

Dallas-Fort Worth Office

Quarterly Market Report | Q4 2022

Despite increasing vacancy, DFW metro asking rents are at an all-time high.

Market Highlights

An analysis of activity during 2022 compared to 2021.

Dallas-Fort Worth office vacancy at 23.6%

Year-end 2022, overall vacancy is at 23.6%, up 50 basis points from last year's 23.1%. Availability is 27.3%, up 110 basis points from 2021 at 26.2%. The difference between this figure and the vacancy rate reflects expected future move-outs. The DFW office market has recorded 16 million sq. ft. of leasing activity comprised of both new leases and renewals, up 8% from this time last year at 14.8 million sq. ft. Net absorption (move-ins minus move-outs) is at negative 206,000 sq. ft., up significantly from negative 3.5 million sq. ft. year-over-year. In addition, the amount of construction underway is at 2 million sq. ft., down 6.7% last year at 1.8 million sq. ft.

Strong leasing activity

Despite the increase in vacancy, leasing activity remained active. Significant lease transactions in 2022 include JCPenney moving back into its former corporate headquarters in Plano, which was sold and rebranded as CALWest. The company is moving into its 280,000 sq. ft. space in late 2022, and Ryan, LLC signed a renewal 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 at an all-time high of \$29.10 per sq. ft., up by 4.6% from last year at \$27.82. 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.

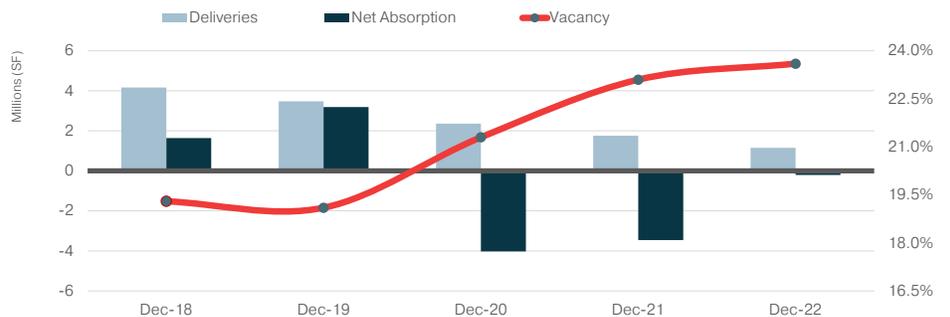
Economic indicators

Dallas-Fort Worth's economy expanded in November as DFW employment grew an annualized 5.3% in the three months ending in November. Payrolls rose 6.7% in Dallas, 1.8% in Fort Worth, and 3.9% statewide. DFW payroll gains were widespread over the three months, with growth led by construction and mining, followed closely by the leisure, hospitality, and professional and business services sectors. The DFW unemployment rate dipped to 3.4% in November, remaining below the Texas and U.S. jobless rates of 4.0% and 3.6%, respectively. The metro-area labor force rose an annualized 3.4% in November—its 11th consecutive increase.

Market Activity

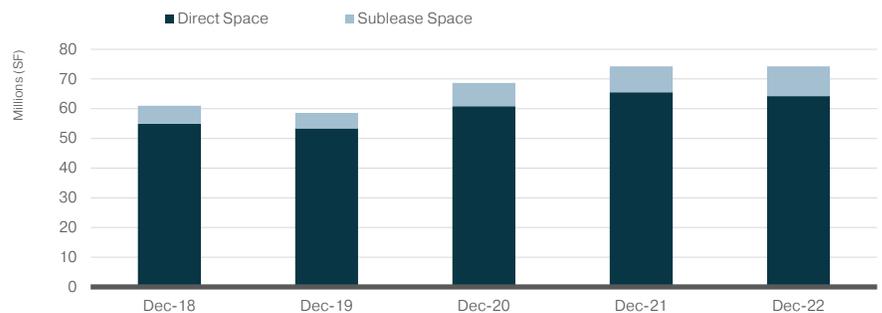
	2022	vs	2021
Vacancy	23.6%	▲	23.1%
Availability	27.3%	▲	26.2%
Under Construction SF	1,980,492	▼	1,856,223
Gross Average Asking Rent	\$29.10	▲	\$27.82
Net Absorption SF YTD	(205,855)	▲	(3,460,733)
Leasing Activity SF YTD	16,057,459	▲	14,839,727
Deliveries SF YTD	1,151,379	▼	1,749,688

Supply & Demand | December - Year Over Year



Source: CoStar, Partners Research

Availability | December - Year Over Year



Source: CoStar, Partners Research

LETA WAUSON

DIRECTOR OF RESEARCH

leta.wauson@partnersrealestate.com
tel 713 275 9618

partners
PARTNERSREALESTATE.COM

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