Starts and net absorption up from Q1, driven by bulk demand

▼8.3%
Vacancy Rate

▲9.9M
SF Net Absorption

▲6.8M
SF Construction Delivered

▲24.0M
SF Under Construction

Note: Arrows indicate change from previous quarter.

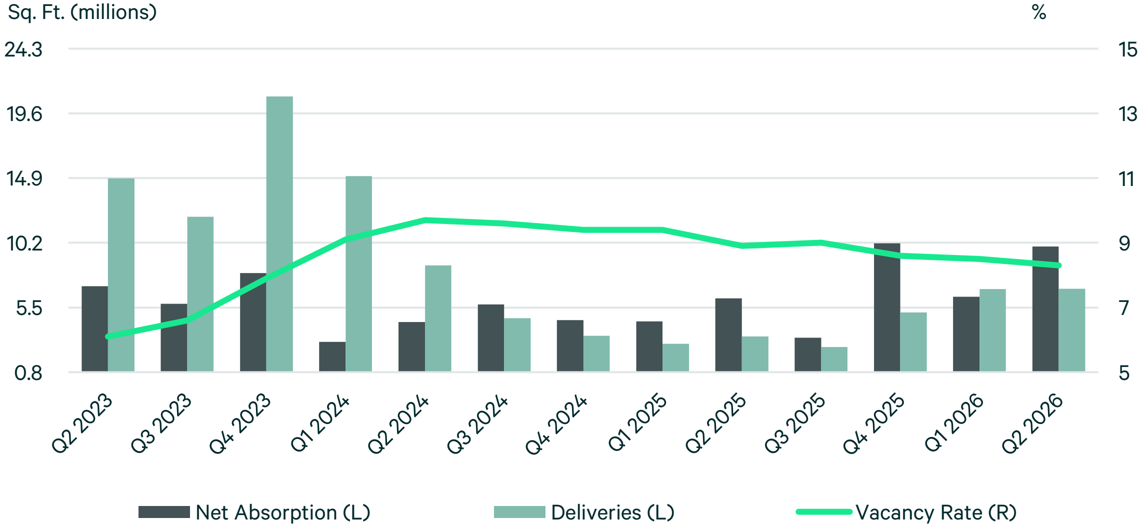
Market Overview

As of Q2 2026, the market posted 9.9 million sq. ft. of net absorption, up 58.9% quarter-over-quarter and 61.6% year-over-year, bringing cumulative absorption over the last three years to 78.2 million sq. ft. Vacancy fell to 8.3%, down 20 basis points from Q1 2026 and 60 basis points from Q2 2025, while availability declined to 9.9% from 10.1% quarter-over-quarter and from 10.2% year-over-year, indicating that recent demand gains are translating into tighter occupancy.

Construction activity is active but measured, with 24.0 million sq. ft. under construction across 86 projects, up 9.0% quarter-over-quarter and 8.5% year-over-year. Developers delivered 6.8 million sq. ft. in Q2 2026 across 28 properties, nearly unchanged from Q1 2026 but 104.4% above Q2 2025, underscoring an expanded pipeline that is being matched by sustained tenant demand.

New leasing in the current quarter was characterized by a small number of very large transactions. The top three reported new leases totaled 3.1 million sq. ft., with each deal exceeding 1.0 million sq. ft. This concentration of activity in large blocks and across multiple submarkets highlights strong demand for sizable space among major corporate occupiers, providing investors with clear evidence of depth in the market for large-scale requirements.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2026

