



Commercial Property Market Overview

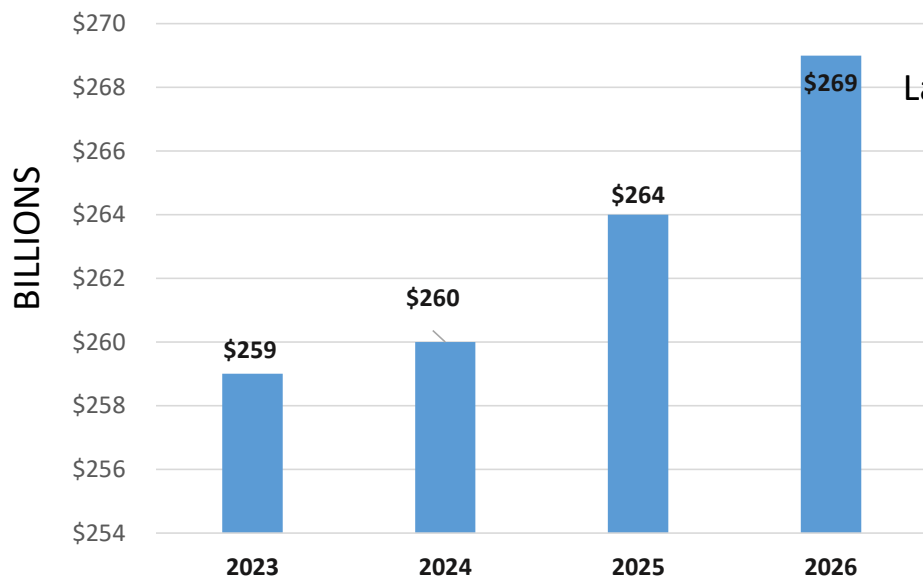
Tax Year 2026



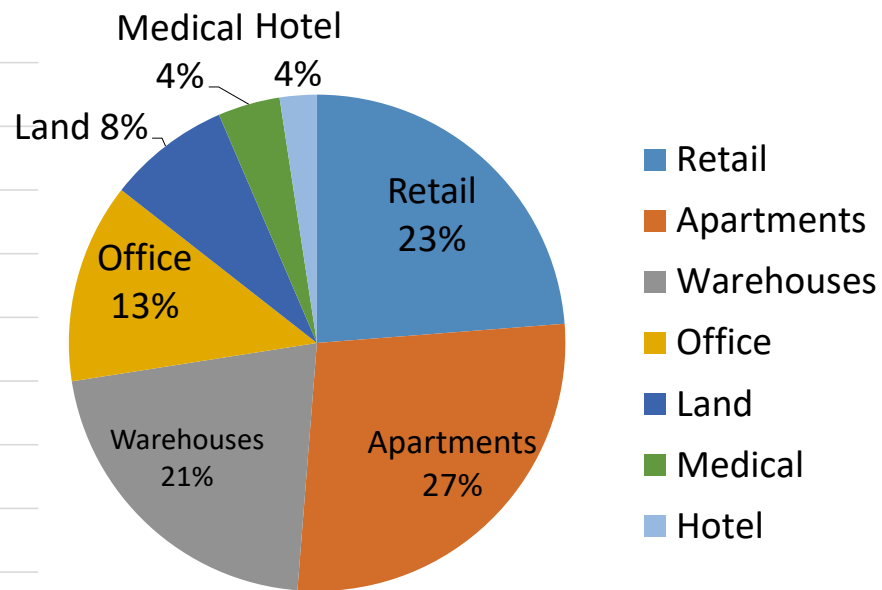
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Commercial Overview

