



Wind at Your Back:
Finding the Top 50 Opportunity Zones for Real Estate Investment

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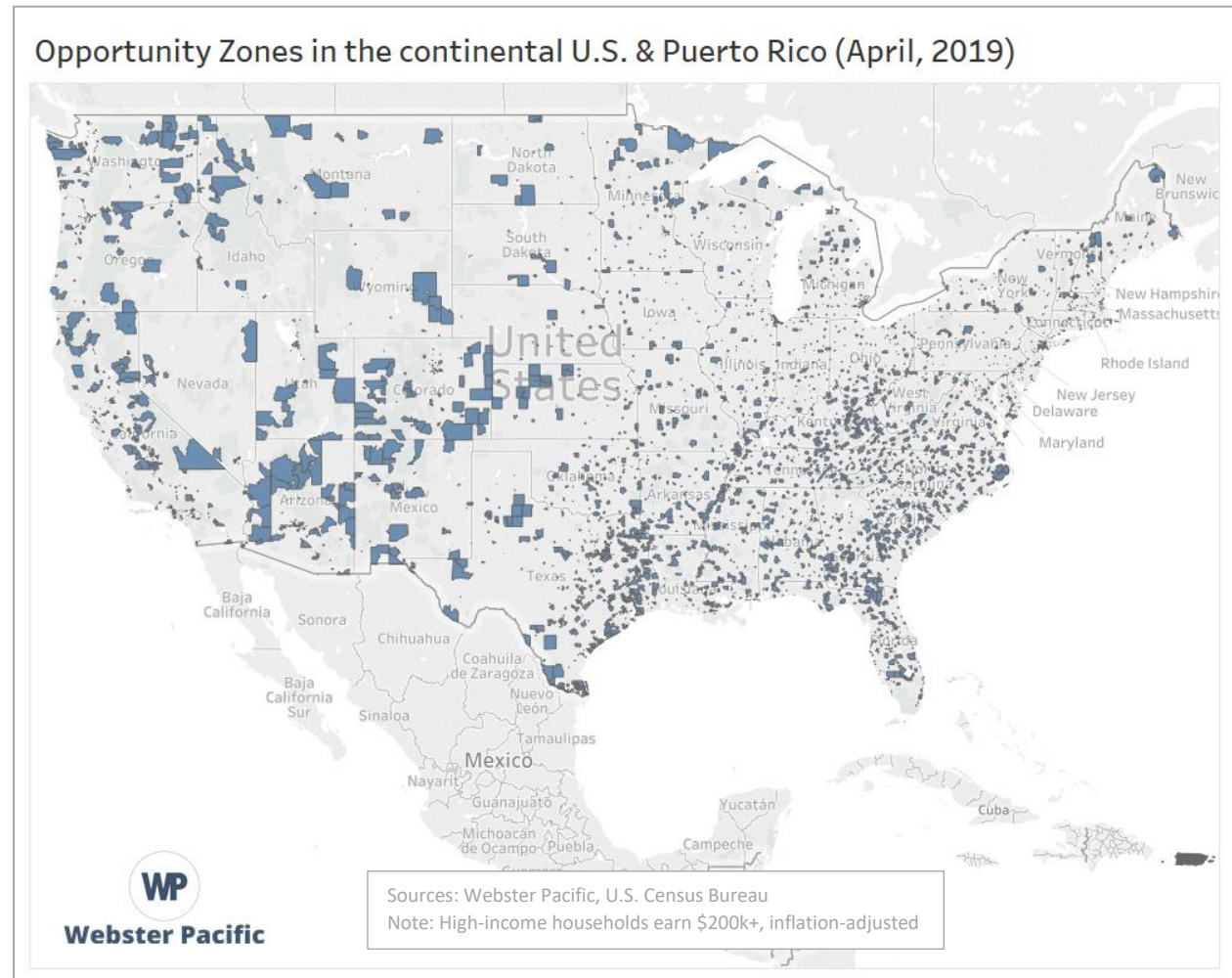
About Webster Pacific: Webster Pacific is a location strategy consulting firm focused on helping the Retail, Fitness, Education, and Real Estate industries make better decisions through the power of place.



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In 2017, the Tax Cuts and Jobs Act established the creation of “Opportunity Zones” to spur long-term economic investment in low-income communities. Investment by a qualifying fund in a stock, partnership interest, or property associated with these zones is incentivized by deferred or reduced tax exposure for capital gains.

