MARKETBEAT

DALLAS/FORT WORTH

OFFICE Q2 2026

MARKET FUNDAMENTALS

	YOY Chg	Outlook
23.9% Vacancy Rate	▼	▼
1.3M YTD Net Absorption, SF	▲	▲
$34.17 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
4.3M Dallas/Fort Worth Employment	▲	▲
4.1% Dallas/Fort Worth Unemployment Rate	▲	▲
4.2% Country Unemployment Rate	▲	▲

Source: BLS, Moody's Analytics

ECONOMY

Dallas/Fort Worth (DFW) employment grew slightly at a pace of 0.1% year-over-year (YOY) to reach 4.3 million. Office-using employment in financial activities, information and professional services sectors grew 1.0% YOY and remained 19.6% above pre-pandemic levels. Population growth continued with over 113,000 new residents over the last 12 months, increasing 1.3% YOY.

Texas service sector firms noted improving conditions in Dallas Fed surveys in June. Company outlooks rebounded into positive territory while uncertainty fell back to average levels. Forward-looking indicators remained positive for commercial real estate with expectations for typical levels of capital expenditure and below-average employment growth over the next six months.

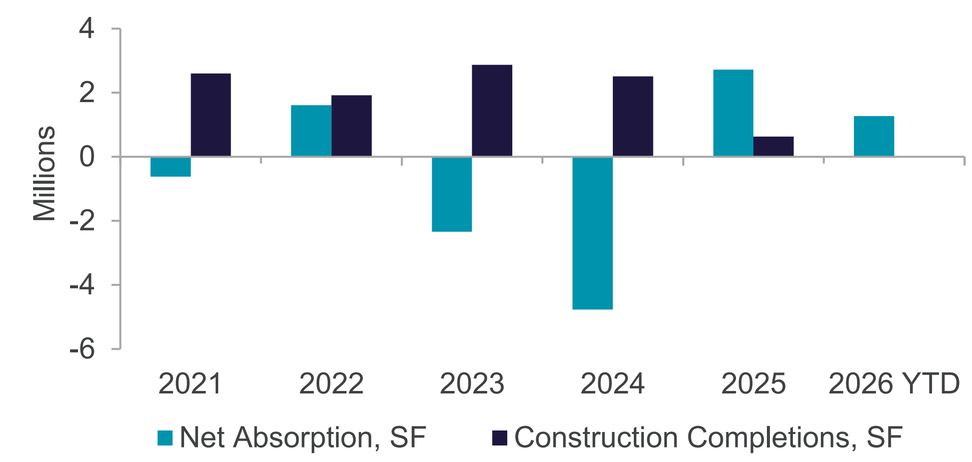
DEMAND

New leasing activity inched down to 2.9 million square feet (msf) in the second quarter. Take-up remained healthy across all size segments, with multi-floor commitments—30,000 square feet (sf) and larger—accounting for 921,425 sf or 32.1% of activity. Financial activities led new deals signed at 629,945 sf, followed by information at 252,303 sf and professional and business services at 198,300 sf. Year-to-date (YTD) leasing activity totaled 6.5 msf at the end of the second quarter.

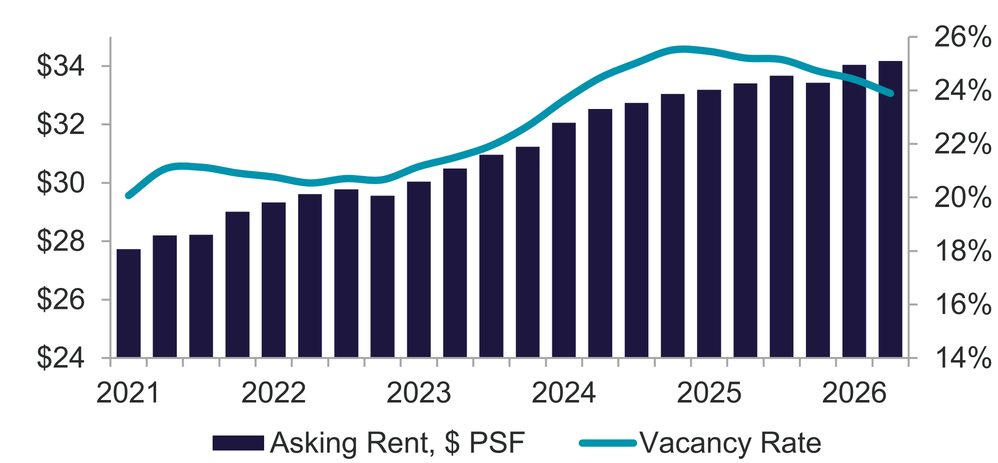
Net absorption was positive for the sixth consecutive quarter at 1.1 msf. All building classes experienced quarterly occupancy gains for the first time since Q4 2021. The top three submarkets were Legacy/Frisco (431,184 sf), Las Colinas (268,618 sf) and Uptown/Turtle Creek (231,981 sf). YTD net absorption stood at 1.3 msf, the highest level since 2022.

