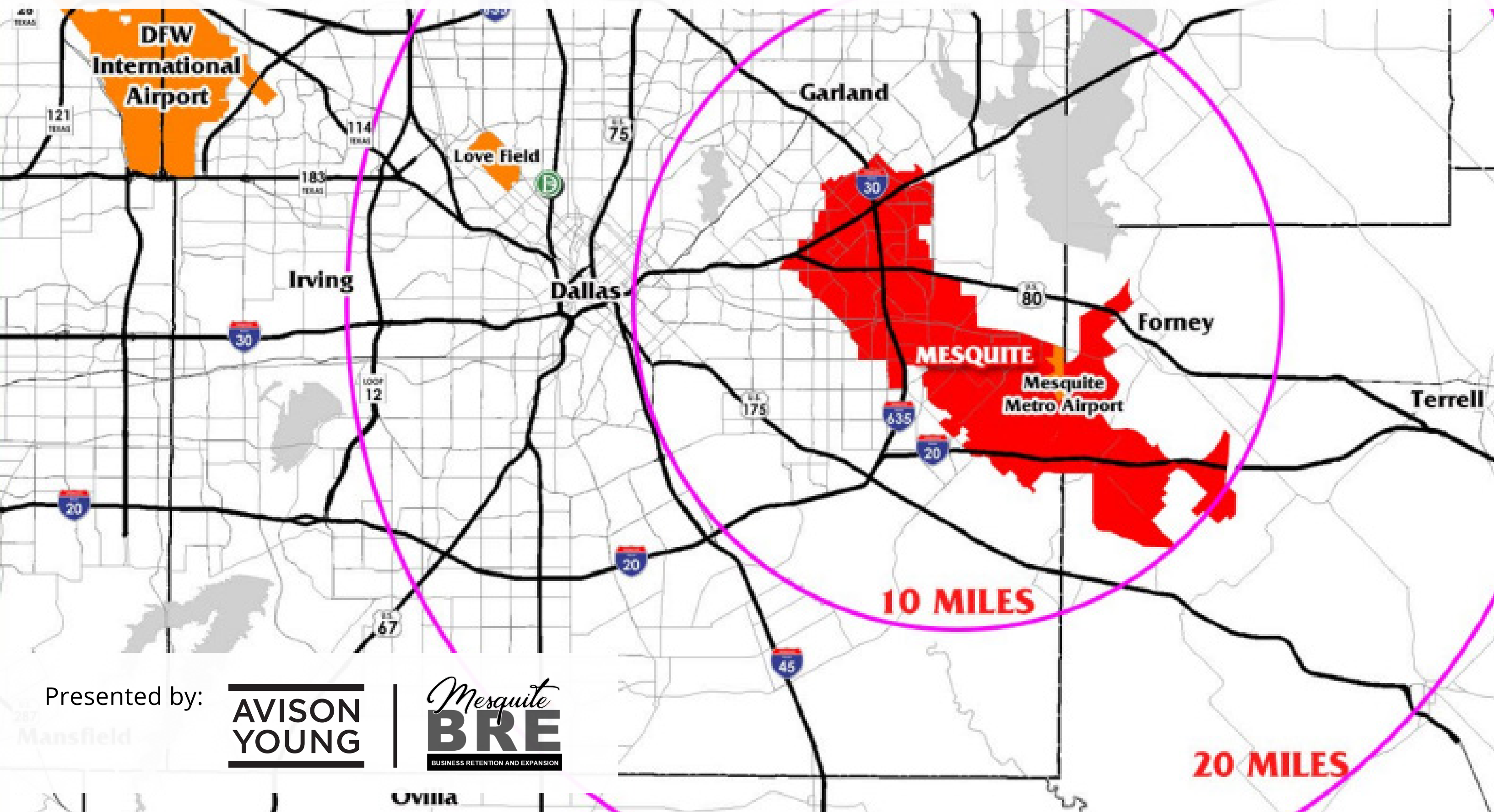


Mesquite, TX | April 13, 2021

# Local Market Data & Trends

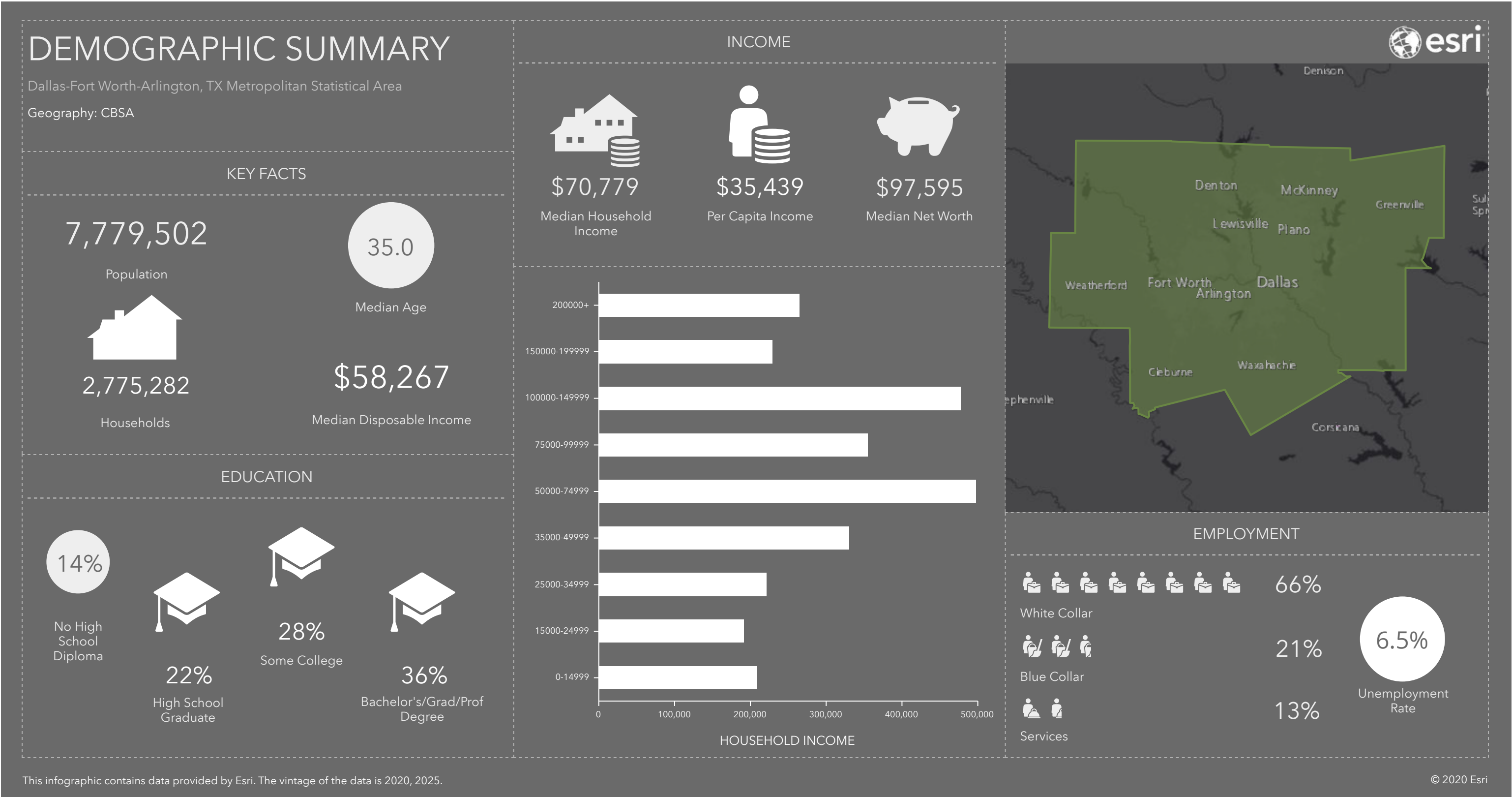


Presented by:

