

Dallas-Fort Worth



Quick Stats

-5,578,390 sf

Total 12-Month Net Absorption

3,138,523 sf

Total 12-Month Net Delivered

18.2%

Market Vacancy Rate

\$28.04/sf

Average Asking Direct
Gross Rate

6.5%

DFW Unemployment Rate

Excitement begins to return even amidst the harsh numbers

The Dallas-Fort Worth metro (DFW) saw another quarter of negative net absorption as a result of the COVID-19 pandemic. The market finished Q1 2021 with an eye-opening -5,578,390 sf of 12-month net absorption and -2,469,077 sf of quarterly net absorption. As a result, the office vacancy rate rose to 18.2%.

The office market saw a substantial 3.2 msf deliver in the last 4 quarters. Cranes continue to fill the skyline as construction carried on with 6.9 msf underway; down from the cycle highs of 2016, which saw 14 msf under construction, but still enough to make DFW one of the most active markets in the county.

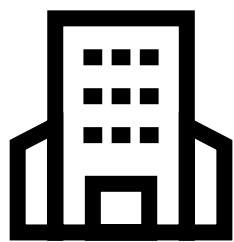
Corporate relocations and expansions continue to generate buzz in the market as well as drive most leasing activity. As the pandemic shifts to recovery, expect more and more migration to the state and metro.

The market's record 9.1 msf of available sublease space will likely be a defining transaction driver for 2021. Class B and older properties continue to post negative net absorption, while newer product and build-to-suits host the vast majority of deals and absorption.

Sales volume is gaining momentum, seeing another quarter of rising activity. Office product saw \$895M in sales for the quarter, drawing back closer to the pre-COVID quarterly average of >\$1B.

Dallas is showing signs of pivoting to growth once again now that recovery excitement is palpable. Measures such as vaccine rollouts and state legislature reopening capacity levels will likely bolster companies' abilities to return to their offices. Looking ahead, expect companies to continue re-evaluating their CRE needs and integrating flexible office options + Work From Home capabilities into their office strategy.

