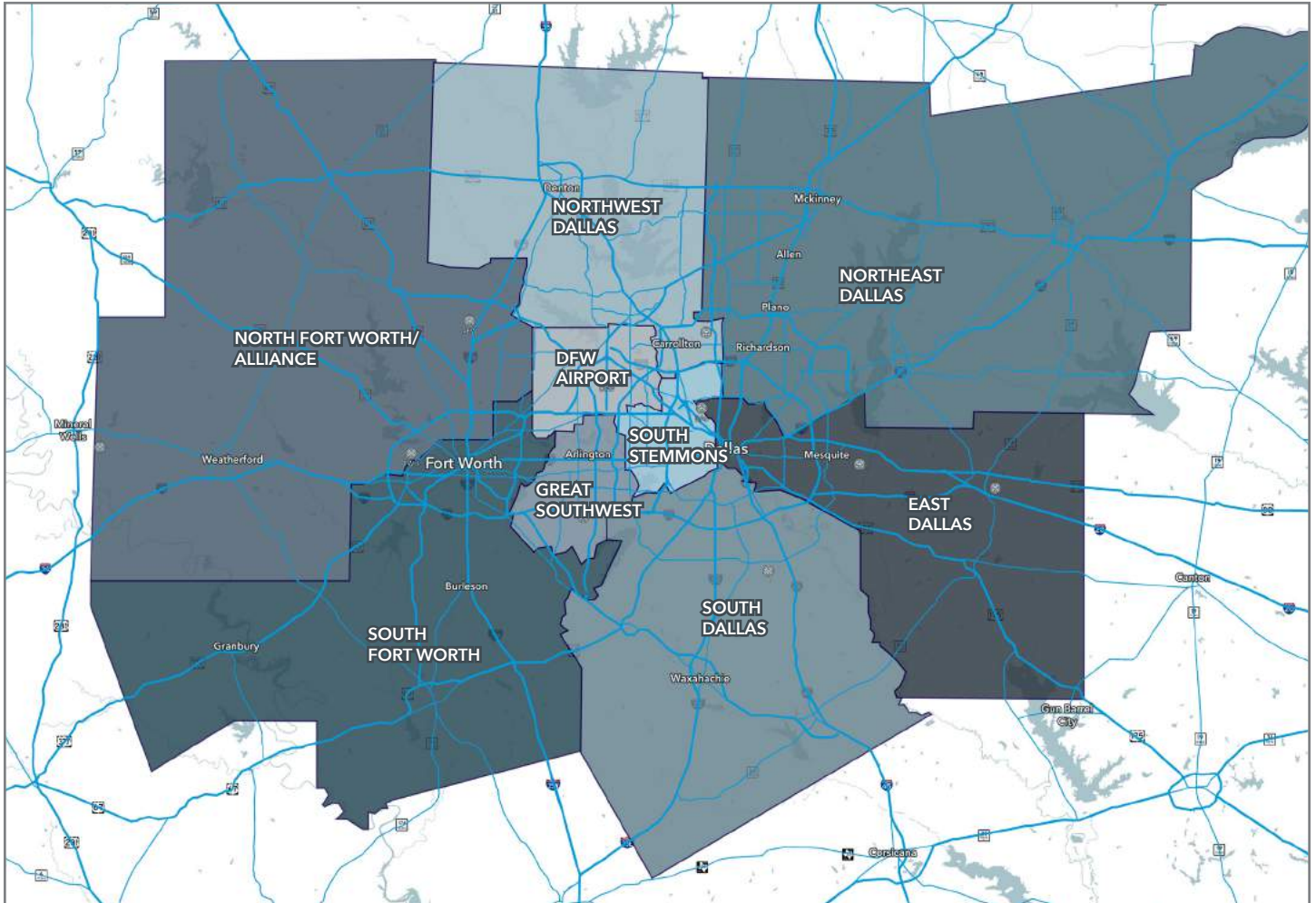


DALLAS-FORT WORTH INDUSTRIAL MARKET BRIEF

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QUICK STATS

957.2 M

INVENTORY (SF)

9.8 M

Q1 NET ABSORPTION (SF)

64.0 M

UNDER CONSTRUCTION (SF)

4.9%

VACANCY RATE

\$7.63 PSF

AVG NNN ASKING RATE

INDUSTRIAL OVERVIEW

The industrial market in Dallas-Fort Worth (DFW) is normalizing after seeing incredibly strong growth over the past couple of years. As of Q1 2023, DFW leads the country in new developments, with 64.0 million SF currently under construction. Pre-leasing activity is around 20%, signaling the potential for continued vacancy rises.

