



DALLAS-FORT WORTH
OFFICE MARKET REPORT
4th QUARTER 2024



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Growth in Leasing Activity,
Active Tenants, and
Return to Office Policies
Signal Office Rebound in
2025.

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Economic Conditions

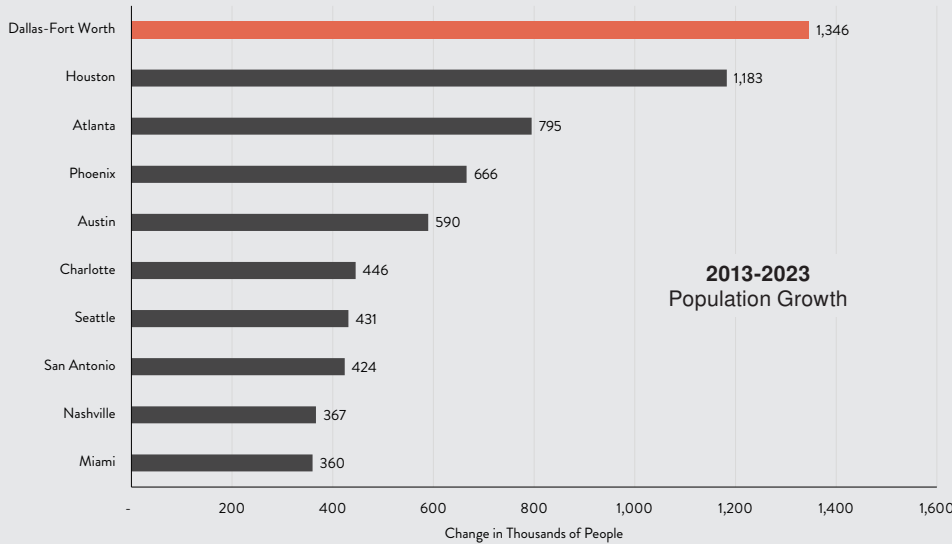
Population and Employment

While corporate relocations have slowed since their peak in 2023, the metro's resilient and cost-effective business environment drove a notable uptick in announcements during late 2024, particularly from tech firms like Simplilearn and Diversified. Office vacancy remains elevated at 22.6%, but a slowing construction pipeline and stricter in-office policies from large firms including AT&T, Amazon, and Southwest Airlines may offer some relief. Dallas-Fort Worth continues to rank among the top five U.S. metros for office attendance, with an average occupancy rate of 61.5%, according to Kastle Systems. With a current population of 8 million, DFW is projected to increase by 148,000 people yearly to 11.3 million people by 2045.



Dallas-Fort Worth Population Growth 2013-2023

2023 Population: 8.1 million



Source: U.S. Bureau of Labor Statistics (2023)



10-Year Change

2013-2023

1.3 million people
(19.9% growth)
(Avg. 2% annually)



12-Month Change

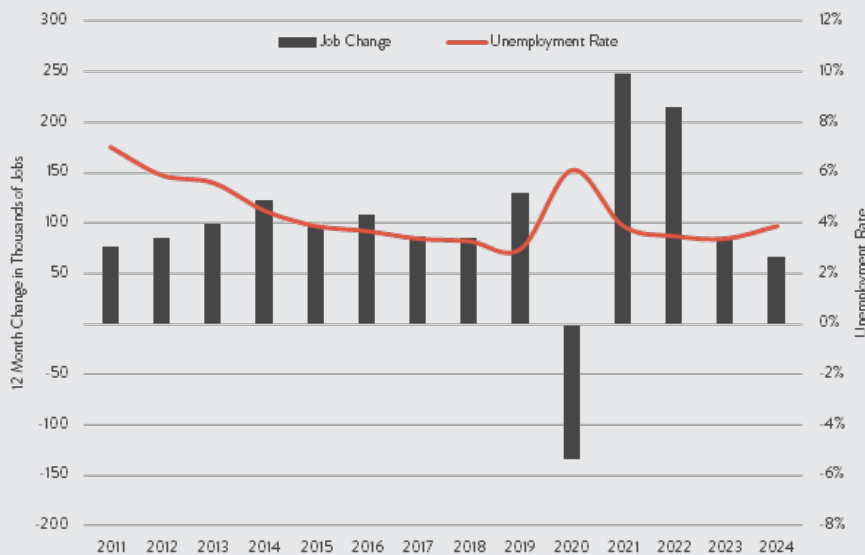
2022-2023

152,598 people
(1.9% growth)

Dallas-Fort Worth ranks as the fourth largest metroplex in the United States and leads the nation for both 5- and 10-year population growth. Based on the latest Census Bureau estimates (2023), the urban cores experienced modest year-over-year increases while suburban areas saw substantial growth, including a 7.7% rise in Kaufman County and a 6.6% increase in Rockwall County as residents follow new developments and more affordable housing options.

Dallas-Fort Worth Net Job Growth and Unemployment Rate

4.3 million jobs | 3.9% unemployment rate



Source: U.S. Bureau of Labor Statistics



12-Month Job Gains

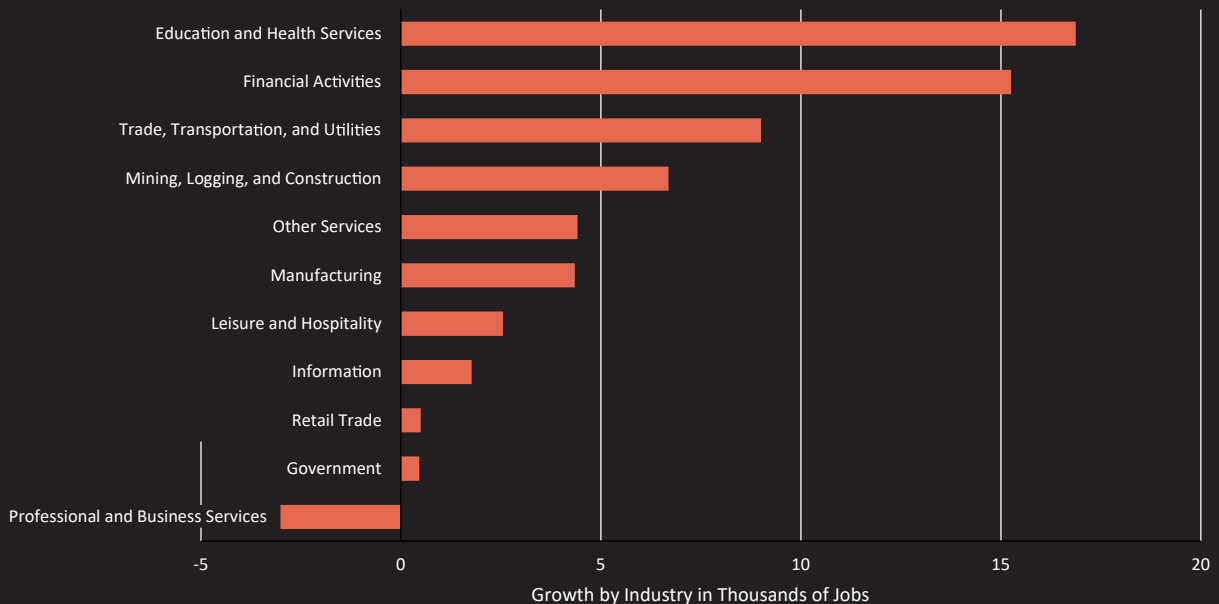
66,600 jobs

(1.6% growth)

Employment growth in the Dallas-Fort Worth area has slowed year-over-year, with a 1.6% increase over the 12 months ending in November 2024, compared to 2.1% in 2023 and 5.4% in 2022. However, DFW has added 481,400 jobs since November 2019—the largest five-year growth in the nation—surpassing Houston, the second highest, by 192,400 jobs. The unemployment rate, which peaked for the year at 4.2% in February, has since declined to 3.9%, remaining below the national average of 4.2%.



