



2018

Bi-Annual

DALLAS/FORT WORTH
INDUSTRIAL BRIEF

Significant Local Transactions

Lee & Associates Recent Completed Transactions

National / Dallas Market Overview

Submarket Overview

Brokerage Team

Lee & Associates Listings

PUBLISHED FEB - 2018

 **LEE &
ASSOCIATES**

COMMERCIAL REAL ESTATE SERVICES

2017 Q3 & Q4 SIGNIFICANT WAREHOUSE & DISTRIBUTION TRANSACTIONS

Company Name	Comp SF	Market	Company Name	Comp SF	Market
Wayfair	874,566	South Stemmons	Kuehne & Nagel, Inc.	70,000	DFW Airport
Amazon.com, Inc.	604,800	DFW Airport	Green Planet 21	68,645	Great SW/Arlington
Owens Corning	510,400	South Dallas	Climatic Home Products, LLC	65,065	Great SW/Arlington
C&S Wholesale Grocers, Inc.	445,695	DFW Airport	Mobileistic	64,969	Great SW/Arlington
Flex-N-Gate Texas, LLC	430,188	Great SW/Arlington	American Airlines	64,676	South Dallas
Humanetics	387,132	South Stemmons	S & S	63,000	Great SW/Arlington
Motivating Graphics, Inc.	360,000	North Fort Worth	Quality Logistics Systems	61,760	South Stemmons
New Mountain Capital	300,000	Northwest Dallas	Adtec Colorant Corporation	60,206	Great SW/Arlington
Woods Distribution Solutions, LLC	250,000	North Fort Worth	Pratt Corrugated Holdings, Inc.	60,141	Great SW/Arlington
Little Raymond's Print Shop	230,400	DFW Airport	Truelite Glass & Aluminum	59,889	Great SW/Arlington
Exel	208,000	North Fort Worth	British Way Group	57,319	Northeast Dallas
Chandler Signs	169,762	Great SW/Arlington	David Gabbay & his Associates	56,000	South Dallas
Spectrum Brands, Inc.	168,657	Northeast Dallas	Ingersoll-Rand Security & Safety	54,600	Great SW/Arlington
Hillman Group, Inc	165,705	Northwest Dallas	Snell Motor Company	54,000	Northeast Dallas
Zobebe USA Inc	164,914	Northeast Dallas	Maya Management	53,489	Northeast Dallas
Stream Realty Partners	160,000	Northeast Dallas	ShipBob	50,502	DFW Airport
Omega Environmental	153,673	Great SW/Arlington	Liquid Metals	50,400	Great SW/Arlington
Cohen Brothers Realty Corp	146,024	South Dallas	Builders Equipment & Supply Company	50,400	North Fort Worth
Coca Cola	144,000	DFW Airport	The Heritage Group	48,000	Northeast Dallas
DART	139,971	South Dallas	3838 Dividend Drive LTD	47,500	Northeast Dallas
Impact Floors	138,300	East Dallas	Austin Rig & Crate	47,500	Northeast Dallas
Angel Cellular-Angel Hospitality	127,680	Northeast Dallas	Mustang Electric Supply	46,826	Northwest Dallas
Joe MacDougall	126,750	South Stemmons	Southern Botanical	46,000	South Stemmons
Pro-Health	124,950	Northwest Dallas	Simprint	45,940	Great SW/Arlington
Founders Properties	114,655	Northeast Dallas	Graphic Converting, LTD	45,507	Northwest Dallas
Elements International Group	114,025	Northeast Dallas	Dien, Inc	44,000	South Stemmons
Erect-A-Line	113,260	South Dallas	Platinum Auto Trends	43,665	Great SW/Arlington
XPO Logistics	113,216	Northeast Dallas	Clarion Technologies	43,560	Northeast Dallas
Custom Assembly	110,700	Northwest Dallas	PCI Group	43,390	Great SW/Arlington
Communications Test Design, Inc.	105,642	Northwest Dallas	Leslie's Pool Mart	43,200	South Dallas
General Dynamics	104,104	Northeast Dallas	Retire PC	43,000	Northeast Dallas
Intermex Products USA, LTD	104,000	Great SW/Arlington	Napco Bag and Film	41,160	Northwest Dallas
Samaritan's Purse	102,558	DFW Airport	Skyline DFW Exhibits & Graphics	40,576	Great SW/Arlington
LM Holdco	102,350	Northwest Dallas	IET Combustion LLC	40,250	South Stemmons
Karndean Design Flooring	101,401	Great SW/Arlington	Hydraquip Corp.	39,750	Great SW/Arlington
Lady Primrose	101,140	South Stemmons	Big D Tool	39,348	South Stemmons
Iron Grip	96,000	North Fort Worth	Maverick Color	38,894	Northeast Dallas
Coca Cola	93,051	Great SW/Arlington	Service Partners LLC	37,221	Northeast Dallas
ABC Supply	87,780	Northeast Dallas	Pesca Group Real Estate LLC	35,676	South Stemmons
Lancaster	87,480	East Dallas	DFA LLC, and/or Assigns	35,400	Northwest Dallas
McKesson	86,845	DFW Airport	Rhythm Bands	34,998	North Fort Worth
Baker Distributing Co.	85,031	Great SW/Arlington	Wise Foods	33,673	North Fort Worth
Pentair	83,220	South Dallas	Corporate Cleaning Solutions	33,264	Northeast Dallas
Baker Triangle	82,960	Northeast Dallas	Gone Camping, LLC	32,240	South Stemmons
Beeline Group	79,950	North Fort Worth	Raw Materials Corporation	31,232	South Stemmons
Woods Distribution Solutions, LLC	79,950	North Fort Worth	11431 Plano Rd LLC	31,050	Northeast Dallas
NSG Corporation (National Spirit Group, Ltd.)	78,162	Northeast Dallas	Southgate	30,684	South Stemmons
SkyCam, LLC	74,623	North Fort Worth	Woori USA, Inc	30,477	DFW Airport
Empire Home Services	74,400	Great SW/Arlington	Dal Lex Equity Partners	30,375	South Stemmons
Soci	73,222	Northeast Dallas	Statewide Transport	30,000	South Stemmons
Quality Fabrication & Design	70,297	DFW Airport			