Cushman & Wakefield expects net absorption to continue at a robust pace through the end of the year. The DFW market entered the third quarter with an additional 1.7 msf of net absorption teed up between known move-ins and move-outs, which would increase 2026 year-end net absorption to 3.0 msf, the strongest performance since 2017.

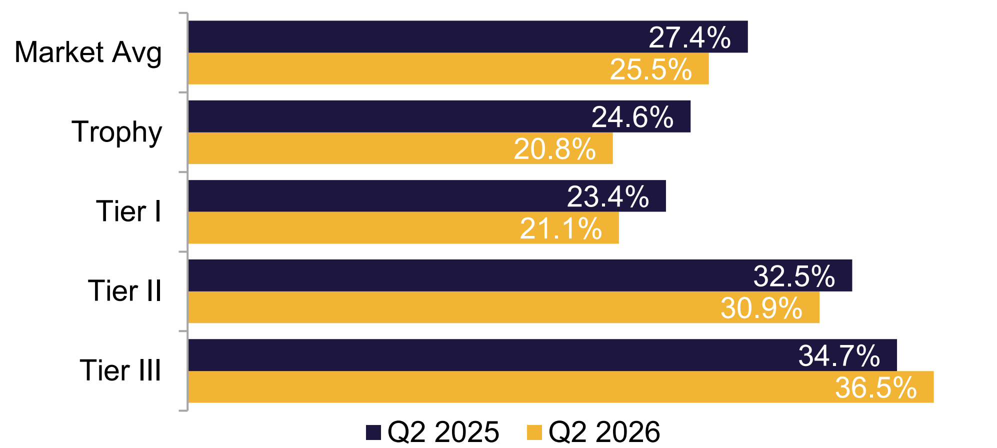
SPACE DEMAND / DELIVERIES



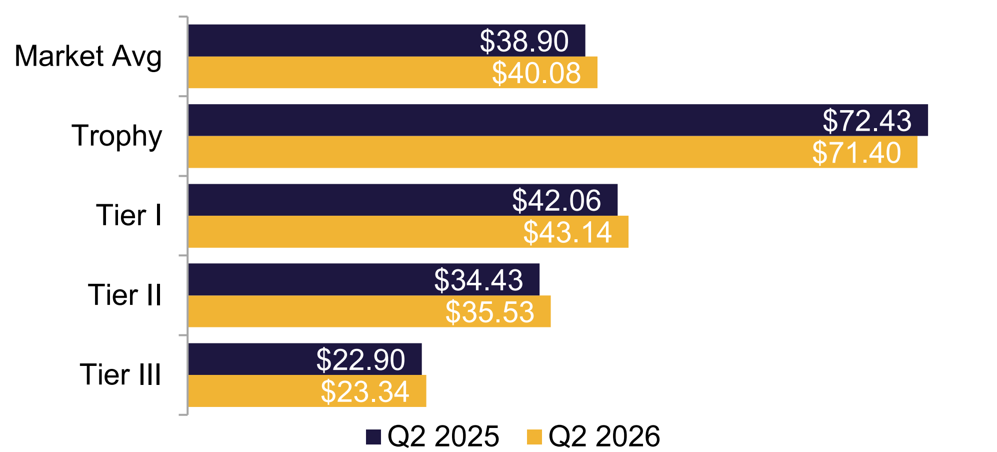
OVERALL VACANCY & ASKING RENT



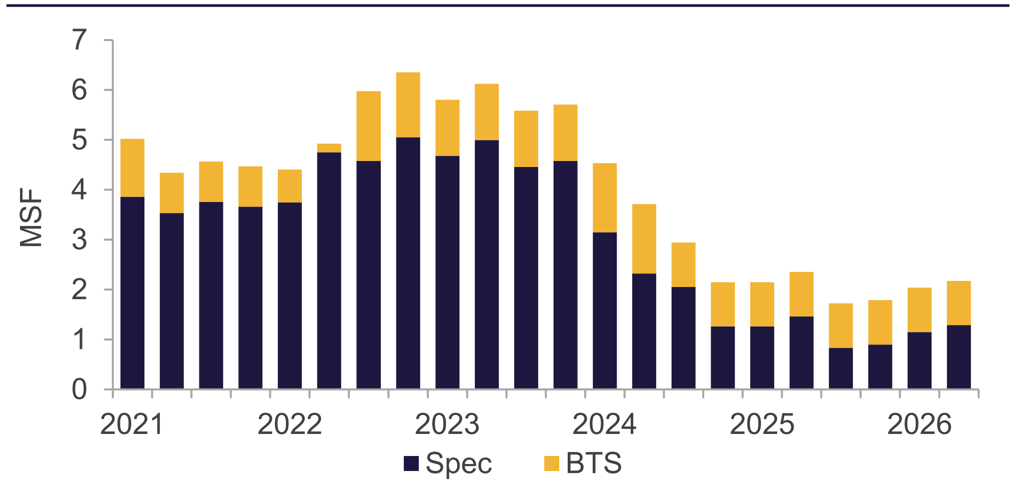
CLASS A - OVERALL VACANCY BY TIER



CLASS A - OVERALL ASKING RENT BY TIER



CONSTRUCTION PIPELINE



SUPPLY

Overall vacancy fell for the fifth consecutive quarter, declining 50 basis points (bps) quarter-over-quarter (QOQ) and 130 bps YOY to 23.9%. Vacancy rates substantially improved in the Southlake/Westlake (-5.9% YOY), Legacy/Frisco (-4.7% YOY), and Preston Center (-4.3% YOY) submarkets. Class A vacancy tightened 190 bps YOY to 25.5%, with top tier buildings outperforming with vacancy falling 3.8% YOY in the Trophy segment and 2.3% YOY in the Tier I segment. Sublease availability remained near 6.3 msf, the lowest level since Q2 2020.

Construction activity ticked up to 2.2 msf but remained historically low. Only 318,749 sf of new office inventory is expected to deliver in 2026, the lowest level since 2012. Three buildings totaling 194,870 sf began foundation work in the second quarter: Fields West Buildings F and G (96,958 sf in Legacy/Frisco) and Westside Village (97,912 sf in West Fort Worth). User purchases, demolitions and conversions totaled 2.1 msf YTD, reducing competitive office inventory to its lowest level since Q1 2020.

Cushman & Wakefield Research expects office vacancy to decline further as demand outpaces supply. Overall vacancy will likely fall to 23.3% or lower by year-end 2026, as scheduled deliveries for the year totaled just 318,749 sf while known move-ins and move-outs yield net absorption of 2.9 msf over the same period.

PRICING

