

HUD PD&R Housing Market Profiles

Dallas-Fort Worth-Arlington, Texas



Quick Facts About Dallas-Fort Worth-Arlington, Texas

Dallas, Texas

By Tim McDonald | As of October 1, 2021

- **Current sales market conditions: Tight**
- **Current rental market conditions: Tight**
- **In 2020, the Dallas-Fort Worth-Arlington metropolitan area had a gross metropolitan product of more than \$620 billion, which, if the area were an independent country, would place it in the 25 largest economies in the world.**



Overview

The Dallas-Fort Worth-Arlington (DFW) metropolitan area is coterminous with the Dallas-Fort Worth-Arlington Metropolitan Statistical Area. The metropolitan area consists of 13 counties in North Texas: Collin, Dallas, Denton, Ellis, Hood, Hunt, Johnson, Kaufman, Parker, Rockwall, Somervell, Tarrant, and Wise. The DFW metropolitan area is home to 22 Fortune 500 companies, the fourth most for any metropolitan area in the United States, including 3 of the top 15 companies: McKesson Corporation, Exxon Mobil Corporation, and AT&T Inc. The DFW metropolitan area is an international center of business, so many people routinely travel there; during 2020, the metropolitan area was home to 2 of the 30 busiest airports in the nation. The Dallas Fort Worth International Airport was the second busiest airport in the nation in 2020, with more than 39 million passenger enplanements, and Dallas Love Field was the 29th busiest, with more than 7.6 million passenger enplanements (Federal Aviation Administration CY 2020 Commercial Service Enplanements Data).

- As of October 1, 2021, the population of the DFW metropolitan area is estimated at nearly 7.89 million people, with an average annual increase of 127,000, or

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1.8 percent, since 2010 and with net in-migration averaging nearly 72,200 people per year. Between 2010 and 2020, the DFW metropolitan area added more people than any other metropolitan area in the nation, partly due to job growth that averaged 2.8 percent annually—significantly above the national average of 1.5 percent annually during this time.

- The city of Dallas, with more than 1.3 million people, is the 9th largest city in the nation; the city of Fort Worth, with more than 900,000 people, is the 13th largest in the nation; and the city of Arlington, with more than 390,000 people, is the 50th largest.

There are more than 15 cities in the DFW metropolitan area with more than 100,000 residents, and 6 cities in the metropolitan area are among the 100 most populous in the nation.

- Four of the 20 counties in the nation that had the largest increase in population between 2010 and 2020 were in the DFW metropolitan area. Tarrant County added the most people of any county in the DFW metropolitan area during those years, increasing by 301,600 people, followed by Collin County, which added 282,100 people, and then Dallas and Denton Counties, which each added more than 240,000.

Economic Conditions

Economic conditions in the DFW metropolitan area have improved during the past year as the local economy continues to recover from the impacts of the COVID-19 pandemic. The DFW metropolitan area has recovered slightly more than 99 percent of the nonfarm payroll jobs (not seasonally adjusted) lost during March and April 2020. Four of the 11 nonfarm payroll sectors—wholesale and retail trade, financial activities, transportation and utilities, and professional and business services—have recovered all of the jobs lost during the pandemic-related downturn and have surpassed February 2020 job levels. Of the sectors that have not returned to prepandemic levels, the leisure and hospitality sector is down the most jobs on a non-seasonally adjusted basis, remaining 25,000 jobs below February 2020 levels.

During the 3 months ending September 2021—

- Nonfarm payrolls increased by 199,400, or 5.5 percent, to slightly more than 3.81 million jobs. Some companies that have relocated their corporate headquarters to the DFW metropolitan

area in the past year include Charles Schwab & Co., Inc., CBRE Group, Inc., and AECOM, which all contributed to job growth.

- Job gains were led by the professional and business services sector, which increased by 58,500 jobs, or 9.4 percent. The professional and business services sector is the largest in the DFW metropolitan area, with 679,300 jobs, accounting for nearly 18 percent of all nonfarm payroll jobs.
- The leisure and hospitality sector had the largest percentage gain in jobs, increasing by 17.3 percent, adding 55,300 jobs. This sector was the hardest hit during the pandemic-related downturn, with payrolls declining by 160,000 jobs, or more than 40 percent, from February 2020 to April 2020.
- The mining, logging, and construction sector had the smallest percentage job gain of any sector, increasing by just

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During the 3 months ending September 2021, all 11 of the nonfarm payroll employment sectors in the DFW metropolitan area had job gains.

