NEWMARK

Market Overview

Dallas-Fort Worth Office

4Q25

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Market Observations

Economy

- The market's unemployment rate ticked down by 10 basis points year over year to 3.8% and remained well below the five-year average of 4.7%.
- The pace of job growth has slowed to 0.7% year over year in September 2025, down from recent highs reported between 2021 and 2022. Even with slower growth, total employment reached 4.3 million in September 2025 and has held above the 4.2 million since mid-year 2023.
- Most sectors reported employment growth, except for the business and professional, manufacturing and information sectors, with the education and health sector leading job gains at 3.1% over the past 12 months.
- Office-using employment declined 0.8% year over year and remained 1.8% below its fourth-quarter 2024 peak. Despite the pullback, total office-using employment remained elevated at more than 1.2 million jobs as of September 2025, even as only one of the three office-using sectors posted job growth.

Leasing Market Fundamentals

- Annual full-service asking rental rates increased by 0.3% quarter over quarter and 4.4% year over year to a new high of $32.01/SF.
- Vacancy improved year over year by 20 basis points in the fourth quarter of 2025 to 24.6%, reflecting the second consecutive quarter without an increase.
- The under-construction pipeline rose to 2.4 MSF, increasing by 23.2% quarter over quarter, as two new projects entered the pipeline, including the largest 325,000-SF Fields West.
- While average lease sizes moderated to 3,792 SF per deal in the fourth quarter of 2025—the smallest since the first quarter of 2021—total leasing activity remained resilient. With 16.2 MSF signed in 2025, the market posted its fourth-strongest annual leasing volume over the past six years, underscoring sustained tenant demand across the region.

Major Transactions

- Fujitsu, a global leader in consulting and digital solutions, executed the quarter's largest lease at the Galatyn Commons office park. The transaction keeps the company in Richardson, relocating it to a new site as Fujitsu consolidates its Richardson and Dallas offices and expands its footprint.
- The market continued to favor high-quality space, with Class A assets capturing four of the five largest transactions with an average deal size of 53,251 SF. Overall, Class A assets represent 62.0% of all leasing activity by square footage for the quarter.
- The top five deals span across four submarkets, indicating broad-based demand across the entire market.

Outlook

- Economic uncertainty has slowed job growth and, together with national headwinds, may usher in a period of flatter leasing activity before a rebound.
- In the near term, a winnowing construction pipeline will lead to rent and occupancy increases in submarkets with premier office product, as flight to quality persists and supply of these assets become more constrained. Additionally, as office conversions and demolitions continue to take place over the near term, the decrease in existing office inventory may help aid recovery in submarkets with many vacant office buildings and potentially bring greater stabilization to the Class B market.
- The long-term outlook remains positive and competitive, supported by strong fundamentals and a diversified labor pool, and continued elevated office-using employment. These strengths position the market to weather near-term challenges and broader macroeconomic headwinds.

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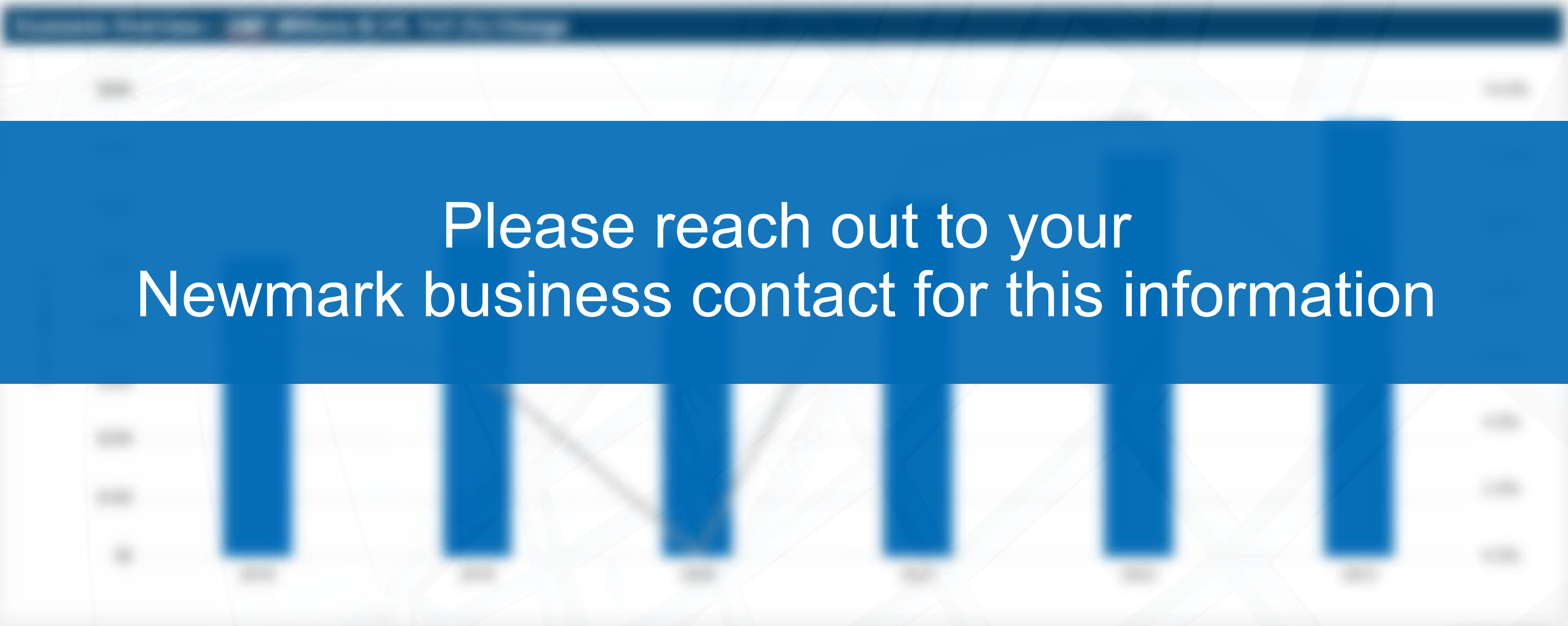
Economy