Dallas-Fort Worth Office Summary



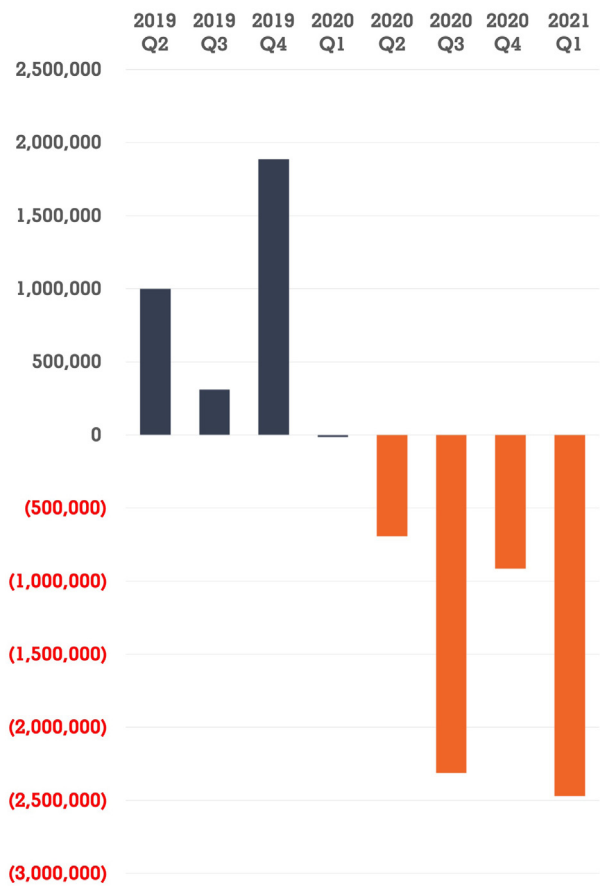
-2,469,077 sf
Quarterly net absorption

-1.0%
Annualized Rent
Growth

\$2.5B
12-month sales volume

6.9 MSF
Under Construction

Quarterly Net Absorption

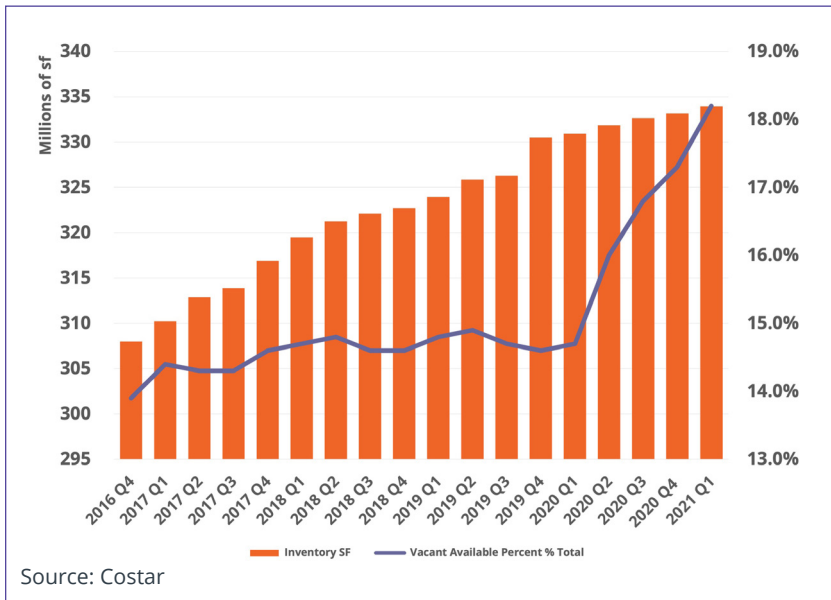


\$31.77
Average Class A Asking
Gross Direct Rate

\$22.67
Average Class B Asking
Gross Direct Rate



Total Inventory vs. Vacancy Rate



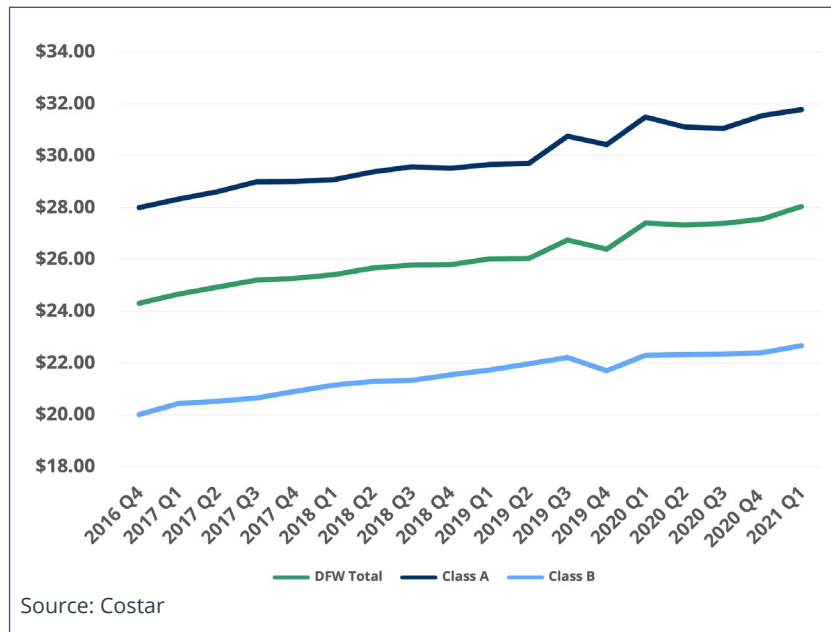
Vacancy

The Dallas-Fort Worth Office market ended the quarter with a vacancy rate of 18.2%. In all, there was 60 msf of vacant space available. Beyond that, there is currently 77 msf of total available space in the market.

Looking at which submarkets are struggling the most with large vacancies, the usual suspects stay in sight. Dated product continues to struggle, as evidenced in not just Dallas CBD, but also in submarkets like Stemmons Fwy, LBJ Fwy, and Quorum/Bent Tree. Product from the 80's leads vacancy rates with 23% vacant.

Sublease volume has stabilized its rise, with 5 msf currently vacant, and 9.2 msf total available.

