

Dallas - Fort Worth



Widely regarded as a major U.S. logistics hub, the Dallas-Fort Worth industrial market has continued down its expansionary path and is on the upswing of its real estate cycle.



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The DFW Metroplex added nearly 25 million square feet (msf) of inventory to its industrial offering in 2019, 9.8 msf of which was added in the fourth quarter alone. An uptick of construction activity in outlying submarkets, the most active being the North Fort Worth submarket which currently has 10.8 million sf of product underway, has been catalyzed by relative land scarcity for infill projects.

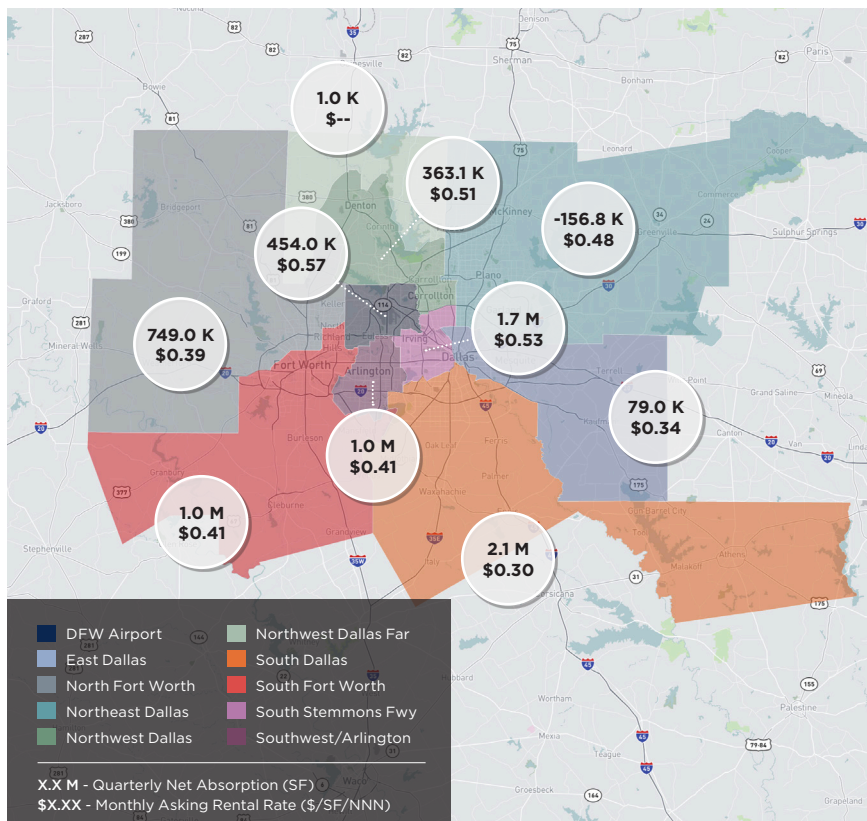
Demand in the Dallas-Fort Worth Industrial market has persevered as market-wide net absorption figures reached 5.6 msf in Q4 2019, accounting for 26.3% of the 21.2 msf year-end net-absorption total. Q4 2019 saw multiple tenants in the market sign deals larger than 100,000 square feet (sf), with the largest, at 673,000 sf, signed by Geodis at 1401 Chalk Hill Road. Other notable leases signed this quarter include Supply Chain Management

KEY STATISTICS

	Q4 2018	Q4 2019	y-o-y Change
Inventory	630.6 MSF	654.8 MSF	▲
Vacancy Rate	7.0%	7.3%	▲
Net Absorption	5.6 MSF	5.6 MSF	◀▶
Under Construction	29.3 MSF	31.0 MSF	▲
Overall Monthly Asking Rent (NNN)	\$5.16	\$5.25	▲

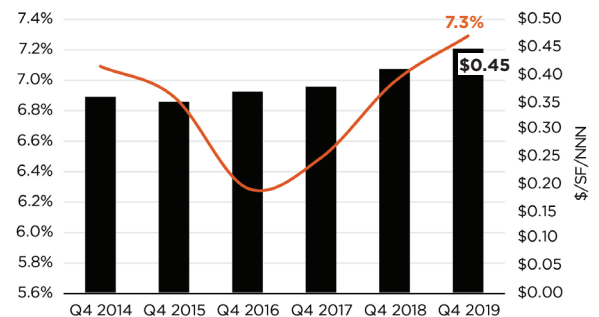
with 338,000 sf at 1200 W Wintergreen Road, Ericsson with 306,000 sf at 2601 S Valley Parkway, and Wheel Pros who committed to 297,000 sf at 4025 E Interstate 30.

Though net absorption has continued to show signs of strength, vacancy rates have experienced a slight year-over-year increase as the 7.3% vacancy rate of Q4 2019 was 30 basis points higher than Q4 2018. The rise in vacancy can be partially attributed to bullish developers who have speculative projects entering the market shell-complete in hopes of securing a large tenant.



