

CBRE

DALLAS/FT. WORTH MULTIFAMILY MARKET

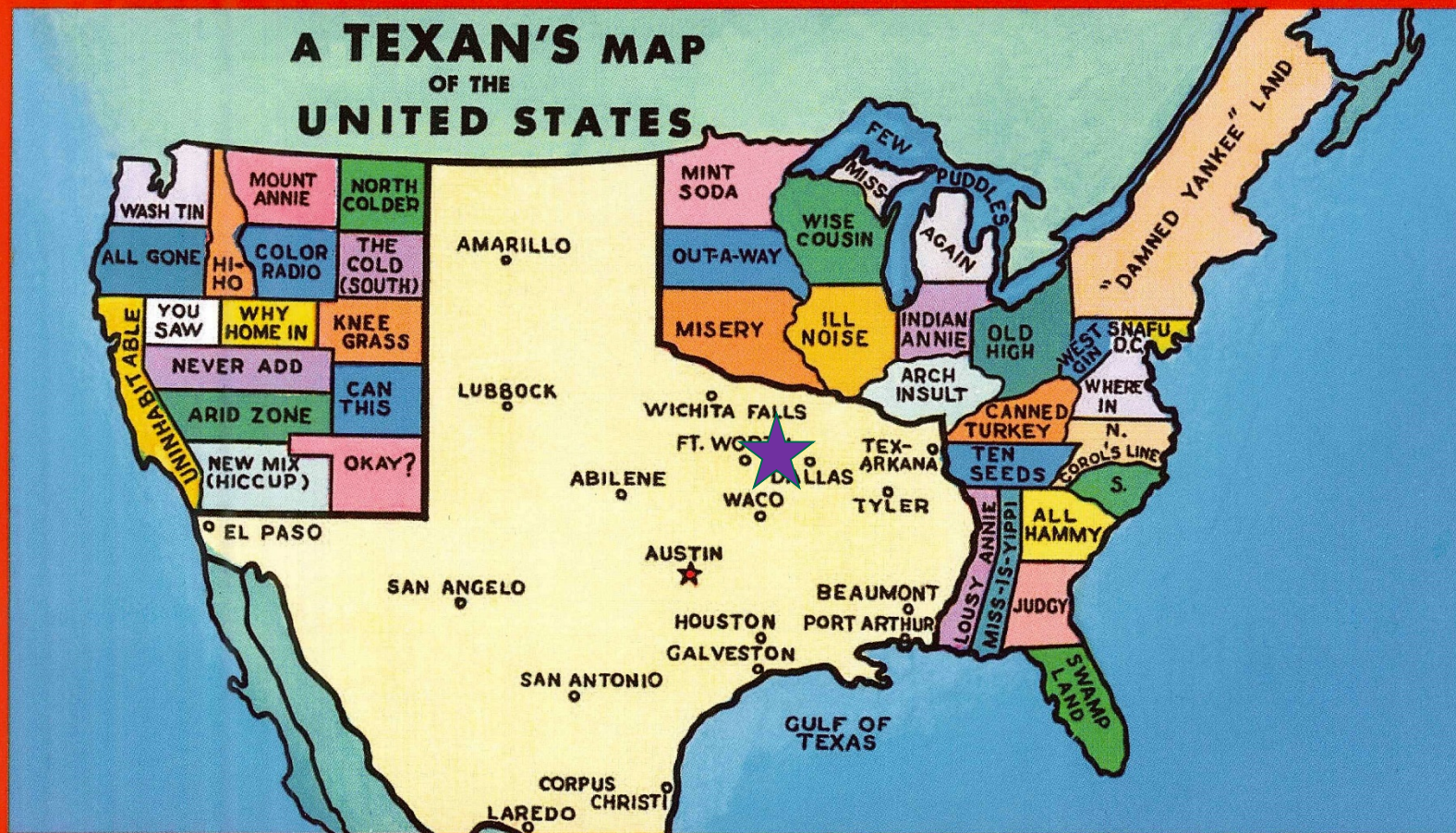
JEANETTE I. RICE, CRE
AMERICAS HEAD OF MULTIFAMILY RESEARCH

OCTOBER 19, 2018

*Presentation to
DFW Association for Business Economics*



A TEXAN'S MAP OF THE UNITED STATES



Greetings from "The Lone Star State"



113,000 UNITS

Total multifamily
demand since
recession:
Q1 2010
through
Q2 2018.

