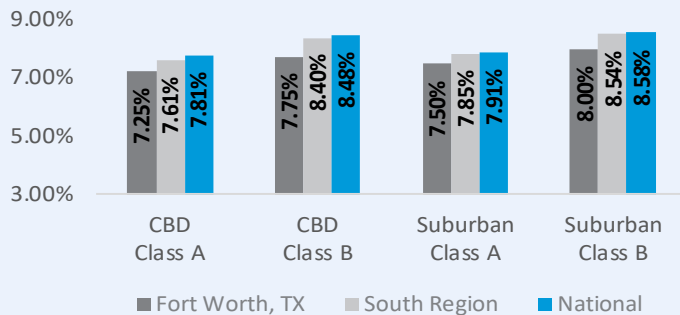


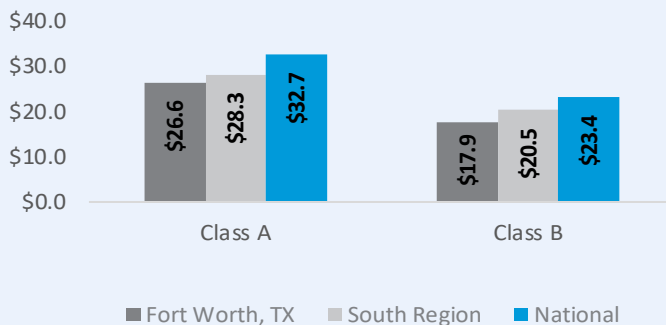
Market Rate Indicators (Y/Y)

Categories	CBD Class A	Suburban Class A
Going In Cap Rate (%)	▲	▲
Asking Rent (\$/SF)	▲	▲
Vacancy Rate (%)	▼	▼

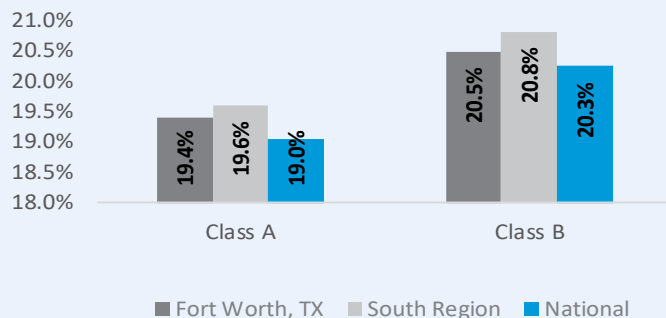
Going In Cap Rate Comparisons (%)



Asking Rents (\$/SF)



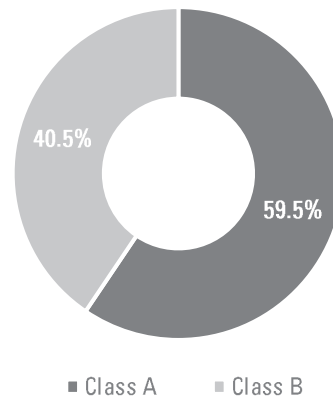
Vacancy Rates (%)



Fort Worth, TX Office Market Overview

The Fort Worth office market is comprised of over 26 million square feet of office space across five submarkets with the CBD containing 8.4 million square feet (31.4%) of that inventory. Since 2013 the fastest growing area has been the Northeast submarket which now represents 27.3% of the metropolitan inventory. The Texas construction landscape is being driven by expectations of sustained economic growth and a continuous influx of people into the state. Developers are optimistic about the demand to accommodate this new supply, although market dynamics have evolved significantly since these projects commenced. The slow return to in-person office work, exacerbated by the pandemic's impact on remote work, has shifted the traditional office sector. According to the DallasFed, remote work surged from 5 percent of working days in 2019 to 25 percent in 2023, creating challenges for property owners, particularly those seeking to refinance construction loans into long-term commercial mortgages and owners of existing properties facing mortgage refinancing amid a changing landscape. Based on information from brokers in the Fort Worth submarket, office properties in the Fort Worth Central Business District (CBD) are experiencing an upward trend in their capitalization rates. These rates currently range from the low-7.00% to the high-8.00%. Office buildings older than 10 years and located outside of the CBD, capitalization rates range from the mid-7.00% range to the mid-8.00% range. Buyers are cautious due to the upward trends of interest rates causing office sales to slow down after bouncing back coming out of 2020. Economically, Fort Worth job growth has grown 0.7% (in line with the national average) and household income increased 1.7% (0.5% over the national average). The total employment in the area grew by 8,600 jobs in the first quarter while office-using industries expanded by 5,700. Overall, the Fort Worth office market faces headwinds with fragile demand and rising availabilities. Companies have been reassessing their office utilization and engaging in rightsizing efforts to align their space requirements with the current market conditions. The market still exhibits investor interest, particularly in high-quality, well-leased assets located in prime office locations. These properties continue to attract attention and push market pricing to new heights.

Distribution of Total Inventory



26,696,000 SF
CBD Office Inventory

0.88% - 12 Mo. Proj.
Construction/Inventory

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Change In Value Next 12 Months



▲1%-1.9%

CBD Class A



▲1%-1.9%

Suburban Class A

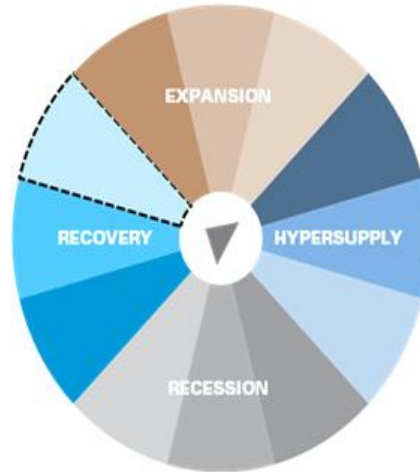
▲0.1%-0.9%

CBD Class B

▲0.1%-0.9%

Suburban Class B

Market Cycle: Recovery Stage 3



- Low/Moderate Employment Growth
- Moderate Absorption
- Low New Construction
- Neg/Low Rental Rate Growth
- Decreasing Vacancy Rates

Forecasts

Fort Worth, TX 12-Month Office Forecasts

Categories	CBD Class A	CBD Class B	Suburban Class A	Suburban Class B
Going-In Cap Rates	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps
Discount Rate	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps
Reversion Rate	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Construction (SF)	236,000			
Market Rent Change	+3.00%	+3.00%	+3.00%	+3.00%
Expense Rate Change	+3.00%	+3.00%	+3.00%	+3.00%
Years to Balance	2			

Fort Worth, TX 36-Month Office Forecasts

Categories	CBD Class A	CBD Class B	Suburban Class A	Suburban Class B
Market Rent Change	+8.64%			
Change in Value	Increase 1%-1.9%	Increase 0.1%-0.9%	Increase 1%-1.9%	Increase 0.1%-0.9%

Integra Realty Resources (IRR) is the largest independent commercial real estate valuation and consulting firm in North America, with over 165 MAI-designated members of the Appraisal Institute among 600+ professionals based in our 50+ offices throughout the United States and the Caribbean. Founded in 1999, the firm specializes in real estate appraisals, feasibility and market studies, expert testimony, and related property consulting services across all local and national markets. Our valuation and counseling services span all commercial property types and locations, from individual properties to large portfolio assignments.

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