

Dallas-Fort Worth Office

Monthly Market Snapshot | November 2022

Dallas-Fort Worth office market posts an increase in leasing activity among office buildings with amenities and recent renovations compared to those without.

Market Highlights

An analysis of activity during the ten months of the year—October 2022 compared to October 2021.

Dallas-Fort Worth office vacancy at 23.9%

Ten months into 2022, overall vacancy is at 23.9%, up 60 basis points from last year's 23.3%. Availability is 27.4%, up 100 basis points from October 2021 at 26.4%. The difference between this figure and the vacancy rate reflects expected future move-outs. The DFW office market has recorded 15 million sq. ft. of leasing activity comprised of both new leases and renewals, up 22% from this time last year at 12.3 million sq. ft. Net absorption (move-ins minus move-outs) is at negative 769,000 sq. ft., up significantly from negative 3.4 million sq. ft. year-over-year. In addition, the amount of construction underway is at 2.2 million sq. ft., unchanged from last year.

Healthy leasing activity

Despite the increase in vacancy, leasing activity remained dynamic. 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 Ryan, LLC signing a deal for 173,280 sq. ft. at Three Galleria Tower in the East LBJ Freeway submarket. In addition, the average asking full-service rent in the DFW office market metro is \$29.01 per sq. ft., up by 4.3% from last year at \$27.81. 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 effective net rents can change significantly once negotiations begin.

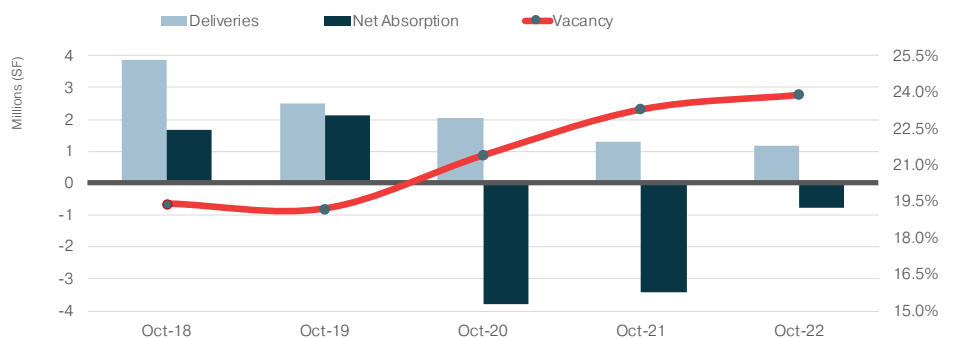
Economic indicators

Dallas-Fort Worth's economy expanded in September as payroll employment rose following declines in August. In October, consumer spending stayed above pre-pandemic levels as home prices fell again in August. Two and half years from the onset of the pandemic, DFW employment exceeds the February 2020 peak by 6.6% (253,360 jobs). Employment was 7.6% (208,330 jobs) above pre-pandemic levels in the Dallas-Plano-Irving metro division in September and 4.1% (45,030) higher in the Fort Worth-Arlington division.

Market Activity

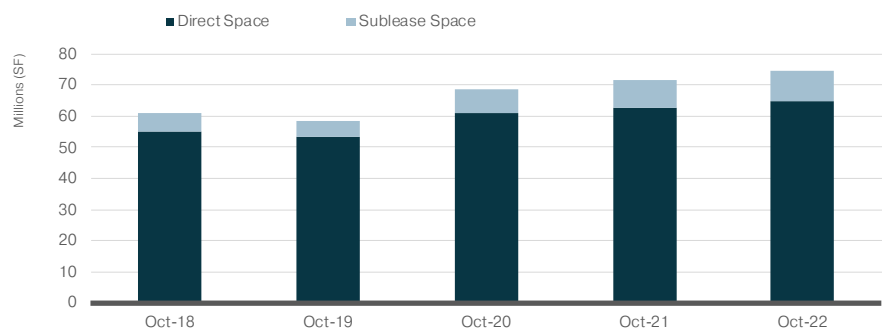
	October 2022	vs	October 2021
Vacancy	23.9%	▲	23.3%
Availability	27.4%	▲	26.4%
Under Construction SF	2,222,049	▼	2,232,471
Gross Average Asking Rent	\$29.01	▲	\$27.81
Net Absorption SF YTD	(768,957)	▲	(3,419,935)
Leasing Activity SF YTD	14,993,066	▲	12,283,261
Deliveries SF YTD	1,158,702	▼	1,285,120

Supply & Demand | October - Year Over Year



Source: CoStar, Partners Research

Availability | October - Year Over Year



Source: CoStar, Partners Research

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