Lee & Associates
Transactions

2017 Q4 SELECT LEE & ASSOCIATES RECENT COMPLETED TRANSACTIONS

SOLD - 26.9 ACRES




1323 Fulghum Road
Hutchins, TX 75141
South Dallas

LEASED - 445,695 SF



777 Freeport Parkway
Irving, TX 75043
Great SW/Arlington

LEASED - 361,690 SF




3080 W Interstate 20
Grand Prairie, TX 75052
Great SW/Arlington

LEASED - 250,000 SF



2900 Meacham Boulevard
Fort Worth, TX 76137
North Fort Worth

LEASED - 165,705 SF



514 Bennett Lane
Lewisville, TX 75057
Northwest Dallas

SOLD - 128,106 SF



1601-1701 Summit Avenue
Plano, TX 75074
Northeast Dallas

LEASED - 113,260 SF



3912 W. Illinois Avenue
Dallas, TX 75211
South Dallas

LEASED - 105,642 SF



700 Lakeside Parkway
Flower Mound, TX 75028
Northwest Dallas

LEASED - 104,000 SF



1375 Avenue S
Grand Prairie, TX 75050
Great SW/Arlington

LEASED - 101,401 SF



14201 Sovereign Road
Fort Worth, TX
GSW/Arlington Ind

LEASED - 96,000 SF



3400 Northern Cross Blvd
Fort Worth, TX
North Fort Worth

LEASED - 79,950 SF

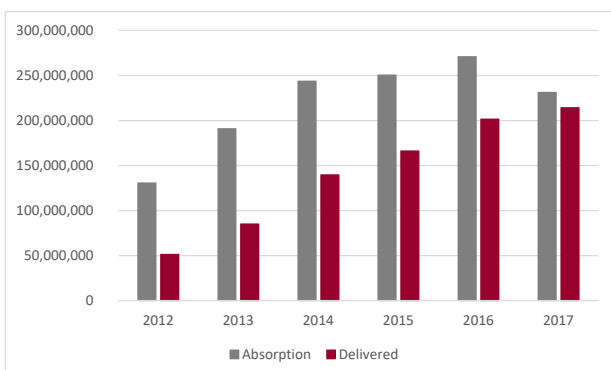
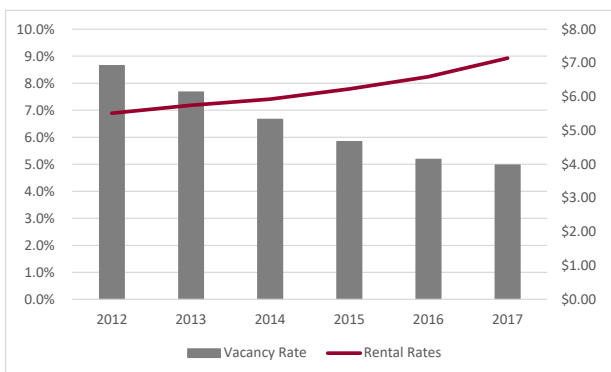


4223 Janada St.
Haltom City, TX
North Fort Worth

INDUSTRIAL MARKET OVERVIEW

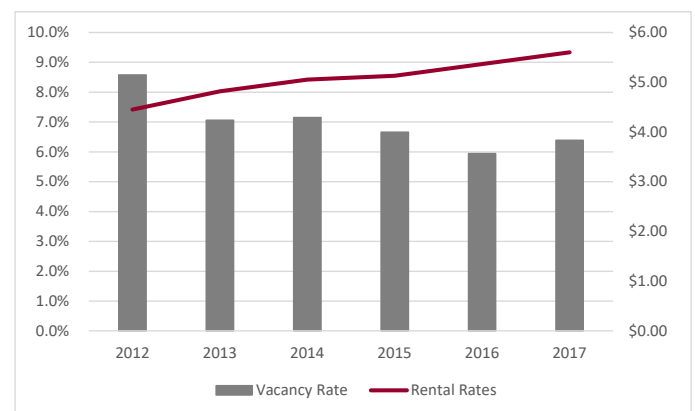
National

- PWC recent report from the World Economic Forum in Davos, Switzerland shows 57% of 1,300 CEOs interviewed predict “improved global economic growth this year.” This is double the percentage from last year and is the highest since 2007, the year before the global financial crisis.
- Class A and Class B investment sales remain strong with many projects selling on a “forward sale” basis prior to leasing or prior to construction completion. Many of these projects turn out successful for both buyers and sellers.
- Construction starts across the country are off 32% from previous quarters (Q3 2017) and off 38% compared to a year ago (Q4 2017).
- Potential oversupply concerns reported in previous newsletters for the markets of Lehigh Valley, PA, Las Vegas, NV, Inland Empire, CA, and Nashville, TN seem to have an oversupply threat pushed into late 2018.



Dallas/Fort Worth

- Rent growth, at 5.5% in the last year, continues to exceed the nominal historical rent growth in the DFW market. This rent growth, backed by very balanced supply and demand, allows DFW developers to successfully lease and sell the leased product in a fluid manner.
- New deliveries, totaling 29.9 million SF, should remain steady through 2018 with over 20.9 million SF under construction. Given the volume of deliveries and construction, build to suit activity is low as the development community is accurately building to the demand.
- The DFW market does not yet receive as much demand for 40' clear height buildings as the coastal markets. This is a hot topic as developers seek to ensure clear height meets current and future tenant demands.
- Overall, the DFW Industrial market should see a very productive and balanced 2018. While market dynamics suggest more of a landlord market, tenants who plan correctly and allow enough time to relocate should still have reasonable leverage in lease negotiations as there are almost always other options in the 884 million SF market.