	3 Months Ending		Year-Over-Year Change	
	September 2020 (Thousands)	September 2021 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	3,613.6	3,813.0	199.4	5.5
Goods-Producing Sectors	495.2	505.3	10.1	2.0
Mining, Logging, & Construction	216.2	219.2	3.0	1.4
Manufacturing	279.0	286.1	7.1	2.5
Service-Providing Sectors	3,118.3	3,307.6	189.3	6.1
Wholesale & Retail Trade	564.3	587.5	23.2	4.1
Transportation & Utilities	227.2	240.8	13.6	6.0
Information	77.2	79.1	1.9	2.5
Financial Activities	323.8	331.5	7.7	2.4
Professional & Business Services	620.8	679.3	58.5	9.4
Education & Health Services	442.0	451.5	9.5	2.1
Leisure & Hospitality	318.8	374.1	55.3	17.3
Other Services	110.2	121.9	11.7	10.6
Government	434.0	442.1	8.1	1.9
Unemployment Rate	7.4%	4.8%		

Note: Numbers may not add to totals due to rounding.

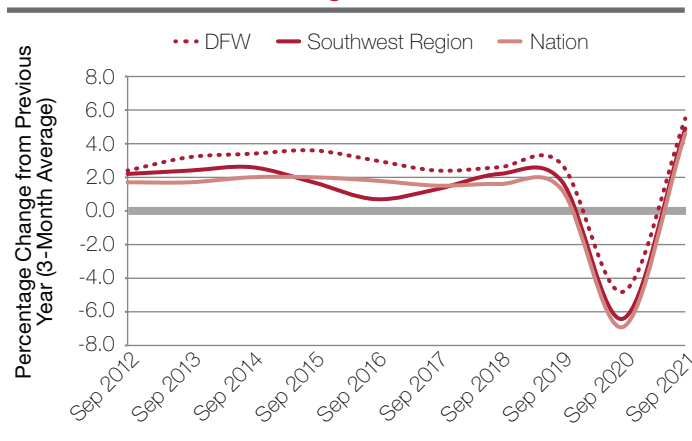
Source: U.S. Bureau of Labor Statistics



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1.4 percent. Although residential construction in the DFW metropolitan area remains strong, construction of retail and office space post-pandemic has declined. According to data from CoStar Group, new construction starts for retail and commercial office space during the third quarter of 2021 were down more than 40 percent from the third quarter of 2019, before the impact of COVID-19.

Because the DFW metropolitan area has been one of the fastest growing regions in the country, nonfarm payroll growth has consistently been above the national average since 2012.



Source: U.S. Bureau of Labor Statistics

Sales Market Conditions

The home sales market in the DFW metropolitan area remains tight as strong population growth spurs demand for housing. There is currently a 1.4-month supply of inventory on the market during September 2021, down from 2.9 months in September 2020 (NTREIS, Inc.). During September 2021, a home listed for sale spent an average of 22 days on the market, down from 44 days during September 2020. During the 12 months ending September 2021, total home sales in the DFW metropolitan area increased by 28,900, or nearly 16 percent, to 213,200 homes sold, compared with the previous 12 months (Zonda).

- During the 12 months ending September 2021, new home sales in the DFW metropolitan area totaled 43,800, an increase of 4,500, or more than 11 percent, whereas the average sales price for a new home was \$362,000, an increase of \$15,500, or more than 4 percent, from a year ago.
- Existing home sales in the DFW metropolitan area totaled 169,300 during the 12 months ending September 2021, an increase of 24,300, or nearly 17 percent, and the average sales price of an existing home was \$334,900, an increase of \$37,400, or nearly 13 percent, from a year ago.
- In September 2021, Collin County had the highest median sales price of any county in the DFW metropolitan area, at \$435,000, whereas Hunt County had the lowest median sales price, at \$260,000 (NTREIS, Inc.).

