DALLAS-FORT WORTH

OFFICE MARKET REPORT

3rd QUARTER 2025

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> Demand for prime office drove Q3 2025 absorption, transaction activity, and rents to notable highs amid tempered economic growth.

Contents

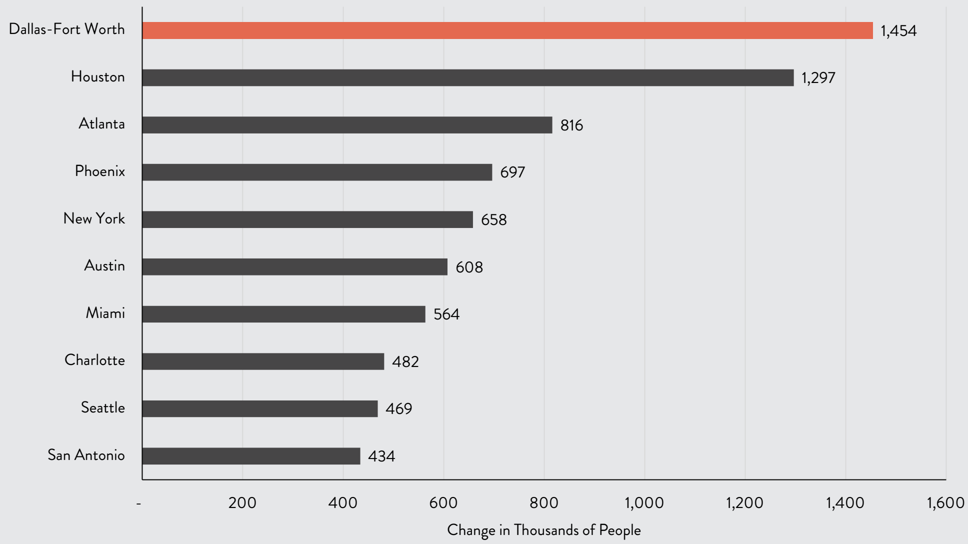
Economic Conditions

Population and Employment

With a projected population of 12.2 million by 2050, Dallas–Fort Worth is poised to surpass Chicago and become the nation's third-largest metro by early 2030s. The region's 21 Fortune 500 headquarters represent the fourth-largest concentration in the U.S., bolstered by a strong talent pipeline, global airport connectivity, and a pro-business climate that continues to draw major employers. While the Federal Reserve has initiated its first rate cut and additional reductions are expected before 2026, long-term interest rates including the 10-year Treasury and corporate borrowing costs remain elevated, tempering the full impact of monetary easing on credit markets.

Dallas-Fort Worth Population Growth 2014-2024

2024 Population: 8.3 million



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

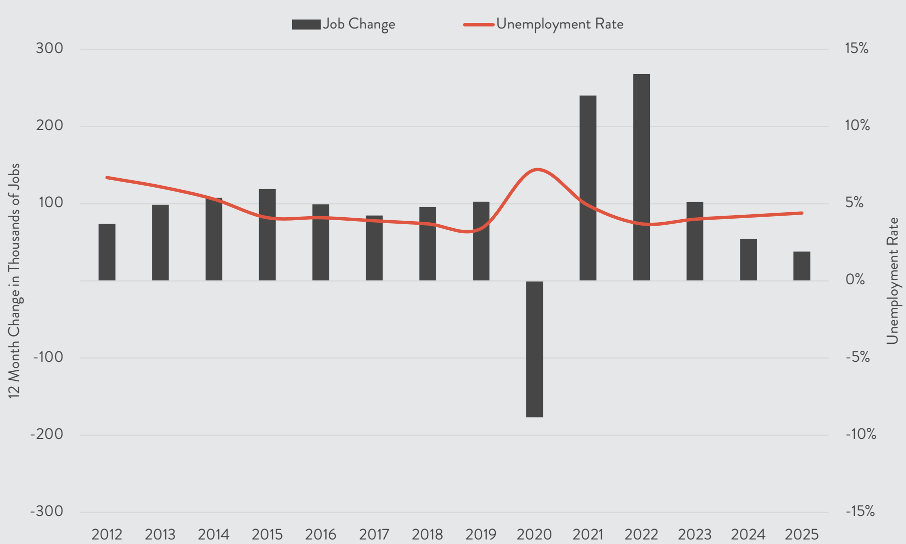
10-Year Change
2014-2024
1.5 million people
(21.1% growth)
(Avg. 1.9% annually)

12-Month Change
2023-2024
177,922 people
(2.2% growth)

Dallas–Fort Worth's population reached 8.3 million in 2024, growing 2.2% year over year—the third-fastest rate among major U.S. metros. Among the nation's 20 largest markets, only four—Houston, Austin, DFW, and Charlotte—expanded by 2.0% or more, underscoring the resilience of Sun Belt markets. Yet beneath DFW's strong headline growth, the urban core is slowing. Dallas County's modest 0.8% annual increase contrasts sharply with the surging populations of Collin and Tarrant counties, highlighting the ongoing migration from dense urban areas to suburban communities across North Texas.

Dallas-Fort Worth Net Job Growth and Unemployment Rate

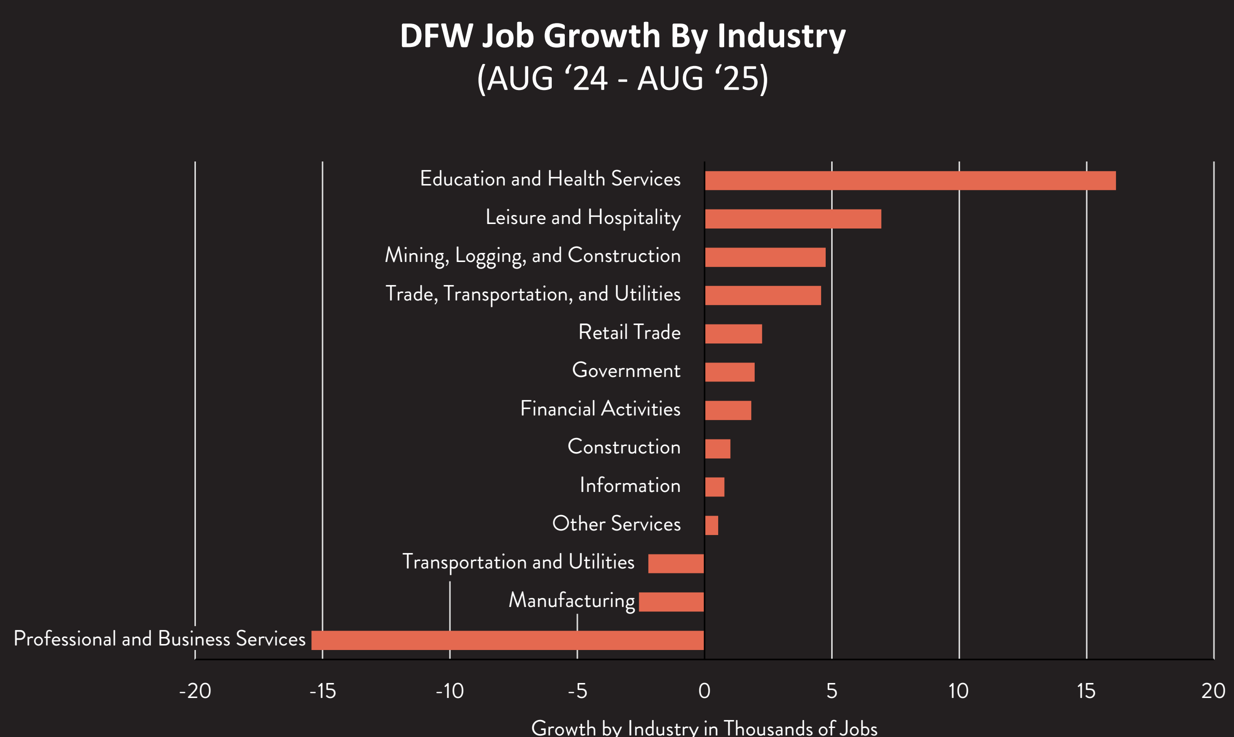
4.3 million jobs I 4.4% unemployment rate



Source: U.S. Bureau of Labor Statistics

12-Month Job Gains
38,200 jobs
(0.9% growth)

Employment in DFW grew modestly, rising an annualized 0.9% in August. That month also recorded the largest monthly increase in employment year-to-date, adding 9,600 jobs after declines of 8,700 and 900 jobs in June and July, respectively. Despite the recent fluctuations, DFW ranked third in the nation for both 12-month and 5-year job growth by total number of jobs. The metro's unemployment rate rose slightly to 4.4% while continued population growth and expansion in sectors like education and health services are supporting ongoing job creation.



