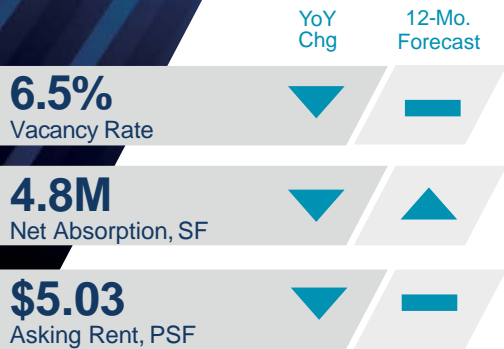
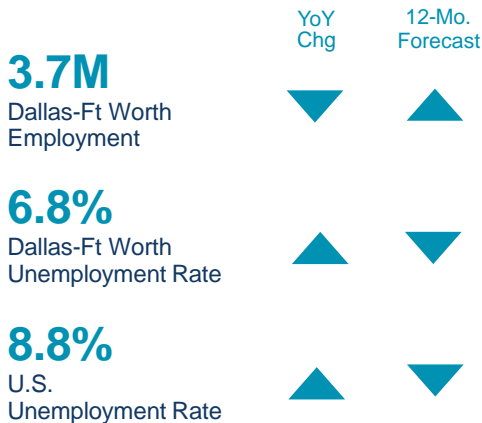


Industrial Q3 2020



Overall, Net Asking Rent

ECONOMIC INDICATORS Q3 2020



Source: BLS

ECONOMY

Still dealing with the effects of government restrictions on workplaces and business in general, the Dallas-Fort Worth (DFW) economy strengthened in Q3 2020. While the unemployment rate remains high relative to last year, the area added 105,520 jobs this quarter compared to Q2 2020. The region's population increased by 124,308 people year-over-year, and by 29,933 in Q3 alone. As of September 2020, the population reached a new high of 7.8 million residents.

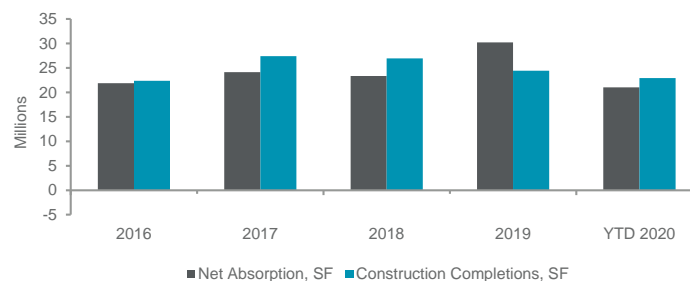
According to Moody's Analytics, despite the region's overall job increase, the industrial sector fell by 4,225 jobs (-0.4%) from the previous quarter. Industrial roles are described as positions that fall within manufacturing and trade, transportation, and utilities. The leading indicator of industrial demand is driven by trade, transportation, and utilities sector jobs, which accounted for a majority of industrial roles at 74% (781,129 jobs). The region's industrial employment totaled 1,059,625 jobs as of quarter end.

Upon the arrival of COVID-19 in the U.S., the economy entered a recession in March 2020, recording the worst decline in post-war history in Q2 2020. Mounting evidence indicates that the recovery began in May or June with Q3 2020 data likely reflecting that. But, until there is a public health resolution to the pandemic, the recovery is likely to remain uncertain and gradual. Only then can households and businesses become more confident. Access the most recent research on CRE and the state of economy [here](#).

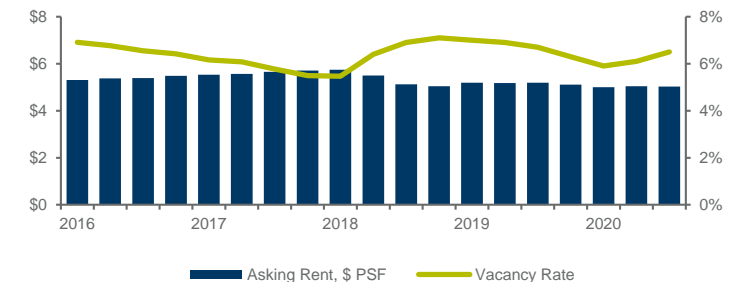
SUPPLY

The DFW industrial market continued positive momentum through the end of September. The quarter closed with a 40-basis point (bps) increase in vacancy to 6.5% compared to the prior quarter. The increase in vacancy resulted from net absorption lagging completions by 3.2 million square feet (msf) in third quarter. Developers added 8.0 msf of new product to the market and a total of 22.9 msf has been delivered year-to-date. Build-to-suit projects accounted for 4.5% of new project completions. Construction activity has fallen slightly below past historical levels, with 23.8 msf under construction. Despite the slight drop in construction, Dallas-Fort Worth remains well above the national average. Speculative sites accounted for the majority of product under construction at 16.8 msf (71%) with 35% of all under construction projects currently pre-leased.

