

"It's All About the Taxpayers"

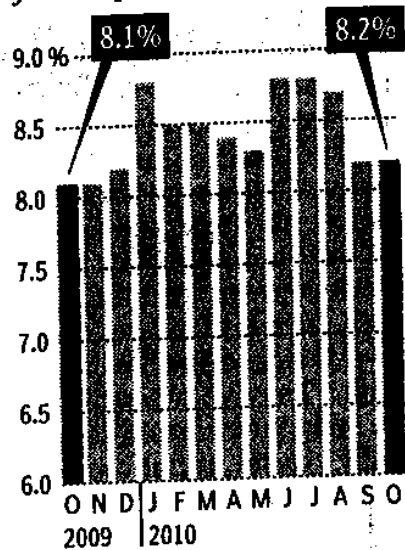
Bettencourt
Tax Advisors, LLC

**“It’s All About
the Taxpayers
In 2011”
“The Taxman”**

Area ekes out a gain in jobs

JOBLESS TREND

The unemployment rate in the Houston area held steady from September to October.



Source: Texas Workforce Commission
 Note: Not seasonally adjusted
 CHRONICLE

■ For second straight month, employers add positions

By L.M. SIXEL
 HOUSTON CHRONICLE

After 19 consecutive months of year-over-year job losses, the Houston employment picture is showing some signs of life.

For the second consecutive month in October, the area gained jobs over the previous 12 months, the Texas Workforce Commission reported Friday. From October 2009 to October 2010, area employers created 6,200

jobs, a 0.2 percent increase.

"It's looking a little bit better than I thought," said Barton Smith, professor emeritus of economics at the University of Houston. However, he added, it's not anything dramatic.

"Houston is barely growing," Smith said. "If at all."

One bright sign, however, is the new jobs in durable goods manufacturing. During the past 12 months, the Houston area added 5,100 of those jobs, which include the making of oil field equipment. And the sector has gained 600 jobs just since September.

"That's the blue-collar energy sector," Smith said. "That's telling me \$80-a-barrel oil is trumping the

\$4 per thousand cubic feet for natural gas."

Smith was disappointed about losses in professional and business services, especially in administrative services.

Companies are trying to get leaner, he said. "They're getting rid of anything that looks remotely like fluff."

Even temporary staffing companies added only 600 jobs during the past year.

"That's a good example that there's a meager amount of hiring going on," Smith said.

It's been a rough two years, said Gary Akin, owner of the Management Recruiters franchise in the
*Please see **HIRING**, Page D5*

AREA JOB PICTURE 2011

Houston Area Job Numbers...

Houston lost 96,000 jobs in 2009, a 4% drop.

Houston gained 14,000 jobs in 2010, a < 1% gain.

It's All About the Taxpayers Jobs in 2011

Mergers like United/Continental are shedding jobs along with governments and institutions like NASA.

Will the private sector generate enough
new jobs in 2011?

Commercial Real Property: Office Buildings

- Vacancies have leveled off in the office market.
- Absorption in 2010 was down 495,662 sf compared to 2.7 million sf in 2009. (Class A showed positive absorption for the 3rd straight quarter.)
- Construction project starts have slowed.
 - Construction year-end summary reports
 - 2,334,122 sf under construction in 2010
 - 2,566,050 sf in 2009
 - 9,120,000 sf in 2008

Commercial Real Property: Office Buildings

- Valuation of office buildings will have mixed results as some submarkets outperform others.
- As landlords aggressively compete for tenants via increased concessions, tenant shifting amongst the various classes is expected.
- Overall, markets will vary by location. Some submarkets like downtown and the galleria area will be way up and other markets will be down.
- Location, Location, Location

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Office Buildings: Capitalization Rates

Class/Area	2009 Model Cap Rate	2010 Model Cap Rate
Class A	07.50%	08.50%
Class B	08.50%	09.25%
Class C	09.00%	10.25%
Class D	10.50%	11.25%
Overall Cap Rate	08.87%	09.81%

Source: HCAD Board of Directors Meeting, 2010 Market Trends and Valuation.

