

DFW Retail

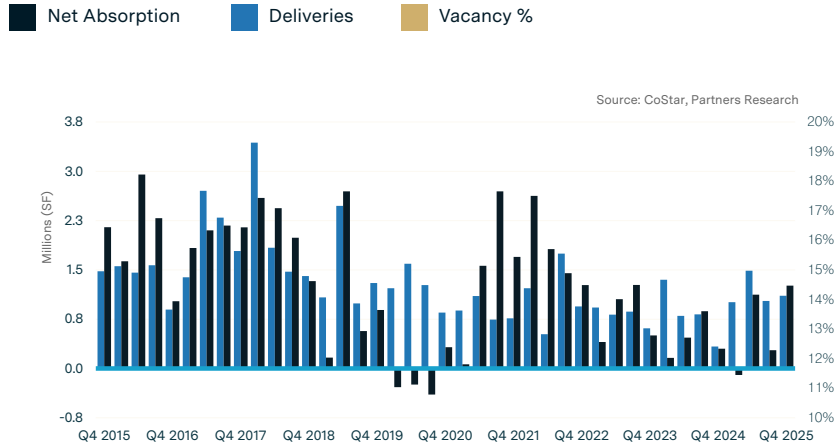
Q4 2025

QUARTERLY MARKET REPORT

partners

Executive Summary

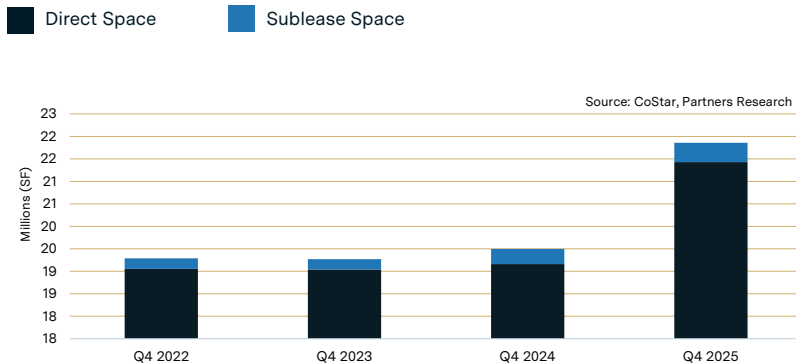
SUPPLY & DEMAND



Key Market Indicators

	CURRENT Q4 2025	PRIOR QUARTER Q3 2025		PRIOR YEAR Q4 2024	
Vacant Total	5.1%	5.2%	↓	4.7%	↑
Vacant Direct	5.0%	5.1%	↓	4.6%	↑
Available Total	5.4%	5.4%	≈	4.9%	↑
Available Direct	5.3%	5.3%	≈	4.8%	↑
Net Absorption (SF)	1,260,692	278,400	↑	301,831	↑
Leasing Activity (SF)	1,857,777	2,220,893	↓	2,745,755	↓
Construction (SF)	7,361,533	6,937,652	↑	5,588,105	↑
Deliveries	1,107,788	1,027,560	↑	334,881	↑
Avg Asking Rent (Gross)	\$24.07	\$20.60	↑	\$19.64	↑
Inventory (SF)	424,754,576	419,522,290	↑	415,359,982	↑

VACANCIES



Q4 in Review

Dallas-Fort Worth (DFW) retail market experienced a surge in positive net absorption in Q4 2025, helping keep the vacancy rate low at 5.1%, despite an increase in deliveries. The under-construction pipeline rose 6.1% quarter over quarter to 7.4 million sq. ft., which is 82% pre-leased. Most of the construction underway is concentrated in the northern and southwestern submarkets of Dallas, aligning with housing growth.

Average asking rates jumped 16.8% quarter-over-quarter and 22.6% year-over-year to \$24.07 per sq. ft. Central Dallas, East, and North Central Dallas continue to command premium rents, while Central Fort Worth and Southwest Dallas offer more affordable options. Overall, the DFW retail market exhibits a healthy balance of demand, investment, and growth opportunities, driven by strong market fundamentals.

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.

