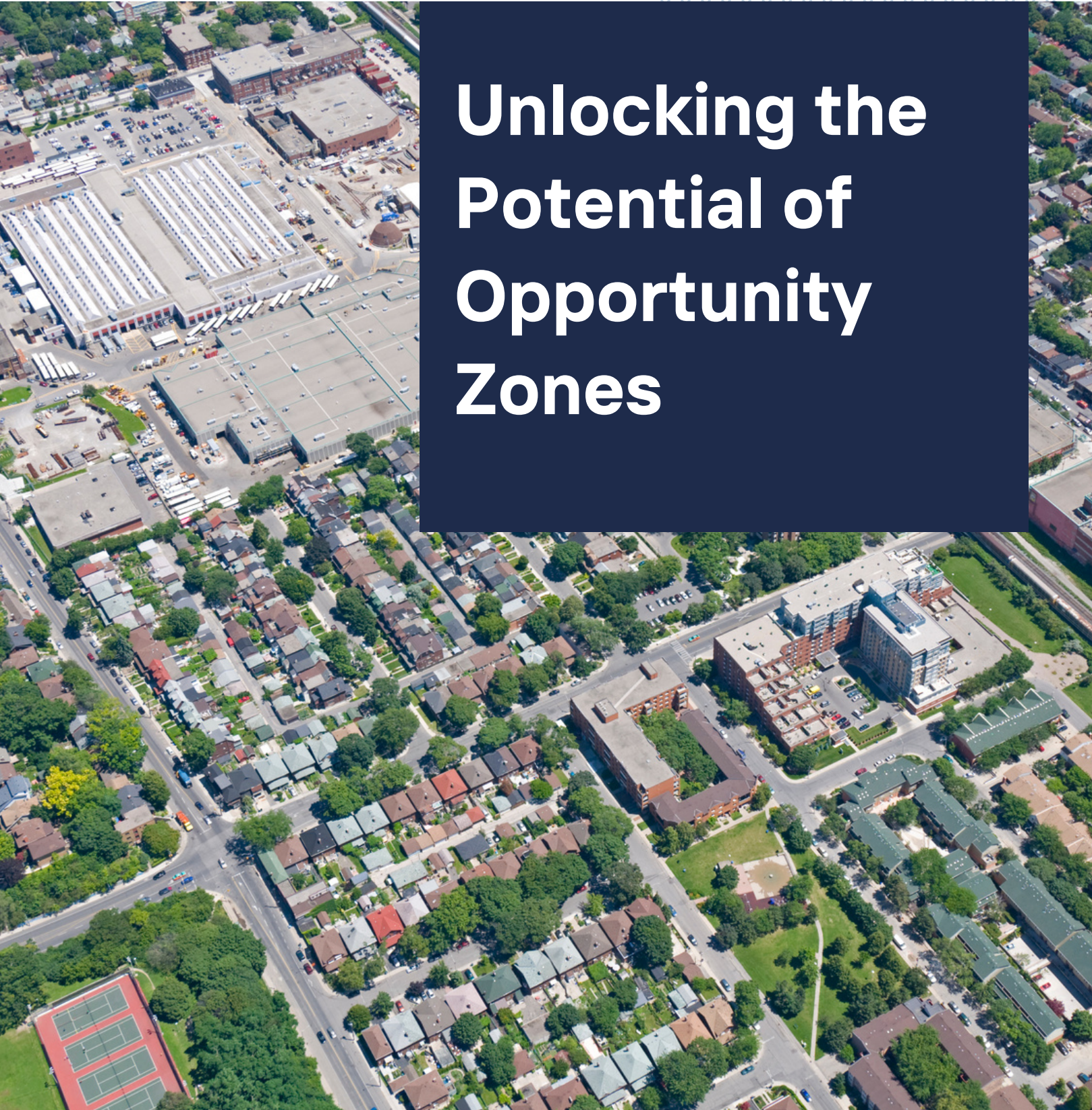




Unlocking the Potential of Opportunity Zones





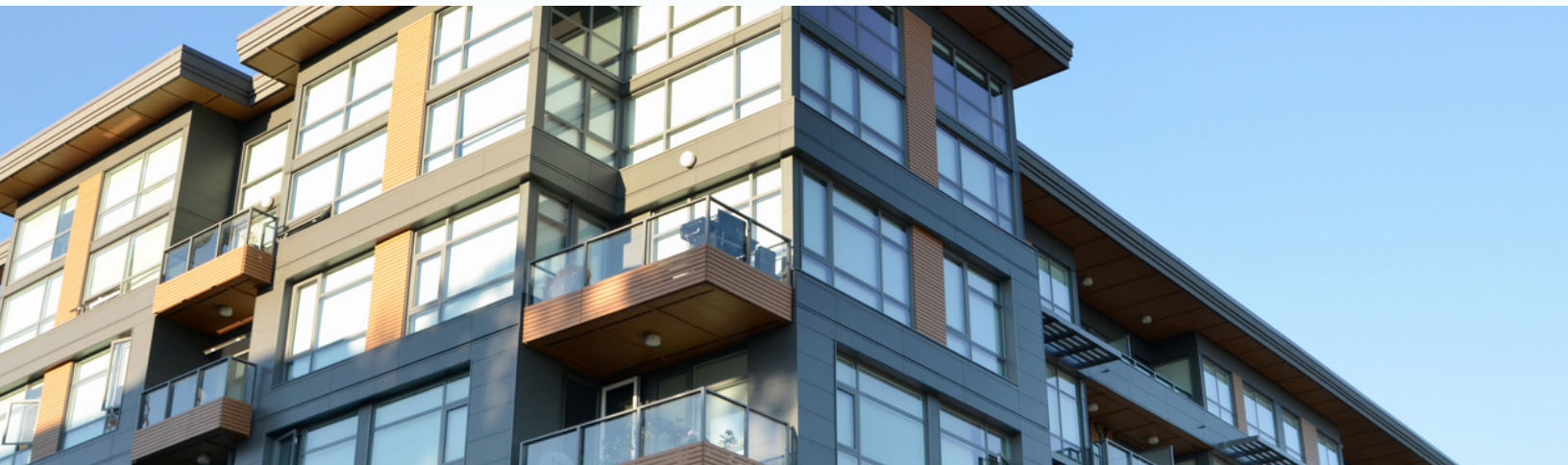
Introduction to Opportunity Zones

Opportunity Zones were created under the 2017 Tax Cuts and Jobs Act to encourage investment in economically distressed areas across the U.S. These designated areas offer tax incentives to investors who place capital in Qualified Opportunity Funds (QOFs), fostering economic growth and revitalization.



Why Invest in Opportunity Zones?

1. **Tax Benefits** – Investors can defer capital gains taxes and potentially reduce their taxable amount over time.
2. **Long-Term Growth** – Holding investments for at least 10 years allows for full tax exemption on appreciation.
3. **Economic Impact** – Investing in underserved areas helps create jobs and improve local communities.
4. **Portfolio Diversification** – Provides access to unique real estate projects with strong upside potential.



Key Tax Advantages

- **Deferral of Capital Gains** – Investors can defer tax on prior gains by reinvesting them into a QOF.
- **Step-Up in Basis** – Holding the investment for at least five years increases the basis by 10%, and after seven years, by 15%.
- **Tax-Free Growth** – If held for 10+ years, gains on the Opportunity Zone investment are tax-free.



Types of Real Estate Investments in Opportunity Zones

- **Multifamily Developments** – Affordable housing projects benefit from tax incentives and strong demand.
- **Commercial Properties** – Retail centers, office spaces, and industrial hubs contribute to economic growth.
