

## Office Q1 2022

	YoY Chg	12-Mo. Forecast
<b>21.6%</b> Vacancy Rate	▲	▼
<b>192K</b> Net Absorption, SF	▲	▲
<b>\$27.93</b> Asking Rent*, PSF	▲	▲

(Overall, All Property Classes)  
\*Rental rates reflect gross asking \$psf/year

### ECONOMIC INDICATORS Q1 2022

	YoY Chg	12-Mo. Forecast
<b>4.0M</b> Dallas/Fort Worth Employment	▲	▲
<b>4.2%</b> Dallas/Fort Worth Unemployment Rate	▼	▼
<b>3.6%</b> U.S. Unemployment Rate	▼	▼

Source: BLS

### ECONOMY

The Dallas-Fort Worth (DFW) economy continued its recovery in Q1 2022. With 4.0 million people employed, the region has fully recovered jobs lost at the onset of the pandemic. DFW's population increased by 112,787 people, year-over-year (YOY), and by 30,347 in Q1 alone, maintaining the long trend of population growth. As of March 2022, the population reached a new high of 7.9 million residents.

According to Moody's Analytics, office-using jobs grew by 83,145 positions, an increase of 7.3% when compared to Q1 2021. Office-using roles are described as positions that fall within business and professional services, information/technology, and financial activities. The leading indicator of office demand is driven by business and professional services roles, which account for 63% (718,386 jobs) of office-using employment. The region's office employment totaled 1.1 million jobs as of March 2022.

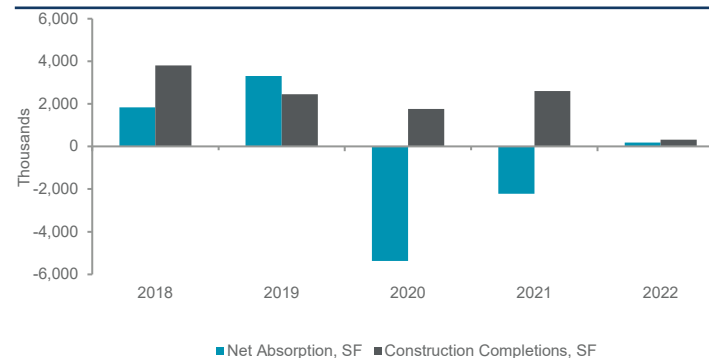
### SUPPLY

Despite ongoing supply chain issues and upward inflationary pressure, construction in 2022 has continued mostly uninterrupted in DFW. In the first quarter, 327,400 square feet of new inventory was delivered in the Legacy/Frisco submarket at 6100 Legacy Dr.

The construction pipeline in DFW remains robust with 4.7 million square feet (msf) to be completed over the next 24 months. The two leading submarkets in construction activity are Legacy/Frisco and Las Colinas, with 1.8 msf and 678,877 sf of under construction space, respectively. The largest under construction projects remain The Epic II in Deep Ellum at 470,000 sf followed by Granite Park Six in Legacy/Frisco at 419,866 sf.

For the first time since the start of the pandemic, available sublease space has decreased in DFW to just under 8.8 msf of inventory, 33.4% of which is currently vacant compared to 86.0% of available direct space listed as vacant. This points to a change in trend for DFW from past quarters. As employees return to the office, some companies have reevaluated their need for space and retained sublease spaces previously placed on market.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



## Office Q1 2022

### DEMAND

For the second consecutive quarter, the DFW office market saw occupancy grow, absorbing 192,028 square feet (sf) in the first quarter of 2022. Increased leasing activity at the end of the quarter drove this number, as the pace of companies moving into space surpassed the pace at which leases were expiring. Demand for Class A product continues to drive the market, with nearly 2.2 msf of leases transacted in the first quarter, or 72.9% of all leases signed.

The two leading submarkets in overall leasing activity were Las Colinas and Legacy/Frisco with 834,638 sf and 382,266 sf, respectively, of leases signed in the first quarter.

Class A occupancy grew by 236,296 sf in the first quarter while Class B and C spaces saw a net change of -44,268 sf of absorption. It is important to note that Class A space makes up 60.0% of all inventory in DFW, while Class B makes up just 36.8%. The largest move-ins recorded in the quarter were UT Southwestern Medical (181,424 sf) in West Love Field, Frontier Communication (96,903 sf) in Uptown, and Caterpillar (82,651 sf) in Las Colinas.

