



we value our community

# Commercial Property Market Overview

Tax Year 2023



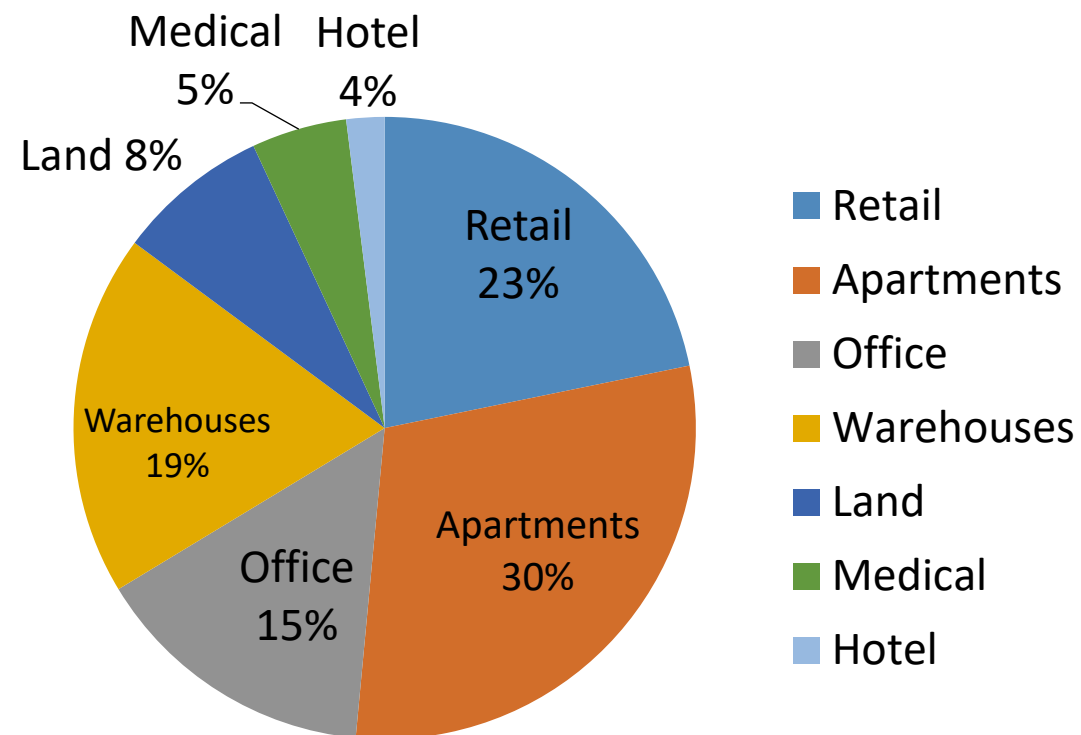
we value our community

# Commercial Overview

**Tax Years 2020 -2023  
Noticed Value**



**Value Allocation by Property Type**





we value our community

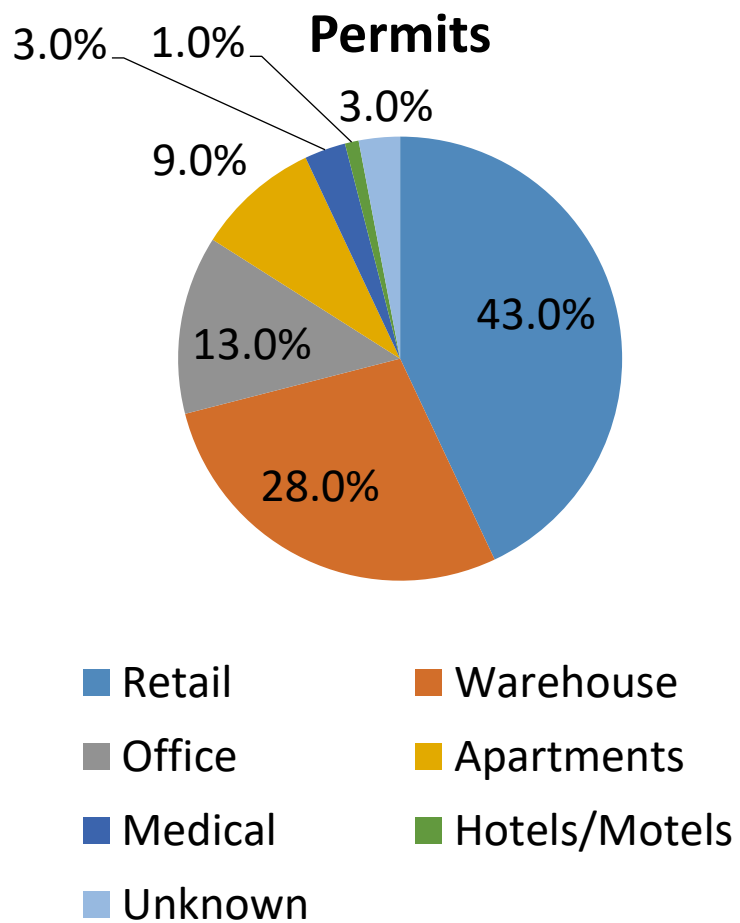
# Reappraisal: Commercial Values

Type	2022 Certified Value	2023 Noticed Value Est	Percent Change
Land and Auxiliary	\$17,242,467,113	\$20,184,308,505	17.1
Apartments Properties	\$62,061,856,053	\$78,576,421,851	26.6
Hotel/Motel	\$4,752,765,185	\$5,267,516,732*	10.8*
Medical Properties	\$10,510,412,372	\$11,999,377,752	14.1
Office Properties	\$34,020,332,718	\$38,618,324,885	13.5
Retail Properties	\$47,276,579,204	\$56,895,873,890	20.3
Warehouse Properties	\$41,540,564,681	\$50,990,549,305	22.7
<b>Grand Total</b>	<b>\$217,406,997,326</b>	<b>\$262,532,372,920</b>	<b>20.8</b>

