MARKETBEAT

Dallas / Fort Worth

Industrial Q1 2019

DALLAS INDUSTRIAL

Economic Indicators

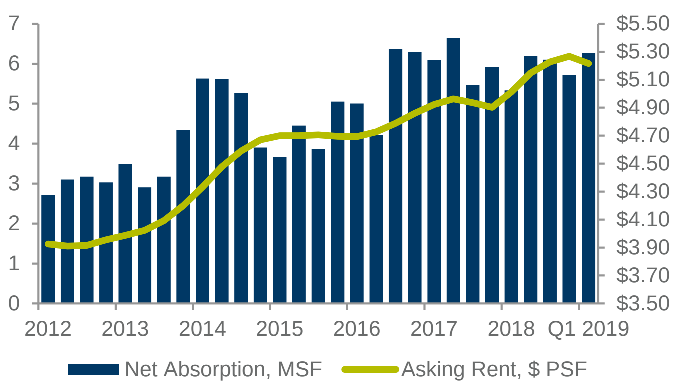
	Q1 18	Q1 19	12-Month Forecast
DFW Employment	3.65M	3.74M	▲
DFW Unemployment	3.5%	3.5%	▼
U.S. Unemployment	4.1%	3.8%	▼

Market Indicators (Overall, All Property Types)

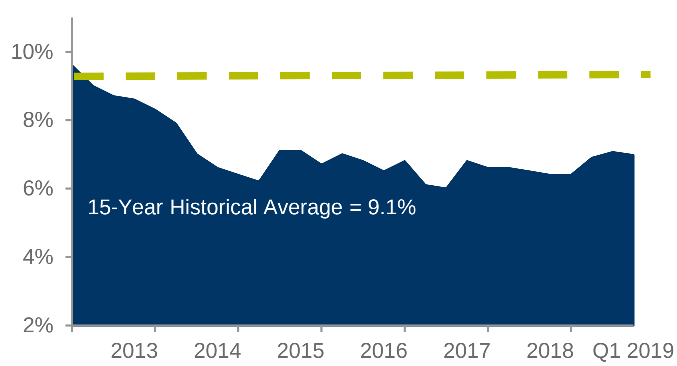
	Q1 18	Q1 19	12-Month Forecast
Vacancy	6.4%	7.0%	▼
Net Absorption (sf)	3.2M	5.2M	▬
Under Construction (sf)	20.2M	30.1M	▬
Average Asking Rent*	$5.40	$5.19	▲

*Rental rates reflect net asking $psf/year

Overall Net Absorption/Overall Asking Rent
4-QTR TRAILING AVERAGE



Overall Vacancy



Economy

The Dallas-Fort Worth-Arlington economy continues to thrive, as population and employment growth persist. According to Moody's Analytics, the region's population increased by 104,000 year-over-year, equating to an average of 290 new residents per day, and reached a population of 7.6 million residents at the end of March 2019. During the same time period, the Dallas-Fort Worth-Arlington employment base increased by 96,000. The unemployment rate remained stable at 3.5% at the close of Q1 2019. Out of the 96,000 jobs added, 21% (20,522 jobs) can be attributed to the industrial sector, which is comprised of goods-producing and trade, transportation, and utilities. The trade, transportation, and utilities category accounts for 61% of the entire industrial sector and is the leading indicator for industrial space demand.

Market Overview

The Dallas-Fort Worth industrial market wrapped up Q1 2019 with a slight decrease of 10 basis points (bps) in vacancy quarter-over-quarter, posting a rate of 7.0%. This marks a 60 bps uptick from the 6.4% rate at the end of Q1 2018, a result of the 29.1 million square feet (msf) of new supply added to the DFW market since. The DFW industrial market saw 9.3 msf of new leasing activity (excluding renewals) during the first quarter, led by South Dallas (2.8 msf), Great Southwest (1.1 msf), Alliance (1.1 msf) and North Fort Worth (1.1 msf).

