



DFW INDUSTRIAL
MARKET BRIEF

2Q2017



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DALLAS/FORT WORTH INDUSTRIAL TEAM



DALLAS/FORT WORTH INDUSTRIAL SUBMARKETS



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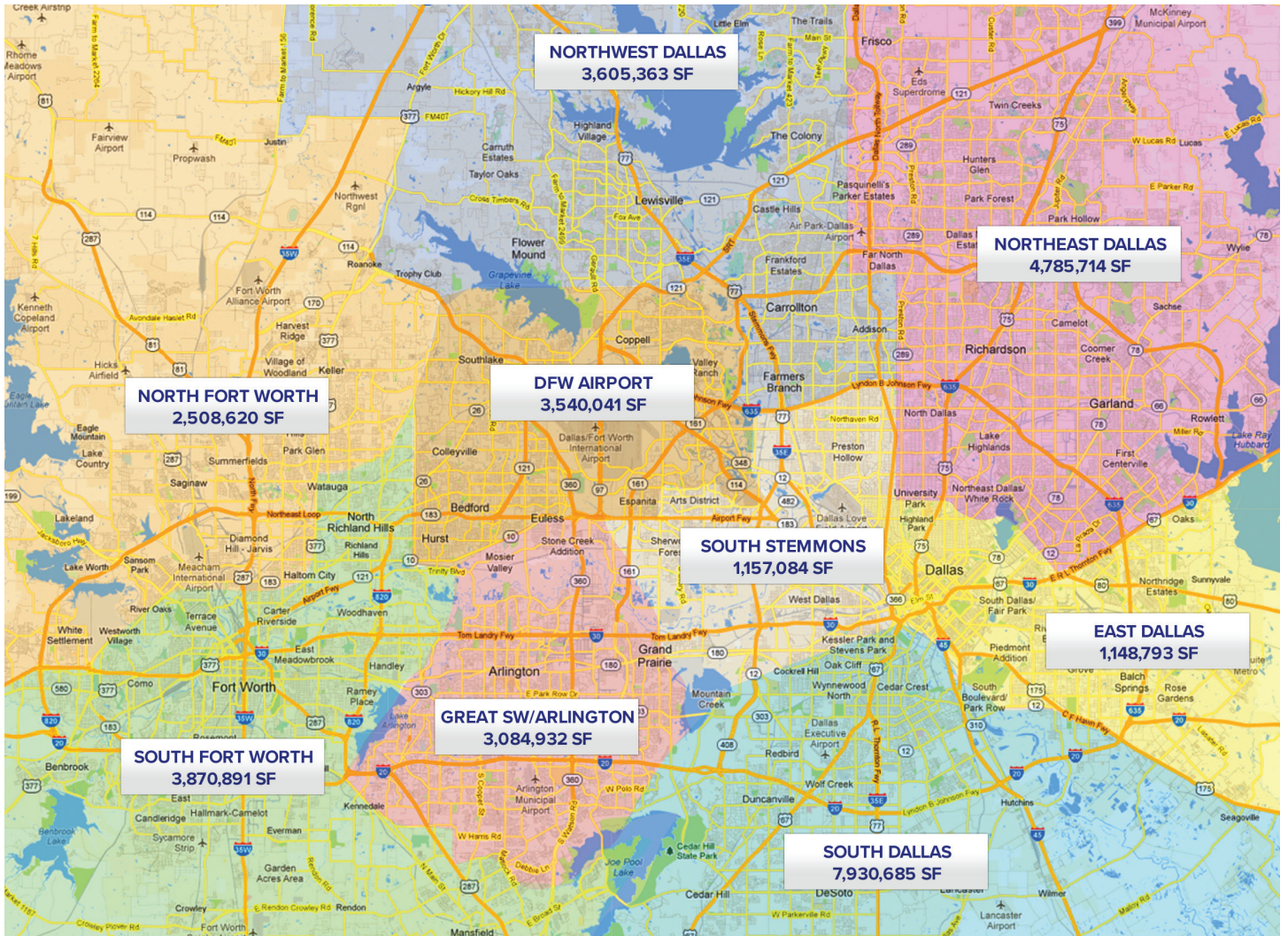
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HLC INDUSTRIAL DALLAS/FORT WORTH SUBMARKETS

HLC SQUARE FOOTAGE BY SUBMARKET



HLC INDUSTRIAL DALLAS/FORT WORTH TRENDS AND TRANSACTIONS

HLC OUTLOOK

The DFW industrial market remains one of the strongest industrial markets in the country and a top four choice for national logistics distribution. The overall industrial market persists with a single digit vacancy rate of 6.9%. Leasing activity in DFW remained strong posting approximately 10 million square feet.

Second Quarter 2017 delivered 7.1 million SF. Between build-to-suits and speculative development, the market has approximately 19.8 million SF under construction. This activity encompasses the sub markets of North Fort Worth, South Dallas, GSW, Northwest Dallas, Northeast Dallas and DFW Airport. South Dallas notably accounts for approximately 9.7 million square feet of the total construction activity. Speculative development will remain strong over the next 12 months in the DFW market as capital sources accept leasing risk to obtain lower basis positions and build to a yield rather than competing for inferior product with record low cap rates.

The majority of submarkets in 2017 should remain in single digit vacancy rates. However, submarkets such as South Dallas have

Absorption	vs. Prev. Qtr	vs. 12 Mths Ago
5,093,816	5,078,386	2,478,735
Vacancy	vs. Prev. Qtr	vs. 12 Mths Ago
6.9%	7.1%	7.1%
Leasing Act.	vs. Prev. Qtr	vs. 12 Mths Ago
8,806,239	9,963,729	16,489,041
U/C SF	vs. Prev. Qtr	vs. 12 Mths Ago
19,799,450	18,130,406	25,473,130
Delivered SF	vs. Prev. Qtr	vs. 12 Mths Ago
3,808,728	10,791,321	5,320,901




breached the 10% vacancy threshold as new construction outpaces net absorption. Rental rates are stabilized under favorable conditions although concessions are more prominent from new development projects. Dallas is one of the top four regional distribution hubs in the country, yet seeks to establish a new equilibrium between supply and demand.

