

JOB GROWTH <sup>1</sup>	Area New Jobs	Mo of 12/02	6 Mo End 12/02	12 Mo End 12/02
	Dallas MSA	4,600	(600)	(5,200)
FW/Arlington MSA	1,600	(4,300)	(5,300)	
Total	6,200	(4,900)	(10,500)	

INTEREST RATES <sup>2</sup>	Rates	2/3/03	Yr. Ago
	10 Year Treasury		4.02%
11th District COFI		2.38%	3.07%
1 Mo. LIBOR		1.34%	1.85%

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 <sup>3</sup>	Units Added/ Absorbed	3 Mo End 2/03	6 Mo End 2/03	12 Mo End 2/03
	<b>Dallas County</b>			
Added		1,461	2,260	5,859
Absorbed		(1,172)	(2,395)	(1,288)
<b>Tarrant County</b>				
Added		430	1,543	3,334
Absorbed		(1,418)	(2,018)	447

OCCUPANCY RATES <sup>3</sup>	Dallas County	2/03	6 Mo Ago	1 Yr Ago
	1990's or Newer		89%	88%
1980's		90%	92%	92%
1970's or Older		88%	90%	92%
<b>Tarrant County</b>				
1990's or Newer		86%	88%	85%
1980's		91%	93%	92%
1970's or Older		89%	91%	92%

RENTAL RATES <sup>3</sup>	Dallas County	2/03	6 Mo Ago	1 Yr Ago
	1990's or Newer		\$1,069	\$1,077
1980's		\$658	\$663	\$664
1970's or Older		\$633	\$632	\$630
<b>Tarrant County</b>				
1990's or Newer		\$890	\$899	\$900
1980's		\$611	\$612	\$612
1970's or Older		\$563	\$561	\$554

HOME OWNERSHIP <sup>4</sup>	Homebuilder Price/Size	Mo P/I Tax/Ins	
	Choice Homes	\$79,950 2-2-1	\$650
Fox & Jacobs	\$89,990 3-2-2	\$877	2 Banxquote.com 3 ALNsys.com - Rental rates are <u>before</u> any concessions. Approx. 25% of 70's or older are all bills paid. 4 As advertised in 2-2-03 DMN

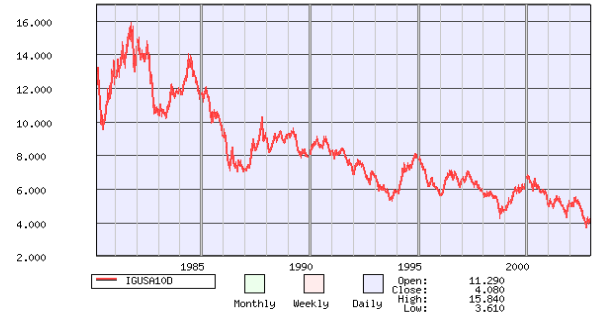
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**ADJUSTABLE RATE VS. FIXED MORTGAGES**

By: Sean P. Bushe, La Jolla Bank

Many of us experienced the real estate business in the late 70's, early 80's and because of what we saw interest rates do, we may have an unjustified perception as to what is normal historically. However, if one reviews the history of the last 200 yrs of interest rates, the range for long term government fixed rates was 2-6%, except for the period of '80-'85 where rates exceeded 10%, and topped out at 15.84%. This anomaly has shaped and misguided many investors' perceptions of mortgage options.

Should one base their mortgage decisions upon a small 5 year aberration, out of 200 year period? Over the last 23 years, since 1980, if you borrowed at a fixed rate for a fixed term, you lost money by paying too much interest. As the chart below illustrates, at almost any time, when analyzed over 5-7-10 years, the rate has declined considerably from the beginning of the loan.



Additionally, fixed rate loans typically have major restrictions, such as, limiting the ability to prepay, yield maint. penalties of 20-40% of the loan amount, locking into a high interest rate, onerous insurance requirements and replacement reserves for example.

**One of the best choices for the real estate investor is the Adjustable Rate Mortgage (ARM).** These mortgages, when linked to a stable index can offer the best option for paying the least amount of interest. And, with adequate caps, will afford the protection of interest rate spikes, as experienced in the early 80's. The key to ARM is the index, the most advantageous is the **11th District Cost of Funds** index (currently 2.38%), whereas the most dangerous is LIBOR, due to its extreme volatility. For more info, contact Sean Bushe (214) 528-9130 or sbushe@ljbank.com.

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

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