

COMPREHENSIVE HOUSING MARKET ANALYSIS

Dallas-Plano-Irving, Texas

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of July 1, 2024



PD&R

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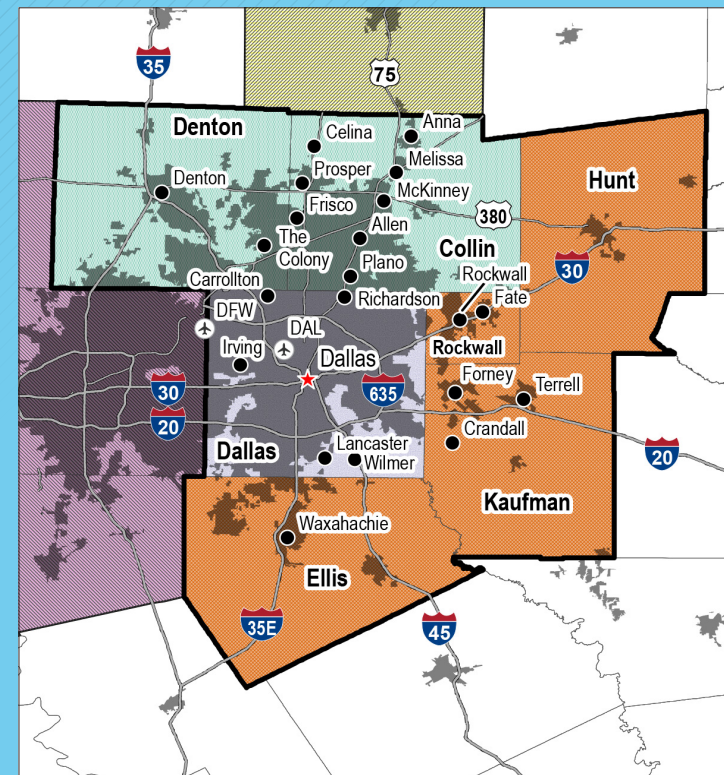
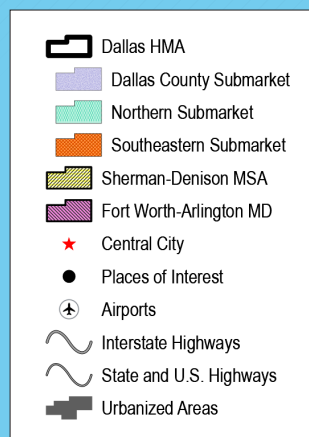
Executive Summary

Housing Market Area Description

The Dallas-Plano-Irving Housing Market Area (hereafter, Dallas HMA) is coterminous with the Dallas-Plano-Irving, TX Metropolitan Division (MD). The HMA includes seven counties and, for this analysis, is divided into three submarkets—the Dallas County submarket; the Northern submarket, consisting of Collin and Denton Counties; and the Southeastern submarket, which includes Ellis, Hunt, Kaufman, and Rockwall Counties. The city of Dallas, which is mostly within Dallas County, includes White Rock Lake, the largest urban lake in the United States and a popular recreation destination for residents.

The current population of the HMA is estimated at 5.59 million.

The HMA is east of the Fort Worth-Arlington MD, and the two metropolitan divisions together define the Dallas-Fort Worth-Arlington (hereafter, DFW) Metropolitan Statistical Area (MSA) in northeast Texas. The HMA is the larger of the two metropolitan divisions. From 2020 to 2023, the DFW MSA added more people than any other MSA in the nation, with more than 70 percent of the growth occurring in the HMA. Collin, Denton, Ellis, Kaufman, and Rockwall Counties were among the 60 counties in the nation with the largest population increases from 2020 to 2023 (U.S. Census Bureau population estimates as of July 1). In the Southeastern submarket, Kaufman and Rockwall Counties were the first and second fastest growing counties in the nation in percentage terms, and Ellis County was eighth. The city of Dallas, the largest city in the HMA, is the ninth largest city in the nation, with a population of more than 1.3 million people. An additional 12 cities in the HMA have populations of more than 100,000. From July 1, 2022, to July 1, 2023, 5 of the 10 fastest growing cities in the nation were in the HMA, including the fastest growing city, Celina, Texas, where the population increased 26.6 percent.



Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's [Market-at-a-Glance tool](#).

Additional data for the HMA can be found in this report's [supplemental tables](#).

For information on HUD-supported activity in this area, see the [Community Assessment Reporting Tool](#).

Market Qualifiers

Economy



Strong: From 2020 to the current date, the Dallas HMA accounted for more than 5.5 percent of all nonfarm payroll jobs added nationally.

The HMA economy is strong, but job growth has moderated in the past year. During the 12 months ending June 2024, nonfarm payrolls increased by 59,000 jobs, or 2.0 percent, to more than 3.05 million jobs, following an increase of 152,900 jobs, or 5.4 percent, during the previous 12 months. Nine of the 11 nonfarm payroll sectors contributed to job growth during the 12 months ending June 2024, led by the education and health services sector. The unemployment rate, although still low at 3.8 percent, increased from 3.6 percent a year earlier. During the 3-year forecast period, nonfarm payrolls are expected to increase 2.0 percent annually.

Sales Market



Balanced: In June 2024, the supply of homes for sale represented 3.8 months of inventory, up from 2.4 months a year earlier, when conditions were slightly tight. In June 2024 the number of homes listed for sale reached the highest level since 2012 (Texas Real Estate Research Center at Texas A&M University).

The sales vacancy rate in the HMA is currently estimated at 1.6 percent, up slightly from 1.5 percent in April 2020. During the 12 months ending June 2024, home sales in the HMA totaled 102,200, a decline of 10,750 sales, or nearly 10 percent, from the previous 12 months and the lowest level since 2015 (Zonda). The average sales price of a home in the HMA during the 12 months ending June 2024 increased by \$15,000, or 3 percent, from a year earlier to \$502,200. During the forecast period, demand is estimated for 88,250 sales units. The 13,600 homes under construction will satisfy part of that demand.

Rental Market



Balanced: Absorption of apartments totaled more than 15,000 units during the 12 months ending June 2024, up significantly from the nearly 4,400 units absorbed during the previous 12 months (CoStar Group).

The overall rental market is currently balanced, with a 9.2-percent vacancy rate, up from 8.4 percent during 2020. The apartment market currently has a 10.8-percent vacancy rate, increasing from 8.6 percent a year earlier as a record number of apartment units were delivered in the past 12 months (CoStar Group). The average rent for an apartment as of the second quarter of 2024 was \$1,587, decreasing by \$25, or nearly 2 percent, as landlords gave back some of the strong rent gains from previous years as a surge in new inventory created more competition for tenants. During the forecast period, demand is estimated for 72,150 rental units. The 43,250 rental units under construction will satisfy a portion of that demand.

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	3-Year Housing Demand Forecast							
	Sales Units				Rental Units			
	HMA Total	Dallas County Submarket	Northern Submarket	Southeastern Submarket	HMA Total	Dallas County Submarket	Northern Submarket	Southeastern Submarket
Total Demand	88,250	11,050	51,900	25,300	72,150	33,400	32,550	6,200
Under Construction	13,600	1,200	7,600	4,800	43,250	15,800	24,250	3,200

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of July 1, 2024. The forecast period is July 1, 2024, to July 1, 2027.
Source: Estimates by the analyst



Economic Conditions

Largest Sector: Professional and Business Services

The professional and business services sector accounts for 21 percent of all nonfarm payrolls in the Dallas HMA, having 40 percent more jobs than the next largest sector.

Primary Local Economic Factors

The HMA first developed as a trading location for cotton because many railroad lines intersected in the area. In the early 1900s, with a large percentage of the nation’s cotton produced within 100 miles of Dallas, the city developed into a financial hub for the southwestern United States. With the creation of the Federal Reserve System in 1914, the city of Dallas was selected for the headquarters of the Eleventh Federal Reserve District. The city of Dallas also became an important financial hub serving the oil industry.

Following World War II, the city of Dallas experienced an economic boom, including the early stages of development of the computer and telecommunications industry. The HMA is a major telecommunications center, with companies such as Metro by T-Mobile and Texas Instruments Incorporated headquartered there. The Telecom Corridor, in the city of Richardson along U.S. Route 75, has offices of more than 600 technology companies and more than 130,000 workers. Texas Instruments invented the integrated circuit in the HMA in 1958. With the expansion of the interstate highway system, the HMA continued to develop as an important center for logistics and trade because of its location in the middle of the country and along interstates that extend from Mexico to Canada.

The HMA is home to the headquarters of 19 Fortune 500 companies, including McKesson Corporation and AT&T Inc., one of the largest employers in the HMA (Table 1). The HMA has two major airports—Dallas-Fort Worth International Airport, which was the second busiest airport in the nation during 2023, and Dallas Love Field, the 32nd busiest. Airports in the HMA handled nearly 48 million passengers during 2023 (Federal Aviation

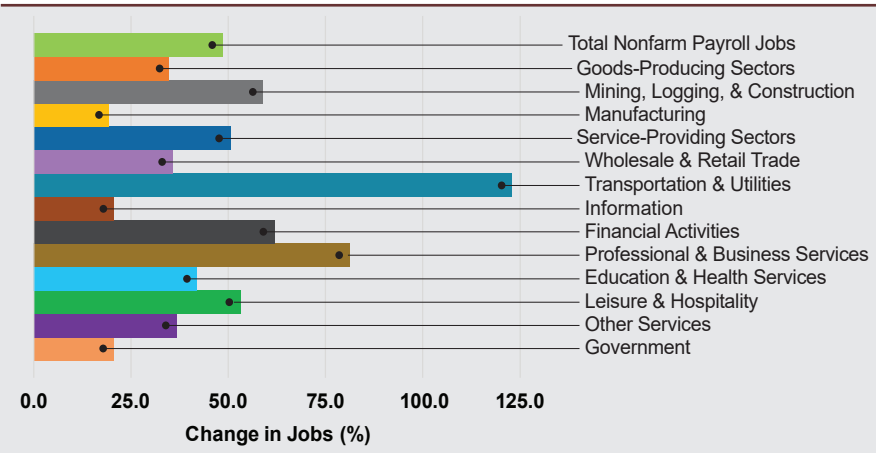
Administration). Southwest Airlines Co., headquartered in the city of Dallas, contributed to growth in the transportation and utilities sector, the fastest growing sector in the HMA since 2011 (Figure 1).

Table 1. Major Employers in the Dallas HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Amazon.com, Inc.	Transportation & Utilities	10,000+
AT&T Inc.	Professional & Business Services	10,000+
Bank of America Corporation	Financial Activities	10,000+
Baylor Scott & White Health	Education & Health Services	10,000+
JPMorganChase & Co.	Financial Activities	10,000+
The University of Texas Southwestern Medical Center	Government	10,000+
Parkland Memorial Hospital	Government	10,000+
Southwest Airlines Co.	Transportation & Utilities	10,000+
Texas Instruments Incorporated	Manufacturing	10,000+
State Farm Mutual Automobile Insurance Company	Financial Activities	5,000–9,999

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

Figure 1. Sector Growth in the Dallas HMA, 2011 to Current



Note: Current data are based on the 12-month averages ending June 2024.
Source: U.S. Bureau of Labor Statistics



Locations of Jobs in the HMA, by Submarket

Although most nonfarm payroll jobs in the HMA are in the Dallas County submarket, the Northern submarket has recently developed into a major employment center. Currently, the Dallas County submarket accounts for 65 percent of all nonfarm payroll jobs in the HMA (Table 2), down from 68 percent in 2020 and 71 percent in 2010. The Northern submarket, which has had much faster population growth than the Dallas County submarket since 2010, accounts for an increasing percentage of all jobs in the HMA. In 2010, the Northern submarket accounted for 23 percent of all nonfarm payroll jobs in the HMA, but that share increased to 27 percent by 2020 and is currently 29 percent. The Southeastern submarket accounts for more than 12 percent of the HMA's population but only 6 percent of all nonfarm payroll jobs. Most residents in the Southeastern submarket commute into the other two submarkets for work.

Current Conditions—2020 to Current

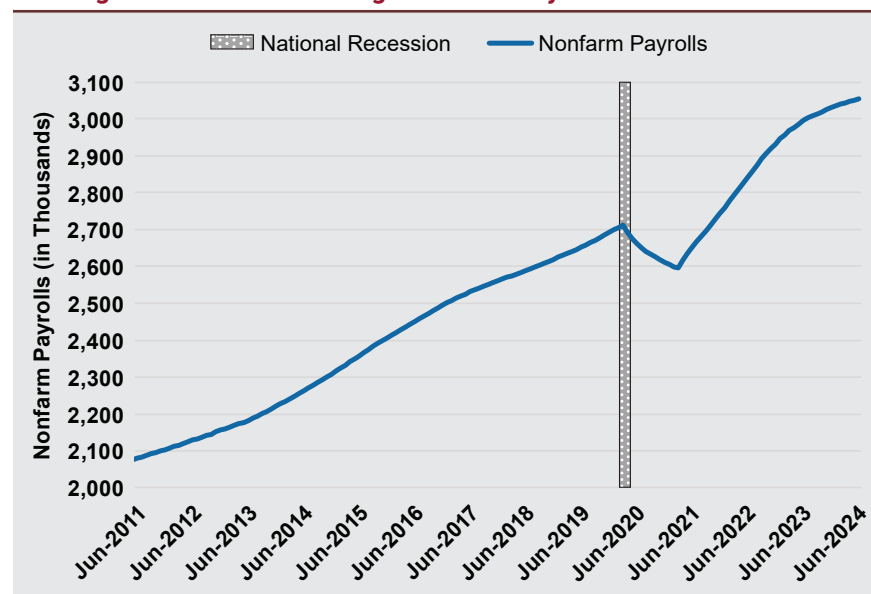
The economy of the HMA is currently strong, characterized by a swift economic recovery and expansion following the recession during March and April 2020 from the COVID-19 pandemic, but job growth has moderated recently. From 2020 to the current date, the HMA accounted for more than 5.5 percent of all jobs added nationally, with nonfarm payrolls increasing by an average of 80,600 jobs, or 2.8 percent, annually. During the 12 months ending June 2024, nonfarm payrolls in the HMA averaged more than 3.05 million, an increase of 59,000 jobs, or 2.0 percent, from the previous 12 months, when nonfarm payrolls increased by 152,900 jobs, or 5.4 percent. Figure 2 shows the 12-month average nonfarm payrolls in the HMA since 2011. The education and health services sector led job growth during the 12 months ending June 2024, increasing by 13,800 jobs, or 4.1 percent, with strong population growth in the HMA contributing to high demand for healthcare workers. The education and health services sector is the third largest nonfarm payroll sector in the HMA, accounting for 12 percent of all nonfarm payroll jobs (Figure 3). In percentage terms, the other services sector had the fastest growth of any sector, increasing

Table 2. Current Estimated Percentage Share of Nonfarm Payrolls in the Dallas HMA, by Submarket

Submarket	Percentage of Nonfarm Payroll Jobs in Submarket
Dallas County Submarket	65.0
Northern Submarket	29.0
Southeastern Submarket	6.0

Sources: U.S. Bureau of Labor Statistics; estimates by the analyst

Figure 2. 12-Month Average Nonfarm Payrolls in the Dallas HMA



Note: 12-month moving average.

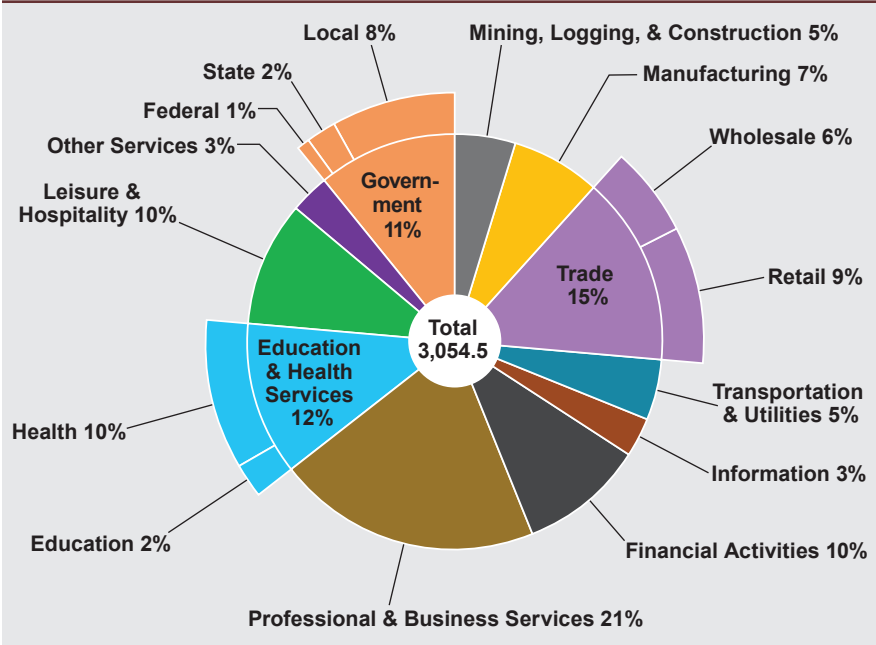
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

5.7 percent during the 12 months ending June 2024 and adding 5,200 jobs from a year earlier. Part of the growth in this sector is the result of an increasing number of workers returning to offices and using services such as parking and dry cleaners. During the 12 months ending June 2024, job gains occurred in 9 of the 11 nonfarm payroll sectors. Job losses were greatest in the information sector, which declined by 1,700 jobs, or 2.1 percent, and partly offset gains. Layoffs at

global printing company Mittera Group, Inc., which closed its Carrollton facility and laid off 136 people, partly drove job losses in the information sector. Table 3 shows nonfarm payroll growth by sector during the 12 months ending June 2024. The professional and business services sector also lost jobs during the 12 months ending June 2024, decreasing by 1,300 jobs, or 0.2 percent, from the previous 12 months. The decrease is a reversal from recent trends—the sector has added more jobs than any other nonfarm payroll sector since 2020 and was the second fastest growing sector in percentage terms from 2011 to the current date.

During 2020, as countermeasures to slow the spread of COVID-19 were implemented, nonfarm payrolls in the HMA declined by 80,200 jobs, or 3.0 percent. The rate of job losses was significantly lower than in the nation,

Figure 3. Share of Nonfarm Payroll Jobs in the Dallas HMA, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through June 2024. Source: U.S. Bureau of Labor Statistics

which had a 5.8-percent decline in nonfarm payrolls during 2020. The leisure and hospitality sector had the sharpest decline both in the HMA and nationally during 2020 because travel and in-person interactions in restaurants and entertainment venues were curtailed. The leisure and hospitality sector lost 46,600 jobs in the HMA, a 17.2-percent decline. However, not all sectors lost jobs during 2020 because the economy underwent significant changes due to COVID-19. Delivery services to homes increased rapidly, contributing to the transportation and utilities sector increasing by 11,600 jobs, or 9.1 percent.

During 2021, the local economy recovered all the jobs lost during the downturn and began to expand. Nonfarm payrolls increased during 2021 by 132,600 jobs, or 5.1 percent, from a year earlier to more than 2.74 million jobs, surpassing the 2.69 million jobs during 2019. The professional and business

Table 3. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Dallas HMA, by Sector

	12 Months Ending June 2023	12 Months Ending June 2024	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	2,995.5	3,054.5	59.0	2.0
Goods-Producing Sectors	354.4	364.5	10.1	2.8
Mining, Logging, & Construction	159.3	165.6	6.3	4.0
Manufacturing	195.1	198.9	3.8	1.9
Service-Providing Sectors	2,641.1	2,690.0	48.9	1.9
Wholesale & Retail Trade	442.9	446.9	4.0	0.9
Transportation & Utilities	162.9	163.8	0.9	0.6
Information	81.3	79.6	-1.7	-2.1
Financial Activities	289.1	294.0	4.9	1.7
Professional & Business Services	627.5	626.2	-1.3	-0.2
Education & Health Services	339.4	353.2	13.8	4.1
Leisure & Hospitality	283.2	292.8	9.6	3.4
Other Services	91.3	96.5	5.2	5.7
Government	323.4	337.0	13.6	4.2

Notes: Based on 12-month averages through June 2023 and June 2024. Numbers may not add to totals due to rounding. Data are in thousands. Source: U.S. Bureau of Labor Statistics



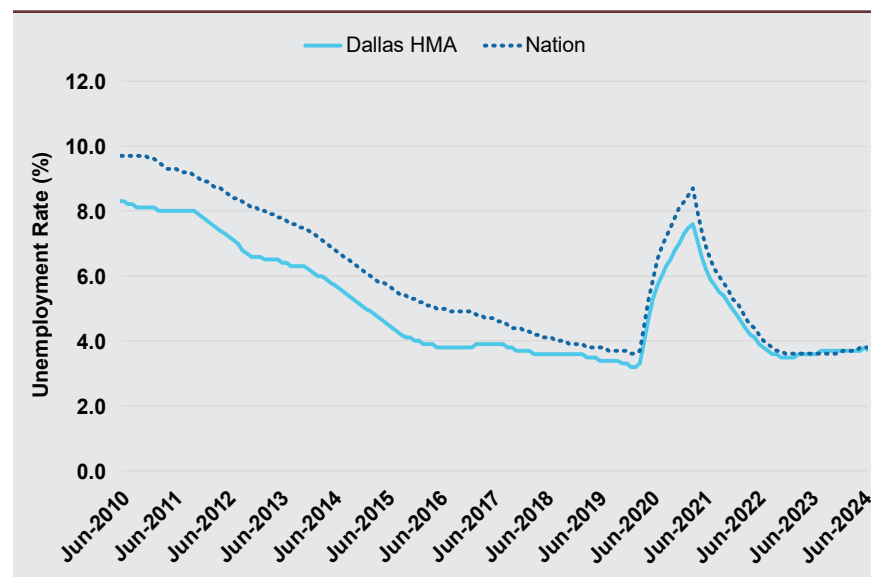
services sector led job growth, adding 47,100 jobs, a 9.3-percent increase, partly due to numerous corporate relocations to the HMA. Although overall job growth was strong during 2021, only 5 of the 11 nonfarm payroll sectors surpassed prepandemic levels.

