MARKETBEAT

DALLAS/FORT WORTH

INDUSTRIAL Q3 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
8.8% Vacancy Rate	▼	▼
21.9M YTD Net Absorption, SF	▲	▲
$8.12 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	▼	▲
4.3% United States Unemployment Rate	▲	▲

Source: BLS, Moody's Analytics

ECONOMY

Employment in the Dallas/Fort Worth (DFW) metro continued growing at a modest pace of 0.8% year-over-year (YOY) to reach 4.3 million at the end of the quarter. Moody's Analytics estimated that industrial-using employment in the manufacturing and trade, transportation, and utilities sectors continued softening in the third quarter to 3,400 jobs or 0.3% YOY. Continuing previous trends, manufacturing employment declined 0.9% YOY while wholesale trade and retail trade grew by 1.6% YOY and 1.1% YOY, respectively.

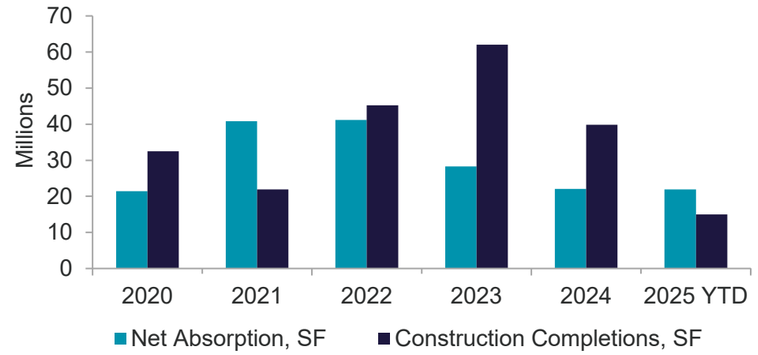
Dallas Fed Surveys indicated that Texas manufacturing and service sector firms experienced a slight contraction in employment in September but maintained plans to increase employment and capital investment over the next six months. In August, the Logistics Manager's Index remained stable at 59.3, indicating expansion in the logistics industry. Respondents predicted a future reading of 63.9, indicating expectations for growth to continue over the next 12 months. Taken together, the industrial sector is likely to continue expanding in the coming quarters.

DEMAND

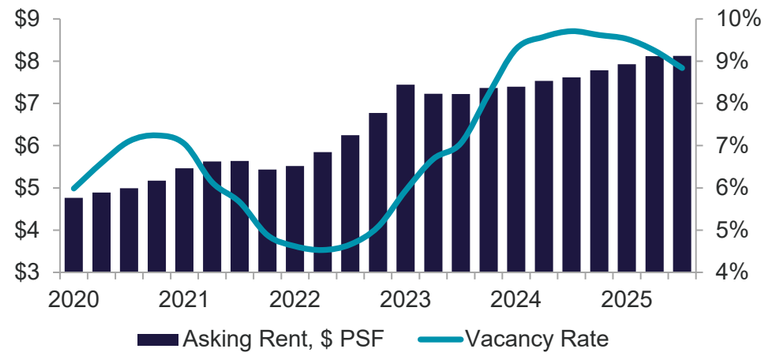
Demand for industrial space remained robust in the third quarter. Quarterly net absorption reached positive 7.7 million square feet (msf). Year-to-date (YTD) net absorption increased 22.7% YOY to positive 21.9 msf, the strongest pace since 2023. Top submarkets for quarterly net absorption were South Dallas (2.5 msf), Alliance (1.9 msf), and Great Southwest (883,650 sf).

YTD leasing activity including renewals exceeded 50.4 msf. Excluding renewals, new leasing activity declined 27.2% quarter-over-quarter (QOQ) to 10.8 msf, slightly below the post-pandemic average. YTD new leasing activity totaled 36.3 msf, decreasing -4.9% YOY. The QOQ and YOY declines in new leasing are entirely due to a higher share of user purchases and user owned build-to-suit projects that took down space but were not measured as new leases. Accounting for these differences, new leasing remained healthy in all size ranges.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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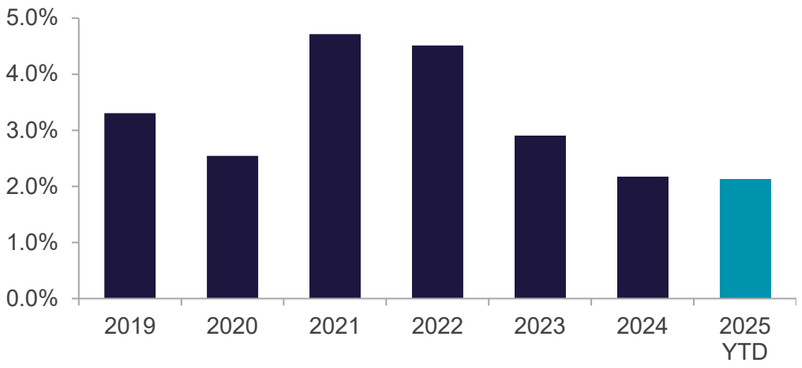
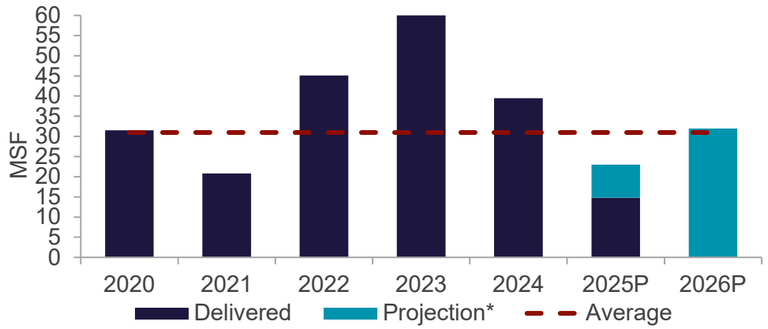
NET ABSORPTION AS % OF INVENTORY

