The Cantrell Report

Pertinent Information for Apartment Owners

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THE CANTRELL COMPANY & PARTNERS

REAL ESTATE INVESTMENT BROKERAGE

JOB GROWTH [1]

Area New Jobs Estimate	1 Mo End 12/30	6 Mo End 12/30	12 Mo End 12/30
Dallas/Plano/Irving	(3,800)	44,500	61,800
Fort Worth/Arlington	5,800	16,800	29,900
	2,000	61,300	91,700

INTEREST RATES [2]

Rates	END 1/31	Yr. Ago
10 Year Treasury	2.70%	2.45%
11th District COFI	0.75%	0.60%
1 Mo. LIBOR	1.56%	0.77%

SUPPLY/ DEMAND [3]

Units Added/ Absorbed	6 Mo End 11/31	12 Mo End 1/31	24 Mo End 1/31
Dallas County			
Added	5,938	12,167	22,211
Absorbed	2,528	6,119	14,038
Tarrant County			
Added	5,366	8,978	13,754
Absorbed	1,253	3,444	8,203

OCCUPANCY RATES [3]

Dallas County	12/31/2016	6 Mo Ago	12 Mo Ago
2010's	75.1%	74.5%	75.2%
2000's	93.3%	94.3%	94.6%
1990's	93.2%	94.3%	94.4%
1980's	93.5%	94.9%	94.9%
1970's or Older	93.3%	93.7%	94.1%
Tarrant County			
2010's	67.7%	73.3%	78.0%
2000's	94.7%	95.9%	95.5%
1990's	94.4%	95.3%	94.8%
1980's	94.4%	95.1%	95.0%
1970's or Older	92.0%	92.6%	92.6%

RENTAL RATES [3]

Dallas County	12/31/2016	6 Mo Ago	12 Mo Ago
2010's	$1,521	$1,555	$1,479
2000's	$1,365	$1,369	$1,346
1990's	$1,294	$1,303	$1,245
1980's	$934	$931	$889
1970's or Older	$890	$879	$843
Tarrant County			
2010's	$1,369	$1,420	$1,396
2000's	$1,197	$1,208	$1,152
1990's	$1,168	$1,174	$1,133
1980's	$909	$908	$869
1970's or Older	$842	$834	$798

HISTORICAL JOB GROWTH

Average year change of the combined DFW MSA's

2012	79,200
2013	95,000
2014	141,300
2015	116,600
2016	120,500

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

Commercial Sector Happy with Tax Law

Author: Steve Brown, Dallas Morning News

While housing sector proponents gave a thumbs down to the new tax law, most commercial real estate industry execs are celebrating the federal overhaul.

Housing took a hit with fewer deductions in the just-passed tax law rewrite.

But lower corporate tax rates and special treatment for many real estate companies could give the commercial property sector a boost and more profits for big builders.

"The first major tax reform in more than three decades, the act recognizes the important contribution that commercial real estate is making to the economy by supporting pro-growth initiatives and acknowledging the long-term nature of commercial real estate investment," Thomas J. Bisacquino, president of the industry trade group NAIOP, said in a statement. "This legislation represents an important victory for NAIOP members and the commercial real estate industry."

The final legislation kept tax-free exchanges of real estate and continues taxation of real estate carried interest as capital gains.

Real estate firms also continue to be able to deduct their business interest expenses.

And the taxes for the so called pass-through businesses — a common real estate vehicle — were reduced.

The popular historic preservation tax credits that have helped revitalize urban areas were reduced, but not eliminated as originally proposed.

Some analysts are predicting a surge in private capital in commercial real estate to take advantage of the new tax benefits.

The commercial property sector was already enjoying one of the best periods in decades before the new tax regulations were made law.

While the residential real estate industry is worried that the tax deduction changes could drive down home values, commercial property owners see a new spurt of investment.

"While tax reform may have a modest impact on real GDP growth, overall, commercial real estate is a winner, though some subsectors fare better than others," Revathi Greenwood, Cushman & Wakefield Head of Americas Research, said in a report. "Multifamily looks to be a winner — at the expense of single-family residential — especially in states and municipalities with high state and local taxes.

"The retail and industrial sectors should see modest benefits, while the office sector will see minimal impact."

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