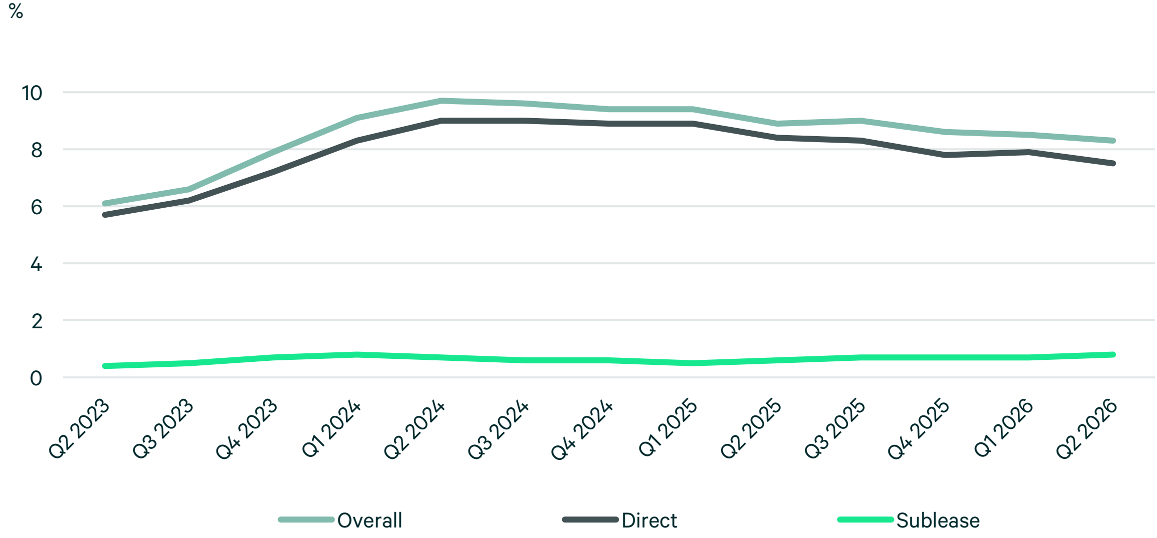
Vacancy Rate

Overall vacancy registered 8.3% in Q2 2026, edging down from 8.5% in the prior quarter, a decline of 20 basis points quarter-over-quarter. Year-over-year, overall vacancy improved from 8.9% in Q2 2025, a decrease of 60 basis points, while direct vacancy fell 90 basis points over the same period to 7.5%. Despite these recent gains, overall vacancy remains 220 basis points higher than in Q2 2023, and direct vacancy is 180 basis points above the 5.7% level recorded three years earlier.

In Q2 2026, East Brookhollow posted the lowest overall vacancy at 1.9%, followed by Cleburne at 2.8%, both well below the market average of 8.3%. NW Dallas Outlying recorded the highest vacancy rate by a wide margin at 51.4%, with SW Tarrant also elevated at 28.9%.

Sublease vacancy remains a small slice of the market at 0.8% in Q2 2026, up from 0.7% in Q1 2026, an increase of 10 basis points quarter-over-quarter and 20 basis points higher year-over-year than the 0.6% level in Q2 2025. Total sublease availability now stands at 7.9 million sq. ft. across the market.

