

CONSTRUCTION ACTIVITY



UNITS ABSORBED (YTD) **19,877**

UNITS DELIVERED (YTD) **12,949**

MARKET FUNDAMENTALS



VACANCY RATE **6.2%**

QUARTERLY CHANGE **-60bps**

ASKING RENTS **\$1,496**

QUARTERLY CHANGE **+0.9%**

TRANSACTION ACTIVITY (YTD)



MEDIAN PRICE PER UNIT **\$166,100**

PROPERTIES **72**

DALLAS-FORT WORTH MULTIFAMILY Q2 2026

MARKET INSIGHTS

Demand nearly doubles new supply

HIGHLIGHTS

- Dallas-Fort Worth multifamily operating fundamentals improved during the second quarter, with net absorption continuing to outpace new supply by a wide margin. Since 2020, the market has absorbed more than 165,000 units, underscoring the depth of sustained demand.
- Developers completed roughly 6,200 units during the second quarter and have delivered nearly 13,000 units year to date. New supply has declined for four consecutive quarters.
- Vacancy ended the quarter at 6.2%, down 60 basis points from the prior three months. Asking rents climbed 0.9% during the same period to \$1,496 per month.
- Among year-to-date transactions with disclosed pricing, the median sale price was \$166,100 per unit, down modestly from 2025 levels, while cap rates averaged 5.25%.

DALLAS-FORT WORTH MULTIFAMILY MARKET OVERVIEW

Dallas-Fort Worth's operating fundamentals improved further during the second quarter. Net absorption far outpaced new supply; net absorption was about 12,000 units, nearly doubling the number of units that were delivered. Demand was widespread throughout the Metroplex, exceeding new supply in nearly every submarket. Dallas accounted for an increasing share of that demand, accounting for about 78%, up from roughly 70% in the first quarter. New supply eased to about 6,200 units delivered, the lowest quarterly total since early 2023. The construction pipeline continued to shrink, falling to roughly 43,300 units, 43% below its 2023 peak. As a result of elevated demand and slowing deliveries, vacancy declined notably, with Class A and Class B properties leading the gains. Rent performance strengthened for a second consecutive quarter and remained led by higher-quality product. Class A rents rose 1.3% quarter over quarter and have now recorded year-over-year growth for three consecutive quarters. Class B rents continued to gain traction, rising 0.8% quarter over quarter, while Class C properties declined 0.6%.

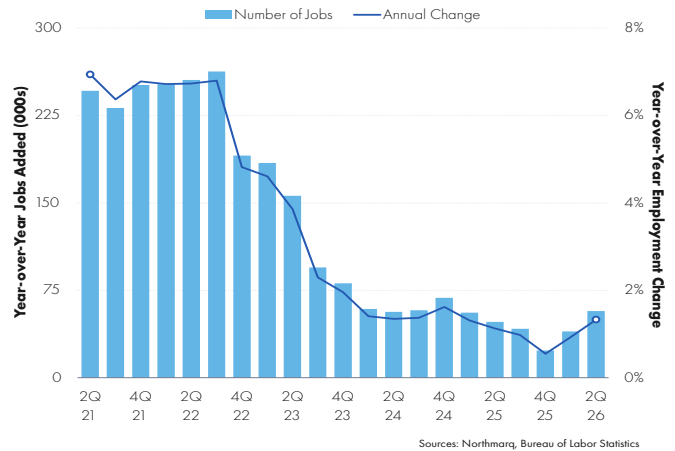
Multifamily investment activity in Dallas-Fort Worth held steady through the first half of 2026, with 72 properties changing hands. Activity peaked in March and picked back up in June. The cities of Dallas and Fort Worth continued to anchor the market, together accounting for 54% of deals. Buyers there purchased properties across a broad vintage range, from 1960s- and 1970s-era garden communities to mid-rise and high-rise properties built in the late 2010s and early 2020s. Irving was the next most active city, followed by Richardson. The mix of properties has shifted in recent months. Mid-rise and high-rise properties made up nearly 30% of deals overall, but most of those sales closed in the first quarter. In the second quarter, investors increasingly targeted garden communities built in the 2000s and early 2010s. Cap rates averaged about 5.25%, with newer properties trading roughly 75 basis points tighter than older ones.

EMPLOYMENT

- Employers across the Dallas-Fort Worth area added jobs at an accelerating pace through the second quarter. During the past 12 months, local payrolls grew by 1.3%, adding 57,200 new positions.
- Growth in the professional and business services sector continues to strengthen. Year over year through the second quarter, the sector added 25,300 jobs, representing a 3.3% increase.
- In May, Celestica announced plans for a new advanced manufacturing campus at AllianceTexas in Fort Worth. The project will include more than 1 million square feet of space and is expected to create approximately 1,700 jobs across manufacturing, engineering, and supply chain functions.
- FORECAST:** Following a period of below-trend growth in 2025, the local labor market is forecast to sustain its momentum through the remainder of 2026. Approximately 51,000 jobs are projected to be added in 2026, representing a 1.2% increase.

