

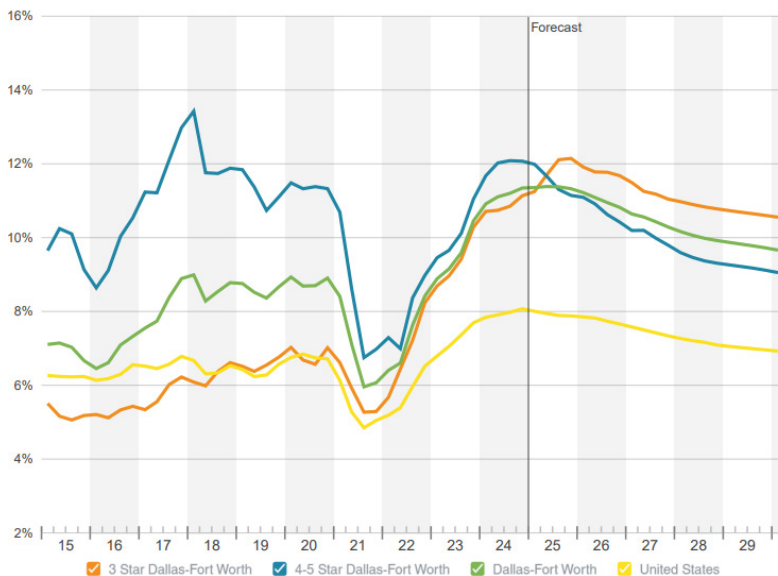
# ANNUAL REPORT: DFW MULTI-FAMILY

## DFW SUMMARY

Multifamily demand in Dallas-Fort Worth (DFW) is rebounding, reflecting growing confidence among renters. Over the past year, net absorption reached 30,000 units, surpassing pre-pandemic levels. However, supply continues to outpace demand, with developers delivering a record 41,000 units, pushing vacancy to 11.3%, a 140-basis-point increase year-over-year and near a 20-year high. The surge in supply has also kept rent growth negative at -1.2%, applying downward pressure on rental rates. Despite these challenges, demand has strengthened, particularly in fast-growing suburban submarkets. Collin and Denton Counties continue to see rapid population expansion, fueling leasing activity in Frisco/Prosper and Allen/McKinney—two markets that accounted for one-third of total demand in the past year. With both counties growing their populations by 50% since 2010, these areas have played a critical role in stabilizing the market during periods of heavy supply. DFW appears to have reached peak supply, as construction starts decline and deliveries slow. Developers added 41,000 units over the past year, representing 4.3% of inventory—a level below other Sun Belt metros, including Austin, Atlanta, and Nashville, where deliveries range from 5% to 9% of inventory. As development slows and demand remains strong, the market is expected to stabilize, setting the stage for improved fundamentals in the coming years.

## SUPPLY AND DEMAND

Vacancy Rate



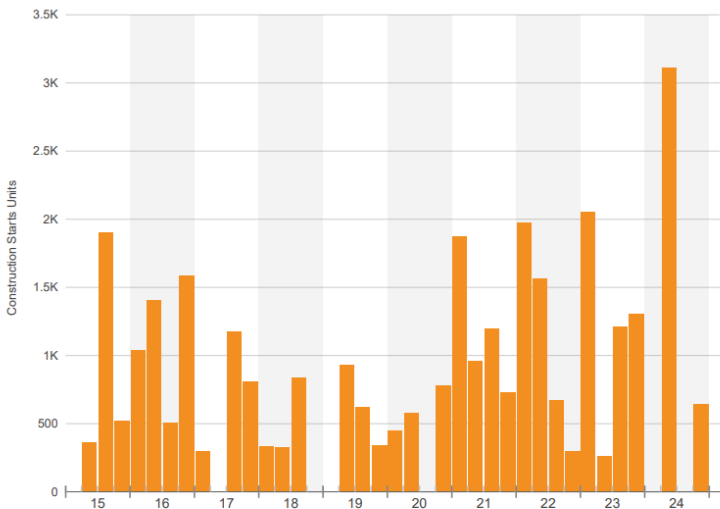
The multifamily supply pipeline is beginning to ease, with 36,000 units currently under construction, half of which are expected to deliver within the next year. As a result, vacancy rates are projected to remain elevated, keeping rent growth subdued in the near term. However, a sharp decline in new construction starts this year suggests that the market could face future supply constraints, setting the stage for vacancy rates to tighten and rents to rebound through late 2025 and into 2026.

