

# Class A Office Market Report

With prices rising in coastal markets, institutional investors are turning to less expensive markets as lower-cost alternatives. Dallas-Fort Worth has continued to see investment growth as the market has experienced \$2.1 billion in sales over the past 12 months. Corporate relocations and expansions continue to drive office demand in the area. Existing employers like AT&T, 7-Eleven, JPMorgan Chase, USAA, and Fannie Mae are expanding their local footprints. A highly skilled labor force, low business costs relative to coastal markets, a central location, accessibility, and competitive incentive packages offered by the State of Texas and local municipalities have made the region a hotbed for corporate expansion and relocations.

## Occupier's Perspective

- **American Airlines is scheduled to move into a 1.7 million-square-foot** new corporate headquarters in Fort Worth later this year, bringing an additional 1.3 million square feet of older second-generation space to the market
- Trammell Crow announced a proposal to build a **one million square foot office campus** in the Legacy business park area.
- The "Flight to Quality" trend continues to impact the area as occupiers relocate from aging product
- **New construction and renovated properties full of tenant amenities** are continuing to be an ideal choice for occupiers
- **Office properties built before 2010** have seen negative demand (as tenants have downsized and/or moved to newer properties)

## Dallas - Fort Worth Overall



### Average Rental & Vacancy Rates

### Vacancy Qtr Over Qtr % Change

Submarket	Average Rent (PSF)	Vacancy (%)	Qtr Over Qtr % Change
Dallas CBD	\$28.30 PSF	29.0%	▲ 0.7%
DFW Freeport/Coppell	\$27.54 PSF	29.3%	▲ 16.7%
Frisco/The Colony	\$36.22 PSF	16.6%	▼ -0.6%
Fort Worth CBD	\$30.50 PSF	18.7%	▼ -2.1%
Quorum/Bent Tree	\$31.06 PSF	19.6%	▼ -0.5%
Richardson	\$25.81 PSF	22.5%	▼ -15.4%
Upper Tollway/West Plano	\$36.51 PSF	27.6%	▲ 3.4%
Uptown/Turtle Creek	\$42.31 PSF	16.3%	▼ -1.2%
Urban Center/Wingren	\$33.34 PSF	14.1%	▼ -8.4%

## Select Lease Transactions

Tenant	Size (RSF)	Submarket	Sector
Uber Technologies	468,993	White Rock	Tech / Ridesharing
Lockheed Martin	175,536	Arlington/Mansfield	Aerospace / Tech
Uber Technologies	165,252	White Rock	Tech / Ridesharing
Caris Life Sciences	114,500	DFW Freeport/Coppell	Life Sciences
Ribbon Communications	108,000	Plano	Communications / Tech
ORIX USA	100,000	Dallas CBD	Financial Services
Splunk, Inc.	83,774	Upper Tollway/West Plano	Tech / Data
WeWork	71,598	Preston Center	Coworking

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Source: Cresa Research & CoStar

## Inventory & Construction

At the end of Q319, 9.4 million SF was under construction, ranking Dallas-Fort Worth fourth among U.S. metros.

Less than half of under construction inventory is reported as vacant which continues to offset tenant move outs from third generation spaces.

### Notable Properties Under Construction to be Completed 4Q19

- **777 Hidden Ridge Drive, Irving, TX**  
Pioneer Natural Resources  
1,125,000 SF
- **3560 W Camp Wisdom Road Dallas, TX** • Redbird Office  
315,000 SF
- **3200 Olympus Blvd Coppell, TX**  
The Sound at Cypress Waters  
250,000 SF