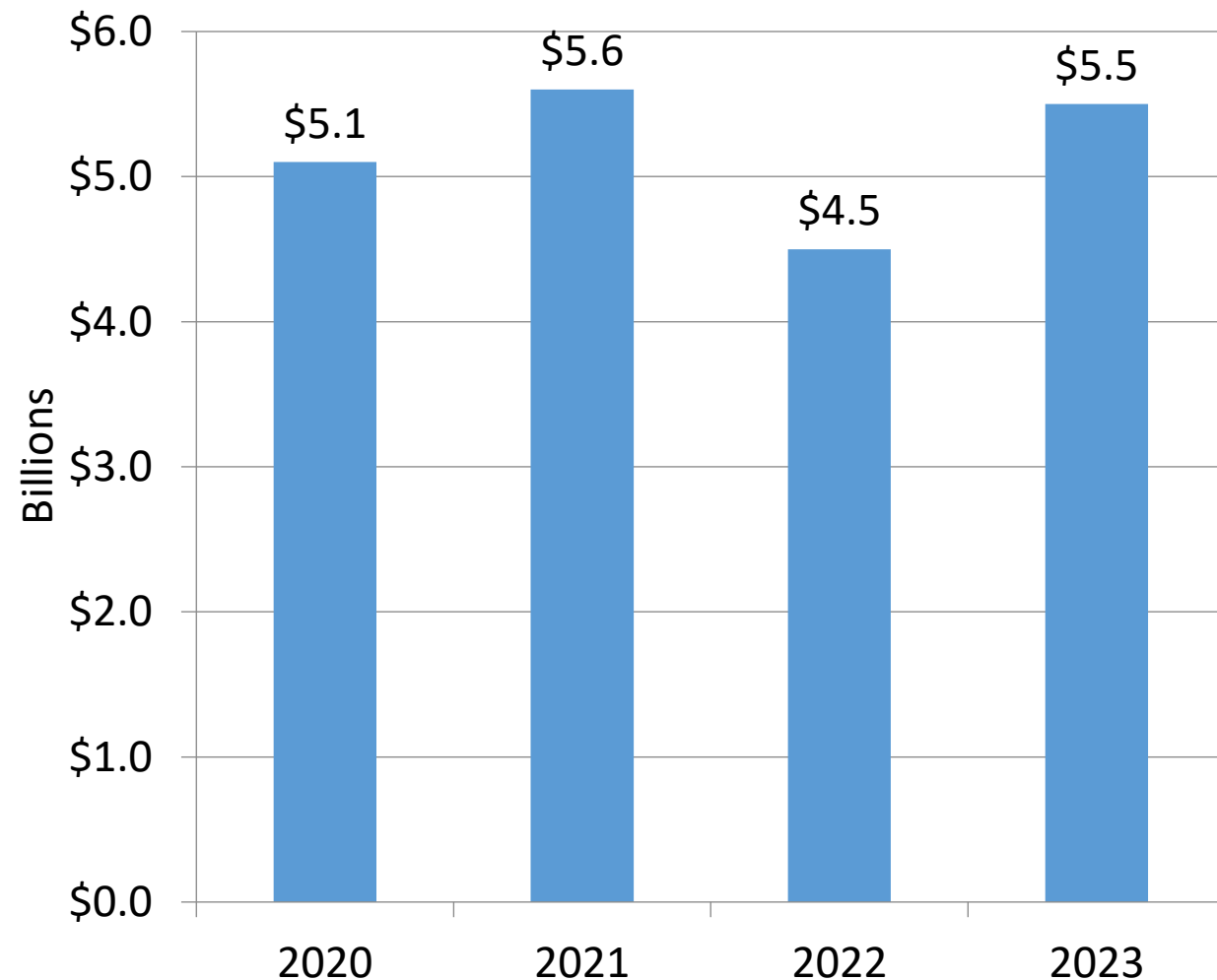


we value our community

# New Construction



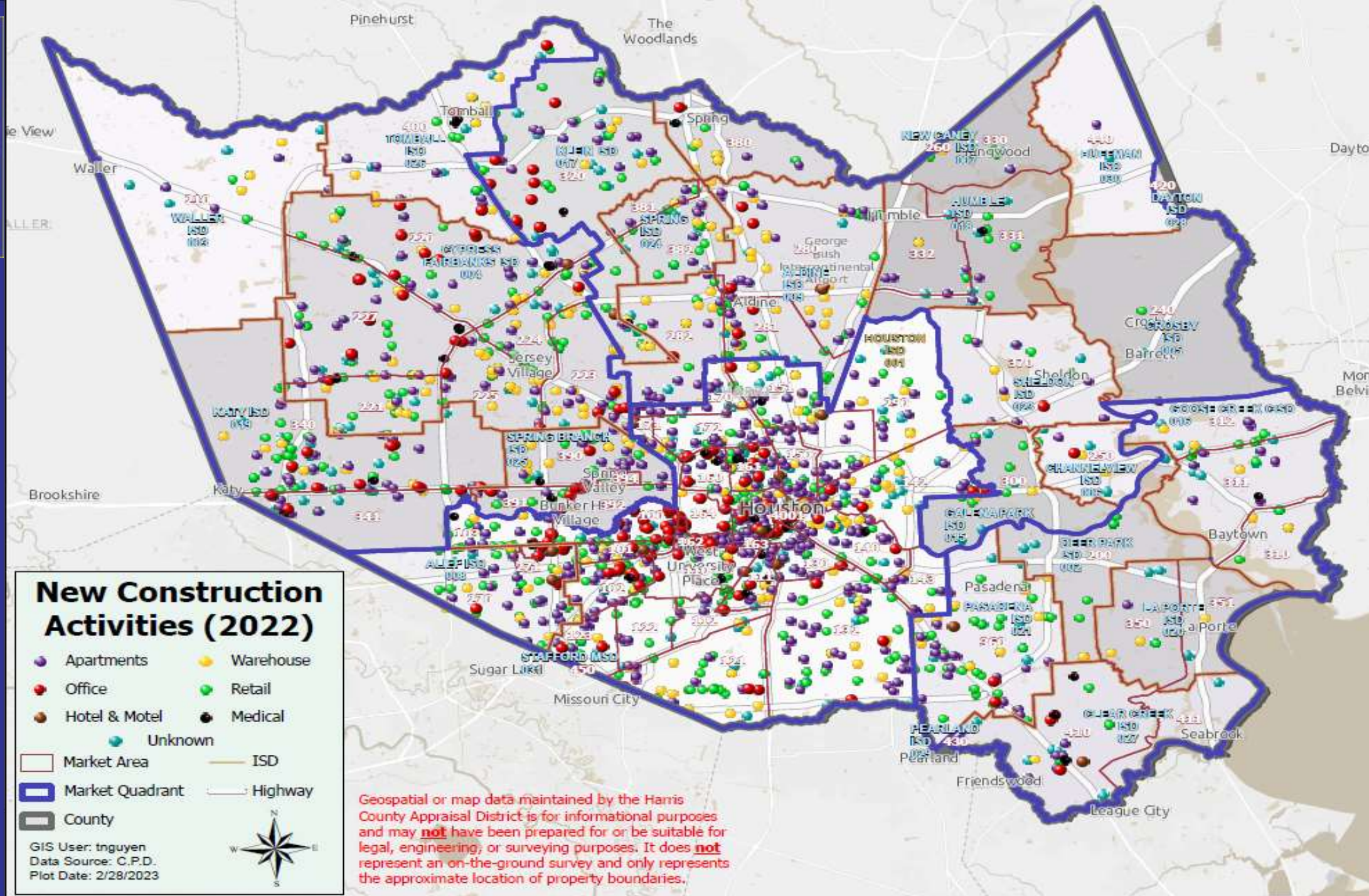
