



Prepared by O'Connor & Associates
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O'Connor & Associates

Appraisal Report



Owner: Magnolia Economic Development Corporation

**41.65 acres of Effectively Vacant Land
located at 39103 FM 149
Magnolia, Montgomery County, Texas**

Appraisal 20220510402

**Prepared for
Ms. Rachel Steele
MEDC**

**Effective Date of Appraisal
May 16, 2022**



May 16, 2022

Ms. Rachel Steele
Magnolia Economic Development Corporation
18111 Buddy Riley Boulevard
Magnolia, Texas 77354

Reference: **Effectively Vacant Land:** A tract of land containing 41.650 acres (1,814,274 square feet) located on the west line of FM 149, north of Wildwood Trace, in Magnolia, Montgomery County, Texas. The property has a physical address of 39103 FM 149, Magnolia, Montgomery County, Texas.

Dear Ms. Steele:

At your request, we have completed an appraisal for the purpose of determining the "As Is" Market Value of the Fee Simple Estate of the above-referenced property. The effective date for the "As Is" Market Value is May 16, 2022. The appraiser visited the subject site on December 26, 2020 in a prior assignment for the client.

This report presents summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion retained in this report is specific to the needs of the client and for the intended use stated below. The appraiser is not responsible for unauthorized use of this report.

The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with FIRREA guidelines and the requirements of the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.

We are not qualified to detect or identify hazardous substances which may, or may not be present on, in, or near this property. The presence of hazardous materials may negatively affect value. We have valued the subject property as though free of hazardous materials. We urge the user of this report to obtain the services of a specialist for the purpose of conducting an environmental audit to ensure that the subject property is free of hazardous materials.



Magnolia Economic Development Corporation
May 16, 2022

The value conclusion herein is specifically contingent upon the basic assumptions and limiting conditions listed within the body of this report. Therefore, the "As Is" Market Value of the Fee Simple Estate for the subject, as of the effective date of May 16, 2022, is:

MARKET VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value "As Is"	Fee Simple Estate	May 16, 2022	\$1,670,000

NOTE: The World Health Organization declared the Coronavirus (COVID-19) a global pandemic on March 11, 2020, causing significant uncertainty in national and local markets. As of the effective date of this report, there is insufficient data to determine the magnitude or duration of the economic impact. The value conclusion herein is based on the information available to us as of the date of valuation. Land values are less sensitive to short-term spikes/declines in economic conditions due to the long-term nature of land ownership. The client is urged to monitor any associated loan closely and frequently as revenues, capitalization rates and values may change more rapidly than under normal market conditions.

Respectfully submitted,
PATRICK O'CONNOR & ASSOCIATES, LP
dba O'CONNOR & ASSOCIATES



John R. Fisher, LEED AP
TX-1323960-G
State Certified General Real Estate Appraiser



Ross P. Welshimer, MAI
TX-1324328-G
State Certified General Real Estate Appraiser

CERTIFICATION OF APPRAISAL

We certify that, to the best of our knowledge and belief...

- (1) The statements of fact contained in this report are true and correct.
- (2) The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial and unbiased professional analyses, opinions and conclusions.
- (3) We have no present or prospective interest in the property that is the subject of this analysis, and we have no personal interest with respect to the parties involved.
- (4) We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- (5) Our compensation for completing this assignment is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or use of, this report, or upon developing or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal. Our engagement in this assignment is not contingent upon developing or reporting predetermined results.
- (6) The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- (7) John R. Fisher viewed the subject property on December 26, 2020 for a prior assignment. Ross P. Welshimer has not viewed the subject site.
- (8) No one provided significant real property appraisal assistance to the persons signing this report.
- (9) This assignment was not based on a requested minimum value, a specific valuation, or the approval of a loan.
- (10) Ross P. Welshimer is a designated Member of the Appraisal Institute and has completed the continuing education program of the Appraisal Institute. The use of this report is subject to the requirements of the Appraisal Institute relating to review by their duly authorized representatives. The bylaws and regulations of the Institute require each member to control the use and distribution of each report signed by such member.
- (11) The signatories have previously performed services as appraisers regarding the property that is the subject of this report within the three-year period immediately preceding the acceptance of this assignment. The appraisers appraised the property for the same client in December 2020.



John R. Fisher, LEED AP
TX-1323960-G
State Certified General Real Estate Appraiser



Ross P. Welshimer, MAI
TX-1324328-G
State Certified General Real Estate Appraiser

EXECUTIVE SUMMARY

Property Type	Effectively Vacant Land	
Location	The subject is located on the west line of FM 149, north of Wildwood Trace	
Address	39103 FM 149	
City, County, State, Zip Code	Magnolia, Montgomery County, Texas	
Tax Parcel Number(s)	R51113, R51116, R51127	
Highest & Best Use	Recreational/Residential	
Interest Appraised	Fee Simple Estate	
Date of Valuation	May 16, 2022	"As Is"
Report Date	May 16, 2022	
Land Area (acres / SF)	41.650	1,814,274
Flood Plain	Zone X (outside 100-yr FP)	
Utilities	All available	
Zoning	RU- Rural Residential	
2022 Tax Assessment	\$1,593,444	
2021 Tax Assessment	\$882,363	
Cost Approach Conclusion	N/A	
Sales Comparison Approach Conclusion	\$1,670,000	
Income Approach Conclusion	N/A	
Market Value "As Is"	\$1,670,000	
Estimated Marketing Time (months)	12	
Estimated Exposure Time (months)	12	

ECONOMIC SUMMARY

Cost Approach Conclusion	N/A
Sales Comparison Approach Conclusion	\$1,670,000
Income Approach	N/A
"As Is" Market Value Conclusion	\$1,670,000

Extent of the Process of Collecting, Confirming, and Reporting Data

Information used in this analysis was obtained from courthouse records, Montgomery Central Appraisal District records, O'Connor & Associates' internal database of comparable sales, MLS and multiple external real estate databases. Sales prices were obtained from sources deemed to be reliable.

Ownership History

Based on Montgomery Central Appraisal District records, the subject property is currently owned by the Magnolia 4A Economic Development Corporation, who has owned the subject property since 2014. The property is not currently listed for sale and no contracts are pending.

Legal Description

A metes and bounds legal description of the subject property was provided to the appraisers and is included in the addenda of this report.

Tax Data

A copy of the Montgomery Central Appraisal District tax data, provided by an on-line service, is included as an addenda item to this report.

Area Data

Please refer to the addenda of this report for an area analysis published by *The Greater Houston Partnership*, a leading, recognized data source for statistical and economic data in Montgomery County and surrounding area.

NEIGHBORHOOD

A neighborhood can be a portion of a larger community, or an entire community in which there is a homogeneous group of inhabitants, buildings, and business enterprises in which inhabitants have a more than casual community interest and a similarity of economic levels or cultural backgrounds. Neighborhood boundaries may consist of well-defined natural or man-made barriers or they may be more or less well defined such as by distinct change in land uses.

Neighborhoods may be devoted to such uses as residential, commercial, industrial, agricultural, cultural and civic activities, or a mixture of uses. Analysis of the neighborhood in which a particular property is located is important due to the fact that the various economic, social, political, and physical forces which affect that neighborhood also directly include the individual properties within it. An analysis of the various factors as they affect the value of the subject property is presented in the following discussion.

Subject's Neighborhood Defined

The subject is located in southwest Montgomery County, in the city of Magnolia. Properties within this area tend to exhibit similar characteristics, physical features, price desirability, and they are affected by similar physical, economic, governmental and social forces.

Development and Land Use Patterns

Land uses in the neighborhood encompass a variety of uses including light industrial, residential, multifamily, retail, office and service. Residential development tends to be concentrated off of the primary thoroughfares throughout the neighborhood. Commercial developments are found primarily along the major thoroughfares. A significant amount of vacant land remains available as well.

Utilities and Services

Police protection is provided by the City of Magnolia Police Department for those areas within the city limits. Fire protection is provided by the City of Magnolia Volunteer Fire Department.

Water and sewer services are provided by the City of Magnolia, various municipal utility districts, and private water well/septic tanks. Electricity is available via numerous local service providers, including Reliant Energy. Natural gas service is provided by CenterPoint Energy. Local telephone service is available via numerous local service providers, including AT&T. The subject neighborhood is served by the Magnolia Independent School District, with campuses located throughout the area. Adequate hospital/clinic services are located in the neighborhood.

Trends

The neighborhood is mature in nature and is experiencing stable property values similar to most other suburban areas in Greater Houston. The real estate market in the Greater Houston area, including the subject's neighborhood, enjoyed modest growth over the past several years. The stability and growth of the neighborhood has been primarily attributable to the healthy local economy, despite cyclical turbulence from changing oil prices and most recently, COVID-19. Given the characteristics of the subject's neighborhood (including its development composition, adequate recreational, educational, and cultural facilities, and access to major transportation routes), the long-term outlook for the area is positive.

Summary

In conclusion, the neighborhood is adequately located with adequate accessibility to major thoroughfares, surrounding communities, and area employment centers. Although growth will likely be tempered in the near future due to the global pandemic, long-term growth is expected to resume as the economy normalizes. Well-maintained and well-managed properties are expected to maintain healthy occupancy and rental rates. The subject's neighborhood has a stable, positive influence on the subject property being appraised.

SITE DESCRIPTION

Location

The subject site is irregular-shaped and contains 41.650 acres (1,814,274 SF) of land. The subject is located on the west line of FM 149, north of Wildwood Trace, with good access from FM 149 (a primary area roadway with moderate daily traffic volume). The site has a physical address of 39103 FM 149, Magnolia, Montgomery County, Texas. In the subject area, FM 149 is characterized by vacant land, residential and commercial/industrial development.

Topography

The topography of the site appears to be basically level and at street grade.

Zoning and Restrictions

The City of Magnolia has zoned the subject site RU-Rural Residential. This zoning allows for a variety of single-family, residentially-oriented uses, agricultural uses and conditional permitting for a few non-commercial type uses. Property usage may be governed by deed restrictions specific to a property. We were not provided with a copy of any applicable deed restrictions for the subject property. Our value

conclusions are subject to revision should any deed restrictions be present that are deemed detrimental to the subject property.

Utilities

Public utilities available to the subject site include water, electricity, gas, and telephone. Water and sewer are available from the City of Magnolia. Electricity is through various providers, including Reliant Energy, and local telephone service is provided by AT&T or other providers. Natural gas is available to the subject property via CenterPoint Energy.

Easements/Encroachments

Based on our site visit and review of available maps, no easements or encroachments were noted which would be *detrimental* to development of the subject site. A waterline easement and sewer easement extend through the middle of the site and a pipeline easement extends in a north/south direction near the front of the property. However, given the large size of the site, and the need for access to the interior, these easements do not materially diminish the utility or development potential of the site. Our value conclusions are subject to revision should a current title policy reveal that any *adverse* easements or encroachments are present.

Soil and Sub-soil Conditions

No soil engineer's report was available to us and no recent soil tests are known to have been performed. We have assumed a stable soil condition that would ensure the structural integrity of any improvement which may be constructed. Our value conclusions are subject to revision should these assumptions prove incorrect. We caution and advise the user of this report to obtain engineering studies which may be required to ascertain any structural integrity.

