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ELECTION 2024: ASSESSING THE POTENTIAL IMPACTS ON CRE

As Election Day nears, both candidates are elaborating on their proposals and economic policies leading to estimates and prognostications of how these moves might affect the Commercial Real Estate (CRE) industry.

**HARRIS**

Harris intends to increase taxes on business and the wealthy. One eye-catching proposal is to increase capital gains from 20% to 28% on individuals earning more than \$1 million per year or more (the “top earners”). While this would only affect a small portion of the population, many voters worry that this sort of legislation would open the door for more widespread measures. What if the threshold were lowered, or removed entirely? Harris also plans to increase the top income tax bracket from 37% to 39.6% on those earning more than \$400,000 per year. These and similar measures are predicted to hurt CRE.

There are also proposals from the Harris camp to help first-time home buyers with up to \$25,000 in down payment support. In theory, this could breathe some life into the residential real estate market that has struggled to cope with the rapid interest rate hikes. As it relates to commercial real estate, helping more people afford homes could potentially harm the apartment / multi-family sector as more renters would be able to buy their own homes. This may halt future projects as multi-family vacancy would likely increase in the short-term.

**TRUMP**

Trump's proposed tax policies are more business-friendly and therefore more likely to keep money flowing into CRE. Trump will be a champion of the 1031 Exchange and keep it intact. The former President plans to renew the Tax Cuts and Jobs Act, which lowered taxes on high income individuals and businesses. The TCJA also has friendly estate tax provisions which would continue. These moves collectively help the CRE industry.

Trump has also been vocalizing some massive ideas on import taxes. For the importation of Chinese products, he plans on increasing tariffs as high as 60%. He has also called for a universal tariff on all other imported goods of 10% or even as high as 20%. This mercantilist approach is predicted to hurt the stock market – and given the choice, many investors might turn to CRE for their desired yields which would give another boost to CRE.

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