

DFW Office

Q4 2025

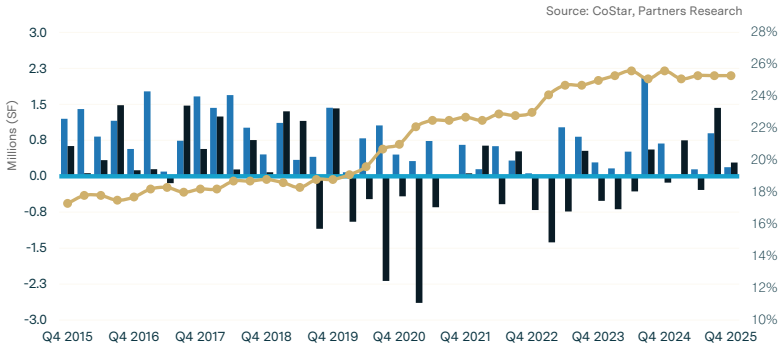
QUARTERLY MARKET REPORT

partners

Executive Summary

SUPPLY & DEMAND

■ Net Absorption ■ Deliveries ■ Vacancy %

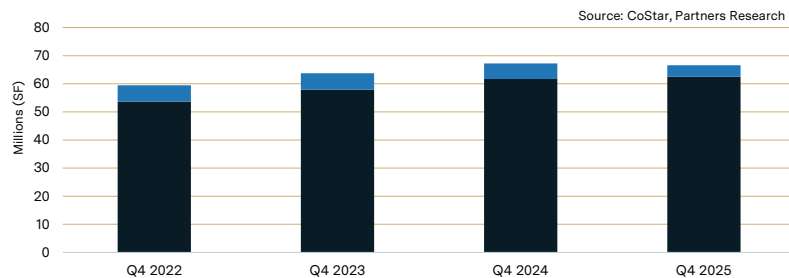


Key Market Indicators

	CURRENT Q4 2025	PRIOR QUARTER Q3 2024		PRIOR YEAR Q4 2024	
Vacant Total	25.3%	25.3%	=	25.6%	↓
Vacant Direct	23.7%	23.6%	↑	23.5%	↑
Available Total	27.1%	27.1%	=	27.2%	↓
Available Direct	24.8%	24.1%	↑	23.9%	↑
Net Absorption (SF)	285,197	1,427,581	↓	-132,955	↑
Leasing Activity (SF)	3,028,474	4,434,513	↓	4,280,120	↓
Construction (SF)	2,891,785	2,533,291	↑	3,026,784	↑
Deliveries	189,382	898,000	↓	682,531	↓
Avg Asking Rent (Gross)	\$32.33	\$32.06	↑	\$30.90	↑
Inventory (SF)	265,397,078	263,584,239	↑	262,548,108	↑

VACANCIES

■ Direct Space ■ Sublease Space



Q4 in Review

Momentum slowed between quarters in the Dallas-Fort Worth office market. Leasing activity decreased 31.7% quarterly from 4.4 million sq. ft. to 3.0 million sq. ft. Total net absorption saw a significant drop for the quarter, decreasing 80.0% from 1.4 million sq. ft. in Q3 to 285,197 sq. ft. in Q4 2025. Class A properties recorded positive absorption while Class B properties posted negative absorption. Due to the slowdown in deliveries and Class A positive absorption, the vacancy rate remained unchanged at 25.3%.

Construction deliveries for the quarter totaled 189,382 sq. ft., down significantly from the previous quarter, and the construction pipeline increased 14.2% over the quarter to 2.9 million sq. ft. Rental rates rose 2.5% over the quarter and 4.8% over the year to \$32.06 per sq. ft. Class A gross rental rates rose again to a record high of \$36.20 per sq. ft. and are forecasted to continue to rise. Class B rental rates increased to \$25.58 per sq. ft. from \$25.22 per sq. ft. in Q3 2025.

