



DALLAS-FORT WORTH
OFFICE MARKET REPORT
1st QUARTER 2025



“

DFW sees long-awaited positive absorption amid a challenging economic climate, signaling resilience in the office market.

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Office Market Conditions

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Economic Conditions

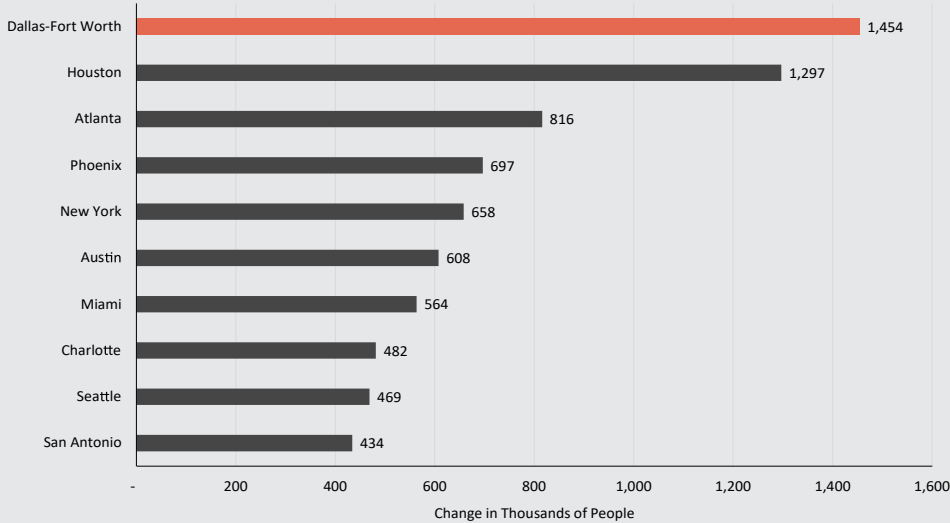
Population and Employment

Texas' largest metropolitan areas continued to lead the nation in population growth in 2024, with Houston, Austin, and Dallas-Fort Worth growing by 2.6%, 2.3%, and 2.2%, respectively. DFW remains a top destination for both residents and businesses, driven by its strong job market, central location, and business-friendly environment. Recent headquarters relocations from KFC and Care.com highlight this momentum, with both companies expected to bring hundreds of jobs to the region. While the metro's diverse economy supports long-term growth and resilience across multiple sectors, ongoing challenges remain. Elevated interest rates and the potential impact of new tariffs could place additional pressure on business expansion, consumer spending, and overall economic conditions moving forward.



Dallas-Fort Worth Population Growth 2014-2024

2024 Population: 8.3 million



Source: U.S. Bureau of Labor Statistics (2024)



10-Year Change

2014-2024

1.5 million people
(21.1% growth)
(Avg. 1.9% annually)



12-Month Change

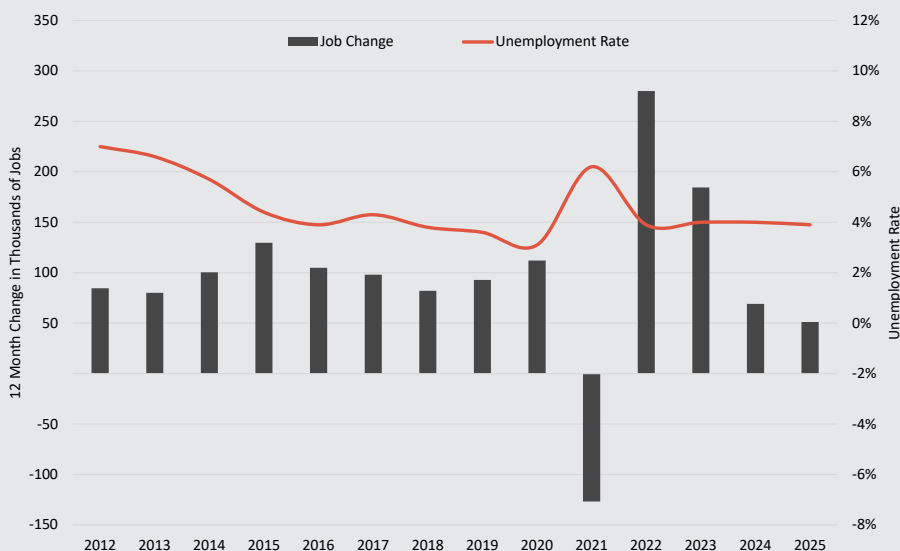
2023-2024

177,922 people
(2.2% growth)

Driven by its relatively low cost of living, economic advantages, and the influx of relocating companies, Dallas-Fort Worth was the leading metro area in the nation for in-migration according to U-Haul's Growth Index. This strong influx of new residents contributed to a population increase of 177,922 in 2024, bringing the total to 8.3 million. As a result, DFW maintained its position as the leading metro area for the largest numerical population gain over the past decade, with Collin, Tarrant, and Denton counties seeing the most growth.

Dallas-Fort Worth Net Job Growth and Unemployment Rate

4.3 million jobs | 3.9% unemployment rate



Source: U.S. Bureau of Labor Statistics



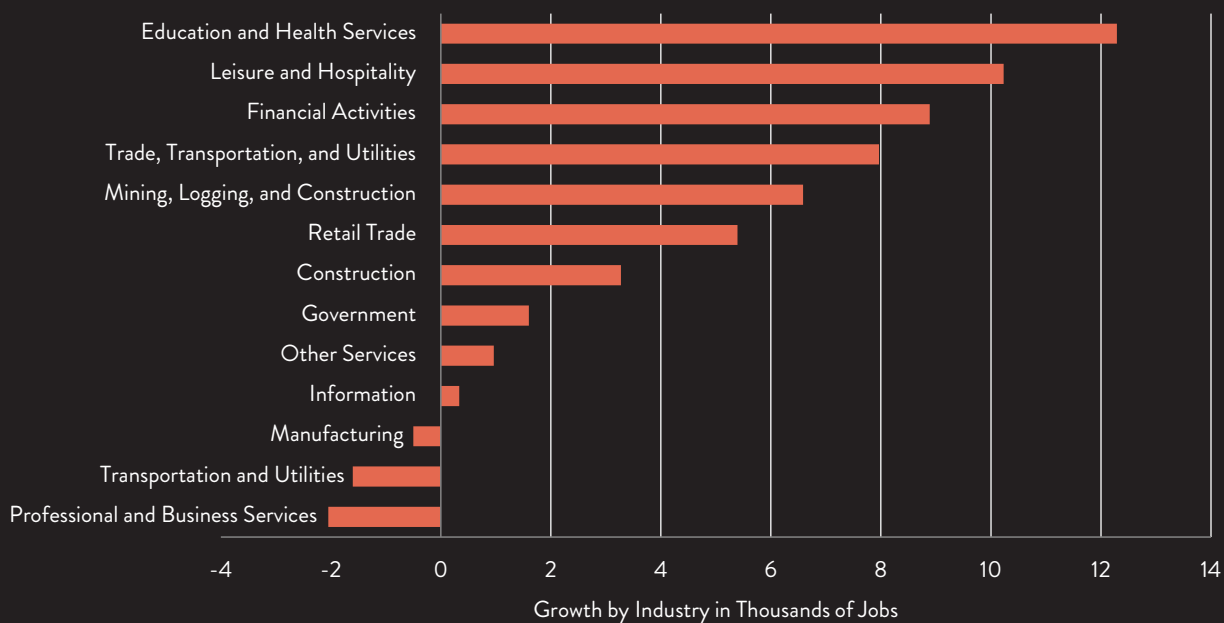
12-Month Job Gains

51,100 jobs
(1.2% growth)

Job growth in the Dallas-Fort Worth metro has moderated over the past 12 months, posting a 1.2% increase. Despite the slowdown, DFW continues to outperform other major metros—ranking first in 5-year job growth with an impressive gain of 458,000 jobs, and second only to New York in 12-month growth, adding 51,100 jobs. The unemployment rate has leveled off at 3.9%, remaining below the national average of 4.2%.



