DFW Multifamily

1H 2026 Market Update

A REORGANIZED MARKET

Rowan Multifamily Advisors

A DIVISION OF ROWAN PROPERTIES

Rowan Multifamily Advisors | July 2026

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Market Refresh

Where the market stands: fundamentals, transaction dynamics, and the construction debt overhang

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DFW Multifamily: Q2 2026 at a Glance

Metric	Value	QoQ	YoY
Asset Value	$177.3B	+0.47%	−1.18%
Vacancy	11.74%	−53 bp	−31 bp
Asking Rent	$1,554	+0.56%	−1.45%
Annual Rent Growth	−1.45%	+66 bp	−31 bp
UC % of Inventory	3.35%	−65 bp	−110 bp
12-Mo Absorption	27.5K	+14.8%	+7.3%
12-Mo Sales Vol	$1.15B	−30.7%	−33.9%
Market Cap Rate	5.93%	+2 bp	+15 bp

What the Numbers Say

Fundamentals are healing at the headline level. Vacancy is down, absorption is up, the supply pipeline continues to shrink, and rent growth is less negative than a quarter ago.

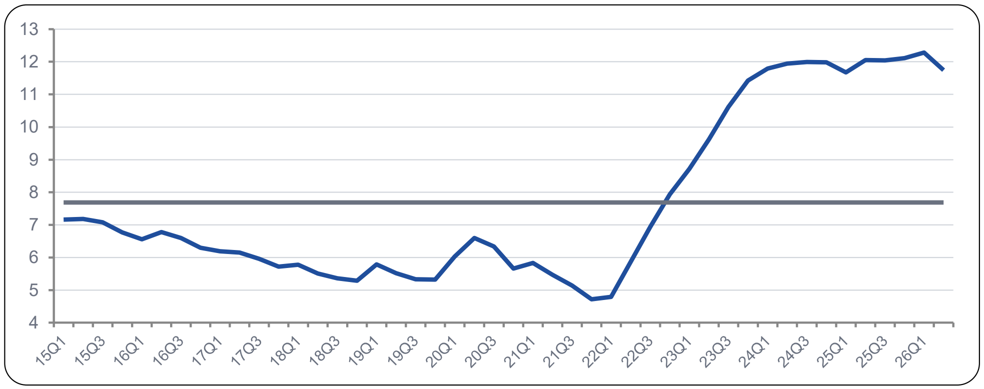
But the transaction market has frozen. 12-month sales volume is down 34% YoY. The gap between the operating side (functioning) and the capital markets side (stalled) defines the environment this report describes.

Source: CoStar (all metrics DFW MSA, as of Q2 2026)

Cycle Snapshot: How Far We've Moved From the Mean

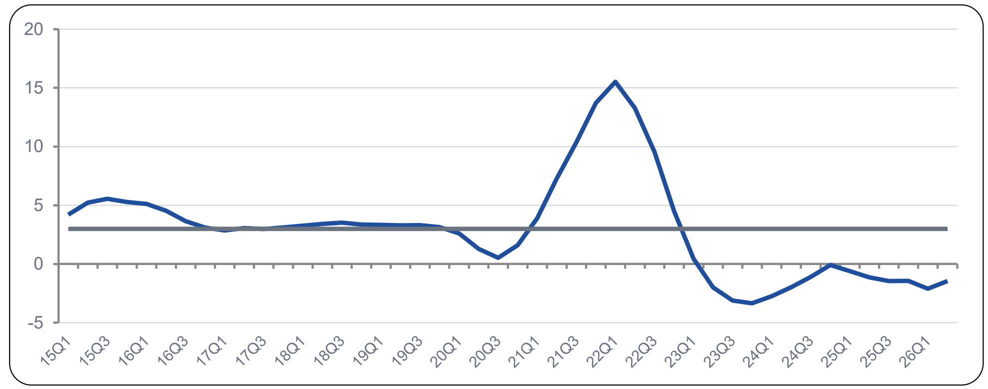
Vacancy Rate % — DFW Multifamily

Long-run mean: 7.69% (reference line)



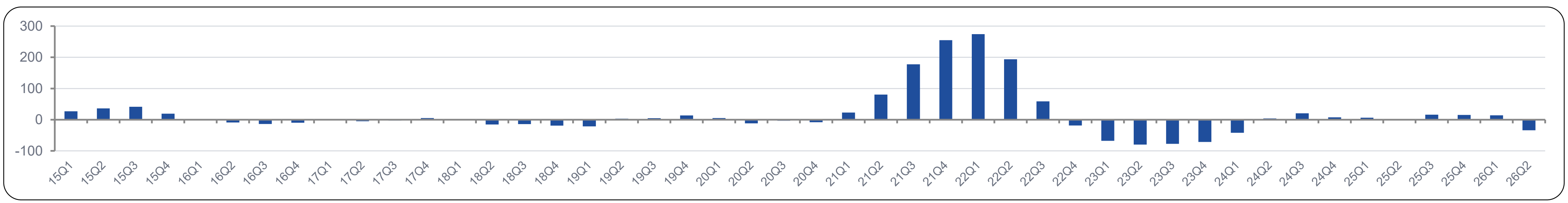
Annual Rent Growth % — DFW Multifamily

Long-run mean: 2.99% (reference line)



