

Office Q2 2024

22.0%
Vacancy Rate



-950,409
Net Absorption, SF



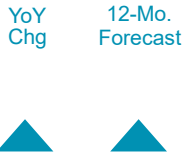
\$30.11
Asking Rent*, PSF



*Overall, All Property Classes
**Rental rates reflect gross asking \$psf/year
***Absorption was revised after all stats were released

ECONOMIC INDICATORS Q2 2024

4.3M
Dallas/Fort Worth Employment



3.8%
Dallas/Fort Worth Unemployment Rate



4.1%
U.S. Unemployment Rate



Source: BLS

ECONOMY

Employment continues growing in Dallas/Fort Worth (DFW) at a healthy pace of 1.8% year-over-year (YOY) with 4.3 million individuals employed. DFW unemployment reached 3.8% at quarter-end, increasing by 0.3% YOY. Unemployment remains below the national average of 4.1%.

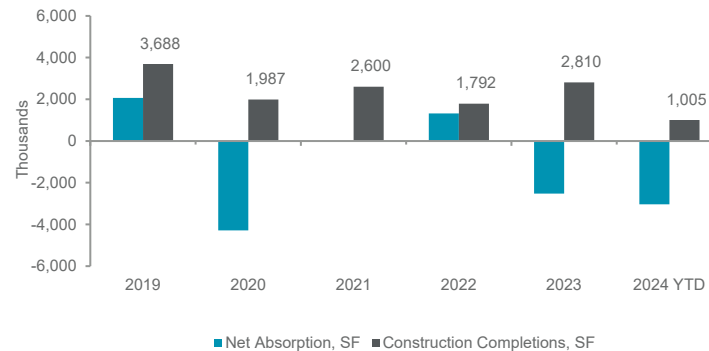
According to Moody's Analytics, employment in key office-using sectors continues to expand, growing by 3,448 or a 0.3% quarter-over-quarter (QOQ). As of June 2024, office-using employment remained at a record high of 1.2 million jobs, or 16.6% above pre-pandemic levels. In addition, population growth continues at a brisk pace of 130,569 new residents per year.

SUPPLY

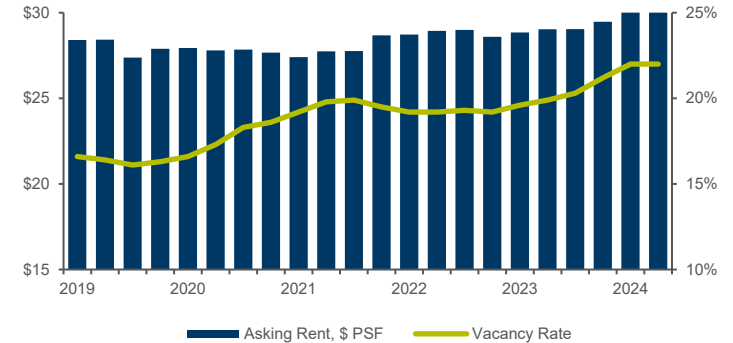
The second quarter closed with a vacancy of 22.0%, climbing 0.6% QOQ as companies continue right-sizing footprints in light of both remote and hybrid work trends. Vacancy rose to 22.9% in Class A properties and 21.0% in Class B. The submarkets in Dallas with the lowest vacancy rates include Preston Center (12.0%), Richardson/Plano (18.1%), and Lewisville/Carrollton (19.1%). Sublease availability decreased by 1.2 million square feet (msf) QOQ but remains well above the historical average at 10.5 msf. Sublease availability was highest in East Dallas (13.7%), North Fort Worth (9.8%), and Las Colinas – Freeport (9.5%).

Speculative deliveries also drove vacancy higher. The Tower at Hall Park in Legacy/Frisco and The Quad in Uptown/Turtle Creek delivered this quarter. These two buildings total 732,371 square feet (sf) and were 16.9% leased upon delivery. Construction activity fell to 3.7 msf, a decrease of 27.4% YOY. Future deliveries will have limited impact on vacancy as only 2.3 msf of the construction pipeline is speculative in nature.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



DALLAS/FORT WORTH

Office Q2 2024

DEMAND

Net absorption totaled negative 950,409 sf during the quarter and negative 3.0 msf year-to-date. Class B and C buildings drove net absorption at negative 622,562 sf and 20,364 sf, respectively. Net absorption in Class A buildings was less negative at 307,483 sf. Notable move-ins this quarter were LiquidAgents Healthcare (83,774 sf), M Financial Group (52,137 sf) and ECI Software Solutions (25,468 sf).

