DALLAS-FORT WORTH
MULTIFAMILY REPORT

THIRD QUARTER 2017

MARKET AT A GLANCE

OCCUPANCY RATE 92.1%

Down **90 bps** since 3Q16

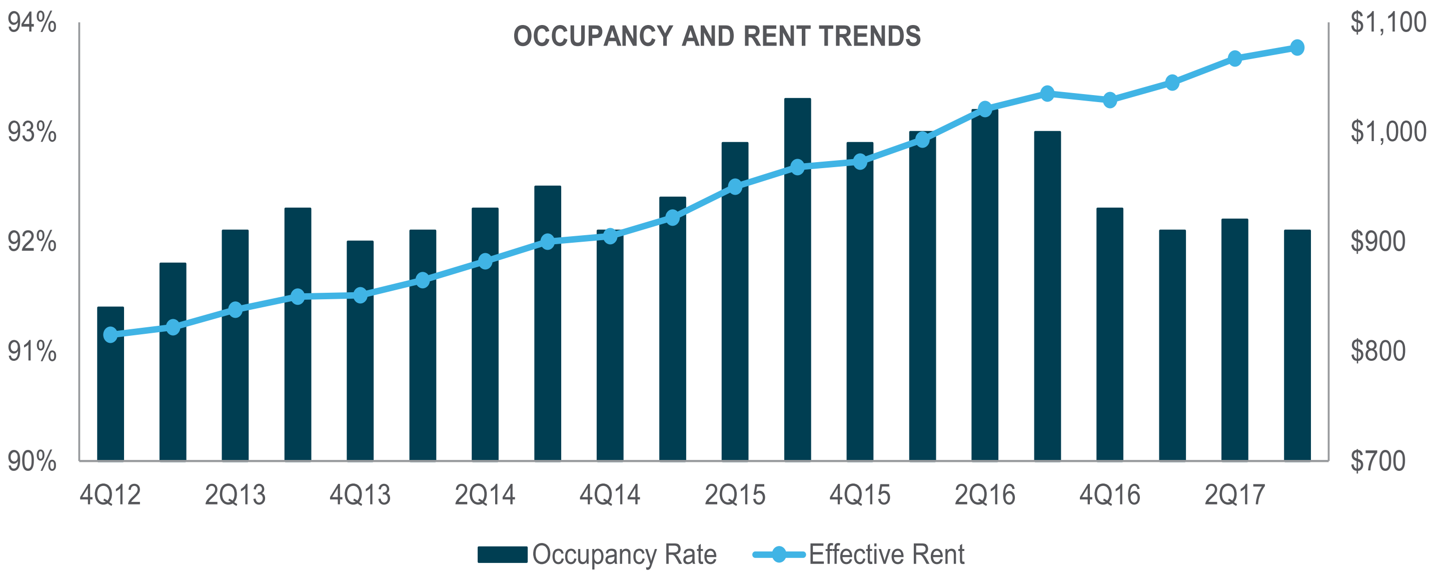
EFFECTIVE RENT $1,077

Up **4.1%** since 3Q16

OCCUPANCY AND RENT TRENDS

EFFECTIVE RENT RISES 4.7% YEAR TO DATE AMID HEIGHTENED DELIVERIES

Major corporate relocations and expansions in Plano drove apartment demand in the West Plano/Frisco submarket, which accounted for more than a quarter of year-to-date absorption in the Dallas-Fort Worth metro area. Heightened leasing activity was also present in the Uptown/Oaklawn/Highland Park and Allen/McKinney submarkets. Across the Metroplex, renters occupied 13,120 additional apartments since the beginning of 2017, down only 2% from the corresponding period in 2016. As of September of this year, 29,102 apartment units were under construction among 104 apartment communities. The highest-rent submarket in the metro area, Uptown/Oaklawn/Highland Park, had the second-highest number of units under construction at the time. Year to date, builders completed 16,319 apartments metrowide, a 42% increase from the first nine months of 2016. The supply imbalance spurred a 20-basis-point decrease in occupancy to 92.1% in September of this year. Operators kept upward pressure on rents, despite the dip in occupancy. By the end of the third quarter, effective rent reached an average of $1,077 per month, a 4.7% increase since the beginning of this year.



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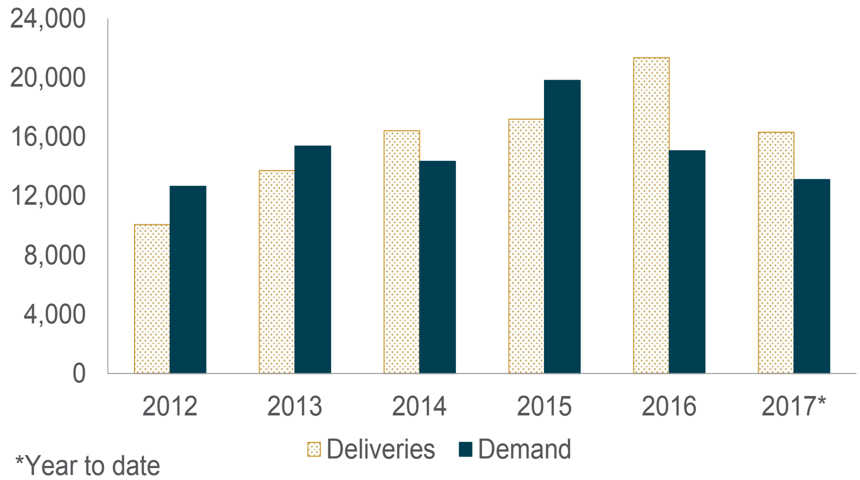
DELIVERIES AND DEMAND

