

Dallas-Fort Worth

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Supply-side pressure continues to push vacancy upwards

The Dallas-Fort Worth industrial market continues to see increases in vacancy, with vacancy reaching 11.2% in Q2 2024. This represents a year-over-year increase of 360 basis points (bps). The East Dallas submarket saw the largest increase in vacancy, reaching 19.3%, a 310-basis-point increase over the prior quarter. The observed increase in vacancy is largely attributed to the new deliveries coming online. In Q2 2024, the Dallas-Fort Worth industrial market saw 14.1 million square feet (msf) in new deliveries. Additionally, the under-construction pipeline remains relatively high compared to other major markets in the country at 21.1 msf. With approximately 90% of the under-construction space being speculative development, it is likely vacancy will continue to increase.

Net absorption remains positive as demand holds firm

While supply continues to outpace demand, net absorption has remained positive. In Q2 2024, the Dallas-Fort Worth industrial market boasted net absorption of 6.7 msf, an increase compared to the prior quarter. The Dallas-Fort Worth industrial market continues to see active leasing with multiple large deals being signed in Q2 2024. Google signed a lease for approximately 1.0 msf and RJW Logistics Group signed a lease for approximately 640,000 square feet (sf). In addition, numerous deals over 100,000 sf were completed this quarter, a sign that occupiers continue to see the Dallas-Fort Worth market as a viable option for their operation. Looking forward, net absorption will likely remain positive; however, it will remain below recent highs observed in 2021 and 2022.

Asking rates show signs of softening as vacancy remains high

In Q2 2024, average asking rents reached \$6.89. Asking rates have remained relatively flat year over year; however, they have observed a decrease of approximately 3.1% quarter over quarter. New deliveries pushing vacancy upward, coupled with the stabilization in leasing, have placed downward pressure on asking rental rates, with landlords reducing rents to lease up vacant space. Going forward, as new deliveries come online and vacancy increases, asking rents will likely continue to decline before stabilizing.

Key Statistics

	Q2 2023	Q2 2024	Y-0-Y
Inventory	788.5 msf	868.8 msf	+80.3 msf
Vacancy Rate	7.6%	11.2%	+360 bps
Asking Rental Rate	\$6.90	\$6.89	-0.1%
Net Absorption	8.6 msf	6.7 msf	-1.9 msf
Under Construction	64.2 msf	21.1 msf	-43.1 msf
Deliveries	17.1 msf	14.1 msf	-3.0 msf

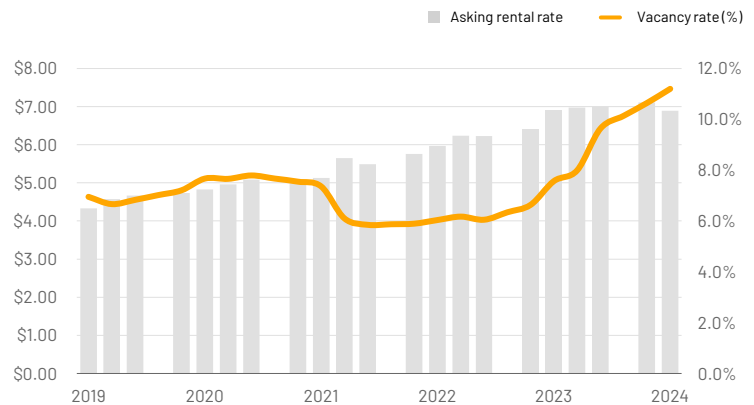
Outlook

01 Slowed construction starts and new deliveries have reduced construction pipeline to the lowest point over the last five years

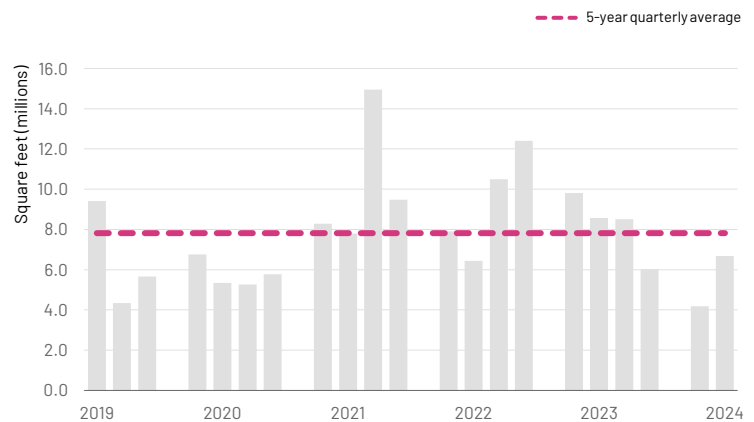
02 Continued job growth will have a positive impact on demand and leasing, with net absorption likely remaining positive over the near term, however, below recent highs observed in 2021 and 2022