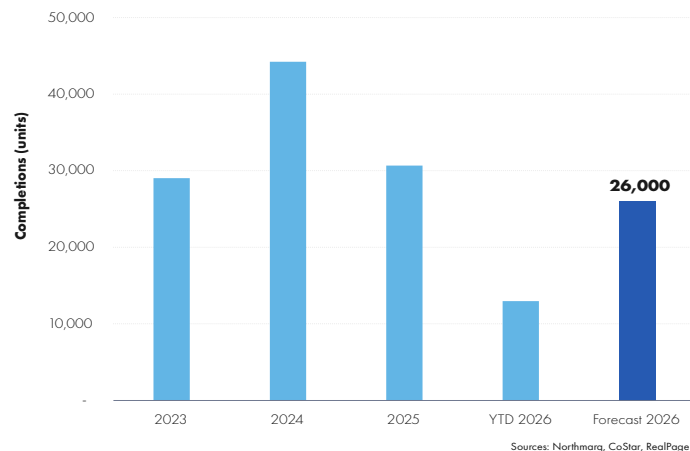
Local payrolls added 57,200 new positions.

EMPLOYMENT OVERVIEW



The construction pipeline declined 8% year over year.

DEVELOPMENT TRENDS

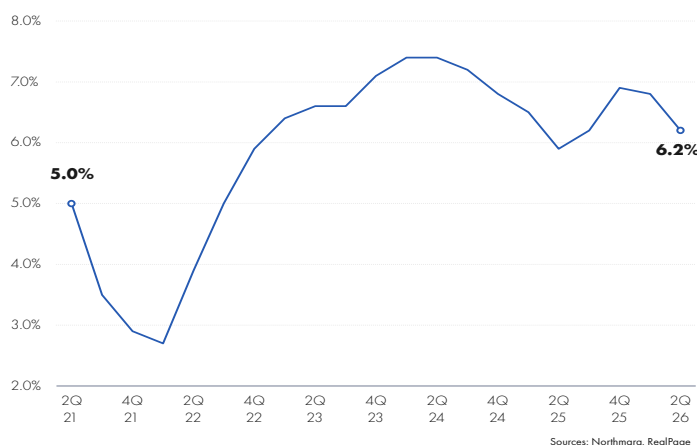


DEVELOPMENT & PERMITTING

- The pace of multifamily deliveries has slowed to this point in the year. Projects totaling roughly 13,000 units came online during the first half, trailing levels recorded in the same period of last year by 18%.
- The construction pipeline in Dallas-Fort Worth continued to contract. Roughly 43,300 units remain underway across the Metroplex, an 8% 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.
- Multifamily permitting activity remained consistent with year-earlier levels through the first half of 2026. Developers pulled permits for roughly 12,000 units year to date.
- FORECAST:** Developers are on track to deliver about 26,000 units in 2026, down 15% from 2025 and more closely tracking long-term trends. Multifamily permitting is expected to reach about 23,000 units, slightly below 2025 levels.

Demand continued to outpace new supply.

VACANCY TRENDS



VACANCY

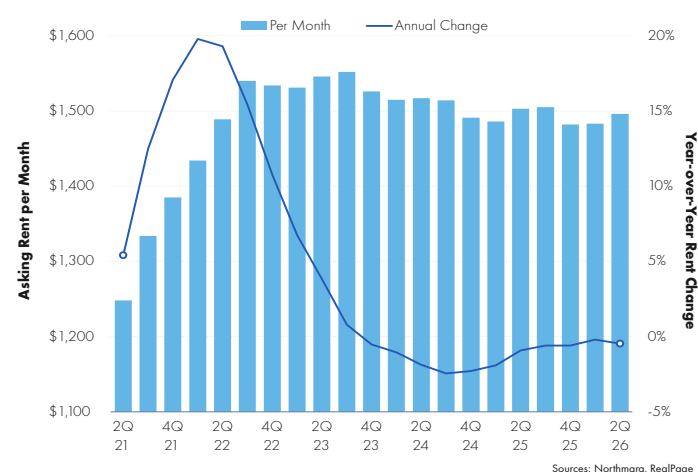
- After edging lower in the opening months of the year, the Dallas-Fort Worth vacancy rate fell 60 basis points during the second quarter to 6.2%, though it remained 30 basis points above the year-ago level. Conditions improved across the Metroplex, with vacancy declining to 6.1% in Dallas and 6.3% in Fort Worth.
- Demand continued to outpace new supply through the first half of 2026. Apartments recorded approximately 19,900 net move-ins year to date, surpassing deliveries by roughly 7,000 units. Dallas accounted for nearly 75% of all units absorbed.
- Occupancy gains were broad-based across the quality spectrum, though improvement was most pronounced among higher-end properties. Class A vacancy declined 100 basis points during the second quarter, while Class C vacancy improved by 30 basis points.
- **FORECAST:** Vacancy is expected to moderate during the second half of the year as supply and demand return closer to equilibrium. Even so, the rate is still projected to end 2026 at 6.6%, 30 basis points below the year-end 2025 level.