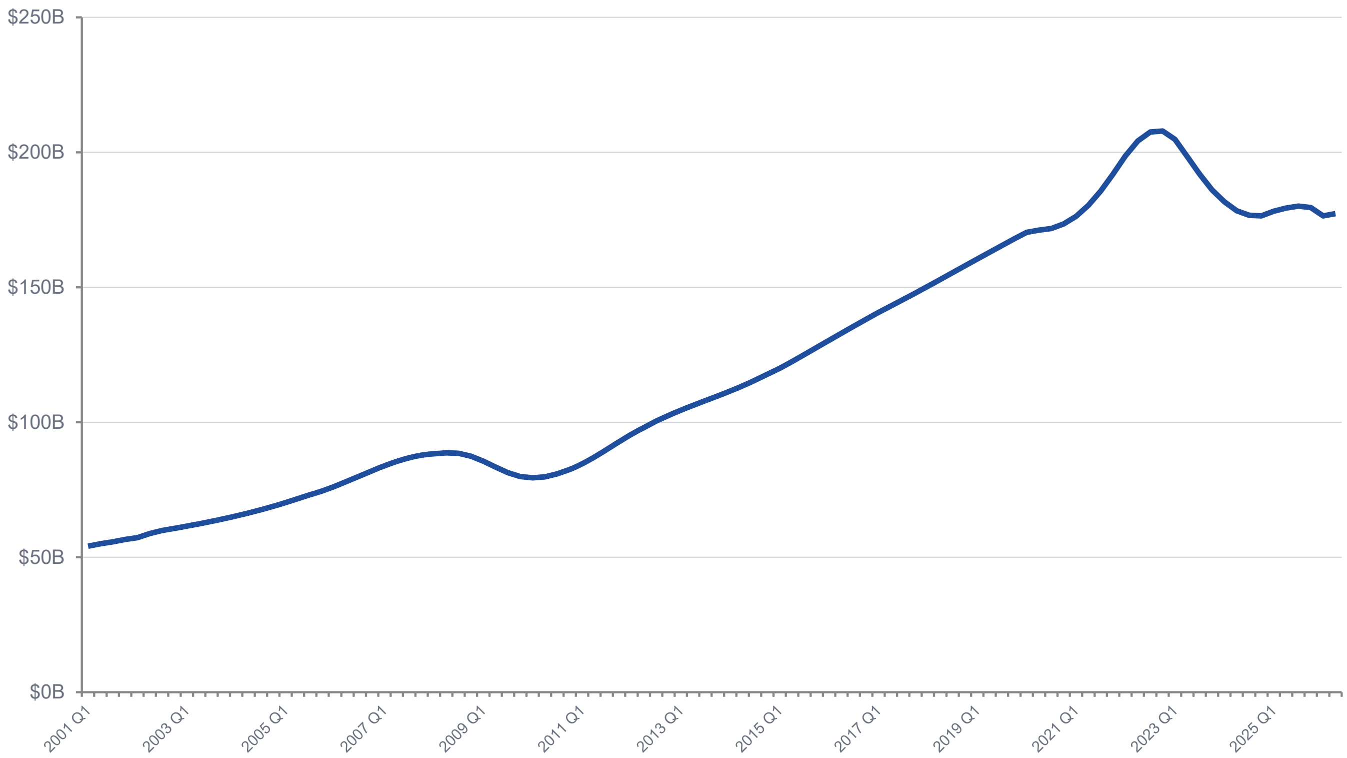
12-Month Sales Volume Growth (YoY %)

Q2 2026 growth collapsed to −33.9%, the sharpest print since 2023



Source: CoStar. Q1 2015 – Q2 2026, DFW MSA.

