



# MARKET TRENDS

A discussion on 2023 values

THE WALL STREET JOURNAL.



## **A Tale of Two Housing Markets: Prices Fall in the West While the East Booms**

In an unusual pattern, the 12 major housing markets west of Texas, plus Austin, saw home prices fall in January, while the opposite happened in the rest of the country

A TALE OF TWO MARKETS? |

# KEY MARKET DRIVERS - RESIDENTIAL

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Inventory remains low

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Demand steady

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Rising inflation

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Rising interest rates

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Continued supply-chain challenges

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Persistent labor shortages

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War

# NATIONAL NEWS — NOT SO ROSY

## [Housing Market Predictions For 2023: Are Home Prices Finally Becoming Affordable? - Forbes \(2/2023\)](#)

- “...many economists remain mixed about how much more home prices will drop this year [from their mid-2022 high].”

## [Real Estate 2023: The Trends That Are Coming and Going - Yahoo News \(1/2023\)](#)

- “The new year is looking to be rife with challenges for both buyers and sellers, as mortgage rates are expected to go up even more before they go back down.”

## [Housing Market Momentum Stalls as Critical Spring Season Approaches - WSJ \(3/2023\)](#)

- “Rising mortgage rates cooling the U.S. housing market, sapping recent buyer interest heading into the crucial spring selling season.”

## [Bad news for home buyers: Housing inventory remains low in America's cities and towns - Market Watch \(3/2023\)](#)

- “Low inventory continues to plague local housing markets. Even with mortgage rates above 6%, an underlying supply imbalance is impacting residential real estate in cities and towns across America...”

# TEXAS REAL ESTATE RESEARCH CENTER

## Things Change (12/2022)

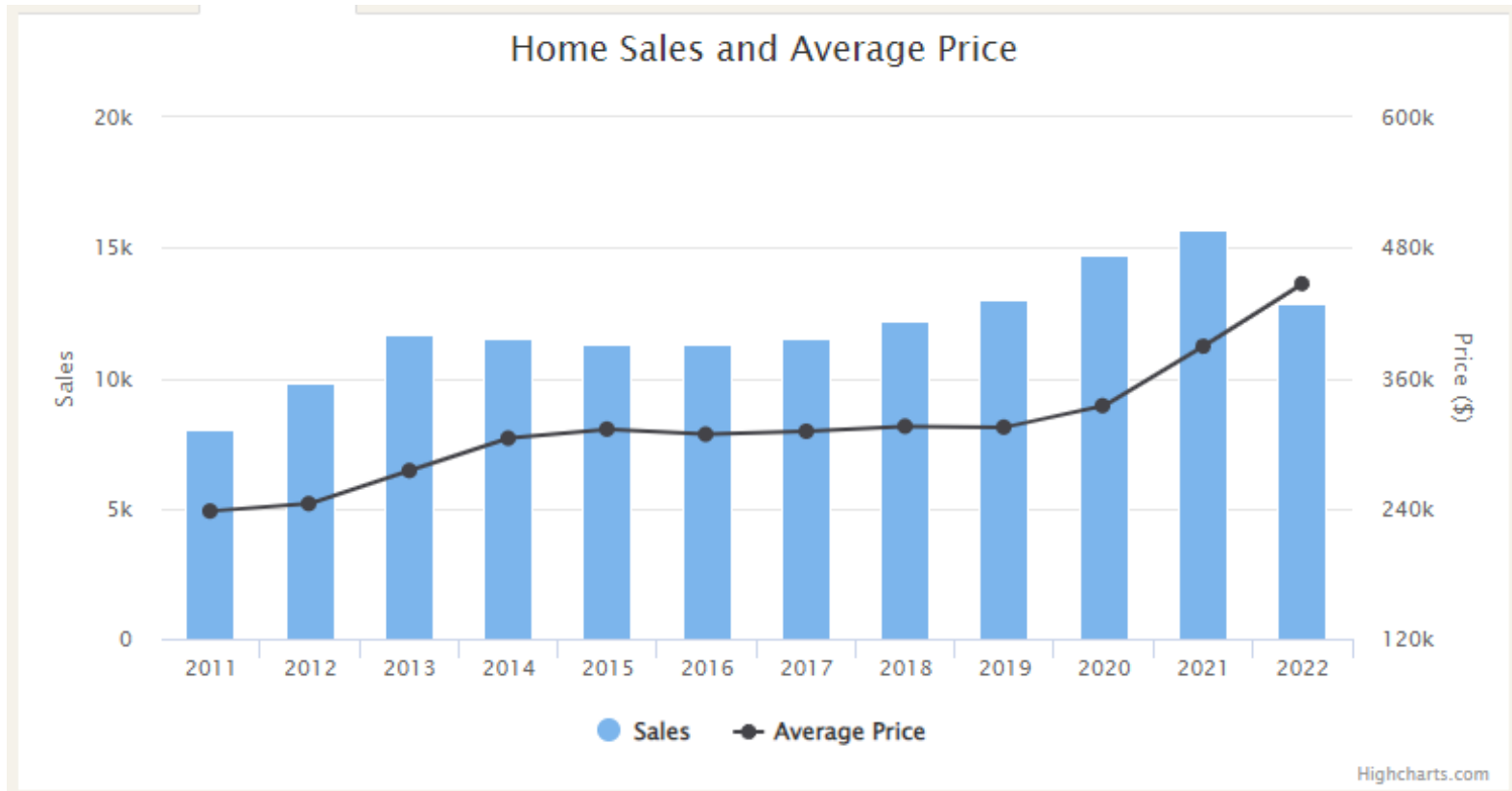
- “Recently, home prices have grown more than four times faster than the 2012-19 annual trend of 5.27 percent. ...
- Through pandemic, buyers wanted newer homes. Now stabilized to past trends.
- Median square footage of purchased homes down significantly

