DALLAS/FORT WORTH

Industrial Q2 2024

	YoY Chg	12-Mo. Forecast
8.7% Vacancy Rate	▼	—
13.8M Net Absorption, SF	▲	▲
$8.06 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2024

	YoY Chg	12-Mo. Forecast
4.3M Dallas-Ft Worth Employment	▲	▲
3.8% Dallas-Ft Worth Unemployment Rate	▲	▼
4.1% U.S. Unemployment Rate	▲	▲

Source: BLS

ECONOMY

Employment continued growing in Dallas-Fort Worth (DFW) at a healthy pace of 1.8% year-over-year (YOY) with 4.3 million individuals employed. DFW unemployment reached 3.8% at quarter-end, increasing by 0.3% YOY. Unemployment remains below the national average of 4.1%.

According to Moody's Analytics, industrial-using jobs in the manufacturing and trade, transportation, and utilities sectors grew by 12,500 jobs or 1.0% YOY. Growth fell below pre-pandemic levels in utilities (2.9% YOY), manufacturing (1.7% YOY), and transportation and warehousing (0.8% YOY), while the wholesale trade sector has experienced a slight decline of -0.1% YOY.

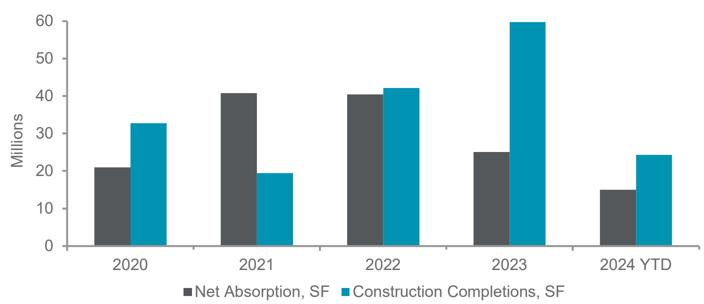
SUPPLY

Vacancy in the second quarter dropped 40 basis points (bps) to 8.7%, marking the first quarter-over-quarter (QOQ) decrease in vacancy since Q1 2022. Net absorption totaled positive 13.8 million square feet (msf), the highest quarterly level on record, due to a large volume of tenants moving into vacant space. Vacancy is below 6.0% in eleven of DFW's 24 submarkets and remained exceptionally tight in the Central Fort Worth and Valwood/N Stemmons submarkets at 1.9% and 2.4%, respectively.

Deliveries totaled 9.5 msf in the second quarter, the lowest level in over nine quarters. Key completions this quarter included DFW Logistics Hub, a three-building park in DFW Airport totaling 1.8 msf, and Intermodal Logistics Center 7 in Alliance at 1.0 msf.

The second quarter ended with 17.7 msf of industrial space under construction, a decrease of 73.4% YOY. Speculative developments account for virtually all product in the pipeline at 17.3 msf (97.7%). DFW's development pipeline boasts an additional 73.8 msf of proposed space slated for development over the next three years. However, groundbreakings will remain muted, particularly in periphery submarkets, until vacant projects stabilize and lending conditions improve.

SPACE DEMANDS / DELIVERIES



OVERALL VACANCY & ASKING RENT

MARKETBEAT

DALLAS/FORT WORTH

Industrial Q2 2024

DEMAND

Net absorption set a new record in the second quarter at 13.8 msf, increasing by 12.0 msf QOQ and 80.0% YOY. Absorption was highest in the Alliance submarket (2.2 msf), followed by DFW Airport (2.1 msf) and Southwest Dallas (1.8 msf). Large tenants drove net absorption as 9.9 msf or 71.8% of absorption is attributable to move-ins over 200,000 sf. Google accounted for the largest move-in of Q2, absorbing 1.0 msf of distribution space at Building 1 of Northlake 35 Logistics Park. Other significant move-ins were ITS Logistics into 1.0 msf and Best Buy into 799,529 sf.

Quarterly leasing activity totaled 9.8 msf, decreasing 7.1% QOQ and 25.2% YOY. 5.1 msf or 51.3% of quarterly leasing activity was concentrated in large transactions over 200,000 sf. With a robust labor market, and as distribution companies continue to expand their footprint in the DFW area, new space should continue to be leased and absorbed and allow vacancy to tighten again.

