

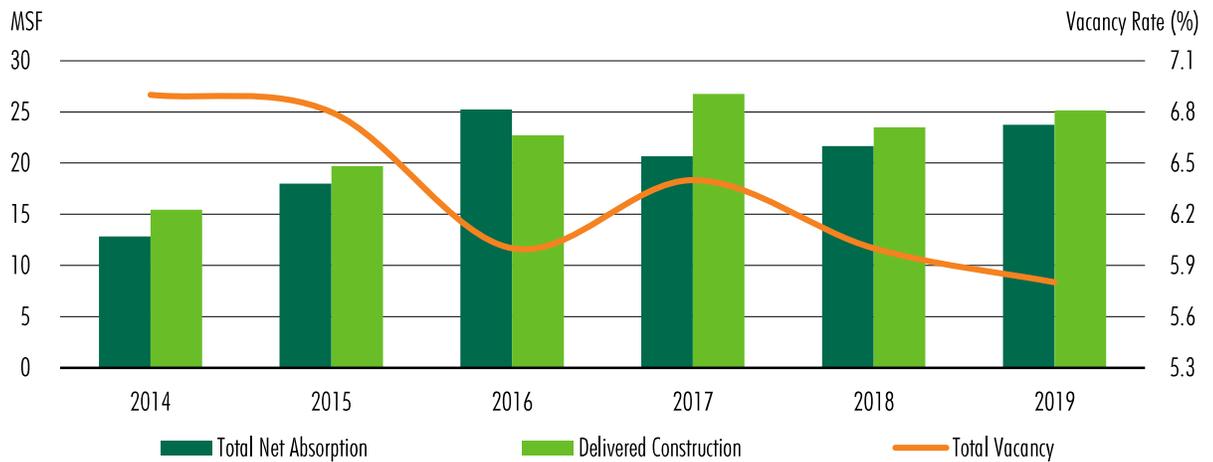
Dallas/Fort Worth Industrial, Q4 2019

Demand tops 20 million sq. ft. for fourth successive year

 Vacancy 5.8%	 Under Construction 23,470,378 SF	 Completions 9,973,886 SF	 Net Absorption 7,855,479 SF
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*Arrows indicate trend from previous quarter.

Figure 1: DFW Industrial Market (Annual)



Source: CBRE Research, Q4 2019.

DEMAND CONTINUES TO REMAIN STRONG

2019 marked the fourth consecutive year of positive net absorption surpassing 20 million sq. ft. for the Dallas/Fort Worth industrial market, with just over 23.7 million sq. ft. of demand posted in 2019. Consumer goods, e-commerce and third-party logistics companies led demand in 2019. CBRE Research tracked over 17 million sq. ft. in active occupier requirements at the end of 2019. Industrial demand in North Texas continued to be driven by extensive intermodal infrastructure, lower than average costs of doing business, booming population and prosperous regional economy. Metroplex employment grew by 120,700 non-seasonally adjusted jobs during year-ending November 2019, representing 3.2% year-over-year growth, according to the BLS. Dallas/Fort Worth has grown by more than 2.5 million residents since 2000, according to Oxford Economics.

MARKET-WIDE VACANCY RATE STAYS LOW

The market-wide vacancy rate did increase by 19 basis points (bps) from the previous quarter to 5.8% due to large speculative buildings coming to the market but was still well below the long-term market-wide average vacancy rate of 8.0%.

PRODUCT PIPELINE TAPERED IN Q4 2019

The construction pipeline pulled back over the quarter and totaled 23.5 million sq. ft. at the end of the year. Product under construction was 15.5% pre-committed, lower than typical long-term pre-leasing rates. Starts were down from 9.3 million sq. ft. in the previous quarter to 5.7 million sq. ft. in Q4 2019. The highest concentration of product underway was in the North Fort Worth submarket, with just over 12 million sq. ft. in active projects tracked at the end of Q4 2019. Quarter deliveries totaled nearly 10 million sq. ft. and were 63.2% pre-leased. Annual deliveries totaled 25.1 million sq. ft. and had an average pre-leased rate of 63.4%.