## New Construction Value







we value our community



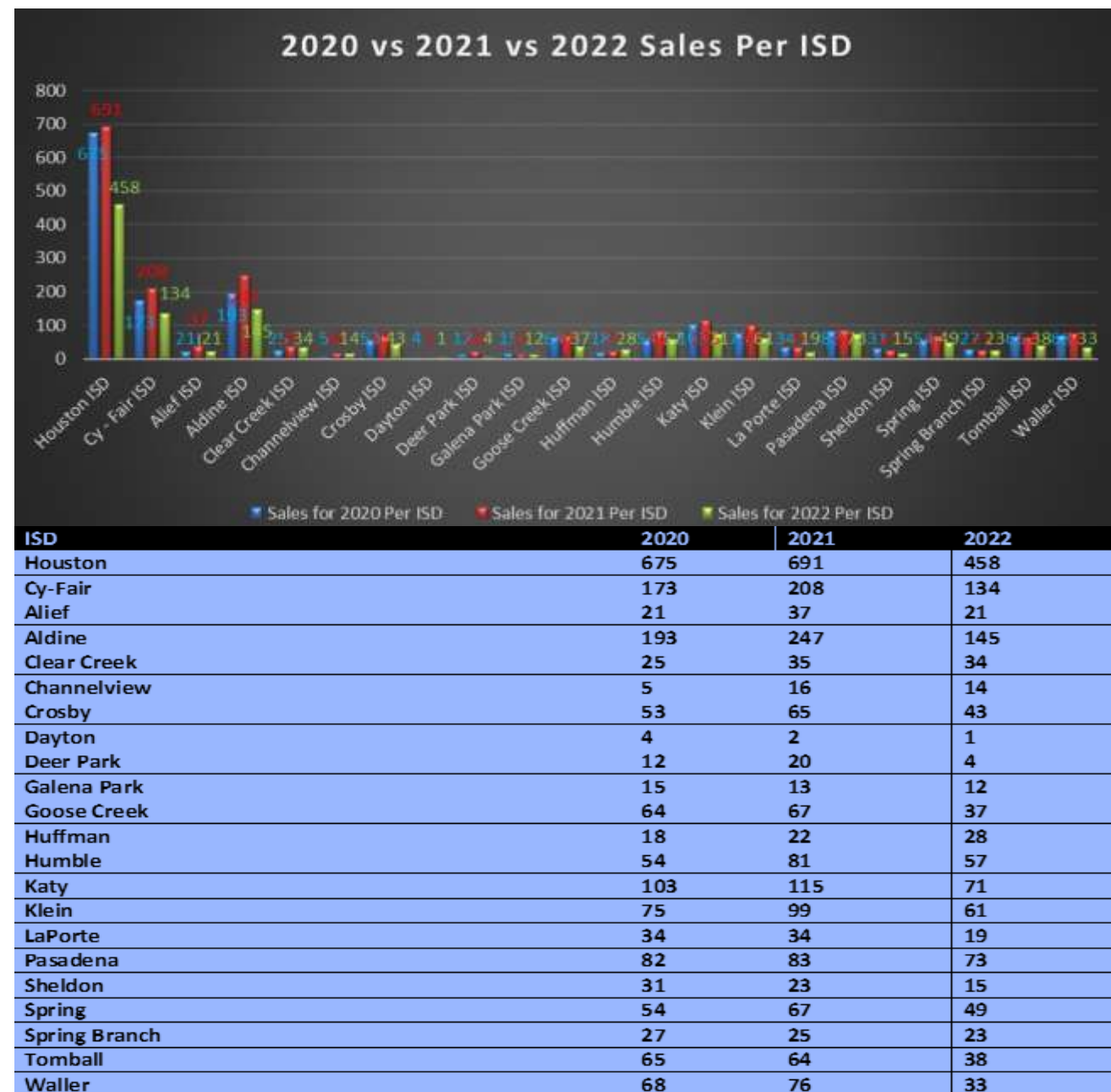




we value our community

# Land

- HISD sales activity
  - **2022:** 458 sales
  - **2021:** 691 sales
- Strongest demand concentrated in:
  - Houston ISD
  - Cy-Fair
  - Aldine





