

# CONSTRUCTION MARKET REPORT

## Q2 2023

Covering Dallas-Fort Worth from 4/1/2023 - 6/30/2023



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CONSTRUCTION**

The Dallas-Fort Worth (DFW) industrial market demonstrated steady, measured growth this past quarter. Fueled by a strong local economy and a favorable business climate, tenant demand remained consistent. Marking over 12 years of positive net absorption, Q2 2023 was the 51st consecutive quarter of growth. We delivered 16M SF of new product this quarter, contributing to the slight increase in overall vacancy rates to 7.2%.

Despite concerns over delivery dates due to material shortages and delays, preleasing activity remains robust and we remain optimistic about the DFW industrial market's future. The industrial market stability should hold steady, with e-commerce, logistics, and distribution companies driving absorption. Moreover, DFW's appealing fundamentals – including population growth, central location, and connectivity – should continue to attract businesses and capital markets.

On the trends front, we are seeing signs of cost stabilization in shell construction and finish-out costs. Delayed delivery due to material shortages remains a concern, prompting many landlords to begin spec work that includes office, lights, and levelers. Rental rates continue to increase despite the rising construction costs.

The past quarter has seen notable fluctuations in construction material costs. Aluminum Mill Shapes, Copper Wire & Cable, Gypsum Building Products, and Asphalt & Tar Paving all reported decreases over the past quarter. Conversely, Concrete & Cement, Flat Glass, Lumber, and Steel Mill Products saw increases. It's crucial to consider these changes as you, our industry partners, navigate our projects' planning and execution stages.

Our market observations indicate slowing development due to changes in the debt market. However, the DFW market's attractive fundamentals and continued tenant demand should counterbalance this effect. Meanwhile, we're seeing new frontier markets benefiting as established submarkets reach full capacity in certain size ranges.

With regard to our own endeavors, Bob Moore Construction has several active projects across the DFW area, key projects include Perimeter Park, Mercantile Logistics Station, Mercantile West, ServPro, and Wintergreen Industrial Phase I. These four projects alone total more than 2,500,000 square feet and showcase our commitment to meeting our clients' needs in this ever-evolving market.

Looking ahead, we anticipate that any potential market downturn will yield more favorable concessions for tenants. Increased demand for industrial space will continue to be driven by e-commerce expansion, and 3PLs will likely account for a substantial portion of overall positive absorption.

As always, we appreciate your partnership and trust in Bob Moore Construction. We're here to help you navigate this complex and ever-evolving market. Your success is our success, and we're committed to ensuring that we exceed your expectations.

Should you have any questions or need additional information, please don't hesitate to contact us.

