

# Multifamily Metro Outlook:

## Dallas - Q3 2024

### Overview:

- Job growth in the Dallas metro is continuing to expand at a pace slightly ahead of the national average. For the period ending Q3 2024, job growth in the metro was approximately 1.5% compared to 1.4% 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 continue to feel the impacts of increased supply coupled with the current economic landscape. As a result of all those variables, vacancies during the Q3 2024 period remained at 8.5%, up 150 basis points year over year. Furthermore, Dallas's rent growth has also been trending in the wrong direction as it contracted 0.25% during the same period, as it continues to be impacted by elevated levels of new supply. Furthermore, the metro boasts a strong demographic profile that should aid in absorbing the 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 a general population growth rate of nearly 1.3%, which is nearly three times the national rate of 0.4%. Moreover, according to CoStar, the metro has added more than 450,000 jobs since March 2020, as the metro is the leading example of both economic and population growth in the country during this period.
- According to Moody's Analytics, Dallas will grow faster than the nation in 2024, led by expansion in both the financial activities and professional business services employment sectors. Furthermore, the combination of corporate headquarters relocations, a burgeoning tech industry, and above-average population growth will all contribute to elevated levels of job expansion compared to the national rate.
- The financial activities employment sector is expected to continue its role as a local economic leader. For the period ending Q3 2024, the employment sector expanded by approximately 3% compared to 0.6% nationally. Furthermore, despite payrolls in this sector being down slightly, payroll growth rates in Dallas are still nearly twice as high as the national averages, 1% vs 0.5%.

### Market Weaknesses:

- Despite above-average job growth, Dallas continues to face issues of oversupply. In the last seven years, nearly 138,000 new apartments have been delivered to the metro, and there are approximately 39,000 units underway.
- Even though the financial activities sector is still doing well despite the current economic environment, some aspects within the sector are not performing as well as they previously were. According to Moody's Analytics, the mortgage banking industry has taken a few steps back, as mortgage lending continues to trend in the wrong direction as financing becomes more costly while mortgage rates remain elevated despite the most recent interest rate cuts.

### New Development:

- Apartment construction continues to be rapid. Approximately 138,000 apartment units have been completed since the start of 2017. An additional 39,000 units are underway with 49,000 more units in the planning stages.

### Outlook:

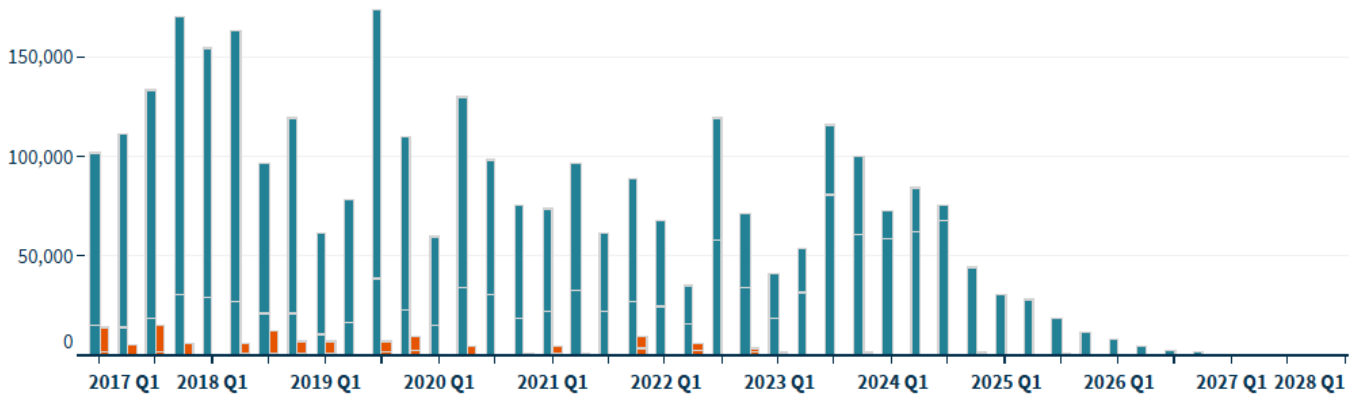
- Dallas's apartment fundamentals are being impacted by the current economic environment coupled with the increased amounts of supply being delivered. Due to the metro's relative affordability, above-average employment growth, and presence of corporations that are moving or expanding into the area, Dallas will likely continue to lure young professionals. Furthermore, a strong demographic profile should provide the demand necessary to absorb the incoming supply.
- Dallas had exceptional employment growth and steady migration trends over the past couple years, with major gains across the board. Several 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 the 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