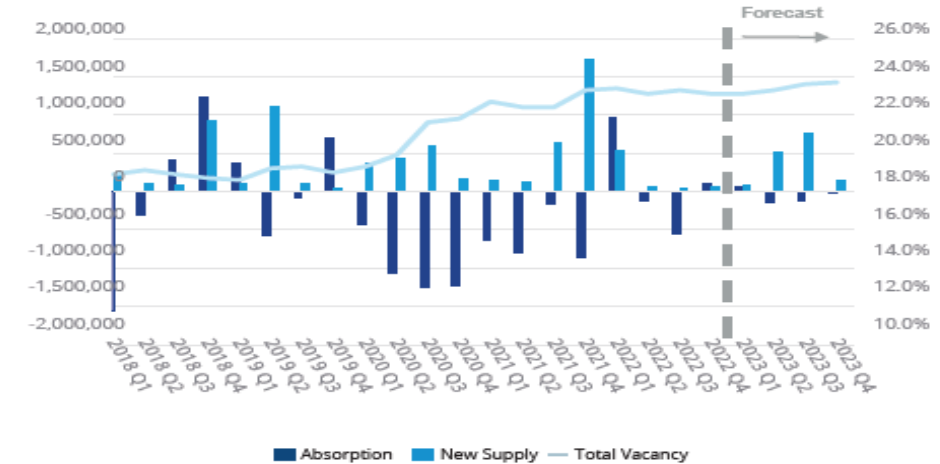
we value our community

# Office:

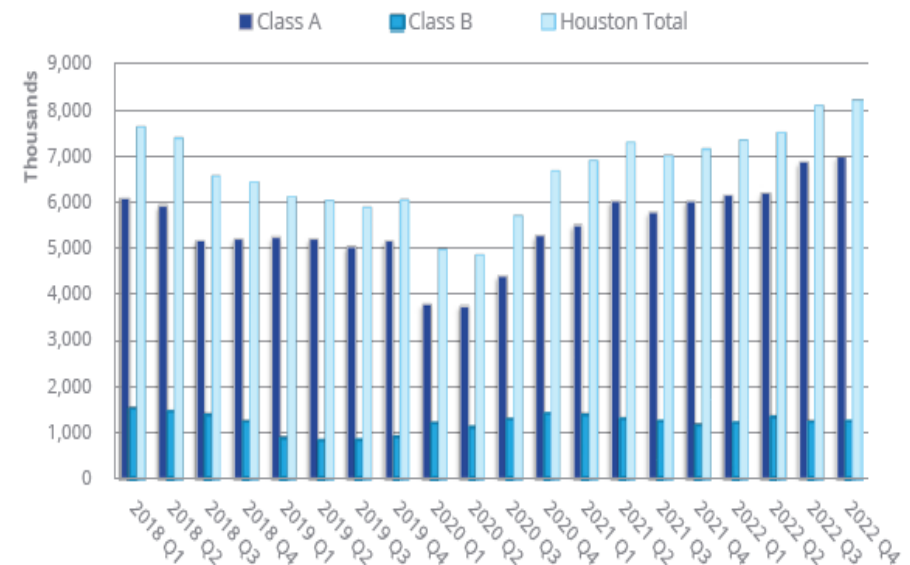
## Office Market Continues to Face Challenges Post Pandemic

- New construction deliveries: 830,789 sq. ft.
  - Previous year: 1.3 million sq. ft.
- Under construction year end: 1.9 million sq. ft.
  - Previous year: 2.9 million sq. ft.
- Absorbed: 284,877 sq. ft.
  - Previous year: -1.9 million sq. ft
- Overall asking rental rates: Relatively flat
- Vacancy rates: 23.2%
  - Previous year: 23.1%