**AVISON  
YOUNG**

*Mesquite*  
**BRE**  
BUSINESS RETENTION AND EXPANSION

**20 MILES**





## OFFICE

INVENTORY  
334 MSF

VACANCY  
18.2%

12 MO. NET ABSORPTION  
-5.6 MSF

UNDER CONSTRUCTION  
6.9 MSF



## INDUSTRIAL

INVENTORY  
881 MSF

VACANCY  
5.4%

12 MO. NET ABSORPTION  
24.4 MSF

UNDER CONSTRUCTION  
30 MSF



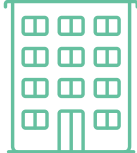
## RETAIL

INVENTORY  
442 MSF

VACANCY  
5.8%

12 MO. NET ABSORPTION  
-1.5 MSF

UNDER CONSTRUCTION  
3.2 MSF



## MULTI-FAMILY

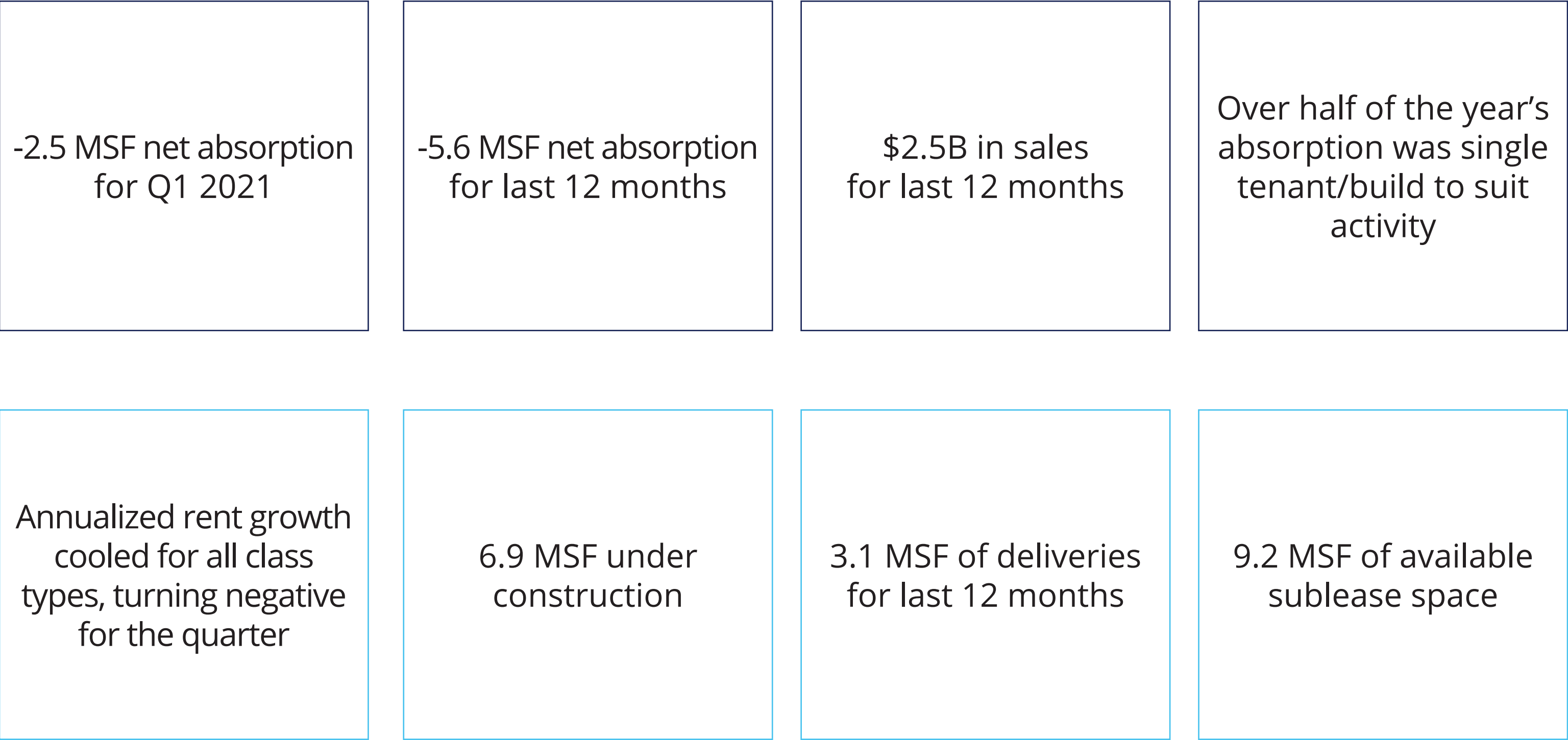
INVENTORY  
889K Units

VACANCY  
8.4%

12 MO. NET ABSORPTION  
23.6K Units

UNDER CONSTRUCTION  
31K Units

\*Owner Occupied Included





10.9 MSF net  
absorption for Q1 2021

2nd most inventory  
added in last decade,  
at 171 MSF, behind  
only Inland Empire

\$4.6B in sales

3.9% annualized rent  
growth

There were 7 industrial  
leases of +1 MSF  
in DFW over the last  
12 months

30 MSF under  
construction for  
product over 20,000 SF

31.8 MSF of deliveries  
for last 12 months  
-1st in nation

Warehouse and  
Distribution product  
made up over 90%  
of 12 month net  
absorption

12 month net absorption was lowest it has been since The Great Recession

-1.5 MSF net absorption for last 12 months

5.8% vacancy

DFW is still one of the best retail markets in the country- we love shopping

Northern Suburbs and Far North Dallas area driving most of the activity in absorption and construction

Among product types, Neighborhood Centers saw the largest amount of negative absorption for the last 12 months

3.7 MSF of deliveries for last 12 months

\$1.2B in sales for last 12 months

Apartments are the new investor darling with \$8.7B in sales - over half of the last year's total CRE sales volume for DFW

Almost 200,00 units added since 2011

25,196 units delivered in last 12 months

52% average price/unit increase in 10 years - luxury Class A product makes up vast majority of newly delivered inventory

30,898 units under construction

23,678 units absorbed in last 12 months

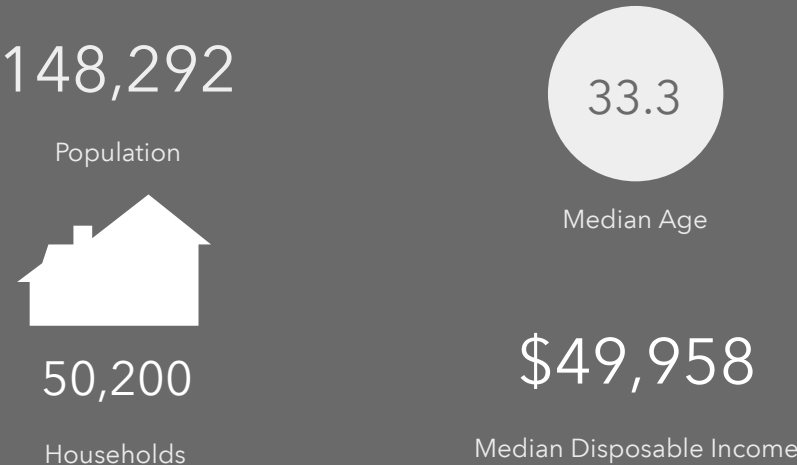
3rd largest market in the country now - behind only NY and LA

8.8% vacancy overall. 48% vacancy in new-built ultra luxury apartments (\$1,800+/unit, built since 2019)

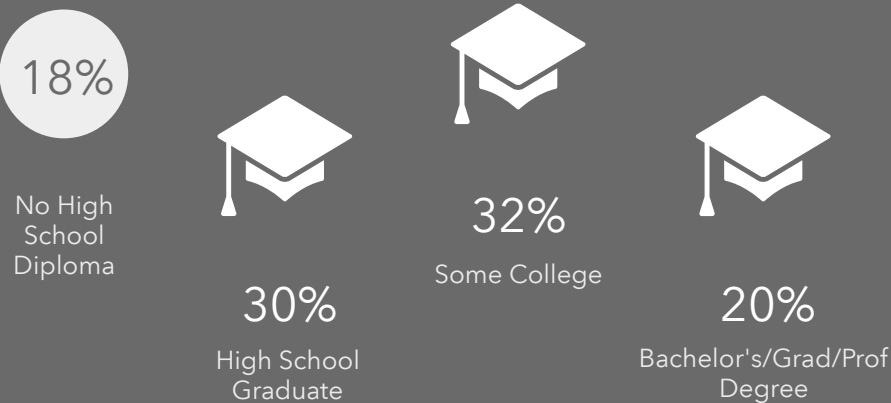
DEMOGRAPHIC SUMMARY

Mesquite City, TX  
Geography: Place

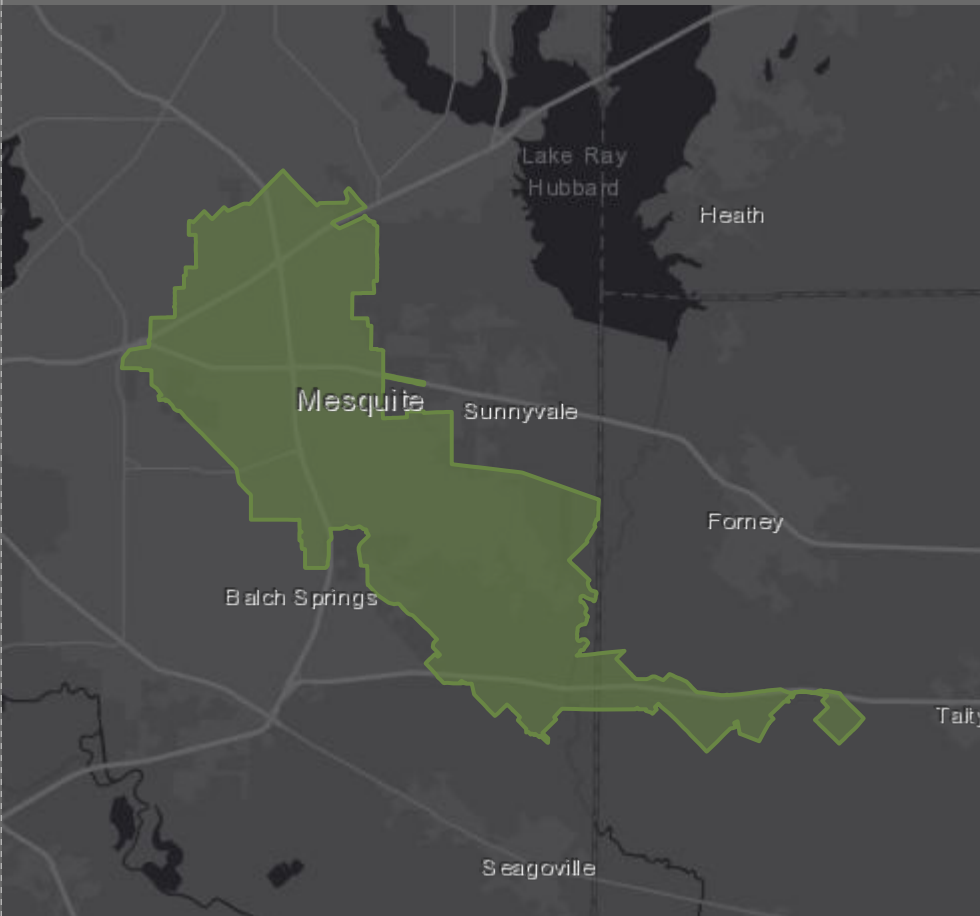
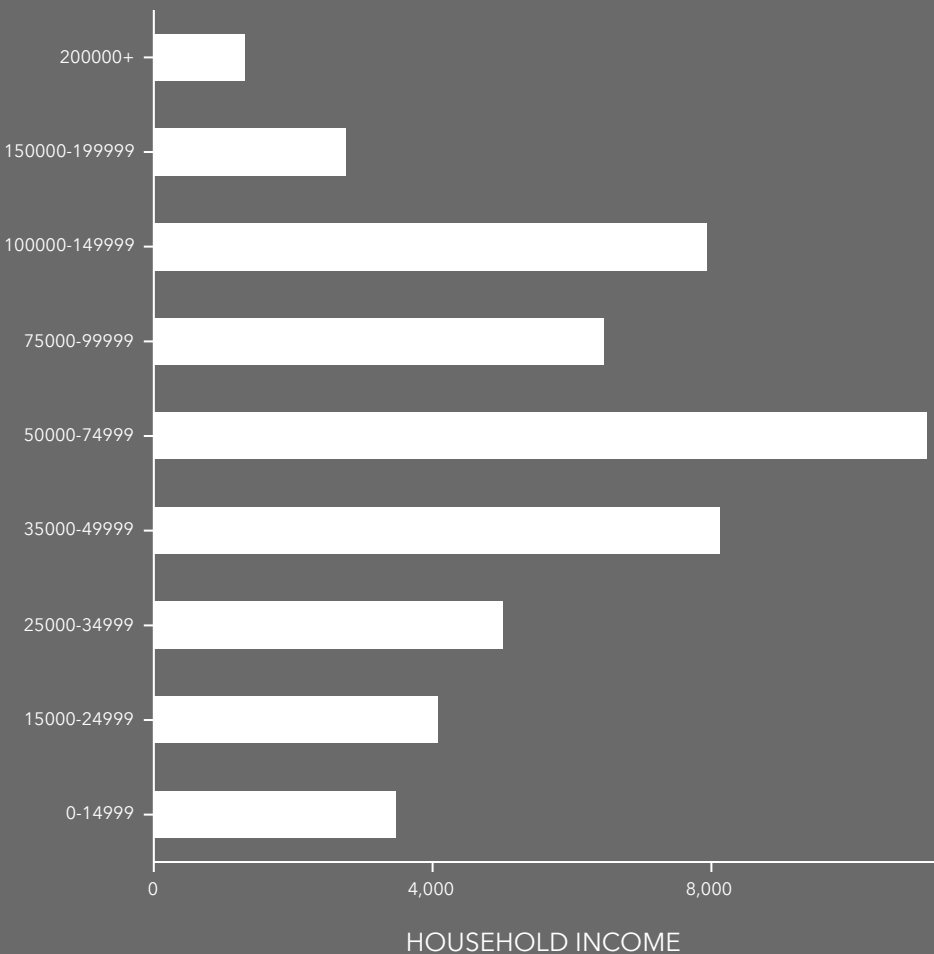
KEY FACTS



