



DALLAS-FORT WORTH OFFICE MARKET REPORT

2nd QUARTER 2025



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DFW office shows signs of stabilization, with positive absorption and limited new supply helping to contain vacancy amid slower job growth.

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Economic Conditions

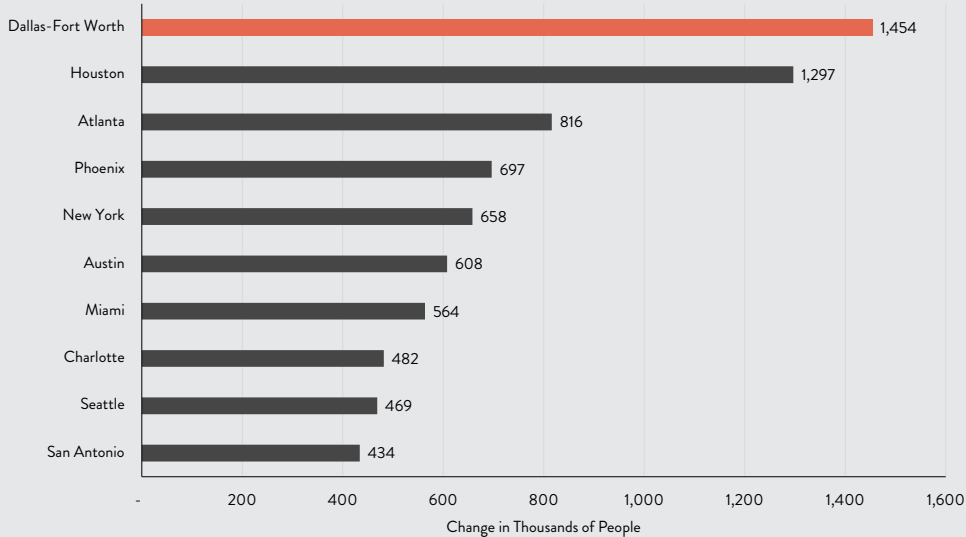
Population and Employment

While employment growth has slowed, particularly in office-related sectors, the Dallas-Fort Worth Metro's diverse economy has kept job gains in positive territory, reaching 4.3 million jobs as of May 2025. The region has also continued to see steady population growth, now totaling 8.3 million and ranking as the fourth-largest metro in the U.S. By 2050, population is projected to reach 12.2 million, growing by approximately 418 people per day—further expanding the labor force and supporting long-term economic growth. However, near-term economic conditions remain uncertain due to ongoing macroeconomic headwinds. An additional round of proposed tariffs could take effect as early as August 1st, posing additional challenges to business costs and supply chains.



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

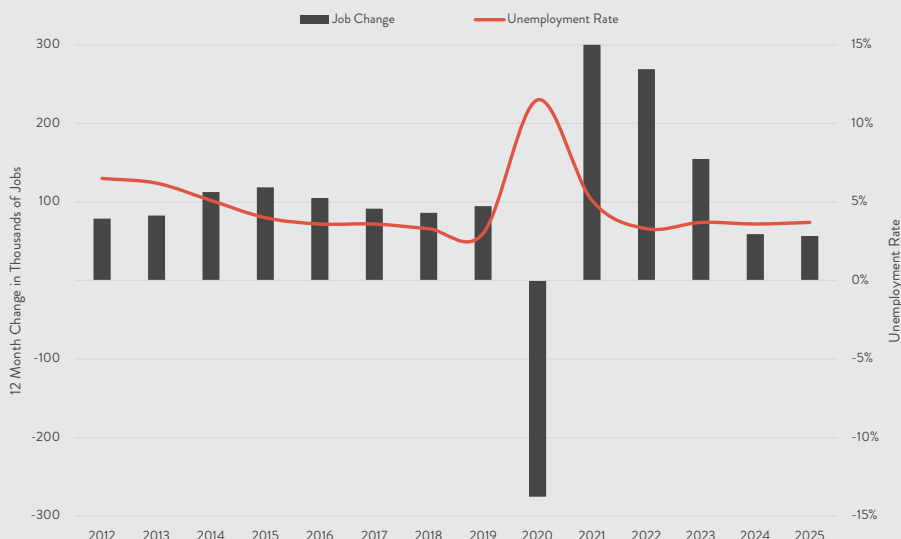
177,922 people

(2.2% growth)

According to PODS's latest Moving Trends Report, Dallas-Fort Worth ranked fifth among the top cities people are moving to in 2025, while Austin and Houston dropped off the list entirely. The DFW population grew from 7.6 million in 2020 to 8.3 million in 2024, with the largest annual increase occurring between 2021 and 2022 by 2.5%, a period that also saw a significant surge in corporate headquarters relocations to the Metro. Since 2020, average home values have risen by 28.6% to nearly \$380,000, with the strongest residential growth seen in Kaufman and Collin counties.

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

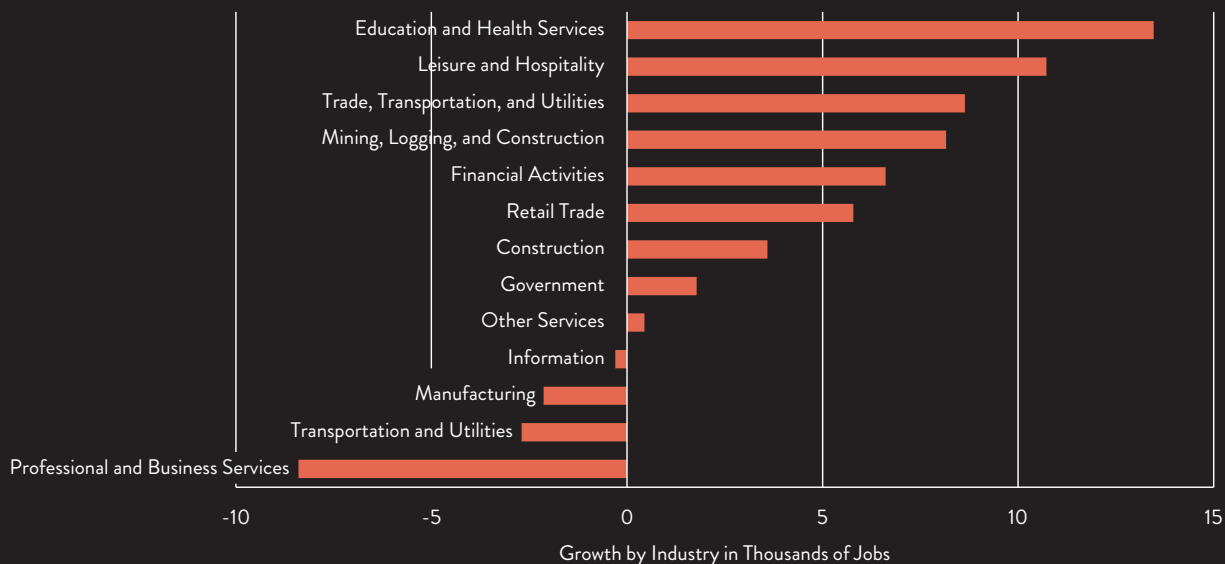
56,800 jobs

(1.3% growth)

Despite a slowdown in job growth since early 2023, Dallas-Fort Worth continues to outpace most major U.S. cities. As of May 2025, employment grew by 1.3% year-over-year, adding 56,800 jobs—ranking second nationally behind New York. Since 2020, DFW has added 839,400 jobs; however, the decelerating growth rate has shifted the Metro from first to third in five-year job gains, trailing New York (2.1 million) and Los Angeles (1.0 million). However, a recent uptick in corporate headquarters relocation announcements could help boost the Metro's ranking in the coming quarters.



