

Metro Housing Outlook:

Dallas - Q2 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 Q2 2024, job growth in the metro was approximately 1.7% compared to 1.6% 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 Q2 2024 period have softened to 8.5%, up 25 basis points from the previous quarter and 150 basis points year over year. Furthermore, Dallas's rent growth has improved slightly and increased to 0.25% during this same period, however it continues to be dampened by elevated levels of new supply. Furthermore, the metro boasts a 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 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, 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 Q2 2024, the employment sector expanded by approximately 1.7% compared to 0.4% 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 133,000 new apartments have been delivered to the metro, and as of Q2 2024 there are more than 94,000 active (single-family) listings in the metro.
- 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 the decline in mortgage lending continues to trend in the wrong direction and financing becomes more costly due to elevated rates and higher levels of inflation.

Outlook:

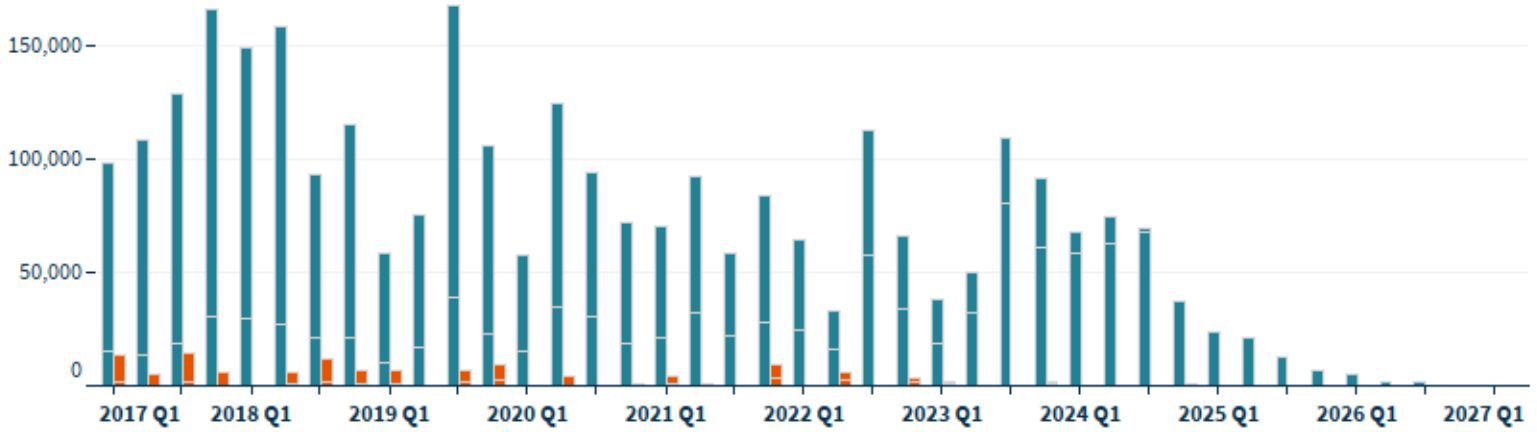
- Dallas's apartment fundamentals are being impacted by the current economic environment coupled with the increased amounts of supply being delivered. Due to the metro's relative affordability, above-average employment growth, and presence of corporations that are moving or expanding into the area, Dallas will 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 last couple years, with major gains across the board. Several corporations are in the process of moving to or expanding in 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

