

FIGURES | DALLAS/FORT WORTH INDUSTRIAL | Q4 2024

Slowdown of construction allows for vacancy stabilization

▼9.2%

Vacancy Rate

▼4.1M

SF Net Absorption

▼10.8M

SF Under Construction

▼3.3M

SF Delivered Construction

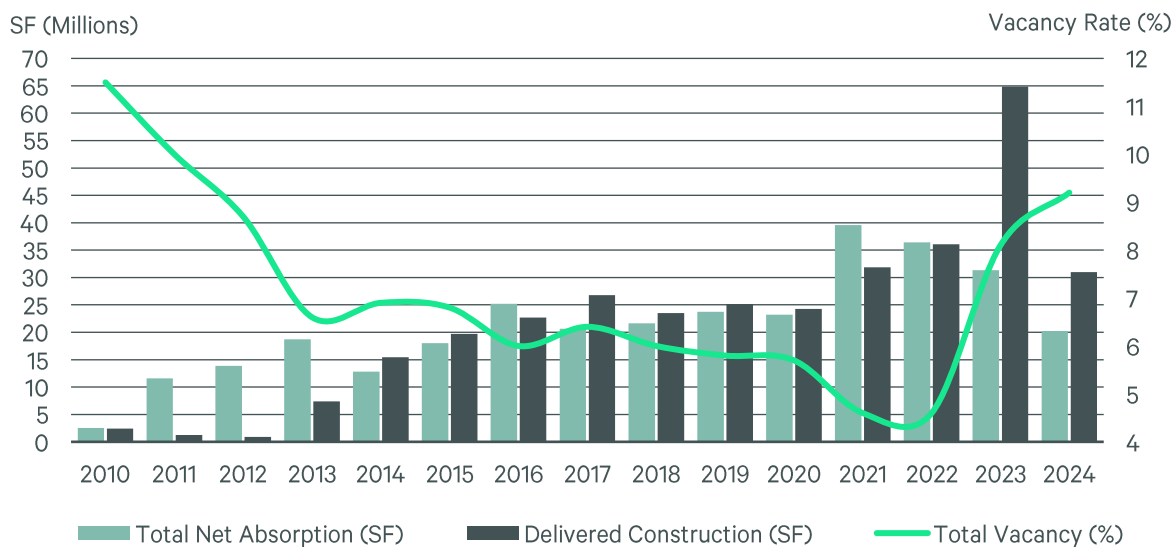
Note: Arrows indicate change from previous quarter.

MARKET OVERVIEW

- Nearly 4.1 million sq. ft. of industrial space was absorbed by occupiers during Q4 2024.
- Q4 2024 deliveries totaled nearly 3.3 million sq. ft. and were 24.9% pre-leased.
- The construction pipeline continued to recede during Q4 2024 and totaled 10.8 million sq. ft.
- The vacancy rate was down 60 basis points over the quarter, standing at 9.2%.

The fourth quarter of 2024 marked the 57th consecutive quarter, or nearly fourteen years, of positive net absorption for the Dallas/Fort Worth industrial market as 4.1 million sq. ft. of net absorption was tracked over the quarter. The trailing 12-month absorption total was 20.2 million sq. ft., 11.1 million less than Q4 2023 trailing 12-month absorption which totaled 31.3 million sq. ft. Vacant deliveries were 1.6 million sq. ft. lower than the amount of sq. ft. absorbed and the vacancy rate decreased by 60 basis points to finish the quarter at 9.2%. Due to the continuous slowdown in construction starts and deliveries, occupancy within the influx of new spec deliveries from previous quarters was able to take place causing vacancy to decline. As the construction pipeline continues to recede, vacancy should continue to decrease. Although the fourth quarter ended at a slower pace than previous years, tenant demand remains strong as significant leases that signed will take occupancy within the upcoming months of 2025.

Figure 1: Dallas/Fort Worth Industrial Market (Annual)



Source: CBRE Research, Q4 2024.

