



# Commercial Property Market Trends & Reappraisal

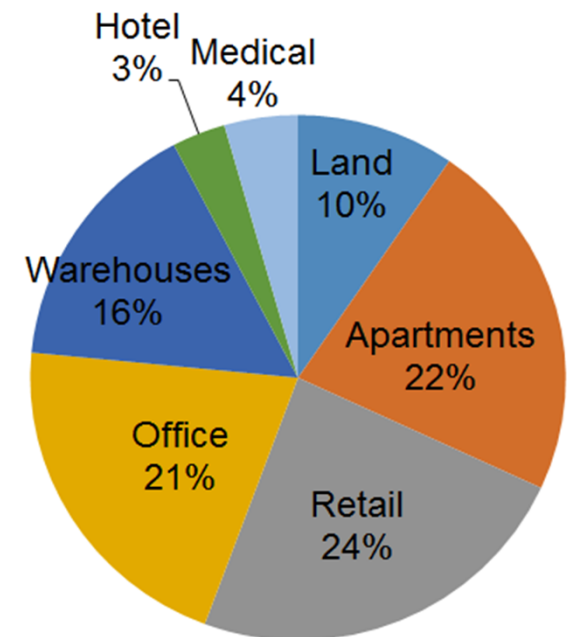
Tax Year 2017





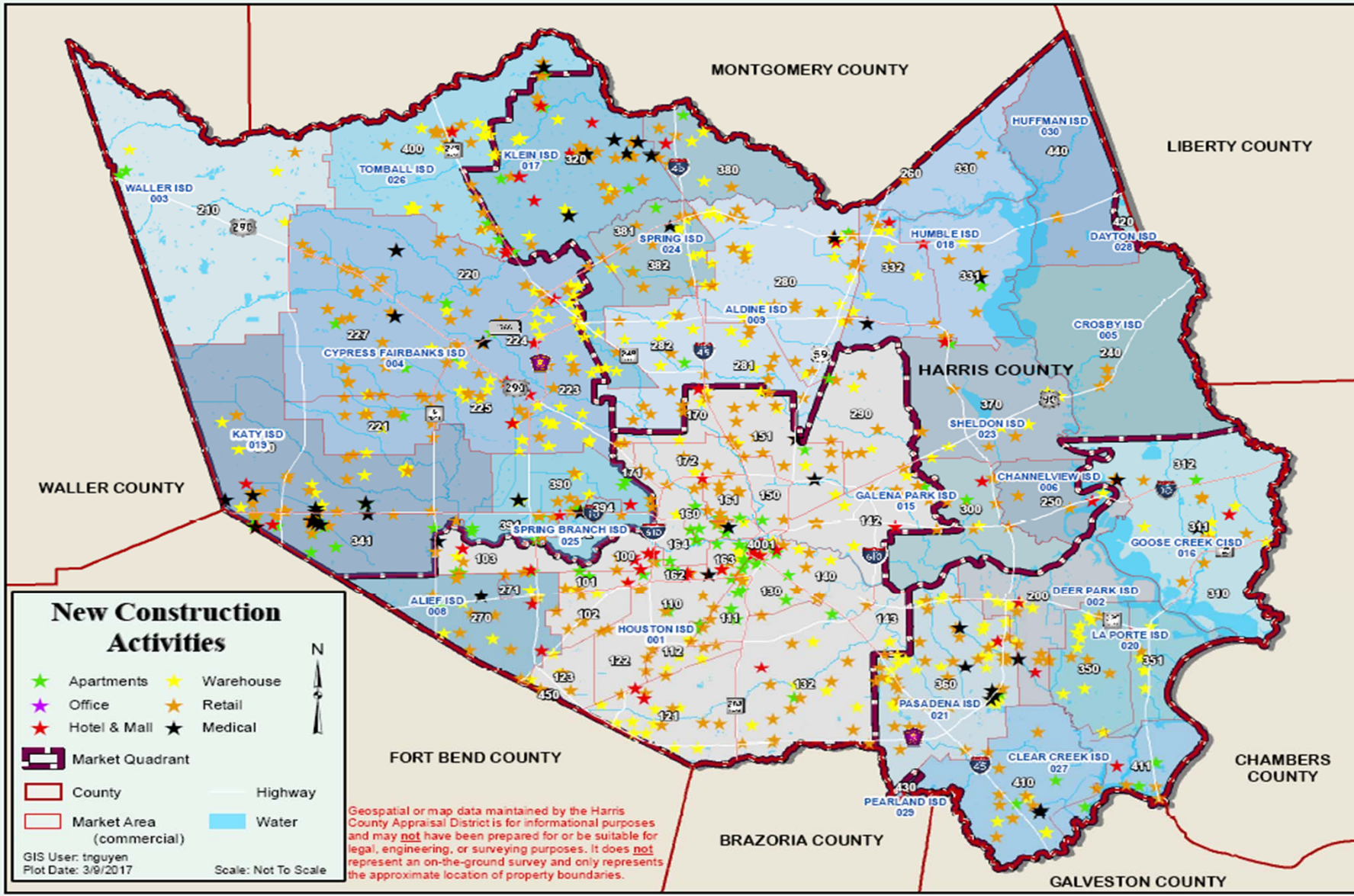
# Commercial Overview

- 105,997 parcels
- 4 major property types
- Commercial vacant land
- Agricultural land
- Aggregate value ~\$171.9 billion





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# New Construction Value

(as of March 8<sup>th</sup>)

ISD	VALUE
Houston	\$1,985,838,947
Deer Park	\$39,639,683
Waller	\$10,279,349
Cy-Fair	\$417,370,794
Crosby	\$8,588,783
Channelview	\$8,654,262
Alief	\$53,641,020
Aldine	\$177,539,976
Galena Park	\$12,516,142
Goose Creek	\$66,223,238
Klein	\$329,717,086

ISD	VALUE
Humble	\$162,203,298
Katy	\$404,406,774
La Porte	\$63,876,086
Pasadena	\$80,354,524
Sheldon	\$62,195,243
Spring	\$158,543,573
Spring Branch	\$282,662,652
Tomball	\$74,749,165
Clear Creek	\$116,606,709
Huffman	\$1,890,390
<b>TOTAL</b>	<b>\$4,510,680,814</b>