Average overall asking rents reached $34.17 per square foot (psf), increasing 2.3% YOY. Class A continued to outperform the market, increasing 3.1% YOY to a new record of $40.08 psf. The appearance of softening growth in the market's weighted average rent, which was below the 10-year average of 3.6% YOY, was due to the emerging shortage of top tier Class A.

Average rent growth at the property level—which better measures the degree to which asking rents change for tenants in the market—accelerated to 3.3% YOY in the second quarter, the highest rate since 2023. Overall rents increased in 26.8% of office buildings by an average 8.3% YOY while rents decreased in just 7.8% of buildings, mostly due to the addition of below-market sublease spaces. Pricing power appeared strongest in the submarkets of Preston Center (13.5% YOY), Far North Dallas (6.5% YOY), and Uptown/Turtle Creek (4.4% YOY).

Landlords continued to partially offset rent increases with concessions favorable to tenants. As of the second quarter, a new lease typically offers one month of free rent and a $5.00-$10.00 psf improvement allowance per year of term, depending on building quality, location, and occupancy.

OUTLOOK

- DFW office fundamentals are on pace to continue improving throughout 2026 on strong demand and historically low supply.
- Tenants seeking top tier Class A should not delay decisions. Pressure on rent growth will likely intensify as "flight to quality" steers demand to amenitized buildings and exacerbates the shortage of top tier space.
- As vacancy tightens and rents increase in top tier buildings, tenants will move down the quality spectrum to occupy the next best choices and revive the "value add" investment play for Tier II buildings.
- Disposition of excess office inventory through conversion, user purchase, or redevelopment will continue to reduce competitive inventory and consolidate occupancy into viable buildings.
- New construction will remain limited to established submarkets where trophy and mixed-use projects can achieve pre-leasing and above-market rents.

