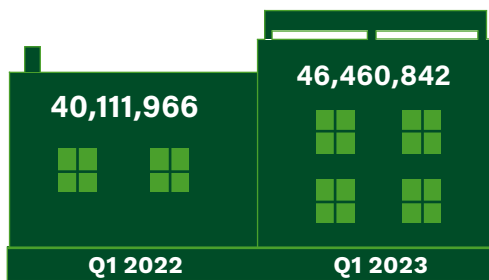


# Industrial Market Report Q1 2023

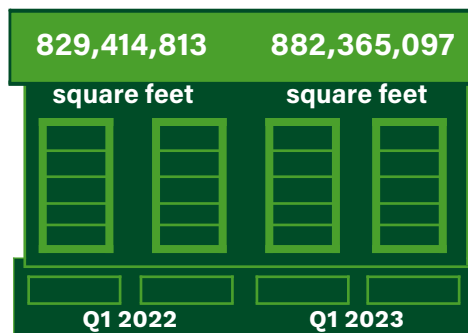
Published: April 2023

## Dallas - Fort Worth Totals

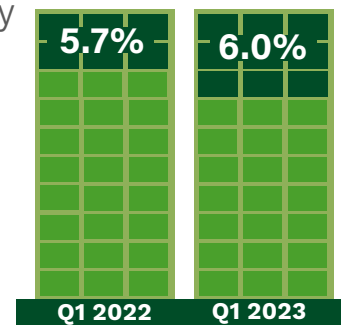
12-Month Net  
Absorption



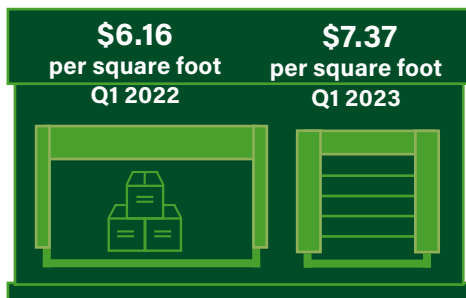
Market  
Size



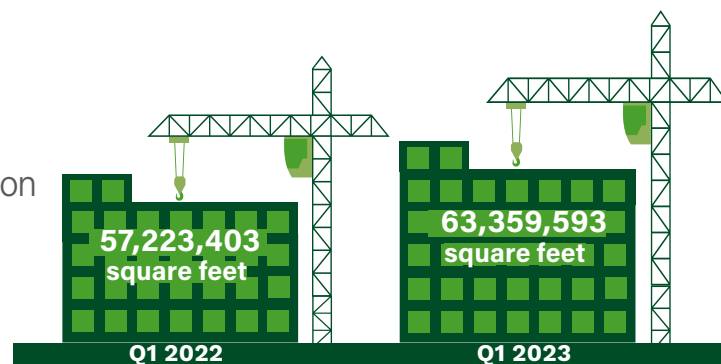
Overall  
Vacancy



Average  
Triple-Net  
Rental Rate

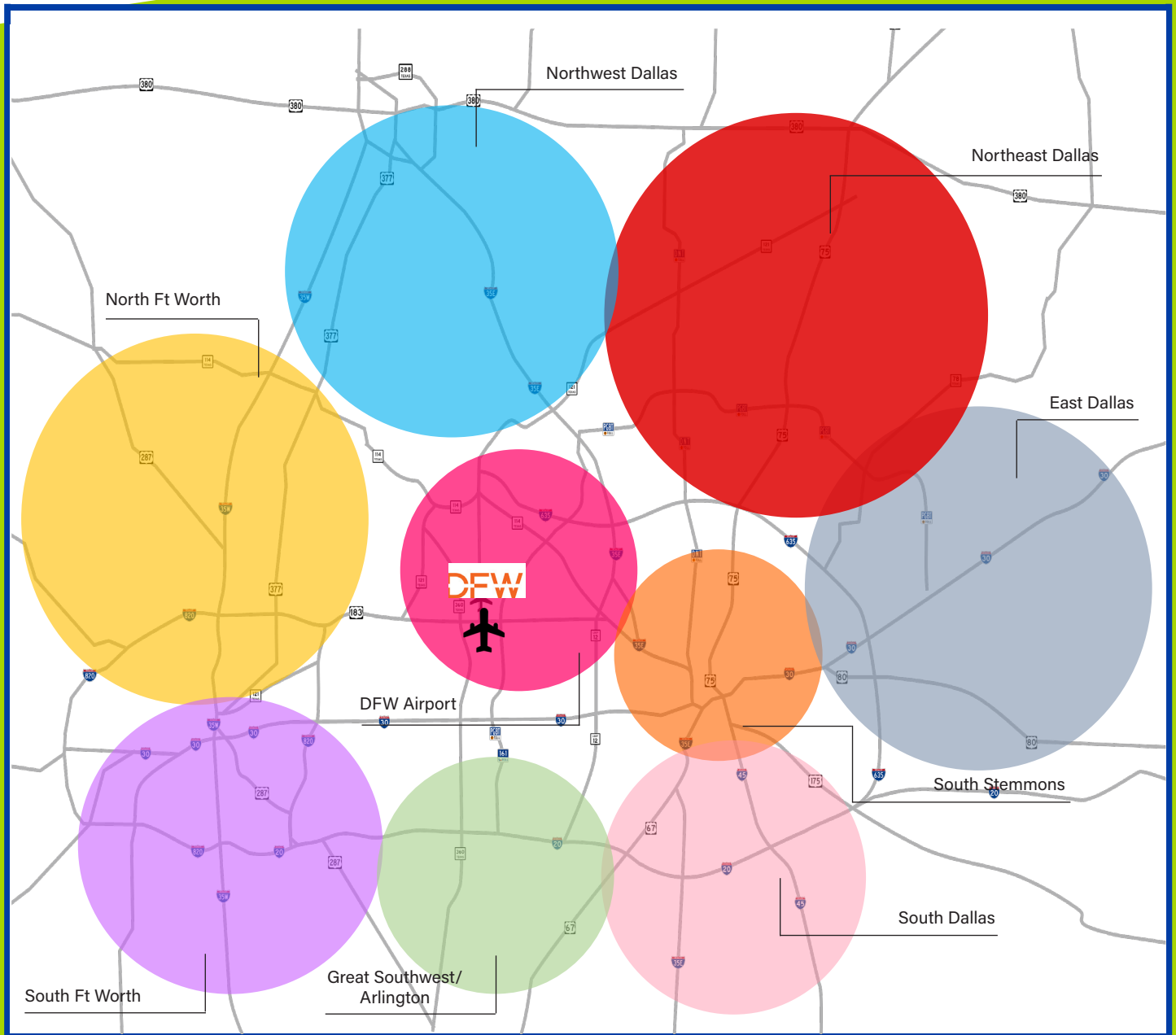


Under  
Construction



# Dallas - Fort Worth

## Industrial Submarkets



# Q1 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	86,304,444	4.6%	133,920	1,751,128	3,421,585	\$9.67	12.7%
East Dallas	50,688,982	13.0%	699,541	606,342	8,254,480	\$5.53	11.3%
Great Southwest/ Arlington	113,088,185	3.3%	-429,652	398,178	2,334,184	\$8.40	12.3%
North Fort Worth	119,053,318	6.8%	-193,663	2,422,387	17,979,757	\$5.57	12.2%
Northeast Dallas	95,262,637	3.5%	109,236	321,577	3,651,076	\$8.67	11.0%
Northwest Dallas	103,150,974	3.7%	496,813	2,322,124	5,249,283	\$7.72	12.3%
South Fort Worth	82,610,718	4.6%	1,464,503	662,505	5,085,178	\$7.00	10.9%
South Dallas	133,543,919	10.3%	4,674,215	10,789,533	15,483,198	\$6.58	11.8%
South Stemmons	96,103,987	5.9%	-18,030	789,337	1,667,074	\$9.40	11.6%

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

With unprecedented speculative construction coming available for tenant occupancy, there is evidence that the Dallas-Fort Worth Industrial market is beginning to cool down. In Q1 2023, there was an uptick in vacancy and the annual rent growth fell from 13.7% to 11.9%. Since 2020, demand has drastically outpaced supply across the metroplex but with 19.8 Million square feet of new buildings delivered in the 1st Quarter, construction appears to have hit an inflection point. New construction starts have tapered off over the past two Quarters, which can not only be attributed to the product pipeline, but the higher interest rates developers are faced with in construction financing.

Although there are signs of a slowing Industrial market, tenants are still faced with higher rental rates than ever before. Annual rent growth remains extremely high, led by buildings that are well-situated for logistics and distribution.

The Dallas-Fort Worth market reported sales volume totaling \$10.3 Billion over the past year, up 8% year over year. Interest from investors has pushed asset prices higher over the past two years, but with the higher cost of debt, asset prices are beginning to soften and cap rates are rising slightly.

Source: Citadel Partners, Dallas Regional Chamber, and CoStar

## 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.