

## CONSTRUCTION ACTIVITY



UNDER CONSTRUCTION **43,521**

UNITS DELIVERED (YTD) **24,857**

## MARKET FUNDAMENTALS



VACANCY RATE **6.2%**

YEAR-OVER-YEAR CHANGE **-100bps**

ASKING RENTS **\$1,505**

QUARTERLY CHANGE **+0.1%**

## TRANSACTION ACTIVITY (YTD)



MEDIAN PRICE PER UNIT **\$173,800**

## DALLAS-FORT WORTH MULTIFAMILY Q3 2025

## MARKET INSIGHTS

# Construction pipeline shrinks to near 10-year low

## HIGHLIGHTS

- Renter demand continues to remain elevated in Dallas-Fort Worth. Renters moved into over 5,000 units in the third quarter, with net absorption exceeding 43,000 units over the past 12 months.
- The pace of deliveries fell nearly 18% from the same period last year, with developers completing roughly 8,300 units in the third quarter of 2025. The construction pipeline also thinned, with about 43,500 units under construction, nearly 50% below the peak reached in early 2023.
- Vacancies ticked up slightly, rising 30 basis points to 6.2%. The rate has dropped 100 basis points during the past 12 months. Average asking rents reached \$1,505 per month, a 0.1% increase over the previous quarter.
- In transactions where pricing was available, the median sale price was \$173,800 per unit through the first three quarters of 2025, while cap rates averaged 5.25%.

## DALLAS-FORT WORTH MULTIFAMILY MARKET OVERVIEW

Renter demand for apartment units remained consistently strong in Dallas-Fort Worth in the third quarter of 2025, with absorption totaling just over 5,000 units and marking the sixth consecutive quarter with net move-ins exceeding 5,000 units. Absorption figures through the first nine months of 2025 were nearly in line with 2024's elevated pace, and consistent with the demand that has been recorded during the past 18 months. Still, new supply came online at a steady rate and exceeded move-ins for the quarter, leading to a slight uptick in vacancy. While absorption continues to remain strong, the pace of supply growth is slowing. Deliveries in the third quarter were down nearly 18% compared to the same period last year, and the number of units under construction contracted by over 20% as starts have slowed. Supported by tightening vacancies, slowing construction starts, and continued absorption, asking rents recorded a second consecutive quarter-over-quarter increase.

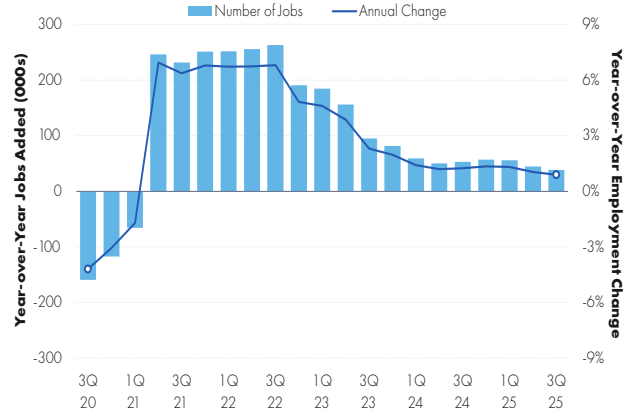
Transaction velocity through the first three quarters of 2025 was more than 5% higher than during the same period in 2024. Although volumes remain below the peaks recorded in 2021 and 2022, they have returned to just above pre-2020 averages. Deals are being executed across a broad range of vintages, with buyers in the third quarter acquiring a mix of older assets, primarily ranging from the 1960s through the 1990s, alongside a significant share of recently built properties from 2015 or later. Very recent deliveries from 2020 onward, including developments in Celina, Mansfield, and Richardson, comprised a notable portion of transactions in the quarter. Frisco, West Plano, and other high-growth suburban submarkets have been active spots for the sale of newer properties, while older vintage deals have been spread across the broader metroplex. In deals where valuations have been disclosed, per-unit pricing levels have remained consistent over the past few years despite interest rate volatility. Cap rates have also largely held steady during the past several quarters.