Figure 2: Vacancy Rate



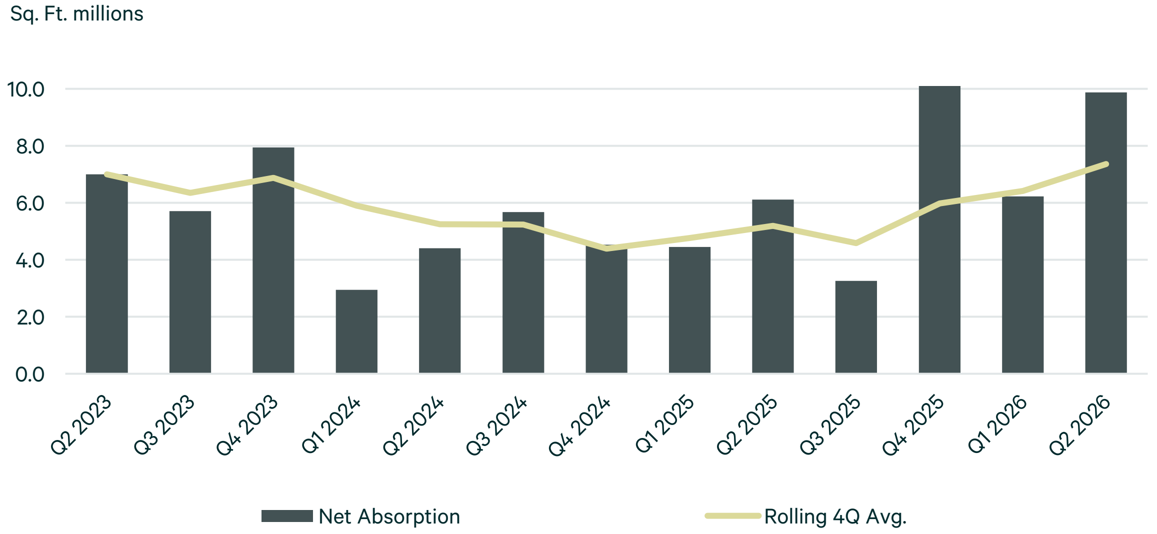
Source: CBRE Research, Q2 2026

Net Absorption

In Q2 2026, the market recorded total net absorption of 9.9 million sq. ft. This total was 58.8% higher quarter-over-quarter and 61.6% higher year-over-year, exceeding both comparison periods. Over the preceding quarters, total net absorption ranged from 2.9 million sq. ft. in Q1 2024 and 4.5 million sq. ft. in Q4 2024 to 10.1 million sq. ft. in Q4 2025 and 6.2 million sq. ft. in Q1 2026. The rolling four-quarter average net absorption reached 7.4 million sq. ft. in Q2 2026, exceeding the prior quarter and the same quarter a year earlier, with increases of 14.7% quarter-over-quarter and 41.8% year-over-year.

At the district level, NE Tarrant Alliance and SE Dallas/I-45 recorded the highest positive net absorption in Q2 2026, at 2.6 million sq. ft. and 2.4 million sq. ft., respectively. Cleburne and Upper Great Southwest were the next highest positive districts, with 1.8 million sq. ft. and 803,000 sq. ft. of net absorption, respectively. Combined, these four districts contributed 7.6 million sq. ft. of net absorption in the quarter. Four of the five largest market-wide move-ins were one million sq. ft. or larger from a mix of industries including 3PLs, ecommerce, food & beverage, and packaging.

Figure 3: Net Absorption Trend



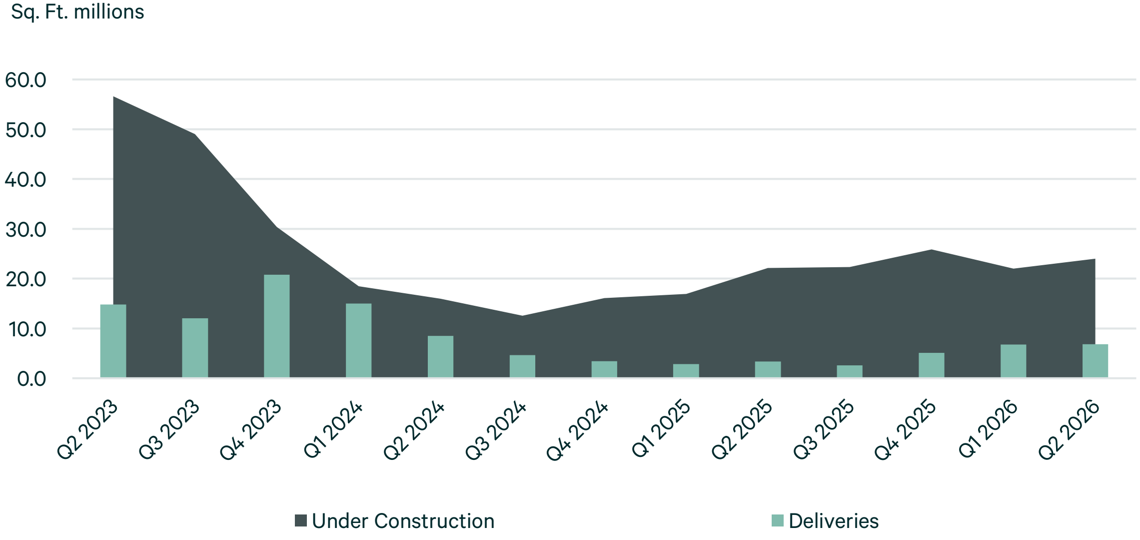
Source: CBRE Research, Q2 2026

Construction Activity

Under construction space in the market reached 24.0 million sq. ft. in Q2 2026, while 6.8 million sq. ft. delivered during the quarter. Under construction volume increased 9.0% quarter-over-quarter and 8.5% year-over-year, and deliveries rose 0.6% quarter-over-quarter and 104.4% year-over-year. Current levels remain below the 56.6 million sq. ft. underway in Q2 2023 and the 20.8 million sq. ft. delivered in Q4 2023, reflecting a smaller but still active development pipeline.

