

DALLAS-FORT WORTH, TX

MULTIFAMILY

REPORT

2023 | MIDYEAR



BERKADIA[®]
INSTITUTIONAL SOLUTIONS



Jobs Added / Lost

LAST 12 MONTHS

161,800

↑ 4.0%

NEXT 12 MONTHS*

49,500

↑ 1.2%

Unemployment

MIDYEAR 2023

3.7%

↑ 30 BPS YOY

MIDYEAR 2024*

3.6%

↓ 10 BPS YOY

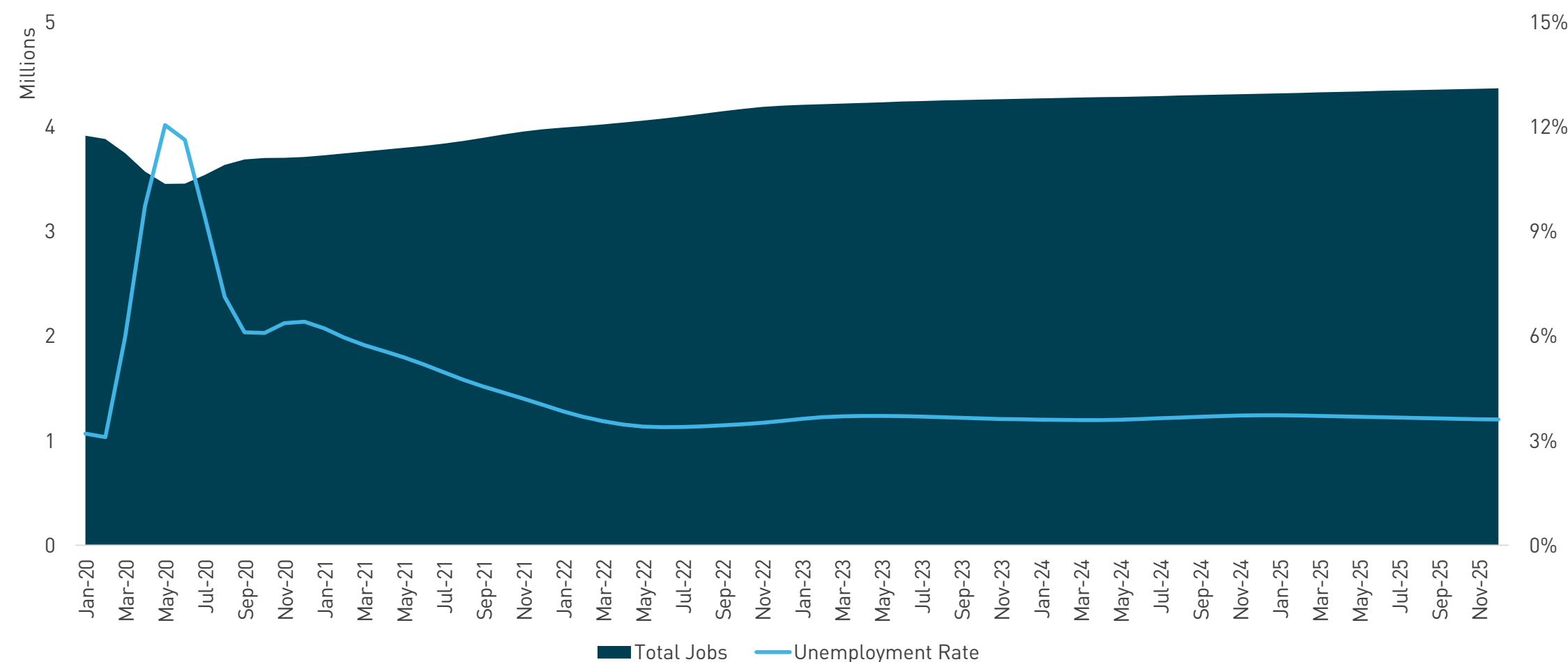
*Projected

DALLAS-FORT WORTH, TX EMPLOYMENT

Dallas-Fort Worth outpaced the nation with the largest percent increase of non-seasonally adjusted nonfarm jobs added in 2022 and is expected to outpace the rest of the U.S. for the next five years thanks to space availability, competitive corporate incentives, and equitable cost of living. In the 12 months leading to June 2023, employers added 161,800 jobs, which increased employment 4.0%. However, only 0.9% of new jobs came during the first half of 2023, and the deaccelerated pace of hiring increased the unemployment rate by 30 -basis points year -over -year to 3.7%. Businesses in metro’s perennial power sector, professional and business services, added the most jobs over the past 12 months at 33,000 positions.

