

The State of the Carrollton, Texas Residential Real Estate Market: Q3 2026 Comprehensive Analysis



Executive Summary

The residential real estate market in Carrollton, Texas, occupies a highly strategic and rapidly evolving position within the broader Dallas-Fort Worth (DFW) Metropolitan Statistical Area (MSA). As of the third quarter of 2026, the Carrollton market is characterized by a complex interplay of tightening inventory, resilient buyer demand, shifting property compositions, and massive transit-oriented infrastructure investments. While the broader Texas housing market has experienced generalized cooling and inventory expansion following the post-pandemic interest rate shocks, Carrollton diverges from these macroeconomic trends by demonstrating localized tightening and sustained seller-favorable conditions¹.

An intricate analysis of transaction data reveals that superficial declines in headline median sale prices mask an underlying appreciation in the fundamental value of residential square footage¹. This phenomenon, driven heavily by a composition shift toward smaller residential footprints, underscores a market where affordability constraints dictate consumer behavior, yet demand for the municipality's geographic centrality remains unyielding¹. Furthermore, Carrollton is undergoing a profound structural transformation. Once defined primarily as a mature, inner-ring, auto-dependent suburb with a median housing stock age exceeding four decades, the city is actively repositioning itself as a high-density, transit-connected urban node¹. Projects such as the \$1 billion Trinity Mills Station transit-oriented development, the imminent commencement of passenger service on the Dallas Area Rapid Transit (DART) Silver Line, and the proposed Alpine X resort development are fundamentally altering the city's commercial and residential asset valuation trajectories³.

Concurrently, systemic economic factors—including the pervasive mortgage lock-in effect, historic property tax relief measures encoded via Texas Proposition 13, and municipal-level Neighborhood Empowerment Zone (NEZ) grants—are artificially restricting resale inventory while simultaneously subsidizing urban renewal and infill development⁸. The synthesis of these macroeconomic forces and localized fiscal policies creates a residential market that offers highly specific, localized opportunities for both owner-occupants and institutional capital, provided market participants navigate the nuances of submarket geography, tri-county tax jurisdictions, and zoning overlays.

Macroeconomic Context: The Texas and DFW Regional Dynamics

To accurately diagnose the current state of the Carrollton housing market, it must be contextualized within the broader economic and real estate trends defining the State of Texas and the Dallas-Fort Worth MSA. The Texas Real Estate Research Center (TRERC) indicates that

the statewide housing market in 2026 has transitioned into a phase of stabilization following the severe volatility and rapid appreciation of the 2020-2024 period². Statewide inventory levels have expanded to approximately 141,500 active listings, representing over a ten-month supply in certain aggregate metrics, which fundamentally shifted the broader state into a buyer-leaning environment². Statewide median prices have experienced mild softening, resting near \$340,000, with TRERC forecasting a modest annualized growth rate of 1.3% to 2.5% as the market digests the influx of supply and stabilizes against the prevailing cost of debt².

However, the DFW metroplex operates on a substantially different frequency than the state aggregate. The Federal Reserve Bank of Dallas reports that the DFW region continues to experience extraordinary employment growth, adding an estimated 155,000 jobs in the current calendar year¹³. This labor market expansion is heavily weighted toward high-compensation sectors, including advanced manufacturing, data center infrastructure, artificial intelligence development, and financial services¹³. Corporate relocations continue to flow into the North Texas region, importing high-earning households that exert sustained upward pressure on residential housing demand, particularly in inner-ring suburbs that offer established amenities and manageable commute times¹⁵.

Despite this robust underlying demand, transaction volumes across the region remain fundamentally constrained by the systemic "mortgage lock-in effect." Federal Housing Finance Agency (FHFA) data indicates that a vast majority of outstanding mortgages nationwide hold fixed interest rates significantly below the prevailing market rate of approximately 6.0% to 6.5%⁹. As of the current period, roughly 80% of mortgage holders maintain rates below 6%, and over 20% still hold rates below 3%⁹. For the median borrower, relinquishing a pandemic-era interest rate of 3.0% to purchase a new property at current rates equates to a penalty of approximately \$800 to \$1,200 per month in additional debt service⁹. Academic research from the Wharton School estimates that this embedded rate differential holds an intrinsic value of approximately \$50,000 per household in future interest savings, creating a massive financial disincentive for voluntary relocation⁹.

Consequently, the lock-in effect has prevented an estimated 1.72 million home sales nationally and restricted the natural recycling of existing housing stock, ultimately inflating existing home prices by an estimated 7.0% due to artificial supply scarcity⁹. In mature, fully built-out suburbs like Carrollton, where the median home age is 41 years and greenfield development is impossible, this phenomenon is particularly acute¹. Tenured homeowners refuse to list their properties, effectively placing a hard ceiling on active inventory and counteracting the downward price pressures that typically accompany a high-interest-rate macroeconomic environment¹.

Carrollton Market Performance and Pricing Dynamics

Against this complex macroeconomic backdrop, Carrollton's real estate performance in the second and third quarters of 2026 demonstrates remarkable resilience and unique statistical anomalies. A cursory review of headline metrics might suggest market degradation, but a granular, unit-level analysis of the transaction data reveals profound intrinsic strength. During the second quarter of 2026, the median sale price for a residential property in Carrollton

was recorded at \$420,000¹. This figure represents a 3.5% decline compared to the median price of \$435,000 observed during the same period in 2025¹. In isolation, a 3.5% contraction in median price implies softening property values. However, this headline decline is almost entirely attributable to a composition shift, commonly referred to in real estate economics as a "mix-shift," regarding the types of properties transacting. The median size of homes sold in Carrollton during this period dropped significantly, falling from 2,034 square feet in Q2 2025 to 1,969 square feet in Q2 2026¹.

