

Dealin' in Dallas: Near 'white hot' market fueled by capital, retail expansion

BY BRANDI SMITH

“Retail here is on the heels of white hot with cautious optimism.”



Jennifer Pierson



Bob Young



Steve Zimmerman

In retail, few things are constant, but one thing Texas CRE professionals can always count on is that more rooftops generate more retail demand. And those rooftops are going up as fast as they can in the Dallas-Fort Worth area.

“Retail here is on the heels of white hot with cautious optimism,” says Jennifer Pierson, Managing Partner of STRIVE. “The reason I temper it a little bit is because we had such a robust Q2 and Q3 of last year and a robust Q1 of this year, but we’ve just had our first interest hike and it hasn’t slowed anything down yet, but we’re wondering if it will.”

When she says robust, she means it. STRIVE sold 107 properties last year and already in 2022, Q1 numbers doubled.

“That’s a lot of product,” Pierson says.

That product is at a premium right now, according to Steve Zimmerman, The Retail Connection’s Managing Director in Brokerage.

“The supply of quality available space is very low due to the extreme lack of new development,” he explains.

While the supply remains a challenge, demand does not.

“We’re watching properties get bid on by two, three, four, five people,” shares Pierson.

She attributes that to all the capital flooding the market, adding that there seems to be a new buyer pool every 30 days or so. Pierson says she’s taken note of new partnerships, offering the example of a handful of Frisco programmers who decide to pool their capital in order to purchase commercial property.

“If you’re looking at it from the standpoint of a landlord, you have a lot of demand from expanding retailers,” says Bob Young, Executive Managing Director for Weitzman.

Dollar stores, he says, are part of that group. They’re not just expanding, they’re evolving. Dollar General is introducing a new concept called Popshelf, which is aimed at wealthier, suburban shoppers who love finding a good deal. (Weitzman is representing Popshelf in the Dallas area.)

“They are trying to put another spin on meeting the generous appetite of consumers to get discounted values,” Young says. “That’s a trend that’s going to continue.”

The e-commerce boom has certainly offered up some challenges to traditional retailers, but now even previously online-only brands (such as Warby Parker or Tecova boots) understand the value of brick-and-mortar locations.

“The customer wants to be able to touch the merchandise, see it displayed and really get a feel for it,” Young points out. “Dallas is at the hub of that interchange.”

The Metroplex is also a great testing ground for new enterprises. Pierson says it’s a sign that, despite the curveballs thrown their way, retailers are figuring out how to survive.

“There’s so much creativity and there are so many interesting retailers hitting the ground,” says Pierson. “Necessity is the mother of invention. It’s true. There are a lot of exciting things happening in the retail world, specifically DFW. I’ve never seen Dallas or Houston get so much attention.”

Neither has Zimmerman. He says retail users such as chef-driven restaurant concepts and new entertainment concepts that have typically gravitated toward Los Angeles or New York are now giving Dallas “a very strong look.”

Coming off the heels of the largest retail lease of 2021 and now working on leasing Frisco’s so-called “Project X,” Zimmerman’s looking ahead to the rest of 2022.

“We’re very pleased with the way things are going here,” he says.