

CoStar Industrial Statistics

First Quarter 2017

Lubbock Industrial Market



CoStarTM
The knowledge market

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Methodology

The CoStar Industrial Statistics calculates Industrial statistics using CoStar Group's base of existing, under construction and under renovation Industrial buildings in each given metropolitan area. All Industrial building types are included, including warehouse, flex / research & development, distribution, manufacturing, industrial showroom, and service buildings, in both single-tenant and multi-tenant buildings, including owner-occupied buildings. CoStar Group's global database includes approximately 95.6 billion square feet of coverage in 4.4 million properties. All rental rates reported in the CoStar Industrial Report are calculated using the quoted rental rate for each property.

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CoStar Group, Inc.

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Terms & Definitions

Availability Rate: The ratio of available space to total rentable space, calculated by dividing the total available square feet by the total rentable square feet.

Available Space: The total amount of space that is currently being marketed as available for lease in a given time period. It includes any space that is available, regardless of whether the space is vacant, occupied, available for sublease, or available at a future date.

Build-to-Suit: A term describing a particular property, developed specifically for a certain tenant to occupy, with structural features, systems, or improvement work designed specifically for the needs of that tenant. A build-to-suit can be leased or owned by the tenant. In a leased build-to-suit, a tenant will usually have a long term lease on the space.

Buyer: The individual, group, company, or entity that has purchased a commercial real estate asset.

Cap Rate: Short for capitalization rate. The Cap Rate is a calculation that reflects the relationship between one year's net operating income and the current market value of a particular property. The Cap Rate is calculated by dividing the annual net operating income by the sales price (or asking sales price).

CBD: Abbreviation for Central Business District. (See also: Central Business District)

Central Business District: The designations of Central Business District (CBD) and Suburban refer to a particular geographic area within a metropolitan statistical area (MSA) describing the level of real estate development found there. The CBD is characterized by a high density, well organized core within the largest city of a given MSA.

Class A: A classification used to describe buildings that generally qualify as extremely desirable investment-grade properties and command the highest rents or sale prices compared to other buildings in the same market. Such buildings are well located and provide efficient tenant layouts as well as high quality, and in some buildings, one-of-a-kind floor plans. They can be an architectural or historical landmark designed by prominent architects. These buildings contain a modern mechanical system, and have above-average maintenance and management as well as the best quality materials and workmanship in their trim and interior fittings. They are generally the most attractive and eagerly sought by investors willing to pay a premium for quality.

Class B: A classification used to describe buildings that generally qualify as a more speculative investment, and as such, command lower rents or sale prices compared to Class A properties. Such buildings offer utilitarian space without special attractions, and have ordinary design, if new or fairly new; good to excellent design if an older non-landmark building. These buildings typically have average to good maintenance, management and tenants. They are less appealing to tenants than Class A properties, and may be deficient in a number of respects including floor plans, condition and facilities. They lack prestige and must depend chiefly on a lower price to attract tenants and investors.

Class C: A classification used to describe buildings that generally qualify as no-frills, older buildings that offer basic space and command lower rents or sale prices compared to other buildings in the same market. Such buildings typically have below-average maintenance and management, and could have mixed or low tenant prestige, inferior elevators, and/or mechanical/electrical systems. These buildings lack prestige and must depend chiefly on a lower price to attract tenants and investors.

Construction Starts: Buildings that began construction during a specific period of time. (See also: Deliveries)

Contiguous Blocks of Space: Space within a building that is, or is able to be joined together into a single contiguous space.

Deliveries: Buildings that complete construction during a specified period of time. In order for space to be considered delivered, a certifi-

cate of occupancy must have been issued for the property.

Delivery Date: The date a building completes construction and receives a certificate of occupancy.

Developer: The company, entity or individual that transforms raw land to improved property by use of labor, capital and entrepreneurial efforts.

Direct Space: Space that is being offered for lease directly from the landlord or owner of a building, as opposed to space being offered in a building by another tenant (or broker of a tenant) trying to sublet a space that has already been leased.

Existing Inventory: The square footage of buildings that have received a certificate of occupancy and are able to be occupied by tenants. It does not include space in buildings that are either planned, under construction or under renovation.

Flex Building: A type of building designed to be versatile, which may be used in combination with office (corporate headquarters), research and development, quasi-retail sales, and including but not limited to industrial, warehouse, and distribution uses. A typical flex building will be one or two stories with at least half of the rentable area being used as office space, have ceiling heights of 16 feet or less, and have some type of drive-in door, even though the door may be glassed in or sealed off.

Full Service Rental Rate: Rental rates that include all operating expenses such as utilities, electricity, janitorial services, taxes and insurance.

Gross Absorption: The total change in occupied space over a given period of time, counting space that is occupied but not space that is vacated by tenants. Gross absorption differs from leasing activity, which is the sum of all space leased over a certain period of time. Unless otherwise noted Gross Absorption includes direct and sublease space.

Growth in Inventory: The change in size of the existing square footage in a given area over a given period of time, generally due to the construction of new buildings.

Industrial Building: A type of building adapted for such uses as the assemblage, processing, and/or manufacturing of products from raw materials or fabricated parts. Additional uses include warehousing, distribution, and maintenance facilities. The primary purpose of the space is for storing, producing, assembling, or distributing product.

Landlord Rep: (Landlord Representative) In a typical lease transaction between an owner/landlord and tenant, the broker that represents the interests of the owner/landlord is referred to as the Landlord Rep.

Leased Space: All the space that has a financial lease obligation. It includes all leased space, regardless of whether the space is currently occupied by a tenant. Leased space also includes space being offered for sublease.

Leasing Activity: The volume of square footage that is committed to and signed under a lease obligation for a specific building or market in a given period of time. It includes direct leases, subleases and renewals of existing leases. It also includes any pre-leasing activity in planned, under construction, or under renovation buildings.

Market: Geographic boundaries that serve to delineate core areas that are competitive with each other and constitute a generally accepted primary competitive set of areas. Markets are building-type specific, and are non-overlapping contiguous geographic designations having a cumulative sum that matches the boundaries of the entire Region (See also: Region). Markets can be further subdivided into Submarkets. (See also: Submarkets)

Multi-Tenant: Buildings that house more than one tenant at a given time. Usually, multi-tenant buildings were designed and built to accommodate many different floor plans and designs for different

tenant needs. (See also: Tenancy).

Net Absorption: The net change in occupied space over a given period of time. Unless otherwise noted Net Absorption includes direct and sublease space.

Net Rental Rate: A rental rate that excludes certain expenses that a tenant could incur in occupying office space. Such expenses are expected to be paid directly by the tenant and may include janitorial costs, electricity, utilities, taxes, insurance and other related costs.

New Space: Sometimes called first generation space, refers to space that has never been occupied and/or leased by a tenant.

Occupied Space: Space that is physically occupied by a tenant. It does not include leased space that is not currently occupied by a tenant.

Office Building: A type of commercial building used exclusively or primarily for office use (business), as opposed to manufacturing, warehousing, or other uses. Office buildings may sometimes have other associated uses within part of the building, i.e., retail sales, financial, or restaurant, usually on the ground floor.

Owner: The company, entity, or individual that holds title on a given building or property.

Planned/Proposed: The status of a building that has been announced for future development but not yet started construction.

Preleased Space: The amount of space in a building that has been leased prior to its construction completion date, or certificate of occupancy date.

Price/SF: Calculated by dividing the price of a building (either sales price or asking sales price) by the Rentable Building Area (RBA).

Property Manager: The company and/or person responsible for the day-to-day operations of a building, such as cleaning, trash removal, etc. The property manager also makes sure that the various systems within the building, such as the elevators, HVAC, and electrical systems, are functioning properly.

Quoted Rental Rate: The asking rate per square foot for a particular building or unit of space by a broker or property owner. Quoted rental rates may differ from the actual rates paid by tenants following the negotiation of all terms and conditions in a specific lease.

RBA: Abbreviation for Rentable Building Area. (See also: Rentable Building Area)

Region: Core areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Regions are further divided into market areas, called Markets. (See also: Markets)

Relet Space: Sometimes called second generation or direct space, refers to existing space that has previously been occupied by another tenant.

Rentable Building Area: (RBA) The total square footage of a building that can be occupied by, or assigned to a tenant for the purpose of determining a tenant's rental obligation. Generally RBA includes a percentage of common areas including all hallways, main lobbies, bathrooms, and telephone closets.

Rental Rates: The annual costs of occupancy for a particular space quoted on a per square foot basis.

Sales Price: The total dollar amount paid for a particular property at a particular point in time.

Sales Volume: The sum of sales prices for a given group of buildings in a given time period.

Seller: The individual, group, company, or entity that sells a particular commercial real estate asset.

SF: Abbreviation for Square Feet.

Single-Tenant: Buildings that are occupied, or intended to be occupied by a single tenant. (See also: Build-to-suit and Tenancy)

Sublease Space: Space that has been leased by a tenant and is being offered for lease back to the market by the tenant with the lease obligation. Sublease space is sometimes referred to as sublet space.

Submarkets: Specific geographic boundaries that serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted primary competitive set, or peer group. Submarkets are building type specific (office, industrial, retail, etc.), with distinct boundaries dependent on different factors relevant to each building type. Submarkets are non-overlapping, contiguous geographic designations having a cumulative sum that matches the boundaries of the Market they are located within (See also: Market).

Suburban: The Suburban and Central Business District (CBD) designations refer to a particular geographic area within a metropolitan statistical area (MSA). Suburban is defined as including all office inventory not located in the CBD. (See also: CBD)

Tenancy: A term used to indicate whether or not a building is occupied by multiple tenants (See also: Multi-tenant) or a single tenant. (See also: Single-tenant)

Tenant Rep: Tenant Rep stands for Tenant Representative. In a typical lease transaction between an owner/landlord and tenant, the broker that represents the interests of the tenant is referred to as a Tenant Rep.