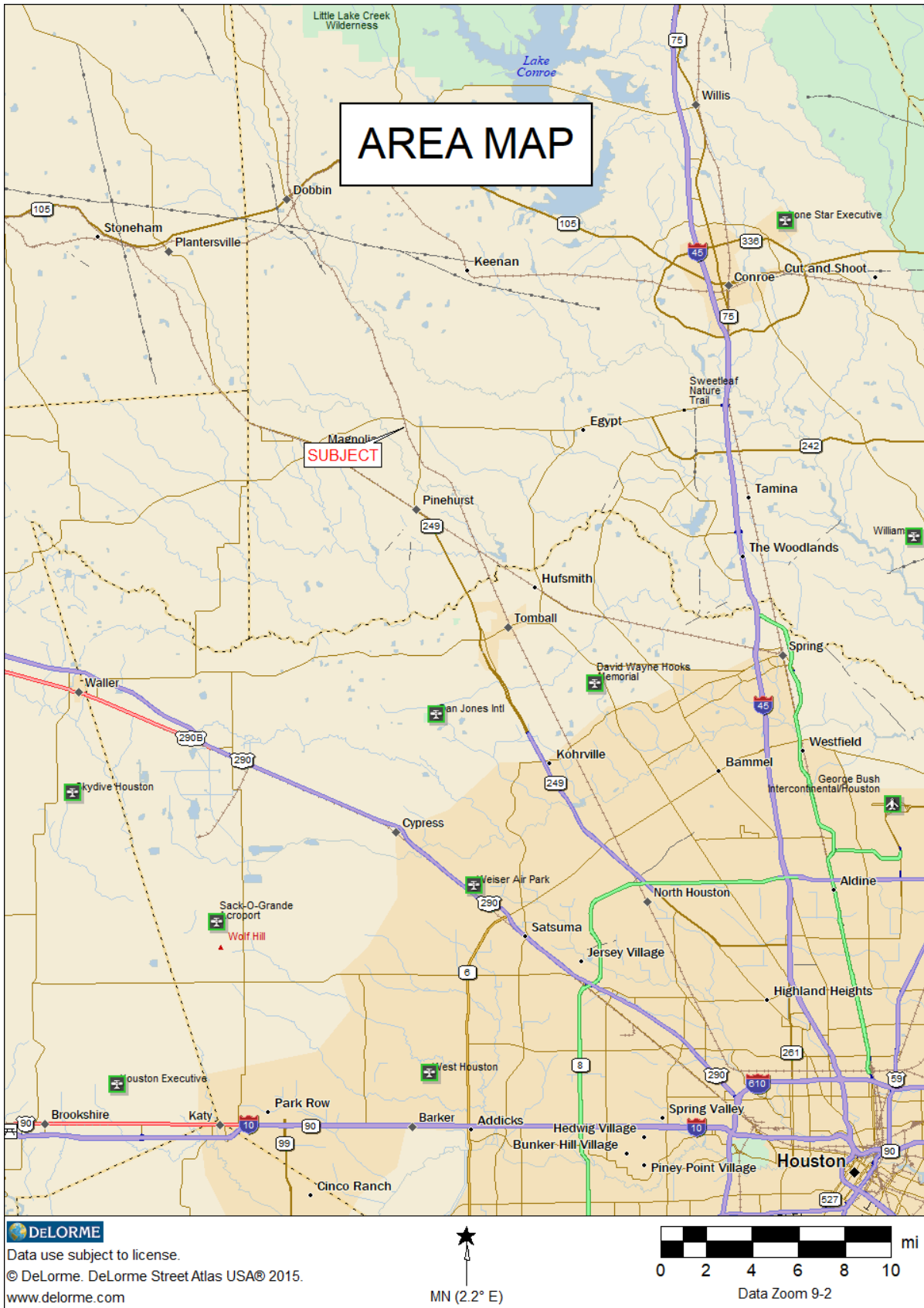
Environmental Conditions

No environmental report was available to us and no recent environmental tests are known to have been performed. Because we have no evidence to the contrary, we have assumed that the property is free of any material which would adversely affect the value, including, but not limited to, asbestos and toxic waste. Our value conclusions are subject to revision should these assumptions prove incorrect. We caution and advise the user of this report to obtain environmental studies which may be required to ascertain status of the property with regard to asbestos and other hazardous materials.

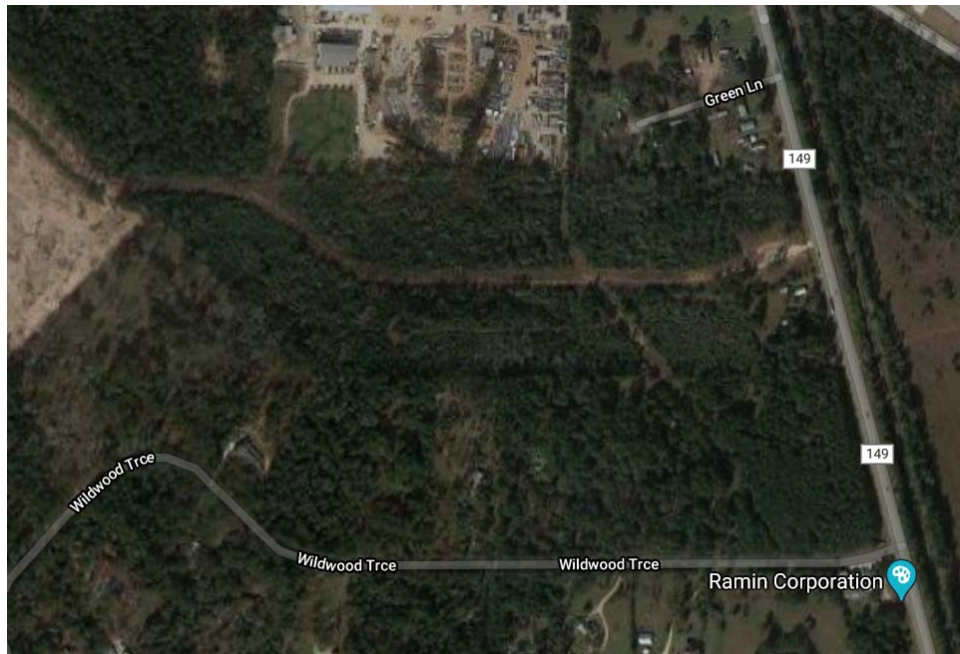
Flood Zone

Based on InterFlood map number 48339C-0480G, published for Montgomery County and dated August 18, 2014, the subject site appears to be located in unshaded Zone X, an area outside the 100-year flood plain. This determination was made by graphic plotting only and accuracy is not guaranteed. The client is advised to obtain the services of a surveyor to determine the exact flood plain status. A copy of a portion of the flood map is included later in this section of the report.

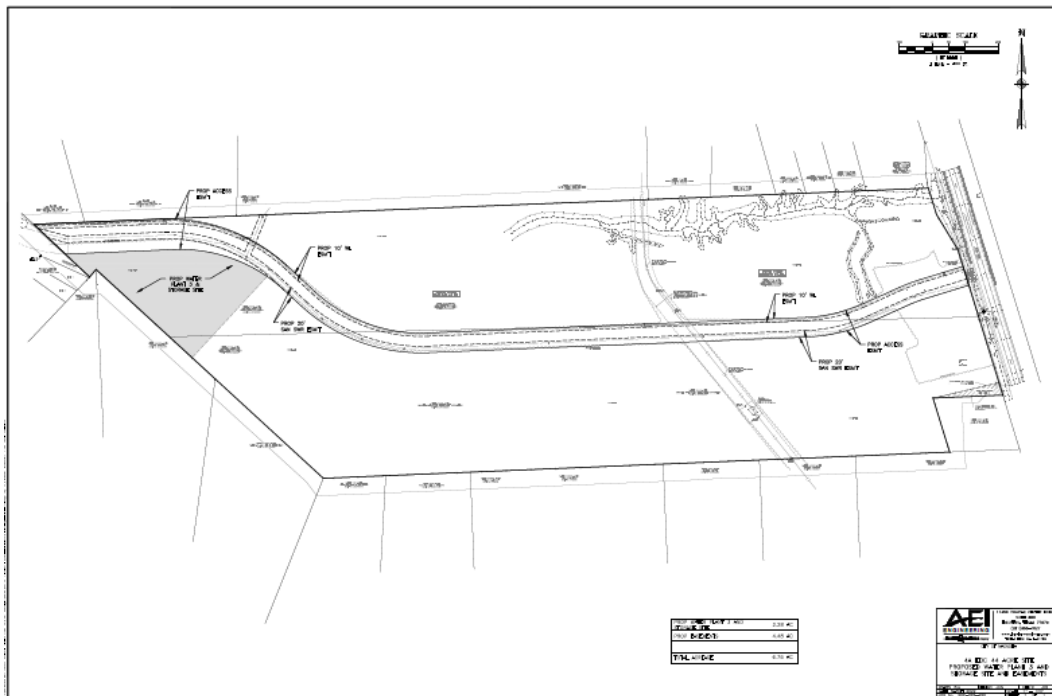
NOTE: The subject is improved with an 864 SF residence built in 1947 (per MCAD). The improvements are not considered to contribute to the property value. The tract is effectively vacant land.



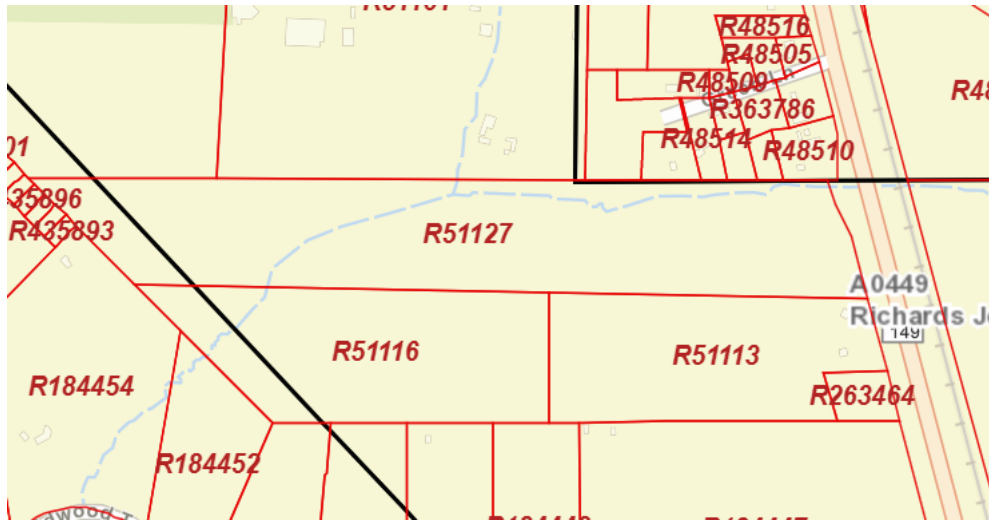
AERIAL VIEW



SURVEY



FACET MAP



Subject – R51113, R51116 & R51127

InterFlood

Instant flood maps and data

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Flood Data

USPS Address: 39103 FM 149 Rd
Magnolia TX 77354-1886

Community Name: MONTGOMERY COUNTY

Community #: 480483

County: Montgomery

Census Tract: 6903.00

Flood Zone: X

Map Date: 2014-08-18

Flood Map Type and Color Options

Type: Zone Color:



[APPLY MAP OPTIONS](#)

Flood Map

To Save your flood map, use your **right** mouse button and **click** directly on it. Then, depending on what you want to do, select:

- **Save Picture As...** to copy the flood map to your hard drive
- **Copy** to place the flood map in Windows memory so you can paste into another program
- **Print Picture ...** to print the flood map immediately

by a la mode

Prepared for: O'Connor & Associates
39103 FM 149 Rd
Magnolia, TX 77354-1886

MAP DATA

FEMA Special Flood Hazard Area: **No**

Map Number: **48339C0480G**

Zone: **X**

Map Date: **August 18, 2014**

FIPS: **48339**

MAP LEGEND

 Areas inundated by 500-year flooding	 Protected Areas
 Areas inundated by 100-year flooding	 Floodway
 Velocity Hazard	 Subject Area

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View of subject from FM 149 (Taken 12/26/20)



View of subject from FM 149 (Taken 12/26/20)



View of FM 149 looking north (subject on left) (Taken 12/26/20)



View of FM 149 looking south (Taken 12/26/20)

HIGHEST AND BEST USE

The highest and best use may be defined as the most profitable or likely profitable legal use for which a property may be utilized. The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and needed, or likely to be in demand in the reasonably near future. Alternatively, that use, from among reasonably probable and legal alternative uses, is:

- a. Physically Possible
- b. Legally Permissible
- c. Financially Feasible
- d. Maximally Productive

There are two distinct types of highest and best use, that being the highest and best use as if the site were vacant, and the highest and best use as improved. Both use determinations require consideration of the physical, legal, financial feasibility and maximal productivity for the site and improvements.