TRENDS & TRANSACTIONS

- Albeit limited volume, industrial product remains in high demand for institutional investment.
- Speculative development is at a historical peak as capital sources seek alternative basis positions to "retail" acquisitions resulting from high demand and historically low cap rates.
- Statistically 35% of industrial lease transactions across the country are e-commerce related and are expected to remain a driving force in bulk warehouse due to population growth and consumer demand.
- Dallas ranks 2nd for inland port activity only behind Los Angeles.
- Rental abatement has been re-established as a norm in the market as Landlords
 - 1) seek to maximize property valuations through face rate and rent growth
 - 2) second generation space seeks to remain competitive with new development and
 - 3) new development under construction seeks to secure a tenant base prior to additional projects breaking ground.
- Since 2010, depending on the size of the transaction, rental rates have increased 20%-30% with 2%-4% annual escalations accepted by the market.

- KOHLER signed a design-build for 1,316,000 SF with Prologis at 9500 South Polk Street
- Continental Tire renewed and expanded operations for a total of 542,785 SF from Duke Realty at 4003 Grand Lakes Boulevard
- S&S Apparel leased 492,000 SF from Hunt Southwest at 4800 N Sylvania Road
- Hemispheres renewed 262,500 SF from Duke Realty at 240 Dividend Road
- Speed Commerce renewed 535,380 SF from Prologis at 10300 Sanden Drive
- Campbell's Soup preleased 577,618 SF at Transpacific Partners' new development at the north-west corner of I-35 and Loop 820.

TOP HLC LEASE TRANSACTIONS

-  Owens Corning renewed 510,400 SF from AEW Capital Management at 3737 Duncanville
-  Cardinal Health renewed 361,690 SF from AEW Capital Management at 3080 West I-20
-  Dartco leased 139,971 SF from TA Realty at 2777 W. Daniieldale Road

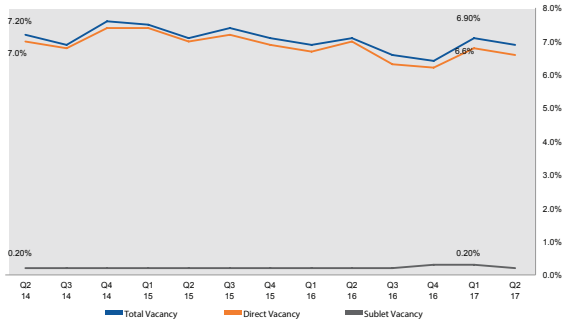
TOP LEASE TRANSACTIONS

- Olam Cotton leased 636,315 SF from Hillwood at 4615 Langdon
- Owens Corning leased 510,400 SF from AEW Capital Management at 3737 Duncanville

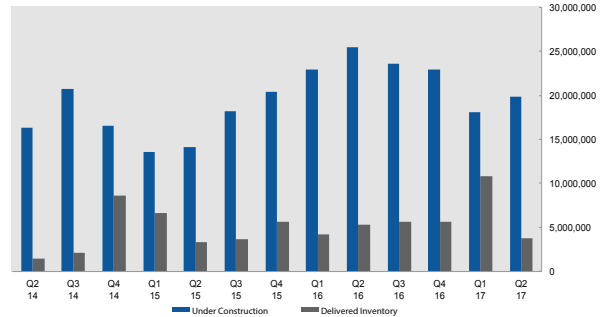
HLC INDUSTRIAL DALLAS/FORT WORTH

FACTS AND FIGURES

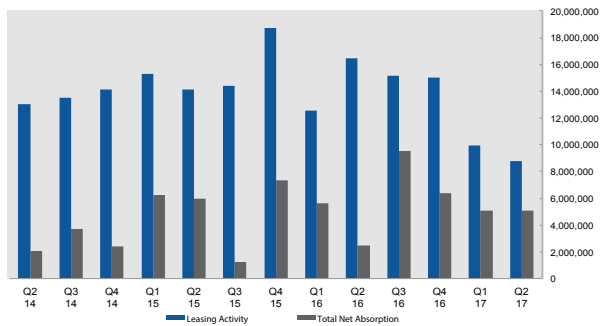
VACANCY - OVERALL DFW



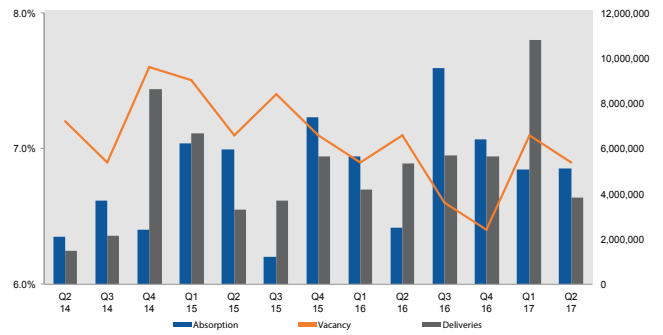
CONSTRUCTION - OVERALL DFW



ABSORPTION - OVERALL DFW



OVERVIEW - OVERALL DFW



Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Construction SF	YTD Leasing Activity
	# Bldgs.	Total RBA	Direct SF	Total SF	Vac. %				
DFW Airport	599	70,302,483	4,686,929	4,835,105	6.9%	(179,051)	1,148,870	2,067,046	2,761,994
East Dallas	578	40,550,590	2,222,495	2,222,495	5.5%	201,288	0	351,874	305,039
Great SW/Arlington	1,057	100,048,781	7,807,153	8,200,971	8.2%	1,668,027	3,260,121	3,868,930	4,508,928
North Fort Worth	561	81,009,985	5,341,993	5,618,474	6.9%	2,713,859	1,534,536	3,831,445	2,751,468
Northeast Dallas	1,395	101,160,806	6,066,150	6,546,758	6.5%	1,609,186	2,340,320	1,407,016	2,367,203
Northwest Dallas	1,297	102,853,703	5,363,724	5,582,591	5.4%	1,900,544	1,554,750	1,670,873	2,655,822
South Dallas	643	86,276,022	9,126,679	9,418,596	8.5%	1,461,176	4,025,961	5,143,462	1,330,776
South Fort Worth	1,275	71,132,900	2,742,053	2,806,453	3.9%	(34,187)	217,250	651,564	851,418
South Stemmons	2,053	112,962,465	7,458,854	7,499,400	2.5%	831,360	518,241	807,240	1,237,320
Totals	9,458	766,297,735	50,816,030	52,730,843	6.9%	10,172,202	14,600,049	19,799,450	18,769,968