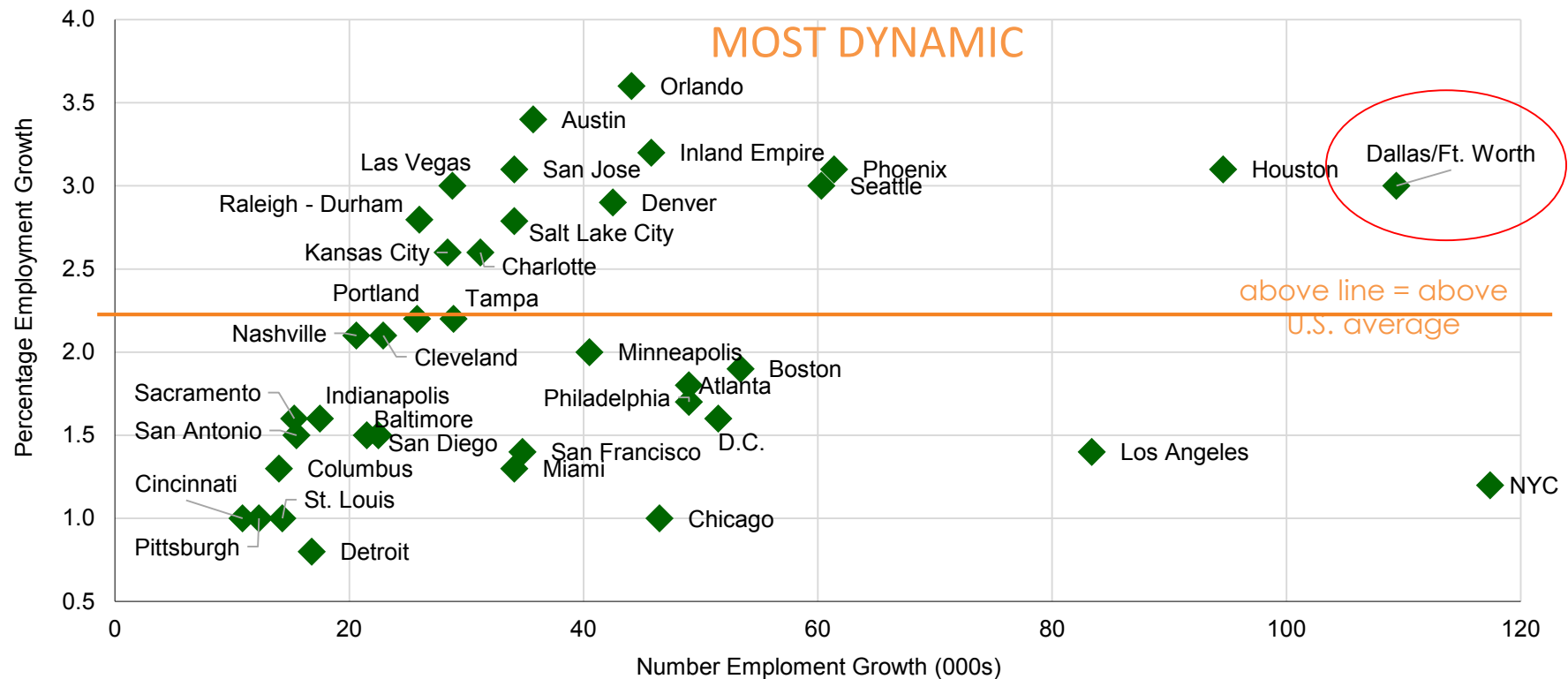
**PHENOMENAL
GROWTH**

METRO EMPLOYMENT COMPARISONS

DFW off the charts



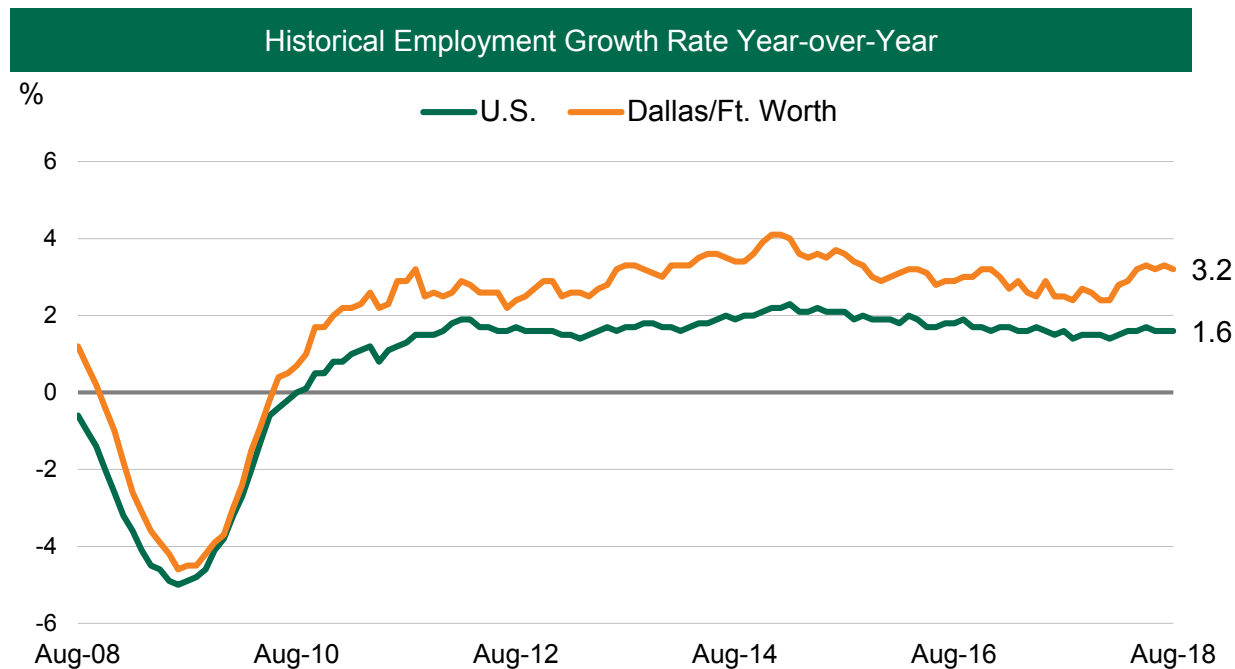
Employment Growth – Number and Rate – Year Ending June 2018



Source: U.S. Bureau of Labor Statistics, not seasonally adjusted, June data published August 2018. Largest 38 metros (900,000+ jobs or about 1.8+ m population).

