

MARKETVIEW

Dallas/Fort Worth
Retail, Q1 2021

Occupancy, absorption drop as more big box retailers close

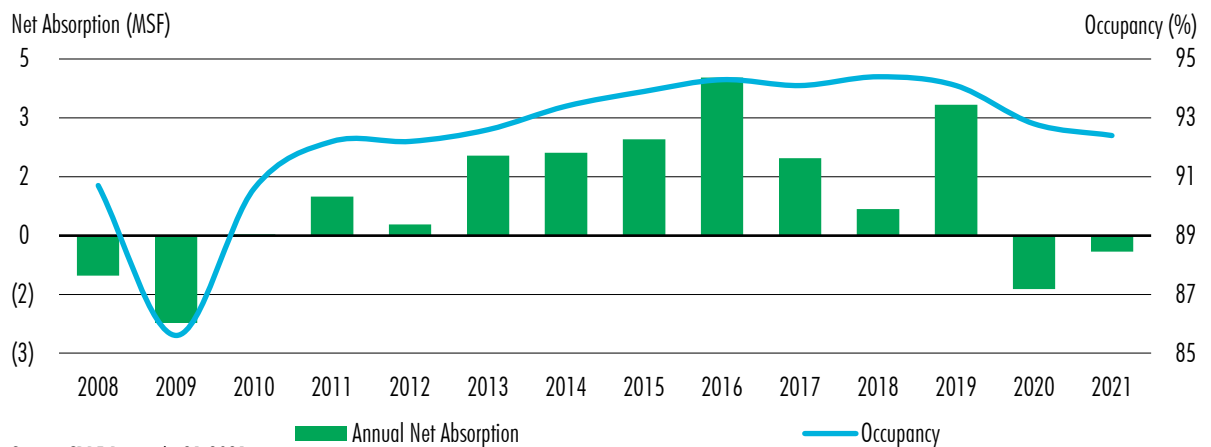
▼ Occupancy
92.4%

▲ Under Construction
2,290,429 SF

▼ Completions
326,609 SF

▼ Net Absorption
(408,029) SF

Figure 1: Historical Net Absorption and Occupancy Rate



Source: CBRE Research, Q1 2021.

The outlook for the United States economy is becoming very positive as COVID-19 vaccines are deployed at a rapid pace. At the close of the first quarter, over a quarter of Americans have received at least one dose of the vaccine. The rate of daily vaccinations has accelerated to 2.5 million, making societal and economic normalization possible by mid-year.

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. This will be paired with over \$800 billion of transfer payments to low and middle-income households via the American Recovery Plan.

As social distancing measures subside, much of the

spending will likely focus on consumer services, such as restaurants and leisure travel. A recovery within these sectors is critical for the broader labor market, as leisure and hospitality employment are more than 30% below pre-COVID levels, compared to 5% for total employment (excluding leisure and hospitality). Overall, we think the U.S. economy will create upward of 7 million total new jobs in 2021.

Q1 marked the fourth consecutive quarter of negative net absorption in DFW, as more stores closed their doors permanently after the holiday shopping season. The leading contributor to negative absorption this quarter was Fry's Electronics who closed three stores in the metroplex, bringing over 530,000 sq. ft. of retail space back to the market. Despite store closures, retail leasing activity has increased as the return to normalcy nears. Gyms have been among the most active tenants in the market, backfilling former 24-Hour Fitness spaces across the metroplex.

