

2018

Bi-Annual

DALLAS/FORT WORTH
INDUSTRIAL BRIEF

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LEE &
ASSOCIATES

COMMERCIAL REAL ESTATE SERVICES

2018 SIGNIFICANT WAREHOUSE & DISTRIBUTION TRANSACTIONS

Buyer/Tenant Company	Comp SF	Market	Buyer/Tenant Company	Comp SF	Market
The Container Store - (R)	1,211,000	DFW Airport	Chrysler Group, LLC	150,000	Northwest Dallas
Amazon - (R)	920,275	South Dallas	Walmart	150,000	South Dallas
Living Spaces	858,000	Great Southwest/Arlington	Viracon	144,960	East Dallas
Malouf Sleep	836,561	South Dallas	Alliance Glass & Metal	136,825	Northeast Dallas
Tellworks Communications	722,733	Great Southwest/Arlington	B2 Signs	129,035	Northeast Dallas
Lollicup	650,000	East Dallas	DiMare Enterprises, Inc.	120,279	DFW Airport
Best Buy - (R)	600,200	Northwest Dallas	Wisteria - (R)	119,083	Northwest Dallas
Elements International Group	487,200	East Dallas	Corinth Land Co	117,166	Northeast Dallas
GAF Materials LLC	472,234	Great Southwest/Arlington	Builders FirstSource - (R)	117,072	DFW Airport
VERVITIV	466,983	Northwest Dallas	DHL	117,000	DFW Airport
PPG Industries, Inc.	449,200	Northwest Dallas	Barrett Distribution	115,041	Northeast Dallas
Dex YP - (R)	440,640	DFW Airport	Circle Industrial	115,000	South Fort Worth
Professional Packaging, Inc.	437,000	Great Southwest/Arlington	Jady Wings	113,630	South Dallas
VM Innovations	416,891	South Dallas	Love's Travel Stops & Country Stores	110,000	Great Southwest/Arlington
Exel Texas Instruments Division - (R)	409,914	North Fort Worth	Sunbelt Marketing	109,588	Northwest Dallas
Cardinal Health - (R)	361,690	Great Southwest/Arlington	KGP Telecommunications	109,141	DFW Airport
Schumacher Co Inc	358,143	Great Southwest/Arlington	Mars Petcare	106,000	South Dallas
Vira Insight	329,060	Northwest Dallas	George Pacific - (R)	105,000	South Dallas
Quest Window Systems	327,600	Northeast Dallas	BFS Services, Inc. - (R)	104,231	Northwest Dallas
Hollander Home Furnishings	322,215	South Stemmons	Cenveo, Inc.	104,160	DFW Airport
Rent the Runway	319,200	Great Southwest/Arlington	Luminator USA - (R)	104,104	Northeast Dallas
TIGI USA - (R)	305,344	Northwest Dallas	T Force Final	101,900	DFW Airport
Smart Warehousing	269,494	North Fort Worth	TSI Products - (R)	99,660	Great Southwest/Arlington
Shaw Carpet - (R)	263,625	DFW Airport	SourceCorp BPS, Inc.	99,451	DFW Airport
Midwest Air Technologies - (R)	251,424	East Dallas	Orison Holdings	99,190	North Fort Worth
Alcon Laboratories	240,049	South Fort Worth	Team Beans, LLC	98,560	Great Southwest/Arlington
Parrish-Hare Electrical	232,151	Great Southwest/Arlington	Product Innovations Research, LLC - (R)	98,257	Northwest Dallas
American Hotel Register	227,924	DFW Airport	1000 Bulbs - (R)	96,855	Northeast Dallas
Starwood Motors	225,507	Northwest Dallas	Solstice	94,750	South Dallas
Simmons Bedding Company - (R)	213,392	DFW Airport	Rosenberger North America, Plano - (R)	94,145	Northeast Dallas
Plastipak Packaging - (R)	208,712	Northeast Dallas	Callbox	93,815	South Stemmons
Best Inc.	205,379	South Dallas	PCA - (R)	92,828	Great Southwest/Arlington
Ceva Logistics	202,500	North Fort Worth	Vertical Communication, Inc.	91,500	South Stemmons
Mazda North American Operations	180,981	DFW Airport	Amware Logistics, Inc. - (R)	90,000	South Stemmons
Dometic	180,000	Great Southwest/Arlington	Communications Test Design, Inc.	88,200	DFW Airport
RAZ Imports Ltd. - (R)	180,000	Great Southwest/Arlington	Advanced Integration Technology - (R)	88,000	Great Southwest/Arlington
Better Home Products	179,875	Great Southwest/Arlington	National Vision	86,966	Northeast Dallas
Southwest Agri-Plastics Inc	179,400	Northwest Dallas	Geomet Recycling, LLC	86,411	South Stemmons
TeleWorks	173,250	Great Southwest/Arlington	KGP Telecommunications	86,100	DFW Airport
Shade Structures	170,000	DFW Airport	Turnkey Project Services	85,544	Great Southwest/Arlington
Aviall	166,704	DFW Airport	Trane	84,078	Northeast Dallas
PIN, Inc	152,000	DFW Airport	Baker Triangle	82,960	Northeast Dallas
Tosca Services LLC - (R)	152,000	Northeast Dallas	American Airlines	81,820	DFW Airport

2018 SELECT LEE & ASSOCIATES RECENT COMPLETED TRANSACTIONS

SOLD - 836,561



3800 Railport Pkwy
Midlothian, TX 76065
South Dallas

SOLD - 180,298 SF



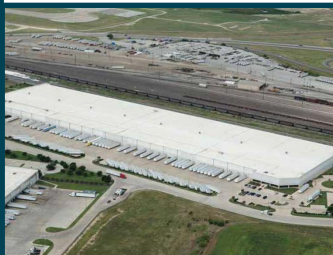
1220 Senlac Dr
Carrollton, TX 75006
Northwest Dallas