Dallas/Fort Worth Industrial Market

North Texas remains a destination for corporate occupiers and job seekers alike. The region includes two major cargo moving airports, three Class 1 railroads, and is the point of convergence for four interstates. Interstate 35, the “NAFTA Highway”, provides direct access to manufacturing centers in Mexico and is the backbone of a major auto manufacturing corridor, the Texas-Mexico Automotive Supercluster, that stretches from the Bajío in Mexico to Dallas/Fort Worth. DFW International Airport is the region’s gateway to the world and economic engine that drives \$37 billion in North Texas economic activity and supports 228,000 jobs. The airport is one of the highest capacity in the world and is now the second busiest globally in terms of passengers. Additionally, the 19 cargo carriers that call on Dallas/Fort Worth International Airport connect to 32 major cargo markets around the world, including key hubs in Asia and Europe.

Development pipeline continued to recede

For nine consecutive quarters, developers delivered more product than they kicked off with 3.3 million sq. ft. delivered and 2.2 million sq. ft. in new starts. Consequently, the total amount of under construction dropped from 11.1 million sq. ft. underway to 10.8 million sq. ft. in active construction. The preleased rate for under construction product decreased from 17.3% to 11.4% at the end of Q4 2024.

North Fort Worth had the highest concentration of speculative construction, at 2.9 million sq. ft. The second-highest concentration of speculative space was in Northeast Dallas with 1.7 million sq. ft. of speculative space underway. At the end of Q4 2024, only two submarkets had speculative space preleased, Northeast Dallas at 27.1% and Southern DFW/287 at 100%. Submarkets that are 0% preleased include DFW Airport, East Dallas, Northwest Dallas, South Dallas, South Stemmons, Great Southwest/Arlington, North Fort Worth, and South Fort Worth.

Absorption continued at a solid pace

Almost 4.1 million sq. ft. was absorbed over the fourth quarter of 2024, bringing the amount of industrial space absorbed in Dallas/Fort Worth since Q4 2010 to 318.5 million sq. ft. To put this number in perspective, this is enough warehouse floor space to build a six-lane highway from CBRE Headquarters in Dallas to the CBRE office in El Paso, including room for shoulders!

Figure 2: DFW Market Trailing 12 Months Absorption

	Q1 2024 Net Absorption	Q2 2024 Net Absorption	Q3 2024 Net Absorption	Q4 2024 Net Absorption	12 Month Net Absorption
Market					
DFW Airport	-1,143,212	1,428,884	333,104	-89,710	529,066
East Dallas	988,821	722,288	139,607	1,437,070	3,287,786
Northeast Dallas	699,942	265,887	196,440	-24,939	1,137,330
Northwest Dallas	255,222	832,967	-909,115	488,760	667,834
South Dallas	2,106,057	1,770,387	1,706,917	-352,302	5,231,059
South Stemmons	-1,024,813	2,270	161,290	790,124	-71,129
287 Corridor	882,391	775,672	321,840	193,268	2,173,171
Dallas Totals	2,764,408	5,798,355	1,950,083	2,442,271	12,955,117
Great Southwest/Arlington	-616,775	-72,858	-395,470	-264,008	-1,349,111
North Fort Worth	1,823,680	1,274,747	2,987,738	326,602	6,412,767
South Fort Worth	48,867	-78,233	680,211	1,549,442	2,200,287
Fort Worth Totals	1,255,772	1,123,656	3,272,479	1,612,036	7,263,943
Market Totals	4,020,180	6,922,011	5,222,562	4,054,307	20,219,060

Source: CBRE Research, Q4 2024.

Manufacturing drove demand in Q4 2024

Manufacturing drove demand again in Q4 2024. Of the 6.1 million sq. ft. in leasing activity for transactions over 100,000 sq. ft. tracked by CBRE Research over the quarter, 2.9 million sq. ft., or 47%, of activity was attributable to manufacturing. 3PLs included 1.6 million sq. ft., or 25.5%. Rounding out the top three sectors, Retail accounted for 822,000 sq. ft., or 13.4%, of leasing activity during the fourth quarter. CBRE Research is currently tracking 33 tenant requirements totaling over 15.3 million sq. ft. active in the market. This amount is in line with long-term tenant demand observed in Dallas/Fort Worth.

