

# Dallas-Fort Worth Retail

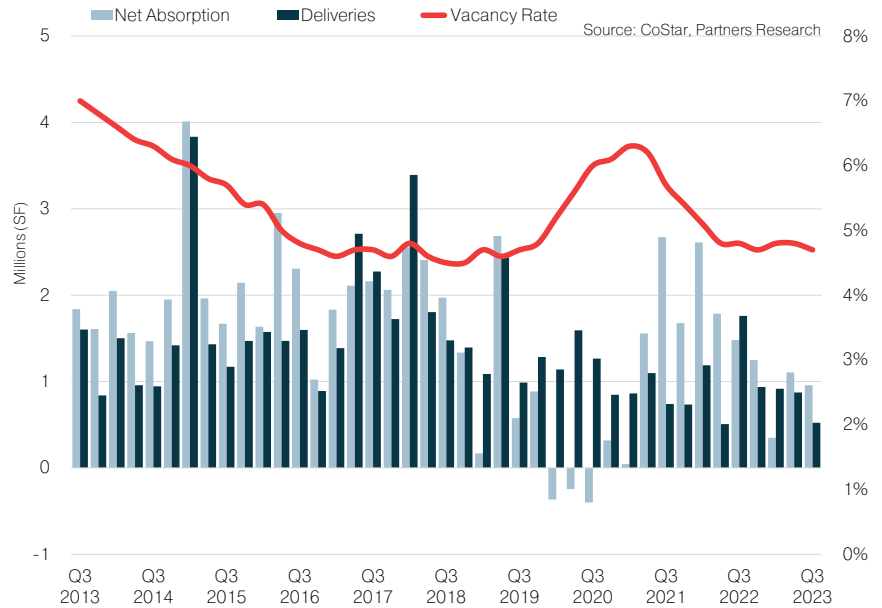
## Q3 2023

## Retail availability in DFW at all-time low

### Q3 2023 in Review

By the end of Q3 2023, the overall vacancy rate in the Dallas-Fort Worth (DFW) retail market decreased to 5.4%, down by 10 basis points from 5.5% in Q2 2023. Net absorption decreased 13% quarter-over-quarter, from 1.1 million sq. ft. to 957,194 sq. ft. Despite the decrease, net absorption has remained positive for 12 consecutive quarters. Year-to-date net absorption (2.4 million sq. ft.) has outpaced year-to-date deliveries (2.3 million sq. ft.) by 99,268 sq. ft. Consistent demand and competition for retail space has tightened the availability rate in DFW's retail sector to an all-time low of 5.4%. Only 7% of the year-to-date deliveries are 0% leased, contributing to the decrease in the overall vacancy rate. Both leasing activity and construction increased 6% quarter-over-quarter to 1.8 million sq. ft. and 4.6 million sq. ft., respectively. Lastly, limited available space has driven rents up to a record-high, standing at \$19.75 per sq. ft.—a 9% increase from the \$18.09 per sq. ft. in Q3 2022.

### Supply & Demand



### Dallas-Fort Worth Economic Update

The DFW unemployment rate increased to 3.9% in August 2023, slightly up from 3.8% in July 2023. The metro's jobless rate was higher than the nation's rate (3.8%), and lower than the state's rate (4.1%). As of August 2023, total employment in DFW was 4.2 million. DFW private hourly earnings dipped to \$33.69 in August 2023 from \$34.92 in July 2023. Year-over-year, the CPI-U advanced 4.6% and the energy index fell 6.2%.

