

DALLAS+FORTH WORTH

RETAIL

Q2 2020



TRANSWESTERN

Photo Credit: Visit Plano

Demand for retail space reaches record lows

- Asking rent growth remains elevated in Dallas, although we expect effective rents to decline with increased concessions. Fort Worth asking rents have declined 5.1% from last year
- Leasing volume declined to 533 KSF—a record low—and net absorption was recorded at negative 543 KSF, concentrated almost entirely in shopping centers
- Construction levels remain steady in Dallas at 2.2 MSF but have sharply tapered in Fort Worth to 250 KSF

RETAIL-USING EMPLOYMENT

- Employment in the Retail industry is now *up* 2.5% year-over-year, driven by increased hiring in food & beverage stores and general stores like Walmart and Target
- Hospitality and restaurant/bar payrolls added nearly 48,000 jobs in June but remain 18% below last year's levels
- With bars closed again and dine-in occupancy reduced to 50%, we expect Leisure and Hospitality to give back some of these gains in July

TRENDLINES

DALLAS RENTS



\$17.35 PSF

Up 5.3% from last year

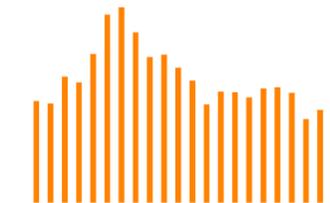
VACANT AVAILABILITY



5.9%

Up 70 bps from Q1, 130 bps from last year

CONSTRUCTION



2.5 MSF

Construction levels remain in line with average levels

FORT WORTH RENTS



\$13.87 PSF

Down 5.1% from last year

NET ABSORPTION



(543 KSF)

YTD net absorption is negative 1.2 MSF

UNEMPLOYMENT



8.4%

Down 3.9% from May, number employed up 266K

D+FW unemployment continues to outperform with a swifter recovery

- June unemployment was estimated at 8.4% as most cities in the region erased 30-50% of COVID-related unemployment increases
- D+FW now ranks **#1 lowest in unemployment** among the major metros tracked below, improving from #4 in April
- Going forward, we expect job gains to decelerate as the labor market reflects typical conditions of an economic recession. Nevertheless, the region should continue to perform better than peers

MAJOR METRO COMPARISON

- 8.4%** Dallas+Fort Worth
- 8.6%** Atlanta
- 9.7%** Phoenix
- 9.9%** Houston
- 15.6%** Chicago
- 16.9%** Boston
- 17.0%** New York City
- 18.1%** Los Angeles

