

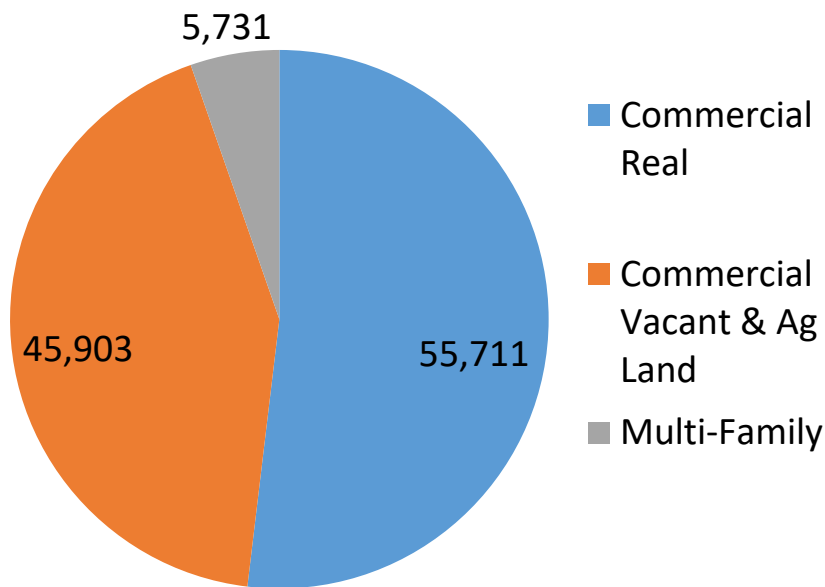


Commercial Property Market Overview

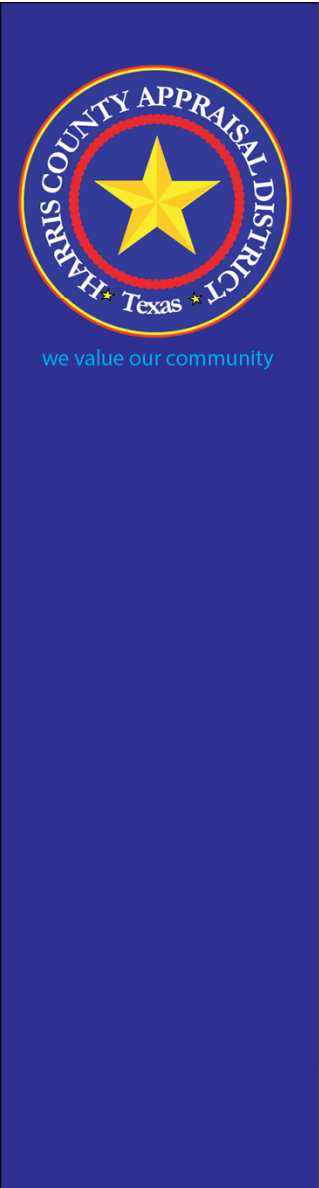
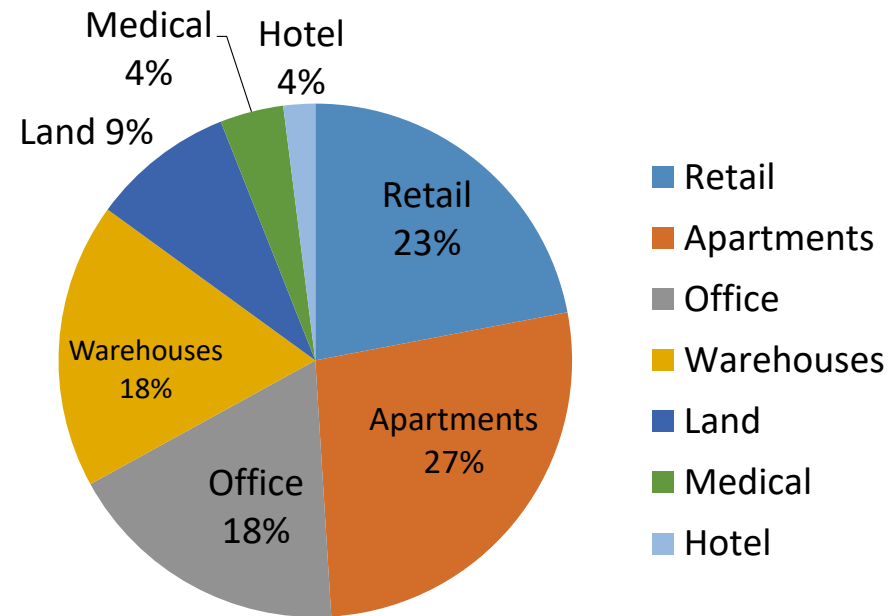
Tax Year 2021

