



MULTIFAMILY REPORT

Crosswinds Intensify In Dallas

Summer 2020

Economy Hit Less Severely Than Most US Metros

Healthy Deliveries Keep Rent Growth Negative

Transaction Activity Lags 2019 Levels

DALLAS MULTIFAMILY



Recovery Trajectory Remains Uncertain

Dallas-Fort Worth is still readjusting to pandemic restrictions. Overall market fundamentals continued to soften over the summer, entering negative territory across several metrics. The average rent contracted for the third consecutive month, down 0.1% on a trailing three-month basis through August. The occupancy rate in stabilized assets responded to consistent supply additions and COVID-19 uncertainty, sliding 70 basis points over 12 months, to 93.7% as of July.

The job market contracted in the second quarter and then rebounded after the economy reopened in May and June. However, due to a spike in coronavirus cases, Texas rolled back its reopening plan. The unemployment rate dropped from 12.8% in April to 8.2% in June, while preliminary July data pointed to a promising 7.5%. Unemployment claims filed across the state reached almost 3.4 million between mid-March and late August, yet three sectors—led by financial activities—posted year-over-year job gains in Dallas.

Uncertainty stemming from the health crisis kept transaction volume low in the second quarter, with only \$1.8 billion in assets trading in 2020 through August, for a per-unit price that inched up 2.3% to \$123,423. Meanwhile, 12,167 units came online, with an additional 51,482 apartments underway as of August. Accounting for ongoing volatility, we expect Dallas rents to fall 1.1% in 2020.

Market Analysis | Summer 2020

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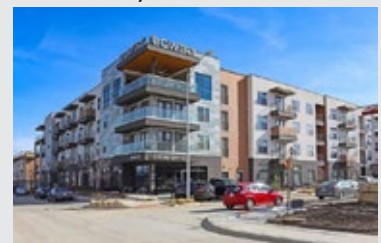
Recent Dallas Transactions

L2 Uptown



City: Dallas
Buyer: The Connor Group
Purchase Price: \$74 MM
Price per Unit: \$229,936

The Bowery at Southside



City: Fort Worth, Texas
Buyer: Weinstein Properties
Purchase Price: \$56 MM
Price per Unit: \$185,589

Alta Waterside



City: Fort Worth, Texas
Buyer: Braddock & Logan
Purchase Price: \$38 MM
Price per Unit: \$105,263

Windham Chase



City: Richardson, Texas
Buyer: The ValCap Group
Purchase Price: \$30 MM
Price per Unit: \$126,554