DFW INDUSTRIAL MARKET OVERVIEW

CURRENT STATS

OVERALL DFW MARKET

Years	Overall SF	Vacancy Rate	Absorption (SF)	Under Construction (SF)
2017	878,665,206	6.4%	22,893,589	20,911,406
2016	850,103,102	5.9%	25,686,555	28,074,321
2015	829,108,191	6.7%	21,778,454	20,807,989
2014	810,006,907	7.2%	13,780,953	16,785,443
2013	794,393,228	7.1%	18,835,771	14,478,940
2012	787,007,267	8.6%	11,605,259	4,769,550

2017 Q4 SUBMARKET OVERVIEW

Market	Total SF	Vac Rate	YTD Absorption (SF)	Under Construction (SF)
DFW Airport Ind	73,955,668	5.6%	1,663,416	2,174,702
East Dallas Ind	50,700,626	4.5%	817,041	877,230
Great SW/Arlington Ind	111,406,321	8.9%	3,898,594	3,227,650
North Ft Worth Ind	92,637,349	4.9%	6,449,390	3,665,330
Northeast Dallas Ind	117,058,390	6.2%	2,711,650	1,246,640
Northwest Dallas Ind	111,009,504	4.4%	3,901,341	1,319,475
South Dallas Ind	96,452,453	10.3%	4,451,865	7,351,835
South Ft Worth Ind	91,564,412	5.2%	(836,178)	333,611
South Stemmons Ind	133,880,482	6.3%	(163,530)	714,933
Totals	878,665,205	6.4%	22,893,589	20,911,406

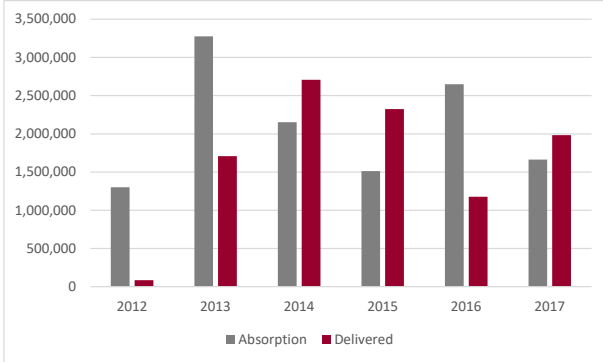
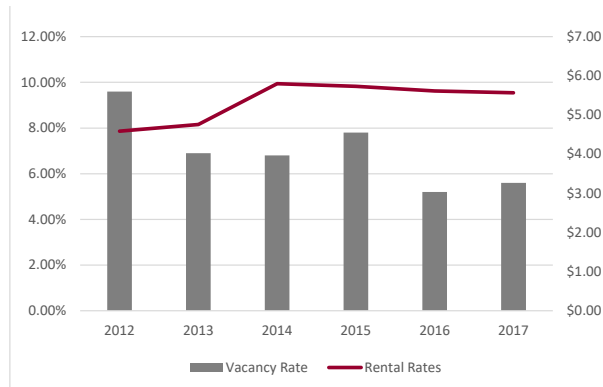
2017 Q4 CONSTRUCTION ACTIVITY

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total Under Construction	Preleases SF	Preleases %	All Existing	Under Construction
South Dallas Ind	10	7,351,835	3,360,566	45.70%	57,378	735,183
North Ft Worth Ind	15	3,665,330	841,349	23.00%	60,232	244,355
Great SW/Arlington Ind	7	3,227,650	2,197,000	68.10%	61,721	461,093
DFW Airport Ind	8	2,174,702	1,039,176	47.80%	81,181	271,838
Northwest Dallas Ind	13	1,319,475	496,098	37.60%	53,293	101,498
Northeast Dallas Ind	12	1,246,640	144,000	11.60%	38,093	103,887
East Dallas Ind	1	877,230	877,230	100.00%	25,684	877,230
South Stemmons Ind	6	714,933	189,200	26.50%	28,257	119,155
South Ft Worth Ind	4	333,611	8,775	2.60%	26,618	83,403
Totals/Averages	76	20,911,406	9,153,394	40.32%	48,051	333,071

DFW INDUSTRIAL SUBMARKET OVERVIEW

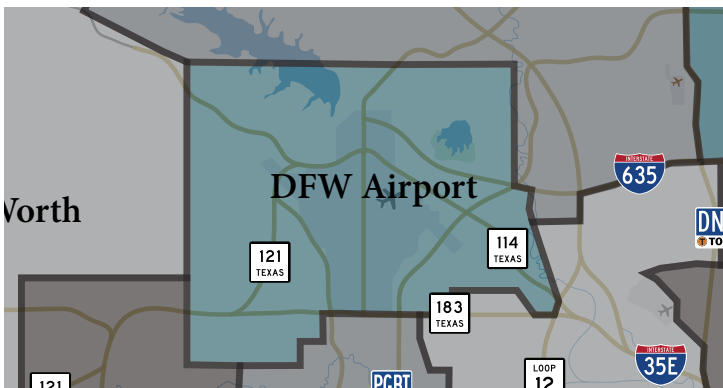
DFW Airport

- Vacancy rates have decreased in the DFW Airport market as more warehouse space comes on line.
- Among the largest deals in the submarket was Amazon's lease of 604,800 SF.
- Nearly 2 million SF have been delivered in the last several months, and another 2 million SF is under construction. Much of the new construction is on airport grounds where 6 new warehouse developments are planned.
- The demand for space caused rates to climb an additional \$0.11 PSF in Q3 2017 to \$5.64 SF in Q4 2017.



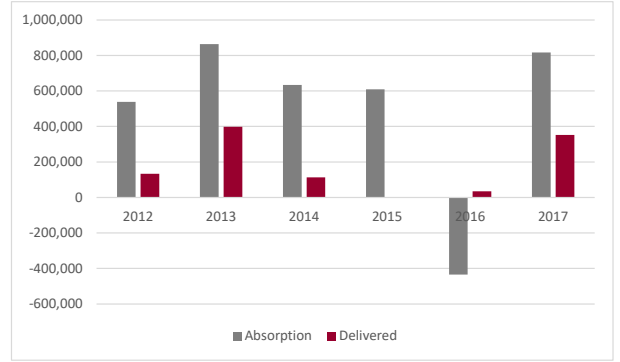
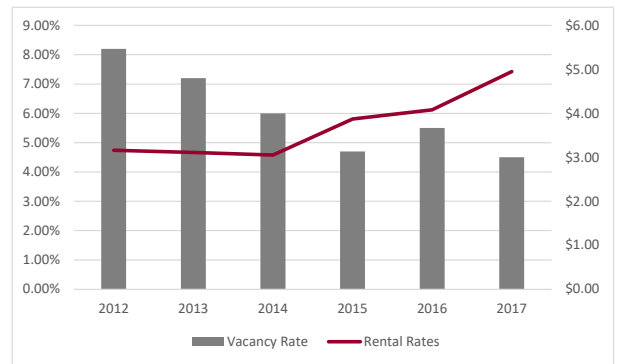
\$5.83
AVERAGE
RENTAL RATE
Q4 2017

