

ALERTS AND UPDATES

Property Tax Appeals May Help Take the Sting out of Double-digit Vacancy Rates in New Jersey

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Once-sanguine projections of recovery have given way to less-favorable economic forecasts. According to Colliers International, "Regional market conditions were flat during the second quarter of 2011. Similar to the trends during the second quarter of 2010 when stock market volatility impacted business decisions, activity slowed due to another round of economic jitters. . . . The minimal absorption level market-wide reflects the continued jobless recovery."

In southern New Jersey, vacancy rates for office, industrial and neighborhood retail property markets have been particularly impacted. In the second quarter of 2011, Colliers reports 15.6-percent, 10.9-percent and 15.3-percent vacancy rates in these markets, respectively. However, the current assessments in most municipalities throughout the region were made during what may be considered rosier times when vacancies were not so high and do not reflect the true value of the property as of the date used for assessment purposes, which in New Jersey is October 1 of the pre-tax year. In other words, 2012 assessments should be based on October 1, 2011, values.

Owners of such income-producing properties should consider reviewing their current assessments with experienced legal counsel and consider appealing, if appropriate.

While tax appeals in New Jersey must be filed annually on or before April 1, or May 1 where a municipal-wide reassessment (revaluation) has been implemented, property owners should now be thinking about challenging assessments. Experience indicates that municipal assessors are more willing to discuss and have more flexibility to reduce assessments before they must submit their lists of assessments to the county boards of taxation (January 10, 2012).

To preserve their rights of appeal, owners may want to ensure all outstanding real estate taxes are paid. If taxes are in arrears, most assessors are unlikely to be willing to discuss a reduction and may bar any future appeal. Also, refusal or failure to respond to the assessor's request for income and expense within 45 days may result in the loss of the right to appeal the assessment. To protect this right of appeal, owners should promptly return the completed requests and keep copies for their records.

For Further Information

If you have any questions about this *Alert* or would like to learn more about the property tax assessments or tax appeals, please contact [Drew K. Kapur](#), any of the [attorneys](#) in the [Eminent Domain and Land Valuation Practice Group](#) or the attorney in the firm with whom you are regularly in contact.

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