

FIGURES | DFW RETAIL | Q4 2021

# DFW finishes 2021 strong and steady

▲ 93.1%

Occupancy Rate

▼ 1.1M

SF Net Absorption

▼ 2M

SF Construction

▲ 470K

SF Completions

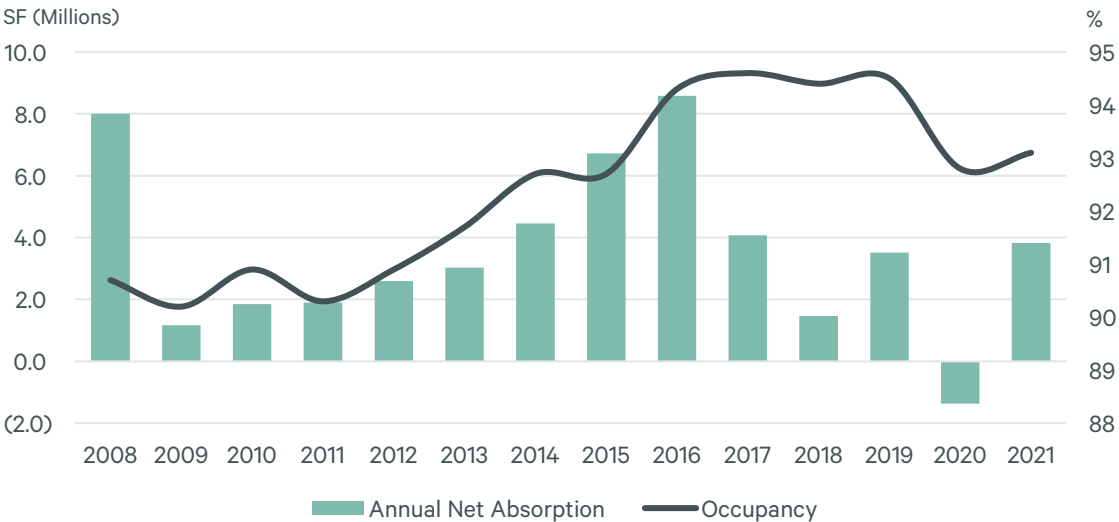
Note: Arrows indicate change from previous quarter.

## DFW retail market continues rebound

- DFW recorded over 1.1 MSF of positive net absorption in Q4 with 3.8M sq. ft. total for 2021, up 6.8% from the pre-pandemic level seen in 2019.
- 407,065 sq. ft. was delivered in Q4 2021, with 73.8% in the North Central Dallas submarket and a total of 2.1M sq. ft. of product delivered in 2021 for the entire metro.
- Mixed-use developments reshaping DFW: A transformed Redbird mall will open in 2022, and the Collin Creek demo is making way for construction to begin on the \$1B project.

Texas saw job growth in November 2021 totaling 74,000 jobs with 42,700 added in Dallas-Ft. Worth, leading the 12 largest metros in labor market performance. Increased wages, steady job growth, and migration of premium talent have helped strengthen DFW's economy. With consumer spending on the rise, and increased demand for property, the retail sector is tailing the post-pandemic industrial boom. Key market fundamentals across the retail landscape point to continued momentum for economic growth going into 2022.

FIGURE 1: Historical Net Absorption and Occupancy Rate



Source: CBRE Research, Q4 2021.

## DFW Economy

The Dallas-Ft. Worth economy is bouncing back as job growth trended upward in Q4 2021. Construction has continued moving forward and consumer spending increased amid the threat of the omicron variant. These characteristics combined has influenced an influx of out-of-state migration, bringing a diverse talent pool to DFW that will likely draw even more relocating firms, adding to the metro’s economic success. New mixed-use developments are manifesting throughout North Texas, including North Fields in Frisco, The Dallas Gateway project in Downtown Dallas, and the redevelopment of the AirHogs Stadium in Grand Prairie. With 2022 on the forefront, even with some level of unpredictability, the potential for anticipated growth has remained favorable.

