

Dallas-Fort Worth

Year-to-date net absorption has already outpaced annual average through third quarter of 2021

- In each of the past three consecutive quarters, demand has hit a new market record high, decreasing vacancy below the 10-year quarterly average of 7.1%.
- The 35.1 million s.f. of space under construction this quarter set a new record high for activity. This marks the 23rd consecutive quarter with more than 20 million s.f. of space under construction.
- Direct asking rents continue to increase, with an average annual growth rate of 4.9% market-wide since 2016. Leasing activity has yet to slow as a result, increasing 11% year-over-year.

The Dallas-Fort Worth industrial market continues to see unprecedented demand as a result of local population growth and national trends including the expansion e-commerce retailers and the restructuring of supply chains. These factors have contributed to the third consecutive quarter of record-setting net absorption, an increase in asking rents and sustained activity of the speculative development pipeline.

Over the last 12 months, 33.7 million s.f. of space has been absorbed, including 27.5 million s.f. year-to-date in 2021. Vacancy has decreased for the fourth consecutive quarter to 6.4%, below the 10-year average of 7.1%. To meet demand, construction activity totaled over 30 million s.f. in back-to-back quarters for the first time and marking the 23rd consecutive quarter of activity with over 20 million s.f. of space under construction. The decrease in vacancy and available space, along with rise in hard costs for first generation space, has put upwards pressure on rents. Since 2016 the average annual growth rate for direct asking rents is 4.9% market-wide, however the increase has yet to slow the number of active deals in the market.

Leases were signed for nearly 13.1 million s.f. of new and relet space this quarter, an increase of 11% compared to Q3 2020, for a total of 42.5 million s.f. year-to-date. The largest lease this quarter was signed by a 3PL company, Saddle Creek Logistics Services, for an 864,000 s.f. speculative building in the South Fort Worth submarket. The two largest leases signed this year were by traditional retailers for e-commerce fulfillment centers.

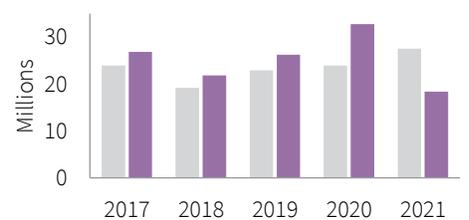
Outlook

To keep up with demand, an estimated 1 billion s.f. of new space will be needed in the U.S. by 2025. In the Dallas-Fort Worth market this quarter, there were over 110 requirements for at least 40.3 million s.f. of distribution and manufacturing space. As one of multiple potential locations nationally, the City of Fort Worth has approved as much as \$440 million in incentives towards a proposed \$5 billion Rivian Automotive electric-vehicle manufacturing facility, which could create 7,500 jobs by 2027.

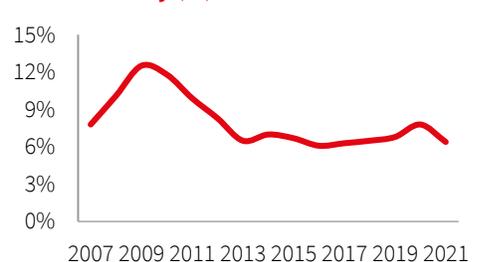
Fundamentals

	Forecast
YTD net absorption	27,596,266 s.f. ▶
Under construction	35,135,082 s.f. ▶
Total vacancy	6.4% ▼
Sublease vacancy	2,914,485 s.f. ▶
Direct asking rent	\$5.37 p.s.f. ▲
Sublease asking rent	\$4.63 p.s.f. ▲
Concessions	Stable ▶

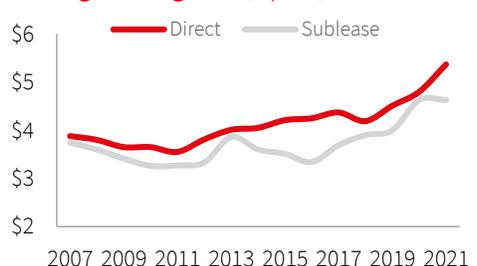
Supply and demand (s.f.)



Total vacancy (%)



Average asking rent (\$ p.s.f.)