Source: CoStar 2017 2Q Industrial Report

SUBMARKET INTELLIGENCE

GREAT SOUTHWEST/ARLINGTON

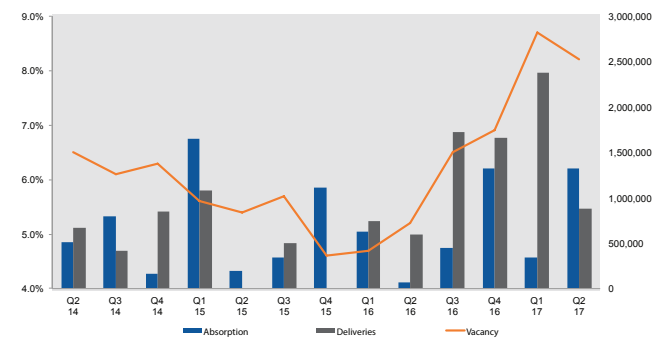


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HLC OUTLOOK

The Great Southwest submarket maintained a steady performance throughout the second quarter of 2017 posting YTD absorption of approximately 1.7 M SF. GSW remains as the second most active submarket for new development (behind South Dallas) and YTD deliveries are 3.2 M SF. Leasing activity and velocity remained consistent, posting over 4.5 M SF of leasing activity YTD. However, with the large increase of newly delivered product; the vacancy rate has increased when compared to previous quarters and currently sits at 8.2%. As 2017 continues, we expect this vacancy rate to return to lower levels as tenants absorb additional product. Moving forward landlords should expect rental rates to hold steady and include annual rent escalations of 2% to 4% (depending on the size of the lease). However, the market is starting to see a rise in free rent concessions as the market becomes more competitive due to additional product supply.

VITAL STATS



Metric	vs. Prev. Qtr	vs. 12 Mths Ago
Absorption	1,324,601	343,426
Vacancy	8.2%	8.7%
Leasing Act.	2,249,712	2,259,216
U/C SF	3,868,930	2,807,925
Delivered SF	880,186	2,379,935
		597,455

Source: CoStar 2017 2Q Industrial Report

TOP LEASE TRANSACTIONS

- HLC Deal** Cardinal Health renewed their lease of 361,690 SF at 3080 West I-20 with AEW Capital Management
- JELD-WIN renewed 175,000 SF at 2510 W Main Street with Liberty Property Trust
- Geodis Logistics leased 228,952 SF in Liberty Property Trust's shell project at 951 Valley View Lane
- TSI leased 99,660 SF from Evergreen at 809 110th Street
- Bay Valley Foods leased 423,700 SF from ProLogis at 610 West Trinity Boulevard
- Racetrack leased 73,901 SF in Cabot Properties shell project at 3110 Roy Orr Boulevard

DEALS ON THE MARKET

- Cardinal Health Distribution Center being sold by C&W – Class A 361,690 SF building in Grand Prairie; owned by AEW

NEW DEVELOPMENTS

- 1460 Avenue S – 83,125 SF spec with Port Logistics Realty
- Arlington Commerce Center / Bldg E - 1,004,400 SF developed by Exeter and leased by UPS
- Park 20/360 – 4 building development 1,262,040 SF spec with Invesco
- General Motors Assembly Plant Expansion- 1,200,000 SF
- 2251 East Bardin Road – 365,000 SF spec developed Liberty Property Trust and leased by FedEx
- 2710 N Forum Dr – 301,000 SF spec with Scannell Properties

LARGE EXISTING VACANCIES

- 950 E Avenue K – 487,752 SF
- Parc GSW – 450,340 SF
- 1400 N Highway 360 – 437,000 SF
- Airport Freeway - CentrePort 2 – 430,759 SF
- 1950 W Bardin Road – 430,188 SF
- 1111 W Bardin Road – 420,000 SF
- 2401 W Marshal Drive – 320,366 SF

SUBMARKET INTELLIGENCE

DFW AIRPORT

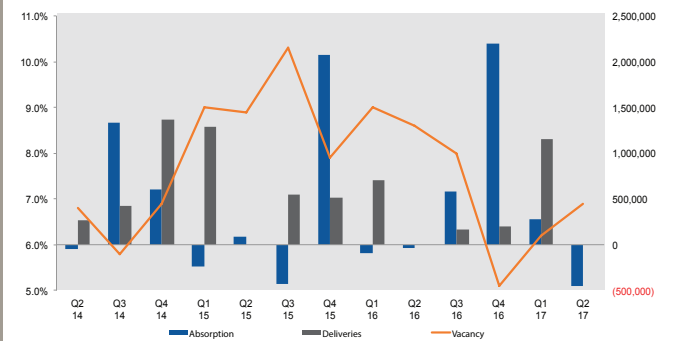


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HLC OUTLOOK

The DFW Airport market vacancy rate is 6.9% at the end of the 2QTR 2017. The overall leasing activity across the DFW Airport market has been strong with 2,761,046 SF. Development remained solid with approximately 2 million SF under construction. Deals 300,00 SF and below have remained very active but deals larger than 400,000 SF has been slow. Deals have been taking longer to execute and tenant improvement dollars remain relatively high. With limited supply of fee simple land coupled with rising construction costs, speculative developments have been quoting \$3.75 - \$4.50 NNN for bulk warehouses.

