

COST SEGREGATION



What is Cost Segregation?

Cost segregation is a powerful tax planning strategy used by commercial real estate owners and tenants to defer taxes and improve cash flow. This approach is very beneficial and can be used with new construction, renovations, acquisitions, and with properties already owned on a retroactive basis.

A cost segregation study (CSS) is performed to identify all costs within a property that qualify for faster depreciation, Bedford also offers an asset management option; this advanced cost seg study focuses on the 39-year assets. The level of detail associated with these assets supports writing down each asset when it is removed or replaced, which becomes more critical when scheduled renovations are imminent.

ABOUT BEDFORD:

Bedford Strategies & Solutions is one of the nation's leading providers of engineering-based cost segregation services. Many corporations and CPA firms hire Bedford to conduct these studies, so as to have a third-party provide an independent report. Bedford is a national firm, with local offices around the country, and has conducted over 7,000 studies since 2002—including many studies for restaurant owners and operators. The firm has an extensive review system, and is proud to say that five (5) of the fourteen (14) [ASCSP](#) Certified (CCSP) and Senior (SCSP) Cost Segregation Professionals in the country are Bedford employees.



BENEFITS:

On average a CSS performed on quick service restaurants will allocate 40 – 70% of the depreciable cost basis to a five or fifteen year recovery periods. Every \$100,000 moved from 39-years to five years will produce approximately \$28,000 in 10-year net present value (NPV) savings. **

Applications for Cost Segregation:

- *New Construction*
- *Renovation*
- *Acquisition*
- *Existing Properties*

Hypothetical Examples:

A Popeye's restaurant:

- **Acquired in June 2010**
- CSS Conducted: 2012
- Cost Basis: \$1,200,000
- 1st Year Savings: \$110,000+*
- 10-Year NPV Savings: \$219,000+**

A Popeye's restaurant:

- **Constructed in June 2010**
- CSS Conducted: 2012
- Cost Basis: \$1,200,000
- 1st Year Savings: \$135,000+*
- 10-Year NPV Savings: \$135,000+**

CONTACT:

For more information or to request a free estimate of benefits analysis, please contact:

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