Northmarq

CONSTRUCTION ACTIVITY

UNITS ABSORBED (YTD)	28,252
UNITS DELIVERED (YTD)	32,529

MARKET FUNDAMENTALS

VACANCY RATE	6.9%
YEAR-OVER-YEAR CHANGE	+10bps
ASKING RENTS	$1,482
ANNUAL CHANGE	-0.6%

TRANSACTION ACTIVITY (YTD)

MEDIAN PRICE PER UNIT	$172,300

DALLAS-FORT WORTH MULTIFAMILY
Q4 2025

MARKET INSIGHTS

Sales volume strengthens to close 2025

HIGHLIGHTS

- Annual multifamily demand remains elevated in Dallas-Fort Worth, with renters moving into nearly 30,000 units during the past year. Since 2020, net absorption has totaled over 148,000 units.
- Developers completed roughly 8,100 units during the fourth quarter, bringing the total completions for 2025 to around 32,500 units. This marked a 26% decline in completions from the 2024 total, with further slowing anticipated in the coming year.
- Vacancy ended the year at 6.9%, essentially unchanged from one year earlier. Rents also showed little movement during the course of the year, averaging $1,482 per month in the fourth quarter.
- For transactions completed in 2025 where pricing was available, the median sale price was $172,300 per unit, while cap rates averaged 5.25%.

DALLAS-FORT WORTH MULTIFAMILY MARKET OVERVIEW

The Metroplex accounted for nearly 8% of total U.S. absorption in 2025. Renter demand remained solid, with annual absorption totaling nearly 30,000 units, over two-thirds in Dallas and roughly one-third in Fort Worth. New supply slowed, with approximately 8,100 units delivered in the fourth quarter, down 23% year over year, and full-year completions totaled under 33,000 units, a nearly 25% decline from 2024. The construction pipeline continues to contract, with roughly 42,700 units underway, a 3% quarterly decline and a 16% drop from last year, marking the ninth consecutive quarter of pipeline contraction. Absorption lagged new supply, and vacancy trends varied across the market, with North Dallas and East Fort Worth recording notable annual improvements. Rent growth also differed by asset class, though Class A rents rose 0.9% year over year in the fourth quarter. The market was essentially at equilibrium in 2025 and should shift to more of an operator's market in 2026 as deliveries slow significantly.

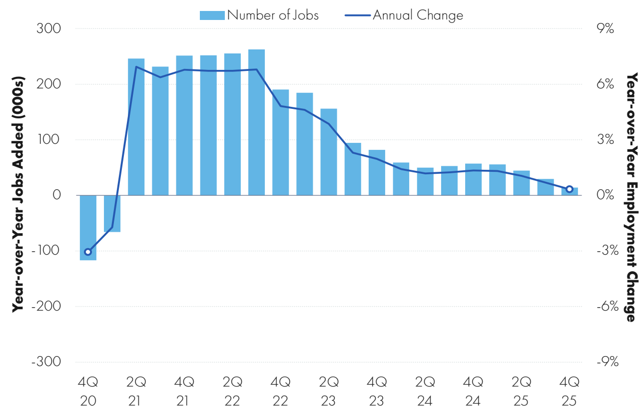
In 2025, multifamily transaction activity across the Dallas-Fort Worth metroplex reflected a clear link between location and vintage. Early-year trades were spread across core urban areas like Dallas, Fort Worth, Garland, and Irving, dominated by older stock, while midyear focus shifted to high-growth northern and northeastern suburbs such as Frisco, McKinney, Plano, Celina, and Richardson, featuring newer properties from the 2010s and 2020s. In the fourth quarter, activity was concentrated in Dallas proper, with suburban hotspots continuing to emphasize recently built, modern assets, and transaction volume rose 31% from the prior quarter. For the full year, volume was up 3% compared with 2024, marking a second consecutive year of growth and indicating moderate but steady momentum. Overall, 2025 reflects a shift from broadly dispersed early-year activity in older urban stock to concentrated trades in higher-demand, newer suburban corridors and core Dallas by year-end.

