MARKETBEAT

DALLAS/FORT WORTH

INDUSTRIAL Q2 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
9.4% Vacancy Rate	▼	▼
13.3M YTD Net Absorption, SF	▲	▲
$8.03 Asking Rent, PSF *(Overall, Net Asking Rent)*	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
4.3M Dallas/Fort Worth Employment	▲	▲
3.8% Dallas/Fort Worth Unemployment Rate	▼	▲
4.2% United States Unemployment Rate	▲	▲

Source: BLS

ECONOMY

Despite recent headwinds from uncertainty, employment in the Dallas/Fort Worth (DFW) metro continued growing at a pace of 1.3% year-over-year (YOY) to reach 4.3 million at quarter end. Per Moody's Analytics, growth in industrial-using jobs in the manufacturing and trade, transportation, and utilities sectors softened to 7,700 jobs or 0.6% YOY. Results by industry were mixed as manufacturing declined -0.6% YOY and transportation and warehousing declined 0.7% YOY. On the other hand, wholesale trade and retail trade grew by 2.5% YOY and 1.3% YOY, respectively.

Surveys conducted by the Dallas Fed throughout the second quarter indicated modest improvement in company outlooks for the next six months. Uncertainty moderated slightly from its April levels but persists due to trade policy. Nevertheless, the Logistics Manager's Index rebounded to 60.7 in June, indicating the sector generally remained in expansion even with headwinds.

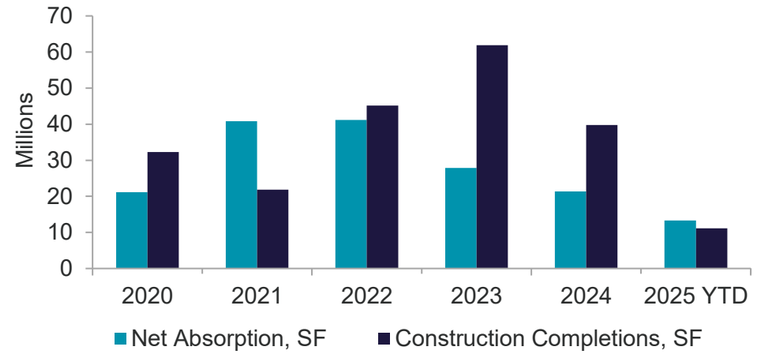
DEMAND

Despite elevated uncertainty, demand for industrial space remained solid in both net absorption and leasing activity. Quarterly net absorption increased 3.3% quarter-over-quarter (QOQ) to reach positive 6.8 million square feet (msf). Year-to-date (YTD) net absorption reached positive 13.3 msf, an increase of 34.7% YOY. Top submarkets for net absorption in the second quarter were North Fort Worth (1.1 msf), Mesquite (1.1 msf), South Dallas (972,056 sf), South Fort Worth (916,278 sf), and DFW Airport (888,868 sf).

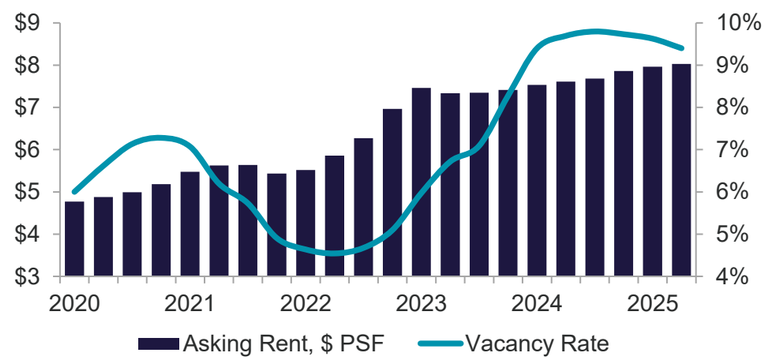
Deliveries of build-to-suit projects accounted for 2.5 msf of quarterly absorption with DrinkPAK's 1.4 msf in South Fort Worth, Canadian Solar's 765,700 sf in Mesquite, and Performance Food Group's 343,400 sf in East Fort Worth.