Dallas-Fort Worth Gross Metropolitan Product



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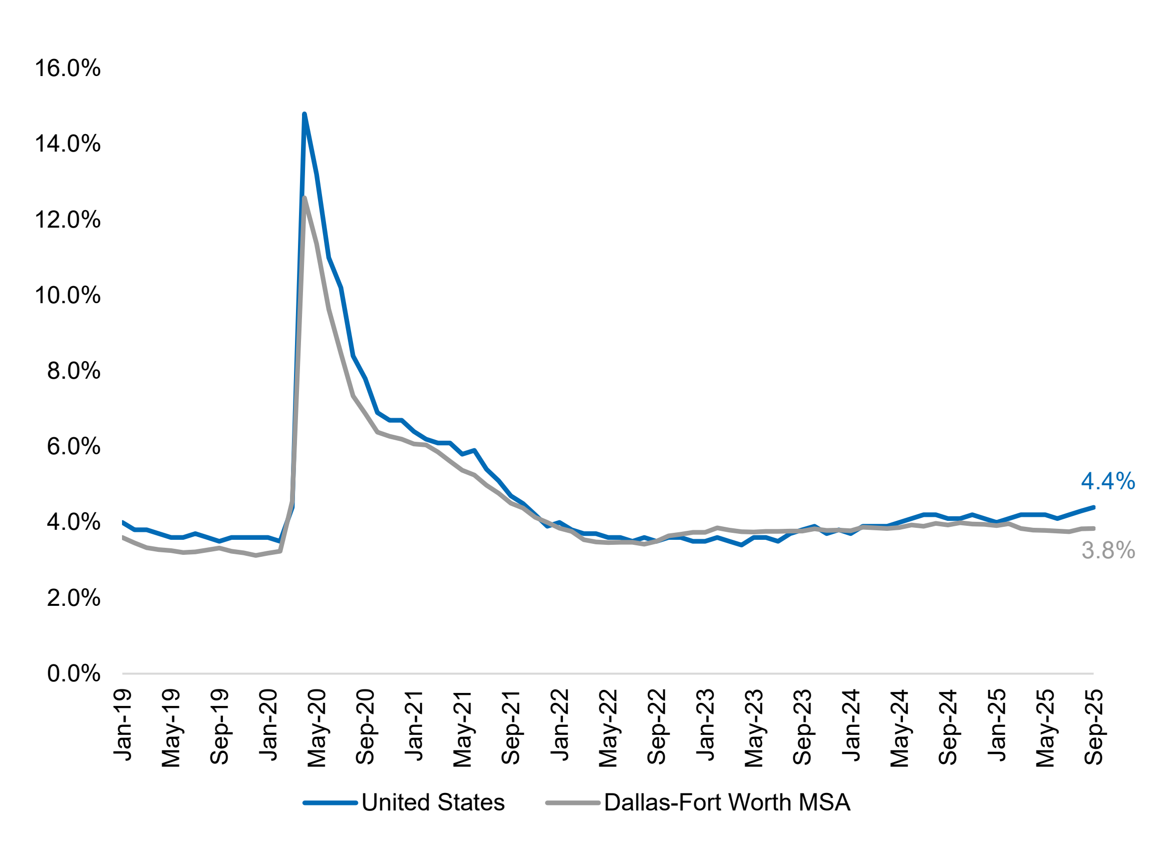
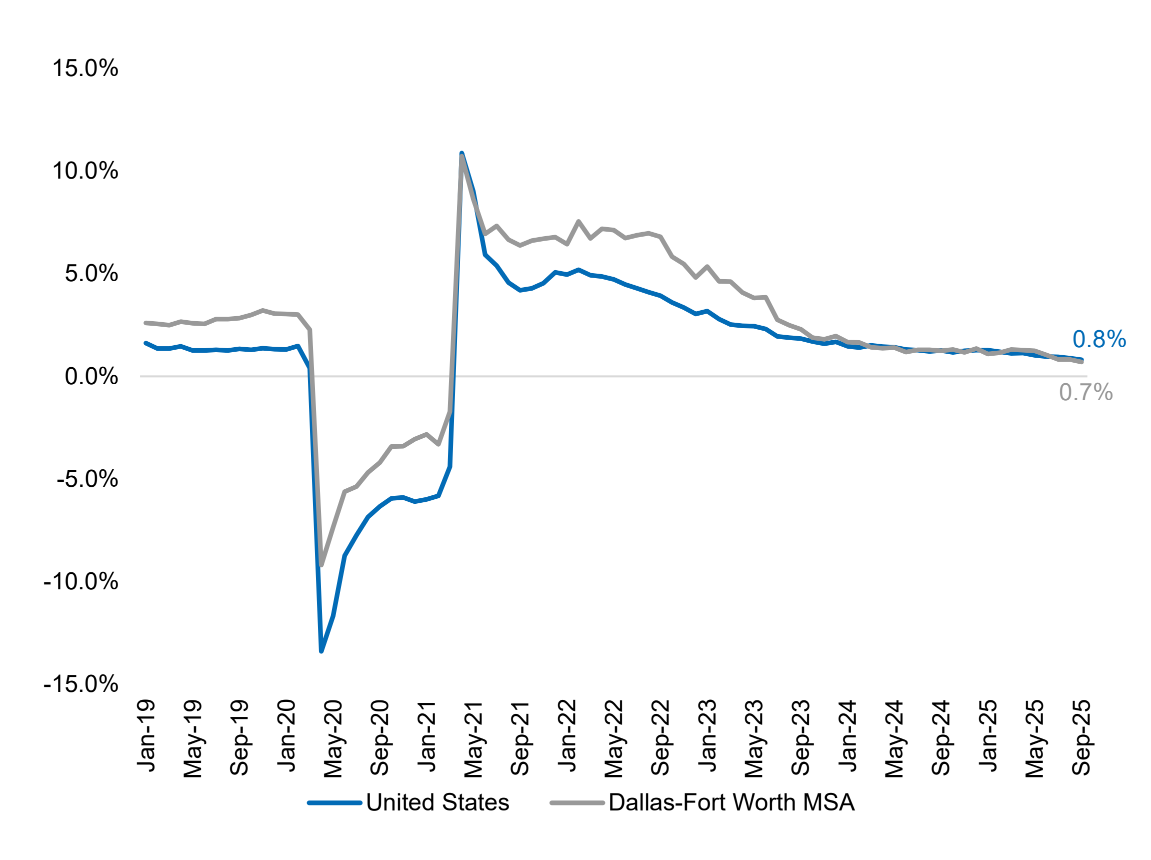
Market Outperforms National Trends with Low Unemployment, Despite Cooling Job Growth

In September 2025, the market's unemployment rate declined by 10 basis points year over year, while the national rate increased by 30 basis points over the same period. The market unemployment rate held steady at 3.8% for the second consecutive month, remaining 56 basis points below the national average and marking the 20th straight month in which the market has outperformed the U.S. Meanwhile, the market's year-over-year job growth has lagged the national rate for three straight months, ending September 2025 at 0.7%, with the pace of growth slowing by 56 basis points from a year earlier. Despite this recent cooling, the region has recorded four consecutive years of job gains since April 2021, underscoring its resilience.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Seasonally Adjusted, 12-Month % Change