DFW Job Growth By Industry (FEBRUARY '24 - FEBRUARY '25)



Source: Bureau of Labor Statistics

The largest job gains by industry were seen in education and health services, which grew by 2.8% (adding 12,290 jobs), followed by leisure and hospitality with a 2.5% increase (10,230 jobs). According to Moody's Industrial Diversity Index, Dallas–Fort Worth scores 0.80 out of 1.0, placing it among the top five most diverse metros in the nation and making it the most diverse in Texas. A metro with a high industry diversity index is more likely to weather an economic downturn than those dependent on a single industry sector. WARN notices in 2024 declined to 6,710 layoffs across the DFW area, a 32% drop from the previous year. However, 2025 has already seen 4,900 layoffs year-to-date, reaching 73% of last year's total. Nearly half of these stem from the transportation sector, with Southwest Airlines and Allied Aviation announcing 1,750 and 362 layoffs at their Dallas facilities.

Dallas-Fort Worth Accolades

#3

Nationwide
FOR POPULATION GROWTH

Dallas-Fort Worth is one of the nation's fastest-growing regions, driven by strong job and population growth. This has spurred the redevelopment of its central business districts, with mixed-use developments combining residential, office, and retail spaces in upscale urban areas.



THE COST OF DOING BUSINESS

The Dallas-Fort Worth (DFW) area is a top business destination, offering a low cost of living, a business-friendly environment, and a strong workforce. While Dallas' business costs are on par with the national average, Fort Worth's are 3% lower due to lower taxes, labor, rent, and energy expenses. Recent population growth is also driving economic and commercial real estate growth in the region.

#1

IN THE COUNTRY
FOR 5-YEAR JOB GROWTH
(493.5 million jobs)

#1

TOP CITY
TO MOVE A COMPANY

Dallas-Fort Worth is the top city in the country for relocating a business.

2025 HQ Relocation ANNOUNCEMENTS



Dallas-Fort Worth is one of two regions in the U.S. to host two Fortune 10 companies, globally only Beijing and Seattle are home to more. Revenues earned by Fortune 500 companies located in DFW total \$1.4 trillion.

22

Fortune 500
HEADQUARTERS

As of 2024 Dallas-Fort Worth has 22 Fortune 500 company headquarters and 6 headquarters among the global 500 companies.



DFW's Global Center

3rd

Busiest airport
in the world

Dallas-Fort Worth International Airport is an economic engine for the region, generating \$38 billion in economic impact, supporting 634,000 full-time jobs and attracting \$24B in visitor spending.

As of 2024, Dallas-Fort Worth International Airport is the third-busiest airport globally. Its central location ensures all major U.S. cities are under four hours away by air. It remains one of Texas' two international gateway airports.



240K

Daily Passengers



12.4M

International
Passengers



818k

Total Cargo
(in U.S. tons)

Office Market Conditions

Supply and Demand

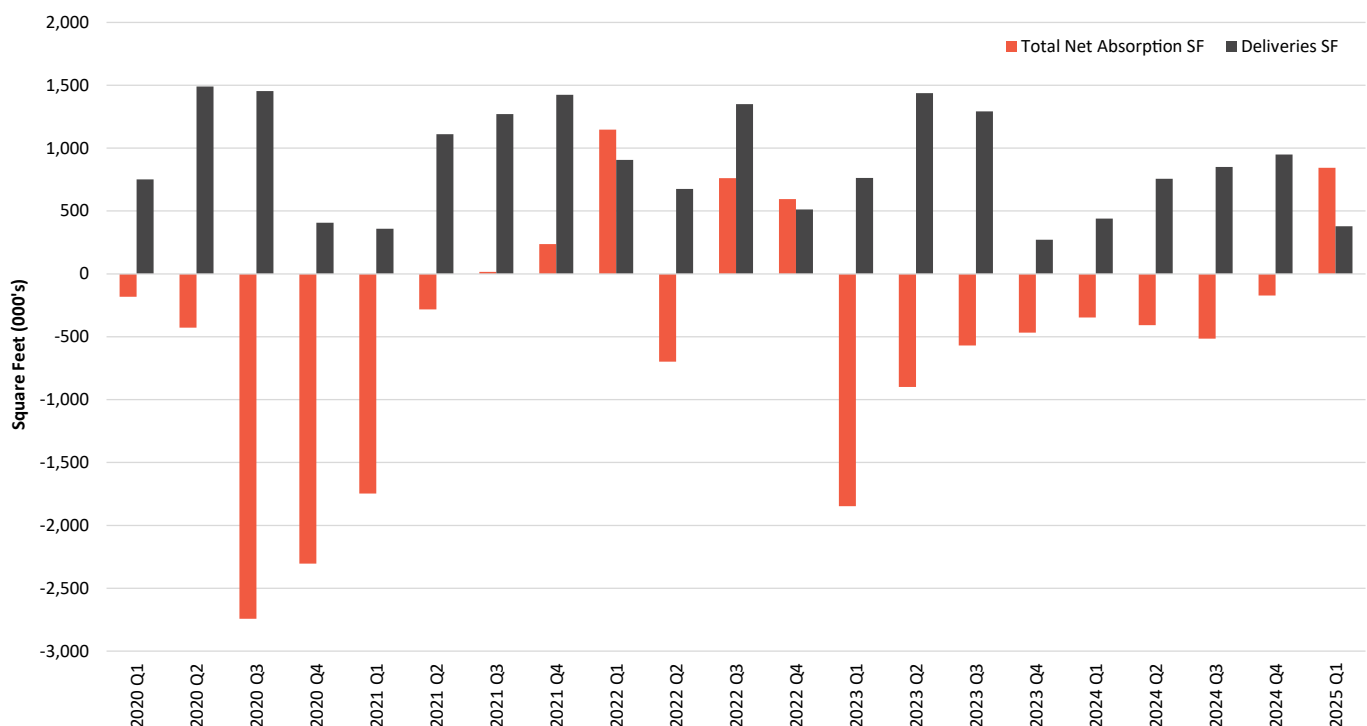
Overall net absorption for the first quarter was positive for the first time in over two years at 842,989 SF. Class A product led the turnaround, specifically in the Far North Dallas submarket where nearly 50% of the positive absorption was captured. Most notably for the submarket and DFW as a whole, TIAA's final phase of occupancy at The Star Phase V brought the greatest positive impact on absorption. In contrast, the Dallas CBD continues to experience elevated move-out activity, leading the submarkets in negative absorption—largely due to EnLink Midstream's downsizing at One Arts—and repeatedly holds the highest vacancy rate at 28.5%.

Although the decline was slight at just 0.1% from the previous quarter, overall vacancy in DFW fell for the first time in three years, now standing at 22.5%. While Class A product was responsible for the decrease, it still holds the highest rate of vacancy at 25.4% compared to all other classes, greatly due to corporate rightsizing, large campus vacancies, and recent speculative deliveries. Existing Class A product is expected to lease-up, as the remaining construction pipeline is dominated by build-to-suit projects rather than speculative developments.

Sublease availability declined 5.7% year-over-year to 9.4 million SF. At the close of 2024, sublease inventory reached its lowest level since 2021 at 8.7 million SF. However, the addition of Pioneer Natural Resources' 1.2 million SF headquarters in Las Colinas—following its acquisition and subsequent layoffs by ExxonMobil—drove an 8.2% quarter-over-quarter increase.