VITAL STATS



Absorption	vs. Prev. Qtr	vs. 12 Mths Ago
(454,374)	275,323	(35,531)
Vacancy	vs. Prev. Qtr	vs. 12 Mths Ago
6.9%	6.2%	8.6%
Leasing Act.	vs. Prev. Qtr	vs. 12 Mths Ago
848,928	1,913,066	2,225,096
U/C SF	vs. Prev. Qtr	vs. 12 Mths Ago
2,067,046	3,179,216	975,584
Delivered SF	vs. Prev. Qtr	vs. 12 Mths Ago
-	1,148,870	-

Source: CoStar 2017 2Q Industrial Report

TOP LEASE TRANSACTIONS

- OO Shirts has leased 230,000 SF from GLP at 850 Northlake.
- Spring Lighting group leased 40,760 SF from ML Realty at 501 Southwestern Boulevard.
- Beavex renewed their lease of 60,380 SF from GLP at 921 W Bethel Road.
- Hemispheres renewed their lease of 262,500 SF from Duke Realty at 240 Dividend Drive.

DEALS ON THE MARKET

- 1800 Hurd Drive being sold by Lee & Associates – 101,500 SF in the E DFW Airport/ Las Colinas Submarket, owned by Alliance Glazing Technologies
- 500 Industrial Blvd being sold by JLL– 191,800 SF in the W DFW Airport/Grapevine Submarket owned by Standard Motor Products.

NEW DEVELOPMENTS

- 2601 W Bethel Road – totaling to be 1,008,176 SF to be delivered November 2017 with Perot Development. It has been pre-leased to Amazon.

- 1255 Mustang Drive – totaling to be 158,466 SF to be delivered July 2017 with CBRE.
- 4301 Patriot (DCT DFW Trade Center) – totaling to be 112,283 SF to be delivered July 2017 with NAI Robert Lynn.
- 1275 Metro Circle (Building 2) – totaling to be 108,300 SF to be delivered July 2017 with CBRE.
- Prologis Park 121 – two buildings currently under construction totaling 568,545 SF - 144,465 SF and 424,080 SF. The 424,080 SF building has pre-leased 213,080 SF to Norwex.

LARGE EXISTING VACANCIES

- 944 W Sandy Lake Road – 604,800 SF
- 2701 S Valley Parkway – 329,060 SF
- 400 Dividend Drive – 263,625 SF
- 4250 Patriot Drive – 249,484 SF
- 845 Regent Boulevard – 208,249 SF
- 240 Dividend Drive – 207,002 SF
- 801 Industrial Boulevard – 204,556 SF

SUBMARKET INTELLIGENCE NORTHEAST AND EAST DALLAS

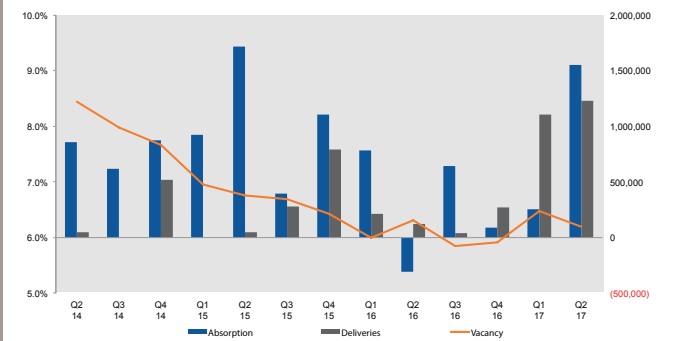


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HLC OUTLOOK

The Northeast and East Dallas submarkets continued to perform steadily throughout the second quarter of 2017 with over 1.8 million SF of combined absorption. We continue to see strong activity and have seen rates push past historical levels. They continue to gradually increase with spec warehouse and newer second-generation space between 100 – 200,000 SF rates now being quoted between \$3.95 - \$4.50 NNN. For higher visibility shallow bay spaces between 10-20,000 SF on Miller Rd. rates are reaching \$5.75 - \$5.95 NNN. With strong activity and a healthy amount of speculative development we anticipate that concessions should remain low and rates should continue to increase steadily.

VITAL STATS



Absorption	vs. Prev. Qtr	vs. 12 Mths Ago
1,555,067	255,407	(310,301)
Vacancy	vs. Prev. Qtr	vs. 12 Mths Ago
6.2%	6.5%	6.3%
Leasing Act.	vs. Prev. Qtr	vs. 12 Mths Ago
1,683,726	988,516	1,524,500
U/C SF	vs. Prev. Qtr	vs. 12 Mths Ago
1,758,890	2,990,640	2,727,627
Delivered SF	vs. Prev. Qtr	vs. 12 Mths Ago
1,231,750	1,108,570	121,835

Source: CoStar 2017 2Q Industrial Report

TOP LEASE TRANSACTIONS

- Speed Commerce renewed 535,380 SF from Prologis at 10300 Sanden Drive
- 1000bulbs.com renewed 131,950 SF from Duke Realty at 3200 Kingsley Road
- Harmon, Inc. leased 130,300 SF from Prologis at 5351 Samuell
- DB Schenker renewed 112,881 SF from Prologis at 3737 Grader Street
- FedEx renewed 83,964 SF from GLP at 3242 Herrmann Drive.
- Chloe Lighting leased 49,994 from DRA Advisors at 2701 South Shiloh Road
- Frankie V Kitchen renewed and expanded to 44,900 from Colony at 11025 Switzer
- Safelite renewed and expanded to 43,269 SF from Barings Real Estate Advisory at 1601 E Plano Pkwy
- Embassy Furniture leased 42,600 SF from ProLogis at 902 Nicholson Road

DEALS ON THE MARKET

- Northgate Distribution Center being sold by Eastdil – Two Class A buildings totaling 269,350 SF in Garland; owned by Huntington Industrial Partners
- Forty Thirty Forest being sold by CBRE – Four Class C buildings totaling 678,354 SF in Garland; owned by Dollar Flowers
- Kingsley Transit Center being sold by HLC – Two Class B

buildings totaling 347,822 SF in Garland. Both are rail served.

