



Dallas-Ft. Worth

MARKET
INSIGHT
REPORT



SPRING

2023

Employment / Unemployment

Employment growth remains strong in the North Texas region. The Dallas-Fort Worth-Arlington Metropolitan Statistical Area (MSA) is comprised of two metropolitan divisions with separately identifiable employment centers, and there were employment gains in both divisions. The U.S. Bureau of Labor Statistics reported total non-farm employment increased by 242,200 over the year as of November 2022, a job gain rate of 6.1% compared to the 3.2% nationally. Dallas-Plano-Irving represented 72% of the area's total non-farm employment, gaining 194,100 jobs over the past twelve months. During the same period, the Fort Worth-Arlington division gained 41,100 jobs, accounting for **28%** of the total MSA workforce. Hourly wages increased **4.3% YoY to \$33.65**.



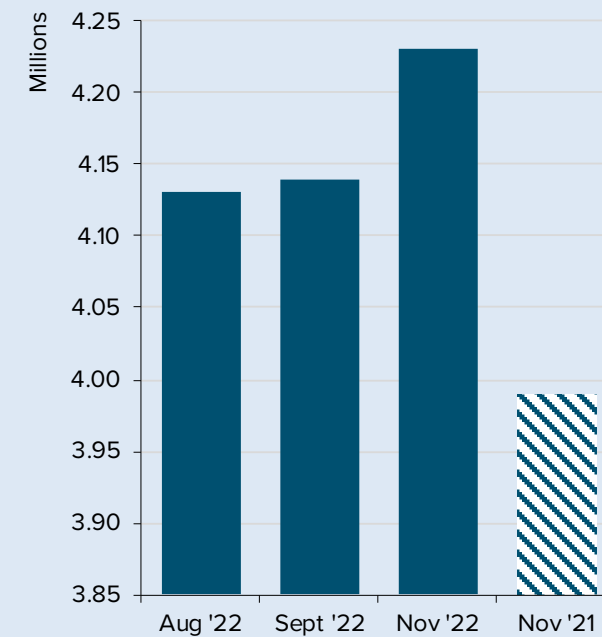
The unemployment rate was 3.7% in August 2022, on par with the national rate and considerably lower than the average 4.1% rate across the other major metros across the state.

As of November 2022 (latest data available prior to publication), the unemployment rate lowered to 3.3%, down 50 basis points YoY.

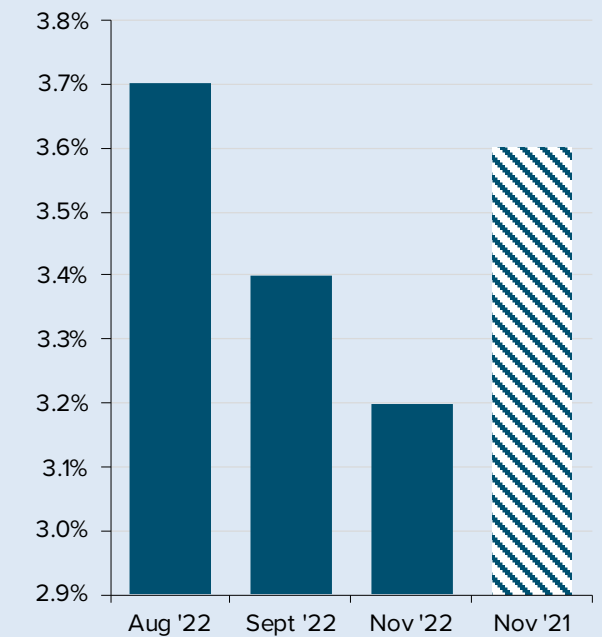
The professional and business services industry sector had the largest gain of jobs amongst the private-industry super-sectors at 51,700, a 7.1% increase over the previous year. Comparatively, the professional and business services had a 3.2% gain on a national level.

The region's highly skilled workforce pool combined with a low cost of doing business has lured companies from across industry sectors to the area. Construction is scheduled to start this month on Wells Fargo's \$455 million campus in Irving, and Goldman Sachs' new \$500 million office headquarters in Dallas office will be one of the largest office developments in decades in North Texas. Goldman Sachs will employ 5,000 Dallas area residents.

