

MARKETVIEW

DALLAS/FORT WORTH
INDUSTRIAL, Q4 2020

2020 demand exceeds 23 million sq. ft.

Vacancy Rate
5.7%

Q4 2020 Deliveries
5,461,317

YTD Deliveries
24,246,064

Q4 2020 Absorption
8,325,517

YTD Absorption
23,241,992

Figure 1: DFW Industrial Market (Annual)



Source: CBRE Research, Q4 2020

Q4 2020 marked the 41st consecutive quarter of positive industrial absorption in DFW, following five years of demand surpassing 20 million sq. ft. from 2016 through 2020. Just over 8.3 million sq. ft. was absorbed in Q4 2020, bringing the year-to-date absorption to 23.2 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.

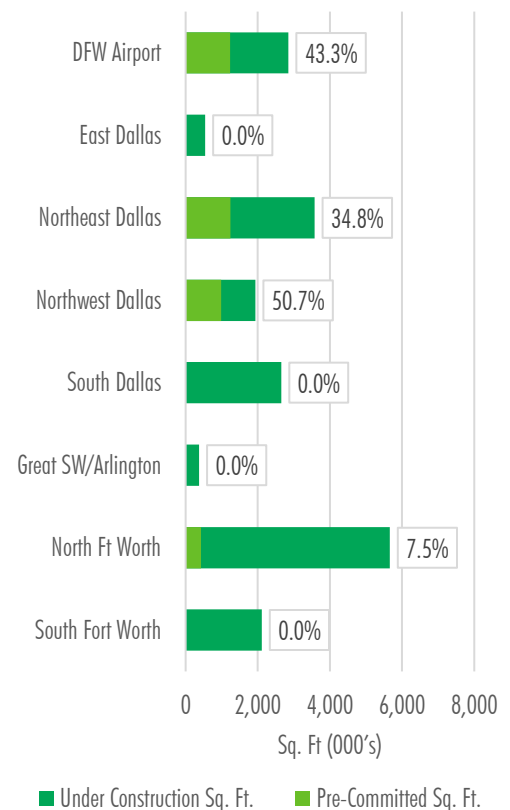
Much of the just-in-time supply chains historically involved very intricate global networks in which goods often go back and forth across international borders repeatedly using multiple transportation modes. Due to increased consumer preferences for delivery of products, many suppliers and retailers are in search of space to keep materials and products closer to consumers. Demand for building supplies has also increased as extremely low mortgage rates are helping to drive home sales. 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	Q1 2020 Net Absorption	Q2 2020 Net Absorption	Q3 2020 Net Absorption	Q4 2020 Net Absorption	2020 Net Absorption
DFW Airport	116,686	140,358	1,074,510	1,923,828	3,255,382
East Dallas	280,971	(19,925)	839,796	128,174	1,229,016
Northeast Dallas	799,050	804,360	863,580	552,620	3,019,610
Northwest Dallas	281,727	(95,966)	79,673	1,255,975	1,521,409
South Dallas	2,424,527	254,944	1,403,322	-74,273	4,008,520
South Stemmons	525,717	558,169	27,733	440,913	1,552,532
DALLAS TOTALS	4,428,678	1,641,940	4,288,614	4,227,237	14,586,469
Great Southwest/Arlington	11,314	(159,728)	302,256	1,349,875	1,503,717
North Fort Worth	1,317,893	548,034	2,337,887	2,582,142	6,785,956
South Fort Worth	412,368	33,248	(246,029)	166,263	365,850
FORT WORTH TOTALS	1,741,575	421,554	2,394,114	4,098,280	8,655,523
MARKET TOTALS	6,170,253	2,063,494	6,682,728	8,325,517	23,241,992

