



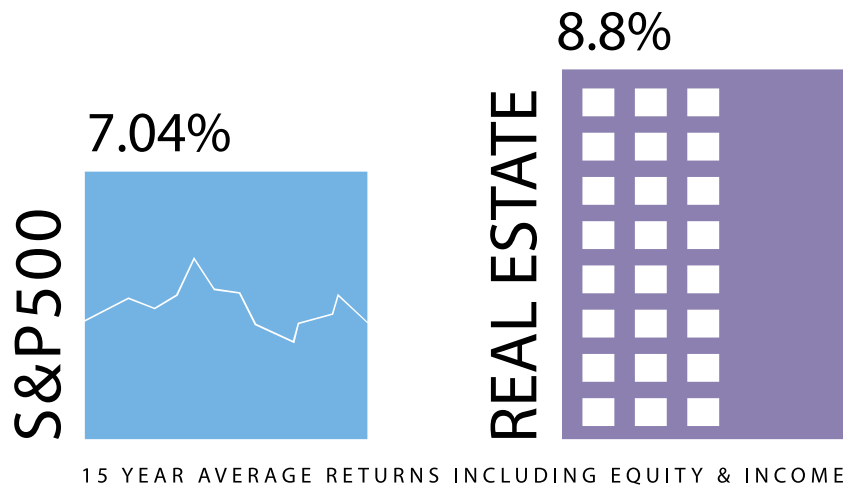
# 10 REASONS WHY **EVERYONE** SHOULD OWN COMMERCIAL REAL ESTATE IN 2019



**MILLCREEK**  
COMMERCIAL PROPERTIES

# 1. Attractive Returns

Commercial real estate is a particularly attractive option due to its ability to deliver a stable rate of return over long periods of time, with a relatively low risk factor. The National Council of Real Estate Investment Fiduciaries (NCREIF) Index has reported an average annual return of 8.8% over the past 15 years, which is almost 200 basis points above the average performance of the S&P 500 for the same timeframe. Additionally, a major portion of the returns from commercial real estate are realized monthly in the form of rent, often secured by a corporate guarantee. Most gains in the stock market are in the form of appreciation and are only realized if you sell at the right time.



## 2. Passive Income

Time is our most valuable commodity. Unlike money—which can be earned, saved, spent, invested, misspent, and lost—we can't store up minutes on a clock. We're all allotted the same amount of time each day, but what we do with this gift varies widely. Ideally, we should be able to reduce



the amount of time spent earning money, so that we can spend more of our precious minutes on more fulfilling endeavors. What if you could earn money without having to lift a finger? This notion of making your money work for you so that you can focus on the more important and enjoyable aspects of life is often referred to as “passive income.”



Creating streams of passive income is quite possibly one of the most significant and vital ways to acquire wealth. And, within this realm of making your money do the work for you, investing in commercial real estate is considered a gold standard. Throughout history the purchase of land and property has been the most constant and reliable source of investment revenue. Done correctly it can be quite passive. But, historically this type of investment has been reserved only for the wealthiest of individuals.

The historical problem with investing in commercial real estate is the high purchase price for quality properties. This creates a barrier to entry that was previously insurmountable by 97% of Americans. The poor-man's alternative to commercial real estate is owning residential rentals. The sad reality here is that owning and operating a residential rental is anything but passive.

## 3. Cash Flow

Quality commercial real estate investments typically deliver steady cash flow with income distributed to investors monthly. Commercial real estate leases are usually longer than residential leases, therefore predicting cash flow year-over-year is easier. Because commercial rents are often guaranteed by a large public corporation periodic interruptions are uncommon. Getting your monthly check is sure, secure and stable.