DFW Gross Direct Asking Rent Per SF

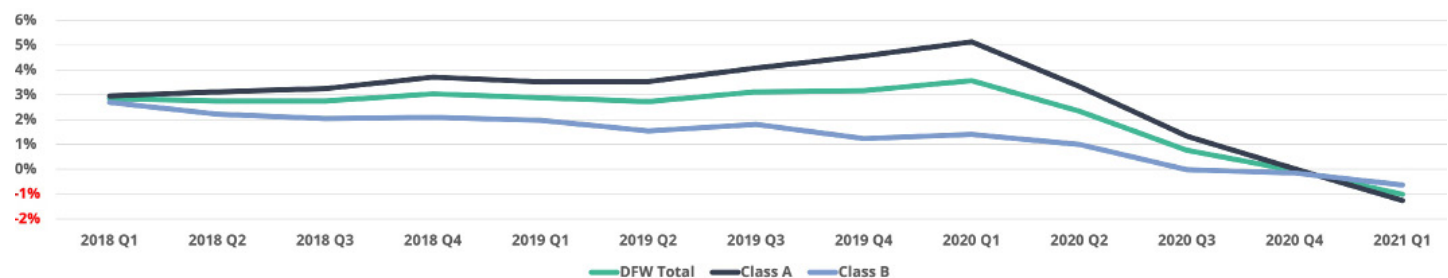


Rental Rates

Annualized rent growth for Q1 2020 was -1.0%, driven down substantially by the harsh drop since Q1 2020 due to COVID-19. Before Q1 2020, rent growth was mostly stable and rising, as it has been for multiple quarters, but expect rent growth to all but end now. Market-wide, Class A rent growth saw the largest drop in growth for the year.

Within concessions, the market is averaging \$43.22 TI and 6-7 months of free rent on long term deals over 5,000 sf.

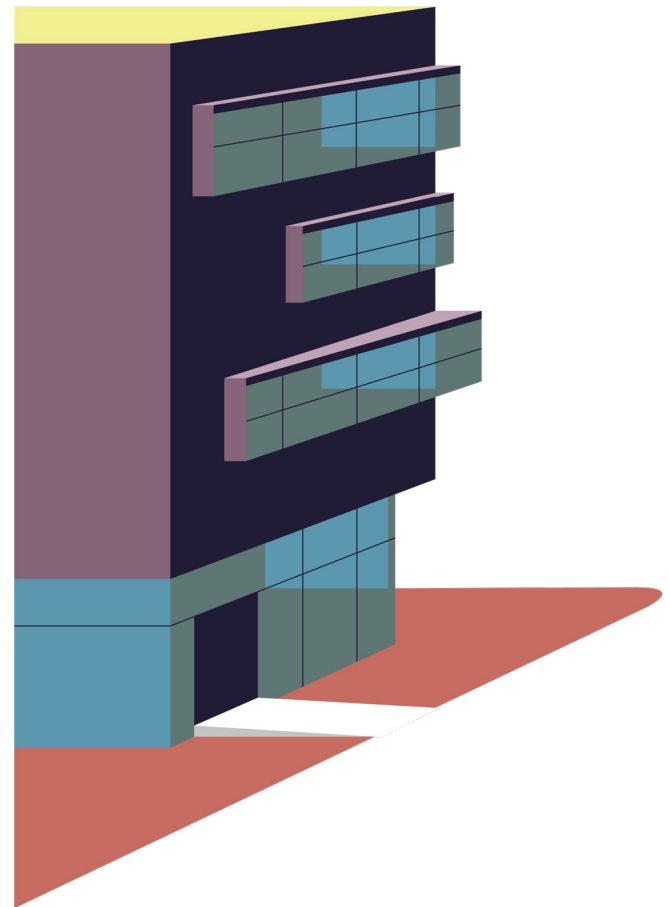
Annualized Rent Growth



Absorption & Supply

12-month net absorption for the market is -5.6 msf; the worst annualized rate since the dot com bust of 1999 & 2000. Both Class A and Class B inventory saw over -2.5 msf annualized net absorption.

There are bright spots for new-built product. Looking at product built in the last 10 years, that asset type finished the quarter with 12-month net absorption at 2.1 msf, showing there is plenty of activity within newer product.



DFW Total 12 Month Absorption (Owner Occup. Included)

-5,578,390 SF

DFW Total 12 Month Absorption
(Owner Occup. Excluded)

-7,305,080 SF

Class A 12 Month Absorption
(Owner Occup. Excluded)