Asset Value: Today's Drawdown in the Context of 2008



GFC Drawdown (2008–2010)

–10%

Peak $88.7B (Q2 2008) → trough $79.4B (Q1 2010)

Current Drawdown (2022–2026)

–15%

Peak $207.9B (Q4 2022) → $177.3B (Q2 2026)

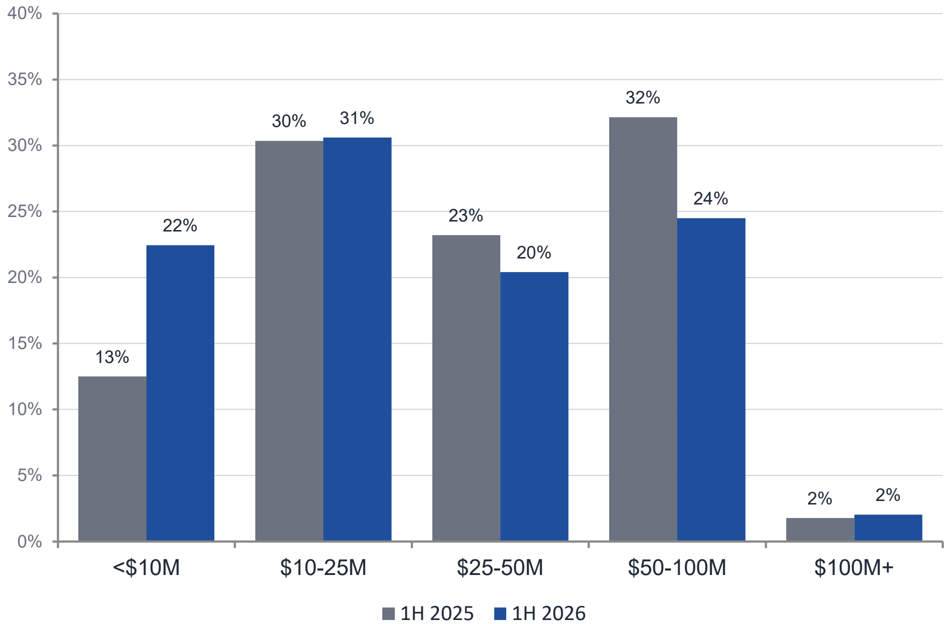
The current drawdown is deeper than 2008 in percentage terms and — unlike 2008 — is compounded by a supply cycle still unwinding.

Source: CoStar. Quarterly asset value, DFW MSA, Q1 2001 – Q2 2026.

Deal Size and Vintage: The Middle Has Shrunk

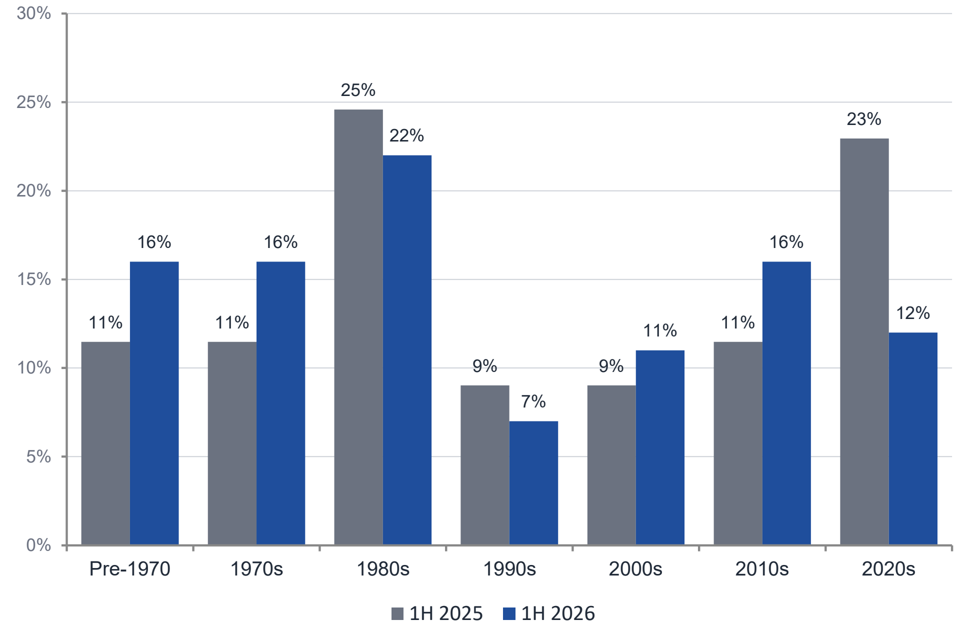
Deal Size Distribution — Priced Transactions

Observed priced transactions show a flow to smaller checks



Vintage Distribution — Year Built

Step back from un-stabilized new deliveries – capital still flowing in a polarizing way



TAKEAWAY The mid-market pricing band thinned materially, while transactions at the $10MM and lower mark saw an increase in 2026. Capital fled new deliveries and sought better value in older deals with an add aspect, or relatively new product that has had years to stabilize, both that can be priced true to market.

