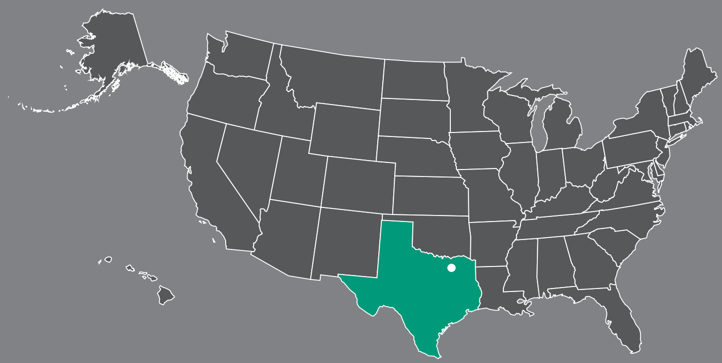
HUD PD&R **Housing Market Profiles**

Dallas-Plano-Irving, Texas

Dallas, Texas

Quick Facts About Dallas-Plano-Irving

- **Current sales market conditions: tight**
- **Current apartment market conditions: slightly tight**
- **The integrated computer chip and the frozen margarita machine were invented in the Dallas metropolitan division. The first convenience store, 7-Eleven Inc., was founded and still has its corporate headquarters in the city of Dallas.**



By Tim McDonald | As of April 1, 2020

Overview

The Dallas-Plano-Irving (hereafter, Dallas) metropolitan division is the larger of the two divisions that define the Dallas-Fort Worth-Arlington (hereafter, DFW) metropolitan area in northeast Texas. Since 2010, DFW has added more people than any other metropolitan area in the nation, with more than 74 percent of the growth occurring in the Dallas metropolitan division. There are 7 counties within the Dallas metropolitan division, 5 of which have been amongst the 100 fastest growing counties with populations of more than 10,000 in the United States since 2010. Rockwall, Denton, Collin, Kaufman, and Ellis Counties rank as numbers 16, 17, 20, 22, and 53, respectively. Dallas County is the largest county in the Dallas metropolitan division and the eighth largest county in the nation, with an estimated population of nearly 2.64 million. The city of Dallas is the largest city in the metropolitan division, with more than 1.35 million people, and the ninth largest city in the United States. The cities of Plano, Irving, and Garland in the Dallas metropolitan division all have a population of more than 240,000 and rank among the 100 largest cities in the United States.

- The population of the Dallas metropolitan division, as of April 1, 2020, is estimated at nearly 5.15 million, representing an average increase of 91,800, or 2.0 percent, annually since 2010.

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- Since 2010, net in-migration to the Dallas metropolitan division has averaged 52,950 people a year, well above the average net in-migration of 31,950 people a year from 2000 through 2010. Net in-migration has accounted for nearly 58 percent of the population growth since 2010, compared with 41 percent from 2000 to 2010.
- International immigration has accounted for 36 percent of all net in-migration to the Dallas metropolitan division since 2010. Dallas County receives 62 percent of the net international in-migration in the metropolitan division; it is the only county in the metropolitan division where net international in-migration is larger than net domestic in-migration.

Economy

The economy of the Dallas metropolitan division expanded strongly following the Great Recession, and nonfarm payroll jobs returned to pre-recessionary levels by 2012. Since the recovery began in 2010, total nonfarm payrolls have increased by an average of 66,000 jobs, or 2.8 percent, a year. Job growth was strongest in the Dallas metropolitan division from 2014 through 2016, when nonfarm payrolls increased by an average of 92,300 jobs, or 4.0 percent, annually. Job gains since 2010 have been broad-based, with all 11 employment sectors contributing to job gains. The unemployment rate in the Dallas metropolitan division during the first quarter of 2020 averaged 3.6 percent, up from 3.5 percent a year earlier, but well below the rate of 8.0 percent during 2010.

During the 3 months ending March 2020—

- Nonfarm payrolls totaled nearly 2.73 million, an increase of 87,900 jobs, or 3.3 percent compared with the 3 months ending March 2019.
- The professional and business services sector led job growth; the sector increased by 20,200 jobs, or 4.0 percent, compared with the same period a year ago. Contributing to this growth were numerous corporate relocations, including McKesson Corporation moving its corporate headquarters to the Dallas metropolitan division. The professional and business services sector is also the largest employment sector with 526,100 jobs, accounting for more than 19 percent of all nonfarm payroll jobs.
- In percentage terms, the mining, logging, and construction sector had the largest gain, 7.3 percent, and added 10,600 jobs. Both residential and commercial construction employment have been increasing to accommodate people moving to the metropolitan division, a result of the large number of business expansions and relocations in the area.