Time On Market: A measure of how long a currently available space has been marketed for lease, regardless of whether it is vacant or occupied.

Under Construction: Buildings in a state of construction, up until they receive their certificate of occupancy. In order for CoStar to consider a building under construction, the site must have a concrete foundation in place. Abbreviated UC.

Vacancy Rate: A measurement expressed as a percentage of the total amount of physically vacant space divided by the total amount of existing inventory. Under construction space generally is not included in vacancy calculations.

Vacant Space: Space that is not currently occupied by a tenant, regardless of any lease obligation that may be on the space. Vacant space could be space that is either available or not available. For example, sublease space that is currently being paid for by a tenant but not occupied by that tenant, would be considered vacant space. Likewise, space that has been leased but not yet occupied because of finish work being done, would also be considered vacant space.

Weighted Average Rental Rate: Rental rates that are calculated by factoring in, or weighting, the square footage associated with each particular rental rate. This has the effect of causing rental rates on larger spaces to affect the average more than that of smaller spaces. The weighted average rental rate is calculated by taking the ratio of the square footage associated with the rental rate on each individual available space to the square footage associated with rental rates on all available spaces, multiplying the rental rate by that ratio, and then adding together all the resulting numbers. Unless specifically specified otherwise, rental rate averages include both Direct and Sublet available spaces.

Year Built: The year in which a building completed construction and was issued a certificate of occupancy.

YTD: Abbreviation for Year-to-Date. Describes statistics that are cumulative from the beginning of a calendar year through whatever time period is being studied.

Lubbock's Vacancy Decreases to 2.5% Net Absorption Positive 216,800 SF in the Quarter

The Lubbock Industrial market ended the first quarter 2017 with a vacancy rate of 2.5%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 216,800 square feet in the first quarter. Vacant sublease space remained unchanged in the quarter, ending at 31,500 square feet. Rental rates ended the first quarter at \$3.50, a decrease over the previous quarter. There were no properties under construction at the end of the quarter.

Absorption

Net absorption for the overall Lubbock Industrial market was positive 216,800 square feet in the first quarter 2017. That compares to negative (155,182) square feet in the fourth quarter 2016, negative (29,511) square feet in the third quarter 2016, and negative (46,607) square feet in the second quarter 2016.

The Flex building market recorded net absorption of negative (5,292) square feet in the first quarter 2017, compared to 0 square feet in the fourth quarter 2016, positive 1,732 in the third quarter 2016, and 0 in the second quarter 2016.

The Warehouse building market recorded net absorption of positive 222,092 square feet in the first quarter 2017 compared to negative (155,182) square feet in the fourth quarter 2016, negative (31,243) in the third quarter 2016, and negative (46,607) in the second quarter 2016.

Vacancy

The Industrial vacancy rate in the Lubbock market area decreased to 2.5% at the end of the first quarter 2017. The vacancy rate was 3.2% at the end of the fourth quarter 2016,

2.7% at the end of the third quarter 2016, and 2.6% at the end of the second quarter 2016.

Flex projects reported a vacancy rate of 3.0% at the end of the first quarter 2017, 2.6% at the end of the fourth quarter 2016, 2.6% at the end of the third quarter 2016, and 2.7% at the end of the second quarter 2016.

Warehouse projects reported a vacancy rate of 2.5% at the end of the first quarter 2017, 3.2% at the end of fourth quarter 2016, 2.7% at the end of the third quarter 2016, and 2.6% at the end of the second quarter 2016.

Sublease Vacancy

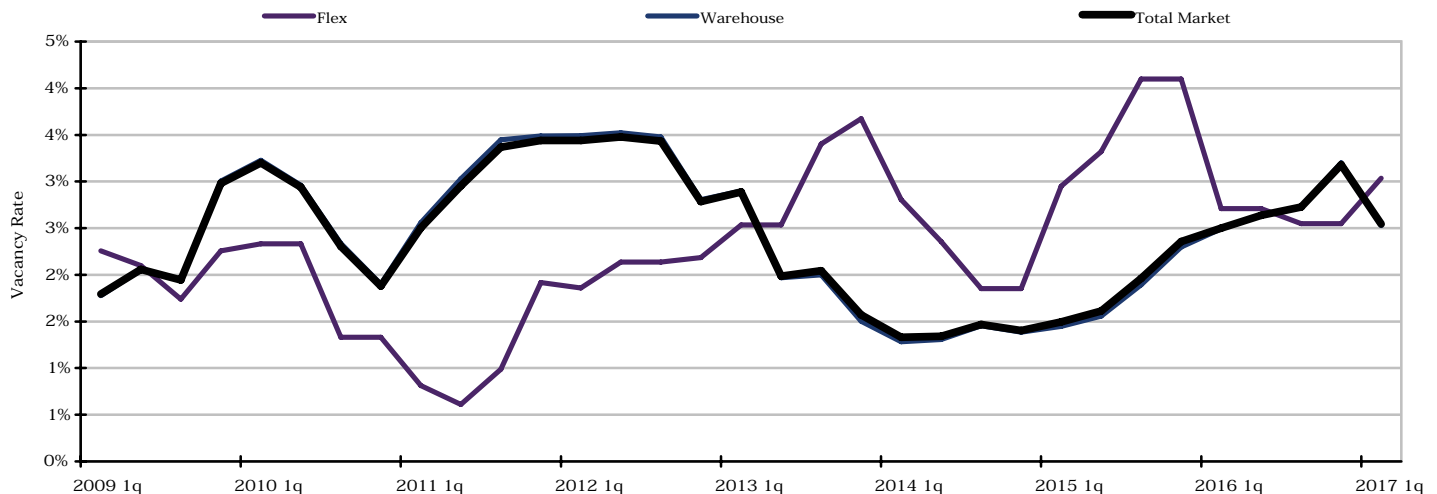
The amount of vacant sublease space in the Lubbock market stayed the same at 31,500 square feet by the end of the first quarter 2017, from 31,500 square feet at the end of the fourth quarter 2016. There was 90,225 square feet vacant at the end of the third quarter 2016 and 90,225 square feet at the end of the second quarter 2016.

Lubbock's Flex projects vacant sublease space has remained unchanged with 0 square feet since the end of the second quarter 2016 to most recently the end of the first quarter 2017.

Warehouse projects reported no vacant sublease space from the fourth quarter 2016 to the first quarter 2017. Sublease vacancy went from 31,500 square feet to 31,500 square feet during that time. There was 90,225 square feet at the end of the third quarter 2016, and 90,225 square feet at the end of the second quarter 2016.

Vacancy Rates by Building Type

2007-2017



Source: CoStar Property®

Rental Rates

The average quoted asking rental rate for available Industrial space was \$3.50 per square foot per year at the end of the first quarter 2017 in the Lubbock market area. This represented a 2.5% decrease in quoted rental rates from the end of the fourth quarter 2016, when rents were reported at \$3.59 per square foot.

The average quoted rate within the Flex sector was \$7.05 per square foot at the end of the first quarter 2017, while Warehouse rates stood at \$3.20. At the end of the fourth quarter 2016, Flex rates were \$6.36 per square foot, and Warehouse rates were \$3.32.

Deliveries and Construction

During the first quarter 2017, no new space was com-

pleted in the Lubbock market area.

There was no Industrial space under construction at the end of the first quarter 2017.

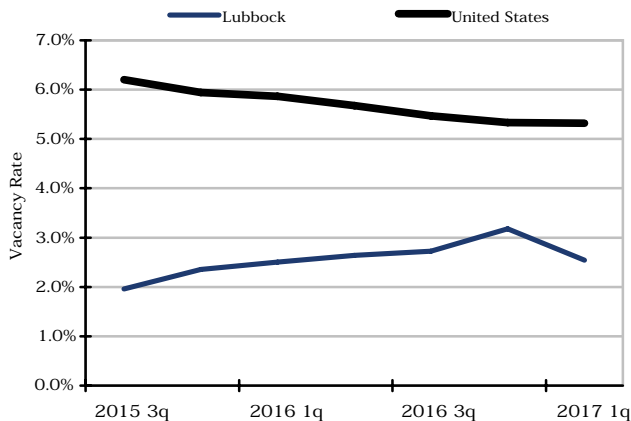
Inventory

Total Industrial inventory in the Lubbock market area amounted to 34,100,278 square feet in 2,068 buildings as of the end of the first quarter 2017. The Flex sector consisted of 1,088,661 square feet in 26 projects. The Warehouse sector consisted of 33,011,617 square feet in 2,042 buildings. Within the Industrial market there were 27 owner-occupied buildings accounting for 2,701,554 square feet of Industrial space.

Reports compiled by: Jeff Warnock, CoStar Research Manager

U.S. Vacancy Comparison

Past 7 Quarters



Source: CoStar Property®

CoStar Submarkets

In analyzing metropolitan areas, CoStar has developed geographic designations to help group properties together, called Markets, Submarket Clusters and Submarkets. Markets are the equivalent of metropolitan areas, or areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Markets are then divided into Submarket Clusters, which are core areas within a metropolitan area that are known to be competitive with each other in terms of attracting and keeping tenants. Markets are then further subdivided into smaller units called Submarkets, which serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted competitive set, or peer group.