PRICING

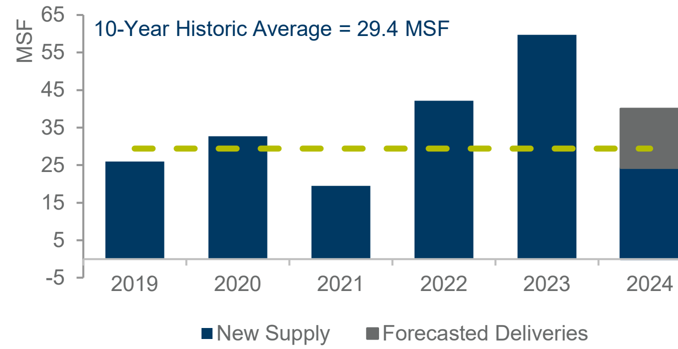
At the end of the second quarter, overall average asking rents reached $8.06 per square foot (psf), a 50-bps increase QOQ. Average overall rents declined 1.6% YOY, but this return to pre-pandemic norms reflects the relatively large amount of recently-delivered Warehouse/Distribution space as landlords continue to hold firm on asking rates. The Richardson/Plano submarket, where overall vacancy remains below market at 4.7%, boasted the highest overall average asking rate in DFW at $12.21 psf.

Rent growth was strongest in Manufacturing and Warehouse/Distribution properties at 1.6% and 0.3% YOY, respectively, while Office Service rental rates declined by 3.0% YOY.

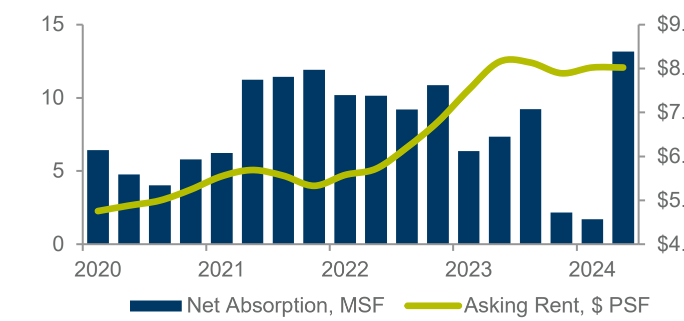
OUTLOOK

- DFW will remain a vital logistics hub with its central location, extensive transportation and distribution network, and growing supply of labor.
- Vacancy rates will likely plateau as tenants absorb new space and developers wind down construction activity and deliveries.
- Sublease availability remains well above historical levels as companies seek to re-evaluate space needs.
- Rent growth will continue normalizing as tenants re-calibrate space needs and absorb recently delivered vacancies. Central submarkets with few vacant new buildings are likely to outperform periphery submarkets where development has been concentrated.

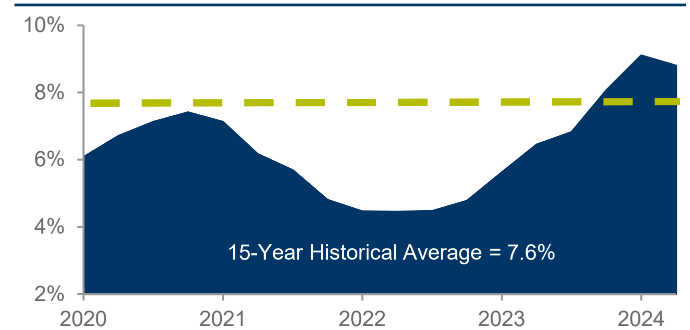
NEW SUPPLY (msf)



