

## Industrial Q2 2022

**5.2%**  
Vacancy Rate



**7.7M**  
Net Absorption, SF



**\$5.75**  
Asking Rent, PSF



Overall, Net Asking Rent

### ECONOMIC INDICATORS Q2 2022

**4.1M**  
Dallas-Ft Worth Employment



**3.7%**  
Dallas-Ft Worth Unemployment Rate



**3.6%**  
U.S. Unemployment Rate



Source: BLS

### ECONOMY

The Dallas-Fort Worth (DFW) economy continued its recovery in Q2 2022. With 4.1 million people employed, the region has fully recovered the jobs lost at the onset of the pandemic and set a record for the number of workers. DFW's population increased by 118,158 people, year-over-year (YOY), and by 32,965 in Q2 alone, maintaining the long trend of population growth. As of June 2022, the population reached a new high of 8.0 million residents.

According to Moody's Analytics, the industrial sector grew by 64,971 jobs, a 5.8% 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 75.1% (887,067 jobs). The region's industrial employment totaled 1.2 million jobs as of quarter end.

### SUPPLY

Despite the overall increase in occupancy, the first quarter closed with a 10-basis point (bps) increase in vacancy to 5.2%. The increase in vacancy in the quarter resulted from completions outpacing net absorption by nearly 1.5 million square-foot (msf). In Q2 2022, developers added 9.1 msf of new product to the market. South Dallas and North Fort Worth submarkets recorded the highest number of completions, with 3.6 msf and 1.5 msf completed, respectively. Speculative projects accounted for 78.4% of new projects completed in the first quarter.

High demand again pushed construction activity to a new record, with 70.1 msf of industrial space under construction, an increase of 149.8% YOY. Dallas-Fort Worth remains well above the national average with an additional 46.6 msf of proposed space over the next three years. Speculative sites accounted for the majority of product under construction at 62.3 msf (88.9%), with 29.7% of all under construction projects currently pre-leased. Preleasing was up compared to this time last quarter, where 25.5% of under construction projects were preleased. With a scorching hot industrial market, developers are increasingly comfortable delivering spec products in DFW.

### SPACE DEMANDS / DELIVERIES



### OVERALL VACANCY & ASKING RENT



## Industrial Q2 2022

### DEMAND

Despite a slight uptick in Q2 2022, 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 (excluding renewals) surged again in Q2, totaling 11.6 msf, with the highest activity in Alliance at 3.7 msf, followed by Great Southwest and Mesquite at 1.7 msf and 1.1 msf, respectively. Notable new leases signed this quarter were Target (1.2 msf) in Alliance, The Hayes Company (712,900 sf) in East Dallas, and Libbey Glass (605,489 sf) in East Fort Worth. In addition to the new leases mentioned above, there were more than 1.4 msf of renewals signed in the first quarter, bringing the YTD total to 5.8 msf.

The DFW industrial market saw another quarter of strong occupancy growth, absorbing just under 7.7 msf of space in the second quarter of 2022. The highest net absorption occurred in the South Dallas submarket at 1.9 msf, followed by Alliance and Far North/I-35 at 1.7 msf and 1.1 msf, respectively. The largest move-ins this quarter were Nike (1.0 msf), UNIS (568,632 sf) and NFI (510,805 sf).

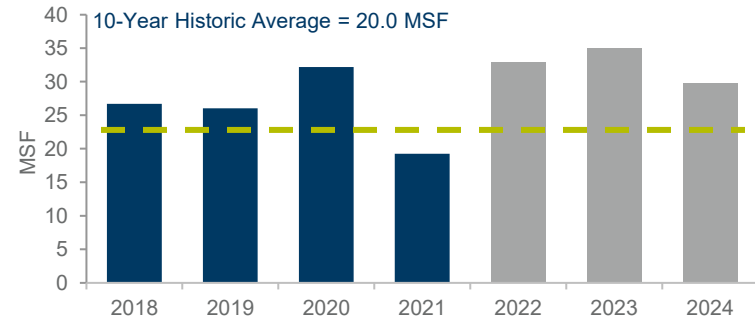
### PRICING

Asking rental rates in the DFW industrial market rose again in Q2. The quarter concluded with an overall average asking rate of \$5.75 per square foot (psf), a 5.3% increase from the previous quarter (\$5.46 psf). The Richardson/Plano submarket once again led with the highest overall average asking rate in DFW with rents at \$11.56 psf. Brookhollow/Trinity and North Dallas/Metropolitan submarkets followed at \$10.86 psf and \$10.51 psf, respectively. Warehouse/Distribution properties rental rates increased by 5.2% from the previous quarter. Warehouse/Distribution assets reported average rental rate of \$5.26 psf with the Richardson/Plano submarket holding the highest asking rental rate at \$10.98 psf.