New leasing rebounded 26.5% QOQ to 13.5 msf, its highest level in two years. Healthy activity in all sizes ranges allowed average deal size to rocket from 28,846 sf in Q1 2025 to 47,387 sf in Q2 2025. After below-average performance in the first quarter, mid-size leases between 100,000-500,000 sf sharply increased 58.4% QOQ to a total of 5.6 msf, or 20.9% above average levels seen over the last eight quarters. Newer buildings dominated leasing activity, as 8.2 msf or 60.6% of leasing occurred in buildings built since 2020.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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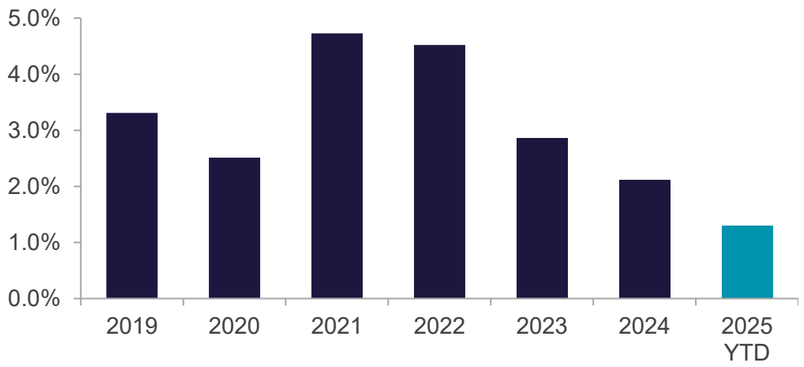
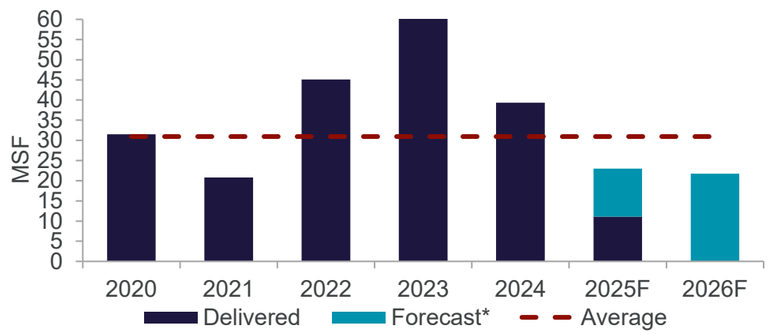
NET ABSORPTION AS % OF INVENTORY

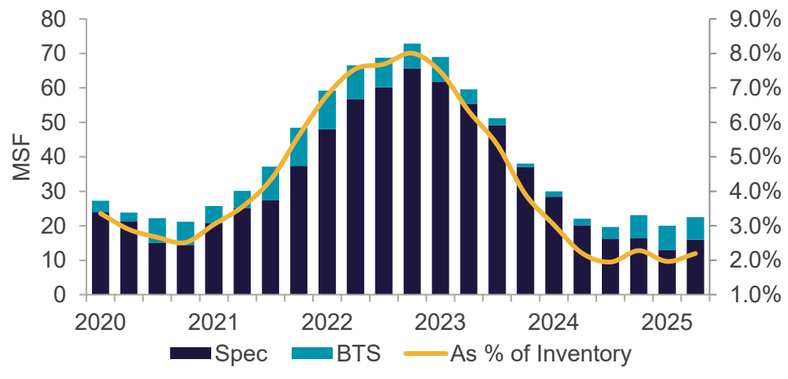


ESTIMATED COMPLETIONS BY YEAR BUILT *



*Forecast includes projects u/c and proposed projects with site work underway.

