

DALLAS OFFICE MARKET

Yardi® Matrix

Market Analysis

First Quarter 2019

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Relocations Steer Growth



Dallas' economy continues to thrive, bolstered by solid employment and population gains. The office sector added more than 32,000 jobs year-over-year through October, as a number of major employers have expanded or relocated their operations to the metro's business-friendly environment. For example, insurance company Liberty Mutual opened the doors of its new, 1 million-square-foot Legacy West regional campus in mid-2018. Meanwhile, San Francisco-based grocery distributor Core-Mark is one of several firms that announced plans to relocate to the area in 2019.

Despite new employers coming to the metro, the office vacancy rate stood at 20% as of December. Many corporate tenants currently in the Central Business District—where office inventory is dominated by outdated assets—are opting to relocate into modern, highly amenitized space in the suburbs. More than 4 million square feet was underway as of December, with 90% of the pipeline slated for delivery in 2019. The largest project under construction was Pioneer Natural Resources' 1.1 million-square-foot new headquarters in Las Colinas.

Sales volume topped \$2 billion in the 12 months ending in December. More than half of the assets sold during that period were Class B properties, with many buyers planning to reposition them in order to attract new tenants.