



MARKET TRENDS

A discussion on 2022
values

ACTIVE MARKET?



KEY MARKET DRIVERS - RESIDENTIAL

Low interest rates, now increasing

Construction costs; inflation

Economic stimulus from federal government

Continued demand for better work-from-home amenities

Historically low supply

Out of Area Relocations

Corporate buying

NATIONAL NEWS

Soaring Home Prices Are Roiling Appraisals and Upending Sales - The Wall Street Journal (10/2021)

- “More properties are being valued below their agreed-upon sales prices, causing deals to collapse”

There are hardly any houses left to buy - Axios (2/2022)

- “Housing is probably going to keep getting more and more expensive, despite the Fed's efforts to cool the market.”

Investors bought a record share of homes in 2021 – The Washington Post (2/2022)

- “...investors bought nearly one in seven homes sold in America’s top metropolitan areas, the most in at least two decades...”
- “...Investors were even more aggressive in the final three months of the year, buying 15 percent of all homes that sold in the 40 markets...”

Rents reach 'insane' levels across US - The Washington Post (2/2022)

- “Rents have exploded across the country, causing many to fall behind in payments...”

TEXAS REAL ESTATE RESEARCH CENTER

Is the Pandemic Housing Frenzy Over? (11/2021)

- “A combination of housing indicators is signaling the housing frenzy could be over. Both sales growth and price growth have peaked and are slowing. In addition, months of inventory, listings, and days on market have reached a trough and are rising...
- ...Demand is expected to remain relatively strong with improving inventories accompanied by moderate housing price growth in an environment of slowly rising mortgage rates...”

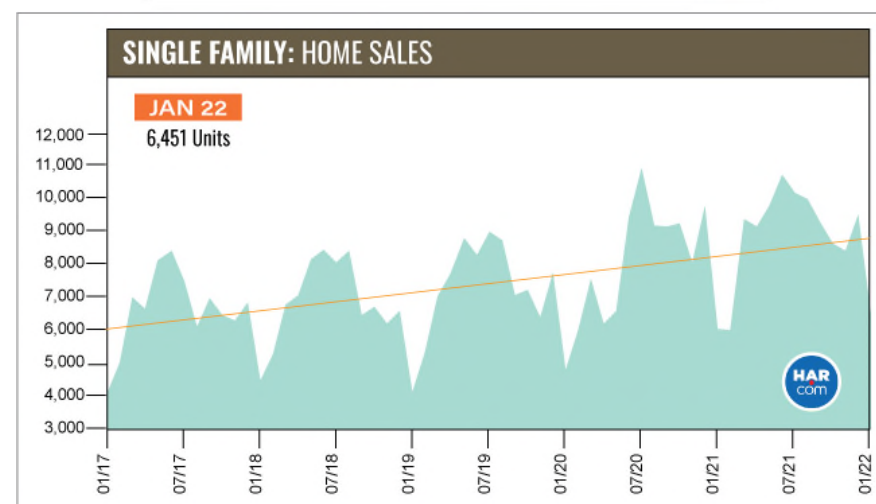
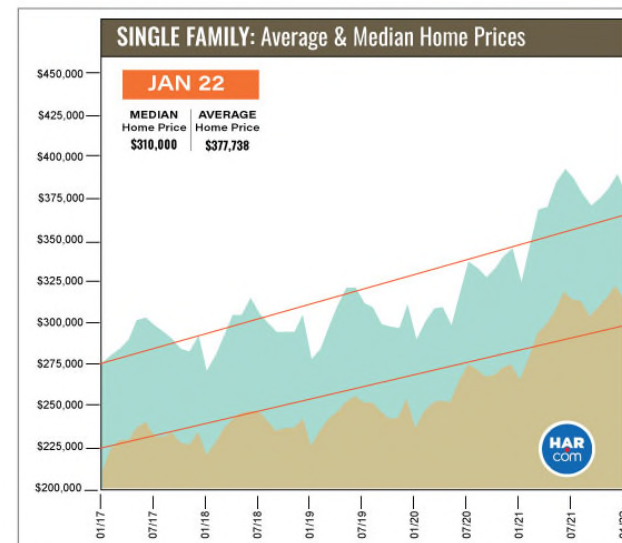
Texas Housing Affordability Outlook (2/2022)

- “The fourth quarter saw a continued uptick in both the median sales price and first-quartile sales price for Texas (Figure 1).¹ The year-over-year (YOY) growth in median sales price and first-quartile home price in Texas measured 17.6 percent and 15.4 percent, respectively, significantly higher than average YOY growth for the fourth quarter...
- ...Without comparable growth in incomes, the rapid rise in home prices will continue to squeeze purchase affordability, or the ability of a household to buy a home...”

