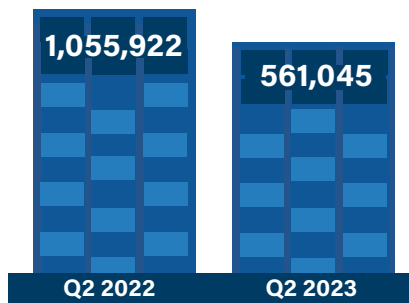


# Office Market Report Q2 2023

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## Dallas - Fort Worth Totals

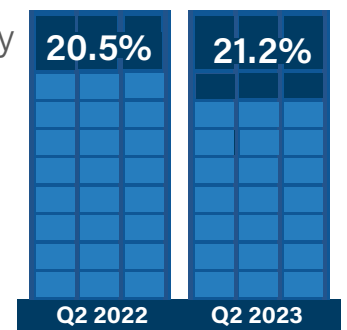
12-Month Net  
Absorption



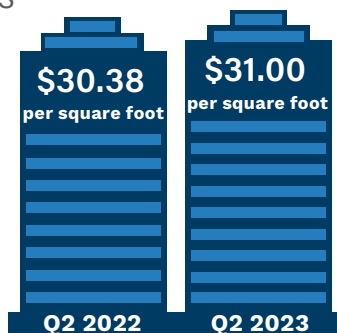
Total  
Inventory



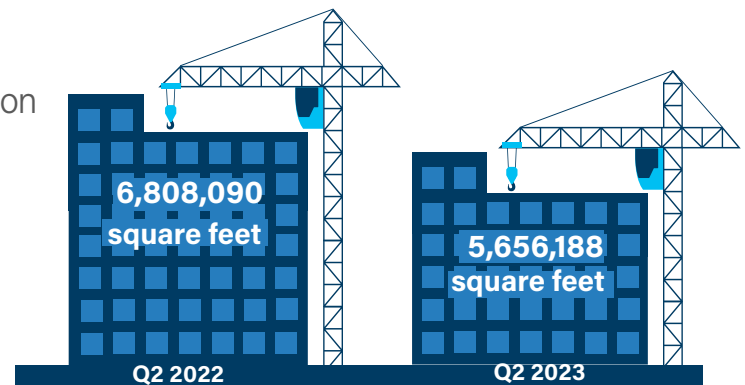
Overall  
Vacancy



Average Gross  
Rental Rate

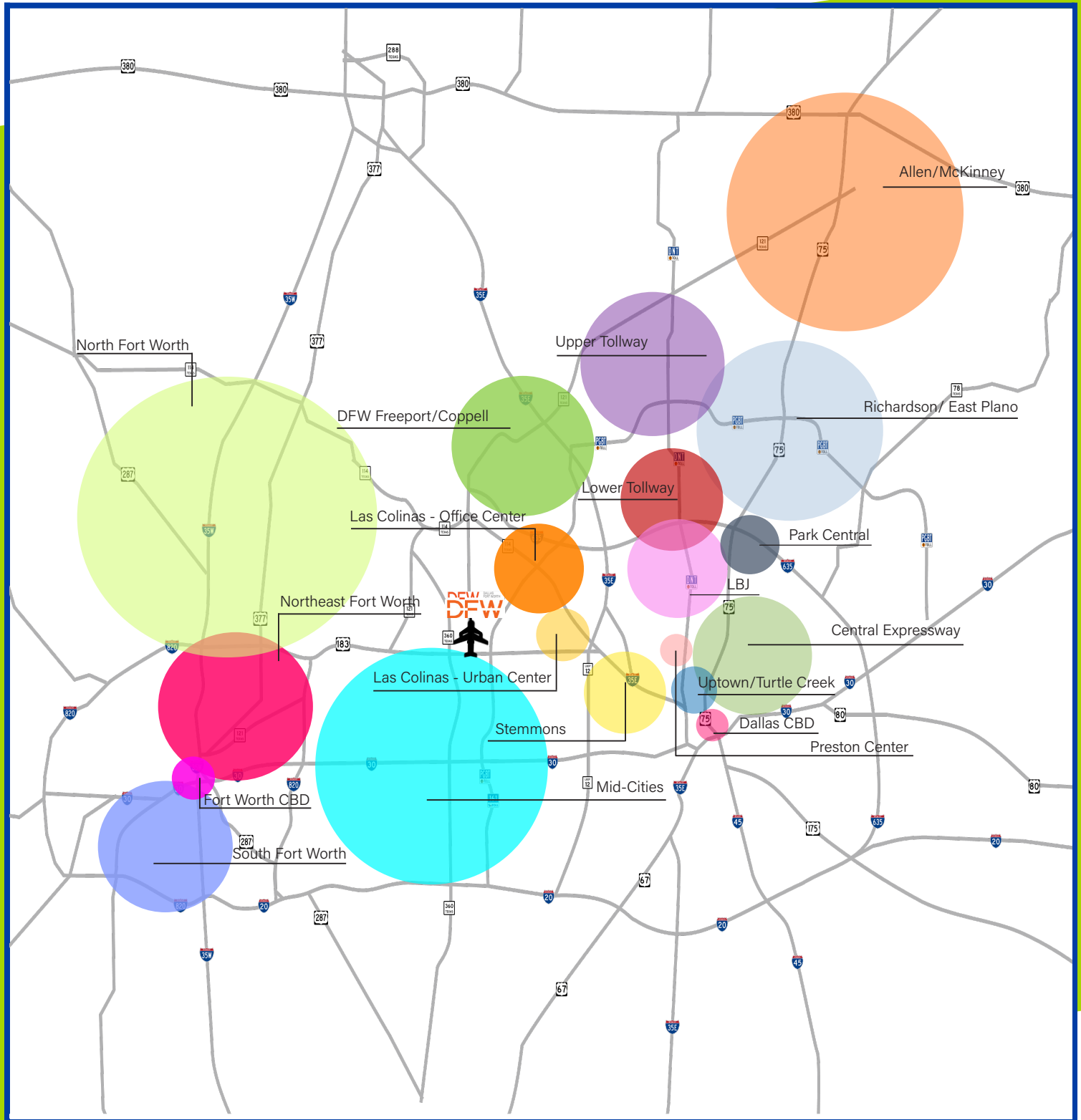


Under  
Construction



# Dallas - Fort Worth

## Office Submarkets



# Q2 Dallas - Fort Worth

## Office Market Statistics

Submarket	Building Inventory (Sq. Ft.)	Direct Vacancy (%)	Net Absorption (Sq. Ft.)	Deliveries (Sq. Ft.)	Under Construction (Sq. Ft.)	Average Gross Direct Rent (Per Sq. Ft.)	Annual Rent Growth (%)
Dallas CBD	37,617,064	23.1%	-181,390	0	0	\$29.60	1.6%
Uptown/Turtle Creek	15,162,752	17.4%	-46,320	0	1,757,437	\$48.56	4.4%
Central Expressway	11,262,984	21.3%	-154,509	0	0	\$35.72	1.8%
Preston Center	3,931,647	16.1%	36,532	318,632	0	\$47.62	2.7%
Stemmons	11,541,610	21.0%	25,332	0	1,180,743	\$25.36	2.0%
Las Colinas – Urban Center	9,700,550	20.2%	522,315	456,000	56,269	\$31.92	0.6%
Las Colinas – Office Center	16,110,254	15.8%	-143,055	0	0	\$26.93	0.8%
DFW Freeport/Coppell	15,179,174	21.6%	128,149	0	300,000	\$27.95	1.0%
Park Central	6,602,089	25.1%	23,169	0	0	\$26.22	2.5%
LBJ	7,573,124	24.7%	-49,613	0	0	\$21.04	2.4%
Lower Tollway	19,928,807	24.5%	125,618	0	0	\$30.99	2.0%
Upper Tollway	23,044,759	36.6%	-166,426	299,970	1,542,628	\$37.74	1.8%
Richardson/East Plano	26,761,084	17.6%	-236,978	179,766	0	\$24.28	3.4%
Allen/McKinney	5,894,902	13.5%	-84,685	0	0	\$31.74	3.2%
Fort Worth CBD	10,039,109	11.1%	183,256	0	0	\$28.93	2.5%
North Fort Worth	3,604,262	13.6%	-4,728	135,000	57,000	\$28.71	2.7%
Northeast Fort Worth	3,254,153	10.4%	11,693	0	0	\$22.09	2.6%
South Fort Worth	9,758,544	10.0%	-91,479	0	0	\$27.35	2.3%
Mid-Cities	25,896,599	17.8%	-8,867	143,524	61,500	\$26.88	2.3%

Statistics derived from all office buildings larger than 50,000 Sq. Ft. in major 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.

