

Client Increases Revenues and Streamlines \$20M Portfolio through 1031 Exchange

“Tim, you have been fantastic, very professional, very timely, and a pleasure to work with. If we ever run into a similar situation, you will be the first person we call!” ~ **Mark Hoose, Senior Income Tax Counsel, Intel Corp.**

PROVIDING SOLUTIONS

The Challenge

ABC Self Storage of Mountain View, LP owns a \$20M portfolio of real estate assets located throughout the United States. The client sought to dispose a property which has fully depreciated and no longer provided additional tax benefits. The client consulted The Ivy Group to align his long-term strategies with short-term expediency by selling the depreciated property and replacing it with a more profitable solution that generated stronger streams of revenue. After a thorough evaluation of the client’s criteria and investment objectives, The Ivy Group was selected as the trusted advisor to relinquish the property and replace it with three profitable properties through a 1031 Exchange.

The client was looking to partner with an experienced firm that could provide solutions to various challenges which include:

- Maximizing the portfolio through cash flow evaluations
- Forecasting future rents for lease expirations
- Identifying cost reduction opportunities through strategic dispositions, acquisitions and active planning of real estate
- Balancing innovation with market conditions to tactically identify potential buyers and sellers
- Creating and distributing value to sustain future growth

The Strategy

The Ivy Group first sought to understand the client’s investment goals. We analyzed the client’s portfolio mix, risk management and methodologies. We then developed a strategy for executing to meet the client’s specific requirements.

CASE STUDY OVERVIEW

The Challenge: The client sought to partner with a responsive, experienced and knowledgeable advisor to optimize his real estate portfolio through a 1031 Exchange.

The Strategy: The Ivy Group conducted an in-depth analysis of the portfolio to develop a strategy for executing the client’s specific requirements.

The Solution: The Ivy Group combines diligence, management and negotiation acumen to execute on the disposition of a depreciated real estate property and acquisition of three replacement properties.



The Results:

The client’s portfolio achieved a 50% increase in revenue through the exchange of properties.



The Solution

Since 2007, the client has relied on The Ivy Group to provide responsive and trusted advice regarding the mixture of properties in the portfolio. Our advice to sell the depreciated property and exchange it with three profitable properties has led to increased revenues. We successfully implemented a nine-step 1031 exchange process as outlined below to help the client achieve his goals:

1. **TAX ADVISOR:** Consulted tax advisor to determine feasibility of a 1031 tax-deferred exchange.

SALE OF THE RELINQUISHED PROPERTY

2. **LIST PROPERTY:** Listed the property with The Ivy Group and included “intent to exchange” disclosure in the listing agreement.
3. **BUYER ACKNOWLEDGMENT:** Included provisions informing the Buyer of the Seller’s intent to exchange in the purchase agreement for the Relinquished Property.
4. **QUALIFIED INTERMEDIARY:** Coordinated the 1031 Exchange process upon opening of escrow on the Relinquished Property.
5. **RELINQUISHED PROPERTY CLOSING:** Assisted in execution of all exchange documents prior to the transfer of the Relinquished Property to the Buyer.



PURCHASE OF THE REPLACEMENT PROPERTY

6. **IDENTIFICATION DEADLINE:** Notified the Qualified Intermediary in writing of “Like Kind” Replacement Properties within 45 days of the close of the Relinquished Property.
7. **SELLER ACKNOWLEDGMENT:** Included provisions informing the Seller that the Buyer is completing a 1031 Exchange in the purchase agreement for the Replacement Properties.
8. **REPLACEMENT PROPERTY:** Notified the Qualified Intermediary on the Replacement Properties upon opening of escrow. Assisted in the execution of all exchange documents during the escrow period.
9. **ACQUISITION DATE:** Closed escrow on the Replacement Properties within 180 days from the transfer of the Relinquished Property. Coordinated with client’s tax advisor to monitor filings and extensions.

The Results

The Ivy Group and the client have enjoyed a collaborative partnership leading to a 50% increase in revenues from 1031 Exchange.

[ABOUT THE IVY GROUP](#)

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The Ivy Group, headquartered in Fremont, CA, is the leading commercial and investment real estate advisor in the areas of sale, purchase, lease, partnership formations and portfolio/asset management, balancing innovation with market conditions to tactically identify the best return on investments. The Ivy Group specializes in office, retail, medical, apartment, hotel/motel, industrial warehouse, self storage and vacant land. By offering a wide range of professional expertise including buyer/seller negotiations, landlord/tenant representations, portfolio management, site selection, investment analysis and strategic consulting, we balance long-term strategies with short-term expediency to create, grow and maintain value.

The Ivy Group is a privately owned, commercial real estate firm whose goal is to transform real estate into a competitive advantage. In the early 2000's, recognizing the potential for real estate counseling, The Ivy Group began exploring innovative methods to utilize its knowledge and experience to deliver customized solutions to enterprises, businesses and property owners. In 2001, The Ivy Group was formed to serve its clients by providing a single source of expertise for all commercial and investment real estate needs.



THE IVY GROUP
COMMERCIAL & INVESTMENT REAL ESTATE

39488 Stevenson Place, Suite 100 | Fremont, CA 94539 | CA DRE License #01526603
tel: 408.799.5290 | email: info@ivycommercial.com | web: www.ivycommercial.com