DFW Job Growth By Industry (NOVEMBER '23 - NOVEMBER '24)



Source: Bureau of Labor Statistics

Employment dropped by 1,000 jobs in the month of November, but the DFW metro still experienced a growth of 66,600 jobs over the 12 months ending in November 2024, 56.5% of this growth being captured in August alone. The strongest gains were once again recorded in education and health services by 3.8% (16,900 jobs) and financial activities by 4.2% (15,300 jobs). Employment growth held steady in government and leisure and hospitality but declined in professional and business services (-0.4%).

Dallas-Fort Worth Accolades

#1

Nationwide
FOR POPULATION GROWTH

Dallas-Fort Worth consistently ranks among the nation's fastest-growing areas, and continuing job growth is a key factor. The population growth has, in turn, fueled real estate development as retailers and service providers expand to meet increasing demand.



#1

NATIONWIDE
FOR JOB RECOVERY
in the past 5 years
(4.3 million jobs)

#2

Most Diverse
INDUSTRY IN THE U.S.

Dallas-Fort Worth excels in many important industry sectors. DFW has ranked among the top five regions in 10 of the 12 industries.

LIVING & DOING BUSINESS

Dallas-Fort Worth is one of the most affordable large metropolitan areas in the country. Employees in DFW enjoy a higher standard of living with lower housing costs as well as lower costs for groceries, transportation and health care. The areas relatively low housing prices provide a strong edge for companies that operate here to recruit talent.

2024 HQ Relocation ANNOUNCEMENTS



Dallas-Fort Worth is one of two regions in the U.S. to host two Fortune 10 companies, and only Beijing and Seattle are home to more. Revenues earned by Fortune 500 companies located in DFW total \$1.4 trillion.

24

Fortune 500
HEADQUARTERS

As of 2023 Dallas-Fort Worth has 24 Fortune 500 company headquarters and 49 headquarters among the Fortune 1000.



DFW's Global Center

3rd

Busiest airport
in the world

Dallas-Fort Worth International Airport is an economic engine for the region, generating \$37 billion in economic impact, supporting 634,000 full-time jobs and attracting \$28B in visitor spending

The DFW International Airport is the highest-capacity commercial airport in the world and one of the two international gateway airports in Texas. DFW's location means time savings when it comes to travel. All major U.S. cities are less than four hours away.

224K
Daily Passengers

11.2M
International Passengers

774k
Total Cargo
(in U.S. tons)

Office Market Conditions

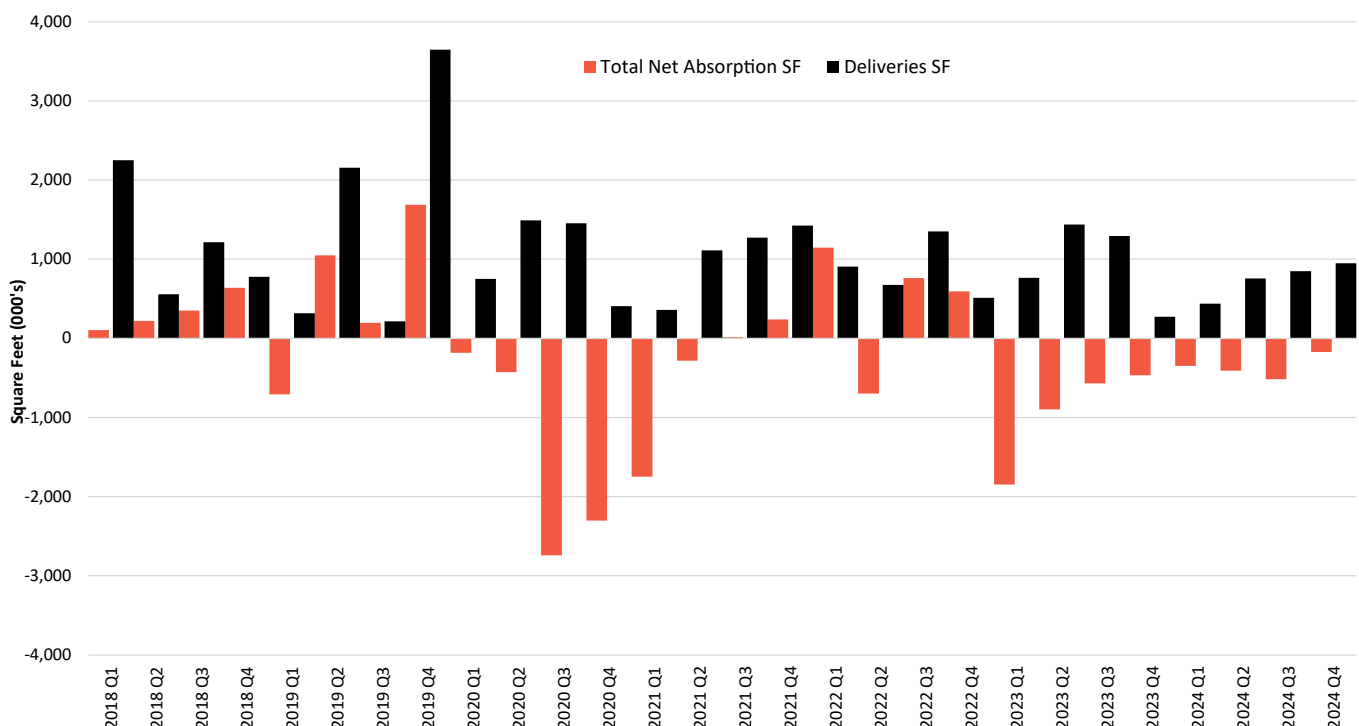
Supply and Demand

Dallas-Fort Worth ended 2024 with negative net absorption of 1.4 million SF. The fourth quarter contributed negative 172,161 SF or 11.9% to the yearly total negative absorption. The campus-heavy submarkets of Far North Dallas and Las Colinas experienced the greatest negative absorption impacts year-to-date, accounting for 80.5% of the total at -713,086 SF and -447,563 SF, respectively.

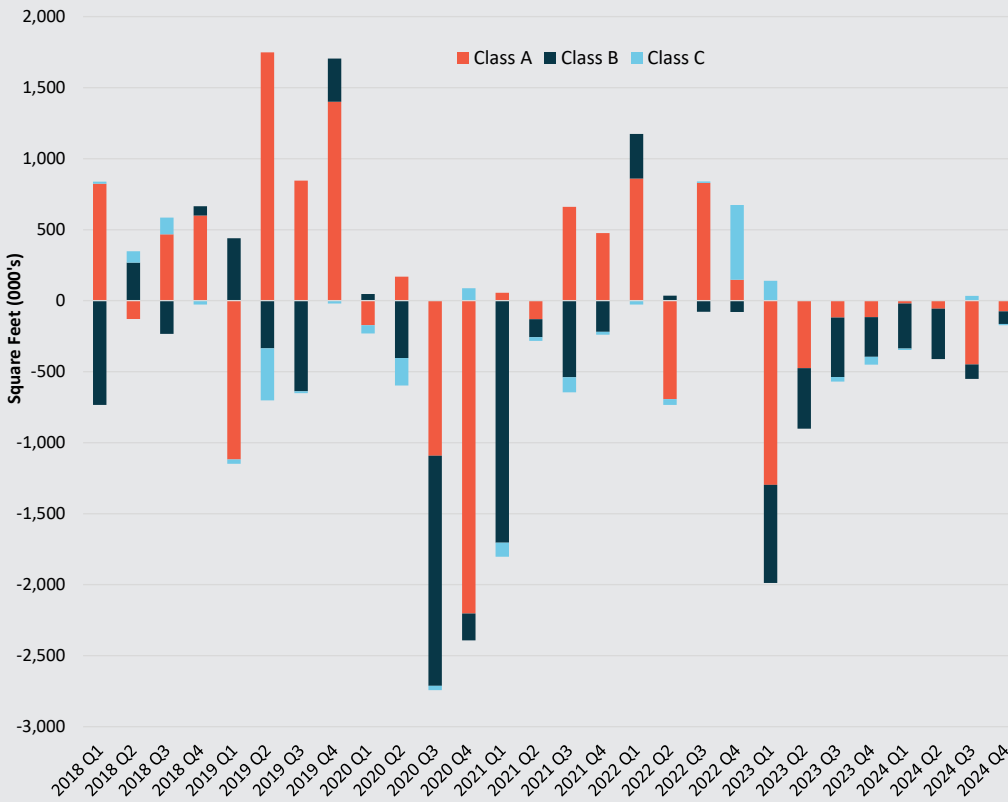
Throughout the year, significant move-outs were primarily driven by corporate rightsizing, the adoption of remote and hybrid work models, and layoffs. Notable downsizers included Thomson Reuters, which relocated within Far North Dallas to Frisco Station, reducing its footprint by 220,000 SF. Steward Health Care vacated a total of 365,330 SF across Galatyn Commons B & D in Richardson/Plano and 1900 N Pearl St in Dallas CBD. Meanwhile, Fulgent Therapeutics (formerly Inform Diagnostics) reduced its space by 75,700 SF within the Las Colinas submarket at 1111 Freeport Pkwy. In contrast, Wingstop's relocation and expansion into 125,248 SF at One West Village positioned Uptown/Turtle Creek as the submarket with the highest net positive absorption for the year, followed by Preston Center, driven by consistent small-tenant move-ins.