Vacancy rates rose slightly to 4.9% after remaining near 4.0% for several consecutive quarters. Occupiers absorbed over 9.8 million SF in Q1, bringing 12-month net absorption to 43.8 million SF. Across the market, the average market rent for industrial space was \$7.63 per square foot, up year-over-year from Q1 2022's \$6.42 per square foot.

Net absorption continues to trend positive, catalyzed by the rise of e-commerce and last-mile distribution, allowing vacancy rates to compress over the past two years.

Rental rates continue to rise, but rising deliveries, expanding vacancy and availability rates may place downward pressure on rents through the near term.

Due to continued demand and double-digit rent growth, DFW industrial properties remain an investor darling. 2022 saw \$8.6B in industrial transactions, and Q1 2023 saw \$245M in transactions. 12-month rolling averages have cap rates at 4.9% and pricing is averaging \$117/psf.** That said, rising interest rates are driving the cost of debt higher, making it more prohibitive to those with appetites for higher leverage. As a result, the pace of market pricing and sales volume could soften through the near term.

E-commerce, 3PL, and manufacturing will continue to be key drivers for the market's demand. Within demand, large occupiers have pushed most of the activity recently, with 21.4 MSF of 12-month leasing activity coming from leases over 500,000 SF or larger. We still see strong demand across all size spaces with no lack of demand in any particular size range. In all, this will couple with Dallas-Fort Worth's centralized location, booming population, land availability, and expansive logistical network to position the market well for the near future.

*Industrial Product Only. Existing & Under Construction.

ABSORPTION

Net absorption for the overall Dallas-Fort Worth Industrial market was positive 9,809,008 square feet in Q1 2023. Over 8 million square feet of that absorption was from just three submarkets: N Fort Worth/Alliance, South Dallas, and South Fort Worth.

Warehouse and Distribution product continues to drive most of the activity across the sector, accounting for over 70% of net absorption for the quarter. Large-block users with spaces of 200,000 square feet or more leased 8.4 million square feet in the quarter, showing their major sway on the market's momentum.

Tenants moving into large blocks of space in Q1 2023 include: DSV Global Transport and Logistics moving into 1,037,316 square feet at 3701 Midpoint Dr, Hays Co moving into 904,495 square feet at 11333 County Rd 212, and Blue Triton Waters taking 603,328 square feet at 2900 West Dr.

VACANCY

The Industrial vacancy rate in the Dallas-Fort Worth market increased to 4.9% in Q1 2023. Vacant square footage volume increased to 46.5 million square feet, up from 2022's low of 36 million square feet.

Vacancy rates in Dallas-Fort Worth are expanding on account of deliveries outpacing net absorption through early 2023. Over half of recent deliveries are buildings of 500,000 square feet or greater and reflect the aggressive pace of speculative construction. Vacancies are shifting higher faster among these buildings also, with the current vacancy rate for 500,000+ square foot buildings ending Q1 at 8.0%, up 2% year-over-year.

RENTAL RATES

The average quoted NNN direct rental rate for Industrial space was \$7.63 per square foot for Dallas-Fort Worth. This represented a 12-month increase in cost of \$1.21 per square foot.

All in, average industrial NNN direct rental rates have increased by over \$2 per square foot in the last 3 years alone.

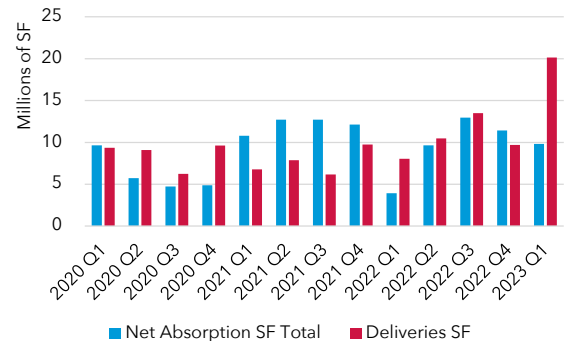
SALES

Industrial product continues to be an investor darling for Dallas-Fort Worth. Recent years have shown Industrial product to perform above all other product types aside from Multi-Family. Median sales pricing on Industrial product finished Q1 2023 at \$117 per square foot. 2022 ended at \$104 per square foot.