Source: Bureau of Labor Statistics

Job growth has softened in recent quarters, partly due to the professional business services sector leading regional declines, shedding 15,430 jobs in the 12 months ending in August. In contrast, the education and health services sector led the industries in total jobs gained (16,150 jobs) keeping DFW in net positive territory. This growth reflects rising demand from the region's population surge, which continues to fuel the expansion of healthcare systems and educational institutions. While the financial sector in DFW has been relatively quiet year-to-date, notable job expansion is anticipated in the coming years as Wells Fargo, Scotiabank, and Goldman Sachs are expected to add between 650 and 5,000 positions upon the completion of their new offices. Third-quarter WARN (Worker Adjustment and Retraining Notification) notices accounted for nearly 1,500 jobs, reflecting elevated layoffs but still lower than the first and second quarters, making up 17.8% of all layoffs reported in DFW for 2025.

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 mixed-use developments combining residential, office, and retail spaces in upscale urban areas.

#3 IN THE COUNTRY
FOR 5-YEAR JOB GROWTH
(4.3 million jobs)

21 Fortune 500
HEADQUARTERS

As of 2025 Dallas-Fort Worth has 21 Fortune 500 company headquarters and 6 headquarters among the global 500 companies.

#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. · FIBERLIGHT · E-SPACE · Nasdaq REGIONAL HQ · JPMS · SOMNIGROUP · KFC · PLURALSIGHT

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.

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.

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	12.4M	818k
Daily Passengers	International Passengers	Total Cargo *(in U.S. tons)*

Source: 2025 Dallas Regional Economic Development

Office Market Conditions

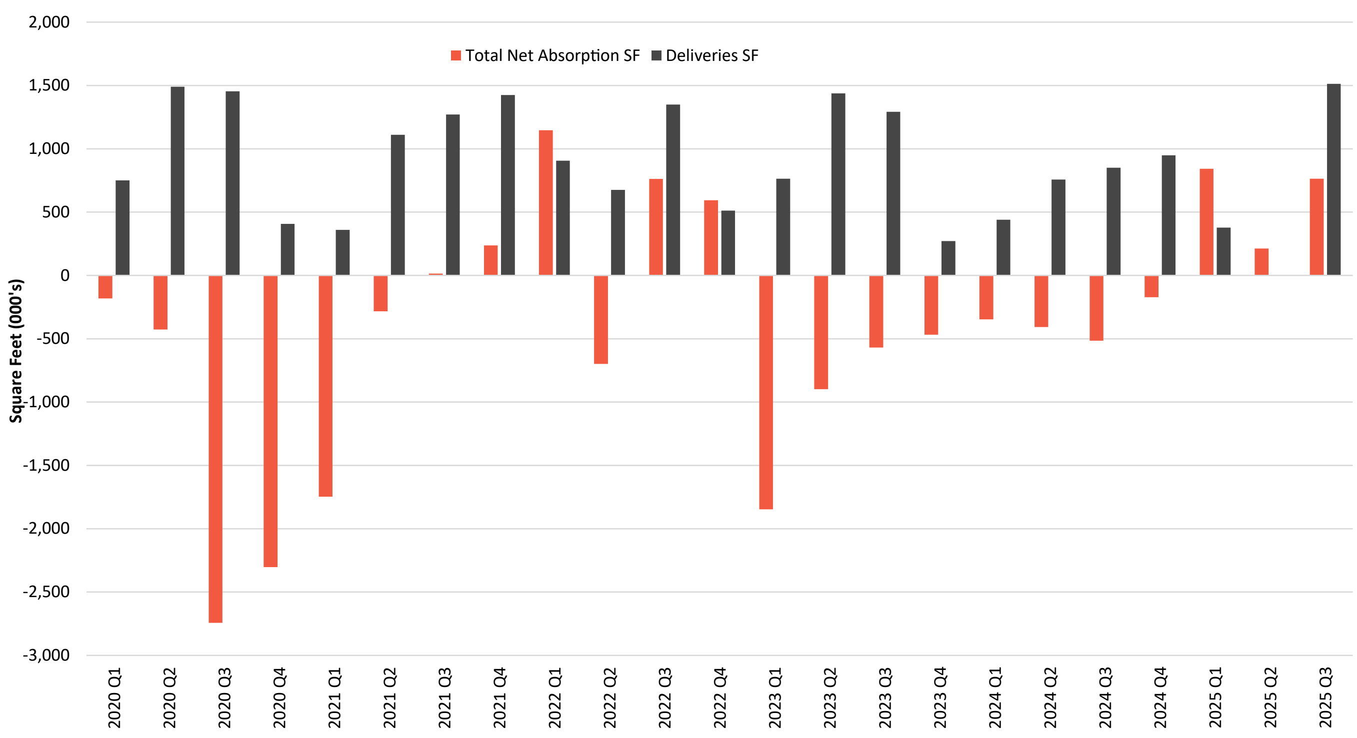
Supply and Demand

Dallas–Fort Worth posted its third consecutive quarter of positive absorption, totaling a strong 762,885 SF following two years of net losses. The strongest leasing activity occurred in recently delivered buildings, with the top four move-ins taking place within properties completed in the past 12 months. Notable examples include Wells Fargo's phased occupancy of its new Las Colinas campus, Ryan LLC's move into Ryan Tower, and Bank OZK's relocation to 23Springs. Conversely, the largest negative absorption stemmed from Gainwell's consolidation to a single floor at Mandalay Tower 2, following its sale and move-out of the 242,000-square-foot Corporate Point at Las Colinas.

High-quality, well-leased Class A assets continue to dominate DFW's investment sales activity, driven by tighter lending conditions and investor preference for lower-risk properties. This trend was highlighted in the third quarter with the two major Uptown sales of The Link at Uptown's $218 million sale to Cousins Properties and Texas Capital Center's $292 million acquisition by Crescent Real Estate, which ranked among the largest office trades year-to-date in both DFW and Texas as a whole.

