

The Cantrell Report

Pertinent Information for Apartment Owners
July 2020

JOB GROWTH	Area New Jobs				
	1 Mo	6 Mo	12 Mo		
ESTIMATE	End 5/31	End 5/31	End 5/31		
	Dallas/Plano/Irving	45,600	(218,300)	(150,400)	
	Fort Worth/Arlington	32,000	(102,000)	(76,400)	
		77,600	(320,300)	(226,800)	
INTEREST RATES	Rates		END 6/30	Yr. Ago	
	10 Year Treasury		0.64%	2.03%	
	11th District COFI		0.74%	1.10%	
	1 Mo. LIBOR		0.18%	2.40%	
SUPPLY/ DEMAND	Units Added/ Absorbed		6 Mo End 6/30	12 Mo End 6/30	24 Mo End 6/30
	Dallas County				
	Added		4,248	10,550	22,792
	Absorbed		4,108	7,299	18,818
	Tarrant County				
	Added		3,308	6,023	13,605
Absorbed		2,794	4,643	10,603	
OCCUPANCY RATES	Dallas County		6/30/2020	6 Mo Ago	12 Mo Ago
	2010's		81.8%	80.8%	80.2%
	2000's		93.0%	93.5%	94.1%
	1990's		93.9%	94.6%	95.0%
	1980's		93.7%	92.9%	94.2%
	1970's or Older		92.4%	92.9%	93.4%
	Tarrant County				
	2010's		80.1%	81.0%	76.9%
	2000's		93.6%	93.5%	94.1%
	1990's		93.2%	94.0%	95.0%
	1980's		93.8%	93.3%	94.3%
	1970's or Older		91.0%	90.8%	91.8%
	RENTAL RATES	Dallas County		6/30/2020	6 Mo Ago
2010's		\$1,600	\$1,591	\$1,603	
2000's		\$1,443	\$1,425	\$1,440	
1990's		\$1,337	\$1,353	\$1,344	
1980's		\$1,006	\$993	\$988	
1970's or Older		\$968	\$957	\$942	
Tarrant County					
2010's		\$1,390	\$1,384	\$1,419	
2000's		\$1,260	\$1,245	\$1,270	
1990's		\$1,218	\$1,226	\$1,231	
1980's		\$988	\$974	\$969	
1970's or Older		\$929	\$910	\$904	
HISTORICAL JOB GROWTH		Average year change of the combined DFW MSA's			
	2019	127,600	1 Texas Workforce Commission		
	2018	102,200	2 Banxquote.com		
	2017	91,700	3 ALNsys.com - Rental rates are after concessions.		
	2016	120,500	Approximately 25% of 70's or older are all bills paid		
	2015	98,700			
	2014	132,000			
	2013	95,600			

Texas Apartment Markets will slowly rebound
Texas apartment markets have suffered setbacks due to the COVID-19 pandemic.

Steve Brown, Dallas Morning News
6/22/2020

But the rental business is expected to recover over the next 18 months as the impact of the coronavirus subsides, according to a new forecast from CBRE.

Researchers with the commercial real estate firm looked at major apartment markets across the state.

So far, Dallas-Fort Worth is the top-performing market, with a lower vacancy rate and the smallest declines in rental rates.

"The Texas multifamily markets have many challenges over the months ahead," Jeanette Rice, CBRE's Americas head of multifamily research, said in the new report. "The markets may not totally stabilize until the fourth quarter.

"Yet 2021 should experience steady recovery, and Texas's pre-COVID-19 strengths should play a big role in helping apartment demand return rapidly through 2021," she said.

CBRE is predicting that Texas apartment markets will be back to pre-pandemic levels by the start of 2022.

While job losses in the state and business closings have spiked with the pandemic, Rice said a rebound in migration and new jobs in Texas will boost the rental market.

"In the short term, with greatly reduced employment opportunities, migration into Texas will slow, hindering creation of new multifamily demand," she said. "Longer term, as the economy begins to get back on its feet, the major Texas metros should again attract large numbers of new residents, thereby creating high levels of market demand over the following years."

While the apartment industry hasn't suffered near the declines seen in hotels and retail, the economic impact of COVID-19 has caused an increase in vacancy rates and has prompted slight declines in rents in some markets.

Statewide rents declined about 1.5% from March to May, according to CBRE. Dallas-area rents dropped 1% during the period.

Apartment construction has also been hammered by the pandemic.

Dallas-area apartment building permits were down almost 9% for the 12-month period ending in April, according to RealPage.

Nationwide multifamily building permits were at a four-year low.

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