5.6%
VACANCY
RATE
Q4 2017



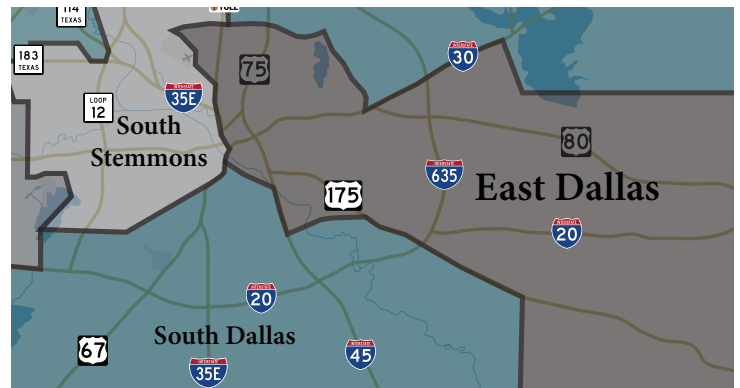
East Dallas

- Mesquite is currently making a big push to re-brand its image, especially in the industrial sector.
- Mesquite recently approved a \$125,000,000 bond package to repair roads in the industrial part of town, over the next 8 years. The hope is that companies will see the captiol and resources they have invested and consider moving Mesquite from areas such as Garland, Forney, and Balch Springs.
- Ashley Furniture's new 850,000 SF buildings on 358 acres next to the Mesquite Airport is a prime example of the city's efforts paying off.



\$4.95
AVERAGE
RENTAL RATE
Q4 2017

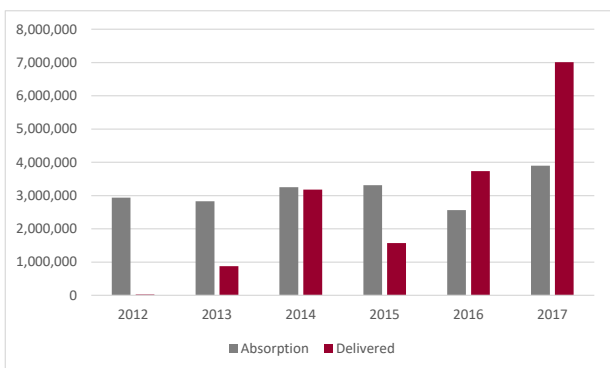
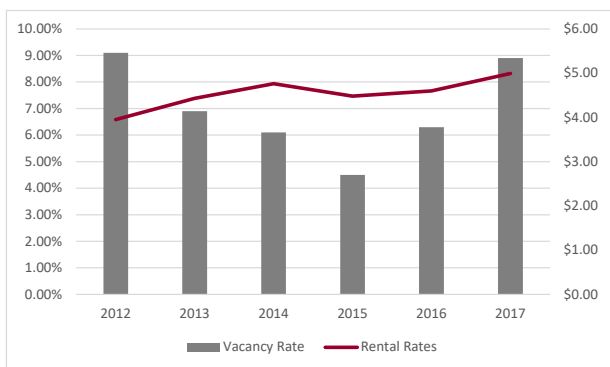
4.5%
VACANCY
RATE
Q4 2017



DFW INDUSTRIAL SUBMARKET OVERVIEW

Great SW/Arlington

- Demand for space in the GSW submarket has pushed average quoted rates up \$0.36/PSF to \$4.99/PSF.
- Absorption is keeping pace with deliveries as 3.8 million SF were leased in Q4 2017 keeping vacancy rates approximately at 9%.
- Developers continue to be bullish in the GSW submarket as 3.2 million SF is planned to be delivered by mid 2018
- 2.1M SF of preleasing shows strong velocity continuing into mid 2018



\$4.99
AVERAGE RENTAL RATE
Q4 2017

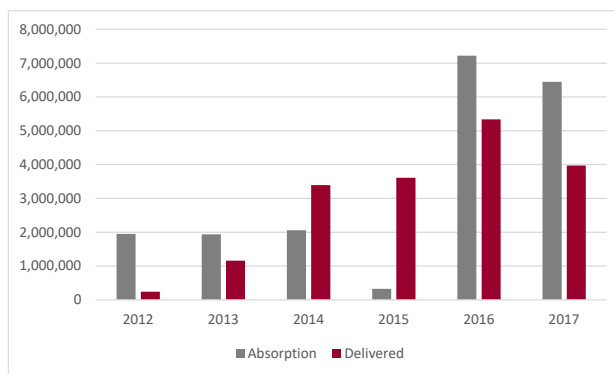
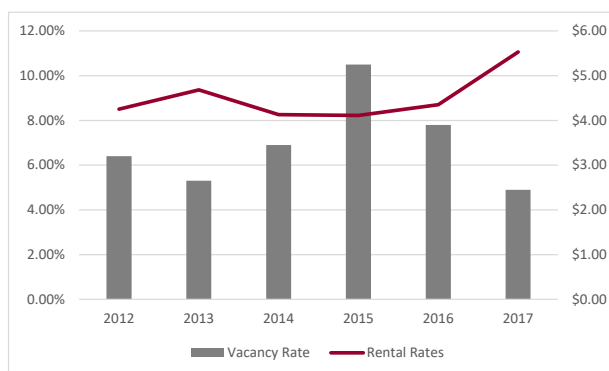


8.9%
VACANCY RATE
Q4 2017



North Fort Worth

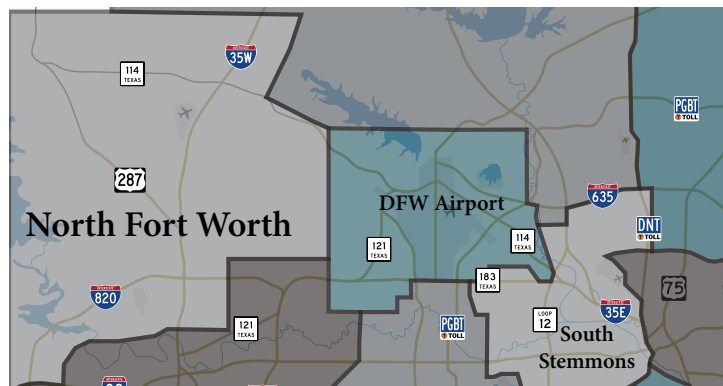
- North Fort Worth led the DFW market with a total of 6.4 million SF of net absorption for the year 2017.
- Currently, North Fort Worth posts a vacancy rate of 4.9%.
- At the moment there is 3.6 million SF of space under construction.
- Trammel Crow, Morgan Stanley, Scannell Properties & Huntington Industrial all have projects under construction and are slated to deliver in 2018.



