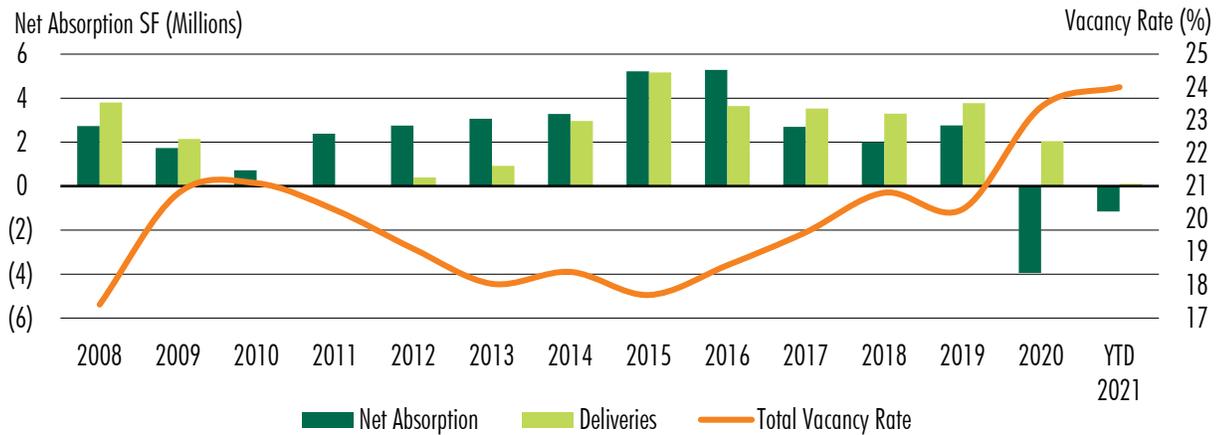


DFW office vacancy hits 24% in Q1 2021

▲ Vacancy Rate **24.0%**
▲ Avg. Asking Rate **\$26.00**
▲ Net Absorption **(1,155,223)**
▼ Deliveries **109,146**
▲ Under Construction **4,547,228**

Figure 1: Historical Net Absorption and Vacancy



Source: CBRE Research, Bureau of Labor Statistics, Q1 2021.

The outlook for the United States economy is becoming very positive as COVID-19 vaccines are deployed at a rapid pace. As of the end of March 2021, over a quarter of Americans have received at least one dose of the vaccine. The rate of daily vaccinations has accelerated to 2.5 million, making societal and economic normalization possible by mid-year. Overall, we think the U.S. economy will create upward of 7 million total new jobs in 2021.

According to the Bureau of Labor Statistics, as of February 2021, the national unemployment rate is 6.2% which is roughly 270 basis points (bps) higher than in February 2020. DFW recorded 6.5% unemployment in January 2021, 20 bps higher than December 2020. Comparing year over year, DFW has lost 142,900 non-farm jobs but is at 96% of the February 2020 job level.

The Dallas office market posted (1,155,223) sq. ft. in net absorption for Q1 2021, up 18.3% from the previous quarter. As a result of these move-outs, vacancy is up 60 bps from last quarter, now at 24%, a new high since peaking at 24.5% in 2004. Looking ahead, local sentiment anticipates an uptick in deal activity that should ultimately compress vacancy in future quarters.

After spiking in Q3 2020, new additions to sublease availability have been relatively stable. In Q1 2021, there was just over 9 million square feet of sublease space available within CBRE Research's tracked dataset, representing 13.9% of total availability and 3.9% of inventory. Two-thirds of sublease listings stem from Class A properties. In terms of submarket share, Far North Dallas holds 28% of the market's sublease space.