An aerial photograph of a city skyline at sunset. The sky is a mix of blue, orange, and pink. Several skyscrapers are visible, with the most prominent one being a tall, glass-clad tower. The city below is illuminated by the setting sun, and the overall scene is a mix of urban architecture and natural light.

Vacancy Inches Down 10 Basis Points

The overall vacancy rate in the DFW retail market decreased by 10 basis points over the quarter but rose by 40 basis points annually to 5.1%. This small quarterly decrease is most likely due to increased absorption, muted by quarterly deliveries that are not fully pre-leased. The vacancy rate is still low compared to the historical highs of 9.0% to 10.0% in 2009 through 2013.

Net Absorption Sharply Increases

Net absorption, calculated as move-ins minus move-outs, is at 1,260,692 sq. ft., sharply up from the previous quarter. Submarkets contributing to the positive absorption include East Dallas Outlying, Far North Dallas, North Central Dallas, and Southeast Dallas. Some of the notable moves during Q4 2025 include Target's move into 148,000 sq. ft. at Rayzor Ranch Town Center, Lowe's taking 124,000 sq. ft. at 634 W Interstate 30 in Royse City, and Kroger moving into 122,000 sq. ft. at Bonds Ranch Marketplace in Ft. Worth. The Southwest Dallas submarket recorded the highest amount of negative absorption in Q4 2025.

Leasing Activity Drops Quarterly and Annually

Leasing activity decreased 16.3% over the quarter, but remained healthy at 1.9 million sq. ft. Some of the more notable transactions in Q4 2025 include Club 4 Fitness's lease for 59,000 sq. ft. at 14th Street Market in Plano, Belk's lease for 38,000 sq. ft. at Preston Ridge shopping center, and Padel Haus's lease for 25,000 sq. ft. at 1500 Dragon St.

Construction, Deliveries & Investment Trends

Deliveries and Construction Pipeline Increase

Construction deliveries were up over the past quarter by 7.8% from 1.0 million sq. ft. in Q3 2025 to 1.1 million sq. ft and up 231% from 334,881 sq. ft. delivered one year ago. The under-construction pipeline increased 6.1% quarterly and 31.7% annually to 7.4 million sq. ft. Far North Dallas, North Central Dallas, and Suburban Fort Worth submarkets have the highest levels of construction currently underway, with 1.7 million sq. ft., 1.6 million sq. ft., and 1.2 million sq. ft., respectively. Two of the largest centers under construction are Field West in Frisco (350,000 sq. ft.) and 2209 East University Drive in Denton (340,000 sq. ft.).

Investment Sales Trends

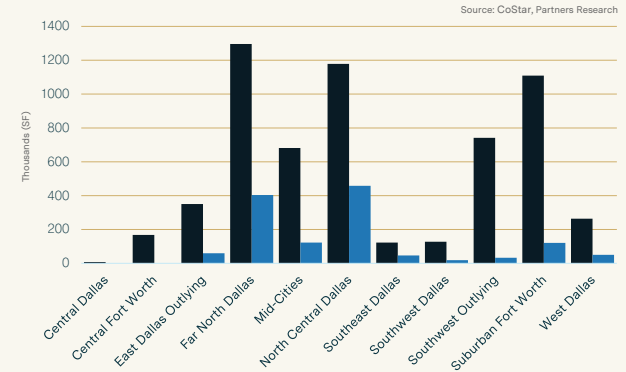
CoStar Capital Market Analytics reports that the cumulative 12-month sales volume in the DFW retail market is \$1.2 billion. With 842 deals completed, the average transaction price currently stands at \$321 per sq. ft. with an average cap rate of 6.9%. Notable sale transactions in Q4 2025 include Albanese Cormier Holdings, LLC's purchase of the 252,000 square foot Shops at Legacy North for an undisclosed amount from CTO Realty Growth Inc. Additionally, the 161,000 square foot Wedgewood Village was purchased by H & R Sai Investment. Both sales were part of larger investment portfolios.