## Texas Housing Affordability Outlook (3/2023)

- “Although home price appreciation declined substantially from record highs observed in the first two years of the COVID-19 pandemic, year-over-year (YOY) growth in both the median and first-quartile sales price remained positive...”

# TEXAS REAL ESTATE RESEARCH CENTER

## Fort Bend County Sales and Price Trends

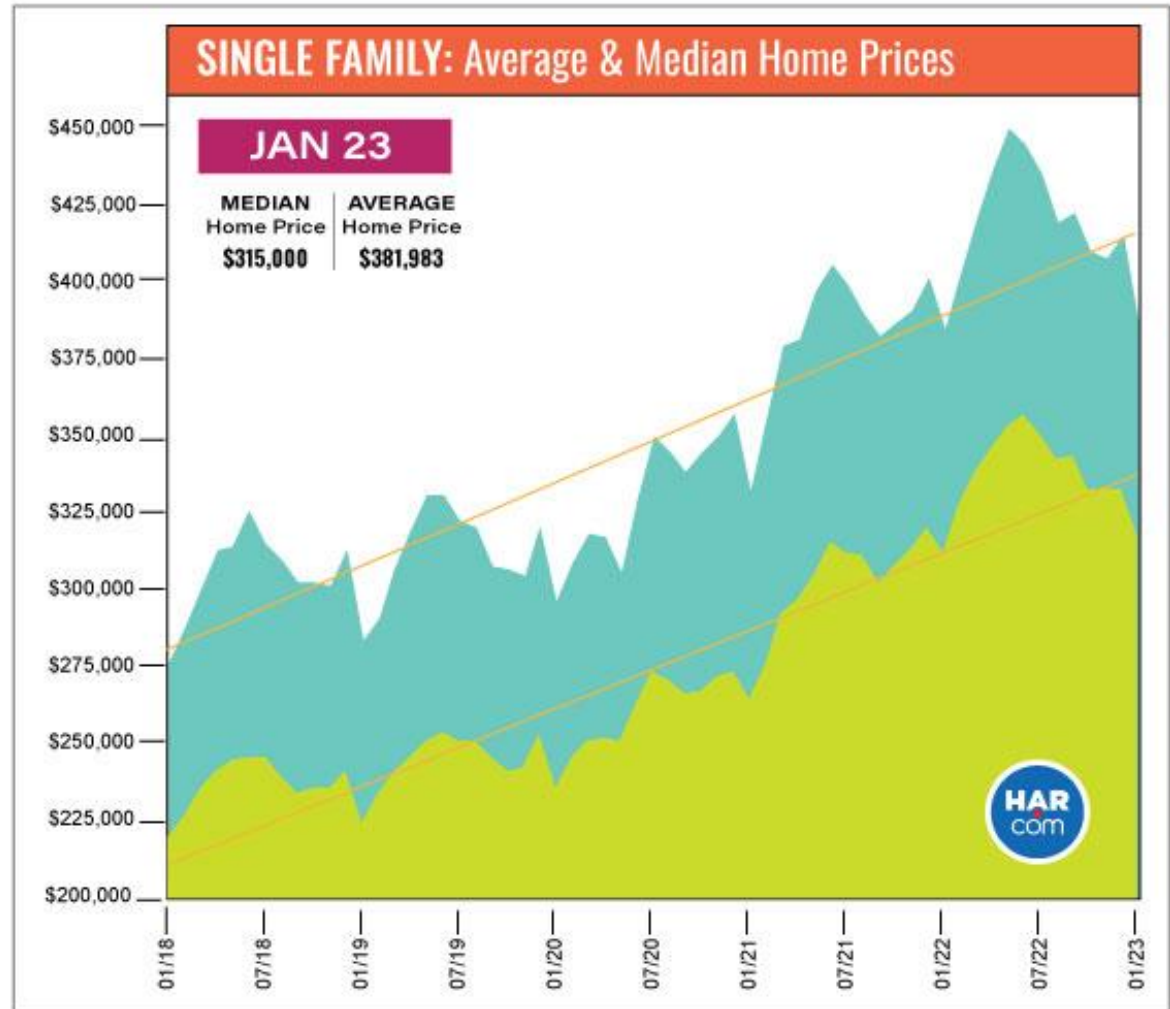




# LOCAL NEWS

[MLS Press Releases and Archive - HAR members - HAR.com \(1/2023\)](#)

“January became the tenth consecutive month of negative sales, as the market recovers from strong economic headwinds, including inflation, elevated interest rates, pricing and lower inventory.”



# LOCAL NEWS

[MLS Press Releases and Archive - HAR members - HAR.com \(1/2023\)](#)

CATEGORIES	JAN 2022	JAN 2023	CHANGE
TOTAL PROPERTY SALES	8,177	5,650	-30.9%
TOTAL DOLLAR VOLUME	\$2,914,930,915	\$2,014,195,183	-30.9%
TOTAL ACTIVE LISTINGS	20,562	33,606	63.4%
SINGLE-FAMILY HOME SALES	6,492	4,549	-29.9%
SINGLE-FAMILY AVERAGE SALES PRICE	\$376,359	\$381,983	1.5%
SINGLE-FAMILY MEDIAN SALES PRICE	\$309,900	\$315,000	1.6%
SINGLE-FAMILY MONTHS INVENTORY*	1.3	2.7	1.4 months
SINGLE-FAMILY PENDING SALES	8,421	7,167	-14.9%

\* 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

[MLS Press Releases and Archive - HAR members - HAR.com \(1/2023\)](#)

