



CRE TAX APPEAL

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Is Your Apartment Property Overtaxed?

What California Multifamily Owners and Asset Managers Need to Know

\$61M+

Saved for CA clients

95%

Win rate

No fee

unless we win

Apartment Values Move With Interest Rates

Apartments are bought for income and valued the same way: net operating income divided by a capitalization rate. Over the last decade, most of the change in that equation has come from the cap rate rather than income. Most apartment financing is priced off the 10-year Treasury plus a lending spread, so when the Federal Reserve raised short-term rates from near zero to over 5% in 2022 and 2023, and Treasury yields climbed from their pandemic-era lows, borrowing costs rose and cap rates followed.

Apartments remain a relatively low-risk asset. But the market now pays less for the same income, while assessments under Proposition 13 can still rise up to 2% every year.

Many California apartment owners are paying taxes on values set when money was cheap, even though buyers now price the same income at a higher cap rate.

How the Cap Rate Changes Value

A one-point change in the cap rate moves value far more than most owners expect. Since January 2025, cap rates for stabilized apartments across California's major markets have generally run about 4.5% to 5.5%, higher for value-add properties, and held roughly steady into 2026.¹ For an apartment property with \$1,000,000 of net operating income:

Item	Illustrative Example
Net operating income (unchanged)	\$1,000,000
Value at a 4.0% cap rate (low-rate era)	\$25,000,000
Value at a 5.0% cap rate (higher-rate market)	\$20,000,000
Assessment reduction	\$5,000,000
Annual tax savings (at 1.15%)	\$57,500 / year
5-year savings	\$287,500

¹ Approximate statewide range based on CBRE U.S. Cap Rate Survey (H2 2025) figures for Los Angeles, Orange County, San Diego, Inland Empire, San Francisco, San Jose and Sacramento, and CoStar's 5.0% Los Angeles average (Q4 2025). CBRE reported cap rates broadly steady in H1 2026.

Common Causes of Apartment Over-Assessment

- Properties bought between 2019 and 2022 at record-low cap rates, carrying base year values the market no longer supports
- Long-held properties whose assessments kept rising up to 2% a year while market values moved the other way
- Rent caps that limit income growth: statewide rules cap most annual increases at 5% plus inflation, with a 10% maximum, and many cities go further
- Higher insurance, utility and maintenance costs that reduce net operating income
- Recent purchases where the county's supplemental assessment came in above the price paid

Proven With Apartment Owners

Bay Area apartment owner, \$500,000+ in 30 days: the prior representative was not producing results; within 30 days of hiring us, every outstanding appeal was resolved.

\$80M purchase assessed at \$90M: our supplemental appeal brought the value back to the \$80M purchase price, saving \$110,000 a year and reducing the second installment to zero.

Apartments valued as condominiums: the Assessor insisted on condo values; we proved the building should be valued as apartments and won a 33% tax refund at hearing.

"CRE Tax Appeal has delivered unmatched results handling our real estate appeals in Southern California. Facing a decade of backlogged appeals in LA County, CRE delivered results exceeding anything we had previously achieved internally or using outside firms. To date, they have achieved \$2.5M in savings and relentlessly pursued refunds to ensure every dollar is collected. Our tax team at Macy's highly recommends CRE for their abilities and excellent client service."

Michael Clary, Macy's

"Brett and Joe help Sunroad Enterprises ensure that our property taxes are fair. I am very happy with the results they have created. They are experts on property tax, and we enjoy consulting with them on property tax issues."

Jim McLennan, Sunroad Enterprises, San Diego, California

The CRE Tax Appeal Difference

CRE Tax Appeal does one thing: commercial property tax appeals in California. Our principals trained under MAI-designated appraisers, have represented over \$3.7 billion in property value, and have appeared before Assessment Appeals Boards across California for nearly two decades. We build every appeal on the income approach that buyers and lenders actually use, and we work on contingency: no upfront cost, no fee unless we win.

How It Works

Step 1: Request a free property review. We compare your assessment with current market data and walk you through the numbers in a 15-minute call. **Step 2: We file and manage the appeal.** After a short agreement and agent authorization, we prepare the valuation, negotiate with the Assessor, and represent you before the Assessment Appeals Board. **Step 3: You receive your refund.** We track every refund until the county pays, then invoice a percentage of the savings.

Know Your Filing Deadline

Decline-in-value appeals are filed each year from July 2 to November 30 in most California counties; some counties close September 15. Base Year and supplemental appeals have their own deadlines, so the sooner we review your property, the more we can recover.

Get Your Free Property Review Today

Or call us at 858-505-8065 | cretaxappeal.com/free-property-review

No upfront cost. No fee unless we win.