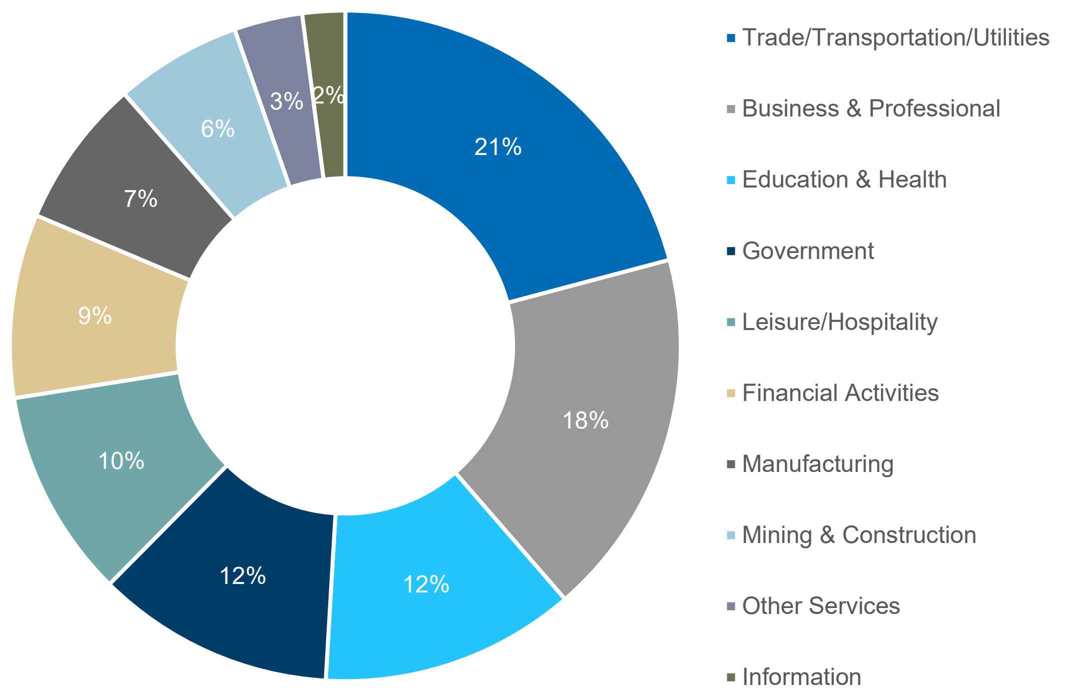


Source: U.S. Bureau of Labor Statistics, Dallas-Fort Worth MSA

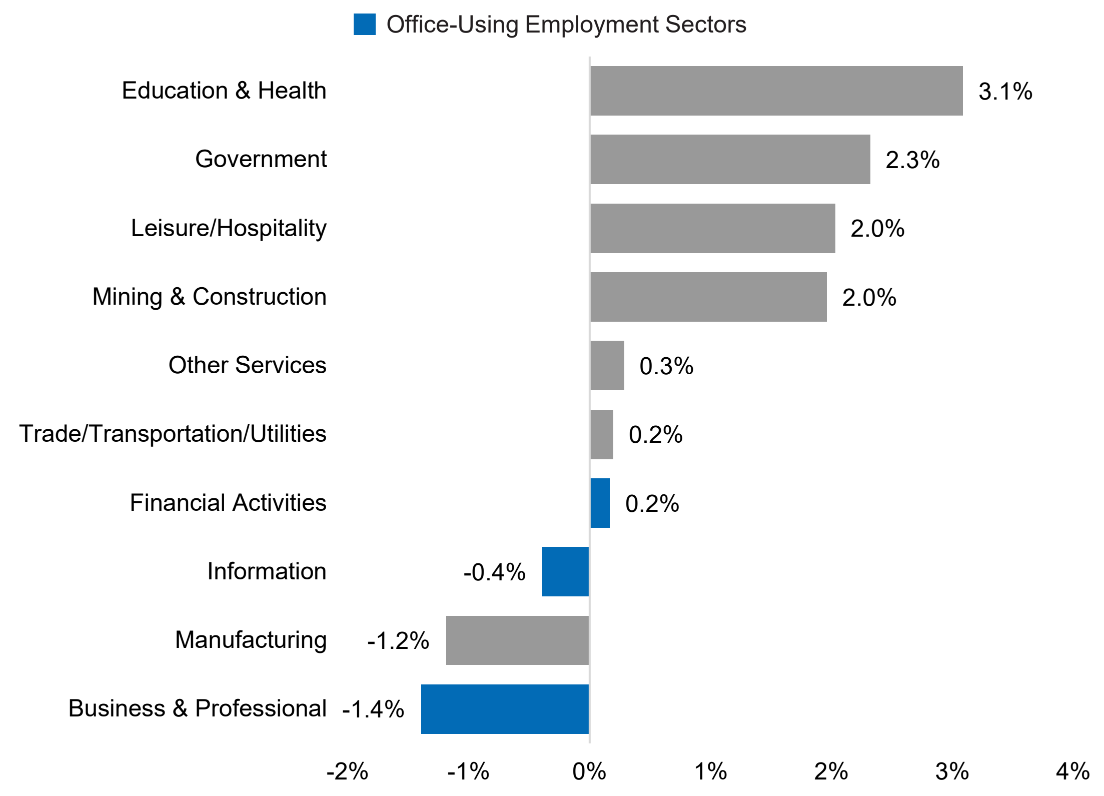
Financial Activities Employment Growth Continues, Other Office-Using Sectors Decline

The Dallas-Fort Worth market remains highly diversified, with its two largest industries comprising just 38.6% of total employment, led by the trade/transportation/utilities sector at 20.9%, alongside a solid concentration of office-using industries. The three main office-using sectors comprise 28.7% of total employment, led by the business and professional sector, which at 17.8% is the market's second-largest industry. Most industries reported growth, with seven of ten sectors posting year-over-year gains in September 2025. Within office-using sectors, financial activities inched up 0.2%, while information and professional and business services contracted by 0.4% and 1.4%, respectively, tempering additional office-using gains for the period.

Employment by Industry, September 2025



Employment Growth by Industry, 12-Month % Change, September 2025

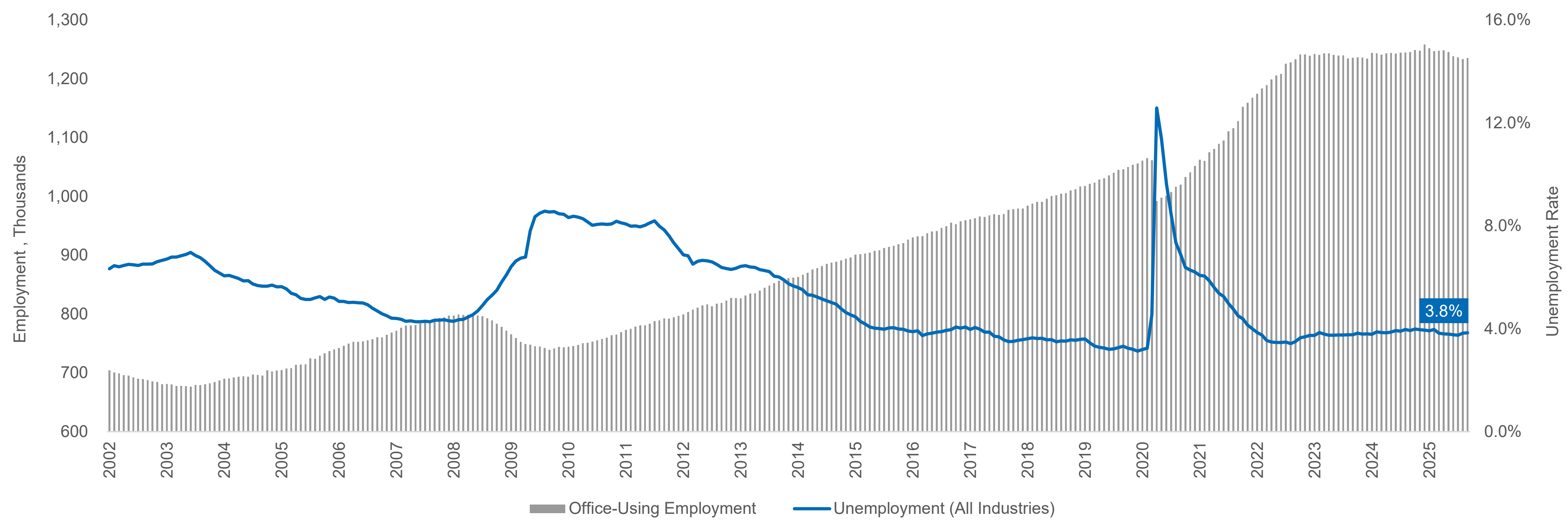


Source: U.S. Bureau of Labor Statistics, Dallas-Fort Worth MSA

Office-Using Employment Moderates, Elevated Base Persists

Office-using employment declined 0.8% year over year in September 2025, driven primarily by a 1.4% contraction in the business and professional sector. While this represents the fourth consecutive month of annual declines, the office-using sector continues to support a robust employment base of approximately 1.2 million jobs. These elevated office-using employment levels continue to underpin the broader labor market, as evidenced by a minimal nine-basis-point year-over-year decline in the unemployment rate to 3.8%. As a major corporate hub with strong economic fundamentals, the market's office-using employment is expected to remain high despite near-term softening.