Flight to quality continues driving demand for Class A properties, with 1.3 msf of leases signed in the second quarter or 65.1% of all leasing activity. The Uptown/Turtle Creek, Richardson/Plano, and Legacy/Frisco submarkets accounted for the lion's share of activity at 841,020 sf or 43.0%. One notable lease was Jones Day for 73,359 sf to kick off Harwood No. 15 in Uptown/Turtle Creek.

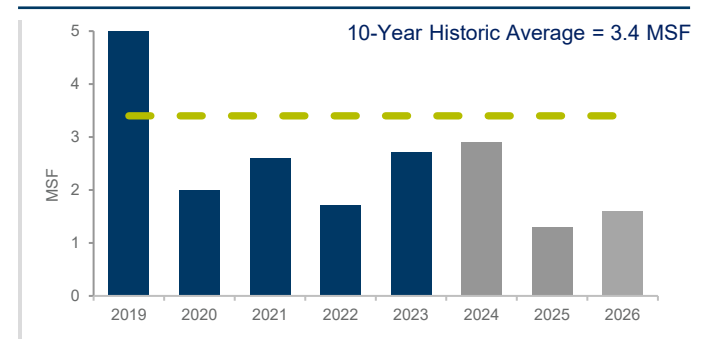
PRICING

Asking rental rates in DFW increased 4.7% YOY reaching a new record of \$30.11 per square foot (psf). Class A properties outperformed, increasing 5.2% YOY to reach \$35.53 psf, while Class B rents increased modestly at 1.1% to reach \$21.06 psf. Class A rents in the Fort Worth CBD submarket recorded the largest increase of 4.3% QOQ. The Legacy/Frisco and Uptown/Turtle Creek submarkets followed with QOQ rent growth of 3.5% and 2.6%, respectively, due to vacant deliveries.

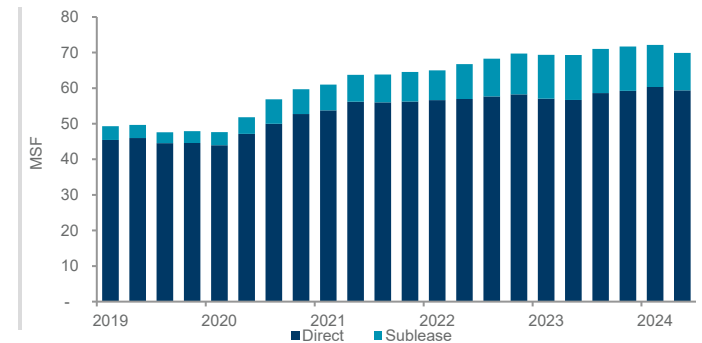
OUTLOOK

- Corporate relocations combined with both population and job growth will continue to generate demand for office space over the long-term, despite short-term headwinds.
- Sublease space will remain elevated as companies re-evaluate space needs.
- Vacancy will likely continue rising with downsizing and rollover.
- Flight to quality will allow amenitized Class A buildings to continue outperforming commoditized spaces.

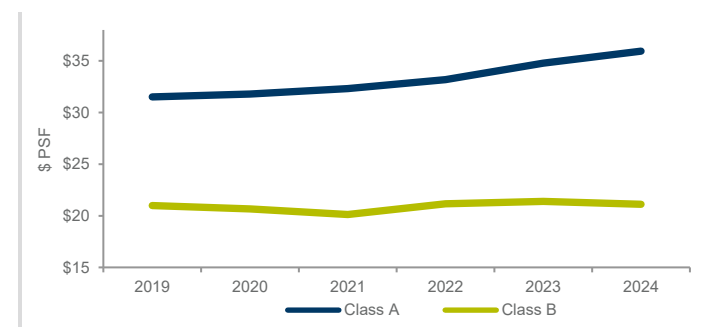
NEW SUPPLY (msf)



