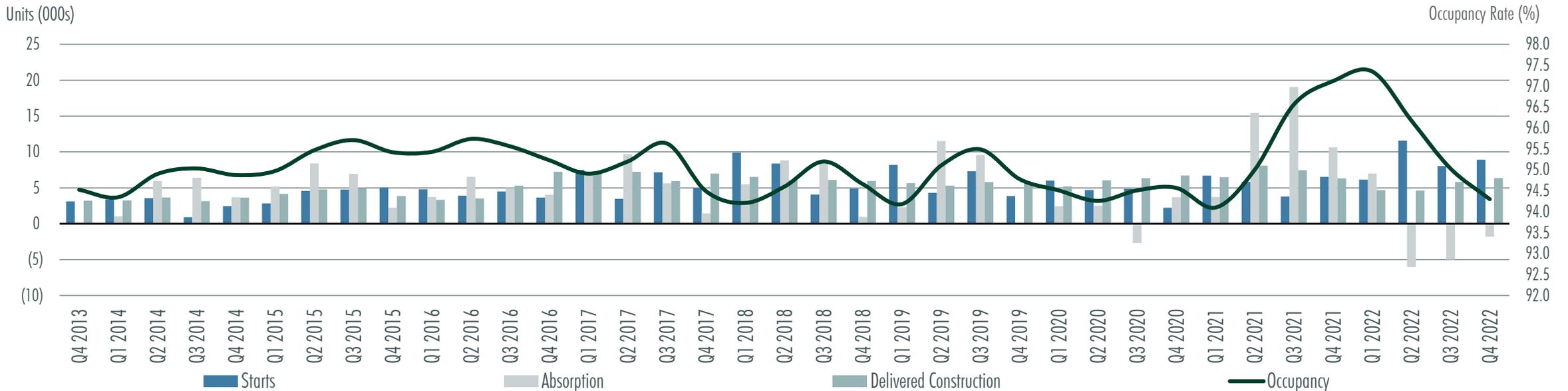


FIGURES | DALLAS/FORT WORTH | Q4 2022

Growing new supply in multifamily puts downward pressure on occupancy, net absorption



Figure 1: Dallas/Fort Worth Multifamily Market



Source: CBRE Research, RealPage Inc., Q4 2022.

Employment

Despite recent economic uncertainty, employment indicators showed continued signs of strength, particularly at the local market level, at year-end 2022. The national unemployment rate was 3.5% in December 2022, holding steady when compared to September 2022, according to the Bureau of Labor Statistics. Dallas/Fort Worth recorded a 3.2% unemployment rate, down 20 basis points (bps) since September 2022. Comparing year-over-year, DFW has gained 172,336 non-farm jobs since December 2021, a 4.3% increase.

Net Absorption and Occupancy

Demand was outpaced by supply in Q4 2022, translating into negative absorption for a third consecutive quarter at 1,808 units, but less steep of a drop compared to Q3 2022. This contributed to an annual yield of negative 5,860 units absorbed. As a result, occupancy trended down in Q4 2022 to 94.3% from 95.0% in Q3 2022, a 70-bps decrease.