Office-Using Employment* and Unemployment Across All Industries



Source: U.S. Bureau of Labor Statistics, Dallas-Fort Worth MSA

*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

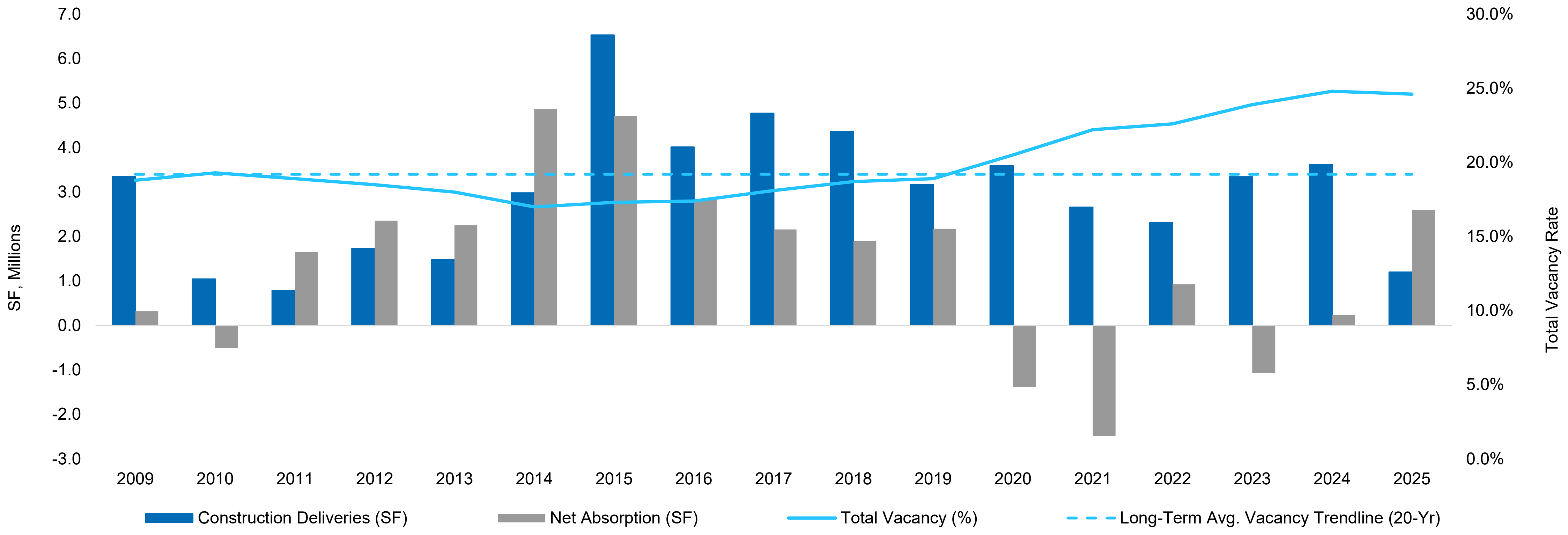
02

Leasing Market Fundamentals

Strong Finish for DFW: Best Occupancy Year Since 2016 Amid Sparse New Supply

Dallas-Fort Worth recorded 1.1 MSF of occupancy gains in the fourth quarter of 2025, the third-largest quarterly increase since the beginning of 2019. Full-year occupancy gains totaled 2.6 MSF, the strongest annual performance since 2016 and ten times more than 2024's gains. Despite the robust finish, vacancy held steady at 24.6% for the second consecutive quarter, though it improved 20 basis points year over year. Only 165,000 SF delivered in the fourth quarter bringing 2025 deliveries to 1.2 MSF, the lowest annual total since 2011. With new supply muted and demand elevated, vacancy is expected to continue trending lower as existing inventory is absorbed.

Historical Construction Deliveries, Net Absorption, and Vacancy

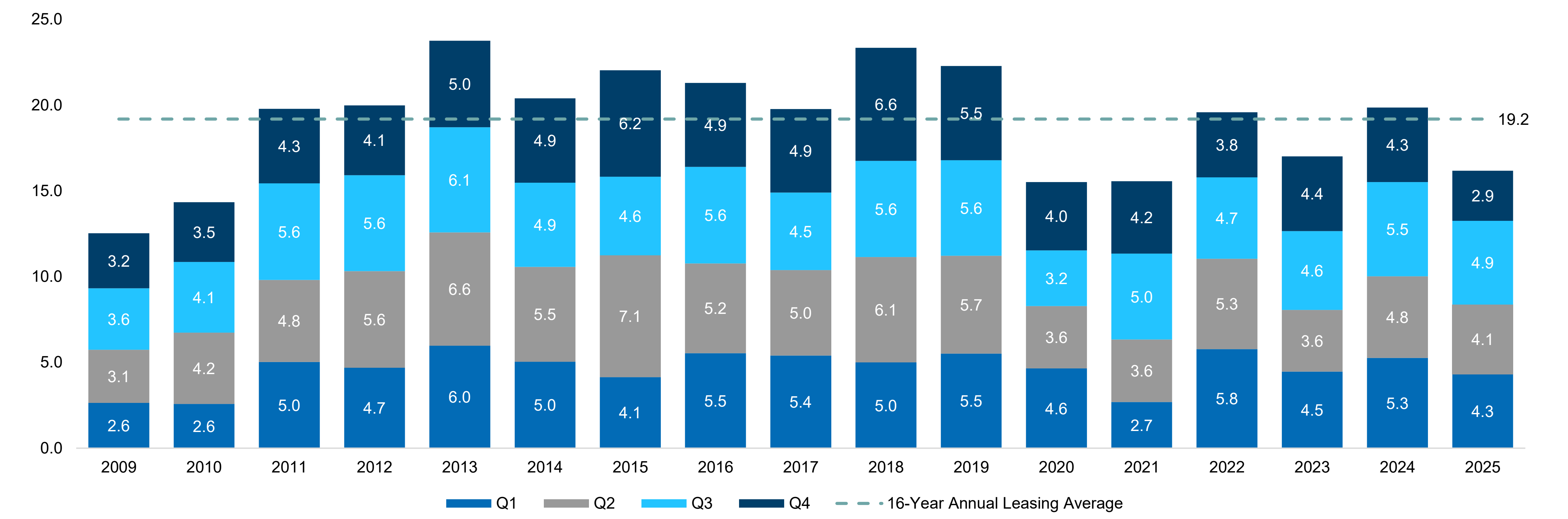


Source: Newmark Research, CoStar

Yearly Leasing Totals 16.2 MSF, Lowest Since 2021 Amid Seasonal Q4 Lull

Leasing activity fell 40.0% quarter over quarter to 2.9 MSF in the fourth quarter of 2025, trailing the 16-year fourth-quarter average of 4.6 MSF. Quarterly leasing volume fell to its lowest level since early 2021, highlighted by a 1,587-SF quarter-over-quarter drop in average deal size to 3,792 SF—the smallest since 2021. Meanwhile, full-year 2025 leasing totaled 16.2 MSF, the lowest year-end level since 2021. Historically, fourth-quarter leasing has lagged, indicating the slowdown in activity in the fourth quarter of 2025 is seasonal, rather than a broader demand pullback. Leasing activity will likely rebound in the coming quarters, as underlying demand remains intact, supported by strong occupancy gains recorded in 2025.

Total Leasing Activity (msf)

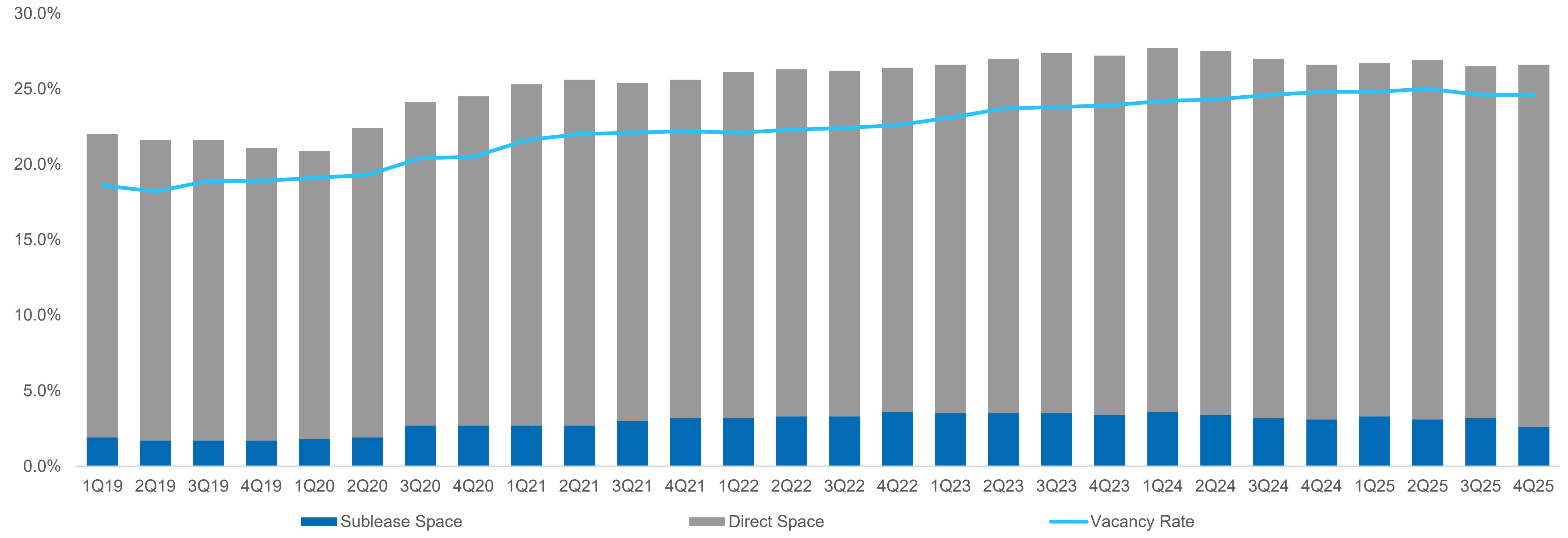


Source: Newmark Research, CoStar

Sublease Expirations Lift Direct Availability, Shrink Sublease Supply

In the fourth quarter of 2025, direct availability rose 70 basis points quarter over quarter to 24.0%, the highest level since the second quarter of 2024, while sublease availability declined by 60 basis points to 2.6%, the lowest since early 2020. This shift likely reflects expiring subleases converting to direct listings and suggests limited tenant distress, with less space coming to market due to downsizing. As a result, total availability was essentially flat, edging up just 10 basis points to 26.6%, and vacancy held steady at 24.6% for the second consecutive quarter.

