

Cost Segregation Potential Tax Benefits

Although every situation is different, the following chart is an example of typical savings one may expect from a cost segregation study:

<u>Use/Type</u>	<u>Construction/ Acquisition Cost</u>	<u>Present Value of Tax Savings</u>		
		<u>Year 1</u>	<u>Years 1-6</u>	<u>Total Tax Life</u>
Restaurant	\$ 5 MM	\$102,500	\$410,500	\$346,000
Retail	\$ 10 MM	\$1.16 MM	\$275,000	\$ 1.4 MM
Light Manufacturing	\$ 10 MM	\$205,000	\$821,000	\$691,000
Class C Office Building	\$ 10 MM	\$126,500	\$600,000	\$533,000
Senior Living Facility	\$ 10 MM	\$132,500	\$538,000	\$459,000
Strip Mall	\$ 10 MM	\$107,500	\$450,000	\$386,000
Medical Office Building	\$ 10 MM	\$ 88,500	\$442,500	\$372,000
Multi-Family	\$ 10 MM	\$ 91,000	\$341,000	\$264,000
Class A Office Building	\$ 10 MM	\$ 82,500	\$395,000	\$361,000
High-Tech	\$ 20 MM	\$530,000	\$ 2.1 MM	\$1.8 MM
Highly-Themed Mall	\$100 MM	\$2.50 MM	\$10.2 MM	\$8.7 MM
Highly-Themed Mall (REIT)	\$100 MM	\$1.27 MM	\$ 5.4 MM	\$4.7 MM

Once the cost segregation study is complete, the results may be reorganized into

- Insurable value report
- Property tax report
- Fixed Asset and Deferred Tax Liability/Asset Management reports.

Cost segregation studies should be initiated as early in the construction or acquisition process as possible to obtain maximum savings. Great savings are available once the project or the acquisition is complete, and in many cases, years after completion, but why wait?

For more information about Cost Segregation or Marshall & Stevens:



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