

MARKET FUNDAMENTALS

	YOY Chg	Outlook
23.7% Vacancy Rate	▼	▼
1.4M YTD Net Absorption, SF	▲	▲
\$34.14 Asking Rent, PSF (Overall, All Property Classes)	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
4.4M Dallas/Fort Worth Employment	▲	▲
4.3% Dallas/Fort Worth Unemployment Rate	▲	▲
4.2% Country Unemployment Rate	▼	▲

Source: BLS, Moody's Analytics

ECONOMY

Dallas/Fort Worth (DFW) employment grew 1.0% year-over-year (YOY) as of August—over three times the national rate of 0.3% YOY. Office-using employment in financial activities, information and professional services sectors increased 1.3% YOY and remained 20.3% above pre-pandemic levels. Population growth continued at an estimated pace of 112,800 residents over the last 12 months.

Surveys of Texas service sector firms by the Dallas Fed signaled expectations for continued growth in employment and capital expenditures over the next six months, indicating favorable conditions for the DFW office sector will likely continue.

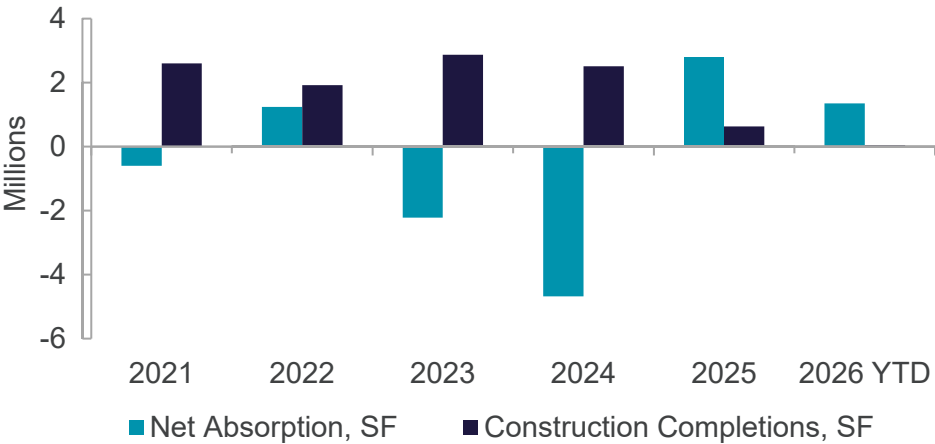
DEMAND

Quarterly leasing activity rebounded 30.3% quarter-over-quarter (QOQ) to 4.4 million square feet (msf), the highest level since Q1 2019. Tenants have signed 11.6 msf of new commitments year-to-date (YTD), also the highest volume since 2019. Strong leasing velocity continued to be driven by financial activities (3.2 msf), professional and business services (1.3 msf) and information and technology (1.2 msf). Multi-floor deals exceeding 30,000 square feet (sf) accounted for 3.8 msf or 33.2% of new leasing activity in 2026.

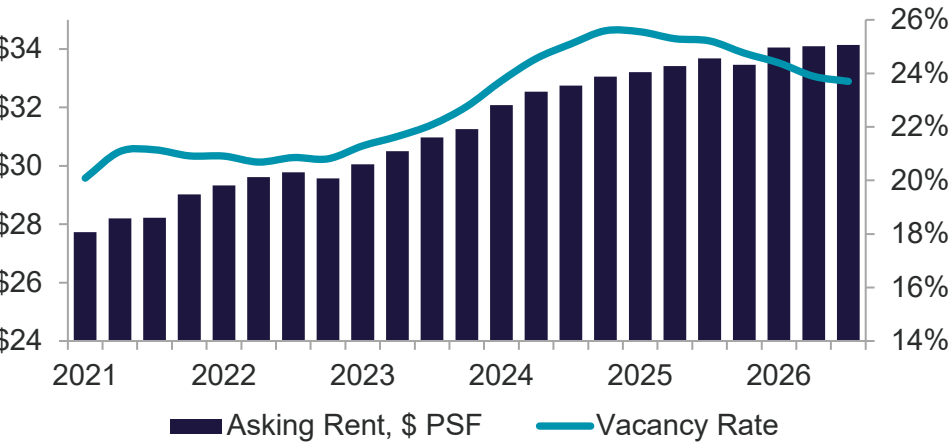
Net absorption was positive for the seventh consecutive quarter at 156,935 sf. Class A continued to outperform at positive 234,054 sf while Class B and C were slightly negative. Submarkets with new construction achieved the strongest occupancy gains, namely Uptown/Turtle Creek (209,584 sf), Legacy/Frisco (179,490 sf), and South Fort Worth (71,709 sf). YTD net absorption totaled 1.4 msf at the end of the third quarter, the best pace since 2019.