-3,988,134 SF

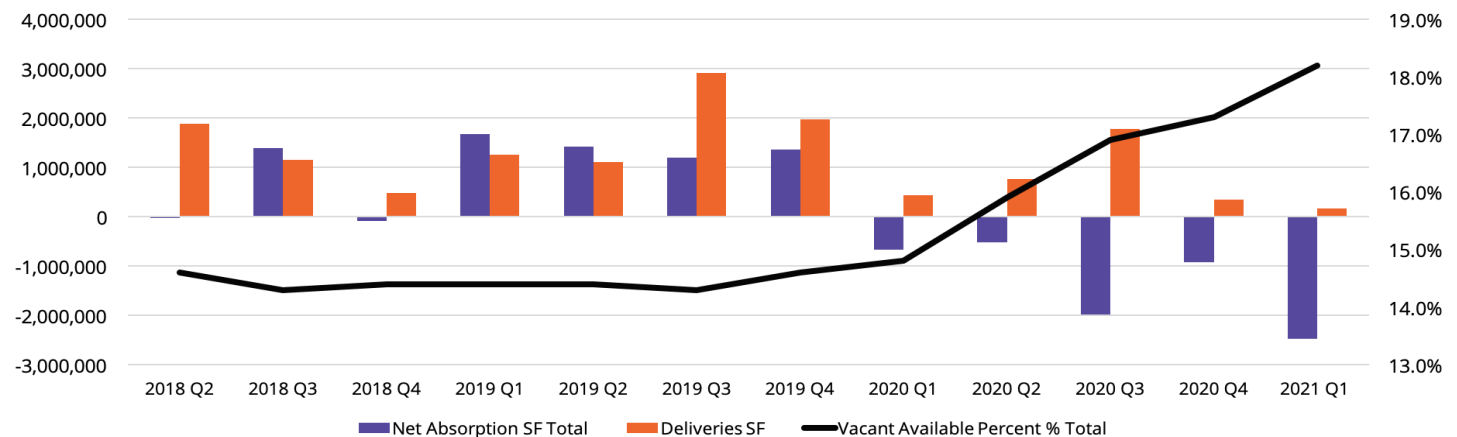
Class B 12 Month Absorption
(Owner Occup. Excluded)

-3,313,634 SF

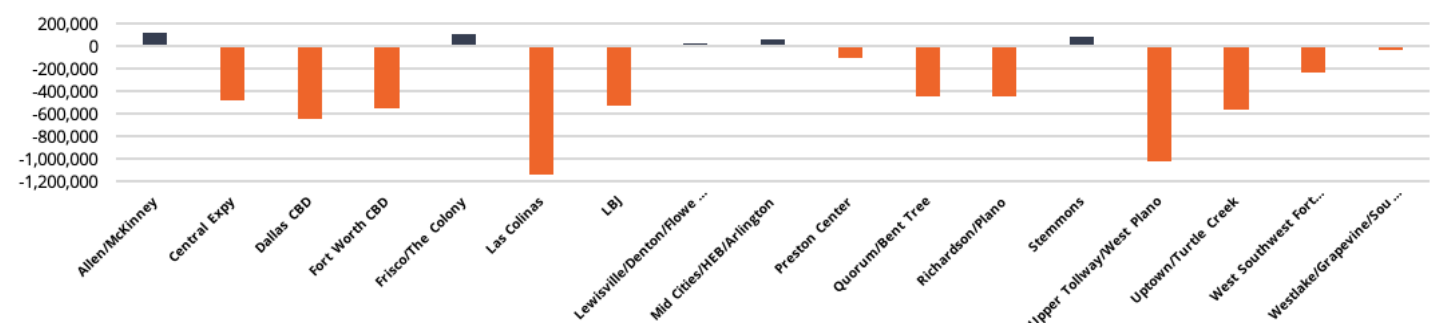
Class C 12 Month Absorption
(Owner Occup. Excluded)

