



Commercial Real Estate: What opportunity zones mean for NY real estate - by Justin Fitzsimmons

November 06, 2018 - Front Section

Investors and developers are always looking for an edge, and one option that is increasingly gaining mindshare in the real estate industry is opportunity zones. As part of last year's tax overhaul, opportunity zones were introduced as a way of promoting economic development in low-income areas. Through incentives that enable developers to defer or eliminate capital gains taxes, the government is promoting development in 8,000 of these zones across the country, including hundreds in New York City. It should be noted, this applies to capital gains for any assets, including stocks and bonds.

In light of this, it's not surprising that N.Y.C. developers began moving to capitalize on opportunity zones, even before there was clarity on some of the specifics. RXR led a list of prominent developers that created opportunity zone funds, which will be devoted to making investments in these properties. Other investors started snatching up properties in these zones in hopes of benefitting from the incentives.

While all this involved a certain amount of speculation, the Treasury department recently set the ground rules for opportunity zones, which created much more clarity and is sure to expand the amount of investment.

At GFI Realty, we're tuned in very closely to these evolving market dynamics. Our team of brokers has numerous listings in opportunity zones, and we're already seeing an uptick in investor interest in many of these properties. Areas like the South Bronx and East Harlem, which have recently begun to rise because of rezoning initiatives, are likely to have their growth aided significantly by the new regulations.

While there are still some details that the government has to iron out, there's little question that opportunity zones will have a profound impact on N.Y.C. real estate. Presented with the ability to contribute to an area's revitalization while gaining tax benefits, we're sure to see many developers who can't pass up on the opportunity.

Justin Fitzsimmons is a research analyst with GFI Realty Services, New York, NY.

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540