

Dallas-Fort Worth

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Leasing activity up at mid-year 2024 as office space demand remains broad-based

After decreasing to just 2.2 million square feet (msf) in Q1 2024, leasing activity in the Dallas-Fort Worth office market increased to 2.7 msf in Q2 2024. Led by two deals by Jones Day for a total of 164,108 square feet (sf), as well as Onsemi leasing 97,496 sf in Allen and Inform Diagnostics leasing 96,500 sf in Coppell, respectively, demand remains steady and broad-based. However, it should be noted that despite the region's strong economic growth relative to the rest of the country, office-using employment growth has slowed over the past year, especially in the technology sector.

Availability at 29.8% but more speculative office delivering

In Q2 2024, availability was 29.8%, down 10 basis points (bps) from 29.9% reported last quarter. However, this was still up 60 bps from 29.2% reported a year ago. Available sublease space of 9.5 msf is a decrease from 9.8 msf reported a year ago but remains near a historic high. The overall average asking rental rate of \$30.76 per square foot (psf) is an 8.6% increase from a year ago. For Class A space, the average rental rate has increased 9.3% year over year to \$33.98 psf. This sharp increase over the past year is largely due to new and pricey Class A office development which has been completed and with another 5.0 msf expected to deliver to the market over the next three years, expect overall and Class A average rents to continue to increase moving forward.

Dallas-Fort Worth economic growth remains steady

With an unemployment rate that was just 3.6% in May according to the Texas Workforce Commission, the Dallas-Fort Worth Metroplex continues to outperform other large metropolitan areas around the country. Due to the region's strong population growth and business-friendly environment, office space demand has been largely broad-based with new leasing activity in several sectors including financial services, professional services, legal services, healthcare, and education. On the other hand, higher for longer interest rates could act as a headwind for corporate occupiers who are already highly conscious about rising business costs.

Key Statistics

	Q2 2023	Q2 2024	Y-0-Y
Inventory	214.9 msf	217.1 msf	+2.2 msf
Availability Rate	29.2%	29.8%	+60 bps
Asking Rental Rate	\$28.33	\$30.76	+8.5%
Class A Asking Rental Rate	\$31.09	\$33.98	+9.3%
Quarterly Leasing Activity	2.7 msf	2.7 msf	+0.0 msf
Available Sublease Space	9.8 msf	9.5 msf	-0.3 msf

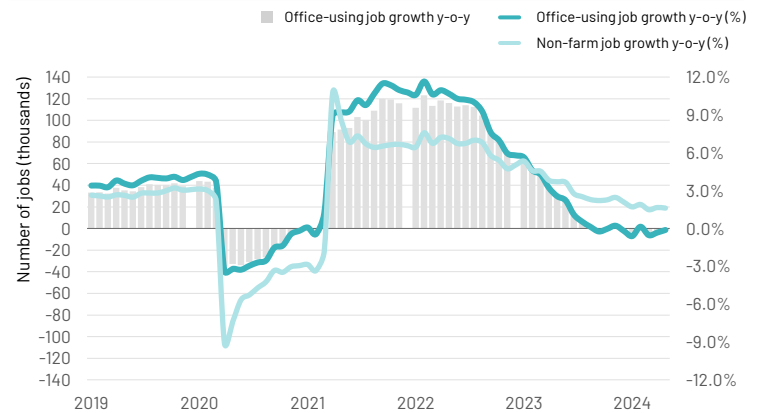
Outlook

01 Higher office availability expected as another 5.0 million square feet of Class A office space is forecasted to deliver over the next three years

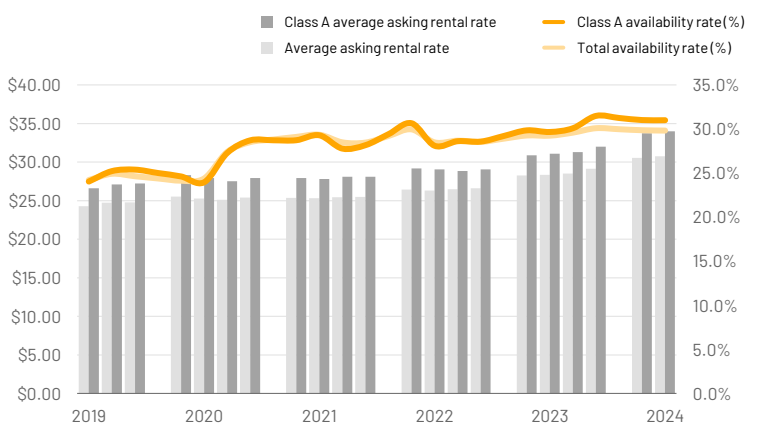
02 Expect concessions to remain high as landlords prefer giving free rent and tenant improvement allowances in order to keep their face rents high

03 The bifurcation in the office market is projected to continue as newer buildings with modern amenities in the best locations perform better than largely commodity space