-3,311SF

Net Absorption, Net Deliveries & Vacancy by Quarter



12 Month Net Absorption by Submarket

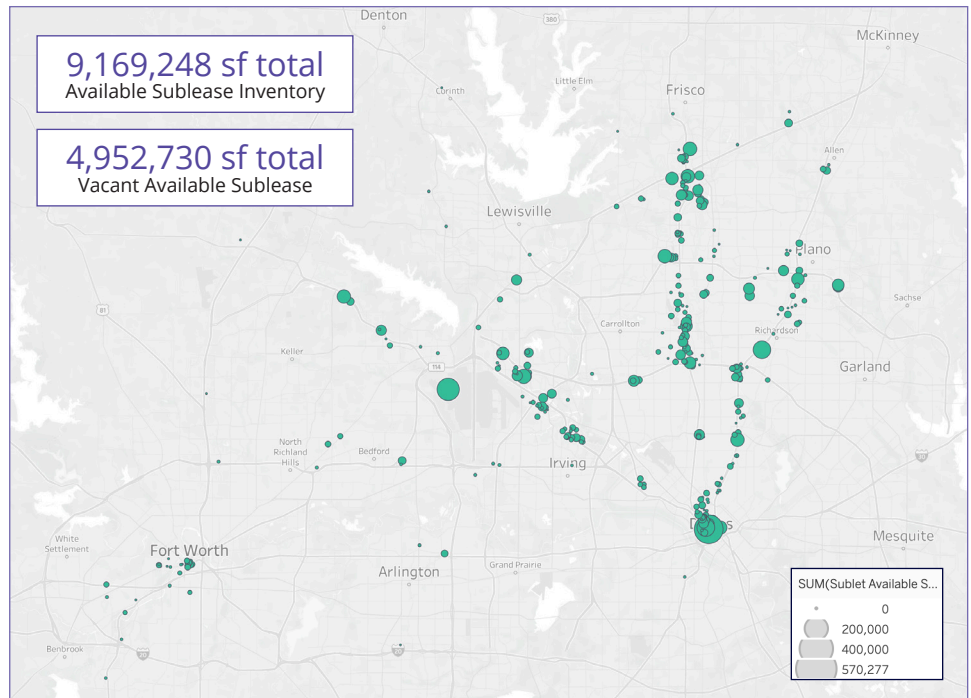


Sublease Supply



50% Increase

in total sublease volume since Q1 2020



Total year-over-year change in available sublease inventory across US

Across the entire US office market, 12 Month Net Absorption is at **-134 msf** as of Q1 2021, with a year-over-year increase in available sublease inventory of **79 msf**.

Year-over-year change in total available sublease inventory for DFW submarkets

Half of total DFW sublease inventory is concentrated within the Dallas CBD, Upper Tollway/West Plano, Richardson/Plano and Las Colinas submarkets.

DALLAS/FORT WORTH - MARKET TOTAL			
Current	9,169,248		
1 Year Ago	6,141,482		
Delta YOY	3,027,766	49.30%	

CENTRAL EXPRESSWAY			
Current	411,401		
1 Year Ago	359,342		
Delta YOY	52,059	14.49%	

UPPER TOLLWAY/WEST PLANO			
Current	1,310,523		
1 Year Ago	904,700		
Delta YOY	405,823	44.86%	

CBD			
Current	1,242,062		
1 Year Ago	1,046,655		
Delta YOY	195,407	18.67%	

LAS COLINAS			
Current	1,331,292		
1 Year Ago	487,662		
Delta YOY	843,630	172.99%	

FRISCO/THE COLONY			
Current	277,956		
1 Year Ago	221,586		
Delta YOY	56,370	25.44%	

UPTOWN/TURTLE CREEK			
Current	413,137		
1 Year Ago	365,862		
Delta YOY	47,275	12.92%	

WESTLAKE/GRAPEVINE			
Current	651,639		
1 Year Ago	249,300		
Delta YOY	402,339	161.39%	

RICHARDSON/PLANO			
Current	1,119,984		
1 Year Ago	529,806		
Delta YOY	590,178	111.40%	