Job growth accelerated during 2022 as the economy continued to expand, and migration to the HMA increased. During 2022, nonfarm payrolls increased by 188,400 jobs, or 6.9 percent, to more than 2.93 million jobs. All 11 payroll sectors added jobs during 2022, with 8 of the sectors increasing more than 5.0 percent. By 2022, all nonfarm payroll sectors surpassed the number of jobs prior to the pandemic. During 2022, the professional and business services sector again led job growth, adding 62,400 jobs, an 11.3-percent increase, partly because 18 corporate headquarters relocated to the HMA.

Current Conditions—Unemployment

The unemployment rate in the HMA averaged 3.8 percent during the 12 months ending June 2024, up from 3.6 percent a year earlier because labor force growth outpaced growth in resident employment. During the past 24 months, the unemployment rate in the HMA was roughly equal to the national rate, in contrast to the period from 2010 through 2022, when it remained lower than the national unemployment rate. Figure 4 shows the 12-month average unemployment rate for the nation and the HMA.

Figure 4. 12-Month Average Unemployment Rate in the Dallas HMA and the Nation



Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

Economic Periods of Significance

2011 Through 2013

The HMA had one of the strongest economic recoveries in the nation following the Great Recession and fully recovered all jobs lost by 2012. From 2011 through 2013, nonfarm payroll growth in the HMA averaged 54,500 jobs, or 2.6 percent, annually. The professional and business services sector led job growth during these years, increasing by an average of 16,800 jobs, or 4.6 percent, annually. Major business expansions included Vendor Resource

Management, Inc. relocating to the city of Carrollton, bringing 339 jobs, and HMS Holdings Corp. moving its headquarters to the master-planned, mixed-use development of Las Colinas in the city of Irving, adding more than 400 jobs. Job growth was also strong in the education and health services sector, which increased by an average of 6,000 jobs, or 2.4 percent, annually. Several new medical facilities opened in the rapidly growing Northern submarket during the period, adding to job growth in this sector. New healthcare facilities included the 50-bed Forest Park Medical Center

in the city of Frisco and the 95-bed Baylor Scott & White Medical Center in the city of McKinney, opening in 2011 and 2012, respectively.

2014 Through 2016

Job growth in the HMA was very strong from 2014 through 2016, with many large corporate expansions and relocations to the HMA. During the period, nonfarm payrolls increased by an average of 91,500 jobs, or 4.0 percent, annually. The professional and business services sector led job growth, increasing by an average of 23,200 jobs, or 5.5 percent, annually. Major expansions in this sector during these years included Associa, a homeowners association management company that added 700 jobs in the city of Richardson. CVE Technologies Group Inc. relocated its headquarters from New Jersey to the city of Allen, creating 1,200 new jobs in the HMA. In percentage terms, the transportation and utilities sector increased the most, up by 8.6 percent annually and adding an average of 7,800 jobs a year. Many companies, including Amazon.com, Inc., opened distribution facilities in the HMA, with many concentrated along Interstate 45 south of the city of Dallas. Other major expansions during the period included State Farm Mutual Automobile Insurance Company's

CityLine campus, which broke ground in 2013 and added more than 7,000 jobs in the city of Plano by the end of 2016. Toyota Motor Corporation and Liberty Mutual Holding Company Inc. also completed new office campuses in the city of Plano in 2016, adding 4,000 jobs each.

2017 Through 2019

Job growth slowed from 2017 through 2019, with nonfarm payrolls expanding by an average of 65,600 jobs, or 2.6 percent, annually. The professional and business services sector continued to lead growth during this period, increasing by an average of 15,700 jobs, or 3.3 percent, annually. Major expansions or relocations in this sector from 2017 to 2019 included McKesson Corporation, which moved its corporate headquarters from the city of San Francisco to the city of Irving, creating 1,600 new jobs in the HMA, and Peloton Interactive Inc., which opened a regional campus in the city of Plano, adding 400 jobs. The transportation and utilities sector continued to have strong growth during these years, increasing by an average of 6,900 jobs, or 6.1 percent, annually. Major expansions in this sector included an Amazon.com, Inc. distribution center in west Dallas and a distribution center for The Home Depot, Inc. in south Dallas, each adding 1,500 jobs.

Forecast

Job growth is expected to be strong during the 3-year forecast period, with payrolls increasing by an average of 2.0 percent annually. Numerous company relocations and expansions have been announced in the HMA that are expected to contribute to job growth. Frontier Communications

Parent, Inc. announced it is relocating its corporate headquarters to the city of Dallas and plans to add 3,000 jobs during the next 10 years. Trina Solar Co., Ltd is building a 1 million-square-foot facility in the city of Wilmer in Dallas County that will employ 1,500 people.



Population and Households

Current Population: 5.59 Million

The three largest counties in the Dallas HMA—Collin, Dallas, and Denton—each have a population of more than 1 million and are ranked among the 50 largest counties in the nation.

Population Trends

The population of the HMA is currently estimated at nearly 5.59 million (Table 4). The HMA is part of the DFW MSA, which added 462,600 people from April 1, 2020, to July 1, 2023, and had a larger numerical increase than any other MSA in the nation during this time (Census Bureau decennial census count and population estimates as of July 1). This increase was 100,000 people more than in the Houston MSA, which had the second largest increase among MSAs nationwide. Continued job growth and company relocations to the HMA have contributed to strong population growth. Map 1 shows the rate of population change by census tract in the HMA from 2010 to 2020.

The population growth has been geographically distributed throughout the HMA. From 2020 to 2023, Collin and Denton Counties, which make up the Northern submarket, had the second and fourth largest population gains among counties in the nation. In percentage terms, Kaufman and Rockwall Counties were the first and second fastest growing counties nationwide, Ellis County was 16th, and Hunt County was 33rd. Although the Northern and Southeastern submarkets have been the fastest growing submarkets in the HMA, the Dallas County submarket still accounts for the largest share of the current population in the HMA (Figure 5).

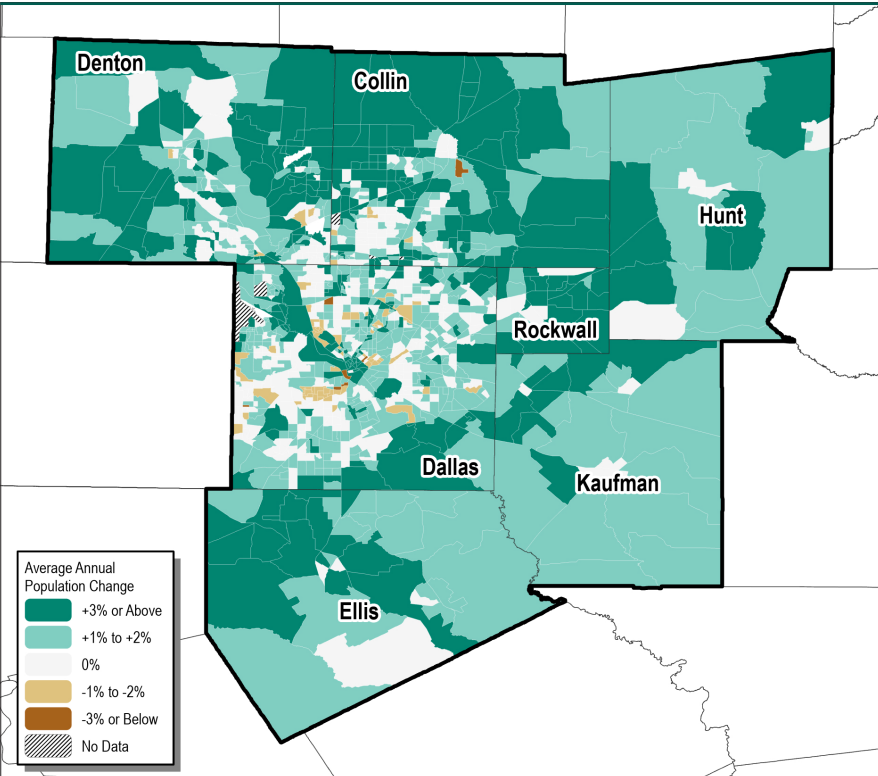
Since 2020, the population of the HMA has increased by an average of 107,200, or 2.0 percent, annually, with net in-migration averaging 74,350 people annually. International net in-migration has averaged 22,250 people a year since 2020, accounting for nearly 30 percent of total net in-migration. The HMA has added more people annually since 2020 than any previous period. From 2010 to 2013, population growth averaged 82,050 people,

Table 4. Population and Household Quick Facts in the Dallas HMA

Population Quick Facts	2020	Current	Forecast	
	Population	5,129,966	5,585,900	5,938,400
	Average Annual Change	89,950	107,175	117,350
	Percentage Change	1.9	2.0	2.1
Household Quick Facts	2020	Current	Forecast	
	Households	1,860,810	2,062,400	2,198,000
	Average Annual Change	33,650	47,425	45,375
	Percentage Change	2.0	2.4	2.1

Notes: Average annual changes and percentage changes are based on averages from 2010 to 2020, 2020 to current, and current to forecast. The forecast period is the current date (July 1, 2024) to July 1, 2027. Sources: 2010 and 2020—2010 Census and 2020 Census; current and forecast—estimates by the analyst

Map 1. Average Annual Population Change by Census Tract in the Dallas HMA



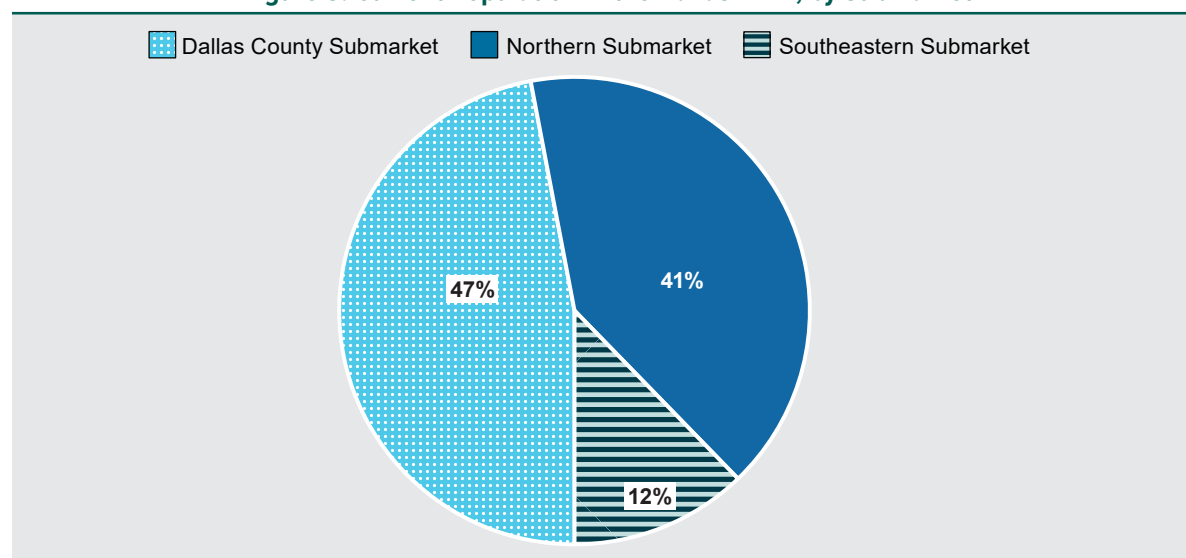
Source: 2010 and 2020 decennial census, with adjustments by the analyst

or 1.9 percent, annually, with net in-migration averaging 42,050 people and accounting for more than 51 percent of all population growth. From 2013 to 2017, the rate of population growth accelerated and averaged 100,200 people, or 2.2 percent, annually, with net in-migration averaging 60,400 people and accounting for 60 percent of total population growth. From 2017 to 2020, population growth slowed and averaged 84,300 people, or 1.7 percent, annually, with net in-migration averaging 48,650 people a year. A drop in international net in-migration, which averaged 16,350 people annually, contributed to the slow population growth during these years. Figure 6 shows the components of population change in the HMA from 2010 through the forecast period.

Demographic Trends

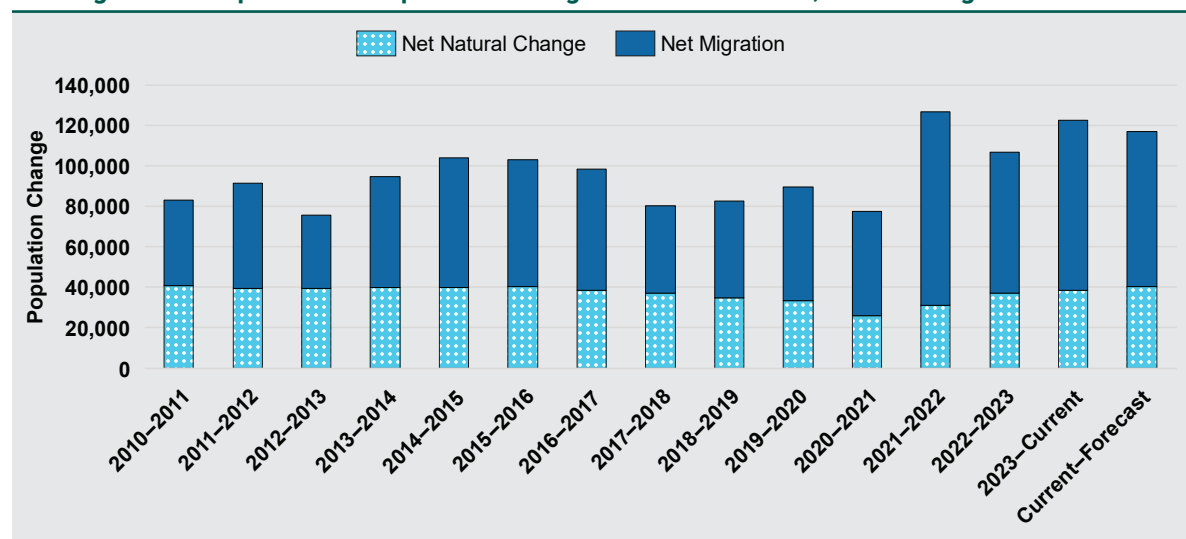
The strong economy of the HMA has historically attracted many young professionals from across the nation and world moving there for work. The median age in the HMA is 35.8 years, younger than in the nation overall, which has a median age of 39.2 years (2023 American Community Survey [ACS] 1-year data; Table 5). Although the median age in the HMA is lower than the national median, it has increased, similar to national trends. The percentage of the population under 18 has declined, and the proportion of the population aged 65 and older has increased (Figure 7). The HMA also has a highly educated workforce; 42.6 percent of the population aged 25 or older has a bachelor's degree or higher,

Figure 5. Current Population in the Dallas HMA, by Submarket



Source: Estimates by the analyst

Figure 6. Components of Population Change in the Dallas HMA, 2010 Through the Forecast



Notes: Data displayed are average annual totals. The forecast period is the current date (July 1, 2024) to July 1, 2027.

Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

well above the 36.2 percent of people nationally. Because many major companies that conduct business globally are in the HMA, it has a high percentage of foreign-born people, with 22.1 percent of the population being foreign born compared with 14.3 percent nationally.

Dallas County Submarket Population Trends

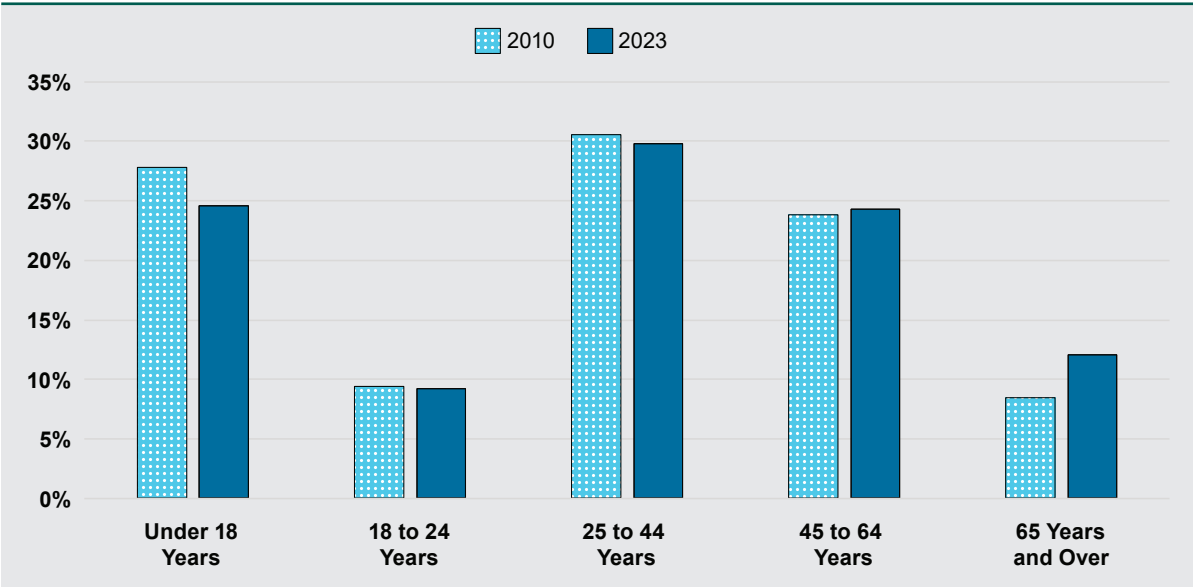
The Dallas County submarket contains nearly 2.63 million people. Although it is the most populous submarket in the HMA, it has also been the slowest growing since 2010, partly because it was the first to develop. The population surpassed 1 million during the 1960s, and most of the submarket is already built out, with not as much land available for new growth as the other submarkets. By comparison, no counties in the Northern submarket surpassed 100,000 people until the 1970s, and no counties in the Southeastern submarket surpassed this mark until 2000 or later. Since 2020, the Dallas County submarket has grown slowly, increasing an average of 2,925 people, or 0.1 percent, annually, with net out-migration of 13,650 people annually. From 2010 to 2017, population growth averaged 32,550 people, or 1.3 percent, annually, and net in-migration averaged 8,350 people annually. The last period of net in-migration was from 2010 to 2017, when international net in-migration was strong and offset domestic net out-migration of slightly under 1,800 people annually. From 2017

Table 5. Selected Population and Household Demographics in the Dallas HMA

	Dallas HMA	Nation
Population under age 18	24.6%	21.7%
Population age 65 and over	12.1%	17.7%
Median Age	35.8	39.2
Households with one or more children under age 18	34.0%	28.8%
Households with one or more persons age 65 and over	23.8%	32.2%
Householders living alone	27.0%	28.8%
Population age 25 or over with bachelor's degree or higher	42.6%	36.2%
Foreign-Born Population	22.1%	14.3%
Population that lived in a different home 1 year earlier	14.6%	12.1%
English only language spoken at home	64.9%	77.5%
Median Household Income	\$89,752	\$77,719

Source: 2023 American Community Survey 1-year data

Figure 7. Population by Age Range in the Dallas HMA



Source: 2010 and 2023 American Community Survey 1-year data



to 2020, population growth in this submarket averaged 3,375 people, or 0.1 percent, annually, with net out-migration averaging 18,100 people a year. Dallas County attracts many younger people moving there for work, and the median age in the submarket is 34.3 years, lower than in the HMA overall (2023 ACS 1-year data.). Many young professionals move to this submarket to start careers and form relatively smaller households. When they start families, they tend to move to the other two submarkets, contributing to the high levels of domestic net out-migration.

Northern Submarket Population Trends

The Northern submarket has been one of the fastest growing areas in the nation during the past 50 years. In 1970, the population of this submarket was 142,600, but by 2000, it had reached 924,700. The current population of this submarket is estimated at nearly 2.28 million, an average increase of 71,950, or 3.5 percent, annually, with net in-migration averaging 58,500 people annually since 2020. The rate of growth in this submarket has continually accelerated as it transitioned from a bedroom community for the city of Dallas to an area with numerous employment centers. From 2010 through 2015, population growth in this submarket averaged 47,200 people, or 3.1 percent, annually, with net in-migration averaging 33,700 people a year. From 2015 through 2017, population growth in this submarket averaged 55,700, or 3.2 percent, annually, with net in-migration averaging 42,400 people a year, partly because of several large-scale business relocations and expansions. Population growth from 2017 through 2020 averaged 60,650, or 3.3 percent, annually, and net in-migration averaged 48,650 people a year.