There have been many recent business expansions and relocations to the DFW metropolitan area, one of the fastest growing metropolitan areas in the nation. The Professional Golfers' Association (PGA) is currently building a new \$520 million corporate headquarters in the city of Frisco that, when completed in early 2022, will house 150 employees and include two golf courses and a 500-room hotel. Fidelity Investments announced in December 2020 that they planned to add 2,000 new jobs by the end of 2021, and Peloton Interactive, Inc., plans to add 1,600 new jobs to its Plano campus during the next 5 years. Rhino Health, the only domestic maker of nitrile rubber gloves, is opening a new 400,000-square-foot manufacturing facility in Fort Worth that is expected to add 800 jobs over the next few years.

Largest employers in the DFW Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Texas Health Resources	Education and Health Services	26,000
Lockheed Martin Corporation	Manufacturing	22,950
University of Texas Southwestern Medical Center	Government	20,200

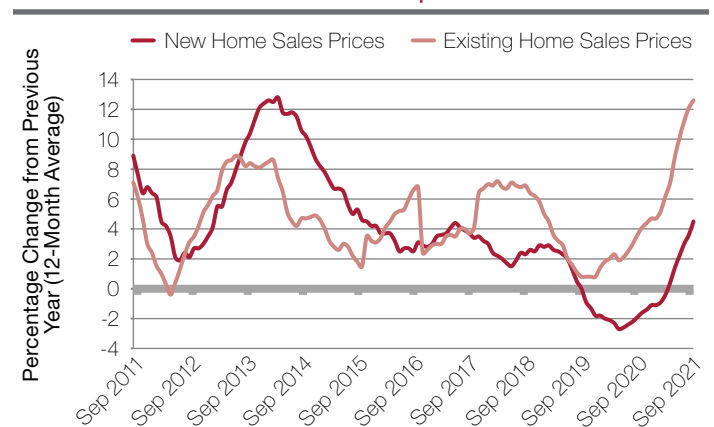
Note: Excludes local school districts.

Source: Dallas Business Journal

- Hunt County had the largest percentage increase in the median sales price during the past 12 months, rising nearly 27 percent. Conversely, Hood County had the smallest percentage increase in median sales price, rising just 12 percent during the past 12 months (NTREIS, Inc.).

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The average sales price of a new home declined during 2020 due to increased production in the outlying counties of the DFW metropolitan area, where lower land costs allow for lower priced new homes.

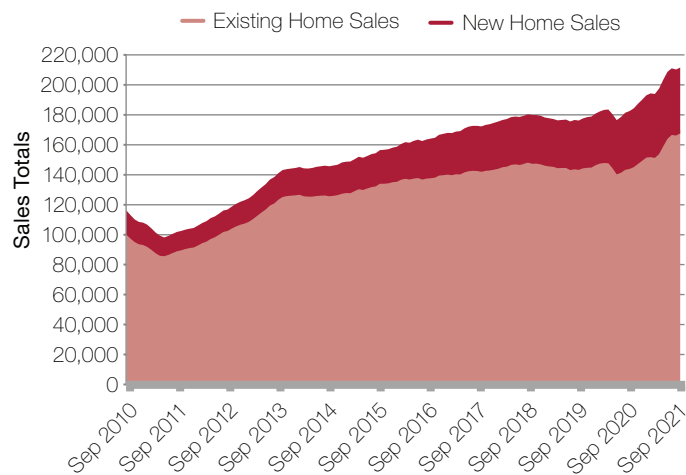


Note: Prices are for single-family homes, townhomes, and condominiums.

Source: Zonda

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Home sales on a 12-month moving average surpassed 200,000 in the DFW metropolitan area for the first time in 2021.



