

# PROJECT PROFILE

## TAXES SAVED: \$896,880\*

### MULTI-TENANT SUITES

#### **Engagement Overview:**

RSH was engaged by a development firm to conduct a Cost Segregation Study of a recently acquired multi-tenant industrial building. The objective was to identify assets that could be moved to shorter recovery periods in order to accelerate depreciation and defer taxes.

#### **Property Overview:**

This multi-tenant facility was acquired and placed into service in November 2006 with a total depreciable cost basis of \$15.5 million. The building consists of 165,000 square feet of multi-tenant space on 8 acres of land.

#### **Engineering Process:**

Our engineers examined all design and construction documents, contractor payment applications and other related data to determine the cost basis for every component in the building. Next, our engineer conducted an on-site inspection to identify and photograph all assets eligible for accelerated depreciation. Our team (on-site engineer, senior engineer, and tax specialist) reviewed the cost segregation study and certified its completeness and accuracy.



#### **Estimate of Benefits & Savings:**

The pre-engagement estimate we provided to the client firm showed a potential reallocation of \$2.94 million or 18.8% to shorter recovery periods. The projected tax benefit was \$29,145 in first year savings with \$552,435 in Net Present Value tax savings over the next 10 years.

#### **Results:**

Our study resulted in a total of \$5.6 or 35.9% being rescheduled to 5 and 15-year property. As a result, the property owner will save \$53,422 in first year tax payments and realize over \$896,880 in 10-year Net Present Value tax savings.

\* represents the 10-yr. net present value savings – using an 8% discount rate.