Southeastern Submarket Population Trends

The Southeastern submarket has been the fastest growing submarket in the HMA in percentage terms since 2020, increasing by 5.4 percent annually and adding 32,300 people a year. The submarket is the largest in the HMA geographically and larger than the state of Delaware. This submarket has the most available developable land in the HMA, contributing to much lower

housing costs, which attracts many residents. From 2020 to the current date, net in-migration to this submarket averaged 29,450 people a year, accounting for 91 percent of population growth. From 2010 to 2015, the population of this submarket increased by an average of 7,875 people, or 1.8 percent, annually, with net in-migration averaging 5,650 people a year. Growth surged from 2015 to 2020, with the population increasing by an average of 18,250, or 3.7 percent, annually, and net in-migration to this submarket averaging 16,000 people a year. Rising home prices in the other two submarkets from 2015 to 2020 attracted many people to the Southeastern submarket, leading to increased development.

Household Trends

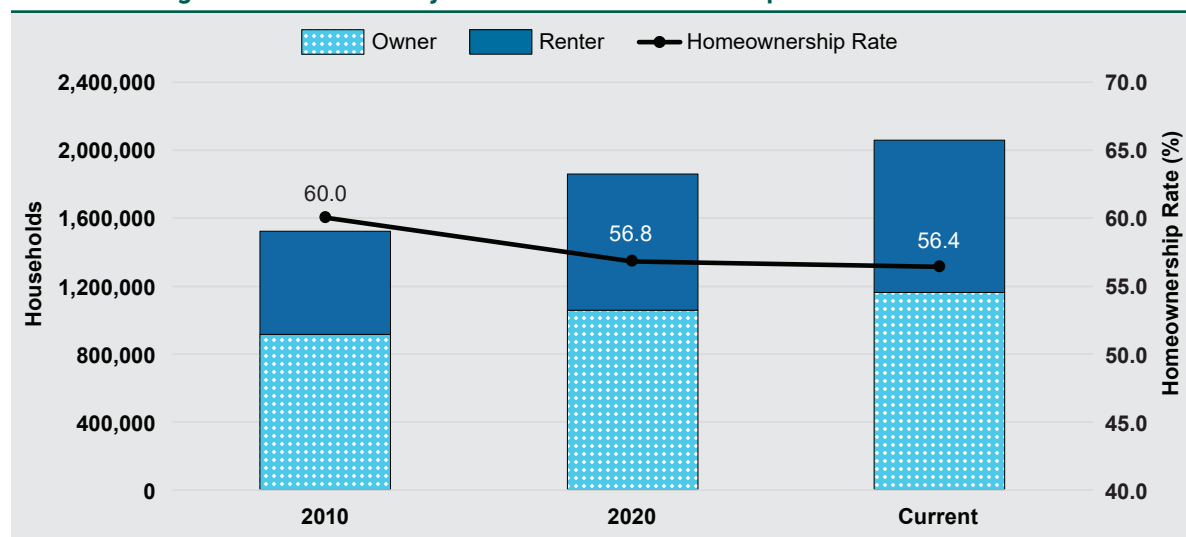
More than 2.06 million households are currently in the HMA, with an average increase of 47,425, or 2.4 percent, annually since 2020. This rate is faster compared with 2010 to 2020, when household growth averaged 33,650, or 2.0 percent, annually. Household growth has been stronger than population growth since 2020 because many new smaller households formed in recent years. During 2023, single-person households constituted 27 percent of all households, up from 26.1 percent in 2019 and 25.6 percent in 2010 (ACS 1-year data). An increasing percentage of new households have been renters, causing the homeownership rate in the HMA to drop since 2010 (Figure 8). Since 2020, the Southeastern submarket has had the fastest rate of household growth among the submarkets in the HMA, increasing by an average of 11,300, or 5.6 percent, annually, a much faster pace than from 2010 through 2020, when household growth averaged 4,100, or 2.5 percent, annually. The Southeastern submarket currently has an estimated 233,100 households. Although the rate of household growth has been greatest in the Southeastern submarket since 2020, the Northern submarket has accounted for more than 59 percent of all household growth in the HMA. From 2020 to the current date, household growth in the Northern submarket averaged 28,200, or 3.7 percent, annually, up from 3.1 percent annually from 2010 to 2020. The Northern submarket currently has an estimated 830,100

households. The Dallas County submarket is the only submarket in which household growth has slowed compared with the previous decade. Since 2020, household growth has averaged 0.8 percent annually, down from 1.2 percent annually from 2010 through 2020. Nevertheless, the 999,200 households in the Dallas County submarket still account for more than 48 percent of all households in the HMA.

Forecast

Population and household growth in the HMA are each expected to average 2.1 percent annually during the 3-year forecast period. Household growth is expected to slow to a rate comparable to the period from 2010 to 2020, but population growth is expected to strengthen slightly, partly because of strong job growth continuing to attract residents to the HMA. The Northern submarket is expected to account for 60 percent of population growth during the forecast period, averaging 3.0 percent annually (Figure 9). The Southeastern submarket is expected to have the highest rate of population growth, averaging 4.0 percent annually. Household growth in the Dallas County submarket is expected to average 1.0 percent annually because restrictions on international in-migration during the COVID-19 pandemic have lapsed, which will contribute to increasing net in-migration levels to this submarket. Household growth trends are expected to closely follow population trends across all submarkets.

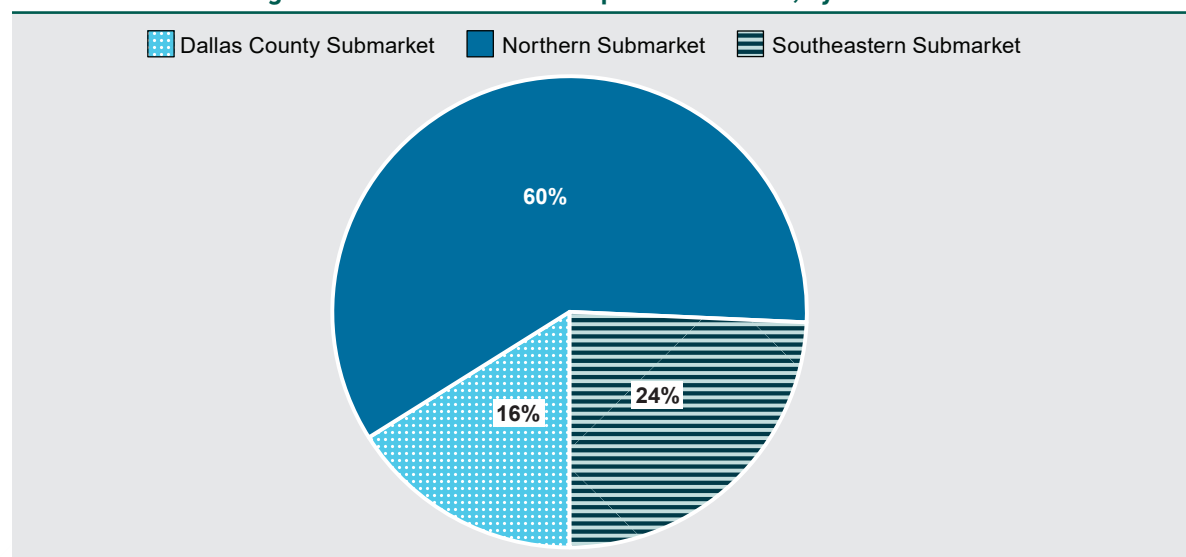
Figure 8. Households by Tenure and Homeownership Rate in the Dallas HMA



Note: The current date is July 1, 2024.

Sources: 2010 and 2020—2010 Census and 2020 Census; current—estimates by the analyst

Figure 9. Share of Forecast Population Growth, by Submarket



Source: Estimates by the analyst

Home Sales Market Sales Market—Dallas HMA

Market Conditions: Balanced

Home sales have declined after reaching an all-time high during 2022.

Current Conditions

The Dallas HMA home sales market is currently balanced after a period of very tight conditions because increased production of sales housing since 2020 helped to bring the market into balance. The home sales vacancy rate is currently estimated at 1.6 percent, up slightly from 1.5 percent in 2020 (Table 6). As of June 2024, the HMA had more than 19,050 active listings, up by 6,500 listings, or nearly 52 percent, from a year earlier (Texas Real Estate Research Center at Texas A&M University).

Home Sales

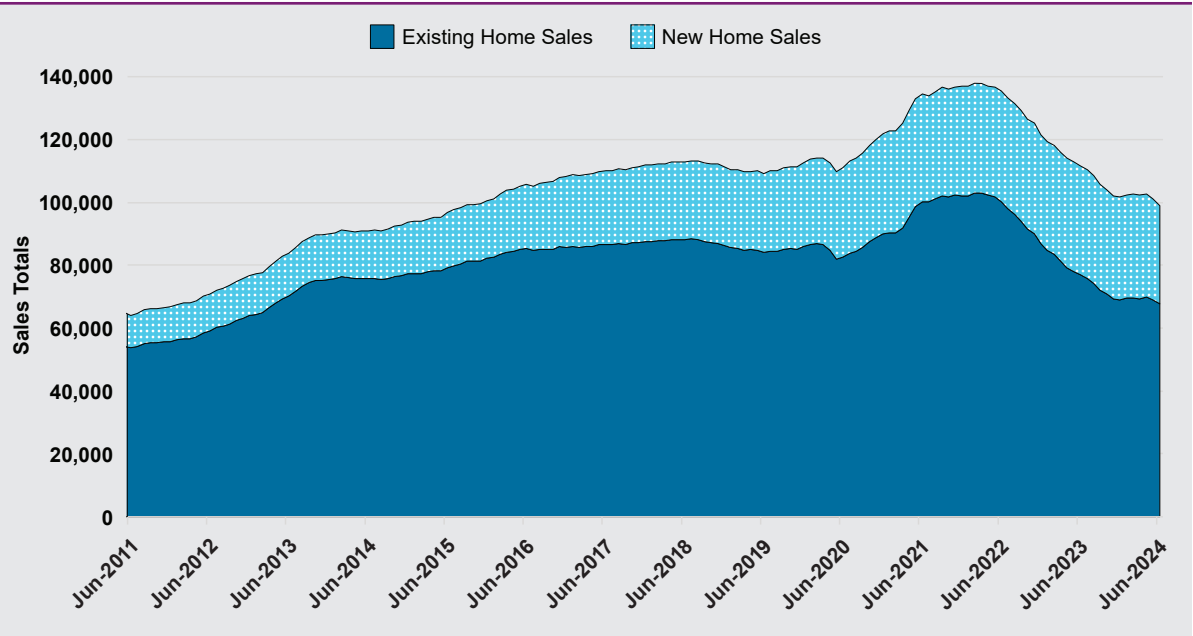
During the 12 months ending June 2024, new and existing home sales totaled 102,200, a decline of 10,750, or 10 percent, from the previous 12 months (Zonda). Home sales reached an all-time peak in the HMA during the 12 months ending March 2022 at 138,100. Home sales have since declined because rising interest rates and home sales prices reduced the number of income-qualified buyers. Also, homeowners with very low interest rates on their current mortgages have been hesitant to sell their homes if a subsequent purchase would require financing at a higher rate, limiting the increase in home listings and contributing to a decline in sales. Figure 10 shows home sales by type in the HMA.

Table 6. Home Sales Quick Facts in the Dallas HMA

Home Sales Quick Facts	Dallas HMA		Nation
	Vacancy Rate	1.6%	NA
	Months of Inventory	3.8	3.3
	Total Home Sales	102,200	4,743,000
	1-Year Change	-10%	-10%
	New Home Sales Price	\$480,600	\$581,500
	1-Year Change	-5%	-9%
	Existing Home Sales Price	\$513,200	\$459,800
	1-Year Change	7%	-13%
	Mortgage Delinquency Rate	0.9%	0.9%

NA = data not available.
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending June 2024; and months of inventory and mortgage delinquency data are as of June 2024. The current date is July 1, 2024.
Sources: Vacancy rate—estimates by the analyst; months of inventory for the HMA—Texas Real Estate Research Center at Texas A&M University; months of inventory and the mortgage delinquency rate for the nation—CoreLogic, Inc.; home sales and prices—Zonda

Figure 10. 12-Month Home Sales Totals by Type in the Dallas HMA



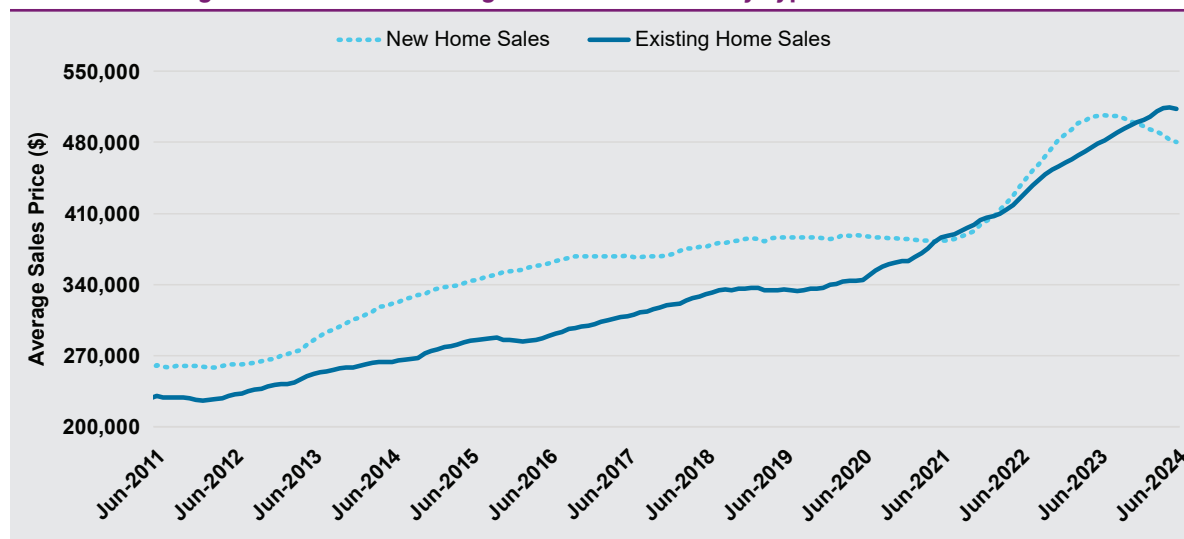
Source: Zonda



Home Sales Prices

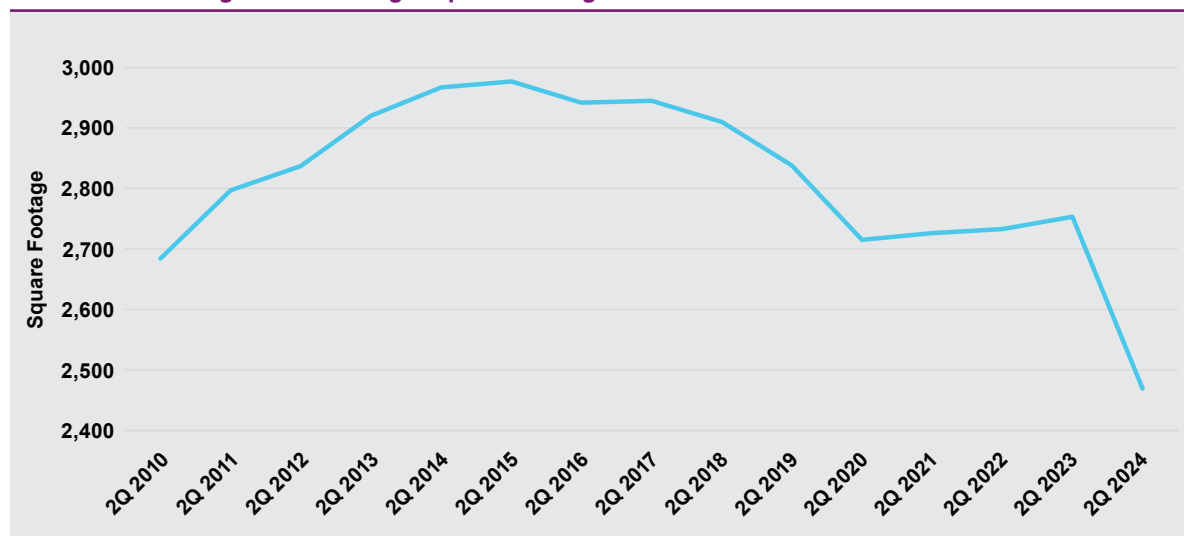
During the 12 months ending June 2024, the average home price in the HMA was \$502,200, an increase of \$15,000, or more than 3.0 percent, from 1 year earlier (Zonda). Along with the rest of Texas, the HMA has long been known for having affordable sales housing, but recent rapid population growth following the Great Recession has made that less the case. During 2010, the average home price in the HMA was 8 percent less than the average home price nationally, but during the 12 months ending June 2024, the average home price was about 5 percent higher than the average nationally. Although the average home price is up overall, new and existing home prices have diverged during the past year. The average price of an existing home increased more than 7 percent during the past 12 months, and new home prices declined 5 percent (Figure 11). A significant decline in the average size of a new home that developers offer in the HMA contributed to declining new home prices. As of the second quarter of 2024, the average new home size in the HMA was 2,469 square feet, down by 280 square feet, or 10 percent, from the second quarter of 2023. Declining home sizes represented an accelerating trend among developers of building smaller homes since the second quarter of 2017, when the average size of new homes peaked at 2,945 square feet. Figure 12 shows the average square footage for a new home in the HMA. The largest share of home sales, 30 percent of

Figure 11. 12-Month Average Home Sales Price by Type in the Dallas HMA



Source: Zonda

Figure 12. Average Square Footage of a New Home in the Dallas HMA



2Q = second quarter.

Note: Data are for second quarters only.

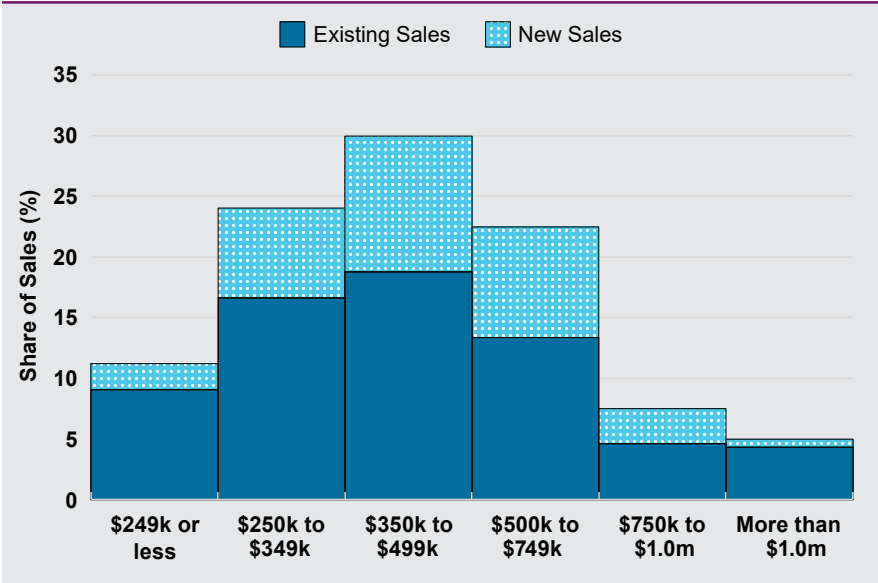
Source: Zonda

total sales, ranged in price from \$350,000 to \$499,999 during the 12 months ending June 2024 (Figure 13).

Sales Construction

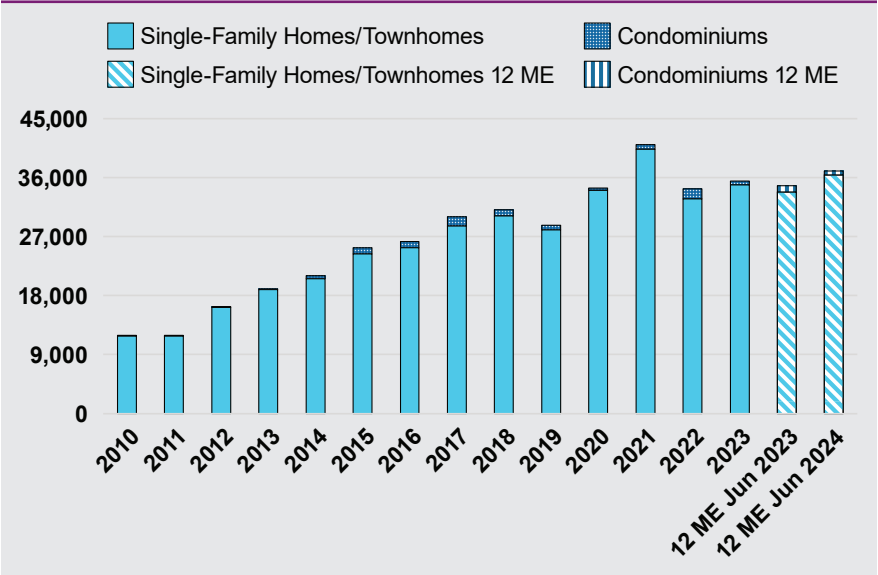
During the 12 months ending June 2024, homebuilding activity, as measured by the number of homes permitted, totaled 37,050, an increase of 2,350, or nearly 7 percent, from the previous 12 months (preliminary data, with adjustments by the analyst). Developers recently increased production again after a slight decline due to increasing mortgage rates. During the first quarter of 2023, when mortgage interest rates rose sharply from a year earlier, the number of homes permitted was down 35 percent from the first quarter of 2022. However, when mortgage rates stabilized, production during the first quarter of 2024 rebounded and was up 40 percent from the first quarter of 2023. Even with the recent increase, home construction is below the peak in 2021 (Figure 14).

