GREYSTONE

SPRING ISSUE
2021

MARKET INSIGHT REPORT

Dallas-Fort Worth

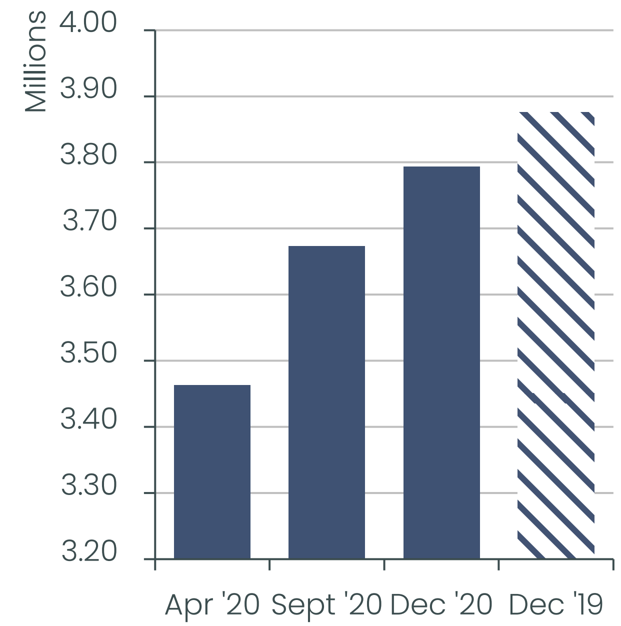
Texas MSA

Employment / Unemployment

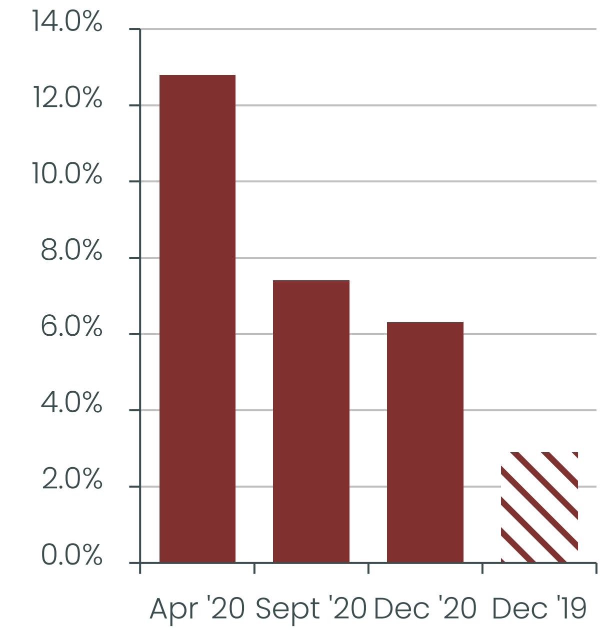
The Dallas-Fort Worth-Arlington metro area was an undeniable leader nationally in 2020 with a significantly lower percentage of job losses posted than the nation as a whole, as well as most other metro areas. Overall, a YoY 2.1% decline in non-farm employment was recorded in December 2020, as compared to a 6.0% decline nationally. The region's leisure and hospitality sector accounted for the lion share of this loss, or 64,000 of the 81,600 jobs shed. Indeed, the metro area witnessed strong growth in financial activities (3.4%) and professional and business services (3.3%), indicative of Dallas-Fort Worth's clout among U.S. major metro areas, especially in its ability to attract top-tier firms from higher-expense locales and those that are more regulatory, such as California. A report by Spectrum Location Services published in late 2019 cited 660 California firms moving 765 facilities out of California in a two-year span. Recent relocations or expansions to the Dallas-Fort Worth metro include Peleton at Plano's Legacy Central, Allied Electronics, Bell Textron, Granbury, Incora, Ariat International with a new regional headquarters and distribution center in Fort Worth, and Lowe's, with a new fulfillment center in Denton opening in 2021. With firms relocating to other Texas locations as well, such as Oracle to Austin and Hewlett Packard Enterprise to Houston, Texas Governor Greg Abbott says companies moving headquarters to Texas has turned into a "tidal wave".

The current Moody's Analytics forecast for Dallas-Fort Worth shows a total job increase of 3.9% in 2021 and an increase of 3.2% in 2022. The total level of jobs is not expected to surpass the peak of 2019 until 2022. Both rent growth and declining apartment vacancy are also predicted to begin trending again in 2022.

