Intelligent Investment

2026
U.S. Real Estate Market Outlook

REPORT — DALLAS

CBRE RESEARCH
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Office Market Outlook

01

STRONG TENANT DEMAND WILL RESULT IN SUBURBAN SPILLOVER

Last year's substantial increase in leasing activity signaled the return of office demand in the Dallas-Fort Worth (DFW) market, especially for prime assets. The nation's leading relocation destination for 2018-2024, attracting 100 new corporate headquarters during that six-year span, DFW has maintained its momentum as headquarters relocation activity increased in 2025 with a growing number of future requirements considering the market. Relocations have increased competition for prime assets, especially among tenants with large requirements of 20,000 sq. ft. or more in key urban submarkets like Uptown/Turtle Creek and Preston Center. This competition should continue given the limited construction pipeline in urban centers. As a result, tightness in the urban submarkets is expected to push some tenants to consider alternative suburban locations where Class A availability remains elevated and relatively inexpensive.

02

ELEVATED DEMAND WILL LIMIT AVAILABILITY IN PRIME & CLASS A BUILDINGS

DFW's Class A office market is poised for declining vacancy and rent growth in 2026, due to several quarters of positive net absorption in 2025 and historically low levels of new construction activity. Active office construction fell to 2 million sq. ft. in 2025, a 12-year low. Net absorption within newly delivered office product has been a key component of positive net absorption in DFW, so new available space could be limited., CBRE Econometric Advisors projects vacancy in the Dallas side of the metroplex to fall by 130 basis points (bps), while the Fort Worth/Arlington side is expected to decrease by 30 bps in 2026. Both areas are forecast to see annual rent growth of 2.1%.

03

LOWER INTEREST RATES WILL SPUR NEW CONSTRUCTION & CAPITAL IMPROVEMENTS

Declining interest rates should spur more construction activity in addition to the 2 million sq. ft. currently under construction, out of nearly 225 million sq. ft. in total DFW office stock. New construction will remain limited as most planned projects will require a lead tenant precommitment or reach a 50% preleasing threshold before breaking ground. The Uptown submarket currently accounts for two-thirds of the total amount under construction, and seven of the nine planned office developments have lead tenant requirements. If construction commences on these projects, they will add 3.5 million sq. ft. to Uptown's inventory. Additionally, existing owners may take advantage of more favorable lending terms to improve their buildings and capture demand for high-quality assets in the market.

Key Takeaways

FOR OWNERS

— Lower interest rates and recovering office fundamentals should drive more office sales in 2026 compared to recent years.

— Higher-end, Class B space in walkable locations like Uptown/Turtle Creek are viable options for investors looking to upgrade buildings with modern amenities and compete with Class A buildings.

— Rental growth is largely in prime locations and assets, but potential spillover demand could disperse gains due to muted supply in prime and modern spaces

FOR TENANTS

— Return-to-office policies, particularly among larger corporations, will likely increase in-office attendance. Occupiers should begin looking for spaces now in DFW, given the market's limited supply of suitable space and rising rents.

— Flight to experience will continue as tenants seek new, high-quality buildings to retain and engage employees. However, as prime buildings lease up, tenants may find viable alternatives in attractive suburban assets.

Industrial Market Outlook

01

DALLAS-FORT WORTH'S COMPETITIVE ADVANTAGES WILL REMAIN A MAGNET FOR INVESTORS

DFW's status as one of the nation's most sought-after and rapidly expanding markets will continue to attract investors in 2026. Additional investment drivers include DFW's central location, key transportation infrastructure, strong job growth, pro-business climate, competitive operating costs, abundant economic incentives and affordable quality of life. CBRE Econometric Advisors forecasts annual industrial rent growth of 1.6% in Fort Worth and 1.2% in Dallas-area submarkets.

02

MANUFACTURING IS DRIVING DEMAND FOR LOGISTICS ALONGSIDE RISING DEMAND FOR DATA CENTERS

DFW has experienced steady economic and population gains as companies grow and new firms relocate to the market. Tenant demand for bulk space remains strong, while demand for small-to-midsize space has moderated. Manufacturing made up a significant percentage of lease transactions in Q3 2025, accounting for 35.3% of leases over 100,000 sq. ft., compared to 11.6% nationally. Although manufacturing users will continue to make headway in the market, data centers demand may outpace the sector in the future.

03

NEW CONSTRUCTION PIPELINE WILL STEADILY INCREASE

DFW's industrial construction activity remains relatively low compared to previous years, despite an increase in active construction and new starts last year. Pre-leasing for new construction increased to 40% in Q3 2025 and vacancy is expected to decrease as newly completed buildings continue to lease in 2026. Demand for big-box facilities (500,000 sq. ft. and more) has slowed with only nine projects of that size under construction, compared to 20 completions in 2024 and one completion in 2025. This measured development will allow owners to increase rents in 2026..

Key Takeaways

FOR OWNERS

- Interest rates continue to remain high for developers as they wait for pricing to reset.
- Demand is strongest for distribution and logistics space, but manufacturing users continue to grow as trade policy favors onshoring.
- Data center demand outpaces available supply, which may lead to competition for advance manufacturing development sites.

FOR TENANTS

- Industrial leasing activity will be robust in 2026 as tenants continue to renew space at record levels, expand domestic manufacturing capabilities to mitigate tariff-related costs, upgrade to abundant first-generation distribution facilities or outsource distribution to 3PL providers.
- Despite a flight to quality, speculative development will be minimal in 2026 due to an oversupply of vacant first-generation space and difficulty in obtaining construction financing.
- Small increases in free rent and tenant improvement allowances are slowly starting to take effect as owners look to maintain face rent rates in lease agreements.