Overall vacancy rates in DFW decreased 10-basis points from the previous quarter, down to 21.6%. Class A and B spaces both had an overall vacancy of 21.8%, while Class C saw its vacancy at 15.4% for the quarter. The Dallas submarkets with the lowest overall vacancy rates include Preston Center (13%), Lewisville/Carrollton (16.6%) and East Dallas (18.2%).

### PRICING

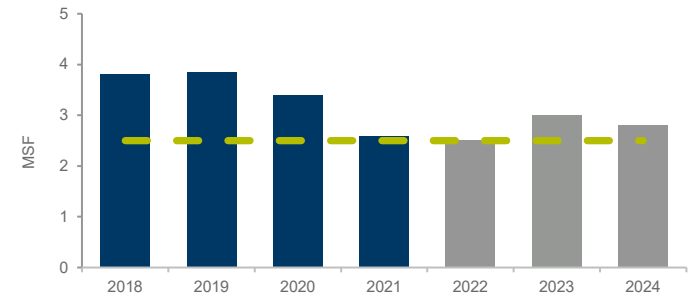
Rising labor and energy costs contributed to an overall increase in operating expenses, pushing annual full-service asking rates in DFW to \$27.93 per square foot (psf), a YOY increase of 3.8%. Rents in Uptown and the Arts District saw the highest rental rates in the market at \$49.83 and \$44.30, respectively.

As expected, Class A registered the highest average asking rate, rising to \$32.94 psf, while Class B and Class C reported rates of \$20.46 and \$17.68, respectively.

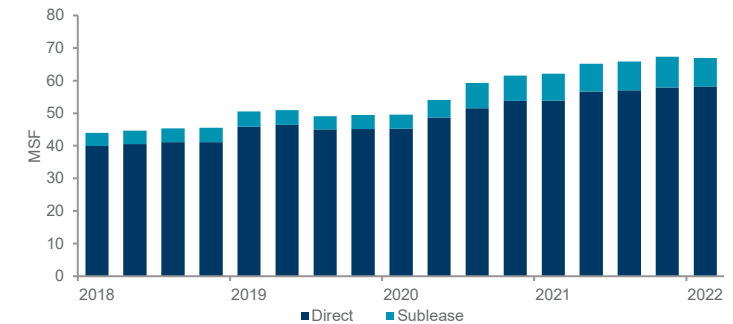
### Outlook

- Q1 2022 marked a continuation of DFW's recovery. The long-term outlook for the region remains very positive, especially compared to other large U.S. metro areas.
- There will be a continued flight to quality in new Class A properties as companies look to attract employees back into the office leading to a further divergence of rental rates for Class A and B space.
- Corporate relocations and expansions will drive demand in the office sector.
- As the rate of employees returning to the office increases, available sublease space should decline throughout 2022 as companies reevaluate their space requirements.