## EMPLOYMENT

- Employers across Dallas-Fort Worth added jobs at a steady pace through the third quarter. During the past 12 months, local payrolls have expanded by 0.9% with the addition of 38,200 new positions.
- Growth in the private education and health services sector continues to persist despite broader economic headwinds. Year-over-year through the third quarter, the private education and health services sector added more than 17,000 jobs, representing a 3.3% increase.
- During the third quarter, PennyMac subleased a 300,000 square-foot space in the Legacy/Frisco area. The move represents an expansion and relocation and is expected to support an additional 1,800 jobs by year-end.
- FORECAST:** Employment growth in Dallas-Fort Worth is forecast to accelerate slightly in 2025, as employers across a wider range of industries expand headcounts. Approximately 59,000 jobs are expected to be added this year, after gains totaling 57,100 workers in 2024. The local labor market is on pace to expand by 1.4% this year.

*Local payrolls have expanded by 38,200 new positions.*

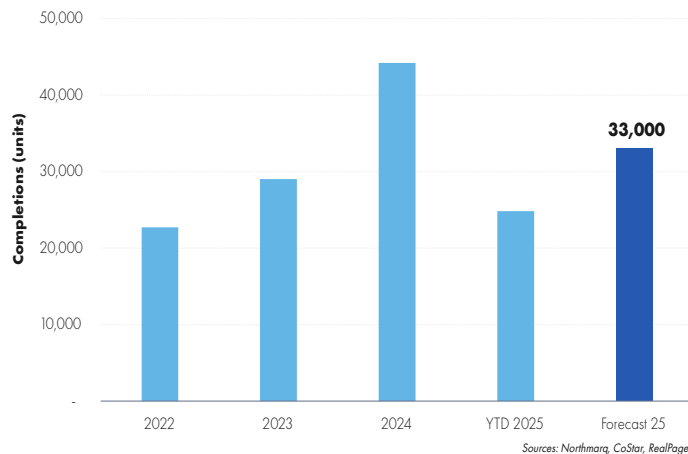
### EMPLOYMENT OVERVIEW



Sources: Northmarq, Bureau of Labor Statistics

*Completions are down roughly 25% compared to 2024.*

### DEVELOPMENT TRENDS

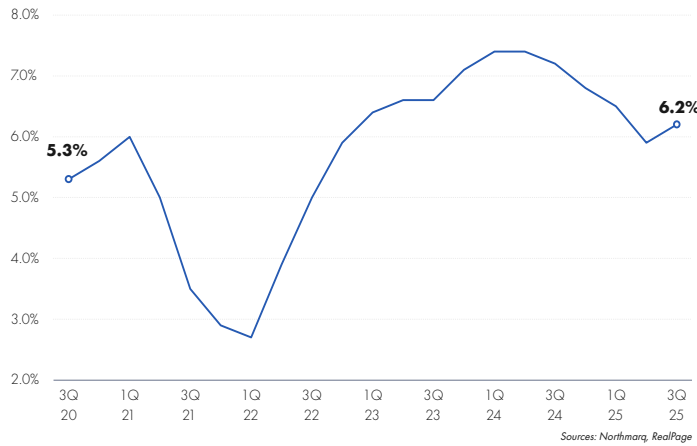


## DEVELOPMENT & PERMITTING

- Approximately 8,800 units were delivered during the third quarter, down nearly 18% year-over-year. Through the first three quarters of 2025, completions are down about 25% compared to the same period in 2024.
- The pace of new development continues to slow as completions outnumber starts by a wide margin. Projects totaling fewer than 43,600 units are currently underway across the metroplex, down 10% from last quarter and 21% year-over-year. The development pipeline has contracted steadily since peaking in 2023, marking eight consecutive quarters of decline in units under construction.
- Developers pulled permits for an estimated 6,200 multifamily units in the third quarter, or about 25% fewer than in the quarter prior. Permitting activity was up by less than 1% compared to the same period one year ago.
- FORECAST:** Developers are on track to deliver about 33,000 units in 2025, a pace well below the 2024 peak and more in line with the Metroplex's long-term average. Multifamily permitting for the year is expected to total approximately 19,000 units.

