

The Cantrell Report

Pertinent Information for Apartment Owners

July 2018

Study: Dallas-Fort Worth a top market for real estate investors

By Korri Kezar, Dallas Business Journal
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An expanding population, pro-business environment and growing number of headquarters are luring investors to put their money in North Texas real estate.

In a survey conducted by [CBRE](#) (NYSE: CBRE), Dallas-Fort Worth ranked second in the Americas for real estate investor interest, attracting foreign and domestic investors. Canadian investors are particularly interested in the area, funneling \$326.2 million into North Texas over the past 12 months.

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Job growth and economic diversity were cited in the report as driving interest, though 49 percent of respondents reported “strong economic basics driving rental growth value” as the primary reason they’re putting their money in the region.

“DFW is a dynamic region where no one industry dominates and growth projections are generally higher than other large U.S. metros,” said [Robert Kramp](#), director of research and analysis for CBRE’s Texas -Oklahoma division. “And because of Texas’ diverse economy, we are much more insulated against unforeseen macroeconomic events which might cause stronger economic headwinds in other areas of the country.”

Nationally, industrial real estate is attracting the most investor interest, with 50 percent citing it as their preferred investment opportunity.

Multifamily real estate follows at 20 percent, office at 14 percent and retail at 10 percent.

North Texas largely follows those trends, with industrial garnering the most investment dollars. Kramp chalks that up to the metroplex being one of the country’s five super-regional industrial centers.

Other types of real estate are also interesting DFW investors, depending on their risk tolerance.

“(It) depends on the investor’s area of expertise and risk tolerance level,” Kramp said of where investors are putting their money. “DFW attracts investors from all ranges of the spectrum – entrepreneurial buyers and private capital up to large public (real estate investment trusts), pension funds and other institutional investors.”

TECHNOLOGY

Along with investments, the region’s real estate scene continues to expand. CBRE reported it’s tracking more than 5.6 million square feet and 15 million square feet in current active tenant requirements for office and industrial space, respectively.

That’s an indicator that DFW will remain an attractive investment opportunity.

“No one really knows how long this (real estate) cycle will last; I’ve seen some projections for continued growth up to the next two years,” Kramp said. “However, at least for the foreseeable future, I’d expect DFW to retain its position as one of the top U.S. destinations.”

Topping CBRE’s survey was Los Angeles/Southern California.

Other Texas metros also made the list, including Houston in a tie for fourth and Austin in a tie for 10th.

JOB GROWTH ¹	Area New Jobs	1 Mo	6 Mo	12 Mo
	Estimate	End 4/30	End 4/30	End 4/30
	Dallas/Plano/Irving	12,800	23,700	90,700
	Fort Worth/Arlington	7,400	12,800	31,300
		20,200	36,500	122,000
INTEREST RATES ²	Rates	END 5/31		Yr. Ago
	10 Year Treasury		2.85%	2.31%
	11th District COFI		0.90%	0.65%
	1 Mo. LIBOR		2.10%	1.22%
SUPPLY/ DEMAND ³	Units Added/ Absorbed	6 Mo End 6/30	12 Mo End 6/30	24 Mo End 6/30
	<u>Dallas County</u>			
	Added	5,551	11,812	23,392
	Absorbed	7,986	10,844	17,091
	<u>Tarrant County</u>			
	Added	2,257	7,623	13,690
	Absorbed	4,088	5,371	7,991
OCCUPANCY RATES ³	Dallas County	6/30/2018	6 Mo Ago	12 Mo Ago
	2010's	78.3%	75.0%	74.5%
	2000's	93.6%	93.3%	94.3%
	1990's	93.8%	93.1%	94.3%
	1980's	94.4%	93.6%	94.9%
	1970's or Older	94.0%	93.4%	93.7%
	<u>Tarrant County</u>			
	2010's	73.7%	67.7%	73.3%
	2000's	95.2%	94.6%	95.9%
	1990's	95.0%	94.4%	95.3%
	1980's	94.9%	94.4%	95.1%
	1970's or Older	92.3%	92.0%	92.6%
RENTAL RATES ³	Dallas County	6/30/2018	6 Mo Ago	12 Mo Ago
	2010's	\$1,568	\$1,516	\$1,553
	2000's	\$1,446	\$1,359	\$1,365
	1990's	\$1,314	\$1,291	\$1,305
	1980's	\$952	\$934	\$933
	1970's or Older	\$907	\$889	\$879
	<u>Tarrant County</u>			
	2010's	\$1,376	\$1,361	\$1,420
	2000's	\$1,238	\$1,201	\$1,214
	1990's	\$1,214	\$1,201	\$1,205
	1980's	\$935	\$909	\$907
	1970's or Older	\$867	\$842	\$833
HISTORICAL JOB GROWTH	Average year change of the combined DFW MSA's			
	2017	91,700		
	2016	120,500		
	2015	98,700		
	2014	132,000		
	2013	95,600		
	2012	79,200		

1 Texas Workforce Commission
2 Banxquote.com
3 ALLNsys.com - Rental rates are after concessions.
Approximately 25% of 70's or older are all bills paid

Mark Cantrell
214-368-1295
mcantrell@cmi-tax.com

Sam Pettigrew
972-630-6691
spettigrew@cantrellcompany.com

Thomas Hooke
972-630-6696
thooke@cantrellcompany.com