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Commercial Real Estate and Nest Eggs

BY BARBARA R. FALLON

Investing in commercial real estate to create or retain wealth is a route some financial advisors recommend as a business strategy for clients seeking to feather their nest eggs. There are many options in commercial property investments, all of which need careful guidance from legal, real estate and financial experts in order to reap the benefits.

Grant Conness, of 1031 Alternatives Group, provides clients with innovative commercial real estate investment options resulting in tax deferrals, property exchange or upgrades, entry or exit strategies, cash flow improvements and property management relief designed to match the investor's objectives and risk tolerance. The moniker 1031 comes from the Internal Revenue Service (IRS) rule 1031 governing capital gains tax regulations. In 2002, changes to IRS regulations acknowledge that when a property owner sells real estate and reinvests the money there is no economic gain to tax, thus capital tax penalties are deferred.

Now, an opportunity for joint real estate ownership in larger properties as a collective investment increases the financial ability of the individual, who can hold fractional ownership.

According to Conness, medical office buildings and other healthcare related facilities, which have proven to be resilient against economic slow downs and provide opportunity to diversify portfolios, are increasingly popular property types which provide investment potential in 1031 strategies. This option is of growing interest to the baby boomer generation providing many physicians and hospitals with a familiar investment option.

A glossary of real estate investment solutions include:

REIT - Real Estate Investment Trusts pool the capital of many investors to acquire financing for income producing real estate properties. REITs permit



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investors to diversify their real estate portfolio with properties managed by a professional management team.

TIC - Tenant in Common is a form of co-ownership popular with small to mid-size investors who are seeking the ability to own a fractional interest in large institutional quality properties.

1031 Exchange - A legal exchange of like kind properties in which investors can upgrade property holdings and defer capital tax penalties to benefit from the entire profit, not simply after-tax profits. According to experts there are many benefits to be gained from 1031 business strategies including:

- Capital Gains tax deferments
- Improved cash flow potential
- Opportunity to upgrade investment equity
- Management Services provide a hassle free ownership

In light of a variety of complicated issues involved in such dealings, a cottage industry of 1031 exchange advisors has emerged over the years to identify potential properties, oversee the investment technicalities from ownership or leasing perspectives, and manage the property once the deal is complete. These real estate professionals include real estate brokers and net-leasing

firms, accountants and attorneys and property managers who each provide specialized advice related to 1031 transactions.

1031 Alternatives Group is a leading real estate services firm concentrating in innovative tax-deferral strategies combined with the identification and acquisition of institutional quality commercial real estate investments on behalf of an investor-client base. Professionals help develop plans that permit clients to relinquish or exchange tax-burdened assets more efficiently. Additionally, 1031 Alternatives Group accommodates seasoned real estate investors and business owners who no longer desire to actively manage their assets, yet seek to attain potential growth and income through tax-deferred vehicles that coincide with their individual investment goals and objectives.

C. Grant Conness, President, began his career in the birthplace of Tenant In Common Industry in Southern California as the industry was in its infancy stages at the turn of the century. Since then, he has become a pioneer of 1031 TIC exchanges in the state of Florida and is a part of the wave that brought this West Coast phenomenon across the country. He has been influential in introducing and educating investors as well as the real estate community to 1031 Exchanges and TIC investments and has been instrumental in positioning these strategies as a more widely accepted and national mainstream practice.

During his tenure, Conness has been successful in facilitating the acquisition of over \$100 million of institutional quality real estate on behalf of affluent property owners and 1031 exchange investors throughout the U.S. He has become a resident expert featured in the *Wall Street Journal* regarding 1031 Exchange Tenant In Common (TIC) investments and Real Estate Investment Trusts (REITs).

For more information, call Grant Conness at (866) 405-1031 or visit www.1031alternatives.net.