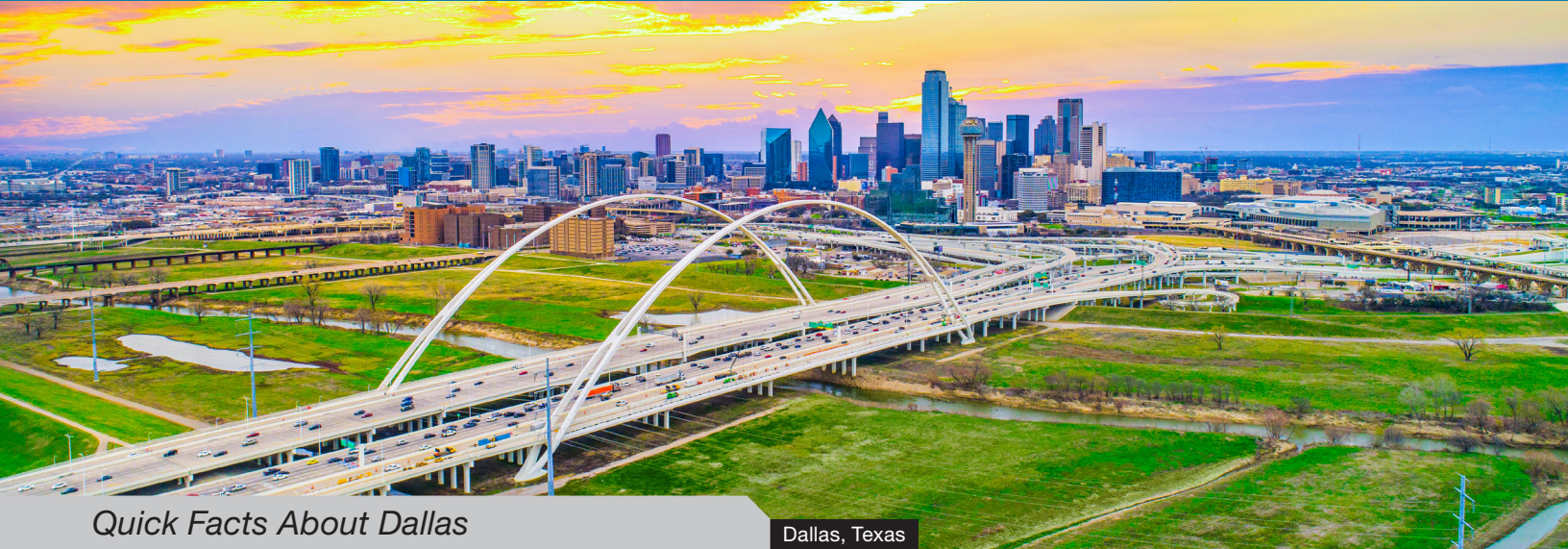


HUD PD&R Housing Market Profiles

Dallas-Plano-Irving, Texas



Quick Facts About Dallas

Dallas, Texas

By [Tim McDonald](#) | As of January 1, 2024

- Current sales market conditions: slightly tight
- Current apartment market conditions: balanced
- The integrated circuit was invented in 1958 in the city of Dallas by Texas Instruments employee Jack Kilby, who won the Nobel Prize in physics for his invention in 2000.



Overview

The Dallas-Plano-Irving, TX metropolitan division (hereafter, Dallas metropolitan division) is the larger of the two divisions that define the Dallas-Fort Worth-Arlington metropolitan area in northeast Texas. The metropolitan division consists of seven counties—Collin, Dallas, Denton, Ellis, Hunt, Kaufman, and Rockwall—and is a major business center for the United States. With a large concentration of corporate headquarters, including those of 19 Fortune 500 companies, the metropolitan division is also a major transportation hub. The Dallas Fort Worth International Airport was the second busiest airport in the nation during 2022, with more than 35 million passenger boardings, and Dallas Love Field was the 32nd busiest airport, with more than 7.8 million passenger boardings.

