

THE CANTRELL REPORT

Pertinent Information for Apartment Owners

November 2008

JOB GROWTH ¹	Area New Jobs		1 Mo	6 Mo	12 Mo	
	Estimate		End 9/08	End 9/08	End 9/08	
	Dallas/Plano/Irving		1,900	12,600	39,200	
	Fort Worth/Arlington		3,200	9,500	15,100	
			5,100	22,100	54,300	
INTEREST RATES ²	Rates		11/19/2008	Yr. Ago		
	10 Year Treasury			3.62%	4.01%	
	11th District COFI			2.77%	4.38%	
	1 Mo. LIBOR			1.45%	4.78%	
	Fannie Mae & Freddie Mac offer fixed rates at approx. 2.25% - 2.75% over the 10 year treasury. Other lenders' rates have varying indexes and spreads. Call to discuss.					
SUPPLY/ DEMAND ³	Units Added/ Absorbed		6 Mo	12 Mo	24 Mo	
			End 11/08	End 11/08	End 11/08	
	Dallas County					
	Added		1,727	2,771	6,478	
	Absorbed		(303)	509	5,364	
	Tarrant County					
Added		669	3,372	6,288		
Absorbed		321	2,849	5,250		
OCCUPANCY RATES ³	Dallas County		11/08	6 Mo Ago	12 Mo Ago	
	1990's or Newer		89%	89%	91%	
	1980's		90%	91%	91%	
	1970's or Older		89%	90%	89%	
	Tarrant County					
	1990's or Newer		89%	87%	90%	
	1980's		90%	91%	90%	
1970's or Older		85%	86%	85%		
RENTAL RATES ³	Dallas County		11/08	6 Mo Ago	12 Mo Ago	
	1990's or Newer		\$1,137	\$1,111	\$1,095	
	1980's		\$672	\$665	\$658	
	1970's or Older		\$676	\$668	\$656	
	Tarrant County					
	1990's or Newer		\$948	\$944	\$937	
	1980's		\$641	\$635	\$627	
1970's or Older		\$605	\$604	\$595		
HISTORICAL JOB GROWTH	Average year change of the combined DFW MSA's					
	1999	95,300	1 Texas Workforce Commission			
	2000	100,500	2 Banxquote.com			
	2001	11,800	3 ALNsys.com - Rental rates are			
	2002	(70,000)	before any concessions.			
	2003	(39,400)	Approx. 25% of 70's or older			
	2004	32,600	are all bills paid.			
	2005	68,300				
2006	94,300					

Information obtained from sources deemed reliable, but not guaranteed.

M/PF YieldStar:

Texas Apartment Construction Surges

While the credit crunch is holding down multifamily housing starts across much of the nation, apartment development activity is surging in Texas, according to industry research firm M/PF YieldStar. Statistics released Aug. 5 show 56,194 apartment units under construction in Dallas/Fort Worth, Houston, Austin and San Antonio through the remainder of 2008. That figure is up a whopping 38 percent from the number of apartments under construction as of mid-2007.

"Capital sources clearly are taking into account that the Texas markets boast the nation's healthiest economies, and that makes lenders more willing to fund additional development in the state," said Greg Willett, M/PF YieldStar's Vice President of Research. "Most of the builders we've talked to have said that financing for projects recently starting construction was finalized just during the past few months, well after the credit crunch hit. Thus, despite the fact that some deals are falling out of the pipeline, the number getting the green light is quite substantial." Dallas/Fort Worth leads Texas in ongoing apartment construction, with 19,217 units underway. That's just ahead of the 18,848 units being built in Houston. Austin checks in with 12,810 and San Antonio has 5,219.

The high volume of recent starts and the additional product ready to begin construction now puts most of the key markets in Texas on a path toward overbuilding, according to M/PF YieldStar. "Though job growth is strong across the state, San Antonio actually is the only major market generating substantial demand for apartments right now," Willett said. "Elsewhere, excessive numbers of single-family homes offered for lease are stealing rental demand that otherwise would have gone to the apartment sector." The glut of apartments on the way appears most severe in Austin, as units now under construction translate to a stunning 8 percent growth rate in the metro's total apartment inventory by the end of 2009.

"After ranking as the star apartment market performer in Texas over the past few years, Austin is about to lose its luster," Willett said. "The metro is headed for a sizable drop in apartment occupancy, and rent cuts appear likely to emerge pretty quickly."

For more information, contact Greg Willett with M/PF YieldStar, (972) 820-3000.

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.

Mark Cantrell
214-368-4567 (ext. 12)
mcantrell@cantrellcompany.com

Todd Franks
214-368-4567 (ext. 17)
tfranks@cantrellcompany.com

Sam Pettigrew
214-368-4567 (ext. 16)
spettigrew@cantrellcompany.com

Elliott Carpenter
214-368-4567 (ext. 34)
ecarpenter@cantrellcompany.com