Dallas-Fort Worth's industrial market generated 5.2 msf of net absorption in Q1, slightly outpacing the 5 msf of new supply added during the quarter. This marks the 10th straight quarter that net absorption in the DFW industrial market has exceeded 3.0 msf. Great Southwest led the market in net absorption for the quarter with 1.6 msf. Closely following was Alliance with 1.5 msf, of which 1.3 msf was a result of Stanley Black & Decker occupying their Alliance Northport build-to-suit. The Mesquite submarket was not far behind, absorbing nearly 860,000 square feet (sf), the majority of which was a result of Ashley Furniture's move-in to their new regional distribution center.

During the first quarter, developers added nearly 5.1 msf of new product to the local inventory, 55% of which was build-to-suit product. Of the 22 projects completed, the average building size was about 230,000 sf.

Cushman & Wakefield is tracking an additional 30.1 msf of industrial product currently under construction. This marks the first time in DFW history that product under construction has reached the 30 msf threshold. Of this record-breaking new supply under construction, 18 msf is speculative product – 23% of which has already been pre-leased. Based on current demand, the overall vacancy rate is expected to experience only a small uptick for a quarter or two before once again flattening out.

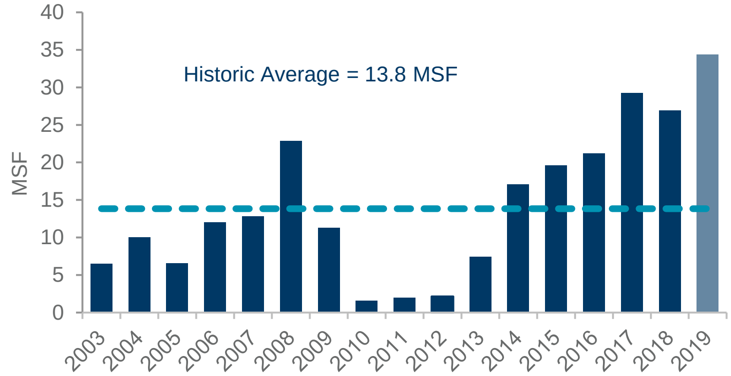
DALLAS-FORT WORTH'S INDUSTRIAL MARKET KICKS OFF 2019 WITH 30.1 MSF OF PRODUCT CURRENTLY UNDER CONSTRUCTION – THE FIRST TIME IN DFW HISTORY CONSTRUCTION HAS EXCEEDED 30 MSF.

Asking rates remain stable in the DFW industrial market. The first quarter concluded with an overall average asking rate of $5.19 psf, marking a 2.8% increase from the rate that was in place at the end of 2018. The warehouse/distribution product type, which currently has an average asking rate of $4.35 psf, posted the largest quarter-over-quarter gain in DFW, increasing 2.1%.

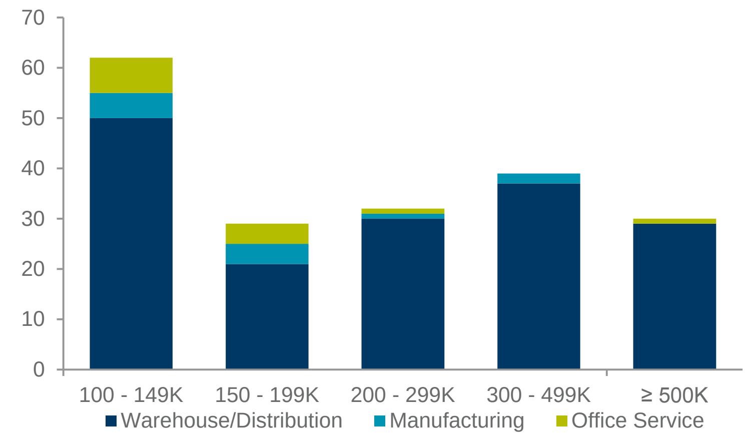
Outlook

- With consistently elevated demand, DFW is likely to surpass 20 msf of industrial net absorption for the fifth straight year.
- Cushman & Wakefield is currently tracking an additional 7.1 msf of new industrial product slated to be delivered in Q2 2019, up 11% from mid-year 2018.
- Average asking rates should increase in 2019, due to a lack of available land for development within the in-fill submarkets and an abundance of new, well-equipped, premium space that is under construction.
- As traditional "brick-and-mortar" retailers continue to integrate e-commerce platforms, demand for warehouse/distribution space is expected to continue to increase.

