



MULTIFAMILY REPORT

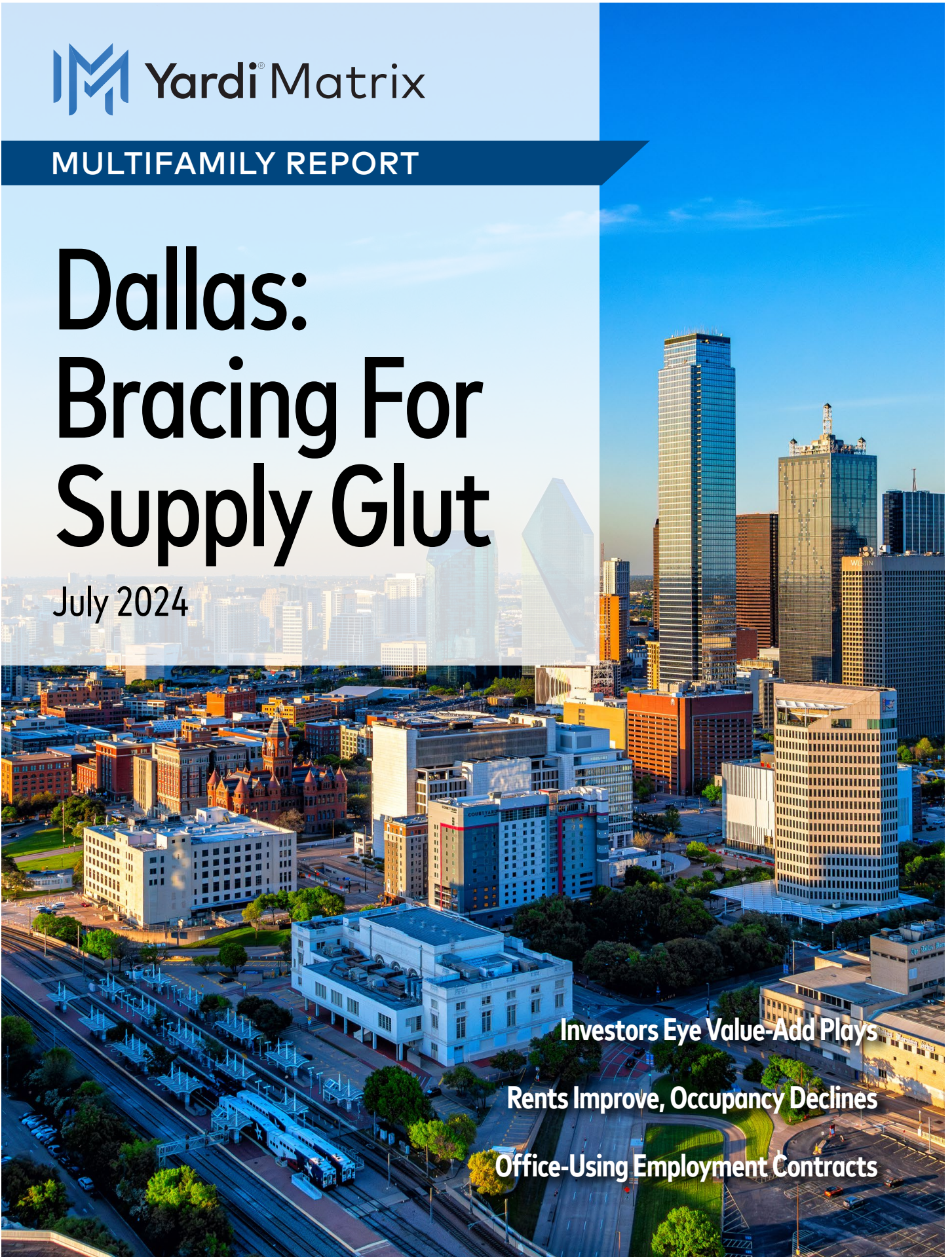
Dallas: Bracing For Supply Glut

July 2024

Investors Eye Value-Add Plays

Rents Improve, Occupancy Declines

Office-Using Employment Contracts



DALLAS MULTIFAMILY



Supply Wave Hits Occupancy

Dallas-Fort Worth's multifamily market stood on steady ground in the middle of the second quarter. Advertised asking rents picked up after nine months of flat or negative performance, improving 0.2% on a trailing three-month basis through May, to \$1,540, while the U.S. average rose 0.3%, to \$1,733. Yet the high volume of units slated for delivery in 2024 will likely curb further growth and will also impact occupancy, which is already below 93.0% as of April.

In the 12 months ending in March, DFW employment posted a 2.0% expansion, gaining 65,800 net jobs and outperforming the 1.4% national rate. Meanwhile, the unemployment rate clocked in at 3.4% in April, faring better than the U.S. (3.9%) and the state (4.0%), according to the Bureau of Labor Statistics. Not all sectors expanded, with professional and business services and information losing 5,100 jobs combined in the 12 months ending in March. However, as of April, the metro had 4.9 million square feet of office space under construction. Government and education and health services led job gains, accounting for half of the positions added during the period.

Developers delivered 7,947 units in 2024 through May, all in upscale projects. The under-construction pipeline totaled 63,975 units, with record supply forecast for the year. Meanwhile, transactions remained tepid, amounting to just \$586 million, with the average per-unit price down 19.6% year-to-date, to \$123,965.

Market Analysis | July 2024

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Recent Dallas Transactions

The James at Canyon Creek



City: Richardson, Texas
Buyer: Cantor Fitzgerald
Purchase Price: \$79 MM
Price per Unit: \$190,843

Domain at Midtown Park



City: Dallas
Buyer: Waterford Property Co.
Purchase Price: \$62 MM
Price per Unit: \$157,806

Rise Fossil Creek



City: Haltom City, Texas
Buyer: Rise48 Equity
Purchase Price: \$45 MM
Price per Unit: \$154,931

Larkin Apartment Homes



City: McKinney, Texas
Buyer: Ashland Greene Capital
Purchase Price: \$40 MM
Price per Unit: \$168,000