

A Cure For The Retail Blues? DFW Retail Rebound Outpaces U.S. As Tenants Eye Empty Spaces

October 6, 2020 | Kerri Panchuk, Bisnow Dallas-Fort Worth (<https://www.bisnow.com/author/kerri-panchuk-181663>) (<mailto:Kerri.Panchuk@bisnow.com>)

Dallas-Fort Worth retail is coming back to life as it battles one of the worst black swan events in commercial real estate history.

The coronavirus pandemic pushed DFW's unemployment rate to a peak of roughly 13% in April, according to data from the U.S. Bureau of Labor Statistics.

The virus outbreak and subsequent retail traffic declines also prompted the loss of a million square feet of retail space from the beginning of July through the third quarter, CBRE (<http://www.bisnow.com/tags/cbre>) reports.

But, even with all of these factors against it, the North Texas retail market is showing a buoyancy not emulated in any other U.S. metro, CBRE said.



Several big-box store closings (<https://www.bisnow.com/tags/store-closings>) in the past four months increased the amount of vacant DFW retail space by 1M SF, CBRE notes. Despite this, the DFW retail market is showing clear signs of resiliency with the local occupancy rate dropping by only 70 basis points and remaining at roughly 93% at the end of the third quarter.

Restrained consumer activity also rebounded in August and September just as DFW's unemployment rate retreated to a more reasonable 6.3% in August, compared to 8.4% nationally, the brokerage said. Some measures of retail sales are back to year-ago levels in DFW, according to CBRE.

CBRE in the third quarter saw a sudden uptick in tenants shopping the DFW market looking for deals on empty spaces to grow their local DFW presence.

The region's relatively high retail occupancy rate in the wake of the pandemic is partially attributed to constrained construction activity in recent years.

DFW retail construction last year hit 1.8M SF, down from 3.5M SF in 2018, according to Weitzman data (<https://www.bisnow.com/dallas-ft-worth/news/retail/weitzman-dfw-retail-space-reaches-highest-occupancy-level-since-1981-102415>). Meanwhile, the average new retail footprint declined to 64K SF in 2019, down from 124K SF a decade earlier, according to Weitzman (<https://www.bisnow.com/tags/weitzman>).

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