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



Source: Bureau of Labor Statistics

The education and health services sector led job growth once again, expanding by 3.0% and adding 13,500 jobs. According to Moody's Industrial Diversity Index, the region scores 0.80 out of 1.0, placing it among the top five most diverse metros nationally and making it the most diverse in Texas. This diversity provides a buffer against economic fluctuations, allowing strength in some sectors to balance out weaknesses in others—such as transportation and utilities, which declined by 1.0% over the past year, translating to a loss of 2,700 jobs. While WARN notices dropped in 2024, the pace has accelerated in 2025, with first-half figures already reaching 6,650, essentially equaling last year's full-year total. Nearly half of this year's reductions stem from the transportation sector, including 436 job cuts at FedEx facilities in North Texas.

Dallas-Fort Worth Accolades

#3

Nationwide
FOR 12-MONTH
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.

#3

IN THE COUNTRY
FOR 5-YEAR JOB GROWTH
(4.3 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

care.



JPMS

Nasdaq
REGIONAL HQ

FIBERLIGHT

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
PASSENGERS

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

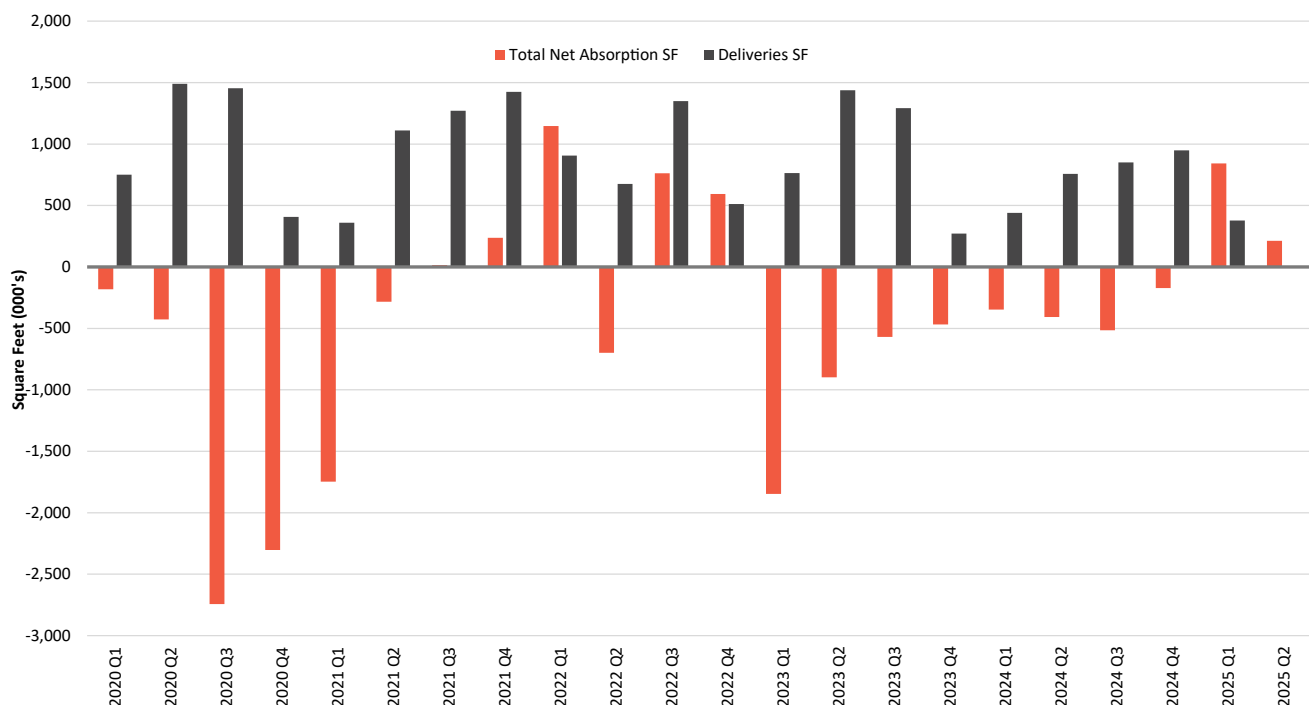
Supply and Demand

Dallas–Fort Worth office absorption was relatively flat in Q2, totaling 213,179 SF, but remained positive for the second consecutive quarter. Class A properties continue to drive most of the move-in activity, particularly in the Far North Dallas and Richardson/Plano submarkets. Major absorption impacts by tenant include Lockheed Martin's full-building departure of 375,000 SF at 5401 N Beach St in Fort Worth, delivering a significant hit to overall absorption. However, major move-ins by Amazon at the former McKesson space in Las Colinas, the United Football League at Ballpark Circle in Mid-Cities, and Associa's new headquarters at Creekview I & II in Richardson helped offset the negative impact.

The second quarter saw a modest 0.1% quarter-over-quarter increase in vacancy, bringing the total to 22.6%. While Class A holds the largest share of vacant space at 69.3% of total vacancy, Class B properties drove the increase this quarter, with vacancy rising 0.4% since Q1. Although 1.6 million square feet is expected to deliver over the next 12 months, 79.8% of that space is already pre-leased and is not anticipated to drive vacancy higher, unlike the speculative deliveries that have elevated rates in prior quarters.

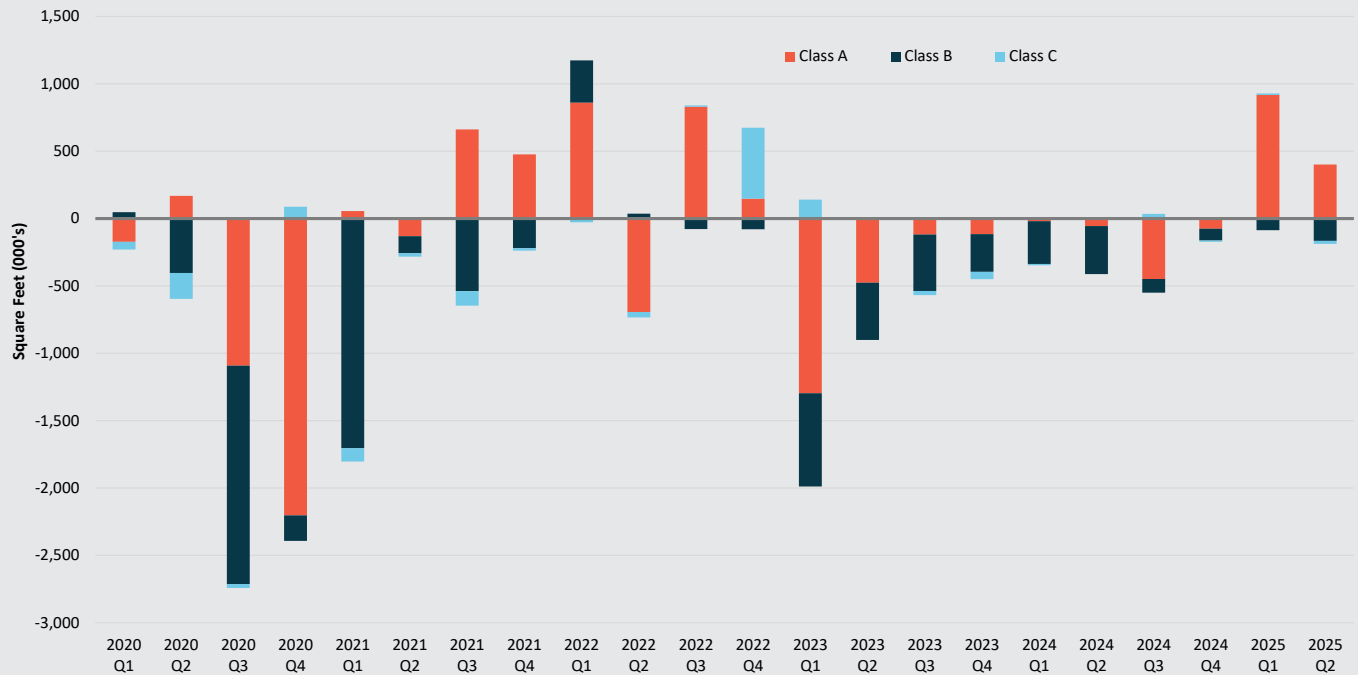
Over the past 90 days, 100 sublease spaces totaling 1.4 million SF were added to the DFW market. Despite this influx, total sublease availability still decreased by 4.6% quarter-over-quarter to 8.9 million SF. While some of that reduction reflects signed leases, many listings have simply been withdrawn for existing tenant use or, more likely, expired lease terms.