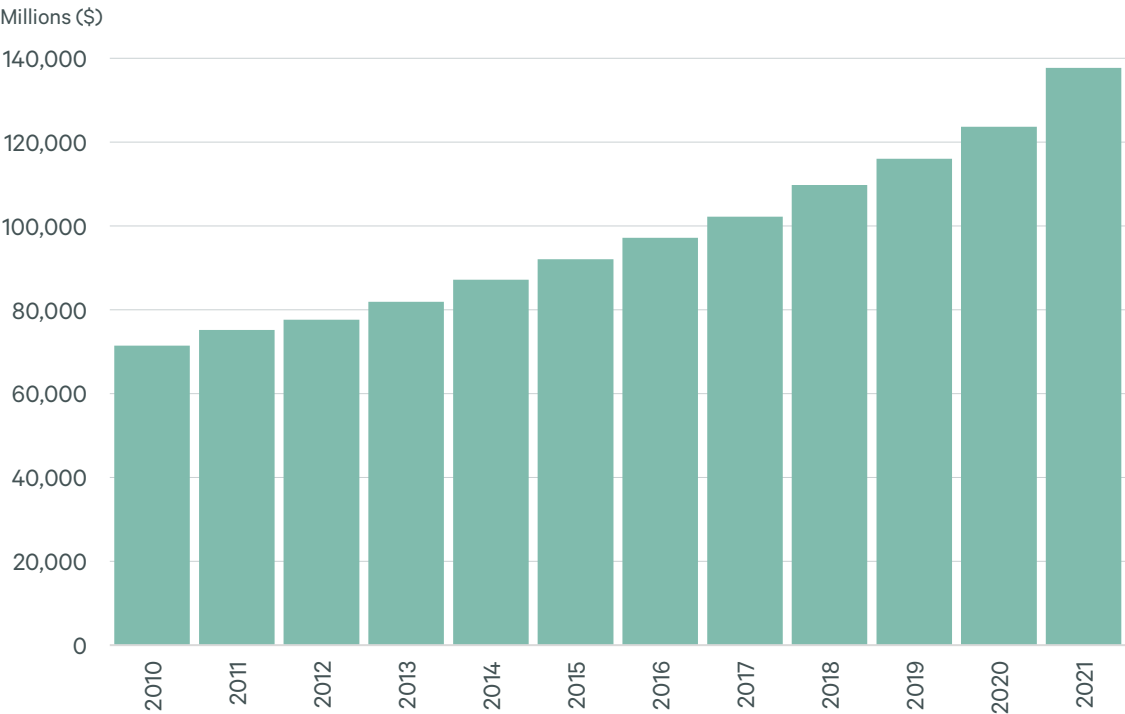
## Holiday Sales

Amid the ever-changing pandemic challenges that consumers have faced, retail sales volume continued to climb in Dallas-Ft. Worth ending the year with \$137 million in total sales in 2021. According to Mastercard SpendingPulse, total consumer spending increased 8.5% year-over-year with in-store purchases increased 8.1%. Additionally, online sales accounted for 20.9% of all retail sales nationally. As the demand from consumers to shop in-store returns, sales have rebounded higher than expected. Non-traditional retail tenants have contributed to the local uptick of brick-and-mortar shopping by providing experiences or products resistant to e-commerce competition. From collaborating boutiques filled with local artists such as MKT to online-based retailers following their clientele by opening physical locations, retailers are finding ways to grow strategically. The narrative told from this year has created an interesting foundation for growth and upcoming trends for 2022.

## Supply Chain Challenges

Much to the dismay of retailers and e-commerce players, ongoing issues with the global supply chain remain with some level of unpredictability. Still, retail sales continually rise, largely driven by online sales through e-commerce retail. Given the surge in consumer demand, coupled with labor shortages, disruptions are expected to linger until the end of 2022. The increased cost of materials and goods together are impacting both the shopper and retailer, all while mitigating risk of the omicron variant. To that end, market conditions for DFW welcome new development and overall growth.

FIGURE 2: Annual Retail Sales



Source: US Census Bureau, Oxford Economics, Q4 2021.

