

JOB GROWTH ¹	Area New Jobs Estimate		Mo of 5/03	6 Mo End 5/03	12 Mo End 5/03	
		Dallas MSA		4,400	(14,300)	(21,700)
	FW/Arlington MSA		2,400	(3,200)	(4,000)	
	Total		6,800	(17,500)	(25,700)	
INTEREST RATES ²	Rates		7/2/2003	Yr. Ago		
	10 Year Treasury			3.61%	4.76%	
	11th District COFI			2.13%	2.77%	
	1 Mo. LIBOR			1.12%	1.84%	
	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 7/03	6 Mo End 7/03	12 Mo End 7/03	
	Dallas County					
	Added		415	2,184	4,736	
	Absorbed		740	1,211	(1,030)	
	Tarrant County					
	Added		733	2,061	3,890	
	Absorbed		(873)	170	(1,087)	
OCCUPANCY RATES ³	Dallas County		7/03	6 Mo Ago	1 Yr Ago	
	1990's or Newer		89%	89%	89%	
	1980's		90%	90%	92%	
	1970's or Older		88%	89%	91%	
	Tarrant County					
	1990's or Newer		83%	87%	89%	
	1980's		90%	91%	92%	
	1970's or Older		88%	89%	92%	
RENTAL RATES ³	Dallas County		7/03	6 Mo Ago	1 Yr Ago	
	1990's or Newer		\$1,049	\$1,068	\$1,070	
	1980's		\$649	\$658	\$663	
	1970's or Older		\$632	\$633	\$633	
	Tarrant County					
	1990's or Newer		\$886	\$890	\$898	
	1980's		\$608	\$612	\$612	
	1970's or Older		\$562	\$564	\$560	
HOME OWNERSHIP ⁴	Homebuilder Price/Size	Mo P/I Tax/Ins	1 Tx Workforce Commission - calendar year totals (combined MSA's): '98 115,700; '99 95,300; '00 100,500; '01 8,300; '02 (62,800)			
	Choice Homes \$79,950 2-2-1	\$612	2 Banxquote.com			
			3 ALNsys.com - Rental rates are before any concessions. Approx. 25% of 70's or older are all bills paid.			
	Fox & Jacobs \$86,490 3-2-2	\$805	4 As advertised in 6-29-03 DMN			

Information obtained from sources deemed reliable, but not guaranteed.

The Dallas Apartment Market: Then & Now

By: Joseph W. Clements, MPF Research, Inc.

The vacancy rate in metro Dallas has climbed into the double-digits. Monthly rents are falling. "Free rent" specials are as hard to find as a Starbucks in Plano. If you're an apartment owner or manager, it's hard to imagine market conditions being worse ... and yet they have been. Ask an industry veteran who was in Dallas during the late 1980s - assuming you can find one who stayed in business and/or out of jail during the fallout from the savings and loan fiasco - and he'll quickly set the record straight. In the early 1980s, apartment construction was out of control, as new deliveries at times approached 30,000 units a year. Though construction eased in the latter part of the decade, the damage was irrevocable, as the apartment market quickly cratered. Average occupancy in 1st quarter 1987 stood at a paltry 82.5 percent.

On a submarket level, occupancy in early 1987 was naturally weaker in the areas receiving the most new supply. During the 1980s, large blocks of new product were added in such submarkets as Far North Dallas (17,188 units), Garland (9,354 units), Grand Prairie (5,784 units) and Far East Dallas (5,333 apartments). As a result, occupancy rates in the above submarkets took a considerable hit, registering between 76 and 82 percent as of 1st quarter 1987.

Flash forward to the present. The Dallas area apartment market as of March 2003 posted an occupancy rate at 89.9 percent, more than 7 points higher than the March 1987 nadir. Furthermore, the 1st quarter 2003 occupancy rate in each of the 30 Dallas area submarkets is noticeably higher than the rates seen 16 years ago. Occupancy in Grand Prairie (91.9 percent), Far North Dallas (91.3 percent), Garland (90 percent) and Far East Dallas (90 percent) is roughly 9 to 14 points tighter than the March 1987 level. In fact, even in some of today's weaker performers such as Allen/McKinney (occupancy of 83.3 percent), Lewisville (89 percent) and West Plano (90.4 percent) current occupancy surpasses the levels seen in 1987 (70.9, 84.6 and 81.1 percent, respectively).

Though times are undeniably tough, market conditions in the Dallas area have been worse. With most indicators pointing to a gradual economic recovery in the near term, the metroplex apartment market is unlikely to plummet to the weak occupancy levels seen in the late 1980s.

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