

**MARKETVIEW**

Dallas/Fort Worth  
Retail, Q1 2021

# Occupancy, absorption drop as more big box retailers close

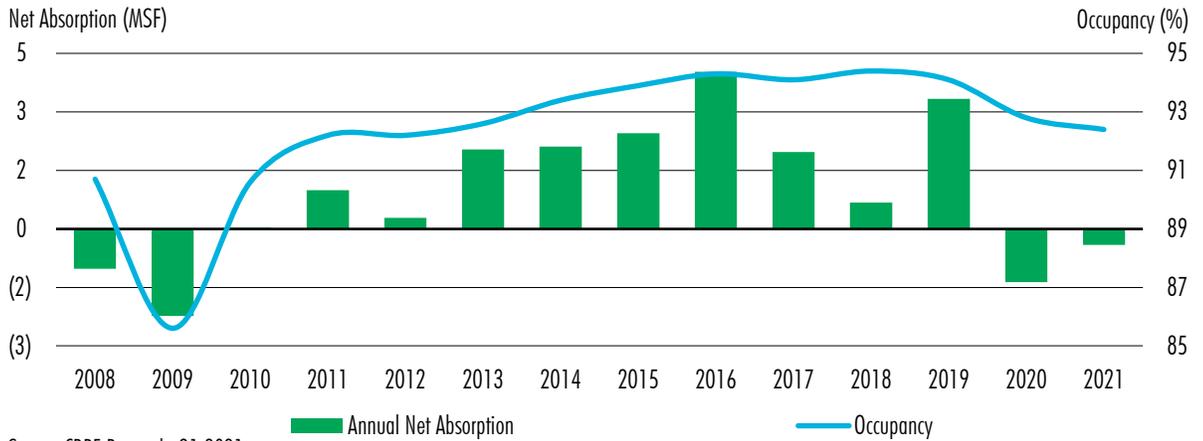
▼ Occupancy  
**92.4%**

▲ Under Construction  
**2,290,429 SF**

▼ Completions  
**326,609 SF**

▼ Net Absorption  
**(408,029) SF**

Figure 1: Historical Net Absorption and Occupancy Rate



Source: CBRE Research, Q1 2021.

The outlook for the United States economy is becoming very positive as COVID-19 vaccines are deployed at a rapid pace. At the close of the first quarter, over a quarter of Americans have received at least one dose of the vaccine. The rate of daily vaccinations has accelerated to 2.5 million, making societal and economic normalization possible by mid-year.

A reopening of the economy would support near 7% GDP growth this year—the strongest pace seen since the early 1980s. This expansion is poised to be broad-based, with personal consumption being a critical factor. Indeed, consumers, particularly high earners, have plenty of ‘dry powder’ in the form of elevated savings accrued during the pandemic. This will be paired with over \$800 billion of transfer payments to low and middle-income households via the American Recovery Plan.

As social distancing measures subside, much of the

spending will likely focus on consumer services, such as restaurants and leisure travel. A recovery within these sectors is critical for the broader labor market, as leisure and hospitality employment are more than 30% below pre-COVID levels, compared to 5% for total employment (excluding leisure and hospitality). Overall, we think the U.S. economy will create upward of 7 million total new jobs in 2021.

Q1 marked the fourth consecutive quarter of negative net absorption in DFW, as more stores closed their doors permanently after the holiday shopping season. The leading contributor to negative absorption this quarter was Fry’s Electronics who closed three stores in the metroplex, bringing over 530,000 sq. ft. of retail space back to the market. Despite store closures, retail leasing activity has increased as the return to normalcy nears. Gyms have been among the most active tenants in the market, backfilling former 24-Hour Fitness spaces across the metroplex.