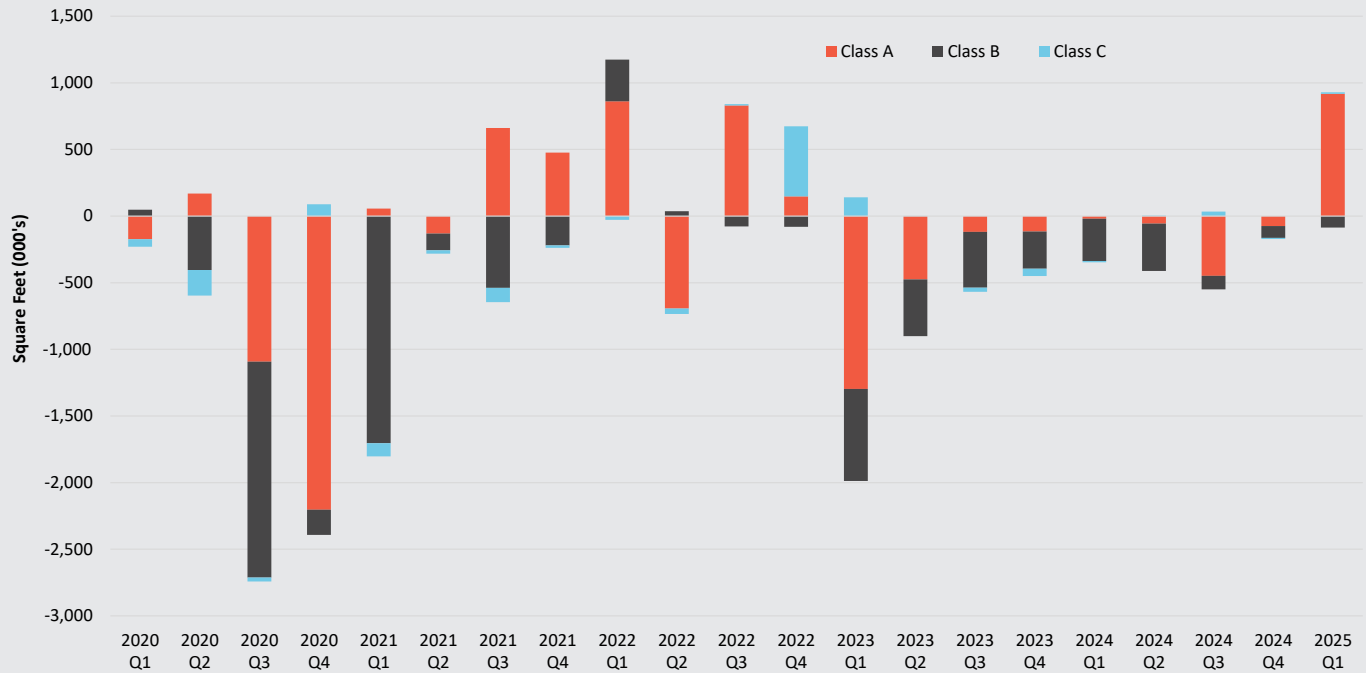
The number of active tenants in the market for spaces 15,000 SF and larger has increased steadily since 2023 in both number of tenants and size required to 59 active deals and a total of 4.0 million SF required.

Net Absorption & Deliveries

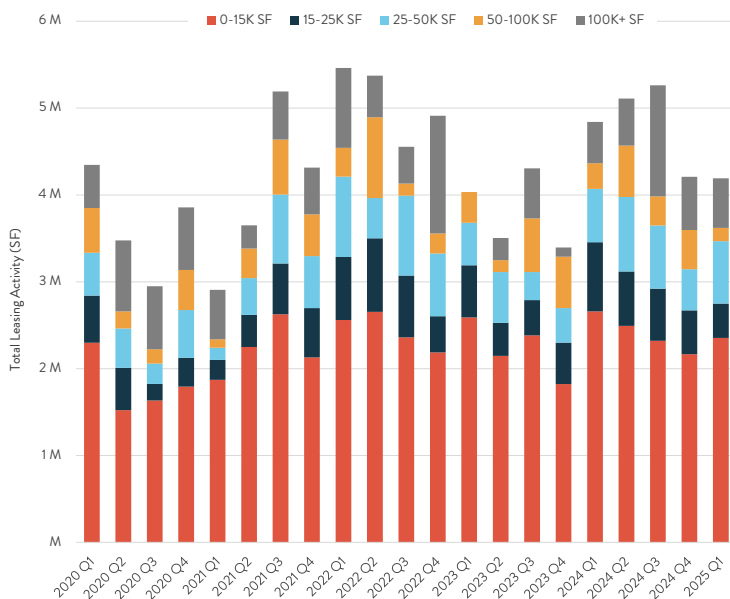


Class Net Absorption

In contrast to last quarter, Class A properties drove nearly all positive net absorption in Q1, totaling close to 1 million SF of move-ins. Of the overall 842,989 square feet of positive absorption, 97.2% came from Class A buildings constructed in 2015 or later. Meanwhile, Class B properties were solely responsible for the negative absorption this quarter, posting a net loss of 85,726 square feet.



Leasing Activity



Leasing activity remained relatively stable quarter-over-quarter, dipping just 0.4% to 4.2 million SF. Despite the slight decline in volume, the number of deals signed rose by 14.6%, driven largely by an increase in smaller leases with deals under 15,000 square feet accounting for 94.7% of all leases signed in Q1. Notable large leases included GEICO, WeWork (on behalf of Amazon), and Sally Beauty, each signing deals over 100,000 square feet in Richardson, Irving, and Plano, respectively. While layoff announcements continue to surface, these large-scale campus commitments could help offset some of that impact with GEICO alone expecting to add 1,500 jobs.

Q1 2025 NOTABLE LEASES

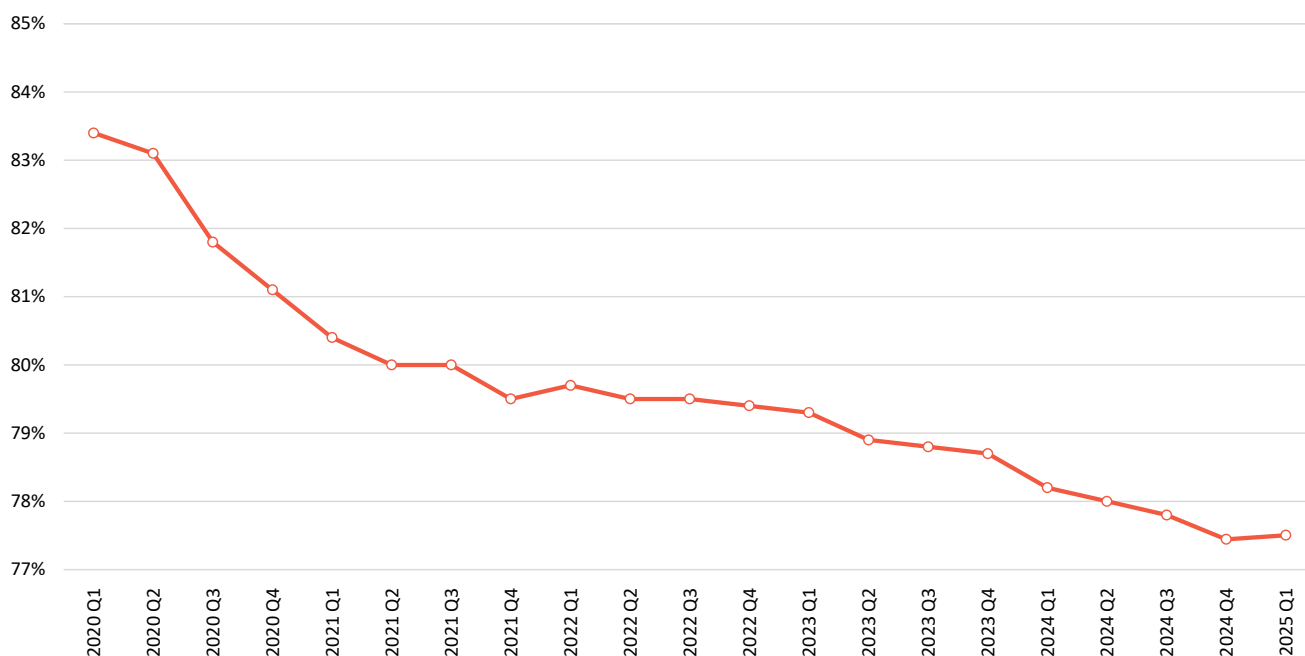
Tenant	Deal Size	Type	Building	Submarket
GEICO	165,107	New Lease	Galatyn Commons B	Richardson
WeWork/Amazon	154,546	New Lease	The Apex at Las Colinas - A	Las Colinas
Sally Beauty Supply	139,068	New Lease	Liberty Mutual Campus	Far North Dallas
United Football League	111,409	New Lease	1401 Nolan Ryan	Arlington/Mansfield
Lockton Companies	99,801	New Lease	Victory Commons One	Uptown/Turtle Creek
Lockton Companies	52,961	New Lease	Granite Park Six	Far North Dallas
JPMorgan Chase	50,000	New Lease	Crescent Offices West	Southwest Ft Worth
Wells Fargo Bank	39,000	New Lease	The Offices at Clearfork	Southwest Ft Worth
Simpson Strong-Tie	38,372	New Lease	Granite Park Six	Far North Dallas
Chobani	28,674	New Lease	Tower at Hall Park	Far North Dallas



