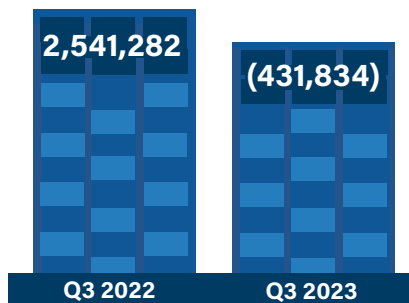


Office Market Report Q3 2023

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Dallas - Fort Worth Totals

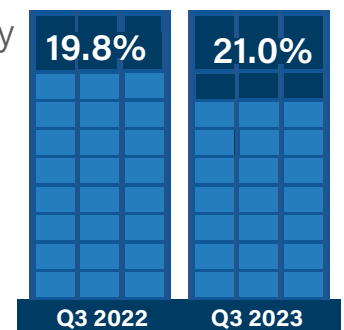
12-Month Net
Absorption



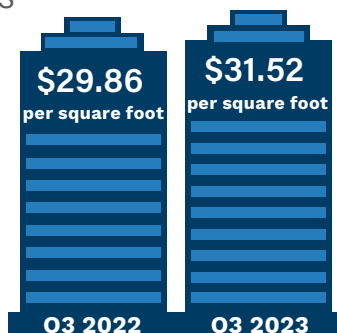
Total
Inventory



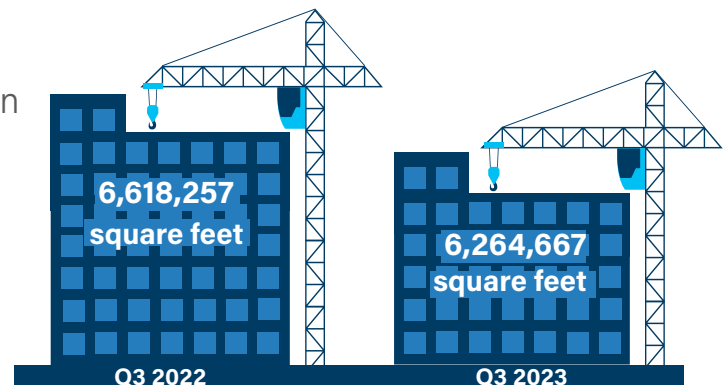
Overall
Vacancy



Average Gross
Rental Rate

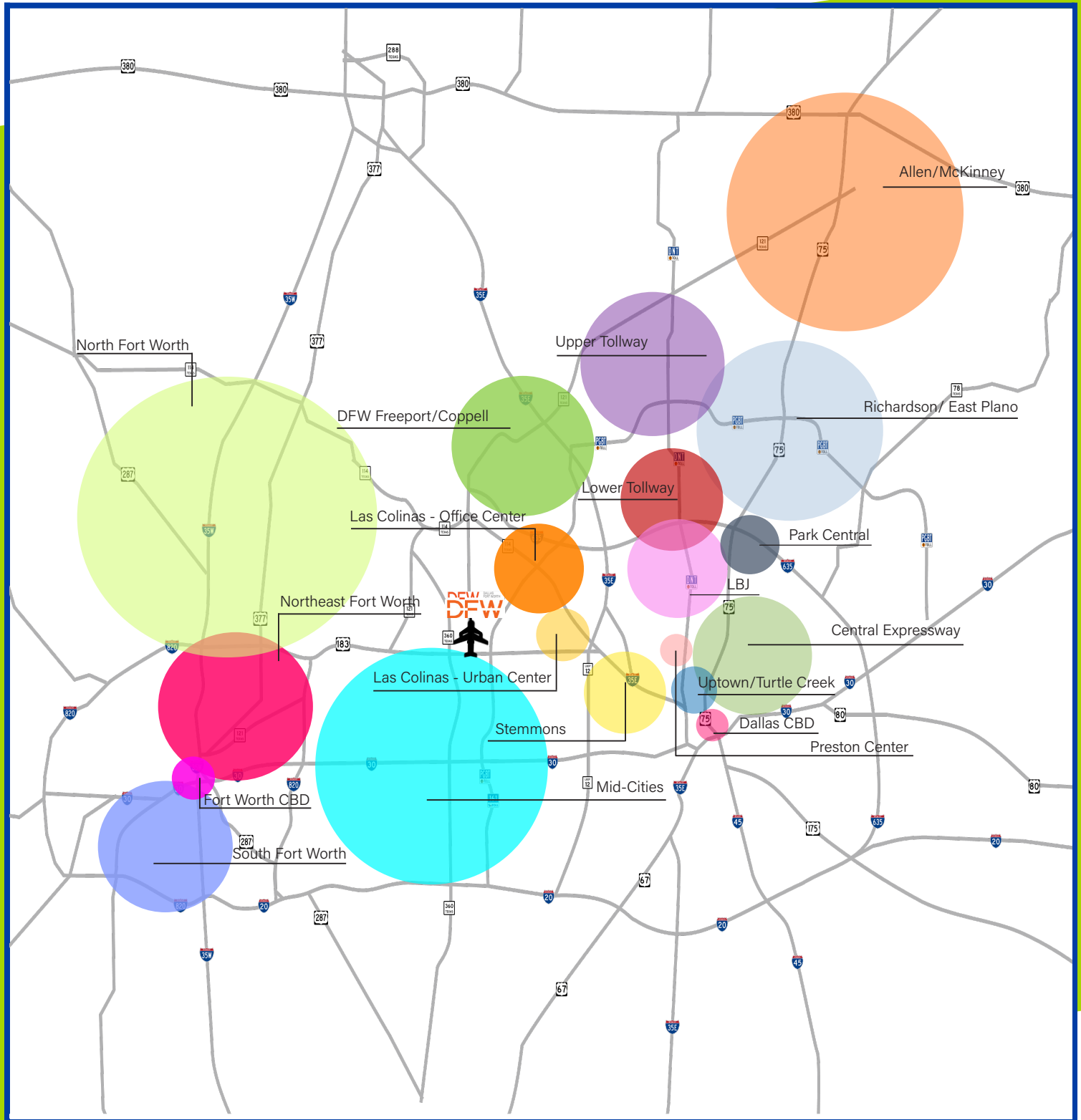


Under
Construction



Dallas - Fort Worth

Office Submarkets



Q3 Dallas - Fort Worth

Office Market Statistics

Submarket	Building Inventory (Sq. Ft.)	Direct Vacancy (%)	Quarterly Net Absorption (Sq. Ft.)	Deliveries (Sq. Ft.)	Under Construction (Sq. Ft.)	Average Gross Direct Rent (Per Sq. Ft.)	Annual Rent Growth (%)
Dallas CBD	37,598,199	23.5%	-242,540	0	0	\$29.50	1.2%
Uptown/Turtle Creek	15,557,886	17.9%	193,343	359,914	1,939,163	\$49.69	2.6%
Central Expressway	11,526,108	21.4%	-13,583	0	0	\$35.18	1.6%
Preston Center	3,911,380	11.9%	108,197	0	0	\$46.57	2.2%
Stemmons	11,669,074	18.5%	259,678	150,000	272,743	\$25.49	1.6%
Las Colinas – Urban Center	9,699,604	20.5%	-162,853	0	856,269	\$30.86	1.0%
Las Colinas – Office Center	15,573,845	18.7%	-74,686	0	0	\$26.48	1.4%
DFW Freeport/Coppell	15,480,112	22.7%	119,264	300,000	0	\$27.52	1.3%
Park Central	6,928,843	26.0%	-174,222	0	0	\$25.69	1.8%
LBJ	7,451,028	24.4%	140,740	0	0	\$20.72	2.0%
Lower Tollway	19,471,099	24.4%	2,117	0	0	\$30.48	1.9%
Upper Tollway	24,332,483	34.2%	-438,509	422,109	1,441,381	\$37.74	1.7%
Richardson/East Plano	26,321,672	15.6%	198,299	0	0	\$24.21	2.3%
Allen/McKinney	5,889,198	14.8%	-60,322	0	102,000	\$31.72	2.3%
Fort Worth CBD	10,036,975	11.7%	31,233	0	0	\$28.70	2.3%
North Fort Worth	3,254,153	10.5%	45,134	0	192,000	\$25.60	2.1%
Northeast Fort Worth	3,254,153	10.4%	-2,247	0	0	\$21.32	2.2%