Submarket Clusters
Crosby County
Downtown Lubbock
North Inner Loop
North Outer Lubbock
South Outer Lubbock
Southeast Inner Loop
Southwest Inner Loop

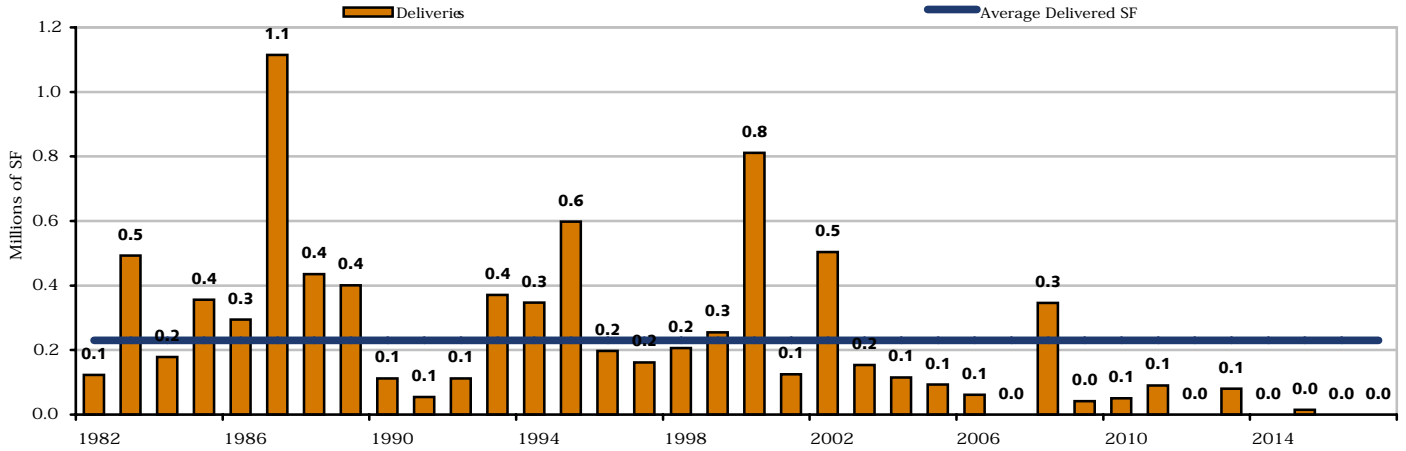


Lubbock Industrial Market

Inventory & development

Historical Deliveries

1982 - 2017



Source: CoStar Property® * Future deliveries based on current under construction buildings.

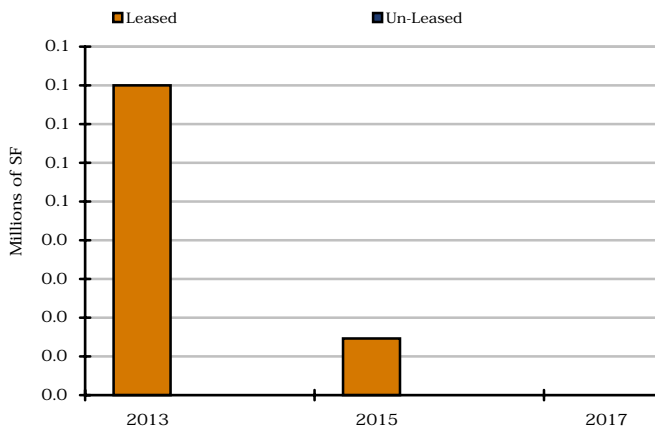
CONSTRUCTION ACTIVITY Markets Ranked by Under Construction RBA

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
Southwest Inner Loop	0	0	0	0.0%	9,584	0
Crosby County	0	0	0	0.0%	9,395	0
Downtown Lubbock	0	0	0	0.0%	10,795	0
North Inner Loop	0	0	0	0.0%	13,002	0
North Outer Lubbock	0	0	0	0.0%	18,799	0
South Outer Lubbock	0	0	0	0.0%	7,232	0
Southeast Inner Loop	0	0	0	0.0%	24,610	0
Totals	0	0	0	0.0%	16,489	0

Source: CoStar Property®

Recent Deliveries

Leased & Un-Leased SF in Deliveries Since 2013



Source: CoStar Property®

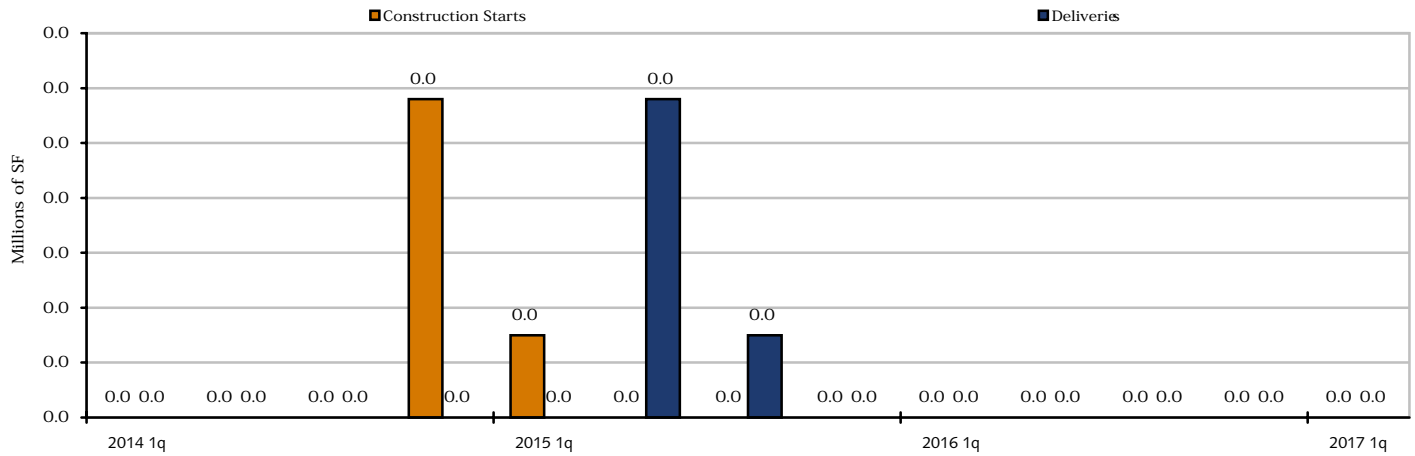
Lubbock Industrial Market



Inventory & development

Historical Construction Starts & Deliveries

Square Footage Per Quarter Starting and Completing Construction



Source: CoStar Property®

RECENT DELIVERIES BY PROJECT SIZE Breakdown of Year-to-Date Development Based on RBA of Project

Building Size	# Bldgs	RBA	SF Leased	% Leased	Avg Rate	Single-Tenant	Multi-Tenant
< 50,000 SF	0	0	0	0.0%	\$0.00	0	0
50,000 SF - 99,999 SF	0	0	0	0.0%	\$0.00	0	0
100,000 SF - 249,999 SF	0	0	0	0.0%	\$0.00	0	0
250,000 SF - 499,999 SF	0	0	0	0.0%	\$0.00	0	0
>= 500,000 SF	0	0	0	0.0%	\$0.00	0	0

Source: CoStar Property®

Recent Development by Tenancy

Based on RBA Developed for Single & Multi-Tenant Use

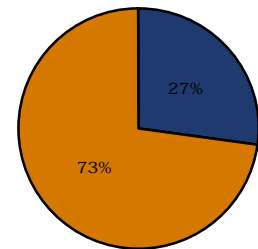
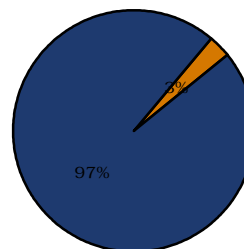
No 2017 Deliveries No Properties Under Construction

Existing Inventory Comparison

Based on Total RBA

By Building Type

By Tenancy Type



■ Flex ■ Warehouse ■ Multi ■ Single

Source: CoStar Property®

Source: CoStar Property®



Lubbock Industrial Market

Figures at a Glance

Flex Market Statistics

First Quarter 2017

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Crosby County	1	2,565	0	0	0.0%	0	0	0	\$0.00
Downtown Lubbock	5	53,602	9,500	9,500	17.7%	0	0	0	\$7.31
North Inner Loop	3	27,563	0	0	0.0%	0	0	0	\$0.00
North Outer Lubbock	5	921,148	15,060	15,060	1.6%	(9,060)	0	0	\$7.00
South Outer Lubbock	4	31,179	8,494	8,494	27.2%	0	0	0	\$7.00
Southeast Inner Loop	8	52,604	0	0	0.0%	3,768	0	0	\$7.96
Southwest Inner Loop	0	0	0	0	0.0%	0	0	0	\$0.00
Totals	26	1,088,661	33,054	33,054	3.0%	(5,292)	0	0	\$7.05

Source: CoStar Property®

Warehouse Market Statistics

First Quarter 2017

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Crosby County	195	1,838,866	0	0	0.0%	0	0	0	\$0.00
Downtown Lubbock	70	756,024	5,450	5,450	0.7%	3,875	0	0	\$4.65
North Inner Loop	468	6,096,402	126,069	126,069	2.1%	5,760	0	0	\$2.17
North Outer Lubbock	244	3,759,875	200,894	200,894	5.3%	62,748	0	0	\$3.88
South Outer Lubbock	303	2,189,072	119,206	119,206	5.4%	10,785	0	0	\$5.43
Southeast Inner Loop	727	18,035,933	351,490	382,990	2.1%	138,924	0	0	\$2.87
Southwest Inner Loop	35	335,445	0	0	0.0%	0	0	0	\$5.75
Totals	2,042	33,011,617	803,109	834,609	2.5%	222,092	0	0	\$3.20

Source: CoStar Property®

Total Industrial Market Statistics

First Quarter 2017

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Crosby County	196	1,841,431	0	0	0.0%	0	0	0	\$0.00
Downtown Lubbock	75	809,626	14,950	14,950	1.8%	3,875	0	0	\$5.41
North Inner Loop	471	6,123,965	126,069	126,069	2.1%	5,760	0	0	\$2.17
North Outer Lubbock	249	4,681,023	215,954	215,954	4.6%	53,688	0	0	\$4.79
South Outer Lubbock	307	2,220,251	127,700	127,700	5.8%	10,785	0	0	\$5.50
Southeast Inner Loop	735	18,088,537	351,490	382,990	2.1%	142,692	0	0	\$2.90
Southwest Inner Loop	35	335,445	0	0	0.0%	0	0	0	\$5.75
Totals	2,068	34,100,278	836,163	867,663	2.5%	216,800	0	0	\$3.50

