



COLDWELL BANKER COMMERCIAL
FIRST EQUITY, REALTORS
2101 S. COULTER
AMARILLO, TX 79106

BUS. 806 354-3500
FAX 806-356-4077
www.cbcbamarillo.com

Office Market Survey **Amarillo, Texas** **2009**

Introduction:

Coldwell Banker Commercial First Equity, Realtors is pleased to present our sixth annual survey of multi-tenant office properties. The scope of the survey addresses information specific to properties located in the central business district (CBD), of 20,000 leaseable square feet or larger, and the suburban submarket, of 10,000 leaseable square feet or larger, in Amarillo. This survey is designed for use by real estate professionals including brokers, appraisers, lenders, property owners, and managers and investors. It is not intended for consumer use and therefore, contains no consumer-related disclosures and/or disclaimers. Data collection methods, verification of such and related comments and conclusions drawn have been carefully considered. However, Coldwell Banker Commercial First Equity, Realtors makes no representations and/or warranties with respect to the data, comments, or projections contained in the survey. All data collected and reported herein is subject to change without notice.

Scope:

Intent of this survey is to provide a market overview of properties classified for general office use, and does not address specific use properties such as medical offices. Data was compiled as of January 2009 by JonAnn Welch, Office Specialist, with Coldwell Banker Commercial First Equity, Realtors. Survey information was compiled directly through personal visits, email or telephone interviews with property owners, leasing agents, and property management companies. Each of the properties included in the survey were personally inspected to verify occupancy. The survey identified a total of forty-one (41) properties in the Amarillo market that meet the survey criteria of multi-tenanted office buildings within the leaseable square footages identified above.

Occupancy:

General office market occupancy is considered stable compared to the national office market, despite the downturn in the overall national economy. During 2008, citywide occupancy increased to 86.01% from 85.05%. The CBD submarket increased to 85.40% from 83.92% while the suburban submarket decreased slightly to 87.12% from 87.38%. It is not unusual for the total inventory of square footage to vary from year to year in this

survey due to renovation of existing space, change of use, or sale to an owner occupant. During 2008 the CBD experienced a decrease of 107,370 square feet due to the addition of Professional Office Building II and the Maxor Building, and the elimination of Amarillo National Plaza One and Amarillo Data Center. The Suburban submarket increased 34,332 square feet due to adjustments made to buildings previously reported, and the addition of the Happy State Bank building on Soncy. Overall, the Amarillo office market absorbed 7,621 square feet of office space in 2009; 9,394 square feet in the CBD and (1,773) square feet in the Suburban market. Most of the 2008 leasing activity involved tenants moving from one building to another or contracting/expanding their space in current locations.

Local occupancy levels continue to track just above the national office market 2009 third quarter forecast of 83.3% as forecast by the National Association of Realtors' February 2009 *Commercial Real Estate Outlook*.

Rental Rates:

The Amarillo office market is divided into two distinct sub-markets, the central business district (CBD) and the Suburban market. Additionally, office buildings included in these two sub-markets can be classified as class A, B, and C buildings based on age, condition, amenities, etc. No overall rental rate is calculated for the Amarillo office market due to the various locations and classes of buildings. When surveying rental rates in the Amarillo office market, owners or their representatives provide the current "asking rate" for vacant space in the subject property or the rate they would ask if a vacancy existed. At the time the 41 buildings in the Amarillo office market were surveyed, 13 buildings increased asking rates, there were no changes in 24 buildings, and 4 buildings decreased asking rates.

Outlook for 2009:

Unlike previous years, the Amarillo office market is out-performing the national office market by all measurements; occupancy rates, stable rental rates, and positive absorption rates. Local building owners are optimistic, especially if the national economy begins to recover by late 2009.

No new multi-tenant buildings are expected to announce construction starts during 2009, though some smaller owner-occupied space will most likely be built during the year.

Overall, the market analysis suggests Amarillo is on track to weather the storm of the nation's economic crisis better than most. Given the city's diversified employment sectors and strong banking history, Amarillo can expect to recover at a much quicker pace than many in the nation. We see the 2009 office market in Amarillo basically repeating its 2008 performance.