

Opportunity Zone Fundraising Jumps \$7 Billion in the Second Half of 2021

Qualified opportunity zone funds raised a reported \$6.9 billion in investor equity over the final six months of 2021, according to an opportunity zone investment report released by Novogradac, a national professional services organization that provides accounting, valuation, and consulting services.

The report is based on a rolling collection of data from qualified opportunity zone funds that voluntarily provide such information, including to the Securities and Exchange Commission, and does not include proprietary or private funds owned and managed by their principal investors.

As of the end of 2021, the 1,342 funds tracked by Novogradac (of which 978 report a specific fundraising amount) raised \$24.4 billion in equity.

The nearly \$7 billion jump in the last six months of the year is 39.3 percent higher than the June 30, 2021 totals and represents “the largest increase in any reporting period since Novogradac began tracking opportunity zone funds in May 2019,” the organization said.

According to the Novogradac, the top five states for equity investment were California (\$2.41 billion), Arizona (\$1.34 billion), Texas (\$1.12 billion), New York (\$1.04 billion), and Florida (\$784.4 million).

Novogradac reported that Arizona experienced the largest volume of planned investment in the final six months of 2021 with \$619 million raised, followed by California with \$566 million.

Novogradac indicated that “residential and commercial are by far the most popular” type of investments being made, and nearly three-fourths of opportunity zone funds that invest in a specific geographic area have a single-city focus.

The top five cities for equity investments were Washington D.C. (\$740.6 million), Los Angeles (\$678.7 million), New York City (\$641.7 million), Nashville (\$521.1 million), and Austin (\$454.6 million).

Novogradac mentioned that the top 20 cities on its list have at least \$200 million in planned investments, while the top 40 cities have at least \$100 million.

The opportunity zone program was created to spur investments in distressed communities nationwide by offering potentially significant tax benefits to investors, particularly those who hold their investments long term. The 8,764 designated opportunity zone tracts are home to more than 10 percent of the nation’s population.

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