Source: CoStar Property®

Lubbock Industrial Market



Figures at a Glance

Flex Market Statistics

First Quarter 2017

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2017 1q	26	1,088,661	33,054	33,054	3.0%	(5,292)	0	0	0	0	\$7.05
2016 4q	26	1,088,661	27,762	27,762	2.6%	0	0	0	0	0	\$6.36
2016 3q	26	1,088,661	27,762	27,762	2.6%	1,732	0	0	0	0	\$6.39
2016 2q	26	1,088,661	29,494	29,494	2.7%	0	0	0	0	0	\$6.18
2016 1q	26	1,088,661	29,494	29,494	2.7%	15,128	0	0	0	0	\$6.77
2015 4q	26	1,088,661	44,622	44,622	4.1%	0	0	0	0	0	\$6.65
2015 3q	26	1,088,661	44,622	44,622	4.1%	(8,494)	0	0	0	0	\$6.57
2015 2q	26	1,088,661	36,128	36,128	3.3%	(4,000)	0	0	0	0	\$5.96
2015 1q	26	1,088,661	32,128	32,128	3.0%	(11,968)	0	0	0	0	\$5.98
2014	26	1,088,661	20,160	20,160	1.9%	19,818	0	0	0	0	\$5.62
2013	26	1,088,661	32,946	39,978	3.7%	(16,206)	0	0	0	0	\$6.01
2012	26	1,088,661	23,772	23,772	2.2%	(2,887)	0	0	0	0	\$5.95
2011	26	1,088,661	20,885	20,885	1.9%	(6,401)	0	0	0	0	\$5.92
2010	26	1,088,661	14,484	14,484	1.3%	10,100	0	0	0	0	\$5.12
2009	26	1,088,661	24,584	24,584	2.3%	15,928	1	20,000	0	0	\$5.52
2008	25	1,068,661	20,512	20,512	1.9%	8,544	0	0	0	0	\$5.61

Source: CoStar Property®

Warehouse Market Statistics

First Quarter 2017

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2017 1q	2,042	33,011,617	803,109	834,609	2.5%	222,092	0	0	0	0	\$3.20
2016 4q	2,042	33,011,617	1,025,201	1,056,701	3.2%	(155,182)	0	0	0	0	\$3.32
2016 3q	2,042	33,011,617	811,294	901,519	2.7%	(31,243)	0	0	0	0	\$3.31
2016 2q	2,042	33,011,617	780,051	870,276	2.6%	(46,607)	0	0	0	0	\$3.38
2016 1q	2,042	33,011,617	733,444	823,669	2.5%	(65,051)	0	0	0	0	\$3.79
2015 4q	2,042	33,011,617	668,393	758,618	2.3%	(134,142)	0	0	0	0	\$3.81
2015 3q	2,042	33,011,617	534,251	624,476	1.9%	(107,512)	1	3,000	0	0	\$4.01
2015 2q	2,041	33,008,617	455,239	513,964	1.6%	(25,011)	2	11,600	1	3,000	\$3.75
2015 1q	2,039	32,997,017	408,128	477,353	1.4%	(19,560)	0	0	3	14,600	\$3.84
2014	2,039	32,997,017	388,568	457,793	1.4%	37,683	0	0	2	11,600	\$3.84
2013	2,039	32,997,017	426,251	495,476	1.5%	508,091	0	0	0	0	\$3.56
2012	2,036	32,916,997	864,822	923,547	2.8%	224,928	0	0	0	0	\$3.05
2011	2,036	32,916,997	1,089,750	1,148,475	3.5%	(435,192)	0	0	0	0	\$2.95
2010	2,035	32,827,092	563,053	623,378	1.9%	412,436	2	50,677	0	0	\$2.52
2009	2,033	32,776,415	926,412	985,137	3.0%	(203,596)	2	21,401	2	50,677	\$2.64
2008	2,029	32,729,459	674,610	734,585	2.2%	192,883	7	336,705	3	42,202	\$3.02

Source: CoStar Property®

Total Industrial Market Statistics

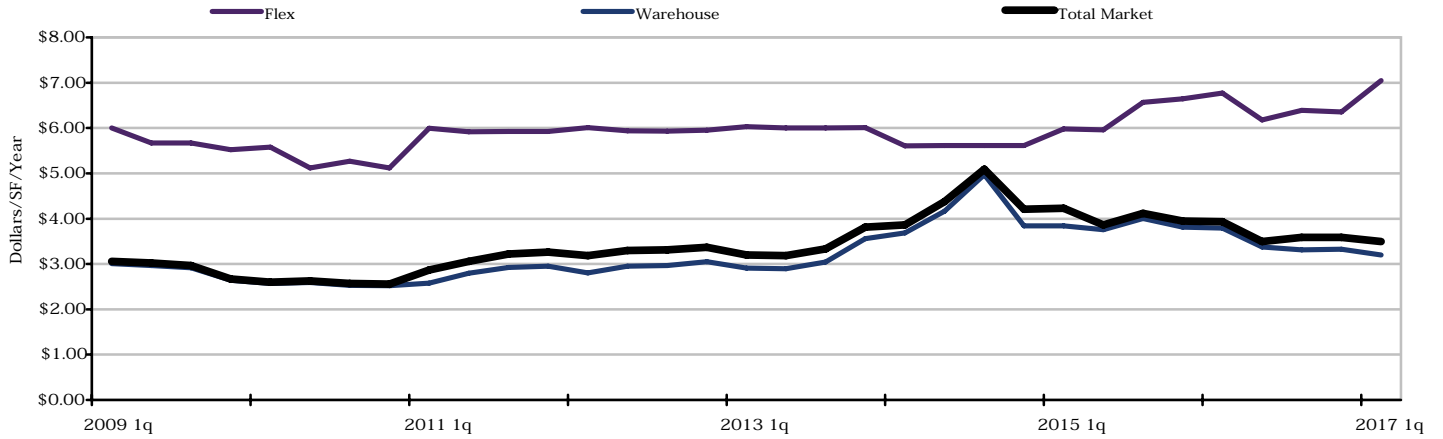
First Quarter 2017

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2017 1q	2,068	34,100,278	836,163	867,663	2.5%	216,800	0	0	0	0	\$3.50
2016 4q	2,068	34,100,278	1,052,963	1,084,463	3.2%	(155,182)	0	0	0	0	\$3.59
2016 3q	2,068	34,100,278	839,056	929,281	2.7%	(29,511)	0	0	0	0	\$3.59
2016 2q	2,068	34,100,278	809,545	899,770	2.6%	(46,607)	0	0	0	0	\$3.49
2016 1q	2,068	34,100,278	762,938	853,163	2.5%	(49,923)	0	0	0	0	\$3.93
2015 4q	2,068	34,100,278	713,015	803,240	2.4%	(134,142)	0	0	0	0	\$3.95
2015 3q	2,068	34,100,278	578,873	669,098	2.0%	(116,006)	1	3,000	0	0	\$4.11
2015 2q	2,067	34,097,278	491,367	550,092	1.6%	(29,011)	2	11,600	1	3,000	\$3.86
2015 1q	2,065	34,085,678	440,256	509,481	1.5%	(31,528)	0	0	3	14,600	\$4.23
2014	2,065	34,085,678	408,728	477,953	1.4%	57,501	0	0	2	11,600	\$4.21
2013	2,065	34,085,678	459,197	535,454	1.6%	491,885	0	0	0	0	\$3.81
2012	2,062	34,005,658	888,594	947,319	2.8%	222,041	0	0	0	0	\$3.37
2011	2,062	34,005,658	1,110,635	1,169,360	3.4%	(441,593)	0	0	0	0	\$3.26
2010	2,061	33,915,753	577,537	637,862	1.9%	422,536	2	50,677	0	0	\$2.55
2009	2,059	33,865,076	950,996	1,009,721	3.0%	(187,668)	3	41,401	2	50,677	\$2.67
2008	2,054	33,798,120	695,122	755,097	2.2%	201,427	7	336,705	3	42,202	\$3.06