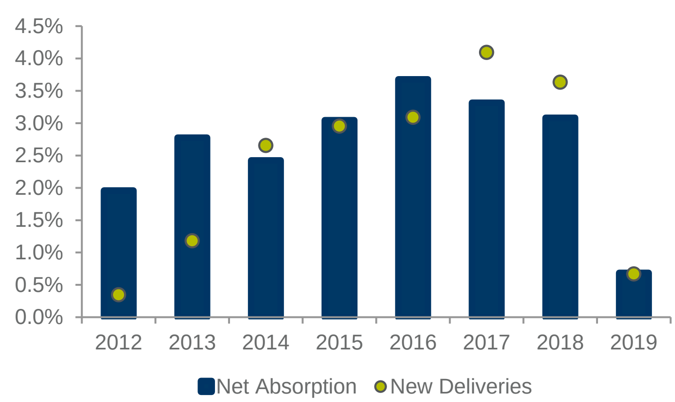
New Supply (msf)
NEW SUPPLY IN 2019 EXPECTED TO EXCEED THE HISTORICAL AVERAGE BY 250%



Large Block Space
BLOCKS OF AVAILABLE CONTIGUOUS SPACE



Net Absorption & New Deliveries (All Types, % of Inventory)
DEMAND IN LINE WITH SUPPLY IN DFW



