



# The Quarter

First Quarter 2007 · Dallas / Fort Worth  
Quarterly Industrial Market Report

# Introduction



Real estate is fun! There are few industries that offer such an opportunity for so many different characters to assemble for a single project. Acquisitions, asset managers, brokers (we call them “transaction specialists” at Stream), accountants, construction managers, developers, architects, lawyers, property managers, analysts all require unique, highly skilled talents...yes even brokerage. In the course of a real estate transaction or the day-to-day operations of a property these people work together to ensure the on-going success of a portfolio or individual buildings. Team work is paramount to success.

At Stream, we are in the business of helping buildings and portfolios outperform the market and make more money! After all, the buildings are what make our clients money, and we are here to serve our clients.

There’s no secret to success on the service side. The problem for so many is execution and talent. At Stream we pride ourselves in identifying, hiring and retaining the best and brightest people for each and EVERY position. Once this is done, we pay them very well and create an entrepreneurial environment that enables growth and promotion through hard work and achievement.

The result: in 10 years Stream has assembled a leasing and management portfolio of industrial and office properties greater than 33 million square feet and served clients ranging from some of the largest institutions to the brightest and most nimble of investors and developers. We have successfully opened offices in Houston, Austin and San Antonio and have been instrumental in orchestrating some of the largest transactions in each of those cities. It’s the PEOPLE!

I hope this letter finds each of you happy and healthy, and look forward to catching up soon!

Sincerely,

A handwritten signature in blue ink that reads "Chris Jackson".

Chris Jackson  
Managing Director – Industrial Division

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The Quarter is a unique publication that tracks the latest statistics, trends, threats, and opportunities within the Dallas/Fort Worth Industrial markets. The submarkets identified and reported on in this report may not directly correspond with submarkets as defined by other reporting publications, but through our collective experience and research we have identified several geographical areas that together form an independently competitive submarket. We internally track each submarket on a building-by-building, tenant-by-tenant basis and report our conclusions each quarter for the following submarkets:

Centreport — Upper Great Southwest	East Dallas — Northeast Dallas	DFW — Coppell — Grapevine — Irving
Arlington — Lower Great Southwest	Richardson — Plano	North Stemmons — Valwood
Pinnacle — Turnpike — Lonestar		

The statistics contained in this report are distinctly unique from those that can be found in other publications in three primary ways:

1. The submarkets identified and reported on in this study were specifically grouped together because they represent geographic areas that compete internally for the same deals and operate independently from each of the other submarkets.
2. Only buildings that are on par with the competitive “for lease” assets in the area are included in this study. By eliminating the functionally obsolete buildings, we can come to a much more accurate picture of the competitive vacancy rate.
3. There are five separate categories in which every building in each submarket is classified. Each building is classified based on what type of tenant the building is designed to accommodate.

**Flex:** A large percentage of space has office finish; grade level loading and/or dock-high loading, if any (no specific average tenant size).

**Small Distribution:** Small amount of office finish; dock-high loading (0-20,000 square feet average tenant size).

**Medium Distribution:** Small amount of office finish; dock-high loading (20,001-50,000 square feet average tenant size).

**Large Distribution:** Small amount of office finish; dock-high loading (50,001-100,000 square feet average tenant size).

**Extra Large Distribution:** Small amount of office finish; dock-high loading (100,001 square feet and above average tenant size).

Because of the unique way that we track and report data, we are able to report specifically on each competitive submarket and the various product types within those areas. Our goal is for these statistics to help our clients recognize the supply and demand trends that impact our market.

The information contained in this study represents a brief summary of our data. If you require any additional information regarding this report please contact us at 214-267-0400.

# Meet the Team



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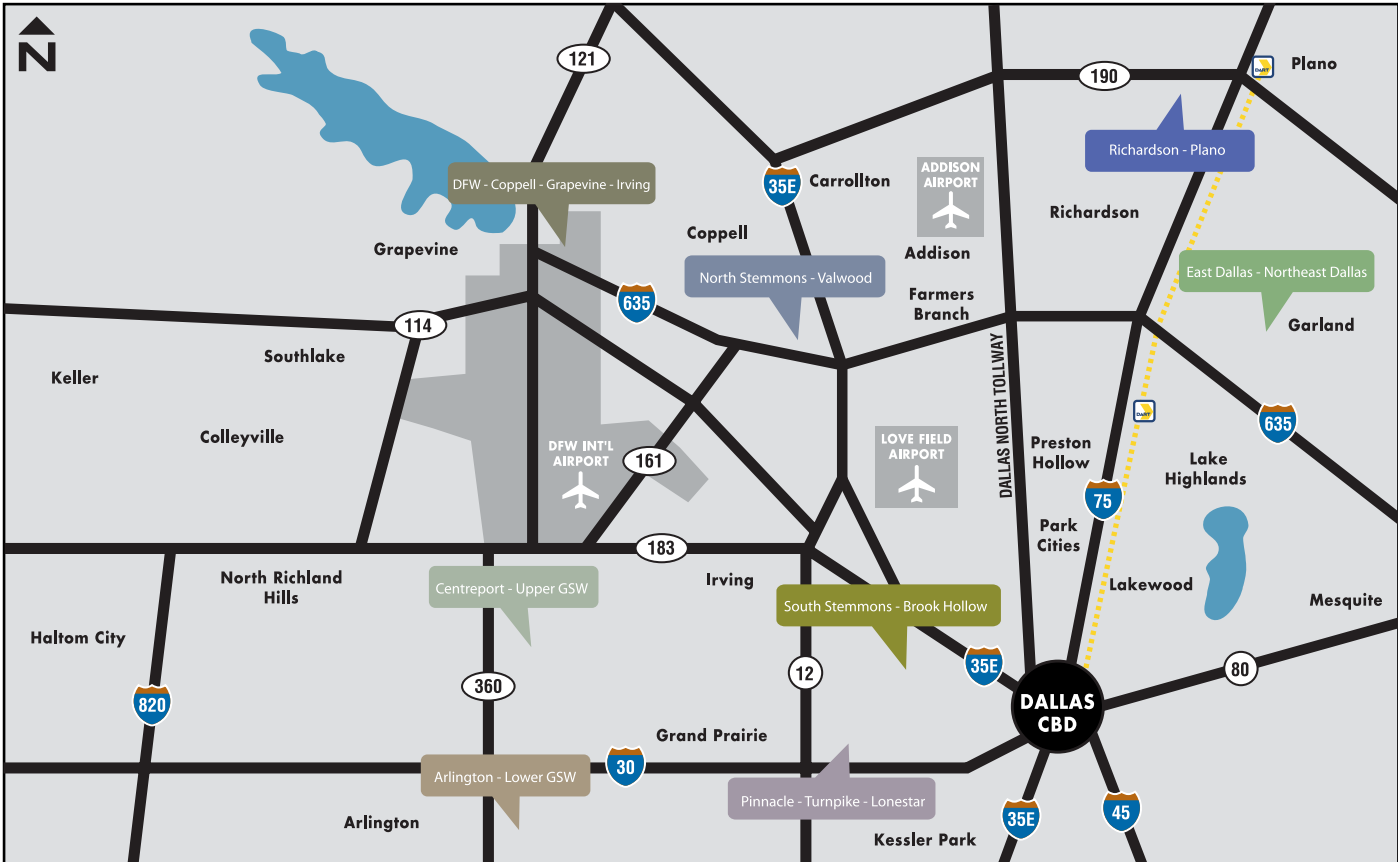
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# The Submarkets

