

Dallas - Fort Worth



The Dallas/Fort Worth industrial market has placed its strength on full display as market fundamentals remained relatively well-positioned, seeing slight softening, despite a national recession and ongoing pandemic.



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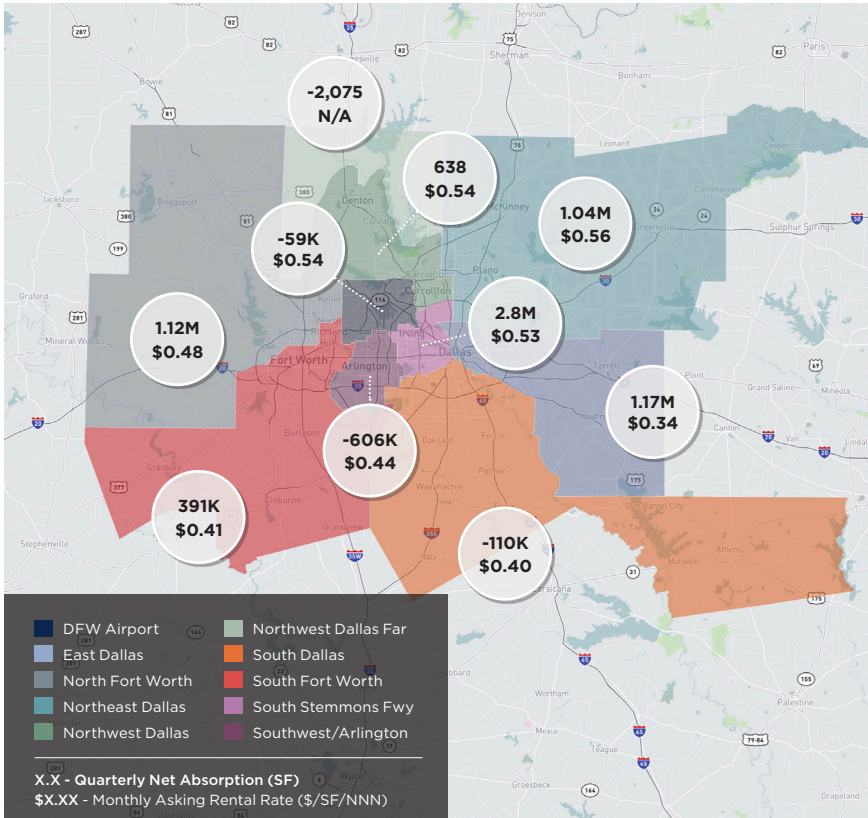
Second-quarter leasing activity totaled 11.2 million square feet (msf), a quarter-over-quarter decrease of 12.9% though it is only 14,660 square feet (sf) lower than the Q2 2019 total. FedEx signed the largest lease in Q2 2020, committing to 776,000 sf at 3800 Cedardale Road in the South Dallas submarket, third party logistics provider AmeriPac signed the second largest lease taking 401,000 sf at 951 Mustang Drive followed by Union Supply Group which took 314,000 sf at 2500 Regent Boulevard.

At first glance, net absorption figures appear to have been deeply impact by ongoing economic conditions and public health safety measures marked by a 35.3% decrease over the quarter as Q1 2020's figure of 8.9 msf dropped to 5.8 msf in Q2 2020. However, year-over-year decreases in net absorption only show a decline of

KEY STATISTICS

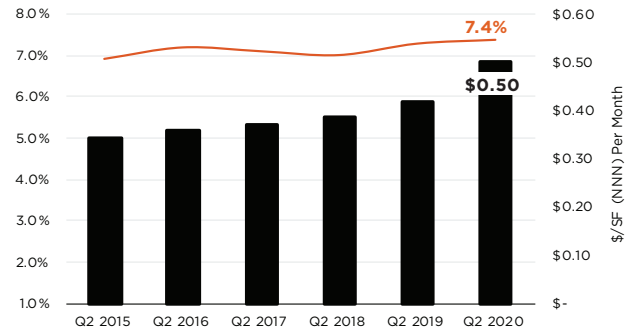
	Q2 2019	Q2 2020	y-o-y Change
Inventory	644.8 MSF	674.5 MSF	▲
Vacancy Rate	7.30%	7.40%	▲
Net Absorption	5.9 MSF	5.8 MSF	▼
Under Construction	34.6 MSF	22.2 MSF	▼
Overall Monthly Asking Rent (NNN)	\$0.42	\$0.50	▲

1.9% and the Q2 2020 figure of 5.8 msf still outperformed the 5-year quarterly average of 5.5 msf by 5.0%. Moreover, four individual submarkets in the Metroplex saw positive net absorption totaling more than 1.0 msf with the highest instance seen in the South Stemmons Freeway submarket with 2.8 msf of positive net occupier demand while East Dallas, North Fort Worth, and the Northeast Dallas Submarkets each saw between 1.0 msf and 1.2 msf of positive net absorption. Vacancy rates, at 7.4%, remained relatively flat as well, increasing 10 basis points year over year in the overall market.