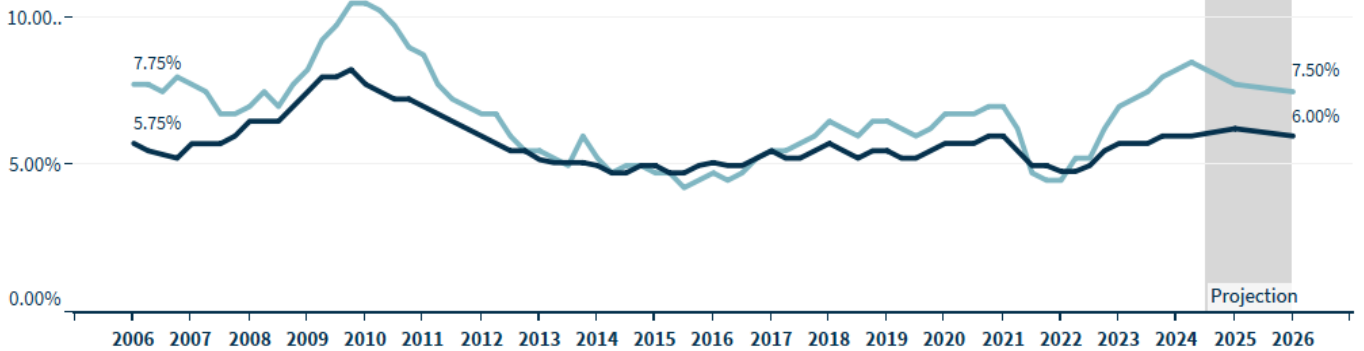
## Multifamily Vacancy & Rent Estimates

### Vacancy Rates

Dallas | National

Q3 2024 Vacancy Rate:

8.50%



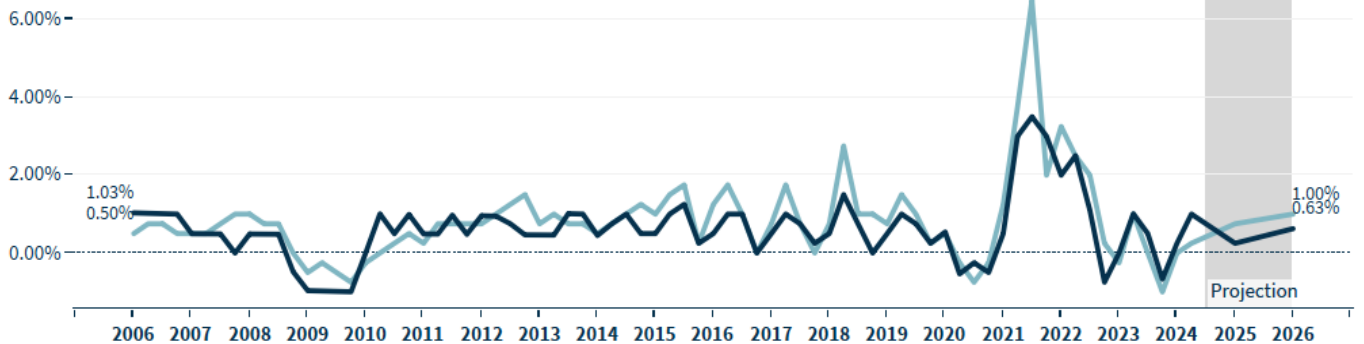
Projection

### Asking Rent Growth

Dallas | National

Q3 2024 Asking Rent:

