



## Multifamily Metro Outlook: Dallas Spring 2019

### Overview

The Dallas-Fort Worth metro continues to expand, driven by healthy fundamentals, strong in-migration, a diversified economy and strong job growth. The metro added over 88,000 jobs year-over-year and as of Q4 2018, it had expanded by 2.8 percent, exceeding the national rate of 1.8 percent.

The apartment supply in the Dallas/Fort Worth metro area will continue to thrive. There are approximately 33,000 units in the planning stages and an additional 28,000 units underway. However, the robust growth in supply should not present too much of an issue. According to Moody's Analytics, the prime renter cohort population in the metro (ages 20-34) is expected to expand by 1.7 percent through 2023. The young demographic, healthy economy, and strong job growth should continue to keep demand high over the forecast.

Dallas has emerged as the financial capital of the Southwest and also accounts for nearly 8 percent of all the financial services jobs in the region. Moody's Analytics attributes the financial services industry's emergence to the exceptional performance of the housing market and the high-profile relocations and expansion of employers such as State Farm, Liberty Mutual, Toyota, JPMorgan Chase, and Fannie Mae.

Dallas does not receive much recognition for the presence of a local tech industry, but according to Moody's Analytics Dallas has twice as many tech jobs as Austin. As of Q4 2018, the tech/information sector in Dallas had expanded by 1.10 percent, compared to 0.3 percent nationally.

There is a lot of supply coming to the Dallas-Fort Worth metro area within the next two years. Combined, apartments underway and those in planning stages are expected to bring an additional 58,000 units to the metro. Typically, any increase in supply over 2 percent is considered abundant, and Dallas' metro has approximately 5.30 percent of their supply underway. The potential for oversupply is something to keep an eye on over the next few quarters, especially as the vacancy rate has inched up recently.

### Development

Apartment construction continues to be torrid. Approximately 80,000 apartment units have been completed since the beginning of 2013. An additional 28,000 units are underway.

Since the beginning of 2006, nearly 14,000 condo units were completed. Fewer than 500 are underway and expected through 2020.

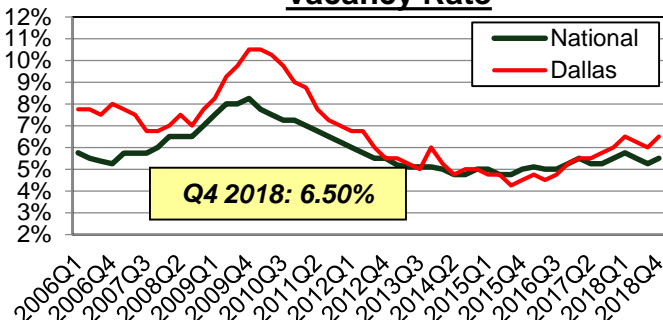
### Outlook

Dallas' economy continues to expand. As job growth increases, Dallas will benefit from strong (positive) net migration trends. Improvement in the single-family market is a viable threat to the rental market, however, the metro has one of the highest proportions of residents in the prime renter cohort (aged 20-34), which should keep renter demand strong as new residents come to the area.

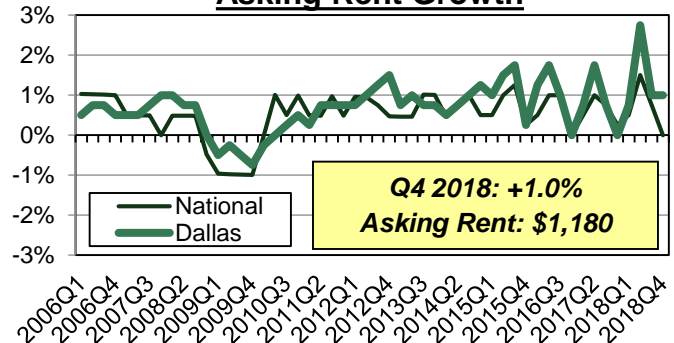
Over the long term, apartment supply should remain on pace with demand due to favorable demographics driven by Dallas' healthy economy, strong in-migration trends, and healthy amounts of new supply. Affordable housing and potential oversupply are things to keep track of as they could hinder the metro's expansion.

