

# Special Features

## A View From The Field: Las Colinas

By Michael B. Brashears  
Market Director  
BRADFORD COMPANIES



*Michael Brashears currently serves as a Market Director of Office Marketing and specializes in the Irving/Las Colinas/Stemmons Corridor markets focusing on office and technology leasing and brokerage.*

*Mr. Brashears has held project manager responsibilities for multiple office properties and has completed over 50 transactions exceeding \$15,000,000 in lease value.*

*Prior to joining Bradford Companies, Michael worked with John Bowles Company and Koll Real Estate Services in a project leasing capacity. He has represented various owners from large institutional, such as Farmers Insurance, to other individual entrepreneurial ownerships, both locally and nationally. Mr. Brashears graduated from Georgia State University with a BBA in Real Estate and is an active member of NTCAR.*

The Las Colinas Office Submarket is conveniently located in the heart of the Metroplex, just west of D/FW International Airport. A beautifully landscaped development consisting of over 12,000 acres nestled between LBJ and John Carpenter Freeway, this prime location provides vital and ready access. This area offers close proximity to major transportation routes, an ample workforce, an abundance of hotels, retail, restaurants and entertainment, and DFW International.

The Las Colinas Office Submarket first quarter of 2005 saw little change in market trends over the last 12 months. Costar reports the first quarter of 2005 vacancy rate climbed 1.6% to 26.4%. The vacancy rate for the last 6 quarters had hovered between 24.8% and 26.8%. Las Colinas submarket is lower than the D/FW vacancy rate of 19.7%, which was unchanged for the second quarter in a row.

First Quarter 2005 figures report the net absorption rate for the Las Colinas Submarket to be a negative 288,312 square feet, ending 5 consecutive quarters of positive absorption for the submarket. This negative absorption is chiefly attributed to several planned moves by larger tenants in the market, Verizon and Sky Chefs represent almost 280,000 square feet of negative absorption alone.

The Las Colinas Submarket consists of 186 multi-tenant buildings with a total yield of 23,958,857 square feet of leasable office space. The Class "A" Buildings, with 51 properties, contain 12,361,702 square feet; 123 Class "B" properties contain 10,848,690 square feet; and the 14 Class "C" properties contain only 748,465 square feet. In addition, there are 39 owner occupied building in Las Colinas containing 6,625,388 square feet. For a total of 30,584,245 square feet in Las Colinas, representing 11.6% of the total Dallas/Fort Worth Office Market.

Rental rates for the beginning of 2005, seem to have leveled off and remain unchanged from 2004. The existing conditions are a result of a long awaited stabilizing of the economy and real estate market. CoStar's first quarter figures indicate Class "A" quoted rental rates for the Las Colinas Submarket are an average of \$19.55/s.f. The reported asking rental rates for Class "B" buildings are an average of \$16.67/s.f. For the smallest sector of Las Colinas, the Class "C" buildings continue to demand an average rate of \$13.77/s.f. The quoted rental rates are offered with other concessions, such as free rent, bonus commissions to brokers, and healthy tenant improvement packages.

With the long awaited strengthening of the economy and record low interest rates, many investors are looking to take advantage of undervalued, vacant assets with the intentions of renovating the assets as the market continues to gain momentum. With Las Colinas' historically strong rental rates and ability to attract quality tenants, it makes the submarket an attractive location for building owners to invest. A perfect example of this can be found at the Atrium@Campus Circle, bought late in 2004 with 25% occupancy the 25 year old building has had a much needed renovation of the interior and exterior of the property. With the upgrades in place buildings built in the 80's can compete with newer buildings in the market.

In conclusion, the Las Colinas Office Market should expect a continuation of a stabilizing market. While economic indicators point to a brighter real estate market, currently, tenants should continue to hold the upper hand to landlords for the remainder of 2005