

DALLAS OFFICE MARKET

Fourth Quarter 2023

	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
DISCOUNT RATE (IRR)^a					
Range	6.00% – 13.00%	6.00% – 13.00%	6.00% – 11.00%	6.00% – 9.50%	6.00% – 9.00%
Average	9.44%	9.53%	8.27%	8.10%	7.77%
Change (Basis Points)		– 9	+ 117	+ 134	+ 167
OVERALL CAP RATE (OAR)^a					
Range	5.00% – 12.00%	5.00% – 12.00%	4.75% – 9.00%	5.00% – 8.50%	5.00% – 8.50%
Average	8.29%	8.04%	6.78%	6.61%	6.15%
Change (Basis Points)		+ 25	+ 151	+ 168	+ 214
RESIDUAL CAP RATE					
Range	6.00% – 10.00%	6.00% – 10.00%	5.50% – 9.00%	5.75% – 9.00%	5.75% – 9.00%
Average	7.65%	7.53%	6.92%	7.10%	7.02%
Change (Basis Points)		+ 12	+ 73	+ 55	+ 63
MARKET RENT CHANGE^b					
Range	0.00% – 5.00%	0.00% – 5.00%	0.00% – 5.00%	0.00% – 5.00%	1.75% – 5.00%
Average	1.67%	1.63%	2.60%	1.20%	2.83%
Change (Basis Points)		+ 4	– 93	+ 47	– 116
EXPENSE CHANGE^b					
Range	2.00% – 5.00%	2.00% – 5.00%	2.00% – 5.00%	2.00% – 3.00%	2.00% – 3.00%
Average	3.67%	3.50%	3.50%	2.90%	2.90%
Change (Basis Points)		+ 17	+ 17	+ 77	+ 77
MARKETING TIME^c					
Range	3 – 12	3 – 12	3 – 10	3 – 12	3 – 12
Average	8.2	7.4	6.3	7.1	5.5
Change (▼, ▲, =)		▲	▲	▲	▲
FORECAST VALUE CHANGE^d					
Range	(25.0%) – (5.0%)	(25.0%) – (5.0%)	(25.0%) – 10.0%	(20.0%) – 10.0%	(2.0%) – 20.0%
Average	(14.2%)	(16.7%)	(10.2%)	(1.3%)	2.9%
Change (▼, ▲, =)		▲	▼	▼	▼

a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months d. Over next 12 months

Source: PwC Investor Survey; survey conducted by PwC during October 2023