Positive net absorption driven by prime office demand

▲ 27.7%
Vacancy Rate

▲ 131,494
SF Net Absorption

▲ 626,215
SF Construction Delivered

▼ 2.0M
SF Under Construction

▲ $22.39
NNN/YR Direct Lease Rate

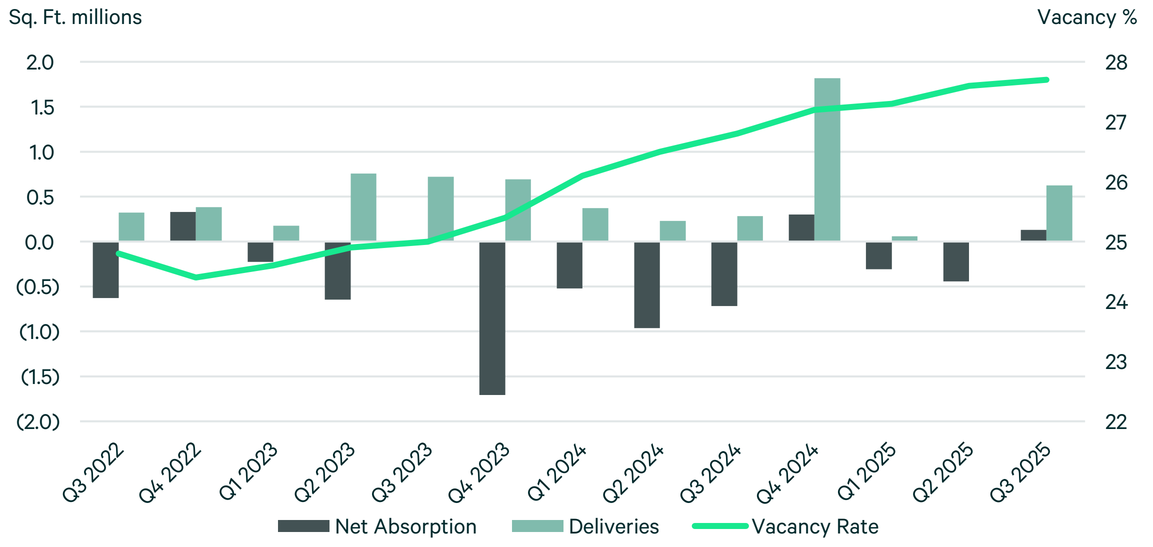
Note: Arrows indicate change from previous quarter.

MARKET OVERVIEW

Offices that boast a prime location and premium amenities continue to induce leasing demand as Class A space in DFW posted positive net absorption for the fourth consecutive quarter and drove positive net absorption for the overall market in Q3 2025.

- Class A net absorption was positive for the fourth consecutive quarter, at about 235,000 sq. ft.; Class A net absorption has totaled over one million sq. ft. for the trailing four quarters
- In Q3 2025, the average Class A vacancy rate declined while Class B continued to rise.
- Class A office asking rents increased by 3.5% year-over-year and have shown the most pronounced growth of all other classes over the last three years at 11.1%.
- Active project square footage is down to 2.0 million sq. ft. following one large delivery in Q3 2025, yielding the lowest level of office under construction in DFW since 2013.

FIGURE 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q3 2025

Vacancy

Q3 2025 ushered in a marginal uptick in vacancy for DFW office overall, while Class A vacancies edged down slightly despite the broader market's upward movement. The spread between classes had narrowed over the last few years with the two dominant asset classes converging at around 27% and inversing their positions since 2022. In Q3 2025, Class B vacancies slightly increased to 29% while Class A remains at 27%. Total vacancy translates to 62.0 million sq. ft. of unoccupied office space spread across North Texas.

