Northmarq

MARKET INSIGHTS

Rents and occupancy climb to open 2026

CONSTRUCTION ACTIVITY

UNITS ABSORBED (YTD)	8,494
UNITS DELIVERED (YTD)	7,484

MARKET FUNDAMENTALS

VACANCY RATE	6.8%
QUARTERLY CHANGE	-10 bps
ASKING RENTS	$1,483
QUARTERLY CHANGE	+0.1%

TRANSACTION ACTIVITY (YTD)

MEDIAN PRICE PER UNIT	$175,300
PROPERTIES	37

DALLAS-FORT WORTH MULTIFAMILY
Q1 2026

HIGHLIGHTS

- Dallas-Fort Worth multifamily operating fundamentals improved during the first quarter of 2026, with net absorption once again outpacing new supply by a wide margin. Since 2020, the market has absorbed more than 154,000 units, underscoring the depth of sustained demand.
- Developers completed roughly 7,500 units during the first three months of the year, a 4% decline from the same period of last year. New supply has remained largely flat for three consecutive quarters.
- Vacancy ended the quarter at 6.8%, down 10 basis points from year-end 2025. Asking rents edged up 0.1% in the quarter to $1,483 per month.
- Among year-to-date transactions with disclosed pricing, the median sale price stands at $175,300 per unit, up 2% from 2025, with cap rates averaging 5.25%.

DALLAS-FORT WORTH MULTIFAMILY MARKET OVERVIEW

Dallas-Fort Worth posted improved operating fundamentals during the first quarter. Renter demand exceeded new supply, with net absorption totaling approximately 8,500 units, about 1,000 more units than were delivered. Dallas drove a growing share of that demand, accounting for roughly 70%. New supply remained relatively flat at approximately 7,500 units delivered, while the construction pipeline continued to contract, now about 43% below the 2023 peak. Vacancy improved across the Metroplex, with Class A and Class B leading gains. Asking rents made headway, with quarterly growth turning positive, a promising sign of stabilization. Rents have diverged by class, with Class A posting year-over-year rent growth for five consecutive quarters and finishing the first quarter with a 3.2% annual rise. Class B rents have begun to gain traction, posting their first year-over-year increase since 2023, while Class C rents have continued to creep lower.

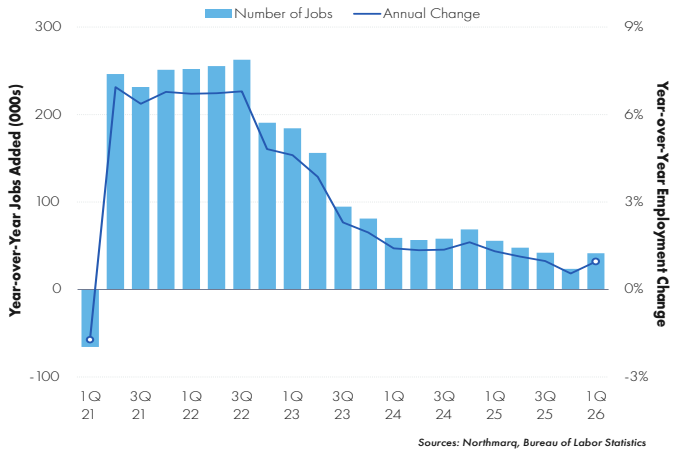
Multifamily transaction activity in Dallas-Fort Worth carried its late-2025 momentum into the first quarter of 2026. The cities of Dallas and Fort Worth proper continued to anchor the market, together accounting for 60% of deals and attracting buyers across a broad vintage range, from 1960s and 1970s-era garden communities to newer mid-rise and high-rise product built or renovated in the late 2010s and early 2020s. Irving rounded out the leading cities within the Metroplex with four transactions. The composition of activity shifted meaningfully, with mid-rise and high-rise properties accounting for 35% of deals, up from just 18% a year ago, reflecting growing investor appetite for larger, newer urban assets. The median sale price among transactions with available pricing reached $175,300 per unit, while cap rates averaged around 5.25%, compressing slightly from one year ago.

