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Dallas Is Booming—Except for Its Downtown

Texas city's central business district faces a crisis as companies look for snazzy suburban alternatives to aging office towers



Downtown Dallas, with the Fountain Place building shown in the background, has the second-highest office vacancy rate of any downtown in the nation.

By [Patience Haggin](#) [Follow](#) and [Peter Grant](#) [Follow](#) | Photographs by Jake Dockins for WSJ

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Quick Summary



- Downtown Dallas recorded a 27.2% office vacancy rate, the second highest of any downtown nationally, with many companies moving to newer suburban campuses.

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DALLAS—This city is a hotbed for commercial property. The metro area's population is booming and financial-services firms are flocking here, earning the area the sobriquet [“Y’all Street.”](#)

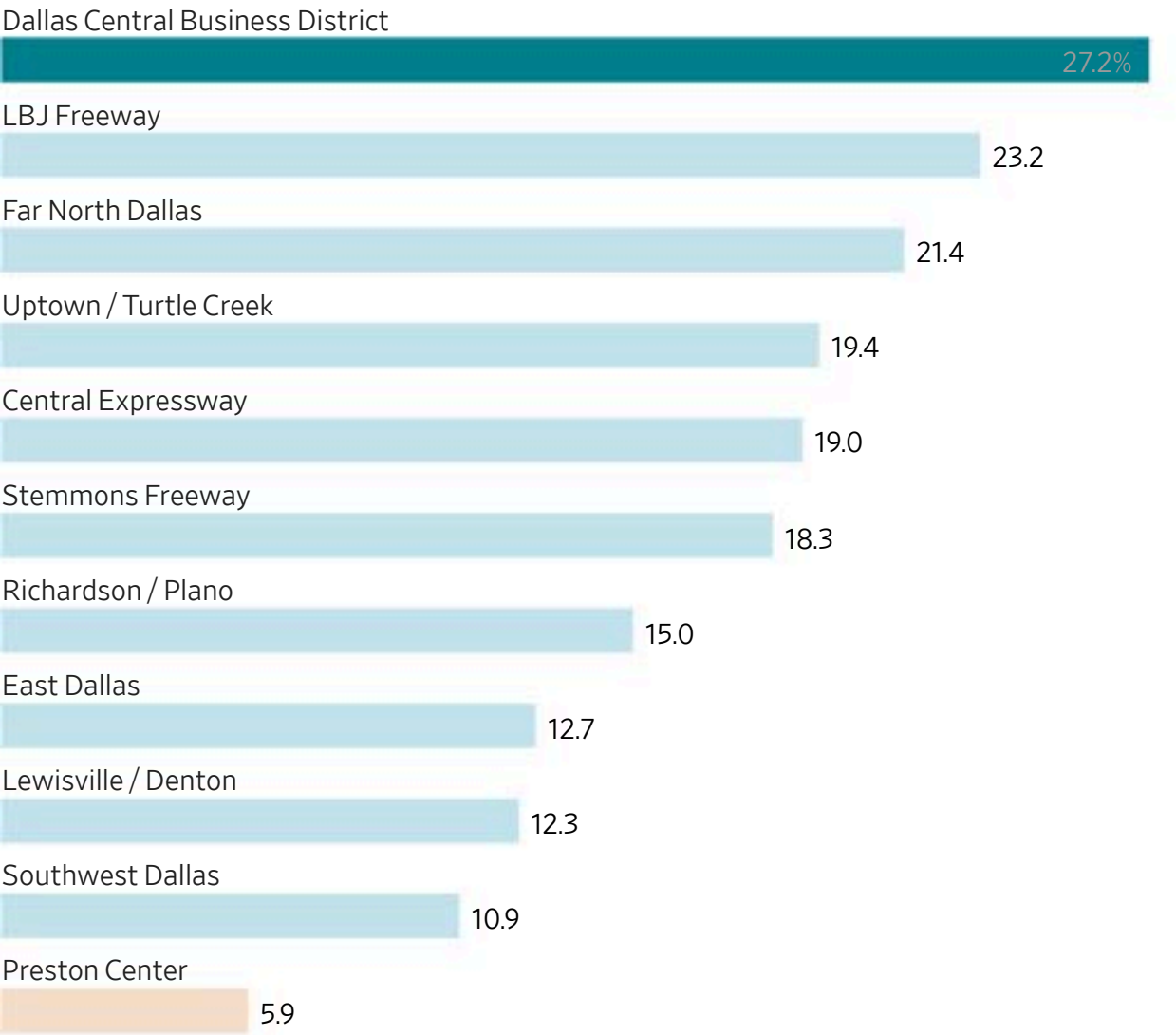
Yet at its heart is one of the country's worst-hit central business districts: Downtown Dallas.

