

In The News

Get Ready For A Brisk Year In DFW Real Estate

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Dallas-Fort Worth real estate activity is expected to continue to outpace other major metropolitan areas in the United States in 2014, local real estate professionals say.

“Dallas-Fort Worth is one of the top five national markets,” said Jim Knight, executive vice president and market leader in Dallas-Fort Worth for Bury.

“We’re going to continue to see large pushes in multifamily and more retail come back in 2014, and I think the rest of the Metroplex will continue to do well in the next two or three years,” said Knight, who recently rebranded the Austin-based engineering firm to rapidly expand in North Texas.

The expectation: Dallas-Fort Worth will continue the momentum of 2013 into the new year. Dallas’ vacancy rate continued to drop in the fourth quarter of 2013 to 18 percent by two-tenths of a percentage point from the previous quarter, according to preliminary CBRE research.

“Dallas-Fort Worth has the strongest annual job growth out of the nation’s large metro areas, and office-using sectors are leading this expansion, shrinking office vacancy and putting upward pressure on rents,” said Sara Rutledge, director of research and analysis for CBRE.

As the real estate market recovers, investors have had an opportunity to increase rates in most of the markets in the United States, according to the data. In Dallas, the gross asking rent increased to \$19.85 per square foot in the fourth quarter of 2013, which was an increase of nearly a tenth of a percentage point, according to the preliminary report.

In downtown Dallas, the vacancy rate is nearly 26 percent, which is the highest vacancy rate for a central business district in the United States, followed by the vacancy rate in Phoenix’ central business district at 23.8 percent.

With that high vacancy rate comes opportunity. The efforts of Dallas Mayor Mike Rawlings and other boosters, such as Downtown Dallas Inc.’s John Crawford, to revitalize downtown Dallas is helping revive the city’s central business district, Knight said.

The asking rates in downtown Dallas are “shockingly” cheap compared to the central business districts in other major metropolitan cities, which gives the city an opportunity, said Chip Cavanaugh, a real estate lawyer at Munsch Hardt Kopf & Harr PC, during a recent roundtable discussion with the Dallas Business Journal.

“It’s amazingly affordable compared to other major metros,” said Cavanaugh, adding that these real estate costs have a tendency to sway decision makers into relocating or expanding operations in North Texas versus other cities.

The Lone Star state continues to be an attractive option for companies seeking to relocate, said Chris Taylor, executive managing director for leasing at Cassidy Turley’s Dallas office.

“2014 is going to be a great year for commercial real estate,” Taylor said. “I feel like we’re going to get more than our fair share of these corporate relocations, which are focusing on Dallas right now. I think we’re going to see some other large relocations in 2014.”

Taylor declined to comment on the specific companies targeting Dallas, citing confidentiality agreements.

“We’re very bullish,” said Michelle Hudson, principal at Dallas-based Hudson Peters Commercial. “The office market continues to tighten, and we’re going to see rates go up. The industrial market is tighter, and the investment market is through the roof.”

By: Candace Carlisle

Primary Contacts



William Cavanaugh

Dallas
214.855.7536
ccavanaugh@munsch.com

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