

## Taxes Too High? Falling Office Building Values Could Mean Big Tax Savings

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Recent reports have shown that Philadelphia's office buildings are quickly losing value, to a degree so significant that it's having ripple effects on property taxes, City revenue, and the bottom lines of property owners. If your commercial property's assessed value no longer matches the reality of the market, you might be paying much more in state and local taxes than you should be.

### The Changing Market

Office buildings in Center City have been selling for a fraction of what they were worth, even as compared to just a few years ago. The twenty-nine-story tower at 2000 Market Street, which sold for more than \$107 million in 2018, sold this summer for \$45.5 million. The building at 1801 Market Street sold for \$30 million after last being valued at \$75 million in 2006 (about \$144 million in today's dollars).

These are not isolated sales. An analysis by *The Philadelphia Inquirer* found that the total value of Philadelphia's large office buildings has fallen nearly 30% (after inflation) since 2019. Approximately one in ten large buildings has lost at least a quarter of its value. High vacancy rates and the shift to hybrid work are likely driving this decline. Commercial real estate services firm CBRE reports that nearly 23% of Center City's office space is now empty. This is one of the highest vacancy rates in decades.

Many businesses no longer need the large footprints they once occupied. Major law firms and universities have cut their space by as much as 50%. This trend leaves older office buildings especially affected.

### Why It Matters for Your Taxes

When the market value of commercial property drops, their assessments (i.e., the values used by the City to calculate property taxes) should follow. But that process is quite slow. The City's most recent assessment data still does not reflect the full extent of the decline, meaning many owners may be taxed based on outdated or inflated values.

Property owners can, however, appeal their assessments. In the past year, roughly one in five commercial properties in Philadelphia has filed an appeal seeking to reduce its assessment. As more properties sell at steep discounts, appeals will become increasingly successful.

While declining assessments have raised concerns for the City and School District, owners should remember that the appeals process exists precisely to ensure that each taxpayer's liability reflects their property's fair market value.

### What Should You Do?

Although the filing deadline for 2026 property tax appeals (October 6, 2025) has passed, commercial property owners who believe their assessments are too high may still have remedies available. The Board of Revision of Taxes ("BRT") allows for certain **late-filed, or nunc pro tunc, appeals**, in circumstances where a taxpayer missed the deadline for reasons beyond their control.

A *nunc pro tunc* appeal essentially asks the BRT to accept your filing, treating it as though it had been submitted on time. To qualify, the property owner must show that the failure to file was not due to neglect, but to extraordinary circumstances such as lack of notice, administrative error, or other non-negligent cause. Each request is reviewed individually, and approval is not automatic. But where the overassessment is substantial, or the City's delay in providing notice contributed to the missed deadline, this avenue can provide meaningful relief.

Even if a late appeal is not granted, owners should not wait until next fall to act. **Preparation for the 2027 assessment cycle can begin now, as** the real estate market continues to shift—many assessments might remain unchanged in future years, even as market values continue to decline.

You, as a commercial property owner, can position yourself for success by:

- **Reviewing your assessment in light of market data.** Gather information on recent sales of similar/comparable buildings, especially those showing large discounts from previous valuations.
- **Considering obtaining a property appraisal.** Independent evidence of market value will strengthen any future appeal.
- **Engaging counsel early.** Property tax appeals in Philadelphia can take months to resolve, and often benefit from early analysis of comparable properties, income data, and negotiation strategy.

#### How We Can Help

We have extensive experience handling property tax assessment appeals (including *nunc pro tunc*) throughout Philadelphia and Pennsylvania. We work closely with appraisers and the BRT to help clients ensure their assessments reflect fair market value. We can help to evaluate your property, advise whether an appeal is likely to succeed, and handle every step of the process on your behalf.

For those considering an appeal or seeking further insights into the process, please contact James C. Vandermark ([vandermarkj@whiteandwilliams.com](mailto:vandermarkj@whiteandwilliams.com); 215.864.6857), Jonah S. Levinson ([levinsonj@whiteandwilliams.com](mailto:levinsonj@whiteandwilliams.com); 215.864.7194) or a member of the Tax and Estates Group.

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