

# Q1 2020 | DALLAS+FORT WORTH MULTIFAMILY MARKET



## D+FW Multifamily Continues Momentum In First Quarter

Strong Multifamily Performance Reflects Region's Sound Fundamentals

### OVERVIEW

#### Taking Stock Of The Multifamily Market

Major market highlights include:

- D+FW led the nation in job growth yet again in February, adding 126,000 jobs over the last twelve months
- Both Dallas and Fort Worth report modest rent growth, with stronger growth continuing in suburban submarkets
- Occupancy showed slight declines of approximately 30 bps in both markets but remains well above long-term average
- Construction continues to lead the nation with 20,934 units delivered over the last twelve months

While multifamily is expected to experience the least disruption from COVID-19, we believe the Dallas+Fort Worth market is particularly well-positioned relative to other metros.

### RENTAL RATES

#### Suburbs Continue Leading Rent Growth

Effective rents in Dallas are up 3.3% year-over-year. Strongest rent growths continue to occur in submarkets with high occupancy and value-add renovations such as Southwest Dallas (+6.0%) and South Irving (+4.7%). Elsewhere, North Dallas suburbs near major office employment centers have continued posting rent increases above 2% even with high construction levels.

In the Fort Worth market, effective rents are up 2.2% from last year with suburban submarkets continuing to lead. The Intown Fort Worth/University submarket reports a -4.2% decline as sustained deliveries have increased competition.

Over the last twelve months, properties in lease-up have fetched an asking rent of \$1,786 (\$1.85 PSF) in Dallas and \$1,622 (\$1.74 PSF) in Fort Worth. With concessions remaining stable at approximately 8%, properties are achieving effective rents of \$1,652 (\$1.71 PSF) in Dallas and \$1,492 (\$1.59 PSF) in Fort Worth.

### TRENDLINES

#### 5-YEAR TREND

#### CURRENT QUARTER

#### DALLAS RENTS



**\$1,219 PER UNIT**  
Up 3.3% from last year

#### FORT WORTH RENTS



**\$1,079 PER UNIT**  
Up 2.2% from last year

#### OCCUPANCY



**94.5 %**  
Down approximately 30bps in both markets

#### DEMAND



**2,306 UNITS**  
20,934 units over the last 12 months

#### DELIVERIES



**5,374 UNITS**  
In-line with recent averages

#### SALES PRICE (PER UNIT)



**\$153,435**  
\$147K with a 5.4% cap on a T-12 basis

## DEMAND &amp; OCCUPANCY

**Job Growth Continues Propelling Demand**

Quarterly demand in Dallas registered 2,011 units—a robust increase of +8% compared to Q1 2019—while Fort Worth registered 295 units, a -36% decline but not unusual for the past few years. On a T-12 basis, both markets have shown positive growth in demand of +6-8%.

*Demand volumes in North Dallas suburbs continue to remain within striking distance of New York boroughs.*

Occupancy registered declines that are within the range of normal seasonality: -32 bps in Dallas and -25 bps in Fort Worth. Nevertheless, current occupancy in both markets show year-over-year improvements of +42 bps and +13 bps respectively.

The greatest occupancy gains occurred in Dallas occurred in Frisco (+2.3%), The Colony/Far North Carrollton (+1.6%), and Rockwall/Rowlett/Wylie (+1.5%). Fort Worth occupancy was led by Central Arlington (+1.0%) and Hurst/Euless/Bedford (+0.4%).

## SUPPLY AND DEVELOPMENT

**D+FW Continues Leading The Nation In Supply**

5,374 units were delivered this quarter and 16,991 are expected to deliver over the next twelve months. The top three submarkets leading in inventory growth are Rockwall/Rowlett/Wylie (+21.2%), Carrollton/Farmers Branch (+12.2%), and Frisco (+9.3%).

*From 2018 to year-end 2020, the Dallas+Fort Worth region will have delivered as many units as the Los Angeles and Houston metros combined.*

At present, the risk of over-building is less than prior downturns. Even if all 26,610 units in the pipeline delivered and leasing activity dropped to zero, market-level occupancy would drop to 91.5%—**100 bps above** all-time lows during the Great Recession.

