

# Capital Markets

Real Estate & Economic Outlook Conference

 **JLL** SEE A BRIGHTER WAY



# Focus on the trendlines, not on what people say

Myth	“Retail is losing institutional investment class status”	“WFH rendering office investment non-institutional”	“Gateway cities will lose their luster”	“CRE will experience widespread distress”
Timing of narrative	<ul style="list-style-type: none"> <li>E-commerce acceleration during mid-2010s</li> <li>Again, during COVID</li> </ul>	<ul style="list-style-type: none"> <li>COVID lockdowns</li> <li>Office sector leasing &amp; liquidity weakness since '22</li> </ul>	<ul style="list-style-type: none"> <li>Long-term migration from north to south and west</li> <li>COVID-related migration acceleration (2020-2022)</li> </ul>	<ul style="list-style-type: none"> <li>GFC</li> <li>COVID lockdowns</li> <li>Today</li> </ul>
Actual trendlines				
The reality	<ul style="list-style-type: none"> <li><b>Strongest fundamentals in decades.</b> Net absorption is 2x level of deliveries</li> <li><b>Undersupply of quality retail space</b></li> <li><b>Business model resiliency</b></li> <li><b>Institutional investors rotating back</b> into retail</li> <li>Strong global retailers continue to <b>buy/control flagship CRE</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Positive net absorption</b> in Q4 2024 (second positive quarter since Q4 2021)</li> <li>Nation's two largest tenants (AMZN, JPM) mandating <b>5 days in office</b></li> <li>New-vintage assets (built since 2015): <b>145 m.s.f. of net absorption</b> since 2020</li> <li><b>Investor demand forming:</b> <ul style="list-style-type: none"> <li><b>Institutional bid volume</b> up 150% on full-year 2023</li> <li><b>\$100M+ bid activity</b> up 180% in 2024</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li><b>Gateways: leaders in innovation and talent</b> in absolute numbers, but growth trends favoring more affordable markets</li> <li><b>NYC attracted 48K more 2024 grads</b> than its population share would predict</li> <li><b>Talent engines</b> (i.e., Boston) <b>vs. talent magnets</b> (i.e., Dallas)</li> <li><b>Structural issues persist:</b> Taxes, regulation, cost of business, affordability, driving location preference</li> </ul>	<ul style="list-style-type: none"> <li><b>Distress</b> of any scale will be limited to <b>commodity office product</b></li> <li><b>Tactical distress opportunities</b> in every property sector given mezz or other over-leveraged situations</li> <li>Loan sale, short sales, delinquencies and defaults <b>accelerating</b></li> <li><b>Banks selling paper</b> due to lack of infrastructure and accounting / reserve calculations</li> </ul>

# Capital markets key themes

**1 Onset of new liquidity cycle;** no lack of capital

**2 Transaction volume rebounding:** activity up 11% in 2024 following 52% decline in 2023

**3 Capitulation/Conviction;** reducing bid/ask gap

**4 Consistency in Treasuries (60-90 days)** needed for further affirmation of pricing and sustained increase in volumes

**5 Monetary & fiscal policy:** creating confusion regarding inflation & recession risk, increasing volatility

**6 Portfolio and “break-up” pricing:** beginning to normalize, albeit at significant discounts to replacement cost

**7 Operational excellence** vs. financial

engineering

**8 Scale matters**




2025

# Spotlight: Dallas-Fort Worth




# The Dallas-Fort Worth story




**Leading pro-business environment**  
#1 State for doing business  
20 years in a row


Source: CEO Magazine (2024)