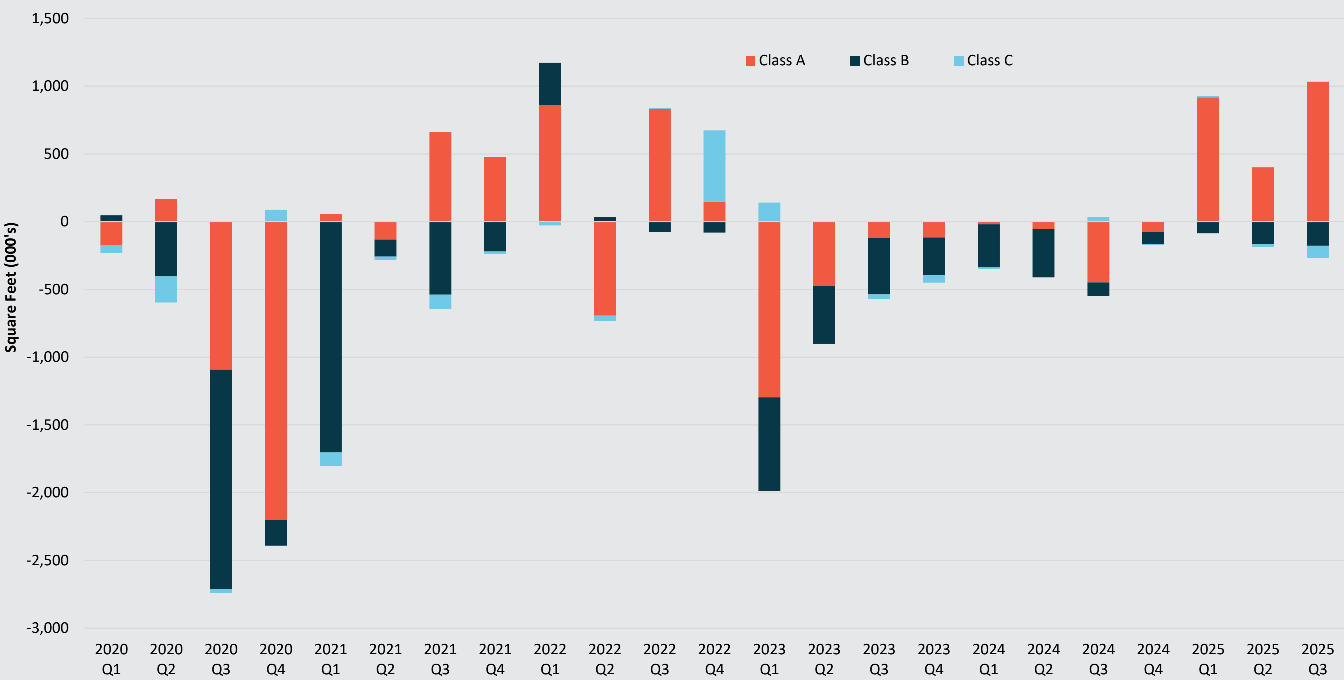
DFW's construction pipeline has narrowed considerably, with only 2.0 million SF currently underway. This limited pipeline is expected to help further contract vacancy, given its pre-leased rate of 71.1% and 2025 deliveries already 84.0% committed. Speculative projects expected to break ground within the next 12 months remain scarce, keeping any major uptick in vacancy at bay. The recently passed Senate Bill 840 could also apply downward pressure on vacancy by allowing mixed-use and multifamily conversions or developments in commercially zoned areas without requiring rezoning, specifically in metros with populations exceeding 150,000.

Net Absorption & Deliveries

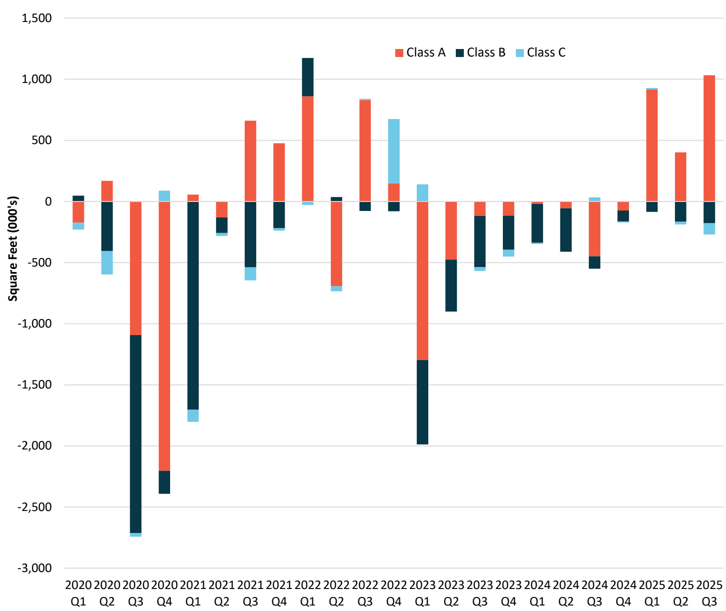


Class Net Absorption

Class A buildings were the sole contributors to positive absorption for the second consecutive quarter, while Class B and C properties saw declines of 177,629 SF and 92,723 SF, respectively. While significantly renovated properties led move-ins last quarter, newly delivered buildings were the primary drivers of positive absorption for Q3 2025.



Leasing Activity



Office leasing activity in Dallas–Fort Worth strengthened notably in the third quarter, rising 16.9% from Q2 to 4.6 million square feet, marking the highest quarterly total of the year. Major transactions included Lockheed Martin's 455,364 SF renewal at 5555 N Beach St, Pennymac's 300,000 SF sublease of Cencora's former space at 5025 Plano Pkwy, and Scotiabank's 133,715 SF lease at Victory Commons One. Active tenant demand has reached 7.0 million SF, more than double year-end 2024 levels, with the growth driven by a surge in 100K+ SF requirements rather than the historically dominant 25–50K SF range. While corporate rightsizing continues, particularly in the post-pandemic environment, a notable amount of large office deals in 2025 have involved tenant expansions.

Q3 2025 NOTABLE LEASES

Tenant	Deal Size	Type	Building	Submarket
Lockheed Martin	455,364	Renewal	5555 N Beach St	Northeast Ft Worth
PennyMac	300,000	Sublease	5025 Plano Pkwy	Far North Dallas
Scotiabank	133,715	New Lease	Victory Commons One	Uptown/Turtle Creek
Kelly Hart & Hallman	86,852	Renewal	Wells Fargo Tower	Ft Worth CBD
Sesami	57,048	New Lease	Regent Center II	Las Colinas
Goldman Sachs	50,528	Sublease	717 N Harwood	Dallas CBD

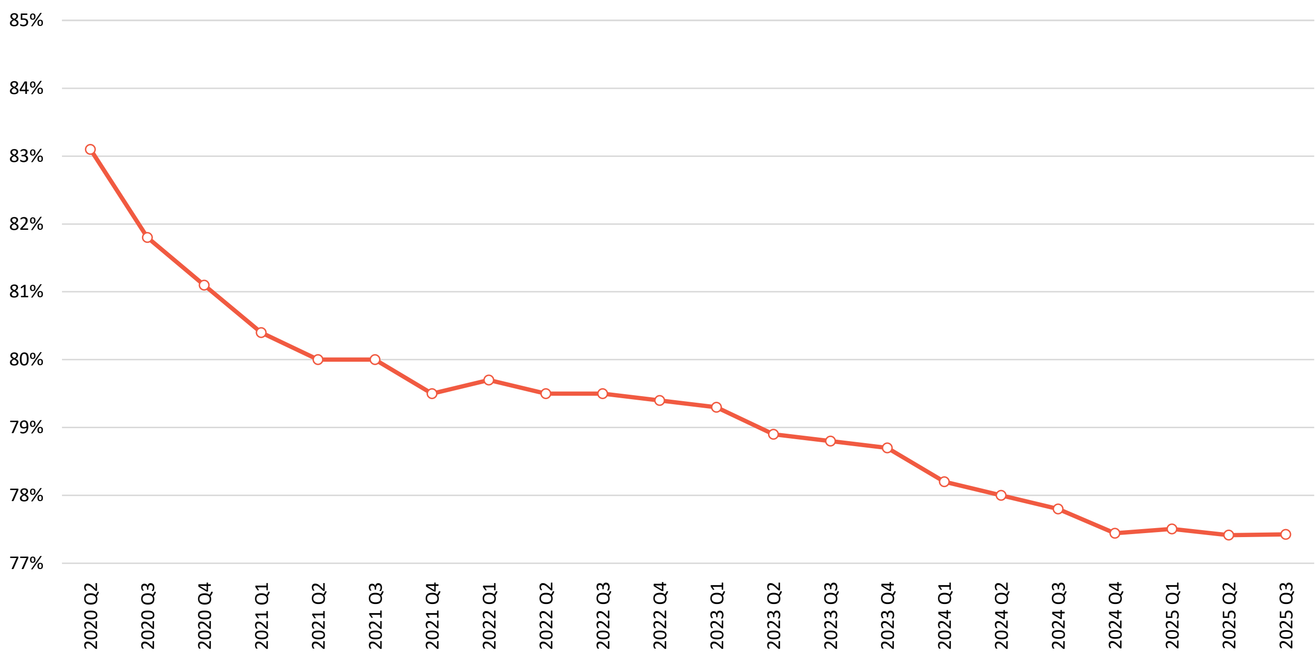
Source: Younger Partners Research; CoStar

