



SPRING 2020
**MARKET INSIGHT
REPORT**

DALLAS -
FORT WORTH
TEXAS, MSA

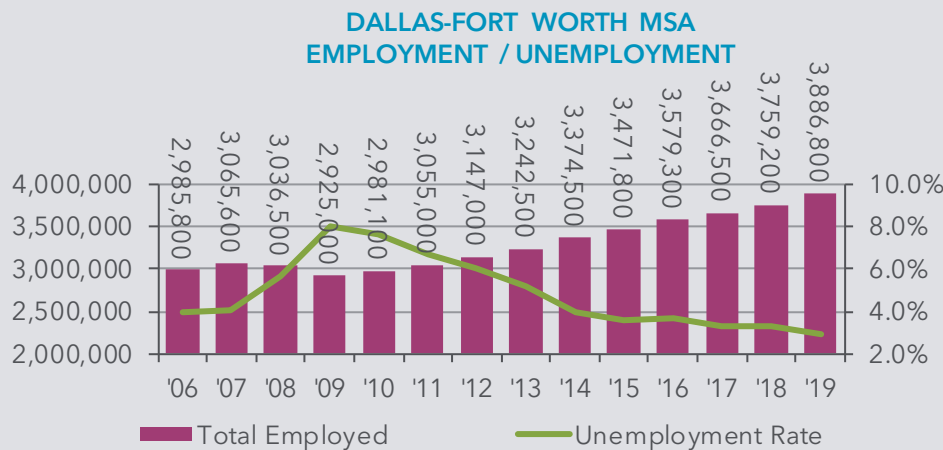
GREYSTONE

EMPLOYMENT / UNEMPLOYMENT

The Dallas-Fort Worth-Arlington metro area (DFW) economy continued its remarkable advance in 2019, with the creation of 127,600 jobs YoY. Employment growth was up 3.4% in December from 2.5% the year prior; the percentage gain being especially notable due to the size of the metro area - the nation's fourth largest. The DFW unemployment rate fell 40 basis points YoY to 2.9% in December.

A report released in 2019 by the nonprofit Walton Family Foundation ranked Dallas-Fort Worth as the 27th most dynamic metro area in the United States and placed it as No. 6 among major metro areas. Large and small metro areas were evaluated on performance-related metrics in categories including job growth, economic growth, and income growth. In addition to its business-friendly climate and strong engineering talent, the metro was cited as "a logistics hub and a key location for international trade". Indeed, Bisnow reports that many of DFW's corporate relocations in 2019 were "poached" from San Francisco with the promises of a robust workforce and business-friendly climate. Joining the

move to DFW were the corporate headquarters for San Francisco-based McKesson Corp., Core-Mark, and Charles Schwab. In addition, Uber of San Francisco announced plans for a regional office in Dallas' Deep Ellum district. There were other notables moving to Dallas as well, but Fort Worth also found cause to celebrate. Chip 1 Exchange of Southern California announced it would move its U.S. headquarters to Fort Worth, and Mid-States Distributing Co. decided on a move for its headquarters from Minneapolis to the Mercantile Center in North Fort Worth. Lastly, the fifth-largest tobacco firm in the world, KT&G Corp., signed a 10-year lease to locate its U.S. headquarters and distribution center to North Fort Worth.



Source: Bureau of Labor. All annual figures through December.

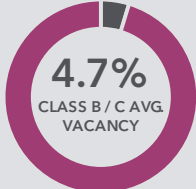
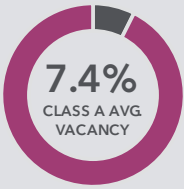
7,805,908 EST.
 +1.8% ANNUAL GROWTH
 DALLAS - FORT WORTH MSA
 2020 POPULATION

\$74,629 EST.
 DALLAS - FORT WORTH MSA
 MEDIAN HOUSEHOLD INCOME


103.9
 DALLAS - FORT WORTH MSA
 COST OF LIVING INDEX
 U.S. Avg. = 100.0

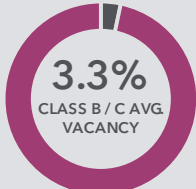
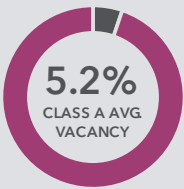
**DALLAS-PLANO-IRVING
AVG. RENT**