TOTAL EMPLOYMENT



UNEMPLOYMENT



METRO AREA EMPLOYMENT (THOUSANDS)	DECEMBER 2020	PERCENT CHANGE FROM DECEMBER 2019
Total Nonfarm	3,794.0	-2.1%
Mining, Logging, and Construction	230.6	-1.7%
Manufacturing	281.2	-3.2%
Trade, Transportation, and Utilities	839.8	0.9%
Information	80.6	-3.2%
Financial Activities	335.2	3.4%
Professional and Business Services	672.6	3.3%
Education and Health Services	442.8	-6.8%
Leisure and Hospitality	337.9	-15.9%
Other Services	124.6	-2.3%
Government	448.7	-1.3%

Sources: U.S. BLS, Current Employment Statistics

Dallas Rental Market

- First decline in rental rates in decades
- A 1.0% decline is predicted for 2021 before rent growth resumes by 2.1% in 2022 and 2.9% in 2023
- Vacancy rate projected to jump 170 basis points in 2021, though older product built prior to 2000 should see vacancy remain under the 5.0% equilibrium threshold

-1.8%

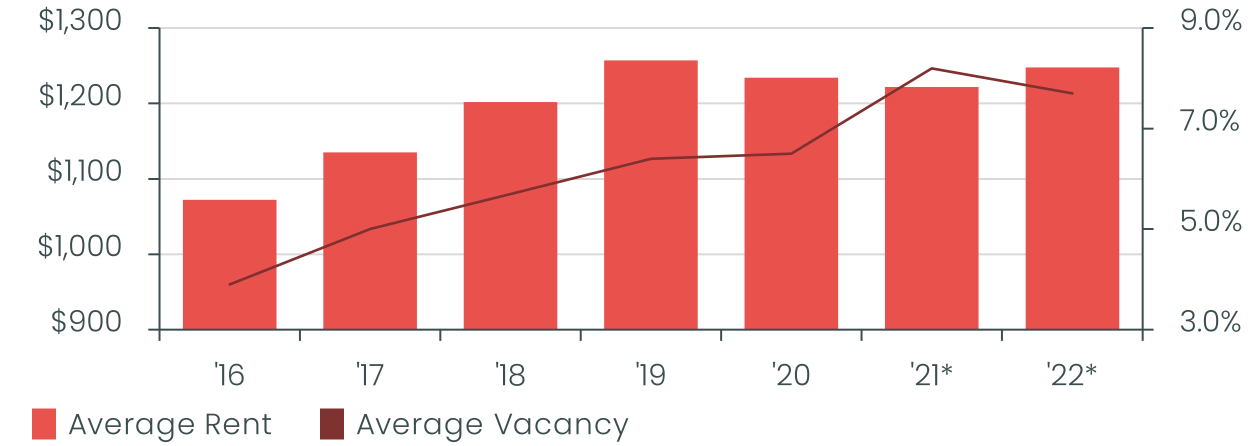
Average Rent Decrease
From $1,257 to $1,234

YoY

YEAR BUILT	ASKING RENT	VACANCY RATE
Before 1970	$983	4.3%
1970-1979	$985	4.8%
1980-1989	$1,023	4.1%
1990-1999	$1,316	4.7%
2000-2009	$1,428	5.2%
2010-2019	$1,676	9.9%
After 2019*	$2,068	34.8%