### Key Market Indicators

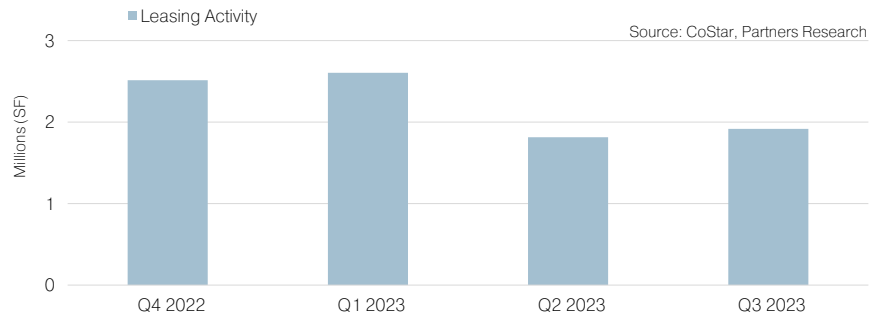
	CURRENT Q3 2023	PRIOR QUARTER Q2 2023		PRIOR YEAR Q3 2022	
Vacant Total (%)	4.7%	4.8%	↓	4.8%	↓
Net Absorption (SF)	957,194	1,106,180	↓	1,481,078	↓
Leasing Activity (SF)	1,917,431	1,814,643	↑	2,145,027	↓
Deliveries (SF)	523,374	873,543	↓	1,761,170	↓
Construction (SF)	4,933,057	4,643,151	↑	3,843,882	↑
Inventory (SF)	4,16,061,826	415,549,802	↑	412,822,676	↑
Avg Asking NNN Rent (\$)	19.75	19.39	↑	18.09	↑

## 01

### Leasing Increases 6% Quarter-Over-Quarter

Quarterly leasing velocity—which is comprised of both new leases and renewals—stood at 1.9 million sq. ft.—up 6% from 1.8 million sq. ft. last quarter. Year-to-date, leasing activity registered at 6.3 million sq. ft. Notable transactions within Q3 2023 include Big Lots inking a deal for 38,000 sq. ft. of retail space at 6708 Lake Worth Boulevard, and Texas Thrift signing a lease for 27,941 sq. ft. of retail space at 6246 Rufe Snow Drive.

### Leasing Activity

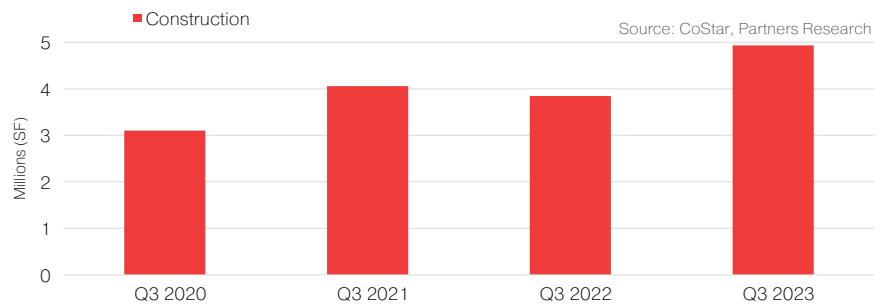


## 02

### Construction Nears 5 Million Sq. Ft.

Retail construction is at 4.9 million sq. ft., up 6% from 4.6 million sq. ft. last quarter. Year-over-year, construction increased 28% from 3.8 million sq. ft. in Q3 2022. The Far North Dallas submarket led construction, with 1.8 million sq. ft.—or 37%—of all space under development, followed by the North Central Dallas submarket with 1.1 million sq. ft. (23%). New construction in Q3 2023 included a 240,000-sq.-ft. fitness center, Life Time Fitness, at 13331 Preston Road, and a 50,000-sq.-ft. retail center at 500 Marketplace Boulevard. These two buildings are set to be completed in October 2024 and April 2024, respectively. Meanwhile, deliveries decreased 70% year-over-year from 1.7 million sq. ft. to 523,374 sq. ft. Year to date, deliveries are at 2.3 million sq. ft.