Commercial Overview

Allocation by State Class



Allocation by Property Type





we value our community

Reappraisal: Commercial Values

Type	2020 Certified Value	2021 Notice Value Est.	Percent Change	Less New Construction	Net Percent Change
Land and Auxiliary	16,356,069,704	18,063,804,855	10.4	-34,216,019	10.2
Apartment Properties	52,251,763,137	57,520,485,563	10.1	-1,711,410,424	6.8
Hotel\Motel Properties	5,006,318,093	4,379,865,602	-12.5	-76,507,957	-14.0
Medical Properties	8,607,893,675	9,626,301,935	11.8	-142,386,294	10.2
Office Properties	34,179,677,017	36,422,420,152	6.6	378,822,063	5.5
Retail Type Properties	42,073,848,121	46,424,616,401	10.3	-2,568,747,777	4.2
Warehouse Properties	34,292,001,819	38,327,088,696	11.8	737,952,044	9.6
Grand Total Properties	192,767,571,566	210,764,583,204	9.3	-5,650,042,578	6.4

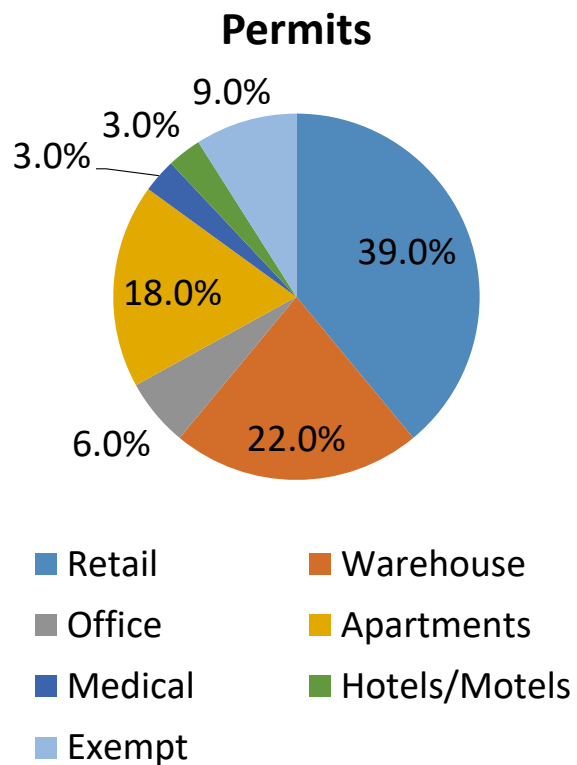
Reappraisal: Commercial Values

Type	2020 Noticed Value	2021 Notice Value Est.	Percent Change	Less New Construction	Net Percent Change
Land and Auxiliary	17,185,042,432	18,063,804,855	5.1	-34,216,019	4.9
Apartment Properties	57,268,533,096	57,520,485,563	0	-1,711,410,424	-2.5
Hotel\Motel Properties	5,723,260,024	4,379,865,602	-23.4	-76,507,957	-24.8
Medical Properties	9,155,478,710	9,626,301,935	5.14	-142,386,294	3.5
Office Properties	37,567,194,696	36,442,420,152	-3.0	-378,822,063	-4.06
Retail Type Properties	44,719,210,207	46,424,616,401	3.8	-2,568,747,777	-1.9
Warehouse Properties	36,465,586,621	38,327,088,696	5.10	-737,952,044	3.0
Grand Total Properties	208,095,182,728	210,764,583,204	1.2	-5,650,042,578	-1.4

