

**ALN's Apartment
3rd Quarter Review**

By: ALN Apartment Data

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Dallas, TX is reporting Occupancy at 87.8%, down 3.1% over the past year. Effective Rental Rates are off 2.4% with the Average Concession Package up 22.6% to 7.5%, (3.9 weeks free on a 12-month lease). The Dallas area is having a hard time absorbing all the new product that continues to come on the market and with the DFW Unemployment Rate standing at 8.3% (up from 4.1% a year ago), there aren't any signs of this changing anytime soon.

For **Fort Worth, TX**, the reported Occupancy Rate is currently at 86.7%. This is down 2.4% over the past year. The Effective Rental Rate is down 1.1% and the Average Concession Package is up 13.8% to 6.9% (3.6 weeks free on a 12-month lease). New Construction on the western side of the Metroplex has not been as drastic as the Dallas side, but they have still added 5358 units over the past year. With Absorption down 836 (the largest loss of any of ALN's markets) and a high unemployment rate, Fort Worth is still struggling in this economy.

Austin, TX might well go down in the books as having the shortest downturn of all of our markets. The Occupancy Rate has been steadily declining for over a year now, but Effective Rents only followed suit for about seven months. In the Third Quarter of this year, Austin reported a rebound in both rents and occupancies. With Occupancy now at 89.2% (up about 2 points during the third quarter alone) and Effective Rents showing improvement, Austin seems to have had a very nice summer bounce. And with an Unemployment Rate of 7.2%, we will be watching Austin carefully for signs of further recovery.

As for **San Antonio, TX**, they have the distinction of continuing to raise Effective Rents virtually every month throughout this ordeal. Even with all the downward pressure of Occupancy (which now stands at 88.5%, down 1.4% over the past year), they still saw a 1.7% Effective Rent growth. With an Unemployment Rate of 7.0%, the multifamily industry in San Antonio has not been hit nearly as hard as most markets.

The history of the Occupancy Rate for **Houston, TX** shows big bounces in 2005, 2007 and 2008. Often these are a result of hurricanes (Katrina and Ike), but the long-term drift is always downward. Today the Occupancy Rate stands at 86.2%, which is nearly the same as it was just before the big influx of residents after Katrina. Although the Effective Rents are up 1.8% over the past year, this gain is very tentative and occurred primarily after the uptick in prices following Hurricane Ike last year. With the Unemployment Rate currently up to 8.4%, Houston's decline in Occupancy should continue.

JOB GROWTH ¹	Area New Jobs		1 Mo	6 Mo	12 Mo	
	Estimate		End 10/09	End 10/09	End 10/09	
	Dallas/Plano/Irving		6,000	(13,200)	(52,800)	
	Fort Worth/Arlington		3,800	(1,700)	(6,300)	
			9,800	(14,900)	(59,100)	
INTEREST RATES ²	Rates		11/11/2009	Yr. Ago		
	10 Year Treasury			3.50%	3.82%	
	11th District COFI			1.27%	2.77%	
	1 Mo. LIBOR			0.24%	1.48%	
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 ³	Units Added/ Absorbed		6 Mo	12 Mo	24 Mo	
			End 11/09	End 11/09	End 11/09	
	Dallas County					
	Added		2,586	7,494	10,315	
	Absorbed		(1,021)	(239)	8	
	Tarrant County					
Added		2,633	5,042	8,430		
Absorbed		1,871	1,441	4,218		
OCCUPANCY RATES ³	Dallas County		11/09	6 Mo Ago	12 Mo Ago	
	2000's		82%	82%	85%	
	1990's		93%	93%	92%	
	1980's		87%	89%	90%	
	1970's or Older		87%	88%	89%	
	Tarrant County					
	2000's		85%	84%	87%	
	1990's		93%	93%	94%	
	1980's		89%	89%	90%	
	1970's or Older		82%	83%	85%	
RENTAL RATES ³	Dallas County		11/09	6 Mo Ago	12 Mo Ago	
	2000's		\$1,199	\$1,194	\$1,172	
	1990's		\$1,026	\$1,043	\$1,091	
	1980's		\$655	\$666	\$672	
	1970's or Older		\$666	\$675	\$676	
	Tarrant County					
	2000's		\$951	\$960	\$964	
	1990's		\$878	\$903	\$919	
	1980's		\$633	\$637	\$640	
	1970's or Older		\$602	\$603	\$606	
HISTORICAL JOB GROWTH	Average year change of the combined DFW MSA's		1 Texas Workforce Commission			
	2004	32,800	2 Banxquote.com			
	2005	68,300	3 ALNsys.com - Rental rates are before any concessions.			
	2006	91,600	Approx. 25% of 70's or older are all bills paid.			
	2007	82,200				
	2008	46,000				

Information obtained from sources deemed reliable, but not guaranteed.

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