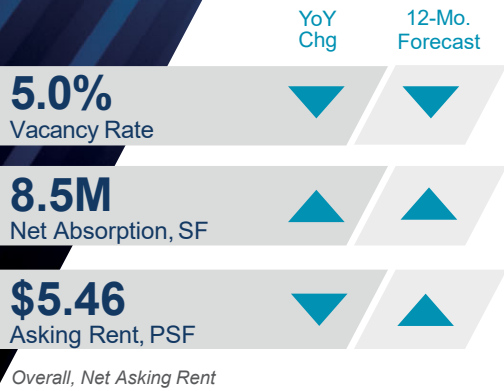
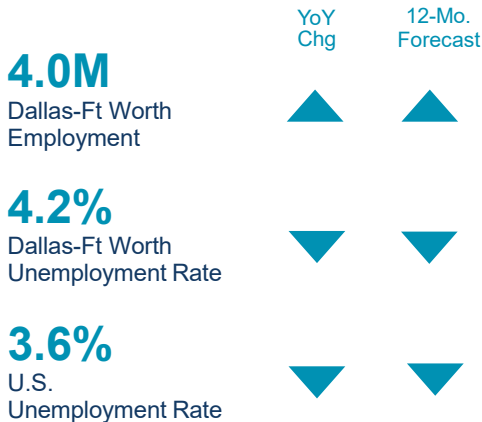


Industrial Q1 2022



ECONOMIC INDICATORS Q1 2022



Source: BLS

ECONOMY

The Dallas-Fort Worth (DFW) economy continued its recovery in Q1 2022. With 4.0 million people employed, the region has fully recovered the jobs lost at the onset of the pandemic. DFW's population increased by 112,787 people, year-over-year (YOY), and by 30,347 in Q1 alone, maintaining the long trend of population growth. As of March 2022, the population reached a new high of 7.9 million residents.

According to Moody's Analytics, the industrial sector grew by 56,557 jobs, a 5.1% increase YOY. 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 most industrial roles at 75.3% (877,570 jobs). The region's industrial employment totaled 1.2 million jobs as of quarter end.

SUPPLY

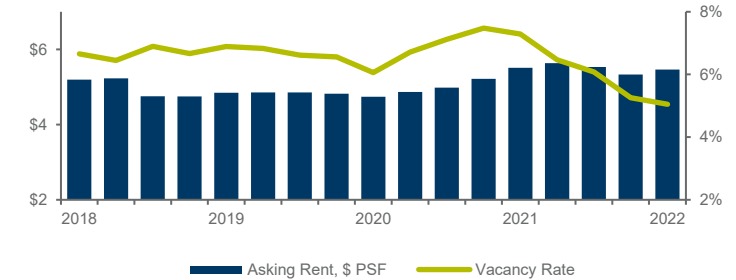
The first quarter closed with a 60-basis point (bps) decrease in vacancy to 5.0%, a record low for the DFW industrial market. The decrease in vacancy in the quarter resulted from net absorption outpacing completions by 1.4 million square feet (msf). In Q1 2022, developers added 7.1 msf of new product to the market. South Fort Worth and South Dallas submarkets recorded the highest number of completions, with 1.5 msf and 1.4 msf completed, respectively. Speculative projects accounted for 67.5% of new projects completed in the first quarter.

Construction activity again soared to new heights due to increased demand, with 64.5 msf of industrial space under construction, an increase of 162.0% YOY. Dallas-Fort Worth remains well above the national average with an additional 49.1 msf of proposed space over the next three years. Speculative sites accounted for the majority of product under construction at 56.7 msf (87.9%), with 25.5% of all under construction projects currently pre-leased. Preleasing was down compared to this time last year, where 29.4% of under construction projects were preleased. With a scorching hot industrial market, developers are increasingly comfortable constructing spec products in DFW.

SPACE DEMANDS / DELIVERIES



OVERALL VACANCY & ASKING RENT



Industrial Q1 2022

DEMAND

Strong demand for product in the DFW market continues to keep vacancy rates low. The market's central location and extensive transportation and distribution network has made DFW a vital U.S. logistics hub. New leasing activity in the quarter (excluding renewals) totaled 10.7 msf, with the highest activity in South Dallas at 4.2 msf, followed by Great Southwest and DFW Airport at 1.1 msf and 812,129 sf, respectively. Top new leases signed this quarter were Pratt (1.1 msf), Nike (1.0 msf) and Amazon (1.0 msf), all signed in the South Dallas submarket. In addition to the new leases mentioned above, there were nearly 3.8 msf of renewals signed in the first quarter, an increase of 18.0% YOY.