There are approximately 8,700 Opportunity Zones in the United States and Puerto Rico.



These Opportunity “zones” are actually United States census tracts located in all 50 states, the District of Columbia, and five U.S. territories. To be designated an Opportunity Zone, each tract had to qualify as a designated low-income community (LIC) or – in some cases – simply lie adjacent to such a tract. Of this group, governors from each state nominated their allowed percentage of tracts for approval by the Secretary of the Treasury via the IRS.

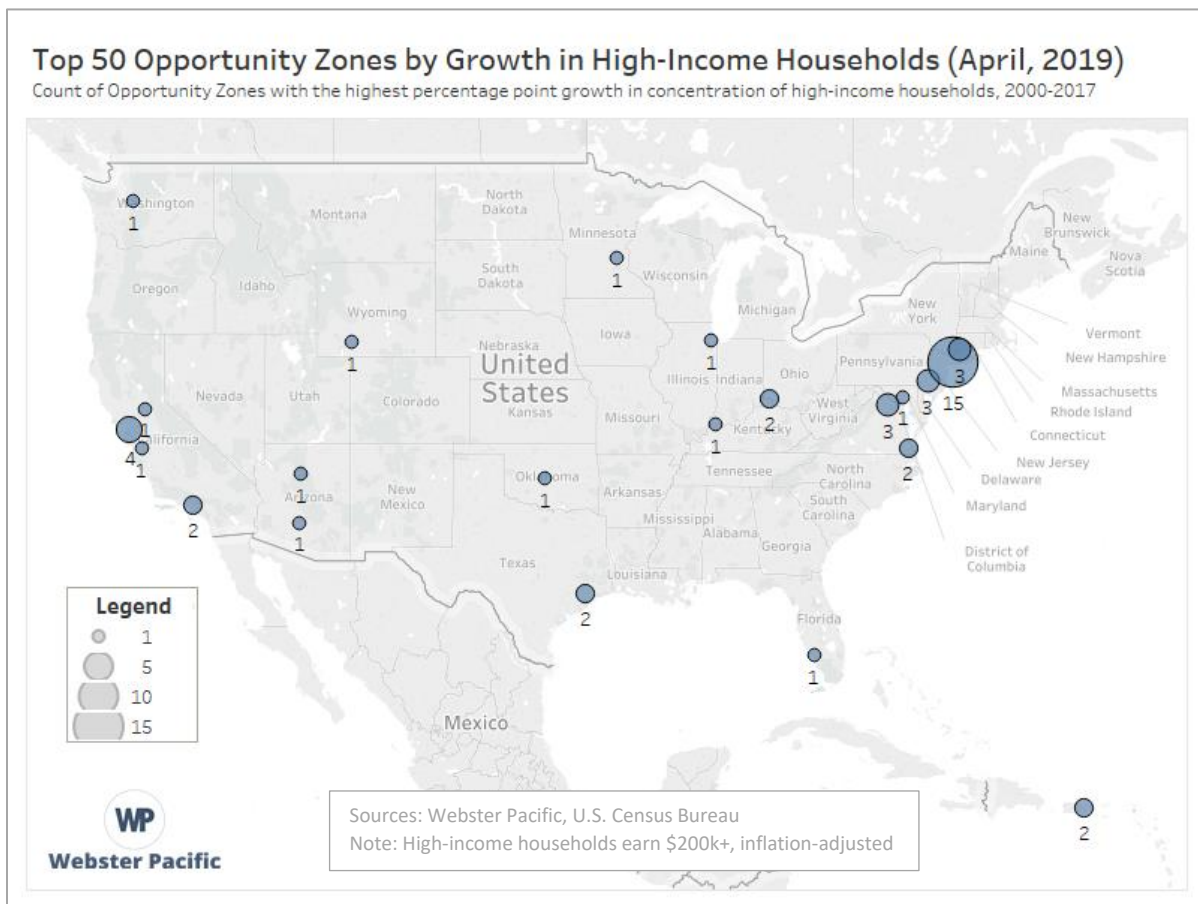


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Created as a small part of a larger tax reform bill, Opportunity Zones are beginning to draw attention from many major investors. The CIM Group, for example, filed documents with SEC in January to launch a \$5B Opportunity Zone fund.¹

To better understand an investment strategy in Opportunity Zones, Webster Pacific examined various data related to each zone in the United States and Puerto Rico. Our objective was to identify which Opportunity Zones represent places where the value of a property investment would most likely continue to increase. To that end, our analysis of real estate values has shown that incomes and wealth correlate strongly with real estate value. We therefore asked the following question: “Of all 8,700 Opportunity Zones, where are incomes and wealth *already* growing the most?”