EMPLOYMENT

- Employers across Dallas-Fort Worth added jobs at a moderate pace through the fourth quarter. During the past 12 months, local payrolls have expanded by 0.3% with the addition of 14,200 new positions.
- Growth in the private education and health services sector continues to demonstrate resilience. Year over year through the fourth quarter, the sector added more than 15,700 jobs, representing a 3.0% increase.
- In November, Goldman Sachs topped out an 800,000-square-foot North End campus near Uptown. Slated to open in 2028, the regional hub is expected to support 5,000 employees. Financial services employment in Dallas-Fort Worth has grown by more than 60,000 jobs since 2020 and should receive an additional lift as Goldman Sachs expands its presence in the market.
- **FORECAST:** After a period of below-trend growth in 2025, the local labor market is forecast to regain momentum in the coming year. Approximately 47,000 jobs are projected to be added in 2026, representing a 1.1% increase.

Local payrolls have expanded by 14,200 new positions.

EMPLOYMENT OVERVIEW

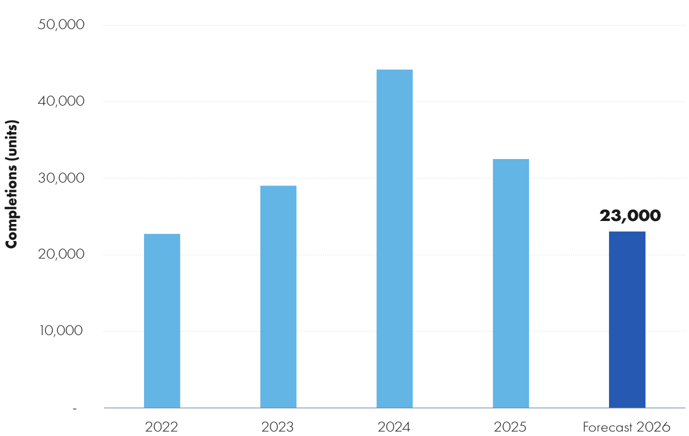


Sources: Northmarq, Bureau of Labor Statistics

DEVELOPMENT & PERMITTING

Completions are down nearly 25% compared to 2024.

DEVELOPMENT TRENDS



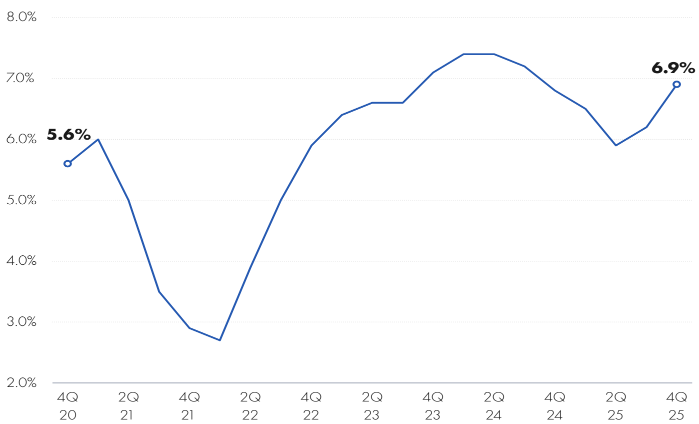
Sources: Northmarq, CoStar, RealPage

- Supply pressures eased throughout 2025. During the fourth quarter, approximately 8,100 units were delivered, down 23% year over year. Completions for the full year totaled just under 33,000 units, down nearly 25% compared to 2024.
- New construction activity continues to decelerate, as deliveries significantly outpace new project starts. Roughly 42,700 units remain under construction across the Metroplex, representing a 3% quarterly decline and a 16% year-over-year drop. Since peaking in 2023, the development pipeline has continually declined, marking nine consecutive quarters of contraction.
- Developers pulled permits for an estimated 23,000 multifamily units over the full year, roughly in line with 2024 levels.
- **FORECAST:** Developers are on track to deliver about 23,000 units in 2026, nearly 50% fewer than the 2024 peak and the lowest annual delivery total since 2022. Multifamily permitting is expected to total about 23,000 units, consistent with activity recorded in 2025.