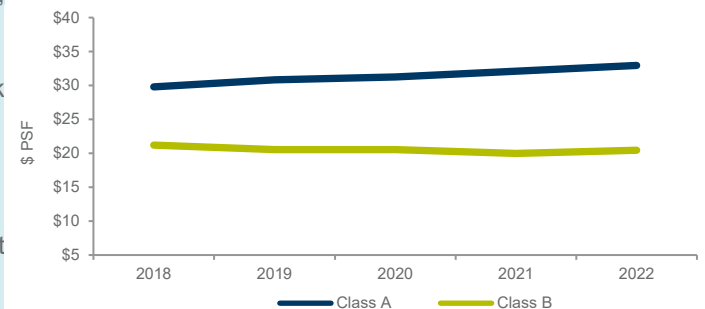
### NEW SUPPLY



### DIRECT VS. SUBLEASE SPACE AVAILABLE COMPARISON



### ASKING RENT COMPARISON





## Office Q1 2022

## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
CBD Core	19,975,253	172,791	6,190,207	31.9%	-90,987	-90,987	228,572	0	\$24.61	\$25.30
Arts District	6,601,774	279,308	1,158,897	21.8%	46,031	46,031	0	0	\$44.30	\$44.30
West End	1,677,991	4,000	518,474	31.1%	-6,541	-6,541	0	0	\$31.81	\$42.74
<b>DALLAS CBD TOTAL</b>	<b>28,255,018</b>	<b>456,099</b>	<b>7,867,578</b>	<b>29.5%</b>	<b>-51,497</b>	<b>-51,497</b>	<b>228,572</b>	<b>0</b>	<b>\$28.41</b>	<b>\$29.60</b>
North Central Expressway	10,833,267	109,847	1,986,841	19.4%	62,715	62,715	73,422	30,000	\$33.69	\$36.60
Preston Center	4,114,825	11,538	522,809	13.0%	-29,046	-29,046	38,257	318,632	\$42.87	\$46.86
West Love Field	10,377,549	24,783	2,132,814	20.8%	16,049	16,049	37,966	0	\$16.85	\$18.53
LBJ Freeway	22,969,085	378,766	4,887,646	22.9%	110,831	110,831	220,281	0	\$23.03	\$28.59
Las Colinas	35,287,677	310,740	6,797,305	20.1%	90,533	90,533	834,638	678,877	\$25.52	\$30.16
Far North Dallas	17,691,559	303,580	3,880,751	23.7%	2,261	2,261	170,134	0	\$25.43	\$30.61
Richardson/Plano	25,710,357	117,216	4,834,529	19.3%	31,581	31,581	265,118	475,405	\$22.21	\$26.37
Mid Cities	11,826,458	60,699	3,095,200	26.7%	-154,067	-154,067	56,158	0	\$22.61	\$27.10
Lewisville/Carrollton	4,366,646	0	726,129	16.6%	-12,571	-12,571	134,398	0	\$20.56	N/A
Southwest Dallas	1,858,530	0	411,586	22.1%	-15,207	-15,207	1,000	0	\$23.92	\$25.57
Legacy/Frisco	29,376,008	647,949	5,853,194	22.1%	23,455	23,455	382,266	1,765,079	\$35.71	\$39.97
Southlake/Westlake	4,939,607	154,136	1,220,881	27.8%	3,160	3,160	40,718	143,500	\$30.26	\$31.79
East Dallas	3,173,481	0	576,950	18.2%	-24,299	-24,299	124,208	470,000	\$25.09	\$58.00
Uptown/Turtle Creek	14,456,197	147,387	2,823,852	20.6%	126,903	126,903	341,410	495,000	\$49.83	\$54.15
<b>DALLAS SUBURBS TOTAL</b>	<b>196,981,246</b>	<b>2,266,641</b>	<b>39,750,487</b>	<b>21.3%</b>	<b>232,298</b>	<b>232,298</b>	<b>2,719,974</b>	<b>4,376,493</b>	<b>\$28.10</b>	<b>\$34.19</b>
<b>DALLAS TOTAL</b>	<b>225,236,264</b>	<b>2,722,740</b>	<b>47,618,065</b>	<b>22.4%</b>	<b>180,801</b>	<b>180,801</b>	<b>2,948,546</b>	<b>4,376,493</b>	<b>\$28.16</b>	<b>\$33.11</b>
Fort Worth CBD	7,834,738	54,985	1,363,232	18.1%	-49,347	-49,347	17,609	0	\$24.97	\$27.89
East Fort Worth	2,343,561	56,557	122,335	7.6%	-8,532	-8,532	5,328	0	\$13.98	N/A
North Fort Worth	1,944,574	0	100,213	5.2%	-3,704	-3,704	0	182,000	\$20.96	\$23.29
South Fort Worth	2,731,339	48,802	289,714	12.4%	27,831	27,831	8,454	48,594	\$20.10	\$26.00
West Fort Worth	4,579,036	40,591	509,187	12.0%	44,979	44,979	77,387	129,400	\$23.75	\$26.51
<b>FW SUBURBS TOTAL</b>	<b>11,598,510</b>	<b>145,950</b>	<b>1,021,449</b>	<b>10.1%</b>	<b>60,574</b>	<b>60,574</b>	<b>91,169</b>	<b>359,994</b>	<b>\$21.29</b>	<b>\$25.80</b>
<b>FORT WORTH TOTAL</b>	<b>19,433,248</b>	<b>200,935</b>	<b>2,384,681</b>	<b>13.3%</b>	<b>11,227</b>	<b>11,227</b>	<b>108,778</b>	<b>359,994</b>	<b>\$23.35</b>	<b>\$27.49</b>
<b>DFW TOTAL</b>	<b>244,669,512</b>	<b>2,923,675</b>	<b>50,002,746</b>	<b>21.6%</b>	<b>192,028</b>	<b>192,028</b>	<b>3,057,324</b>	<b>4,736,487</b>	<b>\$27.93</b>	<b>\$32.94</b>

\*Rental rates reflect gross asking \$psf/year; YTD Leasing Activity Includes Renewals

## KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1945 Lakepointe Dr	Lewisville/Carrollton	Teladoc	111,099	Renewal
2700 Commerce St	East Dallas	The Richards Group	101,000	New Lease
2999 Olympus Blvd	Freeport	AMN Healthcare	92,000	New Lease