Sublease space, which is typically reported in terms of availability rather than vacancy, increased over the quarter and stands at just over 7.8MSF, accounting for 12.1% of the 64.2 million sq. ft. of total availability and 3.5% of existing inventory. For context, total sublease availability at year-end 2019 was 5.7 million sq. ft. In terms of big block or full floor equivalent sublease availability, 27 spaces were newly listed during Q3 2025, in line with last quarter's 26 new listings. The Q3 2025 new big block sublease availabilities range from 18,000 sq. ft. to over 78,000 sq. ft. with disclosed asking rates ranging from $15.00 NNN to $30.00 NNN.

FIGURE 2: Vacancy Rates by Class

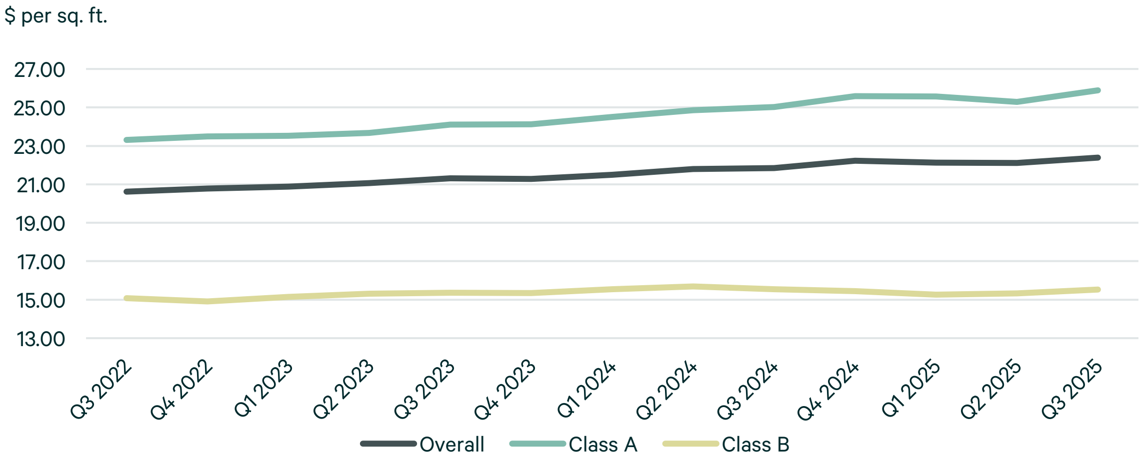
Source: CBRE Research, Q3 2025

Asking Rent

The overall average direct asking lease rate in Q3 2025 is $22.39 per square foot NNN, a marginal increase from the prior quarter. Class A office asking rents increased from $25.35 per square foot NNN to $25.89 per square foot NNN quarter-over-quarter and are up by 3.5% year-over-year. Mirroring all other Class A trends, this annual rent growth surpasses that of the overall market average of 2.5%. Moreover, Class A has shown the most pronounced growth of all other classes over the last three years at 11.1%, compared to just 3.0% for Class B, another indication of the growing demand for higher-end office product across Dallas/Fort Worth.

The Uptown/Turtle Creek submarket currently has the highest average direct asking rate of the metro area, at $41.66 per sq. ft. NNN. That submarket average rises above $44.03 per sq. ft. NNN when including only Class A product. On the low-cost side, Stemmons Freeway offers an average direct quoted rate of $14.61 per sq. ft. NNN, and $14.66 per sq. ft. NNN in the Northeast Fort Worth submarket.

FIGURE 3: Avg. Direct Asking Rate (NNN/YR) by Class



Source: CBRE Research, Q3 2025

Net Absorption

Class A net absorption was positive for the fourth consecutive quarter, at about 235,000 sq. ft., and ultimately led the overall DFW office market into positive net absorption territory for Q3 2025. Combined, the Dallas/Fort Worth office market logged just over 130,000 sq. ft. in net absorption in Q3 2025, which yields -619,955 sq. ft. year-to-date. Most of the net absorption in Q3 2025 stemmed from tenants moving into prime office space in the Uptown district, following suit with Uptown/Turtle Creek's desirability throughout the year, posting more than 400,000 sq. ft. year-to-date, the highest of any DFW office submarket. Over the last four quarters, Class A net absorption DFW-wide has totaled over one million sq. ft. while Class B net absorption has totaled -1.4 million sq. ft. during the same timeframe, illustrating the preference for quality and well-amenitized office space.

