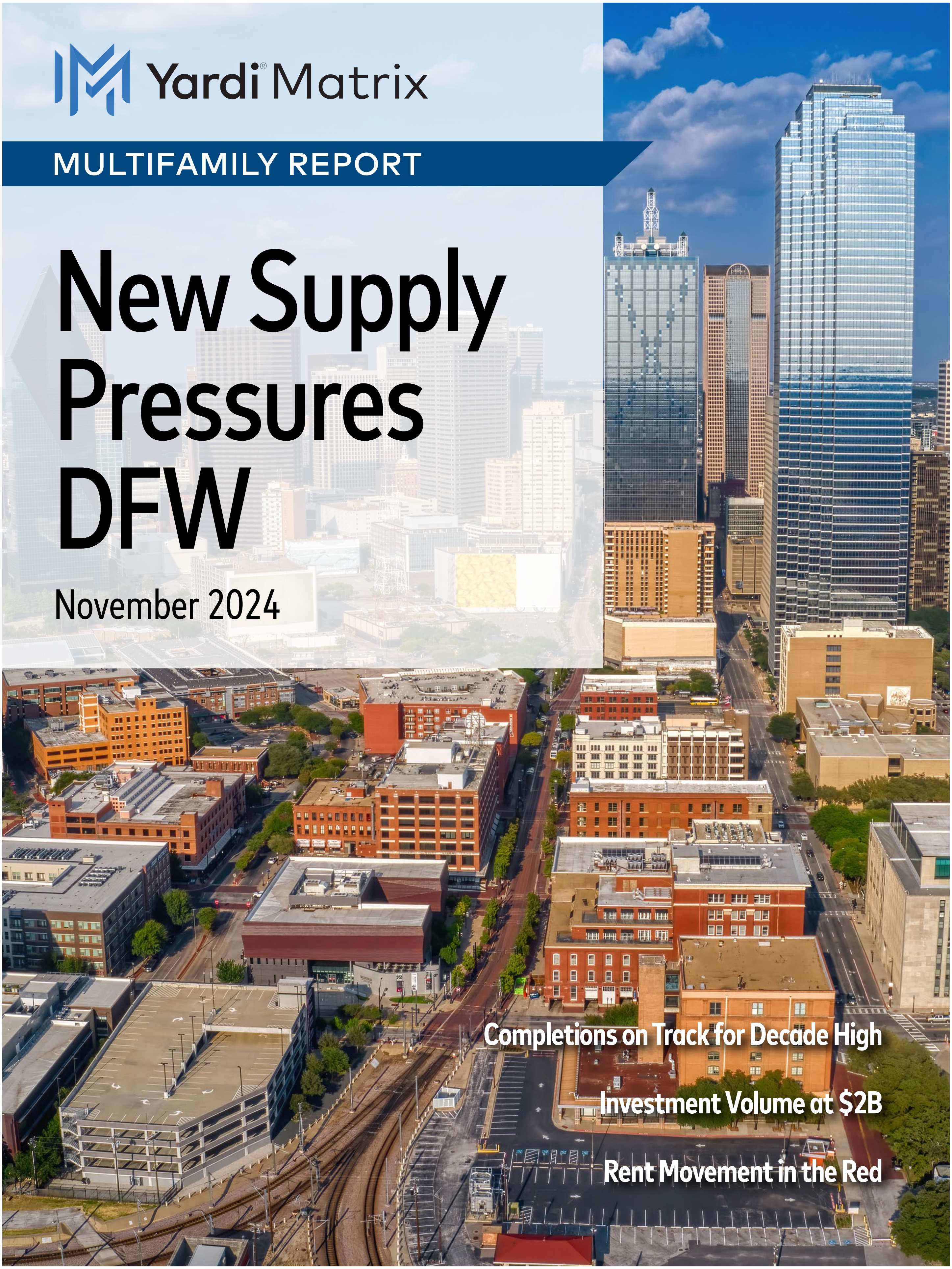

Yardi Matrix

MULTIFAMILY REPORT

New Supply Pressures DFW

November 2024

Completions on Track for Decade High

Investment Volume at $2B

Rent Movement in the Red

DALLAS MULTIFAMILY

Yardi Matrix

Supply Pushes Down Rents, Occupancy

Dallas-Fort Worth multifamily fundamentals remained slow but steady in 2024 through September, as absorption worked its way through high volumes of new supply. Unsurprisingly, advertised asking rents fell 0.1% on a trailing three-month basis through September, to $1,541, just as the seasonal slowdown began. Meanwhile, the national rate remained flat, on a three-month basis, at $1,750. Occupancy in stabilized Dallas properties also slid, down 40 basis points year-over-year, to 93.1%.