CATEGORIES	FULL-YEAR 2021	FULL-YEAR 2022	CHANGE
SINGLE-FAMILY HOME SALES	106,756	95,113	-10.9%
TOTAL PROPERTY SALES	131,678	117,572	-10.7%
TOTAL DOLLAR VOLUME	\$46,544,097,535	\$45,631,779,205	-2.0%
SINGLE-FAMILY AVERAGE SALES PRICE	\$376,075	\$413,657	10.0%
SINGLE-FAMILY MEDIAN SALES PRICE	\$300,000	\$338,295	12.8%

\* 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

[Fort Bend County is becoming an economic powerhouse. Does it even need Houston? - Houston Chronicle \(12/2022\)](#)

“Employment in Sugar Land jumped 14 percent from 2015 to 2020 -- twice the national rate -- even as its population grew by less than 2 percent...

Fort Bend is one of the fastest-growing counties in America, and arguably its most diverse. It ranks among the state’s leaders in median household income and educational attainment.”

# LOCAL NEWS

## [Houston real estate market struggles to maintain momentum - Houston Agent Magazine \(8/2022\)](#)

“The frenetic pace of home sales that dominated the Houston housing market throughout most of the pandemic continues to “slow its roll,”

Some consumers, facing record pricing, rising interest rates and limited inventory, have moved to the sidelines or opted to rent. As a result, home sales experienced their fourth consecutive monthly decline in July, while new listings buoyed inventory to the highest level in two years.

The scorching pace of Houston housing throughout most of the pandemic was completely unsustainable, so the cooling that we have experienced over the past four months was expected and is all part of a market normalization”

# LOCAL NEWS

[Almost 60% of Houston households can't afford to buy a home here, report finds - Houston Chronicle \(11/2022\)](#)

“Only about 41 percent of households in the Houston area earned sufficient income to purchase a median-priced home in the third quarter

...it is considerably worse than a year ago, when 53 percent of households could afford to purchase a median-priced home in the area.

Stafford... [was] the most affordable [area] in ... Fort Bend...”



2022 Notice Value:  
**\$100,110,819,216**



2023 Total Notice Value:  
**\$115,636,968,174**



There is a +15.5% difference  
in last year to this year's value.



Homestead properties up an  
average 14.76%

# RESIDENTIAL PROPERTY OVERVIEW

# RESIDENTIAL PROPERTY OVERVIEW

## 2022 Notice Value and 2023 Notice Value by School District

**2022 Noticed Value: \$100,110,819,216**

School District	Lamar	Brazos	Needville	Ft. Bend	Stafford	Katy
Improvement Value	\$20,773,260,869	\$140,711,130	\$1,220,149,901	\$43,935,407,939	\$840,620,655	\$17,701,807,784
Land Value	\$4,178,342,426	\$39,381,290	\$329,814,480	\$7,921,138,099	\$123,091,701	\$2,907,092,942
Total Mkt Value	<b>\$24,951,603,295</b>	<b>\$180,092,420</b>	<b>\$1,549,964,381</b>	<b>\$51,856,546,038</b>	<b>\$963,712,356</b>	<b>\$20,608,900,726</b>

**2023 Total Proposed Notice Value: \$115,636,968,174**

School District	Lamar	Brazos	Needville	Ft. Bend	Stafford	Katy
Improvement Value	\$25,259,780,507	\$170,550,289	\$1,293,976,244	\$50,867,643,179	\$950,964,228	\$20,493,455,896
Land Value	\$4,649,194,238	\$66,169,802	\$489,516,605	\$8,334,372,544	\$129,478,785	\$2,931,865,857
Total Mkt Value	<b>\$29,908,974,745</b>	<b>\$236,720,091</b>	<b>\$1,783,492,849</b>	<b>\$59,202,015,723</b>	<b>\$1,080,443,013</b>	<b>\$23,425,321,753</b>

# RESIDENTIAL NEW CONSTRUCTION

ISD	2022	2023	% Dif.
<b>Lamar</b>	5,624	4,331	-22.99%
<b>Brazos</b>	19	7	-63.16%
<b>Needville</b>	207	130	-37.20%
<b>Fort Bend</b>	3,908	2,874	-26.46%
<b>Stafford</b>	15	14	-6.67%
<b>Katy</b>	309	66	-78.64%
<b>Total</b>	<b>10,082</b>	<b>7,422</b>	<b>-26.38%</b>

- The 2022 tax year saw a 26% **decrease** in new construction.
- On the year, Fort Bend County added 7,422 new construction properties, a sharp decline from the past few years.
- Builder costs continue to rise
- Although still low, inventory levels are increasing with homes staying on the market for longer periods of time
- Sales volume is down, but values are stable and increasing across Fort Bend County.



# KEY MARKET DRIVERS - COMMERCIAL

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Increased construction costs  
(materials and labor);  
inflation

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

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Continued development due  
to interest and recent trends  
in Fort Bend

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Post-pandemic – shifting  
priorities

# RETAIL

Retail models overhauled for 2023

Cap rates reflect uncertainty

Overall average increase is 7%



# WAREHOUSES

Warehouse performance mixed

Distribution warehouses up an average 12%

Industrial flex down an average 10%

Self storage up an average 7%



# INDUSTRIAL MARKET DATA

Industrial market “surges” into 2023

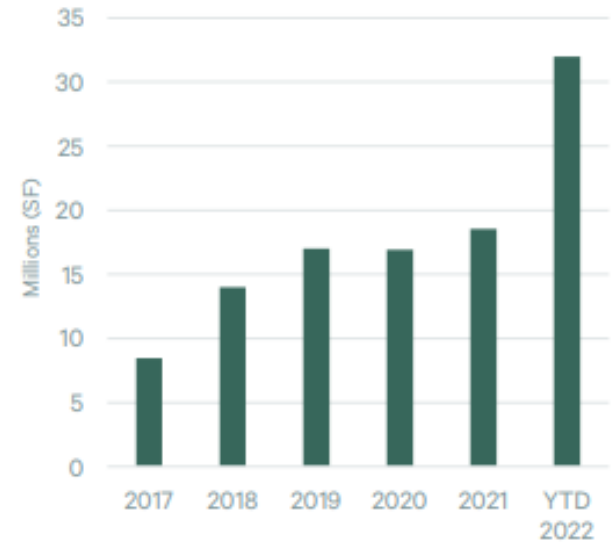
Largely driven by distribution centers

FIGURE 2: Class A Warehouse/Distribution Asking Rates



Source: CBRE Research, Q3 2022.

