

Dallas-Fort Worth



Dallas-Fort Worth industrial market sets an all-time record for net absorption during 2021

The industrial market of Dallas-Fort Worth (DFW) continued to witness strong positive activity in the fourth quarter of 2021. Demand for industrial space is supported by an expanding local population base and business-friendly environment as well as key industry sectors such as e-commerce retailers, third-party logistics providers and materials distributors. Net absorption during the quarter totaled 9.3 million square feet (msf), which significantly exceeds the five-year quarterly average of 7.0 msf. Over the past 12 months, the DFW industrial market recorded a total of 44.1 msf in net absorption which is nearly 80% higher than previous year and the strongest year on record.

Strong leasing activity pushes vacancy to its lowest level since 2000

The vacancy rate of the DFW industrial market reached a record low of 5.6% during the quarter, supported by strong leasing activity and healthy demand. The Dallas-Fort Worth metropolitan statistical area (MSA) continues to attract industrial occupiers with its central location and transportation network including multiple interstate highways, airports and railroad systems. The market has one of the most robust construction pipelines in the nation which reached over 60.0 msf at the end of 2021. Developers are bullish on the industrial sector, anticipating current trends to continue in the coming year.

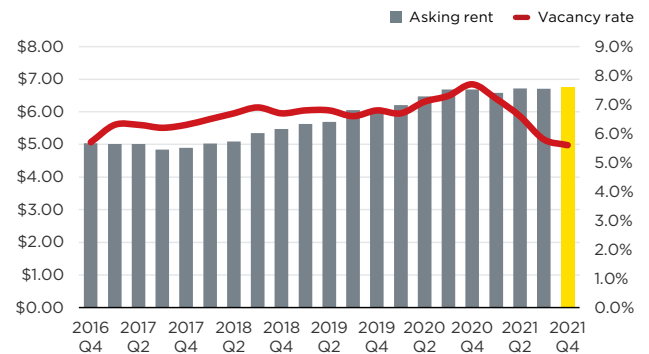
DFW labor market regained losses and surpassed pre-pandemic levels

According to the DFW Economic Indicators from Federal Reserve Bank of Dallas, regional employment has seen growth across all sectors and surpassed pre-pandemic levels in November 2021. As a result, DFW has been able to maintain a similar level of unemployment relative to the national average of 3.9%. Also, the local population base has been steadily increasing which allowed the business-cycle index to rise by 13.7% in 2021. With the regional economy on solid ground, industrial occupiers have been confident to sign large leases. Notably, Ryder Logistics recently leased 800,737 square feet (sf) at 1305 Cleveland Road in the South Dallas submarket.

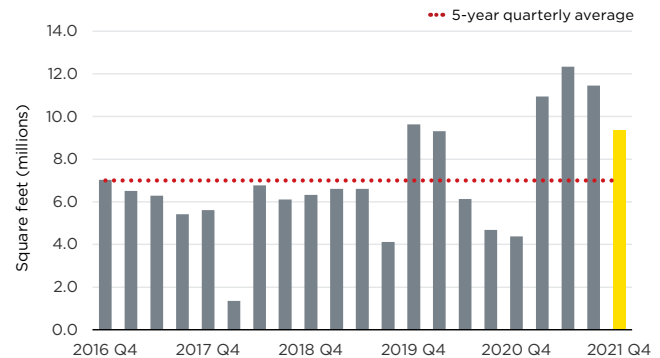
KEY STATISTICS

	Q4 2020	Q4 2021	Y-o-Y Change
Inventory	879.0 MSF	906.8 MSF	▲
Vacancy Rate	7.7%	5.6%	▼
Quarterly Net Absorption	4.4 MSF	9.3 MSF	▲
Under Construction	29.5 MSF	60.4 MSF	▲
Deliveries	8.5 MSF	8.2 MSF	▼
Asking Rental Rate	\$6.69	\$6.76	▲

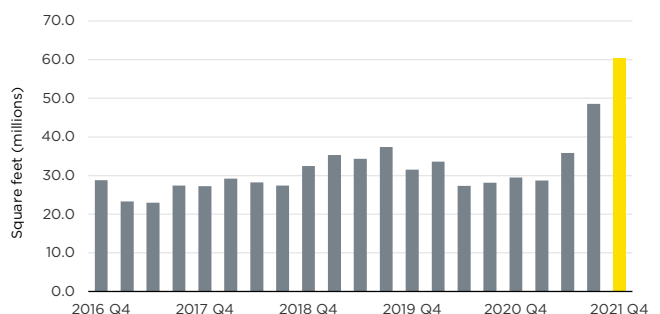
ASKING RENT AND VACANCY



NET ABSORPTION



UNDER CONSTRUCTION



Outlook

- Leasing activity is expected to remain strong going into 2022, buoyed by a robust regional economy with a growing population base.
- The construction pipeline is anticipated to remain at the current high level but will be met with steady demand.
- Overall asking rental rates will continue their upward trajectory.

