

THE CANTRELL REPORT

Pertinent Information for Apartment Owners

December 2008

RENT CONCESSIONS

By: *Wayne Williams, ALN Systems, Inc.*

JOB GROWTH ¹	Area New Jobs		1 Mo	6 Mo	12 Mo	
	Estimate		End 10/08	End 10/08	End 10/08	
	Dallas/Plano/Irving		6,600	16,200	34,800	
	Fort Worth/Arlington		300	4,800	15,200	
			6,900	21,000	50,000	
INTEREST RATES ²	Rates		12/16/2008	Yr. Ago		
	10 Year Treasury			2.52%	4.12%	
	11th District COFI			3.13%	4.23%	
	1 Mo. LIBOR			0.88%	4.95%	
Spreads over the above indexes have been increasing as rates have decreased. Best all in rates for the best properties are just below 6%.						
SUPPLY/ DEMAND ³	Units Added/ Absorbed		6 Mo	12 Mo	24 Mo	
			End 12/08	End 12/08	End 12/08	
	Dallas County					
	Added		2,086	2,807	7,036	
	Absorbed		(1,735)	(504)	6,215	
	Tarrant County					
Added		1,313	3,710	6,341		
Absorbed		535	1,638	5,471		
OCCUPANCY RATES ³	Dallas County		12/08	6 Mo Ago	12 Mo Ago	
	1990's or Newer		89%	91%	91%	
	1980's		89%	91%	91%	
	1970's or Older		89%	90%	90%	
	Tarrant County					
	1990's or Newer		89%	88%	91%	
	1980's		90%	91%	91%	
1970's or Older		85%	86%	86%		
RENTAL RATES ³	Dallas County		12/08	6 Mo Ago	12 Mo Ago	
	1990's or Newer		\$1,127	\$1,115	\$1,098	
	1980's		\$671	\$666	\$662	
	1970's or Older		\$676	\$670	\$657	
	Tarrant County					
	1990's or Newer		\$942	\$947	\$935	
	1980's		\$638	\$636	\$628	
1970's or Older		\$606	\$602	\$598		
HISTORICAL JOB GROWTH	Average year change of the combined DFW MSA's		1 Texas Workforce Commission			
	1999	95,300	2 Banxquote.com			
	2000	100,500	3 ALNsys.com - Rental rates are before any concessions.			
	2001	11,800	Approx. 25% of 70's or older are all bills paid.			
	2002	(70,000)				
	2003	(39,400)				
	2004	32,600				
	2005	68,300				
2006	94,300					

Information obtained from sources deemed reliable, but not guaranteed.

With nearly 2,600 apartment communities in the DFW Metroplex, just over 61% of them were offering rent concessions in the Third Quarter of 2008. This meant that around 1,600 communities were enticing prospective tenants with incentive packages. The Plano Road/Northwest Highway submarket in Dallas, as well as North Arlington and the Las Colinas/Valley Ranch area of Irving reported the highest percentage of communities offering concessions while Denton, the Park Cities/Uptown area of Dallas and the city of Garland were the least likely to be running specials on rents.

Over the past year, the statistics on concessions has remained about even. There has only been a 2% increase in the number of properties offering rental concessions in the past year, and the average concession being offered inclined up 0.1 percentage point to 4.1%. The average concessions package being offered throughout the Dallas/Fort Worth area is 6.6% or roughly 3.4 weeks free on a 12-month lease.

In dollars and cents, there was a 4 cent gap between the DFW Metro's average quoted rent of \$0.91 per square foot per month and the average effective rent of \$0.87 for the Third Quarter of this year. On a per unit basis, the average DFW apartment unit had an effective rent of \$750 in the Third Quarter of 2008 compared to the quoted average of \$782; therefore, for the average unit, there was a \$32 gap between the asking and effective averages on a per unit basis. Dallas area properties had concessions averaging \$33 down per unit, bringing the quoted rent of \$813 down to an effective rent of \$780. Ft. Worth area properties had concessions averaging \$29 per unit bringing the quoted rent of \$708 down to an effective rent of \$679.

For more information, contact Wayne Williams of ALN Systems, Inc. at (800) 643-6416 ext. 1.

The Cantrell Company specializes in the brokerage of multi-family properties. Please contact the apartment specialists below for exclusive representation for the sale of your apartment property or for your next purchase.

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