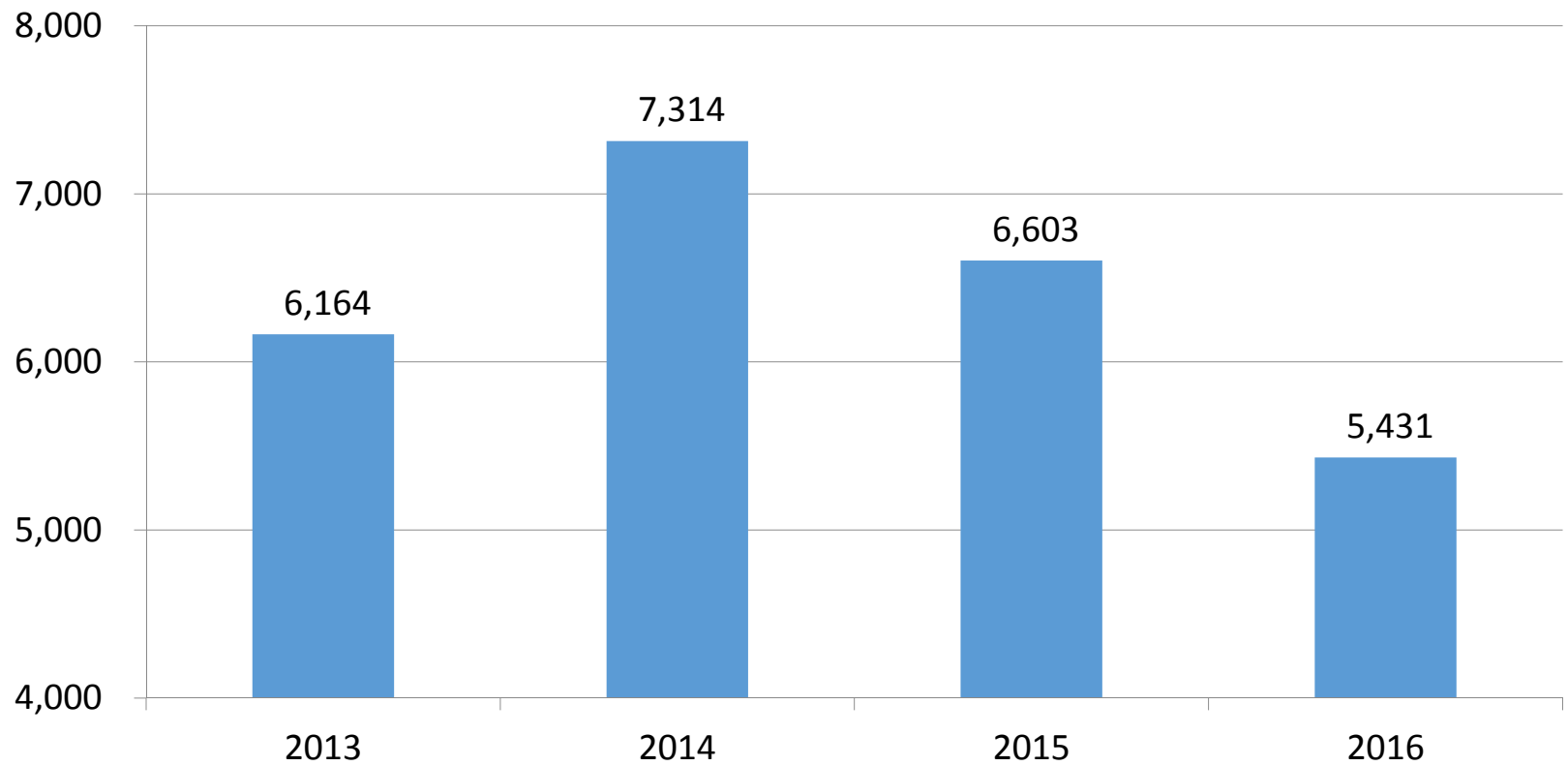


# 2017 Commercial Reappraisal

- Market trends review
- Model calibration and specification
- Model testing and quality control
- Reconciliation of values
- 2017 value noticing