Source: CBRE Research, Q4 2020

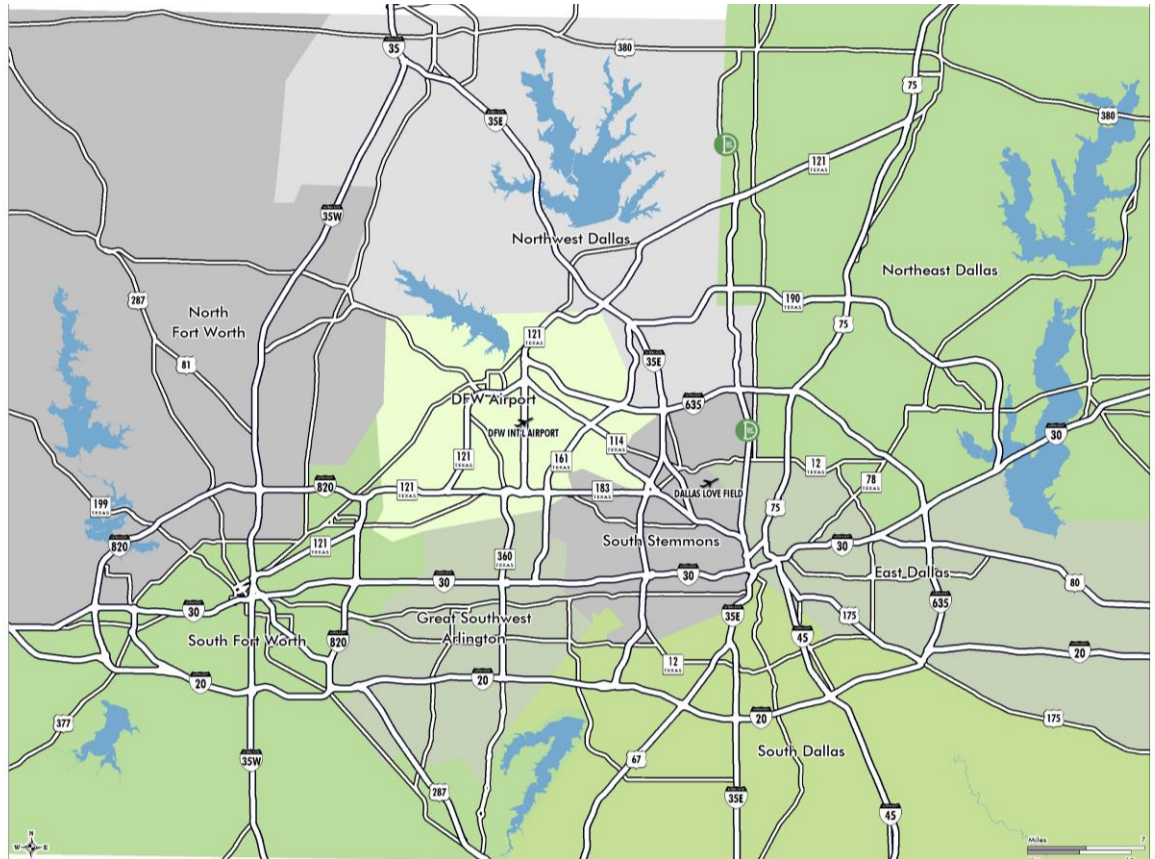
The market-wide industrial vacancy rate in Dallas/Fort Worth was essentially unchanged over the quarter, contracting by 11 basis points (BPS) to 5.7%. The market-wide availability rate also decreased slightly over the quarter by 14 BPS to 7.6%. The vacancy rate in DFW has remained stable, despite several consecutive years of record deliveries. Just over 141.3 million sq. ft. of space has been delivered to the market since the beginning of 2014 through Q4 2020, with 24.2 million sq. ft delivered in 2020 alone. Delivered projects over the quarter totaled 5.5 million sq. ft. and were 15.3% preleased. CBRE Research is tracking just over an impressive 10.7 million sq. ft. in active tenant requirements over 100K sq. ft. as of the end of the fourth quarter, which could help keep the vacancy rate stable in the coming year. Product under construction totaled 19.7 million sq. ft. and was 19.7% preleased. North Fort Worth remained the most active submarket for construction activity in Q4 2020, with just over 5.6 million sq. ft. in projects underway. The largest pre-leased buildings include a 1.1 million sq. ft. project at Trammel Crow Company's Passport Park and a 605K sq. ft. building in Exeter's Westpark development.

