

**COST SEGREGATION
CASH BENEFIT ANALYSIS**

<u>Property</u>	<u>% of Building Cost Reclassified</u> ¹	\$Construction/Acquisition			
		\$ 2 Million		\$10 Million	
		<u>Cash</u>	<u>CBM²</u>	<u>Cash</u>	<u>CBM²</u>
Apartment	3-15	40,000	10	200,000	40
Data Center	25-30	135,000	23	675,000	84
Department Store	5-15	50,000	14	250,000	71
Distribution Center	10-15	60,000	17	300,000	75
Fast Food Restaurant (Class 57 - 5 yrs)	40-50	200,000	57	1.0 M	250
Hospital (for profit)	30-35	150,000	20	750,000	94
Hotel/Casino (Class 57 - 5 yrs)	20-30	120,000	16	600,000	75
Hotels	15-20	85,000	15	425,000	65
Manufacturing (Heavy)	30-40	160,000	20	800,000	80
Manufacturing (Light)	15-20	85,000	21	450,000	60
Medical Clinic	20-30	115,000	33	575,000	143
Medical Office	10-15	60,000	18	300,000	75
Office Building	8-12	50,000	10	250,000	45
Pharmaceutical Mfg.	50-55	250,000	25	1.250 M	42
R&D Facility	20-30	115,000	21	575,000	96
Retail	25-35	140,000	23	700,000	100
Semi-conductor Mfg.	35-40	180,000	18	900,000	41
Supermarket	30-35	150,000	38	750,000	187
Warehouse	8-10	40,000	11	200,000	50

¹Excluding apartments, this column shows the reclassification of costs originally buried in a 39 year building life to 15 year site improvement and 5 or 7 year personal property. For apartments, building shell depreciable life is 27.5 years, while site improvement is 15 and personal property is 5. Result is a significant cash benefit from accelerated tax depreciation. This cash often equates to \$.20 (20%) per dollar reclassified, or more. That amount is a cash return (after tax net present value).

²CBM – Cash Benefit Multiple is the multiple comparing the average after tax present value (cash equivalent) to one-half of the average expected fee (cash outlay).