Occupancy Trends

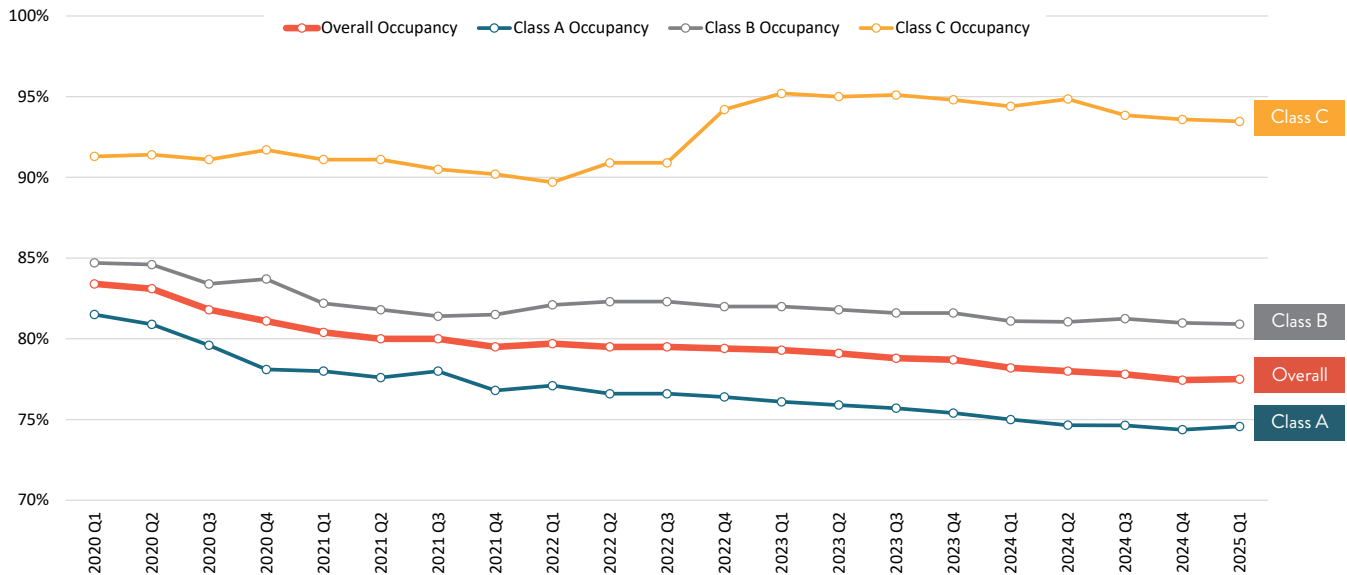
Office occupancy across the Metroplex edged up 0.1 percentage points quarter-over-quarter to 77.5%—the first increase since Q1 2022. Preston Center led all submarkets with a Q1 occupancy rate of 91.7%, while also posting one of the region’s highest asking rents, second only to Uptown/Turtle Creek, where development activity remains robust. On the other end of the spectrum, Dallas CBD continued to report the lowest occupancy at 71.5%. With more than half its office inventory dating back to the 1980s, the submarket’s aging buildings and growing tenant preference for high-quality, amenity-rich spaces have driven many occupiers to downsize or relocate to newer offerings in other areas. While return-to-office mandates may help drive further occupancy gains, looming uncertainties—such as potential tariffs and shifting corporate real estate strategies—make it difficult to predict if occupancy will continue trending upward through the remainder of 2025.

Occupancy Trends



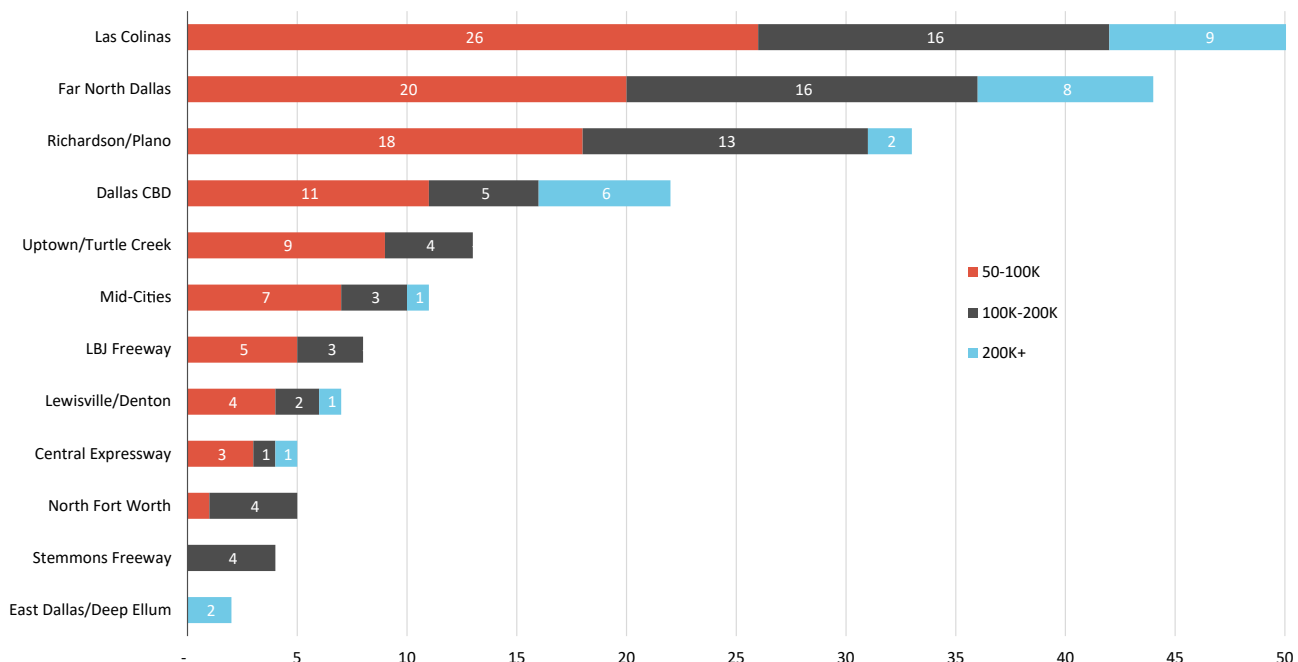
Class A office occupancy in Dallas-Fort Worth remains the lowest among all classes, standing at 74.6%. This is largely due to a significant influx of new construction, contributing to one of the largest office development pipelines in the country. However, with build-to-suit projects comprising the majority of the new developments and 83.0% of the current construction already pre-leased, Class A occupancy may experience some relief in the near future.

