

GREYSTONE



DALLAS- FORT WORTH

TEXAS, MSA

MARKET INSIGHT REPORT

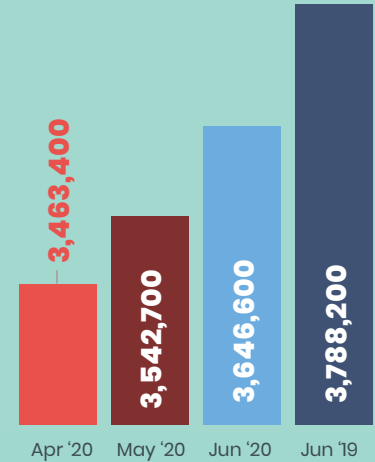
FALL **2020**

Total nonfarm employment for the Dallas-Fort Worth-Arlington Metropolitan Statistical Area stood at 3,646,600 in June 2020, down 141,600 over the year, the U.S. Bureau of Labor Statistics has reported. The Dallas region's 3.7% rate of job loss was significantly less than the national decline of 8.7%. The metro unemployment rate of 8.4% in June was also below the U.S. unemployment rate of 11.1% and placed Dallas-Fort Worth in the top 1/3 of all U.S. metro areas for lowest unemployment.

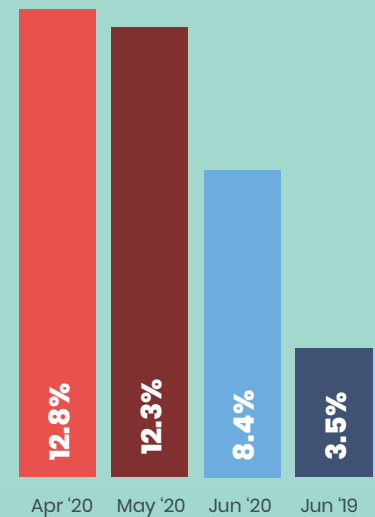
Employment in the Dallas-Fort Worth leisure and hospitality super-sector fell by 18.0% (-72,800) for the 12 months ending in June, the largest loss of jobs among local major industry sectors and accounting for just over half of all jobs lost in the metro area. This over-the-year rate of job loss was significantly lower than the national rate of -27.1%.

The Federal Reserve Bank of Dallas released an economic update in early August stating that the resurgence of COVID-19 in July appears to have reversed economic gains in Texas that emerged when the virus' frequency abated in May and June. As a result, the Texas Employment Forecast suggests that the net number of jobs will decline 4.8% in 2020 on a December-over-December basis. A Texas Business Outlook Survey received mixed sentiments across industries. Manufacturers' optimism increased, despite worsening perceptions of current business conditions, while service sector and retail firms became more pessimistic relative to June. Nevertheless, few respondents reported that it was likely they would permanently shut down—the share was lowest in manufacturing at less than 6%, and higher for services at nearly 10%.

Total Employment



Unemployment



Metro Area Employment (Thousands)	June 2020	Change from June 2019	
		Number	Percent
Total Nonfarm	3,646.6	-141.6	-3.7
Mining, Logging, and Construction	229.5	0.4	0.2
Manufacturing	279.2	-12	-4.1
Trade, Transportation, and Utilities	788.6	0.1	0.0
Information	79.8	-2.5	-3.0
Financial Activities	328.0	8.3	2.6
Professional and Business Services	627.3	-9.9	-1.6
Education and Health Services	428.6	-31.9	-6.9
Leisure and Hospitality	332.3	-72.8	-18.0
Other Services	121.9	-9.3	-7.1
Government	431.4	-12.0	-2.7

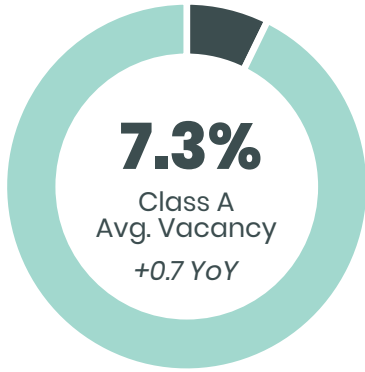
Source: U.S. BLS, Current Employment Statistics