DIRECT VS. SUBLEASE SPACE AVAILABLE COMPARISON



ASKING RENT COMPARISON



Office Q2 2024

MARKET STATISTICS

SUBMARKET	INVENTORY	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	Q2 NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)
CBD Core	18,993,681	6,188,115	354,989	34.4%	-364,857	-416,403	132,159	0	\$27.92	\$29.08
Arts District	6,985,424	1,367,963	61,991	20.5%	-86,716	-58,715	101,451	0	\$44.24	\$44.35
West End	1,667,837	315,498	0	18.9%	1,655	4,160	16,141	0	\$22.00	\$42.33
DALLAS CBD TOTAL	27,646,942	7,871,576	416,980	30.0%	-449,918	-470,958	249,751	0	\$30.43	\$32.20
Uptown/Turtle Creek	15,227,622	3,323,585	100,921	22.5%	137,583	-147,446	1,054,440	2,076,341	\$55.74	\$59.87
North Central Expressway	10,843,267	2,342,378	80,823	22.3%	-65,855	-36,592	207,990	0	\$36.32	\$39.22
Preston Center	4,433,457	481,957	50,965	12.0%	-11,858	-36,162	62,764	0	\$46.00	\$50.34
East Dallas	3,520,128	321,688	439,752	21.6%	-29,863	-13,499	37,621	0	\$33.71	\$51.84
West Love Field	10,751,470	2,183,763	23,937	20.5%	-15,611	-83,883	95,714	0	\$24.44	\$32.69
LBJ Freeway	22,939,901	5,079,995	450,161	24.1%	-62,075	-267,670	368,720	0	\$23.96	\$30.76
Far North Dallas	17,494,104	3,925,915	270,955	24.0%	-37,973	-217,004	448,758	0	\$27.51	\$32.56
Legacy/Frisco	31,742,700	5,671,946	690,205	20.0%	68,228	-514,839	473,532	1,269,943	\$37.99	\$43.39
Las Colinas	36,488,747	7,875,543	627,397	23.3%	-167,845	-397,410	799,639	0	\$27.35	\$31.85
Richardson/Plano	25,856,225	4,417,248	253,638	18.1%	-67,785	-391,218	505,969	99,381	\$23.89	\$26.65
Lewisville/Carrollton	4,552,117	747,466	124,125	19.1%	-31,136	-157,513	83,321	150,000	\$20.92	\$19.36
Mid Cities	11,855,592	3,161,607	21,316	26.8%	-63,561	-95,452	221,966	0	\$23.35	\$27.55
Southwest Dallas	1,858,530	189,033	0	10.2%	-32,325	-67,115	12,501	0	\$24.29	\$25.61
Southlake/Westlake	5,083,131	1,113,188	40,273	22.7%	77,802	135,566	227,597	0	\$31.66	\$34.69
DALLAS SUBURBS TOTAL	202,646,991	40,835,312	3,174,468	21.7%	-302,274	-2,290,237	4,600,532	3,745,665	\$30.32	\$36.64
DALLAS TOTAL	230,293,933	48,706,888	3,591,448	22.7%	-752,192	-2,761,195	4,850,283	3,745,665	\$30.34	\$35.66
Fort Worth CBD	7,834,738	1,056,389	40,687	14.0%	-107,734	-107,543	137,414	0	\$27.56	\$31.92
East Fort Worth	2,366,884	161,817	0	6.8%	-6,113	-10,759	15,757	0	\$15.13	N/A
North Fort Worth	2,229,141	276,240	0	12.4%	-21,312	-38,254	55,580	0	\$24.81	\$22.76
South Fort Worth	2,779,933	217,962	67,301	10.3%	-38,198	-51,088	33,797	0	\$22.28	\$35.00
West Fort Worth	4,641,036	765,970	31,761	17.2%	-24,860	-46,055	151,153	129,400	\$25.72	\$28.64
FW SUBURBS TOTAL	12,016,994	1,421,989	99,062	12.7%	-90,483	-146,156	256,287	129,400	\$23.58	\$27.59
FORT WORTH TOTAL	19,851,732	2,478,378	139,749	13.2%	-198,217	-253,699	393,701	129,400	\$25.41	\$30.65
DFW TOTAL	250,145,665	51,185,266	3,731,197	22.0%	-950,409	-3,014,894	5,243,984	3,875,065	\$30.11	\$35.53

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

KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1950 E Parker Rd – Interceramic Headquarters	Legacy/Frisco	Interceramic, Inc.	308,378	Renewal
2727 N Harwood St – Harwood No.3	Uptown/Turtle Creek	Jones Day	132,000	Renewal
505 Millennium Dr – Building at 505 Millennium Dr	Richardson/Plano	Onsemi	97,496	New Lease

