

# Multifamily Metro Outlook:

## Dallas - Q1 2024

### Overview:

- Job growth in the Dallas metro is continuing to expand at a rate much faster than that of the national average. For the period ending Q1 2024, job growth in the metro was approximately 2.3% compared to 1.7% nationally. The local job market is still expanding at an above-average pace; however, growth is no longer in the 4-5% range as it was during the peak of the metro's recovery.
- Apartment fundamentals this quarter are feeling the impacts of increased supply coupled with the current economic landscape. As a result of all those variables, vacancies during the Q1 2024 period have softened to 8.25%, down 25 bps from the previous quarter and 125 bps year-over-year. Furthermore, Dallas' rent growth has improved from contracting to flat as it was 0% during this same period and continues to be dampened by elevated levels of new supply. However, the metro does boast a demographic profile that should aid in absorption of increased supply.

### Market Strengths:

- Dallas has a very strong demographic profile that will help absorb some of the elevated amounts of supply being delivered. Besides an above average population rate for the prime renter cohort going forward, the metro also has an overall population growth rate of nearly 1.3%, which is nearly three times the national rate of 0.4%. Moreover, according to CoStar, the metro added 134,000 jobs in the past year, which grows the employment base by 3.2%, outpacing the national average of 2%.
- According to Moody's Analytics, Dallas will grow faster than the nation in 2024, as it is led by expansion in both the financial activities and professional business services employment sectors. Furthermore, the combination of corporate headquarter relocations, a burgeoning tech industry, and above-average population growth will all contribute to elevated levels of expansion compared to the national rate.
- Furthermore, the financial activities employment sector is expected to see high growth opportunities as one of the top employers in the metro, Wells Fargo, recently announced it will be building a new regional campus in Irving. Additionally, other financial activities employers continue to make investments in the metro such as Goldman Sachs, Comerica, and Frost Bank.

### Market Weaknesses:

- Despite above average job growth, Dallas continues to face issues of oversupply in both the for-rent and for-sale markets. According to Moody's Analytics, mortgage rates will remain above 6.5%, which will hamper demand and keep inventory on the market for longer.
- Even though the financial activities sector is still doing well despite the current economic environment, there are some aspects within the sector that are not performing as well as they previously had been. According to Moody's Analytics, the (mortgage) banking industry has taken a few steps back as the decline in mortgage lending continues to trend in the wrong direction as financing becomes more costly due to elevated rates and higher levels of inflation.

### New Development:

- Apartment construction continues to be torrid. Approximately 123,000 apartment units have been completed since the beginning of 2017. An additional 43,000 units are underway with an extra 44,000 units in the planning stages.

### Multifamily Outlook:

- Dallas' apartment fundamentals are currently being impacted by the current economic environment coupled with the increased amounts of supply being delivered. Due to the relative affordability in the metro, above-average employment growth, and presence of corporations that are moving or expanding into the metro, Dallas will continue to lure young professionals. Furthermore, a strong demographic profile should provide the demand necessary to absorb the incoming supply.