The number of active tenants in the market for spaces 15,000 SF and larger ended 2024 on a high note, rising 57.6% year-over-year to 52 active deals, fully recovering to the pre-pandemic average. The total square footage required for these deals also increased, climbing 30.6% year-over-year to 3.3 million SF. While this marks significant growth, it remains far below the 2020 peak of 9.4 million SF, highlighting tenants' ongoing adjustments to evolving office space needs.

Net Absorption & Deliveries



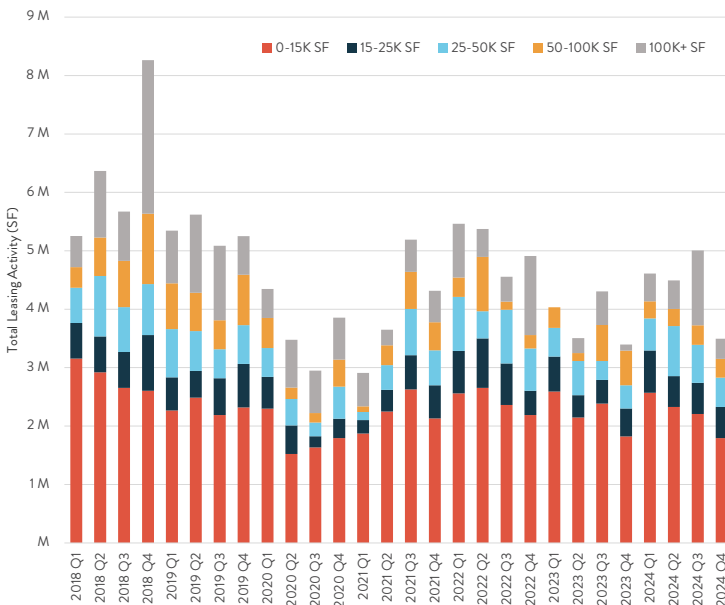
Class Net Absorption



Class A properties accounted for 41.5% of the year's total negative absorption (-598,627 SF out of -1.4 million SF). Notably, this decline stemmed entirely from buildings constructed before 2015 (-1.9 million SF), while those built in 2015 or later saw a positive absorption of 1.3 million SF.

Class B properties also played a significant role, constituting 59.9% of the total negative absorption, with a year-end contribution of -863,973 SF.

Leasing Activity



Leasing activity for 2024 totaled 17.6 million SF, reflecting a 15.5% increase from the prior year, primarily driven by large renewals, including Bank of America's 554,000 SF lease at Hallmark Center I. Currently, all leases signed over 30,000 SF in the fourth quarter were new leases—a significant shift from last quarter's renewal-heavy activity and a positive indicator of increasing office demand. Smaller deals, particularly those under 15,000 SF, continue to dominate the metro's leasing activity, making up 93.7% of leases signed for the year.

Q4 2024 NOTABLE LEASES

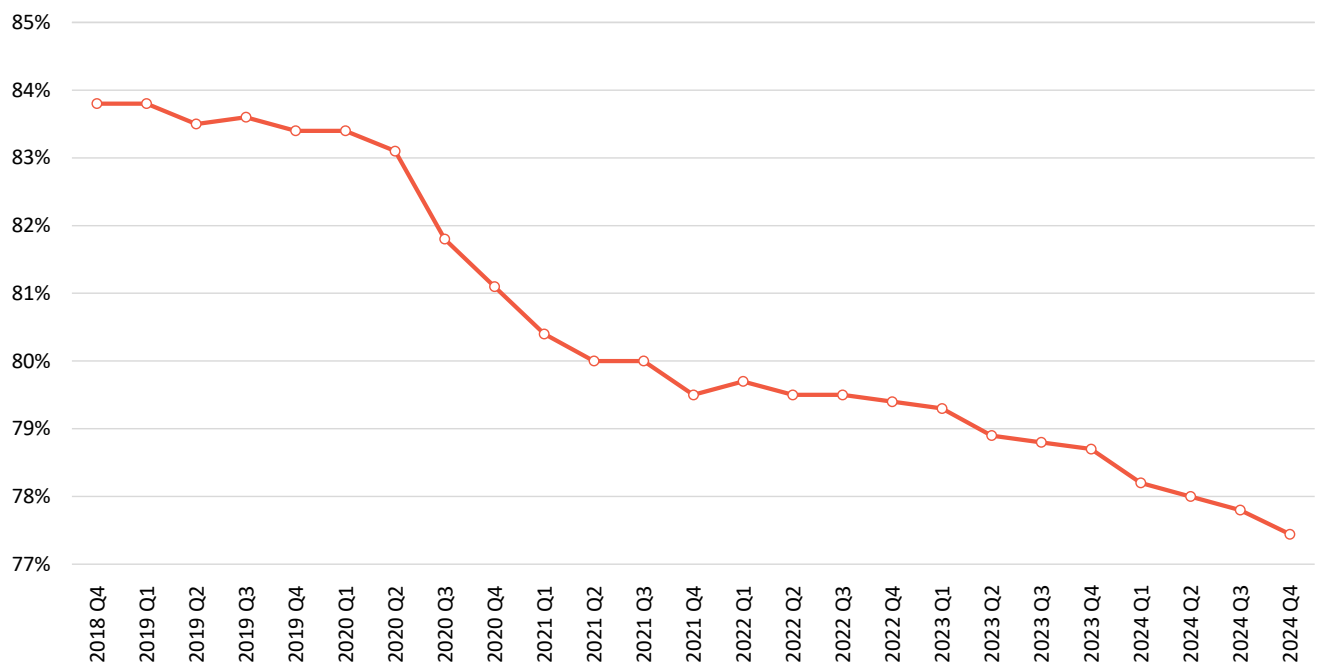
Tenant	Deal Size	Type	Building	Submarket
Toyota Financial Services	241,452	New Lease	Southstone Yards	Frisco/The Colony
Merit Energy	104,034	New Lease	Two Lincoln Centre	East LBJ Freeway
Half Associates, Inc.	84,000	New Lease	Galatyn Commons C	Richardson/Plano
Allstate	53,043	New Lease	3300 Olympus	DFW Freeport/Coppell
Greenberg Traurig LLP	49,400	New Lease	McKinney & Olive	Uptown/Turtle Creek
Horace Mann	48,000	New Lease	6275 W Plano Pkwy	Upper Tollway/West Plano
Gray Reed	45,400	New Lease	1845 Woodall Rodgers	Uptown/Turtle Creek
Paul Hastings	37,000	New Lease	3311 Knox Street	Preston Center



