



Dallas fundamentals remain solid. While no longer performing at the breakneck pace of 2016 and 2017, the market as a whole is still witnessing near-record levels in regards to construction, absorption and sales. Underlying threats that will need to be addressed include flight-to-quality patterns that are putting large supplies of 1970s and 1980s product at risk of being obsolete if not renovated, along with notable cost-of-living increases that threaten to make corporate relocations less appealing. In the near term, however, Dallas is likely to remain one of the strongest performing metros in the U.S.

EXECUTIVE SUMMARY

- Dallas will continue to be one of the most active construction markets in the country, with more than 50 million sf (msf) of commercial product delivering in 2020, along with an additional 50 msf in expected construction starts scheduled to take place.
- Multi-Family will likely remain the investor darling as major population growth and limited single-family availability continue to push area residents towards renting, thus maintaining strong demand.
- Office will continue to see a flight-to-quality, where newer and renovated space witness the majority of absorption, putting more pressure on dated product to refresh or get left behind.
- Industrial will maintain the strong leasing velocity it has experienced for the last two years, keeping vacancy around 5% despite record-setting construction activity.

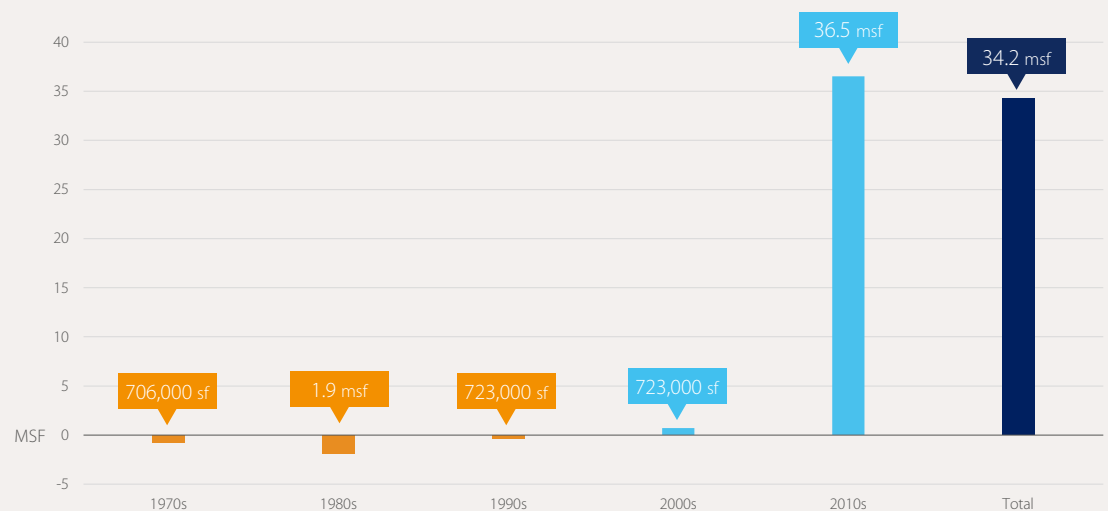
KEY MARKET METRICS - 2020 EXPECTATIONS

Annual growth rates, estimated for year-end 2020 vs year-end 2019.

AVISON
YOUNG

| | OFFICE | RETAIL | INDUSTRIAL |
|---------------------|--------|--------|------------|
| Rental Growth | ↑ | ↑ | ↑↑ |
| Vacant Space | ↓ | → | → |
| Construction Levels | → | ↓ | ↑ |
| Leasing Volume | ↓ | → | ↑ |
| Investment Volume | → | → | → |

ABSORPTION BY THE DECADES



Source: CoStar Realty Information, Inc.