LEASED - 173,250 SF



2300 Bardin Rd
Arlington, TX 76018
Great SW/Arlington

LEASED - 128,400 SF



4675 Railhead Rd
Fort Worth, TX 76106
North Fort Worth

LEASED - 98,560 SF



2001-2007 Exchange Dr
Arlington, TX 76011
Great SW/Arlington

LEASED - 88,200 SF



2520 Esters Blvd
Grapevine, TX 76051
DFW Airport

LEASED - 86,100 SF



9250 N Royal Ln
Irving, TX 75063
DFW Airport

LEASED - 75,709 SF



12400 Ford Rd
Farmers Branch, TX 75234
Northwest Dallas

SOLD - 74,100 SF



2001 110th St
Grand Prairie, TX 75050
Great SW/Arlington

SOLD - 72,500 SF



2615 Interstate 20
Grand Prairie, TX 75052
Great SW/Arlington

LEASED - 65,065 SF



3221 E Arkansas Ln
Arlington, TX 76010
Great SW/Arlington

LEASED - 55,376

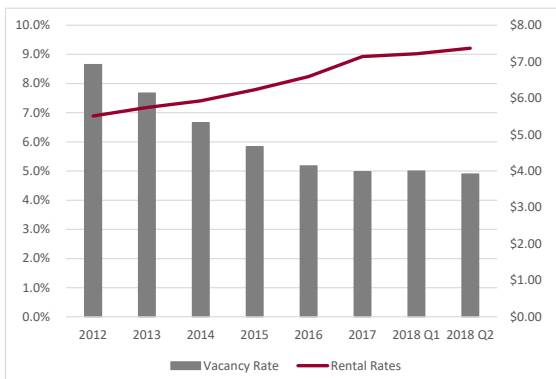


2101 - 2115 Exchange Dr
Arlington, TX 76011
Great SW/Arlington

INDUSTRIAL MARKET OVERVIEW

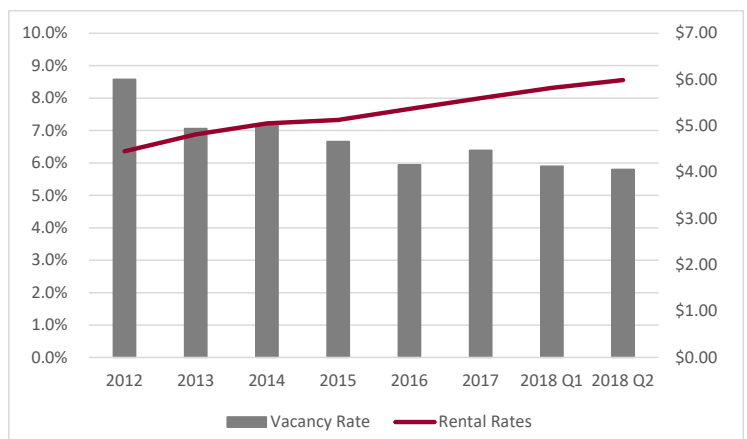
National

- The industrial vacancy rate for the overall U.S. market decreased 10 basis points from 4.8% in Q1 2018 to 4.7% in Q2 2018. We foresee vacancy rates to start climbing slightly due to the number of buildings under construction and expect slower absorption going into the end of the year.
- Absorption of industrial space for the first half of 2018 was 135 million SF, which is down slightly from 142 million SF for the first half of 2017.
- Deliveries of new space were 11% higher in Q2 2018 than Q2 2017. New construction volume rose 16% from a year ago, with 325 million SF of space under construction. DFW leads the nation currently, with 27.9 million SF under construction. Atlanta beat out the Inland Empire for the most deliveries in Q2 2018 with 5.6 million SF.
- Due to the amount of industrial space under construction and a slowdown in absorption, there are concerns of oversupply of space. We anticipate this trend to cause a slowdown in construction starts in early 2019.
- E-commerce and big box needs are still driving a lot of new construction demand.
- The growing instant gratification culture is driving e-commerce companies to open smaller, last-mile locations in urban submarkets, to give them the capability to deliver within hours instead of days. This trend drives the need to repurpose older properties into distribution locations.



Dallas/Fort Worth

- The DFW Industrial market consist of 892.5 million SF, and 25.6 million SF is under construction. The total industrial market should eclipse 900 million SF by year's end.
- The first half of 2018 saw net absorption of 7.84 million SF and deliveries of 7.7 million SF. This continues to illustrate the balance between new supply and demand.
- The overall vacancy rate for DFW ticked down to 5.8% in the first half of 2018. This trails the national average, but remains historically low for the market. Due to the low vacancy rate, DFW experienced more than 7% year over year rental rate growth in the first half of 2018.
- Cap rates were slightly lower in the first half of the year at 7.12% compared to 7.85%. Sales volume has been trending down quarter over quarter from a peak in Q3 2017. Increasing rental rates and stable cap rates are rewarding owners for waiting and are off-setting rising interest rates currently.
- Looking forward, we expect the balance between new supply and demand to continue to support low vacancy rates, rising rental rates, and a healthy industrial market. Higher rental rates will support new construction as industrial development sites become more expensive to build upon, which should help maintain balance in supply and demand.