North Fort Worth has the highest under construction volume, with 2.3 million sq. ft. across Alliance Westport 12 and DHL Northlake Logistics Hub – Building 4, both fully speculative, while DFW Airport follows with 1.1 million sq. ft. underway at the fully pre-leased Passport Park West 6. South Dallas and East Dallas each have single projects underway totaling 1.0 million sq. ft. and 934,000 sq. ft., respectively.

Figure 4: Construction Activity



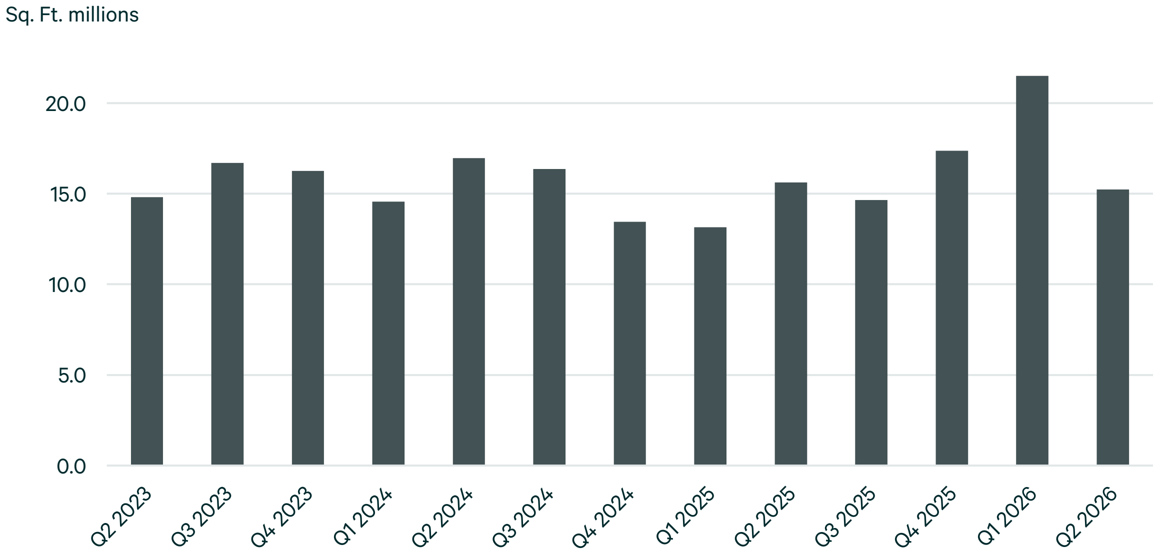
Source: CBRE Research, Q2 2026

Leasing Activity

Leasing activity reached 15.2 million sq. ft. in Q2 2026 and totaled 68.8 million sq. ft. over the past four quarters. On a quarter-over-quarter basis, Q2 2026 volume declined 29.1%, while on a year-over-year basis it was 2.5% lower than the same quarter in 2025.

At the submarket level, NE Tarrant Alliance recorded the highest leased area at 2.3 million sq. ft., followed by SE Dallas/I-45 at 1.8 million sq. ft., making them the most active districts this quarter. Other districts with positive leasing included E DFW/Las Colinas, NE Dallas/Garland, Upper Great Southwest, Denton, N Stemmons/Valwood, Redbird Airport, Lewisville, Forney/Terrell, W DFW/Grapevine, Eastern Lonestar/Tpke, East Dallas/Mesquite, SW Dallas/US 67, Meacham Field/Fossil Creek, Lower Great Southwest, Mansfield/Midlothian, Arlington, Plano, Richardson, West Brookhollow, Allen/Mckinney, Metropolitan/Addison, East Fort Worth, S Central Tarrant County, NW Dallas Outlying, E Hines North, Rockwall, and S Central Fort Worth.

