

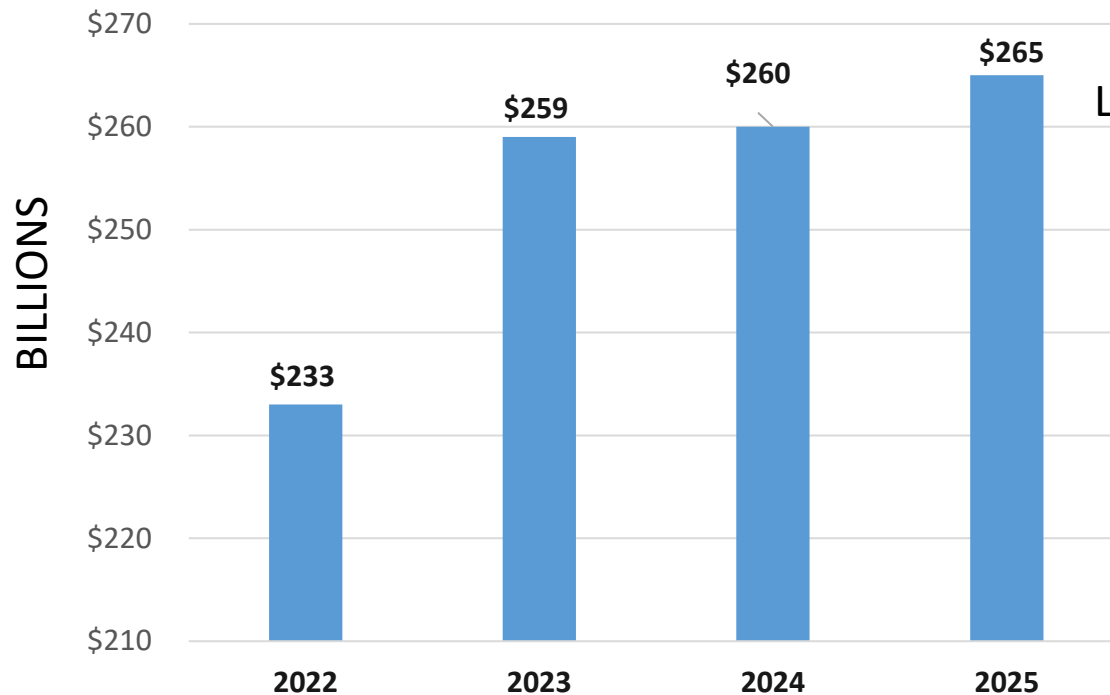


Commercial Property Market Overview

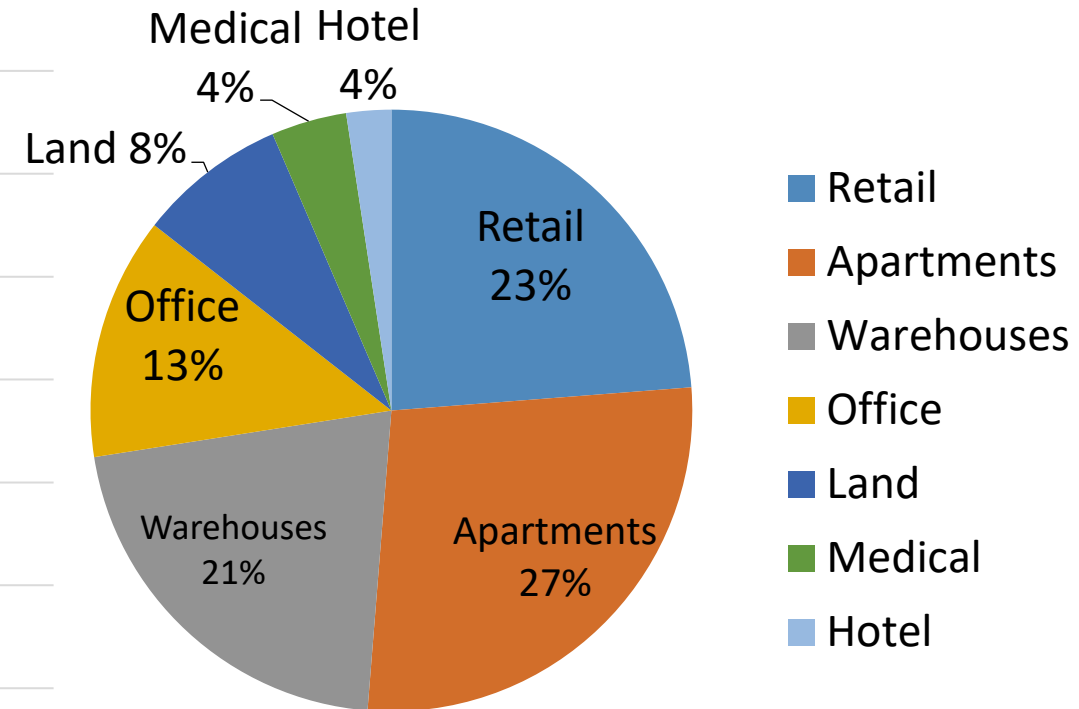
Tax Year 2025

Commercial Overview

**Tax Years 2022 -2025
Noticed Value**



Value Allocation by Property Type





Reappraisal: Commercial Values (as of April 8, 2025)

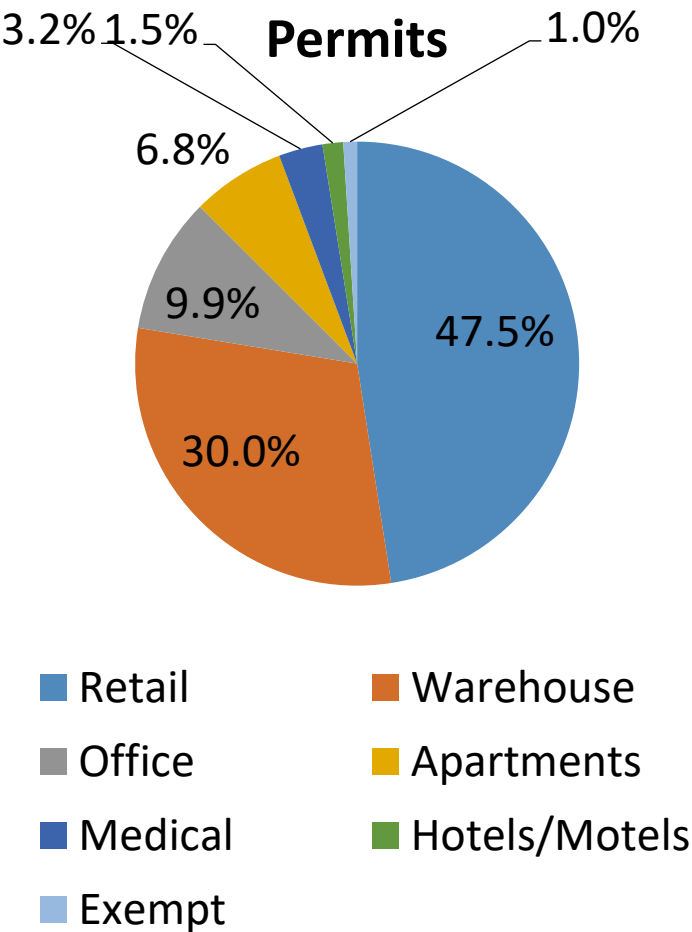
DESCRIPTION	2024 CERTIFIED VALUE	CURRENT/PROPOSED NOTICE VALUE 2025	PERCENT CHANGE
Land and Auxiliary	\$19,336,791,583	\$20,899,440,135	8.1%
Apartment Properties	\$66,345,953,608	\$72,767,585,030	9.7%
Hotel\Motel Properties	\$5,696,357,680	\$6,997,704,098	22.8%
Medical Properties	\$11,324,897,185	\$12,379,801,846	9.3%
Office Properties	\$32,966,222,319	\$34,134,353,155	3.5%
Retail Type Properties	\$54,022,175,391	\$61,256,199,153	13.4%
Warehouse Properties	\$50,407,516,333	\$57,117,211,374	13.3%
Total	\$240,099,914,099	\$265,552,294,791	10.6%