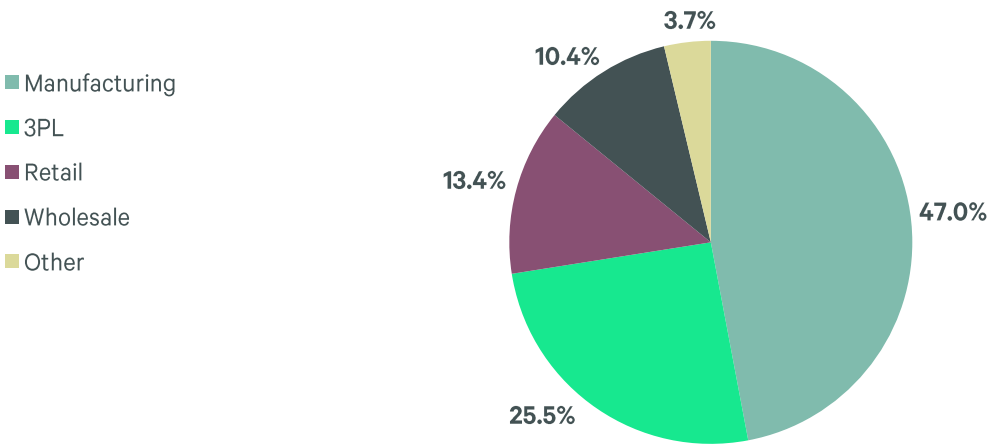
As of 2024, there have been a total of 50 million sq. ft. in new lease transactions totaling 519 deals signed within Dallas/Fort Worth. The top two submarkets were North Fort Worth accounting for 8.8 million sq. ft., or 21.4%, of activity and South Dallas accounting for 5.6 million sq. ft., or 13.7%, of activity. DFW Airport followed afterwards at 4.3 million sq. ft., or 10.5%, of activity. Of the 519 lease transactions, there was a total of 5 transactions that equaled 1 million sq. ft. and above, 8 transactions that ranged from five hundred thousand sq. ft. to 1 million sq. ft., 14 transactions that ranged three hundred thousand sq. ft. to five hundred thousand sq. ft., 64 transactions that ranged from one hundred thousand sq. ft. to three hundred thousand sq. ft., and a total of 428 transactions that were below one hundred thousand sq. ft.

CBRE House View Economic Update

The U.S. economy continues to exceed expectations. Much of this is due to a sturdy consumer who is enjoying increased household wealth, real income growth, and a resilient labor market. Consequently, CBRE is revising its outlook upward for 2025 annual average GDP growth by 60 basis points to 2.3%.

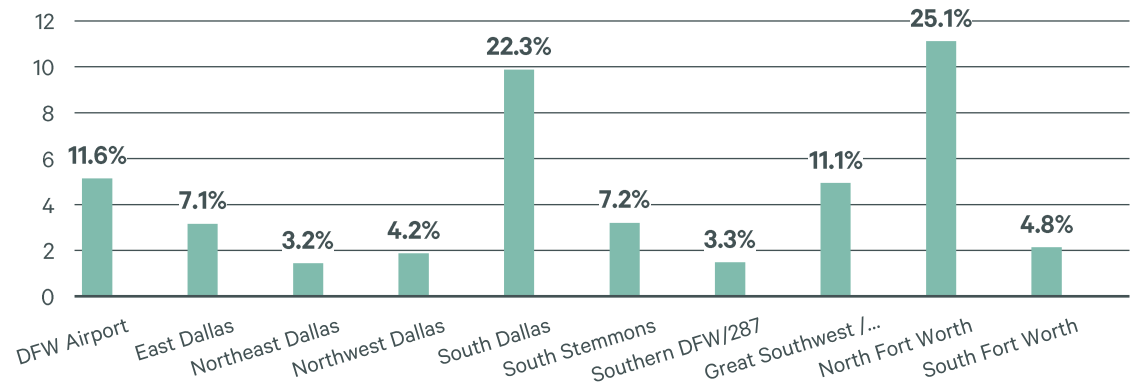
Typically, sturdy economic growth alongside Fed rate cuts would be rocket fuel for commercial real estate (CRE) performance. The catch is capital markets have grown skeptical of just how low rates will go in 2025. The mix of sticky core inflation and future policy concerns are putting upward pressure on long-term rates. Nevertheless, real estate capital markets have made good progress in recent quarters. Lending spreads are tightening, and credit issuance is up. Lending conditions are easing a bit as multifamily LTVs are trending slightly upward. Stronger debt markets and balanced and/or recovering space market fundamentals should translate into a noticeable uptick in investment during the next several quarters.

