LANDMARK PROPERTIES

# Opportunity Zones: A tax-efficient path from concentrated equity to real estate




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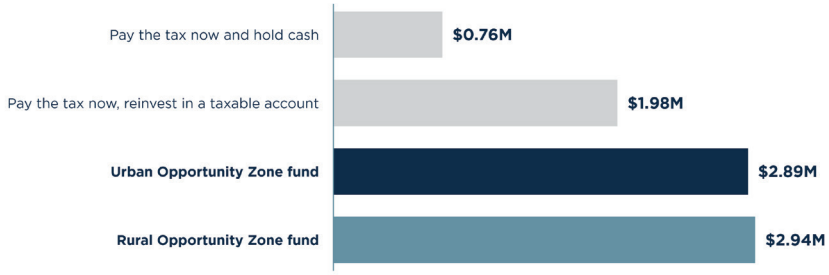
As co-founder and CEO of the Economic Innovation Group from 2013 to 2018, Steve conceived and designed the Opportunity Zones program.


Most of the wealth created in this cycle sits in a few places. Seven technology stocks make up roughly a third of the S&P 500 and delivered more than 40 percent of its return last year, in a market that has set 28 record closes in 2026.[1] Private shares in companies that have gone or are going public are the next pool.[2] And baby boomers own about half of America's privately held businesses, roughly $10 trillion of value that will change hands over the coming decade.[3] Every one of those positions shares a problem. Diversifying means selling, and selling means paying up to 23.8 percent federal tax, plus state, before the first dollar is reinvested.[4]

Opportunity Zones were built for exactly this moment, and Congress's 2025 improvements make the strategy permanent.[5] Any capital gain qualifies: a stock sale, a lockup release, secondary private shares, a family company. The investor realizes the gain, keeps the full pre-tax amount working by placing it in a Qualified Opportunity Fund within 180 days, and defers the tax for five years from that date. At year five, 10 percent of the gain is forgiven (30 percent in rural funds). After ten years, every dollar of appreciation in the fund is free of federal tax, with a 30-year window to exit.

**A $1 million equity gain after ten years and all taxes: $2.89M in an Opportunity Zone fund, $2.94M in a rural fund, $1.98M if the tax is paid first and the rest is reinvested**

Illustrative after-tax value of the gain portion only, four choices




Assumes a $1 million gain, 23.8% federal tax, 12% annual appreciation, a ten-year hold and no state tax.
Fund columns pay the year-five tax on the original gain, less a 10% (urban) or 30% (rural) step-up, from other resources.
Depreciation deductions during the hold, which shelter income and are not recaptured on a qualifying exit, are not shown.

What the investor owns in the meantime is real estate: income-producing, hard-asset exposure with no correlation to the stock or the company that produced the gain. For a founder with most of their net worth in one business, or a portfolio built on the names that led the last decade, that is diversification with the tax bill working for the investor rather than against them. The SpaceX offering in June and the Anthropic and OpenAI listings expected in 2027 will put an extraordinary amount of this capital in motion, with typical six-month lockups releasing into the program's first year.[2][6]

With a permanent program, the question for equity investors and business owners is no longer whether to use Opportunity Zones, but which fund.

**Landmark Properties** controls 16 student housing development sites expected to qualify under OZ 2.0, representing $2.8 billion of development across 15 university markets, with first closings planned for 2027.


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## Sources & Notes

[1] InvestmentNews, Advisors confront Magnificent 7 concentration risk in portfolios (January 9, 2026): the seven largest technology stocks were about a third of S&P 500 market capitalization and roughly 42 percent of its 2025 total return (investmentnews.com); Associated Press market reports, October 6 and 7, 2026 (the S&P 500's 28th record close of the year). ts2.tech summary
[2] SpaceX initial public offering, June 2026, roughly $75 billion raised, the largest on record; Anthropic public filing and OpenAI confidential filing, June 2026; Bloomberg and New York Times reporting that both listings are expected to price in 2027. cryptobriefing.com
[3] Exit Planning Institute, State of Owner Readiness research: baby boomers own 51 percent of privately held U.S. businesses, commonly estimated at about $10 trillion in value. exit-planning-institute.org
[4] Internal Revenue Code §1(h) (20 percent top long-term capital gains rate) and §1411 (3.8 percent net investment income tax).
[5] IRC §1400Z-2 as amended by Public Law 119-21, the One Big Beautiful Bill Act (July 4, 2025): rolling five-year deferral, 10 and 30 percent basis step-ups, ten-year exclusion with a 30-year window, decennial redesignation. irs.gov
[6] U.S. Securities and Exchange Commission, Investor.gov glossary, lock-up agreements (typically 90 to 180 days after an IPO). investor.gov



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