

272 HOLDINGS · MARKET INTELLIGENCE

Dallas–Fort Worth Commercial Real Estate Market Intelligence

A comprehensive sector-by-sector analysis of the #1 ranked CRE market in America — evaluating macro fundamentals, supply-demand dynamics, and deployment opportunities across all major asset classes.

REPORT DATE

Q1 2026

MARKET

Dallas–Fort Worth, TX

CLASSIFICATION

Proprietary & Confidential

Dallas–Fort Worth Market Intelligence

Comprehensive CRE Market Analysis

Q1 2026 | Market Intelligence Report

Executive Summary

Dallas–Fort Worth enters 2026 as the **top-ranked commercial real estate market in the United States** for the second consecutive year, per ULI/PwC's Emerging Trends in Real Estate and CBRE's investor survey. The metro's combination of population scale, economic diversification, corporate relocation momentum, and infrastructure investment creates a structural demand foundation that few U.S. markets can match.

However, not every sector in DFW offers the same risk-adjusted opportunity. **The market is deeply bifurcated** — multifamily is transitioning from oversupply to equilibrium, industrial absorption leads the nation, retail occupancy is at record highs, and office remains structurally challenged in older product while trophy assets outperform. This report provides the sector-by-sector intelligence required to deploy capital with precision.

METRO POPULATION

8.48M

+123,557 YoY (2nd nationally)

METRO GDP

\$745B

5th largest U.S. metro economy

FORTUNE 500 HQS

21

4th largest concentration nationally

ULI / PWC RANKING

#1

2nd consecutive year

272 Platform Signal Summary — DFW

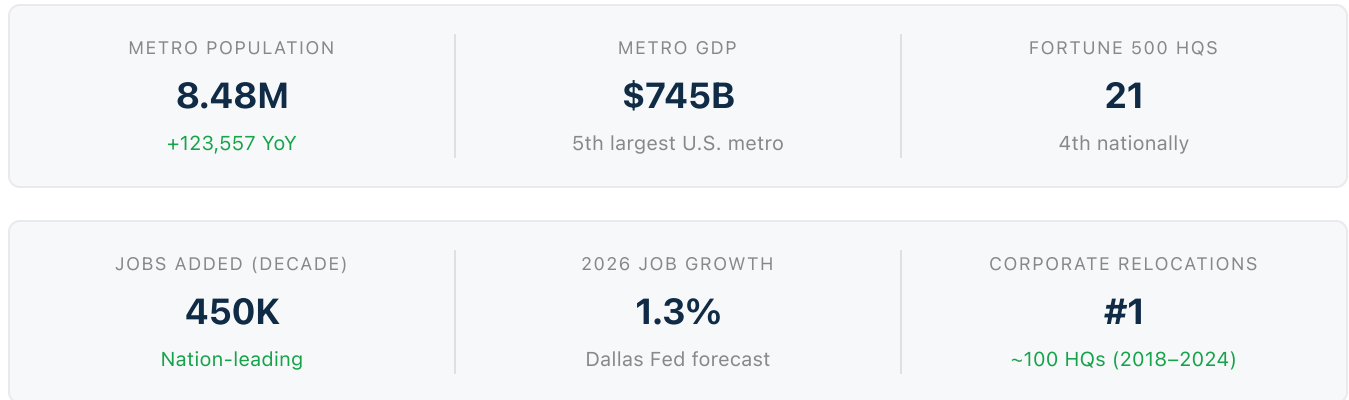
DEPLOY — Industrial & Retail: Nation-leading absorption, record occupancy, and supply discipline create favorable entry conditions.

WATCH — Multifamily: Supply wave cresting, absorption outpacing deliveries, vacancy tightening — approaching deployment window for value-add at current basis levels.

DEPLOY — Class A Office (Selective): Flight-to-quality creating opportunities in trophy product at steep discounts to replacement cost. Highly selective.

AVOID — Class B/C Office: Structural vacancy, negative absorption, and permanent impairment risk. No entry signal.

1. Metro Overview — A \$745 Billion Economy That Keeps Growing



DFW's economic engine is powered by **exceptional diversification** across technology (227,000+ high-tech workers), financial services (386,000 jobs, 2nd nationally behind NYC), energy, logistics, healthcare, and manufacturing. This breadth insulates the metro from single-sector shocks and creates multi-vector demand across all CRE asset classes.