Figure 13. Share of Overall Home Sales by Price Range During the 12 Months Ending June 2024 in the Dallas HMA



Note: New and existing sales include single-family homes, townhomes, and condominiums.
Source: Zonda

Figure 14. Annual Home Sales Permitting Activity in the Dallas HMA



12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Forecast

Demand is estimated for 88,250 new homes during the 3-year forecast period. The 13,600 units under construction will satisfy a small percentage of that demand. Table 7 shows the demand for new homes in the HMA.

Table 7. Demand for New Homes in the Dallas HMA During the Forecast Period

Sales Units	
Demand	88,250 Units
Under Construction	13,600 Units

Note: The forecast period is July 1, 2024, to July 1, 2027.
Source: Estimates by the analyst

Sales Market— Dallas County Submarket

Market Conditions: Balanced

New home sales account for only 10 percent of all home sales in the submarket, the lowest percentage of any of the submarkets in the HMA.

Current Conditions

The sales market in the Dallas County submarket is currently balanced, with a vacancy rate of 1.7 percent, up from 1.4 percent in 2020. Currently, 3.7 months of inventory are on the market, up from 2.1 months a year earlier. Active listings as of June 2024 totaled 6,100, up from 3,800 a year earlier (Texas Real Estate Research Center at Texas A&M University). Active listings are at the highest level since June 2019, when 7,050 active listings were on the market. Table 8 includes home sales market quick facts in the submarket.

Existing Home Sales and Prices

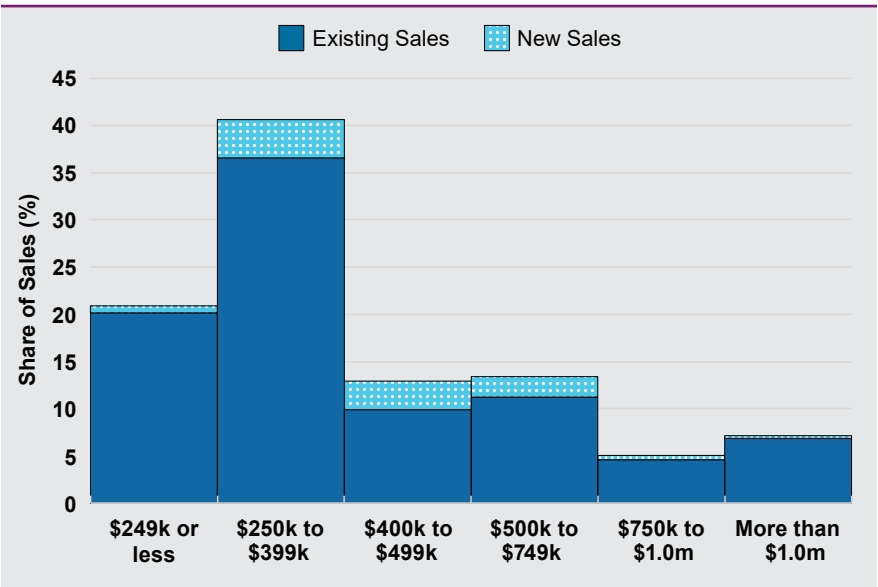
During the 12 months ending June 2024, the average price of an existing home was \$511,800, an increase of \$49,150, or nearly 11 percent, from the previous 12 months (Zonda). The Dallas County submarket had the largest price increase for existing homes in the HMA during the 12 months ending June 2024, partly because sales of lower-priced homes slowed significantly. During the 12 months ending June 2024, sales of existing homes of less than \$200,000 accounted for slightly less than 9 percent of home sales, down from 12 percent during the previous 12 months. Conversely, during the most recent 12 months, existing home sales of more than \$1 million accounted for 8 percent of sales, up from 6 percent during the previous 12 months. Figure 15 shows home sales by price range during the past 12 months. The declining sales of lower-priced homes contributed to a decline in existing home sales, when rising interest rates priced potential homebuyers with lower incomes out of the market. During the 12 months ending June 2024, existing home sales dropped by 3,525, or 11 percent,

Table 8. Home Sales Quick Facts in the Dallas County Submarket

Home Sales Quick Facts		Dallas County Submarket	Dallas HMA
	Vacancy Rate	1.7%	1.6%
	Months of Inventory	3.7	3.8
	Total Home Sales	32,750	102,200
	1-Year Change	-11%	-10%
	New Home Sales Price	\$481,200	\$480,600
	1-Year Change	-2%	-5%
	Existing Home Sales Price	\$511,800	\$513,200
	1-Year Change	11%	7%
	Mortgage Delinquency Rate	1.3%	0.9%

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending June 2024; and months of inventory and mortgage delinquency data are as of June 2024. The current date is July 1, 2024.
Sources: Vacancy rate—estimates by the analyst; months of inventory for the HMA—Texas Real Estate Research Center at Texas A&M University; months of inventory and the mortgage delinquency rate for the nation—CoreLogic, Inc.; home sales and prices—Zonda

Figure 15. Share of Overall Home Sales by Price Range During the 12 Months Ending June 2024 in the Dallas County Submarket



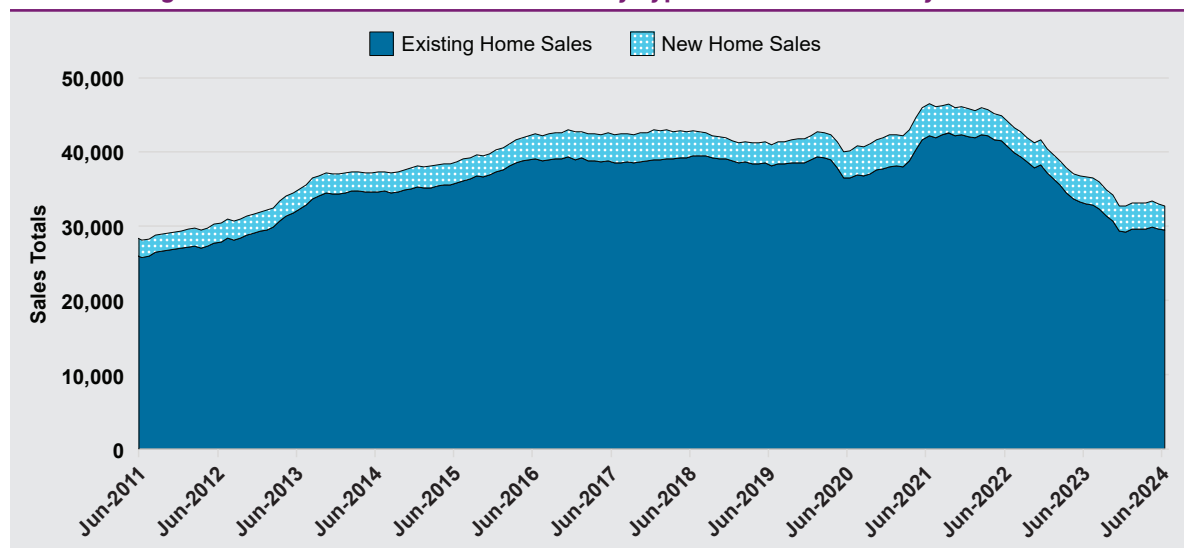
Note: New and existing sales include single-family homes, townhomes, and condominiums.
Source: Zonda



to 29,450. Figure 16 shows 12-month home sales totals by type in the submarket. Existing home sales during the 12 months ending June 2024 were at the lowest level since 2012, when the sales market was still recovering from the housing crisis. From 2010 through 2012, existing home sales averaged 27,950 annually. Because of the economic expansion, existing home sales rose from 2013 through 2016, increasing by an average of 2,425, or 7 percent, annually to reach nearly 39,000 sales during 2016. From 2017 through 2019, existing home sales were relatively stable, averaging 38,900 annually. During 2010, the average price of an existing home was \$225,200. By 2019, the average price for an existing home was \$337,900, an average increase of \$12,500, or 5 percent, annually. Figure 17 shows the 12-month average sales price by type of sale in the submarket.

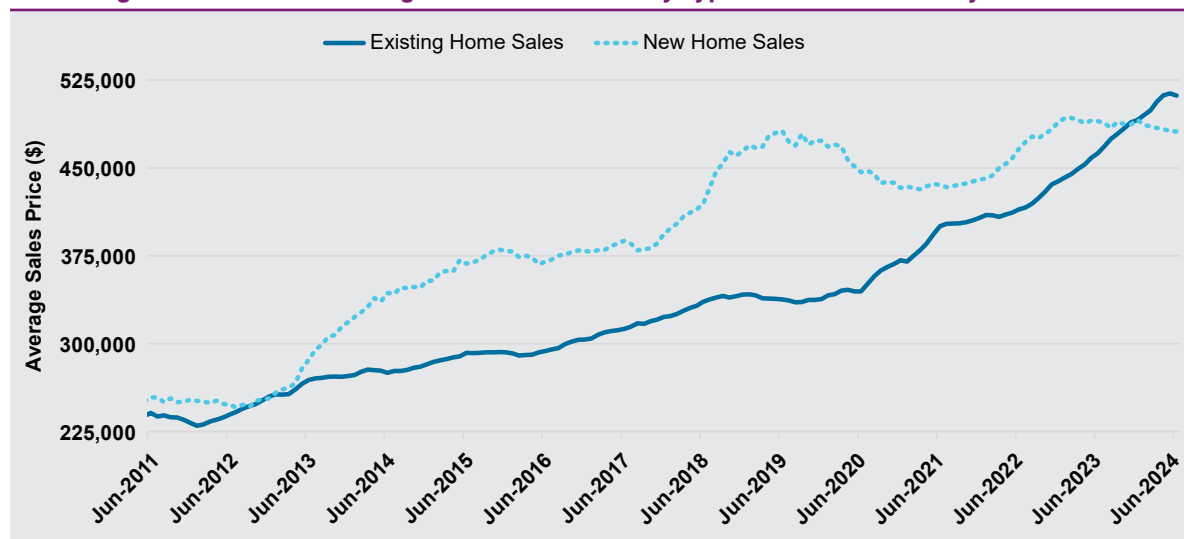
During 2020, with the onset of the COVID-19 pandemic, existing home sales declined slightly to 38,050, down 2 percent from 2019. Existing home sales declined sharply during the early months of the pandemic, but as mortgage rates dropped later during 2020, sales began to increase again, a trend that continued through 2021. Existing home sales peaked at 42,000 during 2021, up by 4,000, or 10 percent, from 2020. Following this peak, with rising mortgage rates, sales declined by 4,825, or 11 percent, during 2022. Although the number of existing home sales fluctuated from 2020 through 2022, the average home price increased steadily.

Figure 16. 12-Month Home Sales Totals by Type in the Dallas County Submarket



Source: Zonda

Figure 17. 12-Month Average Home Sales Price by Type in the Dallas County Submarket



Source: Zonda

By 2022, the average home price was \$438,700, an increase of \$33,750, or 9 percent, annually compared with 2020.

New Home Sales and Prices

New home sales during the 12 months ending June 2024 totaled 3,275, a decline of 310, or nearly 9 percent, from the previous 12 months. Because the Dallas County submarket has significantly less developable land than the other submarkets in the HMA, many new homes are built on infill lots, including those where a housing unit previously existed. Many are built by small, custom home builders, not the large, national home builders. Higher interest rates have significantly affected new home sales, reducing the demand and prices for new homes. During the 12 months ending June 2024, the average sales price of a new home in the submarket was \$481,200, down by \$8,750, or nearly 2 percent, from the previous 12 months.

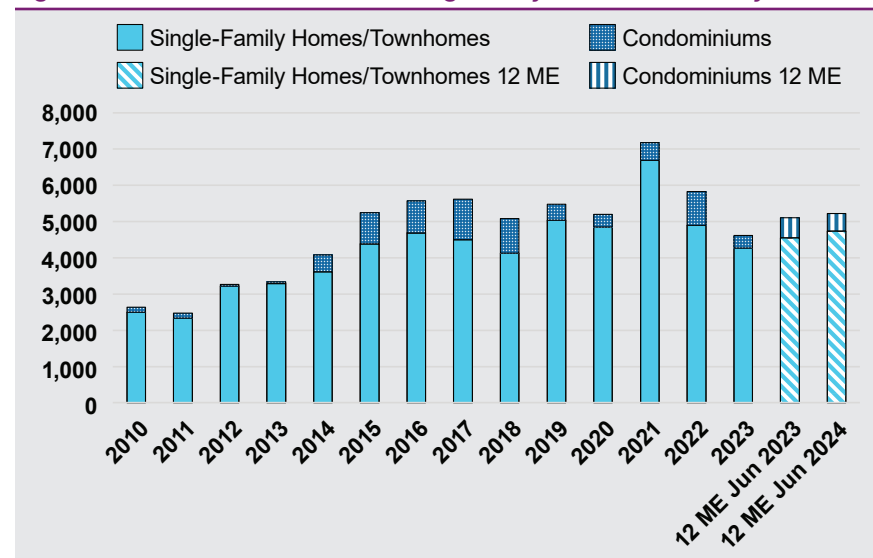
From 2010 through 2012, new home sales averaged 2,575 annually, and price increases were subdued, with the average home price increasing from \$252,100 in 2010 to \$253,200 during 2012, or less than 1 percent a year. With the economic expansion in the HMA attracting many new residents to the submarket, home builders began to increase production. From 2013 through 2017, new home sales increased by an average of 260, or 8 percent, annually to 3,950 sales during 2017. The increased demand for new homes drove price increases, and by 2017, the average price of a new home was \$393,500, up by \$28,050, or 9 percent, annually from 2013 through 2017. During 2018, when population growth in the submarket slowed, new home sales declined by 1,150, or 29 percent, to 2,775 homes. Although sales declined, the average price of a new home increased by \$70,850, or 18 percent, to \$464,300 because of an increase in high-end luxury home sales. During 2019, new home sales began to rebound and totaled 4,225 sales by 2020, an average increase of 720, or 23 percent, annually from 2018. During 2020, the average price of a new home was \$432,900, a decrease of \$15,700, or 3 percent, annually from 2018, partly because of increased sales of smaller homes. During 2021, with rising building materials costs contributing to increased prices of new homes, sales declined once more, and only 3,275 new homes

sold by 2022, an average decline of 450 sales, or 12 percent, annually. Although home sales declined, the average price of a new home surged. By 2022, the average price of a new home reached a record high of \$489,100, an average increase of \$28,050, or 6 percent, annually from 2020.

Home Sales Construction

Home construction, as measured by the number of homes permitted, has been mostly stable since 2015, except for an increase during 2021 at a time of low mortgage rates. However, construction levels are well below levels prior to the housing crisis during the 2000s because of declining available land for large-scale development in the submarket. During the 12 months ending June 2024, 5,200 homes were permitted, up by 120, or 2 percent, from the previous 12 months (preliminary estimates and adjustment by the analyst; Figure 18). During 2021, production of homes spiked to 7,175 units. Production was elevated during the early part of 2022 before rising interest rates started

Figure 18. Annual Home Sales Permitting Activity in the Dallas County Submarket



12 ME = 12 months ending.

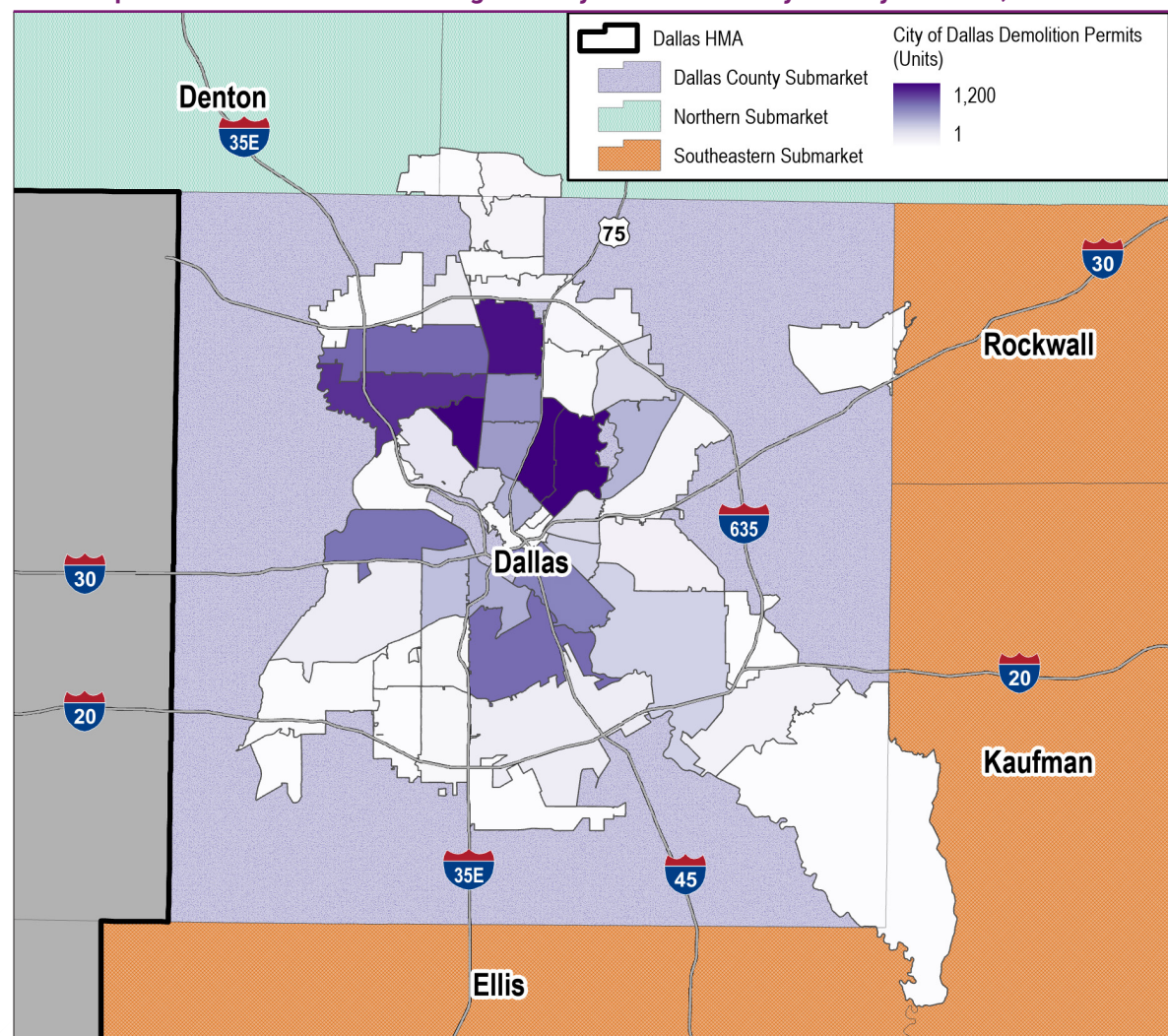
Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

to dampen demand. During 2022, 5,825 homes were permitted, representing the second highest year of home sales construction in the Dallas County submarket since 2007.

From 2010 through 2014, home production averaged 3,150 a year, when building activity was limited following the housing market crash. From 2015 through 2020, an average of 5,350 new homes were permitted annually in the submarket. A significant portion of this increase was from developers building on infill lots in the city of Dallas. From 2010 through 2014, an average of 960 homes were permitted annually in the city of Dallas. However, from 2015 through 2020, permitting more than doubled to nearly 2,000 annually. This increase in new home construction was partly the result of home builders in the city of Dallas increasing the demolition of existing homes to build new homes. Demolitions in the city of Dallas averaged 620 annually from 2010 to 2013, then increased to an average of more than 1,000 a year from 2014 through 2020. Because of demolitions, permitting activity has usually exceeded new home sales in Dallas County because of significant teardowns and rebuilds in this submarket. Typically, a resale transaction occurs before the teardown, when an existing home is purchased, and the new home is built through a contract with a home builder. Therefore, the transaction shows up only in existing rather than new home sales. From 2010 through 2023, the city of Dallas issued 12,350 demolition permits for single-family homes and 22,200 building permits for single-family homes. Also,

from 2010 through 2023, only 11,200 new single-family homes sold in the city of Dallas, approximately one-half the number of single-family homes permitted, and many transactions between property owners and builders did not show up in the new home sales data (Zonda). Map 2 shows the number of single-family home demolition permits issued by ZIP Code in the city of Dallas from 2010 through 2023.

Map 2. Demolition Permits for Single-Family Homes Issued by the City of Dallas, 2010–23



Source: City of Dallas

Recent Developments

Recent developments include the fourth phase of the Bear Creek Ranch subdivision in the city of Lancaster, in the far southern part of this submarket. The development consists of 179 homes, with prices starting at \$283,490 for a three-bedroom, two-bathroom home. Kessler West, in the Bishop Arts neighborhood southwest of downtown Dallas, is a new infill development consisting of 20 townhome units and 35 condominium units. Home prices in the development start at \$1.20 million.

Forecast

During the 3-year forecast period, demand is estimated for 11,050 homes (Table 9). The 1,200 units under construction will meet a portion of that demand. Any new large-scale, single-family subdivisions are likely to be built in the far southern part of the submarket, with most of the new home construction in the city of Dallas consisting of smaller infill development.