Cushman & Wakefield expects momentum to continue in net absorption through year-end 2026. The DFW market entered the fourth quarter with 1.9 msf of net absorption teed up between known move-ins and move-outs, which could drive 2026 net absorption to 3.4 msf, the strongest performance since 2017.

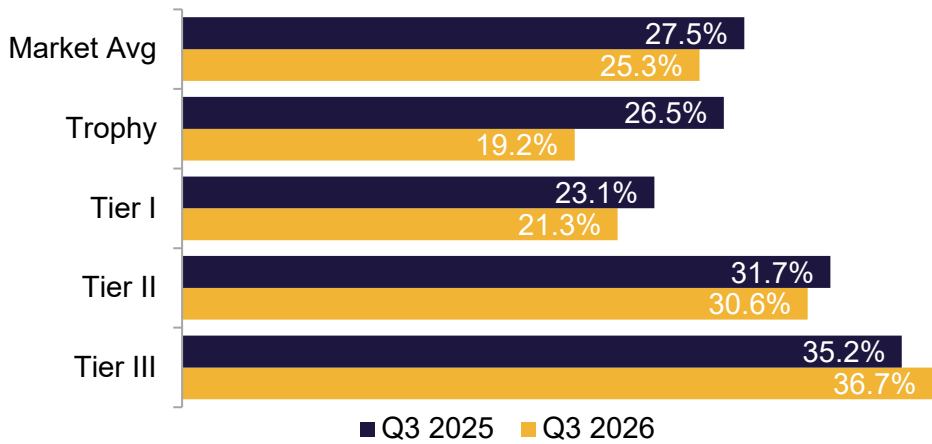
SPACE DEMAND / DELIVERIES



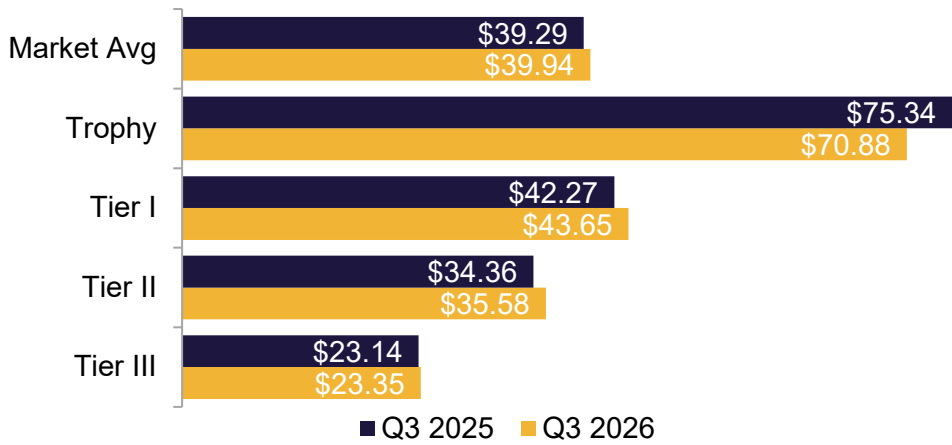
OVERALL VACANCY & ASKING RENT



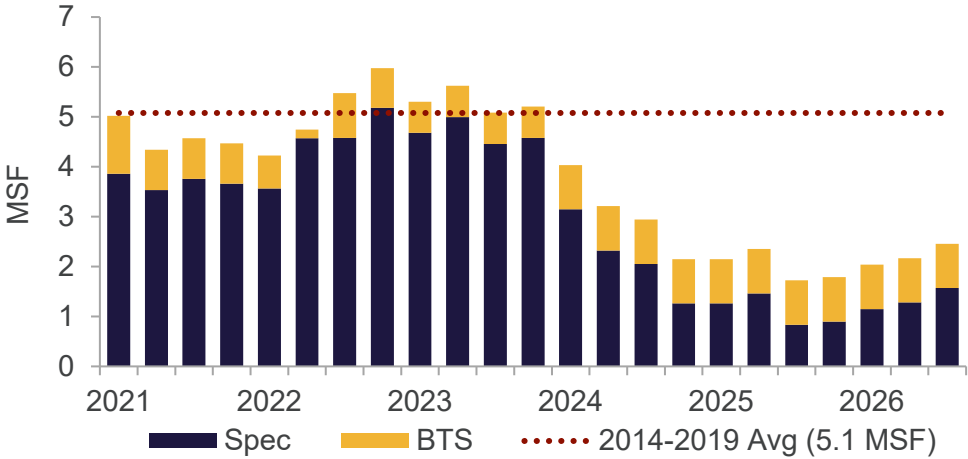
CLASS A - OVERALL VACANCY BY TIER



CLASS A - ASKING RENT BY TIER



CONSTRUCTION PIPELINE



SUPPLY

Overall vacancy fell for the seventh consecutive quarter, declining 20 basis points (bps) QOQ and 150 bps YOY to 23.7%. Class A vacancy tightened 220 bps YOY to 25.3%, with Trophy properties declining 730 bps YOY to 19.2% and Tier I buildings declining 180 bps YOY to 21.3%. Vacant availability—a better measure of space truly competing for tenants—has fallen below 20.0% in both Trophy (13.9%) and Tier I (17.9%) buildings. Sublease availability declined to 5.3 msf, the lowest level since Q2 2020.

Construction activity rose slightly to 2.5 msf but remained historically low. Only 280,813 sf of new office inventory is expected to deliver in 2026, the lowest level since 2011. Two buildings totaling 338,685 sf began foundation work in the third quarter: Knox & McKinney (271,786 sf in Uptown/Turtle Creek) and Fields West Building L (66,899 sf in Legacy/Frisco). User purchases, demolitions and conversions totaled 3.7 msf YTD and reduced competitive office inventory to its lowest level since Q4 2019.

PRICING

