

## TYLER OFFICE MARKET SURVEY

September, 2016

Burns Commercial Properties has completed its annual survey of the Tyler office market and the results indicate that no dramatic changes have taken place in this segment of the commercial real estate sector.

The survey consists of data compiled from fifty seven buildings which contain a total of 2,244,123 square feet. The overall occupancy rate for the properties surveyed came in at 85.4%, one half of one percent better than the 2015 numbers.

Significantly, the average quoted rates for the properties, decreased by \$0.12 per square foot, showing an average rate of \$15.12. The rates are quoted on a gross rent basis, in which the Landlord pays for all utilities, janitorial service, maintenance, taxes, and insurance. There is a total of 327,288 square feet of space currently available in the market.

The most pronounced change was found in the downtown office sector, which experienced a decline in occupancy from 80.7% to 78.3%. The average asking rate in this portion of the market is \$13.05 per square foot.

In the South Tyler market, the occupancy rate is 89.1%, a two percent improvement over last year. Rates were down slightly in this area, with an average of \$15.85 per square foot.

Class A buildings improved their occupancy levels slightly, ending at 87.1%. Rates were virtually unchanged, down to \$19.98 per square foot from \$20.04 last year.

Class B buildings are 84.3% occupied, up from 83.1% last year. Rates dropped from \$14.25 to \$13.93 per square foot.

Class C buildings fared worse, dropping by 4.8% to an occupancy level of 84.0% overall. Rates were virtually unchanged at \$12.50 per square foot.

The office market has been negatively affected by the slowdown in the energy sector plus the increased use of technology, which makes it possible to achieve the same output level with fewer employees, while allowing companies to place more workers per square foot. Additionally, more people are working from home which is also a result of technological changes.

Thanks to the building owners, managers, and leasing agents who supplied the information used to complete this report, and to Peggie Jenkins for compiling it.

Taylor Burns

Table 1

**TYLER OFFICE MARKET SURVEY  
SEPTEMBER 2016**

**Total Office Market Statistics**

Number of Buildings:	57
Total Square Feet:	2,244,123
Total Vacant Square Feet:	327,288
Overall Occupancy Rate:	85.4%
Average Annual Rental Rate Per SF:	\$15.12

**Tyler CBD (Downtown) Office Market Statistics**

Number of Buildings:	14
Total Square Feet:	760,945
Total Vacant Square Feet:	165,376
Occupancy Rate:	78.3%
Average Annual Rental Rate Per SF:	\$13.05

**Tyler Suburban (South Tyler) Office Market Statistics**

Number of Buildings:	43
Total Square Feet:	1,483,178
Total Vacant Square Feet:	161,912
Occupancy Rate:	89.1%
Average Annual Rental Rate Per SF:	\$15.85

Table 2

**TYLER OFFICE MARKET SURVEY  
SEPTEMBER 2016**

**Class A**

Number of Buildings:	14	
Total Square Feet:		885,837
Total Vacant Square Feet:		113,732
Occupancy Rate:		87.1%
Average Annual Rental Rate Per SF:		\$19.98

**Class B**

Number of Buildings:	33	
Total Square Feet:		1,179,732
Total Vacant Square Feet:		185,100
Occupancy Rate:		84.3%
Average Annual Rental Rate Per SF:		\$13.93

**Class C**

Number of Buildings:	10	
Total Square Feet:		178,554
Total Vacant Square Feet:		28,456
Occupancy Rate:		84.0%
Average Annual Rental Rate Per SF:		\$12.50

## BURNS COMMERCIAL PROPERTIES 2016 OFFICE MARKET SURVEY, TYLER, TEXAS

CITY: Tyler

MARKET: Central Business District (Downtown)