**Favorable tax climate**  
0% State & local income tax



**High-quality of life**  
Driven by vast entertainment options, outdoor recreation, and affordability



**Low cost of doing business**  
Score of 102 for Dallas  
Score of 97 for Fort Worth (U.S. avg-100.00)

Source: Moody's



**Critical mass of headquarters & regional offices**  
170+ corporate headquarter relocations since 2010

Source: Dallas Regional Chamber



**#1 Real estate market for 2025**

Source: PwC, ULI



**Magnet for top talent in the U.S.**  
Strong wages and low cost of living create an attractive employment base



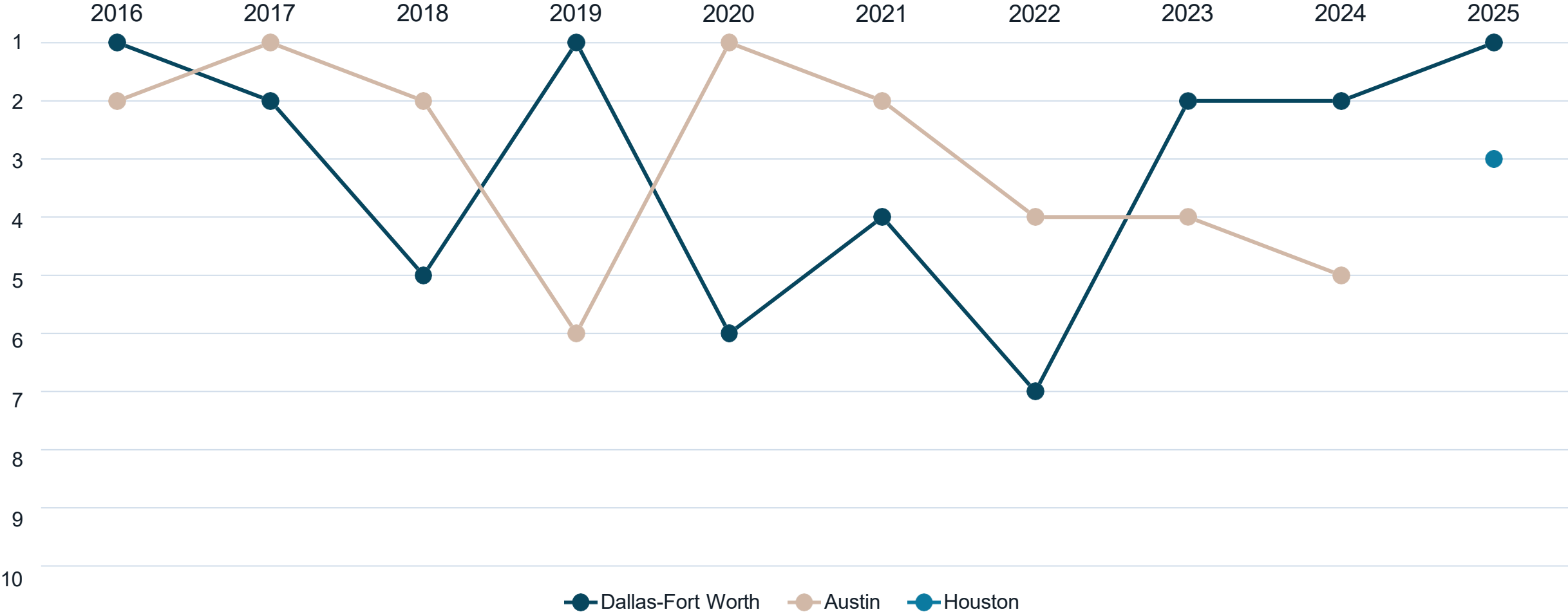
**#1 MSA for projected population growth**  
615,659 new residents projected over the next 5 years