Average overall asking rents reached \$34.14 per square foot (psf), increasing 1.4% YOY. Class A continued to outperform the market, increasing 1.7% YOY to a new record of \$39.94 psf. The appearance of soft rent growth was a statistical artifact caused by the greater scarcity of high-priced Trophy and Tier I space compared to the previous year.

Rent growth at the building level, which better captures changes in pricing that tenants in the market are facing, averaged 4.0% YOY in Q3 2026 compared to 2.3% YOY in Q3 2025. Overall rents increased 26.5% of properties by an average of 8.9% YOY and fell in just 6.0% of properties.

Landlord continued to offer tenant-friendly concessions to achieve higher face rents that bolster asset prices. As of the third quarter, a new lease typically offers one month of free rent and an improvement allowance of \$5.00-\$10.00 psf per year of term, depending on building quality, location, and the amount of competing vacancy. Although Cushman & Wakefield expects landlords to continue executing this strategy over the short term, concessions may begin to fade for tenants seeking top tier space in DFW’s premier locations as competing vacancy falls below 20.0%.

OUTLOOK

- Strong demand and historically low supply will allow DFW office fundamentals to continue improving.
- There is effectively no ceiling for Trophy rents as global financial services and law firms compare Dallas pricing to gateway markets such as Manhattan and Miami which are 100%-250% more expensive.
- Tenants seeking top tier Class A space 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.

