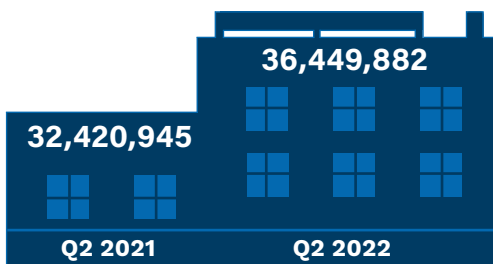


Industrial Market Report Q2 2022

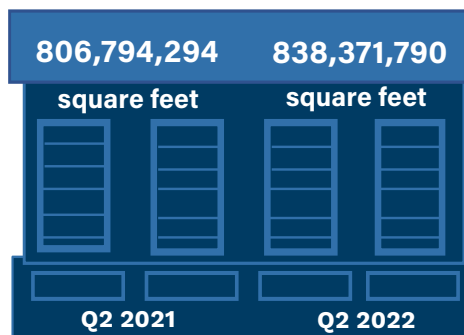
Published: July 2022

Dallas - Fort Worth Totals

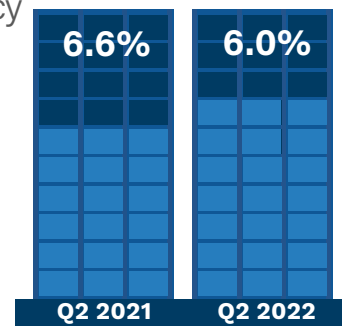
12-Month Net
Absorption



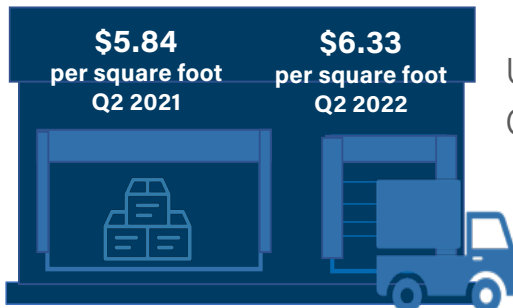
Market
Size



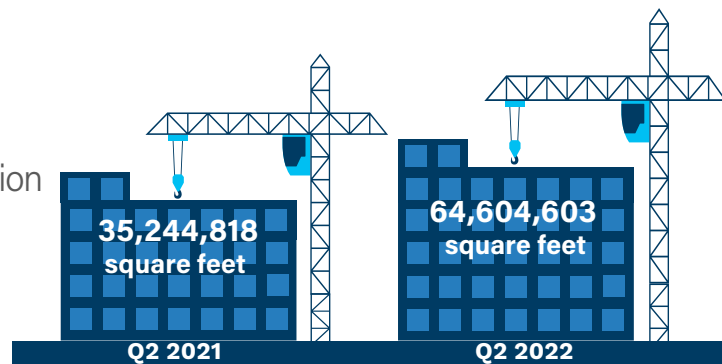
Overall
Vacancy



Average
Triple-Net
Rental Rate



Under
Construction



Q2 Dallas - Fort Worth

Industrial Market Statistics

Submarket	Building Inventory (Sq. Ft.)	Direct Vacancy (%)	Net Absorption (Sq. Ft.)	Deliveries (Sq. Ft.)	Under Construction (Sq. Ft.)	Average Rental Rate (Per Sq. Ft.)	Annual Rent Growth (%)
DFW Airport	82,447,465	1.3%	1,703,408	954,765	4,071,478	\$8.80	15.5%
East Dallas	47,277,888	13.9%	-142,092	1,284,115	5,048,791	\$5.12	14.2%
Great Southwest/ Arlington	111,847,986	3.1%	730,382	239,889	2,505,680	\$6.67	15.0%
North Fort Worth	117,449,362	8.7%	1,408,973	816,937	11,400,550	\$5.25	14.9%
Northeast Dallas	91,800,198	4.7%	184,144	0	2,720,622	\$7.97	14.1%
Northwest Dallas	98,119,657	3.3%	513,486	1,007,669	6,662,370	\$7.25	15.2%
South Fort Worth	80,706,058	10.8%	546,099	1,398,165	2,749,228	\$5.74	13.8%
South Dallas	111,919,062	6.4%	2,193,451	2,022,038	27,371,763	\$4.14	14.7%
South Stemmons	94,587,940	3.2%	1,096,918	782,015	2,074,121	\$8.71	14.6%

Statistics derived from all Industrial buildings larger than 20,000 Sq. Ft. in major Dallas-Fort Worth Industrial Submarkets. Major Industrial Submarkets are considered geographic groups of Industrial buildings totaling more than 5 MM Sq. Ft. Buildings within the same Submarket have shared area amenities and are typically of similar quality.

Source: Citadel Partners and CoStar

Forecast

In the 2nd Quarter of 2022, the Dallas-Fort Worth Industrial sector continued to flourish, driven by insatiable demand from e-commerce, manufacturing, and third-party logistics providers. The market has added 30.5 million square feet of industrial inventory in the past 12 months and there is more product under construction than ever before, vastly outpacing other industrial markets across the nation.

While developers push hard to meet the demands of users, the market remains stable, and tenants have quickly absorbed new inventory – vacancy rates continue to drop, and rental rates have increased steeply. The average gross rental rate for industrial leases currently sits at \$8.26 per square foot, up 13% since Q2 2021.

With the unprecedented rent growth across Dallas-Fort Worth, industrial investors are looking at acquisitions in a new way. Long-term, creditworthy leases are not as desirable as they have been historically; instead, a vacant building or shorter-term lease offers an opportunity to capture higher rental rates in the immediate future. While interest rate hikes have had an impact on capital markets across the country, cap rates are as low as they have ever been and the average sales price is currently \$110 per square foot, up \$18 since this time last year.

With robust tenant demand and investor interest, Dallas-Fort Worth's industrial market is thriving. Population growth, a centralized location in the national distribution network, and diverse economic underpinnings are anticipated to keep the momentum going through 2022.

Being the better fit didn't happen overnight.

Our Story

1987

Scott Morse founded the Morse Company.

1995

Scott Jessen joined the company, and together, the Scotts began their career-long commitment of taking CRE service and broker value beyond the transaction level and transforming market knowledge into market expertise.

2005

The Morse Company was acquired by Colliers where Morse and Jessen built and led top performing teams. Across North Texas, Morse and Jessen see a growing shift in client needs – strategic alignment of real estate with business performance.

2012

Morse and Jessen launched Citadel Partners, moving beyond the old-school broker model to expand advisor consultative skill sets and services. Citadel develops a proprietary methodology to help clients discover the enhanced value and increased business performance benefits from real estate decisions.

Today

Citadel Partners is an established real estate advisory firm providing strategy based CRE solutions, market insight and expertise, and uncompromised service from its Office and Industrial teams located in Dallas and Fort Worth.



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