OVERALL NET ABSORPTION/OVERALL ASKING RENT



OVERALL VACANCY



MARKETBEAT

DALLAS/FORT WORTH

Industrial Q2 2024

CUSHMAN & WAKEFIELD

MARKET STATISTICS

SUBMARKET	TOTAL BLDGS	INVENTORY	DIRECT VACANT	OVERALL VACANT	DIRECT VACANCY RATE	OVERALL VACANCY RATE	QUARTERLY NET ABSORPTION	YTD NET ABSORPTION	YTD LEASING ACTIVITY	UNDER CONSTRUCTION	YTD COMPLETIONS	OVERALL AVG. ASKING RENT*	DIRECT AVG. ASKING RENT*
Allen/McKinney	153	16,606,687	965,424	1,182,509	5.8%	7.1%	981,525	1,129,551	727,583	843,911	1,222,017	$8.13	$8.15
Brookhollow/Trinity	886	49,556,388	2,362,339	2,417,435	4.8%	4.9%	23,016	-286,404	697,033	82,773	0	$10.41	$10.44
Central Dallas	211	14,269,651	2,320,604	2,320,604	16.3%	16.3%	0	-51,482	0	0	0	N/A	N/A
DFW Airport	643	103,269,065	8,014,673	9,203,512	7.8%	8.9%	2,062,699	761,991	2,518,944	818,605	2,432,895	$9.74	$10.47
Far North/I-35	320	33,776,074	4,183,550	4,354,184	12.4%	12.9%	1,064,417	1,462,959	464,020	2,025,113	1,055,860	$8.83	$8.96
Garland	552	46,538,289	1,516,544	1,782,169	3.3%	3.8%	-82,720	-195,874	799,566	219,566	297,628	$8.52	$8.59
Great Southwest	1086	123,244,844	4,938,362	6,877,155	4.0%	5.6%	343,455	-488,245	1,109,163	1,652,906	1,319,932	$8.08	$8.79
Mesquite	216	28,967,537	3,212,043	3,474,206	11.1%	12.0%	740,968	1,734,212	1,236,840	425,330	2,052,021	$5.80	$6.70
North Dallas/Metropolitan	336	19,674,199	824,469	974,165	4.2%	5.0%	98,515	69,740	205,082	284,917	0	$9.60	$11.08
Pinnacle/Turnpike	214	32,307,161	1,576,906	2,266,186	4.9%	7.0%	1,362,547	1,170,678	764,000	196,996	763,960	$6.84	$7.08
Redbird	216	28,263,772	1,146,322	1,146,322	4.1%	4.1%	561,594	496,426	663,657	0	178,540	$6.41	$6.41
Richardson/Plano	509	39,929,055	1,346,348	1,652,907	3.4%	4.1%	142,588	163,485	295,795	202,773	0	$12.21	$12.24
East Dallas	126	21,644,671	4,801,669	4,801,669	22.2%	22.2%	985,781	979,568	1,012,921	1,124,549	2,854,470	$5.26	$5.26
South Dallas	315	97,091,560	15,653,199	16,163,256	16.1%	16.6%	1,787,618	3,790,530	2,648,919	3,754,139	4,486,251	$6.01	$6.01
Valwood/N Stemmons	563	52,810,379	867,448	1,260,125	1.6%	2.4%	-423,953	-429,562	247,448	0	0	$9.01	$9.83
Walnut Hill/Stemmons	491	23,722,269	860,260	880,815	3.6%	3.7%	159,284	52,822	518,166	0	432,530	$9.47	$9.47
Ellis County	167	24,645,709	3,232,570	3,232,570	13.1%	13.1%	490,200	675,994	1,226,434	591,875	271,339	$5.25	$5.25
DALLAS TOTAL	**7,004**	**756,317,310**	**57,822,730**	**63,989,789**	**7.6%**	**8.5%**	**10,297,534**	**11,036,389**	**15,135,571**	**12,223,453**	**17,367,443**	**$8.31**	**$8.49**
Alliance	228	79,614,444	9,985,385	11,122,081	12.5%	14.0%	2,171,218	1,805,069	1,811,980	1,954,129	3,201,018	$5.89	$4.80
Central Fort Worth	291	15,553,160	164,792	303,135	1.1%	1.9%	-20,778	-40,756	18,996	0	0	$10.61	$10.61
East Fort Worth	436	25,246,642	1,150,005	1,247,155	4.6%	4.9%	-210,872	-719,037	193,387	1,143,867	0	$7.94	$8.82
North Fort Worth	389	55,248,187	3,901,686	4,057,441	7.1%	7.3%	865,740	1,308,231	714,225	715,334	2,072,187	$9.23	$9.16
South Fort Worth	333	41,713,462	2,895,916	3,416,656	6.9%	8.2%	424,195	1,288,608	980,102	128,110	1,653,096	$7.32	$8.55
West Fort Worth	92	7,385,429	2,037,415	2,037,415	27.6%	27.6%	89,264	222,549	154,751	1,195,628	0	$5.52	$5.52
Johnson County	127	11,686,461	445,059	445,059	3.8%	3.8%	136,274	665,522	208,274	416,400	0	$9.94	$9.94
FORT WORTH TOTAL	**1,896**	**236,447,785**	**20,580,258**	**22,628,942**	**8.7%**	**9.6%**	**3,455,041**	**4,530,186**	**4,081,715**	**5,553,468**	**6,926,301**	**$6.94**	**$6.80**
DFW TOTAL	**8,900**	**992,765,095**	**78,402,988**	**86,618,731**	**7.9%**	**8.7%**	**13,752,575**	**15,566,575**	**19,217,286**	**17,776,921**	**24,293,744**	**$8.06**	**$8.17**

Rental rates reflect weighted net asking $psf/year

KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
3400 Catherine Ct	Alliance	Google	1,047,520	New Lease
2200 Berry Rd	Mesquite	RJW Logistics Group	649,398	New Lease
3210 Railport Pky	Ellis County	DW Distribution	548,340	New Lease