Total Employment



Unemployment




Metro Area Employment (Thousands)	Nov 2022	% from Nov 2021	
		DFW	National
Total Non-farm	4234.6	6.1%	2.9%
Mining, Logging, and Construction	238.1	8.2%	3.2%
Manufacturing	306	6.3%	2.9%
Trade, Transportation, and Utilities	921.8	3.7%	1.6%
Information	87.7	3.7%	4.8%
Financial Activities	372.3	6.2%	1.5%
Professional and Business Services	777	7.1%	2.6%
Education and Health Services	505.6	7.3%	4.0%
Leisure and Hospitality	431.6	12.5%	6.5%
Other Services	136	7.4%	3.1%
Government	458.5	1.1%	1.5%

Sources: U.S. BLS, Current Employment Statistics, GREAA Research

Dallas Rental Market

- While demand for multifamily markets in Dallas-Fort Worth eased in 2022 compared to 2021, a steady flow of in-migration and corporate relocations and expansions will remain the primary drivers for apartment demand in 2023.
- Entry-level home purchases have been substantially thwarted due to high demand, low inventory, increased home values, and escalating monthly mortgage payments as a result of higher interest rates. Some existing renters will remain in the apartment market until additional supply comes online. Meanwhile, new Metroplex residents will keep demand elevated, keeping a tight reign on vacancy rates.
- Availability and vacancy rates will both increase in 2023, closer to the normal pre-pandemic ranges.





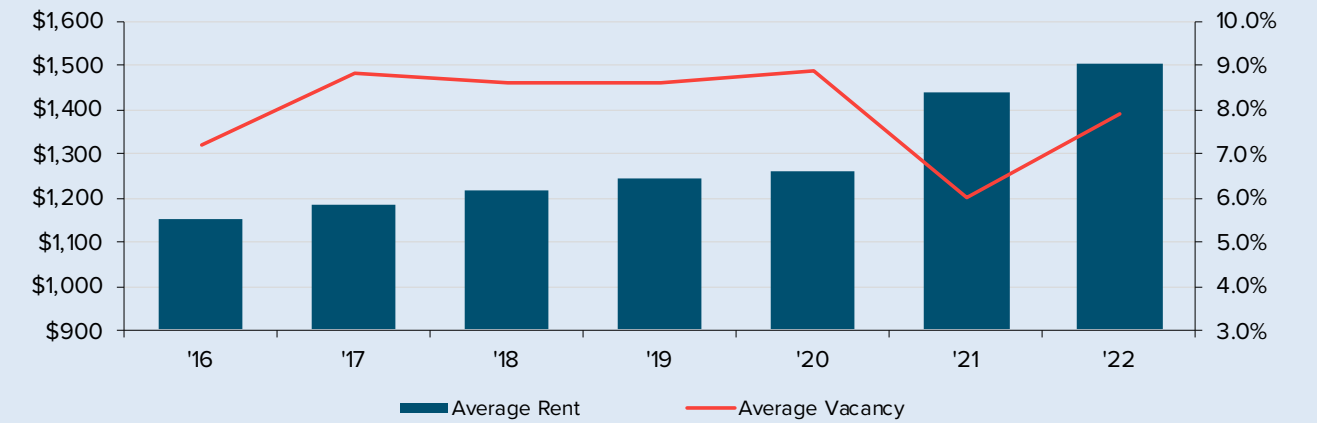
+ 8.5%

New lease asking rents are at \$1,563, up 8.5% from the previous year.