During this period, the metro welcomed 27 corporate relocations, including the headquarters for Fortune 500 company, Caterpillar. The trade, transportation, and utilities sector followed with 28,300 new jobs. Projections show this sector will overtake the professional and business services industry for job creation over the next 12 months as distributors like Nike, Inc. in south Dallas County and Target in North Fort Worth claim space near growing consumer pockets. This could shift employment growth to the suburban perimeters of Dallas and Fort Worth and function as a catalyst for new development, mimicking the way the AllianceTexas development helped develop the Northern perimeters of Fort Worth.

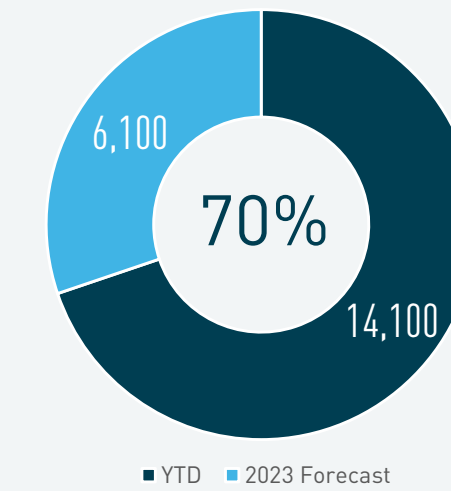
Employment Trends



Source: Moody's Analytics

Who's Hiring?

TRADE, TRANSPORTATION, & UTILITIES INDUSTRY



22%
OF ALL JOBS IN THE METRO

\$44,900
AVERAGE ANNUAL SALARY

Top Trade, Transportation, & Utilities Employers



In The News

- Carhartt distribution center adding 500 jobs to Fort Worth in 2024
- DFW International Airport adding thousands of jobs in expansion
- Walmart hiring 500 people to staff warehouse in Lancaster



DALLAS-FORT WORTH, TX DELIVERIES & ABSORPTION

2023 Units*

DELIVERIES

34,166

ABSORPTION

25,365

2024 Units*

DELIVERIES

45,673

ABSORPTION

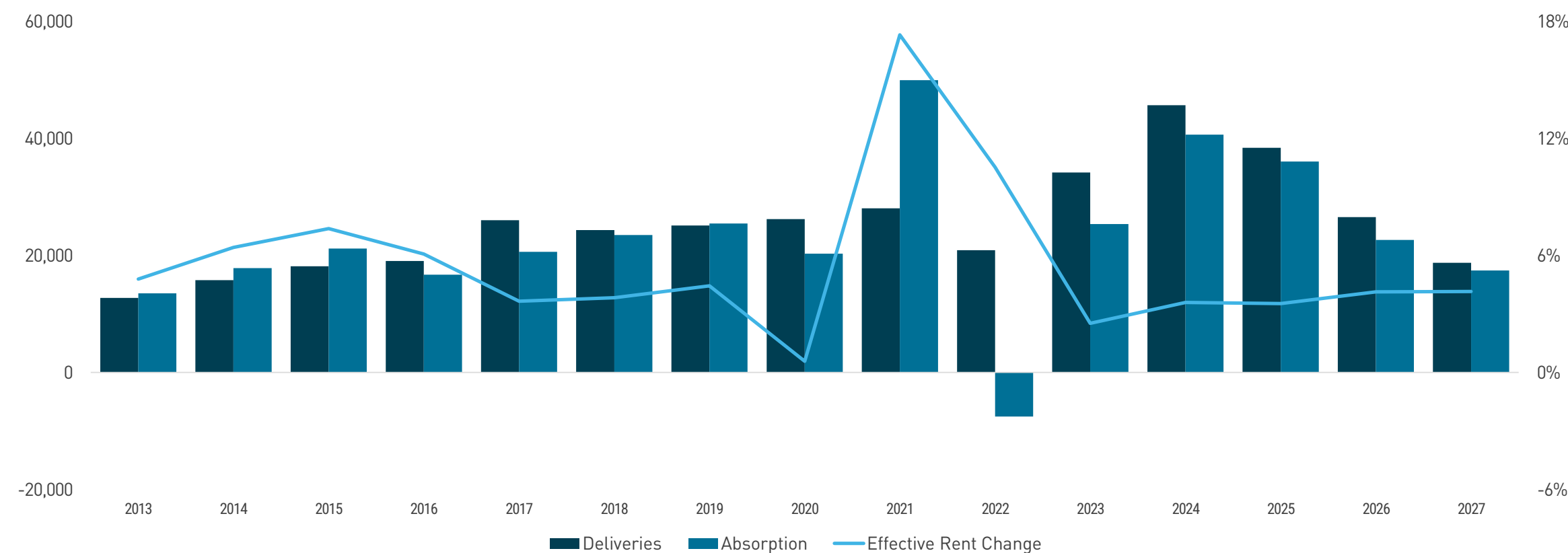
40,631

*Projected

Dallas-Fort Worth continued its upward trajectory of development that started in 2018. The metro has the top multifamily pipeline in the nation, with 96,255 units in the construction/lease-up phase as mid-2023. During the first half of 2023, 13,121 units came online, which is roughly 54% of the total number of units delivered over the past 12 months. This signaled an increased rate of development this year, with 2023 bringing nearly 34,170 units to market. The projected number of units that will deliver during 2023 is at least 19.6% greater than any other year since 2012. Inventory growth was more heavily focused in the outer suburban areas of both Dallas and Fort Worth where space is still ample. Leasing activity was weak over the

