

First quarter demand exceeds new supply

▼ Vacancy Rate 5.4%
▲ Q1 2021 Deliveries 8,286,081
▲ YTD Deliveries 8,286,081
▲ Q1 2021 Absorption 10,306,812
▲ YTD Absorption 10,306,812

Figure 1: DFW Industrial Market (Annual)



Source: CBRE Research, Q1 2021

Q1 2021 marked the 42nd consecutive quarter of positive industrial absorption in DFW, following five years of demand surpassing 20 million sq. ft. from 2016 through 2020. Just over 10.3 million sq. ft. was absorbed in Q1 2021, bringing the trailing twelve-month absorption to 27.4 million sq. ft. Consumer goods, e-commerce and logistics companies led demand during the quarter, as has been the trend over the past several years. Recent changes in supply chains and societal shifts in consumer habits due to COVID-19 have increased demand in distribution hubs like Dallas/Fort Worth

The COVID-19 crisis has underscored the complexity of just-in-time (JIT) production networks. Much of the JIT supply chains historically involved very intricate global networks in which goods often go back and forth across international borders repeatedly using multiple transportation modes. Due to increased consumer preferences for delivery of products, many suppliers and retailers are in search of space to keep materials and products closer to consumers. Super-regional distribution markets such as Dallas/Fort Worth appear particularly well positioned to benefit from these changes because of their central locations.

Figure 2: DFW Market Trailing 12 Months Absorption

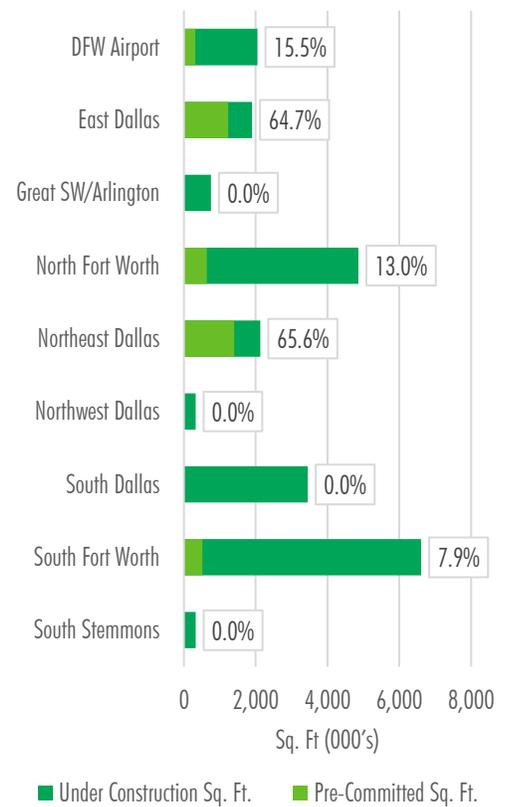
Market	Q2 2020 Net Absorption	Q3 2020 Net Absorption	Q4 2020 Net Absorption	Q1 2021 Net Absorption	Trailing 12 Months Net Absorption
DFW Airport	140,358	1,074,510	1,923,828	2,226,101	5,364,797
East Dallas	(19,925)	839,796	128,174	1,050,898	1,998,943
Northeast Dallas	804,360	863,580	552,620	1,345,943	3,566,503
Northwest Dallas	(95,966)	79,673	1,255,975	1,515,910	2,755,592
South Dallas	254,944	1,403,322	(74,273)	1,328,891	2,912,884
South Stemmons	558,169	27,733	440,913	944,124	1,970,939
DALLAS TOTALS	1,641,940	4,288,614	4,227,237	8,411,867	18,569,658
Great Southwest/Arlington	(159,728)	302,256	1,349,875	(126,223)	1,366,180
North Fort Worth	548,034	2,337,887	2,582,142	1,255,514	6,723,577
South Fort Worth	33,248	(246,029)	166,263	765,654	719,136
FORT WORTH TOTALS	421,554	2,394,114	4,098,280	1,894,945	8,808,893
MARKET TOTALS	2,063,494	6,682,728	8,325,517	10,306,812	27,378,551