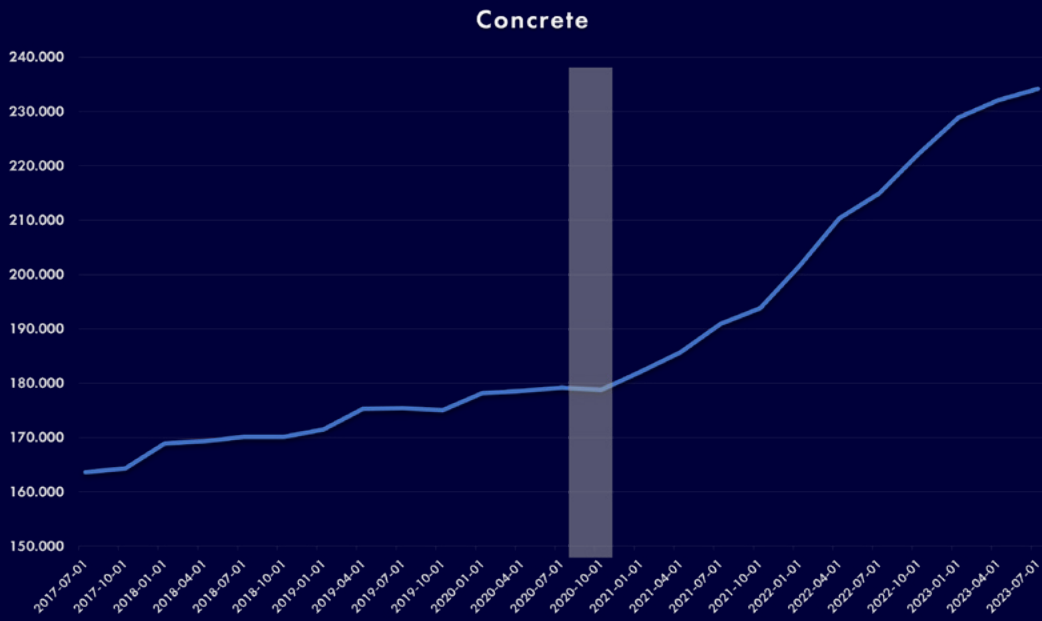
Best Regards,

Ed McGuire  
President  
Bob Moore Construction

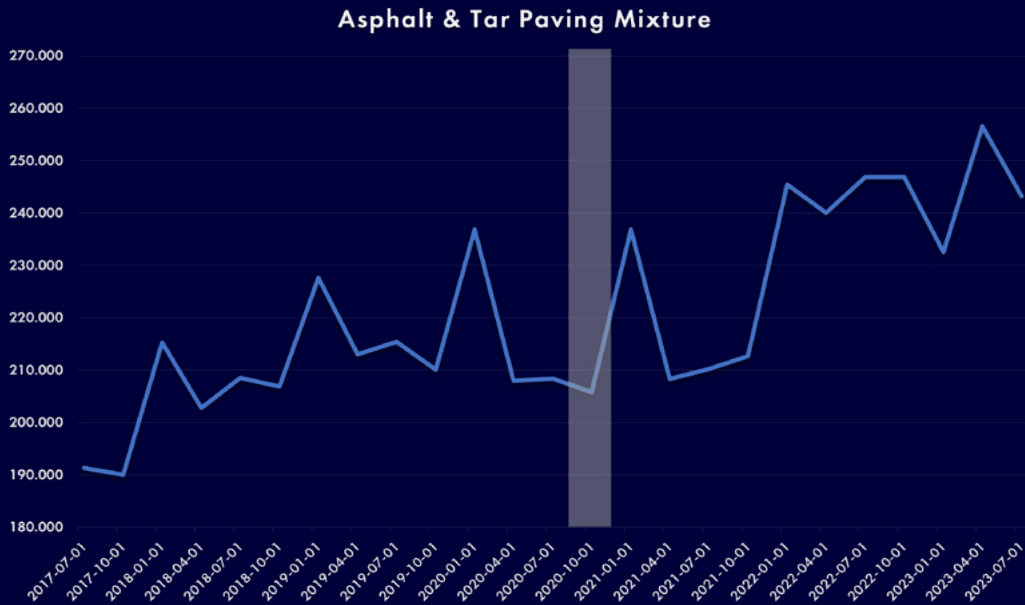


Lead Time Index		
No.	Category	Lead Time
		1
2	Louvers	13 Weeks
3	Exhaust Fans	17 Weeks
4	Unit Heaters	7 Weeks
5	Main Switchboards	44 Weeks
6	Tap Cans	52 Weeks
7	Distribution Panelboards	44 Weeks
8	Branch Panelboards	29 Weeks
9	Lighting & Controls	17 Weeks
10	Generators	50-80 Weeks
11	Plumbing Fixtures (LAVs, Drinking Fountains, Water Heaters)	21 Weeks
12	Dock Levelers	24 Weeks
13	Dock Restraints (Dok-Loks)	12 Weeks
14	Dock Seals	34 Weeks
15	Non Insulated Overhead Doors	10 Weeks
16	Insulated Overhead Doors	13 Weeks
17	HM Doors, Frames, Hardware	13 Weeks
18	Roofing Insulation	8 Weeks
19	Joist & Deck	18 Weeks
20	Elevator	29 Weeks
21	Box Culvert	21 Weeks





Ending Q2, Concrete saw a 0.90% QoQ increase. This brings a total 8.23% increase YoY.