Rental Rates Jump 16.8%

Average asking rental rates jumped 16.8% quarter-over-quarter and 22.6% year-over-year to \$24.07 per sq. ft. The submarkets with the highest rental rates include North Central Dallas (\$29.31 per sq. ft.), East Dallas Outlying (\$28.89 per sq. ft.), and Central Dallas (\$27.59 per sq. ft.), which are well above the metro average. In contrast, the lowest-asking-rent submarkets include Southwest Dallas (\$16.18 per sq. ft.), Central Fort Worth (\$17.28 per sq. ft.), and Southeast Dallas (\$17.40 per sq. ft.).

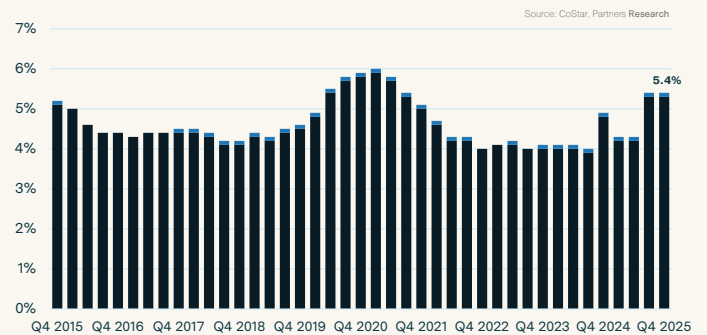
CONSTRUCTION

■ Pre-Leased Space ■ Available Space

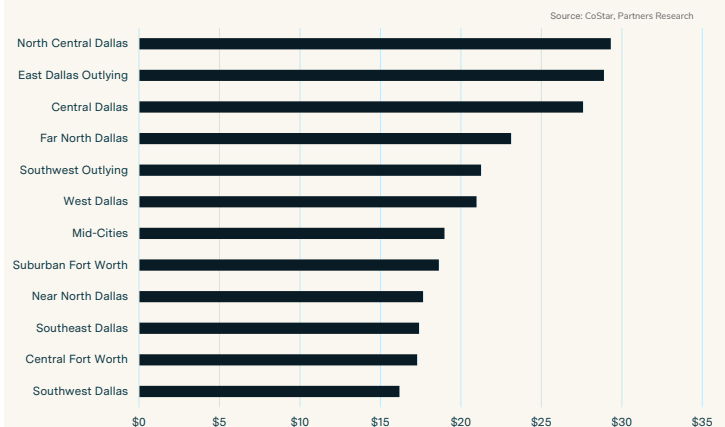


AVAILABILITY RATE

■ Direct ■ Sublease



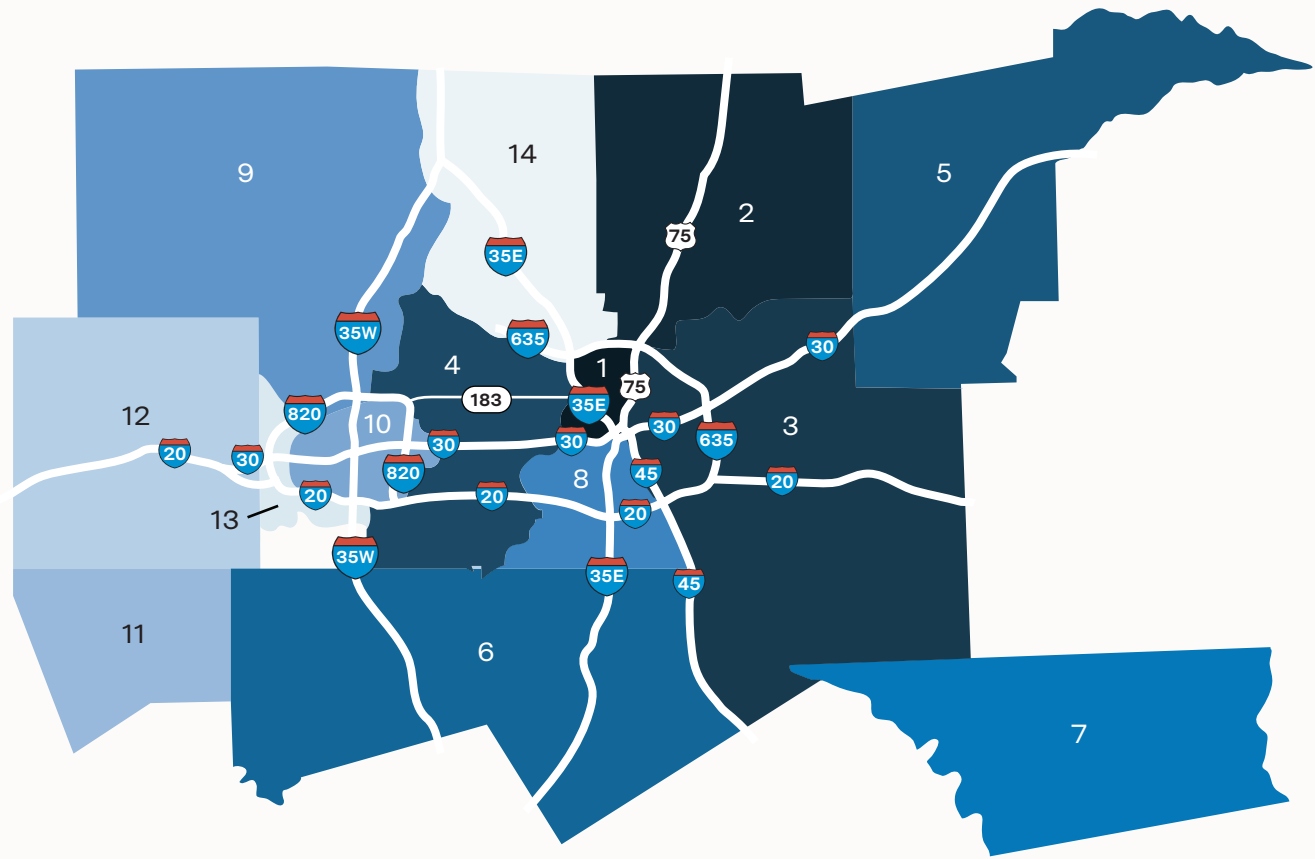
OVERALL NNN ASKING RENT (\$/PSF)



Market Overview

Submarket	Total Inventory (SF)	Vacancy (%)	Total Availability (%)	Q4 2025 Net Absorption (SF)	2025 YTD Net Absorption (SF)	Q4 2025 Deliveries (SF)	Under Construction (SF)	Total AVG Asking Rent NNN (\$/PSF)
Central Dallas	13,374,113	6.2%	7.0%	4,936	-39,813	0	7,700	27.59
Central Fort Worth	31,496,776	7.2%	6.3%	50,777	-145,622	0	168,000	17.28
East Dallas Outlying	10,120,325	1.7%	2.2%	432,141	463,761	317,860	410,734	28.89