The map below reflects the location of each of the industrial submarkets within the Dallas/Fort Worth Metroplex. Up-to-date market statistics, recent transactions, new development summaries, and an analysis of the major players can be found for each submarket on the following pages.

As in the last issue of The Quarter, you will notice the new addition to the Product Type Availability Statistics. Each product type will have either a red arrow pointing upward, a green arrow pointing down or a black arrow pointing sideways. These arrows reflect if the availability percentage either increased (red arrow), decreased (green arrow) or remained the same (black arrow) based on the previous Quarter's numbers.

Centreport — Upper Great Southwest	Pages 5-6
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# Centerport — Upper GSW



The product type that saw the greatest improvement was the Medium Distribution size.

Another quarter has come and gone for the Centreport — Upper GSW submarket and so far, 2007 has been rather uneventful. Vacancy remained relatively flat across most product types, and no new deliveries have been completed. Overall, it was a relatively uninspired quarter for the submarket, but given the history of the submarket, this isn't necessarily a bad thing.

The Centreport — Upper GSW submarket is equidistant from both Dallas and Fort Worth, and located just south of DFW Airport. With highway access along I-30, Hwy 183, Hwy 360, and the upcoming expansion of Hwy 161, Centreport — Upper GSW offers both regional and national distributors unrivaled access to the entire Metroplex. The submarket consists of over 37 million square feet of investment grade product, constructed mostly over the previous 30 years.

As mentioned previously, the submarket saw almost no change, actually seeing a small amount of negative absorption (-73,354 square feet), the first since the 2nd quarter 2005. The product type that saw the greatest improvement was the Medium Distribution size, dropping 3.9% over the past quarter. Also, Flex and Large product types saw strong absorption. The Extra Large product type saw a slight increase in vacancy, as well as Small Distribution. While vacancy rates remain slightly above the overall DFW market average, they are still teetering along 5 year lows for the submarket, and the deal flow is starting to ramp back up.

The biggest deal that was completed this quarter, was the signing of Bell Helicopter for 250,000 square feet in Seefried's new 400,000 square feet facility on Grand River. The building started spec, and is expected to be completed may of 2007 for Bell's move in. Business Interiors renewed and downsized the space from 320,000 square feet, to 180,000 square feet facility on Valley View. Quaker Oats signed two short term storage deals with Prologis, totaling 189,000 square feet between two buildings. Several deals in the Medium product type that were completed include Triumph group leasing 28,602 square feet at 901 Ave T, Proctor and Gamble taking the additional 25,000 square feet at 1252 Ave T, and 27,210 square feet leased to Dotson International at 1123 W Carrier.

As deal flow continues to be extremely good, and vacancy rates have continued to stay down, development, both spec and Build to suits, have started up again. Duke is expected to break ground this quarter on a two building spec development totaling 650,000 square feet, and will include a 400,000 square foot cross dock bulk distribution facility, and a 250,000 square cross dock service center. Both facilities are expected to be completed by year end. Goelzer Industries has started

As deal flow continues to be extremely good, and vacancy rates have continued to stay down, development, both spec and build to suits, have started up again.

construction on a 120,000 square foot design build on Trinity Blvd. Proterra also has plans to build an additional 140,000 square foot 3rd building on their land on Valley View and FAA blvd. Seefried has not announced any plans to kick off the 360,000 square foot facility they have planned, but should they lease the 150,000 square feet that will be available next month, expect them to push forward.

With new spec development continuing for a second straight year, it is safe to say that many developers are starting to look at Centreport – Upper GSW in a more positive way, (3 million square feet of positive absorption during 2006 will have that affect). Even though the first quarter was relatively slow, the deal flow being seen is a positive indicator the second quarter will heat back up to similar levels seen in the second quarter of 2006. The biggest product vacancy in the submarket lies with vacancies between 40,000 square feet and 60,000 square feet. As the market heats back up, expect for owners to make big pushes to get these spaces of the market before the market cools off. Overall, expect to see significant absorption next quarter in all product types, especially the Large product type.

