REVIEW

DALLAS / FORTH WORTH OFFICE MARKET

USA H1 2026

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KEY FIGURES

306m sqft
INVENTORY

18.2%
AVERAGE VACANCY RATE

$75.3
PRIME ASKING RENT

$3.0bn
TOTAL INVESTMENT

$0.8bn
OFFICE INVESTMENT

6.30%
OFFICE PRIME CAP RATE

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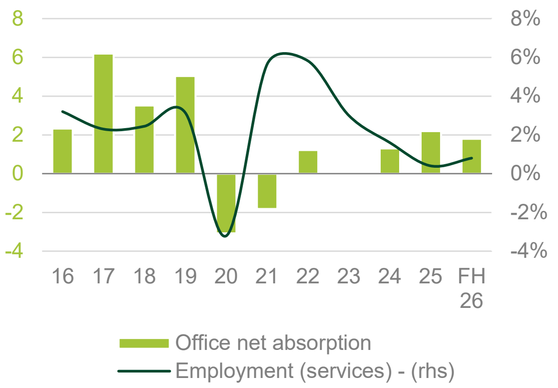
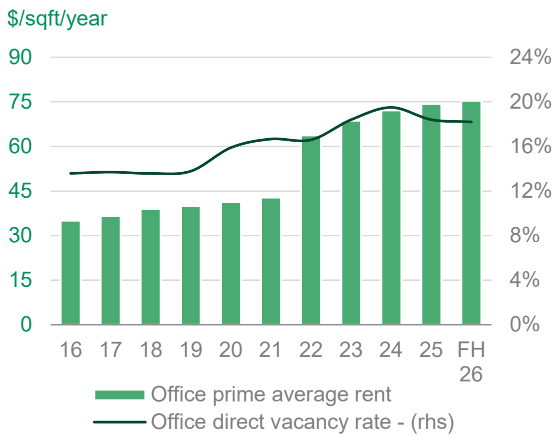
Net Absorption / Employment



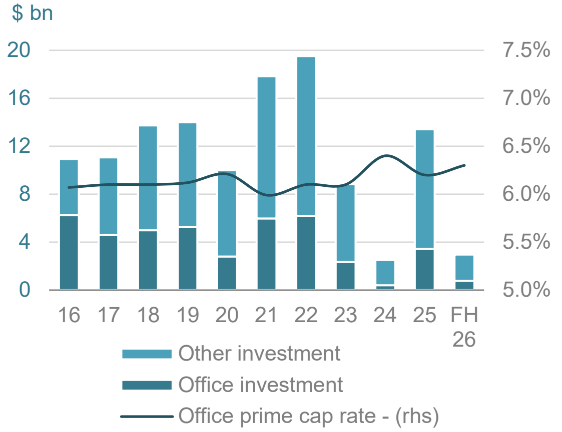
Source: Bureau of Labor Statistics, CoStar, Transwestern

Prime rent / Vacancy Rate



Source: CoStar, Transwestern

Investment / Capital Rate



Source: CoStar, Transwestern

Growth Moderates, but Dallas-Fort Worth's Expansion Story Remains Intact

Dallas–Fort Worth expanded through the first half of 2026, though the pace of growth has become more measured compared with the outsized gains recorded earlier in the cycle. Service-sector employment increased 0.8% year over year, improving from 0.4% at year-end 2025 but remaining well below the stronger growth levels seen in prior years. Even with a more moderate employment gains, the region's long-term outlook remains favorable, supported by population gains, corporate relocations, and a broad employment base. Office demand also moved back into positive territory, with 1.8 million SF of net absorption recorded in the first half of 2026, confirming that tenant activity remains active, although companies are more selective in their real estate decisions.

Flight to Quality Continues to Shape Office Market Performance

The DFW office market showed additional signs of stabilization during the first half of 2026. Direct vacancy edged down to 18.2%, improving from 18.4% at year-end 2025 and 19.5% at year-end 2024. While vacancy remains elevated relative to pre-pandemic norms, the recent decline suggests that the market has begun to absorb portions of the excess space added over the last several years with most large spaces of vacancy coming from class B space. At the same time, rent performance remained mixed. While the overall average fell slightly to $37.61 PSF (from $38.17 at year-end 2025), prime rents rose to $75.33 PSF. This gap reflects a bifurcated market: tenants prefer modern, well-located buildings, putting downward pressure on standard office spaces.