JLL Research Report

Industrial Statistics

	Inventory (s.f.)	Quarterly total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Total vacancy (%)	Total availability (%)	Average total asking rent (\$ p.s.f.)	Quarterly Completions (s.f.)	YTD Completions (s.f.)	Under construction (s.f.)
Dallas-Fort Worth total										
Warehouse & Distribution	605,915,733	7,988,588	27,076,706	4.5%	6.8%	10.4%	\$5.32	5,869,313	17,787,768	33,254,841
Manufacturing	89,459,463	-483,259	519,560	0.6%	3.4%	3.4%	\$5.26	0	625,000	1,880,241
Overall Total	695,375,196	7,505,329	27,596,266	4.0%	6.4%	9.5%	\$5.31	5,869,313	18,412,768	35,135,082
DFW Airport										
Warehouse & Distribution	71,512,708	723,674	3,952,546	5.5%	5.9%	6.6%	\$6.27	0	1,591,416	1,352,510
Manufacturing	2,767,058	-82,966	-85,687	-3.1%	8.6%	4.5%	\$8.64	0	0	0
Overall Total	74,279,766	640,708	3,866,859	5.2%	6.0%	6.5%	\$6.33	0	1,591,416	1,352,510
East Dallas Ind										
Warehouse & Distribution	29,846,470	1,125,344	2,775,860	9.3%	6.0%	15.4%	\$4.36	1,080,034	1,333,874	2,288,455
Manufacturing	6,607,121	26,134	-18,480	-0.3%	1.9%	5.9%	\$3.16	0	0	0
Overall Total	36,453,591	1,151,478	2,757,380	7.6%	5.2%	13.8%	\$4.19	1,080,034	1,333,874	2,288,455
Great Southwest/Arlington										
Warehouse & Distribution	89,907,554	576,717	3,809,123	4.2%	3.5%	6.7%	\$5.25	306,120	176,670	1,176,805
Manufacturing	11,157,949	1,100	25,500	0.2%	0.9%	1.3%	\$4.45	0	0	173,385
Overall Total	101,065,503	577,817	3,834,623	3.8%	3.2%	6.1%	\$5.22	306,120	176,670	1,350,190
North Fort Worth Ind										
Warehouse & Distribution	91,270,190	2,356,196	4,617,830	5.1%	11.5%	13.8%	\$4.86	1,795,372	5,495,221	4,878,027
Manufacturing	13,814,410	0	425,000	3.1%	3.6%	3.6%	\$4.77	0	425,000	160,000
Overall Total	105,084,600	2,356,196	5,042,830	4.8%	10.5%	12.5%	\$4.85	1,795,372	5,920,221	5,038,027
Northeast Dallas										
Warehouse & Distribution	56,927,179	939,820	3,362,000	5.9%	7.1%	9.2%	\$6.37	367,810	3,122,059	495,056
Manufacturing	17,080,818	-152,950	524,806	3.1%	2.9%	2.9%	\$4.67	0	200,000	946,856
Overall Total	74,007,997	786,870	3,886,806	5.3%	6.1%	7.7%	\$6.28	367,810	3,322,059	1,441,912
Northwest Dallas										
Warehouse & Distribution	79,786,871	407,773	1,927,788	2.4%	5.3%	8.3%	\$6.26	0	1,260,121	2,673,177
Manufacturing	8,481,040	-80,015	103,940	1.2%	2.6%	1.7%	\$6.20	0	0	0
Overall Total	88,267,911	327,758	2,031,728	2.3%	5.0%	7.6%	\$6.26	0	1,260,121	2,673,177
South Dallas Ind										
Warehouse & Distribution	70,483,016	1,372,021	4,540,882	6.4%	6.2%	14.8%	\$4.58	603,378	1,642,738	14,120,808
Manufacturing	7,249,282	500	-84,820	-1.2%	5.2%	2.2%	\$4.09	0	0	600,000
Overall Total	77,732,298	1,372,521	4,456,062	5.7%	6.1%	13.7%	\$4.57	603,378	1,642,738	14,720,808
South Fort Worth										
Warehouse & Distribution	43,161,995	205,145	797,957	1.8%	12.5%	17.9%	\$5.64	1,166,785	2,334,847	5,915,391
Manufacturing	12,824,942	-211,427	-89,818	-0.7%	3.2%	4.3%	\$7.43	0	0	0
Overall Total	55,986,937	-6,282	708,139	1.3%	10.4%	15.1%	\$5.76	1,166,785	2,334,847	5,915,391
South Stemmons										
Warehouse & Distribution	73,019,750	281,898	1,292,720	1.8%	5.1%	5.4%	\$6.14	549,814	830,822	354,612
Manufacturing	9,476,843	16,365	-280,881	-3.0%	5.8%	6.1%	\$5.57	0	0	0
Overall Total	82,496,593	298,263	1,011,839	1.2%	5.2%	5.5%	\$6.04	549,814	830,822	354,612