



Dallas

- The Dallas office market saw 332,300 s.f. of positive absorption in Q1, driven by a handful of large new tenant move ins and expansions across several submarkets.
- Dallas-Fort Worth landed the second-highest population growth in the country last year, according to newly released Census estimates. Houston led the nation in growth after gaining 126,720 people, followed by Dallas-Fort Worth's 123,557 people.
- The development pipeline remained largely spoken for, with a preleased rate of 83.3%.

The Dallas office market started 2026 on a positive note as momentum from 2025's strong close carried into the first quarter. Move ins from several large occupiers helped occupancy gain over 300,000 s.f. of positive net absorption, and leasing activity stayed in line with recent quarterly averages even as macroeconomic changes sent new challenges into the market.

Rent growth among preeminent assets continued to be robust. Destination submarkets like Uptown and Preston Center averaged record high rates as many other submarkets remained neutral. Tier 1 and Tier 2 products have driven these significant increases and should continue to do so into this year as prestige space availability becomes further limited.

Sales transaction volume remained healthy as purchases highlighted the continuing evolution of the market. Prominent buildings such as The Urban Towers, Pinnacle Tower, and Rambler Park traded to investors, while FedEx purchased 7900 Legacy as an owner user deal. Regent Commons sold to DWS Group with the intention of being demolished and replaced with over 400,000 s.f. of industrial product.

Outlook

2026 is set to build on the momentum of 2025's strong second half. Geopolitical upheavals have potential to cool the broader economy further, but Dallas office fundamentals should maintain their current trajectory, as more companies and residents relocate to the metro for ease of doing business and an affordable quality of life. As new developments like Knox & McKinney are set to bring more top-tier inventory to the area, expect further bifurcation of market performance. With Tier 1 product seeing less available space, look to Tier 2 product to see strong demand moving forward.

Fundamentals		Forecast
YTD net absorption	332,300 s.f.	→
Total vacancy	26.8%	↓
Class A direct asking rent	\$42.20 p.s.f.	↑
Overall direct asking rent	\$36.52 p.s.f.	↑
Concessions	Stable	→
Under development	1.57 million s.f.	↑
Preleased	83.3%	→

Historical supply and demand trends

s.f. (millions)