Figure 2: Retail Total Quarterly Market Summary

| Area                              | Inventory Total (SF) | Vacancy Total (%) | Net Absorption (SF) |                 | Construction (SF) |                     |
|-----------------------------------|----------------------|-------------------|---------------------|-----------------|-------------------|---------------------|
|                                   |                      |                   | Qtr. Total          | YTD 2021 Total  | Qtr. Deliveries   | YTD 2021 Deliveries |
| Dallas CBD                        | 1,074,590            | 4.9               | (13,451)            | (13,451)        | -                 | -                   |
| Lakewood                          | 3,304,668            | 5.0               | 11,148              | 11,148          | -                 | -                   |
| Lovefield/West Dallas             | 8,267,473            | 2.1               | 3,435               | 3,435           | -                 | -                   |
| Uptown                            | 1,534,478            | 2.2               | 1,558               | 1,558           | -                 | -                   |
| <b>Central Dallas Total</b>       | <b>14,181,209</b>    | <b>3.0</b>        | <b>2,690</b>        | <b>2,690</b>    | <b>-</b>          | <b>-</b>            |
| East Dallas Outlying              | 464,757              | 1.6               | 658                 | 658             | -                 | -                   |
| Rockwall                          | 3,214,509            | 5.9               | (26,810)            | (26,810)        | -                 | -                   |
| <b>East Dallas Outlying Total</b> | <b>3,679,266</b>     | <b>5.3</b>        | <b>(26,152)</b>     | <b>(26,152)</b> | <b>-</b>          | <b>-</b>            |
| Allen                             | 6,625,923            | 3.5               | 42,332              | 42,332          | 34,180            | 34,180              |
| Central Plano                     | 13,297,346           | 10.6              | (124,780)           | (124,780)       | -                 | -                   |
| Far North Dallas                  | 6,614,702            | 8.5               | 49,648              | 49,648          | -                 | -                   |
| Garland                           | 10,886,255           | 6.7               | 14,270              | 14,270          | -                 | -                   |
| McKinney                          | 7,445,377            | 6.4               | 12,347              | 12,347          | 27,694            | 27,694              |
| Murphy/Wylie                      | 2,064,123            | 3.5               | (7,488)             | (7,488)         | -                 | -                   |
| North Collin County Outlying      | 1,635,306            | 5.7               | 26,147              | 26,147          | 16,334            | 16,334              |
| Richardson                        | 5,554,740            | 10.6              | 20,875              | 20,875          | 10,000            | 10,000              |
| Sachse/Rowlett                    | 2,092,135            | 6.7               | (1,387)             | (1,387)         | -                 | -                   |
| <b>Far North Dallas Total</b>     | <b>56,215,907</b>    | <b>7.6</b>        | <b>31,964</b>       | <b>31,964</b>   | <b>88,208</b>     | <b>88,208</b>       |
| North Dallas                      | 3,869,339            | 4.4               | 2,036               | 2,036           | -                 | -                   |
| Northeast Dallas                  | 4,871,649            | 8.5               | 50,566              | 50,566          | -                 | -                   |
| Northwest Dallas                  | 5,861,175            | 4.5               | (20,563)            | (20,563)        | -                 | -                   |
| Park Cities                       | 1,626,357            | 2.5               | 1,648               | 1,648           | -                 | -                   |
| Upper Greenville                  | 4,883,045            | 7.2               | 48,603              | 48,603          | -                 | -                   |
| <b>Near North Dallas Total</b>    | <b>21,111,565</b>    | <b>5.9</b>        | <b>82,290</b>       | <b>82,290</b>   | <b>-</b>          | <b>-</b>            |
| Addison                           | 2,262,050            | 10.6              | 2,345               | 2,345           | -                 | -                   |
| East Lewisville                   | 1,227,616            | 7.1               | (4,960)             | (4,960)         | -                 | -                   |
| Farmers Branch                    | 1,923,285            | 18.9              | (80,145)            | (80,145)        | -                 | -                   |
| Frisco                            | 8,577,232            | 7.2               | (165)               | (165)           | -                 | -                   |
| Northeast Denton Outlying         | 155,415              | 0.9               | -                   | -               | -                 | -                   |
| North Carrollton                  | 4,797,640            | 7.1               | 70,690              | 70,690          | 55,000            | 55,000              |
| South Carrollton                  | 2,769,635            | 13.0              | (17,349)            | (17,349)        | -                 | -                   |
| West Frisco                       | 4,368,019            | 9.0               | (29,884)            | (29,884)        | 10,000            | 10,000              |
| West Plano                        | 7,933,705            | 7.7               | (8,098)             | (8,098)         | 10,500            | 10,500              |
| <b>North Central Dallas Total</b> | <b>34,014,597</b>    | <b>8.9</b>        | <b>(67,566)</b>     | <b>(67,566)</b> | <b>75,500</b>     | <b>75,500</b>       |
| Mesquite                          | 1,929,087            | 10.4              | 2,375               | 2,375           | -                 | -                   |
| Pleasant Grove/Southeast Dallas   | 4,720,387            | 4.0               | (3,240)             | (3,240)         | -                 | -                   |
| Southeast Outlying                | 715,267              | 8.2               | -                   | -               | -                 | -                   |
| Town East                         | 6,395,988            | 5.9               | (5,752)             | (5,752)         | -                 | -                   |
| <b>Southeast Dallas Total</b>     | <b>13,760,729</b>    | <b>6.0</b>        | <b>(6,617)</b>      | <b>(6,617)</b>  | <b>-</b>          | <b>-</b>            |
| Cedar Hill/Duncanville/Desoto     | 6,832,072            | 9.9               | (42,711)            | (42,711)        | -                 | -                   |
| Lancaster                         | 1,243,439            | 6.5               | 3,383               | 3,383           | -                 | -                   |
| Southwest Dallas County           | 10,277,805           | 6.0               | (12,526)            | (12,526)        | -                 | -                   |
| <b>Southwest Dallas Total</b>     | <b>18,353,316</b>    | <b>7.5</b>        | <b>(51,854)</b>     | <b>(51,854)</b> | <b>-</b>          | <b>-</b>            |
| Coppell                           | 3,380,117            | 11.7              | (190,673)           | (190,673)       | -                 | -                   |
| DFW Airport                       | 364,250              | 0.0               | -                   | -               | -                 | -                   |
| Irving                            | 7,477,500            | 5.5               | 117,200             | 117,200         | 35,000            | 35,000              |
| Las Colinas                       | 2,618,319            | 10.3              | (30,093)            | (30,093)        | -                 | -                   |
| Lewisville                        | 14,905,452           | 8.6               | 109,602             | 109,602         | -                 | -                   |
| North Grand Prairie               | 5,259,078            | 3.3               | 32,019              | 32,019          | -                 | -                   |
| <b>West Dallas Total</b>          | <b>34,004,716</b>    | <b>7.4</b>        | <b>38,055</b>       | <b>38,055</b>   | <b>35,000</b>     | <b>35,000</b>       |