\$1,570

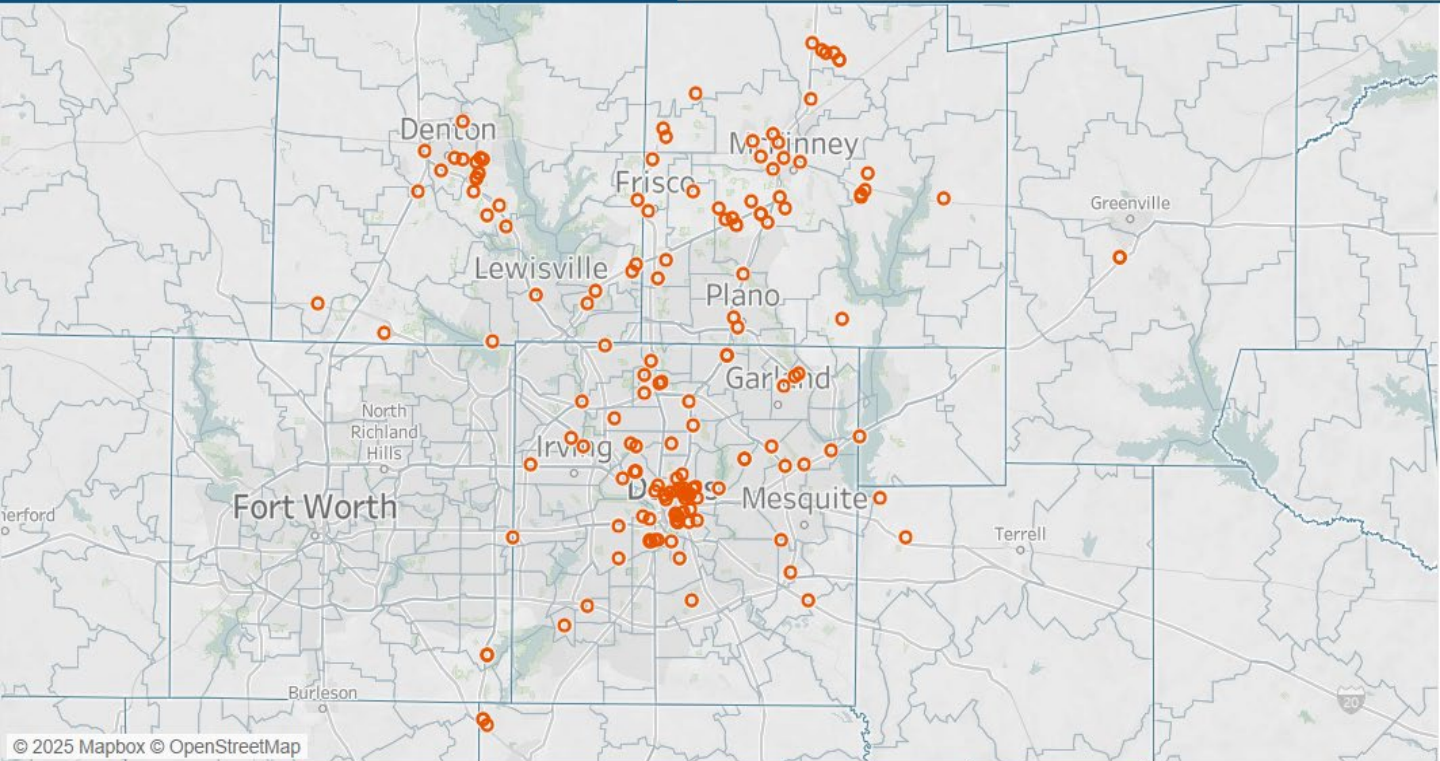


Projection

Source: Fannie Mae Multifamily Economics and Research



# Multifamily Construction: Bidding & Underway



<b>MultiHousingSubmarketName</b>	<b>Apartments</b>	<b>Units</b>
Addison/Bent Tree	4	1,258
Allen/McKinney	30	8,977
Carrollton/Farmers Branch	2	586
Central/East Plano	3	627
Denton	16	4,391
East Dallas	5	650
Ellis County	3	860
Far East Dallas	2	612
Frisco	8	2,680
Garland	6	1,613
Grand Prairie	3	994
Hunt County	2	566
Intown Dallas	15	2,239
Kaufman County	2	339
Las Colinas/Coppell	1	275
Lewisville/Flower Mound	5	1,279
Love Field/Medical District	4	539
Mesquite	2	576
North Dallas	2	536
North Irving	1	370
North Oak Cliff/West Dallas	8	1,327
Northeast Dallas	1	475
Northwest Dallas	3	520
Oak Lawn/Park Cities	7	1,276
Richardson	2	768
Rockwall/Rowlett/Wylie	2	355
South Irving	1	26
Southeast Dallas	4	574
Southern Dallas County	1	541
Southwest Dallas	1	360
The Colony/Far North Carrollton	3	1,031
West Plano	2	502
Zang Triangle/Cedars/Fair Park	8	630
<b>Grand Total</b>	<b>159</b>	<b>38,352</b>

Source: Dodge Data & Analytics SupplyTrack Pipeline



## Multifamily: ESR Team

# Multifamily Metro Outlook: Dallas Q3 2024

## Multifamily Economics and Market Research Team

Francisco Nicco-Annan, Economic and Strategic Research

### Sources Used

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

*Opinions, analyses, estimates, forecasts, and other views of Fannie Mae's Economic and Strategic Research (ESR) Group included in these materials should not be construed as indicating Fannie Mae's business prospects or expected results, are based on a number of assumptions, and are subject to change without notice. How this information affects Fannie Mae will depend on many factors. Although the ESR Group bases its opinions, analyses, estimates, forecasts, and other views on information it considers reliable, it does not guarantee that the information provided in these materials is accurate, current, or suitable for any particular purpose. Changes in the assumptions or the information underlying these views could produce materially different results. The analyses, opinions, estimates, forecasts, and other views published by the ESR Group represent the views of that group as of the date indicated and do not necessarily represent the views of Fannie Mae or its management.*