To answer this, we calculated the growth in the percentage of households earning \$200,000 or more in each of the 8,700 Opportunity Zones. (The growth is measured between 2000 and 2017 and is adjusted for inflation. We excluded any tracts that were recently created, tracts whose boundaries were significantly altered, or tracts with fewer than 100 households. A similar methodology was used in one of our earlier studies, [released in an article by Bloomberg](#)².) We then found the fifty Opportunity Zones with the highest wealth growth and mapped them in Tableau by metropolitan area.



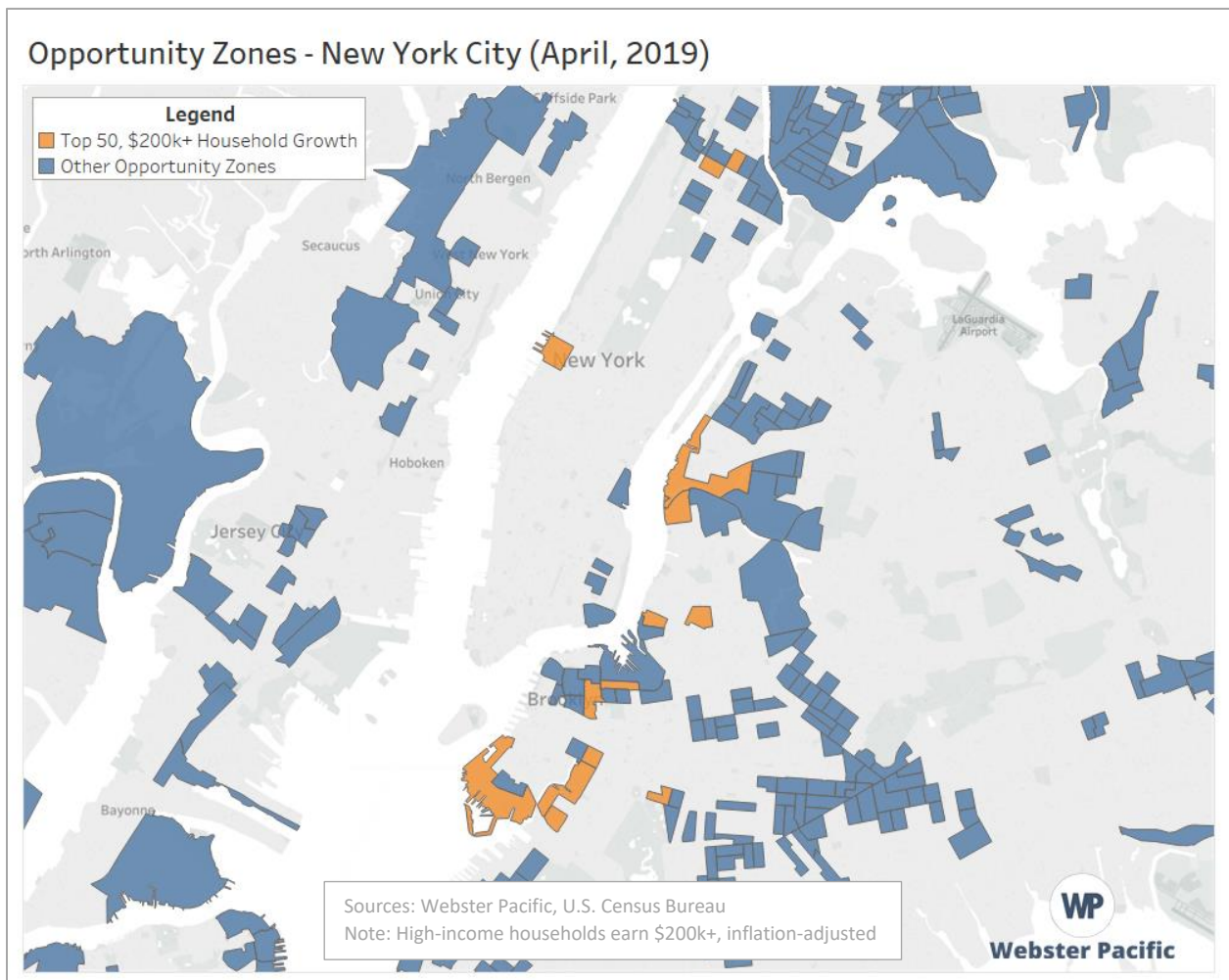
¹ www.bisnow.com/national/news/opportunity-zones/cim-group-to-launch-5b-opportunity-fund-97129