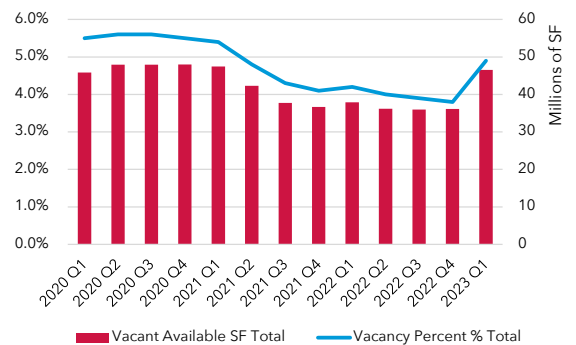
Q1 2023 has started off quieter than previous quarters, reporting only \$260M in Industrial sales so far. This is a substantial year-over-year decline from Q1 2022's \$2.8B in transactions. 2022 ended with a total of \$8.6B for industrial-only product. Industrial cap rates dropped slightly to an average of 4.7%.

*Industrial Product Only. Existing & Under Construction.

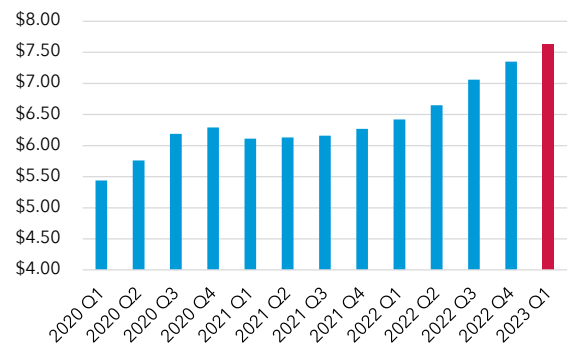
ABSORPTION & DELIVERIES



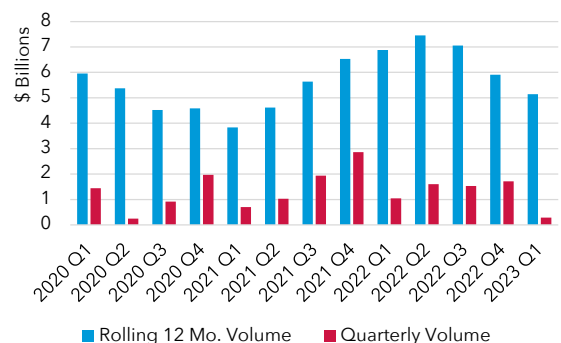
VACANT SF & VACANCY



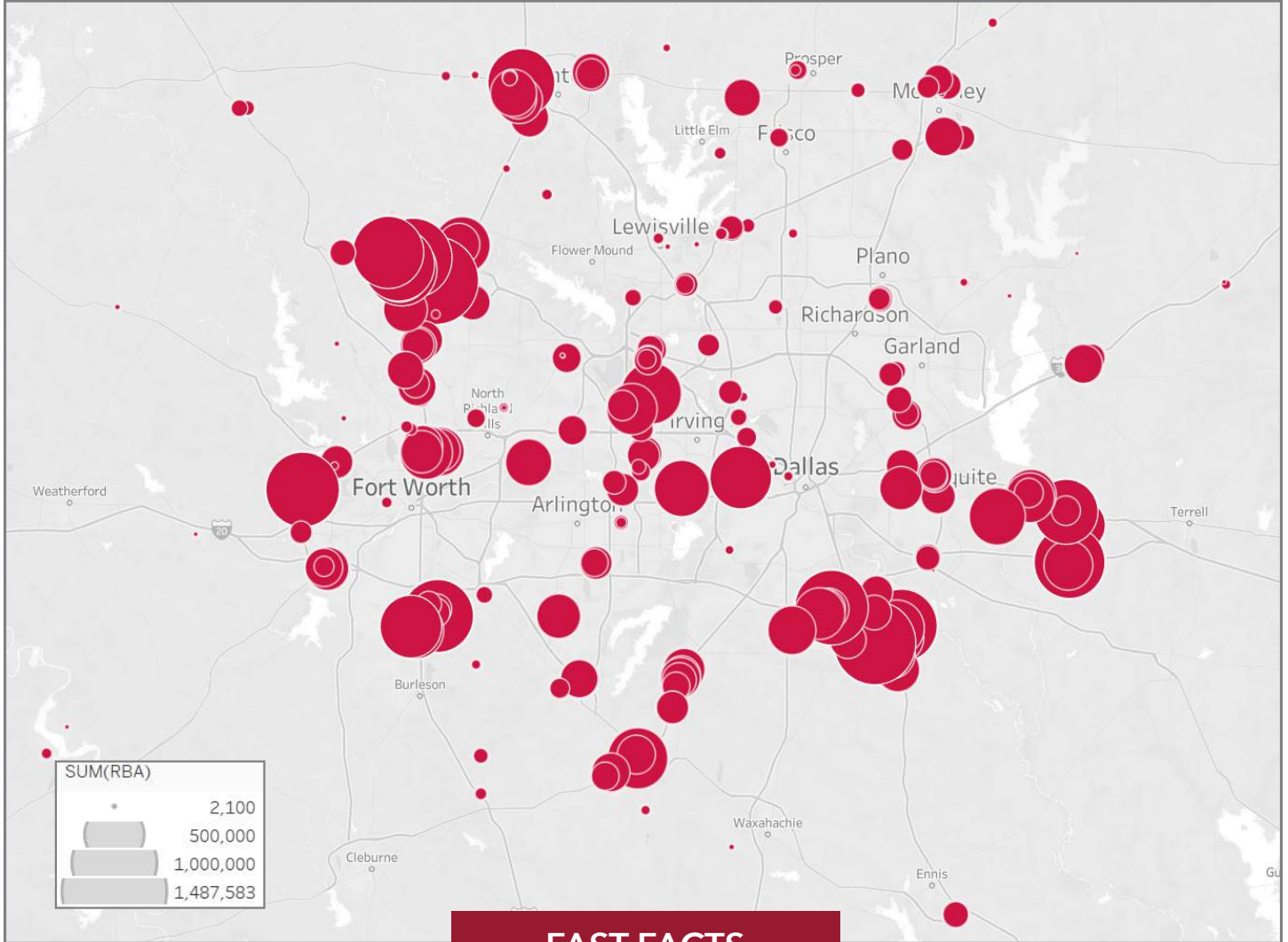
AVG DIRECT NNN RENTAL RATE



INDUSTRIAL SALES VOLUME



DALLAS-FORT WORTH UNDER CONSTRUCTION



FAST FACTS

63,997,825 SF
UNDER CONSTRUCTION

OF WHICH

50,205,259 SF
AVAILABLE FOR PRE-LEASE

8,085,601 SF
Q1 2023 CONSTRUCTION
STARTS

41,77,633 SF
OF PRODUCT UNDER CONSTRUCTION IS IN
JUST 3 SUBMARKETS: EAST DALLAS, N FORT
WORTH/ALLIANCE, & SOUTH DALLAS

DALLAS-FORT WORTH INDUSTRIAL SUBMARKET PERFORMANCE

SUBMARKET	EXISTING INVENTORY		VACANCY			YTD NET ABSORPTION	YTD DELIVERIES	UNDER CONST SF	QUOTED RATES
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
NORTHWEST DALLAS	1,538	106,096,266	3,372,966	4,502,237	4.2%	480,173	2,322,124	5,002,233	\$7.72
DFW AIRPORT	663	87,919,233	3,761,275	4,086,869	4.6%	814,427	1,751,128	3,431,585	\$10.14
EAST DALLAS	1,444	58,124,236	2,780,421	2,790,609	4.8%	706,604	606,342	8,256,970	\$6.58
GREAT SOUTHWEST	1,470	118,805,065	3,801,683	3,801,683	3.2%	(428,881)	398,178	2,334,184	\$8.71