South Fort Worth	9,931,633	9.0%	307,528	210,000	0	\$27.36	1.9%
Mid-Cities	25,632,296	18.4%	-103,030	0	111,500	\$26.78	1.7%

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

By and large, Dallas-Fort Worth's Office market faces continued distress with limited demand and increasing vacancy. Vacancies hit 21% in Q3 – a 25% increase from Q1 2020 and a vacancy rate that DFW has not seen since the 80s. With a surplus of available space, pricing power is strongly in favor of tenants. Though rental rates have not plummeted in recent years, landlords are getting competitive with concessions such as free rent, tenant improvement packages, etc.

For the first time, there seems to be no correlation between job growth and the health of the office market. As of August 2023, the DFW metroplex had a 3.8% rate of job gain over the year, well above the 2% national increase. With remote or hybrid work schedules, many companies simply do not require the same office footprint as pre-pandemic norms. While Texas continues to lead the country in office attendance, that movement has stalled over the last year – economic uncertainty may be a factor in businesses choosing to maintain the status quo.

While the DFW Office market has seen better days, premier markets like Uptown and Preston Center are faring well. New, heavily amenitized buildings prevalent in those submarkets are eating up most of the demand available. Buildings delivered since 2015 have a vacancy rate of just 9%. Meanwhile, aging assets have become less desirable over time; almost 60% of total vacant space is from buildings built between 1980-2000.

Source: Citadel Partners, Dallas Regional Chamber, US Bureau of Labor Statistics & 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.



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