

THE CANTRELL REPORT

Pertinent Information for Apartment Owners

October 2008

JOB GROWTH ¹	Area New Jobs		1 Mo	6 Mo	12 Mo
	Estimate		End 8/08	End 8/08	End 8/08
	Dallas/Plano/Irving		7,700	27,300	44,600
	Fort Worth/Arlington		5,600	11,200	15,200
			13,300	38,500	59,800
INTEREST RATES ²	Rates		10/16/2008	Yr. Ago	
	10 Year Treasury			3.95%	4.50%
	11th District COFI			2.69%	4.36%
	1 Mo. LIBOR			4.28%	5.00%
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 10/08	End 10/08	End 10/08
	<u>Dallas County</u>				
	Added		2,028	1,600	5,812
	Absorbed		(699)	(367)	5,842
<u>Tarrant County</u>					
Added		309	2,659	6,169	
Absorbed		135	2,349	5,596	
OCCUPANCY RATES ³	<u>Dallas County</u>		10/08	6 Mo Ago	12 Mo Ago
	1990's or Newer		89%	91%	91%
	1980's		90%	92%	91%
	1970's or Older		90%	90%	90%
	<u>Tarrant County</u>				
	1990's or Newer		90%	87%	90%
1980's		91%	92%	91%	
1970's or Older		85%	87%	85%	
RENTAL RATES ³	<u>Dallas County</u>		10/08	6 Mo Ago	12 Mo Ago
	1990's or Newer		\$1,136	\$1,104	\$1,094
	1980's		\$675	\$666	\$655
	1970's or Older		\$674	\$667	\$654
	<u>Tarrant County</u>				
	1990's or Newer		\$952	\$944	\$937
1980's		\$641	\$636	\$626	
1970's or Older		\$605	\$601	\$597	
HISTORICAL JOB GROWTH	Average year change of the combined DFW MSA's		1 Texas Workforce Commission		
	1999	95,300	2 Banxquote.com		
	2000	100,500	3 ALNsys.com - Rental rates are before any concessions.		
	2001	11,800	Approx. 25% of 70's or older are all bills paid.		
	2002	(70,000)			
	2003	(39,400)			
	2004	32,600			
	2005	68,300			
2006	94,300				

Information obtained from sources deemed reliable, but not guaranteed.

Rental Demand Surges in Quarter

By: Steve Brown, Dallas Morning News

After six months of lame leasing at the start of the year, Dallas-Fort Worth's apartment market saw a surge in rental demand during the third quarter. Net apartment leasing totaled about 3,680 units in the D-FW area during the just-completed quarter. That's a huge improvement from the first half of 2008, when the market saw a net decline in overall occupancy. "There was decent demand for the first time since the third quarter of last year," said Greg Willet, vice president of research and analysis for M/PF YieldStar. "D-FW occupancy is up a little bit, and rent growth is holding steady.

"The substantial rent growth is counter to the pattern elsewhere, with national numbers exhibiting a big slowdown." The increase in rentals during the third quarter was enough to push overall occupancy in the area to 93.2 percent. And average rents rose 2.9 percent to a record \$766. Construction is booming, too. M/PF said that developers in North Texas broke ground on 14 projects with about 4,400 units during the third quarter. That pushes apartment building in the area above 20,000 units. Mr. Willett said development is at the point "where it starts to be concerning, even in periods when the economy is in lots better shape than is seen now." "Construction starts continue to be surprisingly aggressive, especially given that every developer you talk to will tell you that financing is nearly impossible to get."

Even with the strong leasing during the previous three months, net apartment leasing is up by only about 300 units for the year. During early 2008, many potential apartment renters took advantage of the rental home market in the area. "For-lease single-family homes are continuing to take a bigger than typical share of total rental absorption, but at least in the third quarter they didn't manage to grab all the demand," Mr. Willett said. "Furthermore, with home sales down so significantly this year, loss of renters to purchase currently isn't the big challenge it normally is in the Dallas-Fort Worth market." New home sales are down by about a third, and preowned home purchases are off close to 15 percent this year from 2007. So far this year, developers have completed just under 8,000 apartments in the D-FW area. But with the teardowns of hundreds of older apartments, the new construction's impact has been muted.

Apt market in DFW based on third quarter statistics

Completions	2,640 units
Demand	3,680 units
Average Rent	\$766
Avg Occupancy	93.20%
Under Construction	20,585 units

For more info, contact Steve Brown at stevebrown@dallasnews.com

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