Source: CoStar Property®

Historical Rental Rates

Based on Quoted Rental Rates

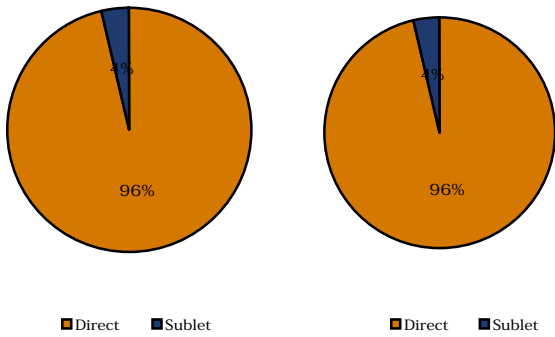


Source: CoStar Property®

Vacancy by Available Space Type

Percent of All Vacant Space in Direct vs. Sublet

Lubbock United States

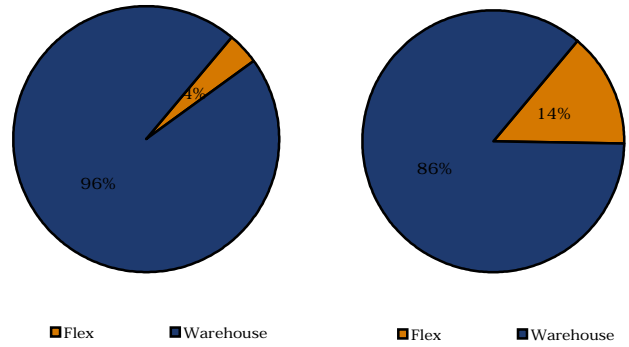


Source: CoStar Property®

Vacancy by Building Type

Percent of All Vacant Space by Building Type

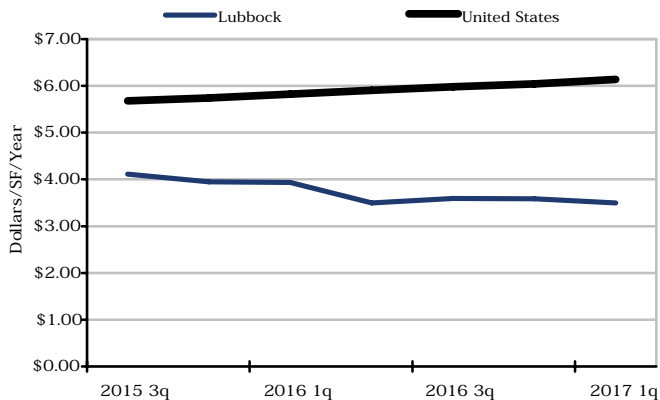
Lubbock United States



Source: CoStar Property®

U.S. Rental Rate Comparison

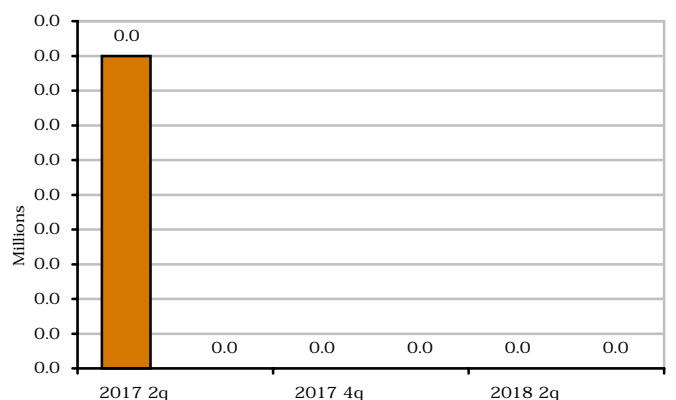
Based on Average Quoted Rental Rates



Source: CoStar Property®

Future Space Available

Space Scheduled to be Available for Occupancy*



Source: CoStar Property®

* Includes Under Construction Space

Lubbock Industrial Market



Leasing Activity

Select Top Industrial Leases Based on Leased Square Footage For Deals Signed in 2017

Building	Submarket	SF	Qtr	Tenant Name	Tenant Rep Company	Landlord Rep Company
1 115 SETx-289-loop	Southeast Inner Loop	13,200	1st	Earth Wind & Water	N/A	Westar Commercial Realty
2 5123 69th St	South Outer Lubbock	8,494	1st	Three BMH Investments	N/A	Coldwell Banker Commercial Capital
3 6102 45th St	North Outer Lubbock	5,000	1st	N/A	N/A	WestMark Commercial
4 7433 Brownfield Hwy	South Outer Lubbock	2,670	1st	N/A	N/A	Egenbacher Real Estate

Source: CoStar Property®

* Renewal



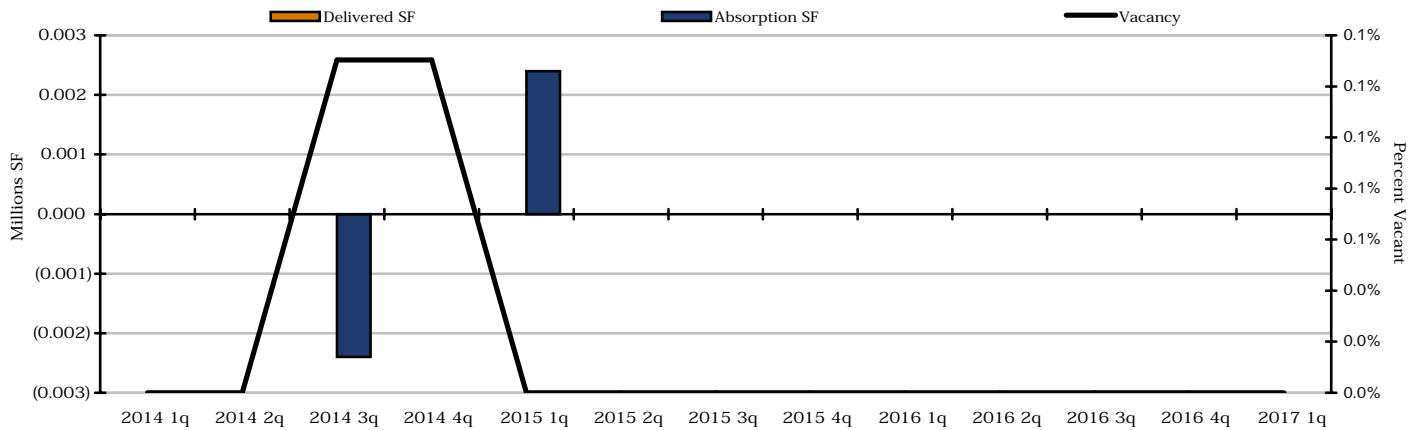
Lubbock Industrial Market

Crosby County Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

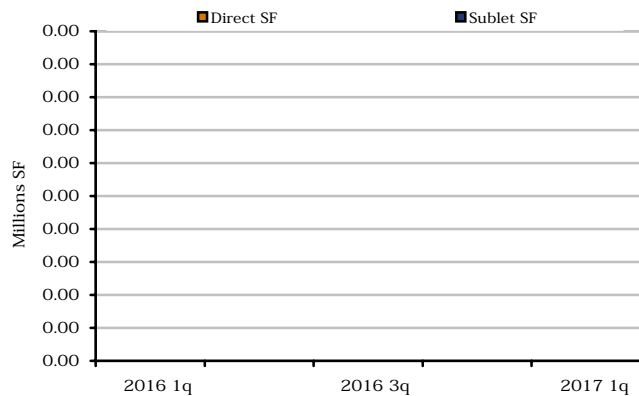
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2017 1q	196	1,841,431	0	0.0%	0	0	0	0	0	\$0.00
2016 4q	196	1,841,431	0	0.0%	0	0	0	0	0	\$0.00
2016 3q	196	1,841,431	0	0.0%	0	0	0	0	0	\$0.00
2016 2q	196	1,841,431	0	0.0%	0	0	0	0	0	\$0.00
2016 1q	196	1,841,431	0	0.0%	0	0	0	0	0	\$0.00
2015 4q	196	1,841,431	0	0.0%	0	0	0	0	0	\$0.00
2015 3q	196	1,841,431	0	0.0%	0	0	0	0	0	\$0.00
2015 2q	196	1,841,431	0	0.0%	0	0	0	0	0	\$0.00
2015 1q	196	1,841,431	0	0.0%	2,400	0	0	0	0	\$0.00
2014 4q	196	1,841,431	2,400	0.1%	0	0	0	0	0	\$0.00
2014 3q	196	1,841,431	2,400	0.1%	(2,400)	0	0	0	0	\$0.00
2014 2q	196	1,841,431	0	0.0%	0	0	0	0	0	\$0.00
2014 1q	196	1,841,431	0	0.0%	0	0	0	0	0	\$0.00
2013 4q	196	1,841,431	0	0.0%	0	0	0	0	0	\$0.00
2013 3q	196	1,841,431	0	0.0%	0	0	0	0	0	\$0.00
2013 2q	196	1,841,431	0	0.0%	10,000	0	0	0	0	\$0.00

Source: CoStar Property®

Lubbock Industrial Market

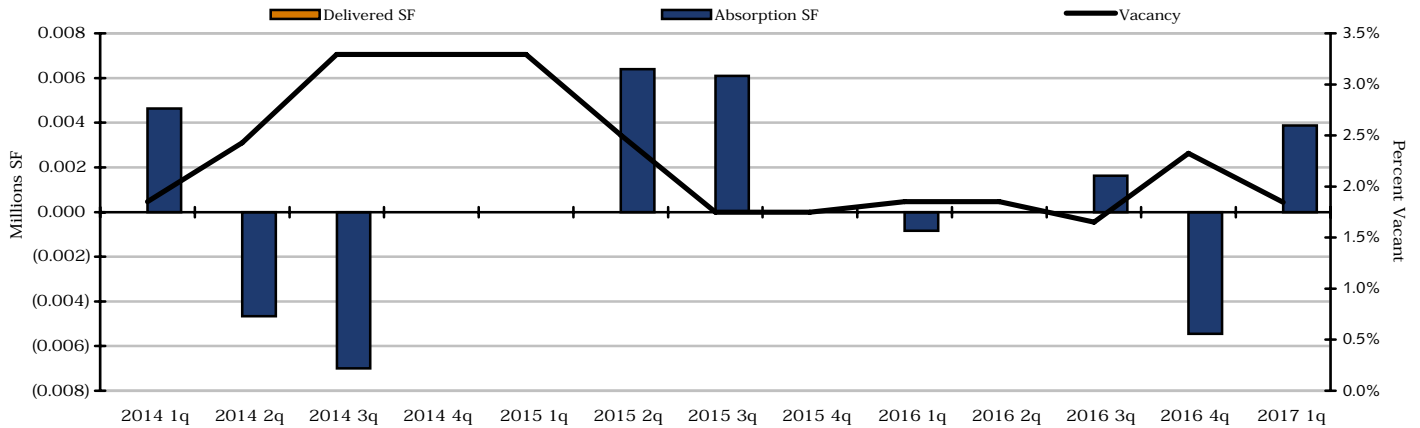


Downtown Lubbock Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

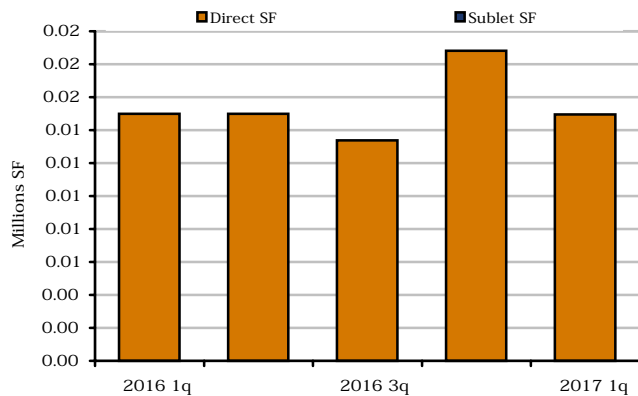
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