- The population of the metropolitan division is currently estimated at more than 5.57 million, an average increase of 118,400 people annually since 2020, with net in-migration averaging 89,200 people a year.
- From July 1, 2021, to July 1, 2022, Collin and Denton Counties had the third and fourth largest numeric population gains of any county in the nation, and Kaufman and Rockwall

continued on page 2



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Counties had the second and sixth largest percentage gains (U.S. Census Bureau population estimates as of July 1).

- The city of Dallas is the ninth largest city in the nation, with a population estimated at more than 1.3 million. Six additional

cities in the metropolitan division have populations of more than 200,000 and rank among the 125 largest cities in the nation: Frisco, Garland, Grand Prairie, Irving, McKinney, and Plano.

Economic Conditions

Economic conditions in the Dallas metropolitan division are among the strongest in the nation. Since the start of 2020, which includes the sharp COVID-19-related economic downturn, nonfarm payrolls have increased by an average of 93,900 jobs, or 3.3 percent, annually. All 11 of the nonfarm payroll sectors have surpassed levels prior to the COVID-19 downturn as widespread job growth continues.

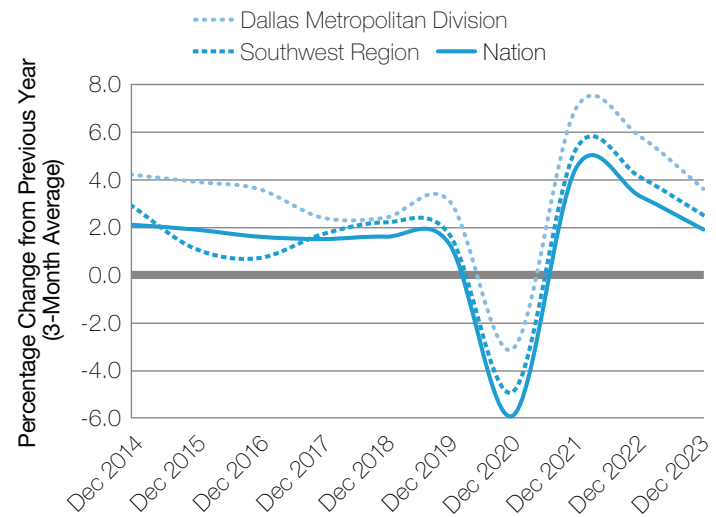
As of the 3 months ending December 2023—

- Nonfarm payrolls increased by 108,500, or 3.6 percent, to more than 3.1 million, the largest numerical increase of any metropolitan area in the nation.
- The professional and business services sector—the largest employment sector in the metropolitan division, with gains of 21,200, or 3.4 percent—led job growth.
- The largest percentage gain in jobs, 15.8 percent, was in the other services sector. The laundry and personal services industry, which has started to recover jobs lost during the pandemic as employees return to the workplace, is included in this sector.

- The unemployment rate was 3.4 percent, up from 3.3 percent a year earlier, as labor force participation increased.

continued on page 3

Nonfarm payroll growth in the Dallas metropolitan division is nearly twice the rate of growth nationally.



Source: U.S. Bureau of Labor Statistics

All nonfarm payroll sectors in the Dallas metropolitan division added jobs during the past year.

| | 3 Months Ending | | Year-Over-Year Change | |
|----------------------------------|------------------------------|------------------------------|-------------------------|---------|
| | December 2022 (Thousands) | December 2023 (Thousands) | Absolute (Thousands) | Percent |
| Total Nonfarm Payrolls | 3,014.8 | 3,123.3 | 108.5 | 3.6 |
| Goods-Producing Sectors | 356.5 | 375.6 | 19.1 | 5.4 |
| Mining, Logging, & Construction | 160.6 | 172.7 | 12.1 | 7.5 |
| Manufacturing | 195.9 | 203.0 | 7.1 | 3.6 |
| Service-Providing Sectors | 2,658.3 | 2,747.7 | 89.4 | 3.4 |
| Wholesale & Retail Trade | 444.6 | 444.9 | 0.3 | 0.1 |
| Transportation & Utilities | 174.5 | 180.4 | 5.9 | 3.4 |
| Information | 81.7 | 84.4 | 2.7 | 3.3 |
| Financial Activities | 290.9 | 307.1 | 16.2 | 5.6 |
| Professional & Business Services | 630.4 | 651.6 | 21.2 | 3.4 |
| Education & Health Services | 341.2 | 351.0 | 9.8 | 2.9 |
| Leisure & Hospitality | 277.4 | 287.4 | 10.0 | 3.6 |
| Other Services | 90.3 | 104.6 | 14.3 | 15.8 |
| Government | 327.3 | 336.2 | 8.9 | 2.7 |
| Unemployment Rate | 3.3% | 3.4% | | |

