

Dallas-Fort Worth

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Record high deliveries continue to push vacancy upwards

The Dallas-Fort Worth industrial market continues to see high levels of deliveries, with the under-construction pipeline remaining the highest in the nation—approximately 41.7 million square feet (msf). Vacancy was pushed upward due to the new deliveries coming online, with vacancy reaching 9.7% for Q4 2023, an increase of 360 basis points (bps) year over year and 170 bps compared to the prior quarter. The North Fort Worth submarket saw the largest number of deliveries this quarter, with 8.3 msf coming online. In addition, 7.3 msf is currently under construction within this submarket, representing 17.0% of the construction pipeline. Vacancy increased 350 basis points for the North Fort Worth submarket, with the submarket seeing the largest quarter-over-quarter increase in vacancy among all the submarkets. Going forward, vacancy will likely continue to trend upward as new development continues to come online.

Net absorption remains positive as demand holds firm

Demand remains positive with the Dallas-Fort Worth industrial market boasting positive net absorption for Q4 2023. In addition, leasing demand remains resilient as occupiers continue to look at the Dallas-Fort Worth market as a viable option for their operations. DrinkPAK signed two leases, totaling approximately 2.9 msf, and Kuka Furniture signed a lease for approximately 504,000 square feet at 3584 Mountain Creek Parkway. In addition, numerous deals over 100,000 square feet were done this quarter. Asking rents continue to hold firm, seeing a year-over-year increase of 12.5%. However, as new deliveries are added to the market and vacancy increases, rent growth will likely flatline.

Fort Worth experiences active fourth quarter

The North Fort Worth and South Fort Worth submarkets are among the top active submarkets this quarter, seeing approximately 8.3 msf and 3.6 msf in deliveries, respectively. These two submarkets account for 25.0% of the construction pipeline. The North Fort Worth submarket saw the highest levels of net absorption with 3.1 msf, with South Fort Worth trailing at 2.2 msf. In addition, three of the largest deals done this quarter occurred within the two submarkets.

Key Statistics

	Q4 2022	Q4 2023	Y-0-Y
Inventory	756.0 msf	824.4 msf	+68.4 msf
Vacancy Rate	6.1%	9.6%	+350 bps
Asking Rental Rate	\$6.23	\$7.01	+12.5%
Net Absorption	12.4 msf	6.0 msf	+6.4 msf
Under Construction	85.6 msf	41.7 msf	-43.9 msf
Deliveries	11.5 msf	21.3 msf	+9.8 sf

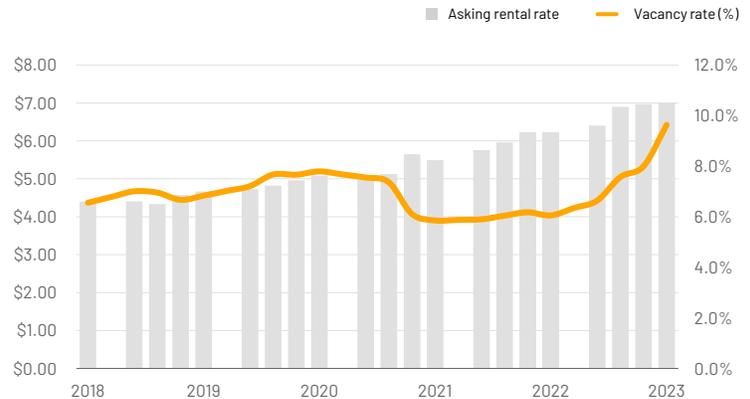
Outlook

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

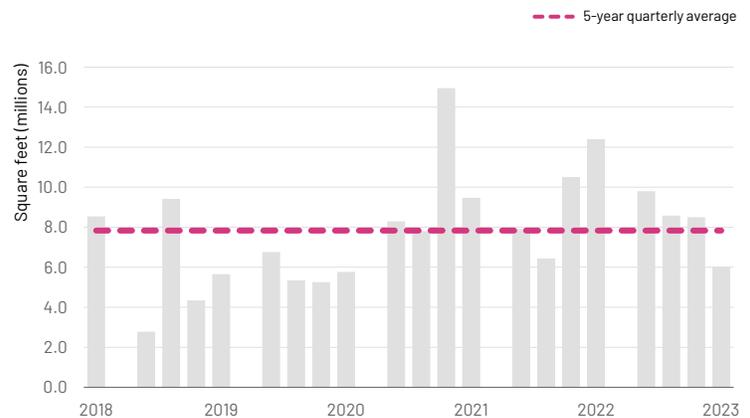
02 While demand is down from recent highs, it will likely remain resilient, with net absorption remaining positive over the near term