CYCLICAL DRIVER - U.S. & DFW EMPLOYMENT

DFW region leading the country for job growth



Source: U.S. Bureau of Labor Statistics, seasonally-adjusted data through August 2018. DFW = 116,300 gain, U.S. = 2.3 million.

2018

Combined = 19.1 m
+3.6 million
last 10 years

DFW = 7.5 m
+1.3 million
last 10 years

Austin = 2.1 m
+510,000
last 10 years

San Antonio = 2.5 m
+450,000
last 10 years

Houston = 7.0 m
+1.3 million
last 10 years



2030

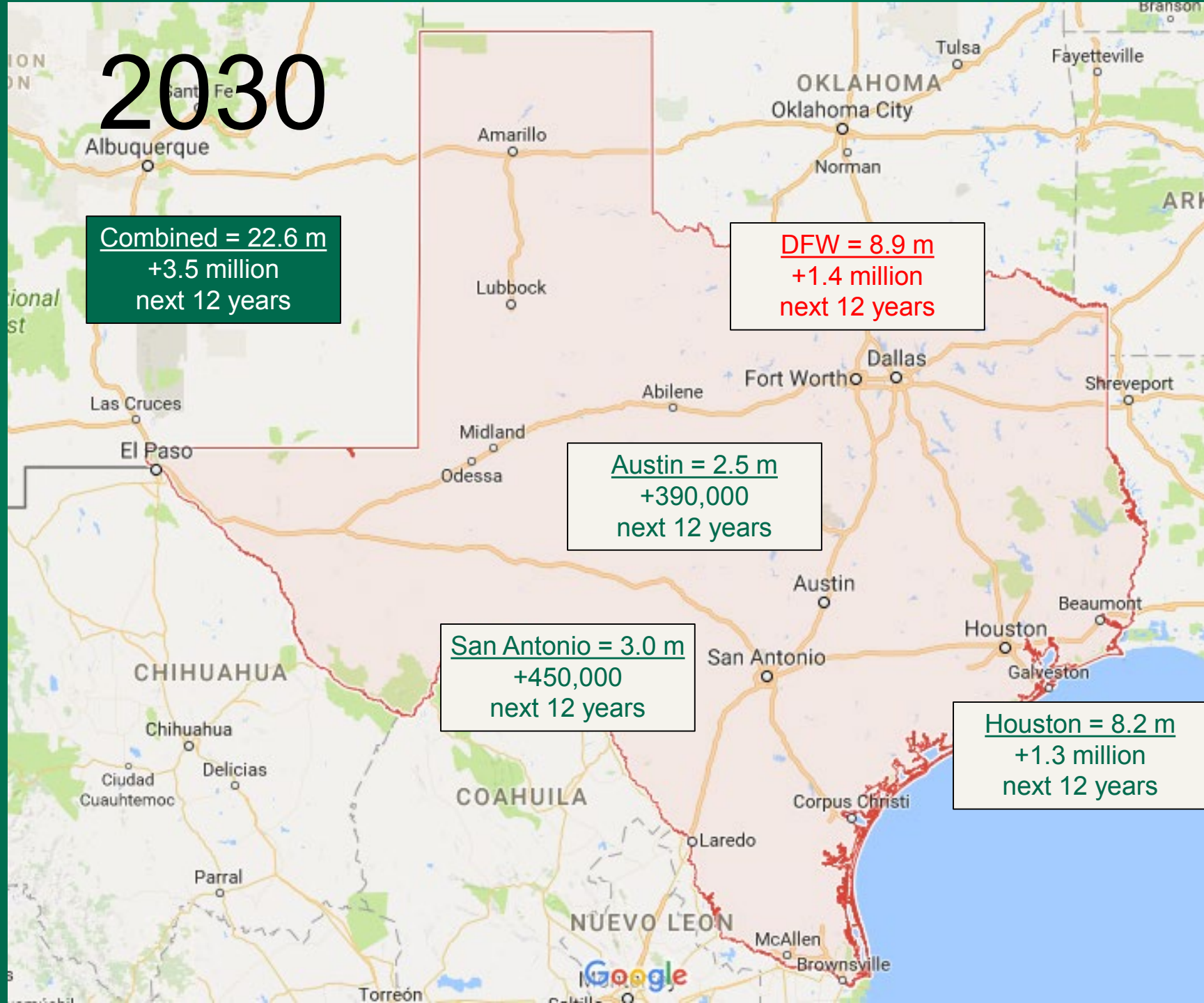
Combined = 22.6 m
+3.5 million
next 12 years

