

Nearly Half of all Montgomery County Homes Could be Overvalued

O'Connor discusses how nearly half of all Montgomery County homes could be overvalued.

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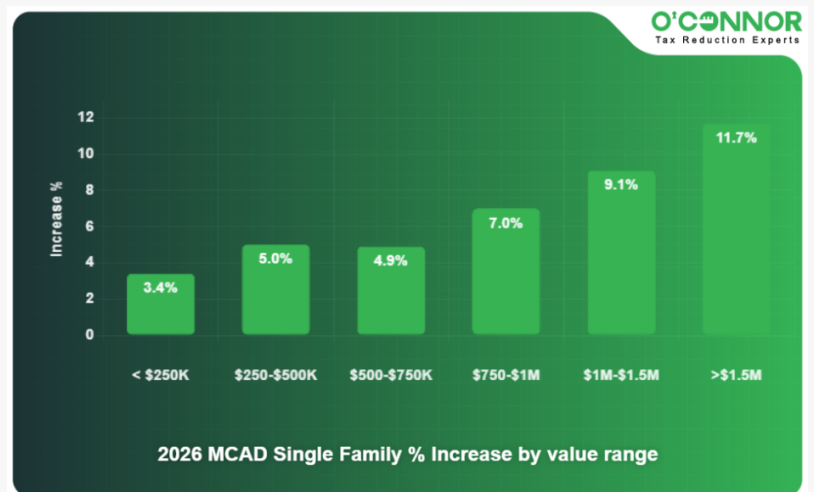
Home to The Woodlands, Conroe, and more, Montgomery County is the hottest suburb of Houston. While it does not have the infamously high costs or property taxes of Fort Bend County, Montgomery is still experiencing rising values across the board. Noted for some of the best schools in the Houston area, residents can expect taxes to continue rising annually to meet the demand. This situation has prompted more residents than ever before to explore property tax appeals, which can result in significant savings by challenging the values established by the Montgomery Central Appraisal District (MCAD).

Montgomery Homes Add \$5.5 Billion in Value

The growth in value for homes has slowed over the past two years. In 2024, homes added 10%, while they added 9% in 2025. 2026 saw an increase of 5.9%. A clear pattern emerged, with more expensive homes rising in value faster. Homes worth between \$250,000 and \$500,000 accounted for \$39.08 billion of the \$99.08 billion total, increasing by 5%. Homes worth between \$500,000 and \$750,000 were responsible for \$20.92 billion, following an increase of 4.9%. Those worth between \$750,000 and \$1 million were valued at \$10.61 billion, while those worth \$1 million to \$1.5 million were worth \$9.41 billion. Soaring 11.7%, homes worth over \$1.5 million accounted for \$8.62 billion.



O'CONNOR Tax Reduction Experts



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While the Woodlands has a reputation for mansions and large houses, this did not bear out when real estate was broken down by size. The largest source of value was homes measured between 2,000 and 3,999 square feet, totaling \$56.55 billion. This was followed by homes under 2,000 square feet, which climbed 4.1% to \$22.05 billion. The largest percentage increase was 14.6% for homes measured between 4,000 and 5,999 square feet, which only totaled \$1.66 billion. Surging 8.2%, homes between 6,000 and 7,999 square feet had a final sum of \$15.65 billion. True mansions jumped 10% to \$3.18 billion.

When it comes to homes, there was a strong recency bias in the age of construction. Like most of Texas, the boom of 2001 to 2020 contributed the most value, with the timeframe totaling \$50.29 billion following a 2% increase. Those from 1981 to 2000 added 2.4% to total \$21.96 billion. Soaring 25.8%, new construction was responsible for \$19.51 billion. The remaining timeframes combined for 8% of the total.

46% of Homes are Overvalued

In 2025, it was estimated that 30% of homes in Montgomery County were overvalued by MCAD. In 2026, this shot up to 54%. Because appraisal districts base their values on older market trends, their values often lag behind economic reality. This is why property tax protests are so important, as they can zero in on the real value of a home and ensure that the owner is being taxed correctly.

Houston Metro Homes Increased 3.7% in Value

The Houston metropolitan area includes Harris, Montgomery, Fort Bend, and Brazoria counties, to name just a few. A study by local realtors estimated that the market value at the start 2026 for the entire area had increased by 3.7%. Meanwhile, MCAD appraised homes in Montgomery as having jumped 5.9%. Some of this is due to Montgomery being in higher demand than much of the area, but it could also indicate overassessment or unequal appraisal on the part of MCAD.

Montgomery County Business Real Estate Adds 6.7% to Its Value

Commercial property across Montgomery County grew like gangbusters in 2025, adding 13.4% to its total. While 2026 saw a more moderate increase of 6.7%, this still represented a significant jump. In total, all commercial property in the county was worth an estimated \$23.83 billion. Like much of the rest of Texas, the largest collection of value was centered on businesses worth over \$5 million. These climbed 8.3% to \$15.21 billion. Those worth between \$1 million and \$5 million added 5.3% to reach \$4.94 billion. Commercial real estate worth between \$500,000 and \$1 million reached \$1.66 billion, while the smallest businesses tallied \$1.99 billion. These grew 3.8% and 1.1%, respectively.

