

THE CANTRELL REPORT TM

Pertinent Information for Apartment Owners
December 1, 2011

JOB GROWTH ₁	Area New Jobs		1 Mo	6 Mo	12 Mo	
	Estimate		End 10/31	End 10/31	End 10/31	
	Dallas/Plano/Irving		(3,600)	7,000	32,400	
	Fort Worth/Arlington		5,400	3,400	16,400	
			1,800	10,400	48,800	
INTEREST RATES ₂	Rates		END 11/31	Yr. Ago		
	10 Year Treasury			2.08%	2.97%	
	11th District COFI			1.28%	1.66%	
	1 Mo. LIBOR			0.26%	0.26%	
Spreads over the above indexes have been increasing as rates have decreased. Best all in rates for the best properties are around 4.0%-4.5%.						
SUPPLY/ DEMAND ₃	Units Added/ Absorbed		6 Mo	12 Mo	24 Mo	
			End 11/31	End 11/31	11/31/2011	
	<u>Dallas County</u>					
	Added		1,572	4,450	8,688	
	Absorbed		1,869	8,826	20,777	
	<u>Tarrant County</u>					
Added		1,473	2,619	3,606		
Absorbed		1,344	5,323	11,478		
OCCUPANCY RATES ₃	<u>Dallas County</u>		11/31/2011	6 Mo Ago	12 Mo Ago	
	2000's		93.1%	93.1%	90.9%	
	1990's		94.8%	95.5%	94.7%	
	1980's		91.1%	91.0%	89.4%	
	1970's or Older		89.1%	88.6%	87.1%	
	<u>Tarrant County</u>					
	2000's		92.8%	93.3%	91.8%	
	1990's		94.4%	95.2%	94.6%	
	1980's		91.9%	91.3%	90.2%	
	1970's or Older		86.7%	87.0%	83.3%	
RENTAL RATES ₃	<u>Dallas County</u>		11/31/2011	6 Mo Ago	12 Mo Ago	
	2000's		\$1,196	\$1,181	\$1,124	
	1990's		\$1,065	\$1,040	\$992	
	1980's		\$648	\$642	\$623	
	1970's or Older		\$649	\$639	\$631	
	<u>Tarrant County</u>					
	2000's		\$989	\$963	\$919	
	1990's		\$919	\$910	\$878	
	1980's		\$614	\$611	\$595	
	1970's or Older		\$579	\$575	\$563	
HISTORICAL JOB GROWTH	Average year change of the combined DFW MSA's		1 Texas Workforce Commission			
	2006	91,600	2 Banxquote.com			
	2007	82,200	3 ALNsys.com - Rental rates are after concessions.			
	2008	2,500	Approx. 25% of 70's or older are all bills paid.			
	2009	(94,900)				
	2010	50,800				

Distress Sales Recede as Developers Find Willing Buyers

By Mark Heschmeyer
November 16, 2011

Going into the fourth quarter, multifamily sales have already bested 2010 total sales volume by more than \$1 billion. The \$33 billion in multifamily sales in the first three quarters are up 70% year-over-year compared to the first three quarters of 2010.

And the momentum is not slowing down, said Erica Champion, senior real estate economist for CoStar Group in a presentation at CoStar's State of the U.S. Multi-Family Market - Q3 2011 Review & Forecast this past week.

Still, Champion added, while it appears that the apartment investment sales market is white hot, this year's sales volume is still dwarfed by 2007 -- the peak year for investment activity. For example, in New York, Washington DC and Los Angeles, activity is only about one-third of the unusually high level of sales activity that occurred in 2007, Champion noted.

In addition, when looking at the annual sales volume of apartments compared to other commercial properties, it is actually tracking a similar share of sales compared to historical levels.

What's different this year is that more and more of the apartment sales involve nondistressed properties. **The level of distressed apartment sales peaked in the first quarter of 2010 at about 29% of all sales being distressed. That percentage has dropped steadily.**

The total number of distressed trades has dropped off by one-third in the third quarter alone versus the second quarter. As of the third quarter, only about 16% of apartment sales were classified as distressed.

Some markets are still working to purge distressed assets, Champion noted. For example, in Las Vegas, Atlanta, Houston, San Francisco, Chicago and Dallas, the percent of distressed sales are still relatively consistent with activity since 2009. While, in markets such as New York, Tampa, Washington DC, Los Angeles, Seattle, Denver and Northern New Jersey distressed sales seem to have run their course.

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