DFW = 8.9 m
+1.4 million
next 12 years

Austin = 2.5 m
+390,000
next 12 years

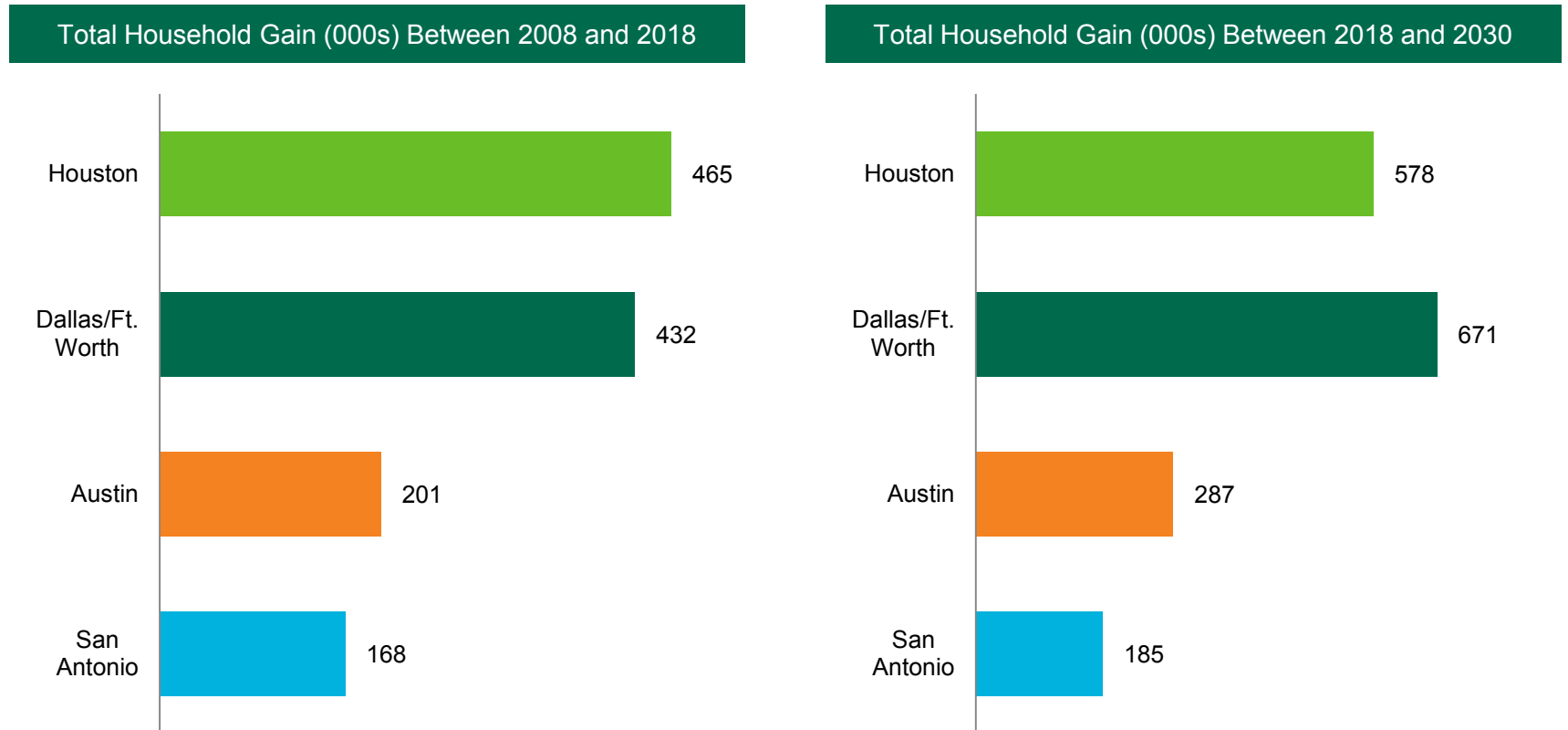
San Antonio = 3.0 m
+450,000
next 12 years

Houston = 8.2 m
+1.3 million
next 12 years



HOUSEHOLD GROWTH IN TEXAS METROS

Major Texas metros: 1.7 million new households by 2030



Source: CBRE Research, Moody's Analytics, Q3 2018.

