



MULTIFAMILY REPORT

Dallas: Attracting Investors

Fall 2021

Rent Growth Outperforms Nation

Transaction Volume Marks All-Time High

Construction Pipeline Robust, Deliveries Soften



DALLAS MULTIFAMILY



Investor Competition Propels Property Values

Dallas-Fort Worth's multifamily market continued its upward trajectory, bolstered by a robust economy that continued to attract companies from higher-cost markets. This went hand in hand with accelerating in-migration, which increased rental demand. Rates continued to grow, up by 1.8% on a trailing three-month basis through September, to \$1,388. Bucking decade-long trends, the Lifestyle segment led both rent gains and occupancy.

Unemployment improved to 4.7% in August, outperforming the 5.9% Texas rate and the 5.2% U.S. figure. The employment market posted the third consecutive month of year-over-year growth, adding 211,100 jobs in the 12 months ending in July, for a 3.5% expansion, 100 basis points above the U.S. rate. Leisure and hospitality led gains, up by 66,900 jobs, or 21.3%. Despite the relatively robust overall economy, growth began moderating due to supply chain disruptions and staffing shortages, aggravated by the summer resurgence of COVID-19.

High material costs and labor shortages softened deliveries, with developers bringing online just 14,509 units in 2021 through September. However, nearly 50,000 units were under construction at the end of the third quarter, the country's largest pipeline by far. Meanwhile, transactions hit an all-time high, with volume reaching \$7.8 billion based on a price per unit that rose to \$156,675.

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Recent Dallas Transactions

8500 Harwood



City: North Richland Hills, Texas
Buyer: S2 Residential
Purchase Price: \$123 MM
Price per Unit: \$147,625

La Mirada



City: Richardson, Texas
Buyer: CAF Capital Partners
Purchase Price: \$95 MM
Price per Unit: \$152,628