Occupancy Trends

Office occupancy across the Metroplex remained unchanged quarter-over-quarter, holding steady at 77.4%. Of the 67.2 million SF of vacant office space in the metro, 44.5% consists of properties built during the 1980s, reflecting the lasting impact of overbuilding during that decade. This challenge is most evident in the Dallas CBD, which has long struggled with lower occupancy levels due to its heavy concentration of 1980s-built inventory that has fallen out of favor amid the ongoing flight-to-quality trend. The submarket currently posts the lowest occupancy rate in the metro at 71.1%, notably below the overall DFW rate of 77.4%.

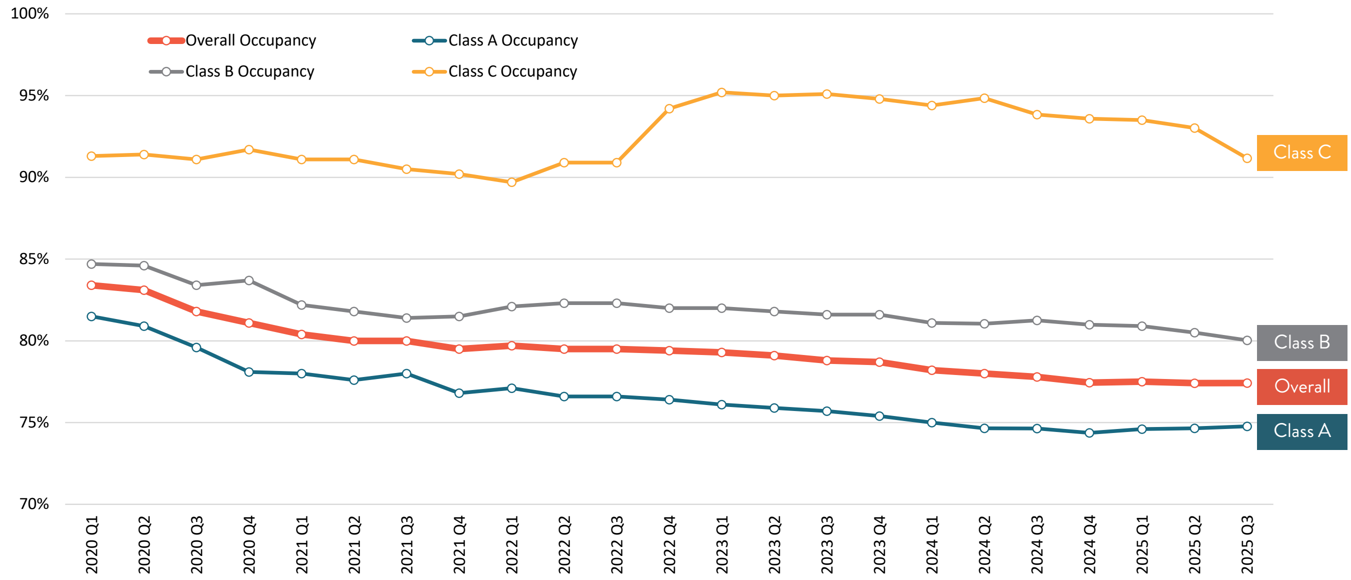
Santander Tower's recently secured $132.5 million loan for phase II of its partial residential conversion, coupled with stronger office leasing activity following phase I, points to rising demand for conversion projects, though the CBD's broader outlook remains uncertain. AT&T, Dallas CBD's largest occupier at 2.4 million SF, is reportedly exploring a relocation to the suburbs of Far North Dallas. According to Boston Consulting Group, such a move could reduce downtown property values by as much as 30%, representing an estimated $2.7 billion loss in total value.

Occupancy Trends



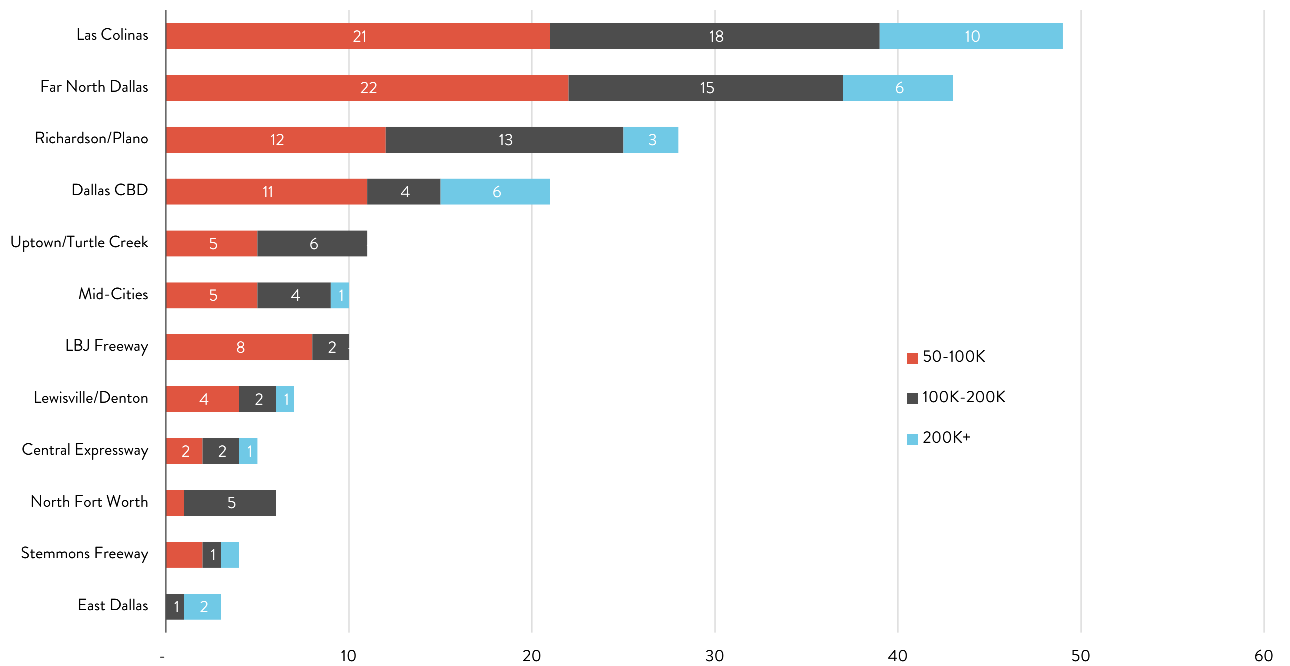
Class A occupancy inched up this quarter despite an influx of new developments delivering to the market, likely supported by solid positive absorption within this building class. In contrast, Class B and C properties have continued to see occupancy decline over the past four quarters. Still, Class A maintains the lowest occupancy rate, sitting just below the overall average of 77.4%, as many recently delivered projects continue to work through the lease-up stage.

Class Occupancy



The number of large blocks of direct and sublease space over 50,000 SF continued to trend downward, totaling 193 and dropping 5.2% quarter-over-quarter. Las Colinas and Far North Dallas still account for the largest share of these availabilities, largely due to their concentration of 1980s-era product and former single-tenant campuses. Of the 8.7 million SF of sublease space currently on the market, 68.2% consists of blocks over 50,000 SF, including the nearly 400,000-square-foot sublease of RealPage's former headquarters at Lakeside Campus in Richardson.

