

Commercial Property Taxes Are Not A Fixed Expense - Why Regular Reevaluation is a Smart Move

Uncovering over assessments can result in significant financial benefits for commercial property owners

PHILADELPHIA, PA, USA, April 27, 2023 /EINPresswire.com/ -- Rittenhouse Appraisals, a leading

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Carlo L. Batts, MAI

commercial real estate appraisal company in the greater Delaware Valley, urges business owners to regularly review their commercial property assessments and related taxes to optimize their financial performance. Property taxes are often one of the largest expense items in a business's budget, but the property assessments that drive these taxes are not fixed values and can fluctuate based on various factors such as market changes, tenant demand changes, interest rates, and aging finishes.

According to Carlo L. Batts, MAI, Principal Appraiser of Rittenhouse Appraisals, "In our work, we often see

properties over-assessed, with owners paying a much higher burden in taxes. It's important for businesses to understand that assessments should be regularly evaluated to ensure they reflect the true market value of the property and to avoid overburdening or shortchanging the property and its returns."

Uncovering over assessments and subsequently winning an appeal to change the property taxes, can result in significant financial benefits for commercial property owners. By reducing tax payments on a single property or portfolio of properties, businesses can decrease operating expenses and enhance cash flow, which can in turn improve Debt Service Coverage Ratios (DSCR) - a key metric used by lenders - and provide improved financing opportunities.

Batts further explained, "The savings garnered from successfully appealing property assessments can be used to strengthen the business and improve the asset's overall value. These savings can be put toward essential purposes such as paying down debt or on necessary maintenance and renovation work, which can ultimately help sell a property quickly and profitably."

Rittenhouse Appraisals cites examples where their expertise has resulted in significant tax savings for their clients. In one case, an assessment was not reflective of changes happening in a neighborhood, and after a successful appeal, the owner's tax bill was reduced by \$78,000. In another instance, an assessment was based on a previous use during a time when the neighborhood was flourishing, but a shift in population and changes in the building's purpose warranted a reevaluation, resulting in a lower tax bill and savings of several tens of thousands of dollars annually for the owner.

Rittenhouse Appraisals emphasizes that it is in the best interest of every business to create a plan and actively monitor their property taxes by regularly evaluating property assessments to ensure they accurately reflect the property's true market value. Taking control of tax expenses and utilizing the savings for strategic initiatives and investments can provide businesses with financial advantages and contribute to overall success.

For more information about Rittenhouse Appraisals and their services, please visit rhappraisals.com.

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