

Dallas-Fort Worth

Record-setting year for construction activity and deliveries continued through the end of 2022

- The increased development pipeline is being realized with 45.8 million s.f. delivered in 2022. The emerging East Dallas submarket have seen the largest inventory growth increasing 10.3% this year.
- The development pipeline topped over 60 million s.f. for a third consecutive quarter, leading the nation again for development activity with 22.6% preleased.
- Demand continues to be strong, as leasing activity has totaled over 12.1 million s.f. for a third consecutive quarter. The final three quarters of 2022 rank among the market's top four highest all-time.

The Dallas-Fort Worth industrial market led the nation in development activity for all four quarters of 2022, finishing the year with 61.6 million s.f. under construction. The depth of the current development pipeline is expected to keep the market in the top spot through the first half of 2023. Following four consecutive years of record-setting demand, 45.8 million s.f. delivered this year. In East Dallas, deliveries in 2022 added 10.3% to the emerging submarket's inventory. Developers are capitalizing on the submarket's population growth, immediate access to labor, and proximity to the neighboring South Dallas submarket. Speculative construction for "mega-box" properties over 1 million s.f. have continued to be focused, in South Dallas, where nearly 31% of deliveries were located.

Strong demand by both tenants and investors continued through the fourth quarter. Leasing activity totaling over 12.1 million s.f. for the third consecutive quarter. The largest leases of the quarter included the prelease of a 1 million s.f. speculative building in South Dallas by Careismatic Brands and a 626,718 s.f. lease in the East Dallas submarket by Masonite. Overall, 46.4 million s.f. was leased in 2022, only 5.2% below the record-setting activity of 2021. Prologis closed on a \$23 billion acquisition of Duke Realty at the beginning of the quarter, adding 17.5 million s.f. to the company's portfolio in the Dallas-Fort Worth market. This was the largest transaction by size within the market since Blackstone Group purchased the industrial platform of Colony Capital in Q4 2019.

Outlook

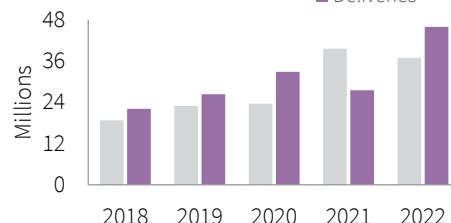
Construction kick-offs are expected to slow in the last half of 2023 relative to the new starts seen during the three consecutive highest quarters of construction activity than began in Q2 2022. However, sustained demand and specific occupier requirements will continue to keep the market as one of the highest nationally. Leasing activity is expected to remain strong into 2023 as preleasing of speculative product continues, and requirements for big-box properties of nearly every size range remain active in the market for new space.

Fundamentals

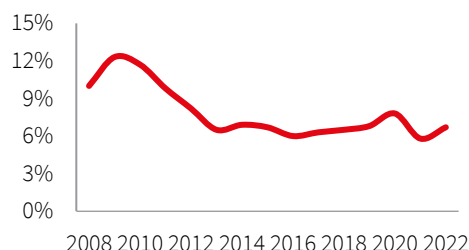
Forecast

YTD net absorption	36,923,160 s.f.	▲
Under construction	61,616,920 s.f.	►
Total vacancy	6.7%	▲
Sublease vacancy	3,869,358 s.f.	►
Direct asking rent	\$6.13 p.s.f.	▲
Sublease asking rent	\$6.02 p.s.f.	▲
Concessions	Stable	►

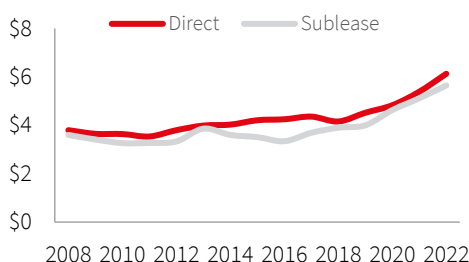
Supply and demand (s.f.)