DFW INDUSTRIAL MARKET OVERVIEW

CURRENT STATS

2018 Q2 OVERALL DFW MARKET

Period	Overall SF	Vacancy Rate	Absorption SF	Under Construction SF
2018 2q	892,537,306	5.8%	5,333,299	27,973,422
2018 1q	887,873,989	5.9%	2,456,759	26,097,499
2017 4q	889,673,686	6.4%	8,612,576	22,805,087
2017 3q	881,112,830	6.4%	5,713,191	23,843,718
2017 2q	875,053,272	6.4%	5,178,074	24,819,891
2017 1q	871,065,631	6.6%	4,615,384	23,348,360
2016	860,140,369	5.9%	25,940,608	28,072,631
2015	838,677,687	6.6%	21,923,888	21,468,757
2014	819,418,634	7.1%	14,092,233	17,050,888
2013	803,609,682	7.0%	18,721,157	14,823,838

2018 Q2 SUBMARKET OVERVIEW

Market	Total SF	Vacancy Rate	YTD Absorption SF	Under Construction SF
DFW Airport Ind	75,396,589	5.4%	250,397	4,307,932
East Dallas Ind	51,414,585	5.0%	(287,672)	2,440,730
Great SW/Arlington Ind	112,990,540	6.6%	3,432,722	2,654,986
Henderson County Ind	1,675,466	4.6%	(31,379)	0
North Ft Worth Ind	94,788,018	3.7%	2,414,590	4,506,646
Northeast Dallas Ind	117,763,744	5.8%	1,077,986	2,473,680
Northwest Dallas Ind	112,511,897	4.3%	524,328	2,088,469
NW Dallas Outlying Ind	4,163,031	2.4%	184,376	1,236,850
South Dallas Ind	99,667,383	11.4%	661,773	7,057,353
South Ft Worth Ind	92,271,795	5.4%	78,729	1,198,576
South Stemmons Ind	129,894,258	4.4%	(515,792)	8,200
Totals	892,537,306	5.8%	7,790,058	27,973,422

2018 Q2 CONSTRUCTION ACTIVITY

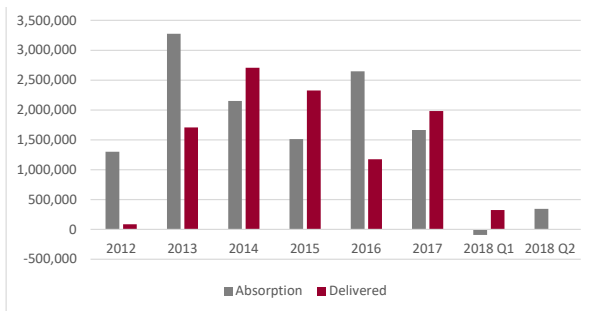
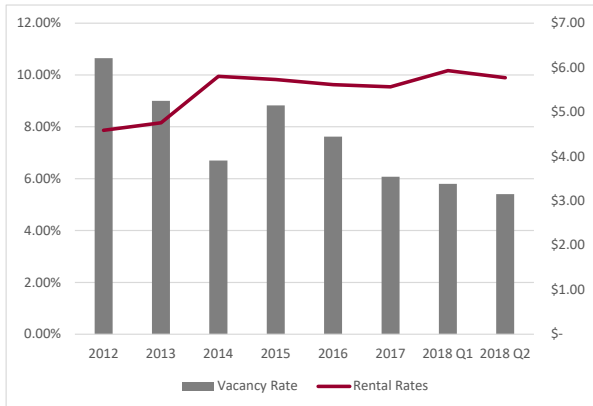
Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total Under Construction	Preleased SF	Preleased %	All Existing	U/C
South Dallas Ind	14	7,057,353	3,772,326	53.5%	58,732	504,097
North Ft Worth Ind	21	4,506,646	750,050	16.6%	59,728	214,602
DFW Airport Ind	19	4,307,932	898,805	20.9%	82,491	226,733
Great SW/Arlington Ind	8	2,654,986	1,013,640	38.2%	62,254	331,873
Northeast Dallas Ind	16	2,473,680	1,230,107	49.7%	37,757	154,605
East Dallas Ind	6	2,440,730	877,230	35.9%	26,006	406,788
Northwest Dallas Ind	14	2,088,469	948,882	45.4%	53,501	149,176
NW Dallas Outlying Ind	7	1,236,850	1,008	0.1%	26,019	176,693
South Ft Worth Ind	16	1,198,576	622,411	51.9%	26,630	74,911
South Stemmons Ind	1	8,200	8,200	100.0%	27,392	8,200
Others	0	0	0	0.0%	13,512	0
Totals	122	27,973,422	10,122,659	37.5%	43,093	204,334

*Data obtained from Lee Source and CoStar Group

DFW INDUSTRIAL SUBMARKET OVERVIEW

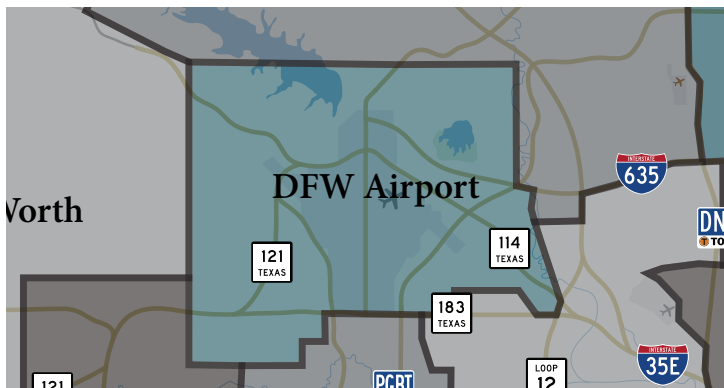
DFW Airport

- Warehouse construction has jumped 18% in the DFW Airport Market. Most of the building in the market is on airport grounds, where 12 developments, totaling more than 8 million SF, are underway or in the planning stages.
- Vacancy continues downwards causing a slight rise in rates. Included among the largest deals in the last few months are: The Container Store's renewal of its 1,211,000 SF warehouse in Coppell along with Best Buy's lease of 600,200 SF at 609 Enterprise Drive in Flower Mound.