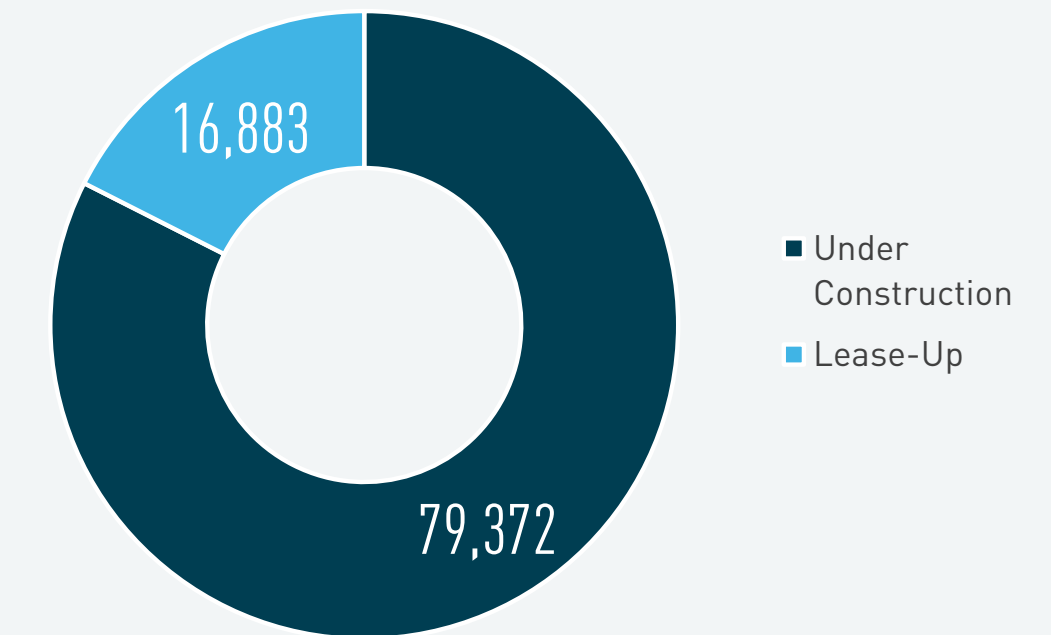
past four quarters, but the second quarter of 2023 marked the start of a considerable upswing in net move-ins with 5,726 apartments occupied, which brought the net total for the first half of 2023 to 5,584. This positive trajectory should continue through the rest of the year, closing the fourth quarter with 25,365 net move-ins. Renter interest will stay elevated until mid-2024, a result of the declining number of single-family homes under construction and sky-high interest rates giving pause to anyone considering home ownership over renting.