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	6,799,155	37.4%	-77,326	-160,821	215,814	0	0	\$29.25	\$30.65
Arts District	6,676,713	1,891,895	28.3%	-103,777	-70,309	340,872	0	0	\$49.43	\$50.92
West End	1,347,347	458,764	34.0%	-62,926	-42,414	53,213	0	0	\$30.26	\$32.23
DALLAS CBD TOTAL	26,205,191	9,149,814	34.9%	-244,029	-273,544	609,899	0	0	\$33.53	\$35.38
Uptown/Turtle Creek	16,365,370	3,119,793	19.1%	209,584	675,462	1,919,949	1,796,197	0	\$64.40	\$70.66
North Central Expressway	14,383,033	4,039,061	28.1%	42,450	10,556	677,668	62,628	0	\$37.85	\$41.09
Preston Center	3,856,722	203,078	5.3%	661	47,264	358,046	0	0	\$59.25	\$75.56
Deep Ellum/East Dallas	3,608,243	777,057	21.5%	20,610	42,474	99,031	0	0	\$38.30	\$48.28
West Love Field	6,978,405	1,987,143	28.5%	48,618	-137,892	373,355	0	0	\$20.99	\$31.50
LBJ Freeway	10,535,096	2,978,851	28.3%	-65,312	-204,683	300,002	0	0	\$20.32	\$22.61
Far North Dallas	22,694,232	5,110,534	22.5%	-106,551	-168,756	967,386	0	0	\$35.44	\$41.27
Legacy/Frisco	28,526,202	6,413,742	22.5%	179,490	929,796	2,007,298	289,687	0	\$43.46	\$45.38
Richardson/Plano	22,597,754	4,108,804	18.2%	-50,605	-3,105	1,049,646	0	0	\$26.98	\$30.17
Las Colinas	33,267,024	9,172,495	27.6%	-25,442	231,227	2,008,293	0	0	\$32.79	\$39.06
Southlake/Westlake	4,411,207	806,135	18.3%	59,421	189,267	198,848	0	0	\$35.59	\$36.88
Lewisville/Carrollton	4,946,972	1,155,031	23.3%	26,163	76,126	126,808	56,012	0	\$27.10	\$33.66
Southwest Dallas	1,614,060	306,860	19.0%	-17,534	-22,894	18,442	0	0	\$22.73	\$26.09
Mid Cities	11,577,623	3,194,252	27.6%	-50,858	-135,116	244,130	0	0	\$25.96	\$30.67
DALLAS NON-CBD TOTAL	185,361,943	43,372,836	23.4%	270,695	1,529,726	10,348,902	2,204,524	0	\$34.62	\$41.39
DALLAS TOTAL	211,567,134	52,522,650	24.8%	26,666	1,256,182	10,958,801	2,204,524	0	\$34.43	\$40.09
Fort Worth CBD	7,436,049	675,029	9.1%	23,622	124,853	196,775	0	0	\$26.74	\$36.04
West Fort Worth	4,144,532	520,648	12.6%	27,570	-18,119	191,255	253,972	0	\$27.50	\$32.69
South Fort Worth	2,753,162	183,832	6.7%	71,709	99,995	116,512	0	50,109	\$26.21	\$44.94
North Fort Worth	1,817,869	321,178	17.7%	498	-108,202	45,222	0	0	\$27.99	\$28.23
East Fort Worth	2,343,561	304,776	13.0%	6,870	58	60,487	0	0	\$19.29	\$22.00
FORT WORTH TOTAL	18,495,173	2,005,463	10.8%	130,269	98,585	610,251	253,972	50,109	\$25.86	\$32.16
DALLAS/FORT WORTH TOTALS	230,062,307	54,528,113	23.7%	156,935	1,354,767	11,569,052	2,458,496	50,109	\$34.14	\$39.94
Class A	147,467,852	37,305,937	25.3%	234,054	1,594,380	8,828,153	2,458,496	50,109	\$39.94	-
Class B	73,136,776	16,162,559	22.1%	-58,696	-225,933	2,551,834	0	0	\$22.96	-
Class C	9,457,679	1,059,617	11.2%	-18,423	-13,680	189,065	0	0	\$17.62	-