 **\$1,494** |  **\$1,188**
CLASS A | CLASS B / C



**FORT WORTH-ARLINGTON
AVG. RENT**

 **\$900** |  **\$825**
CLASS A | CLASS B / C



RENTAL MARKET

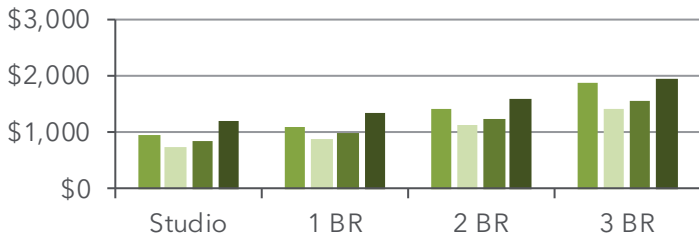
Dallas-Plano-Irving market rent increased 4.6% in 2019 to an average of \$1,255, while Fort Worth-Arlington market rent increased 4.0% to an average of \$1,025. The gains for both regions were above those of the Southwest (3.8%) and the U.S. (3.7%) over the same period.

Dallas Class A rent climbed an average of 4.1% for the year, and Fort Worth followed with a gain of 3.9%.

- Mean unit prices in the Dallas region at close of 2019 were: studios \$964, one bedrooms \$1,082, two bedrooms \$1,412, and three bedrooms \$1,862.
- Mean unit prices in the Fort Worth region at close of 2019 were: studios \$761, one bedrooms \$889, two bedrooms \$1,143, and three bedrooms \$1,437.

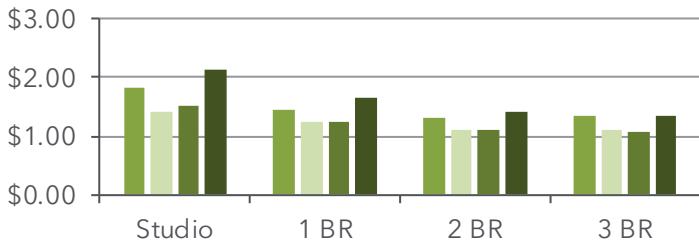
The average apartment vacancy rate for both Dallas-Plano-Irving (6.3%) and Fort Worth-Arlington (4.4%) increased YoY in 2019, with Dallas vacancy up 70 basis points and Fort Worth vacancy up 40 basis points. The entire DFW metro saw completions of 20,992 new units in 2019, while demand fell short of that by 25%.

ASKING RENT COMPARISON



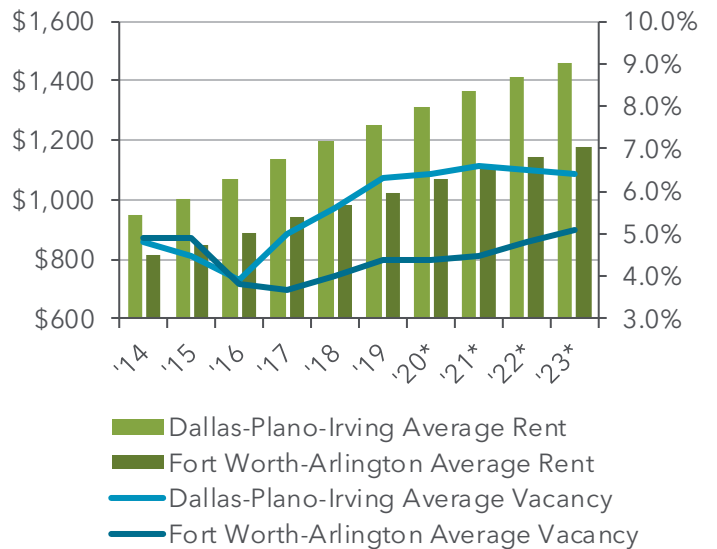
Source: Reis, 4Q 2019

ASKING RENT PSF



Source: Reis, 4Q 2019

**DALLAS-FORT WORTH MSA APARTMENT MARKET
AVERAGE RENT / VACANCY**



Source: Reis, All annual figures year end, *Projected

■ Dallas-Plano-Irving ■ Fort Worth-Arlington ■ Southwest ■ U.S.