PRESTON CENTER			
Current	125,969		
1 Year Ago	83,394		
Delta YOY	42,575	51.05%	

LBJ FREEWAY			
Current	696,955		
1 Year Ago	344,760		
Delta YOY	352,195	102.16%	

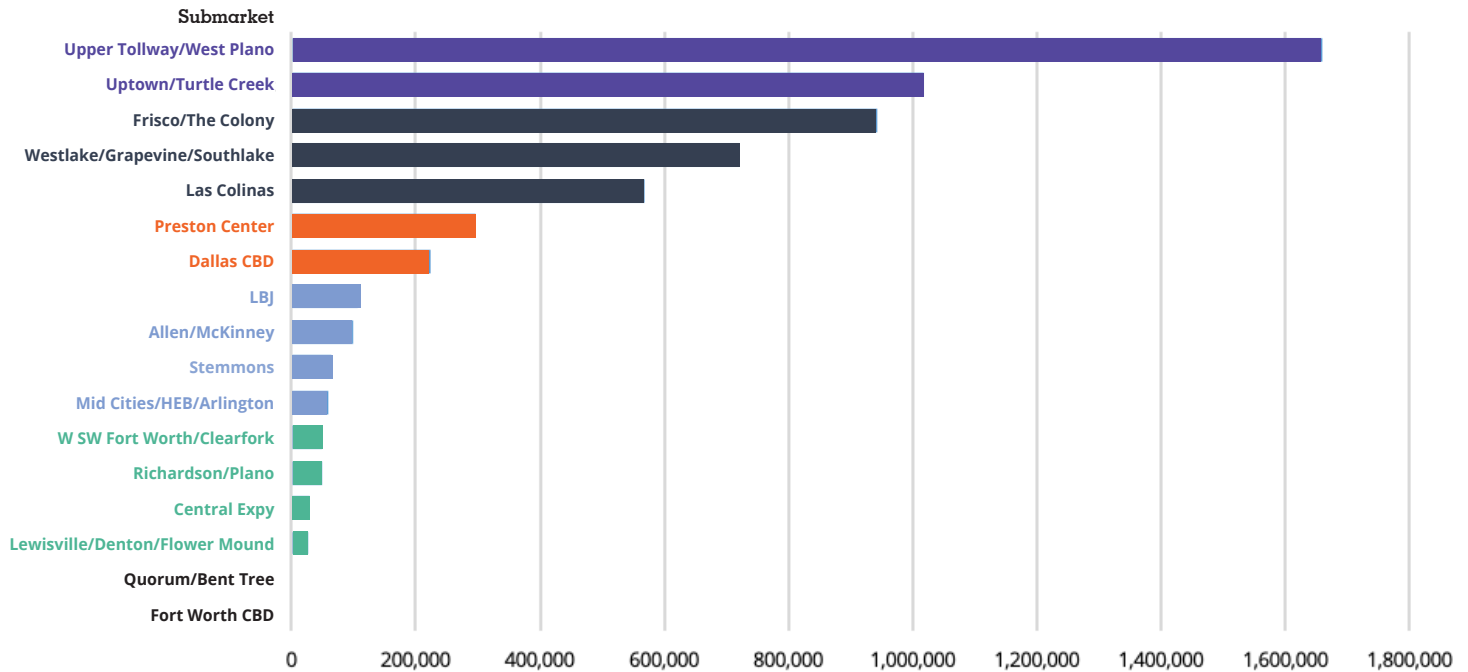
ALLEN/MCKINNEY			
Current	68,011		
1 Year Ago	73,169		
Delta YOY	(5,158)	-7.05%	

LOWER TOLLWAY/QUORUM BENT TREE			
Current	781,764		
1 Year Ago	751,917		
Delta YOY	29,847	3.97%	

STEMMONS FREEWAY			
Current	51,793		
1 Year Ago	60,843		
Delta YOY	(9,050)	-14.87%	

FORT WORTH CBD			
Current	175,670		
1 Year Ago	145,894		
Delta YOY	29,776	20.41%	

Construction totals by submarket



Major leases past 12 months

	Tenant	Building	Submarket	SF	Lease type
1	Vistra	1925 W. John Carpenter Fwy	Las Colinas	403,150	New
2	Sabre	Sabre Corporate Campus	Westlake/Grapevine	265,000	New
3	UT Southwestern Medical	Pegasus Park	Stemmons Fwy	159,320	New
4	Caliber Home Loans	2401 Olympus Blvd	Las Colinas	159,320	New
5	Freddie Mac	Legacy Central	Plano	155,000	New

Major sales past 12 months

	Buyer	Building	Submarket	SF	Purchase price	Price/sf
1	Crescent Real Estate Equities	The Crescent	Uptown	1,464,218	\$700,000,000	\$556/sf
2	CBRE Global Investors	Sherry Lane Place	Preston Center	297,838	\$132,000,000	\$443/sf
3	U.S. Realty Advisors LLC	5543 Legacy	Upper Tollway	230,621	\$119,900,000	\$520/sf
4	HPI Real Estate Services & Investments	8333 Douglas	Preston Center	253,715	\$80,100,000	\$315/sf
5	City of Fort Worth	100 Energy Way (Pier 1)	Fort Worth CBD	409,977	\$69,500,000	\$170/sf