Deliveries, Absorption, & Effective Rent Change

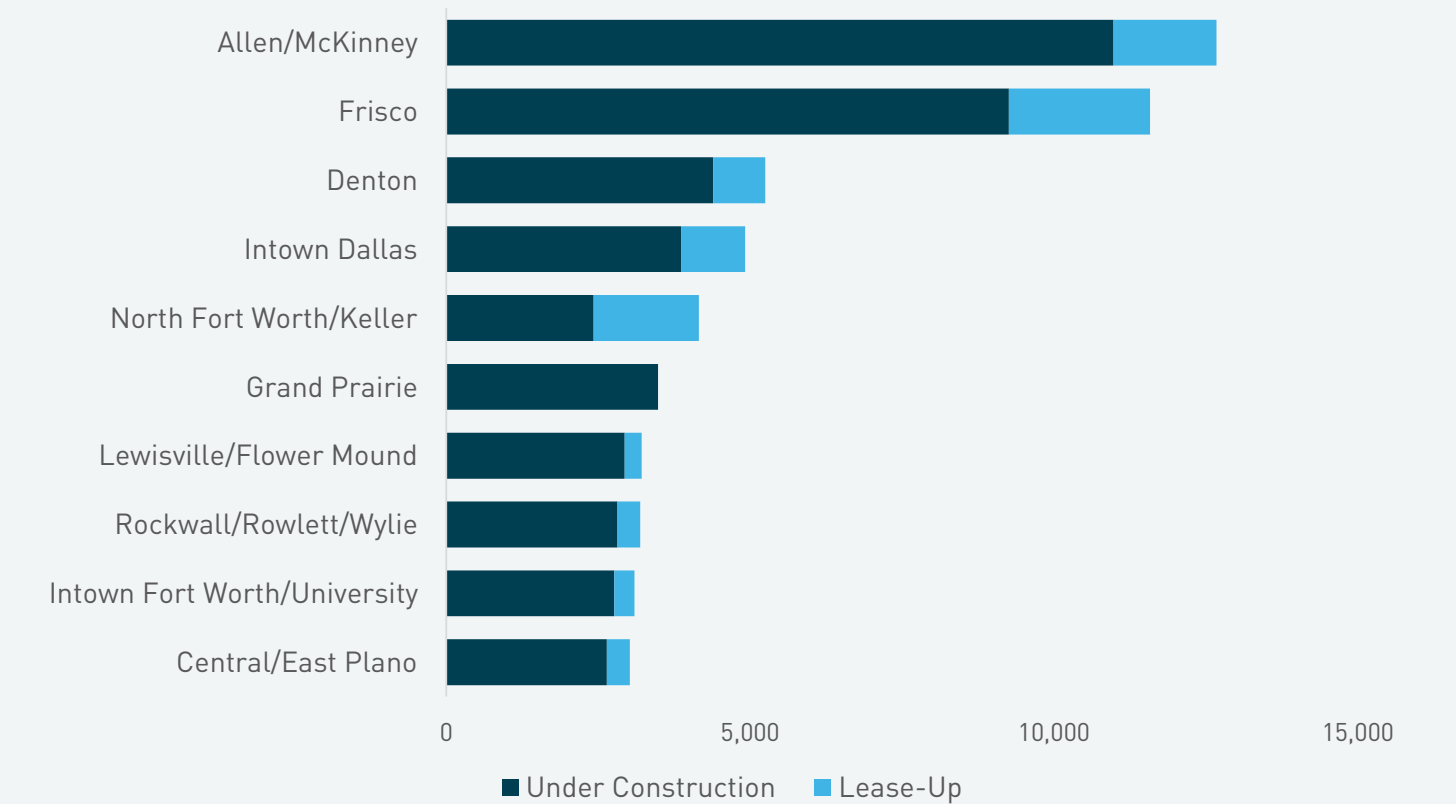


Source: RealPage

Market Pipeline



Top 10 Submarket Pipelines

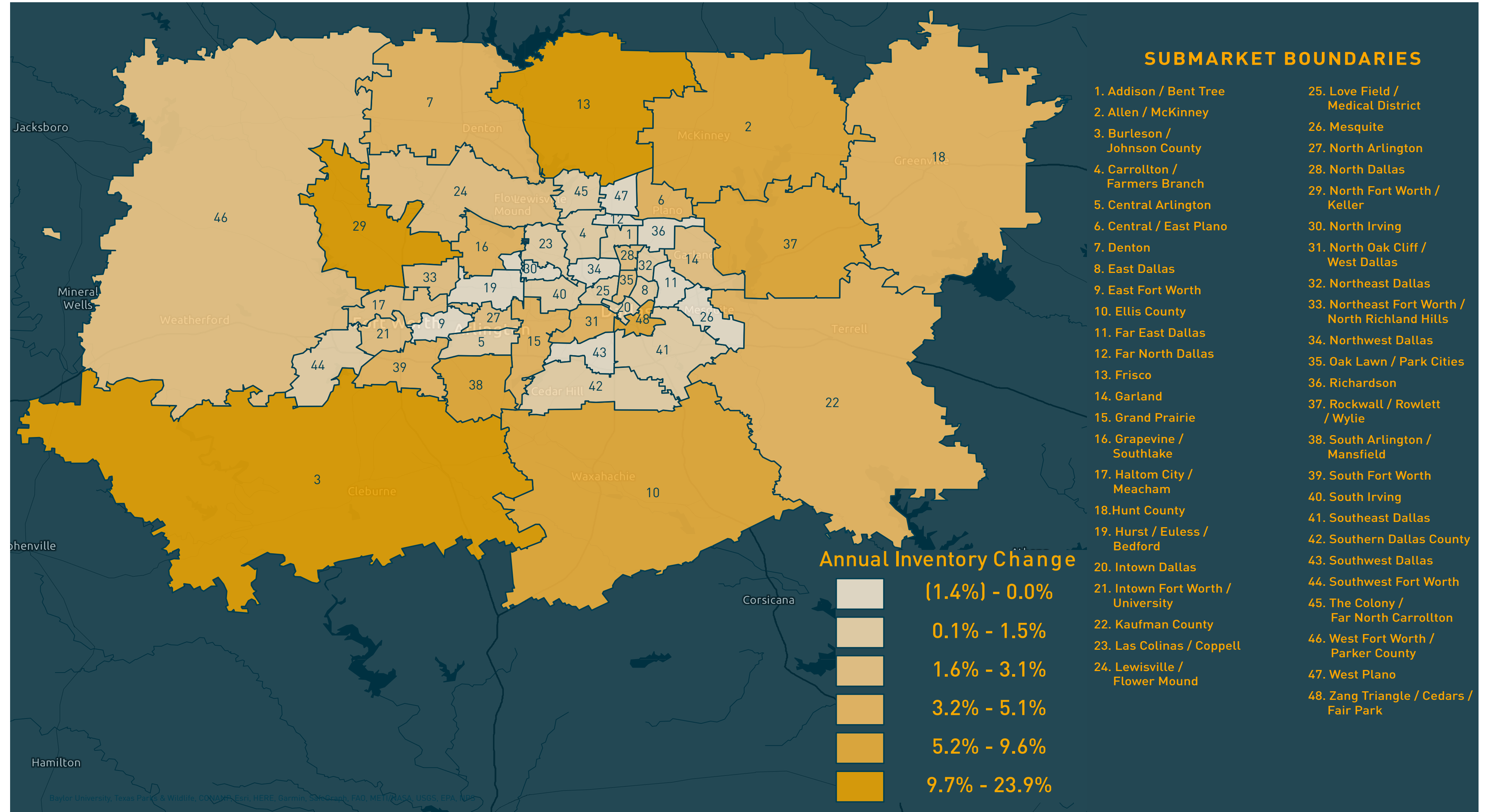




DALLAS-FORT WORTH, TX

SUBMARKET ANNUAL INVENTORY CHANGE

Given the notoriety of their proximal employment corridors and lifestyle amenities, it was no surprise that the Frisco, Allen/McKinney, and North Fort Worth/Keller submarkets continued to lead the metro for the volume of units added in the 12 months ending in June 2023. There was a much less established submarket that made waves for the shocking percentage increase of inventory added during the same period. Burleson/Johnson County, outside of Fort Worth, added 1,658 units over the past 12 months, an inventory expansion of 23.9%. This submarket has the fifth-smallest multifamily inventory in Dallas-Fort Worth but catapulted into the spotlight when Chisholm Trail Parkway completed in 2014, which lessened commute time to the city. The area gained recent traction with developers because of its school districts, housing demand and projected growth of 90,000 or more residents in the next 20 years.