Note: Sales are for single-family homes, townhomes, and condominiums.
Source: Zonda

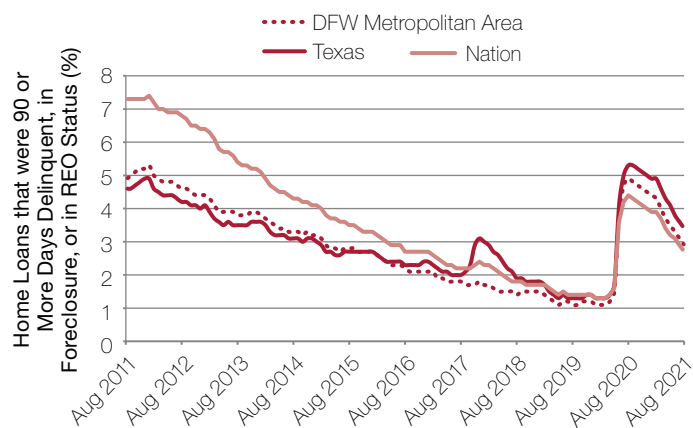
Building activity for owner units has increased significantly in the past 2 years because low interest rates have attracted many former renter households to homeownership. During 2020, the production of owner units surpassed 40,000 units for the first time since 2006.

- During the 12 months ending September 2021, the number of owner units permitted totaled 47,700, an increase of 5,700, or nearly 14 percent, from the previous 12 months.
- Building activity, although concentrated in the four largest counties—Collin, Dallas, Denton, and Tarrant—has begun to increase in the outlying counties. From 2012 through 2018, more than 85 percent of all owner units built were in the four largest counties, but since 2019, that number has dropped to 81 percent.
- Some recent developments announced include the Bellagio Lagoon in the city of Forney in Kaufman County. This \$800 million development will include a man-made lagoon. The first phase of the development will have 400 homes and is scheduled for completion in the spring of 2022, with the lagoon being finished in August of 2022. There are two other lagoon-based developments ongoing in Collin County that, when built out, will have more than 1,000 owner units in each development.

Apartment Market Conditions

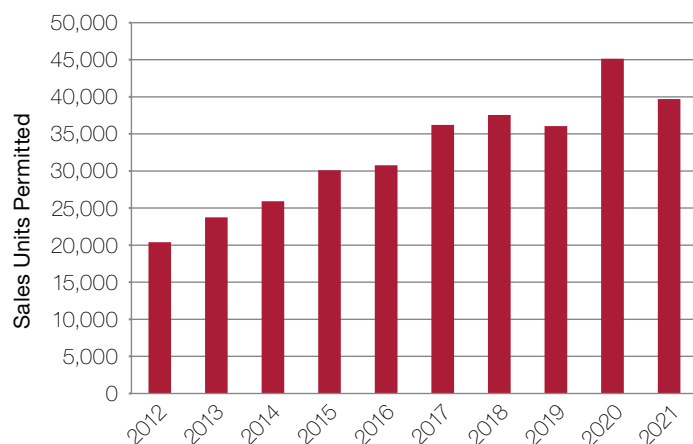
The apartment market in the DFW metropolitan area is currently tight, with a 3.4-percent vacancy rate during the third quarter of 2021, down from 5.2 percent during the third quarter of 2020 (RealPage, Inc., with adjustments by the analyst). The 3.4-percent vacancy rate is the lowest in the metropolitan area in the past 10 years because a surge in demand, coupled with a previous slight

slowdown in production of rental units, contributed to a significant tightening of the market. The absorption of apartment units has surged during the past year because the economic recovery spurred a surge in rental demand. During the 12 months ending September 2021, absorption of apartment units in the DFW metropolitan area averaged 4,525 units per month, more than



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

Low mortgage interest rates in 2020 led to a surge in demand for owner units, and developers responded by increasing production 25 percent from 2019 to 2020.



Note: Includes preliminary data from January 2021 through September 2021.
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

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double the rate of 2,200 units per month during the 12 months ending September 2020 and the 2,100 units per month during the 12 months ending September 2019 (ALN Apartment Data, Inc.; hereafter, ALN).