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During the first quarter of 2020, all 11 nonfarm payroll sectors in the Dallas metropolitan division added jobs.

	3 Months Ending		Year-Over-Year Change	
	March 2019 (Thousands)	March 2020 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	2,640.8	2,728.7	87.9	3.3
Goods-Producing Sectors	329.7	343.5	13.8	4.2
Mining, Logging, & Construction	145.6	156.2	10.6	7.3
Manufacturing	184.1	187.3	3.2	1.7
Service-Providing Sectors	2,311.2	2,385.2	74.0	3.2
Wholesale & Retail Trade	400.8	407.8	7.0	1.7
Transportation & Utilities	121.5	126.9	5.4	4.4
Information	70.7	72.6	1.9	2.7
Financial Activities	244.2	256.0	11.8	4.8
Professional & Business Services	505.9	526.1	20.2	4.0
Education & Health Services	317.5	326.9	9.4	3.0
Leisure & Hospitality	262.8	271.6	8.8	3.3
Other Services	84.2	85.5	1.3	1.5
Government	303.5	311.8	8.3	2.7
Unemployment Rate	3.5%	3.6%		

Note: Numbers may not add to totals due to rounding.
Source: U.S. Bureau of Labor Statistics

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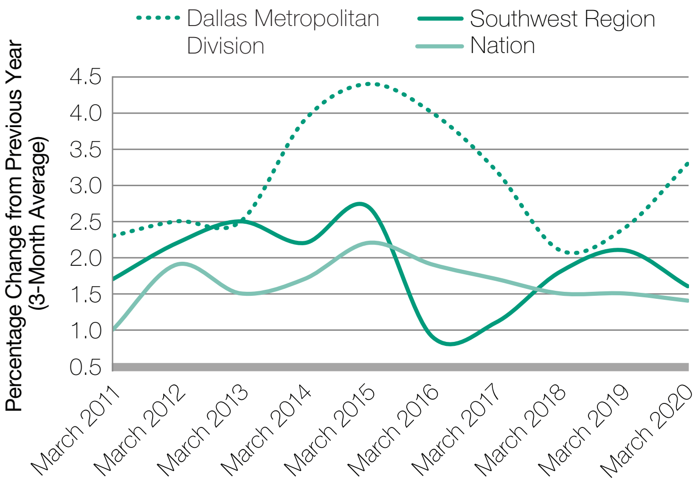
- Among the slowest-growing sectors were the other services and information sectors, which increased by 1,300 and 1,900 jobs, or 1.5 and 2.7 percent, respectively. Despite these gains, jobs in the information sector were still 31 percent below the number of jobs in the sector in 2000, a period before the dot-com crash.

The Dallas metropolitan division is a major economic hub in the nation and is home to 20 Fortune 500 companies, 3 of which are ranked in the top 10—Exxon Mobil Corporation, McKesson Corporation, and AT&T Inc. With the large number of companies headquartered in the metropolitan division, nearly 7 million business travelers arrive in the DFW metropolitan area annually, with a majority of those travelers conducting business in the metropolitan division. The DFW airport is the fourth busiest airport in the nation based on passenger traffic, with more than 75 million people moving through the airport annually.

The rate of nonfarm payroll growth in the Dallas metropolitan division has been above the national average since before 2011.



Note: Nonfarm payroll jobs.
Source: U.S. Bureau of Labor Statistics

Largest Employers in the Dallas Metropolitan Division

Name of Employer	Nonfarm Payroll Sector	Number of Employees
AT&T Inc.	Professional and Business Services	10,000+
Baylor, Scott, and White Health	Education and Health Services	10,000+
Texas Instruments Incorporated	Manufacturing	10,000+

Note: Excludes local school districts.
Source: Dallas Regional Chamber

Sales Market Conditions

The home sales market in the Dallas metropolitan division is tight with a vacancy rate of 1.0 percent, down from 2.1 percent in 2010. The home sales market has been tight since 2014 due to low levels of single-family home construction and an increasing population following the Great Recession that allowed for the absorption of previously vacant homes. From 2014 through 2017, 2 months or less of supply of inventory was on the market (Texas A&M Real Estate Center). In March 2020, 2.3 months of inventory was on the market, down from 3.1 months a year earlier. As of February 2020, 1.1 percent of home loans in the Dallas metropolitan division were seriously delinquent (90 or more days delinquent or in foreclosure) or in real estate owned (REO) status, down from 1.4 percent a year earlier (CoreLogic, Inc.).

