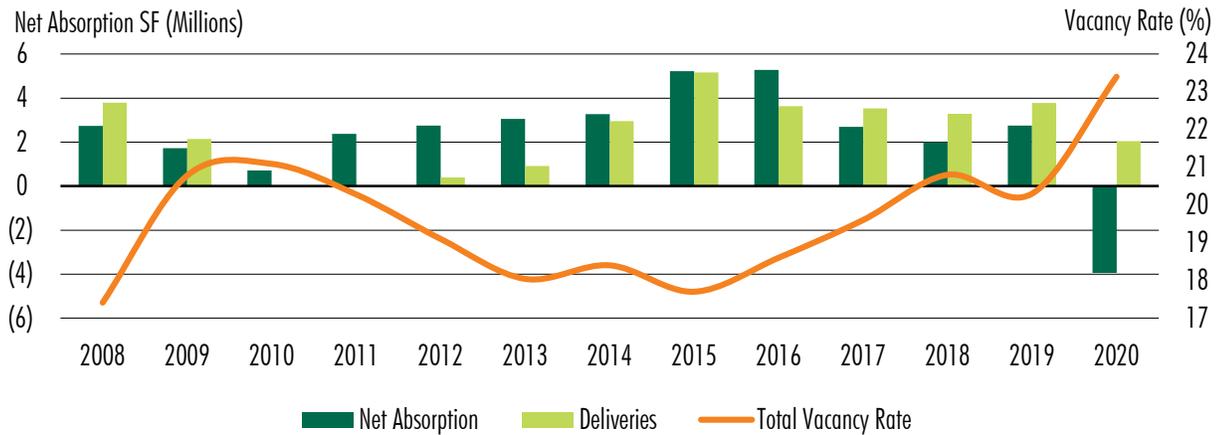


Demand shows slight improvement from Q3

▲ Vacancy Rate **23.4%**
▲ Avg. Asking Rate **\$25.75**
▲ Net Absorption **(1,413,236)**
▼ Deliveries **286,622**
▲ Under Construction **4,241,196**

Figure 1: Historical Net Absorption and Vacancy



Source: CBRE Research, Q4 2020

Lingering COVID-19, political uncertainty and severe weather converged in the fourth quarter and the impact was deterioration in economic performance. Notwithstanding the above, the recovering travel and hospitality sector accounted for 40% of total job creation from May through November, but the national labor market will likely face headwinds in coming months.

Locally, the Dallas job market slowed in November after charting strong growth in October, marking its seventh consecutive month of job gains since the onset of its recovery, according to the Dallas Fed. The same report shows DFW outpacing Texas and the U.S. in employment growth, and DFW November employment was 4.9% less than February levels—also outperforming the recovery of both Texas and the U.S.

The DFW office market logged negative absorption for the fourth straight quarter, yet to a lesser degree than in Q3 2020. Class A properties accounted for 92% of negative net absorption activity, with 1.2 million sq. ft. of that amount driven by J.C. Penney, who vacated their headquarters in the Legacy business hub of Far North Dallas.

Sublease space has been rising steadily over the last several months—now totaling 8.8 million sq. ft. within CBRE Research’s tracked office dataset—but new additions to the sublease market slowed in Q4 2020. This metric now represents 3.8% of total inventory and 13.7% of current availability (direct plus sublease). For context, last quarter’s figures were 3.7% and 14%, respectively. Nearly two-thirds of active subleases are 25,000 sq. ft. or larger.

