

Dallas-Fort Worth Industrial Quarterly Market Report | Q4 2022

A record 87 million sq. ft. of industrial space is under construction in Dallas-Fort Worth.

Market Highlights

An analysis of activity during 2022 compared to 2021.

Dallas-Fort Worth industrial vacancy at 5.4%

Year-end 2022, overall vacancy is at 5.4%, up 10 basis points from last year's 5.3%. Availability is 11.1%, up 220 basis points from 2021 at 8.9%. The difference between this figure and the vacancy rate reflects expected future move-outs. The DFW industrial market has recorded 71 million sq. ft. of leasing activity comprised of both new leases and renewals, down 15% from last year at 83 million sq. ft. Net absorption (move-ins minus move-outs) is at 38 million sq. ft., down 24% from 50 million sq. ft. year-over-year. In addition, the amount of construction is at 87 million sq. ft., an all-time high, up 60% from last year at 55 million sq. ft. In addition, due partly to the new construction added to the market, the DFW metro NNN average asking rent is \$8.22 per sq. ft., up from \$7.01 last year, a 17% increase.

Construction activity

Dallas-Fort Worth has 87 million sq. ft. underway (81% availability), representing 8.5% of 1 billion sq. ft. total inventory, on top of the 41 million sq. ft. delivered in 2022. Two submarkets capture 52% of the total construction: South Dallas (26%) and North Fort Worth (26%). In addition, 62.5 million sq. ft. of proposed projects have been announced for 2023, although they have yet to break ground.

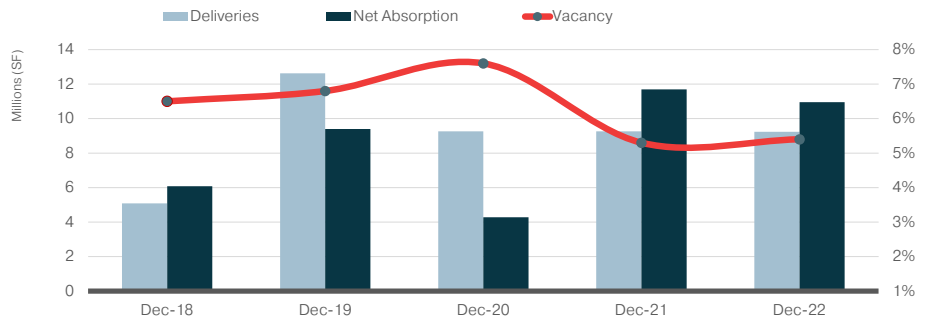
Economic indicators

Dallas-Fort Worth's economy expanded in November as DFW employment grew an annualized 5.3% in the three months ending in November. Payrolls rose 6.7% in Dallas, 1.8% in Fort Worth, and 3.9% statewide. DFW payroll gains were widespread over the three months, with growth led by construction and mining, followed closely by the leisure, hospitality, and professional and business services sectors. The DFW unemployment rate dipped to 3.4% in November, remaining below the Texas and U.S. jobless rates of 4.0% and 3.6%, respectively. The metro-area labor force rose an annualized 3.4% in November—its 11th consecutive increase.

Market Activity

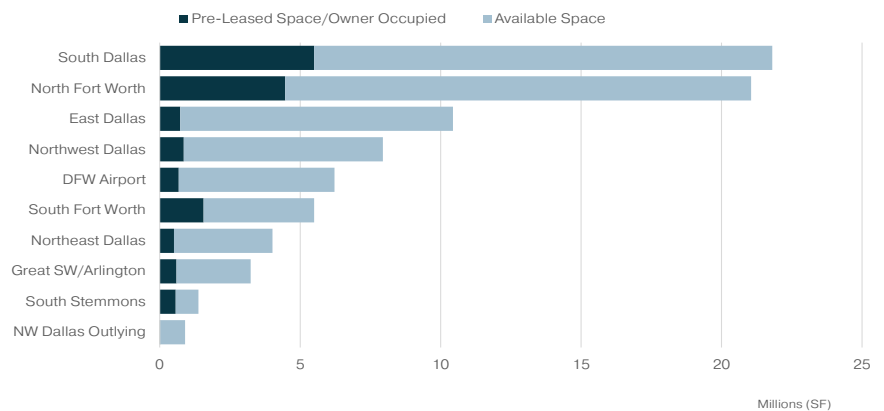
	2022	vs	2021
Vacancy	5.4%	▲	5.3%
Availability	11.1%	▲	8.9%
Under Construction SF	86,754,040	▲	54,557,726
NNN Average Asking Rent	\$8.22	▲	\$7.01
Net Absorption SF YTD	37,769,515	▼	49,800,660
Leasing Activity SF YTD	70,594,104	▼	82,597,768
Deliveries SF YTD	40,973,062	▲	30,235,063

Supply & Demand | December - Year Over Year



Source: CoStar, Partners Research

Construction | Year-End 2022



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