

The Cantrell Report

Pertinent Information for Apartment Owners
May 1, 2015

2015 TEXAS PROPERTY TAX ASSESSMENTS by Mark Cantrell

The majority of Texas appraisal districts have recently mailed their preliminary value notices and all districts' values should be sent out by the first week of May.

In reviewing early releases of values in Harris (Houston) and Collin (N. Dallas suburbs) counties, multifamily increases are across the board, and often significant. Appraisal districts are continuing to use lower cap rates compressing Class A rates by 25 basis points up to 75-100 basis points decrease on C - D properties.

How can you attempt to minimize potential increases that go directly to your bottom line? In addition to the profit & loss statements and rent rolls, make sure you provide your tax consultant every possible negative piece of information that can be used when in front of the appraisal district (i.e. photos/bids of deferred maintenance, foundation and roof issues, crime, city citations/violations, negative trending, down units, etc.). **And it is critical that you engage a seasoned professional with a thorough understanding of the entire appeals process and the various valuation methodologies and techniques to mitigate such increases (i.e. Unequal Equity protests).**

Unlike the appraisal district's mass appraisal methodology used for determining the notice value and then reliance on an owner's actual operating statement to fine tune a final value, CMI refuses to allow the appraisal district to ignore other value remedies such as Section 42.26(d). In short, the plain language of the statute allows a protest based solely on comparable values and the subject's equitable value. **And if a conflict exists between taxation at market value and equal and uniform taxation, equal and uniform taxation prevails.**

If you would like further information on this topic or other property tax related issues, contact Mark J. Cantrell at (214) 368-1295 or email mcantrell@cmi-tax.com. Cantrell McCulloch, Inc. (CMI) currently represents approximately 950 apartment communities consisting of 180,000 +/- units valued in excess of \$9 billion across 50 Texas counties and 10 total states. Our multifamily background, along with our experienced consultants and focused attention to every detail allows us to negotiate the best possible values.

JOB GROWTH ¹	Area New Jobs	1 Mo	6 Mo	12 Mo	
	Estimate	3/31	End 3/31	End 3/31	
	Dallas/Plano/Irving	3,800	9,800	91,000	
	Fort Worth/Arlington	200	2,800	24,800	
		4,000	12,600	115,800	
INTEREST RATES ²	Rates	END 4/30	Yr. Ago		
	10 Year Treasury	2.12%	2.63%		
	11th District COFI	0.70%	0.71%		
	1 Mo. LIBOR	0.18%	0.15%		
Spreads over the above indexes have been increasing as rates have decreased. Best all in rates for the best properties are around 3.50%.					
SUPPLY/ DEMAND ³	Units Added/ Absorbed	6 Mo End 4/30	12 Mo End 4/30	24 Mo End 4/30	
	Dallas County				
	Added	5,071	10,034	17,131	
	Absorbed	4,821	10,037	16,366	
	Tarrant County				
	Added	2,287	3,476	5,838	
Absorbed	888	3,181	6,243		
OCCUPANCY RATES ³	Dallas County	4/30/2015	6 Mo Ago	12 Mo Ago	
	2000's	85.7%	86.9%	86.2%	
	1990's	95.2%	95.3%	95.0%	
	1980's	95.1%	94.1%	94.2%	
	1970's or Older	92.9%	92.2%	91.9%	
	Tarrant County				
	2000's	90.3%	92.7%	90.5%	
	1990's	95.8%	95.3%	95.1%	
	1980's	94.8%	93.9%	93.9%	
	1970's or Older	91.8%	91.7%	91.4%	
RENTAL RATES ³	Dallas County	4/30/2015	6 Mo Ago	12 Mo Ago	
	2000's	\$1,325	\$1,309	\$1,272	
	1990's	\$1,185	\$1,156	\$1,150	
	1980's	\$788	\$761	\$733	
	1970's or Older	\$748	\$728	\$708	
	Tarrant County				
	2000's	\$1,121	\$1,094	\$1,064	
	1990's	\$1,059	\$1,032	\$1,000	
	1980's	\$752	\$726	\$698	
	1970's or Older	\$694	\$674	\$647	
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 are all bills paid.		
	2010	50,800			
	2011	51,200			
	2012	79,200			
	2013	95,000			
	2014	141,300			

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