Table 9. Demand for New Homes in the Dallas County Submarket During the Forecast Period

Sales Units	
Demand	11,050 Units
Under Construction	1,200 Units

Note: The forecast period is July 1, 2024, to July 1, 2027.
Source: Estimates by the analyst

Sales Market—Northern Submarket

Market Conditions: Balanced

During the 12 months ending June 2024, total home sales in the Northern submarket were below 50,000 for the first time since 2016.

Current Conditions

The home sales market in the Northern submarket is currently balanced, with a vacancy rate of 1.6 percent, unchanged from 2020. A 3.5-month supply of for-sale homes was on the market as of June 2024, up from 2.3 months a year earlier (Texas Real Estate Research Center at Texas A&M University).

Home sales during the 12 months ending June 2024 totaled 48,950, a decline of 4,975, or 9 percent, from the previous 12 months (Zonda). Table 10 shows home sales facts for the submarket.

Table 10. Home Sales Quick Facts in the Northern Submarket

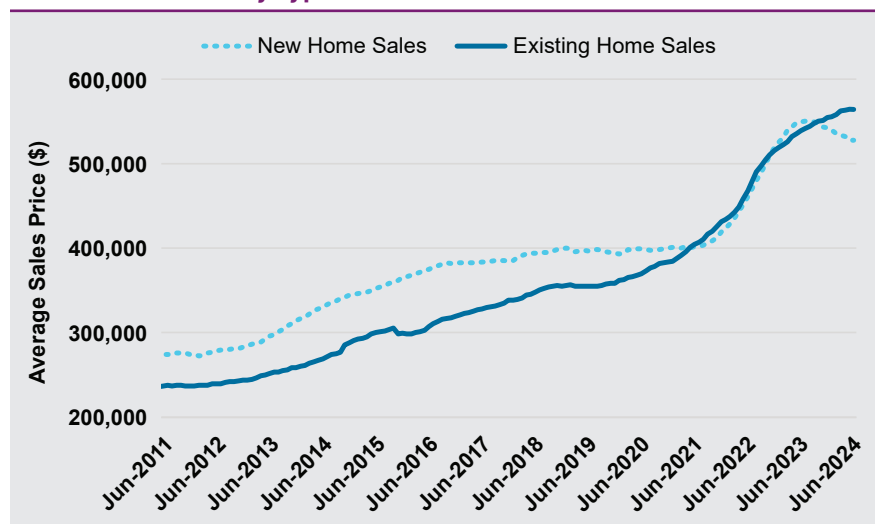
Home Sales Quick Facts	Northern Submarket	Dallas HMA
	Vacancy Rate	1.6%
	Months of Inventory	3.5
	Total Home Sales	102,200
	1-Year Change	-9%
	New Home Sales Price	\$480,600
	1-Year Change	-5%
	Existing Home Sales Price	\$513,200
	1-Year Change	7%
	Mortgage Delinquency Rate	0.9%

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending June 2024; and months of inventory and mortgage delinquency data are as of June 2024. The current date is July 1, 2024.
Sources: Vacancy rate—estimates by the analyst; months of inventory for the HMA—Texas Real Estate Research Center at Texas A&M University; months of inventory and the mortgage delinquency rate for the nation—CoreLogic, Inc.; home sales and prices—Zonda

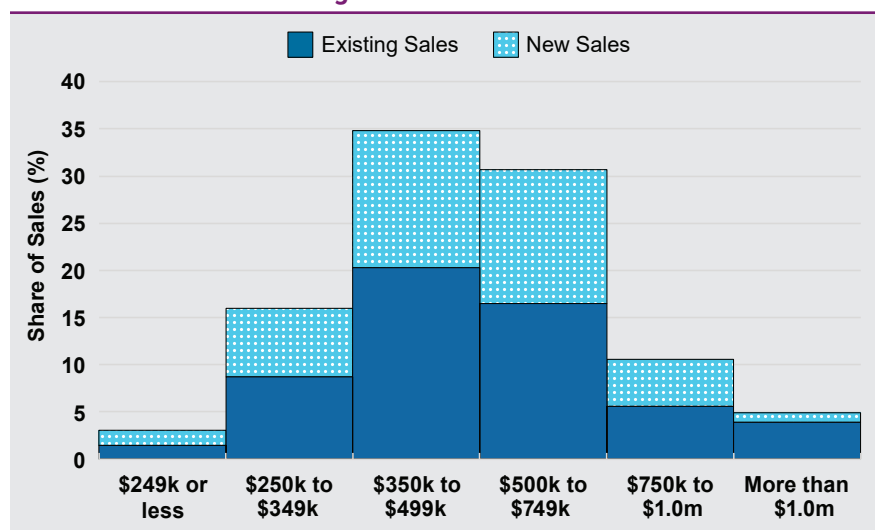
Existing Home Sales and Prices

Existing home sales in the Northern submarket have declined since peaking in 2021, although home prices continue to increase. This submarket had the highest average price for an existing home during the 12 months ending June 2024 at \$564,400, up by \$25,350, or 5 percent, from the previous 12 months (Zonda). The average existing home price surpassed new home prices during the past 12 months, partly because developers were quicker to lower new home prices than owners of existing homes. Figure 19 shows the average home price by sales type in the submarket. Many high-end homes are in this submarket, and homes priced at more than \$500,000 accounted for 46 percent of all sales, the largest share of any of the submarkets in the HMA (Figure 20). During the 12 months ending June 2024, existing home sales totaled 27,450, a decline of 3,575 sales, or nearly 12 percent, from the previous 12 months, dropping below 30,000 for the first time since 2012 (Figure 21).



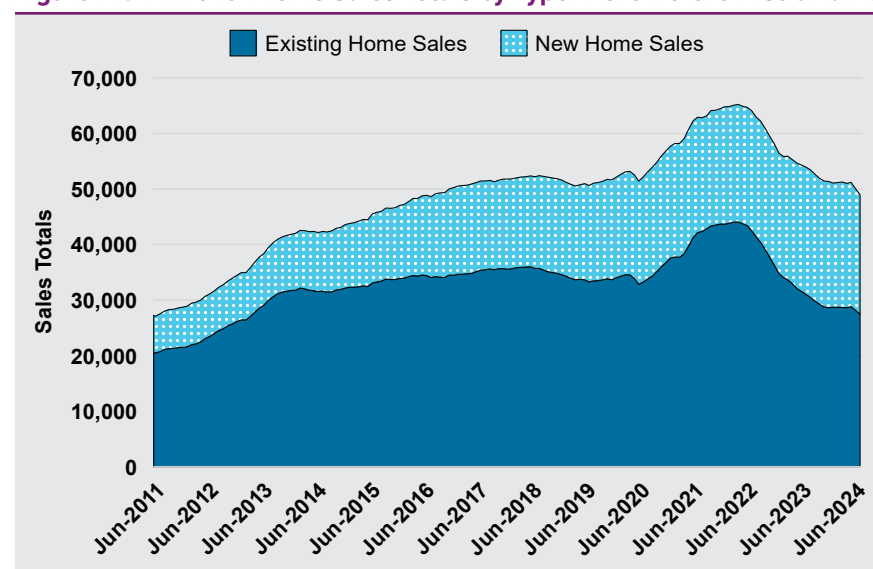
Figure 19. 12-Month Average Home Sales Price by Type in the Northern Submarket

Source: Zonda

Figure 20. Share of Overall Home Sales by Price Range During the 12 Months Ending June 2024 in the Northern Submarket

Note: New and existing sales include single-family homes, townhomes, and condominiums.

Source: Zonda

Figure 21. 12-Month Home Sales Totals by Type in the Northern Submarket

Source: Zonda

During 2010, existing home sales totaled 22,050. By 2017, with a steadily expanding economy and high levels of net in-migration, existing home sales totaled 35,600, an average increase of 1,925, or 7 percent, annually, and the average existing home price increased an average of \$15,450, or 6 percent, annually. During 2018, existing home sales began to decline, partly because of slowing job growth. By 2019, existing home sales totaled 34,050, an average decrease of 770, or 2 percent, annually from 2017, and the average existing home price increased an average of 3 percent annually to \$358,700. During 2020, with interest rates trending downward, existing home sales increased rapidly and reached a peak of 43,650 sales by 2021, representing an average 13-percent increase annually during 2020 and 2021. Mortgage interest rates increased during 2022, leading existing home sales to decline by 8,825, or more than 20 percent. Despite existing home sales declining in 2022, the average home price increased an average of \$52,250, or 13 percent, annually from 2020 through 2022. Rising interest rates had a more significant effect on lower-priced existing home sales, and such homes accounted for a declining share of existing home sales.

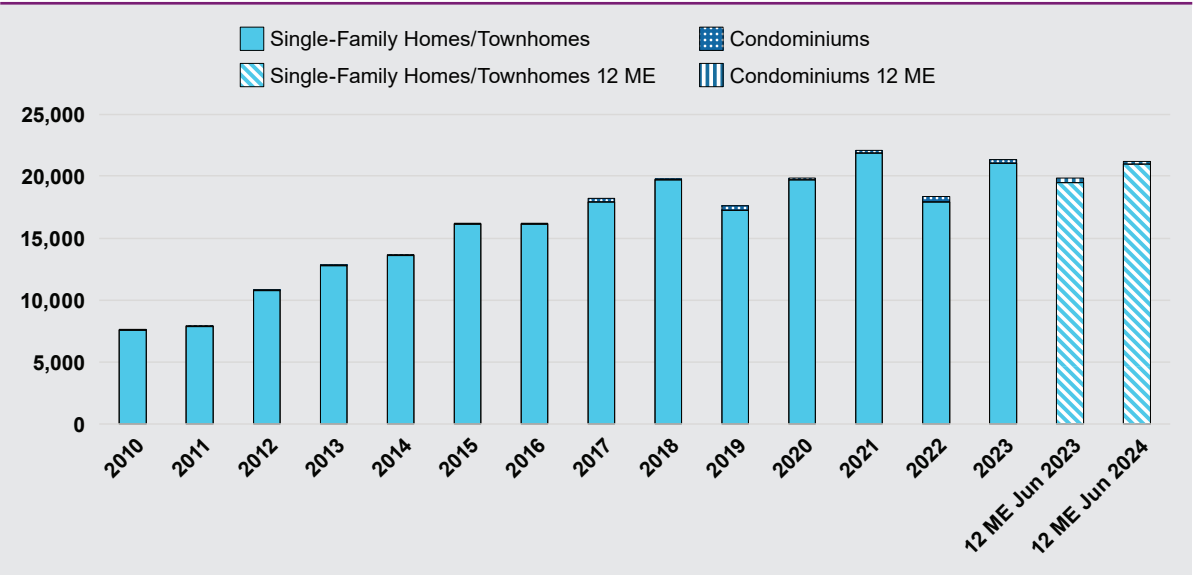
New Home Sales and Prices

New home sales in the Northern submarket continuously increased from 2011 through 2023, accounting for most new home sales in the HMA during the period. During the 12 months ending June 2024, new home sales declined for the first time since the Great Recession, totaling 21,500, a decrease of 1,400, or 6 percent, from the previous 12 months (Zonda). The average price for a new home was \$528,000, down \$21,550, or 4 percent, from 12 months earlier. During 2010, new home sales totaled 7,150, more than 50 percent less than the previous peak in 2006 before the Great Recession. From 2011 through 2019, new home sales increased an average of 1,200, or 11 percent, annually and reached 18,050 during 2019. The average sales price from 2011 through 2018 increased by an average of \$17,200, or 5 percent, annually to reach \$399,600 during 2018. During 2019, the average price of new homes declined by \$5,275, or 1 percent, to \$394,300, partly because of increased production of new homes north of U.S. Route 380, where land prices were significantly less, allowing for the construction of more affordable homes. From 2020 through 2022, new home sales increased an average of 1,200, or 6 percent, annually, surpassing the previous peak level of new home sales from 2006. The average new home price increased from 2020 through 2022 by an average of \$41,500, or 10 percent, annually to reach \$518,800 during 2022.

Home Sales Construction

Building activity, as measured by the number of homes permitted and adjustments by the analyst, is strong. During the 12 months ending June 2024, home construction totaled 21,150, an increase of 1,325 permits, or nearly 7 percent, from the previous 12 months. Figure 22 shows annual sales permitting activity in the Northern submarket. Of the three submarkets, this submarket historically has had the most homes permitted and has accounted for nearly 67 percent of all homes permitted in the HMA since 2010. During 2010, as the local economy recovered from the Great Recession, home construction was at a low point in the submarket, with only 7,575 units permitted. With the local economy growing quickly, production ramped up, and construction totaled 16,175 units by 2015, an average increase of 1,725, or 16 percent, annually from 2011 through 2015. Production was flat during 2016 but started to increase during 2017 to meet the demand for new homes generated from the rapidly increasing levels of net in-migration to the submarket. From 2017 through 2020, an average of 18,850 homes were permitted in the Northern submarket annually. During 2021, as net in-migration reached an all-time

Figure 22. Annual Home Sales Permitting Activity in the Northern Submarket



12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst



peak, a record 22,050 homes were permitted, but with rising interest rates and weaker demand during 2022, production dropped off nearly 17 percent to 18,400 homes permitted. Since 2017, an increasing share of construction has occurred north of U.S. Route 380, with cities such as Celina, Prosper, Anna, and Melissa having significant increases in new home construction compared with very limited construction prior to 2017.

Recent Developments

Recent sales housing developments include the Star Trail community in the town of Prosper. When complete, it will include more than 1,800 homes with four or more bedrooms, with prices starting in the \$800,000s. The Cottages of Celina, a 176-home subdivision, is about 60 percent complete. Prices start at \$445,990 for three-bedroom, two-bathroom 1,600-square-foot homes.

Forecast

During the 3-year forecast period, demand is estimated for 51,900 homes (Table 11). The 7,600 units under construction will satisfy a portion of this demand. Most new home construction in this submarket will occur north of U.S. Route 380 during the next 3 years because that is the part of the submarket with the most developable land.

Table 11. Demand for New Homes in the Northern Submarket During the Forecast Period

Sales Units	
Demand	51,900 Units
Under Construction	7,600 Units

Note: The forecast period is July 1, 2024, to July 1, 2027.
Source: Estimates by the analyst

Sales Market—Southeastern Submarket

Market Conditions: Balanced

During the 12 months ending June 2024, nearly 47 percent of all home sales in the submarket were for new homes, the highest level of any submarket in the HMA.

Current Conditions

The sales market in the Southeastern submarket has expanded rapidly during the past 5 years because strong net in-migration to the HMA has led to increased population and household growth in this submarket. Approximately 20 percent of all existing single-family homes in the submarket have been built since 2020. The sales market in the submarket is currently balanced, with a 1.6-percent vacancy rate, down from 1.9 percent in 2020 (Table 12). A 4.9-month supply of for-sale inventory is currently on the market, down from 3.2 months a year earlier (Texas Real Estate Research Center at Texas A&M University).

Table 12. Home Sales Quick Facts in the Southeastern Submarket

Home Sales Quick Facts	Southeastern Submarket		Dallas HMA
	Vacancy Rate	1.6%	1.6%
	Months of Inventory	4.9	3.8
	Total Home Sales	20,500	102,200
	1-Year Change	-9%	-10%
	New Home Sales Price	\$374,500	\$480,600
	1-Year Change	-8%	-5%
	Existing Home Sales Price	\$388,000	\$513,200
	1-Year Change	4%	7%
	Mortgage Delinquency Rate	1.2%	0.9%

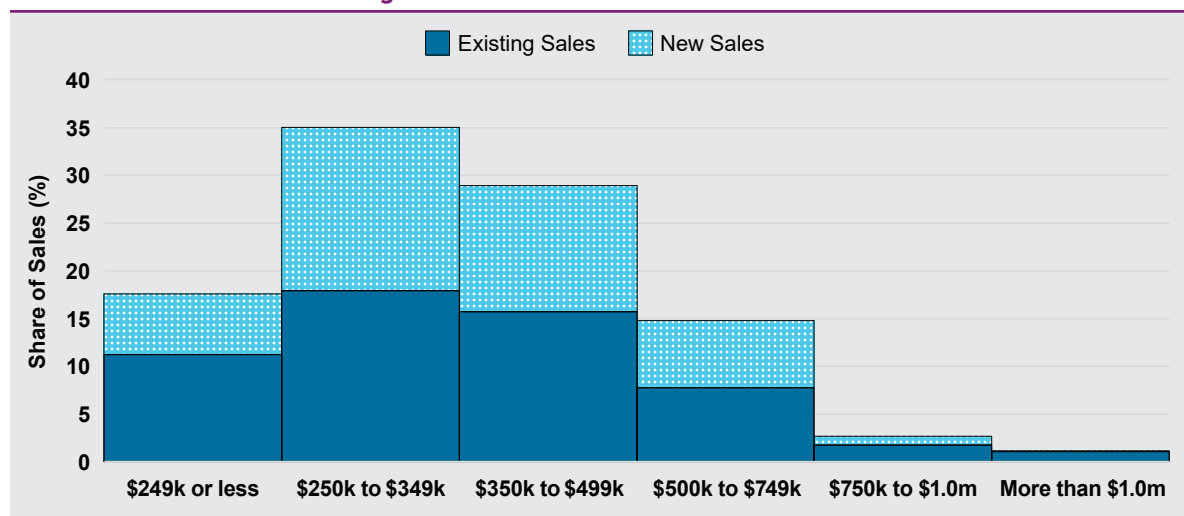
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending June 2024; and months of inventory and mortgage delinquency data are as of June 2024. The current date is July 1, 2024.
Sources: Vacancy rate—estimates by the analyst; months of inventory for the HMA—Texas Real Estate Research Center at Texas A&M University; months of inventory and the mortgage delinquency rate for the nation—CoreLogic, Inc.; home sales and prices—Zonda



Existing Home Sales and Prices

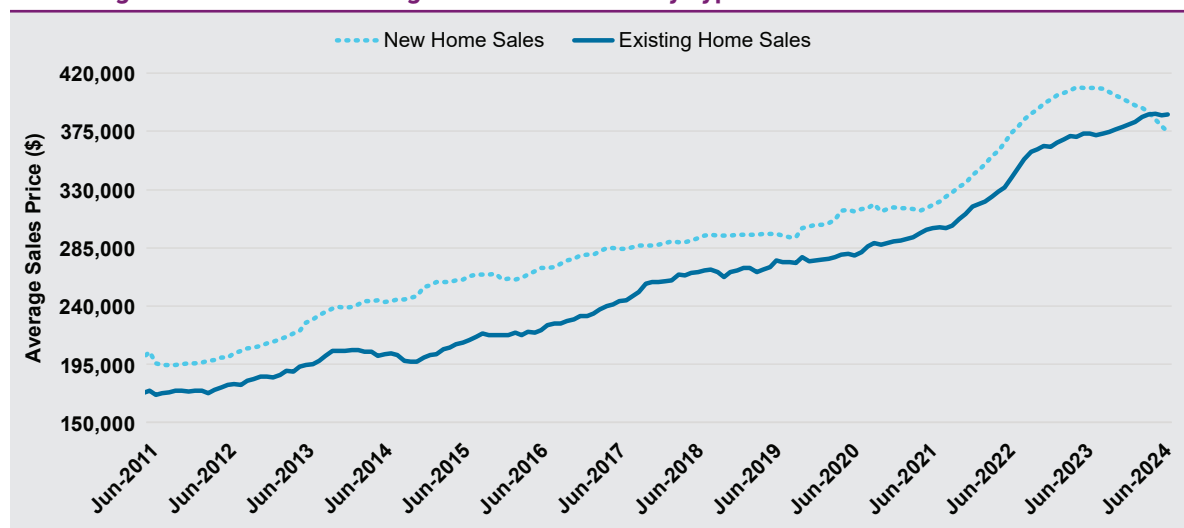
The average existing home price in the Southeastern submarket has more than doubled since 2010, but the submarket is the most affordable in the HMA, with an average price at least 20 percent less than either of the other submarkets. More than one-half of existing home sales during the past 12 months were at prices less than \$350,000 (Zonda). Figure 23 shows the percentage of home sales by price range during the 12 months ending June 2024. The average price of an existing home during the 12 months ending June 2024 was \$388,000, an increase of \$14,850, or 4 percent, from the previous 12 months. Figure 24 shows the 12-month average home price by type in the Southeastern submarket. Existing home prices in the submarket fell further during the Great Recession than in the other submarkets, and the average home price was \$168,600 by 2010, approximately 23 percent below the previous peak. From 2011 through 2020, with a rapidly increasing population in this submarket, home prices steadily increased, surpassing the previous peak before the housing crisis by 2016. By 2020, the average price of an existing home reached \$289,800, an average increase of 6 percent annually from 2011 through 2020. Declining interest rates led to accelerated home price growth in 2021, and the average price for an existing home increased an average of \$36,500, or 12 percent, annually during 2021 and 2022 to \$362,800.

