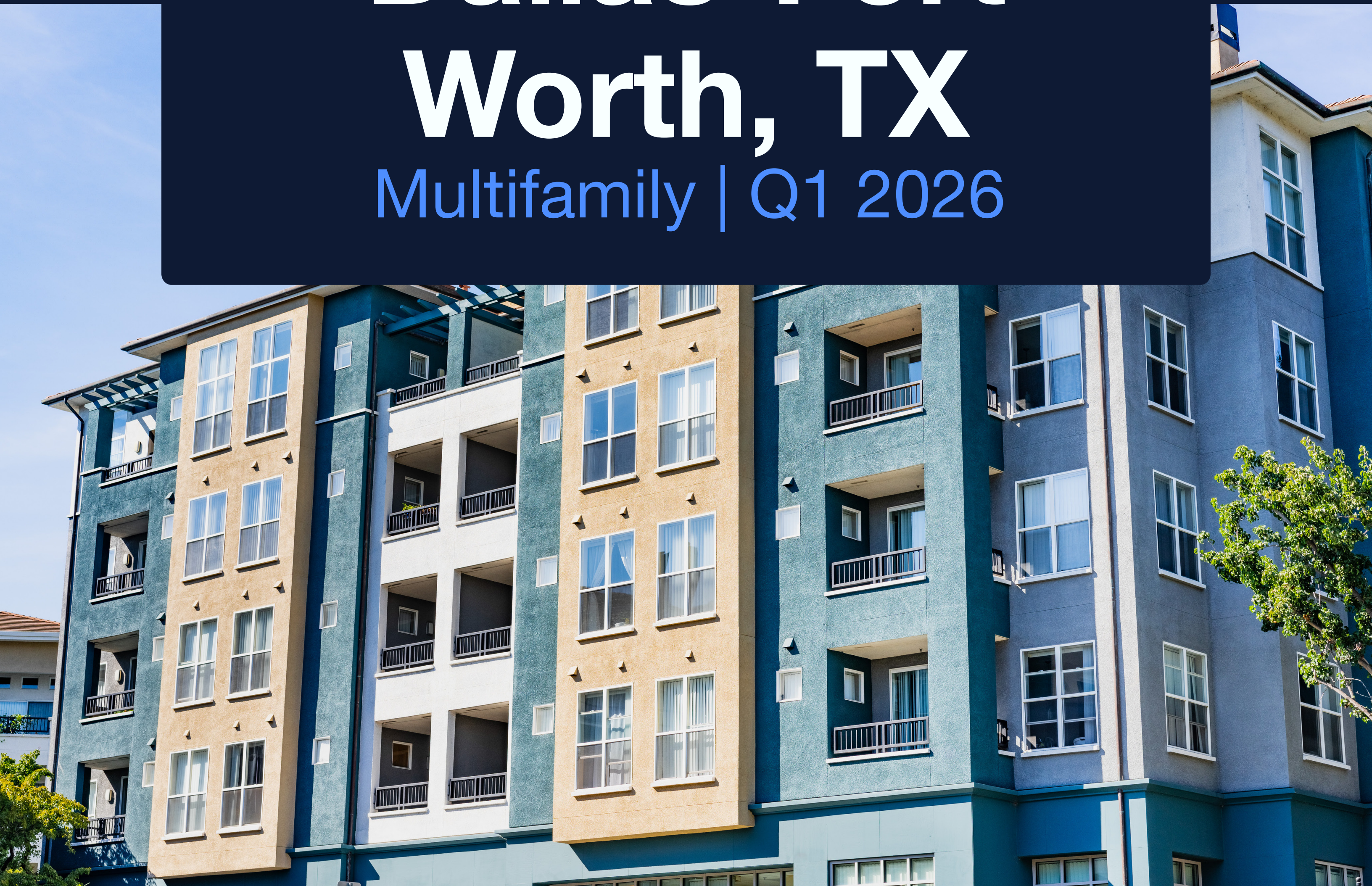
MATTHEWS™

Market Report

Dallas-Fort Worth, TX

Multifamily | Q1 2026



Key Findings

- The market is stabilizing as demand trends improve, but elevated vacancy and ongoing lease-up activity continue to delay a full recovery.
- A sharp pullback in construction is underway, setting the foundation for gradual rebalancing over the next several quarters.
- Rent performance remains under pressure due to intense competition and widespread concessions, particularly in supply-heavy suburban submarkets.

By the Numbers

Source: CoStar Group, Inc.