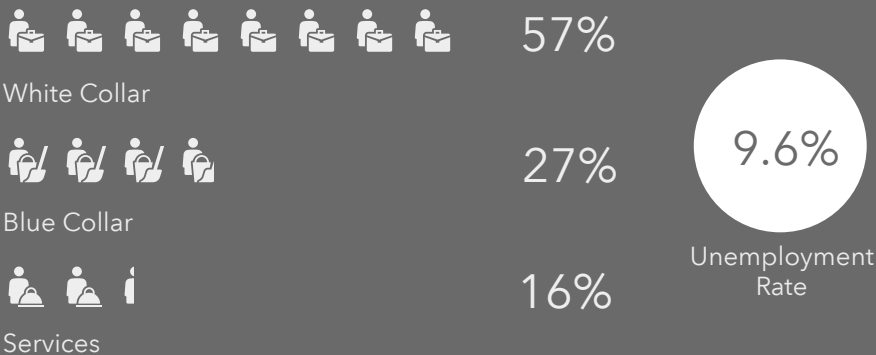
EDUCATION



INCOME



EMPLOYMENT

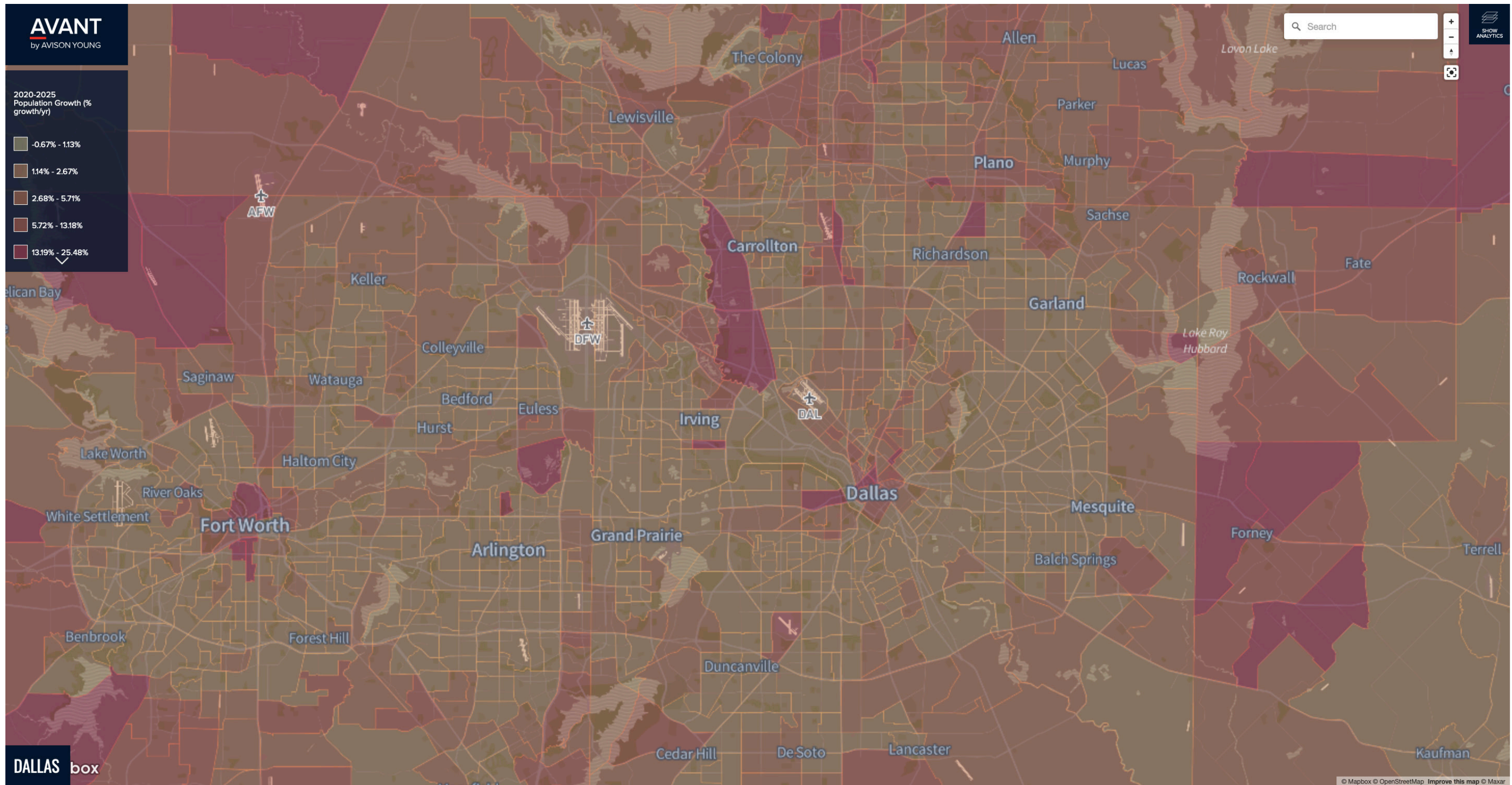


This infographic contains data provided by Esri. The vintage of the data is 2020, 2025.