Figure 23. Share of Home Sales by Price Range During the 12 Months Ending June 2024 in the Southeastern Submarket



Note: New and existing sales include single-family homes, townhomes, and condominiums.
Source: Zonda

Figure 24. 12-Month Average Home Sales Price by Type in the Southeastern Submarket



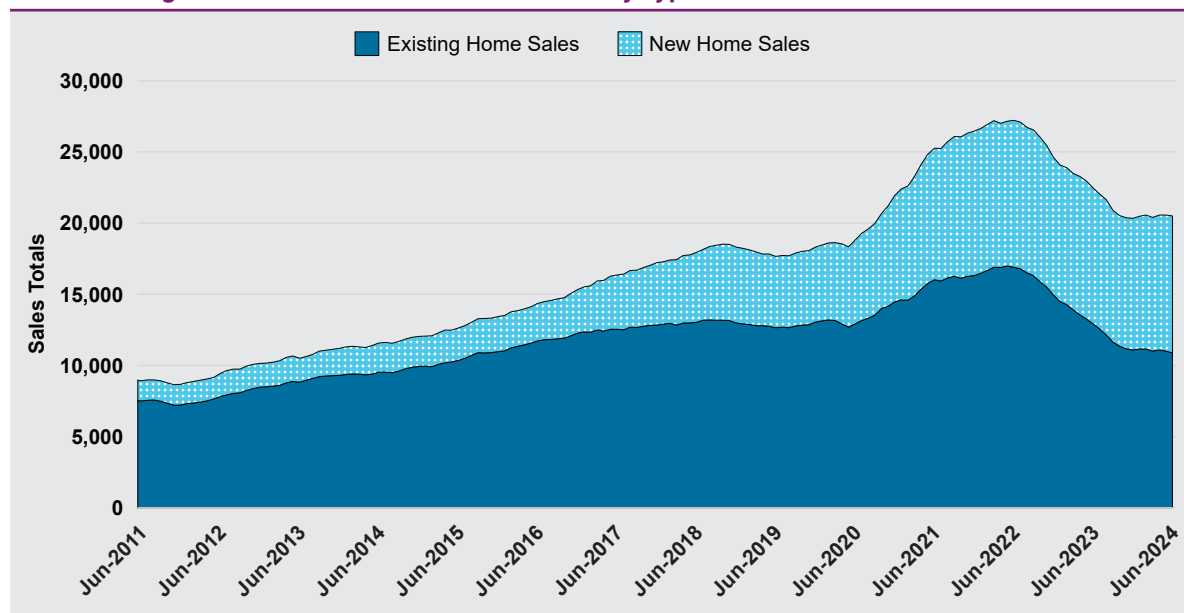
Source: Zonda

Existing home sales in the Southeastern submarket have declined recently because rising interest rates discouraged many current homeowners with low-rate mortgages from selling. During the 12 months ending June 2024, existing home sales totaled 10,900, a decline of 2,050, or nearly 16 percent, from the previous 12 months (Figure 25). Although the Southeastern submarket has the lowest average home prices in the HMA, it had the largest percentage decline in sales because households in this submarket have incomes at least 22 percent less than in the Northern submarket and are more sensitive to interest rate increases. From 2010 through 2021, the number of existing home sales increased every year, growing from 7,925 sales in 2010 to 16,325 in 2021, an average increase of 7 percent annually. During 2022, rising mortgage rates led to existing home sales slowing to 15,000 sales, a decline of 1,350, or more than 8 percent, from a year earlier.

New Home Sales and Prices

Although existing home sales declined in the Southeastern submarket during the past 12 months, new home sales increased, partly because developers shifted to building slightly smaller homes at more affordable price points, allowing more households to have the income necessary to purchase homes. During the 12 months ending June 2024, the average price of a new home was down \$33,850, or more than 8 percent, from a year earlier to \$374,500. The average price of a new home fell below

Figure 25. 12-Month Home Sales Totals by Type in the Southeastern Submarket



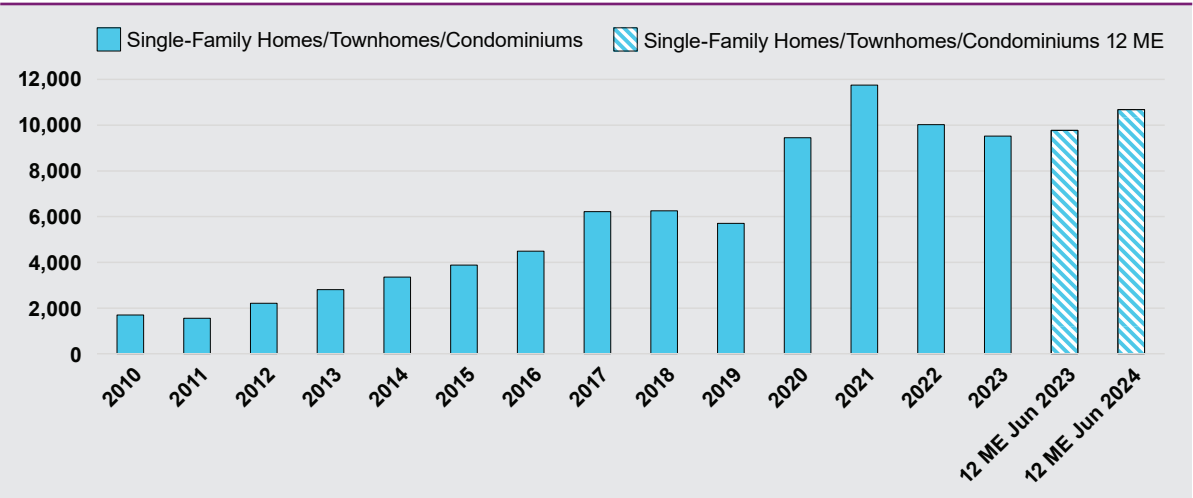
Source: Zonda

the average price of an existing home, making new homes even more desirable. During the 12 months ending June 2024, new home sales totaled 9,625, a 1-percent increase from a year earlier. Although new home sales in this submarket are down from the all-time peak in 2021, they are more than 80 percent higher than in any year before 2020, partly because developers have greatly increased production in this submarket in recent years. From 2010 through 2013, new home sales averaged only 1,650 annually, but during 2014, production of new homes started to increase and totaled 5,275 by 2019, an average increase of 560, or 19 percent, annually. With mortgage rates declining and net in-migration to the HMA reaching record levels, new home sales in this submarket rapidly increased and reached an all-time high of 10,150 sales during 2021, representing an average increase of 2,425, or 39 percent, annually during 2020 and 2021. During 2022, home sales declined by 480, or 5 percent, because the increase in the mortgage interest rate dampened demand. The average price for a new home in the submarket during 2010 was \$195,300 but increased to \$341,300 by 2021, an average increase of \$13,300, or 5 percent, annually from 2011 through 2021. During 2022, the average price for new homes increased by \$58,200, or 17 percent, from a year earlier to \$399,500, the greatest increase among HMA submarkets during the period.

Sales Construction

The Southeastern submarket, with rapidly increasing production, has had an increasing share of the new home construction in the HMA. During 2010, this submarket accounted for 14 percent of all homes permitted in the HMA. During the 12 months ending June 2024, that portion was up to nearly 29 percent. During the 12 months ending June 2024, 10,700 new homes were permitted, an increase of 910, or slightly more than 9 percent, from the previous 12 months (preliminary data, with adjustments by the analyst; Figure 26). Recent levels of new home construction in the submarket are significantly higher than in previous periods. During 2010, 1,700 new homes were permitted in the Southeastern submarket. That number began to steadily increase as the local economy expanded and the supply of developable land in the other two submarkets declined. During 2016, nearly 4,500 new homes were permitted in the submarket, an average increase of 470 units, or 18 percent, annually from 2011 through 2016. During 2017, new home construction exceeded 6,000 for the first time when population growth accelerated, and from 2017 through 2019, production averaged 6,050 new homes annually. During 2020, mortgage rates declined significantly and reached a low during 2021, contributing to a surge in new home construction in this submarket. From 2020 through 2022, new home construction averaged 10,400 units annually, more than 70 percent higher than the average during the period from 2017 through 2019.

Figure 26. Annual Sales Permitting Activity in the Southeastern Submarket



12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Recent Developments

Recent developments in the Southeastern submarket include the Williamsburg subdivision in the city of Fate. It consists of 245 homes, with prices starting at \$339,400 for a four-bedroom, two-bathroom, 1,829-square-foot home. The first phase of Cartwright Ranch in the city of Crandall has recently begun construction and consists of more than 300 home lots, with about 10 percent of the homes completed. The average price in this subdivision starts at \$261,490 for a three-bedroom home.

Forecast

Demand is estimated for 25,300 new sales units during the 3-year forecast period (Table 13). The 4,800 units under construction will satisfy some of that demand. Most of the new home construction in the Southeastern submarket will take place in suburban areas near the Dallas County submarket.

Table 13. Demand for New Homes in the Southeastern Submarket During the Forecast Period

Sales Units	
Demand	25,300 Units
Under Construction	4,800 Units

Note: The forecast period is July 1, 2024, to July 1, 2027.
Source: Estimates by the analyst



Rental Market

Rental Market—Dallas HMA

Market Conditions: Balanced

Absorption of apartment units in the Dallas HMA during the past 12 months totaled 15,000 units, more than triple the 4,300 units during the previous 12 months (CoStar Group).

Current Conditions and Recent Trends

The rental market in the HMA is currently balanced, with a 9.2-percent vacancy rate, up from 8.4 percent in 2020 but below the 11.1-percent vacancy rate in 2010, when conditions were slightly soft (Table 14). The vacancy rate for apartments increased during the past year as the number of units delivered reached a record high of 21,700, up by 6,400, or 42 percent, from a year earlier. Low interest rates during 2021, coupled with rapid household growth and record-setting rent growth, spurred developers to increase production significantly during 2021 and 2022. However, construction delays extended the completion times for projects. The average rent for an apartment in the HMA was \$1,587 as of the second quarter of 2024, down by \$25, or 2 percent, from the second quarter of 2023, when the average rent declined by \$7, or less than 1 percent, from the previous year (Figure 27). Although the HMA has experienced an average rent decline during the past 2 years, rent growth during the past 4 years has averaged \$64, or 5 percent, annually, more

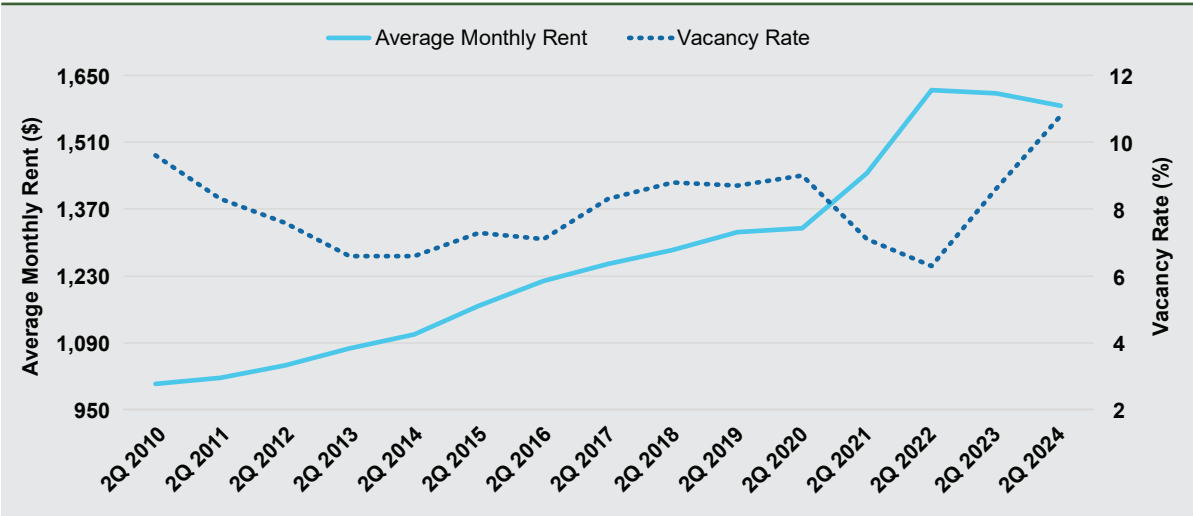
Table 14. Rental and Apartment Market Quick Facts in the Dallas HMA

Rental Market Quick Facts		2020 (%)	Current (%)
	Rental Vacancy Rate	8.4	9.2
		2021 (%)	2023 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	23	25
	Multifamily (2–4 Units)	10	10
	Multifamily (5+ Units)	66	64
	Other (Including Mobile Homes)	1	1

Apartment Market Quick Facts		2Q 2024	YoY Change
	Apartment Vacancy Rate	10.8	2.2
	Average Rent	\$1,587	-2%
	Studio	\$1,270	-1%
	One-Bedroom	\$1,384	-2%
	Two-Bedroom	\$1,801	-1%
	Three-Bedroom	\$2,232	0%

2Q = second quarter. YoY = year-over-year.
Notes: The current date is July 1, 2024. Percentages may not add to 100 due to rounding.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2021 and 2023 American Community Survey 1-year data; apartment data—CoStar Group

Figure 27. Apartment Rents and Vacancy Rates in the Dallas HMA



2Q = second quarter.
Source: CoStar Group

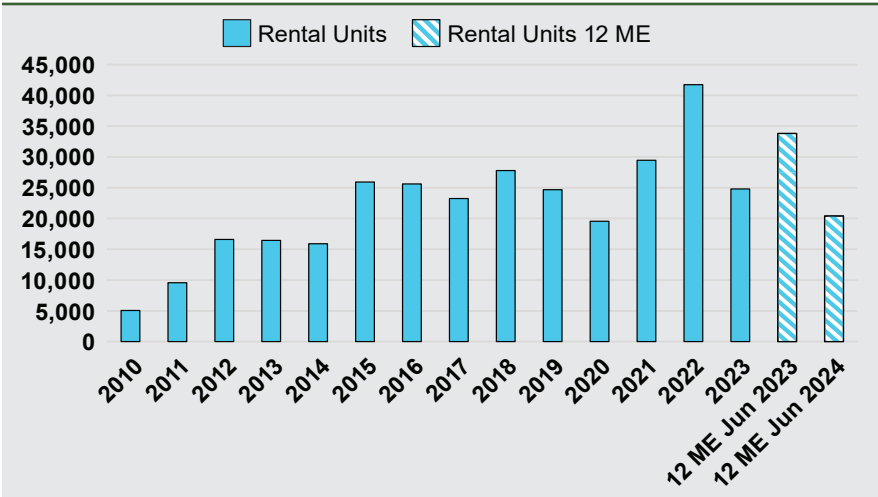


than double the rate of rent growth from 2016 through 2020, which averaged 2 percent annually. The rent declines in the past 2 years were partly because of a market correction from the average rent growth in the previous 2 years, which averaged \$145, or 10 percent, annually, far exceeding income growth.

Rental Construction

Building activity, as measured by the number of rental units permitted, recently slowed in the HMA because of rising vacancy and interest rates, which caused developers to pull back on production. During the 12 months ending June 2024, construction of rental units totaled 20,400, a decline of 13,400, or nearly 40 percent, from the previous 12 months (preliminary estimates and adjustment by the analyst; Figure 28). The 20,400 rental units permitted during the past 12 months is the lowest level since 2020, when 19,550 rental units were permitted, because construction slowed during the initial stages of the COVID-19-related downturn. In addition, technical issues with a new permitting system implemented by the city of Dallas in January 2020 led to delays in permitting. Except during 2020, rental unit production

Figure 28. Annual Rental Permitting Activity in the Dallas HMA



12 ME = 12 months ending.
Notes: Includes apartments and units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

in the HMA has not been below 22,000 since 2014, when the local economy was recovering from the housing crisis and absorbing an excess supply of vacant rental units. As of the second quarter of 2024, the number of apartment units under construction in properties with 50 or more units totaled 35,200, down nearly 31 percent from a year earlier (CoStar Group).

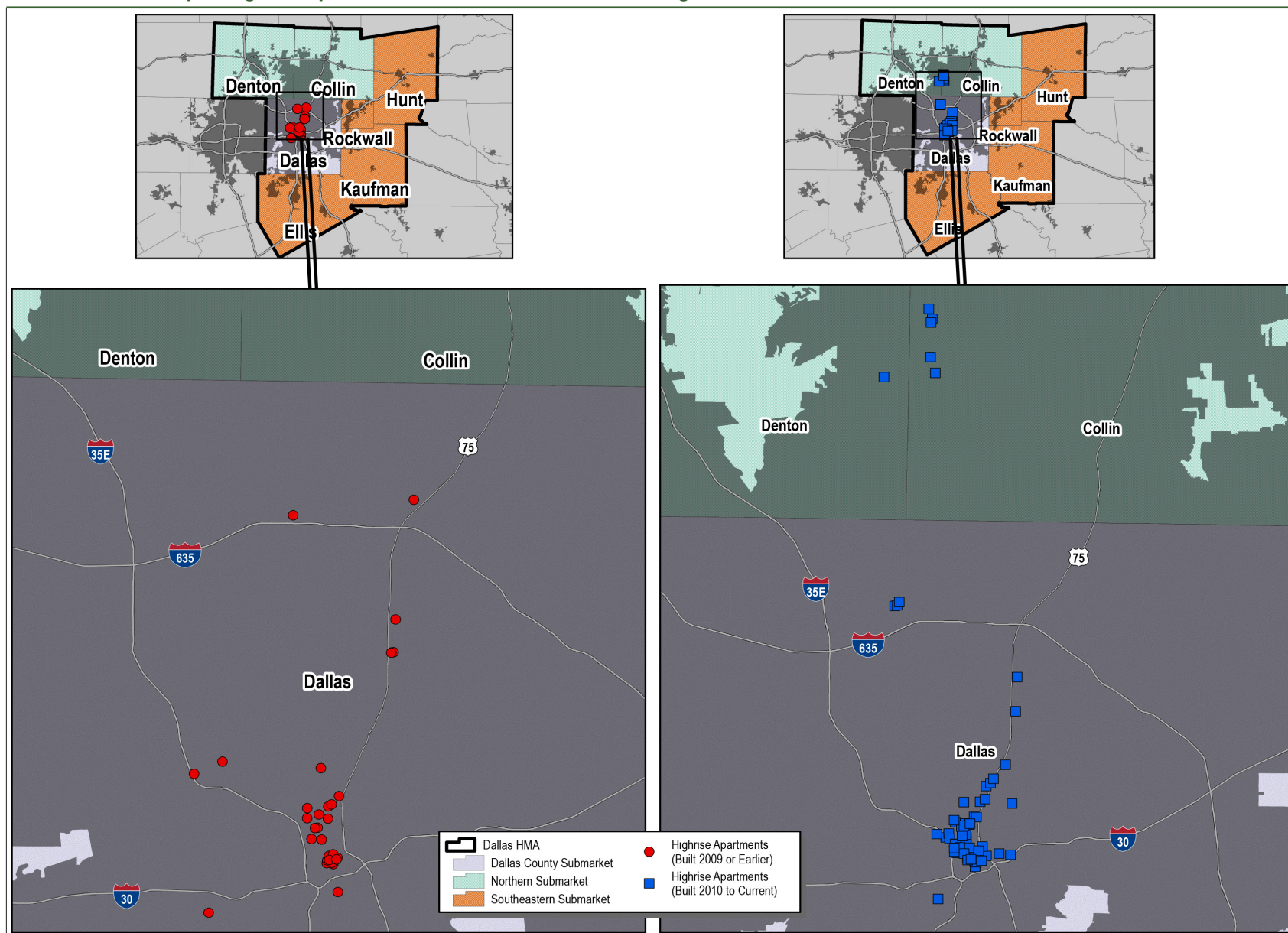
New Developments by Rental Housing Type

New rental housing in the Dallas HMA includes newly constructed units and office to residential conversions, a result of the rise in remote work. Nationwide, remote work is up 13.3 percent from February 2020 (Survey by Bureau of Labor Statistics). With businesses requiring less office space because of increased remote work, converting empty office buildings to housing is a growing trend. Since 2016, 110 office properties have been converted to multifamily developments nationally, with many in the HMA (CBRE Group). Nationally, 55,300 housing units are currently being created through office conversions, and developers in the HMA plan to convert office space into more than 3,150 apartment units (RentCafe). Most of these units are expected to be in downtown Dallas. Planned conversions include the Cityplace Tower along U.S. Route 75, which will convert a portion of the building into 222 apartment units. The project is expected to be complete in 2025. Renaissance Tower in Dallas, the fictional home of Ewing Oil in the television series *Dallas*, is another planned conversion. This 56-story building is being converted into more than 300 apartment units. Five office buildings in downtown Dallas have been converted to apartment properties, totaling more than 1,200 units in the past 8 years.

With strong population growth in the HMA, rising land costs, and limited space to build in the more urbanized areas of the HMA, developers have recently built more highrise apartments in addition to traditional garden-style apartments. Since 2010, 66 highrise apartment buildings have been added in the HMA, up from 28 built between 1990 and 2009 and only 6 built before 1990. Prior to 2018, no highrise apartments were outside the Dallas County submarket. Since 2018, 6 highrise apartment buildings have been added in the Northern submarket. Map 3 shows the location of highrise apartment buildings built in the HMA during 2009 or earlier and from 2010 to the current date, respectively.