\*All information sourced from the Costar Group

# FRISCO SUBMARKET

Located in the northernmost section of the Dallas-Fort Worth metroplex, Frisco has emerged as one of the fastest-growing submarkets in the country. Rapid population growth and in-migration have fueled a surge in office, retail, and multifamily development, transforming former pastures into a thriving economic hub. The area's top-rated public schools and proximity to major employers have made it a highly desirable location for families, driving sustained demand for housing. However, persistent supply-side pressure has resulted in vacancy rates that typically exceed the market average, and rent growth remains sluggish compared to the broader DFW market. Over the past decade, Frisco's multifamily inventory has tripled, adding 35,000 units to meet growing demand.

Construction Starts

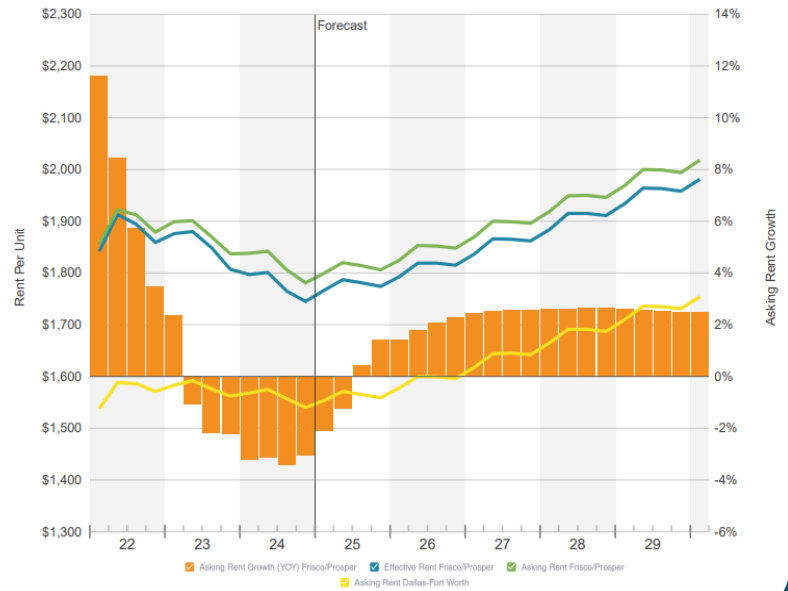


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## SUPPLY AND DEMAND

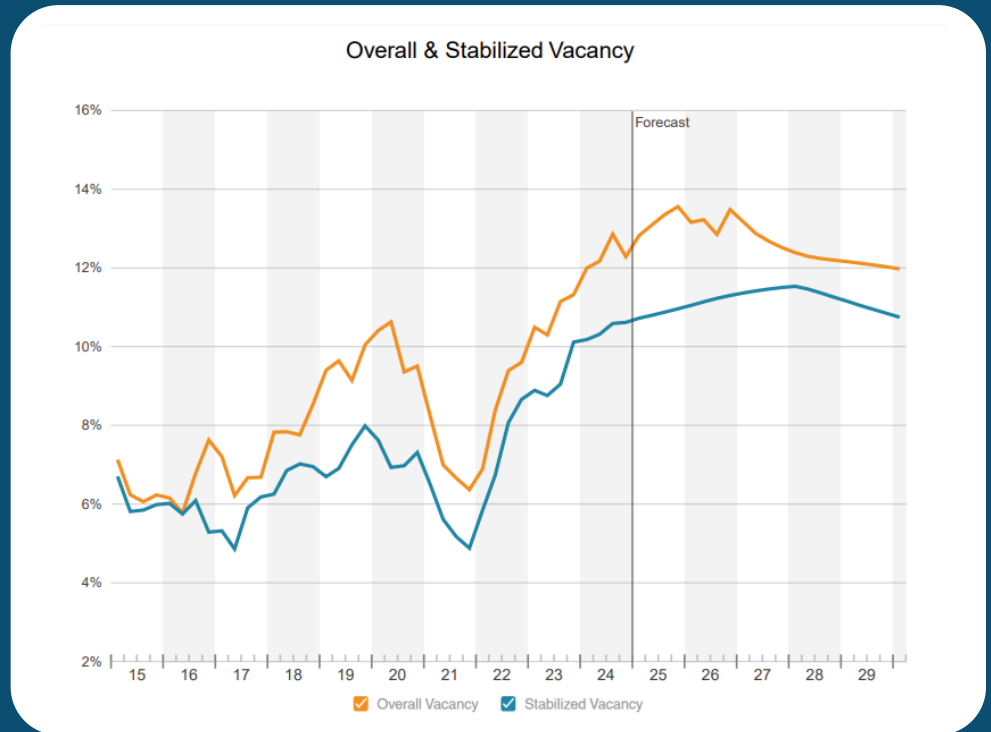
Frisco continues to be a leader in new construction activity, even as construction levels begin to taper across the broader DFW market. Development is pushing the northern boundary of the submarket, further solidifying the area's role in shifting DFW's growth trajectory northward. Thanks to strong demographic tailwinds, **Frisco consistently ranks as a top-performing submarket for demand**, both locally and nationally. However, as new supply continues to outpace absorption, rent growth is expected to underperform in the near term, according to CoStar's forecast. While demand remains strong, the market will take time to stabilize as it works through the influx of new inventory. Investors should watch for long-term opportunities as supply begins to moderate and demand catches up.

Market Rent Per Unit & Rent Growth



# SOUTHWEST FORT WORTH SUBMARKET

Developers are actively reshaping key neighborhoods in Southwest Fort Worth, including Near Southside, Clearfork, and the TCU area, bringing new residential and commercial projects to the region. Historically, Northwest Fort Worth has been a focal point for growth, with vibrant districts such as West 7th, the Cultural District, and Downtown Fort Worth attracting both residents and businesses. However, with increasing neighborhood amenities, strong employment opportunities, and continued population expansion moving southward, Southwest Fort Worth is now drawing more interest from developers and renters alike. The combination of affordable living options, expanding infrastructure, and proximity to major employment hubs makes this submarket an emerging investment destination with long-term potential.



## EMPLOYMENT GROWTH

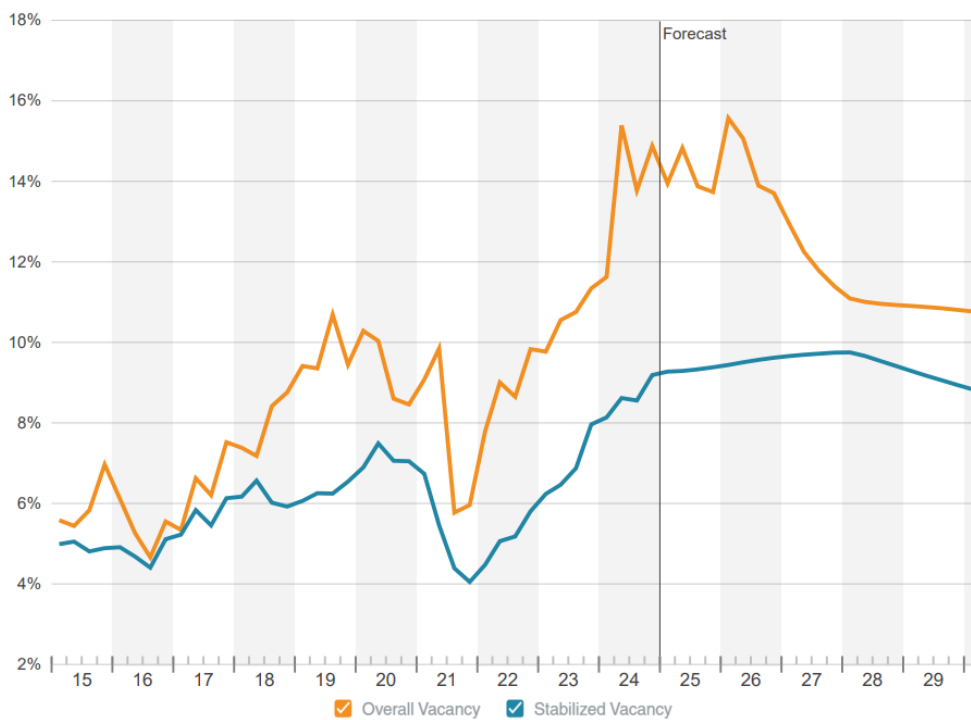
Southwest Fort Worth continues to see strong economic growth, driven by healthcare and defense sector employment. The area is home to six hospitals and multiple outpatient clinics, supporting thousands of medical professionals. Lockheed Martin has also expanded its Fort Worth facility, **adding over 3,000 jobs** in recent years. Meanwhile, population growth along the Chisholm Trail Parkway has spurred new residential and retail developments, further enhancing the area's long-term investment potential.