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

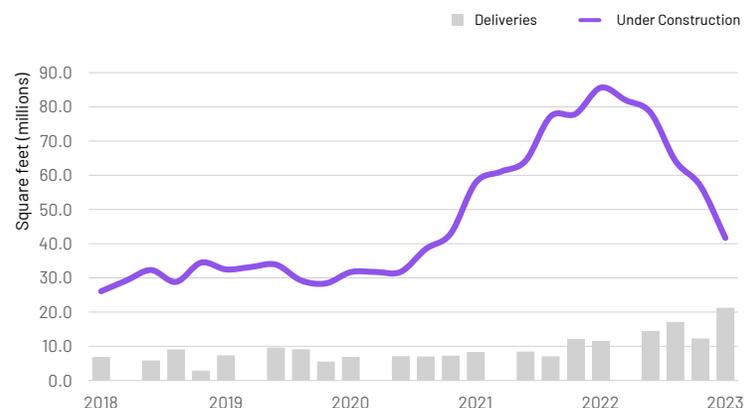
Asking Rent and Vacancy



Net Absorption



Deliveries and Under Construction



Top Leases

Source: Savills Research

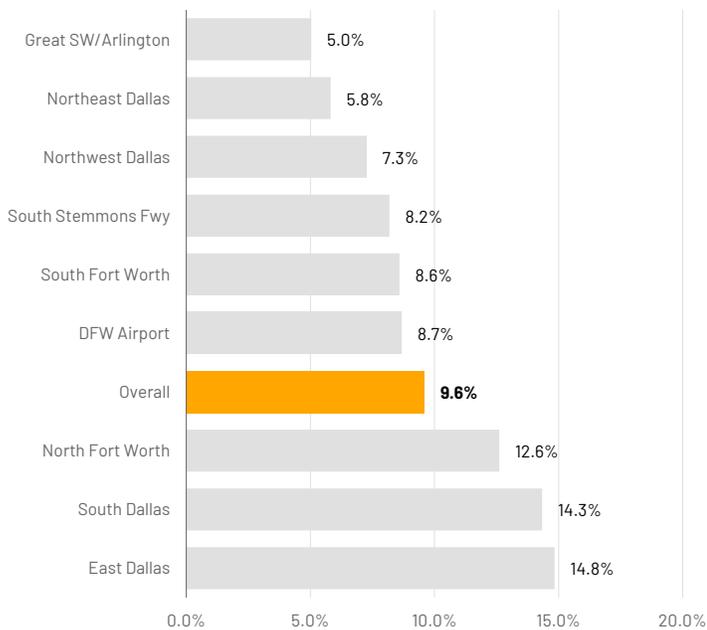
TENANT	SIZE (SF)	SUBMARKET	ADDRESS	TRANSACTION TYPE	INDUSTRY
DrinkPAK	1,487,583	North Fort Worth	25001 Eagle Parkway	New Lease	Food & Beverage
DrinkPAK	1,403,152	South Fort Worth	7200 Harris Legacy Drive	New Lease	Food & Beverage
Kuka Furniture	504,500	South Dallas	3584 Mountain Creek Parkway	New Lease	Consumer Goods
Fruit of the Earth	277,200	Great SW/Arlington	3325 W Trinity Boulevard	Renewal	Consumer Goods
Big Ass Fans	221,444	North Fort Worth	3101 NW Centre Drive	New Lease	Manufacturing

Top Sales

OWNER/BUYER	SIZE (SF)	SUBMARKET	ADDRESS	PRICE / \$/SF	SELLER
COMREF Riverpark LLC	726,746	Great SW/Arlington	3101 & 3200 High River Road	N/A	CPF River Park LLC
TKP 2100 Jo LLC	489,310	South Dallas	2100 Jo Drive	N/A	USRLP Southfield 5 LLC
Link Logistics Real Estate	725,000	South Stemmons Fwy	3901 & 4001 Adler Drive	N/A	Bprep I-30 Lp
EGP MLC 1031 LLC	193,490	Northeast Dallas	2161 Redbud Boulevard	N/A	TA redbud McKinney LLC
JLS Business Properties Ltd	190,221	North Fort Worth	15000 Heritage Parkway	N/A	Trammell Crow Company

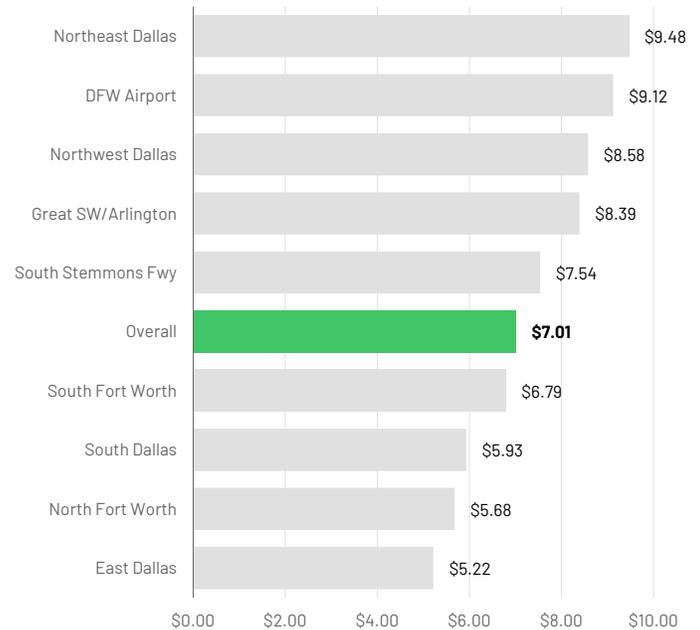
Vacancy Rate Comparison (%)

DALLAS-FORT WORTH SUBMARKETS



Rental Rate Comparison (\$/sf)*

DALLAS-FORT WORTH SUBMARKETS



Dallas-Fort Worth Q4 2023 - 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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