

# Dallas-Fort Worth Office

## Monthly Market Snapshot | September 2022

Corporate relocations and expansions continue to drive office demand in Dallas-Fort Worth.

### Market Highlights

An analysis of activity during the eight months of the year—August 2022 compared to August 2021.

#### Dallas-Fort Worth office vacancy at 23.6%

Eight months into 2022, overall vacancy is at 23.6%, up 50 basis points from last year's 23.1%. Availability is 27.2%, up 70 basis points from August 2021 at 26.5%. The difference between this figure and the vacancy rate reflects expected future move-outs. The DFW office market has recorded 12 million sq. ft. of leasing activity comprised of both new leases and renewals, up 27% from this time last year at 9.4 million sq. ft. Net absorption (move-ins minus move-outs) is at negative 207,000 sq. ft., up significantly from negative 3.5 million sq. ft. year-over-year. In addition, the amount of construction underway is at 1.7 million sq. ft., down 22% from last year.

#### Robust leasing activity

Despite the increase in vacancy, leasing activity remained healthy. Significant lease transactions in 2022 include Munsch Hardt Kopf & Harr leasing 308,036 sq. ft. at Ross Tower in the Dallas CBD; J.C. Penney headquarters leasing 280,457 sq. ft. at CALWest Legacy in Plano; and Lehigh Hanson signing a deal for 170,2529 sq. ft. at the Point at Las Colinas in Irving. In addition, the average asking full-service rent in the DFW office market metro is \$28.70 per sq. ft., up by 4% from this time last year at \$27.59. The asking rent is the rental price listed by the landlord. As a market indicator, concessions such as free rent and tenant improvement allowances make posted rents less meaningful as net effective rents can change significantly once negotiations begin.

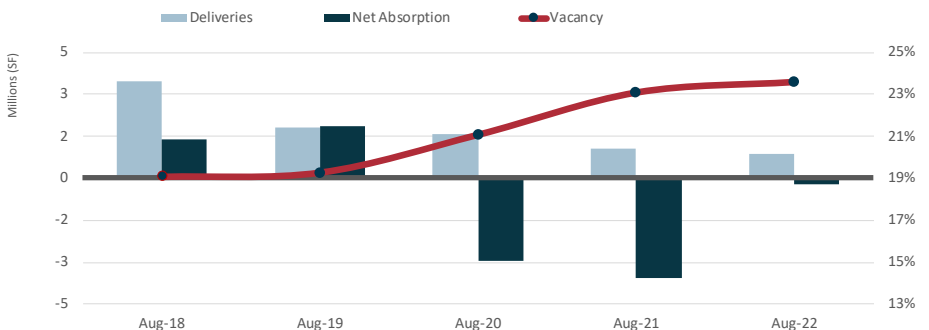
#### Wide-ranging expansion continues in DFW economy

Two and half years from the onset of the pandemic, DFW employment exceeds the February 2020 peak by 6.4% (245,400 jobs). The DFW labor market continued to be tight, with unemployment close to pre-pandemic lows. In July, the unemployment rate held steady at 3.5% in Dallas and edged down to 3.6% in Fort Worth. The jobless rate in Texas dipped to 4.0% in July, while in the U.S. it rose to 3.7% in August.

### Market Activity

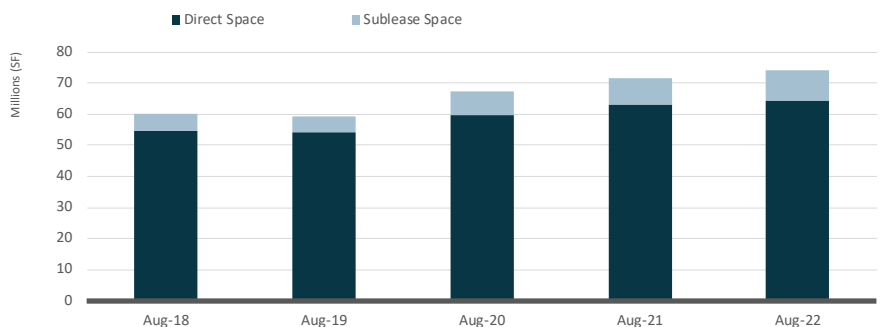
	August 2022	vs	August 2021
Vacancy	23.6%	▲	23.1%
Availability	27.2%	▲	26.5%
Under Construction SF	1,670,213	▼	2,128,407
Gross Average Asking Rent	\$28.70	▲	\$27.59
Net Absorption SF YTD	(206,593)	▲	(3,543,728)
Leasing Activity SF YTD	11,957,794	▲	9,434,898
Deliveries SF YTD	867,557	▼	1,052,969

### Supply & Demand | August - Year Over Year



Source: CoStar, NAI Partners Research

### Availability | August - Year Over Year



Source: CoStar, NAI Partners Research

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Independently written, researched, edited, and produced in-house by Partners.