SPACE DEMANDS / DELIVERIES



OVERALL VACANCY & ASKING RENT



DEMAND

Strong demand for product in the DFW market will continue to keep vacancy rates relatively stable. Dallas-Fort Worth's central location and extensive transportation and distribution network has continued to make it a vital logistics hub. Overall new leasing activity (excluding renewals) totaled 10.7 msf with the highest activity in DFW Airport at 3.2 msf.

The DFW industrial market continued its trajectory of positive occupancy growth and absorbed 4.8 msf in the third quarter 2020. This marks the highest net absorption total for Dallas-fort Worth in the first three quarters of a year. The highest cumulative increase in occupancy was in the DFW Airport submarket at 1.8 msf followed by Alliance and Great Southwest at 1.3 msf and 950,361 sf, respectively. Top new leases signed this quarter were Uline (1.1 msf) and Amazon (1.0 msf). The largest move-ins this quarter were Tempur-Sealy (585,910 sf) and DHL Supply Chain (473,894 sf). All large move-ins and top new leases signed were in warehouse/distribution assets. Renewals decreased in the third quarter and accounted for 19% of combined renewal and leasing activity.

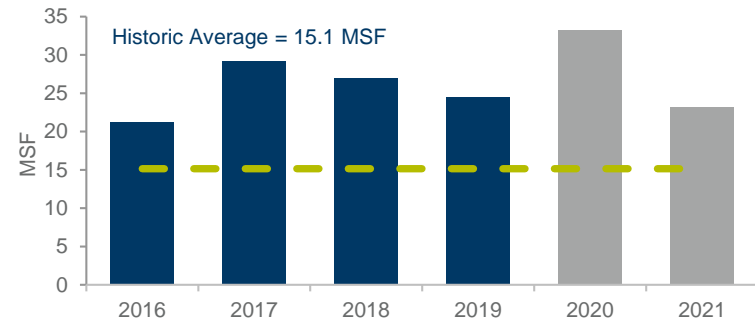
PRICING

Asking rental rates remain stable in the DFW industrial market. The quarter concluded with an overall average asking rate of \$5.03 per square foot (psf), marking a 1.6% decrease from the rate that was in place at the end of 2019 (\$5.11 psf). The Redbird submarket led with the highest overall average asking rate in DFW with rents at \$10.75 psf. Alliance and Allen/McKinney submarkets followed closely at \$9.09 psf and \$8.84 psf respectively. Warehouse and Office Service properties saw a slight decrease in rental rates since Q2 2020, while Manufacturing rates increased. Warehouse assets averaged a rental rate of \$4.38 psf with the Allen/McKinney submarket seeing the highest asking rental rate of \$7.45 psf. The Redbird submarket followed with a rate of \$6.84 psf.

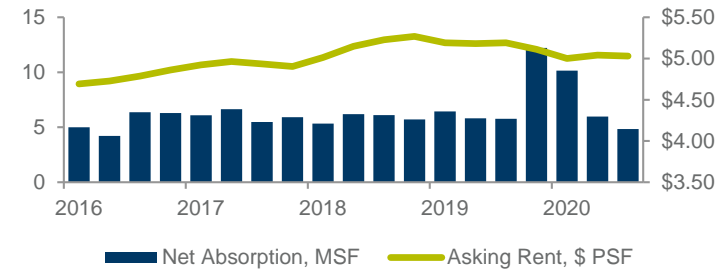
Outlook

- Dallas-Fort Worth's central location and extensive transportation and distribution network will continue to make it a vital logistics hub.
- E-commerce continues to lead the way as retailers have retooled their supply chains to support customers' new way of purchasing goods.
- Leasing activity will continue to keep up with new supply, keeping vacancy below historical levels.
- Rental rates will remain stable across Dallas-Fort Worth due to demand and arrival of new Class A product.

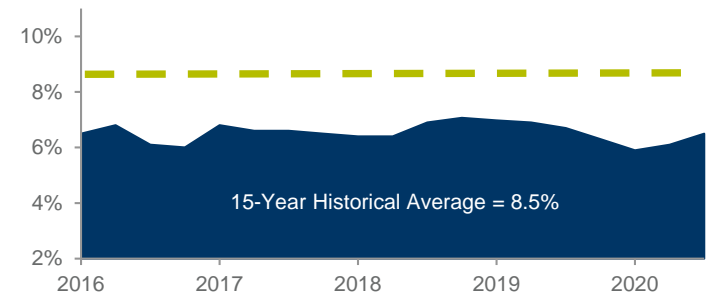
NEW SUPPLY (msf)