\*All information sourced from the Costar Group

# DENTON SUBMARKET

Denton is one of Texas' largest college towns, home to the University of North Texas (UNT) and Texas Woman's University (TWU). Both institutions play a vital role in the local economy and fuel demand for multifamily housing, making student and post-grad renters a key driver of the rental market. However, Denton's growth extends beyond its university population. Denton County's rapid population expansion has led to increased single-family housing development, particularly along I-35E and Highway 380, stretching toward Prosper, one of the metroplex's fastest-growing suburbs. These new residential projects primarily cater to commuters and families, diversifying Denton's housing demand beyond student renters. With a mix of academic influence and suburban expansion, Denton continues to evolve as an attractive market for both investors and residents.

Overall & Stabilized Vacancy



## SUPPLY AND DEMAND

Despite Denton's strong population growth, multifamily supply has outpaced demand, **leading to a 14.6% vacancy rate**, well above the Dallas-Fort Worth average of 11.3%. Developers remain confident in the submarket's potential, with **2,400 units under construction**, accounting for 9.3% of existing inventory—more than double the DFW market average of 4.0%. However, this influx of supply has softened rent levels, which declined -1.5% over the past year, compared to the -1.2% drop across DFW. While short-term challenges persist, Denton's strong university presence and growing suburban appeal position it for **long-term stability as demand works to catch up with new supply**.

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## 2025 OUTLOOK

As 2025 approaches, the Frisco, Southwest Fort Worth, and Denton submarkets continue to evolve, offering both challenges and opportunities for investors. While population growth and employment expansion remain strong across these areas, the supply-demand balance will be a key factor in shaping investment strategies. Frisco remains a high-growth market, but elevated vacancy levels and continued construction activity may keep rent growth muted in the near term. For investors, this presents opportunities to acquire assets at competitive pricing while positioning for long-term appreciation as absorption catches up. Southwest Fort Worth stands out as a more stable investment market, driven by healthcare and defense employment. With population growth following the Chisholm Trail Parkway, demand for housing and commercial space is expected to remain steady. Investors can expect gradual rent growth and lower volatility compared to other submarkets. Denton's high vacancy rates and aggressive multifamily construction could present short-term challenges, but with a strong student housing market and continued suburban expansion, the area remains attractive for long-term investment. Investors should monitor leasing trends and supply absorption to identify strategic acquisition opportunities. For 2025, investors should focus on long-term fundamentals, location-driven demand, and asset pricing as supply pressures ease and the market stabilizes.

## WANT MORE INSIGHTS?

Contact our brokerage team today for personalized insights and hands-on support. With extensive experience in advisory services and a deep understanding of the commercial real estate market, we are committed to guiding you through every step of your investment journey. Let us help you achieve your CRE goals with confidence.

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\*All information sourced from the Costar Group