Commercial Property Market Overview

Tax Year 2019
Commercial Overview

Allocation by State Class

- Commercial Real: 62,956
- Commercial Vacant & Ag Land: 5,627
- Multi-Family: 38,137

Allocation by Property Type

- Retail: 23%
- Apartments: 25%
- Office: 19%
- Warehouses: 16%
- Medical: 5%
- Hotel: 4%
- Land: 9%
New Construction

Permits

- Retail: 39.7%
- Warehouse: 18.3%
- Apartments: 21.8%
- Office: 6.0%
- Medical: 6.0%
- Hotels/Motels: 3.1%
- Vacant Land: 2.3%
- Exempt: 2.8%

New Construction Value

- 2016: $2.7 billion
- 2017: $2.4 billion
- 2018: $1.6 billion
- 2019: $1.2 billion
Land

- Strongest demand concentrated in or near:
  - Northwest School Districts
    - Klein
    - Tomball
    - Spring
  - Southeast Districts
  - Houston ISD
- Notable projects underway
  - Sheldon – Redemption Square
  - Cy-Fair – Fairfield Market Place
  - Klein – Glennloch Crossing
Office: Closes Year On A Strong Note

- New construction: 1.8 million sq.ft.
  - Previous year: 3.2 million sq. ft.
- Under construction year end: 3.1 million sq. ft.
  - Previous year: 2.4 million sq. ft.
- Absorbed: 1.3 million sq. ft.
  - Class A 1.6 million sq. ft.
- Overall asking rental rates: flat
- Overall occupancy: 83.5%
- Sales volume: $1.2 billion ($198.97 psf)
  - Previous year: $1.5 billion ($227.50 psf)
Apartment: Multifamily Slows Post Harvey Boost

- Delivered: 5,076 units
  - Previous year: 13,719 units
- Under construction year end: 12,813 units
  - Previous year: 9,600
- Absorbed: 7,966 units
  - Previous year: 17,108
- Rental rates at year end: 1.2% increase
- Overall occupancy: 89.6%
- Sales volume: $7.4 Billion ($109,000 per unit)
  - Previous year: $719.9 million ($81,000 per unit)
Retail:
Core Property Types Continue To Perform Well

- New construction: 4.3 million sq. ft.
- Under construction year end: 4.1 million sq. ft.
- Absorbed: 4 million sq. ft.
- Quoted rates: 5% increase over 12-month period
- Occupancy rates: 95% *(record high levels)*
  - 98% for prime class A product
- Sales volume: $289,482,287 ($187.29 psf)
  - Previous year: $371,755,698 ($174.44 psf)
Warehouse:
Construction Pipeline Remains Robust

- New construction: 11.6 million sq. ft.
  - Previous year: 8.8 million sq. ft.
- Under construction year end: 12.4 million sq. ft
  - 43% pre-leased
  - Previous year: 6.4 million sq. ft.
- Absorbed: 7.2 million sq. ft.
  - Previous year: 6.7 million sq. ft.
- Quoted rates: 1.3% increase over 12-month period
- Occupancy rates: 95%
- Sales volume: $289,482,287 ($187.29 psf)
  - Previous year: $371,755,698 ($174.44 psf)
### 2019 Commercial Tax Base: Percent Change, Increase, Decrease, No Change
*(as of March 8th)*

<table>
<thead>
<tr>
<th>Parcels</th>
<th>2018 Certified Value</th>
<th>2019 Noticed Value</th>
<th>Percent Change</th>
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<tbody>
<tr>
<td>106,793</td>
<td>$164,881,222,943</td>
<td>$191,213,568,470</td>
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<table>
<thead>
<tr>
<th>Parcels</th>
<th>No Change</th>
<th>Increase</th>
<th>Decrease</th>
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<tbody>
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<td>106,793</td>
<td>24,778</td>
<td>65,217</td>
<td>16,798</td>
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<tr>
<td>23.2%</td>
<td>61.0%</td>
<td>15.7%</td>
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