

Dallas-Fort Worth

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Dallas-Fort Worth observes a spike in leasing due to major renewals

The Dallas-Fort Worth office market has seen a substantial increase in leasing activity during Q3 2024, with leasing activity rising by over 50% from the previous quarter. Significant transactions, such as Bank of America's renewal of 553,799 square feet (sf) in Addison and Aimbridge Hospitality's renewal of 248,861 sf in Plano, contributed to this surge. Half of the top 10 deals in the quarter were over 100,000 sf. Despite the recent rise, this growth in leasing activity is largely driven by renewals, and leasing trends may return to the 5-year average in the future. Availability also ticked up slightly, rising to 30.0% in Q3 2024, up from 29.8% in the previous quarter. Sublease space remains elevated at 9.5 million square feet (msf), which could exert further pressure on the market. Additionally, the pipeline of new construction, which totals around 5.8 msf of mostly speculative development, is expected to drive availability even higher.

Asking rents continue to hold firm despite high availability

The overall average asking rental rate of \$30.92 per square foot (psf) is an 8.4% increase from a year ago. For Class A space, the average rental rate has increased 9.8% year over year to \$34.36 psf. While asking rents continue to increase, net effective rents are likely lower as concession offerings have increased when compared to pre-pandemic levels. Tenant favorable TI allowances and free rent offerings are typical as landlords attempt to maintain and gain occupancy. Going forward, given the high availability, tenant-favorable pricing will likely continue over the near term.

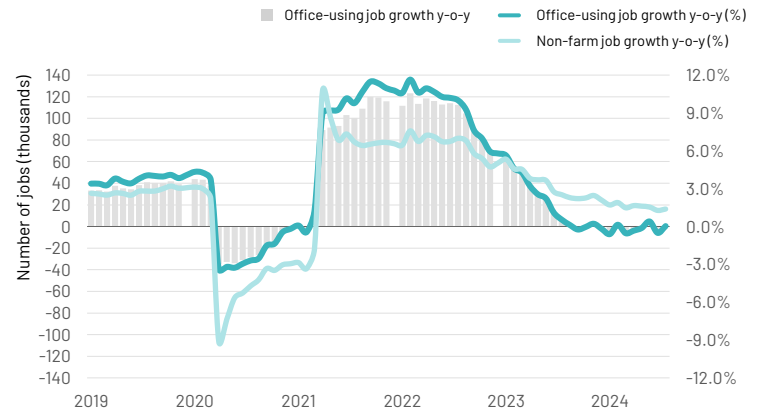
Dallas-Fort Worth economic outlook positive

With an unemployment rate that was just 4.1% in July according to the Bureau of Labor Statistics, the Dallas-Fort Worth Metroplex continues to outperform other large metropolitan areas around the country. Given the region's strong population growth and business-friendly environment, companies continue to see the Dallas-Fort Worth metroplex as an attractive option, with the region leading the country in corporate headquarters relocations.

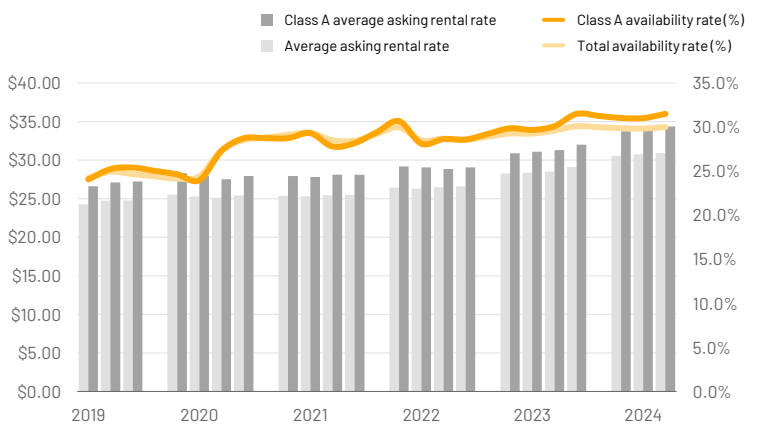
Key Statistics

	Q3 2023	Q3 2024	Y-0-Y
Inventory	216.4 msf	218.1 msf	+1.7 msf
Availability Rate	30.0%	30.0%	+0.0 bps
Asking Rental Rate	\$28.51	\$30.92	+8.4%
Class A Asking Rental Rate	\$31.28	\$34.36	+ 9.8%
Quarterly Leasing Activity	2.4 msf	4.2 msf	+1.8 msf
Available Sublease Space	10.2 msf	9.5 msf	-0.7 msf

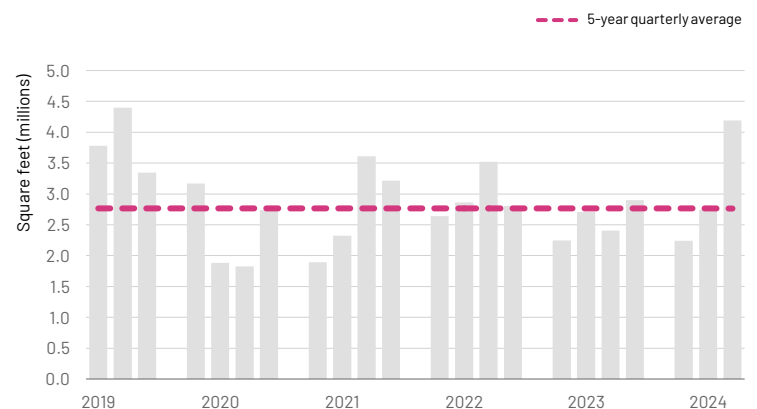
Office-using Employment Growth



Asking Rent and Availability



Leasing Activity



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 Large renewal deals push leasing activity to a post-pandemic high, however, this will likely moderate back to near the 5-year quarterly average

