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WayFinderPM hosts Q1 Developers’ Summit

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Real estate property and asset manager WayFinderPM hosted its Q1 2018 WayFinderPM Developers’ Summit. Shown (from left) are: Dobensky, Jernow, and Yatrakis. Photo credit: Peter Wilk/Wilk Marketing Communications.

Manhattan, NY Real estate property and asset manager WayFinderPM just hosted the Q1 2018 WayFinderPM Developers’ Summit. The latest event in the ongoing series of lectures, discussions, and presentations aimed to educate both domestic and international property professionals and investors on the current legal, financial, and political issues impacting the NYC's real estate industry.

WayFinderPM founder and principal, Adam Jernow, said, "The quarterly summits convene leading commercial and multifamily real estate developers and executives, foreign investors, finance providers, legal and tax experts, and other professionals to discuss best business practices, encourage the exploration of new business ventures and collaborations, and to share trade secrets with industry peers."

Jernow founded WayFinderPM to address the lack of full-service, turn-key property management firms that serve foreign and domestic real estate owners in the greater-New York area. The firm serves owners of multifamily, mixed-use, and commercial buildings as well as owners of single condominium or co-op units. WayfinderPM's approach to property management spans all issues that might be encountered by an owner, from difficult interactions with tenants to strategic pricing planning, leasing and rentals, repairs and maintenance, insurance management, complete bookkeeping, bill payments, construction project management, and resolving issues with the Department of Buildings and other regulatory agencies.

The Q1 2018 WayFinderPM Developers' Summit helped real estate investors and professionals prepare for the tax law changes, understand the impact on their operations and property holdings, and plan financial operations accordingly, to benefit from tax opportunities and minimize the drawbacks. It also helped foreign investors understand the process and tax implications of investing in U.S. properties, whether large commercial buildings or single condominium units.

Guest speakers, KPMG Principal and tax partner Dene Dobensky and principal Demetrios Yatrakis, both of KPMG's New York City real estate practice, spoke candidly about the new tax bill, sharing their expertise with the attendees. They have more than 50 years of combined tax experience serving some of the largest property owners in the United States. In addition, they have advised on some of the most complex real estate deals in the world.

Dobensky and Yatrakis set out to explain the nuances of the bill and share their findings with those who rely on tax law to work for their businesses—owners, foreign investors, developers, and asset and property managers. They turned jargon into easy-to-digest analysis and advice for how the new changes will impact each piece of the real estate investment ecosystem, as well as practical suggestions for how to take advantage of the new tax regulations.

Yatrakis said, “The new bill generally preserved those parts of the tax code that impact real estate, such as like-kind exchanges and deductibility of interest that have supported the most valuable commercial real estate market in the world.”

Dobensky said, “While much of the conversation in real estate focuses on the domestic benefits of the new U.S. tax rules, there are also significant opportunities for foreign investors with the reduction of the Foreign Investment in Real Property Tax Act of 1980 (FIRPTA) income tax withholding rate from 35% to 21%. FIRPTA is a tax on real estate gains for foreign investors.”

According to both speakers, beyond reductions in the personal and corporate tax rates, changes for real estate include:

Qualified Business Income: A 20% deduction for individuals, estates, and trusts on “qualified business income” results in the highest marginal rate of 29.6% on rental income and REIT dividends.

Carried Interest: Generally, the required holding period for long-term capital gains is now three years.

Depreciation: On certain property, a 100% bonus depreciation is available through 2022, phasing out by 2026. Note that the real estate exception to new limitations on interest deductibility would not allow for bonus depreciation on qualified improvements and would require the real estate to use a slower depreciation method going forward.