Figure 2: DFW Industrial Market Snapshot

Market	Net Rentable Area (SF)	Available (SF)	Avail. Rate (%)	Direct Vacancy (SF)	Direct Vacancy Rate (%)	Total Vacancy (SF)	Total Vacancy Rate (%)	Q4 2019 Direct Absorption (SF)	Q4 2019 Total Net Absorption (SF)	2019 Total Absorption (SF)
DFW Airport	78,565,877	6,966,358	8.9	4,957,714	6.3	5,083,392	6.5	615,583	608,318	2,268,271
East Dallas	39,507,466	3,588,862	9.1	3,195,611	8.1	3,238,636	8.2	(371,246)	(371,246)	512,749
Northeast Dallas	101,159,970	7,873,580	7.8	5,751,530	5.7	6,524,842	6.5	(351,688)	(79,691)	1,062,852
Northwest Dallas	111,976,960	6,079,294	5.4	4,306,021	3.8	4,631,526	4.1	461,518	394,685	2,486,544
South Dallas	80,451,346	8,952,258	11.1	9,007,797	11.2	9,007,797	11.2	2,273,170	2,273,170	6,243,440
South Stemmons	119,296,521	5,773,446	4.8	4,194,977	3.5	4,300,816	3.6	2,751,410	2,758,432	4,159,214
Great SW/Arlington	115,506,583	8,972,553	7.8	5,354,072	4.6	5,382,348	4.7	606,609	464,634	2,121,046
North Ft. Worth	91,852,095	6,284,799	6.8	5,307,900	5.8	5,322,950	5.8	2,124,247	2,149,697	5,068,328
South Ft. Worth	71,578,867	3,466,095	4.8	3,052,611	4.3	3,246,515	4.5	(201,016)	(342,520)	(189,700)
DALLAS TOTALS	530,958,140	39,233,798	7.4	31,413,650	5.9	32,787,009	6.2	5,378,747	5,583,668	16,733,070
FT.WORTH TOTALS	278,937,545	18,723,447	6.7	13,714,583	4.9	13,951,813	5.0	2,529,840	2,271,811	6,999,674
MARKET TOTALS	809,895,685	57,957,245	7.2	45,128,233	5.6	46,738,822	5.8	7,908,587	7,855,479	23,732,744

Source: CBRE Research, Q4 2019.

Figure 3: Select Lease Transactions

Tenant	Building(s)	City	Submarket	SF
1 GEODIS	1401 Chalk Hill Rd	Dallas	South Stemmons	672,775
2 Supply Chain Management	1200 W Wintergreen Rd	Hutchins	South Dallas	337,931
3 Ericsson	2601 S Valley Pkwy	Lewisville	Northwest Dallas	306,280
4 Wheel Pros	4025 E Interstate 30	Grand Prairie	South Stemmons	296,788
5 Shippers Warehouse	3845 Gifford St	Grand Prairie	South Stemmons	281,206

Source: CBRE Research, Q4 2019.

Figure 4: Select Sale Transactions

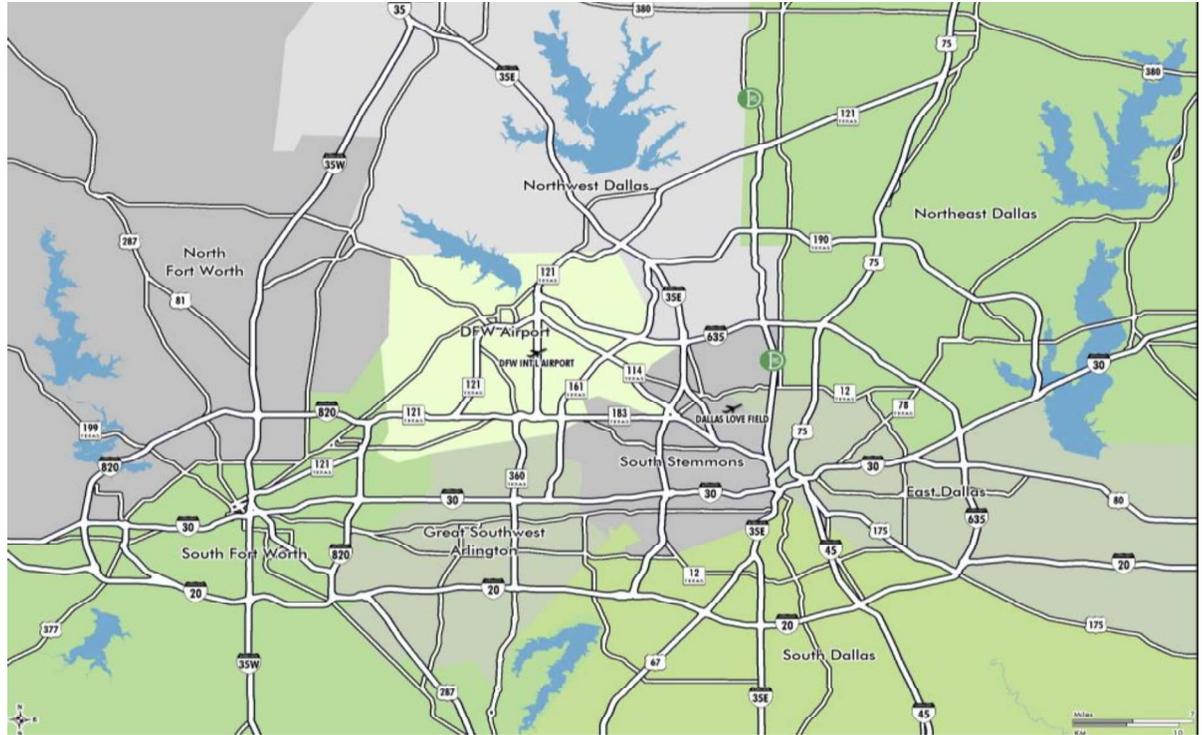
Buyer	Building(s)	City	Submarket	SF
1 Sealy	Dallas Infill Industrial Portfolio	Dallas	Multiple	1,569,201
2 James Campbell Company	5220 S Westmoreland Rd	Dallas	South Dallas	345,600
3 MDH Partners	2401 W Marshall Dr	Grand Prairie	Great Southwest/Arlington	330,000
4 SIF Pioneer Gardens LLC	1102 State Hwy 161	Grand Prairie	Great Southwest/Arlington	322,824
5 Leon Capital	502 Fountain Pkwy	Grand Prairie	Great Southwest/Arlington	215,855