\$5.53
AVERAGE RENTAL RATE
Q4 2017



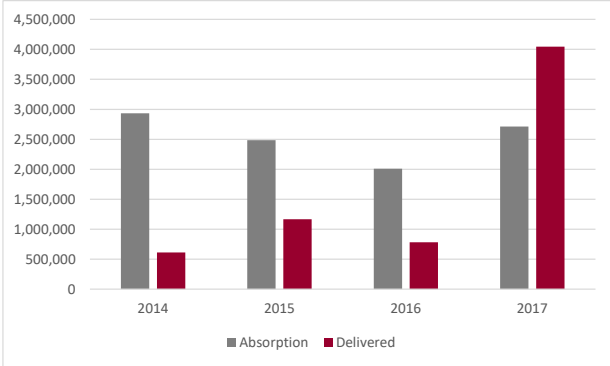
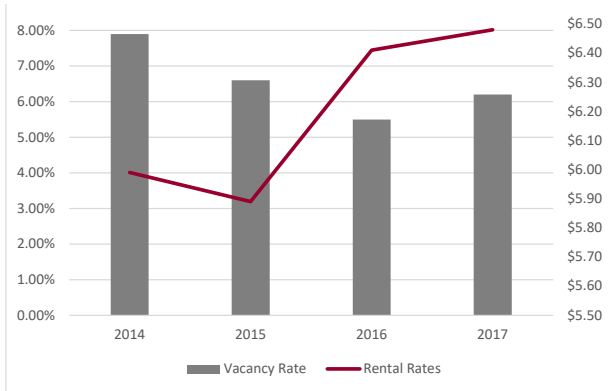
4.9%
VACANCY RATE
Q4 2017



DFW INDUSTRIAL SUBMARKET OVERVIEW

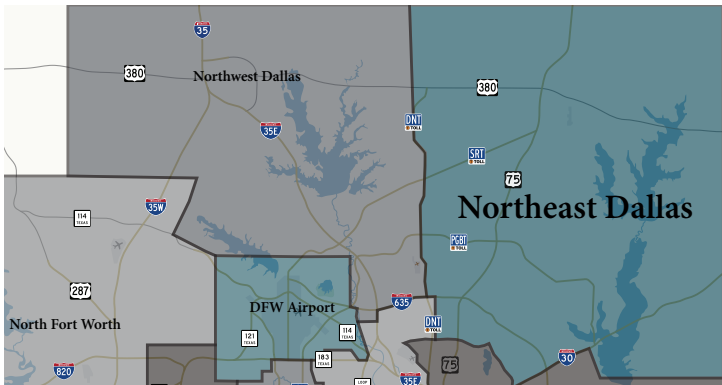
Northeast Dallas

- The Northeast Dallas submarket continues to be very healthy with a vacancy rate hovering around 6.2%.
- In Q3 2016 the submarket hit an all-time low vacancy rate of 5.4%. The vacancy rate has remained steady between 5.4% and 6.5% since 2013.
- The submarket has delivered nearly 7 million SF since 2013 and has still maintained positive absorption every quarter.
- Currently, there are over 1.2 million SF under construction and over 1 million SF of announced projects set to break ground in 2018.



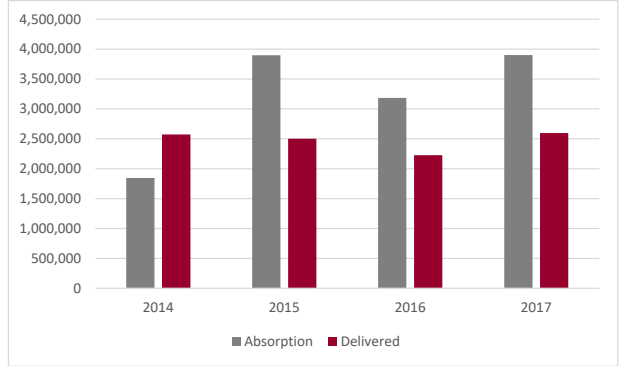
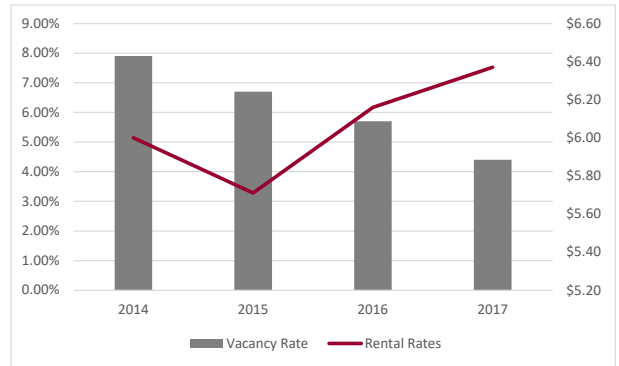
\$6.48
AVERAGE
RENTAL RATE
Q4 2017

6.2%
VACANCY
RATE
Q4 2017



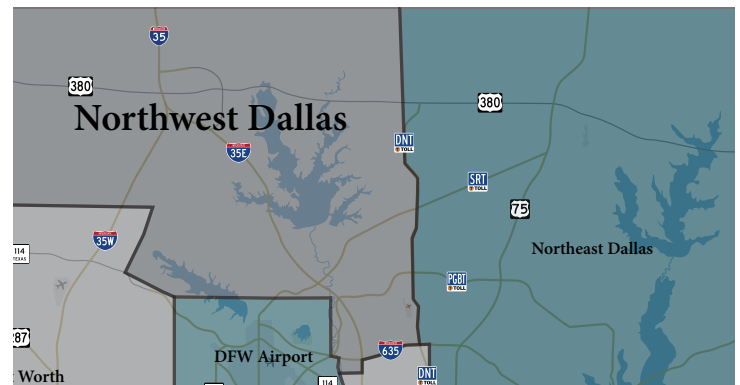
Northwest Dallas

- Vacancy in the Northwest Dallas submarket dipped from almost 5.25 million SF to just under 5 million SF from Q3 2017 to Q4 2017.
- Rental rates as a whole steadily increased throughout 2017 and were at its highest rise from 2017 Q3 to Q4 with the highest increase in Q4 at a rate of almost \$6.40 SF.
- During Q4 2017, the market had a net absorption of 1.1 million SF which was the second highest of the year behind Q1 of 1.4 million SF.
- During Q4 2017, there were 13 buildings under construction with approximately 1.3 million rental SF.