Source: CBRE Research, Q1 2021.

Figure 2: Retail Total Quarterly Market Summary

| Area                                | Inventory Total (SF) | Vacancy Total (%) | Net Absorption (SF) |                  | Construction (SF) |                     |
|-------------------------------------|----------------------|-------------------|---------------------|------------------|-------------------|---------------------|
|                                     |                      |                   | Qtr. Total          | YTD 201 Total    | Qtr. Deliveries   | YTD 2021 Deliveries |
| East Fort Worth                     | 2,719,152            | 9.6               | (10,841)            | (10,841)         | -                 | -                   |
| Fort Worth CBD                      | 722,550              | 1.1               | -                   | -                | -                 | -                   |
| Fort Worth Southwest Quadrant       | 3,397,283            | 13.2              | 26,911              | 26,911           | 15,886            | 15,886              |
| Haltom City                         | 2,008,269            | 9.4               | 24,759              | 24,759           | -                 | -                   |
| North Fort Worth                    | 2,732,896            | 5.3               | 5,473               | 5,473            | -                 | -                   |
| Southeast Fort Worth                | 2,120,544            | 2.1               | 16,380              | 16,380           | -                 | -                   |
| West Fort Worth                     | 11,395,932           | 8.7               | (17,999)            | (17,999)         | -                 | -                   |
| <b>Central Fort Worth Total</b>     | <b>25,096,626</b>    | <b>8.3</b>        | <b>44,683</b>       | <b>44,683</b>    | <b>15,886</b>     | <b>15,886</b>       |
| Denton                              | 6,942,057            | 8.1               | (9,522)             | (9,522)          | 100,015           | 100,015             |
| Flower Mound                        | 179,821              | 15.9              | (250)               | (250)            | -                 | -                   |
| Grapevine/Colleyville               | 6,245,812            | 4.8               | 12,334              | 12,334           | -                 | -                   |
| Hurst/Euless/Bedford                | 10,143,054           | 11.2              | 1,570               | 1,570            | -                 | -                   |
| North Arlington                     | 3,583,291            | 11.2              | (12,517)            | (12,517)         | -                 | -                   |
| Richland Hills                      | 1,431,913            | 11.7              | 4,327               | 4,327            | -                 | -                   |
| Southeast Outlying Tarrant          | 5,229,284            | 4.6               | (7,267)             | (7,267)          | -                 | -                   |
| South Arlington                     | 13,977,017           | 9.2               | (311,779)           | (311,779)        | -                 | -                   |
| South Grand Prairie                 | 1,504,205            | 2.7               | (693)               | (693)            | -                 | -                   |
| Southlake                           | 3,484,982            | 9.3               | (36,967)            | (36,967)         | -                 | -                   |
| Trophy/Roanoke/WestLake             | 1,200,142            | 10.8              | (5,312)             | (5,312)          | -                 | -                   |
| <b>Mid-Cities Total</b>             | <b>53,921,578</b>    | <b>8.5</b>        | <b>(366,076)</b>    | <b>(366,076)</b> | <b>100,015</b>    | <b>100,015</b>      |
| Crowley/Burleson                    | 2,577,590            | 13.0              | (4,477)             | (4,477)          | -                 | -                   |
| Northwest Fort Worth                | 7,071,491            | 4.5               | 23,986              | 23,986           | -                 | -                   |
| Southwest Fort Worth                | 6,724,149            | 7.5               | (13,981)            | (13,981)         | -                 | -                   |
| Watauga/Keller/North Richland Hills | 7,200,747            | 11.0              | (96,791)            | (96,791)         | -                 | -                   |
| White Settlement                    | 2,194,612            | 5.1               | 1,817               | 1,817            | 12,000            | 12,000              |
| <b>Suburban Fort Worth Total</b>    | <b>25,768,589</b>    | <b>8.0</b>        | <b>(89,446)</b>     | <b>(89,446)</b>  | <b>12,000</b>     | <b>12,000</b>       |
| <b>Dallas Total</b>                 | <b>195,321,305</b>   | <b>7.1</b>        | <b>2,810</b>        | <b>2,810</b>     | <b>198,708</b>    | <b>198,708</b>      |
| <b>Fort Worth Total</b>             | <b>104,786,793</b>   | <b>8.4</b>        | <b>(410,839)</b>    | <b>(410,839)</b> | <b>127,901</b>    | <b>127,901</b>      |
| <b>DFW Total</b>                    | <b>300,108,098</b>   | <b>7.6</b>        | <b>(408,029)</b>    | <b>(408,029)</b> | <b>326,609</b>    | <b>326,609</b>      |

