



Dallas-Fort Worth

- The development pipeline continued to decrease for a fourth consecutive quarter to following the 66.5 million s.f. peak of construction in Q1 2023. An increase in pre-leasing and fewer starts dropped available space under construction below 17 million s.f. for the first time since Q1 2021.
- Demand from new leases signed totaled 9.5 million s.f. of space, and realized demand from absorption was closer to the quarterly averages prior to the elevated activity during pandemic.
- The Dallas-Fort Worth metro population passed 8 million in 2023, adding 152,000 new residents as the market leads the nation in population growth and the growth of the industrial market as a hub for manufacturing and distribution.

The Dallas-Fort Worth industrial market continued to see a decreased development pipeline following the record-setting levels of new construction and deliveries in 2023. Nearly 2.6 million s.f. of construction starts and the eighth consecutive quarter of deliveries over 12 million s.f. have increased pre-leasing to the highest rate since Q3 2021, including a rate of nearly 60% for property with 500,000 s.f. of space and greater.

Demand from new leasing activity totaled 9.5 million s.f. this quarter, higher than the quarterly averages prior to the pandemic, and active in nearly all size ranges and submarkets. This was the 11th consecutive quarter for a new leased signed in a mega-box space (over 1 million s.f.) with consumer-packaged goods company Post Consumer Brands signing for a recently delivered speculative property in the South Dallas submarket with a move-in scheduled later this year. Realized demand from net absorption was lower this quarter than the record highs seen in the prior three years, closer to

the averages levels of activity seen in occupier movement seen prior to the pandemic. For the first time in two years, quarterly sublease absorption was positive as fewer move-outs and vacant spaces added to the market were offset by the increase in tenant move-ins specific to sublet spaces.

Outlook

Occupiers will continue to see a tighter market excluding recently delivered space, as vacancy rates are expected to decrease by year end. Properties delivered before 2022 currently have a direct vacancy rate of 4.2%, below the 10-year average and ahead of the lease-up of new space. Dallas-Fort Worth led the nation in population growth in 2023, adding over 152,000 residents last year and joining only New York, Los Angeles, and Chicago metros to pass the 8 million population threshold. Population growth and regionalization of manufacturing continue to support the market's growth.

Fundamentals

		Forecast
YTD net absorption	3,500,294 s.f.	▲
Under construction	27,165,572 s.f.	▶
Pre-leased	38.3%	▲
YTD deliveries	12,213,156 s.f.	▲
Total vacancy	10.8%	▶
Total availability	13.1%	▼
Average asking rent	\$7.14 p.s.f.	▲
Concessions	Stable	▶

Historical trends

s.f. (millions)

