

DALLAS/FORT WORTH

Industrial Q4 2021

	YoY Chg	12-Mo. Forecast
5.6% Vacancy Rate	▼	▲
10.4M Net Absorption, SF	▲	▲
\$5.34 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2021

	YoY Chg	12-Mo. Forecast
3.9M Dallas-Ft Worth Employment	▲	▲
4.7% Dallas-Ft Worth Unemployment Rate	▼	▼
4.2% U.S. Unemployment Rate	▼	▼

Source: BLS

ECONOMY

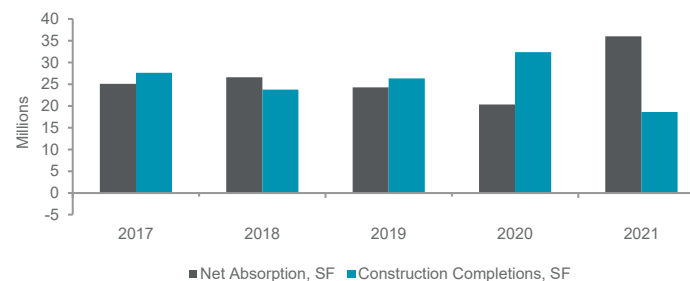
The economy returned to near pre-pandemic activity in Q4 2021 as the country continues to deal with the new Omicron variant. With government restrictions remaining lifted, the Dallas-Fort Worth (DFW) economy edges closer to a full recovery. While the unemployment rate remains above pre-pandemic lows, it has reached its lowest point since its beginning. The market's economy continues to improve with 50,085 jobs added quarter-over-quarter. The increase in jobs has now surpassed employment past its pre-pandemic high, by 9,318 jobs. The region's population increased by 105,155 people year-over-year (YOY), and by 28,756 in Q4 alone. As of year-end 2021, the population remains at a new high of over 7.9 million residents.

According to Moody's Analytics, the industrial sector grew by 20,135 jobs (1.8%) 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 75% (848,494 jobs). The region's industrial employment totaled 1.1 million jobs as of quarter end.

SUPPLY

The DFW industrial market remained solid through end of year. The fourth quarter closed with an 80-basis point (bps) decrease in vacancy to 5.6% compared to the prior quarter. The decrease in vacancy in the quarter resulted from net absorption outpacing completions by 6.4 million square feet (msf). Developers added 4.0 msf of new product to the market. East Dallas and South Dallas submarkets recorded the highest number of completions, with 1.1 msf and 791,630 sf completed. Speculative projects accounted for 100% of new project completions in fourth quarter. Construction activity soared to new heights due to the increase in demand, with 54.1 msf under construction. Dallas-Fort Worth remains well above the national average with an additional 46.7 msf of proposed space over the next three years. Speculative sites accounted for the majority of product under construction at 44.2 msf (82.0%) with 28.3% of all under construction projects currently pre-leased.

SPACE DEMANDS / DELIVERIES



OVERALL VACANCY & ASKING RENT



Industrial Q4 2021

DEMAND

Strong demand for product in the DFW market will continue to keep vacancy rates relatively low and 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 12.5 msf with the highest activity in DFW Airport at 2.5 msf, followed by Alliance and Great Southwest at 1.8 msf and 1.2 msf, respectively.

The DFW industrial market nearly matched its highest occupancy growth since the start of the pandemic and absorbed 10.4 msf in fourth quarter 2021. The highest net absorption occurred in the South Fort Worth submarket at 2.2 msf followed by DFW Airport and Alliance at 2.1 msf and 1.4 msf, respectively. Top new leases signed this quarter were Ryder Logistics (800,737 sf) in South Dallas, Ceva Logistics (413,533 sf) and ADI (411,064 sf) were leased in Alliance. The largest move-ins this quarter were Amazon (1.1 msf), Henry Schein Inc (810,908 sf) and Life Science Logistics (646,190 sf). All large move-ins and top new leases signed were in warehouse/distribution assets. Renewals decreased 46.5% YOY and accounted for 12.2% of combined renewal and leasing activity. The decrease in renewals correlates with greater economic clarity for tenants post pandemic.

