

Industrial Q1 2021

7.6%
Vacancy Rate



5.9M
Net Absorption, SF



\$5.46
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2021

3.7M
Dallas-Ft Worth Employment



6.1%
Dallas-Ft Worth Unemployment Rate



6.0%
U.S. Unemployment Rate



Source: BLS

ECONOMY

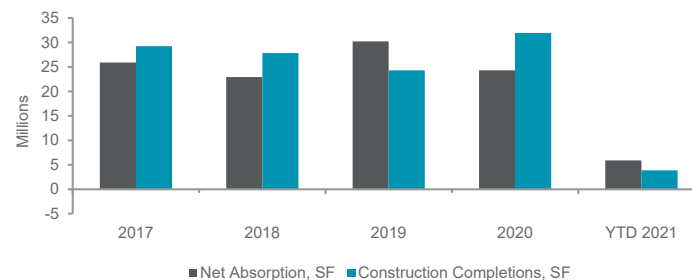
As it deals with the effects of COVID-19 and resulting government restrictions on workplaces and business in general, the Dallas-Fort Worth (DFW) economy continued its recovery in Q1 2021. While the unemployment rate remains above pre-pandemic lows, the area's economy continues to improve and added 40,441 jobs this quarter compared to Q4 2020. The increase in jobs is close to returning the region to its pre-pandemic levels. The region's population increased by 106,758 people year-over-year (YOY), and by 27,507 in Q1 alone. As of Q1 2021, the population remains at a new high of over 7.8 million residents.

According to Moody's Analytics, the industrial sector grew by 11,963 jobs (1.1%) 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% (818,210 jobs). The region's industrial employment totaled 1.3 million jobs as of quarter end.

SUPPLY

The DFW industrial market continued strong growth through the end of the year. The quarter closed with a 30-basis point (bps) decrease in vacancy to 7.6% compared to the prior quarter. The decrease in vacancy resulted from net absorption outpacing completions by 2.0 million square feet (msf) in first quarter. Developers added 3.9 msf of new product to the market.. Allen/McKinney and DFW Airport submarkets saw the highest number of completions, with 1.2 msf and 1.1 msf completed in first quarter. Alliance and South Fort Worth followed closely with 970,207 square feet (sf) and 678,568 sf, respectively. Build-to-suit projects accounted for 36% of new project completions. Construction activity has remained strong but slightly below the historical levels we saw in past years, with 24.6 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 21.6 msf (88%) with 29% of all under construction projects currently pre-leased.

SPACE DEMANDS / DELIVERIES



OVERALL VACANCY & ASKING RENT



Industrial Q1 2021

DEMAND

Strong demand for product in the DFW market will continue to keep vacancy rates relatively stable. The market'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 10.0 msf with the highest activity in Alliance at 2.6 msf, followed by DFW Airport and Great Southwest at 1.7 msf and 922,682 sf, respectively.

The DFW industrial market continued its trajectory of positive occupancy growth and absorbed 5.9 msf in first quarter 2021. The highest cumulative increase in occupancy was in the DFW Airport submarket at 2.6 msf followed by South Dallas and South Fort Worth at 1.2 msf and 751,824 sf, respectively. Top new leases signed this quarter were Wal-Mart (1.0 msf), Bissell (524,800 sf) and Plastipak (470,250 sf). The largest move-ins this quarter were Encore Wire (724,380 sf), Uline (494,385 sf) and Stanley Black & Decker (425,000 sf). All large move-ins and top new leases signed were in warehouse/distribution assets. Renewals increased 82.8% YOY and accounted for 19% of combined renewal and leasing activity.

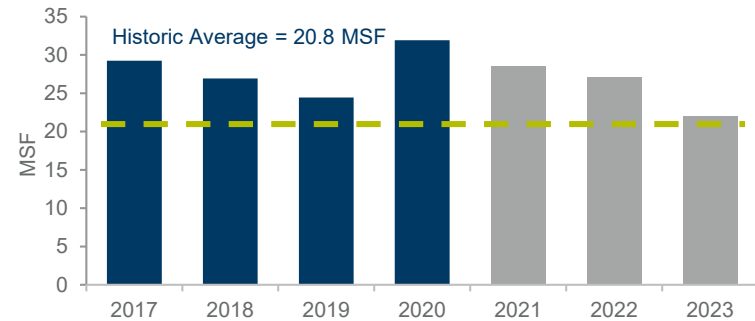
PRICING

Asking rental rates saw an uptick in the DFW industrial market. The year concluded with an overall average asking rate of \$5.46 per square foot (psf) in Q1, marking a 6.6% increase from year-end 2020 (\$5.12 psf). The Richardson/Plano submarket led with the highest overall average asking rate in DFW with rents at \$11.38 psf. Allen/McKinney and North Dallas/Metropolitan submarkets followed closely at \$10.60 psf and \$8.45 psf, respectively. Warehouse/Distribution properties saw a slight increase in rental rates by 0.2% from the previous quarter. Warehouse/Distribution assets reported average rental rate of \$4.69 psf with the East Dallas submarket with the highest asking rental rate at \$7.90 psf.

