

Why Dallas Is a Buyers Club

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You don't need Matthew McConaughey to tell you that opening **Klyde Warren Park** was like flipping a switch for office **tenants** and **investors** to see a more **cohesive downtown** Dallas. The result has been increasing interest in the CBD. JLL takes a walk down Class-A trophy asset lane with us.



JLL research director **Walt Bialas** says the **world changed** with the opening of the deck park in October 2012. Tenants (think Jacobs Engineering) and buyers (most recently, KFK Group buying One Main Place) began eyeing the CBD. According to JLL's assessment of Class-A trophy assets in 43 markets nationwide, the Dallas markets--mostly **Uptown**--have seen an **8% drop in vacancy** in the last year. While the **CBD** is experiencing a **revival**, it will take longer to fill up the large amount of space.



It's a **good time to be a landlord**. Thanks to intense capital demand, **The Crescent** and **Park Seventeen** are seeing **record level rents** at **\$40 to \$43/SF**. It's all about location, access, and visibility of a building, Walt tells us. DART is moving people to the CBD and **investors** are willing to **risk** buying there because of the **competitive pricing** instead of buying in Miami, Boston, or DC, he says. It gives investors **flexibility** to make some changes, weather the storm, and take the time to do it right. Places like One Main Place can come around, but it won't happen in three to six months. It will require **patient money**, Walt says.



Fort Worth made JLL's list for the first time this year, largely because it has a great CBD story to tell, Walt says. It's a much smaller market, but has the **third-highest rent increases (7.9%)** last year) in the past 12 months, Walt tells us. (Forget the story, this underdog tale could be a movie.) And, the city **leads the nation with new office construction** (remember Sundance Square's new buildings that opened last fall).