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Nearly \$4.5 Billion Raised for Opportunity Funds as First Deadline Nears

More than 70 Percent of Responding Funds Plan Some Residential Investment

SAN FRANCISCO—With a potential investment deadline looming, funds formed to invest in opportunity zones (OZs) report having raised nearly \$4.5 billion, according to the Novogradac [Opportunity Funds Listing](#). The \$4.46 billion is 40 percent higher than Novogradac’s last report, about 50 days ago. Novogradac, a national accounting and consulting firm, tracks qualified opportunity funds (QOFs), which invest in economically distressed areas targeted for investment by a provision in the 2017 tax reform legislation.

The Novogradac Opportunity Funds Listing follows 366 QOFs, 27 percent more funds since the last report. Of these funds, 184 report having raised the \$4.46 billion. Of the capital reported raised so far in the Novogradac Opportunity Funds Listing, 74.0 percent has been raised by QOFs with at least some focus on residential development—with 12.3 percent raised by QOFs with an *exclusive* residential focus. Commercial development is at least a partial focus of 69.5 percent of funds raised and hospitality is at least a partial focus for 22.8 percent of dollars raised.

“Investor interest in opportunity zones has steadily increased since the legislation passed at the end of 2017 and it’s no surprise that interest is intensifying now,” said Michael Novogradac, CPA and managing partner of the company. “Barring legislation that extends the deadline for investment, the end of 2019 is a crucial date for some investors.”

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Under current law, taxpayers must invest by the end of 2019 to receive the maximum 15 percent reduction in capital gains. The fact that under current proposed regulations some capital gains can't be invested until Dec. 31, 2019, means that there is the potential for a flurry of investments on the final day of the year.

For the 184 QOFs for which Novogradac has data on equity raised, the average raise is more than \$24 million, with 12 funds reporting having raised at least \$100 million. About 45 percent of funds reporting their geographical investment targets are in national funds, nearly 10 percent in regional funds and 20 percent in funds focused on investment in a single city.

Michael Novogradac shared more insight into the findings [in a blog post](#).

Novogradac hosts two OZ conferences annually, the next in [Long Beach, Calif., in April](#). The firm also publishes the [2019 Novogradac Opportunity Zones Handbook](#), the [Introduction to Opportunity Zones](#) booklet, the monthly [Novogradac Journal of Tax Credits](#) magazine and the weekly [Tax Credit Tuesday](#) podcast. Novogradac leads the [Opportunity Zones Working Group](#), which regularly submits comments on the OZ to the Treasury Department.

About Novogradac

Novogradac began operations in 1989 and has grown to more than 600 employees and partners with offices in more than 25 cities. Tax, audit and consulting specialty practice areas for Novogradac include affordable housing, opportunity zones, community development, historic rehabilitation and renewable energy.