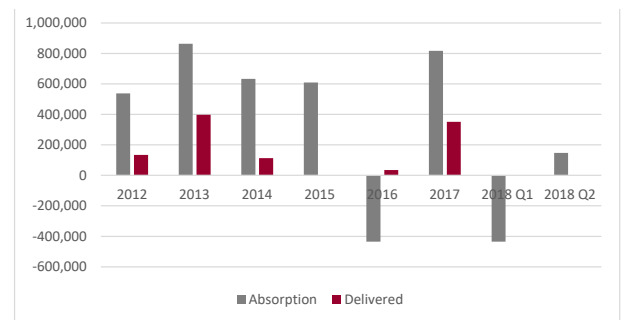
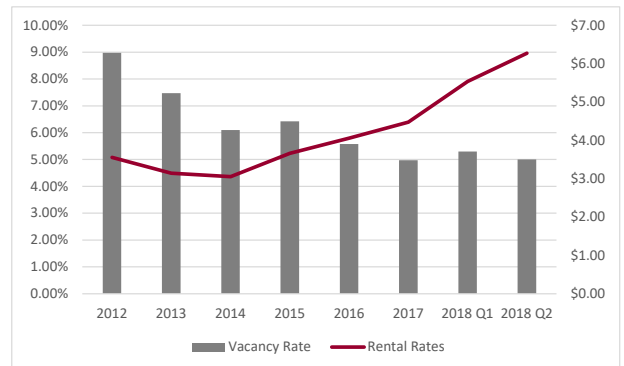
\$5.77
AVERAGE
RENTAL RATE
Q2 2018

5.4%
VACANCY
RATE
Q2 2018



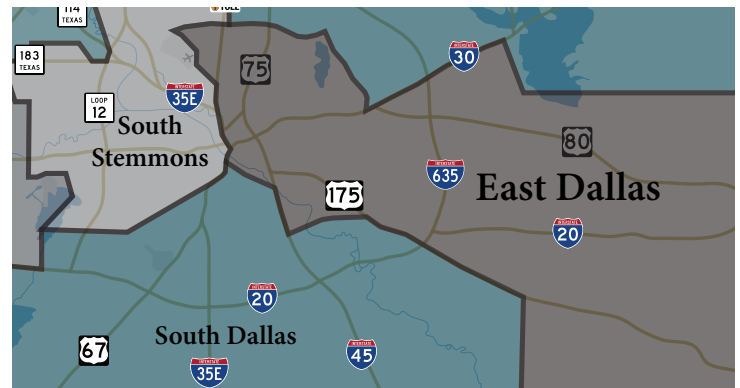
East Dallas

- Construction has remained active as 2.5 million SF is currently under construction.
- Elements International recently pre-leased IDI's new 487,200 SF building located at 2250 Skyline Drive in Mesquite. The building is scheduled for completion Q4 2018.
- Exeter is now under construction on their three- building, 977,050 SF spec development off of Buckner Boulevard. They recently signed a pre-lease and now have a tenant committed to taking 144,800 SF. The scheduled completion date for the project is Q2 2019.
- The fact that both of these developments were able to pre-lease spaces before delivery speaks to the continued growth and strength of the East Dallas submarket.



\$6.11
AVERAGE
RENTAL RATE
Q2 2018

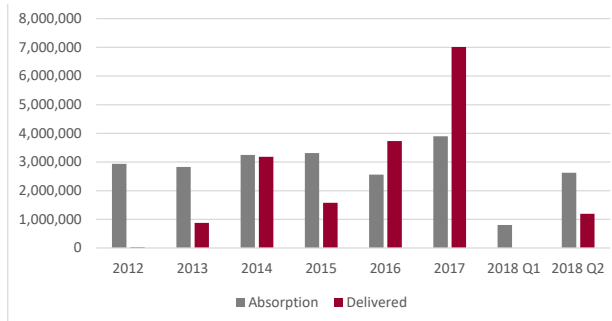
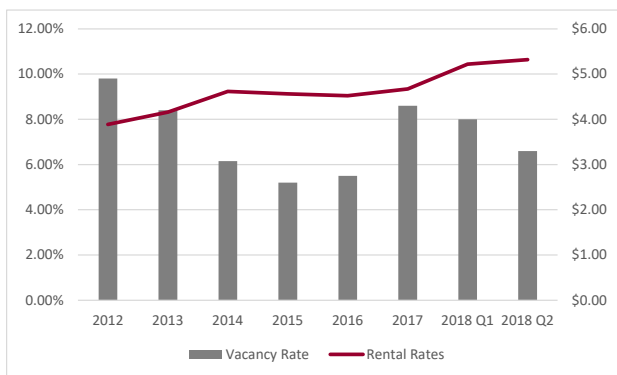
5.0%
VACANCY
RATE
Q2 2018



DFW INDUSTRIAL SUBMARKET OVERVIEW

Great SW/Arlington

- The demand for space in GSW is holding strong into Q3 2018 with a strong absorption of 3.4 million SF.
- A decreasing vacancy rate of 6.6% has pushed the average quoted rate up to \$5.32.
- Developers continue to be bullish in the GSW submarket with 2.6 million SF under construction.
- 2018 deliveries of 1.1 million SF pushed the total market size to 112 million SF.