- During the third quarter of 2021, the average rent for an apartment in the DFW metropolitan area was \$1,333, an increase of \$146, or more than 12 percent, from the third quarter of 2020. From the third quarter of 2012 through the third quarter of 2020, the average rent increased by an average of \$43, or more than 4 percent, annually (RealPage, Inc., with adjustments by the analyst).
- The RealPage, Inc.-defined Oak Lawn/Park Cities market area, which is just north of the downtown central business district, is the most expensive market area in the DFW metropolitan area, with average rent of \$2,047 during the third quarter of 2021, up by \$194, or more than 10 percent, compared with the third quarter of 2020. The vacancy rate in this area is currently 3.4 percent, down from 6.9 percent 1 year earlier.
- The West Plano market area had the largest rent increase in the DFW metropolitan area during the past year, increasing by \$241, or nearly 18 percent, to \$1,587. The vacancy rate in this market area during the third quarter of 2021 was 2.4 percent, down from 6.0 percent in the third quarter of 2020. The West Plano submarket is a fast-growing area, with numerous business relocations to the DFW metropolitan area.
- The Ellis County market area is directly south of Dallas County and has traditionally been a more rural area, but it has had significant new development recently. It has the lowest vacancy rate of any market area in the DFW metropolitan area, with a 1.7-percent vacancy rate in the third quarter of 2021, down from 2.3 percent 1 year earlier.

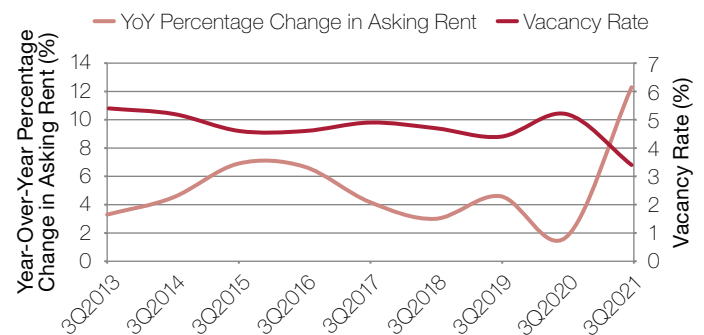
Production of rental units since 2020 has been below the levels from 2015 through 2019. Increased owner production in a low-interest-rate environment contributed to a slowdown in the production of rental units recently because an increasing number of renter households purchased homes.

- During the 12 months ending September 2021, the number of rental units permitted in the DFW metropolitan area totaled 27,900, a decline of 700 units, or more than 2 percent, from the previous 12 months.
- From 2015 through 2019, the production of rental units averaged 33,600 units per year in the DFW metropolitan area. Dallas County accounted for more than 50 percent of all rental units permitted in the DFW metropolitan area during that period, but in 2020, the rate fell to just 30 percent of all rental units permitted. Part of this decline is attributable to backlogs in the city of Dallas. During pandemic-induced shutdowns, the time to approve a building permit exceeded 15 weeks, creating a significant slowdown in the number of units permitted. At the

beginning of 2021, the city of Dallas hired outside contracting firms to help work through the backlog.

- Since 2015, because land prices have increased rapidly, developers have been building apartments with more floors to put more units on a smaller footprint. Since 2015, more than 63 percent of all apartment units delivered have been in buildings with four or more floors; before 2015, just 12 percent of all apartment units had been constructed in buildings with more than four floors (ALN).
- In conjunction with building higher, developers are also building smaller units. Since 2015, nearly 64 percent of all apartment units built have had 1 bedroom or fewer, compared with 53 percent of all units before 2015.

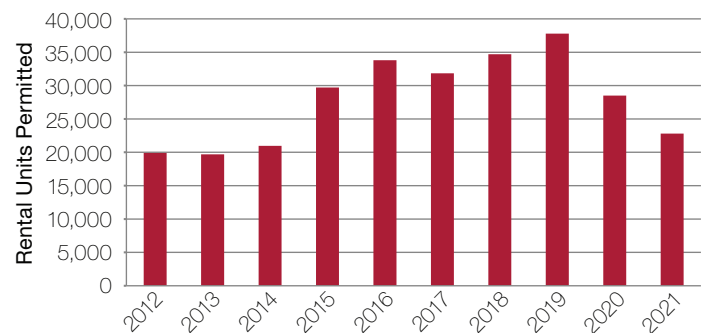
With a slowdown in production during 2020, the number of new rental units entering the market in the DFW metropolitan area has slowed, causing the vacancy rate to decline and a double-digit percentage increase in the average rent.



3Q = third quarter. YoY = year-over-year.

Source: RealPage, Inc.

Production of rental units in the DFW metropolitan area dropped below 30,000 in 2020 for the first time since 2015.



Note: Includes preliminary data from January 2021 through September 2021.

Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst