

Dallas apartment residents can expect higher rent increases in 2019

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Written by

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Dallas-area apartment renters may have to dig a little deeper this year.

Dallas apartment rents are forecast to rise by more than 4 percent after a slowdown in 2018 cost increases.

The new forecast by Yardi Systems is one of several recent updates on the local apartment market.

Dallas rents rose by 2.4 percent in 2018, less than the 3.2 percent nationwide average.

The country's biggest year-over-year rent increases in December were in Las Vegas (7.3 percent) and Phoenix (6.5 percent).

"Both markets are benefiting from migration out of high-cost and tax-prohibitive areas in California and the Midwest," according to Yardi's new report. "Job growth in tech and finance have attracted educated millennials, and warm weather and a lower cost of living continue to bring retiring Baby Boomers."

Apartment rent growth in the Dallas-area has slowed in the last year because of the huge supply of apartments coming on the market.

Yardi's forecast of higher rent increases in 2019 runs counter to recent trends.

Nationwide apartment rents in December averaged more than \$1,400 a month in the 27 major markets Yardi surveys.

"Rents have increased by 31 percent since January 2011 and have grown by at least 2.9 percent every year except one since then," according to Yardi. "While acknowledging concerns that the unusually long cycle has played out, a report on the survey cites "reasons to believe multifamily fundamentals will remain vigorous in 2019 and beyond."

In North Texas, month apartment rents average more than \$1,100 a month.

More than 35,000 apartments are being built in the Dallas-Fort Worth area, the most of any U.S. metro area.

JOB GROWTH ¹	Area New Jobs			
	1 Mo	6 Mo	12 Mo	
	Estimate	End 12/31	End 12/31	End 12/31
Dallas/Plano/Irving	6,000	46,800	88,600	
Fort Worth/Arlington	<u>8,200</u>	<u>16,000</u>	<u>27,800</u>	
	14,200	62,800	116,400	
INTEREST RATES ²	Rates			Yr. Ago
	END 1/31			
10 Year Treasury	2.70%			2.78%
11th District COFI	1.06%			0.75%
1 Mo. LIBOR	2.96%			2.26%
SUPPLY/ DEMAND ³	Units Added/ Absorbed			
	6 Mo	12 Mo	24 Mo	
	End 1/31	End 1/31	End 1/31	
Dallas County				
Added	5,210	12,020	24,319	
Absorbed	2,444	11,246	17,901	
Tarrant County				
Added	3,933	6,904	16,640	
Absorbed	1,353	6,196	9,822	
OCCUPANCY RATES ³	Dallas County			
	1/31/2018	6 Mo Ago	12 Mo Ago	
2010's	80.2%	80.1%	76.2%	
2000's	93.4%	93.6%	92.9%	
1990's	94.4%	94.2%	93.7%	
1980's	93.6%	94.2%	93.8%	
1970's or Older	92.5%	93.6%	93.6%	
Tarrant County				
2010's	74.7%	74.4%	66.0%	
2000's	94.4%	95.2%	94.5%	
1990's	95.0%	95.8%	94.6%	
1980's	93.6%	94.4%	94.3%	
1970's or Older	90.7%	91.7%	91.9%	
RENTAL RATES ³	Dallas County			
	1/31/2018	6 Mo Ago	12 Mo Ago	
2010's	\$1,579	\$1,594	\$1,514	
2000's	\$1,417	\$1,416	\$1,368	
1990's	\$1,313	\$1,320	\$1,293	
1980's	\$964	\$957	\$939	
1970's or Older	\$925	\$915	\$892	
Tarrant County				
2010's	\$1,396	\$1,389	\$1,351	
2000's	\$1,236	\$1,247	\$1,199	
1990's	\$1,226	\$1,223	\$1,162	
1980's	\$941	\$941	\$914	
1970's or Older	\$881	\$872	\$841	
HISTORICAL JOB GROWTH	Average year change of the combined DFW MSA's			
	Year	Jobs		
2017	91,700	1 Texas Workforce Commission		
2016	120,500	2 Banxquote.com		
2015	98,700	3 ALNsys.com - Rental rates are after concessions.		
2014	132,000	Approximately 25% of 70's or older are all bills paid		
2013	95,600			
2012	79,200			

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