Figure 3: Q4 2024 Lease Transactions Over 100,000 Sq. Ft. by Tenant Industry



Source: CBRE Research, Q4 2024.

Figure 4: 2024 Lease Transactions Over 100,000 Sq. Ft. by Submarket and Percent of Total
Millions (\$F)



Source: CBRE Research, Q4 2024.

Figure 5: Dallas/Fort Worth Industrial Market Stats

	Inventory			Vacancy			Net Absorption			Construction		
	Bldg. Count	Total Sq. Ft.	% of Market	Direct Sq. Ft.	Direct %	Total %	Qtr. Direct	Qtr. Total	2024 Total	Active	Qtr. Deliveries	2024 Deliveries
Submarket												
DFW Airport	750	93,315,543	9.2	9,156,665	9.8	10.2	-80,637	-89,710	529,066	1,273,868	166,460	3,147,042
East Dallas	743	60,689,753	6.0	11,180,519	18.4	18.5	1,443,070	1,437,070	3,287,786	300,347	738,337	5,973,042
Northeast Dallas	1,795	111,480,151	11.0	5,145,338	4.6	5.3	84,497	-24,939	1,137,330	1,854,194	0	1,221,341
Northwest Dallas	1,571	126,653,157	12.5	9,496,270	7.5	8.4	452,659	488,760	667,834	1,229,925	645,209	3,352,017
South Dallas	643	122,369,231	12.1	15,240,584	12.5	13.1	-91,712	-352,302	5,231,059	918,946	0	6,745,365
South Stemmons	2760	128,708,710	12.7	7,101,370	5.5	6.0	922,876	790,124	-71,129	523,167	0	629,526
287 Corridor	187	25,723,468	2.5	4,187,761	16.3	16.4	193,268	193,268	2,173,171	470,220	0	613,000
Dallas Totals	8,449	668,940,013	66.0	61,508,507	9.2	9.8	2,924,021	2,442,271	12,955,117	6,570,667	1,550,006	21,681,333
Great Southwest/Arlington	1,375	122,881,877	12.1	8,665,970	7.1	8.4	-148,507	-264,008	-1,349,111	1,090,020	1,601,508	2,087,121
North Fort Worth	790	133,505,967	13.2	11,135,866	8.3	8.9	135,087	326,602	6,412,767	2,865,086	0	4,985,262
South Fort Worth	1,546	88,785,939	8.8	6,029,694	6.8	7.1	1,466,012	1,549,442	2,200,287	235,906	121,740	2,235,380
Fort Worth Totals	3,711	345,173,783	34.0	25,831,530	7.5	8.2	1,452,592	1,612,036	7,263,943	4,191,012	1,723,248	9,307,763
Market Totals	12,160	1,014,113,796	100	87,340,037	8.6	9.2	4,376,613	4,054,307	20,219,060	10,761,679	3,273,254	30,989,096

Source: CBRE Research, Q4 2024.

Figure 6: Dallas Industrial Market Stats – DFW Airport and East Dallas

	Inventory			Vacancy			Net Absorption			Construction		
	Bldg. Count	Total Sq. Ft.	% of Market	Direct Sq. Ft.	Direct %	Total %	Qtr. Direct	Qtr. Total	2024 Total	Active	Qtr. Deliveries	2024 Deliveries
DFW Airport												
East DFW/Las Colinas	415	67,620,844	6.7	6,692,725	9.9	10.5	-81,332	-78,127	1,195,660	611,896	166,460	2,577,498
West DFW/Grapevine	335	25,694,699	2.5	2,463,940	9.6	9.7	695	-11,583	-666,594	661,972	0	673,348
DFW Airport Totals	750	93,315,543	9.2	9,156,665	9.8	10.2	-80,637	-89,710	529,066	1,273,868	166,460	3,250,846
East Dallas												
Central East Dallas	408	17,798,475	1.8	2,453,183	13.8	13.8	-31,542	-31,542	-82,655	300,347	0	-21,940
East Dallas/Mesquite	312	30,538,766	3.0	3,344,348	11.0	11.2	682,217	676,217	2,094,172	0	0	1,491,223
Forney/Terrell	23	12,352,512	1.2	5,382,988	43.6	43.6	792395	792395	1276269	0	738,337	3,302,520
East Dallas Totals	743	60,689,753	6.0	11,180,519	18.4	18.5	1,443,070	1,437,070	3,287,786	300,347	738,337	4,771,803

Source: CBRE Research, Q4 2024.

