

TARRANT COUNTY APARTMENT MARKET OVERVIEW

2021 Projections

- ❖ **Operations Continue Steady Improvement – Nothing Crazy**
- ❖ **Permits Increase but Remain 30-40% Below Last 5-Year Avg**
- ❖ **Values Up 10%**
- ❖ **Projected Rent Growth for 2022-2024 Jumps to 5%**

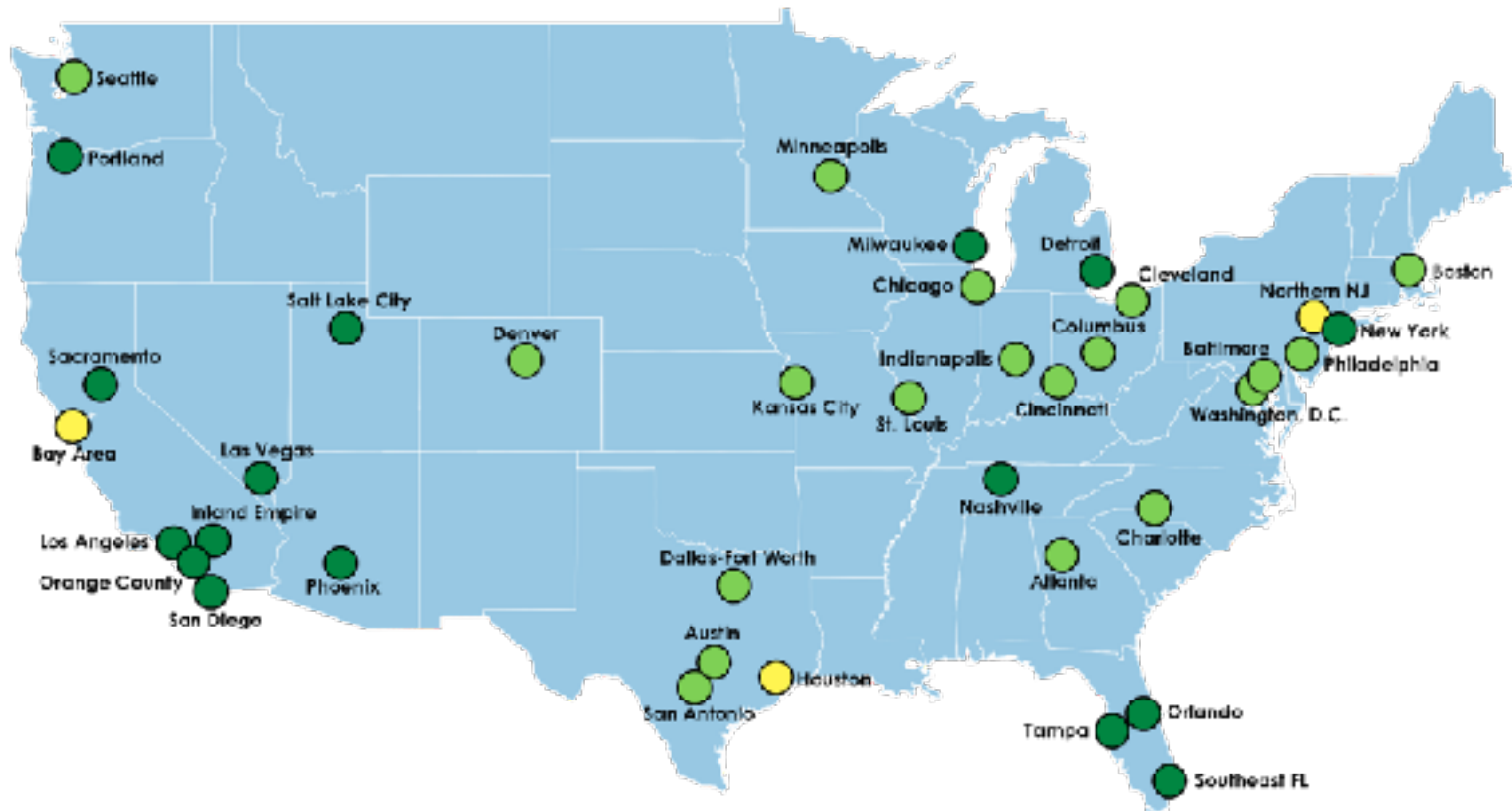
DALLAS-FORT WORTH AND TEXAS ECONOMIC OVERVIEW

Vacancy Performance Highly Localized – Some Markets May Move Significantly as Life Reverts to “Normal”

U.S. Avg.: 2.5%

2022 Vacancy Rate

- Less than 3%
- 3% to 4%
- More than 4%



How Dallas-Fort Worth Stacks Up Across the Country

❖ Rank #2	Annual Employment Growth	196,500
❖ Rank #1	Annual Population Growth	105,200
❖ Rank #1	Annual Apartment Net Absorption	48,800
❖ Rank #1	Annual Apartment Completions	28,400
❖ Rank #1	20-34 Year Olds Added	22,200
❖ Rank #1	Five-Year Employment Growth	358,700
❖ Rank #1	Five-Year Pop. Growth Forecast	558,500
❖ Rank #1	Five-Year Young Pop. Growth Forecast	115,800
❖ Rank #1	Five-Year Household Growth Forecast	271,800

National Employment Rank by Metro Job Change Since Pre-Pandemic

Absolute Change

Top 10 Metros	Absolute Change	Percent Change
Salt Lake City	48,700	3.7%
Austin	37,100	3.2%
Dallas-Fort Worth	25,500	0.7%
Phoenix	20,200	0.9%
Jacksonville	14,100	1.9%
Tampa	13,500	1.0%
San Antonio	-6,900	-0.6%
Kansas City	-7,100	-0.6%
Nashville	-12,500	-1.2%
West Palm Beach	-13,100	-2.0%
U.S. Total	-3,771,000	-2.5%

Percent Change

Top 10 Metros	Absolute Change	Percent Change
Salt Lake City	48,700	3.7%
Austin	37,100	3.2%
Jacksonville	14,100	1.9%
Tampa	13,500	1.0%
Phoenix	20,200	0.9%
Dallas-Fort Worth	25,500	0.7%
San Antonio	-6,900	-0.6%
Kansas City	-7,100	-0.6%
Nashville	-12,500	-1.2%
Denver	-18,700	-1.2%
U.S. Total	-3,771,000	-2.5%

Change from February 2020 through November 2021

Sources: IPA Research Services, BLS

National Employment Rank by Metro

Job Change Since Pre-Pandemic for Major Metros

Absolute Change

Top 10 Metros	Absolute Change	Percent Change
Dallas-Fort Worth	25,500	0.7%
Atlanta	-45,100	-1.6%
Miami	-48,600	-3.9%
San Francisco	-81,800	-6.8%
Houston	-97,700	-3.1%
Washington, D.C.	-118,500	-3.5%
Boston	-122,969	-4.3%
Chicago	-265,200	-5.5%
Los Angeles	-305,600	-6.6%
New York	-444,400	-9.4%
U.S. Total	-3,771,000	-2.5%

Percent Change

Top 10 Metros	Absolute Change	Percent Change
Dallas-Fort Worth	25,500	0.7%
Atlanta	-45,100	-1.6%
Houston	-97,700	-3.1%
Washington, D.C.	-118,500	-3.5%
Miami	-48,600	-3.9%
Boston	-122,969	-4.3%
Chicago	-265,200	-5.5%
Los Angeles	-305,600	-6.6%
San Francisco	-81,800	-6.8%
New York	-444,400	-9.4%
U.S. Total	-3,771,000	-2.5%

