



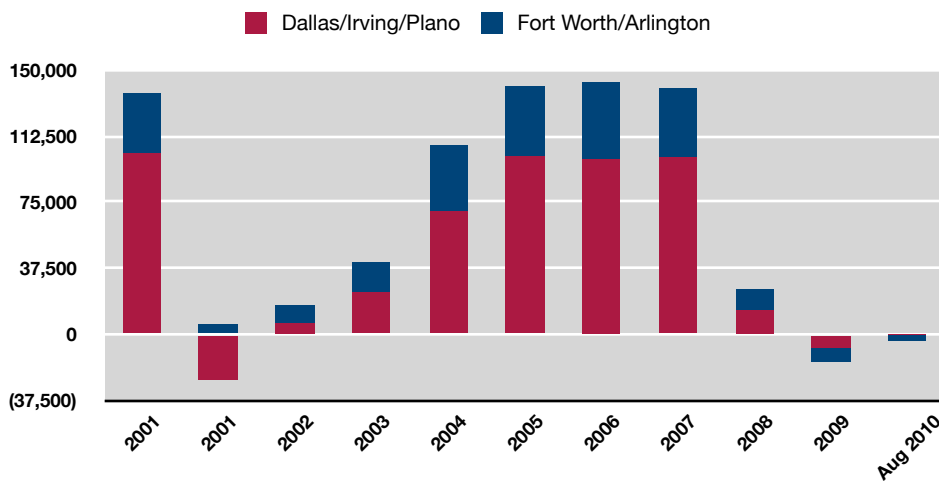
FULTS MARKET REPORT

Dallas Office Update | Q3- 2010

Job growth dips. Office results mixed.

Job growth numbers fluctuated between gains and losses during the summer months in Dallas/Fort Worth. At the conclusion of the third quarter, preliminary figures from the Bureau of Labor Statistics indicated that Dallas/Fort Worth lost 3,400 jobs from year-end 2009 through August 2010. However, for the 12-month period ending August 2010, nearly 29,000 new jobs had been added in the Metroplex. The local unemployment rate was up slightly from 8.1 percent in May to 8.4 percent at the conclusion of the third quarter. This was still below the national unemployment rate of 9.6 percent.

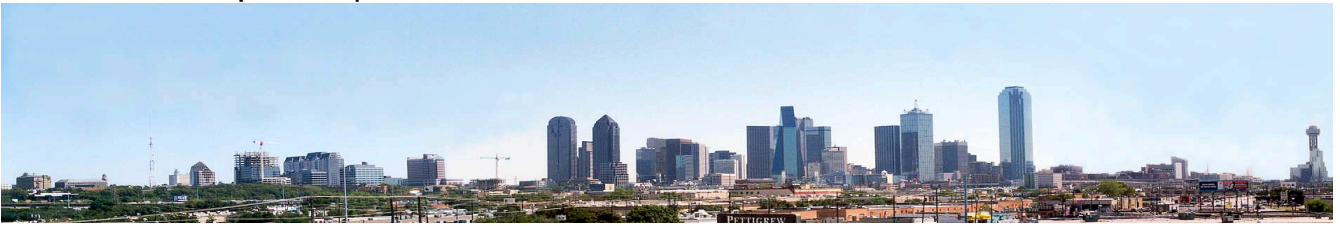
Metroplex Job Growth



Source: www.bls.gov
Preliminary figures for the 8-month period ending August 2010 for total non-farm employment, not seasonally adjusted

Mirroring our economy, third quarter office statistics are slightly confusing. Various sources reported absorption results that range from overwhelmingly positive to modestly positive for the third quarter. For example, CoStar reports 1.1 million square feet of positive absorption for the third quarter alone while another reputable source reported only 300,000 square feet of positive absorption for the quarter. Further discovery found that most of the move-ins (positive absorption) that CoStar recorded during the third quarter were related to move-outs (negative absorption) recorded in the second quarter. In a perfect world, these moves should zero-out unless each tenant that moved expanded their space significantly. Overall for the year, Metroplex office absorption has remained flat. Until job growth is experienced and reported, we doubt there will be any major positive absorption.

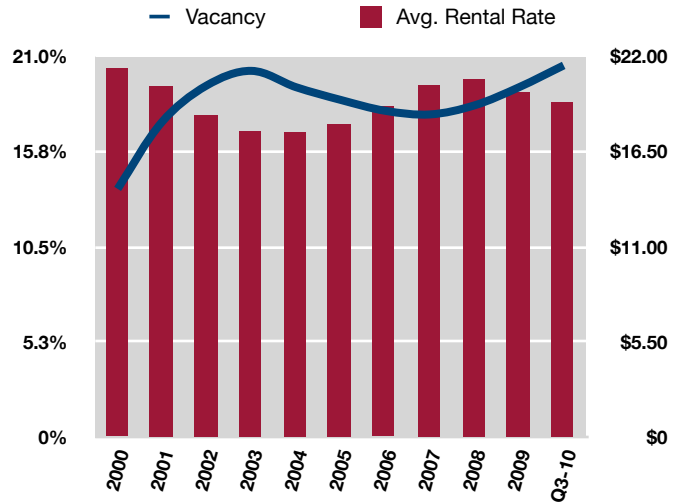




Uncertainty lingers.

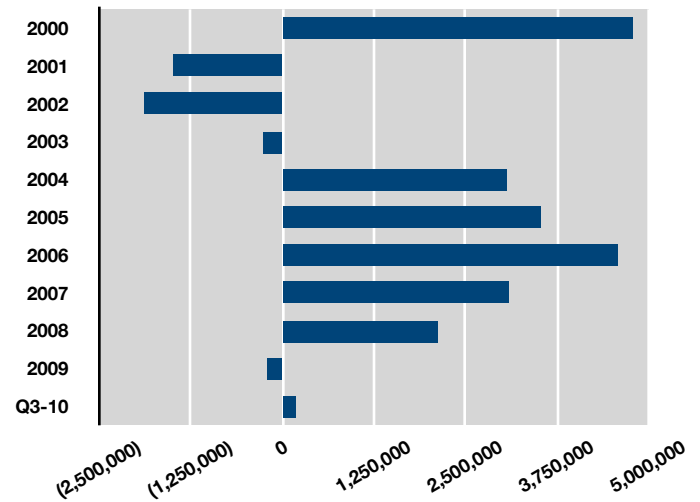
From the pending election results, to the uncertainty of tax cuts, the reversal of recently passed legislation, questions about inflation and deflation, the housing market, the availability of credit and the high productivity of those who are working, there are a lot of reasons for businesses to stay in a holding pattern when it comes to hiring new workers and expanding their operations. As we progress through the fourth quarter of 2010, we anticipate the continuation of modest employment gains throughout Dallas/Fort Worth. And, as some of the above questions are answered, we should also see more leasing activity in the Dallas office market. Until then, market conditions will remain favorable for office tenants.

Dallas Historic Vacancy & Rental Rates



Source: CoStar Advisory Report: Third Quarter 2010

Dallas Historic Absorption



Source: CoStar Advisory Report; Third Quarter 2010



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