When adjusting for this reduction in the size of the transacted asset, the underlying value of residential space in Carrollton actually increased. The median price per square foot rose by 1.1% year-over-year, reaching \$220.11¹. This divergence between falling headline median prices and rising per-square-foot valuations is a critical diagnostic indicator. It demonstrates that the core value of real estate in the municipality is not depreciating. Rather, the prevailing interest rate environment has compressed buyer purchasing power, forcing market participants to target smaller, more affordable footprints to maintain acceptable debt-to-income ratios. Consequently, the transaction mix is disproportionately weighted toward smaller units, mechanically dragging the overall median price downward while the fundamental cost of housing continues to appreciate¹.

Buyer engagement remains exceptionally robust despite these affordability challenges. Closed sales volume in Carrollton reached 340 transactions in Q2 2026, marking an 8.6% increase over the 313 closings recorded in the prior year¹. This surge in transaction volume contradicts the broader regional narrative of a frozen housing market. The velocity of these transactions further corroborates sustained demand. The median days on market (DOM) held perfectly flat at 33 days, indicating that properties are being absorbed at a healthy, consistent pace without the prolonged marketing periods observed in outer-ring suburban developments¹. Once a contract is executed, the timeline to close remains highly efficient, averaging 29 days, which brings the total list-to-close timeline to approximately 62 days¹.

Inventory constraints remain the defining operational feature of the Carrollton market. Active listings declined to 354 units, representing a 6.8% contraction compared to the previous year¹. This inventory shrinkage, paired with elevated sales volume, has compressed the months of supply to just 3.4 months¹. In real estate economics, a market holding fewer than 4.0 months of supply is generally classified as seller-leaning. Because Carrollton is a geographically landlocked municipality, there is virtually no new construction pipeline to introduce fresh single-family supply, rendering the market entirely dependent on resale inventory that remains choked by the mortgage lock-in effect¹.

Pricing elasticity does show minor signs of normalization, though sellers maintain the upper hand. The close-to-original-list-price ratio was recorded at 97.7%, down modestly from 99.1% in the prior year¹. This metric suggests that while the market structurally favors sellers due to constrained supply, buyers have successfully carved out marginal negotiating leverage. Sellers can no longer expect automatic, waiver-heavy, above-asking offers as a default condition, but properties that are accurately priced to current comparables are still clearing the market within a one-month window¹.

The distribution of sales further highlights Carrollton's status as a premier mid-market destination within DFW. The core of transaction activity occurs in the middle-income tranches: 33.5% of sales transacted between \$300,000 and \$399,999, while 27.6% fell into the \$400,000 to \$499,000 band¹. A further 22.6% transacted between \$500,000 and \$749,000¹. Together, the \$300,000 to \$499,999 pricing corridor accounts for over 61% of all residential activity in the city, providing a deep, highly liquid market for both owner-occupants and investors targeting the region's expanding workforce¹.

Comparative Suburban Analysis

To fully grasp Carrollton's market resilience, it is necessary to benchmark its performance against neighboring DFW suburbs. The mix-shift effect distorting Carrollton's median price is not an isolated phenomenon, but its manifestation varies wildly depending on the age and composition of the competing municipality.

In neighboring Plano, a similarly mature suburb, active listings contracted dramatically by 21.8% year-over-year, dropping inventory to 3.5 months¹⁹. Plano's median sale price declined by a mere 1.4% to \$530,000, while its median home size remained essentially flat at 2,453 square feet¹⁹. Because Plano's median price sits at a higher affordability ceiling, the market functions slightly differently, though it shares Carrollton's highly constrained inventory profile. Conversely, Richardson saw a 2.1% decline in median price to \$460,000, driven by a drop in median home size from 2,147 to 2,063 square feet, while its per-square-foot value actually rose 0.8% to \$228.38—a dynamic nearly identical to Carrollton's²⁰.

The extreme end of the mix-shift spectrum is visible in outer-ring suburbs and luxury markets. In Fairview, the median sale price plummeted a staggering 26.1% year-over-year to \$525,000²¹. However, this collapse was a statistical illusion caused by the median home size dropping from 2,854 square feet to 2,275 square feet—a massive 579-square-foot reduction in the typical transacted home²¹. The actual per-square-foot value in Fairview declined by a much more measured 4.5%²¹. Similarly, in Community ISD, a zone dominated by new construction, the median price fell 9.6% to \$320,000 because builders pivoted aggressively to smaller, entry-level floor plans, causing the median size to drop by over 100 square feet²². When compared to these extreme statistical swings, Carrollton's 1.1% appreciation in price per square foot alongside a modest footprint reduction demonstrates a highly stable, functional market insulated from the volatility seen in luxury or heavy new-build corridors.

Submarket and ZIP Code Stratification

Carrollton's geographic footprint spans three distinct counties (Dallas, Denton, and Collin) and encompasses several ZIP codes, resulting in a highly stratified housing market with significant variations in asset quality, school district zoning, and pricing. Treating the municipality as a monolith obscures vital submarket dynamics. An analysis of the primary ZIP codes and neighborhood clusters reveals distinct economic profiles.

ZIP Code	Geographi c Designatio	Median Listing	Price Per Sq Ft	Median Rent	Market Characteri
----------	------------------------------	-------------------	--------------------	----------------	----------------------

	n	Price			zation
75006	Southern Carrollton (Dallas County)	\$359,900	\$210	\$1,490 /mo	Entry-level, mature housing stock, high rental density
75007	Central Carrollton (Denton County)	\$424,900	\$217	\$1,995 /mo	Core mid-market, family-oriented, strong school zones
75001	Eastern Corridor	\$469,500	\$258	\$1,725 /mo	High-density transitional zone, proximity to Addison
75010	Northern Carrollton (Denton/Collin)	\$574,850	\$232	\$1,716 /mo	Upper-middle class, newer construction, luxury enclaves
75019	Far Northwest Boundary	\$659,000	\$260	\$1,817 /mo	Premium residential tier bordering Coppell

Table 1: Carrollton Residential Real Estate Metrics by Primary ZIP Code (As of Q3 2026)²³.
Beyond ZIP codes, localized neighborhood boundaries dictate specific pricing and

days-on-market metrics, highlighting the micro-economies operating within the city limits.