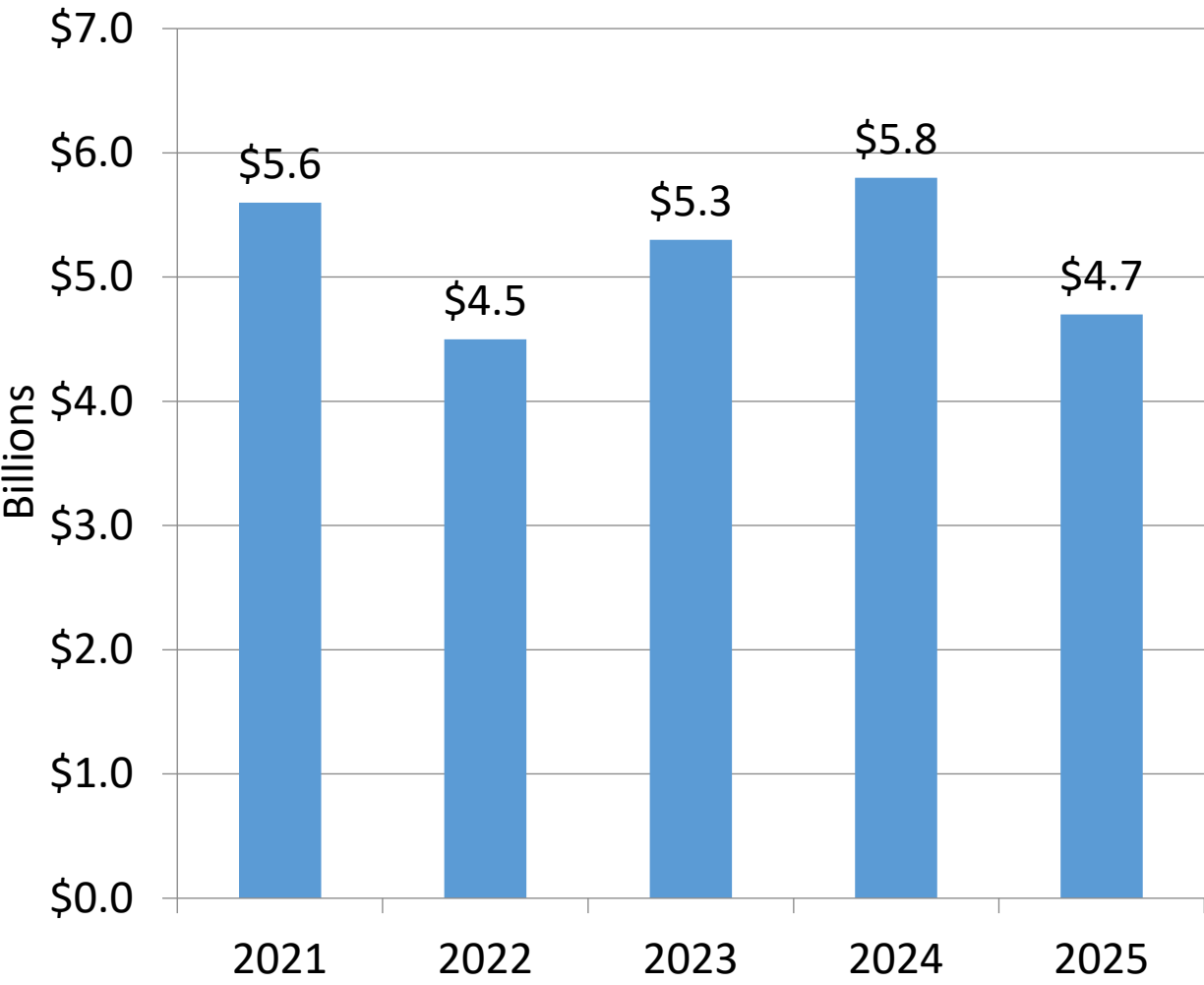
Reappraisal: Commercial VALUE NOTICE (as of April 8, 2025)

