

Quarterly Snapshot

↑ Average Rent
\$10.43/SF

↑ Vacancy
9.6%

↓ Net Absorption
775,761 SF

Occupier's Perspective

Pricing power is shifting in favor of tenants seeking logistics space in outlying submarkets, while landlords continue to escalate rents within interior submarkets.

Decision-makers are taking time to commit to space due to elevated economic uncertainty as well as re-evaluating space decisions.

With 8.2 million people, DFW's continued population growth, along with the regionalization of logistics, manufacturing, and warehouse needs, are supporting the market's industrial growth.

Industrial leasing activity decelerated from historical highs in the first quarter, with 14.4 million square feet being transacted, the lowest first quarter reported since 2017. With 16.3 million square feet of new deliveries added during the first quarter. Continued deliveries, paired with an increase in sublet space, increased vacancy rates to 9.6 percent from 8.4 percent the previous quarter. This is the highest vacancy rate reported since 2012.

Net absorption has been supported by national retailers occupying large blocks of space, including Walmart, Niagara Bottling, and Dollar General, each taking over 1 million square feet in major industrial hubs in south Dallas and north Fort Worth.

Increasing availability depends on building size, type, and location. Logistics buildings above 500,000 square feet report availability of 15 percent, up from 9 percent in 2020.

Market rent growth is at a significant annual increase of 7.5 percent year-over-year, coming down from 9.0 percent reported last quarter. Vacancy rates may expand further, as 30.8 million square feet of projects are under construction, many of which are slated to deliver over the next 12 to 18 months.

Recent Transactions

Tenant	Size (SF)	Submarket	Type	Building
The Container Store Group	1,101,500 SF	DFW Airport	Renewal	Industrial
Post Consumer Brands	1,095,360 SF	South Dallas	New Lease	Industrial
Orbis	659,049 SF	Northeast Dallas	New Lease	Industrial
Barrett Distribution Centers	529,047 SF	East Dallas	New Lease	Industrial
Frito-Lay	515,000 SF	South Dallas	New Lease	Industrial
Legendz Way	486,645 SF	South Dallas	New Lease	Industrial
Assurant	428,738 SF	DFW Airport	New Lease	Industrial
Kumho Tire U.S.A.	393,625 SF	South Stemmons	Renewal	Industrial

Submarket Movement

Vacancy Rate	QOQ Change	Direct Asking Rent (\$/SF)	Submarket
13.3%	▲	\$7.69	South Dallas
13.5%	▲	\$8.92	East Dallas
5.0%	▼	\$8.97	Great SW/Arlington
12.3%	▲	\$9.07	North Ft Worth
6.6%	◆	\$9.21	South Ft Worth
6.4%	▼	\$10.00	South Stemmons
9.8%	▲	\$10.37	DFW Airport
6.9%	▼	\$10.45	Northwest Dallas
5.1%	▼	\$11.67	Northeast Dallas
24.3%	▲	\$11.87	NW Dallas Outlying