DATE: September, 2016

BUILDING/ADDRESS OWNER	TOTAL SIZE IN SF	NUMBER OF FLOORS	PERCENT OCCUPIED	TOTAL SPACE AVAILABLE	LARGEST CONTIGUOUS AVAILABLE	ANNUAL BASE RENT	COMMON		BLDG CLASS	CONTACT
							AREA ADD-ON FACTOR	EXPENSE STOP		
<i>Tyler CBD Office Market</i>										
<b>First Place</b> 100 E. Ferguson Street Crest Properties, Ltd.	187,060	12	91%	16,057	6,548	\$16.00 - \$18.00	10.8%	\$9.48	A	Allen Bell Allen Bell Property Svcs. 903/595-2805
<b>Plaza Tower</b> 110 N. College Avenue Genecov Group	209,524	19	72%	60,597 (incl 8,904 sf in basement)	11,086	\$16.50 - \$17.00	11.4%	Base Yr.	A	Taylor Burns Burns Commercial Properties 903/534-1200
<b>200 Broadway Center (KLTV BLDG)</b> 105 W. Ferguson Street TV-3, Inc.	54,904	4	62%	20,592	10,296	\$13.00	N/A	Base Yr.	B	Taylor Burns Burns Commercial Properties 903/534-1200
<b>Tyler Office Center</b> 120 S. Broadway Avenue Individual	17,000	2	71%	4,900	3,000	\$10.50	N/A	None	B	Art Mullan Signature Management, Inc. 903/526-0880
<b>United Heritage Bldg.</b> 522 S. Broadway Avenue Woldert Rentals, LLC	13,252	2	71%	3,900	1,492	\$10.00	5.0%	Base Yr.	B	Robert Means Investment Real Estate Svcs. 903/594-8880
<b>People's Petroleum Building</b> 102 N. College Avenue People's Petroleum Bldg., LLC	76,305	15	74%	20,004	11,476	\$16.00	16.0%	Base Yr.	B	Andy Bergfeld Bergfeld Realty 903/592-1032
<b>The Energy Center</b> 719 W. Front Street Briarwood Group, Ltd.	41,560	3	85%	8,310	1,000	\$12.00	N/A	None	C	Martin Heines Martin Heines Real Estate 903/593-2367
<b>Fountain Square</b> 401 E. Front Street Briarwood Group, Ltd.	29,484	2	90%	3,500	1,200	\$11.00	N/A	None	C	Martin Heines Martin Heines Real Estate 903/593-2367
<b>Blackstone Building</b> 315 N. Broadway Avenue Tyler Chamber of Commerce	26,620	6	100%	0	0	\$13.00	20.9%	\$6.76	B	Allen Bell Allen Bell Property Svcs. 903/595-2805

BUILDING/ADDRESS OWNER	TOTAL SIZE IN SF	NUMBER OF FLOORS	PERCENT OCCUPIED	TOTAL SPACE AVAILABLE	LARGEST CONTIGUOUS AVAILABLE	ANNUAL BASE RENT	COMMON		EXPENSE STOP	BLDG CLASS	CONTACT
							AREA ADD-ON FACTOR				
<i>Tyler CBD Office Market</i>											
<b>122 South College Building</b> 122 S. College Avenue Whitehurst & Smith	6,028	2	0%	6,028	6,028	\$10.00	N/A	None		C	Bill Whitehurst 903/595-0470
<b>Wadel-Connally</b> 112 E. Line Street BSGJ1, LLC	30,808	3	89%	3,328	3,740	\$13.00 - \$16.00	17.3%	\$5.26		B	Allen Bell Allen Bell Property Svcs. 903/595-2805
<b>Austin Bank Building</b> 305 S. Broadway Avenue Briarwood Group, Ltd	35,841	12	86%	5,018	1,500	\$12.00	N/A	None		C	Martin Heines Martin Heines Real Estate 903/593-2367
<b>210 South Broadway Building</b> 210 S. Broadway Avenue Broadway Rusty Nail, Ltd.	13,357	2	50%	6,733	1,205	\$13.50	15.0%	Base Yr.		B	Andy Bergfeld Bergfeld Realty 903/592-1032
<b>320 South Broadway Avenue</b> 320 S. Broadway Avenue Metro Asset Management, LLC	19,202	2	67%	6,409	1,315	\$13.50	5.0%	Base Yr.		B	Andy Bergfeld Bergfeld Realty 903/592-1032
<b>Totals For CBD:</b>	<b>760,945</b>		<b>78.3%</b>	<b>165,376</b>		<b>\$13.05 (avg)</b>					