Source: CBRE Research, Q1 2021

The market-wide industrial vacancy rate in Dallas/Fort Worth decreased over the quarter, contracting by 32 basis points (bps) to 5.4%. The market-wide availability rate also decreased slightly over the quarter by 17 bps to 7.4%. The vacancy rate in DFW decreased largely to vacant existing buildings being taken by occupiers and a strong preleased rate for product delivered over the quarter. Delivered projects over the quarter totaled 8.3 million sq. ft. and were 51.1% preleased. Product under construction totaled 22.4 million sq. ft. and was 18.3% preleased. South Fort Worth overtook North Fort Worth as the most active submarket for construction activity in Q1 2021, with just over 6.6 million sq. ft. in projects underway.

The outlook for the United States economy is becoming very positive as COVID-19 vaccines are deployed at a rapid pace. 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.

Figure 3: DFW Industrial Market Under Construction and Pre-Committed

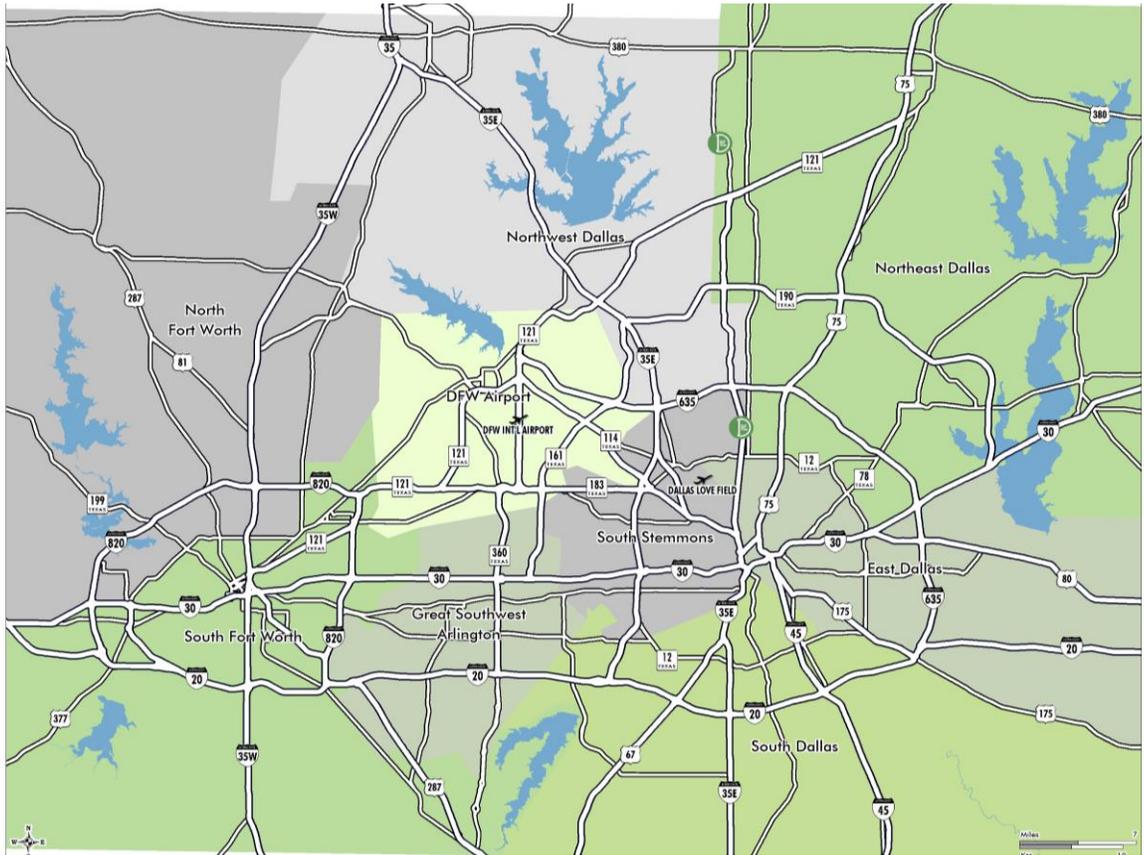


Source: CBRE Research, Q1 2021

Figure 4: Industrial/Flex Total Quarterly Market Summary

Area	Bldg. Count	Inventory		Vacancy			Net Absorption (SF)			Construction (SF)		
		Total (SF)	% of Market	Direct (SF)	Direct (%)	Total (%)	Qtr. Direct	Qtr. Total	YTD 2021 Total	Under Const.	Qtr. Deliveries	YTD 2021 Deliveries
DFW Airport												
E DFW/Las Colinas	384	60,678,146	7.2	2,837,016	4.7	5.7	2,162,597	2,100,503	2,100,503	1,915,421	1,946,190	1,946,190
W DFW/Grapevine	324	23,225,299	2.8	1,134,437	4.9	5.0	92,191	125,598	125,598	135,000	429,720	429,720
DFW Airport Total	708	83,903,445	10.0	3,971,453	4.7	5.5	2,254,788	2,226,101	2,226,101	2,050,421	2,375,910	2,375,910
East Dallas												
Central E Dallas	396	16,782,069	2.0	391,560	2.3	2.4	(48,334)	(48,334)	(48,334)	-	-	-
East Dallas/Mesquite	285	22,721,177	2.7	1,242,026	5.5	5.7	1,089,522	1,099,232	1,099,232	1,901,599	545,597	545,597
East Dallas Total	681	39,503,246	4.7	1,633,586	4.1	4.3	1,041,188	1,050,898	1,050,898	1,901,599	545,597	545,597
Northeast Dallas												