## Vacancy and Rent Composite Estimates

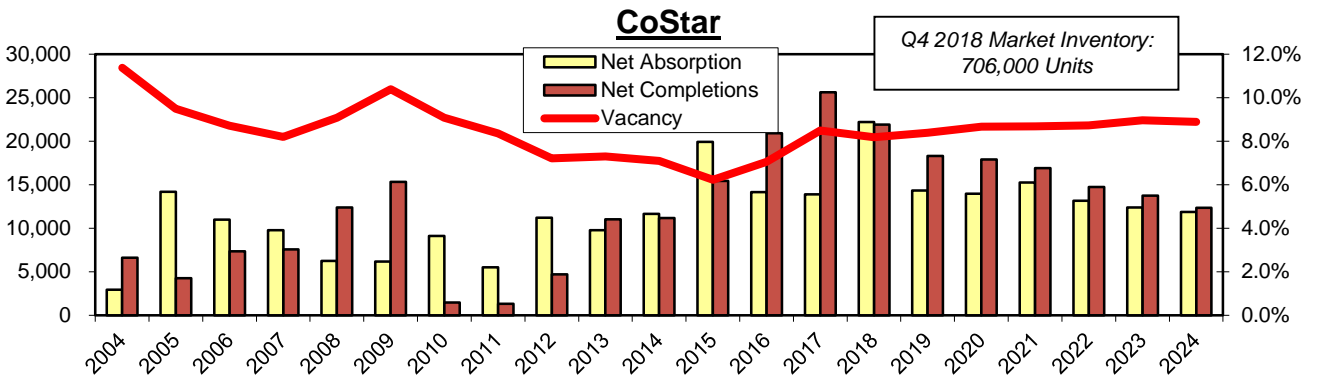
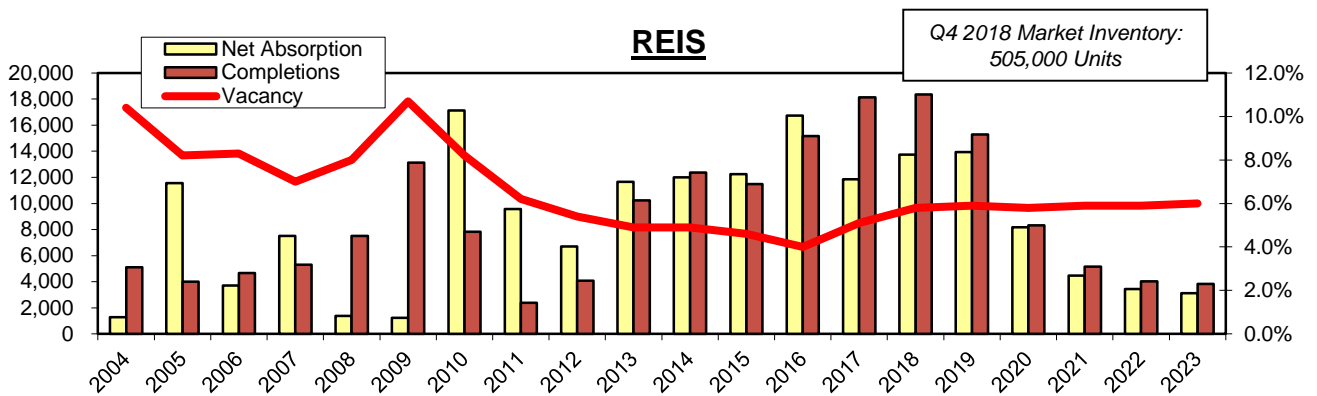
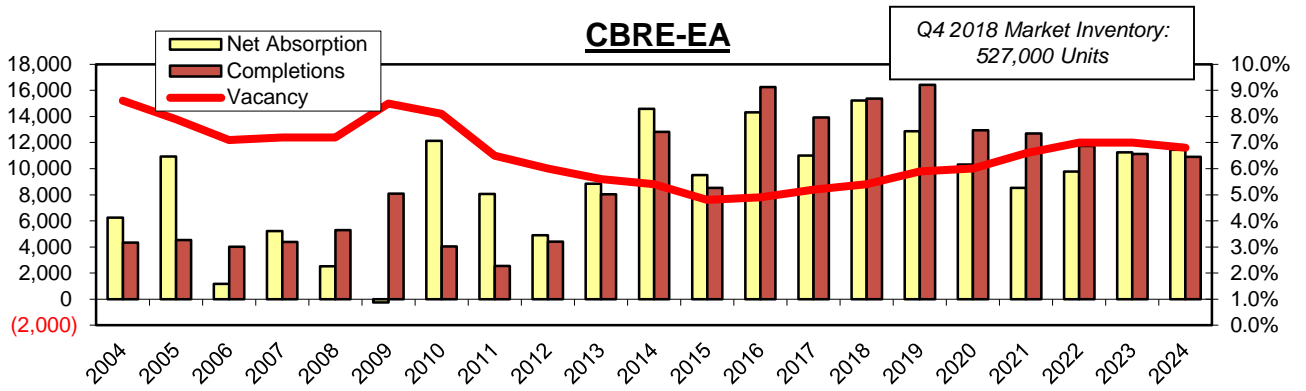
### Vacancy Rate