Product Type	Inventory	Available SF	IQ 2007 Availability
Flex	3,763,954	624,277	16.6% ↓
Small Distribution	262,332	22,000	8.4% ↑
Medium Distribution	1,955,321	272,414	13.9% ↓
Large Distribution	4,389,954	737,374	16.8% ↓
Extra Large Distribution	20,102,915	2,664,269	13.3% ↑
<b>Total - Competitive Investor Owned Properties</b>			
	30,474,476	4,320,334	14.2% →
Plus - Owner Used Properties	7,338,556	966,811	13.2% ↑
<b>Overall Investment Grade Inventory</b>			
	37,813,032	5,287,145	14.0% ↑

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*Extra Large Distribution:* Small amount of office finish; dock-high loading (100,001 square feet and above average tenant size).

## MAJOR PLAYERS

### MAJOR TENANTS

Amco PET Packaging	JP Morgan Chase Bank
American Airlines	Kubota Tractor Corp.
APL Logistics	LinPac
Business Interiors	Litex
Coaster Co.	Mercedes Benz
Cott Beverage	Motheral Printing
Hughes/TXU	Quaker Oats Co.
JanPak	Stand Corp.
	Whirlpool

### MAJOR OWNERS

Allianz Life Insurance	Proterra
D.A. Heenan, Tr.	Prologis
DCT Industrial	RREEF
Duke Realty Corp.	Seefried Properties
Granite Properties	TA Associates
ING Clarion	TIAA-CREF
Kubota Tractor Corp.	United American Corp.
MetLife	
Morgan Stanley	

# Arlington — Lower GSW



Developers are still taking advantage of 5 year lows in the vacancy rate.

The Arlington — Lower GSW submarket has started 2007 off on the wrong foot. Overall market vacancy for the 40 million plus square feet rose 2.6% from the vacancy rate set at the close of 2006. This was not the “bang” that many in the market expected to see. The submarket was plagued with tenants relocating to other markets, and little opportunity for new tenants to backfill their space.

The submarket, which is located just south of I-30, is home to a wide array of tenants who look to serve both Dallas and Fort Worth, while still being minutes from such attractions as DFW Airport, Ameriquest Field, Six Flags, and the future home of the new Dallas Cowboys Stadium. Many of the tenants serve the 3 million square foot GM plant located along Hwy 360. This plant continues to serve as the lifeline for GM, as many of its trucks and SUV’s, GM’s most profitable vehicles, are assembled there.

Over the last quarter, only the Flex and Small product types saw improvement, bringing their vacancy rates down under 10%. All other product types saw a hike in vacancy, totaling almost one million square feet of negative absorption. The largest spike in vacancy came in the Medium sized product type, which rose 5.4% over the past quarter. These vacancy rates mirror the same dilemma that has plagued the Centreport — Upper GSW submarket; there few new deals in the 40-60k square foot range entering the submarket.

The submarket did see some positive activity. Rooms To Go leased the old Coaster facility on Design Rd, totaling 201,600 square feet. The old 46,060 square foot Elliot Electric building on Pinewood sold to a group of investors. Agco leased 55,376 square feet on 2101 Exchange Dr. McKesson vacated their 163,043 square foot space on 110th St., as well as DSC Logistics vacated their 202,000 square foot space on New York Ave. Both of these vacancies were expected, as McKesson is relocating their facility to a new building out of the market, and DSC’s requirement ended with Solo Cups.

Even with the increase in vacancy, developers are still taking advantage of 5 year lows in the vacancy rate, and pushing forward with spec development. Trammell Crow will be kicking off construction of their 600,000 square foot spec distribution center along the future Hwy 161 this quarter. This development has been planned since 2003, and is just now kicking off

Other news in the submarket continues to revolve around the Cowboys Stadium, which will deliver in time for the start of the 2009 season.

as the completion of the first phase of the new highway draws closer. Also breaking ground is IDI with their new 2 building development totaling 770,000 square foot project. IDI will be delivering a 550,000 square foot cross dock distribution building, and a 220,000 square foot service center, just south of I-20. Both buildings are expected to deliver 3rd quarter 2007.

Other news in the submarket continues to revolve around the Cowboys Stadium, which will deliver in time for the start of the 2009 season. The billion dollar sports complex will be the premier sports complex in America, and will already host such marquee events as the 2009 Cotton Bowl, and it expected to also bring the annual Texas – OU football game over as well.

Product Type	Inventory	Available SF	IQ 2007 Availability
Flex	5,730,345	568,297	10.1% ↓
Small Distribution	1,987,218	188,555	13.2% ↓
Medium Distribution	4,854,563	680,475	8.6% ↑
Large Distribution	5,559,310	850,898	11.0% ↑
Extra Large Distribution	16,995,140	3,207,172	16.4% ↑
<b>Total - Competitive Investor Owned Properties</b>	<b>35,126,576</b>	<b>5,495,397</b>	<b>13.2% ↑</b>
<b>Plus - Owner Used Properties</b>	<b>5,674,990</b>	<b>380,946</b>	<b>3.2% ↑</b>
<b>Overall Investment Grade Inventory</b>	<b>40,801,566</b>	<b>5,876,343</b>	<b>11.8% ↑</b>

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*Large Distribution:* Small amount of office finish; dock-high loading (50,001-100,000 square feet average tenant size).