Net Absorption & Deliveries

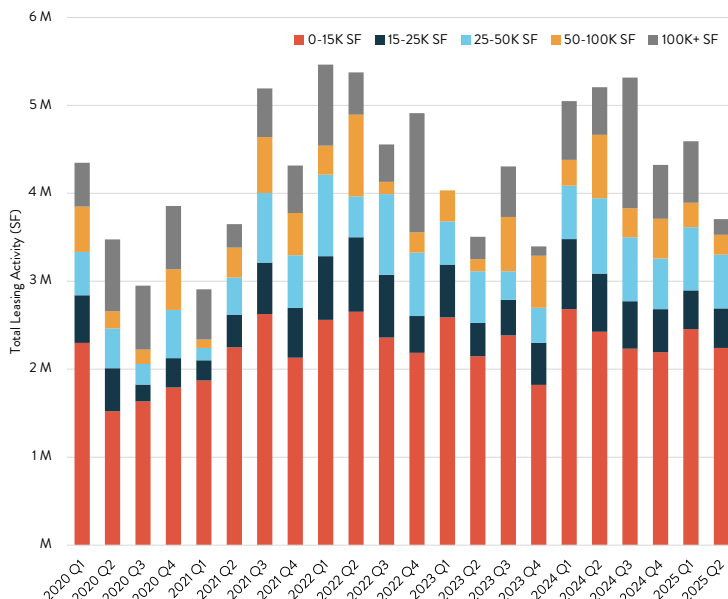


Class Net Absorption

Class A properties accounted for all positive net absorption in Q2, totaling just over 400,000 square feet of move-ins. In contrast, Class B properties were solely responsible for negative absorption, recording a net loss of 165,643 square feet. While buildings constructed after 2015 generally post the strongest positive absorption, those built in the 2000s outperformed this quarter, led by significant move-ins at The Apex at Las Colinas and Creekview I & II, all of which have undergone substantial renovations since their original deliveries.



Leasing Activity



Leasing activity remains strong, but still slightly below the 5-year average at 3.7 million SF for the quarter. Notable leases include AT&T's 180,000 SF new deal at 2221 Lakeside, Marsh McLennan's 93,000 SF lease to backfill Ryan LLC in Three Galleria Tower, and Kemper Insurance's 67,300 SF sublease in 3400 at CityLine. Small deals, specifically those under 15,000 SF, continue to make up the majority of leasing activity, accounting for 94.7% of those signed in the second quarter and 94.1% of leases signed in the last 5 years. The number of active tenants in the market for spaces 15,000 SF and larger has stabilized at 55 active deals and a total of 4.1 million SF required.

Q2 2025 NOTABLE LEASES

Tenant	Deal Size	Type	Building	Submarket
AT&T	179,732	New Lease	2221 Lakeside	Richardson/Plano
Marsh McLennan	92,977	New Lease	Three Galleria Tower	Far North Dallas
Kemper Insurance	67,279	Sublease	3400 at CityLine	Richardson/Plano
Burns & McDonnell	46,004	New Lease	Three Galleria Tower	Far North Dallas
Brown & Brown Insurance	41,304	New Lease	Legacy Town Center III	Far North Dallas
Gray Reed	40,067	New Lease	1845 Woodall Rodgers	Uptown/Turtle Creek
Willow Bridge Prop. Co.	39,238	New Lease	One Arts	Dallas CBD

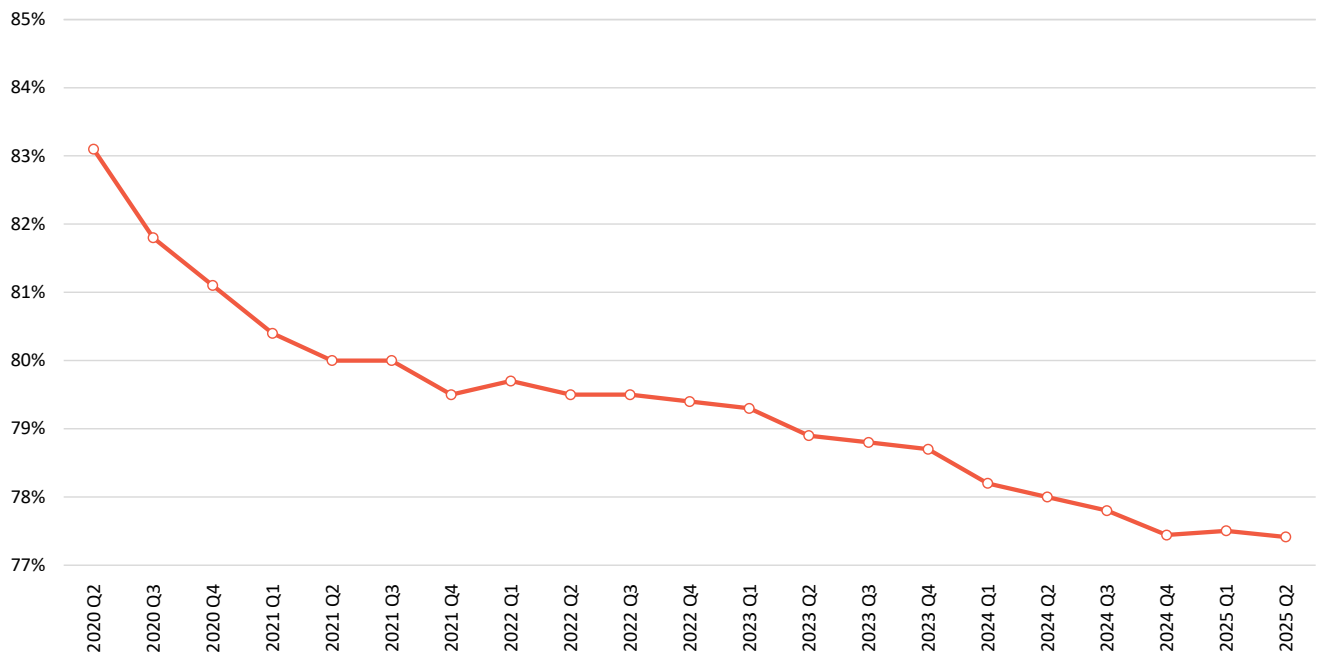


Occupancy Trends

Office occupancy across the Metroplex decreased 0.1 percentage points quarter-over-quarter to 77.4% with Preston Center leading the submarkets at a notable rate of 91.7%. Kastle's new Class A+ Occupancy Index, which tracks access control swipes in top-tier buildings across the 10 largest U.S. office markets, offers broader insight into national return-to-office trends. According to the June report, the 10-city average daily occupancy for Class A+ buildings was 74.2%, notably higher than the overall rate of 52.1% across all office classes.

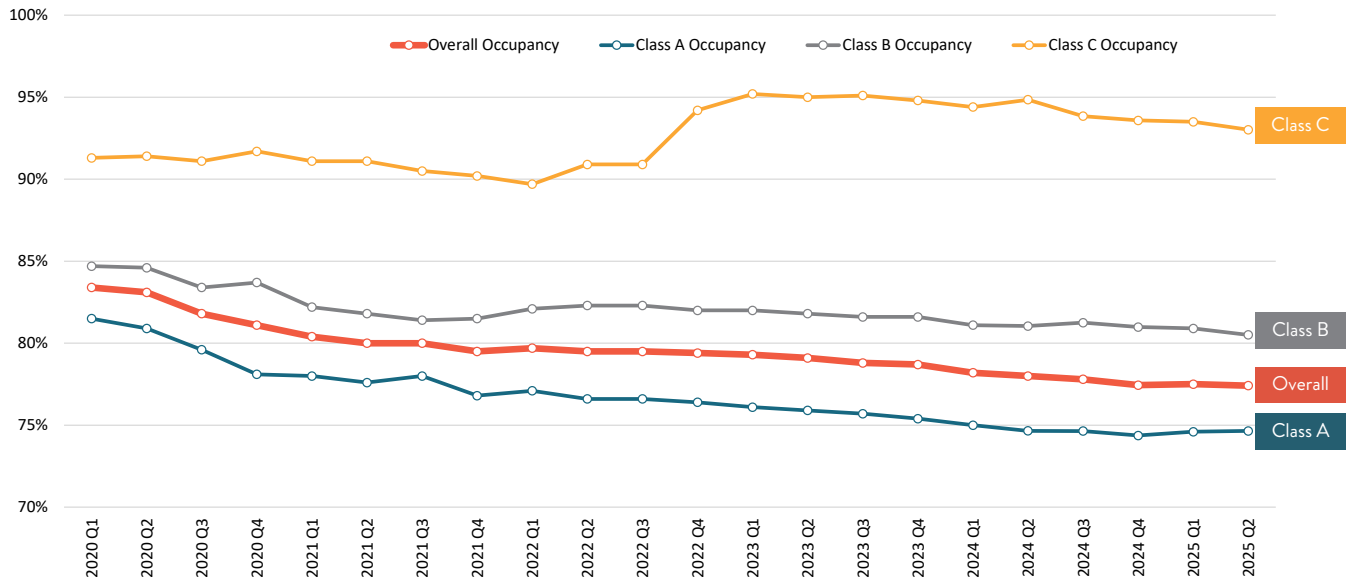
An ongoing trend is the conversion of obsolete office space into multifamily where nearly 4 million SF is undergoing or is planned for conversion into multi-housing and/or hotel uses, now surpassing the current construction supply of 3.4 million SF. The Hartford Building in Dallas CBD is the most recent to announce its conversion from 183,000 SF of office to 217 apartment units with work expected to commence next quarter, lowering obsolete office supply in the process. The recently passed Senate Bill 840 could accelerate these efforts by allowing mixed-use and multifamily conversions or developments in commercially zoned areas without requiring rezoning, specifically in metros with populations exceeding 150,000.

Occupancy Trends



With a slowing construction pipeline and sustained flight-to-quality, Class A occupancy has edged up slightly to 74.6%, while occupancy across all other building classes has marginally declined. However, Class A still records the lowest occupancy rate, as the market continues to absorb the significant influx of speculative construction delivered in recent years.

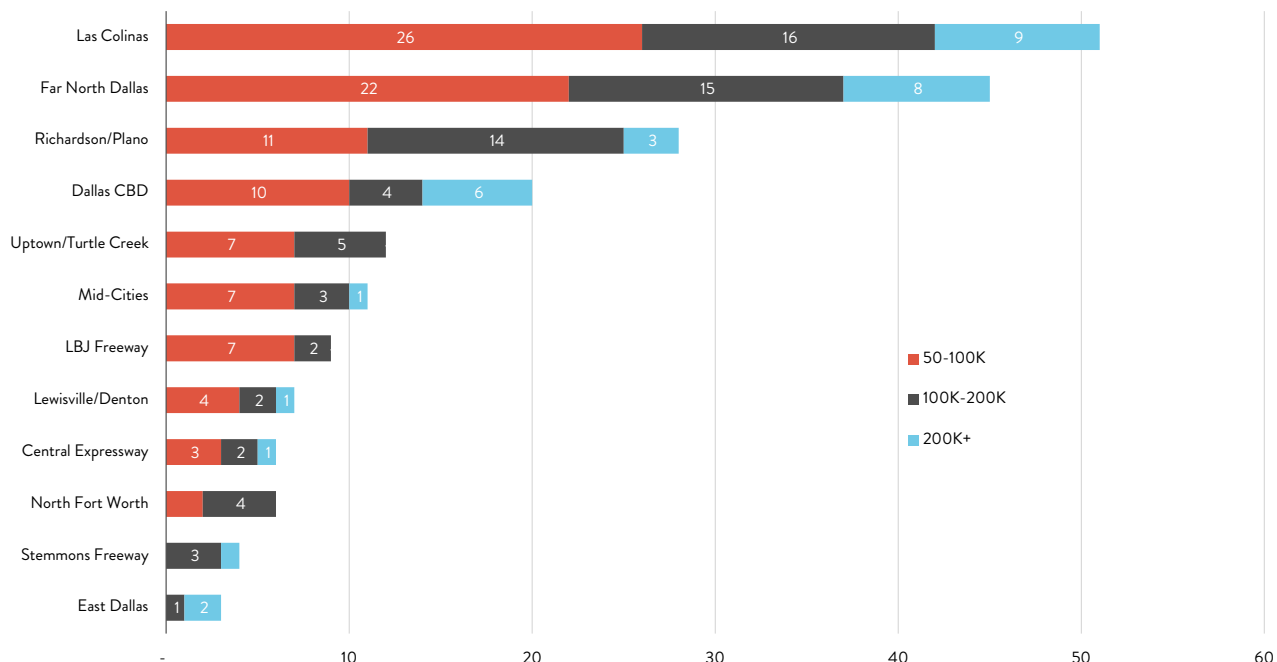
Class Occupancy



The number of large blocks of direct and sublease space over 50,000 square feet declined slightly in Q2, totaling 203.

Las Colinas and Far North Dallas continue to hold the greatest number of large blocks, mainly due to their high concentrations of 1980s-era buildings and single-tenant campuses. Of the 8.9 million square feet of sublease space currently on the market, 61.3% consists of availabilities over 50,000 square feet, including Crescent Energy's recently listed 83,000 SF sublease across three floors at Interlink I in Las Colinas.

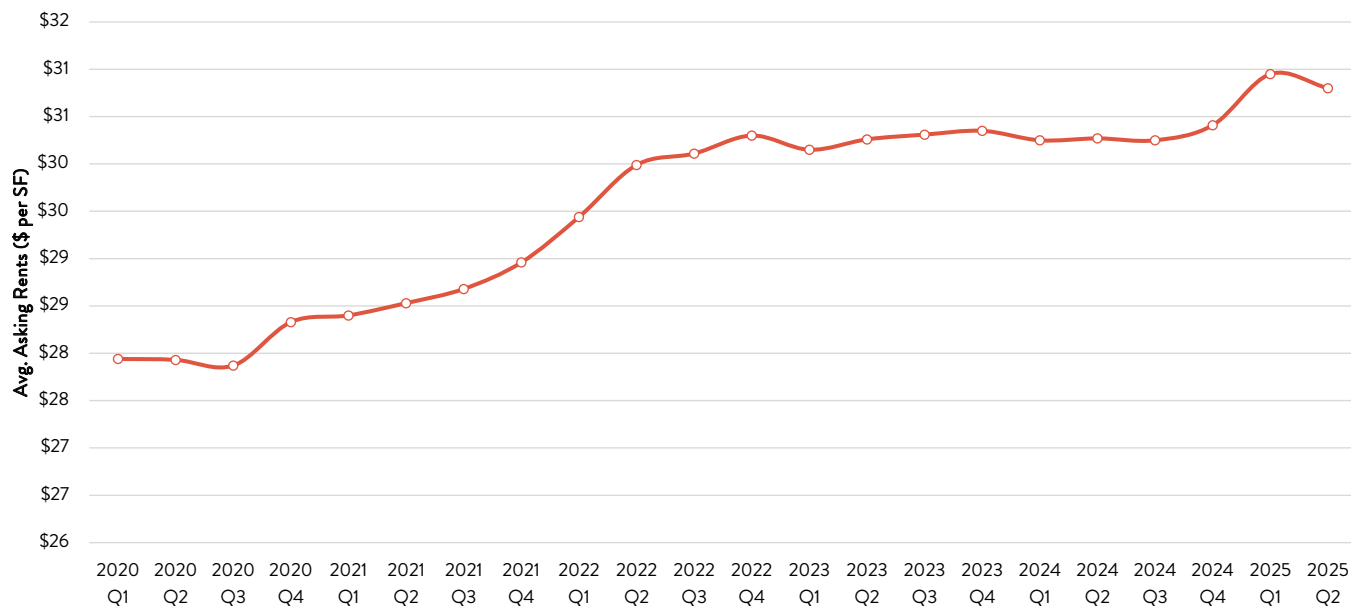
Big Blocks of Space



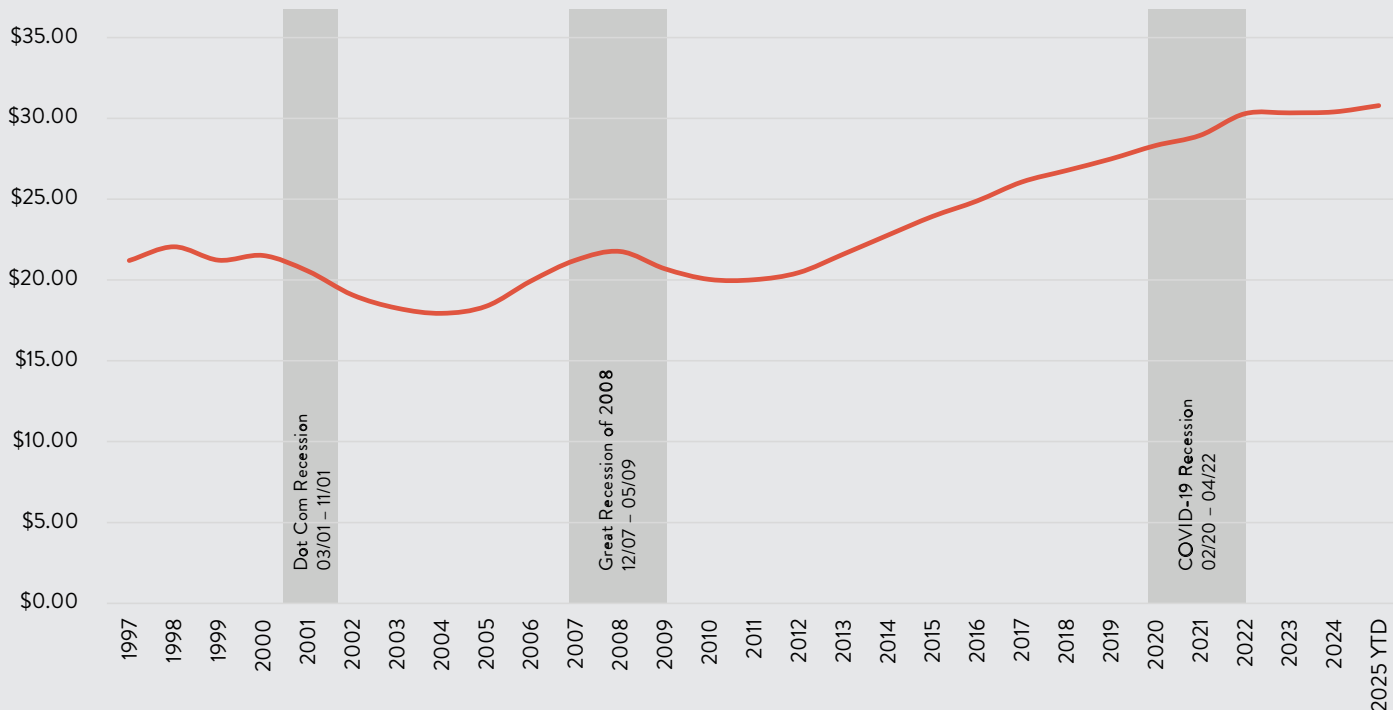
Rental Rate Trends

Average asking rates in DFW declined for the first time since Q3 2024, falling 0.5% to \$30.80 PSF (Full-Service Gross). All property classes experienced a decrease this quarter, with Class B rates dropping slightly more than others, down 0.4% and further widening the gap between Class A and Class B rents. While Dallas' inflation rate has held steady at 0.6% through May 2025—well below the U.S. rate of 2.4%—Federal Reserve Bank research suggests that the impact of recent tariffs may take 12 to 18 months to fully materialize in consumer prices.

Rental Rate Trends

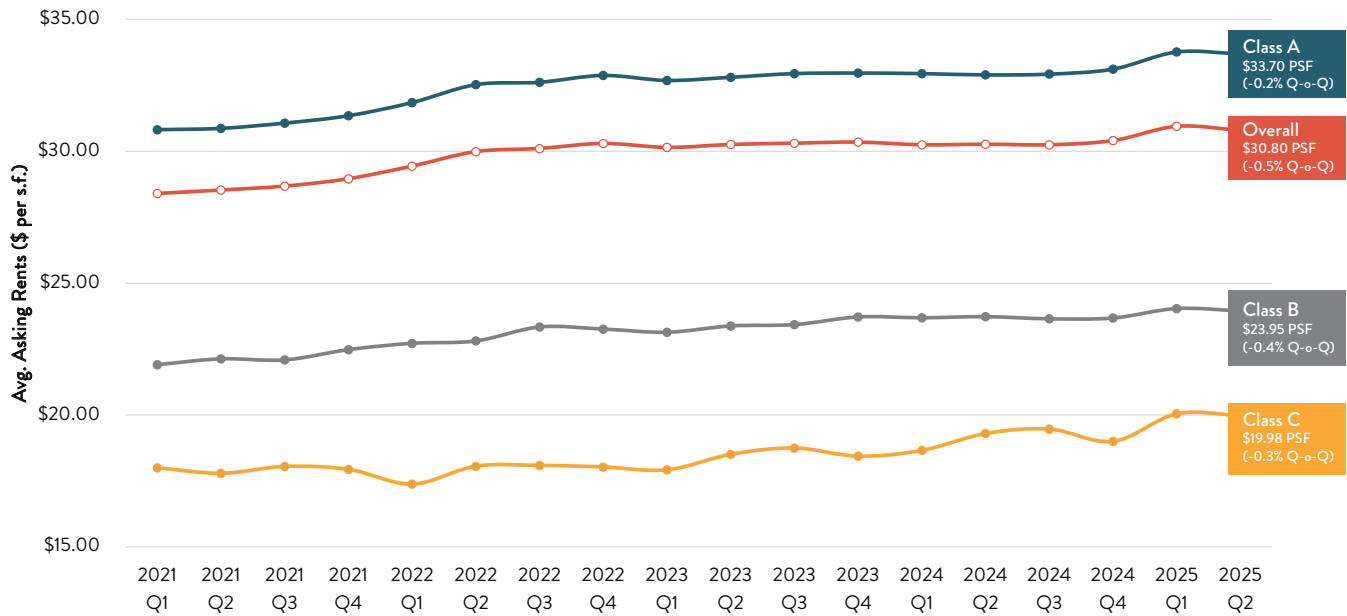


Historical Rents

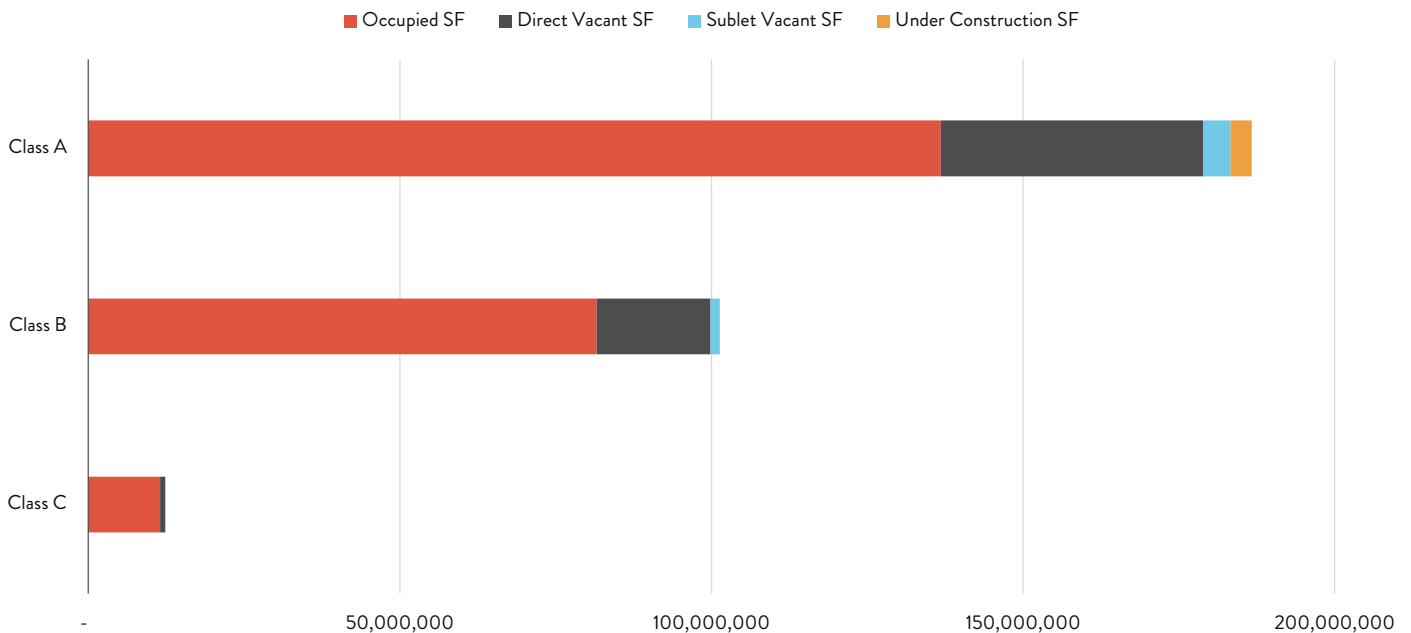


Overall asking rates, which are weighted on available space for all property classes, have decreased slightly and can be broken down as quarter-over-quarter Class A rate decrease of \$0.07, Class B rate decrease of \$0.09, and Class C rate decrease of \$0.07.