Map 3. Highrise Apartments Built in the Dallas HMA During 2009 or Earlier and From 2010 to the Current Date



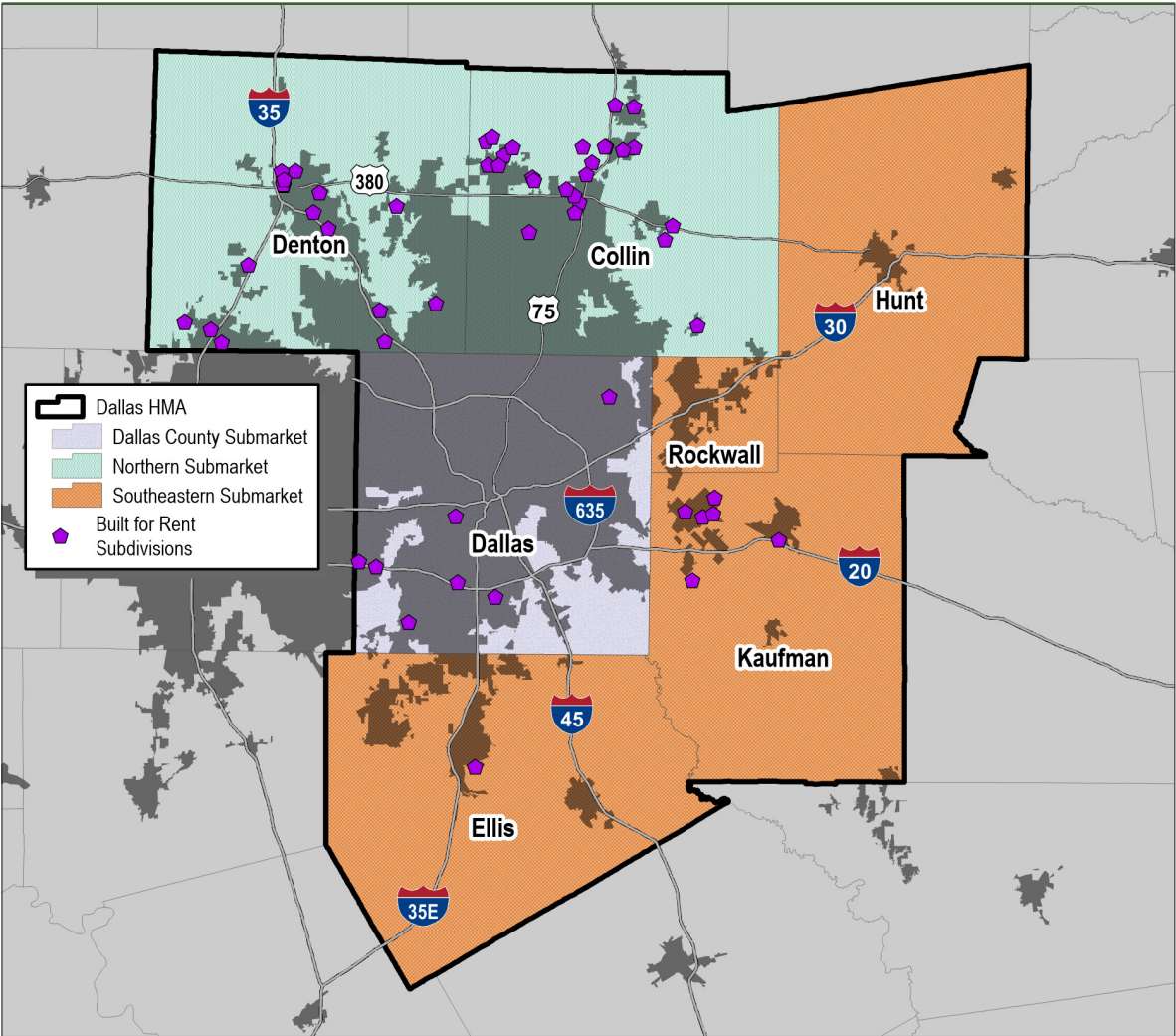
Source: ALN Apartment Data, Inc.

In addition to more high-density rental unit construction, the development of single-family rental communities has increased because single-family homes have become more expensive to buy, and many households are priced out of ownership. Currently, the HMA has 57 single-family-home built-for-rent (BFR) communities, totaling 12,100 rental units (ALN Apartment Data, Inc.). This type of new rental construction generally did not exist prior to 2017, and 52 of the 57 single-family-home BFR properties in the HMA have been built since 2020. These developments tend to be along transportation corridors outside the most densely populated urban areas. Map 4 shows the locations of the existing single-family-home BFR communities in the HMA.

Forecast

During the 3-year forecast period, demand is estimated for 72,150 rental units (Table 15). The 43,250 rental units under construction will satisfy most of the demand. The Dallas County and Northern submarkets will account for more than a combined 90 percent of the demand for new rental units in the HMA.

Map 4. Single-Family-Home Built-for-Rent Developments in the Dallas HMA



Source: ALN Apartment Data, Inc.

Table 15. Demand for New Rental Units in the Dallas HMA During the Forecast Period

Rental Units	
Demand	72,150 Units
Under Construction	43,250 Units

Note: The forecast period is July 1, 2024, to July 1, 2027.
Source: Estimates by the analyst

Rental Market— Dallas County Submarket

Market Conditions: Balanced

The apartment vacancy rate in the Dallas County submarket is the lowest of any of the submarkets in the HMA.

Current Conditions

The overall rental market in the Dallas County submarket is currently balanced, with a 9.3-percent vacancy rate, up from 8.4 percent in 2020 but below the 12.0-percent vacancy rate during 2010, when the rental market was soft. Table 16 shows quick facts about the rental and apartment markets. This submarket accounts for 58 percent of all renter households in the HMA and is the only submarket with more renter households than owner households.

Apartment Market Vacancy Rates

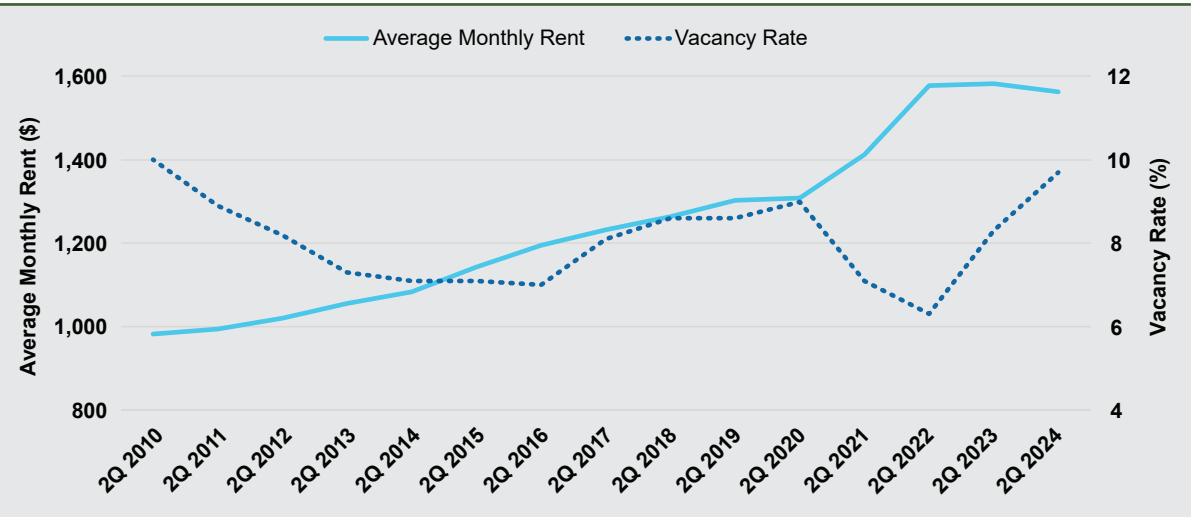
The apartment market in the Dallas County submarket is also currently balanced, with a 9.7-percent vacancy rate as of the second quarter of 2024, up from 8.3 percent a year earlier and the recent low of 6.3 percent as of the second quarter of 2022 (CoStar Group; Figure 29). The apartment vacancy rate was 10.0 percent as of the second quarter of 2010, when the local economy was recovering from the Great Recession. With steady job growth and relatively few new developments, the vacancy rate declined to 7.1 percent as of

Table 16. Rental and Apartment Market Quick Facts in the Dallas County Submarket

Rental Market Quick Facts		2020 (%)	Current (%)
	Rental Vacancy Rate	8.4	9.3
		2021 (%)	2023 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	21	21
	Multifamily (2–4 Units)	10	10
	Multifamily (5+ Units)	68	68
	Other (Including Mobile Homes)	1	1
Apartment Market Quick Facts		2Q 2024	YoY Change
	Apartment Vacancy Rate	0.1	1.4
	Average Rent	\$1,562	-1%
	Studio	\$1,271	-2%
	One-Bedroom	\$1,384	-2%
	Two-Bedroom	\$1,783	-1%
	Three-Bedroom	\$2,140	0%

2Q = second quarter. YoY = year-over-year.
Notes: The current date is July 1, 2024. Percentages may not add to 100 due to rounding.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2021 and 2023 American Community Survey 1-year data; apartment data—CoStar Group

Figure 29. Apartment Rents and Vacancy Rates in the Dallas County Submarket



2Q = second quarter.
Source: CoStar Group



the second quarter of 2014. During 2015, when developers delivered more units to the market, the apartment vacancy rate held steady as household growth allowed for the absorption of the units. By the second quarter of 2016, the apartment vacancy rate was down slightly to 7.0 percent. From the second quarters of 2017 to 2020, the apartment vacancy rate steadily increased to 9.0 percent as of the second quarter of 2020 because of an increase in rental production, which outpaced the growth in demand during the period. The increase in 2020 was also because of job losses stemming from the COVID-19 pandemic. An improving economy and increased household formation contributed to the vacancy rate declining as of the second quarter of 2022.

Apartment Market Rents

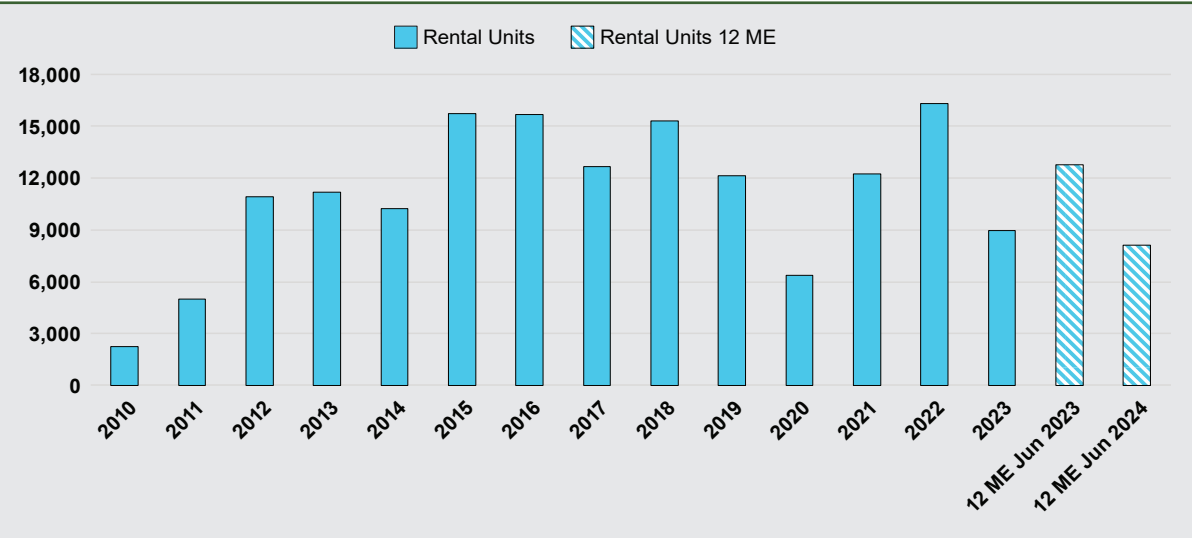
The average rent for an apartment in the Dallas County submarket was \$1,562 as of the second quarter of 2024, a decline of \$20, or 1 percent, from the second quarter of 2023. As of the second quarter of 2010, the average rent for an apartment was \$983, and by the second quarter of 2014, it was up to \$1,084, a 2-percent annual average increase. With increasing demand and a slight decline in vacancy rates, rent growth picked up. From the second quarters of 2014 to 2016, rent growth averaged \$56, or 5 percent, annually. As developers began to increase deliveries to the market, the vacancy rate began to increase, and rent growth slowed to an average of \$28, or 2 percent, annually from the second quarters

of 2016 to 2020. Apartment demand increased significantly as the local economy began expanding once more, and rent growth reached record levels. As of the second quarter of 2022, the average rent in the submarket was \$1,578, an average increase of \$135, or 10 percent, annually from the second quarter of 2020.

Rental Construction

Building activity, as measured by the number of rental units permitted, totaled 8,100 units in the Dallas County submarket in the 12 months ending June 2024, a decline of 4,675, or nearly 37 percent, from the previous 12 months (Figure 30). During 2010, as the local economy was recovering from the Great Recession, the production of rental units was low, with only 2,225 units permitted. As the economy began to recover and net in-migration to this submarket increased, developers ramped up production to 5,000 units in 2011, and an average of 10,800 units were permitted annually from 2012 through 2014. During 2015, production exceeded 15,000 units for the first time since 1986 because strong rental demand prompted developers to increase production further, partly because of numerous young professionals relocating to this submarket. During 2015 and 2016, the production of rental units averaged 15,700

Figure 30. Annual Rental Permitting Activity in the Dallas County Submarket



12 ME = 12 months ending.
Note: Includes apartments and units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst



annually. During 2017, the production of rental units declined slightly as increasing vacancy rates and slowing population growth caused developers to decrease production. From 2017 through 2019, the production of rental units averaged 13,400 units a year. During 2020, as the effects of the pandemic were felt locally, uncertainty about economic conditions caused developers to pull back on production. In addition, the technical difficulties with the new building permit system in the city of Dallas, along with large-scale remote work in the permitting office, caused the number of permit-authorized rental units to plummet to just 6,350 during 2020. As the economy recovered and permitting system problems corrected, developers ramped up production, spurred by low interest rates and strong apartment absorption. During 2021, 12,250 rental units were permitted in the submarket. During 2022, 16,300 units were permitted, the largest number of units permitted in the Dallas County submarket since the period from 1982 through 1985, when an average of 29,000 rental units were permitted annually. In response to an increasing number of single-person households, developers have greatly increased the number

of smaller apartment units. Prior to 2010, 54 percent of all apartment units built in this submarket were studio or one-bedroom units, but since 2010, such units have accounted for more than 68 percent of all apartment construction (ALN Apartment Data, Inc.). Since 2010, nearly 73 percent of all apartment developments in this submarket have been in mid-rise or highrise properties compared with slightly more than 10 percent prior to 2010, as developers face rising land costs.

Recent Developments

Some recent developments in the Dallas County submarket include Peridot Residences in downtown Dallas, a conversion of 11 floors of the 50-story Santander Tower office building to apartment units. This project, which opened in 2023, includes 291 apartment units, of which 214 are one-bedroom units and 77 are two-bedroom units, with rents ranging from \$2,050 to \$4,250 a month. The First National Bank Tower, a 51-story skyscraper in downtown Dallas, was recently converted into a mixed-use development that includes 324 apartment units, renamed as The National Residences. Rents at this property range from \$2,425 to as high as \$21,000 a month for a penthouse unit.

Forecast

During the 3-year forecast period, demand in the Dallas County submarket is estimated for 33,400 rental units (Table 17). The 15,800 rental units under construction will satisfy a portion of that demand. Development of new rental units is expected to be distributed throughout the submarket because areas that historically had limited production have had increased activity in the past 2 years, a trend that is likely to continue. The trend of converting office space to residential use is also likely to continue in downtown Dallas.

Table 17. Demand for New Rental Units in the Dallas County Submarket During the Forecast Period

Rental Units	
Demand	33,400 Units
Under Construction	15,800 Units

Note: The forecast period is July 1, 2024, to July 1, 2027.
Source: Estimates by the analyst



Rental Market—Northern Submarket

Market Conditions: Balanced

The Northern submarket has the highest average rent of any submarket in the HMA at \$1,635.

Current Rental Market Conditions

The overall rental market in the Northern submarket is currently balanced, with a 9.1-percent vacancy rate, up from 8.4 percent in 2020 (Table 18). The number of renter households has surged in this submarket recently because it has transitioned from a bedroom community with mostly single-family homes to an employment center that supports demand for many more types of housing. In 2010, renter households constituted 33.2 percent of all households in this submarket, but that portion has increased to an estimated 38.2 percent.

Apartment Market Conditions

The apartment market in the Northern submarket is currently slightly soft, with a 12.2-percent vacancy rate, up from 8.7 percent a year earlier because a record number of new apartment deliveries occurred during the past year (CoStar Group). During the 12 months ending June 2024, properties containing more than 17,850 apartment units began leasing up in the submarket, an increase of 7,625 units, or 74 percent, from the previous 12 months, when a then-record number of apartment units were delivered. Absorption during the 12 months ending June 2024 totaled 8,400 units, more than double the 4,100 units absorbed during the previous 12 months.

Table 18. Rental and Apartment Market Quick Facts in the Northern Submarket

Rental Market Quick Facts	2020 (%)	Current (%)
	Rental Vacancy Rate	8.49.1
	2021 (%)	2023 (%)
	Occupied Rental Units by Structure	
	Single-Family Attached & Detached	2528
	Multifamily (2–4 Units)	109
Apartment Market Quick Facts	Multifamily (5+ Units)	6462
	Other (Including Mobile Homes)	11
	2Q 2024	YoY Change
	Apartment Vacancy Rate	12.23.5
	Average Rent	\$1,635-2%
	Studio	\$1,280-1%
	One-Bedroom	\$1,390-3%
	Two-Bedroom	\$1,847-2%
	Three-Bedroom	\$2,380-1%

2Q = second quarter. YoY = year-over-year.
Notes: The current date is July 1, 2024. Percentages may not add to 100 due to rounding.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2021 and 2023 American Community Survey 1-year data; apartment data—CoStar Group

During 2010, the apartment market in the submarket was balanced, with an 8.6-percent vacancy rate as the HMA recovered from the housing crisis. Strong population growth and limited building activity in this submarket allowed the apartment market to tighten as the economy recovered. By the second quarter of 2013, the apartment vacancy rate was down to 5.2 percent. Developers responded to the tight conditions by increasing production, and the apartment vacancy rate reached 9.6 percent as of the second quarter of 2018 because 8,875 apartment units were delivered to the market. During 2019, the number of deliveries declined, and absorption increased to a then-record level of 8,600, causing the apartment vacancy rate to decline to 8.7 percent as of the second quarter of 2019. During 2020, in the initial phases of the pandemic, net in-migration to the submarket briefly declined, and absorption slowed, causing the apartment vacancy rate to increase to 9.0 percent as of the second quarter of 2020. As the economy began to recover from the initial effects of the pandemic, household growth increased rapidly in the submarket. By the second quarter of 2022, the apartment vacancy rate in the submarket was down to 6.1 percent because of record levels of absorption, which averaged 890 units a month during the previous 24 months. Figure 31 shows average apartment rents and vacancy rates in the submarket.



Apartment Rents

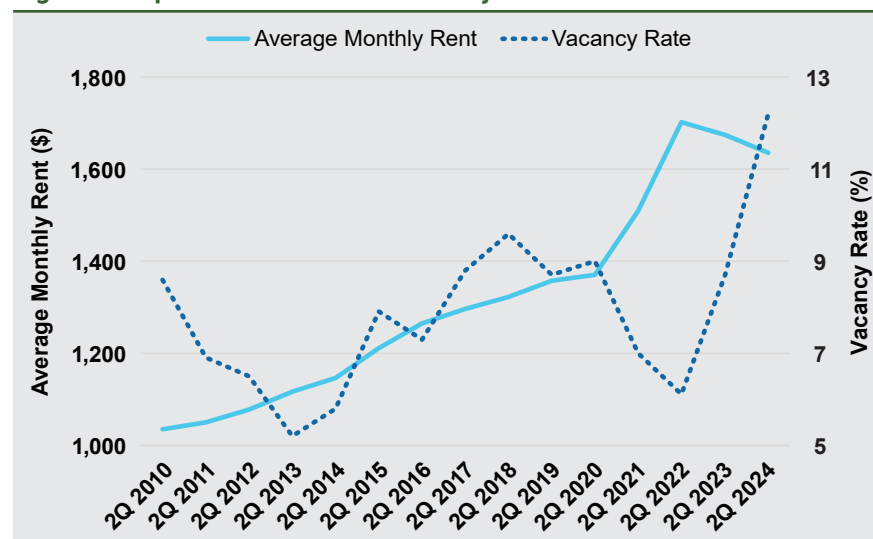
The average rent for an apartment in the Northern submarket was \$1,635 as of the second quarter of 2024, down by \$40, or more than 2 percent, from a year earlier. This decrease followed a nearly 2-percent decline as of the second quarter of 2023. Even with the recent declines, the average rent was up an average of \$66, or 5 percent, annually compared with the second quarter of 2020, when the average rent for an apartment was \$1,371. The average rent peaked during the second quarter of 2022 at \$1,702, an average annual 11-percent increase compared with the second quarter of 2020.

As of the second quarter of 2010, the average rent for an apartment in the submarket was \$1,034, and by the second quarter of 2014, it was up to \$1,147, an average increase of \$28, or 3 percent, annually. Even as the apartment vacancy rate increased from 2014 through 2018, average rent growth accelerated because of strong population growth. By the second quarter of 2018, the average rent was \$1,323, an average increase of \$44, or 4 percent, annually since 2014. During 2019 and 2020, rent growth slowed, and by the second quarter of 2020, the average rent was up to \$1,371, an average increase of \$24, or 2 percent, annually from the second quarter of 2018.