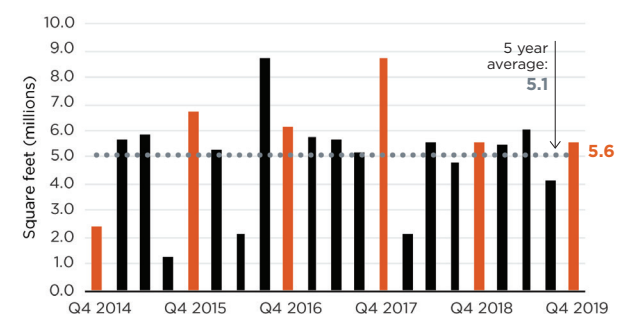
VACANCY AND ASKING RENT TRENDS

Dallas - Fort Worth



NET ABSORPTION

Dallas - Fort Worth



“Seeing a modest year-over-year increase, current vacancy levels signal an increase in available options for tenants looking to relocate, expand, or enter the market.

– 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	374	71,081,878	4,638,687	4,946,901	7.0%	454,041	0	4,369,907	\$0.57
East Dallas	175	34,440,781	3,090,873	3,113,274	9.0%	78,977	821,562	1,200,000	\$0.34
North Fort Worth	297	79,079,264	5,981,593	6,751,803	8.5%	749,089	2,403,226	10,753,962	\$0.39
Northeast Dallas	521	79,299,060	5,331,990	6,231,862	7.9%	(156,793)	150,500	3,063,225	\$0.48
Northwest Dallas	616	88,490,079	4,139,665	4,357,517	4.9%	363,111	1,235,450	796,737	\$0.51
Northwest Dallas Far	8	1,768,779	13,728	13,728	0.8%	990	0	56,000	\$0.00
South Dallas	321	91,196,316	10,124,652	10,124,868	11.1%	2,125,075	1,660,050	3,585,985	\$0.30
South Fort Worth	364	46,265,805	2,413,563	2,434,967	5.3%	(700,817)	60,000	1,444,622	\$0.41
South Stemmons Fwy	528	67,977,591	4,356,656	4,494,209	6.6%	1,660,490	2,378,394	2,688,822	\$0.53
Great SW/Arlington	510	95,169,318	5,471,638	5,625,172	5.9%	1,019,939	1,114,495	3,046,210	\$0.41

MAJOR TRANSACTIONS

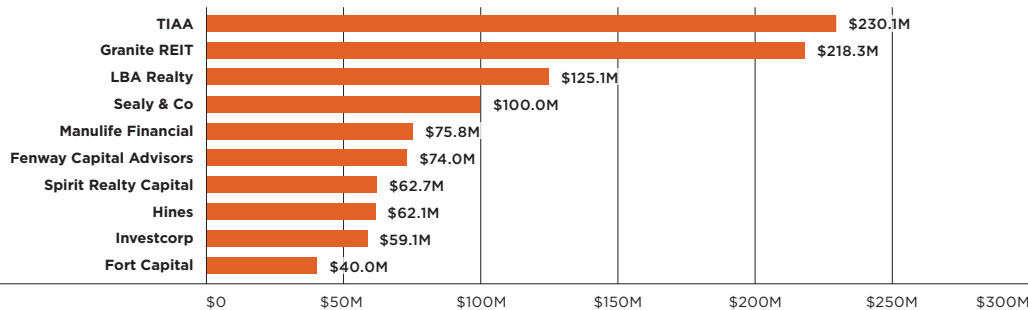
Sales

Owner/Buyer	Seller	Date	Address	Square Feet	Built	Land Area (acres)	Price	Submarket
Granite REIT	Hillwood	Nov '19	1301 Chalk Hill Road	2,319,440	U/C	101.0	\$218,334,500	South Stemmons
Manulife Financial	Principal RE Investors	Nov '19	101 Mars Road	1,407,320	2015	75.7	\$75,800,000	South Dallas
Fenway Capital Advisors	Saskaway Mgmt Group	Dec '19	3000 Redbud Boulevard	697,149	1997	47.8	n/a	Northeast
NFI Industries - NFI Real Estate	Dermody Properties	Nov '19	9900 Bonnie View Road	626,439	2017	81.8	n/a	South Dallas
James Campbell Company	Brookfield	Nov '19	5220 S Westmoreland Road	345,600	2008	17.2	\$21,350,000	South Dallas

Leases

Tenant	Square Feet	Address	Transaction Type	Submarket	Landlord
Geodis	672,775	1401 Chalk Hill Rd	New Lease	South Stemmons	Granite REIT Holdings LP
Supply Chain Mgmt	337,931	1200 W Wintergreen RD	New Lease	Southeast Dallas	Core5 Industrial Partners
Ericsson	306,280	2601 S Valley Pkwy	New Lease	Northwest Dallas	Majestic Realty Co.
Wheel Pros	296,788	4025 E Interstate 30	New Lease	Great SW/Arlington	Stream Realty Partners
Shippers Warehouse	281,188	3845 Gifford St	New Lease	South Stemmons	Principal RE Investors LLC

TOP BUYERS



Source Savills Research

Market Trends



1.0+ MSF

Completed Construction

6 Distribution facilities larger than 1.0 MSF completed construction in 2019



Bureau of Labor Statistics

Wholesale trade & transportation, warehousing and utilities account for 10,100 jobs added in the 12 months ending November 2019



The Largest Industrial Project Currently Underway: 2.3 MSF

Pre-leased to Amazon

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Unless otherwise noted, all rents quoted throughout this report are average asking gross (full service) rents per square foot. Statistics are calculated using both direct and sublease information. Current and historical availability and rent data are subject to change due to changes in inventory.

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