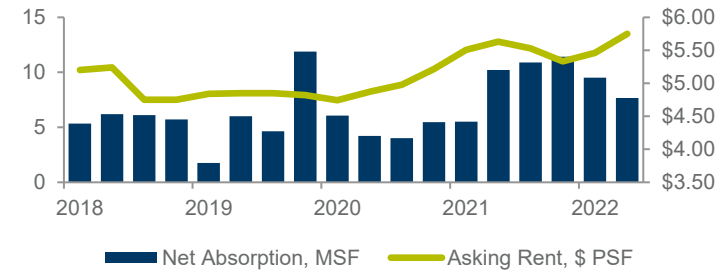
### Outlook

- 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.
- Occupancy growth will continue to meet 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.

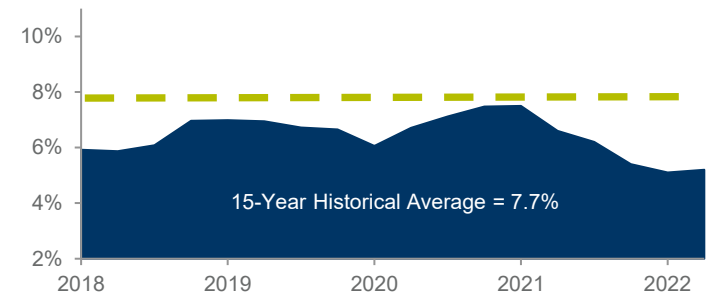
### NEW SUPPLY (msf)



