The Cantrell Report

Pertinent Information for Apartment Owners

August 2016

THE CANTRELL COMPANY & PARTNERS — REAL ESTATE INVESTMENT BROKERAGE

JOB GROWTH [1]

Area New Jobs Estimate	1 Mo End 6/30	6 Mo End 6/30	12 Mo End 6/30
Dallas/Plano/Irving	5,900	74,500	99,600
Fort Worth/Arlington	1,800	26,700	14,500
	7,700	101,200	114,100

INTEREST RATES [2]

Rates	END 7/31	Yr. Ago
10 Year Treasury	1.51%	2.16%
11th District COFI	0.69%	0.69%
1 Mo. LIBOR	0.49%	0.19%

SUPPLY/ DEMAND [3]

Units Added/ Absorbed	6 Mo End 7/31	12 Mo End 7/31	24 Mo End 7/31
Dallas County			
Added	4,709	10,076	21,306
Absorbed	4,745	8,749	20,711
Tarrant County			
Added	2,838	4,197	10,036
Absorbed	4,779	5,953	10,994

OCCUPANCY RATES [3]

Dallas County	7/31/2016	6 Mo Ago	12 Mo Ago
2010's	76.4%	74.4%	74.9%
2000's	95.2%	95.0%	95.3%
1990's	95.1%	95.7%	96.2%
1980's	94.9%	95.0%	94.9%
1970's or Older	93.7%	93.3%	92.9%
Tarrant County			
2010's	83.6%	75.3%	68.2%
2000's	95.7%	94.9%	96.0%
1990's	95.4%	94.9%	96.2%
1980's	95.5%	94.8%	95.2%
1970's or Older	94.1%	93.9%	93.3%

RENTAL RATES [3]

Dallas County	7/31/2016	6 Mo Ago	12 Mo Ago
2010's	$1,503	$1,490	$1,473
2000's	$1,357	$1,321	$1,320
1990's	$1,270	$1,223	$1,220
1980's	$881	$844	$812
1970's or Older	$818	$788	$764
Tarrant County			
2010's	$1,399	$1,322	$1,295
2000's	$1,163	$1,122	$1,124
1990's	$1,180	$1,128	$1,097
1980's	$847	$809	$776
1970's or Older	$769	$744	$719

HISTORICAL JOB GROWTH

Average year change of the combined DFW MSA's

2012	79,200
2013	95,000
2014	141,300
2015	116,600

1 Texas Workforce Commission
2 Banxquote.com
3 ALNsys.com - Rental rates are after concessions.

Approximately 25% of 70's or older are all bills paid

Real Estate and Other Hard Assets Are Good Investments During Economic Upheaval

Written by: Bryan Ellis 06/29/16 - 7:39 AM EDT

Brexit concerns are overblown and will not bring death to the markets, as many of the elites in government and finance are saying. What Brexit has done, like so many other government-created crises before, is to provide a clear reminder to investors that real estate and other hard assets should be at the center of the wise investor's portfolio.

Real estate tends to hold its value, generate more stable returns, and therefore, be less vulnerable in volatile economies. It may be a particularly useful investment in the current post Brexit climate. Consider below the connection between Brexit, hard assets and your portfolio.

If your portfolio is primarily composed of so-called paper assets, like stocks, bonds and most financial instruments, then your financial security hinges on the value of your country's currency. If the currency devalues, so does your portfolio. If the currency inflates, so does your portfolio.

That's what happened in recent days. One of the immediate repercussions of Brexit was a substantial plunge in value of the British Pound, which immediately devalued everything that's valued in this currency. When cash itself loses value, assets based on cash also lose value.

But the situation is different for investors in hard assets like real estate or precious metals. Consider the investor who owns several rental properties. Even if a national currency were to disintegrate, there would still be intrinsic value in real estate.

That's because real estate is useful. It can house your family. It can be leased in exchange for other items of value. It can be traded or sold for things that support and sustain life. Real estate is fundamentally valuable because there's a limited supply, and the need for it extends to everyone.

The value of real estate and other hard assets is not limited by cataclysmic scenarios in which governments or economies face collapse. Hard assets have the additional benefit of hedging against another serious threat that's far more common than Brexit level upheavals: Inflation.

How should a wise investor go about acquiring real estate in their portfolio, particularly for the investor who has little or no experience with it?

For most investors, a great place to start is to invest in a turnkey rental property. This approach is tailor-made for investors at any level of experience and provides you with a property that is fully renovated and occupied by a paying tenant. Additionally, a professional management company handles the daily management of the property.

At the most fundamental level, turnkey rental properties offer investors with limited time or experience the opportunity to directly own and benefit from cash flow-producing real estate, no different than experienced investors.

Why wouldn't that investor simply buy into a Real Estate Investment Trust? It's much easier than purchasing physical real estate, and nearly all the cash flow that's generated by the REIT flows back to owners.

But owning shares in a REIT is not the same as owning real estate. There is a layer of ownership between yourself and the real estate in which the REIT invests. All you are entitled to as an owner of shares is the value of the shares and whatever cash flow is distributed. That means vulnerability to currency fluctuations that stem from events like Brexit.

There is definitely a place for soft assets, such as stocks, bonds and mutual funds. But those assets should rest atop a firm foundation of real assets that have fundamental, intrinsic value -- the kind of value that could protect and feed your family in the event of a U.S. economic meltdown.

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

12750 Merit Drive, Suite 400 * Dallas, TX 75251 * (214) 368-4567 * (214) 368-2120 (fax) * www.cantrellcompany.com