OVERALL NET ABSORPTION/OVERALL ASKING RENT



OVERALL VACANCY



Industrial Q3 2020

MARKET STATISTICS

SUBMARKET	TOTAL BLDGS	INVENTORY	DIRECT VACANT	OVERALL VACANT	DIRECT VACANCY RATE	OVERALL VACANCY RATE	Q3 NET ABSORPTION	2020 NET ABSORPTION	UNDER CONSTRUCTION	2020 COMPLETIONS	OVERALL AVG. ASKING RENT*	DIRECT AVG. ASKING RENT*
Allen/McKinney	117	10,750,366	663,417	663,417	6.2%	6.2%	2,568	79,280	2,275,137	0	\$8.84	\$8.84
Brookhollow/Trinity	887	49,097,080	1,446,974	1,480,938	2.9%	3.0%	-88,515	105,815	109,200	0	N/A	N/A
Central Dallas	213	14,299,051	374,264	374,264	2.6%	2.6%	42,804	-33,337	0	0	\$6.02	\$6.22
DFW Airport	589	91,764,305	7,258,526	7,820,509	7.9%	8.5%	1,839,514	2,895,104	2,352,920	4,632,713	\$5.69	\$5.85
Far North/I-35	244	21,852,385	929,647	963,147	4.3%	4.4%	16,475	95,026	1,608,258	137,338	\$3.94	\$4.70
Garland	540	45,454,122	2,062,377	2,612,262	4.5%	5.7%	96,132	717,089	0	355,071	\$5.55	\$5.52
Great Southwest	1036	117,334,636	4,545,453	4,633,507	3.9%	3.9%	950,361	4,080,977	421,590	2,477,680	\$4.46	\$4.46
Mesquite	186	20,626,648	1,917,292	1,987,434	9.3%	9.6%	525,211	1,446,585	1,865,513	0	\$8.20	\$8.20
North Dallas/Metropolitan	330	19,035,527	758,109	783,269	4.0%	4.1%	14,861	162,836	0	0	\$3.80	\$3.80
Pinnacle/Turnpike	215	30,424,791	1,566,717	1,566,717	5.1%	5.1%	189,340	1,442,196	392,220	1,281,694	\$5.85	\$5.85
Redbird	207	23,231,527	616,941	616,941	2.7%	2.7%	100,000	370,000	0	0	\$10.75	\$10.85
Richardson/Plano	493	36,712,819	1,885,107	2,208,800	5.1%	6.0%	288,031	1,356,037	201,473	964,565	\$3.59	\$3.57
East Dallas	101	11,776,983	96,338	96,338	0.8%	0.8%	-36,000	1,156,439	1,353,016	1,207,538	\$6.92	\$6.92
South Dallas	247	57,402,297	6,668,044	7,144,275	11.6%	12.4%	-42,312	2,252,721	5,026,043	450,000	\$7.27	\$7.26
Valwood/N. Stemmons	556	51,522,140	1,282,389	1,518,154	2.5%	2.9%	185,939	733,354	0	405,505	\$6.91	\$6.91
Walnut Hill/Stemmons	482	22,592,070	780,239	801,391	3.5%	3.5%	-25,619	-29,130	0	388,904	\$5.39	\$5.39
DALLAS TOTAL	6,443	623,876,747	32,851,834	35,271,363	5.3%	5.7%	4,058,790	16,830,992	15,605,370	12,301,008	\$5.34	\$5.39
Alliance	168	54,145,482	8,622,463	9,030,263	15.9%	16.7%	1,251,138	2,610,774	4,777,634	7,916,770	\$9.09	\$9.19
Central Fort Worth	295	15,936,495	358,528	358,528	2.2%	2.2%	-10,000	-61,323	0	0	\$3.92	\$4.32
East Fort Worth	428	23,578,152	280,192	280,192	1.2%	1.2%	-550	269,038	0	0	\$2.38	\$2.38
North Fort Worth	357	47,117,692	3,225,500	3,228,875	6.8%	6.9%	-15,056	752,012	1,080,467	1,064,500	\$6.47	\$6.47
South Fort Worth	295	29,571,052	2,948,749	3,206,390	10.0%	10.8%	-432,449	623,921	2,335,197	1,628,331	\$4.59	\$4.57
West Fort Worth	75	4,181,020	224,311	224,311	5.4%	5.4%	-6,500	-1,011	0	0	\$4.03	\$4.04
FORT WORTH TOTAL	1,618	174,529,893	15,659,743	16,328,559	9.0%	9.4%	786,583	4,193,411	8,193,298	10,609,601	\$6.12	\$6.19
DFW TOTAL	8,061	798,406,640	48,511,577	51,599,922	6.1%	6.5%	4,845,373	21,024,403	23,798,668	22,910,609	\$5.03	\$5.17