Employment growth continued to moderate, clocking in at 1.6%, but remained higher than the 1.3% U.S. average. Two sectors lost 12,300 jobs combined in the 12 months ending in July—professional and business services and information. Meanwhile, the bulk of the 57,100 net jobs added came from the government (15,100 jobs) and education and health services (14,100 jobs) sectors. DFW's unemployment rate stood at 3.9% in September, according to preliminary data from the Bureau of Labor Statistics. That was slightly above Texas' rate and the national figure (both at 4.1%). Notable projects underway include the $2.5 billion The Central and the $1 billion redevelopment of Collin Creek Mall.

Developers delivered 20,481 units in 2024's first three quarters, with another 62,211 apartments underway. Investment remained limited, at just $2.1 billion year-to-date through September, for a price per unit that remained virtually flat compared to 2023.

Market Analysis | November 2024

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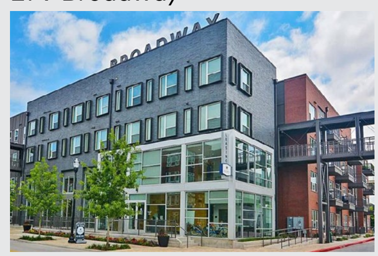
On the cover: Photo by Jacob Boomsma/iStockphoto.com

Recent Dallas Transactions

The Jade at Frisco

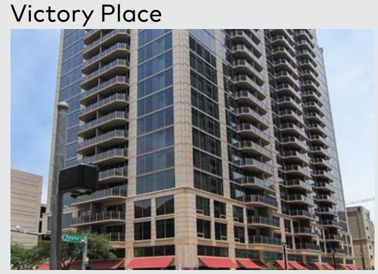
City: Frisco, Texas
Buyer: MLG Capital
Purchase Price: $94 MM
Price per Unit: $221,698

LYV Broadway



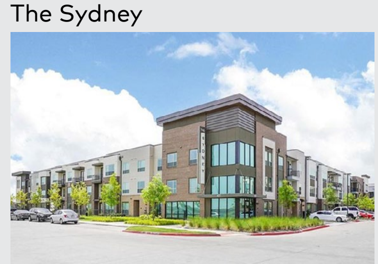
City: Carrollton, Texas
Buyer: RPM
Purchase Price: $79 MM
Price per Unit: $201,709

Victory Place



City: Dallas
Buyer: Weidner Investment Services
Purchase Price: $78 MM
Price per Unit: $220,860

The Sydney

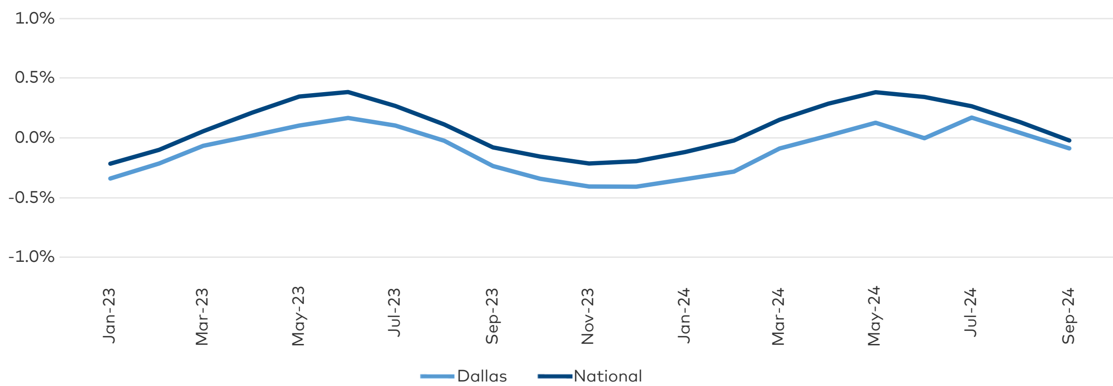


City: Mansfield, Texas
Buyer: Post Investment Group
Purchase Price: $71 MM
Price per Unit: $199,153

