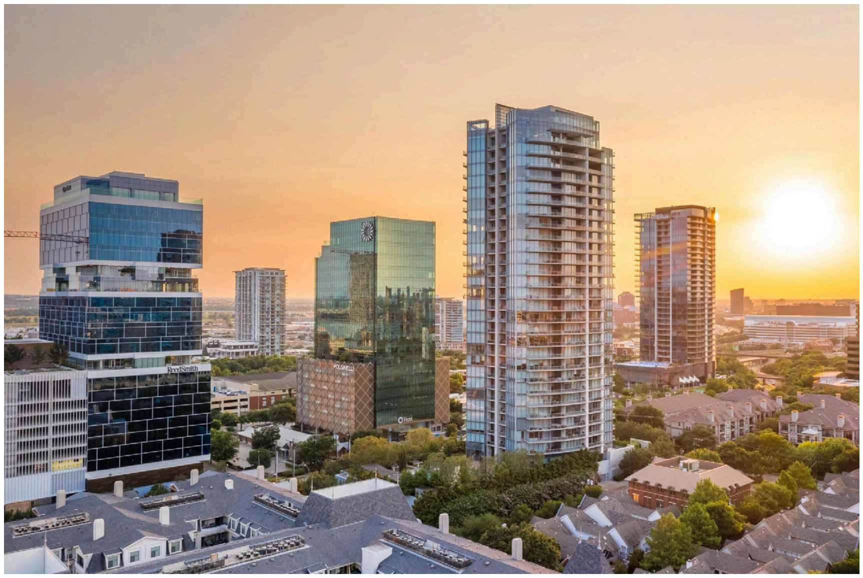
COSTAR INSIGHT

Dallas-Fort Worth emerges as US leader for office demand

Financial services and economic development wins fuel momentum



The Uptown/Turtle Creek area in Dallas-Forth Worth. (Erik Carlson/CoStar)

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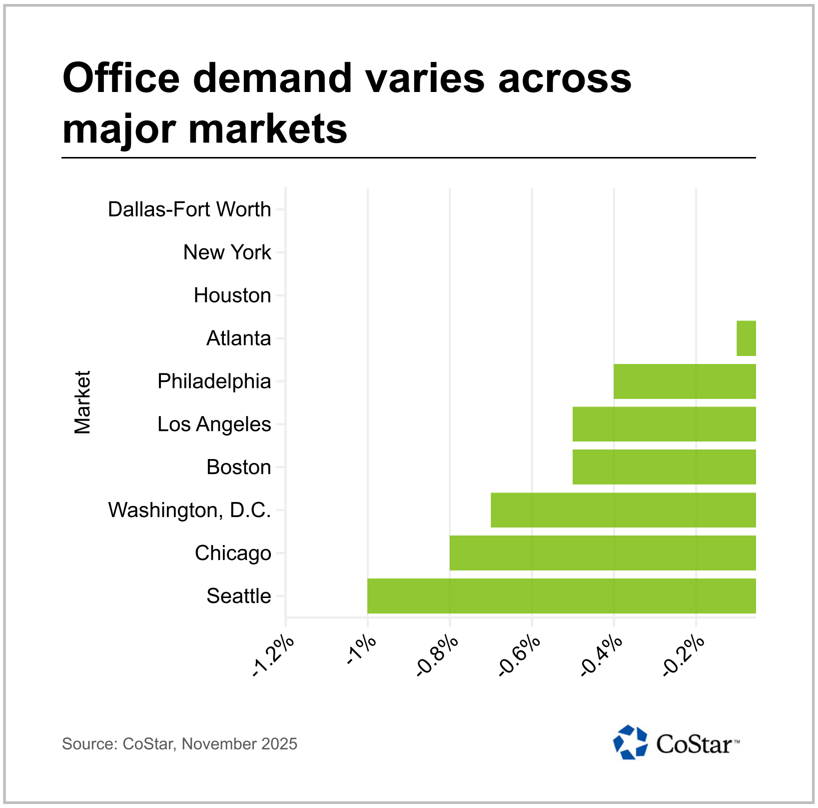
Dallas-Fort Worth's office market has emerged as a poster child for resilience in 2025. The region's competitive economic development focus and growing specialization in finance have led to sustained demand even as national trends remain mixed and macroeconomic headwinds prevail.

For overall demand in the market, net absorption totaled 3.3 million square feet through the third quarter, representing 0.8% of total inventory. That share places Dallas-Fort Worth in the top U.S. spot for overall demand, outstripping New York and Houston.

CoStar's headline office metrics include owner-occupied and medical buildings, which can cloud trends in traditional office demand. Excluding these segments underscores a rebounding market.

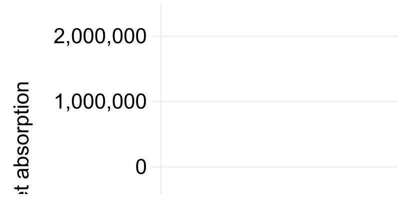


Traditional office demand in Dallas-Fort Worth is on track for its strongest year since 2019. When isolating non-owner-occupied buildings over 25,000 square feet and excluding medical office, net absorption has topped 1.4 million square feet year to date.

New supply and pre-leasing led to a spike in net absorption in the third quarter. Among owner-occupied move-ins, Wells Fargo's two 425,000-square-foot buildings were completed in Las Colinas. Meanwhile, pre-leasing at 23Springs contributed to roughly 250,000 square feet in net absorption when the building hit the market over the summer. In turn, the overall vacancy rate decreased 30 basis points to 17.7% in the third quarter.

Looking ahead, Dallas-Fort Worth is likely to experience a gradual improvement in vacancy rates. Chief among tailwinds is the rapid drawdown in new space, eliminating added supply-side pressure. Net absorption is anticipated to hold momentum, buttressed by a larger share of market-moving deals. Segmenting deal size, the share of new leases 50,000 square feet or greater has risen to 14% this year, up from 11% in 2024. Top deals feature Scotiabank, Toyota Financial Services, GEICO, AT&T and PennyMac

Traditional office demand on track for best year since 2019



Source: CoStar, November 2025
Note: Traditional office excludes medical and owner-occupied buildings that are 25,000 square feet or greater

Yet dissonant demand signals prevail. Historically, growth in knowledge-sector employment has aligned with rising office demand. But the labor market is cooling, and more employers are signaling layoffs ahead. As uncertainty persists, compounded by the absence of updated federal labor data, visibility into near-term demand trends remains limited.

Even so, the region remains a magnet for economic opportunity. North Texas is a national leader in domestic in-migration, in terms of both people and firms. That magnetism is underscored by the Urban Land Institute's latest Emerging Trends in Real Estate report, with Dallas-Fort Worth taking the top spot for markets to watch. Market participants remain cautiously optimistic, citing the region's structural strengths and economic competitiveness as key buffers against potential macroeconomic softness.