LOCAL NEWS

MLS Press Releases and Archive - HAR members - HAR.com (1/2022)

“The second year of a global pandemic, dwindling inventory, building supply and labor shortages that slowed home construction, and rising home prices could not prevent the Houston real estate market from turning 2021 into a record year.”



CATEGORIES	FULL-YEAR 2020	FULL-YEAR 2021	CHANGE
SINGLE-FAMILY HOME SALES	96,271	106,229	10.3%
TOTAL PROPERTY SALES	115,676	131,041	13.3%
TOTAL DOLLAR VOLUME	\$31,159,517,497	\$39,950,076,710	28.2%
SINGLE-FAMILY AVERAGE SALES PRICE	\$324,069	\$376,075	16.0%
SINGLE-FAMILY MEDIAN SALES PRICE	\$260,000	\$300,000	15.4%

CATEGORIES	JANUARY 2021	JANUARY 2022	CHANGE
TOTAL PROPERTY SALES	7,444	8,134	9.3%
TOTAL DOLLAR VOLUME	\$2,271,880,760	\$2,910,617,143	28.1%
TOTAL ACTIVE LISTINGS	25,214	21,643	-14.2%
SINGLE-FAMILY HOME SALES	6,024	6,451	7.1%
SINGLE-FAMILY AVERAGE SALES PRICE	\$325,134	\$377,738	16.2%
SINGLE-FAMILY MEDIAN SALES PRICE	\$263,000	\$310,000	17.9%
SINGLE-FAMILY MONTHS INVENTORY*	1.7	1.4	-0.3 mos.
SINGLE-FAMILY PENDING SALES	8,012	9,271	15.7%

* Months inventory estimates the number of months it will take to deplete current active inventory based on the prior 12 months sales activity. This figure is representative of the single-family homes market.

LOCAL NEWS

Report: The Texas pandemic housing frenzy is over and prices are cooling - WFAA (11/2021)

“D-FW, Houston, and Austin have seen home prices drop off a bit in recent months. But prices are expected to keep climbing in the years ahead...

It's been one wild house party in Texas -- that might be over now. But predictions are that Texas will still have an after-party. It'll just be a whole lot more chill.”

LOCAL NEWS

Year of frenzy: Houston's housing market soared to new heights in 2021. Will 2022 be the same? - Houston Chronicle (1/2022)

“Sales of all homes, including condos and townhomes, jumped 13 percent in 2021 to more than 130,000 — only the third time in history that sales surpassed the 100,000-units threshold...

...Prices for single-family homes climbed more than 15 percent to a record annual median of \$300,000...

...While 2022 may not see the same scorching hot growth, real estate experts expect this year to be another strong, competitive year for homebuyers battling escalating prices, tight supply and rising interest rates.”

LOCAL NEWS

U-Haul ranks Texas as top 'growth state' of 2021, topping Florida and Tennessee - Houston Chronicle (1/2022)

“Arrivals rose 19 percent and departures were up 18 percent over 2020, with inbound trucks making up 50.2 percent of one-way U-Haul traffic in Texas.

Texas was an attractive destination for people moving last year, beating Florida and Tennessee for the largest net gain of one-way U-Haul trucks as job growth, lower housing costs and no income tax drew newcomers.”

RESIDENTIAL NEW CONSTRUCTION

ISD	2021	2022	% Dif.
Lamar	4,799	5,617	17.05%
Brazos	9	17	88.89%
Needville	185	194	4.86%
Fort Bend	3,697	3,908	5.71%
Stafford	10	14	40.00%
Katy	627	304	-51.52%
Total	9,359	10,061	21.35%

- The 2021 tax year saw a 21% increase in new construction
- On the year, Fort Bend County added 10,061 new construction properties
- Builder cost has increased dramatically, while resales are experiencing lower inventory levels and remarkably fewer days on the market
- These factors are contributing greatly to an increasing market value for many of the homes in Fort Bend County

