

Private Equity Owned Chain of Quick Serve Restaurants Saves \$200,000 on Property Taxes

Cost Reduction



Client

Private equity owned, franchisee operator of 78 quick serve restaurants in the Southeastern United States.

Challenge

The restaurant operators wanted to conduct a market value analysis of all restaurant locations and determine if there were opportunities to proactively challenge property tax valuations and lower tax liability. The private equity owners had previous success with SIB and trusted our food service industry knowledge and experience with numerous multi-location businesses.

Solution

The SIB team conducted a market value analysis of each location in the restaurant chain and discovered that nine locations were overvalued and eligible for appeal. During the assessment, we also uncovered a significant change to the chain's year-over-year tax liability due to the recent sale of an active property.

We initiated the appeals process on behalf of the client and presented the cases to the local taxing authorities. Appeals can take four or more months to resolve and require a significant time investment outside of standard business operations. By engaging SIB to manage the analysis and appeals process, the restaurant operator was able to remain focused on the day-to-day operations.

Results

\$200,000 in reduced property taxes plus ongoing monitoring and validation to ensure that the savings remain in place.

Testimonial

"We are extremely pleased with the savings. SIB was very thorough, knowledgeable, and a pleasure to work with. We look forward to a continued partnership."

Chief Financial Officer

Our client provided this reference but wishes to remain anonymous.

Highlights

- ✓ Over 65% of all commercial real estate in the U.S. is over-assessed. For a large multi-unit restaurant group like this, property taxes represent a large portion of operational expenses.