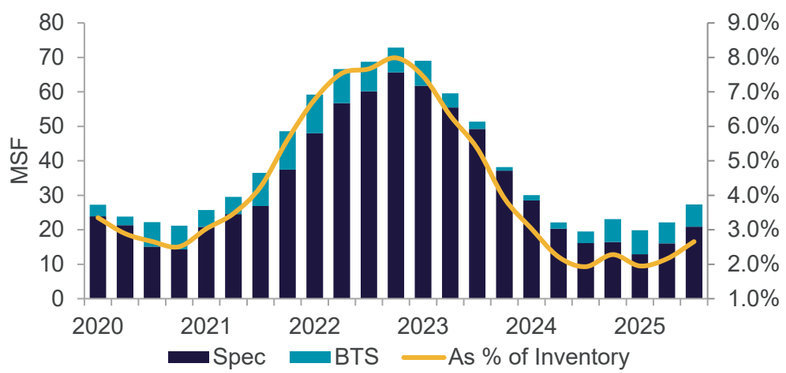


ESTIMATED COMPLETIONS BY YEAR BUILT *



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

CONSTRUCTION PIPELINE



SUPPLY

Robust demand and disciplined deliveries allowed vacancy to fall for the fourth consecutive quarter. Vacancy declined 50 basis points (bps) QOQ and 90 bps YOY to reach 8.8%, its lowest level since Q4 2023. Buildings built since 2020 accounted for 53.7 msf or 59.1% of vacant space. Over the last 12 months, vacancy has fallen below the 10-year average in the Mesquite (-6.5% YOY), Alliance (-4.7% YOY), South Dallas (-3.1% YOY), and Redbird (-2.5% YOY) submarkets. Sublease availability increased to 13.8 msf at quarter-end.

Quarterly deliveries totaled 3.8 msf, bringing YTD completions to 15.0 msf. New starts totaled 8.8 msf, allowing construction activity to rebound to 27.5 msf or 2.7% of inventory, the highest level since Q1 2024. Nevertheless, the construction pipeline remains below levels typically seen in an expansion cycle of 3.0%-3.5% of inventory.

Based on Cushman & Wakefield's tracking of known move-ins and move-outs, net absorption is projected to reach positive 6.2 to 7.2 msf in the fourth quarter and 28.1 to 29.1 msf for 2025. Completions at year-end 2025 will likely be at or below 23.0 msf—the lowest level since pandemic-related delays in 2021—allowing vacancy to potentially fall another 10-20 bps QOQ to 8.6%-8.7%.

Proposed industrial projects increased 1.8% QOQ to 92.2 msf. Future starts (i.e., proposed projects with sitework underway) totaled 14.5 msf across 43 buildings. Projected completions in 2026 may total 31.9 msf or 3.0% of inventory, which would represent a return to typical expansionary levels.

PRICING

Average asking rental rates remained essentially flat at $8.12 net per square foot (psf) as the market continued to clear excess vacancy. Nevertheless, annual rent growth remained positive at 6.6% YOY. Average warehouse/distribution rents also remained flat over the quarter at $7.91 net psf but have increased 6.7% YOY.

Elevated vacancy and cooling rent growth continued to create a window of opportunity for tenants to receive slightly better deal terms. Rent abatements slightly increased from 2.0% of term in 2024 to 2.5% of term in 2025, roughly equivalent to an additional one month free on a ten-year lease. On the other hand, landlords have held firm on face rents and 3.75%-4.00% escalations to support asset prices at disposition.