Companies are abandoning this neighborhood and its aging office towers. They are heading to the Uptown district or the thriving suburbs, often over concerns about crime and homelessness. Left behind are defaulted loans, foreclosures and deeply discounted property sales.

Real-estate investors purchased \$51.7 million worth of office property in downtown Dallas in the first three quarters of this year, compared with \$1.8 billion in Dallas's suburban markets, according to data firm MSCI.

Dallas's downtown has the second-highest office vacancy rate of any in the nation, behind Seattle. Downtown Dallas, the central business district, was at 27.2% at the end of the third quarter, according to real-estate data firm [CoStar](#). In Dallas's Preston Center district, 7 miles away, the office vacancy rate was only 5.9%.

Office vacancy rates of select Dallas neighborhoods





Notes: Neighborhood boundaries are approximate. Vacancy rates as of Sept. 30.

Source: CoStar

Now some of the last pillars supporting downtown are on shakier ground. Cincinnati-based [Fifth Third Bancorp](#) [FITB -1.22% ▼](#) recently [agreed to acquire Comerica](#) [CMA -1.08% ▼](#), one of downtown Dallas's largest financial tenants. Fifth Third hasn't said whether it will close the 320-employee office in downtown Comerica Bank Tower. Brokers and other real-estate professionals say office-space consolidation is common in the wake of such mergers. The company said it is evaluating its real-estate portfolio, but remains committed to keeping a strong presence in Dallas.

Dallas City Manager Kimberly Bizer Tolbert said she is focused on keeping [AT&T](#) [↑ 0.49% ▲](#) in its downtown headquarters. She said AT&T has indicated in meetings that it is thinking about leaving. AT&T's headquarters has about 6,000 employees, according to company filings. AT&T declined to comment on its plans, saying discussion of its potential departure was "based on rumors and speculation."

AT&T's lease expires at the end of 2031. It is considering a few suburban campuses, including the former headquarters of Electronic Data Systems in Plano, according to people familiar with the matter. It also has had discussions with the owner of a sprawling Plano complex with pickleball courts, a golf simulator and a gaming arcade, said people with knowledge of those conversations.

A hole at the core

Many of the forces weighing on downtown Dallas—from remote work to homelessness—are afflicting other urban core neighborhoods. Businesses and investors have fled the downtown districts of [St. Louis](#), [San Diego](#) and [Portland, Ore.](#), for the relative tranquility of neighboring suburbs.

Downtown Dallas's deterioration shows how uneven the office recovery has become—even in a prime Sunbelt region widely seen as an economic winner.



Pegasus Plaza. Forces weighing on downtown Dallas include remote work and homelessness.

Part of Dallas's problem is that the city never developed around a single, dense central business district in the way older Northeastern cities did. Instead, its growth followed highways and corporate campuses to produce a metro area with multiple business hubs, like Las Colinas, Preston Center, Frisco, Plano and Legacy West.

The pattern accelerated in the 1990s and 2000s with the growth of Dallas's Uptown district, just to the north, which attracted many finance, law and technology businesses.

Dallas entered the postpandemic era with more competitive suburban nodes than most U.S. cities. They offer modern buildings closer to where employees live, abundant parking and amenities like gyms and outdoor spaces.

Downtown, by contrast, was left with an older building stock, making it far more vulnerable when office demand fractured.



Empty commercial space on Akard Street.



A former restaurant space at Akard and Pacific Avenue.

The Dallas region offers a relatively affordable cost of living and a low-tax, business-friendly environment that appeals to financial firms. Nasdaq, which has an office in Irving, Texas, announced earlier this year that it would expand in the region. A [Texas branch](#) of the New York Stock Exchange is planning an office north of downtown.

