2Q25

# Dallas-Fort Worth Industrial Market Overview

NEWMARK

# Market Observations

## Economy

- The market's unemployment rate ticked down by 9 basis points year over year to 3.8% and remained well below the five-year average of 4.6%.
- Job growth pace has slowed compared with recent highs from 2021 through 2022 to 1.3% year over year while employment growth remains elevated over the 4.2 million employment mark since mid-year 2023.
- Most sectors reported employment growth, except for the information, manufacturing, and business and professional sectors, with the mining and construction sector leading job gains at 3.4% over the past 12 months.
- Most industrial-using jobs in the market continued to reflect yearly growth, with trade/transportation/utilities and mining and construction sector employment reporting growth of 1.2% and 3.4%, respectively. Meanwhile, manufacturing jobs contracted by 0.5% over the past 12 months.

## Major Transactions

- A confidential tenant inked the largest deal of the quarter at Core 45's Building 2 for 1.0 MSF. The lease is currently under a non-disclosure agreement.
- Three of the five notable largest leases signed were new leases, indicating there is still a healthy appetite for space in the market.
- Out of the five largest leases signed in the quarter, three were secured by logistics and distribution sector companies like Hayes Company, DHL and Exel.
- Pre-leasing of under construction assets was 39.0% at the end of the second quarter of 2025.

## Leasing Market Fundamentals

- The market realized 6.8 MSF of positive absorption in the second quarter of 2025, with quarterly demand narrowly matching supply at 6.9 MSF. This is the narrowest the absolute quarterly spread between supply and demand has been since the second quarter of 2017.
- Overall rental rates declined by 1.9% year over year from the historical high to $9.68/SF. This is the first yearly rent growth decline since 2017.
- The under-construction pipeline increased for the third consecutive quarter to 31.2 MSF, rebounding to levels reported at the beginning of 2024. Overall construction activity continues to remain low relative to recent years where the pipeline reached a high of 75.5 MSF at the end of 2022.
- As of the end of the second quarter of 2025, vacancy decreased by 30 basis points year over year to 9.1%, reflecting the second consecutive quarter of vacancy declines as year-to-date demand has outpaced supply in the first half of the year.

## Outlook

- The Dallas-Fort Worth industrial market construction pipeline will continue to remain low, with 3.0% of the current market's inventory being under construction. The pipeline is expected to remain modest, with slow growth resulting from tighter financing conditions for new projects and economic uncertainty stemming from tariffs, which may lead some companies to delay decisions.
- Vacancy rates are expected to decline in the near term as the market has worked through a significant portion of the under-construction pipeline and occupancies are beginning to take place.
- Asking rents will likely continue to remain elevated due to inflation and as quality new product commanding higher pricing is delivered. Rental rate year-over-year pace of growth is expected to continue flattening as new supply is expected to remain low in the near term.

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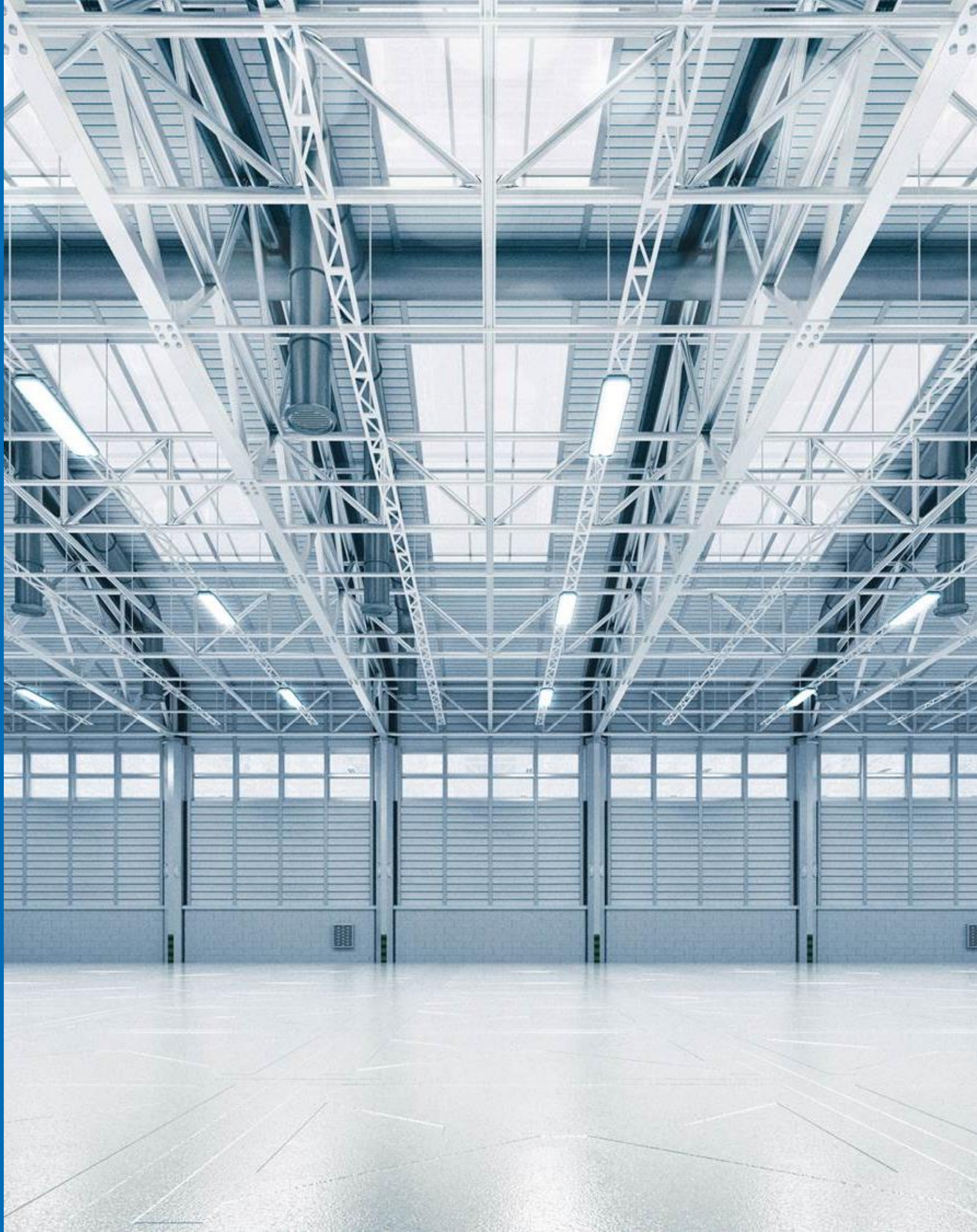
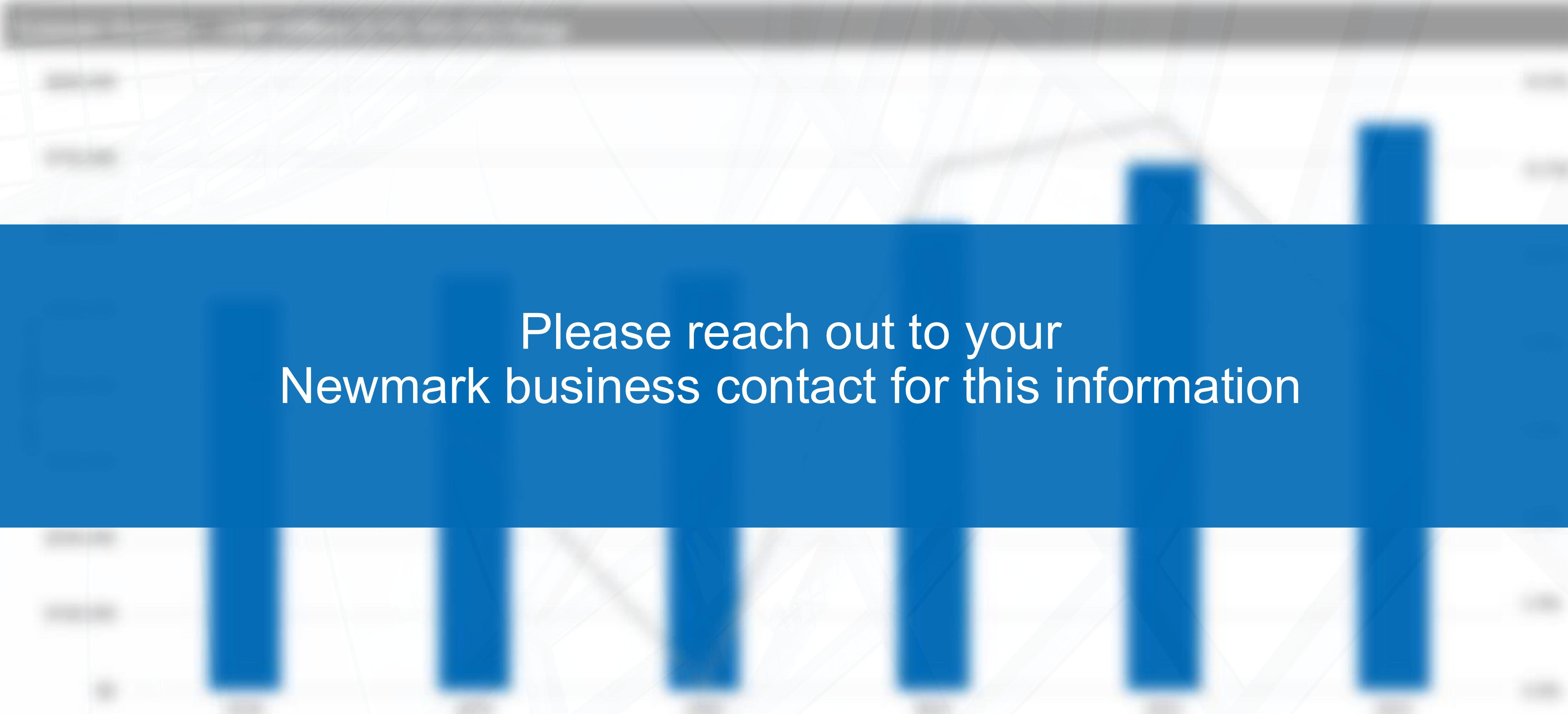
# Economy



# Dallas-Fort Worth Gross Metropolitan Product



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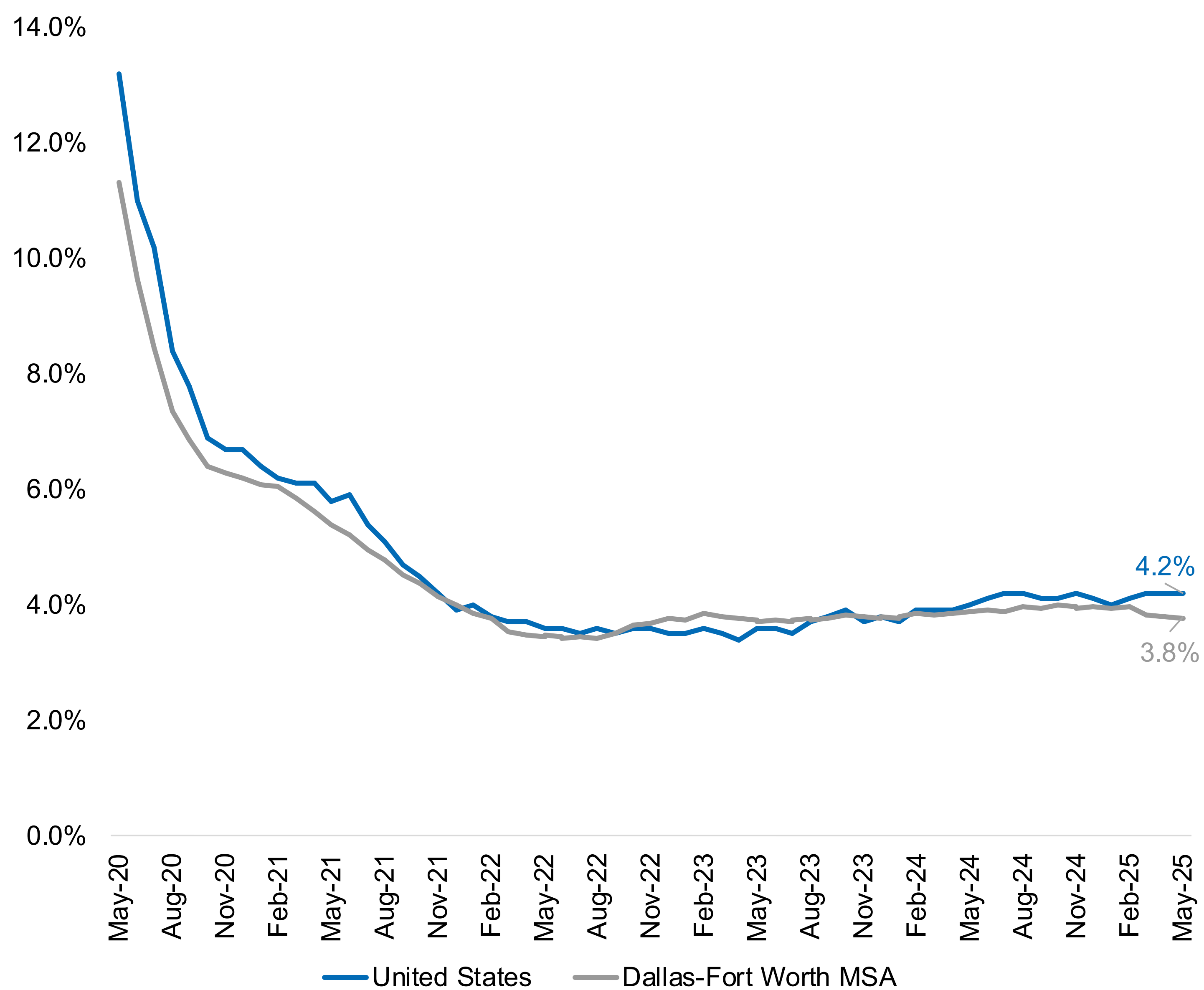
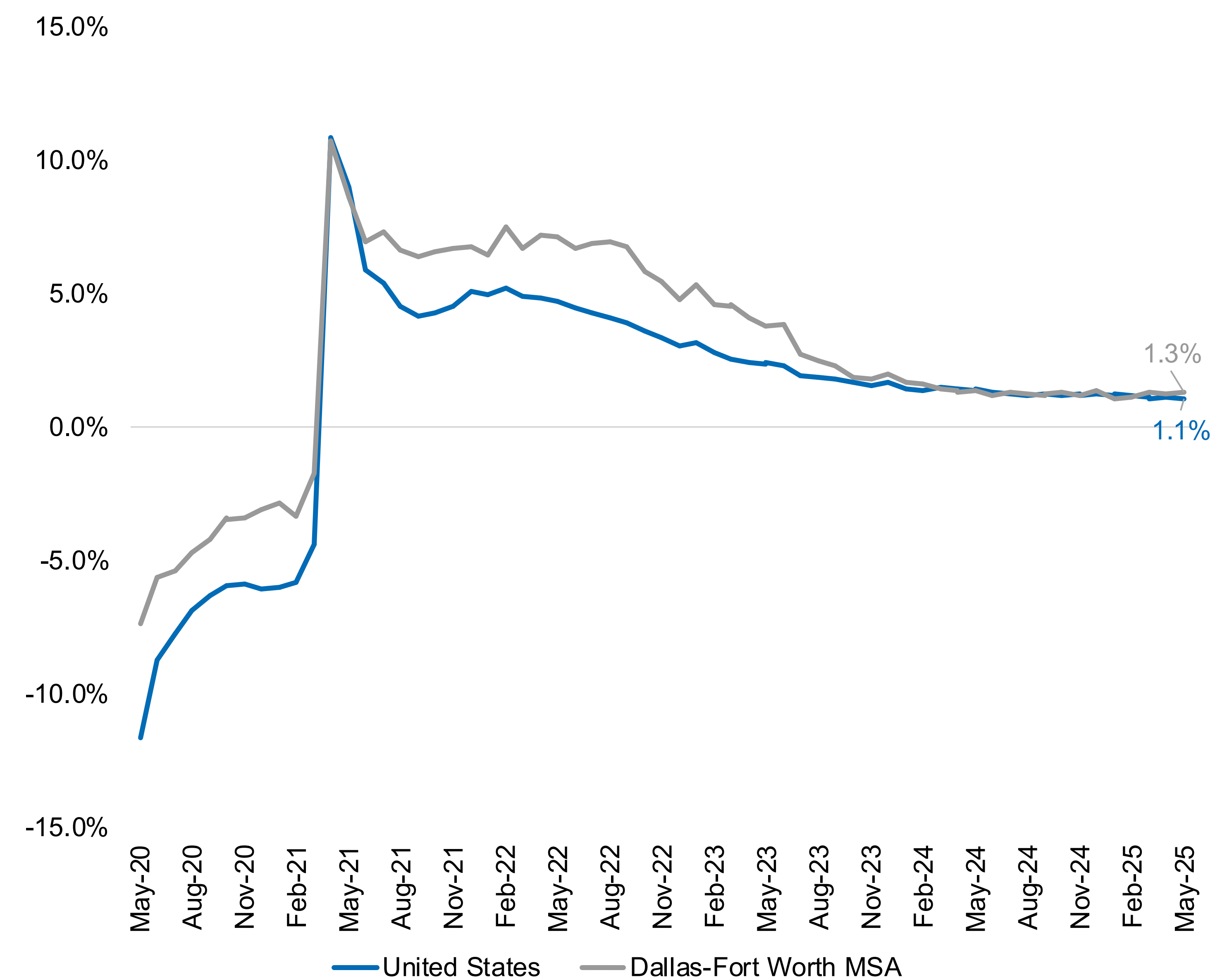
# Metro Employment Trends Remain Relatively Flat

Since late 2021, recent national economic headwinds have caused fluctuations in the region's unemployment compared to the national rate. More recently, beginning in February 2024, the market's unemployment rate has consistently remained below the national level. As of May 2025, the market's unemployment rate stood at 3.8% and is 42 basis points lower than the national average. Historically, the market has generally been an outperformer in employment growth, but economic headwinds have slowed growth rates. In May 2025, the market's employment growth slowed by 7 basis points year over year to 1.3%, yet still outpaced the national employment growth pace by 20 basis points.

## Unemployment Rate, Seasonally Adjusted




## Nonfarm Payroll Employment, Seasonally Adjusted, 12-Month % Change

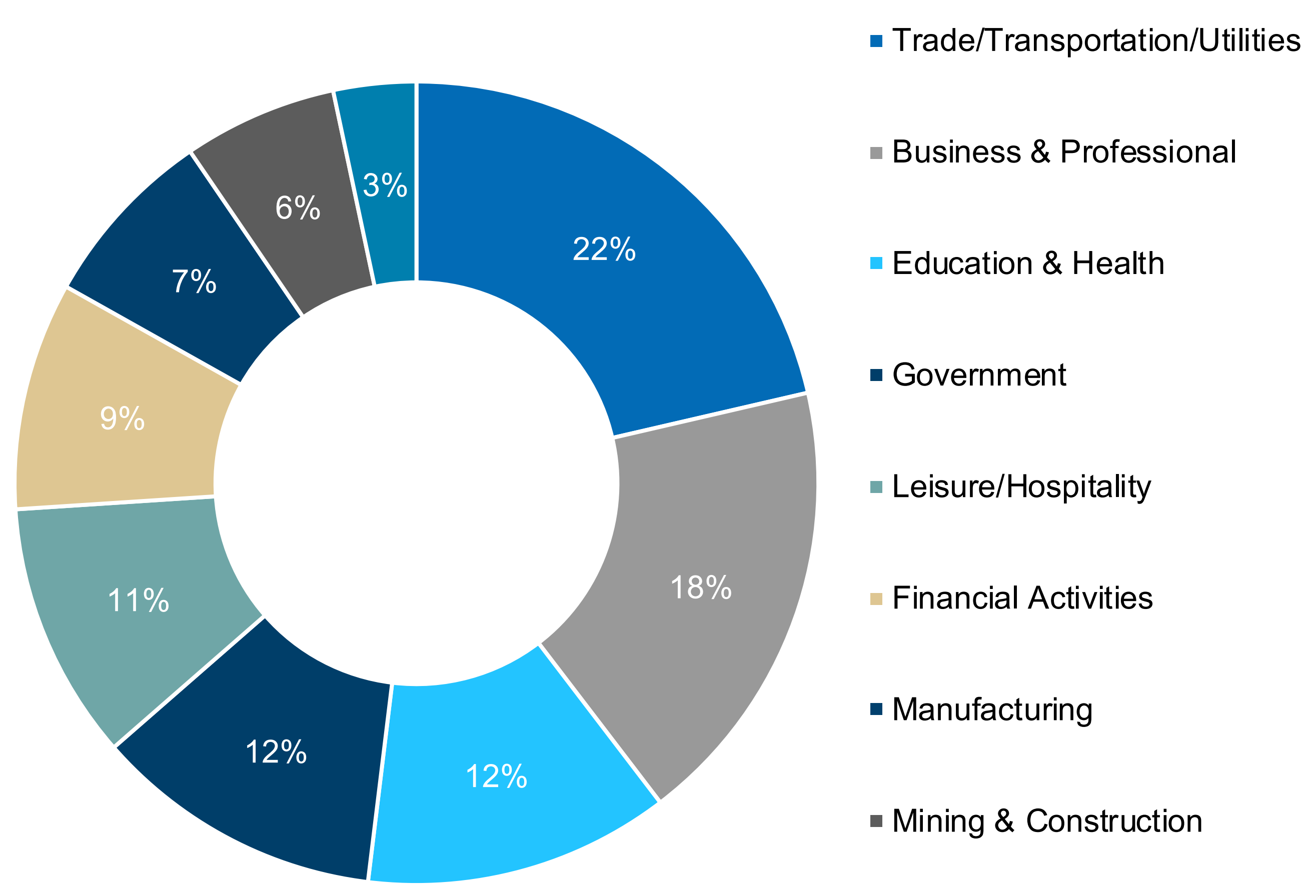



Source: U.S. Bureau of Labor Statistics, Dallas-Fort Worth MSA

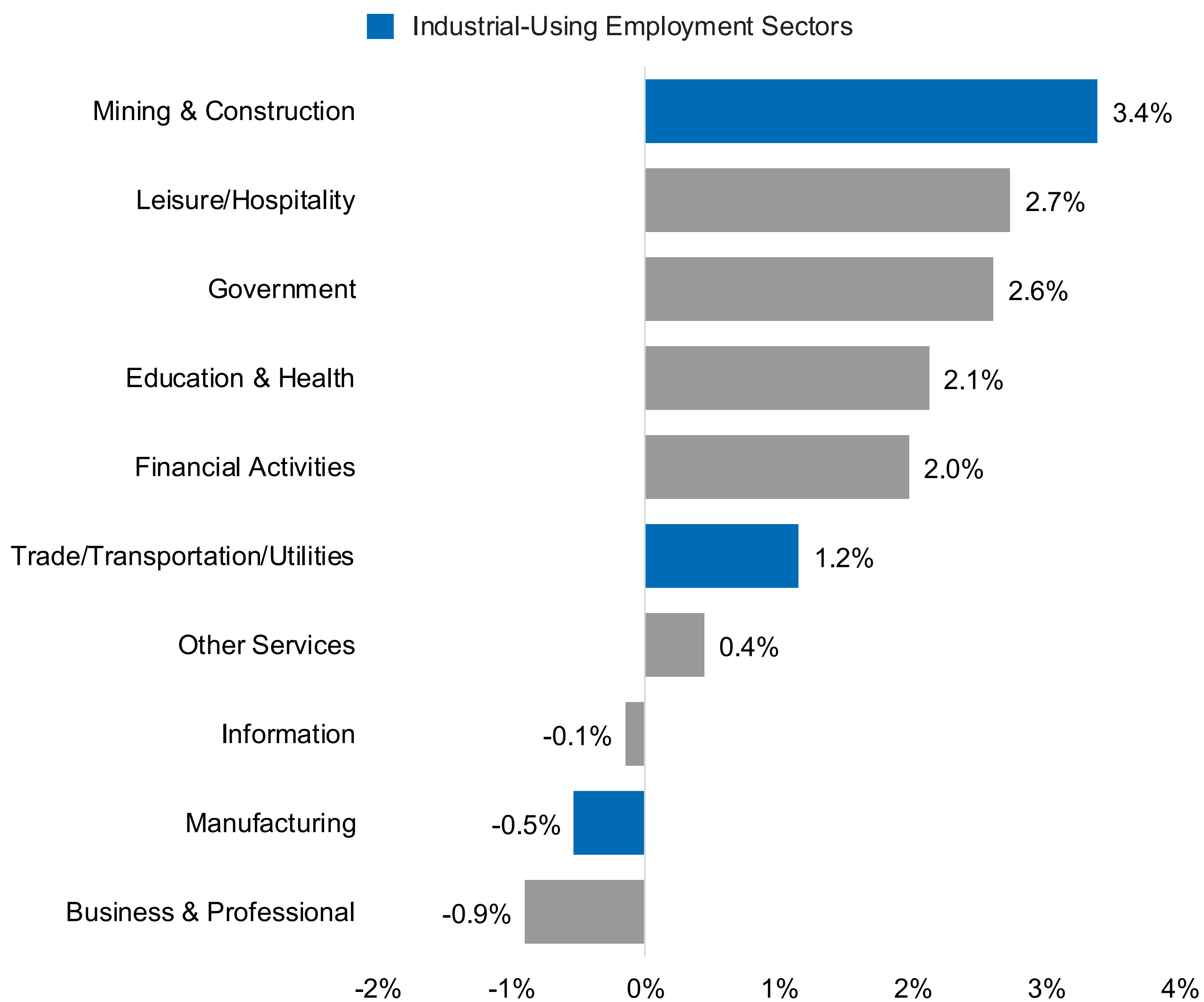
# Employment Growth Continues for Most Industrial-Using Sectors

The Dallas-Fort Worth market has a high industry diversity with the top two industries accounting for only 38.8% of the market's industry employment share. The industrial-using employment's trade/transportation/utilities sector is the largest industry sector in the metroplex at 20.9%. Most industries in the metroplex reported growth, while one industrial-using industry, the manufacturing sector contracted by 0.5% year over year. Comparatively, the trade/transportation/utilities and mining and construction sectors grew by 1.2% and 3.4% year over year, respectively.

## Employment by Industry, May 2025




## Employment Growth by Industry, 12-Month % Change, May 2025

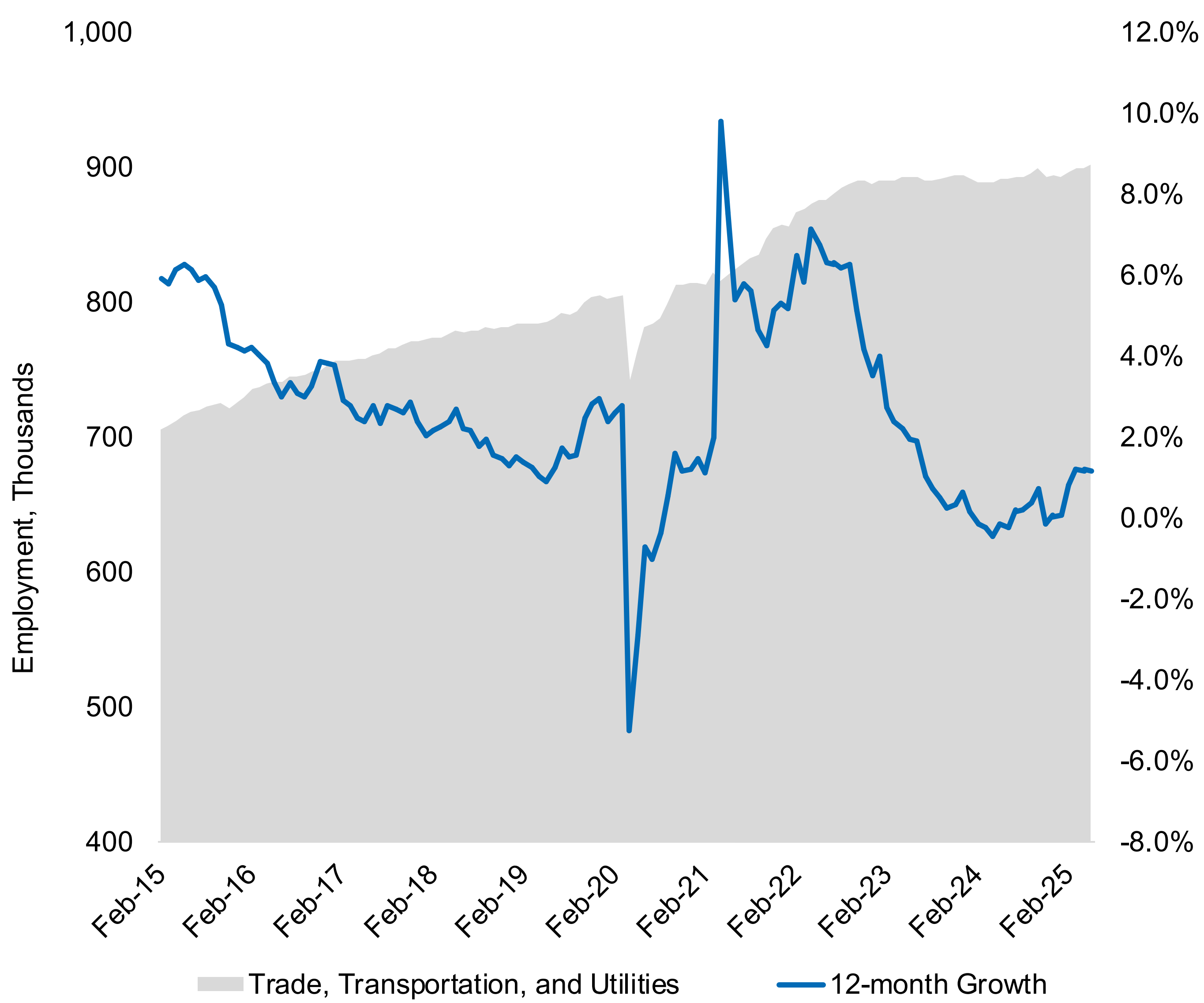



Source: U.S. Bureau of Labor Statistics, Dallas-Fort Worth MSA

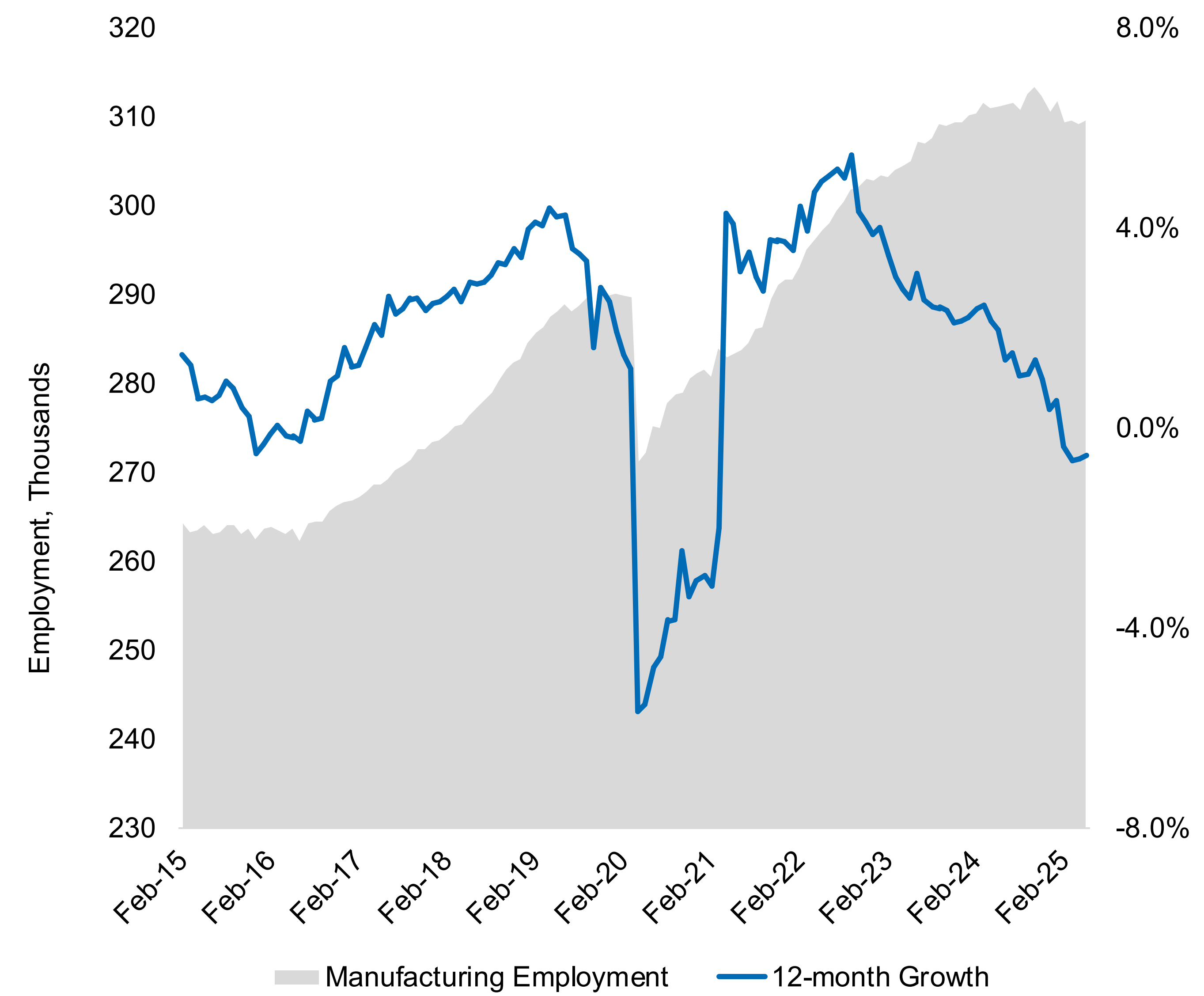
# Industrial Employment Growth Pace Mixed

Trade/transportation/utilities employment continues to remain elevated, reaching a new peak as of May 2025 at 902,630 employees. Meanwhile, manufacturing employment ended February 2025 at 309,543 jobs, remaining above the 300,000-employee mark since mid-2022 but declining by 1.2% from the all-time high in October 2024. Industrial-using employment continues to reflect yearly growth in the trade/transportation/utilities sector, albeit at a slower pace than before, while the manufacturing sector is reporting minimal declines, indicating a slowing economy.

**Total Employment and 12-Month Growth Rate, Trade/Transportation/Utilities**




**Total Employment and 12-Month Growth Rate, Manufacturing**




Source: U.S. Bureau of Labor Statistics, Dallas-Fort Worth MSA

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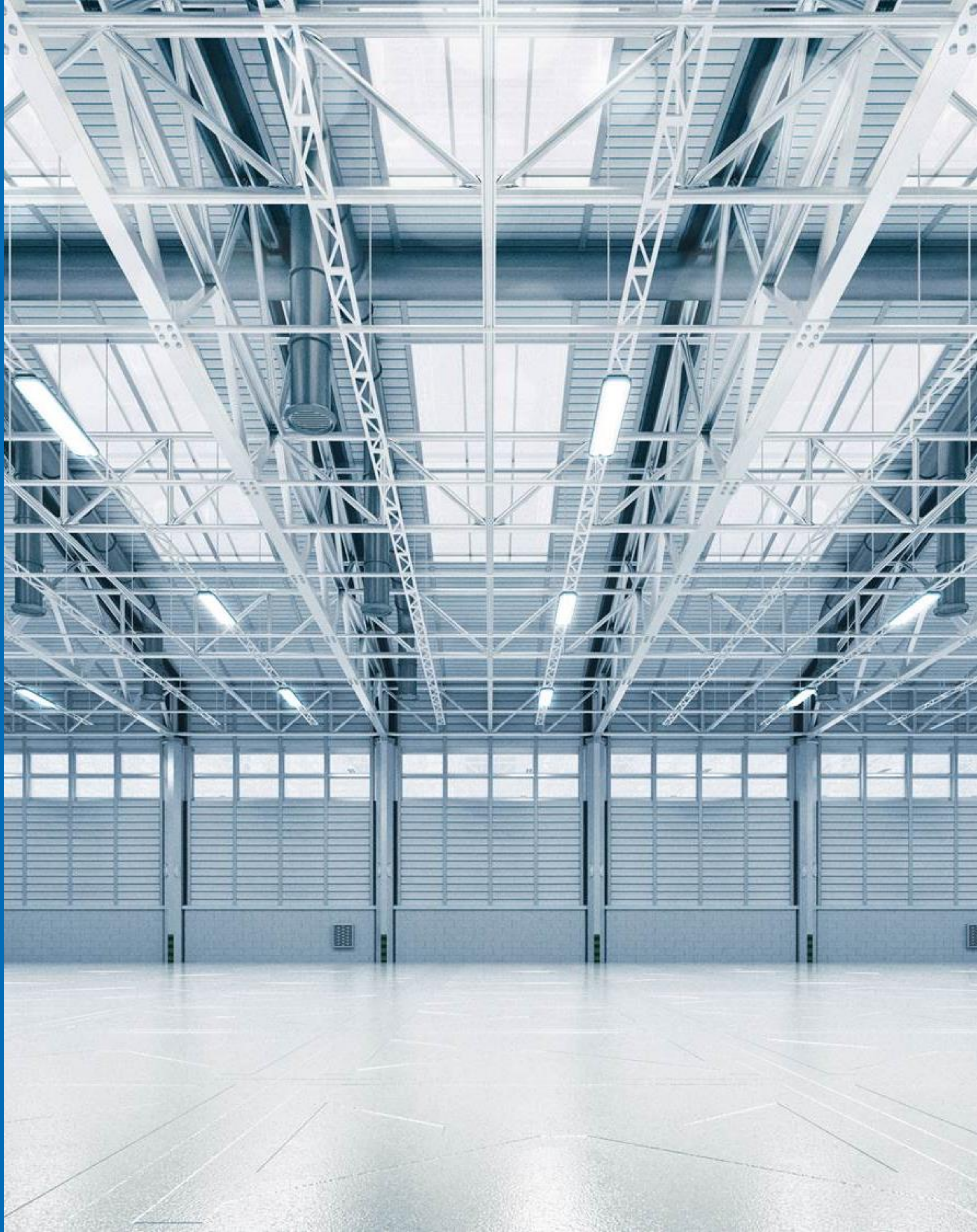
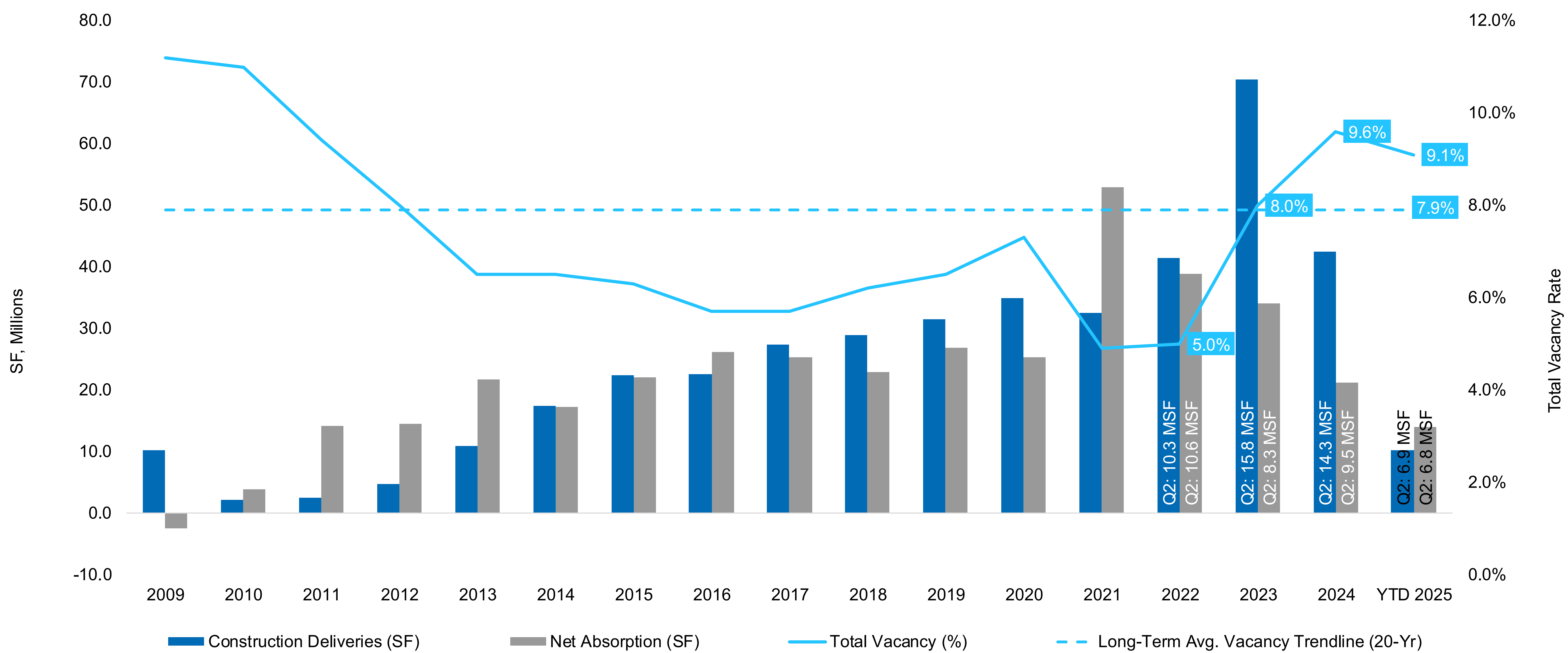
# Leasing Market Fundamentals