EMPLOYMENT

- Employers across the Dallas-Fort Worth area added jobs at an accelerating pace through the first quarter. During the past 12 months, local payrolls grew by 1.0%, adding 41,400 new positions.
- Growth in the professional and business services sector continues to strengthen. Year over year through the first quarter, the sector added more than 22,100 jobs, representing a 2.9% increase.
- In January, AT&T announced plans to relocate its global headquarters to a new 54-acre campus in Plano. Slated for partial occupancy beginning in late 2028, the move will consolidate the company's estimated 5,500 area workers. The relocation reinforces Plano's corporate momentum and the northward shift of employment to Collin County's fast-growing suburbs.
- **FORECAST:** Following a period of below-trend growth in 2025, the local labor market is forecast to build on momentum through the remainder of 2026. Approximately 50,000 jobs are projected to be added in 2026, representing a 1.2% increase.

Local payrolls added 41,400 new positions.

EMPLOYMENT OVERVIEW

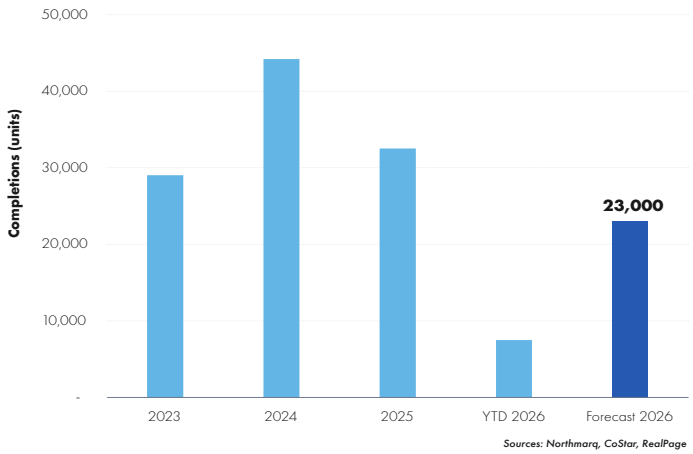


Sources: Northmarq, Bureau of Labor Statistics

DEVELOPMENT & PERMITTING

Units under construction declined 12% year over year.

DEVELOPMENT TRENDS



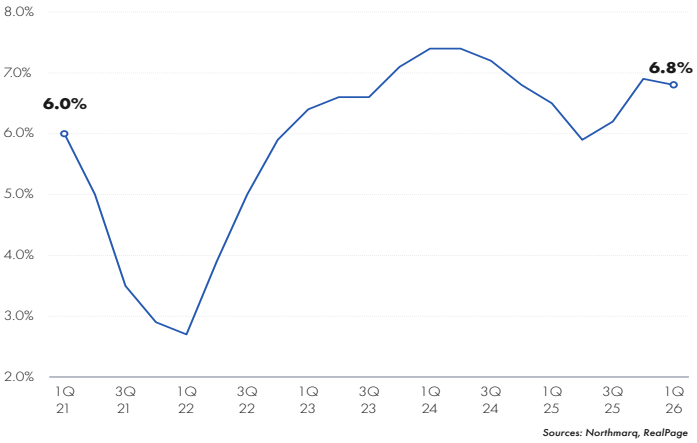
Sources: Northmarq, CoStar, RealPage

- Supply pressure continued to ease into 2026. Roughly 7,500 units were completed during the first quarter, down 4% year over year. The Dallas area accounted for the bulk of activity at approximately 5,100 units, or about two-thirds of the total, while the Fort Worth area added 2,400 units.
- New construction continues to decelerate, as deliveries outpace starts. Roughly 43,200 units remain underway across the Metroplex, a 12% decline from the same period last year. About 30% of that pipeline is concentrated in just two submarkets north of Dallas: Frisco and Allen/McKinney.
- Permitting activity accelerated during the opening months of 2026. Developers pulled permits for roughly 6,900 multifamily units in the first quarter, 29% more than the prior quarter.
- **FORECAST:** Developers are on track to deliver about 23,000 units in 2026, nearly 30% below last year and the lowest annual total since 2022. Multifamily permitting is expected to reach about 25,000 units, slightly above 2025 levels.