Figure 2: Dallas/Fort Worth Office Market Statistics

Submarket	Net Rentable Area	Total Vacancy (%)	Total Availability (%)	Average Asking Rate FSG (\$/SF/YR)	Under Construction (SF)	Deliveries (SF)	Q4 2020 Net Absorption	2020 Net Absorption
Central Expressway	10,525,091	19.67	25.64	30.05	70,532	-	(133,087)	(327,830)
Class A	7,135,123	20.40	25.80	34.33	-	-	(114,035)	(328,947)
Class B	3,329,420	18.49	25.74	24.99	70,532	-	(19,052)	1,117
Dallas CBD	27,352,178	29.01	37.05	27.49	224,370	60,230	(24,575)	(826,167)
Class A	22,311,139	29.79	38.58	30.12	224,370	60,230	7,114	(686,306)
Class B	4,827,682	26.48	31.20	21.86	-	-	(31,689)	(139,861)
East Dallas	2,649,314	20.94	24.31	17.83	753,658	-	7,992	(36,132)
Class A	404,820	33.02	58.75	51.85	753,658	-	-	7,585
Class B	1,895,726	19.72	17.90	15.56	-	-	11,612	(46,217)
Far North Dallas	45,407,034	26.20	31.47	28.53	1,476,127	104,392	(1,526,898)	(1,444,508)
Class A	31,294,196	28.04	33.80	34.16	1,476,127	104,392	(1,381,389)	(1,181,252)
Class B	14,010,741	22.24	26.46	22.39	-	-	(145,509)	(263,256)
Las Colinas	33,061,674	22.31	27.02	25.68	425,877	-	(307,106)	(840,804)
Class A	20,466,283	21.51	23.20	30.14	322,877	-	(84,145)	(235,720)
Class B	11,997,482	24.28	32.80	21.90	103,000	-	(217,524)	(599,647)
LBJ Freeway	19,238,788	22.50	26.46	21.97	-	-	63,290	(9,811)
Class A	11,122,846	19.56	26.59	26.85	-	-	69,005	145,040
Class B	7,946,380	26.99	26.74	18.98	-	-	(5,715)	(160,122)
Lewisville / Denton	4,145,136	15.99	17.96	24.00	-	122,000	20,794	(66,592)
Class A	947,045	33.08	29.67	33.26	-	122,000	40,054	55,868
Class B	3,082,339	10.42	14.71	23.07	-	-	(19,260)	(122,460)
Preston Center	4,104,168	12.75	16.89	39.93	297,000	-	24,355	8,633
Class A	3,299,187	12.35	17.31	44.68	297,000	-	14,879	14,788
Class B	737,303	14.67	15.54	32.37	-	-	9,476	(6,155)
Richardson / Plano	24,081,070	21.98	26.76	21.76	168,772	-	112,752	241,265
Class A	12,912,621	23.69	26.01	25.89	-	-	89,166	311,143
Class B	10,848,785	20.19	27.35	19.14	168,772	-	23,586	(69,696)
SW Dallas	1,836,211	25.30	27.47	22.97	-	-	(1,801)	(31,472)
Class A	280,592	6.87	6.87	20.00	-	-	-	0
Class B	1,369,965	29.73	32.64	17.98	-	-	(3,801)	(33,472)
Stemmons Freeway	9,367,746	28.66	27.38	18.12	65,000	-	51,036	(18,943)
Class A	4,230,561	20.55	25.29	20.11	-	-	46,131	(32,557)
Class B	4,693,506	36.73	29.91	17.44	65,000	-	4,905	19,528
Uptown/Turtle Creek	12,757,905	18.84	23.72	46.61	656,774	-	(88,092)	(450,473)
Class A	10,967,814	18.46	23.58	49.48	656,774	-	(54,592)	(392,009)
Class B	1,652,207	22.98	26.65	38.64	-	-	(33,500)	(58,464)

Source: CBRE Research, Q4 2020

Figure 2: Dallas/Fort Worth Office Market Statistics

Submarket	Net Rentable Area	Total Vacancy (%)	Total Availability (%)	Average Asking Rate FSG (\$/SF/YR)	Under Construction (SF)	Deliveries (SF)	Q4 2020 Net Absorption	2020 Net Absorption
Fort Worth CBD	8,750,721	16.41	20.99	25.87	-	-	34,416	(70,297)
Class A	6,242,460	13.45	15.09	31.32	-	-	38,954	103,840
Class B	2,438,950	24.44	36.69	20.03	-	-	(4,538)	(174,137)
Mid Cities	15,015,452	27.96	31.49	19.33	103,086	-	226,868	55,445
Class A	5,400,827	28.91	30.86	23.75	103,086	-	27,041	(58,275)
Class B	8,913,359	28.61	33.43	17.57	-	-	174,493	117,583
North Fort Worth	2,722,275	10.19	7.68	19.63	-	-	24,050	27,605
Class A	1,144,559	4.90	6.19	19.12	-	-	10,820	10,816
Class B	1,449,692	14.22	8.49	18.56	-	-	9,725	16,579
NE Fort Worth	1,653,284	22.25	20.20	17.60	-	-	2,306	(8,906)
Class A	415,921	55.29	42.49	21.50	-	-	1	2,077
Class B	1,068,148	11.36	13.16	17.78	-	-	4,935	(11,262)
South Fort Worth	6,045,614	15.99	19.43	22.82	-	-	100,464	(146,124)
Class A	2,341,882	19.87	25.36	26.61	-	-	(7,718)	(294,896)
Class B	3,446,800	13.45	15.46	22.42	-	-	107,334	148,016
Dallas Total	194,526,315	23.75	28.67	27.06	4,138,110	286,622	(1,801,340)	(3,197,787)
Class A	125,372,227	24.15	29.40	33.16	3,730,806	286,622	(1,367,812)	(1,592,567)
Class B	66,391,536	23.45	27.56	21.54	407,304	-	(426,471)	(1,478,705)
Fort Worth Total	34,187,346	21.20	24.23	21.10	103,086	-	388,104	(142,277)
Class A	15,545,649	20.28	22.19	25.76	103,086	-	69,098	(236,438)
Class B	17,316,949	22.74	26.97	19.11	-	-	291,949	96,779
DFW Total	228,713,661	23.36	28.00	25.75	4,241,196	286,622	(1,413,236)	(3,945,111)
Class A	140,917,876	23.73	28.60	31.63	3,833,892	286,622	(1,298,714)	(2,558,805)
Class B	83,708,485	23.31	27.44	20.89	407,304	-	(134,522)	(1,381,926)

