



# the Power Team

**Your Profit...Our Success**

Commercial · Industrial · Real Estate Brokerage

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## Quick Links

[Active Listings](#) [Sold & Leased](#) [Blog](#) [Website](#) [Select Vendors](#)

### In This Issue

[Reduce Your Taxable Income with Cost Segregation Analysis](#)

[Personal Note](#)

[5 Ways to Improve NOI](#)

[Why Swine Flu Vaccines Just Don't Add Up](#)

## Power Team Newsletter

### Featured Property

**Crystal Lake-** 1,114 SF and up. New retail storefronts on Rt. 176 in attractive well built plaza known as Erick Street Commons. Rents slashed to meet the market. Owner offers concessions to qualified tenants. \$12-\$13 psf net.



Reduce you Taxable Income with:  
Cost Segregation Analysis.

### 5 WAYS TO IMPROVE NOI

#### Increase commercial property value in slow market conditions

With the commercial market in an unstable condition, trying to improve property value might seem an impossible task. But there are steps you can take to improve a property's net operating income (NOI) even in the most brutal market conditions. The 5 ideas below can help beef up the bottom line. If you can't increase rents, you can still decrease expenses.

This one concept can make a huge difference in reducing your taxable income on commercial/ industrial buildings that you personally own. Your accountant probably has you on a typical 39 year straight line depreciation schedule. There is a perfectly legal alternative to the "slow boat to China" called Cost Segregation Depreciation. Certain firms specialize in performing a detailed analysis of all the components that go into a building and the net result is a faster depreciation rate. Depreciation is a legal expense item on your operating statement but it is only a paper deduction versus an out of pocket expense. The higher it is, the lower your net operating income (on paper). This is a great tax strategy. Note that when you sell your building, the government makes you "recapture" any depreciation taken over the years. But if you do a 1031 tax deferred exchange, this recapture and any capital gains can possibly be deferred. We work with a great firm that does Cost Segregation Analysis and they will meet with you at no charge to

## **1) Review and Renegotiate Service & Supply Contracts**

Experts urge property managers and owners to push vendors and suppliers to "sharpen their pencils" and reduce their costs to be more competitive. Snow plowing, waste removal, landscaping, security, pest control, roof & HVAC Maintenance, provide opportunities to lower ongoing costs. You need to put these out for bid every year or two to keep the vendors honest.

## **2) Reduce Insurance Premiums**

Commercial insurance rates vary widely from company to company. Have you gone out to the market lately for second opinions? Eliminating unnecessary coverage is sometimes key in getting premiums reduced. For example, a common and costly mistake is to insure land where no risk of loss exists. Reviewing replacement costs is another solid opportunity to save money. The cost manuals used by the insurance industry can sometimes err in the insurance company's favor (who would have guessed?). Sometimes respected local contractors can help you prove certain insured components are not really "at risk." Reviewing your deductible is another smart idea. If the deductible is too low, your premium may be too high as there is an inverse relation between the two.

## **3) Review the Assessed Value**

Commercial property tax values are somewhat subjective as the local Assessors don't always have "comps" like they do for houses. Your tax bill shows both the Assessed Value and the Market Value. The Assessed Value is supposed to be one third of the Market Value. If you find a discrepancy which indicates you are being over assessed, you can appeal the taxes and possibly get them reduced. There are firms that specialize in this type of work and they take a percentage of what they save you as their fee. If you have had a prolonged period of vacancy, the Assessor may be open to granting you some temporary relief.

## **4) Lower Snow Plowing & Landscaping Costs**

The last couple of winters have been brutal for landlords in the snowplowing category. Many were way over budget in this area. Many contractors will do a contract with a fixed amount for the

determine how much money they can save you. Also know that you can go back up to five years and carry back losses gained from a cost segregation study. This will result in the need for an amended return, but can put money back in your pocket! If your building is valued over \$1,000,000, this is a no-brainer. As with any tax strategy this should always be discussed with your CPA. Don't put this one off! Call us now for details.

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## Personal Note

Now that summer is blending into Fall, the phones picked up a little and activity overall is showing signs of life. We are still fighting what is called "negative absorption" where we see more office, retail and industrial space coming on the market than going off the market as leased or sold. We greatly appreciate the patience of our clients, many of whom are feeling genuine "hurt" financially from this difficult period.

season as opposed to a charge per snowfall. Take a look at this area and see if you can save here. For landscaping we talked about getting competitive bidding in # 1. Landlords who have a zoned irrigation system on their property/properties have been able to reconfigure zones where large turf areas were in the same zone as planting beds which required much less water. Doing so produced cost savings as well as conserving water. Xeriscaping is a type of landscaping that uses 7 basic principles to conserve water or using low water- intensive plant material to reduce or eliminate with irrigation is another way to cut costs. This can cost up to 20% more to install than traditional landscaping, but savings of up to 60% have been reported.