RESIDENTIAL PROPERTY OVERVIEW

2021 Notice Value and 2022 Notice Value by School District

2021

School District	Lamar	Brazos	Needville	Ft. Bend	Stafford	Katy
Improvement Value	\$14,010,061,180	\$102,998,160	\$902,475,380	\$32,552,173,406	\$631,204,178	\$12,677,338,357
Land Value	\$4,265,399,000	\$108,486,430	\$529,337,630	\$7,722,287,800	\$124,985,530	\$2,917,101,510
Total Mkt Value	\$18,275,460,180	\$211,484,590	\$1,431,813,010	\$40,274,461,206	\$756,189,708	\$15,594,439,867

2022

School District	Lamar	Brazos	Needville	Ft. Bend	Stafford	Katy
Improvement Value	\$20,531,151,490	\$135,560,700	\$1,187,719,835	\$43,835,361,737	\$839,532,548	\$17,726,975,397
Land Value	\$4,497,830,670	\$112,754,970	\$624,393,780	\$8,011,987,320	\$131,466,650	\$2,932,492,460
Total Mkt Value	\$25,028,982,160	\$248,315,670	\$1,812,113,615	\$51,847,349,057	\$970,999,198	\$20,659,467,857



2021 Notice Value:
\$76,543,848,561



2022 Total Notice Value:
\$100,567,227,557



There is a **+31.39%** difference
in last year to this year's value.