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

Source: U.S. Bureau of Labor Statistics



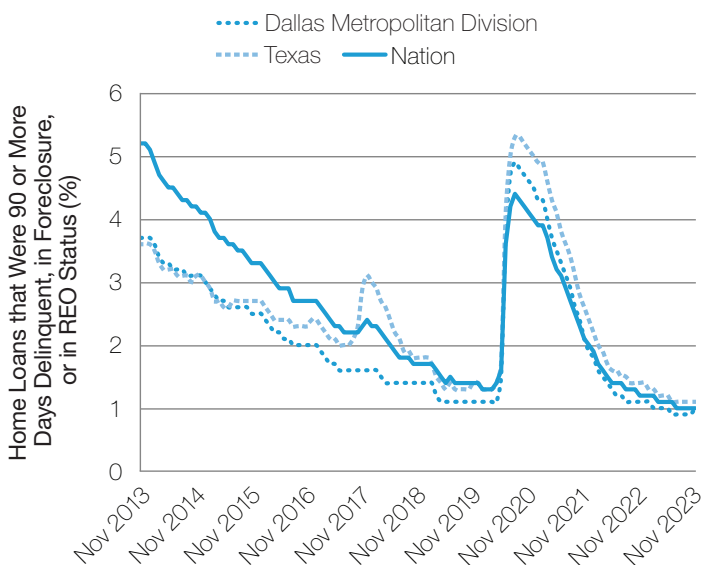
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Strong job growth is expected in the metropolitan division because of numerous relocations and expansions announced during the past year. In April 2023, construction began on the Wells Fargo & Company \$455 million campus in the city of Irving that will add 4,000 jobs when complete. Canadian Solar Inc. is investing \$250 million in its first U.S. manufacturing facility in the city of Mesquite, which will add 1,500 jobs. In addition, Frontier Communications Parent, Inc. recently announced it will move its corporate headquarters to the city of Dallas and add 3,000 jobs during the next several years.

Sales Market Conditions

The home sales market in the Dallas metropolitan division is currently slightly tight, with a 1.4-percent vacancy rate, down from 1.5 percent in 2020. December 2023 had a 2.4-month supply of homes for sale, up from 2.1 months a year earlier (Texas A&M Real Estate Center). Supply in the metropolitan division has not been above 3 months since 2012 because strong job and population growth are keeping demand for housing elevated. The percentage of seriously delinquent mortgages and real estate owned (REO) properties in the metropolitan division decreased during the past year. As of November 2023, 1.0 percent of all mortgages in the metropolitan division were seriously delinquent or had transitioned

The percentage of home loans 90 or more days delinquent, in foreclosure, or in REO status in the Dallas metropolitan division rose above the national average during the COVID-19 downturn but has returned to a level below the national average.



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

Largest Employers in the Dallas Metropolitan Division

| Name of Employer | Nonfarm Payroll Sector | Number of Employees |
|-----------------------------|----------------------------------|---------------------|
| AT&T | Professional & Business Services | 10,000+ |
| Baylor Scott & White Health | Education & Health Services | 10,000+ |
| JPMorgan Chase & Co. | Financial Activities | 10,000+ |

Note: Excludes local school districts.