### OVERALL NET ABSORPTION/OVERALL ASKING RENT



### OVERALL VACANCY



Industrial Q2 2022

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         | 1,139,443         | 1,139,443         | 8.4%                | 8.4%                 | 166,025           | 140,093            | 2,072,804          | 0                 | \$6.01                    | \$6.01                   |
| Brookhollow/Trinity       | 883          | 49,075,421         | 1,726,875         | 1,865,887         | 3.5%                | 3.8%                 | 98,053            | 137,067            | 168,598            | 109,200           | \$10.86                   | \$10.25                  |
| Central Dallas            | 211          | 14,262,509         | 2,323,157         | 2,323,157         | 16.3%               | 16.3%                | 20,116            | -3,786             | 0                  | 0                 | N/A                       | N/A                      |
| DFW Airport               | 608          | 95,453,654         | 2,254,315         | 2,466,926         | 2.4%                | 2.6%                 | 875,038           | 3,089,574          | 4,186,167          | 1,507,272         | \$8.46                    | \$8.56                   |
| Far North/I-35            | 277          | 25,893,424         | 714,963           | 714,963           | 2.8%                | 2.8%                 | 1,070,204         | 1,150,565          | 4,529,908          | 769,374           | \$7.84                    | \$7.84                   |
| Garland                   | 545          | 46,263,764         | 901,220           | 1,404,541         | 1.9%                | 3.0%                 | 233,510           | 407,945            | 0                  | 0                 | \$4.95                    | \$4.70                   |
| Great Southwest           | 1053         | 118,505,198        | 3,455,934         | 3,877,227         | 2.9%                | 3.3%                 | 723,135           | 918,098            | 2,101,171          | 1,203,279         | \$7.12                    | \$7.12                   |
| Mesquite                  | 192          | 22,471,998         | 2,407,962         | 2,483,318         | 10.7%               | 11.1%                | -65,275           | 94,813             | 4,535,819          | 598,760           | \$4.61                    | \$4.65                   |
| North Dallas/Metropolitan | 332          | 19,597,166         | 684,227           | 735,594           | 3.5%                | 3.8%                 | 185,014           | 117,306            | 0                  | 0                 | \$10.51                   | \$10.63                  |
| Pinnacle/Turnpike         | 211          | 29,882,012         | 250,382           | 300,772           | 0.8%                | 1.0%                 | -44,107           | 782,760            | 1,641,720          | 0                 | \$7.50                    | \$7.50                   |
| Redbird                   | 212          | 26,195,497         | 152,405           | 152,405           | 0.6%                | 0.6%                 | 0                 | 438,466            | 1,750,046          | 354,246           | N/A                       | N/A                      |
| Richardson/Plano          | 501          | 37,481,257         | 1,461,072         | 1,614,343         | 3.9%                | 4.3%                 | 88,534            | 750,882            | 0                  | 567,018           | \$11.56                   | \$11.56                  |
| East Dallas               | 105          | 13,399,189         | 94,392            | 94,392            | 0.7%                | 0.7%                 | 26,000            | 50,592             | 3,268,379          | 0                 | \$10.00                   | \$10.00                  |
| South Dallas              | 260          | 67,921,271         | 6,536,959         | 6,737,969         | 9.6%                | 9.9%                 | 1,929,180         | 3,433,444          | 20,307,729         | 5,018,587         | \$4.87                    | \$4.44                   |
| Valwood/N. Stemmons       | 560          | 52,448,334         | 800,921           | 1,113,734         | 1.5%                | 2.1%                 | 169,049           | 618,320            | 234,395            | 449,126           | \$7.75                    | \$8.48                   |
| Walnut Hill/Stemmons      | 484          | 22,821,779         | 375,710           | 436,910           | 1.6%                | 1.9%                 | 115,898           | 187,467            | 180,242            | 0                 | \$7.02                    | \$7.02                   |
| Ellis County              | 154          | 20,753,589         | 344,750           | 344,750           | 1.7%                | 1.7%                 | 0                 | 0                  | 1,868,270          | 0                 | \$3.65                    | \$3.65                   |
| <b>DALLAS TOTAL</b>       | <b>6,719</b> | <b>675,987,575</b> | <b>25,624,687</b> | <b>27,806,331</b> | <b>3.8%</b>         | <b>4.1%</b>          | <b>5,590,374</b>  | <b>12,313,606</b>  | <b>46,845,248</b>  | <b>10,576,862</b> | <b>\$7.25</b>             | <b>\$7.30</b>            |
| Alliance                  | 184          | 60,699,699         | 4,977,170         | 5,384,970         | 8.2%                | 8.9%                 | 1,668,207         | 3,032,136          | 13,938,302         | 707,592           | \$4.30                    | \$4.73                   |
| Central Fort Worth        | 290          | 15,535,453         | 614,896           | 616,696           | 4.0%                | 4.0%                 | -59,929           | -29,670            | 0                  | 0                 | \$4.95                    | \$4.95                   |
| East Fort Worth           | 429          | 24,012,884         | 1,115,836         | 1,115,836         | 4.6%                | 4.6%                 | 113,384           | 117,040            | 972,259            | 0                 | \$5.50                    | \$5.50                   |
| North Fort Worth          | 366          | 49,838,155         | 4,156,561         | 4,319,087         | 8.3%                | 8.7%                 | 333,955           | 736,059            | 2,621,326          | 1,727,714         | \$4.72                    | \$4.72                   |
| South Fort Worth          | 313          | 36,022,433         | 5,391,909         | 5,391,909         | 15.0%               | 15.0%                | 18,835            | 769,592            | 3,364,004          | 2,970,563         | \$4.65                    | \$4.65                   |
| West Fort Worth           | 79           | 4,651,661          | 503,344           | 503,344           | 10.8%               | 10.8%                | -8,750            | -350               | 1,841,222          | 0                 | \$6.42                    | \$6.42                   |
| Johnson County            | 119          | 10,149,845         | 384,871           | 384,871           | 3.8%                | 3.8%                 | 0                 | 219,000            | 498,660            | 485,622           | \$7.02                    | \$7.02                   |
| <b>FORT WORTH TOTAL</b>   | <b>1,780</b> | <b>200,910,130</b> | <b>17,144,587</b> | <b>17,716,713</b> | <b>8.5%</b>         | <b>8.8%</b>          | <b>2,065,702</b>  | <b>4,843,807</b>   | <b>23,235,773</b>  | <b>5,891,491</b>  | <b>\$4.77</b>             | <b>\$4.89</b>            |
| <b>DFW TOTAL</b>          | <b>8,499</b> | <b>876,897,705</b> | <b>42,769,274</b> | <b>45,523,044</b> | <b>4.9%</b>         | <b>5.2%</b>          | <b>7,656,076</b>  | <b>17,157,413</b>  | <b>70,081,021</b>  | <b>16,468,353</b> | <b>\$5.75</b>             | <b>\$5.79</b>            |