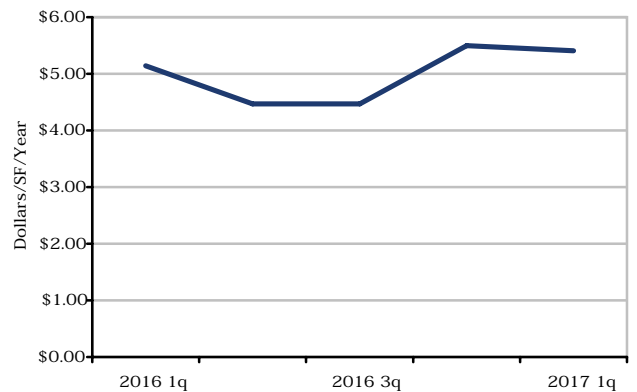
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2017 1q	75	809,626	14,950	1.8%	3,875	0	0	0	0	\$5.41
2016 4q	75	809,626	18,825	2.3%	(5,450)	0	0	0	0	\$5.49
2016 3q	75	809,626	13,375	1.7%	1,625	0	0	0	0	\$4.47
2016 2q	75	809,626	15,000	1.9%	0	0	0	0	0	\$4.47
2016 1q	75	809,626	15,000	1.9%	(840)	0	0	0	0	\$5.14
2015 4q	75	809,626	14,160	1.7%	0	0	0	0	0	\$3.83
2015 3q	75	809,626	14,160	1.7%	6,100	0	0	0	0	\$3.83
2015 2q	75	809,626	20,260	2.5%	6,400	0	0	0	0	\$2.93
2015 1q	75	809,626	26,660	3.3%	0	0	0	0	0	\$1.56
2014 4q	75	809,626	26,660	3.3%	0	0	0	0	0	\$4.38
2014 3q	75	809,626	26,660	3.3%	(7,000)	0	0	0	0	\$4.38
2014 2q	75	809,626	19,660	2.4%	(4,660)	0	0	0	0	\$5.73
2014 1q	75	809,626	15,000	1.9%	4,628	0	0	0	0	\$0.00
2013 4q	75	809,626	19,628	2.4%	0	0	0	0	0	\$6.81
2013 3q	75	809,626	19,628	2.4%	(9,500)	0	0	0	0	\$6.81
2013 2q	75	809,626	10,128	1.3%	0	0	0	0	0	\$6.67

Source: CoStar Property®



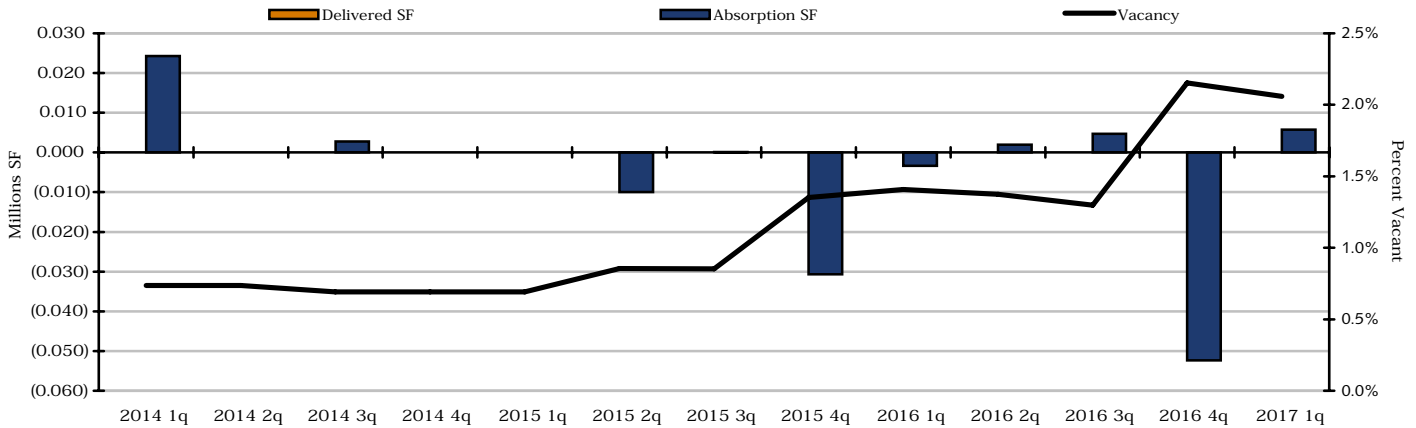
Lubbock Industrial Market

North Inner Loop Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

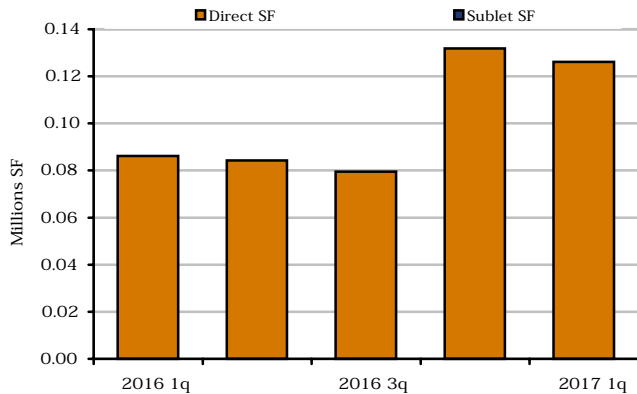
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

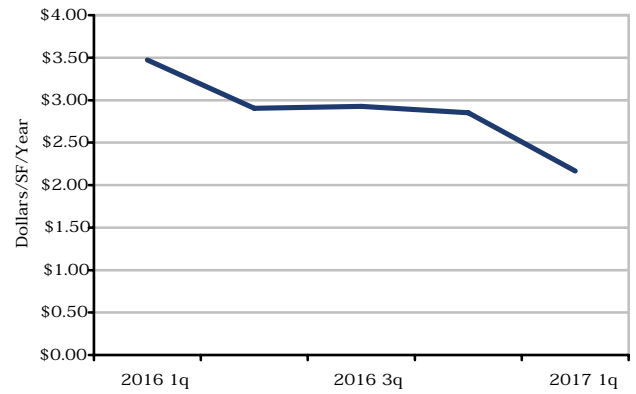
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2017 1q	471	6,123,965	126,069	2.1%	5,760	0	0	0	0	\$2.17
2016 4q	471	6,123,965	131,829	2.2%	(52,319)	0	0	0	0	\$2.85
2016 3q	471	6,123,965	79,510	1.3%	4,715	0	0	0	0	\$2.93
2016 2q	471	6,123,965	84,225	1.4%	1,965	0	0	0	0	\$2.91
2016 1q	471	6,123,965	86,190	1.4%	(3,339)	0	0	0	0	\$3.47
2015 4q	471	6,123,965	82,851	1.4%	(30,640)	0	0	0	0	\$3.52
2015 3q	471	6,123,965	52,211	0.9%	100	0	0	0	0	\$3.62
2015 2q	471	6,123,965	52,311	0.9%	(10,000)	0	0	0	0	\$3.72
2015 1q	471	6,123,965	42,311	0.7%	0	0	0	0	0	\$3.33
2014 4q	471	6,123,965	42,311	0.7%	0	0	0	0	0	\$3.74
2014 3q	471	6,123,965	42,311	0.7%	2,790	0	0	0	0	\$3.96
2014 2q	471	6,123,965	45,101	0.7%	0	0	0	0	0	\$3.87
2014 1q	471	6,123,965	45,101	0.7%	24,300	0	0	0	0	\$3.75
2013 4q	471	6,123,965	69,401	1.1%	24,300	0	0	0	0	\$3.44
2013 3q	471	6,123,965	93,701	1.5%	1,540	0	0	0	0	\$3.27
2013 2q	471	6,123,965	95,241	1.6%	(580)	0	0	0	0	\$2.96

Source: CoStar Property®

Lubbock Industrial Market

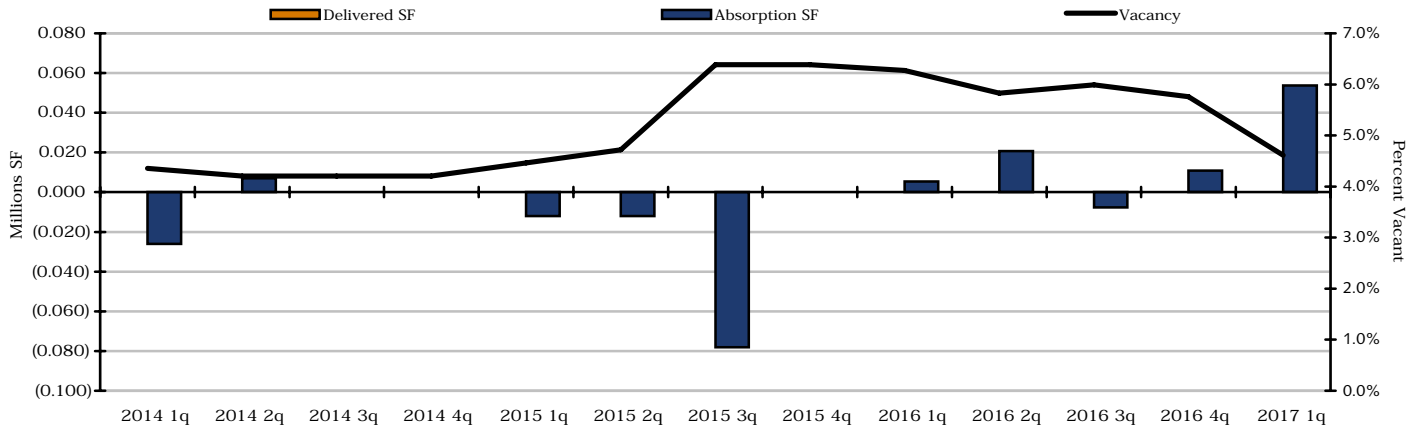


North Outer Lubbock Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

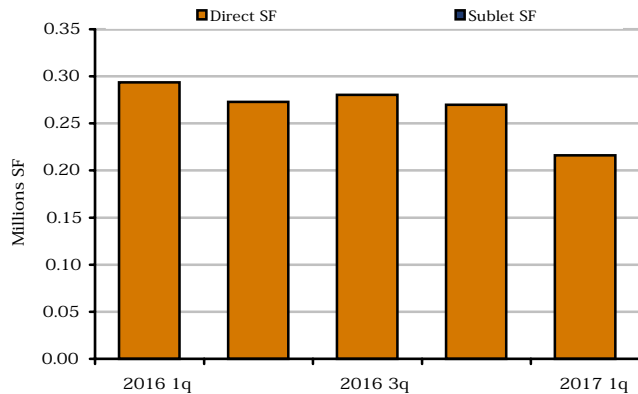
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