$43.3M Sales Volume	$183K Price Per Unit	5.8% Cap Rate	12.2% Vacancy Rate	(2.1%) Rent Growth
$1.5K Asking Rent Per Unit	30.2K units Under Construction	7.3K units Delivered	5.1K units Absorbed	

The Dallas-Fort Worth economy remains one of the strongest in the nation, supported by a diverse industry base and sustained population growth. The metro continues to attract domestic migration, with northern suburbs such as Collin and Denton Counties capturing a large share of new residents. Corporate relocations and expansions across finance, logistics, and technology sectors continue to drive employment and reinforce economic stability. Major employers including Toyota, JP Morgan, and Charles Schwab maintain a significant presence in the region. While job growth has moderated, it remains resilient and supportive of household formation. Some near-term headwinds persist, including economic uncertainty and tighter immigration policies that may impact renter demand. Elevated home prices and mortgage rates continue to limit homeownership, reinforcing renter retention. Over the long term, strong demographic trends and corporate investment are expected to sustain multifamily demand and support market stability.

DFW Demographics

Source: CoStar Group, Inc.

4.1% Unemployment Rate	8,482,426 Current Population
3,078,156 Households	$95,607 Median Household Income

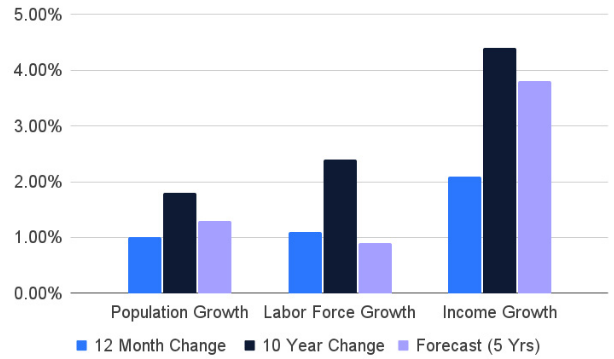
Fortune 500 Company HQ's in DFW

Source: CoStar Group, Inc.

- AT&T
- Toyota
- McKesson
- American Airlines

Population, Labor Force, & Income Growth

Source: CoStar Group, Inc.



Market Performance

Multifamily fundamentals reflect a market still working through excess supply, with vacancy elevated at 12.2%. Net absorption of 5.1K units trailed deliveries of 7.3K units, contributing to ongoing imbalance. While demand remains steady, lease-up timelines have lengthened due to increased competition among properties. Rent growth remains negative at 2.1%, with concessions widely used to attract tenants. Suburban submarkets with heavy new supply, including Frisco/Prosper and Allen/McKinney, are experiencing the most pressure. Both high-end and mid-tier assets are seeing declining rents, reflecting elevated availability across the market.

Despite these challenges, demand fundamentals remain intact, and absorption is expected to improve as supply moderates. Vacancy is projected to peak in 2026 before gradually tightening. However, rent recovery will likely lag, with meaningful growth expected closer to year-end or beyond.

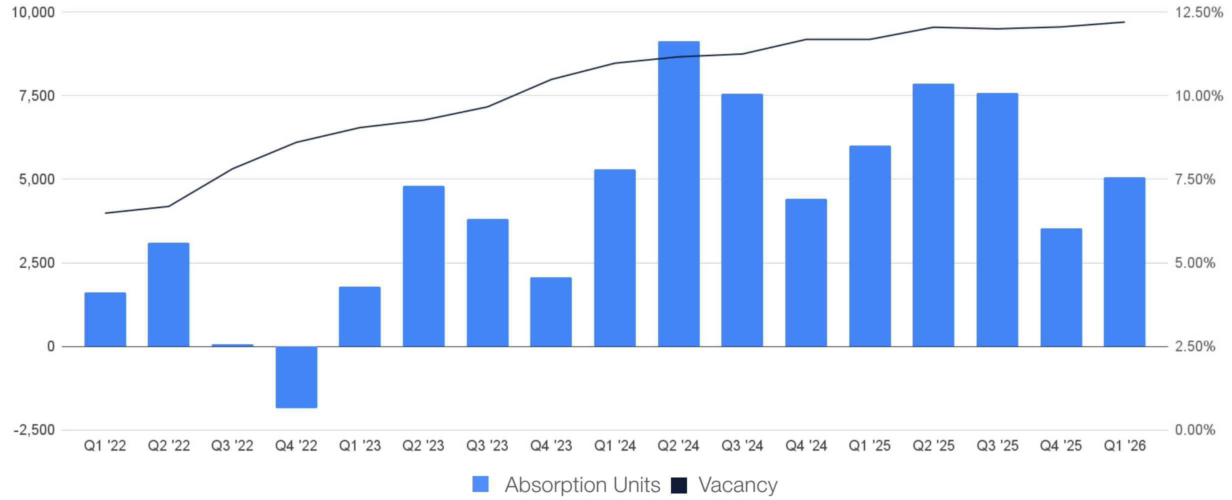
Performance by Class Sector

Source: CoStar Group, Inc.

