

FORT WORTH COMMERCIAL REAL ESTATE MARKET PRICES, TRENDS, AND FORECAST 2024



Given the current economic state across the U.S., the Dallas-Fort Worth metroplex continues to prove itself a leader in growth and opportunity. A bustling hub of industry, technology, and cultural diversity, the North Texas region is frequently on the radar of companies looking to amplify or completely relocate their business operations. Smaller firms looking to expand and investors needing to diversify their portfolios will also find plenty to like about DFW's commercial real estate market.

While the city of Dallas often grabs the headlines, it's Fort Worth that is fast becoming the true land of opportunity in the region's commercial real estate market. Offering investors and businesses its distinct brand of Texas-sized opportunities, the allure of Fort Worth's unrivaled hospitality and business-friendly climate is simply too promising to overlook.

Fort Worth has emerged as a thriving center for sectors ranging from aerospace to life sciences, displaying dynamic and robust versatility. Beyond industry, its cultural aspects – be it the art museums or the historic Stockyards – add an irreplaceable richness to the city's fabric, making it a destination where life and work harmoniously coalesce.

For those seeking commercial space, whether for relocation, expansion, or investment, the current climate bodes well for securing lucrative business deals. Below, we examine the Fort Worth commercial real estate market, including prices, trends, and what may be on the horizon.

CURRENT DFW MARKET SUMMARY

Even as the U.S. has seen economic shifts and higher inflation rates over the last several years, Fort Worth and the larger DFW region have plenty to be optimistic about. Both population and employment numbers continue a steady growth rate as the region remains an attractive landing spot for the country's top talent.

By the end of 2023, office jobs in Dallas-Fort Worth had increased by nearly 5% year over year. The 60,000 new office jobs more than doubled the second-place city, Boston, which added about 29,400 office jobs. These figures indicate that people and companies are returning to the office, countering the prevailing narrative of the rise of remote work.

Moreover, the DFW region has fared much better than comparable U.S. markets in returning employees to the office. Weekly office occupancy averaged 51% in Q4 of 2023 — about 430 basis points above the national average (though still below pre-pandemic levels). In 2024, look for continued growth in significant office-use subgroups like business services, financial activities, and information/technology.

CURRENT PRICING IN FORTH WORTH

For firms seeking space, one of the primary reasons to gravitate toward the Fort Worth commercial real estate market is its more cost-effective asking rents. In Q4 of 2023, the average rental rate across DFW was \$29.14 per square foot. Commercial real estate in the Fort Worth Central Business District was slightly more expensive, going for \$31.44 per square foot.

However, rates in South Fort Worth (\$26.77), North Fort Worth (\$24.34), and Northeast Fort Worth (\$15.76) fell significantly below the Dallas average for commercial real estate. North Fort Worth also stands out for its high availability rate of 38.3%. In 2024 and beyond, there is an opportunity and incentive for businesses to expand in Fort Worth.

Even for large companies, geography appears to be trending outside Dallas. In Q4 of 2023, the four largest transactions for DFW commercial real estate happened in the North Dallas Corridor (one in Carrollton, one in Addison, and two in Plano). Together, these purchases amount to over 425,000 square feet and about \$14 million. They represent a significant trend: businesses are looking outside Dallas City for better deals.

SUPPLY

As we enter 2024, the Texas A&M Real Estate Research Center predicts office space inventory will increase by as much as 10 million square feet in all of Texas. As one of the country's fastest-growing metro areas, Dallas-Fort Worth will claim a large chunk of that increase as fresh interest materializes in high-growth cities like Fort Worth.

Leasing in the DFW office market increased 12% from Q3 to Q4 2023. Demand for Class A buildings is holding firm, driving a 9.5% increase in asking rents year-over-year. If 2023 was characterized by high leasing activity, 2024 brings the challenge of increased availability: the DFW office market saw a rise in availability of 150 basis points by the end of 2023.

That increase can be attributed to the new market supply — about 5.4 million square feet of office space has been added in the past year. Given the under-construction pipeline, supply and availability will likely trend upward in 2024.

DEMAND

Despite Dallas-Fort Worth leading the nation in commercial property transactions, office transactions fell 65% year-over-year in 2023. The metroplex has a large gap between total commercial property investments (\$13.2 billion) and the volume of distressed (\$1.4 billion) or troubled (\$8.8 billion) commercial property deals. With ample commercial real estate and leasing activity dropping, developers and investors have many opportunities to jump into the market.

Consider that DFW is the nation's fastest-growing metro area and has one of its busiest housing markets. There is the potential for a growth cycle where companies add employees, fueling a need for more office space and leading companies to hire more employees. A key question is whether these new-to-Fort Worth employees will want to work in an office.

One strategy for employers is to entice employees with amenity-rich workplaces. A case in point is the Crescent Fort Worth project, which one expert believes "aligns perfectly with the current trends in the office leasing market." The building, which is eight stories and contains 168,000 square feet of office space, is almost entirely leased. For investors aiming to meet this need, there's a ton of potential in redevelopment opportunities across the entire Fort Worth market.

2024 OUTLOOK FOR THE FORT WORTH COMMERCIAL REAL ESTATE MARKET

Despite nationwide economic challenges, Fort Worth remains an outpost of positivity in the short and long term. The combination of employment growth and return-to-office initiatives is expected to balance the gap between high supply and low demand.

Top analysts predict buyers will act on the many investment opportunities, helping the commercial property market rebound and grow. Fort Worth, in particular, is emerging as a steady, reliable marketplace where investors can uncover solid opportunities with limited risk, and businesses can find amenity-rich options as more and more employees head back to the office full-time.

If you or your company are in the market for commercial real estate, [contact Stephanie Bunn today](#) and allow her years of experience and expertise to help you navigate the stellar Fort Worth commercial real estate market.