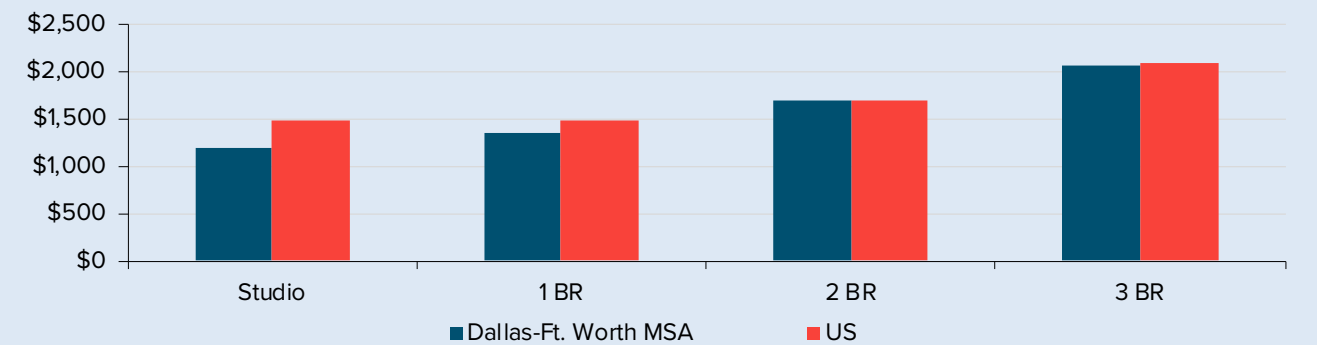
Year Built	Asking Rent	Occ. Rate
1800-1949	\$1,102	95.6%
1950-1969	\$1,160	91.7%
1970-1979	\$1,240	92.1%
1980-1989	\$1,291	91.3%
1990-1999	\$1,679	93.7%
2000-2019	\$1,907	93.9%
2020-2022	\$1,877	71.7%

*Includes Properties in Lease-Up

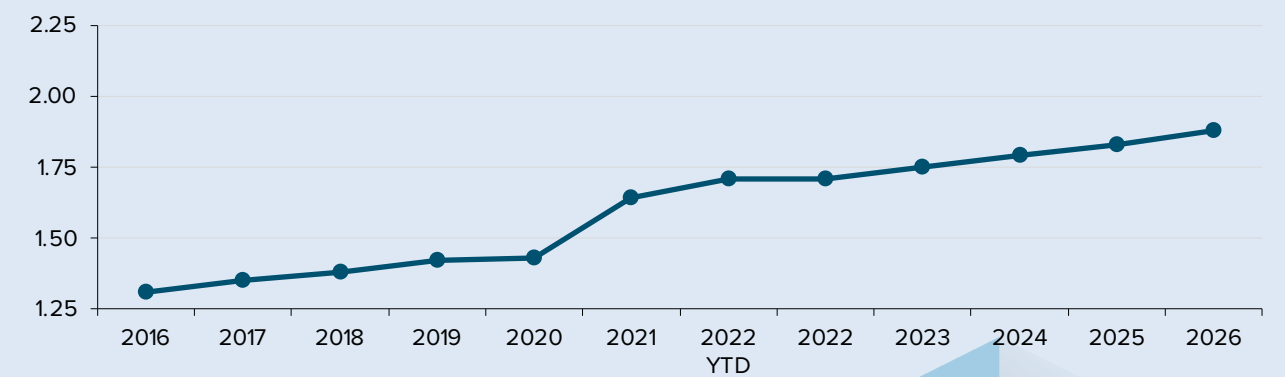
Average Rent / Vacancy



Asking Rent Comparison



Asking Rent / SF



Source: CoStar, GRE Research, *Projected

Multifamily Construction

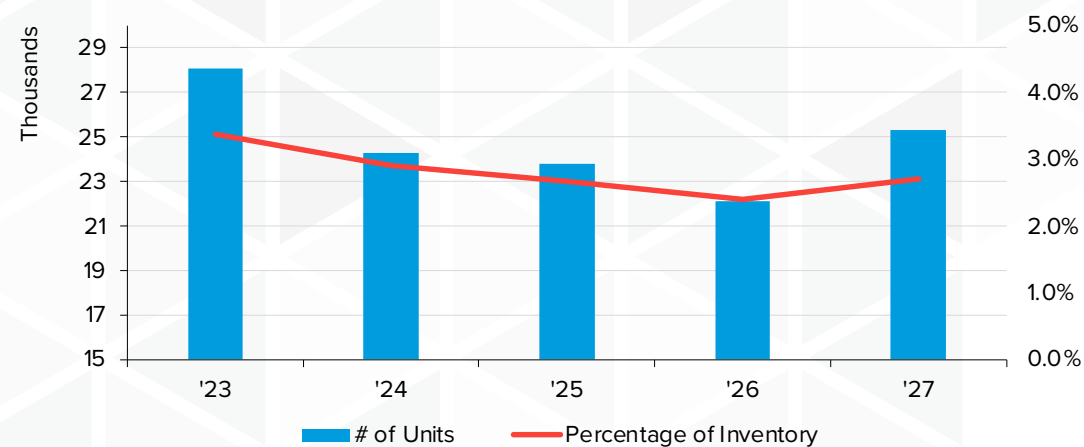
- Dallas lands as the Number 2 multifamily market in the nation for development activity with 23,906 completed units and 36,154 units in development, of which 28,665 units have broken ground. Northern Collin and Denton Counties represent the leading edge of demographic growth, with the Frisco/Prosper submarket reporting an increase in construction starts in the past year. Suburbs in Collin County have experienced some of the fastest population growth in the nation, and corporations are following suit. Construction demand will remain healthy in these areas in 2023.
- Construction activity in the Fort Worth area is expected to remain steady as renters continue to pursue lower-density suburban alternatives that offer more affordable rents.