## Annual absorption is up 35% year-over-year.

### VACANCY TRENDS



### VACANCY

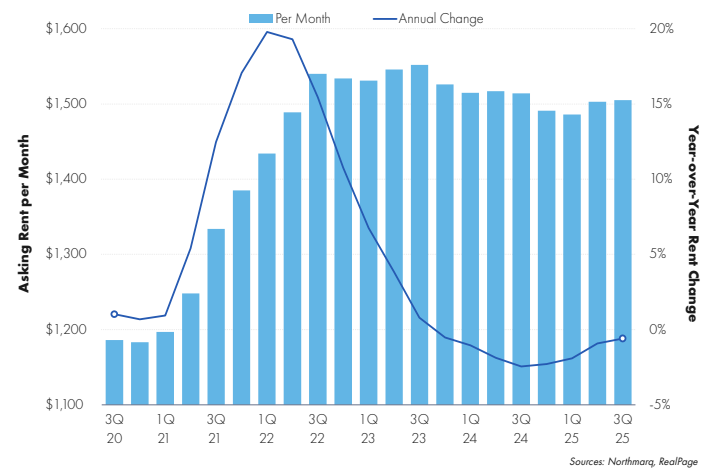
- Vacancy in Dallas-Fort Worth edged up during the third quarter, rising 30 basis points to 6.2% as deliveries outpaced absorption for the first time in five quarters. Still, vacancy remains 100 basis points lower year-over-year and at its second-lowest level since the fourth quarter of 2022.
- Third quarter net absorption totaled over 5,000 units, down from 11,900 a year ago. Still, annual net absorption remains above 43,000 units, up 35% year-over-year. Dallas accounted for about 75% of move-ins in the first half of the year, but third quarter activity was more balanced, with Fort Worth contributing roughly 40% of total absorption.
- Supply exceeded demand for the first time in five quarters for Dallas, and for the first time in four quarters for Fort Worth. Still, vacancy in Dallas is down 90 basis points from one year ago. Fort Worth is down by 160 basis points.
- FORECAST:** Vacancy dropped 30 basis points in 2024 and is forecast to post a more significant decline this year. The rate is on pace to drop 70 basis points in 2025, ending the year at 6.1%.

### RENTS

- Rents posted a second consecutive quarterly gain, supported by an improving supply-demand balance. At the end of the third quarter, average rents reached \$1,505 per month, 0.1% higher than in the prior quarter, though still 0.6% below year-ago levels.
- Class A rents improved 1.0% during the third quarter, reaching an average of \$1,959 per month. Class B rents averaged \$1,485 per month, representing a 0.3% improvement from the second quarter.
- The average rent in Dallas is \$1,542 per month, while rents in Fort Worth totaled \$1,391 per month in the third quarter. Top submarkets in Dallas for average rents include Intown Dallas and Oak Lawn/Park Cities, with rents above \$2,150 and \$2,340 per month, respectively. Top submarkets in Fort Worth for average rents include Grapevine/Southlake and North Fort Worth/Keller, where rents are \$1,725 and \$1,585, respectively.
- FORECAST:** Rents are expected to gain momentum in the coming quarters, as absorption remains elevated and the vacancy rate tightens. For the full year, average rents are forecast to increase by 1.3% to \$1,510 per month.

