

## Best Places to Invest

By: Steve Brown, Dallas Morning News

Austin has edged out Dallas as the top U.S. real estate market. Both Texas cities headed the list of the best places to invest in property and development in 2017, according to the annual Emerging Trends in Real Estate report by the Urban Land Institute and PricewaterhouseCoopers. The study surveys real estate executives across the country to get their predictions about the U.S. property market and economy. Last year, the closely watched report ranked Dallas-Fort Worth first and Austin a close second. "This year Dallas flip-flopped with Austin," said Andrew Warren, PwC's director of research. "Austin has been steadily climbing in the last 10 years. "Both markets still look very good." This year the D-FW area still received high marks for affordable housing and business costs and for a diversified local economy.

"The [D-FW] economy survived the global financial crisis better than most other U.S. markets, and the real estate fundamentals continue to avoid the boom-bust behavior that has plagued the market in the past," the report said. "The Dallas-Fort Worth metro area has avoided becoming a victim of its own success, although rising demand is pushing up the price of housing in the market." D-FW got higher scores than Austin for its office market, apartments and housing conditions. But Austin got the top city award for 2017 thanks to its high-tech environment, economic diversity and niche development opportunities. "The capital of Texas has consistently ticked the majority of the top boxes related to real estate market attractiveness," the report said. "Despite Austin's growing popularity, it remains a comparatively small market in terms of investment opportunities. While Austin is unlikely to attract a meaningful amount of offshore capital, it tops many domestic investors' wish lists." "Austin's rise to the top of the list signals the durability of the city's long-term appeal to investors," Mitch Roschelle, PwC partner and real estate research leader, said in a statement. "Austin, along with many of this year's top 10 cities, boasts attractive, niche neighborhoods and a vibrant, diverse economy."

Other markets high on the real estate industry's wish list for 2017 include Portland, Ore., Seattle and Los Angeles. No Northeast markets made the cut. Atlanta and Denver fell off the ranking because of worries about overbuilding. The 38th annual Emerging Trends report is based on interviews with over 2,000 investors, fund managers, developers, property companies, lenders, brokers, advisors and consultants. The results are being released this week in Dallas at the annual meeting of the Urban Land Institute, the nation's largest commercial real estate organization.

**Cantrell McCulloch, Inc. (CMI) specializes in the representation of multifamily properties across Texas and nationally. Currently, CMI represents multifamily properties consisting of 200,000+/- units at a value in excess of \$11 billion. CMI also represents property owners on all types of real estate and business personal property taxes across 37 states.**

JOB GROWTH <sup>1</sup>	Area New Jobs				
	Estimate	1 Mo End 10/30	6 Mo End 10/30	12 Mo End 10/30	
Dallas/Plano/Irving		16,900	40,700	93,000	
Fort Worth/Arlington		3,700	9,300	21,000	
		20,600	50,000	114,000	
INTEREST RATES <sup>2</sup>	Rates		END 12/1	Yr. Ago	
	10 Year Treasury		2.45%	2.15%	
	11th District COFI		0.60%	0.65%	
	1 Mo. LIBOR		0.62%	0.24%	
SUPPLY/ DEMAND <sup>3</sup>	Units Added/ Absorbed		6 Mo End 11/30	12 Mo End 11/30	24 Mo End 11/30
	<u>Dallas County</u>				
	Added		2,444	9,220	20,632
	Absorbed		1,619	8,749	20,897
	<u>Tarrant County</u>				
	Added		1,685	4,604	9,709
Absorbed		618	4,895	9,963	
OCCUPANCY RATES <sup>3</sup>	<u>Dallas County</u>		11/30/2016	6 Mo Ago	12 Mo Ago
	2010's		78.0%	74.2%	73.9%
	2000's		94.8%	95.4%	95.0%
	1990's		94.6%	96.0%	95.8%
	1980's		94.8%	95.2%	94.8%
	1970's or Older		93.6%	94.0%	93.1%
	<u>Tarrant County</u>				
	2010's		80.8%	81.5%	74.8%
	2000's		95.5%	95.7%	95.4%
	1990's		95.0%	95.4%	95.5%
1980's		95.1%	95.6%	95.0%	
1970's or Older		93.9%	94.4%	93.5%	
RENTAL RATES <sup>3</sup>	<u>Dallas County</u>		11/30/2016	6 Mo Ago	12 Mo Ago
	2010's		\$1,487	\$1,527	\$1,490
	2000's		\$1,344	\$1,354	\$1,316
	1990's		\$1,270	\$1,272	\$1,217
	1980's		\$889	\$874	\$829
	1970's or Older		\$826	\$814	\$777
	<u>Tarrant County</u>				
	2010's		\$1,412	\$1,397	\$1,303
	2000's		\$1,163	\$1,153	\$1,118
	1990's		\$1,173	\$1,158	\$1,111
1980's		\$861	\$843	\$807	
1970's or Older		\$784	\$766	\$731	
HISTORICAL JOB GROWTH	Average year change of the combined DFW MSA's				
	2012	79,200	1 Texas Workforce Commission		
	2013	95,000	2 Banxquote.com		
	2014	141,300	3 ALNsys.com - Rental rates are after concessions.		
	2015	116,600	Approximately 25% of 70's or older are all bills paid		

Mark Cantrell  
214-368-1295  
mcantrell@cmi-tax.com

Thomas Hooke  
972-630-6696  
thooke@cantrellcompany.com

Jessica Erdmier  
972-630-6697  
jerdmier@cantrellcompany.com