Highest and Best Use Analysis – “As Vacant”

Physically Possible

The subject is located on the west line of FM 149, north of Wildwood Trace, in Magnolia, Montgomery County, Texas and contains 41.650 acres of land. The site is irregular-shaped and has full public utilities. Considering the subject's physical characteristics including location, size, shape and availability of utilities, a wide variety of small-large scale uses are physically possible.

Legally Permissible

The subject site is zoned RU-Rural Residential by the City of Magnolia. This zoning allows for a variety of single-family, residentially-oriented uses, agricultural uses, and conditional permitting for a few non-commercial type uses. Property usage may be governed by deed restrictions specific to a property. We were not provided with a copy of any applicable deed restrictions for the subject property. The value conclusion is subject to revision should any deed restrictions be present that are deemed detrimental to the subject property. As such, Legally Permissible uses would encompass a variety of residentially-oriented land uses.

Financial Feasibility and Maximal Productivity

In order to be economically feasible, the improvements should conform to the surrounding land uses. To meet the test of being financially feasible, the project must provide a market-accepted net return over a reasonable period of time. Review of rent and occupancy levels, as well as recent and on-going new area development, reveals development of the subject site may not be feasible to build new at this time. The economic uncertainty from COVID-19 is causing speculative development to slow to some degree. Therefore, the most financially feasible and maximally productive use of the subject site is for ranch-style residential/recreational use.

Highest and Best Use Conclusion – “As Vacant”

Based on the preceding analysis, the Highest and Best Use for the subject site is for ranch-style residential /recreational use.

SALES COMPARISON APPROACH - LAND

The value for the subject site was based on research of current listings, recent sales and discussions with brokers active in the subject market. Our value conclusion was based on analysis of the sales below in relation to the subject site after adjustments were applied for conditions of sale, market conditions, utility availability, corner influence/frontage ratio, location, size, shape, and topography. The following is a summary of the sales used in our analysis. We compared the sales on the basis of sales price acre, which is the most common unit of comparison for tracts in the subject market.

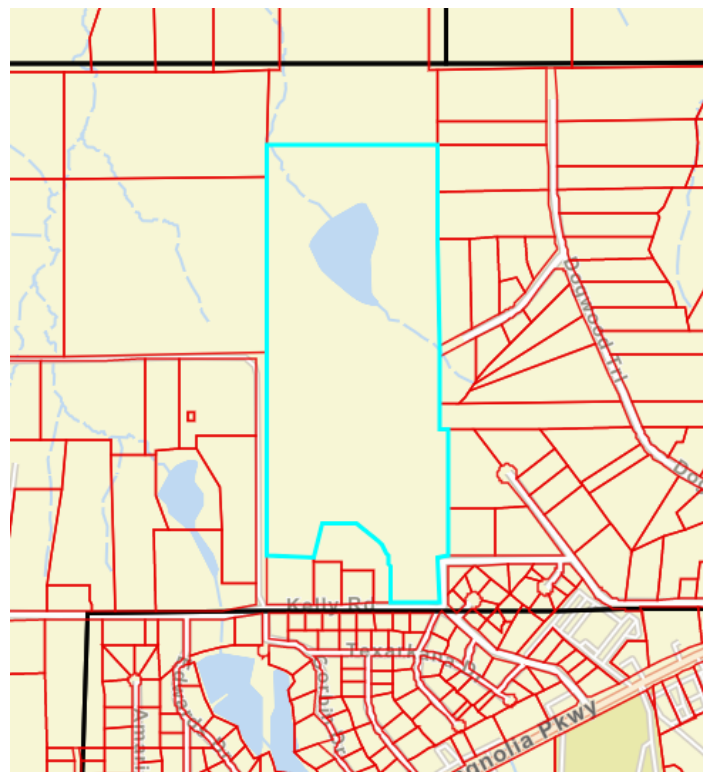
SUMMARY OF LAND SALES								
Sale	Location	Sale Date	Sale Price	Util	FP Status	Size (Ac)	Shape	\$/Acre
1	S/L Buddy Riley, E of FM 1774	09/24/21	\$2,368,800	All	No	54.926	Typ	\$42,038
2	10 Satterwhite Ln	11/04/20	\$2,368,800	All	No	72.530	Typ	\$32,660
3	9801 Stubbs	04/30/20	\$1,165,000	E&G	No	39.960	Typ	\$29,154
4	25393 FM 1488	09/23/19	\$500,000	E&G	No	10.000	Typ	\$50,000
5	0 Spur 149	02/10/17	\$3,401,280	E&G	No	106.290	Typ	\$32,000
Sub	39103 FM 149	N/A	N/A	All	No	41.650	Typ	N/A

The comparable land sales occurred from 2017 to 2021 and range in size from 10 acres to 106 acres.

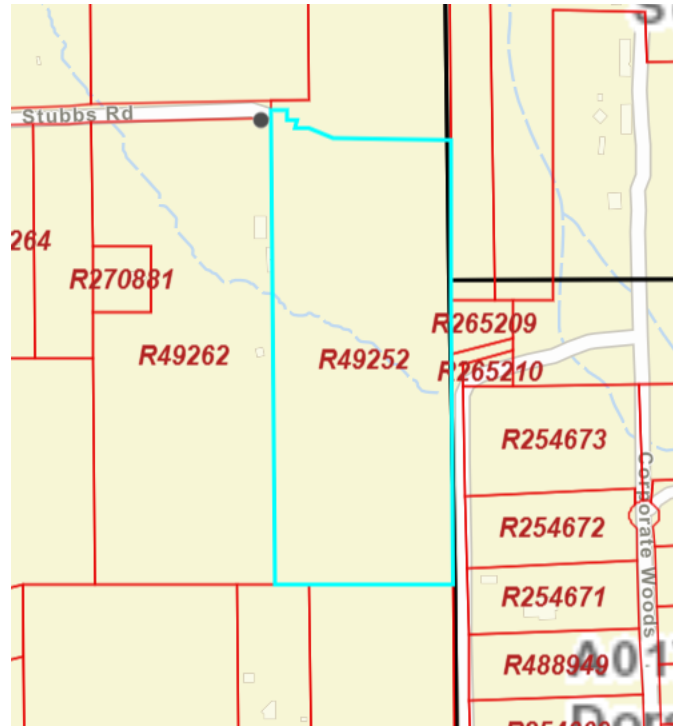
In addition to the comparable land sales, a 69.60-acre site located on Lakefield Blvd, west of Nichols Sawmill Rd, is currently listed for sale at \$54,070/acre. This site has been on the market for ± 9 months (per Loopnet). Additionally, a 50.44-acre site located on FM 1774, northwest of Magnolia, is currently listed for sale at \$55,000/acre. This site has been on the market for more than a year (per Loopnet).



Sale 1



Sale 2



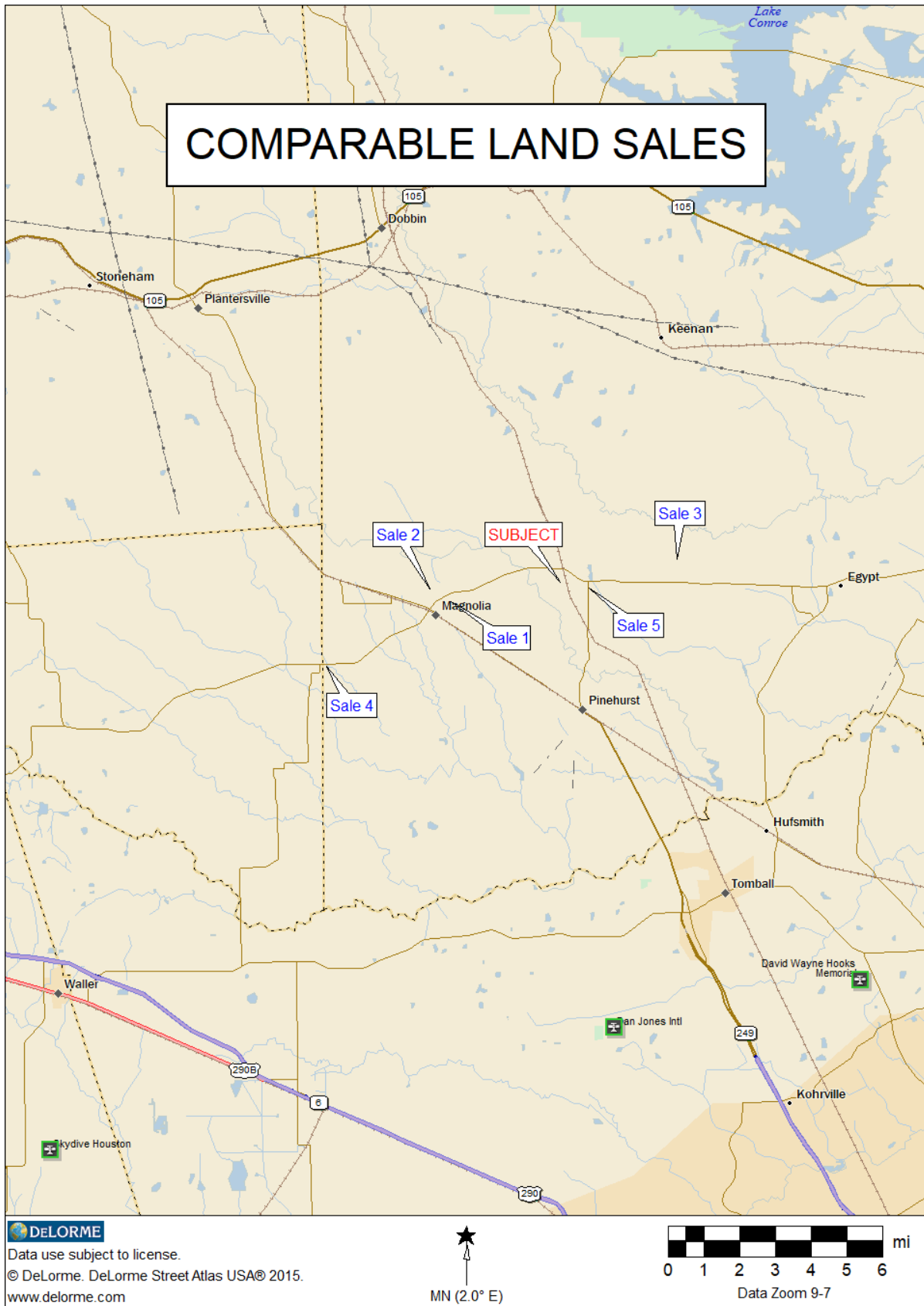
Sale 3



Sale 4



Sale 5



Factors to Be Considered and Summary of Adjustments

Data on each of the sales, including sales price, was obtained from sources considered to be reliable. Based on analysis of this data and other pertinent information obtained in our research, the following is a discussion of the factors, which were found to exhibit significant influence on land values in this market.

