

# Dallas-Fort Worth



## DFW industrial market continues to see strong development activity while vacancy remains stable

Since 2021, the Dallas-Fort Worth industrial market has exhibited elevated construction activity to meet market demand and set a new record of 72.9 million square feet (msf) in the construction pipeline. Despite significant supply additions, leasing activity driven by e-commerce and logistics occupiers is outpacing deliveries and supporting positive net absorption. During the past four quarters, net absorption totaled 39.4 msf which exceeds the 5-year historical average of 28.5 msf. During the first quarter of 2022, construction has begun on over 20 msf of new product, which indicates continued developer confidence in the market.

### Asking rental rates continue to rise despite construction

Overall asking rents in the Dallas-Fort Worth industrial market rose steadily in the first quarter of 2022 to \$7.01 per square foot (psf) – an increase of 5.9% from one year prior. Additionally, despite a 40 basis points (bps) rise to 6.0% during the quarter, vacancy is down by 120 bps year over year. The market delivered more than 7.0 msf during the first quarter of 2022, which is near the 5-year average. Notably, the South Fort Worth submarket saw 2.7 msf of new supply in the past quarter.

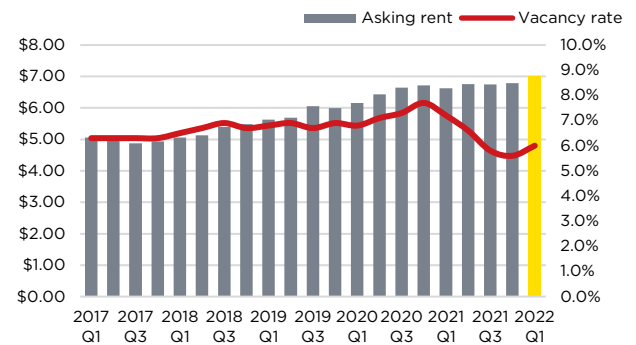
### National credit tenants expand their presence in North Texas

At the end of the quarter, Meta, the parent company of Facebook, announced their plans for a new \$850 million data center campus in Temple, TX. Also, Dallas-based chip maker, Texas Instruments has unveiled plans for \$3.5 billion in new spending, which includes real estate projects to support their chipmaking capacity. Retail and e-commerce industries are also contributing to the recent activity. National grocery chain Kroger and online grocer Ocado both opened automated e-commerce fulfillment centers in the South Dallas submarket to support online grocery delivery. Lastly, Nike signed a lease for more than 1.0 msf at 1300 East Fulghum Road in the South Dallas submarket. Nike is reportedly designating this facility for their South region delivery hub to improve their supply chain.

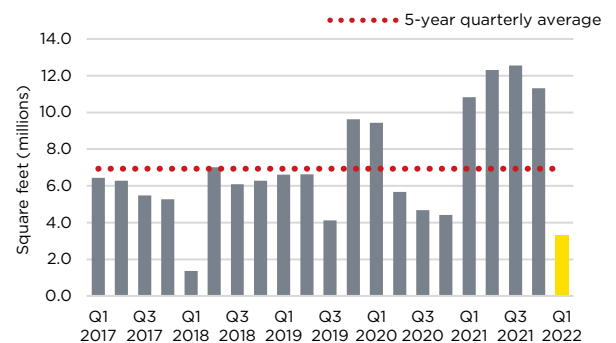
### KEY STATISTICS

	Q1 2021	Q1 2022	y-o-y Change
Inventory	866.6 MSF	917.1 MSF	▲
Vacancy Rate	7.2%	6.0%	▼
Quarterly Net Absorption	10.8 MSF	3.3 MSF	▼
Under Construction	29.3 MSF	72.9 MSF	▲
Deliveries	7.2 MSF	7.3 MSF	▲
Asking Rental Rate	\$6.62	\$7.01	▲