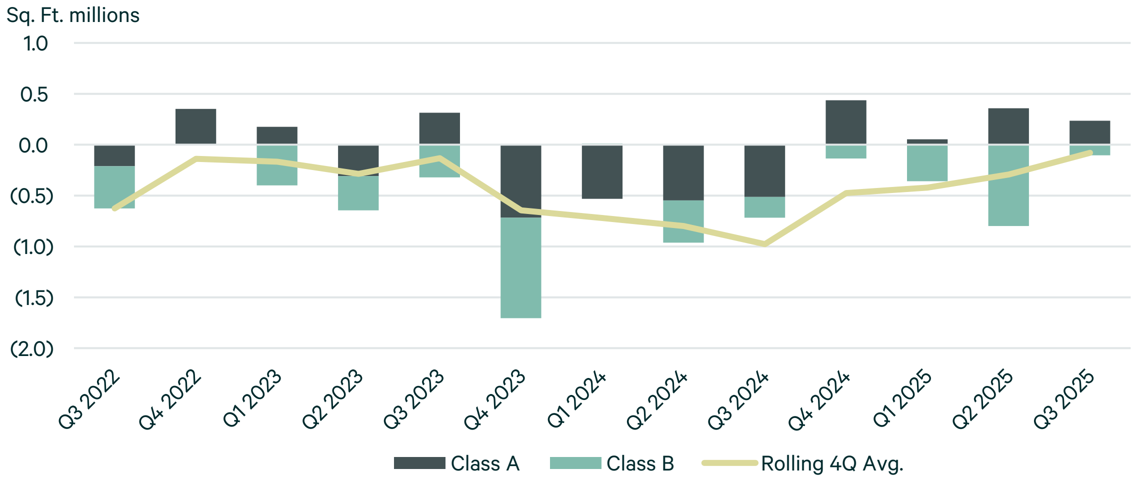
Submarkets that reflected higher demand over the quarter included Uptown/Turtle Creek, Far North Dallas, Mid-Cities, and Lewisville/Denton, which all posted more than 100,000 sq. ft. in positive net absorption. The submarkets that saw the highest square footage of new vacancies over the quarter was the Dallas CBD, Northeast Fort Worth, Fort Worth CBD, and LBJ Freeway.

Construction Activity

No new construction broke ground in Q3 2025 and one project delivered (23Springs in Uptown), leaving ten non-medical office projects under construction slated for a collective two million square feet. This is the lowest level of office construction underway in DFW since 2013. Uptown alone accounts for about 65% of the current square footage underway and the two largest active projects in the metro area as of Q3 2025.