### Construction

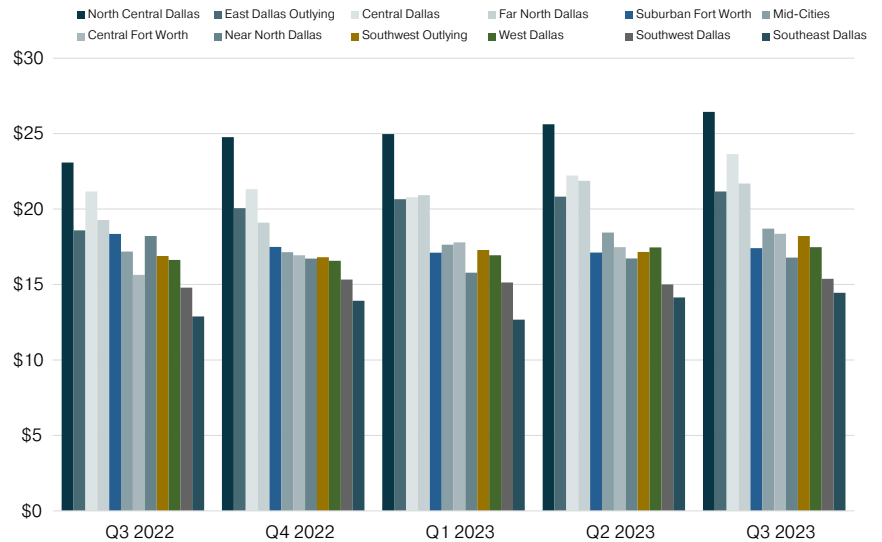


## 03

### Record-High Asking Rents

Due to tightening space availability, DFW’s annual retail rent growth (9%) has outpaced the national average (3.5%) over the past year. DFW’s availability rate tightened to 5.4%, decreasing 10 basis points from the previous year—an all-time low for the metro’s retail sector. In turn, asking rents rose 9% year-over-year from \$18.09 per sq. ft. in Q3 2022 to \$19.75 per sq. ft.—a record-high for DFW’s retail sector. On the quarter, the North Central Dallas submarket had the highest average rate at \$26.44 per sq. ft. On the other hand, the Southeast Dallas submarket had the lowest average rate at \$14.45 per sq. ft. Asking rents are projected to remain on an upward trajectory—reaching \$24.63 per sq. ft. by Q3 2028.

### Overall Gross Asking Rent (\$/SF)



## 04

### Submarket Stats

Submarket	Total Inventory (SF)	Total Vacancy (%)	Q3 2023 Net Absorption (SF)	YTD Net Absorption (SF)	Q3 2023 Leasing Activity (SF)	Q3 2023 Deliveries (SF)	YTD Deliveries (SF)	Under Construction (SF)	Overall Avg Asking Rent (\$/PSF)
Dallas-Fort Worth Total	416,061,826	4.7	957,194	2,412,551	1,915,331	523,374	2,321,383	4,933,057	19.75
Submarket	Total Inventory (SF)	Total Vacancy (%)	Q3 2023 Net Absorption (SF)	YTD Net Absorption (SF)	Q3 2023 Leasing Activity (SF)	Q3 2023 Deliveries (SF)	YTD Deliveries (SF)	Under Construction (SF)	Overall Gross Avg Asking Rent (\$/PSF)
Central Dallas	18,780,612	3.8	-36,043	-111,674	37,426	0	7,500	7,500	23.64
Central Fort Worth	32,463,745	5.6	49,998	124,850	112,152	0	109,000	109,000	18.36
East Dallas Outlying	8,962,835	2.4	-30,360	157,654	27,069	10,000	144,700	144,700	21.16
Far North Dallas	74,930,307	5.4	159,093	488,048	448,191	246,052	720,464	720,464	21.69
Mid Cities	67,131,643	5.4	-4,125	286,888	273,839	8,441	230,058	230,058	18.70
Near North Dallas	25,193,788	3.9	51,801	29,117	84,825	7,000	7,000	7,000	16.78
North Central Dallas	47,486,688	4.9	406,968	703,710	286,409	87,808	391,231	391,231	26.44
Southeast Dallas	18,910,107	4.4	62,086	130,824	69,186	0	68,689	68,689	14.45
Southwest Dallas	23,524,584	5.3	-129,388	-264,758	68,977	5,320	5,320	5,320	15.38
Southwest Outlying	16,919,346	2.6	47,069	241,233	27,321	58,000	189,558	189,558	18.21
Suburban Fort Worth	40,162,547	4.3	134,045	232,566	298,114	29,657	340,097	340,097	17.41
West Dallas	41,595,624	3.5	246,050	394,093	181,822	71,096	107,766	107,766	17.47



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