### Economic Outlook:

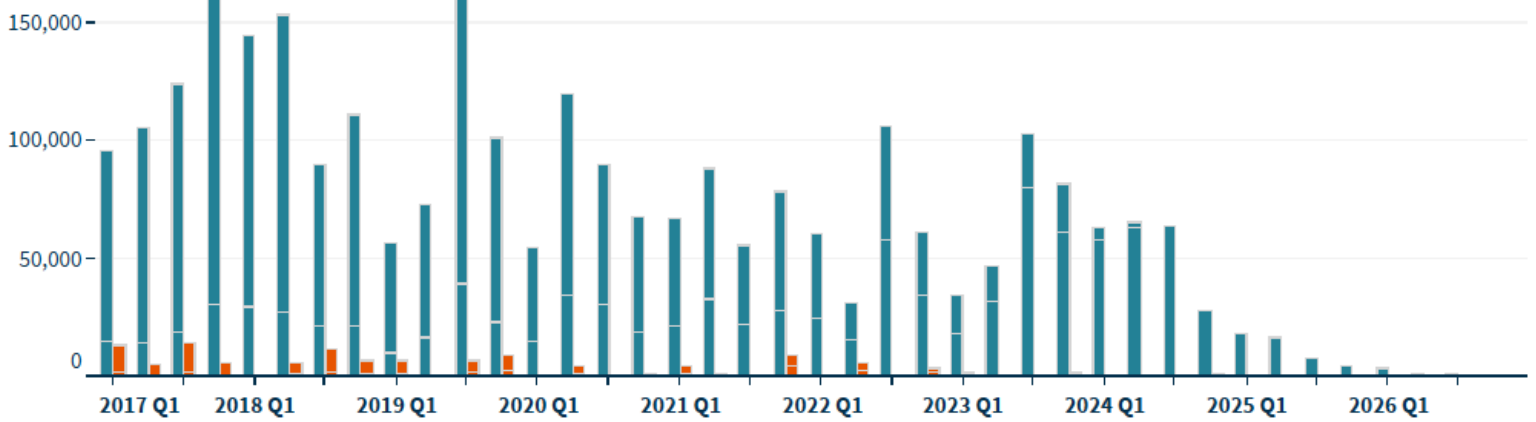
- Dallas had exceptional employment growth and steady migration trends over the past couple years with major gains across the board. A plethora of corporations are in the process of moving or expanding into the metro. Although the effects of inflation are beginning to slow down economic growth in the metro, particularly in banking segment of the financial activities sector, Dallas is well cushioned because of its diverse economy.



## Multifamily Apartment Pipeline

### Apartments & Condos/Townhomes: Units Completed and Underway

Apartments | Condos



Source: Dodge Data & Analytics SupplyTrack Pipeline

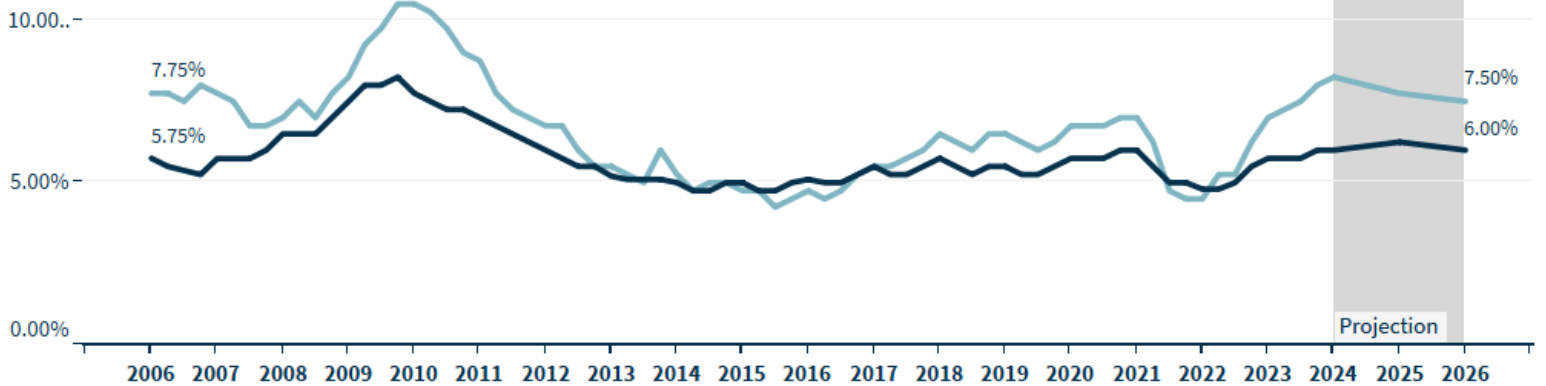
## Multifamily Vacancy & Rent Estimates

### Vacancy Rates

Dallas | National

Q1 2024 Vacancy Rate:

8.25%

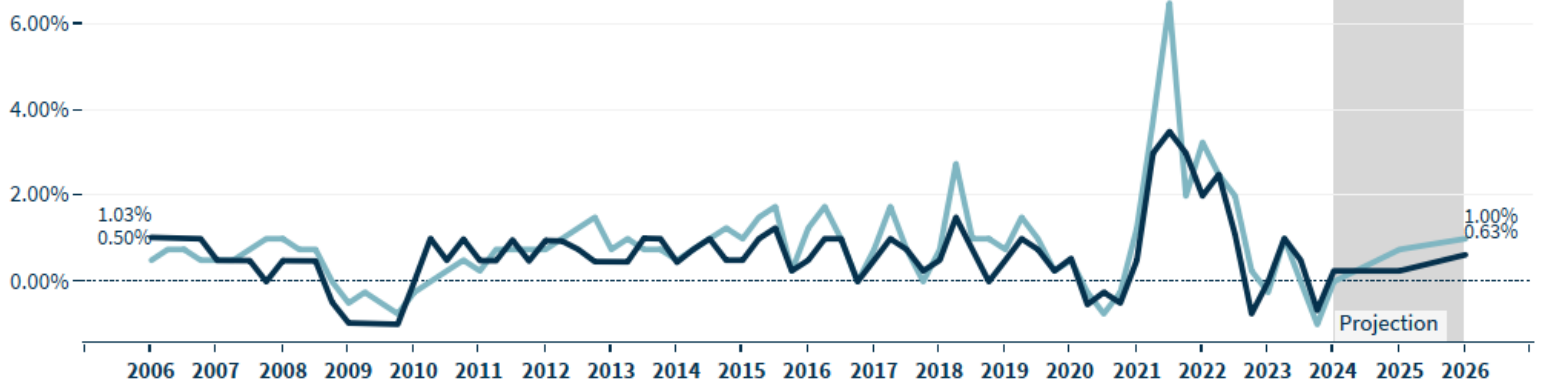


### Asking Rent Growth

Dallas | National

Q1 2024 Asking Rent:

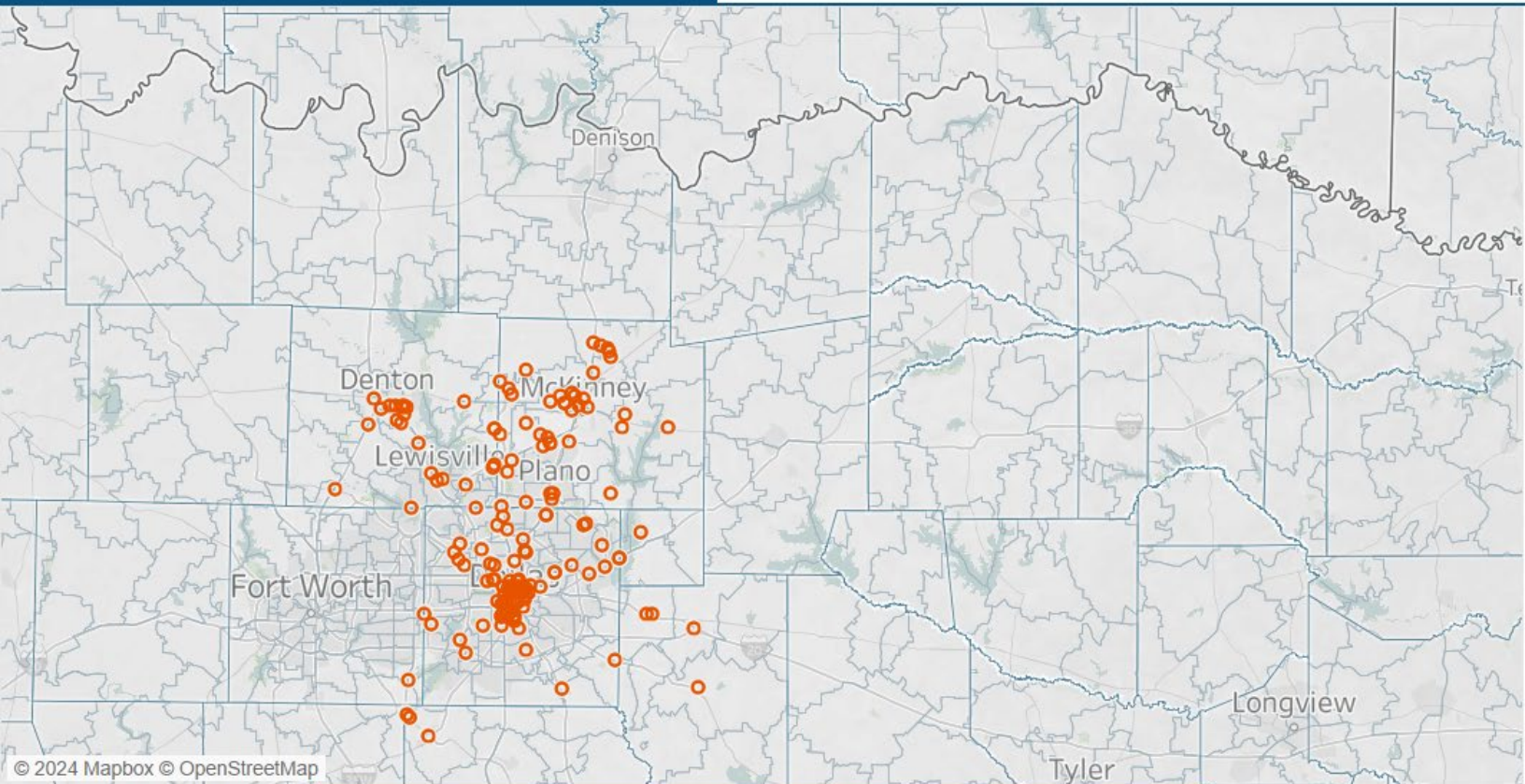
\$1,560



Source: Fannie Mae Multifamily Economics and Research



# Multifamily Construction: Bidding & Underway



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MultiHousingSubmarketName	Apartments	Units
Addison/Bent Tree	2	739
Allen/McKinney	25	7,643
Carrollton/Farmers Branch	1	436
Central/East Plano	4	1,469
Denton	12	3,501
East Dallas	5	655
Ellis County	3	869
Far East Dallas	2	612
Far North Dallas	1	334
Frisco	10	3,451
Garland	5	1,613
Grand Prairie	3	914
Intown Dallas	25	4,585
Kaufman County	5	1,676
Las Colinas/Coppell	3	919
Lewisville/Flower Mound	6	1,800
Love Field/Medical District	3	889
North Dallas	2	536
North Irving	1	370
North Oak Cliff/West Dallas	9	1,964
Northeast Dallas	2	828
Northwest Dallas	3	520
Oak Lawn/Park Cities	10	1,586
Richardson	2	768
Rockwall/Rowlett/Wylie	5	1,045
Southeast Dallas	4	740
Southwest Dallas	3	904
The Colony/Far North Carrollton	2	650
West Plano	2	502
Zang Triangle/Cedars/Fair Park	9	816
<b>Grand Total</b>	<b>169</b>	<b>43,334</b>

Source: Dodge Data & Analytics SupplyTrack Pipeline



## Multifamily: ESR Team

# Multifamily Metro Outlook: Dallas Q1 2024

## Multifamily Economics and Market Research Team

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### Sources Used

- Moody's Economy.com
- Moody's CRE/REIS
- CoStar
- Real Capital Analytics
- RealPage
- Greenstreet
- Dodge Data and Analytics SupplyTrack Pipeline
- CBRE-Econometric Advisors
- Yardi

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