

Dallas-Fort Worth Retail

Q1 2024

Dallas-Fort Worth Retail | Q1 2024

Quarterly Market Report

Average asking rent reaches record-high in DFW Retail market

Executive Summary

Q1 in Review

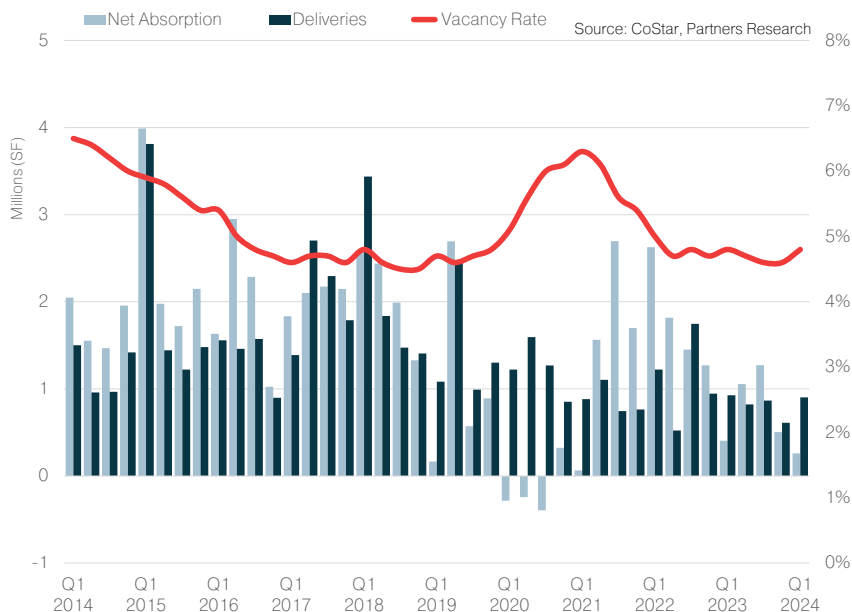
By the end of Q1 2024, the overall vacancy rate in the Dallas-Fort Worth (DFW) retail market is 4.8%, an increase of 20 basis points over the past quarter but remains flat compared to one year ago. Net absorption remained healthy at 259,209 sq. ft. for the quarter. This latest figure represents 14 consecutive quarters of positive net absorption. This combined with increased retail sales from strong population growth and domestic migration has resulted in retail rates once again reaching new record-highs. Over the past year, average asking rates have increased 8.8% and now stand at \$20.49 (NNN) per sq. ft.

DFW Economic Update

The Dallas-Fort Worth economy expanded in February. Job growth accelerated, and unemployment held steady for the third straight month at 3.7%. DFW payroll employment expanded an annualized 2.9% (10,000 jobs) in February following job declines in the previous month. In the three months through February, employment was up a modest 1.3% in DFW—below its trend growth rate. Job gains were mixed across sectors during this period, with job growth led by other services and manufacturing. Payrolls were flat in trade, transportation and utilities and declined in information services and construction and mining.

In March, DFW retail sales tax collections climbed 14.8% to \$260 million. Sales tax collections were up 15.0% in Dallas, 7.9% in Fort Worth and 4.2% in Texas in March. Year over year, the metroplex's retail sales tax collections were up 4.6%, and Texas' collections rose 4.0%.

Supply & Demand



Key Market Indicators

	CURRENT Q1 2024	PRIOR QUARTER Q4 2023		PRIOR YEAR Q1 2023	
Vacant Total	4.80%	4.60%	▲	4.80%	▬
Vacant Direct	4.70%	4.60%	▲	4.80%	▲
Available Total	5.40%	5.30%	▲	5.40%	▬
Available Direct	5.30%	5.20%	▲	5.30%	▬
Net Absorption (SF)	259,209	503,219	▼	448,723	▼
Leasing Activity (SF)	2,089,885	1,810,152	▲	3,018,361	▼
Deliveries (SF)	5,572,384	4,918,084	▲	4,727,645	▲
Construction (SF)	902,535	610,722	▲	987,178	▼
Inventory (SF)	20.49	20.05	▲	18.84	▲
Avg Asking Rent (NNN)	421,565,472	419,755,586	▲	418,083,429	▲

