

Late Backu

Austin properties:

- All have a known sales price (see endnotes for sources).
- The Central Appraisal District final appraised value (FAV) is given for the year following the sale (see 2013 exceptions).
- Any associated properties are included as a sum in the CAD Final Appraised Value column and are itemized in the endnotes.
- We confirmed by phone with Travis CAD staff that there are no other associated properties connected with these sales.

Property Name	Address	Prop. Type	Sale Date	Sale Price (Reported)	CAD Final Appraised Value	CAD App. Year	Appraised Val as % of sales price
Burleson Business Park ¹	4101 Smith School Road	Industrial	10/19/2012	\$26,119,000	\$12,735,725	2013	49%
Hampton Inn south of Airport ²	4141 Governors Row	Hotel	10/9/13	\$15,410,000	\$ 8,989,178	*2013	62%
Renaissance-Arboretum ³	9721 Arboretum Boulevard	Hotel	3/23/2012	\$103,000,000	\$64,841,333	2013	63%
Northcross ⁴	2525 West Anderson Lane	Shopping Center	6/24/2013	\$ 61,500,000	\$ 33,272,209	*2013	60%
Tech Ridge Center ⁵	500 Canyon Ridge Drive	Shopping Center	9/26/2011	\$ 55,400,000	\$41,970,384	2012	76%
Courtyard-Austin ⁶	12330 North IH 35 TX 78753	Hotel	11/2/2010	\$ 20,000,000	\$8,875,045	2011	44%
Fairfield Inn & Suites-Austin ⁷	12536 North IH 35 TX 78753	Hotel	11/2/2010	\$17,750,000	\$8,166,888	2011	46%
Hilton Garden Inn-Austin ⁸	12400 North IH 35 Austin, TX	Hotel	11/2/2010	\$ 16,000,000	\$8,031,281	2011	50%
West Creek Shopping Center ⁹	4404 West William Cannon Drive	Shopping Center	9/26/2013	\$ 15,100,000	\$ 7,471,954	*2013	49%
Raceway Crossing Industrial Center ¹⁰	16310 Bratton Lane	Industrial	10/23/2012	\$18,687,000	\$10,647,000	2013	57%
Bailey Square ¹¹	1111 West 34th Street	Health Care	6/25/2008	\$ 28,134,062	\$13,826,345	2009	49%

*2013 appraised values are used for 2013 sales because 2014 appraised values are not yet finalized.

¹ CAD Prop #788677; SEC 10-K, http://industrialincome.com/uploaded-files/PDF/10-K/IIT_Form_10-K_12.31.12.pdf

² CAD Prop #429917; SEC 8-K, <http://yahoo.brand.edgar-online.com/displayfilinginfo.aspx?FilingID=9500773-855-5720&type=sect&TabIndex=2&companyid=777460&ppu=%252fdefault.aspx%253fcik%253d1424879>

³ CAD Prop #153537, SEC 10-Q, <http://www.sec.gov/Archives/edgar/data/1307748/000119312512215441/d335402d10q.htm>

⁴ CAD Prop #784458 (\$17,391,015), 784457 (\$2,649,947), 784456 (\$8,773,572), 784455 (\$4,457,675); SEC 8-K, http://www.sec.gov/Archives/edgar/data/1476204/000114420413033593/v347232_8k.htm

⁵ CAD Prop #258230207 (\$2,739,214), 569376 (\$13,659,013), 569377 (\$25,572,157); SEC 10-Q, http://yahoo.brand.edgar-online.com/EFX_dii/EDGARpro.dii?FetchFilingHTML1?ID=8232044&SessionID=gzBu6WffluzS3u7

⁶ CAD Prop # 774641; SEC 8-K, http://www.sec.gov/Archives/edgar/containers/fix310/1418121/000093041310004787/c62750_8-k.htm

⁷ CAD Prop #461124; SEC 8-K, http://www.sec.gov/Archives/edgar/containers/fix310/1418121/000093041310004787/c62750_8-k.htm

⁸ CAD Prop #738177; SEC 8-K, http://www.sec.gov/Archives/edgar/containers/fix310/1418121/000093041310004787/c62750_8-k.htm

⁹ CAD Prop # 446689 (\$7,359,8429), 699586 (\$112,112); SEC 10-Q, <http://www.secfinfo.com/d17T3b.xr.htm#1stPage>

¹⁰ CAD Prop #755080; SEC Annual report, http://industrialincome.com/uploaded-files/PDF/IIT_2012_Annual_Report_FINAL.pdf

¹¹ CAD Prop # 214579 (\$12,125,246); SEC 8-K, <http://apps.shareholder.com/sec/viewerContent.aspx?companyid=SNH&docid=5923068>

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Real Values for Austin

What are Real Values for Texas?

The Real Values for Texas Campaign aims to correct an unfair system in which many owners of large commercial buildings pay taxes based on **only a fraction of the value of their properties**, while most homeowners pay taxes based on the real value of their homes.¹

Our goal is to ensure that large commercial property owners do their part to contribute funding to schools and local services and to prevent homeowners from taking up an undue burden because the state's largest property owners won't pay their fair share.