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## MAJOR PLAYERS

### MAJOR TENANTS

American Eurocopter	PharmaFab
American Masonry Supply	Printpack, Inc
Andriod Inc.	Pro Line Printing
Arnold Logistics	Rooms - To - Go
DHL	Sealed Air Corp.
Excel	Smurt-Stone
Lasalle Bristol	Container Corp.
Lockeed Martin	US Cold Storage
Mega Freight Lines	Vecta
	Weyerhaeuser

### MAJOR OWNERS

AMB Property Co.	Primera
Capital Partners, Inc.	Prologis
DCT Industrial	Sun Life Assurance
Doskocil Enterprises	TA Associates
First Industrial	TIAA-CREF
IDI	Westmount Realty
McLane Co.	Capital
MetLife	
Opus West Corp.	

# Pinnacle — Turnpike — Lonestar



The concept of mixing retail with industrial has worked very well for area, and has helped in attracting strong tenants to the submarket.

The Pinnacle — Turnpike — Lonestar submarket saw another quarter of steady of positive absorption, strong deal flow, and ultimately, positive growth. The message is clear, if you build it, they will come.

The submarket is positioned just to the west of downtown Dallas, is bisected by Interstate 30. The more historic Lonestar and Turnpike buildings were first developed back in the mid 70's and have given way to the newer Pinnacle Park, which is comprised of buildings developed within the last decade. Now with over 17 million square feet of industrial space, the Pinnacle — Turnpike — Lonestar submarket continues to see development, and new tenants, who continue to fill the new space.

During the previous quarter, the market achieved 322,112 square feet of positive absorption, and dropped the overall vacancy rate down 1.9% to 14.2%. The biggest change came in the Extra Large Distribution product type, reducing its vacancy down to under 19%. Also showing strong absorption were the Large and Medium product types; however, the Flex and Small product types did not see any new activity.

The biggest deal that was completed was the Cadbury Schweppes deal. The deal was completed in Dec of 06', but Cadbury as just taken occupancy of the 594,000 square foot facility located at 4040 Pipestone. Cadbury was previously in three separate facilities in the Turnpike submarket, and consolidated them under one roof. Frito Lay leased the remaining 105,098 square feet in 3631 Davis, bringing the 1st generation building to 100% occupancy. Central Pet and Garden vacated their Lower GSW space to lease 120,000 square feet at 4038 Rock Quarry. Spirit Brands, L.P. leased 33,500 square feet at 3801 Pipestone.

As one would expect, strong deal flow and positive absorption, brings new development. ING Clarion will begin construction of two new 364,000 square foot facilities located along I-30. The buildings are expected to be completed before the end of the year, and will be class "A" distribution facilities. Duke Realty will also be breaking ground on what is expected to a spec one million square foot facility in their Grand Lakes industrial park. Duke had tremendous success pre-leasing their 770,000 square foot building to The Rooms Store, and Servicecraft. Future development is scheduled to come from First Industrial and their planned 750,000 square foot facility, and PFG's new mixed use development, though no plans to break ground on either project have been released. The PFG site will house new industrial, as well as retail sites. The concept of mixing retail with industrial has worked very well for area, and has helped in attracting strong tenants to the submarket.

Deals are continuing to get done, and new developments are springing up.

The Pinnacle – Turnpike – Lonestar submarket has continued to have success over the previous year, and expectations for 2007 shouldn't be any different. Deals are continuing to get done, and new developments are springing up. The true strength of the demand for space in the submarket will be put to the test, as more than 1.7 million square feet is expected to be delivered before year's end. They are building it. The question is will they come?

Product Type	Inventory	Available SF	IQ 2007 Availability
Flex	315,948	154,550	48.9% →
Small Distribution	377,166	71,665	19.0% →
Medium Distribution	1,160,970	215,502	18.6% ↓
Large Distribution	3,340,287	537,525	16.1% ↓
Extra Large Distribution	7,957,792	1,503,862	18.9% ↓
<b>Total - Competitive Investor Owned Properties</b>	<b>13,152,163</b>	<b>2,483,104</b>	<b>18.9% ↓</b>
Plus - Owner Used Properties	4,324,630	-	0.0% →
<b>Overall Investment Grade Inventory</b>	<b>17,476,793</b>	<b>2,483,104</b>	<b>14.2% ↓</b>

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*Large Distribution:* Small amount of office finish; dock-high loading (50,001-100,000 square feet average tenant size).

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## MAJOR PLAYERS

### MAJOR TENANTS

Associated Bag	Ozburn - Hessy
Constar	Parcel Direct
Cadbury	Plumbmaster
Electrolux	Quality Logistics
FedEx Smartpost	ServiceCraft Logistics
Garden Ridge	Shippers Warehouse
Gibraltar Industries	Southwest Moulding
Kuehne & Nagel, Inc.	The Mail Box
Navistar	The Rooms Store
Neiman Marcus	

### MAJOR OWNERS

Billingsley	Panattoni
Capri Capital	PFG
DCT Industrial	Prologis
First Industrial	TA Associates
Hillwood Investment Properties	U.S. Post Office
IDI	
ING Clarion	
Kennedy Associates	

# East Dallas — Northeast Dallas



Demand for  
Flex and Small  
Distribution  
space was largely  
immune to the  
age of the  
building.

The East Dallas — Northeast Dallas markets continued their 5th straight quarter of positive net absorption with 505,000 square feet of space being taken off the market across all product types of investment grade industrial space. That takes the overall vacancy rate down to 8.57% on a total square footage base of 36.8 million square feet. There were no new space deliveries in the past quarter although roughly 1.8 million square feet of speculative space is scheduled to deliver over the next 2 to 6 months on top of the 492,000 square feet completed by IDI last quarter at Skyline Business Center.

Extra Large Distribution space ended the quarter with almost 200,000 square feet of net absorption taking the vacancy rate a good deal lower to 6.3% on a total inventory of 9.5 million square feet. Significant transactions that are reflected in this quarter's numbers include a 117,000 square feet lease for Keys Backyard at 2901 W. Kingsley and a 91,000 square feet lease for Alexander's Moving and Storage at 2750 Miller Park Road.

