

# The Cantrell Report

Pertinent Information for Apartment Owners  
May 2022

JOB GROWTH <sup>1</sup>	Area New Jobs				
	Estimate	1 Mo End 3/31	6 Mo End 3/31	12 Mo End 3/31	
	Dallas/Plano/Irving	13,500	105,300	203,600	
	Fort Worth/Arlington	7,200	35,900	64,200	
		20,700	141,200	267,800	
INTEREST RATES <sup>2</sup>	Rates		END 4/30	Yr. Ago	
	10 Year Treasury		2.89%	1.65%	
11th District COFI			0.22%	0.41%	
1 Mo. LIBOR			0.75%	0.11%	
SUPPLY/ DEMAND <sup>3</sup>	Units Added/ Absorbed		6 Mo End 4/30	12 Mo End 4/30	24 Mo End 4/30
	<b>Dallas County</b>				
	Added		2,943	9,028	19,973
	Absorbed		1,557	15,378	28,593
	<b>Tarrant County</b>				
	Added		2,079	6,913	16,164
	Absorbed		2,074	9,618	18,661
OCCUPANCY RATES <sup>3</sup>	Dallas County				
		4/30/2022	6 Mo Ago	12 Mo Ago	
	2010's and newer	88.5%	88.9%	84.4%	
	2000's	94.3%	95.2%	93.6%	
	1990's	94.5%	95.7%	95.0%	
	1980's	94.4%	94.6%	93.4%	
	1970's or Older	95.3%	95.0%	93.2%	
	<b>Tarrant County</b>				
	2010's and newer	86.1%	84.4%	80.6%	
	2000's	95.2%	95.8%	94.9%	
	1990's	94.8%	95.0%	93.8%	
	1980's	94.3%	94.5%	93.9%	
	1970's or Older	94.4%	95.1%	93.7%	
RENTAL RATES <sup>3</sup>	Dallas County				
		4/30/2022	6 Mo Ago	12 Mo Ago	
	2010's and newer	\$1,906	\$1,850	\$1,656	
	2000's	\$1,691	\$1,624	\$1,496	
	1990's	\$1,635	\$1,565	\$1,403	
	1980's	\$1,215	\$1,137	\$1,032	
	1970's or Older	\$1,136	\$1,066	\$990	
	<b>Tarrant County</b>				
	2010's and newer	\$1,614	\$1,554	\$1,421	
	2000's	\$1,477	\$1,434	\$1,329	
	1990's	\$1,507	\$1,435	\$1,296	
	1980's	\$1,212	\$1,140	\$1,040	
	1970's or Older	\$1,110	\$1,056	\$982	
HISTORICAL JOB GROWTH	Average year change of the combined DFW				
	2021	237,100	1 Texas Workforce Commission		
	2020	-125,600	2 Banxquote.com		
	2019	127,600	3 ALNsys.com - Rental rates are		
	2018	102,200	after concessions.		
	2017	91,700	Approximately 25% of 70's or older are all		
	2016	120,500	bills paid		
	2015	98,700			

## Unprecedented Notices of Appraisal Assessments/2022 Property Taxes

Multifamily increases have hit leaving most owners in sticker shock. Dallas overall multifamily increases average 46%, Tarrant 77%, Denton 64%, Collin TBD, Harris 24%, Travis TBD, and Bexar at 25%. These increases are the most aggressive ever for these counties. With both sales volume and prices, along with rent growth and overall occupancy levels ALL being at unprecedented levels, helps explain some of the assessment craziness.

Residential comprises roughly 50% and multifamily 10-15% of the overall tax base, so 2/3 of the tax roll is growing at least 10% (10% maximum increase for homestead exempted residential). This year in addition to both residential and multifamily increases at unprecedented levels, most all counties across Texas are increasing commercial values aggressively as well since most values were rolled the last two years due to COVID issues affecting this segment of the tax base. And while appraisal districts are well behind and playing catch up with multifamily, most all segments of commercial have recovered with double digit increases expected across all property types.

What effect does this have on the tax rate which is the second component of how your taxes are calculated? New legislation passed recently with new overall revenue growth caps of 3.5% for city and county, and 2.5% for school started this year replacing decades old 8% revenue growth cap. Schools comprise roughly 50% + of the tax base, so overall revenue growth cap of roughly 3% versus previous 8%. With the new, much lowered caps, tax rates have to compress unless trumped by voter approval. Such approval would be difficult in our conservative state coupled with the current level of unhappiness of such increases. And previously announced by the State Comptroller, the Texas two year budget cycle fund is flush with a surplus and a good chunk of these funds have already been designated by the legislature to assist in buying down the 2022 school rate, albeit being a slight decrease coming from that surplus. So overall rates should see compression and exceed any reductions seen in the recent past for most entities. We are predicting a 5% decrease in tax rates in most all counties. Last year tax rates across Texas generally compressed 2-5%. This year, we should definitely see even bigger decreases but still early in the process and difficult to predict how much. 2022 rates will be out in late September per Texas law in time for October tax bills to be mailed with taxes due January 31, 2023.

In summation, lower tax rates cannot counter what is happening with the growth of assessments, as owners and consultants scramble to minimize current notice increases. With taxes already being the largest component of multifamily expenses, these increases will definitely have an impact on net profits. And along with the recent spike in interest rates, property values will be under fire and likely slowing transaction volume at some point.

The deadline to file a protest this year falls on May 16, but can be a few days later depending on when the notice was mailed with taxpayers getting 30 days from receipt of notice to file in a timely fashion.

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In our 22nd year, CMI has solidified its spot as the top multifamily tax consultant in the Dallas/Fort Worth area and across Texas. CMI represents more value AND more than double the number of properties than any other competitor for both Dallas and Tarrant counties and the DFW region.

CMI also works in 102 counties across Texas and several other states. Actual tax savings to our clients in excess of \$75 million in 2021, and for 2022, more than \$33 billion represented in multifamily alone consisting of 1,500+ properties and 290,000 units.

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