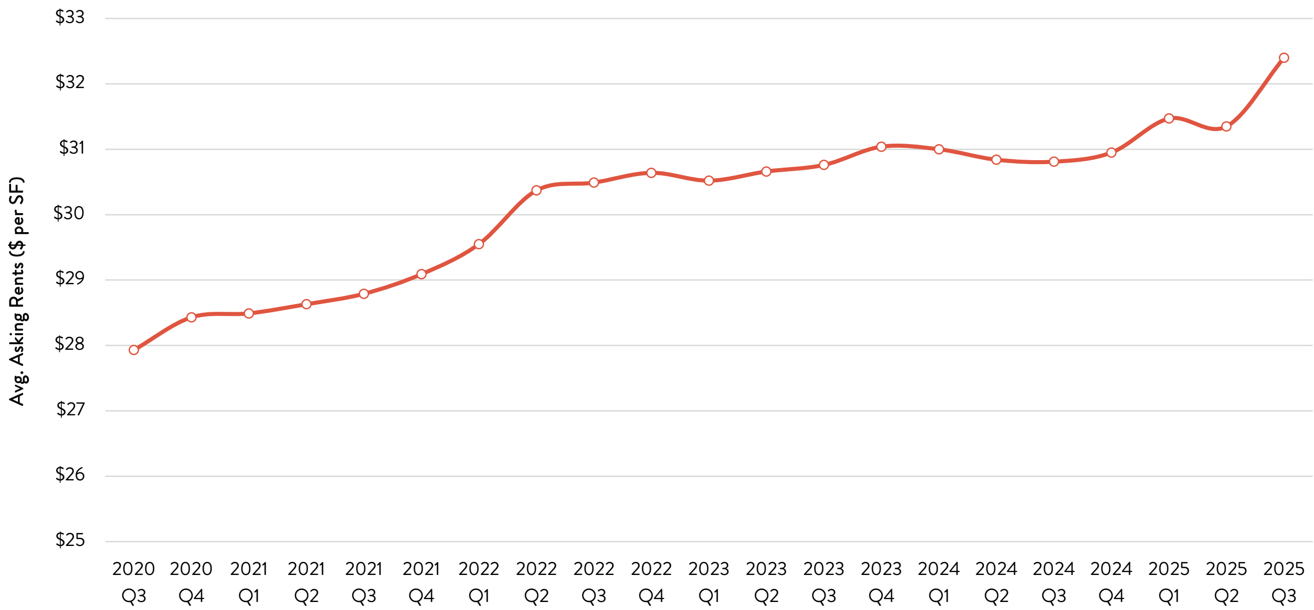
Big Blocks of Space



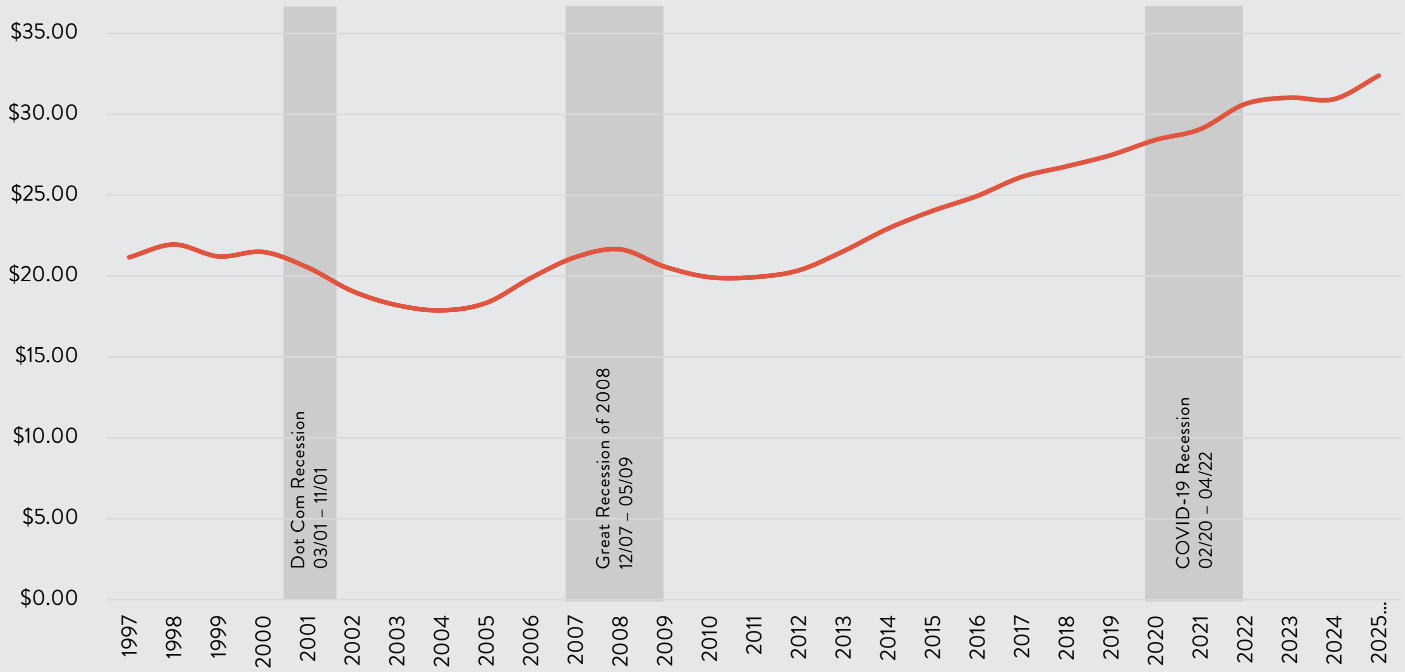
Rental Rate Trends

Average asking rates in Dallas–Fort Worth increased in Q3 by a notable 5.0% year-over-year to $32.40 per SF (Full Service Gross) after declining last quarter for the first time since Q3 2024. Class A rents posted the strongest quarterly gains at 3.8%, compared to a 1.8% increase for Class B, further widening the rent gap between the two segments. While tenant confidence strengthened this quarter, reflected in improved leasing activity, positive absorption, and rising rental rates, uncertainty surrounding the federal government shutdown could influence near-term volatility in interest rates and business sentiment, potentially affecting leasing and investment decisions in the quarters ahead.

Rental Rate Trends

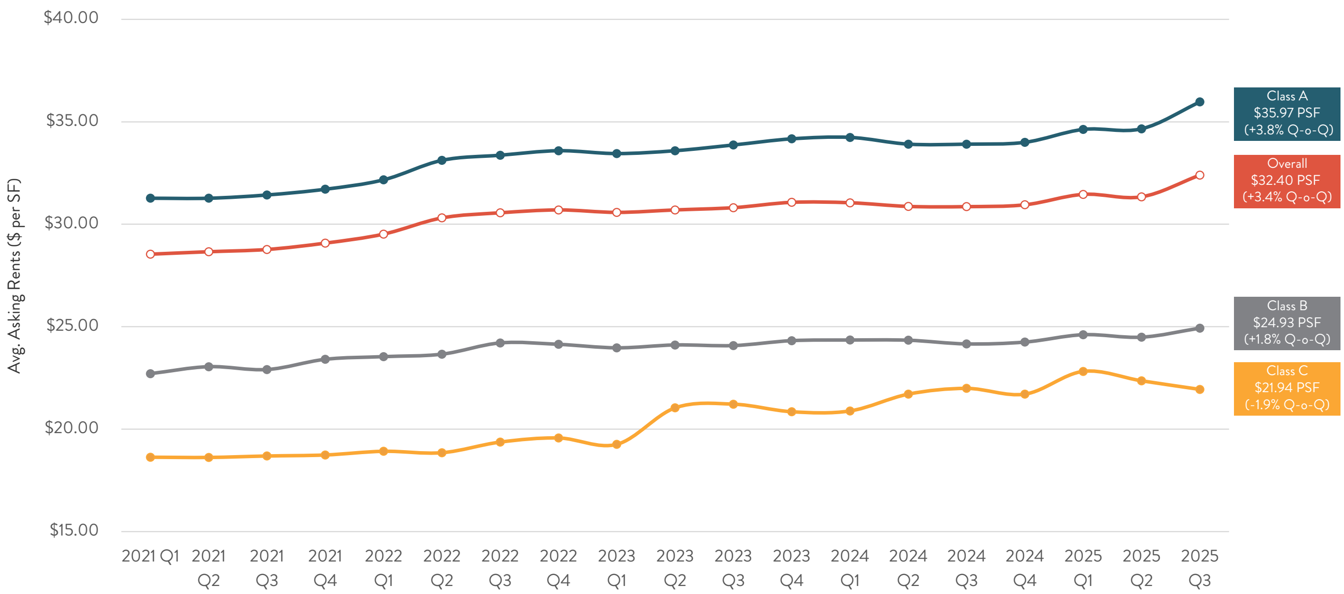


Historical Rents

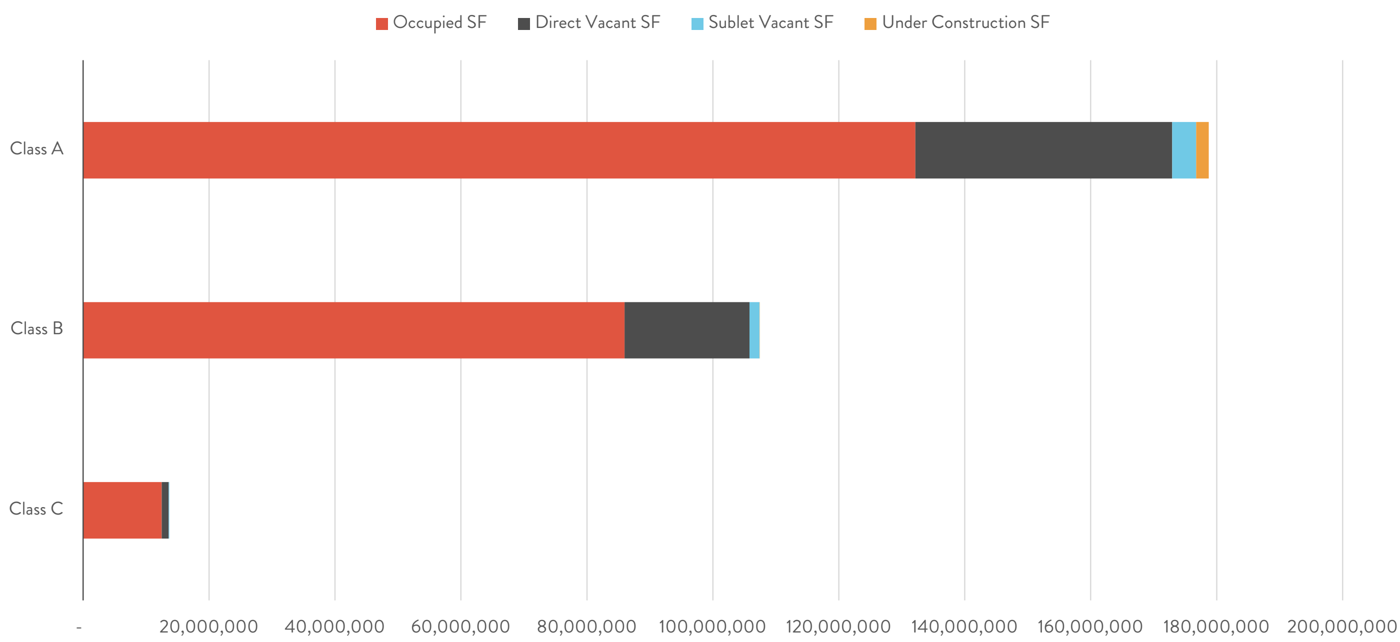


Overall asking rates, which are weighted on available space for all property classes, have increased by $1.06 and can be broken down as quarter-over-quarter Class A rate increase of $1.31, Class B rate increase of $0.44, and Class C rate decrease of $0.42.

Class Rental Rates



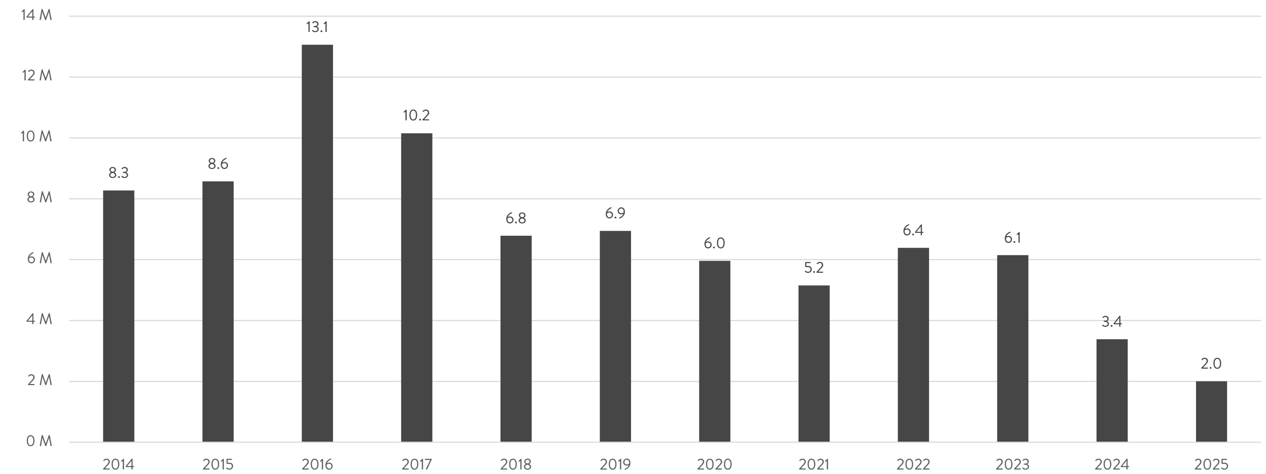
Key Stats By Property Class (SF)