SOUTH STEMMONS	2,991	111,351,092	4,900,843	5,349,856	4.8%	(155,699)	789,337	1,667,074	\$10.16
N FORT WORTH/ALLIANCE	1,682	127,083,490	6,034,771	6,155,837	4.8%	2,114,535	2,428,637	18,023,065	\$5.89
NE DALLAS	2,164	105,597,637	2,764,815	3,186,535	3.0%	102,267	339,572	3,757,197	\$9.12
SOUTH DALLAS	1,496	139,733,765	11,420,056	11,969,228	8.6%	4,628,011	10,789,533	15,497,598	\$8.04
SOUTH FORT WORTH	2,982	98,791,797	4,092,492	4,607,972	4.7%	1,352,619	709,622	5,090,178	\$7.47
DFW MARKET TOTAL	16,632	957,213,438	42,435,981	46,528,842	4.9%	9,809,008	19,907,053	63,997,825	\$7.63

*Industrial buildings only

DALLAS-FORT WORTH FLEX SUBMARKET PERFORMANCE

SUBMARKET	EXISTING INVENTORY		VACANCY			YTD NET ABSORPTION	YTD DELIVERIES	UNDER CONST SF	QUOTED RATES
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
NORTHWEST DALLAS	781	21,869,974	1,071,709	1,167,134	5.3%	(31,102)	70,639	86,491	\$12.77
DFW AIRPORT	344	8,312,764	354,493	374,606	4.5%	37,156	0	8,745	\$12.36
EAST DALLAS	640	7,011,503	309,377	309,377	4.4%	(17,832)	0	0	\$12.47
GREAT SOUTHWEST	479	9,601,372	437,504	454,692	4.7%	170,972	107,160	22,798	\$11.43
SOUTH STEMMONS	1,741	27,279,395	998,059	1,049,737	3.8%	(192,968)	0	32,664	\$15.65
N FORT WORTH/ALLIANCE	408	8,614,946	289,108	289,108	3.4%	(21,234)	107,140	24,650	\$12.57
NE DALLAS	1,377	34,330,383	1,208,012	1,439,393	4.2%	28,175	180,000	100,666	\$12.32
SOUTH DALLAS	399	4,835,424	149,941	149,941	3.1%	2,083	0	24,800	\$11.20