VACANCY

First quarter net absorption totaled nearly 8,500 units.

VACANCY TRENDS



Sources: Northmarq, RealPage

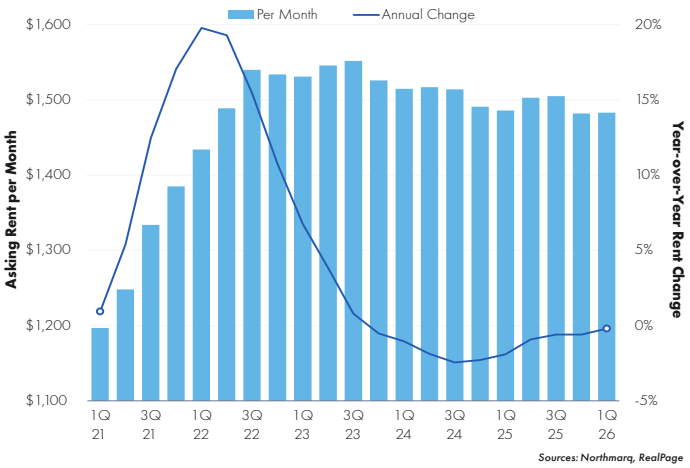
- Dallas-Fort Worth multifamily vacancy declined 10 basis points during the first quarter to end at 6.8%, though it remains 30 basis points higher than a year ago. Vacancy improved from the prior quarter in both major areas of the Metroplex, reaching 6.7% in Dallas and 7.0% in Fort Worth.
- First quarter net absorption was positive at nearly 8,500 units, outpacing new supply by just over 1,000 units. Dallas drove the gains with nearly 6,000 net move-ins, while Fort Worth added roughly 2,500 units.
- Submarkets posting notable first-quarter vacancy improvements included The Colony, Frisco, Allen/McKinney, and South Arlington/Mansfield. Together these submarkets received over 36% of the quarter's new deliveries, yet net absorption still outpaced new supply in each.
- **FORECAST:** Vacancy is expected to tighten as supply growth continues to taper in the near term. The rate is projected to decline 30 basis points by year-end, finishing 2026 at 6.6%.

RENTS

- Rents improved modestly during the first quarter. Average asking rents edged up to $1,483 per month, a 0.1% gain over the fourth quarter of 2025. Year over year, rents slipped just 0.2%.
- Leading all classes, Class A rents increased 3.2% year over year to an average of $1,956 per month across the Metroplex. Class B rents averaged $1,463 per month, up just 0.3% from a year earlier. Weighing on overall performance, Class C rents fell 4.2% during the same period.
- In the first quarter, average rents in Dallas were $1,523 per month. Oak Lawn/Park Cities and Intown Dallas led the metro's submarkets, exceeding $2,399 and $2,180 per month, respectively. In Fort Worth, average rents were $1,362 per month, with Grapevine/Southlake and North Fort Worth/Keller commanding the highest levels at $1,700 and $1,573 per month, respectively.
- **FORECAST:** Rent growth is expected to accelerate in the coming quarters as absorption stays elevated and vacancy tightens. Average rents are projected to rise 1.6% by year-end 2026, reaching $1,505 per month.

Class A rents increased 3.2% year over year.