Allen/McKinney	170	12,392,776	1.5	1,119,587	9.0	9.3	110,372	118,280	118,280	1,991,607	581,780	581,780
NE Dallas/Garland	852	50,399,311	6.0	2,615,913	5.2	5.4	811,612	834,291	834,291	-	977,013	977,013
Plano	359	20,570,958	2.5	798,986	3.9	4.3	167,672	189,804	189,804	-	-	-
Richardson	297	16,798,467	2.0	967,101	5.8	6.0	209,617	196,941	196,941	141,400	-	-
Rockwall	55	3,891,978	0.5	4,640	0.1	0.1	6,627	6,627	6,627	-	-	-
Northeast Dallas Total	1,733	104,053,490	12.4	5,506,227	5.3	5.6	1,305,900	1,345,943	1,345,943	2,133,007	1,558,793	1,558,793
Northwest Dallas												
Denton	172	11,816,583	1.4	386,555	3.3	3.3	1,052,788	1,052,788	1,052,788	-	1,174,058	1,174,058
Lewisville	247	29,295,637	3.5	1,479,273	5.0	5.5	237,738	185,999	185,999	62,820	434,200	434,200
Metropolitan/Addison	431	19,900,705	2.4	763,664	3.8	3.9	33,894	45,000	45,000	124,450	-	-
N Stemmons/Valwood	628	48,919,811	5.8	1,595,019	3.3	3.5	241,245	189,772	189,772	138,975	-	-
NW Dallas Outlying	11	584,085	0.1	27,034	4.6	4.6	42,351	42,351	42,351	-	-	-
Northwest Dallas Total	1,489	110,516,821	13.2	4,251,545	3.8	4.1	1,608,016	1,515,910	1,515,910	326,245	1,608,258	1,608,258
South Dallas												
Red Bird/Airport	189	19,590,323	2.3	309,567	1.6	1.6	216,009	216,009	216,009	-	-	-
SE Dallas/I-45	266	43,309,034	5.2	3,196,625	7.4	7.4	791,310	791,310	791,310	3,450,355	-	-
SW Dallas/US 67	156	19,313,403	2.3	1,629,820	8.4	8.6	321,572	321,572	321,572	-	-	-
South Dallas Total	611	82,212,760	9.8	5,136,012	6.2	6.3	1,328,891	1,328,891	1,328,891	3,450,355	-	-
South Stemmons												
East Brookhollow	187	7,924,321	0.9	78,699	1.0	1.1	16,483	16,483	16,483	-	-	-
E Hines North	625	20,194,104	2.4	632,575	3.1	3.5	47,987	50,987	50,987	-	-	-
Eastern Lonestar/Tpke	293	30,980,769	3.7	897,354	2.9	2.9	786,233	795,159	795,159	-	-	-
North Trinity	370	9,900,851	1.2	804,925	8.1	8.7	(23,538)	(55,538)	(55,538)	-	-	-
West Brookhollow	966	40,032,092	4.8	1,393,217	3.5	3.7	115,092	104,308	104,308	329,358	-	-
W Hines North	216	8,387,874	1.0	540,528	6.4	6.4	(7,367)	32,725	32,725	-	-	-
Western Lonestar/Tpke	99	7,677,939	0.9	391,470	5.1	5.1	-	-	-	-	-	-