■ Net absorption
■ Deliveries


Total vacancy (%)



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



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 (%)	availability (%)	Total	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	661,496,309	8,431,356	33,301,291	5.0%	7.3%	13.3%	\$6.16	13,964,011	43,159,609	59,486,293	
Manufacturing	95,998,150	1,837,696	3,621,869	3.8%	2.5%	3.0%	\$6.02	1,285,000	2,735,241	2,130,627	
Overall Total	757,494,459	10,269,052	36,923,160	4.9%	6.7%	12.1%	\$6.15	15,249,011	45,894,850	61,616,920	
DFW Airport											
Warehouse & Distribution	74,427,035	-505,755	1,879,475	2.5%	4.2%	7.5%	\$7.16	910,432	2,211,873	3,049,635	
Manufacturing	2,764,631	0	-6,000	-0.2%	1.4%	2.5%	\$0.00	0	0	0	
Overall Total	77,191,666	-505,755	1,873,475	2.4%	4.1%	7.3%	\$7.16	910,432	2,211,873	3,049,635	
East Dallas Ind											
Warehouse & Distribution	35,974,945	446,379	2,764,066	7.7%	10.6%	27.0%	\$5.39	629,106	4,416,267	8,242,296	
Manufacturing	6,888,008	28,073	17,257	0.3%	1.6%	1.6%	\$5.43	0	0	0	
Overall Total	42,862,953	474,452	2,781,323	6.5%	9.1%	23.6%	\$5.39	629,106	4,416,267	8,242,296	
Great Southwest/Arlington											
Warehouse & Distribution	92,382,438	532,261	613,868	0.7%	5.2%	7.4%	\$7.11	745,297	2,245,778	1,680,314	
Manufacturing	11,533,267	61,120	124,854	1.1%	1.3%	2.0%	\$7.40	0	173,385	45,000	
Overall Total	103,915,705	593,381	738,722	0.7%	4.8%	6.8%	\$7.12	745,297	2,419,163	1,725,314	
North Fort Worth Ind											
Warehouse & Distribution	98,070,981	2,919,630	8,232,548	8.4%	7.4%	16.8%	\$5.51	1,788,915	6,457,029	18,792,370	
Manufacturing	16,235,224	10,710	745,076	4.6%	2.6%	2.3%	\$5.39	0	160,000	250,000	
Overall Total	114,306,205	2,930,340	8,977,624	7.9%	6.7%	15.0%	\$5.50	1,788,915	6,617,029	19,042,370	
Northeast Dallas											
Warehouse & Distribution	58,887,008	888,501	2,487,205	4.2%	3.5%	7.7%	\$8.07	491,380	922,208	1,944,075	
Manufacturing	18,440,781	-2,649	1,079,132	5.9%	1.9%	2.3%	\$3.58	0	946,856	0	
Overall Total	77,327,789	885,852	3,566,337	4.6%	3.1%	6.4%	\$7.51	491,380	1,869,064	1,944,075	
Northwest Dallas											
Warehouse & Distribution	84,840,420	749,166	2,881,041	3.4%	5.4%	9.5%	\$7.37	992,705	3,863,049	4,305,432	
Manufacturing	8,731,940	283,480	2,215	0.0%	1.1%	2.2%	\$8.00	0	0	0	
Overall Total	93,572,360	1,032,646	2,883,256	3.1%	5.0%	8.8%	\$7.38	992,705	3,863,049	4,305,432	
South Dallas Ind											
Warehouse & Distribution	91,161,215	2,103,578	9,982,478	11.0%	13.5%	23.3%	\$5.33	6,524,584	17,219,683	16,378,007	
Manufacturing	8,674,074	1,247,359	1,265,599	14.6%	3.3%	3.2%	\$0.00	1,285,000	1,355,000	1,235,627	
Overall Total	99,835,289	3,350,937	11,248,077	11.3%	12.6%	21.6%	\$5.33	7,809,584	18,574,683	17,613,634	
South Fort Worth											
Warehouse & Distribution	50,857,686	1,612,608	4,807,534	9.5%	11.4%	13.5%	\$6.99	528,660	4,253,738	3,855,309	
Manufacturing	13,142,582	155,507	325,326	2.5%	3.2%	3.9%	\$7.18	0	100,000	600,000	
Overall Total	64,000,268	1,768,115	5,132,860	8.0%	9.7%	11.6%	\$7.01	528,660	4,353,738	4,455,309	
South Stemmons											
Warehouse & Distribution	74,894,581	-315,012	-346,924	-0.5%	6.3%	8.3%	\$7.51	1,352,932	1,569,984	1,238,855	
Manufacturing	9,587,643	54,096	68,410	0.7%	5.7%	6.9%	\$8.86	0	0	0	
Overall Total	84,482,224	-260,916	-278,514	-0.3%	6.2%	8.1%	\$7.55	1,352,932	1,569,984	1,238,855	