

How the “One Big Beautiful Bill” Impacts Real Estate Investors: A Strategic Breakdown

The recently signed “One Big Beautiful Bill” (OBBBA) is already reshaping the commercial real estate landscape, offering significant advantages and introducing new challenges for investors. As this sweeping legislation becomes law, it's critical for investors to understand where the opportunities lie—and where to tread carefully. Here's a breakdown of the most impactful provisions.

One of the most celebrated wins for real estate investors is the return of 100% bonus depreciation. This change allows investors to immediately expense the full cost of eligible assets like HVAC systems, interior improvements, and other short-life building components. Instead of spreading deductions over several years, owners can now capture massive upfront tax savings—improving cash flow and encouraging new development. For those engaging in cost segregation studies or planning value-add renovations, this provision makes the math more attractive than ever.

Equally important, the bill preserved critical real estate tax tools like 1031 exchanges, the SALT pass-through workaround, and favorable carried interest treatment. While these had been on the chopping block in earlier negotiations, real estate lobbyists successfully defended them. The continued ability to defer capital gains via like-kind exchanges and maintain SALT deductions at the entity level ensures that investors can keep more of their profits and manage tax liabilities effectively.

The bill also creates momentum for affordable housing and Opportunity Zone (OZ) investment. Expanded Low-Income Housing Tax Credits (LIHTC) will make many multifamily development deals—especially workforce and senior housing—more viable, while permanent OZ status provides renewed confidence for investors pursuing long-term projects in underdeveloped areas. These enhancements are particularly attractive for syndicators and funds seeking to combine social impact with stable returns.

Perhaps the most underrated benefit of the bill is its emphasis on certainty. For the past decade, tax laws for real estate have shifted with each Congress, making long-term planning difficult. With many of these provisions now permanent, investors can confidently underwrite deals without worrying about midstream changes in depreciation or interest deductibility. This increased predictability supports not only sound investment but also strategic portfolio expansion.

However, the bill isn't all upside. One major drawback is the phase-out of clean energy tax incentives, including credits for commercial solar and wind systems, as well as deductions for energy-efficient buildings. For developers and owners of green-certified buildings, this could significantly reduce ROI on eco-focused upgrades. Projects that once relied on energy savings and tax benefits to pencil out may now face tougher financial hurdles—unless they can begin construction before the incentive deadlines hit in 2026.

Another looming concern is the broader macroeconomic fallout from the bill's fiscal impact. The Congressional Budget Office estimates that the OBBBA will add over \$2.5 trillion to the federal deficit. This has triggered concerns in financial markets that interest rates could rise faster or stay elevated longer. For real estate investors, higher rates mean more expensive financing, tighter underwriting, and thinner margins—especially for those with floating-rate debt or short-term bridge loans.

Finally, there is the risk that reduced federal spending—a consequence of the bill's revenue gap—will place more financial pressure on state and local governments. With municipalities already juggling budget shortfalls, infrastructure investment could slow, and public services like permitting, inspections, and zoning approvals may experience delays. Investors in emerging markets or those reliant on local development incentives should monitor municipal responses closely to avoid stalled projects or cost overruns.

In summary, the One Big Beautiful Bill delivers powerful tools for real estate investors looking to grow and optimize their portfolios—but it also introduces new headwinds that could dampen returns if left unaddressed. The winners in this new landscape will be those who adapt quickly: front-loading depreciation strategies, accelerating green projects before incentives expire, and stress-testing deals for higher borrowing costs. Strategic execution is key to turning this law into long-term real estate success.