



Investor Report

One Call - One Solution from Get There First Realty

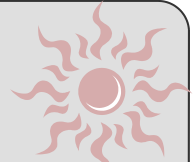
BUZZ WORD IS "TRANSACTIONS"

In real estate, either we live and die by statistics or just ignore them and say they are for "someone else to worry about." This has been a fascinating quarter for North Texas real estate. Explosive growth in new home sales, investor purchases of new and used homes, and leases, yes I said leases. Even though overall apartment occupancy was down, we find there is a momentum building in single family rentals. As interest rates have risen making it more difficult for first time home buyers, we have seen rental homes as a good alternative between apartment life and home ownership. Across our industry in North Texas, property managers are writing record numbers of leases AND carrying record vacant inventory. I have seen this shift in the supply of rent homes, and I have to believe it is due to the fact that 25% of all home sales in our marketplace are investor purchases. If the main reason to invest is to see your value go up faster than alternative investments on paper Texas is at the bottom of the appreciation scale. From 1979-2005 Texas home prices grew at an average annual rate of 4.7%. Your money would do better in the bank. Despite this, our real estate continues to be bought by speculators thinking they will see this trend change.

One in four Americans born between 1946 and 1964 owns more than one property. Baby boomers own 58% of all rental properties in this country and there is ample supply to buy in North Texas. In 2000, renters made up 57% of the city's population. City planners hope to bring that number down to 48% by the year 2030. To do this, the city will offer programs to make home ownership easier but this will put added pressure on landlords and rental rates. 48% of apartments offer rent specials.

Activity Statistics Dallas/Ft. Worth Market	
Previously owned homes sold in D/FW	April 2006 -13%
	May 2006 FLAT
	June 2006 -5%
YTD sales trend	-5%
Rental Homes Leased	Ahead 29% in 2006 23% more inventory!!
Average days selling a home	64 days
Homes for Sale in D/FW	43,342!!
Home foreclosures	Up 26% through August postings
Rental vacancy	Over 7%, slow 2nd quarter

Summer
2006



Volume 17, No.3

Stocks = Challenge

The Fed raised rates for the 17th time in June, and the stock market seems to have no direction. The S & P 500 fell 1.6% for the 2nd quarter and is ahead just 1.8% for 2006. The Dow is ahead 4% so far this year but the NASDAQ has dropped 1.5% this year after losing 7.2% in the 2nd quarter. Fixed income investors like myself have seen a significant increase in muni bonds, CD's, and money market funds. It is difficult for me to find any investment that can offer better yields with minimal risk than a 5% tax free muni bond. The Fed has given signals that the consistent increases of interest rates may be coming to an end. This stability may be just what the markets need.



Get There First Realty
4931 Airline Road
Dallas, TX 75205
Toll Free: 1-888-322-4837
Bus: (214) 522-5700
Fax: (214) 522-9985
mark@gtfrealty.com
www.dfwlandlord.com



Get There First Updates

While used home sales dropped by 5% in June, the sale of new homes in our market set a record. New home starts are up 11% so future inventories will remain high. Some say this was fueled by creative “give a ways” by the builders but I feel it is further validation that Texans and investors love new, clean things. That is why if you have a vacancy it must be perfectly made ready, landscaped, and marketed often below market to hope for a lease.

So far in 2006 over 24,000 homes have landed on the foreclosure list, a further indication that buyers pay too much or leverage too much. GTF’s goal is to get our owners out of debt and not be tied to a mortgage which often cripples any benefit to the investment. The volume of eviction court hearings are running in some cases over 20% ahead of last year and investors must always budget for the tenant that doesn’t perform. GTF this year has covered thousands of dollars of court costs (not physical set out fees) for our clients since almost every owner is covered under their eviction protection plan (\$5/month). It is the greatest tool to offset the rising court costs associated with motivating compliance.

I hope all of you hired a tax evaluation consultant (John Hirschy 972-304-0909) to fight the city’s price valuations for your properties. Yesterday I received several successful reductions on my properties done by consultant John Hirschy. It may be too late this year but always try to get your taxes reduced and don’t try to do it yourself. John charges 50% of the savings he gets for you. No savings-no fee.

The over-valuation of real estate in most coastal cities continues to move money to our cities. In fact, when analyzed demographically, the DFW area on paper appears to be 18% undervalued prompting widespread investor interest from outside investors. Statistically DFW ranks 247th in home appreciation yet remains one of the #1 areas of new investment.

Rent value vs/ ownership price often defines a market much the same as a bond rating. My friends in California pay \$2,200/month for a home worth \$1.5 million,. In Texas that rent would sell for \$105-\$190K.



25 years ago this month, GTF was started. It seems like only yesterday and so many of our clients have been with us for 10-20 years. Not much has changed (especially property values), in our focus on fast turn-around. I still personally work until midnight every first of every month to ensure every owner is paid in full on the first provided the tenant cooperates. We still come in 7 days a week to check rent payments and maintenance requests so we don’t lose any time getting repairs made leaving money on the table by missing the tracking of a late payment. We still try to treat every owner as if they are our only one. My ext is 3, Rick Moore, our service director is ext.2 and Patty Allen who oversees vacancies and new move ins is ext. 118.. We are all here at your service.

INDUSTRY TRENDS

I have come to an understanding that some people just want to own Texas real estate. As interest rates rise, pressure is placed on real estate to perform better since investors have more conservative, fixed rate alternatives. Today I am in Carmel, California and have just returned from a run around Scenic Drive where the least expensive home I ran past was \$3,995,000. The home (before I turned around to see the ocean) looked like a \$90,000 North Texas rental. Then I realized they are not building more oceans and maybe that is why coastal investors are so hypnotized by low Texas real estate prices. There is more risk in Texas where we have abundant land to continue to build, holding down appreciation than on Scenic drive in Carmel where the ocean is not moving anywhere. At least that has been the trend as long as I have serviced investors from around the country. In Texas my most successful clients have tried to buy in areas where the community is land locked, much like the ocean. This allows true supply and demand economics to drive home values in the right direction. Always think about the dirt below the home you invest in and see how much more is left around you to build upon. The greatest advice I ever read is to never lose money. In Texas, that often means you buy the dirt since land value has been often a better bet than home value.

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

Mark H. Kreditor, MPM
Broker