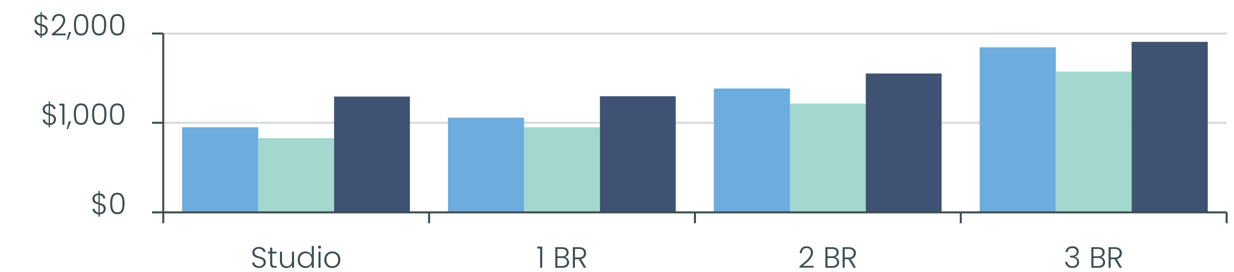
**Includes Properties in Lease-Up*

AVERAGE RENT / VACANCY

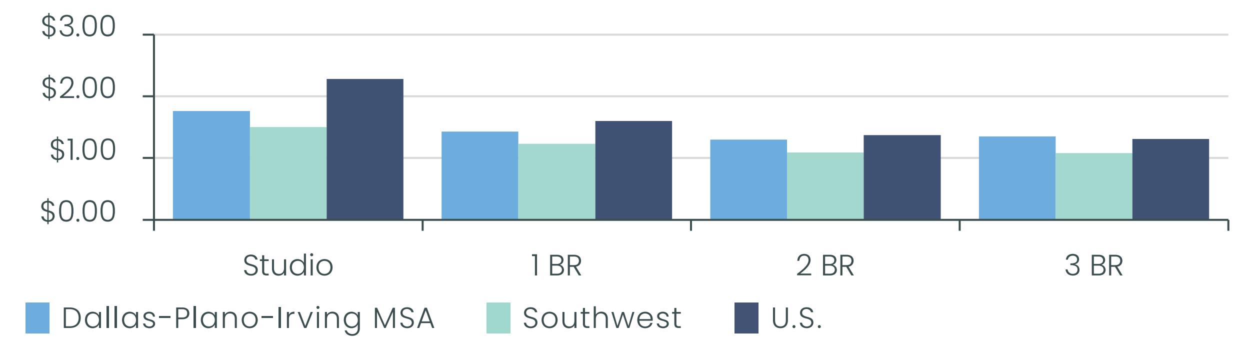


*Source: Reis, *Projected*

ASKING RENT COMPARISON



ASKING RENT PSF



Source: Reis, 4Q 2020

Fort Worth Rental Market

- One of the few markets nationally to avoid a loss in asking rent in 2020
- A 0.8% decline in average rent is expected in 2021, followed by a 2.0% gain in 2022 and a 2.8% gain in 2023
- Average vacancy will crest at 6.1% in 2021, then decline to 5.8% in 2022 and to 5.6% in 2023

0.0%

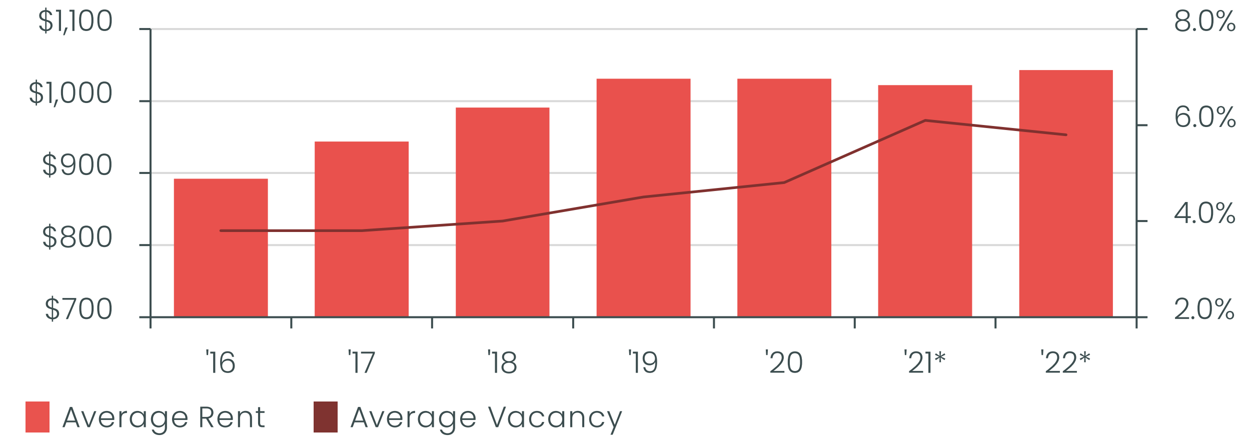
Average Rent Unchanged Remains at $1,031

YoY

YEAR BUILT	ASKING RENT	VACANCY RATE
Before 1970	$944	4.7%
1970-1979	$974	3.6%
1980-1989	$989	4.0%
1990-1999	$1,272	4.5%
2000-2009	$1,317	3.7%
2010-2019	$1,549	8.0%
After 2019*	$1,803	21.7%