DALLAS/FORT WORTH
OFFICE Q2 2026

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	YTD CONSTR COMPLETIONS (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
CBD Core	18,181,131	6,717,942	37.0%	-14,800	-80,015	157,427	0	0	$28.96	$30.34
Arts District	6,676,713	1,710,870	25.6%	102,080	128,170	113,398	0	0	$51.09	$52.80
West End	1,347,347	394,943	29.3%	26,508	21,409	32,702	0	0	$31.10	$34.08
DALLAS CBD TOTAL	26,205,191	8,823,755	33.7%	113,788	69,564	303,527	0	0	$33.65	$35.57
Uptown/Turtle Creek	16,470,920	3,400,692	20.6%	231,981	463,519	774,678	1,524,411	0	$64.23	$69.38
North Central Expressway	14,374,968	4,077,021	28.4%	-63,537	-28,308	452,633	62,628	0	$37.35	$40.53
Preston Center	3,856,722	211,811	5.5%	25,440	47,036	325,332	0	0	$51.94	$65.79
Deep Ellum/East Dallas	3,584,243	792,504	22.1%	7,522	27,027	78,219	0	0	$38.05	$48.28
West Love Field	6,978,405	2,014,567	28.9%	1,482	-154,016	285,871	0	0	$21.31	$31.92
LBJ Freeway	10,693,881	2,996,575	28.0%	-56,284	-108,257	171,346	0	0	$20.01	$22.41
Far North Dallas	22,694,232	5,085,078	22.4%	-24,415	-114,893	655,400	0	0	$35.22	$40.77
Legacy/Frisco	28,807,964	6,712,892	23.3%	431,184	753,071	1,052,081	186,697	0	$42.86	$45.38
Richardson/Plano	22,771,638	4,136,475	18.2%	71,973	23,274	541,554	0	0	$26.93	$30.40
Las Colinas	34,320,022	9,381,996	27.3%	268,618	274,537	1,139,244	0	0	$32.58	$38.42
Southlake/Westlake	4,411,207	883,138	20.0%	74,623	126,702	99,666	0	0	$35.14	$36.37
Lewisville/Carrollton	4,946,972	1,183,560	23.9%	34,069	50,799	113,129	56,012	0	$27.22	$33.73
Southwest Dallas	1,614,060	289,326	17.9%	-3,849	-5,360	12,129	0	0	$22.36	$26.03
Mid Cities	11,355,563	3,134,406	27.6%	-36,949	-67,170	159,555	0	0	$25.84	$30.64
DALLAS NON-CBD TOTAL	186,880,797	44,300,041	23.7%	961,858	1,287,961	5,860,837	1,829,748	0	$34.67	$41.46
DALLAS TOTAL	**213,085,988**	**53,123,796**	**24.9%**	**1,075,646**	**1,357,525**	**6,164,364**	**1,829,748**	**0**	**$34.50**	**$40.24**
Fort Worth CBD	7,436,049	734,528	9.9%	79,878	73,218	126,787	0	0	$27.44	$36.32
West Fort Worth	4,144,532	590,765	14.3%	-28,100	-55,893	147,311	351,884	0	$27.82	$33.70
South Fort Worth	2,703,053	217,453	8.0%	-13,924	16,265	64,806	50,109	0	$23.50	$30.00
North Fort Worth	1,817,869	320,074	17.6%	1,964	-107,204	27,911	0	0	$28.36	$28.57
East Fort Worth	2,343,561	317,393	13.5%	-3,003	-12,559	11,532	0	0	$18.78	-
FORT WORTH TOTAL	18,445,064	2,180,213	11.8%	36,815	-86,173	378,347	401,993	0	$25.80	$32.39
DALLAS/FORT WORTH TOTALS	**231,531,052**	**55,304,009**	**23.9%**	**1,112,461**	**1,271,352**	**6,542,711**	**2,231,741**	**0**	**$34.17**	**$40.08**
Class A	147,869,368	37,673,128	25.5%	1,010,734	1,436,989	4,650,289	2,231,741	0	$40.08	-
Class B	74,233,505	16,540,432	22.3%	93,634	-164,642	1,773,370	0	0	$22.80	-
Class C	9,428,179	1,090,449	11.6%	8,093	-995	119,052	0	0	$18.05	-