CITY: Tyler  
 MARKET: Suburban  
 DATE: September, 2016

BUILDING/ADDRESS OWNER	TOTAL SIZE IN SF	NUMBER OF FLOORS	PERCENT OCCUPIED	TOTAL SPACE AVAILABLE	LARGEST CONTIGUOUS AVAILABLE	ANNUAL BASE RENT	COMMON	EXPENSE STOP	BLDG CLASS	CONTACT
							AREA ADD-ON FACTOR			
<i>Tyler Suburban Office Market</i>										
<b>One American Center</b> 909 ESE Loop 323 Mesa Loans of Athens, L.P.	113,708	7	88%	13,971	6,023	\$19.00	12.6%	Base Yr.	A	Taylor Burns Burns Commercial Properties 903/534-1200
<b>Two American Center</b> 821 ESE Loop 323 Aberfeldy, Ltd.	94,017	5	100%	0	0	\$17.00 - \$19.00	16.0%	Base Yr.	A	Russell Patterson Patterson Commercial Property 903/597-1800
<b>Grande Centre</b> 6101 S. Broadway Avenue David Lake	90,514	5	100%	0	0	\$20.00 - \$23.00	12.2%	\$7.35	A	Taylor Burns Burns Commercial Properties 903/534-1200
<b>Grande Plaza</b> 212 Grande Blvd. Pyle Properties	57,500	1	90%	5,720	3,110	Negotiable	N/A	N/A	B	Brad Donley Pyle Properties 903/509-8161
<b>Heartland Financial Center</b> 501 Shelley Drive Hibbs Financial	58,578	2	100%	0	0	Negotiable	15.0%	Base Yr.	A	Brig North Heartland SIG 903/266-5647
<b>Woodgate Centre</b> 1001 ESE Loop 323 Woodgate Centre, LLC	95,007	4	86%	13,391	5,949	\$16.00	13.2%	Base Yr.	B	Glenn Eikner Burns Commercial Properties 903/534-1200
<b>Paluxy Square</b> 3800 Paluxy Drive Genecov Group	79,438	1	69%	24,578	5,091	\$12.50 - \$14.50	N/A	Base Yr.	B	Aaron Uncapher Burns Commercial Properties 903/534-1200
<b>Commerce Square</b> 3334 SSW Loop 323 Wynne Interests	73,165	1	83%	12,081	3,020	\$11.10	N/A	None	B	James Wynne, III Commerce Square Corp. 903/509-9795
<b>Oak Plaza Building</b> 3300, 3304 & 3310 S. Broadway Roosth Properties	59,610	2	80%	11,795	5,157	\$16.00	13.5%	\$6.04	B	Dan Spivey Roosth Properties 903/593-8333
<b>Shiloh Office Park</b> 921 Shiloh Road Aberfeldy, Ltd.	22,131	1	100%	0	0	\$13.50 Net Elec/Janitorial	N/A	Base Yr.	B	Russell Patterson Patterson Commercial Property 903/597-1800