Source: CBRE Research, Q4 2019.

Figure 5: Industrial/Flex Total Quarterly Market Summary

Area	Bldg. Count	Inventory		Vacancy			Net Absorption (SF)			Construction (SF)		
		Total (SF)	% of Market	Direct (SF)	Direct (%)	Total (%)	Qtr. Direct	Qtr. Total	2019 Total	Under Const.	Qtr. Deliveries	2019 Deliveries
DFW Airport												
E DFW/Las Colinas	385	59,813,902	7.4	4,330,623	7.2	7.4	337,966	301,786	1,967,684	3,800,897	-	2,016,000
W DFW/Grapevine	308	18,751,975	2.3	627,091	3.3	3.4	277,617	306,532	300,587	539,447	-	43,000
DFW Airport Total	693	78,565,877	9.7	4,957,714	6.3	6.5	615,583	608,318	2,268,271	4,340,344	-	2,059,000
East Dallas												
Central E Dallas	404	16,671,777	2.1	339,947	2.0	2.3	34,390	34,390	(6,617)	-	-	-
East Dallas/Mesquite	289	22,835,689	2.8	2,855,664	12.5	12.5	(405,636)	(405,636)	519,366	-	1,054,673	2,076,803
East Dallas Total	693	39,507,466	4.9	3,195,611	8.1	8.2	(371,246)	(371,246)	512,749	-	1,054,673	2,076,803
Northeast Dallas												
Allen/McKinney	191	12,273,530	1.5	409,886	3.3	3.4	(86,691)	106,052	198,697	582,210	-	221,130
NE Dallas/Garland	846	48,380,544	6.0	2,665,476	5.5	6.5	(458,671)	(362,946)	174,515	980,071	-	248,825
Plano	345	19,789,868	2.4	1,310,937	6.6	7.8	125,998	115,088	34,677	263,592	304,570	547,271
Richardson	302	17,122,626	2.1	1,305,251	7.6	8.2	80,676	75,115	36,263	-	-	434,640
Rockwall	54	3,593,402	0.4	59,980	1.7	1.7	(13,000)	(13,000)	618,700	309,373	-	650,000
Northeast Dallas Total	1,738	101,159,970	12.5	5,751,530	5.7	6.5	(351,688)	(79,691)	1,062,852	2,135,246	304,570	2,101,866
Northwest Dallas												
Denton	173	10,717,826	1.3	310,512	2.9	3.3	180,478	176,378	189,457	-	220,000	220,000
Lewisville	237	28,164,116	3.5	1,623,060	5.8	5.8	26,916	52,359	699,052	423,854	634,950	1,676,230
Metropolitan/Addison	431	19,984,966	2.5	921,674	4.6	4.9	240,089	208,695	529,110	-	-	-
N Stemmons/Valwood	659	50,257,468	6.2	1,425,175	2.8	3.3	21,635	(35,147)	1,063,525	175,000	-	825,590
NW Dallas Outlying	24	2,852,584	0.4	25,600	0.9	0.9	(7,600)	(7,600)	5,400	-	-	-
Northwest Dallas Total	1,524	111,976,960	13.8	4,306,021	3.8	4.1	461,518	394,685	2,486,544	598,854	854,950	2,721,820
South Dallas												
Red Bird/Airport	188	19,523,795	2.4	747,830	3.8	3.8	(4,711)	(4,711)	(343,836)	-	-	-
SE Dallas/I-45	257	42,094,911	5.2	6,558,311	15.6	15.6	907,217	907,217	4,364,911	450,000	615,000	2,396,619
SW Dallas/US 67	153	18,832,640	2.3	1,701,656	9.0	9.0	1,370,664	1,370,664	2,222,365	190,076	1,021,570	1,021,570
South Dallas Total	598	80,451,346	9.9	9,007,797	11.2	11.2	2,273,170	2,273,170	6,243,440	640,076	1,636,570	3,418,189
South Stemmons												
East Brookhollow	181	7,738,093	1.0	204,889	2.6	2.9	53,912	37,166	(130,409)	-	-	-