**OCCUPANCY & RENT GROWTH TRENDS**

Trailing 12 Month Averages

**National Rankings For Annual Demand**

#	SUBMARKET	METRO	UNITS
1	Brooklyn	New York	7,788
2	Queens	New York	3,475
3	Bronx	New York	3,032
4	The Loop	Chicago	2,831
5	Oakland/Berkeley	Oakland/Berkeley	2,643
6	Harlem	New York	2,355
7	<b>Frisco</b>	<b>Dallas</b>	<b>2,330</b>
8	Jersey City	Newark	2,095
9	Downtown Miami/South Beach	Miami	1,984
10	<b>Carrollton/Farmers Branch</b>	<b>Dallas</b>	<b>1,984</b>

**OCCUPANCY & DELIVERY TRENDS**

Dallas+Fort Worth Combined; 12-Month Average



## INVESTMENT SALES

### Investment Sales Continue Setting Records

Transaction volume in Q1 reached a record \$3.5 billion. Pricing registered at \$153,435 per unit—another record—or \$147,332 per unit at a 5.4% cap on a T-12 basis. Cap rates have remained in the range of 5.4-5.6% even as prices continued escalating.

## OUTLOOK

### D+FW Will Remain A Prime Multifamily Market

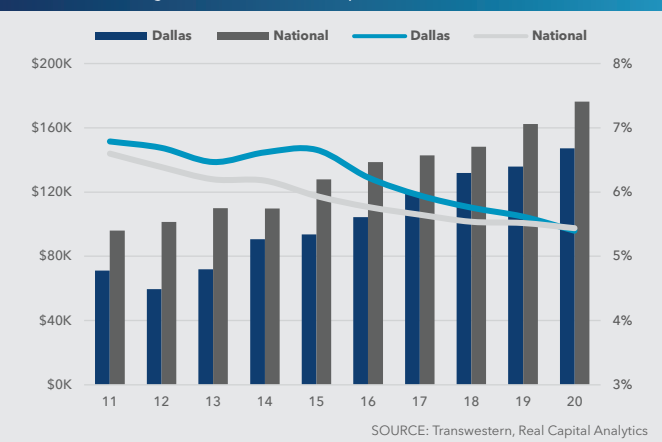
We expect Dallas+Fort Worth multifamily to perform better than most other metros for three main reasons:

- **Robust Household & Population Growth:** The region is expected to add 256,174 new households and 749,999 new residents by 2025.
- **Stronger Economic Fundamentals:** As we detail in our [Office and Retail Market Reports](#) ①, D+FW's economy grew more resilient over the last cycle. We expect this to translate to less severe job loss, a quicker recovery of jobs, and a shorter return to growth.
- **Diverse Lifestyle Choices:** The region will continue attracting both white and blue collar workers with a high quality of life and low cost of living

*Taken together, we believe the Dallas+Fort Worth multifamily sector is well-positioned for the months ahead.*

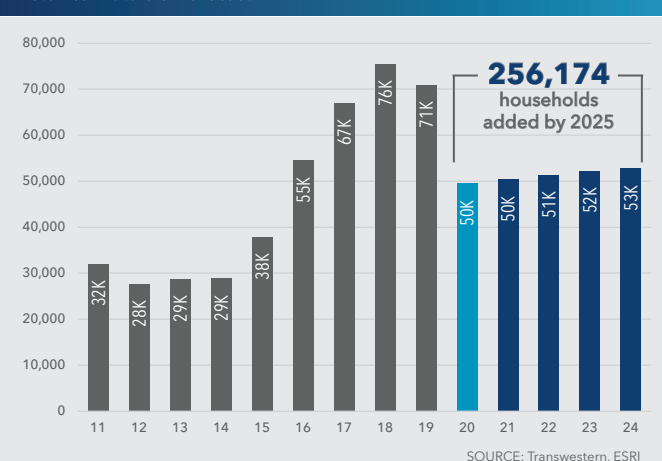
## INVESTMENT SALES TRENDS

12-Month Average Price Per Unit & Cap Rate



## HOUSEHOLDS ADDED TO D+FW

Historical Totals & Forecast



## Key Market Indicators

SUBMARKET	Inventory (Units)	Effective Rent	PSF	Annual Growth	Occupancy	12 Month Change	12 Month Deliveries	12 Month Demand	Eff Rent Lease-Up Properties	PSF	Deliveries Over Next 12 Months
Dallas Market	617,431	\$1,219	\$1.39	+3.3%	94.6%	+0.4%	17,214	17,308	\$1,786	\$1.85	20,179
Fort Worth Market	197,198	\$1,079	\$1.26	+2.2%	94.4%	+0.1%	3,720	2,968	\$1,492	\$1.59	6,431
<b>D+FW MARKET COMBINED</b>	<b>815,327</b>	<b>\$1,184</b>	<b>\$1.36</b>	<b>+2.7%</b>	<b>94.5%</b>	<b>+0.3%</b>	<b>20,934</b>	<b>20,276</b>	<b>-</b>	<b>-</b>	<b>26,610</b>