BY THE NUMBERS

60.4M

SF under construction, which is the highest in history

5.6%

overall vacancy is the lowest since 2000

44.1M

SF cumulative net absorption during 2021, a historic record

TOP TRANSACTIONS

Leases

Tenant	Square Feet	Address	Transaction Type	Submarket	Landlord
Ryder Logistics	800,737	1305 Cleveland Road	New	South Dallas	USAA Real Estate
Life Science Logistics	646,190	3150 State Highway 161	New	DFW Airport	City of Dallas
thredUP	595,148	3800 North Interstate 35 East	New	South Dallas	IDI Logistics
H-E-B	485,248	280 South Intermodal Parkway	New	North Fort Worth	Weber&Company
CSC	301,995	1101 Everman Parkway	New	South Fort Worth	The Hollingsworth Companies

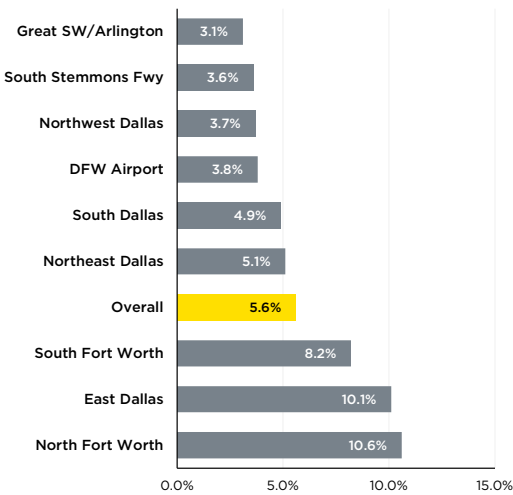
Sales

Owner/Buyer	Square Feet	Address	Price	Submarket	Seller
Realty Income Corp	2,300,000	9302 W Jefferson Boulevard	Not Disclosed	Great SW-Arlington	VEREIT
Ben & Mary Daskocil Family Foundation	1,275,307	4209 Barnett Boulevard	Not Disclosed	Great SW-Arlington	Marybe Investments LTD
MDH Partners	956,020	1401 Everman Parkway	Not Disclosed	South Fort Worth	Invesco Real Estate, Bandera Ventures
CBRE Investment Mgmt	951,418	5030 Anderson Boulevard	Not Disclosed	North Fort Worth	Walton Street Capital
CanTex Capital	880,000	3201 N Sylvania Avenue	Not Disclosed	North Fort Worth	Park Corporation

Source: Savills Research

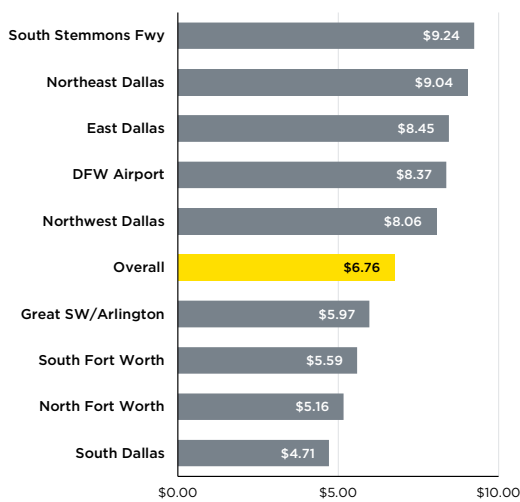
VACANCY RATE COMPARISON

Dallas Industrial Submarkets



RENTAL RATE COMPARISON (\$/SF)

Dallas Industrial Submarkets



Unless otherwise noted, all rents quoted throughout this report are average asking net (NNN) rents per square foot. Statistics are calculated using both direct and sublease information. Current and historical vacancy and rent data are subject to change due to changes in inventory.

The information in this report is obtained from sources deemed reliable, but no representation is made as to the accuracy thereof. Unless otherwise noted, source for data is Savills Research.

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