OUTLOOK

- Despite short-term headwinds, industrial occupiers continue to position themselves for long-term growth driven by DFW's central location, excellent infrastructure, and rising population.
- Vacancy rates will continue stabilizing as long as net absorption outpaces deliveries.
- Rent growth will continue moderating in submarkets with elevated vacancy or competing new construction.
- Concessions will remain favorable to tenants where landlords are focused on maintaining occupancy.
- Despite the recent rebound, speculative development remains at below average levels and can ramp down should net absorption soften.

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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	108,397,895	11,304,646	10.4%	383,327	1,273,230	5,399,236	4,751,540	1,572,049	$10.10	$9.94
Brookhollow/Trinity	49,354,047	3,026,760	6.1%	-29,545	295,241	1,361,794	312,150	523,167	$11.18	$10.94
Walnut Hill/Stemmons	23,757,237	1,112,860	4.7%	11,570	-79,306	870,558	182,884	0	$10.35	$9.85
North Dallas/Metropolitan	19,798,159	2,351,695	11.9%	-69,456	-33,134	769,807	0	101,364	$9.83	$8.20
Valwood/N Stemmons	52,602,824	2,653,027	5.0%	199,230	-182,067	2,900,424	0	287,645	$9.55	$9.31
Far North/I-35	36,763,137	5,480,448	14.9%	331,602	643,780	1,412,805	914,168	518,426	$8.41	$8.27
Richardson/Plano	40,135,948	2,477,919	6.2%	203,295	274,101	1,732,397	755,455	0	$11.24	$10.37
Allen/McKinney	17,530,591	1,264,330	7.2%	-63,089	56,090	517,754	1,512,651	189,188	$11.45	$11.42
Central Dallas	14,756,651	2,870,080	19.4%	-37,350	-53,603	39,690	0	511,000	$10.70	$8.13
Garland	47,120,928	3,606,000	7.7%	81,199	-94,965	1,455,938	68,610	1,560,381	$9.49	$9.34
Mesquite	31,631,706	2,584,500	8.2%	89,350	1,267,750	851,804	657,655	765,668	$7.95	$7.90
East Dallas Suburbs	24,151,870	4,896,029	20.3%	55,120	1,774,191	1,749,602	225,000	0	$6.08	$6.06
Pinnacle/Turnpike	32,074,917	2,115,392	6.6%	-142,345	608,870	2,729,662	0	0	$7.42	$7.37
Redbird	27,683,528	841,894	3.0%	262,666	381,181	446,878	0	0	$6.16	$6.16
South Dallas	101,345,152	13,479,541	13.3%	2,477,065	4,810,957	7,398,959	0	1,081,559	$6.10	$6.16
Ellis County	27,332,091	1,384,899	5.1%	46,967	843,317	776,780	1,007,977	0	$7.16	$6.99
Great Southwest	125,791,754	10,167,838	8.1%	883,650	819,478	7,125,421	1,864,823	1,090,019	$8.82	$8.64
DALLAS TOTAL	780,228,435	71,617,858	9.2%	4,683,256	12,605,111	37,539,509	12,252,913	8,200,466	$8.27	$8.02
North Fort Worth	58,659,413	4,058,619	6.9%	263,763	1,750,814	4,705,644	1,831,596	1,065,608	$8.53	$8.50
Alliance	81,682,044	6,520,515	8.0%	1,854,652	4,334,745	5,929,466	7,133,064	1,349,654	$6.82	$6.82
Central Fort Worth	15,497,902	302,032	1.9%	-25,548	17,817	185,059	0	15,592	$5.74	$5.74
East Fort Worth	27,371,141	2,630,346	9.6%	76,363	222,469	680,045	0	788,380	$8.72	$8.78
West Fort Worth	7,753,224	461,564	6.0%	227,160	250,018	243,660	991,038	0	$9.27	$9.19
South Fort Worth	46,840,673	5,206,607	11.1%	667,628	2,709,025	1,135,257	3,618,415	3,579,279	$7.13	$7.11
Johnson County	10,887,434	129,283	1.2%	0	0	0	1,700,000	0	-	-
FORT WORTH TOTAL	248,691,831	19,308,966	7.8%	3,064,018	9,284,888	12,879,131	15,274,113	6,798,513	$7.50	$7.48
DALLAS/FORT WORTH TOTALS	**1,028,920,266**	**90,926,824**	**8.8%**	**7,747,274**	**21,889,999**	**50,418,640**	**27,527,026**	**14,998,979**	**$8.12**	**$7.91**
Manufacturing	100,299,218	1,105,707	1.1%	-140,242	556,859	621,216	225,000	765,668	$7.60	-
Office Service Center (Flex)	87,120,899	5,059,899	5.8%	699	-530,185	2,579,616	57,592	0	$12.51	-
Warehouse/Distribution	841,500,149	84,761,218	10.1%	7,886,817	21,863,325	47,217,808	27,244,434	14,233,311	$7.91	-

