

# Dallas-Fort Worth Retail

## Q4 2024

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## DFW Retail Market Maintains Stability Amid Slower Growth in late 2024

### Executive Summary

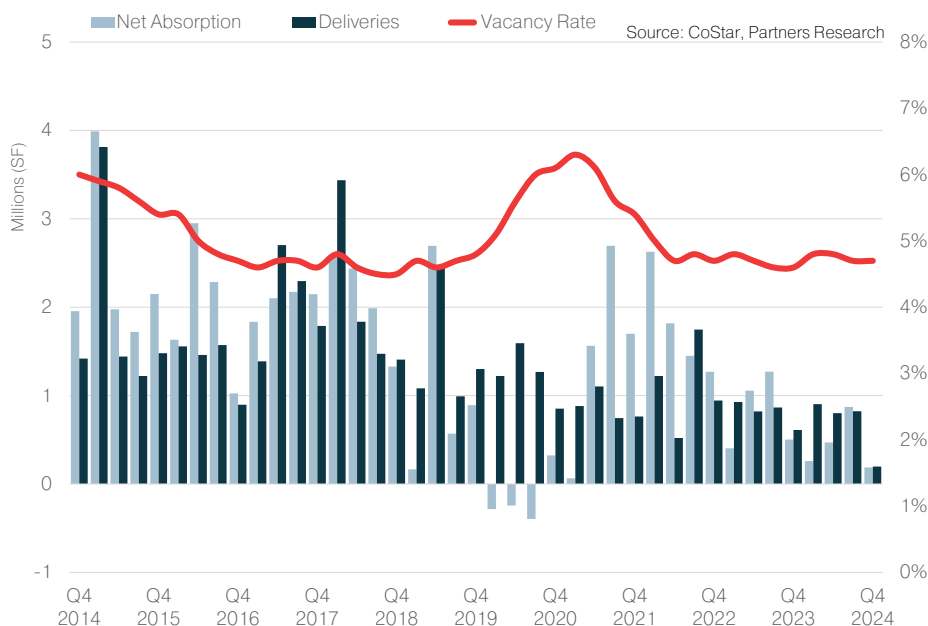
The Dallas-Fort Worth (DFW) retail market remained resilient through Q4 2024, with a stable vacancy rate of 4.7%, near historic lows. Net absorption for the quarter was 187,031 sq. ft., reflecting limited new construction deliveries, which capped growth but ensured balance between supply and demand. For the year, total net absorption reached 1.8 million square feet, with notable contributions from suburban Fort Worth, Far North Dallas, and North Central Dallas. Leasing activity, while robust at 1.9 million square feet, was down 24% year-over-year.

While construction deliveries dropped significantly in Q4, totaling only 197,767 sq. ft., the under-construction pipeline grew to 4.8 million sq. ft., concentrated in the northern suburbs to align with housing growth. Average asking rates dipped 2.8% quarter-over-quarter to \$20.08 per sq. ft. but remained 4.5% higher year-over-year. Central Dallas and North Central Dallas continue to command premium rents, while Southeast and Southwest Dallas offer more affordable options. Overall, the DFW retail market exhibits a healthy balance of demand, investment, and growth opportunities given its strong market fundamentals.

### Q4 in Review

Employment in DFW dipped in November after holding steady in October. Job growth was sluggish (1.0% annualized growth, or 11,000 jobs) but broad based across the major sectors for the three months ending in November. The strongest gains were in financial activities and information, while employment slipped in manufacturing and professional and business services. The unemployment rate in DFW was unchanged at 4.0% in November. The Dallas-Fort Worth economy slowed in November. Employment fell slightly, and unemployment held steady at 4%.

### Supply & Demand



### Key Market Indicators

	CURRENT Q4 2024	PRIOR QUARTER Q3 2024		PRIOR YEAR Q4 2023	
Vacancy (%)	4.7%	4.7%	▬	4.6%	⬆️
Vacancy Direct (%)	4.6%	4.6%	▬	4.6%	▬
Availability (%)	5.0%	5.1%	⬇️	5.1%	⬇️
Availability Direct (%)	4.9%	5.0%	⬇️	5.0%	⬇️
Net Absorption (SF)	187,031	872,396	⬇️	2,730,977	⬇️
Leasing Activity (SF)	1,857,442	2,333,785	⬇️	2,433,834	⬇️
Deliveries (SF)	197,767	823,146	⬆️	1,076,909	⬇️
Construction (SF)	4,805,034	4,201,033	⬆️	4,593,126	⬆️
Inventory (SF)	428,828,186	426,882,970	⬆️	425,383,053	⬆️
Avg Asking NNN Rent (\$)	20.08	20.65	⬇️	19.21	⬆️

# Market Overview

## Vacancy Remains Unchanged at 4.7%, Near Historic Lows

The overall vacancy in the DFW retail market remained unchanged from the previous quarter at 4.7%. Year over year, the total vacancy rate is up 10 basis points, showing that new supply and demand are in lock step with one another, with most of the net absorption going into new construction deliveries.

