

# What Commercial Property Owners & Taxpayers Should Know About Filing a New Jersey Property Tax Appeal in 2026

Client Alert

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By: [Michael J. Coskey](#) and [Thomas J. Denitzio Jr.](#)

New Jersey taxpayers continue to face one of the *highest real estate tax burdens in the nation*. The state's high tax rates, coupled with fears of an economic downturn, increased tenant vacancies and high interest rates, can significantly affect the bottom line of property owners and taxpayers. These concerns, among others, may also serve as a basis to assert a viable claim to reduce a property's real estate tax liability by filing a tax appeal to challenge the 2026 tax assessment.

The owners and taxpayers of commercial, industrial and multi-family properties should consider whether any of the following circumstances warrant further consideration:

- Was the property recently purchased?
- Has the property recently lost tenants or income?
- Is the municipality's Chapter 123 ratio low?
- Did the municipality complete a revaluation or reassessment?

Importantly, the ability to file a tax appeal is not limited to the fee simple owner of the property. Instead, a *tenant, mortgagee, holder of a tax sale certificate or court-appointed rent receiver* may pursue a reduction in a property's tax burden by filing a tax appeal under certain circumstances.

## Understanding Your Tax Assessment

A property's tax burden is typically comprised of two factors – the municipal tax rate and the property's tax assessment. However, the ability to lessen a property's tax burden is generally limited to a taxpayer obtaining a reduction in the property's tax assessment, which is accomplished through a successful tax appeal. Therefore, it is critical that property owners and taxpayers understand the manner in which a property's tax assessment is determined.

A property's tax assessment reflects the municipal tax assessor's opinion of a property's fair market value as of October 1 of the preceding year. Filing a tax appeal alleges that the assessment is unreasonable, excessive, or discriminatory when compared to the property's actual market value. A threshold issue in any appeal is understanding what the assessment represents:

- **Revaluation or Reassessment:** If the municipality conducted a revaluation or reassessment, the assessment reflects the assessor's estimate of the property's full market (true) value as of October 1.
- **Chapter 123 Ratio (Non-Revaluation/Reassessment Year).** Otherwise, the assessment reflects the assessor's estimated market value adjusted by the municipality's average assessment ratio, as determined by the State Director of Taxation (Chapter 123 ratio).

Ascertaining whether an appeal is viable requires backing into the assessor's implied market value and comparing it to defensible valuation evidence—often using income, comparable sales, or cost approaches, depending on the property type.

**Key Dates and Deadlines**

The ability to file a tax appeal to challenge a property's tax assessment is limited by certain statutory deadlines and court rules, as follows:

<u>2026 Tax Year Calendar</u>	
	<u>Regular Assessment Calendar Counties</u>
<u>Valuation Date</u>	October 1, 2025
<u>Notice of Assessment</u>	February 1, 2026
<u>Filing Deadline - County Board of Taxation*</u>	April 1, 2026
<u>Filing Deadline - Tax Court**</u>	April 1, 2026

\*A property that is assessed at a value of \$1,000,000 or less must first file a tax appeal with the County Board of Taxation.

\*\*The owner/taxpayer of a property located in a municipality that has implemented a revaluation or reassessment has until May 1, 2026, or forty-five (45) days from the date of the bulk mailing to file an appeal.

\*\*\*Monmouth, Gloucester & Burlington counties operate under the Assessment Demonstration Program

## When to Consider an Appeal

Whether a tax appeal is viable is highly fact specific. However, certain circumstances commonly warrant closer review, including:

- **Recent Purchase:** A recent, arms-length purchase can be a strong indicator of a property's fair market value. Importantly, a property may still be over-assessed even if the purchase price exceeds the assessment, depending on the municipality's Chapter 123 ratio.
- **Declining Occupancy or Income:** For income-producing properties, assessors often rely on the income approach to valuation. The income approach is used to value a property based upon the current market conditions. As a result, a property that has recently suffered from recent vacancies or experienced reductions in rent may be reflective of the current market conditions and, therefore, indicate a decline in the fair market value.
- **Low Municipal Chapter 123 Ratio:** In municipalities with lower average ratios, assessments should be closely reviewed to determine whether the implied market value exceeds the property's fair market value.
- **Municipal Revaluation or Reassessment:** If a municipality has conducted a revaluation or reassessment, properties should be assessed at 100% of fair market value. In those cases, a taxpayer need only demonstrate that the assessed value exceeds the property's fair market value – no ratio analysis applies.


## Next Steps to Consider

If you are considering whether to file a property tax appeal, early analysis matters. Greenbaum works with the owners and taxpayers of commercial, industrial and multi-family properties to:

- Conduct an initial assessment review and valuation analysis at no cost;
- Advise on the viability of pursuing a tax appeal and the cost considerations associated therewith;
- Prepare, file, and prosecute tax appeals; and
- Pursue negotiated settlements, where appropriate, to reduce tax assessments.

If you would like to discuss whether a tax appeal makes sense for your property, we would be pleased to assist. Please contact the authors of this Alert with questions or to discuss your specific circumstances.

## **Related Attorneys**



**Michael J. Coskey**  
Partner  
732.476.2690  
Email



**Thomas J. Denitzio Jr.**  
Of Counsel  
732.476.2610  
Email