

CASE STUDY

Moving an Investment Closer to Home While Deferring Taxes



THE CHALLENGE

Ted, a Florida-based business owner, owned a residential rental property in Canastota, New York. Although the property had appreciated over time, it no longer aligned with his lifestyle or investment goals. Managing a rental across state lines was becoming increasingly inconvenient, and Ted was ready to transition his portfolio closer to home.

He also wanted to avoid triggering capital gains taxes and depreciation recapture upon the sale of the New York property. After consulting with his tax advisor, Ted learned that a 1031 exchange could allow him to defer these taxes entirely – so long as he reinvested the full value of the sale into another like-kind investment property.



THE SOLUTION

Ted engaged [Equity 1031 Exchange](#) to act as his Qualified Intermediary and initiated a [1031 exchange](#) before closing on the sale of his New York rental, which sold for \$235,000. His goal was to reinvest the proceeds into a Florida rental property that would be easier to manage and offer greater long-term potential.

Initially, Ted struggled to find the right property within the standard 45-day identification window. However, due to a federally declared disaster in his region, he qualified for an [IRS extension](#) that gave him additional time to identify and secure a replacement property.

With the extra time, Ted located a residential rental in Palm Bay, Florida, valued at \$325,000. The property fit his criteria perfectly – located near his home, with strong rental potential and minimal upkeep. He completed the purchase entirely in cash and finalized the exchange within the required 180-day timeline.

Equity 1031 Exchange prepared all necessary documentation, coordinated with closing agents, and provided information about the disaster-related extension to Ted.

THE RESULT

Through the 1031 exchange, Ted was able to defer all capital gains taxes and depreciation recapture while trading up into a higher-value property. The new Florida rental positioned his portfolio for better long-term performance and reduced the burden of managing an out-of-state asset.

By reinvesting locally, Ted gained peace of mind, increased potential for appreciation, and a more streamlined management experience – all without sacrificing equity to taxes.

Interested in leveraging a 1031 exchange to grow your real estate portfolio? Contact Equity 1031 Exchange today for a free consultation!



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