² www.bloomberg.com/news/features/2018-12-18/these-are-the-neighborhoods-attracting-america-s-richest



Three major findings:

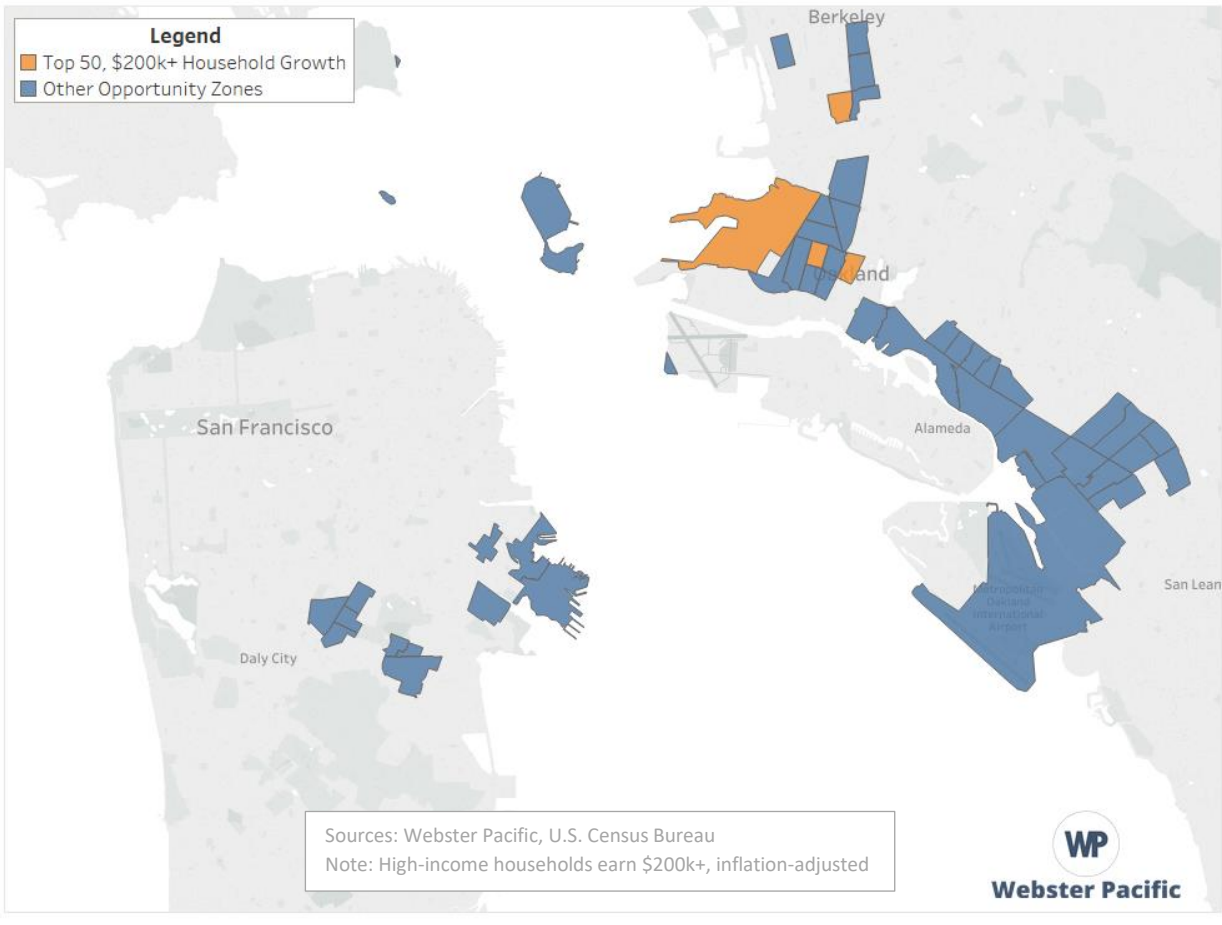
- The single leading metropolitan area is New York City, which contains nearly four times as many high-growth tracts as the next highest area, the San Francisco Bay Area.
- Some of the top 50 Opportunity Zones were already wealthy and got much wealthier; the most extreme examples include tracts in New York, Houston, San Juan (P.R.), and Silicon Valley. At the same time, some of the top 50 started with very little wealth that increased during the 17-year period; the extreme examples of this include tracts in Oklahoma City, Philadelphia, and Cincinnati.
- None of the top 50 were in the South or in New England and very few were in the Midwest.