Property Rights Conveyed

This adjustment considers the difference in the price of properties sold in fee simple estate or leasehold estate and any effect of existing leases on the price of the property. None of the sales were encumbered by land leases and no adjustments were applicable.

Financial

Typical land investment terms are considered to be up to 50% down with a 10-15 year note, with varying interest. All sales involved cash to the seller or market financing conditions; thus, an adjustment for this item was not necessary.

Conditions of Sale

This adjustment reflects the motivations of the buyer and seller, i.e., assemblage, distress, discounts for a family purchase, or purchase by adjacent landowners. All sales were considered arm's length transactions; as such, no adjustments are required for this item.

Market Conditions

Market conditions generally change over time, but the date of the appraisal is a specific time. Changes in market conditions may be caused by inflation, deflation, fluctuations in supply and demand, or other factors. Market conditions shift over time; they create the need for adjustment, not time itself. If market conditions have not changed, no adjustment is required even though considerable time may have elapsed. Land tends to be a long-term investment, which reduces the impact of short-term spikes and declines in markets. The subject's market has experienced significant growth in recent years, with land appreciating. Sales 3, 4 and 5 occurred in 2017 to early 2020 and were adjusted upward for price appreciation.

Location

Properties located in densely developed areas, leading to higher visibility and traffic passage, tend to sell for higher prices than properties which are in less developed locations. Properties located on major thoroughfares are generally considered superior to those located on secondary streets and typically command premium prices. The subject is located on the west line of FM 149, north of Wildwood Trace, in Magnolia, Montgomery County, Texas. Sales 2, 3 and 5 are located on inferior secondary roads with inferior access and were adjusted upward. Sale 4 is superior to the subject in traffic volume/commercial appeal and was adjusted downward for location.

Size

Typically, the larger the tract, the lower the unit price. The converse also tends to be true. The land area of the subject site is 41.650 acres. Sale 4 is smaller/superior and required downward adjustment. Sale 5 is larger and was adjusted upward for size.

Shape/Easements

Properties, which are irregular in shape or have numerous easements that diminish utility/development potential, usually sell for less than a tract with a normal configuration and no easements. The subject is

essentially a rectangular-shaped tract. A waterline easement and sewer easement extend through the middle of the site and a pipeline easement extends in a north/south direction near the front of the property. However, given the large size of the site, and the need for access to the interior, these easements do not materially diminish the utility or development potential of the site. No downward adjustment was applied to the sales in this line item, although a concluded value toward the middle to lower portion of the value range was selected to account for any minor impact from the easements.

Utilities

The availability of utilities is a major factor in the development of any property. If a site has no utility service or cannot acquire access, it is virtually impossible to develop. The subject tract is reported to have public water, natural gas, and electric service, similar to Sales 1 and 2. The remaining sales were adjusted upward for lack of public utilities.

Corner/Frontage

Properties that have corner influences or those that have access from two or more streets are typically superior to interior tracts (with access to only one street) due to access and exposure characteristics. The subject site has frontage on one roadway, similar to Sales 3 and 4. Sales 1 and 2 have inferior frontage characteristics while Sale 5 has frontage on four streets. Sales 1 and 2 were adjusted upward while Sale 5 was adjusted downward for this line item.

Flood Plain/Topography

The subject site is level and appears to be located outside the 100-year flood plain. Sales 1 through 5 are similar, with no adjustment warranted.

Each of the sales was analyzed and compared to the subject, with adjustments applied for differences in the factors discussed above. Adjustments were applied based on general comparisons, the personal observation and judgment of the appraiser, and information in our files. The following adjustment grid illustrates the procedure used in arriving at a value for the subject site.

LAND SALES ADJUSTMENT GRID					
	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Sales Price/Acre	\$42,038	\$32,660	\$29,154	\$50,000	\$32,000
Rights Conveyed	0%	0%	0%	0%	0%
Adjusted Price/Ac	\$42,038	\$32,660	\$29,154	\$50,000	\$32,000
Financial	0%	0%	0%	0%	0%
Adjusted Price/Ac	\$42,038	\$32,660	\$29,154	\$50,000	\$32,000
Conditions of Sale	0%	0%	0%	0%	0%
Adjusted Price/Ac	\$42,038	\$32,660	\$29,154	\$50,000	\$32,000
Market Conditions	0%	0%	5%	10%	20%
Adjusted Price/Ac	\$42,038	\$32,660	\$29,154	\$50,000	\$38,400
Location	0%	20%	20%	-20%	20%
Size	0%	0%	0%	-10%	5%
Shape/Easements	0%	0%	0%	0%	0%
Utilities	0%	0%	10%	10%	10%
Corner/Frontage	5%	5%	0%	0%	-15%
Flood Plain	0%	0%	0%	0%	0%
Net Adjustment	5%	25%	30%	-20%	20%
Land Value/Ac:	\$44,140	\$40,825	\$37,900	\$40,000	\$46,080
Summary of Land Values					
Land Value/Ac:				\$40,000	

Land Value Conclusion

Although insufficient sales volume has occurred since the onset of COVID-19 to measure impact on land values, market participants indicate no significant decline in land prices to date. Land tends to be a long-term investment, which reduces the impact of short-term spikes and declines in markets. With increasing numbers of vaccinations, it appears the nation has “turned the corner” and the process of returning to more normal economic times is ahead. However, given the easements on the subject site, a value conclusion near the middle to lower end of the adjusted value range is warranted. Therefore, based on the preceding analysis, a value of \$40,000 per acre was concluded for the subject, resulting in a value via the Sales Comparison Approach of:

LAND VALUE SUMMARY		
<u>Land Area (Ac)</u>	<u>Land Value/Ac</u>	<u>Land Value</u>
41.650	\$40,000	\$1,666,000
Land Value Conclusion (Rounded):		\$1,670,000

RECONCILIATION

The quality of the data available for analysis in the Sales Comparison Approach –Land was good due to the number of recent arm's-length sales of properties similar to the subject. Therefore, the “As Is” Market Value of the Fee Simple Estate of subject, on the effective date of the appraisal, May 16, 2022, is

MARKET VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value "As Is"	Fee Simple Estate	May 16, 2022	\$1,670,000

Exposure to the Market/Marketing Time

Assuming adequate exposure and normal marketing efforts, the estimated exposure time (i.e. the length of time the subject property would have been exposed for sale in the market had it sold at the market value concluded to in this analysis as of the date of this valuation) would have been within 12 months; the estimated marketing time (i.e. the amount of time it would probably take to sell the subject property, if exposed in the market beginning on the date of this valuation) is estimated to be within 12 months.

SCOPE OF WORK

Scope of Work is defined by the Uniform Standards of Professional Appraisal Practice as “the type and extent of research and analyses in an appraisal or appraisal review assignment.” Under the Scope of Work Rule, the appraiser must:

- identify the problem to be solved;
- determine and perform the scope of work necessary to develop credible assignment results; and
- disclose the scope of work in the report.

The problem to be solved is to form an opinion of the “As Is” Market Value of the Fee Simple Estate of the subject property.

The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice, in a manner necessary to produce a credible result.

This **Appraisal Report** has been prepared under Standards Rule 2-2(a) of an appraisal performed under Standards Rule 1 of USPAP. The value set forth herein was determined after application and analysis by one of the three approaches to value i.e.; the Sales Comparison Approach - Land.

This appraisal report provides a summary of the pertinent data and descriptions germane to the appraisal of the subject of this report. This appraisal included a visit to the subject of this report and an analysis of the surrounding neighborhood with recognition of existing and future trends. Empirical information in the Area Data was gathered from reliable sources, including governmental agencies, MLS and multiple external real estate databases. *Texas is a non-disclosure state. Therefore, sales data available is limited to sales confirmed by associated parties.* All sales information was obtained from reliable sources.

The land sales search parameters included vacant land located in north Montgomery County, which occurred since 2017.

John R. Fisher is the primary author of this report, and viewed the subject site in December 2020 for a prior assignment for the same client. Ross P. Welshimer performed a technical review of the appraisal report, and has not visited the site.

A copy of this report and the data included herein has been retained in our files.

Competency of the Appraisers

John R. Fisher and Ross P. Welshimer are Certified General Real Estate Appraisers according to the Texas Real Estate Appraiser Licensing and Certification Board. John R. Fisher and Ross P. Welshimer have appraised numerous properties similar to the subject.

Attention is invited to the qualifications of each individual, which are presented in the addenda of this report.

Intended Use and Users

Magnolia Economic Development Corporation represents that they intend to use the appraisal report for asset valuation purposes of the subject property and for no other purpose. The client also represents that the report will be used only by Ms. Rachel Steele and/or representatives of Magnolia Economic Development Corporation for the purpose set forth above.

Date of the Appraisal Report

The preparation of this appraisal report was completed on May 16, 2022.

Effective Date of the Appraisal

The descriptions, analyses, and conclusions of this report for the subject property are applicable as of May 16, 2022.

Assignment Conditions

Assignment conditions include assumptions that affect the scope of work, other than those previously discussed in the "Assumptions and Limiting Conditions." *For the intended use of this assignment, the client agreed no current site visit was required (the land is essentially unchanged from our prior site visit in December 2020).*

Fee Simple Estate

This bundle of ownership rights refer to the "absolute ownership unencumbered by any other interest or estate subject only to the four powers of government."

Leased Fee Estate

The Leased Fee interest refers to "an ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others; the rights of lessor or the leased fee owner and leased fee are specified by contract terms contained within the lease."

Market Value

Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The value conclusions expressed within this report are in terms of cash (\$US).

Source: Office of the Comptroller of the Currency (12 CFR Part 34)

Property Rights Appraised

The property rights appraised in this assignment are the Fee Simple Estate in the subject property. No mineral rights were included in this valuation.

Assets Appraised

The assets appraised in this appraisal assignment include land and ancillary improvements. No moveable equipment or personal property was included in the valuation process. No mineral rights were valued.

Environmental Conditions

No environmental report was available to us and no recent environmental tests were performed. Because we have no evidence to the contrary, we have assumed that the property is free of any material which would adversely affect the value, including, but not limited to, asbestos and toxic waste. Our value conclusions are subject to revision should these assumptions prove incorrect. We caution and advise the user of this report to obtain environmental studies which may be required to ascertain status of the property with regard to asbestos and other hazardous materials.

ADDENDA



Letter of Engagement

May 9, 2022

Ms. Rachel Steele
Magnolia Economic Development Corporation
18111 Buddy Riley Blvd
Magnolia, Texas 77354
Phone: 281.221.0090
Email: rsteale@cityofmagnolia.com

Parties to Agreement

This agreement is between Patrick O'Connor & Associates, L.P. doing business as O'Connor & Associates and

Client: Ms. Rachel Steele
Magnolia Economic Development Corporation
18111 Buddy Riley Blvd
Magnolia, Texas 77354

Intended User: Ms. Rachel Steele / Magnolia Economic Development Corporation

Subject Property: 41.65 acres of land on FM 149, north of Wildwood Trace, Magnolia, TX

MCAD #s: R51113 / R51116 / R51127

Scope of Work

Report Format: Appraisal Restricted Appraisal Evaluation

Market Value: As Is As Completed As Renovated
 Gross Retail Value Discounted Bulk Value
 Real Estate Only Going-Concern

Additional Values: Land Value Insurable Value Disposition Value

Approaches to Value: Sales Income Cap. Cost DCF

Type of Interest: Fee Simple Leased Fee Leasehold

Report Delivery: 2 weeks or less

Intended user

Client is the user of this report/assignment and an Appraisal Report is requested. O'Connor & Associates' work file will contain the information necessary to support such report/assignment. The report/assignment will be prepared in accordance with the Uniform Standards of Professional Appraisal Practice, the Standards of Professional Appraisal Practice of the Appraisal Institute, and the Code of Professional Ethics of the Appraisal Institute.

