

The Cantrell Report

Pertinent Information for Apartment Owners
June 1, 2013

Fannie Mae Earns \$17 Billion, It's Biggest Annual Profit Yet

The Associated Press, Tuesday, 2 Apr 2013

Fannie Mae earned \$17.2 billion last year, the biggest annual profit in the U.S. mortgage giant's history, helped by a record fourth quarter.

The 2012 gain was driven by the housing recovery, which has reduced delinquencies and lifted home prices six years after the bubble burst.

The government-controlled company also said Tuesday that it paid dividends of \$11.6 billion to the U.S. Treasury in 2012. Fannie said it expects to remain profitable "for the foreseeable future."

The company did not see any federal assistance in 2012. That followed a year in which the company reported a net loss of \$16.9 billion and requested \$25.9 billion in federal assistance.

Taxpayers spent \$188 billion to rescue Fannie and smaller sibling **Freddie Mac** from their exposure to risky loans that triggered the 2008 financial crisis. Fannie received \$116 billion and has paid back \$35.6 billion.

Freddie received \$72 billion and has paid back nearly \$20 billion. The gradual recovery of the housing market has enabled both companies to become profitable again. Freddie has posted positive net earnings for the past five quarters.

Fannie earned \$7.6 billion in the October-December quarter, a quarterly record for the company. Half of the gain came from a legal settlement with **Bank of America**. Fannie paid the Treasury Department a quarterly dividend of \$2.9 billion.

Under a federal policy adopted last summer, Fannie and Freddie must turn over their quarterly profits to the government.

The fourth-quarter earnings compared with a net loss of \$2.4 billion in the final quarter of 2011.

Fannie and Freddie together own or guarantee about half of all U.S. mortgages, or nearly 31 million home loans. Those loans are worth more than \$5 trillion. Along with other federal agencies, they back roughly 90 percent of new mortgages.

JOB GROWTH	Area New Jobs	1 Mo	6 Mo	12 Mo
	Estimate	End 5/31	End 5/31	End 5/31
	Dallas/Piano/Irving	14,300	13,600	67,700
	Fort Worth/Arlington	9,200	9,000	37,200
		23,500	22,600	104,900

INTEREST RATES	Rates	END 5/31	Yr. Ago
		10 Year Treasury	2.16%
	11th District COFI	0.97%	1.16%
	1 Mo. LIBOR	0.19%	0.24%
	Best all in fixed rates for the best properties are around 4.14% (10 year maturity - Fannie Mae).		

SUPPLY/ DEMAND	Units Added/ Absorbed	6 Mo	12 Mo	24 Mo
		End 5/31	End 5/31	End 5/31
	Dallas County			
	Added	2,446	7,357	12,253
	Absorbed	4,384	7,262	15,152
	Tarrant County			
	Added	2,038	4,824	7,174
	Absorbed	2,516	4,338	8,707

OCCUPANCY RATES	Dallas County	5/31/2013	6 Mo Ago	12 Mo Ago
		2000's	89.6%	90.7%
	1990's	95.0%	94.9%	95.4%
	1980's	93.9%	92.5%	92.8%
	1970's or Older	90.6%	89.3%	89.4%
	Tarrant County			
	2000's	90.6%	92.7%	93.8%
	1990's	94.4%	94.5%	95.1%
	1980's	94.0%	92.8%	93.1%
	1970's or Older	90.2%	88.6%	88.5%

RENTAL RATES	Dallas County	5/31/2013	6 Mo Ago	12 Mo Ago
		2000's	\$1,269	\$1,242
	1990's	\$1,120	\$1,077	\$1,087
	1980's	\$696	\$676	\$671
	1970's or Older	\$671	\$649	\$640
	Tarrant County			
	2000's	\$1,039	\$1,015	\$1,020
	1990's	\$967	\$949	\$946
	1980's	\$665	\$646	\$637
	1970's or Older	\$614	\$597	\$589

HISTORICAL JOB GROWTH	Average year change of the combined DFW MSA's	1 Texas Workforce Commission
		2007 82,200
	2008 2,500	3 ALNsys.com - Rental rates are after concessions.
	2009 (94,900)	Approx. 25% of 70's or older
	2010 50,800	are all bills paid.
	2011 51,200	
	2012 79,200	

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