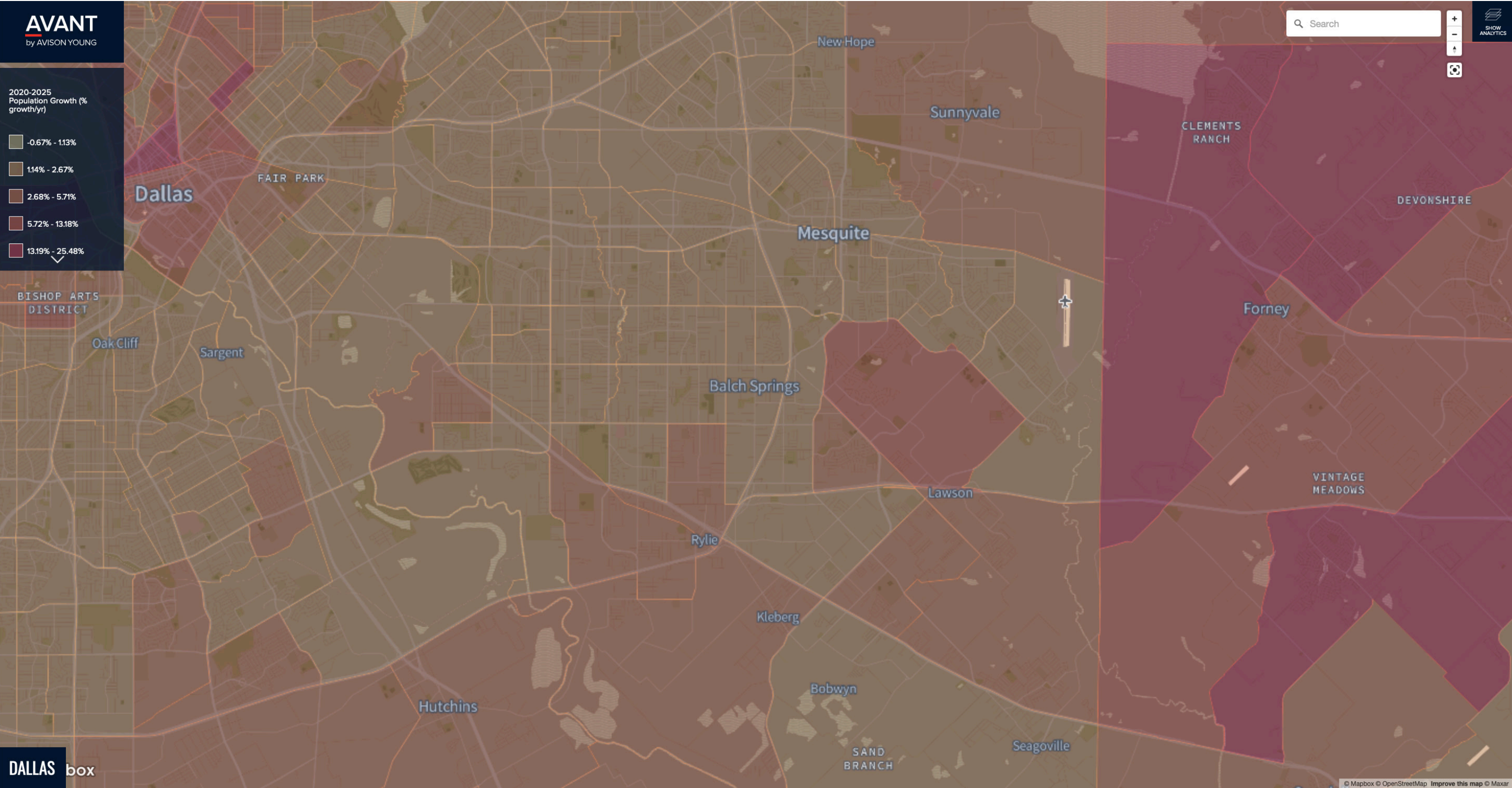
© 2020 Esri



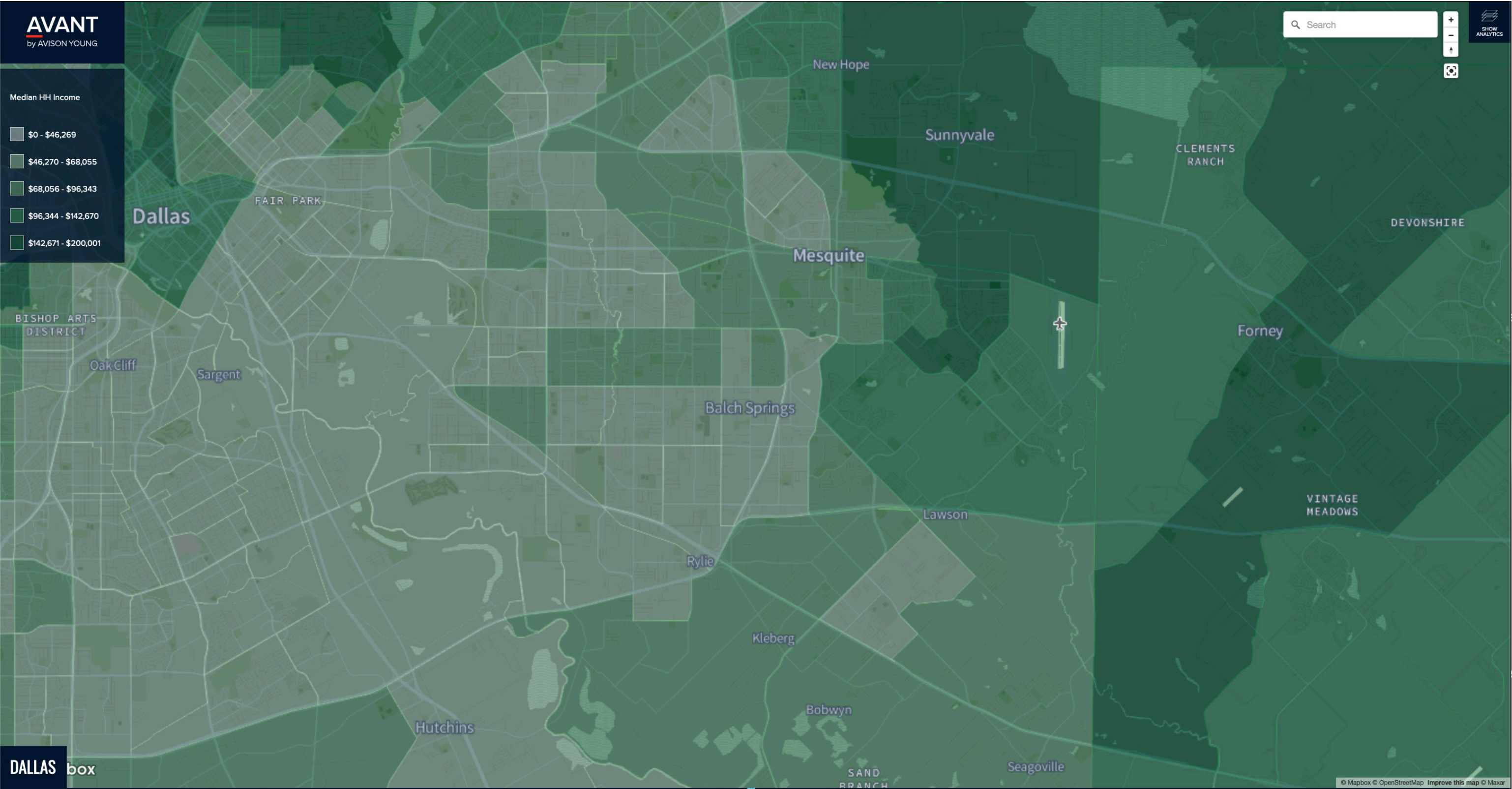
# Mesquite



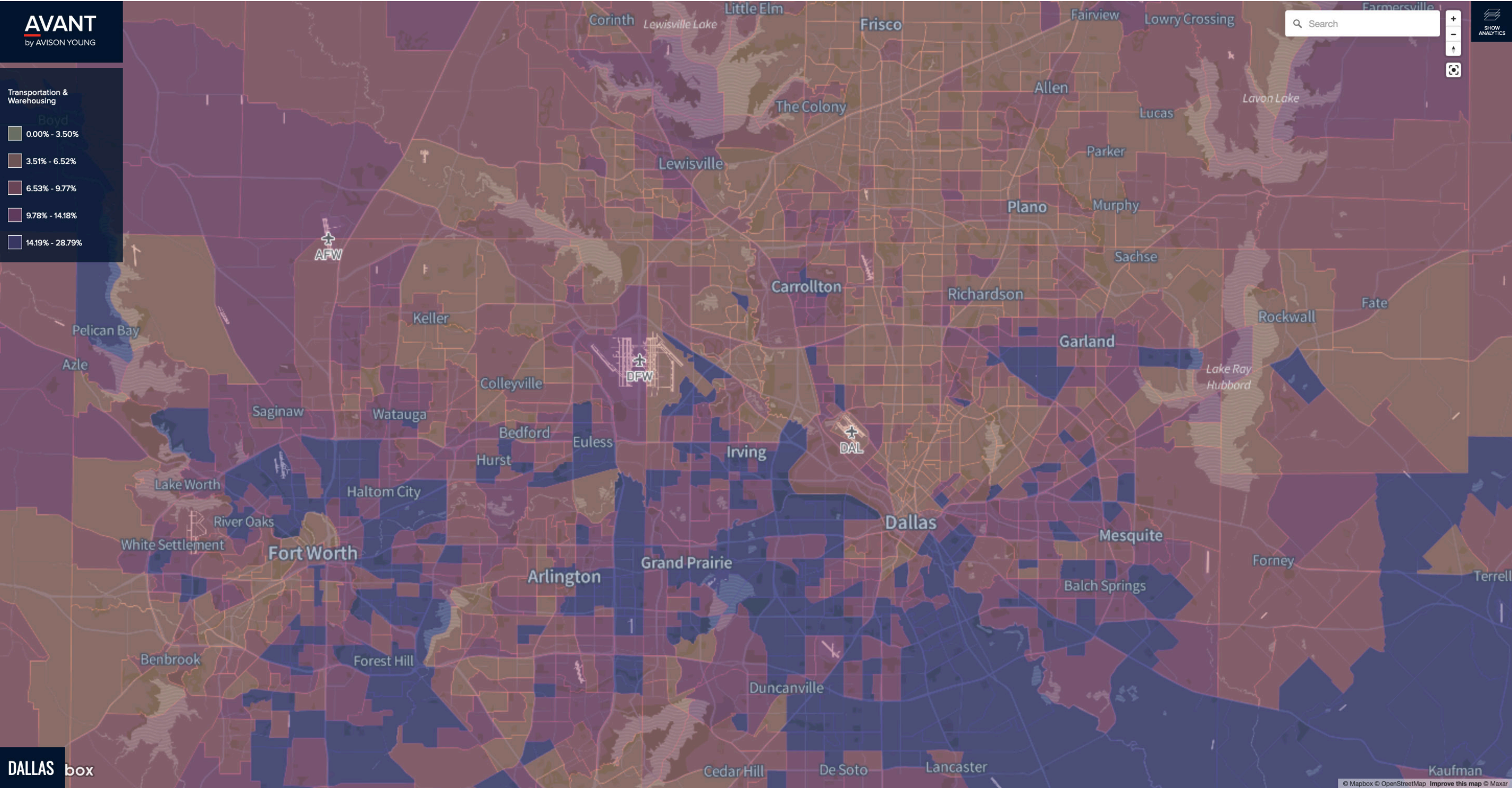




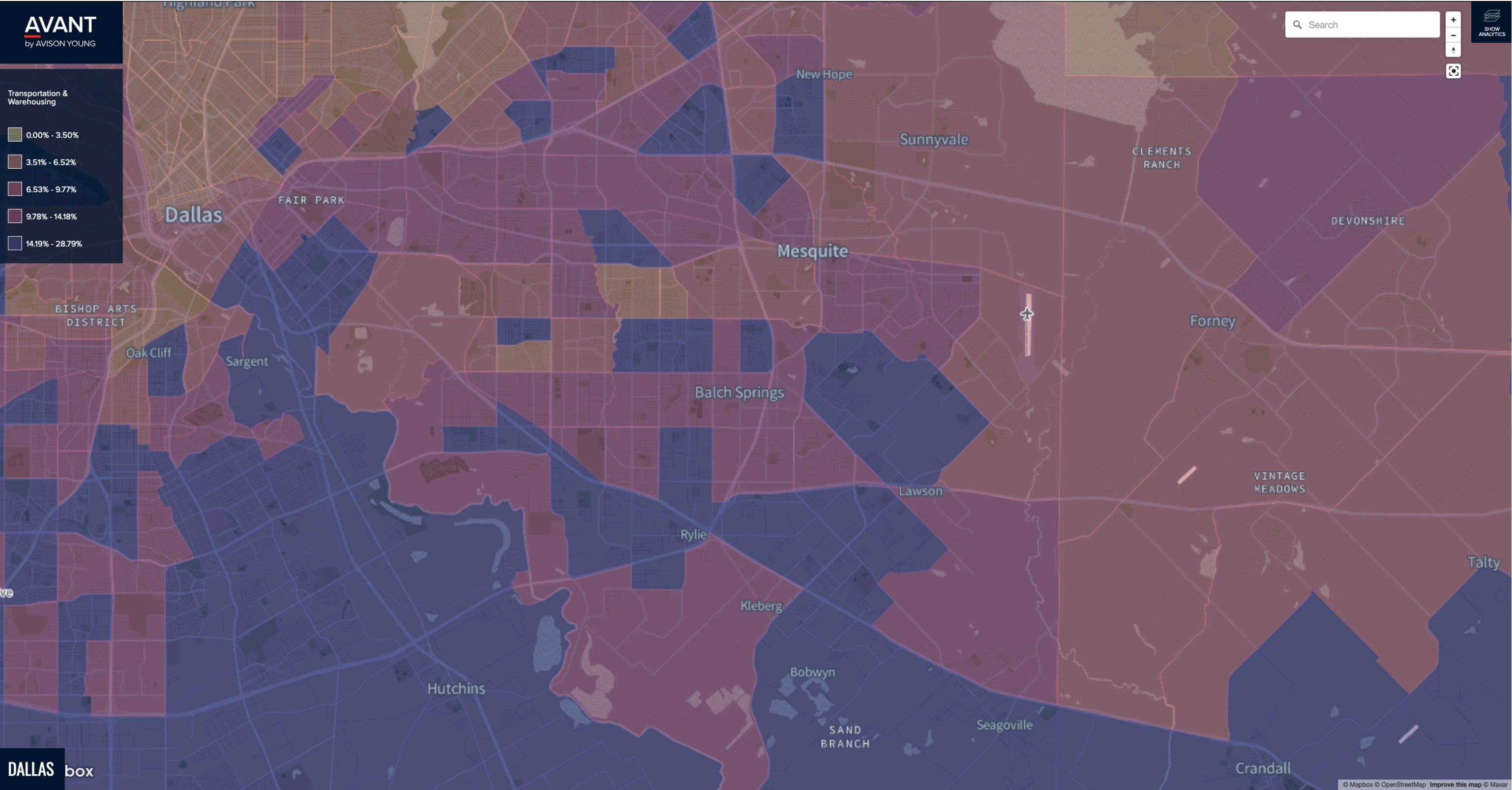




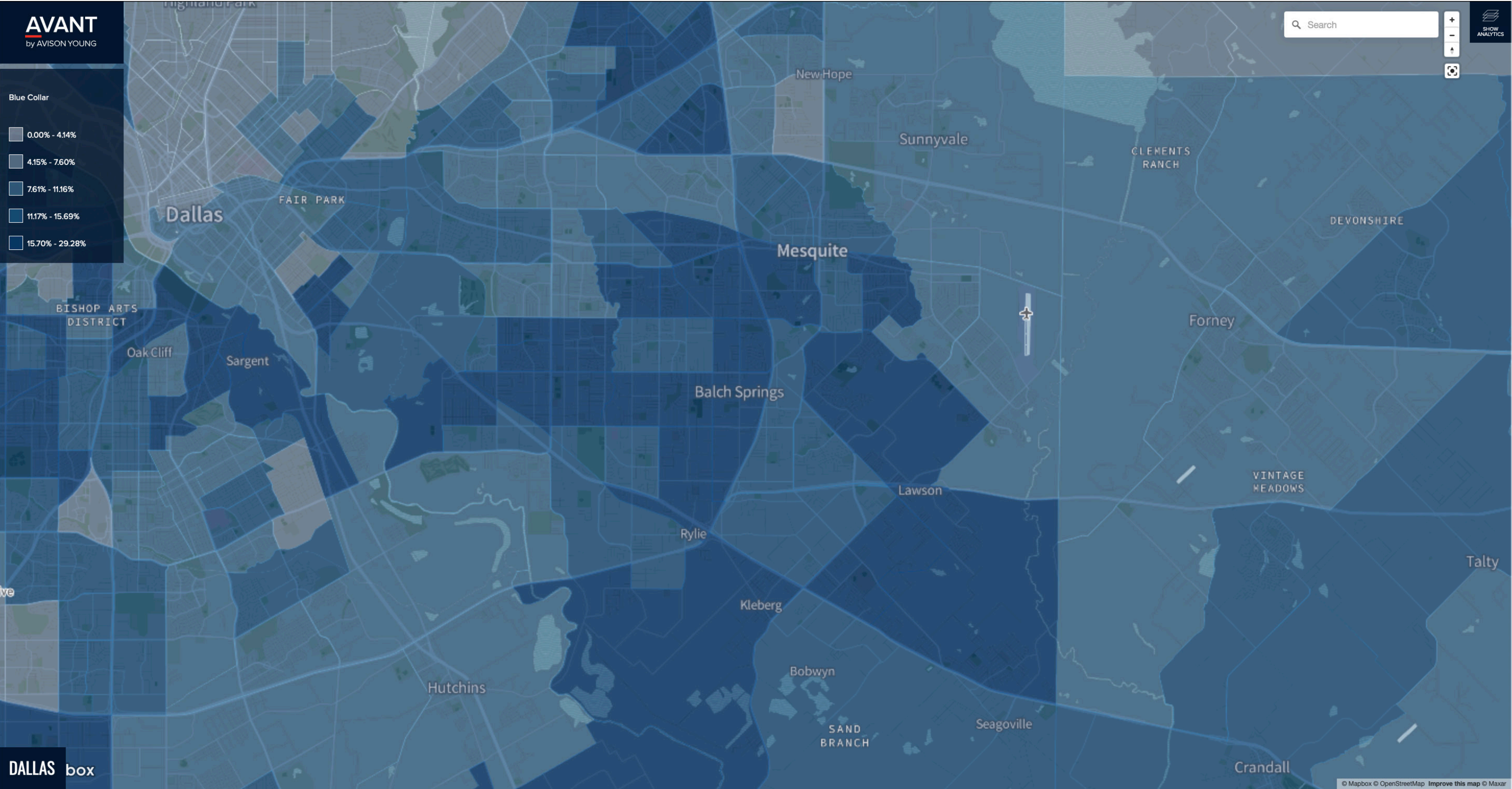




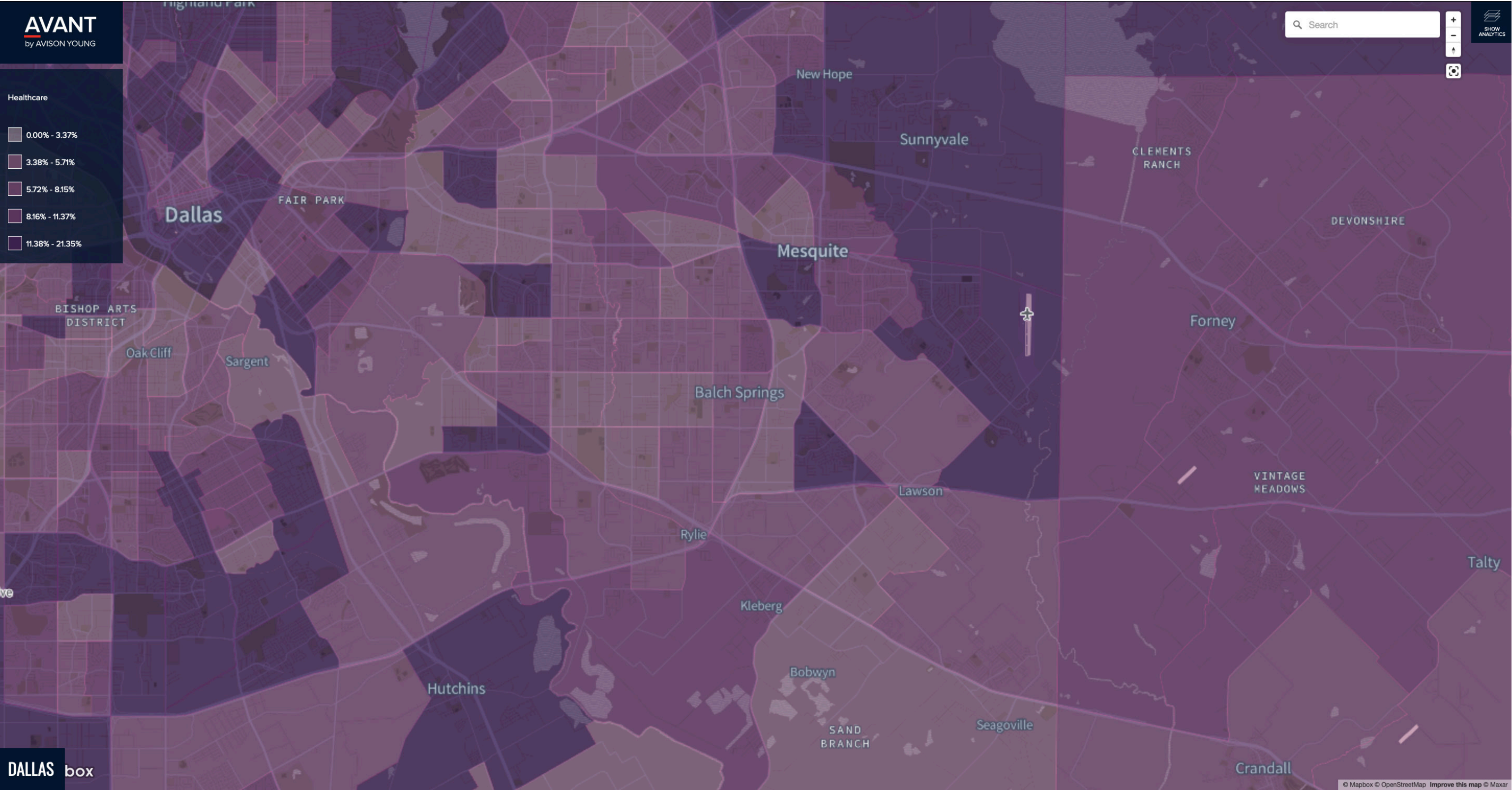




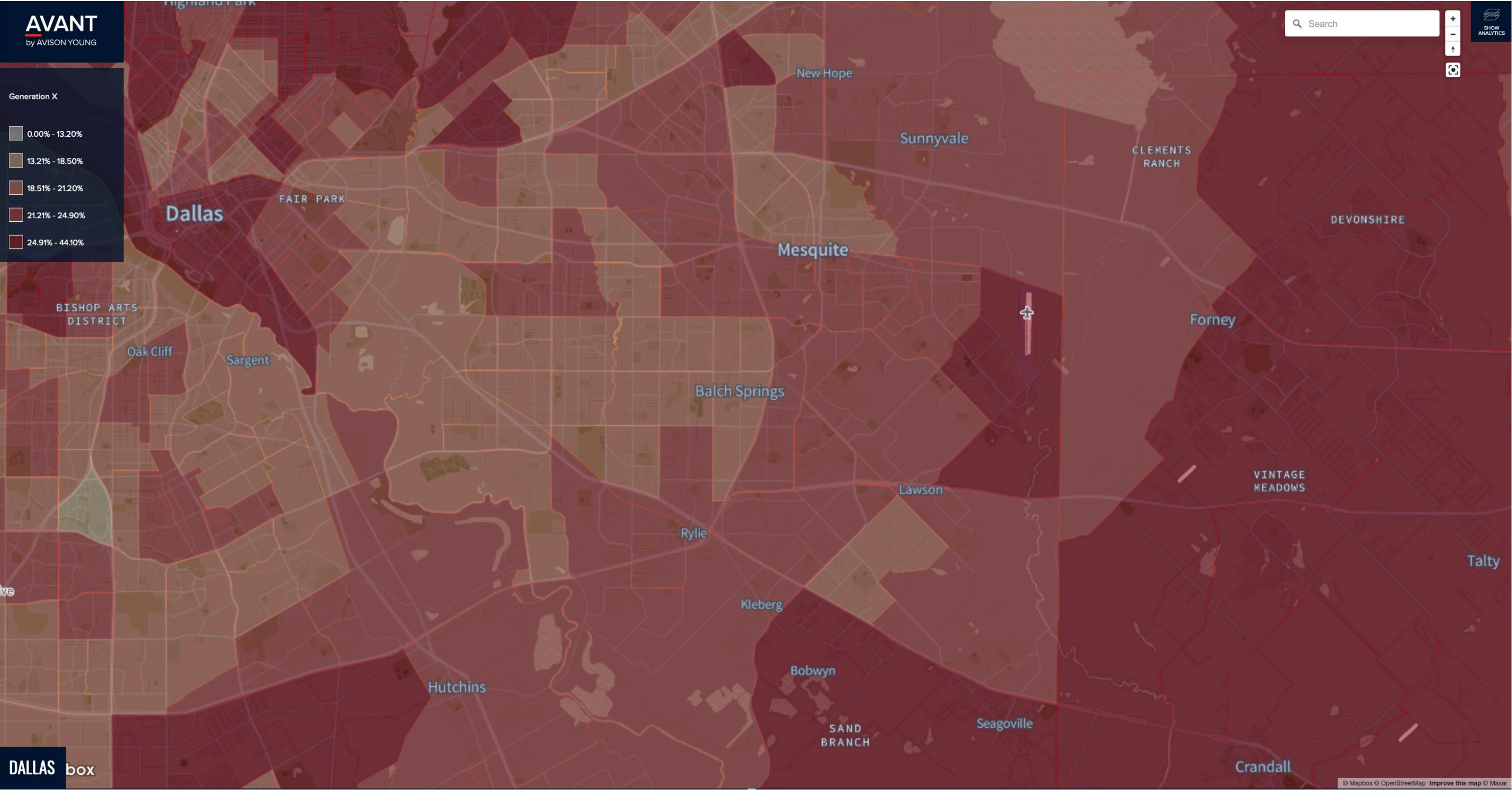




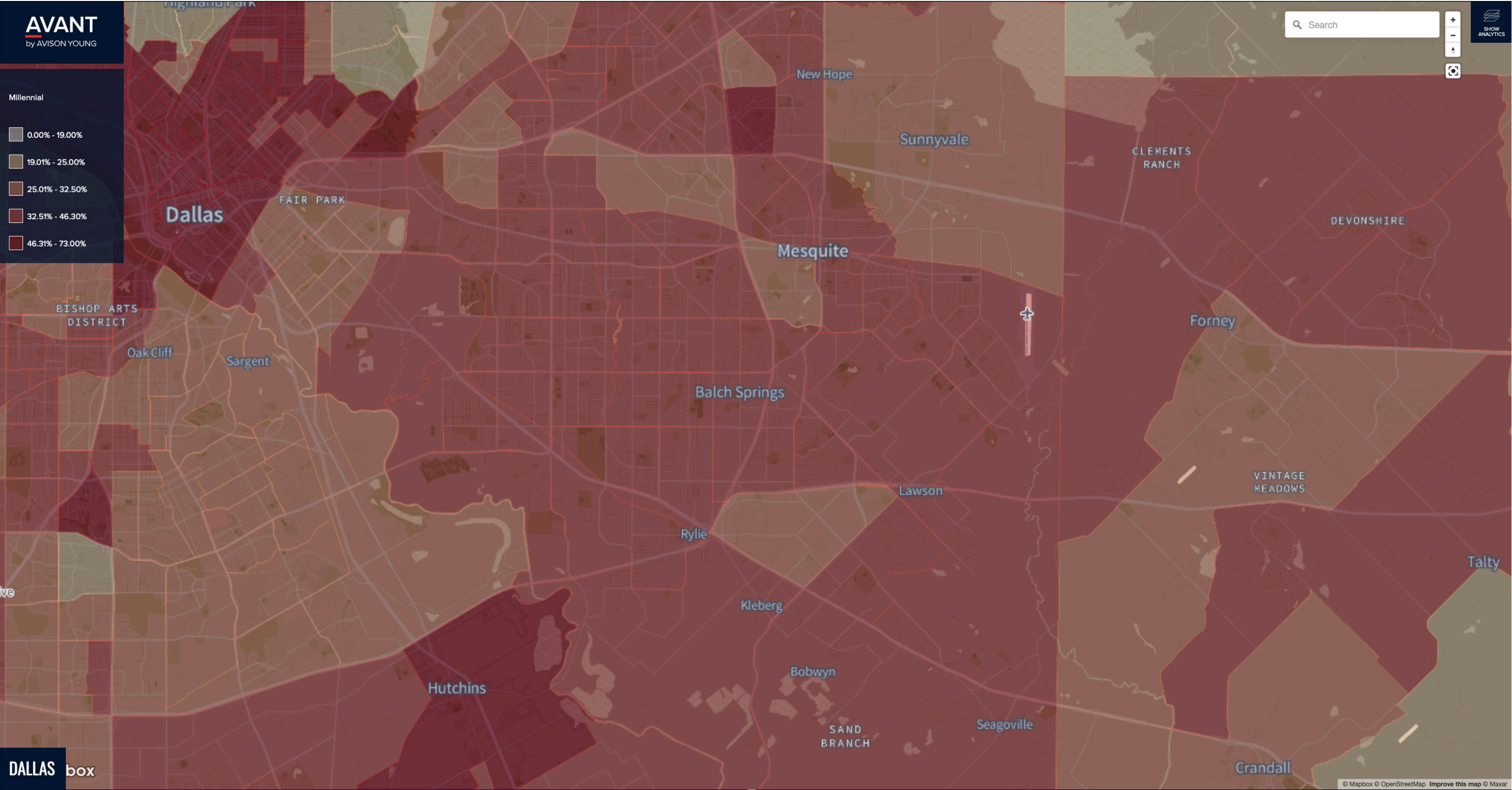




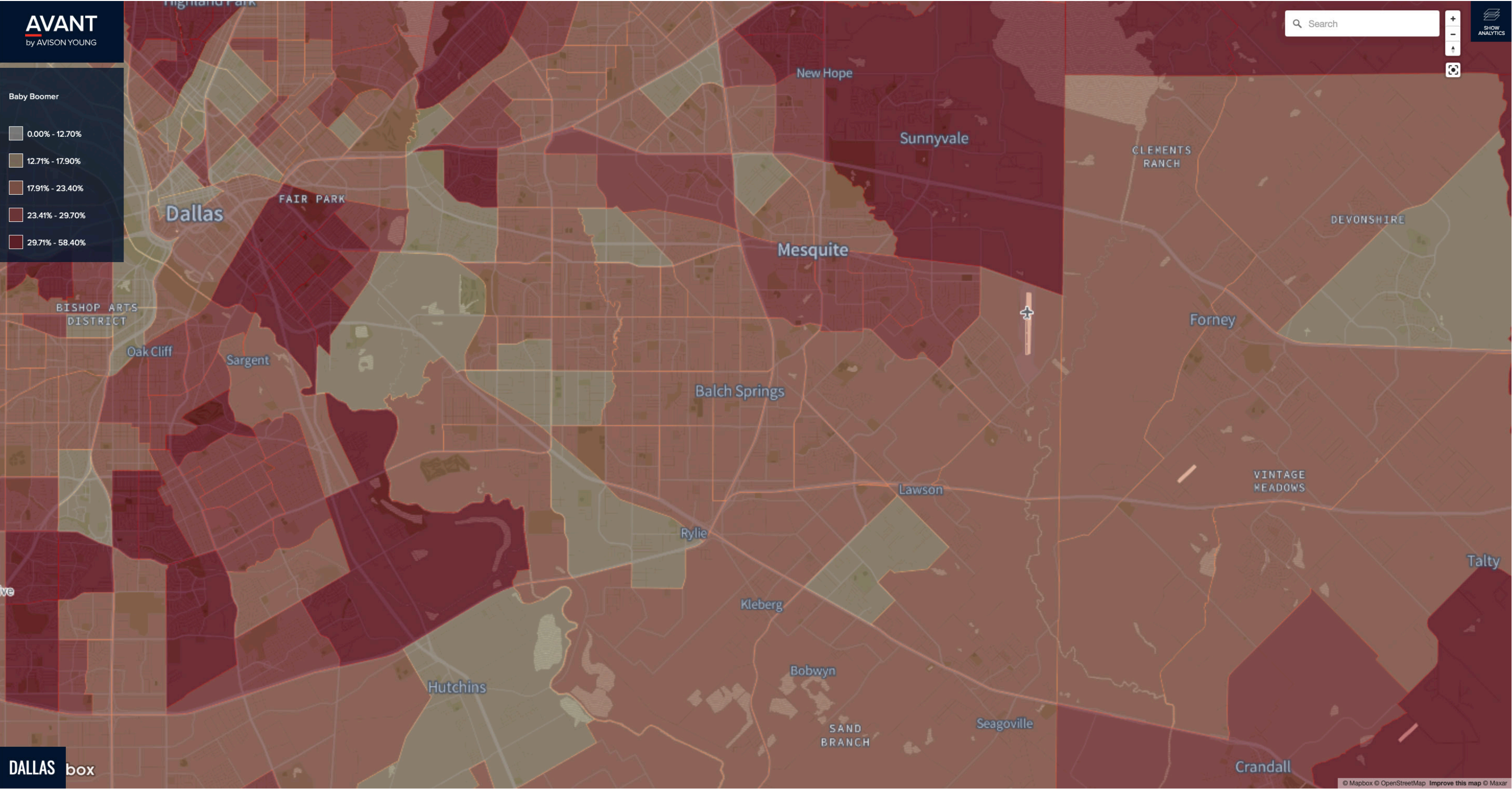




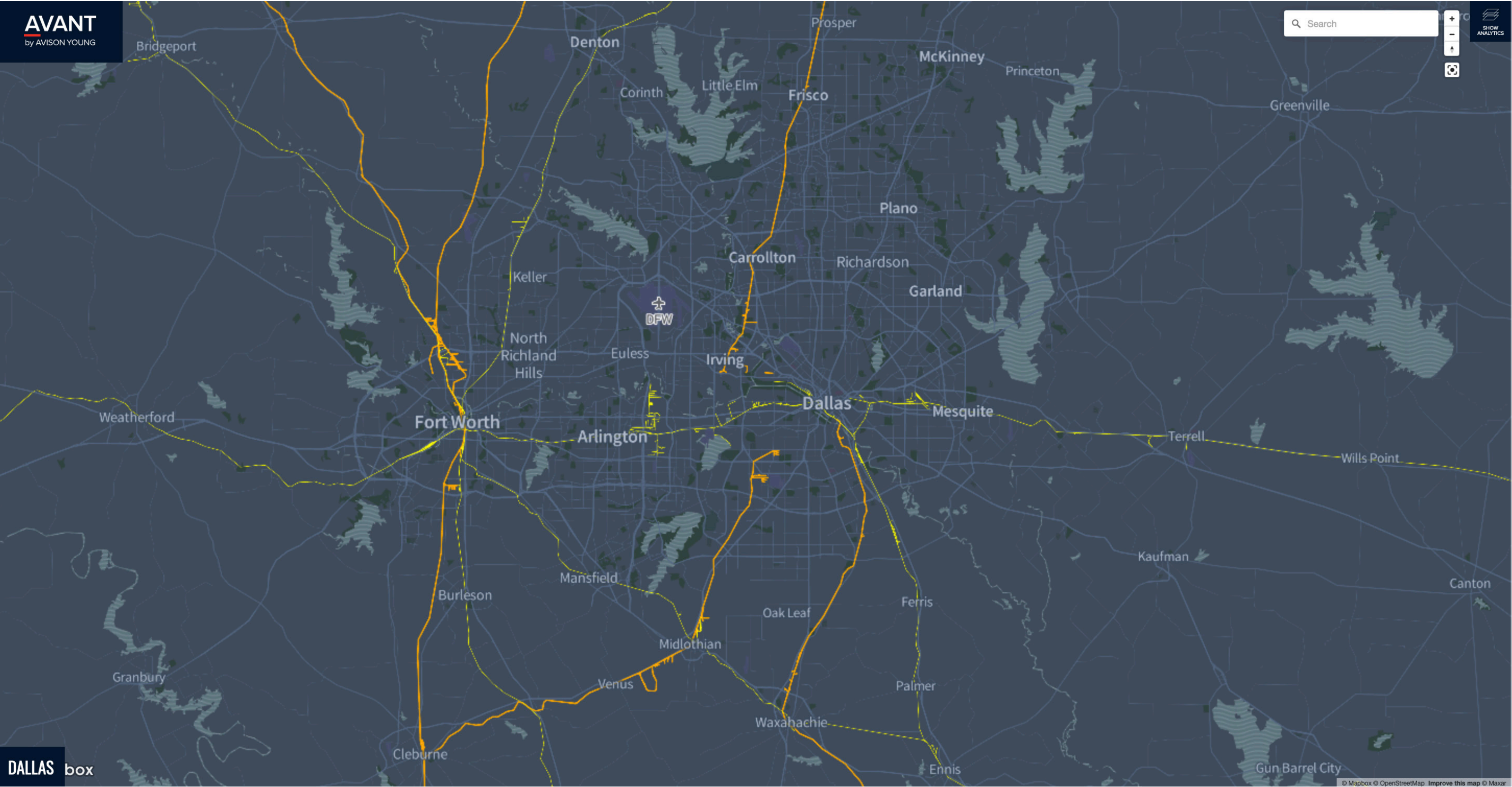
















OFFICE

INVENTORY  
1,675,782 SF

VACANCY  
11.5%

12 MO. NET ABSORPTION  
4,562 SF

UNDER CONSTRUCTION  
0 SF



INDUSTRIAL

INVENTORY  
16,024,178 SF

VACANCY  
16.1%

12 MO. NET ABSORPTION  
847,650 SF

UNDER CONSTRUCTION  
0 SF



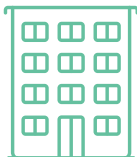
RETAIL

INVENTORY  
10,596,680 SF

VACANCY  
7.6%

12 MO. NET ABSORPTION  
-121,763 SF

UNDER CONSTRUCTION  
21,600 SF



MULTI-FAMILY

INVENTORY  
14,705 Units

VACANCY  
4.8%

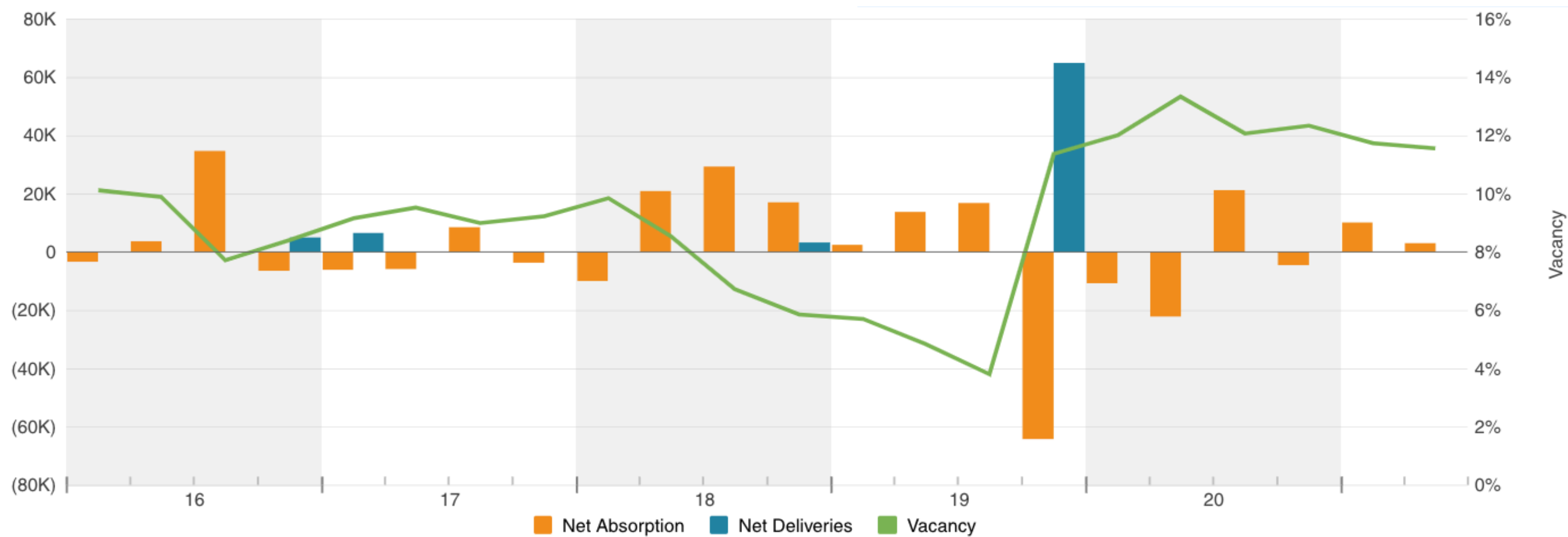
12 MO. NET ABSORPTION  
217 Units

UNDER CONSTRUCTION  
0 Units

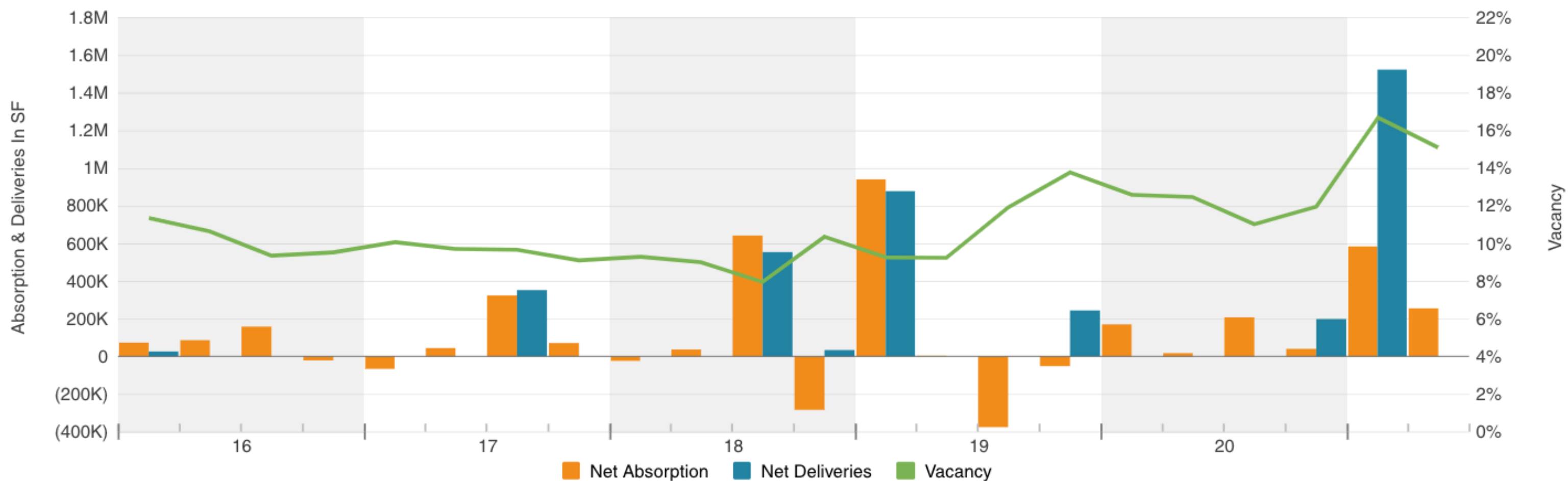
\*Owner Occupied Included



