

# THE CANTRELL REPORT™

Pertinent Information for Apartment Owners

July 2009

JOB GROWTH <sup>1</sup>	Area New Jobs		1 Mo	6 Mo	12 Mo
	Estimate		End 5/09	End 5/09	End 5/09
	Dallas/Plano/Irving		(600)	(53,100)	(44,000)
	Fort Worth/Arlington		(1,200)	(9,900)	(7,300)
			(1,800)	(63,000)	(51,300)
INTEREST RATES <sup>2</sup>	Rates		7/17/2009	Yr. Ago	
	10 Year Treasury			3.67%	4.07%
	11th District COFI			1.83%	2.92%
	1 Mo. LIBOR			0.29%	2.46%
	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 <sup>3</sup>	Units Added/ Absorbed		6 Mo	12 Mo	24 Mo
			End 7/09	End 7/09	End 7/09
	<b>Dallas County</b>				
	Added		3,886	6,438	6,984
	Absorbed		1,827	230	971
	<b>Tarrant County</b>				
	Added		2,956	4,110	7,551
	Absorbed		3,107	568	3,966
OCCUPANCY RATES <sup>3</sup>	Dallas County		7/09	6 Mo Ago	12 Mo Ago
	2000's		83%	85%	85%
	1990's		93%	92%	94%
	1980's		88%	90%	91%
	1970's or Older		88%	88%	89%
	<b>Tarrant County</b>				
	2000's		86%	84%	85%
	1990's		93%	92%	94%
	1980's		89%	89%	92%
	1970's or Older		82%	83%	86%
RENTAL RATES <sup>3</sup>	Dallas County		7/09	6 Mo Ago	12 Mo Ago
	2000's		\$1,195	\$1,174	\$1,147
	1990's		\$1,026	\$1,072	\$1,091
	1980's		\$662	\$671	\$672
	1970's or Older		\$675	\$676	\$673
	<b>Tarrant County</b>				
	2000's		\$966	\$959	\$967
	1990's		\$899	\$909	\$920
	1980's		\$637	\$638	\$638
	1970's or Older		\$605	\$605	\$603
HISTORICAL JOB GROWTH	Average year change of the combined DFW MSA's		1 Texas Workforce Commission		
			2 Banxquote.com		
	2004	32,600	3 ALNsys.com - Rental rates are before any concessions.		
	2005	68,300	Approx. 25% of 70's or older are all bills paid.		
	2006	94,300			
	2007	66,200			
	2008	46,000			

Information obtained from sources deemed reliable, but not guaranteed.

## Highlights from the 81st Legislative Session

This session, the legislature passed several measures designed to protect citizens from rising property appraisals. Below is a summary of important appraisal reform legislation from this session.

**HB 8** - Allows the Comptroller to conduct the Property Value Study (PVS) every other year, rather than every year as required by current law. The PVS is used to estimate a school district's taxable property values and to measure central appraisal districts performance. The primary purpose of the study is to help ensure the state distributes funds for public schools equitably.

Under HB 8, in the year the Comptroller is not conducting a PVS, an audit will be conducted to review appraisal districts procedures, methodology, governance and how they treat taxpayers. By conducting the study every other year, the Comptroller will be able to do a more thorough audit and will make the appraisal process more consistent throughout the state.

**HB 3612** - This bill establishes a three year pilot program in Bexar, Cameron, El Paso, Harris, Tarrant and Travis counties to allow taxpayers to appeal an appraisal review board's determination on property valued at over \$1 million to the State Office of Administration Hearings (SOAH). The program is limited to 3,000 appeals during the pilot period and the decision by the SOAH judge are not appealable to district court. Currently the only appeals option for property valued over \$1 million is to appeal to district court, which can be costly and time consuming. SOAH provides a less expensive option in a more expedited setting.

**HB 3613** - This provides that the land of a residence homestead may not be appraised based on the highest and best use of the property and must be appraised as a residence. This bill was filed in response to residence homesteads being appraised based on what the land would be sold for if it was converted to commercial property. An amendment was added to HB 3613 which allows for 100% disabled veterans to be exempt from paying property taxes. This provision goes into effect immediately upon approval from the governor and affects the 2009 tax year.

**HJR 36** - This constitutional amendment gives the state direct authority to enforce uniform appraisal standards and procedures, rather than requiring administrative and judicial enforcement to originate in the county where the tax is imposed.

**SB 771** - This clarifies appraisal standards for the use of comparable sales and requires chief appraisers to present substantial evidence for increasing the appraised value of property whose value was reduced on appeal in the prior year. The bill also provides expedited arbitration as an additional means to appeal decisions by the ARB and increases qualification requirements to be an arbitrator.

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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