Q1 2025

DALLAS–FORT WORTH

MULTIFAMILY MARKET REPORT

MARKET SNAPSHOT

AVERAGE RENT
$1,543 Q1 2025

RENT CHANGE
-0.7% Q1 2025

OCCUPANCY RATE
91.0% Q1 2025

ANNUAL OCCUPANCY CHANGE
-50 BASIS PTS Q1 2025

NET ABSORPTION
7,349 Q1 2025

COMPLETIONS
7,442 Q1 2025

KEY TAKEAWAYS

1. DFW posted strong Q1 2025 demand, with 7,350 units absorbed—the best first-quarter showing since early 2021, setting the stage for a strong leasing season.

2. Multifamily construction in DFW is slowing, with just 31,000 units underway as of mid-2025—down from a 2023 peak of 64,000 and the lowest level since 2015.

3. A 90-basis-point quarter-over-quarter improvement in Q1 2025 signals that the market may be turning a corner, as demand strengthens, and supply-side pressures begin to ease.

SUPPLY & DEMAND

Q1 2025

QUARTERLY NET ABSORPTION
7,349

QUARTERLY COMPLETIONS
7,442

DEMAND TRENDS

Apartment demand in Dallas-Fort Worth maintained positive momentum through the first quarter of 2025. Net absorption totaled 7,350 units—marking the strongest first-quarter performance since early 2021 and positioning the market well entering the crucial spring and summer leasing season. Despite this solid demand, property performance remains mixed as thousands of newly delivered units continue to work through lease-up.

Absorption has largely followed the path of new supply, with suburban submarkets seeing the greatest renter activity. Frisco/Prosper, Allen/McKinney, and Denton accounted for one-third of the metro's total renter demand over the past year. These areas, located in Collin and Denton counties, have experienced over 50% population growth since 2010, driven by a wave of corporate relocations and expansions that have established the northern suburbs as key office hubs.

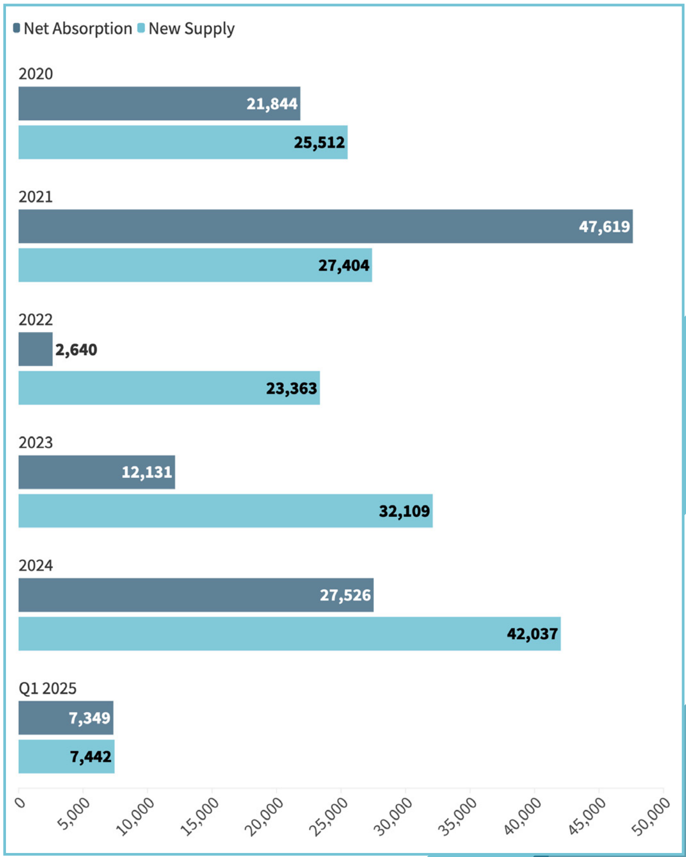
While supply levels have weighed on short-term performance, the long-term outlook for Dallas-Fort Worth remains highly favorable. The metro continues to rank among national leaders for population growth and in-migration.