Renewals not included in leasing statistics

SELECT KEY PROJECTS UNDER CONSTRUCTION Q2 2024

PROPERTY	SUBMARKET	OWNER / CONSTRUCTION TYPE	SF
Gateway Crossing Logistics Park – Bldg 1	East Dallas	Holt Lunsford / SPEC	1,024,549
Alliance Westport 25	Alliance	Hillwood Development Corp. / SPEC	1,076,459
2807 E Centerville Rd	Garland	SPEC	150,926

MARKETBEAT

DALLAS/FORT WORTH

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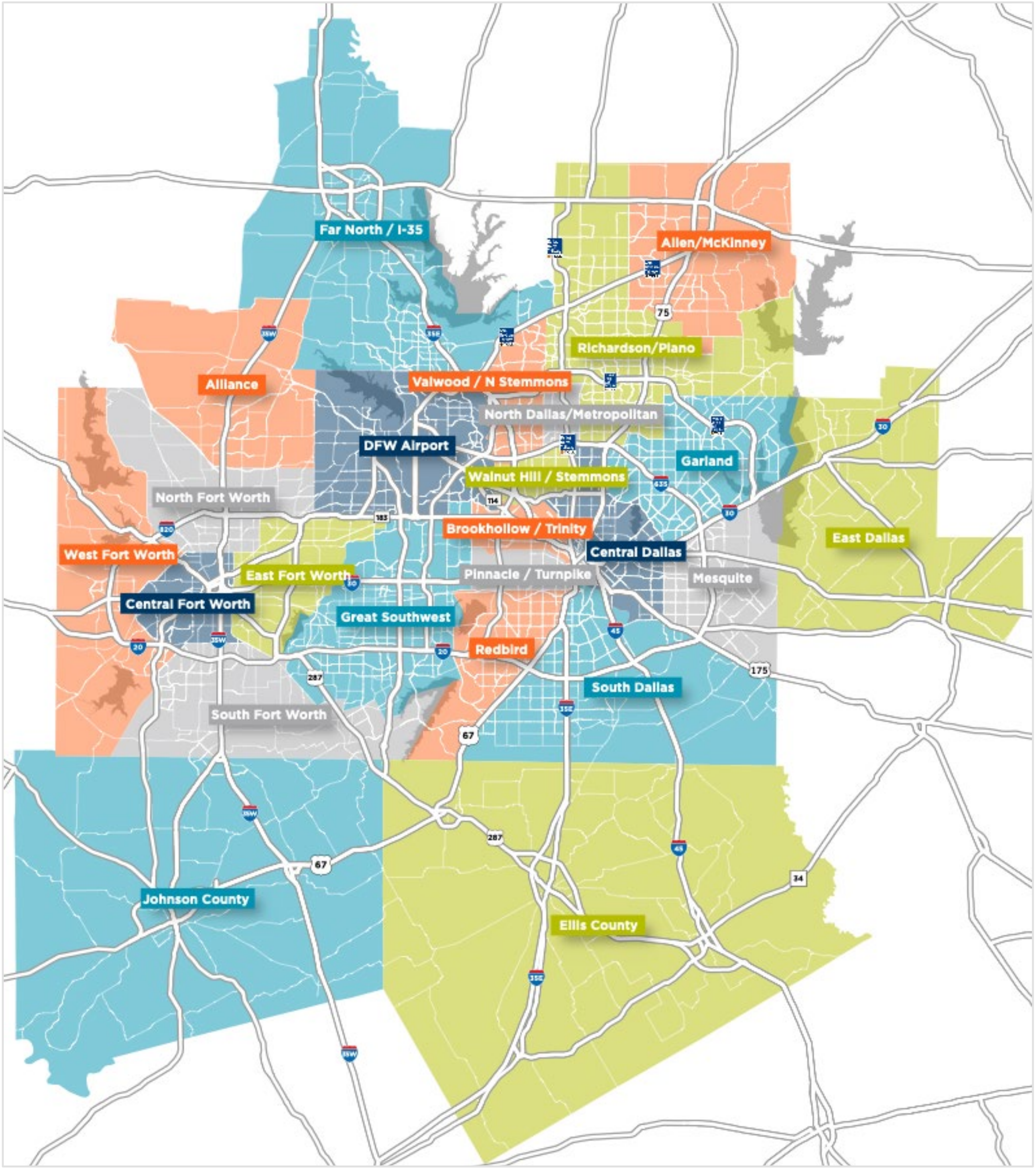
INDUSTRIAL SUBMARKETS



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