- 3101 W Miller Road being sold by Stream – One Class C building totaling 293,231 SF in Garland; owned by Massimo Motor Sports (sale leaseback)
- 300 Apache trail being sold by Savills Studley – One Class A building totaling 212,800 SF in Terrell.

NEW DEVELOPMENTS

- Miller Road – One 270,016 SF spec building by DCT; rear load with 64 trailer parks and 32' clear height; to be delivered August 2017
- 3800 Leon Drive – One 494,000 SF spec building by IDI Gazeley; rear load with 107 trailer parks and 32' clear height; to be delivered August 2017
- 3400 Discovery Boulevard – One 370,025 SF building by Pratt Industries to be delivered October 2017
- 5005 Samuell Boulevard – One 351,874 SF building by 42 Real Estate for Fed Ex, to be delivered August 2017; recently sold to Monmouth REIT

LARGE EXISTING VACANCIES

- 3310 & 3422 W Kingsley Road – 347,822 SF
- 3000 W Kingsley Road – 341,840 SF; Sublease from Apex Tools
- 1201 Big Town – 208,750 SF

SUBMARKET INTELLIGENCE

SOUTH DALLAS

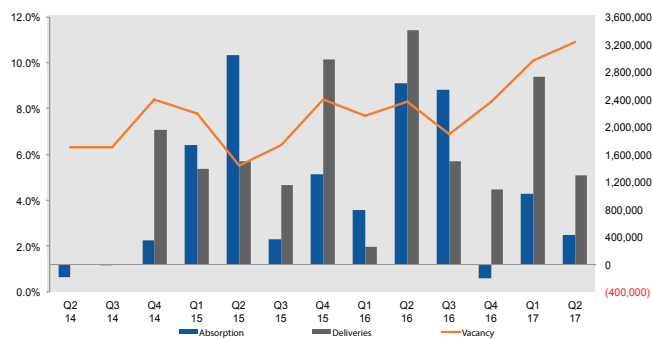


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HLC OUTLOOK

South Dallas Industrial submarket as surveyed is 118 M sf and is now 8.5% vacant which is 0.4% higher than reported in 1stQ 2017. New construction is simply outpacing absorption. Despite the increased vacancy, the area absorbed 1,033,188 square feet in 2nd Q 2017 with transactions from Mars Petcare (211K SF), Dartco (139K SF), and Olam Cotton (636K SF). In 2Q 2017 South Dallas delivered 1.3M sf of new bulk warehouse and signed build-to-suits or design build projects for another 2.7 M square feet. South Dallas still has 7.6M SF (6.4%) remaining under construction. As expected, the southern corridors along I-20, I-35, and I-45 will continue to produce new opportunities for development but, the equilibrium needle between supply and demand is going to remain volatile as opportunity encounters overbuilding.

VITAL STATS



Absorption	vs. Prev. Qtr	vs. 12 Mths Ago
430,658	130,518	2,641,460
Vacancy	vs. Prev. Qtr	vs. 12 Mths Ago
10.9%	10.1%	8.3%
Leasing Act.	vs. Prev. Qtr	vs. 12 Mths Ago
971,887	358,889	973,016
U/C SF	vs. Prev. Qtr	vs. 12 Mths Ago
5,143,462	4,517,327	6,226,256
Delivered SF	vs. Prev. Qtr	vs. 12 Mths Ago
1,295,142	2,730,819	3,414,306

Source: CoStar 2017 2Q Industrial Report

TOP LEASE TRANSACTIONS

- Mars Petcare US, Inc. renewed 393,899 SF with CalStrs at 2200 at Daniieldale Road
- Mars Petcare also expanded by 211,948 SF with CalStrs at 3500 North Houston School Road
- HLC Deal** Dartco leased 139,971 SF from TA Realty at 2777 W Daniieldale Road (Stoneridge 13).
- HLC Deal** Owens Corning signed a renewal for 510,400 SF at 3737 Duncanville Road
- Olam Cotton leased 636,315 SF (488,565 SF + 147,750 SF) from Hillwood at 4615 Langdon & 4951 Langdon Road in their project known as Commerce 20.
- Shippers Warehouse expanded with another 550,000 SF on Wintergreen Road with Duke Realty
- Discount Tire signed a design build for approximately 701,122 SF at 9901 Bonnie View Road.
- KOHLER signed a 1,316,000 SF design-build project with Prologis at 9500 South Polk Street at Daniieldale Road on their land known as Interchange Distribution Center.

DEALS ON THE MARKET

- DalPort Building- 758,000 SF single building at 201 S. Interstate 45 by USAA to Pure Industrial
- Dallas Core Distribution Portfolio – 1,544,840 SF two building project (Ultra & Kimberly-Clark) located in Mountain Creek, ProLogis is the seller.
- Mountain Creek Distribution Center II with Crow Holdings is the seller– 663,000 SF.

