

Dallas-Fort Worth

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Vacancy continues to rise as new deliveries increase supply

The Dallas-Fort Worth industrial market continues to see rising vacancy rates as new deliveries come online. Vacancy increased to 10.6% in Q1 2024, representing a 400-basis-point increase year over year. The market saw 14.7 million square feet (msf) of new deliveries for Q1 2024, which was a slight year-over-year increase; however, it was a decrease compared to the prior quarter. The construction pipeline remains high with 30.9 msf of space currently under construction. Given the high under-construction pipeline with the majority of this being speculative development as new deliveries come online, vacancy will likely continue to remain high.

Net absorption remains positive as demand holds firm

The Dallas-Fort Worth industrial market remains resilient, boasting positive net absorption for Q1 2024. In addition, leasing demand continues to hold firm with multiple large deals being signed in Q1 2024. The Container Store Group renewed for approximately 1.1 million square feet (sf), and Barrett Distribution Centers signed a lease for approximately 529,000 sf. In addition, numerous deals over 100,000 square feet were done this quarter, evidence that the Dallas-Fort Worth market continues to remain a viable option for occupiers and their operations. Rental rates have held steady, observing a year-over-year increase of 11.1%. However, as new deliveries come online and available supply increases, rental rate growth will likely flatline.

South Dallas and North Fort Worth see large deliveries

South Dallas and North Fort Worth see large deliveries. The South Dallas submarket saw the highest number of deliveries with 3.9 msf of new deliveries added to the market in Q1 2024. While some of the new deliveries were offset by the positive absorption observed within the submarket, the submarket still saw a 40-basis-point increase in vacancy. Vacancy will likely continue to rise within the South Dallas submarket, which has 4.7 msf of space under construction as supply is expected to continue to outpace demand. The North Fort Worth submarket saw 3.1 msf of new deliveries with approximately 6.0 msf under construction. South Dallas and North Fort Worth submarkets represent approximately 35% of the construction pipeline.

Key Statistics

	Q1 2023	Q1 2024	Y-0-Y
Inventory	768.1 msf	850.7 msf	+82.6 msf
Vacancy Rate	6.6%	10.6%	+400 bps
Asking Rental Rate	\$6.40	\$7.11	+11.1%
Net Absorption	9.8 msf	4.2 msf	+5.6 msf
Under Construction	78.3 msf	30.9 msf	-47.4 msf
Deliveries	14.4 msf	14.7 msf	+0.3 sf

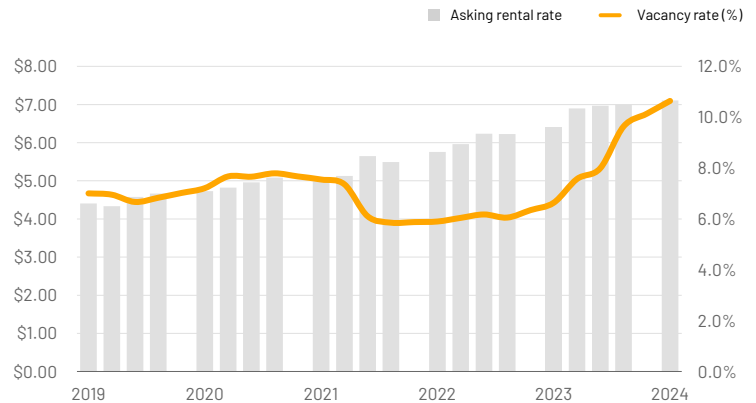
Outlook

01 Slowed construction starts and new deliveries have reduced the under-construction pipeline; however, it remains the highest in the nation

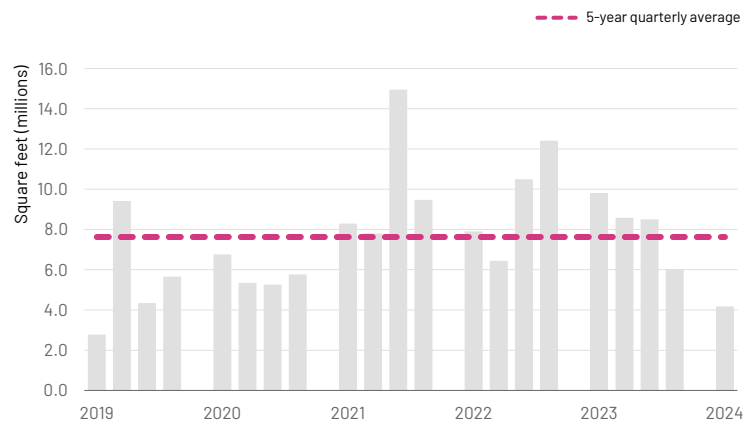
02 Demand will likely remain resilient, with net absorption remaining positive over the near term