Large Distribution space dropped its vacancy rate significantly also to 6.8% with a strong net absorption of 216,000 square feet on a total inventory of 4.4 million square feet. Significant transactions include 36,000 square feet for Don Miguel Foods at 850 S. Jupiter; 57,000 square feet expansion for SpeedFC at 3737 Grader; 35,000 square feet for PP USA at 11220 Petal and 32,000 square feet for Southwest Stainless at 3805 Market Street.

Medium Distribution space lost the momentum it had built over the last 2 quarters with a rise in the vacancy rate to 18.5% on negative absorption of 250,000 on an inventory of 4.8 million square feet. One of the larger transactions reported for the quarter was a 54,000 square feet lease with Integrated Armor Solutions at 11501-11567 Hillguard while a significant loss was Genco vacating 107,000 square feet at 1851 Big Town Blvd.

Small Distribution space had a modest decrease in its vacancy rate to 8.2% on additional absorption of almost 150,000 square feet based on a total inventory of 2.4 million square feet. The absorption was broad based across several transactions in the 10,000 to 15,000 square feet range.



Flex space essentially held steady at 17.2% vacant on a total base of 3.9 million square feet. Absorption was relatively minor at just over 100,000 square feet. Significant transactions include a 54,000 square foot lease by PCI Technology at 1801 Big Town and the sale of a 17,000 square foot facility at 2259 Merritt to Nina's Sewing.

Owner/User buildings experienced a healthy drop in its vacancy rate to 1.1% when CraftMaster purchased a 277,000 square foot facility at 4490 Action Street in Garland.

Product Type	Inventory	Available SF	IQ 2007 Availability
Flex	3,939,630	677,835	17.2% →
Small Distribution	2,466,655	202,579	8.2% ↓
Medium Distribution	4,841,165	897,842	18.5% ↑
Large Distribution	4,440,258	302,007	6.8% ↓
Extra Large Distribution	9,570,563	606,529	6.3% ↓
<b>Total - Competitive Investor Owned Properties</b>	<b>25,258,271</b>	<b>2,686,792</b>	<b>10.6% ↓</b>
<b>Plus - Owner Used Properties</b>	<b>11,558,647</b>	<b>132,120</b>	<b>1.1% ↓</b>
<b>Overall Investment Grade Inventory</b>	<b>36,816,918</b>	<b>2,818,912</b>	<b>7.7% ↓</b>

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## MAJOR PLAYERS

### MAJOR TENANTS

Bissell Corporation	Kingsley Tools
Boise Cascade	Kraft
Dal-Tile	MasterCraft
Fossil	Manufacturing
Georgia Pacific	Marazzi Tile
Hatco	On Target
IMO/Varo	Plastipak
Ingersoll-Rand	Prime Distribution
IntegraColor	Raytheon E-Systems
Interceramic	Sears
International/SST Truck	Sherwin Williams
	Shippers Warehouse

### MAJOR OWNERS

AMB Property Co.	ING Clarion
American Industrial Properties	Kennedy Associates
Brookfield Funds	Primera
Cobra Caps	Prologis
DCT Industrial	PS Business Parks
Duke Realty Corp.	RREEF
First Industrial	SSR
Harkinson	TA Associates
Hillwood Investment Properties	TIAA-CREF
	Whitehall

# Richardson — Plano



Large  
Distribution,  
once again,  
continues  
to be the  
most active  
product type.

The Plano — Richardson submarket continues to have the largest vacancy rates in Dallas/Fort Worth. Things may be looking up as market rumors suggest there are two separate requirements looking for 100,000 square feet of office space each in Plano.

Extra Large Distribution saw no change in vacancy for the first quarter following a 13.1% decrease in vacancy in the fourth quarter of 2006. This product type continues to lag other product types in Plano because of the RT — Research and Technology zoning and we don't foresee any major changes in this trend for the near future.

Large Distribution, once again, continues to be the most active product type as it ended the fourth quarter with a decrease in vacancy to 20.5% compared to 33.5% in the fourth quarter of 2006. CVE Technology Group, Inc. closed on a 105,000 square foot building they purchased at 3000 East Plano Parkway and will vacate 53,000 square feet at 1100 Professional Dr. in September. Luminator USA moved into 104,104 square feet at 900 Klein Rd after selling their 192,852 square foot building at 1200 East Plano Parkway to Regal Research & Manufacturing Co., Regal Research moved in January and is currently adding on to the building. Telect continues its growth in Plano, now occupying the entire 217,349 square feet at 3100 East Plano Parkway after Hyundai Digitech USA, Inc. and Via Viente vacated the building in 2006.

Medium Distribution saw a 3.4% increase in vacancy to 29.2% from 25.8% in the fourth quarter of 2006. Wal-Mart leased 48,000 square feet at 2800 East Plano Parkway and Texatronics signed a 50,000 square foot lease at 1601 Summit Avenue. The Medium Distribution sector continues to see limited demand for new leases.

Small Distribution vacancy dropped 3.3% to 23.8% compared to 27.1% in the fourth quarter of 2006. There was a lot of activity at the end of 2006 and the beginning of 2007 that led to a number of smaller deals being done in the first quarter of 2007, we expect to see this trend continue as more start-ups and smaller companies take root in Plano — Richardson.

Flex space saw a 2.6% increase in vacancy which now has more than 3.8 million square feet available in Plano — Richardson. Raytheon vacated 93,063 square feet at 17217 Waterview Parkway in Richardson as they continue to consolidate into their Plano location at 4101 East Plano Parkway. Although interest has picked up in the Flex market because of falling rates, not much has resulted in regards to new leases signed in the first quarter of 2007.