Class Occupancy



Two major campus additions this quarter solidified Las Colinas' position as the submarket with the most large blocks on the market. Layoffs at Pioneer Natural Resources' headquarters and Verizon's campus downsizing across the street added 1.4 million SF of available space. Still, the year began with a slight decline in large blocks, totaling 206 blocks of direct and sublease space over 50,000 SF. These trends continue to reflect a market with increasing available space due to corporate downsizing, particularly in submarkets with high concentrations of 1980s-era buildings and single-tenant campuses.

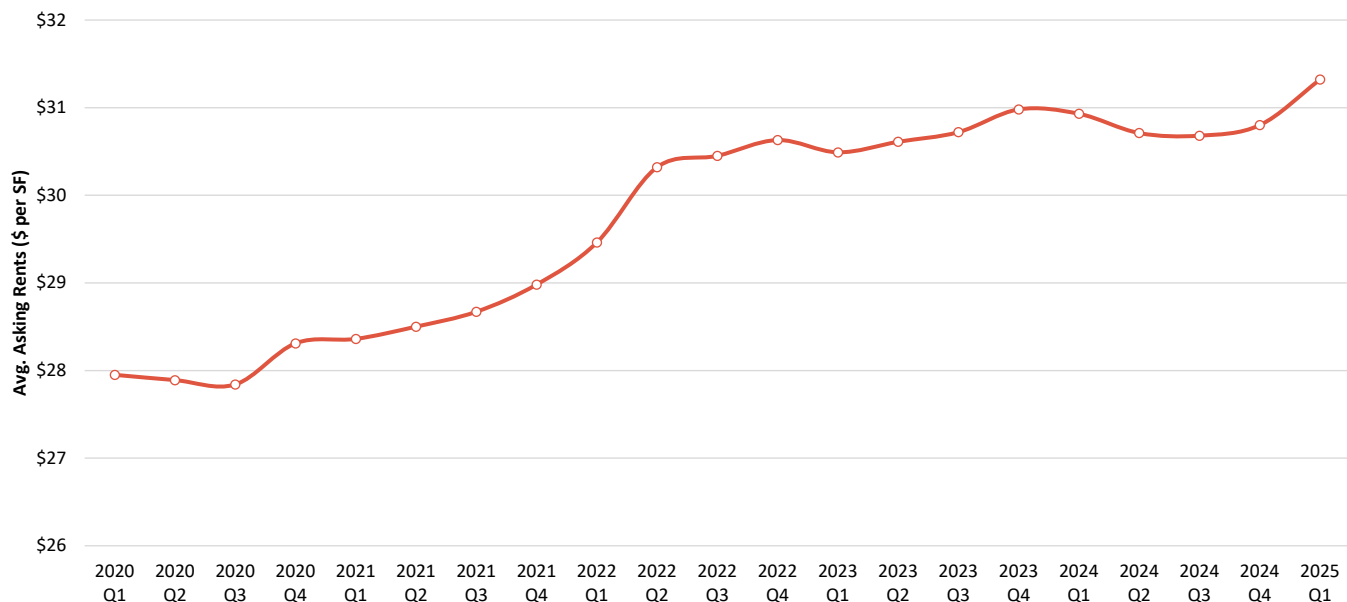
Big Blocks of Space



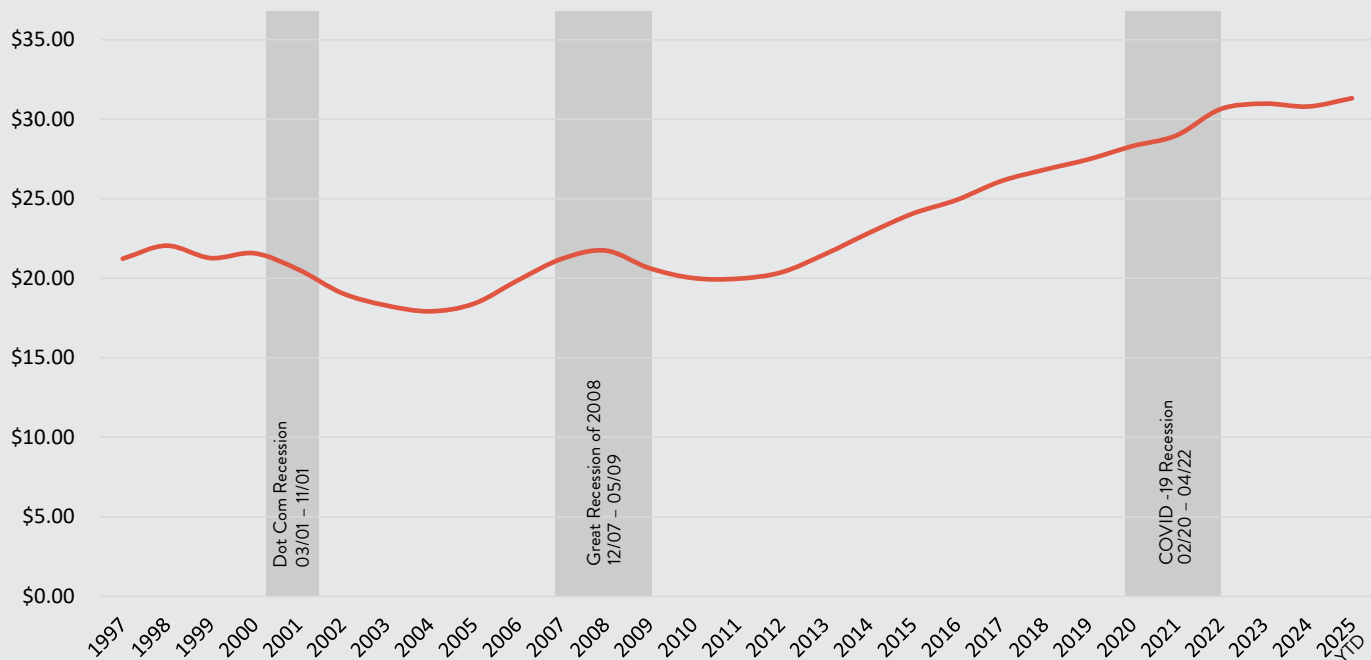
Rental Rate Trends

Average asking rates in DFW experienced the largest quarter-over-quarter increase since Q2 2022, rising 1.7% to \$31.32 PSF (Full-Service Gross). All asset classes saw rate increases this quarter, though the gap between Class A and Class B rates continues to widen. According to the U.S. Bureau of Labor Statistics, construction input prices rose 1.8% during the first two months of 2025. While it's common for producers to raise prices early in the year, proposed tariffs on imported materials could further impact construction costs—potentially driving rental rates higher in the coming quarters.

