

Is Your Dealership Overtaxed?

What California Dealer Principals and Dealer Groups Need to Know

\$61M+

Saved for CA clients

95%

Win rate

No fee

unless we win

Many Dealership Assessments Include More Than Real Estate

California assesses dealership land and buildings at the value set when the property was bought or built, plus up to 2% a year. For many dealerships, that value was set by a price that bundled the real estate with the franchise, during a record buy/sell market, or by construction costs for a building only a dealer can use.

Meanwhile, the numbers behind the real estate have changed. Average dealership earnings fell an estimated 15% to 20% year over year in the first quarter of 2026. Interest rates rose from near zero to over 5% in 2022 and 2023, and single-tenant retail net lease cap rates moved from an all-time low of about 6.0% to about 6.6%.¹ Lower earnings and higher cap rates mean the same land and building are worth less to a buyer or landlord.

Many California dealerships are assessed on values that include franchise value or peak-era pricing, not the market value of the land and building alone.

Three Reasons Dealership Assessments Run High

- **Blue sky in the price.** Buyers are paying record amounts for franchises: the Kerrigan Blue Sky Index reached 178 in early 2026, 78% above 2019.¹ When the price assigned to the real estate carries franchise value, goodwill or a premium for the deal, the base year is too high. California taxes the real estate, not the franchise or the business.²
- **A special-purpose building.** Dealerships are built to one manufacturer's image standards, and few buyers outside the auto business can use them as built. With 43% of manufacturers expecting to require a new image facility within five years,¹ an Assessor's cost estimate often overstates what the building adds to market value.
- **Lower earnings, higher cap rates.** The rent a dealership can support and the return investors require have both changed since 2022, reducing what the real estate would sell for today.

What a Base Year Correction Recovers

For a dealership whose base year was set at \$15,000,000, when the land and building alone support \$11,000,000:

Item	Illustrative Example
Base year value enrolled from the purchase	\$15,000,000
Real estate value supported by market rent and sales	\$11,000,000
Assessment reduction	\$4,000,000
Annual tax savings (at 1.15%)	\$46,000 / year
Savings over a 10-year hold (2% annual factor)	\$503,687

¹ Kerrigan Advisors, Blue Sky Report and 2026 OEM Survey, as reported June 15, 2026 (earnings, Blue Sky Index, image facilities); The Boulder Group via IREI, January 4, 2021 (record-low 6.0% retail net lease cap rate, Q4 2020); GlobeSt via CRE Daily, October 12, 2025 (6.57% retail net lease cap rate, Q3 2025). ² Revenue and Taxation Code section 110(d).

Proven With Dealers and Dealer Groups

We represent more than 15% of Southern California auto dealerships, from single stores to multi-brand dealer groups.

Dealership sold above market, \$450,000+ per year: a dealership sold in an atypical transaction far above market value. Within months, our Base Year appeal reduced the assessment below its pre-sale level, a permanent reduction.

Dealership tenant, \$500,000: a buyer overpaid and the county enrolled the inflated price, passing the taxes to the dealer under a net lease. Our Base Year appeal reduced the tenant's tax bill by \$500,000.

"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 separate the real estate from the franchise and the business, 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 appeals.** After a short agreement and agent authorization, we prepare the valuations, negotiate with each Assessor, and represent you before the Assessment Appeals Boards. **Step 3: You receive your refunds.** 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.