Other activity within the Plano – Richardson submarket includes several new developments. Peloton is in the process of converting 190,000 square feet of warehouse purchased from Argent to an office project at 601-605 Shiloh Rd. Dal-Tile broke ground on their new 90,000 square foot facility off Plano Parkway. Vantage Properties broke ground on 92,972 square feet on the third phase of their project at Renner Rd. in Richardson. The Mervyn's facility has subleased their space to Target Logistics, Inc. and is expected to occupy the space in the second quarter of 2007 on a short term basis through January 2008.

Product Type	Inventory	Available SF	IQ 2007 Availability
Flex	13,894,690	3,842,066	27.7% ↑
Small Distribution	1,768,767	420,226	23.8% ↓
Medium Distribution	1,257,108	366,586	29.2% ↑
Large Distribution	844,175	172,978	20.5% ↓
Extra Large Distribution	1,325,396	810,307	61.1% →
<b>Total - Competitive Investor Owned Properties</b>	<b>19,090,136</b>	<b>5,612,163</b>	<b>29.4% ↑</b>
<b>Plus - Owner Used Properties</b>	<b>6,912,528</b>	<b>681,984</b>	<b>9.9% ↓</b>
<b>Overall Investment Grade Inventory</b>	<b>26,002,664</b>	<b>6,294,147</b>	<b>24.2% ↑</b>

*Flex:* A large percentage of space has office finish; grade level loading and/or dock-high loading, if any (no specific average tenant size).

*Small Distribution:* Small amount of office finish; dock-high loading (0-20,000 square feet average tenant size).

*Medium Distribution:* Small amount of office finish; dock-high loading (20,001-50,000 square feet average tenant size).

*Large Distribution:* Small amount of office finish; dock-high loading (50,001-100,000 square feet average tenant size).

*Extra Large Distribution:* Small amount of office finish; dock-high loading (100,001 square feet and above average tenant size).

## MAJOR PLAYERS

### MAJOR TENANTS

Alcatel	Precision
Cisco Systems	Communications
Dallas Morning News	Regal Research
Disctronics	Rockwell Collins
EDS	Samsung Telecom
Ericsson	Tekelec
Flextronics	Telect
Fossil	Texas Instruments
Fujitsu	Verizon
Hewlett Packard	XO Communications
Nortel Networks	

### MAJOR OWNERS

Aetna	Miramar
AMB Property Co.	Morgan Stanley
Argent Property Co.	Northwestern
Charter Holdings	Mutual Life
Colliers International	ProLogis
First Industrial	PS Business Parks
Granite Properties	RMB Investments
Harkinson	RREEF
IDI	Whitehall
Jackson Shaw	
Kennedy Associates	

# DFW — Coppell — Grapevine — Irving



DFW Airport continues to be the major economic engine for the area, driving the import/export industry as well as domestic shipping.

Momentum, Demand, and Absorption are the words of choice when describing the DFW — Coppell — Grapevine — Irving submarket during the 1st quarter of 2007. The major trends for the quarter included: new construction ground breakings, building deliveries, and tenants expanding and absorbing vacant space. The submarket continues to be a national air freight logistics hub for imported and exported goods through DFW International Airport. One year ago, many experts believed that the flood of new development would surpass demand with 3.3 million square feet delivered in 2006. Now, looking back, the developers were correct and demand has continued to grow at an increasing rate. While an influx of new transactions were inked during 1st quarter 2007, an impressive number of those were in Extra Large Distribution.

Several new developments have begun turning dirt in the DFW — Coppell — Grapevine — Irving submarket this quarter. Duke Realty Corporation is well underway on the first phase of their Point West VII project on the former Leslie Tract at the northwest corner of Beltline and IH-635. The first distribution building will be 750,000 square feet with a 1,000,000 square foot distribution building to follow shortly after. Duke also has master planned office, retail and hotel product on this site. A short distance to the west on DFW Airport land, Duke plans to deliver 1040 Trade Ave in June 2007, where 358,050 square feet has been pre-leased to Broader Brothers. Majestic Realty began moving dirt for their DFW Airport Center on Highway 121. The first phase will consist of three buildings: 130,000 square feet, 194,000 square feet, and 1,020,000 square feet. The three buildings in phase one are planned to deliver February 2008. Trammell Crow has also begun construction on their International Commerce Park located on Esters Boulevard at DFW Airport. Crow has three buildings under construction: 205,945 square feet, 554,500 square feet, and 279,200 square feet scheduled for delivery in the third quarter 2007.

Extra Large Distribution saw a tremendous amount of activity during 1st quarter 2007 achieving a 7.2% decrease in availability from 4th quarter 2006 and ending the quarter with a 10.0% vacancy rate. Two factors contributed to this decrease, several substantial transactions were completed and the amount of new product that was delivered was minimal during the last quarter. Transactions to note included: Stacy's Furniture, 379,700 square feet at 709 Lakeside Dr. (shortly after the building was delivered); Universal Display & Fixtures with 274,808 square feet at Amberpoint, 200 N. Northpoint Dr.; Expo Group closed on the acquisition of their new 210,000 square foot facility, located at 5931 Campus Circle Drive. All told, Extra Large Distribution absorbed an incredible 1,040,000 square feet during the 1st quarter of 2007.

Large Distribution remained relatively unchanged during 1st quarter 2007. Several transactions were completed during the first quarter including: Maly's of California committing to 44,300 square feet at Champion's Corporate Ridge Building Three; Woods Equipment renewal at 204 Airline Dr. (downsized to 56,280 square feet). During the first quarter of 2007, Prologis delivered 925 Freeport Parkway, a 143,000 square foot building which can be demised to 71,000 square feet.

