



# Fort Worth

- Realized demand from net absorption was negative overall to end 2023, however Class A properties continue outpace Class B. In Q4 2023, negative absorption was limited to only Class B properties across all six submarkets.
- Speculative deliveries in 2023 added Class A vacancy in the North Fort Worth and Westlake/Southlake submarkets, however strong preleasing at the Crescent Fort Worth contributed to positive net absorption as tenants continued to relocate to the Cultural District property.
- Office-using employment peaked this year in October at 260,500 jobs, an increase of 5.6% from the prior year. Higher headcounts are expected to be realized in positive net absorption through occupier demand for amenitized space.

The Fort Worth office market ended 2023 with lower realized demand with 87.4% of the nearly 500,000 s.f. of negative net absorption from Class B properties. Class B space continues to outpaced by Class A and Trophy properties, which did not see any negative net absorption across all six Fort Worth and Mid-Cities submarket. The bifurcation of the market continues to highlight tenant demand for high-quality space in amenitized locations like the Fort Worth CBD, South Fort Worth, and Westlake/Southlake submarkets, while the HEB/East Fort Worth submarket saw the largest amount of negative absorption.

Leasing activity was lower in Q4 than the prior three quarters of 2023, however, nearly a dozen leases over 10,000 s.f. were signed this quarter. Kimley-Horn signed full-floor lease for 22,000 s.f. at Burnett Plaza in downtown Fort Worth. Burns & McDonnell relocated into over 70,000 s.f. sublet by Jacobs Engineering at 777 Main this quarter, leaving their former space in the former Pier 1 Imports Building early

as the City of Fort Worth continues to renovate the property for approximately 20 departments that will relocate from over a dozen owned and leased properties.

## Outlook

Office-using employment in the Fort Worth-Arlington MSA Division peaked at 260,500 in October, a 5.6% increased from the same month last year. Occupiers continue to reassess their space needs while encouraging return-to-office strategies. While office-using employment continues to grow, occupiers needing space for higher headcounts are expected to be realized in higher net absorption through expansions in Class A properties where the in-market flight-to-quality relocations, along with new-to-market occupiers have continued to lease the largest blocks of space even prior to the start of the pandemic.

Fundamentals		Forecast
YTD net absorption	<b>-469,238 s.f.</b>	►
Total vacancy	<b>17.8%</b>	►
Class A direct asking rent	<b>\$30.58 p.s.f.</b>	▲
Overall direct asking rent	<b>\$27.72 p.s.f.</b>	▲
Concessions	<b>Stable</b>	►
Under construction	<b>112,500 s.f.</b>	▼
Pre-leased	<b>45.3%</b>	►

## Historical trends

s.f. (millions)

