

Yardi® Matrix

OFFICE MARKET REPORT

Dallas' Dynamic Job Wave

Winter 2020

**Decelerating
Rent Growth**

**Booming
Investment Activity**

**Expanding
New-Supply Pipeline**

DALLAS OFFICE MARKET

Yardi® Matrix

Employment Boom Boosts Office Demand

Bolstered by its highly skilled workforce and low cost of doing business, Dallas' office market continues to expand rapidly. Demand is on the rise, with coworking companies leasing more than 750,000 square feet in 2019, for a total shared-space quantity of 3.6 million square feet or 1.3% of the existing inventory. And with interest predominantly from small, local firms, the co-working sector is expected to further progress in upcoming quarters, despite its ongoing transformation.

The metro gained 97,800 jobs in the 12 months ending in November, with office-using employment accounting for 36% of the growth (35,600 positions). The professional and business services sector added 23,000 jobs (up 4.5% year-over-year in November), while financial activities gained 12,400 positions and rose 5.1%—the sector's highest increase across the nation. With New York City diversifying its economy and losing finance jobs, Dallas' financial activities sector is poised for continued growth.

With 4.7 million square feet underway at the end of 2019, equal to 1.8% of the existing stock, Dallas was the ninth metro for office construction activity. Developers completed a total of 3.5 million square feet in 2019, a decline of 19.3% from 2018. While the overall office vacancy rate decreased by more than 200 basis points to 17.7% as of December, it was still substantially higher than the national average of 13.4%.

Market Analysis

First Quarter 2020

Contacts

Jeff Adler

*Vice President & General
Manager of Yardi Matrix*
Jeff.Adler@Yardi.com
(800) 866-1124 x2403

Jack Kern

*Director of Research and
Publications*
Jack.Kern@Yardi.com
(800) 866-1124 x2444

Ron Brock, Jr.

Industry Principal, Matrix
JR.Brock@Yardi.com
(480) 663-1149 x2404

Author

Razvan Cimpean

Senior Associate Editor