Retail Market Outlook

01

MIXED-USE WILL BECOME MORE PREVALENT IN NEW AND REDEVELOPMENTS

Developers in DFW will continue to shift away from office-anchored developments in favor of mixed-use projects with hotel, restaurant, multifamily and entertainment space. Ten new mixed-use buildings will complete over the next few years, featuring retail and hotel components that will increase foot traffic and dwell times. These include The Knox Hotel & Residences, Auberge Collection, The East Village Central Hotel, Knox & McKinney, Frisco's The Mix, The Seam and the development at Henderson Ave. There are also several proposed redevelopments in downtown Dallas, including Comerica Bank Tower, Renaissance Tower and Bryan Tower. Lastly, entertainment-driven experiences like The Galleria's addition of Netflix House in December 2025 will continue to be part of the mixed-use equation. In 2026, CBRE forecasts rent growth of 2.3% in Dallas and 1.8% in Fort Worth.

02

HIGH-INCOME SHOPPERS WILL SUPPORT NATIONAL CONSUMER SPEND & DISCOUNT RETAILERS

High-income earners account for almost half of all consumer spending to date, while lower-income earners have pulled back on discretionary spending due to tariff-related inflation. The DFW metroplex has an average household income of $128,741 with nearly 17% of the population earning $200,000 or more. While consumer spend remains intact for recent luxury-market entries, the same high-income shoppers made up 60% of the 3 million added customers of one dollar-priced retailer in Q3 2025. These shoppers are also seeking store-branded grocery goods or lower-priced grocers to save money. All DFW consumers have welcomed recent move-ins from discount retailers like Joe V's, H Mart, Sierra and clothier Primark.

03

MAJOR TRANPORTATION INVESTMENT WILL PROVIDE NEW OPPORTUNTIES FOR RETAILERS

The DFW metropolitan area added over 100,000 new residents year-over-year as of August 2025 and is projected to surpass Chicago's population in the next ten years, according to the Texas Demographic Center. To accommodate this growth, three local airports—DFW International, Love Field and McKinney National (TKI)—are undergoing terminal expansions, with TKI adding a new commercial passenger travel provider. The expansions are planned to include restaurants, shops and food kiosks—underscoring the saying that retail follows rooftops.

Key Takeaways

FOR OWNERS

— Emerging trends in income and population growth and e-commerce retailers will shape consumer behavior, spurring brick-and-mortar activity and co-tenancy evolution in shopping centers. DFW's steep population and in-migration growth patterns reduced shopping center space per capita to roughly 22.3 sq. ft. per person in August 2025 from 25.7 sq. ft. a decade ago.

FOR TENANTS

— Tenants looking to expand, relocate or enter the DFW market will face steep competition, as more than 70% of the current construction pipeline is preleased. Grocers are particularly active, so new entrants should be prepared to move quickly and make serious offers.

— Grocers and experiential retailers serving DFW's suburban population will remain in strong demand. Additionally, retailers will continue locating near grocers with significant foot traffic, like HEB, to absorb shoppers.

Multifamily Market Outlook

01

DEMOGRAPHIC MOMENTUM WILL DRIVE MULTIFAMILY GROWTH & INVESTMENT

Multifamily growth in Sunbelt markets will continue for the long term and Dallas is at the center of this expansion with more than 700,000 residents added between 2020 and 2024, according to the Federal Reserve Bank of St. Louis. Much of this surge is driven by in-migration as over 400 people move to the DFW region daily. This growth positions Dallas as a leading market for multifamily development and investment well into the future. The market has been the most attractive investment market in the country since 2023 with multifamily assets viewed as a top sector preference, according to the 2025 CBRE U.S. Investor Intentions Survey. As a result, the market's investor profile has evolved. New-to-market investors and cross-border capital accounted for 33% and 8.2%, respectively, of last year's $5.2 billion in multifamily investment. Although DFW's multifamily investment volume remains below 2021's record-high of $28.5 billion, the market is expected to surpass 2025 and 2024 investment levels this year.

02

THE RENT VS. BUY EQUATION WILL CONTINUE TO FAVOR MULTIFAMILY

The cost of owning a home continues to outpace renting by a wide margin, leading to sustained demand for multifamily housing. The average monthly mortgage payment in Dallas exceeds $2,300 before property taxes, insurance and other expenses, while the average apartment rent is just over $1,500, according to Zillow. This gap is expected to persist, even as rents rise and development slows. CBRE Econometric Advisors forecasts modest but positive rent growth of 0.3% in Dallas and 0.6% in Fort Worth this year.

03

NEW SUPPLY WILL PROVIDE TENANT OPPORTUNITIES IN SUBURBS

DFW suburban multifamily construction peaked in Q3 and Q4 2025, leading to higher supply, more concessions offered and lower occupancy levels. Elevated suburban supply is expected to drive multifamily communities in these areas to continue offering concessions, even as occupancy rises amid an influx of new residents. Meanwhile, multifamily communities in DFW's urban areas are expected to shift away from offering concessions as the market tightens and fewer tenants move.

Key Takeaways

- DFW's multifamily rent growth is relatively mild due to the wave of new supply, with operators continuing to focus on stabilizing occupancy rates.
- Sun Belt markets like Dallas-Fort Worth are working through a multifamily supply overhang.
- Once these markets reduce available new supply, there will be a sustained period of limited deliveries and above-average rent growth, likely beginning in late 2026.
- Longer term, DFW is expected to outperform for job creation, inbound migration and multifamily performance, boosting investment activity.

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