Rental Rate Trends

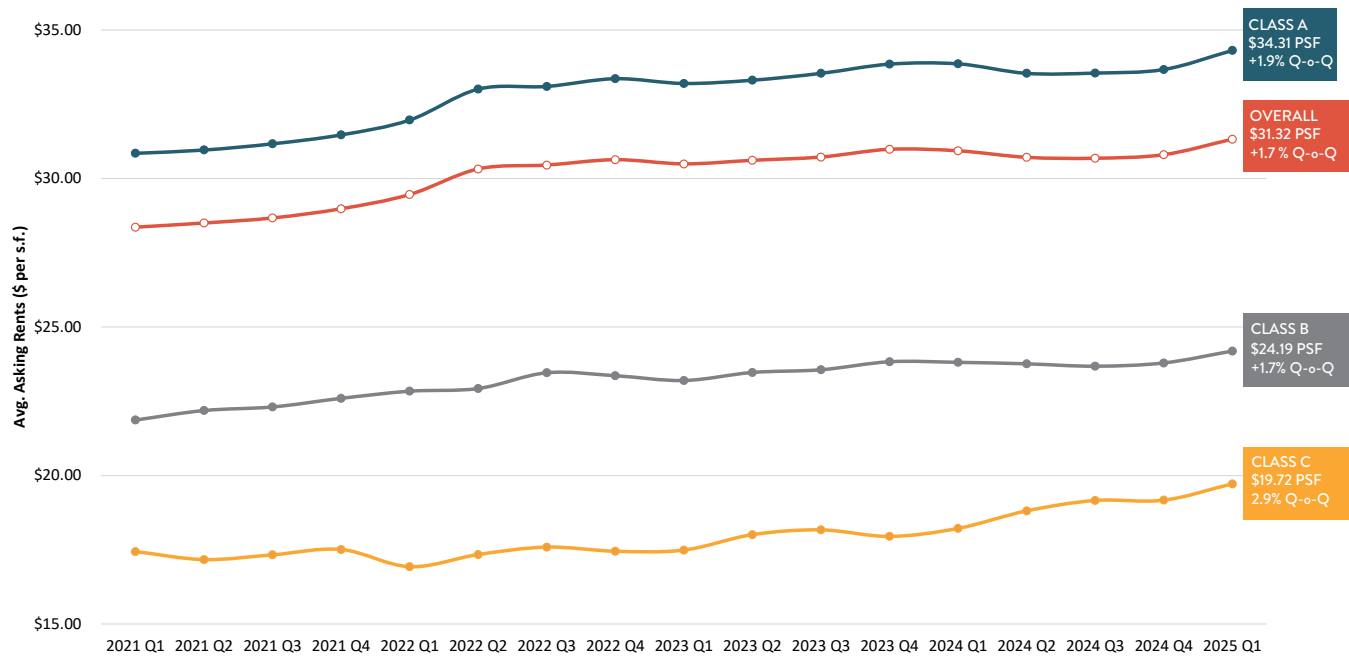


Historical Rents

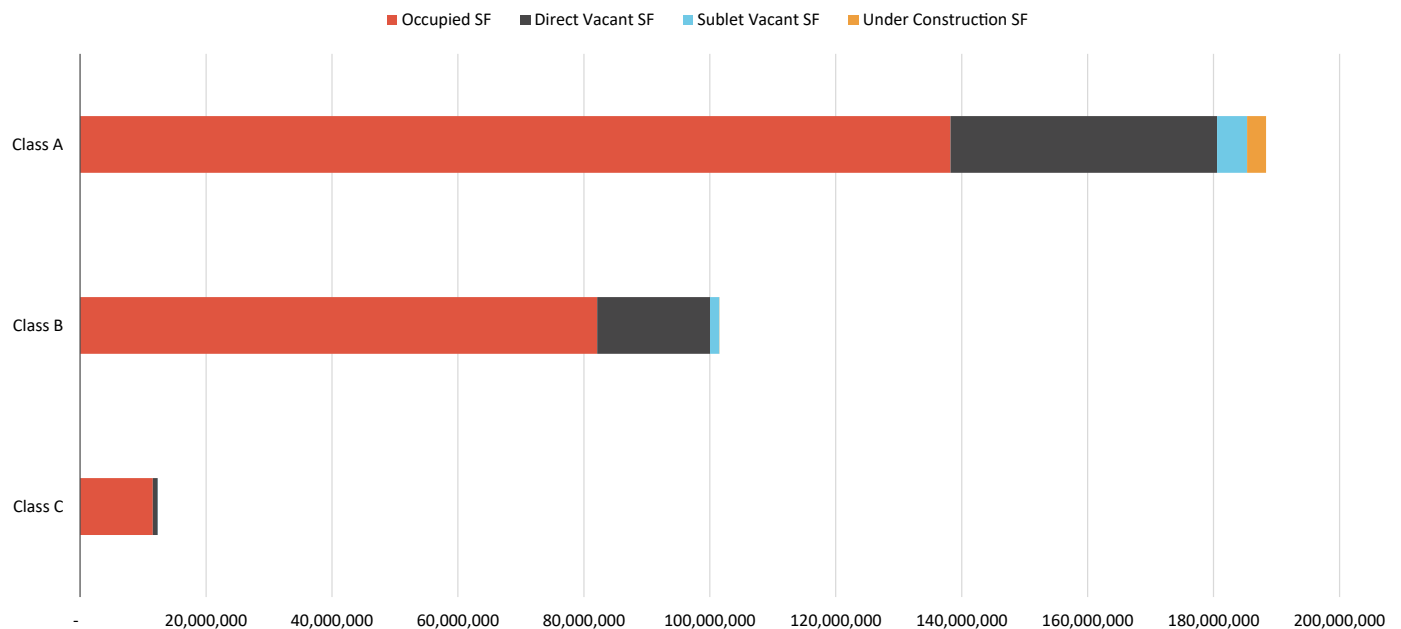


Overall asking rates, which are weighted on available space for all property classes, can be broken down as quarter-over-quarter Class A rate increase of \$0.64, Class B rate increase of \$0.40, and Class C rate increase of \$0.55.

Class Rental Rates



Key Stats By Property Class (SF)

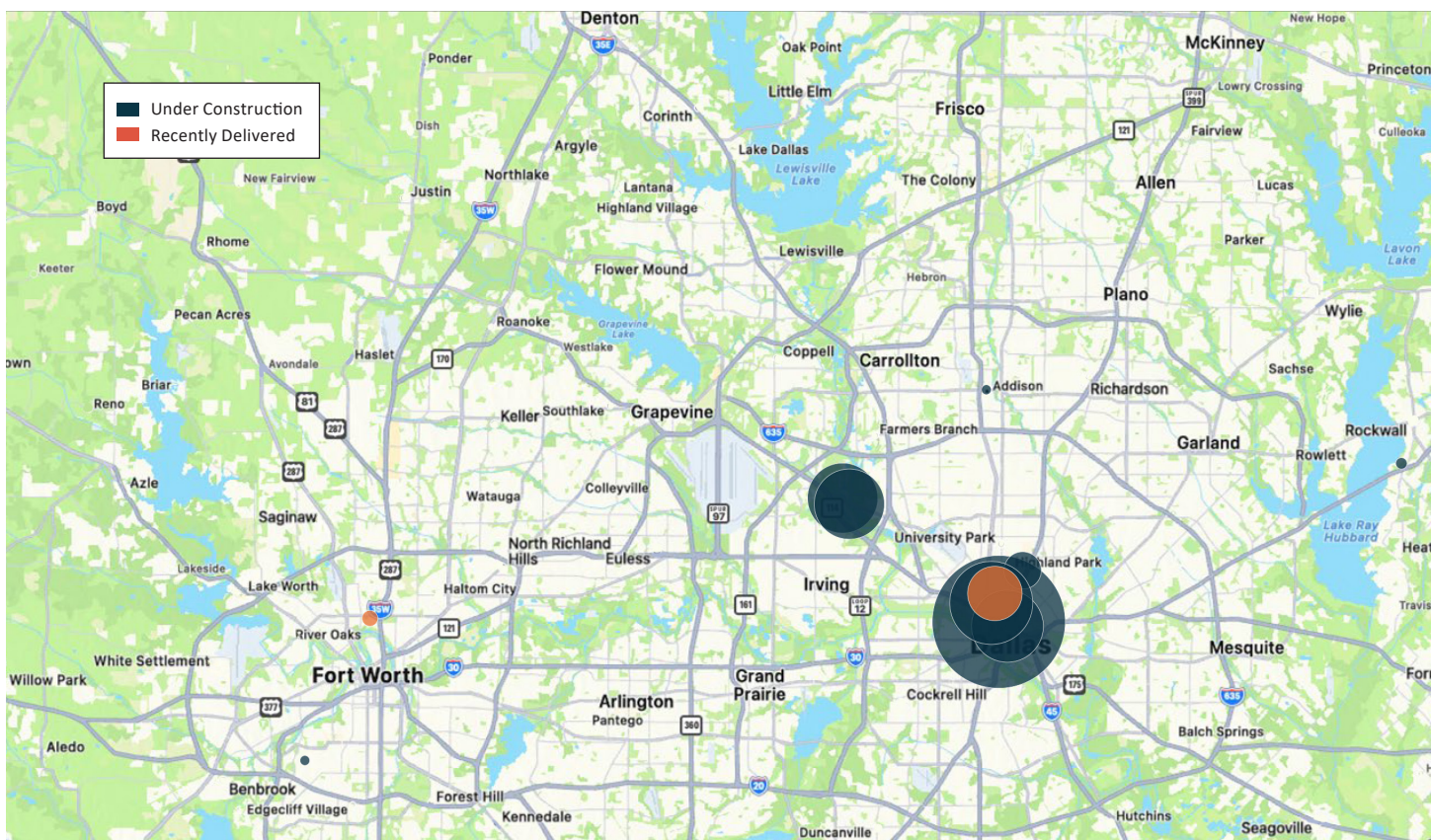
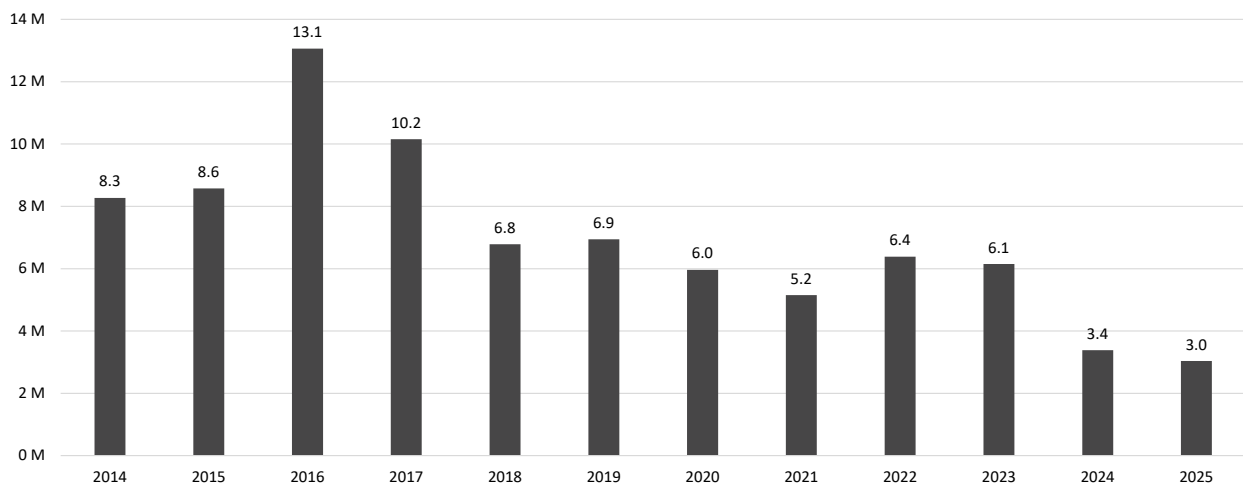