E Hines North	621	20,058,273	2.5	286,473	1.4	1.5	137,953	185,711	253,282	-	-	-
Eastern Lonestar/Tpke	286	25,879,346	3.2	849,216	3.3	3.4	306,665	294,665	1,517,118	1,281,714	-	855,000
North Trinity	379	10,227,422	1.3	581,571	5.7	5.7	(26,174)	(26,174)	32,709	-	-	-
West Brookhollow	969	39,178,817	4.8	1,275,987	3.3	3.4	29,285	15,345	(381,417)	-	-	-
W Hines North	191	6,645,601	0.8	226,038	3.4	3.4	(62,631)	(60,681)	(70,049)	388,822	-	-
Western Lonestar/Tpke	99	9,568,969	1.2	770,803	8.1	8.1	2,312,400	2,312,400	2,937,980	-	2,596,615	2,789,615
South Stemmons Total	2,726	119,296,521	14.7	4,194,977	3.5	3.6	2,751,410	2,758,432	4,159,214	1,670,536	2,596,615	3,644,615
Great SW/Arlington												
Arlington	407	23,522,563	2.9	1,699,948	7.2	6.7	206,752	206,752	610,982	-	401,115	998,339
Lower Great Southwest	423	38,351,621	4.7	1,035,709	2.7	2.7	(19,953)	(13,953)	(129,036)	-	155,730	155,730
Upper Great Southwest	507	53,632,399	6.6	2,618,415	4.9	5.2	419,810	271,835	1,639,100	978,280	1,126,175	1,654,667
Great SW/Arlington Total	1,337	115,506,583	14.3	5,354,072	4.6	4.7	606,609	464,634	2,121,046	978,280	1,683,020	2,808,736
North Fort Worth												
Meacham Fld/Fossil Creek	402	43,121,484	5.3	2,716,804	6.3	6.3	26,023	51,473	1,086,563	1,319,989	1,143,488	1,961,521
NE Tarrant Alliance	213	44,622,635	5.5	2,551,096	5.7	5.7	2,098,224	2,098,224	3,956,765	10,728,209	700,000	3,599,456
West Tarrant	60	4,107,976	0.5	40,000	1.0	1.0	-	-	25,000	-	-	-
North Fort Worth Total	675	91,852,095	11.3	5,307,900	5.8	5.8	2,124,247	2,149,697	5,068,328	12,048,198	1,843,488	5,560,977
South Fort Worth												
East Fort Worth	610	23,055,010	2.8	798,795	3.5	3.6	77,261	58,257	103,752	-	-	-
Mansfield	80	4,059,904	0.5	12,960	0.3	0.3	28,200	28,200	(9,200)	-	-	-
N Central Fort Worth	291	10,059,260	1.2	172,109	1.7	2.0	(34,636)	(34,636)	(53,419)	-	-	-
S Central Tarrant County	265	23,516,372	2.9	1,706,634	7.3	7.8	(233,275)	(355,775)	(253,065)	1,058,844	-	757,745
S Central Fort Worth	248	9,012,684	1.1	142,677	1.6	1.6	(52,782)	(52,782)	(39,153)	-	-	-
SW Tarrant	75	1,875,637	0.2	219,436	11.7	11.7	14,216	14,216	61,385	-	-	-
South Fort Worth Total	1,569	71,578,867	8.8	3,052,611	4.3	4.5	(201,016)	(342,520)	(189,700)	1,058,844	-	757,745
Dallas Total	7,972	530,958,140	65.6	31,413,650	5.9	6.2	5,378,747	5,583,668	16,733,070	9,385,056	6,447,378	16,022,293
Fort Worth Total	3,581	278,937,545	34.4	13,714,583	4.9	5.0	2,529,840	2,271,811	6,999,674	14,085,322	3,526,508	9,127,458
Dallas/Fort Worth Total	11,553	809,895,685	100.0	45,128,233	5.6	5.8	7,908,587	7,855,479	23,732,744	23,470,378	9,973,886	25,149,751

Source: CBRE Research, Q4 2019.


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