Fee

O'Connor & Associates fee for the above-described work is detailed in the engagement terms of this contract. The contract fee includes an electronic copy of the appraisal report. If requested, we will be happy to follow up the electronic report with a hard copy.

The contract fee estimate does not include time spent in negotiations, mediation, arbitration, depositions, testifying before any regulatory or judicial forum, preparation for such hearings, defending O'Connor & Associates opinion of value before the IRS, or for any services other than the work described in the Scope of Work. Any such work is billed at a rate of \$350 per hour. Should such work become necessary, O'Connor & Associates will contact the client prior to commencing any additional work.

Changes to Fee

O'Connor & Associates has based the fee quote above on an estimate of the time it will take to complete the work described in the Scope of Work. O'Connor & Associates will notify Client in writing should it be necessary to adjust the fee due to unforeseen or changed circumstances or delays, including, but not limited to the following:

1. The engagement scope deviates from the scope described herein.
2. There are material changes to the information originally supplied by Client.

O'Connor & Associates will base any fee revision on their estimate of the additional time needed to complete the assignment, at the above hourly rate, and inform the Client prior to proceeding with any additional work. Communication in writing may include email.

Limiting Conditions & Assumptions

In addition to all other terms and conditions of this agreement, Appraiser and Client agree that Appraiser's services under this agreement and appraisal report(s), and any use of the reports(s), are and will be subject to the statements, limiting conditions and other terms set forth in the appraisal reports(s). Appraiser's standard appraisal statements, limiting conditions and terms are attached to this agreement and incorporated herein. Appraiser may determine additional conditions and terms affecting the appraisal during performance of the assignment which may be identified in the report(s).

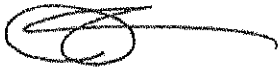
By signing and returning the original of this engagement agreement, along with any indicated retainer, Client accepts all terms and conditions contained herein. The due date is effective based on receipt of this signed letter, any retainer, and required information on the subject property.

Ms. Rachel Steele
May 9, 2022
Page 3

Client is obligated to and agrees to pay the entire fee for a completed assignment or work-to-date fee if work is cancelled. Payment is NOT contingent upon consummation of any closing or lending activity associated with the subject property.

If you have any questions about our proposal, or this contract, please do not hesitate to contact me. We appreciate the opportunity to be of service and look forward to assisting you with this project.

Sincerely,
Patrick O'Connor & Associates, LP
dba O'Connor & Associates



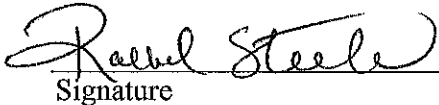
John R. Fisher, LEED® AP
Managing Director, Appraisal Services

Acceptance:

"I agree to the above described terms for fee payment and to pay the full amount due upon execution of the agreement. I further agree to pay interest on any amount due past 30 days at the rate of 15% per annum until the full amount due is paid."

Ms. Rachel Steele
Name (Printed)

Executive Director, Magnolia 4A
Title Corporation



Signature

5/9/2022
Date

Any dispute, action or claim arising out of or in connection with this engagement shall be governed by the laws of the state of Texas and shall be subject to the exclusive jurisdiction of the courts of Harris County, Texas.

Contact information for appraiser site visit _____

Telephone _____

MONTGOMERY CENTRAL APPRAISAL DISTRICT

Property Owner: R51113 MAGNOLIA 4A ECONOMIC DEVELOPMENT CORPORATION
 Property Address: 39103 FM 149 RD, MAGNOLIA, TX 77354
 Tax Year: 2022
 2022 Assessed Value: \$640,640

2022 GENERAL INFORMATION

Property Status: Active
 Property Type: Real
 Legal Description: A0449 - Richards John B, TRACT 9-B, ACRES 10
 Neighborhood: Abstract Area 6 (Magnolia)
 Account: 0449-01-00300
 Map Number: -

2022 VALUE INFORMATION

Improvement Homesite Value: \$40,640
 Improvement Non-Homesite Value: \$0
 Total Improvement Market Value: \$40,640
 Land Homesite Value: \$600,000
 Land Non-Homesite Value: \$0
 Land Agricultural Market Value: \$0
 Total Land Market Value: \$600,000
 Total Market Value: \$640,640
 Agricultural Use: \$0
 Timber Use: \$0
 Total Appraised Value: \$640,640
 Homestead Cap Loss: -\$0
 Total Assessed Value: \$640,640

2022 OWNER INFORMATION

Owner Name: MAGNOLIA 4A ECONOMIC DEVELOPMENT CORPORATION
 Owner ID: O0474064
 Exemptions: Exempt Property
 Percent Ownership: 100%
 Mailing Address: LEROY & OLA MAE FULTON LIFE ESTATE 7902 SUNNYVALE FOREST DR HOUSTON, TX 77088-4028
 Agent: -

2022 ENTITIES & EXEMPTIONS

Special Exemptions: EX - Exempt Property

TAXING ENTITY	EXEMPTIONS	EXEMPTIONS AMOUNT	TAXABLE VALUE	TAX RATE PER 100	TAX CEILING
CAD- Appraisal District			\$0	0	0
CMA- City Of Magnolia			\$0	0.4051	0
F10- Emergency Ser Dist #10			\$0	0.0987	0
GMO- Montgomery Cnty			\$0	0.4083	0
HM1- Mont Co Hospital			\$0	0.0567	0
JNH- Lone Star College			\$0	0.1078	0
SMA- Magnolia ISD			\$0	1.1872	0
ZAMD- (381 AGRMT) Audubon Magnolia Development District			\$0	0	0
TOTALS				2.2638	

2022 IMPROVEMENTS

[Expand/Collapse All](#)

Improvement #1: -
 State Code: A1XV - SFR EXEMPT Other
 Homesite: Yes
 Total Main Area (Exterior Measured): 864 Sq. Ft
 Market Value: \$40,640

RECORD	TYPE	YEAR BUILT	SQ. FT	VALUE	ADD'L INFO
1	Main Area	1947	864	\$33,340	Details
	Class: 2+ (2+)	Bedrooms: -	Flooring: -		
	Eff. Year Built: 1947	Baths (Full, 1/2, 3/4): -	Foundation: 3 (Pier And Beam)		
	Adjustment %: 60%	Heat and AC: RH3,RC0	Int. Finish: -		
	Roof Style: 5	Fireplaces: -	Ext. Finish: R5		
2	Encl Frame Porch	1947	72	\$1,260	Details
	Class: 2+ (2+)	Bedrooms: -	Flooring: -		
	Eff. Year Built: 1947	Baths (Full, 1/2, 3/4): -	Foundation: -		
	Adjustment %: 60%	Heat and AC: -	Int. Finish: -		
	Roof Style: -	Fireplaces: -	Ext. Finish: -		
3	Detached Frame Garage	1947	500	\$6,040	Details
	Class: 2+ (2+)	Bedrooms: -	Flooring: -		
	Eff. Year Built: 1947	Baths (Full, 1/2, 3/4): -	Foundation: -		
	Adjustment %: 60%	Heat and AC: -	Int. Finish: -		
	Roof Style: -	Fireplaces: -	Ext. Finish: -		

2022 LAND SEGMENTS

LAND SEGMENT TYPE	STATE CODE	HOMESITE	MARKET VALUE	AG USE	TIM USE	LAND SIZE
1 - Secondary Acreage	A1XV - SFR EXEMPT Other	Yes	\$240,000	\$0	\$0	4.000000 acres
2 - Residual	A1XV - SFR EXEMPT Other	Yes	\$360,000	\$0	\$0	6.000000 acres
TOTALS						435,600 Sq. ft / 10.000000 acres

VALUE HISTORY

YEAR	IMPROVEMENT	LAND	MARKET	AG MARKET	AG USE	APPRAISED	HS CAP LOSS	ASSESSED
2021	\$31,330	\$350,000	\$381,330	\$0	\$0	\$381,330	\$0	\$381,330
2020	\$31,330	\$350,000	\$381,330	\$0	\$0	\$381,330	\$0	\$381,330
2019	\$26,130	\$350,000	\$376,130	\$0	\$0	\$376,130	\$0	\$376,130
2018	\$26,130	\$180,000	\$206,130	\$0	\$0	\$206,130	\$0	\$206,130
2017	\$26,130	\$180,000	\$206,130	\$0	\$0	\$206,130	\$0	\$206,130

SALES HISTORY

DEED DATE	SELLER	BUYER	INSTR #	VOLUME/PAGE
8/29/2014	MAGNOLIA 4A ECONOMIC DEVELOPMENT CORP	MAGNOLIA 4A ECONOMIC DEVELOPMENT CORPORATION	2014085023	
8/29/2014	MAXIE, FRANK	MAGNOLIA 4A ECONOMIC DEVELOPMENT CORP	2014085021	

DISCLAIMER

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MONTGOMERY CENTRAL APPRAISAL DISTRICT

Property	Owner	Property Address	Tax Year	2022 Assessed Value
R51116	MAGNOLIA 4A ECONOMIC DEVELOPMENT CORP	-	2022	\$431,550

2022 GENERAL INFORMATION

Property Status	Active
Property Type	Real
Legal Description	A0449 - Richards John B, TRACT 9B-1, ACRES 12.33
Neighborhood	Abstract Area 6 (Magnolia)
Account	0449-01-00303
Map Number	-

2022 VALUE INFORMATION

Improvement Homesite Value	\$0
Improvement Non-Homesite Value	\$0
Total Improvement Market Value	\$0
Land Homesite Value	\$0
Land Non-Homesite Value	\$431,550
Land Agricultural Market Value	\$0
Total Land Market Value	\$431,550
Total Market Value	\$431,550
Agricultural Use	\$0
Timber Use	\$0
Total Appraised Value	\$431,550
Homestead Cap Loss	-\$0
Total Assessed Value	\$431,550

Print Property Information

2022 OWNER INFORMATION

Owner Name	MAGNOLIA 4A ECONOMIC DEVELOPMENT CORP
Owner ID	O0467542
Exemptions	Exempt Property
Percent Ownership	100%
Mailing Address	18111 BUDDY RILEY BLVD MAGNOLIA, TX 77354-5864
Agent	-

2022 ENTITIES & EXEMPTIONS

Special Exemptions EX - Exempt Property

TAXING ENTITY	EXEMPTIONS	EXEMPTIONS AMOUNT	TAXABLE VALUE	TAX RATE PER 100	TAX CEILING
CAD- Appraisal District		\$0	\$0	0	0
CMA- City Of Magnolia		\$0	\$0	0.4051	0
F10- Emergency Ser Dist #10		\$0	\$0	0.0987	0
GMO- Montgomery Cnty		\$0	\$0	0.4083	0
HM1- Mont Co Hospital		\$0	\$0	0.0567	0
JNH- Lone Star College		\$0	\$0	0.1078	0
SMA- Magnolia ISD		\$0	\$0	1.1872	0
ZAMD- (381 AGRMT) Audubon Magnolia Development District		\$0	\$0	0	0
TOTALS				2.2638	