Change from February 2020 through November 2021

Sources: IPA Research Services, BLS

Dallas-Fort Worth Employment Growth by Sector

Y-O-Y Change Through November 2021

Employment Sectors	Absolute Change	% Change
Prof. & Business Services	78,200	12.3%
Leisure & Hospitality	38,700	11.3%
Trade, Transport & Utilities	37,300	4.6%
Education and Health Services	13,200	2.9%
Other Services	10,300	8.9%
Manufacturing	6,000	2.1%
Financial Activities	3,200	1.0%
Natural Resources & Mining	3,200	21.9%
Construction	2,800	1.4%
Government	2,400	0.5%
Information	1,200	1.6%
Total Gain	196,500	

Fort Worth Employment Growth by Sector

Y-O-Y Change Through November 2021

Employment Sectors	Absolute Change	% Change
Prof. & Business Services	17,800	14.9%
Trade, Transport & Utilities	9,100	3.3%
Leisure & Hospitality	8,300	7.4%
Education and Health Services	6,100	4.5%
Other Services	6,100	15.6%
Government	900	0.7%
Financial Activities	800	1.2%
Manufacturing	100	0.1%
Natural Resources, Mining, & Const.	0	0.0%
	Total Gain	49,200
Information	-100	-1.5%
	Total Loss	-100
	Net Change	49,100

National Young Adult Population Rank by Metro Five-Year Absolute Change

Top 10 Metros	Absolute Change	Percent Change
Dallas-Fort Worth	115,800	6.9%
Houston	103,300	6.6%
Phoenix	57,500	5.4%
Austin	55,700	9.9%
Atlanta	53,600	4.1%
Salt Lake City	49,600	7.7%
Las Vegas	35,500	7.1%
Denver	34,400	5.0%
San Antonio	32,200	5.6%
Orlando	29,700	5.1%
U.S. Total	-1,022,100	-1.5%

Bottom 10 Metros	Absolute Change	Percent Change
New York	-117,800	-5.9%
Los Angeles	-111,400	-4.9%
Chicago	-65,500	-3.3%
Detroit	-59,300	-7.1%
Philadelphia	-56,600	-4.5%
Boston	-38,200	-3.5%
Orange County	-35,700	-5.5%
Baltimore	-32,400	-5.7%
San Diego	-32,300	-4.1%
Northern New Jersey	-26,500	-3.4%
U.S. Total	-1,022,100	-1.5%

Five-year period: 2021 to 2026

Young adult includes 20 to 34 year olds; Forecast using Moody's baseline scenario as of January 2022

Sources: IPA Research Services, U.S. Census Bureau, Moody's Analytics

DALLAS-FORT WORTH HOUSNG OVERVIEW

Median Home Price Change From Pre-Recession Peak

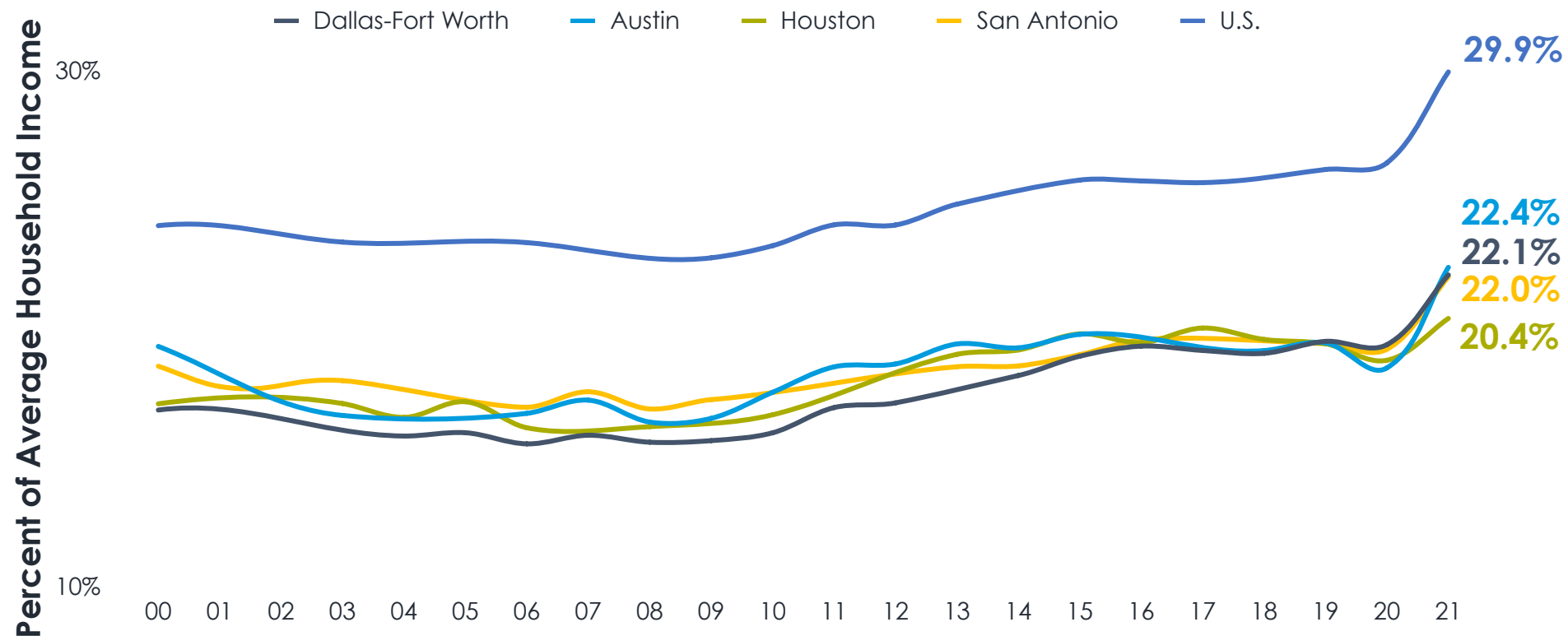
Top 10 Metros	Percent Change From Peak*	Pre-Recession Price Peak
Austin	168.9%	1Q 2008
Denver	145.5%	1Q 2006
Charlotte	128.3%	3Q 2007
Dallas-Fort Worth	127.0%	4Q 2005
Indianapolis	115.5%	1Q 2005
Salt Lake City	110.2%	1Q 2008
San Jose	101.3%	4Q 2007
San Francisco	99.5%	1Q 2008
Houston	97.8%	3Q 2008
San Antonio	93.8%	1Q 2008
U.S. Average	63.0%	4Q 2005

Bottom 10 Metros	Percent Change From Peak*	Pre-Recession Price Peak
Fort Lauderdale	14.2%	4Q 2005
Northern New Jersey	16.2%	4Q 2007
Chicago	20.4%	1Q 2007
West Palm Beach	21.3%	4Q 2005
Detroit	24.1%	3Q 2005
Baltimore	25.2%	1Q 2007
Las Vegas	26.0%	1Q 2006
Washington, D.C.	26.7%	4Q 2005
Miami	30.9%	1Q 2007
Orlando	32.4%	4Q 2006
U.S. Average	63.0%	4Q 2005

