

### Multi-Family Residential

#### Client Profile

McGuire Sponsel was contacted to perform a cost segregation depreciation analysis for a 320-unit multifamily residential rental complex. The investment totaled more than \$27 million inclusive of land value. Our cost segregation study resulted in \$1.7 million in increased cash flow over the first year.

#### The Challenge

McGuire Sponsel's experienced professionals applied their knowledge of engineering, construction and architectural design, along with a thorough understanding of the IRS depreciation guidelines, to complete a cost segregation analysis of the property the same tax year it was capitalized. Our professionals completed a detailed site inspection and reviewed significant property documentation. The deliverable report included detailed documentation and calculations for each asset and cited tax law to support all asset classifications.

#### Study Results

Reclassification of assets resulting from our study yielded \$3 million of land improvement property with a one year life and \$4 million of personal property with a five year life. The accelerated depreciation generated \$1.7 million in first year increased cash flow and net present value of \$1.3 million in cumulative tax deferral over the life of the investment.

**McGuire Sponsel's cost segregation study resulted in \$7 million in assets being reclassified into shorter life property. First year increased cash flow resulted in \$1.7 million and a net present value of \$1.3 million over the life of the investment.**

