The Cantrell Report

Pertinent Information for Apartment Owners

September 1, 2012

JOB GROWTH [1]

Area New Jobs Estimate	1 Mo End 7/31	6 Mo End 7/31	12 Mo End 7/31
Dallas/Plano/Irving	(7,000)	21,900	42,500
Fort Worth/Arlington	(3,600)	10,600	17,800
	(10,600)	32,500	60,300

INTEREST RATES [2]

Rates	END 8/31	Yr. Ago
10 Year Treasury	1.57%	2.15%
11th District COFI	1.12%	1.34%
1 Mo. LIBOR	0.23%	0.22%

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 [3]

Units Added/ Absorbed	6 Mo End 8/31	12 Mo End 8/31	24 Mo End 8/31
Dallas County			
Added	2,269	4,907	8,704
Absorbed	4,268	6,282	15,760
Tarrant County			
Added	698	2,276	4,630
Absorbed	1,725	3,174	8,114

OCCUPANCY RATES [3]

Dallas County	8/31/2012	6 Mo Ago	12 Mo Ago
2000's	90.4%	91.5%	92.6%
1990's	95.4%	94.9%	95.4%
1980's	92.3%	91.5%	90.8%
1970's or Older	90.9%	89.1%	89.5%
Tarrant County			
2000's	93.0%	93.2%	94.0%
1990's	95.2%	94.8%	95.3%
1980's	93.1%	92.4%	92.3%
1970's or Older	88.9%	87.7%	87.1%

RENTAL RATES [3]

Dallas County	8/31/2012	6 Mo Ago	12 Mo Ago
2000's	$1,240	$1,210	$1,191
1990's	$1,102	$1,072	$1,055
1980's	$681	$657	$651
1970's or Older	$672	$659	$649
Tarrant County			
2000's	$1,022	$1,002	$973
1990's	$952	$927	$926
1980's	$645	$624	$614
1970's or Older	$602	$588	$580

HISTORICAL JOB GROWTH

Average year change of the combined DFW MSA's

2007	82,200
2008	2,500
2009	(94,900)
2010	50,800
2011	51,200

1 Texas Workforce Commission
2 Banxquote.com
3 ALNsys.com - Rental rates are after concessions.
Approx. 25% of 70's or older are all bills paid.

Fannie, Freddie outpace private-market CMBS

Multihousing Professional - August 2012

Fannie Mae and Freddie Mac's commercial-mortgage-bond issuance has climbed by more than a third this year, as low funding costs and strong investor demand for debt tied to the government has encouraged more lending. Fannie Mae sold $13.8 billion of mortgage bonds backed by multifamily properties in the first half, a 34% rise from the same period in 2011.

Freddie Mac, meanwhile, has packaged and sold $11.3 billion in commercial mortgage bonds. Issuance of Freddie Mac's CMBS in on pace to exceed 2011 sales by more than 40%.

That growth compares with a private market for commercial mortgage bands that, at its current pace, may barely match the $32 billion sold last year. Lending for private transactions of Wall Street firms is limited by competition form other companies that can offer borrowers lower rates, including insurance companies that lend form their balance sheets and the government-sponsored enterprises in the multifamily sector.

Tailwinds for Fannie Mae's program also include increasing values of apartment buildings and low-interest rates, said Kimberly Johnson, Fannie Mae's VP of multifamily capital markets.

It's mostly due to the Federal Reserve's easy monetary policy," Johnson said of the increase in multifamily loans under Family Mae's programs.

"With these low rates, people are able to qualify for the credit standards that the government-sponsored enterprises require," she said. Lower rates mean lower payments, reducing the amount of income needed to ensure the loans are repaid.

Johnson said the main risks for multifamily lending for Fannie Mae are much the same as other financial markets: Potential fallout form the European sovereign-debt crisis. The credit quality and rage of maturities offered by government-backed "agency" CMBS "has been especially appealing given the uncertain economic and rate environment," said Christopher Sullivan, chief investment officer at the United Nations Federal Credit Union.

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