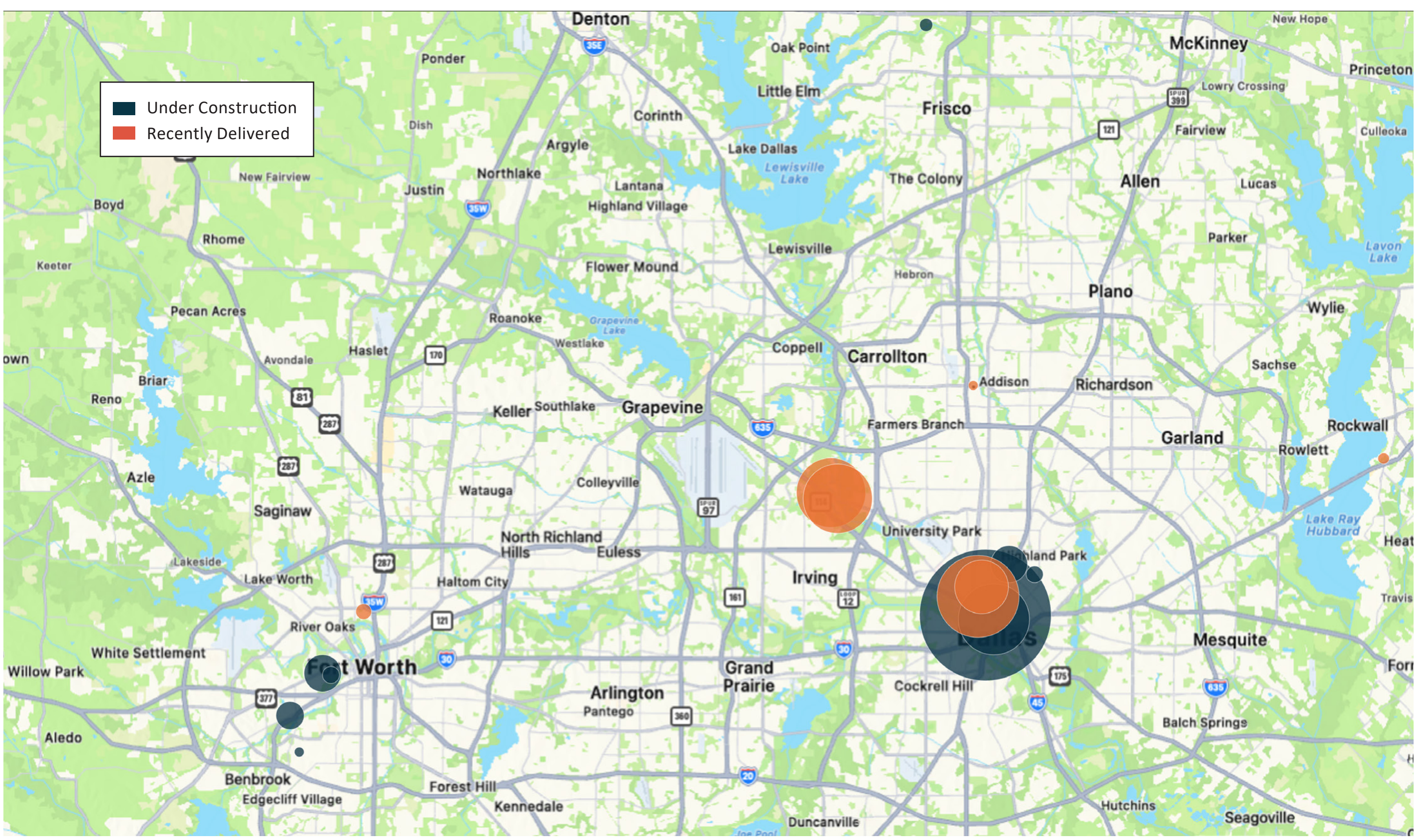


DFW Construction Pipeline

Following a noticeable slowdown in construction deliveries in the first half of 2025, the third quarter marked a rebound, adding more than 1.5 million SF of new inventory to the market, 85.3% of which is leased. Uptown's 23Springs delivered 67.0% leased, with tenants including Bank OZK, Sidley Austin, and Deloitte. Meanwhile, Wells Fargo's two-building, build-to-suit campus in Las Colinas is fully leased and will house approximately 4,000 employees, with room for future expansion on adjacent land. Construction activity is also picking up in South Fort Worth where The Offices at Clearfork Building C2 and The Van Zandt have joined Crescent Offices West among active office projects. Wells Fargo has pre-leased 37,000 SF in Clearfork C2, while JPMorgan Chase has committed to 64,000 SF at Crescent Offices West.

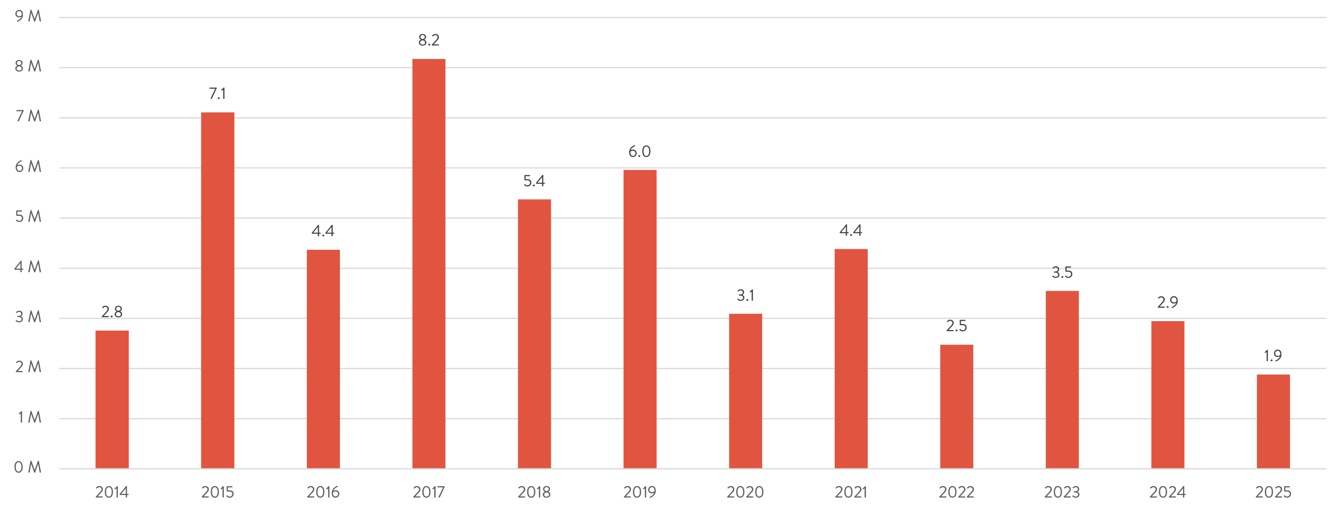
Under Construction (SF)

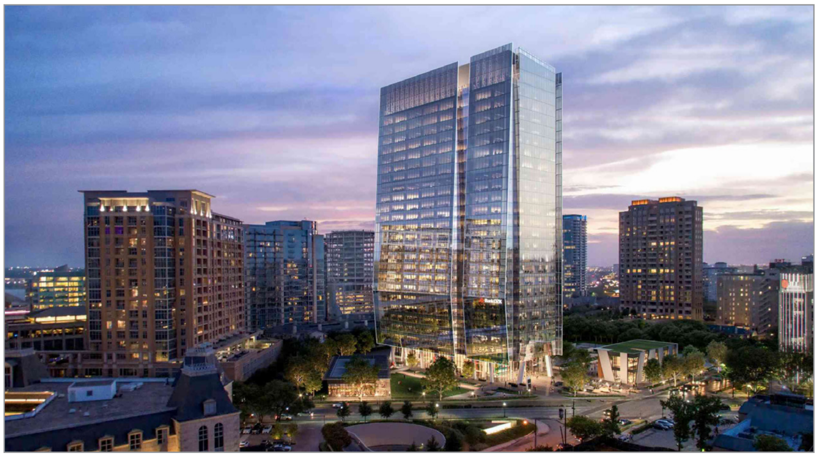




Recent Deliveries (SF)

2025





23SPRINGS
Uptown/Turtle Creek
642,000 RBA
Pre-leased: Bank OZK
209,891 Max Avail. SF
67.3% Leased
$72.00 - $75.00 NNN
Granite Properties

OLD PARKLAND EAST CAMPUS
Uptown/Turtle Creek
285,000 RBA
69,334 Max Avail. SF
74.7% Leased
Withheld Rents
Crow Holdings

WELLS FARGO
Las Colinas
850,000 RBA
100% Leased
Build-to-Suit
Wells Fargo & Company

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

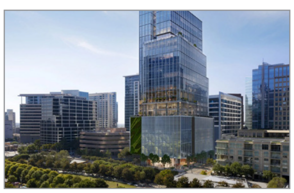
VILLAGE ON THE PARKWAY
Quorum/Bent Tree
27,260 RBA
100% Leased to Topaz Labs
$39.00 N
VOP Partners, LLC

Spec Under Construction

HENDERSON EAST
Central Expressway
78,758 RBA
62,628 Max Avail. SF
Withheld Rents
Acadia Realty Trust
& Ignite-Rebees