The DFW industrial market saw another quarter of strong occupancy growth, absorbing just over 8.5 msf of space in the first quarter of 2022. The highest net absorption occurred in the DFW Airport submarket at 2.1 msf, followed by South Dallas and Alliance at 1.5 msf and 1.4 msf, respectively. The largest move-ins this quarter were Uline (1.1 msf), DSV International (1.1 msf) and Life Science Logistics (861,000 sf).

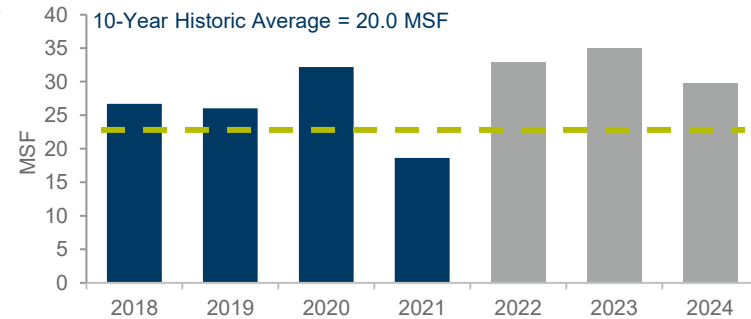
PRICING

Asking rental rates increased slightly in the DFW industrial market. The quarter concluded with an overall average asking rate of \$5.46 per square foot (psf) in Q1, a 2.4% increase from the previous quarter (\$5.33 psf). The Richardson/Plano submarket once again led with the highest overall average asking rate in DFW with rents at \$11.35 psf. East Dallas and Far North/I-35 submarkets followed at \$10.00 psf and \$9.84 psf, respectively. Warehouse/Distribution properties rental rates increased by 3.4% from the previous quarter. Warehouse/Distribution assets reported average rental rate of \$4.98 psf with the Richardson/Plano submarket holding the highest asking rental rate at \$10.39 psf.

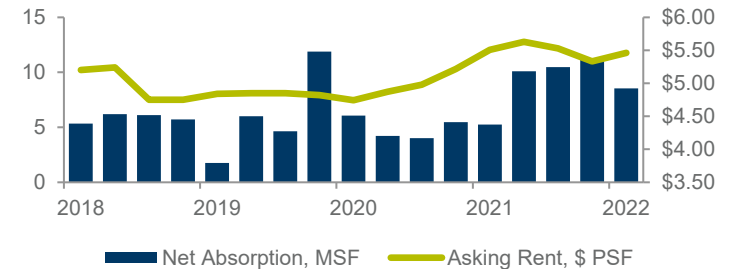
Outlook

- With its central location and extensive transportation and distribution network, Dallas-Fort Worth will remain a vital logistics hub.
- Driven by strong demand and available land for development, the construction pipeline will remain robust and continue to deliver new Class A product throughout the market.
- Leasing activity will continue to outpace new supply, keeping vacancy below historical levels.
- Rental rates will see an uptick across Dallas-Fort Worth due to high demand and the arrival of new Class A product.

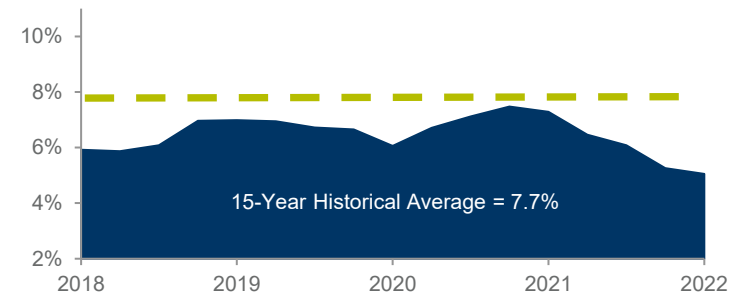
NEW SUPPLY (msf)