SUBMARKET CONSTRUCTION



THE CADENCE AT FRISCO STATION

The Cadence at Frisco Station broke ground last fall as part of the mixed-use Frisco Station development. The 322-unit Cadence “will offer convenient access to jobs at Frisco Station’s growing employment base in the Offices One and Two, major employers in nearby Legacy West and other regional employment centers in the Highway 121 and North Dallas Tollway corridors”, according to developer Hillwood Multifamily.

Apartment delivery volume will crest in 2020 across DFW, with over 21,000 new apartment units scheduled to complete. Inventory growth of 3.4% on the Dallas side of the metro is more than double the U.S. average, and nearly double that of the Southwest region, though Dallas does support outlier population growth and job growth well-above U.S. averages. Product built from 2010 to current now represents 24.0% of all Dallas-Plano inventory. Fort Worth-Arlington has seen more moderate levels of building, with a 2.1% annual increase to inventory. Only 12% of all inventory here has been built since 2010.

The Plano / Allen / McKinney submarket, which includes Frisco, is particularly active, with 24,307 units planned and proposed and upwards of 5,000 units that will be under construction at various points through 2020. The North Platinum Corridor in Frisco is now a major draw, with commercial construction along the Dallas North Tollway (DNT) stretching from the Sam Rayburn Tollway / SH 121 to US Highway 380. According to the city, “Frisco now claims one of the most dynamic development concentrations in America”, with hotels, retail, business parks, medical facilities, and more taking shape along the corridor.

SUBMARKET	COMPLETED	UNDER CONSTRUCTION	PLANNED / PROPOSED
Garland	1,885	225	4,364
Southwest Dallas	302	138	767
Grand Prairie	912	0	2,690
North Irving	286	1,298	4,010
Far North	0	633	2,487
N White Rock	0	879	1,349
East Dallas	1,419	1,425	240
Richardson	954	415	2,404
Far Northwest	1,453	2,882	2,444
Carrollton / Addison / Coppell	935	708	558
Lewisville	702	2,100	3,056
Plano / Allen / McKinney	4,381	2,660	24,307
NW Denton County	1,619	1,199	4,702
Central Dallas	1,580	1,165	5,661
Northwest Fort Worth Region	1,873	1,201	3,344
Southwest Fort Worth Region	1,231	734	1,589
Northeast Fort Worth Region	190	1,152	3,826
Arlington	148	180	2,804

Source: Reis, 4Q 2019, *Completed Construction 3Q 2018 - 4Q 2019

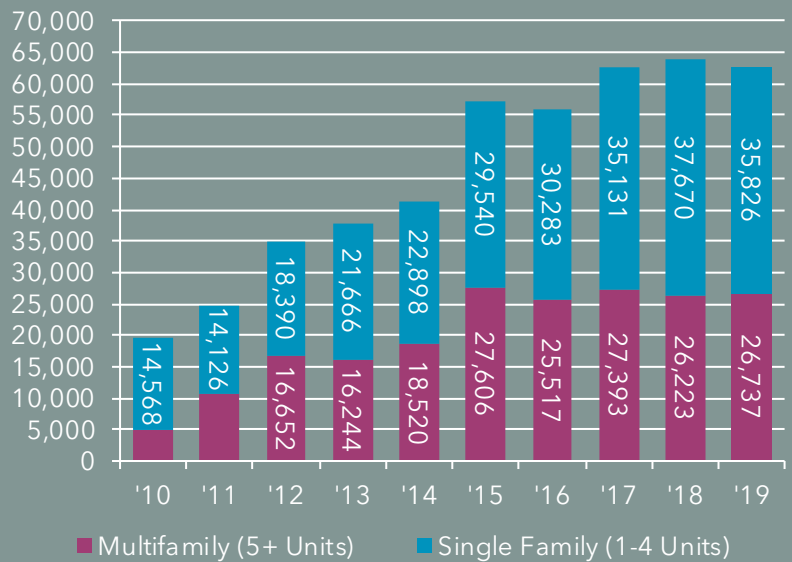
PERMITS

Despite a slower permit count for the first-half of 2019 when compared to the year prior, multifamily permitting across Dallas-Fort Worth surged ahead in the second-half of the year, with the annual total of 26,737 units slightly eclipsing 2018's total of 26,223 units. Not all planned and proposed multifamily development is apartments, however, and within the Dallas area, 25% +/- is condo and townhome product, while on the Fort Worth side, that tally is closer to 15%. Though a decline of completed apartments is forecasted by Reis through 2021-2023, demand is also likely to taper. Reis projects apartment vacancy to peak at 6.6% in 2021 in the Dallas-Plano-Irving market, while vacancy within the Fort Worth-Arlington market will peak at 5.1% in 2023.