Source: ESRI



# Dallas-Fort Worth earns PwC-ULI's #1 rank for Markets to Watch

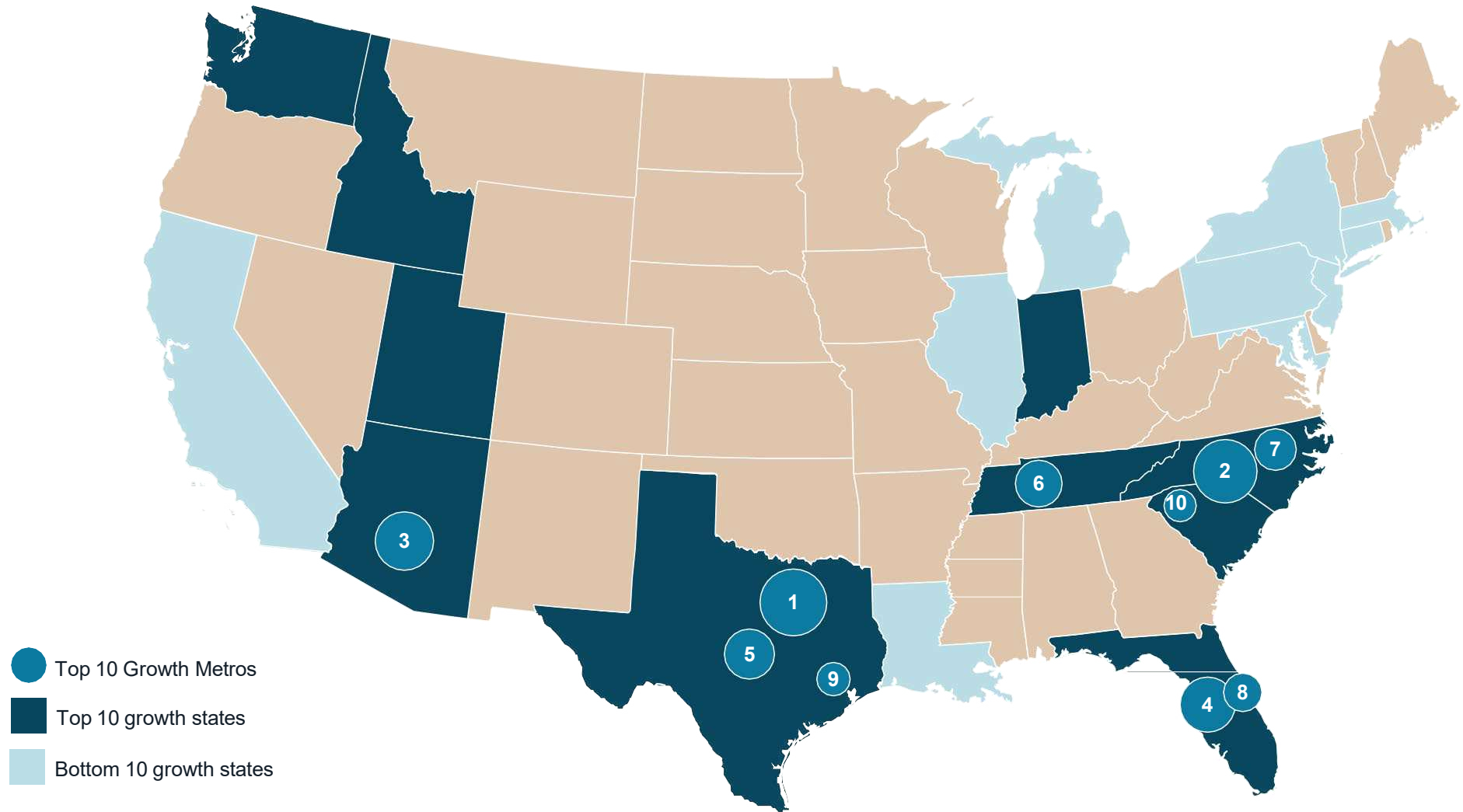
## Recent Texas Market Rankings



Source: JLL Research, PwC, ULI, Real Capital Analytics

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# Dallas ranked first in U-Haul's 2024 migration rankings