OVERALL NET ABSORPTION/OVERALL ASKING RENT



OVERALL VACANCY



MARKET STATISTICS

SUBMARKET	TOTAL BLDGS	INVENTORY	DIRECT VACANT	OVERALL VACANT	DIRECT VACANCY RATE	OVERALL VACANCY RATE	Q1 NET ABSORPTION	YTD NET ABSORPTION	UNDER CONSTRUCTION	YTD COMPLETIONS	OVERALL AVG. ASKING RENT*	DIRECT AVG. ASKING RENT*
Allen/McKinney	131	13,561,513	1,305,468	1,305,468	9.6%	9.6%	-25,932	-25,932	491,380	0	\$6.16	\$6.16
Brookhollow/Trinity	883	49,056,170	2,071,242	2,312,504	4.2%	4.7%	-44,856	-44,856	0	109,200	\$7.55	\$7.25
Central Dallas	211	14,159,515	250,848	250,848	1.8%	1.8%	-23,902	-23,902	0	0	N/A	N/A
DFW Airport	604	94,736,937	2,542,352	3,305,225	2.7%	3.5%	2,083,553	2,083,553	4,784,237	797,835	\$7.71	\$7.72
Far North/I-35	273	25,371,005	1,151,935	1,151,935	4.5%	4.5%	80,361	80,361	5,581,164	250,080	\$9.84	\$9.84
Garland	545	46,259,384	1,282,156	1,781,097	2.8%	3.9%	27,009	27,009	0	0	\$4.60	\$4.45
Great Southwest	1047	117,677,982	3,198,181	3,741,186	2.7%	3.2%	57,863	57,863	1,523,697	485,487	\$6.42	\$7.42
Mesquite	190	21,873,238	1,819,783	1,883,783	8.3%	8.6%	95,588	95,588	4,009,846	0	\$4.57	\$4.62
North Dallas/Metropolitan	332	19,597,166	910,018	969,545	4.6%	4.9%	-92,975	-92,975	0	0	\$8.86	\$8.88
Pinnacle/Turnpike	211	29,882,012	206,275	256,665	0.7%	0.9%	826,867	826,867	1,641,720	0	\$6.50	\$6.50
Redbird	212	26,195,497	152,405	152,405	0.6%	0.6%	438,466	438,466	1,282,505	354,246	N/A	N/A
Richardson/Plano	500	37,493,141	1,707,399	1,860,670	4.6%	5.0%	662,939	662,939	64,000	579,028	\$11.35	\$11.34
East Dallas	105	13,399,189	120,392	120,392	0.9%	0.9%	24,592	24,592	3,268,379	0	\$10.00	\$10.00
South Dallas	255	64,302,081	4,850,473	5,051,483	7.5%	7.9%	1,504,264	1,504,264	20,576,823	1,402,921	\$4.66	\$4.04
Valwood/N. Stemmons	559	52,340,758	1,330,302	1,763,700	2.5%	3.4%	178,045	178,045	505,021	178,500	\$7.36	\$7.66
Walnut Hill/Stemmons	484	22,821,779	595,748	658,770	2.6%	2.9%	-33,933	-33,933	0	0	\$7.19	\$7.22
Ellis County	154	20,753,589	344,750	344,750	1.7%	1.7%	0	0	1,971,588	0	\$3.65	\$3.65
DALLAS TOTAL	6,696	669,480,956	23,839,727	26,910,426	3.6%	4.0%	5,757,949	5,757,949	45,700,360	4,157,297	\$6.62	\$6.72
Alliance	182	60,055,699	6,645,377	7,053,177	11.1%	11.7%	1,363,929	1,363,929	9,417,863	707,592	\$4.26	\$4.55
Central Fort Worth	290	15,525,660	554,967	556,767	3.6%	3.6%	30,259	30,259	0	0	\$4.72	\$4.72
East Fort Worth	429	24,012,584	1,232,820	1,232,820	5.1%	5.1%	3,656	3,656	972,259	0	\$5.39	\$5.39
North Fort Worth	362	48,786,406	3,013,767	3,176,293	6.2%	6.5%	402,104	402,104	3,304,499	250,965	\$4.72	\$4.72
South Fort Worth	306	34,327,574	3,972,095	3,972,095	11.6%	11.6%	750,757	750,757	3,842,253	1,531,914	\$4.39	\$4.39
West Fort Worth	79	4,651,661	494,594	494,594	10.6%	10.6%	8,400	8,400	0	0	\$6.07	\$6.07
Johnson County	119	10,149,845	384,871	384,871	3.8%	3.8%	219,000	219,000	1,269,400	485,622	\$7.36	\$7.36
FORT WORTH TOTAL	1,767	197,509,429	16,298,491	16,870,617	8.3%	8.5%	2,778,105	2,778,105	18,806,274	2,976,093	\$4.61	\$4.74
DFW TOTAL	8,463	866,990,385	40,138,218	43,781,043	4.6%	5.0%	8,536,054	8,536,054	64,506,634	7,133,390	\$5.46	\$5.54

