6 Commercial Real Estate Trends That Will Be Consequential In 2026

A mix of economic, technological & social pressures may continue to challenge stability & growth in commercial R.E., often disrupting how properties are valued.

PHILADELPHIA, PA, UNITED STATES, February 2, 2026 /EINPresswire.com/ -- After weathering the pandemic, inflation, rising interest rates, the virtual office phenomenon and other factors that influenced the U.S. commercial real estate industry over the last five-plus years, 2026 promises to be a year where a hint of predictability returns. That said, a mix of economic, technological, and social pressures may continue to challenge stability and growth in commercial real estate in 2026, often disrupting how properties are valued.

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> *Carlo Batts, MAI, Principal & CEO, Reduxx Group*

Carlo Batts, property tax thought leader and President & Founder of the Reduxx Group, a national property tax advocacy organization, said: "Although predictability is beginning to return to the commercial real estate industry, the property tax environment throughout America will continue to be uncertain as state and local governments seek additional funding."

Batts observes that although commercial real estate taxes vary widely by region, he has identified 6 trends that should prove to be relevant to most real estate portfolios as companies plan their property tax management strategies. They include:

1) Commercial property values currently listed on state and local government tax rolls are higher than actual valuations.
According to Batts, this phenomenon will cause most companies to overpay property taxes in 2026. He observes that during the last several years, commercial property values have gone down due to reduced demand, higher costs, increased vacancies and other factors. Yet most property taxes are based on the assessments made when the property values were much higher. As a result, most companies will overpay property taxes on their overvalued portfolios.

2) Federal effects from extensions of the One Big Beautiful Bill will have little effect on property

values.
Although extensions of the One Big Beautiful Bill (OBBA) provisions such as bonus depreciation, enhanced Section 179 limits, Opportunity Zones) and others are certainly a value enhancement, in most cases, these are already factored in to today's portfolio valuations.


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3) State and local tax rates will rise as many governments seek additional funding
Due to inflation, price increases and federal programs unbundling, most state and local governments will face increased budgets resulting in tax shortfalls. For many cities, especially those more reliant on commercial property taxes, such as Boston, San Francisco and Dallas, rate hikes will be implemented to offset revenue shortfalls.

4) Artificial intelligence and other technologies will be utilized to develop government tax strategies, potentially causing higher valuations because they're based on past histories.
2026 will see increasing integration of AI in all aspects of business and planning. However, because AI is based on the past and on best practices, many tax valuations will increase even though in reality, many actual valuations have decreased, thereby causing tax overpayments.

5) A growing movement by states and cities to work towards standardizing property taxes relative to other states and cities.
Although in many cases, standardization can lead to stability and predictability, when it comes to the broad diversity in real estate markets in the U.S., property tax standardization may not be possible. Attempts at standardization will likely overlook economic and market differences and lead to property overvaluation and tax overpayment.

6) States and municipalities will be using property tax abatements, credits, rate discounts and exemptions as marketing tools to attract investment.
As companies make future plans and investments, they should be wary of tax saving opportunities and take advantage of them.

According to Batts, discovering an overvaluation is only the first step. Navigating the appeals process towards a successful property tax reduction requires specialized knowledge, expertise and local market proficiency. Tax reductions result from an entire process but Batts believes the effort can be well worth it. "When you look at the EBITDA of most companies, around 6-10%, adding back property tax overpayments on an entire portfolio can go a long way towards enhancing corporate profitability and retrieving dollars that are rightfully yours," said Batts.

ABOUT REDUXX GROUP:

Reduxx Group is a commercial real estate tax advocacy firm supporting investors, owners, lenders, brokers, accountants and attorneys, throughout the United States, in reducing real estate tax “costs” on commercial properties and portfolios. Reduxx Group works with multi-state organizations that own properties in warehousing, hospital/healthcare, manufacturing, retail and other industries. Reduxx Group utilizes its proprietary 6-point program that combines advanced technology and appraisal expertise, called The Reduxx Method.

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