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Apartments: Rental 2009/2010 Rates/Occupancy/Concessions

Class	# of Properties	Average Rate Cents/SF/Mo	Occupancy	Concessions
A	358/359	117.2/121.4	82.6%/88.1%	10.2%/8.0%
B	1,003/1,006	84.2/85.6	86.8%/89.2%	7.1%/6.2%
C	1,017/1,011	66.9/66.9	82.7%/82.9%	5.7%/6.0%
D	474/488	45.5/46.9	82.1%/79.2%	4.0%/4.2%
Overall	2,852/2,864	81.6/82.6	84.3%/86.0%	7.4%/6.6%

Recent Rig Count

Area	Last Count	Count	Change from Prior Count	Date of Prior Count	Change from Last Year	Date of Last Year's Count
U.S.	19 Nov 10	1677	-8	12 Nov 10	+564	from 20 Nov 09
Canada	19 Nov 10	418	-11	12 Nov 10	+125	from 20 Nov 09
Texas	19 Nov 10	739	+7	12 Nov 10	+298	From 20 Nov 09

Source: Baker Hughes

Industrial Real Property: Chemical, I

The world
gross
domestic
product
(GDP) grew
5.2% in 2007

Growth
slowed to
3.2% in 2008

Recession
took hold and
economic
growth was a
negative
0.08% in
2009, the
lowest since
World War II

Gulf Coast
chemical
industry is
largely
dependant on
world GDP

Greater Metro Statistical Area: Residential Foreclosures

- Foreclosures are still having a strong impact on property values.
- Foreclosures totaled 47,652 in 2010, up 16% from 2009.
- The median price of foreclosure sales rose to \$136,000 in 2010.

Source: HCAD Board of Directors Meeting, *2010 Market Trends and Valuation*.

2010 Residential Trends

Harris County

- December 2010 saw the highest average residential price at \$221,6513, an increase of 2.2% from 2009
- The median price was \$157,000, up 4% from 2009
- Residential Sales in December 2010 were down 3.9% from 2009
- Pending sales for December's month-end were up 4.5% from 2009
- Active listings were up 13.5% from December 2009
- Available Inventory rose from 5.7 months in 2009 to 7.2 months in 2010 (National Rate is 9.5 months)

Source: HCAD Board of Directors Meeting, 2010 Market Trends and Valuation.

2011 Stability Factors

- Health Care and Hospitals
- Port of Houston – Improved Global Activity
- Oil Price at \$90 bbl*
- Now \$100 plus !!!

* As predicted by The Taxman in *The Houston Chronicle Business Quarter Review*, "\$75 to \$90 bbl oil in 2009"

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Harris County – Preliminary Estimate of 2010 Taxable Value

(\$\$\$ Billions \$\$\$)

	2009 Tax Base	2010 Tax Base	Percent Change
Residential & Rural Improved	\$118.976	\$114.717	-3.72%
Apartment	\$19.218	\$18.187	-5.80%
Commercial	\$65.488	\$57.218	-11.48%
Vacant Land	\$10.374	\$10.227	-3.12%
Industrial Real	\$16.796	\$14.922	-6.61%
Utility	\$4.223	\$4.270	-0.31%
Commercial Personal	\$25.180	\$25.334	0.50%
Industrial Personal	\$25.434	\$28.453	1.42%
Other	\$0.659	\$0.586	-2.87%
Roll: 12/10/2009	2009 Roll Value	2010 Net Total	Net Pct. Chg.
	\$286.348	\$270.914	-5.390%

Reducing Property Taxes

File a timely protest by May 31 in Texas or 30 days after you receive Property Tax Notice.

- Protesting Your Property Value Is the Only Opportunity You Have to Reduce Your Property Tax
- The Time to Prepare is Now
- Only One Opportunity per Year

The Quickest Way to A Property Tax Reduction is A Successful Property Tax Protest

Conclusion for 2011

As the Economy Stabilizes,
the Houston Area will see
Some Submarkets
Experience Steady
Growth, while Others will
Continue to Decline.