DFW Construction Pipeline

The DFW office construction pipeline has decreased significantly throughout the last decade to its lowest at 3.0 million SF, influenced by high interest rates, market saturation, and negative sentiment towards the office sector. However, targeted development persists in select areas with sustained demand like the Uptown/Turtle Creek and Far North Dallas submarkets.

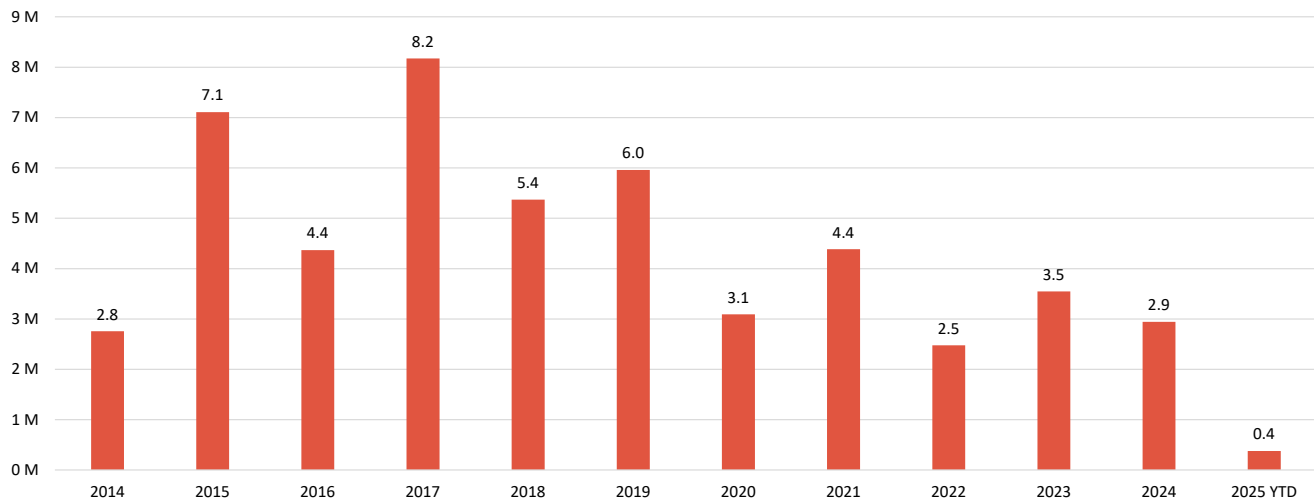
Of the 3.0 million SF of office supply currently underway, 98.0% are build-to-suits and 50.6% are expected to deliver in 2025. Hall Park's Kaleidoscope Park expansion, featuring a 12-story office building, is among the newest projects expected to boost supply within the next 12 months.

Under Construction (SF)



Recent Deliveries (SF)

2025



ARMOUR BUILDING
North Fort Worth (Stockyards)
57,254 RBA
26,839 Max Avail. SF
53.1% Leased
Withheld Rents
U.S. Energy



OLD PARKLAND EAST CAMPUS
Uptown/Turtle Creek
285,000 RBA
130,345 Max Avail. SF
54.3% Leased
Withheld Rents
Crow Holdings

Spec Under Construction



VILLAGE ON THE PARKWAY

Quorum/Bent Tree

27,260 RBA

27,260 Max Avail. SF

100% Leased to Topaz Labs

\$39.00 N

VOP Partners, LLC

Under Construction with Leases



WELLS FARGO CAMPUS I & II

Las Colinas

800,000 RBA

100% Leased

Build-to-Suit

Wells Fargo & Company



23SPRINGS

Uptown/Turtle Creek

626,215 RBA

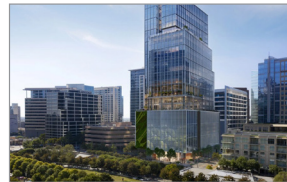
Pre-leased: Bank OZK

172,899 Max Avail. SF

62.1% Leased

\$62.00 - \$68.00 NNN

Granite Properties



BOA TOWER AT PARKSIDE

Uptown/Turtle Creek

500,000 RBA

Pre-leased: BOA

187,272 Max Avail. SF

47.6% Leased

\$70.00 - \$80.00 NNN

PacElm Properties



GOLDMAN SACHS

Uptown/Turtle Creek

702,000 RBA

100% Leased

Build-to-Suit

Hunt Consolidated



KNOX STREET MIXED-USE

Uptown/Turtle Creek

150,000 RBA

Pre-leased: ISN Software

100% Leased

MSD Partners, Trammell

Crow Co., The Retail

Connection and Highland

Park Village Associates

Proposed Construction



KNOX & MCKINNEY

Preston Center
276,919 RBA
276,919 Max Avail. SF
Trammell Crow Co.
BDT & MSD Partners



HALL PARK PHASE II
(Kaleidoscope Park Expansion)
Far North Dallas/Frisco
520,000 RBA
520,000 Max Avail. SF
Hall Group



VERITEX COMMUNITY BANK
Far North Dallas/Frisco
40,000 RBA
17,259 Max Avail. SF
\$45.00 NNN
Veritex Community Bank



