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For Immediate Release:

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Are You Leaving Money On The Table?

Five Important Questions to Ask When Managing A Real Estate Portfolio During An Economic Downturn

By Elliot Zaks, Principal

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LAKESWOOD, N.J. - Property owners, investors and commercial real estate portfolio managers are probably feeling glum these days as they watch incomes drop and expenses rise. It seems that bad news is everywhere. But even in the worst of economic times, there are ways to 1) maximize your cash flow, 2) reduce your tax liability, and 3) keep more money in your pocket. All too often, many sources of revenue are overlooked by experienced real estate professionals. Even in an economic downturn, a number of effective tools can help.

Depending on whether holding, selling or buying real estate, you can stop leaving money on the table and find hidden benefits by asking five important questions:

1) Have you taken advantage of the latest tax regulations to lower tax liability and improve cash flow? You may be able to accelerate the tax deductions you claim for depreciation by reclassifying eligible assets to shorter recovery periods. A cost segregation study - conducted by a team of qualified accounting, engineering and tax experts- can help obtain the greatest tax benefits from any real estate holdings.

2) Have you recently reviewed leases? If not, you may be generating less income than you should. Meticulous and up-to-date lease abstracts will identify all critical lease dates, including lease expiration dates, rent step-up dates, as well as renewal and option dates to ensure you are receiving maximum rents.

3) Have you reviewed the Common Area Maintenance for properties lately? You may have legitimate expenses that are not being passed-through. A portfolio management expert can help by performing a desktop audit and reviewing the operating expenses, CAM, taxes and insurance to ensure maximum pass-through of legitimate obligations to tenants.

4) Are you preserving investment capital by deferring capital gains taxes? If you are selling a property, it might make more sense to exchange one property for another. The IRS allows you to defer capital gains taxes through a §1031 Exchange with a Qualified Intermediary. Since the rules governing this process can be complex, it is advisable to draw upon the expertise of a Certified Exchange Specialist to maximize the benefits of the exchange.

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5) In considering the acquisition of a distressed or foreclosed property, are you certain it is accurately valued? Without a current, thorough and independent analysis of the value of the property, you may not be buying the deal you think. A thorough financial audit of the real estate asset, analyzing and verifying historical financial statements, scrutinizing each income and expense item and providing a detailed cash flow analysis, is key. In large or complex commercial acquisitions, it makes sense to have a financial due diligence specialist with expertise in commercial real estate conduct the audit.

The commercial real estate market faces extraordinary difficulties today, and not all investors and managers will successfully meet these challenges. Of course, the turmoil will eventually subside and a new status quo will emerge. In the meantime, it is important to focus on the positive things you can do today to help your bottom line. Targeted resources and specialized services available can help ensure that your business not only survives the current downturn but emerges stronger than ever.

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Elliot Zaks is a Principal of Madison Commercial Real Estate Services (MCRES) based in Lakewood, N.J. With more than \$75 billion in insured title transactions, MCRES is an umbrella organization that offers specialty services nationwide for the commercial real estate market through a group of related companies.