## Market Indicators - Dallas

SUBMARKET	Inventory (Units)	Effective Rent	PSF	Annual Growth	Occupancy	12 Month Change	12 Month Deliveries	12 Month Demand	Eff Rent Lease-Up Properties	PSF	Deliveries Over Next 12 Months
Intown Dallas	39,182	<b>\$1,783</b>	<b>\$1.87</b>	+1.8%	94.0%	+0.8%	<b>1,255</b>	<b>1,402</b>	<b>\$2,188</b>	<b>\$2.28</b>	<b>2,172</b>
Oak Lawn/Park Cities	18,107	<b>\$1,707</b>	<b>\$1.88</b>	+2.3%	94.1%	+0.5%	351	602	<b>\$2,773</b>	<b>\$2.42</b>	365
East Dallas	23,396	\$1,357	<b>\$1.62</b>	+2.2%	95.0%	+0.4%	402	457	<b>\$1,825</b>	<b>\$1.91</b>	345
Love Field/Medical District	9,079	\$1,317	<b>\$1.56</b>	+1.4%	94.7%	+1.0%	55	132	\$1,525	\$1.78	382
North Oak Cliff/West Dallas	12,871	\$1,175	\$1.39	+2.6%	95.1%	<b>+1.3%</b>	705	600	\$1,674	<b>\$1.86</b>	775
Northwest Dallas	11,607	\$970	\$1.25	+2.6%	<b>96.2%</b>	+1.0%	473	74	\$1,527	\$1.60	0
North Dallas	15,503	\$1,112	\$1.33	+1.1%	93.1%	+0.1%	98	174	\$1,560	\$1.68	535
Northeast Dallas	36,666	\$992	\$1.26	+3.1%	93.1%	+0.1%	0	59	\$1,472	\$1.67	0
Las Colinas/Coppell	27,783	<b>\$1,381</b>	\$1.51	+4.0%	94.7%	-0.3%	933	819	\$1,644	\$1.83	620
Carrollton/Farmers Branch	18,066	\$1,192	\$1.34	+4.0%	94.8%	+0.7%	<b>1,487</b>	<b>1,308</b>	\$1,421	\$1.54	<b>2,289</b>
Addison/Bent Tree	28,688	\$1,227	\$1.38	+3.4%	<b>95.2%</b>	+0.5%	693	834	<b>\$1,879</b>	\$1.83	<b>1,492</b>
Far North Dallas	29,558	\$1,056	\$1.33	+3.6%	95.1%	+0.8%	0	174	-	-	0
Richardson	18,398	\$1,348	\$1.40	+3.7%	94.3%	+0.1%	903	854	\$1,512	\$1.69	916
The Colony/Far North Carrollton	17,414	<b>\$1,398</b>	\$1.40	<b>+5.6%</b>	94.8%	<b>+1.6%</b>	871	<b>1,000</b>	\$1,476	\$1.42	1,182
West Plano	18,140	<b>\$1,409</b>	<b>\$1.52</b>	<b>+5.4%</b>	95.0%	+0.6%	132	201	<b>\$2,427</b>	<b>\$2.23</b>	520
Frisco	22,819	\$1,351	\$1.40	+4.3%	94.8%	<b>+2.3%</b>	<b>2,375</b>	<b>2,529</b>	\$1,506	\$1.53	<b>2,134</b>
Central/East Plano	20,481	\$1,242	\$1.33	+2.7%	93.6%	-0.5%	541	649	\$1,551	\$1.64	53
Allen/McKinney	24,059	\$1,255	\$1.34	<b>+4.9%</b>	94.4%	<b>+1.3%</b>	<b>1,264</b>	923	\$1,348	\$1.39	<b>1,914</b>
Denton	21,729	\$1,048	\$1.30	+1.2%	94.8%	-0.4%	1,185	733	\$1,254	\$1.52	164
Lewisville/Flower Mound	26,330	\$1,185	\$1.33	+3.1%	94.8%	+0.6%	313	467	\$1,468	\$1.43	1,203
Rockwall/Rowlett/Wylie	7,984	\$1,255	\$1.41	+3.5%	94.0%	<b>+1.5%</b>	<b>1,288</b>	<b>1,261</b>	\$1,272	\$1.32	1,178
Garland	19,753	\$1,068	\$1.23	+2.7%	94.9%	+0.2%	523	335	\$1,384	\$1.38	451
Far East Dallas	19,978	\$949	\$1.18	+3.5%	93.4%	-1.1%	0	(401)	\$1,478	\$1.70	235
Mesquite	12,869	\$987	\$1.19	+2.7%	94.7%	+0.0%	0	(163)	-	-	0
Zang Triangle/Cedars/Fair Park	7,626	\$1,159	\$1.29	-2.2%	<b>95.4%</b>	-0.0%	0	(79)	-	-	68
Southeast Dallas	15,427	\$876	\$1.05	+4.0%	94.7%	+0.4%	0	179	-	-	0
Southwest Dallas	18,544	\$945	\$1.15	<b>+6.0%</b>	94.2%	-1.0%	176	88	\$1,253	\$1.56	72
Grand Prairie	18,772	\$1,100	\$1.29	+3.1%	<b>95.2%</b>	+0.6%	1,041	706	\$1,405	\$1.48	470
South Irving	21,049	\$998	\$1.22	<b>+5.0%</b>	<b>95.8%</b>	+0.2%	0	67	-	-	94
North Irving	11,230	\$1,103	\$1.31	+2.4%	95.1%	<b>+1.3%</b>	0	47	-	-	144
Southern Dallas County	10,453	\$1,069	\$1.20	+3.6%	94.7%	-0.9%	165	253	\$1,389	\$1.49	135
<b>DALLAS MARKET</b>	<b>409,693</b>	<b>\$1,219</b>	<b>\$1.39</b>	<b>+3.3%</b>	<b>94.6%</b>	<b>+0.4%</b>	<b>17,214</b>	<b>17,308</b>	<b>\$1,652</b>	<b>\$1.71</b>	<b>20,179</b>

