

Contact:  
Erin Montoya  
Research & Design Director  
713.662.3500

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**Mass Appraisal Methodology Creates Disparity in Texas Property Tax Appraisals**

HOUSTON, TEXAS, Thursday, May 7, 2015 — The Harris County Appraisal District, and other agencies that appraise private properties for tax purposes, have increased property appraisals sharply using mass appraisal methodology that often fails to reflect actual market value for commercial properties, according to Deal Sikes & Associates, a leading Texas-based valuation firm.

“HCAD’s mass appraisals tend to be inconsistent and we often see a disparity between the agency’s appraisals and market value,” said Matthew Deal, principal of Deal Sikes & Associates. “Recently, we have seen numerous commercial property values overstated by more than \$10 million.”

Across Harris County, the 2015 initial appraised values for multifamily properties were increased by HCAD by 22 percent over 2014 levels. HCAD increased office building values by 12 percent; retail property values by 21 percent and commercial land by 23 percent.

“These increases were the result of the appraisal district’s application of mass appraisal techniques. Such broad, sweeping statistical analysis, however, rarely match the values derived by a proper valuation of individual properties,” Deal said.

“The mass appraisal method often does not reflect market value,” said Mark Sikes, principal of Deal Sikes & Associates. “Properties should be evaluated on an individual basis in order to determine the market value. This is particularly true with commercial properties that are impacted by many variables and changing market conditions.”

“The Texas Legislature is considering creating new laws regarding property taxes. An examination of appraisal methodology could lead to adjustments resulting in a more equitable property tax system in Texas,” Sikes said.

A leading commercial real estate valuation firm in Texas, Deal Sikes & Associates provides valuation and counseling services for real estate companies, governmental agencies, law firms, real estate investors and corporate clients across the nation. The Houston-based firm provides counseling on a variety of matters including right-of-way acquisition management, economic impact studies, portfolio analysis, environmental contamination analysis and valuation services for financial transactions, estate tax planning and other real estate issues.

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