Figure 3: Retail Total Quarterly Market Summary

	Inventory Total (SF)	Vacancy Total (%)	Net Absorption Qtr. Total (SF)	Net Absorption YTD Total (SF)	Construction Qtr. 4 Total (SF)	Construction 2021 Total (SF)
Dallas CBD	1,123,598	7.3	(15,000)	(27,466)	15,000	15,000
Lakewood	3,378,472	5.3	10,788	42,531	-	10,008
Lovefield/West Dallas	8,564,715	1.9	17,952	59,770	12,600	24,656
Uptown	1,702,241	2.4	(13,025)	(38,168)	-	-
<b>Central Dallas Total</b>	<b>14,769,026</b>	<b>3.2</b>	<b>715</b>	<b>36,667</b>	<b>27,600</b>	<b>49,664</b>
East Dallas Outlying	486,352	1.1	1,827	2,485	-	24,000
Rockwall	3,699,439	3.5	4,965	32,545	-	-
<b>East Dallas Outlying Total</b>	<b>4,185,791</b>	<b>3.2</b>	<b>6,792</b>	<b>35,030</b>	<b>-</b>	<b>24,000</b>
Allen	6,633,343	4.2	(11,354)	42,707	-	55,778
Central Plano	11,779,299	8.7	24,737	54,945	-	-
Far North Dallas	6,708,186	7.1	31,637	149,679	-	-
Garland	10,958,022	6.2	10,977	97,566	16,800	36,300
McKinney	7,908,580	5.5	7,951	149,709	18,000	128,833
Murphy/Wylie	2,116,693	2.7	(758)	7,783	-	-
North Collin County Outlying	2,178,892	8.8	13,593	199,269	-	284,917
Richardson	5,574,716	7.9	11,592	157,322	10,000	20,000
Sachse/Rowlett	2,184,678	4.9	(4,179)	17,256	-	11,105
<b>Far North Dallas Total</b>	<b>56,042,409</b>	<b>6.6</b>	<b>84,196</b>	<b>876,236</b>	<b>44,800</b>	<b>536,933</b>
North Dallas	3,886,173	5.3	27,317	45,178	-	-
Northeast Dallas	4,857,004	6.9	66,573	150,248	-	-
Northwest Dallas	6,111,328	4.7	(9,728)	16,159	-	-
Park Cities	1,688,455	3.9	(31,499)	(23,654)	-	-
Upper Greenville	4,906,671	5.8	6,111	172,049	14,260	14,260
<b>Near North Dallas Total</b>	<b>21,449,631</b>	<b>5.5</b>	<b>58,774</b>	<b>359,980</b>	<b>14,260</b>	<b>14,260</b>
Addison	2,324,088	11.8	45,045	74,944	-	-
East Lewisville	1,288,077	6.9	(1,512)	16,444	-	14,200
Farmers Branch	1,939,218	15.8	5,797	(27,130)	-	-
Frisco	9,110,693	5.5	(42,142)	101,498	28,900	174,110
Northeast Denton County Outlying	342,095	0.4	136,000	136,000	136,000	136,000
North Carrollton	7,322,465	5.6	1,584	91,128	15,000	70,000
South Carrollton	2,762,239	8.4	17,922	62,888	-	-
West Frisco	4,729,401	9.4	101,104	132,897	167,055	225,920
West Plano	8,033,970	8.3	26,461	94,858	-	10,500
<b>North Central Dallas Total</b>	<b>37,852,246</b>	<b>7.7</b>	<b>290,259</b>	<b>683,527</b>	<b>346,955</b>	<b>630,730</b>

Source: CBRE Research, Q4 2021.