**Get more
market
information**

Micah Rabalais
Research Manager
+1 214 269 3108
@AvisonYoung

Avison Young - Dallas
1920 McKinney Ave
Suite 1100
Dallas, TX 75089

**AVISON
YOUNG**

Class A Core Submarkets

Market by the numbers

	Existing Inventory		Vacancy		Absorption		Supply		Gross Rates
Submarket	Bldgs	Total RBA	Sublease	Vacancy	12 Mo. Net	Quarterly Net	12 Mo. Deliveries	Under Construction	Direct Rate
Allen/McKinney	23	2,274,942	7,428	13.8%	122,821	67,826	300,000	0	\$31.80
Central Expy	25	7,336,249	93,293	19.9%	-351,193	-57,567	0	0	\$34.37
Dallas CBD	33	23,869,704	979,300	30.3%	-781,432	-573,368	0	224,370	\$28.05
Fort Worth CBD	13	5,156,861	77,691	16.6%	-71,401	9,261	0	0	\$31.75
Frisco/The Colony	34	4,703,643	58,827	12.3%	176,254	-33,582	35,000	829,718	\$37.13
Las Colinas	103	24,060,180	425,331	17.7%	196,242	78,253	510,239	569,469	\$31.25
LBJ	39	11,287,641	194,607	20.3%	-387,267	-80,629	0	107,000	\$28.76
Lewisville/Denton/Flower Mound	9	586,863	0	39.2%	41,460	-2,249	225,149	0	\$30.83
Mid Cities/HEB/Arlington	27	4,693,163	2,024	10.8%	-25,531	-148,261	22,000	60,000	\$23.09
Preston Center	24	4,492,569	37,307	10.7%	-82,061	-55,313	0	297,000	\$46.42
Quorum/Bent Tree	51	12,254,923	304,094	19.3%	-205,100	-15,934	0	0	\$31.50
Richardson/Plano	60	13,361,623	189,009	19.3%	18,498	-118,228	0	48,000	\$27.35
Stemmons	14	4,981,082	16,957	15.4%	-60,389	-15,621	0	0	\$19.96
Upper Tollway/West Plano	98	24,999,831	263,253	21.1%	-654,767	-47,166	688,545	1,591,063	\$37.53
Uptown/Turtle Creek	54	12,657,714	222,849	15.4%	-377,673	-78,049	0	1,016,688	\$44.20
West Southwest Fort Worth/Clearfork	28	3,368,210	28,521	5.4%	-193,068	-2,188	23,031	48,594	\$27.37
Westlake/Grapevine/Southlake	26	5,348,676	109,094	19.3%	-119,322	-21,607	0	720,085	\$31.41
Totals	661	165,433,874	3,009,585	18.0%	(2,753,929)	(1,094,422)	1,803,964	5,511,987	\$31.93

Class B Core Submarkets

Market by the numbers

	Existing Inventory		Vacancy		Absorption		Supply		Gross Rates
Submarket	Bldgs	Total RBA	Sublease	Vacancy	12 Mo. Net	Quarterly Net	12 Mo. Deliveries	Under Construction	Direct Rate
Allen/McKinney	55	4,690,584	38,778	11.0%	-2,079	-54,946	0	98,772	\$25.37
Central Expy	73	5,572,186	53,919	15.2%	-127,919	-72,512	99,422	30,000	\$28.13
Dallas CBD	45	7,708,947	17,962	16.3%	142,050	148,420	0	0	\$20.71
Fort Worth CBD	36	5,145,623	25,621	17.1%	-477,325	-243,105	0	0	\$22.54
Frisco/The Colony	41	1,835,954	5,359	13.1%	-68,102	-38,755	0	114,161	\$30.74
Las Colinas	203	17,649,412	527,173	22.5%	-1,342,217	-777,755	0	0	\$22.22
LBJ	118	10,311,140	48,959	23.4%	-144,959	24,190	0	0	\$19.38
Lewisville/Denton/Flower Mound	107	6,845,200	5,844	11.2%	-14,609	34,376	46,000	26,348	\$24.47
Mid Cities/HEB/Arlington	147	9,333,701	75,613	11.9%	44,900	26,696	111,500	0	\$20.41
Preston Center	19	1,114,783	8,434	13.7%	-17,769	23,948	0	0	\$30.86
Quorum/Bent Tree	140	10,090,963	219,229	22.9%	-234,520	-114,853	48,000	0	\$21.87
Richardson/Plano	194	14,905,630	277,554	17.0%	-442,866	-349,139	0	0	\$20.49
Stemmons	87	8,240,208	13,026	21.9%	162,673	109,820	41,907	65,000	\$20.64
Upper Tollway/West Plano	109	8,121,336	180,600	18.2%	-362,907	-243,666	30,600	67,000	\$27.76
Uptown/Turtle Creek	39	2,257,548	21,834	24.1%	-183,019	-83,500	0	0	\$32.33
West Southwest Fort Worth/ Clearfork	118	6,666,252	108,031	13.2%	-37,418	-108,361	69,960	0	\$24.73
Westlake/Grapevine/Southlake	66	3,395,743	78,872	13.5%	90,056	105,111	133,317	0	\$26.85
Totals	1,597	123,885,210	1,706,808	16.8%	-3016030	-1614031	580,706	401,281	\$24.68