2022 LAND SEGMENTS

LAND SEGMENT TYPE	STATE CODE	HOMESITE	MARKET VALUE	AG USE	TIM USE	LAND SIZE
1 - Secondary Acreage	E4XV - Vac Rural Land over 5 acres Non-Ag EXMPT Other	No	\$151,550	\$0	\$0	4.330000 acres
2 - Residual	E4XV - Vac Rural Land over 5 acres Non-Ag EXMPT Other	No	\$280,000	\$0	\$0	8.000000 acres
TOTALS						537,095 Sq. ft / 12.330000 acres

VALUE HISTORY

YEAR	IMPROVEMENT	LAND	MARKET	AG MARKET	AG USE	APPRAISED	HS CAP LOSS	ASSESSED
2021	\$0	\$246,600	\$246,600	\$0	\$0	\$246,600	\$0	\$246,600
2020	\$0	\$246,600	\$246,600	\$0	\$0	\$246,600	\$0	\$246,600
2019	\$0	\$246,600	\$246,600	\$0	\$0	\$246,600	\$0	\$246,600

2018	\$0	\$209,610	\$209,610	\$0	\$0	\$209,610	\$0	\$209,610
2017	\$0	\$209,610	\$209,610	\$0	\$0	\$209,610	\$0	\$209,610

SALES HISTORY

DEED DATE	SELLER	BUYER	INSTR #	VOLUME/PAGE
8/29/2014	MAXIE, FRANK	MAGNOLIA 4A ECONOMIC DEVELOPMENT CORP	2014085021	

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MONTGOMERY CENTRAL APPRAISAL DISTRICT

Property	Owner	Property Address	Tax Year	2022 Assessed Value
R51127	MAGNOLIA 4A ECONOMIC DEVELOPMENT CORP	-	2022	\$636,410

2022 GENERAL INFORMATION

Property Status	Active
Property Type	Real
Legal Description	A0449 - Richards John B, TRACT 9, ACRES 22.33
Neighborhood	Abstract Area 6 (Magnolia)
Account	0449-01-00900
Map Number	213K

2022 VALUE INFORMATION

Improvement Homesite Value	\$0
Improvement Non-Homesite Value	\$0
Total Improvement Market Value	\$0
Land Homesite Value	\$0
Land Non-Homesite Value	\$636,410
Land Agricultural Market Value	\$0
Total Land Market Value	\$636,410
Total Market Value	\$636,410
Agricultural Use	\$0
Timber Use	\$0
Total Appraised Value	\$636,410
Homestead Cap Loss	-\$0
Total Assessed Value	\$636,410

2022 OWNER INFORMATION

Owner Name	MAGNOLIA 4A ECONOMIC DEVELOPMENT CORP
Owner ID	O0467542
Exemptions	Exempt Property
Percent Ownership	100%
Mailing Address	18111 BUDDY RILEY BLVD MAGNOLIA, TX 77354-5864
Agent	-

Print Property Information

2022 ENTITIES & EXEMPTIONS

Special Exemptions EX - Exempt Property

TAXING ENTITY	EXEMPTIONS	EXEMPTIONS AMOUNT	TAXABLE VALUE	TAX RATE PER 100	TAX CEILING
CAD- Appraisal District		\$0	\$0	0	0
CMA- City Of Magnolia		\$0	\$0	0.4051	0
F10- Emergency Ser Dist #10		\$0	\$0	0.0987	0
GMO- Montgomery Cnty		\$0	\$0	0.4083	0
HM1- Mont Co Hospital		\$0	\$0	0.0567	0
JNH- Lone Star College		\$0	\$0	0.1078	0
SMA- Magnolia ISD		\$0	\$0	1.1872	0
ZAMD- (381 AGRMT) Audubon Magnolia Development District		\$0	\$0	0	0
TOTALS				2.2638	

2022 LAND SEGMENTS

LAND SEGMENT TYPE	STATE CODE	HOMESITE	MARKET VALUE	AG USE	TIM USE	LAND SIZE
1 - Secondary Acreage	E4XV - Vac Rural Land over 5 acres Non-Ag EXMPT Other	No	\$94,910	\$0	\$0	3.330000 acres
2 - Residual	E4XV - Vac Rural Land over 5 acres Non-Ag EXMPT Other	No	\$541,500	\$0	\$0	19.000000 acres
TOTALS						972,695 Sq. ft / 22.330000 acres

VALUE HISTORY

YEAR	IMPROVEMENT	LAND	MARKET	AG MARKET	AG USE	APPRAISED	HS CAP LOSS	ASSESSED
2021	\$0	\$318,200	\$318,200	\$0	\$0	\$318,200	\$0	\$318,200
2020	\$0	\$318,200	\$318,200	\$0	\$0	\$318,200	\$0	\$318,200
2019	\$0	\$318,200	\$318,200	\$0	\$0	\$318,200	\$0	\$318,200

2018	\$0	\$318,200	\$318,200	\$0	\$0	\$318,200	\$0	\$318,200
2017	\$0	\$318,200	\$318,200	\$0	\$0	\$318,200	\$0	\$318,200

SALES HISTORY

DEED DATE	SELLER	BUYER	INSTR #	VOLUME/PAGE
8/29/2014	HUBBARD, DORIS JONES	MAGNOLIA 4A ECONOMIC DEVELOPMENT CORP	2014084991	
11/21/2012	JONES, HENRY H	HUBBARD, DORIS JONES	2012114239	

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THE ECONOMY AT A GLANCE

HOUSTON



GREATER HOUSTON
PARTNERSHIP.
Making Houston Greater.

A publication of the Greater Houston Partnership

Volume 31 Number 4 – April 2022

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Welcome to Houston	1
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WELCOME TO HOUSTON

In spite of the pandemic, metro Houston’s population grew in the 12 months ending July 1, 2021. The region added just over 69,000 residents, enough for Houston to reach a new milestone. The nine-county metro area topped 7.2 million residents and now exceeds that of 37 states and the District of Columbia.

Just over half of the region’s growth (54.8 percent) came from the net natural increase (*i.e.*, the difference between births and deaths). Houston has traditionally fared well in this area, and although deaths increased and births decreased during the pandemic, Houston experienced a significant natural increase. Only metro New York reported a larger natural increase than Houston.

Net domestic migration (the difference between residents moving in and residents moving out) accounted for roughly one-fourth (28.1 percent) of the region’s growth. Houston ranked 15th in domestic migration, with Dallas-Fort Worth (2nd), Austin (4th) and San Antonio (8th) attracting more residents to Texas than Houston.

Other metros weren’t as fortunate. One in three (36.7 percent) of the nation’s 384 metros experienced negative domestic migration last year. New York, Los Angeles, and Chicago, the nation’s three most populous metros, lost over 685,000 residents.

International migration, always a strong suit for Houston, slipped due to COVID travel restrictions but still contributed significantly to the region’s growth. Roughly one in five (18.1 percent) of Houston’s new residents moved

here from overseas. Houston ranked 4th, behind New York, Miami and Washington, D.C. in international migration.

COMPONENTS OF POPULATION GROWTH Nine-County Metro Houston

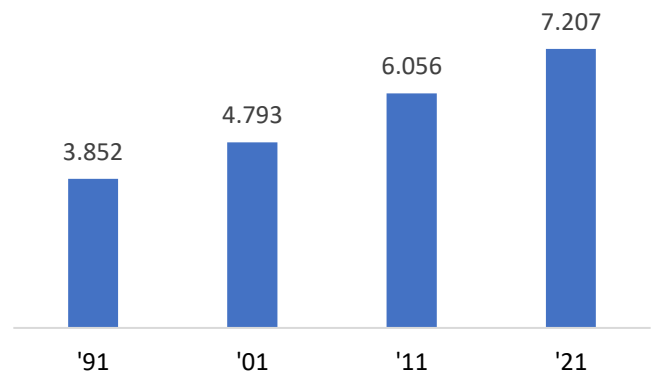
	20 - '21	Avg '10-'19
Births	90,385	96,367
Deaths	52,856	37,921
Natural Increase	37,529	58,447
Domestic Migration	19,426	29,107
International Migration	12,495	36,442
Total Migration	31,921	65,549
Overall Growth*	69,094	124,323

* Values won’t sum to the total due to rounding errors and residual values the Bureau includes in calculating the totals. Note: The estimates are for the period from June 30, 2020 to July 1, 2021.

Source: GHP calculations based on U.S. Census Bureau data

Over the past 10 years ('11 to '21), Houston has added more than 1,150,600 residents. The region’s population growth was more rapid earlier in the decade during the fracking boom, nearly stalled during the fracking bust, but began to pick up steam in recent years. The region has maintained a trend established in the '90s of adding 900,000 or more residents each decade.

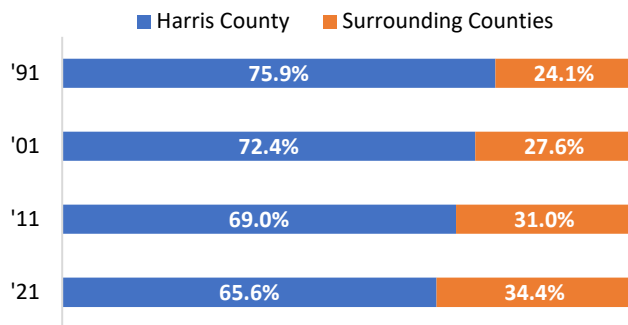
METRO HOUSTON POPULATION, MILLIONS



Source: U.S. Census Bureau

But population growth has shifted over time, with the outlying counties receiving the bulk of the new residents. This has resulted in Harris County accounting for an ever shrinking share of the region's population.

COMPOSITION, METRO HOUSTON POPULATION



Source: GHP estimates based on U.S. Census Bureau data

If not for strong international migration along with a high natural increase, the shift would be even more dramatic. Domestic migration for Harris County has been negative since '16. Overall migration turned negative in '21. Births in Harris County have been trending down for well over a decade while deaths have trended up, and as a result the natural rate of increase continues to shrink, so much so that it wasn't enough to offset out-migration from the county in '21. Harris County lost population last year.

COMPONENTS OF POPULATION CHANGE, HARRIS COUNTY

Year	Natural Change		Net Migration		
	Births	Deaths	Domestic	Internat'	
'11	71,902	66,921	21,870	6,220	20,698
'12	83,526	66,374	22,700	15,728	24,280
'13	90,093	67,611	23,930	20,567	25,816
'14	102,807	70,225	24,172	22,295	34,427
'15	101,852	72,306	25,091	17,692	37,086
'16	66,114	73,008	25,638	-16,690	35,520
'17	34,012	70,997	25,986	-45,399	34,235
'18	22,073	67,494	27,758	-43,779	25,972
'19	33,280	66,937	28,172	-30,449	24,889
'20*	NA	NA	NA	NA	NA
'21	-4,461	63,336	33,862	-44,409	10,081

* The Census Bureau did not publish components of change for '20.

Source: GHP calculations based on Census Bureau data

The negative domestic migration from '16 to '18 is understandable, coming on the heels of the Fracking Bust and Hurricane Harvey. But one would expect in-migration to have picked up once the economy began to recover and the region started to repair flood damage. But that wasn't the case. Out-migration appears to have accelerated.

The Census Bureau does not publish data on which areas

residents have migrated to, but the overall data does suggest a trend. Though Brazoria, Fort Bend and Montgomery counties accounted for less than 23.1 percent of the region's population in '11, they accounted for 42.6 percent of the region's growth. Harris County, with over two-thirds (65.6 percent) of the region's population, accounted for less than half (47.7 percent) of the region's growth.