# Commercial Sales Volume

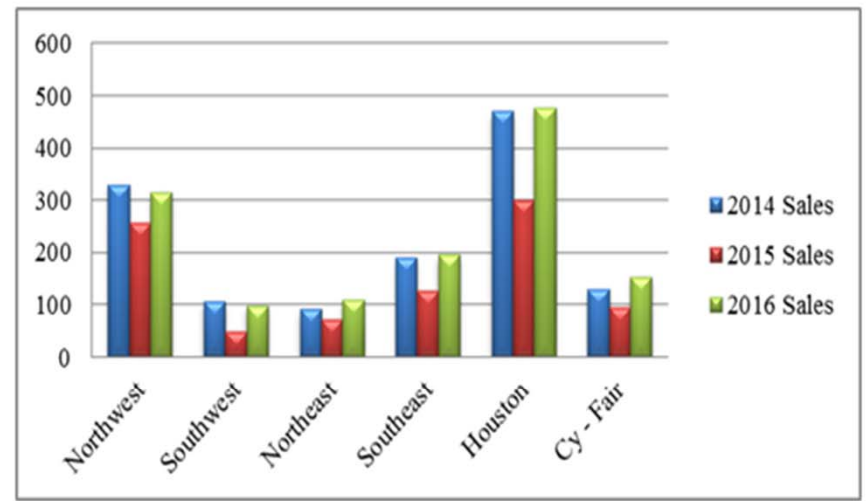




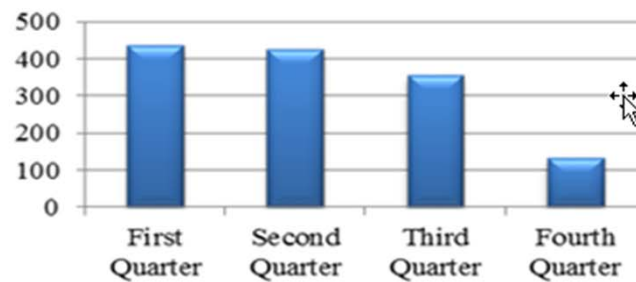
# Land

- Stable land pricing
- Strongest demand concentrated
  - Midtown
  - Southeast Houston
  - East Downtown
  - Galleria
  - Northwest Houston
  - North Houston

2014 Sales Volume vs. 2015 Sales Volume vs. 2016 Sales Volume



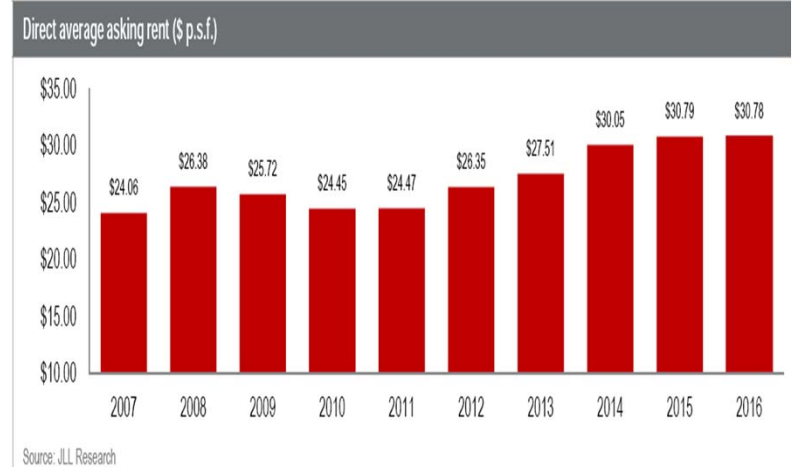
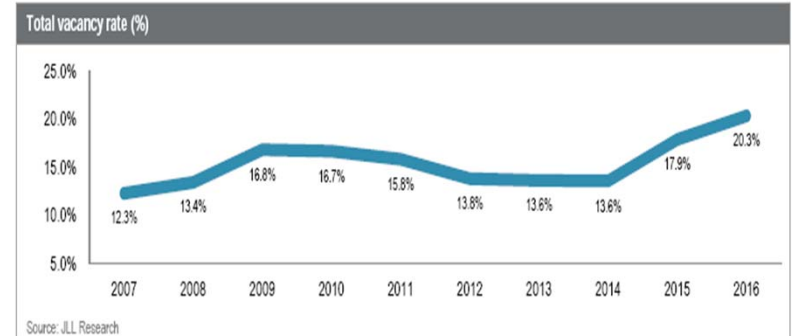
**2016 Sales Per Quarter**





# Office: Development Cycle, Downward Shift

- 3.5 million sq. ft. under construction year-end
  - 2015: 8 million sq. ft.
  - 53% pre-leased
- New construction deliveries totaled 6 million sq. ft.
- **-240,794** sq. ft. absorbed
- Overall vacancy increased to 20.3%
- Overall asking rental rates dropped slightly
  - Prime Class A space increased marginally
- Sublease space dropped from 12.5 million sq. ft. to 11.1 million sq. ft. by year end