DALLAS AREA RENTAL MARKET



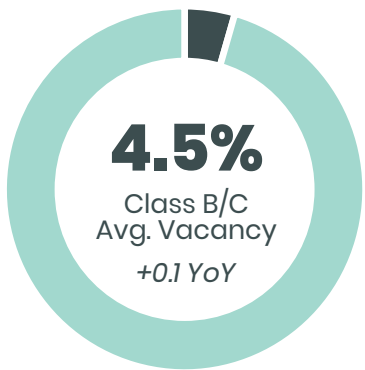
\$1,494

Class A Avg. Rent
+1.8% YoY



\$907

Class B/C Avg. Rent
+2.1% YoY



\$972

Studios

\$1,088

One Bedrooms

\$1,412

Two Bedrooms

\$1,860

Three Bedrooms

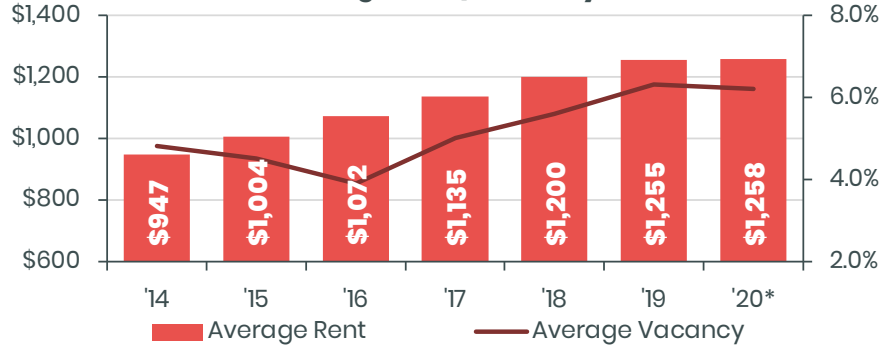
Mean Unit Prices 2Q 2020

+2.5% YoY 2Q

Average Rent Increase
From \$1,227 to \$1,258

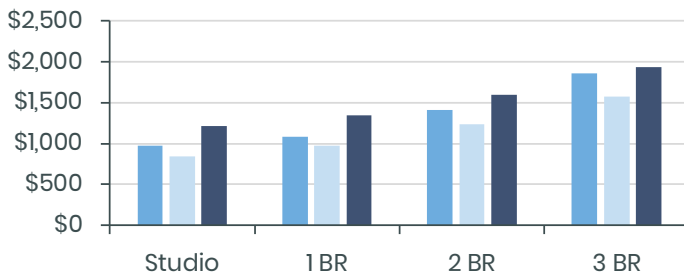
- The second quarter brought a -0.3% decrease in rent from first quarter
- Average rent is expected to retrace for 2020, down by 2.7% YoY to \$1,221 and rise slightly in 2021 by 0.3% to \$1,225
- Vacancy rate of 6.2% in 2Q expected to rise to 8.7% by year end and to 9.5% in 2021 due to new inventory additions, a heavy concentration of Class A properties, and a weakened jobs market

Average Rent/Vacancy



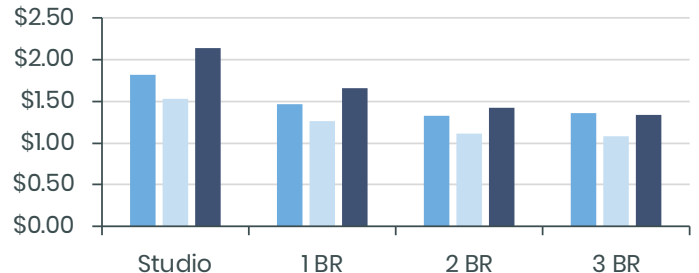
Source: Reis, *2Q 2020

Asking Rent Comparison



Source: Reis, 2Q 2020

Asking Rent PSF



Source: Reis, 2Q 2020

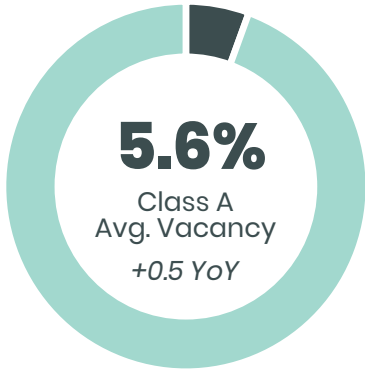
■ Dallas-Plano-Irving MSA ■ Southwest ■ U.S.