RENT TRENDS

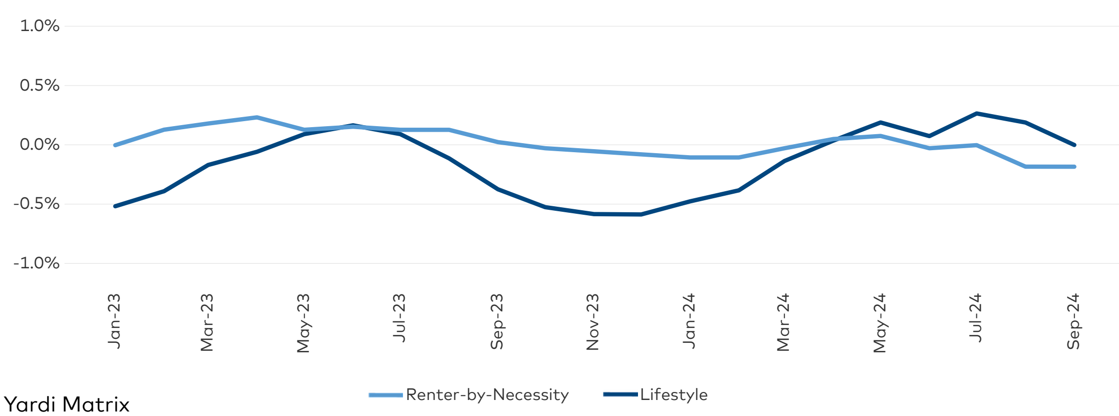
- Advertised asking rents in Dallas–Fort Worth inched down 0.1%, on a trailing three-month (T3) basis through September, to $1,541. The national rate remained flat, at $1,750. Year-over-year, DFW's robust supply kept rent movement in negative territory, down 1.7%. Meanwhile, the U.S. figure grew by 0.9% on a yearly basis.
- Short-term demand for upscale apartments helped keep Lifestyle advertised asking rents flat, at $1,742, on a T3 basis through September. Working-class Renter-by-Necessity rents slid 20 basis points, to $1,276.
- Interestingly, RBN occupancy in stabilized properties posted a steeper decline, down 70 basis points year-over-year as of September, to 92.4%. Lifestyle occupancy dipped just 20 basis points, to 93.6%. The metro's overall occupancy rate was down 40 basis points, clocking in at 93.1%.
- Year-over-year, advertised asking rents rose in 50 of the 138 submarkets tracked by Yardi Matrix. That included DFW's third-most expensive area, Dallas–Uptown (1.3% to $2,533). Two submarkets had rates above the $3,000 threshold: Highland Park (-0.7% to $3,619) and Dallas–University Park (-3.7% to 3,004). Meanwhile, on the Fort Worth side, Grapevine posted the highest average advertised rent (-0.1 to $1,762).
- Single-family rentals mirrored multifamily performance. The Metroplex's average SFR advertised asking rent declined 1.3% year-over-year as of September, to $2,236. Occupancy fell 100 basis points, to 93.3%.

Dallas vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Dallas Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- Dallas–Fort Worth employment growth moderated to 1.6% as of July, 30 basis points ahead of the U.S. rate. Two sectors lost jobs—professional and business services (-12,000 positions) and information (-300). Government (15,100) and education and health services (14,100) led gains.
- The unemployment rate stood at 3.9% in September, according to preliminary data from the Bureau of Labor Statistics, on par with the figure recorded at the beginning of 2024. That also put it above Texas and the nation (both at 4.1%). Statewide, it trailed Austin (3.4%) and San Antonio (3.8%), but outperformed Houston (4.4%).
- The Metroplex has several notable projects underway, including the $2.5 billion mixed-use The Central. Phase 1 is almost complete, with two multifamily properties in the leasing and preleasing process. A four-story retail asset is anticipated to break ground by the end of the year.
- Another large project under construction is Collin Creek Mall's redevelopment, a $1 billion initiative that began in 2019. Phase 1 is complete and encompasses for-sale single-family townhomes. Upon completion, the Collin Creek project will feature 500 single-family homes, 2,300 multifamily units, 300 independent living residences, 300,000 square feet of retail and 8 acres of park space.