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


Source: CBRE Research, Q4 2020

Figure 4: Industrial/Flex Total Quarterly Market Summary

Area	Bldg. Count	Inventory		Vacancy			Net Absorption (SF)			Construction (SF)		
		Total (\$F)	% of Market	Direct (\$F)	Direct (%)	Total (%)	Qtr. Direct	Qtr. Total	2020 Total	Under Const.	Qtr. Deliveries	2020 Deliveries
DFW Airport												
E DFW/Las Colinas	380	59,129,687	7.1	2,996,490	5.1	6.2	1,053,221	634,490	2,521,104	2,284,190	-	2,500,897
W DFW/Grapevine	326	22,825,628	2.7	875,299	3.8	4.1	1,301,080	1,289,338	734,278	564,720	902,856	1,085,785
DFW Airport Total	706	81,955,315	9.9	3,871,789	4.7	5.6	2,354,301	1,923,828	3,255,382	2,848,910	902,856	3,586,682
East Dallas												
Central E Dallas	394	16,583,960	2.0	145,096	0.9	1.0	131,318	128,118	217,264	-	-	-
East Dallas/Mesquite	284	22,340,899	2.7	1,969,170	8.8	9.1	28,848	56	1,011,752	545,597	198,109	198,109
East Dallas Total	678	38,924,859	4.7	2,114,266	5.4	5.7	160,166	128,174	1,229,016	545,597	198,109	198,109
Northeast Dallas												
Allen/McKinney	167	11,810,996	1.4	648,179	5.5	5.9	6,636	(35,908)	41,929	2,594,774	-	150,500
NE Dallas/Garland	847	49,422,298	6.0	2,154,728	4.4	5.3	431,594	467,324	1,433,461	977,013	-	980,071
Plano	358	20,560,507	2.5	966,658	4.7	5.2	34,759	104,353	1,219,972	-	-	1,105,887
Richardson	297	16,798,467	2.0	1,176,718	7.0	7.2	(25,991)	(35,862)	(33,838)	-	-	-
Rockwall	55	3,891,978	0.5	11,267	0.3	0.3	52,713	52,713	358,086	-	-	309,373
Northeast Dallas Total	1,724	102,484,246	12.3	4,957,550	4.8	5.5	499,711	552,620	3,019,610	3,571,787	-	2,545,831
Northwest Dallas												
Denton	169	10,642,525	1.3	265,285	2.5	2.5	85,698	119,198	87,037	1,174,058	-	-
Lewisville	246	28,861,437	3.5	1,282,811	4.4	4.7	351,647	415,226	1,023,377	497,020	479,244	1,040,436
Metropolitan/Addison	431	19,900,705	2.4	797,558	4.0	4.2	71,279	76,329	74,934	124,450	-	-
N Stemmons/Valwood	628	48,919,811	5.9	1,836,264	3.8	4.0	399,682	484,429	178,538	138,975	-	405,405
NW Dallas Outlying	11	584,085	0.1	5,063	0.9	0.9	160,793	160,793	157,523	-	-	-
Northwest Dallas Total	1,485	108,908,563	13.1	4,186,981	3.8	4.1	1,069,099	1,255,975	1,521,409	1,934,503	479,244	1,445,841
South Dallas												
Red Bird/Airport	189	19,590,323	2.4	525,576	2.7	3.0	43,073	43,073	374,781	-	76,335	76,335
SE Dallas/I-45	267	43,326,934	5.2	3,987,935	9.2	9.3	(134,294)	(134,294)	3,510,033	2,649,618	-	1,166,043
SW Dallas/US 67	156	19,313,403	2.3	1,811,421	9.4	9.6	57,244	16,948	123,706	-	-	190,076
South Dallas Total	612	82,230,660	9.9	6,324,932	7.7	7.9	(33,977)	(74,273)	4,008,520	2,649,618	76,335	1,432,454
South Stemmons												