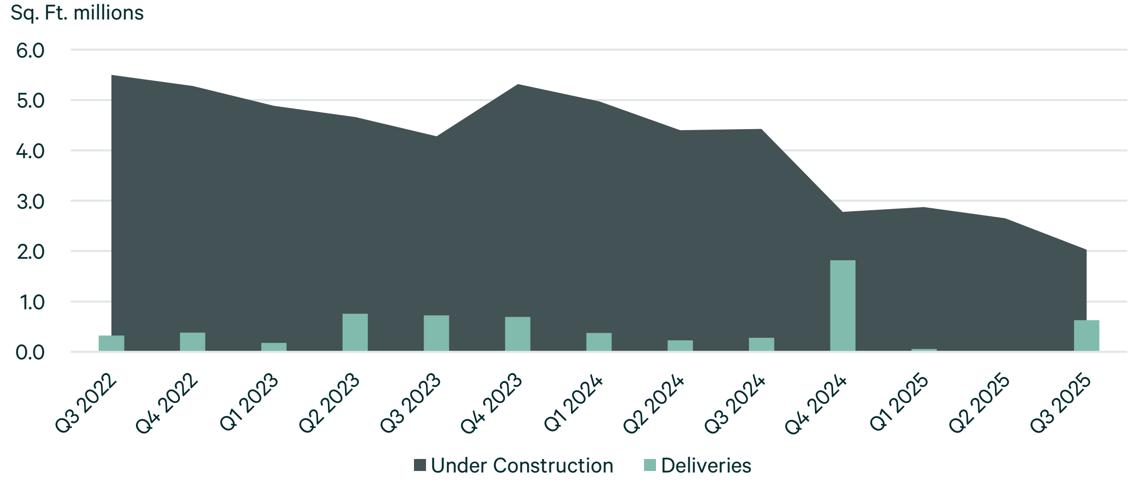
Recently imposed tariffs could have a notable impact on commercial real estate construction costs, particularly steel and aluminum materials. Assuming tariffs of 25% on Mexican and Canadian goods, along with higher tariffs on imports from China, construction costs for commercial projects could increase by 3% to 5%. While some property types will be more affected than others, this could lead to future supply shortages for prime office space, a more secondary effect of tariff-induced deceleration. However, amplifying return-to-office and flight-to-quality trends should still be beneficial to office leasing, barring an economic downturn.

FIGURE 4: Net Absorption Trend



Source: CBRE Research, Q3 2025

FIGURE 5: Construction Activity



Source: CBRE Research, Q3 2025

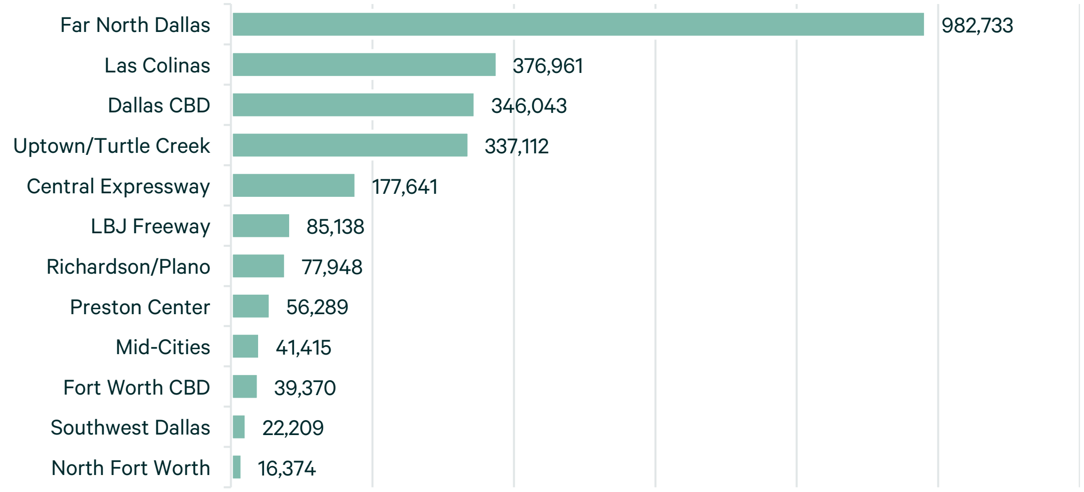
Leasing Activity

Tracked leasing activity for deals 10,000 SF and larger totaled about 2.6 MSF, which is markedly higher than last quarter and on par with Q3 of last year. The share of renewals was up slightly from the previous quarter, accounting for about 28% of the square footage signed during Q3 2025. Most tracked leasing activity 10,000 SF and larger transacted in Class A buildings, signaling a continued trend of flight to quality and experience.

Areas within DFW that saw the highest volume of overall/gross leasing activity relative to the rest of the market included Far North Dallas, Las Colinas, and Dallas CBD. Large tenant requirements actively seeking office space remained stable from last quarter's total square footage and is on par with the level seen in mid-2022. This metric tracks occupiers who are actively in the market for new space, lease renewals, and expansions.