Source: Dallas Regional Chamber

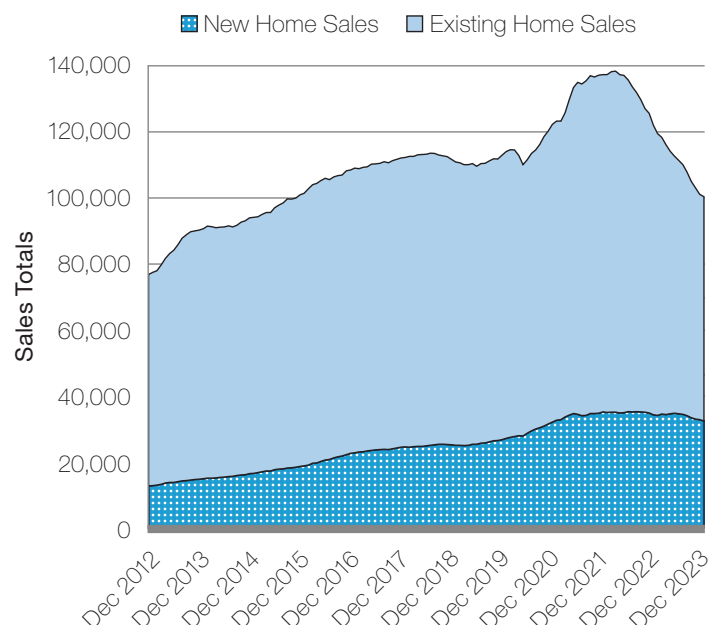
into REO status—the same level as the nation and down from 1.1 percent in November 2022 and 4.6 percent in November 2020, a result of the COVID-19 downturn (CoreLogic, Inc.).

During 2023—

- New home sales totaled 32,350, a decline of 1,900, or slightly more than 5 percent, from 2022.
- The average sales price of a new home was \$510,500, an increase of \$28,000, or nearly 6 percent, from 2022.
- Existing home sales totaled 67,900, a decline of 19,700, or more than 22 percent, from 2022.

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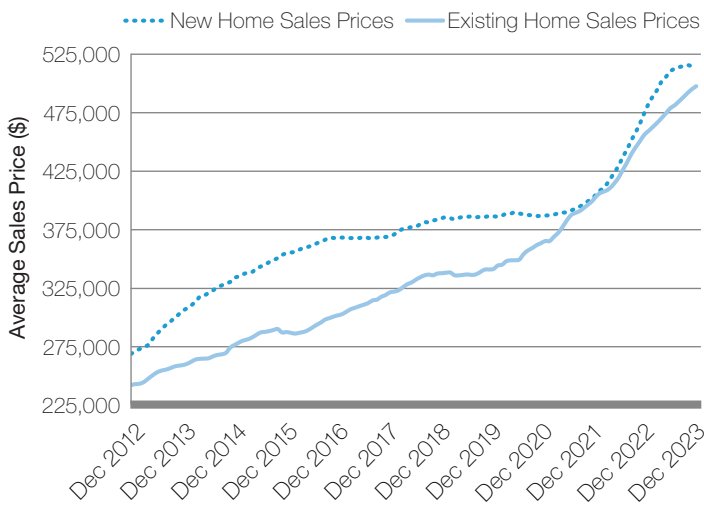
Home sales in the Dallas metropolitan division have declined from record levels since the Federal Reserve raised interest rates in March 2022.



Note: Data include single-family homes, townhomes, and condominiums.
Source: Zonda

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The average sales price for both new and existing homes in the Dallas metropolitan division has increased by more than \$200,000 since 2012.



Note: Data include single-family homes, townhomes, and condominiums.
Source: Zonda

- The average sales price of an existing home was \$499,800, an increase of \$40,700, or nearly 9 percent, from 2022.

Construction of new sales units in the metropolitan division rebounded slightly during 2023 because the initial shocks from home mortgage interest rate increases during 2022 waned. Even with the increase during the past year, production is below the level of 2021, when significantly lower interest rates contributed to robust demand for new homes.