Figure 2: Retail Total Quarterly Market Summary

Area	Inventory Total (SF)	Vacancy Total (%)	Net Absorption (SF)		Construction (SF)	
			Qtr. Total	YTD 2021 Total	Qtr. Deliveries	YTD 2021 Deliveries
Dallas CBD	1,074,590	4.9	(13,451)	(13,451)	-	-
Lakewood	3,304,668	5.0	11,148	11,148	-	-
Lovefield/West Dallas	8,267,473	2.1	3,435	3,435	-	-
Uptown	1,534,478	2.2	1,558	1,558	-	-
Central Dallas Total	14,181,209	3.0	2,690	2,690	-	-
East Dallas Outlying	464,757	1.6	658	658	-	-
Rockwall	3,214,509	5.9	(26,810)	(26,810)	-	-
East Dallas Outlying Total	3,679,266	5.3	(26,152)	(26,152)	-	-
Allen	6,625,923	3.5	42,332	42,332	34,180	34,180
Central Plano	13,297,346	10.6	(124,780)	(124,780)	-	-
Far North Dallas	6,614,702	8.5	49,648	49,648	-	-
Garland	10,886,255	6.7	14,270	14,270	-	-
McKinney	7,445,377	6.4	12,347	12,347	27,694	27,694
Murphy/Wylie	2,064,123	3.5	(7,488)	(7,488)	-	-
North Collin County Outlying	1,635,306	5.7	26,147	26,147	16,334	16,334
Richardson	5,554,740	10.6	20,875	20,875	10,000	10,000
Sachse/Rowlett	2,092,135	6.7	(1,387)	(1,387)	-	-
Far North Dallas Total	56,215,907	7.6	31,964	31,964	88,208	88,208
North Dallas	3,869,339	4.4	2,036	2,036	-	-
Northeast Dallas	4,871,649	8.5	50,566	50,566	-	-
Northwest Dallas	5,861,175	4.5	(20,563)	(20,563)	-	-
Park Cities	1,626,357	2.5	1,648	1,648	-	-
Upper Greenville	4,883,045	7.2	48,603	48,603	-	-
Near North Dallas Total	21,111,565	5.9	82,290	82,290	-	-
Addison	2,262,050	10.6	2,345	2,345	-	-
East Lewisville	1,227,616	7.1	(4,960)	(4,960)	-	-
Farmers Branch	1,923,285	18.9	(80,145)	(80,145)	-	-
Frisco	8,577,232	7.2	(165)	(165)	-	-
Northeast Denton Outlying	155,415	0.9	-	-	-	-
North Carrollton	4,797,640	7.1	70,690	70,690	55,000	55,000
South Carrollton	2,769,635	13.0	(17,349)	(17,349)	-	-
West Frisco	4,368,019	9.0	(29,884)	(29,884)	10,000	10,000
West Plano	7,933,705	7.7	(8,098)	(8,098)	10,500	10,500
North Central Dallas Total	34,014,597	8.9	(67,566)	(67,566)	75,500	75,500
Mesquite	1,929,087	10.4	2,375	2,375	-	-
Pleasant Grove/Southeast Dallas	4,720,387	4.0	(3,240)	(3,240)	-	-
Southeast Outlying	715,267	8.2	-	-	-	-
Town East	6,395,988	5.9	(5,752)	(5,752)	-	-
Southeast Dallas Total	13,760,729	6.0	(6,617)	(6,617)	-	-
Cedar Hill/Duncanville/Desoto	6,832,072	9.9	(42,711)	(42,711)	-	-
Lancaster	1,243,439	6.5	3,383	3,383	-	-
Southwest Dallas County	10,277,805	6.0	(12,526)	(12,526)	-	-
Southwest Dallas Total	18,353,316	7.5	(51,854)	(51,854)	-	-
Coppell	3,380,117	11.7	(190,673)	(190,673)	-	-
DFW Airport	364,250	0.0	-	-	-	-
Irving	7,477,500	5.5	117,200	117,200	35,000	35,000
Las Colinas	2,618,319	10.3	(30,093)	(30,093)	-	-
Lewisville	14,905,452	8.6	109,602	109,602	-	-
North Grand Prairie	5,259,078	3.3	32,019	32,019	-	-
West Dallas Total	34,004,716	7.4	38,055	38,055	35,000	35,000

Source: CBRE Research, Q1 2021.

