CASE STUDY

DepreciMax

reinvents short-term rental investment with Smarty

Challenge

Short-term rental investors lacked a practical way to estimate bonus depreciation before buying.

Solution

Using Smarty data, DepreciMax created a property analysis platform that helps STR investors estimate first-year tax benefits before they buy.

Results

Investors and brokers can compare markets, screen properties, and estimate first-year tax benefits before making an offer.

PRODUCTS USED

US Property Data

smarty

The client: DepreciMax

DepreciMax is a property analysis platform built for short-term rental (STR) investors who want to evaluate properties through the lens of bonus depreciation. Using authoritative data sources and AI, DepreciMax helps buyers, brokers, and advisors access fast, affordable estimates of a property's first-year tax benefit before they make an offer.

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The challenge

Bonus depreciation is a US tax provision that allows investors to deduct the cost of certain eligible property components in their first year of ownership, instead of spreading the deduction over the much longer standard timeline (27.5 years for residential properties; 39 years for commercial).

That provision took on new weight in 2025. Under the One Big Beautiful Bill Act, 100% bonus depreciation was permanently restored — meaning the full first-year deduction is back on the table for STR investors, and back in the underwriting math for every deal they consider.

For STR investors, that first-year tax benefit can meaningfully affect the economics of a deal. But estimating bonus depreciation potential depends on property-specific inputs, including land value, improvement value, property type, structure details, finishes, outdoor amenities, and other features.

Without DepreciMax, investors had no practical way to evaluate that potential before buying. The traditional process required them to close on a property, pay $5,000–$8,000 for a formal cost segregation study, and then wait to find out whether the numbers supported the investment thesis.

STR investors could already analyze projected cash flow, nightly rates, occupancy, and market demand using existing tools. DepreciMax set out to help them answer another critical question earlier in the process:

“What is this property’s estimated first-year bonus depreciation potential?”

For DepreciMax, the opportunity was clear: Create a post-purchase cost segregation study alternative by tapping into property data. Ultimately, DepreciMax wanted to make bonus depreciation a viable filter for search and analysis, not just another line item in post-closing paperwork.

> Our model is calibrated against formal cost segregation studies, and it's proven to be a great proxy for the true depreciation potential downstream — close enough that investors can use the tax benefit as a key variable when offering. We couldn’t do that without Smarty.

The solution

DepreciMax uses Smarty as part of the structured data foundation behind its bonus depreciation model. Because land can’t be depreciated, establishing the assessed land value of a property is “a key driver” of bonus depreciation potential. Smarty allows DepreciMax to access land value data via API, supporting fast, scalable analysis across individual properties and broader markets.

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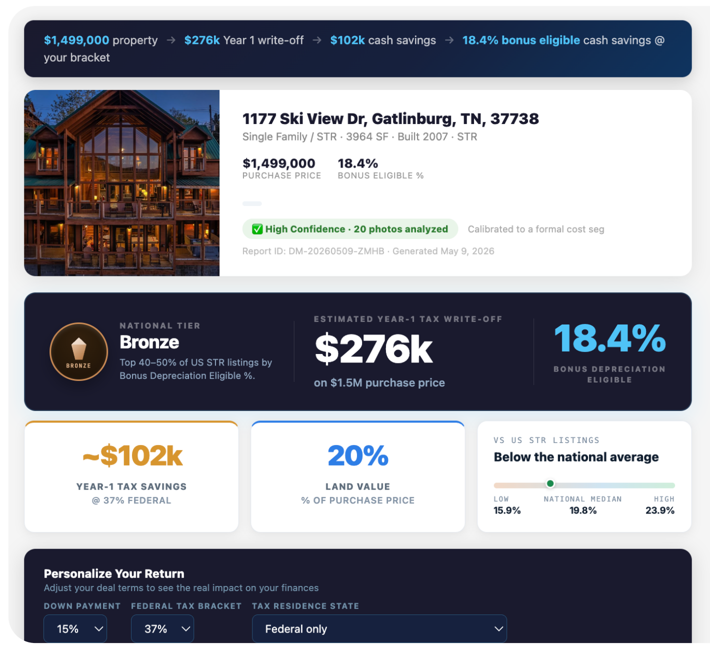
Smarty's [US Property Data] product further enriches DepreciMax with more than 300 unique data attributes that describe a property's location, structural features, and financial profile. This level of detail instantly surfaces key details tied to its bonus depreciation potential.



Combining authoritative data sources with their proprietary methodology, DepreciMax then generates a [property-specific report] that includes:

- An estimate of first-year bonus depreciation potential informed by [§168(k)]
- An itemized, cost segregation-style depreciation breakdown
- A DepreciMax tier — Diamond, Gold, Silver, or Bronze — grading the property's depreciation opportunity against its market and the national field

By moving bonus depreciation estimates upstream, DepreciMax gives users a faster, more affordable way to understand a property's likely tax benefit before making an offer. Instead of paying $5,000–$8,000 for a traditional study after closing, investors can run a $99 property-specific report in minutes.