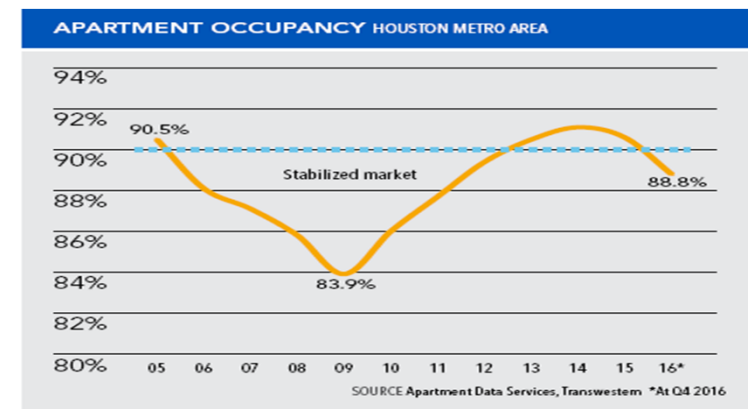
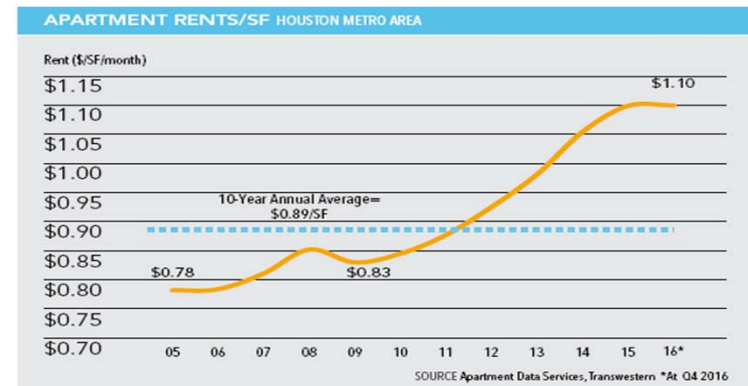






# Apartment: New Construction Deliveries Highest on Record

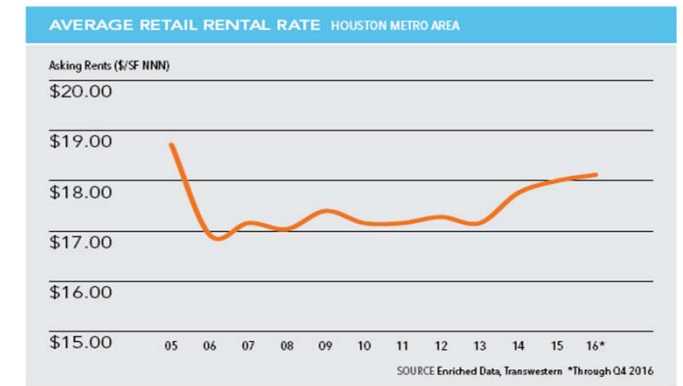
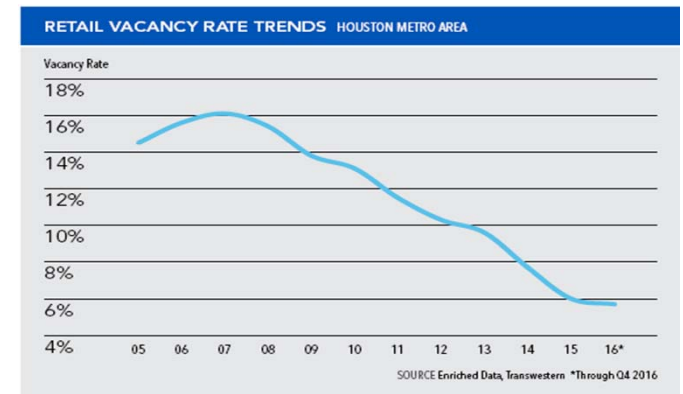
- 19,940 units delivered
  - Most deliveries on record in a single year
- 12,133 units under construction at year end
  - 2015: 29,005
- 4,195 units absorbed over 12 months
  - 2015: 13,262
- Rental rates at year end remained relatively flat
- Overall occupancy 88.8%