Rental Construction

Since 2020, the production of rental units in the Northern submarket has surpassed the production of rental units in the Dallas County submarket for the first time. Building activity declined sharply during the 12 months ending June 2024 because of weaker demand and rising interest rates that added to building costs, causing developers to slow production. During the 12 months ending June 2024, 11,200 rental units were permitted, representing a decline of 8,025 permits, or nearly 42 percent, from the previous 12 months (Figure 32). During 2022, as developers responded to strong demand and rapid rent increases, the number of rental units permitted reached a record level of 21,350 permits—more than 50 percent higher than the previous record level of 14,100 units in 2021. The production of rental units has steadily increased in the Northern submarket since 2010 as it became more urban. During 2010, only 2,550 rental units were permitted in the submarket, but production averaged 5,025 units a year from 2011 through 2014. Permitting increased to an average of 9,675 units a year from 2015 through 2017, when developers increased production because of rising demand stemming from several major business relocations or expansions.

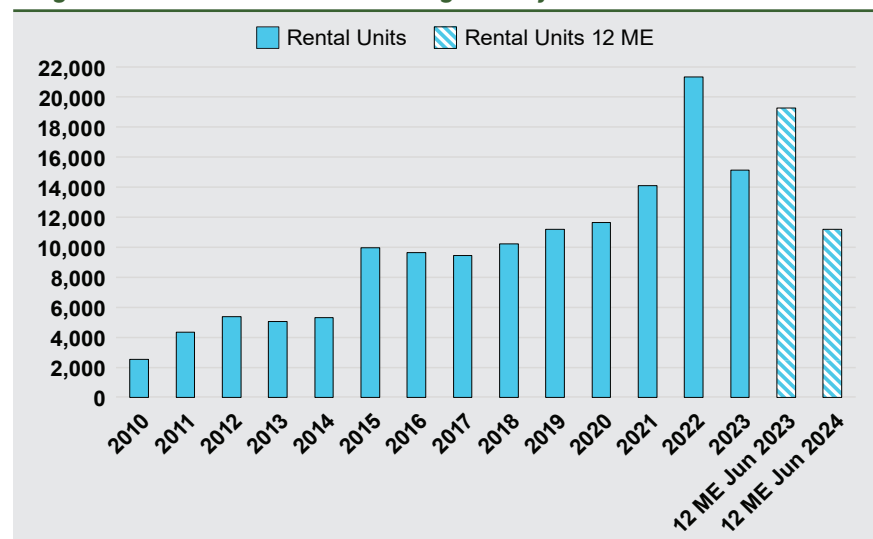
Figure 31. Apartment Rents and Vacancy Rates in the Northern Submarket



2Q = second quarter.

Source: CoStar Group

Figure 32. Annual Rental Permitting Activity in the Northern Submarket



12 ME = 12 months ending.

Note: Includes apartments and units intended for rental occupancy.

Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

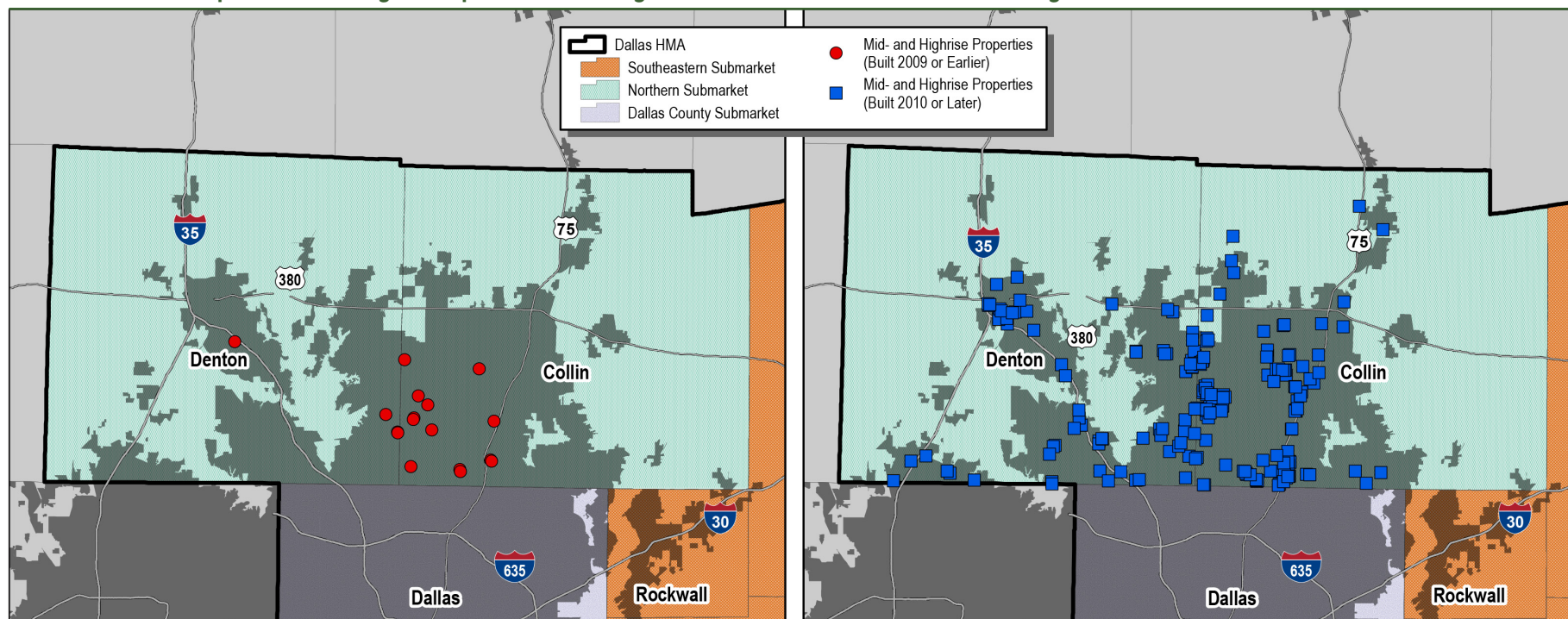
From 2018 through 2020, when population growth continued rising, developers increased production again, with an average of 11,050 units permitted annually.

Types of Rental Unit Construction

The types of apartment units built in the Northern submarket have been changing because the submarket has been transitioning from a suburban bedroom community to an area with employment centers. Prior to 1999, all apartment units in the submarket were in garden-style properties. From 1999 through 2009, 17 mid-rise apartment buildings were built in this submarket

because it had become more urbanized, especially in the areas of southern Collin County (ALN Apartment Data, Inc.). Since 2010, 207 mid- or highrise apartment buildings have been built in the submarket, accounting for more than 56 percent of all apartment buildings built during the period. Map 5 shows the location of mid- and highrise apartments in the Northern submarket built before and since 2010. Also, similar to the Dallas County submarket, more studio and one-bedroom apartment units are being built in the Northern submarket. Since 2010, 61.3 percent of all apartment units built have been studio or one-bedroom units compared with 52.7 percent prior to 2010.

Map 5. Mid- and Highrise Apartment Buildings Built in the Northern Submarket During 2009 or Earlier and 2010 or Later



Source: ALN Apartment Data, Inc.

A type of rental housing recently introduced in the Northern submarket is single-family build-for-rent communities, which resemble traditional subdivisions of single-family homes or townhomes for sale. There were no single-family build-for-rent communities in the submarket prior to 2016. The first development of this kind was the 124-unit Horizon at Premier in the city of Plano, and single-family rental construction through 2019 totaled only 314 units. Beginning in 2020, however, single-family build-for-rent development accelerated, with construction totaling 45 communities containing 10,650 rental units.

Recent Developments

Recent developments in the Northern submarket include The Monarch HALL Park, a 19-story, highrise apartment building in the city of Frisco. This property has 214 units, with rents ranging from \$2,960 to as high as \$23,950 a month for a penthouse unit. Live Grandscape is a 14-story apartment community in the city of The Colony. Rents at this 346-unit property range from \$1,500 to \$6,500 a month. A recently completed build-for-rent community is the Residences at Rayzor Ranch, a 280-unit townhome development that opened in 2022. The rents for the three- and four-bedroom homes currently range from \$2,350 to \$3,150 a month and each unit includes a two-car garage.

Forecast

During the 3-year forecast period, demand in the Northern submarket is estimated for 32,550 rental units (Table 19). The 24,250 rental units under construction will satisfy most of the demand. Most new rental units are expected to be built south of U.S. Route 380, but a significant portion of rental construction is likely to be single-family-home BFR developments north of U.S. Route 380.

Table 19. Demand for New Rental Units in the Northern Submarket During the Forecast Period	
Rental Units	
Demand	32,550 Units
Under Construction	24,250 Units

Note: The forecast period is July 1, 2024, to July 1, 2027.
Source: Estimates by the analyst

Rental Market—Southeastern Submarket

Market Conditions: Balanced

Since 2018, the supply of apartment inventory in this submarket has more than doubled.

Rental Market Conditions

The overall rental market in the Southeastern submarket is currently balanced, with an 8.3-percent vacancy rate, unchanged from 2020. It is the only submarket in the HMA in which most renter households live in single-family homes. Nearly 51 percent of all renter households live in single-family homes, and 29 percent live in buildings with five or more units per structure, typically apartments (2023 ACS 1-year data). Table 20 shows rental and apartment market facts for this submarket.

Table 20. Rental and Apartment Market Quick Facts in the Southeastern Submarket			
Rental Market Quick Facts		2020 (%)	Current (%)
	Rental Vacancy Rate	8.3	8.3
		2021 (%)	2023 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	51	51
	Multifamily (2–4 Units)	11	14
	Multifamily (5+ Units)	32	29
	Other (Including Mobile Homes)	6	0
Apartment Market Quick Facts		2Q 2024	YoY Change
	Apartment Vacancy Rate	15.2	2.2
	Average Rent	\$1,497	1.0%
	Studio	\$952	-0.8%
	One-Bedroom	\$1,305	0.3%
	Two-Bedroom	\$1,616	1.7%
	Three-Bedroom	\$1,875	3.7%

2Q = second quarter. YoY = year-over-year.
Notes: The current date is July 1, 2024. Percentages may not add to 100 due to rounding.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2021 and 2023 American Community Survey 1-year data; apartment data—CoStar Group

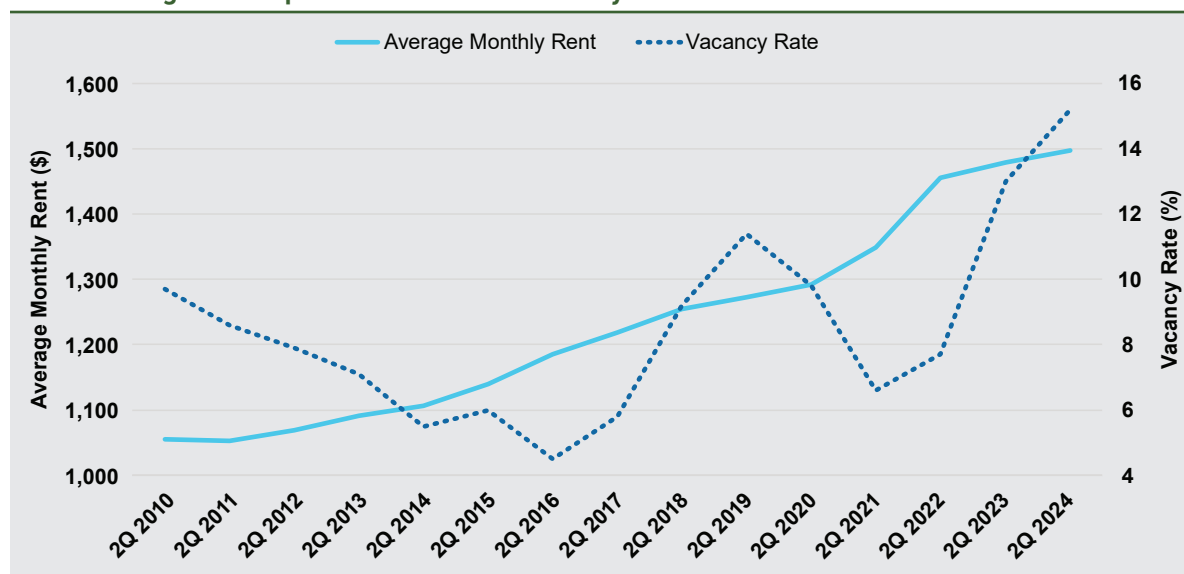


Apartment Market Conditions

The apartment market in the Southeastern submarket was slightly soft as of the second quarter of 2024, with a 15.2-percent vacancy rate, up from 13.0 percent as of the second quarter of 2023 (CoStar Group; Figure 33). The apartment vacancy rate has increased recently despite absorption of apartment units reaching an all-time peak of 2,050 units during the past 12 months because of a surge of new units entering the market. Deliveries during the past year in this submarket totaled 2,825, surpassing the then-record 2,125 deliveries during the previous 12 months. The 4,950 apartment units delivered during the past 24 months constitute more than 25 percent of the entire apartment inventory in the submarket, which historically has been a more rural and suburban area consisting mostly of single-family homes.

The apartment vacancy rate was 9.7 percent as of the second quarter of 2010, when the submarket, along with the larger HMA, was just beginning to recover from the Great Recession. As the local economy recovered and expanded, the apartment market tightened, and the vacancy rate declined to 5.5 percent as of the second quarter of 2014. Despite population growth and the tighter apartment market during these years, additions to the inventory were minimal, and only 450 apartment units were completed during this period. As of the second quarter of 2015, the apartment vacancy rate climbed to 6.0 percent

Figure 33. Apartment Rents and Vacancy Rates in the Southeastern Submarket



2Q = second quarter.
Source: CoStar Group

because 330 new apartment units entered the market. However, by the second quarter of 2016, the apartment vacancy rate declined to 4.5 percent because those units were absorbed, and no new units entered the market. The apartment vacancy rate increased to 5.8 percent by the second quarter of 2017. During 2017, apartment construction began increasing significantly in the Southeastern submarket. By the second quarter of 2019, the apartment vacancy rate increased to 11.4 percent because more than 2,800 units had entered the market during the previous 24 months. Because of strong population and household growth, combined with slower apartment deliveries, the apartment vacancy rate declined to 6.6 percent as of the second quarter of 2021. During the following 12 months, the number of units delivered increased, and the absorption of apartment units slowed to under 1,000 a year, contributing to an increase in the apartment vacancy rate to 7.7 percent by the second quarter of 2022.

Apartment Rents

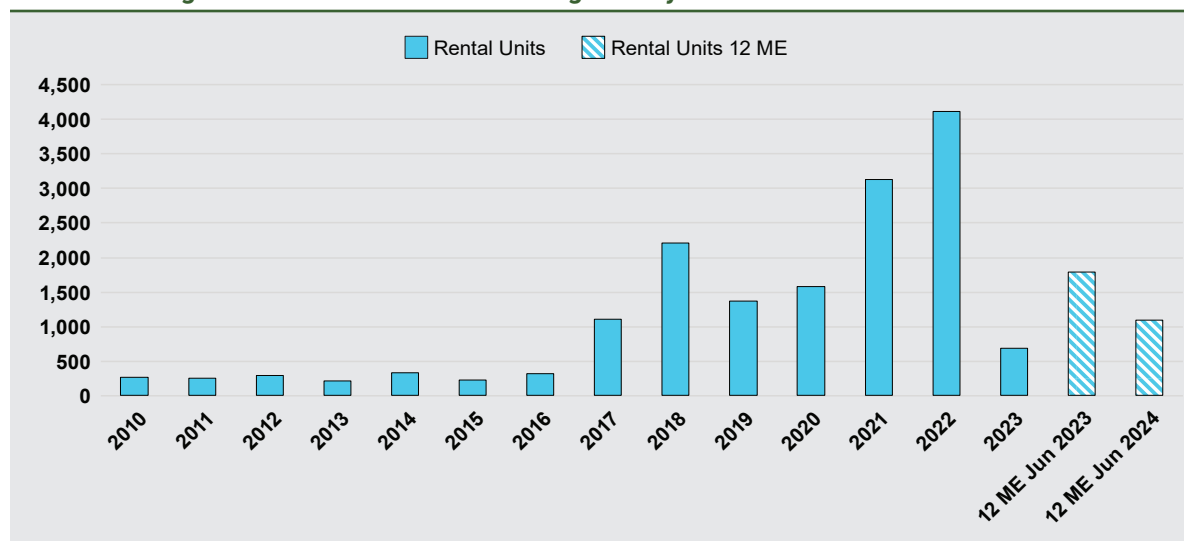
The average rent for an apartment in the Southeastern submarket was \$1,497 as of the second quarter of 2024, an increase of \$18, or 1 percent, from the second quarter of 2023. It is the only submarket in the HMA in which the average rent increased in the past year. Historically, the pace of rent growth in this

submarket has closely tracked population growth. During the second quarter of 2010, the average rent for an apartment was \$1,055. By the second quarter of 2015, the average apartment rent reached \$1,140, an average increase of \$17, or 2 percent, annually. As the population growth rate increased in this submarket, the number of new apartments entering the market to help satisfy rising demand also increased, but the pace of rent growth nevertheless accelerated. By the second quarter of 2020, the average rent was \$1,292, an average increase of \$30, or 3 percent, annually compared with the second quarter of 2015. From the second quarters of 2020 to 2022, rent growth averaged 6 percent annually in this submarket.

Rental Construction

Building activity in the Southeastern submarket declined significantly during the past year, with 1,100 rental units permitted during the 12 months ending June 2024, down by 710, or 39 percent, from the previous 12 months (Figure 34). Production of rental units in this submarket began to increase when net in-migration grew significantly beginning in 2017. From 2010 through 2016, an average of 280 rental units were permitted annually. Construction of rental units increased significantly in 2017, exceeding 1,000 units for the first time, and from 2017 through 2020, an average of 1,575 rental units were permitted annually. Strong apartment absorption and very low interest rates led to a surge in production in 2021, and an average of 3,625 rental units were permitted annually in this submarket during 2021 and 2022.

Figure 34. Annual Rental Permitting Activity in the Southeastern Submarket



12 ME = 12 months ending.

Note: Includes apartments and units intended for rental occupancy.

Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Types of Rental Construction

Unlike the other two submarkets in the HMA, most of the recent development in the Southeastern submarket has continued to be garden-style apartments. Nevertheless, this submarket is following the trend in the other submarkets of smaller units. Before 2010, only 38.5 percent of all apartment units were studio or one-bedroom units, but since 2010, 55.3 percent of all apartment units built in this submarket have been either one-bedroom or studio units (ALN Apartment Data, Inc.). Since 2010, nearly 8 percent of all apartment units built in the Southeastern submarket have been three-bedroom units or larger, more than double the portion in either of the other two submarkets. The Southeastern submarket tends to have larger renter households than the other two submarkets, supporting demand for the building of larger units. Similar to the Northern submarket, single-family build-for-rent construction has increased significantly in the Southeastern submarket since 2020. The first such community was the 178-unit Brooklyn Village in the city of Forney, which opened in 2017 and was the only build-for-rent single-family development in the submarket until 2021. Since 2021, an additional eight communities have opened in the submarket with a total of 1,300 rental units.

Recent Developments

Recent developments in the Southeastern submarket include Prose Greenbriar in the city of Fate in Rockwall County. The development has 335 units, with rents ranging from \$1,420 to \$1,950 a month. Another new development is Southerly at Terrell, a four-story, mid-rise apartment building in the city of Terrell and the first nongarden-style apartment community built in Kaufman County. This property has 300 units, with rents ranging from \$1,235 to \$2,150 a month.

Forecast

During the 3-year forecast period, demand in the Southeastern submarket is estimated at 6,200 rental units (Table 21). The 3,200 rental units under construction will satisfy a portion of this demand. Most new rental units in this submarket are expected to be built in close proximity to major highways near the Dallas County line to allow for easier access to employment centers in the HMA.

Table 21. Demand for New Rental Units in the Southeastern Submarket During the Forecast Period

Rental Units	
Demand	6,200 Units
Under Construction	3,200 Units

Note: The forecast period is July 1, 2024, to July 1, 2027.
Source: 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/ Average Monthly Rent	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up. A property is stabilized once an occupancy rate of 90 percent or above is reached, or at least 18 months have passed since the property was changed from under construction to existing on the CoStar Group website.
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.
Demand	The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.
Existing Home Sales	Includes regular resales and real estate owned sales.
Forecast Period	7/1/2024–7/1/2027—Estimates by the analyst.
Garden-Style Apartments	Includes buildings with three or fewer stories.

Highrise Apartments	Includes buildings with eight or more stories.
Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Mid-Rise Apartments	Includes buildings with four to seven stories.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.

B. Notes on Geography

1.	The metropolitan division definitions noted in this report are based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
2.	Urbanized areas are defined using the U.S. Census Bureau's 2020 Census Urban and Rural Classification and the Urban Area Criteria.
3.	The census tracts referenced in this report are from the 2020 Census.

C. Additional Notes

1.	This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.
2.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.



D. Photo/Map Credits

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Contact Information

Tim McDonald, Lead Economist
Fort Worth HUD Regional Office
817-978-9401
timothy.j.mcdonald@hud.gov