Top Transactions

*Trophy Building

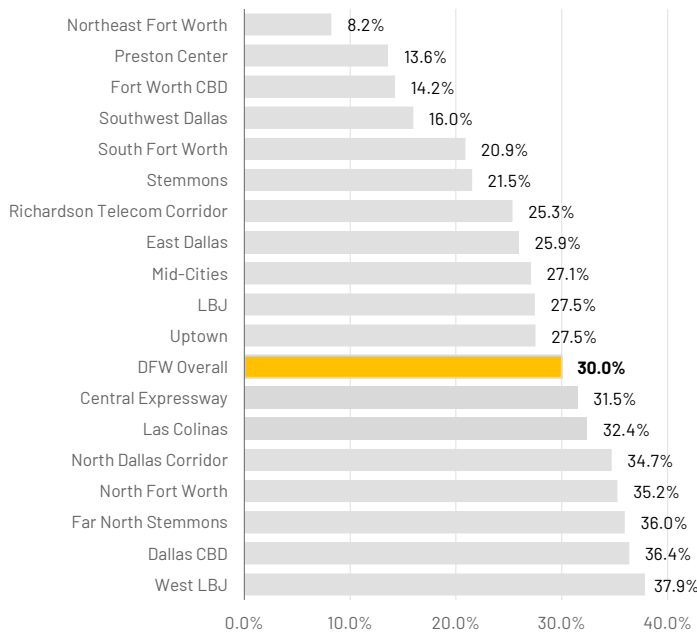
**Sublease

Source: Savills Research

TENANT	INDUSTRY	SUBMARKET	ADDRESS	SIZE (SF)	TRANSACTION TYPE
Bank of America	Financial Services and Insurance	North Dallas Corridor	16001 N Dallas Parkway	553,799	Renewal
Aimbridge Hospitality	Real Estate	North Dallas Corridor	5301 Headquarters Drive	248,861	Renewal
Amazon	TAMI	LBJ	13455 Noel Road	241,618	Renewal
Santander Consumer USA	Financial Services and Insurance	Dallas CBD	1601 Elm Street	211,087	Renewal
Mr. Cooper	Financial Services and Insurance	West LBJ	8950 Cypress Water Boulevard	175,584	Renewal
Boston Consulting Group	Business, Professional and Consulting Services	North Dallas Corridor	2501 N Harwood Street	68,885	Renewal
AIS HealthCare	Healthcare	Dallas CBD	18451 N Dallas Parkway	53,400	Renewal
Cooper & Scully PC	Legal Services	West LBJ	900 Jackson Street	47,900	Renewal
Foot Locker	Retail	North Dallas Corridor	3001 Hackberry Road	47,361	New Location**
Glast, Phillips & Murray	Legal Services	Uptown	14901 Quorum Drive	41,846	Relocation

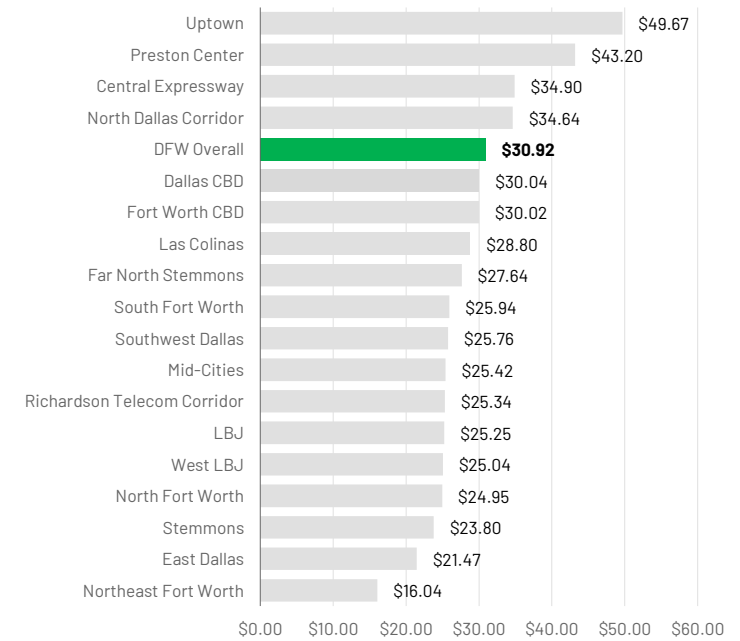
Availability Rate Comparison (%)

DALLAS-FORT WORTH SUBMARKETS



Rental Rate Comparison (\$/sf)

DALLAS-FORT WORTH SUBMARKETS



Dallas-Fort Worth Q3 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.

The information in this report is obtained from sources deemed reliable, but no representation is made as to the accuracy thereof. Unless otherwise noted, source for data is Savills Research.

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