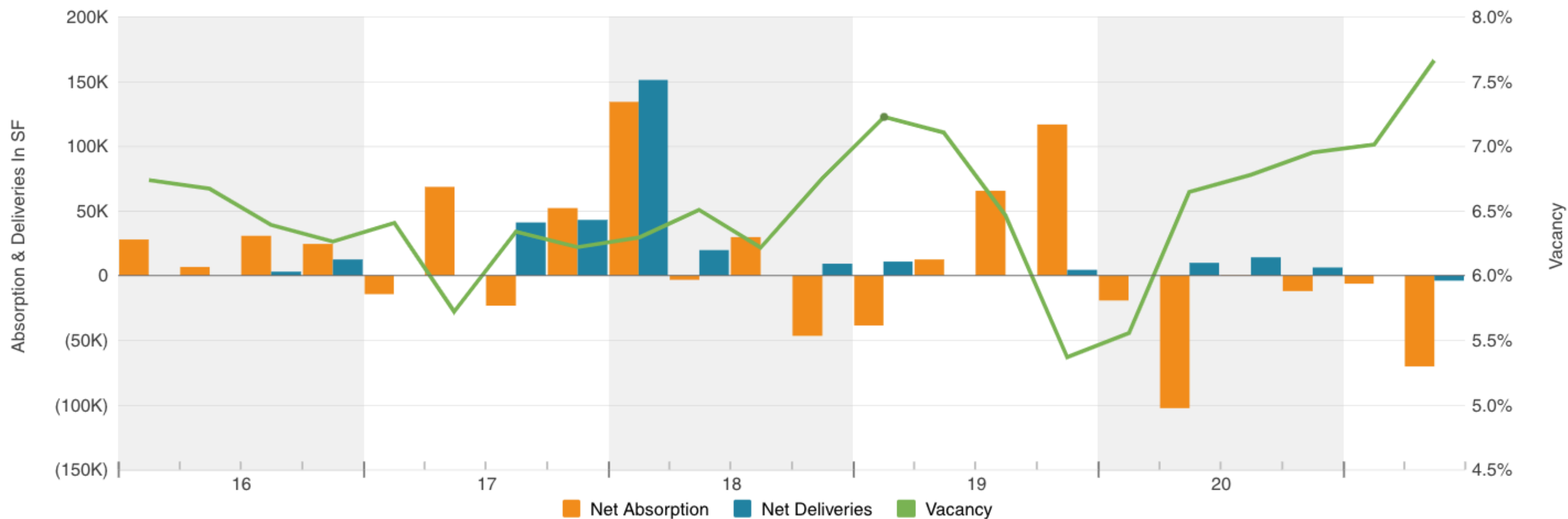
- 3/4 of Mesquite is single-tenant buildings.
- Health care & social assistance is largest tenant type- 1/4 of all tenancy.
- 25,000-50,000 sf users make up 1/3 of all tenant footprint.
- <5,000 sf users make up another 1/3 of footprint.
- <2,499 sf users are the largest tenant pool - 110 tenants in this size.
- Stable garden-variety product and users, not as prone to boom & bust, overbuilding, etc.



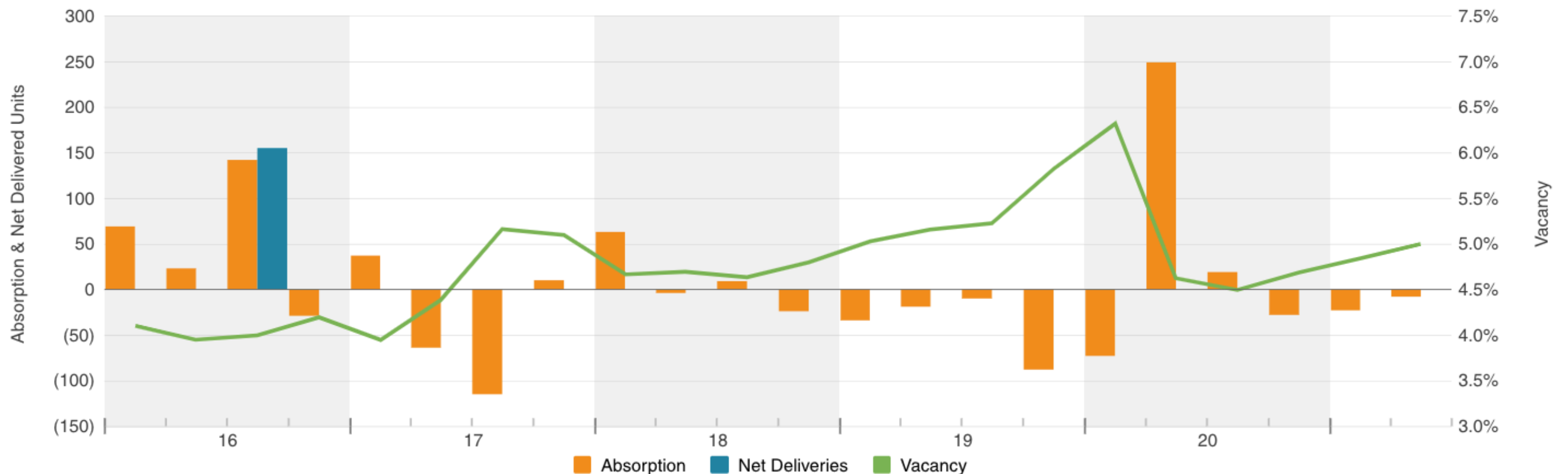
- Part of the East Dallas/Mesquite submarket.
- Aided by one of the metro’s major intermodal hubs- Union Pacific Railroad’s intermodal hub.
- Nearly half of area inventory has delivered after the intermodal’s completion. Almost all of that came in the last decade.
- Due to the presence of freight rail, and the vast amount of light industrial and manufacturing space here and in the surrounding area, a large portion of the tenant base consists of 3PLs and manufacturing parts suppliers.
- Logistics product leads and will lead activity for absorption and supply.
- In January, Dalfen Industrial bought almost 40 acres near Interstate 635 and Mesquite Airport. Disclosed plans to construct two distribution buildings with more than 1 million sf of space.