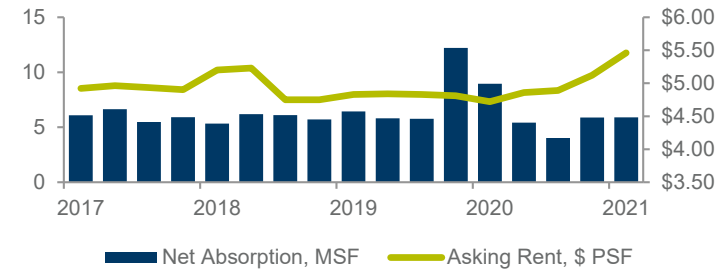
Outlook

- Dallas-Fort Worth's central location and extensive transportation and distribution network will continue to make it a vital logistics hub.
- Construction activity will continue to flourish and remain well above the national average.
- Leasing activity will continue to keep up with new supply, keeping vacancy below historical levels.
- Rental rates will see a slight uptick across Dallas-Fort Worth due to demand and arrival of new Class A product.

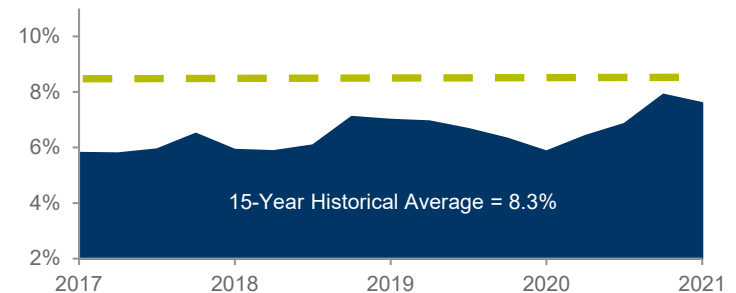
NEW SUPPLY (msf)



OVERALL NET ABSORPTION/OVERALL ASKING RENT



OVERALL VACANCY



Industrial Q1 2021

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CONSTRUCTION	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT*	DIRECT WEIGHTED AVG NET RENT*
Allen/McKinney	12,161,677	1,320,466	10.9%	659,092	659,092	984,666	1,156,090	\$10.60	\$10.50
Brookhollow/Trinity	48,581,158	2,585,662	5.3%	-134,744	-134,744	438,558	0	\$7.49	\$7.58
Central Dallas	14,211,733	223,028	1.6%	0	0	0	0	N/A	N/A
DFW Airport	94,703,833	8,587,502	9.1%	2,563,164	2,563,164	732,069	1,050,080	\$6.33	\$6.30
Far North/I-35	23,440,261	2,396,129	10.2%	23,390	23,390	1,214,598	0	\$6.98	\$6.67
Garland	45,344,379	2,711,588	6.0%	32,837	32,837	20,000	0	\$4.59	\$4.56
Great Southwest	117,376,173	6,330,768	5.4%	-168,407	-168,407	552,120	0	\$5.67	\$5.78
Mesquite	22,346,858	3,495,164	15.6%	690,775	690,775	793,062	0	\$4.91	\$4.91
North Dallas/Metropolitan	19,064,516	881,449	4.6%	68,842	68,842	167,305	0	\$8.45	\$8.25
Pinnacle/Turnpike	30,797,011	2,212,233	7.2%	198,701	198,701	0	0	\$3.63	\$3.63
Redbird	23,219,997	445,195	1.9%	-38,675	-38,675	617,000	0	\$5.67	\$5.67
Richardson/Plano	36,914,292	2,211,852	6.0%	202,834	202,834	512,160	0	\$11.38	\$11.41
East Dallas	12,052,583	131,338	1.1%	-3,300	-3,300	1,077,416	0	\$7.99	\$7.99
South Dallas	58,147,567	5,946,023	10.2%	1,189,544	1,189,544	5,731,215	0	\$3.73	\$3.50
Valwood/N. Stemmons	51,417,840	2,740,403	5.3%	-357,549	-357,549	0	0	\$7.13	\$6.88
Walnut Hill/Stemmons	22,592,070	894,558	4.0%	376,391	376,391	220,412	0	\$6.68	\$6.68
DALLAS TOTAL	632,371,948	43,113,358	6.8%	5,302,895	5,302,895	13,060,581	2,206,170	\$0.00	\$0.00
Alliance	57,045,302	9,779,638	17.1%	-49,145	-49,145	3,738,518	970,207	\$4.55	\$5.09
Central Fort Worth	15,789,824	533,489	3.4%	38,220	38,220	0	0	\$3.14	\$2.89
East Fort Worth	23,588,740	755,468	3.2%	-125,793	-125,793	491,218	0	\$5.91	\$5.91
North Fort Worth	47,220,858	2,991,349	6.3%	-12,074	-12,074	1,745,684	0	\$4.70	\$4.69
South Fort Worth	30,699,134	4,169,466	13.6%	751,824	751,824	5,204,978	678,568	\$4.40	\$4.40
West Fort Worth	4,172,054	267,837	6.4%	-2,245	-2,245	380,020	0	\$5.87	\$5.87
FORT WORTH TOTAL	178,515,912	18,497,247	10.4%	600,787	600,787	11,560,418	1,648,775	\$0.00	\$0.00
DFW TOTAL	810,887,860	61,610,605	7.6%	5,903,682	5,903,682	24,620,999	3,854,945	\$5.46	\$5.52