Figure 3: Retail Total Quarterly Market Summary

	Inventory Total (SF)	Vacancy Total (%)	Net Absorption Qtr. Total (SF)	Net Absorption YTD Total (SF)	Construction Qtr. 4 Total (SF)	Construction 2021 Total (SF)
Mesquite	2,016,199	5.1	(4,557)	5,511	-	-
Pleasant Grove/Southeast Dallas	4,748,148	3.9	(9,025)	1,565	-	-
Southeast Outlying	740,400	5.6	(7,064)	17,356	-	-
Town East	6,469,184	5.7	855	41,238	-	-
<b>Southeast Dallas Total</b>	<b>13,973,931</b>	<b>5.0</b>	<b>(19,791)</b>	<b>65,670</b>	<b>-</b>	<b>-</b>
Cedar Hill/Duncanville/DeSoto	6,885,500	9.1	167,023	130,645	-	-
Lancaster	1,261,215	7.6	(1,340)	11,571	-	23,068
Southwest Dallas County	10,266,015	6.3	(14,506)	71,662	-	14,000
<b>Southwest Dallas Total</b>	<b>18,412,730</b>	<b>7.4</b>	<b>151,177</b>	<b>213,878</b>	<b>-</b>	<b>37,068</b>
Coppell	3,293,286	6.0	162,764	6,964	-	-
DFW Airport	364,250	0.0	-	-	-	-
Irving	7,685,764	5.1	10,474	177,401	-	35,000
Las Colinas	2,638,842	8.5	(7,007)	(13,853)	-	-
Lewisville	15,036,940	6.8	46,988	294,416	-	-
North Grand Prairie	5,331,444	3.6	(2,260)	37,891	-	-
<b>West Dallas Total</b>	<b>34,350,526</b>	<b>5.9</b>	<b>210,959</b>	<b>502,819</b>	<b>-</b>	<b>35,000</b>
East Fort Worth	2,698,577	7.1	(7,806)	17,995	-	-
Fort Worth CBD	722,550	1.1	-	-	-	-
Fort Worth Southwest Quadrant	3,454,733	10.5	23,657	115,270	-	15,886
Haltom City	2,008,269	8.5	(6,171)	36,958	-	-
North Fort Worth	2,747,436	3.9	9,506	25,508	-	-
Southeast Fort Worth	2,093,722	2.1	27,075	44,721	-	-
West Fort Worth	12,156,078	7.2	829	85,405	-	-
<b>Central Fort Worth Total</b>	<b>25,881,365</b>	<b>6.8</b>	<b>47,090</b>	<b>325,857</b>	<b>-</b>	<b>15,886</b>
Crowley/Burleson	2,771,006	11.9	21,200	19,889	-	-
Northwest Fort Worth	7,292,064	3.4	2,049	121,196	10,200	50,200
Southwest Fort Worth	6,538,896	6.6	29,423	89,824	-	-
Watauga/Keller/North Richland Hills	7,233,464	10.3	74,608	31,790	14,250	14,250
White Settlement	2,202,920	4.6	46,595	49,084	12,000	24,000
<b>Suburban Fort Worth Total</b>	<b>26,038,350</b>	<b>6.7</b>	<b>173,875</b>	<b>311,783</b>	<b>36,450</b>	<b>88,450</b>

Source: CBRE Research, Q4 2021.

Figure 3: Retail Total Quarterly Market Summary

	Inventory Total (SF)	Vacancy Total (%)	Net Absorption Qtr. Total (SF)	Net Absorption YTD Total (SF)	Construction Qtr. 4 Total (SF)	Construction 2021 Total (SF)
Denton	7,137,029	10.0	52,843	158,840	-	147,906
Flower Mound	179,821	11.8	10,658	17,793	-	-
Grapevine/Colleyville	6,283,493	4.6	(32,131)	(12,142)	-	-
Hurst/Euless/Bedford	10,234,396	11.1	25,675	58,768	-	-
North Arlington	3,593,508	9.2	25,499	93,780	-	-
Richland Hills	1,449,073	10.2	28,707	53,023	-	-
Southeast Outlying Tarrant	5,606,798	9.2	25,719	46,362	-	300,000
South Arlington	13,784,889	7.2	45,699	(124,676)	-	35,610
South Grand Prairie	1,530,408	2.1	(13,609)	20,045	-	26,000
Southlake	3,561,199	6.1	(506)	96,345	-	-
Trophy/Roanoke/Westlake	1,244,157	9.1	(4,055)	8,898	-	-
Mid-Cities Total	54,604,771	8.2	164,499	417,036	-	509,516
Dallas Total	201,036,290	6.5	783,081	2,773,807	433,615	1,327,655
Fort Worth Total	106,524,486	7.6	385,464	1,054,676	36,450	613,852
DFW Total	307,560,776	6.9	1,168,545	3,828,483	470,065	1,941,507

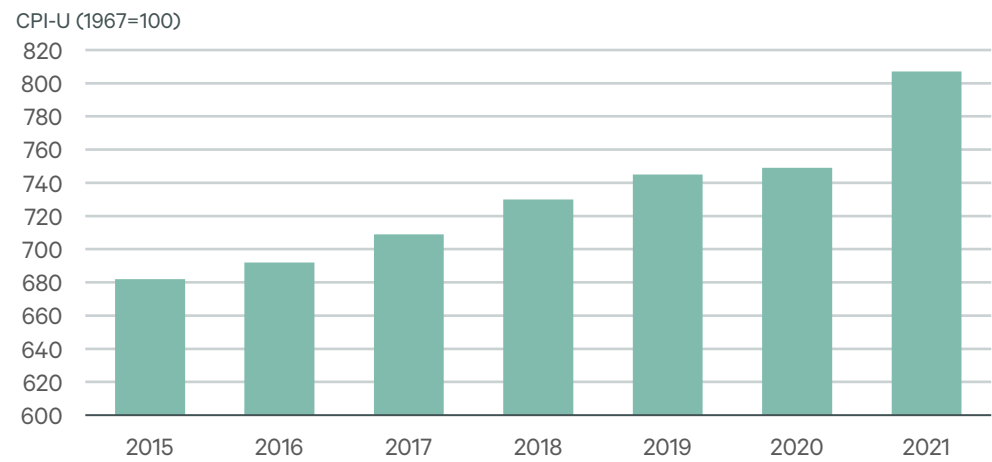
Source: CBRE Research, Q3 2021.