DALLAS-FORT WORTH, TX

RENT & OCCUPANCY

Effective Rent

Q2 2023
\$1,544
 ⬆️ 3.6% YOY

Occupancy

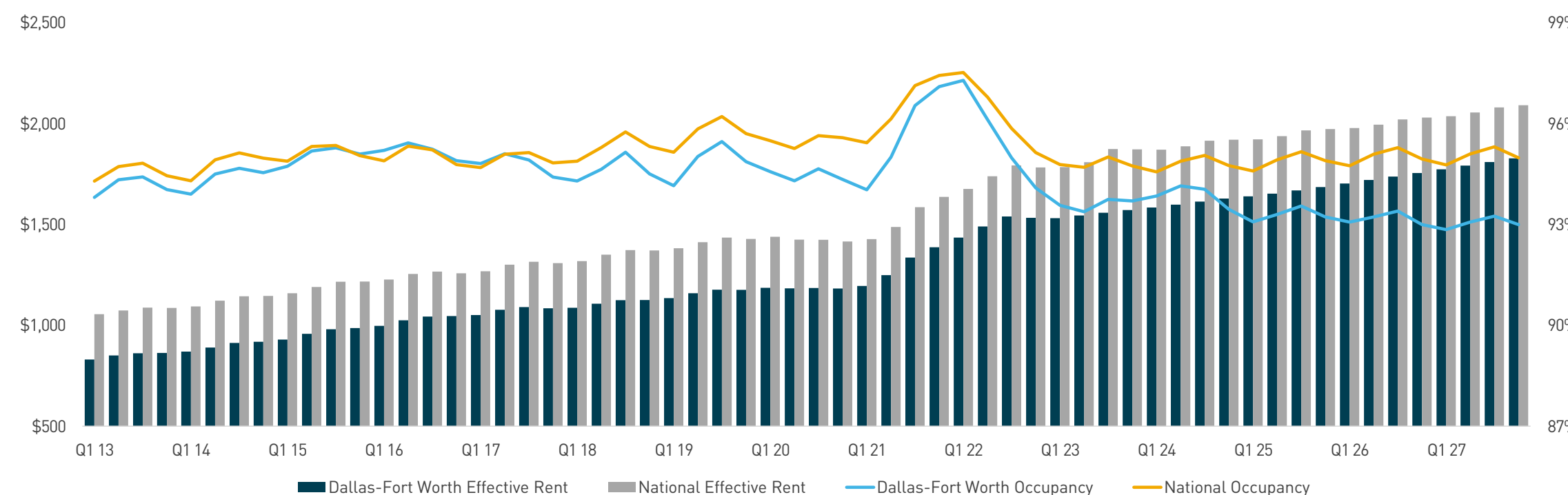
Q2 2023
93.4%
 ⬇️ 270 BPS YOY

Dallas-Fort Worth’s multifamily operators achieved a 3.6% bump in the average effective rent to \$1,544 per month to end the second quarter of 2023. The increase marks the beginning of normalized annual rate increases after the spikes during 2021 and 2022. However, because of the elevated volume of new units slated for the rest of the year, projections show 2023 ending with an annual increase around 2.5% before jumping back to the mid-3% range thereafter. The metro’s higher than average rates came from submarkets near employment centers, both in the urban core and suburban submarkets. All but four submarkets showed annual rent increases, and the submarkets with the highest year-over-year gains, Southeast Dallas, Northwest Dallas, Hunt County, and Far

East Dallas, were among those with lower-than-average effective rates.

Every submarket in the metro experienced an annual drop in occupancy through the second quarter of 2023, which caused the metro occupancy rate to drop 270 basis points to 93.4%. The quickened pace of construction deliveries compared to mid-year 2022 and the metro’s reversal to negative absorption last year contributed to the annual dip. As the market faces increased supply side pressure through the rest of the year and into 2024, persistent demand will buoy occupancy in the mid-93% range in the near future.