Top 5 submarkets in each metric are shown in bold

SOURCE: Transwestern, RealPage

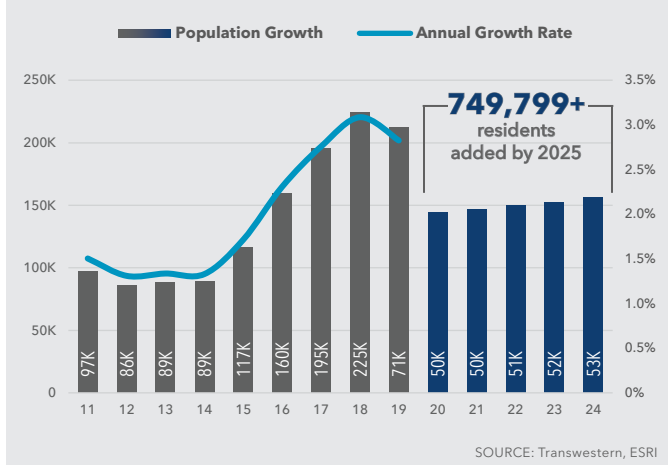
## Market Indicators - Fort Worth

SUBMARKET	Inventory (Units)	Effective Rent	PSF	Annual Growth	Occupancy	12 Month Change	12 Month Deliveries	12 Month Demand	Eff Rent Lease-Up Properties	PSF	Deliveries Over Next 12 Months
Intown Fort Worth/University	19,661	\$1,315	\$1.46	-4.2%	91.9%	-0.2%	1,673	1,493	\$1,549	\$1.74	1,814
Haltom City/Meacham	7,815	\$979	\$1.25	+1.9%	94.6%	-0.4%	274	226	\$1,376	\$1.49	540
North Fort Worth/Keller	10,607	\$1,273	\$1.29	-1.2%	94.4%	-0.5%	855	758	\$1,436	\$1.37	1,298
NE Ft Worth/North Richland Hills	14,838	\$1,156	\$1.26	+1.8%	94.6%	-1.4%	168	(40)	\$1,409	\$1.39	576
Grapevine/Southlake	8,410	\$1,342	\$1.47	+2.2%	95.0%	+0.0%	403	385	\$1,763	\$1.58	779
Hurst/Euless/Bedford	32,452	\$1,087	\$1.29	+3.3%	95.5%	+0.7%	229	432	\$1,308	\$1.44	285
East Fort Worth	12,837	\$903	\$1.10	+4.7%	92.7%	-0.1%	0	(219)	-	-	-
North Arlington	20,689	\$1,001	\$1.25	+3.5%	93.8%	+0.2%	0	40	\$1,581	\$1.72	102
Central Arlington	23,131	\$1,008	\$1.19	+4.2%	95.4%	+1.0%	0	187	-	-	-
South Arlington/Mansfield	9,492	\$1,174	\$1.37	+4.1%	95.4%	+0.9%	0	89	\$1,322	\$1.43	-
South Fort Worth	9,920	\$874	\$1.10	+4.4%	94.1%	-0.9%	118	(133)	\$1,443	\$1.50	349
Southwest Fort Worth	21,515	\$978	\$1.15	+4.1%	93.4%	-0.4%	0	(274)	-	-	688
West Fort Worth/Parker County	6,529	\$985	\$1.10	+1.2%	95.1%	+0.4%	0	24	-	-	-
<b>FORT WORTH MARKET</b>	<b>197,896</b>	<b>\$1,079</b>	<b>\$1.26</b>	<b>+2.2%</b>	<b>94.4%</b>	<b>+0.1%</b>	<b>3,720</b>	<b>2,968</b>	<b>\$1,492</b>	<b>\$1.59</b>	<b>6,431</b>