During 2023—

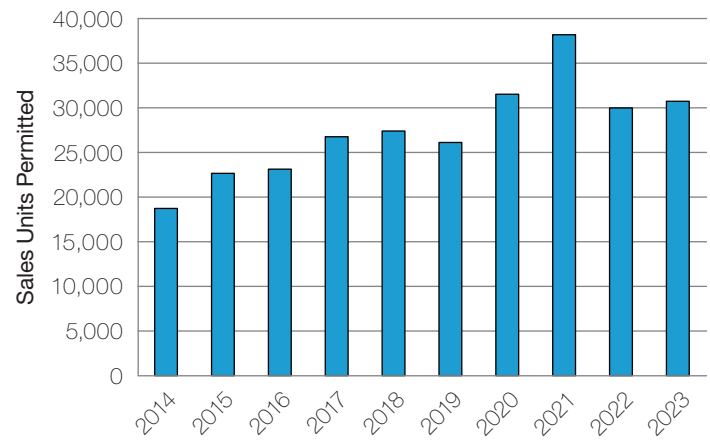
- The number of sales units permitted increased by 700, or slightly more than 2 percent, from 2022.

Apartment Market Conditions

Apartment market conditions in the Dallas metropolitan division are currently balanced with a 9.9-percent vacancy rate, up from 8.2 percent as of the fourth quarter of 2022, when conditions were slightly tight, and up from 5.9 percent as of the fourth quarter of 2021, when conditions were tight (CoStar Group). The apartment vacancy rate rose during the past year, partly due to an increase in the delivery of units during 2021, when developers ramped up production in response to low interest rates and tight apartment market conditions. During 2023, 21,550 apartment units were delivered, up by 4,750, or 28 percent, from 2022.

- As of the fourth quarter of 2023, the average rent for an apartment was \$1,565, down by \$17, or slightly more than 1 percent, from a year earlier.

The number of sales units permitted in the Dallas metropolitan division during 2023 remained above 25,000 for the seventh consecutive year, the longest duration of time in the division's history that production has been above 25,000 annually.



Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; 2023—preliminary data and estimates by the analyst

- The slowdown in construction of new sales units was concentrated in Dallas and Rockwall Counties, where permitting declined by 1,700 units, or nearly 20 percent.
- Production in Ellis, Hunt, and Kaufman Counties, which have the lowest home prices in the metropolitan division, increased by a combined 600 homes, or more than 14 percent, from 2022. This production accounted for 16 percent of all new sales construction, up from 10 percent in 2022.
- Collin and Denton Counties combined accounted for more than 61 percent of all new sales units permitted in the metropolitan division.

- Absorption of apartment units during 2023 averaged 710 units per month, more than triple the average of 230 units per month during 2022 but well below the average of 2,900 units per month during 2021 that spurred a surge in apartment construction.
- The CoStar Group-defined Uptown/Park Cities submarket, which attracts many young professionals who like to live near work and entertainment venues, had the lowest vacancy rate of any submarket in the metropolitan division at 7.0 percent as of the fourth quarter of 2023, down from 9.5 percent a year ago. The submarket also has the highest average monthly rent of any submarket at \$2,421.
- The CoStar Group-defined Rockwall/Wylie submarket had the highest vacancy rate in the metropolitan division at

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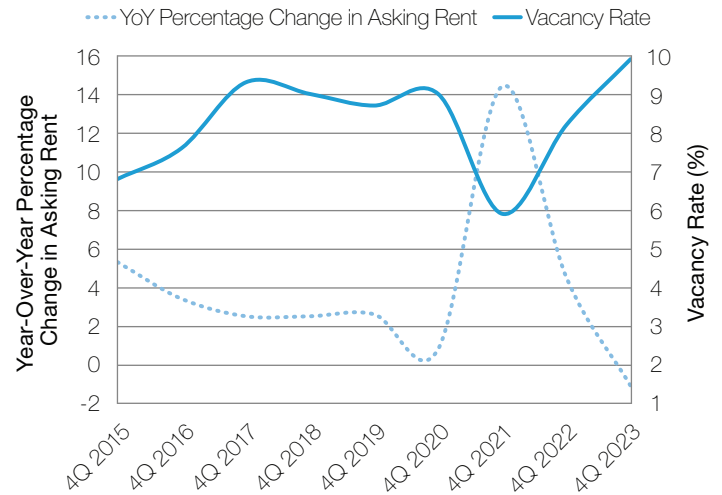
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19.3 percent as of the fourth quarter of 2023, up from 13.1 percent a year earlier. The total apartment inventory in this submarket increased by more than 20 percent in the past 12 months.