# Quarterly Demand Keeps Pace with Rebounding Deliveries, Reducing Vacancy

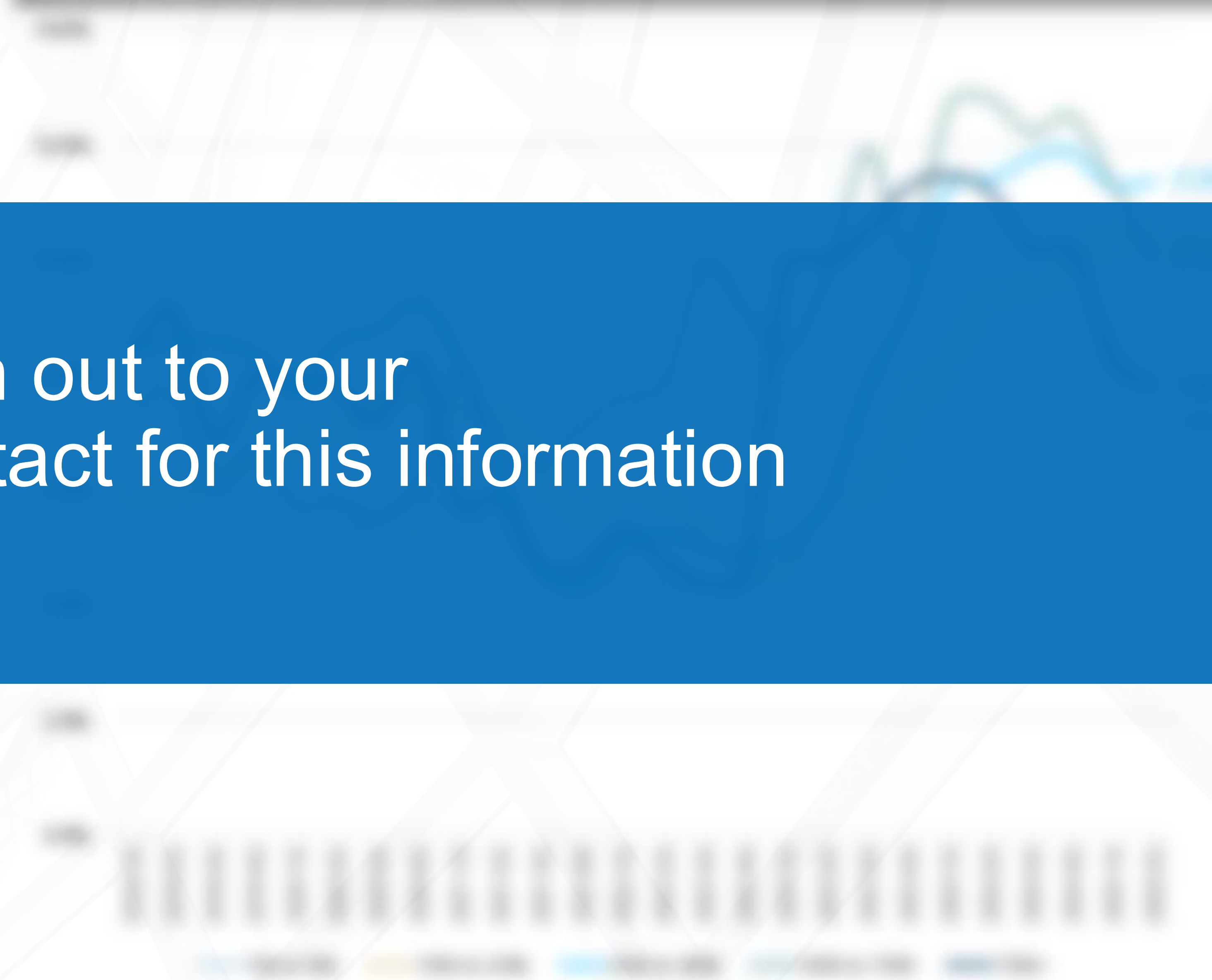
The Dallas-Fort Worth industrial vacancy rate decreased by 30 basis points year over year to 9.1% in the second quarter of 2025, with year-to-date demand surpassing supply for the first time since 2021. Deliveries increased to 6.9 MSF for the quarter, closely matched by the quarter's 6.8 MSF in demand. This signals that the market is past the recent low in quarterly deliveries reached in the previous quarter, a result of a dwindling under-construction pipeline from 2023 through late 2024. Despite national economic headwinds, demand continues to remain positive for industrial space in the Dallas-Fort Worth market.

## Historical Construction Deliveries, Net Absorption, and Vacancy




Source: Newmark Research, CoStar

# Large Buildings Continue to Drive Absorption While Vacancy Generally Declines



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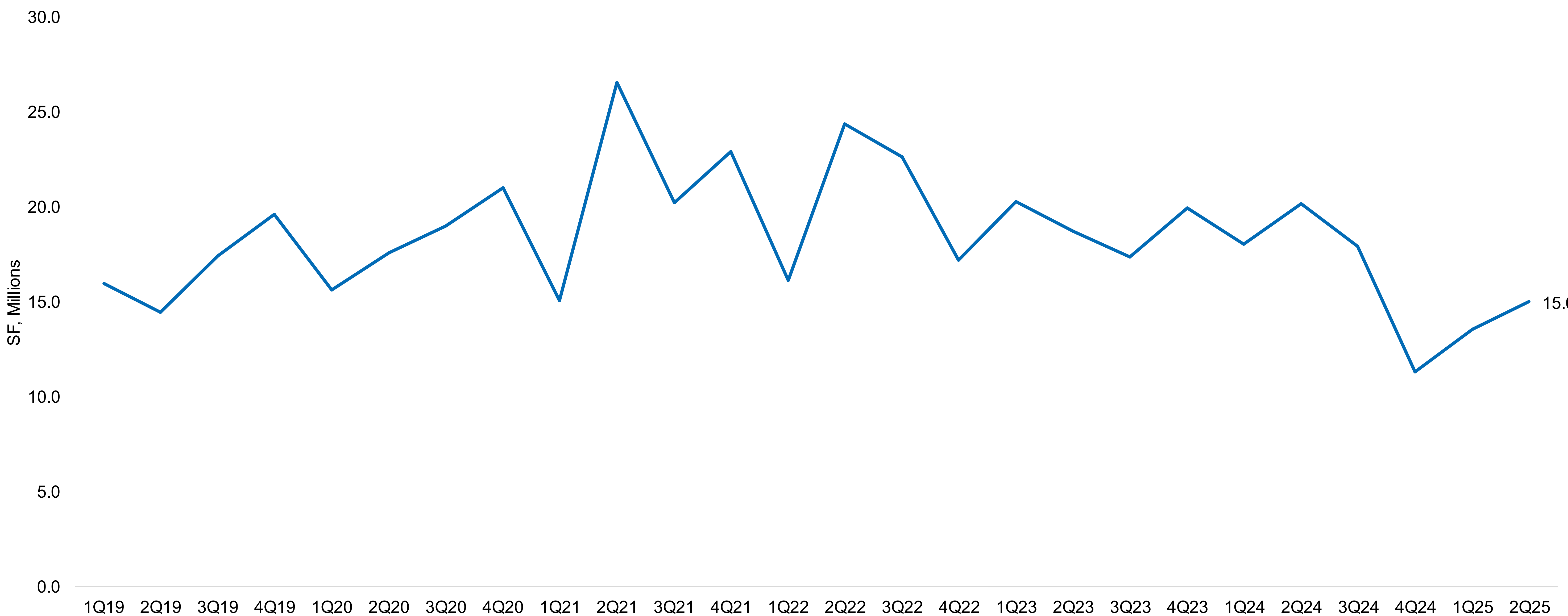
# Leasing Activity Rises for Second Consecutive Quarter

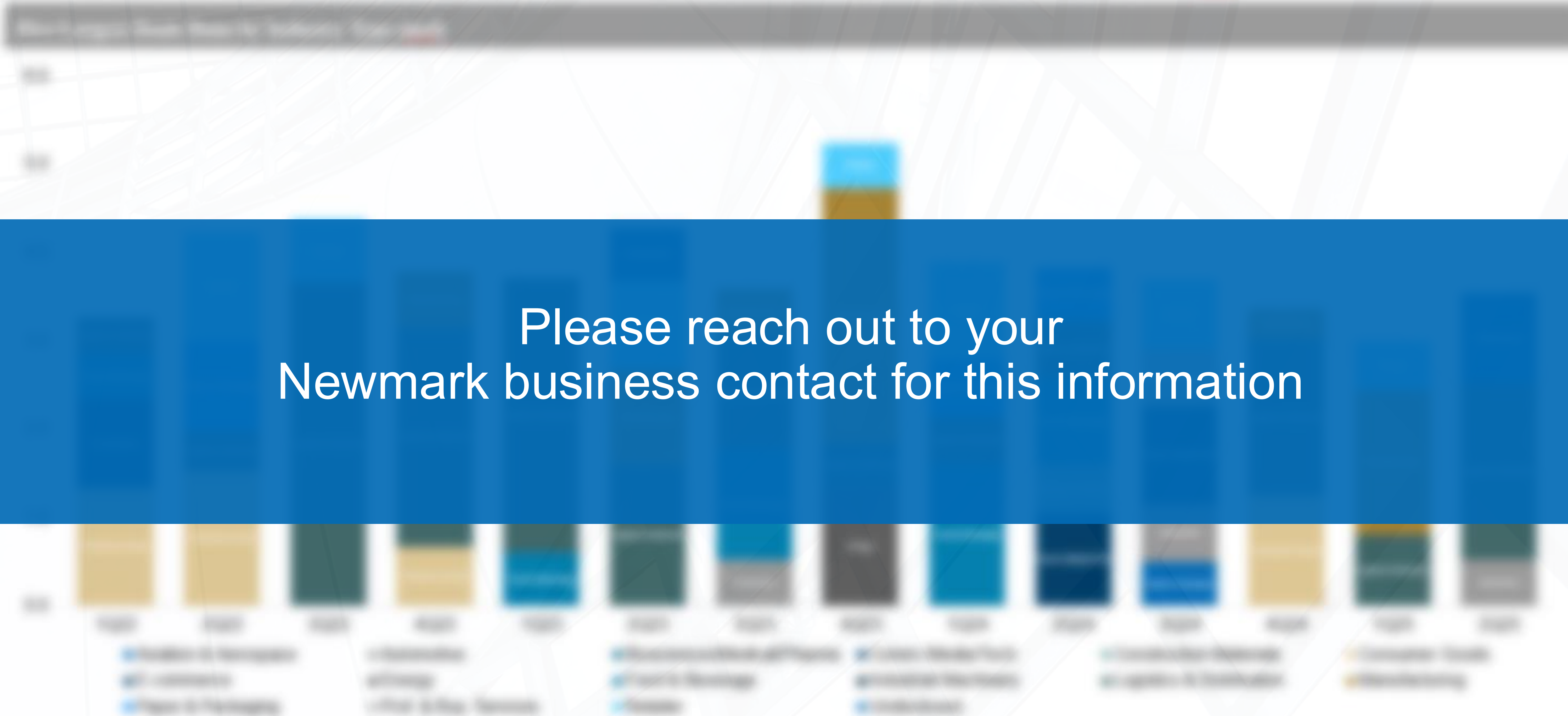
Leasing activity in the second quarter of 2025 totaled 15.0 MSF, continuing a modest rebound from the recent low of 11.3 MSF recorded at the end of 2024, though remaining well below post-pandemic peak levels reported in 2021 to 2022. This marks the second consecutive quarter of increasing leasing volume, demonstrating that demand continues to remain positive in the market.

**Total Leasing Activity (SF)**




Source: Newmark Research, CoStar

# Top Five Largest Deals Done by Industry Type



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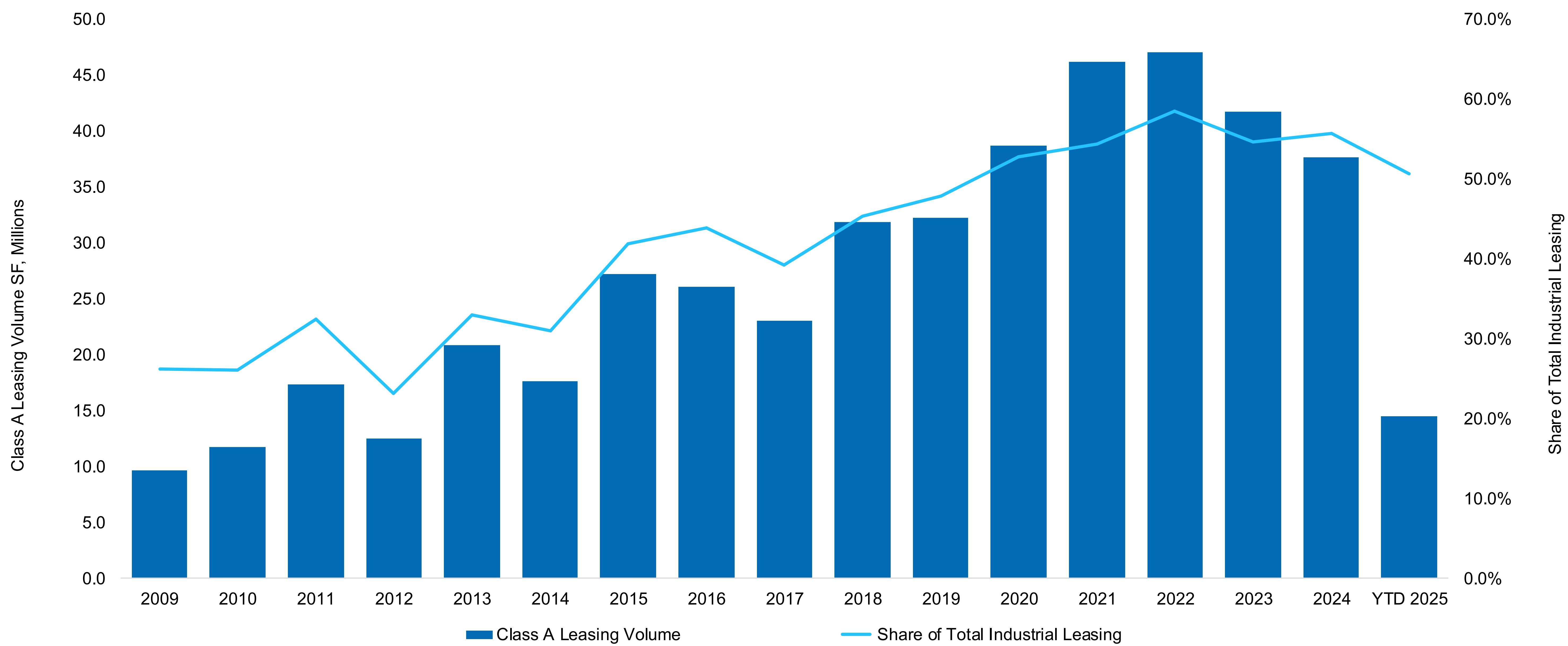
# Class A Warehouse Leasing Decreases as Quality Deliveries Dwindle