Source: CBRE Research, Q4 2020

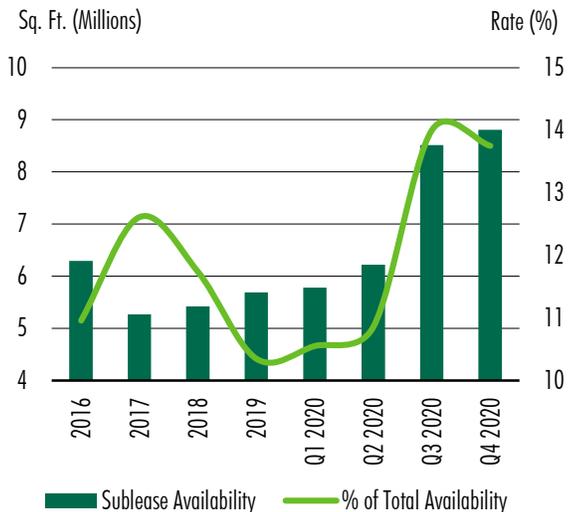
*Although Class C is not shown, totals are inclusive of all classes of data.

Figure 3: Significant Leases / Sales of the Quarter

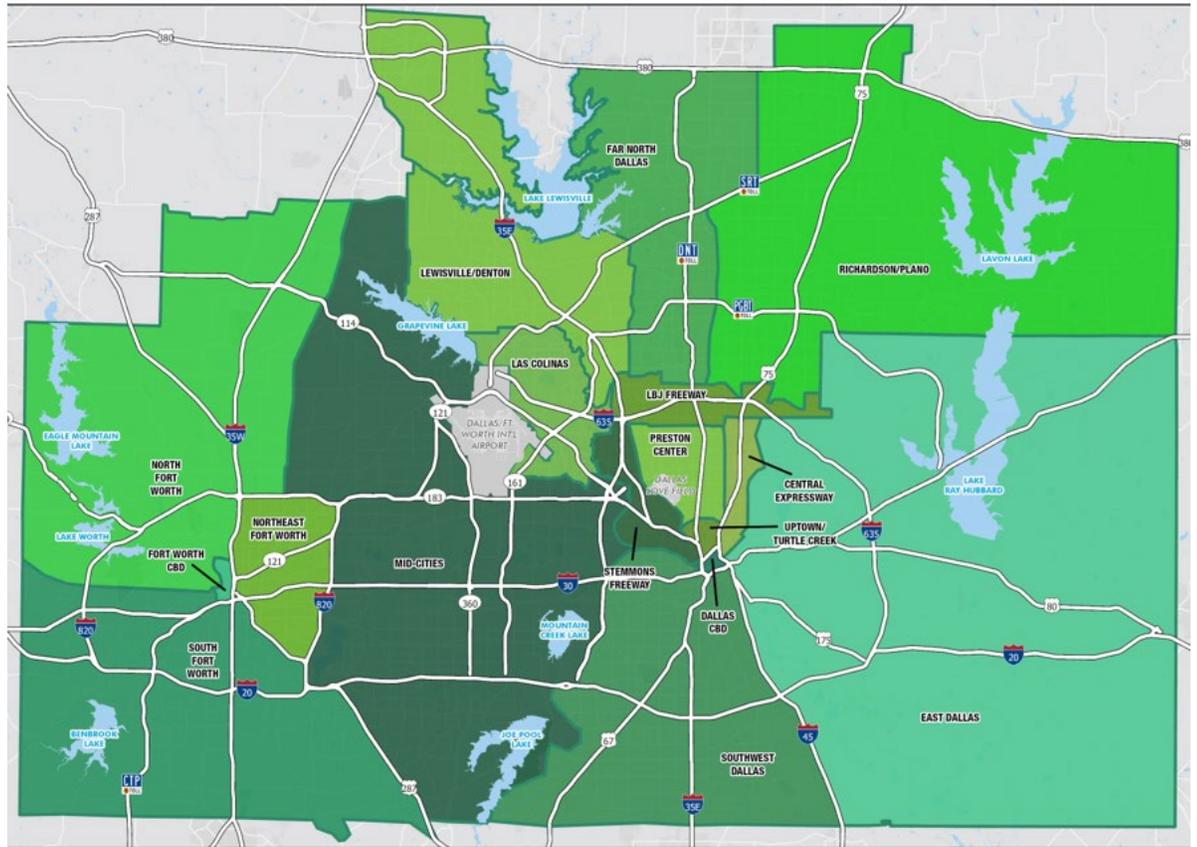
Lease (Tenant)	Building Name	Submarket	Total SF
CBRE	Galatyn Commons	Richardson/Plano	131,846
Southwestern Health Resources	Browning Place	Las Colinas	150,000
Sale (Buyer)	Building Name	Submarket	Total SF
Larson Capital Mgmt	Tollway Towers	Far North Dallas	347,000
Exeter	Creekview Corporate Center I & II	Richardson/Plano	251,301

Source: CBRE Research, Real Capital Analytics, Q4 2020

Figure 4: Sublease Vacancy & Availability



Source: CBRE Research, Q4 2020



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