Available Space as Percent of Overall Market

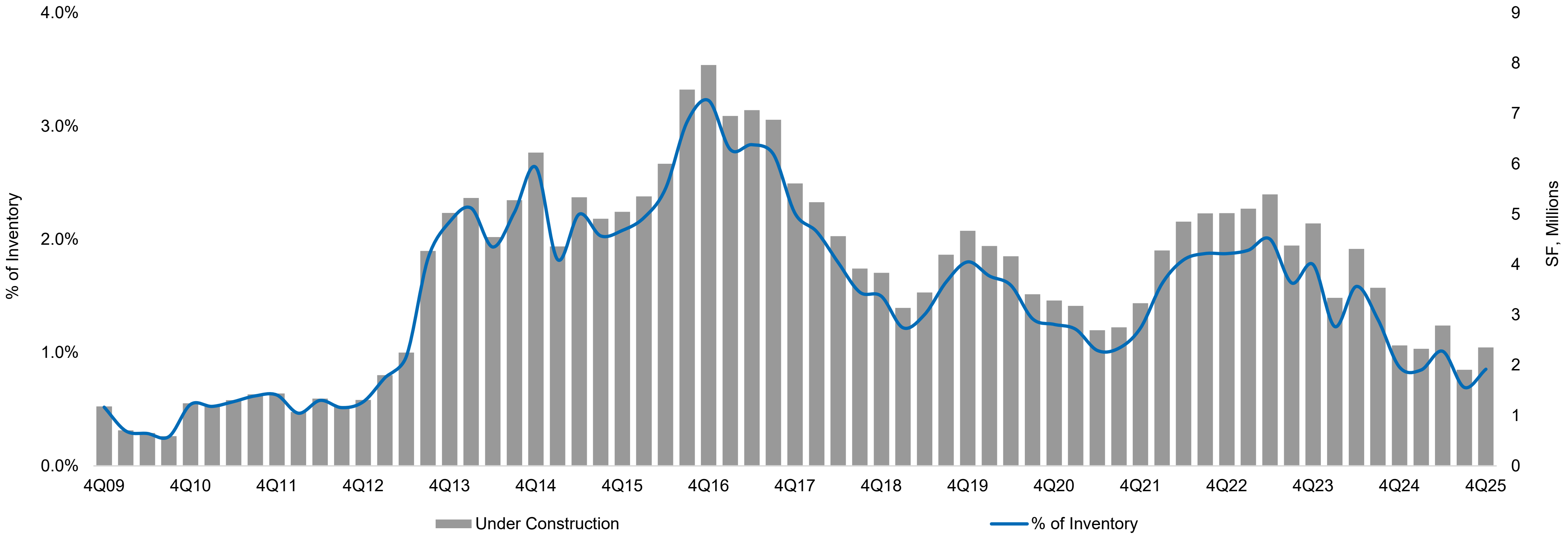


Source: Newmark Research, CoStar

Class A Additions Lift Quarterly Pipeline While Annual Totals Edge Lower

The market had 2.4 MSF under construction in the fourth quarter of 2025, reflecting a 23.2% quarter-over-quarter increase following the addition of two Class A projects: the 325,000-SF Fields West in the Legacy/Frisco submarket and The Van Zandt, a 119,002-SF project in the South Fort Worth submarket. Consequently, the share of inventory under construction rose 20 basis points quarter over quarter to 0.9%. Despite these additions, the total under construction volume finished 1.7% lower year over year versus 2024. Notably, 2025 was the first year since 2012 in which no quarter exceeded 3.0 MSF under construction, signaling a construction cooldown amid national headwinds. With the pipeline slowing, the market has been able to absorb existing inventory, suggesting vacancy will continue to flatten and ultimately begin to decline as demand works through available space.

