

JOB GROWTH <sup>1</sup>	Area New Jobs Estimate		Mo of 12/03	6 Mo End 12/03	12 Mo End 12/03	
		Dallas MSA		300	3,600	(6,500)
	FW/Arlington MSA		(400)	(1,400)	(5,000)	
	Total		(100)	2,200	(11,500)	
INTEREST RATES <sup>2</sup>	Rates		2/12/2004	Yr. Ago		
		10 Year Treasury		4.02%	3.87%	
		11th District COFI		1.90%	2.38%	
		1 Mo. LIBOR		1.10%	1.34%	
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 2/04	6 Mo End 2/04	12 Mo End 2/04	
	<b>Dallas County</b>					
		Added	1,881	3,750	6,655	
		Absorbed	(912)	(776)	1,116	
	<b>Tarrant County</b>					
		Added	697	1,485	3,660	
		Absorbed	(135)	86	1,792	
OCCUPANCY RATES <sup>3</sup>	Dallas County		2/04	6 Mo Ago	1 Yr Ago	
		1990's or Newer	88%	89%	89%	
		1980's	89%	90%	89%	
		1970's or Older	86%	87%	88%	
	<b>Tarrant County</b>					
		1990's or Newer	86%	86%	85%	
		1980's	89%	90%	91%	
		1970's or Older	87%	88%	88%	
RENTAL RATES <sup>3</sup>	Dallas County		2/04	6 Mo Ago	1 Yr Ago	
		1990's or Newer	\$1,040	\$1,046	\$1,072	
		1980's	\$638	\$647	\$655	
		1970's or Older	\$630	\$632	\$633	
	<b>Tarrant County</b>					
		1990's or Newer	\$884	\$890	\$884	
		1980's	\$602	\$606	\$610	
		1970's or Older	\$566	\$564	\$563	
HOME OWNERSHIP <sup>4</sup>	Homebuilder Price/Size	Mo P/I Tax/Ins	1 Tx Workforce Commission - average calendar yr. change (combined MSA's): '98 115,700; '99 95,300; '00 100,500; '01 8,300; '02 (62,800)			
	Choice Homes \$79,950 2-1-1	\$680	2 Banxquote.com			
	Fox & Jacobs \$89,990 3-2-2	\$848	3 ALNsys.com - Rental rates are before any concessions. Approx. 25% of 70's or older are all bills paid.			
			4 As advertised in 2-8-04 DMN			

Information obtained from sources deemed reliable, but not guaranteed.

**ANOTHER DEAL? WHY?**

By: Michael Puls, Foley & Puls, Inc.

"Why build another apartment?" is the question on many D/FW area apartment owners' minds. Their concerns, including reduced performance in the current marketplace and weak economic occupancies, are real. There are several explanations for new development, portrayed in the following scenarios.

- Location, Location, Location! There are always investors that chose to own residential real estate in great locations; betting that the high returns enjoyed by multifamily investments in the last 25 years will return. These large investors may pro-forma economic occupancies that are sacrificed for a year or two to insure they own the site that drives the long term investment. If there are investors to invest, there will be developers to build; examples City Place, Uptown, West Village, across from the Crescent Hotel, and Las Colinas.

- In the case of better-located infill sites, the escalating land prices in the prime locations are driving the investment decision. New townhome construction, prevalent in these premium locations, is rapidly eating up the land zoned for multi-family, driving up land prices, creating a sense of urgency.

- In select cases a large operator may own their own land; examples: Lucy Billingsley Crow developing a thousand units on her own land in the Colony, Ross Perot Jr. owns land for hundreds of multi-family units at Victory.

- There are new product lines that have a distinct competitive advantage over the standing inventory of apartments; predominantly when the inventory is aged.

- HUD is currently supporting Tax Credit and Low Income Bond Financing for thousands of affordable housing units with very lucrative financing.

Additionally, there are macro economic factors supporting continued development of apartments.

- Dallas is projected to have the highest employment growth in numbers in the U.S. for this decade, as forecasted by Economy.com. The Texas Work Force Commission forecast is similar in numbers, forecasted at more than 80,000 per year.

- Currently there are far fewer bankers that might consider doing a new apartment deal today in DFW, decreasing the supply of units built in the very near future.

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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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