

BUSINESS

Tax Bills Racing, And Possibly Overtaking, Commercial Property Values in Harris County

Houston-based Deal Sikes & Associates says the county's "mass appraisal" methodology regularly overstates property values.

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by: Andrew Schneider

Commercial real estate values across Greater Houston have soared in recent years, leaving Harris County tax officials scrambling to keep up.

The Harris County Appraisal District (HCAD) uses a method called "mass appraisal." Basically, it looks at similar types of property in a given neighborhood – say, Downtown or the Galleria -- then sets the tax bill for all properties based on the overall change in real estate values.

Mark Sikes is co-owner of Deal Sikes & Associates, a Houston-based property valuation firm. He says property owners, and their tenants, are finding themselves on the hook for taxes far out of proportion to what their properties are worth.

"Office buildings have, values have gone up over 12 percent on assessed values," Sikes says. "Retail properties increased over 21 percent over assessed values, and commercial land has increased over 23 percent on average."

Jack Barnett, a spokesman for HCAD, says the mass appraisal technique is the only feasible option, given the scope of the agency's work.

"We appraise 1.7 million parcels [of land] each year in Harris County," Barnett says. "If a property owner feels that their property is not valued correctly, then the state gives them the opportunity to appeal that value, and they can file a protest."

Sikes says the number of his firm's clients planning to file such protests has gone up roughly 50 percent this year.

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