CONSTRUCTION PIPELINE



VACANCY

Vacancy fell for the third consecutive quarter on sustained demand and reduced speculative deliveries. Vacancy declined 20 basis points (bps) QOQ and 30 bps YOY to reach 9.4%, its lowest level since Q1 2024. Buildings built since 2020 accounted for 56.1 msf or 58.2% of vacant space. Vacancy tightened the most in North Fort Worth (-1.7% QOQ), Pinnacle/Turnpike (-1.7% QOQ), and Mesquite (-1.2% QOQ). The greatest increase in vacancy occurred in Central Dallas at 2.6% QOQ, mainly due to delivery of two vacant buildings that had an outsized impact on the submarket's small inventory. Sublease availability remained elevated at 12.3 msf.

Deliveries totaled 5.3 msf in the second quarter, bringing YTD completions to 11.1 msf. New starts totaled 7.2 msf, driving construction activity slightly higher to 22.5 msf or 2.2% of inventory. Proposed industrial projects increased 8.5% QOQ to 90.6 msf. Future starts—i.e., proposed projects with sitework underway—totaled 12.0 msf across 40 buildings.

Based on construction activity and future starts, completions will likely be at or below 23.0 msf at year-end 2025, the lowest level since 2021. If net absorption continues at an annualized pace of positive 24.0 msf, vacancy would decline to approximately 9.2% in Q4 2025, or the lowest level since Q3 2023.

YTD net absorption totaled 13.3 msf in the first half of 2025. Cushman & Wakefield's tracking of move-ins and move-outs indicates DFW entered the second half of the year with expected absorption of positive 6.5 msf in Q3/Q4 2025, yielding an absorption projection of 19.8 msf for 2025. If space demand in DFW continues outperforming national trends and musters another 4.2 msf of positive absorption over the next six months, 24.0 msf of net absorption and 9.2% vacancy are both achievable by year-end 2025.

PRICING

Average asking rental rates rose 0.8% QOQ to reach $8.03 net per square foot (psf). Annual rent growth softened to 5.5% YOY due to the amount of new construction in lease-up. Warehouse/Distribution rents increased 0.2% QOQ to $7.80 net psf.

Increased uncertainty amid elevated vacancy has created a window of opportunity for tenants to take advantage of slightly more favorable deal terms. Annual escalations have begun to stabilize at 3.75%-4.00% per year. Rent abatements have slightly increased from 2.0% of term in H1 2024 to 2.5% of term in H1 2025, roughly equivalent to an additional one month free on a ten-year lease.

OUTLOOK

- DFW's central location, excellent infrastructure, and population growth will continue to generate long term demand for industrial space despite short term headwinds.
- Rent growth will remain at normalized levels in submarkets with elevated vacancy or competing new construction.
- Concessions will remain favorable to tenants where landlords are focused on maintaining occupancy. Landlords are also willing to provide concessions up front to achieve higher face rates that bolster asset prices at disposition.
- Vacancy rates will continue stabilizing as long as net absorption outpaces deliveries.
- Speculative development is likely to remain at current levels until vacancy rates fall to a level conducive for new construction.