SOUTH FORT WORTH	961	13,433,217	410,253	410,253	3.1%	(56,442)	48,951	50,990	\$11.45
DFW MARKET TOTAL	7,168	135,519,514	5,291,797	5,707,582	4.2%	-78,979	513,890	351,804	\$13.04

*Flex buildings only

DALLAS-FORT WORTH TOTAL MARKET PERFORMANCE

PERIOD	EXISTING INVENTORY		VACANCY			YTD NET ABSORPTION	DELIVERIES	UNDER CONST SF	QUOTED NNN RATES
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
2023 Q1	23,802	1,091,810,229	47,727,778	52,236,424	4.9%	10,848,872	20,648,363	65,707,892	\$8.70
2022 Q4	23,729	1,072,229,186	37,867,995	41,613,626	4.0%	9,513,211	9,773,798	87,380,089	\$8.46
2022 Q3	23,662	1,062,449,838	39,289,043	41,191,739	3.9%	11,680,914	13,563,462	82,829,301	\$8.15
2022 Q2	23,578	1,048,886,176	39,462,453	41,244,903	3.9%	8,910,844	10,419,143	66,056,865	\$7.58
2022 Q1	23,512	1,038,467,033	41,555,653	43,042,105	4.1%	4,088,289	8,217,982	58,311,949	\$7.46

*Includes Industrial and Flex buildings

DALLAS-FORT WORTH ECONOMY

ECONOMIC OVERVIEW

According to the latest data from the Dallas Federal Reserve Bank, the Dallas-Fort Worth (DFW) metroplex has shown a strong economic performance in recent months.

In terms of employment, DFW has been adding jobs at a solid pace. The metroplex unemployment rate sits at 4.1%, which is equal to the national average. As of February 2023, 12-month job growth was +211,600. All 10 economic sectors reported growth in the last 12 months, with Professional & Business Services (46,400 jobs added), and Trade, Transportation, & Utilities (32,800 jobs added) leading the way.