Figure 5: Leasing Activity Trend



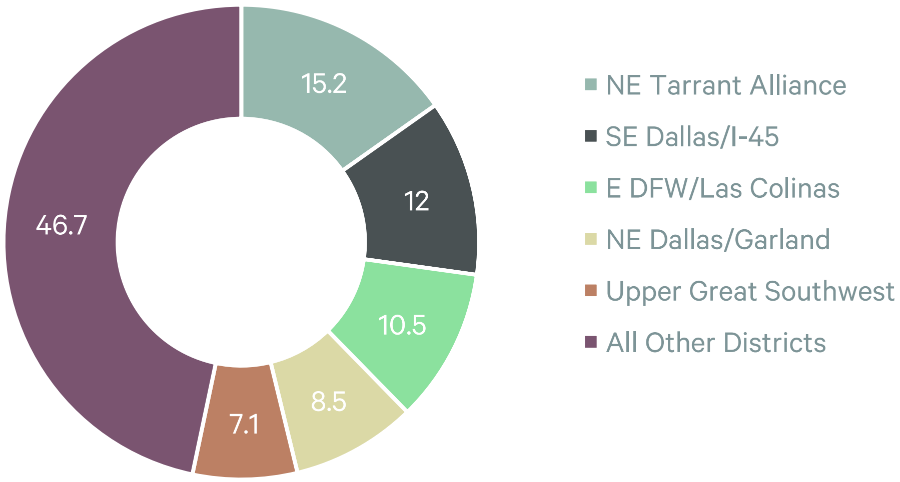
Source: CBRE Research, Q2 2026

Economic Overview

The U.S. economy enters mid-2026 navigating crosscurrents but growing at a healthy pace, with CBRE projecting GDP growth averaging 2.2%, broadly in line with 2025. The AI investment boom is certainly a key driver of this expansion. Concerns surrounding the sustainability of this growth are valid, but we expect AI-related business investment to continue.

The more pressing concern in recent months has been the U.S./Iran conflict and its impact on world energy prices, which recently pushed U.S. inflation to 4.2%. Should the prospective peace deal announced in June come to fruition, inflation would fall to the upper 3% range by year-end as energy prices slowly decrease. Stickier inflation has pushed Treasury yields well above 4%, complicating real estate markets. On the upside, the prospect for peace and normal trade flows in the Persian Gulf could refresh the optimism the CRE market felt at the beginning of the year.

Figure 6: Leasing Activity by Submarket (% of Total Activity)



Source: CBRE Research, Q2 2026

Market Statistics by Size

Figure 7

Size Range	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50K SF	178.08M	6.1	6.8	6.4	0.5	12.34	126,000	(928,000)	100,000	96,000
50K-99,999 SF	121.92M	8.0	10.4	9.2	1.2	10.15	(100,000)	(15,000)	516,000	727,000
100K-249,999 SF	236.58M	10.6	12.0	10.7	1.3	8.95	2.45M	3.35M	1.82M	8.54M
250K-499,999 SF	202.94M	11.1	13.7	12.4	1.3	6.93	2.14M	3.19M	930,000	3.67M
500K-749,999 SF	117.39M	7.5	11.2	8.2	3.0	-	903,000	2.65M	703,000	3.16M
750,000 SF +	175.04M	4.9	4.8	3.4	1.3	5.50	4.36M	7.84M	2.75M	7.78M
Total	**1,031.95M**	**8.3**	**9.9**	**8.6**	**1.3**	**10.15**	**9.87M**	**16.09M**	**6.82M**	**23.98M**