CONSTRUCTION TRENDS

Multifamily construction activity in Dallas-Fort Worth is tapering, as construction starts have retreated to a 10-year low. As of mid-2025, approximately 31,000 units are under construction—down sharply from a peak of 64,000 units in mid-2023 and marking the lowest level since 2015. As legacy hubs like Frisco and Plano have matured, population growth has expanded into emerging communities such as Little Elm, Prosper, and Celina—pushing the development frontier further into the northern periphery of the metro. Developers remain optimistic about the long-term fundamentals of these northern submarkets, which continue to benefit from strong job growth in high-paying office sectors, and top-rated school districts.

In contrast, urban development has moderated. As of Q1 2025, only 4,500 units were under construction within a 5-mile radius of Downtown Dallas, a significant decline from the 10,000-unit peak observed a decade ago. Within Dallas County, construction activity remains more restrained, mirroring slower population growth typical of mature, urbanized counties. Development barriers in Dallas County—such as extended permitting timelines and higher project fees—have further limited new starts.

// NEW SUPPLY VS DEMAND



RENT & OCCUPANCY

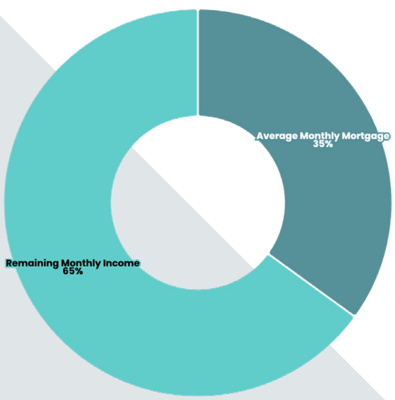
RENT TRENDS

Even as the construction pipeline tapers, the record volume of deliveries over the past year continues to weigh on property fundamentals, with many newly completed projects still in the lease-up stage. Annual rent growth has remained in negative territory for eight consecutive quarters, with the latest figure showing a decline of -0.7%. However, a 90-basis-point improvement from the previous quarter, suggesting the market may be turning a corner as demand strengthens and supply pressures begin to ease.

Rent performance varies across the quality spectrum. Class A units posted a -1.0% decline over the past year, driven by heightened competition and widespread concessions eroding pricing power. Roughly 50% of properties are now offering concessions—the highest share since 2020—with the most aggressive specials found in high-supply areas such as northern Collin County and North Fort Worth, where landlords are frequently offering six to eight weeks of free rent.

Mid-priced units are also facing challenges, with rent growth softening due to elevated availability and weaker demand. Rents in this segment declined by -0.7% year-over-year—the first negative annual performance for mid-tier properties since the Great Financial Crisis. Historically, this segment has been more resilient to new supply. Meanwhile, lower-tier properties have seen marginal improvement, with rents rising 0.3% year-over-year, supported by less direct competition from new deliveries.

Despite current softness, rents remain 17% higher than in 2020, largely due to the surge in demand during 2021. Looking ahead, rent growth is expected to return to positive territory in the second half of 2025, with more meaningful gains anticipated in 2026. Current forecasts project annual growth slightly above 2% by 2026, supported by gradually easing supply pressures.