VAN ZANDT
Southwest Fort Worth
119,002 RBA
113,536 Max Avail. SF
Withheld Rents
Goldenrod Companies

Under Construction with Leases

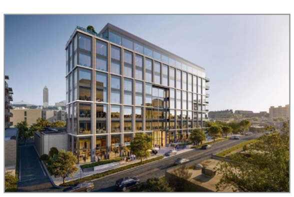


BOA TOWER AT PARKSIDE
Uptown/Turtle Creek
500,126 RBA
Pre-leased: BOA
47.6% Pre-Leased
261,965 Max Avail. SF
$75.00 – 85.00 NNN
Pacific Elm Properties

GOLDMAN SACHS
Uptown/Turtle Creek
800,000 RBA
100% Leased
Build-to-Suit
Hunt Consolidated

THE KNOX
Preston Center
206,000 RBA
Pre-Leased: ISN Software
100% Pre-Leased
MSD Partners, Trammell Crow Co., The Retail Connection and Highland Park Village Associates

VERITEX COMMUNITY BANK
Far North Dallas/Frisco
41,000 RBA
68.9% Pre-Leased
12,761 Max Avail. SF
$45.00 NNN
Veritex Community Bank



CRESCENT OFFICES WEST
South Fort Worth
172,000 RBA
Pre-Leased: JP Morgan Chase
98,000 Max. Avail SF
$59.00 NNN
Crescent Real Estate

CLEARFORK C2
South Fort Worth
72,000 RBA
Pre-Leased: Wells Fargo Bank
6,056 Max Avail. SF
Withheld Rents
Cassco/Simon

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

8300 DOUGLAS
Preston Center
316,027 RBA
297,131 Max Avail.
Withheld Rents
Ramrock Real Estate

ONE UNIVERSITY
South Fort Worth
130,000 RBA
116,044 Max Avail. SF
Withheld Rents
Goldenrod Companies

Capital Markets

The third quarter was marked by several headline-grabbing transactions in Uptown and Preston Center, underscoring continued confidence from institutional investors in the long-term outlook of the Dallas market. These high-profile sales reinforced the view that Dallas remains one of the nation's most resilient and liquid office markets, even amid broader economic uncertainty.

While activity at the top of the pyramid appears healthy, the base—the broader pool of smaller, non-institutional assets—remains sluggish and continues to anchor overall market momentum. Many local owners and private investors are still facing challenges with refinancing, leasing velocity, and pricing expectations, all of which have contributed to a slower recovery at the lower end of the market.

Overall, investors are cautiously optimistic, balancing encouraging signals such as strong leasing activity, a 25-basis-point rate cut, and record stock market highs against persistent headwinds including rising unemployment, trade tensions, and global geopolitical volatility. Although there's growing consensus that pricing has largely "bottomed out," capital deployment remains selective, and many investors are waiting for further clarity before reentering the market in force.

Notable Q3 2025 Office Investment Sales Transactions

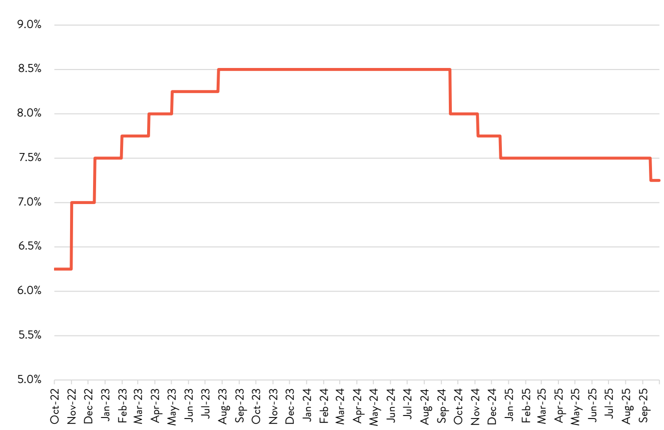
- Sterling Plaza – Shorenstein
- Preston Sherry Plaza – Endeavor
- The Link at Uptown – Cousins Properties
- Harwood No. 2 & Saint Ann Court – TPG Global
- 2000 McKinney - Crescent

REIT PERFORMANCE YTD THROUGH 7/31/25		
PROPERTY TYPE	AVG. RETURN	NUMBER OF REITs
Hotel	-16.84%	15
Land	-14.92%	3
Office	-14.64%	21
Shopping Center	-14.57%	17
Multifamily	-10.90%	12
Self-Storage	-8.20%	5
Data Center	-6.89%	3
Malls	-6.36%	3
Manufactured Housing	-4.75%	3
Timber	-4.00%	3
Industrial	-3.49%	13
Triple Net	-2.14%	17
Diversified	-2.13%	13
Single Family Housing	-0.60%	3
Advertising	1.50%	2
Casino	6.17%	2
Infrastructure	6.36%	5
Health Care	8.56%	17
REIT Average	**-6.42%**	**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	75	11,572,497	2,974,684	25.7%	-57,284	18,960	-	-	78,758	$35.83
DALLAS CBD	87	31,576,623	9,112,462	28.9%	-68,301	-375,839	-	-	-	$31.62
EAST DALLAS	105	5,372,997	1,078,100	20.1%	-10,885	1,319	20,000	20,000	-	$34.86
FAR NORTH DALLAS	395	65,376,264	16,868,085	25.8%	347,117	926,354	27,260	27,260	41,000	$35.53
FORT WORTH CBD	52	9,626,142	1,051,468	10.9%	35,502	61,739	-	-	-	$32.88
LAS COLINAS	291	42,277,292	10,542,025	24.9%	410,163	631,415	850,000	850,000	-	$27.54
LBJ FREEWAY	129	19,488,854	5,087,053	26.1%	45,806	80,663	-	-	-	$25.66
LEWISVILLE/ DENTON	102	5,194,651	957,381	18.4%	-96,684	312	-	-	-	$26.72
MID-CITIES	277	23,409,652	3,570,544	15.3%	18,347	138,525	-	-	-	$24.38
NORTH FORT WORTH	43	3,674,143	492,896	13.4%	21,462	54,774	-	57,254	-	$24.13
NORTHEAST FORT WORTH	40	3,369,951	855,465	25.4%	-130,792	-518,923	-	-	-	$26.13
PRESTON CENTER	49	6,519,269	502,859	7.7%	34,618	127,868	-	-	150,000*	$54.51
RICHARDSON/ PLANO	288	31,751,030	6,015,528	18.9%	-13,894	241,806	-	36,193	-	$26.76
SOUTH FORT WORTH	151	9,631,504	1,075,008	11.2%	23,458	213,079	-	-	378,002	$30.79
SOUTHWEST DALLAS	47	2,938,948	779,254	26.5%	-3,823	8,627	-	-	-	$23.50
STEMMONS FREEWAY	81	8,641,122	2,295,886	26.6%	-7,947	15,468	-	-	-	$21.03
UPTOWN/ TURTLE CREEK	100	17,439,488	3,985,530	22.9%	216,022	192,906	642,000	916,348	1,380,126	$60.93
TOTAL	**2,312**	**297,860,427**	**67,244,228**	**22.6%**	**762,885**	**1,819,053**	**1,539,260**	**1,907,055**	**2,027,886**	**$32.40**
CLASS A	662	176,752,361	44,588,126	25.2%	1,033,237	2,352,514	1,519,260	1,887,055	2,012,886	$35.97
CLASS B	1,341	107,412,196	21,446,393	20.0%	-177,629	-428,998	20,000	20,000	15,000	$24.93
CLASS C	309	13,695,870	1,209,709	8.8%	-92,723	-104,463	-	-	-	$21.94
TOTAL DFW	**2,312**	**297,860,427**	**67,244,228**	**22.6%**	**762,885**	**1,819,053**	**1,539,260**	**1,907,055**	**2,027,886**	**$32.40**

* *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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