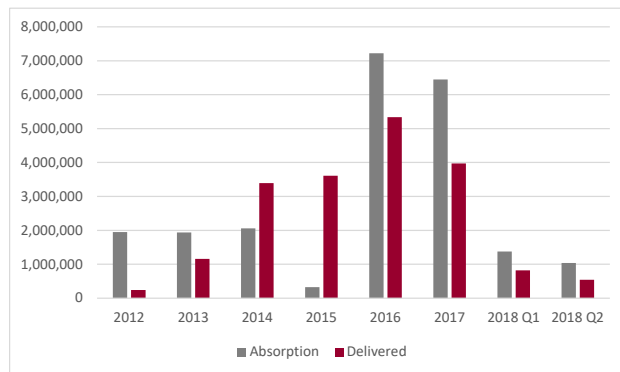
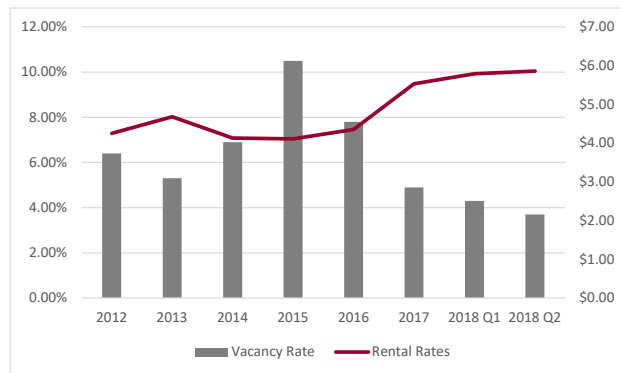
\$5.32
AVERAGE
RENTAL RATE
Q2 2018

6.6%
VACANCY
RATE
Q2 2018



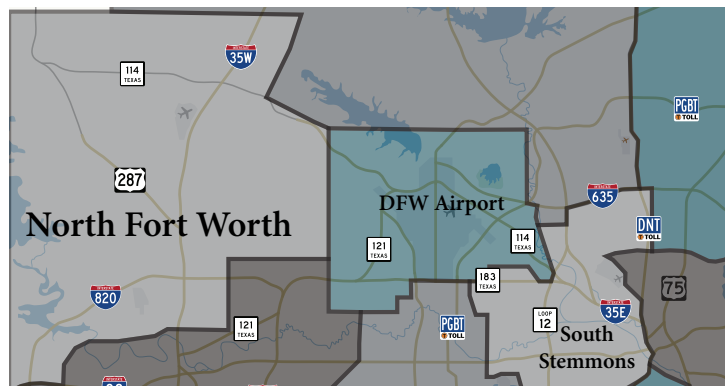
North Fort Worth

- There is continued demand for space in North Fort Worth with over $\pm 2.7\text{M}$ SF of net absorption midway through 2018.
- Currently, North Fort Worth posts a vacancy rate of 3.7%.
- At the moment, there is approximately 4.5M SF of space under construction.
- An additional $\pm 1.7\text{M}$ SF is expected to be announced with construction commencing in the fall of 2018.
- Ceva Logistics, Black & Decker and XPO are several of the groups who have taken down big blocks of space in 2018.



\$5.86
AVERAGE
RENTAL RATE
Q2 2018

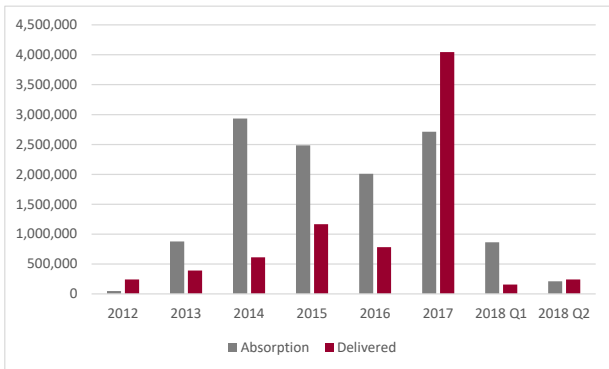
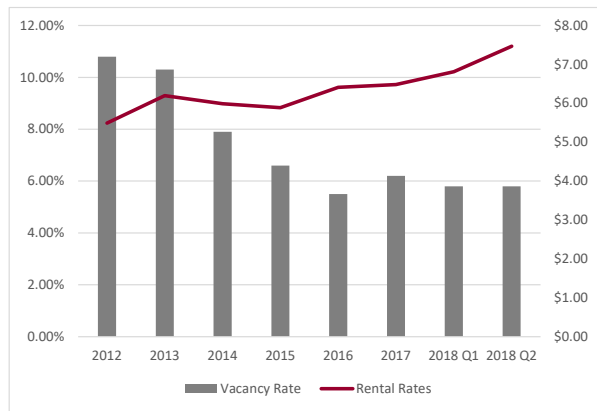
3.7%
VACANCY
RATE
Q2 2018



DFW INDUSTRIAL SUBMARKET OVERVIEW

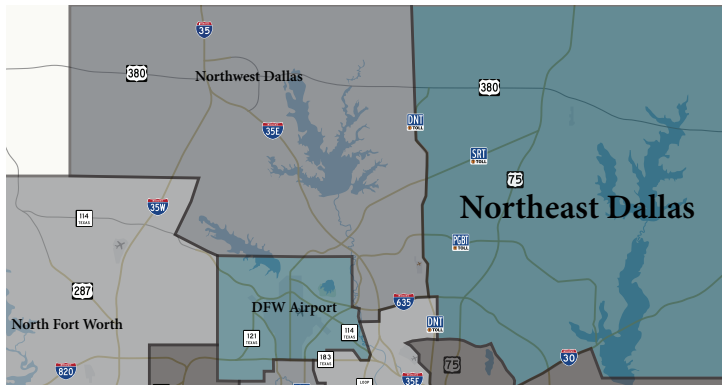
Northeast Dallas

- The Northeast Dallas submarket has continued to be very healthy with a vacancy rate of 5.8%.
- There is currently over 2,500,000 SF under construction. Despite all of the construction activity, absorption has continued to stay positive and vacancy rates have hovered around all-time lows for the past three years
- Two preleases were recently announced at the 764,761 SF spec development at Jupiter Miller Business Park in Garland. Quest Window Systems leased 327,600 SF and another undisclosed tenant leased approximately 100,000 SF.