- Employment growth is most robust in the retail and trade/distribution sectors.



- Retail vacancies in Mesquite were roughly in line with the five-year average during the second quarter, and they were essentially unchanged from this time last year.
- Annualized rent growth stayed positive at 1.2%
- Neighborhood centers and strip centers are maintaining lower vacancies than general retail in the submarket.
- Construction is generally pretty light, focusing on smaller product of 20,000 sf or less.
- Some larger projects such as Centurion American’s Iron Horse Village project (150,000 sf)are proposed for the short term.
- Employment growth is most robust in the retail and trade/distribution sectors.



- Still seeing an average of 3.5% annualized rent growth.
- Steady demand for workforce housing in budget friendly communities such as Mesquite.
- Mostly 1980's product- average year built is 1984.
- Not much new supply keeping vacancies low and rent averages consistent.
- Affordable stock is equivalent to more than 20% of the total inventory in Mesquite, compared to roughly 7% metro wide.
- Of the 5,000 or so affordable units built in D-FW this cycle, about 700 were built in Mesquite.
- Submarket population has grown faster than the metro average this cycle, supported by economic growth in surrounding outer suburbs like Forney.
- Lots of value-add trades.



## LOCAL

- Potential for new mixed use developments such as Centurion American's Iron Horse Village project.
- Potential for redevelopment of existing multi-family and strip centers.
- Continued I-20 corridor development.
- Continued revitalization of the Gus Thomasson (Rd.) Commercial Corridor.
- Potential for 3+ star hotel development.

## BIG PICTURE

- Continued de-globalization.
- Work from home will remain an officing option for many moving forward. Companies will continue to reevaluate their sf footprints.
- Last mile delivery will be even more important as shopping continues to move digital, while localized shopping experiences will help define area character.
- E-commerce was already expanding in most markets but is estimated to have expanded by more than a third during 2020.
- Existing retail space, which was either redundant or surplus compared to demand, is being repurposed to facilitate "click and collect" models.
- Retailers who had limited previous online capability typically lack the infrastructure to fulfill internet orders and are having to piggyback on existing last-mile solutions. They are partnering with local delivery specialists such as Deliveroo, with Uber trialling its Uber Direct model, to provide localized delivery services for retailers
- Especially for essential items, micro-fulfillment centers are being established to provide rapid stock replenishment to groups of stores, particularly in urban environments where multiple outlets exist but in-store space for stock is limited.
- While 2-day shipping was considered a luxury in the US just a few years ago, it has now become an industry standard. Expect a continued rise in micro-fulfillment.
- Lumber crisis will put massive strain on construction- some contractors noting cost analysis currently competitive to steel framing.
- Average new home price now \$14,000 higher due to lumber prices alone.



# Questions & Answers