28,039 New Units

2023 Expected Completions
24,256 New Units Will Follow in 2024

Supply & Demand Forecast

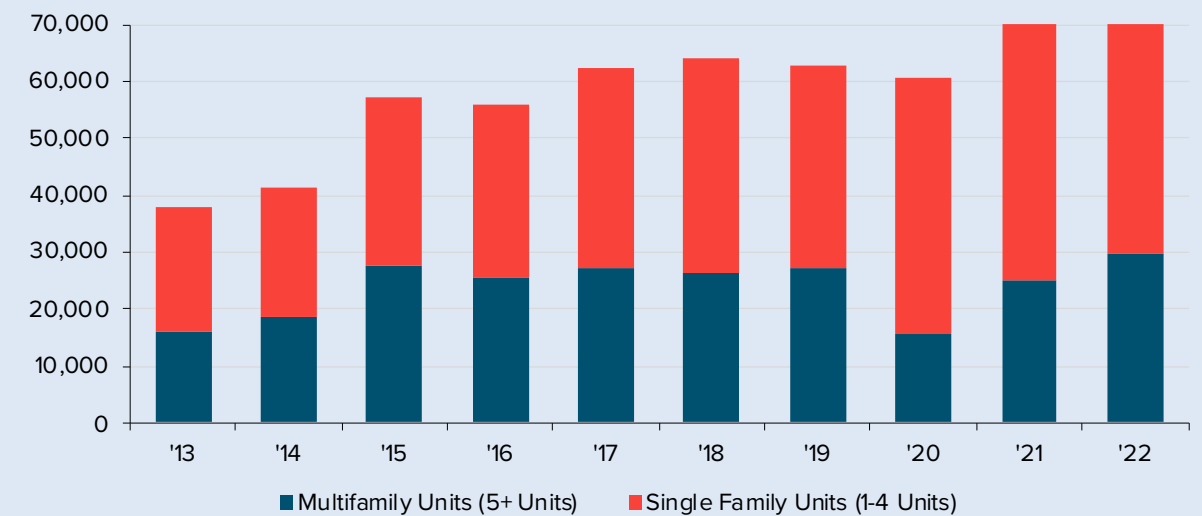


Source: YARDI, CoStar, All Figures are Annual Totals, *Projected

Permits

- Permit activity increased in the Dallas-Fort Worth apartment market in 2022 after slipping in 2020 during the pandemic, leading to leaner construction starts. While developers are still facing challenges with supply chain bottlenecks and construction material availability, construction levels are expected to rise in tandem with higher permitting levels.

Total Residential Building Permits



Source: U.S. Census, Texas A&M University Texas Real Estate Research Center, GREA Research, Multifamily Includes Condos



42,502
Single Family Permits
-20.5% YoY

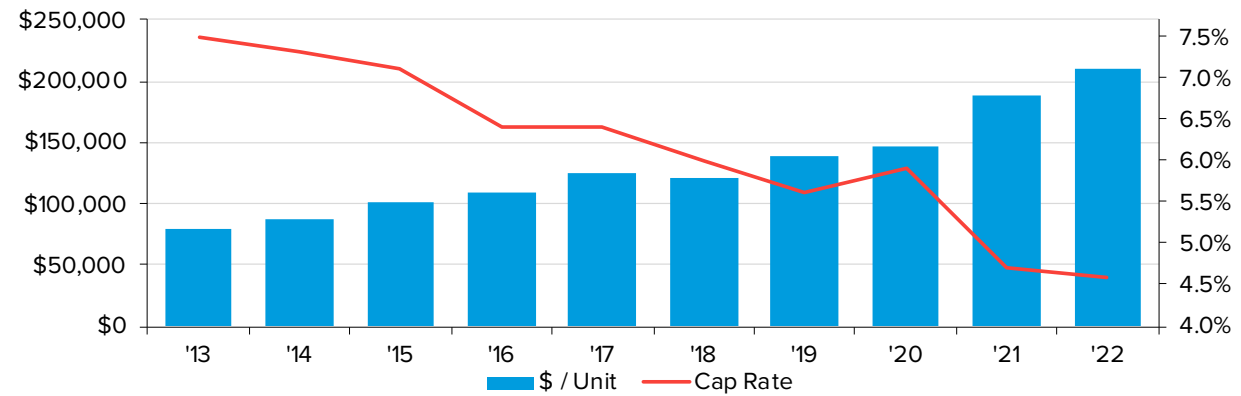
29,753
Multifamily Permits (5+ Units)
+17.9% YoY