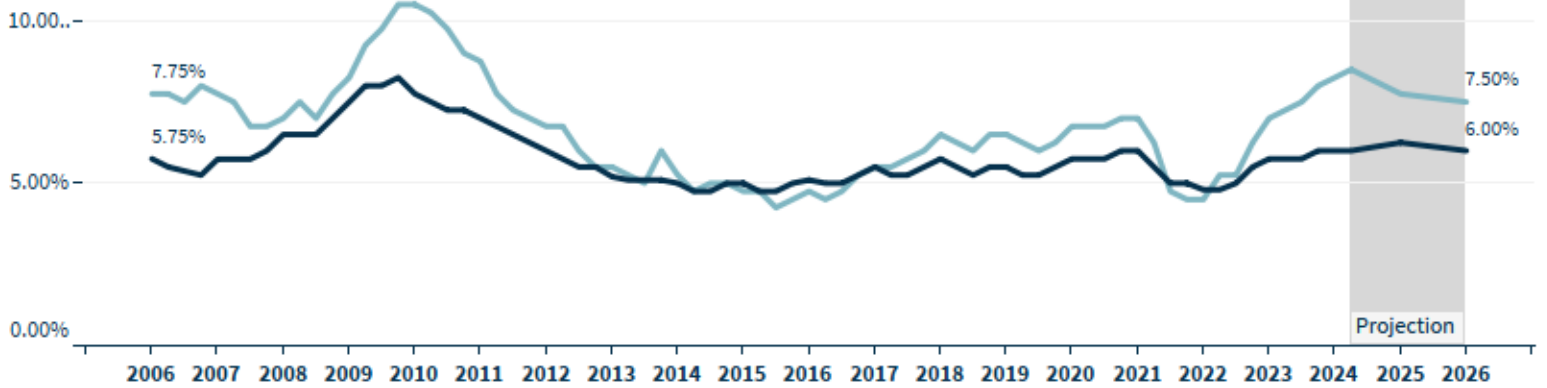
Multifamily Vacancy & Rent Estimates

Vacancy Rates

Dallas | National

Q2 2024 Vacancy Rate:

8.50%

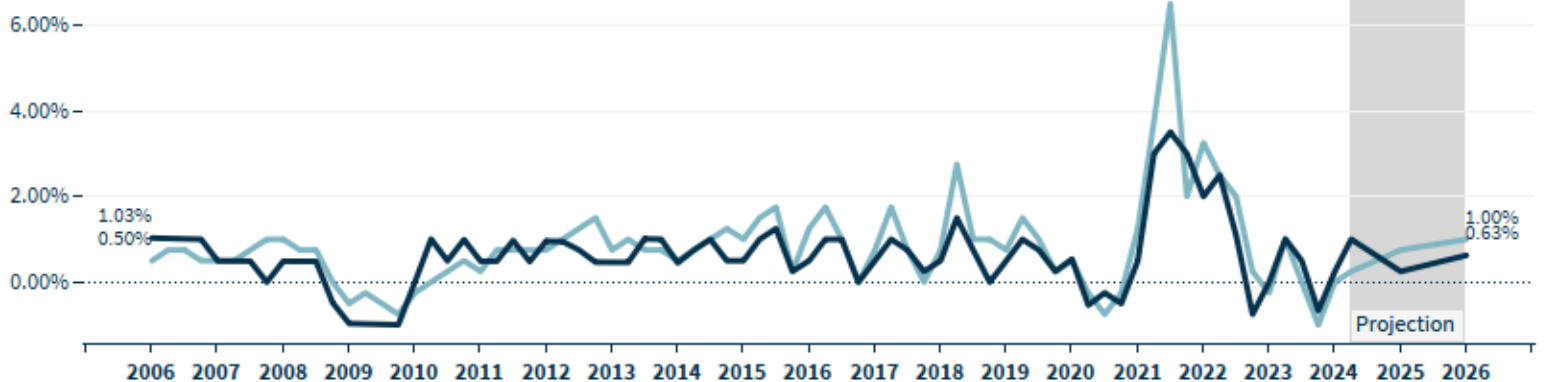


Asking Rent Growth

Dallas | National

Q2 2024 Asking Rent:

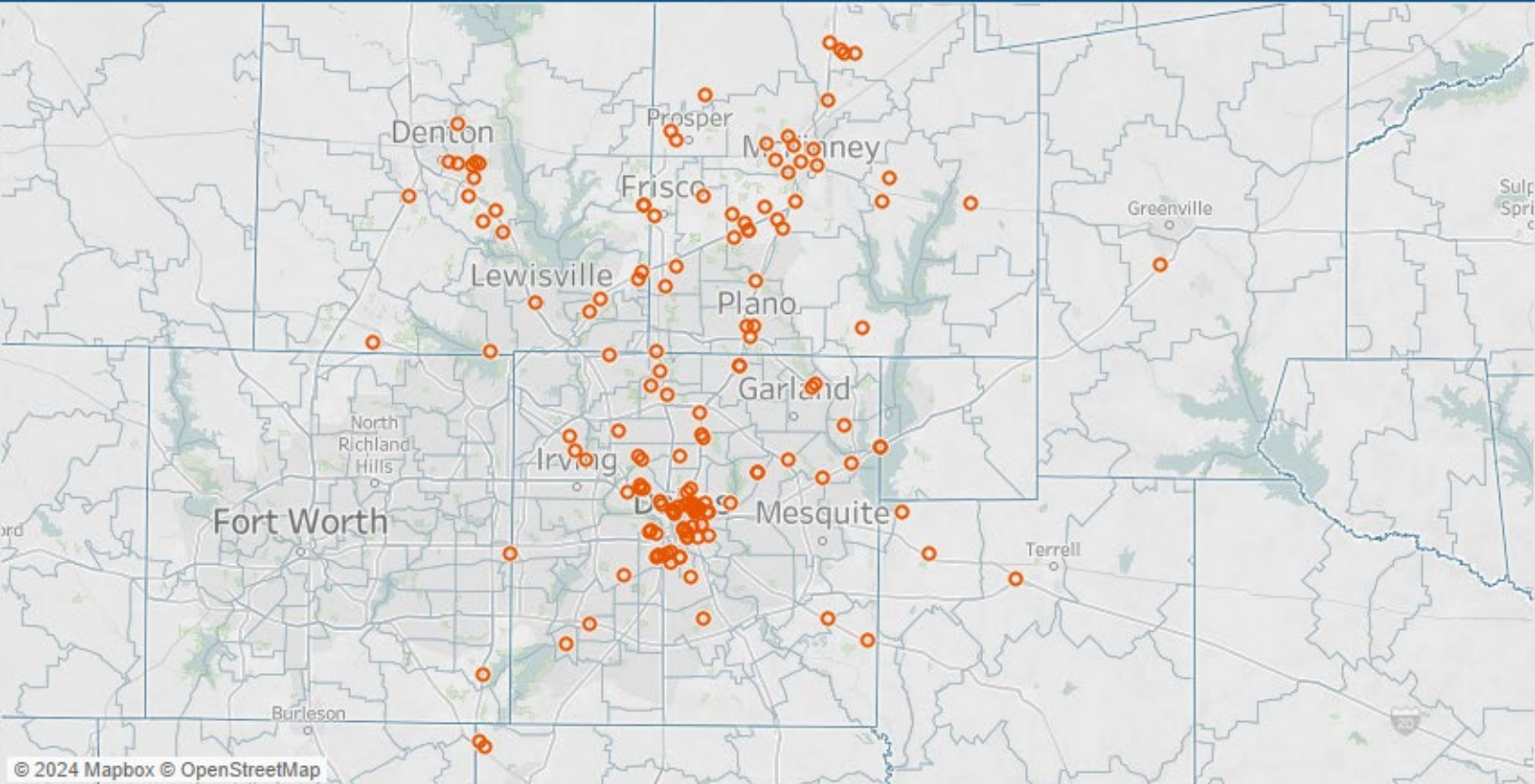
\$1,560



Source: Fannie Mae Multifamily Economics and Research



Multifamily Construction: Bidding & Underway



MultiHousingSubmarketName	Apartments	Units
Addison/Bent Tree	2	739
Allen/McKinney	25	7,750
Carrollton/Farmers Branch	1	436
Central/East Plano	4	897
Denton	11	3,280
East Dallas	5	656
Ellis County	2	557
Far East Dallas	2	612
Far North Dallas	1	334
Frisco	8	2,881
Garland	5	1,613
Grand Prairie	2	642
Hunt County	1	300
Intown Dallas	19	2,631
Kaufman County	4	1,081
Las Colinas/Coppell	2	639
Lewisville/Flower Mound	4	824
Love Field/Medical District	4	939
North Dallas	2	536
North Irving	1	370
North Oak Cliff/West Dallas	8	1,658
Northeast Dallas	2	828
Northwest Dallas	3	520
Oak Lawn/Park Cities	7	1,287
Richardson	2	768
Rockwall/Rowlett/Wylie	4	782
Southeast Dallas	3	671
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	9	451
Grand Total	150	37,116

Source: Dodge Data & Analytics SupplyTrack Pipeline



Multifamily: ESR Team

Multifamily Metro Outlook: Dallas Q2 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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