Medium Distribution improved from 19.2% in the 4th quarter 2006 to 18.0% at the end of 1st quarter 2007. Several transactions included: Direct Source Hamco, 27,000 square feet at Champion's Corporate Ridge Building Four; Agro Labs with a



39,038 square foot lease at Amberpoint, 825 W Sandy Lake Rd; and Q-Link subleased 22,562 square feet at 4055 Corporate Drive. Small Distribution finished the first quarter with a 21.3% vacancy rate which increased from 18.0% at the end of 2006. Fatboy took 15,627 square feet at Amberpoint, 875 W Sandy Lake Rd.

The Flex market saw some great improvement during the last quarter with vacancy rates ending at 19.9%, down from 24.1% at the end of 2006. Flex product in DFW Freeport and Irving saw a much needed increased amount of activity during the first quarter. On the I21 Corridor flex demand continues to be in strong demand with a number of current tenants expanding. Flex developer, Jackson Shaw, is close to completing the third phase of Vista Point which is located on the south side of the I21 Bypass.

Stream Industrial is excited about the upcoming quarters of 2007 and believe that activity will remain strong with companies continuing to expand and relocate into the DFW – Coppell – Grapevine – Irving submarket. DFW Airport continues to be the major economic engine for the area, driving the import/export industry as well as domestic shipping. Stream anticipates strong deal velocity in this submarket for the balance of the year to match the incredible amount of new construction deliveries.

Product Type	Inventory	Available SF	IQ 2007 Availability
Flex	7,136,701	1,417,924	19.9% ↓
Small Distribution	2,616,256	556,092	21.3% ↑
Medium Distribution	6,985,906	1,257,225	18.0% ↓
Large Distribution	6,830,668	1,661,657	24.3% ↓
Extra Large Distribution	15,514,142	1,546,419	10.0% ↓
Total - Competitive Investor Owned Properties	39,083,673	6,439,317	16.5% ↓
Plus - Owner Used Properties	12,666,524	600,314	4.7% ↓
Overall Investment Grade Inventory	51,750,197	7,039,631	13.6% ↓

*Flex:* A large percentage of space has office finish; grade level loading and/or dock-high loading, if any (no specific average tenant size).

*Small Distribution:* Small amount of office finish; dock-high loading (0-20,000 square feet average tenant size).

*Medium Distribution:* Small amount of office finish; dock-high loading (20,001-50,000 square feet average tenant size).

*Large Distribution:* Small amount of office finish; dock-high loading (50,001-100,000 square feet average tenant size).

*Extra Large Distribution:* Small amount of office finish; dock-high loading (100,001 square feet and above average tenant size).

## MAJOR PLAYERS

### MAJOR TENANTS

Best Buy	Processors Unlimited
Corporate Express	Siemen's
Excel Logistics	Somera
Fitz and Floyd	The Container Store
Kimberly Clark	The Fritz Companies
Lithonia Lighting	U-Line
Maytag	Universal Display
Mohawk Carpets	& Fixtures
Nissan	Verizon

### MAJOR OWNERS

AMB Property Co.	ING Clarion
Cabot Properties	Jackson Shaw Co.
Cobalt Capital Partners	Kennedy Associates
Crow Family Holdings	Majestic
DCT Industrial	Primera
Duke Realty Corp.	ProLogis
GE	RREEF
Hillwood Investment Properties	Seefried
	TIAA-CREF

# North Stemmons — Valwood



N. Stemmons  
— Valwood  
market remains  
poised to be  
one of the most  
attractive areas  
for service and  
wholesale related  
businesses.

The North Stemmons — Valwood submarket saw a substantial amount of activity during the 1st Quarter 2007. The Overall Investment Grade Inventory vacancy rate increased slightly from 13.3% to 15%. However, lease velocity was strong across most of the market segments. A submarket historically poached by new construction in the neighboring DFW Airport area, North Stemmons — Valwood has retained much of its tenant base as well as attracting new tenants to the market. The submarket has a limited amount of land left for development with most tracts under control by developers. The submarket saw several new developments starts during the first quarter 2007. Focus Realty began 83,700 square feet at 13859 Diplomat, Holt Lunsford Commercial started the first of two, 10,400 square foot buildings at 13700 Diplomat and also delivered 80,000 square feet at 1600 Wallace. Additionally, Argent delivered two buildings in Frankford Trade Center: 2920 Commodore (64,829 square feet) and 2933 Eisenhower Rd. (92,520 square feet).

Stream Industrial recorded one lease in the Extra Large Distribution market during the first quarter 2007. Pro-Health, an out-of-state food company, leased 124,500 square feet at 2100 Luna Road. The freezer/cooler space was originally built-out for HomeGrocer.com and had been most recently occupied by Glazer's. Vacancy remained unchanged at 17.0%.

Large Distribution saw significant activity with a number of new leases signed during the quarter. Vacancy finished at 14.1%. Transactions of note: Turbo-Chef expanded into an additional 51,314 square feet at 2801 Trade Center; USFI, Inc. leased 49,345 square feet, Precise Foods expanded by 40,748 square feet at 1432 Wainwright; and Molding & Millwork Inc. leased 57,692 square feet at 2330 Alberta Drive.

Medium Distribution also saw a steady amount of activity during the 1st quarter 2007. However, vacancy rates were on the rise from 11.8% to 15.4% due in large part to the construction deliveries and the vacancy created at 1401-1815 Kelly by David Windows (211,000 square feet +/-). Several transactions to note include: Southern Enterprises with 37,824 square feet at 2205 Hutton; AT&T Services took 38,000 square feet at 1701 Vantage; 2Get Marketing leased 28,994 square feet at 1629 W. Crosby; Nordic Line leased 22,162 square feet at 1625 W. Crosby; Brandt Affixing leased 35,641 square feet, E Parts & Service leased to 27,000 square feet; and Adleta Corporation leased 31,420 SF at 2205 Luna Rd. for auxiliary warehouse space.