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MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY* (SF)	UNDER CONSTR (SF)	YTD CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT**	WHSE/DIST WEIGHTED AVG NET RENT**
DFW Airport	107,561,621	11,352,773	10.6%	888,868	961,612	2,728,012	4,335,691	783,914	$10.14	$9.92
Brookhollow/Trinity	49,611,545	3,119,072	6.3%	221,126	310,143	730,920	312,150	523,167	$11.71	$11.31
Walnut Hill/Stemmons	23,764,027	1,170,311	4.9%	-77,245	-118,975	535,678	182,884	0	$9.51	$9.47
North Dallas/Metropolitan	19,849,642	2,299,717	11.6%	127,208	17,357	471,584	0	101,364	$9.97	$8.25
Valwood/N Stemmons	52,314,755	2,662,456	5.1%	-22,683	-485,556	1,278,615	287,645	0	$9.31	$9.08
Far North/I-35	36,348,350	5,653,442	15.6%	380,140	369,467	600,727	968,365	66,570	$8.80	$8.67
Richardson/Plano	40,161,587	2,554,718	6.4%	-146,122	109,001	1,195,567	362,819	0	$11.51	$10.41
Allen/McKinney	17,195,812	1,296,083	7.5%	37,469	90,811	205,104	1,611,759	32,488	$11.46	$11.44
Central Dallas	14,756,651	2,832,730	19.2%	35,940	-16,253	39,690	0	511,000	$10.59	$8.00
Garland	47,128,300	3,840,459	8.1%	-253,745	-266,900	901,193	68,610	1,560,381	$9.40	$9.34
Mesquite	31,373,653	2,216,972	7.1%	1,085,001	1,215,652	565,133	406,943	765,668	$7.80	$7.75
East Dallas Suburbs	23,744,427	5,685,449	23.9%	-224,926	1,112,271	2,378,164	386,700	0	$6.03	$6.02
Pinnacle/Turnpike	32,075,532	2,024,737	6.3%	552,965	699,525	1,269,542	0	0	$7.17	$7.17
Redbird	27,680,528	1,067,460	3.9%	146,187	155,615	324,828	0	0	$6.35	$6.35
South Dallas	101,337,680	15,931,053	15.7%	972,056	2,364,129	3,597,471	0	1,081,559	$6.01	$6.03
Ellis County	26,410,957	1,421,866	5.4%	28,363	806,350	776,780	0	0	$7.61	$7.41
Great Southwest	125,655,877	11,128,851	8.9%	147,810	-61,253	3,800,032	1,280,321	1,090,019	$8.58	$8.49
DALLAS TOTAL	776,970,944	76,258,149	9.8%	3,898,412	7,262,996	21,399,040	10,203,887	6,516,130	$8.19	$7.92
North Fort Worth	58,524,368	4,399,140	7.5%	1,063,074	1,337,429	4,036,236	1,046,411	1,020,893	$7.23	$7.11
Alliance	80,602,386	7,105,763	8.8%	376,095	2,480,093	4,209,470	7,042,075	80,250	$6.91	$6.90
Central Fort Worth	15,482,310	264,734	1.7%	91,504	39,523	149,959	0	0	$5.50	$5.50
East Fort Worth	27,275,390	2,636,847	9.7%	372,985	145,507	458,544	0	716,580	$8.56	$8.57
West Fort Worth	7,753,224	674,324	8.7%	59,406	18,757	226,349	814,221	0	$8.16	$7.97
South Fort Worth	45,710,831	5,065,733	11.1%	916,278	2,052,907	674,806	1,654,942	2,784,287	$7.07	$7.05
Johnson County	10,887,434	129,283	1.2%	0	0	0	1,700,000	0	-	-
FORT WORTH TOTAL	246,235,943	20,275,824	8.2%	2,879,342	6,074,216	9,755,364	12,257,649	4,602,010	$7.25	$7.21
DALLAS/FORT WORTH TOTALS	**1,023,206,887**	**96,533,973**	**9.4%**	**6,777,754**	**13,337,212**	**31,154,404**	**22,461,536**	**11,118,140**	**$8.03**	**$7.80**

**Leasing statistics include new leases, subleases and renewals, and exclude user purchases and self-developed build-to-suit projects. **Rents differ from previous reports due to resampling.*

KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Sylvania Logistics Center - Bldg 2 / 3400 N Sylvania Ave	North Fort Worth	DHL Supply Chain	699,246	New Lease
Mark IV Commerce Park - Bldg 1 / 2340 Providence Dr	North Fort Worth	Exel	581,000	Renewal
Intermodal Logistics Center - Bldg 1 / Blue Mound Rd	Alliance	Rivian	526,000	New Lease
I-20 Dallas Crossing / 4501 Cleveland Rd	South Dallas	QTS Data Centers	413,480	New Lease

KEY CONSTRUCTION COMPLETIONS Q2 2025

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Riverfront Logistics Park - Bldgs 1-3	Brookhollow/Trinity	N/A	523,167	Crow Holdings
Core 30 - Bldgs A & B	Central Dallas	N/A	511,000	Crow Holdings

