

# Proposed Tax Law Changes Could Change Shape of Transactions, Real Estate Executives Say

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Alex DuFour addresses possible transactional changes in 2022 and beyond should the Biden administration's plan to raise the capital gains tax rate and do away with deferred taxes on property exchanges become law in *CoStar*. Though the proposal is expected to generate a surge in real estate deals later this year, which is a short-term benefit, determining the long-term effect that may arise won't be possible until the ink dries on the fine print.

According to Alex, he thinks the buyer pool will shrink under the proposed changes.

"In a 1031 exchange, investors are purchasing a new property effectively to defer taxes and not necessarily because they want to own more real estate that they might have to buy at a higher cost," said Alex.

If a capital gain tax increase goes through and the exchange deferral is eliminated, a seller would only have about 62% of their gain left to reinvest instead of 100%.

To read the full article, [click here](#).

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