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January 23, 2012



MULTIFAMILY MONDAY: STRONG YEAR

*T. Howard and Associates offers architecture, interior design and planning **solutions** in healthcare, education, corporate, residential and more. To see how their **clarity of purpose** can benefit you, [click here](#).*

DFW's apartment market had **exceptional rent growth** (6.4%) and **occupancy gains** (8.1% in the summer), largely because of strong demand from job growth and increasing renter households with few new apartment deliveries. Best news yet (not for renters): projected **rent growth** is expected to **rise 6.4%** this year, Axiometrics VP **Jay Denton** tells us.



Jay, here with prez **Ron Johnsey** (and a pile of stats to scour), tells us DFW had its **strongest year** of effective rent growth since the firm began reporting on it in 1996. Fort Worth also experienced its **highest rent increases** since Axiometrics began reporting on it in 1998. Full-year effective rent growth was **4%**, but it was trending as high as **6.4%** in June before seasonality hit in Q4. (We thought this was the year of the 99%, but 6.4% appears to be most popular.) The highest annual rent growth we ever recorded for Fort Worth was 5.3% in the Q3 '96, Jay says. The pace was running above that point during the prime leasing months of June through August.

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Fort Worth's occupancy rate improved; from 91.9% in 2010 to **93.2%** in 2011. In September it peaked at 93.7% for the first time since 2001, but fell slightly to 92.9% in December due to seasonality, Jay says. "We're projecting an **increase to 95.4%** by the end of summer." For this to happen, 1,598 units need to be delivered by Q4 '12, but demand should be more than 5,000 units, driving the occupancy rate up. Job growth should average about 18,300 jobs or 2.1%, he says. In Fort Worth, effective rents rose the most in the **Grapevine** (9%) and **Northeast** (6.2%). However, in the primary leasing season, the annual growth rates reached as high as 12.9% in July in the Grapevine submarket and 7.3% in the Northeast submarket.

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NATIONAL NUMBERS UP, TOO



Just back from the National Multi Housing Conference in Boca Raton (insert retirement joke here) last week, The Cantrell Co and Partners' **Todd Franks** (with his wife, **Paige Franks**, an appraiser with CBRE, and giant bottle of wine that's doing a terrible camouflage job) gives us the consensus: the **national** multifamily sector trend was overall positive in 2011 with **more renters** and **limited supply** because of a historically high barrier to entry for single-family ownership coupled with renting being in vogue. While DFW added approximately 5,000 units in 2011, it **absorbed** more than **17,000 units**.



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Somewhere on this map is the secret to Blackbeard's gold... there's also a Costco (which is more valuable to grocery shoppers). Overall multifamily **sales** in DFW **increased 23%** in 2011 for 50 units or more. Todd is currently marketing a **12.8-acre student housing** development site (which is in bankruptcy) in San Antonio on UTSA Boulevard. The site is about a half a mile from the campus and he's gotten lots of interest from student housing and conventional multifamily developers. He says the submarket stats for this part of San Antonio are fantastic with **96% occupancy** and **\$1.33/SF rents** for Class-A product, and student housing is even higher. (If you have a kid in college you already knew that.) Wanna hear more about student housing? Join us for our **DFW Student Housing Summit** on Feb. 23. Register [here](#).



Todd is the **receiver** for **Zangwood Villas** and brokering **Town View**, a 121-unit property that Fannie Mae foreclosed on in July. Both properties are in Dallas. Todd is also leading the note sale of the **200-unit Lakewood Villas** in Waco near Baylor University. He just sold a **10-acre tract** to **Dolce Living in Burleson**, which has plans for a **200-unit development**. Todd says if interest rates remain low, which is expected, there will be more stable/conventional sales because sellers won't want to miss the opportunity to sell when interest rates are at historic lows and occupancy and rents are at historic highs driving cap rates down. Going nowhere but up, Todd received Cantrell's **top producer** award and had his best year since starting with the firm in 2000. He also achieved his CCIM designation.

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