Market Overview

14 Quarters of Positive Absorption

Net absorption-move-ins minus move-outs— is at 259,209 sq. ft. With the vacancy rate remaining below 5%, most of the net absorption is directly tied to new construction deliveries. For Q1 2024, H-E-B moved-into a newly-built 125,000-sq.-ft. location in Alliance Town Center, Target moved into a new 110,000-sq.-ft. retail property in Southwest Dallas and At Home moved into 86,250 sq. ft. at 2301 Rio Grande Blvd in the Mid-cities submarket.

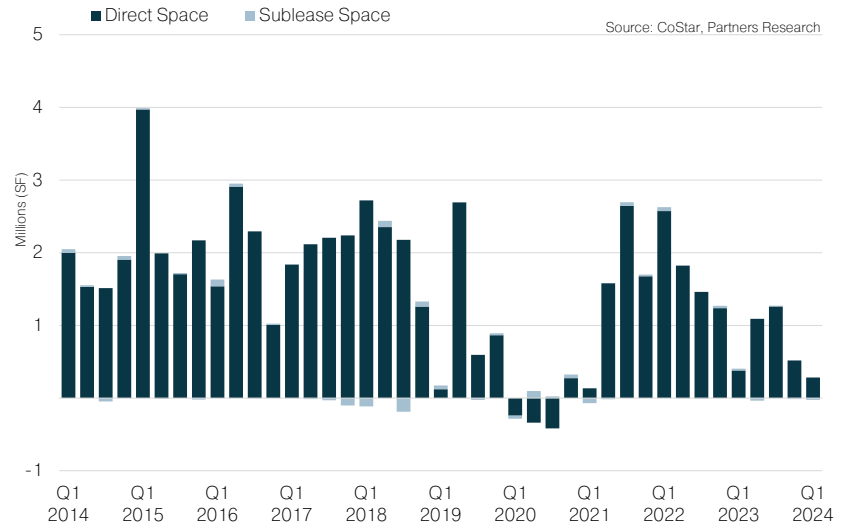
Construction Nears 5 Million Sq. Ft.

Retail construction is at 5.6 million sq. ft., up 18% year-over-year from 4.7 million sq. ft. Costco, Target and H-E-B continue to be a significant part of the construction pipeline, with most of the construction concentrated in the northern suburban submarkets of DFW. The Far North Dallas submarket has the most construction currently underway, followed by North Center Dallas, at 1.5 million sq. ft. and 1.45 million sq. ft., respectively.

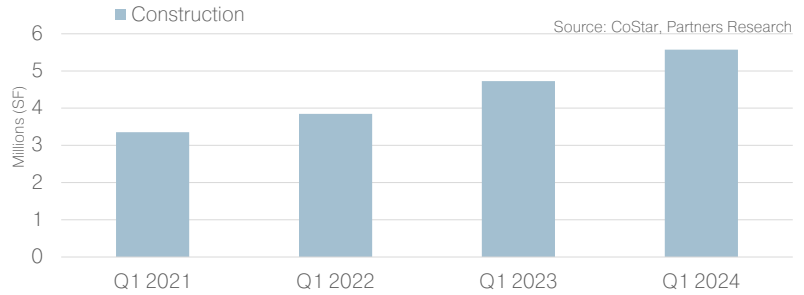
Record-High Asking Rents, Up 8.8% Over the Past Year

With a low vacancy rate and strong market fundamentals, average asking retail rates continue to push to new record highs. The overall average asking rate is \$20.49 per sq. ft. This is up 2.2% from the past quarter and by 8.8% over the past year. Even with a robust construction pipeline, strong upward pressure on rates is expected for the foreseeable future as 66% of the projects are currently pre-leased.