RENTS TRENDS



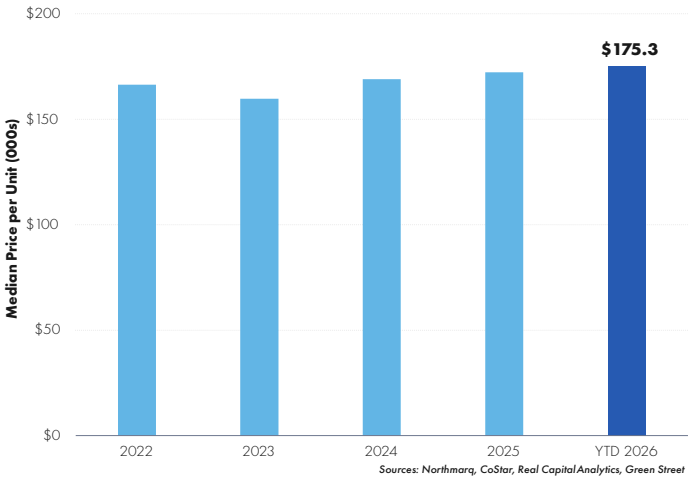
Sources: Northmarq, RealPage

MULTIFAMILY SALES

- The cities of Dallas and Fort Worth proper continued to anchor the market, together accounting for 60% of deals and attracting buyers across a broad vintage range, from 1960s- and 1970s-era garden communities to newer mid-rise and high-rise product built or renovated in the late 2010s and early 2020s. Irving rounded out the leading cities within the Metroplex with four transactions.
- For transactions with available pricing, the year-to-date median sale price is $175,300 per unit, or 2% higher than last year. Mid-rise and high-rise properties accounted for 35% of first quarter transactions, up sharply from 23% of all 2025 deals.
- Among transactions that have closed year-to-date, cap rates for Class A properties have generally ranged from 4.75% to 5.0% or higher.
- Class B and Class C communities have generally opened near 5.5%, reaching 5.75% or higher in some deals.

The year-to-date median sale price is $175,300 per unit.

INVESTMENT TRENDS



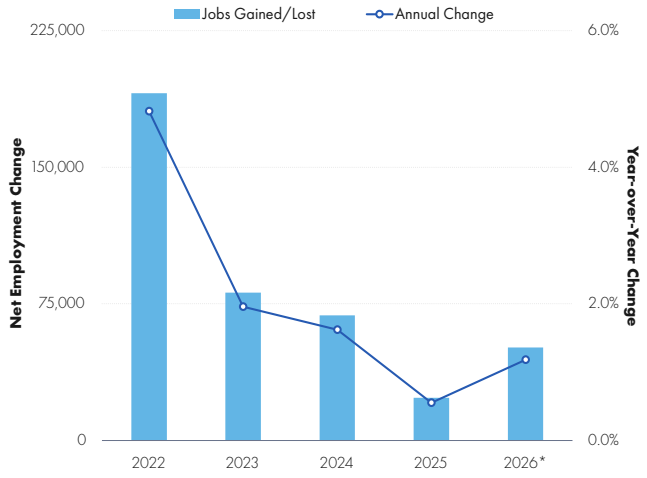
Sources: Northmarq, CoStar, Real Capital Analytics, Green Street

LOOKING AHEAD

Dallas-Fort Worth is positioned for continued improvement in 2026. Deliveries are forecast to reach their lowest level since 2022, and this meaningful pullback in new supply, combined with steady renter demand, is projected to push vacancy down by roughly 30 basis points by year-end. Following a period of below-trend growth in 2025, the local labor market is forecast to build on momentum, with approximately 50,000 jobs projected to be added, a 1.2% increase. Rents are expected to build on the recent quarterly rebound and return to year-over-year growth by year-end, with demand remaining concentrated in the submarkets receiving the bulk of new supply. Allen/McKinney, Frisco, and The Colony/Far North Carrollton together account for approximately one-third of all expected 2026 deliveries, while first-quarter absorption outpaced new supply across all three submarkets, underscoring the depth of demand in the region's fastest-growing corridors.