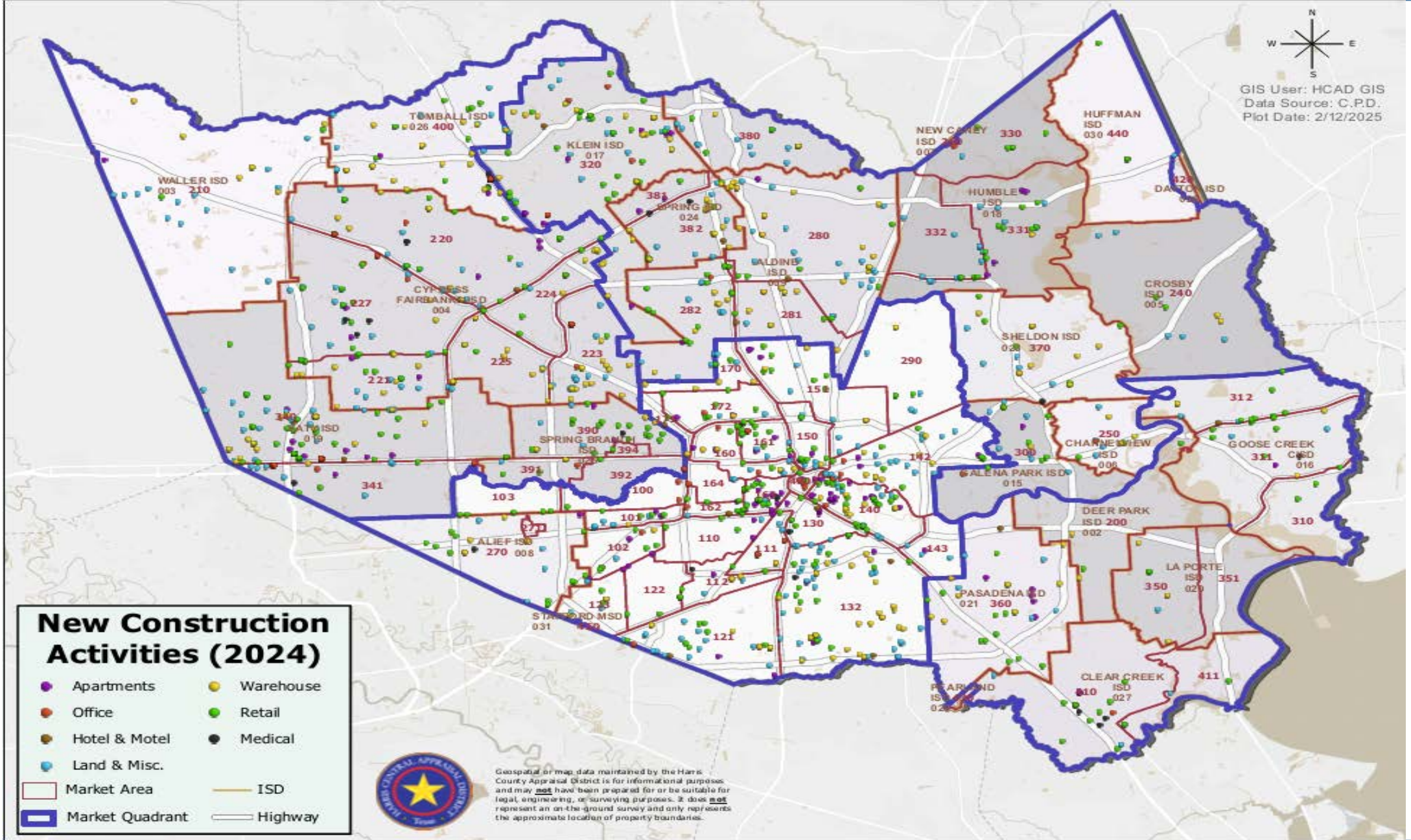
DESCRIPTION	2024 NOTICE VALUE	CURRENT/PROPOSED NOTICE VALUE 2025	PERCENT CHANGE
Land and Auxiliary	\$21,042,393,209	\$20,899,440,135	-0.7%
Apartment Properties	\$72,195,685,133	\$72,767,585,030	0.8%
Hotel\Motel Properties	\$6,300,942,288	\$6,997,704,098	11.1%
Medical Properties	\$12,034,107,513	\$12,379,801,846	2.9%
Office Properties	\$36,977,521,111	\$34,134,353,155	-7.7%
Retail Type Properties	\$58,313,266,025	\$61,256,199,153	5.0%
Warehouse Properties	\$53,313,266,025	\$57,117,211,374	7.1%
Total	\$260,166,055,902	\$265,552,294,791	2.1%