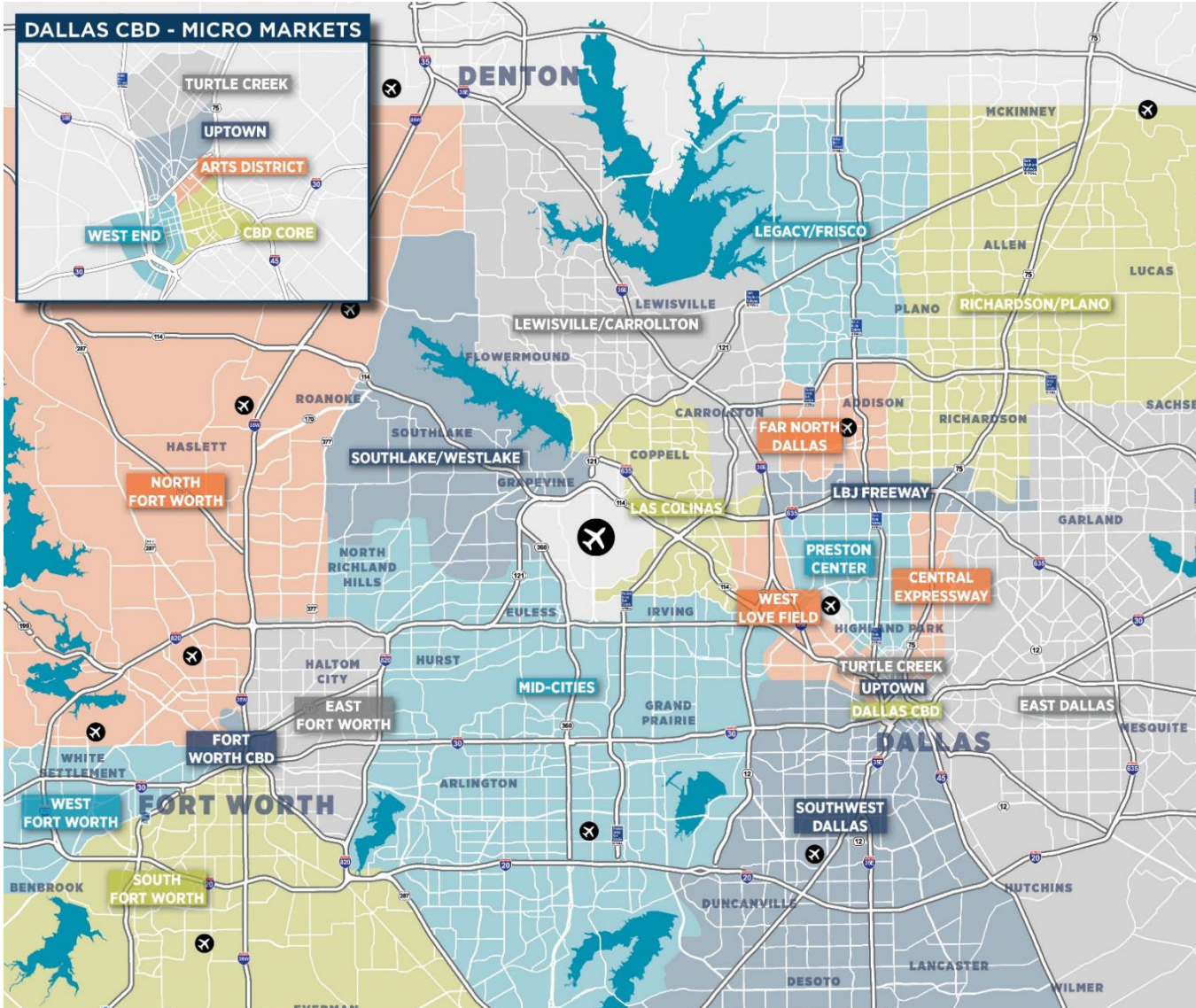
## KEY SALES TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER/BUYER	SF
Bryan Tower	CBD Core	Spire Property Group / Woods Capital	1,124,021
Trammell Crow Center	Arts District	JP Morgan Asset Mgmt / Regent Properties	1,159,927
The Point at Las Colinas	Office Center	Fortis Property Group / The Point at Las Colinas Properties	403,429

# DALLAS/FORT WORTH

Office Q1 2022

OFFICE SUBMARKETS



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