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

KEY LEASE TRANSACTIONS Q2 2022

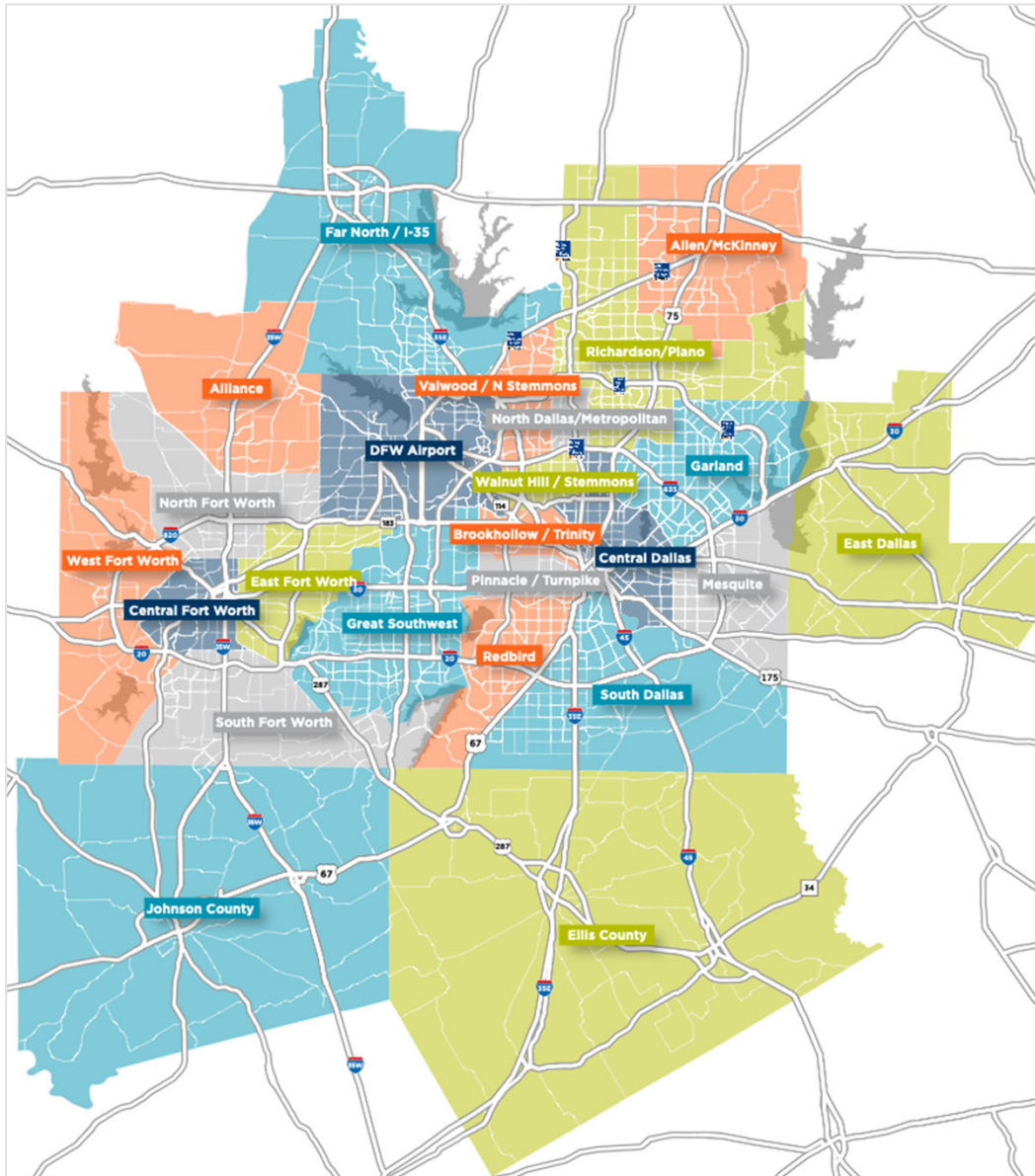
| PROPERTY                          | SUBMARKET       | TENANT        | RSF       | TYPE      |
|-----------------------------------|-----------------|---------------|-----------|-----------|
| Alliance Center East 1 – Bldg 1   | Alliance        | Target        | 1,240,584 | New Lease |
| Gateway East Trade Center         | East Dallas     | The Hayes Co. | 712,900   | New Lease |
| Village Creek Distribution Center | East Fort Worth | Libbey Glass  | 605,489   | New Lease |

\*Renewals not included in leasing statistics

SELECT KEY PROJECTS UNDER CONSTRUCTION Q2 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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