New Construction



New Construction Value

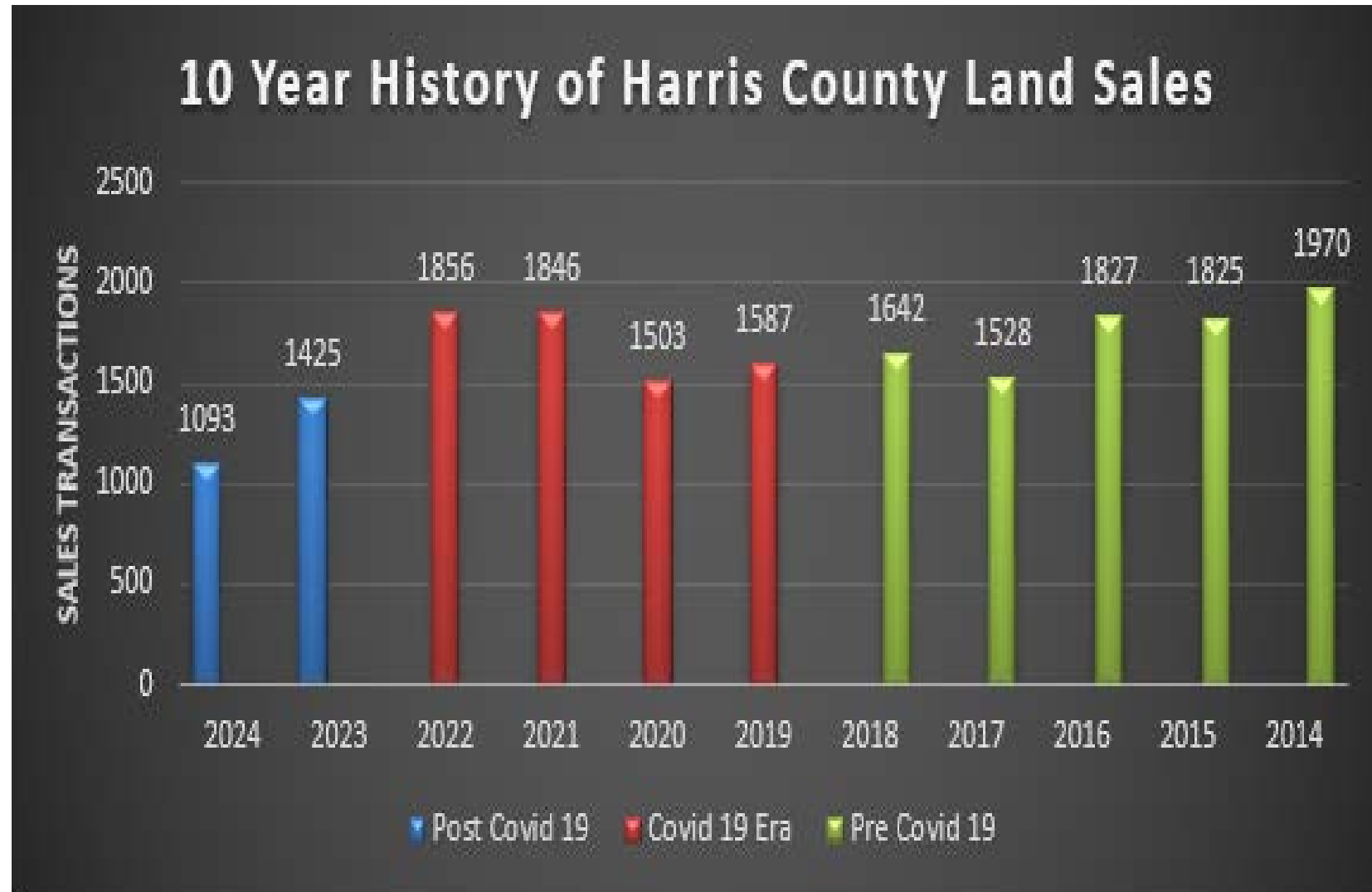




Commercial Land

Strongest
Demand

- Houston
ISD
- Cy-Fair
- Aldine



Office: The Flight to Quality Trend Continued in 2024 with Positive Absorption

- New construction deliveries:
386,300 sq. ft.
 - Previous year: 1.07 million sq. ft.
- Absorbed: **(1.2 million)** sq. ft.
 - Previous year: 301,014 sq. ft.
- Under construction year end:
597,413 sq. ft.
 - Previous year: 721,503 sq. ft.
- Overall asking rental rates:
Relatively flat
- Vacancy rates: 27.0%
 - Previous year: 26.2%



Apartments: Demand for Apartment Housing Was Strong throughout 2024

- New Construction Deliveries: 19,957 units/76 communities
 - Previous year: 24,485 units/96 communities
- Absorbed: 18,768 units
 - Previous year: 10,805 units
- Under construction year end: 10,464 units/43 communities
 - Previous year: 21,857 units/ 81 communities
- Rental rates at year end: 1.0%
 - 0.9% increase prior year
- Overall occupancy: 88.6%
 - Previous year 89%



Retail:

Houston Retail Sector remains On Top, Despite Uncertainty