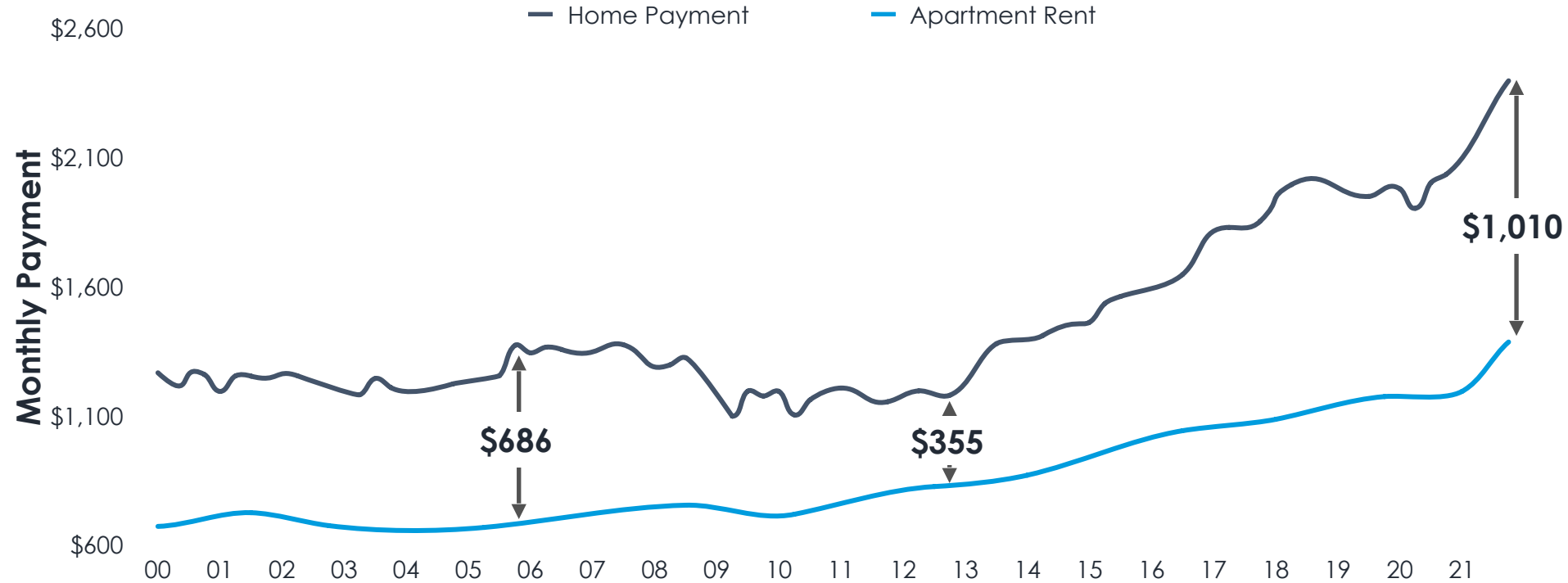
* As of 4Q 2021

Sources: IPA Research Services, National Association of Realtors

Texas Housing Cost as Percentage of Income

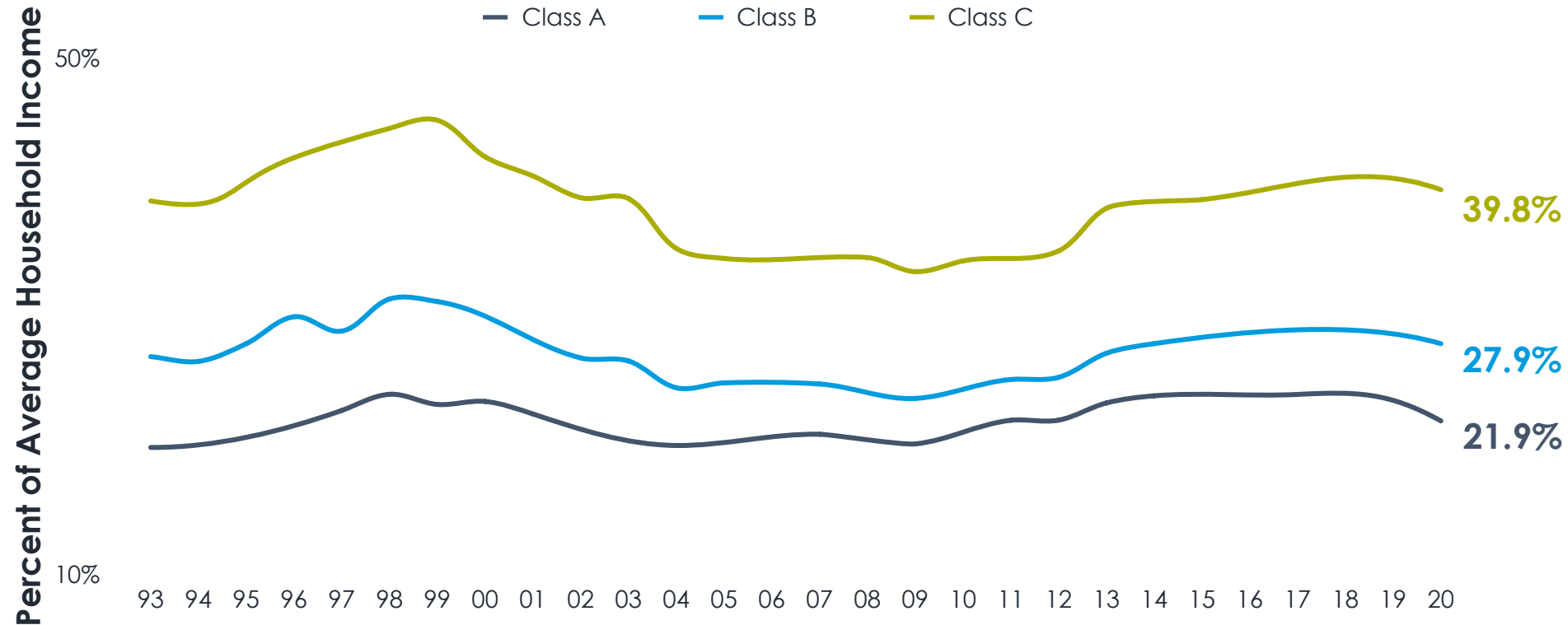


Dallas-Fort Worth Apartment Rent and Home Payment Trends



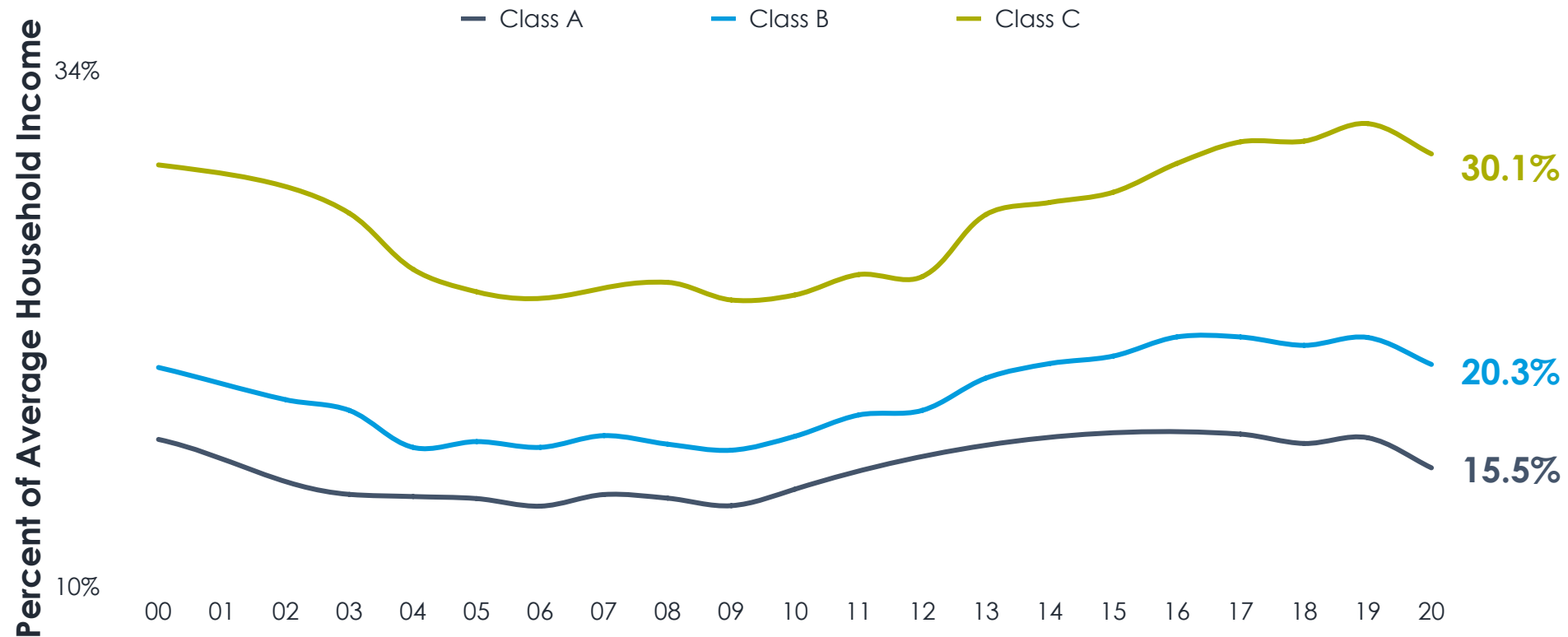
Mortgage payments based on quarterly median home price for a 30-year fixed rate mortgage, 90% LTV, taxes, insurance, and PMI
Sources: IPA Research Services, RealPage, Inc., Freddie Mac, National Association of Realtors

Housing Cost as Percentage of Income Still In Alignment On a Long-Term Basis



Class A rents as a share of second-highest income quintile; Class B rents as a share of third-highest income quintile; Class C rents as a share of fourth-highest income quintile
Sources: IPA Research Services, U.S. Census Bureau, RealPage, Inc.

Dallas-Fort Worth Housing Cost as Percentage of Income



Class A rents as a share of second-highest income quintile; Class B rents as a share of third-highest income quintile; Class C rents as a share of fourth-highest income quintile
Sources: IPA Research Services, U.S. Census Bureau, RealPage, Inc.

Housing Cost Rank by Metro

2021 Housing Cost as Percent of Income