Figure 7: Dallas Industrial Market Stats – Northeast Dallas and Northwest Dallas

	Inventory			Vacancy			Net Absorption			Construction		
	Bldg. Count	Total Sq. Ft.	% of Market	Direct Sq. Ft.	Direct %	Total %	Qtr. Direct	Qtr. Total	2024 Total	Active	Qtr. Deliveries	2024 Deliveries
Northeast Dallas												
Allen/McKinney	209	17,061,680	1.7	651,127	3.8	4.1	65,987	66,522	653,572	94,413	0	719,519
Northeast Dallas/Garland	859	51,605,987	5.1	2,550,595	4.9	5.6	-29,058	-84,453	544,745	1,619,844	0	150,926
Plano	370	21,888,096	2.2	990,707	4.5	5.0	103,336	105,586	59,935	37,664	0	350,896
Richardson	301	16,731,290	1.6	952,909	5.7	7.1	-57,768	-114,594	-120,922	102,273	0	0
Rockwall	56	4,193,098	0.4	0	0.0	0.0	2,000	2,000	0	0	0	0
Northeast Dallas Totals	1,795	111,480,151	11.0	5,145,338	4.6	5.3	84,497	-24,939	1,137,330	1,854,194	0	1,221,341
Northwest Dallas												
Denton	208	20,103,793	2.0	4,002,868	19.9	19.9	254,117	276,872	1,332,784	429,018	645,209	2,770,761
Lewisville	284	34,913,061	3.4	1,242,242	3.6	5.0	-155,821	-150,670	802,905	800,907	0	0
Metropolitan/Addison	430	19,894,648	2.0	1,655,904	8.3	9.5	-12,071	-20,153	-455,111	0	0	0
North Stemmons/Valwood	631	49,193,955	4.9	1,825,202	3.7	4.6	366,434	382,711	-1,012,744	0	0	0
NW Dallas Outlying	18	2,547,700	0.3	770,054	30.2	30.2	0	0	0	0	0	581,256
Northwest Dallas Totals	1,571	126,653,157	12.5	9,496,270	7.5	8.4	452,659	488,760	667,834	1,229,925	645,209	3,352,017

Source: CBRE Research, Q4 2024.

Figure 8: Dallas Industrial Market Stats – South Dallas and South Stemmons

	Inventory			Vacancy			Net Absorption			Construction		
	Bldg. Count	Total Sq. Ft.	% of Market	Direct Sq. Ft.	Direct %	Total %	Qtr. Direct	Qtr. Total	2024 Total	Active	Qtr. Deliveries	2024 Deliveries
South Dallas												
Redbird Airport	194	21,816,829	2.2	767,653	3.5	3.9	249,341	249,341	487,348	234,900	0	234,900
Southeast Dallas/I-45	331	81,614,777	8.0	13,710,865	16.8	17.2	-309,850	-389,850	4,451,593	484,246	0	5,644,678
Southwest Dallas/US 67	118	18,937,625	1.9	762,066	4.0	6.1	-31,203	-211,793	292,118	199,800	0	199,800
South Dallas Totals	643	122,369,231	12.1	15,240,584	12.5	13.1	-91,712	-352,302	5,231,059	918,946	0	6,079,378
South Stemmons												
East Hines North	624	20,233,551	2.0	1,023,329	5.1	5.6	-152,030	-215,899	-680,352	0	0	0
East Brookhollow	187	7,906,312	0.8	229,934	2.9	3.0	15,868	7,776	90,257	0	0	0
Eastern Lonestar/Turnpike	286	32,478,359	3.2	2,301,500	7.1	7.2	963,836	914,851	954,190	0	0	0
North Trinity	365	9,523,627	0.9	727,293	7.6	7.8	-90,131	-90,131	-275,405	0	0	0
West Hines North	222	9,294,858	0.9	425,404	4.6	5.0	226,112	239,094	628,838	0	0	432,530
West Brookhollow	970	40,746,738	4.0	2,347,749	5.8	5.9	-60,193	-84,981	-634,754	523,167	0	0
Western Lonestar/Turnpike	106	8,525,265	0.8	46,161	0.5	4.3	19,414	19,414	-153,903	0	0	0
South Stemmons Totals	2,760	128,708,710	12.7	7,101,370	5.5	6.0	922,876	790,124	-71,129	523,167	0	432,530