Tax Years 2023 -2026 Noticed Value



Value Allocation by Property Type





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Reappraisal: Commercial Values (as of March 23, 2026)

| DESCRIPTION | 2025 CERTIFIED VALUE | 2026 NOTICED VALUE | PERCENT CHANGE |
|------------------------|--------------------------|--------------------------|-------------------|
| Land and Auxiliary | \$19,107,005,288 | \$20,762,037,382 | 8.7 |
| Apartment Properties | \$65,122,907,694 | \$73,411,316,081 | 12.7 |
| Hotel\Motel Properties | \$6,473,725,465 | \$5,981,012,560 | * |
| Medical Properties | \$11,495,744,487 | \$12,959,147,268 | 12.7 |
| Office Properties | \$30,659,572,136 | \$31,116,142,667 | 1.5 |
| Retail Type Properties | \$56,387,787,685 | \$64,377,028,240 | 14.2 |
| Warehouse Properties | \$53,914,983,737 | \$60,005,229,207 | 11.3 |
| Total | \$243,161,726,492 | \$268,611,913,405 | 10.5 |



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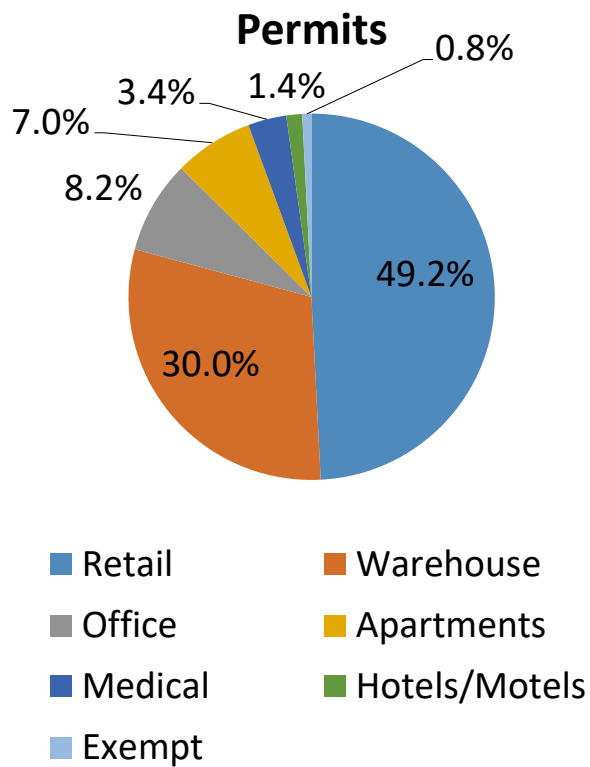
Reappraisal: Commercial VALUE NOTICE (as of March 23, 2026)

| DESCRIPTION | 2025 NOTICE VALUE | 2026 NOTICED VALUE | PERCENT CHANGE |
|------------------------|--------------------------|--------------------------|-------------------|
| Land and Auxiliary | \$21,082,364,089 | \$20,762,037,382 | -1.5 |
| Apartment Properties | \$71,824,867,205 | \$73,411,316,081 | 2.2 |
| Hotel\Motel Properties | \$7,044,012,470 | \$5,981,012,560 | * |
| Medical Properties | \$12,273,851,644 | \$12,959,147,268 | 5.6 |
| Office Properties | \$33,819,336,023 | \$31,116,142,667 | -8.0 |
| Retail Type Properties | \$61,363,853,991 | \$64,377,028,240 | 4.9 |
| Warehouse Properties | \$57,070,457,062 | \$60,005,229,207 | 5.1 |
| Total | \$264,478,742,484 | \$268,611,913,405 | 1.6 |