- New construction deliveries: 3.2 million sq. ft.
 - Previous year: 1.0 million sq. ft.
- Absorbed: 1.8 million sq. ft.
 - Previous year: 1.5 million sq. ft.
- Under construction year end: 3.0 million sq. ft.
 - Previous year: 655k sq. ft.
- Rental rates: Averaged 2.5%
 - Previous year Average 4.4%
- Vacancy rates: 5.4%
 - Previous year: 5.1%



Warehouse: Industrial Construction Levels Showed Signs of Slowdown

- New construction deliveries: 19.3 million sq. ft.
 - Previous year: 31.6 million sq. ft.
- Absorbed: 19.1 million sq. ft.
 - Previous year: 20.6 million sq. ft.
- Under construction year end: 13.4 million sq. ft.
 - Previous year: 18.8 million sq. ft.
 - 45% pre-leased
- Quoted rental rates: Increased 2.1% year-over-year
- Vacancy rates: 6.7%
 - Previous year: 6.8%





*2025 Commercial Tax Base Percent Change:
Increase, Decrease, No Change (as of April 8, 2025)*

2025 Parcels	2024 Certified Value	2025 Noticed Value Est.	Percent Change
109,060	\$240,099,914,099	\$265,552,294,791	10.6%

2025 Parcels	No Change	Increase	Decrease
109,060	29,874	65,711	13,475
	27.4%	60.2%	12.4%