Source: CBRE Research, Q2 2026

Market Statistics by Product Type

Figure 8

Product Type	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution/Logistics	834.25M	9.1	10.8	9.4	1.4	9.60	9.68M	17.09M	6.69M	23.16M
Manufacturing - General	79.40M	3.0	3.5	3.1	0.4	6.80	155,000	(139,000)	123,000	225,000
R&D/Flex	59.76M	5.9	7.3	6.4	0.9	12.50	(59,000)	(435,000)	-	168,000
Other Industrial	58.53M	6.6	8.7	6.9	1.9	13.66	97,000	(430,000)	-	423,000
Total	**1,031.95M**	**8.3**	**9.9**	**8.6**	**1.3**	**10.15**	**9.87M**	**16.09M**	**6.82M**	**23.98M**

Source: CBRE Research, Q2 2026

Market Statistics by Class

Figure 9

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	136.09M	14.2	15.8	13.5	2.3	10.24	1.41M	1.69M	1.53M	14.48M
Institutional	119.70M	14.5	16.0	13.7	2.3	10.06	1.46M	1.94M	1.48M	-
Other Class A	16.38M	12.3	14.1	11.6	2.5	10.45	(57,000)	(252,000)	44,000	14.48M
All Other Industrial	895.86M	7.4	9.0	7.8	1.2	10.15	8.47M	14.40M	5.29M	9.50M
Total	**1,031.95M**	**8.3**	**9.9**	**8.6**	**1.3**	**10.15**	**9.87M**	**16.09M**	**6.82M**	**23.98M**