NEW DEVELOPMENTS

- I-35 Logistics Crossing – 1,221,612 SF (2 Buildings 610,806 SF each) by Crow Holdings
- Mountain Creek DC – 1,021,440 SF by First Industrial
- Crossroads Trade Center Buildings 3 – 948,392 SF spec with Clarion/Hillwood (Interstate 35)
- Copeland Commercial – 900,043 SF at 3535 N Houston School Road
- Core 5 Industrial – 754,897 SF spec with Core 5 at 1200 W Wintergreen Road (Interstate 45)
- LogistiCenter at Dallas – 626,439 SF spec with Dermody Properties at 9890 Bonnie View Road
- Hines broke ground on 1,044,647 SF of their SouthLink project (expandable to 1,540,000 SF) at Bonnie View Road and Cleveland Road
- Morgan Stanley broke ground at 3300/3900 Cedardale Road Development for 776,629 SF

LARGE EXISTING VACANCIES

- Southport Parkway, Building 1 - 1,075,260 SF spec SouthPort Logistics Park (Interstate 45)
- SouthPointe 20/35 – 1,003,733 SF spec with Clarion (660,312 SF & 343,421 SF)
- VanTrust (DalParc I-20 Logistics) – 920,275 SF with VanTrust on Dallas Ave
- Park 20 – 468,300 SF with Huntington Industrial Partners on Houston School Road
- Centre Park Blvd. (Eagle Park 20/35)- 454,408 SF spec with Ridgeline Property Group
- 2425 W Daniieldale Road – 399,971 SF with TA Realty Associates.

SUBMARKET INTELLIGENCE

NORTHWEST DALLAS

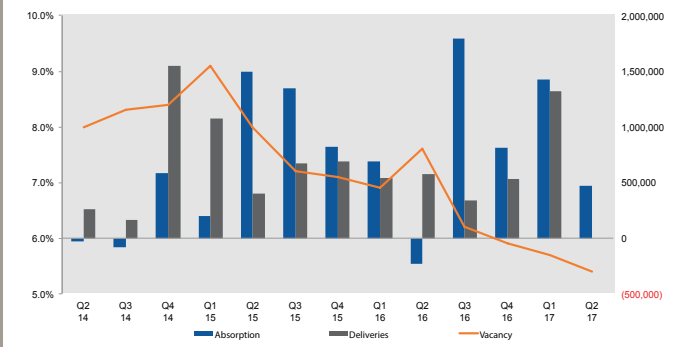


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HLC OUTLOOK

Over the past quarter, Northwest Dallas continued to prove to be one of the strongest submarkets in Dallas. The submarket posted a 5.4% vacancy rate which was a slight improvement over Q1 2017 (5.8%). Billingsley's Mercer Business Park and ProLogis' Valwood Corporate Park are the two development highlights as the quality sites to develop are diminishing in Northwest Dallas. As the market continues to tighten, expect rates to continue to rise and rent concessions to continue to diminish. All indicators point to the market continuing to remain strong through 2017.

VITAL STATS



Absorption	vs. Prev. Qtr	vs. 12 Mths Ago
471,587	1,428,957	(231,850)
Vacancy	vs. Prev. Qtr	vs. 12 Mths Ago
5.4%	5.7%	7.6%
Leasing Act.	vs. Prev. Qtr	vs. 12 Mths Ago
1,387,944	1,267,878	3,356,412
U/C SF	vs. Prev. Qtr	vs. 12 Mths Ago
1,670,873	1,743,773	2,968,576
Delivered SF	vs. Prev. Qtr	vs. 12 Mths Ago
230,400	1,324,350	578,560

Source: CoStar 2017 2Q Industrial Report

TOP TRANSACTIONS

- Rialto Capital closed on a 1.7M SF portfolio across the DFW market with 2115 Valley View Lane and 2115 Belt Line Road located in NW Dallas.
- Frontier Equity purchased Hutton Court Place. A 52,000 SF building located at 1920 Hutton Court.
- SWS renewed their lease for 127,000 SF at 1440 Lemay from Evergreen
- McKillican International leased 47,500 SF at 1536 Hutton from EastGroup.
- Furniture Options leased 38,000 SF from EastGroup at 1624 W. Crosby.
- **HLC Deal** Kurz & Co. leased 30,000 SF from Crow Holdings at 1625 Vantage Drive.

DEALS ON THE MARKET

- Prime Logistics Portfolio – One building located within the portfolio in NW Dallas located at 2051 McKenzie. The building totals 242,187 SF and is occupied by a single tenant.
- 1410 Dunn Drive and 1406 Hutton – Owned by EGW Utilities. Two building portfolio totaling 90,000 SF.
- Tuesday Morning Industrial Portfolio – 1.2M SF portfolio in NW Dallas off Inwood with visibility from the Dallas North Tollway.
- 1000 W Crosby Road – Fully leased building totaling 220,409 SF.

NEW DEVELOPMENTS

- 1310 Electronics (Valwood Corporate Center) – 2 buildings totaling to 517,518 SF to be delivered September 2017 with Prologis
- 1900 Lakeway Drive – 130,400 SF to be delivered June 2017 with Lincoln Advisory Group
- Mercer Business Park Building 4 – 330,100 SF to be delivered November 2017 with Billingsley

LARGE EXISTING VACANCIES

- 2701 S Valley Parkway (Building 6)- 329,060 SF
- 2900 S Valley Parkway (Building 5) – 222,686 SF
- 700 Lakeside Parkway – 168,988 SF
- 514 Bennett Lane – 165,705 SF
- 1001 W Crosby – 135,950 SF
- 1809 W Frankford Road – 107,500 SF

