

Dallas Industrial records 14th straight year of positive absorption

Dallas Industrial

The overall vacancy as of April 2023 is 6.8%, up 110 basis points from 5.7%, year-over-year. Year-to-date, Dallas' industrial market has recorded 24.7 million sq. ft. of leasing activity—comprised of new leases and renewals—down slightly from 25.3 million sq. ft. last year. Net absorption totaled 14.8 million sq. ft.—marking 14 straight years of positive net absorption in the Dallas industrial market. The average monthly rental rate has kept up with inflation, with a 21% increase from last year, currently standing at \$8.94 per sq. ft. Deliveries reached a record-breaking 30 million sq. ft., up from 11.1 million sq. ft. in April 2022. Noteworthy projects that contributed to April's deliveries include a 1.5 million-sq.-ft. distribution center at 2300 E Belt Line Road in Lancaster, and a 1 million-sq.-ft. warehouse at 3400 Catherine Court East in Northlake.

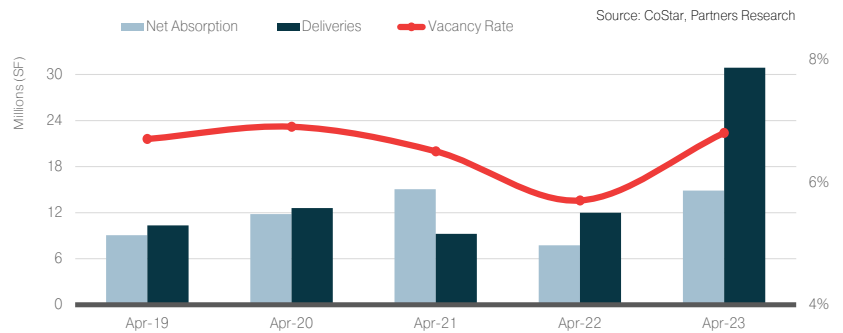
Dallas Office

Four months into 2023, Dallas' office market recorded 4.9 million sq. ft. of leasing activity, down 18% from this time last year. Net absorption—move-ins minus move-outs—is at -2.1 million sq. ft., down from -327,310 sq. ft. the previous year. Due in part to layoffs, the overall vacancy rate reached an all-time high of 24.3%. By the end of April, layoffs in the U.S. rose to 1.8 million—the highest level since 2020. Per Dallas, Fortune 1000 companies like Neiman Marcus Group have cleared out office space in the first months of 2023—distributing nearly 500 pink slips (5% of their workforce) across the entire organization in early February. On the flip side, construction remains robust at 3.2 million sq. ft., up 21% from 2.7 million sq. ft. in April 2022. Likewise, deliveries increased 57% from 301,088 sq. ft. to 473,494 sq. ft., year-over-year.

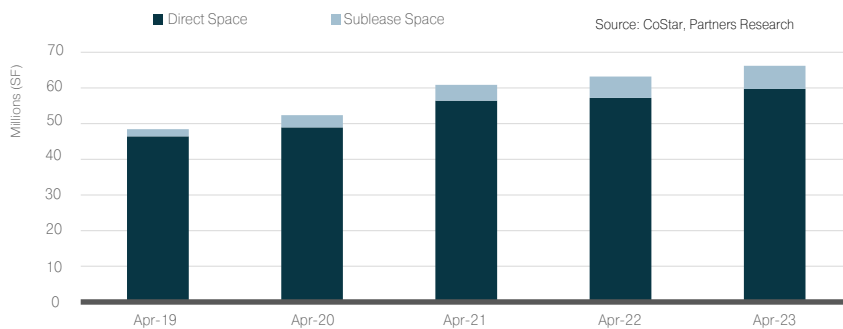
Dallas Retail

As of April 2023, overall vacancy in the Dallas retail market remained at 4.8%, unchanged from the previous year. The availability rate tightened to an unprecedented low of 5.4%—driven by population growth and increased consumer spending leading to retailer expansions. For example, Cassco Land Company is planning a 25-acre, \$400 million expansion to house an Autobahn dealership as the main tenant (expected completion date in 2028). Construction and deliveries both experienced minimal year-over-year movement—construction at 4.5 million sq. ft. (32,000-sq.-ft. year-over-year increase) and deliveries at 1.2 million sq. ft. (2,000-sq.-ft. year-over-year decrease). Net absorption is at 1.1 million sq. ft., down 63% from last year's 3.2 million sq. ft. The average asking rent has kept up with inflation, with an 8% increase from the prior year, currently standing at \$19.22 per sq. ft.

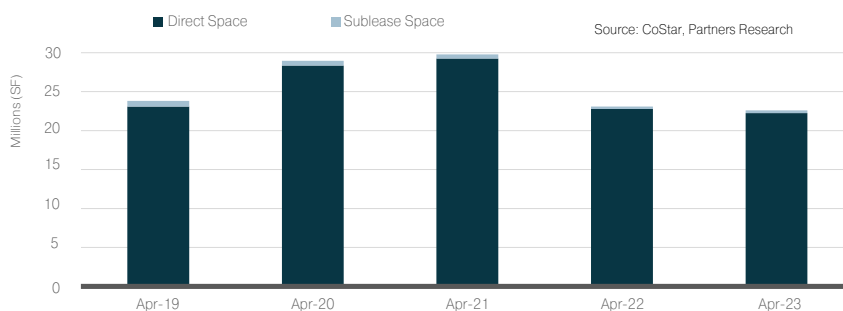
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