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The Complete Guide to Commercial Real Estate in North Texas

How buyers, sellers, owner-users, and investors underwrite, diligence, finance, and close commercial property.

By Troy Spader, Realtor® · The Real Brokerage · North Texas · September 2026

In this post

A house is priced by bedrooms, school zone, and the house down the street that just closed. A commercial building is priced by income, risk, and what a buyer can do with the dirt on Monday morning. Mix those two playbooks and you overpay, undersell, or spend 90 days discovering the tenant's lease expires in six months.

I work North Texas with The Real Brokerage — homes, land, ranches, and commercial. This guide is for the owner-user who needs a shop, the investor rolling a 1031, the family selling a strip center, and the first-time buyer looking at a small office or warehouse along the I-35 corridor.

> This is general information as of September 2026, not legal, tax, environmental, or lending advice. Commercial contracts in Texas are heavily negotiated. Confirm numbers, leases, and structure with a commercial lender, CPA, environmental consultant, and a Texas real estate attorney.

1. Why commercial is a different business

- There is no TREC "one to four family" safety net. Most commercial deals use a Texas REALTORS® commercial contract, an attorney-drafted purchase and sale agreement, or both.
- Texas commercial sales are largely **caveat emptor**. There is no residential-style seller's disclosure that saves you. The feasibility period is the protection.
- Value is usually a function of **NOI** (net operating income), not granite and curb appeal — though condition still drives capex.
- Tenants, leases, and credit often matter more than the paint.
- Timelines run 45–90+ days, not a 7-day option and a 30-day close.
- You may buy in an LLC, hold with partners, or exchange under IRC §1031. Entity and tax structure belong in the first conversation, not the last.

If the building is a home you live in, use the residential guide. If it is acreage you ranch, use the farm-and-ranch guide. If the building is supposed to make money or house a business, stay here.

2. Know which asset you are actually buying

Industrial, warehouse, flex, and shop space

DFW remains one of the strongest industrial markets in the country. Vacancy has been working back down from the post-building peak, absorption has been heavy, and large-bay product near interstates and rail still draws users. Denton County and the north I-35 / 380 corridors keep adding distribution and manufacturing. For a local owner-user, clear height, truck court, power, dock mix, and zoning beat a pretty office lobby.

Retail and pad sites

Grocery-anchored, necessity retail, QSR, medical-adjacent, and well-located pads have held up better than fashion inline space. Traffic counts, ingress/egress, co-tenancy, and the tenant's remaining term drive price. Denton retail occupancy has been tight relative to a few years ago; that does not mean every empty box is a bargain.

Office

The office market is split. Trophy and well-amenitized Class A in the right submarkets has seen leasing improve and rents firm. Commodity suburban office and buildings with rolling vacancies still trade on a story, not a trailing rent roll. If you need space for your own firm, buy the building you can occupy and lease the rest — do not buy someone else's occupancy problem because the cap rate looks high.

Multifamily (generally 5+ units)

This is commercial financing and commercial underwriting. DFW has absorbed a huge wave of new apartments; occupancy and rent growth depend on submarket and vintage. Value-add (tired 1980s–1990s product) is a different bid than a 2022 Class A lease-up. Agency debt (Fannie/Freddie), life companies, and local banks do not underwrite the same way a home lender does.

Mixed-use, medical, self-storage, hospitality, special purpose

These are businesses wrapped in real estate. A clinic, car wash, hotel, or storage facility is underwritten on operations as much as walls. Bring an operator or a specialist, not just a building inspector.

Commercial land

Entitled vs. raw, utilities to the curb vs. "nearby," frontage, traffic, floodplain, and what the city will actually approve. Land is a timeline and a carry cost until someone can pull a permit.

3. The 2026 North Texas commercial snapshot

Headlines change by quarter. The useful picture for a Denton-to-DFW client in 2026:

- **Industrial** — among the nation's strongest. Vacancy has declined from the mid-cycle peak as absorption caught up with the construction wave. Asking rents have been in the high-single-digits per square foot on many reports, with a still-active but more measured pipeline.
- **Office** — two-speed. Better buildings and better locations are leasing; vacancy remains elevated on the overall inventory. Asking rents on competitive product have been firm to higher. Sublease inventory has been shrinking from the worst of the remote-work hangover.
- **Retail** — generally healthy occupancy in well-located North Texas trade areas, with new grocery and service retail still following rooftops north and west.
- **Multifamily** — demand is real; so was oversupply in some submarkets. Underwrite today's rent and today's concessions, not the offering memorandum from the peak.
- **Capital** — higher-for-longer debt means buyers underwrite cash flow, not just appreciation. Cap rates vary widely by credit, term, and asset quality. A single "DFW

cap rate" is a myth.

North Texas still has the ingredients commercial users and investors pay for: population growth, logistics, no state income tax, and cities that will talk about economic development. That is the backdrop. It is not a reason to skip the rent roll.