DFW Economic Update

Employment in DFW grew at an annualized rate of 0.8% in September, adding 34,100 jobs annually, while Texas employment increased by 1.2%. The unemployment rate dropped 20 basis points to 4.2% from 4.4% in August. The jobless rate was 4.2% in Dallas and 4.1% in Fort Worth. The most significant gains were in mining, logging and construction, leisure and hospitality, government, and education and health services sectors. The largest losses were in manufacturing, transportation and utilities, and professional and business services.



Vacancy Rate Remains at 25.3%

The total vacancy rate remained unchanged between quarters at 25.3% and dropped 30 basis points over the year. Submarkets with generally older inventory, such as the Dallas CBD at 33% and Far North Dallas and Las Colinas at 31%, are affected. The higher vacancy rates are primarily due to tenants gravitating toward newer properties with more amenities, which are more highly concentrated in Uptown and other northern suburban submarkets.

Net Absorption Positive, But Experiences a Sharp Drop Over the Quarter

Net absorption—move-ins minus move-outs—was positive 285,197 sq. ft. in Q4 2025, sharply down 80% quarter over quarter. Only Class A properties contributed to positive absorption, with Class A recording 310,702 sq. ft. Class B posted -25,505 sq. ft. of negative net absorption in Q4 2025. Some tenants that moved in during Q4 2025 included State Farm, which moved into 426,000 sq. ft. at Four CityLine, and GEICO, which took 165,000 sq. ft. at Galatyn Commons B.

Leasing Activity Decreased Quarterly and Annually

Quarterly leasing activity, which is comprised of both new leases and renewals, stood at 3.0 million sq. ft. during Q4 2025, a 31.7% decrease over last quarter and down 29.2% from Q4 2024. Notable lease transactions in Q4 2025 include Fujitsu's 70,000 sq. ft. lease at Galatyn Commons C in Richardson, Unleashed Brands' 51,000 sq. ft. lease in 600 ELC, and Newrez's 47,000 sq. ft. lease at Cypress Waters in Coppell.

Construction, Deliveries & Investment Trends

Construction Pipeline Increases, Delivers Decrease

Construction deliveries for the quarter totaled 189,382 sq. ft., a 78.9% decrease from the previous quarter. The under-construction pipeline grew by 14.2% over the quarter to 2.9 million sq. ft. Most of the pipeline is in the Uptown/Turtle Creek submarket (45%), followed by the Far North Dallas submarket (26.8%), with the remainder sprinkled across the other submarkets.

Investment Sales Trends

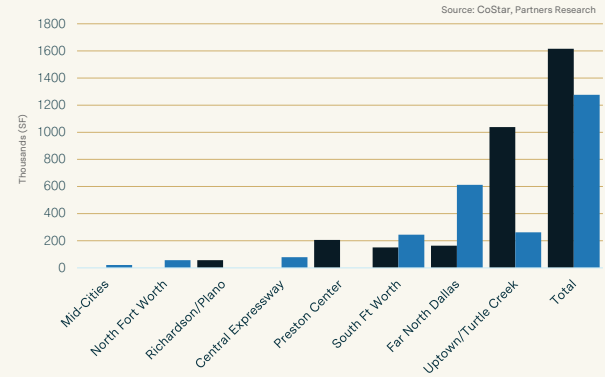
CoStar Capital Market Analytics reports the cumulative 12-month sales volume at \$1.3 billion in the DFW office market. With 204 deals completed, the average transaction price currently stands at \$286 per sq. ft. with an average cap rate of 7.9%. Notable recent sale transactions in Q4 2025 include Crescent Real Estate LLC's purchase of 2100 McKinney from MetLife Investment Management for a reported price of \$218 million or \$604 per sq. ft. The 360,860 sq. ft. property is 81% leased. Also, Real Capital Solutions, Inc. purchased the 464,290 sq. ft. Walnut Glen Tower from Intercontinental Real Estate Corporation for \$26.1 million or \$56.21 per sq. ft. The property, located in the Central Expressway submarket, is 76.8% leased.

