

DALLAS MULTIFAMILY

Market Analysis

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Contacts

Paul Fiorilla

Associate Director of Research
Paul.Fiorilla@Yardi.com
(800) 866-1124 x5764

Dana Seeley

Senior Research Analyst
Dana.Seeley@Yardi.com
(800) 866-1124 x2035

Jack Kern

Director of Research and Publications
Jack.Kern@Yardi.com
(800) 866-1124 x2444

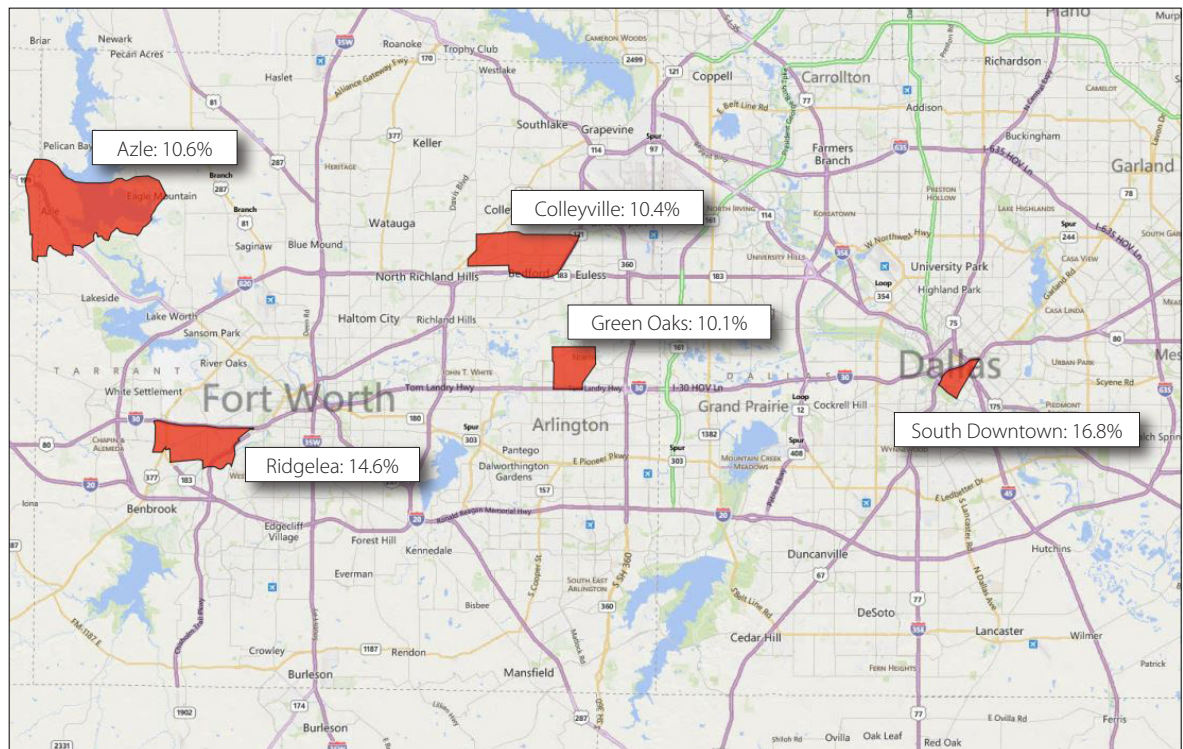
Job, Population Gains Lifting Dallas

Dallas' multifamily market has benefited in recent years from a combination of remarkably strong job growth and demographic factors, which has produced a healthy market. Dallas' economy has been booming, adding jobs at an impressive rate, far outpacing the U.S. in terms of job growth since the recovery began in 2010. Large corporations in a wide variety of industries including Toyota, State Farm, Liberty Mutual, TD Ameritrade and Active Networks have plans to move into or increase their workforces in the metro. The corporate expansions produce the need for additional housing, retail, warehouse, office and hospitality development, which should boost the economy and create more jobs in coming years.

With robust absorption driving down vacancies, rent growth has reached its highest level in years, investors have moved into the sector in a big way and development is booming again after a few lean years. Transactions reached a record \$3.4 billion in 2014 as investors search for large markets with relatively high yields. After rising 6.7% year-over-year through February, we expect rents to rise another 5.5% in 2015.

Still, there are number of issues that bear watching. Although energy is not a primary industry in Dallas, the entire state's economy depends to a large degree on the sector, so the drop in oil prices is a concern. The heavy development pipeline is another issue, since developers are less constrained in the metro than in core markets where land is scarce.

Top 5 Submarkets for Rent Growth (Fall 2014 to Spring 2015¹)



¹ YardiMatrix™ surveys over 1,000 properties in Dallas, three times a year during the Spring, Summer & Fall.