Occupancy Trends

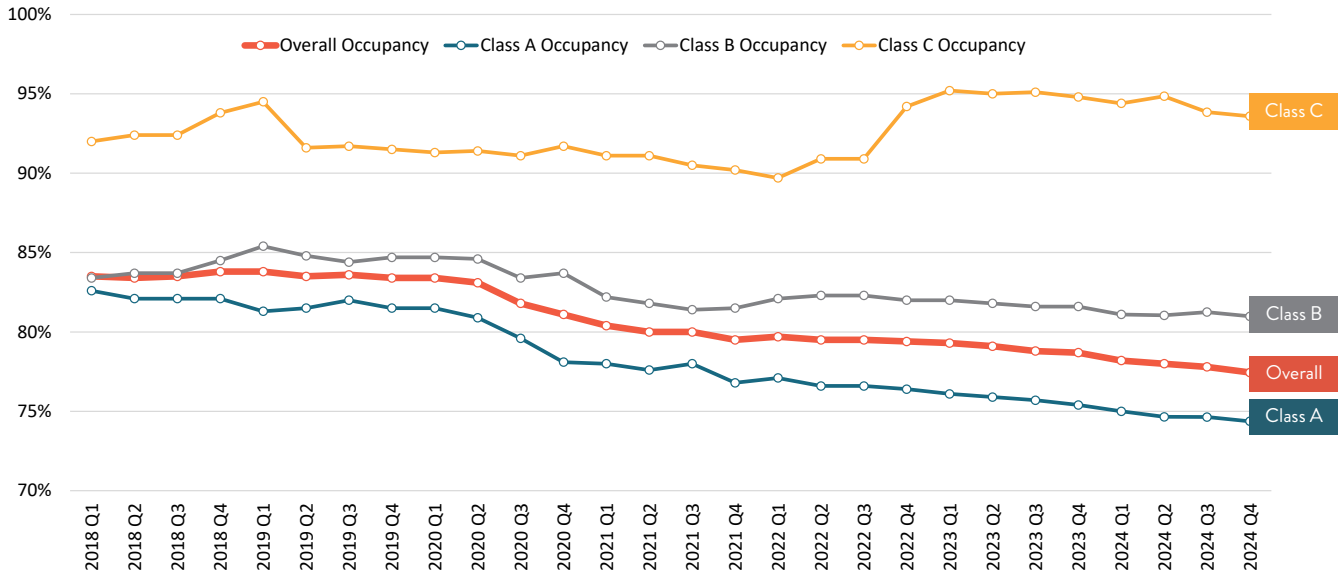
Office occupancy in the metroplex declined by 1.3% year-over-year to 77.4%. The Dallas CBD submarket reported the highest vacancy rate of the market in every quarter of 2024, averaging 28.5% for the year. This is largely tied to the significant inventory of 1980s-era buildings, which account for 67.6% of the submarket's vacancies. Bank of America Plaza, constructed in 1985, is the latest property to announce plans to convert much of its outdated office space into luxury hotel units. Office-to-multifamily conversions could help alleviate some vacancy pressures in the Dallas CBD, but the combined effects of flight-to-quality trends and corporate rightsizing may counteract any significant improvements. Further declines in occupancy are expected in the near term as corporate downsizing persists and new office deliveries come online. However, an uptick in return-to-office mandates could provide some relief heading into 2025. Notably, Amazon is among the latest corporate giants to require five-day in-office attendance starting in 2025, though the implementation has been delayed due to insufficient office space to accommodate returning employees.

Occupancy Trends



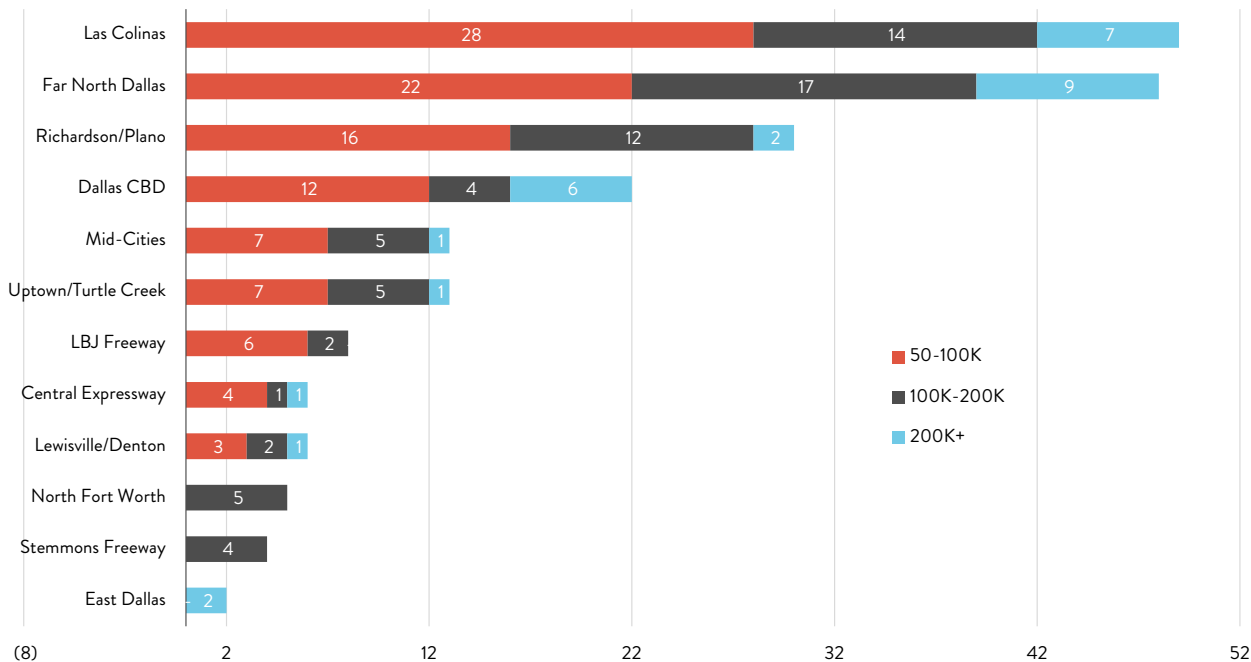
Class A occupancy in Dallas-Fort Worth continues to hold the lowest rate by class at 74.4% as new construction continues to feed one of the largest construction pipelines in the nation. Of the nearly 1 million SF of predominantly speculative office space delivered in the fourth quarter, only 31.7% is currently leased.

Class Occupancy



With their high concentration of 1980s-vintage buildings and single-tenant campuses, Far North Dallas and Las Colinas have alternated as the top submarkets for large blocks over 50,000 SF. Layoffs at Microsoft and NEC, impacting Sierra at Las Colinas II and 3929 W John Carpenter, respectively, pushed Las Colinas to the top spot in the fourth quarter. Simultaneously, Far North Dallas saw a reduction in large blocks following Toyota Financial Services' full-building lease at Southstone Yards. The second quarter concluded with 207 large blocks of direct and sublease space over 50,000 SF, a slight decline from the previous quarter.