FORT WORTH AREA RENTAL MARKET



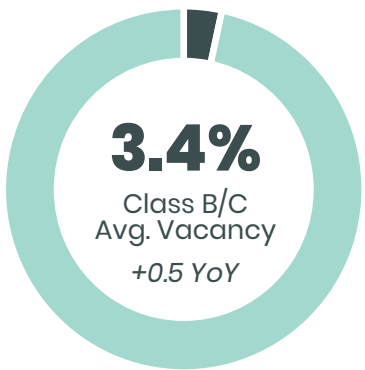
\$1,192

Class A Avg. Rent
+1.4% YoY



\$838

Class B/C Avg. Rent
+2.5% YoY



Mean Unit Prices 2Q 2020

\$777

Studios

\$897

One Bedrooms

\$1,156

Two Bedrooms

\$1,446

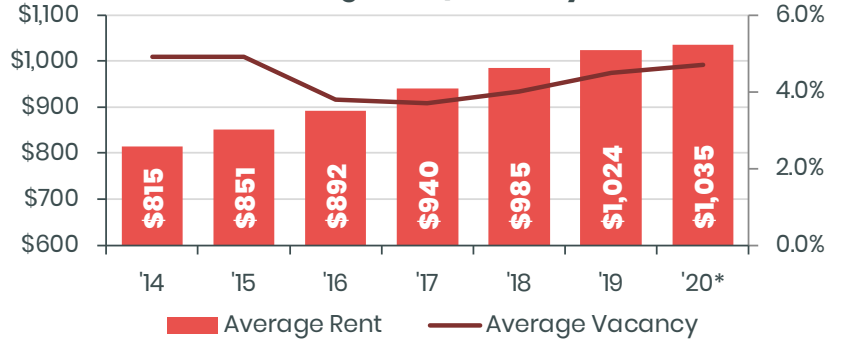
Three Bedrooms

+2.3% YoY 2Q

Average Rent Increase
From \$1,012 to \$1,035

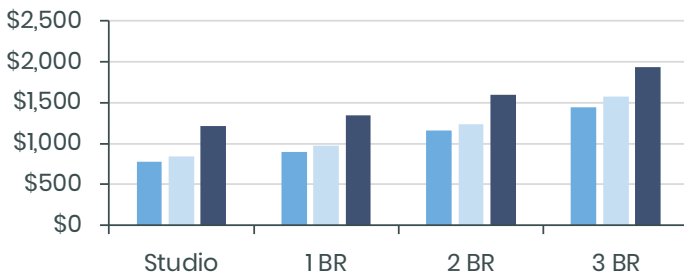
- The second quarter brought a 0.1% increase in rent from first quarter
- Average rent is expected to retrace for 2020, down by 1.5% YoY to \$1,009 and remain relatively unchanged through 2021, gaining 0.1%
- Vacancy rate of 4.7% in 2Q expected to rise to 6.5% by year end and to 7.0% in 2021

Average Rent/Vacancy



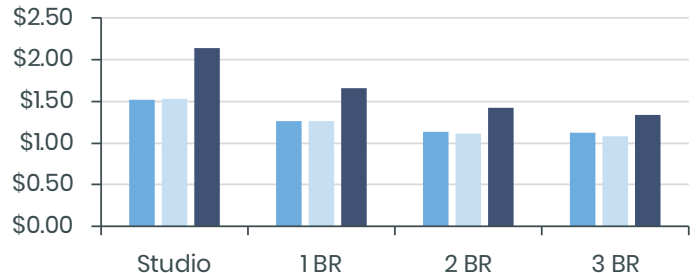
Source: Reis, *2Q 2020

Asking Rent Comparison



Source: Reis, 2Q 2020

Asking Rent PSF



Source: Reis, 2Q 2020

MULTIFAMILY CONSTRUCTION

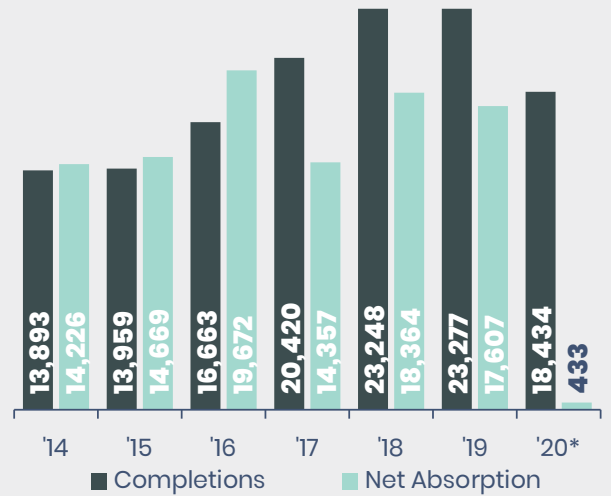
2020: Expected completions of 18,434 new units

14,287 new units will follow in 2021

Apartment inventory growth will measure 2.6% in both Dallas-Plano-Irving and Fort Worth-Arlington in 2020, receiving 13,786 units and 4,648 units, respectively. This will mark the lowest volume on a percentage basis for Dallas since 2015. The forecast for 2021 is a 2.2% gain. For Fort Worth, 2020 will mark the largest increase to inventory in several years. New additions volume is expected to be nearly halved in 2021 with inventory gaining 1.3%.