RENTS

- Following modest growth in the first quarter, rent growth accelerated during the second quarter. Average asking rents increased 0.9% to \$1,496 per month, leaving rents just 0.5% below their year-ago level.
- Rent growth varied by asset class, with Class A properties leading the market at 2.2% annual growth, lifting average rents to \$1,987 per month. Class B rents were largely stable, declining 0.6% to \$1,474 per month, while Class C rents fell 3.8% year over year.
- In the second quarter, average rents in Dallas reached \$1,536 per month. Oak Lawn/Park Cities and Intown Dallas remained the metro's most expensive submarkets, with average rents exceeding \$2,449 and \$2,243 per month, respectively. In Fort Worth, rents averaged \$1,375 per month, led by Grapevine/Southlake and North Fort Worth/Keller at \$1,741 and \$1,614 per month.
- **FORECAST:** Rent growth is expected to continue strengthening through the second half of 2026 as market fundamentals improve. By year-end, average rents are projected to increase 1.6% year over year to \$1,505 per month.

Class A rents increased 2.2% year over year.

RENTS TRENDS

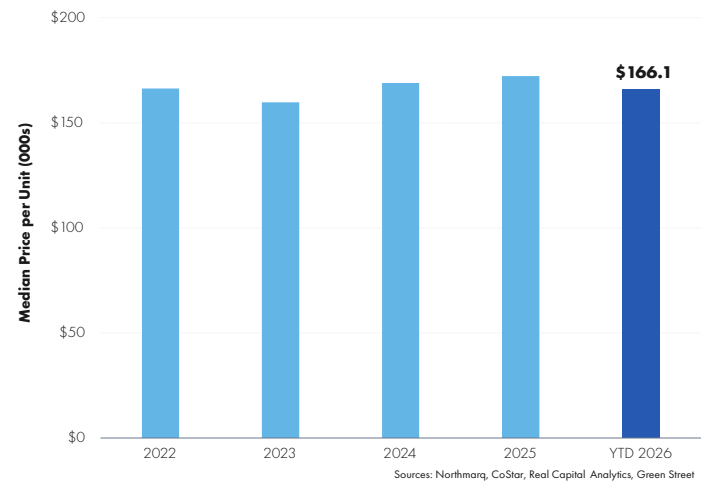


MULTIFAMILY SALES

- Investment activity remained concentrated in Dallas and Fort Worth, which together accounted for a large share of transactions. Buyers targeted properties across a broad vintage range, from 1960s- and 1970s-era garden communities to newly completed assets delivered in 2024 and 2025. Activity was also dispersed across the Metroplex, with Irving, Richardson, and Arlington among the more active suburban submarkets.
- For transactions with available pricing, the year-to-date median sale price is \$166,100 per unit, or 4% below last year. Second-quarter sales leaned more heavily toward garden-style communities and were spread across Fort Worth and a broad range of suburban cities, while Dallas proper and mid-to-high-rise properties accounted for a larger share of first-quarter activity.
- 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 \$166,100 per unit.

INVESTMENT TRENDS

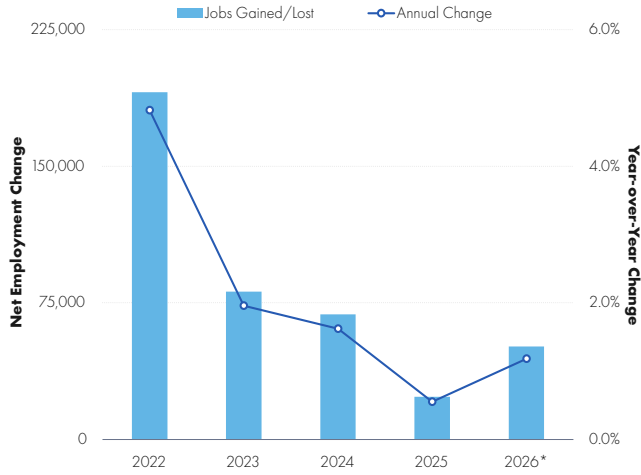


LOOKING AHEAD

Dallas-Fort Worth is positioned for continued improvement in the second half. Deliveries are forecast to reach their lowest level since 2022, and the combination of slowing supply and steady renter demand is projected to support a year-over-year vacancy decline in 2026. Following a period of below-trend growth in 2025, the local labor market is forecast to build on momentum, with approximately 51,000 jobs projected to be added, a 1.2% increase. Rents are expected to build on the two recent quarterly improvements and return to year-over-year growth by year-end, with demand remaining concentrated in the submarkets receiving the bulk of new supply. Gains are expected to be strongest in the urban core of Dallas and older infill submarkets.