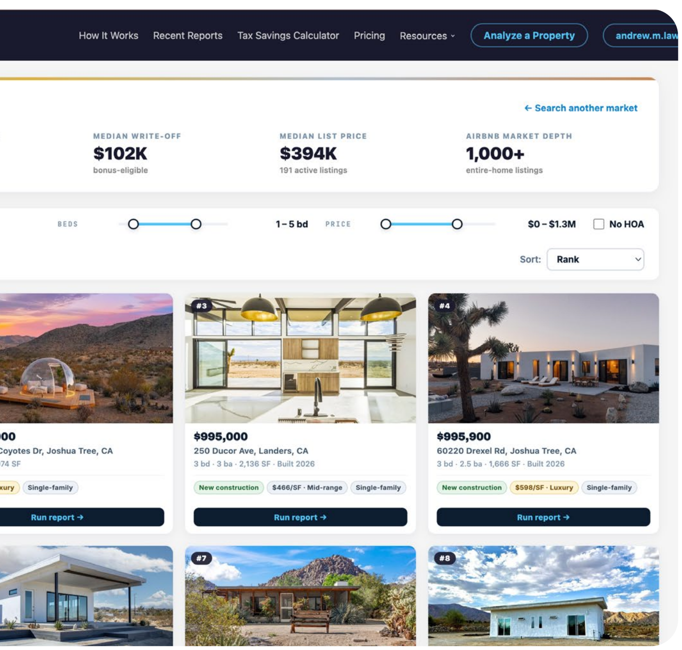
The results

With Smarty property data supporting its model, DepreciMax gives STR investors a new way to evaluate properties before they buy.

Instead of waiting until after closing to understand depreciation potential, buyers can consider estimated tax benefits during the initial search, comparison, and offer process.

DepreciMax helps investors:

- Understand the estimated Year 1 bonus depreciation before purchase
- Compare properties based on tax benefit, not only cash flow
- Screen markets with a focus on the density of high depreciation properties
- Run a $99 property-specific report in minutes (or unlimited reports for $149 per month)
- Move closer to cost segregation insight before committing to a deal



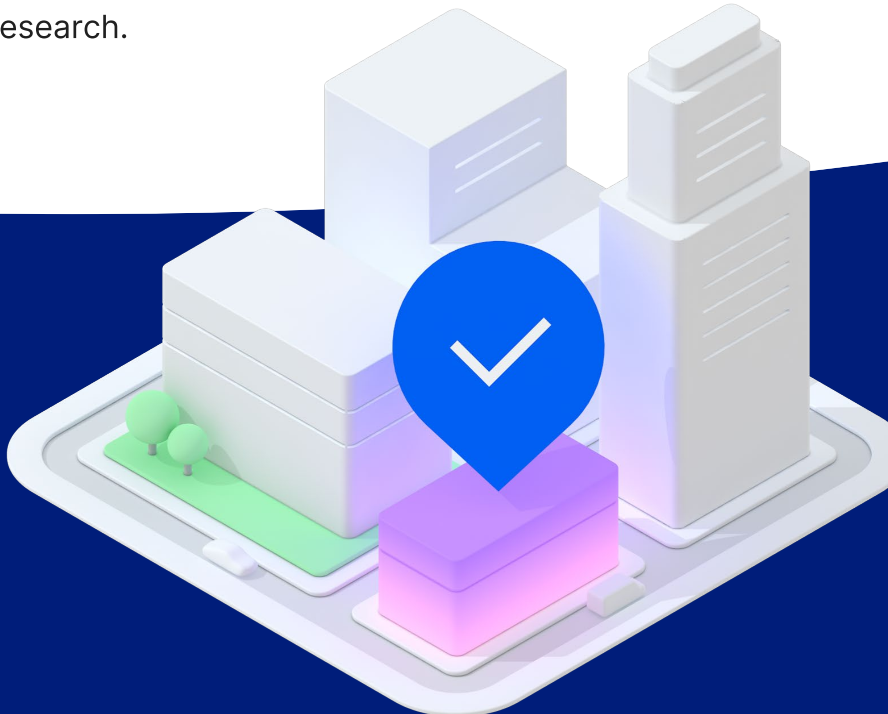
Using this same data foundation, DepreciMax also created a public [Top 50 STR Markets] leaderboard to help investors compare markets by estimated Year 1 bonus depreciation potential. The leaderboard ranks markets by bonus depreciation opportunity and is sortable by market type, giving STR investors another way to identify promising markets before narrowing in on individual listings.

That gives DepreciMax both a market education tool and a product entry point. Investors can start by comparing markets, then run the numbers on a specific listing before deciding whether to move forward.

DepreciMax shows how structured property data can do more than enrich a record. When delivered through an API, property data from authoritative sources becomes part of a decision engine that helps businesses evaluate risk, opportunity, and financial outcomes at a functionally unlimited scale.

Smarty helps DepreciMax provide more intelligent ownership analysis and cost breakdowns to their customers, powering fast, scalable bonus depreciation estimates backed by cost segregation research.

What can Smarty do for you?



Questions?

smarty

Learn more at smarty.com

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