

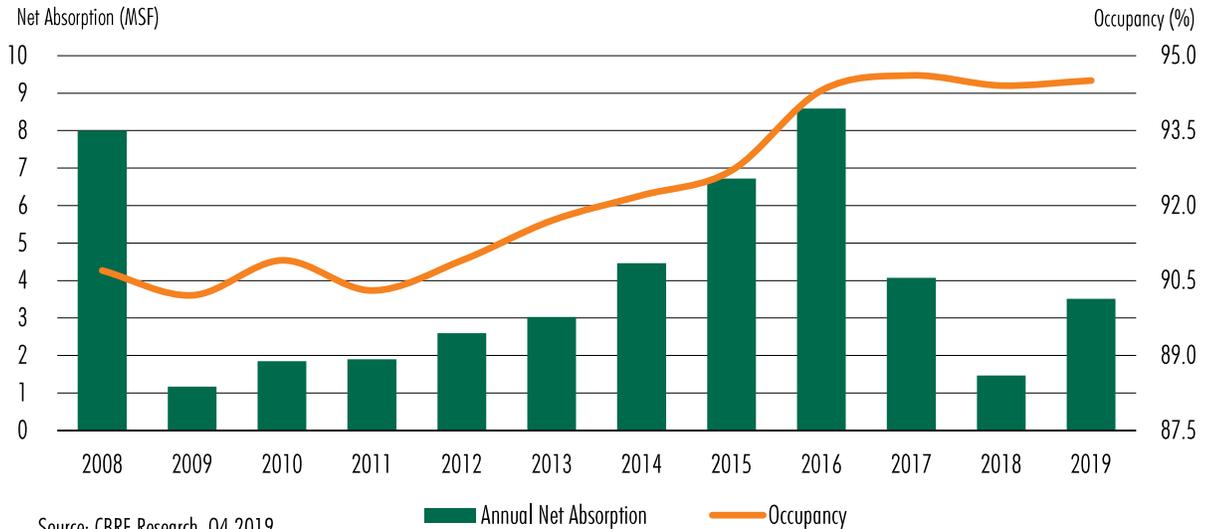
Dallas/Fort Worth Retail, Q4 2019

# Retail construction ramps up in the suburbs with new mixed-use projects

▼ Occupancy 94.5%
▲ Under Construction 3,439,160 SF
▲ Completions 668,915 SF
▼ Net Absorption 941,736 SF

Figure 1: Net Absorption and Market Occupancy

\*Arrows indicate trend from previous quarter.



Source: CBRE Research, Q4 2019.

**NORTHERN DALLAS SUBURBS LEAD CONSTRUCTION**

DFW retail construction increased 10% quarter-over-quarter, with many new large-scale starts leading the trend. Most of this activity is concentrated in the northern suburbs with North Central Dallas and Far North Dallas accounting for 45% of new construction. One of the more anticipated developments that broke ground this quarter is Mustang Square in West Plano which will feature 170,000 sq. ft. of retail and entertainment, 100,000 sq. ft. of office, townhomes, and a hotel. The first confirmed tenant is Fun Movie Grill, which is an entertainment concept combining food, bowling, movies, and games.

**PROSPECTS RISE FOR SOUTHWEST DALLAS MALL**

Christmas came early at Red Bird Mall in Southwest Dallas as UT Southwestern announced plans to create a new facility in the mall's former Sears space. Not only is this great for the mall, but will be beneficial to the surrounding area as Southwest Dallas has historically been an underserved community. With a major apartment complex breaking ground this past November and Chime Solutions backfilling 50,000 sq. ft. of the former JC Penney's last summer, the future for Red Bird Mall is beginning to look bright.

**2019 HOLIDAY SHOPPING SETS NEW RECORD**

Black Friday 2019 proved to be another busy shopping day in DFW, with strong employment and high consumer confidence contributing to another robust holiday season. This year, local retailers processed a record number of online orders placed on Thanksgiving Day to be picked up in stores. Black Friday generated a total of \$31.2 billion in sales nationally. However, the Saturday before Christmas was the busiest shopping day of the year, with \$34.4 billion spent on this day alone. This marked the biggest shopping day in US retail history. Total retail sales this holiday season rose 3.4%, with e-commerce sales rising 18.8%, accounting for 14.6% of overall retail sales.