## Class A rents improved 1.0% during the third quarter.

### RENTS TRENDS

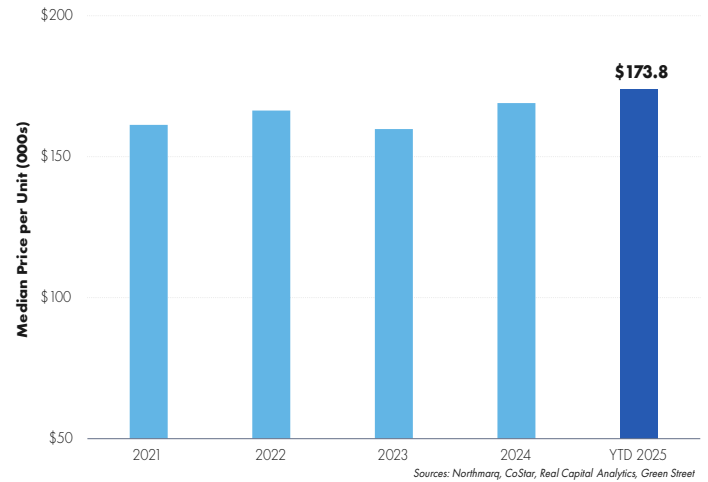


## MULTIFAMILY SALES

- Transaction volume in the third quarter of 2025 fell roughly 34% year-over-year. Still, on a rolling four-quarter basis, volume is up nearly 32% year-over-year, indicating that recent momentum remains stronger than it was at the same time last year.
- For transactions with available pricing, the median sale price to this point in 2025 is \$173,800 per unit, roughly 3% higher than in 2024. Third-quarter activity was distributed across high-growth suburbs like Plano, Frisco, and Irving and submarkets such as Celina, Mansfield, and Richardson.
- In transactions that have closed year to date, 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 \$173,800 per unit.*

### INVESTMENT TRENDS

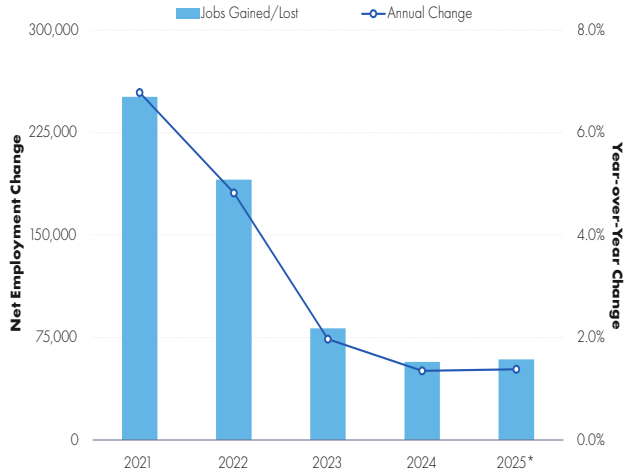


## LOOKING AHEAD

The Dallas-Fort Worth multifamily market is positioned for continued improvement. Absorption has remained strong since gaining momentum in mid-2024 and has carried through the first three quarters of 2025, though some softening may occur as economic conditions cool. At the same time, new supply is tapering, with expected deliveries declining for seven consecutive quarters to the lowest level since the third quarter of 2022. This sustained drop in incoming units, combined with steady demand, is expected to push vacancy rates lower over the coming year. Permitting and groundbreaking activity has also slowed, easing additional supply pressure. Rents, while still slightly negative year-over-year as of the third quarter, have improved for two quarters and are projected to move towards annual growth in 2026. Overall, the market's fundamentals continue to strengthen, setting the stage for modest rent growth and tighter vacancy conditions in 2026.

