

#CRE_{INSIGHTS}

Opportunity Zones Can Potentially Add Up To 150-300 Basis Points To After-Tax IRRs

Q4 2018 | NOVEMBER

The Tax Cuts and Jobs Act (TCJA) created a new program that incentivizes investment in economically distressed areas of the country. The program enables any investor – foreign and domestic, retail and institutional – to defer and ultimately to reduce capital gains taxes on any asset by reinvesting the gain in underfunded communities. The program is widely viewed as favoring commercial real estate investments where eligible investments include ground-up development and asset renovations under some conditions. While rules regulating opportunity zone investments will not be finalized until next spring, there is now sufficient clarity so that funds can begin taking capital from investors and deploying that capital in earnest. Some estimates believe up to \$100 billion could be deployed during the next several years and potentially eliminate up to 15% of the tax on the deferred gain.



\$100 billion could be deployed during the next several years



Potentially eliminate up to **15% of the tax** on the deferred gain



[Click here to download the full report](#)

Source: FTI Consulting: Economic Opportunity Zone Program Offers Significant Tax Benefits. July 31, 2018.

FOR MORE INFORMATION, PLEASE CONTACT:

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