Major Markets	2021 Annual Avg. Apartment Rent	2021 Median Household Income	Avg. Rent as Percent of Income
New York	\$33,396	\$69,816	47.8%
Miami	\$24,672	\$54,341	45.4%
Los Angeles	\$30,708	\$72,997	42.1%
Boston	\$30,552	\$97,373	31.4%
Orange County	\$30,144	\$96,119	31.4%
Chicago	\$20,424	\$76,113	26.8%
Atlanta	\$19,176	\$76,676	25.0%
Dallas-Fort Worth	\$16,620	\$75,309	22.1%
Washington, D.C.	\$22,920	\$109,555	20.9%
Houston	\$14,832	\$72,770	20.4%
U.S. Average	\$19,548	\$65,286	29.9%

DALLAS-FORT WORTH APARTMENT OPERATIONS OVERVIEW

National Apartment Rank by Metro

2021 Apartment Construction

Top 10 Metros	2021 Completions	Completions as % Inv.
Dallas-Fort Worth	28,400	3.3%
New York	18,300	0.9%
Houston	16,900	2.3%
Washington, D.C.	12,500	1.9%
Austin	12,400	4.8%
Phoenix	11,600	3.1%
Orlando	11,000	4.1%
Northern New Jersey	10,700	2.8%
Los Angeles	10,400	0.9%
Minneapolis-St. Paul	9,900	3.2%
U.S. Total	358,700	1.9%

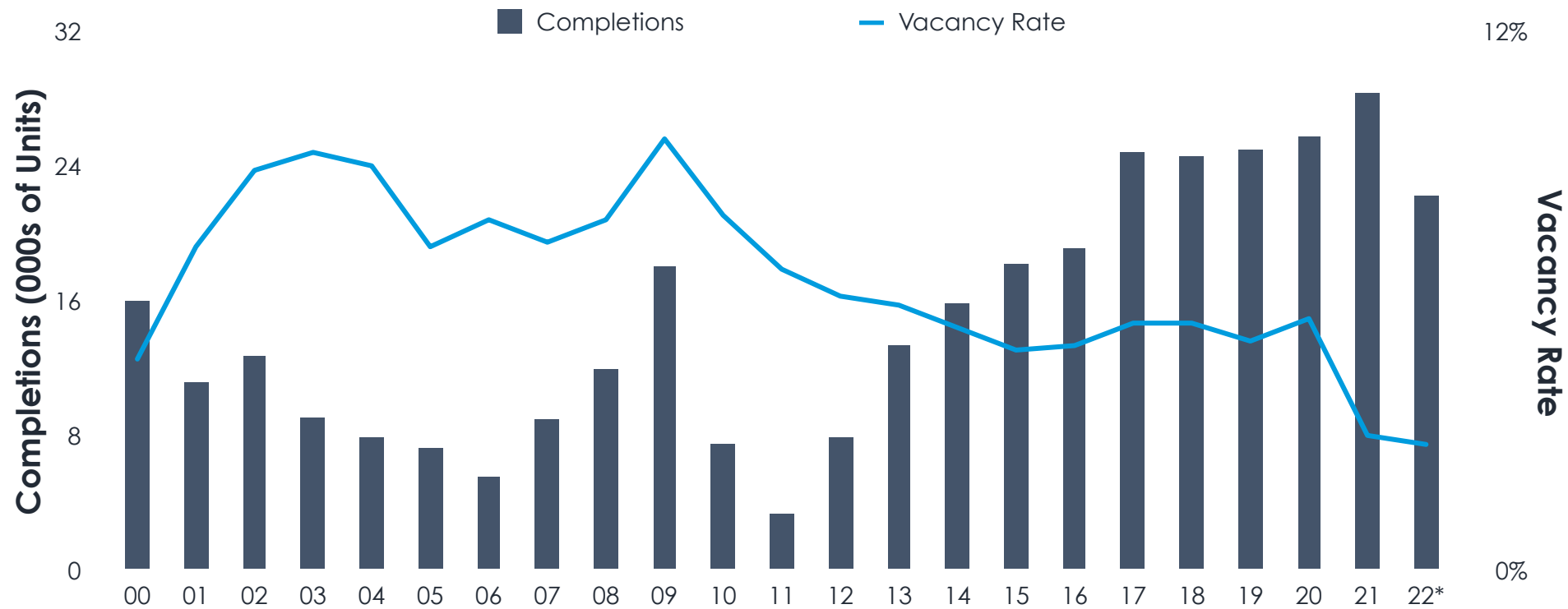
Bottom 10 Metros	2021 Completions	Completions as % Inv.
Cleveland	800	0.5%
Cincinnati	1,000	0.6%
St. Louis	1,200	0.8%
Baltimore	1,400	0.6%
Inland Empire	1,500	0.8%
Milwaukee	1,700	1.1%
Indianapolis	2,000	1.1%
Sacramento	2,000	1.3%
Detroit	2,300	0.8%
Orange County	2,500	0.9%
U.S. Total	358,700	1.9%