\$6.37
AVERAGE
RENTAL RATE
Q4 2017

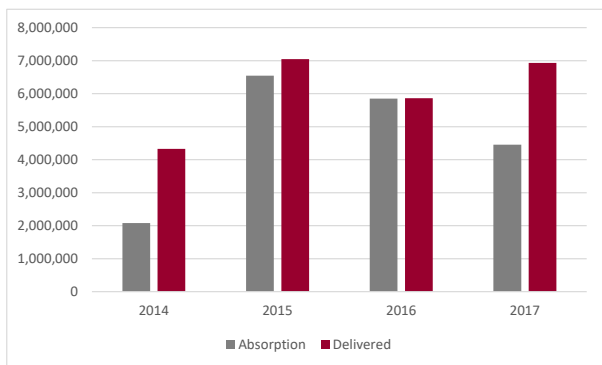
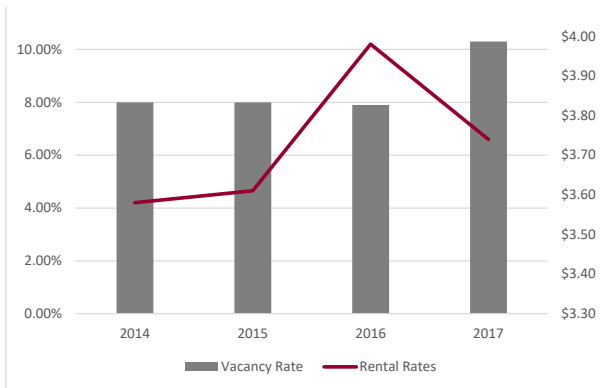
4.4%
VACANCY
RATE
Q4 2017



DFW INDUSTRIAL SUBMARKET OVERVIEW

South Dallas

- The South Dallas Industrial submarket currently has 96.4 million SF and a vacancy rate of 10.3%.
- Worth noticing is the approximate 8 million SF currently under construction, but there is almost 23 million SF of additional "proposed" development in the pipeline.
- Given the amount of existing, under construction and proposed vacancy rates, developers will be hard-pressed to expect sustained rent growth. This is evident by the low initial base rent that Duke charged on it's 874,000 SF build for Wayfair, reportedly close to \$2.50 NNN/ Year 1.
- Other amenities that companies look for (food, labor) are also somewhat limited.



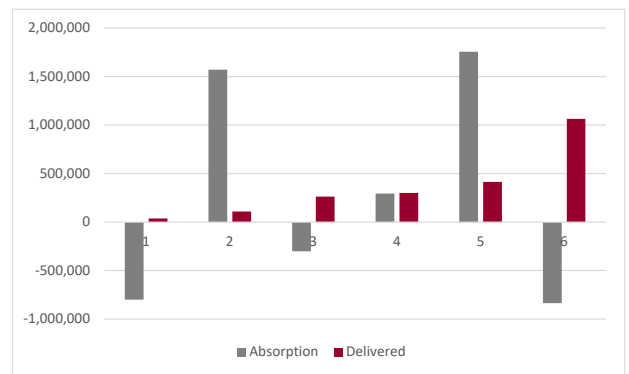
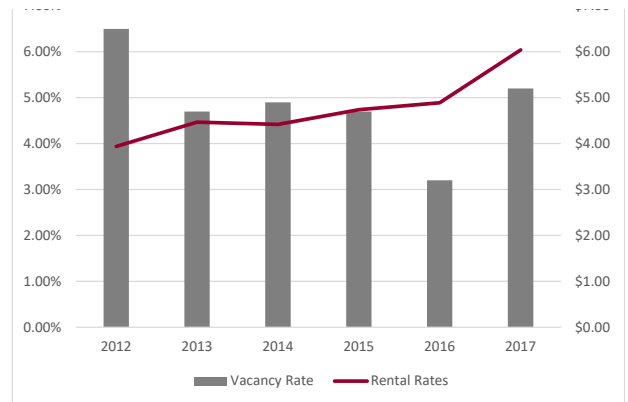
\$3.74
AVERAGE
RENTAL RATE
Q4 2017

10.3%
VACANCY
RATE
Q4 2017



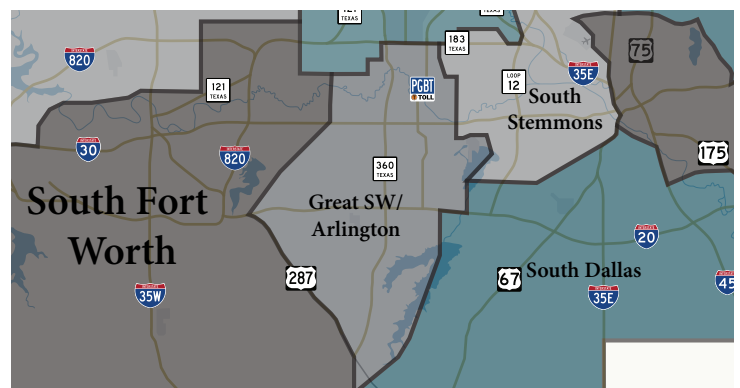
South Fort Worth

- Net absorption for South Fort Worth for Q4 2017 dipped into the negative, at 824,000 SF, which is the highest negative absorption in over two and one half years.
- Rental rates overall for South Fort Worth jumped by \$.32 PSF annually up to \$6.04 PSF annually - dropping to 4th overall out of the 9 major DFW submarkets.
- South Fort Worth has a 5.2% vacancy rate, which is likely buoyed by the 1.1 million SF vacancy at the Provender Logistics Center.
- Majestic South Fort Worth is underway with an expected delivery of its first building consisting of, 287,000 SF slated for Q2 2018.