## Net Absorption Remains Positive but Limited Due to Little New Construction

Net absorption—move-ins minus move-outs—is at 187,031 sq. ft., this is down significantly from recent quarters, but inline with new construction deliveries. For 2024, total net absorption was a healthy 1.8 million sq. ft. Suburban Fort Worth, Far North Dallas and North Central Dallas were the leading submarkets with net absorption of 686,947 sq. ft., 571,879 sq. ft. and 538,689 sq. ft., respectively. Notable late 2024 move-ins include QuickLotz taking 144,000 sq. ft. at the old Cinemark space at Music City Mall, Red White & Blue Thrift Store took 40,025 sq. ft. at Cooper Oak Crossing, and The Picklr moved into 33,351 sq. ft. at 1701 S Cherry Lane in White Settlement and also into 25,652 sq. ft. at Lakepointe Crossing in Lewisville.

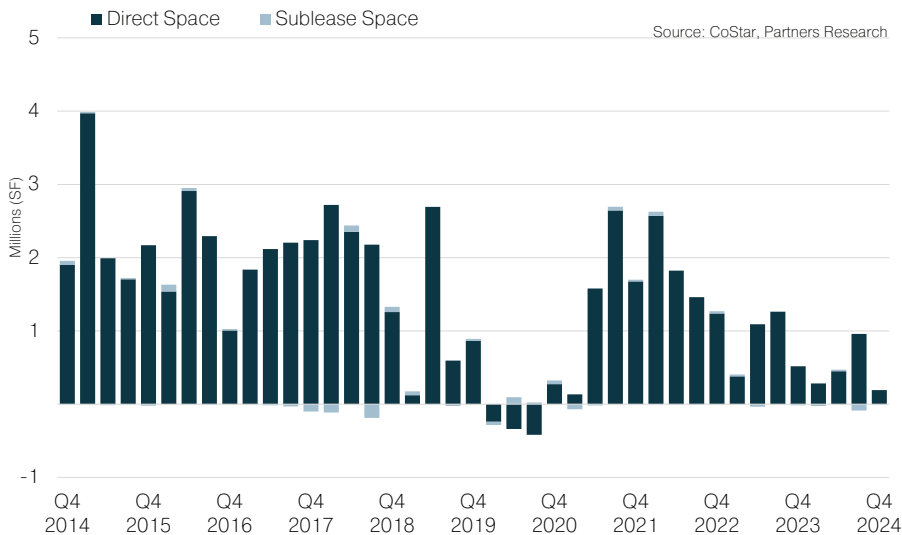
## Leasing Activity Remains High, but Off 24% From Last Year

Leasing activity slowed in Q4 2024, coming in at 1.9 million sq. ft., this was down 20% from the previous quarter and down 24% from Q4 2023. Recently signed leases include H-E-B signing a lease for a new 140,000 sq. ft. grocery store in Forney, Malibu Jack's signing a lease for 137,222 sq. ft. at the former Garden Ridge in North Richland Hills at 8651 Airport Freeway, Netflix House signing a 110,000 sq. ft. lease at the Galleria Mall for a new retail/entertainment venue, and EoS Fitness signing a lease for 70,853 sq. ft. at the Collin Creek Shopping Center.

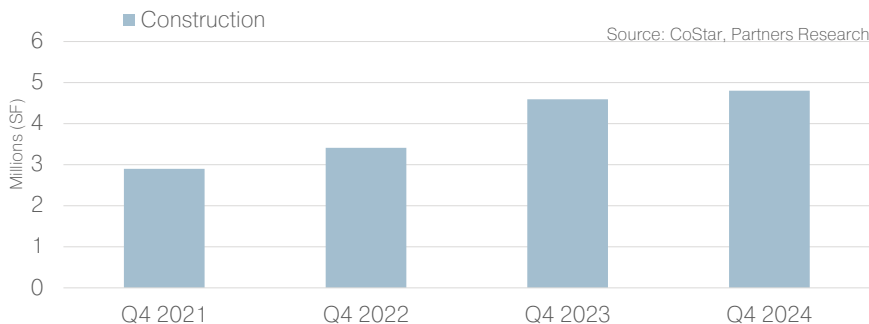
## Low Construction Deliveries Muted Absorption, but Construction Pipeline up Slightly

Construction deliveries were down sharply over the past quarter, with only 197,767 sq. ft. being completed in Q4 2024. This is down 76% from the past quarter and down 82% from Q4 2023. The under construction pipeline, however, did see an increase, rising to 4.8 million sq. ft. (this is up 14% from last quarter and up 4.6% year over year). Far North Dallas, North Central Dallas and the Suburban Fort Worth submarkets have the highest levels of construction currently under way, with 1,526,169 sq. ft., 938,464 sq. ft. and sq. ft. 786,971 sq. ft., respectively. These largest shopping centers are concentrating mostly in the northern suburbs, following the recent delivery of several thousand residential homes.