VACANCY

Annual demand totaled nearly 30,000 units.

VACANCY TRENDS



Sources: Northmarq, RealPage

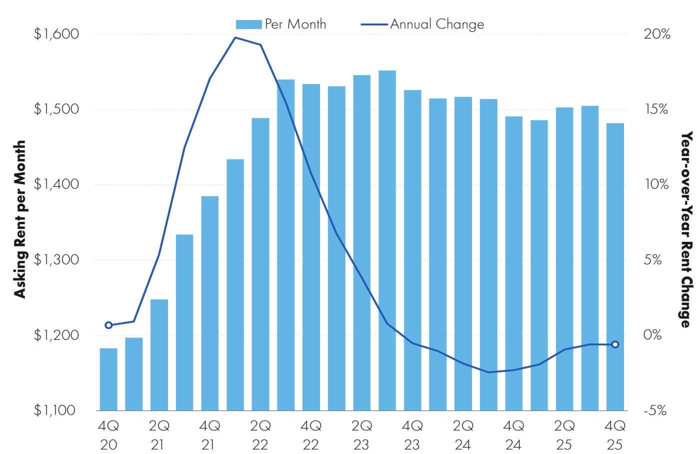
- Vacancy in Dallas-Fort Worth rose during the fourth quarter, ending the year at 6.9%, up 10 basis points year over year.
- Fourth quarter net absorption was nearly flat, and combined with additional new supply, contributed to the quarterly rise in vacancy. Annual demand totaled nearly 30,000 units. Net move-ins in Dallas totaled nearly 19,000 units, while Fort Worth contributed roughly one-third of the region's total absorption.
- Submarket performance varied across the Metroplex in 2025. North Dallas and Far East Dallas recorded notable vacancy improvements, declining 170 and 130 basis points, respectively. Meanwhile, East Fort Worth and West Fort Worth/Parker County also saw declines of 190 and 210 basis points, respectively.
- **FORECAST:** Vacancy edged up slightly in 2025 but is expected to tighten meaningfully as supply growth continues to soften. The rate projected to decline 40 basis points, finishing 2026 at 6.5%.

RENTS

- Rents eased slightly during the fourth quarter. Average asking rents dipped to $1,482 per month, 0.6% below the same period last year.
- Class A rents continued to increase, rising 0.9% year over year to an average of $1,955 per month. In contrast, Class B rents averaged $1,455 per month, representing a 2.9% decline from the same period a year earlier.
- In the fourth quarter, average rents in Dallas were $1,521 per month, compared with $1,364 per month in Fort Worth. Among Dallas submarkets, Intown Dallas and Oak Lawn/Park Cities commanded the highest rents, exceeding $2,160 and $2,351 per month, respectively. In Fort Worth, North Fort Worth/Keller and Grapevine/Southlake led the market, with average rents of $1,549 and $1,685 per month, respectively.
- **FORECAST:** Rents are expected to rebound in the coming year as absorption remains elevated and vacancy improves from a shrinking construction pipeline. In 2026, average rents are forecast to increase 2.4% to $1,518 per month.

Class A rents rose 0.9% year over year.