Small Distribution ended the first quarter 2007 with vacancy rates at 4.8% up just 0.5% from the end of 2006. The market remained tight and several new transactions were completed within this segment. Vacancy was impacted by the delivery of 1600 Wallace Dr. (80,000 square feet). Several transactions of note included: Contract Datascan, Inc. leased 9,103 square feet at 2210 Hutton Dr.; LASON, Inc. renewed 15,324 square feet at 12900 Senlac Dr.; and Double C Oil leased 20,500 square feet at 1628 Crosby Road.



Flex product throughout the North Stemmons – Valwood submarket continues to lag in performance compared to the other product types. During the first quarter 2007 the vacancy rates for flex product decreased slightly from 17.5% to 17.0%. Stream Industrial saw an increased amount of activity during the first quarter 2007 and believes that this activity will continue throughout the second quarter. Several leases included: The Power Connection (3,132 square feet), The Makeup Artist (4,032 square feet), and The Winward Group (6,272 square feet) all leasing space at 12901 Nicholson; Alarm King leased 2,254 square feet at 12801 N. Stemmons Freeway.; and Wingard Electric took 8,778 square feet at 2440 Lacy Lane.

With land in short supply and little new construction underway, the North Stemmons – Valwood submarket should begin to tighten up vacancy into the single digits. Stream Industrial has already noted a 10% +/- escalation in rental rates over the last year and we anticipate this trend will continue through the balance of 2007. Medium and Large Distribution should continue to see the bulk of activity while the Flex sector will benefit from rising office rental rates in the surrounding markets causing tenants to look to more attractively priced alternatives. Given the central location to residential areas and the immediate access to multiple highways, the North Stemmons – Valwood market remains poised to be one of the most attractive areas for service and wholesale related businesses.

Product Type	Inventory	Available SF	IQ 2007 Availability
Flex	5,469,350	930,891	17.0% ↓
Small Distribution	2,599,318	123,927	4.8% ↑
Medium Distribution	9,605,720	1,479,639	15.4% ↑
Large Distribution	6,776,890	954,547	14.1% ↑
Extra Large Distribution	8,392,260	1,429,499	17.0% ↑
Total - Competitive Investor Owned Properties	32,843,538	4,918,503	15.0% ↑
Plus - Owner Used Properties	7,477,088	239,176	3.2% ↑
Overall Investment Grade Inventory	40,320,626	5,157,679	12.8% ↑

*Flex:* A large percentage of space has office finish; grade level loading and/or dock-high loading, if any (no specific average tenant size).

*Small Distribution:* Small amount of office finish; dock-high loading (0-20,000 square feet average tenant size).

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*Large Distribution:* Small amount of office finish; dock-high loading (50,001-100,000 square feet average tenant size).

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## MAJOR PLAYERS

### MAJOR TENANTS

Academy	Johnson Supply
American Tile Supply	LENNOX
Cole Harford	McDonald Technologies
Collegiate Pacific	Sports Supply Group
Contech Connectivity Technologies	SPX Dock Products
Goodman Networks	Trend Offset Printing
Hugh M. Cunningham	Tuscarora
HUSSMAN	United Advertising Media

### MAJOR OWNERS

AMB Property Co.	Morgan Stanley
Americo Real Estate	Principal Financial Group
Billingsley	ProLogis
Cobalt Capital Partners	RREEF
DCT Industrial	TA Associates
Duke Realty Corp.	The Sealy Co.
First Industrial	TIAA - CREF
GE	
ING Clarion	

# What's Hot in Stemmons Corridor?



Dream Garage



1850 W. Mockingbird



Calatrava Bridge

## BROOK HOLLOW

There is a low supply and high demand for buyers wanting to purchase 15,000-35,000 square foot buildings. If a building is found in this range, users can pay as much as the low \$40 per square foot range.

From the leasing report, activity is gradually getting better. Stream thinks that it has seen the last of the \$2.50 Industrial Gross rates. Most deals under the 30,000 square foot range are leasing in the \$3.30 Industrial Gross range depending on the location, truck court, clear height, and condition of the office space.

## MOCKINGBIRD

Redevelopment of Dream Garage: THE DIRT IS FLYIN'! A group of local investors purchased an older building at 6124 Denton Drive. Their plans are to open a 'Car Country Club' the first quarter of 2008. 1000 square foot car condos are on the market for \$230,000 each. The investors have sold three of the 40 that will be available.

1850 West Mockingbird (21,700 square foot former McKool Graphics bldg.) A local investment group purchased out of bankruptcy. The building was immediately stripped by the copper bandits doing \$200k worth of damage. The owners then 'shelled' the building and put a complete 'WIG ON THE PIG' i.e.: new roof, face, awnings, landscape, wrought iron fence, etc. It has taken the owners less than a year to do a complete rehab on the building and sign a lease with their first tenant, Fastenal Industrial Tool Company. Stream is doing the project leasing. There are two showroom spaces still available.

Rumor on the street is that infamous boxer, Oscar De La Hoya's retail development group, out of California, has over 30 acres under contract in the Mockingbird at Maple area. An even bigger rumor is that they have Wal-Mart in tow to occupy some of the development.

## DESIGN DISTRICT

Our first Calatrava Bridge, the Margaret Hunt/Woodall Rogers' bridge will be breaking ground June 1, 2007 as well as the Trinity Trail (Katy Trail Extension) headed up by Mike Kutner.

The Trinity River Project is still in limbo. The major issue is where to place the tollway: inside the levee, on top of the levee, outside the levee or down the middle of Irving Blvd. Lease and sales prices continue to rise in the Design District and Trinity Industrial District setting new records every month.



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