How does this affect my community and me?

Because of the way large commercial property owners are currently exploiting the property tax system, schools and local services in Austin have lost an estimated \$759.7 million in local tax revenue over the past 5 years.

Estimated lost local revenue in Travis County Appraisal District (2008-2012):

Top 500 Commercial Buildings only

Travis County	\$150.8 million
Cities (including Austin)	\$149.4 million
Austin Community College	\$31.4 million
Travis Central Health District	\$24.1 million
Schools (including Austin ISD)	\$404.1 million

Isn't property tax pretty simple?

It should be, yes. In Texas, property owners pay a property tax bill every year that is based on the value of their property. ALL property throughout the state is supposed to be taxed based on market value. It should be simple.

So, what's the problem?

The problem is that state property tax law is written in such a way that allows commercial property owners – especially owners of large commercial buildings – to use the appeal system to get the tax on their buildings to be based on a value far below what the building is actually worth. Based on our research as well as that of the Houston *Chronicle* and the Texas Association of Appraisal Districts, we estimate that commercial properties are being taxed at an average of 60% of their actual value.

A couple examples:

- The Burleson Business Park was acquired in 2012 for \$26.1 million.² In 2013, it was appraised for \$12.7 million, just 49% of the purchase price.

¹ See Texas Association of Appraisal Districts, "[Why Do We Need Mandatory Sales Disclosure in Texas?](#)" (2007); Loren Steffy, "[A Dated Law on Commercial Real Estate](#)," Houston Chronicle, 2/3/2012. See also Nathan Morey, "[Unequal and Unfair: Why Texas Should Require Mandatory Sales Price Disclosure to Reconcile the Texas Property Tax Code with the Texas Constitution](#)," *St Mary's Law Journal*, 5/10/2010.

² Industrial Income Trust, SEC 10-K filing for fiscal year ended December 31, 2012. http://industrialincome.com/uploaded-files/PDF/10-K/IIT_Form_10-K_12.31.12.pdf; CAD appraisal of 4101 Smith School Rd, TX 78744, Prop #788677.

- The Renaissance-Arboretum hotel was acquired in March 2012 for \$103 million.³ In 2013, it was appraised for \$64.8 million, just 63% of the purchase price.
- The Raceway Crossing Industrial Center was acquired in October 2012 for \$18.68 million.⁴ In 2013, it was appraised for \$10.6 million, just 57% of the purchase price.
- The Courtyard-Austin hotel was acquired in November 2010 for \$20 million.⁵ The final 2011 appraisal was only \$8.9 million, less than half (44%) of the purchase price.

How much money are we talking about overall?

A LOT. Over the last 5 years, schools and local services in Texas have suffered an estimated combined loss of **over \$4 billion local dollars** from the undervaluation of the largest commercial properties due to the owners' manipulation of the protest system.

What can we do about it?

Citizens, homeowners, parents, community leaders, and legislators can get more informed about how this unfair system affects our kids, our communities, and us.

We can get organized and take action that will show lawmakers in Austin that it's time to change the law so big property owners can't get away with driving down the quality of life for all of us.

³ Inland American Real Estate Trust, Inc, SEC 10-Q filing for quarter ending March 31, 2012, <http://www.sec.gov/Archives/edgar/data/1307748/000119312512215441/d335402d10q.htm>; CAD appraisal of Arboretum Blvd, TX 78759, Prop #153537.

⁴ Industrial Income Trust, SEC 10-K filing for fiscal year ended December 31, 2012, http://industrialincome.com/uploaded-files/PDF/IIT_2012_Annual_Report_FINAL.pdf 10-K for year ended 2012 CAD appraisal of 16310 Bratton Lane, 1-3 TX 78728, Prop #755080.

⁵ Apple Nine REIT, SEC 8-K, Sept. 10, 2010, http://www.sec.gov/Archives/edgar/containers/fix310/1418121/000093041310004787/c62750_8-k.htm; CAD Appraisal of 12330 North IH 35 TX 78753, Prop #461124. Appraised value in chart rounded from CAD appraisal of \$8,875,045.



Northcross
2013 Purchase Price: \$61.5 million
2013 Appraisal: \$33.3 million
46% Discount

Burleson Business Park
2012 Purchase Price: \$26.1 million
2013 Appraisal: \$12.7 million
51% Discount

Homeowners Pay the Price for Big Commercial Property Tax Discounts

Big commercial property owners exploit loopholes in property tax law to knock an average of 40% off their tax bill. It's a bargain for them, but it comes at our expense.

This manipulation puts increased pressure on homeowners and regular taxpayers to make up the difference. And it deprives our community of much-needed support for local public services.

It's time for a fair property tax system where big commercial property owners pay property taxes on the real market values of their buildings.

Learn more at realvaluesfortexas.org