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Opportunity Zones - Bay Area, CA (April, 2019)





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Tables

Census Tract ID	State	County	Metropolitan Area	\$200k+ Household Concentration (Inflation Adjusted)		
				2000	2017	Change
36047011900	New York	Kings County	New York-Newark-Jersey City, NY-NJ-PA	0.3%	21.6%	21.3%
18163001800	Indiana	Vanderburgh County	Evansville, IN-KY	1.6%	21.4%	19.8%
40109103800	Oklahoma	Oklahoma County	Oklahoma City, OK	0.0%	16.2%	16.2%
36047054900	New York	Kings County	New York-Newark-Jersey City, NY-NJ-PA	5.7%	21.7%	16.0%
11001003400	Dist. of Columbia	District of Columbia	Washington-Arlington-Alexandria, DC-VA-MD-WV	1.8%	16.1%	14.3%
36047001500	New York	Kings County	New York-Newark-Jersey City, NY-NJ-PA	3.3%	17.2%	14.0%
6037190700	California	Los Angeles County	Los Angeles-Long Beach-Anaheim, CA	1.8%	15.7%	13.9%
36061013500	New York	New York County	New York-Newark-Jersey City, NY-NJ-PA	1.9%	15.7%	13.8%
9001020100	Connecticut	Fairfield County	Bridgeport-Stamford-Norwalk, CT	4.7%	18.0%	13.3%
6001402800	California	Alameda County	San Francisco-Oakland-Hayward, CA	2.0%	15.1%	13.2%
42101036900	Pennsylvania	Philadelphia County	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	0.0%	12.8%	12.8%
36047005300	New York	Kings County	New York-Newark-Jersey City, NY-NJ-PA	4.0%	16.4%	12.3%
48201100000	Texas	Harris County	Houston-The Woodlands-Sugar Land, TX	14.2%	26.4%	12.1%
36047011700	New York	Kings County	New York-Newark-Jersey City, NY-NJ-PA	1.0%	13.1%	12.0%
24510230300	Maryland	Baltimore city	Baltimore-Columbia-Towson, MD	0.5%	12.3%	11.9%
6085500800	California	Santa Clara County	San Jose-Sunnyvale-Santa Clara, CA	8.6%	20.0%	11.4%
39061000900	Ohio	Hamilton County	Cincinnati, OH-KY-IN	0.0%	11.0%	11.0%
12071050103	Florida	Lee County	Cape Coral-Fort Myers, FL	4.3%	15.1%	10.9%
17031841000	Illinois	Cook County	Chicago-Naperville-Elgin, IL-IN-WI	0.0%	10.8%	10.8%
36047012700	New York	Kings County	New York-Newark-Jersey City, NY-NJ-PA	2.1%	12.9%	10.8%
51710006502	Virginia	Norfolk city	Virginia Beach-Norfolk-Newport News, VA-NC	4.2%	15.0%	10.8%
9001044100	Connecticut	Fairfield County	Bridgeport-Stamford-Norwalk, CT	4.6%	15.1%	10.5%
36119009300	New York	Westchester County	New York-Newark-Jersey City, NY-NJ-PA	9.1%	18.9%	9.9%
36047021100	New York	Kings County	New York-Newark-Jersey City, NY-NJ-PA	2.8%	12.5%	9.7%
36047056300	New York	Kings County	New York-Newark-Jersey City, NY-NJ-PA	2.7%	12.4%	9.7%
51153901008	Virginia	Prince William County	Washington-Arlington-Alexandria, DC-VA-MD-WV	3.5%	13.2%	9.7%
4013114100	Arizona	Maricopa County	Phoenix-Mesa-Scottsdale, AZ	0.0%	9.5%	9.5%
48201312500	Texas	Harris County	Houston-The Woodlands-Sugar Land, TX	5.9%	15.4%	9.4%
4005002200	Arizona	Coconino County	Flagstaff, AZ	3.0%	12.3%	9.3%
