



Investor Report

One Call - One Solution from Get There First Realty

MARKET RECOVERY IS UNDER WAY!

I know these are “unexpected words” from the most pessimistic property manager in the business. Don’t get me wrong, cash flow is still difficult, but we’re losing less and less these past few months. Everything aligned in the right path: Katrina victims pushed occupancy up, increased interest rates slowed the first time home buyer craze, and new apartment construction is lagging behind prior years. Our North Texas employment statistics have remained positive, and overall the economy is improving. Nearly 30% of all homes purchased are being bought by investors, and the average rental stays on the market longer than 2 months. This alone makes break even a challenge especially if you’re faced with expensive make readies. We have seen a slowing of skips in the night, but it stills averages about 1 in 5 tenants and that is ridiculous. Rent rates seem to have stopped going down except for condos which remain unable to be competitive against newer apartment communities. HOA dues continue to rise to offset rising insurance and taxes, so overall “apartment looking condos” remain one of the most challenging investments in North Texas. High rises are hot, redecorating the inner city landscape of Dallas and Ft. Worth. Many are empty/unsold.

Your goal might be to avoid vacancy by only buying occupied rentals. That has always been my goal, and in keeping with that, we have expanded investment grade rentals for sale on our web site. If you want to buy occupied rentals consider viewing the properties at www.dfwlandlord.com/investor.html. These are properties we manage/own and have leased them long term to provide stable investment grade options for our clients. Most returns should exceed empty houses needing rehab.

Activity Statistics Dallas/Ft. Worth Market	
Previously owned homes sold in D/ FW	Jan 2006 +4%
	Feb 2006 +3%
	Mar 2006 -4%
YTD sales trend	+1%
Median price trend	Up 5%
Average days -sell	76 days
Average to lease	62 days
Office Space Downtown Dallas	28% EMPTY!!
Texas Home Loan Delinquency	7.8%-5th highest in the country
2005 Rate of Savings for USA	-.5%-lowest rate since 1933!!



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S & P BEST IN 7 YEARS!

The S & P rose 3.7% this quarter and that hasn’t happened since 1999. The cause is the robust health of the US economy these past 3 months. Growth has continued despite rising interest rates and a slowing national real estate market. In the 1st quarter the Dow gained 3.66% and the NASDAQ 6.1%. Oil prices and stocks remain solid as do the precious metals like Gold, silver and of course diamonds. Investment grade municipal bonds still appear (to me) to be the best return for your money if capital preservation and tax avoidance are your two main objectives. Rule #1-never lose money. Rule #2 see rule #1. Buy muni-bonds.



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Get There First Updates

GTF recently won a sealed bid for the web page www.dallaspropertymanager.com so this should further feed prospective tenants looking for better managed rentals into your vacancies. We have had the busiest 3 months of leasing in our 25 year history, and we are moving more towards breaking 100 units a month leased every month. If a property is in perfect condition and priced under market, it will lease.

As I read about the national real estate slowdown I am reminded how insulated the North Texas market remains. I believe this year will be even better than expected (5.9% projected medium price increase) especially for owners of premium rentals within land locked communities. The top tier seems to be exploding with demand and the high rise craze in the inner cities is just unbelievable. But for those of you that are patient investors it may be the right time to be holding leased, seasoned rentals (see our web site).

I am always fascinated by the love affair North Texas has with new housing. Less than 10% of the net absorption of new leases is made in properties built between 1975-1986. 63% of new leases is made in properties built from 1997-2005 further proving the need to renovate, innovate, and improve every time you have a vacancy (and that's expensive).

This may seem strange, but if you're not making your mortgage payments for some reason, please let us know. Your tenants receive all the nasty letters and often skip in the night because they falsely interpret a letter or summons being received at the house.

The reason we're seeing a slowing of home sales coupled with an increase in home values is that the first time home buyer has reduced his purchases. Increasing interest rates most affects this sector of the market and that is good for landlords. In February, North Texas saw a 10.5% slide in new home sales, the largest drop for nearly 9 years (March was stronger). This should be a word of caution to all my California investors buying in new sub-divisions. It seems as if fewer and fewer people want to live in them. 43% of those that are buying their first home put nothing down. This is of particular interest to me if there is a reduction of values in these new homes and then perhaps many of these buyers will simply walk away.

Another factor affecting the huge volume of foreclosures are adjustable rate mortgages that are being recalculated at higher rates. These increases, as well as taxes and insurance, make uncontrollable expenses eat into your cash flow. Over the next few weeks you should get your property tax statements. Please consider petitioning the value using a professional tax consultant. For years our clients have been very happy with John Hirschy at 972-304-0909. Tell him you're a GTF client, and he'll go the extra mile for you. If you cannot pay your taxes and wish to lower the amount you're charged in penalties from the city consider a service called Taxease which helps finance tax delinquencies. Their telephone number is 972-233-4929 (www.taxease.com).

INDUSTRY TRENDS

Clearly there is a national slowdown in real estate most affecting the former hot markets in California and New England. This is only fueling the investment interest in North Texas. D/FW currently ranks second in the country for job growth, with 92,300 jobs added in the last 12 months. I have just been hired again to teach leasing classes at Coldwell Banker to better facilitate the growing interest in leasing single family homes. All of these trends are positive and I personally hope for continued increases in interest rates to further slow the home buying options for our tenants.

First quarter apartment leasing activity which often mirrors single family leasing is very strong. Occupancy has increased to 92.7% and rents have finally stopped going down, in fact they rose by just under 1% this quarter. There are currently 10,425 new units under construction but if job growth outpaces this supply we will see rents finally increase in a way each of you might actually benefit. It is still not worth the vacancy to haggle over a few dollars since nothing costs you more than the vacancy. On a final musical note, many of you know I perform and lecture on 20th century music. On June 7th at 7 PM I am performing at the Highland Park Methodist Church at Mockingbird/Hillcrest, call (214-321-9937).

A handwritten signature in purple ink that reads 'Mark H Kreditor'.

Mark H. Kreditor, MPM
Broker