The Hidden ‘Double Whammy’ Facing Owners Who Hand Buildings Over to Lenders

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“There are some people who own some significant properties where we’ve seen they weren’t aware of the significant pitfalls by just throwing back the keys,” said **Rob Gilman**, Real Estate group leader for the New York-based accounting firm Anchin.

Many commercial properties purchased when interest rates were at historic lows are facing revaluation. The average drop in value of a distressed commercial property was 43% between midyear 2023 and 2024, according to Cred iQ.

That means the delta between the value of the original loans versus what the property is worth today creates a scenario where some borrowers actually end up paying capital gains taxes if they give the property back to the lender, Gilman said.

“At the end of the day, if you have a negative capital account and if you give back the keys, you’re going to have a tax hit for that negative investment,” Gilman said. “It’s almost as if you sold that building for nothing.”