



GET THERE FIRST REALTY  
CLIENT NEWSLETTER  
"One Call ~ One Solution"

Volume 13, Issue 3 / mark@gtfrealty.com

(214) 522-5700 ext.3 SUMMER 2002

IT'S CERTAINLY A RECESSION

STATISTICS OF  
REAL ESTATE  
ACTIVITY IN  
THE DALLAS  
MARKET-  
PLACE.

\*

MONTH TREND  
OF PREVIOUS  
OWNED HOMES  
SOLD IN BIG D  
APRIL 02 + 1%  
MAY 02 - 6%  
JUNE 01 - 18%

\*

YEAR TO DATE  
SALES ARE  
DOWN 2%  
WITH AVER-  
AGE SALES  
PRICES RISING  
2% SO FAR.

\*

AVERAGE  
DAYS TO SELL  
A HOME = 56.

\*

HOMES LISTED  
FOR SALE ARE  
RUNNING 21%  
AHEAD OF LAST  
YEAR-TONS OF  
INVENTORY TO  
SELL AND LEASE!

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Our local economy is in shambles, and many large industries like computing and tele-communications are downsizing. Everyday as layoffs are announced I'm faced with another dismal story from one of our residents facing unemployment. The only income source not affected by normal business cycles is the government: entitlement checks always continue, and our lower end rentals become our pride and joy as the bottom falls out on the upper end rentals. Recent Texas census data ranks Texas 44th in education, indicating a large population of an unprofessional, uneducated workforce. 14% of the Texas population was born abroad, and in focusing on these trends and how they affect the marketing of rentals, my bet is to continue to master my second language skills and focus on low income housing. My hedge against this recession is to focus on the poor.

I have lived in Dallas for 21 years and we thrive on **over building of everything**. Now that many of our core industries like the airlines appear to be headed for federal bailouts, it is scary to think what will follow. Retail is very soft, and many national brand stores close their doors instead of losing more money in an overbuilt marketplace. Even in this terrible economy, the D/FW area is #2 in the country for new home construction. When will it stop?

In the Wall Street Journal last month an article focused on all the wonderful things landlords will do in these challenging times to fill their rentals. From free trash pick up to concierge services, investors are doing all they can to fill rentals. We provide a similar level of marketing in the packaging of your rentals with our services. Without giving any free rent away, our focus is always on selling the landlord before the rental. All we need are quality rentals.

WALL STREET REMAINS LOUSY

Perhaps the true sign that a turnaround is coming soon is that I'm moving my investments out of the market and into tax free money funds. With stocks down by 13% this year already, a down year is likely. This will be the first time since WW II that stocks have fallen for three consecutive years in a row. Like our real estate, our valuations were also overbuilt and still have a way to fall. A good friend of mine left his lucrative law partnership to work for a dot com company. The stock has gone from \$346/share to 76 cents so far and he's been there only 2 years.

For the quarter the Dow is down 11.2%, NASDAQ is down 20.7% and the S & P is down 13.7%. Worldcom, Arthur Anderson, Enron, and Xerox are just a few of the multi-billion dollar companies in deep trouble. Many of you are closer to retirement age than I am so my advice is do anything as long as you don't lose money anymore. Invest in REIT's, T-bills, muni-bonds, money market funds, and of course rent homes. There is still risk in traded equities even if GE is \$28/share and Ford is \$15. Compound what small returns are available and hope interest rates go up someday soon.

**INDUSTRY TRENDS**

Recently the PMI group, a mortgage insurance company ranked Dallas as one of the top cities to see housing prices decrease in the near future. Dallas' risk is about 60% higher than the national average, It's either boom or bust here, and most are betting on our continued bust up. For the 12 months ending in April, D/FW lost 30,000 jobs and this past quarter has added even more widespread losses especially in the telecom industry. Many of these firms are listed on the NASDAQ and it is at its lowest point in 5 years. Most apartment communities will offer up to three months free rent when negotiating a new lease. I'm so happy to not have to compete with that market and our leases are free of promotional gimmicks. The fact is nearly 60% of our rentals are made with a double deposit by the resident to insure further compliance to the contract. GTF is proud of maintaining our leasing standards through difficult times. And because almost every owner takes eviction protection coverage, we are not shy about using the courts to motivate payments. On July 1st, all court costs went up 20% so the \$5/month you invested in this program has become even more valuable. This year we'll file over 100 evictions and less than 5 will result in actually putting someone out. We let the judges be the motivators for payment in challenging times. ***The Texas judicial system is the best you could ask for- our judges are great.***

Mold is certainly an industry trend, and GTF has been at the forefront with mold disclosure forms and addendums as well as online education for your residents. In Texas alone this year, insurers have paid out \$1.2 billion in mold claims, and we now have the nation's highest homeowner insurance premium rates, another reason not to own rentals (as if property taxes weren't enough of a reason). Most mold claims cost \$30-\$50,00,0 and most of that is padded expenses put in to get the homeowner a new house. Your tenants have gone after you for mold claims, and we have successfully defended every claim by first educating the resident about water and empowering them to take action BEFORE mold begins to grow and become toxic. Rick Moore, at extension 2, is the greatest service expert in the industry and knows more about mold than most people. He's very helpful if you have any needs.

**INTERNAL UPDATES**

Real estate is nothing more than a series of cycles and adjusting your marketing mix during these cycles is what we're best at. There is nothing more difficult for us than to have owners object to making their properties ready when vacant. It is perhaps the dumbest thing an investor can do and nothing costs you more than any day your property stays empty and shows poorly to a prospective new resident. PLEASE know that in a market full of inventory the best readied units lease first. Spend more money on make readies when rents are falling to keep your rental occupied with the highest quality resident. As a 20 year investor I can tell you that nothing will ever cost you more than having a vacancy. Please listen to our managers when they call with make ready suggestions. I have moved most of my portfolio into single family homes to weather these challenging times. Homes are the easiest to keep occupied during a recession, condos are the hardest. I am almost always at my desk from 8-6 so call me if you ever have any questions or suggestions. I am here to help you in good times and bad, your business is for a lifetime at GTF. Have a great summer and call me if you want to buy or sell any rentals.

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