Neighborhood / Enclave	Median Listing Price	Price Per Sq Ft	Median Days on Market	Market Momentum (YoY Change)
Southwest Carrollton	\$384,950	\$206	42 days	Stable entry-level velocity
Downtown Carrollton	\$359,900	\$231	50 days	Rising per-sq-ft premiums for walkability
Central Carrollton	\$379,750	\$201	36 days	Highly accelerated absorption (-23.4% DOM)
Trinity Mills	\$477,500	\$200	34 days	Rapid absorption driven by TOD proximity
Mill Valley	\$454,495	\$212	45 days	Steady mid-market performance
Carrollton Summertree	\$417,500	\$227	45 days	Moderate holding patterns

Table 2: Carrollton Housing Market by Specific Neighborhood (As of Q3 2026)²³.

The 75006 Submarket: Southern and Downtown Carrollton

Located entirely within Dallas County, the 75006 ZIP code represents the historic and most mature sector of the city. With a median listing price resting near \$360,000, this submarket serves as the primary entry point for first-time homebuyers and real estate investors²³. The housing stock is heavily dominated by mid-century construction and older ranch-style homes. Neighborhoods such as Southwest Carrollton and the Downtown Carrollton historic district fall

within this perimeter. Prices in the downtown core sit at a median of \$359,900, but per-square-foot valuations are surprisingly robust at \$231, reflecting the premium placed on walkability and proximity to municipal transit infrastructure²³. This ZIP code also exhibits the highest density of rental properties, driven by the presence of multifamily complexes and older single-family homes repurposed as investment vehicles²³.

The 75007 Submarket: Central Carrollton

The 75007 ZIP code acts as the demographic and geographic heart of Carrollton. Primarily situated in Denton County, this area is highly competitive, recording a median sale price of approximately \$414,000 to \$425,000²³. Homes in this sector receive an average of two to four offers and move to pending status rapidly²⁵. The area is characterized by master-planned subdivisions developed heavily throughout the 1980s and 1990s, offering classic suburban amenities. Neighborhoods such as Josey Ranch, Country Place, and Northeast Carrollton dominate this zone. The robust median monthly rent of nearly \$2,000 indicates immense demand from families seeking access to the Carrollton-Farmers Branch Independent School District (CFBISD) without committing to homeownership in an elevated rate environment²³.

The 75010 Submarket: Northern Carrollton and Luxury Enclaves

The northernmost extent of Carrollton, capturing the 75010 ZIP code, commands the highest valuations in the municipality. With a median listing price of approximately \$575,000 and certain active listings exceeding \$650,000, this submarket caters to the upper-middle and luxury tiers²³. The housing stock here is notably newer, with larger square footages pushing the price per square foot to \$232 and beyond²³. This area includes premium neighborhoods such as Coyote Ridge, which features large traditional homes built in the early 2000s, and Austin Waters, an exclusive enclave near the Plano border where custom modern Craftsman homes frequently list above \$1.2 million, translating to valuations exceeding \$314 per square foot²⁸. The 75010 submarket has experienced a degree of price softening over the trailing 12 months, as the luxury tier is inherently more sensitive to the macroeconomic cost of capital, but it remains a highly desirable destination for executive relocations²⁷.

Demographics, Migration Patterns, and Economic Fundamentals

The underlying strength of the Carrollton residential market is supported by robust demographic and economic fundamentals. As of 2024–2026 estimates, the city's population stands at approximately 135,456 residents³¹. The median age is 39.2 years, indicating a mature, established community with a strong base of family households, which comprise 67.4% of the population³².

Economically, Carrollton is highly affluent. The median household income is \$101,396, which sits comfortably above state and national averages³³. Furthermore, the city boasts a highly educated workforce, with over 45% of adult residents holding a bachelor's degree or higher, translating to strong representation in managerial, business, and financial operations occupations³⁴.

The municipal economy is diverse and durable. Rather than relying solely on residential tax

bases, Carrollton maintains over 8,500 businesses and a vibrant industrial and corporate sector³⁴. Major economic drivers include advanced manufacturing, logistics, and corporate headquarters. Notable employers such as FASTSIGNS International, Securus, AER Manufacturing, and the corporate headquarters for Motel 6 provide a localized employment base that shields the city from macroeconomic volatility³².

Furthermore, the commercial corridors—most notably the vibrant Koreatown district along Old Denton Road—draw millions of regional visitors annually. Anchored by major international retailers like 99 Ranch Market, H Mart, and Daiso, this cultural and culinary epicenter acts as a major commercial catalyst, driving immense retail demand and supporting high commercial lease rates while elevating the desirability of surrounding residential properties³⁶.

Migration data underscores the city's appeal. Redfin analysis indicates an incredibly high retention rate, with 83% of Carrollton homebuyers searching to stay within the immediate metropolitan area rather than relocating outward²⁶. Concurrently, the city captures significant inbound migration. Of the out-of-state buyers relocating to Carrollton, the largest contingents originate from high-cost coastal markets, primarily Los Angeles and Seattle, followed closely by Chicago²⁶. Within Texas, inbound migration to Carrollton is heavily driven by residents relocating from Houston, Austin, and San Antonio²⁶. The infusion of coastal equity and domestic corporate relocations provides a steady stream of well-capitalized buyers who view Carrollton's \$420,000 median price point as highly affordable relative to their origin markets.

