

D-FW apartment rents saw record increase in 2011



File 2011/Staff Photo

JLB Partners new project on Maple Avenue is among 8,000 apartments under construction in North Texas.

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North Texas apartment renters paid almost 5 percent more in 2011, the biggest annual increase on record.

But the rise in rental rates didn't put a dent in tenant demand.

Dallas-Fort Worth net apartment leasing totaled 2,990 units in the fourth quarter, according to analysts at MPF Research Inc. That was the biggest fourth-quarter apartment rental total for the area in more than a decade.

D-FW was second nationally only to Houston in apartment renting during the final three months of the year.

“Everything is working in the apartment market’s favor right now in North Texas,” Greg Willett, MPF Research vice president, said Thursday. “Job formation numbers are solid, particularly for the young adults who tend to be renters, and single-family purchases continue to run below historical norms.”

At the end of 2011, D-FW apartment rents averaged a record \$804 a month, the Carrollton-based apartment analyst said Thursday. And most new North Texas rental units start above \$1,000.

Compare that with the cost of a \$200,000 home loan, which is less than \$1,000 a month.

Young professionals who are renting many of North Texas’ new apartment units aren’t put off by the higher prices.

D-FW apartment leasing totaled a net 15,240 units in 2011. That was down a bit from 2010, but a lack of new rental homes available in many popular markets slowed leasing.

“For Dallas-Fort Worth, your biggest block of demand comes from new product,” Willett said.

“And we had a relatively small amount of that in 2011.”

Only 5,417 new apartments were added to the market in North Texas last year, the lowest completion total since 1994.

In an average year, about 13,000 new apartments open their doors in the D-FW area.

Developers are scrambling to get apartment projects started and on the market.

At the end of December, 8,000 units were under construction in North Texas. A year earlier, less than 4,000 units were in the development pipeline.

While Willett expects the apartment building boom to continue this year, it won’t be as easy to start new projects.

“It’s going to get tougher to get some of this product going,” he said. “Many prime building sites in the area are already taken.

“If you don’t have the land now, the land costs are really going up.”

Overall apartment occupancy in the D-FW area is just over 93 percent, up about 2 percentage points in the last year.

MPF Research is predicting that vacancies will continue to fall in the area this year and average apartment rents will rise an additional 5 percent by the end of 2012.