With its reputation as a residential county, it should be no surprise that the most valuable type of commercial real estate in Montgomery is apartments. Multifamily homes added 13.5% in 2026,

reaching a final sum of \$7.34 billion. Raw land was in second place with \$5.37 billion. While adding only 3%, offices still reached \$4.27 billion. Retail saw the sharpest increase with 10.4%, which meant an overall total of \$2.76 billion. Warehouses reached \$3.21 billion following an increase of 7.3%.

Being a county on the rise, Montgomery has added the majority of its commercial value in the past 25 years. Jumping 5.4%, those built from 2001 to 2020 accounted for 44% of all value, roughly \$10.59 billion. New construction soared 26.4% to \$3.03 billion. The only older construction of note was those built from 1981 to 2000, which totaled \$3.77 billion after an increase of 6%. The remaining properties only accounted for 4% of the total.

Federal Analysis Shows Nationwide Commercial Property Down 7%

Commercial property across the nation has struggled since the pandemic, especially offices. A recent study by the Federal Reserve of St. Louis (FRED) indicated that the nationwide value for commercial real estate has fallen 7% over the past few years. Meanwhile, MCAD has assessed the value of Montgomery County businesses as having grown 6.7%. While the economic reality in Texas is better than much of the nation, especially around Houston, this study does raise concerns about MCAD's numbers. Business owners should use protests annually to protect their bottom line, and this study should encourage that.

Apartments Add Nearly \$1 Billion in Value

As the No. 1 commercial property in the county, a 13.5% increase for apartments had a big impact on the overall value. These multifamily homes have an even greater recency bias than the rest of the property types. \$4.13 billion, roughly 56% of the total, came from those built from 2001 to 2020, following an increase of 8.3%. New construction soared 30.7% to take second place with \$1.68 billion. Those from 1981 to 2000 jumped 11.8%, reaching a new total of \$1.17 billion. All remaining property accounted for just 5% of the whole.

MCAD divided apartments into three categories. Garden apartments were the No. 1 type, with over \$5.46 billion in value following a large jump of 14%. Generic apartments were second with \$1.78 billion after adding 12.3%. Though they added a significant amount with 8.7%, subsidized apartments managed only to total \$96.45 million.

Offices Total \$4.2 Billion

Offices did not quite follow the pattern for the age of construction. Those built from 2001 to 2020 had an even greater impact, totaling \$2.61 billion, or 61% of all value. Those from 1981 to 2000 were responsible for 26% of the total, following an uptick of 2.3%. New construction did jump 27.4%, but only totaled \$302.56 million. All other timeframes saw small gains.

Office buildings edged up 3.5% to total \$3.05 billion. Medical offices grew by 1.8%, to reach \$1.22

billion. With only two subtypes, MCAD did not provide much insight.

Retail Surges 10.4%

Montgomery has historically been known for its shopping, so it should be no surprise that retail saw a strong increase in 2026. Jumping 10.4%, retail spaces totaled \$2.76 billion. Like offices, there was not quite the recency bias seen in most other properties. Those from 2001 to 2020 were responsible for \$1.58 billion, following a sharp increase of 8.2%. Those from 1981 to 2000 jumped 8.1% to \$660.45 million. New construction added 25.4% to go to \$347.19 million. The remaining 6% of the total came from raw land and older construction.

Big box stores were the largest retail spaces as far as value went, reaching \$1.75 billion after jumping 10.7%. Neighborhood shopping centers added 12.8%, totaling \$569.32 million. Malls accounted for \$221.77 million, while strip centers totaled \$148.15 million. These increased by 4.6% and 7.6%, respectively. Community shopping centers climbed 10% to \$70.21 million.

Warehouses Total \$3.21 Billion in Value

Warehouses have been surging in value across Texas in 2026, and Montgomery County was no different, as it added 7.3% to its total. \$1.71 billion of the total, roughly 53%, came from those built from 2001 to 2020. New construction was responsible for 20% of the total, around \$630.23 million, following a massive bump of 19.3%. Those built from 1981 to 2000 grew 6.9% to \$635.28 million. The value of land set aside for warehouse construction jumped 24.7%. Older construction was basically a non-factor.

MCAD broke all warehouses down into three subtypes. Generic warehouses totaled \$2.05 billion after growing 5.1%. Mini warehouses spiked 11.9% to total \$996.79 million. Office warehouses increased 7.4% to total \$165.03 million.

About O'Connor:

O'Connor is one of the largest property tax consulting firms, representing 185,000 clients in 49 states and Canada, handling about 295,000 protests in 2024, with residential property tax reduction services in Texas, Illinois, Georgia, and New York. O'Connor's possesses the resources and market expertise in the areas of property tax, cost segregation, commercial and residential real estate appraisals. The firm was founded in 1974 and employs a team of 1,000 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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