Source: CBRE Research, Q4 2024.

Figure 9: Fort Worth Industrial Market Stats – 287 Corridor and Great Southwest

	Inventory			Vacancy			Net Absorption			Construction		
	Bldg. Count	Total Sq. Ft.	% of Market	Direct Sq. Ft.	Direct %	Total %	Qtr. Direct	Qtr. Total	2024 Total	Active	Qtr. Deliveries	2024 Deliveries
287 Corridor												
Mansfield/Midlothian	169	17,892,619	1.8	3,872,761	21.6	21.8	193,268	193,268	2,173,171	30,220	0	613,000
Waxahachie/Ennis	18	7,830,849	0.8	315,000	4.0	4.0	0	0	0	440,000	0	0
287 Corridor Totals	187	25,723,468	2.5	4,187,761	16.3	16.4	193,268	193,268	2,173,171	470,220	0	613,000
Great Southwest												
Arlington	415	26,365,273	2.6	1,665,294	6.3	6.4	98,722	98,722	90,943	0	0	374,893
Lower Great Southwest	430	39,201,736	3.9	2,575,022	6.6	7.7	-591,429	-591,429	-1,255,744	284,865	0	0
Upper Great Southwest	530	57,314,868	5.7	4,425,654	7.7	9.7	344,200	228,699	-184,310	805,155	1,601,508	1,712,228
Great Southwest Totals	1,375	122,881,877	12.1	8,665,970	7.1	8.4	-148,507	-264,008	-1,349,111	1,090,020	1,601,508	2,087,121

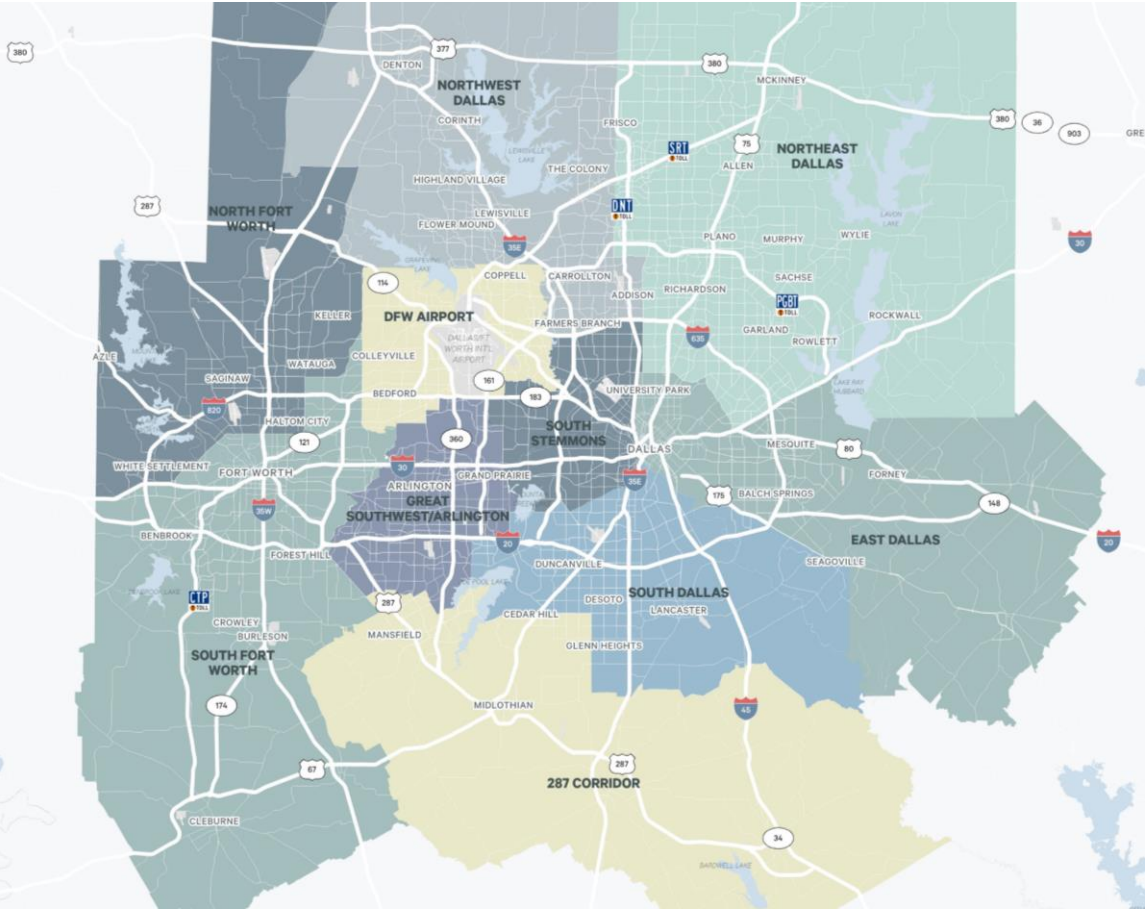
Source: CBRE Research, Q4 2024.