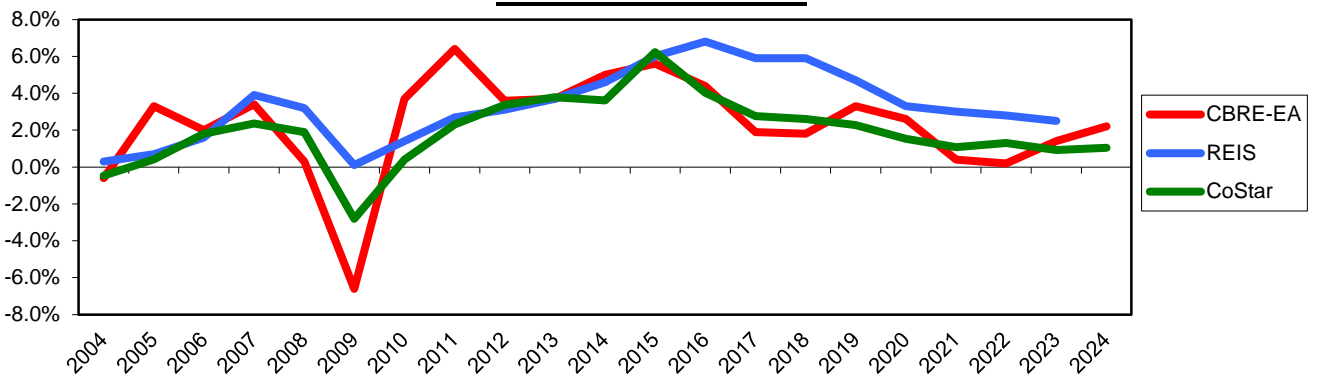
### Asking Rent Growth



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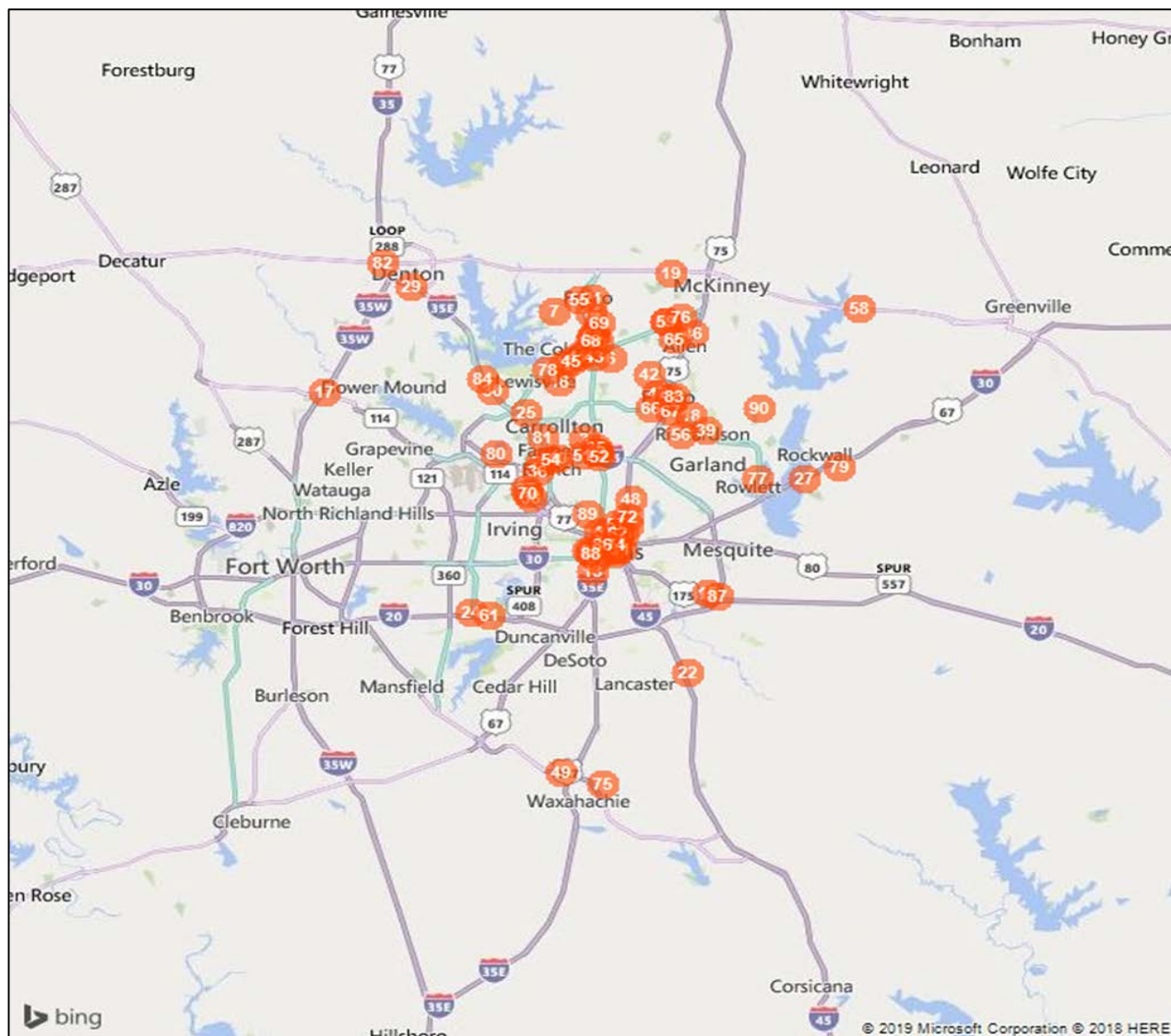


## Annual Rent Growth



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**Construction Bidding/Underway**  
**90 projects/28,800 Units/35.0 M Sq. Feet**



CBRE-EA Submarket	Number of Projects	Total Sq Ft (000's)	Total Units	CBRE-EA Submarket	Number of Projects	Total Sq Ft (000's)	Total Units
Carrollton/Addison/Coppell	2	541	565	North White Rock	1	634	314
Central Dallas	8	3826	2467	Northwest	3	950	978
Collin County/Other	1	76	80	Oaklawn	2	957	650
Denton County/Other	5	1612	1265	Plano/Allen/McKinney	20	8285	6712
East Dallas	7	2912	2199	Richardson	5	1933	1763
Ellis County	2	460	353	Rockwall County	2	558	576
Far North	2	789	633	South	1	70	103
Far Northwest/Farmers Branch	7	3120	2710	South County	1	250	240
Garland	2	700	812	Southeast Dallas	1	350	340
Grand Prairie	2	604	603	Southwest Dallas	3	834	831
Lewisville	8	3347	2834				
Mesquite/Seagoville	1	301	221				
North Irving	4	1860	1525				

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## Fannie Mae Multifamily Economics and Market Research

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### Sources Used

- AxioMetrics
- CBRE-Econometric Advisors
- Bureau of Labor Statistics
- Census Bureau
- CoStar
- Dodge Data & Analytics
- Moody's Analytics
- Real Capital Analytics
- Reis, Inc.

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