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2019's end lifts D-FW to 'eye-popping' total of 3.5 million square feet

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A jump in fourth-quarter office leasing made 2019 one of the best years of the decade for office owners.

Almost 1.5 million square feet of net leasing was recorded in the final months of the year, pushing the total for 2019 to 3.5 million square feet, according to a new report by CBRE. That was up about 75% from 2018 leasing totals.

“On one hand, the numbers are eye-popping,” said Fletcher Cordell, senior vice president with CBRE. “But it feels appropriate given the positive experience brokers and leasing agents see every day.”

It was the third-highest leasing total during the last 10 years, falling behind the 5.3 million square feet of net leasing in 2016 and 5.2 million square feet in 2015, CBRE's numbers show.

Some of the biggest fourth-quarter North Texas office leases signed included Reata Pharmaceutical's 327,400-square-foot deal in Plano's Legacy business park and a 96,000-square-foot lease by Alliance RX in northwest Dallas.

Most of the fourth-quarter office leasing activity was from health services, education and tech tenants. In recent years, financial services firms have led the leasing lineup.

"Education and health services had a bigger jump than usual," said CBRE research analyst Ash Goldfarb. He said the growth is coming mainly from pharmaceutical and medical tech firms and other related companies.

For all of 2019, the strongest net office leasing was recorded in Las Colinas (1,439,456 square feet), northeast Fort Worth (778,796 square feet), Dallas' Uptown/Turtle Creek area (587,989 square feet) and the Far North Dallas suburbs (515,421 square feet).

Downtown Dallas' net office leasing totaled almost 50,000 square feet, CBRE estimates.

At the start of 2020, more than two dozen office projects with about 4.6 million square feet of space are being built in the Dallas-Fort Worth area, according to CBRE.

Seven new office buildings were started in the fourth quarter.

About 31% of the total North Texas office space under construction is already leased to tenants.

At the end of 2019, just over 20% of D-FW office space was vacant — down slightly from a year ago, CBRE found.

North Texas' strong office demand is being driving by business growth in the area. For the 12 months ending in November, employers in the D-FW area added more than 120,000 jobs — the greatest employment growth of any U.S. metro area.

Cordell said that as the new year gets underway, the office leasing outlook is strong.

"For every market I am in, it looks like 2020 is going to be materially better than 2019."

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