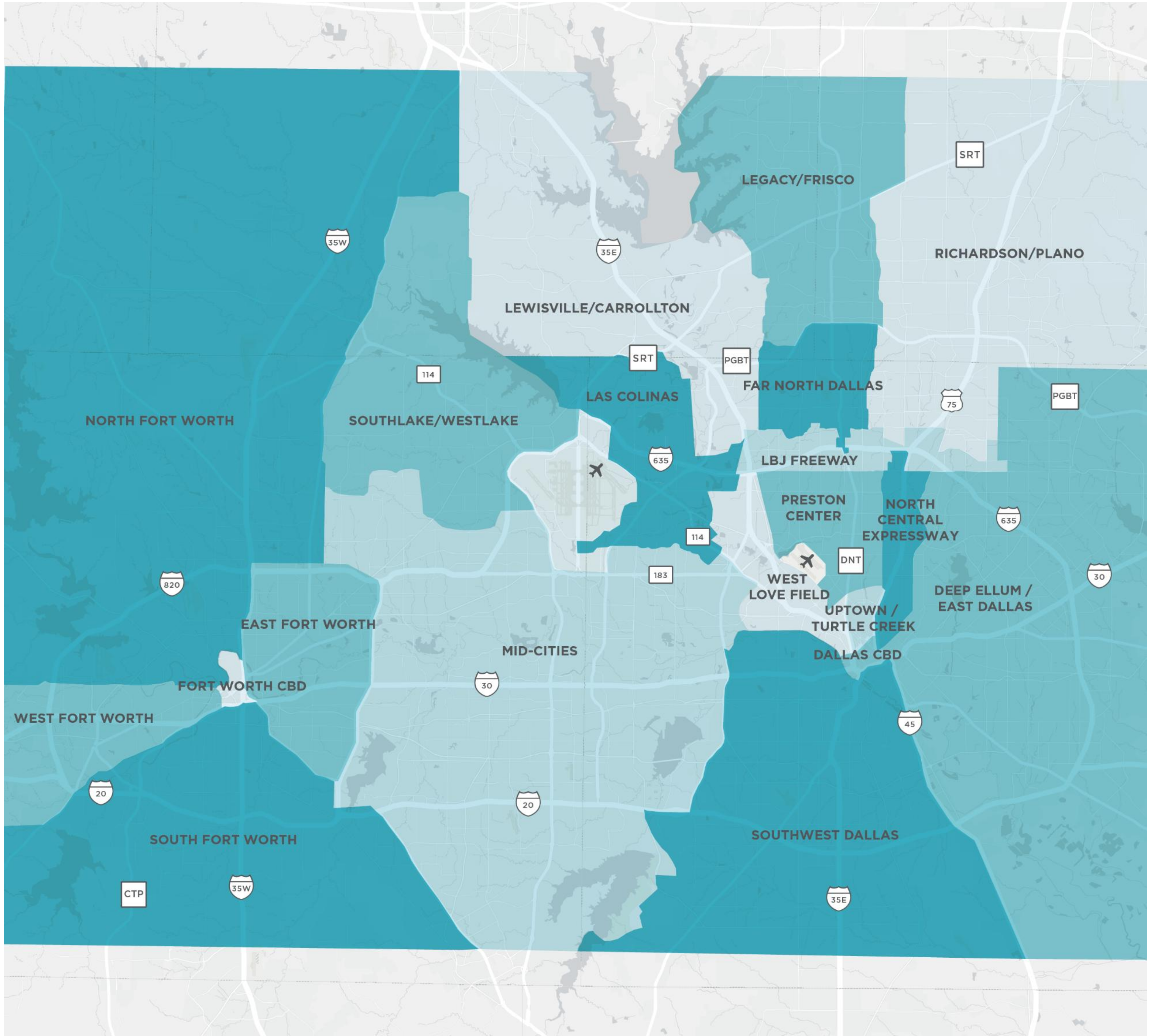
** Rental rates reflect full service asking rate.*

KEY LEASE TRANSACTIONS* - Q2 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE**
One MacArthur Ridge / 919 Hidden Ridge Dr	Las Colinas	Stellantis Financial Services	83,278	New Lease
8300 Douglas Ave	Preston Center	Fifth Third Bank	63,090	New Lease
3701 Regent Blvd	Las Colinas	Trillium Engineering	52,255	New Lease
Williams Square / 5215 N O'Connor Blvd	Las Colinas	Loenbro	50,119	New Lease

**Leases not authorized for public release excluded from key transactions. **Renewals excluded from leasing activity.*

OFFICE SUBMARKETS



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