National Apartment Rank by Metro 2021 Net Absorption

Top 10 Metros	2021 Net Absorption	Absorption as % Inv.
Dallas-Fort Worth	48,800	5.8%
New York	42,300	2.1%
Houston	36,300	5.1%
Los Angeles	35,900	3.2%
Washington, D.C.	27,000	4.2%
Chicago	25,600	3.5%
Austin	20,600	8.0%
Miami	17,600	5.7%
Seattle-Tacoma	17,600	4.3%
Northern New Jersey	16,800	4.4%
U.S. Total	667,900	3.7%

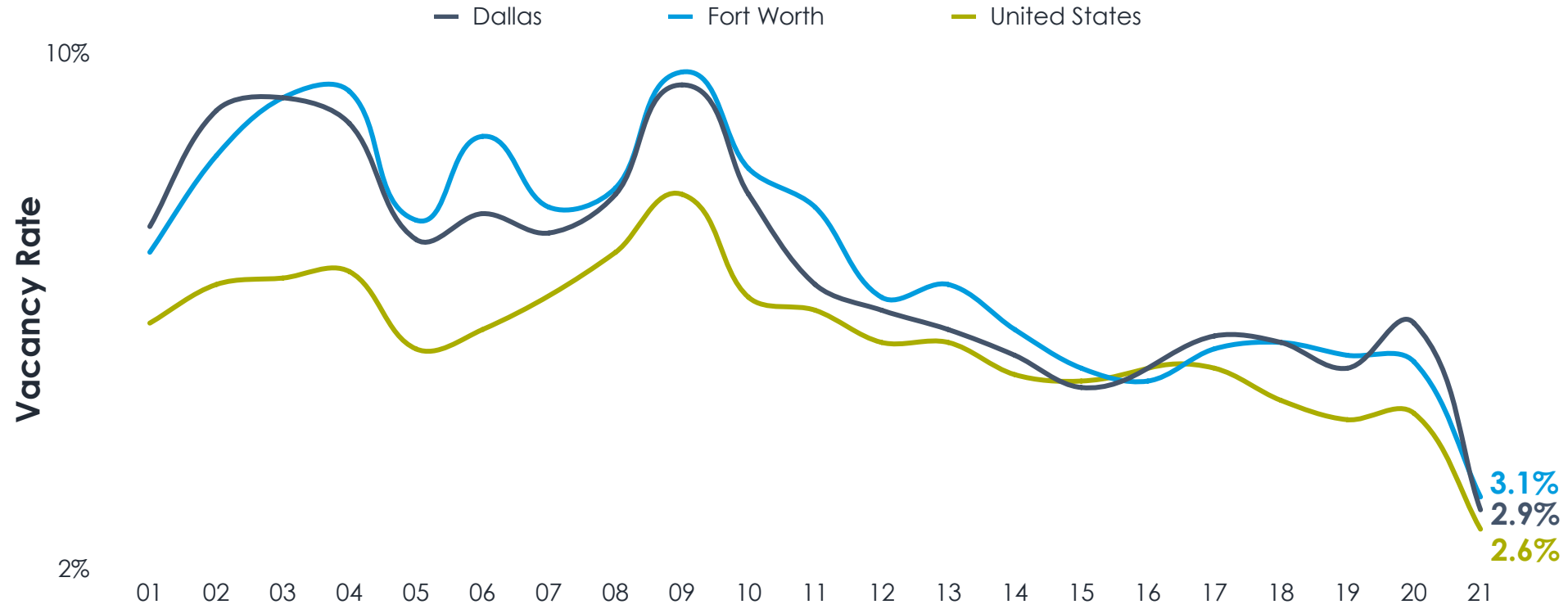
Bottom 10 Metros	2021 Net Absorption	Absorption as % Inv.
Inland Empire	2,300	1.2%
Cleveland	2,800	1.7%
Sacramento	3,000	2.0%
Cincinnati	3,700	2.3%
Indianapolis	4,100	2.5%
Milwaukee	4,100	2.6%
St. Louis	4,200	2.5%
Detroit	4,400	1.6%
Baltimore	4,900	2.1%
Jacksonville	4,900	4.1%
U.S. Total	667,900	3.7%

Dallas-Fort Worth Apartment Vacancy vs. Construction



* Forecast
Sources: IPA Research Services, RealPage, Inc.