RENTS TRENDS



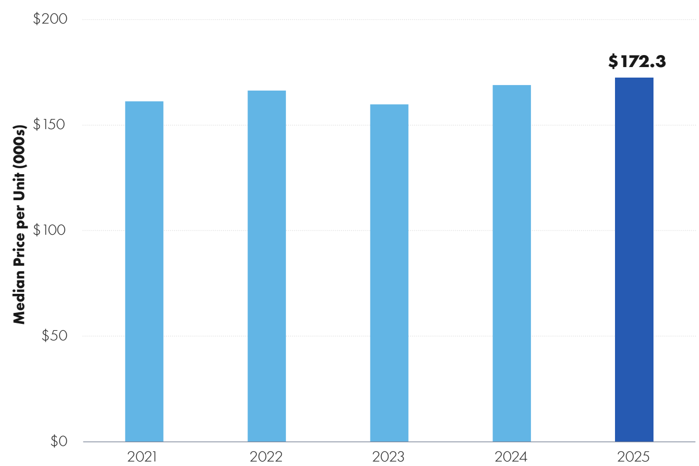
Sources: Northmarq, RealPage

MULTIFAMILY SALES

- Transaction volume in the fourth quarter rose 31% from the prior quarter. For the full year, volume was up 3% compared with 2024, marking the second year of positive growth following a decline in 2023.
- For transactions with available pricing, the median sale price in 2025 was $172,300 per unit, or 2% higher than in 2024. Fourth-quarter activity was largely centered in Dallas, with significant transactions also occurring in high-growth suburban markets such as Frisco, Irving, and Plano, as well as other suburban markets including McKinney, Farmers Branch, and Mesquite.
- Across transactions that have closed during 2025, cap rates for Class A properties have generally ranged between 4.75% and 5.0%, or higher.
- Outside of the top tier, cap rates for Class B and Class C communities have started around 5.5%, with some properties trading at 5.75% or higher.

The median sale price is $172,300 per unit.

INVESTMENT TRENDS



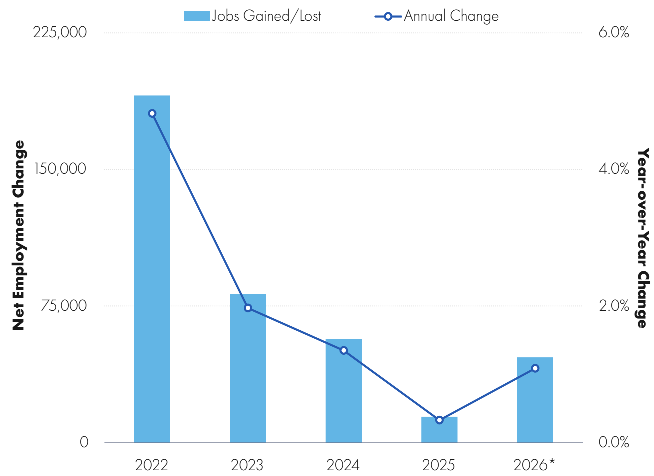
Sources: Northmarq, CoStar, Real Capital Analytics, Green Street

LOOKING AHEAD

The Dallas-Fort Worth multifamily market is positioned for steady improvement in 2026. Absorption has remained solid since mid-2024 and continued through most of 2025, though some moderation occurred in the fourth quarter as economic growth slowed and job gains eased. Developers are scaling back deliveries significantly beginning in 2026. Completions are forecast to be cut nearly in half from the peak levels recorded in 2024, and the annual deliveries scheduled for the coming year would mark the lowest total in the region since 2022. This tapering of new supply, combined with steady demand, is projected to lower vacancy by roughly 40 basis points by year-end. Rents, slightly negative year over year in the fourth quarter, are expected to rebound and support growth in 2026. Overall, fundamentals remain supportive, positioning the market for tighter vacancy and modest rent increases next year.