AVERAGE MONTHLY MORTGAGE

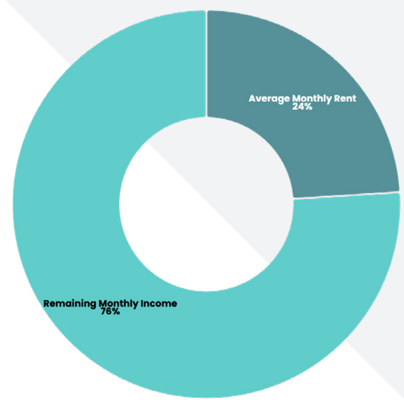
AVERAGE MONTHLY MORTGAGE

$2,243

AVERAGE MONTHLY RENT

$1,543

AVERAGE MONTHLY RENTAL PAYMENT



OCCUPANCY TRENDS

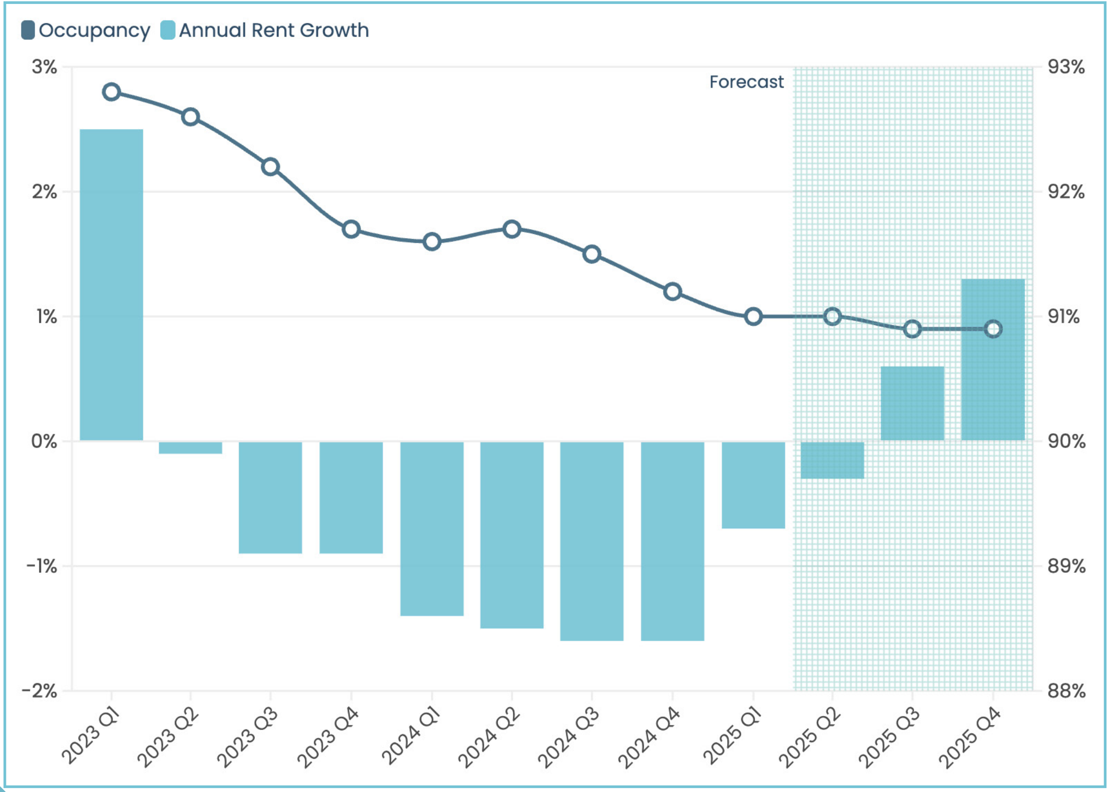
While new supply continues to outpace demand in Dallas-Fort Worth, the rate of occupancy erosion is slowing. For the first time since 2021, the metro's occupancy rate improved quarter-over-quarter, rising by 10 basis points—a potential early sign of stabilization. Still, overall occupancy remains under pressure, holding near a 20-year low at 91.0%, as the market continues to absorb one of the largest waves of new deliveries in its history.

Relief is on the horizon, though, with the construction pipeline down to 31,000 units, the lowest level since 2015. As new starts have pulled back, the pressure from excess supply is expected to ease over time. However, elevated construction over the past two years has weighed heavily on high-tier properties, where occupancy, including projects still in lease-up, has fallen to 88.1%. Mid-tier assets are also facing softness, with occupancy at 90.9%, well below the 10-year average of 93.7%. Lower-tier properties report the strongest performance, yet occupancy still tries to historical norms at 91.8%.

Among the metroplex's 40 submarkets, eight posted flat or improving occupancy on an annual basis in Q1 2025. Downtown Dallas led the gains, with occupancy rising by 200 basis points year-over-year to reach 92.3%, as new deliveries tapered off and leasing activity strengthened in the urban core.

Looking ahead, overall occupancy is expected to hover just below 91% in the near term, as recently delivered units continue to lease up. Dallas-Fort Worth remains a tenant-friendly market, characterized by a wide selection of available units and growing competition among new communities. At the same time, rising home prices and elevated interest rates have made homeownership increasingly out of reach for many, keeping more households in rental housing and bolstering renter retention.

