%	338,873	0	0	\$25.89
Garland	260	3,723,815	375,460	375,460	10.1%	146,231	0	0	\$18.17
Grand Prairie	138	4,303,224	366,068	366,068	8.5%	41,110	5,000	0	\$15.61
HEB/Midcities	472	7,777,202	1,154,472	1,727,814	22.2%	208,826	163,532	7,894	\$16.94
Henderson County	67	228,443	21,433	21,433	9.4%	9,300	0	0	\$10.78
Hood County	107	541,014	47,190	50,190	9.3%	6,205	19,473	0	\$19.67
Hunt County	92	642,333	48,094	48,094	7.5%	15,704	0	0	\$11.74
Johnson County	207	1,107,590	73,094	73,094	6.6%	22,691	0	0	\$14.90
Lewisville	444	8,649,134	1,190,883	1,197,773	13.8%	160,593	152,788	8,642	\$21.49
Mesquite/Forney/Terr.	203	1,631,990	152,246	156,138	9.6%	8,748	0	0	\$23.16
Northwest Ft Worth	173	1,230,114	101,202	101,202	8.2%	(5,735)	10,050	0	\$18.23
Office Ctr/West LBJ	150	15,818,395	1,546,800	1,697,315	10.7%	(284,833)	13,600	0	\$22.94
Outlying Collin Coun.	45	226,615	23,547	24,784	10.9%	32,791	30,000	0	\$28.48
Outlying Denton Coun.	39	240,441	7,202	7,202	3.0%	(2,297)	0	0	\$26.56
Outlying Kaufman Cou.	22	68,998	10,738	10,738	15.6%	2,800	0	0	\$8.52
Parker County	173	955,550	96,182	96,182	10.1%	14,942	9,550	4,132	\$22.62
Plano	351	9,666,735	1,543,853	1,551,185	16.0%	(26,274)	17,200	273,600	\$24.37
Preston Center	143	5,719,710	397,229	413,190	7.2%	150,674	190,000	186,257	\$35.54
Quorum/Bent Tree	371	23,256,825	2,970,396	3,146,606	13.5%	528,238	0	197,740	\$22.12
Richardson	288	19,706,959	2,962,750	2,992,426	15.2%	1,428,556	2,046,638	557,992	\$21.11
Rockwall	134	1,341,623	95,011	95,011	7.1%	(1,943)	20,773	0	\$28.82
South Irving	220	2,845,832	156,828	157,918	5.5%	26,954	0	0	\$17.09
Southeast Dallas	114	1,231,025	124,462	124,462	10.1%	18,446	0	0	\$15.19
Southeast Ft Worth	186	2,174,042	154,238	154,238	7.1%	(5,615)	0	0	\$16.12
Southwest Dallas	503	5,272,941	546,488	546,488	10.4%	(26,529)	0	0	\$16.29
Stemmons Freeway	277	14,563,080	3,072,015	3,142,337	21.6%	217,968	0	0	\$15.52
Upper Tollway/West P.	389	26,282,549	2,552,971	2,908,954	11.1%	969,493	1,269,443	3,077,534	\$29.56
Uptown/Turtle Creek	302	13,577,316	1,294,609	1,325,690	9.8%	408,157	417,735	1,488,797	\$36.21
Urban Center/Wingren	62	9,530,707	1,528,812	1,650,809	17.3%	355,011	0	0	\$25.38
West LBJ Freeway	98	5,267,834	1,217,634	1,230,223	23.4%	80,636	0	0	\$17.60
West Southwest Ft Wo.	1,030	15,762,227	1,562,719	1,565,822	9.9%	265,371	207,640	417,715	\$22.42
Westlake/Grapevine	691	11,296,504	1,366,553	1,471,765	13.0%	63,243	143,678	294,067	\$25.80
White Rock	258	5,382,506	352,739	360,974	6.7%	15,803	0	18,309	\$20.61
Wise County	33	207,614	36,946	36,946	17.8%	6,734	0	13,658	\$22.59
Totals	11,507	351,334,795	47,480,928	49,686,995	14.1%	7,438,141	7,084,981	9,133,849	\$23.39

2015 Year-to-Date Market Highlights

Top New Leases

2400 N Glenville Dr.
2201 Lakeside Blvd.
2280 N Greenville Ave.
The Tower Lakeside Campus

Tenant

Verizon Building Access
RealPage, Inc.
GEICO
Frontier Communications

Square Feet

388,600
332,653
232,710
191,534

Deliveries

State Farm Campus – Bldg A
Raytheon Headquarters
State Farm Campus – Bldg B
State Farm Campus – Bldg C

Delivery Date

2015 Q1
2015 Q4
2015 Q1
2015 Q1

Square Feet

667,285
489,000
459,186
431,167

Construction

State Farm Campus – Bldg D
Alcatel-Lucent Regional HQ

Delivery Date

2016 Q1
2016 Q1

Square Feet

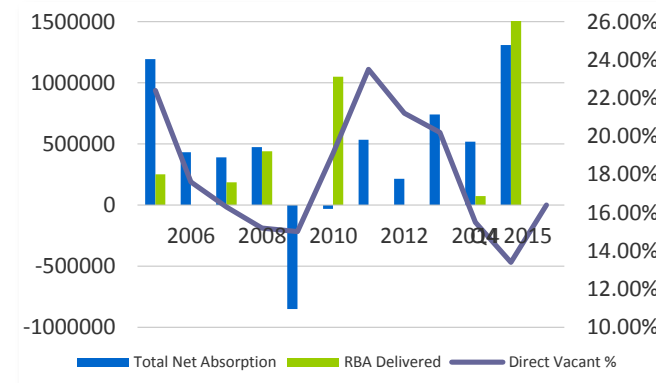
500,000
250,000



Office Sub-Market Momentum & Forecast

With the Cityline project nearing completion and prices rising dramatically along the I-75 corridor, Richardson is positioned to become a desirable alternative to the record high dollar lease rates that other sub-markets are experiencing. Even with corporate relocations like State Farm, RealPage Inc., GEICO and Frontier Communications, there are still thirteen contiguous blocks of space available that can accommodate over 100,000 square feet of office space. With several large relocations and consolidations rumored to be circling, 2016 has the potential to fill some of these large blocks of space. However, large corporate relocations are not the only factor tightening the market. The multi-tenant office market is thriving as well with many Richardson companies experiencing growth. This growth results in a need for larger and more employee-centric office environments. Moving forward, expect buildings that have access to mixed-use developments to continue to thrive while older buildings with limited access to amenities face the challenge of retaining tenants that have shifted their focus to hiring and retaining talent.

Absorption / Deliveries / Vacancy
(All Classes)



Lease Rates – Full Service
(All Classes)