Rental Rates Continue to Rise

The average gross rental rate for the DFW office market is \$32.33 per sq. ft., up 0.8% quarterly from \$32.06 per sq. ft., and up 4.6% annually. The Uptown/Turtle Creek submarket boasts the highest rental rates, with the overall average gross rent currently sitting at \$62.10 per sq. ft. The lowest rental rate in the Stemmons Freeway submarket is \$21.46 per sq. ft.

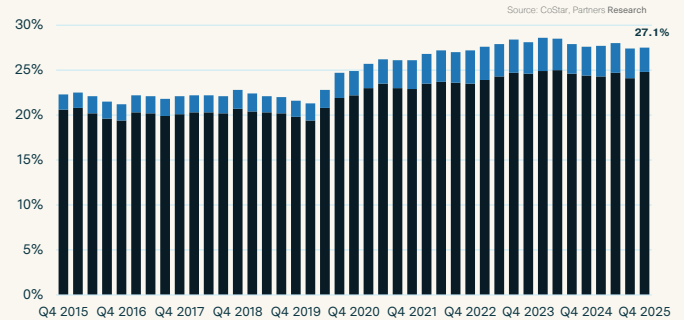
CONSTRUCTION

■ Pre-Leased Space ■ Available Space

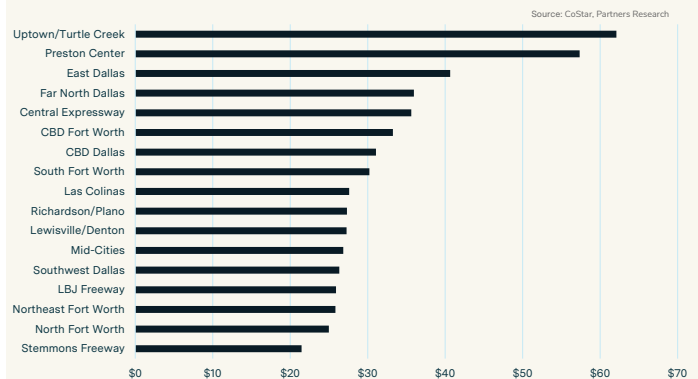


AVAILABILITY RATE

■ Direct ■ Sublease



OVERALL GROSS ASKING RENT (\$/PSF)