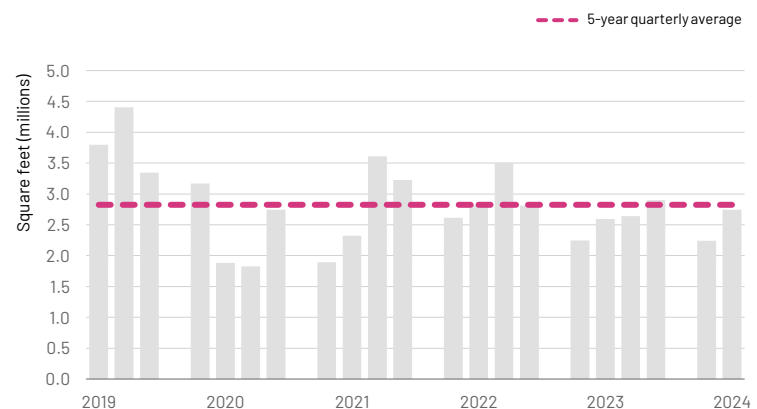
Office-using Employment Growth



Asking Rent and Availability



Leasing Activity



Top Transactions

*Trophy Building

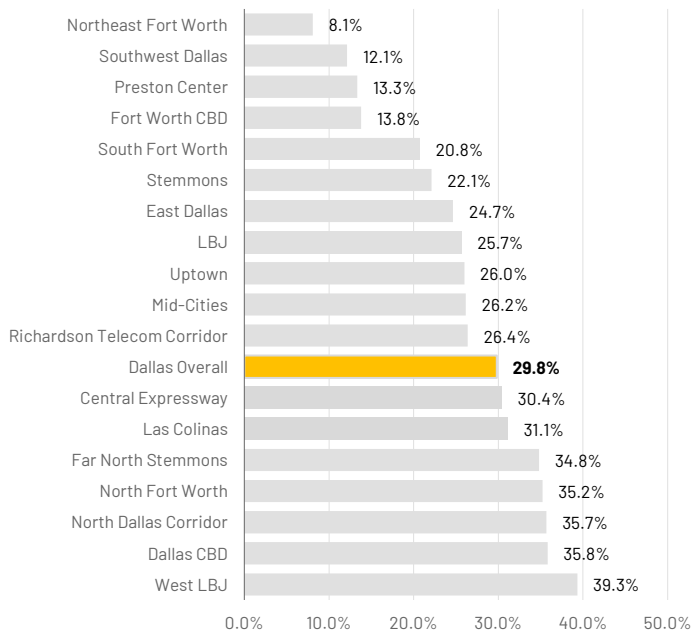
**Sublease

Source: Savills Research

TENANT	INDUSTRY	SUBMARKET	ADDRESS	SIZE (SF)	TRANSACTION TYPE
Onsemi	TAMI	Richardson Telecom Corridor	505 Millennium Drive	97,496	New Location
Inform Diagnostics	Healthcare	West LBJ	1111 Freeport Parkway	96,500	New Location
Jones Day	Legal Services	Uptown	2727 N Harwood Street	90,749	Renewal
Aethon Energy Management	Energy and Utilities	LBJ	12377 Merit Drive	73,925	Renewal
Jones Day	Legal Services	Uptown	3008 N Harwood Street*	73,359	Pre-Lease
Fortrea	Healthcare	Stemmons	1341 W Mockingbird Lane	58,806	Renewal
Invesco	Financial Services and Insurance	Uptown	2300 N Field Street*	58,464	Relocation
Workbox	Coworking and Executive Suite Companies	Uptown	3030 Nowitzki Way	50,000	New Location
Office of the Comptroller of the Currency	Government	Dallas CBD	500 N Akard Street	44,824	Extension
McEwen and Associates	Business, Professional and Consulting Services	Las Colinas	122 W John Carpenter Freeway	38,489	Relocation**

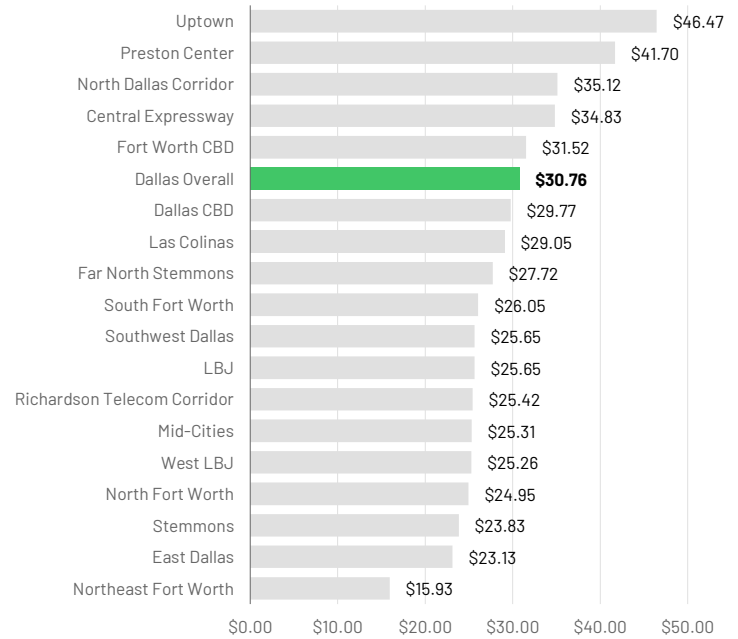
Availability Rate Comparison (%)

DALLAS-FORT WORTH SUBMARKETS



Rental Rate Comparison (\$/sf)

DALLAS-FORT WORTH SUBMARKETS



Dallas-Fort Worth Q2 2024 - Office

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Unless otherwise noted, all rents quoted throughout this report are average asking gross (full service) rents per square foot. Statistics are calculated using both direct and sublease information. Current and historical availability and rent data are subject to change due to changes in inventory.

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