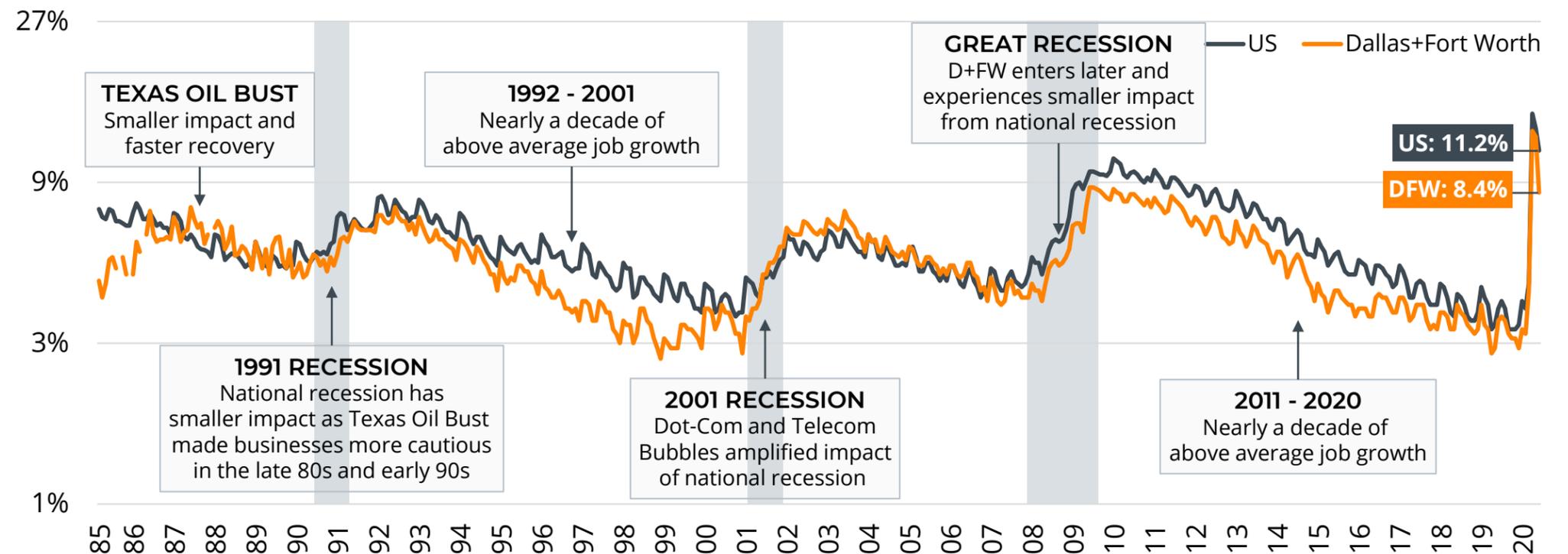
CITIES WITH HIGHEST UNEMPLOYMENT

City	June 2020	Monthly Change
Lancaster	11.6%	-4.2%
DeSoto	10.6%	-3.8%
Eules	10.6%	-5.1%
Cedar Hill	10.1%	-4.4%
Duncanville	9.6%	-4.0%
Arlington	9.4%	-4.7%
Grand Prairie	9.3%	-4.5%

BEST PERFORMING CITIES

City	June 2020	Monthly Change
University Park	4.9%	-1.3%
Colleyville	5.2%	-2.4%
Southlake	5.8%	-2.2%
Keller	6.3%	-2.9%
Flower Mound	6.4%	-3.2%
Frisco	6.7%	-3.6%
Coppell	6.9%	-3.5%

HISTORICAL PERFORMANCE



DALLAS

	Inventory	Total Vacant Available	Direct Vacant Available %	%	Y-O-Y Change	Under Construction	Q2 Leasing	Q2 Net Absorption	T-12 Net Absorption	Direct Rents (NNN)	
ALL RETAIL*	213,287,606	11,931,870	5.6%	11,701,962	5.5%	+1.2%	2,231,706	532,938	(300,950)	(234,257)	\$17.34
Power Centers	25,949,312	1,258,981	4.9%	1,205,983	4.6%	+2.4%	122,000	36,851	(168,312)	(289,003)	\$24.26
Community Centers	29,652,917	2,053,636	6.9%	1,986,827	6.7%	0%	60,000	54,456	(27,901)	150,424	\$14.53
Grocery Anchors	9,415,665	413,444	4.4%	396,474	4.2%	+0.9%	0	10,453	10,268	(36,035)	\$9.91
Neighborhood Centers	46,597,310	4,308,989	9.2%	4,260,264	9.1%	+1.3%	191,717	196,901	(383,659)	(473,882)	\$16.30
Strip Centers	14,540,251	1,152,310	7.9%	1,141,323	7.8%	+1.0%	186,578	52,684	(23,651)	(43,503)	\$17.98
Mixed-Use/Lifestyle Center	6,912,955	233,248	3.4%	227,505	3.3%	+2.0%	0	19,135	(2,929)	(88,080)	\$30.78

FORT WORTH

	Inventory	Total Vacant Available	Direct Vacant Available %	%	Y-O-Y Change	Under Construction	Q2 Leasing	Q2 Net Absorption	T-12 Net Absorption	Direct Rents (NNN)	
ALL RETAIL*	102,348,420	6,704,837	6.6%	6,663,867	6.5%	+1.5%	250,269	270,125	(242,490)	(106,427)	\$13.86
Power Centers	7,958,805	400,032	5.0%	400,032	5.0%	+1.2%	0	2,454	(19,596)	126,789	\$26.46
Community Centers	11,324,333	1,164,408	10.3%	1,162,408	10.3%	+2.0%	0	5,462	(92,156)	(158,445)	\$10.20
Grocery Anchors	3,695,792	55,664	1.5%	55,664	1.5%	-0.6%	0	21,000	0	(257)	\$8.00
Neighborhood Centers	20,454,943	2,347,685	11.5%	2,330,007	11.4%	+1.0%	20,000	84,740	(99,109)	(28,816)	\$13.56
Strip Centers	6,912,955	233,248	3.4%	227,505	3.3%	+2.0%	0	19,135	(2,929)	(88,080)	\$30.78
Mixed-Use/Lifestyle Center	4,495,576	319,043	7.1%	305,450	6.8%	+2.1%	0	20,777	(17,645)	(77,535)	\$26.08

*Includes freestanding and other product types not broken out below



FOR MORE INFORMATION

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