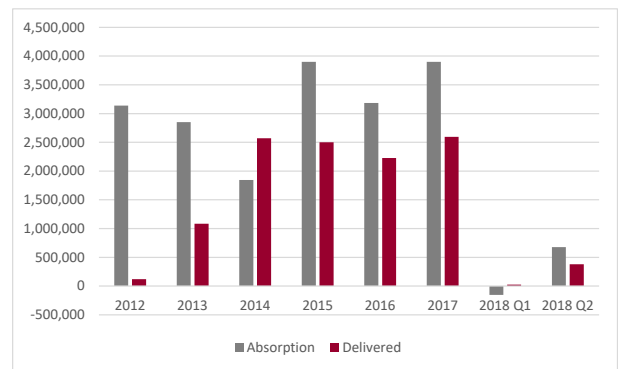
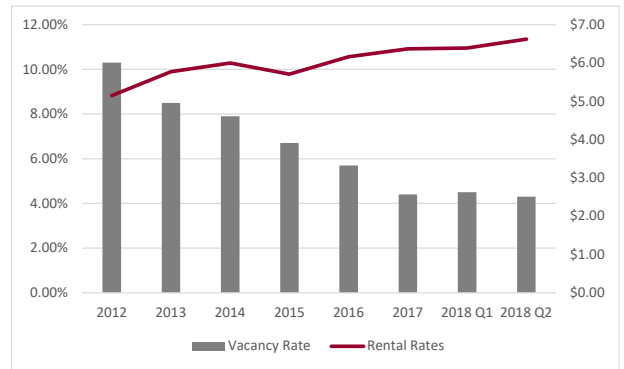
\$7.47
AVERAGE
RENTAL RATE
Q2 2018

5.8%
VACANCY
RATE
Q2 2018



Northwest Dallas

- 2018 vacancy in the Northwest Dallas submarket increased slightly in Q1 to 5.1 million SF from 4.9 million SF in Q4 2017, but then dropped significantly in Q2 to 4.8 million SF.
- Rental rates continued their upward climb from their highs of \$6.40 SF in 2017. While rental rates were flat in Q1 2018, they quickly increased to \$6.63 SF in Q2 2018. We expect rental rates to continue to rise as the year progresses.
- During Q1 2018, the market had flat net absorption after the 1.1 million SF absorbed the previous quarter. However, Q2 2018 absorption roared back with almost 690,000 SF absorbed.
- So far in 2018, 11 buildings have delivered adding 400,000 SF to the market. There are another 14 buildings under construction totaling 2.1 million SF.



\$6.62
AVERAGE
RENTAL RATE
Q2 2018

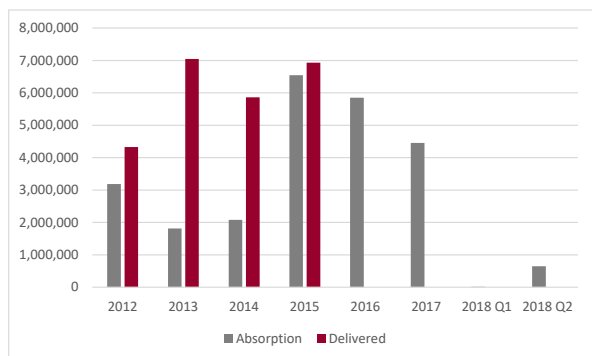
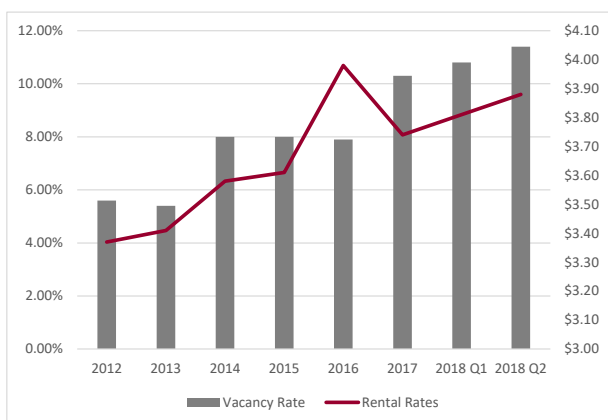
4.3%
VACANCY
RATE
Q2 2018



DFW INDUSTRIAL SUBMARKET OVERVIEW

South Dallas

- The South Dallas submarket had a very strong year in 2015 absorbing 2,228,783 SF.
- It is ramping up to become one of Dallas's largest submarkets with an overall net delivery of 2,743,213 SF.
- Trends indicate rental rates will continue to increase until construction projects reach delivery. Build to suits have taken more prime development sites, and this will only continue to grow, especially for Fortune 500 companies in need of industrial warehouse space. Duke Realty built three build-to-suits in 2017 alone. Duke built a 556,000 SF deal for Shippers Warehouse, an 875,000 SF project for Wayfair, and a 500,000 SF complex for Katoen Natie.
- It will be interesting to see how South Dallas expands and continues to grow in the near future.