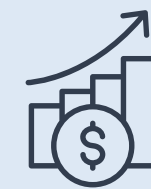
\$388K
Median Single Family Price
+5.7% YoY

Multifamily Sales

Average Sales PPU / Cap Rate



Source: CoStar

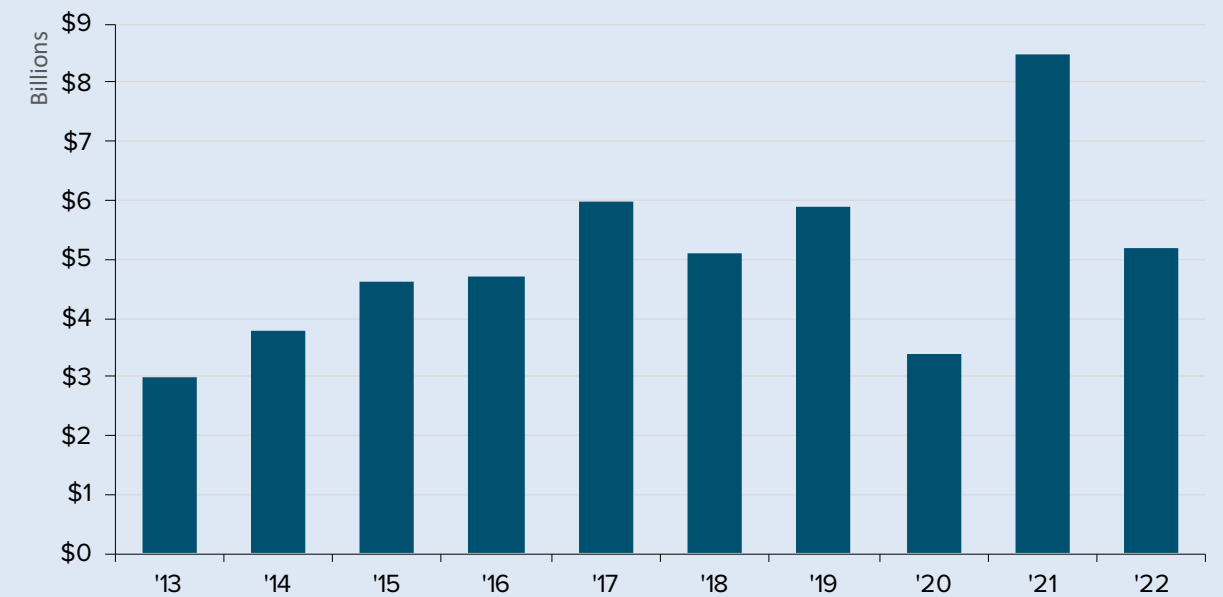


\$5.2B
Sales Volume



104,587
Total # Units Sold

Apartment Sales Transactions



Source: CoStar, GRE Research



\$210,049

Avg. Sold Price / Unit

+4.7% YoY



4.6%

Avg. Cap Rate

-40 bps YoY



- NOTE: With Texas being a nondisclosure state and cap rates among various asset classes differing so much; it appears that it's likely newer properties with lower cap rates reported more sales which isn't unusual in the DFW market. REITs are required to report their sales data, and they own a heavier share of the institutional assets. Broadly, we're seeing cap rates in the 4.5% - 6.5% range depending on the asset quality, location, and upside in NOI.

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Sources: GREAA Research; National Multifamily Housing Council; Yardi; CoStar

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