**DFW ECONOMY ENDS 2019 ON A HIGH NOTE**

The DFW economy continued to post stable numbers through the rest of 2019, with the unemployment rate still low at 3.4%. Housing continued to shine in 2019, with Dallas maintaining its spot as the #1 market for new home starts, with builders starting 34,361 homes throughout the year. Housing affordability also improved this year, with over half of new and existing homes becoming affordable for median-income families.

**Figure 2: Historical Market Statistics**

	2014	2015	2016	2017	2018	2019
<b>CENTRAL DALLAS</b>						
Absorption (Net, SF)	161,648	245,906	416,648	(36,509)	111,378	138,685
Delivered Construction (SF)	21,000	148,821	208,549	-	111,000	35,000
Rentable Building Area (RBA)	9,082,276	9,093,061	13,879,294	13,943,581	14,104,923	14,275,959
Occupancy Rate (%)	94.9	95.7	97.3	97.4	97.4	96.8
<b>EAST DALLAS OUTLYING</b>						
Absorption (Net, SF)	(8,769)	97,990	(12,589)	93,844	36,778	62,140
Delivered Construction (SF)	-	62,000	-	87,406	20,000	79,385
Rentable Building Area (RBA)	3,482,829	3,633,860	3,607,505	3,863,835	3,701,843	3,794,855
Occupancy Rate (%)	95.9	97.7	98.3	97.6	97.5	97.1
<b>FAR NORTH DALLAS</b>						
Absorption (Net, SF)	780,537	942,926	2,081,683	628,513	558,432	312,395
Delivered Construction (SF)	392,357	192,434	1,653,138	1,003,888	534,890	288,521
Rentable Building Area (RBA)	53,443,582	54,352,868	54,868,240	54,700,543	55,429,581	55,084,514
Occupancy Rate (%)	90.1	91.4	93.4	93.4	93.7	94
<b>NEAR NORTH DALLAS</b>						
Absorption (Net, SF)	116,135	356,548	485,111	375,484	74,720	215,137
Delivered Construction (SF)	-	182,500	374,964	240,431	166,353	-
Rentable Building Area (RBA)	20,879,785	21,064,645	20,887,570	21,528,943	21,516,154	21,145,167
Occupancy Rate (%)	94.1	94.1	95.2	95.6	94.2	95.3
<b>NORTH CENTRAL DALLAS</b>						
Absorption (Net, SF)	316,706	1,716,562	919,412	991,268	35,077	408,449
Delivered Construction (SF)	40,406	1,164,188	621,341	779,802	256,538	311,722
Rentable Building Area (RBA)	30,314,475	32,020,305	33,507,776	34,757,484	35,158,018	35,172,401
Occupancy Rate (%)	93	93.4	94.6	94.9	94.4	94.6
<b>SOUTHEAST DALLAS</b>						
Absorption (Net, SF)	4,942	67,641	109,261	(5,864)	(36,438)	241,035
Delivered Construction (SF)	-	11,000	-	14,804	37,500	-
Rentable Building Area (RBA)	13,186,023	13,345,878	13,472,130	13,593,165	13,646,203	13,858,236
Occupancy Rate (%)	93	93.1	95.1	94.1	94	95.9
<b>SOUTHWEST DALLAS</b>						
Absorption (Net, SF)	503,218	92,066	812,083	154,101	365,547	113,875
Delivered Construction (SF)	435,982	-	76,663	-	0	95,541
Rentable Building Area (RBA)	17,070,389	17,180,845	17,305,531	17,675,225	18,065,866	18,231,584
Occupancy Rate (%)	90.4	90.1	92	92.2	94.8	93.3
<b>WEST DALLAS</b>						
Absorption (Net, SF)	514,750	502,973	891,544	913,843	19,919	603,979
Delivered Construction (SF)	143,808	256,713	40,000	557,039	300,882	318,261
Rentable Building Area (RBA)	30,076,169	30,501,537	30,676,294	30,968,333	32,452,068	33,339,542
Occupancy Rate (%)	92	91.6	93.3	95.5	94.3	94.8