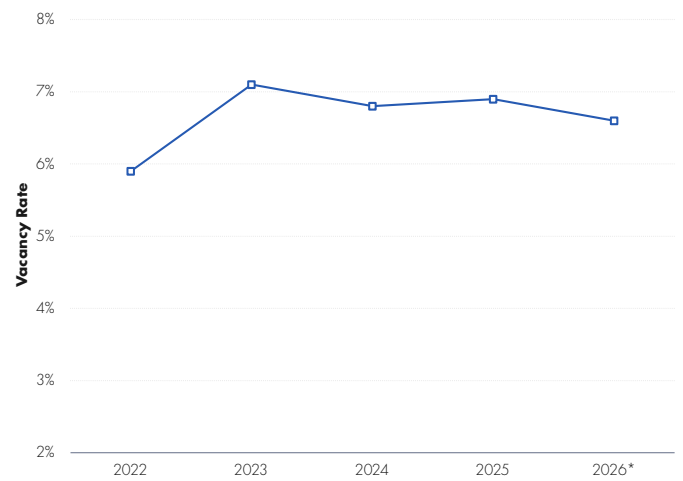
The Dallas-Fort Worth investment market is positioned for a stronger second half after a measured start to 2026. First-half volume of about \$3.4 billion trailed the prior-year pace by roughly 22%, though second-half activity has improved in each of the past three years. The move toward larger, newer assets is expected to persist, with mid-rise and high-rise properties gaining share of transactions each year since 2023. Sales are likely to shift toward the northern suburbs as recently completed properties in Allen/McKinney, Frisco, and Denton, which delivered roughly one-third of the metro's new units over the past year, stabilize and come to market in late 2026 and 2027. A growing number of lender-driven sales is expected to bring older, value-add inventory to market, creating opportunities for buyers heading into 2027.

EMPLOYMENT FORECAST



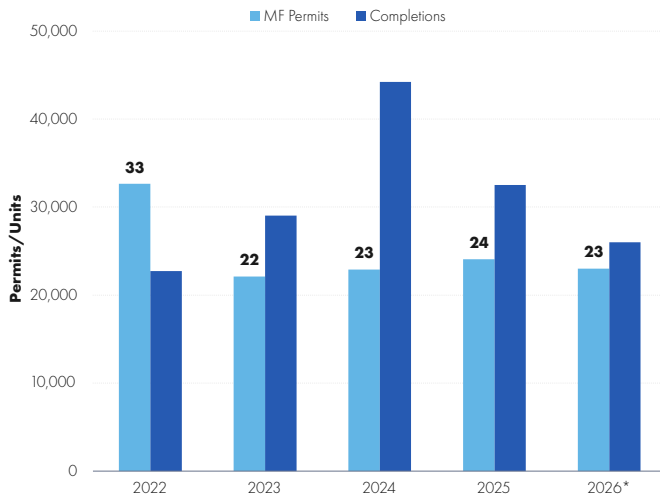
* Year-End Forecast
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



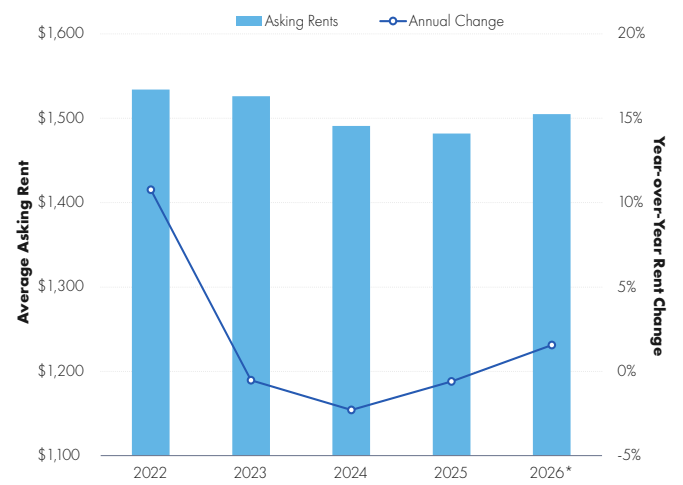
* Year-End Forecast
Sources: Northmarq, RealPage

CONSTRUCTION & PERMITTING FORECAST



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

RENTS FORECAST



* Year-End Forecast
Sources: Northmarq, RealPage



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