Source: JLL Research, U-Haul, U.S. Census, Texas Demographic Center

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Business  
environment

2



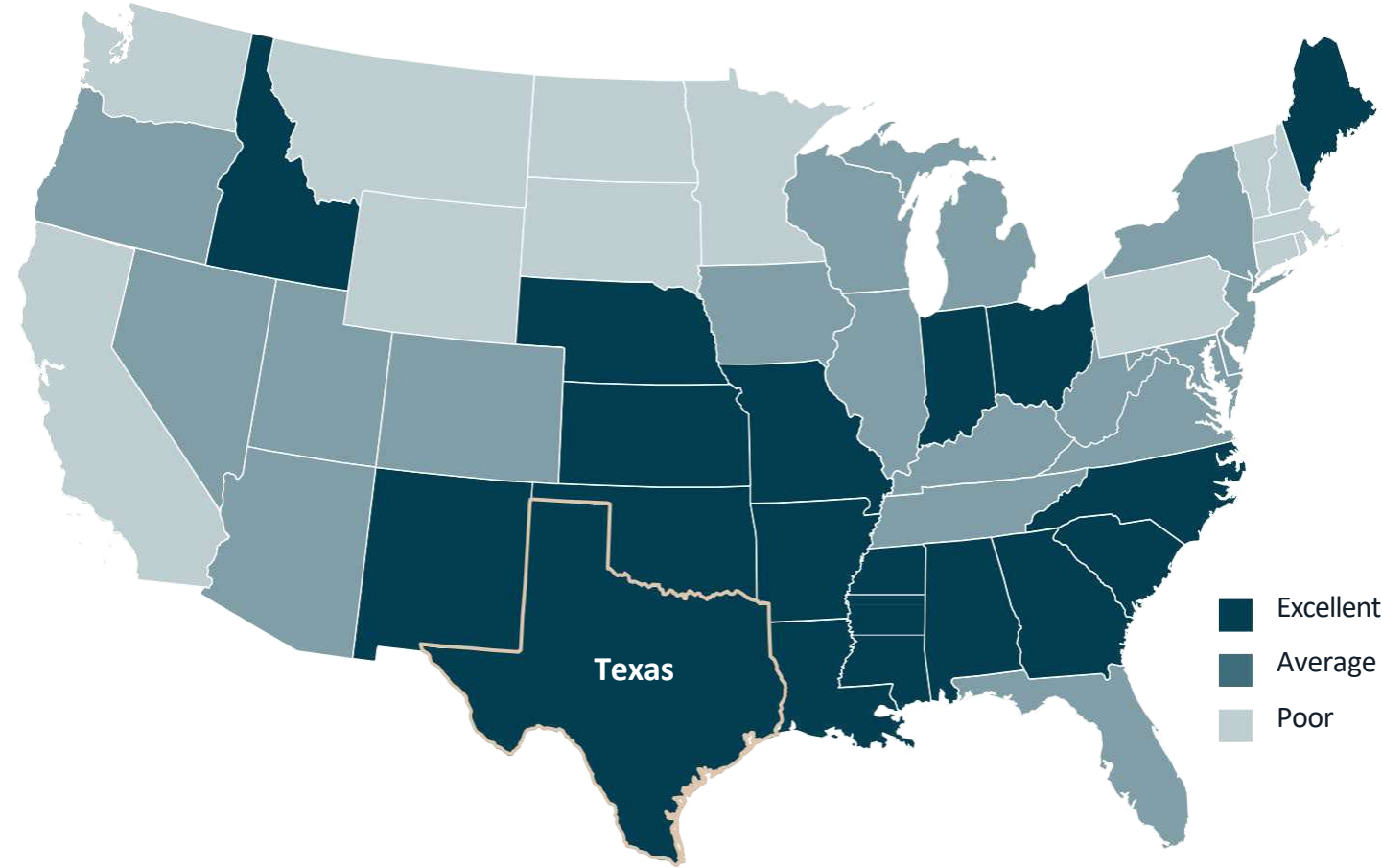


# Location economics

North Texas is an excellent place to live, work, and do business, thanks to incentive programs that support job growth, attract innovation, and promote equitable economic development.

The city of Dallas offers policies like tax abatements, community and economic development loans and grants, and infrastructure investment funds for improvements such as internet connectivity and ADA accessibility. Similarly, Fort Worth provides incentives to attract development, create neighborhood stabilization, and has identified 31 commercial districts for revitalization.

