

Apartment Rent Discounts

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Dallas Metro

Apartment occupancy in the Dallas metro fell to a record low for this real estate cycle of 87.8 percent in January. Since then, overall occupancy for the metro has inched up to 88.1 percent as of April. With stiff competition to lure tenants, 67 percent of complexes in the Dallas area were offering some sort of incentive. Specifically, almost 58 percent of the complexes were offering rent discounts and 18 percent were offering a discount on the deposit. The occupancy rate of those complexes offering a rent discount was just 87.1 percent, which was not surprisingly slightly lower than the overall market occupancy. Of those complexes offering a rent discount, the average markdown in rent was 7.89 percent. This means that overall average quoted rent of 85 cents per square foot per month went down to an average effective rate of just 81 cents per square foot for the entire Dallas area apartment market. Among just those complexes offering a rent discount, the effective rate went down from 83 cents to 76 cents per square foot.

Fort Worth Metro

Not only did Fort Worth lead the way in terms of the largest percentage of complexes to offer some type of incentive, but also the metro was at the head of the pack on rent incentives with 64 percent of the complexes offering either a rent discount or free rent. In addition, the Cowtown metro had the deepest rent discount among the State's major apartment markets with an average rent discount of 8.34 percent and those complexes offering rent incentives. For the overall Fort Worth metro, the average quoted rent of 76 cents per square foot per month was driven down to an effective rent of 72 cents for the entire market. This was the lowest effective rate among the five major metros in Texas. Looking at just those complexes extending a discount on rent in the Fort Worth metro, the average quoted rate went from 75 cents per square foot down to an effective of 69 cents. A discount on the deposit was offered by just over 19 percent of the area's complexes.

Occupancy among those Fort Worth area complexes offering a discount on rent was 86.2 percent in April compared to 87.1 percent for the overall apartment market. Over the last year, apartment occupancy in the Fort Worth area has declined one percent from an overall occupancy of 88 percent at this time last year.

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JOB GROWTH¹	Area New Jobs	Mo of	6 Mo	12 Mo	
	Estimate	5/05	End 5/05	End 5/05	
	Dallas/Plano/Irving	5,200	5,600	36,600	
	Fort Worth/Arlington	2,900	3,800	9,600	
		8,100	9,400	46,200	
INTEREST RATES²	Rates	7/29/2005		Yr. Ago	
	10 Year Treasury		4.27%	4.47%	
	11th District COFI		2.62%	1.71%	
	1 Mo. LIBOR		3.52%	1.50%	
	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/ DEMAND³	Units Added/ Absorbed	3 Mo	6 Mo	12 Mo	
		End 7/05	End 7/05	End 7/05	
	Dallas County				
	Added	1,845	5,763	9,700	
	Absorbed	3,251	6,743	7,990	
	Tarrant County				
Added	1,219	2,702	5,035		
Absorbed	1,646	3,854	3,458		
OCCUPANCY RATES³	Dallas County	7/05	6 Mo Ago	1 Yr Ago	
	1990's or Newer	91%	90%	90%	
	1980's	89%	88%	89%	
	1970's or Older	86%	85%	86%	
	Tarrant County				
	1990's or Newer	89%	88%	88%	
	1980's	90%	88%	90%	
1970's or Older	83%	83%	86%		
RENTAL RATES³	Dallas County	7/05	6 Mo Ago	1 Yr Ago	
	1990's or Newer	\$1,031	\$1,014	\$1,024	
	1980's	\$618	\$624	\$627	
	1970's or Older	\$612	\$620	\$626	
	Tarrant County				
	1990's or Newer	\$860	\$867	\$886	
	1980's	\$585	\$589	\$597	
1970's or Older	\$554	\$556	\$563		
HOME OWNERSHIP⁴	Homebuilder	Mo P/I	¹ Tx Workforce Commission - average calendar yr. change (combined MSA's): '98 115,700; '99 95,300; '00 100,500; '01 8,200; '02 (69,100); '03 (37,100) 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 5-29-05 DMN		
	Price/Size	Tax/Ins			
	Choice Homes				
	\$79,950 3-2-1	\$729			
Fox & Jacobs					
\$110,024 3-2-2	\$893				

Information obtained from sources deemed reliable, but not guaranteed.

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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