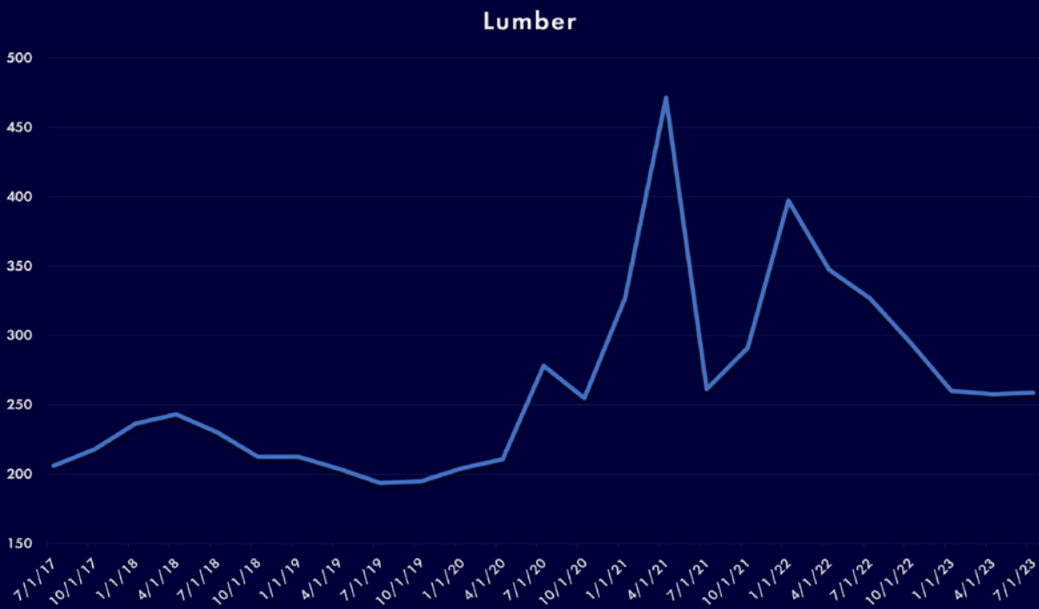
Asphalt & Tar Paving saw prices fall nearly 5.5% QoQ, bringing prices 1.5% down YoY.



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While steel mill products experienced a 4.34% QoQ increase, the 17.16% YoY decrease suggests continued price volatility moving into Q3.