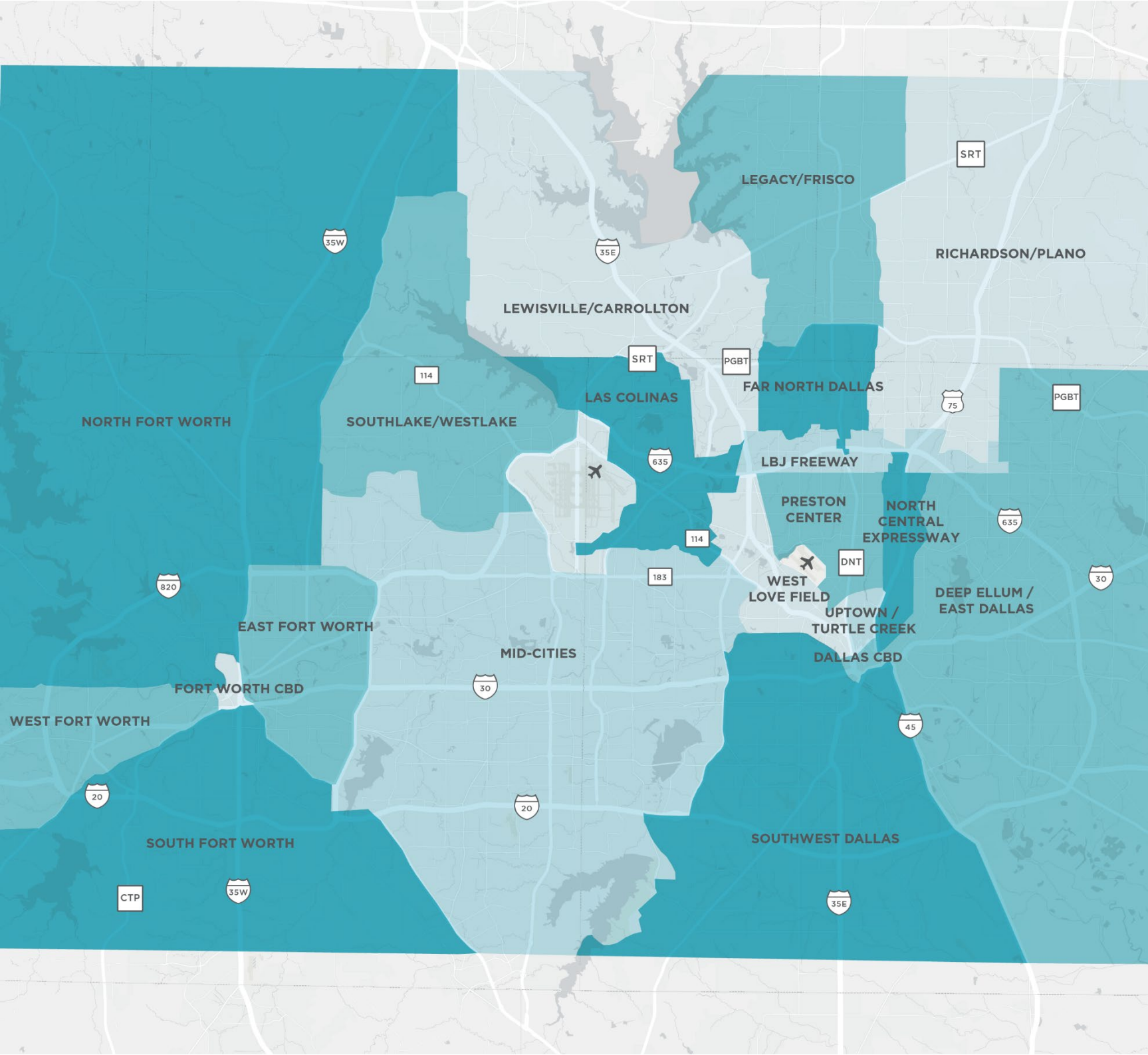
* Rental rates reflect full service asking rate.

KEY LEASE TRANSACTIONS* - Q3 2026

PROPERTY / ADDRESS	SUBMARKET	TENANT	SF	TYPE**
2401 McKinney / 2401 McKinney Ave	Uptown/Turtle Creek	Morgan Stanley	673,248	New Lease
Galleria North Tower I / 13737 Noel Rd	Far North Dallas	Amazon	251,255	New Lease
2201 Lakeside Blvd	Richardson/Plano	AT&T	183,242	New Lease
Fountain Place / 1445 Ross Ave	Arts District	Morgan Stanley	123,913	New Lease

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

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