- During the 12 months ending March 2020, new homes sales totaled 22,850, an increase of 2,200 homes sold, or nearly 11 percent from a year earlier, while the average sales price was up by less than 1 percent to $377,500 (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). The price increase was minimized as a higher percentage of new home sales occurred in Ellis and Kaufman Counties, which have more developable land and lower home prices.
- During the 12 months ending March 2020, existing homes sales totaled 50,750, an increase of 1,750 homes sold, or nearly 4 percent, from a year earlier, whereas the average sales price was up nearly 4 percent to $336,400.
- There was significant variation in new and existing home prices across the Dallas metropolitan division. During the 12 months ending March 2020, the average sales price for new and existing homes ranged from a low of $245,000 in Kaufman County to a high of $387,400 in Collin County.
- During 2019, the largest number of new home sales occurred in the $301,000-to-$350,000 price range, followed closely by the $251,000-to-$300,000 price range. Both price ranges accounted for approximately 17 percent of all new home sales in the Dallas metropolitan division.

Single-family home construction, as measured by the number of homes permitted, increased every year from the low point during the housing market crisis in 2009 through 2018, when the most recent peak of 26,700 single-family homes were permitted. Recently, however, rising labor, land, and material costs have suppressed growth in new home construction; the level of

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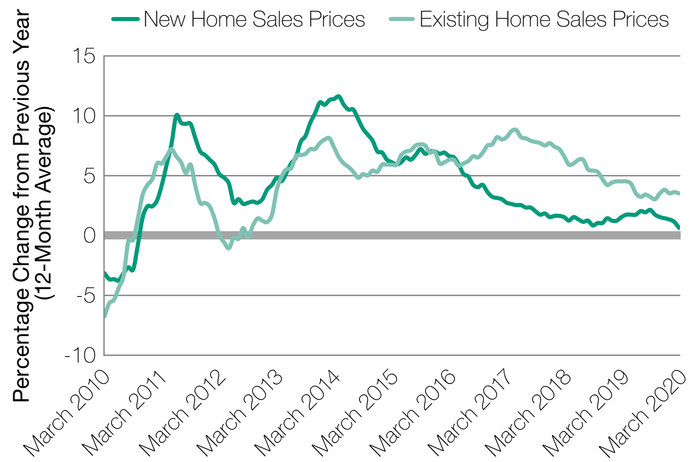
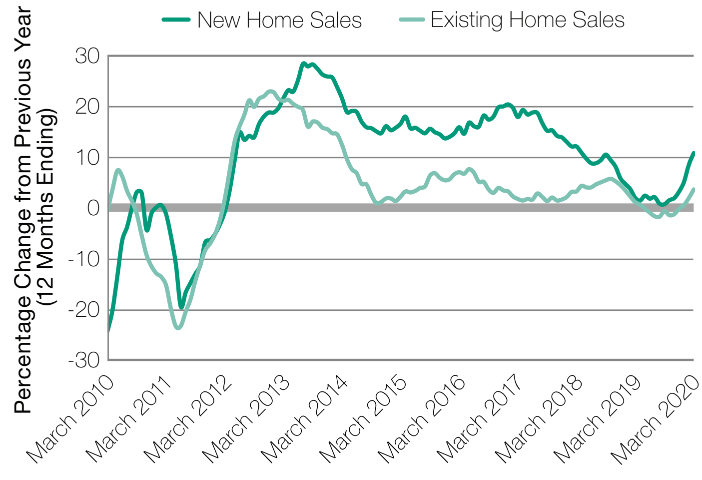
The rate of growth in new home prices in the Dallas metropolitan division has slowed since 2016 due to a larger percentage of new homes constructed in areas where prices are lower.



Note: Home prices include single-family homes, townhomes, and condominiums.
Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

Existing home sales in the Dallas metropolitan division have been limited since 2015 due to a lack of available inventory on the market.

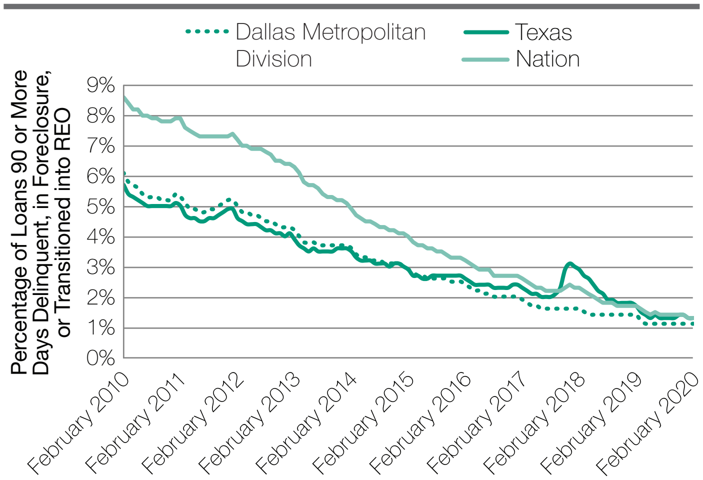


Note: Home sales include single-family homes, townhomes, and condominiums.
Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

permitting in 2019 totaled 25,300 homes, a decline of 1,400 homes, or 5 percent, from 2018.