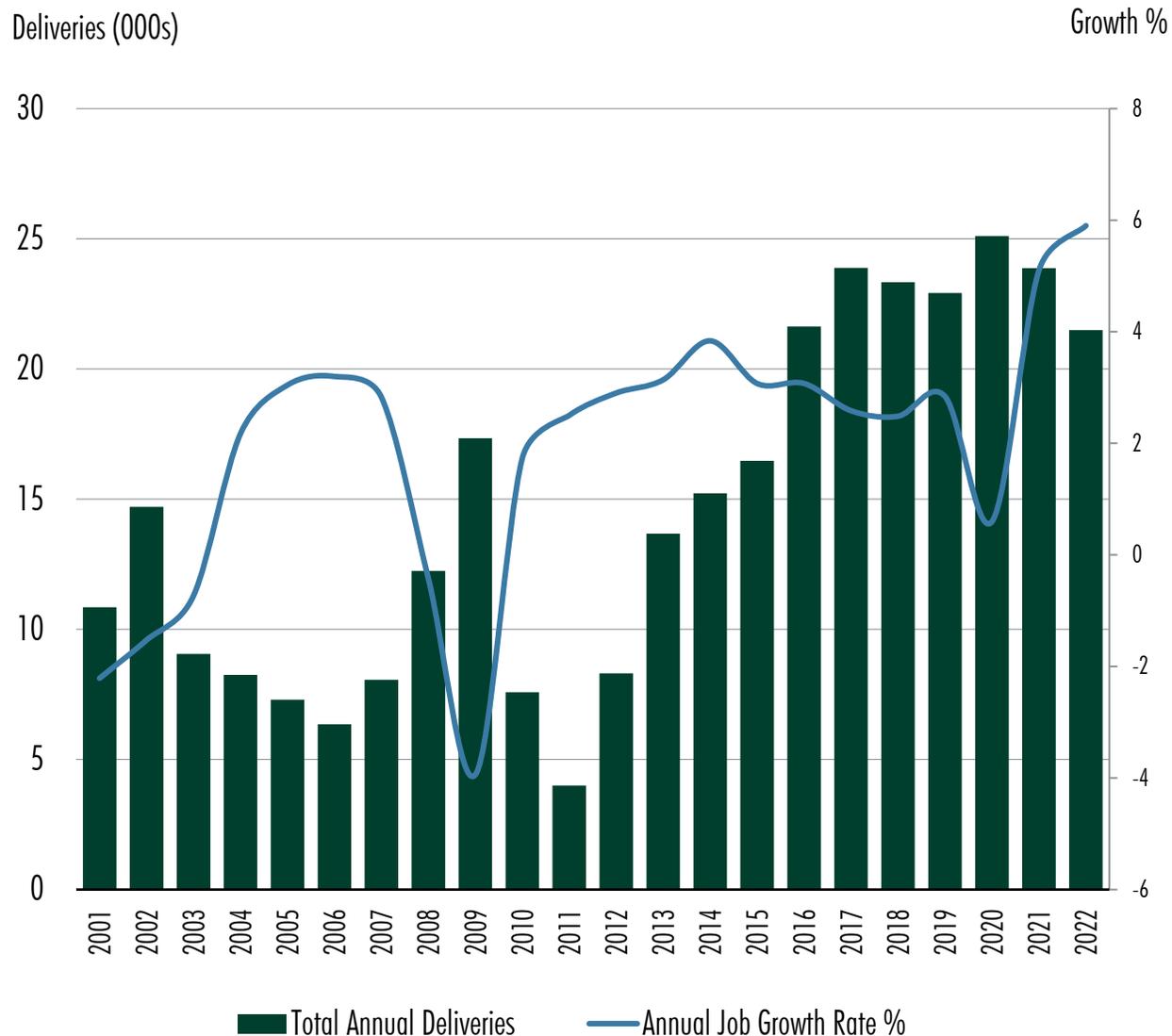
Rental Rate and Construction Pipeline

In Q4 2022, rents remained flat at \$1.74/SF while delivered product and construction starts ticked up quarter-over-quarter. More than 6,300 units were delivered in Q4 2022, an increase of 538 units since last quarter, yielding more than 21,000 in completions for 2022. An additional 10,191 units broke ground in Q4 2022, bringing the total active pipeline to 64,652 units under construction, with 49,911 units underway throughout Dallas and surrounding submarkets, and 14,741 units for the Fort Worth side of the Metroplex.

