

GTF, INC. Investor Report

One Call - One Solution from Get There First Realty

IT'S STILL A DIFFICULT MARKET

My parents always taught me to save for a rainy day, and times in North Texas are "very wet." With a 45% increase in homes for sale inventory from 2001 many properties that haven't sold are becoming rentals. This has flooded our local market, and when this is coupled with the highest local unemployment in 20 years, we are experiencing very challenging times. For those of you with tenants in your rentals, do all you can to maintain this relationship. For those of you with a vacancy, get ready to spend more and more money on making it perfect. Nothing will heal the pain of having no rent income than investing money in better finish out and make ready. Now is the time to spend money in order to lose less money. In a recession the winner is the person who loses the least amount of money, that is why we are always recommending taking better care of your properties to retain and attract tenants. Sales and leasing trends continue to be down and a recovery is not expected for 12-18 months. North Texas thrives on growth, and we are in a flat economy that continues to build. Unemployment for the first time is being much harder felt in the white collar job sector (17.4% of job losses), and this affects rentals over \$1000/month. The sweet spot may be low income housing to tenants on government assistance. This part of the economy remains unaffected as long

as the government mails their benefit checks. Rental rates are decreasing between 6-10%/year and most leases GTF manages are now above market. This is why it is often best to allow the lease to go on a month to month basis unless you want to lower the rent. Apartments in the D/FW market are 10% empty and this is a staggering statistic of oversupply since most markets are built around a 5% vacancy factor. These are challenging times for us.

Activity Statistics Dallas/Ft. Worth Market	
Previously owned homes sold in D/FW	April 2003 -10%
	May 2003 -10%
	June 2003 -4%
YTD sales trend	Down 5%
Median price trend	Up 1%
Average days selling a home	67 days
Homes for Sale in D/FW	43,000!!
Home foreclosures	50% increase from a year ago! 3000/month at auction
Rental occupancy	Fallen to 90% in D/FW

Summer
2003



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Stocks Went Up!

If the stock market mirrors future trends, we are on the way to recovery. Showing its best quarter in 4 1/2 years, the Dow surged up 12.4%, the NASDAQ was up 21% and the S & P 500 up 14.9%. Most mutual funds had double digit growth this past quarter, and the likelihood of us having a 4th down year in stocks is greatly diminished from these returns. Interest rates continue to drop, and in my opinion this is what is sustaining the accumulation of debt in our economy forcing so many to have nothing saved for a rainy day. There is \$38 trillion in US debt held by individuals. Everyone's goal should be to get out of debt. Pay off

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Get There First Updates

Because so many consumers have trouble spelling the word “realty,” GTF has acquired the rights to the web address www.dfwlandlord.com. This will make it easier for prospects to find us through the internet even when someone with even my accent tells them the address. Our web page continues to be our pride and joy and we all work very hard to create wonderful virtual tours of your properties that are provided to prospective tenants through our web page. This past quarter we also purchased a state of the art color laser printing system making it easier for us to produce color brochures for every vacant property. These brochures are placed inside free standing tube holders that attach to our rental signs. If you own a condo please petition the by laws to allow signage out front. You are 100% dead in this market if you own an empty condo with an HOA that doesn't allow signage. Some we have seen stay vacant for a year simply because nobody knows they are available. Signage generates 75% of all real estate leads so it is a very important component of our overall marketing strategy. We also upgraded our phone system and added fax on demand capabilities so prospects with a fax line can receive daily updates of available properties for lease. We still dominate the rental sections of all the newspapers in D/FW but we find this investment to be the most costly and the least beneficial because there are so many newspaper rental ads being advertised in this soft economy.



As has been done in the past, SMU is hosting a series of real estate investment classes that GTF has authored for investors like you. Beginning Monday, September 21st at 6 PM we will be presenting four 90 minute lectures on residential property investment. I encourage all of you to try to attend these classes. For more information please call the SMU continuing education office at 214-768-1022. Each week we will take a sector of property investment and management and offer helpful strategies to out compete the market. After taking our classes, many of our owners have become better buyers and better investors. I hope to see many of you there. It is a pleasure to help you make better deals as you accumulate rentals.

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your mortgages as fast as possible and start saving for market conditions like today when you must have money to do make readies and make improvements in order to attract and retain good tenants. I cannot emphasize this enough if you're going to enjoy real estate through good and bad times. Start with your personal life by not buying anything unless you can pay cash for it. The longer this economy borrows, the slower any real progress towards a true recovery will occur. Instead of re-financing why not try un-financing by paying off the balance owed on your debts and not paying more interest and fees on the outstanding balance. “The wise man collects interest, the fool pays interest.”

INDUSTRY TRENDS

Rising taxes and insurance rates have been very aggravating for most of us. I encourage all of you to petition your tax values and shop around for better insurance. Two great agents I have purchased tons of insurance from over the years are Barbara Reed at 972-419-7510 and Ron Cozort at 214-739-5442. Let them know you're a GTF owner and see if they can save you money. With an overall commercial vacancy rate of 28% and some areas going as high as 60% the local North Texas economy needs growth. The big concern is the fall off of population influx, something that has kept our entire state avoiding many minor national recessions over the years. For the first time hot markets like Plano, Austin, and Arlington are seeing a flattening of population influx, and this is a real concern. This is exactly what fuels our Texas economy and fills our rent homes-population increases and new jobs. Statistics seem to indicate that the re-hiring process is not coming back as fast as in previous recessions. Losing a job is still the number one reason your tenants cannot fulfill their contracts.

One of the worst investments you can make is to purchase a home repair warranty policy for your rental. Rarely do they cover the repair and they take so long to respond. We hate getting yelled at because your resident is fed up waiting for them.

Mark H. Kreditor, MPM
Broker