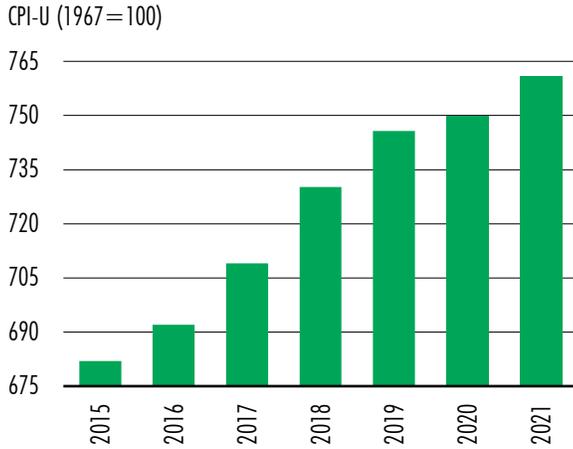
Source: CBRE Research, Q1 2021.

Figure 3: Retail Historical Market Summary

|                              | 2014        | 2015        | 2016        | 2017        | 2018        | 2019        | 2020        | Q1 2021     |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>DALLAS TOTAL</b>          |             |             |             |             |             |             |             |             |
| Absorption (Net, SF)         | 2,389,167   | 4,022,612   | 5,703,153   | 3,114,680   | 1,165,413   | 2,095,695   | (1,191,039) | 2,810       |
| Delivered Construction (SF)  | 1,033,553   | 2,017,656   | 2,974,655   | 2,683,370   | 1,427,163   | 1,128,430   | 1,599,521   | 198,708     |
| Rentable Building Area (RBA) | 177,535,528 | 181,192,999 | 188,204,340 | 191,031,109 | 194,074,656 | 194,902,258 | 197,560,139 | 195,321,305 |
| Occupancy Rate (%)           | 92          | 93.6        | 94.2        | 94.6        | 94.4        | 94.6        | 93.1        | 92.9        |
| <b>FORT WORTH TOTAL</b>      |             |             |             |             |             |             |             |             |
| Absorption (Net, SF)         | 2,206,396   | 2,695,558   | 2,885,492   | 958,637     | 302,895     | 1,509,629   | (177,590)   | (410,839)   |
| Delivered Construction (SF)  | 1,089,605   | 1,914,914   | 1,468,513   | 1,005,725   | 932,137     | 670,471     | 782,502     | 127,901     |
| Rentable Building Area (RBA) | 95,875,460  | 97,955,117  | 98,754,515  | 102,006,739 | 104,173,420 | 104,593,444 | 104,774,824 | 104,786,793 |
| Occupancy Rate (%)           | 92.7        | 93.4        | 94.6        | 94.8        | 94.4        | 94.2        | 92.4        | 91.6        |
| <b>DFW MARKET TOTAL</b>      |             |             |             |             |             |             |             |             |
| Absorption (Net, SF)         | 4,595,563   | 6,718,170   | 8,588,645   | 4,073,317   | 1,468,308   | 3,605,324   | (1,368,629) | (408,029)   |
| Delivered Construction (SF)  | 2,123,158   | 3,932,570   | 4,443,168   | 3,689,095   | 2,359,300   | 1,798,901   | 2,382,023   | 326,609     |
| Rentable Building Area (RBA) | 273,410,988 | 279,148,116 | 286,958,855 | 293,037,848 | 298,248,076 | 299,495,702 | 302,334,963 | 300,108,098 |
| Occupancy Rate (%)           | 92.2        | 92.7        | 94.3        | 94.6        | 94.4        | 94.5        | 92.8        | 92.4        |