Overall Activity

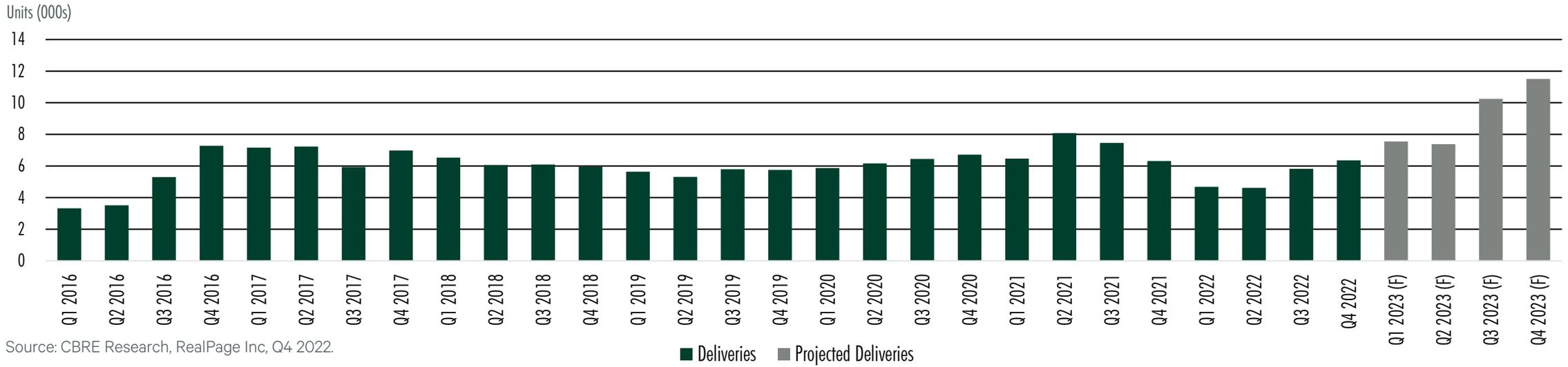
Nationally, multifamily rents and demand continued to normalize from the instability created from the pandemic with averages hovering slightly below pre-pandemic levels. Despite the looming threats of inflation during 2022, the impact has allowed the U.S. dollar to strengthen more than 10%. A stronger dollar will likely lower the costs of imports, however, the impact of inflation combined with federal interest rate hikes suggest that housing prices and rents will continue to weaken during the coming quarters. Multifamily REITs located within the suburban and Sun Belt markets have been outperforming those with a heavier CBD market exposure. Locally, DFW has already begun to see a slight price decrease within the already tight housing market as interest rates continue to rise, making it more difficult for individuals to purchase a home. The result has increased demand within the multifamily market and the evidence has been unfolding through continuous growth in construction starts, deliveries, and long-term absorption.

Figure 2: New Supply & Job Growth



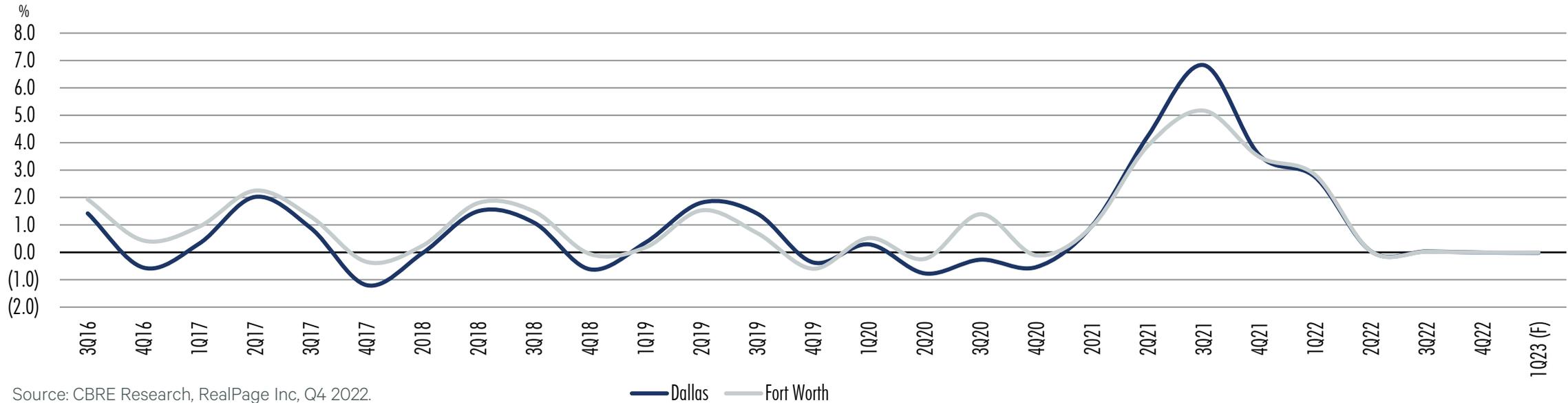
Source: CBRE Research, RealPage Inc., Q4 2022.

