

Fort Worth

Office-using employment continues growth past pre-pandemic levels as quarterly absorption is flat

- Despite low activity market-wide compared to recent quarters, Class B properties recovered 17.1% of year-to-date net absorption, in submarkets within Downtown Fort Worth and the Mid-Cities.
- Crescent Real Estate broke ground on a mixed-used project in the Fort Worth Cultural District, including 168,000 s.f. of Class A office space where the company will relocate its downtown headquarters.
- While total employment remains 2.2% below pre-pandemic levels, office-using jobs have recovered all pandemic losses and grown by 2.3% since February 2020.

The Fort Worth office market continues to experience positive net absorption year-to-date through Q3 2021. Since the start of 2020, Class A properties have outperformed Class B each quarter, primarily from flight-to-quality relocations in Downtown Fort Worth and new-to-market tenants in the North Fort Worth and Westlake/Southlake submarkets. However, after five consecutive quarters of negative absorption across Class B properties, over 34,000 s.f. of space was absorbed, recovering 17.1% of year-to-date losses this quarter. Downtown Fort Worth, which accounts for 32.5% of the market's total Class A space, has been the leading submarket for Class A absorption, while the Mid-Cities submarkets combined have accounted for the most growth in the market overall.

Likewise (formerly known as Brightstar) announced a 30,000-s.f. expansion at Varispace Southlake after relocating the company's headquarters from Miami at the end of 2020. The tech insurance and repair firm sought to relocate near the company's 275,000-s.f. industrial facility in Flower Mound. Earlier this year, Incora completed a similar headquarters relocation to Fort Worth, following the aerospace supply chain company's expansion at an existing distribution center.

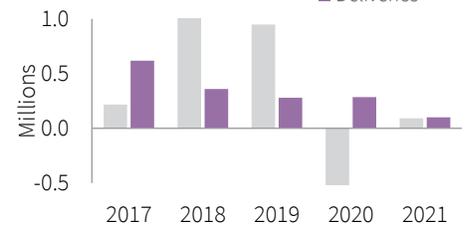
Crescent Real Estate broke ground on a mixed-use project in the Cultural District that will include 168,000 s.f. of Class A office space. The Fort Worth-based company will relocate their office within the property scheduled to deliver in 2023. District 114 was the first building to deliver this year in the Fort Worth office market. Located in the Westlake/Southlake submarket in the Mid-Cities, the building was approximately 62% leased at delivery.

Outlook

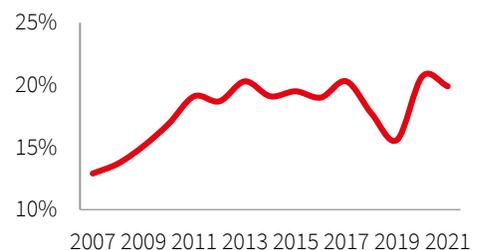
While total employment in the Fort Worth-Arlington MSA Division remains 2.2% lower pre-pandemic levels, office-using industries (professional and business services, financial activities and information) combined have grown 2.3% since February 2020. Vacancy rates have yet to reflect this change, while tenants assess their return to office plans and space needs into the start of 2022.

Fundamentals	Forecast
YTD net absorption	90,536 s.f. ▲
Under construction	246,594 s.f. ►
Total vacancy	19.9% ►
Sublease vacancy	310,908 s.f. ▼
Direct asking rent	\$25.97 p.s.f. ►
Sublease asking rent	\$23.71 p.s.f. ►
Concessions	Stable ►

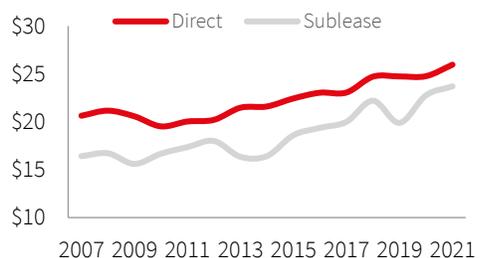
Supply and demand (s.f.)



Total vacancy (%)



Average asking rent (\$ p.s.f.)