03 Vacancy will continue to climb as supply outpaces demand; rent growth will likely flatline

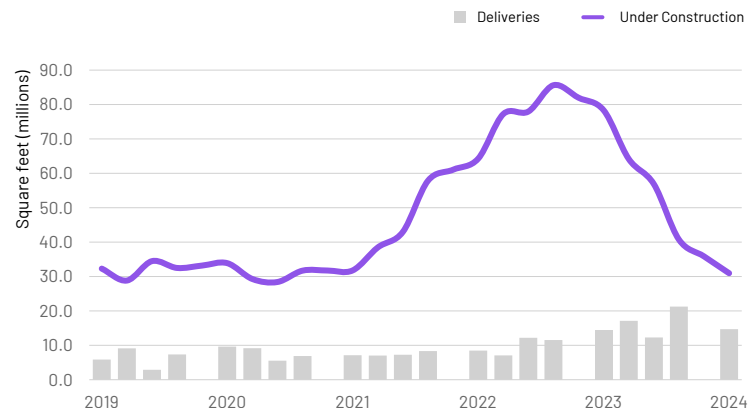
Asking Rent and Vacancy



Net Absorption



Deliveries and Under Construction



Top Leases

Source: Savills Research

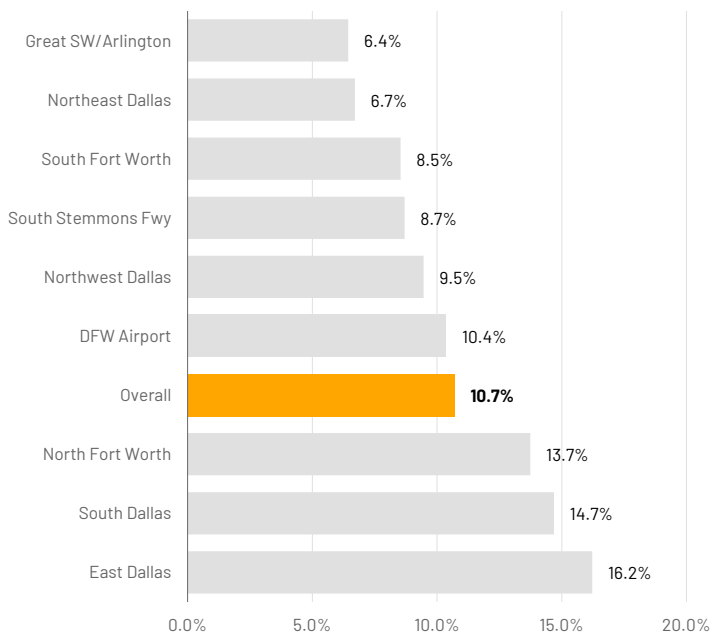
TENANT	SIZE (SF)	SUBMARKET	ADDRESS	TRANSACTION TYPE	INDUSTRY
The Container Store Group, Inc.	1,101,500	DFW Airport	500 Freeport Parkway	Renewal	Retailer (Brick & Mortar)
Barrett Distribution Centers	529,047	East Dallas	13991 US Highway 80	New Lease	Logistics & Distribution/3PLs
Legendz Way	486,645	South Dallas	2720 Logistics Drive	New Lease	Logistics & Distribution/3PLs
Kumho Tire U.S.A. Inc.	393,625	South Stemmons Fwy	3700 Pinnacle Point Drive	Renewal	Automotive
Barcel USA	308,000	DFW Airport	301 Northpoint Drive	Renewal	Food & Beverage

Top Sales

OWNER/BUYER	SIZE (SF)	SUBMARKET	ADDRESS	PRICE / \$/SF	SELLER
Artemis Real Estate Partners	413,508	North Fort Worth	13500 Independence Parkway	N/A	AT Industrial Propco LP
Platform Ventures	403,240	South Fort Worth	6501 Highpoint Parkway	N/A	Yukon Ventures
CapRock Partners	396,750	East Dallas	510 N Peachtree Road	N/A	Dalfen Industrial
Chester E. Bradley, Jr. Family LLC	258,539	South Stemmons Fwy	2424 N Westmoreland Road	N/A	Dallas Transfer & Terminal Warehouse Co
Wildwood Real Estate CO Inc.	240,000	Northwest Dallas	4415 Simonton Road	N/A	AEW Capital

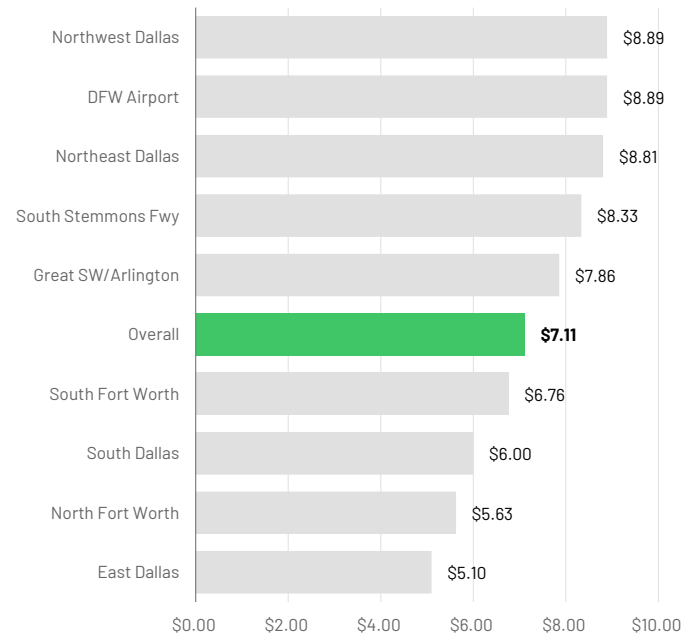
Vacancy Rate Comparison (%)

DALLAS-FORT WORTH SUBMARKETS



Rental Rate Comparison (\$/sf)*

DALLAS-FORT WORTH SUBMARKETS



Dallas-Fort Worth Q1 2024 - Industrial

*based on all classes of available inventory

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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.

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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