

# Dallas Office

## 2020 Q4 Sublease Report

Over the last eleven months, companies have understandably taken a step back from the office in favor of working from home. Since the onset of the Coronavirus pandemic, we have seen an unprecedented increase in sublease space available in the Dallas Office Market. Subleases flooding the market are on average offered at a 16.12% discount to what building owners are quoting or direct deals. This is especially prevalent in markets such as Uptown/Turtle Creek, Central Expressway, the CBD, and the Las Colinas Urban Center where rental rates have skyrocketed during the most recent expansion cycle. The competition of subleases has largely put a stop to rental rate growth for direct leases across the Dallas office market, dropping from 4.20% to -0.04% over the last eleven months. How long this trend will last and whether it will significantly reduce landlords' direct rental rates are questions left to be answered by vaccine availability/distribution and how quickly companies can get their employees comfortable with returning to the office.

Submarket	Building Inventory (Sq. Ft.)	Direct Space Available (Sq. Ft.)	Sublease Space Available (Sq. Ft.)	Increase in Sublease Space Since Q4 2019 (%)	Average Gross Direct Rent (Per Sq. Ft.)	Average Gross Sublease Rent (Per Sq. Ft.)
DFW Freeport/Coppell	14,337,775	3,492,036	689,528	211%	\$26.72	\$22.71
Allen/McKinney	5,161,234	735,165	107,591	152%	\$20.83	\$16.70
Uptown/Turtle Creek	14,249,235	3,357,843	479,868	76%	\$42.45	\$37.68
Las Colinas - Urban Center	9,218,571	2,217,367	258,995	60%	\$31.05	\$22.91
Las Colinas - Office Center	15,911,479	2,564,132	223,861	52%	\$25.10	\$24.15
Central Expressway	10,978,459	2,441,951	459,008	72%	\$32.08	\$22.54
LBJ	8,063,590	2,036,361	195,213	136%	\$20.28	\$17.90
Richardson/East Plano	25,078,723	4,952,035	894,068	63%	\$24.03	\$20.25
Upper Tollway	22,183,518	7,252,380	1,436,682	47%	\$36.24	\$31.98
Stemmons	10,654,884	2,286,052	67,389	29%	\$18.74	\$14.72
Lower Tollway	19,410,621	4,790,681	964,077	26%	\$29.71	\$24.31
Dallas CBD	35,826,888	9,814,830	1,315,164	24%	\$27.45	\$17.41
Park Central	6,556,564	1,541,024	222,798	22%	\$24.18	\$19.57
Preston Center	3,172,380	467,185	106,580	105%	\$42.67	\$37.19
<b>TOTAL</b>	<b>199,335,315</b>	<b>45,981,879</b>	<b>7,493,885</b>	<b>54%</b>	<b>\$29.00</b>	<b>\$24.31</b>

Statistics derived from all office buildings larger than 50,000 Sq. Ft. in major Dallas Office Submarkets. Major Office Submarkets are considered geographic groups of office buildings totaling more than 3 MM Sq. Ft. Buildings within the same Submarket have shared area amenities and are typically of similar quality.

Source: CoStar

# Dallas Office Submarket Map