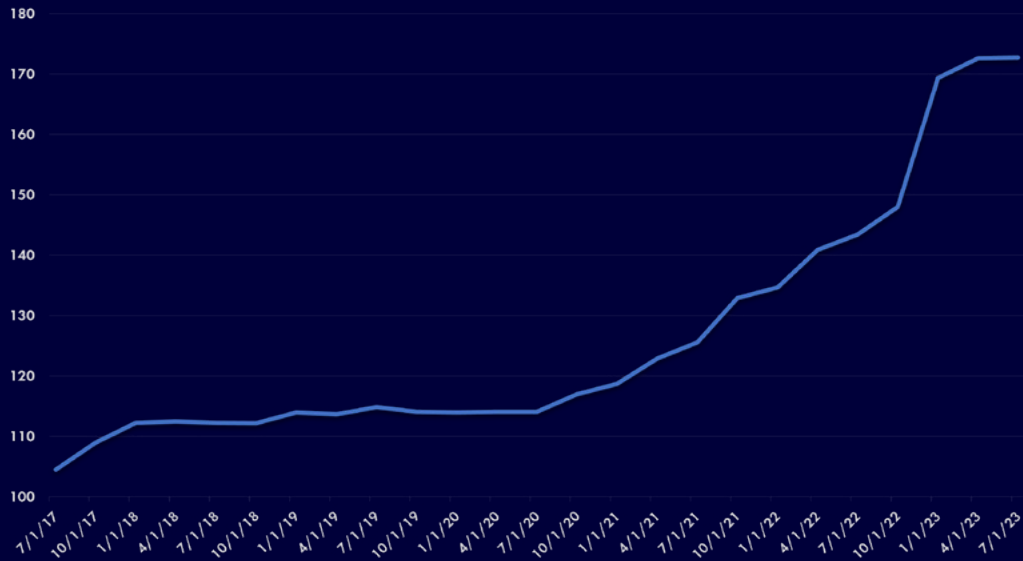


Lumber's 0.47% QoQ increase contrasts with a 26.2% YoY decrease, indicating that prices are continuing to stabilize. Improved market conditions and easing inflationary pressures should contribute to a continued level trend.



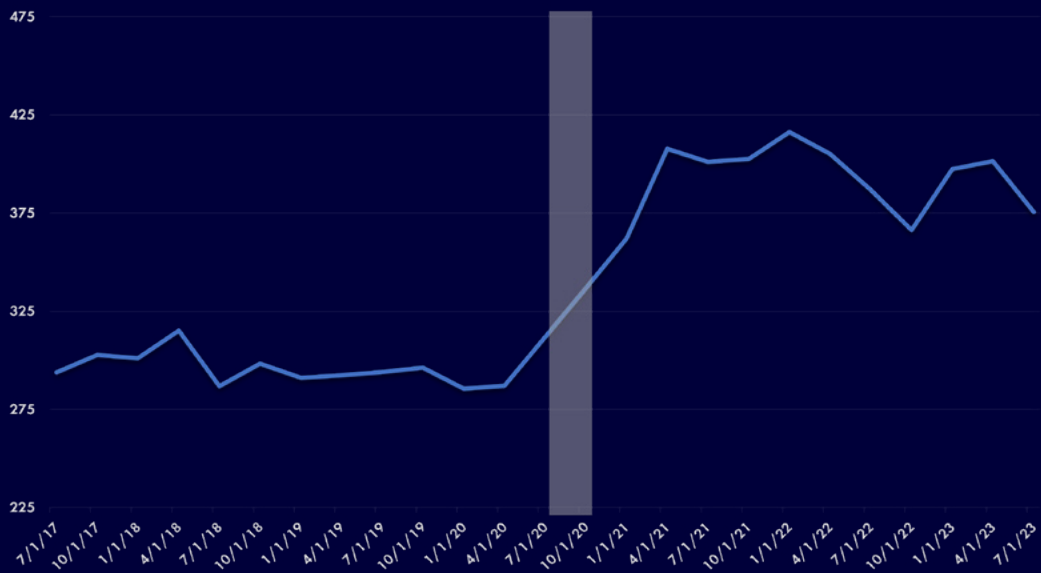
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### Flat Glass