- **Mixed-Use Developments** – A combination of residential and commercial spaces maximizes community benefits.
- **Hospitality and Tourism** – Hotels and entertainment venues boost local economies.



How to Invest in Opportunity Zones

1. **Identify a Qualified Opportunity Zone** – Use government maps to locate designated areas.
2. **Select a Qualified Opportunity Fund (QOF)** – Invest through a fund that meets IRS criteria.
3. **Deploy Capital Gains** – Reinvest eligible gains into the fund within 180 days of realizing them.
4. **Hold for the Required Period** – Maintain the investment for at least 10 years to maximize tax benefits.

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LJUPCO DZAMBAZOVSKI



Risks and Considerations

- **Market Uncertainty** – Economic downturns can impact property values.
- **Liquidity Constraints** – Investments in QOFs require a long-term commitment.
- **Regulatory Changes** – Policy shifts may affect future tax benefits.
- **Due Diligence Required** – Not all Opportunity Zones yield high returns, so careful selection is crucial.



Conclusion

Investing in Opportunity Zones presents a unique chance to benefit from substantial tax incentives while making a positive impact on communities. By understanding the risks, benefits, and strategies involved, investors can unlock long-term wealth creation through real estate development in these designated areas.



Thinking about investing in Opportunity Zones? Let's talk! I'll help you take a strategic approach tailored to your goals.



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