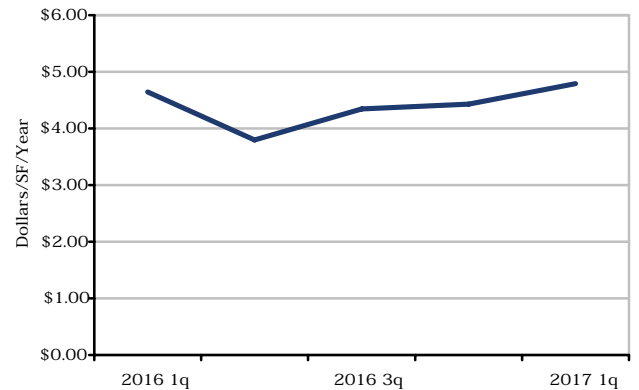
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2017 1q	249	4,681,023	215,954	4.6%	53,688	0	0	0	0	\$4.79
2016 4q	249	4,681,023	269,642	5.8%	10,831	0	0	0	0	\$4.43
2016 3q	249	4,681,023	280,473	6.0%	(7,641)	0	0	0	0	\$4.35
2016 2q	249	4,681,023	272,832	5.8%	20,746	0	0	0	0	\$3.80
2016 1q	249	4,681,023	293,578	6.3%	5,428	0	0	0	0	\$4.64
2015 4q	249	4,681,023	299,006	6.4%	0	0	0	0	0	\$4.64
2015 3q	249	4,681,023	299,006	6.4%	(78,162)	0	0	0	0	\$4.69
2015 2q	249	4,681,023	220,844	4.7%	(12,006)	0	0	0	0	\$5.86
2015 1q	249	4,681,023	208,838	4.5%	(11,968)	0	0	0	0	\$6.24
2014 4q	249	4,681,023	196,870	4.2%	0	0	0	0	0	\$6.10
2014 3q	249	4,681,023	196,870	4.2%	0	0	0	0	0	\$6.10
2014 2q	249	4,681,023	196,870	4.2%	7,032	0	0	0	0	\$6.11
2014 1q	249	4,681,023	203,902	4.4%	(26,092)	0	0	0	0	\$5.51
2013 4q	249	4,681,023	177,810	3.8%	64,546	0	0	0	0	\$5.42
2013 3q	248	4,610,945	172,278	3.7%	(4,640)	0	0	1	70,078	\$5.16
2013 2q	248	4,610,945	167,638	3.6%	41,167	0	0	1	70,078	\$5.10

Source: CoStar Property®



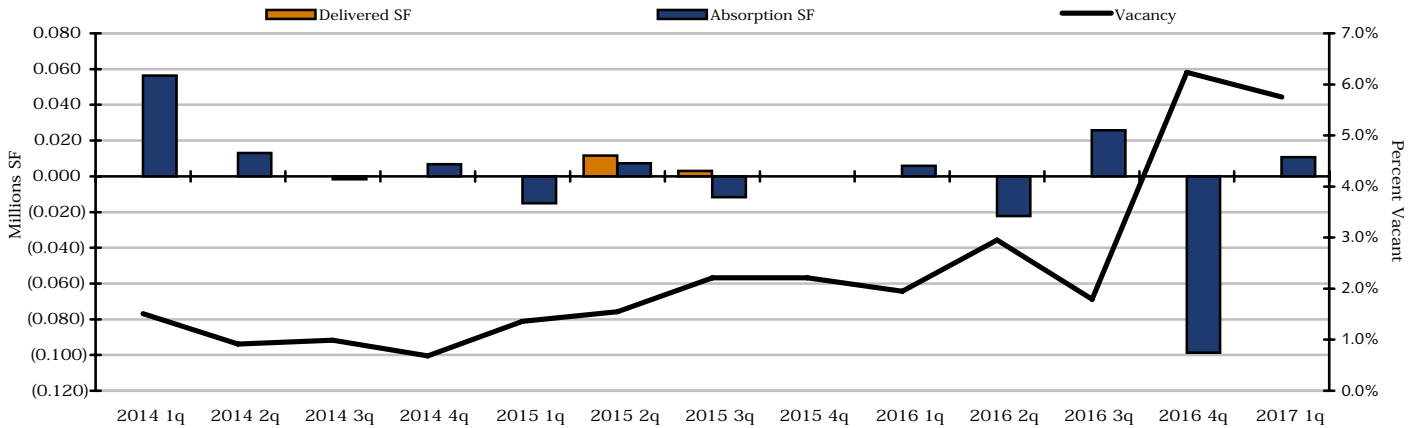
Lubbock Industrial Market

South Outer Lubbock Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

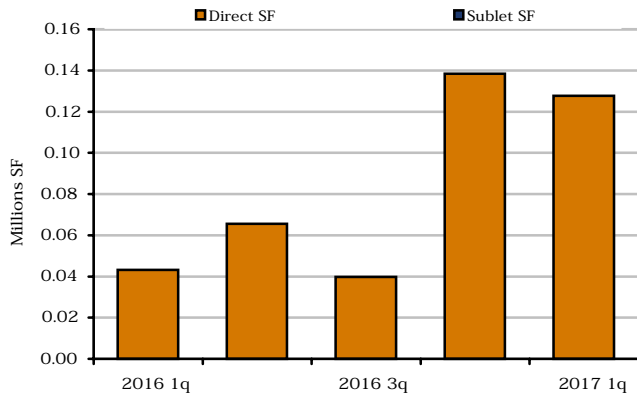
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

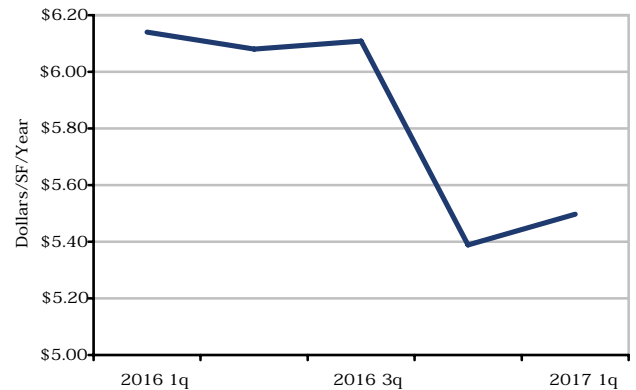
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2017 1q	307	2,220,251	127,700	5.8%	10,785	0	0	0	0	\$5.50
2016 4q	307	2,220,251	138,485	6.2%	(98,727)	0	0	0	0	\$5.39
2016 3q	307	2,220,251	39,758	1.8%	25,779	0	0	0	0	\$6.11
2016 2q	307	2,220,251	65,537	3.0%	(22,283)	0	0	0	0	\$6.08
2016 1q	307	2,220,251	43,254	1.9%	5,800	0	0	0	0	\$6.14
2015 4q	307	2,220,251	49,054	2.2%	0	0	0	0	0	\$6.36
2015 3q	307	2,220,251	49,054	2.2%	(11,744)	1	3,000	0	0	\$6.39
2015 2q	306	2,217,251	34,310	1.5%	7,300	2	11,600	1	3,000	\$6.31
2015 1q	304	2,205,651	30,010	1.4%	(15,000)	0	0	3	14,600	\$6.04
2014 4q	304	2,205,651	15,010	0.7%	6,826	0	0	2	11,600	\$6.41
2014 3q	304	2,205,651	21,836	1.0%	(1,663)	0	0	0	0	\$7.91
2014 2q	304	2,205,651	20,173	0.9%	13,100	0	0	0	0	\$7.74
2014 1q	304	2,205,651	33,273	1.5%	56,302	0	0	0	0	\$7.74
2013 4q	304	2,205,651	89,575	4.1%	8,942	0	0	0	0	\$8.32
2013 3q	302	2,195,709	88,575	4.0%	630	0	0	2	9,942	\$7.97
2013 2q	302	2,195,709	89,205	4.1%	(10,828)	0	0	2	9,942	\$5.90