Apartment demand on both sides of the metro is not expected to exceed the new delivery count until 2022, driving up the average vacancy rates for both Dallas and Fort Worth to recent historical highs.

Completions / Net Absorption



Source: Reis, All figures are annual totals, *Projected

PERMITS



20,034

Single Family Permits
+15.9% YoY



8,906

Multifamily Permits
(5+ Units)
-25.5% YoY

YTD Through 2Q 2020

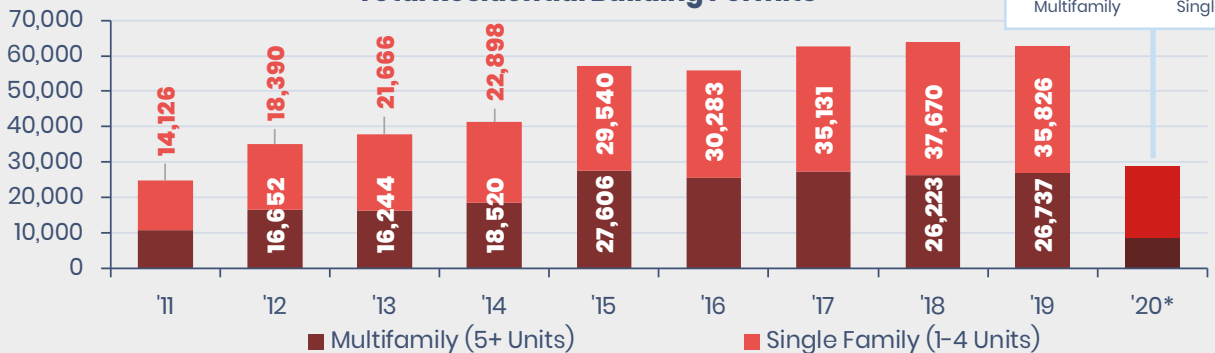
\$293,990

Median Single Family Price
+3.2% YoY

June 2020,
Dallas-Fort Worth Metro

- Sales volume for single-unit residential housing increased 13.2% YoY in June from 9,749 to 11,032 transactions
- Months inventory for single-unit residential housing declined from 3.4 to 2.5 months supply YoY
- Closing to original list price was 97.3%

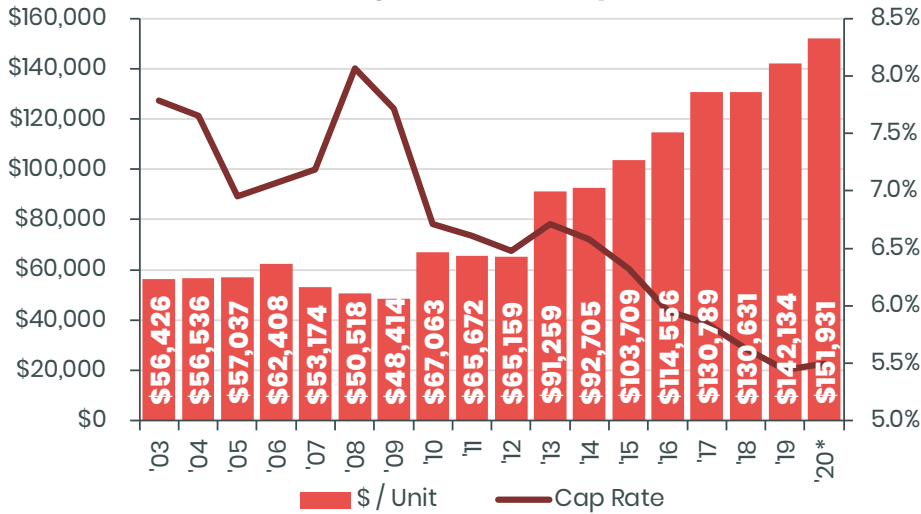
Total Residential Building Permits



Source: U.S. Census, *Through June, Multifamily Includes Condos

MULTIFAMILY SALES

Average Sales PPU / Cap Rate



Source: Real Capital Analytics, Based on sales of \$2.5 million and greater, *YTD through June 30