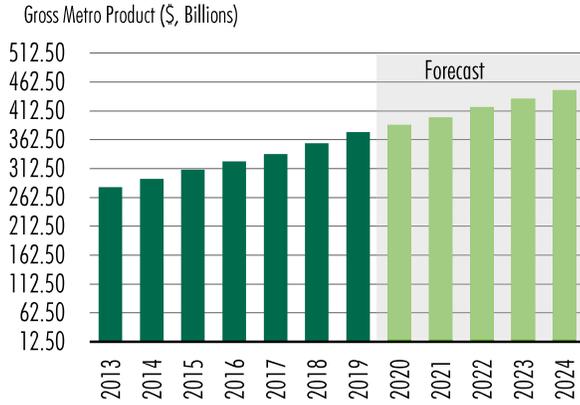
Source: CBRE Research, Q4 2019.

Figure 2: Historical Market Statistics

	2014	2015	2016	2017	2018	2019
<b>CENTRAL FORT WORTH</b>						
Absorption (Net, SF)	368,008	471,480	755,927	455,273	(171,462)	266,053
Delivered Construction (SF)	182,000	138,012	482,101	498,000	80,782	105,000
Rentable Building Area (RBA)	23,662,009	23,777,270	24,111,810	24,796,196	25,222,304	25,389,811
Occupancy Rate (%)	90.8	92.3	94.1	94.3	93.7	93.4
<b>MID-CITIES</b>						
Absorption (Net, SF)	1,103,732	1,131,435	1,146,109	158,308	360,434	1,139,085
Delivered Construction (SF)	409,658	850,807	519,954	-	699,676	458,393
Rentable Building Area (RBA)	50,397,194	51,030,130	51,277,259	52,635,431	53,527,687	53,517,852
Occupancy Rate (%)	93.4	94.1	94.6	95	94.3	94.2
<b>SUBURBAN FORT WORTH</b>						
Absorption (Net, SF)	734,656	1,092,643	983,456	345,056	113,923	104,491
Delivered Construction (SF)	497,947	926,095	466,458	507,725	151,679	107,078
Rentable Building Area (RBA)	21,816,257	23,147,717	23,365,446	24,575,112	25,423,429	25,685,781
Occupancy Rate (%)	93.1	93.6	95.1	94.6	95.4	95.2
<b>DALLAS TOTAL</b>						
Absorption (Net, SF)	2,389,167	4,022,612	5,703,153	3,114,680	1,165,413	2,095,695
Delivered Construction (SF)	1,033,553	2,017,656	2,974,655	2,683,370	1,427,163	1,128,430
Rentable Building Area (RBA)	177,535,528	181,192,999	188,204,340	191,031,109	194,074,656	194,902,258
Occupancy Rate (%)	92	93.6	94.2	94.6	94.4	94.6
<b>FORT WORTH TOTAL</b>						
Absorption (Net, SF)	2,206,396	2,695,558	2,885,492	958,637	302,895	1,509,629
Delivered Construction (SF)	1,089,605	1,914,914	1,468,513	1,005,725	932,137	670,471
Rentable Building Area (RBA)	95,875,460	97,955,117	98,754,515	102,006,739	104,173,420	104,593,444
Occupancy Rate (%)	92.7	93.4	94.6	94.8	94.4	94.2
<b>DFW MARKET TOTAL</b>						
Absorption (Net, SF)	4,595,563	6,718,170	98,588,645	4,073,317	1,468,308	3,605,324
Delivered Construction (SF)	2,123,158	3,932,750	3,689,095	3,689,095	2,359,300	1,798,901
Rentable Building Area (RBA)	273,410,988	279,148,116	293,037,848	293,037,848	298,248,076	299,495,702
Occupancy Rate (%)	92.2	92.7	94.3	94.6	94.4	94.5