Far North Dallas	78,366,572	5.2%	6.2%	385,190	630,513	300,975	1,699,206	23.12
Mid-Cities	69,100,737	5.3%	5.2%	28,576	333,046	50,000	804,561	18.98
Near North Dallas	25,205,811	4.7%	5.0%	125,190	67,396	0	0	17.65
North Central Dallas	49,961,761	5.1%	5.3%	291,815	701,139	306,642	1,636,242	29.31
Southeast Dallas	19,350,255	4.6%	4.1%	149,838	162,350	58,500	169,630	17.40
Southwest Dallas	23,922,616	6.9%	7.3%	-184,013	-91,815	0	146,473	16.18
Southwest Outlying	18,281,762	3.3%	3.7%	-7,327	136,103	44,624	774,879	21.25
Suburban Fort Worth	43,494,996	4.6%	4.7%	-5,631	292,257	29,187	1,230,018	18.63
West Dallas	42,078,852	4.6%	5.3%	-10,800	55,779	0	314,090	20.97
DFW Total	424,754,576	5.1%	5.4%	1,260,692	2,565,094	1,107,788	7,361,533	24.07

Dallas-Fort Worth Retail Submarkets



- | | |
|-----------------------|--------------------------|
| 1. Dallas CBD | 8. Southwest Dallas |
| 2. McKinney | 9. Northwest Fort Worth |
| 3. East Dallas | 10. Fort Worth CBD |
| 4. Midcities | 11. Hood County |
| 5. Hunt County | 12. Parker County |
| 6. Southwest Outlying | 13. Southwest Fort Worth |
| 7. Henderson County | 14. Lewisville/Denton |

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