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FEATURED

In Bernalillo County, sharp property tax hikes jolt commercial owners

By Kylie Garcia / Journal Staff Writer
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1 of 3



Brad Day at one of his properties at 883 Lead SE in Albuquerque on Wednesday. Day is in the process of protesting Bernal



Brad Day was astonished when he received a notice in April and saw that the Bernalillo County Assessor's Office had raised the value of one of his commercial properties by 108%.

The new valuation resulted in his property tax increasing by \$8,127.

Day isn't the only commercial property owner feeling the squeeze. NAIOP New Mexico, a commercial real estate organization, surveyed its members in May and found that the average property tax assessment increase across 344 commercial properties in Bernalillo County from last year to this year was 54%.

"The theme is clear, it is increasing," NAIOP New Mexico Executive Director Rhiannon Samuel said. She said some members saw increases as high as 704%.



Samuel said valuations have been steadily increasing over the last three years, not just in Bernalillo County but across New Mexico. The reason: Samuel said assessors across the state have told NAIOP they are using a different appraisal method called the cost approach.

The method values a property based on the cost to replace it. The problem with that approach, Samuel and others told the Journal, is rising costs of construction.

“They’re basing the valuations off of new construction costs in a lot of cases, and that’s not fair or correct because the cost to construct and build today is way in excess of what many buildings are worth in Albuquerque,” said Sal Perdomo, a NAIOP member who is chair of the chapter’s government affairs committee and serves on the board of directors.

Perdomo is also a property owner who saw the valuation of one of his historic commercial buildings increase by 81%.

But the cost approach is not new, according to Bernalillo County Assessor Damian Lara, who took office in 2023. Lara said the approach is one of three that assessors have at their disposal: the cost approach, the market sales comparison approach and the market income approach.

The market sales approach values a property based on what similar properties have sold for, but Lara said this approach is only applicable to residential properties and not commercial properties because New Mexico is a nondisclosure state. This means that homeowners have to share how much a residential property is bought or sold for, while commercial property owners do not, leaving the assessor with the cost and market income approach.

The market income approach most commonly values leased or income-producing properties, basing the valuation on how much potential income a property generates. This approach looks at what other properties in the area are typically renting for, the typical return on investments and vacancy rates, Lara said.

Lara said the county pays for subscriptions from companies that provide aggregated income data, but that “the information is sparse and very limited.”

The main system that Lara’s office uses — a computer-assisted mass appraisal system — predominantly relies on the cost approach and lets the market set the value. The county gets its market information from CoreLogic, a data collection firm.

“Now, are they 100% accurate? Maybe, maybe not,” Lara said of the aggregated data. “But that’s why we would work with a property owner to come in and provide us information that we can take into account.”

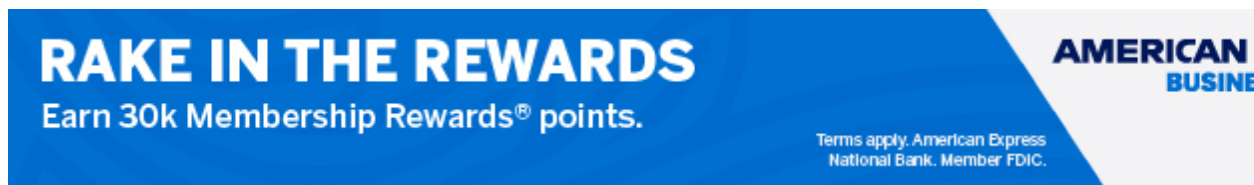
What Lara is referring to is a protest process in which a property owner can contest the valuation they received by providing the county with evidence they say should be factored in, such as expenses that go toward maintenance

associated with crime. Property owners have 30 days after the date of their notice of value to file a protest. If they miss the deadline, they can file a claim for a refund in district court.

Lara said the process — one that Perdomo and Day are both in the middle of — can take anywhere from a few weeks to six months.

At the heart of the issue of property tax assessments are different perspectives on fairness.

“We are required to look at a property and determine its highest and best use,” Lara said. “We don’t reward bad management with lower property taxes, and we’re not going to punish good management with higher property taxes. ... It’s what’s fair and equal across the board for everybody.”

A blue and white banner for American Express Business Rewards. The text "RAKE IN THE REWARDS" is in large white letters on a blue background. Below it, "Earn 30k Membership Rewards® points." is in smaller white text. On the right, the "AMERICAN BUSINESS" logo is visible. At the bottom right, in small text, it says "Terms apply. American Express National Bank. Member FDIC."

The county’s software allows them to apply the same market-driven standard to everyone en masse, hence “mass appraisal” in the name. In the past, Samuel and Perdomo said different appraisers staggered the focus of their office’s efforts to identify owners, locate taxable properties in their county and value them at their current market value.

There are more than 285,000 individual properties to assess in Bernalillo County each year, according to Lara. Therefore, past assessors have taken a different approach every year; some decided to home in on reappraising gas stations one year and office buildings the next, Samuel said.

“Commercial properties are generally undervalued in New Mexico, and I think that’s mainly due to past assessors not assessing properties correctly,” Perdomo said. “The current assessors are wanting to fix that overnight, and I don’t believe that’s fair to property owners who are facilitating the creation of jobs and investment in our community.”

The drastic increases have fostered a lack of predictability among property and business owners alike because the increases ultimately trickle down to the tenants and eventually the end user, Samuel said.

“They’re concerned,” Samuel said. “How do you budget appropriately for something that you don’t know what to expect?”

A possible solution, Samuel and Perdomo said, is a bill that would cap commercial property assessment increases.

For instance, residential properties statewide have a 3% cap on valuation increases, Lara said. This means that the value of residential properties cannot be raised by more than 3% per year of the previous year’s assessed value, with some exemptions.



NAIOP helped work on a bill for the 2025 legislative session that would have capped commercial property tax assessment increases by 12%, but it died in the House. Samuel said NAIOP is hopeful a similar bill will be revisited next year and that it will pass with more education among legislators and the business community. Lara said he would be in support of such a bill.

In the meantime, Samuel called for assessors statewide to utilize as many valuation methods as they can, versus depending on one. Samuel's message to property owners: Hang tight.

"Do your best to articulate to each of your assessors what's going on and work those numbers down because we know that they're a heavy burden," Samuel said.

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