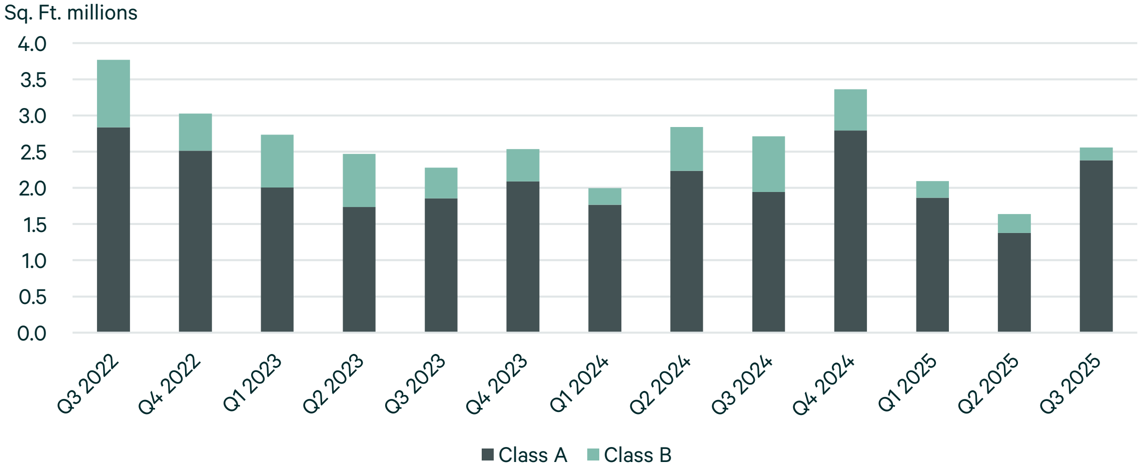
Sublet activity reflected 16% of quarterly leasing volume, taking place primarily in suburban submarkets and nearly all within Class A buildings.

FIGURE 7: Leasing by Submarket – 10,000 sq. ft. and up



Source: CBRE Research, Q3 2025

FIGURE 6: Leasing Activity Trend – 10,000 sq. ft. and up



Source: CBRE Research, Q3 2025

FIGURE 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
PennyMac	304,473	New Lease (sublease)	5025 Plano Pkwy	Far North Dallas
PennyMac	304,473	New Lease (direct)	5025 Plano Pkwy	Far North Dallas
Integrity Marketing Group	185,233	Renewal/Expansion	1445 Ross Ave	Dallas CBD
Energy Transfer	120,923	Renewal	8020 Park Ln	Central Expressway
Hilti	99,110	Renewal	7250 N Dallas Pkwy	Far North Dallas

Source: CBRE Research, Q3 2025

Market Statistics by Submarket

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Central Expressway	10,216,518	26.0	28.5	26.8	1.7	25.27	(39,157)	(20,971)	0	78,758
Dallas CBD	24,042,389	35.3	37.1	34.9	2.1	23.37	(312,167)	(725,189)	0	0
East Dallas	2,695,105	33.1	38.1	22.6	15.5	18.59	(41,779)	(84,437)	0	0
Far North Dallas	47,441,013	29.8	29.2	24.7	4.5	25.64	215,465	6,450	0	214,890
Fort Worth CBD	6,822,121	15.1	14.0	13.7	0.3	21.97	(96,174)	(46,140)	0	0
LBJ Freeway	17,731,019	25.7	26.7	23.9	2.8	16.46	(54,589)	(75,802)	0	0
Las Colinas	33,393,562	29.7	35.8	29.2	6.6	18.09	(13,570)	239,094	0	0
Lewisville/Denton	3,599,465	31.1	31.2	25.9	5.4	22.23	107,248	(493)	0	0
Mid-Cities	14,078,446	30.7	30.6	27.7	2.9	18.02	117,566	57,292	0	0
North Fort Worth	2,822,356	32.9	32.9	27.1	5.8	21.12	3,904	(312,882)	0	0
Northeast Fort Worth	1,484,069	23.9	24.9	24.9	0.0	14.66	(128,148)	(174,671)	0	0
Preston Center	4,655,318	7.3	7.6	7.1	0.6	40.06	29,506	165,218	0	151,000
Richardson/Plano	25,395,014	23.5	24.5	22.1	2.4	18.86	22,278	(118,522)	0	40,341
South Fort Worth	5,138,513	17.2	15.4	14.1	1.3	19.82	(6,399)	147,257	0	242,000
Southwest Dallas	1,616,157	50.1	18.7	18.6	0.2	16.52	18,025	15,117	0	0
Stemmons Freeway	7,987,705	26.7	23.7	21.6	2.1	14.61	16,466	(102,426)	0	0
Uptown/Turtle Creek	14,618,804	23.5	24.6	23.5	1.1	41.66	293,019	411,150	626,215	1,300,126
Total	223,737,574	27.7	28.7	25.2	3.5	22.39	131,494	(619,955)	626,215	2,027,115