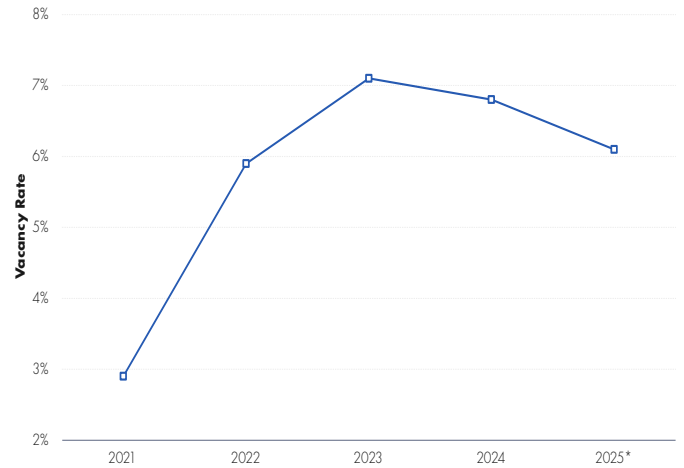
Multifamily investment momentum in Dallas-Fort Worth remains solid despite a temporary dip in third quarter transaction volume. Rolling four-quarter volume is still up nearly 32% year over year, keeping the market among the nation's leaders in multifamily investment sales. Sales velocity is expected to strengthen throughout the remainder of 2025 and into 2026 as operating fundamentals continue to improve. Although interest rates were higher and more volatile than anticipated from late 2024 through mid-2025, recent rate cuts and a more stable lending environment in the closing months of the year could help reinvigorate activity. Cap rates have held steady for several quarters, with some compression likely as financing costs ease and rent growth firms. Supported by a diverse economy, business-friendly climate, and rapid population growth, Dallas-Fort Worth remains a compelling market for multifamily investment as it moves towards 2026.

## EMPLOYMENT FORECAST



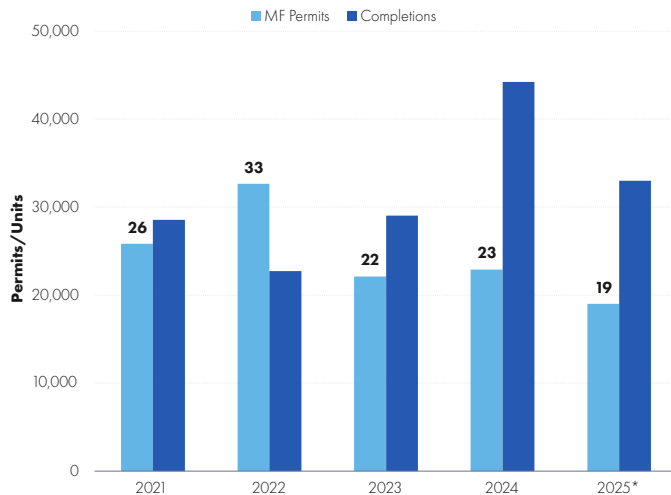
\* Year End Forecast  
Sources: Northmarq, Bureau of Labor Statistics

## VACANCY FORECAST



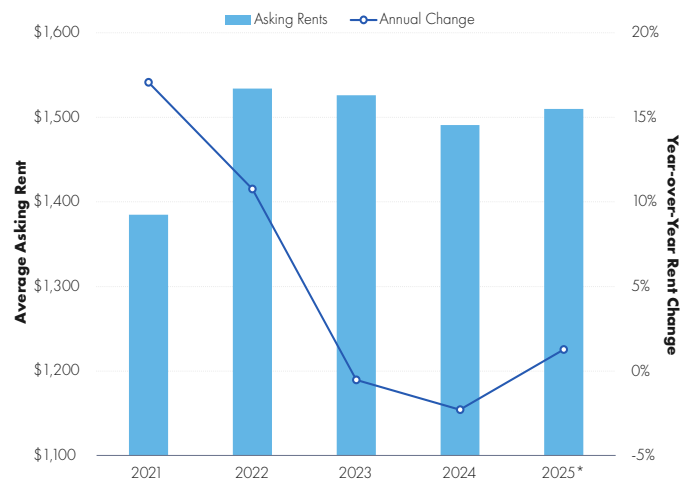
\* Year End Forecast  
Sources: Northmarq, RealPage

## CONSTRUCTION & PERMITTING FORECAST



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

## RENTS FORECAST



\* Year End Forecast  
Sources: Northmarq, RealPage



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## ABOUT NORTHMARQ

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