# Forecast

Texas is still faring better than most other major markets across the country. Based on Kastle's occupancy barometer, office attendance in Dallas has trended near 50% but has mostly stalled over the past year. Dallas-Fort Worth's office market is facing strong headwinds due to struggling demand and economic uncertainty. After a brief post-pandemic rebound in late 2021 – early 2022, quarterly net absorption has been negative throughout the first half of 2023. If this trend continues, we anticipate 12-month net absorption will be negative by year end.

Vacancy rates are currently at all-time highs of 21% across Dallas-Fort Worth. For reference, the market has averaged 17% vacant over the last 10 years. Note that the metroplex has historically carried a higher vacancy rate compared to the U.S. norm, a trend attributable to the boom-and-bust of the mid-1980s. With 10.8 Million SF of office space available for sublease, we expect these figures will continue to rise.

Understandably, construction starts have trended lower over the past year. Developers are currently facing a precarious office market coupled with extremely limited financing opportunities. Bucking the trend, Uptown, the market's premier office submarket, accounts for 25% of office construction in the market. This is a testament to office tenants' Flight to Quality.

Source: Citadel Partners, Dallas Regional Chamber, and CoStar

## Being the better fit didn't happen overnight.

### Our Story

1987

Scott Morse founded the Morse Company.

1995

Scott Jessen joined the company, and together, the Scotts began their career-long commitment of taking CRE service and broker value beyond the transaction level and transforming market knowledge into market expertise.

2005

The Morse Company was acquired by Colliers where Morse and Jessen built and led top performing teams. Across North Texas, Morse and Jessen see a growing shift in client needs – strategic alignment of real estate with business performance.

2012

Morse and Jessen launched Citadel Partners, moving beyond the old-school broker model to expand advisor consultative skill sets and services. Citadel develops a proprietary methodology to help clients discover the enhanced value and increased business performance benefits from real estate decisions.

Today

Citadel Partners is an established real estate advisory firm providing strategy based CRE solutions, market insight and expertise, and uncompromised service from its Office and Industrial teams located in Dallas and Fort Worth.