Apartment Vacancy Rate Trends

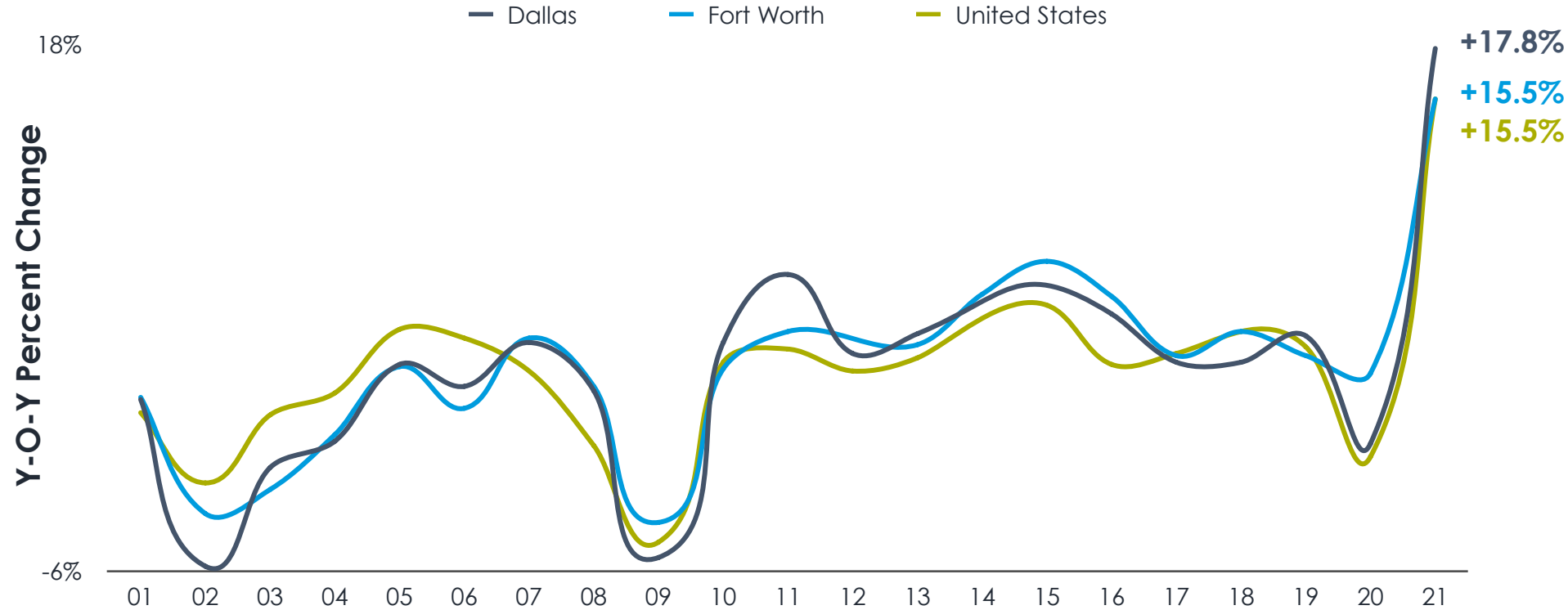


Dallas-Fort Worth Apartment Vacancy Trends by Class

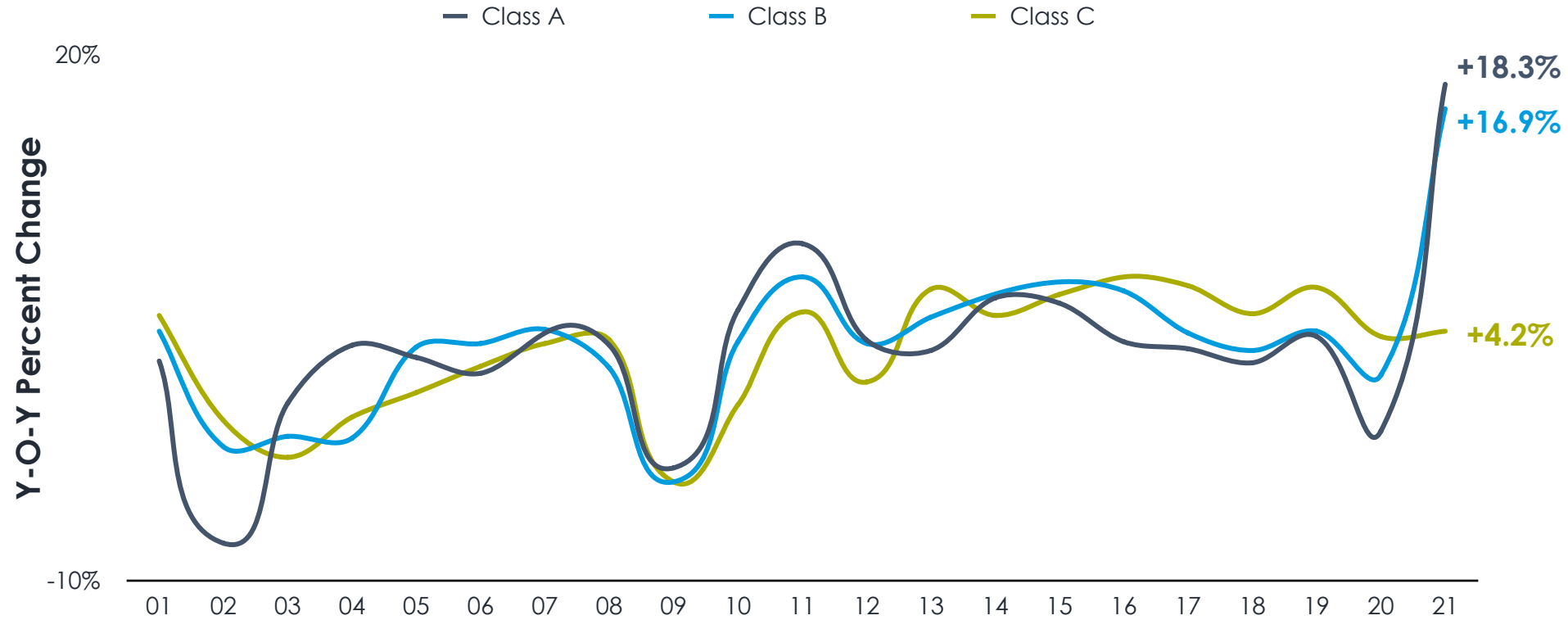


3.2%
3.0%
2.7%

Average Effective Rent Growth Trends



Dallas-Fort Worth Apartment Effective Rent Growth Trends by Class



Fort Worth Apartment Submarket Rank

4Q 2021 Vacancy Rate

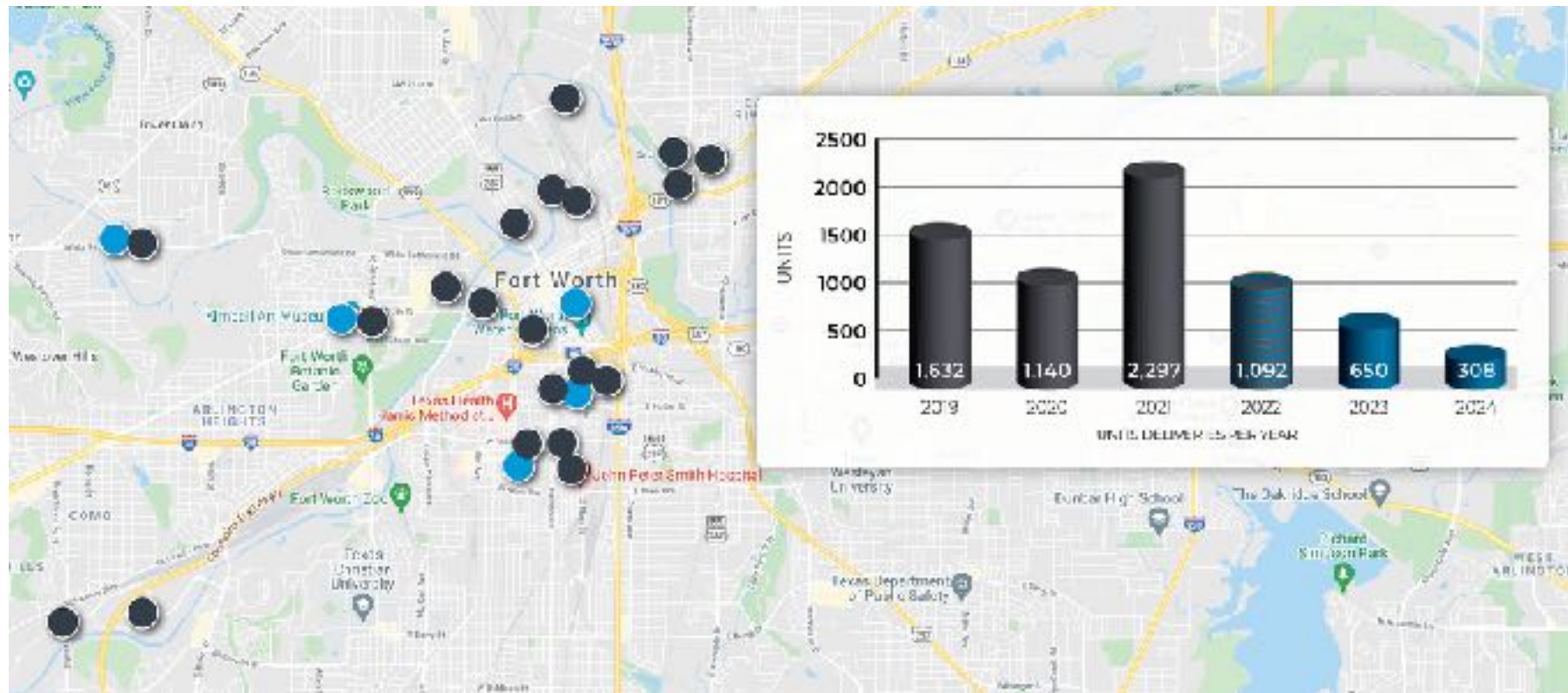
Submarket	4Q 2021 Vacancy	Y-O-Y Bps Change
Burleson-Johnson County	2.3%	-140
South Fort Worth	2.3%	-240
Grapevine-Southlake	2.5%	-340
Hurst-Euless-Bedford	2.5%	-240
Haltom City-Meacham	2.8%	-270
Northeast Fort Worth-North Richland Hills	2.8%	-220
South Arlington-Mansfield	2.8%	-110
North Fort Worth-Keller	3.0%	-210
West Fort Worth-Parker County	3.1%	-190
North Arlington	3.4%	-100
Intown Fort Worth-University	3.6%	-300
Southwest Fort Worth	3.9%	-160
East Fort Worth	4.1%	-240
Fort Worth	3.1%	-210