Figure 10: Fort Worth Industrial Market Stats – North Fort Worth and South Fort Worth

	Inventory			Vacancy			Net Absorption			Construction		
	Bldg. Count	Total Sq. Ft.	% of Market	Direct Sq. Ft.	Direct %	Total %	Qtr. Direct	Qtr. Total	2024 Total	Active	Qtr. Deliveries	2024 Deliveries
North Fort Worth												
Meacham Field/Fossil Creek	435	47,319,733	4.7	3,242,009	6.9	7.2	-209,654	81,861	1,042,117	968,308	0	1,215,471
Northeast Tarrant/Alliance	287	79,617,591	7.9	7,399,442	9.3	9.9	360,717	260,717	4,144,842	1,164,494	0	3,556,218
West Tarrant	68	6,568,643	0.6	494,415	7.5	7.5	-15,976	-15,976	1,225,808	732,284	0	213,573
North Fort Worth Totals	790	133,505,967	13.2	11,135,866	8.3	8.9	135,087	326,602	6,412,767	2,865,086	0	4,985,262
South Fort Worth												
Cleburne	11	2,896,400	0.3	129,283	4.5	4.5	0	105,000	274,828	0	0	100,000
East Fort Worth	648	26,809,676	2.6	2,064,060	7.7	7.9	203,490	143,457	-272,254	235,906	121,740	1,143,867
North Central Fort Worth	271	10,777,559	1.1	240,050	2.2	2.2	-7,563	-7,563	-114,837	0	0	0
South Central Fort Worth	242	8,234,016	0.8	166,595	2.0	3.8	217,124	217,124	142,711	0	0	0
South Central Tarrant	299	36,829,711	3.6	2,359,649	6.4	6.7	1,040,561	1,079,024	1,828,455	0	0	991,513
Southwest Tarrant	75	3,238,577	0.3	1,070,057	33.0	33.0	12,400	12,400	341,384	0	0	0
South Fort Worth Totals	1,546	88,785,939	8.8	6,029,694	6.8	7.1	1,466,012	1,549,442	2,200,287	235,906	121,740	2,235,380

Source: CBRE Research, Q4 2024.

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the Total Building Area. Building Area: The total floor area sq. ft. of the building. Occupied Sq. Ft.: Building Area not considered vacant. Vacant Sq. Ft.: Space that can be occupied within 30 days. Vacancy Rate: Total Vacant Sq. Ft. divided by the Total Building Area.

Survey Criteria

Includes known market relevant industrial buildings 10,000 sq. ft. and greater in size in the Dallas/Fort Worth metro area. Buildings which have begun construction as evidenced by foundation work

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