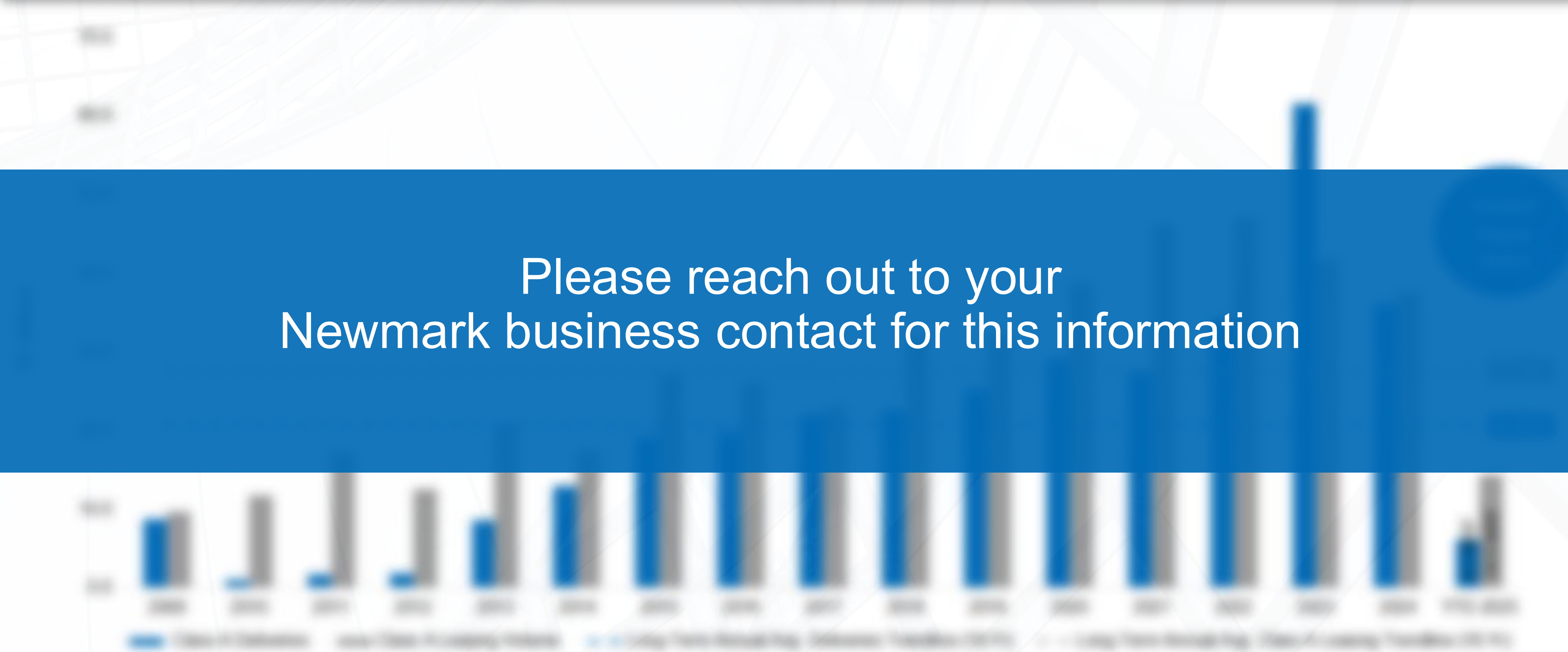
The influx of 123.3 MSF of high-quality deliveries from 2021 to 2023 allowed Class A leasing activity, by square footage, to increase substantially and remain elevated through 2024 due to greater Class A space availability. However, as of the second quarter of 2025, Class A warehouse leasing activity on a square footage basis has declined from the historic highs recorded between 2021 and 2024 as newly delivered space is leased up. In the second quarter of 2025, Class A leasing activity reached 7.8 MSF, representing 50.7% of overall year-to-date activity—down from 55.8% in the previous year, but well above the pre-pandemic annual average of 35.5% from 2009 to 2019. The proportion of Class A leasing compared with total leasing continues to indicate strong appetite for quality assets in the market, as long as new supply is delivered to support demand.

## Industrial Class A Leasing Volume and Percentage of Total Industrial Leasing Volume




Source: Newmark Research, CoStar

# Flight to Quality: Class A Space Supply Deficit



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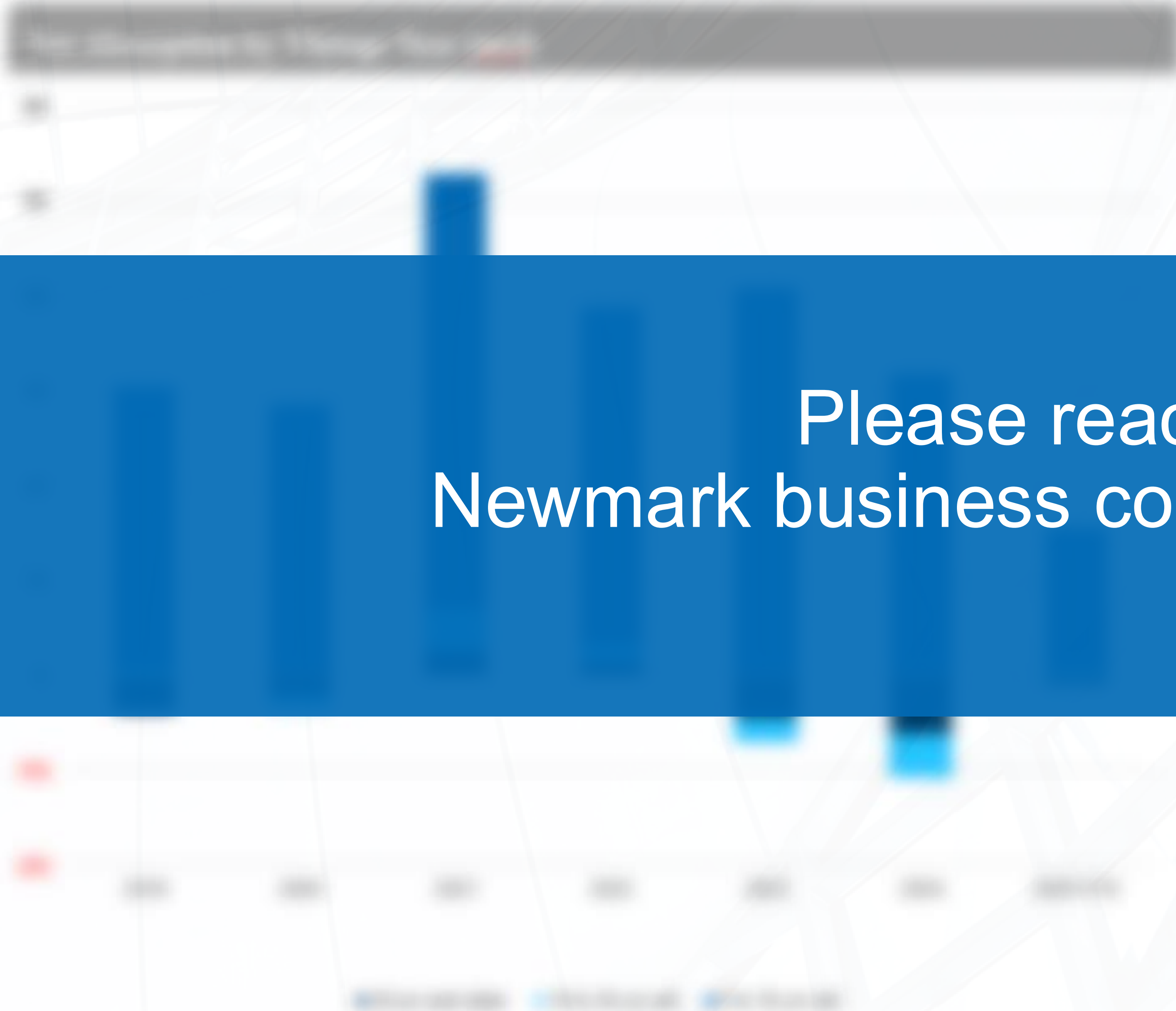
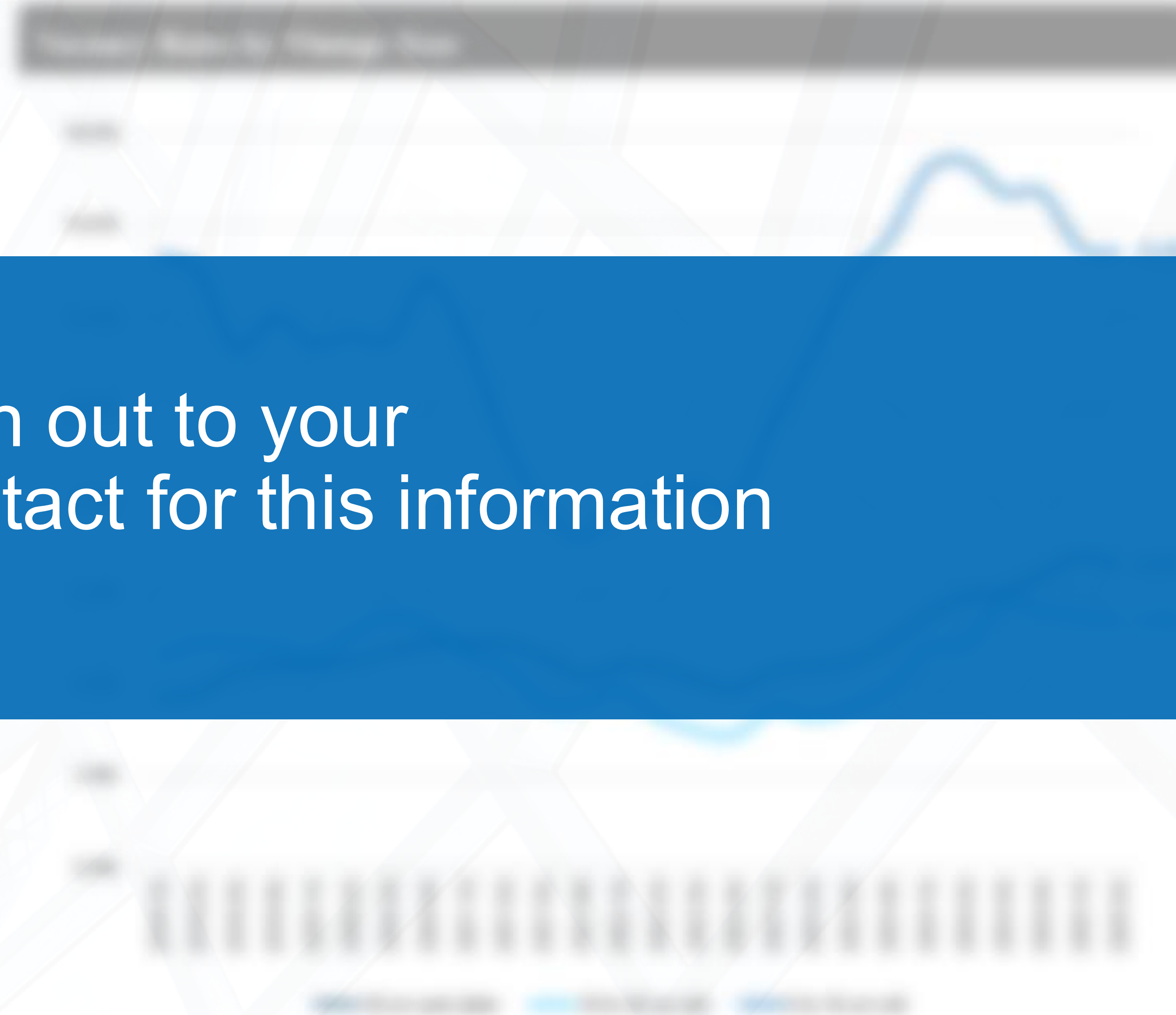
# Preference for Modern Industrial Buildings Drives Demand





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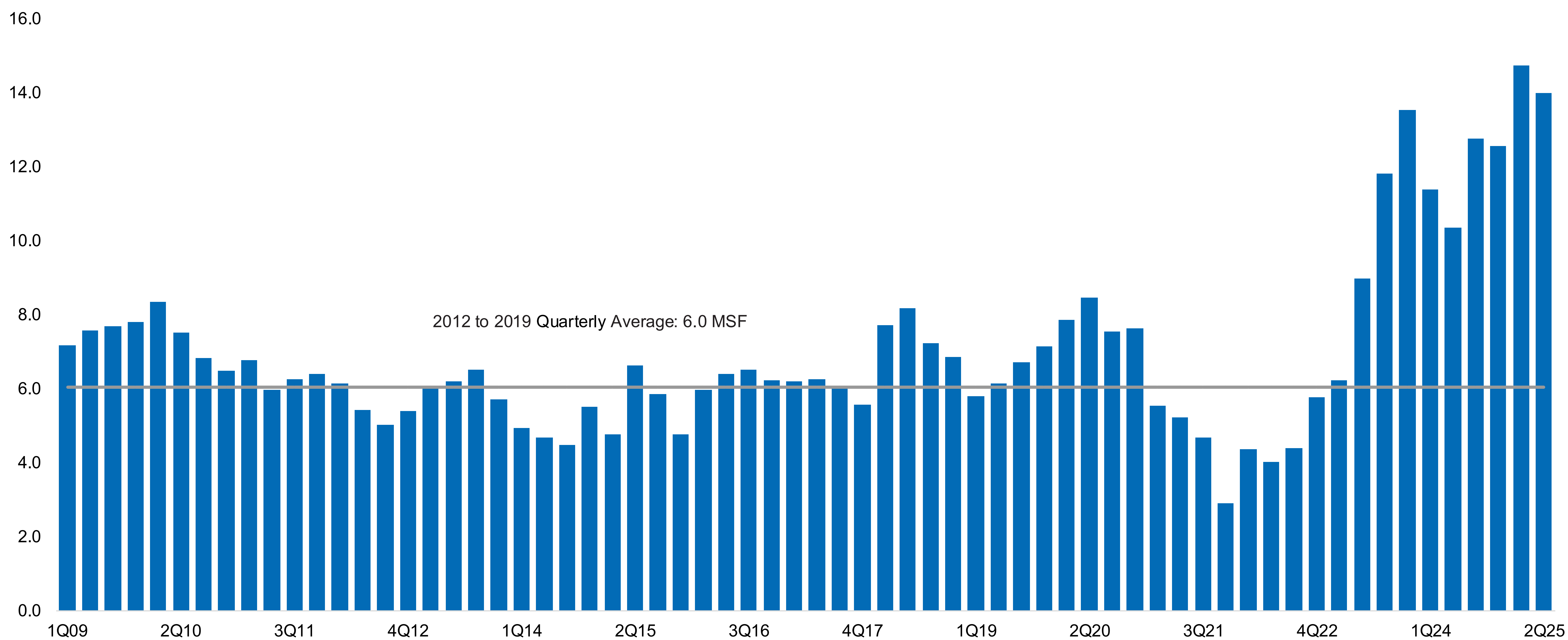
# Industrial Sublease Availability Remains Elevated, but Eases from Historical High