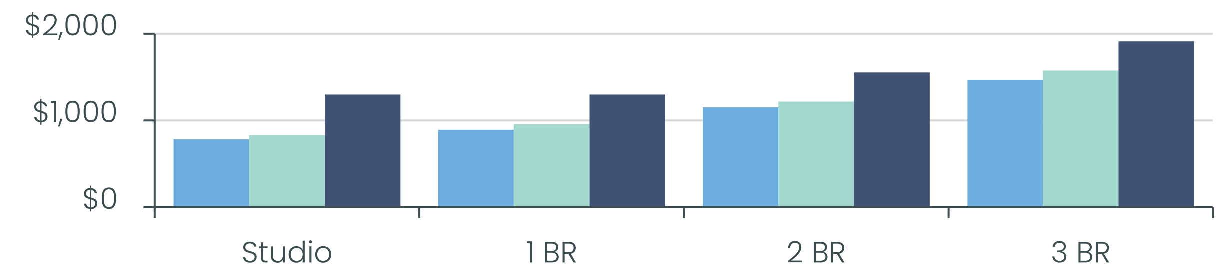
**Includes Properties in Lease-Up*

AVERAGE RENT / VACANCY

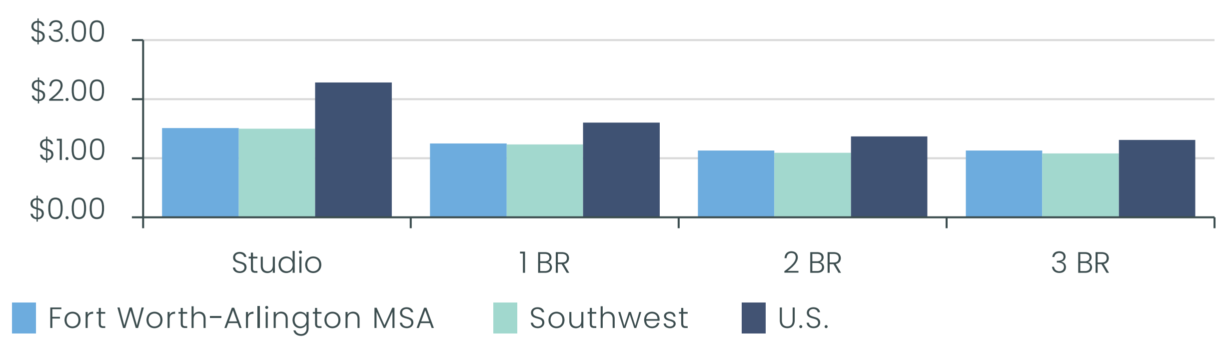


*Source: Reis, *Projected*

ASKING RENT COMPARISON



ASKING RENT PSF



Source: Reis, 4Q 2020

Multifamily Construction

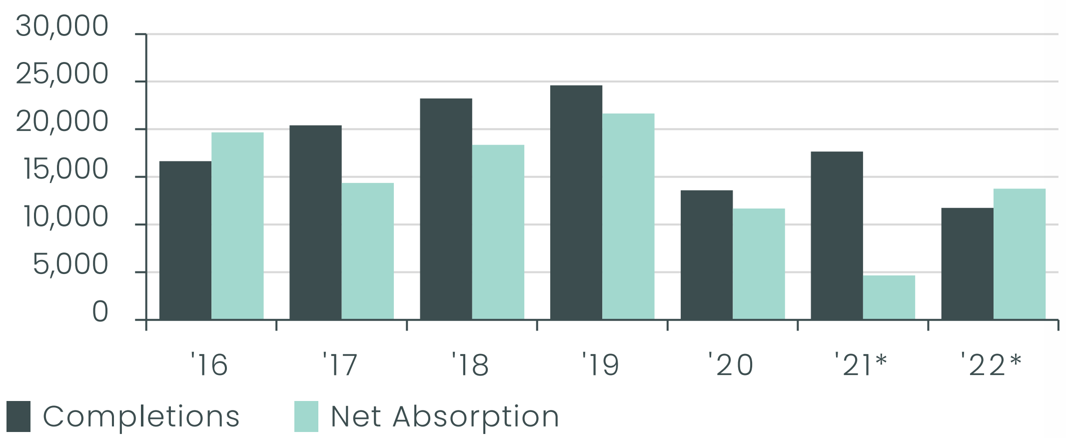
The Dallas-Fort Worth apartment market will see completions ratchet up in 2021, but the total will remain below recent historical annual totals, including by as much as 28% in 2019. While the Dallas side of the Metroplex will see a more constrained development pipeline, the Fort Worth area will see a stronger year than most years past with 4,064 units to be delivered. Part of the shift can be attributed to a trend toward renting in less-congested suburban locations, as well as to more affordable rents away from urban cores in light of the growing acceptance of work-from-home practices embraced by corporations.

