

# Q&A

## John A. Giunco and Justin McCarthy

**Q:** As the residential and commercial real estate markets stabilize, should property owners appeal their annual property assessment?

**A:** An appeal of the annual real estate tax assessment is particularly necessary when, like now, the overall real estate market is recovering from a state of deep decline and property values are stabilizing due to an uptick in sales in many areas of the State. The residential real estate market has stabilized, but many assessments reflect home values from the peak of the market resulting in over-inflated tax obligations.

Declining rental rates and increased vacancy have effectively reduced the value of commercial improvements, but the assessments of these properties have not been adjusted to accommodate the reduction in market value. Commercial property owners should monitor their assessments and the corresponding property tax obligations as they would any other expense to assure the most competitive and attractive space for their existing and potential tenants.

A successful real estate tax appeal will cause a reduction of the annual assessment upon the property potentially for up to three years under New Jersey's "Freeze Act". This will result in real tax savings for the party having the tax payment obligation.

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