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							AREA ADD-ON FACTOR				
<i>Tyler Suburban Office Market</i>											
<b>Independence Center</b> 100 Independence Place Genecov Group	54,337	4	93%	4,031	2,000	\$13.50	15.0%		Base Yr.	B	Don Simmons Simmons Real Estate 903/581-5858
<b>Alpha Centre</b> 3200 Troup Highway Aberfeldy, Ltd.	45,632	3	82%	8,005	2,880	\$14.00	20.0%		Base Yr.	B	Russell Patterson Patterson Commercial Property 903/597-1800
<b>Atriums</b> 1820 Shiloh Road Aberfeldy, Ltd.	39,086	1	95%	1,759	1,086	\$12.50	15.0%		Base Yr.	B	Russell Patterson Patterson Commercial Property 903/597-1800
<b>Southeast Center</b> 3301 Troup Highway Roosth Properties	38,757	4	80%	7,873	3,823	\$16.00 - \$18.00	13.5%	\$6.61		A	Dan Spivey Roosth Properties 903/593-8333
<b>Southpark Centre</b> 1828 ESE Loop 323 Negem Investments, LLC	48,309	3.5	97%	1,325	1,325	\$15.50 - \$17.00	11.0%		Base Yr.	B	Glenn Eikner Burns Commercial Properties 903/534-1200
<b>Scottish Highlands Office</b> Highway 110 S. at Kensington Genecov Group	33,002	1	90%	3,253	1,716	\$14.00 Net of Utilities		N/A	Base Yr.	B	Glenn Eikner Burns Commercial Properties 903/534-1200
<b>Oakglen Office Building</b> 5620 Old Bullard Road Harbor Properties	14,463	1	96%	705	705	\$14.00	15.0%		Base Yr.	B	Carrie Johnson Harbor Properties 888/792-0308
<b>Threlkeld Building</b> 515 WSW Loop 323	15,929	2	100%	0	0	\$15.00		N/A	None	B	Don Robert Johnson Trust Property Mgmt. 903/581-6560
<b>Atelier Office Buildings</b> 3800 Old Bullard Road Harbor Properties	13,960	1	100%	0	0	\$13.72*		N/A	Base Yr.	B	Carrie Johnson Harbor Properties 888/792-0308

\* Tenant pays for certain charges such as utilities and/or janitorial. Rate shown includes an estimate for these services.

BUILDING/ADDRESS OWNER	TOTAL SIZE IN SF	NUMBER OF FLOORS	PERCENT OCCUPIED	TOTAL SPACE AVAILABLE	LARGEST CONTIGUOUS AVAILABLE	ANNUAL BASE RENT	COMMON AREA ADD-ON FACTOR	EXPENSE STOP	BLDG CLASS	CONTACT
<i>Tyler Suburban Office Market</i>										
<b>Bullard Road Square</b> 5604 Old Bullard Road Harbor Properties	14,114	1	100%	0	0	\$12.00*	N/A	Base Yr.	C	Carrie Johnson Harbor Properties 888/792-0308
<b>Woodgate I</b> 1121 ESE Loop 323 CG Investments, LP	32,776	1	100%	0	0	\$13.25	N/A	N/A	B	Brian Burks Landbridge Commercial 903/352-3000
<b>Woodgate II</b> 1021 ESE Loop 323 Flowers Davis PLLC	33,040	1	95%	1,501	1,501	\$14.50	15.0%	Base Yr.	B	Russell Patterson Patterson Commercial Property 903/597-1800
<b>Woodgate IV</b> 1101 ESE Loop 323 Copeland Gate, LLC	50,757	1	91%	4,700	2,700	\$14.00	13.6%	\$6.00	B	Don Robert Johnson Trust Property Mgmt. 903/581-6560
<b>Southside Office Building</b> 1324 S. Beckham Pollard-Heines Buildings, LLC	15,837	1	90%	2,000	500	\$12.00	N/A	None	C	Martin Heines Martin Heines Real Estate 903/593-2367
<b>Oak Leaf Building</b> 5528 Old Bullard Road Harbor Properties	12,360	1	100%	0	0	\$12.00*	N/A	\$2.75	C	Carrie Johnson Harbor Properties 888/792-0308
<b>Winchester Office Complex</b> 211-215 Winchester Drive Harbor Properties	12,000	1	100%	0	0	\$12.00	N/A	None	C	Carrie Johnson Harbor Properties 888/792-0308
<b>The Colonial</b> 5935 Old Bullard Road Harbor Properties	10,300	1	100%	0	0	\$13.00	N/A	None	B	Carrie Johnson Harbor Properties 888/792-0308
<b>Highlands Office</b> 2624 Kensington Bob Matush	7,730	1	100%	0	0	\$13.50	N/A	None	C	Bob Matush 903/561-7287