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)	Q1 2021 Net Absorption	2021 Net Absorption
Central Expressway	10,583,329	20.8	26.6	30.21	30,000	40,532	-89,732	-89,732
Class A	7,247,123	21.2	26.9	34.43	-	-	-60,096	-60,096
Class B	3,275,658	20.2	26.3	25.17	30,000	40,532	-29,636	-29,636
Dallas CBD	27,495,463	30.8	37.5	27.44	199,000	-	-451,654	-451,654
Class A	22,311,139	32.2	39.5	30.09	199,000	-	-471,126	-471,126
Class B	4,970,967	25.6	29.9	21.81	-	-	19,472	19,472
East Dallas	2,717,928	21.4	27.4	21.18	685,044	68,614	42,236	42,236
Class A	473,434	42.1	76.1	51.82	685,044	68,614	3,052	3,052
Class B	1,895,726	17.2	16.7	16.01	-	-	47,529	47,529
Far North Dallas	45,093,584	27.6	32.0	28.77	1,556,675	-	-485,821	-485,821
Class A	31,026,762	29.4	33.7	34.19	1,556,675	-	-271,591	-271,591
Class B	13,964,725	23.8	27.8	22.87	-	-	-214,230	-214,230
Las Colinas	33,064,309	22.3	27.1	25.91	425,877	-	14,771	14,771
Class A	20,467,387	20.1	23.0	30.37	322,877	-	285,033	285,033
Class B	11,999,013	26.5	33.4	22.01	103,000	-	-270,262	-270,262
LBJ Freeway	19,317,554	23.1	28.2	22.13	-	-	-168,931	-168,931
Class A	11,122,846	21.5	28.7	27.74	-	-	-213,660	-213,660
Class B	8,025,146	25.6	28.1	19.27	-	-	44,729	44,729
Lewisville / Denton	4,406,658	14.6	18.6	23.74	-	-	151,836	151,836
Class A	1,208,567	26.6	28.8	32.35	-	-	126,435	126,435
Class B	3,082,339	10.2	14.9	22.10	-	-	6,705	6,705
Preston Center	4,221,864	12.6	19.0	40.22	297,000	-	-10,658	-10,658
Class A	3,416,883	12.0	19.4	44.43	297,000	-	-2,457	-2,457
Class B	737,303	15.8	18.0	32.31	-	-	-8,201	-8,201
Richardson / Plano	24,021,814	22.0	27.7	21.73	168,772	-	-52,433	-52,433
Class A	12,912,621	23.1	25.8	26.09	-	-	79,204	79,204
Class B	10,789,529	20.9	29.8	19.18	168,772	-	-125,780	-125,780
SW Dallas	1,836,211	25.8	27.8	22.75	-	-	-8,654	-8,654
Class A	280,592	6.9	6.9	20.00	-	-	0	0
Class B	1,369,965	30.4	33.1	20.38	-	-	-8,654	-8,654
Stemmons Freeway	9,371,866	26.7	25.3	18.75	65,000	-	184,537	184,537
Class A	4,230,561	20.4	21.4	20.12	-	-	4,521	4,521
Class B	4,697,626	33.0	29.4	18.47	65,000	-	177,932	177,932
Uptown/Turtle Creek	12,766,042	19.9	24.3	46.01	1,016,774	-	-115,576	-115,576
Class A	10,975,951	19.0	23.6	49.09	1,016,774	-	-41,717	-41,717
Class B	1,652,207	27.4	31.2	38.32	-	-	-73,859	-73,859

Source: CBRE Research, Q1 2021.

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)	Q1 2021 Net Absorption	2021 Net Absorption
Fort Worth CBD	8,750,721	19.7	21.3	26.33	-	-	-109,824	-109,824
Class A	6,242,460	14.0	15.4	31.22	-	-	142,615	142,615
Class B	2,438,950	34.8	37.1	21.26	-	-	-252,439	-252,439
Mid Cities	15,489,655	27.6	31.4	19.58	103,086	-	-72,191	-72,191
Class A	5,874,767	26.3	27.5	24.52	103,086	-	17,718	17,718
Class B	8,913,409	29.8	35.7	17.67	-	-	-102,962	-102,962
North Fort Worth	2,722,275	10.2	7.6	21.00	-	-	-1,213	-1,213
Class A	1,144,559	3.4	4.7	20.15	-	-	16,677	16,677
Class B	1,449,692	14.7	8.8	18.30	-	-	-7,035	-7,035
NE Fort Worth	1,653,284	19.1	21.7	17.56	-	-	52,037	52,037
Class A	415,921	43.1	43.1	21.50	-	-	50,715	50,715
Class B	1,068,148	11.1	14.0	17.63	-	-	3,043	3,043
South Fort Worth	6,045,614	16.6	15.8	22.72	-	-	-33,953	-33,953
Class A	2,341,882	18.4	14.3	26.75	-	-	33,641	33,641
Class B	3,446,800	15.3	16.6	22.56	-	-	-64,687	-64,687
Dallas Total	194,896,622	24.4	29.2	27.43	4,444,142	109,146	-990,079	-990,079
Class A	125,673,866	24.9	29.7	33.55	4,077,370	68,614	-562,402	-562,402
Class B	66,460,204	24.0	28.5	22.01	366,772	40,532	-434,255	-434,255
Fort Worth Total	34,661,549	21.9	23.8	21.25	103,086	-	-165,144	-165,144
Class A	16,019,589	19.2	19.6	26.00	103,086	-	261,366	261,366
Class B	17,316,999	25.2	28.5	19.38	-	-	-424,080	-424,080
DFW Total	229,558,171	24.0	28.4	26.00	4,547,228	109,146	-1,155,223	-1,155,223
Class A	141,693,455	24.2	28.6	31.96	4,180,456	68,614	-301,036	-301,036
Class B	83,777,203	24.2	28.5	21.23	366,772	40,532	-858,335	-858,335

Source: CBRE Research, Q1 2021.

