



Leasing activity in Dallas skyline properties hit 1.5 million square feet in 2012—a 38 percent improvement over 2011. Smaller properties under 1 million square feet, most in Uptown, are outperforming the larger towers downtown, many of which still have significant vacancies. (See graphic at the end of this post.)

Along with tenants, investors are showing a strong interest in urban properties, too, says Evan Stone, managing director at JLL. “This is taking place in Uptown and Preston Center, but also spilling over to the Dallas CBD as investors see the opportunity to capitalize upon the strong demand and quickly dropping supply in select locations,” he said. “Recognizing that the near-term construction pipeline is ramping up, the rent differential is so great between the existing buildings and new development that the investment attractiveness of many of the skyline buildings cannot be underestimated.” ([Click here](#) to see other trends that are driving demand in urban space.)

Despite demand, construction of new space has been limited. One notable exception is KPMG Plaza at Hall Arts, a 450,000-square-foot Arts District tower that’s slated to open in 2015. A number of major redevelopment and renovation projects are under way in the CBD, especially along Main Street. JLL expects a downtown Dallas revival to continue: “The skyline buildings will be at the center of this transformation and the first to benefit from what should be a broader recovery for the urban core.”