Dallas-Fort Worth vs. National Effective Rent & Occupancy



Source: RealPage

Submarket Performance

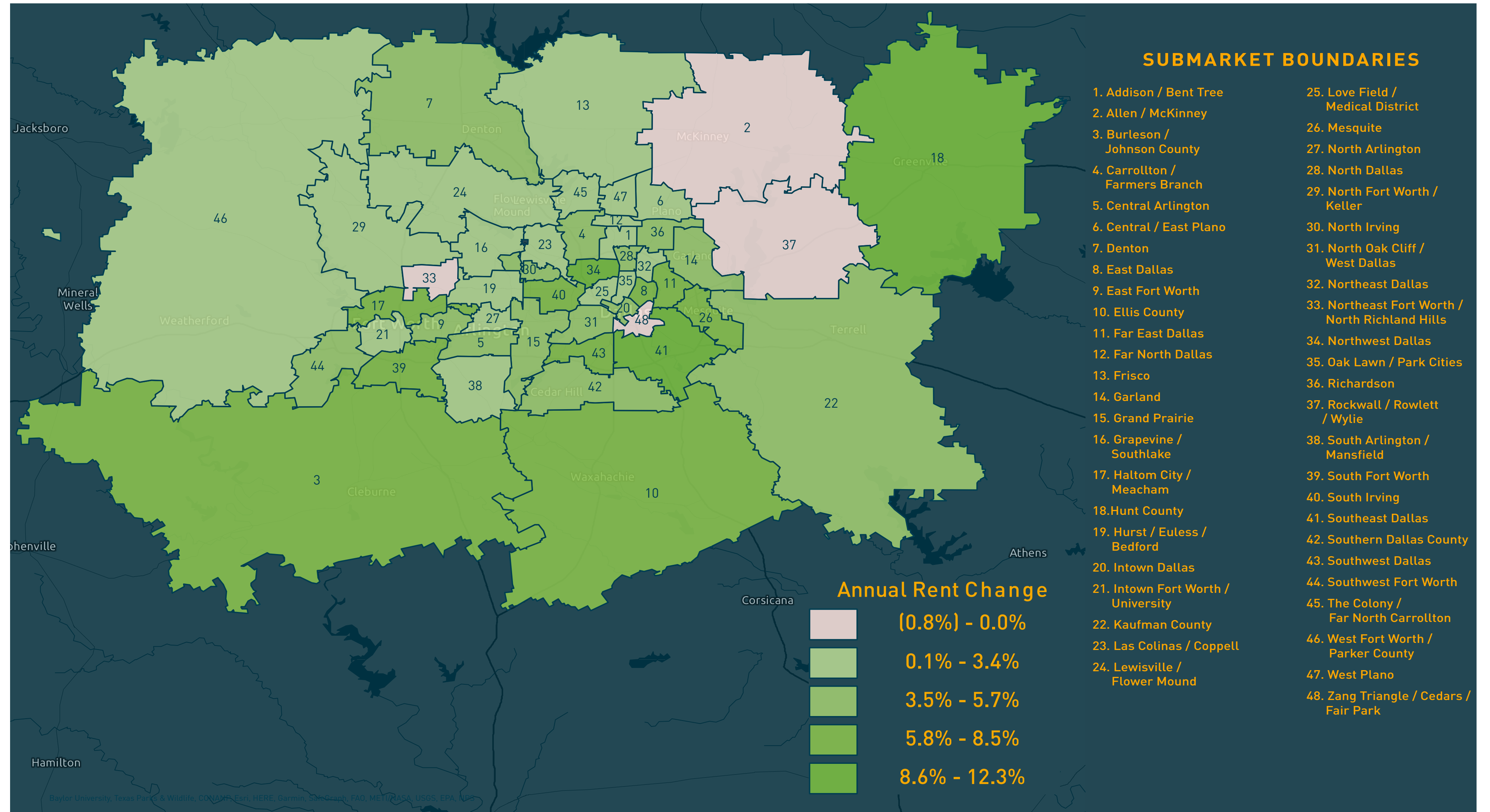
SUBMARKET NAME	Q2 2023 OCCUPANCY	YOY (BPS)	Q2 2023 EFFECTIVE RENT	YOY
Addison/Bent Tree	93.8%	-260	\$1,574	2.4%
Allen/McKinney	93.5%	-260	\$1,663	-0.4%
Burleson/Johnson County	94.9%	-290	\$1,454	7.5%
Carrollton/Farmers Branch	94.5%	-220	\$1,604	3.6%
Central Arlington	92.2%	-320	\$1,289	4.7%
Central/East Plano	93.5%	-310	\$1,615	0.5%
Denton	94.1%	-270	\$1,413	5.1%
East Dallas	94.1%	-250	\$1,849	7.7%
East Fort Worth	90.4%	-540	\$1,134	3.8%
Ellis County	95.0%	-260	\$1,448	6.2%
Far East Dallas	92.2%	-370	\$1,220	8.5%
Far North Dallas	92.8%	-360	\$1,360	0.7%
Frisco	93.9%	-210	\$1,803	1.2%
Garland	93.7%	-210	\$1,415	4.7%
Grand Prairie	93.0%	-300	\$1,495	4.4%
Grapevine/Southlake	94.8%	-170	\$1,726	0.6%
Haltom City/Meacham	92.7%	-330	\$1,354	5.9%
Hunt County	96.3%	80	\$1,059	9.0%
Hurst/Euless/Bedford	93.9%	-280	\$1,431	3.4%
Intown Dallas	93.3%	-190	\$2,127	3.9%
Intown Fort Worth/University	93.0%	-190	\$1,611	0.5%
Kaufman County	92.2%	-570	\$1,448	3.9%
Las Colinas/Coppell	93.4%	-300	\$1,779	2.9%
Lewisville/Flower Mound	94.2%	-210	\$1,579	1.9%
Love Field/Medical District	93.8%	-240	\$1,556	2.6%
Mesquite	93.3%	-360	\$1,271	7.9%
North Arlington	92.7%	-200	\$1,317	2.3%
North Dallas	92.9%	-290	\$1,461	4.4%
North Fort Worth/Keller	93.4%	-320	\$1,625	0.1%
North Irving	93.1%	-350	\$1,435	5.7%
North Oak Cliff/West Dallas	93.6%	-240	\$1,541	5.0%
Northeast Dallas	92.5%	-300	\$1,223	2.3%
Northeast Fort Worth/North Richland Hills	93.0%	-330	\$1,480	-0.7%
Northwest Dallas	93.6%	-420	\$1,249	9.8%
Oak Lawn/Park Cities	93.2%	-200	\$2,309	1.9%
Richardson	93.8%	-300	\$1,712	3.6%
Rockwall/Rowlett/Wylie	91.6%	-390	\$1,616	-0.1%
South Arlington/Mansfield	93.3%	-280	\$1,512	3.1%
South Fort Worth	92.7%	-400	\$1,202	7.1%
South Irving	94.3%	-260	\$1,308	6.6%
Southeast Dallas	94.1%	-250	\$1,149	12.3%
Southern Dallas County	93.2%	-280	\$1,367	4.3%
Southwest Dallas	91.8%	-340	\$1,176	6.9%
Southwest Fort Worth	92.3%	-310	\$1,277	5.5%
The Colony/Far North Carrollton	94.6%	-190	\$1,748	2.8%
West Fort Worth/Parker County	93.1%	-270	\$1,335	2.5%
West Plano	93.8%	-210	\$1,833	2.3%
Zang Triangle/Cedars/Fair Park	94.6%	-190	\$1,427	-0.8%