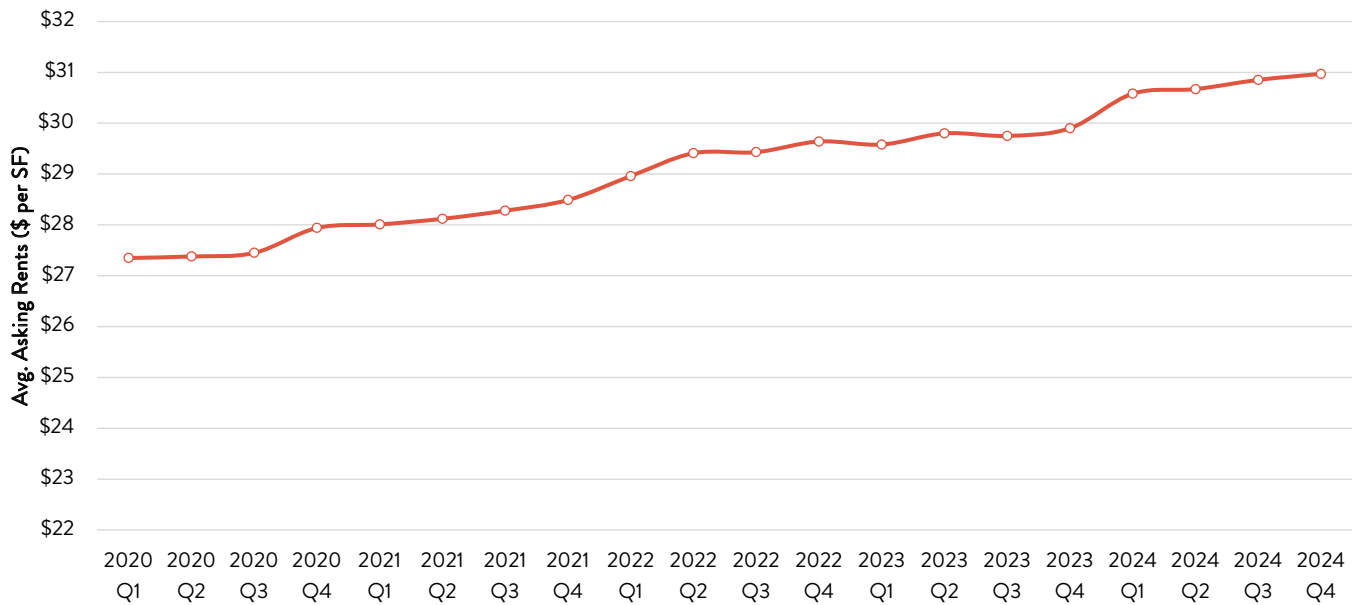
Big Blocks of Space



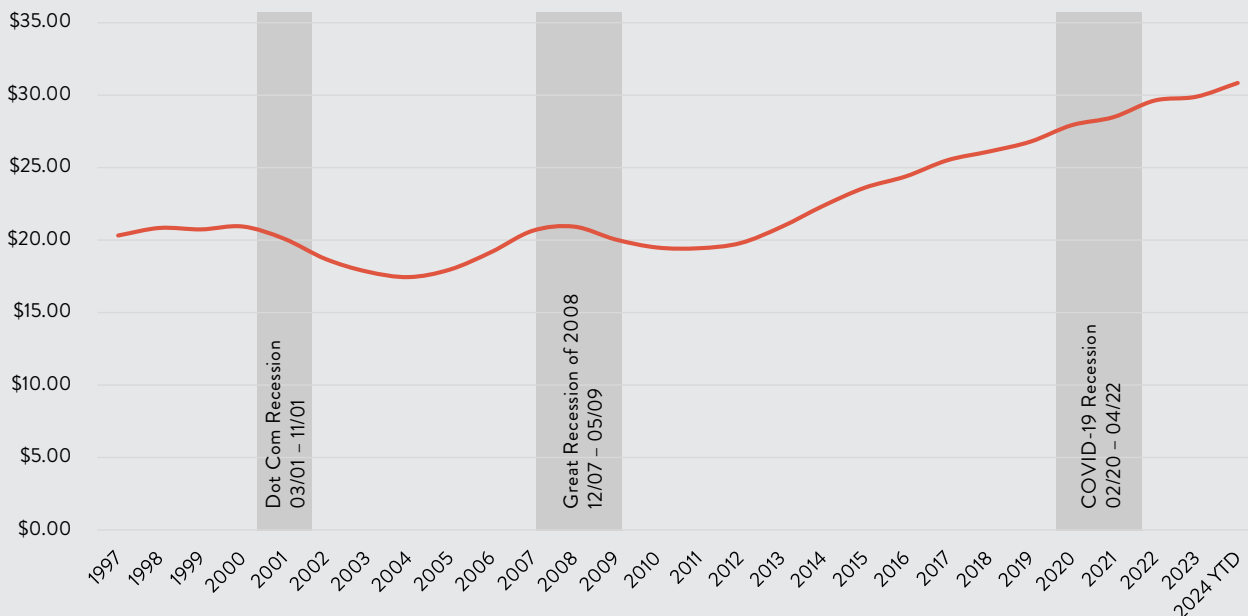
Rental Rate Trends

Average asking rates have risen steadily to \$30.97 PSF (Full-Service Gross), marking a modest year-over-year increase of 3.6%. Rising labor costs and higher Producer Price Index values for essential construction and renovation materials—gypsum building materials (+51.6%), switchgear and other machinery (+47.3%), and copper wire and cable (+46.7%)—have been key drivers of these rate increases. Additionally, the ongoing flight-to-quality has further supported elevated pricing, specifically in premier urban submarkets like Uptown/Turtle Creek where new construction asking rents are ranging from \$60 to \$80 PSF NNN.