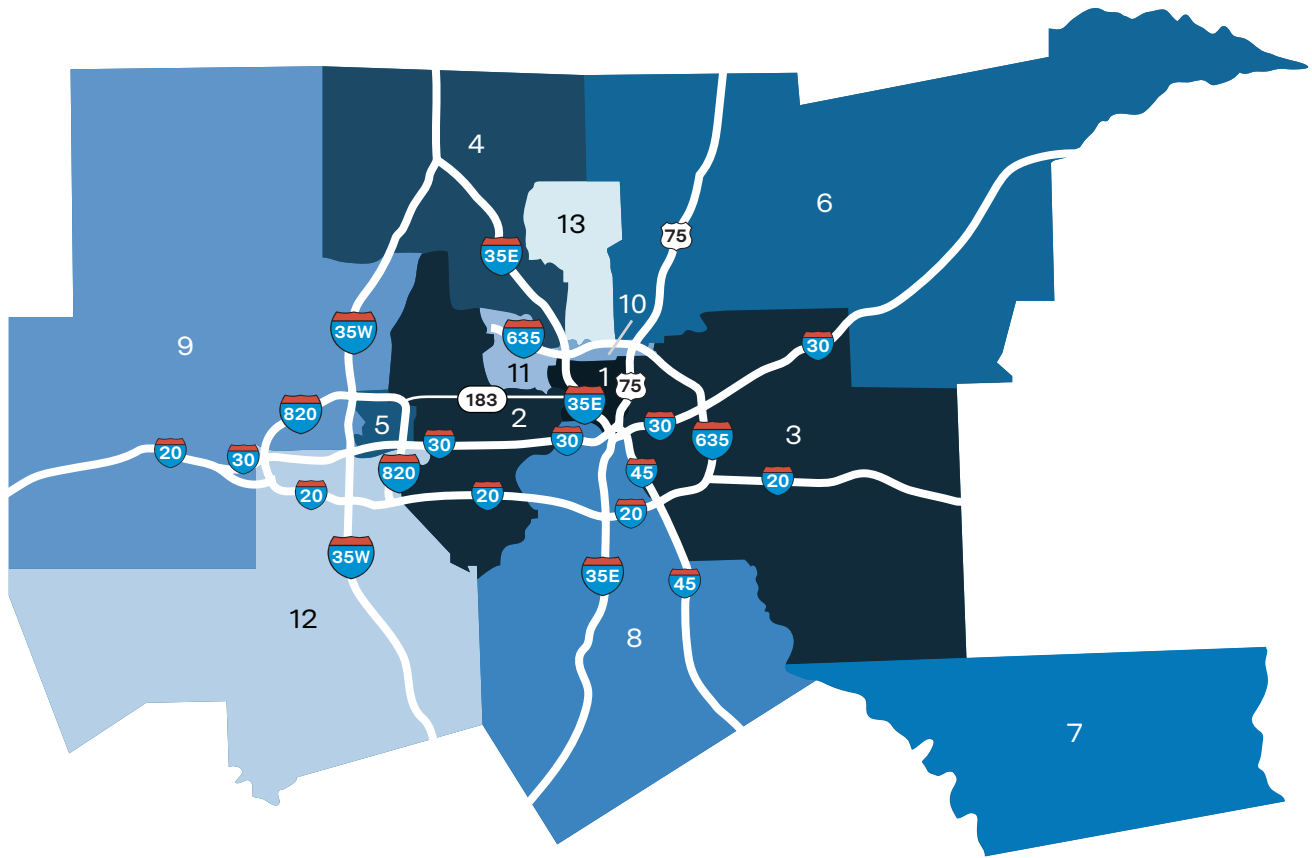
Market Overview

Submarket (Total reflects Class A/B Only)	Total Inventory (SF)	Total Vacancy (%)	Total Availability (%)	Q4 2025 Net Absorption (SF)	2025 YTD Net Absorption (SF)	Q4 2025 Deliveries (SF)	Under Construction (SF)	Overall Gross AVG Asking Rent (\$/PSF)
Dallas-Fort Worth Market Total	265,397,078	25.3	27.1	285,197	2,179,231	189,382	2,891,785	32.33
Class A	154,158,613	27.5	29.1	310,702	2,760,004	140,000	2,658,366	36.20
Class B	111,238,465	22.2	24.1	-25,505	-580,773	49,382	233,419	25.58
CBD Dallas Total	26,183,276	33.1	33.7	120,195	-409,857	0	0	31.06
Class A	23,253,222	34.4	35.1	104,588	-466,070	0	0	31.30
Class B	2,930,054	23.3	23.2	15,607	56,213	0	0	27.53
Central Expressway Total	11,197,345	24.9	26.8	-14,923	-35,877	0	78,758	35.62
Class A	6,931,468	28.7	31.9	6,428	19,060	0	78,758	38.07
Class B	4,265,877	18.7	18.3	-21,351	-54,937	0	0	29.97
East Dallas Total	7,389,304	22.5	24.3	6,112	76,727	0	0	40.64
Class A	2,466,568	38.8	43.8	31,821	17,184	0	0	49.57
Class B	4,922,736	14.3	14.6	-25,709	59,543	0	0	22.11
Far North Dallas Total	55,779,057	26.3	28.1	854,432	1,419,245	140,000	775,480	35.96
Class A	38,004,797	28.3	29.2	634,635	1,368,785	140,000	677,480	39.04
Class B	17,774,260	21.9	25.6	219,797	50,460	0	98,000	29.15
Las Colinas Total	35,925,876	31.2	34.8	-1,159,027	-879,121	0	0	27.60
Class A	21,527,057	30.9	34.3	-1,030,792	-222,743	0	0	31.01
Class B	14,398,819	31.5	35.6	-128,235	-656,378	0	0	23.33
LBJ Freeway Total	19,127,301	25.9	27.3	-60,849	114,548	0	0	25.91
Class A	11,084,751	23.0	26.8	-9,785	-116,846	0	0	28.90
Class B	8,042,550	29.9	27.9	-51,064	231,394	0	0	22.06
Lewisville/Denton Total	5,506,239	22.4	23.7	-4,217	103,030	0	0	27.27
Class A	1,131,303	44.0	44.2	11,979	27,668	0	0	37.02
Class B	4,374,936	16.8	18.3	-16,196	75,362	0	0	23.43
Preston Center Total	5,764,363	6.3	6.8	44,219	189,657	0	206,000	57.35
Class A	3,449,437	6.6	6.5	20,513	169,405	0	206,000	66.31
Class B	2,314,926	5.9	7.3	23,706	20,252	0	0	40.05
Richardson/Plano Total	28,858,937	19.7	23.8	619,870	777,133	24,382	57,000	27.32
Class A	12,614,782	20.9	27.0	567,958	686,548	0	0	29.68
Class B	16,244,155	18.7	21.2	51,912	90,585	24,382	57,000	24.27
Southwest Dallas Total	2,764,522	20.2	13.9	57,870	2,917	0	0	26.33
Class A	935,170	37.8	17.3	2,024	-12,506	0	0	25.61
Class B	1,829,352	11.3	12.1	55,846	15,423	0	0	26.75
Stemmons Freeway Total	8,972,986	25.7	28.7	-138,496	-141,000	0	0	21.46
Class A	3,433,895	29.2	30.1	-15,072	-4,361	0	0	23.73
Class B	5,539,091	23.5	27.7	-123,424	-136,639	0	0	20.32
Uptown/Turtle Creek Total	15,940,566	25.5	23.1	-133,041	574,809	0	1,300,126	62.10
Class A	13,425,031	26.7	23.5	-116,928	531,458	0	1,300,126	65.04
Class B	2,515,535	18.7	19.6	-16,113	43,351	0	0	45.71