Transit-Oriented Development and Infrastructure Catalysts

The most significant structural tailwind driving future asset appreciation in Carrollton is the massive influx of capital into transit-oriented development (TOD) and public infrastructure. Carrollton is uniquely positioned at the intersection of major regional mobility corridors, and municipal leadership is actively leveraging this geography to transition the city from a suburban bedroom community into a primary economic hub.

Trinity Mills Station Urban Village

The crown jewel of Carrollton's redevelopment strategy is the Trinity Mills Station. Encompassing 25 acres, this site represents the largest publicly owned transit-oriented development in North Texas, with total capital investment projected to exceed \$1 billion upon final buildout³. The strategic value of this site lies in its dual-rail connectivity. It serves as the exclusive transfer hub in the DFW metropolitan area connecting the DART Green Line (providing a direct, single-seat ride south into the Dallas central business district) and the Denton County Transportation Authority (DCTA) A-Train (providing commuter rail service north into Denton County)³.

The first phase of this master plan, EVIVA Trinity Mills, was completed and opened in late 2025. This \$100+ million mixed-use structure delivered 436 residential units wrapping a structured parking garage, 10,000 square feet of ground-floor retail, and an expansive three-acre public Esplanade Park that connects directly to the city's trail networks⁴¹. By converting what was formerly a vacant big-box retail parcel into high-density housing directly adjacent to rail transit,

the city is capturing a demographic of young professionals and empty-nesters who demand urban walkability and sustainable living. Future phases of the Trinity Mills development are slated to include a six-story, 125,000-square-foot office tower and a 325,000-square-foot hotel⁴².

The economic implications of this TOD are profound. A landmark 2024 economic impact study conducted by the University of North Texas (UNT) Economics Research Group analyzed 25 years of data regarding DART rail stations⁴². The researchers determined that development within a quarter-mile radius of DART light rail stations generated \$18.1 billion in direct economic impact to the North Texas region⁵. In the 2022-2024 period alone, these transit-adjacent zones generated 5,295 direct jobs and \$428 million in labor income⁴⁴.

More critically for real estate investors, the UNT study empirically quantified the "transit premium." Residential properties located within a half-mile of a DART station command a 10% rent premium compared to identical assets located further away, while commercial properties command a 12.6% rent premium⁵. The reduction in transportation costs—estimated at 15% fewer vehicle miles traveled, or roughly 3,500 miles saved per person annually—allows residents to redirect capital toward housing, thereby supporting higher asset valuations and robust capitalization rates in the immediate vicinity of Trinity Mills⁴².

The DART Silver Line and Quiet Zone Activation

Further amplifying Carrollton's connectivity is the introduction of the DART Silver Line. This 26-mile regional rail project runs east-to-west, intersecting the Green Line in Carrollton and providing a direct, high-speed connection from Plano through Addison and Carrollton directly to Terminal B at Dallas-Fort Worth (DFW) International Airport⁶. With construction reaching substantial completion, passenger service is anticipated to commence in late 2025 or early 2026⁶.

Historically, proximity to heavy rail corridors depressed residential property values due to noise pollution. However, DART, in coordination with the Federal Railroad Administration (FRA) and local municipalities, successfully implemented comprehensive "Quiet Zones" throughout the Silver Line corridor. In Carrollton, these quiet zones were officially activated in August 2026⁴⁹. The implementation of robust safety infrastructure—including quad-gate crossing systems, unmountable medians to prevent vehicles from bypassing gates, and advanced track sensors—means that the EPA-compliant Silver Line trains no longer sound their horns when traversing residential intersections unless an emergency obstruction occurs⁴⁹. The mitigation of noise pollution, coupled with the introduction of one-seat transit to an international airport, is expected to drive immediate appreciation in neighborhoods flanking the Silver Line alignment, removing a historic stigma and replacing it with a premium amenity⁴⁹.

The Alpine X Entertainment District

In addition to traditional TOD, Carrollton is pursuing destination-driven economic development. In August 2026, the Carrollton City Council advanced a Memorandum of Understanding (MOU) to evaluate the "Alpine X" resort project on a 121-acre city-owned parcel (formerly the NTTA site) located at the intersection of I-35E and the President George Bush Turnpike⁷. The proposed master plan features a massive indoor snow sports facility, a luxury hotel, a

conference center, and high-density residential and retail space⁷. If fully realized, Alpine X will serve as a regional tourism magnet, fundamentally altering the commercial gravity of northern Carrollton and significantly boosting the city's sales and hotel occupancy tax revenues, which in turn relieves pressure on the residential tax base.

Property Taxation, Exemptions, and the Regulatory Environment

Texas operates without a state income tax, making property taxes the primary vehicle for funding local government, infrastructure, and public education. For real estate investors and prospective homeowners, understanding the highly fragmented tax jurisdictions within Carrollton is paramount to underwriting asset returns and carrying costs.

Because Carrollton is uniquely situated across three counties, a property's ad valorem tax burden varies significantly depending on its specific geographic location and corresponding school district.

Taxing Entity	2026 Ad Valorem Rate (per \$100 valuation)
City of Carrollton	0.537500
Dallas County	0.215500
Denton County	0.187869
Collin County	0.149343
Carrollton/Farmers Branch ISD (CFBISD)	0.979735
Lewisville ISD (LISD)	1.117800
Dallas ISD	0.993835

Table 3: Base Property Tax Rates for Major Jurisdictions in Carrollton, TX⁵⁴. Note: Total effective tax rates vary by specific parcel based on overlapping special districts such as the Valwood Improvement Authority.