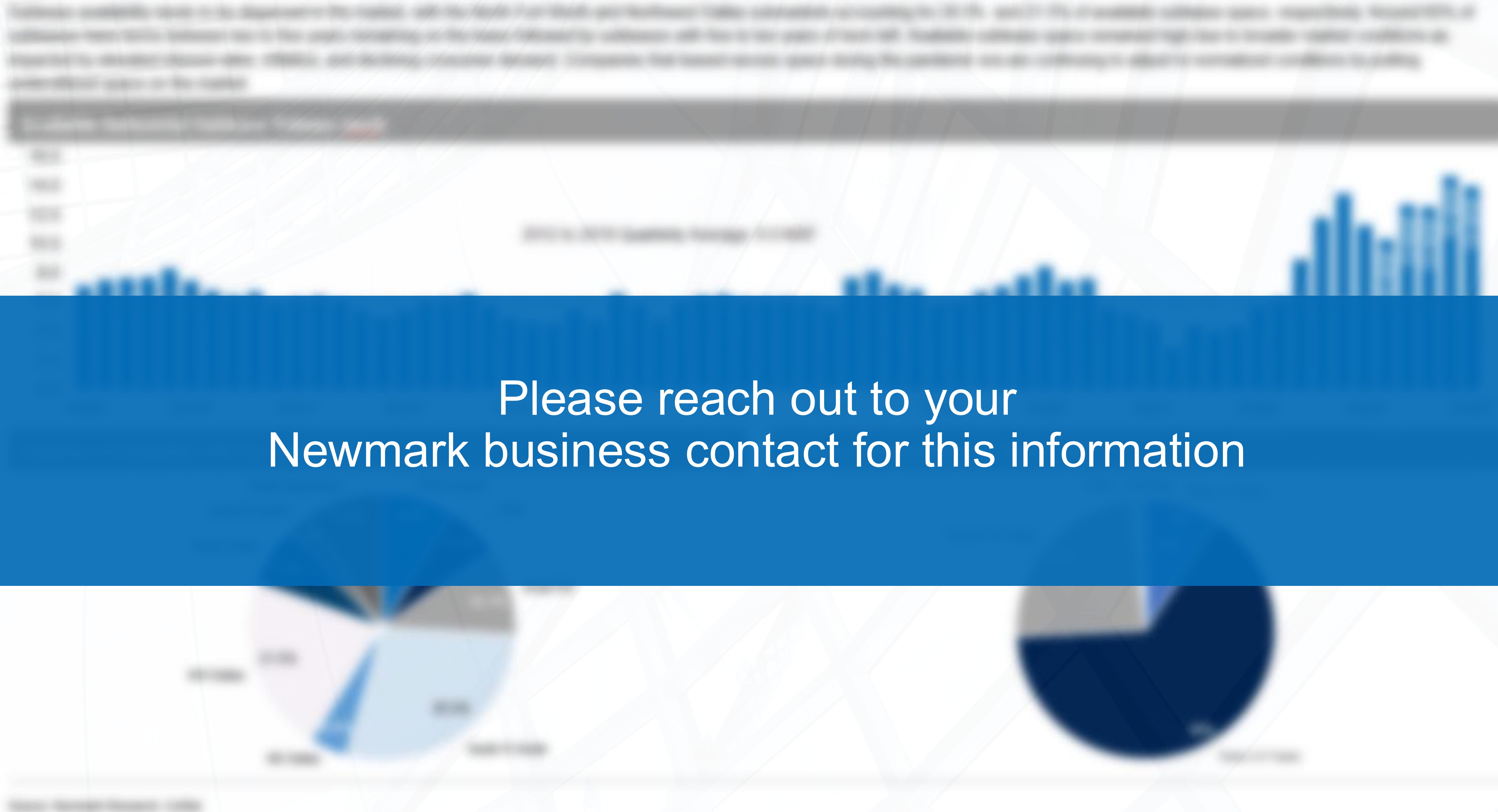
Sublease availability surpassed and has remained above the 10.0 MSF mark since the third quarter of 2023. In the second quarter of 2025, sublease availability continues to remain elevated at 14.0 MSF, easing by 5.0% from the previous quarter's all-time high. Large new subleases added onto the market include spaces from Olam International at 646,250 SF and Steve Silver Company at 407,195 SF. Elevated interest rates, an inflationary environment and declining consumer demand are driving some firms to control costs via supply chain optimization and consolidation, which includes putting excess or underutilized space up for sublease.

**Available Industrial Sublease Volume (msf)**




Source: Newmark Research, CoStar

# Sublease Availability Driven by North Fort Worth and NW Dallas Submarkets



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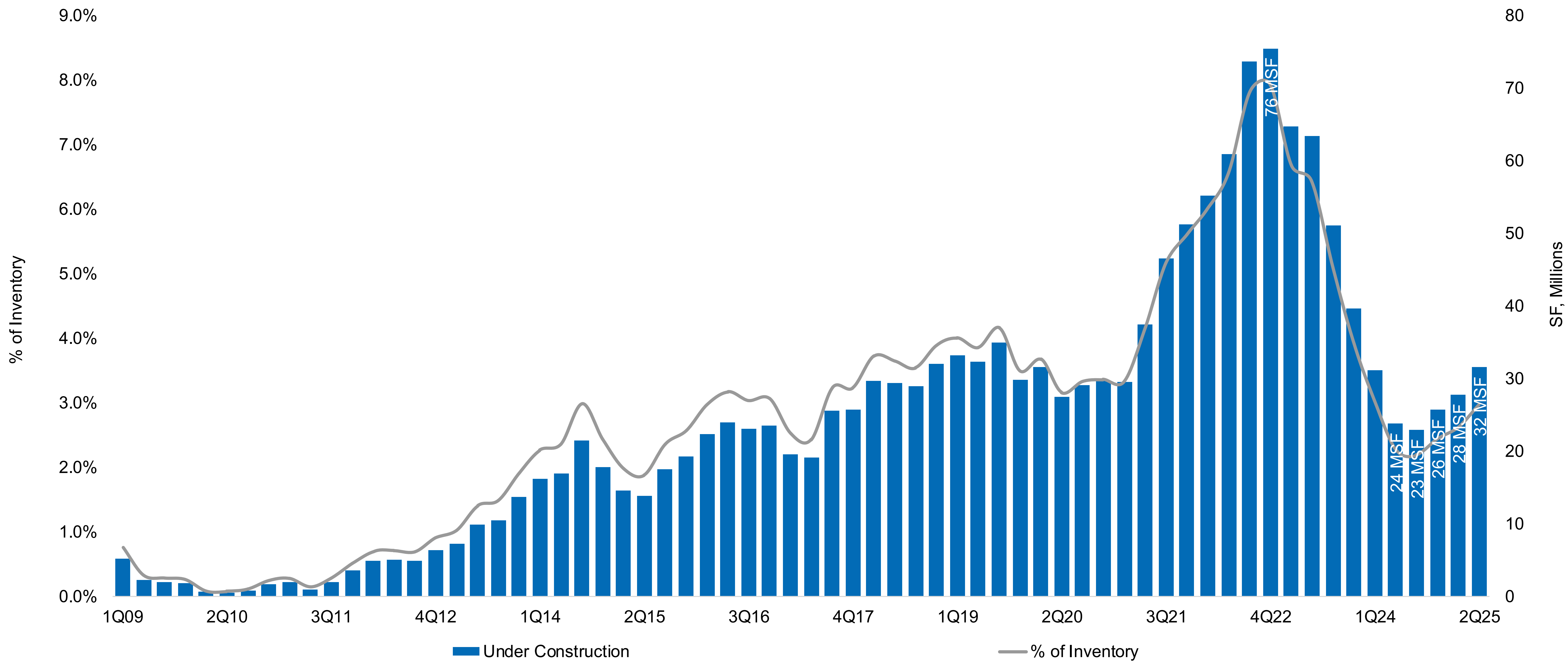
# Industrial Supply Pipeline Grows but Remains Low Compared to Recent Past

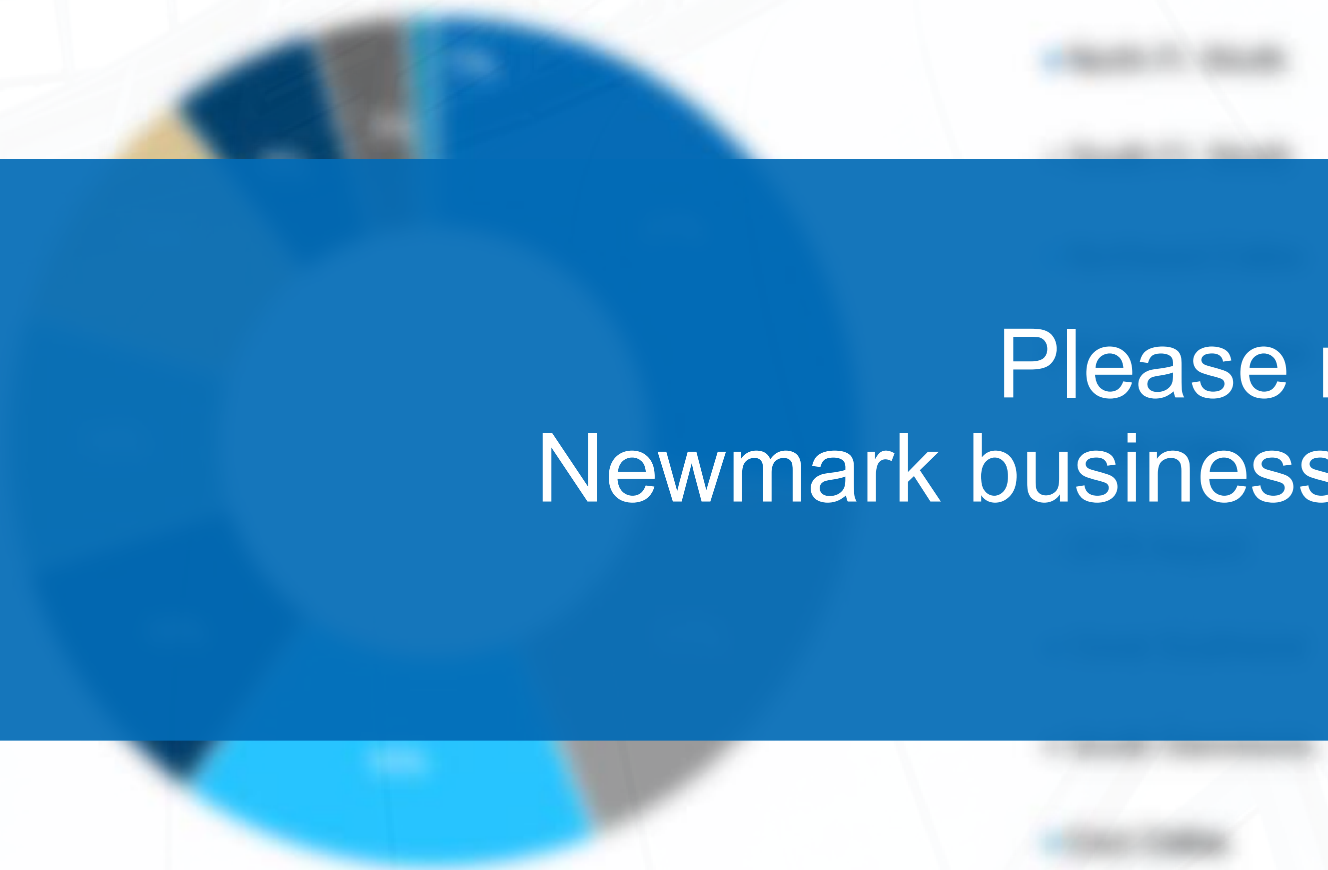
The construction pipeline increased for the third consecutive quarter to 31.5 MSF after hitting a recent low in the third quarter of 2024. Construction starts and new development continued to flatten in the second quarter of 2025 due to a challenging financing environment for new construction. As a result, the under-construction pipeline remains lower than quarterly levels reported from 2018 to 2023, despite the recent increase. As economic conditions improve, lower deliveries coupled with outpacing demand will result in potential supply constraints.

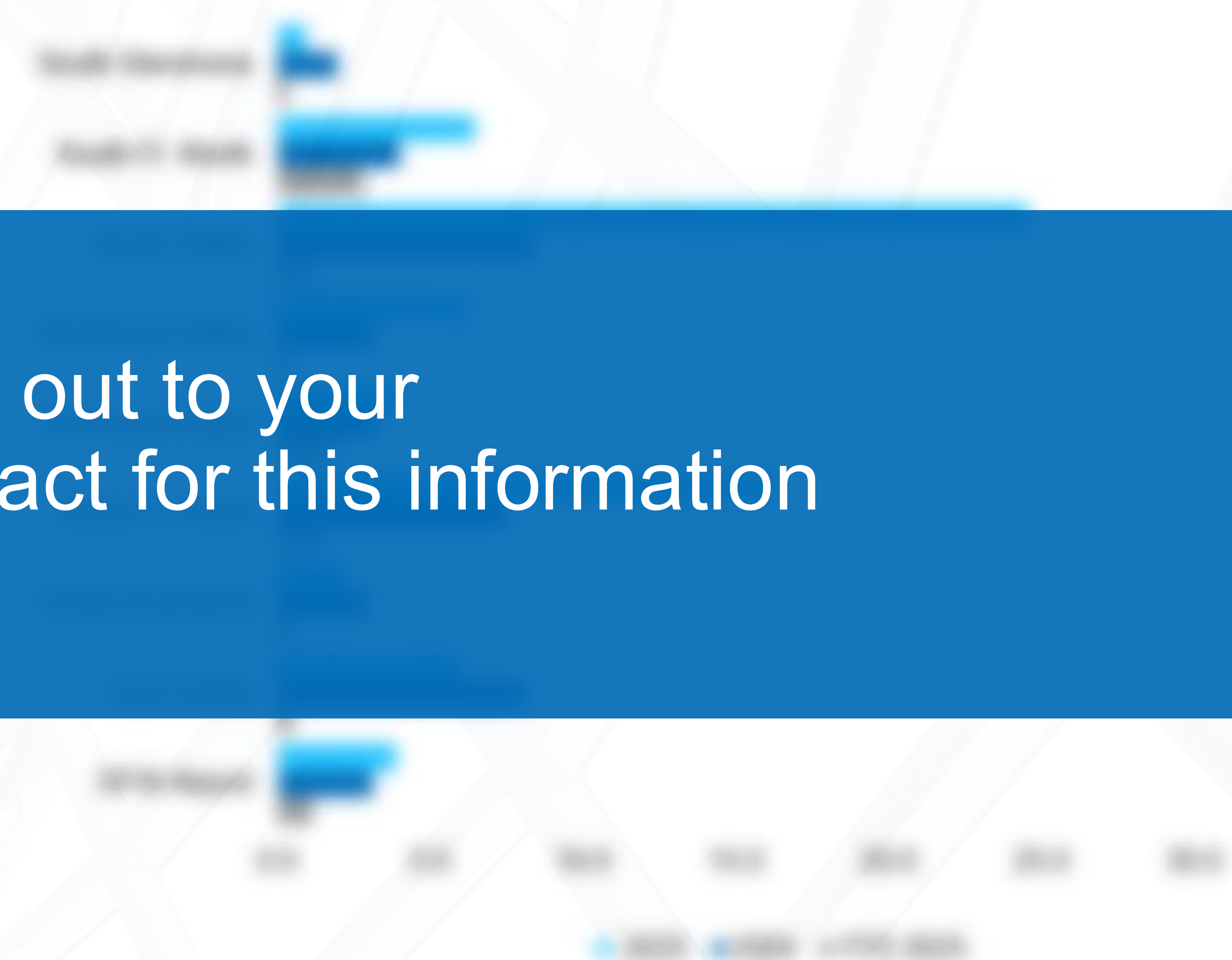
**Industrial Under Construction and % of Inventory**