SOURCE: Transwestern, RealPage

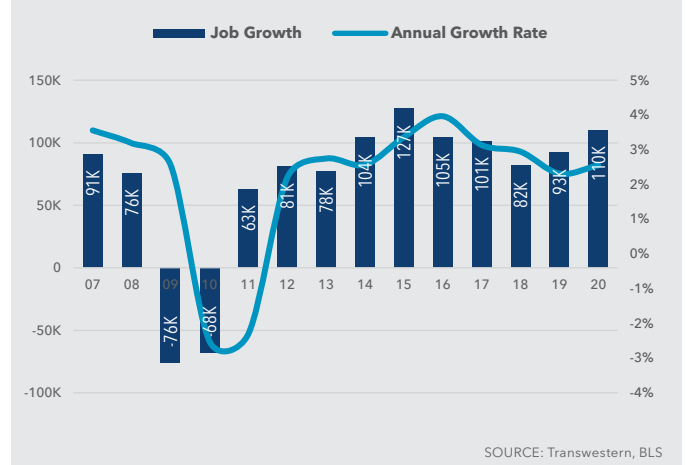
## POPULATION GROWTH & FORECAST

Dallas+Fort Worth Combined

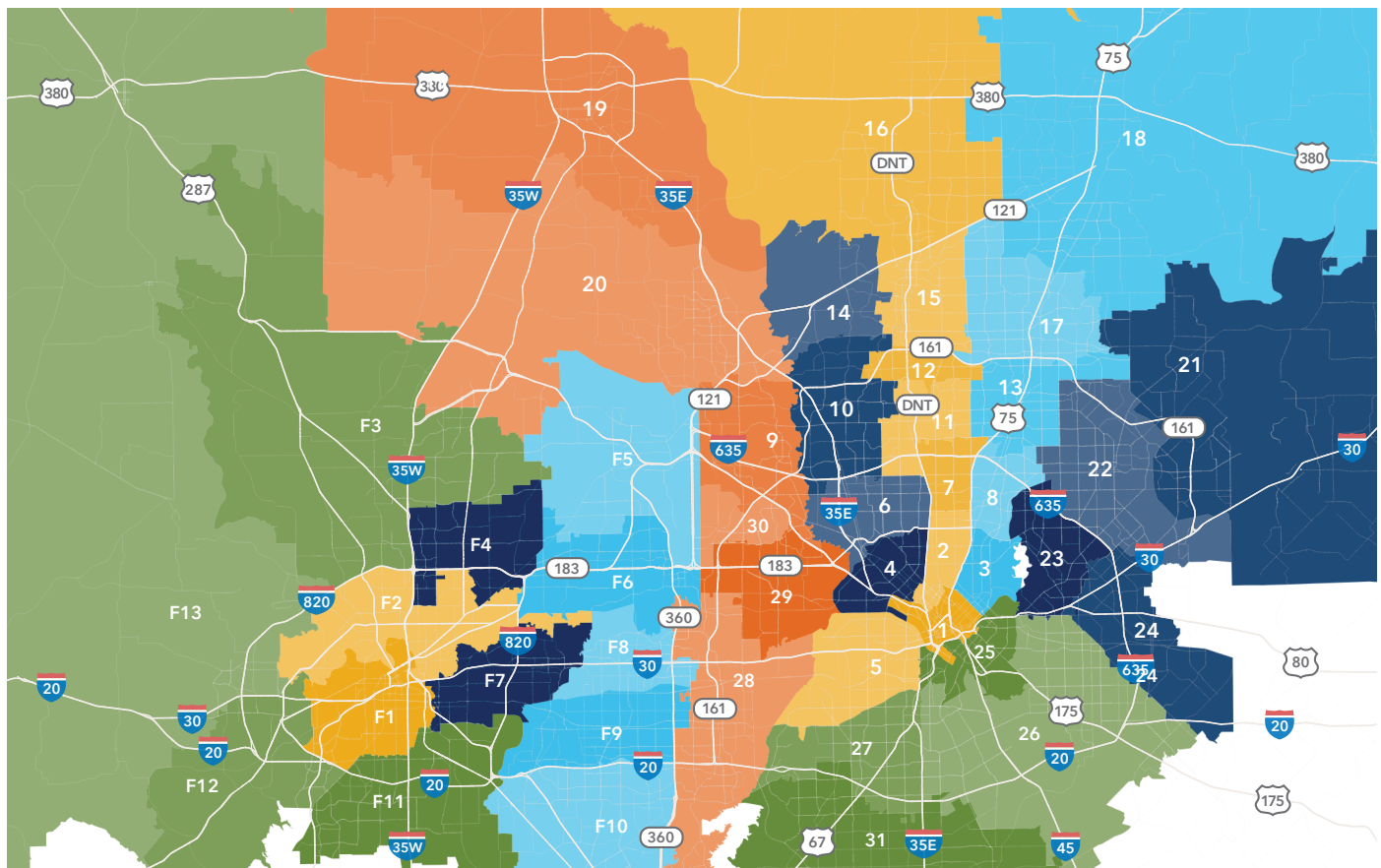


## JOB GROWTH

Dallas+Fort Worth Combined; Q1 Average



# Q1 2020 | DALLAS+FORT WORTH | MULTIFAMILY MARKET



## FORT WORTH SUBMARKETS

<b>F1</b> Intown Fort Worth/University	<b>F8</b> North Arlington
<b>F2</b> Haltom City/Meacham	<b>F9</b> Central Arlington
<b>F3</b> North Fort Worth/Keller	<b>F10</b> South Arlington/Mansfield
<b>F4</b> NE Fort Worth/North Richland Hills	<b>F11</b> South Fort Worth
<b>F5</b> Grapevine/Southlake	<b>F12</b> Southwest Fort Worth
<b>F6</b> Hurst/Euless/Bedford	<b>F13</b> West Fort Worth/Parker County
<b>F7</b> East Fort Worth	

## DALLAS SUBMARKETS

<b>1</b> Intown Dallas	<b>12</b> Far North Dallas	<b>23</b> Far East Dallas
<b>2</b> Oak Lawn/Park Cities	<b>13</b> Richardson	<b>24</b> Mesquite
<b>3</b> East Dallas	<b>14</b> The Colony/North Carrollton	<b>25</b> Zang Triangle/Cedars/Fair Park
<b>4</b> Love Field/Medical District	<b>15</b> West Plano	<b>26</b> Southeast Dallas
<b>5</b> North Oak Cliff/West Dallas	<b>16</b> Frisco	<b>27</b> Southwest Dallas
<b>6</b> Northwest Dallas	<b>17</b> Central/East Plano	<b>28</b> Grand Prairie
<b>7</b> North Dallas	<b>18</b> Allen/McKinney	<b>29</b> South Irving
<b>8</b> Northeast Dallas	<b>19</b> Denton	<b>30</b> North Irving
<b>9</b> Las Colinas/Coppell	<b>20</b> Lewisville/Flower Mound	<b>31</b> Southern Dallas County
<b>10</b> Carrollton/Farmers Branch	<b>21</b> Rockwall/Rowlett/Wylie	
<b>11</b> Addison/Bent Tree	<b>22</b> Garland	

## CONTACT

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## METHODOLOGY

The information in this report is the result of a compilation of information on market-rate multifamily properties in the Dallas+Fort Worth metropolitan area. We exclude affordable, senior, and student housing properties from our statistics.



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