East Brookhollow	188	7,934,713	1.0	95,182	1.2	1.3	34,412	43,908	60,715	-	-	-
E Hines North	622	19,996,731	2.4	646,370	3.2	3.7	(12,060)	(87,824)	(206,865)	-	-	-
Eastern Lonestar/Tpke	293	30,980,769	3.7	1,683,587	5.4	5.5	220,253	230,953	996,285	-	-	1,281,714
North Trinity	370	9,900,851	1.2	781,387	7.9	8.2	39,457	43,721	(176,064)	-	-	-
West Brookhollow	965	39,367,101	4.7	1,691,752	4.3	4.3	59,894	93,074	(53,767)	-	-	-
W Hines North	219	8,585,247	1.0	567,323	6.6	7.1	110,881	110,881	161,425	-	-	388,822
Western Lonestar/Tpke	99	7,677,239	0.9	391,470	5.1	5.1	6,200	6,200	770,803	-	391,470	391,470
South Stemmons Total	2,756	124,442,651	15.0	5,857,071	4.7	4.8	459,037	440,913	1,552,532	-	391,470	2,062,006
Great SW/Arlington												
Arlington	398	22,915,640	2.8	1,002,390	4.4	4.4	332,942	334,619	647,215	-	-	-
Lower Great Southwest	424	38,532,868	4.6	943,871	2.4	2.6	310,079	253,238	22,719	129,450	-	-
Upper Great Southwest	508	54,452,049	6.6	2,774,966	5.1	5.7	605,516	762,018	833,783	244,920	576,723	978,280
Great SW/Arlington Total	1,330	115,900,557	14.0	4,721,227	4.1	4.4	1,248,537	1,349,875	1,503,717	374,370	576,723	978,280
North Fort Worth												
Meacham Fld/Fossil Creek	410	44,817,821	5.4	1,624,585	3.6	3.9	1,810,109	1,801,299	2,440,273	952,764	-	1,319,989
NE Tarrant Alliance	234	52,720,833	6.3	6,140,651	11.6	12.3	1,102,338	780,843	4,320,683	4,707,576	2,267,130	9,048,578
West Tarrant	59	4,071,508	0.5	40,000	1.0	1.0	-	-	25,000	-	-	-
North Fort Worth Total	703	101,610,162	12.2	7,805,236	7.7	8.1	2,912,447	2,582,142	6,785,956	5,660,340	2,267,130	10,368,567
South Fort Worth												
East Fort Worth	637	24,593,464	3.0	843,549	3.4	3.5	88,166	77,148	14,566	-	-	-
Mansfield	92	4,319,349	0.5	515,491	11.9	11.9	24,111	24,111	(12,264)	-	-	-
N Central Fort Worth	268	10,735,472	1.3	200,874	1.9	1.9	44,793	44,793	(13,381)	-	-	-
S Central Tarrant County	264	24,416,217	2.9	2,501,970	10.2	10.3	(33,887)	(33,887)	475,794	2,115,395	569,450	1,628,294
S Central Fort Worth	242	8,107,545	1.0	202,748	2.5	3.0	55,848	55,848	(143,305)	-	-	-
SW Tarrant	70	1,865,922	0.2	129,287	6.9	6.9	(1,750)	(1,750)	44,440	-	-	-
South Fort Worth Total	1,573	74,037,969	8.9	4,393,919	5.9	6.0	177,281	166,263	365,850	2,115,395	569,450	1,628,294
Dallas Total	7,961	538,946,294	64.9	27,312,589	5.1	5.4	4,508,337	4,227,237	14,586,469	11,550,415	2,048,014	11,270,923
Fort Worth Total	3,606	291,548,688	35.1	16,920,382	5.8	6.1	4,338,265	4,098,280	8,655,523	8,150,105	3,413,303	12,975,141
Dallas/Fort Worth Total	11,567	830,494,982	100.0	44,232,971	5.3	5.7	8,846,602	8,325,517	23,241,992	19,700,520	5,461,317	24,246,064



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