Dallas Employment Share by Sector

		Current Employment	
Code	Employment Sector	(000)	% Share
90	Government	473.7	10.9%
65	Education and Health Services	523.7	12.1%
15	Mining, Logging and Construction	261.9	6.1%
40	Trade, Transportation and Utilities	911.5	21.1%
55	Financial Activities	378.5	8.7%
80	Other Services	146.3	3.4%
30	Manufacturing	322.8	7.5%
70	Leisure and Hospitality	440.5	10.2%
50	Information	92.2	2.1%
60	Professional and Business Services	776.2	17.9%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- Dallas–Fort Worth gained 130,039 residents in 2022, the equivalent of a 1.7% rise, well ahead of the 0.4% national figure. It was also higher than DFW's 1.2% rate in 2021.
- Between the 2010 Census and 2022, the metro's population rose by almost a quarter.

Dallas vs. National Population

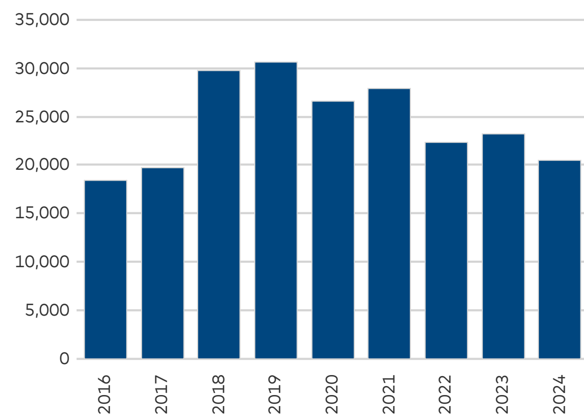
	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Dallas Metro	7,320,663	7,451,858	7,543,340	7,673,379

Source: U.S. Census

SUPPLY

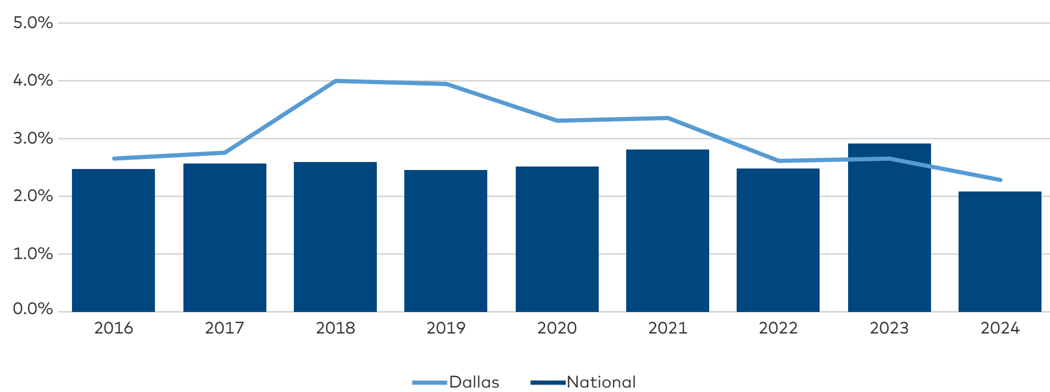
- Developers delivered 20,481 units in Dallas-Fort Worth during the first three quarters of the year. That equated to 2.3% of existing stock, 20 basis points above the national figure. North Dallas remained in the lead with 8,574 units, followed by suburban Dallas (7,283 units) and Fort Worth (4,624 units). The metro had a low share of fully affordable communities delivered during the period, accounting for just 3.7% of completions. The bulk of units were Lifestyle (90%).
- The pipeline had 62,211 units under construction in September, which put Dallas in the top spot nationally, above New York City (51,116) and Austin (50,248). North Dallas (29,149) accounted for nearly half of apartments underway, followed by suburban Dallas (18,802) and Fort Worth (14,260). The composition was similar to recent deliveries: Lifestyle represented 85% of the projects underway, fully affordable communities accounted for 9.0% and the rest were RBN units. Yardi Matrix estimates developers will deliver 33,742 units across DFW in 2024, which would mark a decade high.
- In 2024 through September, developers broke ground on 13,966 units, with Fort Worth in the lead (5,908). During the same period of 2023, construction starts totaled 24,994 units, with North Dallas leading (13,340 units).
- North Dallas submarkets McKinney–West (4,021 units) and Frisco (3,587 units) led development activity as of September. Another 16 submarkets had at least 1,000 units under construction each.