Median increase for properties
with homestead **28%**

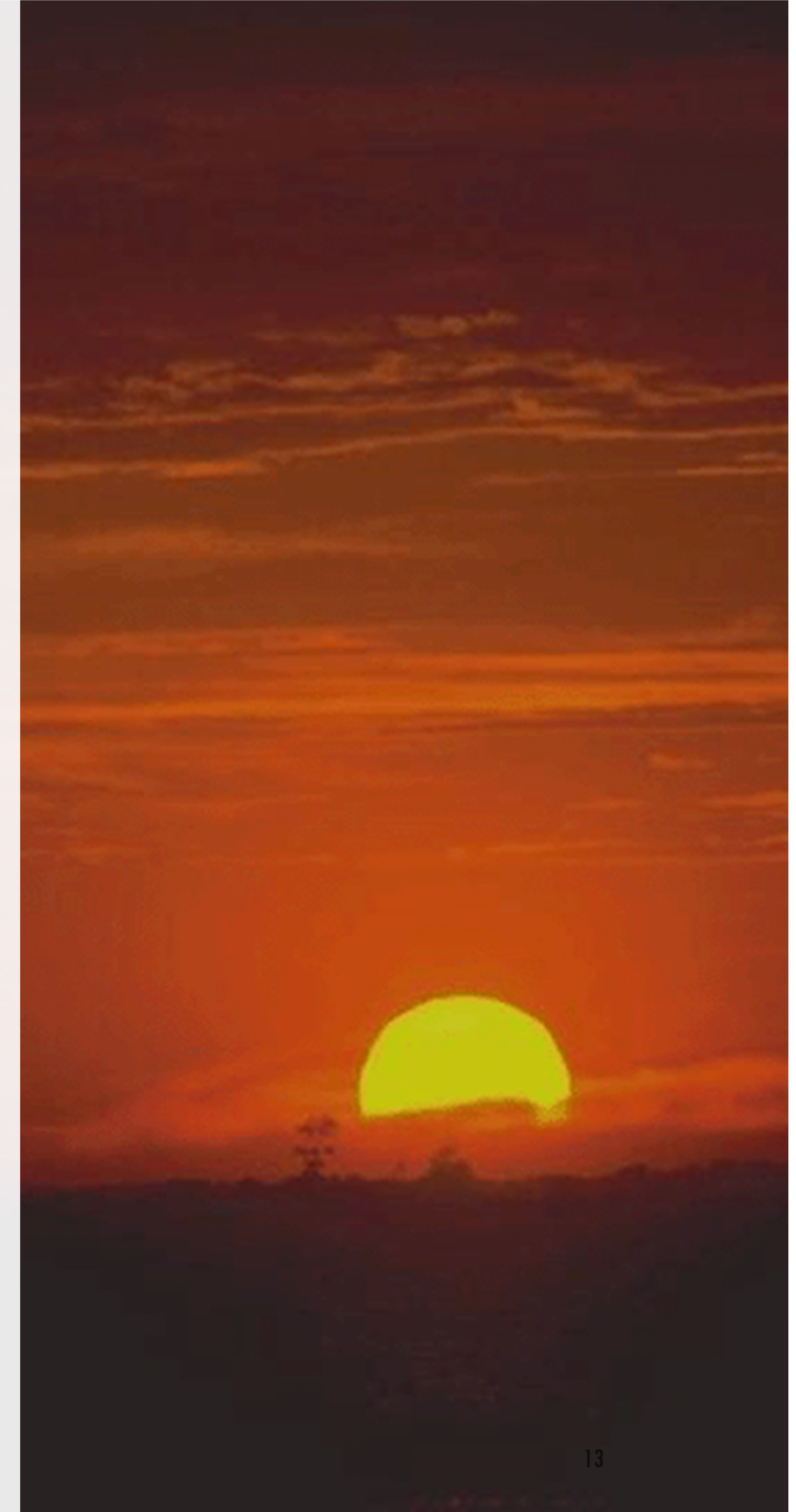
RESIDENTIAL PROPERTY OVERVIEW

LAND

Average increase in land value for all property types is about 25%

Strong commercial sales

Low inventory, strong demand



KEY MARKET DRIVERS - COMMERCIAL

Increased construction costs (materials and labor); inflation

Increase in land values (scarcity, demand, etc.)

Business segments adjusting to COVID-19, reopening

Better than expected rebound

Continued development due to interest and recent trends in Fort Bend

Warehouse/distribution growth tied to proximity to Houston

RETAIL

2021 to 2022: A close look at community centers, power centers, and malls

Overall average increase is 7.42%

S13 (Katy ISD area) will have highest increase around average 15.94%



WAREHOUSES

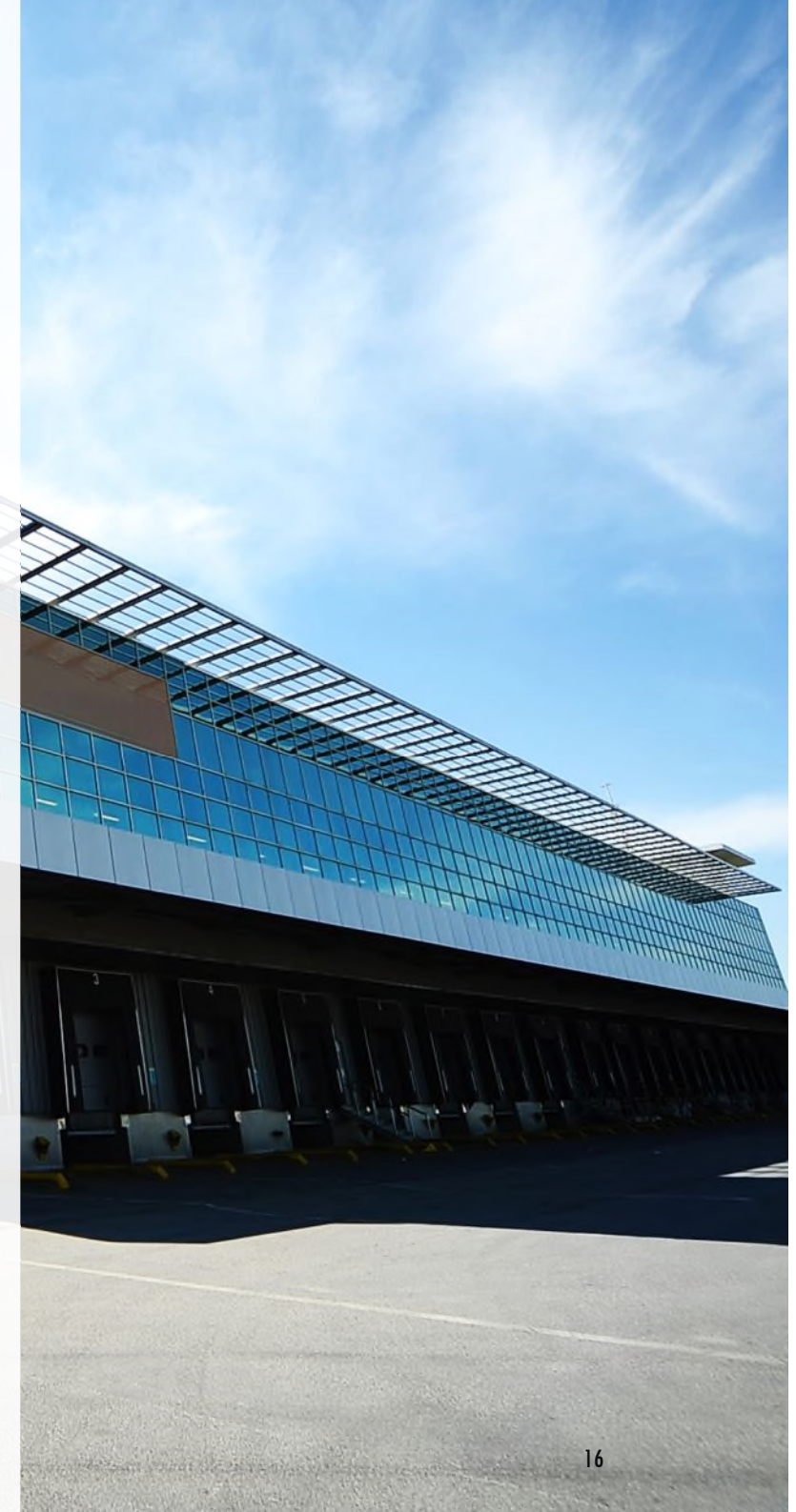
2022 will be the first tax year Distribution, Industrial Flex, and Self Storage (Mini) Warehouses will be noticed on the income method.

