

# The Cantrell Report

Pertinent Information for Apartment Owners  
June 2016

## First Quarter 2016 Off the Pace of Last Year But Still Showing More Life Still in the Market

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ALN Apartment Data - May 2016

The Greater Dallas area had a strong March to help salvage what looked to be a sub-par quarter. As it turns out, the Greater Dallas side of the metroplex managed to absorb over 4,200 net rented units and maintain the yearly average of about 16,000 units over the last 12 months. However the first quarter of 2015 saw about 5,000 net rented units absorbed in the first quarter and that was with nearly constant rain.

All the price classes showed absorption gains in the quarter. The Class B properties absorbed almost half of the net rented units. The newer Class A lease-ups managed to outpace new supply and absorb over 1,400 units in the quarter, bringing average occupancy for that group up 2.3% to 85.9%. Class C properties were able to squeeze even more rented units from their low vacancy rates and have average occupancy reach 95.5%. The attrition of older product helped the Class D properties. With absorption of only 10 net units, the destruction of older units lifted average occupancy by half a percent in the quarter.

While effective rents rose 1.90% in the 1st quarter, most of the rent growth was in the bottom price tiered properties. Class A priced properties saw effective rent per unit increase only 0.1% in the first three months of the year to an average of \$1,590. They are off 0.6% from 6 months ago. Meanwhile Class B properties rose a robust 1.9% to an average of \$1,120 per unit. However the Class C and D tier properties saw prices increase at an even higher rate: 2.6% and 2.2%, respectively. The lower price classes also led the way with annual effective rent growth of 8.4% for Class C tier properties and 7.5% for the Class D priced tiers. Last year it was the Class B price tiered properties that showed the greatest gains so it looks as if the pricing competition is heating up at the top and the lower price tiers are able to close the gap somewhat.

With the tepid 4th Quarter and the lack-luster start to the year in January and February, 2016 was starting to look as if it was going to be a challenging year for occupancy and rent growth. However, spring is off to a good start and if the 2nd and 3rd quarters can stay strong then 2016 won't fall too short of the lofty numbers of the last few years.

JOB GROWTH <sup>1</sup>	Area New Jobs	1 Mo	6 Mo	12 Mo
	Estimate	End 4/30	End 4/30	End 4/30
	Dallas/Plano/Irving	22,600	18,000	111,900
	Fort Worth/Arlington	10,100	4,900	18,700
		32,700	22,900	130,600

  

INTEREST RATES <sup>2</sup>	Rates	END 5/31	Yr. Ago	
		10 Year Treasury	1.85%	2.14%
	11th District COFI	0.68%	0.68%	
	1 Mo. LIBOR	0.46%	0.18%	
	Best all in rates for the best properties are around 3.50%.			

  

SUPPLY/ DEMAND <sup>3</sup>	Units Added/ Absorbed	6 Mo	12 Mo	24 Mo
		End 5/31	End 5/31	End 5/31
	<b>Dallas County</b>			
	Added	4,970	9,845	21,222
	Absorbed	5,338	10,059	21,537
	<b>Tarrant County</b>			
	Added	2,056	4,729	8,599
	Absorbed	3,587	5,990	10,486

  

OCCUPANCY RATES <sup>3</sup>	Dallas County	5/31/2016	6 Mo Ago	12 Mo Ago	
		2000's	85.8%	86.6%	85.3%
	1990's	96.1%	95.7%	96.0%	
	1980's	95.3%	94.8%	95.1%	
	1970's or Older	94.0%	93.1%	93.0%	
	<b>Tarrant County</b>				
	2000's	92.1%	90.3%	90.7%	
	1990's	94.9%	95.4%	95.8%	
	1980's	95.6%	95.0%	95.1%	
	1970's or Older	94.5%	93.4%	92.8%	

  

RENTAL RATES <sup>3</sup>	Dallas County	5/31/2016	6 Mo Ago	12 Mo Ago	
		2000's	\$1,421	\$1,385	\$1,357
	1990's	\$1,249	\$1,216	\$1,208	
	1980's	\$864	\$828	\$801	
	1970's or Older	\$807	\$777	\$756	
	<b>Tarrant County</b>				
	2000's	\$1,189	\$1,162	\$1,137	
	1990's	\$1,160	\$1,117	\$1,090	
	1980's	\$835	\$805	\$762	
	1970's or Older	\$765	\$733	\$701	

  

HISTORICAL JOB GROWTH	Average year change of the combined DFW MSA's		<sup>1</sup> Texas Workforce Commission <sup>2</sup> Banxquote.com <sup>3</sup> ALNsys.com - Rental rates are after concessions. Approx. 25% of 70's or older are all bills paid.
	Year	Jobs	
	2008	2,500	
	2009	(94,900)	
	2010	50,800	
	2011	51,200	
	2012	79,200	
	2013	95,000	
	2014	141,300	
	2015	116,600	

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