Office Under Construction and % of Inventory

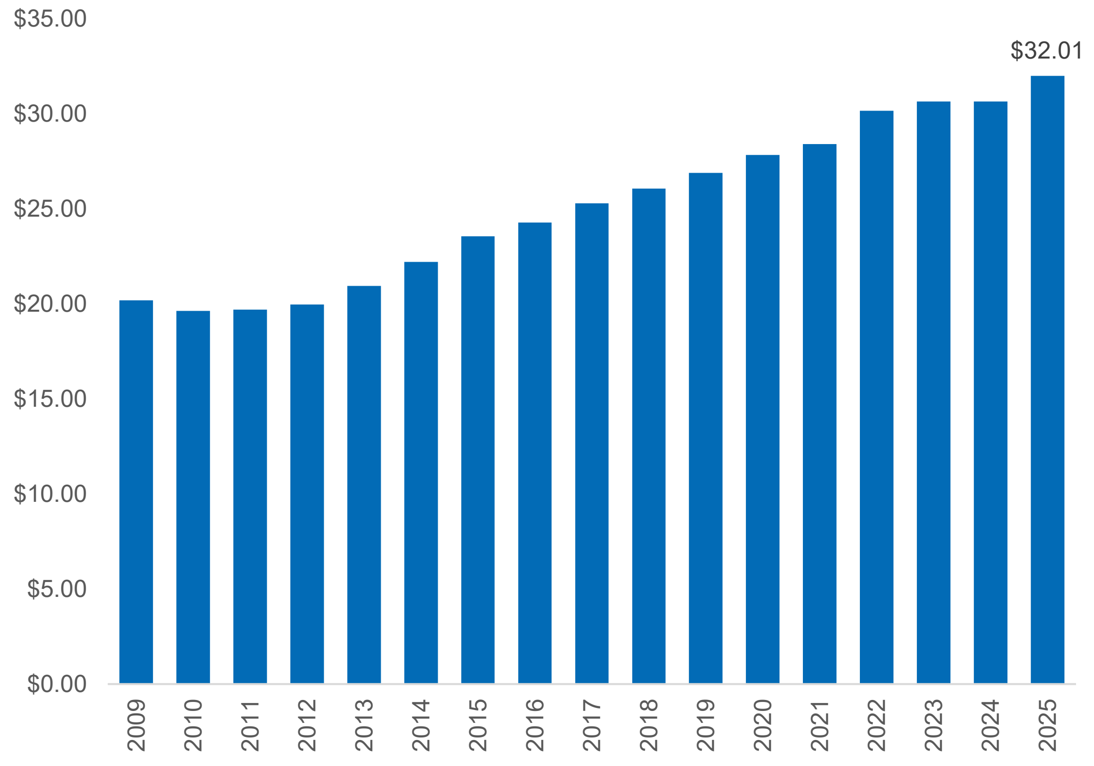


Source: Newmark Research, CoStar

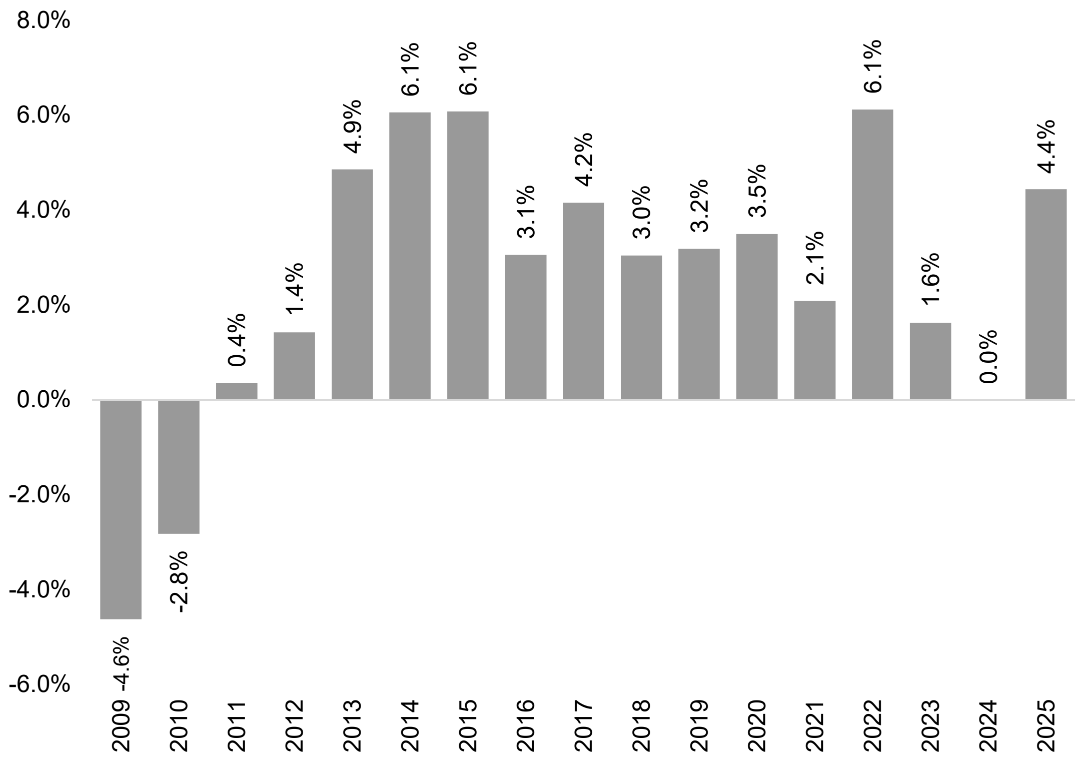
Peak Pricing Extends Long Streak of Gains, Continued Growth Expected

Asking rents reached a record high of $32.01/SF in the fourth quarter 2025, up 0.3% quarter over quarter and 4.4% year over year. This reflects the 15th consecutive year of annual rent growth and the strongest annual increase since 2022, underscoring strong demand for quality space in the market. With construction activity subdued, pricing momentum is expected to remain intact in the near term, particularly for high-quality assets and top-tier submarkets.

Office Average Asking Rent, $/SF, FS



Year-over-Year Asking Rent Growth Rate

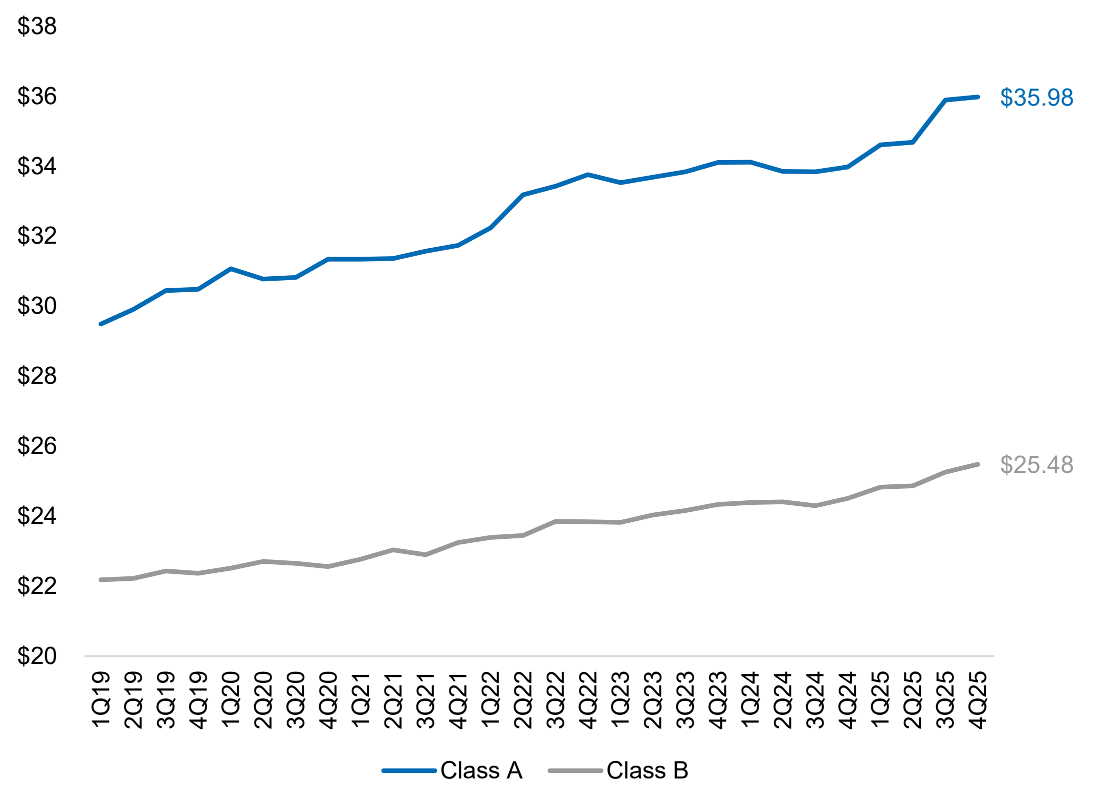


Source: Newmark Research, CoStar

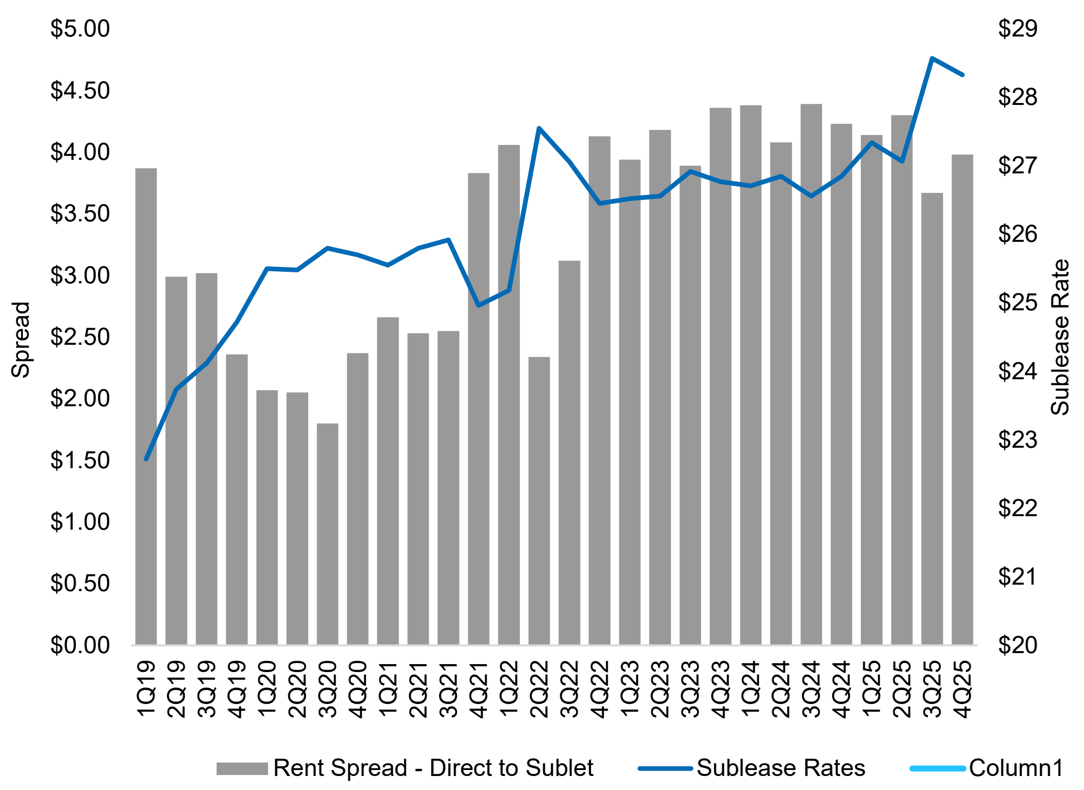
Asking Rent Spread Widens for Premium Space, Signaling Continued Flight to Quality

In the fourth quarter of 2025, the rent gap between Class A and Class B space remained above $10.00/SF for a second consecutive quarter, widening 10.1% year over year to $10.50/SF. While both Class A and Class B asking rents reached new highs at $35.98/SF and $25.48/SF, respectively, the spread continued to widen. This ongoing bifurcation in rents indicates solid overall demand, with stronger tenant preference for higher-quality assets driving the widening gap. Sublease asking rents softened slightly from last quarter's peak but rose 5.5% year over year to $28.33/SF, as the spread between direct and sublease rents widened 8.5% quarter over quarter to $3.98/SF.