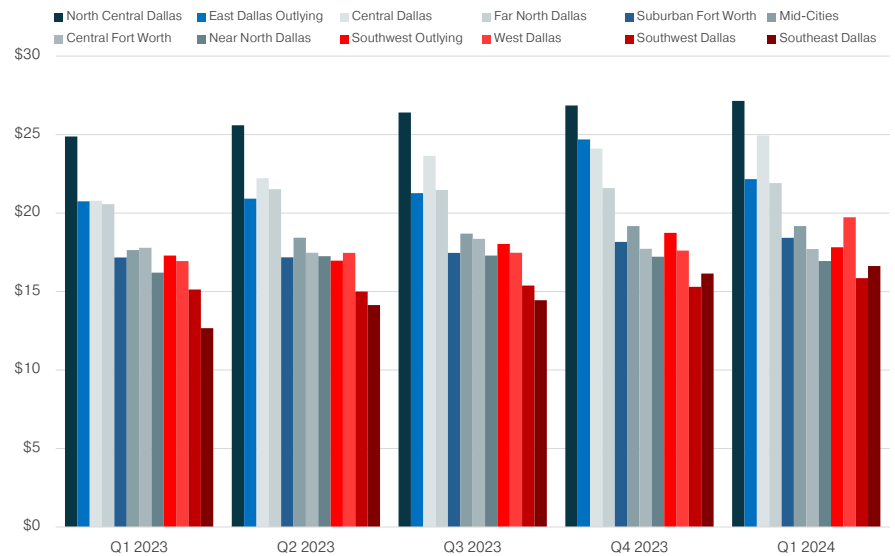
Net Absorption



Construction



Average Asking Rent (NNN)



Market Overview

Submarket Stats

Submarket Statistics (Total reflects Flex/Manf/WD)	Net Rentable Area	Vacancy	Q1 2024 Net Absorption	YTD Net Absorption	Q1 2024 Leasing Activity	Q1 2024 Deliveries	YTD Deliveries	Under Construction	Total Avg Asking Rent NNN
DFW Market Total	421,565,472	4.80%	259,209	259,209	2,089,885	902,535	902,535	5,572,384	20.49
Central Fort Worth	32,780,717	6.00%	-10,726	-10,726	134,811	7,000	7,000	27,395	17.71
East Dallas Outlying	9,167,703	2.90%	-10,189	-10,189	20,063	47,700	47,700	297,111	22.16
Far North Dallas	76,099,078	5.20%	413,207	413,207	542,364	179,305	179,305	1,359,794	21.91
Mid-Cities	68,877,976	5.10%	-69,976	-69,976	316,943	141,466	141,466	961,920	19.17
Near North Dallas	25,555,258	3.90%	7,211	7,211	94,333	44,736	44,736	10,000	16.94
North Central Dallas	48,013,758	5.40%	-87,678	-87,678	276,956	160,130	160,130	1,504,359	27.15
Southeast Dallas	18,991,436	4.60%	-125,699	-125,699	131,293	0	0	189,130	16.63
Southwest Dallas	23,819,266	5.60%	143,981	143,981	111,061	110,000	110,000	52,445	15.85
Southwest Outlying	17,196,920	3.90%	-88,594	-88,594	42,194	134,073	134,073	458,280	17.82
Suburban Fort Worth	40,664,020	4.30%	92,888	92,888	180,301	67,875	67,875	533,063	18.42
West Dallas	41,567,791	3.90%	91,824	91,824	182,602	10,250	10,250	168,887	19.73

Steve Triolet

SVP of Research and Market Forecasting

tel 214 223 4008

steve.triolet@partnersrealestate.com

partners

HOUSTON

+ 713 629 0500

1360 Post Oak Blvd #1900

Houston, Texas 77056

PARTNERSREALESTATE.COM