Source: Yardi Matrix

Capital Rotation: Who's Actually Buying

1H 2025 | Institutional Stabilized Capital		
AvalonBay Communities	6 deals	*Public REIT*
RPM	5 deals	*Institutional operator*
Rockport Equity	5 deals	*Institutional syndicator*
Knightvest Capital	3 deals	*Institutional value-add*
Dinerstein Companies	3 deals	*Institutional developer*
MG Properties	3 deals	*Institutional syndicator*
KKR	2 deals	*Private equity*
TruAmerica Multifamily	2 deals	*Institutional value-add*

1H 2026 | Opportunistic & Lender-Affiliated Capital		
Electra America	6 deals	*Opportunistic workforce*
Arbor Realty Trust	3 deals	*Lender / REO takeback*
NexBank	2 deals	*Bank / REO takeback*
Endurance Realty Capital	2 deals	*Opportunistic*
Twin City Properties	2 deals	*Opportunistic*
Ninety9 Capital	2 deals	*Opportunistic*
Tredway	2 deals	*Opportunistic / affordable*
Ironridge Capital	2 deals	*Opportunistic*

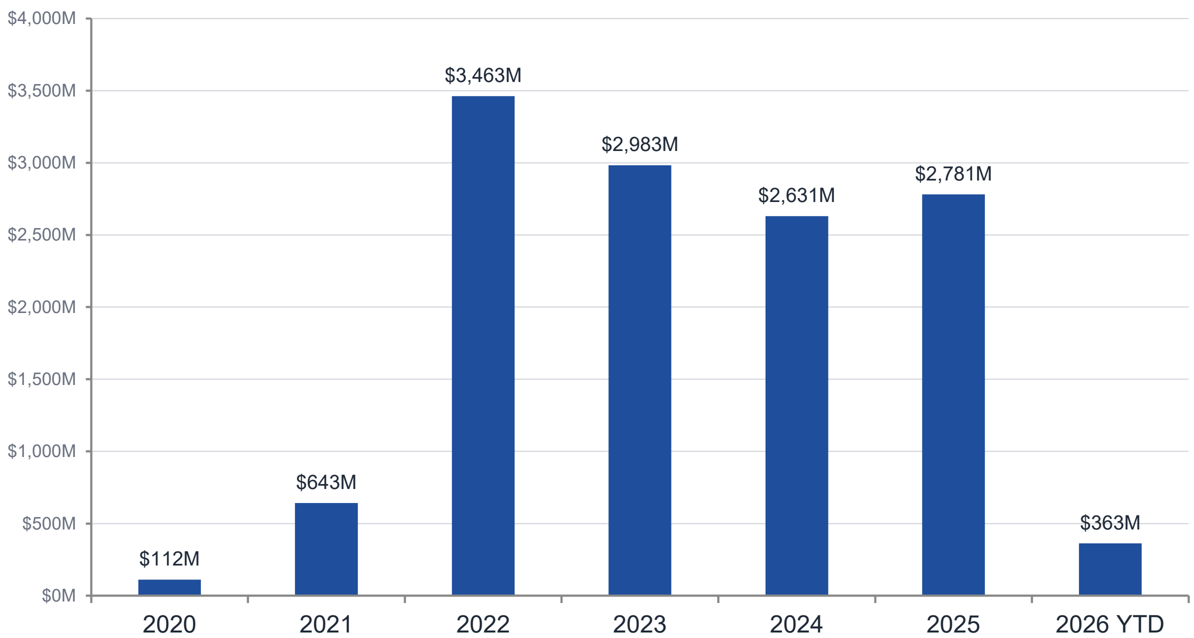
TAKEAWAY The universe of who's buying flipped. Opportunistic workforce operators and lender-affiliated buyers filled the void.

Source: Yardi Matrix. Top buyers by deal count, 1H 2025 vs 1H 2026, DFW MSA.

Construction Debt Overhang: $13B Still on the Books

Active Construction Loans by Origination Vintage

$MM outstanding balance by loan origination year — 334 loans still Current



TOTAL EXPOSURE

$13.0B

across 334 active loans

2022 VINTAGE — PEAK-CYCLE COHORT

$3.46B

77 loans — largest single-vintage overhang, avg deal $45M, now ~4+ years old (past typical construction-loan term with extensions)

2022 + 2023 COMBINED

50% of exposure

143 loans / $6.4B — cycle's tightest underwriting still on lender books

THE POINT Peak-cycle construction loans should have taken out to perm or resolved via sale by now. They haven't. This is a leading indicator for both future perm-debt distress and forced sales in Class-A product.

Source: Yardi. DFW multifamily construction loans in Current status; balance data on 334 of 381 loans.