Class A and Class B Asking Rents



Sublease Rates



Source: Newmark Research, CoStar

Tenant Preference Endures: Class A Average Lease Size Outpaces Market

Flight to quality remains a defining trend in the Dallas-Fort Worth office market. By the end of the fourth quarter of 2025, Class A space accounted for 38.0% of transactions, down 152 basis points from the previous quarter, yet captured 62.0% of total leasing activity by square footage. Larger deal sizes reinforce this preference as the average Class A lease signed was 6,195 SF, well above the overall market average of 3,792 SF.

Notable 4Q25 Lease Transactions

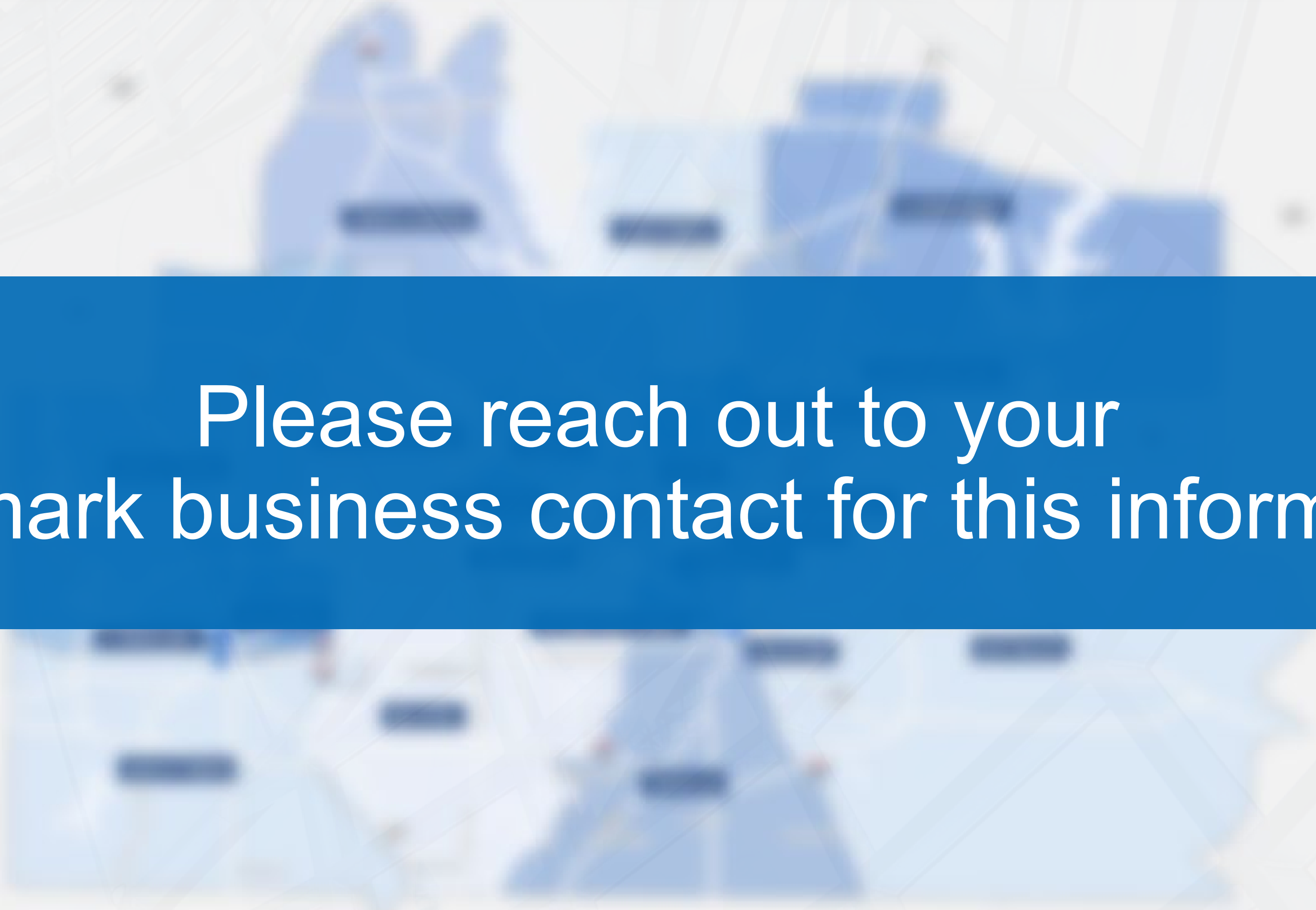
Tenant	Building(s)	Submarket	Type	Square Feet
Fujitsu	Galatyn Commons	Richardson/Plano	Direct New	70,000
Fujitsu, a global leader in consulting and digital solutions, executed the quarter's largest lease at the Galatyn Commons office park. The transaction keeps the company in Richardson, relocating it to a new site as Fujitsu consolidates its Richardson and Dallas offices, expands its footprint, and commits to a 12-year lease. The move will add or retain at least 500 office jobs and includes a minimum $13 million investment in tenant improvements.				
Unleashed Brands	600 ELC	Las Colinas (Urban Center)	Direct New	50,954
Unleashed Brands, a leading youth enrichment platform and parent company of Urban Air, Sylvan Learning, and The Little Gym, signed a lease to relocate its headquarters to 600 ELC from Bedford, Texas. The move, scheduled to be completed by the end of 2026, supports the company's "Return to Office" strategy and will accommodate approximately 300 employees. Newmark's Nathan Durham, Matt Hurlbut and Jenna Webster served as the landlord's leasing agents on the deal.				
Newrez	Cypress Waters	Las Colinas (Freeport)	Direct New	47,000
Newrez, a national mortgage lender, is expanding its Coppell footprint with an additional location to support expanded company operations, supplementing its existing presence at Point West Office Park a mile away.				
Continental Electronics Corporation	Galatyn Commons	Richardson/Plano	Direct New	45,050
CEC, a RF technology design and manufacturing company, is expanding its manufacturing footprint with a new, state-of-the-art facility at Galatyn Commons in Richardson. The facility will increase production capacity, improve operational efficiency, and support long-term innovation in advanced RF technologies.				
SiriusXM	The Ridge at 121	Lewisville/Denton	Direct New	40,000
SiriusXM, a leading audio entertainment company best known for its subscription-based satellite radio service, will downsize and relocate approximately 10 miles from its former location at Freeport Business Center, while maintaining its presence in North Texas.				

Source: Newmark Research, CoStar

03

Market Statistics & Map

Dallas-Fort Worth Office Submarket Map



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Dallas-Fort Worth Office Submarket Overview—All Classes

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Dallas-Fort Worth Office Submarket Overview—Class A

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Dallas-Fort Worth Office Submarket Overview—Class B

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4Q25 Texas Office Market Overview