KERA/KAIZEN
Uptown/Turtle Creek
400,000 RBA
375,000 Max Avail. SF
Withheld Rents
Kaizen



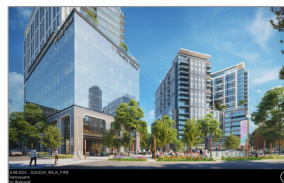
HARWOOD NO. 15
Uptown/Turtle Creek
330,022 RBA
Pre-leased: Jones Day
256,856 Max Avail. SF
Withheld Rents
Harwood International



CRESCENT OFFICES WEST
South Fort Worth
170,000 RBA
120,000 Max Avail. SF
Pre-leased: JPMorgan Chase
Withheld rents
Crescent Real Estate



THE IVY
North Central Expressway
269,472 RBA
191,050 Max Avail. SF
\$75.00 NNN
PacElm Properties



OFFICES AT FIREFLY PARK
Far North Dallas/Frisco
133,000 RBA
133,000 Max Avail. SF
\$46.00 NNN
Wilks Development



SOUTHSTONE YARDS - PH II
Far North Dallas/Frisco
338,000 RBA
Crow Holdings

Capital Markets

The Gulf of America, a Global Trade War, and a partridge in a pear tree... While it's hard to deny that the first quarter of 2025 was anything but uneventful, the market remains riddled with uncertainty. The appetite for office buildings continues to be lukewarm, with price discovery and bid-ask spreads recurring as the dominant themes. Office values are still stuck in base camp, gazing up at the peaks of 2022. With fewer than twenty notable buildings trading in Q1, the mantra "survive until '25" now feels more like "take your licks until '26." That said, there are still silver linings for those willing to look for them. User activity remains strong as owner-occupiers seize the opportunity to capitalize on depressed pricing, filling the void left by a thin buyer pool. Reuse and repurposing are gaining traction, with office-to-industrial conversions leading the charge—when zoning permits, of course.

Additionally, institutional buyers like Spear Street are stepping back into the office sector, recently acquiring a distressed asset (Harwood No. 4). This could very well be the Bat Signal the market has been waiting for. Expect lenders and special servicers to become more active in the second half of the year. Impaired loans can't sit on the sidelines forever, and basis buyers are watching closely, eager to see just how low the limbo stick can go.

Notable 1Q 2025 Office Investment Sales Transactions

- Legacy R&D – BH Properties
- Intellicenter – Capital Commercial
- Harwood No. 4 – Spear Street

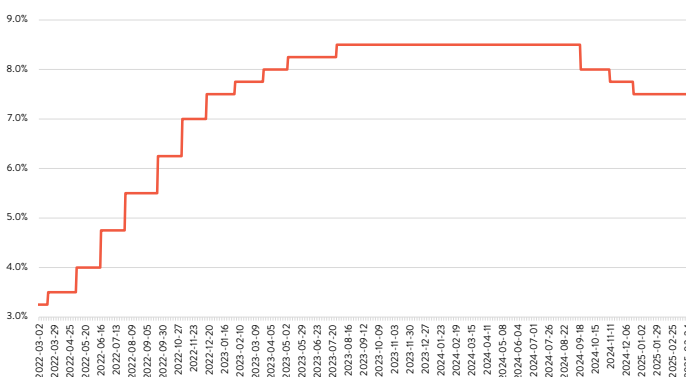
REIT PERFORMANCE JANUARY 2025		
PROPERTY TYPE	AVG. RETURN	NUMBER OF REITs
Single Family Housing	-7.51%	3
Shopping Center	-6.46%	16
Data Center	-4.69%	3
Office	-4.31%	21
Land	-4.00%	3
Diversified	-2.27%	13
Multifamily	-2.01%	12
Infrastructure	-1.92%	5
Hotel	-1.73%	15
Manufactured Housing	-1.19%	3
Self-Storage	-0.81%	5
Triple Net	0.01%	16
Casino	1.20%	2
Advertising	2.54%	2
Health Care	2.77%	17
Malls	3.12%	3
Industrial	4.06%	13
Timber	7.63%	3
REIT Average	-1.29%	155

Source: S&P Global Market Intelligence LLC

10-Year Treasury Bond Rate



Bank Prime Loan Rate Changes: Historical Dates of Changes and Rates



Source: Board of Governors of the Federal Reserve System (US)

Submarkets

SUBMARKET	INVENTORY		VACANCY		NET ABSORPTION SF		COMPLETIONS		UNDER CONSTRUCTION	ASKING RENT
	# OF BLDGS	TOTAL SF	TOTAL SF	RATE	CURRENT QTR	YTD	CURRENT QTR	YTD	AT END OF CURRENT QTR	WTD. AVG. (FS/G)
CENTRAL EXPRESSWAY	76	12,125,035	2,821,974	23.3%	30,266	30,266	0	0	0	\$35.12
DALLAS CBD	88	31,777,883	9,044,682	28.5%	-162,284	-162,284	0	0	0	\$30.63
EAST DALLAS	105	5,386,044	1,066,740	19.8%	6,111	6,111	0	0	20,000	\$32.62
FAR NORTH DALLAS	399	66,215,229	17,285,357	26.1%	413,372	413,372	0	0	27,260*	\$34.38
FORT WORTH CBD	54	9,902,292	1,148,225	11.6%	9,910	9,910	0	0	0	\$32.43
LAS COLINAS	290	42,117,007	10,711,494	25.4%	43,382	43,382	0	0	850,000*	\$27.23
LBJ FREEWAY	129	19,718,876	5,195,228	26.3%	50,090	50,090	0	0	0	\$25.71
LEWISVILLE/DENTON	103	5,255,198	908,111	17.3%	82,337	82,337	0	0	0	\$27.86
MID-CITIES	279	23,508,439	3,557,454	15.1%	-17,236	-17,236	0	0	0	\$24.54
NORTH FORT WORTH	43	3,672,734	537,097	14.6%	10,573	10,573	57,254	57,254	0	\$24.44
NORTHEAST FORT WORTH	40	3,396,000	304,708	9.0%	-13,141	-13,141	0	0	0	\$20.57
PRESTON CENTER	49	6,481,583	538,163	8.3%	92,564	92,564	0	0	200,000*	\$49.39
RICHARDSON/PLANO	288	31,280,072	6,311,020	20.2%	167,030	167,030	36,193	36,193	0	\$26.36
SOUTH FORT WORTH	153	9,762,723	1,178,425	12.1%	128,732	128,732	0	0	15,000	\$26.81
SOUTHWEST DALLAS	48	3,034,798	794,465	26.2%	-5,497	-5,497	0	0	0	\$23.33
STEMMONS FREEWAY	81	8,613,245	2,265,636	26.3%	24,658	24,658	0	0	0	\$20.84
UPTOWN /TURTLE CREEK	100	16,948,004	3,637,531	21.5%	-17,878	-17,878	285,000	285,000	1,926,341	\$56.00
TOTAL	2,325	299,195,162	67,306,310	22.5%	842,989	842,989	378,447	378,447	3,038,601	\$31.32
CLASS A	711	185,336,825	47,122,633	25.4%	917,853	917,853	378,447	378,447	3,003,601	\$34.31
CLASS B	1,315	101,501,688	19,376,046	19.1%	-85,726	-85,726	0	0	35,000	\$24.19
CLASS C	299	12,356,649	807,631	6.5%	10,862	10,862	0	0	0	\$19.72
TOTAL DFW	2,325	299,195,162	67,306,310	22.5%	842,989	842,989	378,447	378,447	3,038,601	\$31.32

* 100% Pre-Leased Construction

Younger Partners' research is based on the CoStar office building database. Inventory includes office buildings containing at least 15,000 rentable square feet; single tenant, multi-tenant, and owner-occupied; class A, B, and C; existing, under construction, or under renovation; and excludes medical office buildings and data centers.

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