Figure 2: Retail Total Quarterly Market Summary

Area	Inventory Total (SF)	Vacancy Total (%)	Net Absorption (SF)		Construction (SF)	
			Qtr. Total	YTD 201 Total	Qtr. Deliveries	YTD 2021 Deliveries
East Fort Worth	2,719,152	9.6	(10,841)	(10,841)	-	-
Fort Worth CBD	722,550	1.1	-	-	-	-
Fort Worth Southwest Quadrant	3,397,283	13.2	26,911	26,911	15,886	15,886
Haltom City	2,008,269	9.4	24,759	24,759	-	-
North Fort Worth	2,732,896	5.3	5,473	5,473	-	-
Southeast Fort Worth	2,120,544	2.1	16,380	16,380	-	-
West Fort Worth	11,395,932	8.7	(17,999)	(17,999)	-	-
Central Fort Worth Total	25,096,626	8.3	44,683	44,683	15,886	15,886
Denton	6,942,057	8.1	(9,522)	(9,522)	100,015	100,015
Flower Mound	179,821	15.9	(250)	(250)	-	-
Grapevine/Colleyville	6,245,812	4.8	12,334	12,334	-	-
Hurst/Euless/Bedford	10,143,054	11.2	1,570	1,570	-	-
North Arlington	3,583,291	11.2	(12,517)	(12,517)	-	-
Richland Hills	1,431,913	11.7	4,327	4,327	-	-
Southeast Outlying Tarrant	5,229,284	4.6	(7,267)	(7,267)	-	-
South Arlington	13,977,017	9.2	(311,779)	(311,779)	-	-
South Grand Prairie	1,504,205	2.7	(693)	(693)	-	-
Southlake	3,484,982	9.3	(36,967)	(36,967)	-	-
Trophy/Roanoke/WestLake	1,200,142	10.8	(5,312)	(5,312)	-	-
Mid-Cities Total	53,921,578	8.5	(366,076)	(366,076)	100,015	100,015
Crowley/Burleson	2,577,590	13.0	(4,477)	(4,477)	-	-
Northwest Fort Worth	7,071,491	4.5	23,986	23,986	-	-
Southwest Fort Worth	6,724,149	7.5	(13,981)	(13,981)	-	-
Watauga/Keller/North Richland Hills	7,200,747	11.0	(96,791)	(96,791)	-	-
White Settlement	2,194,612	5.1	1,817	1,817	12,000	12,000
Suburban Fort Worth Total	25,768,589	8.0	(89,446)	(89,446)	12,000	12,000
Dallas Total	195,321,305	7.1	2,810	2,810	198,708	198,708
Fort Worth Total	104,786,793	8.4	(410,839)	(410,839)	127,901	127,901
DFW Total	300,108,098	7.6	(408,029)	(408,029)	326,609	326,609

Source: CBRE Research, Q1 2021.

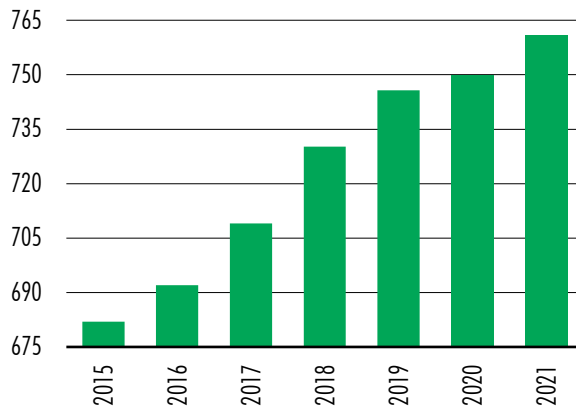
Figure 3: Retail Historical Market Summary

	2014	2015	2016	2017	2018	2019	2020	Q1 2021
DALLAS TOTAL								
Absorption (Net, SF)	2,389,167	4,022,612	5,703,153	3,114,680	1,165,413	2,095,695	(1,191,039)	2,810
Delivered Construction (SF)	1,033,553	2,017,656	2,974,655	2,683,370	1,427,163	1,128,430	1,599,521	198,708
Rentable Building Area (RBA)	177,535,528	181,192,999	188,204,340	191,031,109	194,074,656	194,902,258	197,560,139	195,321,305
Occupancy Rate (%)	92	93.6	94.2	94.6	94.4	94.6	93.1	92.9
FORT WORTH TOTAL								
Absorption (Net, SF)	2,206,396	2,695,558	2,885,492	958,637	302,895	1,509,629	(177,590)	(410,839)
Delivered Construction (SF)	1,089,605	1,914,914	1,468,513	1,005,725	932,137	670,471	782,502	127,901
Rentable Building Area (RBA)	95,875,460	97,955,117	98,754,515	102,006,739	104,173,420	104,593,444	104,774,824	104,786,793
Occupancy Rate (%)	92.7	93.4	94.6	94.8	94.4	94.2	92.4	91.6
DFW MARKET TOTAL								
Absorption (Net, SF)	4,595,563	6,718,170	8,588,645	4,073,317	1,468,308	3,605,324	(1,368,629)	(408,029)
Delivered Construction (SF)	2,123,158	3,932,570	4,443,168	3,689,095	2,359,300	1,798,901	2,382,023	326,609
Rentable Building Area (RBA)	273,410,988	279,148,116	286,958,855	293,037,848	298,248,076	299,495,702	302,334,963	300,108,098
Occupancy Rate (%)	92.2	92.7	94.3	94.6	94.4	94.5	92.8	92.4