## Incentives ranking by state



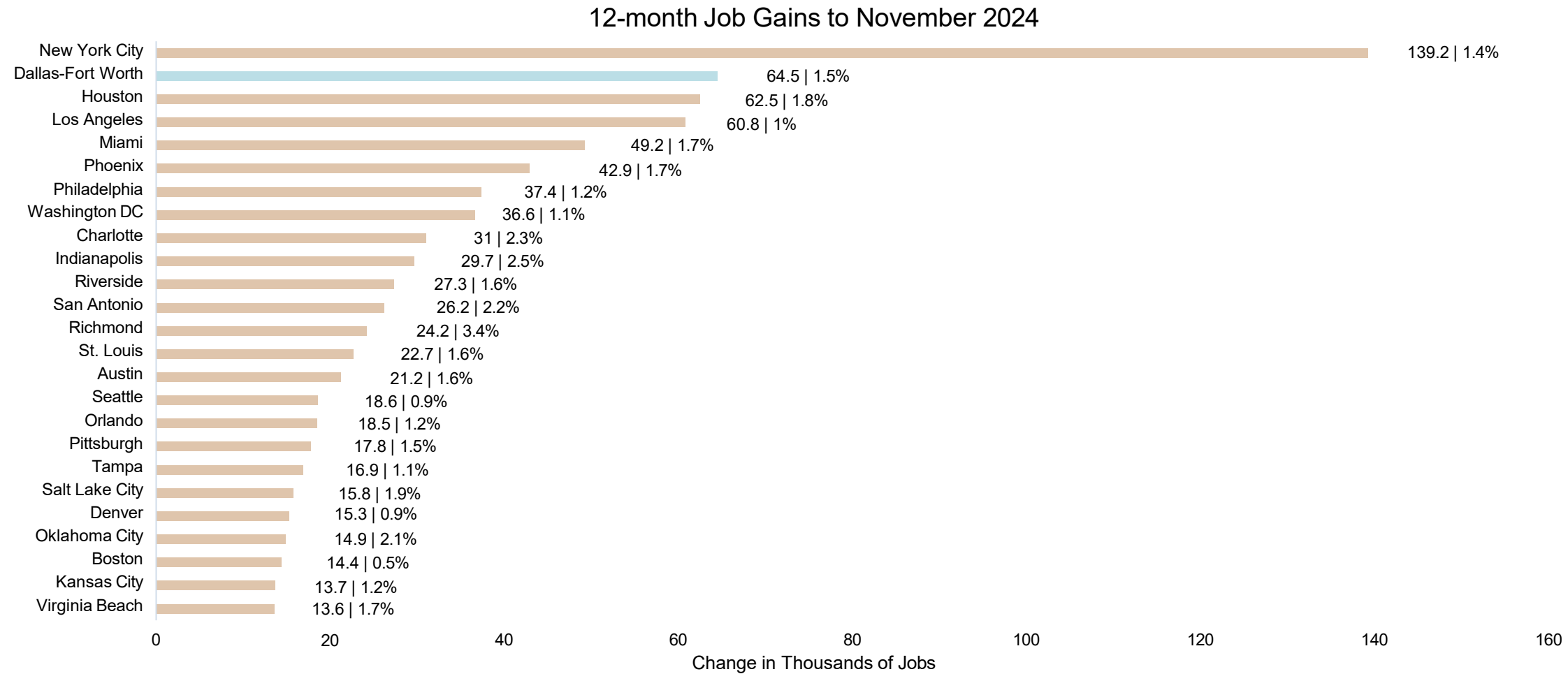
Source: Georgia Department of Economic Development

Local incentives
Type A and B economic development corporations
Tax increment financing district
Tax abatements

State incentives
Freeport exemption
Goods-in-Transit exemption
The texas jobs, energy, technology, and innovation act
Texas enterprise fund
Texas enterprise zone program
Manufacturing exemption
Research and development tax credit
Governor’s University Research Initiative (GURI)
Texas Product Development and Small Business Incubator fund (PDSBI)
Skills Development Fund (SDF)