Source: Newmark Research, CoStar

# North Fort Worth Submarket Leads Recent Construction Activity





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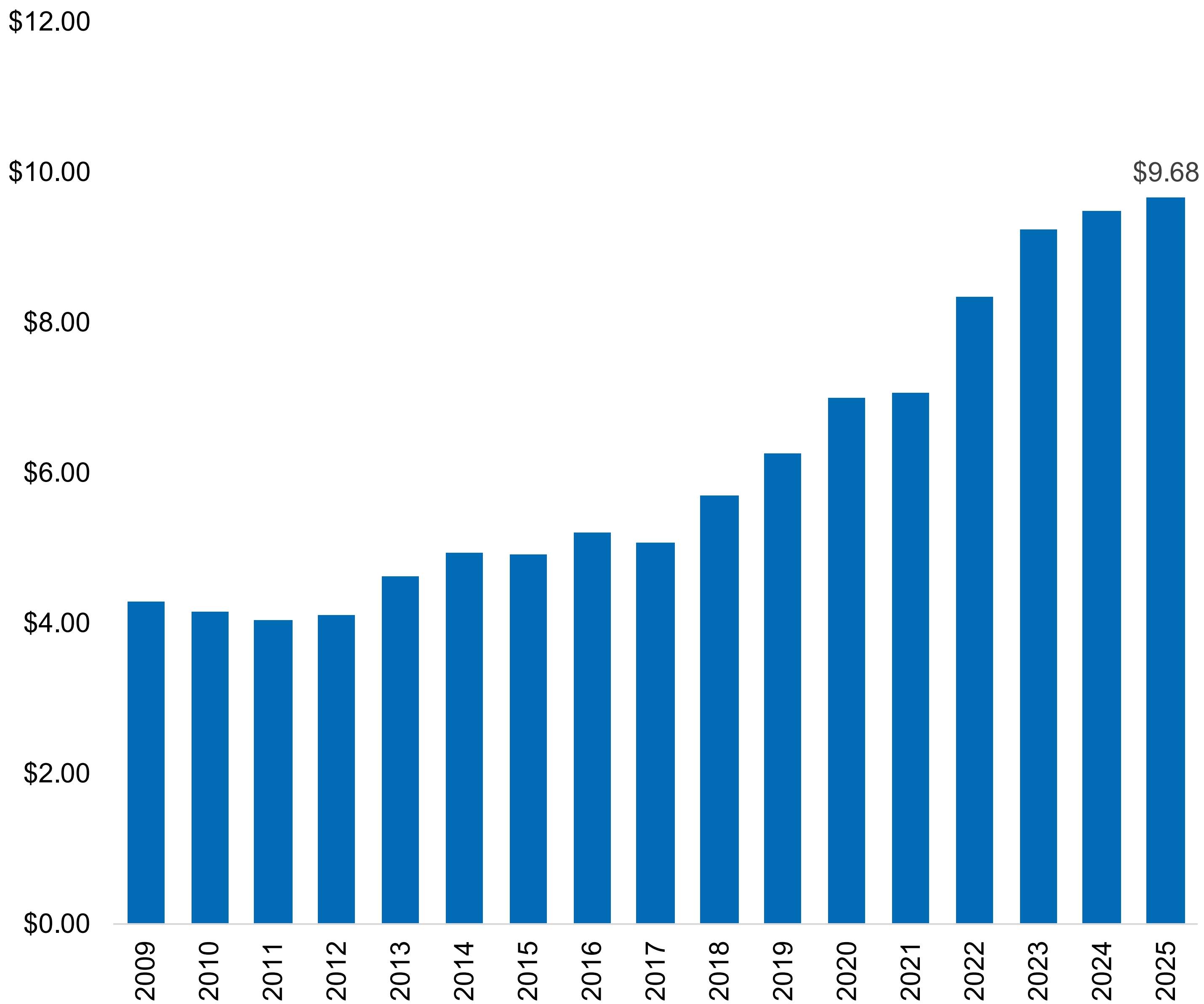
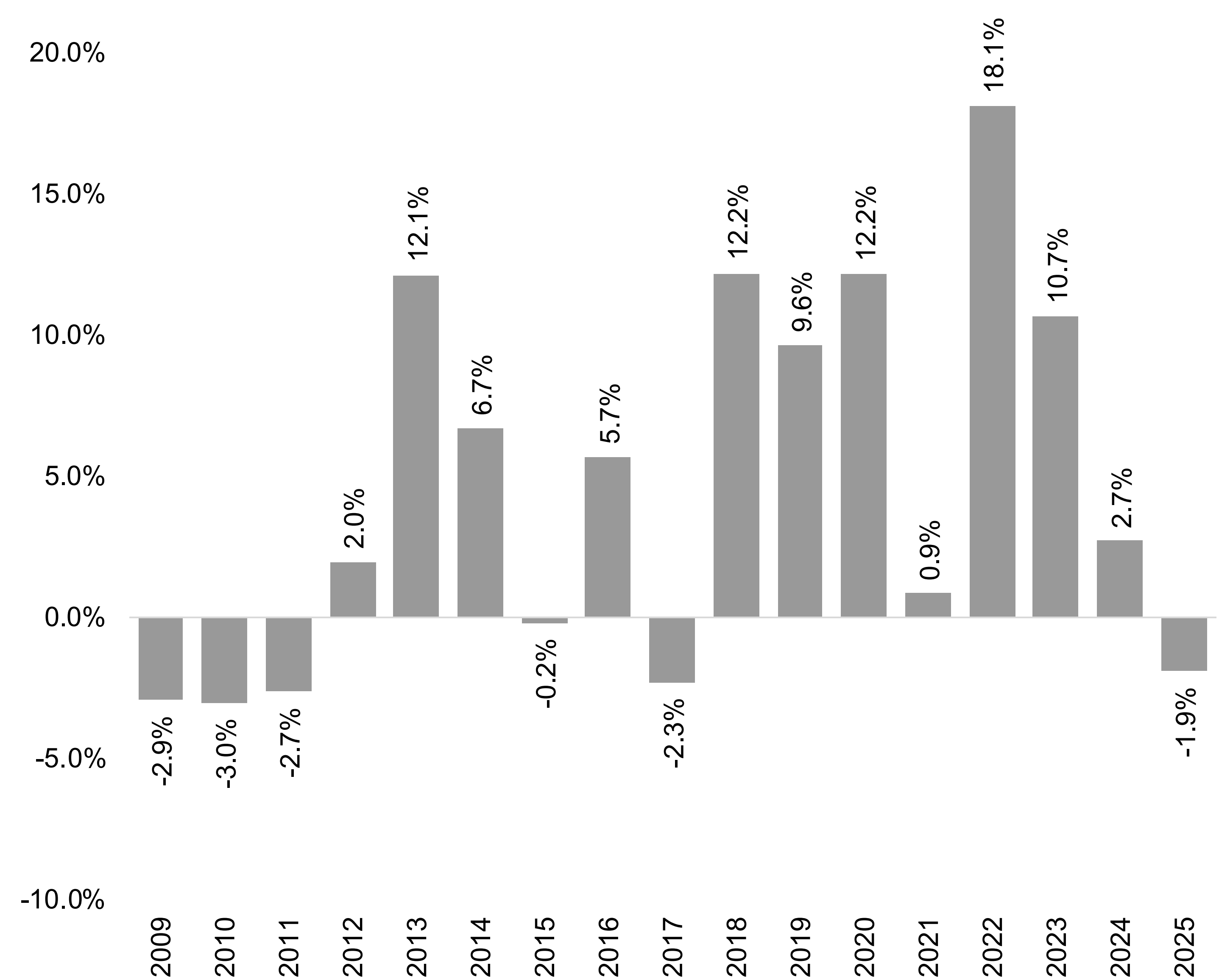
# Asking Rents Decrease from Historical High, Rent Growth Declines

Industrial average asking rents decreased 1.9% from the historical high reported in mid-2024 to $9.68/SF in the second quarter of 2025. Although year-over-year rent growth declined for the first time since 2017 from the all-time high, asking rents are expected to remain elevated as new, higher-quality assets are delivered. Overall, the pace of rent growth is anticipated to continue to flatten as new deliveries are expected to remain low in the market.

**Industrial Average Asking Rent, $/SF, NNN**




**Year-over-Year Asking Rent Growth Rate % Change**




Source: Newmark Research, CoStar

# Notable 2Q25 Lease Transactions

Following the recent low at the end of 2024, leasing activity increased for the second consecutive quarter, reaching 15.0 MSF in the second quarter of 2025. However, leasing activity remains below the second-quarter average reported from 2011 to 2024 at 17.6 MSF. Currently, projects under construction are 39.0% preleased.

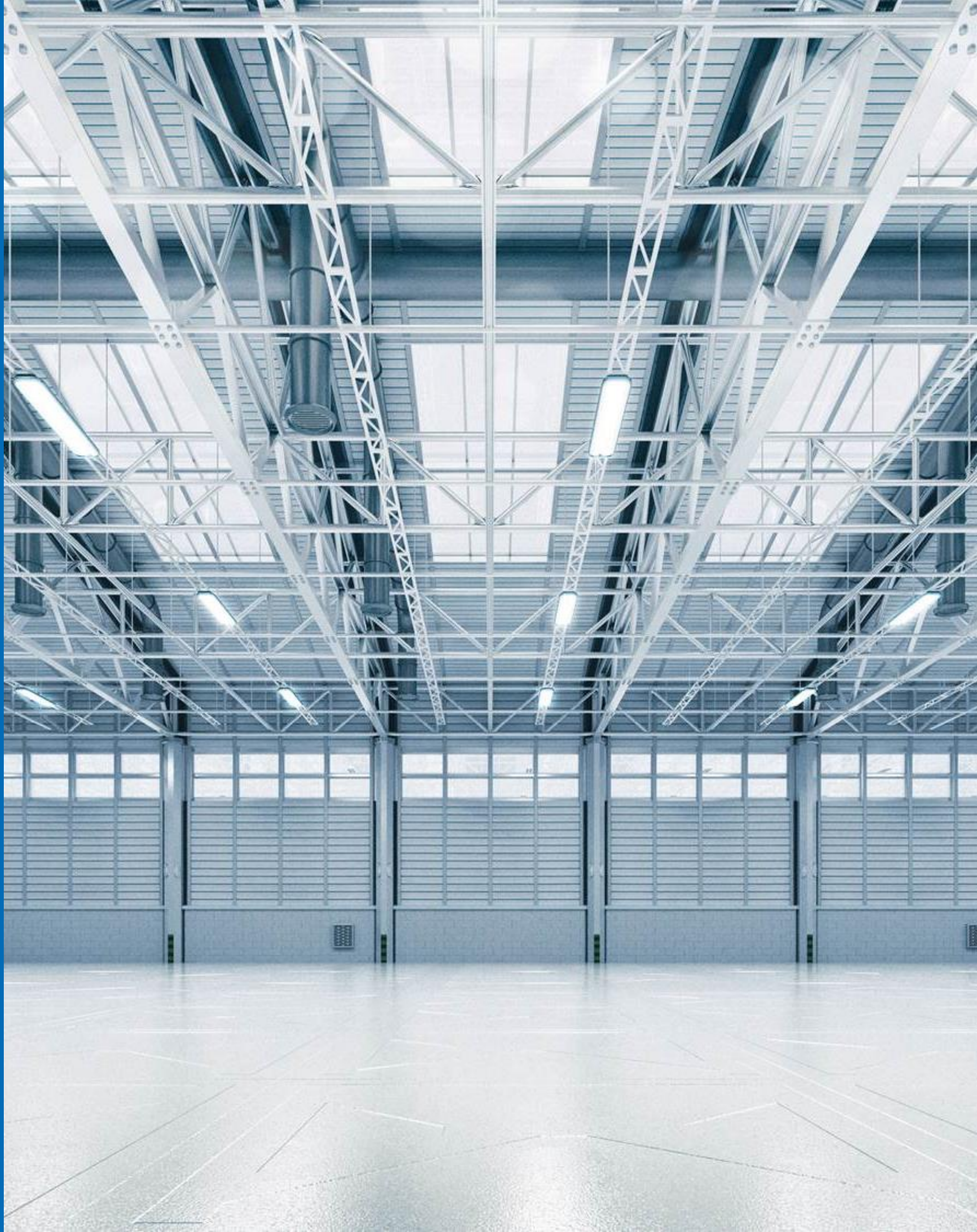
## Select Lease Transactions

| Tenant | Building | Landlord | Submarket | Type | Square Feet |
|---|---|---|---|---|---|
| Confidential | Core 45—Building 2 | Grandview Partners / TRG Development | South Dallas | Direct New | 1,027,068 |
| *A tenant signed a full building lease at 1401-1501 E Pleasant Run Rd. The deal is currently under a non-disclosure agreement.* | | | | | |
| Hayes Company | Gateway East Trade Center | Hunt Southwest | East Dallas | Renewal | 712,900 |
| *The logistics and fulfillment company signed a 12-month renewal at 1285 Akron Way.* | | | | | |
| DHL | Sylvania Logistics Center—Building 2 | Ares Industrial REIT | North Fort Worth | Direct New | 699,246 |
| *The tenant, a global logistics and mail company, signed a new lease to fully occupy 3400 N Sylvania Ave.* | | | | | |
| Exel | Mark IV Commerce Park—Building 1 | Dalfen Industrial | North Fort Worth | Renewal | 581,000 |
| *The supply chain management and logistics company renewed the company's lease at 2340 Providence Dr.* | | | | | |
| Rivian | Intermodal Logistics Center—Building 1 | NorthPoint Development | North Fort Worth | Direct New | 525,000 |
| *The American electric vehicle manufacturer, Rivian, signed a new lease to occupy the entire distribution center at 1 Haslet County Rd. The building is slated to complete in 2026.* | | | | | |