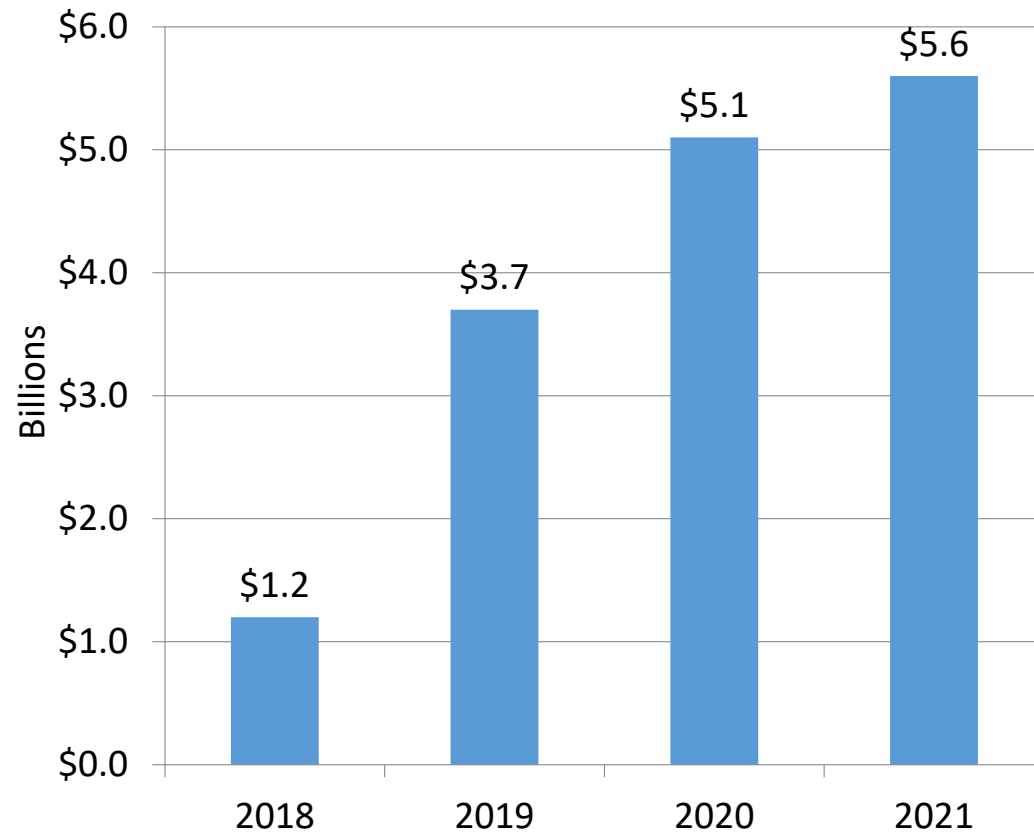




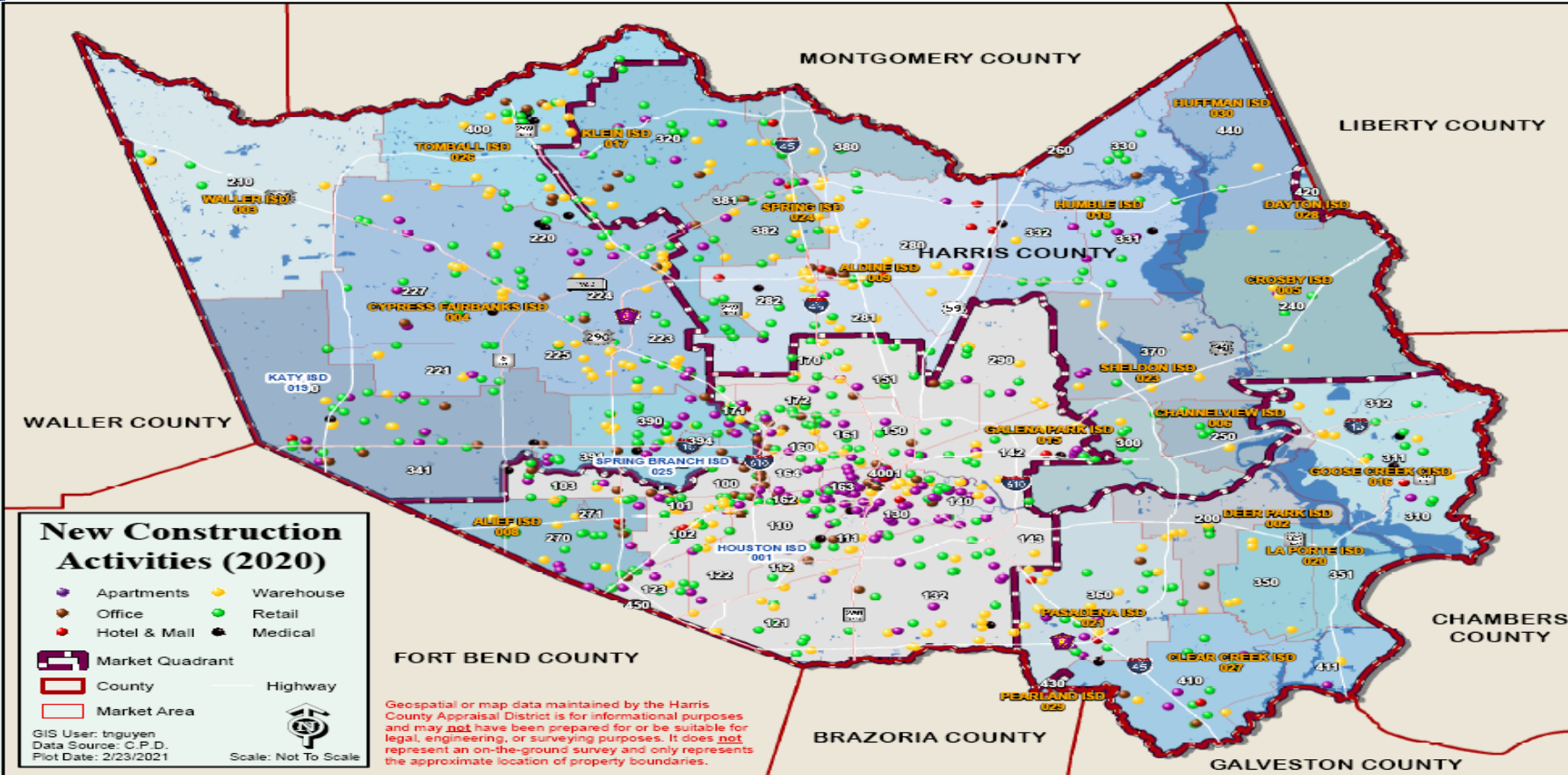
New Construction



New Construction Value



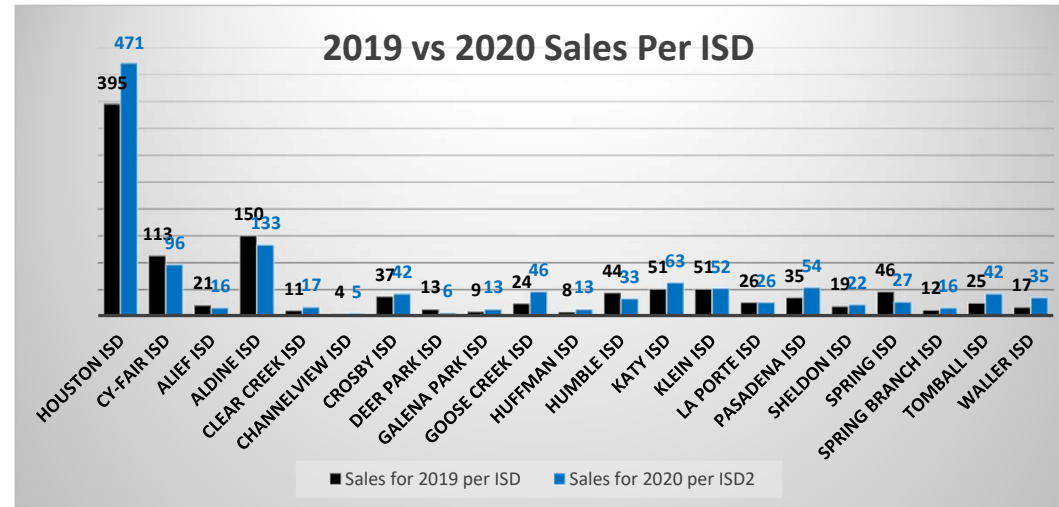