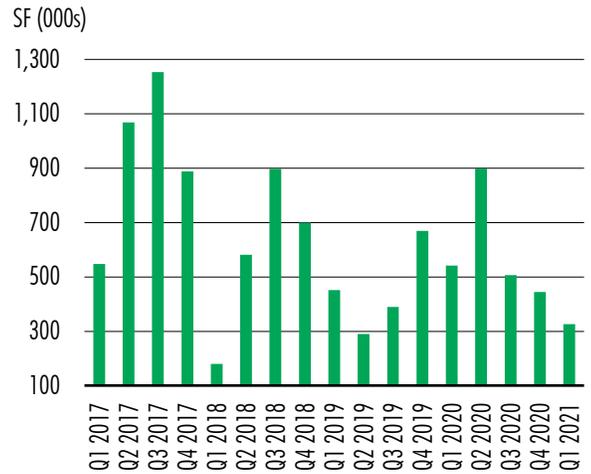
Source: CBRE Research, Q1 2021.

Figure 4: DFW Consumer Price Index



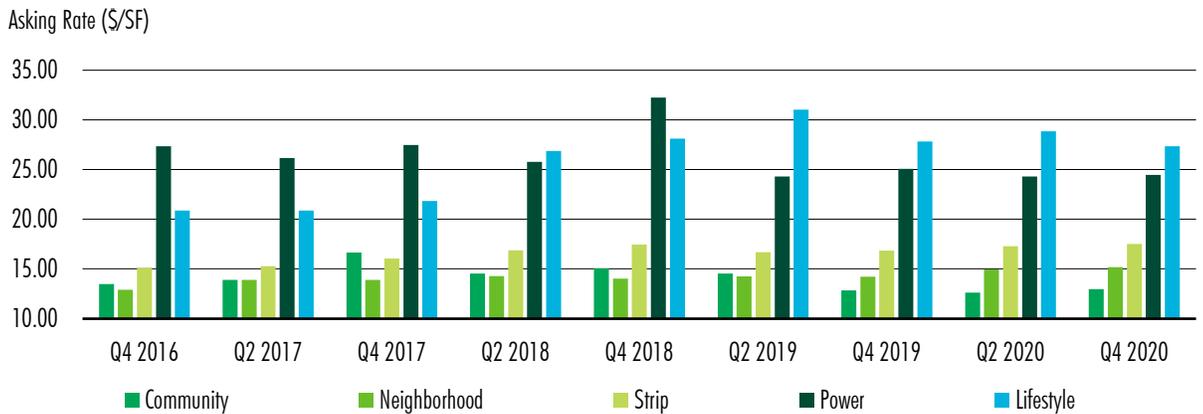
Source: Bureau of Labor Statistics, Q1 2021.

