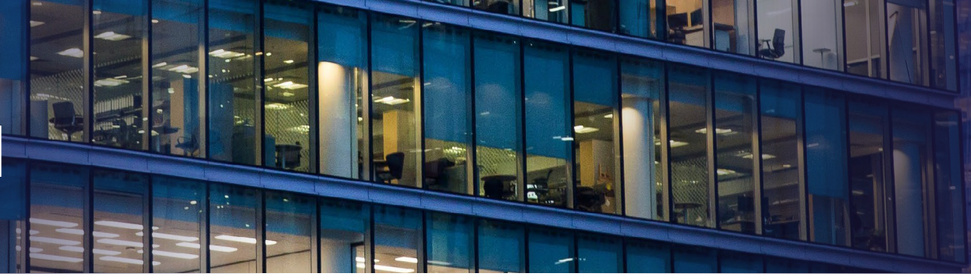
MARKETBEAT

DALLAS/FORT WORTH

OFFICE Q3 2025



CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
24.7% Vacancy Rate	▲	▼
1.6M YTD Net Absorption, SF	▲	▲
$33.66 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
4.3M Dallas/Fort Worth Employment	▲	▲
3.8% Dallas/Fort Worth Unemployment Rate	▼	▲
4.3% Country Unemployment Rate	▲	▲

Source: BLS, Moody's Analytics

ECONOMY

Job growth continued softening in the Dallas/Fort Worth (DFW) region to a pace of 0.8% year-over-year (YOY). Unemployment decreased 10 basis points (bps) YOY to 3.8%. Population growth continued at 150,840 new residents over the last 12 months, increasing 1.8% YOY.

According to Moody's Analytics, DFW office-using employment growth was flat YOY. The information and professional and business services sectors were both flat, while financial activities grew at a pace of 1.4% YOY. DFW office-using employment has grown 16.9% above pre-pandemic levels and was forecasted to grow another 4.0% over the next two years.

Dallas Fed surveys of the Texas service sector indicated a slight contraction of revenues and employment in September after slight growth in July and August. On the other hand, forward-looking indexes for revenue, employment, and capital investment have strengthened over the past three months, indicating conditions will remain generally favorable for increased office demand and improving fundamentals over the next six months.

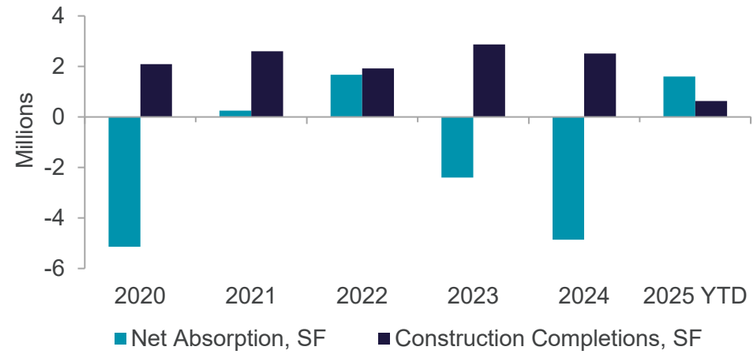
DEMAND

Sustained momentum kept net absorption positive for the third consecutive quarter at positive 661,782 square feet (sf). Year-to-date (YTD) absorption totaled positive 1.6 million square feet (msf), rebounding significantly from Q3 2024 when YTD net absorption was negative 4.4 msf.

