

JOB GROWTH ¹	Area New Jobs Estimate		Mo of 2/04	6 Mo End 2/04	12 Mo End 2/04	
		Dallas MSA		5,800	(7,000)	800
	FW/Arlington MSA		<u>4,600</u>	<u>(4,000)</u>	<u>1,200</u>	
	Total		10,400	(11,000)	2,000	
INTEREST RATES ²	Rates		4/19/2004	Yr. Ago		
		10 Year Treasury		4.32%	3.98%	
		11th District COFI		1.84%	2.26%	
		1 Mo. LIBOR		1.10%	1.32%	
	FNMA, Freddie Mac & CMBS lenders' rates are fixed at approx 1.8-2.0% over the 10 year treasury. Other lenders' rates are adjustable at approx 3% over COFI or LIBOR.					
SUPPLY/ DEMAND ³	Units Added/ Absorbed		3 Mo End 4/04	6 Mo End 4/04	12 Mo End 4/04	
	<u>Dallas County</u>					
		Added	1,399	3,468	6,291	
		Absorbed	3,148	1,923	3,072	
	<u>Tarrant County</u>					
		Added	872	1,340	3,110	
		Absorbed	1,203	120	1,105	
OCCUPANCY RATES ³	Dallas County		4/04	6 Mo Ago	1 Yr Ago	
		1990's or Newer	89%	89%	88%	
		1980's	89%	90%	90%	
		1970's or Older	86%	87%	88%	
	<u>Tarrant County</u>					
		1990's or Newer	87%	88%	86%	
		1980's	89%	90%	91%	
		1970's or Older	87%	88%	89%	
RENTAL RATES ³	Dallas County		4/04	6 Mo Ago	1 Yr Ago	
		1990's or Newer	\$1,024	\$1,040	\$1,062	
		1980's	\$634	\$646	\$654	
		1970's or Older	\$628	\$635	\$634	
	<u>Tarrant County</u>					
		1990's or Newer	\$884	\$889	\$885	
		1980's	\$602	\$608	\$609	
		1970's or Older	\$566	\$564	\$561	
HOME OWNERSHIP ⁴	Homebuilder	Mo P/I	1 Tx Workforce Commission - average calendar yr. change (combined MSA's):			
	Price/Size	Tax/Ins				
	Choice Homes		'98 115,700; '99 95,300; '00 100,500;			
	\$79,950 2-1-1	\$650	'01 8,300; '02 (62,800)			
			2 Banxquote.com			
			3 ALNsys.com - Rental rates are <u>before</u> any concessions. Approx. 25% of			
	Fox & Jacobs		70's or older are all bills paid.			
	\$88,890 3-2-2	\$848	4 As advertised in 4-18-04 DMN			
Information obtained from sources deemed reliable, but not guaranteed.						

Older Dallas Apartments Have Lost Momentum, Despite the Large and Steady Price Premium Commanded by Newer Projects

By: Jill Glass, MPF Research

The rent premium for newer apartment product versus 1980s-generation communities is unusually large in Dallas. Residents of projects built since 1990 pay rents (as of December '03) that average \$899, 45% more than the typical rent at properties of 1980s vintage. On a national basis, the rent difference between the two project age segments is much smaller at 25%.

Influencing the big gap between rents in these property age categories in Dallas, the metro doesn't have much product from the late 1980s or early 1990s. After out-of-control lending by savings and loan associations produced dramatic overbuilding in 1983-1985, Dallas added only a handful of new apartment communities for the next 10 years. Since this same building pattern also occurred throughout Texas, the state's other major metros likewise have newer product price premiums larger than the national norm. Rents in Houston for properties built since 1990 exceed rates for 1980s stock by 44%, while the rent gap between the two product age segments registers at 41% in Austin, 38% in San Antonio and 36% in Fort Worth. Looking at a few metros with more stable building patterns during the late 1980's and early 1990's, the rent premium for newer communities is more modest at 24% in Denver, 22% in Atlanta and 16% in Washington, D.C.

When the Dallas apartment market began softening in 2001, top-tier communities took the first hit. Rents for product built since 1990 climbed at only about half the rate seen for 1980s stock during the last half of 2001, and by early 2002 rent cuts were occurring in the newest generation of communities. Thus, the price difference between newer projects and 1980s-era properties briefly narrowed. However, that narrowing was very short-lived. Properties from the 1980's were also reducing rents by the middle of 2002, and the typical difference between rates in the two property age segments was quickly restored.

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