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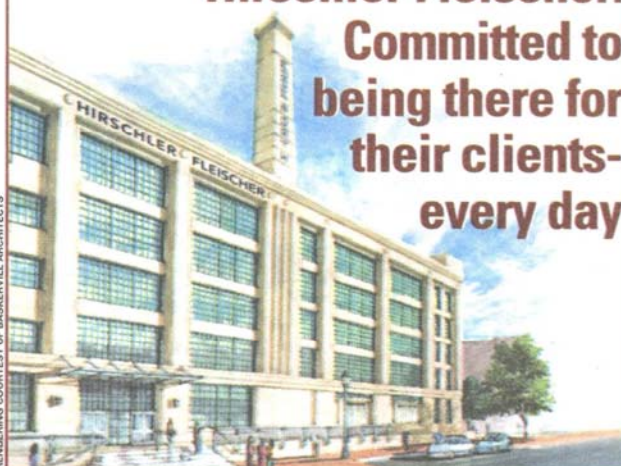
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1031 exchange/tic spotlight

Minimizing your real estate investment risk through TIC transactions

gd Gary DeSanto

DeSanto
Realty Group

Commercial real estate has become an even more attractive area of investment in recent months. As investors look to capitalize on the trend, they should consider a number of factors in determining a quality asset to invest in, while also insuring they are minimizing their risk.

The complexities of commercial real estate investment are nothing new. The simple act of identifying

quality assets can stumble even the most experienced of investors. Not only must the property itself be evaluated, but also the market demographics, access to major roadways, vicinity to surrounding metropolitan areas, and leasing history. Each level of evaluation requires careful and expert analysis to maximize the investment potential.

The next consideration is the actual management of the property. It's essential to fully-lease the available space with quality tenants, maintain the integrity of the property and building, and ensure the day-to-day necessities of the asset.

There are people and organizations well suited for the environment of risk surrounding commer-

cial real estate investment. However, for those looking to invest in commercial real estate assets, while

There are people and organizations well suited for the environment of risk surrounding commercial real estate investment.

However, for those looking to invest in commercial real estate assets, while minimizing their risk and time commitment, the avenue of choice is the tenant-in-common (TIC) transaction.

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Under Internal Revenue Code section 1031, or the 1031 Exchange, gains made on the sale of

real estate assets can then be reinvested in another real estate asset on a tax deferred basis. The inves-

tor, after closing on their relinquished property, has 45 days to identify potential replacement properties with their qualified intermediary. Under the 1031 exchange, TIC transactions give real estate investors the avenue to miti-

gate risk while gaining access to institutional quality real estate investment.

The investors in the TIC transaction turn the hard part over to DeSanto Realty Group. We use our 50+ years of assessing and acquiring quality real estate assets to seek out commercial real estate that is ideal for a TIC transaction. These properties can sometimes be found in unexpected areas that meet a number of important property and market characteristics, including cities such as Pittsburgh and Harrisburg, Penn. We look for markets with stable economies and centralized locations that can provide the type of commercial properties that fit the criteria for TIC transactions.

The perfect example of an ideal TIC property is one located in a market with these desirable characteristics, in close proximity to major metropolitan areas such as Philadelphia, New York, Buffalo, Washington D.C., Pittsburgh, and Baltimore. Furthermore, it should be already leased to established organizations.

The building itself must meet a set of requirements to make it an ideal TIC property. We look for the property to be fully developed and constructed, have a distinct look and are an exclusive entity in its location, and most of all, it must have potential for an increase in property value.

Our expertise makes us the ideal firm to pursue acquisitions for TIC transactions. DeSanto Realty has the ability to purchase prime locations, flexibility in transaction size and product diversification, and pre-arranged financing. Through timely and exhaustive due diligence we ensure that the properties we acquire have stable yields and lower downside risks and truly offer quality institutional investment opportunities.

For the TICs, investing with DeSanto Realty means the property has been fully analyzed and vetted, and will be managed by a DeSanto subsidiary from day-one. It also means seeing a yield on their investment while shielding income from the sale of a property. The end result is a solid commercial real estate asset with confirmed value, managed risk and a solid future.

Commercial real estate investment that minimizes the complexities, concern and risks, is a great way to capitalize on a growing trend in the market and capitalize on the expertise of a TIC transaction firm with a history of success and an eye for quality assets.

Gary DeSanto is the is a principal and CEO of DeSanto Realty Group, Media, Penn.

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