## Market Fundamentals



## Houston Office Historical Available Sublease Space





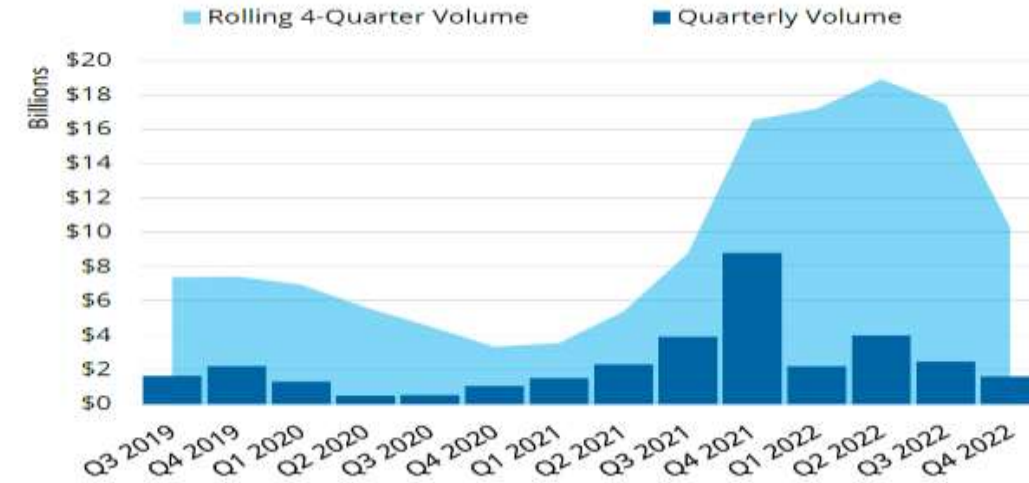
we value our community

# Apartment:

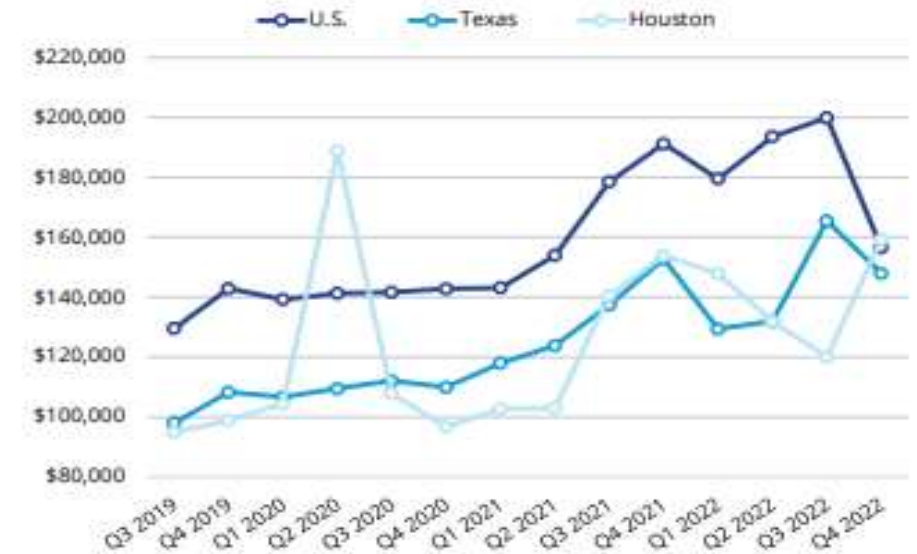
## Apartment Market Poised For Continued Growth in 2023

- New Construction Deliveries: 13,698 units
  - Previous year: 21,582 units
- Under construction year end: 20,700 units
  - Previous year: 13,478
- Absorbed: 4,334 units
  - Previous year: 37,308
- Rental rates at year end: 5.1%
  - 16% increase prior year
- Overall occupancy: 90.6%
  - Previous year 91.8%
- Median sales price per unit: \$159,312