Figure 5: Deliveries



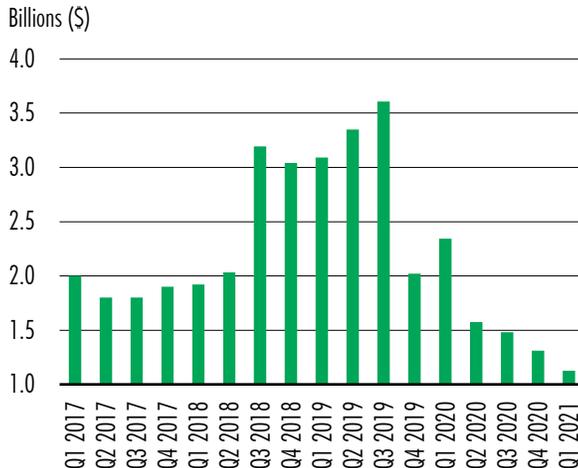
Source: CBRE Research, Q1 2021.

Figure 6: Asking Annual Rents by Center Type, NNN Avg.



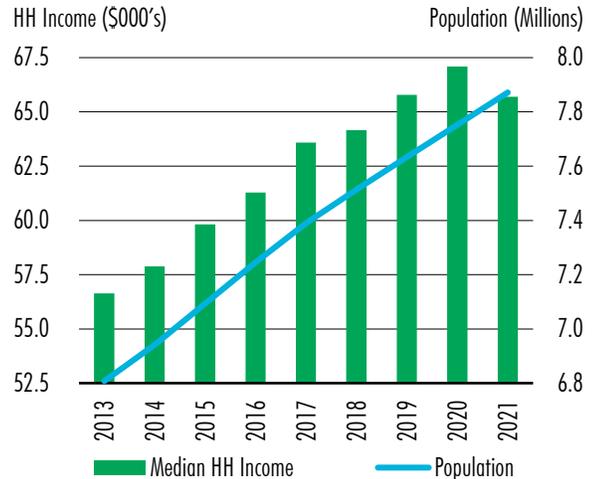
Source: CBRE Research, Q1 2021.

Figure 7: Dallas Retail Investment Sales Volume

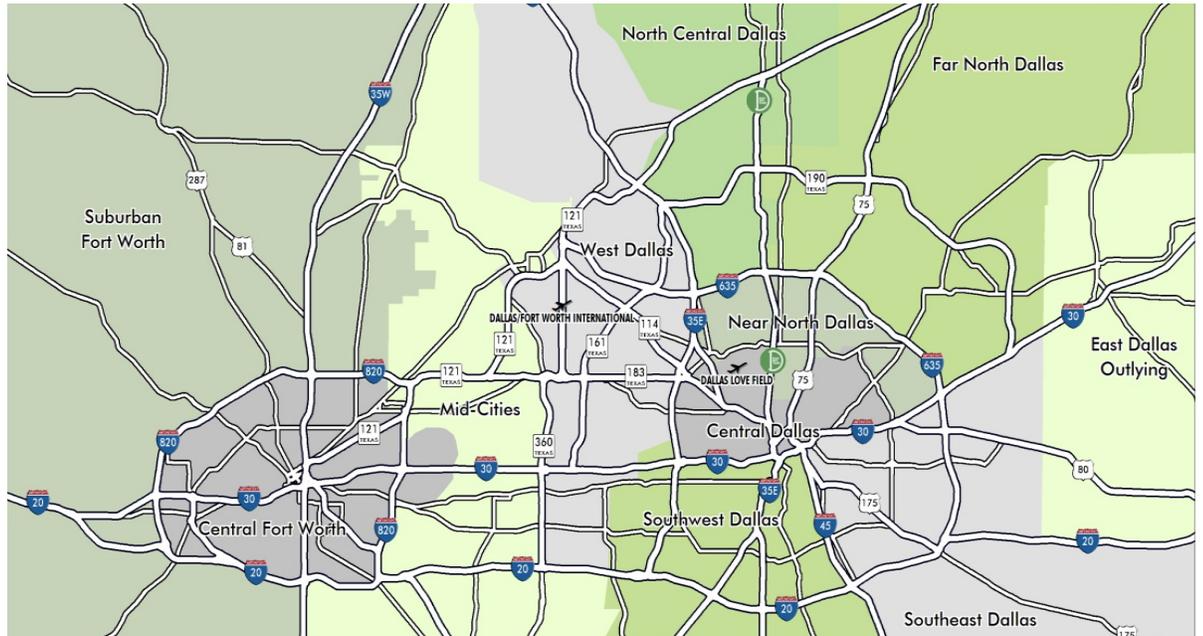


Source: Real Capital Analytics, Q1 2021.

Figure 8: Population Growth & Household Income



Source: Oxford Economics, Q1 2021.



*\*The retail dataset includes properties 10,000-sq.-ft. and up.*

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