

# Dallas - Fort Worth



The Dallas/Fort Worth industrial market is firing on all cylinders as plentiful options, low-rate financing, available land, and Texas's business-friendly disposition continue to position the metroplex as an attractive place to do business while existing infrastructure facilitates national and global trade.



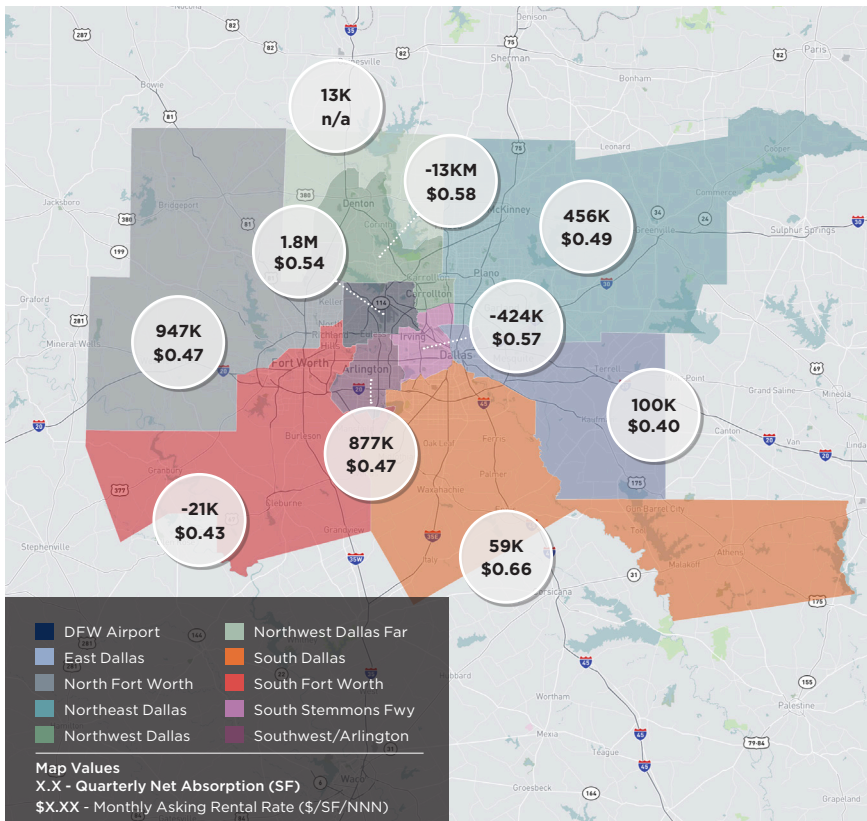
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Maintaining its momentum, despite an ongoing pandemic, the Dallas/Fort Worth (DFW) industrial market had another strong quarter marked by 3.9 million square feet (msf) of positive net absorption. The DFW Airport and North Fort Worth submarkets saw the highest levels of net absorption at 1.9 msf and 947.7 square feet (sf) respectively while three submarkets dipped into negative territory, the largest of which was negative 423.8 sf seen in the South Stemmons Freeway submarket. As consumer purchasing trends continue shifting online with the COVID-19 pandemic acting as its catalyst, demand from e-commerce retailers, third-party logistics providers, and last-mile delivery servicers are expected to remain elevated in the near- to medium-term. In fact, two tenants committed to more than 1.0-msf leases this quarter as Uline Shipping Supplies – who also signed for 495,000 sf this quarter – committed to 1.1 msf in the DFW Airport submarket while Amazon's appetite for space was temporarily satiated by a 1.04-msf lease at 9155 Southlink Drive.

