

Tax Benefits & Depreciation Strategies

Depreciation: As a commercial property, the building can be depreciated over a 39-year period. Assuming 80% of the purchase price is allocated to the building (excluding land), annual depreciation would be calculated accordingly.

Cost Segregation: Conducting a cost segregation study can accelerate depreciation by identifying components of the property that qualify for shorter depreciation schedules (5, 7, or 15 years). This strategy can significantly increase early-year deductions, enhancing cash flow.

Bonus Depreciation: Under current tax laws, certain qualified property improvements may be eligible for 100% bonus depreciation, allowing for immediate expensing in the first year.

These tax strategies can substantially reduce taxable income in the initial years of ownership, improving overall investment returns.

5-Year Property Value Projection

Assuming a conservative annual appreciation rate of 3%:

- **Year 1:** \$3,500,000
- **Year 2:** \$3,605,000
- **Year 3:** \$3,713,150
- **Year 4:** \$3,824,544
- **Year 5:** \$3,939,280

Total Appreciation Over 5 Years: Approximately \$439,280 [LoopNet](#)

Note: These projections are based on current market trends and assume consistent annual appreciation. Actual future values may vary based on market conditions and property performance.



Combined 5-Year Financial Overview

Category	Estimated Value Over 5 Years
Depreciation Tax Shield	Varies based on cost segregation study
Appreciation	~\$439,280
Total Estimated Benefit	Dependent on detailed financial analysis

These estimates exclude potential rental income and principal paydown, which could further enhance returns.



Conclusion

8881–8883 W Pico Blvd presents a compelling investment opportunity, offering substantial tax benefits through depreciation and cost segregation, along with steady property value appreciation. The property's prime location and potential for value-add enhancements further enhance its attractiveness to investors seeking both immediate tax advantages and long-term growth.