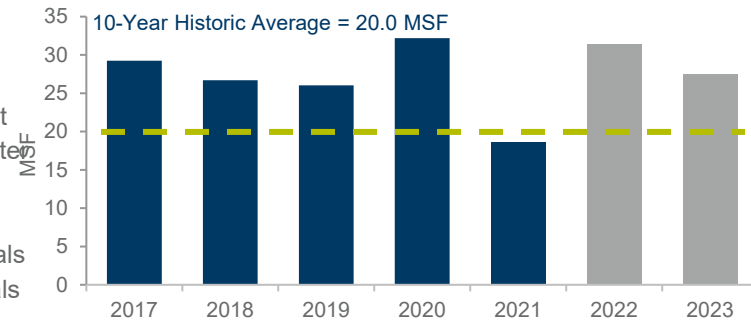
PRICING

Asking rental rates decreased slightly in the DFW industrial market. The quarter concluded with an overall average asking rate of \$5.34 per square foot (psf) in Q4, marking a 2.5% increase over year-end 2020 (\$5.21 psf). The Richardson/Plano submarket led with the highest overall average asking rate in DFW with rents at \$11.16 psf. North Dallas/Metropolitan and DFW Airport submarkets followed closely at \$8.70 psf and \$7.83 psf, respectively. Warehouse/Distribution properties rental rates decreased by 2.2% from the previous quarter. Warehouse/Distribution assets reported average rental rate of \$4.80 psf with the Richardson/Plano submarket with the highest asking rental rate at \$8.80 psf.

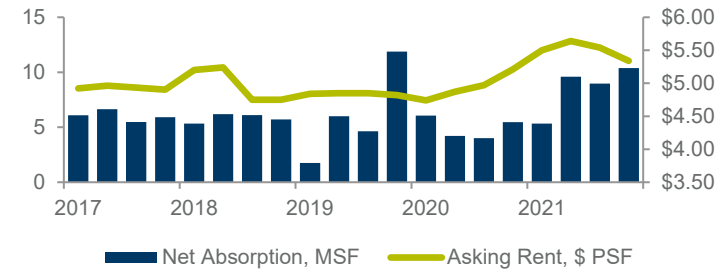
Outlook

- Dallas-Fort Worth's central location and extensive transportation and distribution network will continue to make it a vital logistics hub.
- The construction pipeline will remain robust and continue to deliver new Class A product throughout the entire market.
- Leasing activity will continue to outpace 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.

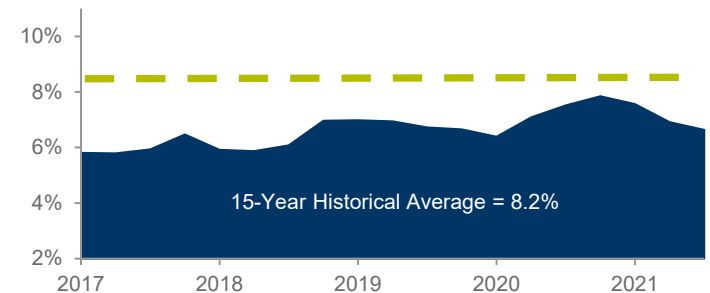
NEW SUPPLY (msf)