Construction of rental units declined during the past year because rising vacancy rates, slowing rent growth, and rising borrowing costs increased caution among developers. Historically, most rental units in the metropolitan division have been constructed in Dallas County, but since 2020, more than 50 percent of all new rental units permitted annually have been outside the county.

- During 2023, rental unit construction totaled 21,900, a decline of 15,750, or slightly more than 41 percent, from 2022.
- Rental unit construction declined in every county in the metropolitan division during 2023. The largest numerical decline for building activity was in Dallas County, which dropped by 5,275, or 35 percent, from 2022.
- Since 2020, only 28 percent of apartment units that have been built in Dallas County were traditional garden-style apartments because building vertically is more cost-effective in this dense urban county. In the other six counties of the metropolitan division, more than 55 percent of all apartment construction consists of traditional garden-style apartments because more developable tracts of land are available.
- Since 2020, slightly less than 10 percent of all rental units built in the metropolitan division have been in single-family, build-for-rent communities—a segment of the market that has grown rapidly during the past several years as the price of buying a single-family home has increased.
- The number of bedrooms per unit has been trending lower to accommodate the increase in single-person households. Since 2020, more than 63 percent of all apartment units entering the market were either studios or one-bedroom units compared with 54 percent prior to 2020.

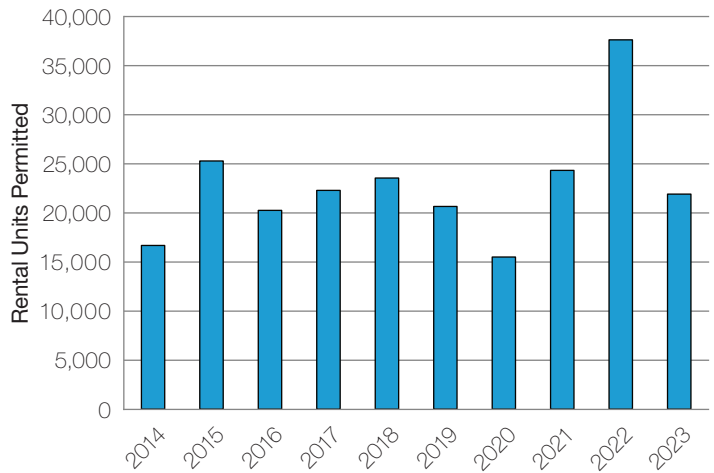
The average rent growth in the Dallas metropolitan division declined during 2023 as the vacancy rate reached its highest level in more than 15 years.



4Q = fourth quarter. YoY = year-over-year.

Source: CoStar Group

Construction of rental units in the Dallas metropolitan division returned to more historically normal levels during 2023 after reaching record levels during 2022.



Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; 2023—preliminary data and estimates by the analyst

Terminology Definitions and Notes

A. Definitions

| | |
|--|---|
| Absorption | The net change, positive or negative, in the number of occupied units in a given geographic range. |
| Apartment Market/ Apartment Vacancy Rate | Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units. |
| Building Permits | Building permits do not necessarily reflect all residential building activity. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits. |
| Existing Home Sales | Include regular resales and real estate owned sales. |
| Home Sales/Home Sales Prices | Includes single-family home, townhome, and condominium sales. |
| Seriously Delinquent Mortgages | Mortgages 90 or more days delinquent or in foreclosure. |

B. Notes on Geography

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|----|---|
| 1. | The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018. |
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