// ANNUAL RENT GROWTH & OCCUPANCY



// SUBMARKET TOP 5 EFFECTIVE ANNUAL RENT GROWTH

Submarket	Inventory of Units	Q1 2025 Occupancy	Annual Occupancy Change	Q1 2025 Effective Annual Rent Growth	Annual Effective Rent/Unit
South Dallas County	16,624	90.3%	0.1%	2.3%	$1,402
Grand Prairie	9,898	90.0%	-0.5%	2.1%	$1,493
North Dallas	7,958	92.7%	-0.2%	1.8%	$1,753
Ellis County	8,480	92.6%	-0.4%	1.4%	$1,549
Northeast Outlying	4,242	88.5%	-1.1%	1.2%	$1,107

FULL SUBMARKET TABLE IN APPENDIX

CAPITAL MARKET TRENDS

Multifamily deal-making in Dallas-Fort Worth is showing early signs of improvement, based on data from Real Capital Analytics tracking individual conventional multifamily transactions in the metroplex. Over the four quarters ending in Q1 2025, total sales volume reached $6.5 billion—up from $5.2 billion the prior year—marking a 23% year-over-year increase. The first quarter of 2025 alone demonstrated even stronger momentum. Transaction volume surged to $1.42 billion, more than doubling the $637.5 million recorded in Q1 2024. While Real Capital Analytics provides a solid overview of pricing trends, it's important to note that Texas' non-disclosure status can occasionally limit the precision of deal-level data.

The outlook for acquisitions is becoming more favorable. With local fundamentals stabilizing and cost of capital holding relatively steady, despite borrowing costs remaining elevated compared to recent historical norms, investor confidence appears to be returning. That said, owners who acquired assets at peak valuations in 2021 and 2022 using floating-rate debt remain the most exposed to financial risk. While widespread distress is not expected, isolated cases of foreclosure may occur.

Long-term prospects for the Dallas-Fort Worth multifamily market remain strong, supported by sustained population growth, corporate relocations, and continued economic expansion—factors that will drive demand and reinforce the region's status as a key multifamily investment destination.

Q1 2025 TRANSACTION HIGHLIGHTS

$1.42B
TRANSACTION VOLUME

123.2%
YEAR-OVER-YEAR CHANGE

36 *(Q1 2024: 22)*
INDIVIDUAL TRANSACTION COUNT

$212,335
PRICE PER UNIT

4.0%
ANNUAL PRICE CHANGE

MOST ACTIVE BUYERS
(PAST 24 MONTHS)

1. RPM Living
2. Rise48 Equity
3. Knightvest Capital

MOST ACTIVE SELLERS
(PAST 24 MONTHS)

1. Cortland
2. Tides Equities
3. Nitya Capital

Please note Transaction activity is based on data from Real Capital Analytics and includes individual conventional multifamily property transactions valued at $2.5 million or more.

MARKET OUTLOOK

With resilient demand drivers, decelerating construction activity, and a stabilizing rent environment, investor activity is beginning to rebound.

Deal volume surged in the first quarter of 2025, with the number of deals rising from 22 in Q1 2024 to 36 in Q1 2025, a clear sign of renewed confidence in the Dallas-Fort Worth multifamily market.

Looking ahead, the Metroplex is expected to experience broad-based job growth across corporate headquarters, professional services, and technology sectors, with the regional employment base projected to expand by 5% over the next five years. This ongoing economic momentum reinforces DFW's status as a national business hub and continues to support long-term multifamily housing demand.

Fort Worth, in particular, is benefiting from transformative public and private investments, including multibillion-dollar modernization efforts at DFW International Airport and the Dallas Convention Center. Major commitments from financial giants like Wells Fargo and Goldman Sachs are further elevating the region's profile as a center for global finance and business services.

Occupancy rates are showing signs of stabilization, and rent growth is beginning to recover. Rents are projected to return to positive territory in the second half of the year, with a full-year increase of approximately 1.3% expected by the end of 2025—reflecting a healthier balance between supply and demand across the region. As market fundamentals continue to normalize, the stage is set for a period of gradual, sustainable growth, reinforcing Dallas-Fort Worth's position as a resilient and attractive market for multifamily investment.