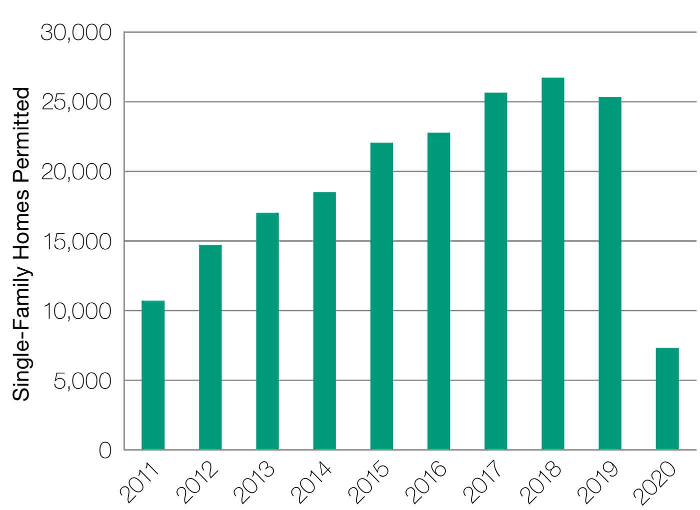
- During the 12 months ending March 2020, single-family building activity in the Dallas metropolitan division totaled 27,100 homes, an increase of 1,400 homes, or more than 5 percent, from 1 year earlier.
- The largest concentrations of single-family homes are built in Collin and Denton Counties, which account for nearly 66 percent of all single-family homes permitted in the Dallas metropolitan division. Dallas County, while the largest county in the division, accounts for only 18 percent of all single-family building activity in the metropolitan division.
- The cities of Frisco and McKinney, which currently account for 8 percent of the total population in the Dallas metropolitan division, up from less than 3 percent in 2000, have accounted for nearly 20 percent of all single-family homes permitted in the metropolitan division since 2000.

In the Dallas metropolitan division, the percentage of homes 90+ days delinquent, in foreclosure, or recently transitioned to REO has consistently been below the national average since both peaked in February 2010.



REO = real estate owned.
Source: CoreLogic, Inc.

Single-family permitting has more than doubled since 2011 in the Dallas metropolitan division.



Note: Includes preliminary data from January 2020 through March 2020.
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

Apartment Market Conditions

The apartment market in the Dallas metropolitan division is currently slightly tight. Apartment market conditions have ranged from tight to slightly tight since 2011 due to very strong job and population growth, which has contributed to an elevated demand for apartments. The last time the apartment market was balanced was in 2010, a period when the apartment vacancy rate was 8.1 percent. The current average rent for an apartment is $1,261, up 4 percent from 1 year earlier (Reis, Inc.).

- The Dallas metropolitan division apartment market had a 6.0-percent vacancy rate during the first quarter of 2020, up from 5.7 percent a year earlier.
- Of the 24 Reis, Inc.-defined market areas in the Dallas metropolitan division, 17 had vacancy rate increases, 5 had vacancy rate declines, and 2 remained unchanged from a year earlier. All 24 market areas had rent increases during the first quarter of 2020 compared with the first quarter of 2019.
- The Central Dallas market area, which includes the downtown and uptown areas of the city of Dallas, had the highest average rent in the Dallas metropolitan division at $2,441, an increase of more than 3 percent from the first quarter of 2019. The vacancy rate in this market area was 7.4 percent during the first quarter of 2020, down from 8.6 percent during the same quarter a year earlier.
- During the first quarter of 2020, apartment market vacancy rates ranged from 2.3 percent in the Mesquite/Seagoville market area to 10.5 percent in the East Dallas market area. The Mesquite/Seagoville market area is a slower growth area of the Dallas metropolitan division, where the average rent was $930. The East Dallas market area is an older area of the city of Dallas, with many homes and apartments built before the 1950s that have been undergoing revitalization during the past 10 years. The average rent in the East Dallas market area was $1,482.