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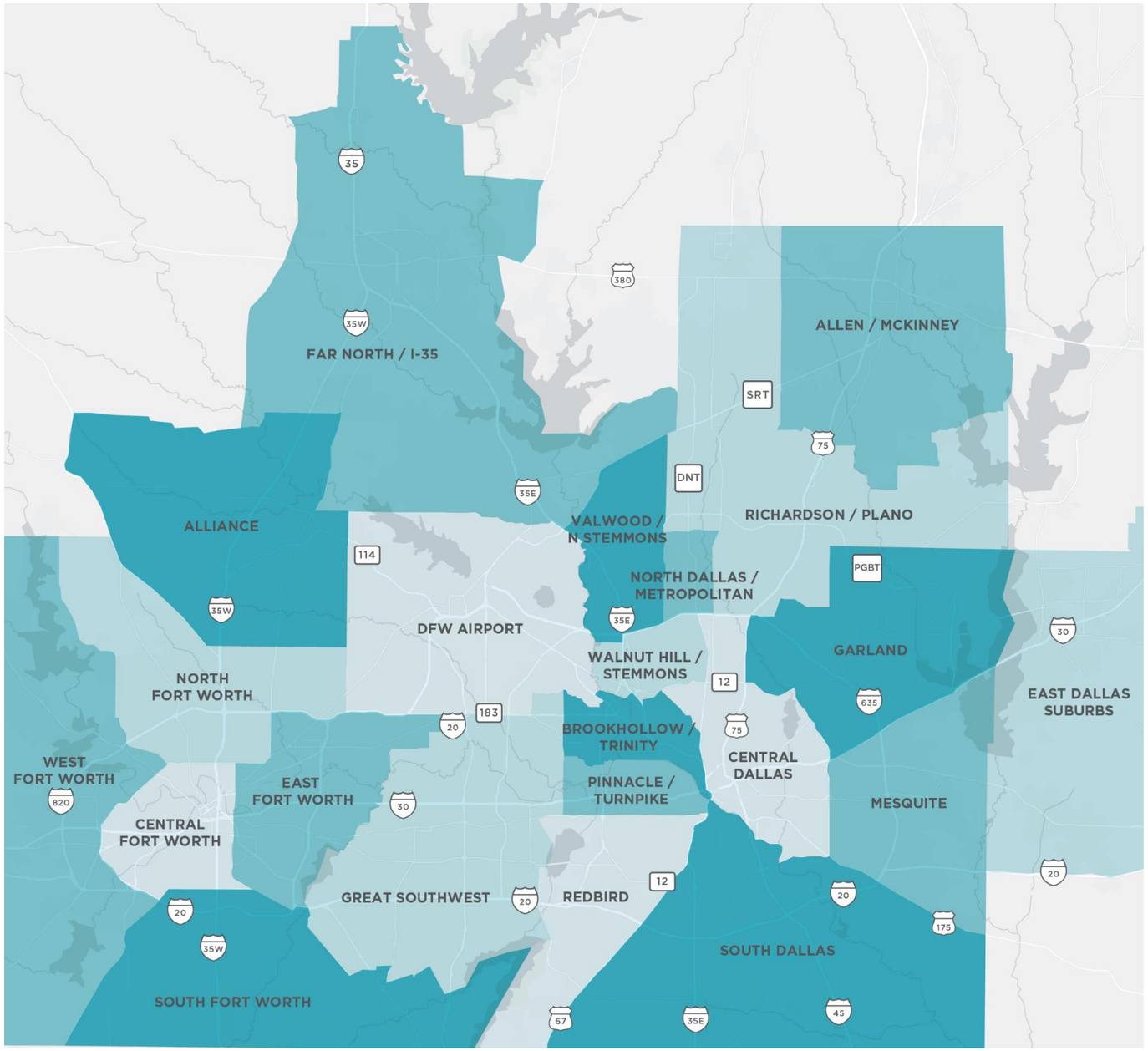
INDUSTRIAL SUBMARKETS



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