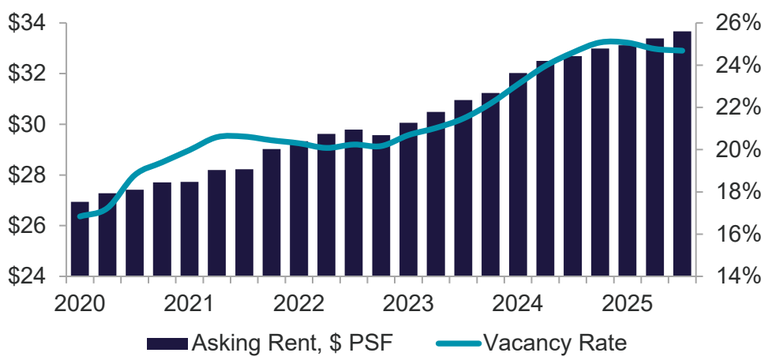
In fact, YTD net absorption is on pace for its strongest year since the pandemic. At the end of Q3 2025, YTD net absorption was only 70,900 sf below the annual total for 2022. Based on known move-ins and move-outs, Cushman & Wakefield projects positive absorption will continue for a fourth consecutive quarter and the strongest annual total in over five years.

New leasing activity totaled 3.8 msf in the third quarter, driving YTD new leasing to 11.0 msf, its strongest pace since 2022. Leasing activity was healthy in all size ranges. New leasing by firms in the financial activities sector has been particularly strong, increasing 75.5% YOY to 2.3 msf YTD.