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

KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
14700 Blue Mound	Alliance	Wal-Mart	1,002,536	New Lease
2821 Danieldale Rd	South Dallas	Bissell	524,800	New Lease
3200 W Kingsley Rd	Garland	Plastipak	470,590	Expansion/Renewal

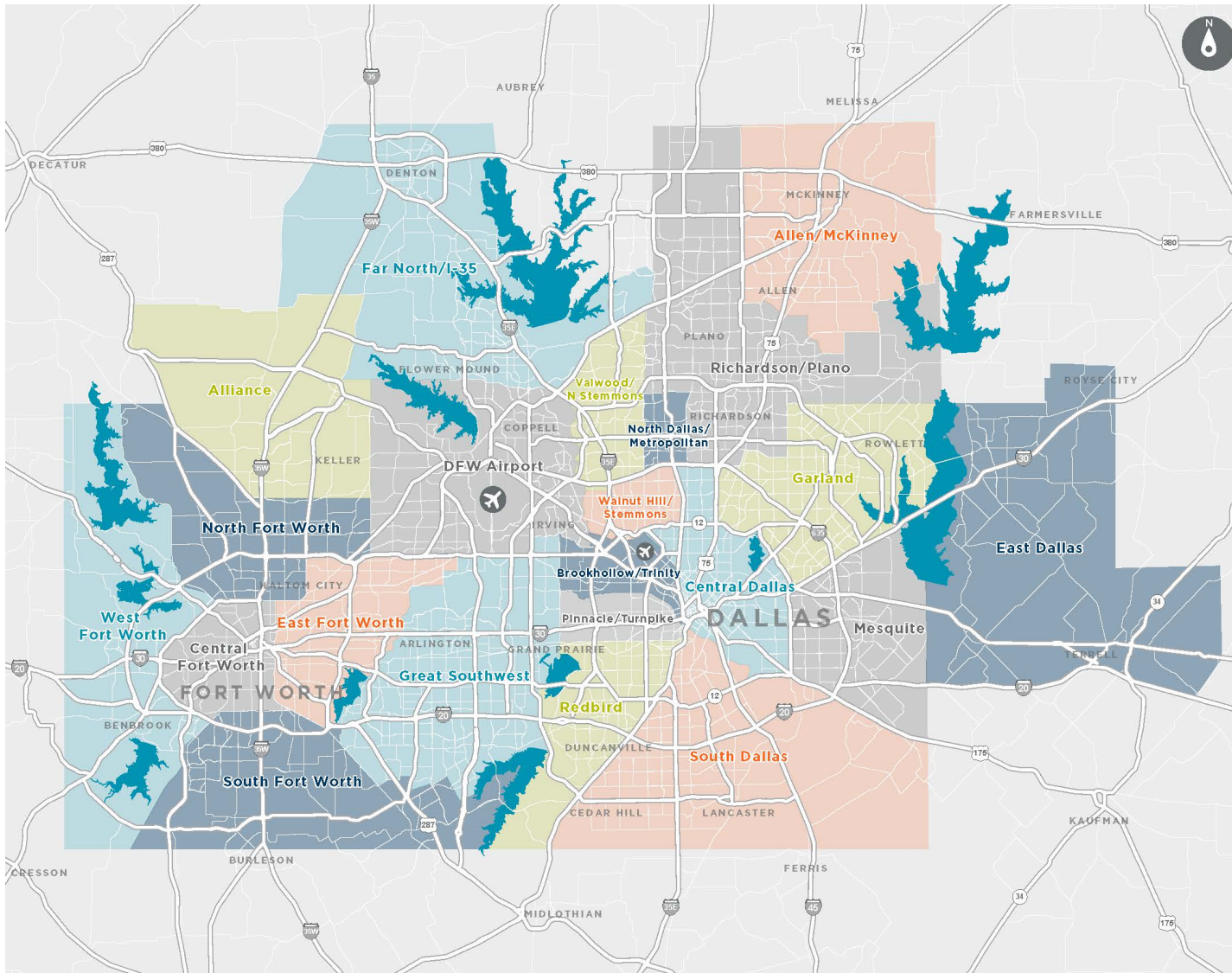
*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF
3500 S Airfield Dr*	DFW Airport	Logistics Property Company / ElmTree Funds	797,360
3800 Cedardale Rd	South Dallas	Trammel Crow / Global Securitization Services	776,360
111 Customer Way	DFW Airport	Neiman Marcus / Provident Realty Advisors	491,308

*Leasehold partial interest majority share sale

INDUSTRIAL SUBMARKETS



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