

THE CANTRELL REPORT™

Pertinent Information for Apartment Owners

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New Survey Finds 65 Percent of Homeowners Now Look Favorably Upon Renting Over Owning

By: National Apartment Association (www.naaHQ.org)

A new survey commissioned by the National Apartment Association (NAA) finds that an erratic housing market in the U.S., marked by uncertainty over mortgage rates and concerns about rising foreclosures, indicates that many homeowners are seeing renting an apartment in a more favorable light than they may have in the past. The independent survey of more than 2,100 U.S. homeowners, conducted by leading marketing research firm Harris Interactive, finds that 65% of homeowners believe that, given the current state of the real estate market, there are advantages to renting as opposed to owning.

"This survey reflects a notable contrast to what we traditionally see," said NAA President Douglas Culkin. "In the past, people who own their homes have generally seen renting an apartment as a stepping stone to homeownership. That phenomenon has by no means disappeared, but, across the nation, we are seeing more and more consumers opting to rent, instead of own." Only 54 percent of homeowners cited the inability to build equity if renting as a major concern about apartment or condominium living. Interestingly, a larger proportion of homeowners (62%) cited potential lack of privacy as a more serious consideration.

"Make no mistake, these things are cyclical," Culkin said. "However, this survey reflects an interesting view of how homeowners value their home equity - and in our industry, we do not see this changing anytime soon." Adding to the complexity of the issue is the fact that homeowners who have lost, or may soon lose, their homes to foreclosure are now facing the added difficulty of failing to qualify as creditworthy apartment renters.

About the survey. This survey was conducted online within the United States by Harris Interactive on behalf of NAA between April 26, 2007, and April 30, 2007, among 2,118 adults (aged 18 and over) who owns a house, townhouse, condominium, or cooperative apartment. Figures for region, age within gender, education, household income and race/ethnicity were weighed where necessary to bring them into line with their actual proportions in the population. Propensity score weighting was also used to adjust for respondent's propensity to be online. With a pure probability sample of 2,118 one could say with a 95% probability that the overall results would have a sampling error of +/- 3% points. Sampling error for data based on sub-samples may be higher and would vary. However, that does not take other sources of error into account. This online survey is not based on a probability sample and therefore no theoretical sampling error can be calculated.

| JOB GROWTH ¹ | Area New Jobs | | Mo of | 6 Mo | 12 Mo |
|------------------------------|--|----------------|---------------------------------------|--|-----------|
| | Estimate | | 4/07 | End 4/07 | End 4/07 |
| | Dallas/Plano/Irving | | 17,400 | 27,300 | 73,600 |
| | Fort Worth/Arlington | | 7,800 | 9,900 | 22,300 |
| | | | 25,200 | 37,200 | 95,900 |
| INTEREST RATES ² | Rates | | 6/26/2007 | Yr. Ago | |
| | 10 Year Treasury | | | 5.08% | 5.20% |
| | 11th District COFI | | | 4.22% | 3.76% |
| | 1 Mo. LIBOR | | | 5.32% | 6.35% |
| | FNMA, Freddie Mac & CMBS lenders' rates are fixed at approx 1.0-1.5% over the 10 year treasury. Other lenders' rates are adjustable at approx 3% over COFI or LIBOR. | | | | |
| SUPPLY/ DEMAND ³ | Units Added/ Absorbed | | 6 Mo | 12 Mo | 24 Mo |
| | | | End 6/07 | End 6/07 | End 6/07 |
| | Dallas County | | | | |
| | Added | | 4,061 | 6,152 | 12,512 |
| | Absorbed | | 6,271 | 6,512 | 16,712 |
| | Tarrant County | | | | |
| | Added | | 681 | 2,203 | 7,317 |
| | Absorbed | | 2,120 | 2,173 | 9,157 |
| OCCUPANCY RATES ³ | Dallas County | | 6/07 | 6 Mo Ago | 12 Mo Ago |
| | 1990's or Newer | | 91% | 91% | 90% |
| | 1980's | | 90% | 89% | 91% |
| | 1970's or Older | | 90% | 89% | 89% |
| | Tarrant County | | | | |
| | 1990's or Newer | | 92% | 89% | 90% |
| | 1980's | | 90% | 90% | 91% |
| | 1970's or Older | | 86% | 86% | 87% |
| RENTAL RATES ³ | Dallas County | | 6/07 | 6 Mo Ago | 12 Mo Ago |
| | 1990's or Newer | | \$1,085 | \$1,080 | \$1,051 |
| | 1980's | | \$647 | \$642 | \$624 |
| | 1970's or Older | | \$650 | \$644 | \$627 |
| | Tarrant County | | | | |
| | 1990's or Newer | | \$917 | \$902 | \$877 |
| | 1980's | | \$616 | \$609 | \$599 |
| | 1970's or Older | | \$587 | \$577 | \$565 |
| HOME OWNERSHIP ⁴ | Homebuilder | Mo P/I | 1 Tx Workforce Commission - average | | |
| | Price/Size | Tax/Ins | calendar yr. change (combined MSA's): | | |
| | Choice Homes | \$79,950 3-2-1 | \$729 | '99 95,300; '00 100,500; '01 11,800 | |
| | | | | '02 (70,000); '03 (39,400); '04 32,600 | |
| | | | | '05 68,300; '06 94,300 | |
| | | | | 2 Banxquote.com | |
| | | | | 3 ALNsys.com - Rental rates are before | |
| | | | | any concessions. Approx. 25% of | |
| | | | | 70's or older are all bills paid. | |
| | | | | 4 From corporate office of builder. | |
| | Fox & Jacobs | \$90,990 3-2-2 | \$817 | | |

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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