DFW's manufacturing sector has been growing steadily. The production index, which measures manufacturing activity, has been in positive territory for the past several months, indicating expansion. In February 2023, the index stood at 23.5, up from 22.3 in January.

The housing market in DFW remains strong, with prices continuing to rise. In February 2023, the median home price in the metroplex was \$325,000, up 16.1% from a year earlier. The number of homes sold has been increasing as well, with a 2.2% year-over-year increase in February.

Consumer spending in DFW has been robust. Retail sales have been growing at a healthy pace, with a 7.3% year-over-year increase in January 2023. The Dallas Fed's Trimmed Mean Personal Consumption Expenditures (PCE) inflation rate, which excludes volatile price movements, was 3.3% in February, above the Fed's target of 2%.

Overall, the DFW metroplex has shown a strong economic performance in recent months, with solid job growth, manufacturing expansion, a strong housing market, and robust consumer spending.

* Federal Reserve Beige Book, March 2023

EMPLOYMENT OVERVIEW

Dallas-Fort Worth area employment (number in thousands)	Feb. 2023 Totals	Change from Feb. 2022 to Feb. 2023	
		Number	Percent
Total nonfarm	4,200.3	211.6	5.3%
Mining, logging, and construction	245.9	20.3	9.0%
Manufacturing	305	10.5	3.6%
Trade, transportation, and utilities	899.3	32.8	3.8%
Information	93.8	6.5	7.4%
Financial activities	368.4	16.9	4.8%
Professional and business services	787.8	46.4	6.3%
Education and health services	494.9	30.5	6.6%
Leisure and hospitality	400	22.6	6.0%
Other services	134.6	11.1	9.0%
Government	470.6	14	3.1%

ECONOMIC QUICK STATS

211,600

JOBS ADDED FEB 2022 - FEB 2023

4.1%

DFW UNEMPLOYMENT RATE

5.3%

DFW 12 MO. JOB GROWTH RATE

43

FORTUNE 1000 COMPANIES IN DFW

\$598B

2022 DFW TOTAL GDP

4,216,300

TOTAL DFW NON-FARM JOBS

7,759,615

2022 DFW POPULATION

FOR SALE OR LEASE | GREAT SW/ARLINGTON



502 FOUNTAIN PKWY

502 FOUNTAIN PKWY | GRAND PRAIRIE, TX 75050
214,684 SF Available | 14,742 SF Office Space | 30 Dock Doors

FOR LEASE | GREAT SW/ARLINGTON



1600 TECH CENTRE PKWY

1600 TECH CENTRE PKWY | ARLINGTON, TX 76014
76,631 SF Available | Proposed Building

FOR LEASE | SOUTH STEMMONS



5145 NORWOOD

5145 NORWOOD RD | DALLAS, TX 75247
19,791 SF Available | 1,319 SF Office Space | 13 Dock Doors

FOR LEASE | SOUTH STEMMONS



CORNERSTONE CROSSING

9761 CLIFFORD DR | DALLAS, TX 75220
34,446 SF Available | Rear Load Distribution | Easy Access to I-35
6,200 SF of Office Space

FOR LEASE | SOUTH FORT WORTH



CARTER COLD STORAGE WAREHOUSE 1

350 GARDEN ACRES DR | FORT WORTH, TX 76140
78,760 SF Available | New Freon Cooler System | New Roof
New Lighting Throughout

FOR LEASE | GREAT SW/ARLINGTON



360 COMMERCE PARK - PHASE 2

3001 E ARKANSAS LN | ARLINGTON, TX 76010
45,000 SF Available | 30' Clear Height | 13 Dock Doors
2,000 SF of Office Space

FOR LEASE | NORTHEAST DALLAS



4000 E PLANO PKWY

4000 E PLANO PKWY | PLANO, TX 75074
27,495 SF Available | Close Proximity to 190 & I-75
BTS Office

FOR SALE OR LEASE | EAST DALLAS



635 MILITARY PARKWAY - BUILDING 3

635 MILITARY PKY | MESQUITE, TX 75149
174,200 SF Available | 32" Clear Height | Build to Suite Office Layouts |
Side Park, Rear Load