REPORT HIGHLIGHTS

The DFW multifamily market has structurally reorganized around distress conditions. Headline operating metrics flatter effective economics that have deteriorated meaningfully further underneath. The visible foreclosure pool represents a fraction of the distress already being warehoused in workout channels.

The Three Pillars

01

ENVIRONMENT

What's Being Paid

The rate environment isn't drifting toward a lower cost of capital. Round-tripped through Q1 2026 and settled back at Q1 2025 levels, with the swap curve rising faster than treasuries.

02

EFFECT

What's Being Earned

Headline rent stability is being sustained by concessions consuming 6% of asking rent — three to six times the pre-2020 baseline. Effective rent has fallen more than twice as much as asking rent from peak.

03

MANIFESTATION

Where the Gap Is Surfacing

$4.36B of DFW multifamily debt is already flagged as distressed — six to seven times the visible foreclosure pool — being warehoused through workout channels rather than forced to resolve.

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P I L L A R 0 1 | E N V I R O N M E N T

Debt Markets

What's being paid — rates round-tripped, and current rates ARE the operating cost of capital

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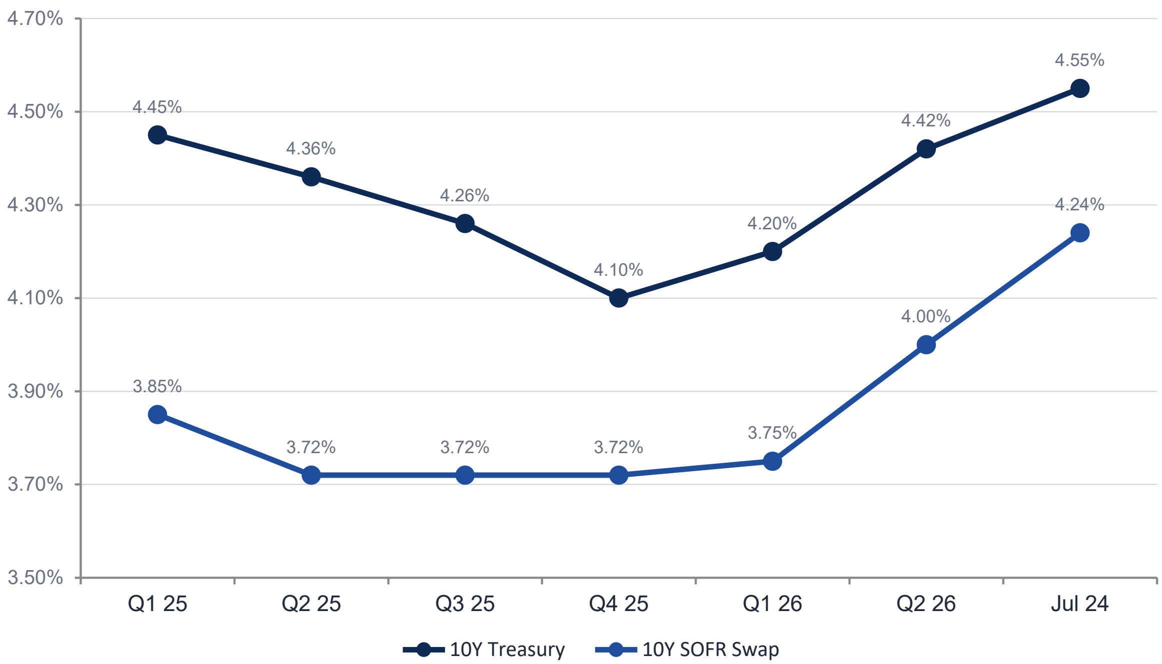
Rates Round-Tripped; the Swap Curve Rose Faster

10Y Treasury vs 10Y SOFR Swap (quarter avg; Jul '26 = latest)

Swap fell further in early '26, rose faster in Q2 — spread compression = extra borrower cost



+22 bp

10Y Treasury Q1 → Q2 2026 Avg

Reverted higher after Q1 2026 briefly priced further cuts.

+70 bp

10Y SOFR Swap Trough → Current

Feb 2026 low of 3.54%; latest print 4.24% (Jul 24, 2026).

~12 bp

Swap Spread Compression

Swap moved more than treasury — fixed-rate borrower cost rose faster than the treasury benchmark implies.

THE POINT Current rates ARE the operating cost of capital. The Q1 '26 window that briefly priced a return to lower rates closed. Underwriting to a lower-rate future is underwriting to conditions that don't exist.

Sources: U.S. Department of the Treasury (CMT); Chatham Financial (10Y SOFR swap monthly).