Multifamily building activity has remained strong in the Dallas metropolitan division since 2010, and the DFW metropolitan area has led the nation in new apartment completions since 2010 (RENTcafé). Most multifamily construction in the metropolitan division has occurred in the three largest counties—Dallas, Collin, and Denton—but there has been an increase in multifamily construction in the four smaller counties of the metropolitan division since 2017 due to lower land prices and more available land. From 2000 through 2016, multifamily construction in the four smaller counties—Ellis, Hunt, Kaufman, and Rockwall—averaged a combined 440 units annually, which has increased to an average of 1,500 units permitted annually since 2017.

- Multifamily building activity, as measured by the number of multifamily units permitted, totaled 20,400 units during the 12 months ending March 2020, down by 500 units, or 2 percent, from the previous 12 months.
- To accommodate households in more dense urban areas, an increasing number of smaller apartment units are being developed. Since 2010, studio and one-bedroom units have accounted for 65 percent of all new apartment units in the Dallas metropolitan division, compared with 53 percent before 2010 (ALN data).

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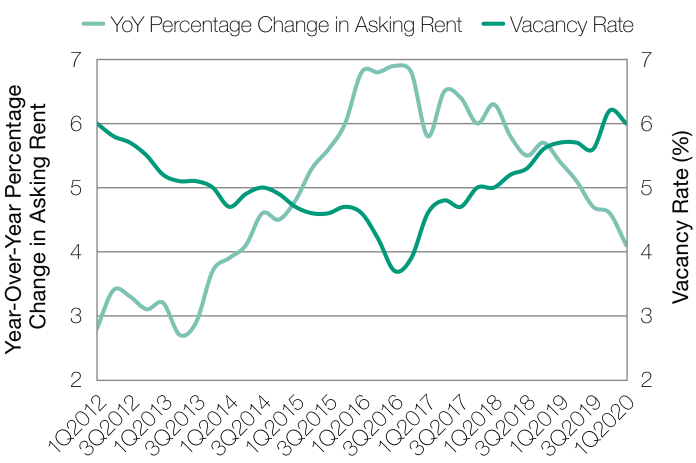
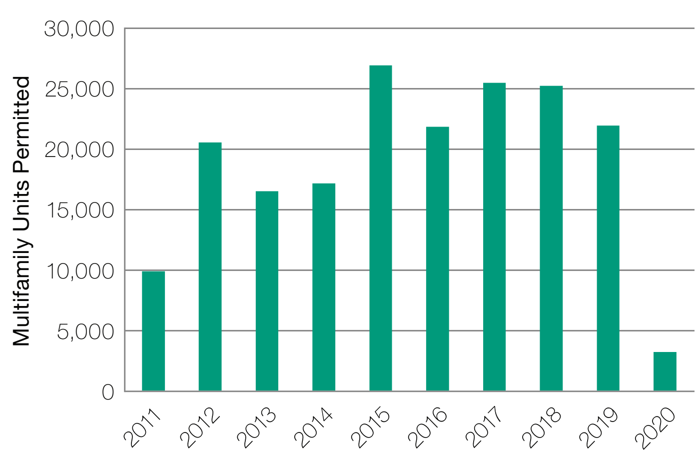
Rent growth in the Dallas metropolitan division peaked in the third quarter of 2016, and the apartment vacancy rate declined to the lowest level since before 1990.



1Q = first quarter. 3Q = third quarter. YoY = year-over-year.
Source: Reis, Inc.

Multifamily permitting in the Dallas metropolitan area division has exceeded 16,000 units every year since 2012.



Note: Includes preliminary data from January 2020 through March 2020.
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

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- In addition to the smaller unit size, the percentage of units built in mid- or high-rise (four stories or more) structures has increased recently. Since 2010, 65 percent of all new units have been in buildings with four stories or more, compared with slightly more than 11 percent before 2010.
- Completed in 2018, the 300-unit Kincaid at Legacy, a 25-story building located in the city of Plano in the Legacy Town Center development, was the first residential high-rise building completed in the Dallas metropolitan division that was not in Dallas County. Since 2018, three more residential high-rises have opened: one in Plano and two in the city of Frisco near the new headquarters facilities of the Dallas Cowboys. All three properties are located within a 2-mile radius of each other.
- In the Downtown, Uptown, Medical District, and Oak Lawn neighborhoods of the city of Dallas, there have been 29 new high-rise apartment buildings with a combined total of 8,275 units built since 2010. In addition, six other existing high-rise buildings, totaling 1,125 units, have been converted to residential use.