

The Cantrell Report

Pertinent Information for Apartment Owners
November 2018

JOB GROWTH 1	Area New Jobs			
	1 Mo	6 Mo	12 Mo	
	Estimate	End 8/30	End 8/30	End 8/30
	Dallas/Plano/Irving	3,300	44,200	85,900
	Fort Worth/Arlington	3,300	16,400	23,500
		6,600	60,600	109,400
INTEREST RATES 2	Rates			Yr. Ago
	END 10/31			
	10 Year Treasury		3.15%	2.37%
	11th District COFI		1.02%	0.73%
	1 Mo. LIBOR		2.30%	1.24%
SUPPLY/ DEMAND 3	Units Added/ Absorbed			
	6 Mo	12 Mo	24 Mo	
	End 10/31			
	Dallas County			
	Added	4,258	10,266	22,642
	Absorbed	5,100	10,828	17,613
	Tarrant County			
	Added	4,096	7,396	15,753
	Absorbed	2,825	6,406	9,629
OCCUPANCY RATES 3	Dallas County			
	10/31/2018	6 Mo Ago	12 Mo Ago	
	2010's	81.3%	77.0%	75.2%
	2000's	93.4%	93.3%	93.9%
	1990's	94.4%	93.6%	93.8%
	1980's	93.5%	94.3%	94.3%
	1970's or Older	93.2%	93.9%	93.5%
	Tarrant County			
	2010's	75.0%	70.8%	68.6%
	2000's	94.7%	94.9%	94.9%
	1990's	95.2%	94.8%	95.1%
	1980's	94.1%	95.2%	94.5%
	1970's or Older	91.4%	92.6%	92.0%
RENTAL RATES 3	Dallas County			
	10/31/2018	6 Mo Ago	12 Mo Ago	
	2010's	\$1,574	\$1,552	\$1,529
	2000's	\$1,414	\$1,389	\$1,357
	1990's	\$1,307	\$1,291	\$1,293
	1980's	\$953	\$948	\$932
	1970's or Older	\$922	\$904	\$886
	Tarrant County			
	2010's	\$1,404	\$1,370	\$1,381
	2000's	\$1,248	\$1,224	\$1,202
	1990's	\$1,219	\$1,197	\$1,191
	1980's	\$940	\$941	\$909
	1970's or Older	\$877	\$854	\$835
HISTORICAL JOB GROWTH	Average year change of the combined DFW MSA's			
	Year	Jobs		
	2017	91,700	1 Texas Workforce Commission	
	2016	120,500	2 Banxquote.com	
	2015	98,700	3 ALNsys.com - Rental rates are after concessions.	
	2014	132,000	Approximately 25% of 70's or older are all bills paid	
	2013	95,600		
	2012	79,200		

2018 Texas Tax Rates Now Out

For Multifamily Properties Across the DFW & Texas

- 2018 tax assessment values continued to escalate 10-15% on average with some increases as much as 20%.
- Further aggressive value increases anticipated to moderate some.
- Taxing entities are beginning to feel pressure to lower tax rates with some minimal decreases recently seen.
- Assessment values post sale continue to be a key determinant when evaluating prospective properties. Value ranges between 50-85% are typical first year after sale and median value of the comparable properties adjusted for rents is the methodology used for successful Equal and Uniform protests. Wide range assessment post sale depends on 1.) median value of current comparable assessments 2.) class of property, and 3.) which county property is located.
- Binding arbitration continues to be used more frequently versus litigation due to minimal cost along with smoother process that often establishes the final value more timely than litigation. Effective as of September 1, 2017, the Texas legislature increased the arbitration value threshold to \$5 million from the previous cap of \$3 million.

Comparison of Major TX Cities Overall Tax Rates

	2016 Rate	2017 Rate	2018 Rate
Austin	2.230141	2.213985	2.196521
Dallas	2.720975	2.719223	2.845235
Fort Worth	2.833027	2.784889	2.750899
Houston	2.528563	2.526348	TBD
San Antonio	2.822495	2.837642	2.865932

- Dallas tax rate shows an increase based on the Dallas School Board District November bond election passing. If the bond vote fails, the tax rate will remain unchanged from 2017.

Ways to Assist Your Tax Consultant to Achieve Best Possible Results

- Provide requested data as soon as possible once year end P & L's are completed. Don't wait until preliminary notice values are released in late April to contact your tax consultant.
- Communicate issues that may not be apparent simply by reviewing your financials.
- Take photos and provide bids and reports whenever deferred maintenance items are needed. Remember, the appraised value is effective as of January 1st.
- Make sure your consultant always checks comparable property values and reviews your property based on fair and equal, not just how the property is performing.
- **Note - Tax protest deadline moved up to May 15th versus traditional May 31st.**

If you would like further information on this topic or other property tax related issues, contact Mark J. Cantrell at (214) 368-1295 or email mcantrell@cmi-tax.com. In 2018, Cantrell McCulloch, Inc. (CMI) represented multifamily properties consisting of 216,0000 +/ - units valued at \$18 billion across Texas and 20 other states, saving multifamily clients roughly \$50 million in actual tax savings.

Visit us at www.cmi-tax.com

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