

Examining how Harris County property tax values have evolved since 2013

O'Connor is revisiting what has been the change in Harris County property tax values since 2013.

HOUSTON, TEXAS, UNITED STATES,
December 19, 2023 /

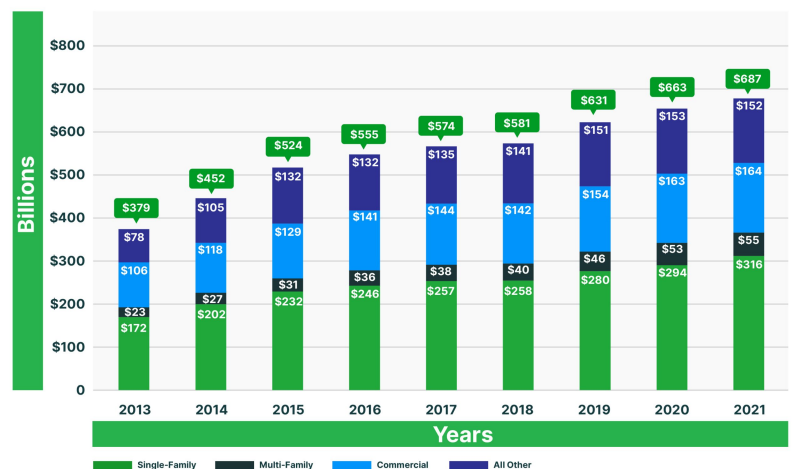
EINPresswire.com/ -- Harris County property valued by Harris Central Appraisal District increased in value by 81% from 2013 to 2021 (most recent data available). The total value of Harris County property rose from \$379 billion in 2013 to \$687 billion in 2021. This is similar to statewide growth rate of 92%. The total value of property valued by Texas appraisal districts rose from \$2.253 trillion in 2013 to \$4.335 trillion in 2021.

Harris Central Appraisal District
Harris Central Appraisal District is a government organization charged with valuing all the property in Harris County at least every 3 years. Governance is based on a board of directors who hires the chief appraiser.

Harris County Property Value per Acre
Harris County property is valued at more than 20 times the statewide average. Harris County has 1,778 square miles and 1,137,920 acres (acres per square mile). Harris County is far larger than the average size county in Texas, which

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Harris County Property Tax Valuations



Harris County Property Tax Valuations

Increase in Assessments vs Population

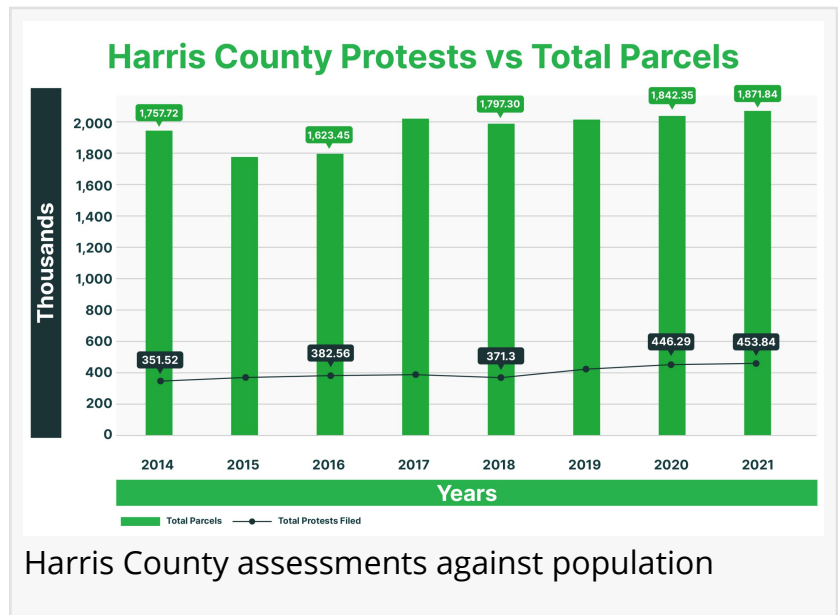


The value estimates for various types of properties.

has only 1,058 square miles. The total value estimated by Harris Central Appraisal District for 2021 is \$687 billion. The value per acre is \$603,733. The statewide value is \$25,218 per acre.

Harris County Houses ~46% of Total Value

Houses account for a bit less than half of total Harris County market value as calculated by Harris Central Appraisal District. The ratio of value for houses is slightly higher than the Texas average of ~44% of total market value for most recent years. The statewide average has increased from 41% to 44%. The Harris County average has been stable at 44 to 45%.



Apartments, Commercial, Business Personal Property and Industrial / Other ~55%

Harris County Property values as estimated by Harris Central Appraisal District for 2021 are allocated as follows:

- Single-family – 46%
- Apartments – 8%
- Commercial – 24%
- Industrial / Other – 22%

Harris County Property Value \$145 BB per 1 Million Population

The value of property per 1 million population \$145 billion, up from \$87 population in 2013. This is a 67% increase in 8 years, which is much faster than growth of population and cpi. The market value per 1 million population is also \$145 billion for the state.

Harris County Population Growth and Density

Harris County population growth has totaled 11% during 2012 to 2021. Texas population growth is a bit faster at 13%, during the same period. The Harris County population density is 4.2 people per acre versus Texas-wide average of 0.17 people per acre. Stated differently, there are 5.88 acres of land for each resident of Texas, men, women and children. Harris County population density is 25 times the statewide average.

Property Values Grow Faster than Population

The gap between the Harris Central Appraisal District growth in increasing the value of taxable property (81%) versus the population growth rate of 9% is remarkable. Real estate values across the United States have soared during 2013 to 2022. However, the real estate market has been in

the reset mode since early 2022. Higher interest rates have reduced the affordability of houses and reduced the value of commercial properties.

Transition Period to Slower Property Value Growth

It appears that home prices are stagnant in Houston and in Texas as of October 2023. Year-end home values will likely be similar to year-end 2022 values, with variations by metro and micro market. The volume of home sales is down in 2023. However, the average sales price is about the same as last year. The pool of sellers is diminished by their existing mortgages at 3.5% and lower. A new mortgage interest rate would be about 7%, much higher than current mortgage rate for most homeowners.

Erratic Reassessment in 2024

It is possible that Texas appraisal districts could again raise values for houses substantially. However, home sale data for both the sales volume and sales prices offer little succor. In practice, if sales prices are generally flat across a metro area, they are mixed. Some areas have higher prices, some areas have lower prices and some areas are flat. It seems likely the 2024 reassessments will be a mixed bag. Some assessments will be increased and likely some will fall.

Houston Home Sales Volume

The volume of Houston metro homes sales reported by the Houston MLS surged from 82,229 in 2018 to a peak of 106,229 in 2021. It fell 10.5% in 2022 to 95,113 houses sold and appears to be off 10% in 2023. The 2023 home sales are estimated to be 85,000 or just above the 2018 Houston metro area home sales (82,229).

Harris County Home Price Sale Trends

Home prices are essentially flat over last year. September average home sale prices for the Houston area are up 0.8% while the median home price in September is up 2.2% to \$333,000.

Commercial Property Values Down Due to Higher Interest Rates

Commercial property values are tied to interest rates, specifically the 10-Year-Treasury. Higher interest rates create higher capitalization rates and a lower market value. The 10-Year-Treasury index rate rose from 0.96% in January 2021 to 1.66% in January 2022 to 3.79% in January 2023 to 4.81% in October 2023. From mid-2019 to early 2022, 10-Year-Treasury rates were 2% or lower. While the increase in interest rates may not seem material, it has caused commercial property capital markets to freeze as buyers and sellers face a canyon separating the sales price acceptable. Buyers need a materially higher cap rate to deliver attractive investment returns. The higher cap rate lowers sales prices and owners are reluctant to accept lower prices. Unless forced to sell, most owners are waiting for interest rates and capital markets to settle.

Harris County Property Value in Comparison

Harris County property as valued by Harris Central Appraisal District had a value of \$687 billion in 2021. The value of Harris County property far exceeds the next highest counties: 2) Dallas –

\$392 BB, 3) Travis -\$315 BB, 4) Tarrant – \$283 BB and 5) Bexar \$223 BB.

Are Harris Central Appraisal District (HCAD) Property Values Reliable?

HCAD has a huge challenge, as does each appraisal district in Texas. HCAD had 305 appraisers in 2021 to value 1,817,800 property tax parcels. Most years, HCAD revalues all properties. Of the 305 appraisers, most work in the field to record data for newly built properties. Perhaps there are 50 appraisal modelers at HCAD. That would work out to 36,356 tax parcels for each of the 50 modelers focused on valuing property.

It is clearly a difficult challenge for 305 appraisers to keep track of the land values, buildings data, condition and impairments. Harris County property owners disagree with the initial value set by Harris Central Appraisal District over 400,000 times annually in recent years.

Harris County Owners Actively Protest Property Taxes

Harris County property owners are more likely to protest than Texas-wide property owners. Harris County property tax protests reduced property taxes by \$662 million in 2021. Harris County tax protests reduced the value of property in Harris County by \$36 billion (include both informal, ARB and judicial appeals). Texas accounts for an outsized portion of property tax savings from property tax protests / judicial appeals. The total value reduction statewide was \$162 billion in 2021 and Harris County accounted for 22% of statewide reductions.

Homeowner Tips

Homeowners are advised to confirm they have a homestead exemption for their primary residence. Homeowners who protest in Harris County are likely to succeed in reducing property taxes at the informal appeal. The second installment of this blog on Harris County property taxes will address protests – number, results, comparison to Texas etc. Call us for complementary assistance on homestead exemptions 713 290 9700. No fees for homestead assistance.

Free Enrollment in Property Tax Protection Program™

Enroll in the Property Tax Protection Program™ with no flat fees or upfront costs.

Enroll online in 3 minutes with no fees, or call 713 290 9700 or visit one of our 9 offices if you prefer.

O'Connor will aggressively protest your property taxes annually and you pay only if your property taxes are reduced that specific year.

Source: Appraisal district assessment and protest data from Texas Comptroller. Tax savings are estimated based on 2.7% tax rate and no exemptions or homestead caps.

About O'Connor:

O'Connor is among the largest property tax consulting firms in the United States, providing

residential property tax reduction services in Texas, Illinois, and Georgia, as well as commercial property tax reduction services across the United States. O'Connor's team of professionals possess the resources and market expertise in the areas of property tax, cost segregation, and commercial and residential real estate appraisals. The firm was founded in 1974 and employs more than 600 professionals worldwide. O'Connor's core focus is enriching the lives of property owners through cost-effective tax reduction.

Property owners interested in assistance appealing their assessment can enroll in O'Connor's Property Tax Protection Program™. There is no upfront fee, or any fee unless we reduce your property taxes, and easy online enrollment only takes 2 to 3 minutes.

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