	Vacancy Rate	Asking Rent	Inventory Units	Units Under Construction
Class A	11.9%	$1,779	459K	21,706
Class B	12.7%	$1,339	366K	8,450
Class C	11.9%	$1,183	107K	-

Dallas-Fort Worth Multifamily Supply & Demand Dynamics

Source: CoStar Group, Inc.

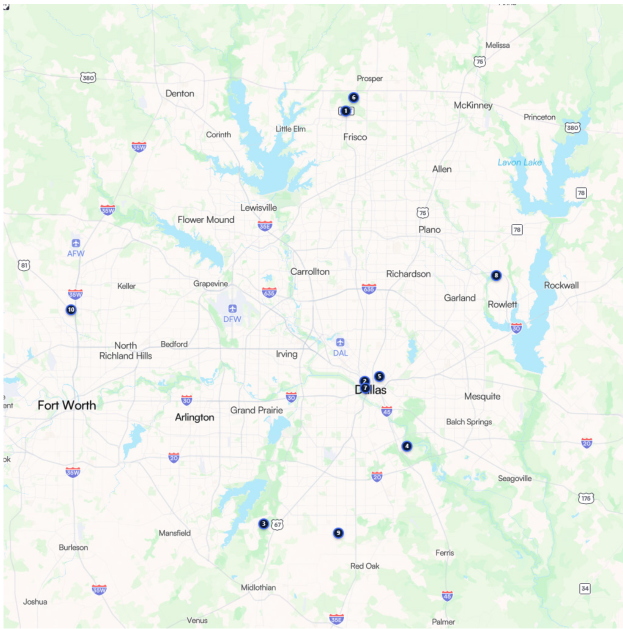


MATTHEWS™

Construction

Under Construction Properties

Source: CoStar Group, Inc.



Under Construction

Construction activity has declined following a historic development cycle, with 30.2K units currently underway and new starts falling significantly. Recent deliveries totaled 7.3K units, contributing to elevated vacancy levels. Development remains concentrated in high-growth suburban corridors where strong population growth and proximity to employment hubs continue to attract developers, though this has also led to localized oversupply. Urban development has slowed due to higher costs and regulatory constraints, with fewer projects near the urban core, while office-to-residential conversions have added some supply but face execution challenges. The sharp decline in construction starts is expected to support rebalancing over time, though the volume of units still in lease-up will continue to weigh on fundamentals in the near term.

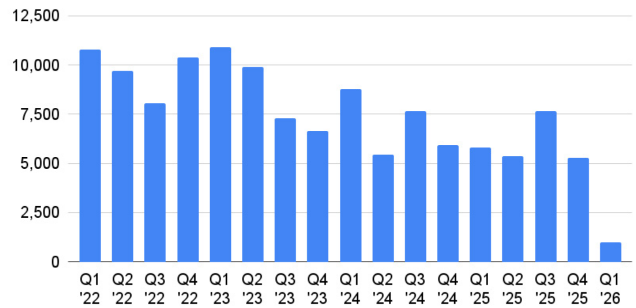
Top 10 Under Construction

Source: CoStar Group, Inc.

Address	Units	Complete Date
5353 Panther Creek Pky	1,141	11/2027
2353 N Field St	895	07/2028
1952-N Summit Ave	776	05/2027
4200 N Locust St	660	10/2027
9004 Apple Orchard Ln	643	07/2026
15950 Paramount Way	620	05/2027
701 E Main St	600	10/2027
9401 Merritt Rd	597	12/2026
2000 Lyndon B Johnson Fwy	500	11/2026
8801 N City Dr	464	06/2027

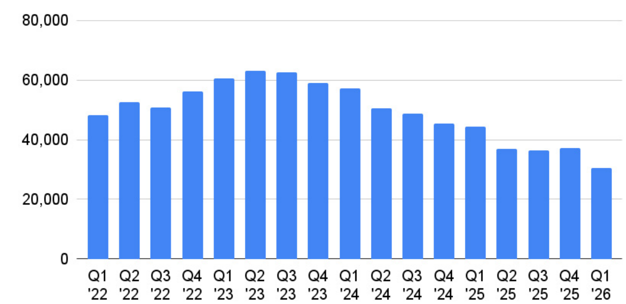
Units Construction Starts

Source: CoStar Group, Inc.