[Goldman Sachs](#) **GS -1.64% ▼** is building an 800,000 square foot campus in the Victory Park area northwest of downtown, which will accommodate more than 5,000 workers. The firm hasn't said whether it plans to close its existing downtown office, which already anchors its largest U.S. workforce outside New York.

The city fights back

The pull of suburban markets has forced Dallas officials to fight on multiple fronts to keep the city's biggest names from leaving downtown.

Saks Global, which acquired the Neiman Marcus department store chain last year, has considered closing its 111-year old location on Dallas' Main Street.

The company has said the overwhelming majority of Dallas Neiman Marcus customers prefer to shop at the store in NorthPark Center, an upscale mall about 7 miles from downtown. Saks is planning a \$100 million renovation of that location.

Saks has agreed to keep the downtown store open into next year and consider ways "to potentially reimagine" the nine-story space, the company said. The new incarnation may create event space for art and fashion shows—and leave a lot less space for classic retail.



City officials are worried that AT&T might move out of its Whitacre Tower headquarters downtown.

One potential challenge for keeping companies downtown is crime and homelessness. Tolbert said AT&T has expressed concerns about public safety.

This year AT&T's headquarters campus, which includes an open plaza, has had incidents of assault, trespassing and a brandished knife and gun, according to police reports.

The city has increased its downtown police presence and homelessness services. Downtown Dallas Inc., a nonprofit that supports the area's economic development, provides additional security guards. Downtown violent crime for the first 11 months of 2025 declined 12% from the prior-year period, police figures show.



Jennifer Scripps is CEO of Downtown Dallas Inc., a business-development nonprofit that manages the downtown public improvement district.

“We as a city have decided we’re going to be very aggressive about not letting things get out of control,” said Jennifer Scripps, chief executive officer of Downtown Dallas Inc.

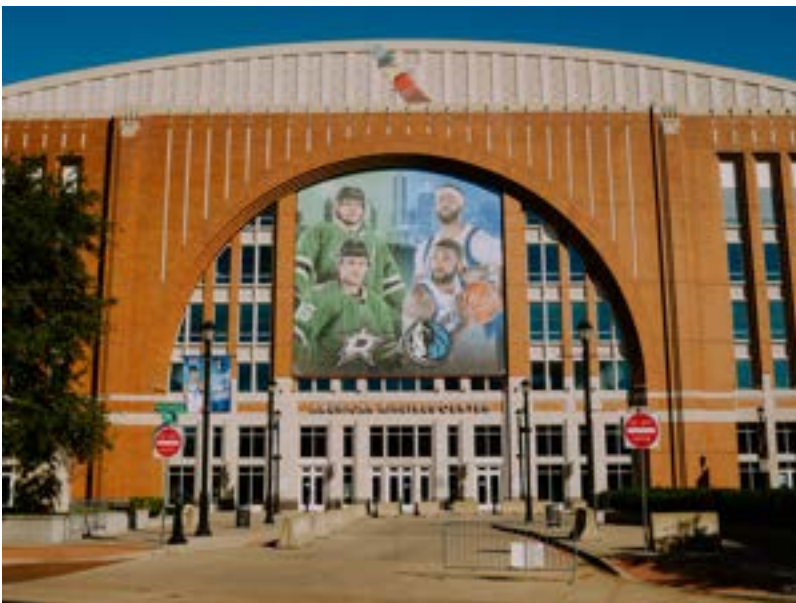
Not all of the news is bad for downtown. Landlords have tried to reshape the district as a more livable neighborhood, rather than a pure office zone. It is the nation’s third leading downtown for

[office-to-residential conversions](#), according to a report this year by real-estate services firm [CBRE](#). It also is poised for a lift from a \$3.7 billion convention center redevelopment, slated to be completed by 2029.

Downtown's future also depends heavily on what happens with Dallas's professional basketball and hockey teams, the Mavericks and the Stars. Both play at the aging American Airlines Center north of downtown and have signaled they want new arenas.

Mavericks CEO Rick Welts said he is considering sites on the downtown's southern edge for a new 50-acre entertainment complex, weighing public safety and other factors.

"This type of project would be a game changer for downtown Dallas," Welts said.



Both pro sports teams that play at Dallas's aging American Airlines Center have signaled they want new arenas.

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