Sales volume for single-unit residential housing increased 13.1% YoY from 7,547 to 8,532 transactions in December 2019, and annual sales reached a total of 103,189 closed listings, up 2.9% YoY. The median price rose 5.6% YoY from \$265,000 to \$279,900, while the median price per square foot also rose from \$127.51 to \$133.29. The months inventory for single-unit residential housing declined from 2.4 to 2.3 months supply, and days to sell rose from 88 to 91. A 4.0 months supply of for-sale inventory is considered balanced.

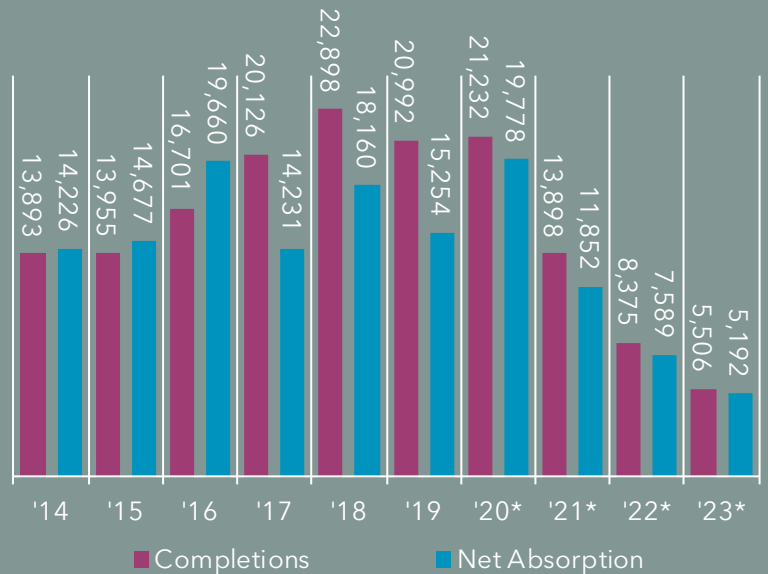
Amidst the low supply of for-sale housing, developers are keeping the single-family permit count relatively stable when compared to the past two years, with 35,826 units permitted. This count, however, is historically elevated when viewed over a longer-term of the past decade.

**TOTAL RESIDENTIAL BUILDING PERMITS
DALLAS-FORT WORTH METRO AREA**



Source: U.S. Census, Multifamily Includes Condos

**DALLAS-FORT WORTH MSA APARTMENT MARKET
COMPLETIONS / NET ABSORPTION**



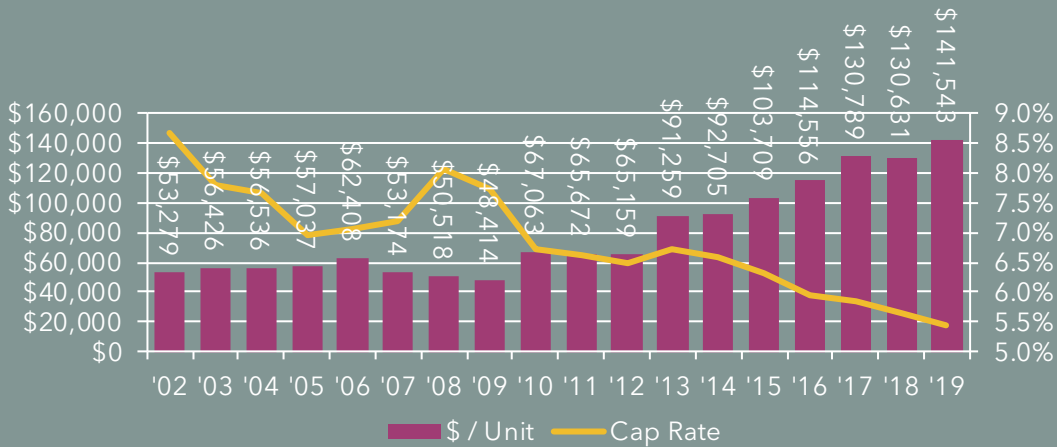
Source: Reis. All figures are annual totals. *Projected