# Retail: Continued Growth and High Demand Drive Activity

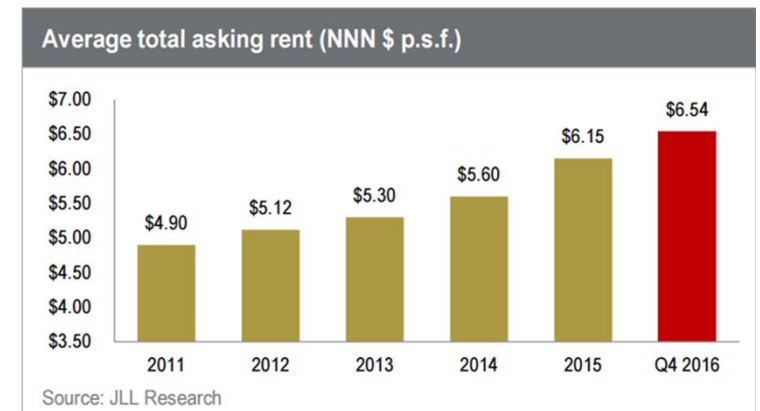
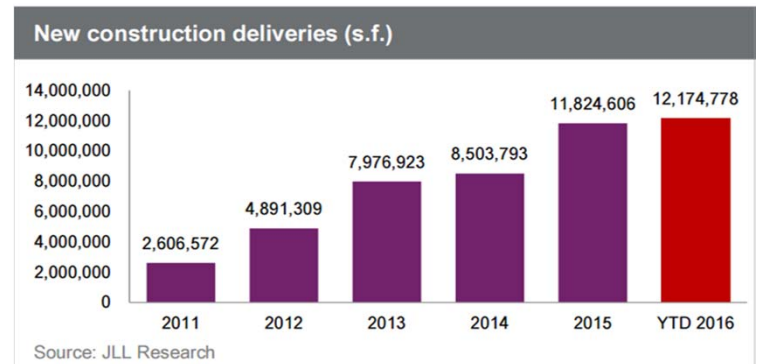
- New construction deliveries totaled approximately 3.9 million sq. ft.
  - 2015: 3 million sq. ft.
- 3.1 million sq. ft. under construction
  - 74.5% pre-leased
- 5.5 million sq. ft. absorbed
  - Highest on record
- Quoted rates increased 5% over the 12 month period
- Occupancy rates are holding at record high levels at 95%
  - 98% for prime class A product