Figure 3: Historical & Forecasted Deliveries



Source: CBRE Research, RealPage Inc, Q4 2022.

Figure 4: Historical Effective Rent Growth (M-o-M)



Source: CBRE Research, RealPage Inc, Q4 2022.

Figure 5: Q4 2022 Submarket Overview

	Submarket	Property Count	Inventory (Units)	Effective Rent (\$/SF*Mth)	Rent Growth Year-Over-Year (%)	Occupancy (%)	Net Absorption (Units)	Delivered (Units)	Under Construction (Units)
CENTRAL	East Dallas	85	18,533	2.11	9.5	94.4	(187)	-	759
	Far East Dallas	58	13,844	1.49	12.6	93.7	(192)	-	56
	Intown Dallas	147	32,577	2.18	6.4	93.4	(204)	264	3,176
	Northeast Dallas	104	27,550	1.55	9.9	93.0	(563)	-	1,447
	Oak Lawn / Park Cities	63	12,654	2.38	6.5	93.6	(149)	98	227
	Central Total	457	105,158	1.94	8.7	93.5	(1,295)	362	5,665
	NORTH	Addison/ Bent Tree	101	28,272	1.75	7.8	94.7	(126)	102
Allen / McKinney		87	24,994	1.78	6.3	94.1	295	447	7,406
Central / East Plano		65	17,561	1.76	9.6	94.7	(6)	201	1,809
Far North Dallas		86	26,744	1.75	10.0	94.0	(317)	-	897
Frisco		79	25,055	1.87	7.8	94.3	1,154	1,579	7,656
North Dallas		50	12,413	1.69	9.5	94.5	(42)	113	625
Richardson		58	15,393	1.81	8.4	94.7	(192)	-	1,095
West Plano		55	17,748	2.01	9.9	94.6	(25)	-	-
North Total	581	168,180	1.80	8.5	94.4	741	2,442	19,832	
NORTHEAST	Garland	83	16,627	1.59	10.3	94.8	75	204	789
	Hunt County	7	939	1.25	17.2	96.2	(5)	24	344
	Rockwall / Rowlett / Wylie	34	8,378	1.74	5.8	92.2	(31)	94	2,348
	Northeast Total	124	25,944	1.63	9.1	93.9	39	322	3,481

Source: CBRE Research, RealPage Inc., Q4 2022.