03 Asking rents will likely decline as vacancy climb due to supply outpacing demand

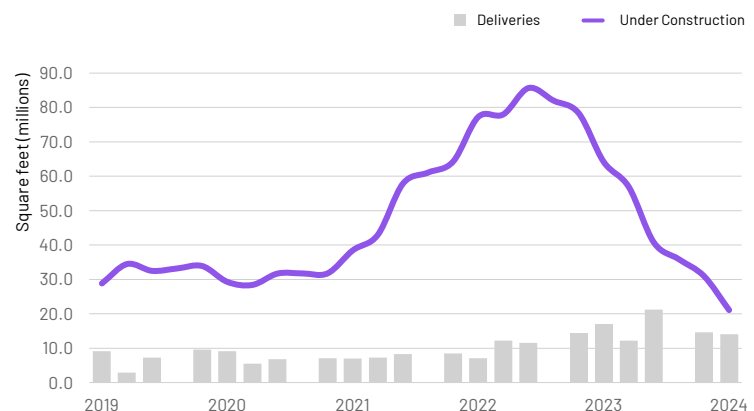
Asking Rent and Vacancy



Net Absorption



Deliveries and Under Construction



Outlook

Top Leases

Source: Savills Research

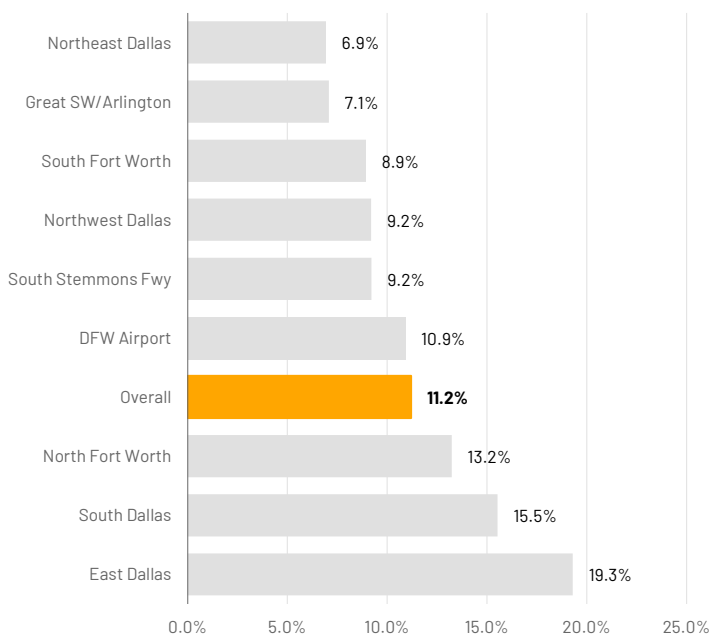
TENANT	SIZE (SF)	SUBMARKET	ADDRESS	TRANSACTION TYPE	INDUSTRY
Google	1,049,022	North Fort Worth	3400 Catherine Court	New Lease	Communications/ Media/Tech
RJW Logistics Group	649,398	East Dallas	2200 Berry Road	New Lease	Logistics & Distribution/3PLs
U.S. Lumber Group	548,340	South Dallas	3210 Railport Parkway	New Lease	Construction Materials & Building Fixtures
Frito-Lay	515,000	South Dallas	3636 Mountain Creek Parkway	New Lease	Food & Beverage
Keurig Dr. Pepper	389,000	South Stemmons Fwy	4235 Singleton Boulevard	New Lease	Food & Beverage

Top Sales

OWNER/BUYER	SIZE (SF)	SUBMARKET	ADDRESS	PRICE / \$/SF	SELLER
High Street Logistics Properties	440,663	Northwest Dallas	151 - 165 N I-35	N/A	Urban Logistics Realty
LBA Realty	267,280	North Fort Worth	11085 Harmon Road	N/A	Stonemont Financial / Iron Point Partners
Bendetti / RGA ReCap	257,192	South Stemmons Fwy	3200 Irving Boulevard	N/A	M2G Ventures
Buligo Capital	217,720	Northwest Dallas	1000 W Crosby	N/A	Crosby Abulafia, LLC
CUI Distribution	150,268	Northwest Dallas	1235 W Trinity Mills Road	N/A	Earl Owen Company

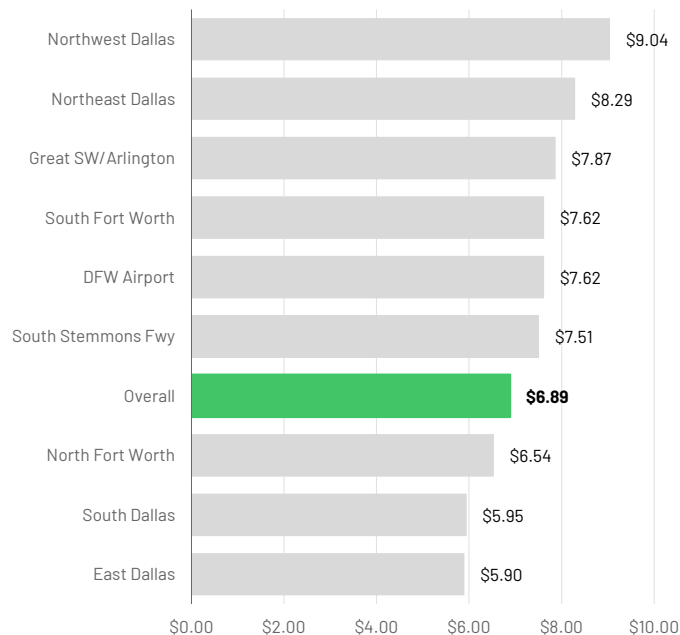
Vacancy Rate Comparison (%)

DALLAS-FORT WORTH SUBMARKETS



Rental Rate Comparison (\$/sf)*

DALLAS-FORT WORTH SUBMARKETS



Dallas-Fort Worth Q2 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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