## 4. Lifestyle

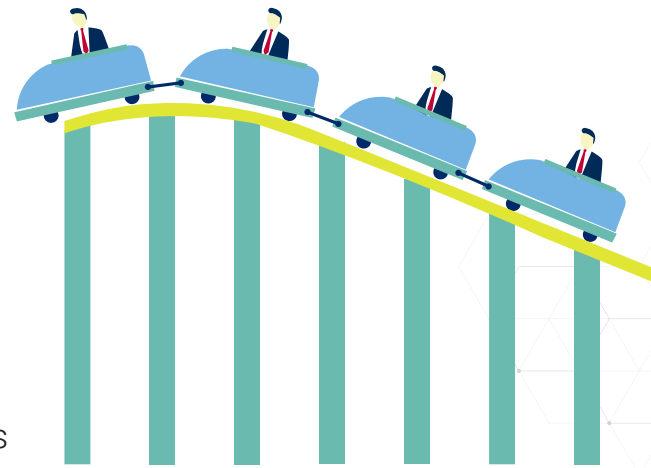
While passive income might not be the answer to all your immediate problems, it is the pathway to success and most certainly the foundation for wealth and happiness. When you're not stressed just to make enough money to pay the bills and you're no longer living from paycheck-to-paycheck, there's a mental clarity and an emotional catharsis that sets in. You become free from the shackles of a life-sucking 9-to-5 job and begin embracing a more fulfilled life.

When you invest in high quality commercial real estate you are not tied to your rental property. The Triple T Monster - Trash, Tenants and Toilets has no power over your lifestyle. Commercial real estate investors figured out long ago how to pass The Triple T Monster off to the tenant by creating a long-term lease structure that pushes all maintenance, tax and insurance responsibility to the Tenant.

## 5. Diversify Risk

The overwhelming majority of Americans with retirement savings are invested in stocks and securities. Good financial advisors have them diversified between asset classes. However, most individuals are unaware that they can own commercial real estate in their retirement accounts and thus are not diversified into the most stable of asset classes.

When purchasing commercial real estate, finding the right property(ies) to invest in can provide the safety, security, and stability that you won't find in the stock market. It can yield solid rates of returns that you can't find in quality bonds. Commercial real estate with a net lease, a single



tenant, a long-term lease, and a lease guaranteed by investment-grade corporations can allow for peace of mind and bring diversity to your portfolio. With commercial real estate, risk is mitigated without negatively impacting your rate of return.

## 6. Sheltered Capital Gains

The uber-wealthy create, store and transfer wealth in commercial real estate. One of the principal reasons for this is the favorable tax consideration offered by Section 1031 of the IRS code. Often referred to as “a 1031 exchange” this section of tax code allows owners of investment or business real estate to defer taxes due upon the sale of the property.

## 7. Asset Appreciation

Real estate investments historically appreciate in value. As long as you can wait out a cycle, real estate values almost always recover. In the stock market virtually all of your gain is realized by buying and selling at the right time. With investment real estate most of your gain is captured in rents guaranteed by your corporate tenant. In addition to rental income owners of quality commercial real estate also stand to benefit from the intrinsic nature of real estate value appreciation.

## 8. Tangible Assets

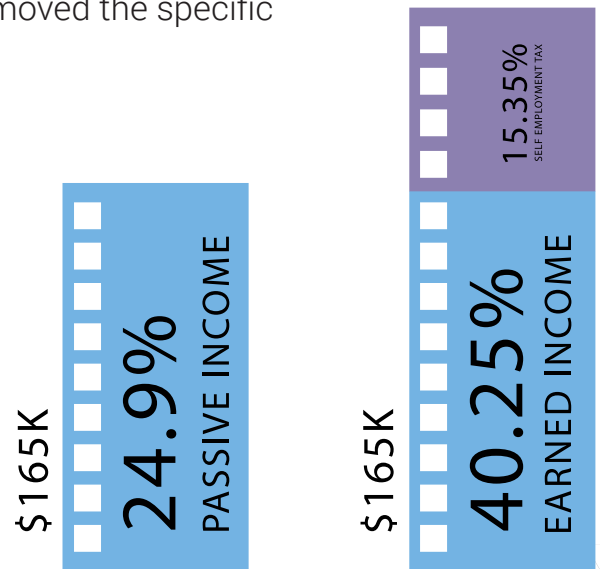
One fundamental advantage to commercial real estate investment is that it is backed by hard assets. This class of investment differs dramatically from buying shares in a company.