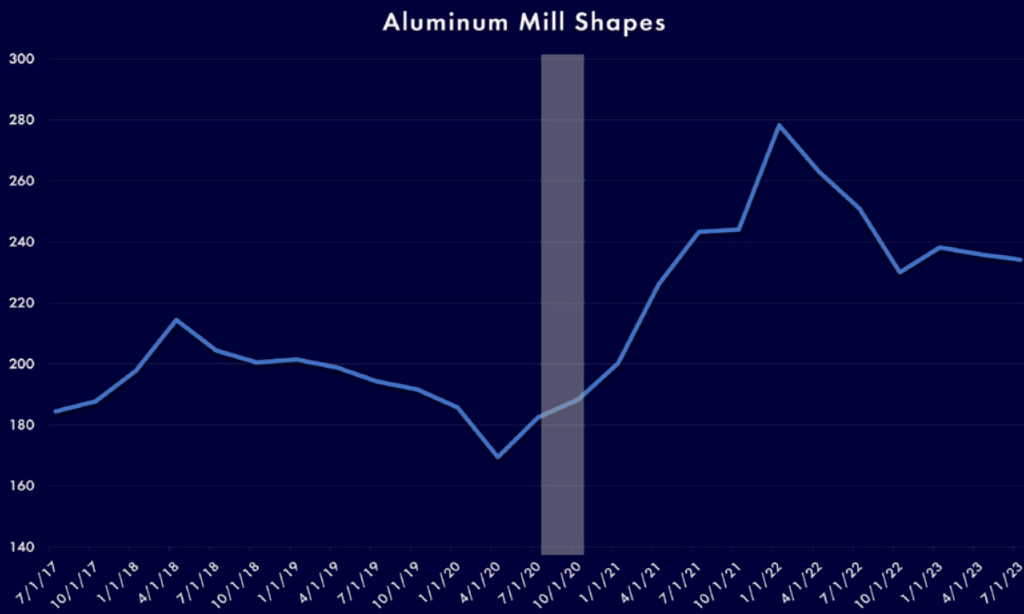
Flat Glass saw a modest 0.09% QoQ increase after more than a year of drastically increasing prices. With a 17% YoY increase, it will be an important material to watch, particularly with increased demand.

### Copper Wire & Cable

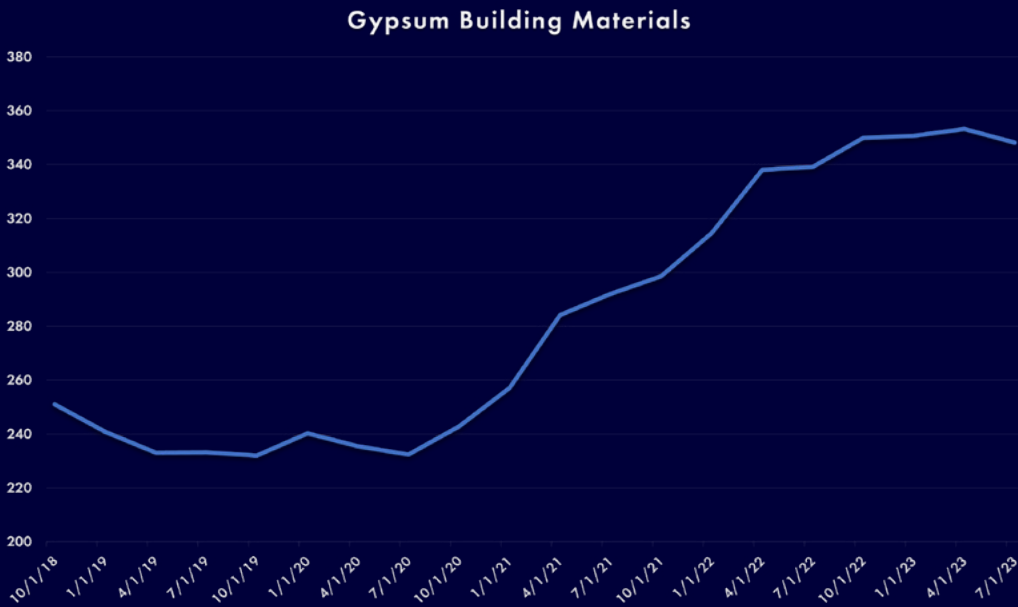


Copper wire and cable saw a 6.87% QoQ decrease alongside a 2.98% YoY decrease, hinting at continued price reductions as we continue into Q3.





Aluminum mill shapes experienced a 0.76% QoQ decrease and an 7.15% YoY decrease, continuing the price stability we have seen since the first of the year.



With a 1.45% QoQ decrease and an 2.6% YoY increase, gypsum building material prices are poised to remain fairly stable.



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