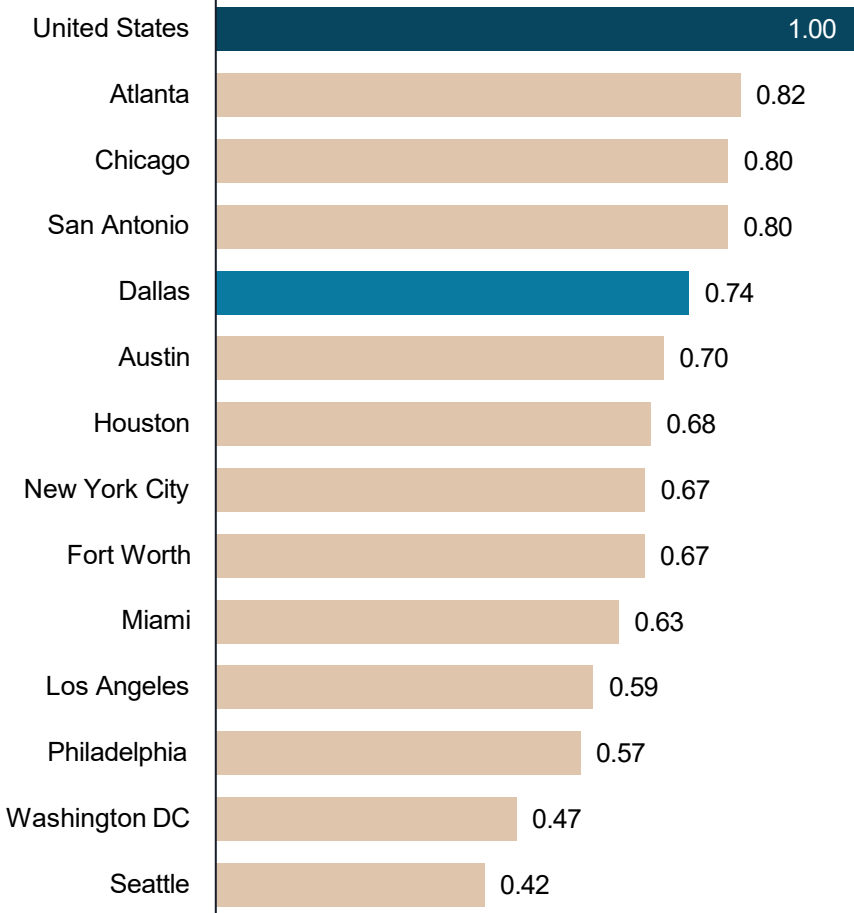
Federal incentives
Foreign trade zones
Opportunity zones

# Dallas-Fort Worth ended November with the 2<sup>nd</sup>-highest 12-month job growth in the US

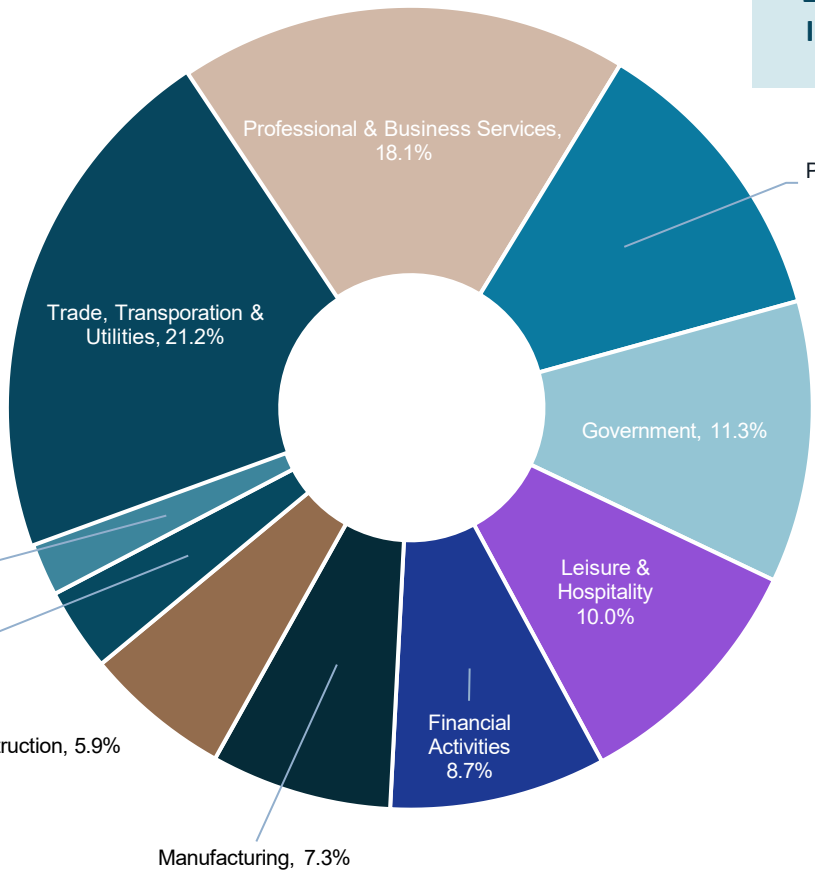


Source: JLL Research, Bureau of Labor Statistics (December 2024)

# Dallas-Fort Worth's economic diversification continues to be a strong attribute amid market volatility



**Industry Diversity Index**  
Economic diversification in relation to U.S. average of 1.00



**DFW Employment by Industry Sector**

Source: JLL Research; Moody's Analytics; Bureau of Labor Statistics