

2014 TEXAS TAX ASSESSMENTS
by Mark Cantrell

The majority of Texas appraisal districts will mail their preliminary value notices the last week of April for delivery on or about May 1st. In fact, some counties have already posted preliminary 2014 values on their website, while others (including Harris County) have already mailed value notices for a significant portion of their appraisal roll.

If the preliminary 2014 appraised values from Harris County and the surrounding greater Houston area are any indication, **multifamily owners statewide are likely to see significant value increases this year.** Overall, Harris County's preliminary 2014 appraisal roll reflects a 22% increase over the 2013 certified appraisal roll. We have heard from other major counties as well to expect aggressive increases due to a heavy volume of sales, increasing rental rates and continued high occupancies.

How can you attempt to minimize potential increases that go directly to your bottom line? In addition to the obligatory profit & loss statements and rent rolls, make sure you provide your tax consultant every possible negative piece of information that can be used when in front of the appraisal district (i.e. photos/bids of deferred maintenance, foundation and roof issues, crime, city citations/violations, negative trending, down units, etc.). **And it is critical that you engage a seasoned professional with a thorough understanding of the entire appeals process and the various valuation methodologies and techniques to mitigate such increases (i.e. Unequal Equity protests).**

Cantrell McCulloch, Inc. currently represents approximately 850 apartment communities consisting of 160,000 +/- units valued in excess of \$6 billion across 50 Texas counties. Our multifamily background, along with our experienced consultants and focused attention to every detail allows us to negotiate the best possible values.

Mark Cantrell can be contacted at
mcantrell@cmi-tax.com / 214-368-1295

JOB GROWTH	Area New Jobs	1 Mo	12 Mo		
	Estimate	End 2/28	End 2/28		
	Dallas/Plano/Irving	11,700	65,300		
	Fort Worth/Arlington	4,400	17,500		
		16,100	82,800		
INTEREST RATES	Rates	END 3/31	Yr. Ago		
	10 Year Treasury	2.73%	1.86%		
	11th District COFI	0.77%	0.96%		
	1 Mo. LIBOR	0.15%	0.20%		
	Spreads over the above indexes have been increasing as rates have decreased. Best all in rates for the best properties are around 3.75%.				
SUPPLY/ DEMAND	Units Added/ Absorbed	6 Mo End 3/31	12 Mo End 3/31	24 Mo End 3/31	
	Dallas County				
	Added	3,687	7,125	14,433	
	Absorbed	976	5,432	13,303	
	Tarrant County				
Added	1,111	2,065	7,012		
Absorbed	1,076	2,384	7,321		
OCCUPANCY RATES	Dallas County	3/31/2014	6 Mo Ago	12 Mo Ago	
	2000's	86.0%	88.5%	87.9%	
	1990's	94.7%	95.0%	94.9%	
	1980's	93.8%	93.6%	93.8%	
	1970's or Older	91.2%	91.7%	90.8%	
	Tarrant County				
	2000's	91.7%	92.6%	90.8%	
	1990's	94.8%	93.6%	94.4%	
1980's	93.9%	93.4%	93.8%		
1970's or Older	90.4%	90.6%	90.4%		
RENTAL RATES	Dallas County	3/31/2014	6 Mo Ago	12 Mo Ago	
	2000's	\$1,259	\$1,265	\$1,241	
	1990's	\$1,126	\$1,127	\$1,099	
	1980's	\$724	\$715	\$694	
	1970's or Older	\$702	\$692	\$673	
	Tarrant County				
	2000's	\$1,062	\$1,062	\$1,043	
	1990's	\$983	\$980	\$960	
1980's	\$686	\$679	\$662		
1970's or Older	\$638	\$623	\$612		
HISTORICAL JOB GROWTH	Average year change of the combined DFW MSA's		1 Texas Workforce Commission		
	2007	82,200	2 Banxquote.com		
	2008	2,500	3 ALNsys.com - Rental rates are after concessions.		
	2009	(94,900)	Approx. 25% of 70's or older are all bills paid.		
	2010	50,800			
	2011	51,200			
	2012	79,200			

Sam Pettigrew, Partner
972-630-6691
spettigrew@cantrellcompany.com

Thomas Hooke, Associate
972-630-6696
thooke@cantrellcompany.com

Jessica Erdmier
972-630-6697
jerdmier@cantrellcompany.com