The Cantrell Report

Pertinent Information for Apartment Owners

July 1, 2014

JOB GROWTH 1

Area New Jobs Estimate	1 Mo End 5/31	6 Mo End 5/31	12 Mo End 5/31
Dallas/Plano/Irving	14,400	45,200	88,300
Fort Worth/Arlington	5,900	8,800	24,800
	20,300	54,000	113,100

INTEREST RATES 2

Rates	END 6/30	Yr. Ago
10 Year Treasury	2.53%	2.50%
11th District COFI	0.68%	0.97%
1 Mo. LIBOR	0.15%	0.19%

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 3

Units Added/ Absorbed	6 Mo End 6/30	12 Mo End 6/30	24 Mo End 6/30
Dallas County			
Added	3,333	7,698	15,236
Absorbed	4,162	8,491	15,715
Tarrant County			
Added	784	2,412	6,876
Absorbed	2,184	2,819	7,733

OCCUPANCY RATES 3

Dallas County	6/30/2014	6 Mo Ago	12 Mo Ago
2000's	88.5%	89.3%	88.7%
1990's	95.3%	94.7%	95.2%
1980's	94.1%	93.3%	93.6%
1970's or Older	91.7%	91.1%	90.7%
Tarrant County			
2000's	92.2%	91.5%	92.7%
1990's	94.9%	94.4%	94.1%
1980's	94.0%	92.8%	93.5%
1970's or Older	91.4%	90.8%	90.6%

RENTAL RATES 3

Dallas County	6/30/2014	6 Mo Ago	12 Mo Ago
2000's	$1,284	$1,243	$1,256
1990's	$1,157	$1,122	$1,128
1980's	$737	$715	$704
1970's or Older	$711	$697	$683
Tarrant County			
2000's	$1,079	$1,059	$1,049
1990's	$1,010	$985	$981
1980's	$707	$682	$673
1970's or Older	$649	$633	$617

HISTORICAL JOB GROWTH

Average year change of the combined DFW MSA's

2007	82,200
2008	2,500
2009	(94,900)
2010	50,800
2011	51,200
2012	79,200

1 Texas Workforce Commission
2 Banxquote.com
3 ALNsys.com - Rental rates are after concessions. Approx. 25% of 70's or older are all bills paid.

MF Posts Best Quarter in More Than a Decade

By Paul Bubny | National - Globest
June 30, 2014

DALLAS—For both occupancy and effective rent growth, the second quarter was the strongest that the **multifamily**sector has seen more than 13 years, according to**Axiometrics** data obtained **EXCLUSIVELY** by GlobeSt.com. The apartment and data research firm says both metrics exceeded expectations, with occupancy reaching levels not seen since Q1 in 2001 and rent growth posting its best quarterly showing since Q3 2000.

"The year started slowly for the apartment market, perhaps due to weather, but it experienced a major reacceleration during the second quarter," says **Jay Denton**, VP of research at Dallas-based Axiometrics. Amid an unusually harsh winter in many regions of the US, "effective rent growth was soft in January and February, but the period from March through May was the one of the strongest three-month stretches we've seen in the 19 years we've been tracking apartments."

Effective rents grew 2.4% between April 1 and the end of June, the highest quarter-to-quarter rate since the 2.9% seen between July and September '00. Q2's occupancy of 95% hasn't been seen since the first three months of '01, when it reached 95.6%.

The second quarter's effective rent growth was especially impressive on top of Q1's 0.5% growth and the 0.9% decrease in the last three months of 2013. Similarly, occupancies had declined for two consecutive quarters before Q2's 60-basis point increase. Annualized effective rent growth reached 3.3% in Q2, up from 2.9% in the previous quarter.

Even as the **National Association of Realtors** on Monday reported that **pending sales** for existing single-family homes and for-sale apartments posted their biggest monthly increase in four years, the ownership rate in general is on the wane, Denton points out. The Census Bureau says Q1's home-ownership rate nationally of 64.8% was the lowest since Q2 1995. "Demographics, along with the increasing choice to rent rather than own, continue to play in favor of apartments," says Denton.

Not surprisingly, effective rent growth was strongest in Silicon Valley at 5.1%. Rounding out the top 10 for metro areas were Oakland-Fremont-Hayward, CA with 4.6%; Denver and Boston with 4.3% each; Seattle with 4.0%; Sacramento, 3.9%; San Francisco and Chicago, each with 3.5%; Atlamnta, 3.2%; Portland, OR, 3.1%; and Nashville, 2.9%.

These increases are taking place with 180,000 new units coming on line nationwide over the past year. "There is more supply on the way, but the apartment market is merely returning to a more 'normal' level of construction," says Denton. He adds that it's important to note that total residential construction, including single-family homes, is "still well below the historical norm. This prolonged period of lower-than-normal residential construction has allowed apartment occupancy rates to surge to a level not achieved since '01."

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