Companies come and go, but real estate is something tangible that investors can touch and feel. Your commercial occupants may change over time, but the property itself will not evaporate through bankruptcy or corporate restructuring.

## 9. Passive Income Consideration

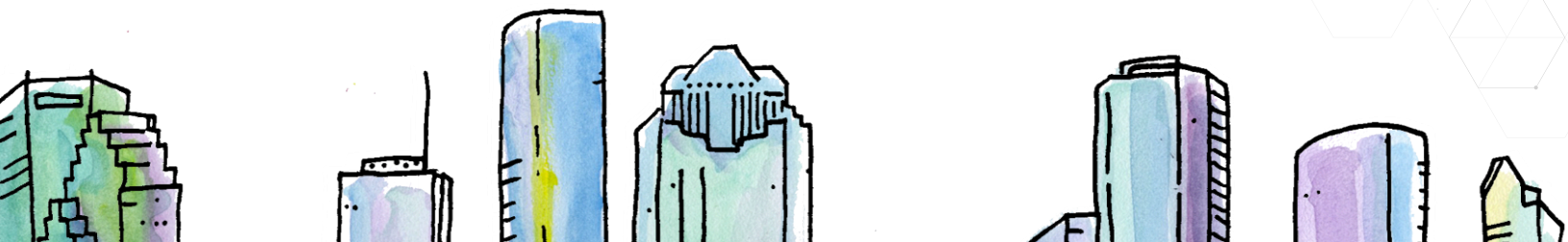
Until 2018 US Tax Code considered all income from real estate as passive income. This is important because as passive income the owner is not required to pay Social Security or “Self Employment Tax” on the income. Last year Congress removed the specific exclusion for real estate from the tax code. This leaves the burden of proof on the taxpayer to assert that the income derived is passive in nature. Tax experts differ on the impact this will have on small rental property investors that spend countless hours dealing with their tenants. But, most experts agree that commercial real estate investments with professional management will continue to avoid this 15% tax burden.



Federal Tax Burden on Married Couple Earning \$165k

## 10. Depreciation

This word carries such a negative connotation, but in tax code it is a gift afforded to owners of investment real estate. The IRS allows real estate investors to depreciate (write off) a portion of



the value of their real estate every year. This tax advantage often translates into receiving 30% of your rental income free of federal, state and local taxes. This “depreciation” is allowed even though, with proper maintenance and under good market conditions, the value of the property is actually appreciating.

## What we do

**Millcreek Commercial Properties** provides debt-free tenant-in-common ownership shares in high quality commercial real estate investment properties. We focus on making safe, secure, and stable commercial real estate investments available at a price point not typical for this exclusive asset class. This unique approach breaks down the barriers usually associated with commercial real estate, making it accessible for a much wider array of buyers.

Millcreek assets are ideal passive investments with stable, corporate guaranteed monthly cash flows requiring little to no involvement by the investor. All of our properties are 1031 exchange qualified and retirement account compliant.

Imagine knowing that your net worth is growing while you’re playing with your kids, working on your golf swing, or sipping margaritas on a beach in the Caribbean. Sound too good to be true? It’s more attainable than you might think. At Millcreek Commercial we have made it more accessible than ever. We provide a safe, secure, and stable way to tap into the transformative power of passive income through commercial real estate investment.

This article is purely informational. This is an introduction to the benefits of owning commercial real estate and we encourage everyone to consult with a tax advisor or attorney prior to making any decisions.



**To schedule a 15 minute consultation visit:**  
[www.millcreekcommercial.com/consultation](http://www.millcreekcommercial.com/consultation)

**Or call us at 801-899-1943**

