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RESIDENTIAL REAL ESTATE

2022 looks solid for DFW's surging multifamily market



Apartment leasing and rents rose soundly in DFW in 2021, and the multifamily market looks strong headed into 2022.

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By Bill Hethcock
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Rents rose sharply in Dallas-Fort Worth in 2021 – albeit not as astronomically as in the nation’s very hottest markets – and other North Texas multifamily metrics performed solidly as well.

The outlook for 2022 points to another strong year in DFW for multifamily rents, occupancy, construction and investment, experts in the industry say.

Year-over-year rent growth in Dallas-Fort Worth stood at 15.3% through November 2021, compared to -2.2% at the same point in 2020, according to [Chris Salviati](#), housing economist with multifamily analyst firm Apartment List. Rents in DFW are up by 12.6% since the start of the pandemic in March 2020, Salviati reported.

Median rents in Dallas currently stand at \$1,128 for a one-bedroom apartment and \$1,353 for a two-bedroom.

Year-over-year rent growth in DFW ranked 55th among the nation’s 100 largest cities, according to Apartment List.

The pace of rent growth has been cooling across the country for the past few months, but growth is still outpacing pre-pandemic trends, according to the firm’s December [national rent index](#).

An separate analysis of data from Richardson-based RealPage Inc. by *The Business Journals* found that rent grew more than 10% between the first quarter of 2020 and the third quarter of 2021 among 50 of the largest metropolitan statistical areas in the United States. But many MSAs included in the analysis [far outpaced](#) that growth rate.

The Dallas-Plano-Irving metro area ranked 27th out of 50 MSAs in the country in terms of apartment rental-rate growth since early 2020, while the Fort Worth-Arlington area ranked 24th. From January 2020 through the end of September 2021, rental rates rose 12.2% to \$1,368 monthly in Dallas-Plano-Irving and climbed 13.1% to \$1,226 in Fort Worth-Arlington, according to RealPage.

The time period used for this analysis shows how rental rates have changed since the COVID-19 pandemic hit. In early 2020, the multifamily industry was on edge, unsure

if rents would be collected and how the pandemic would affect occupancy.

While rent growth in the 12% to 13% range in DFW was relatively robust, it paled in comparison to the top markets in the *Business Journals* analysis. The rental rate jumped 26.2% in the Phoenix-Scottsdale, Ariz. market; 23.7% in Tampa-St. Petersburg, Fla.; and 23% in Jacksonville Fla., the analysis showed.

Occupancy up, too

Occupancy of DFW apartments was 93.5% as of November 2021, according to ApartmentData.com. That's up from 91% in November 2020.

About 45,000 rental units were absorbed in the past year in DFW, ApartmentData.com's numbers show.

Some 102 apartment communities containing 28,791 units opened in DFW from November 2020 through November 2021. Another 70 communities with 19,600 units are under construction, and 170 communities with 70,444 units are proposed and in the planning process, according to the firm's data.

Occupancy and rents in North Texas will continue to climb for the first half of 2022, then the rental market will likely get more competitive, said Ryan McGrath, CEO and president of property management firm Asset Living. The firm acquired Dallas-based property management company City Gate Property Group in November.

The acquisition of City Gate, which has more than 10,000 units under management across Texas and Louisiana, made Asset Living the largest multi-family property management company in Texas, with a portfolio of about 500 properties and roughly 76,000 units in the state.

"The whole Dallas-Fort Worth area, Frisco, all of the areas in the North Texas market have been huge drivers of growth," McGrath said. "They're attracting people from all over the country that are relocating and corporations relocating... I think Dallas has so much to offer from its sports teams to its lifestyle to education to finance, too."

Jobs, population fueling rentals

An influx of new jobs to North Texas will continue to drive the apartment market in 2022, McGrath and other industry experts said.

Dallas-Fort Worth added 42,700 jobs in November alone, and job growth in the region is outpacing the U.S. job growth rate by an increasing margin.

North Texas is projected to add 128,000 jobs in 2022, according to Dallas-based ThinkWhy, which analyzes the labor market. If that occurs, it will be one of the three highest annual job gains ever for DFW and close behind the record 130,000 jobs added in 2014.

In addition, Dallas-Fort Worth will finish fourth in the nation in net migration for 2021, according to ThinkWhy, and the outlook for 2022 relocations of people to North Texas remains strong.

The investment outlook

One recent study predicts Dallas will be a top multifamily real estate investment destination in the Americas in 2022 and 2023.

Dallas is the second most popular choice for multifamily investment, trailing only New York, according to the Colliers Global Capital Markets 2022 Investor Outlook report.

Dallas leads the nation in investment sales volume in 2021 and took first place nationally the year before, according to the report.

Multifamily assets remain a priority property type for investors due to booming sales that show no signs of slowing, the report said. Almost 60% of responding investors expressed a preference for value-add deals in 2022.

In terms of new construction, Texas markets were among the most active in 2021, with 52,500 units delivered in the state's major metros, including Dallas and Fort Worth, according to Colliers' report.

Rental houses hot

One of the biggest developments in multifamily in 2021 was the growth of single-family rentals, and Dallas-Fort Worth captured a big share of this popular market segment.

Single-family rental prices in Dallas-Fort Worth rose 14.1% in the past year – the sixth highest increase in the nation.

The median rent for single-family homes in DFW was \$1,909 as of September, according to an analysis by CoreLogic. Rental house prices surged over the summer and the nationwide average finally broke double digits in September, at 10.2%.

Some of the big players in rental-home construction in North Texas are NexMetro, which has about 15 communities representing more than 2,200 homes that have been completed or are currently under construction in Dallas-Fort Worth, and Arlington-based homebuilding giant D.R. Horton (NYSE: DHI), which has hundreds of rent houses under construction.

In addition, Arizona-based builder Taylor Morrison Home Corp. is partnering with rent home company Christopher Todd Communities to build a single-family rental community in Grand Prairie and plans more rental clusters in North Texas.

The largest owner of rental homes in the nation is also based in North Texas. Dallas-based Invitation Homes Inc. (NYSE: INVH) owns more than 80,000 single-family rentals nationwide.

The build-to-rent phenomenon started about five years and has heated up in the major southwest markets, including Dallas, Houston, Austin, Phoenix, Denver and Las Vegas, said Larry Corson of Dallas-based Corson Cramer Development. The firm develops lots for single-family rentals and residential communities that include the newly built rental houses in North Texas.

“It’s filling a niche for millennials and also for a fair amount of empty nesters,” Corson said. “It fills the gap between being in an apartment and being in a home. It’s certainly very attractive to people with pets. It’s attractive to people who are looking for a little bit more

privacy. And I think it addresses the affordability issue as well.”

T H E L I S T

North Texas Multifamily Developers

Ranked by local multifamily units developed 2020

Rank	Company	Local Multifamily Units Developed 2020
1	JPI	2,301
2	Billingsley Company	1,273
3	Wynne/Jackson Inc.	588
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