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

KEY LEASE TRANSACTIONS Q1 2022

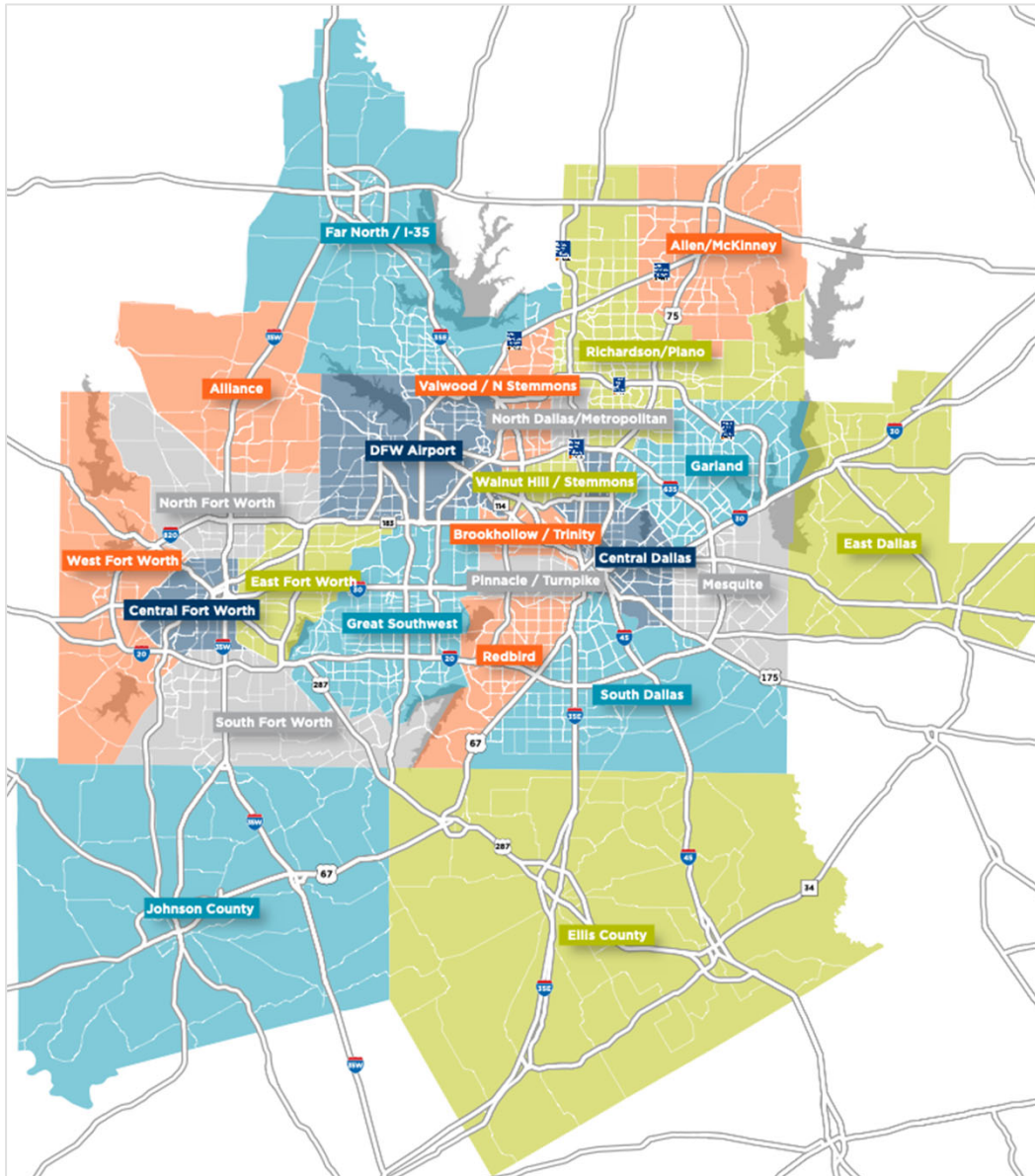
PROPERTY	SUBMARKET	TENANT	RSF	TYPE
High Point 67 – Phase I, Bldg. II	South Dallas	Pratt	1,108,080	New Lease
Southport Logistics Park – Bldg. 3	South Dallas	Nike	1,039,360	New Lease
DalParc Logistics Center – Bldg. 4	South Dallas	Amazon	1,088,880	New Lease

*Renewals not included in leasing statistics

SELECT KEY PROJECTS UNDER CONSTRUCTION Q1 2022

PROPERTY	SUBMARKET	Owner / Construction Type	SF
Walmart E-Commerce Fulfillment Center	South Dallas	Walmart / BTS	1,500,000
Carter Park East – Bldg. 3	South Fort Worth	Crow Holdings / BTS	1,430,134
Alliance Center East – Bldg. 1	South Dallas	Hillwood / SPEC	1,240,584

INDUSTRIALSUBMARKETS

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