A homeowner located in the Dallas County portion of Carrollton, zoned to CFBISD, faces a fundamentally different tax stack than a homeowner in the Denton County portion zoned to LISD. Generally, properties in the Collin County and Denton County segments benefit from slightly lower county-level tax rates compared to Dallas County, which also assesses additional levies for the Parkland Hospital District and Dallas College, adding approximately \$0.32 per

\$100 of valuation to the effective rate⁵⁴.

The Impact of Texas Proposition 13

The tax landscape experienced a seismic shift with the passage of Texas Proposition 13 (derived from Senate Bill 4) in the November 2025 constitutional amendment election¹⁰.

Approved by a massive margin of voters, this legislation increased the mandatory school district homestead exemption from \$100,000 to \$140,000¹⁰. This follows previous legislative efforts (SB 2 and SB 23) that steadily increased baseline exemptions and expanded protections for homeowners over the age of 65⁶⁰.

For a primary homeowner in Carrollton, this legislation has profound cash-flow implications. By exempting the first \$140,000 of a property's assessed value from school district taxation, the average homeowner saves approximately \$1,350 to \$1,550 annually in property taxes¹⁰. In a market where the median home price is \$420,000, removing one-third of the property's value from the heaviest portion of the tax stack significantly improves housing affordability. This policy change directly counteracts the affordability constraints imposed by elevated mortgage rates, acting as a hidden subsidy that bolsters purchasing power for entry-level and mid-market buyers. Consequently, this tax relief acts as an additional demand catalyst, keeping buyer pools deep even as interest rates remain restrictive.

Infill Development, Zoning, and Neighborhood Revitalization

Because Carrollton is effectively landlocked and nearing full physical build-out, the city's future residential growth strategy relies almost entirely on infill development, adaptive reuse, and neighborhood revitalization⁴. The median age of the residential housing stock is 41 years, and without intervention, aging mid-century subdivisions are susceptible to blight, deferred maintenance, and declining property values¹. Recognizing this risk, the municipal government has implemented aggressive, highly structured zoning and incentive programs to encourage private capital to rejuvenate the housing stock.

Standard residential zoning in Carrollton is divided into districts such as SF-7, SF-8.4, and SF-10, each dictating specific lot coverage and setback requirements (typically 20 to 25 feet for front property lines and 5 to 7.5 feet for interior side lines)⁶³. However, navigating standard zoning is secondary to the massive benefits available through the city's revitalization initiatives.

Neighborhood Empowerment Zones (NEZ)

The City of Carrollton has designated five specific geographic areas as Neighborhood Empowerment Zones (NEZ)⁸. Designed to spur private capital investment in aging infrastructure, the NEZ framework offers a suite of highly lucrative incentives for both owner-occupants and developers engaging in rehabilitation or new construction.

First, any property owner executing a new construction, renovation, or repair project within an NEZ is entitled to a 100% waiver of municipal construction fees, including building permits, impact fees, and platting fees⁸.

Second, the city offers direct cash grants and forgivable loans to residential property owners. The financial mechanism relies on a forgivable loan structure, encumbering the property with a

lien lasting between three and seven years depending on the disbursement quantum, thereby preventing speculative flipping and ensuring funds support long-term owner-occupancy⁶⁵. The primary grant tiers include:

- **The Minor Home Repair Program:** Funded through Community Development Block Grants (CDBG), this program provides up to \$15,000 for critical exterior modifications, roof replacements, and accessibility upgrades. A parallel program supported by the city's general fund offers up to \$7,500 for emergency code-compliance repairs⁶⁵.
- **Single-Family Rehabilitation Incentive:** To encourage extensive exterior upgrades, this incentive offers a cash rebate equating to a one-time payment of up to 25% of approved rehabilitation expenditures, capped at \$20,000 per calendar year. This targets high-impact improvements such as facades, energy-efficient windows, and major landscaping⁶⁹.
- **Single-Family Demolition/Rebuild Incentive:** This is the most aggressive tool in the city's arsenal for urban renewal. To encourage the complete removal of obsolete housing stock, developers or homeowners who demolish an old structure and construct a new single-family home on the same lot within 24 months receive a massive tax abatement. The city issues a lump-sum cash payment equal to ten times the annual municipal ad valorem property tax assessed on the newly created value of the structure⁷⁰.

Tax Increment Reinvestment Zones (TIRZ)

To fund macro-level public infrastructure in commercial corridors without raising the general tax rate, the city heavily utilizes Tax Increment Reinvestment Zones (TIRZ). By establishing a base property valuation in targeted areas like Downtown Carrollton and the Trinity Mills corridor, the city captures 100% of the tax revenue generated from subsequent increases in property value (the "increment")⁷¹. These captured funds are then sequestered and reinvested directly into the zone over a 25-year lifespan to finance streetscapes, utility upgrades, parking structures, and pedestrian amenities⁷¹. This self-financing mechanism is the primary economic engine allowing the city to afford the massive public infrastructure required to support high-density TODs.

The Single-Family Rental (SFR) Landscape and Institutional Capital

The single-family rental (SFR) market in Carrollton presents a highly nuanced landscape for real estate investors. The Dallas-Fort Worth MSA has historically been a primary target for large institutional capital. During the pandemic-era housing boom, institutional investors—including massive private equity funds and Wall Street-backed corporations—purchased an astonishing 28% of all homes sold in Texas, utilizing algorithmic purchasing models and all-cash offers to acquire properties in middle-income neighborhoods⁷².

However, the macroeconomic environment in 2026 has fundamentally altered this dynamic. The sharp increase in the cost of capital has squeezed institutional yield margins, rendering large-scale portfolio acquisitions mathematically unfeasible. Consequently, major institutional funds have pulled back significantly, with prominent operators like Blackstone reporting that

institutional acquisitions have dropped by nearly 90% from their 2022 peaks⁷³. This retreat by Wall Street has reopened the market for retail investors, "house-hackers," and local regional operators.