Source: CBRE Research, Q1 2021.

Figure 4: DFW Consumer Price Index

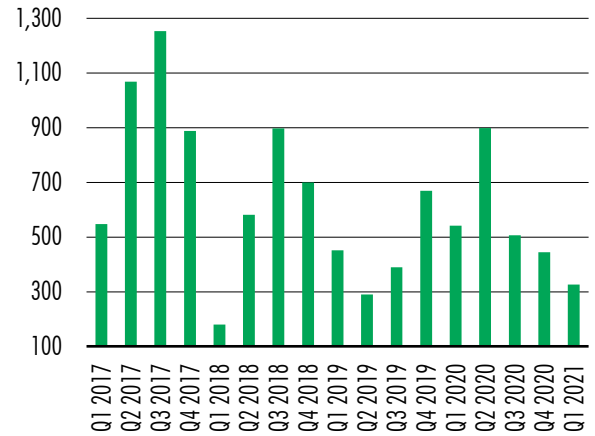
CPI-U (1967=100)



Source: Bureau of Labor Statistics, Q1 2021.

Figure 5: Deliveries

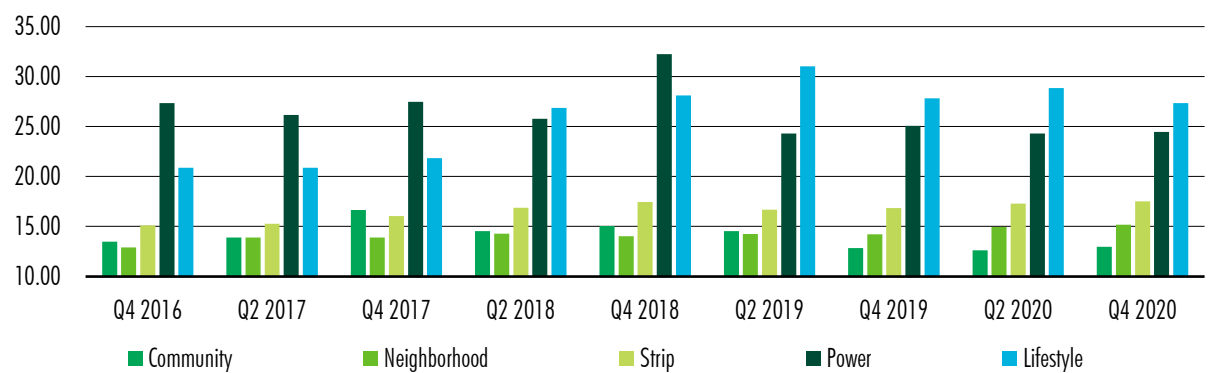
SF (000s)



Source: CBRE Research, Q1 2021.

Figure 6: Asking Annual Rents by Center Type, NNN Avg.

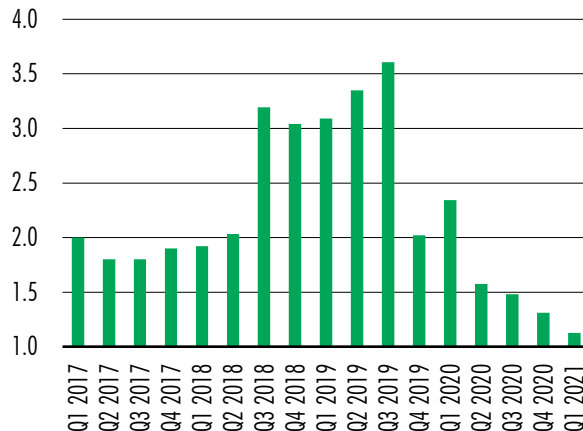
Asking Rate (\$/SF)



Source: CBRE Research, Q1 2021.