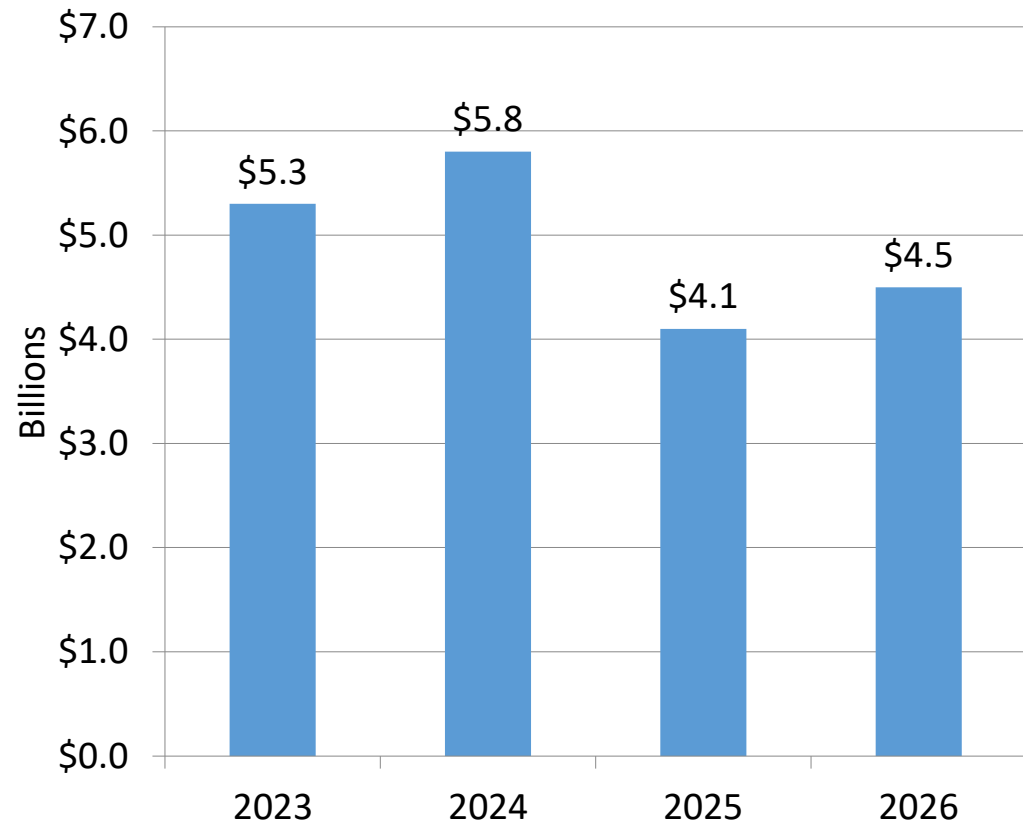


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New Construction

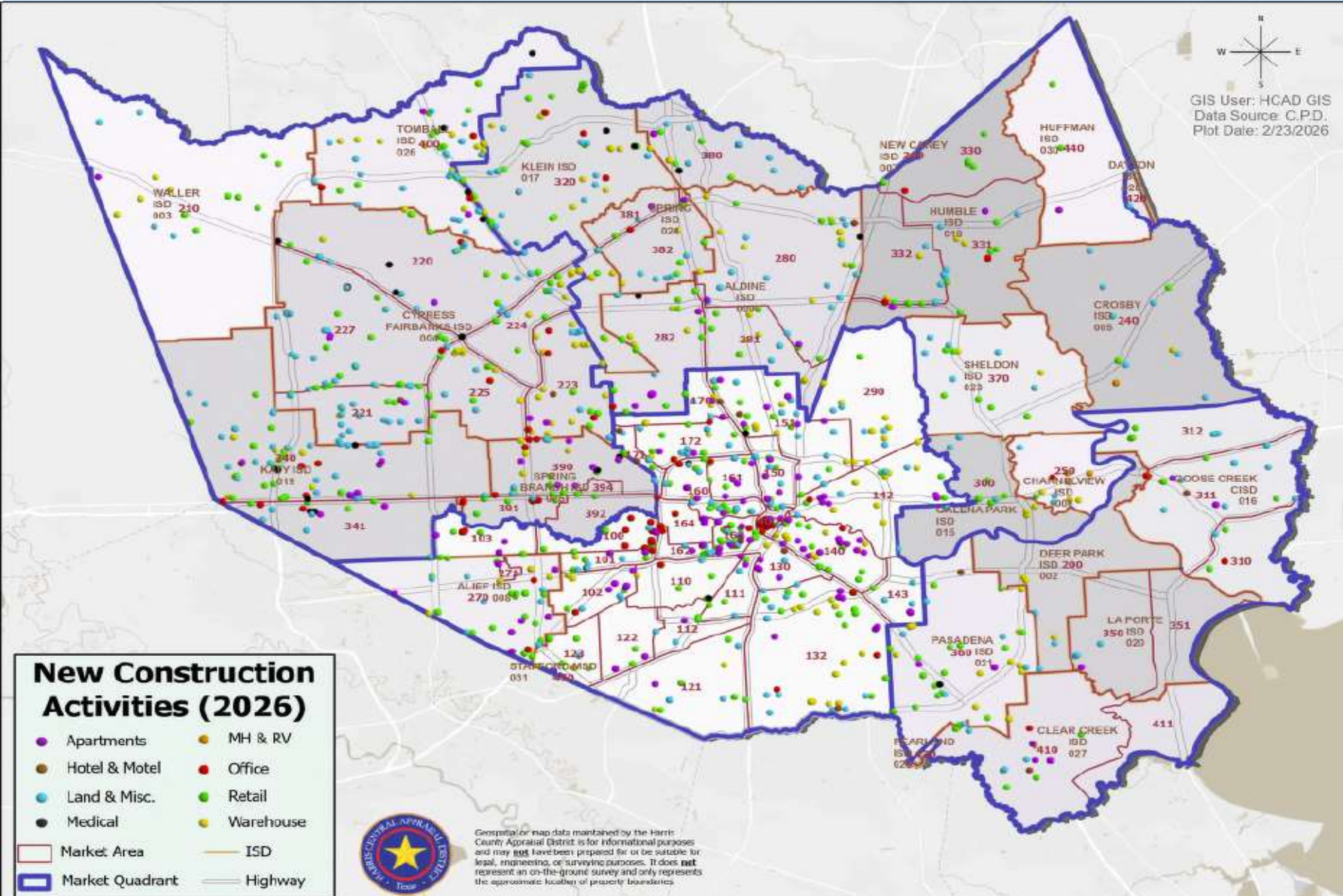