Market Overview

Submarket (Total reflects Class A/B Only)	Total Inventory (SF)	Total Vacancy (%)	Total Availability (%)	Q4 2025 Net Absorption (SF)	2025 YTD Net Absorption (SF)	Q4 2025 Deliveries (SF)	Under Construction (SF)	Overall Gross AVG Asking Rent (\$/PSF)
CBD Fort Worth Total	7,573,753	14.9	12.7	66,093	223,155	0	0	33.25
Class A	5,267,511	11.8	15.8	53,997	143,584	0	0	34.35
Class B	2,306,242	21.9	5.6	12,096	79,571	0	0	27.49
Mid-Cities Total	18,906,449	26.4	28.6	-68	203,350	25,000	21,419	26.85
Class A	5,369,578	33.3	35.7	12,491	372,035	0	0	29.55
Class B	13,536,871	23.7	25.8	-12,559	-168,685	25,000	21,419	24.64
North Fort Worth Total	2,976,040	16.2	23.2	30,176	147,811	0	57,000	24.98
Class A	1,565,461	23.2	22.8	35,247	70,538	0	0	27.56
Class B	1,410,579	8.4	23.6	-5,071	77,273	0	57,000	24.09
NE Fort Worth Total	2,905,159	34.1	34.5	1,715	-458,526	0	0	25.83
Class A	310,921	34.9	34.9	-5,500	-15,500	0	0	25.86
Class B	2,594,238	34.0	34.4	7,215	-443,026	0	0	25.83
South Fort Worth Total	9,625,905	11.7	15.1	-4,864	271,230	0	396,002	30.21
Class A	3,387,661	6.1	12.1	7,098	191,765	0	396,002	42.18
Class B	6,238,244	14.7	16.8	-11,962	79,465	0	0	24.93

Dallas Office Submarkets



- | | |
|----------------------|----------------------|
| 1. Dallas CBD | 8. South Dallas |
| 2. Mid-Cities | 9. North Fort Worth |
| 3. East Dallas | 10. LBJ FWY |
| 4. Lewisville/Denton | 11. Las Colinas |
| 5. Fort Worth CBD | 12. South Fort Worth |
| 6. Richardson/Plano | 13. Far North Dallas |
| 7. Henderson County | |

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