P I L L A R 0 2 | E F F E C T

Underlying Operations

What's being earned — the concession subsidy that flatters the headline

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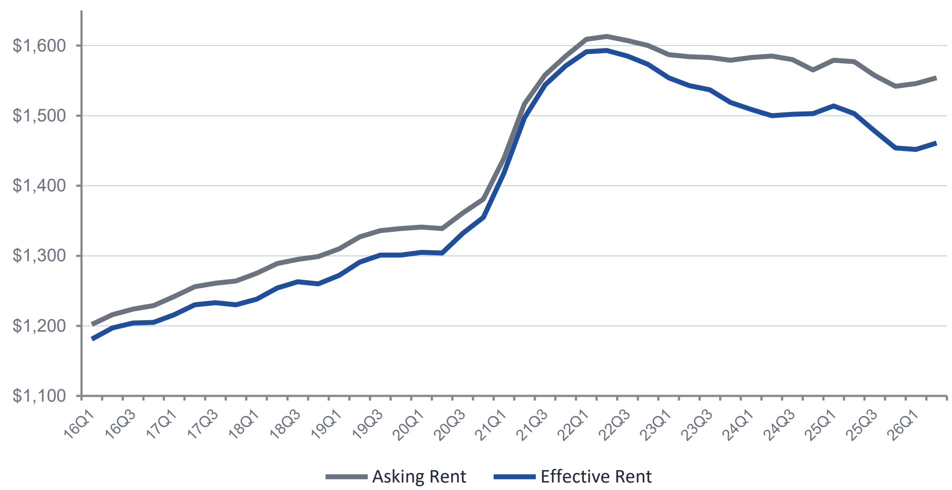
Asking Rent Looks Stable — Effective Rent Has Fallen Twice as Much

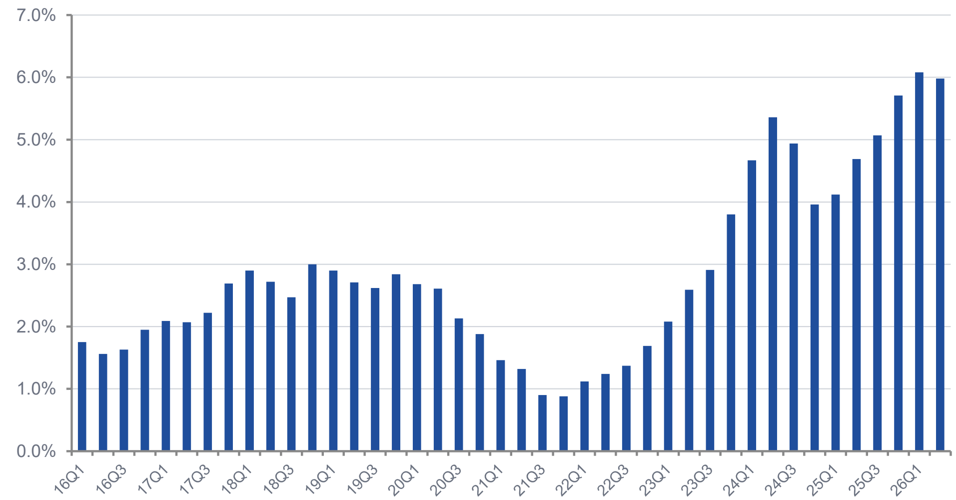
Asking Rent vs. Effective Rent — Dallas MSA

Divergence since 2023: effective rent falls further than asking



Concessions as % of Asking Rent

Deepest — and first supply-driven — drawdown in the dataset



6.0%

Concessions / Asking Rent, Q2 2026

3–6× the pre-2020 baseline of 1–2%.

–7.8%

Effective Rent From Peak (Q2 22 → Q2 26)

Vs –3.3% for asking rent — 2.4× the visible correction.

$93

Ask-to-Effective Gap Per Unit, Q2 2026

The size of the operator-borne concession subsidy each month.

Source: CoStar. Effective and asking rent, Dallas MSA, Q1 2016 – Q2 2026.

PILLAR 03 | MANIFESTATION

Distress Channels

Where the gap is surfacing — REO disposition, distress classification, and the warehoused loan wave