Investment Activity Remains Selective Amid Higher Capital Costs

Capital markets activity remained constrained in the first half of 2026, but pricing trends suggest investors are still underwriting quality office assets with discipline. Total commercial real estate investment reached approximately $3.0 billion during the first half of the year, with office investment accounting for $776 million of that volume. This was well below the $13.4 billion in total investment and $3.4 billion in office investment recorded through 2025, reflecting the continued impact of elevated borrowing costs, tighter lending standards, and cautious buyer sentiment. Cap rates moved slightly higher, with the average office cap rate increasing to 6.8%, while the prime office cap rate stood at 6.3%.

Occupier Market	Inventory (million sqft)	Net Absorption (000 sqft)	Vacancy Rate (%)		Office Prime Average Rent ($/sqft/year)		
	Q2 2026	H1 2026	2025	Q2 2026	2025	Q2 2026	Trend
Atlanta	176	800	22.4%	21.1%	33.9	33.4	-2%
Chicago	155	-100	22.6%	23.2%	77.4	72.8	-6%
Dallas/Fort Worth	306	1,800	18.4%	18.2%	74.3	75.3	1%
Denver	164	200	18.7%	21.2%	33.5	35.6	6%
Detroit	202	-129	10.4%	10.1%	21.3	21.6	2%
Houston	204	500	20.8%	21.4%	48.9	42.6	-13%
Los Angeles	371	500	15.4%	15.3%	44.7	45.0	1%
Miami	52	160	11.6%	11.4%	89.7	89.7	0%
Minneapolis	68	-600	21.0%	29.4%	30.5	31.1	2%
New York/Manhattan	452	3,900	13.5%	12.8%	77.4	78.1	1%
Phoenix	98	-200	17.0%	16.7%	32.1	31.8	-1%
San Diego	125	-100	12.7%	14.0%	38.3	41.2	8%
San Francisco	93	1,900	30.1%	26.7%	74.3	77.7	5%
Seattle	183	686	15.9%	15.5%	34.5	35.9	4%
Washington DC	143	-400	16.0%	16.7%	88.3	88.2	0%
Total 15 markets	**2,791**	**8,917**	**17.8%**	**18.2%**	**53.3**	**53.3**	**0.5%**

Investment Market	Total investment volume ($ million)		Office investment volume ($ million)		Cap rate (%)		
	2025	H1 2026	2025	H1 2026	2025	Q2 2026	bps
Atlanta	15,990	5,400	1,560	1,210	8.30%	8.82%	52
Chicago	920	920	550	720	NA	NA	NA
Dallas/Fort Worth	13,410	2,970	3,440	780	6.20%	6.30%	10
Denver	7,740	3,660	1,260	560	7.20%	8.40%	120
Detroit	1,550	880	300	290	8.60%	7.40%	-120
Houston	14,170	6,490	1,710	1,550	NA	11.25%	NA
Los Angeles	13,080	5,360	4,140	2,130	NA	6.80%	NA
Miami	4,830	5,670	1,290	1,300	6.90%	6.50%	-40
Minneapolis	5,470	2,150	670	210	7.70%	13.00%	530
New York/Manhattan	14,010	5,660	11,660	4,390	6.30%	6.10%	-20
Phoenix	9,870	8,220	1,170	970	7.20%	7.00%	-20
San Diego	4,970	3,440	1,600	650	6.20%	7.20%	100
San Francisco	2,700	1,760	1,790	1,120	4.40%	5.30%	90
Seattle	2,440	1,000	1,110	290	7.60%	8.80%	120
Washington DC	1,300	830	870	760	9.00%	9.00%	0
Total 15 markets	**112,450**	**54,410**	**33,120**	**16,930**	**7.13%**	**7.99%**	**69**

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