OVERALL NET ABSORPTION/OVERALL ASKING RENT



OVERALL VACANCY



Industrial Q4 2021

MARKET STATISTICS

SUBMARKET	TOTAL BLDGS	INVENTORY	DIRECT VACANT	OVERALL VACANT	DIRECT VACANCY RATE	OVERALL VACANCY RATE	Q4 NET ABSORPTION	2021 NET ABSORPTION	UNDER CONSTRUCTION	2021 COMPLETIONS	OVERALL AVG. ASKING RENT*	DIRECT AVG. ASKING RENT*
Allen/McKinney	131	13,531,513	1,279,536	1,279,536	9.5%	9.5%	316,133	1,659,120	276,200	2,151,995	\$6.15	\$6.15
Brookhollow/Trinity	881	48,905,894	2,096,107	2,259,681	4.3%	4.6%	388,699	209,654	109,200	329,358	\$7.81	\$7.83
Central Dallas	212	14,214,515	342,446	342,446	2.4%	2.4%	-32,932	-172,658	0	0	N/A	N/A
DFW Airport	602	95,294,820	3,909,796	4,631,841	4.1%	4.9%	2,125,675	7,159,428	5,209,565	1,471,956	\$7.83	\$7.76
Far North/I-35	246	23,604,158	1,179,084	1,179,084	5.0%	5.0%	244,842	1,222,329	1,804,027	492,400	\$6.83	\$6.83
Garland	539	45,252,729	1,059,389	1,558,330	2.3%	3.4%	357,523	1,781,833	0	0	\$4.65	\$4.52
Great Southwest	1043	118,368,225	2,729,765	3,353,463	2.3%	2.8%	794,711	3,495,847	2,676,317	594,420	\$6.17	\$6.57
Mesquite	196	22,873,197	2,358,448	2,446,398	10.3%	10.7%	32,112	1,686,801	3,420,197	553,303	\$4.70	\$4.74
North Dallas/Metropolitan	331	19,162,966	811,826	898,949	4.2%	4.7%	-200,339	138,576	0	124,450	\$8.70	\$8.92
Pinnacle/Turnpike	213	30,392,396	1,233,120	1,233,120	4.1%	4.1%	97,078	976,393	1,641,720	0	\$6.50	\$6.50
Redbird	208	23,252,929	200,445	200,445	0.9%	0.9%	24,479	186,960	1,636,751	0	\$4.46	\$4.46
Richardson/Plano	493	36,820,126	1,899,861	2,260,598	5.2%	6.1%	-228,872	430,689	1,185,718	87,360	\$11.16	\$11.16
East Dallas	104	13,335,829	138,355	138,355	1.0%	1.0%	1,161,354	1,109,448	3,268,379	1,114,765	\$7.79	\$7.79
South Dallas	252	62,700,153	4,951,816	5,152,826	7.9%	8.2%	1,329,967	5,950,052	16,571,051	3,443,248	\$4.05	\$3.81
Valwood/N. Stemmons	557	51,867,463	1,488,053	1,823,534	2.9%	3.5%	150,395	620,969	412,895	138,975	\$7.67	\$7.69
Walnut Hill/Stemmons	483	22,794,793	563,452	627,732	2.5%	2.8%	308,552	844,939	0	220,412	\$7.55	\$7.55
DALLAS TOTAL	6,491	642,371,706	26,241,499	29,386,338	4.1%	4.6%	6,869,377	27,300,380	38,212,020	10,722,642	\$6.15	\$6.16
Alliance	182	59,773,107	7,039,435	7,835,154	11.8%	13.1%	1,399,317	4,932,094	8,925,779	4,113,751	\$4.47	\$4.75
Central Fort Worth	290	15,530,160	760,158	761,958	4.9%	4.9%	-15,000	-176,964	0	0	\$3.11	\$3.11
East Fort Worth	430	24,038,477	1,224,224	1,224,224	5.1%	5.1%	-59,302	-130,545	605,489	521,463	\$5.24	\$5.24
North Fort Worth	361	48,193,151	2,947,752	3,232,152	6.1%	6.7%	-42,965	874,888	3,082,241	987,764	\$4.62	\$4.62
South Fort Worth	300	31,941,731	3,385,694	3,385,694	10.6%	10.6%	2,236,324	3,188,690	6,075,649	1,900,353	\$4.48	\$4.48
West Fort Worth	78	4,591,240	502,994	502,994	11.0%	11.0%	-1,837	42,618	0	380,020	\$6.16	\$6.16
FORT WORTH TOTAL	1,641	184,067,866	15,860,257	16,942,176	8.6%	9.2%	3,516,537	8,730,781	18,689,158	7,903,351	\$4.61	\$4.73
DFW TOTAL	8,132	826,439,572	42,101,756	46,328,514	5.1%	5.6%	10,385,914	36,031,161	56,901,178	18,625,993	\$5.34	\$5.39

