

Real Estate Assessments Market Study 2021

Arlington's overall property tax base grew modestly from last year due to continued residential growth despite a slowdown in some commercial sectors due to the impacts of the COVID-19 pandemic. Property values increased 2.2% overall in Calendar Year (CY) 2021 compared to 4.6% growth in CY 2020. New construction contributed to 1% of the 2.2 % overall property assessment growth.

Increased growth in residential property values

Residential property values improved upon their performance last year with 5.6% overall growth, demonstrating the continued attractiveness of our community. In CY 2021, the average value of existing residential properties including condos, townhouses, and detached homes is \$724,400.

Average Value of Existing Residential Property
(including condos, townhouses and detached homes)

CY 2019	CY 2020	CY 2021
\$658,600	\$686,300	\$724,400

Commercial values decrease overall but vary between sectors

Overall commercial property assessments decreased by 1.4% over the previous year, mainly driven by a double-digit decrease in the hotel sector where operations have been significantly impacted by the COVID-19 pandemic.

Apartment and general commercial (malls, retail stores, gas stations, commercial condos, etc.) property values saw small decreases offset by new construction. After strong growth in CY 2020, apartment property assessments increased by 0.8% overall in CY 2021. General commercial property assessments increased by 0.1% overall.

While many office property assessments decreased due to increases in vacancy rates and changing demand for office space, total office property values increased by 0.8% over last year. The overall office market tax base increased, in part, due to the increased presence of Amazon and the related development activity.

Residential Property Assessments

Single-family residential dwellings account for approximately 62,000 real estate parcels, including detached houses, townhouses, condominiums, and cooperative dwelling units.

- The average value of existing single-family properties including condominiums, townhouses, and detached homes increased by 5.6% from \$686,300 in 2020 to \$724,400 in 2021.

- Assessment value changes varied with some assessments increasing, some decreasing, and others remaining unchanged.

- 90% increased
- 7% did not change
- 3% decreased

Total residential property assessments (including new construction) and percentage increases over 2020 property values are as follows:

Single-family attached and detached homes	\$32.5 billion	5.4%
Condominiums and cooperatives	\$11.5 billion	6.2%

Commercial Property Assessments

The total commercial tax base (office, hotels, multi-family, and general commercial) decreased 1.4 percent from \$39.4 billion to \$38.9 billion in 2021, including new construction. This represents 46.9 percent of the total real estate tax base compared to 48.6 percent in 2020.

Office Property:

- Office property assessments, including new construction, experienced a slight increase of 0.8% in assessed value driven mainly by new construction. Base office values were flat compared to CY 2020 despite some increases in tenant vacancies and rent concessions.
- Total 2021 assessed value, including new construction of \$113.3 million, is \$14.3 billion compared to \$14.2 billion in 2020. This represents 36.9 percent of the commercial real estate tax base and 17.3 percent of the total real estate tax base.

Hotel Property:

- Hotel properties, the smallest sector within the commercial tax base, experienced a large decrease in assessed value of 32.3% compared to 2020. This decrease is due to changes in demand for lodging from the COVID-19 pandemic and a reduction in inventory from hotel conversions and closures.
- Total 2021 assessed value is \$1.7 billion compared to \$2.5 billion in 2020. Hotel properties represent 4.3 percent of the commercial real estate tax base and 2.0 percent of the total real estate tax base.
- There was no new construction of hotel properties.

Multi-Family Residential Property:

- Multi-family residential property assessments, including new construction, grew slightly with a 0.8% increase in assessed value compared to 2020.
- Total 2021 assessed value, including new construction of \$530.1 million, is \$18.2 billion compared to \$18.1 billion in 2020. This represents 46.9 percent of the commercial real estate tax base and 22.0 percent of the total real estate tax base.

Other Commercial Property (General Commercial):

- Other commercial property, also known as General Commercial, includes malls, neighborhood shopping centers, small offices, retail shops, fast food restaurants, gas stations, and commercial condos among others. General commercial properties, including new construction, experienced a 0.1% increase in assessed value compared to 2020.
- Total 2021 assessed value, including new construction of \$28.9 million, is \$4.6 billion consistent with the 2020 value. This represents 11.9 percent of the commercial real estate tax base and 5.6 percent of the total real estate tax base.