# REAL ESTATE MARKET UPDATE

Marcus & Millichap

Dear (Client's Name),

We have been talking with many owners recently about **Bonus Depreciation**, and have found that most owners are not familiar with the finer details of it (if at all). So, we wanted to write this letter to ensure local owners are aware of this very favorable tax advantage available to them. We are not CPAs, so you should confirm this information with your professional tax advisor before taking any action.

To start, bonus depreciation is one of the most valuable tax tools available to real estate investors right now, industrial owners included. Bonus depreciation was introduced in 2017 through the "Tax Cuts and Jobs Act" but largely phased out over the following 5 years. Then, the "One Big Beautiful Bill" (2025) reinstated Bonus Depreciation in full effect. It applies to properties purchased January 19th, 2025 or later, so even if you recently bought a property this could still apply. To a lesser effect, it may apply to properties purchased between 2017-2024 as well.

Historically, the IRS would allow an industrial property owner to "depreciate" their building over 39 years. For example, if an owner bought a property with building value of $1M, they could write-off $25,641 against their taxes each year for 39 years. Simply put, Bonus Depreciation allows you to take a larger share of that deduction in the first year (instead of having to space it out equally over 39 years).

Diving deeper, Bonus Depreciation works by obtaining a "Cost Segregation Report", which separates out the various parts of a building. For example, a majority of building value is still the actual structure, which is not eligible for accelerated and/or Bonus Depreciation. However, these Cost Segregation Reports also allocate value to paved and fenced yards, truck courts, site lighting, dock levelers, cabinetry, interior work like tenant buildouts and HVAC replacements, and more. These improvements that are separate of the structure itself can be depreciated and written off against taxes in a much shorter time frame; often in the first year. Improvements you make now qualify for the 100% write-off in the same year too. We have had clients purchase properties in 2025 and 2026, and receive approximately 30% of the purchase price as a Year 1 depreciation write-off. Every property and individual circumstances will vary, but this is a realistic metric.

For you as an owner, that bigger first-year deduction frees up cash you can put back to work, whether that's paying down debt or funding improvements.

Nevada owners have an added benefit. Most states make you add this deduction back on your state return, but Nevada has no state income tax, so you keep the full federal benefit.

Please note, this is not free money. Taking the deduction now lowers your basis, so you'll owe more taxes if/when you sell, though a 1031 exchange can defer most of that if you reinvest.

We are not here to simply show up when you are ready to sell. Rather, we like to provide complimentary advice throughout your ownership. As a few examples, we can provide owners with more information on Bonus Depreciation, provide a confidential property analysis to determine what your building is worth in today's market, how it's positioned (and where you may be able to add value), and the financing options available to you. More often than not, we can help owners identify areas to add value or cut costs on properties, regardless of whether or not they intend to transact.

Call us anytime – we are happy to share our knowledge and resources. Our contact information is below.
Thank you,


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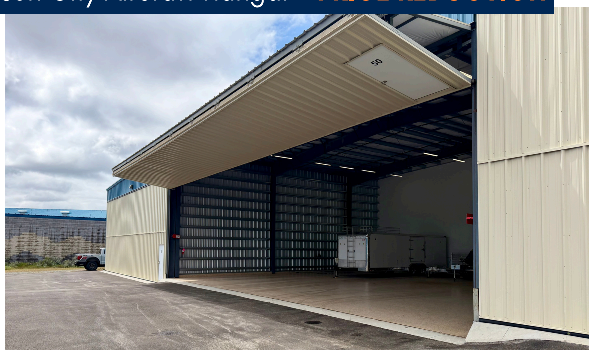
# JUST LISTED

Marcus & Millichap

Carson City Aircraft Hangar - **PRICE REDUCTION**

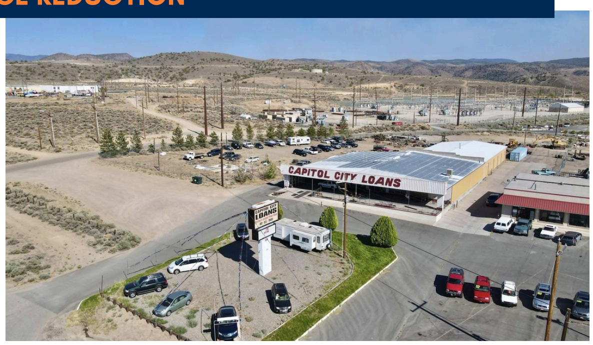


## 2751 Taxiway Charlie #50

**$825,000**

- 55' X 55'
- 16 Ft Clear Height
- 41 Years Remaining On Ground Lease
- Door Height 16 Ft
- In Suite Restroom
- Contact Agent For 3D Tour of Property

**PRICE REDUCTION**




## 5951 US-50, Carson City, NV 89701

**$1,800,000**

- Excelent Highway 50 Frontage (26,600 Cars Per Day)
- Large ±1.86 Acre Lot
- Priced Well Below Replacement Cost at $116 Per Square Foot

THE ESMERALDA RANCH

## 145 Esmeralda Dr, Washoe Valley, NV 89704

**$1,995,000**

- Unique 2 Building Opportunity Situated On A Large 2.13 Acre Lot
- In - Place Rental Income Plus Exisitng Cell Tower Revenue Stream
- Low Density Suburban (LDS) Zoning Permits Residential and Light Commerical Use

Whether you're actively thinking about your property or just want to stay informed, we're here to help. Reach out anytime for a confidential, property-specific opinion of value and a clear picutre of how today's market applies to your property

Explore More Of Our Current Listings By Scanning the QR Code Below

## FIND MORE NORTHERN NEVADA OPPORTUNITIES

**For over 50 years, Marcus & Millichap has helped our clients create and preserve wealth for today, tomorrow, and generations to come. Let us use our unique combination of expertise and access to help you maximize returns and get more out of your investments. Reach out today for additional information on more opportunities, or for a complimentary pricing analysis on your property with Bret Nicholson & Trenton Wagner.**

Marcus & Millichap

www.marcusmillichap.com