Figure 7: Dallas Retail Investment Sales Volume

Billions (\$)

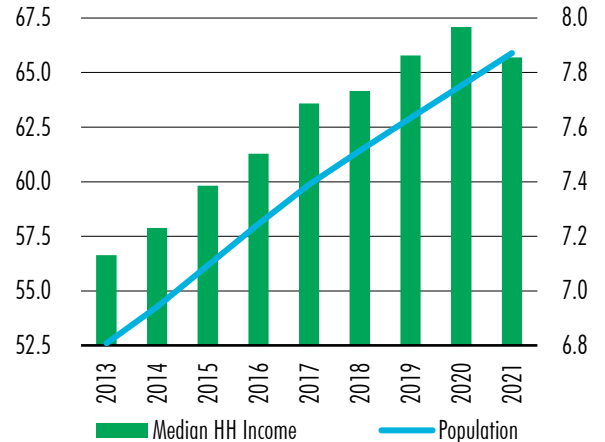


Source: Real Capital Analytics, Q1 2021.

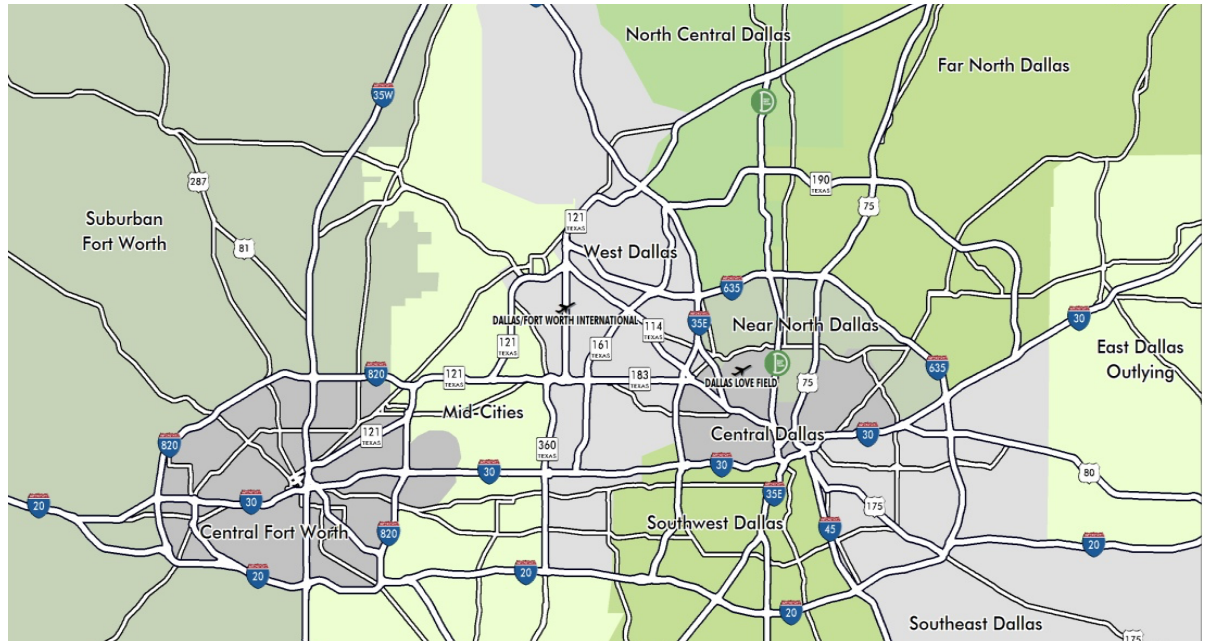
Figure 8: Population Growth & Household Income

HH Income (\$000's)

Population (Millions)



Source: Oxford Economics, Q1 2021.



**The retail dataset includes properties 10,000-sq.-ft. and up.*

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