In Carrollton, the median rent for a single-family home rests between \$1,656 and \$1,700 per month, though updated, larger properties in prime school zones easily command well over \$2,000 to \$2,330 per month²³. At current valuations, the gross rental yield in the broader DFW market averages approximately 8.55%⁷⁸. However, due to Carrollton's higher median property values and steep property tax burdens (which investors must pay without the benefit of the \$140,000 homestead exemption), the net capitalization rate (cap rate) for a standard single-family rental in Carrollton compresses to approximately 4.0%⁷⁷.

While a 4.0% cap rate may fail to satisfy the aggressive cash-on-cash return requirements of pure cash-flow investors, Carrollton remains highly attractive for total-return investors focused on asset preservation, minimal vacancy rates, and steady long-term appreciation⁷⁹. The proximity to DFW's employment centers, the continuous influx of corporate relocations, and the stabilizing effect of excellent school districts ensure that tenant demand remains incredibly rigid⁸¹. Furthermore, the market heavily favors value-add strategies: intelligent investors acquire functionally obsolete properties in the 75006 ZIP code, utilize the city's NEZ fee waivers and rehab incentives to execute deep renovations, and hold the stabilized assets to capture the transit-premium appreciation generated by the expanding DART rail networks⁶⁹.

Strategic Outlook and Conclusions

The Carrollton, Texas residential real estate market in the third quarter of 2026 is a definitive study in municipal resilience and strategic reinvention. While the broader Texas housing market exhibits unmistakable signs of cooling and inventory expansion, Carrollton's localized metrics—including rising per-square-foot valuations, robust sales volumes, and tightly constrained inventory—indicate a market operating from a position of profound strength.

Several critical insights define the market's trajectory over the immediate to intermediate term:

1. **The Mix-Shift Defines Affordability:** The headline decline in Carrollton's median home prices is a statistical artifact caused by buyers pivoting to smaller properties to combat interest rate pressures. The actual cost of housing continues to rise, rewarding sellers who offer well-maintained, efficiently sized properties in the \$300,000 to \$450,000 range.
2. **Infrastructure is the Ultimate Catalyst:** The activation of the DART Silver Line and its associated Quiet Zones, combined with the continued buildout of the \$1 billion Trinity Mills TOD and the potential Alpine X resort, will drive disproportionate asset appreciation in central and northern Carrollton. Properties within a walkable radius of these transit nodes will see sustained cap rate compression and outsized tenant demand, benefiting from the empirically proven 10% residential transit rent premium.
3. **Policy Dictates Returns:** Real estate economics in Carrollton are heavily influenced by the regulatory environment. Texas Proposition 13's massive \$140,000 homestead exemption provides essential affordability protection for owner-occupants, while the city's NEZ grants offer a rare, municipally-subsidized margin of safety for infill developers

and rehabbers. Investors who master these jurisdictional and tax nuances will drastically outperform those who underwrite deals based purely on macro-level assumptions.

4. **The Lock-In Effect Creates an Impermeable Market Floor:** Until mortgage rates experience a precipitous and unlikely drop back toward 4.0%, the vast majority of current homeowners will refuse to sell and forfeit their embedded equity savings. This structural lack of supply guarantees that Carrollton will avoid the drastic price corrections seen in overbuilt, greenfield suburban markets.

In summation, Carrollton has successfully navigated the transition from an aging suburban community to a dynamic, transit-oriented economic center. For market participants—whether prospective homebuyers seeking to anchor their families in a top-tier school district with robust municipal amenities, or investors deploying capital into value-add residential assets—Carrollton represents one of the most structurally sound and strategically positioned submarkets within the Dallas-Fort Worth metropolitan area.

Works cited

1. Carrollton TX Housing Market Update – Q2 2026 - Dunnican Team, <https://www.thedunnicanteam.com/market-update/carrollton-tx/>
2. Texas Housing Market 2026 Guide - ManageCasa, <https://managecasa.com/articles/texas-housing-market>
3. Trinity Mills Station: How Carrollton's \$500M+ Transit-Oriented, <https://carrolltoncommunityvoice.com/development/trinity-mills-station-carrollton-development/>
4. Carrollton, TX: Future Land Use Plan - Zoning & Development, <https://studylib.net/doc/18844385/future-land-use---city-of-carrollton--tx>
5. DART Development Projects Named as Finalists in D CEO 2026, <https://www.dart.org/about/news-and-events/newsreleases/newsrelease-detail/for-dart-development-projects-named-as-finalists-in-d-ceo-2026-commercial-real-estate-awards>
6. Transit-rail news from DART and UTA - Progressive Railroading, https://www.progressiverailroading.com/passenger_rail/news/Transit-rail-news-from-DART-and-UTA--73694
7. Carrollton, Texas Development News — July 2026 | GatherGov, <https://gathergov.com/municipalities/carrollton-tx/development-news>
8. Neighborhood Empowerment Zones | City of Carrollton, TX, <https://www.cityofcarrollton.com/departments/departments-a-f/community-development/neighborhood-empowerment-zones>
9. The Mortgage Lock-In Effect: Why Millions of Homeowners Can't, <https://www.effectiveagents.com/resources/the-mortgage-lock-in-effect-why-millions-of-homeowners-cant-afford-to-sell>
10. Texas Homestead Exemption 2026: Save \$140K+, <https://www.ballardpropertytaxprotest.com/post/texas-homeowners-property-tax-exemptions>
11. Texas Housing Insight - July 2026 Summary - Republic Title, <https://www.republictitle.com/texas-housing-insight-july-2026-summary/>