  - Previous quarter: \$119,986

Houston Sales Volume (\$)



Median Price per Unit







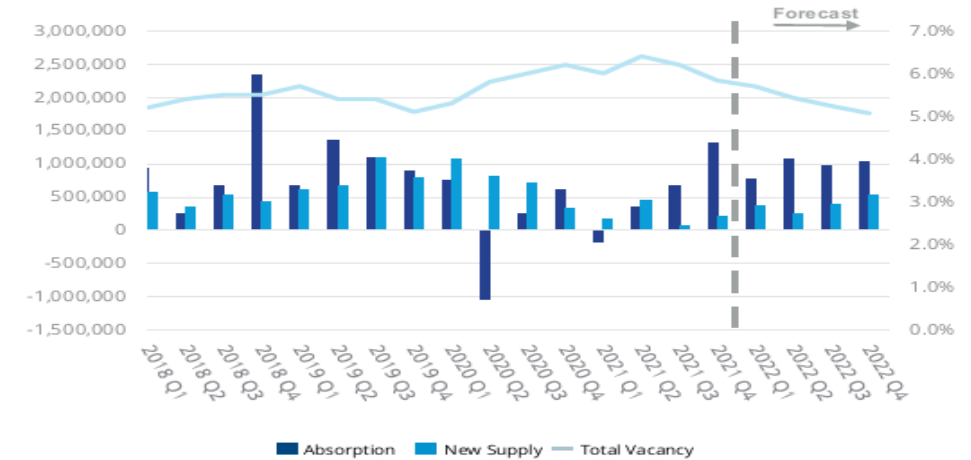
we value our community

# Retail:

## Houston Top of List of Most Active Retail Markets in U.S.

- New construction deliveries: 1.8 million sq. ft.
  - Previous year: 1.9 million sq. ft.
- Under construction year end: 2.3 million sq. ft.
  - Previous year: 1.8 million sq. ft.
- Absorbed: 3.9 million sq. ft.
  - Previous year: 3.1 million sq. ft.
- Quoted rates: Rental Rates remain flat
  - Previous year 5.6%
- Vacancy rates: 5.2%
  - Previous year: 5.8%