New Construction Value





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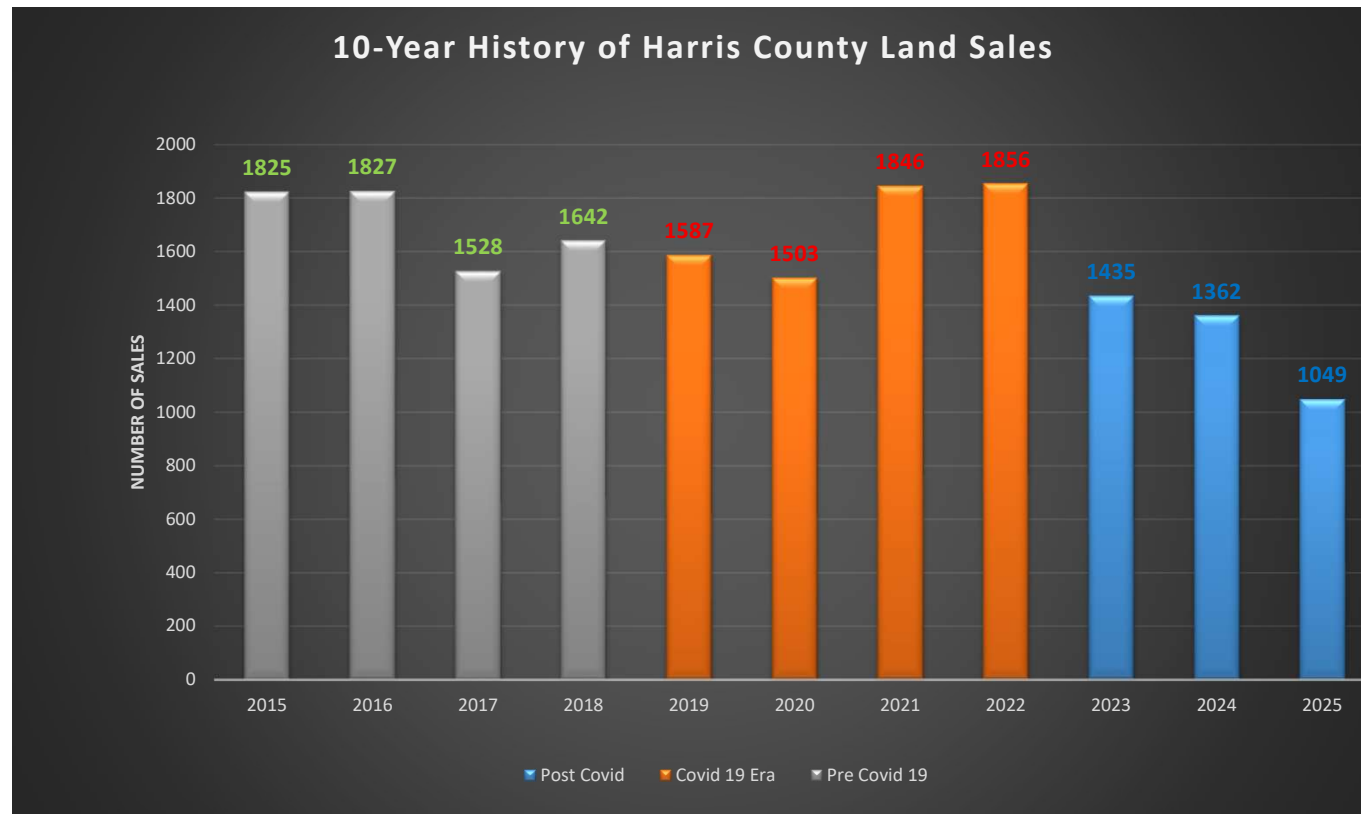