Major Corporate Activity

- **Goldman Sachs:** \$500M, 800,000 SF campus under construction in Victory Park — 5,000+ employees, opening 2028. Second-largest U.S. office after New York.
- **Wells Fargo:** New 22-acre campus opened with two 10-story buildings, consolidating 4,500 workers from 14 offices.
- **KFC U.S.:** Headquarters relocated to Plano.
- **Care.com:** Headquarters relocated to Dallas Uptown.
- **New York Stock Exchange:** Expanded DFW presence.

Infrastructure Investment

- **DART Silver Line:** Opened October 2025 — 26-mile rail connection from DFW Airport to Plano, 10 new stations across 7 cities.
- **DFW Airport Terminal F:** \$4 billion expansion, 31 gates (first 15 opening 2027).
- **DFW Airport Terminal C:** \$3 billion overhaul, 9 new gates expected 2026.
- **McKinney National Airport:** \$75M terminal project — 48,000 SF, 3 gates, opening late 2026.

2. Multifamily — The Supply Wave Is Cresting

VACANCY 12.0% Elevated but tightening	RENT GROWTH -1.8% YoY (bottoming)	AVG RENT \$1,518 Per month, effective	CAP RATE 5.7% Stable 7 consecutive quarters
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DFW multifamily has endured the most aggressive supply cycle in the nation — delivering over 40,000 units in 2024 and approximately 33,000 in 2025, growing total inventory by 11%. The result has been elevated vacancy and negative rent growth, placing DFW among the five metros with the largest rent declines nationally.

However, **the supply pipeline is contracting rapidly**. Construction starts are down 30% year-over-year, and new deliveries are projected to decline 62% in 2026, reaching a 10-year low. Meanwhile, absorption has exceeded 5,000 units per quarter for six consecutive quarters, and **demand has outpaced supply by approximately 7,000 units** through the first eight months of 2025.

272 Intelligence Assessment: The DFW multifamily market is approaching an inflection point. The supply overhang that has pressured rents and vacancy is being absorbed faster than new units are being delivered. We expect vacancy to tighten toward 10% through 2026, with **modest rent recovery beginning by late 2026**. Current pricing at \$184,000/unit and 5.7% cap rates represents an attractive basis for value-add strategies targeting the recovery.

Cap Rates by Product Type

PRODUCT TYPE	CAP RATE	NOTES
Class A (Uptown, Plano, Frisco)	4.8% – 5.2%	Core / Core-Plus pricing
Overall Market Average	5.7%	Stable 7 quarters (longest in 25 yrs)
Value-Add Suburban	5.7% – 6.3%	Garland, Grand Prairie, Mesquite

Investment Activity

Through Q3 2025, the market recorded **143 transactions encompassing 38,742 units** totaling \$971.4 million. Q2 volume reached \$3.05 billion, up over \$1 billion from the prior quarter. Activity is shifting toward high-growth northern suburbs: **Frisco, McKinney, Plano, Celina, and Richardson**.

3. Industrial & Logistics — Nation-Leading Absorption

VACANCY 8.7% Neutral range, stabilizing	NET ABSORPTION (TTM) 22.3M SF Nation #1	RENT GROWTH 4.4% YoY asking rent increase	CAP RATE 6.2% Average · \$141/SF pricing
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DFW leads the nation in industrial net absorption at **22.3 million square feet** on a trailing 12-month basis. The metro's central U.S. location, extensive highway/rail/air infrastructure, and proximity to major distribution networks continue to drive demand from e-commerce fulfillment, nearshoring, and supply chain diversification.

Key Submarkets

SUBMARKET	ASKING RENT	ACTIVITY
Alliance / N. Fort Worth	~\$10+/SF	7.7M SF underway, 20 projects; 4.5% rent growth; strongest submarket
McKinney	\$11.45/SF	Highest rents in metro; new business park development
DFW Airport Corridor	\$10–\$12/SF	Strong leasing momentum from logistics users
South Dallas (I-20/I-45)	\$7–\$9/SF	Best value in metro; improving leasing trends
New Suburban Product	\$12–\$15/SF NNN	Premium product commanding top rents

The construction pipeline stands at **35.6 million SF under construction**, with less than half pre-leased. While this warrants monitoring, DFW's annual absorption rate of 22M+ SF provides a structural demand floor. Leasing volume is on track for approximately 70 million SF for the year.