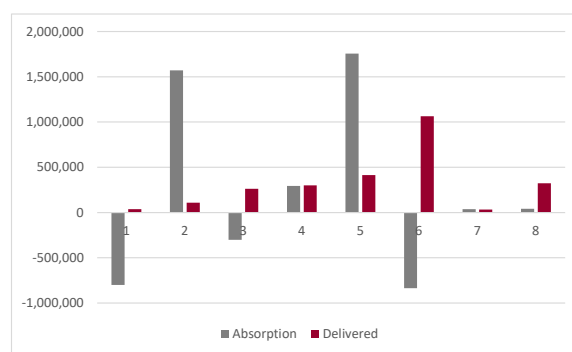
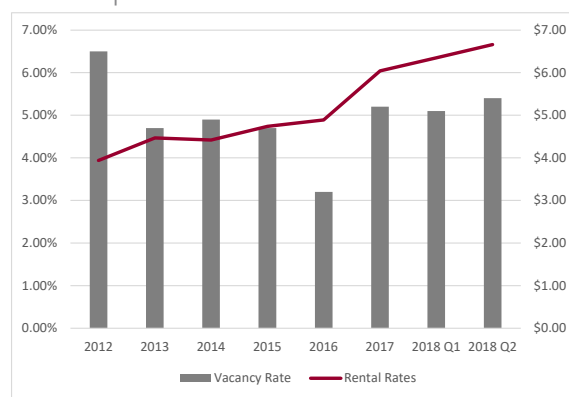
\$3.88
AVERAGE
RENTAL RATE
Q2 2018

11.4%
VACANCY
RATE
Q2 2018



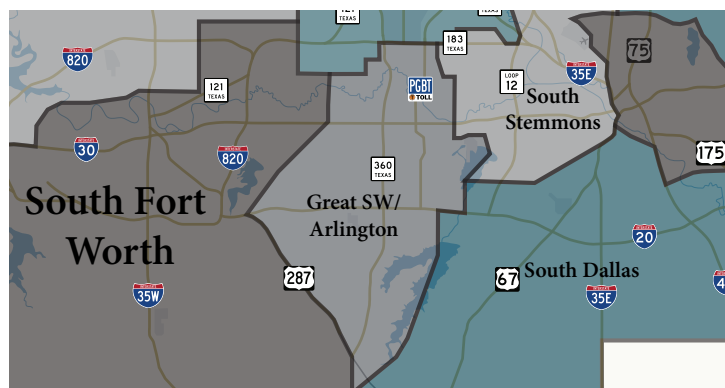
South Fort Worth

- The South Fort Worth submarket held steady for the second quarter in a row showing positive absorption of 41,252 SF. The number would have been significantly higher were it not for Majestic delivering their first building of their South Fort Worth project with a 287,261 SF completion.
- Vacancy in South Fort Worth increased for the first time in over one-half year growing by 0.3% to 5.4%, inching toward a more normal vacancy. From Q2 2016 to Q4 2017, the submarket showed mid-to-high 3% vacancy. A healthier South Fort Worth seems imminent.
- Rental rates increased by approximately 5% from the third quarter
- Bob Mills Furniture delivered a two building, multi-tenant for sale or lease project off Long Avenue in Fort Worth in the second quarter.



\$6.64
AVERAGE
RENTAL RATE
Q2 2018

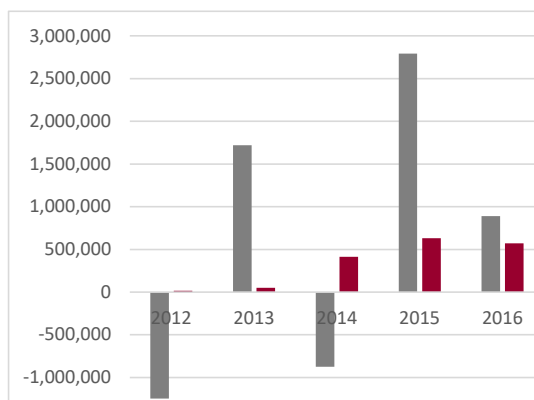
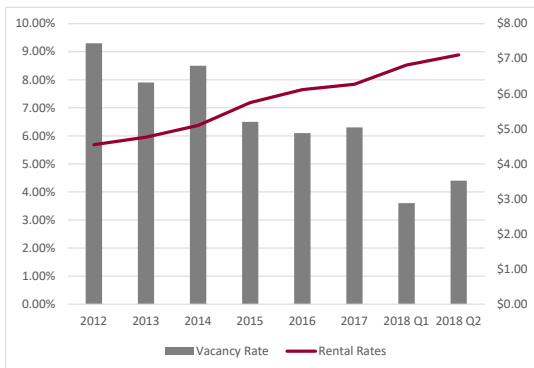
5.4%
VACANCY
RATE
Q2 2018



DFW INDUSTRIAL SUBMARKET OVERVIEW

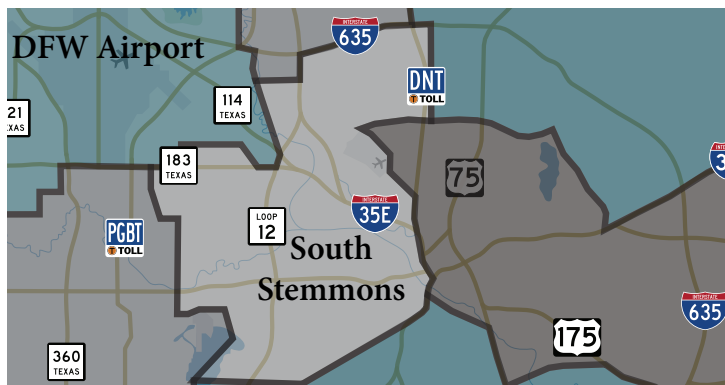
South Stemmons

- The South Stemmons submarket is seeing close to an all time low vacancy rate of 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.