Rental Rate Trends

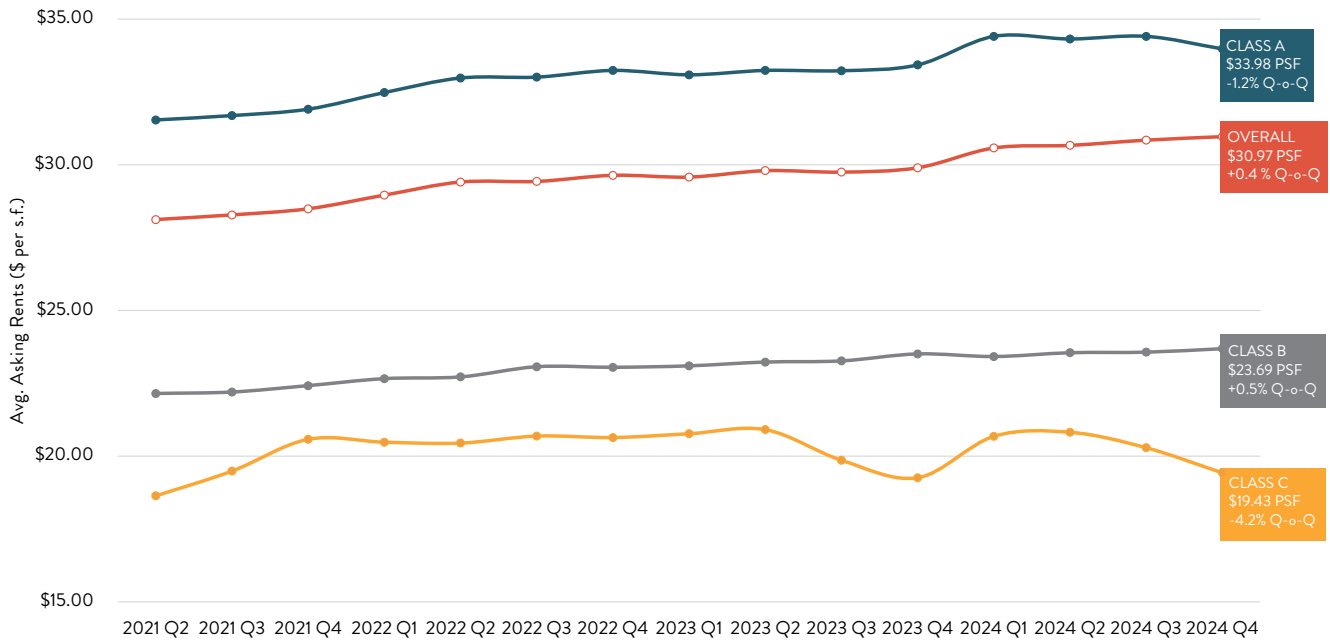


Historical Rents

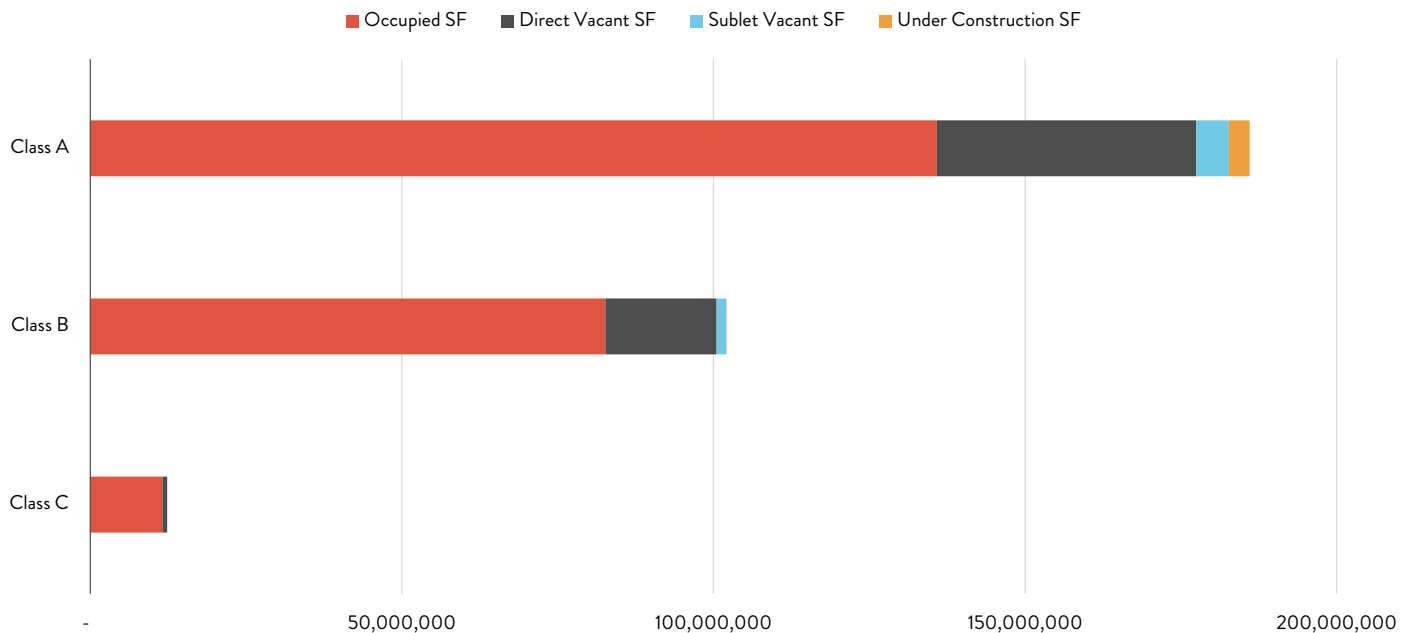


Asking rates continue to show year-over-year growth across all property classes; however, recent quarters have seen a retreat from these annual highs. Quarter-over-quarter, Class A rates have decreased by 1.2%, Class B rates have risen by 0.5%, and Class C rates have declined by 4.2%.

Class Rental Rates



Key Stats By Property Class (SF)

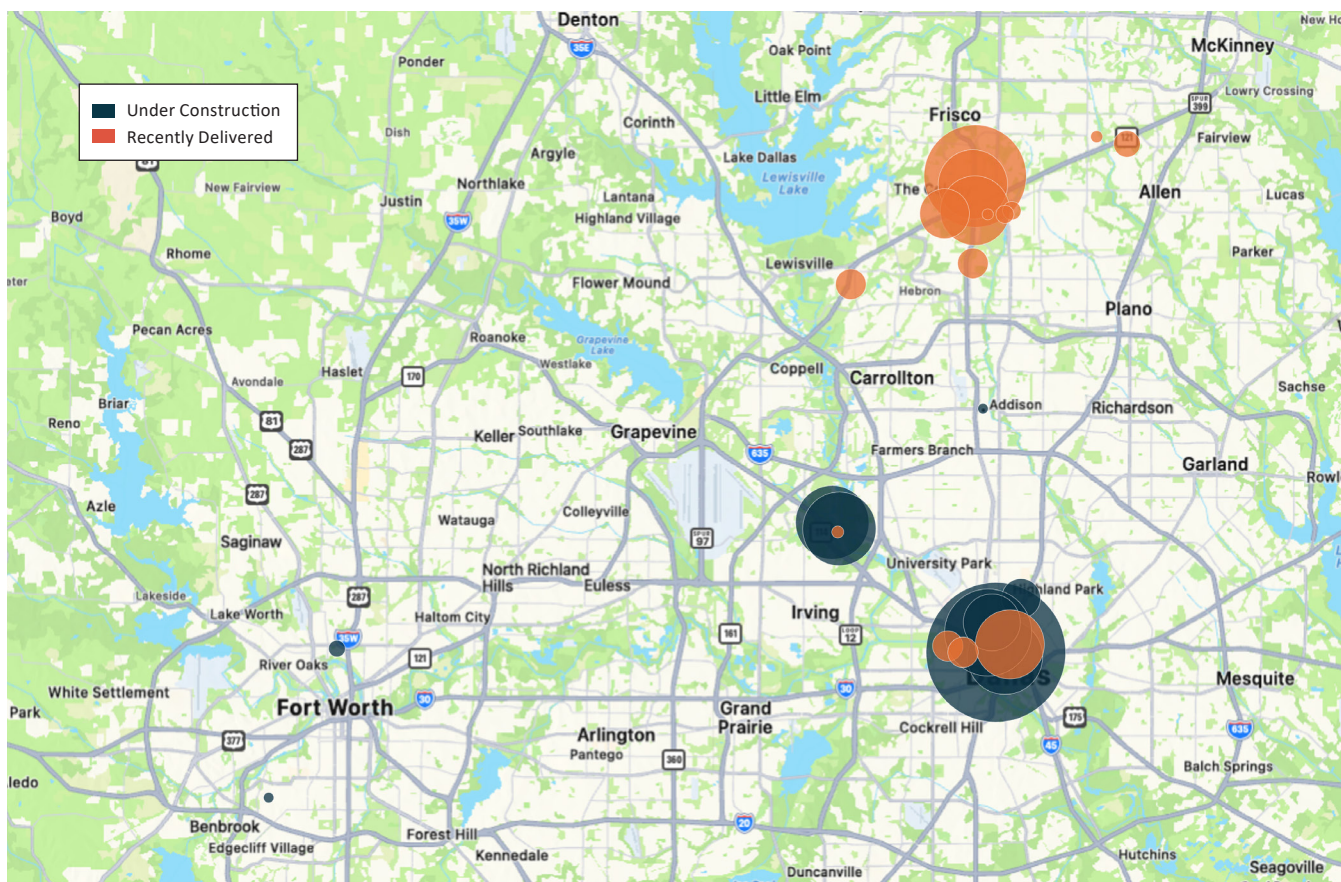
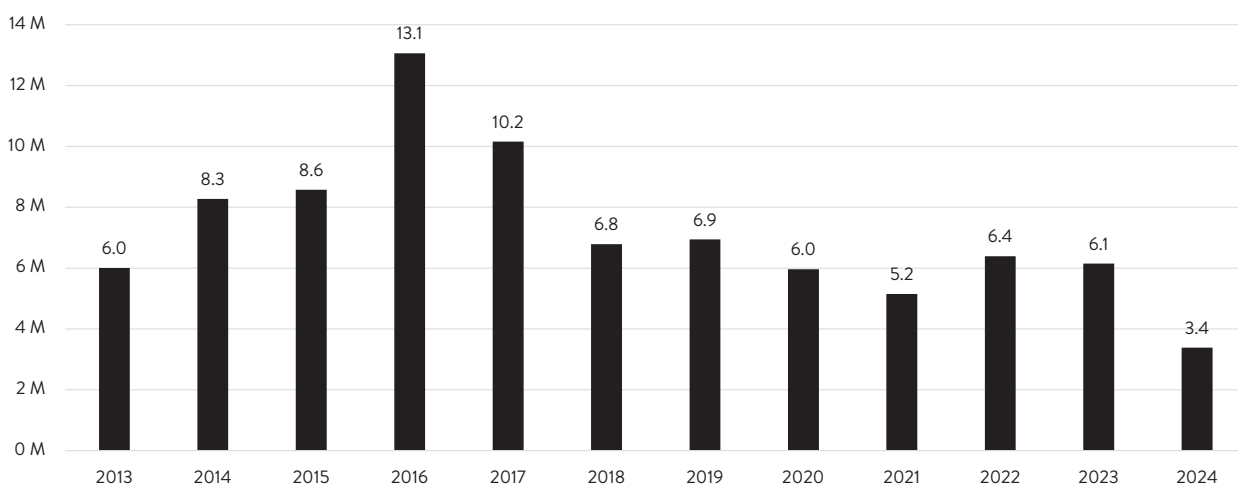


DFW Construction Pipeline

Office buildings delivered in 2024 totaled 2.9 million SF, with no new groundbreaking during the second half of the year, reducing the under-construction supply to 3.4 million SF. Projects currently underway in the DFW area are 77.4% pre-leased, boosted by Paul Hastings LLP's recent 37,000 SF lease at the Knox Street Development located at 3311 Knox St. The global law firm will join anchor tenant ISN in the Preston Center building, leasing it to 100% two years ahead of its estimated delivery.