272 Intelligence Assessment: Industrial is the strongest sector in DFW with the clearest demand drivers. **Target: infill last-mile and small-bay product** in Alliance, DFW Airport corridor, and McKinney where rents are growing and supply is physically constrained. South Dallas offers a value play at \$7–9/SF for investors willing to accept near-term lease-up risk for long-term rent growth upside.

4. Office — Trophy Wins, Everything Else Struggles

OVERALL VACANCY

25–27%

Down 150 bps from late-2024 peak

SUBLEASE AVAILABLE

6.3M SF

Down from 8.8M SF in Q3 2025

TROPHY RENTS

\$70–80/SF

Best-in-class new construction

The DFW office market tells two very different stories. Properties **less than 3 years old** have recorded **+13.5 million SF of positive net absorption**. Every other vintage has experienced **-15 million SF of negative absorption**. This is not a cyclical downturn — it is a permanent structural shift toward quality.

Submarket Performance

SUBMARKET	ASKING RENT	SIGNAL
Uptown / Turtle Creek	\$56–\$66/SF	2.1M SF leased YTD; +446K SF positive absorption
Upper Tollway / W. Plano	\$30–\$35/SF	+442K SF net absorption; strong corporate demand
Las Colinas	\$25–\$30/SF	Availability 20%+; best concessions in metro
Frisco / McKinney Corridor	\$30–\$38/SF	Corporate relocations driving demand
CBD / LBJ Freeway (Class B/C)	\$18–\$24/SF	Structural vacancy; permanent impairment risk

272 Intelligence Assessment: Selective opportunity exists in **suburban Class A product in Uptown, Plano/Frisco corridor, and Upper Tollway** where flight-to-quality dynamics are creating sustained demand at pricing well below replacement cost. The Goldman Sachs campus (\$500M, 5,000+ employees) and "Y'all Street" trend provide a long-term demand anchor for trophy Uptown product.

Risk — Class B/C Office: Avoid Class B/C product entirely. Properties less than 3 years old absorbed +13.5M SF while every other vintage lost -15M SF. This bifurcation is permanent. Class B/C office in the CBD and LBJ Freeway corridor faces structural vacancy with no recovery signal. Investors holding these assets should evaluate exit or conversion strategies.

5. Retail — Record Occupancy, Grocery-Anchored Dominance

OCCUPANCY 95.3% 4th consecutive record year	3-YEAR RENT GROWTH 4.6% Annual average	AVG ASKING RENT \$24.91/SF Premium product to \$45/SF	UNDER CONSTRUCTION 7.2M SF 85% pre-leased · #1 nationally
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DFW retail is the tightest sector in the metro and one of the strongest in the nation. Grocer-anchored community centers have reached **96.4% occupancy** — a record high. The market is on track for a potential fourth consecutive year of record occupancy in 2026.

The demand driver is clear: **82% of the 2.4 million SF of new retail built in 2025 was for grocers** (H-E-B, Kroger, Sprouts, Walmart). The pipeline includes 34 grocery stores for 2026–2027, concentrated in high-income, high-growth Denton and Collin County suburbs.

272 Intelligence Assessment: Grocery-anchored necessity retail in DFW's northern growth corridors (Frisco, Celina, Prosper, McKinney, Little Elm) offers **recession-resistant income with institutional-credit tenancy and structural demand tailwinds**. With 85% of new construction pre-leased, speculative supply risk is minimal. This sector is systematically mispriced by a market that conflates e-commerce disruption with necessity-based formats.

6. Capital Markets — Capital Is Returning



DFW CRE transaction activity reached a **3-year high** by mid-2025, with single-asset transactions up 21% year-over-year. National CRE capital deployment hit \$92.5 billion in Q1 2025, up 17% YoY, and DFW is capturing a disproportionate share of that flow.

The debt market is stabilizing: while traditional bank lending remains constrained, **debt funds and CMBS lenders** are stepping in to provide liquidity. The Fed held rates at 3.50–3.75% at the March meeting, with spread compression expected as the rate trajectory becomes clearer. Global investors are also actively deploying into DFW, often paying cash or finding U.S. rates attractive relative to home-country rates.

Berkadia's investor survey found **83% of multifamily investors** are planning portfolio expansion, with strong net buy recommendations for DFW retail and industrial in 2026.