4. How commercial value is measured

Learn these four numbers before you tour anything:

- **Gross potential income** — rent if everything is leased at the stated rate.
- **Effective gross income** — after vacancy, credit loss, and concessions.
- **NOI** — effective income minus operating expenses. Debt service is not an operating expense. Neither is capital improvement, though you still have to pay for the roof.
- **Cap rate** — NOI ÷ purchase price. A 6% cap means six cents of NOI per dollar of price. Higher cap usually means higher perceived risk, shorter leases, weaker credit, worse location, or more deferred maintenance — not a free lunch.

Also watch:

- **Cash-on-cash** — annual pre-tax cash flow ÷ cash invested.
- **DSCR** — NOI ÷ annual debt service. Lenders live here.
- **Price per square foot or per unit** — useful for comps, dangerous as the only metric.
- **Replacement cost** — what it would take to build it today. A "cheap" building that needs a $2 million HVAC plant is not cheap.

Ask whether the seller's NOI is trailing twelve months, trailing annualized, or "pro forma" after they assume every vacant suite leases at asking rent next month. Pro forma is a story. T-12 is a record. You can underwrite a story. Do not pay as if it already happened.

5. Leases: where the income actually lives

You do not buy a building. You buy a stack of contracts that happen to sit on a building.

Lease style	Who pays what	Typical use
NNN (triple net)	Tenant pays base rent plus taxes, insurance, and operating expenses (structure varies)	Single-tenant retail, many industrial

Lease style	Who pays what	Typical use
Modified gross	Landlord and tenant split expenses; base year or expense stop is common	Multi-tenant office
Full service / gross	Landlord pays most operating expenses out of the rent	Some office
Percentage rent	Base plus a share of tenant sales over a breakpoint	Retail
Ground lease	Tenant owns the improvements, pays for the dirt	Pads, QSR, some net lease

On every income deal, abstract every lease:

- Start date, expiration, options, and remaining term
- Base rent, bumps, and whether rent is above or below market
- Who pays taxes, insurance, CAM, and roof/structure
- Security deposit and guarantees (corporate vs. franchisee vs. personal)
- TI allowance still owed, landlord default, and exclusive-use / co-tenancy clauses
- Assignment, sublet, early termination, and radius restrictions
- Estoppel certificates — the tenant's written confirmation that the rent roll is not fiction

A 95% occupied building with three leases rolling in 11 months is not the same asset as a 95% occupied building with staggered 7-year remaining term. Price them differently or do not buy the first one.

6. Buying commercial property in Texas

Start with use and structure, not the listing photo

- Owner-user (you will occupy) vs. investor (someone else pays rent) vs. hybrid.
- Hold period and exit: flip after value-add, hold 7–10 years, or 1031 forever.
- Entity: typically an LLC. Talk to a CPA and attorney before you go under contract in your personal name "just to get it started."
- Budget for acquisition costs plus immediate capex. Commercial closings do not come with a home-warranty fridge.

The paper is not a residential offer

Most North Texas commercial deals begin with an **LOI** (letter of intent): price, earnest money, feasibility period, closing, what personal property conveys, assumed leases, and who pays for which reports. Then counsel turns it into a purchase agreement.

Expect:

- A feasibility / inspection period of 30–60 days (sometimes 90 on land or messy assets).
- Earnest money that may go hard in stages when feasibility ends.
- Independent consideration so the contract is enforceable under Texas option-contract rules.
- Representations that are narrower than buyers wish and broader than sellers wish. Negotiate them.
- 1031 cooperation language if either side is exchanging.

Do not use a residential TREC form on a warehouse "because it is simpler."

7. Due diligence — the work that protects the check

Plan on third-party reports. A serious commercial diligence package often runs into five figures. That is cheaper than buying someone else's underground tank.

- **Title and survey.** ALTA/NSPS survey plus a title commitment you actually read. Easements, access, encroachments, and mineral reservations are Texas-normal. The mineral estate can be dominant. Know what you do not own.
- **Environmental.** Phase I ESA to current ASTM standard. Phase II if the Phase I finds a recognized environmental condition. Gas stations, dry cleaners, plating, and old industrial use are not surprises in this market — they are homework.
- **Property condition.** PCA (property condition assessment): roof, structure, HVAC, electrical, plumbing, pavement, and immediate vs. years 1–12 capex.
- **Zoning and entitlements.** Confirm legal use, parking ratios, signage, hours, outdoor storage, and whether your intended use needs a SUP or rezoning. City of Denton is not unincorporated Denton County is not Frisco.
- **Taxes.** Texas has no state real estate transfer tax, but property tax is real. Model the bill at the purchase price, not the seller's old assessed value. Check MUDs, PIDs, and other special districts. A post-closing CAD increase can hit NNN tenants — and your renewals.
- **Flood, drainage, and utilities.** FEMA maps, detention, sanitary sewer capacity, power availability for industrial users.