\$6.04
AVERAGE
RENTAL RATE
Q4 2017

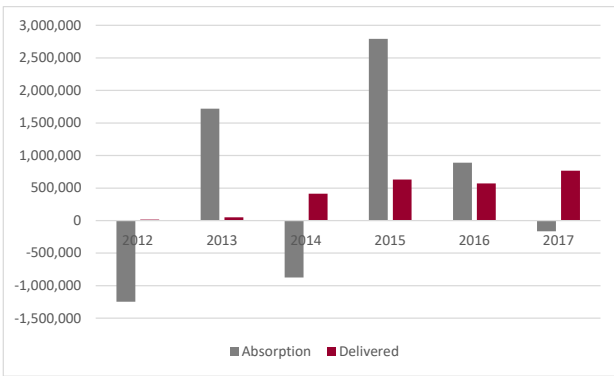
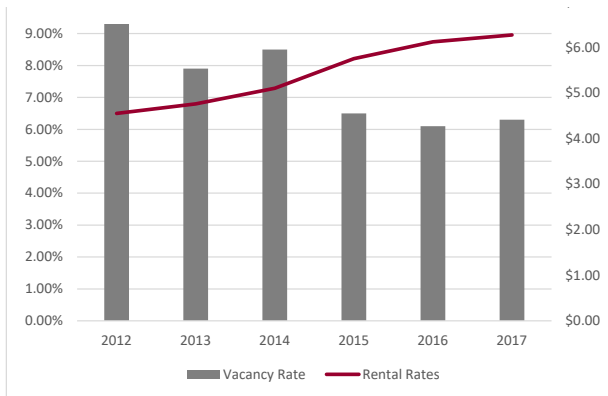
5.2%
VACANCY
RATE
Q4 2017



DFW INDUSTRIAL SUBMARKET OVERVIEW

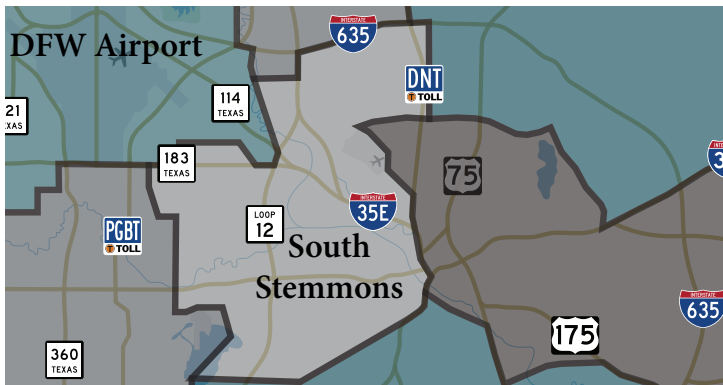
South Stemmons

- The South Stemmons submarket is seeing close to an all time low vacancy rate at 6.3%: Brookhollow (1.7% Vacant), Hines (2.5% Vacant).
- The largest amount of vacancies exist in the Lonestar/Turnpike business parks, which includes the vacant former 4 million SF Vaught Aircraft facility along Jefferson Boulevard, although this facility is planned for redevelopment.
- The overall low vacancy rate for South Stemmons can be attributed to the lack of development and or developable sites.



\$6.27
AVERAGE
RENTAL RATE
Q4 2017

6.3%
VACANCY
RATE
Q4 2017



Dallas/Fort Worth Team



Trey Fricke
SIOR
Principal



Ken Wesson
SIOR, CCIM
Principal



Nathan Denton
SIOR
Principal



Tom Walrich
Principal



Mark Graybill
SIOR, CCIM
Principal



Reid Bassinger
SIOR
Principal



Adam Graham
SIOR, CCIM
Principal



George Tanghongs
SIOR, CCIM
Principal



Brett Lewis
Principal



Reed Parker
Principal



Becky Thompson
Principal



Rob Miller
Director



Phillip Rosenfeld
Director



Matthew Thompson
Director



Corbin Blount
Director



Colton Rhodes
Associate



Taylor Stell
Associate



Stephen Williamson
Associate



Mike Ebbitt
Associate



Dale Brown
Associate

SELECT LEE & ASSOCIATES LISTINGS

FOR SALE / LEASE



2700 S. Millers Ferry Road
Wilmer, TX

Available Space: 424,280 SF
Lease Rate: \$3.75 NNN
Sales Price: \$62 PSF

Property Description:

BTS office, 36' clear height, 119 DH doors, 4 ramp doors, and ESFR

FOR LEASE



5180 N. Railhead Road
Fort Worth, TX

Available Space: 362,670 SF
Lease Rate: \$3.95 NNN

Property Description:

Divisible, 32' clear height, 53 DH doors, 2 ramp doors, and ESFR

FOR LEASE



2525 S. Shiloh Road
Garland, TX

Available Space: 86,240 SF
Lease Rate: \$3.65 NNN

Property Description:

22'-26' clear height, fenced outside storage, Shiloh Rd. frontage

FOR LEASE



5375 FAA Boulevard
Irving, TX

Available Space: 117,000 SF
Lease Rate: Negotiable

Property Description:

18 DH and 2 ramp doors, centrally located south of DFW Airport, end-cap, and front-park, front-load configuration

FOR LEASE



4800 N. Sylvania Road
Fort Worth, TX

Available Space: 164,721 SF
Lease Rate: \$4.05 NNN

Property Description:

Divisible to ± 85,360 SF, 36' clear height, 30 DH doors, 2 DI doors, ESFR, and 82 trailer parking spaces

FOR LEASE



313 N. Great Southwest Parkway
Arlington, TX

Available Space: 128,024 SF
Lease Rate: Negotiable

Property Description:

Divisible to 68,640 SF, 30' clear height, up to 30 DH doors, 119 car parks, and ESFR

FOR LEASE



4395 Diplomacy Road
Fort Worth, TX

Available Space: 65,814 SF
Lease Rate: Negotiable

Property Description:

9,845 SF office, 24' clear height, 9 DH doors with levelers, 1 ramped door, and 100% HVAC

FOR LEASE



1000 Garden Ridge Boulevard
Flower Mound, TX

Available Space: 51,420 SF
Lease Rate: \$6.75 NNN

Property Description:

Divisible to 18,000 SF, BTS office, 24' clear height, 16 DH doors, 1 DI door, and ESFR