Figure 4: Retail Historical Market Summary

	2015	2016	2017	2018	2019	2020	2021
Dallas Total							
Absorption (SF)	4,022,612	5,703,153	3,114,680	1,165,413	2,095,695	(1,191,039)	2,773,807
Delivered Construction (SF)	2,017,656	2,974,655	2,683,370	1,427,163	1,128,430	1,599,521	1,327,655
Rentable Building Area (SF)	181,192,999	188,204,340	191,031,109	194,074,656	194,902,258	197,560,139	201,036,290
Occupancy Rate (%)	93.6	94.2	94.6	94.4	94.6	93.1	93.5
Fort Worth Total							
Absorption (SF)	2,695,558	2,885,492	958,637	302,895	1,509,629	(177,590)	1,054,676
Delivered Construction (SF)	1,914,914	1,468,513	1,005,725	932,137	670,471	782,502	613,852
Rentable Building Area (SF)	97,955,117	98,754,515	102,006,739	104,173,420	104,593,444	104,774,824	106,524,486
Occupancy Rate (%)	93.4	94.6	94.8	94.4	94.2	92.4	92.4
DFW Total							
Absorption (SF)	6,718,170	8,588,645	4,073,317	1,468,308	3,605,324	(1,368,629)	3,828,483
Delivered Construction (SF)	3,932,570	4,443,168	3,689,095	2,359,300	1,798,901	2,382,023	1,941,507
Rentable Building Area (SF)	279,148,116	286,958,855	293,037,848	298,248,076	299,495,702	302,334,963	307,560,776
Occupancy Rate (%)	92.7	94.3	94.6	94.4	94.5	92.8	93.1

Source: CBRE Research, Q4 2021.

FIGURE 5: DFW Consumer Price Index



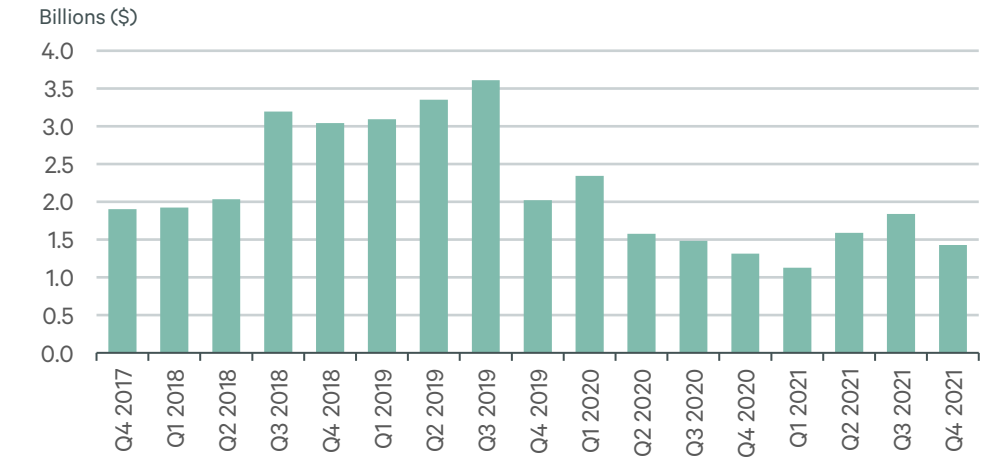
Source: Bureau of Labor Statistics, Q4 2021.

