

# INVESTMENT FORECAST

Office  
Dallas-Fort Worth Metro Area

IPA  
INSTITUTIONAL  
PROPERTY  
ADVISORS




2025

## Dallas-Fort Worth Leads the Nation in Multiple Economic Metrics, Strengthening Long-Term Outlook

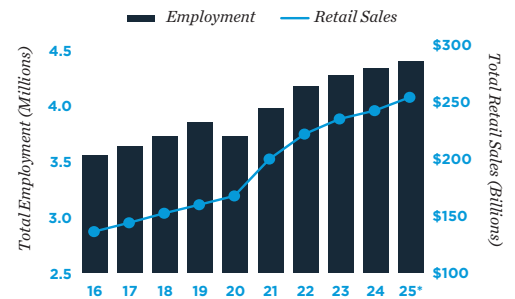
**Consumer demand helps offset robust supply pressure.** To support the needs of a growing population, a plethora of large-scale projects are underway across the metroplex this year. A Lifetime Fitness in north Dallas, as well as two Costcos — one in Weatherford and the other in Aubrey — have helped form the largest pipeline in the nation by square footage. Additionally, a new shopping center in Melody Hills, anchored by H Mart, is set to open late this year. Even with a 0.9 percent boost to total inventory, a need for more retail space is apparent in many suburbs, with vacancy declining by at least 70 basis points in northwest Fort Worth and far north Dallas last year. Both submarkets will also receive over 1,000 apartment units this year, further reinforcing long-term tenant demand here. Multi-tenant space is particularly sought-after by retailers, with the metro's segment vacancy reporting four consecutive years of compression or no change, pushing the rate to 4.5 percent as of December 2024. The Fort Worth side of the metroplex entered this year with multi-tenant vacancy 50 basis points below its Dallas counterpart due to strong occupancy in Fort Worth's suburbs.

**Suburban stability and urban rent gains attract investors.** Sales activity last year nearly doubled 2023's level, as local and national investors were drawn to the largest population expansion of major U.S. metros. Far north Dallas, Mid-Cities and the northwest Fort Worth suburbs all gained popularity with buyers. Specifically far north Dallas and suburban Fort Worth will likely sustain much of this interest, given their low vacancy. Investors seeking stronger rent growth may look for assets around Dallas proper, closer to the city center. Near north and west Dallas noted a 60 percent and 20 percent boost to sales last year, respectively, and may see further improvement.

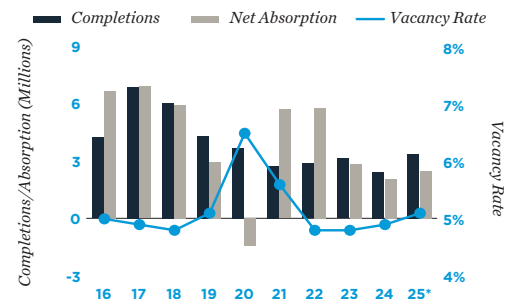
### 2025 MARKET FORECAST

- +1.4%**  **EMPLOYMENT:** Employment gains will fall slightly from the previous year, as the total job count expands by 62,000 roles. This will be the second-largest addition among major U.S. metros in 2025.
  - 3,360,000 sq. ft.**  **CONSTRUCTION:** Dallas-Fort Worth will be home to the largest construction pipeline of major U.S. markets this year, growing local inventory by 0.9 percent.
  - +20 bps**  **VACANCY:** Net absorption amounting to half of the metro's long-term average will not be sufficient to offset completions, which will nudge the vacancy rate up to 5.1 percent by December.
  - +3.1%**  **RENT:** Underlying retail demand fundamentals, like a growing population, will aid existing upward momentum, pushing the average asking rent up to \$20.20 per square foot this year.
- INVESTMENT:** Institutional investors seeking triple-net assets may begin their search between McKinney and Plano, where a cluster of such properties in the \$10 million-plus price tranche traded last year.

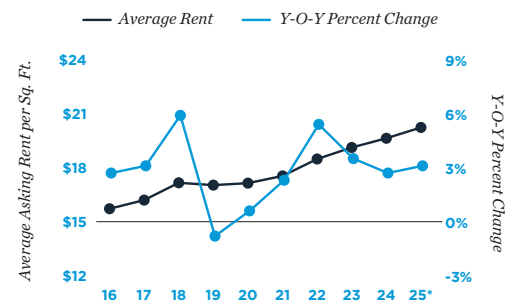
### Economic Trends



### Supply and Demand



### Rent Trends



\* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

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Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of December 2024. Effective rent is equal to asking rent less concessions. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and apartment data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.