AVERAGE SALES

Total apartment sales transaction dollar volume set a new record-high in 2019 for the DFW apartment market. Transaction count was 348, down from 417 one year ago and the lowest since 320 deals transacted in 2013. Cortland's \$1.2 billion acquisition of Pure Multi-family's portfolio in fall 2019 made Cortland the largest operator in Dallas-Fort Worth, and greatly contributed to the market's record dollar volume. The total portfolio, however, was split among the high-growth markets of Dallas-Fort Worth; Houston; Austin; San Antonio; and Phoenix. The purchase included 11 apartment properties and 3,985 apartment units in Dallas-Fort Worth. Cortland stated that with the acquisition, they believe they can "offer residents a Cortland property within a 20-minute commute to nearly every major employer in DFW". Joining Cortland for buying activity in 2019 of \$200 million and above were American Landmark, Harbor Group Int'l, Starwood Capital, Ashcroft Capital, UDR, and Fundrise.

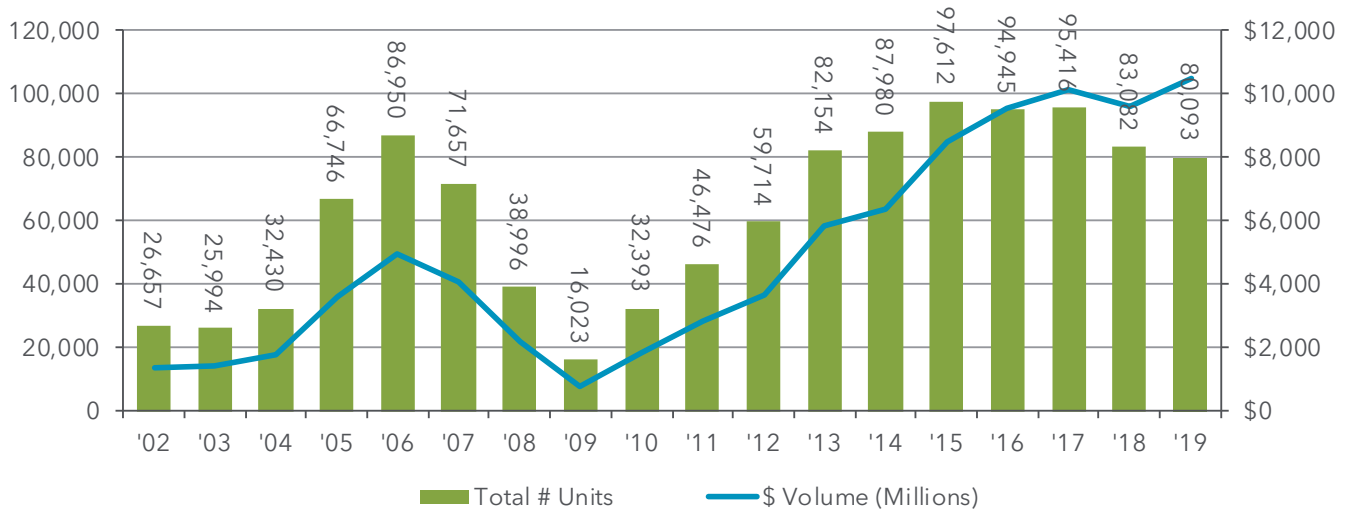
Private owners were the top buyers overall for 2019, responsible for 71.6% of all buying and marking their largest participation since 2009.

DALLAS-FORT WORTH MSA AVERAGE SALES PPU / CAP RATE



Source: Real Capital Analytics. Based on sales of \$2.5 million and greater.

**APARTMENT SALES TRANSACTIONS
DALLAS-FORT WORTH METRO AREA**



Source: Real Capital Analytics. Based on sales of \$2.5 million and greater.

GREYSTONE TRANSACTION ACTIVITY



VILLAS OF OAK HILL
Fort Worth, TX



LA HACIENDA
Fort Worth, TX



VICTORIAN SQUARE
Waxahachie, TX

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Sources: Greystone; Reis; RealCapitalAnalytics; CoStar; U.S. Census; Bureau of Labor; Sperling's; Censusreporter.org; Dallas News; Fort Worth Chamber of Commerce; CultureMap Dallas

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