12. This Is the Strongest Housing Market On Record: Perhaps In Our, <https://northtexasmarketinsider.com/this-is-the-strongest-housing-market-on-record-perhaps-in-our-lifetime/>
13. Texas Housing Market Predictions for 2026 and 2027 - RealWealth, <https://realwealth.com/learn/texas-housing-market-predictions/>
14. Dallas-Fort Worth Economic Indicators - Dallasfed.org, <https://www.dallasfed.org/research/indicators/dfw/2024/dfw2402>
15. Dallas-Fort Worth Real Estate Investors - Catalyst Funding, <https://catalystfdg.com/investor-blog/dallas-fort-worth-real-estate-investors-why-q3-2026-is-the-buying-window-youve-been-waiting-for/>
16. A Stranger Things Journey Through Real Estate's Upside Down, <https://northtexasmarketinsider.com/the-hawkins-housing-market-a-stranger-things-journey-through-real-estates-upside-down/>
17. The Geography of the Lock-In Effect: Which MSAs are Most Locked-In?, <https://www.fhfa.gov/blog/statistics/the-geography-of-the-lock-in-effect-which-msas-are-most-locked-in>
18. Vecna's Curse: The Mortgage Rate Lock-In Effect, <https://northtexasmarketinsider.com/vecnas-curse-how-the-mortgage-lock-in-effect/>
19. Plano TX Housing Market Update – Q2 2026 - The Dunnican Team, <https://thedunnicanteam.com/market-update/plano-tx>
20. Richardson TX Housing Market Update – Q2 2026, <https://thedunnicanteam.com/market-update/richardson-tx>
21. Fairview TX Housing Market Update – Q2 2026 - Dunnican Team, <https://www.thedunnicanteam.com/market-update/fairview-tx/>
22. Community ISD Housing Market Update – Q2 2026 - Dunnican Team, <https://www.thedunnicanteam.com/market-update/community-isd/>
23. Carrollton, TX Housing Market & Rental trends - Realtor.com, <https://www.realtor.com/local/market/texas/dallas-county/carrollton>
24. 75006 Housing Market Trends - Redfin, <https://www.redfin.com/zipcode/75006/housing-market>
25. 2026 75007 Housing Market - Carrollton - Redfin, <https://www.redfin.com/zipcode/75007/housing-market>
26. Carrollton Housing Market Trends - Redfin, <https://www.redfin.com/city/30825/TX/Carrollton/housing-market>
27. 75010 Housing Market Data - Carrollton, TX Home Prices & Rental, <https://www.realtor.com/local/market/texas/zipcode-75010>
28. Newly Listed Carrollton, TX Homes and Houses for Sale - HAR.com, <https://www.har.com/carrollton/realestate/newlistings>
29. Carrollton, TX Homes and Houses for Sale - HAR.com, https://www.har.com/carrollton/realestate/for_sale
30. 2409 Shady Creek Drive Carrollton TX 75010 | MLS #21363847, <https://aaronlayman.com/tx/carrollton/austin-waters-ph-2/2409-shady-creek-drive/>
31. Carrollton, Texas - Wikipedia, https://en.wikipedia.org/wiki/Carrollton,_Texas

32. Carrollton, Texas - City Profile - Citizen Portal,
<https://citizenportal.ai/taxonomy/2788/details>
33. Demographics | City of Carrollton, TX,
<https://www.carrolltontxdevelopment.com/site-selectors/site-selector-resources/demographics>
34. CARROLLTON TX Population, Demographics, GIS - ZoomProspector,
<https://zoomprospector.com/communities/tx/city/carrollton/4813024>
35. U.S. Census Bureau QuickFacts: Carrollton city, Texas,
<https://www.census.gov/quickfacts/fact/table/carrolltoncitytexas/PST045225>
36. K-Sector - Texas Legacy Realty,
<https://txlegacyrealty.com/properties/commercial-leasing-k-sector/>
37. Carrollton Town Center - NewQuest Properties,
<https://www.newquest.com/property/carrollton-town-center/>
38. New Koreatown Carrollton TX Neighborhood Guide | 75006,
<https://www.texasally.com/neighborhoods/dallas/carrollton/new-koreatown>
39. Trinity Mills - The Integral Group, <https://integral-online.com/trinity-mills/>
40. EVIVA Trinity Mills: Mixed Use Transit Oriented Development Breaks,
<https://www.einpresswire.com/article/645206189/eviva-trinity-mills-mixed-use-transit-oriented-development-breaks-ground>
41. EVIVA Trinity Mills Station - JHP Architecture,
<https://jhparch.com/portfolio/eviva-trinity-mills-station>
42. DART, Integral Celebrate Grand Opening of EVIVA Trinity Mills Station,
<https://www.dart.org/about/news-and-events/newsreleases/newsrelease-detail/dart--integral-celebrate-grand-opening-of-eviva-trinity-mills-station-transit-oriented-development>
43. DART Opens EVIVA Trinity Mills Station TOD, Advancing Transit,
<https://aptapassengertransport.com/dart-opens-eviva-trinity-mills-station-tod-advancing-transit-driven-community-growth/>
44. Study Shows DART TOD Drives Billions in Economic Growth in,
<https://aptapassengertransport.com/study-shows-dart-tod-drives-billions-in-economic-growth-in-north-texas/>
45. Transit-Oriented Development - Dallas - DART,
<https://www.dart.org/about/plans-projects-and-initiatives/transit-oriented-development-planning>
46. 25-Year Study Reveals Transit-Oriented Development In ... - DART,
<https://www.dart.org/about/news-and-events/newsreleases/newsrelease-detail/25-year-study-reveals-transit-oriented-development-in-north-texas-has--18.1-billion-direct-economic-impact>
47. Carrollton - Silver Line Regional Rail Project - DART,
<https://www.dart.org/about/plans-projects-and-initiatives/expansion/silver-line-regional-rail-project/carrollton>
48. DART Silver Line | Coppell, TX, <https://www.coppelltx.gov/608/DART-Silver-Line>
49. DART to install quiet zones along path of Silver Line north of Dallas,
<https://dallas.culturemap.com/news/travel/dart-silver-line-quiet-zone/>
50. Quiet Zones Along DART Silver Line to Become Active Before End,