## KEY STATISTICS

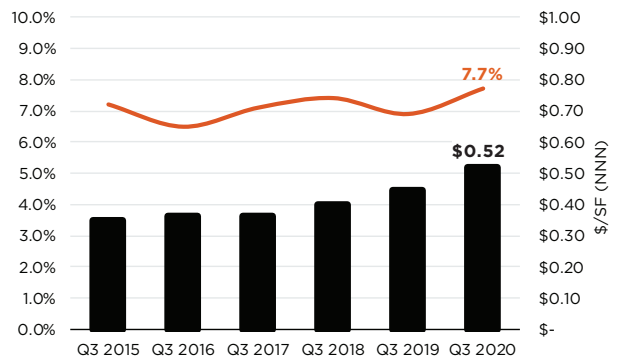
	Q3 2019	Q3 2020	y-o-y Change
<b>Inventory</b>	646.6 MSF	<b>680.2 MSF</b>	▲
<b>Vacancy Rate</b>	6.9%	<b>7.7%</b>	▲
<b>Net Absorption</b>	4.2 MSF	<b>3.9 MSF</b>	▼
<b>Under Construction</b>	37.0 MSF	<b>30.4 MSF</b>	▼
<b>Overall Monthly Asking Rent (NNN)</b>	\$0.45	<b>\$0.52</b>	▲

Vacancy rates have increased 80 basis points year over year, resting at 7.7% market-wide at the end of Q3 2020. Vacancy rates are highest in North Fort Worth at 11.7%, followed closely by the South Dallas submarket where rates are sitting at 10.8%. High vacancy rates in the two submarkets have primarily been driven by new speculative construction entering the market without any preleasing. Asking rents have been climbing upward as well, outpacing their historical growth rate as figures increased 16.5% from Q3 2019's \$0.45 per square foot (psf) to \$0.52 psf in Q3 2020. On the high end, industrial occupiers can expect to see asking rates around \$0.66 psf in the South Dallas submarket all the way down to \$0.40 psf in the East Dallas submarket.



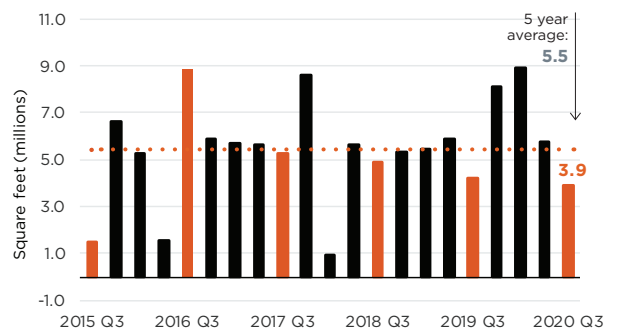
## VACANCY AND ASKING RENT TRENDS

Dallas - Fort Worth



## NET ABSORPTION

Dallas - Fort Worth



“With consumer spending habits shifting online, changing supply-chain strategies, and national and global connectivity offerings, industrial demand is expected to persist - particularly in warehouse and distribution properties.”

- John McWilliams, Research Manager

**SUBMARKET OVERVIEW**

100,000 SF and up (owner occupied included)

Submarket	Existing Inventory		Vacancy			YTD Net Absorption (SF)	YTD Deliveries (SF)	Under Construction (SF)	Overall Monthly Asking Rent (NNN)
	# Bldgs	Total (SF)	Direct (SF)	Total (SF)	Vac %				
DFW Airport	385	73,908,631	5,107,260	5,753,975	7.8%	1,886,786	1,482,593	3,815,224	\$0.54
East Dallas	175	35,591,844	2,528,534	2,598,676	7.3%	100,965	0	944,106	\$0.40
North Fort Worth	319	86,827,317	9,552,667	10,137,292	11.7%	947,652	390,000	9,981,723	\$0.47
Northeast Dallas	531	81,391,264	4,958,501	5,611,392	6.9%	455,504	974,322	4,472,871	\$0.49
Northwest Dallas	625	89,647,508	4,481,073	4,858,867	5.4%	(13,381)	542,743	2,235,057	\$0.58
Northwest Dallas Far	10	1,977,913	13,428	13,428	0.7%	13,275	0	0	n/a
South Dallas	330	94,051,279	8,986,963	10,169,170	10.8%	59,669	1,280,796	3,119,541	\$0.66
South Fort Worth	368	48,346,980	2,764,325	2,776,625	5.7%	(21,694)	1,058,844	3,652,447	\$0.43
South Stemmons Fwy	530	70,657,673	4,977,940	5,100,335	7.2%	(423,779)	189,752	1,113,302	\$0.57
Great SW/Arlington	520	97,959,938	4,919,503	5,383,945	5.5%	877,276	0	997,713	\$0.47

