

Optimizing Tax Incentives for Real Estate & Construction Firms



Company Background

The Company is a prominent player in commercial and residential real estate construction, operating across the southeast of the U.S. With more than five million square feet of space developed or redeveloped, the Company focuses on retail, multi-family, hospitality, office, industrial and residential properties.

Its success is underpinned by conservative investments and a commitment to high-quality projects, fostering long-term relationships with major retailers and commercial clients.

Company Statistics



Established in
1987



Over
\$5 million
in Revenue



25-50
Employees



Focus on **retail, multi-family, hospitality, office, industrial and residential properties**



Locations:
Florida, Georgia, North Carolina, South Carolina, Tennessee, Texas and Virginia



Cherry Bekaert

Your Guide Forward

Situation

The Company sought assistance from Cherry Bekaert to leverage tax deductions and credits to enhance its financial position. While not facing immediate penalties, the Company recognized the potential benefits of optimizing their tax strategies, particularly considering changing regulations and market conditions in respect to the [Inflation Reduction Act of 2022 \(IRA\)](#).

The IRA provides real estate and construction companies with enhanced financial incentives to invest in energy-efficient, or other environmentally friendly, features. These features not only help to improve sustainability throughout the current housing market, but also help to make homes more affordable to homebuyers.

In addition to the financial incentives provided under the IRA, state governments can also offer credits and incentives to real estate and construction companies. Discretionary grants and tax credits may be available to increase the Company's cash flow.

Cherry Bekaert Guidance

Cherry Bekaert provided tailored guidance based on the Company's recent projects and its eligibility for tax incentives. Leveraging their existing relationship, [Cherry Bekaert's Tax Credits & Incentives Advisory](#) team elucidated the advantages of utilizing Section 179D Energy Efficient Commercial Building Deduction (Section 179D) and cost segregation for the Company's construction projects. Pairing a Section 179D and cost segregation study together maximized the financial benefits for the Company.

Cherry Bekaert facilitated the implementation of Section 179D, offering first-year depreciation based on building energy consumption, potentially yielding up to \$5.36 per square foot. Additionally, through cost segregation, depreciation was accelerated by reclassifying building assets, resulting in substantial cash benefits within the first, fifth and tenth years.

Cherry Bekaert also assisted with the North Carolina Business Recovery Grant application and identified employment-related state credits.

About Cherry Bekaert

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Impact to the Company

With Cherry Bekaert's guidance, the Company realized significant tax savings, to include **+\$3,400,000** in Section 179D deductions

+\$6,000,000 in cost segregation (project cash benefit)

+\$110,000 grant amount

Cherry Bekaert's integrated approach allowed for seamless coordination between cost segregation and Section 179D studies, maximizing value while minimizing costs. This cross-selling strategy not only optimized tax benefits but also demonstrated Cherry Bekaert's comprehensive capabilities in tax advisory services. By partnering with Cherry Bekaert, the Company was able to capitalize on tax incentives to strengthen its financial position and have continued success in the competitive real estate market. Cherry Bekaert will continue to partner with the Company and monitor state credits and incentives opportunities.

[Questions? Contact Us.](#)

Related Guidance

[Final Direct Pay Regulations Issued for Energy Tax Credits](#)

[Factors to Consider When Seeking Cost Segregation and Section 179D Study Service Providers](#)

[Highlights of Proposed Section 48 Investment Tax Credit Regulations](#)

[2024 Energy Tax Credits Updates & Tips](#)

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