

VALUATION & ADVISORY TRUSTS & ESTATES VALUATION PRACTICE DISPUTE ANALYSIS & LITIGATION SUPPORT

TAKE ADVANTAGE OF GREAT OPPORTUNITIES TO PLAN WITH REAL ESTATE AND ENTITIES

The advent of Spring in 2020 has brought a confluence of events to valuation that have been absent for years. An environment of lower Real Estate values, higher discounts on entity valuations – all in an atmosphere of historically low interest rates. These factors result in the best opportunity for estate planning with real estate in many years.

Here are five things to consider now regarding valuations for estate planning:

1. THE OPPORTUNITY IS RIGHT FOR ALTERNATE VALUATION DATE ELECTION

The time for Alternate Date Valuations is **now**, or if real estate valuations and discount studies were done since October 1, 2019, an Alternate Date Valuation may result in conclusions favorable to the tax payer.

2. HAS THERE BEEN A RECENT DECLINE IN REAL ESTATE VALUES?

The Dow Jones and other world stock markets entered periods of sharp decline in March 2020. Real estate has also been affected by recent global events, based on work-place changes and/or the sale/delivery of commercial goods.

3. IS THE IMPACT MEASURABLE?

The impact to commercial real estate values during the global pandemic could directly influence the demand for office space, retail services, and luxury housing. The following may impact cash flows derived from commercial properties.

- Office space requirements may be limited as more companies promote working from home.
- Tenants may be impacted by decreased revenues resulting in rent relief, and increases in vacancy and collection loss.
- Renters/buyers may opt for more affordable work-from-home compatible living spaces in response to project furloughs and prolonged stay-at-home orders.

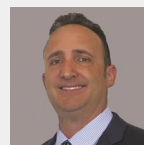
4. A WORD ON FAIR MARKET VALUE

The definition of Fair Market Value (IRS RR 59-60) necessitates that a transaction occurs on a specific date, between a willing buyer and a willing seller, both acting in their best interests and from a perspective of full knowledge. If your valuation date is April 1, 2020 or later, this is one of the most opportune times to transfer assets in years..

5. WHAT'S NEXT?

To effectively navigate the fluidity of market change, it's important to engage valuation specialists with a proven track-record of working in estate tax valuation capacities. Cushman & Wakefield professionals provide real-time support and extensive knowledge related to real property valuations, valuations of entities, and fractional ownership. Our collective capabilities and full suite of real estate services allow us to provide solutions to the most complex real estate matters.

More on the rules of Alternate Valuation Dates can be found [here](#).



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