FIGURE 3: Year-End Under Construction



Source: CBRE Research, Q3 2022.



# OFFICES

Offices valued on income

Class A down on average 7%

Class B down on average 10%

Cap rates reflect office trend changes



01.26.20

# MULTI-FAMILY

Demand for Class B and C down while demand for Class A is up

9 new apartments for 2023

Overall increase of 12%





# HOTELS

Down 17% from 2022

Cap rates are up

3 hotels added in 2023





# COMMERCIAL PROPERTY OVERVIEW



2022 Notice Value:  
**\$20,657,921,150**



2023 Total Proposed Notice Value:  
**\$24,477,112,401**



There is a **+18.48%** difference in last year to this year's value.

# COMMERCIAL PROPERTY OVERVIEW

## 2022 Notice Value and 2023 Notice Value by School District

2022

School District	Lamar	Brazos	Needville	Fort 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	<b>\$3,918,172,058</b>	<b>\$64,929,763</b>	<b>\$95,370,846</b>	<b>\$11,011,561,391</b>	<b>\$2,446,050,111</b>	<b>\$3,958,211,034</b>

2023

School District	Lamar	Brazos	Needville	Fort Bend	Stafford	Katy
Improvement Value	\$3,763,948,574	\$64,626,817	\$81,394,496	\$10,629,618,546	\$2,424,471,229	\$3,448,721,223
Land Value	\$860,227,221	\$10,907,921	\$31,048,380	\$1,911,654,164	\$447,577,769	\$802,916,061
Total Mkt Value	<b>\$4,624,175,795</b>	<b>\$75,534,738</b>	<b>\$112,442,876</b>	<b>\$12,541,272,710</b>	<b>\$2,872,048,998</b>	<b>\$4,251,637,284</b>

# 2023 COMMERCIAL NEW CONSTRUCTION

- The commercial division added over 238 new construction properties for 2023. A slight decrease from 2022 (241)
- Most of the new construction is in Lamar CISD, Fort Bend ISD, and Katy ISD
- 9 new apartments
- 1 new traditional office
- Continued interest in FB County



# LAND

Average increase in land value is about **7%**

Strong commercial sales along 59

Low inventory, demand steady

	Average YOY Increase	Real Residential	Real Land/ Developer	Real Commercial/ Industrial	Real Exempt
Lamar CISD	<b>3.14%</b>	5.05%	3.20%	2.74%	1.56%
Fort Bend ISD	<b>3.34%</b>	11.90%	-0.88%	2.38%	-0.03%
Stafford MSD	<b>2.70%</b>	3.03%	3.68%	4.09%	0%
Needville ISD	<b>4.58%</b>	6.01%	2.89%	3.78%	5.65%
Brazos ISD	<b>11.38%</b>	8.18%	18.69%	5.88%	12.77%
Katy ISD	<b>0.82%</b>	1.46%	-0.42%	0.90%	1.33%



# BUSINESS PERSONAL PROPERTY

Rendition deadline still a few weeks out

Too early to report results



# SUMMARY

2022 saw the highest residential values ever recorded in Fort Bend history before a mid-year reversal calmed the market.

Sales volume is down across the board, but prices remained steady or slightly increased for higher end homes. Lower end homes had plenty of demand and larger increases in value.

Commercial market performance was segment specific. Hotels and high-end offices are down while multi-family, retail, and medical office are up. Warehouse performance was mixed depending on type.

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



# FBCAD ACTIVITIES

All school districts passed 2022 Property Value Study in a tough PVS year (overall 98%)

Awarded IAAO Certificate in Excellence for Assessment Administration 2022

2021 Methods and Assistance Review 99%

Named Top Houston Workplace 2022







QUESTIONS?