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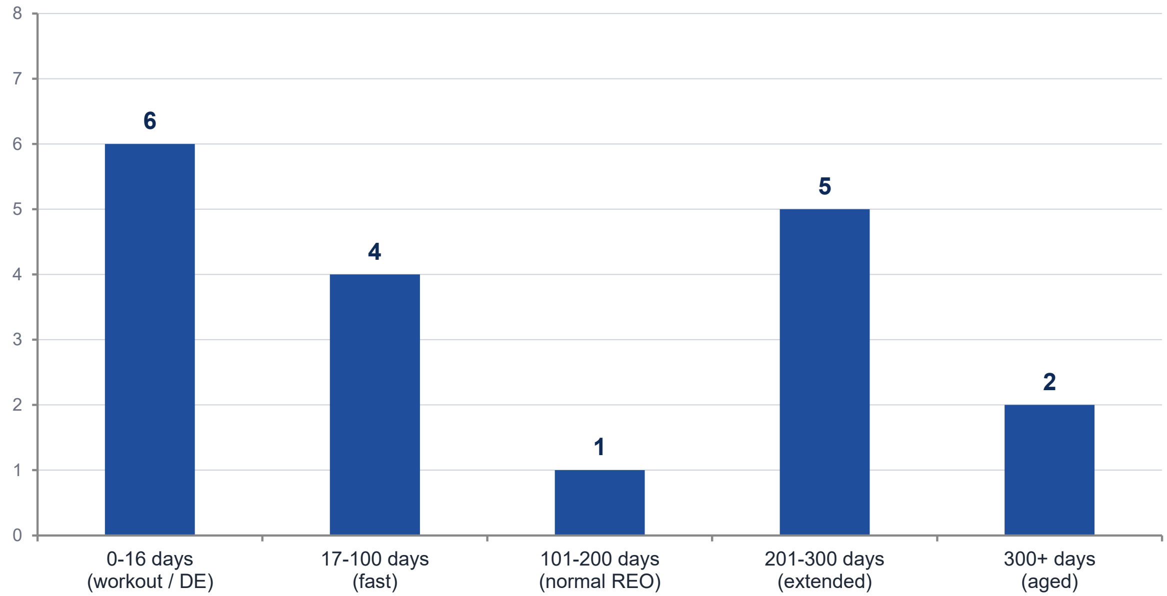
Disposition Has Bifurcated — the Middle Is Empty

Time to Unload — 18 Cleared REO Properties, 2023 – 1H 2026

Bimodal: same-day workouts on one end, extended holds on the other, nothing in between



Vintage Clearance Rate

FC Vintage	Total	Cleared	Rate
2023	1	1	100%
2024	8	8	100%
2025	**14**	**6**	**43%**
2026 YTD	6	3	50%*

**Recent-vintage 2026 clearance is inside normal disposition windows.*

Q2 2026 CLEARING BURST

7 REO Clearings in 11 Weeks

Aged 2024-2025 inventory finally moved (Sunrise Pointe at 484 days, Flintridge at 317, Apex at 259, Pointe on Calloway at 246) alongside same-quarter workout dispositions.

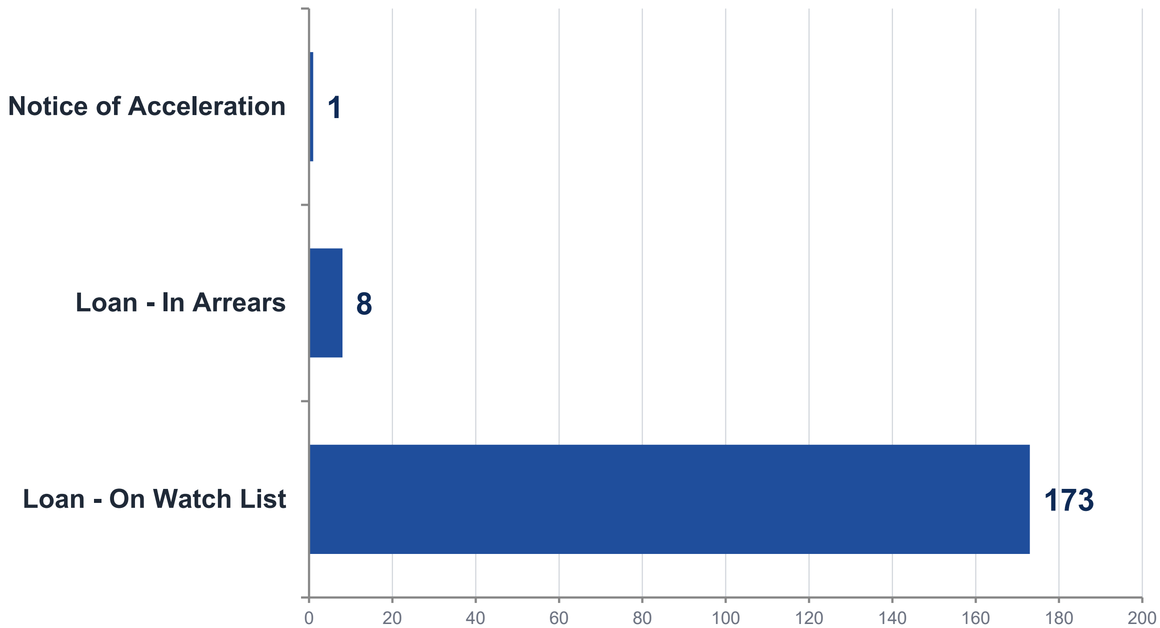
THE POINT When workouts don't get pre-arranged, properties don't sell via normal channels. The disappearance of the 90-180 day marketing window IS the disposition side of the reorganization.