Class Rental Rates



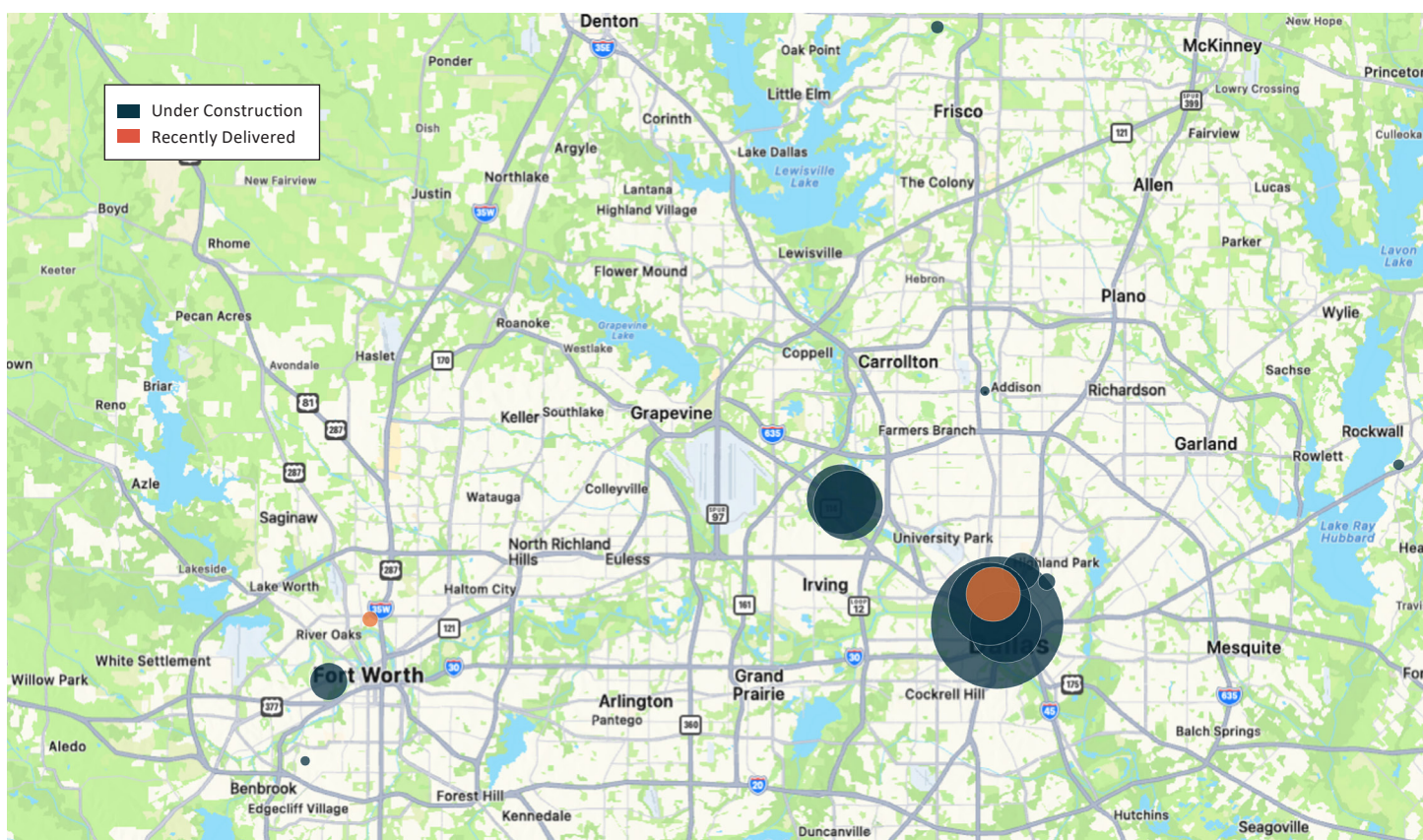
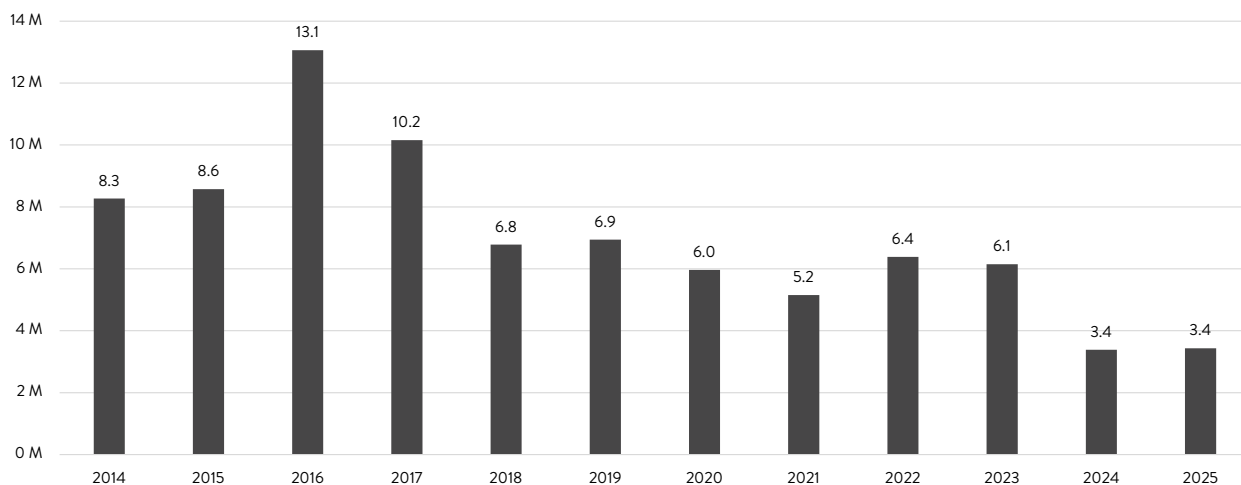
Key Stats By Property Class (SF)



DFW Construction Pipeline

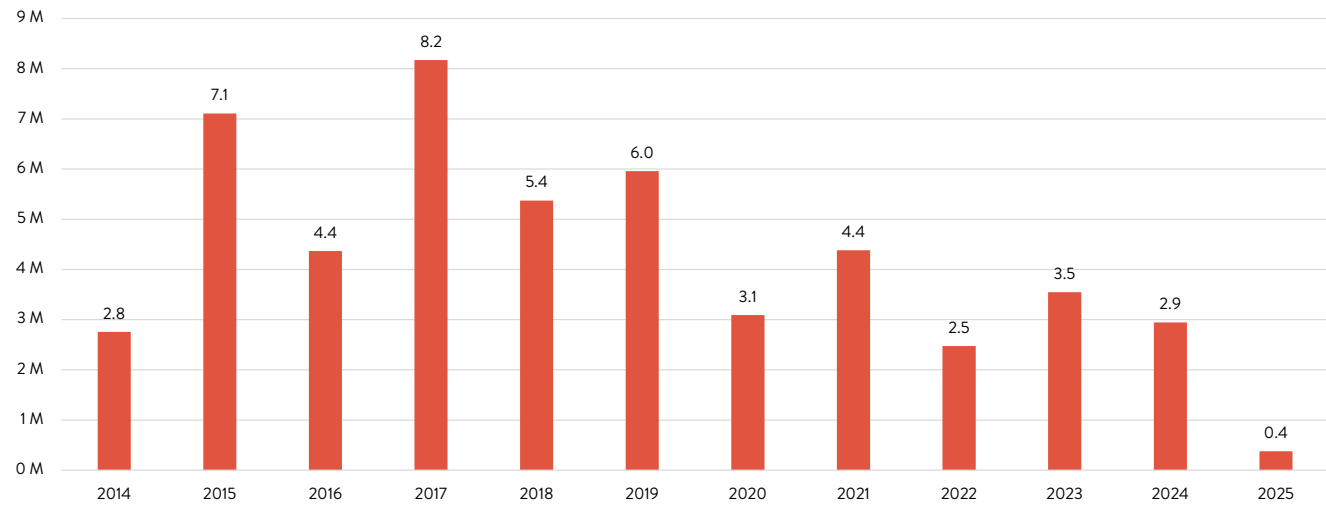
Although there were no office completions this quarter following last quarter's modest delivery of 378,447 SF, a few projects have broken ground. Henderson East in Central Expressway is a 78,758 SF office/retail development slated to deliver early 2026 with no leases currently in place. Crescent Offices West (170,000 SF) has broken ground with JPMorgan Chase as the anchor tenant, while Veritex Bank's build-to-suit at 1900 PGA (41,000 SF) has also commenced, committing to 37.5% and 52.2% of their respective developments. Of the 3.4 million SF of office supply currently underway, 95.2% are build-to-suits and 43.7% are expected to deliver in 2025, including Wells Fargo's 850,000 SF campus in Las Colinas.