*Rental rates reflect weighted net asking \$psf/year

KEY LEASE TRANSACTIONS Q3 2020

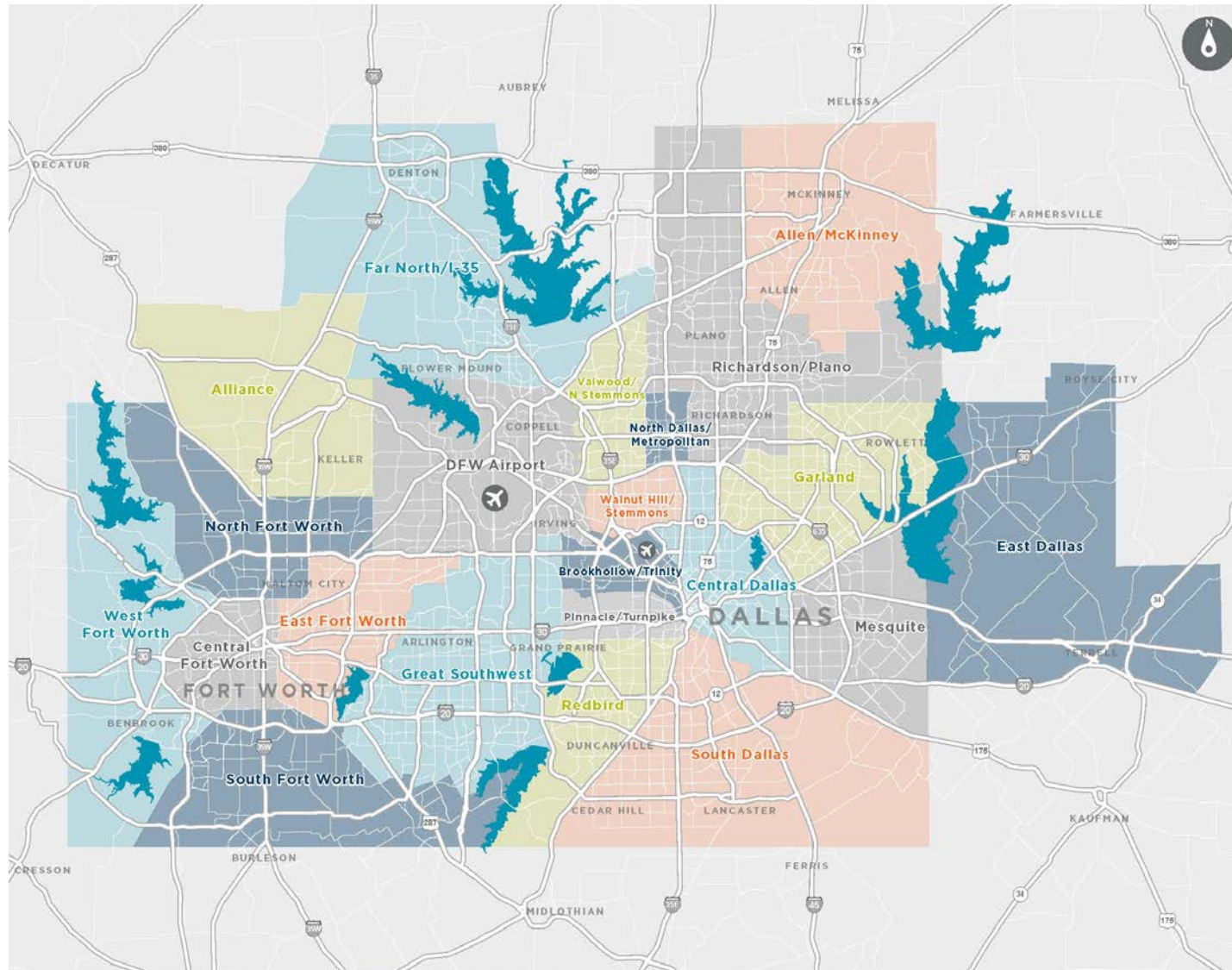
PROPERTY	SUBMARKET	TENANT	RSF	TYPE
2600 Rental Car Dr	DFW Airport	Uline	1,106,315	New Lease
9155 Southlink Dr	South Dallas	Amazon	1,044,647	New Lease
990 South Airport Dr	Allen/McKinney	Encore Wire Corp	724,380	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF
9302 W Jefferson	Great Southwest	NorthPoint Development / Korea Inv Securities	2,300,000
2200 Heritage Pky	South Fort Worth	Pier 1 Imports / Sellmark Corporation	459,868
2900 West Kingsley Rd	Garland	CCMP SSP II LLC / CanTex Capital	494,385

INDUSTRIALSUBMARKETS



Christopher Grubbs

Research Analyst

Tel: +1 972 663 9745

christopher.grubbs@cushwake.com

Ching-Ting Wang

Director of Research

Tel: +1 972 663 9649

chingting.wang@cushwake.com

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