

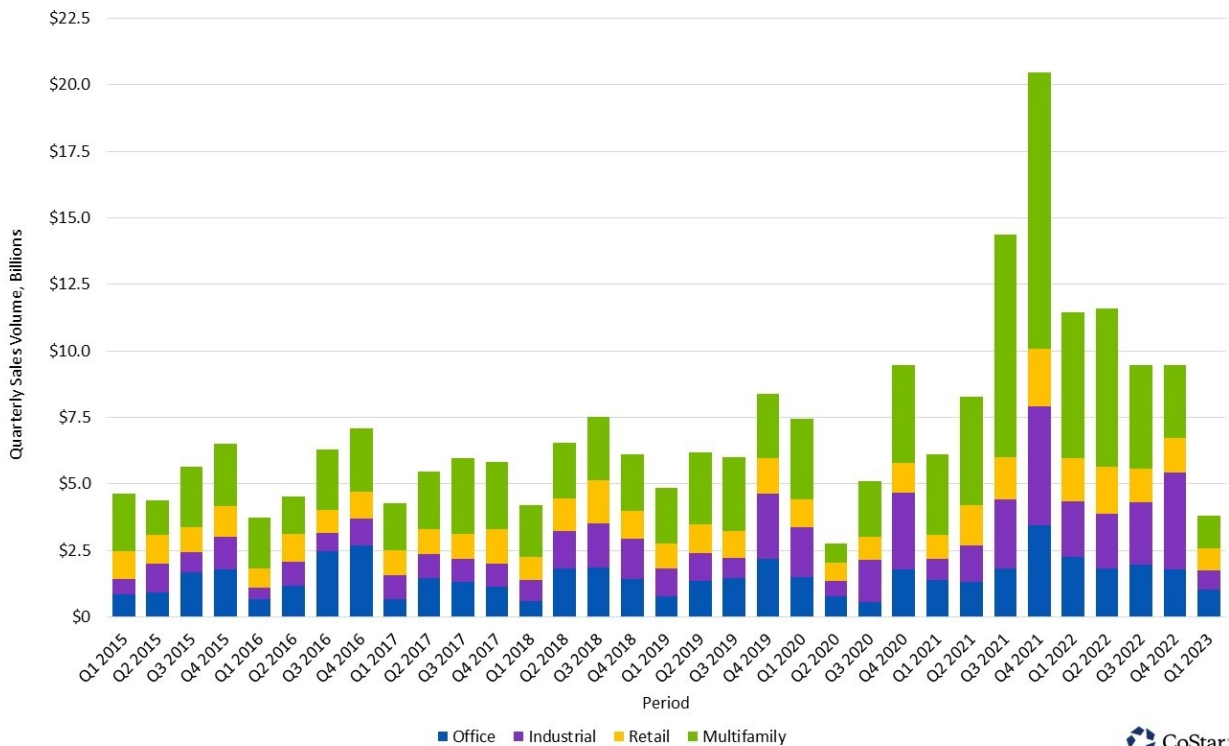


COSTAR INSIGHT

# Property Sales Stall in Dallas-Fort Worth

Multifamily Remains Dominant Asset Class

## Investment Pulls Back in Dallas-Fort Worth



Source: CoStar, May 2023



By **Bill Kitchens**  
CoStar Analytics

May 10, 2023 | 8:00 AM

Property sales in Dallas-Fort Worth have stalled over the past several quarters in light of rising interest rates and elevated economic uncertainty.

Quarterly estimated sales came in at \$4 billion through the first quarter, the lowest level since the second quarter of 2020, according to CoStar data. The Metroplex logged an estimated \$34 billion in sales in the four quarters ending in the first quarter of 2023, slipping behind New York.

The capital markets landscape has shifted as the cost of debt has risen, with interest rates increasing at their fastest pace since the 1980s. Private capital remains relatively active compared to institutional players who are curbing their acquisitions. Meanwhile, the dealmaking timeline is taking longer, with sellers more reluctant to strike deals. Market participants who operate across assets have cited capitalization rates broadly expanding around 100 basis points.

Multifamily deals continue to drive overall sales, logging \$14 billion over the past year and accounting for 41% of total deal volume. Arlington remains the top target with its abundance of mid-tier properties. Investors traded 5,453 units across 28 deals there in the past year.

Lone Star Funds has been among the most active buyers, with the Dallas-based private equity firm picking up 3,496 units in the past year. That includes a massive 46-property portfolio spanning 17 states in the nation's Sun Belt that it bought late last year for \$1.8 billion. That deal included several properties in the Dallas area, including the [494-unit Lakeside Lofts](#) in Farmers Branch and the [451-unit Terra Lago](#) in Rowlett.

Industrial properties have also remained a favorite among investors, reporting \$8.7 billion in sales in the past year. That pace is lower than the \$11.2 billion during mid-2022 but still above pre-crisis levels. Diving into inventory turnover, or the share of square feet traded as a percentage of inventory, major industrial nodes Alliance and the Interstate 45 corridor are among the heaviest traded areas.

Meanwhile, investors picked up an estimated \$5.2 billion in retail properties. Strip centers anchored by grocery stores, major discounters or fitness centers remain popular. Malls are also driving that volume. A Los Angeles-based investor purchased [Music City Mall](#) in Lewisville from ICA Properties for \$40 million. Plans for the mall include a potential redevelopment, which is still in the proposal stage. The retail market remains relatively tight, with the availability rate, or the share of space on the market, hovering near 5.1%, a record low.

Office deals continue to move forward, with \$8 billion in the past year and \$1.1 billion in the first quarter of this year. That annual volume was supported by 1,051 transactions, which is consistent with the deal flow in 2020.

Even with a slower pipeline, trophy office buildings continue to attract attention from investors. In Uptown, [Granite Properties and Highwoods Properties purchased McKinney & Olive](#) from Crescent Real Estate for \$395 million, or \$709 per square foot, pushing the frontier for market price per square foot. The property is home to such tenants as Saatchi & Saatchi, Cushman & Wakefield and McKinsey.

---

Follow us on Social Media

Have feedback or questions? Email us at [news@costar.com](mailto:news@costar.com)

---

## RELATED RESULTS

Texas-Based Wolfe Investments Hunts for Office-to-Residential Conversion Projects Nationwide

---

Largest US Single-Family Rental Owner Seeks More Growth

---

SkyWalker's \$250 Million 'Leverage Strikes Back' Fund Targets Texas

---

Wolfe Investments Nabs Dallas Office Building for Apartment Conversion Project

---

National Apartment Owner Benefits From Delayed Entry in Sun Belt

Nation's Largest Operator of Apartments Found Liable by Jury in Deadly Crane Accident

---

Nation's Largest Homebuilder Sees Sales Stabilize As Uncertainty Persists

---

Population Gains Pick Up in Dallas-Fort Worth

---

'Locked Up' Capital Markets Has This Fund Manager Unleashing New Strategy

---

Dallas-Area Mall's Reimagining To Bring Hotel, Office and Hundreds of Apartment Units to Site