**EXCITING
HIGHER-DENSITY
NEIGHBORHOODS**



**RENTERS
STAYING PUT**

STRUCTURAL DEMAND DRIVERS

Attraction of multifamily housing rising

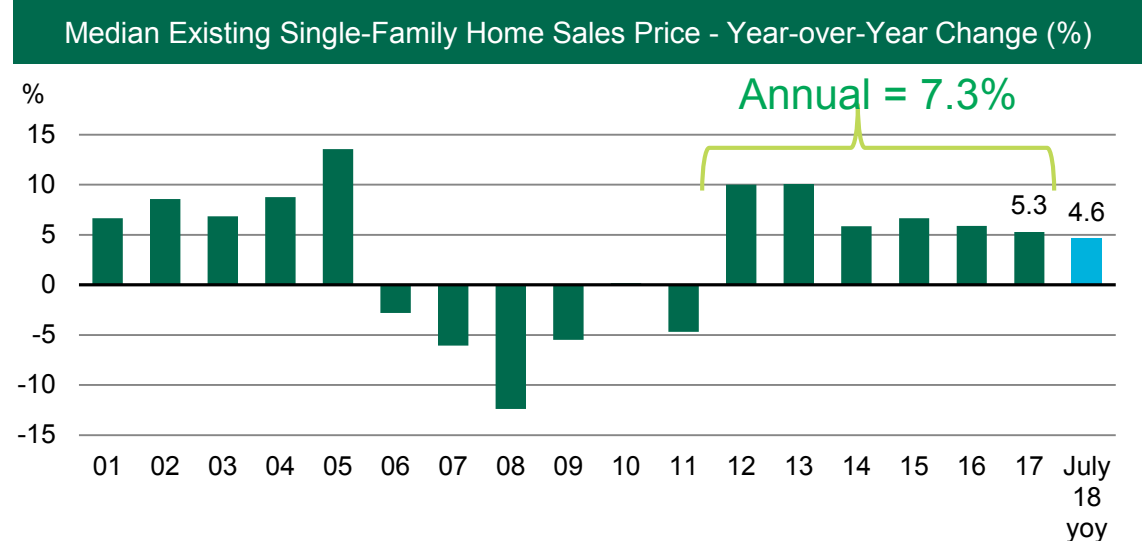


1. **Demographics** - remains favorable
2. **Urban living** - multifamily rental tenure popularity rising due to attractiveness of urban living (and availability of housing product)
3. **Flexibility** - preference for tenure flexibility (for mobility) provided by renting

STRUCTURAL DEMAND DRIVERS

Buying a house may be desired, but not attainable

- High housing costs in many markets
- Rising cost of housing in most markets
- Limited supply of new or existing moderately-priced housing
- Credit approvals and hurdles still difficult
- Saving for down payment hindered by student debt
- Single-family construction starts – still only slightly above half of last cycle
- Few condos are being built

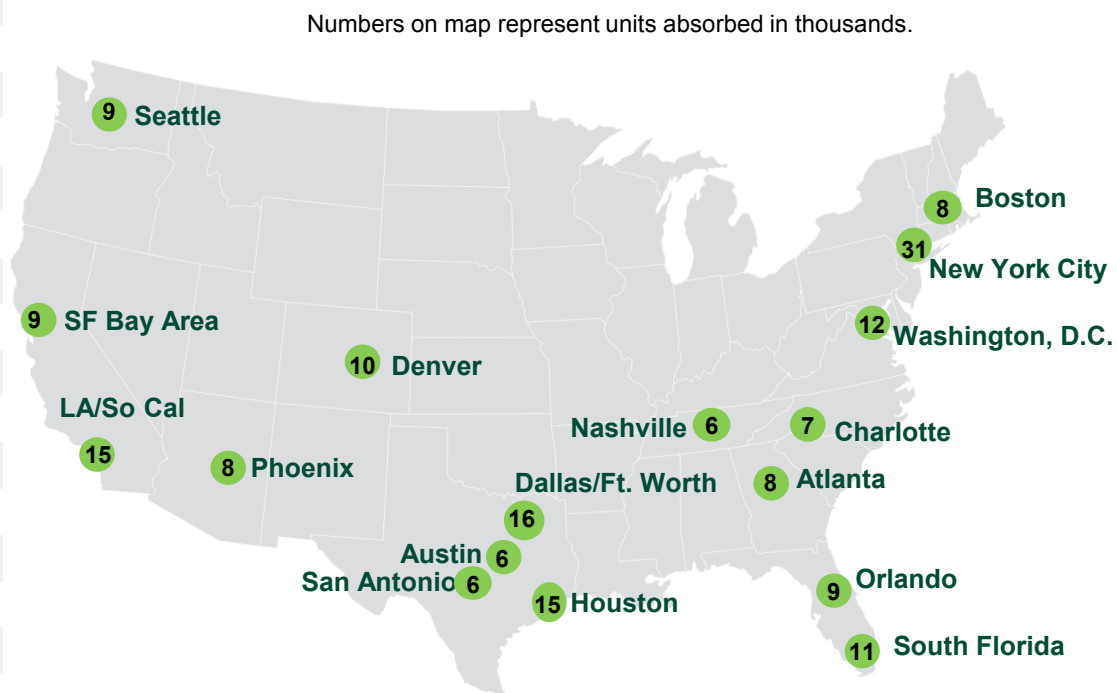


Source: CBRE Research, National Association of Realtors, U.S. Census Bureau, Q2 2018. July 2018 median = \$272,300. Total increase six years of 2012-2017 = 52.4%.

LEADING METROS - NET ABSORPTION

DFW ranks 2nd in U.S. for total demand in past year

Metro	Units Absorbed Past 4 Qtrs.	Net Absorption to Inventory (%)*
Sum of Markets	249,500	1.7
1 New York Metro	30,900	1.4
2 Dallas/Ft. Worth	15,800	2.3
3 Los Angeles/So. Cal.	15,400	1.0
4 Houston	14,800	2.4
5 Washington, D.C.	11,500	2.0
6 Miami/South Florida	10,500	1.8
7 Denver	10,200	3.3
8 Boston	10,200	2.1
9 San Francisco Bay Area	8,800	1.5
10 Orlando	8,600	4.2
11 Seattle	8,500	2.3
12 Phoenix	8,200	2.3
13 Atlanta	7,700	1.8
14 Charlotte	6,800	4.3
15 San Antonio	6,400	3.9
16 Austin	6,200	3.0
17 Nashville	5,500	4.1

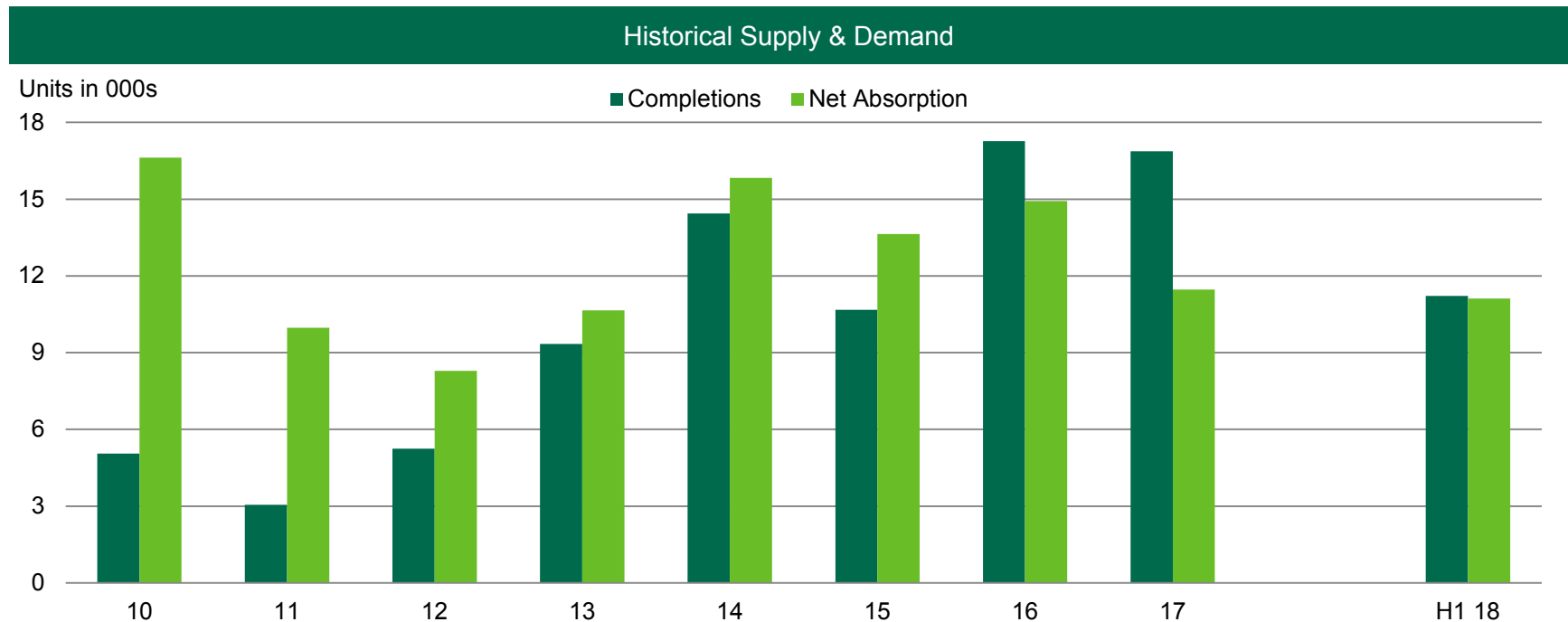


Source: CBRE Research, CBRE Econometric Advisors, Q2 2018. .

**OVER-BUILDING
FOR DEMAND?**

DFW MULTIFAMILY CONSTRUCTION

DFW delivered 45,000 units in last 2½ years
Construction starts for year ending Q2 = 24,200
2nd highest in US (after NY)