New Construction



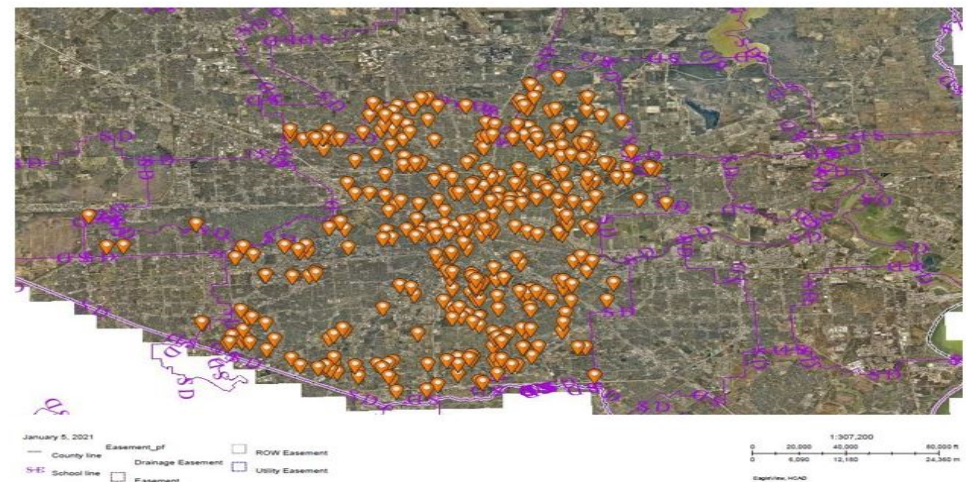


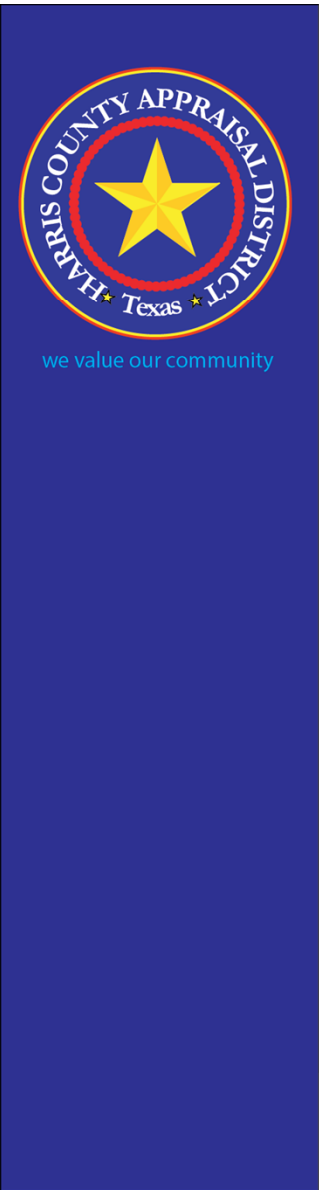
Land

- HISD sales activity in 2020 outperformed 2019
 - 2020: 471 sales
 - 2019: 395 sales
- Strongest demand concentrated in or near:
 - Aldine
 - Klein
 - Tomball
 - Cy-Fair
 - Katy
 - Houston ISD



