

**Rental Rates at Record – Apartment Demand Raises Cost, Occupancy Levels to All-Time Highs**

By: *Steve Brown*

*Dallas Morning News, October 4, 2016*

A huge demand for new apartments in North Texas is pushing rents and building occupancy levels to an all-time high.

Dallas-Fort Worth apartment rents jumped an average of 7.1 percent in the third quarter from a year ago. Previously, rents in the area had never seen an average annual increase of more than 5 percent according to apartment analyst MPF Research.

Nationwide, apartment rents were up about 4 percent during the same period, making D-FW one of the top U.S. markets for rent growth.

D-FW apartment rents are now at a record high of \$1,053 a month on average. And the percentage of vacant apartments in the area has dropped below 4 percent for the first time.

“It’s certainly unprecedented to have rent growth this strong at the same time so much product is coming on the market,” said MPF Research vice president Greg Willett. “Every quarter we think the numbers can’t get more impressive, and we seem to do it. We are still pushing rents.”

Net apartment rentals in the D-FW area were close to an all-time high, with 10,457 units leased in the third quarter.

During the last 12 months, there has been a gain of almost 20,000 units in North Texas net apartment leasing. “It’s impressive, but we are going to have to do better than that in the coming year,” Willett said.

At the end of September, 50,532 apartments were under construction in D-FW – the most in the country by a wide margin, according to MPF Research. Apartment construction in the area has more than doubled in the last three years. About 85 percent of the apartment construction is in the Dallas area.

JOB GROWTH <sup>1</sup>	Area New Jobs				
	Estimate	1 Mo End 8/30	6 Mo End 8/30	12 Mo End 8/30	
Dallas/Plano/Irving		14,600	29,600	100,400	
Fort Worth/Arlington		1,600	4,500	16,900	
		16,200	34,100	117,300	
INTEREST RATES <sup>2</sup>	Rates		END 9/30	Yr. Ago	
	10 Year Treasury		1.63%	2.05%	
	11th District COFI		0.69%	0.64%	
	1 Mo. LIBOR		0.53%	0.19%	
SUPPLY/ DEMAND <sup>3</sup>	Units Added/ Absorbed		6 Mo End 9/30	12 Mo End 9/30	24 Mo End 9/30
	<u>Dallas County</u>				
	Added		3,551	9,205	21,030
	Absorbed		4,136	8,475	21,240
	<u>Tarrant County</u>				
	Added		2,059	4,045	9,855
Absorbed		2,275	5,543	10,628	
OCCUPANCY RATES <sup>3</sup>	<u>Dallas County</u>		9/30/2016	6 Mo Ago	12 Mo Ago
	2010's		78.0%	72.4%	73.8%
	2000's		95.2%	94.7%	95.4%
	1990's		95.2%	95.6%	96.0%
	1980's		94.8%	95.6%	94.9%
	1970's or Older		93.4%	93.8%	93.1%
	<u>Tarrant County</u>				
	2010's		83.3%	79.8%	70.1%
	2000's		95.7%	95.7%	95.6%
	1990's		95.3%	95.1%	95.5%
	1980's		94.3%	94.3%	93.2%
	1970's or Older		95.4%	95.3%	95.1%
RENTAL RATES <sup>3</sup>	<u>Dallas County</u>		9/30/2016	6 Mo Ago	12 Mo Ago
	2010's		\$1,493	\$1,506	\$1,500
	2000's		\$1,357	\$1,331	\$1,315
	1990's		\$1,280	\$1,237	\$1,216
	1980's		\$890	\$855	\$824
	1970's or Older		\$824	\$799	\$772
	<u>Tarrant County</u>				
	2010's		\$1,416	\$1,333	\$1,305
	2000's		\$1,172	\$1,130	\$1,124
	1990's		\$1,175	\$1,121	\$1,096
	1980's		\$779	\$755	\$725
	1970's or Older		\$858	\$826	\$787
HISTORICAL JOB GROWTH	Average year change of the combined DFW MSA's				
	2012	79,200	1 Texas Workforce Commission		
	2013	95,000	2 Banxquote.com		
	2014	141,300	3 ALNsys.com - Rental rates are after concessions.		
	2015	116,600	Approximately 25% of 70's or older are all bills paid		

**Mark Cantrell**  
214-368-1295  
mcantrell@cmi-tax.com

**Thomas Hooke**  
972-630-6696  
thooke@cantrellcompany.com

**Jessica Erdmier**  
972-630-6697  
jerdmier@cantrellcompany.com