

## FORT WORTH INDUSTRIAL MARKET GAINING GROUND ON BIG BROTHER DALLAS



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Any commuter who takes Interstate 35 on a regular basis can tell that the Fort Worth industrial market is continuously growing. But the question is, how much longer will the growth last?

Numerous signs point to the metro's industrial market having considerably more runway for new development, as well as key factors in place to maintain strong positive absorption of existing industrial space. These factors include continuous and regular population growth, a low cost of living, strong labor force and an exceptional availability of developable land.

Historically, Fort Worth's industrial growth has always lagged that of Dallas. But times are changing. Just four years ago, there were very few national developers taking space and setting up operations in Fort Worth, but now major firms can't seem to get here fast enough.

To be sure, the state's soft regulatory environment and tax-friendly structure have always helped lure businesses to Fort Worth as much as they have to Dallas, which usually gets the big-name relocations. But the speed at which Fort Worth is catching up to its big brother is real, and the industrial market may embody it better than any other sector.

One construction-based statistic captures this trend above others: There is currently about 4 million square feet of industrial space being developed on a speculative basis. Market experts concur that most of that new space should be fully ab-



While large, distribution-oriented properties are popping up in Fort Worth, demand also remains high for smaller, light industrial spaces like this 18,406-square-foot property on the city's south side. Fort Capital acquired this asset in the fourth quarter of 2017.

sorbed before completion.

### Rise of Distribution

Fort Worth is predominantly known as a city whose economy is driven by manufacturing and the oil and gas industries. However, the metro has always possessed the logistical framework to be as robust a distribution hub as its neighbor to the east.

For starters, Fort Worth makes sense as a distribution hub due to its access to Interstates 35, 20 and 30. In addition, Fort Worth is situated closer to Dallas-Fort Worth (DFW) International Airport and Alliance Airport, as well as three of the nation's seven Class I railroads. Yet because the metro lacked the population that Dallas boasted, it was often overlooked as a strong market for distribution.

Now, however, Fort Worth is the 16th-most populous city in the country, with a total head count of about 850,000. Furthermore, it ranks as one of the nation's fastest-growing cit-

ies in terms of annual population growth.

Another driving factor behind the Fort Worth industrial market is the availability of reasonably priced land. According to estimates from the North Texas Council of Governments (NTCOG), Fort Worth's total volume of vacant developable land — 70,000-plus acres — exceeds that of every other city in the DFW metroplex. In addition, Fort Worth has more than twice as much vacant land as Dallas.

Lastly, a historically strong labor force continues to propel the industrial sector. More than 2 million workers live within a 45-minute drive from Fort Worth. Several major companies that recently leased space in Fort Worth — Farmer Bros. Coffee, S&S Activewear, Lego's Systems, Campbell's Soup, Facebook via a new data center — cited a labor force that was favorable to other submarkets in the metroplex as instrumental in their decisions to locate in Fort Worth.

Given the metro's rapid rise in

population growth and its developed transportation network, the labor factor should continue to attract new industrial users to the area.

### Future Outlook

According to the City of Fort Worth, approximately 62 percent of the city's residents hold jobs in cities other than Fort Worth. This means that the labor pool will remain solid in Fort Worth as long as companies continue to locate here and employees choose to work closer to where they live.

Some areas of Fort Worth remain untapped with industrial development, most notably west Fort Worth. This area is seeing strong residential growth with the developments of Walsh Ranch (55,000 projected residents), Morning Star (2,000 projected new homes) and Vealeo Ranch (capacity for 33,000 residents), but very little industrial construction.

A diverse group of companies currently comprises Fort Worth's base of industrial tenants, and this variety should position the city for sustained growth. Manufacturing remains steady with many local companies expanding or opening additional facilities. Oil and gas companies that have been on the sidelines for the last couple of years and are starting to revamp and deploy capital as production increases in the Permian Basin and West Texas. Aerospace manufacturing remains a consistent sector in Fort Worth with the large plants of Lockheed Martin and Bell Helicopter. Warehousing and logistics businesses in Fort Worth also continue to thrive and grow with the e-commerce boom.

To prolong this trend of industrial growth, Fort Worth must be adaptive to market changes and be forward-thinking on what industrial demand will look like in the future.



Fort Worth's vast availability of developable land makes the city an ideal location for the kind of big-footprint industrial developments that are dominating the market right now, such as this 300,000-square-foot cold storage facility located on the city's south side.