DALLAS-FORT WORTH, TX

SUBMARKET ANNUAL RENT CHANGE

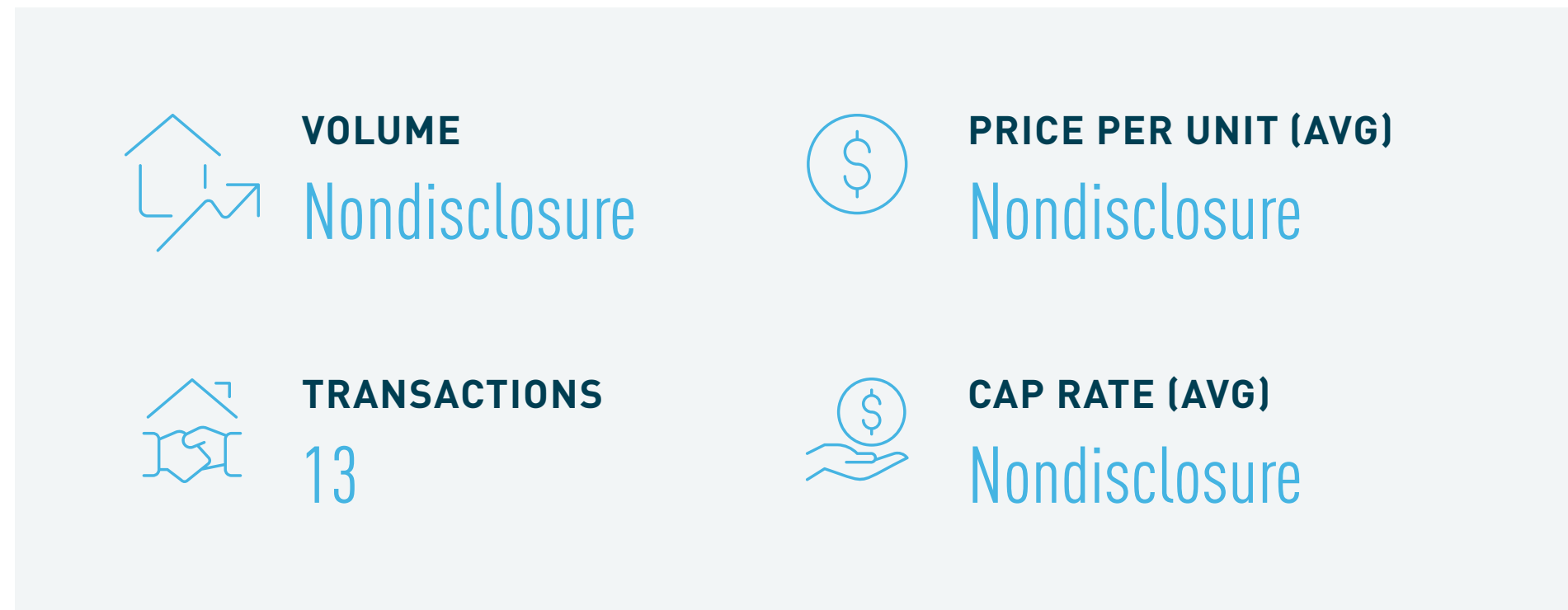
A 12.3% year-over-year increase in the Southeast Dallas submarket was the highest in the metro, which put the average effective rent at \$1,149 per month in the second quarter of 2023. This submarket gained only 240 new units in the past five years, which immunized it against supply-side pressure faced by sister submarkets undergoing large expansions and kept the rental rate second lowest in the metro. This fact, coupled with a higher-than-metro-average occupancy at 94.1%, allowed landlords to be bullish with rents. The area is home to the University of North Texas at Dallas, whose students may rely on available housing near campus. The submarket also encompasses a swath of warehousing and distribution operations, including FedEx, Conn's, and Proctor & Gamble, whose blue-collar employees would likely prefer to renew despite the rent increase than look elsewhere, as they still pay less than they might in a neighboring submarket.





DALLAS-FORT WORTH, TX SALES

2023 Year to Date*



What's Trading?*



Source: Real Capital Analytics
*\$50m+

Top Buyers**

BUYER	LOCATION
Blackstone	New York
Weidner Apartment Homes	Kirkland, WA
S2 Capital	Dallas
CAF Capital Partners	Frisco, TX
Berkshire Residential Investments	Boston

Top Sellers**

SELLER	LOCATION
Provident Realty Advisors	Dallas
Western Rim Properties	Irvine, CA
AIG	New York
Steadfast Companies	Irvine, CA
Olympus Property	Fort Worth

**Past 24 Months



Sources: RealPage; Moody's Analytics; Real Capital Analytics

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