MARKETBEAT

Dallas / Fort Worth

Industrial Q1 2019

CUSHMAN & WAKEFIELD

SUBMARKET	TOTAL BLDGS	INVENTORY	DIRECT VACANT	OVERALL VACANT	DIRECT VACANCY RATE	OVERALL VACANCY RATE	Q1 NET ABSORPTION	2019 NET ABSORPTION	UNDER CONSTRUCTION	2019 COMPLETIONS	OVERALL AVG. ASKING RENT*	DIRECT AVG. ASKING RENT
Allen/McKinney	115	10,662,490	519,357	527,912	4.9%	5.0%	60,164	60,164	178,204	0	$6.62	$6.39
Brookhollow/Trinity	890	49,162,566	1,203,528	1,218,444	2.4%	2.5%	-265,045	-265,045	0	0	$7.97	$7.98
Central Dallas	216	14,424,995	371,182	376,682	2.6%	2.6%	0	0	0	0	N/A	N/A
DFW Airport	563	83,755,501	6,883,285	7,167,754	8.2%	8.6%	426,832	426,832	5,629,291	617,566	$5.95	$6.06
Far North/I-35	235	20,861,864	766,813	800,313	3.7%	3.8%	71,132	71,132	564,756	0	$5.96	$6.12
Garland	536	44,720,350	2,915,742	3,490,443	6.5%	7.8%	162,711	162,711	499,097	0	$4.32	$4.69
Great Southwest	1022	112,092,848	4,741,313	4,806,177	4.2%	4.3%	1,577,140	1,577,140	4,822,029	180,497	$5.12	$5.16
Mesquite	182	19,395,850	1,729,578	1,729,578	8.9%	8.9%	856,480	856,480	1,233,252	877,230	$5.65	$5.65
North Dallas/Metropolitan	335	19,371,141	1,414,954	1,422,345	7.3%	7.3%	-97,187	-97,187	0	0	$6.98	$6.98
Pinnacle/Turnpike	212	27,786,375	2,386,979	2,612,062	8.6%	9.4%	-38,510	-38,510	2,626,309	12,000	$3.82	$3.93
Redbird	204	22,284,459	809,052	809,052	3.6%	3.6%	-16,591	-16,591	863,328	0	$4.16	$4.16
Richardson/Plano	503	37,449,034	3,108,713	3,197,842	8.3%	8.5%	108,270	108,270	75,812	738,740	$9.83	$9.92
East Dallas	97	10,153,570	130,576	147,392	1.3%	1.5%	745,584	745,584	1,207,538	650,000	$5.50	$10.13
South Dallas	234	53,922,486	10,811,997	10,811,997	20.1%	20.1%	198,955	198,955	2,414,977	0	$3.66	$3.66
Valwood/N. Stemmons	552	50,749,106	2,537,673	2,801,912	5.0%	5.5%	33,427	33,427	674,491	151,176	$5.83	$5.91
Walnut Hill/Stemmons	482	22,165,365	585,777	595,777	2.6%	2.7%	-52,699	-52,699	389,234	0	$5.34	$5.33
DALLAS TOTAL	**6,378**	**598,958,000**	**40,916,519**	**42,515,682**	**6.8%**	**7.1%**	**3,770,663**	**3,770,663**	**21,178,318**	**3,227,209**	**$5.92**	**$5.33**
Alliance	156	45,124,976	3,920,479	4,328,279	8.7%	9.6%	1,548,994	1,548,994	7,405,218	1,279,500	$3.96	$3.96
Central Fort Worth	298	16,009,178	346,551	346,551	2.2%	2.2%	31,824	31,824	0	0	$3.70	$3.70
East Fort Worth	427	23,504,461	1,381,164	1,432,764	5.9%	6.1%	10,060	10,060	100,167	22,050	$4.43	$4.64
North Fort Worth	347	44,391,401	2,340,245	2,349,065	5.3%	5.3%	-122,600	-122,600	1,144,388	100,029	$4.93	$4.92
South Fort Worth	288	27,662,689	1,603,612	1,614,309	5.8%	5.8%	-3,000	-3,000	470,443	457,745	$4.24	$4.24
West Fort Worth	77	4,344,345	376,436	443,636	8.7%	10.2%	-20,400	-20,400	0	0	$7.33	$7.33
FORT WORTH TOTAL	**1,593**	**161,037,050**	**9,968,487**	**10,514,604**	**6.2%**	**6.5%**	**1,444,878**	**1,444,878**	**89,120,216**	**1,859,324**	**$4.74**	**$4.76**
DFW TOTAL	**7,971**	**759,995,050**	**50,885,006**	**53,030,286**	**6.7%**	**7.0%**	**5,215,541**	**5,215,541**	**30,298,534**	**5,086,533**	**$5.19**	**$5.25**

CLASSIFICATION	TOTAL BLDGS	INVENTORY	DIRECT VACANT	OVERALL VACANT	DIRECT VACANCY RATE	OVERALL VACANCY RATE	Q1 NET ABSORPTION	2019 NET ABSORPTION	UNDER CONSTRUCTION	COMPLETIONS	OVERALL AVG. ASKING RENT*	DIRECT AVG. ASKING RENT
Manufacturing	670	82,920,756	1,899,004	2,278,344	2.3%	2.7%	-5,563	-5,563	792,363	192,497	$3.88	$4.39
Office Service Center/Flex	1,894	92,917,886	6,951,394	7,100,553	7.5%	7.6%	-118,804	-118,804	275,000	58,410	$9.10	$9.15
Warehouse/Distribution	5,407	584,156,408	42,034,608	43,651,389	7.2%	7.5%	5,339,908	5,339,908	29,231,171	4,835,626	$4.35	$4.35
Total	**7,971**	**759,995,050**	**50,885,006**	**53,030,286**	**6.7%**	**7.0%**	**5,215,541**	**5,215,541**	**30,298,534**	**5,086,533**	**$5.19**	**$5.25**

