

DFW Office Market Improving As Y'all Street Comes Calling

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The financial services sector is driving the improving office market in the Metroplex as Y'all Street finalizes its footprint.



Dallas-Fort Worth office leasing activity continued its positive momentum during the second quarter with 3.2M SF snapped up. That pushed leasing volume in the first half up 35% year-over-year, according to Savills' Q2 office report (https://www.savills.com/research_articles/255800/378517-0).

“We're seeing strong leasing compared to prior years and other markets as well,” Savills Research Manager Deandre Prescott (<https://www.bisnow.com/tags/deandre-prescott>) said.

Avison Young (<https://www.bisnow.com/tags/avison-young>)'s midyear office report also showed improvement across all key indicators (<https://www.avisonyoung.us/web/dallas/office-market-report>). That firm

expects leasing will continue to rise for the remainder of the year, thanks to the return-to-office trend.

With several locations in the Metroplex, AT&T's recent move to a full office week (<https://www.bisnow.com/national/news/office/att-and-sweetgreen-join-the-frontlines-for-the-rto-battle-127310>) has buoyed DFW's 61% office usage rate. That continues to be one of the strongest in the U.S., according to Savills.

AT&T's 186K SF lease in Richardson to expand its local call center (<https://www.bisnow.com/dallas-ft-worth/news/office/att-signs-186k-sf-lease-to-relocate-expand-richardson-call-center-129512>) was the biggest transaction of the second quarter, but the financial services and insurance industry made up half of the top 10 office transactions in DFW. Those five transactions totaled more than 292K SF leased during the quarter.

Y'all Street started to rise last year (<https://www.bisnow.com/national/news/commercial-real-estate/this-could-tip-the-scales-new-stock-exchange-could-make-texas-an-even-stronger-bet-for-companies-124657>) when the new Texas Stock Exchange (<https://www.bisnow.com/tags/texas-stock-exchange>), backed by investors like BlackRock (<https://www.bisnow.com/tags/blackrock>) and Citadel Securities (<https://www.bisnow.com/tags/citadel-securities>), raised \$120M to create an alternative to the New York Stock Exchange (<https://www.bisnow.com/tags/new-york-stock-exchange>) and Nasdaq (<https://www.bisnow.com/tags/nasdaq>) Stock Market. TXSE aims to make its headquarters in the heart of Dallas, including executive offices, a conference center and a broadcast center.

The existing securities exchanges soon followed so they wouldn't be left out of the Texas heat. The NYSE announced in February (<https://www.bisnow.com/dallas-ft-worth/news/economy/nyse-to-launch-rebranded-branch-in-dfw-128008>) that it would reincorporate its Chicago branch in Dallas, and Nasdaq said the next month that it was planning a regional headquarters in the city (<https://www.bisnow.com/national/news/capital-markets/nasdaq-announces-plans-for-another-dallas-hq-128535>) that would serve the entire Southeast.

That activity is expected to be a boon for DFW's office market.

“We are optimistic that [will] likely drive some leasing activity looking forward,” Prescott said.

The Metroplex’s lower cost of living, business-friendly economic structure and plentiful local and state incentives make it an attractive location for many companies, Prescott said.

The Metroplex's availability rate dropped 170 basis points compared to last year, but it has been relatively flat for the last few quarters. With around 6.5M SF of new product under construction, Savills (<https://www.bisnow.com/tags/savills>) expects availability could rise from its current point at just over 28%.

Class-A office space continues to dominate leasing and drive rent growth.

“When you're looking at demand, the flight-to-quality trend is still there,” Prescott said. “Great amenity buildings are attracting more of the occupier demand.”

There is also still demand for Class-B office space, but much of that product is being renovated to stay competitive, he said.

While the Metroplex’s office market showed promising signs during the first half of the year, Avison Young Texas Regional Lead Ariel Guerrero (<https://www.bisnow.com/tags/ariel-guerrero>) said there is still work to be done.

“A full return to normal market fundamentals will take more time,” Guerrero said in an email. “A sustained recovery will ultimately hinge on stronger leasing momentum through the remainder of 2025.”

Prescott said the Metroplex could outpace its 2024 results (<https://www.bisnow.com/dallas-ft-worth/news/office/glacial-office-freeze-thawing-as-dfw-posts-positive-absorption-in-q4-for-first-time-since-2022-127711>) if office activity maintains its growth for the remainder of the year.

“There’s some trends that look like they’re keeping that momentum up, [with] return to office being a key topic,” Prescott said. “With job growth and economic indicators being positive, we're overall optimistic on DFW.”

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