\$7.11
AVERAGE
RENTAL RATE
Q2 2018

4.4%
VACANCY
RATE
Q2 2018



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



Stephen Williamson
Director



Taylor Stell
Associate



Colton Rhodes
Associate



Mike Ebbitt
Associate



Connor Hunt
Associate



Johnny Anderson
Associate

SELECT LEE & ASSOCIATES LISTINGS

FOR LEASE



1000 Garden Ridge Blvd 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



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

FOR LEASE



1581 Corporate Dr McKinney, TX

Available Space: 115,176 SF
Lease Rate: \$6.75 NNN

Property Description:

Divisible to 28,500 SF, 32' clear height, and Q4 2018 completion

FOR LEASE



4800 N. Sylvania Rd 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



5375 FAA Blvd 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



313 N. Great Southwest Pkwy 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 parking spaces, and ESFR

FOR SALE / LEASE



2700 S. Millers Ferry Rd 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 SALE



1001 West Crosby Rd Carrollton, TX

Available Space: 139,950 SF
Sale Price: \$5,650,000
Lease Rate: \$3.35 NNN

Property Description:

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

FOR LEASE



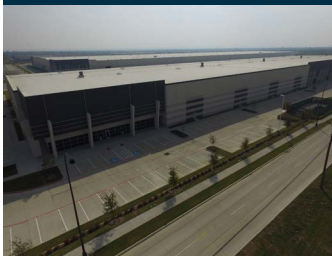
3301 E Plano Pkwy Plano, TX

Available Space: 52,786 SF
Lease Rate: \$7.50 NNN

Property Description:

Divisible to 17,413 SF, Plano Pkwy frontage, 24' clear height, flexible office/floor plan.

FOR LEASE



2300 E. Bardin Rd Arlington, TX

Available Space: 166,746 SF
Lease Rate: Negotiable

Property Description:

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

FOR LEASE



5180 N. Railhead Rd 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/LEASE



SWC Rochelle Rd & Hwy 161 Irving, TX

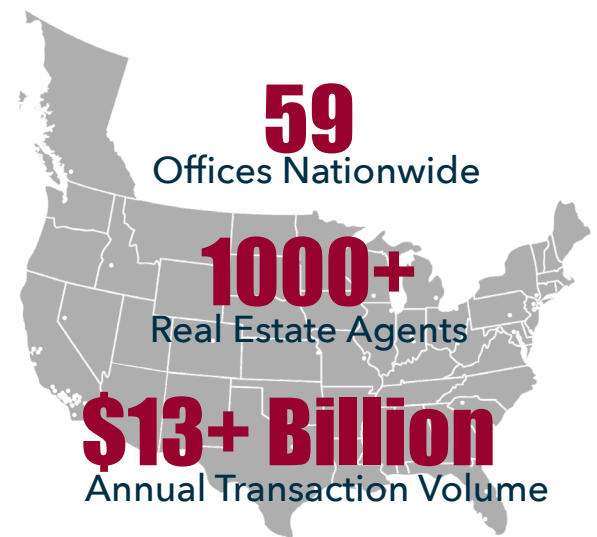
Available Space: 32,599 SF

Property Description:

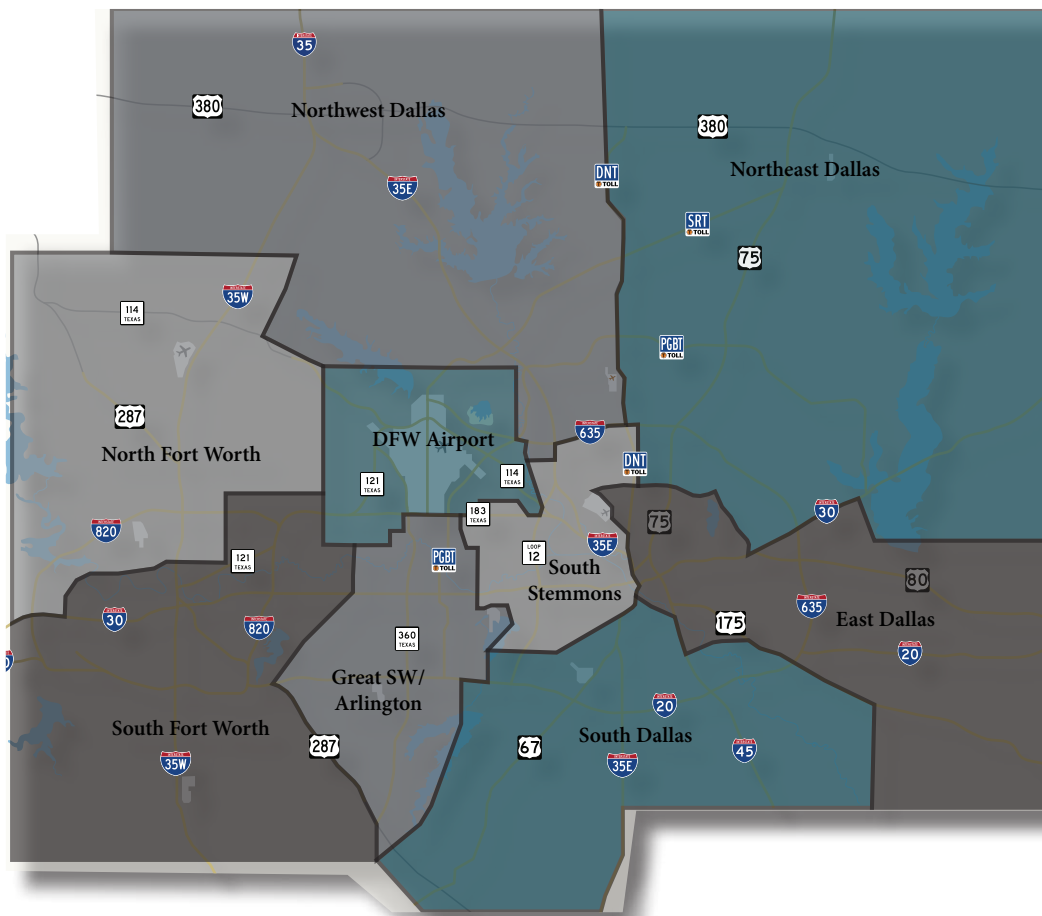
Mustang Crossings Business Park is a multi-building industrial development with access to Airport Freeway/State Hwy 183 and President George Bush Turnpike.

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. It 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 &
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