Employment / Unemployment

The Dallas-Fort Worth-Arlington metro area was an undeniable leader nationally in 2020 with a significantly lower percentage of job losses posted than the nation as a whole, as well as most other metro areas. Overall, a YoY 2.1% decline in non-farm employment was recorded in December 2020, as compared to a 6.0% decline nationally. The region’s leisure and hospitality sector accounted for the lion share of this loss, or 64,000 of the 81,600 jobs shed. Indeed, the metro area witnessed strong growth in financial activities (3.4%) and professional and business services (3.3%), indicative of Dallas-Fort Worth’s clout among U.S. major metro areas, especially in its ability to attract top-tier firms from higher-expense locales and those that are more regulatory, such as California.

A report by Spectrum Location Services published in late 2019 cited 660 California firms moving 765 facilities out of California in a two-year span. Recent relocations or expansions to the Dallas-Fort Worth metro include Peloton at Plano’s Legacy Central, Allied Electronics, Bell Textron, Granbury, Incora, Ariat International with a new regional headquarters and distribution center in Fort Worth, and Lowe’s, with a new fulfillment center in Denton opening in 2021. With firms relocating to other Texas locations as well, such as Oracle to Austin and Hewlett Packard Enterprise to Houston, Texas Governor Greg Abbott says companies moving headquarters to Texas has turned into a “tidal wave”.

The current Moody’s Analytics forecast for Dallas-Fort Worth shows a total job increase of 3.9% in 2021 and an increase of 3.2% in 2022. The total level of jobs is not expected to surpass the peak of 2019 until 2022. Both rent growth and declining apartment vacancy are also predicted to begin trending again in 2022.

Sources: U.S. BLS, Current Employment Statistics
Dallas Rental Market

- First decline in rental rates in decades
- A 1.0% decline is predicted for 2021 before rent growth resumes by 2.1% in 2022 and 2.9% in 2023
- Vacancy rate projected to jump 170 basis points in 2021, though older product built prior to 2000 should see vacancy remain under the 5.0% equilibrium threshold

<table>
<thead>
<tr>
<th>YEAR BUILT</th>
<th>ASKING RENT</th>
<th>VACANCY RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before 1970</td>
<td>$983</td>
<td>4.3%</td>
</tr>
<tr>
<td>1970-1979</td>
<td>$985</td>
<td>4.8%</td>
</tr>
<tr>
<td>1980-1989</td>
<td>$1,023</td>
<td>4.1%</td>
</tr>
<tr>
<td>1990-1999</td>
<td>$1,316</td>
<td>4.7%</td>
</tr>
<tr>
<td>2000-2009</td>
<td>$1,428</td>
<td>5.2%</td>
</tr>
<tr>
<td>2010-2019</td>
<td>$1,676</td>
<td>9.9%</td>
</tr>
<tr>
<td>After 2019*</td>
<td>$2,068</td>
<td>34.8%</td>
</tr>
</tbody>
</table>

*Includes Properties in Lease-Up

Average Rent Decrease From $1,257 to $1,234 YoY

Average Rent / Vacancy

ASKING RENT COMPARISON

ASKING RENT PSF

Source: Reis, 4Q 2020

Average Rent

Average Vacancy

Dallas-Plano-Irving MSA

Southwest

U.S.
Fort Worth Rental Market

- One of the few markets nationally to avoid a loss in asking rent in 2020
- A 0.8% decline in average rent is expected in 2021, followed by a 2.0% gain in 2022 and a 2.8% gain in 2023
- Average vacancy will crest at 6.1% in 2021, then decline to 5.8% in 2022 and to 5.6% in 2023

<table>
<thead>
<tr>
<th>YEAR BUILT</th>
<th>ASKING RENT</th>
<th>VACANCY RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before 1970</td>
<td>$944</td>
<td>4.7%</td>
</tr>
<tr>
<td>1970-1979</td>
<td>$974</td>
<td>3.6%</td>
</tr>
<tr>
<td>1980-1989</td>
<td>$989</td>
<td>4.0%</td>
</tr>
<tr>
<td>1990-1999</td>
<td>$1,272</td>
<td>4.5%</td>
</tr>
<tr>
<td>2000-2009</td>
<td>$1,317</td>
<td>3.7%</td>
</tr>
<tr>
<td>2010-2019</td>
<td>$1,549</td>
<td>8.0%</td>
</tr>
<tr>
<td>After 2019*</td>
<td>$1,803</td>
<td>21.7%</td>
</tr>
</tbody>
</table>