South Stemmons Total	2,756	125,097,950	14.9	4,738,768	3.8	4.0	934,890	944,124	944,124	329,358	-	-
Great SW/Arlington												
Arlington	397	22,903,640	2.7	1,038,718	4.5	4.6	(36,328)	(36,328)	(36,328)	176,670	-	-
Lower Great Southwest	425	38,405,938	4.6	988,192	2.6	2.7	(87,662)	(54,770)	(54,770)	129,450	-	-
Upper Great Southwest	506	53,769,558	6.4	3,013,802	5.6	6.0	(91,877)	(35,125)	(35,125)	448,350	-	-
Great SW/Arlington Total	1,328	115,079,136	13.7	5,040,712	4.4	4.6	(215,867)	(126,223)	(126,223)	754,470	-	-
North Fort Worth												
Meacham Fld/Fossil Creek	410	44,817,821	5.4	1,521,897	3.4	3.5	102,688	191,698	191,698	952,764	-	-
NE Tarrant Alliance	234	53,017,588	6.3	6,655,006	12.6	13.0	1,004,600	1,063,816	1,063,816	3,635,999	1,518,955	1,518,955
West Tarrant	59	4,071,508	0.5	40,000	1.0	1.0	-	-	-	277,610	-	-
North Fort Worth Total	703	101,906,917	12.2	8,216,903	8.1	8.4	1,107,288	1,255,514	1,255,514	4,866,373	1,518,955	1,518,955
South Fort Worth												
East Fort Worth	635	24,518,226	2.9	769,509	3.1	3.2	74,040	61,030	61,030	-	-	-
Mansfield	93	4,339,349	0.5	486,791	11.2	11.2	28,700	28,700	28,700	219,000	-	-
N Central Fort Worth	271	10,961,085	1.3	205,430	1.9	1.9	(4,556)	(4,556)	(4,556)	-	-	-
S Central Tarrant County	267	25,147,785	3.0	2,420,708	9.6	9.9	759,830	704,430	704,430	6,392,435	678,568	678,568
S Central Fort Worth	242	8,107,545	1.0	247,298	3.1	3.5	(44,550)	(44,550)	(44,550)	-	-	-
SW Tarrant	70	1,865,922	0.2	108,687	5.8	5.8	20,600	20,600	20,600	-	-	-
South Fort Worth Total	1,578	74,939,912	9.0	4,238,423	5.7	5.9	834,064	765,654	765,654	6,611,435	678,568	678,568
Dallas Total	7,978	545,287,712	65.1	25,237,591	4.6	4.9	8,473,673	8,411,867	8,411,867	10,190,985	6,088,558	6,088,558
Fort Worth Total	3,609	291,925,965	34.9	17,496,038	6.0	6.2	1,725,485	1,894,945	1,894,945	12,232,278	2,197,523	2,197,523
Dallas/Fort Worth Total	11,587	837,213,677	100.0	42,733,629	5.1	5.4	10,199,158	10,306,812	10,306,812	22,423,263	8,286,081	8,286,081

Source: CBRE Research, Q1 2021



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