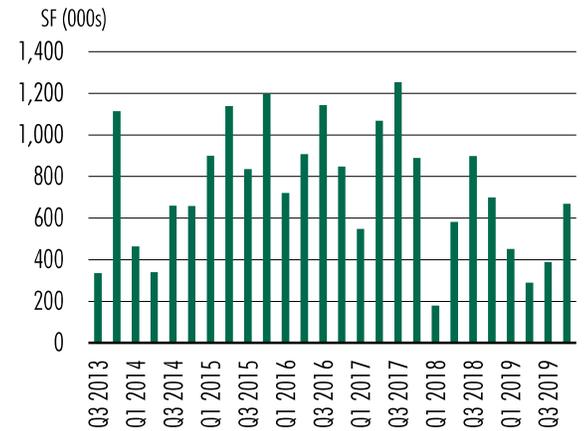
Source: CBRE Research, Q4 2019.

Figure 3: Dallas Gross Metro Product



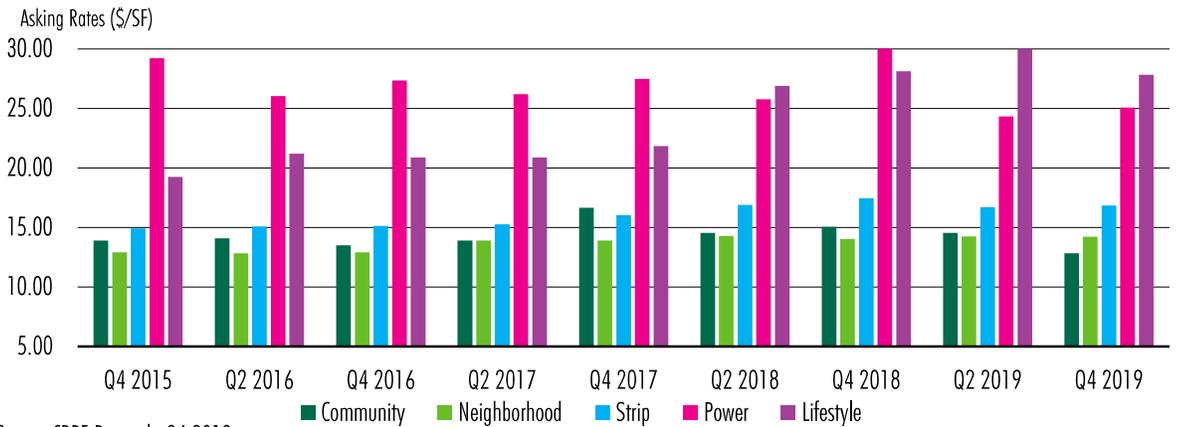
Source: Moody's Analytics, Q4 2019.

Figure 4: Deliveries



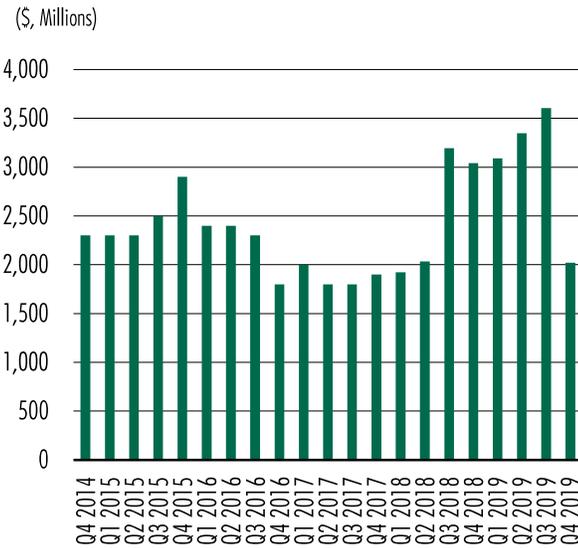
Source: CBRE Research, Q4 2019.