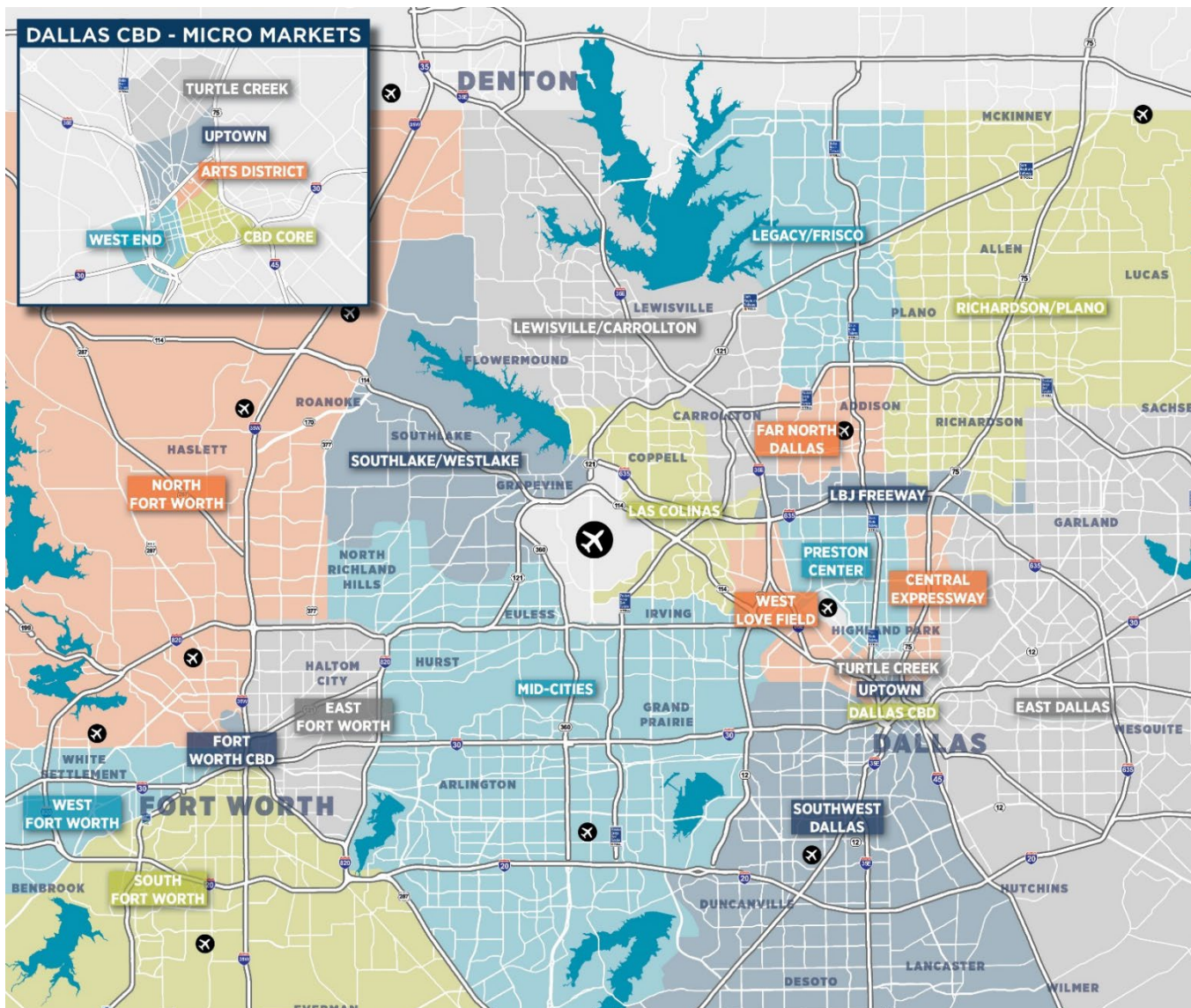
KEY SALES TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF
8710 Freeport Pky, 8616 Freeport Pky, 8222 N Belt Line Rd	Freeport – Las Colinas	UBS Realty Investors / Hillwood	460,517
1300 E Lookout Dr, 2301 N Greenville Ave - Creekview I & II	Richardson/Plano	EQT Exeter / Associa	260,072
12655 N Central Expy - North Central Plaza I	North Central Expressway	Silver Star Properties REIT / Costco Wholesale	198,370

DALLAS/FORT WORTH

Office Q2 2024

OFFICE SUBMARKETS



ANDREW MATHENY

Senior Research Manager, Dallas Research

Tel: +1 972 763 8282

andrew.matheny@cushwake.com

ANU UPPAL

Analyst, Dallas Research

Tel: +1 972 763 4188

anu.uppal@cushwake.com

LUKE PARENT

Analyst, Dallas Research

Tel: +1 314 339 7334

luke.parent@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2023, the firm reported revenue of \$9.5 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), sustainability and more. For additional information, visit www.cushmanwakefield.com.

©2024 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

cushmanwakefield.com.