Office Statistics

	Class	Inventory (s.f.)	Total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Direct vacancy (%)	Total vacancy (%)	Average direct asking rent (\$ p.s.f.)	YTD Completions (s.f.)	Under Development (s.f.)
Fort Worth CBD	Totals	8,868,197	7,352	75,050	0.8%	19.6%	19.8%	\$27.65	0	0
Downtown Fort Worth	Totals	8,868,197	7,352	75,050	0.8%	19.6%	19.8%	\$27.65	0	0
Arlington/Mansfield	Totals	5,588,638	30,453	-80,646	-1.4%	13.8%	14.1%	\$21.44	0	0
HEB/Centreport	Totals	5,347,692	2,107	23,479	0.4%	36.2%	37.1%	\$24.80	0	0
Westlake/Southlake	Totals	5,452,368	814	178,642	3.3%	21.1%	23.2%	\$30.36	0	0
Mid-Cities	Totals	16,388,698	33,374	121,475	0.7%	23.5%	24.6%	\$25.86	0	0
North Fort Worth	Totals	4,677,801	-14,641	74,763	1.6%	11.4%	11.4%	\$23.59	0	0
South Fort Worth	Totals	5,833,558	-7,296	-180,752	-3.1%	11.5%	13.5%	\$23.96	0	246,594
Suburban Fort Worth	Totals	10,511,359	-21,937	-105,989	-1.0%	11.5%	12.6%	\$23.80	0	246,594
Fort Worth	Totals	35,768,254	18,789	90,536	0.3%	19.0%	19.9%	\$25.97	0	246,594
Fort Worth CBD	A	5,393,551	-11,833	152,478	2.8%	14.6%	14.8%	\$33.05	0	0
Downtown Fort Worth	A	5,393,551	-11,833	152,478	2.8%	14.6%	14.8%	\$33.05	0	0
Arlington/Mansfield	A	1,852,954	16,432	-63,433	-3.4%	16.8%	17.2%	\$23.22	0	0
HEB/Centreport	A	2,812,283	-9,250	17,912	0.6%	53.1%	54.9%	\$25.95	0	0
Westlake/Southlake	A	2,891,413	-7,452	177,815	6.1%	28.2%	28.8%	\$31.63	0	103,086
Mid-Cities	A	7,556,650	-270	132,294	1.8%	34.7%	35.7%	\$27.64	0	103,086
North Fort Worth	A	1,691,078	0	53,749	3.2%	12.8%	12.8%	\$23.70	0	0
South Fort Worth	A	1,971,001	-3,328	-82,443	-4.2%	10.9%	11.7%	\$26.57	0	48,594
Suburban Fort Worth	A	3,662,079	-3,328	-28,694	-0.8%	11.8%	12.2%	\$25.19	0	48,594
Fort Worth	A	16,612,280	-15,431	256,078	1.5%	23.1%	23.7%	\$28.42	0	151,680
Fort Worth CBD	B	3,474,646	19,185	-77,428	-2.2%	27.4%	27.5%	\$23.18	0	0
Downtown Fort Worth	B	3,474,646	19,185	-77,428	-2.2%	27.4%	27.5%	\$23.18	0	0
Arlington/Mansfield	B	3,735,684	14,021	-17,213	-0.5%	12.3%	12.5%	\$20.11	0	0
HEB/Centreport	B	2,535,409	11,357	5,567	0.2%	17.4%	17.4%	\$17.85	0	0
Westlake/Southlake	B	2,560,955	8,266	827	0.0%	13.1%	16.9%	\$24.88	0	0
Mid-Cities	B	8,832,048	33,644	-10,819	-0.1%	14.0%	15.2%	\$20.70	0	0
North Fort Worth	B	2,986,723	-14,641	21,014	0.7%	10.6%	10.6%	\$23.51	0	0
South Fort Worth	B	3,862,557	-3,968	-98,309	-2.5%	11.9%	14.4%	\$22.61	0	0
Suburban Fort Worth	B	6,849,280	-18,609	-77,295	-1.1%	11.3%	12.8%	\$22.96	0	0
Fort Worth	B	19,155,974	34,220	-165,542	-0.9%	15.5%	16.6%	\$22.20	0	0