SPACE DEMAND / DELIVERIES

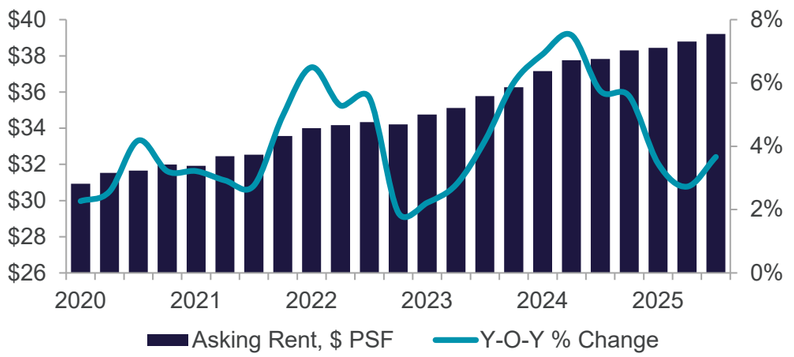


OVERALL VACANCY & ASKING RENT

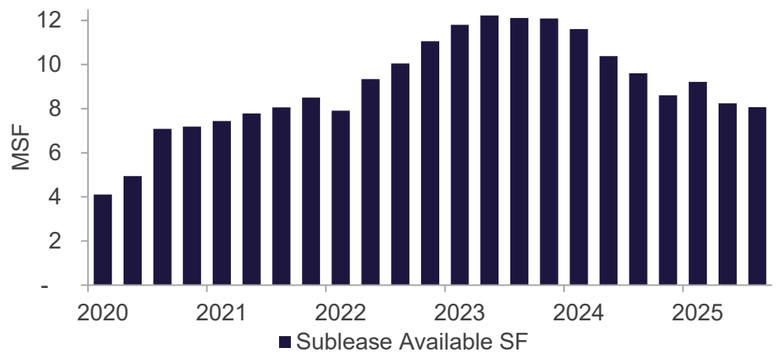


DALLAS/FORT WORTH
OFFICE Q3 2025

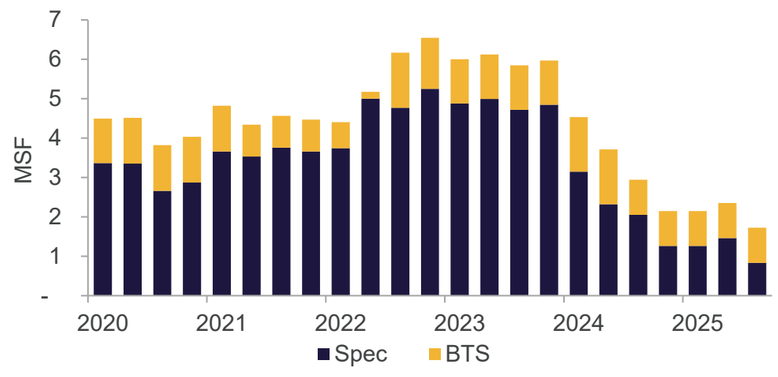
CLASS A OVERALL ASKING RENT



SUBLEASE OFFERINGS



CONSTRUCTION PIPELINE



SUPPLY

Vacancy decreased for the third consecutive quarter, falling 10 bps quarter-over-quarter (QOQ) to 24.7%. Class A vacancy (26.6%) remained higher than Class B (22.4%) mainly due to large vacant blocks in former single tenant buildings. Over the past 12 months, vacancy rates have improved dramatically in the submarkets of Uptown/Turtle Creek (-7.8% YOY), Preston Center (-6.1% YOY), and West Fort Worth (-4.3%).

Sublease availability decreased 2.2% QOQ to 8.0 msf. Sublease availability has decreased 34.1% from its peak in Q2 2023 and remained at its lowest level since Q1 2022.

Following delivery of 23Springs in Uptown/Turtle Creek, DFW office construction fell to 1.7 msf, its lowest level since 2013. Speculative projects totaled just 836,247 sf and were preleased at a healthy rate of 54.5% with an average asking rent of $98.35 per square foot (psf) gross.

Cushman & Wakefield expects construction to remain unusually low for the foreseeable future. The only new starts expected over the next 12 months are The Offices at Firefly Park (125,000 sf in Legacy/Frisco), Chalk Hill (400,000 sf in Uptown/Turtle Creek), and 8300 Douglas (290,000 sf in Preston Center).

PRICING

Despite elevated vacancy, asking rents reached another record high of $33.66 per square foot (psf), increasing 3.0% YOY. Class A rents increased 3.7% YOY to reach $39.21 psf, while Class B rents remained flat at $22.67 psf. Trophy properties continued outperforming with 4.7% YOY growth to reach $75.20 psf.

With vacancy still near 20-year highs, concessions remain favorable for tenants in the form of longer rent abatement periods and higher improvement allowances. That stated, tenants seeking space in highly sought-after Trophy and Tier I properties should make decisions sooner rather than later, as elevated demand and tighter vacancies will allow rent growth to continue outperforming the market.

OUTLOOK

- Cushman & Wakefield expects net absorption and vacancy to continue trending in a positive direction in the DFW market. Nevertheless, slower job growth and consolidations will continue to drag on net absorption in the near-term.
- Flight to quality will continue bifurcating performance between amenitized buildings and commoditized spaces.
- As vacancy tightens in top tier buildings, tenants will move down the quality spectrum to occupy the next best choices.
- Rent spreads between top tier and older Class A support repositioning viable buildings at a favorable cost basis.
- Disposition of excess office inventory through conversion, user purchase or redevelopment will continue to improve market fundamentals.