Figure 5: Asking Annual Rents by Center Type, NNN Avg.



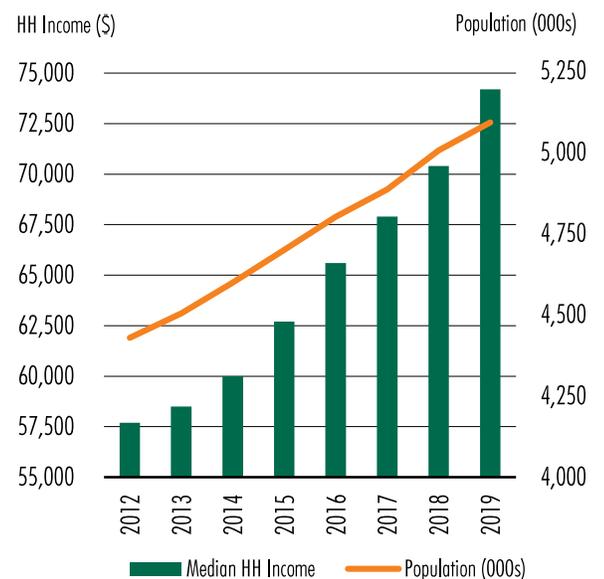
Source: CBRE Research, Q4 2019.

Figure 6: Dallas Retail Investment Sales Volume

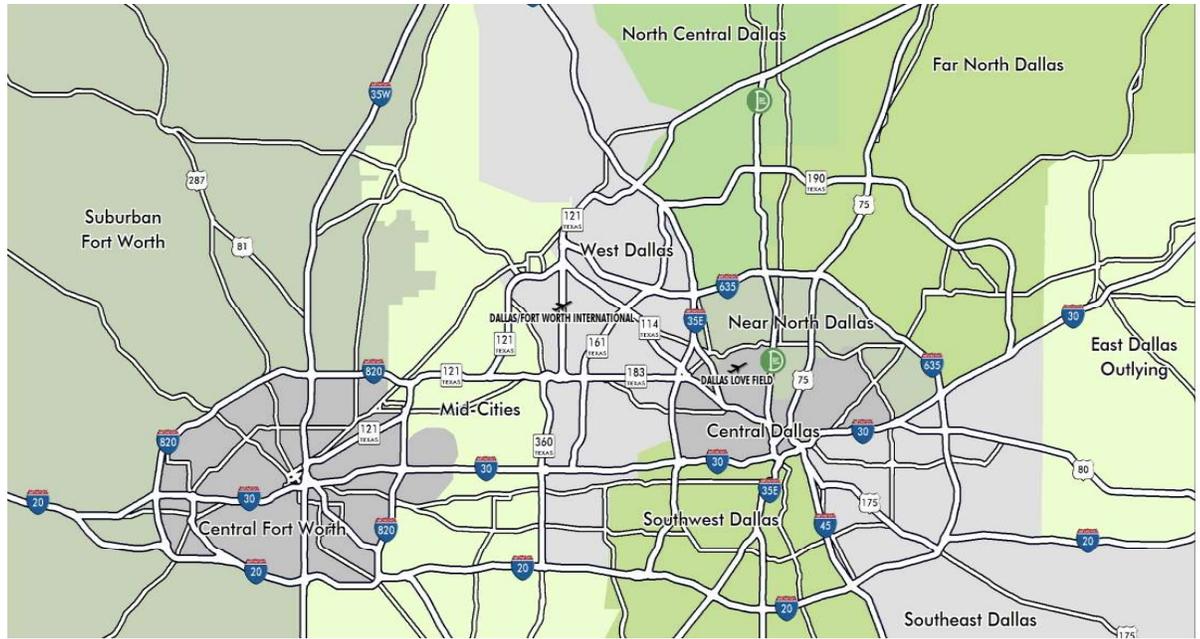


Source: Real Capital Analytics, Q4 2019.

Figure 7: Dallas Population Growth and Household Income



Source: Moody's Analytics, Q4 2019.



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

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