Source: CBRE Research, Q2 2026

Market Statistics by District

Figure 10

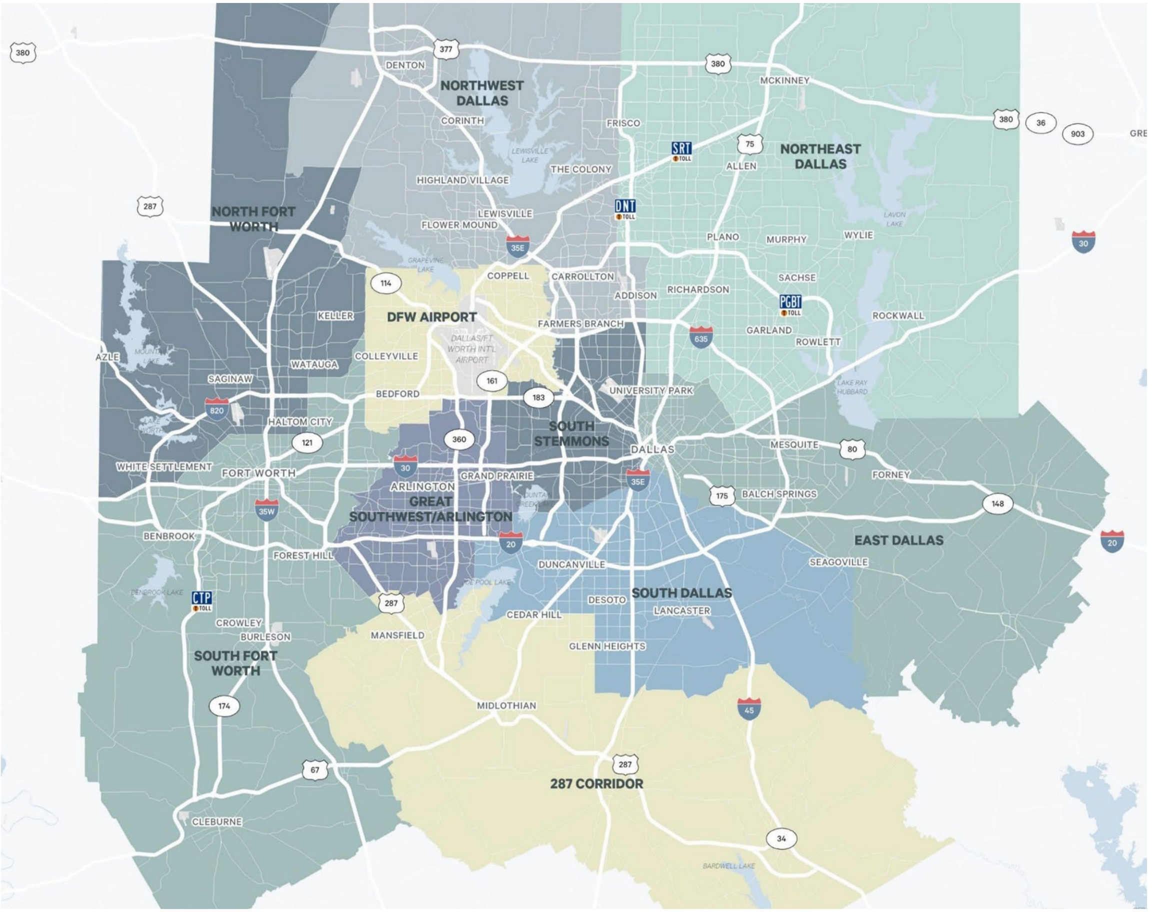
Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
DFW Airport Total	**95.47M**	**9.4**	**10.9**	**8.3**	**2.6**	**12.71**	**704,000**	**2.15M**	**333,000**	**2.03M**
E DFW/Las Colinas	69.55M	9.0	10.5	7.1	3.4	12.35	208,000	1.28M	333,000	2.03M
W DFW/Grapevine	25.92M	10.4	12.0	11.4	0.5	13.51	496,000	877,000	-	-
East Dallas Total	**60.51M**	**9.9**	**12.8**	**12.1**	**0.7**	**10.50**	**266,000**	**865,000**	**251,000**	**1.92M**
Central E Dallas	17.07M	5.0	5.5	5.5	-	18.79	(4,000)	(23,000)	-	-
East Dallas/Mesquite	30.89M	10.4	16.7	15.4	1.3	8.61	271,000	(16,000)	251,000	983,000
Forney/Terrell	12.55M	15.2	13.1	13.1	-	-	-	904,000	-	934,000
Great Southwest / Arlington Total	**123.44M**	**7.8**	**10.0**	**8.9**	**1.1**	**8.67**	**5,000**	**563,000**	**532,000**	**1.52M**
Arlington	26.08M	6.8	8.3	7.8	0.5	11.03	(104,000)	(253,000)	-	-
Lower Great Southwest	38.80M	7.2	9.8	8.2	1.6	8.16	(694,000)	(291,000)	-	-
Upper Great Southwest	58.56M	8.6	10.8	9.8	1.0	8.64	803,000	1.11M	532,000	1.52M
North Fort Worth Total	**140.28M**	**6.3**	**9.2**	**7.0**	**2.3**	**8.69**	**2.83M**	**6.94M**	**1.52M**	**8.48M**
Meacham Fld/Fossil Creek	48.29M	7.6	8.8	7.9	0.9	7.83	187,000	22,000	321,000	1.21M
NE Tarrant Alliance	85.42M	5.5	9.6	6.4	3.2	12.99	2.64M	6.93M	1.20M	6.54M
West Tarrant	6.57M	7.4	7.4	7.4	-	10.92	2,000	(10,000)	-	732,000
Northeast Dallas Total	**115.84M**	**8.3**	**9.0**	**8.1**	**0.9**	**12.29**	**365,000**	**270,000**	**586,000**	**2.80M**
-	190,000	-	-	-	-	-	-	-	-	-
Allen/Mckinney	18.47M	10.9	10.5	9.7	0.7	12.20	126,000	308,000	-	690,000
NE Dallas/Garland	53.18M	8.2	9.3	8.2	1.0	9.61	65,000	(125,000)	102,000	1.04M
Plano	22.72M	7.7	8.8	7.6	1.2	13.64	211,000	259,000	360,000	558,000