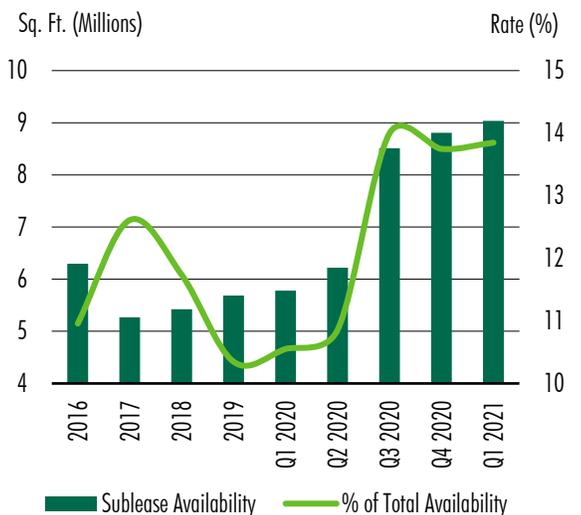
*Although Class C is not shown, totals are inclusive of all classes of data.

Figure 3: Significant Leases / Sales of the Quarter

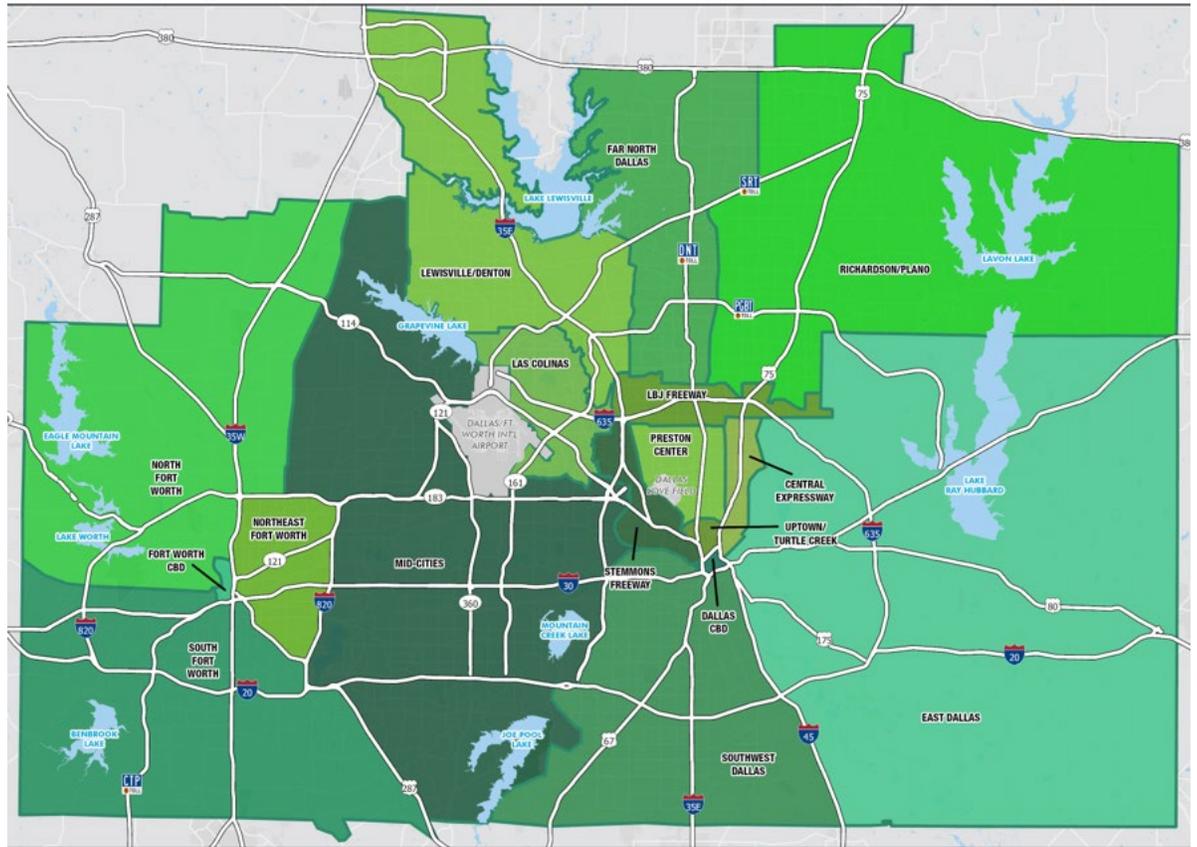
Lease (Tenant)	Building Name	Submarket	Total SF
Ally Financial	Lake Vista Pointe	Lewisville/Denton	163,336
CarOffer	Addison Circle One	Far North Dallas	61,826
Sale (Buyer)	Building Name	Submarket	Total SF
Crescent RE Holdings	100-300 Crescent Ct	Uptown/Turtle Creek	1,299,522
City of Fort Worth	100 Pier 1 Pl	South Fort Worth	409,977

Source: CBRE Research, Real Capital Analytics, Q1 2021.

Figure 4: Sublease Vacancy & Availability



Source: CBRE Research, Q1 2021.



CONTACTS

TISHAY DAVIS

Field Research Analyst
Tishay.Davis@cbre.com

LAUREN VASQUEZ

Field Research Manager
Lauren.Vasquez@cbre.com

E. MICHELLE MILLER

Sr. Manager – Head of Field Research
Michelle.Miller@cbre.com

CBRE OFFICES

2100 McKinney Avenue, Suite 700
Dallas, TX 75201

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