- <https://www.metro-magazine.com/news/quiet-zones-along-dart-silver-line-to-become-active-before-end-of-august>
51. Noise and Vibration Impact Assessment - DART,
<https://www.dart.org/about/plans-projects-and-initiatives/expansion/silver-line-regional-rail-project/noise-and-vibration-impact-assessment>
 52. Quiet Zones Along DART Silver Line Active Soon - Railway Supply,
<https://www.railway.supply/quiet-zones-along-dart-silver-line-begin-activation/>
 53. Aug 11, 2026 City Council - Carrollton, TX,
<https://carrolltontx.new.swagit.com/videos/395840>
 54. Taxation | City of Carrollton, TX,
<https://www.carrolltontxdevelopment.com/site-selectors/site-selector-resources/taxation>
 55. Texas Property Tax Rates by County: 2025 Comparison,
<https://www.ballardpropertytaxprotest.com/post/texas-property-tax-rates-by-county>
 56. Collin County Property Tax Rates,
<https://www.collincountyappraisaldistrict.org/propertytaxrates.html>
 57. DFW Property Tax Rates by City: Lowest & Highest (2025),
<https://nailandkey.com/blog/comparison-highest-and-lowest-d-fw-property-tax-rates-2021>
 58. How to File a Homestead Exemption in Texas (2026 Guide),
<https://www.rainboltco.com/blog/texas-homestead-exemption-guide/>
 59. 2026 Texas Property Taxes and Homestead Exemptions Guide,
<https://lrgrealty.com/lrg-blog/2026-texas-property-taxes-homestead/>
 60. Texas Property Tax Protests — The Complete Guide,
<https://propertytaxdesk.com/texas/property-tax-appeal-complete-guide/>
 61. Texas Homestead Exemption Guide 2026 - Protesting Property Taxes,
<https://protestingpropertytaxes.com/texas-homestead-exemption-guide/>
 62. 40000 Homestead Exemption Texas for Homeowners,
<https://texaspvp.com/140k-homestead-exemption-texas-2026/>
 63. Site Plan Requirements in Carrollton, TX (Permit Guide),
<https://www.siteplancreator.com/site-plans/carrollton-tx>
 64. How Infill Redevelopment Can Benefit a Community - Halff,
<https://www.halff.com/news-insights/insights/how-infill-redevelopment-can-benefit-a-community-2/>
 65. Minor Home Repair Program (Neighborhood Empowerment Zones),
<https://www.cityofcarrollton.com/departments/departments-a-f/community-development/grants-incentives-impact/nez-minor-home-repair-program>
 66. Emergency Repair Grant | City of Carrollton, TX,
<https://www.cityofcarrollton.com/departments/departments-a-f/community-development/grants-incentives-impact/emergency-repair-grant>
 67. Minor Home Repair Program | City of Carrollton, TX,
<https://www.cityofcarrollton.com/departments/departments-a-f/community-development/grants-incentives-impact/minor-home-repair-program>
 68. Community Development Block Grant | City of Carrollton, TX,

- <https://www.cityofcarrollton.com/departments/departments-a-f/community-development/community-development-block-grant-cdbg>
69. Single Family Rehab Incentive (Neighborhood Empowerment Zones),
<https://www.cityofcarrollton.com/departments/departments-a-f/community-development/grants-incentives-impact/single-family-rehabilitation-incentive>
 70. Single Family Demolition/Rebuild Incentive (Neighborhood,
<https://www.cityofcarrollton.com/departments/departments-a-f/community-development/grants-incentives-impact/single-family-demolition-rebuild-incentive>
 71. TIRZ | City of Carrollton, TX,
<https://www.carrolltontxdevelopment.com/development/transit-oriented-development/tax-increment-reinvestment-zone-tirz/tirz>
 72. The Growing Institutional Home Market in Texas | Cowles Thompson,
<https://www.cowlesthompson.com/resources/practice/real-estate/the-growing-institutional-home-market-in-texas/>
 73. Are Investors Buying All the Homes in Texas?,
<https://www.cindycogginsrealtygroup.com/are-investors-buying-all-the-homes-in-texas>
 74. Institutional investors have an undeniable impact on low-income,
<https://texashousers.org/2024/09/26/institutional-investors-have-an-undeniable-impact-on-low-income-housing-without-more-data-we-dont-know-how-to-measure-it/>
 75. Institutional Owners of Single-Family Homes: The Facts - Blackstone,
<https://www.blackstone.com/blackstone-single-family-rental-fact-sheet/>
 76. Carrollton, TX Housing Market: 2026 Home Prices & Trends | Zillow,
<https://www.zillow.com/home-values/17321/carrollton-tx/>
 77. Carrollton, TX Rental Investment Analysis 2026 — Cap Rate 4%,
<https://rentalranked.com/market/carrollton-tx/>
 78. Dallas-Fort Worth-Arlington, TX Average Rent & Rental Yield,
<https://sfranalytics.com/rental-yields/tx/dallas-fort-worth-arlington-tx>
 79. Carrollton TX Real Estate Investing: Is It A Good Place & Good Time,
<https://victorsteffen.com/texas-real-estate-investment-property/carrollton/>
 80. Dallas Rental Property: DFW Cap Rate at Metro Scale | CapRateCity,
<https://www.capratecity.com/dallas-tx>
 81. DFW Rental Market Data — Average Rents, Vacancy Rates,
<https://dfwpropertymanagement.com/market-data>