Figure 5: Q4 2022 Submarket Overview

	Submarket	Property Count	Inventory (Units)	Effective Rent (\$/SF*Mth)	Rent Growth Year-Over-Year (%)	Occupancy (%)	Net Absorption (Units)	Delivered (Units)	Under Construction (Units)
SOUTHEAST	Kaufman County	12	2,457	1.55	3.7	94.8	(6)	72	871
	Mesquite	42	9,578	1.51	12.9	93.7	(158)	-	-
	Southeast Total	54	12,035	1.52	11.0	94.0	(164)	72	871
SOUTH	Ellis County	38	4,662	1.55	9.5	95.0	7	96	1,257
	Southeast Dallas	42	8,491	1.35	15.4	94.2	(47)	10	-
	Southern Dallas County	40	7,919	1.54	8.1	94.0	(112)	-	223
	Zang Triangle / Cedars / Fair Park	21	3,541	1.60	8.0	95.1	165	240	1,517
	South Total	141	24,613	1.48	10.9	94.6	13	346	2,997
SOUTHWEST	Grand Prairie	62	16,374	1.70	6.9	94.9	(18)	295	3,654
	North Oak Cliff / West Dallas	51	10,535	1.78	9.7	94.8	(49)	132	2,030
	Southwest Dallas	47	11,534	1.38	10.8	93.8	(2)	-	866
	Southwest Total	160	38,443	1.63	8.8	94.5	(69)	427	6,550
NORTHWEST	Carrollton / Farmers Branch	75	18,062	1.79	10.2	95.7	(13)	123	763
	Denton	84	13,453	1.68	12.9	95.4	118	325	3,340
	Las Colinas / Coppell	74	26,503	1.93	7.9	95.3	(211)	62	1,654
	Lewisville / Flower Mound	105	27,199	1.78	6.2	95.0	99	236	2,689
	Love Field / Medical District	33	7,947	1.89	7.3	95.0	28	-	951
	North Irving	40	10,778	1.68	10.7	95.7	(159)	-	-
	Northwest Dallas	35	8,115	1.50	16.0	96.7	(114)	-	-
	South Irving	83	16,692	1.54	12.3	96.1	(33)	122	123
	The Colony / Far North	45	17,226	1.81	6.5	95.5	(67)	-	995
	Northwest Total	574	145,975	1.76	9.3	95.5	(352)	868	10,515

Source: CBRE Research, RealPage Inc., Q4 2022.

Figure 5: Q4 2022 Submarket Overview

	Submarket	Property Count	Inventory (Units)	Effective Rent (\$/SF*Mth)	Rent Growth Year-Over-Year (%)	Occupancy (%)	Net Absorption (Units)	Delivered (Units)	Under Construction (Units)
CENTRAL	Intown Fort Worth / University	74	15,864	1.87	5.2	92.7	(201)	108	2,583
	Central Total	74	15,864	1.87	5.2	92.7	(201)	108	2,583
NORTH	Haltom City / Meacham	35	6,634	1.65	8.0	93.0	(29)	115	1,171
	North Fort Worth / Keller	44	11,769	1.72	6.8	94.1	348	537	3,312
	North Total	79	18,403	1.69	7.2	93.7	319	652	4,483
NORTHEAST	Grapevine / Southlake	32	9,423	1.86	7.5	94.8	55	91	508
	Hurst / Euless / Bedford	120	28,527	1.68	9.1	94.6	(143)	-	-
	Northeast Fort Worth / North Richland Hills	48	12,138	1.63	6.6	94.5	(211)	-	1,505
	Northeast Total	200	50,088	1.70	8.2	94.6	(299)	91	2,013
EAST	Central Arlington	88	16,768	1.52	10.5	93.5	(225)	-	693
	East Fort Worth	44	7,854	1.37	13.7	92.5	(243)	-	-
	North Arlington	71	16,443	1.62	7.8	92.1	(95)	171	626
	South Arlington/Mansfield	36	8,205	1.74	4.4	94.3	74	183	1,021
	East Total	239	49,270	1.56	9.1	93.0	(489)	354	2,340
SOUTH	Burleson/Johnson County	23	2,769	1.59	11.0	94.5	130	236	1,031
	South Fort Worth	29	5,973	1.41	9.1	94.5	94	82	1,098
	South Total	52	8,742	1.47	9.7	94.5	224	318	2,129
WEST	Southwest Fort Worth	72	16,678	1.43	9.3	93.3	(206)	-	374
	West Fort Worth/Parker County	34	6,204	1.50	11.7	94.0	(69)	-	819
	West Total	106	22,882	1.45	10.0	93.5	(275)	-	1,193
DALLAS TOTAL		2,091	520,348	1.77	9.0	94.5	(1,087)	4,839	49,911
FORT WORTH TOTAL		750	165,249	1.63	8.4	93.7	(721)	1,523	14,741
DALLAS/FORT WORTH TOTAL		2,841	685,597	1.74	8.8	94.3	(1,808)	6,362	64,652

Source: CBRE Research, RealPage Inc., Q4 2022.