Distribution warehouses up an average 64%

Industrial flex up an average 49%

Self storage up an average 24%

(21 notice value to 22 notice value)



INDUSTRIAL MARKET DATA

CBRE

FIGURES | HOUSTON INDUSTRIAL | Q4 2021

2021 industrial occupier demand surpasses all previous market records



Industrial Highlights

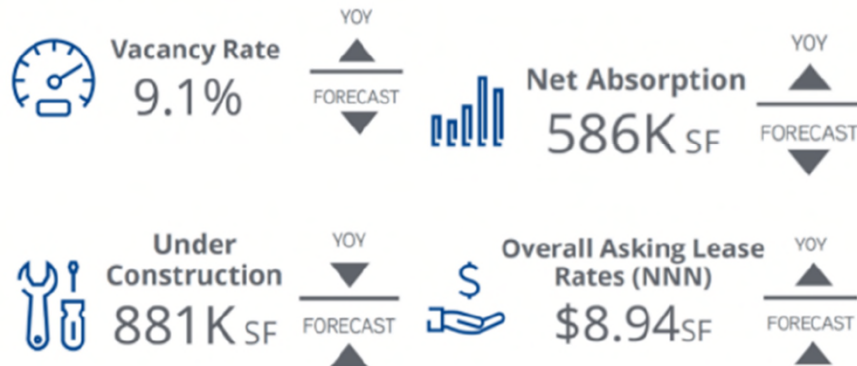


FIGURE 2: Lease Rates



Source: CBRE Research, Q4 2021.

CBRE

INVENTORY SF	UNDER CONSTRUCTION SF	12 MO NET ABSORPTION SF	VACANCY RATE	MARKET RENT/SF	MARKET SALE PRICE/SF	MARKET CAP RATE
52.6M +21.6%	3.1M -65.0%	8.4M +89.2%	6.7% +0.8%	\$7.78 +4.4%	\$100 +11.6%	6.1% +0%
Prior Period 43.3M	Prior Period 8.7M	Prior Period 4.4M	Prior Period 5.9%	Prior Period \$7.45	Prior Period \$89	Prior Period 6.1%

OFFICES

Offices valued on income this year

Better indicator of market value than cost

Third-party cap rate study

Overall, office values are up an average 36%



APARTMENTS

Rental rates up

Occupancy increasing

Overall percentage increase of 18.24%

Biggest increases are in Katy ISD, 30.26% on average



AMAZON FULFILLMENT CENTERS

Richmond

3,341,602 SF – largest in the state

407 Distribution Warehouse Class C
Quality 2.5



Missouri City

1,075,938 SF

Both valued on cost



2022 COMMERCIAL NEW CONSTRUCTION BY SCHOOL DISTRICT

- The commercial division added over 250 new construction properties for 2022. 25% higher than 2021
- Most of the new construction is in Lamar CISD and Fort Bend ISD
- 12 new apartments
- No new traditional offices for 2022; however, the office condos complex sector is growing throughout the county.
- Continued interest in FB County

COMMERCIAL PROPERTY OVERVIEW



2021 Notice Value:
\$18,006,026,890



2022 Total Proposed Notice Value:
\$21,514,861,266



There is a **+16.31%** difference in last year to this year's value.