**MAJOR TRANSACTIONS**

Sales

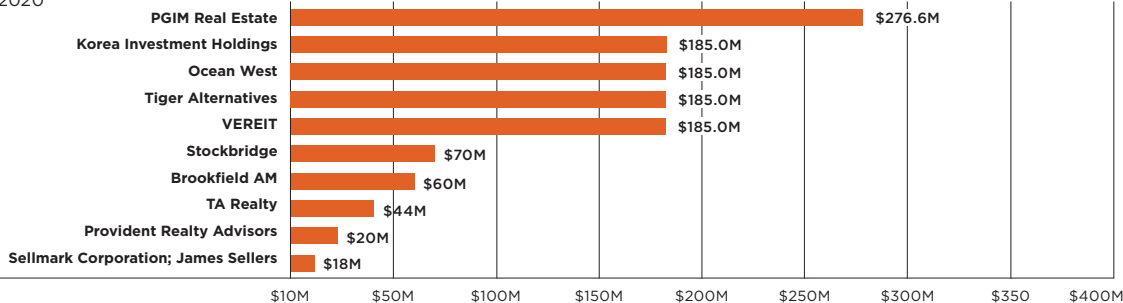
Owner/Buyer	Seller	Date	Address	Square Feet	Built	Land Area (acres)	Price	Submarket
VEREIT Joint Venture	NorthPoint Development	Aug-20	9314 W Jefferson Boulevard - Bldg. 1	2,300,000	2020	99.41	\$246,700,000	Great SW/ Arlington
Brookfield Prop Ptnrs	Dalfen America, Dalfen Industrial	Sep-20	2601 W Rochelle Road	1,231,318	2020	75.00	Undisclosed	DFW Airport
Sellmark Corporation; James Sellers	Pier 1 Imports	Jul-20	2200 Heritage Parkway	459,868	1988	28.75	\$18,000,000	South Fort Worth
TA Realty	Mohr Capital	Aug-20	2155 W I-20	394,068	2003	18.32	Undisclosed	South Dallas
Provident Realty Advisors	Taylor Publishing	Sep-20	1550 W Mockingbird Lane	310,000	1966	18.36	\$20,000,000	South Stemmons

Leases

Tenant	Square Feet	Address	Transaction Type	Submarket	Landlord
Uline Shipping Supplies	1,106,315	2600 Rental Car Drive	Direct/New	DFW Airport	CBRE
Amazon	1,044,647	9155 Southlink Drive	Sublease	South Dallas	Hines
Uline Shipping Supplies	494,238	2601 W Rochelle Road	Direct/New	DFW Airport	Dalfen Industrial
HelloFresh	374,812	2700 Market Street	Direct/New	DFW Airport	Bandera Ventures
1000Bulbs.com	203,040	Urban District 30 - Bldg. 1	Direct/New	Northeast Dallas	Urban Logistics Realty

**TOP BUYERS**

Q3 2020



Source Savills Research

**Market Highlights**



**Vacancy**

Down 80 bps year over year, from 6.9% in Q3 2019.



**Asking Rent Growth**

Up \$0.07 psf year over year, from \$0.45 psf in Q3 2019, a 16.5% increase.



**Under Construction**

Down -6.7 msf year over year, from 37.0 msf in Q3 2019, an -18.0% decrease.

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