6037206031	California	Los Angeles County	Los Angeles-Long Beach-Anaheim, CA	1.8%	11.0%	9.1%
36047051300	New York	Kings County	New York-Newark-Jersey City, NY-NJ-PA	1.8%	10.9%	9.1%
9001022200	Connecticut	Fairfield County	Bridgeport-Stamford-Norwalk, CT	3.1%	12.0%	9.0%
36061020800	New York	New York County	New York-Newark-Jersey City, NY-NJ-PA	3.2%	12.1%	8.9%
39061026500	Ohio	Hamilton County	Cincinnati, OH-KY-IN	4.6%	13.5%	8.9%
51710004700	Virginia	Norfolk city	Virginia Beach-Norfolk-Newport News, VA-NC	0.0%	8.9%	8.9%
27123036000	Minnesota	Ramsey County	Minneapolis-St. Paul-Bloomington, MN-WI	3.4%	12.3%	8.8%
42101014300	Pennsylvania	Philadelphia County	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	3.3%	12.1%	8.7%
6001402400	California	Alameda County	San Francisco-Oakland-Hayward, CA	1.6%	10.3%	8.7%
6001401700	California	Alameda County	San Francisco-Oakland-Hayward, CA	2.0%	10.7%	8.7%
36047021500	New York	Kings County	New York-Newark-Jersey City, NY-NJ-PA	6.8%	15.5%	8.6%
72127000506	Puerto Rico	San Juan Municipio	San Juan-Carolina-Caguas, PR	3.3%	11.7%	8.5%
36081000100	New York	Queens County	New York-Newark-Jersey City, NY-NJ-PA	21.7%	30.1%	8.4%
10003001902	Delaware	New Castle County	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	0.3%	8.6%	8.2%
72061040302	Puerto Rico	Guaynabo Municipio	San Juan-Carolina-Caguas, PR	8.7%	16.8%	8.1%
51013103100	Virginia	Arlington County	Washington-Arlington-Alexandria, DC-VA-MD-WV	5.0%	13.1%	8.0%
6067001101	California	Sacramento County	Sacramento--Roseville--Arden-Arcade, CA	0.4%	8.4%	8.0%
36061022200	New York	New York County	New York-Newark-Jersey City, NY-NJ-PA	1.7%	9.5%	7.8%
53033009300	Washington	King County	Seattle-Tacoma-Bellevue, WA	6.8%	14.5%	7.7%
56037970903	Wyoming	Sweetwater County	Rock Springs, WY	3.3%	10.9%	7.7%
6001424001	California	Alameda County	San Francisco-Oakland-Hayward, CA	4.3%	11.7%	7.5%



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Metropolitan Area	Count of Top 50 Opportunity Zones by Growth in High-Income Households
New York-Newark-Jersey City, NY-NJ-PA	15
San Francisco-Oakland-Hayward, CA	4
Washington-Arlington-Alexandria, DC-VA-MD-WV	3
Bridgeport-Stamford-Norwalk, CT	3
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	3
Los Angeles-Long Beach-Anaheim, CA	2
Houston-The Woodlands-Sugar Land, TX	2
Cincinnati, OH-KY-IN	2
Virginia Beach-Norfolk-Newport News, VA-NC	2
San Juan-Carolina-Caguas, PR	2
Evansville, IN-KY	1
Oklahoma City, OK	1
Baltimore-Columbia-Towson, MD	1
San Jose-Sunnyvale-Santa Clara, CA	1
Cape Coral-Fort Myers, FL	1
Chicago-Naperville-Elgin, IL-IN-WI	1
Phoenix-Mesa-Scottsdale, AZ	1
Flagstaff, AZ	1
Minneapolis-St. Paul-Bloomington, MN-WI	1
Sacramento--Roseville--Arden-Arcade, CA	1
Seattle-Tacoma-Bellevue, WA	1
Rock Springs, WY	1
TOTAL	50