### 5) Renegotiate Management Contracts

We know that the firm with the lowest price isn't always the best choice, but you should be aware that fees for the management function vary. It would be worth your time to periodically interview management companies to work on getting that line item parcel down to a smaller number.

Note: Excerpts taken from Commercial Real Estate Magazine, July-August, 2009 by Jennifer Norbut, Sr. Editor, p.30

## Why Swine Flu Vaccines Just Don't Add Up: Doing the (fuzzy) math.

by: Mike Adams, the Health Ranger, Natural News Editor.

\*Taken from the September 1, 2009 NaturalNews Insider Alert (www.NaturalNews.com) email newsletter.

(NaturalNews) Here's a seventh grade word problem for you: If swine flu has infected one million people and killed 500, how many people might be expected to die if it infects 150 million people (assuming no major changes in the virus)? The correct answer, of course, is 75,000 people, and that's within the range of the number of swine flu deaths now being publicly predicted by the White House.

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But there's another part to this word problem: How many vaccine shots and hand washings does it take to boost vitamin D levels in the average person?

The question, of course, makes no sense. Vaccine shots don't boost vitamin D levels any more than eating pork infects you with swine flu. So why is the official advice on swine flu protection essentially limited to "wash your hands, get your vaccine shot and cough into your elbow?" (Seriously. I'm not making this up.)

The Associated Press has distilled swine flu advice to "10 things you need to know." None of those ten things include boosting your nutrition, getting more vitamin D or taking anti-viral medicinal herbs. They do, however, include hilarious explanations like "If you develop breathing problems, pain in your chest, constant vomiting or a fever that keeps rising, go to an emergency room."

### **Emergency room in a pandemic?**

Whatever for? They don't bother to mention that in a pandemic scenario that strikes you with constant vomiting, the entire emergency room is likely to be overrun with other people joining you in a hospital room vomit fest.

Nor do they mention some other important math: The very limited number of anti-viral medication courses available in the U. S. The last time I checked, that was roughly 50 million courses. If the U.S. population is roughly 300 million people, and there are 50 million courses of anti-viral meds available, how many Americans will have no access to those meds? (Ahem... 250 million people...)

Here's an even more interesting brain buster for you: If each vaccine shot generates \$25 in revenue for drug companies, and the U.S. government orders the production of 160 million vaccines, how much money is Big Pharma making off the pandemic? That answer is roughly \$4 billion in net revenues.

But even that doesn't count all the repeat business from the future victims who suffer neurological side effects from the vaccines

and have to be institutionalized and subjected to high-dollar medical care for years on end. In all, a mass vaccination program could end up generating over ten billion dollars in revenues for drug companies.

### **These numbers just don't add up**

Now let's look at some serious statistics: If one million people have already been infected with swine flu, and 500 have died, that's a fatality rate of 1 out of 2000 people. Depending on which research you believe, vaccines might at most be credited with preventing 1% of flu deaths during any given flu season (and that's being very generous to the vaccine). So here's the question:

How many people have to be vaccinated with the new swine flu vaccine to save ONE life from a swine flu fatality?

(Notice, carefully, this question has never been asked in the mainstream media. That's because the answer isn't exactly what most people want to hear...)

This question is easy to answer, actually. If the vaccine were 100% effective (that is, they prevented every death that would have otherwise occurred), they could be credited with saving 1 life out of 2000, right? Because that's the normal death rate for this particular virus (these figures are widely quoted by AP, Reuters and the White House, by the way).

But no vaccine is 100% effective. As I mentioned above, seasonal flu vaccines might -- at a stretch -- be credited with preventing 1% of the deaths that might otherwise have occurred. With this 1% effectiveness factor calculated back into the formula for swine flu (assuming the same 1% effectiveness factor), it turns out that you would have to vaccinate 200,000 people to save ONE life from swine flu.

That puts a whole new perspective on the vaccine push, doesn't it? 200,000 vaccines costs taxpayers roughly \$5,000,000, and it subjects 200,000 people to the potential side effects of these vaccines which have never been subjected to any long-term

testing whatsoever.

**It all begs the question: Is it really worth it?**

Is it worth spending \$5 million and exposing 200,000 people to potentially dangerous vaccine side effects in order to prevent ONE death from swine flu? And why isn't anybody breaking down the numbers on this issue and providing a serious cost / benefit analysis as I'm doing here?

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