## Market Fundamentals



## Historic Comparison

	21Q4	22Q3	22Q4
Total Inventory (in Thousands of SF)	305,540.4	306,369.6	307,321.5
New Supply (in Thousands of SF)	203.6	202.0	898.6
Net Absorption (in Thousands of SF)	1,304.9	757.9	731.3
Overall Vacancy	5.9%	5.2%	5.2%
Under Construction (in Thousands of SF)	2,987.9	2,454.8	2,272.2
Overall Asking Lease Rates (NNN)	\$19.09*	\$18.95*	\$18.93*

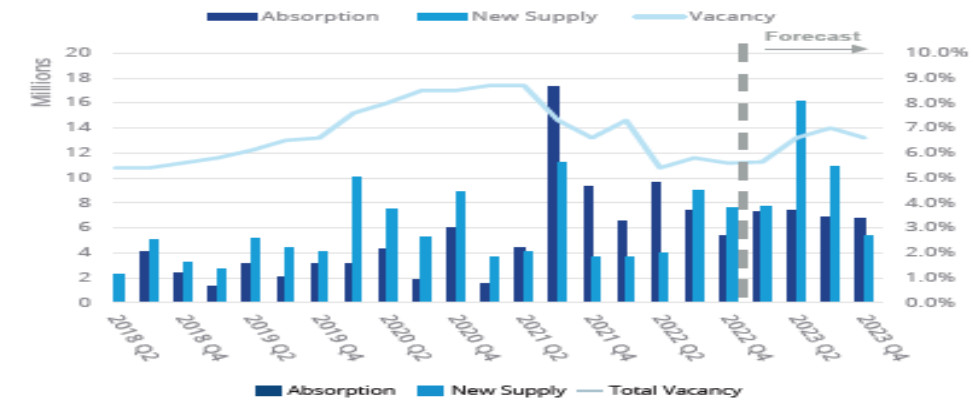


we value our community

# Warehouse: Industrial Market Ends 2022 on High Note

- New construction deliveries: 24.2 million sq. ft.
  - Previous year: 29.5 million sq. ft.
- Under construction year end: 33.6 million sq. ft.
  - Previous year: 19.7 million sq. ft.
  - 15.9% pre-leased
- Absorbed: 28.9 million sq. ft.
  - Previous year: 28.5 million sq. ft.
- Quoted rates: Increased 12% year-over-year
- Vacancy rates: 5.6%
  - Previous year: 6.5%

## Market Fundamentals



The forecast in the above graph is based on a trailing 4-quarter historical average.

## Historic Comparison

	21Q4	22Q3	22Q4
Total Inventory (in Thousands of SF)	674,780.3	687,156.2	706,674.6
New Supply (in Thousands of SF)	4,980.9	9,439.8	4,921.1
Net Absorption (in Thousands of SF)	9,408.2	7,355.4	5,399.1
Overall Vacancy	6.5%	5.6%	5.6%
Under Construction (in Thousands of SF)	19,729.7	31,838.1	33,598.8
Overall Asking Lease Rates (NNN)	\$8.01	\$8.87	\$8.99



# 2023 Commercial Tax Base: Percent Change, Increase, Decrease, No Change

(as of March 9<sup>th</sup>)

Parcels	2022 Certified Value	2023 Noticed Value	Percent Change
107,189	\$217,406,977,326	\$262,532,372,920	21%

Parcels	No Change	Increase	Decrease
107,189	23,061	81,342	2,786
	21.5%	75.9%	2.6%