DELIVERIES 16,319
Units YTD

NET ABSORPTION 13,120
Units YTD



ECONOMIC TRENDS

	2016		2017
UNEMPLOYMENT*	3.9%	-30 BPS CHANGE	3.6%
EMPLOYMENT*	3.52m	2.9% CHANGE	3.62m
EXISTING SFH SALES**	117.0k	18.1% CHANGE	138.2k
MEDIAN SFH PRICE**	$228.2k	8.0% CHANGE	$246.4k
10-YEAR TREASURY**	1.63%	60 BPS CHANGE	2.20%

**August; **September*

The annual rate of employment growth in the Dallas-Fort Worth metro area continued to top most metro areas in the country. Employers added a net 101,400 workers to local payrolls through August of this year, a 2.9% annual expansion. Companies in the professional and business services sector created 25,500 jobs to lead all other sectors, a 4.4% year-over-year gain. Leisure and hospitality sector employment advanced 5.1% with 18,700 new hires. The sector was underpinned by a vibrant tourism industry and a 3.8% year-over-year increase in median household income coinciding with 2.1% annual household growth. Expansion of 2.1% was recorded in the trade, transportation, and utilities segment, where 15,500 workers were recruited. In the financial activities industry, 9,800 positions were filled, a 3.5% increase. The industry was boosted by hundreds of new jobs at Liberty Mutual Group and Charles Schwab Corporation. Manufacturing sector employment expanded 2.7% as 7,200 workers were hired, supported by more than 300 new jobs at Kubota Tractor Corporation in Grapevine.

SUBMARKET BREAKDOWN

SUBMARKET NAME	# OF COMMUNITIES	# OF UNITS	SIZE (SF)	PRICE ($ / MO.)	RENTAL RATE ($ / SF / MO.)	OCCUPANCY
Downtown Dallas/West End/Deep Ellum	51	10,769	950	1,463	1.54	90.7%
Uptown/Oaklawn/Highland Park	152	33,616	925	1,642	1.78	87.7%
East Central Dallas/Lower Greenville Ave	52	6,215	865	1,311	1.52	88.8%
White Rock Lake/Tenison Park	69	14,994	803	849	1.06	93.5%
North Central Dallas/Upper Greenville Ave	107	28,442	807	1,125	1.39	88.5%
Skillman St/I-635	97	26,423	790	883	1.12	92.1%
Far East Dallas	21	3,619	934	1,054	1.13	93.2%
Garland	95	16,807	862	959	1.11	91.4%
North Dallas/Addison	114	31,246	893	1,128	1.26	93.6%
Far North Dallas/Collin County	78	24,522	795	1025	1.29	95.2%
East Plano/Richardson	93	25,453	933	1,238	1.33	86.4%
West Plano/Frisco	172	55,322	932	1,270	1.36	88.2%
Allen/McKinney	74	19,361	927	1,150	1.24	90.9%
East Irving	58	7,593	804	819	1.02	95.0%
West Irving	81	18,299	810	930	1.15	94.5%
Las Colinas/Valley Ranch/Coppell	80	29,061	909	1,275	1.40	91.7%
Northwest Dallas/Bachman Lake	59	11,273	792	837	1.06	95.8%
Carrollton/Farmers Branch	114	27,907	900	1,135	1.26	94.1%
West Lewisville/Flower Mound	73	21,427	881	1,102	1.25	93.8%
Denton	62	12,274	869	1,072	1.23	95.1%
Southeast Dallas/Mesquite	103	22,200	845	835	0.99	93.5%
Oak Cliff South	65	13,450	900	798	0.89	90.9%
Duncanville/DeSoto/Cedar Hill/Lancaster	91	19,902	859	884	1.03	93.3%
Far South Dallas/Waxahachie	25	3,127	917	995	1.09	96.4%
Trinity Groves/Oak Cliff North	41	7,481	845	1,129	1.34	86.2%
Grand Prairie	54	12,419	852	992	1.16	91.3%
Downtown Ft Worth/TCU	61	11,674	882	1,311	1.49	85.0%
East Ft Worth/Woodhaven/I-30E	69	12,616	831	793	0.95	91.8%
North Arlington	95	21,279	813	934	1.15	93.5%
South Arlington	137	27,852	848	929	1.10	94.9%
Haltom City/Richland Hills/Fossil Creek	70	16,960	903	1008	1.12	94.7%
Hurst/Euless/Bedford	130	30,273	845	983	1.16	94.6%
Grapevine/Roanoke/Keller	64	16,594	939	1,236	1.32	95.6%
Northwest Ft Worth/Saginaw/Eagle Mtn	29	4,922	939	889	0.95	95.1%
South Ft Worth	64	11,300	878	847	0.97	94.3%
Southwest Ft Worth/Benbrook	45	12,751	846	962	1.14	94.4%
Far Southwest Ft Worth	25	3,127	869	869	1.00	93.9%
Western Hills/Ridgmar/Ridglea	77	13,154	858	809	0.94	93.0%
TOTALS	**2,947**	**685,704**	**871**	**1,077**	**1.24**	**92.1%**

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