

# D-FW apartment building booms with more than 50,000 units on the way

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North Texas apartment construction has exploded in the last few months, reaching almost unheard of levels.

More than 50,000 apartments are currently being built in the Dallas-Fort Worth area - a jump of almost 7,000 units in just the last three months, according to a new report by MPF Research.

More apartments are under construction in D-FW than anyplace else in the country.

Apartment building volumes in North Texas at midyear are about seven times what they were five years ago, according to MPF Research.

Almost 10 percent of all the apartments being built in the entire U.S. are in the D-FW area.

"It's the largest share we have probably ever seen for any individual market in the county," said Greg Willett, MPF Research vice president.

So far the unprecedented jump in apartment building isn't causing industry analysts to panic, he said.

But it's a good thing leasing activity in North Texas has remained strong, Willett said.

"We are at record occupancy, and it's leasing as fast as it's done," he said. "This suggests we still have some pent-up demand.

"While delivery volumes will be huge over the next couple of years, there aren't yet any red flags pointing to an inability to handle that much more product."

Less than 5 percent of D-FW apartments are empty.

Overall apartment rents are up by more than 6 percent in the last year, according to MPF Research.

For the first time D-FW average apartment rents have topped \$1,000 a month. Average rents in the newest units are \$1,448.

To date in 2016, net apartment leasing in the D-FW area has totaled 7,722 units, about the same as in the first half of 2015.

Most of the leasing has been in the second quarter, after a slump in apartment renting during the early months of this year.

"After demand lulled briefly right at the start of the year, leasing now has surged again," Willett said.

A rise in job creation in North Texas this year has helped apartment developers fill up the thousands of new units being opened in the area.

"If the economy stumbles for any reason and there are 50,000 units on the way, that means a big correction," Willett said.

MPF Research reports the biggest blocks of building are in fast-growing areas.

"The in-town Dallas building number is now 6,000 or so units and Frisco is around 5,000 - those are the two really big ones," Willett said.

So far both the economy and demographics are working in apartment builders' favor.

"Occupancy remains stronger than the norm during past periods of substantial construction," Willett said. "The fact that few young adults are opting for home purchases right now is helping the occupancy performance.

"Economic growth is bringing new renters in through the front door," he said. "At the same time, the number of existing residents exiting out the back for other housing options is limited."