



Fort Worth

- Realized demand from net absorption was relatively flat with fewer occupier movements in comparison to quarters in the past two years. Total vacancy has increased by only 0.2% since last quarter.
- One of the largest leases of the quarter was the replacement of one headquarters office for another, with an in-market relocation by Farmer Brothers in the former Galderma building in the North Fort Worth submarket.
- Following the delivery and pre-leasing of The Crescent Fort Worth, three more Trophy/Class AA office properties have announced ground breakings by the end of 2024 in the West 7th/Cultural District.

The Fort Worth office market started 2024 with relatively flat quarterly absorption compared to in the prior two years as realized demand slowed from both tenant move-ins and move-outs. Ahead of the announcements for groundbreakings for high-demand space, Class A properties continue to see an increased interest for in-market relocations and expansion by existing tenants.

The vacancy rate for Class A space in the South Fort Worth submarket remains under 10%, the lowest in Tarrant County. The continued demand for modern Class A space and conversions for adaptive-reuse projects have contributed to lowering rates in the current cycle, as Class B space in the Fort Worth CBD is now less than 11%, below the overall submarket's total rate of 12.4%. Sublease space accounted for only 1.5% of total vacancy, following lease and move-in to the largest block sublease space by Burns & McDonnell at 777 Main in the Fort Worth CBD where sublet space accounts for less than 0.5% of the total vacancy rate.

One of the largest leases of the quarter was the in-market relocation of the Farmer Brothers headquarters office following the sale of the company's direct-ship business to TreeHouse Foods last year at their combined office and manufacturing facility in Northlake. The company will relocate into the former Galderma office also in the North Fort Worth submarket after the skin care company relocated to the Dallas Arts District in late-2022.

Outlook

Following the successful delivery and lease-up of The Crescent Fort Worth, ground breakings for three additional mixed-use projects with Trophy/Class AA office space totaling over 400,000 s.f. will commence later this year in the West 7th/Cultural District. Omaha-based Goldenrod Properties will break ground on 102,000 s.f. at The Van Zandt and 130,000 s.f. at One University. Fort Worth-based Crescent also announced a second phase for an additional 170,000-s.f. office property to the mixed-use project that opened last year.

Fundamentals		Forecast
YTD net absorption	-83,026 s.f.	▼
Total vacancy	18.0%	►
Class A direct asking rent	\$30.26 p.s.f.	▲
Overall direct asking rent	\$27.65 p.s.f.	►
Concessions	Stable	►
Under development	80,000 s.f.	▲
Pre-leased	66.2%	►

Historical supply and demand trends

s.f. (millions)