17,659 New Units

2021 Expected Completions

11,748 New Units Will Follow in 2022

COMPLETIONS / NET ABSORPTION

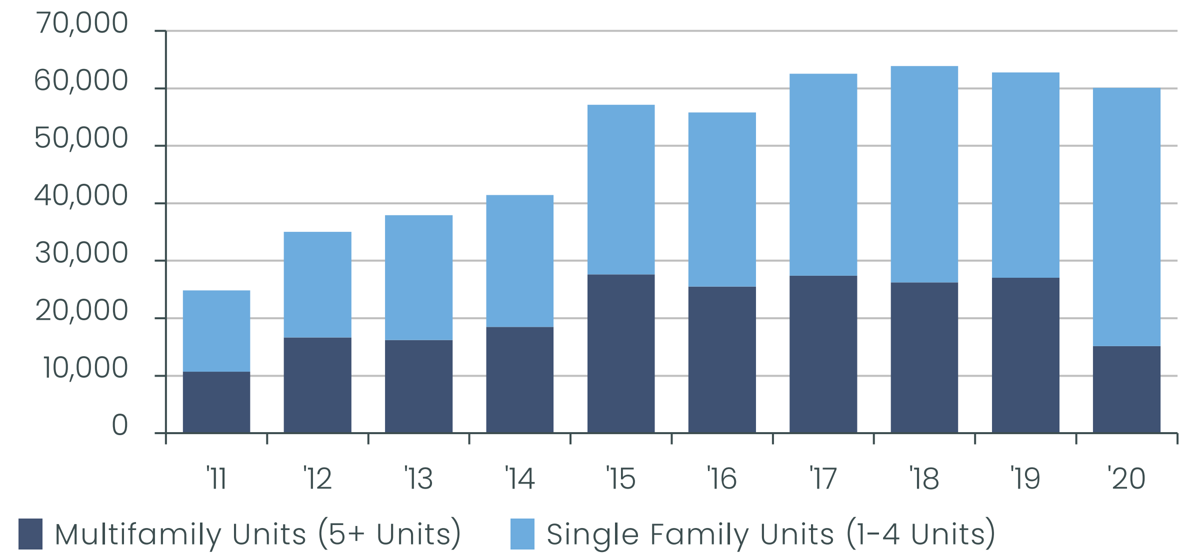


*Source: Reis, All Figures are Annual Totals, *Projected*

Permits

- Active single family for-sale inventory down 47% in December 2020 as compared to one year prior.
- Months of for-sale inventory was 1.1, contracting nearly 52% YoY.
- Home sellers received 98% of list price at close.