FIGURE 6: Deliveries



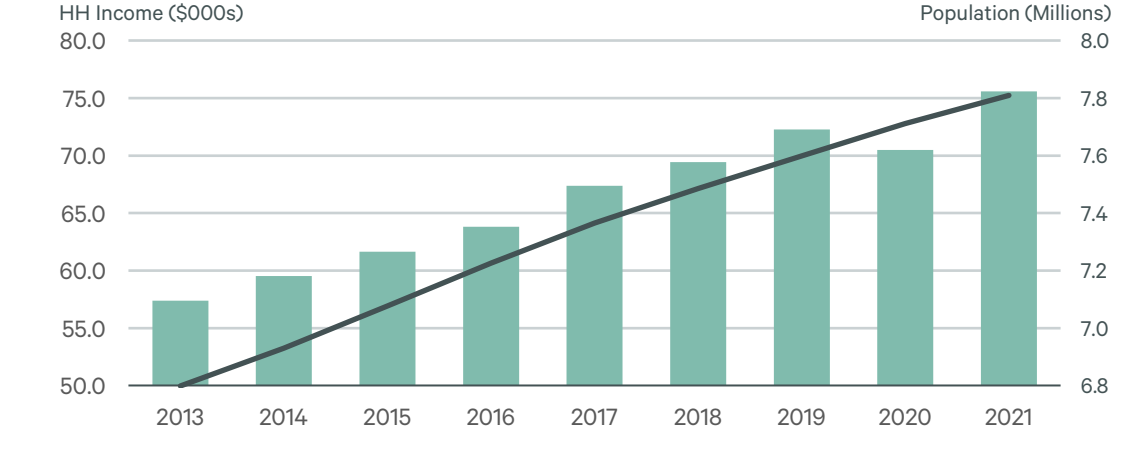
Source: CBRE Research, Q4 2021.

FIGURE 7: Dallas Retail Investment Sales Volume



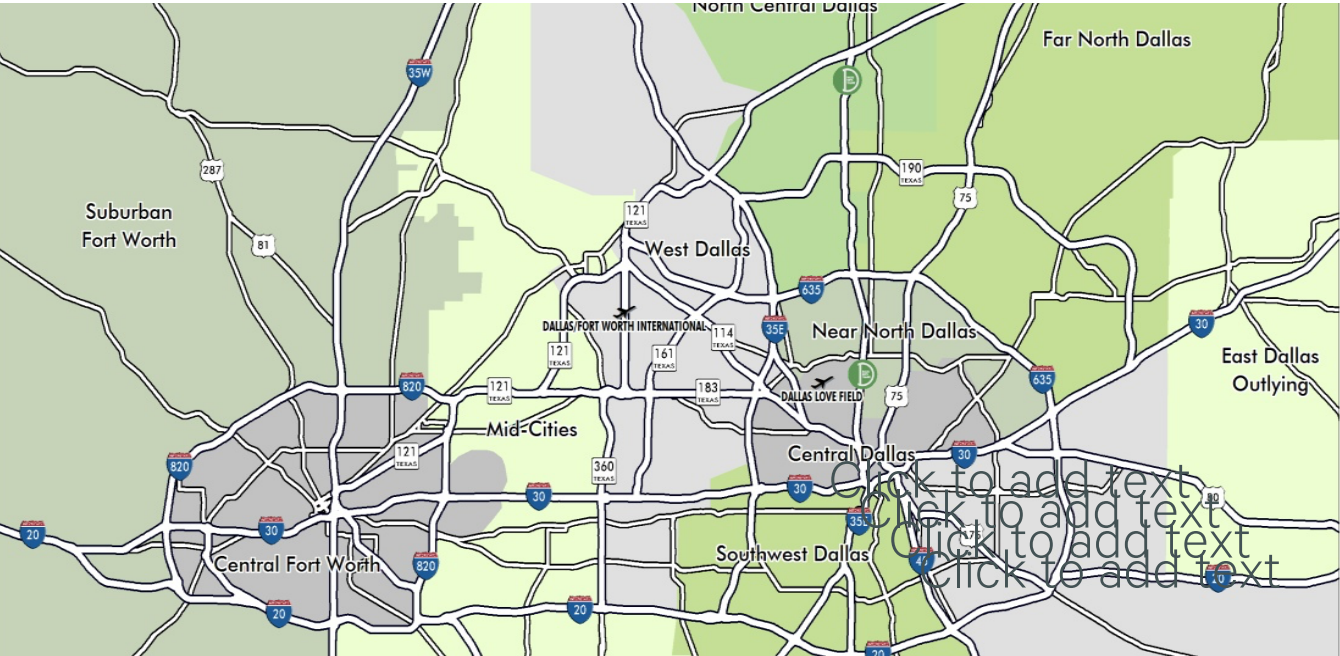
Source: Real Capital Analytics, Q4 2021.

FIGURE 8: Population Growth & Household Income



Source: Oxford Economics, Q4 2021. Median HH Income Population

Market Area Overview



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*\*The retail dataset includes properties 10,000-sq.-ft. and up.*

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