Intelligent Investment

2026 U.S. Real Estate Market Outlook Midyear Review

REPORT

DALLAS

CBRE RESEARCH
AUGUST 2026

Office Market Outlook

01

Demand will accelerate in prime submarkets amid tight supply.

Dallas-Fort Worth (DFW) office demand is gaining momentum heading into the second half of 2026, driven by corporate relocations and an ongoing flight to quality. Requirements of 20,000 sq. ft. or more are expected to increase, particularly in the sought-after Uptown/Turtle Creek and Preston Center submarkets, where limited availability is intensifying competition for prime space. Prime space remains limited and will drive tenants to suburban Class A alternatives with higher availability and more affordable rents through year-end.

02

Vacancy will decline steadily as new supply remains limited.

The metro-wide office vacancy rate fell by 40 basis points (bps) in H1 to 25% and is expected to continue declining through year-end as demand increases and new supply remains limited. The Dallas and Fort Worth/Arlington sides of the metroplex are expected to see additional vacancy declines of 80 and 40 bps, respectively, by year-end. Approximately 2.8 million sq. ft. of Class A space was under construction in H1; of this, 64% was preleased. Four high-profile projects in Uptown/Turtle Creek are anticipated to break ground in H2, while construction starts elsewhere in the market will depend on substantial preleasing commitments.

03

Prime rent growth will outperform the broader market.

Rent growth remains concentrated in the highest-quality assets. Prime asking rents rose by 7% year-over-year in H1, while Class B rents increased by just 1.7%, underscoring the widening spread between prime and commodity rental rates. As Uptown/Turtle Creek and Preston Center availability continues to tighten, spillover demand will drive rent growth in next-tier Class A buildings in well-located suburban submarkets. CBRE Econometric Advisors projects annual rent growth of 3.3% for Dallas—outpacing the expected national average of 2.7%—and 2.4% for Fort Worth/Arlington.

Key Takeaways

For Occupiers

— Tenants with large requirements in prime submarkets should act with urgency. Supply in Uptown/Turtle Creek and Preston Center will become scarcer as demand accelerates in H2. Waiting to transact will reduce tenants' space choices and negotiating leverage amid rising rents and limited preleasing options. Tenants willing to consider well-located, Class A properties in suburban submarkets will find more options and greater negotiating flexibility, although rising demand is beginning to increase rents in those markets as well.

For Owners & Investors

— Owners of prime and Class A buildings in Uptown/Turtle Creek and Preston Center are positioned to capture the strongest rent growth in DFW as vacancy tightens and large-block demand accelerates. The limited construction pipeline benefits existing high-quality buildings, particularly those whose owners can afford to offer competitive tenant improvement packages. Class B owners face a more challenging environment with vacancy near 30% and no rent growth. Investing in amenities and capitalizing on location advantages will be the most viable path to stabilization.

Industrial Market Outlook

01

Broadening industrial demand base will drive leasing activity.

DFW's broadening industrial demand base will position the market for sustained leasing activity through year-end. Manufacturing users grew their share of overall transaction activity, accounting for 30% of leases of 100,000 sq. ft. or more in H1 2026. Additionally, demand from data center-adjacent occupiers (companies supplying and servicing the region's expanding hyperscale infrastructure) increased in-line with national trends. Bulk requirements over 300,000 sq. ft., including mega hubs of 1 million sq. ft. or more, remain strong and are primarily driving new construction. Smaller and mid-size space demand has moderated from peak levels, though requirements for buildings with heavy power remain active.

02

Large-format construction will accelerate, while speculative projects remain limited.

Industrial construction is expected to accelerate in H2 and into 2027, led by build-to-suit and large-format projects for manufacturing and data center-related users. Speculative development of large and mid-size facilities remains limited, as abundant first-generation space across the metroplex continues to satisfy demand and financing challenges limit new construction. However, flight-to-quality is driving measured speculative development in supply-constrained, demand-proven submarkets. As a result, the overall industrial vacancy rate declined by 30 bps in H1 to 8.3%, outperforming the national average of 9.2%. Vacancy is projected to increase by 10 bps through year-end as increasing demand will balance supply growth. Vacancy will likely accrue at the lower end of the quality spectrum.

03

Rent growth will outpace the national average.

CBRE Econometric Advisors projects annual rent growth of 4.2% for the DFW industrial market in 2026, well above the national outlook of 2.1%. As owners maintain face rents, incentives like free rent and tenant improvement increases will emerge in areas with elevated availability of first-generation space.

Key Takeaways

For Occupiers

— Industrial leasing is expected to remain robust through year-end, supported by renewals, manufacturing expansions, flight to quality and third-party logistics outsourcing. Tenants seeking more than 300,000 sq. ft. should be proactive, as spec supply is limited and build-to-suit construction and preleasing are likely to be the most reliable paths to securing space on favorable terms. The elevated availability of smaller, first-generation facilities will provide tenants with negotiating leverage and incentive opportunities, particularly for those who act before spec development activity recovers.

For Owners & Investors

— Increased demand from manufacturing and data center-adjacent users creates opportunities for owners and developers of bulk and large-format facilities with power infrastructure and functional specifications. Preleasing momentum and build-to-suit demand for bulk facilities will reduce risk for developers willing to break ground ahead of the spec recovery. The industrial market's projected rent growth of 4.2% will attract continued investor interest, particularly for facilities in proven logistics corridors and submarkets near data centers.

