

Can You Benefit From a Cost Segregation Study?

Typical Ranges of Benefits, By Property Type, Per \$1,000,000

Property Type	Ranges of \$1245 Property						Ranges of NPV Per \$1,000,000			
	Conservative %			Optimistic %			NPV Over 27.5 or 39 Years		NPV Over the First 6 Years	
	5 - Year	7 - Year	15 - Year	5 - Year	7 - Year	15 - Year	Conservative	Optimistic	Conservative	Optimistic
Assisted Living 27.5 Yrs	8.0%	0.0%	3.0%	18.0%	0.0%	15.0%	15,000.00	41,000.00	26,000.00	65,000.00
Auto Dealer	10.0%	0.0%	15.0%	20.0%	0.0%	25.0%	38,000.00	71,000.00	47,000.00	89,000.00
Bank - Stand Alone	12.0%	0.0%	6.0%	20.0%	0.0%	12.0%	32,000.00	55,000.00	44,000.00	75,000.00
Bank - TI's	20.0%	0.0%	0.0%	40.0%	0.0%	0.0%	41,000.00	81,000.00	63,000.00	125,000.00
Data Center - TI	40.0%	0.0%	0.0%	90.0%	0.0%	0.0%	81,000.00	183,000.00	125,000.00	282,000.00
Data Center - Stand Alone	30.0%	0.0%	0.0%	50.0%	0.0%	0.0%	61,000.00	102,000.00	94,000.00	157,000.00
Drug Store	10.0%	0.0%	10.0%	20.0%	0.0%	15.0%	32,000.00	59,000.00	42,000.00	78,000.00
Grocery Store	10.0%	0.0%	8.0%	20.0%	0.0%	16.0%	30,000.00	60,000.00	40,000.00	79,000.00
Hotel - Full Service	10.0%	0.0%	5.0%	25.0%	0.0%	15.0%	26,000.00	69,000.00	37,000.00	94,000.00
Hotel - Limited Service	5.0%	0.0%	5.0%	15.0%	0.0%	15.0%	16,000.00	49,000.00	21,000.00	63,000.00
Hotel - Motel	5.0%	0.0%	5.0%	15.0%	0.0%	15.0%	16,000.00	49,000.00	21,000.00	63,000.00
Manufacturing	1.0%	10.0%	8.0%	1.0%	50.0%	13.0%	30,000.00	112,000.00	38,000.00	147,000.00
Medical - Clinic	10.0%	0.0%	5.0%	20.0%	0.0%	10.0%	26,000.00	53,000.00	37,000.00	73,000.00
Medical - Hospital	10.0%	0.0%	5.0%	20.0%	0.0%	10.0%	26,000.00	53,000.00	37,000.00	73,000.00
Multi Family - Garden 27.5 Yrs	10.0%	0.0%	5.0%	25.0%	0.0%	15.0%	20,000.00	52,000.00	34,000.00	86,000.00
Multi Family - High Rise 27.5 Yrs	10.0%	0.0%	2.0%	25.0%	0.0%	10.0%	18,000.00	48,000.00	31,000.00	82,000.00
Nursing Home 27.5 Yrs	8.0%	0.0%	3.0%	18.0%	0.0%	15.0%	15,000.00	41,000.00	26,000.00	65,000.00
Office - Stand Alone	6.0%	0.0%	7.0%	18.0%	0.0%	15.0%	21,000.00	55,000.00	26,000.00	72,000.00
Office - TI's	20.0%	0.0%	0.0%	50.0%	0.0%	0.0%	41,000.00	102,000.00	63,000.00	157,000.00
R&D Facility	20.0%	0.0%	5.0%	50.0%	0.0%	15.0%	47,000.00	120,000.00	68,000.00	172,000.00
Restaurant - Stand Alone	12.0%	0.0%	8.0%	25.0%	0.0%	10.0%	34,000.00	63,000.00	46,000.00	89,000.00
Restaurant - TI's	20.0%	0.0%	0.0%	50.0%	0.0%	0.0%	41,000.00	102,000.00	63,000.00	157,000.00
Retail - Stand Alone	10.0%	0.0%	8.0%	20.0%	0.0%	12.0%	30,000.00	55,000.00	40,000.00	75,000.00
Retail - Strip Mall	5.0%	0.0%	8.0%	20.0%	0.0%	18.0%	20,000.00	62,000.00	24,000.00	81,000.00
Retail - TI's	15.0%	0.0%	0.0%	30.0%	0.0%	0.0%	31,000.00	61,000.00	47,000.00	94,000.00
Warehouse	1.0%	0.0%	4.0%	10.0%	0.0%	15.0%	7,000.00	38,000.00	7,000.00	47,000.00
Warehouse - Refrigerated	5.0%	0.0%	4.0%	20.0%	0.0%	15.0%	15,000.00	59,000.00	20,000.00	78,000.00

Assumptions

Tax Benefit Per \$1,000,000 of Cost

Tax Rate 40.0%

Discount Rate 6.0%

Can You Benefit From a Cost Segregation Study?

For companies that own or lease a commercial building, cost segregation is one of the most significant opportunities available to reduce tax liability and increase cash flow by accelerating a building's depreciation.

Performing a Traditional Cost Segregation Study:

A traditional cost segregation study focuses on maximizing the depreciation of §1245 tangible personal property. It may be conducted on any building that has been placed in service since December 31, 1986, by a tax paying company that does not show an operating loss or will be profitable in the near future.

Performing an Enhanced Cost Segregation Study:

An enhanced study has all the benefits of a traditional cost segregation study with the added focus of addressing the new tangible property regulations under §263(a). It is designed to maximize current as well as future opportunities for repairs and dispositions expensing opportunities.

Enhanced studies include:

- Breakdown of the facility into broad "units of property" proscribed by the IRS
- Detailed breakdown of specific systems such as electrical, mechanical and plumbing into their major components for future write offs
- Identification of current and prior year dispositions

What Makes a Property Eligible?

- Buildings placed in service since 1987
- Buildings that are currently being depreciated over 27.5 or 39 years
- Buildings with \$500K+ in capitalized cost
- Buildings that have been acquired, constructed, expanded or remodeled
- The owner must be paying tax, not show an operating loss, or should expect to be profitable in the near future
- Ideal types of buildings include: manufacturers, restaurants, apartment complexes, office buildings, service centers, auto dealerships, nursing homes, banks, shopping centers, warehouses, etc.



Results that Exceed Expectations

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Total Possible % of Reclassified Property