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Richardson	16.87M	7.1	7.7	7.5	0.3	16.34	126,000	1,000	123,000	-
Rockwall	4.42M	5.2	5.2	5.2	-	18.05	(163,000)	(173,000)	-	509,000
Northwest Dallas Total	**128.04M**	**10.3**	**12.1**	**10.7**	**1.4**	**11.20**	**432,000**	**648,000**	**445,000**	**1.77M**
-	1.53M	10.4	10.4	10.4	-	10.00	(28,000)	(28,000)	-	-
Denton	20.58M	18.9	18.9	17.6	1.3	12.18	298,000	659,000	269,000	200,000
Lewisville	36.42M	10.6	13.0	10.8	2.2	10.56	101,000	(97,000)	176,000	1.11M
Metropolitan/Addison	20.18M	10.9	10.6	10.2	0.4	12.08	111,000	(114,000)	-	-
N Stemmons/Valwood	48.32M	5.3	8.3	7.0	1.3	10.83	(50,000)	229,000	-	459,000
NW Dallas Outlying	1.02M	51.4	46.8	46.8	-	-	-	-	-	-
Out of Submarket	-	-	-	-	-	-	-	-	-	425,000
South Dallas Total	**120.78M**	**6.6**	**7.7**	**6.6**	**1.1**	**5.55**	**2.43M**	**3.81M**	**-**	**2.10M**
Redbird Airport	21.63M	3.8	8.0	7.0	1.0	9.60	154,000	174,000	-	-
SE Dallas/I-45	79.34M	7.9	8.8	7.7	1.1	4.73	2.44M	3.72M	-	2.10M
SW Dallas/US 67	19.81M	4.1	3.1	1.6	1.5	9.89	(168,000)	(86,000)	-	-
South Fort Worth Total	**94.50M**	**10.7**	**11.3**	**10.3**	**1.0**	**7.96**	**2.01M**	**1.40M**	**3.15M**	**1.97M**
Cleburne	4.65M	2.8	2.8	2.8	-	-	1.76M	1.76M	1.76M	-
East Fort Worth	27.29M	10.7	11.1	10.6	0.6	8.32	77,000	(82,000)	-	-
N Central Fort Worth	10.23M	6.7	8.2	8.0	0.1	10.49	(56,000)	168,000	-	-
S Central Fort Worth	7.83M	4.4	5.6	4.2	1.4	6.91	(20,000)	(16,000)	-	-
S Central Tarrant County	40.53M	12.1	12.5	11.0	1.6	6.79	72,000	(581,000)	1.39M	1.97M
SW Tarrant	3.97M	28.9	29.0	28.8	0.2	12.46	176,000	158,000	-	-

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
South Stemmons Total	**127.59M**	**7.7**	**9.0**	**7.9**	**1.1**	**11.37**	**336,000**	**(1.22M)**	**-**	**542,000**
E Hines North	19.72M	5.1	6.6	6.2	0.4	10.99	214,000	47,000	-	-
East Brookhollow	7.50M	1.9	3.6	3.5	0.2	14.51	(2,000)	7,000	-	-
Eastern Lonestar/Tpke	32.16M	8.4	10.5	8.9	1.6	9.12	(157,000)	(595,000)	-	282,000
North Trinity	8.95M	6.9	8.5	7.6	0.9	18.09	3,000	(2,000)	-	-
W Hines North	9.47M	8.0	8.8	7.3	1.5	11.59	41,000	(182,000)	-	-
West Brookhollow	40.97M	7.8	9.6	8.7	0.9	8.93	32,000	(129,000)	-	-
Western Lonestar/Tpke	8.82M	15.6	11.6	9.4	2.1	13.37	204,000	(362,000)	-	260,000
Southern DFW/287 Total	**25.48M**	**6.2**	**7.0**	**6.9**	**0.1**	**7.11**	**505,000**	**654,000**	**-**	**438,000**
Mansfield/Midlothian	17.65M	7.2	8.3	8.1	0.2	12.07	505,000	654,000	-	438,000
Waxahachie/Ennis	7.83M	4.0	4.0	4.0	-	6.00	-	-	-	-
Total	**1,031.95M**	**8.3**	**9.9**	**8.6**	**1.3**	**10.15**	**9.87M**	**16.09M**	**6.82M**	**23.98M**

Source: CBRE Research, Q2 2026

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the "drip line" of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the "net" costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32' or greater clear height and ESFR sprinklers.

Survey Criteria

Includes known market-relevant industrial buildings 10,000 sq. ft. and greater in size in the Dallas/Fort Worth metro area. A building is considered to be under construction once foundation work has begun.

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