Market Statistics by Submarket – Class A

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Central Expressway	6,891,444	26.2	30	27.8	2.2	26.6	-26,560	98,432	0	78,758
Dallas CBD	19,740,519	35.1	37.4	34.9	2.5	24.32	-303,735	-697,355	0	0
East Dallas	1,048,478	54.7	68.9	30.1	38.8	38	-14,413	-28,299	0	0
Far North Dallas	33,514,437	29.8	29.9	24.5	5.4	29.28	195,690	154,846	0	214,890
Fort Worth CBD	5,064,162	11.6	12.3	11.9	0.4	24.93	-17,123	27,963	0	0
LBJ Freeway	10,691,642	22.2	25.2	23	2.2	19.41	-95,130	-60,031	0	0
Las Colinas	22,575,311	27.8	36.8	28.4	8.4	22	-7,221	540,452	0	0
Lewisville/Denton	797,194	37.2	36.9	36.9	0	28.88	18,250	-28,589	0	0
Mid-Cities	6,546,428	33.3	32.9	30.4	2.5	21.81	47,372	-14,175	0	0
North Fort Worth	1,279,559	27.6	27.6	14.7	12.8	18.28	0	29,537	0	0
Northeast Fort Worth	415,921	27.2	27.2	27.2	0	21.28	-108,000	-108,000	0	0
Preston Center	4,032,515	5.5	6.2	5.6	0.6	44.5	23,954	192,548	0	151,000
Richardson/Plano	14,403,794	24.4	25.5	22.4	3.1	20.82	160,171	25,998	0	0
South Fort Worth	2,181,055	10.9	8.8	8.1	0.7	23.55	-942	92,355	0	242,000
Southwest Dallas	354,088	66.9	8.7	7.9	0.8	14.69	-2,184	4,777	0	0
Stemmons Freeway	4,373,804	22.2	18.7	17.9	0.9	16.14	40,167	-26,884	0	0
Uptown/Turtle Creek	13,261,843	23.4	24.3	23.2	1	44.03	324,671	440,658	626,215	1,300,126
Total	147,172,194	27	29.2	25.1	4.1	37.5	234,967	644,233	626,215	1,986,774