FOR LEASE | SOUTH FORT WORTH



SOUTHWEST CROSSING LOGISTICS CENTER

5500 SOUTH FWY | FORT WORTH, TX 76115
213,546 SF Available | 5,000 SF Office Space | 25 Dock Doors
20' Clear Height

FOR LEASE | DFW AIRPORT



THE PLAZA AT SOLANA: BUILDING 2

1301 SOLANA | WESTLAKE, TX 76262
34,188 SF Available | Flexible Lease Term | 137 Parking Spaces
Negotiable Furniture

FOR LEASE | NORTH FORT WORTH



CHAMPIONS CIRCLE BUSINESS PARK - BLDG 3

15860 CHAMPIONSHIP PARKWAY | FORT WORTH, TX 76177
196,560 SF Available | 2,194 SF Office Space | 32' Clear Height
54 Dock High Doors | 1st Generation Space

FOR LEASE | NORTHEAST DALLAS



3021 WICHITA CT

3021 WICHITA CT | FORT WORTH, TEXAS 76140
40,250 SF Available | Excellent user building with above standard office
finishes. 800 Amp/240 Volt 3 phase power.
+/- 15,000 SF of fenced outside storage.

FOR LEASE | NORTHEAST DALLAS



2040 REDBUD BLVD

2040 REDBUD BLVD | MCKINNEY, TX 75069
55,000 SF Available | 24' Clear Height | End Cap Space

FOR LEASE | NORTHEAST DALLAS



3605 E PLANO PKWY

3605 E PLANO PKWY | PLANO, TX 75074
20,600 SF Available | 100% HVAC | End Cap Space
High End Finish Out

FOR LEASE | NORTHEAST DALLAS



MCKINNEY 121

4400-4500 S HARDIN BLVD BLDG 1 | MCKINNEY, TX 75070
212,200 SF Available | 23 Dock Doors

FOR LEASE | GREAT SW/ARLINGTON



ENTERPRISE PLACE BUSINESS PARK

1115 ENTERPRISE PLACE | ARLINGTON, TX 76001
69,455 SF Available | Two-Building Development | BTS Office (±2,500-4,000) | Divisible to 34,727 SF

FOR LEASE | GREAT SW/ARLINGTON



2000 E ARBROOK BLVD - BUILDING 1

2001 DESIGN RD | ARLINGTON, TX 76014
37,630 SF Available | 3,542SF Office Space | Centrally Located
Functional Two Building Development Accommodating Smaller
Industrial Users

FOR LEASE | NORTHEAST DALLAS



1401 DUNN DR

1401 DUNN DR 108 AND 120 | CARROLLTON, TX 75006-6937
65,800 SF Available | 5,200 SF Office | 22' Clear Height

DFW LEE & ASSOCIATES SIGNIFICANT RECENTLY COMPLETED TRANSACTIONS

LEASED | 132,703 SF



MEACHAM CROSSING

4601 GOLD SPIKE DR
FORT WORTH, TX 76106
North Fort Worth

LEASED | 157,979 SF



1800-1810 KELLY BLVD

1800-1810 KELLY BLVD
CARROLLTON, TX 75006
Northwest Dallas

LEASED | 106,053 SF



SOUTHWEST CROSSING LOGISTIC CENTER

5200 SOUTH FWY
FORT WORTH, TX 76115
South Fort Worth

LEASED | 48,983 SF



CHAMPIONS CIRCLE BUSINESS PARK BUILDING 2

3450 HIGHWAY 114
FORT WORTH, TX 76177
North Fort Worth

LEASED | 30,860 SF



3005 BELMEADE DR

3005 BELMEADE DR
CARROLLTON, TX 75006
Northwest Dallas

LEASED | 26,170 SF



1500 LUNA RD

1500 LUNA RD
CARROLLTON, TX 75006
Northwest Dallas

LEASED | 24,129 SF



CHAMPIONS CIRCLE BUSINESS PARK BUILDING 1

3440 HIGHWAY 114
FORT WORTH, TX 76177
North Fort Worth

LEASED | 19,193 SF



MCKINNEY 121

4400-4500 S HARDIN BLVD
MCKINNEY, TX 75070
Northeast Dallas

LEASED | 5,721 SF



1100 JUPITER RD

1100 JUPITER RD
PLANO, TX 75074
Northeast Dallas

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