Retail Market Outlook

01

Experiential and luxury retail demand will accelerate.

Two trends are driving retail demand in DFW: the growth of experiential mixed-use destinations and the continued expansion of luxury retailers. Ten substantial mixed-use developments are expected to be completed over the next few years, and a raft of new luxury store openings will continue through year-end. The DFW consumer base provides durable support for both trends, with an average household income of $128,741 and nearly 17% of the population earning $200,000 or more.

02

Rapid population growth will drive vacancy declines.

DFW added more than 123,000 net new residents in 2025, with four of the five fastest-growing cities in the country located in Collin County. Retail construction is accelerating in the northern suburbs to serve this growing population. More than 70% of the current retail construction pipeline is preleased, limiting available new supply and sustaining competition among tenants seeking space in high-growth corridors. The retail vacancy rate in Dallas is expected to decline to 7.2% in 2027 from 7.5% in H1 2026, while Fort Worth vacancy will fall to 7.4% from 8%.

03

Strong retail fundamentals will give owners pricing power.

Strong retail market fundamentals will favor owners through the end of the year. Grocery operators entering new markets (such as HEB's continued suburban expansion) are attracting customers to surrounding retailers. Experiential and luxury retailers are competing for limited storefront availability in high-traffic, mixed-use districts. At the same time, retail space has become scarcer relative to population, supporting continued rent growth. Retailers will continue to compete for space near popular tenants in high-growth suburban corridors like Collin County.

Key Takeaways

For Occupiers

— Tenants looking to enter or expand will face meaningful competition, particularly in high-growth suburban corridors. Grocers, experiential retailers and luxury brands are all actively competing for limited availability. Retailers planning moves over the next 12 to 24 months should engage early and be prepared to move quickly. Securing space near high-traffic grocery anchors remains one of the most reliable strategies for attracting consumers.

For Owners & Investors

— Owners of retail properties in high-income, high-growth submarkets are positioned to capitalize on the market's strong demand, limited retail space relative to population and heavily preleased construction pipeline. Mixed-use assets with hotel, restaurant, entertainment and multifamily are attracting the most active tenant categories and commanding the strongest rent premiums. Owners with big-box vacancies in strong Collin County trade areas will attract interest from grocers, experiential operators and discount retailers as population growth continues in the northern suburbs.

Multifamily Market Outlook

01

Demographic momentum will sustain multifamily demand.

DFW's multifamily market will continue to benefit from outsized population growth relative to major U.S. metros. The metroplex has expanded in population by 11% from 2020 to 2025, leading all other large metros and adding more than 123,000 residents in the past year alone, according to the U.S. Census Bureau. This growth is expected to sustain demand across all housing product types. Investors identified the region as the top investment target for five consecutive years, with multifamily consistently identified as the top sector preference, according to CBRE's 2026 North American Investor Intentions Survey. Class A properties are expected to remain the preferred investment vehicle, driven by the income profile of people moving to the region and the prohibitive cost of purchasing a single-family home.

02

Market recovery will accelerate as supply pressures ease.

Multifamily construction in the market peaked in Q3 and Q4 2025, resulting in oversupply in suburban submarkets that will continue to pressure occupancy and drive concessions through year-end. In the urban core, communities are pulling back from concession-heavy leasing as demand absorbs available inventory. The inflection point for the metroplex is expected in late 2026, as the new supply pipeline narrows and supports above-average rent growth heading into 2027. Additionally, the vacancy rate fell to 6.2% in Q2 2026 from 6.9% in Q4 2025 and is expected to decline to 6% by year-end. DFW's strong demand fundamentals will likely drive its recovery ahead of most Sun Belt markets.

03

Supply absorption and slowing completions will drive rent growth.

Near-term multifamily rent growth will remain subdued as the market absorbs supply delivered over the past 18 months. CBRE Econometric Advisors forecasts below-average annual rent growth of 0.2% for Dallas and 0.4% for Fort Worth in 2026, reflecting the supply overhang rather than soft demand. The ongoing gap between the cost of renting and owning will sustain rental demand for the foreseeable future. As construction completions slow and absorption improves, rent growth is expected to strengthen in late 2026 and into 2027. Long-term investors who enter the market now will buy below peak prices and benefit from the market's coming recovery.

Key Takeaways

For Owners & Investors

— Owners should prioritize stable occupancy over rent growth while the market absorbs existing supply, offering concessions rather than reducing face rents in suburban submarkets with ample inventory. Urban properties are ahead of this cycle, and owners should reduce concessions and increase market rents as availability tightens. Investors have the opportunity to enter one of the country's strongest long-term demand markets at pricing below peak levels, with rent recovery expected to begin in late 2026.

Contacts

Explore additional insights at
cbre.com/insights

Management Contacts

Jeremy McGown
Executive Managing Director
Jeremy.McGown@cbre.com

Kelly Whaley
Senior Managing Director
Kelly.Whaley@cbre.com

Blake Waltrip
Managing Director
Blake.Waltrip@cbre.com

Research Contacts

Lauren Breen
Field Research Manager
Lauren.Breen@cbre.com

Stephen Shanley
Field Research Analyst
Stephen.Shanley@cbre.com

All data attributed to CBRE Econometric Advisors in this report is sourced from the CBRE Econometric Advisors Q1 2026 Forecast, published May 2026.