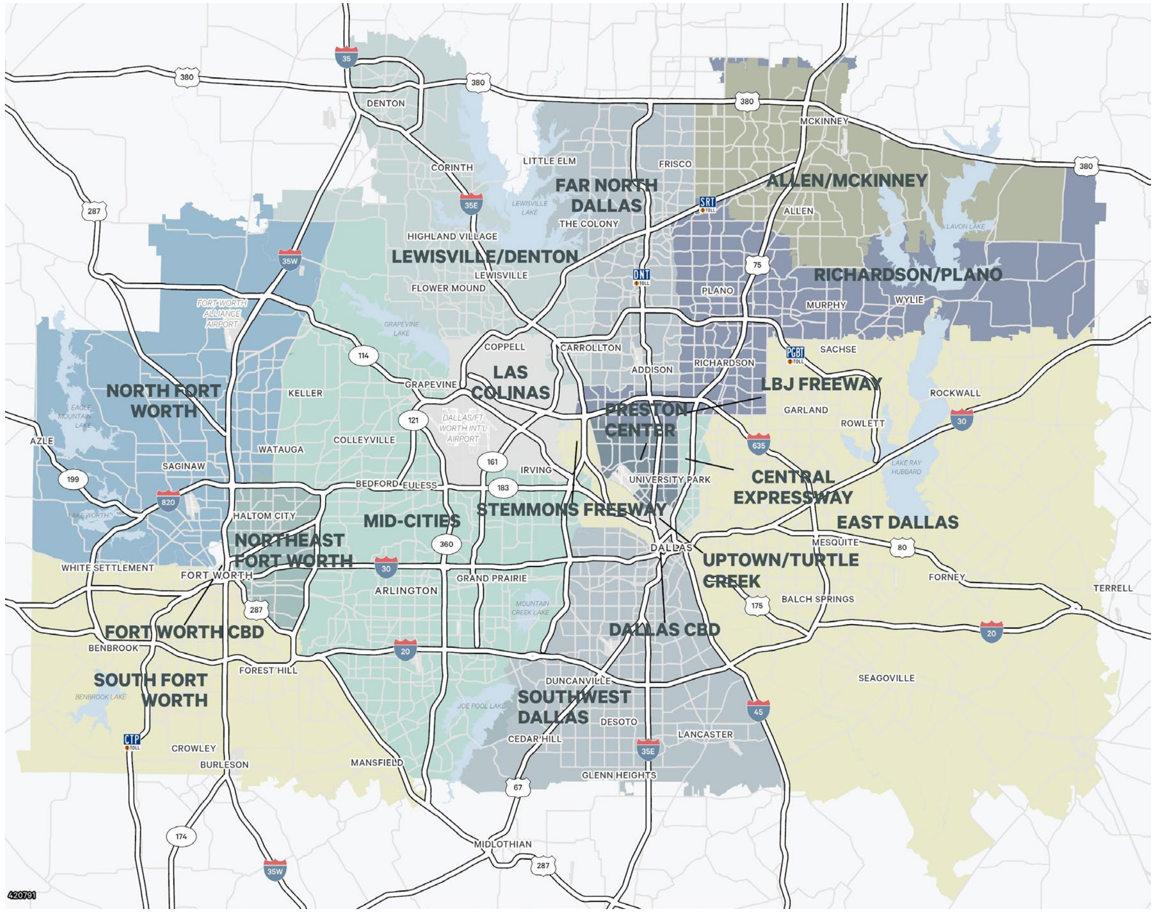
Economic Overview

CBRE has revised its U.S. growth outlook upward, a shift from the more pessimistic view held in the spring. Greater clarity around trade policy and private sector resilience should equate to 1.6% GDP growth this year. Much of this growth should be frontloaded as higher inflation—peaking in the low-3% range by early 2026—creates some headwinds during the latter half of this year. The labor market is flashing important signals such as falling job openings and weak hiring by firms.

Despite the modest growth outlook and expectations for further rate cuts, 10-year Treasury yields are holding steady in the low 4% range. A combination of higher inflation and excessive U.S. debt levels should keep yields near this level through 2027. This environment—with Treasury yields fluctuating between 4% and 4.5% and moderate economic growth—is fostering some recovery in commercial real estate (CRE) capital markets. Investment volumes are on track to exceed 2023 and 2024 levels.

Source: Bureau of Labor Statistics, July 2025.

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the ”net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days.

Survey Criteria

Includes all office buildings 30,000 sq. ft. and greater in size Collin, Dallas, Denton, Rockwall, and Tarrant counties. Buildings which have begun construction as evidenced by site excavation or foundation work.

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