POPULATION CHANGE, METRO HOUSTON

County	County Population		Change, '11 - '21	
	'11	'21	Count	%
Austin	28,604	30,380	1,776	6.2
Brazoria	319,147	379,689	60,542	19.0
Chambers	35,699	48,865	13,166	36.9
Fort Bend	606,064	858,527	252,463	41.7
Galveston	295,605	355,062	59,457	20.1
Harris	4,179,568	4,728,030	548,462	13.1
Liberty	75,990	97,621	21,631	28.5
Montgomery	471,415	648,886	177,471	37.6
Waller	44,101	59,781	15,680	35.6
Metro Total	6,056,193	7,206,841	1,150,648	19.0

Source: GHP calculations based on U.S. Census Bureau data

Metro Houston fared well in spite of Harris County's struggles and has a solid hold on its ranking as the nation's fifth most populous metro.

CHANGE IN POPULATION, MOST POPULOUS U.S. METROS July 1, 2020 to July 1, 2021

Rank	Metro	'20	'21	#	%
1	New York	20,096,413	19,768,458	-327,955	-1.6
2	Los Angeles	13,173,266	12,997,353	-175,913	-1.3
3	Chicago	9,601,605	9,509,934	-91,671	-1.0
4	Dallas-Ft Worth	7,662,325	7,759,615	97,290	1.3
5	Houston	7,137,747	7,206,841	69,094	1.0
6	Washington, DC	6,385,714	6,356,434	-29,280	-0.5
7	Philadelphia	6,241,983	6,228,601	-13,382	-0.2
8	Atlanta	6,101,146	6,144,050	42,904	0.7
9	Miami	6,126,441	6,091,747	-34,694	-0.6
10	Phoenix	4,867,925	4,946,145	78,220	1.6
11	Boston	4,936,511	4,899,932	-36,579	-0.7
12	Riverside	4,605,504	4,653,105	47,601	1.0
13	San Francisco	4,739,649	4,623,264	-116,385	-2.5
14	Detroit	4,385,748	4,365,205	-20,543	-0.5
15	Seattle	4,024,730	4,011,553	-13,177	-0.3
16	Minneapolis	3,692,421	3,690,512	-1,909	-0.1
17	San Diego	3,297,252	3,286,069	-11,183	-0.3
18	Tampa	3,183,385	3,219,514	36,129	1.1
19	Denver	2,969,289	2,972,566	3,277	0.1
20	Baltimore	2,841,691	2,838,327	-3,364	-0.1

Source: U.S. Census Bureau

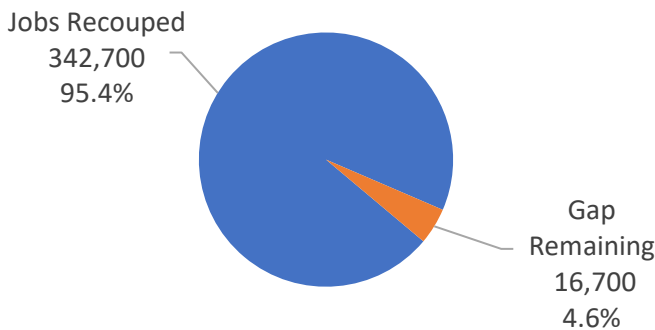
ALMOST THERE

Houston created 45,500 jobs in February, according to data released by the Texas Workforce Commission (TWC). That ranks as the best February on record for job growth.

Prior to the pandemic, February gains typically averaged 18,600 jobs for the month, suggesting the recent gains are well above the longterm trend. The unusually robust gains may reflect difficulties the TWC is having collecting the data and growth may not be as robust. As a result, gains in most sectors should be viewed with caution. That said, this is what the data suggest.

The month's outstanding performance brings the region closer to its pre-pandemic employment peak. The gap currently stands at 16,700 jobs. March is typically a strong month for the region, in boom years adding 20,000 or more jobs, in normal years adding 10,000 to 15,000. If the region follows historic patterns, metro Houston may return to pre-COVID employment levels when the March data is released (April 15) and certainly by the April report (scheduled for release May 20).

Recovery Progress, Metro Houston, Though February '22



Source: GHP calculations based on Texas Workforce Commission data

The region saw job gains across almost all sectors. Growth was particularly strong in restaurants and bars (+8,000 jobs), administrative and support services (+7,500), local educational (+4,800), wholesale trade (+3,200) and professional, scientific, and technical services (+3,200).

Only two sectors showed significant losses, general merchandise stores (-1,000 jobs) and clothing and accessory stores (-800). Those layoffs reflect lingering aftereffects of the end of the holiday shopping season. The losses were more than offset by gains elsewhere in retail, the sector overall adding 2,000 jobs in February. Clearly, retail has recovered. While consumers may like the convenience of shopping on-line from a couch, sometimes they need a little retail therapy and welcome the chance to touch and see what they're buying.

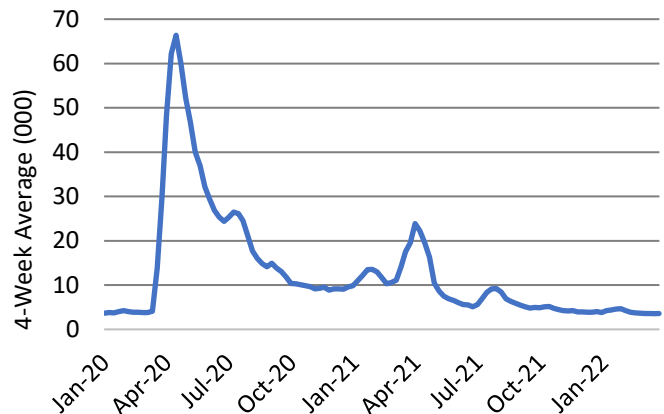
April 2022 Economy at a Glance ©2022, Greater Houston Partnership

Of note, construction added 2,300 jobs, the industry benefitting from the surge in contract awards toward the end of '21. The sector has added 4,600 jobs since September '21, reversing a decline which began late in '19. The sector remains 27,700 jobs below its October '19 peak.

Houston's energy sector added 1,700 jobs, 900 in exploration and production and 800 in oil field services. The sector has struggled for much of the last decade. Employment peaked December '14, began trending down, and hit its nadir in June '21. But the industry's fortunes have changed recently, the sector adding 6,100 jobs in the past four months (October '21 – February '22). That reverses a trend in which the sector lost 50,000 jobs over the previous eight years (October '13 – September '21). The recent run up in energy prices may add a few hundred, perhaps a few thousand jobs, but it's not going to bring Houston back to the heyday of the fracking boom.

While job growth may be overstated, data on claims for unemployment benefits suggests a robust job market. Claims filed in the week ending April 1 fell to near pre-pandemic levels, suggesting layoffs have returned to normal levels.

Initial Claims for Unemployment Benefits, Metro Houston



Source: GHP calculations based on Texas Workforce Commission data

SAVE THE DATE

Join us Friday, May 20, for the Partnership's 2022 *State of Houston's Global Economy*, a comprehensive analysis of factors affecting Houston's ties to the global economy. Philipp Carlsson-Szlezak, chief economist for BCG, will deliver the keynote address. Patrick Jankowski, the Partnership's senior vice president of Research, will provide the local perspective. All registrants will receive a copy of *Global Houston 2022*, the Partnership's analysis of global economic trends. Additional details can be found at the Partnership's [website](#).

KEY ECONOMIC INDICATORS



Aviation — The Houston Airport System (HAS) handled 3.5 million passengers in February '22, up from 1.7 million in February '21. This marked the 12 consecutive month with overall passenger traffic 3.1 million or more. With the waning of the Omicron variant, air travel has begun to pick up globally. The variant had minimal impact on U.S. air travel.



Crude Oil — The closing spot price for West Texas Intermediate (WTI), the U.S. benchmark for light, sweet crude, averaged \$108.50 per barrel in March '22, up from \$62.23 for the same month in '21, according to the U.S. Energy Information Administration (EIA). Russia's invasion of the Ukraine and subsequent sanctions have created significant market uncertainties about the potential for oil supply disruptions. These events are occurring against a backdrop of low oil inventories and persistent upward oil price pressures.



Foreign Trade — The Houston-Galveston Customs District handled foreign trade valued at \$55.0 billion through February of this year, up from 61.4 percent from \$34.1 billion over the same period in '21. A jump the value of crude and refined products exports accounts for most of the increase. The impact of the war in the Ukraine has had no noticeable impact on Houston's global trade.



Natural Gas — March's natural gas prices averaged \$4.90 per million British thermal units (MMBtu), up from \$2.62 in March the year before. Although temperatures across the eastern part of the United States were close to normal in February, reducing natural gas consumption from January levels, natural gas production fell slightly last month relative to January, in part as a result of temporary freeze-offs in producing regions.



Purchasing Managers Index — The Houston Purchasing Managers Index fell 1.0 point to 58.5 during the month of March. Strength in the sales/new orders, employment, and lead times indices are responsible for the continued indication of economic growth. Non-manufacturing activities expanded at a modestly slower rate while manufacturing activities expanded at a significantly faster pace during the month.



Rig Count — The Baker Hughes count of active domestic rotary rigs stood at 689 the first week of April '22, up from 432 the same week in April '21, according to data recently released by the company.

Even though the rig count has climbed for a record 20 months in a row through March, weekly increases have mostly been in single digits and oil production is still far below pre-pandemic record levels as many companies focus more on returning money to investors and paying down debt rather than boosting output.



Sales Tax — Sales and use tax collections for the 12 most populous Houston-area cities totaled \$1.1 billion in the 12 months ending January '22, up 18.5 percent from \$955.2 million for the same period a year ago. Collections for the month of January totaled \$88.0 million, up 16.9 percent from \$75.2 million in January '21.



Unemployment — Houston's unemployment rate fell to 5.3 percent in February, down from 5.5 percent in January and 7.6 percent in January of '21. That reflects 184,582 Houstonians unemployed and looking for work, down from 259,342 in February a year ago. The rates are not seasonally adjusted.



Vehicle Sales — Houston-area auto dealers sold 28,158 new vehicles in February '22, a surge of 58.3 percent from February '21, according to TexAuto Facts, published by InfoNation, Inc. of Houston. This rise is the highest since June '21 and can be attributed to reduced vehicle sales during February '21, when winter storm Uri struck Texas.

Elizabeth Balderrama, Annaissa Flores, Patrick Jankowski and Roel Martinez and contributed to this issue of Houston, The Economy at a Glance.

STAY UP TO DATE

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If you're not a member of the Greater Houston Partnership and would like to subscribe to **Economy at a Glance**, please click [here](#) and enter your email address. For information about joining the Partnership, call Member Engagement at 713-844-3683.

The Key Economic Indicators are **updated whenever any data change** — typically, ten or so times per month. If you would like to receive these updates by e-mail, usually accompanied by commentary, click [here](#).

HOUSTON MSA NONFARM PAYROLL EMPLOYMENT (000)

	Feb 22	Jan 22	Feb 21	Change from		% Change from	
				Jan 22	Feb 21	Jan 22	Feb 21
Total Nonfarm Payroll Jobs	3,175.5	3,130.0	2,965.0	45.5	210.5	1.5	7.1
<i>Total Private</i>	<i>2,737.9</i>	<i>2,699.7</i>	<i>2,546.8</i>	<i>38.2</i>	<i>191.1</i>	<i>1.4</i>	<i>7.5</i>
<i>Goods Producing</i>	<i>497.7</i>	<i>492.1</i>	<i>475.7</i>	<i>5.6</i>	<i>22.0</i>	<i>1.1</i>	<i>4.6</i>
<i>Service Providing</i>	<i>2,677.8</i>	<i>2,637.9</i>	<i>2,489.3</i>	<i>39.9</i>	<i>188.5</i>	<i>1.5</i>	<i>7.6</i>
<i>Private Service Providing</i>	<i>2,240.2</i>	<i>2,207.6</i>	<i>2,087.0</i>	<i>32.6</i>	<i>153.2</i>	<i>1.5</i>	<i>7.3</i>
Mining and Logging	65.5	63.8	68.1	1.7	-2.6	2.7	-3.8
Oil & Gas Extraction	31.2	30.3	33.5	0.9	-2.3	3.0	-6.9
Support Activities for Mining	32.0	31.2	32.9	0.8	-0.9	2.6	-2.7
Construction	214.0	211.7	199.6	2.3	14.4	1.1	7.2
Manufacturing	218.2	216.6	208.0	1.6	10.2	0.7	4.9
Durable Goods Manufacturing	136.5	134.8	127.0	1.7	9.5	1.3	7.5
Nondurable Goods Manufacturing	81.7	81.8	81.0	-0.1	0.7	-0.1	0.9
Wholesale Trade	167.0	163.8	157.4	3.2	9.6	2.0	6.1
Retail Trade	321.6	319.6	297.4	2.0	24.2	0.6	8.1
Transportation, Warehousing and Utilities	170.6	169.4	161.3	1.2	9.3	0.7	5.8
Utilities	17.2	17.3	17.5	-0.1	-0.3	-0.6	-1.7
Air Transportation	18.8	18.4	17.9	0.4	0.9	2.2	5.0
Truck Transportation	28.1	28.0	26.6	0.1	1.5	0.4	5.6
Pipeline Transportation	12.4	12.4	12.2	0.0	0.2	0.0	1.6
Information	31.5	31.5	27.9	0.0	3.6	0.0	12.9
Telecommunications	12.2	12.2	12.2	0.0	0.0	0.0	0.0
Finance & Insurance	111.2	108.8	105.9	2.4	5.3	2.2	5.0
Real Estate & Rental and Leasing	60.6	60.5	59.6	0.1	1.0	0.2	1.7
Professional & Business Services	517.3	506.9	488.8	10.4	28.5	2.1	5.8
Professional, Scientific & Technical Services	247.3	244.1	235.9	3.2	11.4	1.3	4.8
<i>Legal Services</i>	<i>29.7</i>	<i>29.5</i>	<i>28.1</i>	<i>0.2</i>	<i>1.6</i>	<i>0.7</i>	<i>5.7</i>
<i>Accounting, Tax Preparation, Bookkeeping</i>	<i>27.1</i>	<i>26.7</i>	<i>26.2</i>	<i>0.4</i>	<i>0.9</i>	<i>1.5</i>	<i>3.4</i>
<i>Architectural, Engineering & Related Services</i>	<i>67.3</i>	<i>68.0</i>	<i>64.4</i>	<i>-0.7</i>	<i>2.9</i>	<i>-1.0</i>	<i>4.5</i>
<i>Computer Systems Design & Related Services</i>	<i>38.3</i>	<i>38.2</i>	<i>35.9</i>	<i>0.1</i>	<i>2.4</i>	<i>0.3</i>	<i>6.7</i>
Admin & Support/Waste Mgt & Remediation	226.6	219.5	209.7	7.1	16.9	3.2	8.1
<i>Administrative & Support Services</i>	<i>215.1</i>	<i>207.6</i>	<i>198.5</i>	<i>7.5</i>	<i>16.6</i>	<i>3.6</i>	<i>8.4</i>
<i>Employment Services</i>	<i>85.9</i>	<i>82.8</i>	<i>77.0</i>	<i>3.1</i>	<i>8.9</i>	<i>3.7</i>	<i>11.6</i>
Educational Services	71.9	69.8	62.5	2.1	9.4	3.0	15.0
Health Care & Social Assistance	353.3	351.3	338.8	2.0	14.5	0.6	4.3
Arts, Entertainment & Recreation	30.7	29.5	26.0	1.2	4.7	4.1	18.1
Accommodation & Food Services	295.2	286.5	257.1	8.7	38.1	3.0	14.8
Other Services	109.3	110.0	104.3	-0.7	5.0	-0.6	4.8
Government	437.6	430.3	421.9	7.3	15.7	1.7	3.7
Federal Government	31.9	31.5	30.6	0.4	1.3	1.3	4.2
State Government	95.5	94.8	92.5	0.7	3.0	0.7	3.2
<i>State Government Educational Services</i>	<i>55.6</i>	<i>55.1</i>	<i>52.8</i>	<i>0.5</i>	<i>2.8</i>	<i>0.9</i>	<i>5.3</i>
Local Government	310.2	304.0	298.8	6.2	11.4	2.0	3.8
<i>Local Government Educational Services</i>	<i>215.8</i>	<i>211.0</i>	<i>205.8</i>	<i>4.8</i>	<i>10.0</i>	<i>2.3</i>	<i>4.9</i>

SOURCE: Texas Workforce Commission

QUALIFICATIONS OF JOHN R. FISHER, LEED AP

John Fisher has been employed with O'Connor & Associates since 1995 and serves as the Managing Director of the Appraisal Division, appraisal reviewer, and appraiser trainee mentor. Professional accreditations include a bachelor of business degree in finance and a state certified general real estate appraiser's license. Mr. Fisher is also a LEED AP and has completed all coursework and experience credit required for the MAI Designation from the Appraisal Institute. John Fisher was the top producing appraiser for several years and was presented the STAR award by O'Connor & Associates in 1999 and 2000 for superior achievement in technical expertise, quality of work, and professionalism.

Mr. Fisher has been designated as an expert witness in both district court and federal court, and provides third-party appraisal review (USPAP compliance) services to banks.

Mr. Fisher has over 25 years of experience in the appraisal of a wide variety of commercial property types, including apartments, shopping centers, self-storage facilities, office buildings, freestanding retail properties, and industrial facilities. Mr. Fisher has appraised or reviewed real estate valued in excess of one half billion dollars during the course of his career.

EXPERIENCE

1995 - Present **O'Connor & Associates, Inc. - Houston, Texas**
Managing Director, Appraisal Services/Review Appraiser - See above

1994 - Oct. 1995 **Thomas Bearden Company - Houston, Texas**
Fee Appraiser - Conduct financial feasibility studies, tax protest appraisals, analysis of leased fee/leasehold interests, and analysis of loan proposals.

1988 - 1994 **Hill Thompson, Inc. - Houston, Texas**
Senior Appraiser - Implemented all phases of appraisal process required to value commercial real estate. Performed property inspections, market data compilation and analysis, and report writing. Supervised office staff. Reviewed appraisals and formulated policies for company operations. Quoted fees and interacted with clients on all aspects of the business.

EDUCATION

Bachelor of Business Administration - Finance Major / University of Houston, Houston, Texas

REAL ESTATE COURSES

Money and Capital Markets	Finance
Statistics	Business Management
Principles of Real Estate II	Real Estate Law
Investment Strategy	Standards of Professional Practice and Code of Ethics
Texas Real Estate Lic. Act, Deceptive Trade Practices Act, and Agency	
Dynamics of Office Bldg Valuation	The Appraiser as an Expert Witness
Analyzing Operating Expenses	Advanced Income Capitalization
Comprehensive Due Diligence for Acquisitions (Harvard Graduate School, Cambridge, MA)	

PROFESSIONAL AFFILIATIONS

Leadership in Energy & Environmental Design - Accredited Professional (LEED AP)
State Certified General Real Estate Appraiser (Texas) TX-1323960-G

JOHN ROBERT FISHER
1140 ALLSTON ST
HOUSTON, TX 77008



Certified General Real Estate Appraiser

Appraiser: **John Robert Fisher**

License #: **TX 1323960 G**

License Expires: **11/30/2022**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:
Certified General Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.



Chelsea Buchholtz
Commissioner



ROSS P. WELSHIMER, MAI

EMPLOYMENT

O'CONNOR & ASSOCIATES, HOUSTON, TX YEARS EMPLOYED (1990 - PRESENT)

APPRAISER - SENIOR TECHNICAL REVIEWER

Technical reviews and appraisals of commercial property types including: multifamily communities, independent and assisted living facilities, office buildings, retail centers, service station/convenience stores, auto care facilities, restaurants, subdivisions, motels/hotels, and industrial facilities. Specialized properties appraised include: HUD-MAP market/feasibility studies and appraisals, multi-use properties, Housing Tax Credit and other subsidized housing developments, including Section 8 multifamily properties.

RESIDENTIAL FIELD APPRAISER YEARS EMPLOYED (1988- 1990)

Harris County Appraisal District, Houston, Texas
Duties included inspection and valuation of residential properties.

ASSISTANT CHIEF DEPUTY ASSESSOR YEARS EMPLOYED (1986 - 1988)

Downers Grove Township Assessor's Office, Downers Grove, Illinois
Commercial appraisal department supervisor: inspection and valuation of commercial properties.

EDUCATION

BACHELOR OF SCIENCE YEARS ATTENDED (1981 - 1985)

Illinois State University Normal, Illinois
Double Major: Market Research/Business Administration

APPRAISAL INSTITUTE REAL ESTATE COURSES COMPLETED

Attended and successfully completed all courses relating to Appraisal Institute MAI designation, along with required education to comply with continuing education program of the Appraisal Institute.
400 - Uniform Standards of Professional Appraisal Practices; 310 - Basic Income Capitalization; 320 - General Applications; 510 - Advance Income Capitalization; 520 - Highest and Best Use and Market Analysis; 530 - Advanced Sales Comparison and Cost Approach; 540 - Report Writing and Valuation Analysis; 550 - Advanced Applications; Appraisal of Nursing Facilities; Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets; Appraising From Blueprints and Specifications; Internet Search Strategies for Real Estate Appraisers; Litigation Skills for the Appraiser: An Overview.

OTHER REAL ESTATE SEMINARS AND VALUATION COURSES COMPLETED

HUD MAP Certification; Business Appraisal Workshop - 8001 (IBA); Essentials of Real Estate Finance, Basic Appraisal Practices, Cost Approach to Value, Market Approach to Value, Income Approach to Value, Introduction to Residential and Rural Property Appraisal, Introduction to Commercial and Industrial Property Appraisal, Marshall and Swift Calculator Cost Method and Segregated Cost Method, Texas Property Tax System, Introduction to Appraisal, Appraisal of Personal Property, Property Tax Law, Mass Appraisal Concepts

PROFESSIONAL AFFILIATIONS

- MAI Member of the Appraisal Institute
- State Certified General Real Estate Appraiser: TX-1324328-G (1992 - Present)
- Also state certified in California and Louisiana
- Candidate RPA Designation (through Texas SPTB -Inactive) (1989-1990)
- Certified Illinois Assessing Officer (Inactive) (1987 -1988)

ROSS P WELSHIMER
13942 JAYCREEK COURT
HOUSTON, TX 77070



Certified General Real Estate Appraiser

Appraiser: **Ross P Welshimer**

License #: **TX 1324328 G**

License Expires: **12/31/2022**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:
Certified General Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.

Chelsea Buchholtz
Commissioner



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Professionals Providing Real Estate Solutions

This Certifies That

Ross P. Welshimer

has been admitted to membership as an

MAI Member

in the Appraisal Institute and is

entitled to all the rights and privileges of membership

subject only to the limiting conditions set forth from time to time

in the Bylaws and Regulations of the Appraisal Institute.

In Witness Whereof, the Board of Directors of the Appraisal Institute has authorized this certificate to be signed in its behalf by the President, and the Corporate Seal to be hereunto affixed on this **20th** day of **September 2016**



President

This certificate is the property of the Appraisal Institute and must be returned to the Chief Executive Officer upon termination of membership.