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04

Supplemental Analysis

Dallas-Fort Worth Office Market

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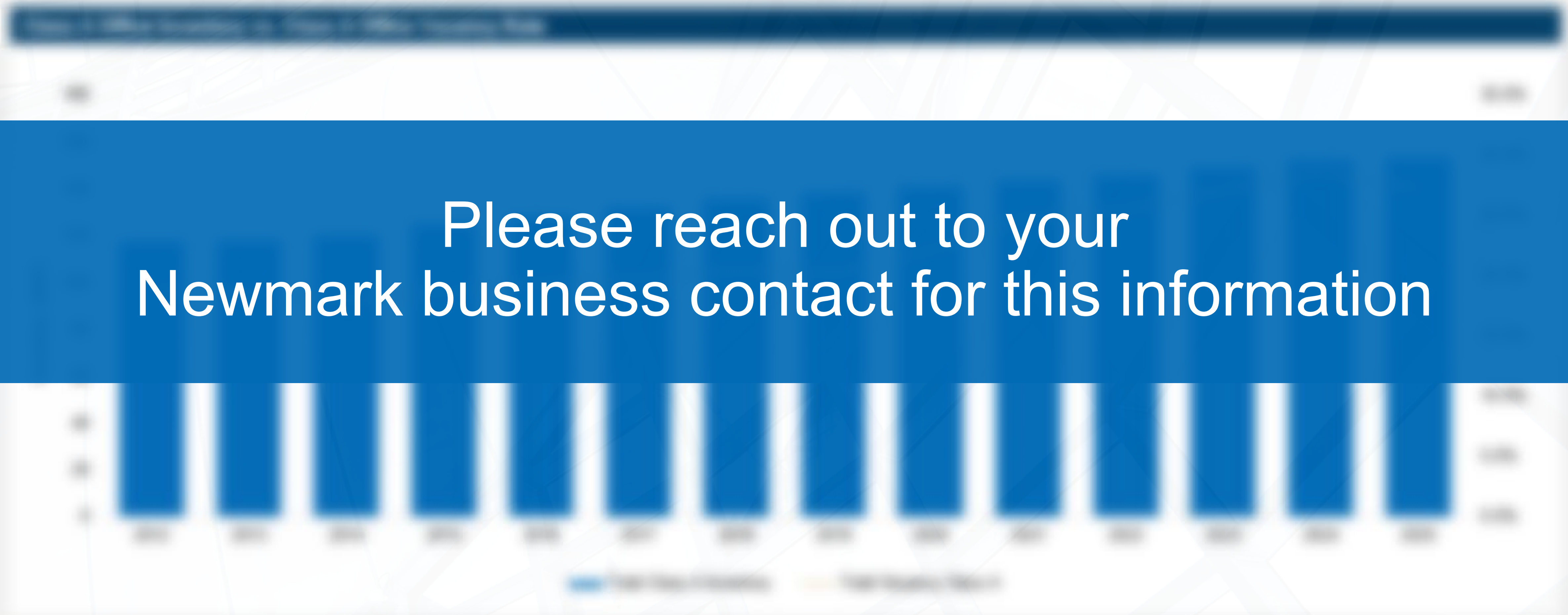
Quality Demand Endures as Class A Vacancy Falls Despite Inventory Growth



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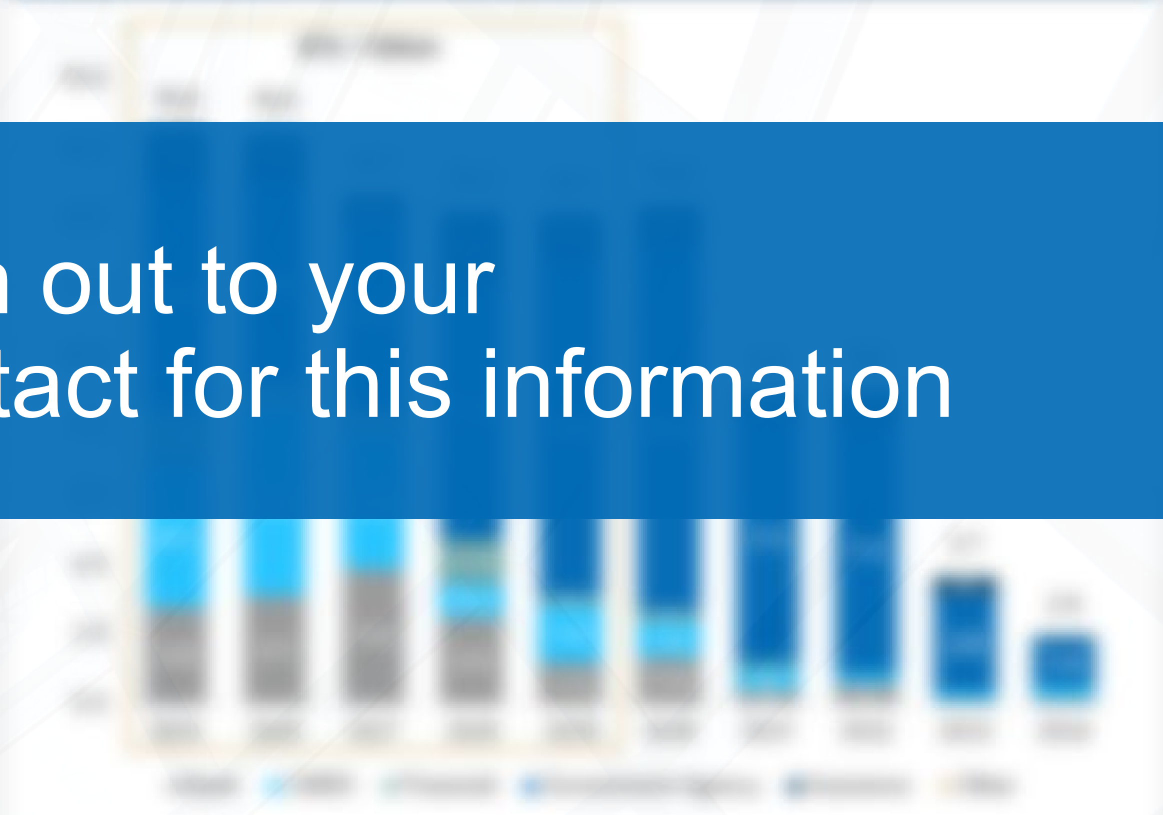
Government Agencies Lead Outstanding Debt, Shaping the Five-Year Maturity Curve



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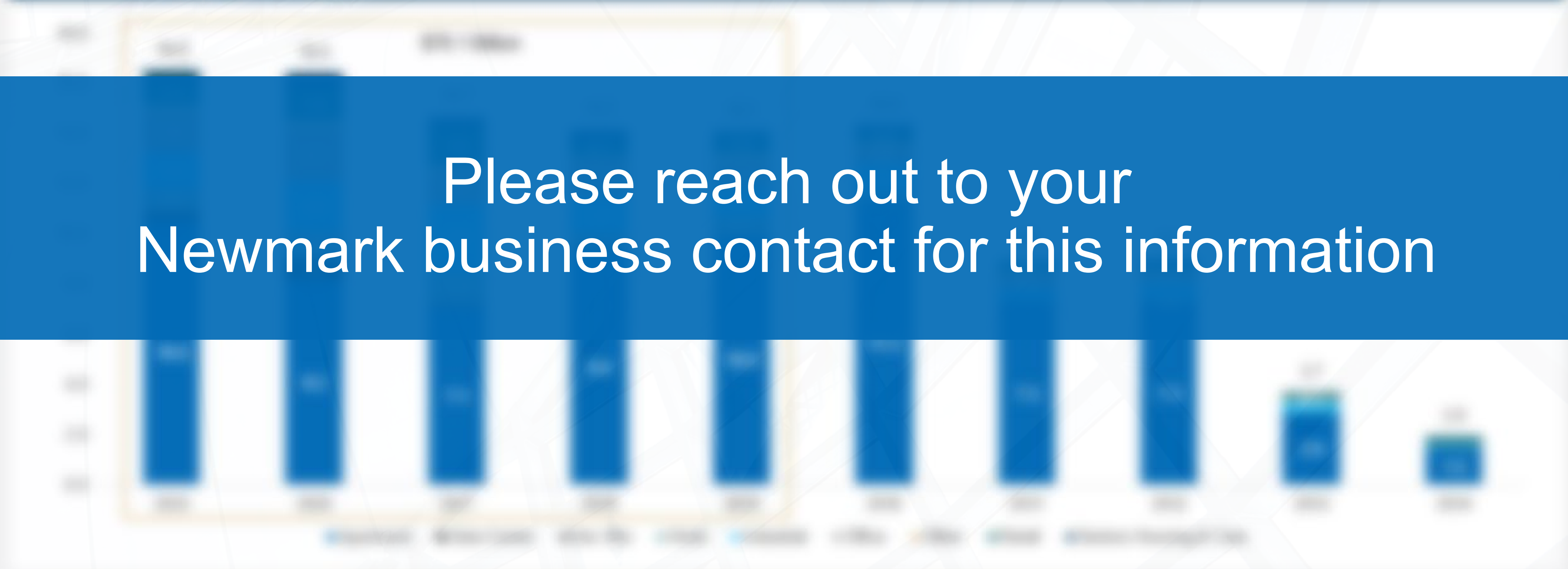
Multifamily Maturities Particularly Elevated Through 2029, Office Not So Much



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