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**Dallas/Fort Worth Apartment Update Report
Details Impact of Hurricane Katrina**

Houston, TX (February 1, 2007) – In Dallas/Fort Worth, the remains of Hurricane Katrina are still being felt.

This is according to the fourth-quarter apartment update reported by O'Connor & Associates, the Houston-based real estate consulting firm and leader in apartment market research data in Texas. The report tracks the growth of apartment living in the Dallas/Fort Worth and surrounding areas.

Mostly due to the end of FEMA rental assistance, absorption during the fourth quarter of 2006 seems to indicate many evacuees are leaving the area. Absorption for the metroplex fell across all property types, with a total of 2,477 fewer units absorbed compared to last quarter. Class B and C units, where most evacuees lived, showed the weakest absorption figures with 903 and 865 less units absorbed, respectively. Classes A and D properties showed 305 and 404 fewer units absorbed, respectively. The area experiencing the most move-outs were the Ft. Worth, Irving, Far North Dallas and Greenville Avenue/Lake Highlands submarkets.

Dallas/Fort Worth area apartment occupancy also fell from last quarter, down 0.66 points overall. On average, apartments in Dallas/Fort Worth show an 89.68 percent occupancy rate. This is the first time since the second quarter of 2005 the occupancy rate fell below 90 percent. Class A properties fell 0.57 points to 92.58 percent; Class B fell 0.8 points to 91.08 percent; Class C fell 0.56 points to 86.85 percent and Class D fell .86 points to 85.25 percent. The highest occupancy levels were in Granbury at near-capacity, followed by Azle at 96.01 percent. Rockwall had the lowest occupancy rate at 82.04 percent.

Despite the overall decline in occupancy, overall rental rates remained the same in the fourth quarter. On average, apartment rent is \$0.87 per square foot. Classes A, B and C apartments remain virtually unchanged at \$1.07, \$0.86 and \$0.77 per square foot, respectively. Class D properties showed a one cent increase from \$0.70 to \$0.71 per square foot. The highest overall rates by submarket were found in the Uptown/Knox/Henderson area at \$1.44 per square foot. The lowest rents were in White Settlement at \$0.66 per square foot.

Dallas/Ft. Worth has a total of 2,501 operating or under-construction projects greater than 50 units with a total of 558,065 units. Class A properties make up 27 percent, Class B make up 36 percent, Class C make up 29 percent and Class D make up eight percent.

For a complete report on the Dallas/Fort Worth apartment market, visit http://www.poconnor.com/file_repository/dallas_apartment_update_4Q06.pdf. The report measures demand (absorption), occupancy, rates and apartment inventory.

Dallas/Fort Worth Apartment Market at a Glance							
	Class A	Class B	Class C	Class D	Overall	Qtr	Yr
Occupancy	92.58%	91.08%	86.85%	85.25%	89.68%	▼	▼
Rent/Unit	\$1,017	\$694	\$615	\$547	\$738	▲	▲
Rent/SF	\$1.071	\$0.855	\$0.772	\$0.708	\$0.871	■	▲
Absorption	-305	-903	-865	-404	-2,477	▼	▼

Source: O'Connor & Associates fourth-quarter 2006 Dallas/Fort Worth Apartment Market Update

About O'Connor & Associates

O'Connor & Associates, a Texas-based national real estate service firm providing appraisals, market research, cost segregation studies and federal and ad valorem tax reduction services, has been in business since 1974 and has more than 40,000 clients. Patrick O'Connor, MAI, president of O'Connor & Associates since 1983, is frequently acknowledged by national publications as a respected source of information on real estate trends. Visit www.poconnor.com

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