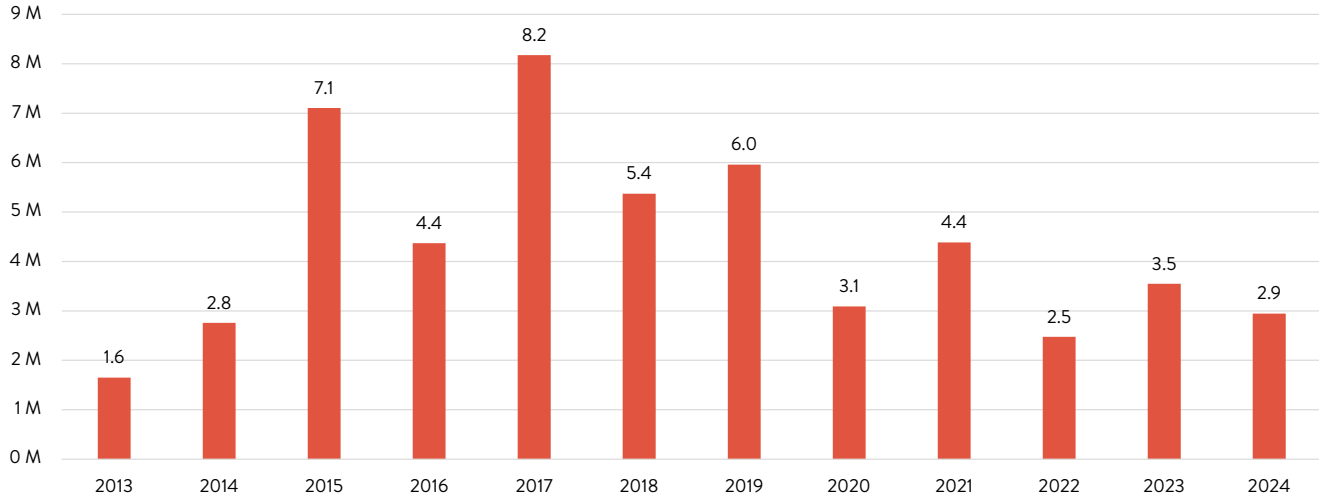
While many build-to-suit projects dominate the pipeline after a wave of speculative deliveries, the proposed Firefly Park mixed-use development in Frisco could add 133,000 SF of spec office construction as early as 2025.

Under Construction (SF)

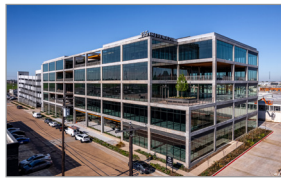


Recent Deliveries (SF)

2024 Year-to-Date



THIRTEEN THIRTY THREE
Design District
125,788 RBA
123,262 Max Avail. SF
2.0% Leased
\$50.00 - \$52.00 NNN
QIP



RIVER EDGE
Design District
146,955 RBA
146,955 Max Avail. SF
0% Leased
\$46.00 - \$48.00 NNN
QIP



TIAA - THE STAR PHASE V
Far North Dallas/Frisco
525,405 RBA
0 Max Avail. SF
100% Leased
Withheld Rents
Blue Star Innovation



TOWER AT HALL PARK
Far North Dallas/Frisco
386,946 RBA
372,223 Max Avail. SF
3.8% Leased
Withheld Rents
Hall Group



SOUTHSTONE YARDS
Far North Dallas/Frisco
259,756 RBA
0 Max Avail. SF
100% Leased
\$46.00 NNN
Crow Holdings



RYAN TOWER
Far North Dallas/Legacy
409,182 RBA
175,701 Max Avail. SF
57.1% Leased
Withheld Rents
Ryan Companies



121 COMMERCE - TERRA
Far North Dallas/Legacy
104,946 RBA
57,475 Max Avail. SF
45.2% Leased
\$34.00 NNN
Primera Companies



121 COMMERCE - AQUA
Far North Dallas/Legacy
104,947 RBA
77,223 Max Avail. SF
26.4% Leased
\$34.00 NNN
Primera Companies



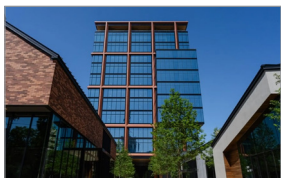
PARKWOOD PHASE II
Far North Dallas/Upper Tollway
120,000 RBA
56,941 Max Avail. SF
52.8% Leased
\$38.00 - \$40.00 NNN
Cawley Partners



PARKWOOD HEIGHTS
Far North Dallas/Upper Tollway
57,168 RBA
0 Max Avail. SF
100% Leased
Withheld Rents
Republic Finance



STATE BANK OF TEXAS
Las Colinas
56,269 RBA
6,389 Max Avail. SF
88.7% Leased
Withheld Rents
KDC



THE QUAD
Uptown/Turtle Creek
345,425 RBA
145,670 Max Avail. SF
57.8% Leased
Withheld Rents
Stream Realty Partners



CROWN CENTRE II
Lewisville
147,000 RBA
147,000 Max Avail. SF
0% Leased
\$30.00 NNN
Bright Realty LLC



FARMWORKS ONE
Allen/McKinney
116,768 RBA
107,865 Max Avail. SF
7.6% Leased
\$33.00 - \$34.00 NNN
Johnson & Payne

Spec Under Construction



OLD PARKLAND EAST CAMPUS

Uptown/Turtle Creek

289,000 RBA

148,248 Max Avail. SF

48.7% Leased

Withheld Rents

Crow Holdings



VILLAGE ON THE PARKWAY

Quorum/Bent Tree

27,260 RBA

27,260 Max Avail. SF

100% Pre-leased to Topaz Labs

\$39.00 N

VOP Partners, LLC

Under Construction with Leases



ARMOUR BUILDING
North Fort Worth
57,254 RBA
26,839 Max Avail. SF
53.1% Leased
Withheld Rents
U.S. Energy



WELLS FARGO CAMPUS I & II
Las Colinas
800,000 RBA
100% Leased
Build-to-Suit
Wells Fargo & Company



23SPRINGS
Uptown/Turtle Creek
626,215 RBA Pre-leased:
Bank OZK
172,899 Max Avail. SF
60.1% Leased
\$62.00 - \$68.00 NNN
Granite Properties



BOA TOWER AT PARKSIDE
Uptown/Turtle Creek
500,000 RBA I Pre-leased: BOA
187,272 Max Avail. SF
47.6% Leased
\$75.00 - \$80.00 NNN
PacElm Properties



GOLDMAN SACHS
Uptown/Turtle Creek
702,000 RBA
100% Leased
Build-to-Suit
Hunt Consolidated



KNOX STREET MIXED-USE
Uptown/Turtle Creek
150,000 RBA
Pre-leased: ISN Software
100% Leased
MSD Partners, Trammell Crow
Co., The Retail Connection
and Highland Park Village
Associates

Near-Term Proposed Construction



OFFICE AT FIREFLY PARK
Far North Dallas/Frisco
133,000 RBA
133,000 Max Avail. SF
\$46.00 NNN
Wilks Development