Dallas Completions (as of September 2024)



Source: Yardi Matrix

Dallas vs. National Completions as a Percentage of Total Stock (as of September 2024)



Source: Yardi Matrix

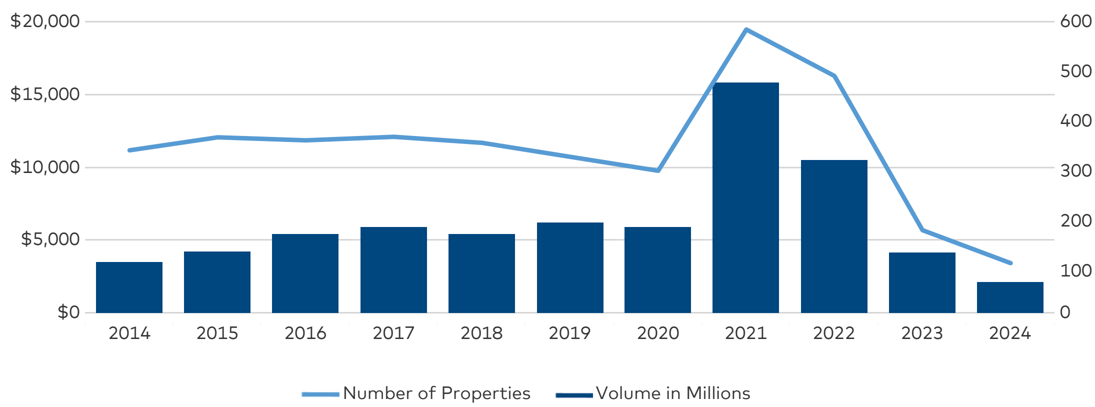
TRANSACTIONS

- Investors traded $2.1 billion in multifamily assets in 2024 through September. Sales in North Dallas accounted for $1.2 billion, followed by Fort Worth ($460 million) and suburban Dallas ($491 million). Unless activity picks up significantly in the final quarter, 2024 will likely go down as the year with the lowest investment volume in at least a decade.

- Sales composition was slightly tilted toward value-add plays, as 65 of the 117 properties that traded were RBN assets. The average price per unit remained virtually unchanged year-to-date when compared to 2023, at $154,531. However, it was down 10% from the 2022 cycle high. Meanwhile, the national per-unit average saw a slight uptick of 0.9% year-to-date, to $188,379.

- Notable recent sales include the deal between buyer MLG Capital and seller JPI for the 424-unit asset The Jade at Frisco. The transaction was subject to a $70.5 million loan held by Berkadia Commercial Mortgage.

Dallas Sales Volume and Number of Properties Sold (as of September 2024)



Source: Yardi Matrix

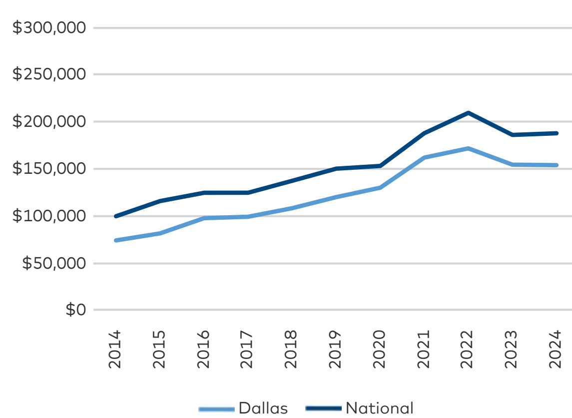
Top Submarkets for Transaction Volume[1]

Submarket	Volume ($MM)
Plano–West	227
Dallas–Uptown	200
McKinney–West	185
Mansfield	118
Carrollton–South	107
Highland Park	99
Farmers Branch	96