Core Submarkets Totals

Market by the numbers

	Existing Inventory		Vacancy		Absorption		Supply		Gross Rates
Submarket	Bldgs	Total RBA	Sublease	Vacancy	12 Mo. Net	Quarterly Net	12 Mo. Deliveries	Under Construction	Direct Rate
Allen/McKinney	82	7,780,692	46,206	10.7%	120,742	12,880	300,000	98,772	\$26.71
Central Expy	107	13,291,197	147,212	17.4%	-474,632	-127,976	99,422	30,000	\$31.99
Dallas CBD	98	33,771,251	997,262	25.2%	-639,382	-424,948	0	224,370	\$27.03
Fort Worth CBD	58	10,604,418	103,312	16.4%	-548,726	-233,844	0	0	\$27.84
Frisco/The Colony	76	6,583,737	64,186	12.5%	108,152	-72,337	35,000	943,879	\$35.71
Las Colinas	323	42,811,182	952,504	19.3%	-1,135,476	-699,502	510,239	569,469	\$27.16
LBJ	171	22,144,798	243,566	21.4%	-530,381	-57,913	0	107,000	\$23.70
Lewisville/Denton/Flower Mound	143	8,458,051	5,844	12.4%	24,679	40,280	271,149	26,348	\$25.55
Mid Cities/HEB/Arlington	219	15,949,460	77,637	10.5%	62,940	-110,849	133,500	60,000	\$21.11
Preston Center	51	5,829,173	45,741	11.0%	-99,830	-31,365	0	297,000	\$43.05
Quorum/Bent Tree	199	22,669,633	523,323	20.7%	-441,436	-131,565	48,000	0	\$26.99
Richardson/Plano	286	29,740,201	467,723	19.0%	-442,737	-493,665	0	48,000	\$23.87
Stemmons	130	14,479,153	29,983	18.9%	80,049	96,283	41,907	65,000	\$20.16
Upper Tollway/West Plano	212	33,297,417	443,853	20.3%	-1,017,674	-290,832	719,145	1,658,063	\$35.35
Uptown/Turtle Creek	99	15,148,034	244,683	16.7%	-563,689	-162,093	0	1,016,688	\$41.54
West Southwest Fort Worth/ Clearfork	176	11,181,555	136,552	10.1%	-234,374	-114,096	92,991	48,594	\$25.65
Westlake/Grapevine/Southlake	95	8,918,053	187,966	17.1%	-29,266	83,504	133,317	720,085	\$30.29
Totals	2,525	302,658,005	4,717,553	16.4%	-5,761,041	-2,718,038	2,384,670	5,913,268	\$29.04

Market Totals

Market by the numbers

	Existing Inventory		Vacancy		Absorption		Supply		Gross Rates
Market	Bldgs	Total RBA	Sublease	Vacancy	12 Mo. Net	Quarterly Net	12 Mo. Deliveries	Under Construction	Direct Rate
Class A	702	171,458,207	3,198,623	20.2%	-2,499,647	-886,092	2,386,131	6,367,802	\$31.77
Class B	1,927	144,260,649	1,752,947	17.1%	-3,079,939	-1,571,676	752,392	450,281	\$22.67
Class A & B Totals	2,629	315,718,856	4,951,570	18.7%	-5,579,586	-2,457,768	3,138,523	6,818,083	\$27.22
DFW Market Totals	3,020	333,929,285	4,952,730	18.2%	-5,578,390	-2,469,077	3,138,523	6,857,083	\$28.04



**Get more
market
information**

Micah Rabalais
Research Manager
+1 214 269 3108
@AvisonYoung

Avison Young - Dallas
1920 McKinney Ave
Suite 1100
Dallas, TX 75089

**AVISON
YOUNG**