Under Construction (SF)



Recent Deliveries (SF)

2025



ARMOUR BUILDING
North Fort Worth (Stockyards)
57,254 RBA
100% Leased
Withheld Rents
U.S. Energy



OLD PARKLAND EAST CAMPUS
Uptown/Turtle Creek
285,000 RBA
130,345 Max Avail. SF
63.5% 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



HENDERSON EAST

Central Expressway
78,758 RBA
78,758 Max Avail. SF
Withheld Rents
Acadia Realty Trust
& Ignite-Rebees

Under Construction with Leases



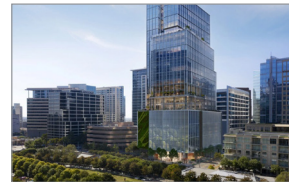
WELLS FARGO CAMPUS I & II

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
62.6% 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



THE KNOX

Preston Center
150,000 RBA
Pre-leased: ISN Software
100% Leased
MSD Partners, Trammell
Crow Co., The Retail
Connection and Highland
Park Village Associates



VERITEX COMMUNITY BANK

Far North Dallas/Frisco
41,000 RBA
52.2% Pre-Leased
19,605 Max Avail. SF
\$45.00 NNN
Veritex Community Bank



CRESCENT OFFICES WEST

South Fort Worth
170,000 RBA
Pre-leased: JPMorgan Chase
106,250 Max Avail. SF
37.5% Leased
Withheld Rents
Crescent Real Estate

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



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



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 second quarter of 2025 came and went in Dallas without much fanfare, maintaining the status quo that's defined the past 18 months. Transaction volumes remain sluggish, though a handful of larger deals closed, and several properties are under contract with closings expected to make Q3 stand out. Investor interest notably picked up in Preston Center and Uptown, reaffirming that real estate is driven by location before all else.

Fundamentals continue to trend in the right direction. Vacancy rate held steady following consecutive quarters of positive absorption. That's right, not one but two quarters of positive absorption! The positive leasing momentum that people have been sensing is finally showing up in the data, and that could encourage more investors to get back into the market.

The quarter's most significant policy shift came with the passage of Senate Bill 840. Taking effect in September, SB 840 removes key zoning barriers, making it easier to convert nonresidential sites into mixed-use or multifamily projects in

metros like Dallas-Fort Worth. The bill could validate what many in the market already believe: that in many cases, land value has caught up to—or surpassed—the worth of aging office assets.

Looking ahead, the impact of recently implemented U.S. tariffs is expected to ripple through the global economy in the second half of the year, likely driving up the cost of goods and adding upward pressure on inflation. With inflation risks lingering, the Federal Reserve is expected to hold rates steady at least through year-end, leaving no near-term relief in sight for borrowing costs.

Notable Q2 2025 Office Investment Sales Transactions

- 3838 Oak Lawn – De La Vega
- One Main Place - Avalair
- Galleria North 1 – WS Development

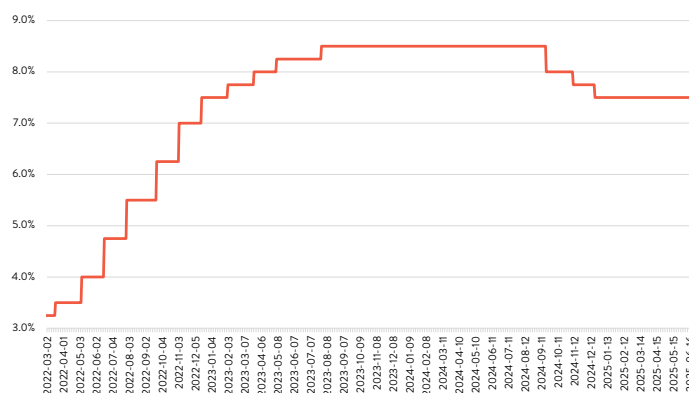
REIT PERFORMANCE YTD THROUGH 5/31/25		
PROPERTY TYPE	AVG. RETURN	NUMBER OF REITs
Office	-19.77%	21
Hotel	-18.84%	15
Shopping Center	-14.31%	17
Malls	-10.83%	3
Land	-9.08%	3
Industrial	-6.97%	13
Timber	-4.56%	3
Diversified	-4.49%	13
Multifamily	-4.40%	12
Single Family Housing	-4.37%	3
Data Center	-4.16%	3
Advertising	-3.60%	2
Manufactured Housing	-2.69%	3
Triple Net	-1.04%	17
Infrastructure	1.04%	5
Self-Storage	2.05%	5
Casino	4.24%	2
Health Care	5.89%	17
REIT Average	-7.33%	157

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	11,608,851	2,847,801	24.5%	45,978	81,480	-	-	62,628	\$34.93
DALLAS CBD	88	31,407,207	9,173,357	29.2%	-145,254	-307,538	-	-	-	\$30.76
EAST DALLAS	105	5,389,312	1,075,647	20.0%	6,093	12,204	-	-	20,000	\$34.47
FAR NORTH DALLAS	395	65,488,887	17,239,597	26.3%	165,865	579,237	-	-	63,552	\$34.45
FORT WORTH CBD	53	9,700,572	1,131,898	11.7%	16,327	26,237	-	-	-	\$32.27
LAS COLINAS	289	41,360,347	10,481,864	25.3%	177,870	221,252	-	-	850,000*	\$27.26
LBJ FREEWAY	129	19,734,142	5,158,847	26.1%	-15,233	34,857	-	-	-	\$25.80
LEWISVILLE/DENTON	103	5,249,657	893,452	17.0%	14,659	96,996	-	-	-	\$28.15
MID-CITIES	278	23,554,892	3,554,551	15.1%	137,414	120,178	-	-	-	\$24.44
NORTH FORT WORTH	43	3,675,143	514,358	14.0%	22,739	33,312	-	57,254	-	\$22.10
NORTHEAST FORT WORTH	40	3,369,951	724,673	21.5%	-374,990	-388,131	-	-	-	\$25.09
PRESTON CENTER	49	6,513,641	537,477	8.3%	686	93,250	-	-	150,000*	\$51.01
RICHARDSON/PLANO	291	31,894,583	6,001,508	18.8%	88,670	255,700	-	36,193	-	\$26.11
SOUTH FORT WORTH	152	9,693,735	1,117,536	11.5%	60,889	189,621	-	-	224,000	\$26.82
SOUTHWEST DALLAS	48	3,034,798	801,890	26.4%	17,947	12,450	-	-	-	\$23.31
STEMMONS FREEWAY	81	8,633,398	2,287,939	26.5%	-1,243	23,415	-	-	-	\$20.76
UPTOWN /TURTLE CREEK	99	16,721,359	3,545,399	21.2%	-5,238	-23,116	-	285,000	2,006,341	\$51.55
TOTAL	2,319	297,030,475	67,087,794	22.6%	213,179	1,061,404	-	378,447	3,376,521	\$30.80
CLASS A	705	183,287,111	46,467,442	25.4%	401,424	1,319,277	-	378,447	3,341,521	\$33.70
CLASS B	1,318	101,331,798	19,753,483	19.5%	-165,643	-251,369	-	-	35,000	\$23.95
CLASS C	296	12,411,566	866,869	7.0%	-22,602	-11,740	-	-	-	\$19.98
TOTAL DFW	2,319	297,030,475	67,087,794	22.6%	213,179	1,056,168	-	378,447	3,376,521	\$30.80

* 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.

KATHY PERMENTER

Co-Managing Partner

214.294.4404

kathy.permenter@youngerpartners.com

MOODY YOUNGER

Co-Managing Partner

214.294.4412

moody.younger@youngerpartners.com



14643 Dallas Parkway

Suite 950

Dallas, TX 75254

214.294.4400

www.youngerpartners.com