Source: Yardi Matrix

[1] From October 2023 to September 2024

Dallas vs. National Sales Price per Unit



Source: Yardi Matrix

LISTICLE

Top 10 Markets for Multifamily Deliveries

By Tudor Scolca

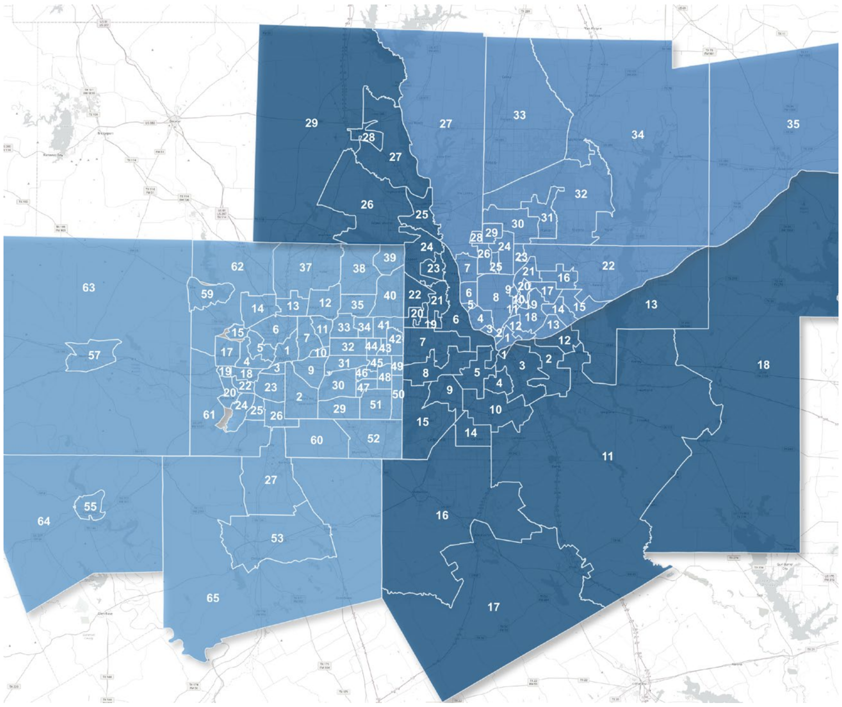
With 2 million units expected to be completed across the U.S. from 2024 to 2028, multifamily development is peaking, the latest Yardi Matrix data shows. The supply surge is already in full swing, as these high-performing 10 cities had a combined 85,055 units come online in the first half of this year, about 20,000 more than they did during the first half of 2023.

Metro		Properties Completed H1 2024	Units Completed H1 2024	Units Completed H1 2023	Change YoY (Units)
1	Dallas	48	12,830	7,787	
2	Phoenix	44	10,048	8,413	
3	Houston	35	9,258	4,641	
4	Atlanta	41	8,857	7,611	
5	Orlando	33	8,555	75	
6	Austin	32	8,521	6,904	
7	Miami Metro	31	6,897	7,913	
8	Charlotte	31	6,890	5,803	
9	Denver	34	6,623	5,522	
10	Seattle	38	6,576	3,812	

Dallas

Dallas-Fort Worth took the No. 1 spot for multifamily deliveries in 2024 through June. A total of 12,830 rental units in 48 properties came online across the Metroplex in the first six months of the year. This was a 64.8% increase from the 7,787 units completed in 2023's first half. Given DFW's continued economic expansion and population growth, it is no surprise that demand for upscale housing has also grown. Of the total number of units completed through June, 96% were in upscale Lifestyle properties.

DALLAS SUBMARKETS



Area No.	Submarket
1	Cityscape/Downtown
2	Uptown
3	South Oak Lawn
4	North Oak Lawn
5	Bachman Lake/West Northwest Highway
6	Northwest Dallas
7	Carrollton/Farmers' Branch
8	Park Cities/Preston Hollow/West Oak Lawn
9	Telecom Corridor
10	West Vickery Park
11	Greenville Corridor/Ridgewood Park
12	Gastonwood/Junius Heights/Lake Park Estates
13	Forest Hills
14	Dixon Branch
15	South Garland
16	Central Garland
17	South Lake Highlands
18	Casa Linda Estates/Cloisters/Lakewood
19	East Vickery Park
20	North Vickery Park
21	North Lake Highlands
22	North Garland/Rowlett/Sachse
23	Richardson
24	Northwood Hills/Valley View
25	Prestonwood/Galleria
26	Addison
27	North Carrollton/The Colony
28	Rosemeade
29	North Preston Corridor
30	West Plano
31	East Plano/Allen
32	South Frisco/Parker
33	North Frisco/West McKinney
34	East McKinney/Wylie/Princeton
35	North Hunt County/Greenville/Commerce

Area No.	Submarket
1	Downtown
2	Fairmount/Morningside/Worth Heights
3	Medical District
4	Westover Hills
5	Crestwood/River Oaks/Sansom Park
6	Tanglewood/Westcliff
7	Highland Hills/Southland Terrace
9	Stop Six
10	Meadowbrook
11	Richland Hills
12	Watauga
13	Blue Mound
14	Saginaw
15	Lake Worth
17	White Settlement
18	Ridgelea
19	Western Hills
20	Benbrook
22	Colonial/TCU
23	Hemphill
24	Wedgewood
25	Edgecliff Village
26	Sycamore
27	Burleson/Joshua
29	Kennedale
30	Dalworthington Gardens/Pantego
31	Handley
32	Randol Mill
33	Hurst