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

KEY LEASE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Wildlife Commerce Park 5 / 2100 N Refuge Way	Great Southwest	Modine Manufacturing	683,646	New Lease
801 E Wintergreen Rd	South Dallas	American Standard	626,100	Renewal
900 Terminal Rd	North Fort Worth	Lasko Products	468,726	Renewal/Expansion
C5LC at Wintergreen / 1200 W Wintergreen Rd	South Dallas	Spreetail	416,891	Renewal
First Pinnacle Park - Bldg A / 1251 N Cockrell Hill Rd	South Dallas	Dr Pepper Snapple Group	376,601	Renewal

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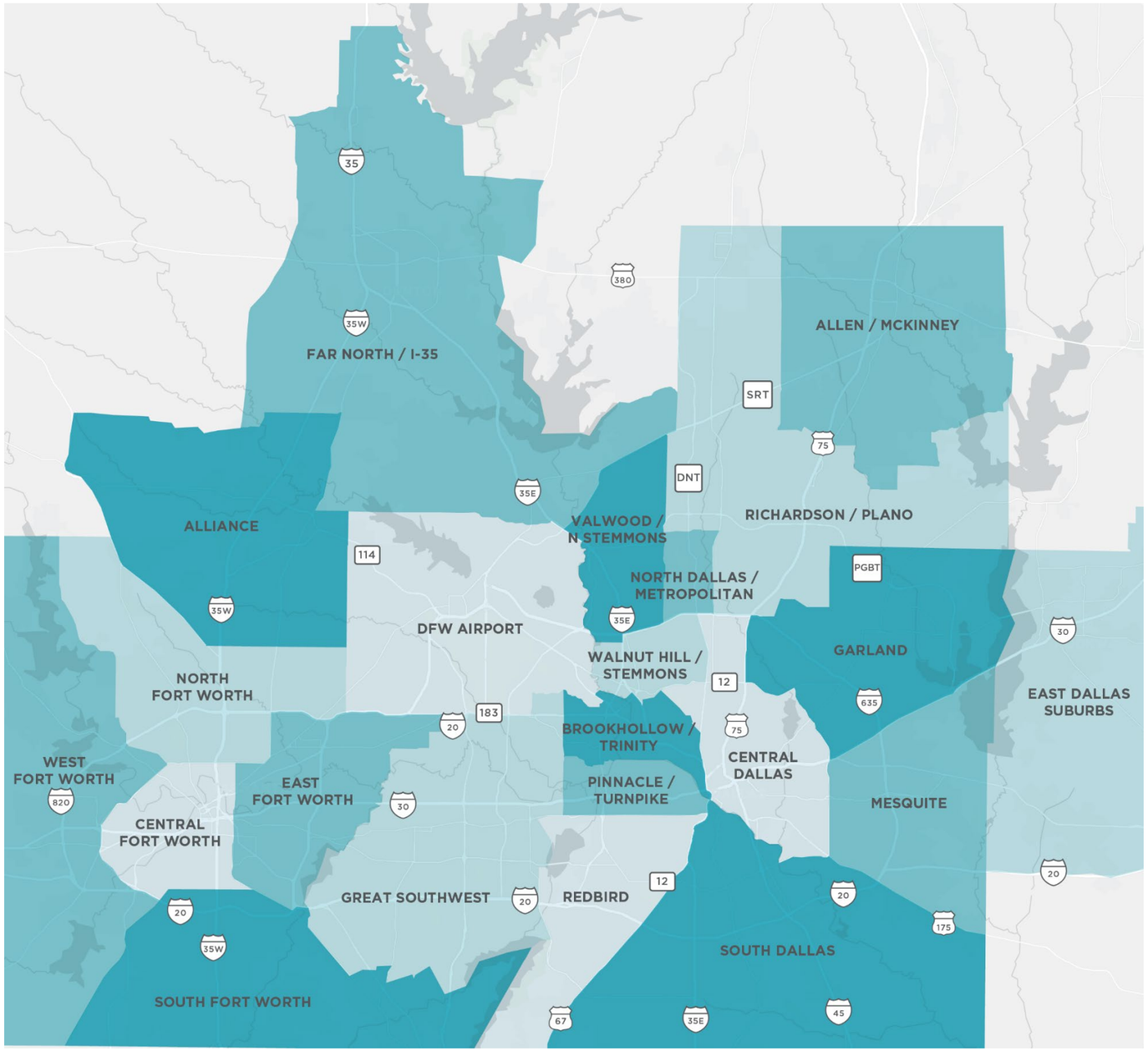
INDUSTRIAL SUBMARKETS



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