SUBMARKET INTELLIGENCE

SOUTH STEMMONS

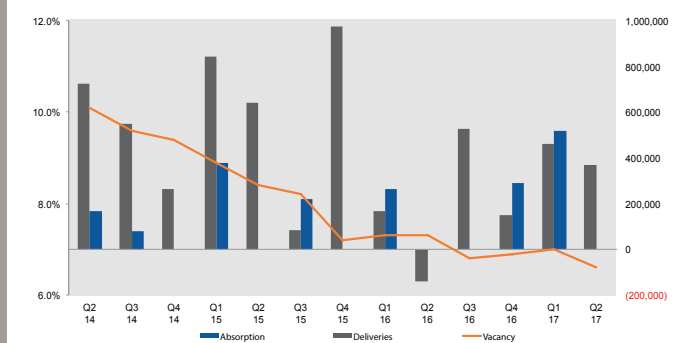


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HLC OUTLOOK

Through the second quarter of 2017, the South Stemmons industrial submarket posted a 2.5% vacancy rate which is a minor increase from the rate of 2.4% at the end of Q1. There continues to be a strong amount of leasing activity throughout the submarket for tenants between 10 – 50,000 square feet. Absorption for Q2 totaled a positive 650,000 SF which this number is expected to grow due to the lack of developments in the submarket. As 2017 continues, rental rates are expected to continue to increase as the submarket becomes tighter and tenants are continuing to relocate north on I-35 from the spike in rental rates in the Design District. Since 2013, rents in the submarket have increased 25% for space under 50,000 SF. This is a key statistic as this size encompasses the majority of spaces in the submarket. Rental rates for 50,000 SF deals have increased into the high \$3/SF range and rates for 10,000 SF are now reaching \$5.00/SF start rates. 20-25,000 SF are creeping up into the low \$4's. I expect this trend to continue throughout 2017.

VITAL STATS



Absorption	vs. Prev. Qtr	vs. 12 Mths Ago
367,969	463,391	(138,911)
Vacancy	vs. Prev. Qtr	vs. 12 Mths Ago
2.5%	2.4%	2.9%
Leasing Act.	vs. Prev. Qtr	vs. 12 Mths Ago
479,398	757,922	1,673,237
U/C SF	vs. Prev. Qtr	vs. 12 Mths Ago
807,240	-	810,441
Delivered SF	vs. Prev. Qtr	vs. 12 Mths Ago
-	518,241	-

Source: CoStar 2017 2Q Industrial Report

TOP TRANSACTIONS

- Rialto Capital closed on a 1.7M SF portfolio across the DFW market with 2727 Airport Freeway located in the South Stemmons submarket.
- Motor Controls, Inc. renewed their lease at 2803 Dairy Milk Lane in Dallas for 99,000 SF.
- Lee Roy Jordan Redwood Lumber leased 38,000 SF at 10705 Newkirk Street in Dallas.
- Wingfoot Commercial Tire Systems signed a 20,000 SF renewal and expansion at 3031 Quebec Street in Dallas.
- Spectra Metals renewed their lease at 11425 Mathis Avenue in Farmers Branch for 20,000 SF.

LARGE EXISTING VACANCIES

- 2606 Brenner Drive – 65,726 SF
- 2025 Royal Lane – 50,027 SF
- 1108 Quaker Street – 42,874 SF
- 3151 Halifax – 47,080 SF
- 9020 Directors Row – 23,000 SF
- 3000 Pegasus Park Drive – 24,805 SF

DEALS ON THE MARKET

- Mary Kay – Two buildings totaling 387,132 SF in West Brookhollow occupied by Mary Kay who is pursuing a Sale/ Lease-back through the end of 2018.
- Plaza on Walnut Hill – 50,000 SF building on Shady Trail Berkeley Partners is selling.
- 1371-1375 Round Table – Owned by a user with 1.5 acres of land to the north. The building totals 43,500 SF.

SUBMARKET INTELLIGENCE

NORTH FORT WORTH

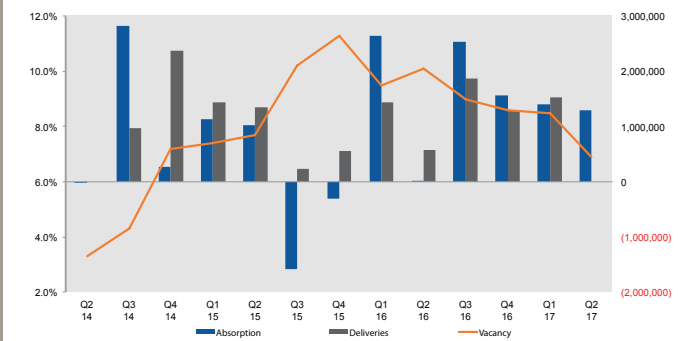


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HLC OUTLOOK

The North Fort Worth industrial submarket was able to maintain positive momentum by posting a Second Quarter vacancy of 6.9%, down from the 7.5% posted in the First Quarter. This can be attributed to a year-to-date net absorption figure of 2,713,859 sf which has perpetuated the growth of new developments with an additional 3,831,445 million square feet under construction. Expect to see continued positive absorption by bulk distribution users that prefer the transit amenities North Fort Worth has to offer.

VITAL STATS



Absorption	vs. Prev. Qtr	vs. 12 Mths Ago
1,303,105	1,410,754	5,014
Vacancy	vs. Prev. Qtr	vs. 12 Mths Ago
6.9%	8.5%	10.1%
Leasing Act.	vs. Prev. Qtr	vs. 12 Mths Ago
583,187	2,168,281	3,591,653
U/C SF	vs. Prev. Qtr	vs. 12 Mths Ago
3,831,445	3,713,445	4,901,575
Delivered SF	vs. Prev. Qtr	vs. 12 Mths Ago
-	1,534,536	585,253

Source: CoStar 2017 2Q Industrial Report

TOP SALE TRANSACTIONS

- BT OH, LLC (UPS) purchased 800,280 SF at 1400 Intermodal Parkway - Alliance Westport 18.
- Wilson & Stonaker, LLC purchased the 334,082 SF Northbrook Business Center at Loop 820 and Blue Mound Road.

TOP LEASE TRANSACTIONS

- Campbell's Soup preleased 577,618 SF at Transpacific Partners' new development at the north-west corner of I-35 and Loop 820.
- S&S Activewear leased 492,322 SF at 4800 N Sylvania Rd from Hunt Southwest.
- Marco Display leased 323,550 SF at 900 Terminal Rd from BH Properties.
- Supply Chain Solutions (Dematic Corp.) leased 299,000 SF at 400 E Industrial Ave from Ridge Development.
- EcoLab leased 192,350 SF at 2101 Reeves Pl from Hunt Southwest.
- Mattel leased 183,832 SF at 4601 Gold Spike Drive from Prologis.
- Sam's Club Distribution Center leased an additional 141,000 SF at 16101 Three Wide Drive.