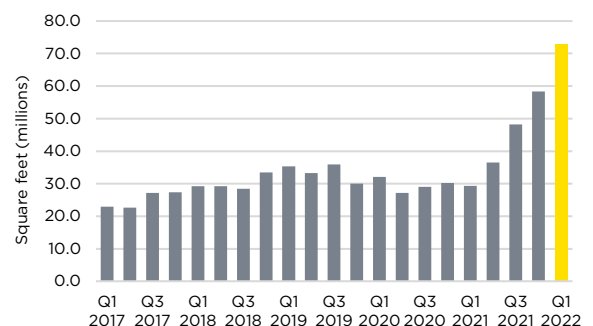
### ASKING RENT AND VACANCY



### NET ABSORPTION



### UNDER CONSTRUCTION



### Outlook

- Positive momentum in the Dallas-Fort Worth industrial market will be sustained for the next four to six quarters supported by strong demand and construction activity
- Despite an uptick in development projects, vacancy is expected to remain stable. Factors include a growing tenant base, due to the state's business friendly environment, and companies realigning supply chains, due to global disruptions
- The Dallas-Fort Worth MSA is anticipated to continue its economic growth trend with a rising population and employment base.

BY THE NUMBERS

**72.9M**

square feet under construction—the largest pipeline in history

**5.9%**

Overall asking rent growth over the past 12 months

**3.0%**

DFW Airport exhibits lowest submarket vacancy, declining for the fifth straight quarter

TOP TRANSACTIONS

Leases

Tenant	Square Feet	Address	Transaction Type	Submarket	Landlord
Nike	1,039,360	1300 E Fulghum Road	New	South Dallas	Logistics Property Company
LifeScience Logistics	404,581	2600 Regent Boulevard	Renewal	DFW Airport	City of Dallas
The Dufresne Spencer Group	293,705	1701 Joel East Road	New	South Fort Worth	PGIM
TYC Genera	260,819	600 Freeport Parkway	Renewal	DFW Airport	Duke Realty
Highline Warren	136,010	3000 Roy Orr Boulevard	New	Great SW/Arlington	LaSalle Investment Management

Sales

Owner/Buyer	Square Feet	Address	Price	Submarket	Seller
AIREIT	1,391,800	NWC Victory Circle & Harmonson Road	\$115,525,000	North Fort Worth	Scannell Properties
EQT Exeter	832,634	800 Cottonwood Valley Road	N/A	South Dallas	Lovett Commercial
Dilweg Companies	620,000	3201 W Royal Lane	N/A	DFW Airport	PS Business Parks
Goldman Sachs	543,900	100 E Main Street	N/A	Great SW/Arlington	Dalfen Industrial
KKR	459,762	9800 Hillwood Parkway	N/A	North Fort Worth	Hillwood

Source: Savills Research

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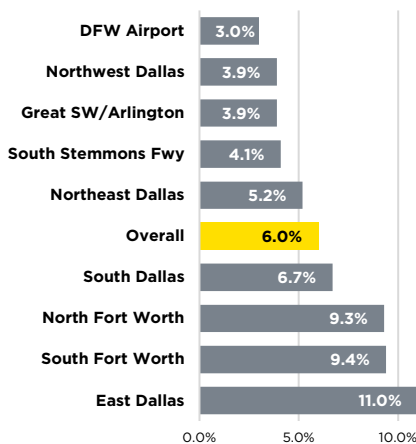
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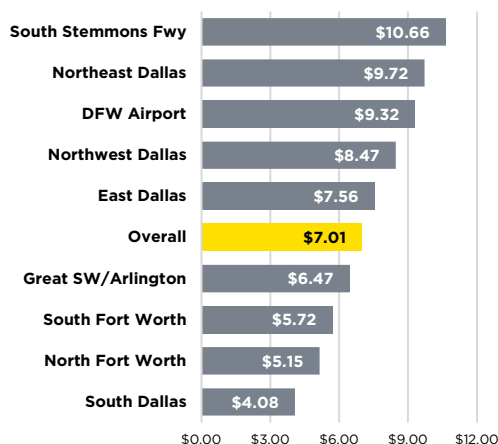
VACANCY RATE COMPARISON

Dallas-Fort Worth Industrial Submarkets



RENTAL RATE COMPARISON (\$/SF)

Dallas-Fort Worth Industrial Submarkets



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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.

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