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

KEY LEASE TRANSACTIONS Q4 2021

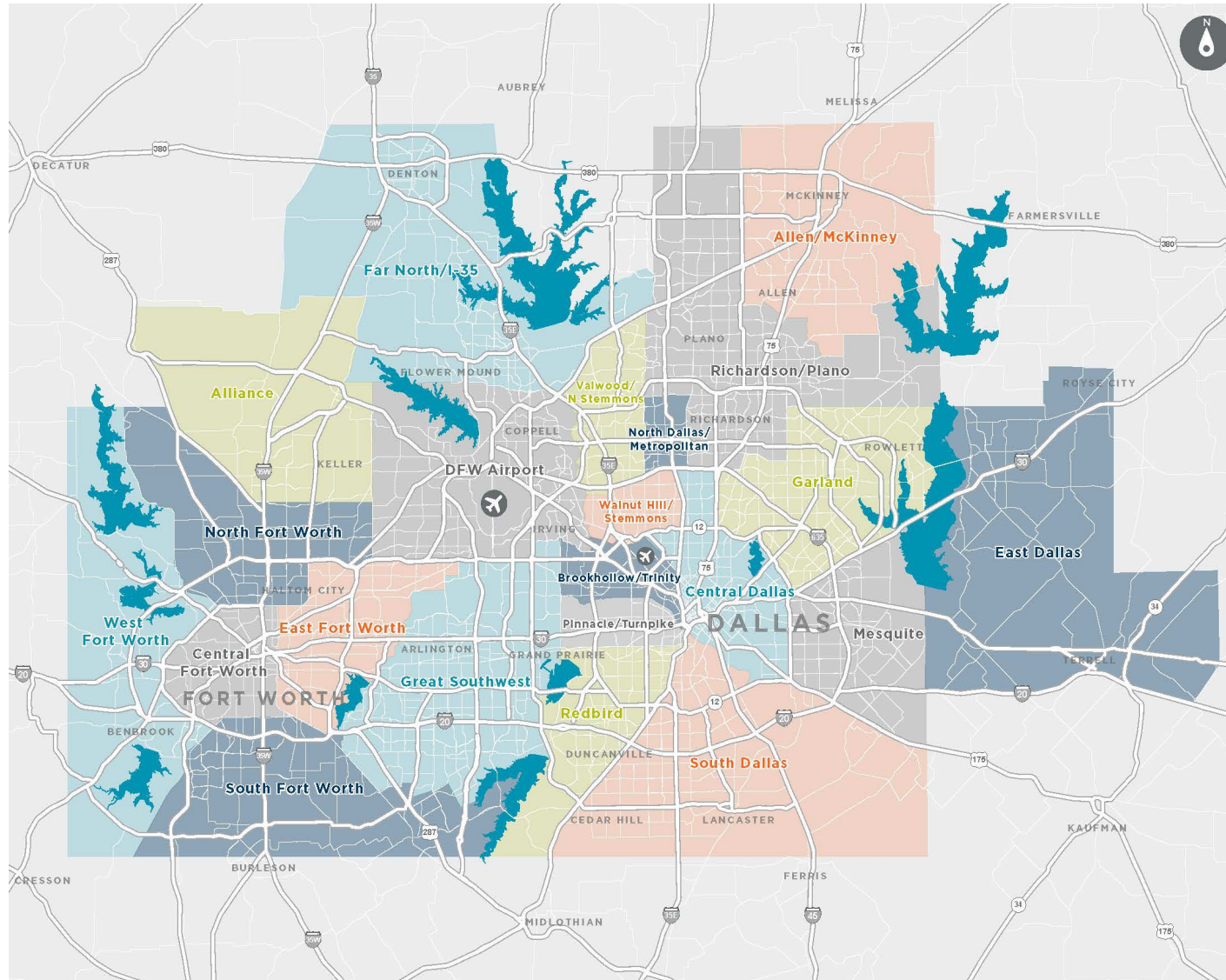
PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1305 Cleveland Rd	South Dallas	Ryder Logistics	800,737	New Lease
16000 Wolff Crossing	Alliance	Ceva Logistics	413,533	New Lease
2601 Petty Pl	Alliance	ADI	411,064	New Lease

*Renewals not included in leasing statistics

SELECT KEY PROJECTS UNDER CONSTRUCTION Q4 2021

PROPERTY	SUBMARKET	Owner / Construction Type	SF
I-35W & Dale Earnhardt Blvd	Alliance	Clarion Partners / SPEC	2,600,000
7500-7601 Oak Grove-Bldg 3	South Fort Worth	Crow Holdings / BTS	1,430,134
13750 N Freeway-Bldg 1	Alliance	Hillwood / SPEC	1,240,584

INDUSTRIAL SUBMARKETS



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