*Rental rates reflect net asking $psf/year

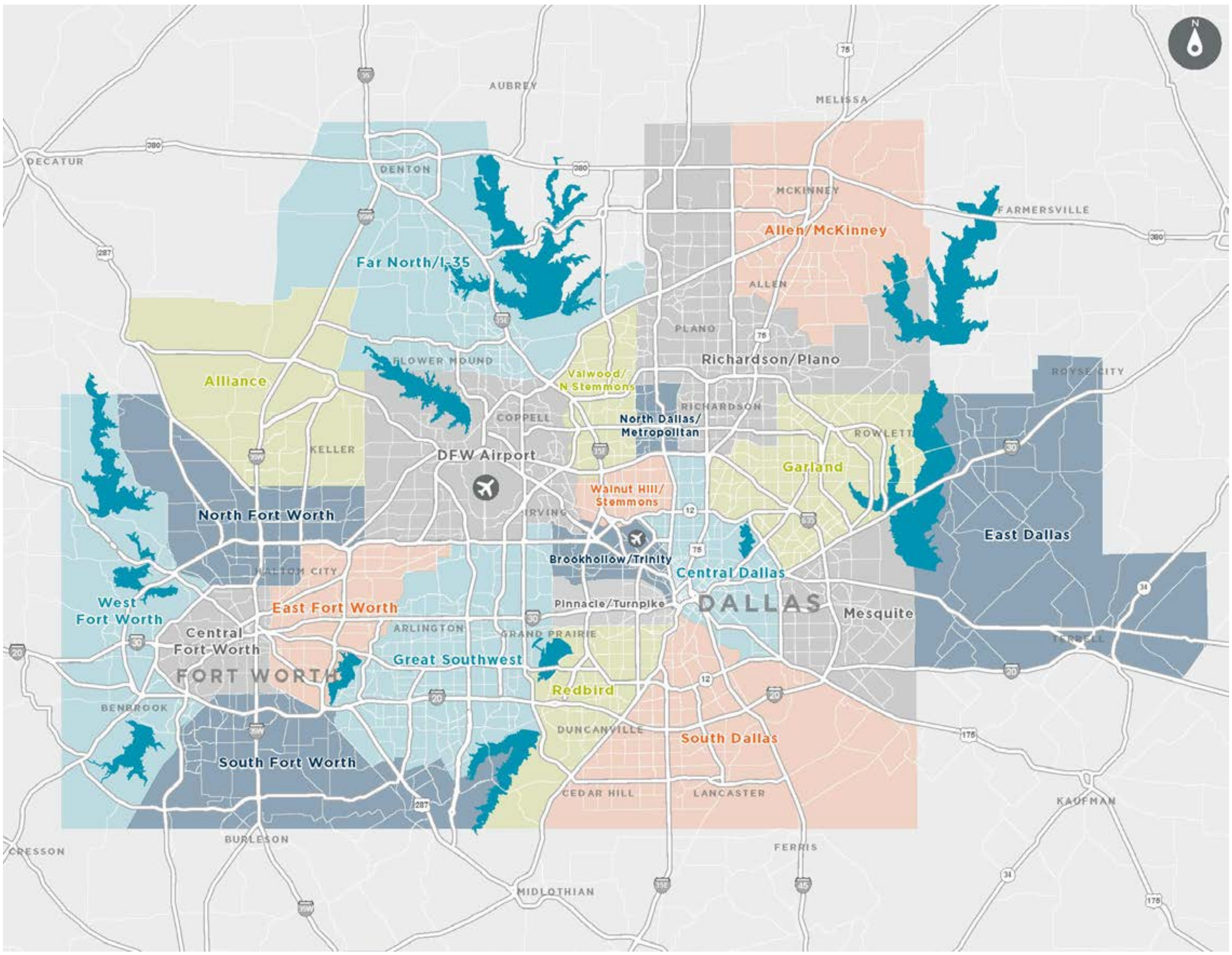
MARKETBEAT

Dallas / Fort Worth

Industrial Q1 2019

INDUSTRIAL SUBMARKETS

DALLAS-FORT WORTH



For more information, contact:
Brett Fricke
Research Analyst
Tel: +1 972 663 9648
brett.fricke@cushwake.com

Cushman & Wakefield
2021 McKinney Ave.
Suite 900
Dallas, TX 75201

About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value by putting ideas into action for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with 48,000 employees in approximately 400 offices and 70 countries. In 2017, the firm had revenue of $6.9 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.