Source: CoStar Property®

Lubbock Industrial Market

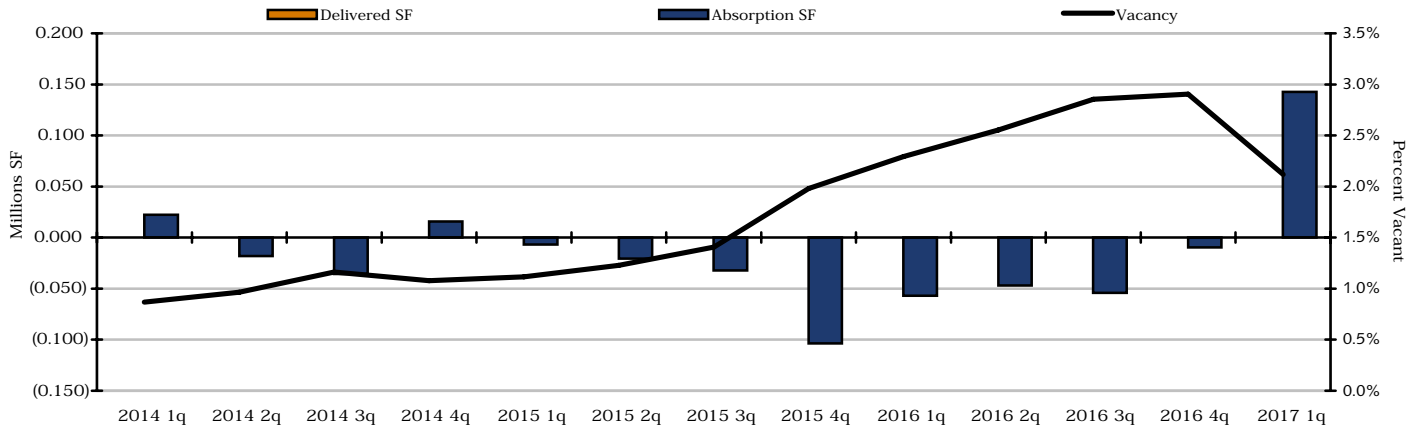


Southeast Inner Loop Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

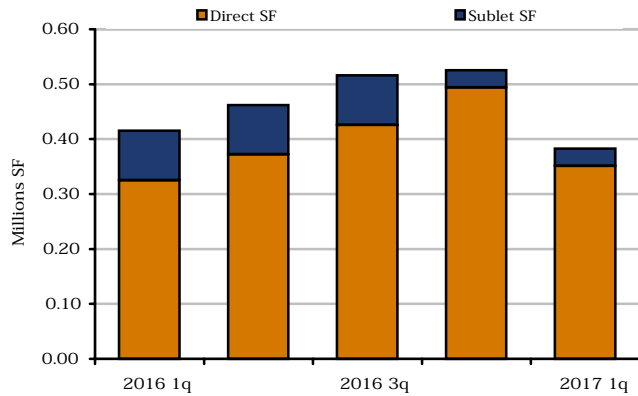
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

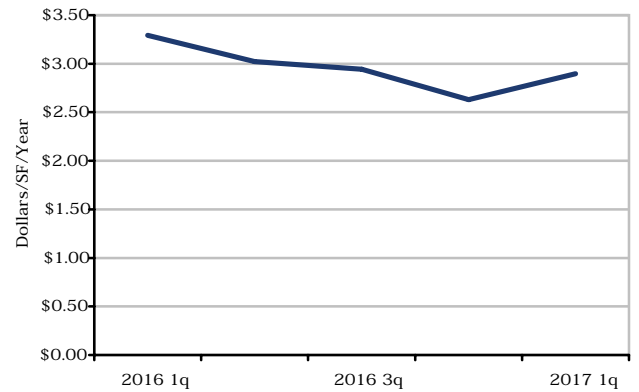
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2017 1q	735	18,088,537	382,990	2.1%	142,692	0	0	0	0	\$2.90
2016 4q	735	18,088,537	525,682	2.9%	(9,517)	0	0	0	0	\$2.63
2016 3q	735	18,088,537	516,165	2.9%	(53,989)	0	0	0	0	\$2.94
2016 2q	735	18,088,537	462,176	2.6%	(47,035)	0	0	0	0	\$3.02
2016 1q	735	18,088,537	415,141	2.3%	(56,972)	0	0	0	0	\$3.29
2015 4q	735	18,088,537	358,169	2.0%	(103,502)	0	0	0	0	\$3.34
2015 3q	735	18,088,537	254,667	1.4%	(32,300)	0	0	0	0	\$3.59
2015 2q	735	18,088,537	222,367	1.2%	(20,705)	0	0	0	0	\$3.10
2015 1q	735	18,088,537	201,662	1.1%	(6,960)	0	0	0	0	\$3.11
2014 4q	735	18,088,537	194,702	1.1%	15,656	0	0	0	0	\$3.10
2014 3q	735	18,088,537	210,358	1.2%	(35,616)	0	0	0	0	\$4.48
2014 2q	735	18,088,537	174,742	1.0%	(18,012)	0	0	0	0	\$3.52
2014 1q	735	18,088,537	156,730	0.9%	22,310	0	0	0	0	\$3.15
2013 4q	735	18,088,537	179,040	1.0%	141,763	0	0	0	0	\$3.16
2013 3q	735	18,088,537	320,803	1.8%	(7,620)	0	0	0	0	\$2.59
2013 2q	735	18,088,537	313,183	1.7%	266,630	0	0	0	0	\$2.58

Source: CoStar Property®



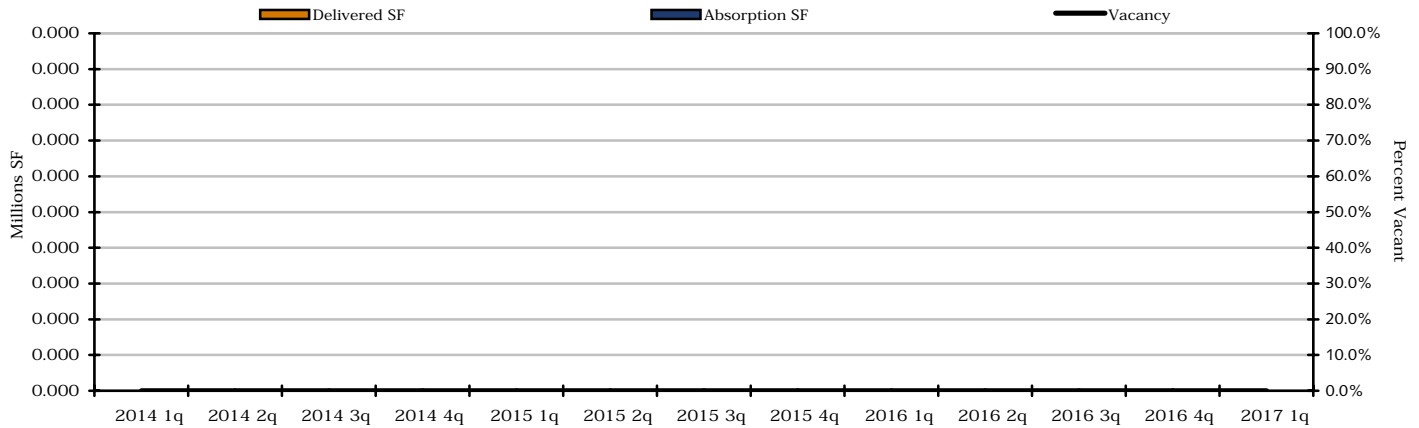
Lubbock Industrial Market

Southwest Inner Loop Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

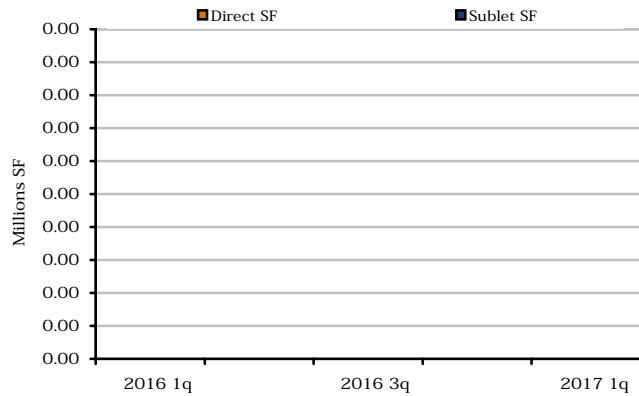
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

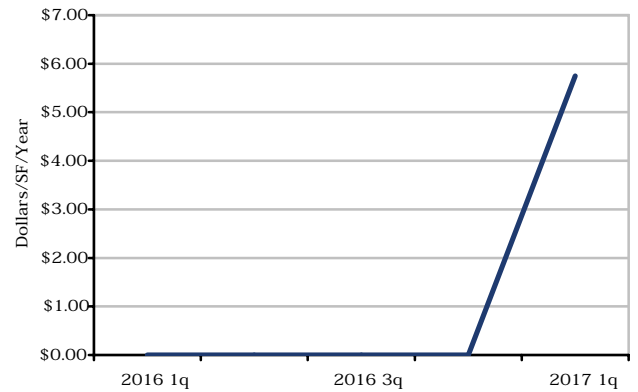
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2017 1q	35	335,445	0	0.0%	0	0	0	0	0	\$5.75
2016 4q	35	335,445	0	0.0%	0	0	0	0	0	\$0.00
2016 3q	35	335,445	0	0.0%	0	0	0	0	0	\$0.00
2016 2q	35	335,445	0	0.0%	0	0	0	0	0	\$0.00
2016 1q	35	335,445	0	0.0%	0	0	0	0	0	\$0.00
2015 4q	35	335,445	0	0.0%	0	0	0	0	0	\$0.00
2015 3q	35	335,445	0	0.0%	0	0	0	0	0	\$0.00
2015 2q	35	335,445	0	0.0%	0	0	0	0	0	\$0.00
2015 1q	35	335,445	0	0.0%	0	0	0	0	0	\$0.00
2014 4q	35	335,445	0	0.0%	0	0	0	0	0	\$0.00
2014 3q	35	335,445	0	0.0%	0	0	0	0	0	\$0.00
2014 2q	35	335,445	0	0.0%	0	0	0	0	0	\$0.00
2014 1q	35	335,445	0	0.0%	0	0	0	0	0	\$7.00
2013 4q	35	335,445	0	0.0%	0	0	0	0	0	\$7.00
2013 3q	35	335,445	0	0.0%	0	0	0	0	0	\$7.00
2013 2q	35	335,445	0	0.0%	0	0	0	0	0	\$7.00

Source: CoStar Property®