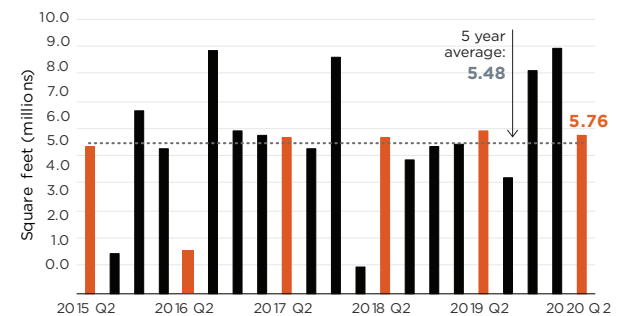
VACANCY AND ASKING RENT TRENDS

Dallas - Fort Worth



NET ABSORPTION

Dallas - Fort Worth



“Increased demand driven by changing consumer spending habits and industry inventory management practices that are shifting toward keeping extra product on hand is likely to drive near-term market activity.”

– Blake Anderson, Senior Managing Director & Co-Branch 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	383	73,082,950	6,212,775	6,489,668	8.9%	(59,298)	1,237,815	210,640	\$0.54
East Dallas	176	35,661,834	2,699,291	2,749,701	7.7%	1,178,858	1,200,000	944,106	\$0.34
North Fort Worth	317	87,243,838	10,308,844	10,893,469	12.5%	1,126,041	4,524,980	7,715,394	\$0.48
Northeast Dallas	526	80,145,149	4,532,800	5,312,217	6.6%	1,043,602	547,854	3,682,205	\$0.56
Northwest Dallas	619	88,977,640	4,244,419	4,575,243	5.1%	638	0	2,591,020	\$0.54
Northwest Dallas Far	9	1,881,535	15,703	15,703	0.8%	(2,075)	0	56,000	N/A
South Dallas	324	92,359,463	8,029,639	8,107,204	8.8%	(110,043)	0	2,185,240	\$0.40
South Fort Worth	365	47,344,911	1,223,919	1,236,219	2.6%	391,273	0	3,237,171	\$0.41
South Stemmons Fwy	529	70,164,557	3,853,185	3,992,764	5.7%	2,800,340	2,499,070	973,442	\$0.53
Great SW/Arlington	516	97,652,376	5,976,846	6,218,436	6.4%	(606,108)	401,557	576,123	\$0.44

MAJOR TRANSACTIONS

Sales

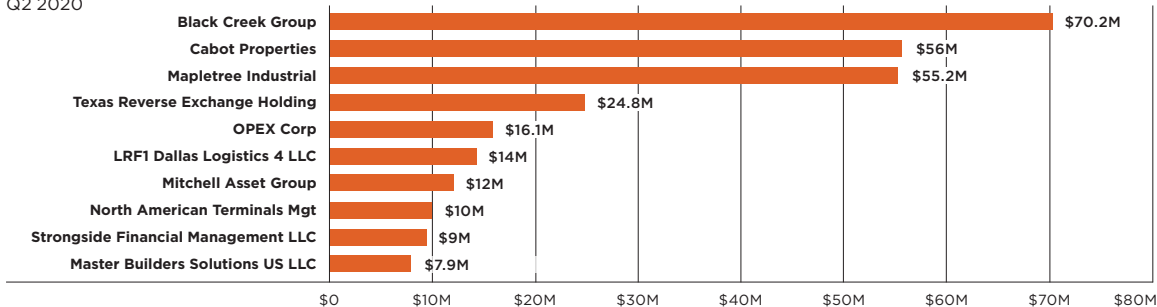
Owner/Buyer	Seller	Date	Address	Square Feet	Built	Land Area (acres)	Price	Submarket
Cabot Properties	Core5 Industrial Partners	3/13/20	1200 W Wintergreen Road	754,897	2018	41.50	n/a	South Dallas
Black Creek Group	Core5 Industrial Partners	2/18/20	1700 Belt Line Road	618,000	2018	34.26	\$70,200,000	Northwest Dallas
Brie Consulting Group Inc	Prologis (CA)	3/23/20	901 Avenue S	152,760	1982	7.61	n/a	Great SW/ Arlington
Mitchell Asset Group	Fore Aero	2/4/20	5998 Eden Drive	139,150	1964	4.81	n/a	North Fort Worth
Texas Reverse Exchange Holding	Vaquero Ventures	2/11/20	1200 Forum Way S	138,000	1980	11.50	n/a	South Fort Worth

Leases

Tenant	Square Feet	Address	Transaction Type	Submarket	Landlord
FedEx	776,630	3800 Cedardale Road - Building 1	New Lease	South Dallas	Trammel Crow Company
AmeriPac	401,280	951 Mustang Drive - Building 1	New Lease	DFW Airport	Prologis, Inc.
Union Supply Group	313,723	2500 Regent Boulevard	New Lease	DFW Airport	Invesco
Ocean Spray	268,201	9890 Bonnie View Road	New Lease	South Dallas	NFI Industries, Inc.
Andersen Windows	223,547	3801 Regency Crest Drive	Renewal	Northeast Dallas	Barings

TOP BUYERS

Q2 2020



Source Savills Research

Market Highlights



Vacancy

Down 10 bps year over year, from 7.3% in Q2 2019.



Asking Rent Growth

Up \$0.08 psf year over year, from \$0.42 psf in Q2 2019, a 20% increase.



Under Construction

Down 12.5 msf year over year, from 34.6 msf in Q2 2019, a 36% decrease.

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