



Harris County Appraisal District News Release

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Harris County Appraisal District Mails Property Value Notices

Houston —The Harris County Appraisal District has mailed property value notices to most residential property owners and is following with commercial and industrial value notices.

“We are seeing a greater number of properties in Harris County that are not increasing in value this year, however generally, both residential and commercial properties are still continuing to go up in value,” said Roland Altinger, chief appraiser.

“This year is much like last year in that it’s more of a mixed market that is spread throughout the county,” Altinger said. “Many property owners, especially homeowners, will not see their value change much this year, although we are continuing to see some increases. Houston’s energy industry was hard hit by the drop in oil prices, which then created a county-wide economic downturn. But that downturn has turned into a slow recovery, and we are seeing some job growth.”

Altinger explained that the appraisal district is required by law to appraise all property at 100 percent of market value as of January 1, so the appraisal district is basing the appraisal on the prices property sold for in 2016.

Specific information for the property types is below, and market area maps are available on the HCAD web site at www.hcad.org under “Resources” and then “2017 Reappraisal Values.” Individual property values also are available at www.hcad.org.

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Residential:

The sales volume has increased slightly, and property values continue to increase. The sales volume for single family residential properties increased 3 percent to 76,449 homes in 2016 from 74,174 homes in 2015, according to the Houston Association of Realtors.

The value of residential property in the county continues to increase although at a slower rate than the past several years. Approximately 58 percent of the homes in the county increased in value since last year, while approximately 39 percent did not see any change in value.

The housing market remains strong although the inventory of available homes has increased slightly to an approximately 3.5 month supply. Last year, the supply of homes hovered at approximately a 3.2 month supply from March of 2015 through March of 2016. A 6 month supply is considered a balanced market.

Year-over-year, the median sales price of single-family homes – the figure at which half the homes sold for more and half for less – rose 6.5 percent to \$225,903 in 2016, compared with \$212,000 in 2015, according to the Houston Association of Realtors.

Homes in all price ranges saw value increases, but like last year, homes priced between \$80,000 and \$250,000 saw the biggest increase. Homes in that price range saw an approximately 6-8 percent increase while those homes above \$250,000 had increases of approximately 4 percent, while homes valued below \$80,000 had an increase of approximately 6 percent. The highest volume of sales is continuing to occur on the east side of the county because of expansion projects related to the energy industry.

Another sign of the county's solid economy, despite some lingering problems in the energy sector, is that foreclosures recorded by the appraisal district have continued to fall. Foreclosures dropped to 1,198 in 2016, or 2.5 percent of residential sales, from 1,882 in 2015, or 4.4 percent of residential sales.

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Exemptions can provide significant relief for qualifying taxpayers by reducing taxable value and tax levies. Residence homestead exemptions apply to most owner-occupied homes in Texas and are the most common type of exemption. Property owners should check their account online to make sure that all exemptions to which they are entitled are in place.

Commercial:

Overall, approximately 57 percent of the commercial property accounts that have received value notices have had value increases; approximately 25 percent have not changed and 18 percent have decreased. Commercial property includes apartments, office buildings, retail, medical offices, hospitals, hotels, warehouses and vacant land.

Office buildings had a year of adjustment in 2016 due to the Houston economy which has caused changes in vacancy rates and availability of sublease space. However the office market is not considered distressed and is showing signs of improvement. Office building sales declined to 10 in 2016 from 26 in 2015, as did the price per square foot, and the overall asking rental rates also dropped slightly. The average vacancy rate increased slightly to 15 percent from 14 percent. There were 71 newly constructed office properties, primarily in the Class A sector, that were delivered to the market in 2016, however a decrease in new construction will reduce the supply of available space.

Houston's demand for apartments softened because of slow job growth, which combined with a glut of available units delivered to the market, caused rents to remain relatively flat. Houston's booming economy in 2013 and 2014 created investments in new project, which brought 19,940 units to the market in 2016, the most ever delivered in a single year.

The retail market appeared to be the strongest sector during 2016 because as oil prices declined and the price of gasoline fell, consumers gained more disposable income. Occupancy rates are holding at record high levels at 95 percent. Not only is the retail market experiencing growth in quantity of retail space, but it has adapted and evolved to include multi-story projects with ground floor retail in apartment/condominium complexes.

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Warehouses are expected to continue to grow because of the explosion in e-commerce activity and Houston's position as a regional major distribution center. Rental rates increased just over 6 percent while occupancy rates remained high at 95 percent. The Houston industrial warehouse sector is expected to see a moderate increase in value through 2017.

The demand for vacant land has continued to slow. The strongest demand is concentrated in or near Midtown, Southeast Houston, East Downtown, Galleria, Northwest Houston and North Houston.

Industrial:

The price of crude oil has begun to rebound. Specific Gulf Coast refining margins are mixed depending on refinery configurations, the types of crudes processed and the degree of the distillate production compared to gasoline. The chemicals industry is heavily dependent on auto manufacturing and home building and reflects increases in new vehicle sales and new home construction. Chemical-related inventory volumes should be near the levels they were in January 2016.

Property owners who receive their notices may begin the protest process immediately. While there is a protest form included in the packet, one of the fastest and easiest ways to do this is to use the district's online iFile program at www.hcad.org/iFile.

About HCAD

The Harris County Appraisal District is a political subdivision of the State of Texas established in 1980 for the purpose of discovering and appraising property for ad valorem tax purposes for each taxing unit within the boundaries of the district. The district has more than 1.8 million parcels of property to assess each year with a total market value of approximately \$556 billion. The appraisal district in Harris County is the largest in Texas, serving approximately 500 taxing units, and one of the largest appraisal districts in the United States. For further information, visit www.hcad.org.

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