

How Millcreek Commercial's Custom REIPs Help Investors Diversify Risk

Millcreek's REIP model delivers the safety, security, and stability of commercial real estate investment and the tax advantages of owning the hard assets.

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"Diversification is an established tenet of conservative investing", wrote Benjamin Graham in his classic, *The Intelligent Investor*. Today, most financial planners subscribe to the diversification investment model. They will tell you that the key to mitigating risk in your investment portfolio is to [diversify](#). Mutual Funds, Bond Funds, and Real Estate Investment Trusts

(REITs) exist primarily to satisfy the American investor's insatiable appetite seeking portfolio diversification and the associated safety, security, and stability that such investment instruments offer.

“

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Kevin G. Long, President of Millcreek Commercial

Securities lend themselves easily to diversification. However, hard assets provide more challenges when it comes to diversification. Real estate investments require a lot more capital—particularly commercial real estate assets. Commercial real estate is widely esteemed as the best investment class to have in your real estate portfolio with unsurpassed benefits in terms of safety and potential, but these buildings typically come with a hefty price tag. This high price often acts as a barrier of entry for many

investors preventing most Americans from holding real estate in their investment portfolio. Those that do recognize the value of real estate in their portfolio are often restricted to assets such as single family residential real estate, vacant ground, or perhaps a duplex.



Many investors make the mistake of considering the purchase of shares in publicly traded REITS as a substitute for owning real estate in their portfolio. "It is a step in the right direction", said Kevin G. Long, President of Millcreek Commercial and Senior Vice President of Colliers International. "But owning stock in a REIT does not offer the same safety, security, and stability or the tax advantages as owning traditional real estate."



REITs are popular investment vehicles that are easily traded. A REIT (pronounced reet) is a unique type of company that allows investors to pool their money to invest in real estate assets. Some REITs simply buy properties and rent them to tenants, others develop properties from the ground up, and some don't even own property at all, choosing to focus on the mortgage and financial side of real estate. Fund managers determine what assets to own when to sell and how much debt to incur. Many real estate investors do not like giving up this control.

Although hard real estate assets often back REITs, they trade like stocks, and the stock price is subject to market volatility. Additionally, the tax shelters offered by section 1031 of the IRS code and traditional depreciation are not afforded to REIT investors.

Millcreek Commercial specializes in breaking down the barriers to owning commercial real estate. Millcreek Commercial allows investors to own a percentage interest in a specific commercial real estate asset leased by a quality tenant. This enables investors to own premium commercial real estate for as little as \$100,000.

In addition to breaking down the barriers to owning commercial real estate, Millcreek Commercial's fractional ownership model has also allowed the creation of a new real estate investment instrument. Millcreek Commercial calls these instruments Customized Real Estate Investment Portfolios – Custom REIPs. As an example, an investor with \$500,000, rather than own 10% of a \$5 million building, can purchase smaller shares in 3-5 assets diversifying across geographic regions, building types, and industry sectors. This model creates diversity within diversity.

Here is an example of what a \$500,000 [REIP](#) might look like, and how it can significantly benefit investors. With this unique model, investors could invest \$150k into a property leased by CVS Pharmacy on the east coast, \$150k into a publicly-traded urgent care center in the Midwest, \$100k into a property leased by Dollar General in the south and the remaining \$100,000 into a property leased by a surgery center in the west.

This REIP model delivers the safety, security, and stability of commercial real estate investment and the tax advantages of owning the hard assets. By utilizing the REIP model, investors diversify risk by owning portions of buildings in different locations and across various industries.

About Millcreek Commercial

At Millcreek Commercial, we help each of our investors enjoy monthly passive income by co-owning premium commercial real estate that is both recession-resilient and fully-managed. Our powerful model requires zero heavy-lifting and tax-protects our co-owners.

If you would like to discuss adding quality commercial real estate to your investment portfolio, visit www.millcreekcommercial.com or call us 801-899-1943.

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