SOUTHSTONE YARDS - PH II
Far North Dallas/Frisco
338,000 RBA
Crow Holdings



1555 N DALLAS PKWY
Far North Dallas/Lower Tollway
264,599 RBA
264,599 Max Avail. SF
\$38.00-\$40.00 NNN
VanTrust Real Estate



OFFICE AT THE GATE - PHASE I
Far North Dallas/Frisco
315,000 RBA
278,000 Max Avail. SF
Withheld Rents
Preferred Real Estate Investments



THE VAN ZANDT
Southwest Fort Worth
111,077 RBA
111,077 Max Avail. SF
Withheld Rents
Goldenrod Capital Partners



CRESCENT OFFICES WEST
South Fort Worth
170,000 RBA
170,000 Max Avail. SF
Withheld rents
Crescent Real Estate



THE IVY
North Central Expressway
269,472 RBA
191,050 Max Avail. SF
\$75.00 NNN
PacElm Properties



KERA/KAIZEN
Uptown/Turtle Creek
400,000 RBA
375,000 Max Avail. SF
Withheld Rents
Kaizen



HARWOOD NO. 15
Uptown/Turtle Creek
330,022 RBA
330,022 Max Avail. SF
Withheld Rents
Harwood International



FIELD STREET TOWER
Dallas CBD
529,038 RBA
529,038 Max Avail. SF
Withheld Rents
Hillwood Development



FIELD STREET DISTRICT I
Dallas CBD
500,000 RBA
500,000 Max Avail. SF
Withheld Rents
Woods Capital



ONE UNIVERSITY
South Fort Worth
130,000 RBA
116,044 Max Avail. SF
Withheld Rents
Goldenrod Companies

Capital Markets

Looking back at 2024, the market for office assets was relatively flat and unchanged. Despite the 10-year Treasury yield rising 60+ bps, the fundamentals for office space remain challenging with price discovery particularly difficult. The market for Class A / AA office improved in 2024 but optimism has been slow to work its way down the food chain. Values remain +/- 50% below the peak levels of 2022.

Debt financing is available as lenders continue to step up for the right deal and the right sponsor. Transaction volume picked up in the fourth quarter. Double-digit cap rates appear to have taken hold as the rule not the exception for the majority of office assets.

Lenders and special servicers are becoming more assertive in a market where the equity has been wiped out and the original loan is often impaired. Buyers continue to scrutinize every detail and consider basis above other return metrics (cap rates, cash-on-cash, return on cost, equity multiples).

Notable 4Q 2024 Office Investment Sales Transactions

- Tower at Park Lane – Real Capital Solutions
- Preston Commons – KDC / La Grange Acquisition LP (related to Energy Transfer)
- Lakeside Campus – Provident Realty Advisors
- Burnett Plaza – Trafalgar Rentals / Andy Hansen

REIT PERFORMANCE YTD THROUGH 09/30/2024

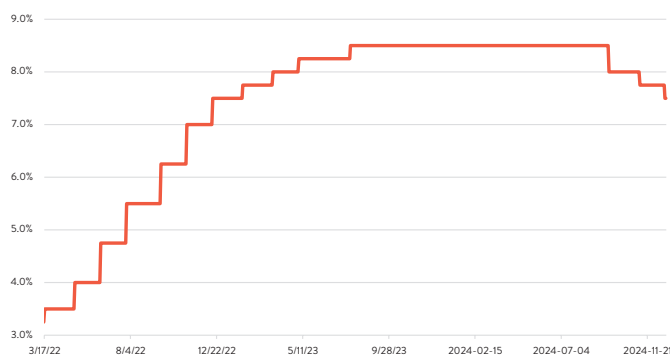
PROPERTY TYPE	AVG. RETURN	NUMBER OF REITs
Infrastructure	-10.85%	6
Timber	-2.28%	3
Hotel	-6.77%	15
Land	-0.42%	3
Office	-0.99%	21
Diversified	5.28%	13
Triple Net	7.26%	17
Casino	9.20%	2
Self-Storage	19.25%	5
Manufactured Housing	13.39%	3
Shopping Center	10.47%	16
Industrial	8.38%	13
Malls	18.36%	4
Health Care	28.42%	18
Single Family Housing	7.24%	3
Multifamily	21.73%	13
Advertising	34.92%	2
Data Center	36.22%	3
REIT Average	9.61%	160

Source: S&P Global Market Intelligence LLC

10-Year Treasury Bond Rate



Bank Prime Loan Rate Changes: Historical Dates of Changes and Rates



Source: Board of Governors of the Federal Reserve System (US)

Submarkets

SUBMARKET	INVENTORY		VACANCY		NET ABSORPTION SF		COMPLETIONS		UNDER CONSTRUCTION	ASKING RENT
	# OF BLDGS	TOTAL SF	TOTAL SF	RATE	CURRENT QTR	YTD	CURRENT QTR	YTD	AT END OF CURRENT QTR	WTD. AVG. (FS/G)
CENTRAL EXPRESSWAY	76	11,574,362	2,886,871	24.9%	-36,321	-175,154	0	0	0	\$33.72
DALLAS CBD	88	31,774,260	9,013,668	28.4%	-53,475	-354,878	0	0	0	\$30.78
EAST DALLAS	106	5,459,631	1,040,598	19.1%	15,724	24,388	0	0	20,000	\$33.20
FAR NORTH DALLAS	403	64,700,655	16,150,082	25.0%	-67,956	-713,086	796,128	1,969,078	27,260	\$34.14
FORT WORTH CBD	54	9,882,024	1,202,985	12.2%	47,178	5,603	0	0	0	\$31.16
LAS COLINAS	294	42,034,198	11,063,213	26.3%	-291,063	-447,563	0	56,269	850,000	\$27.52
LBJ FREEWAY	130	19,745,950	5,179,864	26.2%	73,339	-19,729	0	0	0	\$25.10
LEWISVILLE/DENTON	105	5,311,820	1,015,605	19.1%	-65,123	54,506	0	147,000	0	\$27.14
MID-CITIES	284	23,632,625	3,772,682	16.0%	-23,114	-19,929	0	0	0	\$25.36
NORTH FORT WORTH	43	3,631,561	490,416	13.5%	-436	35,418	0	0	57,254	\$24.11
NORTHEAST FORT WORTH	40	3,395,951	291,567	8.6%	-4,661	22,589	0	0	0	\$21.81
PRESTON CENTER	49	6,503,950	614,902	9.5%	36,899	121,513	0	0	200,000	\$44.18
RICHARDSON/PLANO	290	31,298,852	6,528,860	20.9%	58,740	-253,492	152,961	152,961	0	\$26.46
SOUTH FORT WORTH	153	9,757,864	1,313,455	13.5%	86,252	82,991	0	0	15,000	\$26.18
SOUTHWEST DALLAS	48	3,034,758	788,968	26.0%	-4,897	-13,154	0	0	0	\$24.30
STEMMONS FREEWAY	82	8,667,808	2,308,001	26.6%	-5,454	-14,366	0	272,743	0	\$21.05
UPTOWN/TURTLE CREEK	100	16,690,392	3,354,234	20.1%	62,207	221,725	0	345,425	2,215,341	\$51.03
TOTAL	2,345	297,096,661	67,015,971	22.6%	-172,161	-1,442,618	949,089	2,943,476	3,384,855	\$30.97
CLASS A	715	182,678,628	46,818,053	25.6%	-74,555	-598,627	949,089	2,943,476	3,349,855	\$33.98
CLASS B	1,329	102,053,057	19,404,926	19.0%	-89,044	-863,973	0	0	35,000	\$23.69
CLASS C	301	12,364,976	792,992	6.4%	-8,562	19,982	0	0	0	\$19.43
TOTAL DFW	2,345	297,096,661	67,015,971	22.6%	-172,161	-1,442,618	949,089	2,943,476	3,384,855	\$30.97

* Younger Partners' research is based on the CoStar office building database. Inventory includes office buildings containing at least 15,000 rentable square feet; single tenant, multi-tenant, and owner-occupied; class A, B, and C; existing, under construction, or under renovation; and excludes medical office buildings and data centers.

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