Source: Yardi. 29 tracked DFW multifamily foreclosure events, 2023 – 1H 2026.

The Warehouse: 95% of Distressed Loans Sit on Watchlist

Distressed Loans by Classification

182 distressed DFW multifamily properties, $4.49B in loan balance



95% — **Watchlist**

173 properties / 41,903 units / $4.25B — being monitored, not escalated.

4% — **In Arrears**

8 properties / 2,182 units / $228MM — payments behind but no acceleration.

1% — **Notice of Acceleration**

1 property / 176 units / $20MM — imminent foreclosure risk.

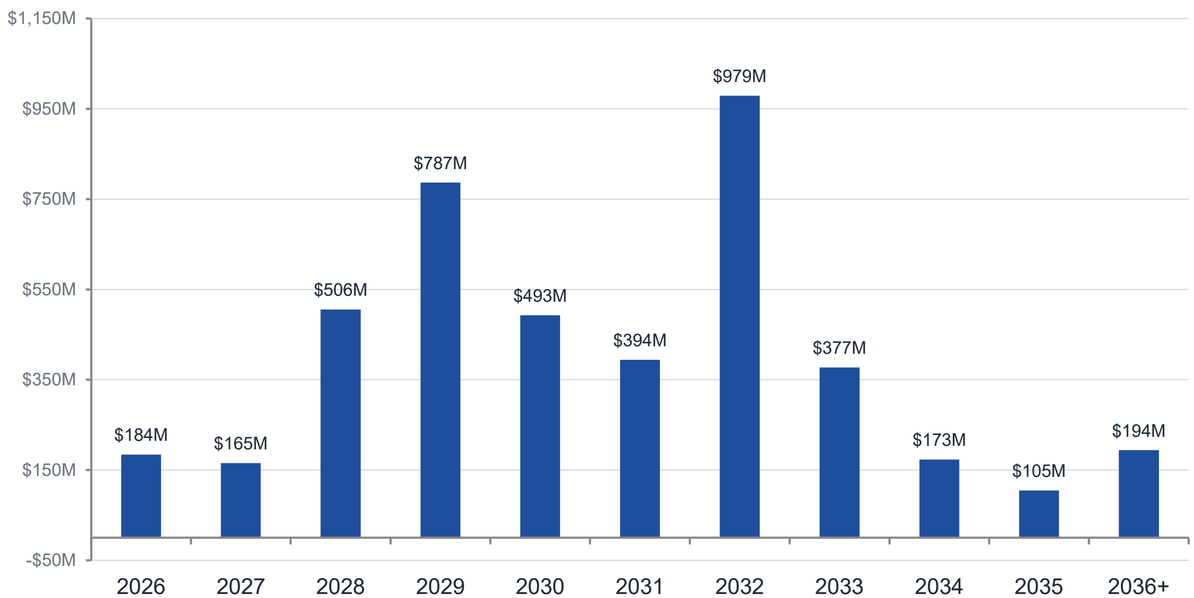
THE POINT The distress isn't being escalated. Lenders are managing it at the softest possible classification — monitored, not forced. That IS the warehousing, at the loan-file level.

Source: Yardi. Distress status classification for DFW multifamily loans, as of Q2 2026.

The Iceberg — Distressed Loans Warehoused, Not Resolved

Distress Maturity Waterfall — DFW Multifamily

190 distressed loans, $4.36B in outstanding balance, mapped by maturity year



The Iceberg

VISIBLE

29 REO events tracked since 2023

BENEATH THE SURFACE

190 distressed loans on lender books

$4.36B in outstanding balance

6-7× The shadow pool is 6-7× the visible one — every foreclosure resolved represents ~7 more being carried.

THE POINT Only $184MM matures in 2026 — the near-term wall is small. The distress isn't being forced to resolve; it's being warehoused. 2029 (36 loans, $787MM) and 2032 ($979MM) align with 2022 vintage debt.

Source: Yardi. Loans in notice-to-cure, notice-of-acceleration, bankruptcy, arrears, forbearance, or watchlist status.

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Our Services

- Broker Opinion's of Value
- Investment Advising
- Acquisitions
- Dispositions
- Property Marketing

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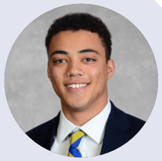

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