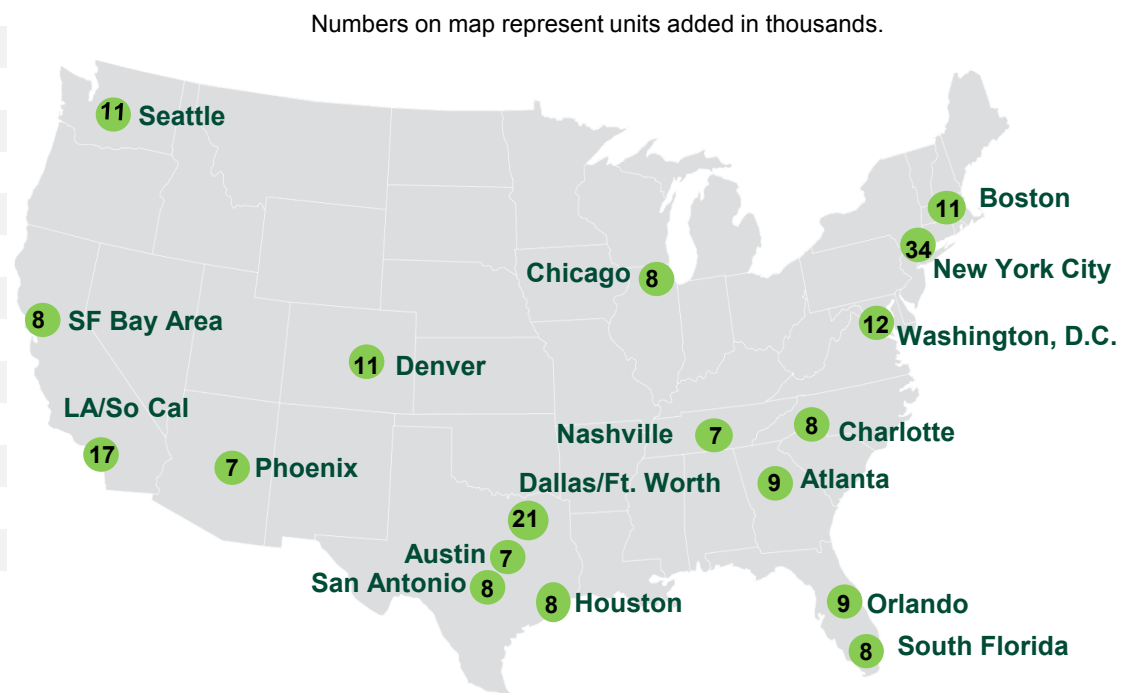


Source: CBRE Research, CBRE Econometric Advisors, Q2 2018. Completed units are counted in the quarter in which property has stabilized.

LEADING METROS FOR COMPLETIONS

Completions outpacing demand in Texas markets except Houston

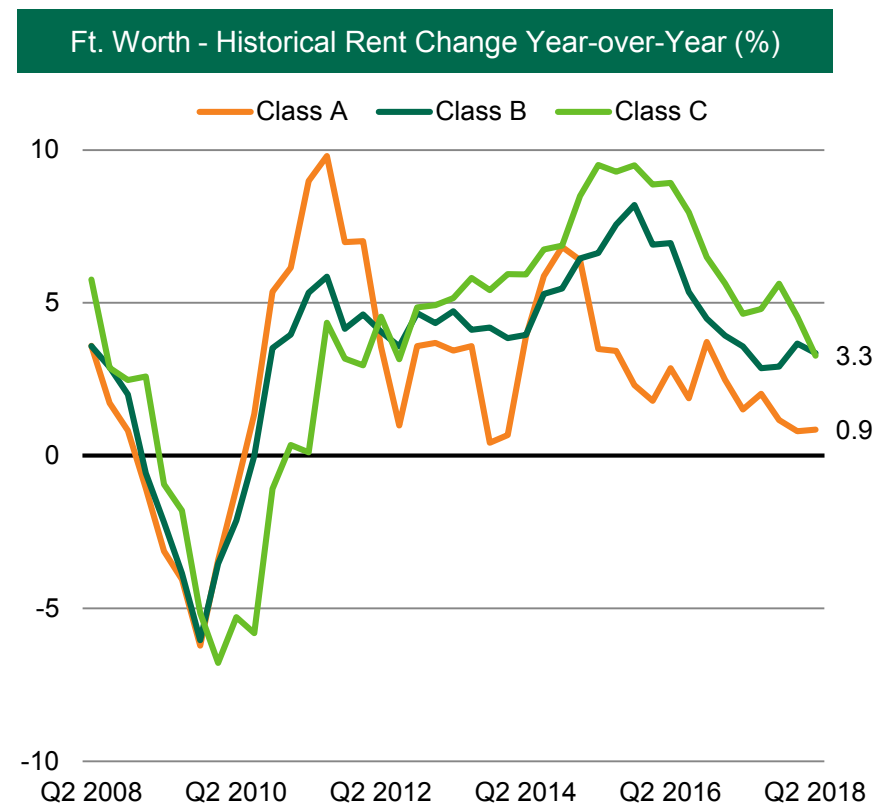
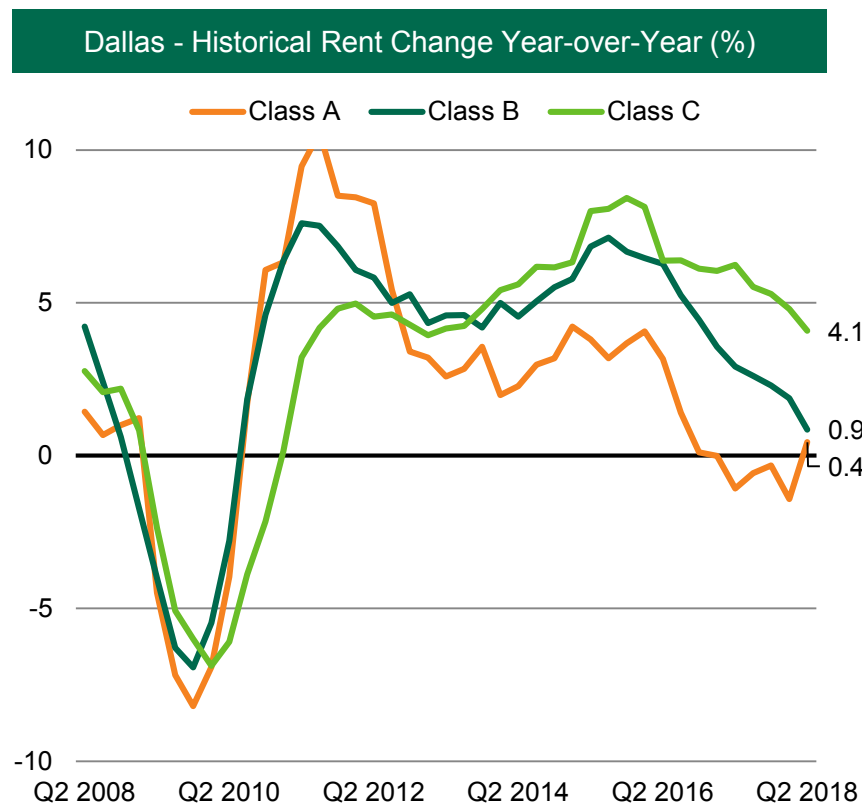
Metro	Units Added Past 4 Qtrs.	Completions to Inventory (%)*
Sum of Markets	275,600	1.9
1 New York Metro	34,300	1.6
2 Dallas/Ft. Worth	21,100	3.1
3 Los Angeles/So. Calif.	17,400	1.1
4 Washington, D.C.	12,200	2.1
5 Seattle	11,000	3.0
6 Denver	10,900	3.6
7 Boston	10,600	2.2
8 Orlando	8,800	4.3
9 Atlanta	8,500	2.0
10 Miami/South Florida	8,300	1.4
11 San Francisco Bay Area	8,100	1.4
12 Houston	8,000	1.3
13 San Antonio	7,800	4.7
14 Chicago	7,500	1.1
15 Charlotte	7,500	4.8
16 Phoenix	7,400	2.1
17 Nashville	7,000	5.2
18 Austin	7,000	3.4