Fort Worth Apartment Submarket Rank

4Q 2021 Effective Rent Growth

Submarket	4Q 2021 Effective Rent	Y-O-Y % Change
Grapevine-Southlake	\$1,575	19.0%
West Fort Worth-Parker County	\$1,213	18.6%
Northeast Fort Worth-North Richland Hills	\$1,371	18.3%
Haltom City-Meacham	\$1,195	18.1%
South Fort Worth	\$1,065	17.2%
Hurst-Euless-Bedford	\$1,279	17.1%
North Fort Worth-Keller	\$1,523	16.7%
Intown Fort Worth-University	\$1,511	15.3%
South Arlington-Mansfield	\$1,392	14.3%
North Arlington	\$1,171	12.6%
Southwest Fort Worth	\$1,108	12.3%
Burleson-Johnson County	\$1,254	8.7%
East Fort Worth	\$1,006	7.1%
Fort Worth	\$1,276	15.5%

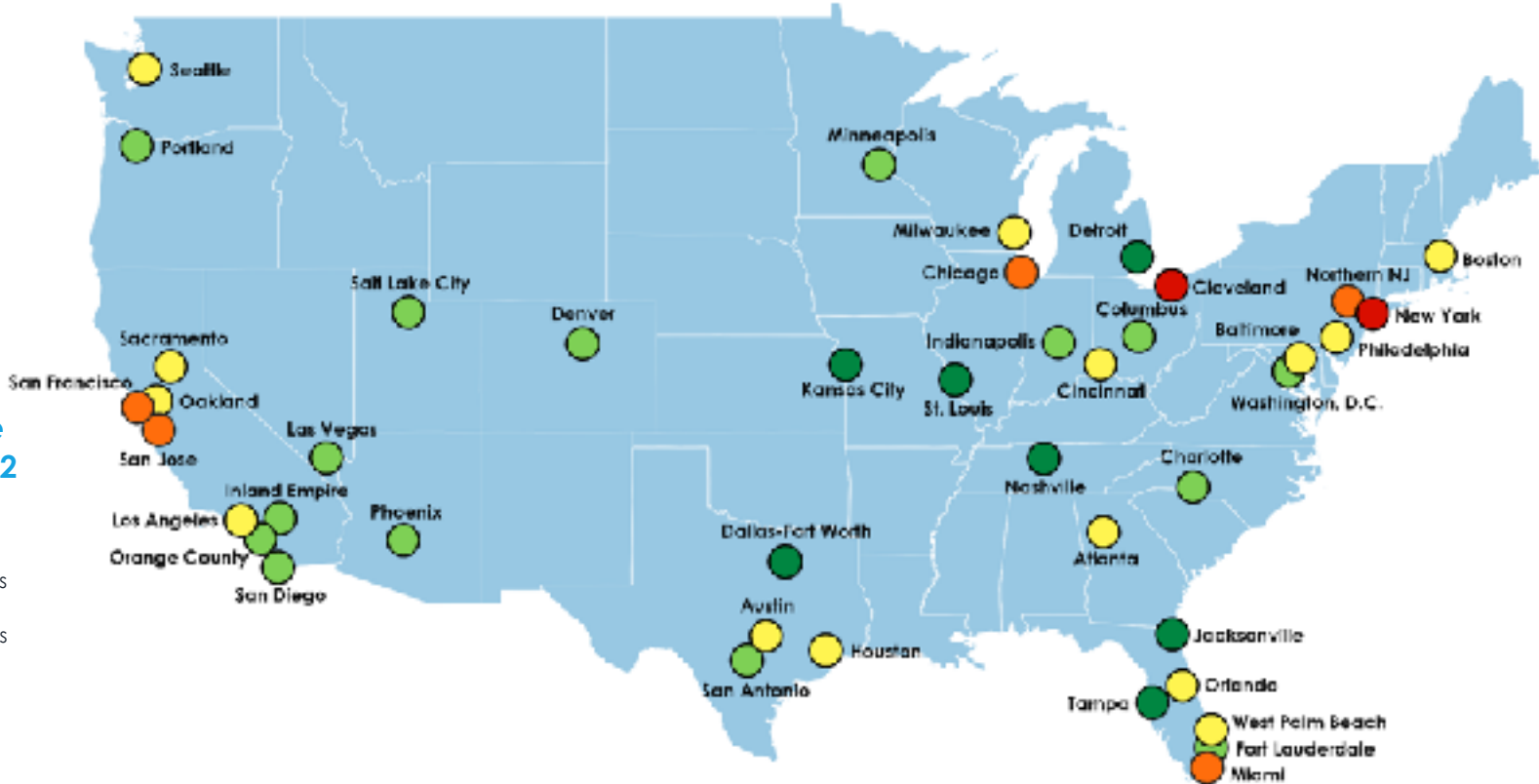
Intown Fort Worth Supply Study



DALLAS-FORT WORTH APARTMENT SALES OVERVIEW

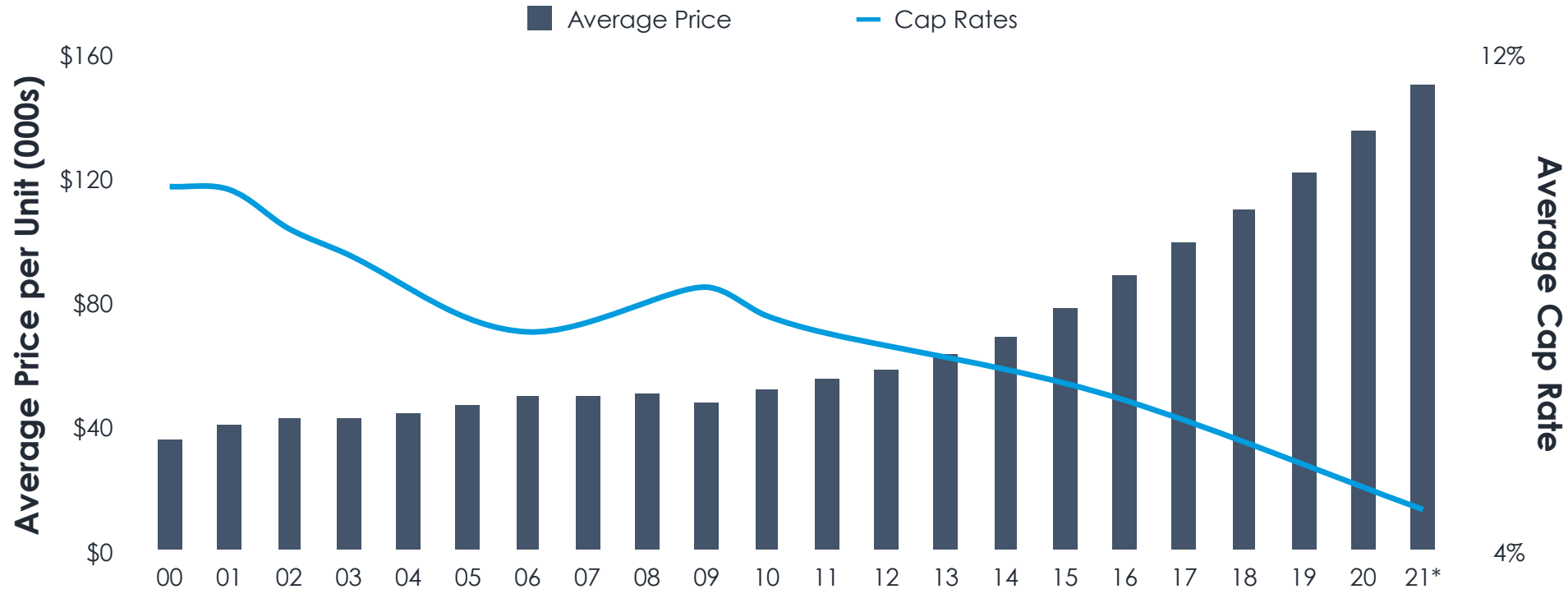
\$20M+ Apartment Median Cap Rate Change Since 2012