Sources: Costar; Yardi Matrix; U.S. Census Bureau; Federal Reserve Bank of St. Louis; National Association of Realtors

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VIEW MORE ONLINE REPORTS HERE

APPENDIX

// SUBMARKET FUNDAMENTALS

Submarket	Inventory of Units	Q1 2025 Occupancy	Annual Occupancy Change	Q1 2025 Effective Annual Rent Growth	Annual Effective Rent/Unit
South Dallas County	16,624	90.3%	0.1%	2.3%	$1,402
Grand Prairie	9,898	90.0%	-0.5%	2.1%	$1,493
North Dallas	7,958	92.7%	-0.2%	1.8%	$1,753
Ellis County	8,480	92.6%	-0.4%	1.4%	$1,549
Northeast Outlying	4,242	88.5%	-1.1%	1.2%	$1,107
Uptown/Park Cities	30,357	92.7%	-0.5%	1.1%	$2,591
Southeast Dallas	18,046	89.3%	-1.3%	1.1%	$1,309
Downtown Fort Worth	3,688	92.3%	2.0%	0.8%	$1,785
East Fort Worth	11,017	83.1%	-1.9%	0.8%	$1,156
Northwest Dallas	27,405	90.9%	-0.4%	0.6%	$1,512
Johnson County	6,586	92.4%	-1.0%	0.6%	$1,343
Hurst/Euless/Bedford	22,353	93.3%	0.0%	0.5%	$1,444
East Dallas	64,939	91.0%	0.4%	0.1%	$1,532
Southeast Fort Worth	13,221	90.8%	-0.7%	0.1%	$1,476
Southwest Fort Worth	39,481	88.9%	-1.0%	0.1%	$1,376
Parker County	5,426	91.6%	0.5%	0.0%	$1,490
Oak Cliff	20,689	88.2%	-1.8%	-0.2%	$1,395
Arlington	60,891	89.3%	-0.4%	-0.3%	$1,339
Wise County	959	93.9%	-1.0%	-0.3%	$1,342
Plano	48,357	93.1%	0.0%	-0.5%	$1,709
North Fort Worth	23,344	92.4%	-0.5%	-0.6%	$1,639
Mesquite	30,943	88.5%	-1.3%	-0.7%	$1,255
Northwest Fort Worth	24,918	89.3%	-1.1%	-0.7%	$1,502

APPENDIX

// SUBMARKET FUNDAMENTALS

Submarket	Inventory of Units	Q1 2025 Occupancy	Annual Occupancy Change	Q1 2025 Effective Annual Rent Growth	Annual Effective Rent/Unit
Downtown Dallas	9,890	90.8%	-0.4%	-0.9%	$2,249
Farmers Branch/ Carrollton	47,529	92.3%	-0.3%	-1.2%	$1,568
Far North Dallas	47,456	90.9%	-0.7%	-1.4%	$1,455
Madison County	27,599	92.2%	-0.1%	-1.4%	$1,269
Garland/Rowlett	28,149	91.7%	-0.5%	-1.4%	$1,456
Southeast Outlying	1,884	91.7%	-1.8%	-1.4%	$1,319
Las Colinas	34,314	92.5%	-0.5%	-1.5%	$1,722
Richardson	25,761	87.2%	-2.6%	-1.5%	$1,272
Lewisville/Flower Mound	31,227	93.4%	-0.2%	-1.5%	$1,580
Frisco/Prosper	40,275	92.6%	0.0%	-1.6%	$1,785
Hood County	1,363	92.8%	-0.3%	-1.9%	$1,323
Grapevine	10,275	94.1%	-0.1%	-2.2%	$1,837
North Richland Hills/Haltom City	15,715	92.2%	-0.4%	-2.3%	$1,376
Denton	26,084	90.3%	-1.5%	-2.3%	$1,419
Allen/McKinney	34,549	92.7%	-0.3%	-2.6%	$1,634
West Dallas	8,871	90.6%	1.1%	-3.5%	$1,782
Rockwall/Wylie	12,020	88.9%	-2.0%	-4.3%	$1,599