- **Financials.** Rent roll, T-12 and trailing 36 if you can get it, CAM reconciliations, tax bills, insurance loss runs, service contracts, and personal-property list.
- **Tenants.** Estoppels, SNDAs if the lender requires them, and a walk through every suite — not just the lobby.

8. Financing, taxes, and 1031 exchanges

How commercial gets financed

Source	Typical fit	Watch-outs
Local / regional banks	Owner-user and smaller investment deals	Recourse, shorter term, 20–35% down common
SBA 7(a) or 504	Owner-users who will occupy a qualifying share	Occupancy rules, timeline, eligible use
Life companies / CMBS / agencies	Stabilized larger assets, multifamily	Prepay penalties, reserve requirements, tighter covenants
Credit unions / Farm Credit (some CRE)	Relationship borrowers	Product fit varies
Seller financing / assumption	When the note is better than the market	Due-on-sale, personal guaranty, balloon
Cash / family office	Speed and messy assets	Still do the diligence

Lenders will want a commercial appraisal, often a Phase I, rent roll, and tax returns or business financials for owner-users. Rate and term follow credit, sponsorship, and asset quality — not a consumer mortgage matrix.

1031 exchanges

If you are selling investment property and want to defer gain, a like-kind exchange under IRC §1031 is common in Texas commercial work. Hard rules, not suggestions:

- Use a qualified intermediary. Do not touch the sale proceeds.
- **45 days** from closing the relinquished property to identify replacement property in writing.
- **180 days** to close the replacement (or the tax-return due date, if earlier).
- Identify real property for real property. Talk to a CPA about what qualifies.

The clock does not care that the Phase I is late. If you are exchanging, build the 45-day list before you close the sale, not after.

Other tax notes

Cost segregation, bonus depreciation, and entity choice can change cash-on-cash as much as a 25-basis-point cap-rate swing. That is CPA work. Bring them in early. Homestead treatment does not apply to commercial buildings. Property-tax protests, however, often do.

9. Selling commercial property

Decide what you are selling

An empty warehouse, a fully leased NNN box, and a half-leased office with a tired HVAC plant are three different listings and three different buyer pools. Price the asset you have.

Build a real offering file

Buyers who can close will not chase a one-page flyer. Before you go to market — or before you take the one off-market call seriously — assemble:

- Rent roll and copies of every lease, amendment, and guarantee
- T-12 operating statement and at least two prior years
- Tax bills, insurance, and service contracts
- Survey, floor plans, and any prior environmental or PCA reports
- Zoning confirmation and certificates of occupancy
- Capex history and known immediate repairs
- A clear list of personal property that conveys

How commercial listings actually sell

Some assets belong on LoopNet, Crexi, and CoStar with a full OM. Some belong in a quiet conversation with five owner-users and three 1031 buyers. Marketing the wrong way either burns the property (everyone has seen it, no one bid) or hides it from the one user who would have paid for the location.

Pricing is a cap-rate and a per-foot conversation against recent closed sales — not last year's peak OM. In 2026, buyers have calculators and debt quotes. Fantasy NOI gets marked down in week two of feasibility.

Seller posture that closes

- Give a real feasibility window and a data room on day one.
- Do not hide a rolling tenant or a pending special-district assessment.
- Be ready for estoppels. Tenants who will not sign them are a fact, not a nuisance.
- If you need a 1031, say so early so the contract has cooperation language and a realistic close date.
- Know your after-tax number, not just the headline price.

10. Mistakes that kill deals

Buyers

- Paying for pro forma occupancy as if it were in place
- Skipping Phase I because “it looks clean”
- Ignoring minerals, access, and flood because the building is pretty
- Using a residential lender and a residential contract
- Starting a 1031 without a replacement pipeline
- Underwriting taxes at the seller’s old assessed value
- Buying office vacancy because the cap rate looked generous

Sellers

- Listing with no rent roll, no T-12, and a story
- Pricing 2022 debt-era values with 2026 interest rates
- Refusing feasibility time on an asset that needs it
- Surprising the buyer with a tenant who is leaving
- Forgetting that owner-users and investors are different buyers

How I work commercial files

Commercial work is matching the building to the use, the lease stack to the price, and the timeline to the money. That means honest underwriting, the right contract, a diligence calendar, and a buyer pool that actually closes this asset class — user, investor, or exchange.

If you need a house, a condo, or a tract under five acres, I have a residential guide. If you need a ranch, I have that guide. If you need a shop, a warehouse, a retail box, an office, a small multifamily, or the land under the next one — this is the conversation.

Talk through a commercial buy or sale

Buying or selling office, industrial, retail, multifamily, or commercial land in Denton County and the rest of North Texas? Call or text and tell me what the building is supposed to do.

Call or text **214-233-6655**
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