Median Cap Rate Change Since 2012



Preliminary estimate as of 4Q 2021
Includes sales \$20 million and greater
Sources: IPA Research Services, CoStar Group, Inc., Real Capital Analytics

Dallas-Fort Worth Apartment Price and Cap Rate Trends



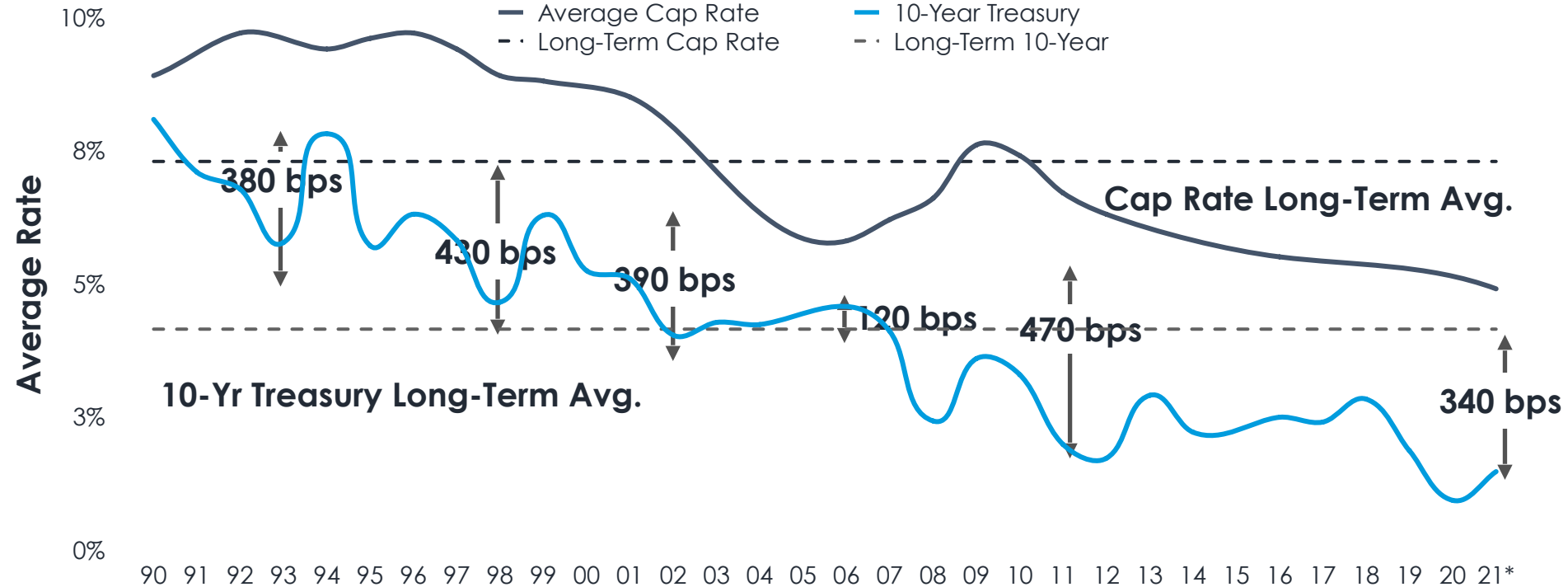
* Preliminary estimate

Includes sales \$1 million and greater

Sources: IPA Research Services, CoStar Group, Inc., Real Capital Analytics

U.S. Apartment Cap Rate Trends

Average Cap Rate vs. 10-Year Treasury

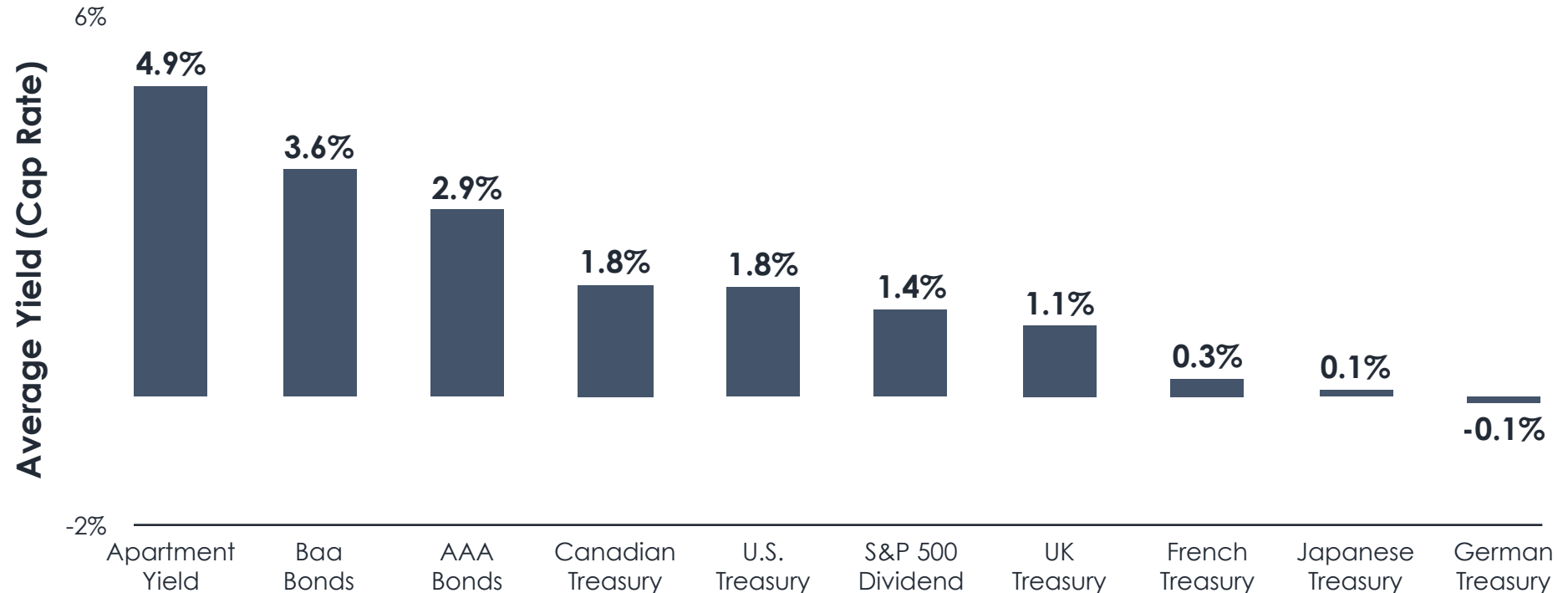


* Through December

Includes sales \$1 million and greater

Sources: IPA Research Services, CoStar Group, Inc., Real Capital Analytics, Federal Reserve

U.S. Apartments Offer Competitive Yields Compared to Alternatives



As of January 21, 2021

Treasury rates for 10-year treasuries

Yield (cap rate) includes sales \$1 million and greater

Sources: IPA Research Services, CoStar Group, Inc., Real Capital Analytics, Standard & Poor's, Federal Reserve

2021 Projections

- ❖ **14% DFW Rent Growth**
- ❖ **Fort Worth Breaks \$3.00 Rents**
- ❖ **Permits Increase Late 2022 Into Early 2023**
- ❖ **Values Up 20%**

TARRANT COUNTY APARTMENT MARKET OVERVIEW