DALLAS/FORT WORTH
OFFICE Q3 2025

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	YTD CONSTR COMPLETIONS (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
CBD Core	18,317,526	6,677,945	36.5%	-36,410	-123,017	302,738	0	0	$28.88	$30.24
Arts District	6,676,713	1,930,262	28.9%	-11,414	-32,508	361,242	0	0	$48.36	$49.71
West End	1,347,347	412,666	30.6%	-2,751	-715	36,676	0	0	$31.18	$33.60
DALLAS CBD TOTAL	26,341,586	9,020,873	34.2%	-50,575	-156,240	700,656	0	0	$33.24	$35.04
Uptown/Turtle Creek	16,492,692	3,976,370	24.1%	147,470	208,237	1,172,132	1,524,411	626,215	$64.80	$69.17
North Central Expressway	14,159,587	3,935,738	27.8%	-103,909	-50,437	664,141	0	0	$35.27	$38.23
Preston Center	3,957,615	311,354	7.9%	79,480	168,406	279,459	0	0	$50.90	$60.61
Deep Ellum/East Dallas	3,584,243	803,079	22.4%	15,019	18,535	92,973	0	0	$37.45	$47.99
West Love Field	8,759,672	2,004,720	22.9%	50,517	732	165,032	0	0	$25.45	$42.79
LBJ Freeway	10,817,110	2,911,676	26.9%	98,771	112,347	736,877	0	0	$19.28	$21.32
Far North Dallas	22,652,385	5,150,449	22.7%	70,753	-49,961	1,407,189	0	0	$32.33	$37.38
Legacy/Frisco	29,326,965	8,094,110	27.6%	361,010	543,112	2,808,761	0	0	$42.17	$44.62
Richardson/Plano	23,018,099	4,687,878	20.4%	143,331	319,291	1,483,644	0	0	$27.05	$30.54
Las Colinas	35,314,112	9,378,824	26.6%	-88,352	221,603	1,845,441	0	0	$29.12	$33.09
Southlake/Westlake	4,458,379	1,107,051	24.8%	37,377	33,344	232,476	0	0	$35.53	$36.82
Lewisville/Carrollton	5,189,004	1,238,765	23.9%	17,751	36,460	139,255	0	0	$27.53	$33.72
Southwest Dallas	1,820,100	309,390	17.0%	-81,842	-70,778	14,551	0	0	$25.12	$26.28
Mid Cities	11,355,563	3,019,154	26.6%	-33,292	90,932	493,303	0	0	$25.90	$31.27
DALLAS NON-CBD TOTAL	190,905,526	46,928,558	24.6%	714,084	1,581,823	11,535,234	1,524,411	626,215	$34.08	$40.43
DALLAS TOTAL	**217,247,112**	**55,949,431**	**25.8%**	**663,509**	**1,425,583**	**12,235,890**	**1,524,411**	**626,215**	**$33.95**	**$39.37**
Fort Worth CBD	7,436,049	854,453	11.5%	19,881	68,701	164,607	0	0	$29.13	$34.88
West Fort Worth	4,144,532	611,666	14.8%	6,866	104,732	234,670	151,750	0	$28.43	$31.09
South Fort Worth	2,703,053	235,806	8.7%	19,686	52,339	139,446	50,086	0	$23.49	$30.00
North Fort Worth	1,817,869	225,293	12.4%	24,085	13,268	46,390	0	0	$30.78	$31.17
East Fort Worth	2,343,561	303,992	13.0%	-72,245	-67,730	14,873	0	0	$18.71	-
FORT WORTH TOTAL	18,445,064	2,231,210	12.1%	-1,727	171,310	599,986	201,836	0	$26.98	$33.18
DALLAS/FORT WORTH TOTALS	**235,692,176**	**58,180,641**	**24.7%**	**661,782**	**1,596,893**	**12,835,876**	**1,726,247**	**626,215**	**$33.66**	**$39.21**
Class A	151,056,570	40,207,576	26.6%	567,581	1,589,406	9,415,146	1,726,247	626,215	$39.21	-
Class B	75,214,708	16,826,804	22.4%	67,216	47,229	3,212,628	0	0	$22.67	-
Class C	9,420,898	1,146,261	12.2%	26,985	-39,742	208,102	0	0	$18.04	-

** Rental rates reflect full service asking rate.*

KEY LEASE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
5025 Plano Parkway	Legacy/Frisco	PennyMac	300,000	New Lease
One Victory Park / 2323 Victory Ave	Uptown/Turtle Creek	Ernst & Young	116,682	Renewal*
Victory Commons One / 2601 Victory Ave	Uptown/Turtle Creek	Scotiabank	100,835	New Lease
Legacy Tower / 7250 N Dallas Pky	Legacy/Frisco	HILTI	99,110	Renewal*