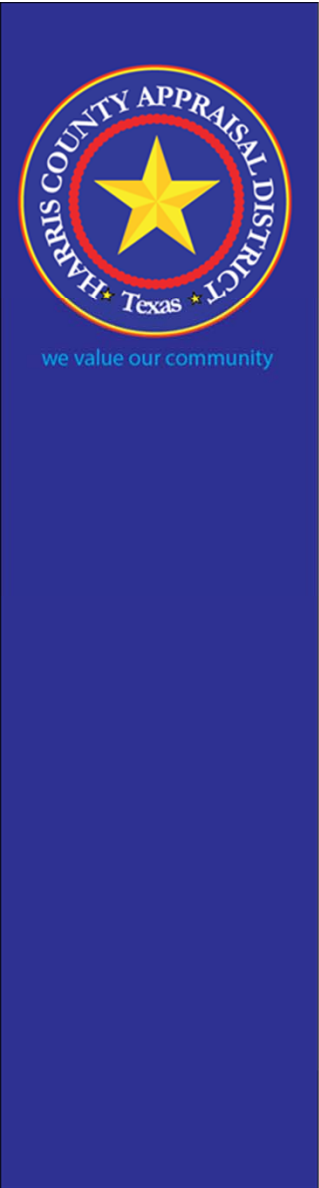




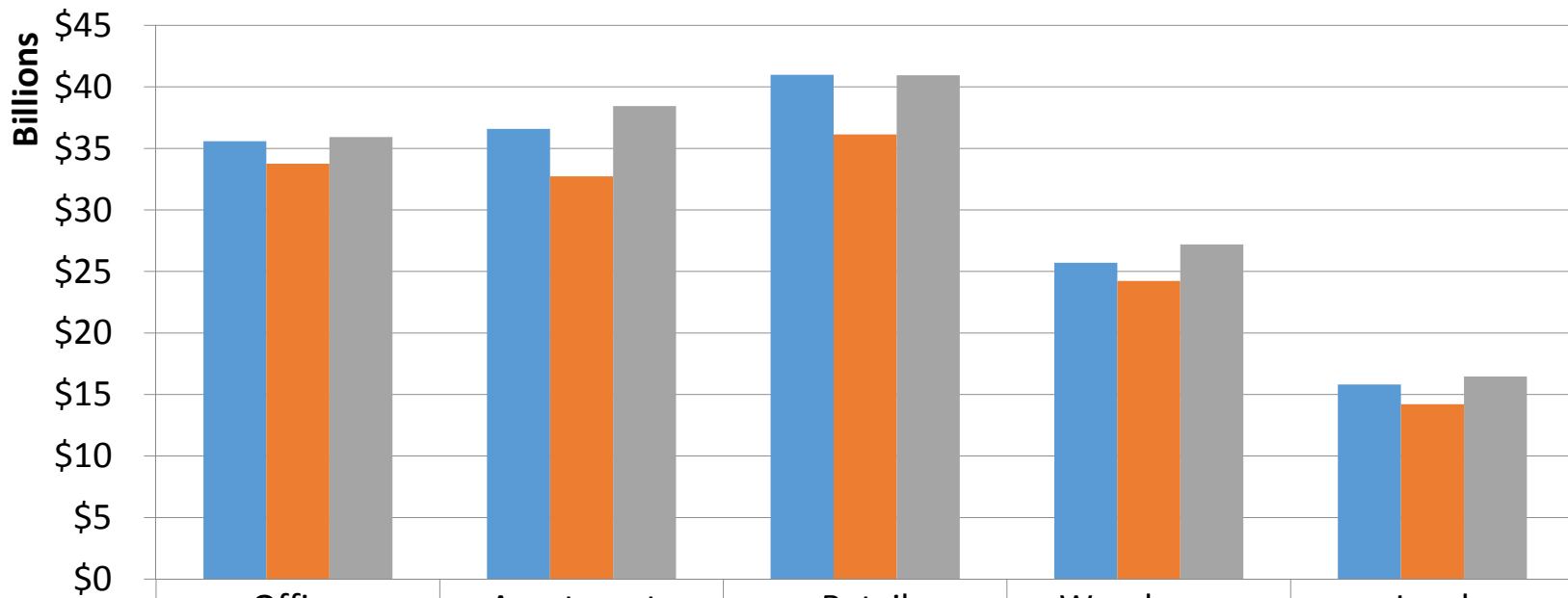
# Warehouse: Southeast & Northwest Submarkets Boom

- New construction deliveries totaled 12.1 million sq. ft.
- 4.7 million sq. ft. under construction
  - 78% pre-leased
  - Down from 8.8 million 4<sup>th</sup> quarter 2015
- 8.5 million sq. ft. absorbed
- Average asking rental rates increased 6.3%
- Vacancy rates increased marginally from 5% to 5.3%





# Commercial Tax Base: Property Type



	Office	Apartments	Retail	Warehouse	Land
■ 2016 Notice	\$35,583,486,992	\$36,584,468,940	\$40,979,044,764	\$25,704,503,809	\$15,806,881,510
■ 2016 Certified	\$33,758,037,346	\$32,728,095,125	\$36,138,185,184	\$24,221,803,414	\$14,212,288,618
■ 2017 Notice	\$35,915,610,233	\$38,438,573,490	\$40,941,745,163	\$27,189,309,548	\$16,458,107,313



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## 2017 Commercial Increase, Decrease, No Change (as of March 13)

Market Value	Parcels	Percent of Parcels		
		No Change	Increase	Decrease
Land	47,914	55.1%	38.3%	6.5%
Apartment	5,604	0.1%	78.9%	21.0%
Retail	27,618	1.5%	67.9%	30.6%
Office	3,082	0.1%	68.8%	31.1%
Warehouse	18,386	0%	79.4%	20.6%
Hotel/Motel	841	0%	60.4%	39.6%
Medical Related	3,272	0.3	53.4%	46.2%
<b>Total</b>	<b>105,997</b>	<b>25.0%</b>	<b>56.8%</b>	<b>18.2%</b>