

# The Cantrell Report

Pertinent Information for Apartment Owners

March 1, 2012

JOB GROWTH <sup>1</sup>	Area New Jobs	1 Mo	6 Mo	12 Mo
	Estimate	End 1/31	End 1/31	End 1/31
	Dallas/Plano/Irving	(24,100)	1,400	45,300
	Fort Worth/Arlington	(9,700)	1,800	24,400
		(33,800)	3,200	69,700
INTEREST RATES <sup>2</sup>	Rates	END 2/29		Yr. Ago
	10 Year Treasury		1.98%	3.41%
	11th District COFI		1.22%	1.48%
	1 Mo. LIBOR		0.24%	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%.			
SUPPLY/ DEMAND <sup>3</sup>	Units Added/ Absorbed	6 Mo End 2/29	12 Mo End 2/29	24 Mo End 2/29
	<b>Dallas County</b>			
	Added	1,443	3,951	8,567
	Absorbed	(333)	5,512	17,023
	<b>Tarrant County</b>			
Added	861	2,482	3,294	
Absorbed	(154)	3,907	8,434	
OCCUPANCY RATES <sup>3</sup>	Dallas County	2/29/2012	6 Mo Ago	12 Mo Ago
	2000's	90.7%	92.6%	91.9%
	1990's	94.6%	95.4%	94.4%
	1980's	91.1%	90.8%	90.2%
	1970's or Older	88.8%	89.4%	87.3%
	Tarrant County			
	2000's	92.8%	94.0%	92.6%
	1990's	94.3%	95.3%	94.3%
	1980's	91.4%	92.2%	90.8%
	1970's or Older	87.5%	87.2%	84.6%
RENTAL RATES <sup>3</sup>	Dallas County	2/29/2012	6 Mo Ago	12 Mo Ago
	2000's	\$1,215	\$1,192	\$1,154
	1990's	\$1,076	\$1,057	\$1,007
	1980's	\$650	\$649	\$634
	1970's or Older	\$654	\$647	\$631
	Tarrant County			
	2000's	\$995	\$973	\$935
	1990's	\$926	\$926	\$889
	1980's	\$619	\$614	\$600
	1970's or Older	\$586	\$579	\$568
HISTORICAL JOB GROWTH	Average year change of the combined DFW MSA's		1 Texas Workforce Commission	
	2007	82,200	2 Banxquote.com	
	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	45,700		

## Tax Assessment Values/Taxes for Multifamily to Rise in 2012

By Mark Cantrell, Cantrell McCulloch, Inc.

With improved economics across almost all product classes, assessment values will most certainly increase during the upcoming tax assessment period. Led by Class A product, rent and occupancies both have shown dramatic improvements with the construction pipeline not expected to deliver significant product until 2013.

Additionally, schools continue to be in the news concerning funding issues. Recent Texas legislature budget cuts will continue to squeeze schools and place pressure to increase tax rates although voter approval will be needed for increases since most districts are already at the maximum allowable rate. Cities and counties are not much better off although continued sales tax receipts are helping their cause. (Schools make up approximately 60% of the overall tax rate.)

The below property tax report for 2012 from Thomson Reuters (excerpt from Texas Region) confirms such increases in taxes is expected across Texas.

- San Antonio (Bexar County) assessed values will be flat with rates going up 2.5%.
- Austin (Travis County) is projected to raise values by 3-4% with 2% rate increase.
- Houston (Harris County) assessed values will increase 5-10% but remain significantly below actual market. Class A properties in most asset classes will be aggressively targeted with multifamily and office getting the most attention. Tax rates will remain flat.
- Dallas (Dallas County) will see assessed values increase 10-15%, particularly in office and multifamily. Data centers are also being targeted by county assessors.

Cantrell McCulloch, Inc (CMI) is one of the leading property tax consulting firms in Texas. Representing almost \$4 billion in value and over 112,000 multifamily units, they continue to be a leader in negotiating value reductions for the apartment industry. For more information on property taxes:

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