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							AREA ADD-ON FACTOR				
<i>Tyler Suburban Office Market</i>											
<b>Southgate Office Park</b> 720 WSW Loop 323 Genecov Group	11,893	1	100%	0	0	\$15.00	N/A		Base Yr.	B	Mark Whatley Glenn Eikner Burns Commercial Properties 903/534-1200
<b>Off Broadway II</b> 2301 S. Broadway Avenue Nolan Manziel	22,990	1	0%	22,990	22,990	Negotiable	N/A		N/A	B	Nolan Manziel 903/592-4315
<b>Pruitt Place Building</b> 1015 Pruitt Place Abby Development	10,000	1	55%	4,500	4,500	\$15.50 NNN	N/A		N/A	A	Don Carroll Landbridge Commercial 903/561-9527
<b>1014 Pruitt Place</b> Abby Development Building 1	8,000	1	100%	0	0	\$15.50 NNN	N/A		N/A	A	Don Carroll Landbridge Commercial 903/561-9527
<b>1014 Pruitt Place</b> Abby Development Building 2	12,000	1	100%	0	0	\$15.50 NNN	N/A		N/A	A	Don Carroll Landbridge Commercial 903/561-9527
<b>Old Jacksonville Professional Park</b> 6760 & 6770 Old Jacksonville Road Abby Development	20,000	1	100%	0	0	\$15.50 NNN	N/A		N/A	A	Don Carroll Landbridge Commercial 903/561-9527
<b>Regions Bank Building</b> 1000 WSW Loop 323 WSW Loop Partners, LLC	12,367	1	100%	0	0	\$15.50	N/A		Base Yr.	B	Taylor Burns Burns Commercial Properties 903/534-1200
<b>Jordan Plaza</b> 104-115 Jordan Plaza Blvd. Verian Investments, LP	40,000	1	94%	2,400	2,400	\$11.00	\$3.60/SF		N/A	B	Brian Burks Landbridge Commercial 903/352-3000
<b>Kinsey Plaza</b> 1420 WSW Loop 323 ETX Tyler Properties	26,592	1	96%	1,000	1,000	\$12.00	N/A		N/A	B	Marc Ivy Bridgewater Realty 903/530-1984

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							AREA ADD-ON FACTOR	EXPENSE STOP		
<i>Tyler Suburban Office Market</i>										
<b>Blue Mountain Office</b> Blue Mountain Blvd. Fleming Properties	7,500	1	67%	2,500	2,000	\$18.00	N/A	N/A	A	Marc Ivy Bridgewater Realty 903/530-1984
<b>Broadway Commons</b> 8288 S. Broadway Andres Alarcon	16,000	1	100%	0	0	\$16.00	N/A	N/A	B	Robert Means Investment Real Estate Svcs. 903/594-8880
<b>Plantation Center</b> 1402-1406 Rice Rd.	20,000	1	100%	0	0	\$14.00 NNN	N/A	N/A	B	Robert Means Investment Real Estate Svcs. 903/594-8880
<b>ETS Building</b> 419 Rice Rd.	3,600	1	0%	3,600	3,600	\$10.00 NNN	N/A	N/A	C	Brian Burks Landbridge Commercial 903/352-3000
<b>Corporate Green Office Park</b> 5751-5767 Eagles Nest Blvd. Phil Burks	19,945	1	100%	0	0	\$16.00 NNN	N/A	N/A	A	Matthew Marshall Drake Real Estate 903/581-3737
<b>Broadway Hills Plaza</b> 7925 S. Broadway, Bldg. 11 CHB Interests, LLC	16,234	2	49%	8,234	7,720	\$16.00 NNN	N/A	N/A	A	Matthew Marshall Drake Real Estate 903/581-3737
<b>Suburban Totals:</b>	<b>1,483,178</b>		<b>89.1%</b>	<b>161,912</b>		<b>\$15.85 (avg)</b>				
<b>Totals For All Properties:</b>	<b>2,244,123</b>		<b>85.4%</b>	<b>327,288</b>		<b>\$15.12 (avg)</b>				