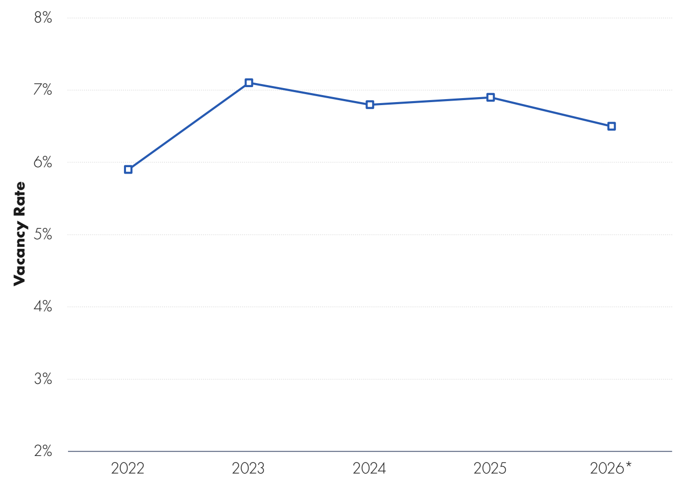
Multifamily transaction activity in the Dallas-Fort Worth metro showed renewed momentum toward the end of 2025, closing at levels comparable to midyear. Looking ahead, Dallas-Fort Worth is poised to once again be one of the most active multifamily investment markets in the country as sales volume gradually improves, supported by stabilizing fundamentals and more favorable borrowing conditions. Despite elevated and volatile interest rates in the first half of 2025, recent easing, potential rate cuts in 2026, and improving supply and demand dynamics may help drive a stronger recovery in investment activity. Cap rates have remained relatively stable over recent quarters, with modest compression possible as financing costs decline and rent growth becomes more consistent. Supported by a diverse employment base, a business-friendly environment, and continued population growth, the region remains highly attractive for multifamily investors heading into 2026.

EMPLOYMENT FORECAST



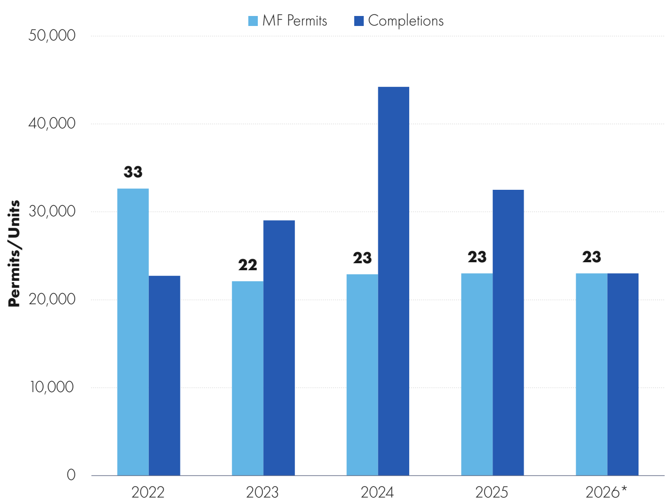
** Year End Forecast*
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



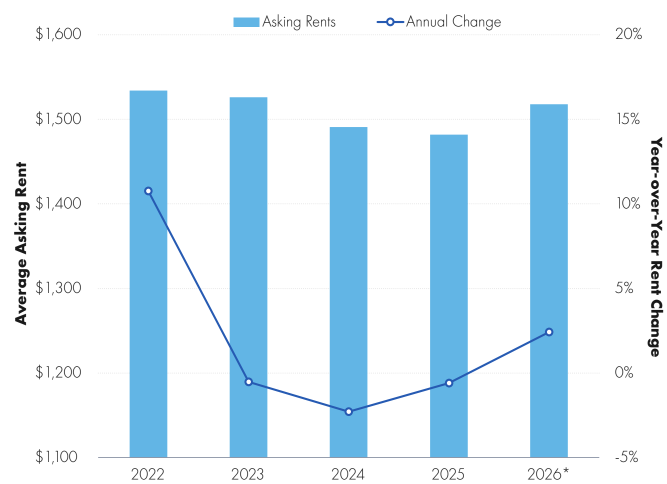
** Year End Forecast*
Sources: Northmarq, RealPage

CONSTRUCTION & PERMITTING FORECAST



** Year End Forecast*
Sources: Northmarq, Census Bureau, RealPage

RENTS FORECAST



** Year End Forecast*
Sources: Northmarq, RealPage

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