

DALLAS OFFICE MARKET

Yardi® Matrix

Market Analysis

Second Quarter 2019

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

Chris Nebenzahl

Senior Analyst
Chris.Nebenzahl@Yardi.com
(800) 866-1124 x2200

Veronica Grecu

Senior Real Estate Market Analyst
Veronica.Grecu@Yardi.com
(306) 955-1855 x7583

Author

Jeff Hamann

Associate Editor
Jeffrey.Hamann@Yardi.com
(212) 977-0041 x8598

Aggregated and anonymized
expense and lease expiration
data is available to Yardi Matrix
subscribers. Please contact us
for details!

For more information please contact:

Ron Brock, Jr.

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

Relocations Spur Growth



Dallas continues its office boom, fueled by strong employment gains, growing demographics and increased investor interest in the metro's Class A properties. More than 33,000 office-using jobs were added year-over-year through March, with more gains on the horizon as corporations seek to take advantage of the metro's lower rents and Texas' advantageous tax policies.

The metro's office vacancy rate remained elevated at 17.9% at the end of April, precipitated by tenant shifts and consolidations from outdated Class B space into newer, amenitized assets. As the gap between Class A and B asking rates continues to widen, landlords are likely to invest more in building upgrades and renovation projects to ensure older stock remains competitive. Newly completed properties performed well, as the majority of the 1.2 million square feet delivered this year was fully leased upon completion. This trend is set to continue over the coming quarters, as corporate relocations will help absorb the more than 4 million square feet underway.

Investor interest remains strong, with upwards of \$575 million in transaction volume year-to-date through April. Acquisition yields increased across both Class A and B office assets and are likely to spur increasingly more investment activity through the remainder of the year. While the bulk of transactions occurred outside the urban core, Goldman Sachs' \$180 million sale of the recently completed 1900 North in the CBD highlighted significant interest in centrally located, high-end office stock.