HISD Land Sales



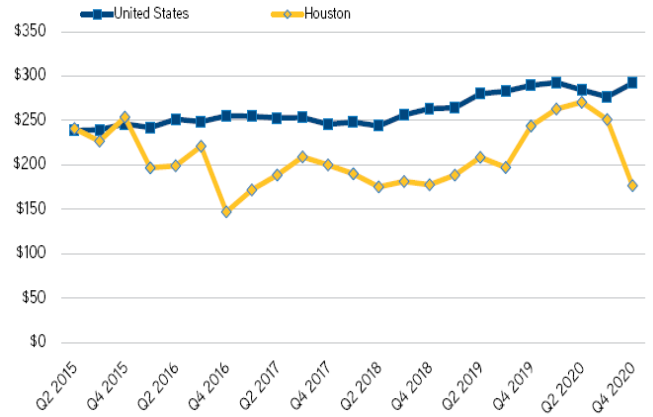


Office: Office Market Sees Continued Fallout Through Year's End

- New construction Deliveries: 1.8 million sq. ft.
 - Previous year: 2.4 million sq. ft.
- Under construction year end: 3.6 million sq. ft.
 - Previous year: 3.9 million sq. ft.
 - 63.4% Pre-leased
- Absorbed: -3.4 million sq. ft.
 - Previous year: 1.1 million sq. ft.
- Overall asking rental rates: Rents remain steady with generous concessions
- Vacancy rates: 22.1%
 - Previous year: 19.9%

Summary Statistics			
Houston Office Market	Q4 2019	Q3 2020	Q4 2020
Vacancy Rate	19.9%	21.7%	22.1%
Net Absorption	669,013	-1,490,910	-836,140
Deliveries	0	528,081	144,133
Under Construction	3,938,150	3,697,185	3,695,449
Class A Vacancy Rate			
CBD	22.5%	23.8%	24.2%
Suburban	20.1%	22.2%	22.8%
Asking Rents			
Per Square Foot Per Year			
Houston Class A	\$35.97	\$35.32	\$35.91
CBD Class A	\$46.04	\$44.01	\$44.94
Suburban Class A	\$32.07	\$32.09	\$32.55