Source: CBRE Research, CBRE Econometric Advisors, Q2 2018.

DALLAS/FT. WORTH RENT CHANGE BY CLASS

Class B&C outperforming Class A

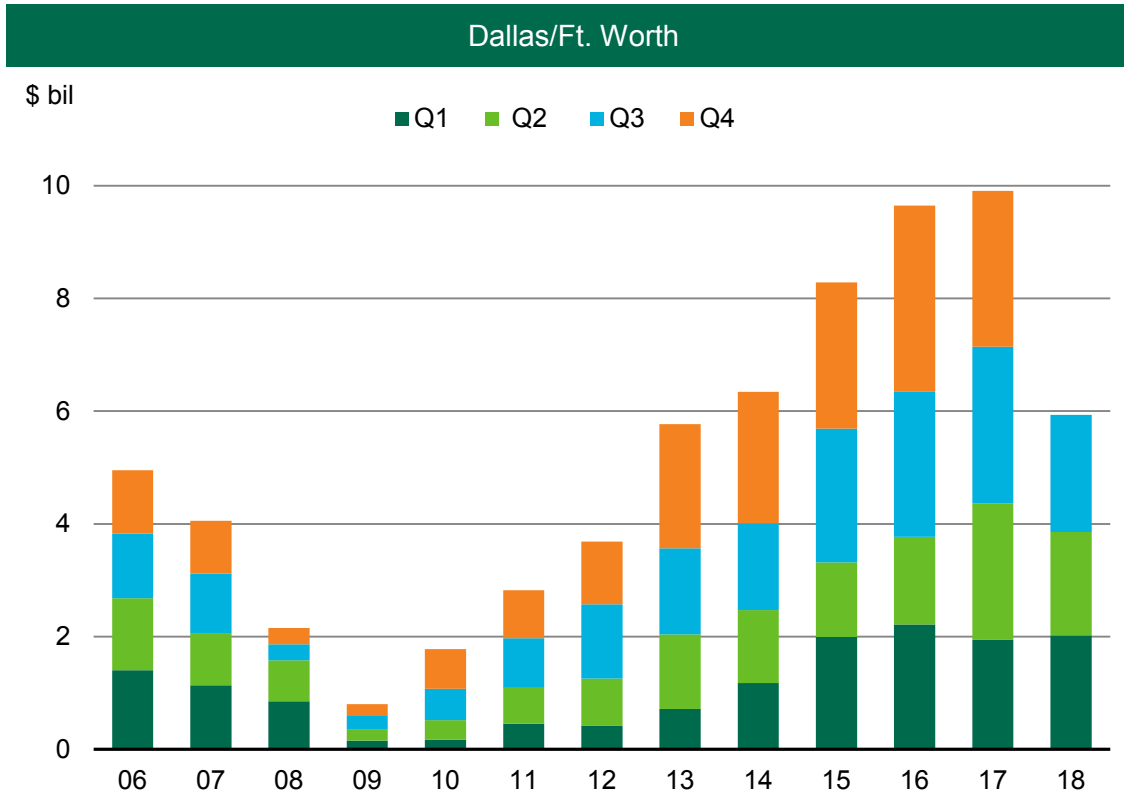


Source: CBRE Research, CBRE Econometric Advisors, Q2 2018. Class A represents top 20% of properties based on average rent of property; Class B middle 60% and Class C, lowest 20%.

INVESTMENT

INVESTMENT UPDATE – DFW LEADING INVESTMENT MARKET

DFW down 17% y-o-y, but among 3rd in U.S. (after NY and LA)



Source: CBRE Research, Real Capital Analytics, Q3 2018.



CBRE

THANK YOU

JEANETTE I. RICE, CRE

AMERICAS HEAD OF MULTIFAMILY RESEARCH

T +1 214 979 6169

JEANETTE.RICE@CBRE.COM