COMMERCIAL PROPERTY OVERVIEW

2021 Notice Value and 2022 Notice Value by School District

2021

School District	Lamar	Brazos	Needville	Ft. Bend	Stafford	Katy
Improvement Value	\$3,004,261,258	\$44,734,128	\$55,887,771	\$8,035,933,432	\$1,719,652,750	\$2,602,044,623
Land Value	\$713,965,420	\$10,454,320	\$17,313,540	\$1,617,384,464	\$274,054,415	\$716,548,009
Total Mkt Value	\$3,718,226,678	\$55,188,448	\$73,201,311	\$9,653,317,896	\$1,993,707,165	\$3,318,592,632

2022

School District	Lamar	Brazos	Needville	Ft. Bend	Stafford	Katy
Improvement Value	\$3,135,973,388	\$56,066,323	\$70,454,466	\$9,225,390,531	\$2,061,000,861	\$3,199,425,794
Land Value	\$782,198,670	\$8,863,440	\$24,916,380	\$1,786,170,860	\$385,049,250	\$758,785,240
Total Mkt Value	\$3,918,172,058	\$64,929,763	\$95,370,846	\$11,011,561,391	\$2,446,050,111	\$3,958,211,034

MARKET SUMMARY

The 2021 residential market was an unprecedented year. Demand led to the strongest value increases on record.

FB set another record for new construction while the median price soared.

The commercial market was stronger than anticipated. Growth was strong.

Fort Bend County continues to be among the fastest growing counties in the state.

HOW DO I LOWER MY TAX BURDEN?

Two primary ways to lower your tax bill:

- Exemptions
 - Homestead
 - Over 65
 - Disabled persons
 - Surviving spouse over the age of 55
 - Disabled veterans
 - Disaster
- Protest your property value
 - Independent, impartial group of citizens appointed by the local administrative district judge to resolve disputes between the property owners and the appraisal district

HOW DO I FILE FOR AN EXEMPTION?



#1 way to file is online.

<https://www.fbcad.org/exemption-application/>

Remote submission

Emailed status updates



US mail



In-person

THE APPEALS PROCESS

HOW DO I FILE A PROTEST?



**#1 way to file
your protest is
online.**

<https://www.fbcad.org/appeals/>

**Online Appeal
or
e-File**



Email

appeals@fbcad.org



US Mail



In-person

THE APPEALS PROCESS

FILING YOUR PROTEST ONLINE

Online Appeal

- Fastest and most efficient way to submit your Notice of Protest **AND** have your appeal reviewed by a registered FBCAD appraiser.
- Notice of Protest and Informal Meeting rolled into one
- Online scheduling of Formal Hearing if settlement not reached

E-File

- Fastest way to submit your Notice of Protest.
- Best option if an Informal Meeting is not needed
- Informal Meeting may still be requested

PROPERTY TAX INCREASE LIMITATIONS

In 2019, the Texas legislature limited the amount of revenue that counties, cities, school districts, and other taxing entities can collect.

School districts are limited to a 2.5% increase without voter approval

All other entities are limited to a 3.5% increase without voter approval

Your value may be up, even significantly, but recent legislation requires taxing entities to lower their tax rate to meet these requirements.

PROPERTY TAX TRANSPARENCY

<http://www.fortbendtax.org>

Partnered with stakeholders to create property tax transparency website

Goal: provide up-to-date information about:

- Your property tax levy
- Tax rates; definitions and established rates
- Dates and locations of public hearings on tax rates
- Dates and locations of meetings of the governing bodies of the taxing units to vote on tax rates

Information provided at the individual property level

FBCAD RECENT UPDATES

Customer satisfaction survey

New exemptions portal

New rendition portal

Exemptions workshops

Rendition workshops

Ag assistance meetings

Protest portal expanded

Agent portal expanded

Online forms

FortBendTax.org

Convenient QR posters in lobby

Continuous web updates

Market trends analysis page

Explainer videos

Step-by-step BPP instructions

Fact sheets

Social media outreach

Email communications



QUESTIONS?