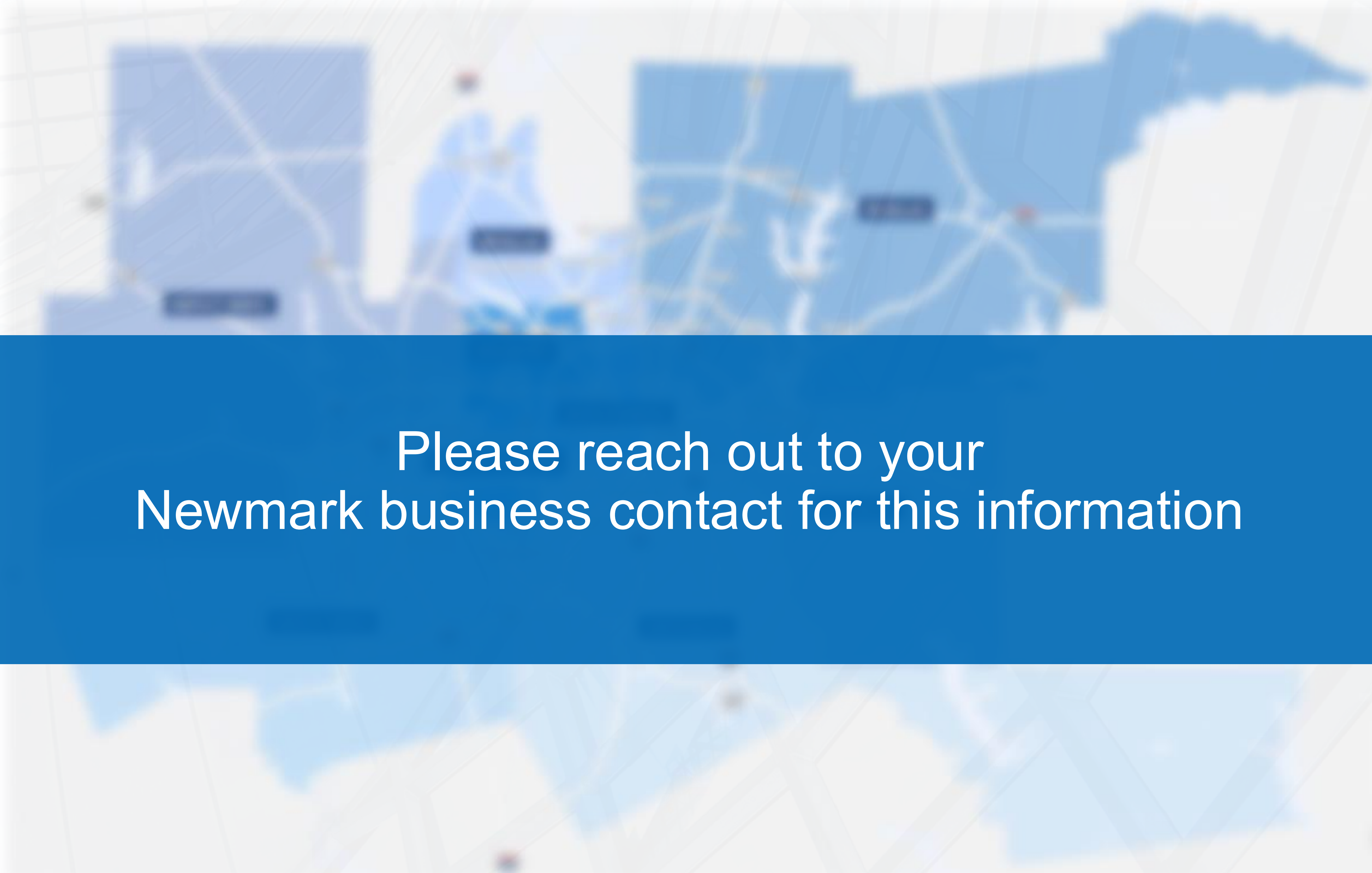
Source: Newmark Research

2Q25

# Market Statistics & Map



# Dallas-Fort Worth Industrial Submarket Map



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# Dallas-Fort Worth Industrial Submarket Overview

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# 2Q25 Texas Industrial Market Overview





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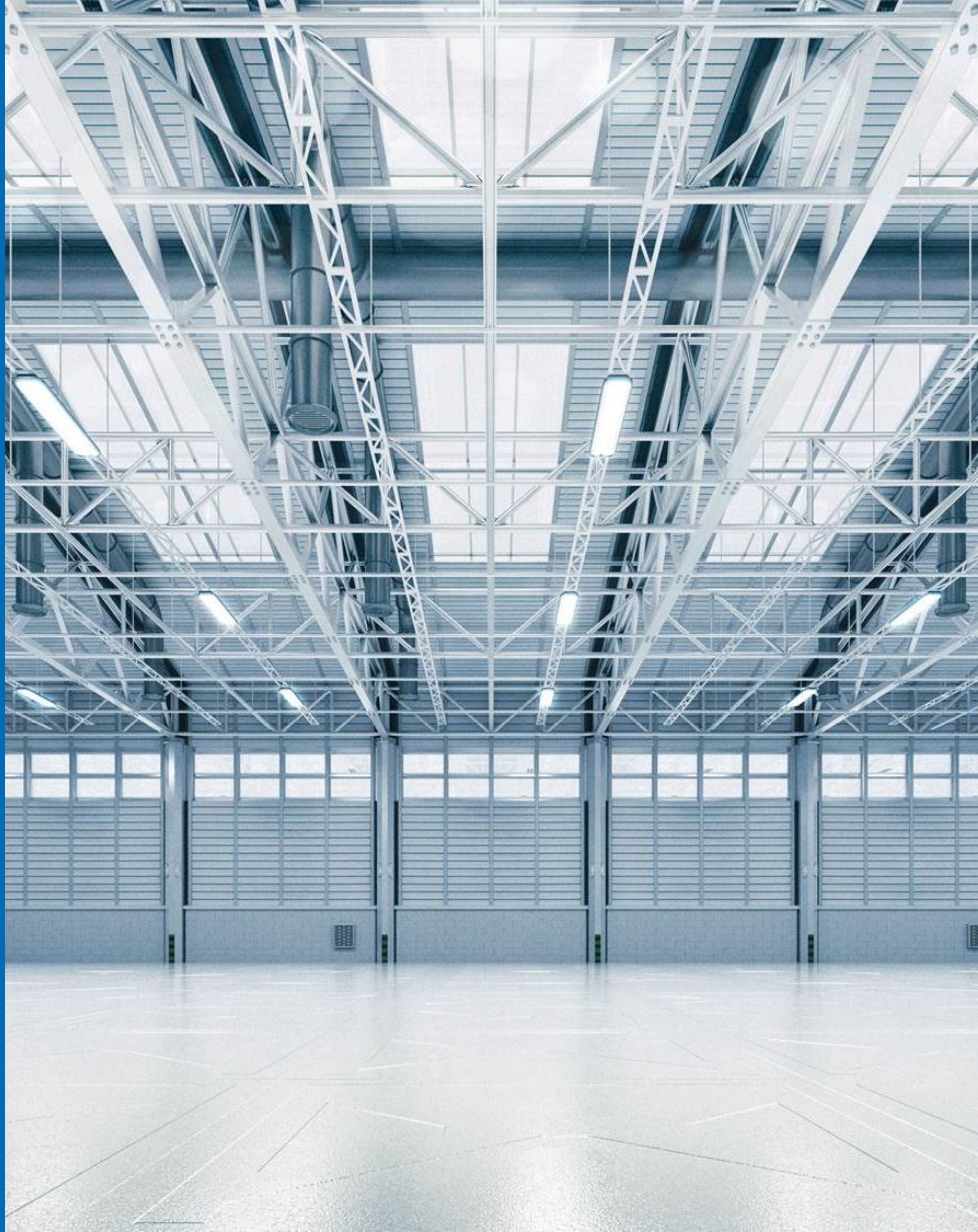
2Q25

# Supplemental Analysis



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# Dallas-Fort Worth Industrial Outlook is Connected to Global Trade

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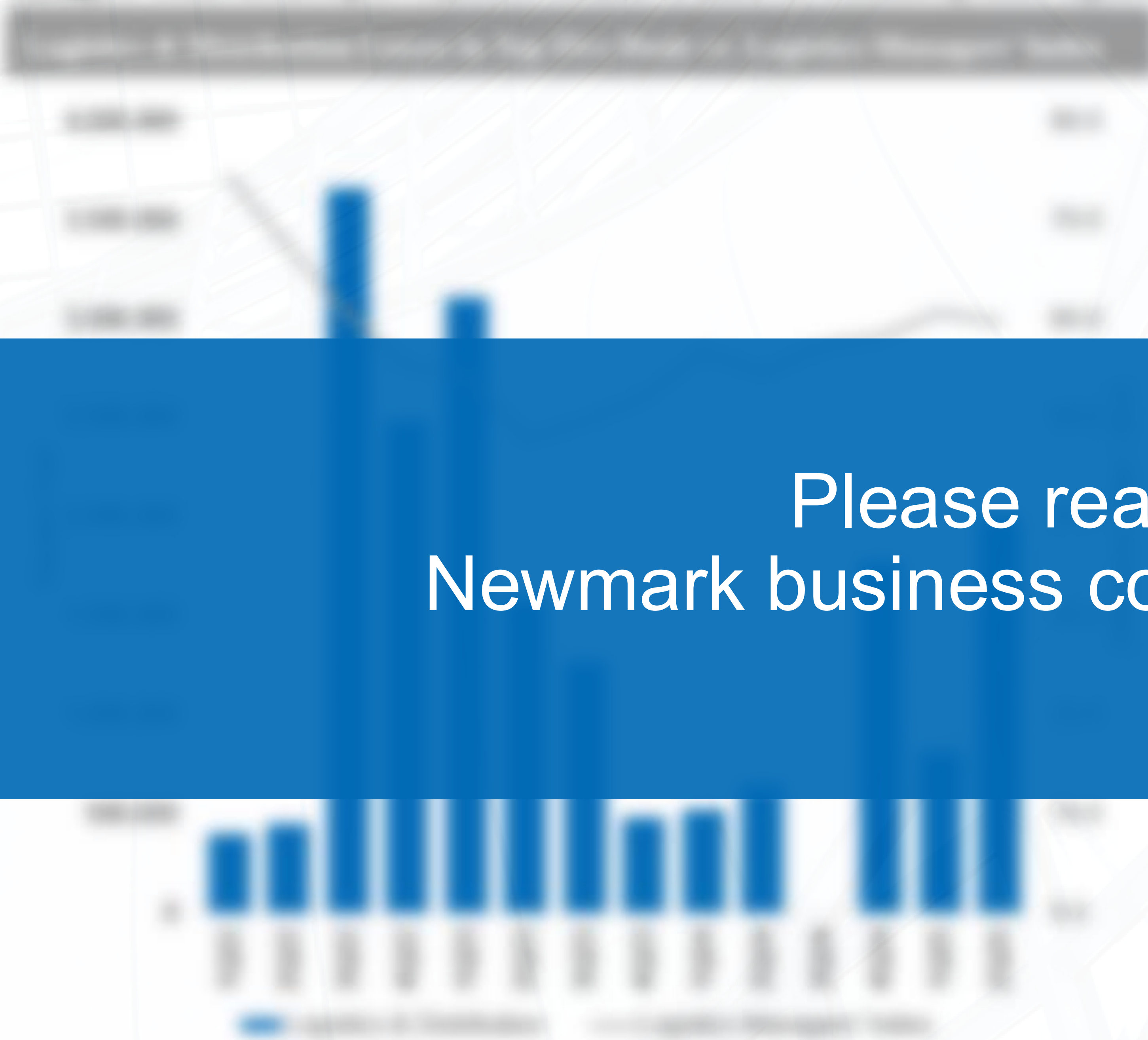
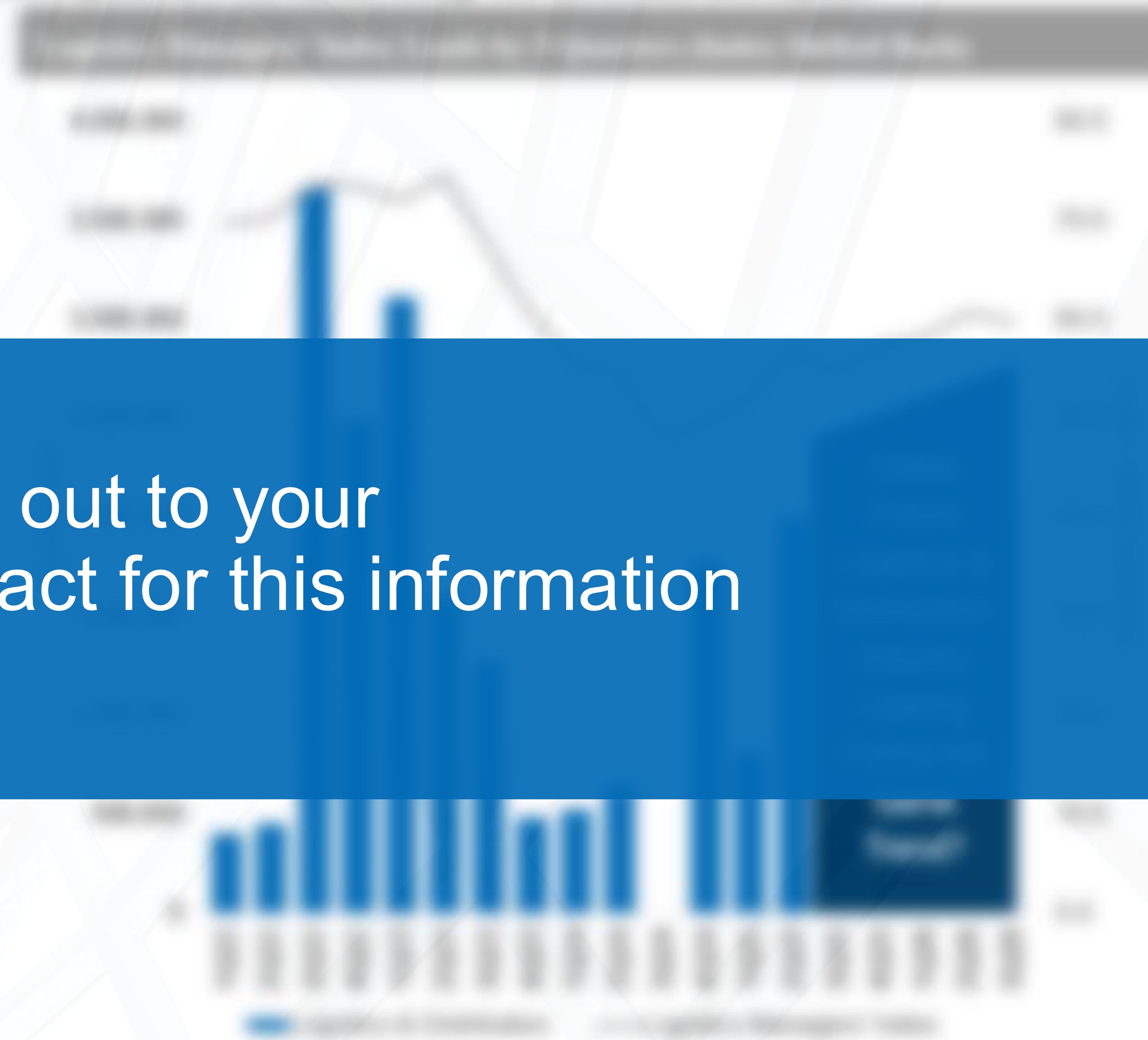
# Dallas-Fort Worth Industrial Outlook: Logistics Managers’ Index One to Watch





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