*Includes Properties in Lease-Up

Average Rent Unchanged
Remains at $1,031
YoY

AVERAGE RENT / VACANCY

ASKING RENT COMPARISON

ASKING RENT PSF
Multifamily Construction

The Dallas–Fort Worth apartment market will see completions ratchet up in 2021, but the total will remain below recent historical annual totals, including by as much as 28% in 2019. While the Dallas side of the Metroplex will see a more constrained development pipeline, the Fort Worth area will see a stronger year than most years past with 4,064 units to be delivered. Part of the shift can be attributed to a trend toward renting in less-congested suburban locations, as well as to more affordable rents away from urban cores in light of the growing acceptance of work-from-home practices embraced by corporations.

17,659 New Units
2021 Expected Completions
11,748 New Units Will Follow in 2022

Permits

- Active single family for-sale inventory down 47% in December 2020 as compared to one year prior.
- Months of for-sale inventory was 11, contracting nearly 52% YoY.
- Home sellers received 98% of list price at close.

<table>
<thead>
<tr>
<th>TOTAL RESIDENTIAL BUILDING PERMITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>44,929</td>
</tr>
<tr>
<td>Single Family Permits</td>
</tr>
<tr>
<td>+26.1% YoY</td>
</tr>
</tbody>
</table>

Source: U.S. Census, Multifamily Includes Condos
Multifamily Sales

**AVERAGE SALES PPU / CAP RATE**

<table>
<thead>
<tr>
<th>Year</th>
<th>$ / Unit</th>
<th>Cap Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>$200,000</td>
<td>7.0%</td>
</tr>
<tr>
<td>12</td>
<td>$150,000</td>
<td>6.8%</td>
</tr>
<tr>
<td>13</td>
<td>$100,000</td>
<td>6.5%</td>
</tr>
<tr>
<td>14</td>
<td>$50,000</td>
<td>6.0%</td>
</tr>
<tr>
<td>15</td>
<td>$0</td>
<td>5.5%</td>
</tr>
<tr>
<td>16</td>
<td>$50,000</td>
<td>5.0%</td>
</tr>
<tr>
<td>17</td>
<td>$100,000</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>$150,000</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>$200,000</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>$200,000</td>
<td></td>
</tr>
</tbody>
</table>

$ / Unit: Source: Real Capital Analytics, Based on Sales of $2.5 Million and Greater
Cap Rate: Source: Real Capital Analytics, Based on Sales of $2.5 Million and Greater

$154,034
Avg. Sold Price / Unit
+10.8 YoY

5.1%
Avg. Cap Rate
-30 bps YoY

$10.2B
Sales Volume
-8.0% YoY

73,011
Total # Units Sold
-14.8% YoY

APARTMENT SALES TRANSACTIONS

<table>
<thead>
<tr>
<th>Year</th>
<th>$ Volume</th>
<th>Total # Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>$0</td>
<td>100,000</td>
</tr>
<tr>
<td>12</td>
<td>$50,000</td>
<td>150,000</td>
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<td>200,000</td>
</tr>
<tr>
<td>14</td>
<td>$150,000</td>
<td>250,000</td>
</tr>
<tr>
<td>15</td>
<td>$200,000</td>
<td>300,000</td>
</tr>
<tr>
<td>16</td>
<td>$250,000</td>
<td>350,000</td>
</tr>
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</tr>
<tr>
<td>18</td>
<td>$350,000</td>
<td>450,000</td>
</tr>
<tr>
<td>19</td>
<td>$400,000</td>
<td>500,000</td>
</tr>
<tr>
<td>20</td>
<td>$450,000</td>
<td>550,000</td>
</tr>
</tbody>
</table>

$ / Unit: Source: Real Capital Analytics, Based on Sales of $2.5 Million and Greater
$ Volume: Source: Real Capital Analytics, Based on Sales of $2.5 Million and Greater
Total # Units: Source: Real Capital Analytics, Based on Sales of $2.5 Million and Greater

Sources: Greystone; Reis; RealCapitalAnalytics; CoStar; U.S. Census; Bureau of Labor; Fort Worth Chamber of Commerce; Dallas Chamber of Commerce; Texas A&M
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