TOTAL RESIDENTIAL BUILDING PERMITS



Source: U.S. Census, Multifamily Includes Condos

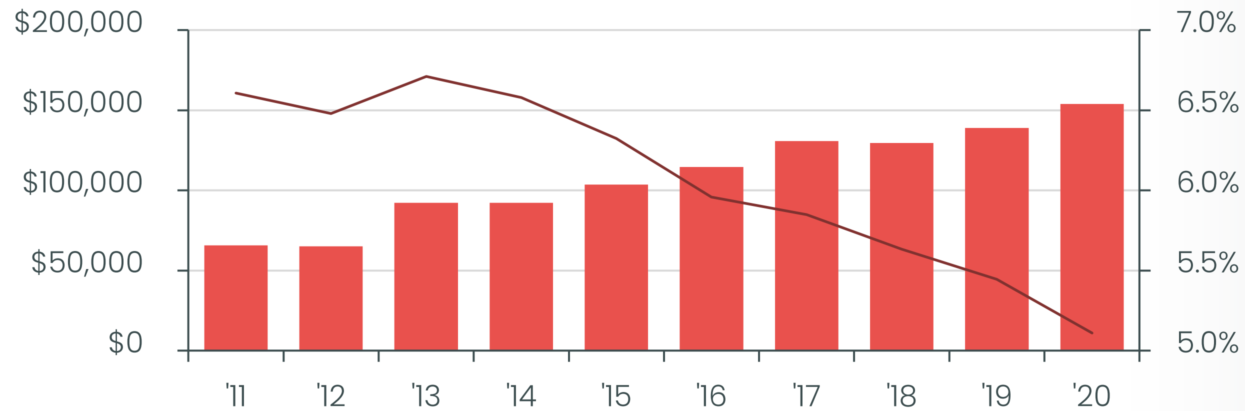
44,929
Single Family Permits
+26.1% YoY

15,133
Multifamily Permits (5+ Units)
-44.1% YoY

$301.9K
Median Single Family Price
+8.3% YoY

Multifamily Sales

AVERAGE SALES PPU / CAP RATE



$ / Unit   Cap Rate

Source: Real Capital Analytics, Based on Sales of $2.5 Million and Greater

$154,034

Avg. Sold Price / Unit

+10.8 YoY

5.1%

Avg. Cap Rate

-30 bps YoY

$10.2B

Sales Volume

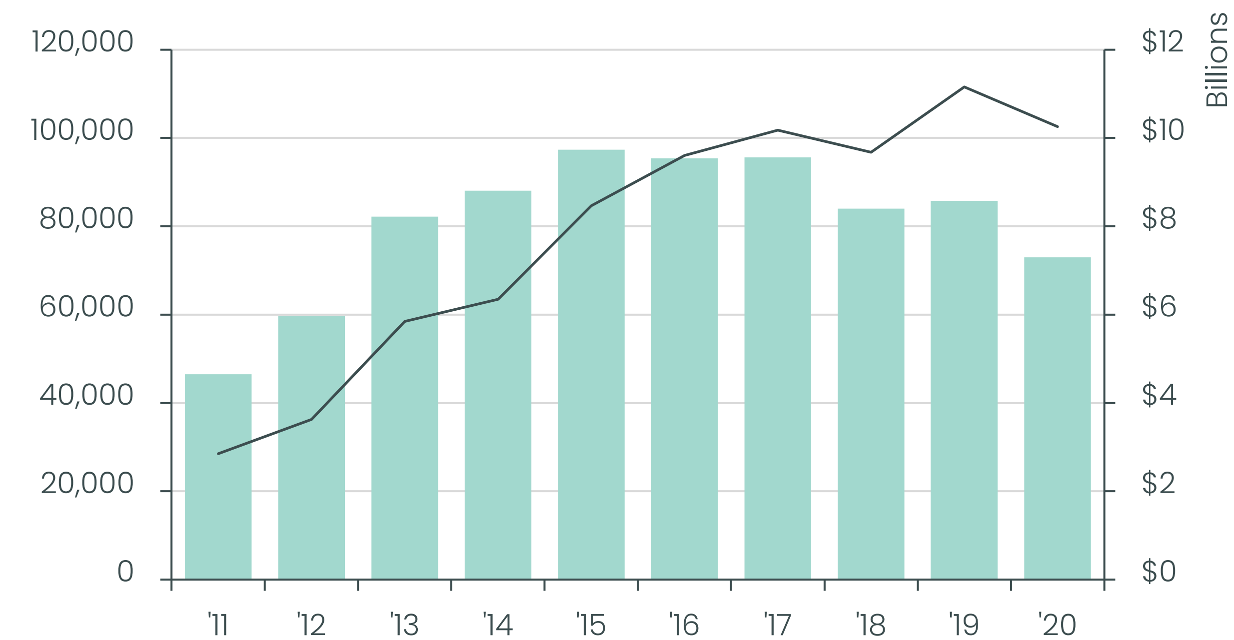
-8.0% YoY

73,011

Total # Units Sold

-14.8% YoY

APARTMENT SALES TRANSACTIONS



Total # Units $ Volume

Source: Real Capital Analytics, Based on Sales of $2.5 Million and Greater

Sources: Greystone; Reis; RealCapitalAnalytics; CoStar; U.S. Census; Bureau of Labor; Fort Worth Chamber of Commerce; Dallas Chamber of Commerce; Texas A&M

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