Capital flows signal: DFW's #1 ULI/PwC ranking, combined with 70% of surveyed investors planning to increase DFW acquisitions, indicates that institutional capital allocation to the metro is accelerating. Transaction volume is up 14% YoY with single-asset deals up 21%. The bid-ask spread is narrowing, and debt availability is improving — both catalysts for continued momentum through 2026.

7. Risk Factors — What We're Watching

RISK FACTOR	SEVERITY	ASSESSMENT
Property Taxes	Elevated	Among the highest nationally for a no-income-tax state. Dallas County: \$0.2155/per \$100; City of Dallas: \$0.6988/per \$100. Material impact on operating expenses and underwriting.
Insurance Costs	Elevated	Texas property insurance up 58% over five years (2x national average). Wind/hail exposure in North Texas drives commercial rates higher. Must be modeled conservatively.
Multifamily Oversupply	Declining	Pipeline contracting rapidly (starts -30%, deliveries -62% in 2026). Absorption outpacing supply. Worst appears behind the market but vacancy remains elevated near-term.
Industrial Supply	Moderate	35.6M SF under construction, less than half pre-leased. Weaker submarkets (SE Dallas) at risk. Mitigated by 22.3M SF annual absorption.
Office Structural Vacancy	Severe	25–27% vacancy in older product with -15M SF negative absorption. Permanent impairment in Class B/C. Trophy/new product is exception.
Tariff Exposure	Moderate	Could slow logistics leasing and reduce household formation. However, DFW considered "much better positioned than most American cities" in high-tariff scenario.
Development Overshoot Risk	Moderate	DFW's deep capital pool has a historical tendency to periodically overshoot on development. Requires cycle-aware monitoring.

272's risk management approach: Every acquisition is underwritten to conservative assumptions: current rents (not pro forma), stress-tested exit cap rates 50–75bps above entry, and insurance and property tax escalation built into operating budgets. DFW's elevated property taxes and insurance costs are material underwriting inputs that must be modeled explicitly — not estimated from national averages. Risk management is not a separate process; it is embedded in how we source and underwrite.

8. Conclusion — Deploy with Precision

DFW is the top-ranked CRE market in America for good reason: an 8.5 million population base growing by 120,000+ annually, a \$745 billion diversified economy, 21 Fortune 500 headquarters, and infrastructure investment measured in the billions. The macro fundamentals are as strong as any metro in the country.

But **the opportunity set is not uniform**. The highest-conviction deployments in DFW right now are:

- **Industrial:** Infill last-mile and small-bay product in Alliance, DFW Airport corridor, and McKinney — nation-leading absorption with structural demand tailwinds.
- **Retail:** Grocery-anchored necessity retail in northern growth corridors — record occupancy, minimal speculative supply, recession-resistant income.
- **Multifamily (Approaching):** Value-add suburban product at current basis levels (\$184K/unit, 5.7% cap) — the supply cliff is creating a recovery window that will reward early movers.
- **Class A Office (Selective):** Trophy product in Uptown and Plano/Frisco at steep discounts to replacement cost — "Y'all Street" trend provides structural demand anchor.

The discipline is knowing which sectors to deploy into, which to watch, and which to avoid entirely. **That distinction is what separates returns from risk.**

272 Holdings — DFW Market Access

272 Holdings maintains active broker, sponsor, and lender relationships across Dallas–Fort Worth's key commercial real estate markets. We are currently deploying capital into the opportunities described in this report.

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Sources: CBRE US Real Estate Market Outlook 2026 & Investor Survey • ULI/PwC Emerging Trends in Real Estate 2026 • Cushman & Wakefield US Multifamily & Industrial MarketBeat • Matthews Real Estate Investment Services — DFW Quarterly Reports • Partners Real Estate — Dallas Office & Industrial Quarterly Reports • Colliers — DFW Office Q3 2025 • Bradford Companies — DFW Market Insights • Northmarq — DFW Multifamily Research • Yardi Matrix — Dallas Multifamily Reports • ALN Apartment Data — DFW Market Spotlight • Weitzman — DFW Retail Forecast 2026 • Dallas Federal Reserve — Economic Indicators • Dallas Regional Chamber — Economic Momentum Report • U.S. Bureau of Economic Analysis — Metro GDP • Berkadia — Investor Sentiment Survey • Altus Group — US CRE Transaction Analysis • Bisnow — DFW CRE Trends • D Magazine — Commercial Real Estate Rankings • CoStar — DFW Market Analytics

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