DEALS ON THE MARKET

- 3200 Meacham Boulevard – 129,509 SF warehouse owned by Virbac Corporation, being sold by Glacier Commercial.
- 1431 S Cherry Lane – 100,000 SF shallow bay facility recently built in West Fort Worth, being sold by NAI Robert Lynn.

NEW DEVELOPMENTS

- Hunt Southwest is currently under construction on a 658,782 SF cross-dock facility at the south-east corner of Northern Cross Boulevard and North Sylvania Avenue in Mercantile Submarket. Delivery is expected for Q3 2017.
- Trans-Pacific Development is currently under construction on a 712,500 SF distribution facility at the NW corner of I-35 and North Loop 820 in Fort Worth. Delivery is expected for Q3 2017.
- Trammell Crow has broken ground on buildings A, H & J, a 1.6 million square foot expansion of 35 Eagle in Alliance. The 3 buildings are expected to deliver in Q4 of 2017.

- Ironwood Realty Partners, LLC and TCRG Properties has broken ground on the first of a 5 building development at the NW corner of I-35 and Golden Triangle Boulevard. The first building will be a 496,782 SF cross-dock facility and is expected to deliver in Q4 2017. The entire development is slated for 2.8 million square feet.
- Ridge Development has proposed construction for a 361,860 SF cross-dock facility near the south-east corner of N Main Street and E Industrial Boulevard in Fort Worth. Projected construction commencement is slated for Q3 2017.

LARGE EXISTING VACANCIES

Alliance:

- 14901 N Beach Street – 1,111,500 SF
- 300 Gateway Parkway – 603,050 SF
- 3300 Eagle Parkway – 588,775 SF
- 5650 Alliance Gateway Freeway – 445,870 SF
- 1624 Intermodal Parkway – 360,000
- 4250 Dale Earnhardt Way – 349,425 SF
- 899 Henrietta Creek Road – 330,000 SF

SUBMARKET INTELLIGENCE

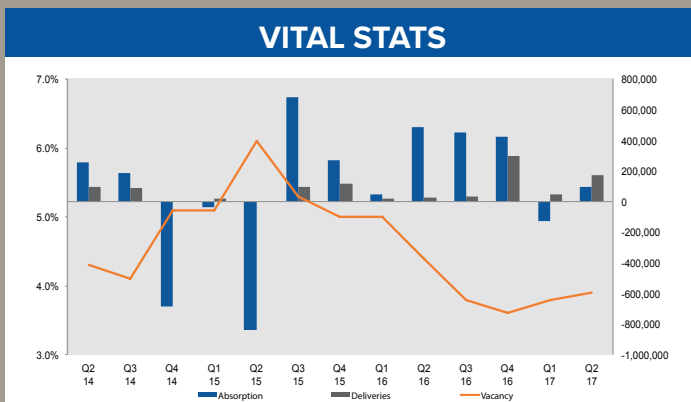
SOUTH FORT WORTH



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HLC OUTLOOK

The South Fort Worth industrial submarket posted a second quarter vacancy of 3.9%, the lowest out of all DFW submarkets. This market has only five true existing vacancies of 50,000 SF and up. As of the end of Q2 2017, there has been approximately 4,800,000 SF of new proposed industrial development, 651,564 SF of which is currently under construction. We anticipate seeing more new developments publicized over the next year due to the lack of supply and increasing demand. Shallow Bay product remains very strong and in high demand; posting a vacancy rate of 2.0%. This marks the lowest of all product types in the South Fort Worth submarket.



Absorption	vs. Prev. Qtr	vs. 12 Mths Ago
95,203	(129,390)	483,114
Vacancy	vs. Prev. Qtr	vs. 12 Mths Ago
3.9%	3.8%	4.4%
Leasing Act.	vs. Prev. Qtr	vs. 12 Mths Ago
601,457	249,961	726,122
U/C SF	vs. Prev. Qtr	vs. 12 Mths Ago
651,564	190,250	510,427
Delivered SF	vs. Prev. Qtr	vs. 12 Mths Ago
171,250	46,000	23,492

Source: CoStar 2017 2Q Industrial Report

TOP LEASE TRANSACTIONS

- Cooper Installations leased 10,576 SF from Deb Assets, Ltd. at 217 N Beach Street
- Bar-T Windows leased 19,600 SF from 220 Sylvania Partners at 120 S Sylvania Avenue
- TJ Composites, Inc. purchased 208,911 SF from Goss Internatl Americas Inc. at 501 S Dick Price Road
- ABC Supply Co., Inc. purchased 60,000 SF from Birdwell Cleaning Products at 1075 NW John Jones Drive

- Crow Holdings Capital Real Estate broke ground Q2 2017 on two cross dock buildings totaling 270,282 SF and 218,282 SF respectively in Carter Industrial Park. Completion is slated for November of 2017.

LARGE EXISTING VACANCIES

- 6601 Oak Grove Road – 504,125 SF
- 5000 South Freeway – 485,890 SF
- 2101 Reeves Place – 109,150 SF
- 1801 Riverbend West Drive – 101,500 SF

DEALS ON THE MARKET

- 2901–2951 Suffolk Drive - Suffolk LP is under contract to sell the Class B shallow bay complex totaling 116,600 SF to an undisclosed buyer.

NEW DEVELOPMENTS

- Majestic Realty plans to break ground this year on a 287,000 SF front load in South Fort Worth. This would be the first development within their Southland Business Park. The estimated delivery date is June 2018.
- TCRG Properties closed on 100 acres in South Fort Worth off Everman Parkway. Plans are to break ground in Q3 2017 on a 555,230 SF cross dock.
- Hunt Southwest has begun getting a pad site ready at 8600 Will Rogers Boulevard. for a 300,000 SF refrigerated Build-To-Suit.



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