Area No.	Submarket
34	Bedford
35	Colleyville
37	Keller/Westlake
38	Southlake
39	Grapevine
40	Euless
41	Tarrant
42	Riverside
43	Lamar
44	Green Oaks
45	North Arlington
46	Downtown Arlington
47	South Davis/Turtlerock
48	East Arlington
49	Great Southwest
50	Florence Hill
51	Fitzgerald
52	Mansfield
53	Cleburne/Alvarado
55	Granbury
57	Weatherford
59	Azle
60	Rendon
61	Southwest Tarrant County
62	Northwest Tarrant County
63	Outlying Parker County
64	Outlying Hood County
65	Outlying Johnson County

Area No.	Submarket
1	South Downtown
2	Pleasant Grove
3	Fair Park
4	South Oak Cliff
5	North Oak Cliff/Irving
6	Lake Village/South Irving/West Dallas
7	North Grand Praire
8	Kiest
9	Duncanville/South Grand Praire
10	Lancaster/Red Bird
11	Southeast Dallas County
12	Northwest Mesquite
13	Northeast Mesquite
14	DeSoto
15	North Cedar Hill
16	Midlothian/South Cedar Hill
17	Ennis/Waxahachie
18	Kaufman/Terrell
19	Barton Estates/Garden Oaks/ Hospital District
20	Irving
21	Las Colinas
22	Espanita/Timberlake
23	Oaks
24	Valley Ranch
25	Coppell/South Lewisville
26	Central Lewisville
27	North Lewisville/Trophy Club
28	East Denton
29	Downtown Denton

DEFINITIONS

Lifestyle households (renters by choice) have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

Renter-by-Necessity households span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students,* who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households,* composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households,* which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

To learn more about Yardi® Matrix and subscribing, please visit www.yardimatrix.com or call Ron Brock, Jr., at 480-663-1149 x14006.

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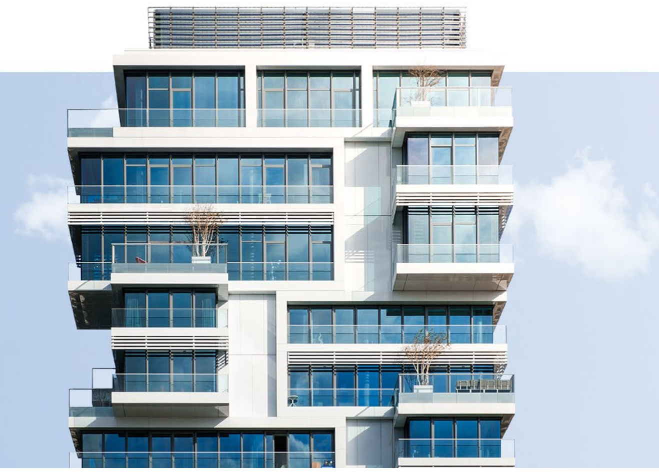

MULTIFAMILY KEY FEATURES

- Pierce the LLC every time with true ownership and contact details
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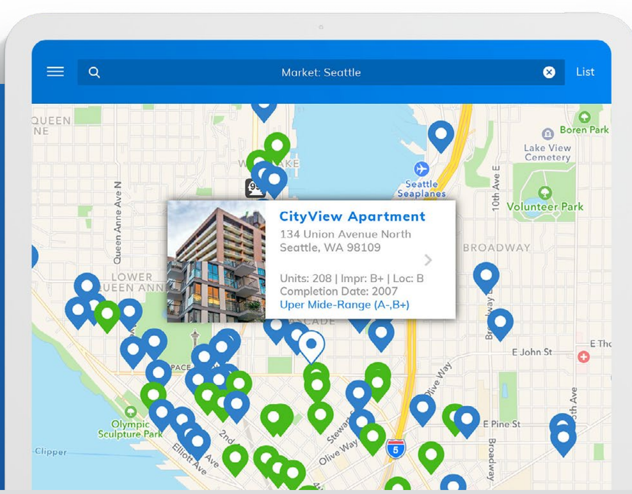
- Gain complete new supply pipeline information from concept to completion
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Access aggregated and anonymized residential revenue and expense comps



Yardi Matrix Multifamily provides accurate data on **22.3+ million units**, covering over **92% of the U.S. population.**

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