Units Under Construction

Source: CoStar Group, Inc.

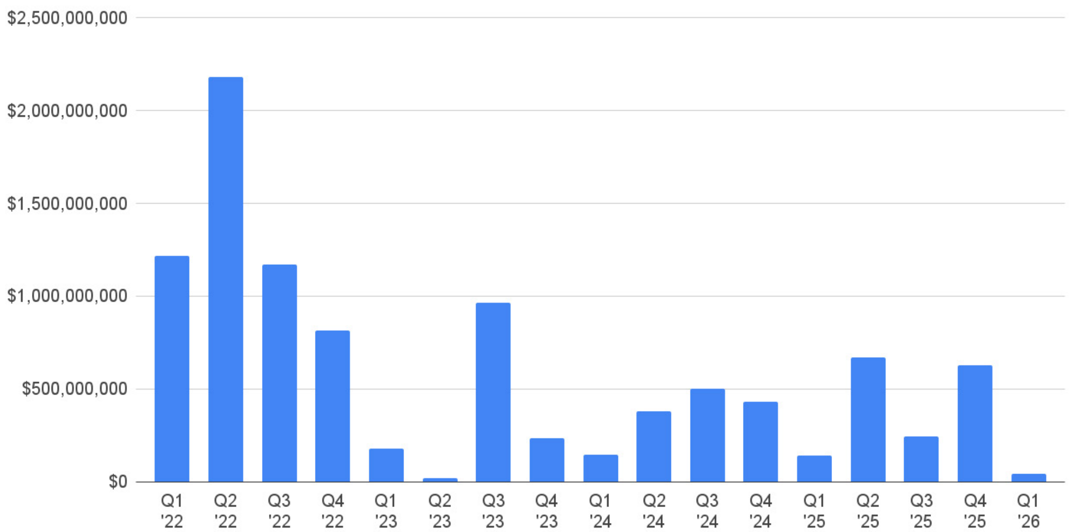


Sales

Investment activity is improving, with sales volume totaling $43.3M in Q1 and building on momentum from 2025. Pricing remains relatively stable, with average price per unit at $183K and cap rates at 5.8%, while higher borrowing costs continue to shape underwriting despite signs that cap rate expansion is slowing. Investor demand is strongest for newer assets in suburban markets with stable fundamentals, while value-add opportunities remain less attractive due to limited near-term rent growth and operational challenges. Private buyers continue to lead transaction activity, and institutional investors remain selective, though REITs have begun re-entering the market through targeted acquisitions. Overall transaction activity is forecast to improve gradually as market conditions stabilize.

Dallas-Fort Worth Multifamily Sales Volume

Source: CoStar Group, Inc.



Significant Sales

Source: CoStar Group, Inc.

Address	Year Built	Units	Sale Date	Price	Price/SF
2300 Kathryn Ln	1998	480	6/26/2025	$114,000,000	$230
12050 Research Rd	2021	349	4/30/2025	$102,897,384	$266
555 Promenade Pky	2019	387	11/20/2025	$92,658,055	$138
11900 Research Rd	2019	330	4/30/2025	$91,360,815	$180
505 W Ownsby Pky	2024	368	8/12/2025	$87,500,000	$166
2525 Carlisle St	2012	334	12/19/2025	$83,640,000	$161
4848 Grand Gate Way	2020	425	11/20/2025	$81,600,000	$166
1100 Lake Carolyn Pky	2019	286	4/30/2025	$68,029,730	$187
301 Mercedes St	2020	301	4/30/2025	$64,000,000	$254
501 W Rosedale St	2020	275	12/12/2025	$62,394,814	$177

Submarket Highlights

Source: CoStar Group, Inc.

Submarket	Vacancy	Asking Rent Per Unit	Units Under Construction
Allen/McKinney	13.4%	$1,602	1,759
Arlington	11.8%	$1,339	1,661
Denton	19.9%	$1,426	2,819
Downtown Dallas	12.7%	$2,207	-
East Dallas	11.8%	$1,524	1,173
Ellis County	13.3%	$1,612	98
Frisco/Little Elm	11.6%	$1,738	3,503
Irving	9.0%	$1,264	-
Uptown/Park Cities	9.2%	$2,667	1,126
Wise County	15.2%	$1,316	-

For more information, please contact a Matthews™ specialized agent.

MATTHEWS™