**Renewals included in leasing activity.*

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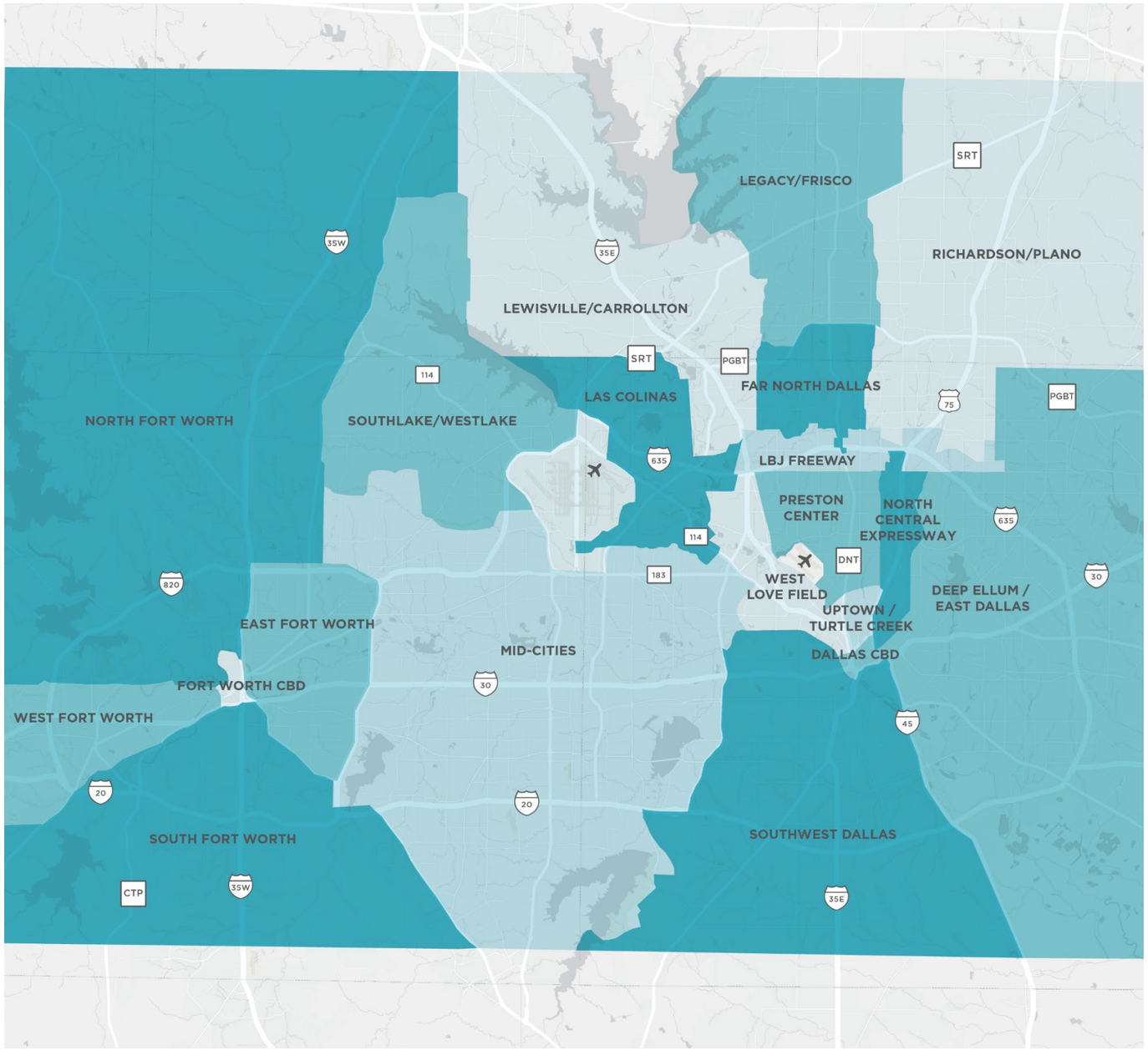
OFFICE SUBMARKETS



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