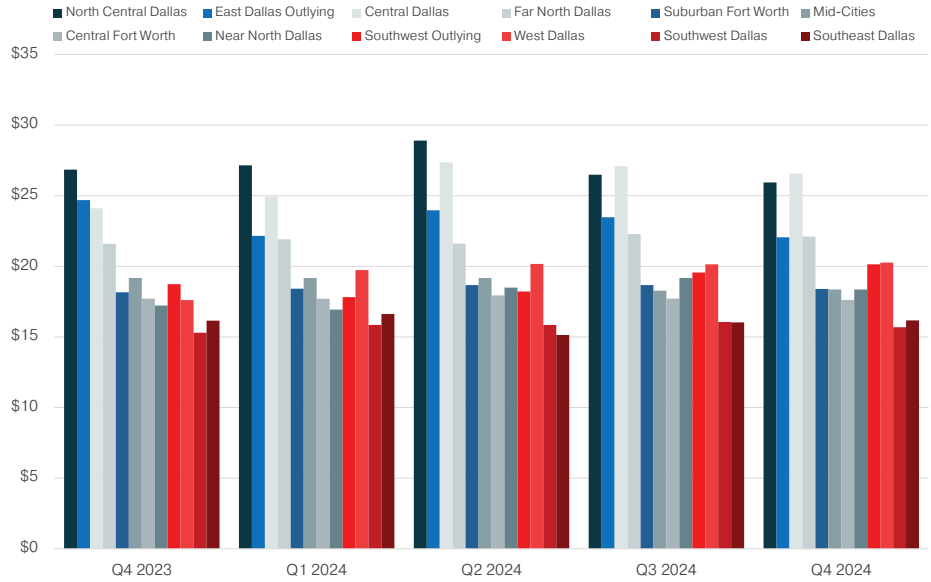
## Net Absorption



## Construction



## Average Asking Rent (NNN)



### Investment Sales Trends Remain Robust

CoStar Capital Market Analytics reports the cumulative 12-month sales volume at \$425 million in the DFW retail market. With 856 deals completed, the average transaction price currently stands at \$273 per sq. ft. with an average cap rate at 6.6%. Notable sale transactions in late 2024 include the Fairmont Group purchasing the Carrier Parkway Shopping Center from SSK Holdings. The 170,100 sq. ft. strip center has tenants including Family Dollar and Little Caesars. Also, Macy's sold their 122,320 sq. ft. location at Fairview Town Center to Lincoln Property Company.

### Rates Dip Slightly for the Quarter but Still Up Year Over Year by 4.5%

Rates dipped slightly from record-high rates by 2.8% over the past quarter (at \$20.08 per sq. ft.), but are still up 4.5% year over year. The submarkets with the highest rental rates include Central Dallas (\$26.56 per sq. ft.), North Central Dallas (\$25.94 per sq. ft.) and East Dallas Outlying (\$22.05 per sq. ft.)—which are well above the metro. On the other hand, submarkets with lower asking rents included Southwest Dallas (\$15.69 per sq. ft.) and Southeast Dallas (\$16.17 per sq. ft.).

## Market Overview

### Submarket Stats

Submarket	Net Rentable Area	Net Vacancy	Q4 2024 Net Absorption	YTD Net Absorption	Q4 2024 Leasing Activity	Q4 2024 Deliveries	YTD Deliveries	Under Construction	Total Avg Asking Rent NNN
	(SF)	(%)	(SF)	(SF)	(SF)	(SF)	(SF)	(SF)	(\$/PSF)
Central Dallas	19,006,000	4.5%	-68,830	-166,641	49,004	14,400	64,443	5,857	26.56
Central Fort Worth	33,467,980	6.2%	-66,254	-90,741	101,527	0	17,000	214,170	17.62
East Dallas Outlying	9,486,467	2.6%	24,838	28,549	57,090	19,204	71,904	224,254	22.05
Far North Dallas	77,539,122	4.6%	225,241	571,879	466,003	46,368	597,797	1,526,169	22.11
Mid-Cities	68,512,388	5.2%	85,328	116,401	269,312	18,250	360,417	441,811	18.36
Near North Dallas	25,707,762	4.6%	-137,611	-193,667	114,530	0	54,161	10,000	18.36
North Central Dallas	49,479,031	4.6%	107,459	538,689	282,844	40,584	511,376	938,464	25.94
Southeast Dallas	19,240,617	4.9%	-24,981	-120,589	82,805	6,096	51,596	199,926	16.17
Southwest Dallas	24,000,330	5.9%	-45,887	81,579	93,137	0	70,827	47,600	15.69
Southwest Outlying	17,933,565	3.1%	33,581	70,837	64,503	5,000	191,479	335,485	20.14
Suburban Fort Worth	42,246,848	3.6%	94,976	686,947	144,622	26,865	416,813	786,971	18.40
West Dallas	42,208,076	4.1%	-40,829	265,474	132,065	21,000	269,758	74,327	20.26
DFW Total	428,828,186	4.7%	187,031	1,788,717	1,857,442	197,767	2,677,571	4,805,034	20.08

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