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Commercial Land

Strongest Demand

- Houston ISD
- Cy-Fair
- Aldine





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Office: Positive Absorption Signals Houston Office Market Shift

- New construction deliveries: 89,443 sq. ft.
 - Previous year: 386,000 sq. ft.
- Absorbed: 718,989 sq. ft.
 - Previous year: **(1.2 million)** sq. ft
- Under construction year end: 598,100 sq. ft.
 - Previous year: 559,900 sq. ft.
- Overall asking rental rates: Relatively flat
- Vacancy rates: 27.4%
 - Previous year: 28.5%





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Apartments: Improving Fundamentals Support Stability in Houston's Multifamily Market

- New Construction Deliveries: 17,768 units/75 communities
 - 2024: 26,304 units / 105 communities
 - 2023: 24,485 units / 96 communities
- Absorbed: 26,510 units
 - 2024: 18,768 units
 - 2023: 10,805 units
- Under construction year end: 9,329 units/38 communities
 - 2024: 13,789 / 43 communities
 - 2023: 21,857 units / 81 communities
- Rental rates at year end: -1.5%
 - 1.0% increase prior year
- Overall occupancy: 90.4%
 - Previous year 88.6%





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Retail: Houston Retail Sector Demonstrates Resilient Growth

- New construction deliveries: 2.6 million sq. ft
 - Previous year: 3.2 million sq. ft.
- Absorbed: 1.7 million sq. ft.
 - Previous year: 1.8 million sq. ft.
- Under construction year end: 2.8 million sq. ft.
 - Previous year: 3.0 million sq. ft.
- Asking rental rates: Averaged 2.0%
 - Previous year: Average 2.5%
- Vacancy rates: 5.7%
 - Previous year: 5.5%





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Warehouse: Tenants Well Positioned as New Supply Expands

- New construction deliveries: 18.8 million sq. ft.
 - Previous year: 19.7 million sq. ft.
- Absorbed: 10.5 million sq. ft.
 - Previous year: 21.7 million sq. ft.
- Under construction year end: 26.3 million sq. ft.
 - Previous year: 13.4 million sq. ft.
 - 25% pre-leased
- Asking rental rates: 10.2%
 - Previous year: Average 2.1%
- Vacancy rates: 7.4%
 - Previous year: 6.5%





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*2026 Commercial Tax Base Percent Change:
Increase, Decrease, No Change (as of March 23, 2026)*

| Parcels | 2025 Certified Value | 2026 Noticed Value Est. | Percent Change |
|---------|----------------------|-------------------------|----------------|
| 108,929 | \$243,161,726,492 | \$268,611,913,405 | 10.5% |
| | | | |

| Parcels | No Change | Increase | Decrease |
|---------|-----------|----------|----------|
| 108,929 | 29,802 | 63,223 | 15,904 |
| | 27.4% | 58.0% | 14.6% |