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US Opportunity Zone Legislation Is Moving Capital.

The buzz surrounding U.S. opportunity zones keeps growing as the list of investors piling into these vehicles lengthens. Is it all buzz though, or is the program having a palpable impact on capital flows to low-income areas?

Looking at variation in sales activity between opportunity zones and areas that were not selected, there are signs that the program is making a difference.

In business and economics there are few experiments available to show us that a policy goal is having an impact. Measuring capital flows based on tax changes is difficult because there are so many other variables which are not always observable.

The U.S. opportunity zone program, however, provides a natural experiment to gauge the impact of new policy. For every low-income census tract that was selected for the opportunity zone designation, another three or so were left behind. These tracts that were not given the designation we are terming “Also Rans”.

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RC Analytics

By Jim Costello on June 4th, 2019

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