AVERAGE OFFICE SALES PRICE PER SF

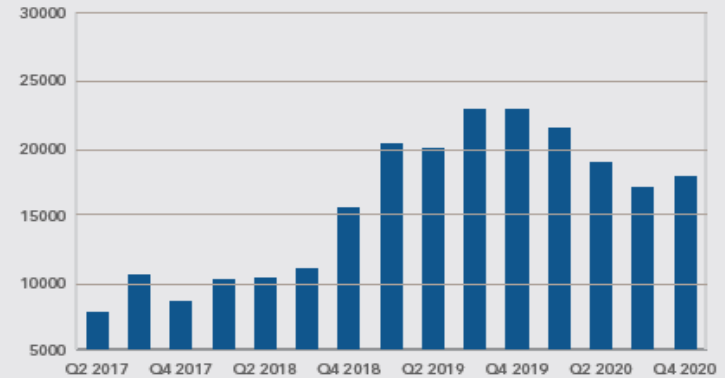




Apartment: Rental Rates Fall Modestly

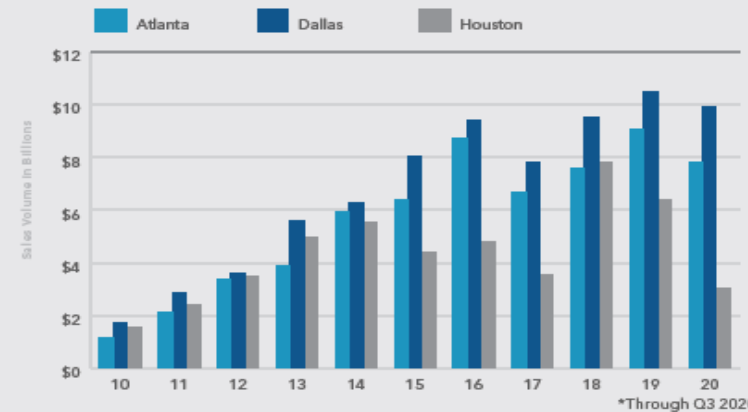
- New Construction Deliveries: 19,253 units
 - Previous year: 12,707 units
- Under construction year end: 14,121 units
 - Previous year: 19,637
- Absorbed: 10,352 units
 - Previous year: 13,172
- Rental rates at year end: -1.7%
 - 2.9% increase prior year (2020)
- Overall occupancy: 88.7%
 - Previous year 89%

Apartments Under Construction
Houston Metro Area



SOURCE Apartment Data Services, Transwestern

Comparative Multifamily Investment Sales Volume
Select Metro Area

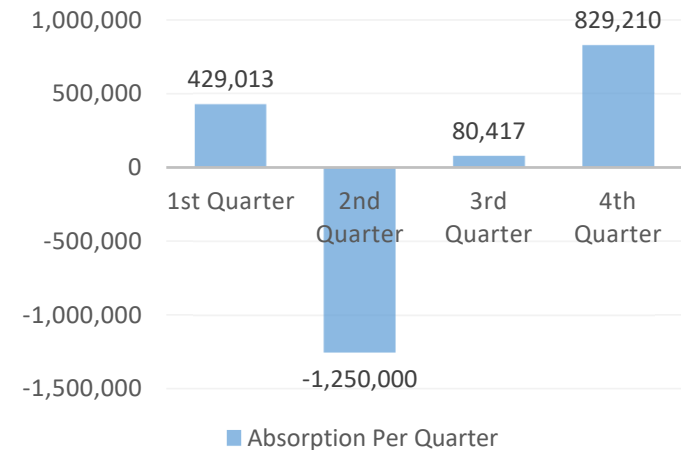


*Through Q3 2020
SOURCE: Real Capital Analytics, Transwestern



Retail: Retail Makes a Comeback

- New construction deliveries: 2.1 million sq. ft.
 - Previous year: 4.7 million sq. ft.
- Under construction year end: 1.0 million sq. ft.
 - Previous year: 3.3 million sq. ft.
 - 60% pre-leased
- Absorbed: 88,640 sq. ft.
 - Previous year: 3.6 million sq. ft.
- Quoted rates: 2.0% increase over 12-month period
- Vacancy rates: 5.8%
 - Previous year: 5.3%



Market Indicators Relative to prior period	Annual Change	Quarterly Change	Quarterly Forecast*
VACANCY	↑	↓	↑
NET ABSORPTION	↓	↑	↓
DELIVERIES	↓	↓	■
UNDER CONSTRUCTION	↓	↓	↓

*Projected



Warehouse: Industrial Market Ends 2020 on High Note

- New construction deliveries: 29.5 million sq. ft.
 - Previous year: 16.8 million sq. ft.
- Under construction year end: 9.2 million sq. ft.
 - Previous year: 18.17 million sq. ft.
 - 20% pre-leased
- Absorbed: 16.2 million sq. ft.
 - Previous year: 10.6 million sq. ft.
- Quoted rates: Decreased slightly year-over-year
- Vacancy rates: 8.8%
 - Previous year: 6.1%
- Investment Sales totaled \$2.1billion at year end

Industrial Vacancy Rate vs Absorption
Houston Metro



SOURCE CoStar, Transwestern

Comparative Industrial Investment Sales Volume
Select Metro Areas



SOURCE Real Capital Analytics, Transwestern

2021 Commercial Tax Base: Percent Change, Increase, Decrease, No Change

(as of March 11th)

Parcels	2020 Certified Value	2021 Noticed Value	Percent Change
107,347	\$192,767,571,566	\$210,764,583,204	9.3%

Parcels	No Change	Increase	Decrease
107,347	28,743	69,850	8,754
	27%	65%	8%