\$4.5B

Sales Volume YTD
-13.3% YoY



\$151,931

Avg. Sold Price / Unit YTD
+10.0% YoY

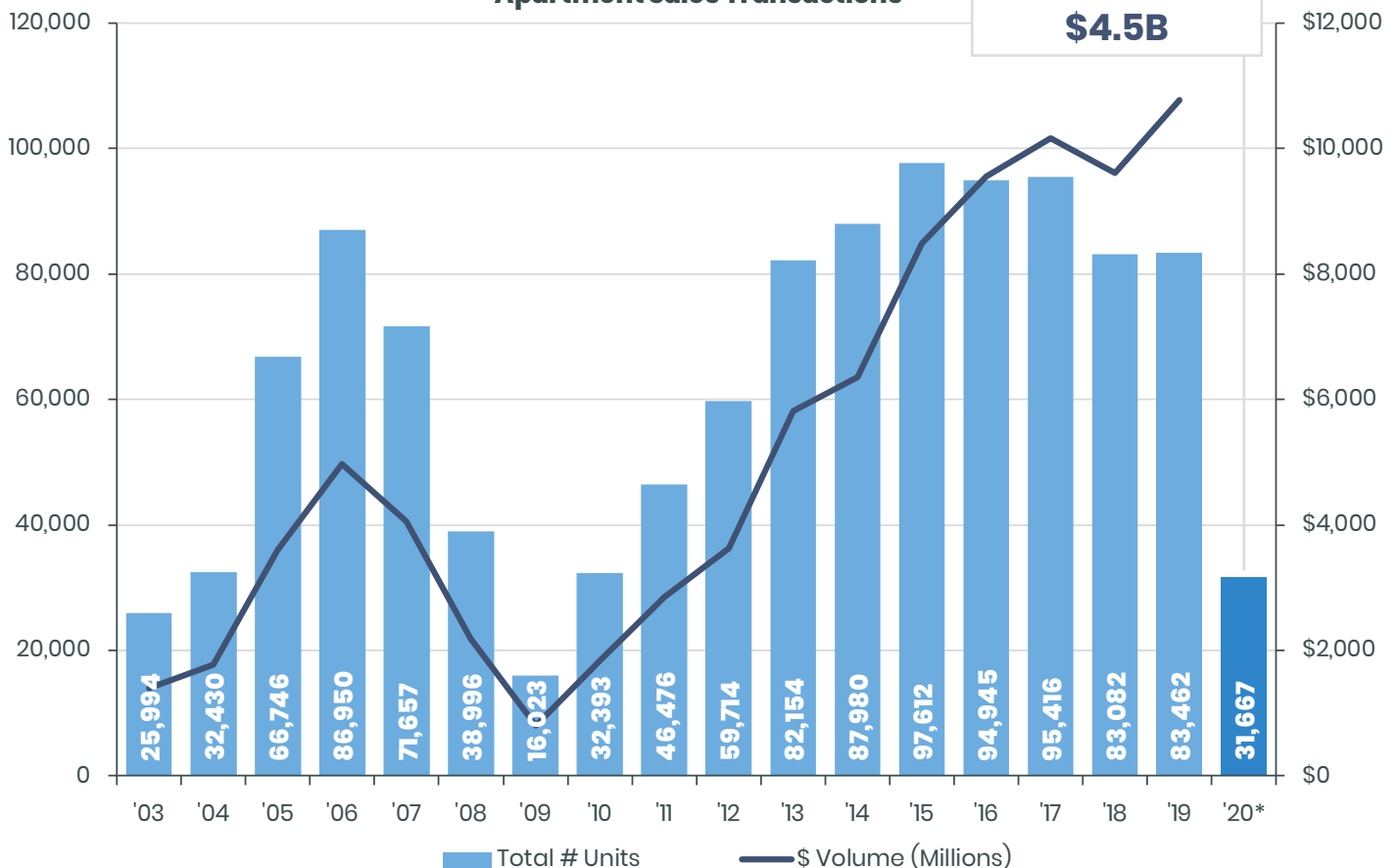


5.5%

Avg. Cap Rate YTD
+0 bps YoY

Apartment Sales Transactions

Mid-Year Sales Volume
\$4.5B



Source: Real Capital Analytics, Based on sales of \$2.5 million and greater, YTD through June 30

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Sources: Greystone; Reis; RealCapitalAnalytics; CoStar; U.S. Census; Bureau of Labor; Texas A&M; Federal Reserve Bank of Dallas

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