FOR LEASE



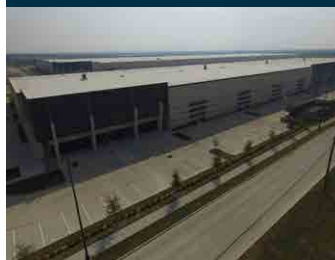
1801 10th Street
Plano, TX

Available Space: 100,000 SF
Lease Rate: Negotiable

Property Description:

±17,024 SF office, 24' clear height, 40'x40' column spacing, 10 DH doors, 100% HVAC, free standing building

FOR LEASE



2300 E. Bardin Road
Arlington, TX

Available Space: 166,746 SF
Lease Rate: Negotiable

Property Description:

32' clear height, 39 DH doors 215 car parks, 75 trailer parks, front-park, rear-load, and ESFR

FOR SALE



1001 West Crosby Road
Carrollton, TX

Available Space: 139,950 SF
Sale Price: \$5,650,000

Property Description:

±10,000 SF office, 14' - 19' clear height, 16 DH doors, 1 ramp, 250+ car parks, fenced and paved yard

FOR LEASE



1001 Spinks Rd.
Flower Mound, TX

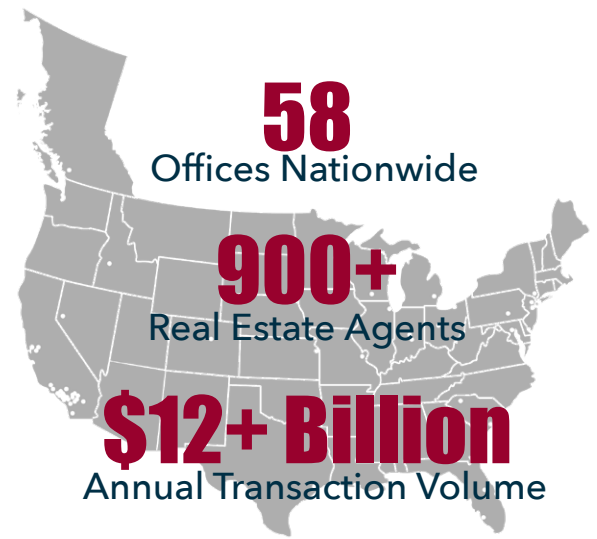
Available Space: 22,070 SF
Lease Rate: \$7.95 NNN

Property Description:

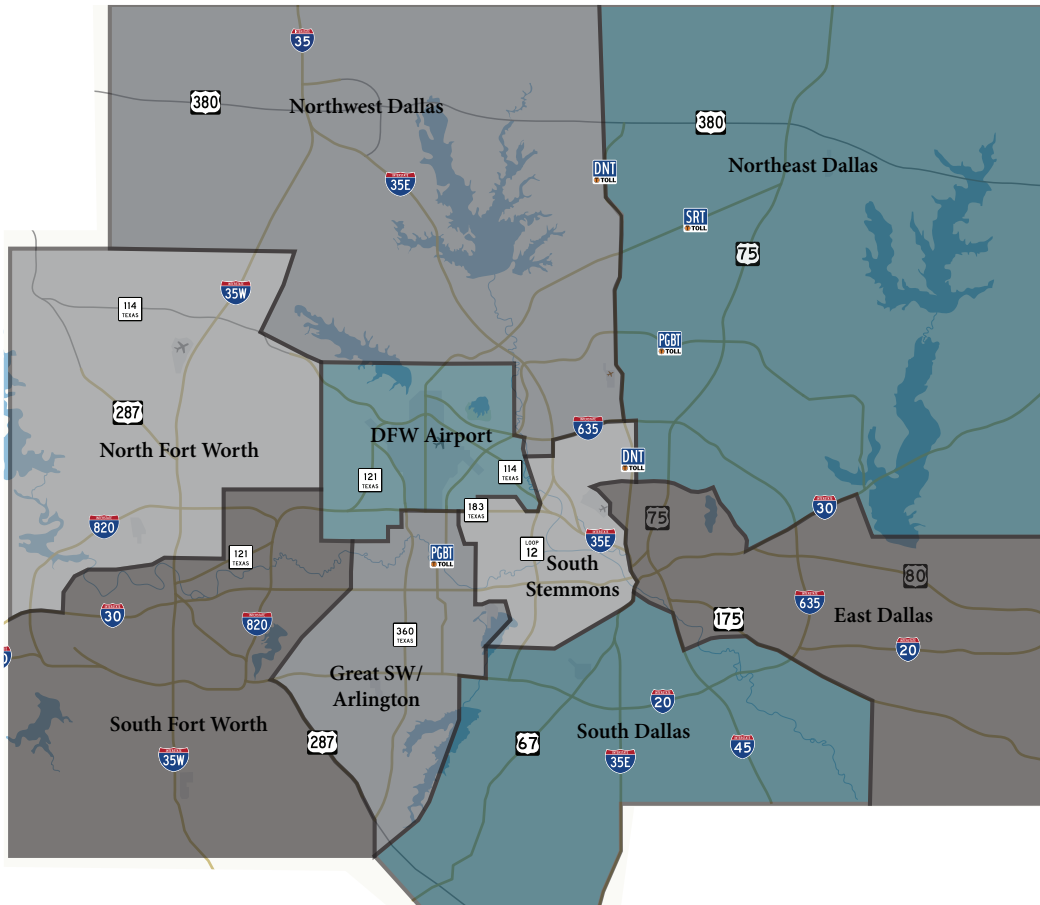
±2,863 SF office, 24' clear height, 220 Amp 277/480 V Main Service, ESFR, 8 DH doors, Class A rear-load building

NATIONAL PRESENCE.

Lee & Associates proudly serves the business community in markets across the United States and British Columbia, Canada. Each independently-owned office has a service platform designed and built to serve the needs of its local business community and to other Lee professionals who represent multi-market clients. Depth of experience, cutting-edge resources and superior market intelligence are core strengths of every Lee office. Since Bill Lee opened the first office in Southern California back in 1979, Lee & Associates has been on a steady path of growth and now maintains a strong presence in primary and secondary metro commercial real estate markets from coast to coast, ready to serve your commercial real estate needs.



LOCAL EXPERTISE



**LEE &
ASSOCIATES**

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