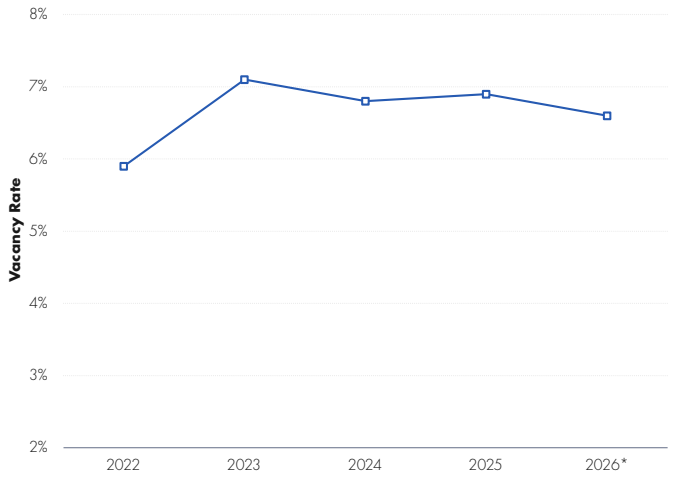
If first-quarter trends persist, Dallas-Fort Worth is on track for another active year in multifamily investment. Transaction activity started slowly in January before ramping sharply by March, which alone accounted for nearly half of all first-quarter closings. That surge included an increased concentration of mid-rise and high-rise assets, among them three 2024-vintage suburban properties. If that momentum carries into the second quarter, full-year volume could meet or modestly exceed 2025's transaction count. The shift toward mid-rise and high-rise product is also one to watch: if the 35% share holds or grows, it would represent a structural change in transaction composition rather than a one-quarter anomaly, reflecting sustained appetite for larger, newer assets. On pricing, continued gains would mark a third consecutive year of modest appreciation, supported by stabilizing vacancy and improving rent trends, as well as the shift in the transaction mix.

EMPLOYMENT FORECAST



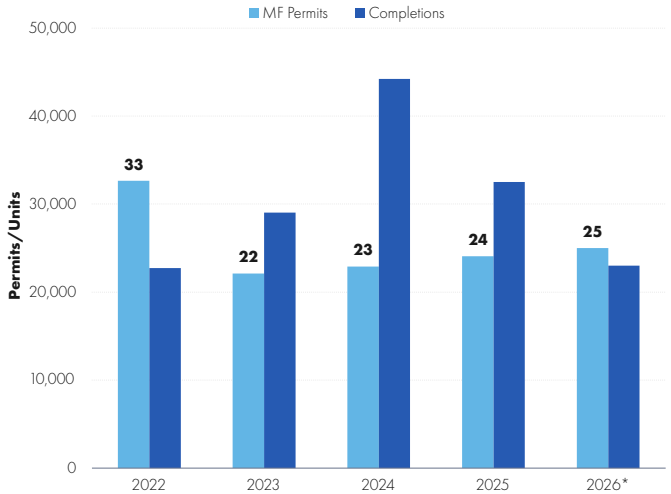
** Year End Forecast*
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



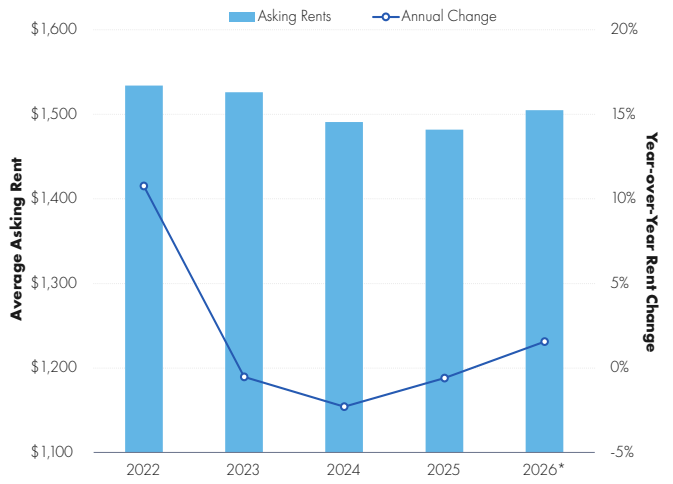
** Year End Forecast*
Sources: Northmarq, RealPage

CONSTRUCTION & PERMITTING FORECAST



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

RENTS FORECAST



** Year End Forecast*
Sources: Northmarq, RealPage

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